

## Board of Directors Terms of Reference

### 1. OBJECTIVES

1. Directors will function as stewards of the Global Transportation Hub (GTH), with an obligation to observe and review the affairs and business of the GTH. The Board of Directors (the Board) will have the statutory authority to do so. In satisfaction of this obligation, the Board provides oversight while delegating to management the responsibility for the day to day operations of the GTH. The fundamental obligation of the Board is to act in the best interests of the GTH, taking into account the public policy and business objectives of the GTH, with a view to enhance the benefits to people and business in Saskatchewan.

### 2. CONSTITUTION

1. The Board shall be comprised of not more than nine and not less than three Directors, who shall be appointed by the Lieutenant Governor in Council. Each Director of the Board shall hold office at pleasure for a period not exceeding three years and until a successor is appointed. A member may be reappointed. Where a vacancy occurs at any time in the membership of the Board, it may be filled by the Lieutenant Governor in Council.
2. A Director's appointment may be renewed for additional terms as long as both the Director, Lieutenant Governor in Council and the Board agree membership should continue.
3. The Board shall approve a position description for the Chair of the Board, which sets out the duties, responsibilities and expectations of the position. The Board may also make recommendations respecting the appropriate mix of skills, qualifications and expertise required for new Directors consistent with the GTH policies, as well as recommend individual candidates to fill vacancies based on competency and expertise requirements as assessed by the Board.
4. The Board must be comprised of a majority of Directors who are independent. An independent Director means a Director who has no direct or indirect material relationship with the GTH. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a Director's independent judgment.
5. In making a determination regarding a Director's independence, the Board will consider all relevant facts and circumstances, including the Director's commercial,

- industrial, banking, consulting, legal, accounting, charitable and familial relationships and such other criteria as the Board may determine from time to time, in accordance with the GTH Director Code of Conduct. Directors are asked to provide the Board of Directors with full information regarding their business and other relationships with the GTH and its affiliates and executive management. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination of their independence.
6. The Lieutenant Governor in Council shall designate one Director of the Board as Chair of the Board and another Director of the Board as Vice Chair of the Board. If the Chair of the Board is absent or unable to act or the office of the Chair is vacant, the Vice Chair shall perform all of the duties and may exercise all of the powers of the Chair. If both the Chair and the Vice Chair are absent, the Chair of the meeting shall be chosen by the remaining Directors of the Board. The Chair presiding at any meeting of the Board shall have a vote in all matters considered by the Board. In the event of a tie, the motion is defeated.
  7. If the Board Secretary is not present at any meeting of the Board, the Board may appoint an acting Board Secretary to perform the functions of the Board Secretary at that meeting.

### **3. DUTIES AND RESPONSIBILITIES:**

1. In discharging its obligations, the Board has specific duties and responsibilities for the following, which do not, limit or comprehensively define its overall responsibility for stewardship of the GTH:
  1. To recommend the selection, appointment, evaluation and if necessary the termination of the President & Chief Executive Officer (President & CEO) of the GTH to the Chair of the Board;
  2. Provide leadership in setting the GTH's long-range strategic direction, approve the overall strategic plan, review and monitor the operating goals, operating budget, performance measures and targets and the business plans established to achieve them;
  3. Participate in identifying the principal risk of the business in which the GTH is engaged, achieving a proper balance between risks incurred and the public policy objectives of the GTH, and to oversee the implementation of appropriate policies and systems to manage risk;
  4. To review recommendations of the President & CEO regarding appointments and terminations of executive management;

5. To ensure that effective succession planning and management development plans are in place;
6. The review and monitoring of the human resources policies and procedures of the GTH as prepared by management;
7. The review and monitoring of the financial policies for the GTH's internal processes, controls and management information systems;
8. To approve and provide guidance on compliance with significant policies and procedures which have a material impact on the operation of the GTH;
9. To approve and provide guidance of GTH governance policies and processes to ensure good corporate governance;
10. To annually sign the Board of Director's Code of Conduct and Conflict of Interest documents;
11. To adhere to the annual Work Plan and ensure the duties and responsibilities listed in the Terms of Reference are scheduled to be achieved;
12. The review and monitoring of the adequacy of the Terms of Reference for the Board on an annual basis;
13. The review and approval of the annual Business and Financial plans, Annual Report including the Audited Financial Statements and other disclosure documents required to be approved by the Directors of the GTH;
14. The review and monitoring of the performance and effectiveness of the Board and individual Directors in achieving the requirements of its Terms of Reference of the Board bi-annually;
15. The review and monitoring of an appropriate orientation program for new Directors and that there are continuing education opportunities offered to all Directors;
16. The review and monitoring of the Board functioning independent of management;
17. The review and monitoring of the integrity of the executive management of the GTH and as to the culture of integrity throughout the GTH;
18. Provide availability to executive management to access their industry expertise and advice;

19. The review and approval of all New Tenant Sales Agreements, or miscellaneous Land Sale Agreements which are other than in the ordinary course of business and exceed a value of \$500,000; based on a President & CEO submission to the Board of Directors. Since sale negotiations may be time sensitive, Board review will likely be undertaken through conference calls at the call of the Board Chair rather than through the regularly scheduled Board meetings.
  20. The review and approval of business cases for all land purchases and other significant new initiatives in excess of \$500,000 in compliance with the Significant Initiatives GTH Policy. This would also include a final approval of land transactions prior to purchase. Any land purchase greater than \$5,000,000 will be approved by Cabinet, however presented to the Board first for approval. Any land purchase less than \$5,000,000 will be subject to Board approval only.
2. The Board of Directors shall have the following duties and responsibilities with respect to Governance and Human Resources:
- 3.2.1 review and responds, in conjunction with the President & CEO of the GTH, to any relevant legislation, report, position paper, or other developments on the subject of corporate governance generally and the duties and responsibilities of the Directors in particular;
  2. receiving declarations of conflict or potential conflict of interest from Board members, the GTH President & CEO and the GTH President & CEO on behalf of staff or partners;
  3. determining appropriate processes in response to a conflict of interest or ethical issue;
  4. review and evaluate annually the performance and compensation of the GTH President & CEO including the review and approval of goals and objectives;
  5. annually develop the skills, experience and diversity criteria for Directors necessary to ensure effective governance and succession planning;

6. seek qualified potential candidates for appointment to the Board to fill vacancies;
  7. review and evaluate any significant issues related to human resources that need to be discussed.
3. The Board of Directors shall have the following duties and responsibilities with respect to Audit and Finance:
1. review the external auditor's qualifications and independence. Approve the appointment or reappointment of an external auditor. Also approve external audit plan and fees. An Order in Council is required to use an external auditor or the Provincial Auditor could be utilized without needing that process;
  2. review and approve annually external audit fees;
  3. review with management and the auditor the annual audited financial statements of the GTH and approve. This review shall include an in-camera meeting with the auditor;
  4. review the results of the auditor's annual audit and report, including the financial records, management letter, and results with respect to the GTH's internal controls, evaluate unresolved matters and determine a plan for timely follow-up;
  5. review monthly and quarterly financial statements, forecasts or other financial accountability information prepared for public consumption, prior to its release;
  6. chair of Board to review and approve the GTH President & CEO's expense claims on a quarterly basis;
  7. review the GTH's report on material outstanding litigation;
  8. approve significant non-audit services to be provided by the external auditors and specify in advance what services require approval before they are commenced;
  9. review the formal representation letter provided by the President & CEO to the external auditors;

10. review and approve annually all Director expenses and other operating costs of the Board. Vice-Chair of the Board to review the Chair of the Board's expenses;
11. review Board Secretary's remuneration payments and expense payments to Directors for accuracy and compliance;
12. review annually the borrowing and financing of the GTH;
13. review annual the insurable risks and insurance coverage of the GTH;
14. review annually the GTH's Risk Management Plan, as prepared by management;
15. review the policies and guidance that management has developed to identify and manage the broader set of principal risks of the corporation's business, including the implementation of appropriate systems to manage these risks;

#### **4. LEGAL RESPONSIBILITIES**

1. In discharging its legal duties and statutory responsibilities, the Board shall ensure that the Corporation establishes appropriate and effective policies and procedures to:
  1. operate at all times within applicable laws and regulations;
  2. operate in accordance with the highest ethical and moral standards; and
  3. properly prepare, approve and maintain GTH corporate documents and records.
2. In performing their legal duties, Directors shall:
  1. act honestly and in good faith with a view to the best interests of the GTH, while taking into account the public policy and business objectives of the GTH;
  2. exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstance; and,
  3. comply with the provisions of *The Global Transportation Hub Authority Act*.

#### **5. MANAGEMENT OR EXECUTIVE MANAGEMENT RESPONSIBILITIES**

1. The Board discharges its statutory obligation to manage the affairs and business of the GTH by delegating certain of its powers to officers and employees of the GTH.
2. Management is responsible for the day-to-day operations of the GTH, acting within approved Board policies and directives.
3. The Board, in addition, requires management to:
  1. develop for recommendation to the Board a vision and mission for the GTH and strategic plans, operating plans and budgets to achieve the vision;
  2. establish, prioritize and achieve GTH strategies, goals and operational plans, and measure performance indicators;
  3. identify, prioritize and manage the principle risks to the GTH;
  4. appoint, train, motivate, monitor and evaluate employees, consultants or partners and develop an effective succession plan;
  5. propose and implement policies and processes to enable effective communication with the shareholder, stakeholders and the public;
  6. design and implement policies and procedures to ensure the integrity of the GTH's internal control and management information systems;
  7. provide accurate, complete and timely information to the Board to enable it to discharge its obligations and meet its governance and legal responsibilities;
  8. establish and implement policies and procedures to ensure statutory and compliance responsibilities are met, and that the GTH establishes appropriate and effective policies and procedures to:
    - a. operate at all times within applicable laws and regulations;
    - b. operate in accordance with the highest ethical and moral standards; and,
    - c. properly prepare, approve and maintain GTH corporate documents and records.
  9. submit to the Board a written summary and rationale for all New Tenant Sales Agreements; and miscellaneous Land Sale Agreements, which are other than in the ordinary course of business and exceed \$500,000.
  10. The preparation of business cases for all land purchases and other significant new initiatives in excess of \$500,000 in compliance with the GTH Significant Initiatives Policy. Any business case prepared where the land purchase is

greater than \$5,000,000 will be approved by Cabinet, however presented to the Board first for approval. Any business case outlining a land purchase less than \$5,000,000 will be subject to Board approval only.

## 6. MEETINGS

1. The time and place of meetings of the Board and the procedures at such meetings shall be determined from time to time by the Directors of the Board, provided that:
  1. the Board shall meet at least four times annually on a regular schedule, after each quarter to review quarterly performance. Additionally, the Board shall also meet once per year as a strategic planning session;
  2. a meeting of the Board may be called on the direction of the Chair of the Board, the President & CEO of the GTH or by any two members of the Board, and subject to quorum being achieved, the meeting shall convene on the date and time set by the Notice of Meeting;
  3. a quorum for meetings shall be the majority of the Directors of the Board and the Chair or Vice Chair present either in person or by telephone or other telecommunications device that permits all Directors participating in the meeting to speak to and hear each other;
  4. if the Chair of the Board is absent or unable to act or position of Chair of the Board is vacant, the Vice Chair shall perform all the duties and may exercise all the powers of the Chair;
  5. if, in the circumstances mentioned in subsection (6.1.4), the Vice Chair is absent or unable to act for any reason or if the position of Vice Chair is vacant, another member of the Board may be designated by resolution of the Board as Acting Chair of the Board and shall perform all the duties imposed on, and may exercise all the powers of, the Chair of the Board; reasonable notice, preferably seven days before the meeting at a minimum, shall be given in writing, by e-mail to each member of the Board;
  6. the Agenda and associated material shall be sent to each member of the Board seven to ten days prior to such meeting;
  7. a Director may, in any manner, waive a notice of meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called. Also, attendance of a Director at the meeting can be a waiver of notice of the meeting where a Director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called;



8. the Board shall have the right to determine which non-Board members are and are not present at any part of the meetings of the Board;
9. there shall be an In Camera session at each Board meeting.

## **7. REMUNERATION**

- 7.1 The rates of remuneration and reimbursement of expenses for Directors of the Board, other than government employees, is fixed at the rates established by Crown Investments Corporation of Saskatchewan (CIC) for Directors of subsidiary Crown Corporations at the level of a Tier II Crown Corporation. (Section 13)

## **8. MINUTES AND REPORTING RESPONSIBILITIES**

- 8.1 An outline of material proceedings and deliberations addressed by the Board, and all recommendations, decisions and directives of the Board shall be recorded by the Board Secretary in the minutes of the meeting.
2. A draft copy of the minutes of a Board meeting, approved by the Chair of the Board, shall be circulated to members of the Board prior to the next regular Board meeting. A Director may request a revision to the minutes to include specific deliberations. Following approval of the minutes of the meeting by the Board, if substantive revisions have been made to the draft minutes, the minutes approved by the Board shall be re-circulated to members of the Board.

## **10. SUPPORT TO THE BOARD**

1. The Board shall have access to any and all books and records of the GTH required for the execution of the Board's obligations and, as necessary, shall discuss with appropriate GTH officers and employees, coordinated through the office of the President & CEO, such records and other relevant matters.
2. The Board shall have the authority to retain external advisors, experts or consultants in order to properly discharge its duties and responsibilities. Any costs incurred to a Director for these consultations will be reimbursed to the Director payable by the GTH.

## **11. CONFIDENTIALITY**

1. All deliberations of the Board and all records, material and information pertaining to the GTH obtained by a Director of the Board, shall be considered confidential. Board members shall maintain the confidentiality of such deliberations and shall safeguard such records, material and information from improper access.