

VANCOUVER AIRPORT AUTHORITY



**GOVERNANCE
RULES AND PRACTICES**

BOARD OF DIRECTORS MANUAL

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MISSION

Connecting British Columbia proudly to the world

VISION

A world class sustainable gateway airport between
Asia and the Americas

VALUES

Safety, teamwork, accountability and innovation

STRATEGY

As a world class and sustainable airport, YVR will grow to 25 million passengers in 2020 by creating a connecting hub between Asia and the Americas, advancing air policies, delivering remarkable customer experiences and bringing economic and social benefit to the people of British Columbia.

SUPPORTING OBJECTIVES

CREATING A CONNECTING HUB

- Transit without Visa & other federal policies
- Competitive, equitable fees & charges
- Integrated marketing
- Data excellence to promote solutions
- Perceptive Airport

DELIVER REMARKABLE CUSTOMER EXPERIENCES

- Reliable, efficient plant
- Defined service standards & welcoming ambiance
- Universal design
- Asset lifecycle plan

BE A LEADER IN SUSTAINABILITY

- Environmental, social, economic and governance criteria inform business decision
- Enhanced community presence
- Clear & useful reporting

BUILD ON OUR EXCEPTIONAL FOUNDATION

- Understood & managed risks; ERM, Safety, Security
- Engaged employees
- Financial strength
- Culture of customer care
- Community reputation, positive outreach & support

BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

INTRODUCTION

The Guidelines in this Chapter (Tab 2) are intended to summarize in one document the manner in which the Board of Directors will conduct its affairs to meet and exceed the requirements and standards established in the Canada Not-for-profit Corporations Act, the By-laws of the Authority, and these Governance Rules and Practices. These Guidelines are descriptive and seek to point the reader to the specific provisions that shall govern. In other words, these Guidelines cannot amend or alter the provisions of the Canada Not-for-profit Corporations Act, the By-laws of the Authority, or the other Chapters of these Governance Rules and Practices and in the event of any conflict, these Guidelines will be subordinate.

1. Best Interests of the Authority

The Board of Directors bears legal responsibility for the governance of the Authority's business and its affairs. The Board oversees the conduct of business and supervises Management, which is responsible for the day-to-day conduct of the business. While those Directors nominated by the Nominating Entities are expected to bring to the deliberations of the Board the perspective of the Entity that nominated that Director, that Director's duty in law is to act and make decisions in the best interests of the Authority, whether or not that Nominating Entity may disagree with the decision of the Board.

2. Terms of Reference

Terms of Reference for the Board, its Committees, individual Directors, the Chair, the President, and the Corporate Secretary are set forth in later Chapters of these Governance Rules and Practices. Each shall be reviewed annually by the Governance Committee which shall also receive annually recommendations from each of the other Committees on that Committee's Terms of Reference. Any substantive changes to the Terms of Reference can only be made by the Board of Directors after receiving the recommendation of the Governance Committee, which recommendation the Board of Directors is not obliged to follow.

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3. Corporate Strategy

3.1 The Board and Management have separate and shared responsibilities in connection with the continuous process of strategic planning, including the development, implementation, monitoring and revision of the strategic plan. The Board's role is to ensure the strategic planning process is inclusive, productive and efficient. Ultimately it requires a resolution of the Board of Directors for the Authority to adopt and implement a Strategic Plan. The Board then has a continuing role in monitoring its implementation and assessing its effectiveness. Management is responsible for providing analysis, options, and recommendations through the process, and, in reporting faithfully on its implementation.

3.2 It is expected that there will be discussion of strategic matters at every Board meeting, but the Board Calendar will provide that the Board has a Strategic Retreat for at least 1 and ½ days in June of each year, a follow-up discussion in September of each year, and, the Strategic Plan will be part of the Board's consideration of the annual operating plan and budgets at the Board's workshop in November of each year.

4. Enterprise Risk Management

The Airport Authority has established an Enterprise Risk Management (ERM) system, which includes a register of all identified risks, considered as to both severity and likelihood and, upon consideration of existing and available mitigations, the risks are categorized into three levels: "Inherent", "Residual" and "Target". The ERM system also includes a risk appetite statement to be read in conjunction with the Strategic Plan, and a risk tolerance matrix that assists management in reviewing how target risk is set for each risk event, identifying interdependencies that could in aggregate be above the tolerance set, help in assessing and managing future risk events and used to identify risks in issues that are presented to the Board.

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The Board should have a continuing understanding of the process and results of the ERM system, primarily through quarterly consideration by the Finance and Audit Committee and an ERM Update Report included in every Board of Directors meeting package, supplemented by annual reviews by each other Committee of the Board, reviewing risk areas within the mandate of that Committee, and by the full Board.

5. Internal Controls and Management Information Systems

Integral to the Board's overall responsibilities is the existence of control systems, which ensure the effective discharge of these responsibilities. A balance has to be achieved between imposing controls that give the Board reasonable assurance that its responsibilities are being discharged and avoiding the creation of an unnecessarily bureaucratic and costly system of control mechanisms. The confidence of the Board in the ability and integrity of Management is the paramount control mechanism.

6. Succession Planning and Management Development

The Board considers succession planning for the role of President and CEO to be an important and ongoing responsibility, both in the event of an unanticipated vacancy, and for sound preparation for orderly change. The Human Resources and Compensation Committee is charged with the detailed annual review of these matters. This Committee also reviews, with the President, the development of the Senior Management team and the succession plans for each of the Vice Presidents and the director level of Management. The Human Resources and Compensation Committee will report to the Board, annually, on all these matters.

7. Communications Policy

7.1 The Board considers it a function of the Board to set communication policy and approve the content of the Authority's major reports to the public, including Annual Reports, prospectuses and offering memoranda.

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- 7.2 The Board considers it a function of Management to speak for the Authority in its communications with the community, employees, airport partners, customers, suppliers and governments.
- 7.3 It is expected that members of the public and persons interested in the airport often will communicate their concerns and questions to Directors rather than to Management. It is important that Directors inform Management of such communications, so proper action can be taken and the appropriate representative of the Authority can make accurate responses.
- 7.4 Directors may be requested by Management to assist with communications or a Director may be approached directly to speak publicly about the Authority. In all cases, Directors are asked to advise the President's office of the request. The President is responsible for ensuring that communication activities are properly co-ordinated and that Directors are provided with full assistance in preparing and making any public statements or presentations.

8. The Chair of the Board

- 8.1 The Board supports the concept that the role of Chair is separate from that of President. The Board is able to function independently of Management when necessary and the Chair's role is to manage and provide leadership to the Board.
- 8.2 The Board will select a Chair from its members through a secret ballot at the first Board meeting held after the annual meeting of the Members as set out in Section 7.2.1 of the By-laws. The initial term of a Chair is three years and a Chair may be re-elected for up to three additional terms of two years each, for a maximum term as Chair of nine years. The procedure for election of the Chair is attached to this Tab as Appendix 1.
- 8.3 The Chair is a non-executive position and the Board estimates the Chair will spend several days each month in excess of what is required

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for regular Director responsibilities, undertaking the responsibilities of that office.

- 8.4 The Chair is assisted in the discharge of the Chair's responsibilities by the Corporate Secretary who is appointed by the Board.
- 8.5 The Chair of the Governance Committee will act as the Chair of the Board when the Chair is absent. In the event that the Chair is unable to act as such, the Chair of the Governance Committee shall be the Acting Chair until the Board appoints a new Chair.

9. Committees

- 9.1 The Board has developed a set of Guidelines for Committees that apply to all committees and task forces established by the Board (See Tab 15b).
- 9.2 Each committee and task force operates according to a Board approved mandate outlining its duties and responsibilities (See Tabs 15c to 15h). The current committee structure is set out below, and current membership is set out at Tab 15a.
 - 9.2.1 Finance and Audit Committee;
 - 9.2.2 Governance Committee;
 - 9.2.3 Human Resources and Compensation Committee; and
 - 9.2.4 Planning and Development Committee.

This structure is subject to change from time to time as the Board considers which of its responsibilities will best be fulfilled through more detailed review of matters in a committee or task force.

10. Task Forces

- 10.1 The Guidelines for Committees (Tab 15b) also apply to task forces established by the Board. Task forces are committees of the Board, but differ from other committees in that each task force is established for a specific period of time to undertake a specific task,

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and is then disbanded.

- 10.2 Each task force operates according to a Board approved mandate outlining its duties and responsibilities.
- 10.3 The structure will be reviewed regularly as the Board considers which of its responsibilities will best be fulfilled through more detailed review of matters in a task force.

11. Committee Chairs and Committee Members

- 11.1 The Board Chair is responsible to the Board for annually proposing the leadership and membership of each committee. The Chair will conduct an annual written survey of Directors asking them for a statement of preferences, including setting out which committee assignments would be sought, which would be acceptable and which would be unwanted. This information will be taken into account, but shall not necessarily be determinative of the committees to which a Director may be appointed. The survey form is attached to this Tab as Appendix 2.
- 11.2 In preparing membership recommendations, the Board Chair will consult with the Chair of the Governance Committee and the President and then the full Governance Committee, and take into account the preferences, skills and experience of each Director. Committee Chairs and members are appointed by the Board at the first Board meeting after the annual general meeting, or as needed to fill vacancies during the year.
- 11.3 The Board favours a periodic rotation in committee leadership and membership in a way that recognizes and balances the needs for new ideas, continuity and maintenance of functional expertise.

12. Committee Meetings

Each committee's meeting schedule will be determined by its Chair and members based on the committee's work plan and terms of reference. The

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committee Chair will develop the agenda for each committee meeting. Each committee will report in a timely manner to the Board on the results of its meetings.

13. Board Meetings and Agendas

13.1 Not including the Strategic Retreat and Workshop referenced in paragraph 3.2, the Board meets a minimum of five times per year, usually every other month. Board calendar principles are set out in Tab 19 of this Manual.

13.2 The Board Chair and the President, in consultation with the Corporate Secretary, will develop the agenda for each Board meeting. Under normal circumstances, the agenda and the material will be distributed to Directors not less than four business days before the meeting. Each Director may propose items for placement on any part of the Board agenda by putting them forward to the Chair directly, or, through the President or the Secretary.

13.3 Meetings are usually held at the airport, although they may from time to time be held elsewhere in Richmond or Vancouver. In addition, Directors are encouraged to attend special functions and events, which might occur three or four times per year.

14. Information for Board Meetings

14.1 Material distributed to the Directors in advance of Board meetings should be concise, yet complete, and prepared in a way that clearly identifies critical issues to be considered and questions being posed to the Board. Where detailed background material is being provided, it should be accompanied by an Executive Summary. Whenever possible, material should include a section on risk that discusses how an initiative affects risk events included in the Enterprise Risk Management Risk Register and the risk categories set out in the Risk Tolerance Matrix. Reports may be presented during Board meetings by Directors, Management or employees, or by invited outside

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advisors. Presentations on specific subjects at Board meetings should briefly summarize the material sent to Directors, to maximize the time available for questions regarding the material and discussion of the topic.

- 14.2 It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

15. Non-Directors at Board Meetings

The Board appreciates the value of having members of the Management team attend Board meetings to provide information and opinions to assist the Directors in their deliberations. The Board, through the Chair and the President, will determine Management attendees at Board meetings.

16. Session of Non-Management Directors

- 16.1 Non-Management Directors of the Board will meet *in camera* for a portion of every Board and Committee meeting.
- 16.2 Non-Management Directors will also meet *in camera* with the President and CEO at every Board and Committee meeting.
- 16.3 In addition, Non-Management Directors will normally meet once each year in a special session led by the Board Chair. Immediately thereafter, the Chair will discuss the results of the special session with the President as further described in Section 28 of these Guidelines.

17. Board Relations with Management

- 17.1 Board policies and guidelines are issued to Management for their adherence. Directors who have questions or concerns on Management performance may direct these to the Chair, to the President, or through Board and Committee meetings.

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17.2 Directors must respect the organizational structure of Management. A non-Management Director has no authority to direct any employee.

18. Size of the Board

The By-laws allow for up to fifteen Directors. The Governance Committee will review the number of Directors annually and make recommendations to the Board with a view to the best interests of the Authority.

19. Board Composition

19.1 The Board is composed of nine nominated Directors, and the CEO, and can have up to five at-large Directors. The following organizations appoint Directors:

- 19.1.1 one Director by the Association of Professional Engineers and Geoscientists of British Columbia;
- 19.1.2 one Director by the City of Richmond;
- 19.1.3 one Director by the City of Vancouver;
- 19.1.4 two Directors by the Government of Canada;
- 19.1.5 one Director by Metro Vancouver;
- 19.1.6 one Director by the Chartered Professional Accountants of British Columbia;
- 19.1.7 one Director by The Law Society of British Columbia; and
- 19.1.8 one Director by The Greater Vancouver Board of Trade.

20. Criteria for Board Membership

20.1. The Governance Committee will review annually the general and specific criteria applicable to candidates to be considered for nomination to the Board. The objective of this review will be to maintain the composition of the Board in a way which provides the best mix of skills and experience to guide the long-term strategy and ongoing business operations of the Authority. This review will take

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into account the desirability of maintaining a balance of skills, experience and background, with appropriate diversity, along with the key common characteristics required for effective Board participation.

20.2. The following are specifically barred from membership on the Board subject to the exceptions provided for in Section 3.3 (b) of the By-laws that permit at any one time one member to be exempted from the exclusion set out in subparagraph 20.2.3 and one member to be exempted from the exclusion in subparagraph 20.2.4:

- 20.2.1 a corporation;
- 20.2.2 a person who is less than 18 years of age;
- 20.2.3 a person who is not a citizen of Canada;
- 20.2.4 a person who is not a resident of British Columbia;
- 20.2.5 a person holding, or nominated for, federal, provincial or municipal elected office;
- 20.2.6 a person employed by or providing services on a full time basis under contract to a federal, provincial or municipal government department or agency, or a corporation owned by Her Majesty in right of Canada or any province of Canada;
- 20.2.7 a person employed by or providing services on a full time basis under contract to a Nominating Entity;
- 20.2.8 a person who has the status of a bankrupt;
- 20.2.9 a person who has been declared incapable by a Court in Canada or in another country;
- 20.2.10 a person who has been convicted of an offense in connection with the promotion, formation or management of a corporation, or involving fraud.

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20.3. The By-laws provide that Directors must possess the requisite technical skills in transportation, aviation, business, finance, law, government, the organization of workers and the representation of the interests of consumers.

21. Communicating Director Criteria to the Nominating Entities

21.1 The Board Chair and the Governance Committee Chair have the responsibility to ensure that the skills and experience criteria developed by the Governance Committee, along with the Board's Diversity Policy, are communicated to the Nominating Entities at least three months before the end of the current appointee's term. The communication should: explain the reason the skills and experience criteria were developed; review the Diversity Policy and any gaps in the Board's reflection of the communities that the Authority serves; and encourage the Nominating Entity to consider the needs of the Authority.

21.2 The communication must be written and whenever possible be supported by a personal visit by the Board Chair or the Governance Committee Chair to the person(s) charged with the responsibility of making the appointment.

22. Selection of New Director-at-Large Candidates

The Board is responsible for identifying suitable candidates to be recommended for election to the Board as Directors-at-large and, in so doing, will consider the Board's Diversity Policy. The Governance Committee has the responsibility of: gathering names of potential nominees; screening their qualifications against the current skill and experience needs of the Board and any gaps in the Board's reflection of the communities that the Authority serves; and making recommendations to the full Board. All Directors are encouraged to identify and recommend potential candidates to the Governance Committee. Additional input to the

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process is provided by the President. An invitation to a candidate to stand as a nominee for election to the Board will normally be made by the Board through the Chair.

23. New Director Orientation

New Directors will be provided with an orientation and education program that will include an interactive session with members of the Executive Team referred to as “Aviation 101”, written information about the duties and obligations of Directors and about the business and operations of the Authority, documents from recent Board meetings and opportunities for meetings and discussion with senior Management and with other Directors. The orientation program for each new Director will be tailored to that Director’s needs and areas of interest. An outline of the Director Development and Education Plan for all Directors can be found at Tab 8 of this Board Manual.

24. Assessing the Board’s Performance

The Governance Committee is responsible for ensuring that there is an annual assessment of the overall performance of the Board and its committees. The objective of this review is to contribute to a process of continuous improvement in the Board’s execution of its responsibilities. The review should identify any areas where the Board or Management considers that the Board could make a better collective contribution to overseeing the affairs of the Authority. The process is set forth at Tab 10.

25. Individual Director Peer Evaluation

The annual individual Director peer evaluation process is set forth at Tab 10. It is designed to provide each Director with an opportunity to examine his or her own effectiveness, compare his or her personal assessment with the assessment of all other Directors, to identify areas of improvement and have a candid conversation with the Board Chair. The process is

BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

confidential and the results are shared only with the Director and the Board Chair.

26. Board Compensation

25.1 Details regarding Director compensation are outlined in Tab 11 of the Board Manual.

25.2 The Governance Committee will review Director compensation every two years and, guided by the Compensation Principles set out at Tab 11, will recommend changes in compensation to the Board.

27. Term of Service

Directors are elected for three-year terms. Other than the Chair and the President, Directors may not serve on the Board for longer than nine years as set out in Section 3.5 of the By-laws. There is a limited exception allowing a Director to serve for up to one additional year if the turnover on the Board in a given year would otherwise be greater than two.

28. Evaluation of the President

28.1 The Human Resources and Compensation Committee will conduct an annual Performance Evaluation Process for the President, measured against objectives and other relevant criteria established in the previous year by the Board and the President. An outline of the Performance Evaluation Process for the President can be found in Tab 9 of the Board Manual.

28.2 This performance evaluation will be communicated to the President by the Board Chair. The evaluation also will be used by the Human Resources and Compensation Committee in its deliberations concerning the President's annual compensation.

29. Levels of Authority for Management and the Board

Directors have no authority to make financial commitments for the Authority other than as a secondary approval as set out in the document

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entitled "Signing Authorities" for Management and the Board set out in Tab 20.

30. Outside Advisors for Individual Directors

Occasionally, a Director may need the services of an advisor to assist with matters involving responsibilities as a Director. A Director who wishes to engage an outside advisor at the expense of the Authority must obtain the written authorization of the Board Chair or the Chair of the Governance Committee.

31. Corporate Secretariat

The Board and individual Directors are assisted in their work by the Corporate Secretary whose role is generally described in the Terms of Reference at Tab 14 of these Rules.

32. Office and Secretarial Services for Directors

32.1 An office is maintained at the Authority's head office for use of the Chair while conducting Authority business. The office is available at all other times for use by other Directors.

32.2 The Authority will make available secretarial services for the purpose of taking and issuing minutes of meetings, dealing with Authority correspondence and, for making travel arrangements for Directors traveling at the Authority's request. No other personal secretarial assistance is offered or available.

33. Board Guidelines Review

These Board Guidelines are reviewed and approved annually by the Board through the Governance Committee.

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Appendix 1

Procedure for Election of the Chair

1. Four weeks before the Board meeting at which the Chair's term will expire and an election be held, the Secretary will advise all Directors in writing:
 - a. that the term of the Chair is about to expire;
 - b. whether or not the current Chair is eligible for re-election; and,
 - c. the procedures for making nominations and conducting an election by secret ballot, all as set forth in this Appendix 1 to the Administrative Guidelines.
2. Each Director is entitled to nominate one non-Management Director to serve as Chair by submitting a name to the Secretary, in writing, not less than two weeks prior to the Board meeting at which the Chair's term will expire and an election be held.
3. The Secretary, without disclosing the source of the nomination, will ask each of the persons so nominated if he or she is willing to let his or her name be placed on the ballot;
4. One week before the Board meeting at which the Chair's term will expire and an election be held, the Secretary will advise the Board of the names that will appear on the ballot. If there is only one name on the ballot then at the next meeting of the Board, that Director will be declared elected as Chair.
5. At the meeting at which the election is to be held:
 - a. In the order the names appear on the ballot, each nominee shall be given two minutes to address the meeting;
 - b. the Secretary will give one ballot to each Director and
 - c. voting will be conducted by secret ballot.

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6. The Director with the greatest number of votes will be declared elected Chair, PROVIDED that Director receives more than one half the votes cast.
7. If there are several nominees and no nominee receives more than one half the votes cast, the name of the Director who receives the lowest number of votes will be dropped from the ballot and another round of voting conducted.
8. The Secretary, and if the Board so directs, another person of the Board's choosing, will count the ballots and announce the results, but he (or they) will not disclose to any person the actual number of votes received by any Director and will destroy all ballots used.

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Appendix 2

BOARD COMMITTEE MEMBERSHIP SURVEY

(To be completed once a year by every Board member)

NAME: _____

Date: _____

(Director completing survey)

The Terms of Reference for the Chair state that: The Chair will conduct an annual written survey of Directors asking for a statement of preferences setting out which committee assignments would be sought, which would be acceptable and which would be unwanted. This information will be taken into account but shall not necessarily be determinative of the committees to which a Director may be appointed.

Please check the appropriate boxes below with regard to your Committee membership preferences.

Committee	Sought	Acceptable	Unwanted
Finance and Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Governance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Human Resources & Compensation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Planning and Development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Task Force (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Task Force (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please return to the Board Secretariat, by _____.

BOARD DIVERSITY POLICY

INTRODUCTION

Vancouver Airport Authority (the “Authority”) believes that its composition should reflect the rich diversity of the communities it serves. This Board Diversity Policy is intended to summarize the manner in which the Authority’s Board of Directors (“Board”) will consider diversity in determining the optimum composition of the Board and its committees. This Policy also seeks to guide the Board in its communications with Nominating Entities and the preparation of its annual Corporate Governance Report [included as an Appendix to the Sustainability Report], in which the Board has elected to report against National Policy 58-201 [*Corporate Governance Guidelines*] and the accompanying National Instrument 58-101 [*Disclosure of Corporate Governance Practices*]. While NI 58-101 does not require the Board to adopt a performance model whereby diversity is a strategic priority, the Board has chosen to adopt such a performance model and to voluntarily disclose the details associated with it.

Finally, under this policy, the Board will also proactively monitor the performance of the Airport Authority in carrying out its workforce diversity policy and meeting the standards and targets set therein.

1. General Statement of Policy

The Board recognizes the benefits of having a diverse composition, and has identified diversity as an essential element in attracting qualified directors and maintaining a high-functioning board. In forming its Board, the Directors will have regard to the need to foster and promote diversity among board members and executive officers with respect to attributes such as gender, ethnicity, disability, aboriginal status, age, national origin, sexual orientation, geographic location and other factors.

BOARD DIVERSITY POLICY

2. Mandate

The Governance Committee identifies candidates for At-large positions and makes a recommendation to the Board. Acting upon the advice of the President and CEO, and the recommendation of the Human Resources and Compensation Committee, the Board approves the appointment of executive officers. In support of the objectives of this Policy, the Governance Committee, Human Resources and Compensation Committee and the President and CEO will, when identifying candidates to nominate for election to the Board or appoint as executive officers, as the case may be,:

- (i) consider individuals who are highly qualified, based on their talents, experience, functional expertise and personal skills, character and qualities having regard to the Board Skills and Experience Matrix and current and future plans and objectives;
- (ii) consider criteria that promotes diversity, in particular from the four designated groups named in the employment equity legislation governing the Airport Authority—women, visible minorities, persons with disabilities and aboriginal persons, as well as other diversity factors such as ethnicity, age, national origin, sexual orientation, and geographic location;
- (iii) consider the current level of representation of women on the Board and in executive officer positions along with other markers of diversity when making recommendations for nominees to the Board or for appointment as executive officers and in general with regard to succession planning for the Board and executive officers;
- (iv) communicate the Board's Diversity Policy to the Nominating Entities and encourage a cooperative approach to ensuring diversity on the Board as contemplated by this Policy; and
- (v) establish recruitment and identification processes and, as required, engage qualified independent external advisors, to assist the Board in conducting its search for candidates that meet the Board's criteria regarding skills, experience and diversity.

BOARD DIVERSITY POLICY

3. Communicating Diversity Policy to the Nominating Entities

- 3.1. The Board Chair and the Governance Committee Chair have the responsibility to ensure that the skills and experience criteria developed by the Governance Committee, along with the Board's Diversity Policy, are communicated to the Nominating Entities at least three months before the end of the current appointee's term. The communication should: explain the reason the skills and experience criteria were developed; review the Board Diversity Policy and any gaps in the Board's reflection of the communities that the Authority serves; and encourage the Nominating Entity to consider the needs of the Authority.
- 3.2. The communication must be written and, whenever possible, be supported by a personal visit by the Board Chair or the Governance Committee Chair to the person(s) charged with the responsibility of making the appointment.

4. Selection of New Director-at-Large Candidates

The Board is responsible for identifying suitable candidates to be recommended for election to the Board as Directors-at-large and, in so doing, will consider the Board's Diversity Policy. The Governance Committee has the responsibility of: gathering names of potential nominees; screening their qualifications against the current skill and experience needs of the Board and any gaps in the Board's reflection of the communities that the Authority serves; and making recommendations to the full Board. All Directors are encouraged to identify and recommend potential candidates to the Governance Committee. Additional input to the process is provided by the President. An invitation to a candidate to stand as a nominee for election to the Board will normally be made by the Board through the Chair.

BOARD DIVERSITY POLICY

5. Monitoring and Reporting

5.1. The Governance Committee shall report to the Board annually on the implementation of this Policy. Recognizing the need for considered and effective progression in respect of this Policy, success will be measured based on, among other things, the increase over time (where the Board thinks an increase is desirable) or maintenance of an acceptable level of diversity on the Board and in executive officer positions. With regard to the latter, the Governance Committee will seek feedback from the CEO and Human Resources and Compensation Committee. The Governance Committee shall also report progress on the implementation of specific processes designed to foster the progression of diverse candidates to be considered for nomination or appointment.

5.2. Given the nature and size of the Airport Authority's business and its industry, it may be challenging for the Governance Committee to identify a qualified pool of candidates that adequately reflects the various diverse characteristics that the Board seeks to promote. In addition, nine of the 14 Directors on the Board are appointed by outside Nominating Entities. Accordingly, it would be difficult to set firm quotas for diversity.

Nevertheless, recognizing the value of diversity on the Board, the Board will strive to have the representation of diversity that is in the community we serve. Specifically, the Board aspires to achieve a target of at least half the Board membership being made up of individuals from the four designated groups defined in the applicable federal legislation: women, visible minorities, persons with disabilities and aboriginal persons.

6. Outside Advisors

The Board thinks that, by reaching out to organizations whose mandate it is to advance diversity on Canada's Boards, the Board will benefit from well-credentialed individuals who bring a wider range of skills, experiences and

BOARD DIVERSITY POLICY

perspectives to corporate governance. The Governance Committee specifically instructs third party search firms to identify candidates for Board positions who have the skill sets and experience required at a given time and who also reflect the diversity of our community. The Board Chair and Governance Committee Chair should encourage the Nominating Entities to follow a similar approach.

7. Board Responsibilities

The Board is responsible for:

- Ensuring this policy is consistently applied to all Board recruitment and election processes;
- Setting targets and developing specific actions plans as deemed necessary to achieve the optimum level of diversity on the Board from time to time;
- Approving changes to this Board Diversity Policy; and
- Monitoring Management's implementation of the Airport Authority's workforce diversity policy, either directly or through the Human Resources and Compensation Committee of the Board.

8. Board Guidelines Review

This Policy is reviewed and approved annually by the Board through the Governance Committee.

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

1. PURPOSE

- 1.1. The primary responsibility of the Board of Directors (the “Board”) is to foster the long-term success of the Authority consistent with the Board’s responsibilities to the communities it serves.
- 1.2. The Board has the responsibility to oversee the conduct of the business of the Authority and to supervise Management, which is responsible for the day-to-day conduct of business. In performing its functions, the Board also considers the legitimate interests which others such as employees, suppliers, customers and communities have in the Authority. In supervising the conduct of the business, the Board, through the President, will set the standards of conduct for the Authority and ensure the safety of its operations.

2. PROCEDURES AND ORGANIZATION

- 2.1. The Board operates by delegating to Management certain of its authorities, including spending authorizations, and by reserving certain powers to itself. The current signing authorizations are outlined in Tab 20 of the Board Manual.
- 2.2. The Board retains the responsibility for managing its own affairs including:
 - 2.2.1. selecting the Chair and the Corporate Secretary;
 - 2.2.2. nominating Director-at-large candidates for election to the Board;
 - 2.2.3. providing guidance to the Nominating Entities regarding the criteria they should consider in making their appointments to the Board;
 - 2.2.4. constituting committees of the Board; and,
 - 2.2.5. determining Director compensation.

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

2.3. Subject to the By-laws of the Authority and the *Canada Not-for-profit Corporations Act*, the Board may constitute, seek the advice of, and, delegate powers, duties and responsibilities to, committees of the Board.

3. DUTIES AND RESPONSIBILITIES

Selection of Management

3.1. The Board has the responsibility:

- 3.1.1. to appoint and replace the President; to monitor the President's performance; to approve the President's compensation and to provide advice and counsel to the President in the execution of the President's duties;
- 3.1.2. acting upon the advice of the President and the recommendation of the Human Resources and Compensation Committee, to approve the appointment and compensation of Vice Presidents; and,
- 3.1.3. to ensure that plans are made for Management succession and development.

Monitoring and Acting

3.2. The Board has the responsibility:

- 3.2.1. to monitor the Authority's health and safety Management systems and its safety Management system under the Canadian Aviation Regulations Sec. 302.501
- 3.2.2. to monitor the Authority's progress towards its goals, and to revise and alter its direction through Management in light of changing circumstances including ensuring that the annual Board Budget Workshop incorporates a review and discussion of

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

the financial structure of the Authority which includes the long term financial model and the concomitant long term capital plan;

- 3.2.3. to approve any financing;
- 3.2.4. to monitor the Authority's Enterprise Risk Management System (ERM);
- 3.2.5. to direct Management to ensure that systems are in place for maintaining the integrity of and implementing the Authority's internal financial control and Management information systems.

Strategy Determination

- 3.3. The Board has the responsibility:
 - 3.3.1. to review, with Management, the mission of the Authority, its objectives and goals, and the strategies by which it proposes to reach those goals; and,
 - 3.3.2. to review progress in achieving the goals established in the strategic plans.

Policies and Procedures

- 3.4. The Board has the responsibility:
 - 3.4.1. to approve and monitor compliance with all major policies and procedures which govern the Authority's operations; and
 - 3.4.2. to direct Management to implement systems designed to ensure that the Authority operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

Compliance Reporting and Corporate Communications

3.5. The Board has the responsibility:

- 3.5.1. to ensure that the financial performance of the Authority is adequately and promptly reported to the public, security holders and regulators;
- 3.5.2. to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
- 3.5.3. to ensure that the sustainability performance of the Authority is adequately and fairly reported to the public;
- 3.5.4. to ensure timely reporting of any other developments that have a significant and material effect on the performance of the Authority and as required under the terms of reference of the Authority's charter;
- 3.5.5. to report annually to the public and the Nominating Entities on the Board's stewardship for the preceding year; and
- 3.5.6. to ensure that the Authority has in place a policy to enable the Authority to communicate effectively with its Nominating Entities, employees, airport partners and the communities it serves.

4. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

- 4.1. The Authority is a not-for-profit corporation originally incorporated under Part II of the *Canada Corporations Act* and continued under the *Canada Not-for-profit Corporations Act*.
- 4.2. There is no share capital and thus there are no shareholders, but instead there are *Members*. In the case of the Authority the *Members* and Directors are the same people. Thus, the odd circumstance arises where *Members* vote to ratify the actions they took as Directors. The practical

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

effect is slight. For some large matters, such as a change in the By-laws, it means the Members and Directors will receive 21 days written notice of the proposed action and often a two-thirds majority will be required to pass the resolution.

- 4.3. Legal duties are imposed on Directors. The basic legal duties are not set out in legislation; they are imposed at common law.
- 4.4. Directors are under a fiduciary¹ duty to the Authority to carry out the duties of their office:
 - 4.4.1. Honestly and in good faith;
 - 4.4.2. in the best interests of the Authority; and,
 - 4.4.3. with the care, diligence, and skill of a reasonably prudent person.
- 4.5. Directors have specific statutory duties and obligations under employment, environmental, and financial reporting law as well as under the withholding provisions of taxation law.

¹ Without being legally precise, a fiduciary duty is duty to act for the benefit of another, like a trustee.

TERMS OF REFERENCE FOR THE BOARD CHAIR

1. INTRODUCTION

- 1.1 The Board assumes responsibility for the stewardship of the Authority and as a consequence has accountability for the governance of the Authority. Critical to meeting this accountability are the relationship between the Board and Management, and, the relationships among Directors.
- 1.2 The Chair, as the presiding Director, provides leadership in guiding the Board and coordinating its activities and fosters these relationships in the best interests of the Authority. In performing this role, the Chair works with the President, manages the Board, and together with the President fosters effective relations with the communities served by the Authority.
- 1.3 The Chair, while working closely with the President, retains an independent perspective to best represent the interests of the Authority, the communities it serves, and the Board.

2. WORKING WITH MANAGEMENT

The Chair will:

- 2.1 Act as a sounding Board and counselor for the President, including helping to identify problems, reviewing strategy, maintaining accountability, building relationships and ensuring that the President is aware of concerns of the Board and the communities the Authority serves.
- 2.2 Lead the Board in monitoring and evaluating the performance of the President.
(see Tab 9)

TERMS OF REFERENCE FOR THE BOARD CHAIR

- 2.3 Ensure that corporate strategy, plans and performance are presented to the Board.
- 2.4 Ensure that the President annually presents and discusses the succession and development plans for senior managers.
- 2.5 Foster a constructive, harmonious and independent relationship between the Board and Management.
- 2.6 Ensure that the By-laws are adhered to.

3. MANAGING THE BOARD

The Chair will:

- 3.1 Ensure that the Board has full governance of the Authority's business and affairs and that the Board is alert to its obligations to the Authority, to the communities it serves, to Management, and under the law.
- 3.2 Provide leadership to the Board; assist the Board in reviewing and monitoring the strategy, policy and directions of the Authority and the achievement of its objectives.
- 3.3 Ensure that there is cohesion of direction and purpose at policy and strategic levels.
- 3.4 Encourage each Director to contribute to deliberations, particularly in areas which call upon that Director's unique skills, experience, and background.
- 3.5 Facilitate deliberations of the Board in a manner that encourages the candid expression of each Director's opinion and discourages any conduct or language that would reasonably be seen as intending to block the full expression of another Director's views.
- 3.6 Build consensus, develop teamwork and resolve conflict within the Board.

TERMS OF REFERENCE FOR THE BOARD CHAIR

- 3.7 Meet privately with each Director at least annually to discuss the effectiveness of the Chair, that Director and the entire Board.
- 3.8 Communicate with the Board to keep it up to date on all major developments, including timely discussion of potential developments, and direct Management to ensure that the Board has sufficient knowledge to permit it to make major decisions.
- 3.9 In consultation with the Chair of the Governance Committee and the President and then the full Governance Committee, recommend the necessary committees and the appointment of committee Chairs and members to the Board for approval.
- 3.10 Conduct an annual written survey of Directors asking for a statement of preferences setting out which committee assignments would be sought, which would be acceptable and which would be unwanted. This information will be taken into account but shall not necessarily be determinative of the committees to which a Director may be appointed.
- 3.11 Ensure there is submitted to the Board annually for approval, via the Governance Committee, a schedule of Board Meetings for the next 3 years.
- 3.12 With the support of the Governance Committee, ensure there are systems in place to ensure fulfillment of the requirements set by the By-laws and this Board Manual.
- 3.13 Co-ordinate the agenda, information packages and related events for Board meetings with the President and the Corporate Secretary. Reports prepared by Management for Board information may be reviewed but not edited before distribution to the Board.
- 3.14 Review minutes of Board meetings for accuracy and edit as appropriate.
- 3.15 Serve as a member of the Human Resources and Compensation and the Governance Committees.

TERMS OF REFERENCE FOR THE BOARD CHAIR

- 3.16 Chair Board meetings.
- 3.17 Attend committee meetings where appropriate so as to better understand and observe the thinking and issues being reviewed and discussed at the committee level.
- 3.18 Ensure that Board and committee meetings are conducted in an efficient, effective and focused manner.

4. THE CORPORATE SECRETARY

The Chair will:

- 4.1 Recommend the appointment and termination of the Corporate Secretary to the Board of Directors. Prior to making either of these recommendations, the Chair shall consult with the President.
- 4.2 Annually consider, in consultation with the Chair of the Governance Committee and the President, the performance of the Corporate Secretary in fulfilling the Corporate Secretary's responsibilities to the Chair and the Board, and discuss privately that assessment with the Corporate Secretary.

5. MEETINGS AND FUNCTIONS

The Chair will:

- 5.1 Chair meetings of Members, the Annual Public Meeting and the annual meeting with the Nominating Entities.
- 5.2 In coordination with the President, ensure that the Authority's Management and, where applicable, the Board are appropriately represented at official functions and meetings.

TERMS OF REFERENCE FOR THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

1. INTRODUCTION

The President and Chief Executive Officer (the “President”) is the senior management officer of the Authority and is also a Director.

2. DUTIES AND RESPONSIBILITIES

The President has the responsibility to:

- 2.1 Ensure the safe, efficient operation of the Vancouver International Airport.
- 2.2 Foster a corporate culture that promotes ethical practices, embraces diversity, and encourages individual integrity and social responsibility.
- 2.3 Lead and manage the Authority within the parameters established by the Board and its committees.
- 2.4 Report to the Board.
- 2.5 Develop and recommend the strategic plan to the Board and successfully implement the corresponding operational plans, capital plans and other supporting initiatives.
- 2.6 Direct and monitor the activities of the Authority in a manner that ensures that the assets of the Authority are safeguarded and optimized in the best interests of the communities the Authority serves.
- 2.7 Develop and implement operational policies to guide the Authority within the limits prescribed by the Authority's By-laws and the framework of the strategic directions adopted by the Board.
- 2.8 Ensure the integrity of the Authority's internal control and management systems.
- 2.9 Ensure the adequacy of the Authority's Enterprise Risk Management System.

**TERMS OF REFERENCE FOR THE PRESIDENT
AND CHIEF EXECUTIVE OFFICER**

- 2.10 Ensure compliance with the Authority's environment, health and safety and sustainability policies and practices.
- 2.11 Ensure that the Authority achieves and maintains a satisfactory competitive position within its industry and a high standard for its products and services.
- 2.12 Develop and recommend to the Board the overall corporate organizational structure.
- 2.13 Review and recommend the appointment of senior management.
- 2.14 Establish and maintain an annual Board approved plan for the development and succession of senior management.
- 2.15 Manage and oversee communication between the Authority and the public and act as the principal spokesperson for the Authority.
- 2.16 Meet regularly and as required with the Chair and other Directors to review material issues and to ensure that the Chair and other Directors are provided with relevant and timely information.
- 2.17 Ensure that the Chair and other Directors have the access to members of Management necessary to permit fulfillment of the Board's obligations.
- 2.18 Seek Board approval for expenditures, revenue measures, leases or other actions or transactions falling outside the Guidelines approved by the Board.
- 2.19 Participate in the annual performance evaluation process, set out at Tab 9 of this manual.

TERMS OF REFERENCE FOR A DIRECTOR

GOALS AND OBJECTIVES

1. As a member of the Board, each Director will:
 - 1.1 fulfill the legal requirements and obligations of a Director, which includes a comprehensive understanding of the statutory and fiduciary roles;
 - 1.2 consider the interests of the communities the Authority serves, ensuring that the best interests of the Authority are paramount, and,
 - 1.3 participate in the review and approval of Authority policies and strategy and in monitoring their implementation.

DUTIES AND RESPONSIBILITIES

Board Activity

2. As a member of the Board, each Director will:
 - 2.1 exercise good judgment and act with integrity;
 - 2.2 use his or her ability, experience and influence constructively;
 - 2.3 be available as a resource to management and the Board;
 - 2.4 hold confidential all discussions, information and documents learned or acquired through membership on the Board of Directors unless the discussions, information or documents have otherwise been placed in the public domain;
 - 2.5 advise the Chair or President before introducing significant and previously unknown information at a Board meeting so that the Chair and President can ensure the Board is equipped with whatever is required for a well informed discussion of the new matter. Any Director may propose items for placement on any part of the Board agenda by putting them forward to the Chair directly, or, through the President or the Secretary;

TERMS OF REFERENCE FOR A DIRECTOR

- 2.6 understand the difference between governing and managing, and not encroach on management's area of responsibility;
 - 2.7 identify potential conflict areas - real or perceived - and ensure that they are appropriately reviewed;
 - 2.8 as necessary and appropriate, communicate with the Chair and with the President between meetings;
 - 2.9 demonstrate a willingness and availability for individual consultation with the Chair or President; and,
 - 2.10 evaluate the performance of the President and the Authority.
3. To enhance the effectiveness of Board and Committee meetings, each Director will:
 - 3.1 prepare for each Board and Committee meeting by reading the reports and background materials provided for the meeting;
 - 3.2 maintain an excellent Board and Committee meeting attendance record¹;
 - 3.3 reserve the full day for Board meetings to allow for flexibility, although the meetings are designed to run from 8:00 a.m. to 1:30 p.m., and,
 - 3.4 acquire adequate information necessary for decision making.

Communication

4. Communication is fundamental to Board effectiveness and therefore each Director will:
 - 4.1 participate fully and frankly in the deliberations and discussions of the Board;
 - 4.2 encourage free and open discussion of the affairs of the Authority by the Board;

¹ The target is 100% attendance. Anything less than 80%, without extenuating circumstances, would create considerable concern for the Board.

TERMS OF REFERENCE FOR A DIRECTOR

- 4.3 ask probing questions, in an appropriate manner and at proper times; and,
- 4.4 focus enquiries on issues related to strategy, policy, implementation and results rather than issues relating to the day-to-day management of the Authority.

Independence

- 5. Recognizing that the cohesiveness of the Board is an important element in its effectiveness, each Director will:
 - 5.1 be a positive force with a demonstrated interest in the long-term success of the Authority; and,
 - 5.2 speak and act independently.

Board Interaction

- 6. As a member of the Board, each Director should establish an effective, independent and respected presence and a collegial relationship with other Directors, through conduct that includes:
 - 6.1 Participation in deliberations of the Board in a manner that encourages the candid expression of each Director's opinion;
 - 6.2 Avoiding any conduct or language that would reasonably be seen as intending to block the full expression of another Director's views; and,
 - 6.3 Supporting and abiding by Board resolutions.

- 7. Each Director has the right to request that the Board Minutes record his or her own negative vote or abstention; however, it is inconsistent with a Director's role as a Board member to fail to support a decision of the Board by conduct or language observable by persons other than sitting Directors and the Secretary.

TERMS OF REFERENCE FOR A DIRECTOR

- 7.1 The appropriate course of action, if a Director remains strongly of the view that a decision made by the Board is against the best interests of the Authority, would be for that Director to request that the Board review that decision, and by majority vote the Board may accept or decline that request. In considering such a request, the Board may consider whether substantial new information has come to light since the decision was first made and whether the decision will be reviewed within the ordinary course of business of the Authority, such as within the annual reviews set out in the Governance Rules and Practices.
- 7.2 If the Board does not alter its decision or address that Director's concerns, it is understood that in the absence of being able to support the decision, that Director may choose to resign from the Board.

Committee Work

8. In order to assist Board Committees in being effective and productive each Director will:
 - 8.1 participate on Committees and become knowledgeable about the purpose and goals of the Committee; and,
 - 8.2 understand the process of Committee work, and the role of management and other employees supporting the Committee.

Nominating Entities and Nominated Directors

9. A Director appointed by a Nominating Entity has a special responsibility to communicate regularly with that Nominating Entity. Each nominated Director shall agree annually upon a plan of communication between that Nominating Entity and that Director concerning the affairs of the Authority. While recognizing a Director's fiduciary duty to act in the best interests of the Authority, a nominated Director is expected to ensure that the perspective of the Nominating Entity is known and thus forms an integral part of the deliberations of the Board of Directors.

TERMS OF REFERENCE FOR A DIRECTOR

Business, Authority and Industry Knowledge

10. Recognizing that decisions can only be made by well-informed Directors, each Director will:
 - 10.1 become generally knowledgeable of the business of the Authority and its industry;
 - 10.2 develop an understanding of the unique role of the Authority within the community;
 - 10.3 maintain an understanding of the regulatory, legislative, business, social and political environments within which the Authority operates;
 - 10.4 become acquainted with the senior managers of the Authority;
 - 10.5 remain knowledgeable about the Authority's facilities and visit them when appropriate; and,
 - 10.6 be an effective ambassador and representative of the Authority.

CONFLICT OF INTEREST

1. The objective of these Conflict of Interest provisions is to enhance public confidence in the integrity of the Authority by minimizing the possibility of conflicts arising between the private interests of Directors and the duties and responsibilities of Directors, and, providing for the resolution of such conflicts should they arise.
2. Each Director shall:
 - 2.1 perform his or her duties and responsibilities and arrange his or her private affairs in such a manner that public confidence and trust in the integrity, objectivity and impartiality of the Authority are conserved and enhanced;
 - 2.2 act in a manner that will bear the closest scrutiny, an obligation that is not fully discharged by simply acting within the law;
 - 2.3 not have private interests, other than those permitted pursuant to these provisions, that would be benefited by actions or decisions of the Authority Board;
 - 2.4 arrange his or her private affairs in a manner that will prevent real, potential or apparent Conflict of Interest from arising but, if such a conflict does arise, the conflict shall be resolved in favour of the best interests of the Authority;
 - 2.5 not knowingly take advantage of, or benefit from, information that is not generally available to the public and that is obtained in the course of serving as a Director; and,
 - 2.6 disclose annually private interests as required under these provisions, (see Paragraph 11, below) and upon learning of a

CONFLICT OF INTEREST

potential conflict of interest, immediately disclose the nature of the potential conflict.

3. The Chair, supported by the advice of the Chair of the Governance Committee, and the services of the Corporate Secretary, is responsible for the administration of these conflict of interest provisions.
4. Where, in the opinion of the Chair, a conflict may exist in principle but would not as a practical matter have any significant effect on the Authority, the Chair may, in writing, permit such condition to continue. Any such permission must be disclosed at the next Board meeting.
5. Each Director is encouraged to review ownership of shares in any company carrying on business on Sea Island and to exercise prudent judgment as to whether such continued ownership might be perceived by an unsympathetic observer as a conflict bearing in mind the following factors:
 - Absolute size of holdings;
 - The company's size at YVR; and
 - The company's susceptibility to Authority decisions.
6. A Director engaging in any other business activity¹ directly or indirectly affecting activities of the Authority or which is in competition with the Authority or any of its customers or which in any other manner may be construed as in conflict with the Authority's interests, must make full disclosure of such activity to the Chair, who will rule on the conflict and may require discontinuation of the activity or consent to it in writing.

¹ "Business activity" refers to ownership, participation in decision-making as a member of a board, engagement as an advisor or consultant, or as an active member of staff in any position.

CONFLICT OF INTEREST

7. It will be deemed a conflict of interest if without written consent of the Chair:
 - 7.1 a Director, a member of the Director's household, or a trust in which the Director is involved, has significant, direct or indirect financial interest in, or obligation to, an actual or potential client of the Authority;
 - 7.2 a Director conducts business on behalf of the Authority with a client of which a relative by blood or marriage is a principal officer or representative;
 - 7.3 a Director, member of the Director's household or a trust in which the Director is involved, accept gifts of more than token or nominal value from an actual or potential client of the Authority; or
 - 7.4 a Director misuses information obtained in the course of acting as a Director of the Authority.
8. A Director will not without the written consent of the Chair engage in, or accept appointment or election to office in any organization or association engaged in or expected to become engaged in, any activity which is, or is likely to be, in conflict with any activity of the Authority or engage in any activity or accept any appointment which is an embarrassment to the Authority.
9. A Director must notify the Chair before accepting any other directorship or any position of authority in an entity that might benefit from the policies of or be in conflict with the Authority.

CONFLICT OF INTEREST

10. A Director should at all times maintain the confidentiality of all information and records that are the property of the Authority and must not make use of or reveal such information until it becomes a matter of general public knowledge.
11. The Annual Conflict of Interest disclosure form (attached as **Schedule 1**) and any changes thereto shall be filed by each Director with the Secretary of the Corporation and reviewed by the Chair, the President and the Secretary. The statements shall be kept on file with the Secretary and made available to any Director upon request. The Secretary may thereafter call the attention of the Board of Directors to the contents of any particular disclosure statement or supplementary statement, in whole or in part, if the Secretary considers the circumstances so warrant.
12. This document is summary in nature: should any Conflict of Interest issues arise that require resort to more fully detailed provisions, then the *Rules Concerning Conflict of Interest* (attached as **Schedule 2**) shall be used, and in the event of a conflict between this document and the *Rules*, the *Rules* shall prevail.

Annual Conflict of Interest Disclosure: Board of Directors

1. Name of Director: _____
2. This Statement discloses information as of _____, 201__.
3. The following is a list of every enterprise in which I, or any trustee or nominee on my behalf, directly or indirectly, hold an interest of greater than 10% of the enterprise *[including real property interests, but excluding personal real estate holdings (eg: home, farm, cabin, cottage) that have no bearing on potential conflicts with Airport Authority interests.]*

Name of Company:	Type of Business ordinarily carried on:
_____	_____
_____	_____
_____	_____

4. The following is a list of every enterprise in respect of which I receive financial remuneration, (either directly or indirectly through a consulting firm or otherwise) for services performed by me, as an owner or part owner, trustee, consultant or employee, or from which I receive any amount required to be included as income under the Income Tax Act (Canada):

Name of Company:	Type of Business ordinarily carried on:
_____	_____
_____	_____
_____	_____

5. In addition to the organizations listed in 3 and 4, the following is a list of every organization of which I am a director or officer (including charities):

Organization:	Position:
_____	_____
_____	_____
_____	_____

6. If any of the organizations listed under 3, 4, or 5 does any business with the Airport Authority, I disclose my knowledge of such business here:

Name of Company	Nature of Business with the Authority
_____	_____

7. I declare this is a full and accurate disclosure and I further declare and certify that I have read and complied with the *Conflict of Interest Guidelines* since my appointment as a Member and Director of the Authority.

Signed this __ day of _____ 201__.

PART 1

DISCLOSURE OF CONFLICT OF OFFICE OR PROPERTY

1.1 Every Director of the Corporation who holds any office, or possesses any property, whereby, whether directly or indirectly, a duty or interest might be created in conflict with his duty or interest as a Director of the Corporation, shall declare at a meeting of the Directors of the Corporation the fact, and the nature and extent of the conflict.

1.2 The declaration to be made by a Director referred to in Section 1.1 shall be made at the first meeting of the Directors held:

- (a) after he becomes a Directors; or
- (b) if he is already a Director, after he commenced to hold the office or possess the property.

1.3 The declaration of a conflicting duty or interest by a Director under Section 1.1 shall be recorded in the minutes of the meeting of the Directors at which such declaration is made.

PART 2

DISCLOSURE OF INTEREST AND PARTICIPATION BY DIRECTORS IN DECISIONS CONCERNING PROPOSED CONTRACTS OR TRANSACTIONS COMING BEFORE THE BOARD OF DIRECTORS

2.1 Every Director who:

- (a) is, in any way, directly or indirectly, interested in a proposed contract or transaction with the Corporation; or
- (b) is interested in the result of any other proposed resolution of the Directors,

shall disclose the nature and extent of his interest at a meeting of the Directors and shall not participate in any decision of the Directors regarding the proposed contract, transaction, or resolution.

2.2 Without restricting the generality of Section 2.1, a Director shall be deemed to be interested in a proposed contract, transaction, or resolution where he knows that any associate of his has an interest in the proposed contract, transaction, or resolution.

2.3 The disclosure required where an interest exists pursuant to Section 2.1 shall be made:

- (a) at the meeting of the Directors at which the proposed contract, transaction or resolutions is first considered;
- (b) if the Director was not, at the time of the meeting referred to in Section 2.3(a), interested in the proposed contract, transaction or resolution, at the first meeting after he becomes interested; or
- (c) at the first meeting after the relevant facts have come to his knowledge.

2.4 Where an interest exists pursuant to Section 2.1(a) a general notice in writing given by a Director of the Corporation to the Secretary of the Corporation to the effect that he is a member, Director or officer of a specified company, or that he is a partner in, or owner of, a specified firm, and that he has an interest in a specified company or firm, and giving the nature and extent of his interest, is a sufficient disclosure of interest.

2.5 A Director, who is interested pursuant to Section 2.1(a), shall not be counted in the quorum at a meeting of the Directors at which the proposed contract or transaction is approved.

2.6 The disclosure required by Section 2.1 on the part of any Director shall be recorded in the minutes of the meeting of the Board of Directors of the Corporation at which such disclosure was made.

2.7 If a contract or transaction has been approved at a meeting of the Directors of the Corporation at which a Director who is interested therein in any way, directly or indirectly, was not present and that Director subsequently discloses his interest at a meeting of the Directors, then that Director will be deemed to have complied with the disclosure requirements arising from Section 2.1 (a):

- (a) where the contract or transaction was approved by the Directors but not entered into by the Corporation, if, after disclosure of the Director's interest, the Board subsequently

ratifies or confirms that contract or transaction by a decision in which that Director does not participate; or

- (b) where the contract or transaction has been approved by the Directors and entered into by the Corporation, if, in the opinion of the Board of Directors, or alternatively in the opinion of the Corporation's accountants where the Directors in their discretion have referred the matter to them, the contract or transaction was reasonable and fair to the Corporation at the time it was entered into.

PART 3

DISCLOSURE OF INTEREST IN CONTRACTS OR TRANSACTIONS NOT BROUGHT BEFORE THE BOARD OF DIRECTORS

3.1 Where the Corporation proposes to enter into a contract in which a Director has an interest but which is not, to the Director's knowledge, to be brought before the Board of Directors for its approval, the Director shall immediately disclose the nature and extent of his interest in the proposed contract or transaction to the secretary of the Corporation (who shall convey the nature of that interest to the officer of the Corporation responsible for the proposed contract or transaction) and thereafter to the Board of Directors at the next ensuing meeting of the Directors and the Director shall not participate in any decision of the Directors in respect of such proposed contract or transaction.

3.2 Where the Corporation has entered into a contract in which a Director has an interest, either directly or indirectly, without the contract having first been approved by the Board of Directors and prior to the Director having knowledge of the contract, that Director shall disclose the nature and extent of his interest in the contract or transaction at the first meeting of the Directors after the relevant facts have come to his knowledge.

3.3 In the case of similar contracts or transactions that are, or may be expected to be, of a recurring nature and which are made, or will be made, in the ordinary course of the operation of the Corporation (and which are not concession contracts), a Director who is interested therein shall be deemed to have complied with the disclosure requirements of Sections 3.1 and 3.2 if annually, on each December 31st, he makes a single full disclosure of the nature and extent of his interest in such contracts or transactions as set out in Part 4.

PART 4

DISCLOSURE STATEMENTS

4.1 Every Director of the Corporation shall file a disclosure statement prior to the first meeting following the date upon which he becomes a Director and thereafter annually on each December 31st.

4.2 The disclosure statement shall set out:

- (a) all of the information required to be declared under Section 1.1;
- (b) the name of every company in which the Director, or any trustee or nominee of his behalf, directly or indirectly holds 10% or more of its issued shares, and a statement of the type of business ordinarily carried on by that company;
- (c) the name of every business enterprise in respect of which the Director receives financial remuneration for services performed by him as an owner or part owner, director, trustee, or employee, or from which he received any amount required to be included as income under the Income Tax Act (Canada);
- (d) the name of every subsidiary of a company referred to in Section 4.2(b), and a statement of the type of business ordinarily carried on by the subsidiary;
- (e) the name of every company that is affiliated with a company referred to in Section 4.2(b) and with every subsidiary referred to in Section 4.2(d) together with a statement of the type of business ordinarily carried on by the affiliate;
- (f) the name of every company of which the Director is a director or officer; and
- (g) a statement that the Director has made complete and accurate disclosure in his disclosure statement and that he has complied with these Rules over the relevant reporting period (or giving particulars of any non-compliance).

4.3 If at any time during the year following the filing of his disclosure statement under Section 4.1 there occurs any material change to the information

given by a Director in his last disclosure statement, either by way of addition or deletion, that Director shall forthwith file a supplementary disclosure statement describing such change.

4.4 The disclosure statement and any supplementary statement thereto shall be filed by each Director with the Secretary of the Corporation and reviewed by the Chair, the President and the Secretary. The statements shall be kept on file with the secretary and made available to any Director upon request. The secretary may thereafter call the attention of the Board of Directors to the contents of any particular disclosure statement or supplementary statement, in whole or in part, if he feels the circumstances warrant.

4.5 The obligation to file disclosure statements under this Part 4 is in addition to, and not in substitution for, the disclosure requirements of Parts 1, 2 and 3.

PART 5

PROFESSIONAL ADVISORS

5.1 Any Director individually, or the Board of Directors by resolution, may at any time ask the Corporate Secretary to appoint counsel for an opinion as to the application of these Rules (and their amendments) to any particular situation.

5.2 The Corporation's accountants may be requested to perform such duties in connection with these rules (and their amendments) as the Directors decide from time to time.

PART 6

INTERPRETATION

6.1 For the purposes of these Rules:

- (a) "affiliate" shall have the meaning attributed to it by the Company Act (British Columbia);
- (b) "associate", when used to indicate a relationship with a person, means:
 - (i) a company of which that person beneficially owns, directly or indirectly, shares; or

- (ii) a trust or estate of which that person has a substantial beneficial interest or for which he serves as a trustee or in any similar capacity; or
 - (iii) a spouse, son or daughter of that person; or
 - (iv) a relative of that person or of his spouse, other than a relative referred to in Section 6.1(b)(iii), who has the same home as that person.
- (c) “business enterprise” includes any profession, calling, trade, manufacturer or undertaking of any kind, and in adventure or concern in the nature of trade, whether incorporated or not;
- (d) “Corporation” means the Vancouver International Airport Authority;
- (e) “decision” includes any determination, grant, payment, award, license, permit, contract, franchise, concession, and any decision in connection with an offer, proposal or request with respect to any of the foregoing.
- (f) “Director” or “Directors” means a person or the persons appointed as a Director, or as the Directors, of the Corporation.
- (g) “interest” includes:
- (i) a personal or business benefit or advantage;
 - (ii) an increase or decrease in the value of real or personal property;
 - (iii) an advantage, gain, profit, reward or prerequisite of any kind, whether pecuniary or otherwise, and whether direct or indirect; or
 - (iv) a duty owed as a director, officer, partner or employee of a business enterprise contracting or transacting with, proposing to contract or transact with, or engage in a dispute with, the Corporation;

but an interest does not arise out of a proposed contract or transaction:

- (i) where the proposed contract or transaction relates to a loan to the Corporation, solely because the Director or a specified corporation or specified firm in which he has an interest has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan;
 - (ii) where the proposed contract or transaction has been or will be made with or for the benefit of an affiliated company of the Corporation, solely because a Director is a director or officer of that company;
 - (iii) where the proposed contract or transaction relates to an indemnity or to insurance under Section 152 of the Company Act; or
 - (iv) where the proposed contract or transaction relates to the remuneration of a Director in his capacity as a Director.
- (h) “participate” with respect to a decision of the Directors means to participate personally and substantially as a Director, whether through approval, disapproval, decision, recommendation, the giving of advice, voting, or otherwise, but does not include the discussion by an interested director of a proposed contract, transaction or resolution at a meeting of the Directors where a majority of the remaining directors have approved the discussion of the subject by the interested Director.
- (i) “subsidiary” shall have the same meaning attributed to it by the Company Act (British Columbia).

6.2 Reference herein to the masculine gender shall include the feminine.

6.3 Reference herein to Sections and Parts are references to the Sections and Parts of these Rules unless clearly identified as being otherwise.

CODE OF CONDUCT FOR DIRECTORS

1. Throughout this Code, any reference to the “Authority” means the Vancouver International Airport Authority and includes its subsidiaries and related corporations, if any.
2. Directors will avoid and refrain from involvement in situations of conflict of interest.
3. Each Director is encouraged to review ownership of shares in any company carrying on business on Sea Island and to exercise prudent judgement as to whether such continued ownership might be perceived by an unsympathetic observer as a conflict bearing in mind the following factors:
 - Absolute size of holdings;
 - The company’s size at YVR; and
 - The company’s susceptibility to Authority decisions.

* This requirement is in addition to the Disclosures required by the Rules Concerning Conflict of Interest for Directors (Tab 7, Rules Sections 1.1 and 4.2 (b) and Form A Sections 3.(b) and 5.
4. The Authority depends on the integrity of all directors to disclose their individual conflicts of interest, if any. Assurance that no conflict of interest or other breach of this Code exists may be required, in writing, from time to time.
5. Where, in the opinion of the Chair, a conflict may exist in principle but would not as a practical matter have any significant effect on the Authority, the Chair may, in writing, permit such condition to continue. Any such permission must be disclosed at the next Board meeting.

CODE OF CONDUCT FOR DIRECTORS

6. No director is to offer, provide or accept any gift or excessive entertainment or benefit to or from any client or potential client of the Authority. In some cases, exceptions are recognized; for example; modest gifts, favours and entertainment which meet the following tests:
 - (a) they are not intended to be and are neither in such form nor of sufficient value, in the aggregate, as to be taken as a bribe or other improper payment. The value of entertainment should be no greater than what is appropriate in the circumstances;
 - (b) a gift should not exceed \$100.00 in value and any gift of higher value must be disclosed by the director to the Chair, who will rule as to its disposition;
 - (c) they are consistent with general and accepted business practice; and
 - (d) they are lawful and in accordance with ethical practice and standards.
7. A director engaging in any other business activity directly or indirectly affecting activities of the Authority or which is in competition with the Authority or any of its customers or which in any other manner may be construed as in conflict with the Authority's interests, must make full disclosure of such activity to the Chair, who will rule on the conflict and may require discontinuation of the activity or consent to it in writing.
8. "Business activity" in this Code refers to ownership, participation in decision-making as a member of a board, engagement as an advisor or consultant, or as an active member of staff in any position.

CODE OF CONDUCT FOR DIRECTORS

9. It will be deemed a conflict of interest if without written consent of the Chair:
 - (a) a director, a member of the director's household, or a trust in which the director is involved, has significant, direct or indirect financial interest in, or obligation to, an actual or potential client of the Authority;
 - (b) a director conducts business on behalf of the Authority with a client of which a relative by blood or marriage is a principal officer or representative;
 - (c) a director, member of the director's household or a trust in which the director is involved, accept gifts of more than token or nominal value from an actual or potential client of the Authority; or
 - (d) a director misuses information obtained in the course of acting as a director of the Authority.
10. A director will not without the written consent of the Chair engage in, or accept appointment or election to office in any organization or association engaged in or expected to become engaged in, any activity which is, or is likely to be, in conflict with any activity of the Authority or engage in any activity or accept any appointment which is an embarrassment to the Authority,.
11. A director will not use information obtained as a result of acting as a director of the Authority for personal profit or as the basis for a tip to others unless the information has been made generally available to the public.
12. A director must notify the Chair before accepting any other directorship or any position of authority in an entity that might benefit from the policies of or be in conflict with the Authority.

CODE OF CONDUCT FOR DIRECTORS

13. Material inside information must not be disclosed to anyone, except persons within the Authority whose positions require them to know it, until it has been publicly released. A Director must not purchase or sell any property of which the value might be affected by the Authority's actions or plans, when the director has knowledge of material inside information which has not been disclosed to the public.
14. A director should at all times maintain the confidentiality of all information and records that are the property of the Authority and must not make use of or reveal such information until it becomes a matter of general public knowledge.
15. Plans for any media appearance, interview or presentation involving the Authority must be discussed with the Chair or the President before the event.
16. If there is any conflict between this Code and the *Rules Concerning Conflict of Interest* (the "Rules") for the Authority, the Rules will prevail.

DIRECTOR DEVELOPMENT AND EDUCATION PLAN

The Director Development and Education Plan consists of two components: Director Orientation and Continuing Education.

1. Director Orientation

The orientation program for new Directors is intended to provide a comprehensive introduction to the Vancouver Airport Authority (the “Authority”), the airport (“YVR”), and the Authority’s governance rules and practices. The orientation sessions will be used as an opportunity to get to know new Directors’ areas of expertise, their interests, and areas where they would like additional focus during their introduction to the Authority and YVR. A checklist of potential focus areas will be provided to new Directors. Where possible, sessions will be tailored based on the individual Director’s experience. The program consists of:

- 1.1. Meeting with the Governance Committee Chair and Corporate Secretary: a session to review fiduciary duty and duties under the law, risk, conflict of interest, interaction with management and confidentiality.
- 1.2. Meeting with the Chair: an introductory session to get to know the Chair. Opportunity to discuss each Director’s interests with regard to Committee assignments.
- 1.3. Meeting with the President: an opportunity to get to know the President and discuss issues facing the Authority.
- 1.4. Meeting with the Vice President Human Resources: a session to review the executive compensation policy and program.
- 1.5. Aviation 101 Session: a half day session with Part 1 providing a primer on the Authority’s strategy and the aviation business, including a look at airports, airlines and government policy; and Part 2 consisting of an overview by each Authority Vice President on his or her department and current issues. The session will also include an overview of the Authority’s subsidiaries, including their activities and the oversight structure.
- 1.6. Administrative Session with the Corporate Secretary: includes an overview of

DIRECTOR DEVELOPMENT AND EDUCATION PLAN

the Board's Governance Rules and Practices Manual, a tutorial on the Board Portal, review of the Board calendar, and information on Directors' fees and expenses as well as other administrative issues.

- 1.7. Airport Tour: a comprehensive tour of the terminals, both pre and post-security, and airside conducted by the Vice President Airport Operations or other qualified employees.
- 1.8. Orientation Binder and Reference Guide: a self-study program on the Authority and the airport including: the location on our corporate website or a hard copy of material such as the most recent annual report, business plan, Master Plan summary, Strategic Plan and summary of the most recent economic impact study; a list of material available on the Board Portal; and other essential administrative information such as Board Portal log-in instructions, parking and fee administration.
- 1.9. Six month check-in: The Chair and the Corporate Secretary will check-in with new Directors once they have served approximately six months on the Board. They will ask the new Directors to review the checklist of potential focus areas, and arrange briefings with appropriate members of the Authority team as may be appropriate or requested.

2. Continuing Education

- 2.1. Continuing education is designed to expand Directors' knowledge of the aviation industry, government policy, business risk, competition, governance practices and particular industry segments, such as cargo or environmental management. The program consists of:
- 2.2. Presentations by Experts: At least three times a year not including the annual Board Strategic Retreat, an expert will be invited to make a presentation for Directors, and management if appropriate, on industry issues either at a Board meeting or other convenient setting. A question and answer session will form part of the program. These sessions also may be used to schedule a meeting with another board of directors, city council or other organization to discuss issues of mutual interest.

DIRECTOR DEVELOPMENT AND EDUCATION PLAN

- 2.3. Annual Board Tour: The Board of Directors will include a site visit and briefing on an area of airport operations in conjunction with a Board meeting, usually the June meeting. Note: In addition, Board Committees are encouraged to hold periodic tours to gain additional perspectives on issues covered by the Committee's Terms of Reference.
- 2.4. The Board Strategic Retreat: The Senior Vice President Strategy and CFO and the Corporate Secretariat will work with the Planning and Development Committee to develop agendas that result in productive sessions that provide an educational opportunity while also achieving clear and specific outcomes. External experts on relevant topics will be invited to participate.
- 2.5. Annual Educational Opportunities: the Corporate Secretariat will bring to the attention of Directors locally available educational opportunities related to governance, aviation, the economy, trade, tourism and government and community relations. Directors are also encouraged to identify relevant educational opportunities and, if appropriate, bring them to the attention of fellow Directors via the Governance Committee. Requests to attend seminars, courses or similar programs must be approved in advance by the Chair
- 2.6. Ad Hoc Board and Committee Presentations: The Corporate Secretariat will continue to arrange presentations or provide educational material to the Board or to a Board Committee on breaking issues that may impact the Airport Authority.
- 2.7. Rotation of Committee Leadership and Membership: The Board considers periodic rotation in committee leadership and membership to be an important part of Directors' education and development. As set out in Tab 2, Section 11 of the Governance Rules and Practices Manual, the rotation should recognize and balance the needs for new ideas, continuity and maintenance of functional expertise.

PERFORMANCE EVALUATION PROCESS FOR THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

1. OBJECTIVES

The following four documents constitute the benchmarks against which the review takes place:

- 1.1 A written statement of goals or primary objectives for the year under review. These goals have been agreed to by the President and Chief Executive Officer (the “President”) and the Board the year before.
- 1.2 Financial achievements of the Authority for the previous year.
- 1.3 The strategic plan.
- 1.4 Board approved terms of reference for the President.

2. THE PRESIDENT’S SELF-APPRAISAL

- 2.1 The Human Resources and Compensation Committee (the “HRCC”) is best equipped to undertake their assessment of the President if they know: (i) the President’s own evaluation of his or her performance against the agreed upon objectives for the previous year; and, (ii) the President’s opinion of the goals and priorities for the coming year.
- 2.2 This self-appraisal is in written form.
- 2.3 The self-appraisal is discussed by the President with the HRCC in advance of their ensuing evaluation of the President.

PERFORMANCE EVALUATION PROCESS FOR THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

3. DIRECTOR INVOLVEMENT

- 3.1 Each member of the HRCC sets down the member's written assessment of the President's performance.
- 3.2 These individual assessments are then consolidated by the Board Chair into a coherent, prioritized statement from the Board to the President.
- 3.3 The Board Chair discusses the summary with the full Board (excluding any management directors) before meeting with the President.
- 3.4 The Board Chair discusses the statement with the President.

4. PRESIDENT FEEDBACK

The President may provide a written response to the review to the Board through the Board Chair.

**PERFORMANCE EVALUATION PROCESS FOR
THE PRESIDENT AND CHIEF EXECUTIVE OFFICER**

5. TIMING AND RESPONSIBILITIES

<i>Activity</i>	<i>Who</i>	<i>When</i>
(a) The President develops a set of goals and objectives which are approved by the Board.	President Board	February
(b) The President writes self-appraisal and submits to the HRCC.	President	January
(c) The President discusses self-appraisal with the HRCC.	HRCC President	January/February
(d) Outside HRCC members submit their written assessments of the President to the Board Chair.	HRCC	January/February
(e) Input from the HRCC is summarized.	Chair	January/February
(f) Consolidated input is discussed with the non-management Board members and then finalized.	Chair	February
(g) The President's Review.	Chair President	February
(h) The President's written response to the Board through the Board Chair.	President	February

ANNUAL BOARD AND PEER EVALUATION

1. INTRODUCTION

With the goal of enhancing overall Board effectiveness, the Vancouver Airport Authority conducts an evaluation process that covers the Board, Board Chair and Committees. The Board has adopted a three-year evaluation cycle which alternates between in depth surveys, single issue surveys and lighter surveys on Board functioning. The evaluation may include a written survey and an interview with each Director conducted by an independent third party consultant (the "Consultant"). The Executive Team, with the exception of the Corporate Secretary, may participate in a separate written survey portion of the evaluation.

Directors also participate in an annual peer evaluation survey to provide helpful feedback to fellow Directors.

The Board Evaluation process itself is reviewed annually by the Governance Committee.

2. BOARD EVALUATION

For years where an in depth survey is conducted, the Board Evaluation process begins with Directors completing a comprehensive, written preliminary survey and the Executive Team completing a shorter survey focused on the Board/management relationship. As noted above, due to the position's dual reporting role, the Corporate Secretary does not participate in the Executive Team survey. The preliminary surveys are completed online.

The information provided in the preliminary survey is used to inform an Interview Guide. The Guide, which is provided in advance, serves as a thought starter to help prepare Directors for confidential one-on-one interviews with the Consultant. The Executive Team does not participate in the interview portion of the Evaluation nor is the Executive asked to comment on individual Directors.

Following completion of the interviews, the Consultant will prepare a Board Evaluation Report that summarizes the feedback provided in both phases of the evaluation process and suggests recommendations for the Board's consideration. The Consultant will keep the Board Chair, Governance Committee Chair and the Corporate Secretary advised, as may be required, during the process. The Board Evaluation Report is provided first to the Governance Committee and subsequently to the full Board. The Board will agree on a follow up plan, and actions will be tasked to the full Board, the Chair, a Board

ANNUAL BOARD AND PEER EVALUATION

Committee or Management as appropriate. Progress on the agreed action items will be reviewed as part of the following year's Board Evaluation process.

In years where a single issue survey or lighter Board function survey is conducted, there may not be a preliminary written survey. Otherwise the steps are generally the same, including the provision of an Interview Guide, confidential one-on-one interviews with Directors by a third-party consultant, provision of a report to the Board via the Governance Committee and development, if required, of a follow up plan.

3. PEER EVALUATION

The Peer Evaluation is completed by way of a survey conducted by the third party Consultant. At a Board meeting prior to conducting this survey, the Consultant reviews the process and provides tips on providing effective feedback.

Following completion of the survey, the Consultant will draft an individual peer evaluation report for each Director. Only the individual Director and the Chair will see a copy of that Director's peer evaluation report. The Chair meets with each Director individually to discuss his or her performance and to receive any additional feedback on the performance of the Chair. Directors may also schedule a follow up conversation with the Consultant.

DIRECTORS' COMPENSATION

1. Compensation

Item	Compensation
Annual Retainer – Chair	\$175,000
Annual Retainer –non-management Directors ¹	\$30,000
Additional Annual Retainer – Finance and Audit Committee Chair	\$8,000
Additional Annual Retainer – Other Committee Chairs	\$6,500
Board and Committee Meetings fee (Including Day of Travel and Speaking Engagement, See Sections 2.3 and 2.4 for further clarification)	\$1,400
Other Meetings Fee	\$700

¹ Management Directors do not receive additional compensation for their service on the Board.

DIRECTORS' COMPENSATION

2. Compensation Guidelines

2.1 Board and Committee Meetings

“Board and Committee Meetings” are defined as any Board meeting or Board Committee meeting published in the Board Calendar, as approved by the Board annually, or any Board meeting or Board Committee meeting added to the calendar during the course of the year which lasts longer than 2 hours. No distinction will be made between participation in person and participation by video, telephone or such other mode that permits that Director to hear and be heard by all other participants.

2.2 Other Meetings

“Other Meetings” are meetings added to the Board Calendar during the course of the year which last two hours or less or any other meetings designated as such by the Chair.

The Chair will determine, at the Chair’s discretion, whether a Board and Committee Meetings Fee or an Other Meetings Fee will apply when a Director, at the request of the Board, the Chair or the President, undertakes a trip to the airport or elsewhere for the purpose of meeting with individuals or groups beneficial to the development of Airport business.

DIRECTORS' COMPENSATION

2.3 Travel

- 2.3.1 A "day of travel" is defined as four hours or more spent in any one day by a Director travelling to attend to the business affairs of the Authority but does not include travel to attend Board and Committee Meetings or to participate in Director education and development activities.
- 2.3.2 Reimbursement of expenses arising from travel out of town must be pre-approved, in the case of Directors by the Chair, and, in the case of the Chair, by the Chair of the Governance Committee.
- 2.3.3 Where deemed necessary, a travel advance for a requested trip can be issued but this should be avoided in so far as possible and is to be accounted for promptly after completion or cancellation of the trip.
- 2.3.4 Travel expenses arising from attendance at Board and Committee Meetings will not be reimbursed unless incurred by a Director who resides, and who at the time of his or her appointment resided, outside of Metro Vancouver.
- 2.3.5 At the Chair's discretion, travel expenses arising from attendance at special, extraordinary or emergency meetings of the Board or any of its Committees may be reimbursed.

DIRECTORS' COMPENSATION

2.4 Speaking Engagements, Education and Development Activities and Social Events

2.4.1 All speaking requests are handled through the office of the President, thus Directors are asked to submit any such request they might receive to the President's office. If a Director is asked to give a speech, the President will see that appropriate notes are prepared. Directors are entitled to compensation and the Chair will determine, at the Chair's discretion, whether a Board and Committee Meetings Fee or an Other Meetings Fee will apply.

2.4.2 Directors will not be paid for time spent attending education and development activities, but Directors will be reimbursed for expenses incurred such as conference fees, meals, accommodation and travel provided that Directors' participation has been pre-approved, in the case of Directors by the Chair, and, in the case of the Chair, by the Chair of the Governance Committee.

2.4.3 Directors will not be paid for time spent attending social events, including meals and receptions, but the Chair may authorize the payment of the admission fees to certain of these events.

2.5. Out of Pocket Expenses

In addition to the foregoing remuneration, a Director will be reimbursed for all reasonable out of pocket expenses necessarily incurred in the fulfillment of the Director's duties as a Director.

No credit card will be issued by the Authority.

DIRECTORS' COMPENSATION

2.6 Compensation Administration

- 2.6.1 All claims for fees and expenses submitted by Directors, other than the Chair, will be reviewed and signed by the Chair and the Corporate Secretary. Any claim for expenses, beyond the Chair's Annual Retainer, submitted by the Chair will be reviewed and signed by the Chair of the Governance Committee and the Corporate Secretary.
- 2.6.2 Any questions about fees and expenses will be referred to the Governance Committee for resolution. The Governance Committee will conduct an annual review of Directors' fees and expenses in conjunction with its review of the Directors' Compensation Plan as set out in Section # 3.1.14 at Tab 15d Terms of Reference for the Governance Committee.
- 2.6.3 Directors are not required to complete expense forms for Board or Committee Meetings or for Other Meetings where minutes including a record of attendance are provided to the office of the Corporate Secretary.
- 2.6.4 Monthly expense forms are required to document a day of travel, speaking engagement, education or development activity, reasonable out of pocket expenses or any Other Meeting where minutes including a record of attendance are not provided to the Board office. All forms received before the 5th business day of a month will be reviewed, signed, and processed such that Directors will receive their cheques before the last business day of that month. Forms received *after* the 5th business day will be held and processed the *following* month.

DIRECTORS' COMPENSATION

2.6.5 Annual retainers for Directors and Committee Chairs are paid quarterly in advance; except for the Chair of the Board whose compensation is paid monthly.

2.6.6 Other than meetings of the Board and its Committees, there will be no remuneration for any other activity unless the Board, the Chair, or the President specifically requests the Director to perform a particular duty on behalf of the Authority.

DIRECTOR COMPENSATION PRINCIPLES

The following principles will apply to setting the levels of compensation for Directors.

1. Compensation paid to Directors will neither unduly reward, nor unduly penalize, an individual for choosing to serve on the Airport Authority Board rather than on any other Board of Directors.
2. Every two years, the Board will review market data and set compensation at a level generally consistent with the mid-range of that being paid to Directors of BC corporations of similar size and responsibility and Canadian Airport Authorities [the "Comparable Corporations" --defined below].
3. To reflect both the inherent responsibilities and the variable time commitments, each director will be paid through a combination of an annual retainer, and, fees for each meeting attended.
4. To reflect the additional time and responsibility of serving as Chair of a Committee or Task Force, these Directors will receive additional compensation in the form of an Additional Annual Retainer.
5. To reflect the extra legal responsibilities and time commitments entailed in the role, the Chair of the Audit Committee's Additional Annual Retainer will be 125% of the Additional Annual Retainer.
6. The Board Chair will be paid an annual retainer, calculated as 275% of the average total annual compensation of the other Directors.
7. The Comparable Corporations are:
 - A. Airport Authorities of Toronto, Montreal and Calgary.
 - B. British Columbia's three major government transportation companies: Translink, BC Ferries and Port Metro Vancouver; and,
 - C. 20 Corporations in British Columbia, with assets greater than 1 Billion, whose shares are publically traded, adjusted to match the Authority's size.
8. The Board will be guided by, but not bound by, the following calculation:

(a + b + c) divided by 3 = mid-range of Comparable Corporations

a = average of the average annual total compensation paid to Boards in group A;
b = average of the average annual total compensation paid to Boards in group B;
c = average of the average annual total cash compensation (stock options and other compensation are excluded) paid to Boards at the 50th percentile in group C.

ACCOUNTABILITY AND TRANSPARENCY

1. WHAT IS ACCOUNTABILITY

“Accountability” means being able to explain or account for one’s conduct and actions. This definition leads to further questions: to whom does one account and against what standard do people judge the success of one’s actions?

1.1 Background

Transport Canada examined these questions when it decided to devolve airports to local control. It set three objectives for devolution: a) improve accountability relative to the federal operation of airports, b) attain commercial viability, and c) enhance local economic development. It then examined a number of models ranging from fully private, for-profit corporations to various quasi-government authorities.

A for-profit private sector company enjoys the benefit of simplicity in terms of understanding its accountability. Both practice and legal precedent make it clear that the company accounts to its shareholders, and it is judged on whether or not it increases the value of those shareholders’ investment. Transport Canada rejected this model, as there was little experience with it at the time, and it also had concerns regarding the balancing of shareholder versus local community interests.

Transport Canada also rejected various other “government” scenarios, such as Crown Corporations and transfer to a different level of government control. Transport Canada rejected these models because it was unclear that they could run commercially viable airports—particularly in light of the fact that other levels of government faced the same budget issues as Ottawa. In addition, while the lines of accountability—to some form of elected body—seemed clear on the surface, in practice, politicized governance structures often obfuscated accountability due to conflicting political agendas and influences. Indeed, the first objective for Transport Canada’s devolution was to “improve accountability” as this was recognized to be an issue. Pressure

ACCOUNTABILITY AND TRANSPARENCY

to devolve airports arose in large part because of the perceived lack of accountability in the existing government model.

1.2 The Canadian Solution

Transport Canada opted for a unique Canadian model - a locally controlled, not-for-profit, private sector airport authority. Under the policy for creation of local airport authorities, the local community established the structure of the airport authority board; Vancouver chose a structure with combined government and professional representation. While directors could be appointed by local and regional governments, Transport Canada explicitly stated that directors could not be elected officials or government employees. It also made it clear that each director owed his or her fiduciary duty to the airport authority.

Transport Canada's foresight in adopting this model is supported in a study of several U.S. airports. The study found that airports with less politicized governance structures performed better and were more innovative; the study states "the challenges of the air transport industry are seemingly better met by governing structures that reduce local and regional politics and allow airports to operate more like their private business partners."¹

1.3 How is this model of airport authority accountable?

Under this type of governance structure, the answers to the questions "who does the Authority account to" and "has it met the community's standard for success" appear less obvious. Airport authorities account not to their shareholders but to their stakeholders, which includes the Nominating Entities, business partners and the local community. How can such a diverse

¹ Tarry, Scott E., Innovation in the Administration of Public Airports, published by the PricewaterhouseCoopers Endowment for the Business of Government, March 2000, p.34. The report goes on to state "Reducing politics and increasing autonomy [of airport authorities] are both attractive outcomes, but not without a clear appreciation that airports must remain accountable to both their business partners and the public."

ACCOUNTABILITY AND TRANSPARENCY

group of stakeholders judge the Authority's performance? Transport Canada answered this question by setting out "objects", i.e., a mandate, for the airport authority and certain accountability principles incorporated in the Ground Lease. The airport authority must account to the community on whether its actions furthered the mandate. This structure imposes a greater burden of communication on local airport authorities. As stated in the study of U.S. airports mentioned above, airports must "prove their commitment to accountability through their actions."²

2. HOW IS THE AUTHORITY ACCOUNTABLE

2.1 Mission and Mandate

The Authority's mission is to better our community by connecting BC proudly to the world. As noted above, the federal government set out "objects" for Canadian airports to establish a standard against which to measure whether or not the airport is operating for the general benefit of the public in its region.

The Authority was required to be continued under new legislation, the *Canada Not-for-profit Corporations Act* and completed its transition in January 2013. Schedule 1 of the Articles of Continuance contains the Authority's "purposes" or mandate. The purposes continue to reflect the original objects set out by the federal government. The Authority's accountability can be measured against its performance in fulfilling these purposes. The public can ask and the Authority must answer:

- (a) does the Authority manage and operate Vancouver International Airport in a safe and efficient manner for the general benefit of the public;

² Ibid, p. 35.

ACCOUNTABILITY AND TRANSPARENCY

- (b) does the Authority undertake and promote the development of the lands of the Vancouver International Airport for uses compatible with air transport activities;
- (c) does the Authority generate, suggest and participate in economic development projects and undertakings which are intended to expand British Columbia's transportation facilities, contribute to British Columbia's economy or assist in the movement of people and goods between Canada and the rest of the world; and,
- (d) does the Authority assemble information, advise on and otherwise contribute to the advancement of air transportation.

2.2 How the Authority Accounts for Its Actions

The Authority's Vision is to be a world class, sustainable gateway between Asia and the Americas. Our Values are safety, teamwork, accountability and innovation. We have a strategy to guide us in achieving this Vision and fulfilling our Mission. To this end, we have established four supporting objectives: creating a connecting hub; being a leader in sustainability; delivering remarkable customer experiences and building on our exceptional foundation.

The Authority's policy is to be both accountable to the community and transparent in its relations with business. The Authority accounts for its actions to the community in a number of ways. It is the responsibility of the Governance Committee of the Board to ensure that management is observing these accountability mechanisms, which include:

- publication online of an Annual Report, which will include information set out with reference to a sustainability framework, including sections on governance and the Authority's environmental, social and economic performance. The annual reporting also will include the Authority's non-consolidated and consolidated financial statements. Newspaper ads and

ACCOUNTABILITY AND TRANSPARENCY

social media provide highlights of the Annual Report and direct readers looking for further information to the website.

- holding an Annual Public Meeting;
- holding of an annual meeting with the Nominating Entities and additional meetings as may be required;
- meeting with the Province at least annually;
- maintaining a corporate communications policy; the substance of which will be reviewed annually by the Governance Committee and approved by the Board;
- establishment of the following standing consultation committees:
 - Aeronautical Noise Management Committee;
 - Airline Consultative Committee;
 - Airline Operators Committee; and
 - Environmental Advisory Committee;and meeting with these committees a minimum of twice annually;
- the Richmond Accord;
- meetings/consultation with local city councils;
- publication of an annual noise report on the website;
- extensive public consultations on the periodic renewal of the airport Master Plan and Land Use Plan, the latter of which is also subject to approval by the Minister of Transport;
- consultations with the relevant stakeholders on other airport plans and policies, including but not limited to the 10 Year Capital Plan, the schedule of airline fees and charges, the noise management plan, the environmental management plan, the schedule of airport maintenance charges, and airport operation procedures;
- offering our major airline partners an annual opportunity for their senior management to meet directly with the Authority's Board of Directors; and
- maintaining the corporate website and other appropriate communications media.

ACCOUNTABILITY AND TRANSPARENCY

2.3 Measuring Performance

The Authority's performance will be measured in a number of ways which are visible to the public. The Authority will:

- conduct quarterly in-terminal surveys and provide a summary of the annual survey results in our Annual Report;
- conduct a Metro Vancouver survey at least once annually and provide a summary of the results in the Annual Report;
- participate in reputable third party airport service quality and customer satisfaction surveys as the opportunity arises (e.g. SKYTRAX) and report the results in our Annual Report;
- engage a qualified independent consulting firm via a competitive public process to conduct the 5-Year Performance Review that will include an assessment of the extent to which and how well the Authority has fulfilled its purposes during the period covered by the Review. As mandated in the corporate by-laws, the Authority will prepare the list of qualified independent consultants in consultation with the Nominating Entities. Once the Review is completed, the Authority will provide copies to the Nominating Entities and publish it on the Authority website.

In addition to the above "macro" performance measures, the Authority will set measurable targets, where feasible, in its business and strategic plans. As required in the corporate by-laws, summaries of the current business plan and of the five most recent business plans will be available to the public for examination upon request. The Authority will provide an explanation of any substantial variance from the performance targets in its business plan in the Annual Report.

3. TRANSPARENCY

3.1 Financial Reporting

ACCOUNTABILITY AND TRANSPARENCY

The Annual Report is the primary vehicle for reporting on the financial performance of the Vancouver Airport Authority. In response to community feedback that it wished to see more transparent reporting on how the Vancouver Airport performed, the Annual Report document contains the unconsolidated annual financial statements for the Vancouver Airport Authority.

The audited consolidated financial statements include financial information on the Vancouver Airport and the Authority's subsidiaries. The Authority has four main subsidiary companies. The first of these, Vancouver Airport Enterprises Ltd. ("VAEL"), holds 100% of the shares of YVR Project Management Ltd. ("YVRPM"). The second subsidiary is Vancouver Airport Enterprises Ltd. – Templeton ("VAEL-Templeton"), which holds our 50% interest in the McArthurGlen Designer Outlet Vancouver Airport. The other 50% interest in the Designer Outlet is McArthurGlen, a well-known European outlet centre operator. The third subsidiary is Vancouver Airport Property Management LLP (VAPM), which was established to facilitate the management of a number of cargo and industrial properties on airport lands on Sea Island. Finally, Vancouver Airport Authority (Hong Kong) Ltd. is the Authority's Asia office. It was incorporated in Hong Kong as a wholly owned subsidiary to facilitate operations and compliance with local regulations.

The consolidated financial statements are also made public via publication in the annual reporting section of the Authority website with hard copies made available upon request. The Authority's significant accounting policies are set out in the notes to the financial statements. The Authority's financial reporting meets or exceeds all applicable financial disclosure requirements.

3.2 Purchasing

The Authority will be transparent in its purchasing practices. The Authority's Purchasing Policy will be public. As a general practice, all contracts for the procurement of goods, service and construction services with a value in excess of \$100,000 (in 2000 dollars) will be awarded through a competitive

ACCOUNTABILITY AND TRANSPARENCY

public process. The Authority will provide an indication of the evaluation criteria that will be used to assess offers. The Authority will publish a list in its Annual Report of any contract in excess of \$100,000 (in 2000 dollars) which was not awarded through a competitive public process along with the reason or reasons why.

3.3. Fees and Charges

The Authority will be transparent in the establishment of fees and charges. For example, when negotiating with the airlines on aeronautical and terminal charges, it will provide an explanation of how the fees were set and calculated. It will also explain how other fee schedules, for example Facility Permit Fees, are set.

With regard to the Airport Improvement Fee or any future passenger facility charge, the Authority will continue to make public the reason for imposing the fee or making a change to an existing fee.

3.4 Process for Consultative Committees and Public Meetings

The Authority will maintain Terms of Reference for the four standing consultative committees; the Terms of Reference will be developed with input from the committee members. Each committee will have procedures for raising issues and calling an extraordinary meeting. The minutes of these meetings will be provided to all members, including those not at a meeting. With the concurrence of the committee members, minutes of the meeting or a summary will be made available to the public.

There is an annual public meeting. In addition, public consultations will be held when the Authority periodically revisits the airport's Master Plan and Land Use Plan as well as on other major airport developments. Any public consultation will be advertised in a timely manner both in the local media and on the Authority's website and held in a venue that is sufficient for the anticipated audience. Appropriate documents will be available in advance.

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The Authority will also avail itself of technology and other meeting formats as appropriate to maximize its engagement and outreach; examples include: dedicated online engagement platforms; social media; participation in civic festivals and events; and having a presence in public venues, such as shopping malls and roundtables.

3.5 Contacting the Authority

The Authority maintains a number of methods for the general public to contact the Authority. These include:

- submitting questions through the website, via e-mail, on customer comment cards or in person at our customer service desks;
- providing comments or submitting questions via social media tools, e.g. the Authority's Twitter feed, @yvrairport;
- contacting the citizen representatives on the Noise Management and Environmental Advisory Committees;
- calling the general inquiries, noise information or employment information lines; and
- calling or writing to individual Authority Departments.

The public is also welcome to contact the Office of the President and CEO. In addition, the Authority maintains a speakers bureau and welcomes opportunities to speak to community groups and organizations.

Communications Plan with Nominating Entity

1. INTRODUCTION

Each nominated Director is required to reach agreement with that Director's Nominating Entity on an annual communications plan. The purpose of the plan is to ensure that the Nominating Entity is kept informed of the Authority's affairs and to provide an ongoing channel for the Director to know the perspective of the Nominating Entity in order that those perspectives can form an integral part of Board deliberations. See Tab 6, Section 9.

2. PROCESS

- 2.1 The Board calendar runs from June to May. Nominated Directors will communicate with their Nominating Entity, after the annual meeting of the Members held in May of each year and prior to the September meeting of the Board of Directors, to reach agreement upon a plan of communication. The checklist included in Part 4 contains information which the Authority considers to be mandatory to provide to the Nominating Entities.
- 2.2 For the purposes of establishing the communications plan, the nominated Director will communicate with the chief administrative officers of the Nominating Entity or such other official of the Nominating Entity as that Entity may direct.
- 2.3 The written reports listed in the attached checklist are available on the Authority's website, yvr.ca. Nominated Directors should remind Nominating Entities of their availability and inform them that the Authority will provide hard copies of any written reports upon request at its cost.
- 2.4 Arrangements for oral presentations will be made with the chief administrative officer of the Nominating Entity.
- 2.5 If the Nominating Entity does not respond to requests to agree explicitly to a plan of communications, then it shall be deemed for the purposes of these Rules, and in particular, By-law #1 Section 14.2 (c) and the Review provision set forth below in Part 3, that the agreed plan of communication comprises all items, except number 8, of the Required Items set forth at Part 4 of this Tab.

Communications Plan with Nominating Entity

3. REVIEW

As described in the Terms of Reference for the Governance Committee of the Board, Tab 15d, Section 3.3.2., the Governance Committee will annually review the satisfaction of each Nominating Entity with the frequency and quality of communication. The Chair of the Governance Committee will solicit views from the chief administrative officers of the Nominating Entity. If the Chair of the Governance Committee is a nominated Director, the Chair of the Board will solicit the views of that Nominating Entity.

4. CHECKLIST

	<i>Method to be used</i>	<i>Source</i>	<i>Frequency</i>	<i>Source/Completion</i>
Required				
1.	Provide Nominating Entity with updated Board Manual, including Code of Conduct for Directors	Tab 13	Annual	http://www.yvr.ca/en/about-yvr/leadership-and-accountability/board-of-directors/board-manual
2.	Annual Meeting of full Board and Nominating Entity ("NE meeting')	By-law No.1	Annual	May 11, 2017
3.	At NE meeting: provide annual report: the report includes the governance report	By-law No.1	Annual	The 2015 report was published on April 28, 2015 at: http://www.yvr.ca/en/about-yvr/leadership-and-accountability/sustainability-report
4.	At NE meeting: provide financial statements and auditors' report	By-law No.1	Annual	The 2015 report was published on April 28, 2015 at http://www.yvr.ca/en/about-yvr/leadership-and-accountability/sustainability-report

Communications Plan with Nominating Entity

5.	Provide a forward looking overview of any major business initiatives at the annual meeting with the Nominating Entities; as per Section 7 below; Nominating Entities are welcome to request a more detailed presentation at their convenience	Tabs 12, 13	Annual	Provide at annual meeting and upon request
6.	Provide annual reports of consultative committees		Annual	http://www.yvr.ca/en/about-yvr/noise-management/publications http://www.yvr.ca/en/about-yvr/environment/publications
7.	Upon request, make an oral or written presentation to the governing board or membership of the Nominating Entity (e.g., City Council, Board of Directors, Board of Governors, Benchers, Members meetings)	Tab 13	<i>___ times per year [Frequency to be determined by Nominating Entity and Director]</i>	Upon your request
8.	Provide copy of Master Plan and Land Use Plan in draft	Ground Lease	As occurs (Approx. every 5 to 10 years)	http://www.yvr.ca/en/about-yvr/community/engagement/master-plan As noted planning for the 2037 Master Plan is underway; Phase 2 public consultations will begin in September 2016
9.	Provide copy of any proposed changes to Parts 3 and 14 of the Authority's By-law No.1	Tab 13	As occurs	http://www.yvr.ca/en/about-yvr/leadership-and-accountability/board-of-directors/board-manual See Tab 17 on this page

Communications Plan with Nominating Entity

10.	Provide a presentation on major updates to 10-year Capital Plan	Tab 13	Update annually at Nominating Entities Meeting	http://www.yvr.ca/en/business/construction
11.	Provide copy of Environmental Management Plan	Tab 13	Current Plan is for the years 2015-19	http://www.yvr.ca/en/about-yvr/environment/publications
12.	Provide copy of Noise Management Plan	Tab 13	Current Plan is for Years 2014-2108	http://www.yvr.ca/en/about-yvr/noise-management/publications
13.	Notify Nominating Entities of all public meetings and open houses	Tab 13	As occurs	Notification will be via e-mail unless Nominating Entity requests other means
14.	Provide Copy of the 5-year Performance Review	By-law No.1	Every 5 years	The most recent 5-Year Review covered the years 2008 through 2012. The next review, covering the years 2013-2017, will be done in 2018.
Other Requirements <i>(as determined between the Nominating Entity and Director, and listed below)</i>				
15.				
16.				
17.				
18.				
19.				
20.				

TERMS OF REFERENCE FOR THE CORPORATE SECRETARY

1. INTRODUCTION

- 1.1 The Corporate Secretary, at the direction of the Chair, assists the Board in the discharge of its duties by organizing and recording the activities of the Board and its Committees, and, by providing advice to the Board, individual Directors, and, to the employees of the Authority to ensure compliance with the Authority By-Laws and these Governance Rules and Practices.
- 1.2 Authority By-Law #1 provides that the Corporate Secretary is an officer of the Authority appointed and terminated by the Board who may also be, but is not required to be, a vice president of the Authority.

2. DUTIES AND RESPONSIBILITIES

The Corporate Secretary has the responsibility to:

Board and Members Meetings

- 2.1 Organize Board, Board Committee and Members' meetings in accordance with the procedures set out in the Authority By-Laws and these Governance Rules and Practices, or, as elsewhere stipulated by the Board;
- 2.2 Prepare and deliver notices for Board, Board Committee and Members' meetings;
- 2.3 Prepare and issue agendas for Board, Board Committee and Members' meetings; this includes advising the Chair, the President, and Committee Chairs of items that should be brought to the attention of the Board;

TERMS OF REFERENCE FOR THE CORPORATE SECRETARY

- 2.4 Prepare and assemble briefing material of appropriate depth, breadth and clarity to permit Directors to properly prepare for meetings;
- 2.5 Attend Board meetings and Meetings of the Members and act as Secretary at each such meeting;
- 2.6 Attend all meetings of the Governance Committee of the Board and act as Secretary at each such meeting;
- 2.7 Act as Secretary to all other Committees of the Board except the Human Resources and Compensation Committee where the Vice President, Human Resources or the Chair of the Board will act as recording secretary as set out in the Terms of Reference for the Human Resources and Compensation Committee (Tab 15e of this Manual);
- 2.8 Prepare minutes of Board proceedings, or ensure that an appropriate individual is designated to prepare the minutes, review all minutes, and ensure the corporate record is at all times accurate and up to date;
- 2.9 Ensure that the filing requirements of the *Canada Not-for-profit Corporations Act* are met;
- 2.10 Be responsible for the application of the Corporate Seal;
- 2.11 Ensure that decisions taken by the Board are communicated to management in a timely manner and assist the President in ensuring all consequential actions are taken by the Authority;

TERMS OF REFERENCE FOR THE CORPORATE SECRETARY

Corporate Governance

- 2.12 Serve as the chief expert and advisor on all matters related to corporate governance for Directors and all employees of the Authority;
- 2.13 Keep current on evolving practices in corporate governance and advise the Governance Committee and the Board as part of the annual review of the Board's Governance Rules and Practices;
- 2.14 Prepare the annual governance circular, or, that portion of the Authority's annual reports that describes Authority compliance with its By-Laws and these Governance Rules & Practices, and the related public disclosures;
- 2.15 Provide service and advice to both the Board and management to ensure theirs is an effective relationship including: providing orientation to new Directors; keeping Directors informed of corporate and legal responsibilities; obtaining information from Directors for legal and regulatory compliance; having a thorough and broad understanding of the Authority and its operations; advising management on Board materials and presentations; and, keeping management informed of Director views and preferences;
- 2.16 Administer the remuneration of Directors (cf: Tab 11 of these Rules); and
- 2.17 Perform such other duties as may be prescribed by the Board or be required by law.

TERMS OF REFERENCE FOR THE CORPORATE SECRETARY

Conflict of Interest

- 2.18 Provide advice to the Chair in the discharge of the Chair's responsibilities for administering the Rules Concerning Conflict of Interest (cf: Tab 7 of these Rules) and,
- 2.19 Serve, if so directed by the Chair, as the Designated Officer for the administration of the Rules for Authority employees concerning Conflict of Interest;

3. ACCOUNTABILITY

- 3.1 The Corporate Secretary is accountable to the Board and reports to the Chair. In the discharge of these duties, the Corporate Secretary also shall provide strong support to the President.
- 3.2 If the Corporate Secretary is also an employee of the Authority, for all duties other than those of Corporate Secretary, the employee will report directly or indirectly to the President.

<i>Committee Name</i>	<i>Chair</i>	<i>Member</i>	<i>Member</i>	<i>Member</i>	<i>Member</i>	<i>Member</i>	<i>Member</i>	<i>Member</i>
Finance and Audit	John Currie	Joseph Caron	Anna Fung	Howard Jampolsky	Tamara Vrooman			
Governance	Annalisa King	Ken Goosen	Mary Jordan	Kush Panatch	Gerri Sinclair	Wayne Wright		
Human Resources & Compensation	Tamara Vrooman	John Currie	Mary Jordan	Annalisa King	Ken Martin			
Planning and Development	Ken Goosen	Joseph Caron	Anna Fung	Howard Jampolsky	Ken Martin	Kush Panatch	Gerri Sinclair	Wayne Wright
Project Breeze Task Force	Mary Jordan	Ken Goosen	Annalisa King	Ken Martin				
Project Steel Task Force (joint M&B)	Craig Richmond	Mary Jordan	[Federal nominee]	Tamara Vrooman	Wayne Wright	Glenn McCoy	Argiro Kotsalis	Anne Murray
Project Stone Task Force	Mary Jordan	Anna Fung	John Currie	Tamara Vrooman				
Designer Outlet		Annalisa King						
Innovative Travel Solutions		Kush Panatch						
Subsidiary Board Membership								
Vancouver Airport Enterprises Ltd. ("VAEL") & VAEL Templeton	Mary Jordan	Craig Richmond						

	Mary Jordan	Craig Richmond	Joseph Caron	John Currie	Anna Fung	Ken Goosen	Howard Jampolsky	Annalisa King	Ken Martin	Kush Panatch	Gerri Sinclair	Tamara Vrooman	Wayne Wright	New Director
Finance and Audit	A	A	X	C	X		X					X		
Governance	X	A				X		C		X	X		X	
Human Resources & Compensation	X	A		X				X	X			C		
Planning & Development	A	A	X		X	C	X		X	X	X		X	
Project Breeze Task Force	X	A				X		X	X					
Project Stone Task Force	X	A		X	X							X		
Project Steel Task force (M&B)**	X	C										X	X	
Designer Outlet Centre*								X						
Innovative Travel Solutions Advisory		X								X				
VAEL	C	X												
VAEL (Templeton)	C	X												

Templeton Designer Outlet Centre General Partner Ltd. (50% -- other 50% McArthurGlen)

*General Partner for DOC Limited Partnership: YVR Directors are Craig Richmond, Annalisa King, and Glenn McCoy.

** Project Steel Management Members: Glenn McCoy, Anne Murray, Argiro Kotsalis

Note: “Management Subs”

YVR Project Management (100%)

- President Ray Zibrik, Directors Glenn McCoy and Don Ehrenholz

Vancouver Airport Authority (Hong Kong) Ltd. (100%)

- for office in Hong Kong, three employees
- Directors Glenn McCoy and Anne Murray

Vancouver Airport Property Management LLP

- Glenn McCoy and Argiro Kotsalis

GUIDELINES FOR COMMITTEES

1. Each Committee will review its own terms of reference annually and any changes will be submitted to the Governance Committee for review and recommendation to the Board.
2. At the first meeting of the Board following the Annual General Meeting, Committee Chairs and members will be appointed by the Board for one-year terms, and may serve consecutive terms. A Committee member may be removed or replaced at any time by the Board and will cease to be a member upon ceasing to be a Director of the Authority.
3. A Committee will meet at least twice each year or more frequently as deemed necessary by the Chair of the Committee.
4. Each Committee will make periodic recommendations to the Board in respect of the subject on which it was created to advise. The Board will take into consideration, but will not be bound by, Committee recommendations.
5. Written notice of each meeting must be sent to each Committee member at least three days before the meeting by mail, courier or any method of transmitting legibly recorded messages.
6. A member may in writing waive or reduce the period of notice convening a meeting before or within 30 days after the meeting. If all Committee members are present, they may by unanimous vote, waive notice or abridge the term for notice. An entry in the minutes will be sufficient evidence of such a waiver or abridgement.
7. The Chair and President will be given notice of each Committee meeting and may attend any Committee meeting without invitation. The Chair and President shall have a vote only in those Committees to which they have

GUIDELINES FOR COMMITTEES

- been appointed. Each Committee has the right to meet *in camera* - with only non-management Directors present.
8. The Corporate Secretary will ensure that the minutes of each Committee meeting are prepared and given in a timely fashion to each Committee member, to each other Director, and to the President. Each Committee Chair will review the draft minutes before they are circulated.
 9. A Committee may invite such Directors or, in consultation with the President, such employees of the Authority, as may be considered desirable to attend meetings and assist in the discussion and consideration of the business of the Committee.
 10. Each Committee Chair will advise the President when the Committee wishes to use staff of the Authority as committee support. It will be the responsibility of the President, or the appropriate Vice President, to designate staff for committee assistance.
 11. A Committee member may participate in a Committee meeting by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
 12. A quorum for the transaction of business at a Committee meeting will be a majority of the members. Questions arising at a meeting will be determined by a majority of votes of the members present, and in case of an equality of votes the resolution will fail. Voting by proxy is not permitted.
 13. Each Committee will schedule an annual meeting with the President to review the relationship of the Committee and management.

TERMS OF REFERENCE FOR THE FINANCE AND AUDIT COMMITTEE

1. PURPOSE

Primary responsibility for the Authority's financial reporting, accounting systems and internal controls is vested in management and is overseen by the Board. The purpose of the Finance and Audit Committee (the "Committee") is to assist the Board in fulfilling its oversight responsibilities by:

- 1.1 Maintaining effective relations with management and the external auditor;
- 1.2 Maintaining effective relationships with Internal Audit, including receiving regular reports on audit work performed, audit findings, and status of the annual internal audit plan;
- 1.3 Objectively monitoring the quality and effectiveness of the external auditor's relationship with management and the Committee;
- 1.4 Recommending the annual budget (Section 3.4) and the financial statements to the Board (Section 3.5) and overseeing the external audit and (Section 3.6) the systems of corporate controls that management and the Board have established, the audit process, and compliance with the relevant laws, regulations and policies;
- 1.5 Reviewing the financial information that will be provided to the public and others;
- 1.6 Reviewing the Authority's long term financial model, including its underlying capital and operating assumptions, and the impact on the Authority's long term financial position of each material capital project proposed to the Board; and,
- 1.7 Reviewing and recommending to the Board any proposed changes to the fundamental structure of the Authority's finances, in particular, the issue of new debt or the retirement of existing debt.

2. COMPOSITION

- 2.1 The Committee will be composed of three or more non-management Directors and will include the nominee of the Chartered Professional Accountants of British Columbia, unless the Board Chair and that nominee

TERMS OF REFERENCE FOR THE FINANCE AND AUDIT COMMITTEE

agree otherwise. All members of the Committee will have a basic level of financial literacy, including:

- 2.1.1 an understanding of Audit Committee functions;
 - 2.1.2 an understanding of financial statements and the principles of Generally Accepted Accounting Principles (GAAP), specifically, Accounting Standards for Not-For-Profit Organizations, used in their preparation; and
 - 2.1.3 the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; and, an understanding of internal controls and procedures for financial reporting.
- 2.2 The Corporate Secretary will be secretary to the Committee.

3. DUTIES AND RESPONSIBILITIES

- 3.1 The Committee will have unrestricted access to Authority personnel and documents and will be provided with the resources necessary to carry out its responsibilities, and will annually evaluate its own effectiveness with particular attention to whether Committee members need any further resources or assistance.
- 3.2 The Committee will have a regular practice of setting aside a portion of each meeting to meet:
- 3.2.1 *in camera*,
 - 3.2.2 with the external auditors without management present,
 - 3.2.3 with management without the external auditors present,
 - 3.2.4 with the internal auditor alone, and
 - 3.2.5 with the Chief Executive Officer alone.
- 3.3 The Committee Chair will meet in person, or by any agreeable communication facility, not less than quarterly with the Chief Financial Officer.

TERMS OF REFERENCE FOR THE FINANCE AND AUDIT COMMITTEE

- 3.4 Following the annual Board Budget Workshop, the Committee will consider any matters arising from that session which have been delegated to the Committee for further review, and will make recommendations to the Board. As part of its post-Workshop review, the Committee will consider whether management's presentation at the Workshop adequately addressed the following matters:
- 3.4.1 whether the assumptions supporting the projected revenues and projected expenses, and the resulting performance targets, are reasonable;
 - 3.4.2 the forecasts of passenger numbers, aircraft movements and general economic conditions;
 - 3.4.3 whether the annual budget meets the financial requirements arising from the Trust Indenture, bank financing and any other financial commitments arising from credit and debt obligations;
 - 3.4.4 whether any elements of the annual budget will materially affect the current or future credit rating of the Airport Authority; and
 - 3.4.5 whether the annual budget is consistent with the Long Term Financial projection model, the Strategic Plan and the annual business plan.
- 3.5 Subject to the powers and duties of the Board, the Committee will review the annual financial statements and recommend their approval or disapproval to the Board. The Committee will provide an explanation if it cannot recommend approval. The review must include:
- 3.5.1 determining whether appropriate accounting methods are being applied;
 - 3.5.2 discussing with management and with the external auditor all proposed major changes in accounting principles or policies or government reporting regulations affecting this Authority, the import and presentation of all large risks, uncertainties and all estimates, the degree of aggressiveness or conservatism and the quality of the underlying accounting policies or judgments of management that may be material to financial reporting;
 - 3.5.3 questioning management and the external auditor regarding significant

TERMS OF REFERENCE FOR THE FINANCE AND AUDIT COMMITTEE

- financial recording or presentation issues that were discussed during the fiscal period and the manner of their resolution; and
- 3.5.4 examining the audited annual financial statements in conjunction with the report of the external auditor, with particular reference to whether the statements:
- 3.5.4.1 properly reflect the significant accounting policies selected,
 - 3.5.4.2 reflect estimates and other financial statement elements that are reasonable and consistent,
 - 3.5.4.3 adequately disclose all major transactions and issues,
 - 3.5.4.4 disclose all post-year-end significant events, and
 - 3.5.4.5 are understandable, relevant, reliable and comparable.
- 3.6 Subject to the powers and duties of the Board, the Committee will oversee the external audit, including:
- 3.6.1 determining whether the performance of the external audit has effectively met the requirements of the Authority;
 - 3.6.2 recommending to the Board the retention or replacement of the external auditor and, if the Committee recommends replacement, evaluating candidates for the appointment;
 - 3.6.3 reviewing all issues related to any change of external auditor and the planned steps for an orderly transition;
 - 3.6.4 reviewing the terms of the external auditor's engagement, and the appropriateness and reasonableness of the proposed audit fees;
 - 3.6.5 reviewing the audit plan with the external auditor and management;
 - 3.6.6 determining whether management has provided full and open disclosure to the auditor's enquiries;
 - 3.6.7 reviewing problems experienced by the external auditor in performing the audit, including any restriction imposed by management and all significant accounting issues on which there was a disagreement with management; and
 - 3.6.8 reviewing the post audit or management letter containing the

TERMS OF REFERENCE FOR THE FINANCE AND AUDIT COMMITTEE

recommendations of the external auditor and reviewing management's response and subsequent follow-up to all identified weaknesses.

- 3.7 The Committee will oversee the engagements of the External Auditor for non-audit services by following these procedures:
- 3.7.1 Each engagement of the External Auditor for non-audit services must be approved by the Chief Financial Officer (the "CFO");
 - 3.7.2 Prior to making such an engagement, except for minor routine matters, the CFO will describe to the Chair of the Committee the proposed engagement, its nature and purpose, the amount of the expected fees and any other implications such an engagement might have upon the independence of the external auditor; and
 - 3.7.3 The Chair of the Committee shall consider the proposed engagement and its materiality to the financial dependence of the External Auditor and in his or her sole discretion shall determine whether the CFO may go ahead and make the engagement, or, if the CFO must first receive the approval of the Committee.
- 3.8 Through discussions with management, the external auditor and the internal auditor, the Committee will obtain reasonable assurance that the Authority's accounting systems are reliable and internal controls over financial reporting are appropriately designed and implemented. For this purpose, the Committee may wish to direct the auditor's examinations to particular areas and may request the auditor to undertake special examinations.
- 3.9 The Committee will review the evaluation of internal controls by the External Auditor, including any recommendations for improvement of the Authority's accounting procedures and internal controls, together with management's response.
- 3.10 The Committee will review the terms of reference of the internal audit process. The review should include:
- 3.10.1 an examination of the internal auditor's approach to risk assessment, including the methods used to assess risk;

TERMS OF REFERENCE FOR THE FINANCE AND AUDIT COMMITTEE

- 3.10.2 the adequacy of the Authority's internal controls;
 - 3.10.3 recommendations for the improvement of the Authority's accounting procedures and internal controls; and
 - 3.10.4 an assessment of the independence of the internal auditor and internal audit reporting.
- 3.11 The Committee will oversee the internal audit function. The Committee will:
- 3.11.1 review the reports issued by the internal auditor and management's response and subsequent follow-up to all identified weaknesses;
 - 3.11.2 approve the annual Internal Audit work and resource plan;
 - 3.11.2 approve the annual Internal audit plan;
 - 3.11.3 receive communications on the Internal Audit activity's performance relative to its plan and other matters;
 - 3.11.4 review the remuneration of the Internal auditors; and
 - 3.11.5 the Chair of the Committee will approve decisions regarding the appointment and removal of Internal Auditors.
- 3.12 The Committee will:
- 3.12.1 review the financial performance of the Authority's active operating subsidiaries quarterly;
 - 3.12.2 review the status of pending or threatened material litigation;
 - 3.12.3 ascertain whether the Authority's financial results and condition satisfy the criteria for lenders, material agreements, applicable laws and insurers;
 - 3.12.4 review before public disclosure any statement on the financial condition or results of the Authority including the quarterly financial statements to bond holders;
 - 3.12.5 draw to the attention of the Board all financial matters of which the Committee has knowledge and which may materially affect the current or future position of the Authority;
 - 3.12.6 determine whether systems are in place to identify and monitor

TERMS OF REFERENCE FOR THE FINANCE AND AUDIT COMMITTEE

major business risks, including reviewing the Enterprise Risk Management approach, risk register, risk appetite statement and risk tolerance matrix at least four times per year and at least annually reviewing those risks on the Enterprise Risk Management Program's risk register which fall within the mandate of this Committee; [*Note: the risk appetite statement and risk tolerance matrix is under development and will be brought forward to this Committee and the Board – this presupposes that these tools will be adopted as part of the ERM Program*]

- 3.12.7 review insurance coverage of significant business risks and uncertainties;
- 3.12.8 review the appropriateness of, and the adherence to, the delegations of authority concerning expenditures, leases and contracts, collectively called "the Signing Authorities" set forth at Tab 20;
- 3.12.9 review the appropriateness of, and adherence to, the delegations of authority concerning banking functions, referred to as "the Bank Signing Authorities";
- 3.12.10 determine whether there is adequate planning to minimize taxes of all types;
- 3.12.11 endeavour to identify to the Board matters that expose Directors to claims for which Directors could be held personally liable;
- 3.12.12 ascertain whether the Conflict of Interest Guidelines, Privacy Guidelines and Whistleblower Policy are strongly maintained;
- 3.12.13 review and approve annual audited statements of Pension Funds, along with the regular actuarial evaluations;
- 3.12.14 review the Authority's investment policy; and
- 3.12.15 review post-completion reviews of Project Definition Reports for Capital Projects, focusing on the financial portion thereof, and the lessons learned.

4. ACCOUNTABILITY

**TERMS OF REFERENCE FOR THE
FINANCE AND AUDIT COMMITTEE**

- 4.1 The Committee will report its discussions to the Board by distributing the minutes of its meetings and, where appropriate, by oral report at the next meeting of the Board of every major matter considered since the Board's last meeting.
- 4.2 The Committee will annually review and recommend changes to its Terms of Reference, following completion of each annual audit.
- 4.3 The Chair of the Committee will certify annually in writing that the Committee has discharged its duties as described in these Terms of Reference.

TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

1. PURPOSE

The purposes of the Governance Committee (the "Committee") are:

- 1.1. to provide a focus on Board governance that will enhance corporate performance, to assess and make recommendations regarding Board effectiveness, and to establish a process for identifying, recruiting, appointing and re-appointing Directors;
- 1.2. to assist the Board in fulfilling its responsibility for ensuring that the operations and development of the Authority are environmentally responsible by reviewing the environmental health and safety management system and the plan and programs used to achieve compliance; and
- 1.3. to assist the Board through annual reviews of the Authority's Communication Policy, Facility Permit Process, Government Relations activities, Privacy Management Program and Cyber Security Program.

2. COMPOSITION

- 2.1. The Committee will be composed of not less than three non-management Directors, one of whom will be the Chair of the Board.
- 2.2. The Chair of the Board will not be the Chair of the Committee.
- 2.3. The Corporate Secretary will be secretary to the Committee.

TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

3. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will:

3.1. Board Governance

- 3.1.1. Develop and annually update a long-term plan for the composition of the Board of directors that takes into consideration the skills, experience and background of each existing Director, retirement dates, the strategic direction of the Authority and the Board Diversity Policy.
- 3.1.2. Develop and implement a process for communicating criteria for the Nominating Entities to consider when designating persons for appointment to the Board.
- 3.1.3. In consultation with the Chair of the Board and the President, recommend to the Board nominees for election and re-election as directors-at-large.
- 3.1.4. Following the consultation by the Chair of the Board with the Chair of the Governance Committee and the President, provide advice to the Chair of the Board on his or her recommendations to the Board on committee membership and leadership.
- 3.1.5. Review and make recommendations regarding orientation of new Directors and the ongoing development of existing Directors.
- 3.1.6. Monitor the mechanisms of accountability as set out in the Board Manual.

TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

- 3.1.7 Advise the Board, or a Board Committee, of all corporate governance and Authority accountability issues which the Committee determines ought to be considered by the Board or that Committee.
- 3.1.8. Annually review the terms of reference for the Board, the Directors, each Committee, each task force, the Chair, the President, the Corporate Secretary, and, the Administrative Guidelines and recommend changes to the Board.
- 3.1.9. Annually review and make recommendations to the Board for changes in the overall system of governance including the By Laws and the Governance Rules & Practices, and, the application thereof, including, but not limited to, the following:
 - 3.1.9.1. the number of Directors on the Board;
 - 3.1.9.2. the frequency and content of Board meetings and Committee meetings;
 - 3.1.9.3. the annual schedules of issues to be presented at Board meetings and at Committee meetings (Tab 19);
 - 3.1.9.4. material which is to be provided to the Directors generally and with respect to Board meetings and Committee meetings;
 - 3.1.9.5. resources available to Directors; and
 - 3.1.9.6. communication between the Board and management.
- 3.1.10. Every 10 years, review separately and in its entirety, By-Law No.1 to ensure its continued congruence with good governance practice; and, as appropriate, make recommendations to the Board.

TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

- 3.1.11 Annually review the governance structure of the Authority's subsidiaries.
- 3.1.12. Be responsible for the management and administration of a system which enables a Committee or a Director to engage separate independent counsel or advisors at the expense of the Authority in appropriate circumstances.
- 3.1.13. Administer the process set forth at Tab 10 for assessing the effectiveness of the Board, its Committees and each Director and ensure the process, results and proposed improvements are reviewed by the full Board and, where appropriate, discussed with management.
- 3.1.14. Recommend the Directors' Compensation Plan to the Board (Tab 11).
- 3.1.15. Prepare recommendations for the Board regarding any reports on corporate governance that are required or considered advisable.
- 3.1.16. Review management's plans for preparation of the independent Performance Review every five years and ensure Nominating Entity participation in selection of the independent consulting firm (Tab 17, By-Law #1 Section 14.3).
- 3.1.17. Annually review the Enterprise Risk Management Program's risk register with a particular focus on those risks which fall within the mandate of the Governance Committee.

TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

3.2. Environment

- 3.2.1. Monitor the implementation of the environmental management system.
- 3.2.2. Review and recommend to the Board any necessary amendments to the environmental management system and the Environmental Management Plan.
- 3.2.3. Review the results of the regular environmental audits of operations of the Authority and of tenants and monitor implementation of recommendations from previous audits.
- 3.2.4. Annually review the Authority's Contaminated Sites Management Program;
- 3.2.5. Review every report of substantial non-compliance with environmental regulations and ensure that appropriate plans are put in place to remedy the default and secure future compliance.

3.3. Stakeholder Relations

- 3.3.1. Annually review and recommend to the Board the Authority's Communication Policy.
- 3.3.2. Annually review the Communications Plan for each Nominating Entity and ensure that the nominated Director has adequate support from the Authority to meet the plan.
- 3.3.3. Annually prepare for Board approval, then distribution to each Nominating Entity and publication at the Annual Public Meeting, a

TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

summary of the Authority communications plans for each Nominating Entity.

3.3.4. Annually review the satisfaction of each Nominating Entity with the frequency and quality of communication and make recommendations to the Board.

3.3.5. At least annually review the activities of the Authority to improve relations with the federal and provincial governments.

3.3.6. At least annually review the activities of the Authority to improve relations with other key stakeholders, including the Authority's business partners and neighbouring communities.

3.4. Facility Permit Program

Annually review the Facility Permit process.

3.5 Privacy and Cyber Security

3.5.1. Annually review the Authority's Privacy Management Program and ascertain whether the Privacy Guidelines are strongly maintained;

3.5.2. Annually review the Authority's Cyber Security program, including the results of any cyber security audits.

TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

4. ACCOUNTABILITY

- 4.2. The Committee will report its discussions to the Board by distributing the minutes of its meetings and, where appropriate, by oral report at the next meeting of the Board of every major matter considered since the Board's last meeting.
- 4.3. The Committee will annually review and recommend changes to its terms of reference.

TERMS OF REFERENCE FOR THE HUMAN RESOURCES & COMPENSATION COMMITTEE

1. PURPOSE

The purpose of the Human Resources and Compensation Committee (the "Committee") is to assist the Board in fulfilling its responsibility for establishing a succession plan for executives and other key employees and ensuring the plan of executive compensation is competitive in order to attract, retain, inspire and motivate the executives and other key employees. The Committee will also assist the Board with regard to its role in the oversight of organizational culture to ensure that it supports achievement of Strategic Plan goals.

2. COMPOSITION

- 2.1. The Committee will be composed of not less than three non-management Directors one of whom will be the Chair of the Board.
- 2.2. The Vice President, Human Resources will be secretary to the Committee, and when the Committee meets *in camera*, then the Chair of the Committee shall record decisions and recommendations.

3. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board the Committee will:

- 3.1. Conduct the Performance Evaluation Process for the President (Tab 9).
- 3.2. Review and recommend to the Board the compensation philosophy and guidelines for the President.
- 3.3. Review and recommend to the Board the compensation for the President, including salary, incentive awards, perquisites, benefits and other remuneration.

TERMS OF REFERENCE FOR THE HUMAN RESOURCES & COMPENSATION COMMITTEE

- 3.4. Review and recommend to the Board the compensation philosophy and guidelines for the executives.
- 3.5. Review the President's proposals for the compensation of each executive, including salary, incentive awards, perquisites, benefits and other remuneration and provide recommendations to the Board.
- 3.6. Review the terms of reference of and oversee the selection of any outside consultant retained to advise on the compensation program for the President and the executives.
- 3.7. Review annually the succession plan for the President, including specific development plans and career planning for potential internal successors.
- 3.8. Review annually the President's succession plans for the executives, including specific development plans and career planning for potential successors.
- 3.9. Review annually the succession plan process for the director level of Management, including specific development plans and career planning for potential successors.
- 3.10. Review and recommend to the Board Management's recommendations with regard to major changes in the organizational structure of management.
- 3.11. Receive, at least every two years, a presentation on organizational culture informed by the engagement and safety surveys and other tools used by Management to track alignment of culture with strategy.

TERMS OF REFERENCE FOR THE HUMAN RESOURCES & COMPENSATION COMMITTEE

- 3.12. Review and recommend to the Board Management's recommendations with regard to any significant changes in the pension plans for excluded employees and executives, including any supplemental plans, to ensure overall competitiveness of the pension plans.
- 3.13. Review with the President any substantial outside commitments that the President is considering before the commitment is made. This includes commitments to act as a director or trustee of for-profit, not-for-profit and government organizations. Annually review with the President the outside commitments of the Vice Presidents as directors or trustees of other organizations; and,
- 3.14. Annually review the Enterprise Risk Management Program's risk register with a particular focus on those risks which fall within the mandate of the Human Resources and Compensation Committee.

4. ACCOUNTABILITY

- 4.1. The Committee will report its discussions to the Board by distributing the minutes of its meetings and, where appropriate, by oral report at the next meeting of the Board of every major matter considered since the Board's last meeting.
- 4.2. The Committee will annually review and recommend changes to its terms of reference.

TERMS OF REFERENCE FOR THE PLANNING AND DEVELOPMENT COMMITTEE

1. PURPOSE

The purpose of the Planning and Development Committee (the “Committee”) is to assist the Board in its deliberations and its responsibility for the final approval of major capital projects, land leases, large commercial developments, and, the Strategic, Master and Capital Plans. In addition, the Committee will assist the Board in its oversight of the Authority’s use of technology.

2. COMPOSITION

2.1. The Committee will be composed of not less than three Directors.

2.2. The Corporate Secretary will be secretary to the Committee.

3. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will review and make recommendations to the Board of Directors in the following areas:

- 3.1. the continuous strategic planning process, including preparations for the June and November Board retreats;
- 3.2. plans to lease or develop land on Sea Island;
- 3.3. commercial activities beyond Sea Island;
- 3.4. consultation and engagement in the preparation of the Airport Master Plan;

**TERMS OF REFERENCE FOR THE
PLANNING AND DEVELOPMENT COMMITTEE**

- 3.5. the final content of the Airport Master Plan and submission to the Minister of Transport for approval the proposed Land Use Plan;
- 3.6. commercial leases which under the Signing Authorities (See Tab 20) require approval by the Board of Directors;
- 3.7. Sustainability Case Documents for major projects, including giving due consideration as to whether such reports adequately address all potential options in light of our objective to be a leader in sustainability;
- 3.8. Project Definition Reports for capital projects which under the Signing Authorities (See Tab 20) require approval by the Board of Directors;
- 3.9. From project commencement to project completion, regular monitoring of key aspects, including safety, schedule and budget;
- 3.10. Annually, the Land Use Plan and the Land Management Guidelines;
- 3.11. Annually, the Enterprise Risk Management Program's risk register with a particular focus on those risks which fall within the mandate of the Planning and Development Committee;
- 3.12. Annually, the IT and Digital Plan and key technology trends in travel, digital and other relevant areas; and
- 3.13. the coherent integration of all of the foregoing.

**TERMS OF REFERENCE FOR THE
PLANNING AND DEVELOPMENT COMMITTEE**

4. ACCOUNTABILITY

- 4.1. The Committee will report its discussions to the Board by distributing a written report, posting the minutes of its meetings and, where appropriate, by oral report at the next meeting of the Board of every major matter considered since the Board's last meeting.
- 4.2. The Committee will annually review and recommend changes to its terms of reference.



Certificate of Continuance

Canada Not-for-profit Corporations Act

Certificat de prorogation

*Loi canadienne sur les organisations à but non
lucratif*

Vancouver Airport Authority

Corporate name / Dénomination de l'organisation

256745-8

Corporation number / Numéro de
l'organisation

I HEREBY CERTIFY that the above-named corporation, the articles of continuance of which are attached, is continued under section 211 of the *Canada Not-for-profit Corporations Act*.

JE CERTIFIE que l'organisation susmentionnée, dont les statuts de prorogation sont joints, a été prorogée en vertu de l'article 211 de la *Loi canadienne sur les organisations à but non lucratif*.

Marcie Girouard

Director / Directeur

2013-01-21

Date of Continuance (YYYY-MM-DD)
Date de prorogation (AAAA-MM-JJ)



Canada Not-for-profit Corporations Act (NFP Act)

Form 4031

Articles of Continuance (transition)

To be used only for a continuance from the Canada Corporations Act, Part II.

1 Current name of the corporation

Vancouver International Airport Authority

2 If a change of name is requested, indicate proposed corporate name

Vancouver Airport Authority

3 Corporation number

2 5 6 7 4 5 - 8

4 The province or territory in Canada where the registered office is situated

British Columbia

5 Minimum and maximum number of directors (for a fixed number, indicate the same number in both boxes)

Minimum number

1

Maximum number

15

6 Statement of the purpose of the corporation

See Schedule 1

7 Restrictions on the activities that the corporation may carry on, if any

None

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Form 4031

Articles of Continuance (transition)

8 The classes, or regional or other groups, of members that the corporation is authorized to establish

The corporation is authorized to establish one class of members comprising not more than 15 persons. Each member shall be entitled to receive notice of, attend and vote at all meetings of the members of the Corporation.

9 Statement regarding the distribution of property remaining on liquidation


Any property remaining on liquidation of the corporation, after discharge of liabilities, will be distributed to the Government of Canada.

10 Additional provisions, if any

None.

11 Declaration

I hereby certify that I am a director or an authorized officer of the corporation continuing into the NFP Act.

Signature 
Print name E. MICHAEL O'BRIEN Corporate Secretary
Phone number (614) 276-7713

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2013-01-21
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Note: A person who makes, or assists in making, a false or misleading statement is guilty of an offence and liable on summary conviction to a fine of not more than \$5,000 or to imprisonment for a term of not more than six months or to both (subsection 262(2) of the NFP Act).

SCHEDULE 1

Statement of Purposes of the Corporation

The purposes of the Corporation are to:

- (a) to acquire all of, or an interest in, the property comprising the Vancouver International Airport to undertake the management and operation of the Vancouver International Airport in a safe and efficient manner for the general benefit of the public;
- (b) to undertake the development of the lands of the Vancouver International Airport for uses compatible with air transportation;
- (c) to acquire all of, or interests in, the property, real or otherwise, of other airports, or, to acquire all of, or interests in, other corporations, as have an interest in any aspect of the development, operation and management of other airports anywhere in the world and to undertake, solely or with others, any business pertaining to airports and the activities conducted thereon, including but not limited to, construction, management, operations, passenger processing, leasing, arrangements for airlines and facilitation of government processes, particularly those related to international borders;
- (d) to generate, suggest and participate in economic development projects and undertakings which are intended to expand British Columbia's transportation facilities, or contribute to British Columbia's economy, or assist in the movement of people and goods between Canada and the rest of the world; and
- (e) to assemble information, advise on and otherwise contribute to the advancement of air transportation.

**Canada Not-for-profit Corporations Act (NFP Act)
Form 4002**


Initial Registered Office Address and First Board of Directors

(To be filed with articles of incorporation, continuance (transition), amalgamation, or continuance (import))

1 Corporate name
VANCOUVER INTERNATIONAL AIRPORT AUTHORITY VANCOUVER AIRPORT AUTHORITY

2 Complete address of the registered office (cannot be a post office box)		
Number and street name		
AIRPORT POSTAL OUTLET, P.O. BOX 23750		
City	Province or Territory	Postal code
RICHMOND	British Columbia	V7B 1Y7

3 Directors of the corporation (if space available is insufficient, complete attached schedule)	
First and last name	Address (cannot be a post office box)
MARY JORDAN	2498 POINT GREY DRIVE VANCOUVER, BC V6K 1A2
LAWRENCE BERG	1757 - 137A STREET SURREY, BC V4A 9E6
BRIAN BENTZ	4089 WEST 36TH AVENUE VANCOUVER, BC V6N 2S9
GEORGE CADMAN	925 FOREST HILLS DRIVE NORTH VANCOUVER, BC V7R 1M9

4 Declaration	
I hereby certify that I am an incorporator of the new corporation, or that I am a director or an authorized officer of the corporation continuing into or amalgamating under the NFP Act.	
Signature	
Print name	E. MICHAEL O'BRIEN Corp Secretary
Phone number	604 276-7213
<p><small>Note: A person who makes, or assists in making, a false or misleading statement is guilty of an offence and liable on summary conviction to a fine of not more than \$5,000 or to imprisonment for a term of not more than six months or to both (subsection 262(2) of the NFP Act).</small></p>	

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2013-01-21
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Schedule
(Item 3 of Form 4002)
Directors of the corporation
 To be used if space on form is insufficient

Corporate name
VANCOUVER INTERNATIONAL AIRPORT AUTHORITY VANCOUVER AIRPORT AUTHORITY

Directors of the corporation	
First and last name	Address (cannot be a post office box)
JOSEPH CARON	3075 SPENCER COURT WEST VANCOUVER, BC V7V 3C5
RUSTON GOEPEL	8245 TIDEWATER PLACE VANCOUVER, BC V6P 8R3
KENNETH GOOSEN	5000 LINDEN DRIVE LADNER, BC V4K 4R2
GRAYDEN HAYWARD	#208, 3821 WEST 26TH AVENUE VANCOUVER, BC V6S 1P2
HOWARD JAMPOLSKY	3511 TOMLIE AVENUE RICHMOND, BC V7C 5B9
CAROL ALTER KERFOOT	2785 CYPRESS STREET VANCOUVER, BC V6J 5B9
WILSON PARASIUUK	239 NORTH GAMMA AVENUE BURNABY, BC V5C 1Y1
GERALDINE SINCLAIR	1616 CHARLES STREET VANCOUVER, BC V5L 2T3
TAMARA VROOMAN	4423 WEST 9TH AVENUE VANCOUVER, BC V6R 2C9
PETER W. WEBSTER	4685 BELLEVUE DRIVE VANCOUVER, BC V6R 1E7

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ASLD

Schedule
(Item 3 of Form 4002)
Directors of the corporation
To be used if space on form is insufficient

Corporate name
VANCOUVER INTERNATIONAL AIRPORT AUTHORITY VANCOUVER AIRPORT AUTHORITY

Directors of the corporation	
First and last name	Address (cannot be a post office box)
JOHN CURRIE	1620 ORKNEY PLACE NORTH VANCOUVER, BC V7H 2Z1

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BY-LAW NO. 1

OF

VANCOUVER
AIRPORT AUTHORITY

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BY-LAW NO. 1
OF
VANCOUVER AIRPORT AUTHORITY

PART 1 -- MEMBERSHIP

1.1 Issuance of Membership

The Members of the Authority shall be those persons issued memberships by the Directors immediately upon their election as Directors, without any further action being required.

1.2 Conditions of Membership

At all times Members of the Authority shall be Directors, and the Directors shall be Members.

1.3 Membership Dues

There shall be no membership fees or dues.

1.4 Termination of Membership

Subject to the Act, a person shall cease to be a Member upon his or her ceasing to be a Director of the Authority.

1.5 Membership Non-Transferable

The interest of a Member in the Authority is not, directly or indirectly, transferable.

PART 2 --MEETINGS OF MEMBERS

2.1 Annual Meetings

The Authority shall hold an annual meeting of the Members, on such day, at such time and at such place within the Province of British Columbia as determined by the Directors. At every annual meeting of the Members, in addition to any other business that may be transacted:

- (a) the Annual Report (including, without limitation, the Authority's audited annual financial statements together with the Auditor's report on such statements) shall be presented to the Members;

- (b) Directors, as required, shall be elected by ordinary resolution of the Members in accordance with Section 3.4; and
- (c) the Auditor shall be appointed by ordinary resolution of the Members, to hold office until the next annual meeting.

2.2 Other Meetings

The Directors may at any time call a special meeting of the Members to be held on such day, at such time and at such place within the Province of British Columbia as the Directors determine. The Directors shall call a meeting of the Members on written requisition signed by a Member delivered to the Chair and the Corporate Secretary to transact the business stated in the requisition unless such special meeting is not required to be called pursuant to the provisions of the Act. A requisitioned meeting must be held within 21 days after the date the written requisition is delivered.

2.3 Business of a Meeting

At a meeting of the Members, the Members may consider and transact any business, either special or general. All business transacted at an annual meeting of the Members, except consideration of the financial statements, the Auditor's report, the election of Directors and the appointment of an incumbent Auditor, will be deemed to be special business.

2.4 Notice

Notice in writing of a meeting of the Members must be given by the Corporate Secretary to each Member at least 21 days before the date of the meeting by delivery to the Member personally or by delivery to the Member's Recorded Address by mail, courier or any method of transmitting legibly recorded messages. Notice of a meeting at which special business is to be transacted must:

- (a) state the nature of the special business in sufficient detail to permit a Member to form a reasoned judgement on such business; and
- (b) state the text of any Special Resolution to be submitted to the meeting.

2.5 Voting of Members

Each Member present at a meeting, including the chair of the meeting, is entitled to one vote. All votes will be taken by a show of hands, unless a ballot is demanded by a Member present at the meeting. Every question will be determined by a majority vote of the Members present at the meeting unless otherwise specifically provided by the Act or by this By-law. In the case of an equality of votes, the resolution will fail. Voting by proxy is not permitted.

2.6 Waiver of Notice and Effect of Error or Omission

A Member may, by a written waiver delivered to the Corporate Secretary either before or within 30 days after a meeting, waive notice, or waive or abridge the time for notice required to be given to the Member of the meeting under any provision of the Act or this By-law. Such waiver cures any defect in the giving or in the time of the notice. The meeting, and any proceedings taken at the meeting, that would have been made invalid by such defect in notice will be as duly convened and valid as if notice had been duly given to the Member. The attendance of any Member at a meeting of the Members is a waiver of notice of that meeting, unless such person attends the meeting for the express purpose of objecting to the transaction of business on the grounds that the meeting is not lawfully called. No error or omission in giving notice of a meeting of the Members will invalidate the meeting or make void any proceedings taken at the meeting.

2.7 Meeting Held Entirely by Electronic Means, and Participation by Electronic Means

A meeting may be held entirely by electronic means if all participants can communicate adequately with each other. A Member may participate in any meeting of the Members by electronic means if all participants can communicate adequately with each other. A Member participating in a meeting by such means will be deemed present at the meeting and counted in the quorum and entitled to speak and vote at the meeting.

2.8 Alternate Chair

If the Chair is not present within 15 minutes after the time appointed for the holding of a meeting, or if the Chair is unable to attend a meeting, the chair of the Governance Committee will be chair of the meeting. Failing the attendance of the chair of the Governance Committee, the Members present will elect one of their number to act as chair of the meeting.

2.9 Quorum

A quorum for a meeting of the Members will be a majority of the Members. If a quorum is present at the opening of the meeting but then lost, the Members present may not proceed with the business of the meeting other than to adjourn or terminate the meeting.

2.10 Resolution in Writing

Subject to the Act, a resolution in writing signed by all of the Members, whether by document or any method of transmitting legibly recorded messages, will be as valid as if it had been passed at a meeting of the Members duly called and held. Such resolution may be in counterparts which together will be deemed one resolution.

PART 3 --DIRECTORS

3.1 Powers of Directors/Skills and Knowledge

- (a) The Board shall supervise the management of the business and affairs of the Authority. Without limiting the foregoing, the Board shall administer the affairs of the Authority in all things and may make or cause to be made for the Authority, in the name of the Authority, any kind of contract which the Authority may lawfully enter into and, except as hereinafter provided, generally may exercise all other powers and do all other acts and things as the Authority is authorized to exercise and do.
- (b) Collectively the Directors must possess knowledge and have experience in relation to air transportation, industry, aviation, business, commerce, finance, administration, law, government, engineering, the organization of workers and the representation of the interests of consumers.

3.2 Board of Directors

There shall be up to fifteen (15) Directors of the Authority of whom:

- (a) nine (9) Directors shall be nominated by the Nominating Entities in accordance with Section 3.4(b);
- (b) one Director shall be the Chair;
- (c) one Director shall be the President; and
- (d) up to four (4) Directors shall be directors at large nominated by the Governance Committee in accordance with Section 3.4(b).

The Governance Committee shall present to the Members the slate of those nominated as described in Section 3.4. Each nominee for the position of Director shall be an individual not disqualified from acting as a director under the terms of Section 3.3.

3.3 Qualifications

- (a) Subject to the exceptions in paragraph (b), the following are disqualified from being a Director:
 - (i) a person who is not an individual;
 - (ii) a person who is less than 18 years of age;
 - (iii) a person who is not a citizen of Canada;
 - (iv) a person who is not a resident of British Columbia;

- (v) a person holding federal, provincial or municipal elected office;
 - (vi) a person nominated for federal, provincial or municipal elected office when the election has not occurred;
 - (vii) a person employed by or providing services on a full time basis under contract to any federal, provincial or municipal government department or agency, or any corporation owned by Her Majesty the Queen in right of Canada or any province of Canada;
 - (viii) a person employed by or providing services on a full time basis under contract to a Nominating Entity;
 - (ix) a person who has the status of a bankrupt;
 - (x) a person who has been declared incapable by a court in Canada or in another country;
 - (xi) a person who has been convicted of an offence in connection with the promotion, formation or management of a corporation or an unincorporated business, or involving fraud, unless:
 - (A) the court orders otherwise; or
 - (B) 5 years have elapsed since the last to occur of:
 - (1) the expiration of the period set for suspension of the passing of sentence without a sentence having been passed;
 - (2) the imposition of a fine;
 - (3) the conclusion of the term of any imprisonment; and
 - (4) the conclusion of the term of any probation imposed; or
 - (C) a pardon was granted or issued under the Criminal Records Act [Canada]; or
 - (xii) a person, other than the President, employed by the Authority.
- (b) The Members may by Special Resolution permit, at any one time,
- (i) one Director to be exempted from either of the exclusions in sub-paragraph (a)(iii) and sub-paragraph (a)(iv), or,
 - (ii) one Director to be exempted from both of the exclusions in sub-paragraph (a)(iii) and sub-paragraph(a)(iv), or,

- (iii) one Director to be exempted from the exclusion in sub-paragraph (a)(iii) and one other Director to be exempted from the exclusion in sub-paragraph (a)(iv).

3.4 Election of Directors

- (a) The Members shall elect the Directors at each annual meeting of the Members at which an election of a Director or Directors is required, for a term of office in accordance with Section 3.5.
- (b) At each annual meeting of the Members at which the election of a Director or Directors is required, a slate of nominees shall be presented to the Members by the Governance Committee. For the slate of nominees, the Governance Committee:
 - (i) shall solicit nominees from the following Nominating Entities:
 - (A) the Association of Professional Engineers and Geoscientists of British Columbia, who may nominate one person;
 - (B) the City of Richmond, who may nominate one person;
 - (C) the City of Vancouver, who may nominate one person;
 - (D) the Government of Canada, who may nominate two people;
 - (E) the Institute of Chartered Professional Accountants of British Columbia, who may nominate one person;
 - (F) the Law Society of British Columbia, who may nominate one person;
 - (G) Metro Vancouver (once known as Greater Vancouver Regional District), who may nominate one person; and
 - (H) the Vancouver Board of Trade, who may nominate one person.
 - The time and date by which delivery of names is to be required and the process for solicitation of nominees from the Nominating Entities shall be determined by the Governance Committee;
 - (ii) shall present up to four (4) nominees for the director at large positions; and
 - (iii) shall include the names of the Chair and President, such appointments as Directors being governed by Section 3.2.

3.5 Term of Office

- (a) Subject to Section 3.5(b), Directors shall be elected to hold office for a term expiring not later than the close of the third annual meeting of Members following their election. Directors are eligible for re-election or re-appointment up to a maximum of three terms, or a maximum of nine years.
- (b) The term of three years and the limit of nine years described in Section 3.5(a) shall not apply to the Directors who are the Chair and the President. The President shall continue as a Director for so long as he or she holds the office of President. The Chair shall continue as a Director for so long as he or she holds the office of Chair in accordance with Section 7.2.1.
- (c) Notwithstanding the foregoing, if the number of persons ceasing to be Directors in any calendar year would otherwise be greater than two, the Members may re-elect a Director who would be ineligible for re-election because of the aforementioned term limits, for a further term ending on such date specified by the Members, but in no event later than the close of the next annual meeting of the Members; provided however for each such Director who has been nominated by a Nominating Entity, the Governance Committee shall consult with the applicable Nominating Entity regarding the re-election of such existing Director.
- (d) For clarification, if a Director is appointed or elected to fill a vacancy under Section 3.7, the unexpired term of such Director's predecessor will not count towards the maximum aggregate term for such Director, as specified above in this Section.

3.6 Vacation and Termination of Office of Director

The office of a Director will be automatically vacated if a Director:

- (a) resigns and delivers a written resignation to the Chair;
- (b) meets the limitations on the Director's term of office set out in Section 3.5;
- (c) ceases to be qualified under Section 3.3;
- (d) is removed from office in accordance with the Act;
- (e) who is the Chair ceases to be the Chair, provided that he or she has served longer than nine years;
- (f) who is the President ceases to be the President; or
- (g) dies.

3.7 Vacancies on the Board

Subject to the Act, In the event that a vacancy occurs on the Board:

- (a) the remaining Directors provided there is a quorum, may
 - (i) fill (by appointment) any vacancy on the Board (other than a vacancy resulting from an increase in the number of the minimum or maximum number of Directors provided for in the articles), or
 - (ii) where a vacancy results from an increase in the number of the minimum or maximum number of Directors provided for in the articles, call a meeting of Members for the purpose of filling the vacancy on the Board;
- (b) at each such meeting of the Directors or Members, as the case may be, where a vacancy or vacancies on the Board will be filled, the Governance Committee shall present the name(s) of the Director nominees and in doing so shall ensure that the Board comprises the persons described in Section 3.4(b). The provisions of Section 3.4(b) will apply *mutatis mutandis* when a vacancy is filled;
- (c) a Director appointed or elected to fill a vacancy holds office for the unexpired term of his or her predecessor; and
- (d) during the period of time commencing on the occurrence of the vacancy on the Board until the appointment or election of the replacement Director, the Directors remaining in office may exercise all of the powers of the Board provided that a quorum of Directors is elected or remains in office as the case may be.

3.8 Remuneration of Directors

The Directors, other than the President, may receive reasonable remuneration for their services as Directors together with reimbursement for all reasonable expenses necessarily incurred in fulfilment of their duties, as determined by the Board and administered by the Chair.

PART 4 --MEETINGS OF THE DIRECTORS

4.1 Meetings

- (a) The Directors may meet together at such time and place as they think fit for the dispatch of business and otherwise regulate their meetings and proceedings as they see fit, subject always to this By-law and the Act.
- (b) The Chair may at any time call a meeting of the Directors to be held at such time and place as the Chair determines. The Chair shall call a meeting of the Directors on written requisition signed by not less than three Directors and delivered to the

Chair and the Corporate Secretary to transact the business stated in the requisition. A requisitioned meeting must be held within ten days after the date the written requisition is delivered.

4.2 Notice

At least three days' notice in writing of each meeting of the Board, specifying the time and place of the meeting and the general nature of the business to be discussed, must be given by the Corporate Secretary to each Director by delivery to the Director personally or by delivery to the Director's Recorded Address by mail, courier or any method of transmitting legibly recorded messages.

4.3 Voting

Each Director present at a meeting, including the Chair of the meeting, is entitled to one vote. All votes will be taken by a show of hands, except for the election of the Chair which shall be conducted in accordance with Section 7.2.1 and unless a ballot is demanded by a Director. Every resolution will be determined by a majority vote of the Directors present at the meeting and entitled to vote on such resolution. In the case of an equality of votes, the resolution will fail. Voting by proxy is not permitted.

4.4 Proceedings Same as Meetings of Members

The provisions relating to proceedings at meetings of the Members set forth in Sections 2.6 to 2.10 of this By-law will apply *mutatis mutandis* to all meetings of the Board.

PART 5 --COMMITTEES

5.1 Membership of Committees

- (a) The Board may create one or more committees in addition to the Governance Committee (which must be created by the Board under Section 5.3). Each committee shall comply with all rules imposed from time to time by the Board including those set out in the manual referred to in Section 15.5. A committee shall make periodic recommendations to the Board in respect of the subject on which it was created to advise. The Board shall take into consideration, but not be bound by, such recommendations.
- (b) Except as provided in Section 5.3, the chair and the members of each committee will be those Directors who are appointed by the Board upon consideration of any recommendation of the Chair. Other than the Chair as a member of the Governance Committee, a committee member or committee chair may be removed and replaced by the Board.

5.2 Proceedings of Committees

The members of a committee may meet as they think fit. At least three days' notice in writing of each meeting of a committee, specifying the time and place of the meeting and the general nature of the business to be discussed, must be given to each committee member by delivery to the member personally or by delivery to the member's Recorded Address by mail, courier or any method of transmitting legibly recorded messages. The provisions relating to proceedings at meetings of the Members set forth in Sections 2.6 to 2.10 will apply *mutatis mutandis* to all meetings of committees.

5.3 Governance Committee

There must be a Governance Committee consisting of the Chair and not less than two other Directors, who are not officers or employees of the Authority. The Chair may not be the chair of the Governance Committee.

PART 6 -- INDEMNITIES TO DIRECTORS AND OTHERS

6.1 Indemnities

- (a) Every present or former Director or officer of the Authority, or another individual who acts or acted at the Authority's request as a Director or officer or in a similar capacity of another entity, and their respective heirs, executors, administrators, estates and effects will be indemnified by the Authority against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of his or her association with the Authority or other entity.
- (b) The Authority may advance money to a Director, an officer or other individual for the costs, charges and expenses of a proceeding referred to Section 6.1(a). The individual shall repay the money if the individual does not fulfil the conditions of Section 6.1(c).
- (c) The Authority may not indemnify an individual under Section 6.1(a) unless the individual:
 - (i) acted honestly and in good faith with a view to the best interests of the Authority or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Authority's request;
 - (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his or her conduct was lawful; and

- (iii) was not judged by the court or other competent authority to have committed any fault or to have omitted to do anything that the individual ought to have done.

6.2 Contracts of Indemnity

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

6.3 Insurance

The Board may cause funds to be expended by the Authority for the purchase and maintenance of insurance for the benefit of any person who is or was a Director, officer, employee or agent of the Authority or is or was serving at the request of the Board as a director, officer, employee or agent of an entity in which the Authority has or has had an interest, against any liability incurred by such person in that capacity.

PART 7 -- OFFICERS

7.1 Officers

The officers of the Authority are the Chair, the President, the Corporate Secretary and such vice presidents as the Board sees fit to appoint. No person may hold more than one such office at the same time, except the Corporate Secretary who may also be, but is not required to be, a vice president of the Authority.

7.2 Chair

7.2.1 The Chair will be appointed by secret ballot, subject to Section 7.2.3 and the following, at the first meeting of the Board held after the annual meeting of the Members:

- (a) the initial term of a person appointed Chair shall commence immediately upon appointment and end at the beginning of the first meeting of the Board held after the annual meeting of the Members held in the third calendar year after the year in which the initial term began;
- (b) if the person appointed Chair is a Director nominated by a Nominating Entity, the Chair shall be deemed to have resigned as that Nominating Entity's nominee, and shall be deemed to be one of the directors at large;
- (c) nominations for Chair shall be made in writing and delivered to the Corporate Secretary at least two weeks prior to the date of the meeting of the Board at which the appointment of the Chair will occur; and

- (d) a person who has served an initial term of three years as Chair is eligible for re-appointment every two years thereafter, but in no event may serve as Chair for more than the greater of 3 additional consecutive terms or six additional years.

7.2.2 The Chair shall preside at meetings of the Members, the Annual Public Meeting, the annual meeting of the Nominating Entities and Board meetings, and shall perform such other duties as are provided in this By-law or may be prescribed by the Board.

7.2.3 If the Chair ceases to be the Chair before the end of that term as Chair, then the process for appointment of Chair, described in Section 7.2.1, will be held at the first meeting of the Board held after the vacancy of the Chair was created.

7.3 President

The President is appointed by the Board. The President shall be the chief executive officer and, subject to the authority of the Board, has the general and active supervision and management of the affairs of the Authority, and shall have such other powers and duties as the Board may specify.

7.4 Corporate Secretary

The Corporate Secretary is appointed by the Board. The Corporate Secretary shall give or cause to be given notice of all meetings of the Members and of the Board when requested by the Chair, and shall attend all such meetings and act as secretary thereof and record all votes and minutes of all proceedings in the books to be kept for that purpose. The Corporate Secretary shall have such other powers and duties as may be prescribed by the Board. The Corporate Secretary is custodian of the seal of the Authority.

7.5 Term of Office

The officers of the Authority (other than the Chair, whose term is described in Section 7.2.1) will hold office at the pleasure of the Board and are eligible for reappointment.

7.6 Remuneration of Officers

The remuneration of all officers will be fixed by the Board.

7.7 Termination

The Board, in its discretion, at any time, may remove the Chair, the President or the Corporate Secretary. All other officers may be removed or their employment may be terminated by the President. The termination of the appointment of an officer will not prejudice any right to compensation that such officer may have in so far as the termination is in breach of the terms of the officer's employment.

PART 8 -- CORPORATE SEAL AND EXECUTION OF DOCUMENTS

8.1 Corporate Seal

The seal, an impression of which was stamped on a certificate of the Corporate Secretary immediately following the issue of letters patent incorporating the Authority, is the seal of the Authority.

8.2 Execution of Documents

Subject to any resolution of the Board as described in the next following sentence, documents or instruments requiring the signature of the Authority may be signed by, and the seal of the Authority may be affixed in the presence of, any two of the Chair, the President, the Corporate Secretary and any vice president, and all documents and instruments so signed will be binding upon the Authority without any further authorization or formality. The Board may from time to time appoint a person or persons to sign on behalf of the Authority, with or without the seal, a particular document or instrument, one or more documents and instruments meeting a description, or all documents and instruments generally. The Corporate Secretary may affix the seal for the purpose of certifying copies of or extracts from the constating documents of the Authority, this By-law, minutes of meetings or resolutions of the Members or of the Board or committees of the Board, or instruments executed or issued by the Authority.

8.3 Power of Attorney

The Board may give a power of attorney of the Authority to any registered dealer in securities for the purpose of transferring and dealing with any bonds and other securities of the Authority.

PART 9 -- FINANCIAL RECORDS, AUDIT AND ACCOUNTING

9.1 Records and Accounts

The Board shall cause to be kept proper accounting records for the Authority and, without limiting the generality of the foregoing, shall cause records to be kept of every receipt of funds, disbursement, sale, purchase, asset, liability made by or for the Authority, and every other transaction affecting the financial position of the Authority.

9.2 Place of Records

The accounting records of the Authority must be kept at such place within the Province of British Columbia as the Board determines.

9.3 Inspection

The accounting and financial records of the Authority must be available for inspection by any person (including, without limitation, a Director) upon reasonable notice.

9.4 Auditor

The Members shall, at each annual meeting of the Members, appoint an Auditor to hold office until the next annual meeting or until the Auditor's successor is appointed. The Board may fill any vacancy occurring in the office of the Auditor. No Director and no employee of the Authority may be Auditor of the Authority. The Auditor shall audit the accounts of the Authority for report to the Members at the annual meeting.

9.5 Fiscal Year

The fiscal year end for the Authority will be determined by the Board.

9.6 Financial Statements

The Board shall, at least once in every fiscal year, cause comparative financial statements of the Authority to be prepared and audited. The financial statements must consist of:

- (a) a statement of financial position or a balance sheet;
- (b) a statement of comprehensive income or a statement of retained earnings;
- (c) a statement of changes in equity or an income statement; and
- (d) a statement of cash flows or a statement of changes in financial position.

9.7 Annual Report

The Board shall produce a written report for each year of the operation of the Authority that includes the Authority's audited annual financial statements together with the Auditor's report on such statements, and a statement of the Authority's general policies, business and major transactions during the year (the "Annual Report"). The Board shall present the Annual Report at the annual meeting of the Members, the Annual Public Meeting and the annual meeting of the Nominating Entities.

PART 10 -- INVESTMENT AND BORROWING

10.1 Investment Powers of Directors

When investing monies of the Authority, the Board will not be restricted to securities permitted by law to a trustee but may invest such monies in such manner and in such

securities, properties and investments as the Board, in its absolute discretion, deems in the best interests of the Authority with liberty to vary and transpose the same from time to time.

10.2 Borrowing

The Board may:

- (a) borrow money upon the credit of the Authority;
- (b) limit or increase the amount to be borrowed;
- (c) issue or reissue bonds, debentures, notes or other securities of the Authority, whether secured or unsecured;
- (d) pledge or sell such bonds, debentures or other securities for such sums and at such prices as may be deemed expedient; and
- (e) secure any such bonds, debentures, notes or other securities, or any other present or future borrowing or liability of the Authority, by mortgage, hypothec, charge, pledge or other security interest relating to all or any currently owned or subsequently acquired real and personal, movable or immovable, property and leasehold and reversionary interests of the Authority, and the undertaking, rights and assets of the Authority.

PART 11 -- GENERAL

11.1 Head Office

The head office of the Authority will be located in Richmond, British Columbia.

11.2 Members and Records

The Board shall cause minutes of all meetings of the Members and of the Board and resolutions consented to in writing by the Members or the Board, together with minutes of all meetings of committees of the Board, copies of all notices, filings and reports required pursuant to the Act or this By-law, and all registers required under the Act or this By-law to be maintained at such place as the Board determines. Such minutes, resolutions, notices, filings and reports must be available for inspection by a Director and by other persons prescribed by the Act, all upon reasonable notice.

11.3 Amendment of By-law No. 1

This By-law may be repealed or amended by a resolution of the Board and confirmed by an ordinary resolution, but no such repeal or amendment may be enforced or acted upon until the relevant requirements of the Act and Regulations thereunder have been

fulfilled and, if required, the written approval of the Minister of Transport is obtained.

11.4 Rules and Regulations

The Board may prescribe such rules and regulations not inconsistent with its By-laws relating to the governance, management and operation of the Authority as it deems expedient.

PART 12 -- NOTICES

12.1 Receipt of Notice

A notice to be given under a provision of the Act or this By-law will be deemed to have been received:

- (a) if by personal delivery or by courier, on the date of delivery; or
- (b) if by mail, on the third business day after it is posted; or
- (c) if by any method of transmitting legibly recorded messages, on the day of transmission.

PART 13 -- DISTRIBUTION OF ASSETS AND DISSOLUTION

13.1 Distribution of Assets

Neither the Members nor the Board shall distribute among the Members in kind, specie or otherwise, any property or assets of the Authority.

13.2 Liquidation of Assets upon Dissolution

Upon liquidation of the Authority, after payment of all liabilities, the assets and property of the Authority must be paid and distributed to the Government of Canada.

PART 14 -- RELATIONS WITH NOMINATING ENTITIES AND THE PUBLIC

14.1 Annual Public Meetings

The Authority shall, within 135 days after the end of each fiscal year, hold a public meeting (the "Annual Public Meeting") in premises in the Province of British Columbia that are adequate for the size of audience that may reasonably be anticipated. The Annual Public Meeting must be open to all members of the public. The Authority shall:

- (a) give at least 30 days' prior notice of each Annual Public Meeting in at least four newspapers in general circulation within the area in which the Airport is situated;

- (b) report on the management, operation and maintenance of the Airport;
- (c) afford reasonable opportunity for the asking of questions and the expression of views;
- (d) ensure that a majority of the Directors and, unless unable to attend, the Chair and the President, are present at each such meeting; and
- (e) present the Annual Report and the audited financial statements including the Auditor's report thereon for the previous fiscal year.

14.2 Nominating Entities

- (a) The Authority shall, within 135 days after the end of each fiscal year of the Authority, convene a meeting between the Authority and the Nominating Entities. No one is entitled to attend such meeting except representatives of the Authority and of the Nominating Entities and other persons mutually invited by the Authority and the Nominating Entities. The Authority shall ensure that a majority of the Directors are present at each such meeting. The Authority shall present to the meeting the Annual Report for the previous fiscal year and a statement of the Authority's operational goals for the current fiscal year.
- (b) In addition to the meeting described above, the Chair shall convene an extraordinary meeting at the request of any Nominating Entity to be held between the duly authorized representatives of all the Nominating Entities and the Directors of the Authority to respond to the Nominating Entity's questions on matters of public interest concerning the business of the Authority. The Nominating Entity's request shall state the general nature of the business to be discussed.
- (c) Each nominated Director shall annually agree upon a plan of communication between that Nominating Entity and that Director concerning the affairs of the Authority.

14.3 Performance Review

- (a) At least once in every five-year period, the Authority shall retain a qualified independent consulting firm, chosen by a competitive process from a list of firms prepared by the Authority in consultation with the Nominating Entities, to conduct a review of the Authority's management, operations and financial performance. The firm conducting the review shall prepare a written report containing its findings.
- (b) The Authority shall ensure that the firm conducting the review shall include in the report an assessment of the extent to which and how well the Authority has fulfilled its objects during the period covered by the review and any other relevant information about the Authority.

- (c) The Authority shall upon completion of the report provide a copy, free of charge, to each of its Nominating Entities and to the Minister of Transport.

14.4 Procurement and Acquisition Policy

- (a) The Authority's Procurement and Acquisition Policy must at all times be available to the public. As a general practice, the procurement of goods, services and construction services contracts in excess of \$100,000 (2000 dollars, subject to an annual adjustment for inflation) shall be awarded following a competitive public process. Exceptions to this practice may be made in those circumstances described in the Procurement and Acquisition Policy.
- (b) The Authority shall report annually in writing on any contract for the procurement of goods, service or construction services in excess of \$100,000 (2000 dollars, subject to an annual adjustment for inflation) awarded during the previous year which was not awarded on the basis of a competitive public process, including information concerning the contractor, the amount and the reasons for not using the public process.
- (c) To the extent practicable and with due consideration to Canada's international obligations, the Authority shall endeavour to optimize Canadian content and industrial benefits in its procurement of goods, service and construction services contracts in line with good private sector commercial practices, including the principle of best value procurement, where there is sufficient competition for such procurement in the Canadian market.

14.5 Remuneration Disclosure Policy

The Authority shall report annually in writing the remuneration provided to each Director and either the salary or salary ranges of each of the Authority's officers.

14.6 Report on Compliance

The Authority shall report annually in writing on the Directors' compliance and non-compliance, if any, with its conflict of interest guidelines.

14.7 Non-Arm's Length Transactions

The Authority shall obtain the prior acceptance of the Minister of Transport that the financial terms and conditions of each intended use and occupancy of airport premises which would not be at arm's length from the Authority, would produce for the Authority gross revenue equivalent to that from an arm's length use and occupancy of the premises. The Authority shall report annually in writing on the parties, the financial particulars and the circumstances of each such transaction entered into in the previous year.

PART 15 -- INTERPRETATION

15.1 Interpretation

In this By-law and in all other By-laws of the Authority passed after this By-law becomes effective, unless the context otherwise requires, words importing the singular number or the masculine gender include the plural number or the neuter and feminine gender, as the case may be, and vice versa, and references to persons shall include firms and corporations.

15.2 Interpretation Act

This By-law will be construed in accordance with the *Interpretation Act*, R.S.C. 1985, c. I-21, as amended.

15.3 Canada Not-for-profit Corporations Act

The definitions in the Act on the date this By-law becomes effective will apply to this By-law.

15.4 Definitions

In this By-law, unless the context otherwise requires:

- (a) "Act" means the *Canada Not-for-profit Corporations Act*, or any statute which may be substituted therefor, including the regulations made thereunder as amended from time to time;
- (b) "Annual Public Meeting" means the meeting described in Section 14.1;
- (c) "Annual Report" means the report described in Section 9.7;
- (d) "Auditor" means the public accountant of the Authority from time to time;
- (e) "Authority" means the Vancouver Airport Authority;
- (f) "Board" means the board of directors of the Authority;
- (g) "Chair" means the chair of the Board;
- (h) "Corporate Secretary" means the corporate secretary of the Authority;
- (i) "Director" means a director of the Authority;
- (j) "Governance Committee" means the committee described in Section 5.3;
- (k) "Member" means a member of the Authority;

- (l) **"Minister of Transport"** means the Minister of Transport for her Majesty the Queen in right of Canada;
- (m) **"Nominating Entities"** means the nominating entities described in Section 3.4(b)(i);
- (n) **"President"** means the president of the Authority;
- (o) **"Recorded Address"** means the residential address, business address, facsimile number or e-mail address, as applicable, provided to the Authority by a person to whom notice is required to be given under this By-Law; and
- (p) **"Special Resolution"** means a resolution passed by at least two-thirds of the votes cast at a meeting of the Members.

15.5 Governance Rules and Practices

The Members, the Board, the committees and officers of the Authority will comply with the Governance Rules & Practices set out in the manual approved by the Board from time to time, except and to the extent they are inconsistent with the provisions of this By-Law, the Articles or the Act.

PART 16 -- EFFECTIVE DATE AND REPEAL

16.1 Effective Date

This By-law shall come into force when made by the Board in accordance with the Act.

16.2 Repeal

All previous by-laws of the Authority are repealed as of the coming into force of this By-law. Such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any letters patent or predecessor charter documents of the Authority obtained pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions for this By-law and all resolutions of the Members or the Board or a committee of the Board with continuing effect passed under any repealed by-law shall continue to be good and valid except to the extent inconsistent with this By-law and until amended or repealed.

PASSED by the Board on the 25th day of February, 2016, at the City of Richmond, in the Province of British Columbia, and,

CONFIRMED by Ordinary Resolution of the Members on the 25th day of February, 2016, at the City of Richmond, in the Province of British Columbia.

Chair of the Board
Mary Jordan

Corporate Secretary
Argiro Kotsalis

VANCOUVER AIRPORT AUTHORITY

LAND DEVELOPMENT AND CONSTRUCTION BY-LAW

PART I INTERPRETATION

Application

1.1 This Land Development and Construction By-law is enacted by the Airport Authority to establish a process for the granting of permits relating to the use of land and Construction of Structures on the Airport Lands and to establish the roles of certain departments and employees of the Authority. This By-law applies to the Airport Lands.

Definitions

1.2 In this By-law:

“**Airport Authority**” means the Vancouver Airport Authority;

“**Airport Authority Department**” means any subdivision of the Airport Authority determined by the Board of Directors;

“**Airport Authority Group**” means a department, group or employee of the Airport Authority having responsibility relating to the Construction of a Structure on behalf of the Airport Authority;

“**Airport Lands**” means those lands, water, air space, buildings and structures leased to the Airport Authority by Her Majesty the Queen in right of Canada pursuant to the terms of the Ground Lease;

“**Airport Master Plan**” means a master plan prepared by the Airport Authority pursuant to Section 7.01 of the Ground Lease, as such master plan may be amended from time to time;

“Applicable Codes and Standards” means the standards applicable to the construction of a structure that are in force at the date of the issue of the Facility Alteration Permit, or where one has been issued, on the date of issue of the Development Permit, which may include but which are not limited to the following:

- a) the National Building Code of Canada, the National Fire Code of Canada, such environmental standards and other codes, regulations, practices and standards appearing on any list of applicable codes, regulations, practices and standards which may be issued from time to time by The Executive Committee, and,
- b) any code, regulation, practice or standard determined to be applicable to any particular structure by the Vice President, Engineering.

or as otherwise determined from time to time by the Vice President, Engineering.

“Applicant” means the Third Party or the Airport Authority Group applying for or receiving a Development Permit, a Facility Permit or an Occupancy/Use Permit and includes an agent representing the Applicant by written authorization;

“Approved Environmental Consultant” means a person whose name appears on a list published from time to time by The Executive Committee of persons who are approved to perform environmental reviews or assessments as contemplated by this By-law and the Development Rules;

“Approved Land Use Plan” means the land use plan in place for the Airport Authority pursuant to Sub-sections 7.02.01 and 7.02.02 of the Ground Lease;

“Authority Having Jurisdiction” means the Airport Authority;

“Construct” includes design, build, erect, install, repair, alter, add, enlarge, move, locate, relocate, reconstruct, demolish, remove, renovate, excavate and shore and all other functions and practices normally carried out in the course of Construction;

“Construction” includes the process of designing, building, erecting, installing, repairing, altering, adding, enlarging, moving, locating, relocating, reconstructing, demolishing, removing, renovating, excavating and shoring a Structure and all other functions and practices normally carried out in the course of any of these activities;

“Development Permit” means the written Development Permit issued in accordance with this By-law and the Development Rules

“Development Rules” means those rules established and amended from time to time by The Executive Committee pursuant to Section 2.1 of this By-law;

“Environment Department” means the department of the Airport Authority responsible for environmental matters;

“**Environmental Standards**” means the standards published by The Executive Committee from time to time to be used in construction and operations on Airport Lands.

“**Equipment**” means any machinery or mechanical fixture installed in or attached to a Structure and all furniture, temporary works, apparatus and devices;

“**Facility Permit**” means a permit issued by the Permit Section in accordance with this By-law and the Development Rules, and includes the permit referred to in any lease of premises on the Airport Lands which refers to a facility alteration permit;

“**Fee Schedule**” means the Airport Authority Land Development and Construction Fee Schedule established pursuant to Section 2.2 of this By-law;

“**Ground Lease**” means the lease from the Minister of Transport to the Airport Authority dated June 30, 1992, as it may be amended from time to time;

“**Guidelines**” means such Guidelines for the construction of projects on Airport Lands as may be published by the Permit Section from time to time;

“**Independent Professional**” means a Registered Professional whose name appears on a list published from time to time by The Executive Committee of persons who are approved to perform the independent reviews contemplated by this By-law and the Development Rules;

“**Letter of Compliance**” means a letter addressed to the Airport Authority signed by an approved Independent Professional in a format specified by the Airport Authority in the Development Rules;

“**Occupancy/Use Permit**” means a permit issued in accordance with this By-law and the Development Rules and includes an Interim and Partial Occupancy/Use Permit;

“**Permit Section**” means the operating unit of the Airport Authority designated by The Executive Committee to administer matters related to the issuance of a Facility Permit;

“**Person**” means a natural person, the heirs, executors, or administrators of a natural person, a firm, corporation, municipal or quasi-municipal corporation, school board, hospital board or other government or government agency and includes an Airport Authority Group and the Airport Authority;

“**Registered Professional**” means a Person who is:

- i) registered or licensed to practice as an architect under the *Architects Act*, R.S.B.C. 1996, c.17; or
- ii) registered or licensed to practice as a professional engineer under the *Engineers and Geoscientists Act*, R.S.B.C. 1996, c.116;

“**Structure**” means an improvement, permanent or temporary, resting in, on, or under or over land or water, including runways, roads, pipelines, underground services, buildings and their component parts and features, free-standing sign structures and Equipment;

“**The Executive Committee**” means the committee of the Airport Authority chaired by the President and composed of all Vice Presidents of the Airport Authority and such other persons as the President may direct;

“**Third Party**” means a Person involved in the Construction of a Structure, other than an employee or officer of or other person acting on behalf of the Airport Authority.

“**Vice President Engineering**” means the person appointed by the Board of Directors as the officer of the Airport Authority holding responsibility for the issue of permits under this By-law holding whatever title the Board directs, including Senior Vice President;

“**Vice President Environment**” means the person appointed by the Board of Directors as the officer of the Airport Authority holding responsibility for the direction of the Environment Department holding whatever title the Board directs.

PART 2 REQUIREMENTS GOVERNING CONSTRUCTION AND DEVELOPMENT

2.1 The Executive Committee is hereby authorized to create a set of written rules, to be known as Vancouver Airport Authority Development Rules, relating to the Construction of Structures on the Airport Lands which are in addition to and which will supplement the requirements of this By-law and which may contain such requirements and restrictions and may be amended from time to time as The Executive Committee may in its discretion think fit.

2.2 The Executive Committee is hereby authorized to establish and from time to time amend a schedule of fees and other amounts to be known as the Airport Authority Land Development and Construction Fee Schedule to be paid by Applicants applying for Development Permits, Facility Permits, and Occupancy/Use Permits.

2.3 Except as provided in Section 2.5 of this By-law no Third Party will Construct a Structure without:

- (a) having a valid written lease, agreement to lease or license from the Airport Authority which authorizes the Third Party to Construct a Structure;
- (b) when required under Part Five of this By-Law, obtaining a Development Permit in accordance with the Development Rules;
- (c) obtaining a Facility Permit in accordance with the Development Rules;

- (d) paying the fees and other amounts set out in the Fee Schedule;
- (e) complying with this By-law, the Development Rules, the Airport Master Plan, the Approved Land Use Plan and the Applicable Codes and Standards; and
- (f) complying with all applicable laws, regulations and guidelines passed, issued or created by all governmental authorities having jurisdiction.
- (g) obtaining an Occupancy/Use Permit pursuant to Part Seven of this By-Law before using or occupying the structure.

2.4 Except as provided in Section 2.5, no Airport Authority Group will authorize or participate in the Construction of a Structure without:

- (a) when required under Part Five of this By-Law , obtaining a Development Permit in accordance with the Development Rules;
- (b) obtaining a Facility Permit in accordance with the Development Rules;
- (c) complying with this By-law, the Development Rules, the Airport Master Plan, the Approved Land Use Plan and all Applicable Codes and Standards; and
- (d) complying with all applicable laws, regulations and guidelines passed, issued or created by all governmental authorities having jurisdiction.
- (e) obtaining an Occupancy/Use Permit pursuant to Part Seven before using or occupying the structure.

2.5 Notwithstanding Sections 2.3 and 2.4, The Executive Committee may, in the Development Rules or otherwise, exempt any Person or class of Persons from obtaining a Development Permit, a Facility Permit or an Occupancy/Use Permit for Construction or occupation of any particular Structure or class of Structures and may authorize any Airport Authority Department or official to waive the requirement to obtain a Development Permit, Facility Permit or Occupancy/Use Permit for the Construction or occupation of any Structure or modify the process of obtaining a Development Permit, Facility Permit or Occupancy/Use Permit.

2.6 Without prejudice to the requirements of any lease or other agreement with the Airport Authority, no Third Party and no Airport Authority Group shall make or permit any significant change to the use of any premises forming part of the Airport Lands without first giving a detailed notice of any such proposed change of use to the Permit Section and receiving an approval to such change of use from the Permit Section. In determining whether to issue an approval, the Permit Section may require the Third Party or Airport Authority Group to comply with all of the provisions of this By-law and the Development Rules, or such portion of this By-law and the Development Rules as the Permit Section in its discretion determines, as if such change of use constituted the Construction of a Structure.

PART 3 THE PERMIT SECTION

Administration of By-law

- 3.1 The Permit Section shall:
- (a) administer this By-law and the Development Rules;
 - (b) keep records of all documentation relating to the application for and issuance of Development Permits, Facility Permits, and Occupancy/Use Permits; and
 - (c) collect fees and other amounts as set out in the Fee Schedule.

PART 4 AUTHORITY HAVING JURISDICTION

Designation

4.1 For Construction of Structures on the Airport Lands, wherever one of the Applicable Codes and Standards refers to an authority having jurisdiction, the Airport Authority shall be the applicable authority having jurisdiction. The Vice President, Engineering shall make all decisions required of the authority having jurisdiction and may designate from time to time certain persons or departments of the Airport Authority to make any such decision. A person, department, or official so designated by the Vice President, Engineering shall have the full capacity and authority to perform and shall perform the functions of the authority having jurisdiction in the applicable code, practice, regulation or standard.

PART 5 DEVELOPMENT PERMIT

Application

5.1 The Vice President Engineering or the Vice President Environment may in their unfettered discretion require that an Applicant apply for a Development Permit in such manner and form as may be specified by the Permit Section from time to time. This discretion may not be delegated.

5.2 Effect of a Development Permit

5.2 The issue of a Development Permit only entitles the Applicant to apply for a Facility Permit and does not create any obligation to issue a Facility Permit, or authorize the Construction of any Structure or bind the Airport Authority to enter into a lease or other contract.

Issuance of a Development Permit

5.3 Upon receipt of an application for a Development Permit the Permit Section shall review the application to determine if there is sufficient information available. It shall forward the application to the Environment Department and may in its discretion forward the application to other Airport Authority Departments or affected parties for comment. If the Permit Section is satisfied that the Construction of the Structure does not violate the requirements of this By-law, the Development Rules, the Airport Master Plan, the Approved Land Use Plan, or the Applicable Codes and Standards, and it does not receive an objection from an Airport Authority Department or affected party, it shall issue a Development Permit.

5.4 If in the opinion of the Permit Section certain conditions to the issue of a Development Permit are required, the Permit Section may issue a Development Permit subject to those conditions.

Refusal to Issue a Development Permit

5.5 The Permit Section shall refuse to issue a Development Permit if in its opinion the Applicant does not meet the requirements set out in Section 5.2 or if it receives objection to the Construction of the Structure from an Airport Authority Department or affected party. If the Permit Section does not grant a Development Permit, the Permit Section shall, upon request, give written reasons to the Applicant for such decision.

PART 6 FACILITY PERMITS

Application

6.1 An Applicant applying for a Facility Permit shall make such application to the Permit Section, in such manner and form as may be specified by the Permit Section from time to time.

Proof of Sublease

6.2 The Permit Section shall not issue a Facility Permit to a Third Party unless it has received evidence of a license or a sub-lease or an agreement to sub-lease between the Applicant and the Airport Authority for the parcel or premises to which the Facility Permit application relates.

6.3 Upon receipt of an application for a Facility Permit, the Permit Section shall review the application to determine if there is sufficient information available. It shall forward the application to the Environment Department and may at its discretion forward the application to other Airport Authority Departments or affected parties for comment.

Issuance of Facility Permit

6.4 Subject to Section 6.6, upon receipt of an application for a Facility Permit which complies with the requirements of this By-law and the Development Rules and does not violate the Airport Master Plan, the Approved Land Use Plan or the Applicable Codes and Standards, and if it does not receive an objection from an Airport Authority Department or affected party, and if all applicable fees and all other amounts have been paid, the Permit Section shall issue a Facility Permit to the Applicant.

6.5 The Permit Section may, in its discretion, issue a Facility Permit limited in scope to the matters therein described. If in the opinion of the Permit Section certain conditions to the issuance of a Facility Permit are required, the Permit Section may issue a Facility Permit subject to those conditions.

Refusal to Issue a Facility Permit

6.6 The Permit Section shall refuse to issue a Facility Permit in the following circumstances:

- (a) where in the opinion of the Permit Section the Applicant's documentation is incomplete;
- (b) where in the opinion of the Permit Section the Applicant's work will contravene the requirements of this By-law and the Development Rules, the Airport Master Plan, the Approved Land Use Plan or the Applicable Codes and Standards;

- (c) where the Permit Section has been notified of a violation of this By-law, the Development Rules, or any of the Applicable Codes and Standards with regard to the Construction of another Structure for which a Facility Permit is required, which has not been remedied by the Applicant;
- (d) where the Applicant has not provided evidence of insurance coverage satisfactory to the Permit Section;
- (e) where the applicable fees and other amounts have not been paid to the Permit Section; or
- (f) where the Permit Section has received an objection from an Airport Authority Department.

Development Cost Charges

6.7 The Executive Committee may, in the Development Rules or in a separate resolution subsequent to its adoption of the Development Rules, create a system of development cost charges pursuant to which Third Parties applying for Facility Permits may be charged an additional fee as determined by the Permit Section to contribute to the cost of any utilities, services or other amenities provided to such Applicant's Structure.

PART 7 OCCUPANCY/USE PERMIT

7.1 No Third Party and no officer or employee of the Airport Authority shall allow any Person to occupy or use any part of the Airport Lands which is the subject of an application for a Facility Permit until an Occupancy/Use Permit has been issued by the Permit Section in accordance with the Development Rules, except in the case of a Structure which was validly occupied at the time the Application was made. The word "use" in this paragraph does not refer to the carrying out of any Construction which was authorized by a Facility Permit. Each sub-lease or license, or renewal thereof, of a portion of the Airport Lands entered into after the date of this By-law shall make it a default under such sub-lease or license to use or occupy any part of the premises demised by such sub-lease or license without obtaining an Occupancy/Use Permit from the Permit Section.

7.2 Before issuing an Occupancy/Use Permit, the Permit Section shall obtain a Letter of Compliance from an Independent Professional which certifies that the Structure substantially complies with all Applicable Codes and Standards.

PART 8 MISCELLANEOUS

Duty of Care

8.1 Neither this By-law nor the Development Rules create a duty of care by the Airport Authority, or any of its directors, officers, employees or agents in respect of:

- (a) the issuance, waiver or refusal of a Development Permit, a Facility Permit, or an Occupancy/Use Permit;
- (b) the review of any plans and supporting documents; or
- (c) the failure to enforce any of the Applicable Codes and Standards, the provisions of this By-law or the Development Rules.

Cause of Action

8.2 Neither a failure to administer or enforce, nor incomplete or inadequate administration or enforcement of the Applicable Codes and Standards, the provisions of this By-law, or the Development Rules nor any error, omission or other neglect in relation to the issuance of a Development Permit, a Facility Permit, or an Occupancy/Use Permit, or approval under this By-law, nor any review of the plans and supporting documents will give rise to a cause of action in favour of any Person, including any Applicant, against the Airport Authority, or any of its directors, officers, employees or agents.

Warranty or Representation

8.3 Neither the issuance or waiver of a Development Permit, a Facility Permit or an Occupancy/Use Permit nor the review of plans and supporting documents will in any way constitute a representation, warranty or statement that the Applicable Codes and Standards, the Airport Master Plan, the Approved Land Use Plan, this By-law or the Development Rules have been complied with and no Person may rely on any of the above listed matters as establishing compliance with the Applicable Codes and Standards, the Airport Master Plan, the Approved Land Use Plan, this By-law or the Development Rules, sole responsibility for which shall rest with the Applicant.

Applicant's Responsibility

8.4 It will be the sole responsibility of the Applicant to carry out the Construction of a Structure in accordance with the requirements of the Applicable Codes and Standards, the Airport Master Plan, the Approved Land Use Plan, this By-law and the Development Rules, and neither the issuance of a Development Permit, a Facility Permit, an Occupancy/Use Permit or waiver under this By-law or the Development Rules, nor the review of plans and supporting documents, will relieve the Applicant from this responsibility.

8.5 It is the sole responsibility of the Applicant to ensure that the Construction of the Structure is in compliance with the Airport Master Plan, the Approved Land Use Plan, this By-law, the Development Rules and all Applicable Codes and Standards. The Permit Section shall not, in carrying out its duties under this By-law and the Development Rules, make any final determination whether the requirements of any of the above have been met.

Disputes with the Permit Section

8.6 An Applicant who disputes a decision made by the Permit Section in the performance of its functions hereunder may make a written submission to The Executive Committee setting out the relevant facts and the Applicant's position in respect of such dispute.

8.7 Notwithstanding any power or authority given to any Person by this By-law, The Executive Committee may, on receipt of submission from an Applicant pursuant to Section 8.6, make such determination and issue such direction to the Permit Section as The Executive Committee thinks fit and in such case the Permit Section shall follow such direction.

Severability

8.8 If any part of this By-law is for any reason declared invalid by a Court of competent jurisdiction, the decision will not affect the validity of the remaining portions of this By-law.