

CHARTER OF THE PENSION COMMITTEE OF THE BOARD OF DIRECTORS OF THE TORONTO PORT AUTHORITY

DEFINITIONS AND INTERPRETATION

1. DEFINITIONS

In this Charter:

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

2. INTERPRETATION

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

CONSTITUTION AND FUNCTIONING OF THE COMMITTEE

3. CONTINUATION OF PENSION COMMITTEE

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

4. PURPOSE

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

5. APPOINTMENT AND REMOVAL OF MEMBERS OF THE PENSION COMMITTEE

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

6. NUMBER OF MEMBERS

The Pension Committee shall consist of seven members as follows:

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

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

PENSION COMMITTEE CHAIR

7. BOARD TO APPOINT PENSION CHAIR

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

8. PENSION CHAIR TO BE APPOINTED ANNUALLY

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

PENSION COMMITTEE MEETINGS

9. QUORUM

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

10. SECRETARY

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

11. TIME AND PLACE OF MEETINGS

The time and place of the meetings of the Pension Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Pension Committee; provided, however, the Pension Committee shall meet as needed, but in any event at least three times each year.

12. IN-CAMERA MEETINGS

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

13. RIGHT TO VOTE

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

14. INVITEES

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

AUTHORITY OF PENSION COMMITTEE

15. RETAINING AND COMPENSATING ADVISORS

The Pension Committee shall have the authority to engage independent counsel and other advisors in its sole discretion as the Pension Committee may deem appropriate in order to discharge its duties.

Provided that the fees of such advisor are reasonably expected to be less than \$25,000 the Pension Committee shall not be required to obtain the approval of the Board in order to retain or compensate such advisor. The retention of any such advisors shall be exempt for the procedures set out in the Port Authority's purchasing/procurement policy.

16. RECOMMENDATIONS TO THE BOARD

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

SPECIFIC DUTIES AND RESPONSIBILITIES

17. CUSTODIANS, TRUSTEES AND INVESTMENT MANAGERS

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

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

18. ACTUARY

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

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

19. PENSION PLAN

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

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

20. REPORTS TO THE BOARD

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

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

21. STANDARD OF PERFORMANCE

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

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

ADMINISTRATION OF THE FUNDS

22. GENERAL

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

23. BENEFIT ADMINISTRATION

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

24. COMMUNICATION AND STAKEHOLDER RELATIONS

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

25. ACTUARIAL VALUATION REPORTS

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

26. MONITORING AND SUPERVISING INVESTMENT MANAGERS

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

27. GOVERNANCE ASSESSMENT

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

OTHER MATTERS

28. ANNUAL PERFORMANCE EVALUATION

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

29. CHARTER REVIEW

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

30. REGULAR REPORTING

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

31. OTHER FUNCTIONS

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

32. DIRECTORS' FEES

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