

TORONTO PORT AUTHORITY
GOVERNANCE MANUAL

June 30, 2016

TABLE OF CONTENTS

A.OBJECTIVES AND PRINCIPLES	1
1. <i>Objectives</i>	<i>1</i>
2. <i>Principles</i>	<i>1</i>
B.BOARD MANDATE	1
1. <i>Direction and Control</i>	<i>1</i>
2. <i>Financial Matters</i>	<i>1</i>
3. <i>Operational Matters</i>	<i>2</i>
4. <i>Board Matters</i>	<i>2</i>
5. <i>Management Matters</i>	<i>3</i>
C.CHAIR OF THE BOARD	
POSITION DESCRIPTION	1
D.MANDATE OF COMMITTEE CHAIR.....	1
E.PRESIDENT AND CHIEF EXECUTIVE OFFICER	
POSITION DESCRIPTION	1
F.CHARTER OF THE AUDIT AND FINANCE COMMITTEE OF THE BOARD OF DIRECTORS OF THE TORONTO PORT AUTHORITY	1
DEFINITIONS AND INTERPRETATION	1
1. <i>Definitions</i>	<i>1</i>
2. <i>Interpretation</i>	<i>1</i>
CONSTITUTION AND FUNCTIONING OF THE AUDIT COMMITTEE	1
3. <i>continuation of the Audit and Finance Committee</i>	<i>1</i>
4. <i>Purpose</i>	<i>1</i>
5. <i>Appointment and Removal of Members of the Audit Committee</i>	<i>2</i>
6. <i>Number of Members</i>	<i>2</i>
7. <i>Financial Literacy</i>	<i>2</i>
AUDIT COMMITTEE CHAIR	3
8. <i>Board to Appoint Audit Chair</i>	<i>3</i>
9. <i>Audit Chair to be Appointed Annually</i>	<i>3</i>
AUDIT COMMITTEE MEETINGS	3
10. <i>Quorum</i>	<i>3</i>
11. <i>Secretary</i>	<i>3</i>
12. <i>Time and Place of Meetings</i>	<i>3</i>
13. <i>In-Camera Meetings</i>	<i>3</i>
14. <i>Right to Vote</i>	<i>3</i>
15. <i>Invitees</i>	<i>4</i>
AUTHORITY OF COMMITTEE.....	4
16. <i>Retaining and Compensating Advisors</i>	<i>4</i>
17. <i>Recommendations to the Board</i>	<i>4</i>
SPECIFIC DUTIES AND RESPONSIBILITIES.....	4
18. <i>Review and Approval of Financial Information</i>	<i>4</i>
19. <i>External Auditor</i>	<i>5</i>
20. <i>Other responsibilities</i>	<i>8</i>
21. <i>Operating and Capital Budgets</i>	<i>9</i>
22. <i>Special Examination</i>	<i>9</i>
23. <i>Risk Assessment and Risk Management</i>	<i>9</i>
24. <i>Related Party Transactions</i>	<i>9</i>
25. <i>Expense Accounts</i>	<i>9</i>
26. <i>Executive Compensation Disclosure</i>	<i>10</i>
27. <i>Annual Performance Evaluation</i>	<i>10</i>
28. <i>Charter Review</i>	<i>10</i>
29. <i>Regular Reporting</i>	<i>10</i>
30. <i>Other functions</i>	<i>10</i>

31.	<i>Directors' Fees</i>	10
-----	------------------------------	----

G.CHARTER OF THE GOVERNANCE AND HUMAN RESOURCES COMMITTEE OF THE BOARD OF DIRECTORS OF THE TORONTO PORT AUTHORITY1

DEFINITIONS AND INTERPRETATION	1
1. <i>Definitions</i>	1
2. <i>Interpretation</i>	1
CONSTITUTION AND FUNCTIONING OF THE GHR COMMITTEE	1
3. <i>continuation of the Governance and Human Resources Committee</i>	1
4. <i>Purpose</i>	1
5. <i>Appointment and Removal of Members of the GHR Committee</i>	2
6. <i>Number of Members</i>	2
GHR COMMITTEE CHAIR.....	2
7. <i>Board to Appoint GHR Chair</i>	2
8. <i>GHR Chair to be Appointed Annually</i>	2
GHR COMMITTEE MEETINGS.....	2
9. <i>Quorum</i>	2
10. <i>Secretary</i>	3
11. <i>Time and Place of Meetings</i>	3
12. <i>In-Camera Meetings</i>	3
13. <i>Right to Vote</i>	3
14. <i>Invitees</i>	3
AUTHORITY OF GHR COMMITTEE	3
15. <i>Retaining and Compensating Advisors</i>	3
16. <i>Recommendations to the Board</i>	3
SPECIFIC DUTIES AND RESPONSIBILITIES	4
17. <i>Governance Principles</i>	4
18. <i>Governance Disclosure</i>	4
19. <i>Human Resources Matters</i>	4
20. <i>Evaluating Competencies and Skills</i>	4
21. <i>Identifying and Recommending New Nominees</i>	5
22. <i>Independence from management</i>	5
23. <i>Committees of the Board</i>	5
24. <i>Delineating Board and Management Responsibilities</i>	6
25. <i>Succession Planning</i>	6
26. <i>Special Outside Advisors</i>	6
27. <i>Orientation</i>	6
28. <i>Continuing Education</i>	7
29. <i>Board, Committee and Individual Director Assessment</i>	7
30. <i>Compensation of President and CEO</i>	7
31. <i>Other Compensation Matters</i>	8
32. <i>Review of Bonuses Paid</i>	8
33. <i>Annual Performance Evaluation</i>	8
34. <i>Charter Review</i>	8
35. <i>Regular Reporting</i>	8
36. <i>Other functions</i>	8
37. <i>Directors' Fees</i>	9

H.CHARTER OF THE PENSION COMMITTEE OF THE BOARD OF DIRECTORS OF THE TORONTO PORT AUTHORITY1

DEFINITIONS AND INTERPRETATION	1
1. <i>Definitions</i>	1
2. <i>Interpretation</i>	1
3. <i>continuation of Pension Committee</i>	1
4. <i>Purpose</i>	2
5. <i>Appointment and Removal of Members of the Pension Committee</i>	2
6. <i>Number of Members</i>	2
7. <i>Board to Appoint Pension Chair</i>	3

8.	<i>Pension Chair to be Appointed Annually</i>	3
PENSION COMMITTEE MEETINGS		3
9.	<i>Quorum</i>	3
10.	<i>Secretary</i>	3
11.	<i>Time and Place of Meetings</i>	3
12.	<i>In-Camera Meetings</i>	4
13.	<i>Right to Vote</i>	4
14.	<i>Invitees</i>	4
AUTHORITY OF PENSION COMMITTEE		4
15.	<i>Retaining and Compensating Advisors</i>	4
16.	<i>Recommendations to the Board</i>	4
SPECIFIC DUTIES AND RESPONSIBILITIES.....		4
17.	<i>Custodians, Trustees and Investment Managers</i>	4
18.	<i>Actuary</i>	5
19.	<i>Pension Plan</i>	5
20.	<i>Reports to the Board</i>	5
21.	<i>Standard of Performance</i>	6
ADMINISTRATION OF THE FUNDS		6
22.	<i>General</i>	6
23.	<i>Benefit Administration</i>	6
24.	<i>Communication and Stakeholder Relations</i>	6
25.	<i>Actuarial Valuation Reports</i>	6
26.	<i>Monitoring and Supervising Investment Managers</i>	6
27.	<i>Governance Assessment</i>	6
28.	<i>Annual Performance Evaluation</i>	7
29.	<i>Charter Review</i>	7
30.	<i>Regular Reporting</i>	7
31.	<i>Other functions</i>	7
32.	<i>Directors' Fees</i>	7

I. CHARTER OF THE COMMUNICATIONS AND OUTREACH COMMITTEE OF THE BOARD OF DIRECTORS OF THE TORONTO PORT AUTHORITY.....1

DEFINITIONS AND INTERPRETATION		1
1.	<i>Definitions</i>	1
2.	<i>Interpretation</i>	1
CONSTITUTION AND FUNCTIONING OF THE COMMITTEE.....		1
3.	<i>continuation of the communications and outreach committee</i>	1
4.	<i>Purpose</i>	1
5.	<i>Appointment and Removal of Members of the C&O Committee</i>	2
6.	<i>Number of Members</i>	2
C&O COMMITTEE CHAIR.....		2
7.	<i>Board to Appoint C&O Chair</i>	2
8.	<i>C&O Chair to be Appointed Annually</i>	2
C&O COMMITTEE MEETINGS		2
9.	<i>Quorum</i>	2
10.	<i>Secretary</i>	3
11.	<i>Time and Place of Meetings</i>	3
12.	<i>In-Camera Meetings</i>	3
13.	<i>Right to Vote</i>	3
14.	<i>Invitees</i>	3
AUTHORITY OF C&O COMMITTEE		3
15.	<i>Retaining and Compensating Advisors</i>	3
16.	<i>Recommendations to the Board</i>	3
SPECIFIC DUTIES AND RESPONSIBILITIES		4
17.	<i>Specific Duties and Responsibilities</i>	4
18.	<i>Annual Performance Evaluation</i>	4
19.	<i>Charter Review</i>	4
20.	<i>Regular Reporting</i>	4

21.	<i>Other functions</i>	5
22.	<i>Directors' Fees</i>	5
J.EXCERPTS FROM CANADA MARINE ACT, PORT AUTHORITIES MANAGEMENT REGULATIONS, LETTERS PATENT AND BY-LAW NO.1		
CONCERNING DIRECTORS1		
1.	<i>Number of Directors</i>	1
2.	<i>Persons Excluded as Directors</i>	1
3.	<i>Appointment</i>	2
4.	<i>Qualifications of Directors</i>	2
5.	<i>Part-time Appointment</i>	2
6.	<i>Term of Office and Renewal</i>	2
7.	<i>Election of Chair</i>	3
8.	<i>Chair</i>	3
9.	<i>Ceasing to Hold Office</i>	3
10.	<i>Resignation of Directors</i>	3
11.	<i>Remuneration of Directors</i>	4
12.	<i>Committees of the Board</i>	4
13.	<i>Rules and Procedures for Meetings of Committees of the Board</i>	4
14.	<i>Nomination Process for Appointment of Directors</i>	4
MEETINGS OF DIRECTORS5		
15.	<i>Place of Meeting</i>	5
16.	<i>Notice</i>	5
17.	<i>Waiver of Notice</i>	5
18.	<i>No Notice</i>	6
19.	<i>Omission of Notice</i>	6
20.	<i>Convening a Meeting</i>	6
21.	<i>Quorum</i>	6
22.	<i>Adjournment</i>	6
23.	<i>Notice of Adjourned Meeting</i>	7
24.	<i>Telephone Participation</i>	7
25.	<i>Voting</i>	7
26.	<i>Resolution in Lieu of Meeting</i>	7
27.	<i>Dissent of Directors Present at Meeting</i>	7
28.	<i>Dissent of Directors Absent from Meeting</i>	8
29.	<i>Exception for Code of Conduct</i>	8
30.	<i>Where Director Not Entitled to Dissent</i>	8
31.	<i>Validity of Acts of Directors and Officers</i>	8
LIABILITY OF DIRECTORS.....9		
32.	<i>Liability of Directors for Employees' Wages</i>	9
33.	<i>No Liability</i>	9
34.	<i>Exceptions to No Liability</i>	9
35.	<i>Amount Recoverable</i>	9
36.	<i>Preference</i>	10
37.	<i>Contribution</i>	10
38.	<i>Court Application</i>	10
39.	<i>Power of Court</i>	10
40.	<i>Enforcement</i>	10
41.	<i>Defence of Due Diligence</i>	10
42.	<i>Financial Assistance or Improper Indemnity or Advance</i>	11
FOR THE PROTECTION OF DIRECTORS AND OFFICERS11		
43.	<i>Duty of Care of Directors and Officers</i>	11
44.	<i>For the Protection of Directors and Officers</i>	11
45.	<i>Indemnities - Where Permitted, Required, Prohibited</i>	12
46.	<i>Conditions for Indemnity</i>	12
47.	<i>Court Order Required Where Action by Authority</i>	13
48.	<i>Entitlement of Indemnity</i>	13
49.	<i>Court Approval</i>	13

50.	<i>Advances</i>	13
51.	<i>Repayment of Advances</i>	14
52.	<i>Failure to Disclose a Material Contract</i>	14
53.	<i>Contracts of Indemnity</i>	14

A.

OBJECTIVES AND PRINCIPLES

1. OBJECTIVES

The Toronto Port Authority (the “**Port Authority**”) has developed this governance manual in order to support the achievement of the following objectives:

- (a) To establish structures and processes consistent with standards of good governance accepted in Canada that will allow the Port Authority to make effective decisions.
- (b) To position the Port Authority as an organization that is progressive and forward-looking as it anticipates and meets new challenges, all in keeping with its mandate under the *Canada Marine Act* (the “**CMA**”).
- (c) To provide sufficient flexibility to adapt the Port Authority’s governance practices to changing circumstances both internally and externally.
- (d) To maintain quality in the decision making processes within the Port Authority generally, and in the boardroom in particular, and to do so in an atmosphere of transparency and accountability.
- (e) To permit the Board of Directors of the Port Authority (the “**Board**”) to exercise its powers and to fulfill its responsibilities with the required standard of care.
- (f) To create an appropriate environment in which to review and discuss the vision and strategy of the Port Authority and its business units.
- (g) To establish and maintain communications with customers and other stakeholders.

2. PRINCIPLES

The Port Authority’s approach to corporate governance, as set out in this manual, is based on the following principles:

- (a) The Board and management should strive to maintain a constructive atmosphere that facilitates effective dialogue and decision making.
- (b) The directors and management must act in a manner consistent with their fiduciary duty, which includes acting honestly and in good faith with a view to the best interests of the Port Authority. While the interests of stakeholders may be taken into account, the responsibility of the directors and management is to the Port Authority.
- (c) The directors and members of management must also act in a manner that is consistent with their duty of care. Management must provide to the Board all of

the information available to it that is necessary for the Board to carry out its full responsibilities. This information must be available in a timely manner and in a format conducive to effective decision making.

- (d) The Board and management must work together to develop, implement, measure, monitor and continuously improve effective governance practices, processes and procedures.

B.**BOARD MANDATE**

Pursuant to the CMA the Board is responsible for the management of the activities of the Port Authority. As part of the Board's overall responsibility for the stewardship of the Port Authority, the Board performs the specific functions set out below.

1. DIRECTION AND CONTROL

- (a) Oversee the overall strategic planning process for the Port Authority, business plans (including the five-year business plans required by the Minister of Transport under the CMA), plans for management development and succession and plans for business development.
- (b) Review and approve, as appropriate, the Port Authority's annual operating and capital budgets.
- (c) Evaluate risks to which the Port Authority is exposed, plans for mitigating those risks and the effectiveness with which those plans are being implemented.
- (d) Monitor the integrity of internal controls, management information systems, and other systems and procedures to identify the principal risks affecting the Port Authority.
- (e) Oversee the adequacy of the Port Authority's processes to ensure compliance by the Port Authority with applicable legal and regulatory requirements.
- (f) Administer pension plans established by the Port Authority in accordance with applicable law.
- (g) Consider and approve, as appropriate, recommendations of management and committees of the Board.

2. FINANCIAL MATTERS

- (a) Review interim and annual financial and operating results.
- (b) Review and approve, as appropriate, interim and annual financial statements.
- (c) Review the audit report resulting from the special examination carried out every five years and follow up on implementation of recommendations.
- (d) Approve appointment of the external auditor as recommended by the audit and finance committee.

- (e) Approve the borrowing of any money on the credit of the Port Authority and the mortgage, hypothecation or other creation of a security interest over any asset of the Port Authority (other than in the ordinary course of business).

3. **OPERATIONAL MATTERS**

- (a) Approve all major changes to the organizational structure of the Port Authority.
- (b) Review and approve purchasing, leasing and other procurement procedures.
- (c) Approve contract and cheque signing authorities.
- (d) Review and approve policies for communications, including public consultation.
- (e) Evaluate financial and operating results against budgets and forecasts in the context of business objectives, strategies and operations plans being pursued.
- (f) Review and approve environmental requirements and procedures in place to satisfy those requirements.
- (g) Review and approve safety and security policies.
- (h) Review the Port Authority's code of conduct established in its Letters Patent (the "**Code of Conduct**") and make recommendations to Transport Canada regarding Supplementary Letters Patent to update and improve the Code of Conduct.
- (i) Call and conduct an Annual Meeting.

4. **BOARD MATTERS**

- (a) Develop the Port Authority's approach to corporate governance.
- (b) Approve a mandate for the Board.
- (c) Appoint the Board Chair in accordance with the provisions of the CMA.
- (d) Establish committees of the Board, approve their mandates and appoint the chairperson and other members of such committees.
- (e) Develop written position descriptions for the Board Chair and the committee chairpersons.
- (f) Receive reports from Board committees and management.
- (g) Provide an orientation program for new directors and continuing education opportunities for all directors.

5. **MANAGEMENT MATTERS**

- (a) Appoint the President and Chief Executive Officer (the “**President and CEO**”) and all other officers of the Port Authority and oversee the performance of the President and CEO.
- (b) Satisfy itself as to the integrity of the President and CEO and other members of management and that the President and CEO and other members of management create a culture of integrity throughout the organization.
- (c) Together with the President and CEO, develop a written position description for the role of President and CEO.
- (d) Review and approve the goals and objectives developed by the President and CEO that the President and CEO is responsible for meeting and annually evaluate the effectiveness and performance of the President and CEO in his/her management of the operations of the Port Authority against those objectives.
- (e) Approve compensation for the President and CEO and the senior management team.
- (f) Review the management succession plan and the human resources plan.
- (g) Oversee employee compensation plans to ensure that they are consistent with sustainable achievement of objectives of the CMA and the Port Authority.
- (h) Establish and monitor a process for ensuring compliance by the Port Authority’s Directors and Officers with the Code of Conduct and annually confirm in the minutes that this has been done.

C.

**CHAIR OF THE BOARD
POSITION DESCRIPTION**

The Board Chair reports to the Board and is responsible for discharging the following responsibilities:

- (a) Leads the Board in all aspects of its work and is responsible for managing the affairs of the Board and ensuring that the Board is properly organized and functions effectively.
- (b) In connection with day-to-day management of the activities of the Board:
 - (i) schedules and sets the agenda for Board meetings with input from other Directors and from the President and CEO and other senior management as appropriate;
 - (ii) invites management and others to attend Board meetings;
 - (iii) works with management to facilitate the delivery of accurate, timely and clear information to the Board to enable the Board to successfully carry out its responsibilities;
 - (iv) assists the chairs of Board committees in developing agendas for Board committee meetings that will enable the Board committees to successfully carry out their responsibilities;
 - (v) coordinates the activities of Board committees with the activities of the Board;
 - (vi) chairs Board meetings; and
 - (vii) attends Board committee meetings as *ex-officio* member.
- (c) Provides advice and counsel to the President and CEO and fellow members of the Board.
- (d) Maintains an active and cooperative relationship with the President and CEO and other senior management.
- (e) Acts as the principal interface between the Board and the President and CEO.
- (f) Provides mentorship to the President and CEO and fellow Board members.
- (g) With the President and CEO, co-ordinates the fostering of relationships with stakeholders, including public servants and politicians at the federal, provincial and municipal levels of government.

- (h) Chairs the Annual Meeting.
- (i) Acts as the spokesperson for the Board.
- (j) Performs such other functions as may reasonably be requested by the Board.
- (k) Reviews and approves the CEO's travel budget and expense submissions.

TORONTO PORT AUTHORITY

D. MANDATE OF COMMITTEE CHAIR

The primary responsibility of the Chair of a committee (“**Committee**”) of the Board of Directors (the “**Board**”) of the Toronto Port Authority (the “**Port Authority**”) is to oversee the operations and affairs of the Committee and to provide leadership to the Committee to enhance the Committee’s effectiveness. Each Committee Chair plays a critical role in guiding the Committee in the fulfillment of the Committee’s duties and responsibilities as set out in the Committee’s Charter and managing the process through which the Committee carries out such duties and responsibilities.

Each Committee Chair is appointed by the Board and serves at the pleasure of the Board.

Each Committee Chair will provide leadership to the members of the Committee, including by:

- (a) overseeing the Committee’s discharge of its duties as set out in the Committee’s Charter.
- (b) chairing Committee meetings and ensuring that the Committee is properly organized and functions effectively and efficiently.
- (c) in consultation with the Chair of the Board, the President and Chief Executive Officer and the Corporate Secretary, planning and organizing activities of the Committee including:
 - (i) the agenda for, frequency of, preparation for, and the conduct of Committee meetings;
 - (ii) reviewing items of importance for consideration and ensure that all business required to come before the Committee is brought before the Committee;
 - (iii) monitoring the adequacy of materials provided by management in connection with deliberations by the Committee;
 - (iv) ensuring that the Committee has sufficient time to review the materials provided to it and to fully discuss the business that comes before the Committee; and
 - (v) encouraging free and open discussion to ensure that meetings are conducted in such a manner that facilitates the exchange of constructive

and objective points of view and encourages all Committee members to participate in such a way that is conducive to good decision making.

- (d) being satisfied that the responsibilities of the Committee are well understood by its members.
- (e) ensuring that Committee members are provided with information on continuing education opportunities to assist them in maintaining and enhancing their abilities as members of the Committee.
- (f) ensuring that the work delegated to the Committee is carried out.
- (g) reporting to the Board on behalf of the Committee following meetings of the Committee with respect to such matters as are relevant to the Committee's discharge of its responsibilities.
- (h) acting as a liaison between the Committee and the Board and senior management.
- (i) ensuring that resources and expertise are available to the Committee so that it may function effectively and efficiently.
- (j) reporting annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board.
- (k) performing such other duties and responsibilities as may be delegated to the Committee Chair by the Board from time to time.

E.

**PRESIDENT AND CHIEF EXECUTIVE OFFICER
POSITION DESCRIPTION**

The President and CEO reports to the Board through the Chair and is responsible for discharging the following responsibilities:

- (a) Within the limits of the authority delegated by the Board, responsible for the day-to-day management of the business and affairs of the Port Authority.
- (b) Assists the Board Chair and the chairperson of Board committees in developing agendas for the Board and Board committee meetings that will enable the Board and Board committees to successfully carry out their responsibilities.
- (c) Reports to the Board in an accurate, timely, comprehensive and clear manner on all aspects of the business and affairs of the Port Authority that are relevant to the ability of the Directors to successfully carry out their responsibilities.
- (d) Makes recommendations to the Board on those matters on which the Board is required to make decisions.
- (e) Responsible for developing and presenting to the Board for its review and approval a strategic plan for the Port Authority and for reporting regularly to the Board on the implementation of the strategic plan in light of evolving conditions.
- (f) Responsible for developing and presenting to the Board for its review and approval annual and project specific business plans and annual (and multi-year as required by the CMA) and project specific capital and operating budgets and for reporting regularly to the Board on performance against these plans and budgets.
- (g) Responsible for ensuring that the financial statements of the Port Authority and its subsidiaries and the other financial information of the Port Authority and its subsidiaries contained in publicly disclosed materials fairly presents in all material respects the financial condition, results of operation and cash flows of the Port Authority and its subsidiaries.
- (h) Responsible for ensuring the integrity of the financial and other internal controls, management information systems and risk management systems of the Port Authority.
- (i) Responsible for promoting honest and ethical conduct within the Port Authority.
- (j) Within the limits of the authority delegated by the Board, responsible for recruiting senior management personnel.

- (k) Together with the Board, responsible for senior management development and succession planning.
- (l) Maintain an active and cooperative relationship with the Chair and other Board members.
- (m) Act as the principal interface between the Board and management.
- (n) Promote a work environment that is conducive to attracting, retaining and motivating a diverse group of high-quality employees.
- (o) Promote continuous improvement in the timeliness, quality, value and results of the work of employees.
- (p) Speak for the Port Authority on matters within the ordinary course of the Port Authority's business and otherwise as the Chair or the Board may direct.
- (q) Attend the Annual Meeting to report and to answer questions.
- (r) Perform such other functions as may be reasonably requested by the Chair or the Board.

F. CHARTER OF THE AUDIT AND FINANCE COMMITTEE OF THE BOARD OF DIRECTORS OF THE TORONTO PORT AUTHORITY

DEFINITIONS AND INTERPRETATION

1. DEFINITIONS

In this Charter:

- (a) “**Audit Chair**” means the chair of the Audit Committee;
- (b) “**Audit Committee**” means the audit and finance committee of the Board;
- (c) “**Board**” means the board of directors of the Port Authority;
- (d) “**Charter**” means this charter of the audit & finance committee of the Board;
- (e) “**CMA**” means the *Canada Marine Act*;
- (f) “**Director**” means a member of the Board;
- (g) “**External Auditor**” means the external auditor appointed by the Board in accordance with the CMA and the Port Authorities Management Regulations; and
- (h) “**Port Authority**” means the Toronto Port Authority.

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 AUDIT COMMITTEE

3. CONTINUATION OF THE AUDIT AND FINANCE COMMITTEE

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

4. PURPOSE

The primary purpose of the Audit Committee is to assist the Board in its oversight of:

- (a) the integrity of the Port Authority’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- (b) the Port Authority’s compliance with legal and regulatory requirements;

- (c) the External Auditor’s qualifications, independence and performance;
- (d) the performance of the Port Authority’s internal audit function; and
- (e) all other matters relating to the Port Authority’s financial reporting systems and risk management.

5. **APPOINTMENT AND REMOVAL OF MEMBERS OF THE AUDIT COMMITTEE**

- (a) *Board Appoints Members.* The members of the Audit Committee shall be appointed by the Board.
- (b) *Annual Appointments.* The appointment of members of the Audit 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 Audit Committee is not so made, the Directors who are then serving as members of the Audit Committee shall continue as members of the Audit Committee until their successors are appointed.
- (c) *Vacancies.* The Board may appoint a member to fill a vacancy which occurs in the Audit Committee.
- (d) *Removal of Member.* Any member of the Audit Committee may be removed from the Audit Committee by a resolution of the Board.

6. **NUMBER OF MEMBERS**

The Audit Committee shall consist of three or more Directors or if there are fewer than three members of the Board then the Audit Committee shall consist of all Board members.

7. **FINANCIAL LITERACY**

- (a) *Financial Literacy Requirement.* Each member of the Audit Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee.
- (b) *Definition of Financial Literacy.* “Financially literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Port Authority’s financial statements.

AUDIT COMMITTEE CHAIR

8. BOARD TO APPOINT AUDIT CHAIR

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

9. AUDIT CHAIR TO BE APPOINTED ANNUALLY

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

AUDIT COMMITTEE MEETINGS

10. QUORUM

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

11. SECRETARY

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

12. TIME AND PLACE OF MEETINGS

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

13. IN-CAMERA MEETINGS

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

14. RIGHT TO VOTE

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

15. **INVITEES**

The Audit Committee may invite Directors, officers and employees of the Port Authority or any other person to attend meetings of the Audit Committee to assist in the discussion and examination of the matters under consideration by the Audit Committee. The External Auditor shall receive notice of each meeting of the Audit Committee and shall be entitled to attend any such meeting at the Port Authority's expense.

AUTHORITY OF COMMITTEE

16. **RETAINING AND COMPENSATING ADVISORS**

The Audit Committee shall have the authority to engage independent counsel and other advisors in its sole discretion as the Audit 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 Audit 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. For greater certainty the Audit Committee shall not have the authority to set the remuneration of the External Auditor and such remuneration will be set by the Board.

17. **RECOMMENDATIONS TO THE BOARD**

The Audit 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

18. **REVIEW AND APPROVAL OF FINANCIAL INFORMATION**

- (a) *Annual Financial Statements.* The Audit Committee shall review and discuss with management and the External Auditor the Port Authority's audited annual financial statements and related management reports, together with the report of the External Auditor thereon and, if appropriate, recommend to the Board that it approve the audited annual financial statements.
- (b) *Interim Financial Statements.* The Audit Committee shall review and discuss with management and, if appropriate, recommend for review by the Board, the Port Authority's unaudited interim financial statements.
- (c) *General.* The Audit Committee shall review and discuss with management and the External Auditor:

- (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Port Authority's selection or application of accounting principles;
- (ii) major issues as to the adequacy of the Port Authority's internal controls over financial reporting and any special audit steps adopted in light of material control deficiencies;
- (iii) analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements and clarity and transparency of management disclosures;
- (iv) the effect on the financial statements of regulatory and accounting initiatives, as well as off-balance sheet structures;
- (v) the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented;
- (vi) pension plan financial statements; and
- (vii) other financial statements as required from time to time.

19. **EXTERNAL AUDITOR**

(a) *Authority with Respect to External Auditor.* The Audit Committee shall:

- (i) have sole responsibility for recommending to the Board the person to be appointed as External Auditor for the above-described purposes as well as the responsibility for recommending such External Auditor's compensation and determining at any time whether the Board should remove the incumbent External Auditor from office;
- (ii) review the terms of the External Auditor's engagement, discuss the audit fees with the External Auditor and make recommendations to the Board on the External Auditor's audit fees including whether such fees are sufficient to allow the External Auditor to carry out a quality audit, if requested by the Board; and
- (iii) require the External Auditor to confirm in its engagement letter each year that the External Auditor is accountable to the Board and the Audit Committee.

- (b) *Independence.* The Audit Committee shall satisfy itself as to the independence of the External Auditor. As part of this process the Committee shall:
- (i) consider the regular rotation of the lead audit partner and consider whether, in order to ensure continuing independence of the External Auditor, the Port Authority should rotate periodically the audit firm that serves as External Auditor;
 - (ii) require the External Auditor to submit on a periodic basis to the Audit Committee a formal written report delineating all relationships between the External Auditor and the Port Authority;
 - (iii) actively engage in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor and recommend that the Board take appropriate action in response to the External Auditor's report to satisfy itself of the External Auditor's independence;
 - (iv) unless the Audit Committee adopts pre-approval policies and procedures, approve any non-audit services provided by the External Auditor; and
 - (v) review and approve the policy setting out the restrictions on the Port Authority hiring partners, employees and former partners and employees of the Port Authority's current or former External Auditor.
- (c) *Issues Between External Auditor and Management.* The Audit Committee shall:
- (i) review any problems experienced by the External Auditor in conducting the audit, including any restrictions on the scope of the External Auditor's activities or access to requested information;
 - (ii) review any significant disagreements between management and the External Auditor and, to the extent possible, resolve any disagreements between management and the External Auditor; and
 - (iii) review with the External Auditor:
 - (A) any accounting adjustments that were proposed by the External Auditor, but were not made by management;
 - (B) any communications between the audit team and audit firm's national office respecting auditing or accounting issues presented by the engagement;

- (C) any management or internal control letter issued, or proposed to be issued by the External Auditor to the Port Authority; and
 - (D) the performance of the Port Authority's internal audit function or internal auditors.
- (d) *Non-Audit Services.*
 - (i) The Audit Committee shall either:
 - (A) approve any non-audit services provided by the External Auditor; or
 - (B) adopt specific policies and procedures for the engagement of non-audit services, provided that such pre-approval policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee's responsibilities to management.
 - (ii) The Audit Committee shall instruct management to promptly bring to its attention any services performed by the External Auditor which were not recognized by the Port Authority at the time of the engagement as being non-audit services.
- (e) *Evaluation of External Auditor.* The Audit Committee shall evaluate the External Auditor each year and present its conclusions to the Board. In connection with this evaluation, the Committee shall:
 - (i) review and evaluate the performance of the lead partner of the External Auditor;
 - (ii) obtain the opinions of management with respect to the performance of the External Auditor; and
 - (iii) obtain and review a report by the External Auditor describing:
 - (A) the External Auditor's internal quality-control procedures;
 - (B) any material issues raised by the most recent internal quality-control review, or peer review, of the External Auditor's firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the External Auditor's firm, and any steps taken to deal with any such issues; and

- (C) all relationships between the External Auditor and the Port Authority (for the purposes of assessing the External Auditor's independence).
- (f) *Review of Management's Evaluation and Response.* The Audit Committee shall:
- (i) review management's evaluation of the External Auditor's audit performance;
 - (ii) review the External Auditor's recommendations, and review management's response to and subsequent follow-up on any identified weaknesses;
 - (iii) receive regular reports from management and receive comments from the External Auditor, if any, on:
 - (A) the Port Authority's principal financial risks;
 - (B) the systems implemented to monitor those risks; and
 - (C) the strategies in place to manage those risks; and
 - (iv) recommend to the Board whether any new material strategies presented by management should be considered appropriate and approved.

20. **OTHER RESPONSIBILITIES**

The Audit Committee shall:

- (i) review and make recommendations to the Board on Finance Policies and Procedures, such as the Investment Policy, the Purchasing/Procurement Policy and Cheque Signing Policy;
- (ii) review and make recommendations to the Board on the annual Budget/Business Plan of the Port Authority;
- (iii) review and make recommendations to the Board on any proposed borrowing by the Port Authority, within the restrictions of the CMA and the Port Authority's Letters Patent;
- (iv) review and make recommendations to the Board on the Payments-in-Lieu of Taxes "PILTS" requests made by the City of Toronto;

- (v) approve capital and operating expenditures in accordance with the Port Authority's Procurement Policy, for consideration by the Board;
- (vi) review and make recommendations to the Board on security and security related matters for Port Authority facilities and operations; and
- (vii) review and make recommendations to the Board on the five year risk assessment mandated by the CMA.

21. **OPERATING AND CAPITAL BUDGETS**

The Audit Committee shall review and as appropriate recommend to the Board for approval, operating and capital budgets submitted to it by management.

22. **SPECIAL EXAMINATION**

The Audit Committee shall review the plan for the examination of the systems and practices of the Port Authority pursuant to a special examination contemplated by the CMA.

If the Audit Committee disagrees with the examiner with respect to the plan referred to above, the Audit Committee shall so advise the Board and shall recommend to the Board whether such disagreement should be referred to the Minister pursuant to the CMA.

23. **RISK ASSESSMENT AND RISK MANAGEMENT**

The Audit Committee shall discuss the Port Authority's major financial risk exposures and the steps management has taken to monitor and control such exposures.

24. **RELATED PARTY TRANSACTIONS**

The Audit Committee shall review and recommend to the Board for approval all related party transactions in which the Port Authority is involved or which the Port Authority proposes to enter into.

25. **EXPENSE ACCOUNTS**

The Audit Committee shall review and make recommendations with respect to:

- (a) expense account policies and the process by which the expenses of the Audit Chair and of the President and CEO shall be approved; and
- (b) expense account policy, and rules relating to the standardization of the reporting on expense accounts.

26. **EXECUTIVE COMPENSATION DISCLOSURE**

The Audit Committee shall review and recommend to the Board for approval any public disclosure of information relating to the Port Authority's executive compensation.

OTHER MATTERS

27. **ANNUAL PERFORMANCE EVALUATION**

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

28. **CHARTER REVIEW**

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

29. **REGULAR REPORTING**

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

30. **OTHER FUNCTIONS**

In addition to the activities described above, the Audit 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 Letters Patent and by-laws, and the resolutions and other directives of the Board.

31. **DIRECTORS' FEES**

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

G. 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.

H. CHARTER OF THE PENSION 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 Pension Committee;
- (c) “**CMA**” means the *Canada Marine Act*;
- (d) “**Director**” means a member of the Board;
- (e) “**Funds**” means the funds relating to the Pension Plan;
- (f) “**Pension Chair**” means the chair of the Committee;
- (g) “**Pension Committee**” means the pension committee of the Port Authority;
- (h) “**Pension Plan**” means any and all pension plans established for the employees and former employees of the Port Authority and in respect of which the Port Authority is the administrator;
- (i) “**Port Authority**” means the Toronto Port Authority; and
- (j) “**SIP&P**” means the Statement of Investment Policies and Procedures applicable to the Funds as approved by the Board from time to time.

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 COMMITTEE

3. CONTINUATION OF PENSION COMMITTEE

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

4. **PURPOSE**

The primary purpose of the Pension Committee is to administer the Pension Plans, subject to the oversight of the Board, and to make recommendations to the Board on matters relating to the Pension Plans.

5. **APPOINTMENT AND REMOVAL OF MEMBERS OF THE PENSION COMMITTEE**

- (a) *Board Appoints Members.* The members of the Pension Committee shall be appointed by the Board.
- (b) *Appointments.* The appointment of the Director members of the Pension Committee shall take place annually at the first meeting of the Board after the Annual Meeting, provided that, if the appointment of the Director members of the Pension Committee is not so made, the Directors who are then serving as members of the Pension Committee shall continue as members of the Pension Committee until their successors are appointed. The appointment of the non-Director members of the Pension Committee shall take place from time to time as the Board considers appropriate.
- (c) *Vacancies.* The Board may appoint a member to fill a vacancy which occurs in the Pension Committee.
- (d) *Removal of Member.* Any member of the Pension Committee may be removed from the Pension Committee by a resolution of the Board.

6. **NUMBER OF MEMBERS**

The Pension Committee shall consist of seven members as follows:

- (a) Two Directors appointed by the Board;
- (b) The Chief Executive Officer of the Port Authority;
- (c) The Chief Financial Officer of the Port Authority;
- (d) One employee of the Port Authority who is a member of CUPE 416 (or any successor union to CUPE 416) as nominated by CUPE 416 (or any successor union to CUPE 416) and approved by the Board;
- (e) One non-union employee of the Port Authority as nominated by the non-union employees of the Port Authority and approved by the Board; and
- (f) One retired employee of the Port Authority as nominated by the retired employees of the Port Authority and approved by the Board.

It is desirable that the Director members of the Pension Committee will possess sufficient knowledge in the areas of pensions or pension administration or be willing and able to acquire such knowledge soon after joining the Pension Committee.

PENSION COMMITTEE CHAIR

7. **BOARD TO APPOINT PENSION CHAIR**

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

8. **PENSION CHAIR TO BE APPOINTED ANNUALLY**

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

PENSION COMMITTEE MEETINGS

9. **QUORUM**

A quorum of the Pension Committee shall be a majority of the members of the Pension Committee provided that a member of the Committee who is also a member of the Board must form part of any quorum.

10. **SECRETARY**

The Pension Chair shall designate from time to time a person who may, but need not, be a member of the Pension Committee, to be Secretary of the Pension Committee. If no other person is designated, the Secretary of the Pension Committee shall be the Secretary of the Board. The Secretary of the Pension Committee shall attend and be the secretary of all meetings of the Pension 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 Pension Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Pension Committee; provided, however, the Pension Committee shall meet as needed, but in any event at least three times each year.

12. **IN-CAMERA MEETINGS**

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

13. **RIGHT TO VOTE**

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

14. **INVITEES**

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

AUTHORITY OF PENSION COMMITTEE

15. **RETAINING AND COMPENSATING ADVISORS**

The Pension Committee shall have the authority to engage independent counsel and other advisors in its sole discretion as the Pension Committee may deem appropriate in order to discharge its duties. Provided that the fees of such advisor are reasonably expected to be less than \$25,000 the Pension 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 Pension 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. **CUSTODIANS, TRUSTEES AND INVESTMENT MANAGERS**

The Pension Committee shall have no authority to act on the following matters, but shall make recommendations to the Board in respect of these matters:

- (a) the appointment or removal of custodians, trustees, consultants or investment managers for the Funds (including the allocation of assets to each such investment manager); and
- (b) the evaluation of the performance of each custodian, trustee, consultant and investment manager.

18. **ACTUARY**

The Pension Committee shall have no authority to act on the following matters, but shall make recommendations to the Board in respect of these matters:

- (a) the appointment or removal of the actuary of the Pension Plan and the Funds; and
- (b) the evaluation of the performance of such actuary.

19. **PENSION PLAN**

The Pension Committee shall have no authority to act on the following matters, but shall make recommendations to the Board in respect of these matters:

- (a) changes to the Pension Plan;
- (b) long-term funding objectives in relation to the Pension Plan's liabilities; and
- (c) changes to the SIP&P of the Funds.

20. **REPORTS TO THE BOARD**

The Pension Committee shall report regularly to the Board on the investment performance of the Funds and on all other matters which are material to the Funds. Without limiting the foregoing, the Pension Committee shall report at least annually to the Board on the following items and semi-annually on those specifically identified below:

- (a) the Pension Plan's liability profile and the funding strategy to satisfy the Pension Plan's liabilities;
- (b) the risks facing the Pension Plan and how they are managed (including reports on the internal control framework);
- (c) compliance by the Pension Plan and the Funds with the terms of the Pension Plan, any contractual arrangements, the SIP&P and applicable law;
- (d) performance reviews of service providers, Pension Plan membership information, communications to Pension Plan members and other relevant information; and
- (e) performance review/activities of the Pension Committee, performance review of fund managers and performance results and changes in legislation and industry standards/best practices (semi-annually).

21. **STANDARD OF PERFORMANCE**

The Pension Committee shall exercise, in the administration of the Pension Plan and in the administration and investment of the Funds, the degree of care that a person of ordinary prudence would exercise in dealing with the property of another person.

The members of the Pension Committee who possess, by reason of profession or business, or ought to possess, a particular level of knowledge or skill relevant to the administration of a pension plan or pension fund shall employ that particular level of knowledge or skill in the administration of the Pension Plan.

ADMINISTRATION OF THE FUNDS

22. **GENERAL**

The Pension Committee shall have the responsibility for all matters relating to the administration of the Pension Plan and Funds including, without limitation, the matters set out herein, except such matters as require the approval of the Board.

23. **BENEFIT ADMINISTRATION**

The Pension Committee shall ensure that a system of pension benefit administration is implemented and maintained.

24. **COMMUNICATION AND STAKEHOLDER RELATIONS**

The Pension Committee shall establish and maintain a program of stakeholder communications related to the stakeholders of the Pension Plan.

25. **ACTUARIAL VALUATION REPORTS**

The Pension Committee shall review and accept, as appropriate, actuarial valuation reports prepared by actuaries retained in connection with the Pension Plan and shall present such reports to the Board for approval.

26. **MONITORING AND SUPERVISING INVESTMENT MANAGERS**

The Pension Committee shall monitor and supervise the performance of investment fund managers and other advisors retained by the Port Authority in connection with the Funds.

27. **GOVERNANCE ASSESSMENT**

The Pension Committee shall review the pension governance processes and procedures of the Port Authority from time to time make such recommendations to the Board as it considers appropriate.

OTHER MATTERS

28. **ANNUAL PERFORMANCE EVALUATION**

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

29. **CHARTER REVIEW**

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

30. **REGULAR REPORTING**

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

31. **OTHER FUNCTIONS**

In addition to the activities described above, the Pension 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 Letters Patent and by-laws, and the resolutions and other directives of the Board.

32. **DIRECTORS' FEES**

No member of the Pension Committee may earn fees from the Port Authority or any of its subsidiaries other than directors' fees or, if such member is an employee of the Port Authority, such member's employment remuneration. For greater certainty, no member of the Pension Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Port Authority, other than directors' fees and, if such member is an employee of the Port Authority, such member's employment remuneration.

I. CHARTER OF THE COMMUNICATIONS AND OUTREACH 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) “**C&O Chair**” means the chair of the C&O Committee;
- (c) “**C&O Committee**” means the communications & outreach committee of the Board;
- (d) “**Charter**” means this charter of the Communications and Outreach committee of the Board;
- (e) “**CMA**” means the *Canada Marine Act*;
- (f) “**Director**” means a member of the Board; and
- (g) “**Port Authority**” means Toronto Port Authority.

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 COMMITTEE

3. CONTINUATION OF THE COMMUNICATIONS AND OUTREACH COMMITTEE

The C&O Committee is hereby continued with the constitution, function and responsibilities herein set forth.

4. PURPOSE

The primary purpose of the C&O Committee is to assist the Board with respect to the Port Authority’s communications strategies and community outreach efforts.

5. **APPOINTMENT AND REMOVAL OF MEMBERS OF THE C&O COMMITTEE**

- (a) *Board Appoints Members.* The members of the C&O Committee shall be appointed by the Board.
- (b) *Annual Appointments.* The appointment of members of the C&O 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 C&O Committee is not so made, the Directors who are then serving as members of the C&O Committee shall continue as members of the C&O Committee until their successors are appointed.
- (c) *Vacancies.* The Board may appoint a member to fill a vacancy which occurs in the C&O Committee.
- (d) *Removal of Member.* Any member of the C&O Committee may be removed from the C&O Committee by a resolution of the Board.

6. **NUMBER OF MEMBERS**

The C&O Committee shall consist of three or more Directors or if there are fewer than three members of the Board then the C&O Committee shall consist of all Board members. It is desirable that the members of the C&O Committee will possess sufficient knowledge in the areas of communications, government relations and community outreach or be willing and able to acquire such knowledge soon after joining the C&O Committee.

C&O COMMITTEE CHAIR

7. **BOARD TO APPOINT C&O CHAIR**

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

8. **C&O CHAIR TO BE APPOINTED ANNUALLY**

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

C&O COMMITTEE MEETINGS

9. **QUORUM**

A quorum of the C&O Committee shall be a majority of the members.

10. **SECRETARY**

The C&O Chair shall designate from time to time a person who may, but need not, be a member of the C&O Committee, to be Secretary of the C&O Committee. If no other person is designated, the Secretary of the Committee shall be the Secretary of the Board. The Secretary of the C&O Committee shall attend and be the secretary of all meetings of the C&O 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 C&O Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the C&O Committee; provided, however, the C&O Committee shall meet at least quarterly.

12. **IN-CAMERA MEETINGS**

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

13. **RIGHT TO VOTE**

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

14. **INVITEES**

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

AUTHORITY OF C&O COMMITTEE

15. **RETAINING AND COMPENSATING ADVISORS**

The C&O Committee shall have the authority to engage independent counsel and other advisors in its sole discretion as the C&O Committee may deem appropriate in order to discharge its duties. Provided that the fees of such advisor are reasonably expected to be less than \$25,000 the C&O 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 C&O 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. **SPECIFIC DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the C&O Committee are to assist the Board with respect to:

- (a) the Port Authority's interaction, relationship and reputation with the community;
- (b) the Port Authority's governmental, media and public relations strategies;
- (c) the Port Authority's image and strategies to brand the Port Authority;
- (d) the qualifications and performance of any governmental, media and public relations consultants and related service providers;
- (e) the Port Authority's communication plans and review and discuss with management, communication tools such as the Port Authority's website and other internet communication features;
- (f) review the performance of the Community Liaison Committee; and
- (g) review and approve at certain levels contributions and donations in accordance to the Charitable Contributions, Donations and Promotion Policy.

OTHER MATTERS

18. **ANNUAL PERFORMANCE EVALUATION**

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

19. **CHARTER REVIEW**

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

20. **REGULAR REPORTING**

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

21. **OTHER FUNCTIONS**

In addition to the activities described above, the C&O 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.

22. **DIRECTORS' FEES**

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

APPENDIX

J. EXCERPTS FROM *CANADA MARINE ACT*, PORT AUTHORITIES MANAGEMENT REGULATIONS, LETTERS PATENT AND BY-LAW NO.1 CONCERNING DIRECTORS

1. NUMBER OF DIRECTORS

The activities of the Port Authority shall be managed by the Board consisting of seven Directors or such other number of Directors between seven and eleven as may be authorized by supplementary letters patent. The Board may consist of less than the prescribed number of Directors during any period of time that one or more vacancies on the Board have not been filled.¹

2. PERSONS EXCLUDED AS DIRECTORS

The following individuals may not be Directors:

- (a) an individual who is a mayor, councillor, officer or employee of the City of Toronto;
- (b) an individual who is a member of the Ontario Legislature, or an officer or employee of the Ontario public service or of an Ontario Crown corporation;
- (c) a Senator or a member of Parliament or an officer or employee of the federal public service or of a federal Crown corporation or a port authority;
- (d) an individual who is not a resident Canadian, as defined in section 2(1) of the *Canada Business Corporations Act*;
- (e) an individual who is a director, officer or employee of a person who is a user of the Port;
- (f) an individual who is under 18 years of age;
- (g) an individual who has been declared mentally incompetent by a court in Canada or elsewhere;
- (h) an undischarged bankrupt; or
- (i) any individual whose term as a Director has expired within the previous twelve-month period.²

¹ Sections 8(2)(f) and 20 of the CMA and Sections 4.1 and 4.3 of the Letters Patent

² Sections 14(3) and 16 of the CMA and Section 4.2 of the Letters Patent

3. **APPOINTMENT**

The Directors shall be appointed to hold office as follows:

- (a) the Governor in Council appoints one individual nominated by the Minister;
- (b) the City of Toronto appoints one individual;
- (c) the Province of Ontario appoints one individual; and
- (d) the Governor in Council appoints the remaining four individuals nominated by the Minister in consultation with the Users selected by the Minister, or the Classes of Users.³

4. **QUALIFICATIONS OF DIRECTORS**

The Directors appointed under any of paragraphs 14(1)(a)-(c) of the CMA shall have generally acknowledged and accepted stature within the transportation industry or the business community.⁴

The Directors appointed under paragraph 14(1)(d) of the CMA shall have generally acknowledged and accepted stature within the transportation industry or the business community and relevant knowledge and extensive experience related to the management of a business, to the operation of a port or to maritime trade.⁵

5. **PART-TIME APPOINTMENT**

The Directors are appointed to serve part-time.⁶

6. **TERM OF OFFICE AND RENEWAL**

The term of each Director shall be three years.⁷ If a successor Director is not appointed by the Appointing Body at the expiry of a Director's term, the incumbent Director continues in office until their term is renewed or their successor is appointed.⁸ The term of a Director may be renewed twice only.⁹ No person is eligible to be appointed as a Director within twelve months

³ Section 14(1) of the CMA and Section 4.6 of the Letters Patent

⁴ Section 15(1) of the CMA

⁵ Section 15(2) of the CMA

⁶ Section 14(4) of the CMA

⁷ Section 14(2) of the CMA

⁸ Section 14(2.3) of the CMA

⁹ Section 14(2) of the CMA

after the expiration of his or her term or renewed term.¹⁰ A Director shall serve no more than nine consecutive years on the Board.¹¹

7. **ELECTION OF CHAIR**

The Board shall elect a Chair from among its number for a term not exceeding two years, the term being renewable.¹²

8. **CHAIR**

The Chair, under the direction of the Board and as its agent, shall exercise continuous general oversight of the Port Authority's affairs and shall recommend to the Board general policies with respect to governance of the Port Authority. The Chair shall preside at all meetings of the Board, and at each annual meeting of the Port Authority. The Chair shall, when present, preside as chair at all meetings of the Board, unless the Board otherwise determines.¹³

9. **CEASING TO HOLD OFFICE**

A Director shall cease to hold office when:

- (a) the Director dies or resigns;
- (b) the Director is removed for cause by the authority that made the appointment, namely, the Governor in Council, the City of Toronto or the Province of Ontario, as the case may be, pursuant to section 19.1(b) of the CMA; or
- (c) the Director is no longer qualified to hold the office of Director under section 4.2 of the Letters Patent.¹⁴

10. **RESIGNATION OF DIRECTORS**

A Director may resign his or her position as a Director by sending to the Port Authority a written resignation which shall become effective on the date received by the Port Authority or on the date specified in the resignation, whichever is later.¹⁵

¹⁰ Section 14(3) of the CMA

¹¹ Section 14(2.1) of the CMA

¹² Section 17 of the CMA

¹³ Section 1.1 of By-law No. 1

¹⁴ Section 19(1) of the CMA

¹⁵ Section 19(2) of the CMA

11. **REMUNERATION OF DIRECTORS**

The Board shall fix the remuneration of the Directors and the Chair.¹⁶

12. **COMMITTEES OF THE BOARD**

The Board may appoint from among its number one or more committees of the Board, however designated, and may delegate to any such committee any of the powers of the Board, except that the Board shall not delegate to any committee the power to:

- (a) fill a vacancy in the office of the auditor of the Port Authority;
- (b) issue debt obligations, except in the manner and on the terms authorized by the Board;
- (c) approve the audited financial statements of the Port Authority;
- (d) adopt, amend or repeal By-laws; or
- (e) authorize or ratify any activity carried on or to be carried on or any power exercised or to be exercised by a Subsidiary.¹⁷

13. **RULES AND PROCEDURES FOR MEETINGS OF COMMITTEES OF THE BOARD**

Subject to the By-laws, any resolution of the Board and a committee’s Charter, any committee of the Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit and may from time to time adopt, amend or repeal rules or procedures in this regard.¹⁸

14. **NOMINATION PROCESS FOR APPOINTMENT OF DIRECTORS**

No later than six months prior to the expiry of the term of office of a Director appointed by the Governor in Council under Section 4.6(a) of the Letters Patent, by the City of Toronto under Section 4.6(b) of the Letters Patent, by the Province of Ontario under Section 4.6(c) of the Letters Patent or the Governor in Council under Section 4.6(d) or Section 4.6(e) of the Letters Patent, the Board shall notify the appropriate Appointing Body that the term of their appointee on the Board is about to expire and request a new or renewed appointment as the Appointing Body considers appropriate.

¹⁶ Section 14(5) of the CMA

¹⁷ Section 4.15 of the Letters Patent

¹⁸ Section 2.1 of By-Law No. 1

MEETINGS OF DIRECTORS

15. PLACE OF MEETING

Meetings of the Directors shall be held at the Port Authority's registered office or at such other convenient place as the majority of Directors determine if reasonable notice is given.¹⁹

16. NOTICE

The notice of a meeting of Directors shall specify any of the following matters that are to be dealt with at the meeting, but need not specify any other business to be transacted at the meeting:

- (a) filling a vacancy in the office of the Chair or auditor of the Port Authority;
- (b) approving the annual financial statements;
- (c) approving a borrowing;
- (d) adopting a land use plan or business plan;
- (e) adopting, amending or repealing By-laws; and
- (f) authorizing or ratifying any activity carried on or to be carried on, or any power exercised or to be exercised, by any Subsidiary.²⁰

Notice of any such meeting shall be served in the manner specified in Section 8.1 of By-Law No. 1 not less than two days (exclusive of the day on which the notice is delivered or sent but inclusive of the day for which notice is given) before the meeting is to take place.²¹

17. WAIVER OF NOTICE

A Director may in any manner waive notice of a meeting of Directors (whether before or after such meeting) and attendance of a Director at a meeting of Directors shall constitute a waiver of notice of the meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.²²

¹⁹ Section 14(1) of Management Regulations

²⁰ Section 14(2) of Management Regulations

²¹ Section 3.1 of By-law No. 1

²² Section 14(3) of Management Regulations

18. **NO NOTICE**

Meetings of Directors may be held at any time without notice if all the Directors are present (except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all of the absent Directors waive notice before or after the date of such meeting.²³

19. **OMISSION OF NOTICE**

The accidental omission to give notice of any meeting of Directors to, or the non-receipt of any notice by, any person shall not invalidate any resolution passed or any proceeding taken at such meeting. A Director who by accidental omission does not receive notice of a meeting may, at the next meeting he or she attends, reopen discussion of the matter without a seconder for the motion.²⁴

20. **CONVENING A MEETING**

A meeting of the Board may be convened by the Chair or any two Directors at any time. The Corporate Secretary when directed or authorized by the Chair or any two Directors shall convene a meeting of the Board.²⁵

21. **QUORUM**

The quorum necessary for the transaction of business at a meeting of the Board at any time shall be a majority of the number of Directors of which the Port Authority has actual knowledge have been appointed to the Board at such time. A quorum of Directors may exercise all powers of the Board.²⁶

22. **ADJOURNMENT**

Any meeting of Directors may be adjourned from time to time by the Chair or other Chair of the meeting, with the consent of the meeting, to a fixed time and place. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The Directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have

²³ Section 3.1 of By-law No. 1

²⁴ Section 3.2 of By-law No. 1

²⁵ Section 4.4 of the Letters Patent

²⁶ Section 4.4 of the Letters Patent

been brought before or dealt with at the original meeting in accordance with the notice calling the original meeting.²⁷

23. **NOTICE OF ADJOURNED MEETING**

Notice of an adjourned meeting is not required to be given if the time and place of the adjourned meeting are announced at the original meeting.²⁸

24. **TELEPHONE PARTICIPATION**

A Director may, if a majority of the Directors consent, attend a meeting of Directors or of a committee of Directors by means of any telephonic, electronic, or other communications facility that permits all persons participating in the meeting to communicate adequately with each other during the meeting, and a Director participating in such a meeting by such means is deemed to be present at the meeting.²⁹

25. **VOTING**

Questions arising at any meeting of the Board shall be decided by a majority of votes. In the case of an equality of votes, the Chair or other Chair of the meeting in addition to his or her original vote shall not have a second or casting vote.³⁰

26. **RESOLUTION IN LIEU OF MEETING**

Notwithstanding any provision of the By-laws, but subject to the CMA, a resolution in writing, signed by all of the Directors entitled to vote on that resolution at a meeting of the Directors is as valid as if it had been passed at a meeting of the Directors. A copy of every resolution shall be kept with the minutes of the proceedings of the Board.³¹

27. **DISSENT OF DIRECTORS PRESENT AT MEETING**

A Director who is present at a meeting of the Board or of a committee of the Board, whether the Director abstains from voting on a resolution or an action to be taken at the meeting or remains silent, is deemed to have consented to any resolution passed or action taken at the meeting, unless:

- (a) the Director requests that a dissent be entered in the minutes of the meeting or a dissent is so entered;

²⁷ Section 3.3 of By-law No. 1

²⁸ Section 14(4) of Management Regulations

²⁹ Section 14(5) of Management Regulations

³⁰ Section 3.4 of By-law No. 1

³¹ Section 15 of Management Regulations

- (b) the Director sends a written dissent to the Corporate Secretary of the meeting before the meeting is adjourned; or
- (c) the Director sends a dissent by registered mail, or delivers it, to the registered office of the Port Authority immediately after the meeting is adjourned.³²

28. **DISSENT OF DIRECTORS ABSENT FROM MEETING**

A Director who is not present at a meeting, other than a Director who is absent from a meeting in conformity with the Code of Conduct at which a resolution is passed or an action taken, is deemed to have consented to the resolution or action unless, within seven days after becoming aware of the resolution or action, the Director:

- (a) requests that a dissent be kept with the minutes of the meeting; or
- (b) sends a dissent by registered mail, or delivers it, to the registered office of the Port Authority.³³

29. **EXCEPTION FOR CODE OF CONDUCT**

Section 6.14 does not apply to Directors who absent themselves from a meeting in conformity with the Code of Conduct.³⁴

30. **WHERE DIRECTOR NOT ENTITLED TO DISSENT**

A Director who votes for or expressly consents to a resolution is not entitled to dissent.³⁵

31. **VALIDITY OF ACTS OF DIRECTORS AND OFFICERS**

An act of a Director or Officer is valid despite any irregularity in his or her appointment or election or any defect in his or her qualification.³⁶

³² Section 16(1) of Management Regulations

³³ Section 16(3) of Management Regulations

³⁴ Section 16(4) of Management Regulations

³⁵ Section 16(2) of Management Regulations

³⁶ Section 17 of Management Regulations

LIABILITY OF DIRECTORS

32. LIABILITY OF DIRECTORS FOR EMPLOYEES' WAGES

The Directors are jointly and severally liable to the employees of the Port Authority for all debts not exceeding six months of wages payable for services performed by the employees for the Port Authority during the period in which the Directors held office.³⁷

33. NO LIABILITY

A Director is not liable for any amount in respect of statutory or contractual termination of employment, for severance pay or for any punitive damages related to termination of employment.³⁸

34. EXCEPTIONS TO NO LIABILITY

A Director is not liable under Section 19 of the Management Regulations unless:

- (a) the Port Authority is sued for the debt within six months after it becomes due and execution is returned unsatisfied in whole or in part;
- (b) the debt is proved within six months after the earlier of the day of issue of the notice of intention to dissolve and the day of issue of the certificate of dissolution;
- (c) the Port Authority makes an assignment or is made subject to a receiving order under the *Bankruptcy and Insolvency Act* (Canada) and a claim for the debt is proved no later than six months after the date of the assignment or receiving order; or
- (d) he or she is sued for the debt while in office or within two years after ceasing to be in office.³⁹

35. AMOUNT RECOVERABLE

If execution has issued, the amount recoverable from a Director is the amount remaining unsatisfied after execution.⁴⁰

³⁷ Section 19 of Management Regulations

³⁸ Section 20(1) of Management Regulations

³⁹ Sections 20(2) and 20(3) of Management Regulations

⁴⁰ Section 21 of Management Regulations

36. **PREFERENCE**

If a Director satisfies a debt referred to in Section 19 of the Management Regulations that is proved in liquidation and dissolution or bankruptcy proceedings, the Director is entitled to any preference to which the employee would have been entitled and, if a judgment has been obtained, the Director is entitled to an assignment of the judgment.⁴¹

37. **CONTRIBUTION**

A Director who satisfies a debt referred to in Section 19 of the Management Regulations is entitled to contribution from the other Directors who were liable for the debt.⁴²

38. **COURT APPLICATION**

A Director who is liable under Section 23(1) of the Management Regulations may apply to a court for an order to recover money or property mentioned herein.⁴³

39. **POWER OF COURT**

A court may, on application under Section 23(3) of the Management Regulations, if it is satisfied that it is equitable to do so, order any person to pay or deliver to the Director the money or property mentioned herein, or make any order that it sees fit.⁴⁴

40. **ENFORCEMENT**

An action to enforce a liability imposed by Section 23 of the Management Regulations may not be commenced more than two years after the date of the resolution authorizing the action complained of.⁴⁵

41. **DEFENCE OF DUE DILIGENCE**

A Director is not liable under any of Sections 19 or 21 to 23 of the Management Regulations if the Director exercised the care, diligence and skill that a reasonably prudent person would have exercised in comparable circumstances to prevent a failure to fulfil his or her duties, including reliance in good faith on financial statements of the Port Authority, on the reports of experts and on information presented by officers or professionals.⁴⁶

⁴¹ Section 22(1) of Management Regulations

⁴² Section 22(2) of Management Regulations

⁴³ Section 23(3) of Management Regulations

⁴⁴ Section 23(4) of Management Regulations

⁴⁵ Section 23(5) of Management Regulations

⁴⁶ Section 24 of Management Regulations

42. **FINANCIAL ASSISTANCE OR IMPROPER INDEMNITY OR ADVANCE**

Directors who vote for or consent to resolutions authorizing any of the following matters are jointly and severally liable to restore to the Port Authority any amounts or property so distributed or paid and not otherwise recovered by the Port Authority:

- (a) financial assistance contrary to Section 32 of the Management Regulations; and
- (b) payment of an indemnity or advance contrary to Section 25 or Section 28 of the Management Regulations.⁴⁷

FOR THE PROTECTION OF DIRECTORS AND OFFICERS

43. **DUTY OF CARE OF DIRECTORS AND OFFICERS**

Every Director and Officer shall, in exercising powers and discharging duties:

- (a) act honestly and in good faith with a view to the best interests of the Port Authority; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Every Director and Officer shall comply with the CMA, the Regulations, the Letters Patent and the By-laws. No provision in a contract or resolution relieves a Director or officer of the Port Authority from the duty to act in accordance with the CMA, the Regulations, the Letters Patent or the By-laws or relieves them from liability for a breach of any of them.⁴⁸

44. **FOR THE PROTECTION OF DIRECTORS AND OFFICERS**

Except as otherwise provided in the CMA, the Regulations or the Letters Patent, no Director or Officer shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Port Authority through the insufficiency or deficiency of title to any property acquired by the Port Authority or for or on behalf of the Port Authority or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Port Authority shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, including any person with whom or which any moneys, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Port Authority or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her respective

⁴⁷ Section 23(1) of Management Regulations

⁴⁸ Section 22 of the CMA

office or trust or in relation thereto, unless the same shall happen by or through his or her failure to exercise the powers and to discharge the duties of his or her office honestly and in good faith with a view to the best interests of the Port Authority and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Except as otherwise provided in the CMA, the Regulation, or the Letters Patent, the Directors shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Port Authority, except such as shall have been submitted to and authorized or approved by the Board. If any Director or Officer shall be employed by or shall perform services for the Port Authority otherwise than as a Director or Officer or shall have an interest in a person which is employed by or performs services for the Port Authority, the fact of his or her being a Director or Officer shall not disentitle such Director or Officer or such person, as the case may be, from receiving proper remuneration for such services, provided such Director or Officer and the Board, acting collectively, comply with the Code.⁴⁹

45. **INDEMNITIES - WHERE PERMITTED, REQUIRED, PROHIBITED**

The Authority may indemnify a person who is a Director or Officer, or a former Director or Officer, against all the costs, charges and expenses, including an amount paid to settle an action or satisfy a claim, reasonably incurred by the person in respect of any civil, criminal, administrative, investigative or other proceeding in which the person is involved by reason of being or having been a Director or Officer.⁵⁰

46. **CONDITIONS FOR INDEMNITY**

The Authority may not indemnify a person under Section 25(1) of the Management Regulations unless:

- (a) the person acted honestly and in good faith with a view to the best interests of the Port Authority; and
- (b) in the case of a criminal or administrative proceeding, the person had reasonable grounds for believing that the conduct was lawful.⁵¹

⁴⁹ Section 3.5 of By-law No. 1

⁵⁰ Section 25(1) of Management Regulations

⁵¹ Section 25(2) of Management Regulations

47. **COURT ORDER REQUIRED WHERE ACTION BY AUTHORITY**

The Authority may not indemnify a person under Section 25(1) of the Management Regulations in respect of an action by or on behalf of the Authority against the person unless a court so orders.⁵²

48. **ENTITLEMENT OF INDEMNITY**

A person is entitled to indemnity for the costs, charges and expenses if the person:

- (a) was not judged by a court to have committed any fault or omitted to do anything that the person ought to have done; and
- (b) fulfils the conditions prescribed in Section 25(2) of the Management Regulations.⁵³

49. **COURT APPROVAL**

A court may, on application by the Port Authority or a person referred to in Section 26 of the Management Regulations, approve an indemnity referred to in that section and make any further order that it sees fit. The court may, in respect of the application, order notice to be given to any interested person and the person is entitled to appear and be heard in person or by counsel.⁵⁴

50. **ADVANCES**

The Authority may advance moneys to a person who is a Director or an Officer, or a former Director or Officer, in respect of all the costs, charges and expenses that the person may reasonably incur in respect of any civil, criminal, administrative, investigative or other proceeding in which the person is involved by reason of being or having been a Director or Officer of the Port Authority, or de facto Director and de facto Officer of the Port Authority including an amount to settle an action or satisfy a claim. The Authority may not advance moneys to a person in respect of an action by or on behalf of the Port Authority against the person unless a court so orders or permits.⁵⁵

⁵² Section 25(3) of Management Regulations

⁵³ Section 26 of Management Regulations

⁵⁴ Section 27 of Management Regulations

⁵⁵ Section 28 of Management Regulations

51. **REPAYMENT OF ADVANCES**

If an advance is made, the person shall repay the monies forthwith or upon such terms as the Board determines if a court adjudges that the person did not fulfil the conditions for entitlement to the advance.⁵⁶

52. **FAILURE TO DISCLOSE A MATERIAL CONTRACT**

If a Director or Officer fails to disclose an interest in a material contract in accordance with the Code of Conduct, a court may, on the application of the Minister or Port Authority, set aside the contract on such terms as it thinks fit.⁵⁷

53. **CONTRACTS OF INDEMNITY**

The Board may from time to time cause the Port Authority to enter into a contract to indemnify any Director, Officer, employee, agent or other person who has undertaken or is about to undertake any liability on behalf of the Port Authority or any corporation controlled by it.⁵⁸

⁵⁶ Section 29 of Management Regulations

⁵⁷ Section 18 of Management Regulations

⁵⁸ Section 3.6 of By-law No. 1