
GOVERNANCE COMMITTEE

PURPOSE

The purpose of the Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of the Corporation is to assist with Board oversight of governance issues affecting the Corporation to ensure that appropriate processes, structures and information necessary for effective direction and oversight are in place.

The Committee, as a standing committee of the Board, derives its mandate and responsibilities from the Board.

A. Operating Principles

1. Functions and Composition:

- (a) There shall be a Governance Committee, the members of which shall be the Chair and two or more of the Directors named by the Board.
 - (b) Members of the Committee shall be independent of management and the Corporation.
 - (c) The Committee will carry out the duties outlined in these Terms of Reference and such other functions as are assigned or delegated to it by the Board.
- 2. Chair** - The Committee shall be chaired by the Chair of the Board or a member of the Board recommended by the Chair of the Board and confirmed by the Board. Where the Chair is absent at any meeting one of the members of the Committee who is chosen to act by the members present shall preside and have all the powers of the Chair.
- 3. Quorum** - The presence of the lesser of (a) three (3) members of the Committee, and (b) a majority of the then-current members of the Committee constitutes a quorum for a meeting of the Committee. In the event any Committee member declares a conflict of interest with regards to any one or more matters under consideration by the Committee, such Committee member will not attend that portion of the meeting dealing with such matter(s) and the foregoing quorum requirement will be reduced by one (1) with regards to any decision or recommendation made with respect to such matter(s).

4. **Voting** - A matter put to a vote at a meeting of the Committee shall be decided by a majority of the votes cast, and in the event of an equality of votes the Chair has a second vote.
5. **Procedure and Conduct** - Subject to other provisions of any resolution of the Board respecting a specific matter, the Chair shall determine the procedure at and conduct of meetings of the Committee.
6. **Minutes** - Once they have been approved by the Committee, copies of the minutes of the proceedings of the Committee shall be deposited into the Committee Minute Book by the Corporate Secretary. The Committee Minute Book shall be available to all of the Directors for inspection, upon request.
7. **Frequency of Meetings** - The Committee will meet at the discretion of the Chair, but not less frequently than three times each year.
8. **Agenda** - A written agenda for each meeting of the Committee together with any related materials will be distributed to the members of the Committee at least five days in advance of the meeting date.
9. **Supplemental Attendees** - Any person who may possess information that would be useful to the Committee in carrying out its duties may be invited by the Chair or acting Chair to attend any meeting of the Committee.
10. **Reporting** - The Committee will, where appropriate, provide a report of each meeting of the Committee at the next regular Board meeting or as may otherwise be required by the Board.
11. **Review of Terms of Reference** - The Committee shall review and assess the adequacy of these Terms of Reference at least annually. If the Committee recommends any amendments, the Committee shall submit revised Terms of Reference to the Board for its approval.
12. **Self-assessment** - An evaluation of the Committee shall be conducted regularly, in which the Committee shall review its performance for the purpose, among other things, of assessing whether the Committee fulfilled the responsibilities and duties stated in these Terms of Reference.
13. **Independent Counsel or Other Advisors** - The Committee has the authority to engage outside advisors including, but not limited to counsel, independent consultants and/or other experts, as needed, to review any matter under its responsibility.

B. Principal Duties and Responsibilities

1. **Governance** - The Committee shall take a leadership role and assume responsibility for the Corporation's overall approach to governance and shall undertake such governance initiatives as may be desirable to ensure that the appropriate processes, structures and information necessary for effective direction and oversight are in place to contribute to the success of the Corporation. The Committee shall keep abreast of current developments in governance best practices.
2. **Orientation and Training** - The Committee shall oversee the development and implementation of the Director's orientation program including: a strategic overview; an overview of the Corporation's vision and mission statement; an overview of the Corporation's activities; a review of the contents of the Board Manual. The Committee shall review, monitor and make recommendations to the Board regarding the orientation, training and ongoing development of Directors.
3. **Board Manual** - The Committee shall ensure that a current and complete Board Manual of documents is maintained including:
 - (a) All policies applicable to the Board;
 - (b) All Committee Board Terms of Reference setting out the roles and responsibilities of Board Committees and the Committee chairs;
 - (c) Board procedures; and
 - (d) A Communications protocol for communication among governance parties including the Ministry of Transportation, municipalities and the public.
4. **Terms of Reference** - The Committee shall review and recommend, for Board Approval, any proposed amendments to a Board Standing Committee's Terms of Reference.
5. **Significant Issues** - The Committee shall develop a process to assist the Board in determining whether the Board is satisfied with the manner, frequency and timeliness with which significant issues are brought to its attention, as well as the appropriateness of that information.
6. **Board and Committee Effectiveness** - The Committee shall recommend to the Board, and if approved by the Board, implement a method for regularly evaluating and assessing the effectiveness of the Board, the Committees, the Chair, the Committee chairs and of individual Directors, and recommend any changes to the method.

7. **Risk Reporting** - In keeping with the responsibilities of the Audit, Finance and Risk Management Committee on enterprise risk management oversight, as contained in its Terms of Reference, the Governance Committee will:
 - (a) Ensure that it fully understands any and all risks related to the Committee's principal duties and responsibilities as set out in these Terms of Reference to which the Corporation is exposed, the Corporation's enterprise risk management (ERM) framework, and the policies, procedures and controls used by management to identify, monitor, assess and manage these risks;
 - (b) Ensure that key risks related to the achievement of the Corporation's board governance practices as set out in the Committee's Terms of Reference including but not limited to appropriate processes, structures and information necessary for effective direction and oversight are identified and documented with mitigating strategies, and monitored in reaching proposed targets; and
 - (c) Review the enterprise risks relevant to the Corporation's board governance mandate as appropriate to ensure that the Committee is apprised of the enterprise risks that exceed the risk appetite and whether management is responding to them.
8. **Independent Counsel** - The Committee shall ensure there is a system that enables a Board Committee or a Director to engage separate independent counsel or other advisors/other experts in appropriate circumstances, at the Corporation's expense.
9. **Review of Objects, etc.** - On a periodic basis, the Committee shall review the Corporation's objects, duties and powers as set out in the *Metrolinx Act, 2006*, as amended from time to time (the "Act") and make any recommendations it sees fit to the Board.
10. **Strategic Plan** - The Committee shall advise and assist the Board in advancing the goals of the Corporation's strategic plan including organizing and overseeing an annual Board retreat and the timely follow-up of matters raised at the retreat.
11. **Effective Date** - These Terms of Reference take effect on the date it is approved by the Board.

Approved by the Board of Directors on February 16, 2023