

# **CHARTER OF THE GOVERNANCE AND HUMAN RESOURCES COMMITTEE OF THE BOARD OF DIRECTORS OF THE TORONTO PORT AUTHORITY**

## **DEFINITIONS AND INTERPRETATION**

### **1. DEFINITIONS**

In this Charter:

- (a) “Board” means the board of directors of the Port Authority;
- (b) “Charter” means this charter of the governance and human resources committee of the Board;
- (c) “CMA” means the Canada Marine Act;
- (d) “Director” means a member of the Board;
- (e) “GHR Chair” means the chair of the GHR Committee;
- (f) “GHR Committee” means the governance and human resources committee of the Board;
- (g) “Port Authority” means the Toronto Port Authority; and
- (h) “User Groups” means the classes of users established in Schedule “D” to the Port Authority’s Letters Patent.

### **2. INTERPRETATION**

The provisions of this Charter are subject to the provisions of the Port Authority’s Letters Patent, by-laws and to the applicable provisions of the CMA, its regulations and other applicable legislation, all as amended from time to time.

## **CONSTITUTION AND FUNCTIONING OF THE GHR COMMITTEE**

### **3. CONTINUATION OF THE GOVERNANCE AND HUMAN RESOURCES COMMITTEE**

The GHR Committee is hereby continued with the constitution, function and responsibilities set forth in this Charter.

### **4. PURPOSE**

The primary purposes of the GHR Committee is to assist the Board in corporate governance, human resource and compensation matters and to interface with User Groups to facilitate Director nomination.

### **5. APPOINTMENT AND REMOVAL OF MEMBERS OF THE GHR COMMITTEE**

- (a) Board Appoints Members. The members of the GHR Committee shall be appointed by the Board.

(b) Annual Appointments. The appointment of members of the GHR Committee shall take place annually at the first meeting of the Board after the Annual Meeting, provided that, if the appointment of members of the GHR Committee is not so made, the Directors who are then serving as members of the GHR Committee shall continue as members of the GHR Committee until their successors are appointed.

(c) Vacancies. The Board may appoint a member to fill a vacancy which occurs in the GHR Committee.

(d) Removal of Member. Any member of the GHR Committee may be removed from the GHR Committee by a resolution of the Board.

## 6. NUMBER OF MEMBERS

The GHR Committee shall consist of three or more Directors or if there are fewer than three members of the Board then the GHR Committee shall consist of all Board members. It is desirable that GHR Committee members will possess sufficient knowledge of one or more of governance, human resources or compensation matters or be willing and able to acquire such knowledge soon after joining the GHR Committee.

## GHR COMMITTEE CHAIR

### 7. BOARD TO APPOINT GHR CHAIR

The Board shall appoint the GHR Chair from the among members of the GHR Committee or, if it fails to do so, the members of the GHR Committee shall appoint the GHR Chair from among its members.

### 8. GHR CHAIR TO BE APPOINTED ANNUALLY

The appointment of GHR Chair shall take place annually at the first meeting of the Board after the Annual Meeting, provided that if the appointment of the GHR Chair is not so made, the Director who is then serving as GHR Chair shall continue as GHR Chair until his or her successor is appointed.

## GHR COMMITTEE MEETINGS

### 9. QUORUM

A quorum of the GHR Committee shall be a majority of the members.

### 10. SECRETARY

The GHR Chair shall designate from time to time a person who may, but need not, be a member of the GHR Committee, to be Secretary of the GHR Committee. If no other person is designated, the Secretary of the GHR Committee shall be the Secretary of the Board. The Secretary of the GHR Committee shall attend and be the secretary of all meetings of the GHR Committee and shall enter or cause to be entered into records kept for that purpose minutes of all such proceedings.

### 11. TIME AND PLACE OF MEETINGS

The time and place of the meetings of the GHR Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the GHR Committee; provided, however, the GHR Committee shall meet at least quarterly.

#### 12. IN-CAMERA MEETINGS

As part of each meeting of the GHR Committee, the GHR Committee shall meet separately without any other person being present.

#### 13. RIGHT TO VOTE

Each member of the GHR Committee shall have the right to vote on matters that come before the GHR Committee.

#### 14. INVITEES

The GHR Committee may invite Directors, officers and employees of the Port Authority or any other person to attend meetings of the GHR Committee to assist in the discussion and examination of the matters under consideration by the GHR Committee.

#### AUTHORITY OF GHR COMMITTEE

#### 15. RETAINING AND COMPENSATING ADVISORS

The GHR Committee shall have the authority to engage independent counsel and other advisors in its sole discretion as the GHR Committee may deem appropriate in order to discharge its duties. Provided that the fees of such advisor are reasonably expected to be less than \$200,000 the GHR Committee shall not be required to obtain the approval of the Board in order to retain or compensate such advisor. The retention of any such advisors shall be exempt for the procedures set out in the Port Authority's purchasing/procurement policy.

#### 16. RECOMMENDATIONS TO THE BOARD

The GHR Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter.

#### SPECIFIC DUTIES AND RESPONSIBILITIES

#### 17. GOVERNANCE PRINCIPLES

(a) Governance Principles. The GHR Committee shall develop and recommend to the Board the Port Authority's approach to corporate governance, including the mandate of the Board, Charters for the committees of the Board and position descriptions for the Chair of the Board, the Chair of each Board committee and the President and CEO (the "Governance Principles").

(b) Annual Review of Governance Principles. The Committee shall review the Governance Principles at least annually and recommend to the Board any changes to the Governance Principles which it considers appropriate.

#### 18. GOVERNANCE DISCLOSURE

The GHR Committee shall review and recommend to the Board for approval any disclosure relating to the Port Authority's governance practices.

#### 19. HUMAN RESOURCES MATTERS

The GHR Committee shall assist Board oversight of executive compensation, including with respect to:

- (a) reviewing and recommending annually to the Board the compensation of the Port Authority's President and CEO;
- (b) review in conjunction with the President and CEO the annual performance assessments of all other officers, and report and make recommendations to the Board;
- (c) recommending to the Board non-President and CEO compensation and incentive-based plans in which officers or employees may participate; and
- (d) arrangements with executive officers relating to their employment relationships with the Port Authority.

#### 20. EVALUATING COMPETENCIES AND SKILLS

The GHR Committee shall provide recommendations to the Board with respect to the following matters:

- (a) the competencies and skills the Board, as a whole, should possess;
- (b) the competencies and skills each existing Director possesses and which the Board as a whole therefore possesses; and
- (c) the personality and other qualities of each Director, as these may ultimately determine the boardroom dynamic.

#### 21. IDENTIFYING AND RECOMMENDING NEW NOMINEES

The GHR Committee shall identify the type of individuals qualified to become new Directors and recommend to the Board, the names of the individuals that should be proposed to the appropriate user group or to the appropriate level of government for nomination to the Board. In making its recommendations, the GHR Committee shall consider:

- (a) any selection criteria approved by the Board from time to time, including the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- (d) the competencies and skills that the Board considers each existing Director to possess; and

(e) the competencies and skills each new nominee would bring to the boardroom.

## 22. INDEPENDENCE FROM MANAGEMENT

The GHR Committee shall recommend to the Board structures and procedures to enable the Board to function independently of management, including procedures to permit the Board to meet on a regular basis without management present and oversee the development and implementation of any such structures and procedures approved by the Board.

## 23. COMMITTEES OF THE BOARD

The GHR Committee shall review the Board's committee structure on an annual basis and recommend to the Board any changes it considers necessary or desirable with respect to the committee structure, including:

- (a) the charters of each committee;
- (b) the criteria for membership on any committee;
- (c) the composition of each committee;
- (d) the appointment and removal of members from any committee;
- (e) the operations of each committee; and
- (f) the process by which each committee reports to the Board.

## 24. DELINEATING BOARD AND MANAGEMENT RESPONSIBILITIES

The GHR Committee shall:

- (a) develop and recommend to the Board position descriptions for:
  - (i) the chairs of the committees of the Board, and
  - (ii) the chair of the Board; and
- (b) together with the President and CEO, develop and recommend to the Board a position description for the President and CEO, including:
  - (i) defining the limits of management's responsibilities; and
  - (ii) overall corporate goals and objectives that the President and CEO is responsible for meeting, taking into consideration goals and objectives relevant to President and CEO compensation.

## 25. SUCCESSION PLANNING

The Committee shall make recommendations to the Board with respect to management succession including:

- (a) policies and principles for President and CEO selection and performance review with respect to potential successors to the President and CEO; and
- (b) policies regarding succession in the event of an emergency or the retirement of the President and CEO.

#### 26. SPECIAL OUTSIDE ADVISORS

The GHR Chair shall consider and, if determined to be appropriate, recommend to the Board for approval requests from individual Directors or committees of Directors for the retention or compensation of independent counsel or other advisors (if required) from time to time.

#### 27. ORIENTATION

The GHR Committee shall develop and recommend to the Board a comprehensive orientation program for new Directors, which shall include assisting new Directors to understand:

- (a) the role of the Board and its committees;
- (b) the contribution individual Directors are expected to make (including the commitment of time and energy that the Port Authority expects from its Directors); and
- (c) the nature and operation of the Port Authority's business.

#### 28. CONTINUING EDUCATION

The GHR Committee shall develop and recommend to the Board a continuing education program for all Directors which shall, among other things:

- (a) assist Directors to maintain or enhance their skills and abilities as directors; and
- (b) assist Directors in ensuring that their knowledge and understanding of the Port Authority's business remains current.

#### 29. BOARD, COMMITTEE AND INDIVIDUAL DIRECTOR ASSESSMENT

The GHR Committee shall:

- (a) develop and recommend to the Board a process for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Directors on an annual basis, such process to consider:
  - (i) the solicitation and receipt of comments from Directors, as appropriate;
  - (ii) the Board's written charter;
  - (iii) the charter of each committee of the Board;

- (iv) applicable position descriptions for the chairs of the Board and of each committee of the Board; and
- (v) the competencies and skills each individual Director is expected to bring to the Board and the committees of the Board, as applicable; and
- (b) be responsible for overseeing the execution of the assessment process approved by the Board.

#### 30. COMPENSATION OF PRESIDENT AND CEO

The GHR Committee shall:

- (a) review and approve annual corporate goals and objectives relevant to President and CEO compensation in the first quarter of each fiscal year;
- (b) evaluate the President and CEO's performance in light of those corporate goals and objectives on an annual basis; and
- (c) recommend to the Board the President and CEO's annual compensation level (considering all elements of the compensation package) based on this evaluation.

#### 31. OTHER COMPENSATION MATTERS

The GHR Committee shall make recommendations to the Board with respect to:

- (a) compensation with respect to all employees reporting directly to the President and CEO;
- (b) incentive bonus/compensation plans; and
- (c) compensation payable to Board members.

#### 32. REVIEW OF BONUSES PAID

The GHR Committee will monitor the administration of the Port Authority's Incentive Bonus Plan and other compensation related plans, if any; and shall report to the Board annually on whether incentives and bonuses awarded or paid to the President and CEO and each of the other executive officers and management have been awarded or paid in accordance with the applicable plans.

#### OTHER MATTERS

#### 33. ANNUAL PERFORMANCE EVALUATION

On an annual basis, the GHR Committee shall follow the process established by the Board for assessing the performance and effectiveness of the GHR Committee.

#### 34. CHARTER REVIEW

The GHR Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any changes it deems appropriate.

35. REGULAR REPORTING

The GHR Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the GHR Committee and all recommendations made by the GHR Committee at such meetings.

36. OTHER FUNCTIONS

In addition to the activities described above, the GHR Committee will perform such other functions as may in its opinion be necessary or appropriate under the CMA, other applicable law, the Port Authority's charter and by-laws, and the resolutions and other directives of the Board.

37. DIRECTORS' FEES

No member of the GHR Committee may earn fees from the Port Authority or any of its subsidiaries other than directors' fees. For greater certainty, no member of the GHR Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Port Authority, other than directors' fees.