

**THE  
VANCOUVER INTERNATIONAL  
AIRPORT AUTHORITY**



**GOVERNANCE  
RULES AND PRACTICES**

**BOARD OF DIRECTORS  
MANUAL**

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## MISSION STATEMENT

### 1. MISSION

**To serve our community by building outstanding airports**

### 2. VISION

**YVR: A Premier Global Gateway  
The Airport Authority: Local Champion, Global Operator**

#### 2.1 YVR: A Premier Global Gateway

YVR will realize its full potential as a major:

- **gateway** taking full advantage of the airport's strategic location on Great Circle routes, and market growth opportunities in the Asia/Pacific region, the US, Europe and Latin America;
- international and domestic **destination** capitalizing on the tourism destination appeal of Super Natural British Columbia, and associated trade and travel opportunities; and
- **intermodal distribution centre** as a key component of a global logistical system for the trans-shipment of air freight by sea, truck and rail between the world's major trading blocks.

#### 2.2 The Airport Authority: Local Champion

Within British Columbia, the Airport Authority will be a:

- **source of local pride** because of its spectacular facilities and services;
- **key economic generator** for the region, providing jobs and economic activity on Sea Island and beyond;
- **leader in the community** by leading and supporting various initiatives benefiting the area; and
- **exemplary organization** to work for and deal with because of the way it does business.

## MISSION STATEMENT

### 2.3 The Airport Authority: Global Operator

The Airport Authority will continue to build on its recent successes in winning contracts to build and operate other airports across Canada and around the world. These airports will permit the Airport Authority to:

- **continue growing** at impressive rates, despite fewer opportunities locally;
- continue **building the YVR brand name** around the world, ultimately benefiting traffic and development at YVR; and
- provide employees with **new job opportunities** and personal growth and development prospects through temporary postings at other facilities.

## 3. VALUES

- 3.1 Excellence in safety, security and environmental performance
- 3.2 Commitment to low-cost, high-value airport
- 3.3 Innovation and creativity
- 3.4 Teamwork and loyalty
- 3.5 Operational excellence, with leading-edge service

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

### INTRODUCTION

The terms of reference for the Board of Directors define the role of the Board of Vancouver International Airport Authority (“the Authority”). The following points outline the key guidelines governing how the Board will operate to carry out its duties of stewardship and accountability.

#### 1. Best Interests of the Authority

The Board of directors is responsible, under law, for the management of the Authority’s business and its affairs. The Board oversees the conduct of business of the Authority and supervises management, which is responsible for the day-to-day conduct of business. Although some directors are appointed by the Nominating Entities to bring special expertise or a point of view to Board deliberations, the best interests of the Authority must be paramount at all times.

#### 2. Terms of Reference

Terms of reference for the Board, its Committees, the Board Chair, the President, and the Corporate Secretary are reviewed annually by the Governance Committee. This committee will propose any changes to the Board for approval.

#### 3. Corporate Strategy

- 3.1. Management is responsible for the development of an overall corporate strategy to be presented to the Board. The Board’s role is to ensure that there is a strategic planning process, and then review, question, validate, and ultimately endorse the strategy for the Authority and monitor its implementation.
- 3.2. One Board meeting per year will be devoted to a review of the strategic plan.

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

### 4. Principal Risks

The Board should have a continuing understanding of the principal risks associated with the Authority's business; and it is the responsibility of management to ensure that the Board and its committees are kept well informed of changing risks. The principal means by which the Board reviews risks are its committees, especially the Finance and Audit Committee. It is important that the Board understand and support the key risk decisions of the Authority, including a comprehension of the appropriate balance between risks and rewards.

### 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 (the emergency situation), and for sound preparation for orderly changes. 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. The Human Resources and Compensation Committee will report to the Board, annually, on all these matters.

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

### 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.
- 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 accurate responses can be made by the appropriate representative of the Authority.
- 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 annually through a secret ballot at the first Board meeting held after the annual meeting of the Members. The procedure for election of the Chair is attached to this Tab as Appendix 1.



## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

- 8.3. The Chair is a non-executive position and the Board estimates the Chair will spend roughly four days per month in excess of what is required 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 such time as the Board appoints a new Chair.

### 9. Committees

- 9.1. The Board has developed a set of Guidelines for Committees which 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 Tab 15). The current 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

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

specific period of time to undertake a specific task, 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 which 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 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.

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

### 13. Board Meetings and Agendas

- 13.1 The Board meets a minimum of six times per year, usually every other month.
- 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. Also 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 focuses attention on critical issues to be considered. Reports may be presented during Board meetings by Directors, management or employees, or by invited outside advisors. Presentations on specific subjects at Board meetings should briefly summarize the material sent to Directors, so as 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.

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

### 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 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.

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.

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

### 19. Board Composition

19.1 The Board is composed of 9 nominated Directors, and the CEO, and can have up to 4 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 Institute of Chartered Accountants of British Columbia;
- 19.1.7. one Director by The Law Society of British Columbia; and
- 19.1.8. one Director by The 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 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 1.8 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:

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

- 20.2.1. a corporation;
  - 20.2.2. a person aged 17 years or younger;
  - 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 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 is found by a court to be a mentally incompetent person or of unsound mind;
  - 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.
- 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 criteria developed by the Governance Committee 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 criteria were developed and encourage the Nominating Entity to consider the needs of the Authority.

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

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. 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 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.

### **23. New Director Orientation**

New Directors will be provided with an orientation and education program which will include 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 annually assessing 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 Directors or management believe that the Board could make a better collective contribution to overseeing the affairs of the Authority.

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

### 25. Individual Director Peer Evaluation

The annual individual Director peer evaluation process is set forth at Tab 10b. 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 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 will recommend changes in compensation to the Board when warranted.

### 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 1.5 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.



## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

### 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 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.

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

### 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.

## BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES

### Appendix 1

#### Procedure for Election of the Chair

- 1) The Chair of the Governance Committee, or, the President will act as Chair of the Election (COE) for the sole purpose of facilitating the following procedures:
  - a) The COE will call for Nominations to be made by marking the name on the Nomination Slip. Any Director can nominate. All Directors except the President are eligible to serve as Chair.
  - b) The Secretary will collect all nomination slips and will then be excused from the meeting. He will review the nominations and prepare a ballot setting forth the name of every Director whose name was placed in nomination. He will destroy the slips upon completing the ballot and will not disclose to any person the number of slips submitted.
  - c) The Secretary will then give one ballot to each Director. If a Director does not see on the ballot the name of the individual that the Director wished to place in nomination, that Director may require steps (a) and (b) to be repeated.
  - d) The COE will then ask each Director named on the ballot if he or she is willing to let his or her name stay on the ballot. If a Director is unwilling to stand for election, then his or her name will be struck.
  - e) If after step (d) there is only one name on the ballot, then the COE will declare the election of that Director as Chair.
  - f) Voting will be conducted by secret ballot. The Director with the greatest number of votes will be declared elected Chair, PROVIDED that Director receives more than one half the votes cast.
  - g) 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.
  - h) 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.

**BOARD OF DIRECTORS ADMINISTRATIVE GUIDELINES**

**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.

<b>Committee</b>	<b>Sought</b>	<b>Acceptable</b>	<b>Unwanted</b>
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 \_\_\_\_\_.**

## 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.
- 2.3. Subject to the By-laws of the Authority and the *Canada Corporations Act*, the Board may constitute, seek the advice of, and, delegate powers, duties and responsibilities to, committees of the Board.

## TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

### 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 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 identify the principal risks of the Authority's business and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks; and,

## TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

- 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.

### *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;

## TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

- 3.5.3. 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;
- 3.5.4. to report annually to the public and the Nominating Entities on the Board's stewardship for the preceding year; and
- 3.5.5. 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 incorporated under Part II of the *Canada Corporations Act* (the "CCA").
- 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 effect is slight. For some large matters, such as a change in the By-laws, it means the members and directors will receive 14 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 the CCA; they are imposed at common law.
- 4.4. Directors are under a fiduciary<sup>1</sup> 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.

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<sup>1</sup> 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 OF DIRECTORS

- 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.

## 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 management 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.
- 2.3 Ensure that corporate strategy, plans and performance are presented to the Board.

## TERMS OF REFERENCE FOR THE BOARD CHAIR

- 2.4 Ensure that the President presents management succession and development plans at least annually and implements them.
- 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 a policy and strategic level.
- 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.
- 3.7 Meet privately with each director at least annually to discuss the effectiveness of the Chair, that director and the entire Board.

### TERMS OF REFERENCE FOR THE BOARD CHAIR

- 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 when required.
- 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 Establish annually, in advance, the 3 year schedule of Board Meetings and coordinate fulfillment of the requirements set by the By-laws and this Board Manual.
- 3.12 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.)
- 3.13 Review minutes of Board meetings for accuracy and edit as appropriate.
- 3.14 Serve as a member of the Human Resources and Compensation and the Governance Committees.
- 3.15 Chair Board meetings.
- 3.16 Attend committee meetings where appropriate so as to better understand and observe the thinking and issues being reviewed and discussed at the committee level.
- 3.17 Ensure that Board and committee meetings are conducted in an efficient, effective and focused manner.

## TERMS OF REFERENCE FOR THE BOARD CHAIR

### 4. THE CORPORATE SECRETARY

- 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**

**I. INTRODUCTION**

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

**II. DUTIES AND RESPONSIBILITIES**

The President has the responsibility to:

- A. Lead and manage the Authority within the parameters established by the Board and its committees.
- B. Ensure the safe efficient operation of the Vancouver International Airport.
- C. Report to the Board.
- D. Develop and recommend the strategic plan to the Board and successfully implement the corresponding operational plans, capital plans and other supporting initiatives.
- E. 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.
- F. 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.

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

- G. Ensure the integrity of the Authority's internal control and management systems.
- H. Identify the principal risks of the business and ensure the implementation of systems to manage these risks.
- I. Ensure compliance with the Authority's environment, health and safety policies and practices.
- J. Ensure that the Authority achieves and maintains a satisfactory competitive position within its industry and a high standard for its products and services.
- K. Develop and recommend to the Board the overall corporate organizational structure.
- L. Review and recommend the appointment of senior management.
- M. Establish and maintain an annual Board approved plan for the development and succession of senior management.
- N. Manage and oversee communication between the Authority and the public and act as the principal spokesperson for the Authority.

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

- O. 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.
- P. Ensure that the Chair and other Directors have the access to management necessary to permit fulfillment of the Board's obligations.
- Q. Foster a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.
- R. Seek Board approval for expenditures, revenue measures, leases or other actions or transactions falling outside the Guidelines approved by the Board.



## 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;
  - 1.3 and 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 respect confidentiality;
  - 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;
  - 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;

## TERMS OF REFERENCE FOR A DIRECTOR

- 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 record<sup>1</sup>;
  - 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;
  - 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.

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<sup>1</sup> 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

### *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.
  - 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

## TERMS OF REFERENCE FOR A DIRECTOR

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 staff 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.

### *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;

## TERMS OF REFERENCE FOR A DIRECTOR

- 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:
  - a) 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;
  - b) act in a manner that will bear the closest scrutiny, an obligation that is not fully discharged by simply acting within the law;
  - c) not have private interests, other than those permitted pursuant to these provisions, that would be benefited by actions or decisions of the Authority Board;
  - d) 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;
  - e) 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,
  - f) disclose annually private interests as required under these provisions, (see Paragraph 11, below) and upon learning of a potential conflict of interest, immediately disclose the nature of the potential conflict.

## CONFLICT OF INTEREST

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 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.
6. A Director engaging in any other business activity<sup>1</sup> 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.

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<sup>1</sup> "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:
  - (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.
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.
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.



## CONFLICT OF INTEREST

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

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1. Name of Director:
2. This Statement discloses information as of \_\_\_\_\_, 2012.
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 for services performed by me, as an owner or part owner, trustee 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 \_\_\_\_\_ 20\_\_

\_\_\_\_\_  
Signature of Director



**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 31<sup>st</sup>, 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 31<sup>st</sup>.

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.

## 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 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. This session is tailored based on the individual Director’s experience.
- 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. Aviation 101 Session: a half day session with Part 1 providing a primer on 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 and by a senior executive of Vantage Airport Group on this subsidiary’s activities.
- 1.5. Administrative Session with the Corporate Secretary: includes an overview of the Board’s Governance Rules and Practices Manual, a tutorial on the Board extranet site, review of the Board calendar, and information on Directors’ fees and expenses as well as other administrative issues.
- 1.6. Airport Tour: a comprehensive tour of the terminals, both pre and post-security, and airside conducted by the Corporate Secretary and Vice President Airport Operations.
- 1.7. Orientation Binder: a self-study program on the Authority and the airport including an orientation to the Board’s extranet site and material such as the most recent annual report, business plan, Master Plan summary, summary of the most recent economic impact study, and other essential administrative information.

## DIRECTOR DEVELOPMENT AND EDUCATION PLAN

### 2. Continuing Education

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:

- 2.1. **Presentations by Outside Experts:** At least twice a year not including the annual Board Strategic Retreat, an outside 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.
- 2.2. **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.
- 2.3. **The Board Strategic Retreat:** 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.
- 2.4. **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
- 2.5. **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.
- 2.6. **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**

**I. OBJECTIVES**

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

- A. 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.
- B. Financial achievements of the Authority for the previous year.
- C. The strategic plan.
- D. Board approved terms of reference for the President.

**II. THE PRESIDENT’S SELF-APPRAISAL**

- A. 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.
- B. This self-appraisal is in written form.
- C. 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**

**III. DIRECTOR INVOLVEMENT**

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

**IV. 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**

**V. 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

## BOARD EVALUATION QUESTIONNAIRE

### 1. INTRODUCTION

- 1.1. The most powerful argument for undertaking Board evaluation was expressed by Jeffrey Sonnenfeld in his September 2002 Harvard Business article titled "What Makes Great Boards Great: It's not rules and regulations. It's the way people work together." He wrote:

*"Lack of feedback is self-destructive. Behavioral psychologists and organizational learning experts agree that people and organizations cannot learn without feedback. No matter how good a board is, it's bound to get better if it's reviewed intelligently."*

- 1.2. The objective of the Board, Committee and Board Chair questionnaire is to provide directors with an opportunity to examine how the Board is operating and to make suggestions for improvement.
- 1.3. This is not an assessment of any individual director. It is designed primarily to provide constructive input for the improvement of the Board "as a whole or as a unit".

### 2. PROCESS

- 2.1. Most responses can be made with a number ranging from 1 to 6, with 1 representing *Strongly Disagree* and 6 representing *Strongly Agree*. There is also an option for "unsure/don't know" on most items.
- 2.2. Please print the PDF and complete the questionnaire. Then return your completed questionnaire by **courier, fax or scan by** \_\_\_\_\_:

By **courier** send to:

Patrick O'Callaghan and Associates  
3300 – 1055 Dunsmuir Street  
Bentall 4, P.O. Box 49206  
Vancouver, BC V7X 1K8

If sending by courier, remember to make a copy for your own records.

By **fax** send to: 604-684-1884.

By **scan** send to: [kathryn@poca.net](mailto:kathryn@poca.net)



**BOARD EVALUATION QUESTIONNAIRE**

- 2.3 Once Patrick O’Callaghan’s office has received all of the completed surveys, Patrick’s assistant will contact each Director to arrange an interview to discuss each Director’s responses in greater detail. Directors’ questionnaire results and interviews are confidential.
- 2.4 Patrick O’Callaghan will develop a summary report based on the questionnaire and interview results, which will include recommendations. The Governance and Human Resources Committee will review the report and recommendations prior to bringing them to the full Board for discussion.
- 2.5 Please note that the new Individual Director Peer Evaluation Questionnaire will be provided as a separate document. Patrick O’Callaghan will provide each Director with a summary of his or her results. The Board Chair is the only other person to receive a copy of each Director’s individual report and is the only person who receives the consolidated report.

**BOARD EVALUATION QUESTIONNAIRE**

<i>Name:</i>	
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**THE BOARD**

**BOARD ORGANIZATION**

	Strongly Disagree			Strongly Agree			Unsure/ Don't Know
1. Directors possess the appropriate mix of skills, experience and diversity to guide the Authority towards achieving its strategic goals.	1	2	3	4	5	6	DK
<i>Comments</i>							

2. Directors have a clear understanding of the process for selecting and appointing directors.	1	2	3	4	5	6	DK
<i>Comments</i>							

**BOARD EVALUATION QUESTIONNAIRE**

		Strongly Disagree		Strongly Agree		Unsure/ Don't Know		
<b>The Board:</b>								
3. at least annually, reviews its current composition in light of the Authority's strategic objectives, to determine what additional skills or experience may be required;		1	2	3	4	5	6	DK
4. develops criteria for selection as a result of the review;		1	2	3	4	5	6	DK
5. with respect to the Nominating Entities, communicates the criteria that the Nominating Entities might consider when appointing directors; and		1	2	3	4	5	6	DK
6. with respect to "at large" directors uses the criteria to guide the Board in its appointment process.		1	2	3	4	5	6	DK
<i>Comments</i>								
7. Directors' skills, experience and background are well utilized at Board and committee meetings.		1	2	3	4	5	6	DK
<i>Comments</i>								
8. The Board recognizes its primary responsibility is to monitor management and performance and to add strategic advice, not to manage the Authority.		1	2	3	4	5	6	DK
<i>Comments</i>								

**BOARD EVALUATION QUESTIONNAIRE**

		Strongly Disagree			Strongly Agree			Unsure/Don't Know
9. The Board has the appropriate number of board meetings.		1	2	3	4	5	6	DK
<i>Comments</i>								

10. Time at Board meetings is used effectively.		1	2	3	4	5	6	DK
<i>Comments</i>								

11. Oral presentations to the Board are of the appropriate length and content.		1	2	3	4	5	6	DK
<i>Comments</i>								

12. The quality of the material sent in advance of Board meetings is appropriate.		1	2	3	4	5	6	DK
<i>Comments</i>								

**BOARD EVALUATION QUESTIONNAIRE**

		Strongly Disagree		Strongly Agree		Unsure/ Don't Know		
13. Board material is distributed far enough in advance to allow adequate preparation.		1	2	3	4	5	6	DK
<i>Comments</i>								
14. The information I receive allows me to monitor results, identify potential areas of concern and understand important issues and trends affecting the Authority's operations.		1	2	3	4	5	6	DK
<i>Comments</i>								
15. The Chair and other Directors foster an attitude that is open to dissenting views and encourages frank discussion.		1	2	3	4	5	6	DK
<i>Comments</i>								
16. Board meetings allow sufficient time for interaction with management.		1	2	3	4	5	6	DK
<i>Comments</i>								

**BOARD EVALUATION QUESTIONNAIRE**

		Strongly Disagree		Strongly Agree		Unsure/Don't Know		
		1	2	3	4	5	6	DK
17. There is an open and constructive relationship between the CEO and the Board.								DK
<i>Comments</i>								
There is:								
18. an appropriate new director orientation program; and								DK
<i>Comments</i>								
19. an effective ongoing development program for directors.								DK
<i>Comments</i>								

**BOARD EVALUATION QUESTIONNAIRE**

		Strongly Disagree		Strongly Agree		Unsure/Don't Know		
The division of authority and the allocation of responsibilities between the Board and senior management are clearly articulated in written terms of reference for:		1	2	3	4	5	6	DK
20. the Board;		1	2	3	4	5	6	DK
21. Board Committees;		1	2	3	4	5	6	DK
22. an individual director; and		1	2	3	4	5	6	DK
23. the President and Chief Executive Officer		1	2	3	4	5	6	DK
<i>Comments</i>								

The Board:		1	2	3	4	5	6	DK
24. regularly assesses its own performance, including its committees and the Board Chair; and		1	2	3	4	5	6	DK
<i>Comments</i>								

25. puts in place plans to address any issues identified in the assessments		1	2	3	4	5	6	DK
<i>Comments</i>								

**BOARD EVALUATION QUESTIONNAIRE**

		Strongly Disagree		Strongly Agree		Unsure/ Don't Know		
26. There is code of conduct and conflict of interest guidelines for directors and employees that promote a culture of high ethical standards and practices.		1	2	3	4	5	6	DK
<i>Comments</i>								
27. Directors are properly compensated (please specify any thoughts you have regarding the amounts or methods of director compensation).		1	2	3	4	5	6	DK
<i>Comments</i>								
28. My relationship with the senior management team is effective.		1	2	3	4	5	6	DK
<i>Comments</i>								



**BOARD EVALUATION QUESTIONNAIRE**

Strongly Disagree							Strongly Agree	Unsure/ Don't Know
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**THE BOARD CHAIR**

29. There are written terms of reference effectively outlining the role and responsibilities of the Board Chair.	1	2	3	4	5	6	DK
<i>Comments</i>							

30. The Board Chair provides effective leadership to the Board.	1	2	3	4	5	6	DK
<i>Comments</i>							

31. The Board Chair has an effective working relationship with the President.	1	2	3	4	5	6	DK
<i>Comments</i>							

32. The Board Chair has an effective working relationship with the senior management team.	1	2	3	4	5	6	DK
<i>Comments</i>							

**BOARD EVALUATION QUESTIONNAIRE**

	Strongly Disagree				Strongly Agree	Unsure/ Don't Know	
33. The Board Chair enables directors to use their capabilities for the full benefit of the Authority.	1	2	3	4	5	6	DK

<i>Comments</i>	
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34. My relationship with the Board Chair is effective.	1	2	3	4	5	6	DK
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<i>Comments</i>	
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35. The Board Chair effectively represents the Authority, as required.	1	2	3	4	5	6	DK
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<i>Comments</i>	
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36. What suggestions or comments do you have regarding the Board Chair's performance?
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<i>Comments</i>	
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**BOARD EVALUATION QUESTIONNAIRE**

Strongly Disagree	Strongly Agree	Unsure/ Don't Know
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**HUMAN RESOURCES**

The following processes are effective, clearly understood by the Board and meet the needs of the Board:							
37. analyzing and setting the objectives for the President against which the President's performance will be measured;	1	2	3	4	5	6	DK
38. establishing the President's compensation;	1	2	3	4	5	6	DK
39. approving senior management compensation; and	1	2	3	4	5	6	DK
40. approving the Authority's broad compensation strategy and philosophy.	1	2	3	4	5	6	DK
<i>Comments</i>							

41. The Board is satisfied that President and management succession planning programs are in place, including programs to train and develop management.	1	2	3	4	5	6	DK
<i>Comments</i>							

42. Directors, through Board, committee and informal contact, have sufficient exposure to and knowledge of high potential executive and management employees in the Authority.	1	2	3	4	5	6	DK
<i>Comments</i>							

**BOARD EVALUATION QUESTIONNAIRE**

Strongly Disagree							Strongly Agree	Unsure/ Don't Know
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**MISSION, STRATEGY AND PLANS**

Directors have a solid understanding of:		1	2	3	4	5	6	DK
43. the Authority's mission;		1	2	3	4	5	6	DK
44. the Authority and its strategic objectives;		1	2	3	4	5	6	DK
45. the industry and competitive environment; and		1	2	3	4	5	6	DK
46. emerging public policy issues that could affect the Authority.		1	2	3	4	5	6	DK
<i>Comments</i>								

47. The current strategic planning process is effective and provides for appropriate director input and approval.		1	2	3	4	5	6	DK
<i>Comments</i>								

48. The Board is sufficiently engaged in the approval of the annual Business Plan, annual operating and capital budgets, human resources plans, major new capital project proposals and financings.		1	2	3	4	5	6	DK
<i>Comments</i>								

**BOARD EVALUATION QUESTIONNAIRE**

		Strongly Disagree		Strongly Agree		Unsure/ Don't Know		
I am satisfied with the Board's level of awareness of:								
49. the nature and extent of the risks faced by the Authority; and		1	2	3	4	5	6	DK
50. the policies and procedures the Authority has in place to identify, monitor and manage these risks.		1	2	3	4	5	6	DK
<i>Comments</i>								

51. I am satisfied that the current strategic framework meets the Authority's needs.		1	2	3	4	5	6	DK
<i>Comments</i>								

52. The Board has an effective process for ensuring that management develops, implements and maintains a reporting system that accurately measures the Authority's performance against its strategic and business plans.		1	2	3	4	5	6	DK
<i>Comments</i>								

**BOARD EVALUATION QUESTIONNAIRE**

Strongly Disagree						Strongly Agree	Unsure/ Don't Know
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**FINANCIAL ISSUES**

53. The Board takes reasonable steps to ensure the implementation and integrity of the Authority's internal control and management information systems.	1	2	3	4	5	6	DK
<i>Comments</i>							

54. The Board directs management to ensure the Authority operates at all times within applicable laws and regulations and to the highest ethical standards.	1	2	3	4	5	6	DK
<i>Comments</i>							

**STAKEHOLDER COMMUNICATIONS**

55. I am satisfied the Authority has in place a policy to enable management and the Board to communicate effectively with the public, security holders and regulators.	1	2	3	4	5	6	DK
<i>Comments</i>							

**BOARD EVALUATION QUESTIONNAIRE**

		Strongly Disagree		Strongly Agree		Unsure/ Don't Know		
I am satisfied the Board has processes in place to ensure:								
56. financial results are reported fairly and in accordance with governing laws and generally accepted accounting principles; and		1	2	3	4	5	6	DK
57. timely reporting of any other developments that have a significant and material effect on the Authority.		1	2	3	4	5	6	DK
<i>Comments</i>								

58. The Board reports annually on the Board's stewardship for the preceding year.		1	2	3	4	5	6	DK
<i>Comments</i>								

59. The Board ensures that the Authority has in place a policy to enable the Authority to communicate effectively with its Nominating Entities		1	2	3	4	5	6	DK
<i>Comments</i>								

**BOARD EVALUATION QUESTIONNAIRE**

		Strongly Disagree		Strongly Agree		Unsure/Don't Know		
		1	2	3	4	5	6	DK
60. <b>For Nominated Directors Only:</b> I received sufficient support to ensure that I could communicate effectively with my Nominating Entity as set out in Tab 13 Communications Plan with Nominating Entity of the Board's Governance Rules and Practices Manual.								DK
<i>Comments</i>								

**BOARD SUMMARY**

61. On a scale of 1 to 10, using your own personal criteria, please rate Board performance for the past year. Note: 1 is unacceptable, 10 is excellent.	
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62. What suggestions do you have to improve the way the Board functions?	
<i>Comments</i>	



**BOARD EVALUATION QUESTIONNAIRE**

Strongly Disagree	Strongly Agree	Unsure/ Don't Know
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**COMMITTEES**

**GENERAL**

1. The Board has established the appropriate committees to undertake the Board's mandate.	1	2	3	4	5	6	DK
<i>Comments</i>							

2. Committee reports are timely, clear, and sufficiently comprehensive to provide the Board with a good knowledge of the committees' deliberations and recommendations.	1	2	3	4	5	6	DK
<i>Comments</i>							

3. The current system for appointing Committee Chairs and members is satisfactory.	1	2	3	4	5	6	DK
<i>Comments</i>							

**BOARD EVALUATION QUESTIONNAIRE**

		Strongly Disagree		Strongly Agree		Unsure/Don't Know		
	4. The Board supports 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.	1	2	3	4	5	6	DK
<i>Comments</i>								

	5. Do you have any general comments about any of the current Board committees <b>on which you do not sit?</b>							
<i>Comments</i>								

**SPECIFIC COMMITTEES**

Name the Committee(s) of which you are a member:

<i>Committee 1:</i>	
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<i>Committee 2:</i>	
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**BOARD EVALUATION QUESTIONNAIRE**

Strongly Disagree	Strongly Agree	Unsure/ Don't Know
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*Committee 1:* \_\_\_\_\_

1. There are clear terms of reference for the Committee that are supported by a calendar or work plan.	1	2	3	4	5	6	DK
<i>Comments</i>							

2. The Committee is effective in carrying out its mandate.	1	2	3	4	5	6	DK
<i>Comments</i>							

3. Committee meetings are productive and make good use of directors' time and expertise.	1	2	3	4	5	6	DK
<i>Comments</i>							

4. Committee members receive adequate material in advance of committee meetings, in sufficient detail, to permit members to effectively consider issues before the committee.	1	2	3	4	5	6	DK
<i>Comments</i>							

**BOARD EVALUATION QUESTIONNAIRE**

	Strongly Disagree				Strongly Agree	Unsure/ Don't Know	
5. Committee material is distributed far enough in advance to allow adequate preparation	1	2	3	4	5	6	DK

<i>Comments</i>	
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6. The Committee's composition is appropriate.	1	2	3	4	5	6	DK
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<i>Comments</i>	
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7. I am able to make a significant contribution to this Committee.	1	2	3	4	5	6	DK
--	---	---	---	---	---	---	----

<i>Comments</i>	
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8. Do you have any suggestions or comments regarding the performance of the Committee Chair?
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<i>Comments</i>	
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9. What suggestions do you have about how to improve the effectiveness of the Committee?
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<i>Comments</i>	
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**BOARD EVALUATION QUESTIONNAIRE**

Strongly Disagree	Strongly Agree	Unsure/ Don't Know
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<i>Committee 2:</i>	
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1. There are clear terms of reference for the Committee that are supported by a calendar or work plan.	1	2	3	4	5	6	DK
<i>Comments</i>							

2. The Committee is effective in carrying out its mandate.	1	2	3	4	5	6	DK
<i>Comments</i>							

3. Committee meetings are productive and make good use of directors' time and expertise.	1	2	3	4	5	6	DK
<i>Comments</i>							

4. Committee members receive adequate material in advance of committee meetings, in sufficient detail, to permit members to effectively consider issues before the committee.	1	2	3	4	5	6	DK
<i>Comments</i>							

**BOARD EVALUATION QUESTIONNAIRE**

	Strongly Disagree				Strongly Agree		Unsure/ Don't Know
	1	2	3	4	5	6	DK
5. Committee material is distributed far enough in advance to allow adequate preparation							

<i>Comments</i>	
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6. The Committee's composition is appropriate.							
--	--	--	--	--	--	--	--

<i>Comments</i>	
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7. I am able to make a significant contribution to this Committee.							
--	--	--	--	--	--	--	--

<i>Comments</i>	
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8. Do you have any suggestions or comments regarding the performance of the Committee Chair?	
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<i>Comments</i>	
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9. What suggestions do you have about how to improve the effectiveness of the Committee?	
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<i>Comments</i>	
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## INDIVIDUAL DIRECTOR PEER EVALUATION QUESTIONNAIRE

### 1. INTRODUCTION

- 1.1 The purpose of individual director peer evaluation at the Vancouver International Airport Authority (the “Authority”) is personal development, recognizing that individual director development contributes to the Board’s overall effectiveness.
- 1.2 The individual director peer evaluation process is based on the content of the Terms of Reference for a Director. It is designed to provide directors with an opportunity to examine their effectiveness, compare their personal assessment with the assessment by their peers, identify areas of improvement and have a candid conversation with the Board Chair regarding their performance.
- 1.3 The peer evaluation process is confidential and the results are shared with the director and the Board Chair only.

### 2. PROCESS

- 2.1 Please print the PDF and complete the peer evaluation questionnaire. Then return your completed questionnaire by **courier, fax or scan by May 9, 2012:**

By **courier** send to:

Patrick O’Callaghan and Associates  
3300 – 1055 Dunsmuir Street  
Bentall 4, P.O. Box 49206  
Vancouver, BC V7X 1K8

If sending by courier, remember to make a copy for your own records.

By **fax** send to: 604-684-1884.

By **scan** send to: [kathryn@poca.net](mailto:kathryn@poca.net)

- 2.2 Please be sure to complete for yourself and for all others directors.
- 2.3 Patrick O’Callaghan and Associates receives the evaluations and summarizes the results confidentially. Each director will receive a confidential report including:

## INDIVIDUAL DIRECTOR PEER EVALUATION QUESTIONNAIRE

- How You Scored Yourself – This is the score you marked in the column under your own name.
  - Average Peer Score of Your Performance – This is the average of the scores awarded to you by the other directors.
  - Overall Average Peer Score – This is the overall average score for each category in the evaluation for all directors, including yourself.
  - Any Comments Regarding Your Performance – This section falls at the end of your report. It is an anonymous summary of any written comments on your performance by the other directors.
- 2.4 The Board Chair is the only other person to receive a copy of each director's individual report and is the only person who receives the consolidated report. The Board Chair will schedule an interview with each director for a confidential discussion regarding the director's contribution and views regarding the Board and director performance.



**Vancouver International Airport Authority – Individual Director Peer Evaluation Questionnaire**

**Name:**

**Note:** Please complete for yourself and for all other Directors.  
 There is comment section for each director at the end of the numerical scoring section. Comments are very helpful. Please ensure you provide explanatory comments if you score a director 1 or 2 on any question.

N/A Not Able to Assess	1 Not Satisfactory	2 Room for improvement				3 Satisfactory			4 Consistently good			5 Excellent/Optimal	
Criteria	M. Jordan	B. Bentz	G. Cadman	J. Caron	R. Goepel	K. Goosen	G. Hayward	H. Jampolsky	C. Kerfoot	W. Parasiuk	G. Sinclair	T. Vrooman	P. Webster
1) Board Activity													
a) <i>Respects confidentiality; Identifies potential conflict areas – real or perceived – and ensures they are appropriately reviewed; Exercises good judgment and act with integrity.</i>													
b) <i>Demonstrates an understanding of the difference between governing and managing, and does not encroach on management’s area of responsibility.</i>													

**Vancouver International Airport Authority – Individual Director Peer Evaluation Questionnaire**

N/A Not Able to Assess	1 Not Satisfactory		2 Room for improvement			3 Satisfactory			4 Consistently good			5 Excellent/Optimal		
Criteria	M. Jordan	B. Bentz	G. Cadman	J. Caron	R. Goepel	K. Goosen	G. Hayward	H. Jampolsky	C. Kerfoot	W. Parasiuk	G. Sinclair	T. Vrooman	P. Webster	
2) Skills and Experience														
a) <i>Use his or her ability, experience and influence constructively.</i>														
b) <i>Is available as a resource to management and the Board; Demonstrates a willingness and availability for individual consultation with the Chair or President.</i>														
3) Preparation and Attendance														
<p><i>The following should be considered when assessing each director's preparation for and participation in meetings:</i></p> <ul style="list-style-type: none"> <li><i>Demonstrates that he/she has prepared for each Board and committee meeting by reading the provided reports and background materials.</i></li> <li><i>Demonstrates that he or she has acquired adequate information necessary for decision-making.</i></li> <li><i>Advises the Chair or President before introducing significant and previously unknown information at a Board meeting.</i></li> <li><i>Maintains an excellent Board and committee meeting attendance record.</i></li> <li><i>Reserves the full day for Board meetings to allow for flexibility, even if meetings are scheduled for 8:00 a.m. to 1:30 p.m.</i></li> </ul>														
4) Communication														
<p><i>The following should be considered when assessing each director's performance with regard to communication:</i></p> <ul style="list-style-type: none"> <li><i>Participates fully and frankly in the deliberations and discussions.</i></li> <li><i>Encourages free and open discussion of the affairs of the Authority by the Board.</i></li> <li><i>Asks probing questions, in an appropriate manner and at proper times.</i></li> <li><i>Focuses enquiries on issues related to strategy, policy, implementation and results rather than issues relating to the Authority's day-to-day management.</i></li> <li><i>Communicates with the Chair and with the President between meetings, as necessary and appropriate.</i></li> </ul>														

**Vancouver International Airport Authority – Individual Director Peer Evaluation Questionnaire**

Criteria	N/A Not Able to Assess	1 Not Satisfactory		2 Room for improvement			3 Satisfactory			4 Consistently good			5 Excellent/Optimal	
		M. Jordan	B. Bentz	G. Cadman	J. Caron	R. Goepel	K. Goosen	G. Hayward	H. Jampolsky	C. Kerfoot	W. Parasiuk	G. Sinclair	T. Vrooman	P. Webster
<b>5) Relationships and Independence</b>														
a) <i>Is a positive force with a demonstrated interest in the long-term success of the Authority; and Speaks and acts independently.</i>														
b) <i>Has established an effective, independent and respected presence and a collegial relationship with other directors.</i>														
<b>6) Committee Work</b>														
<p><i>The following should be considered when assessing each director’s committee work:</i></p> <ul style="list-style-type: none"> <li><i>Participates on committees and is knowledgeable about the purpose and goals of committees.</i></li> <li><i>Understands the process of committee work, and the role of management and staff supporting committees.</i></li> </ul>														
<b>7) Nominating Entities &amp; Nominated Directors</b>														
<p><i>The following should be considered when assessing nominated directors:</i></p> <ul style="list-style-type: none"> <li><i>While recognizing a fiduciary duty to act in the best interests of the Authority, ensures that the perspective of his or her Nominating Entity is known and thus forms an integral part of the Board’s deliberations.</i></li> </ul>														

**Vancouver International Airport Authority – Individual Director Peer Evaluation Questionnaire**

N/A Not Able to Assess	1 Not Satisfactory		2 Room for improvement			3 Satisfactory			4 Consistently good			5 Excellent/Optimal		
Criteria	M. Jordan	B. Bentz	G. Cadman	J. Caron	R. Goepel	K. Goosen	G. Hayward	H. Jampolsky	C. Kerfoot	W. Parasiuk	G. Sinclair	T. Vrooman	P. Webster	
8) General Business Acumen , Knowledge and Experience														
<p><i>The following should be considered when assessing each director’s general business knowledge and acumen: --as distinguished from Authority specific knowledge (see next question)</i></p> <ul style="list-style-type: none"> <li>• <i>Contributes to effective Board discussion through insights gained outside the Authority’s business;</i></li> <li>• <i>Applies and offers the lessons gained in prior dealings that are analogous to Authority issues;</i></li> <li>• <i>Advances Board deliberations through strategic questions;</i></li> <li>• <i>Assists Board understanding by examining issues from different perspectives;</i></li> <li>• <i>Uses business knowledge and experience from field of expertise to constructively contribute to Board deliberations.</i></li> </ul>														
9) Authority and Industry Knowledge														
<p><i>The following should be considered when assessing each director’s knowledge of the Authority:</i></p> <ul style="list-style-type: none"> <li>• <i>Is generally knowledgeable about the Authority’s business and its industry.</i></li> <li>• <i>Demonstrates an understanding of the Authority’s unique role of within the community.</i></li> <li>• <i>Demonstrates an understanding of the regulatory, legislative, business, social and political environments within which the Authority operates.</i></li> <li>• <i>Maintains an acquaintance with the Authority’s senior managers.</i></li> <li>• <i>Is knowledgeable about the Authority's facilities and visits them when appropriate.</i></li> <li>• <i>Is an effective ambassador and representative of the Authority.</i></li> </ul>														
10) Summary														
<p><i>Please rate each director’s overall effectiveness on the Board.</i></p>														

Vancouver International Airport Authority – Individual Director Peer Evaluation Questionnaire

**Note:** Constructive comments are extremely helpful and informative. Please provide your comments regarding Directors' performance in the space provided below

M. Jordan	
B. Bentz	
G. Cadman	
J. Caron	
R. Goepel	

Vancouver International Airport Authority – Individual Director Peer Evaluation Questionnaire

**Note:** Constructive comments are extremely helpful and informative. Please provide your comments regarding Directors' performance in the space provided below

K. Goosen	
G. Hayward	
H. Jampolsky	
C. Kerfoot	
W. Parasiuk	

Vancouver International Airport Authority – Individual Director Peer Evaluation Questionnaire

**Note:** Constructive comments are extremely helpful and informative. Please provide your comments regarding Directors' performance in the space provided below

G. Sinclair	
T. Vrooman	
P. Webster	

Do you wish to recommend any changes to this questionnaire?

**DIRECTOR COMPENSATION**

**1. Compensation**

<b>Item</b>	<b>Compensation</b>
Annual Retainer – Chair	\$135,000
Annual Retainer –non-management directors <sup>1</sup>	\$25,000
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 )	\$1,250
Other Meetings Fee	\$625

<sup>1</sup> Management Directors do not receive additional compensation for their service on the Board.



## DIRECTOR 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.

## DIRECTOR 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 the Greater Vancouver Regional District.
- 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.

## DIRECTOR 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.

## DIRECTOR 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 III Q. of 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.

## DIRECTOR 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.

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

## ACCOUNTABILITY AND TRANSPARENCY

### 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, however, Transport Canada explicitly stated that directors could not be elected officials or government employees. It also made clear that each director had a 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."<sup>1</sup>

### 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 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."<sup>2</sup>

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<sup>1</sup> 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."

<sup>2</sup> Ibid, p. 35.

## ACCOUNTABILITY AND TRANSPARENCY

### 2. HOW IS THE AUTHORITY ACCOUNTABLE

#### 2.1 Mission and Mandate

The Authority's mission is to serve the community by building outstanding airports and 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.

These objects are included in the Authority's objects of incorporation, i.e., the Authority's mandate; its accountability can be measured against its performance in fulfilling these objects. 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;
- (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 generate economic activity and to expand British Columbia's transportation facilities in all areas compatible with air transportation; and,
- (d) does the Authority assemble information, advise on and otherwise contribute to the advancement of air transportation.



## ACCOUNTABILITY AND TRANSPARENCY

### 2.2 How the Authority Accounts for Its Actions

To support its mission, the Authority has divided the activities necessary to achieve its corporate mission into five priority areas: People; Passengers; Partners; Profitability and Plant. The communities that the Authority serves are the first group mentioned under Partners. 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 on line of an Annual and Sustainability report, which will include information set out using 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. A printed summary brochure will include highlights from the Annual and Sustainability Report and direct readers to the website for additional information.
- ;
- holding an Annual Public Meeting;
- holding of an annual meeting with the Nominating Entities and additional meetings as may be required;
- holding of an annual meeting with the Province (Joint Planning and Coordination Committee);
- 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 MasterPlan and Land Use Plan, the latter of which is also subject to approval by the Minister of Transport;

## ACCOUNTABILITY AND TRANSPARENCY

- 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; and
- maintaining the corporate website and other appropriate communications media.

### 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 to the Nominating Entities and to the public upon request;
- conduct a Metro Vancouver survey at least once annually and provide a summary to the Nominating Entities and to the public upon request;
- continue to participate in the ACI Survey program on airport service quality and provide an annual summary of the Authority's rankings to the Nominating Entities;
- 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 objects 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.

## ACCOUNTABILITY AND TRANSPARENCY

### 3. TRANSPARENCY

#### 3.1 Financial Reporting

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, which include financial information on the Vancouver Airport and the Authority's subsidiaries, is also made public via publication on 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.

#### 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 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.

## ACCOUNTABILITY AND TRANSPARENCY

### 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 MasterPlan and Land Use Plan. These public consultations 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.

### 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;
- providing comments or submitting questions via social media tools, e.g. the Authority's Twitter feed, @yvrairport;
- filling in customer comment cards available throughout the airport;
- 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. Each Nominated Director will communicate with the Nominating Entity after the annual meeting of the Members held in May of each year and, if possible, before the September meeting of the Board of Directors to seek 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 executive and 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 will be provided to the chief executive officer and chief administrative officer either in hard copy or via notification of their having been posted on the Authority website, [www.yvr.ca](http://www.yvr.ca). The Nominating Entity may request a hard copy of any written reports, and it may also request that copies be provided to other officers or members of that Nominating Entity. The Authority will supply any hard copies 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 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.

### 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 executive and 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.

**Communications Plan with Nominating Entity**

**4. CHECKLIST**

	<i>Method to be used</i>	<i>Source</i>	<i>Frequency</i>	<i>Source/Completion</i>
<b>Required</b>				
1.	Provide Nominating Entity with updated Board Manual, including Code of Conduct for Directors	Tab 13	Annual	
2.	Annual Meeting of full Board and Nominating Entity ("NE meeting")	By-law No.1	Annual	
3.	At NE meeting: provide annual report: the report includes the governance report	By-law No.1	Annual	
4.	An NE meeting: provide financial statements and auditors' report	By-law No.1	Annual	
5.	Provide copy of business plan and business plan results	Tabs 12, 13	Annual	
6.	Provide annual reports of consultative committees		Annual	
7.	Make presentation to governing board of Nominating Entity (e.g., City Council, Board of Directors, Board of Governors, Benchers). <i>Presentation may be oral or written or a combination per Nominating Entity</i>	Tab 13	<i>___ times per year [Frequency to be determined by Nominating Entity and Director]</i>	
8.	Provide copy of Master Plan and Land Use Plan in draft	Ground Lease	As occurs (Approx. every 5 to 10 years)	
9.	Provide copy of any proposed changes to Parts 1 and 14 of the Authority's By-law No.1	Tab 13	As occurs	
10.	Provide a presentation on major updates to 10-year Capital Plan	Tab 13	Update annually at Nominating Entities Meeting	

**Communications Plan with Nominating Entity**

11.	Provide copy of Environmental Management Plan	Tab 13	Plan is updated annually	
12.	Provide copy of Noise Management Plan	Tab 13	Current Plan is for Years 2004-2008	
13.	Notify Nominating Entities of all public meetings and open houses	Tab 13	As occurs	
14.	Provide Copy of the 5-year Performance Review	By-law No.1	Every 5 years	
<b>Other Requirements</b> <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

### I. INTRODUCTION

- A. 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.
- B. 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.

### II. DUTIES AND RESPONSIBILITIES

The Corporate Secretary has the responsibility to:

#### I. Board and Members Meetings

- A. 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;
- B. Prepare and deliver notices for Board, Board Committee and Members' meetings;
- C. 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;
- D. Prepare and assemble briefing material of appropriate depth, breadth and clarity to permit directors to properly prepare for meetings;



**TERMS OF REFERENCE FOR THE CORPORATE SECRETARY**

- E. Attend Board meetings and Meetings of the Members and act as Secretary at each such meeting;
- F. Attend all meetings of the Governance Committee of the Board and act as Secretary at each such meeting;
- G. 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);
- H. 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;
- M. Ensure that the filing requirements of the *Canada Corporations Act, Part II* are met;
- N. Be responsible for the application of the Corporate Seal;
- K. 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

- L. Serve as the chief expert and advisor on all matters related to corporate governance for directors and all employees of the Authority;
- M. 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;
- N. 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;
- O. 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;
- P. Administer the remuneration of Directors (cf: Tab 11 of these Rules); and
- Q. 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

- R. 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,
- S. Serve, if so directed by the Chair, as the Designated Officer for the administration of the Rules for Authority employees concerning Conflict of Interest;

### III. ACCOUNTABILITY

- A. 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.
- B. 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.

<b>Committee Name</b>	<b>Chair</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>
<b>Finance and Audit</b>	Grayden Hayward	George Cadman	Howard Jampolsky	Wilson Parasiuk	Tamara Vrooman	Peter Webster		
<b>Governance</b>	Carol Kerfoot	Joseph Caron	Rusty Goepel	Mary Jordan	Peter Webster			
<b>Human Resources &amp; Compensation</b>	George Cadman	Grayden Hayward	Mary Jordan	Carol Kerfoot	Gerri Sinclair			
<b>Planning and Development</b>	Brian Bentz	Joseph Caron	Ken Goosen	Howard Jampolsky	Wilson Parasiuk	Gerri Sinclair		
<b>Vantage Task Force</b>	Mary Jordan	Brian Bentz	Rusty Goepel	Grayden Hayward	Carol Kerfoot	Wilson Parasiuk		
<b>CEO Succession Task Force</b>	Mary Jordan	Brian Bentz	George Cadman	Rusty Goepel	Grayden Hayward	Carol Kerfoot	Tamara Vrooman	

## 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 3 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 been appointed. Each committee has the right to meet *in camera* --with only non-management directors present

## GUIDELINES FOR COMMITTEES

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 Objectively monitoring the quality and effectiveness of the external auditor's relationship with management and the Committee;
- 1.3 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;
- 1.4 Reviewing the financial information that will be provided to the public and others;
- 1.5 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,
- 1.6 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 Institute of Chartered Accountants of British Columbia unless the Board Chair and that nominee 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;
- 2.1.3 the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; and,

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

- 2.1.4 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, and,
  - 3.2.4 with the internal auditor 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.
- 3.4 The Committee will review the annual budget and make recommendations to the Board. The review will consider:
  - 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 and, such other fundamental assumptions as the Committee chooses;
  - 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 Framework and the annual business plan.



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

- 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 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;

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

- 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 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;
  - 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.

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

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;
- 3.10.2 the adequacy of the Authority's internal controls; and,
- 3.10.3 recommendations for the improvement of the Authority's accounting procedures and internal controls.

3.11 The Committee will review the reports issued by the internal auditor and management's response and subsequent follow-up to all identified weaknesses.

3.12 The Committee will:

- 3.12.1 Review the financial statements of Vantage Airport Group quarterly. Further, the Chair of this Committee will discuss the audit of the annual statements with the Chair of the Financial Audit Committee of the Board of Directors of that subsidiary;
- 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 major business risks, including reviewing the Enterprise Risk Management approach and risk register at least four times per year;
- 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;

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

- 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; and,
- 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;
- 3.12.15 In conjunction with the Planning and Development Committee, participate in post-completion reviews of Project Definition Reports for Capital Projects, focusing on the financial portion thereof, and identify lessons learned.

**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, 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;
- 1.3. to assist the Board through annual reviews of the Authority's Communication Policy, Facility Permit Process and Government Relations activities.

### 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 and the strategic direction of the Authority.
- 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 Chair's consultation with the Chair of the Governance Committee and the President, provide advice to the Chair on the Chair's 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.
- 3.1.5. Monitor the mechanisms of accountability as set out in the Board Manual.
- 3.1.6. 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.

## TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

- 3.1.7. 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.
- 3.1.8. 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:
  - 3.1.8.1. the number of directors on the Board;
  - 3.1.8.2. the frequency and content of Board meetings and committee meetings;
  - 3.1.8.3. the annual schedules of issues to be presented at Board meetings and at committee meetings (Tab 19);
  - 3.1.8.4. material which is to be provided to the directors generally and with respect to Board meetings and committee meetings;
  - 3.1.8.5. resources available to directors; and
  - 3.1.8.6. communication between the Board and management.
- 3.1.9. Every 10 years review separately, and in its entirety, By-Law #1 to ensure its continued congruence with good governance practice; and, as appropriate, make recommendations to the Board.
- 3.1.10. 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.
- 3.1.11. 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,

## TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

- 3.1.12. Recommend the directors' compensation plan to the Board (Tab 11).
- 3.1.13. Prepare recommendations for the Board regarding any reports on corporate governance that are required or considered advisable.
- 3.1.14. 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).

### 3.2. 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. 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;



## TERMS OF REFERENCE FOR THE GOVERNANCE COMMITTEE

- 3.3.2. Annually review the communications plan for each Nominating Entity with the nominated director to 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 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.

## 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 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.

### 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, guidelines and compensation for the President, including salary, incentive awards, perquisites, benefits and other remuneration.
- 3.3. Review and recommend to the Board the compensation philosophy and guidelines for the executives.

**TERMS OF REFERENCE FOR THE HUMAN RESOURCES & COMPENSATION  
COMMITTEE**

- 3.4. 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.
- 3.5. 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.
- 3.6. Review annually the President's succession plans for the executives, including specific development plans and career planning for potential successors.
- 3.7. Review and recommend to the Board major changes in the organizational structure of management.
- 3.8. Review and recommend to the Board any significant changes in the pension plans for excluded employees and executives, including any supplemental plans, to ensure overall competitiveness of the pension plans.
- 3.9. 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.

**TERMS OF REFERENCE FOR THE HUMAN RESOURCES & 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 fulfilling its responsibility for long range planning including strategic, master and capital plans and oversight of land and commercial developments.

### 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:

- 3.1. consider the principal strategic risks and opportunities associated with the business of the Authority and assist the Board in identifying and understanding the strategic opportunities and risks underlying Board and management decisions;
- 3.2. oversee the annual Board review of the Strategic Plan;
- 3.3. review management plans to develop land and commercial opportunities associated with the Vancouver International Airport;
- 3.4. review management’s plans for preparation of the Airport Master Plan every ten years;
- 3.5. review lease approvals which require Board approval and make recommendations to the Board;

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

- 3.6. review Project Definition Reports for capital projects which require Board approval and make recommendations to the Board; and, in conjunction with the Finance and Audit Committee for the financial portion thereof, oversee post-completion reviews of these projects, including lessons learned; and,
- 3.7. review annually the Land Use Plan and the Land Management Guidelines.

**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.