



Director Recruitment Briefing

Overview of position

Vancouver Fraser Port Authority

September 2018

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For more information, please contact:

Mark Gustafson, Corporate Secretary | Mark.Gustafson@portvancouver.com

1.0 ORGANIZATION OVERVIEW

Vancouver Fraser Port Authority

The Vancouver Fraser Port Authority (VFPA) is a non-shareholder, financially self-sufficient corporation, established by the Government of Canada in January 2008, in accordance with the *Canada Marine Act*, and accountable to the Federal Minister of Transport.

VFPA is governed by a diverse board of directors. The board makes independent and timely decisions based on business plans and capital spending with a focus on the operational needs of port users and is guided by a vision for long-term growth and competitiveness.

VFPA is responsible for the stewardship, operation and development of the land, water and assets within its jurisdiction, including administration of more than 16,000 hectares of water, nearly 1,000 hectares of land and assets along hundreds of kilometres of shoreline.

VFPA operates with one Board of Directors, one CEO, well-developed growth objectives and strategies, an understanding of business sector and supply chain dynamics, and an integrated sustainability framework.

Please see APPENDIX A: Canada Marine Act for a detailed description of Vancouver Fraser Port Authority's mandate.

Amalgamation context

On January 1, 2008, after nearly one hundred and fifty years of existing separately, the Fraser River Port Authority, North Fraser Port Authority and Vancouver Port Authority combined to become the Vancouver Fraser Port Authority (VFPA).

Port of Vancouver

The Port of Vancouver is a dynamic gateway for domestic and international trade and tourism. As Canada's largest and busiest port, the Port of Vancouver supports trade with more than 170 economies annually and generates an estimated \$11.9 billion in GDP, \$24.2 billion in economic output, and \$7 billion in wages. The Port of Vancouver serves as a major economic engine that strengthens the Canadian economy.

Location

Positioned on the southwest coast of British Columbia in Canada, the Port of Vancouver extends from Point Roberts at the Canada/U.S. border through Burrard Inlet to Port Moody and Indian Arm, and from the mouth of the Fraser River, eastward to the Fraser Valley, north along the Pitt River to Pitt Lake, and includes the north and middle arms of the Fraser River.

Local interests

The Port of Vancouver borders 16 Lower Mainland municipalities and intersects the asserted and established territories and treaty lands of several Coast Salish First Nations. The port authority works with many stakeholders, including elected officials, city staff, residents and businesses, to balance the needs of the shipping and tourism industries, and local communities.

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Terminals

The Port of Vancouver is a full service port offering 27 marine cargo terminals, Super Post-Panamax capacity, and several domestic, intermodal shipping terminals.

Infrastructure

The Port of Vancouver is serviced by three intercontinental Class I railways, Canadian National, Canadian Pacific Railway and Burlington Northern Santa Fe, as well as BC Rail and Southern Railway of BC. The Port of Vancouver offers access to the Trans-Canada and U.S. Interstate highway systems with interconnecting service provided by major trucking lines. Vancouver International Airport ("YVR") is approximately 25 minutes from Vancouver's city centre and connects passengers to the popular Vancouver-Alaska cruise.

Business sectors

The Port of Vancouver's five business sectors include automobile, breakbulk, bulk, container and cruise.

Cargo Totals	2016	2015	2014	2013
Total Tonnage ('000 metric tonnes)	135,538	138,083	139,638	135,008
Cargo Type				
Autos (in '000 units)	393	384	351	379
Breakbulk ('000 metric tonnes)	16,240	16,472	16,967	17,051
Bulk ('000 metric tonnes)	93,847	96,190	97,654	92,736
Container ('000 TEUs)	2,930	3,054	2,913	2,825
Cruise (Passengers)	826,820	805,435	812,095	812,398

International representatives

To meet the needs of the Port of Vancouver's international and domestic business partners, and to support government trade missions, representatives in Seoul, Korea and Yokohama, Japan work directly with VFPA's overseas office in Shanghai, China to ensure access throughout the region.

Canada Place Corporation

VFPA has six subsidiaries, one of which is Canada Place Corporation. Canada Place generates over \$1 billion annually in economic impact through the activities of the Vancouver Convention Centre, Pan Pacific Hotel, cruise ship terminal, and World Trade Centre.

2.0 VISION, MISSION, VALUES AND STRATEGIC ISSUES

Mission

To enable Canada's trade objectives, ensuring safety, environmental protection and consideration for local communities.

Vision

To be the world's most sustainable port.

Values

- **ACCOUNTABILITY:** Own it.
- **CUSTOMER RESPONSIVENESS:** Deliver it.
- **CONTINUOUS IMPROVEMENT:** Innovate and advance it.
- **COLLABORATION:** Succeed together.

Strategic issues

The Port of Vancouver business environment presents a tremendous growth opportunity for the regional gateway. It also presents challenges. The three main strategic issues facing the Port relate to its transportation logistics chain, throughput capacity and sustainability.

Transportation logistics chain

Supply chain efficiency and reliability has attained greater importance as rising cargo volumes have created increasingly frequent episodes of congestion at ports along the West Coast, including the Port of Vancouver. The Port's supply chain faces a number of strategic issues that must be addressed to ensure the efficiency of the entire transportation logistics chain.

Throughput capacity

VFPA must work with its supply chain partners to develop terminal and system capacity to align with the Port's current and long-term projected cargo volumes. Service providers have identified impediments to justify new capital investment, such as the rail tax environment in Canada and low operating returns in the container trucking industry. It can also be difficult for VFPA to earn the returns required to justify new investment in its capital-intensive terminals.

Sustainability

VFPA's goals and objectives must consider the best interests of the long-term viability of the Port of Vancouver, its stakeholders and partners, the community and the surrounding environment. VFPA must be prepared to deal with a wide range of issues including global security, environmental impact, effects of labour and operating disruptions, increasing port-related traffic, and market demand to redevelop industrial properties within its jurisdiction into residential housing or live/work units.

VFPA has the opportunity to capitalize on tremendous growth opportunities if it can manage these challenges.

3.0 CORPORATE GOVERNANCE

Legal framework

Pursuant to the *Canada Marine Act*, the Board is responsible for the stewardship of VFPA and for the management of VFPA's business and affairs. The Board operates by delegating to management certain of its authorities, including spending authorities, and by reserving certain powers to itself. Board members serve part time and the Board's role is one of governance and oversight of VFPA.

Although directors are appointed by the Minister, the Governor-in-Council and by the Appointing Bodies to bring special expertise or a point of view to Board deliberations, the best interests of VFPA are paramount at all times.

Please see *APPENDIX B: Board composition* for a list of appointing bodies and *APPENDIX C: Eligibility criteria* for eligibility criteria.

Board governance

The Board of Directors guides VFPA in fulfilling its mandate, and sets the direction for VFPA. The Board and management approve the corporate vision, mission, values, and goals to guide the Corporation. The Board sets goals for corporate performance and these goals and associated objectives are the basis upon which accountability and performance are evaluated. Performance against these goals and objectives is reviewed and periodically revised when necessary.

VFPA's board members are appointed by the Minister, the Governor-in-Council and by the Appointing Bodies. The Board of Directors consists of eleven members with a broad range of experience and expertise. The individual members also contribute as members of committees of the Board to assist the Board in developing and furthering its mandates and its guiding principles.

The governance processes and guidelines outlining how the Board will carry out its duties of stewardship and accountability are set out in the Board Governance Manual, which is updated annually by the Governance Committee.

The Board maintains an analytical framework for assessing desired competencies, expertise, skills, background and personal qualities that are sought in potential candidates for the Board. This framework is shared with the Nominating Committee and all Appointing Bodies.

All directors should be independent of VFPA; that is, independent of management and free from any relationship that might interfere with the exercise of their independent judgment as a director. To be considered independent, the individual must:

- not serve as an employee or executive officer of VFPA;
- not receive any compensation from VFPA other than for services as a Director;
- not be an officer or owner of a business that does a significant amount of business with VFPA;
- not be a close relative of an executive officer or director;
- meet any additional independence criteria established from time to time by the Board; and
- not be in a conflict of interest situation that is not acceptable to the Governance Committee.

Directors are appointed to hold office for a term of not more than three years, and for not more than nine consecutive years. To ensure continuity, the Board seeks to ensure that no more than half of the directors' terms expire in any one year.

Board's approach to corporate governance

The Board's governance role involves reviewing and approving a strategic planning process; reviewing and approving VFPA's strategic direction and related land use, business and annual operating and capital plans; selecting qualified management; overseeing VFPA's business and activities; reviewing VFPA's material risks; and developing a board succession planning process. The Board is committed to conducting business in a professional, legally responsible and ethical manner.

Current Board of Directors

The following is the current list of Directors as of June 29, 2018:

Board Member(s)	Appointing Body	Existing	End of Current Term
C. Munroe	Minister	3 years	November 14, 2020
C. Loberg	Prairie Provinces	3 years	February 28, 2021
P. Hochstein	Province of British Columbia	3 years	May 18, 2019
P. Priddy	Municipalities	3 years	May 31, 2020
C. McLay	Minister/Users	3 years	June 20, 2020
L. Ethans	Minister/Users	3 years	June 20, 2020
E. Kwan (Vice-Chair)	Minister/Users	3 years	May 13, 2019 ¹
J. Rogers (Chair)	Minister/Users	3 years	December 13, 2020 ²
J. McLeod	Minister/Users	3 years	December 20, 2020
M. Corrigan	Minister/Users	3 years	June 28, 2021

Executive leadership team

VFPA's Executive leadership consists of the following individuals:

- **Robin Silvester**, President & Chief Executive Officer
- **Victor Pang**, Chief Financial Officer
- **Tom Corsie**, Vice President, Real Estate
- **Peter Xotta**, Vice President, Planning & Operations
- **Cliff Stewart**, Vice President, Infrastructure
- **Sandra Case**, Vice President, People and Business Performance
- **Duncan Wilson**, Vice President, Corporate Social Responsibility

Conflict of interest

Pursuant to the Code of Conduct³, each year, Board Members and Executives shall acknowledge in writing to the Governance Committee that he/she has read and understood the Code of Conduct. At this time, the Board Member must disclose any potential or real conflicts of interest. Examples of conflict of interests are:

¹ Term as Vice-Chair ends May 13, 2019

² Term as Chair ends August 28, 2020

³ Schedule "E" of the Letters Patent

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1. A conflict of interest refers to a situation in which a direct or indirect personal and/or financial interest may be perceived to affect the ability of directors to act in the best interest of VFPA.
2. A conflict may occur when an interest benefits the family, friends or business associates of any director or staff.
3. Some of the more common areas of potential conflicts include material and direct personal involvement with sponsors, suppliers, vendors, contractors or customers, ownership of property directly and specifically affected by VFPA action or acquired as a result of confidential information obtained from VFPA.

Performance evaluation

The Board is committed to Board and director evaluation designed to provide Directors with an opportunity each year to examine how the Board, its Committees, the Board Chair, Committee Chairs and individual directors are performing and identify opportunities for improvement.

Each year, the Governance Committee will recommend to the Board the specific evaluation process to be undertaken. The evaluation process will be appropriate to the stage of development of the Board and the Board's evaluation processes.

4.0 NOMINATING COMMITTEE

The Nominating Committee is an advisory committee that provides advice to the Minister with respect to seven director positions appointed by the Governor-in-Council. The Nominating Committee consists of 15 voting members representative of certain classes of users of the Port within the domain of VFPA and one non-voting member who is a member of the Board.

The Letters Patent outlines a process to be followed by the Nominating Committee in soliciting and recommending candidates to the Minister⁴. The process involves the Nominating Committee interviewing candidates and then making recommendations to the Minister of Nominating Committee's suitable candidates. The Minister then seeks Governor-in-Council approval for the candidate. This process can take up to three to four months to complete.

Notwithstanding the obligation of the Minister to consult with the Nominating Committee, the Minister retains flexibility and discretion to appoint persons other than those persons recommended by the Nominating Committee to ensure an appropriate mix of Board members at all times.

⁴ Schedule "D", Letters Patent

5.0 REMUNERATION AND EXPENSES

The Board is responsible for setting director compensation⁵. Director remuneration falls in the following three categories:

- a) annual retainer;
- b) per meeting fee compensation for attending meetings and other work performed on behalf of VFPA; and
- c) reimbursement for reasonable expenses incurred in connection with authorized work performed on behalf of VFPA.

The Board Chair receives an annual salary plus Board meeting fees but does not receive Committee meeting fee payments.

Directors receive the following annual retainers:

- a) for the Board Chair, \$100,000;
- b) for the Vice Chair, \$25,000;
- c) for directors, \$15,000;
- d) for Committee Chairs (in addition to director retainer):
 - i) Audit \$8,000
 - ii) Governance & Stakeholder Relations \$6,000
 - iii) Human Resources and Compensation \$7,000
 - iv) Major Capital Projects \$6,000

Directors also receive \$1,250 for attending regular board meetings, and \$1,000 for conferences, out of province travel and special projects that are four hours or more in duration. Directors are also compensated for meetings and the like that are less than four hours in duration.

⁵ s. 30, *Port Authorities Management Regulations*

6.0 TIME COMMITMENT

The Board meets a minimum of six times per calendar year. The Board meetings are usually up to a full day. Board Books are sent to each director approximately ten days before the scheduled Board meeting, containing an index and documentation for all matters to be dealt with at the meeting. In addition to the regularly scheduled Board Meetings, the Board attends a two-day retreat to discuss strategic issues. Other meetings may be scheduled as necessary.

Committees have at least six scheduled meetings per year and are usually two hours long. The six scheduled Committee meetings are typically held the day prior to the six scheduled Board meetings. Other meetings may be scheduled as necessary.

Board committees

There are presently four committees:

Audit Committee

Purpose: To fulfill its statutory duty to assist the Board of Directors in fulfilling its obligations and oversight responsibilities relating to financial planning, the audit process, the special examination process, financial reporting, the system of corporate controls and risk management and when required, making recommendations to the full Board for approval.

Governance & Stakeholder Relations Committee

Purpose: To develop and recommend to the Board a set of corporate governance principles; make recommendations regarding the size, composition and charters of the committees of the Board; assist the Board and Board committees with the annual self-evaluation process; develop and recommend to the Board the Board Profile, the Director Recruitment Profile and Board Succession Plan; develop and oversee a process to respond to Appointing Bodies enquiries regarding potential Board candidates as appropriate; administer the Authority's Code of Conduct; and provide guidance and support for the port's community and environmental strategies and initiatives.

Human Resources and Compensation Committee

Purpose: To assist the Board with respect to all matters relating to human resources, including but not limited to CEO evaluation and compensation, management development, succession planning; compensation philosophy for the Authority, significant human resources policies and employee pension issues.

Major Capital Projects Committee

Purpose: To advise the Board and keep them apprised of the status of VFPA major capital projects (defined as those over \$5 million or substantially complex) or projects which include significant stakeholder sensitivity.

Each director is typically a member of two committees.

7.0 BOARD SKILLS AND EXPERIENCE

Given the Board’s strategic priorities, and the associated challenges and opportunities, the Board members, as a group, should possess the following skills and experience, with each director contributing knowledge, experience, and skills in at least two domains:

Skills	Experience
<i>Board Experience</i>	<p>Previous experience as a director of a commercial or not-for-profit organization</p> <p>Demonstrated knowledge of governance best practices</p>
<i>Strategic Planning</i>	<p>Experience in preparing long-term strategic plans for sizeable commercial or not-for-profit organizations</p> <p>Setting key performance indicators and monitoring processes</p>
<i>Financial & Risk Management Depth</i>	<p>Experience in financial analysis, risk management and budgeting for a major organization</p> <p>Depth in financial and accounting systems, internal controls, audit and risk management processes</p>
<i>Business Management / Leadership</i>	<p>Experience in operating a large, complex business organization, including marketing, revenue generation, cost controls, recruitment and development of management team</p>
<i>Maritime Industry Experience & Supply Chain Experience</i>	<p>Knowledge of and experience in the maritime industry, including transportation and logistics, terminal operations, shipping, rail and trucking services</p>
<i>Human Resources & Compensation</i>	<p>Depth in human resource management, pension plan administration, labour relations, compensation policy, executive development and succession planning</p>
<i>Major Capital Project Expertise</i>	<p>Depth in the processes of development and oversight of large capital projects, knowledge and experience in property management and real estate, including government and community relations</p>
<i>Government Relations</i>	<p>Experience dealing with senior governments, municipalities or First Nations including environmental approval processes</p>
<i>Marketing and Communications</i>	<p>Experience in consultative processes and performance measurement for a wide range of stakeholders, e.g. industry, governments, media and the community at large</p> <p>Experience in international trade development (especially Asia Pacific)</p> <p>Understanding diverse cultures</p>

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Skills	Experience
<i>Sustainability</i>	Experience with sustainability issues or initiatives (economic, social, and community) related to maritime industry, ports, or supply chain.
<i>Other Related Skills</i>	Any other skills or expertise which could be useful as a director, e.g. complex information technology project management Capital markets transaction; security

The required competencies are expected to change over time in relation to VFPA's evolving strategic goals and objectives. The Board Composition Profile is reviewed and updated annually.

For more information on VFPA, please visit: portvancouver.com.

APPENDIX A: Canada Marine Act

The Vancouver Fraser Port Authority (VFPA) was created under the *Canada Marine Act* (the “Act”) and its Letters Patent issued under the Act (the “Letters Patent”) to manage the federal real property and related port activities in the harbour of Vancouver and a portion of the Fraser River (the “Port”). VFPA is an autonomous legal entity governed by a Board of Directors with full control over all decisions affecting the operations of the Port. While engaging in port activities, VFPA is an agent of Her Majesty the Queen in Right of Canada. VFPA operates the Port in manner consistent with the purpose of the *Act* as set out in Section 4⁶.

In recognition of the significance of marine transportation to Canada and its contribution to the Canadian economy, the purpose of this *Act* is to:

- a) implement marine policies that provide Canada with the marine infrastructure that it needs and that offer effective support for the achievement of national, regional and local social and economic objectives and will promote and safeguard Canada’s competitiveness and trade objectives;
- b) promote the success of ports for the purpose of contributing to the competitiveness, growth and prosperity of the Canadian economy;
- c) base the marine infrastructure and services on international practices and approaches that are consistent with those of Canada’s major trading partners in order to foster harmonization of standards among jurisdictions;
- d) ensure that marine transportation services are organized to satisfy the needs of users and are available at a reasonable cost to the users;
- e) provide for a high level of safety and environmental protection;
- f) provide a high degree of autonomy for local or regional management of components of the system of services and facilities and be responsive to local needs and priorities;
- g) manage the marine infrastructure and services in a commercial manner that encourages, and takes into account, input from users and the community in which a port or harbour is located;
- h) provide for the disposition, by transfer or otherwise, of certain port and port facilities; and
- i) promote coordination and integration of marine activities and surface and air transportation systems.

VFPA’s activities involve shipping, navigation, transportation of passengers and goods, handling of goods and storage of goods and any other activities that are deemed necessary to the operation of the Port. The *Act* and Letters Patent set out certain restrictions on VFPA’s powers, including specific provisions with respect to the following areas:

- the extent of VFPA’s authorized activities⁷;
- the right to manage certain federal real property and immovables⁸;
- the right to lease and enter into work contracts⁹;
- the right to set fees¹⁰; and
- the right to borrow money¹¹.

⁶ s. 4, *Canada Marine Act*

⁷ s. 28-29, *Canada Marine Act*; s. 7-9 of the Letters Patent

⁸ s. 44-46, *Canada Marine Act*; s.7 of the Letters Patent

⁹ s. 8 Letters Patent

¹⁰ s. 49-53, *Canada Marine Act*

¹¹ s. 7.3, Letters Patent

APPENDIX B: Board composition

The Board is composed of eleven part time directors appointed as follows:

- a) the Governor-in-Council appoints one individual nominated by the Minister of Transport;
- b) the municipalities of Belcarra, Burnaby, Coquitlam, Delta, Langley (Township), Maple Ridge, New Westminster, North Vancouver (City), North Vancouver (District), Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Surrey, Vancouver and West Vancouver jointly appoint one individual;
- c) the province of British Columbia appoints one individual;
- d) the provinces of Alberta, Saskatchewan and Manitoba jointly appoint one individual; and
- e) the Governor-in-Council appoints seven individuals nominated by the Minister of Transport in consultation with the Nominating Committee.

The *Act* provides that directors identified in paragraphs (a) to (d) above "shall have generally acknowledged and accepted stature within the transportation industry or the business community" and those identified in paragraph (e) above "shall have generally acknowledged and accepted stature within the transportation industry or the business community and relevant knowledge and extensive experience related to the management of a business, to the operation of a port or to maritime trade."¹²

¹²s. 15, *Canada Marine Act*

APPENDIX C: Eligibility criteria

The *Canada Marine Act* stipulates that the following persons may not be directors of a port authority¹³:

- a) an individual who is a mayor, councillor, officer or employee of a municipality mentioned in the letters patent;
- b) an individual who is a member of the legislature of a province, or an officer or employee of the public service or of a Crown corporation of a province, mentioned in the letters patent;
- c) a Senator or a member of the House of Commons;
- (c.1) an officer or employee of the federal public administration, a federal Crown corporation or a port authority;
- d) an individual who is not a resident Canadian, as defined in subsection 2(1) of the *Canada Business Corporation Act*;
- e) an individual who is a director, officer or employee of a person who is a user of the port;
- f) an individual who is under eighteen years of age;
- g) an individual who has been declared mentally incompetent by a court in Canada or elsewhere; or
- h) an undischarged bankrupt.

¹³ s.16 *Canada Marine Act*