

1. Purpose

The Board of Directors (the "Board") of Metrolinx (the "Corporation" or "Metrolinx") is responsible for the stewardship of Metrolinx providing independent, effective leadership to oversee and supervise the management of the Corporation's business and affairs. These Terms of Reference define this general stewardship function in greater detail.

2. Authority

The Board derives its mandate and responsibilities from the *Metrolinx Act, 2006* (the "Act"). The Corporation shall conduct its business in accordance with the Act, and follow the direction and guidance of the Minister of Transportation through a Memorandum of Understanding.

3. Delegation

(a) Committees

The Board may establish such committees of the Board (each a "Committee") that it considers appropriate, and may determine the composition and function(s) of the Committees. Subject to the applicable law, the Board may delegate to a Committee any of the powers of the Board.

(b) Management

The Board shall have unrestricted access to the Corporation's management.

(c) Advisors and Third Parties

Subject to compliance with the Corporation's general procurement practices, the Board shall have the authority to obtain, at the Corporation's expense, appropriate external professional advice.

4. Roles and Responsibilities of the Board

(a) General

(i) The Board shall have the accountabilities and responsibilities defined in this Charter, recognizing that these matters do not limit

the Board's overall stewardship responsibility or its responsibility to oversee the management of the Corporation's affairs.

- (ii) The Board meets without Management at every scheduled meeting and as the Board deems necessary at non-regularly scheduled meetings. Metrolinx will maintain an independent Board at all times, with at least two-thirds of the Directors determined to be independent.
- (iii) The Board shall perform such duties as may be required by the Act and all other applicable laws. In addition, the Board shall perform such duties as may be required pursuant to a Memorandum of Understanding with the Minister of Transportation.
- (iv) The Board shall receive recommendations from the Governance Committee on the Board's overall approach to governance and shall undertake such governance initiatives as may be necessary to ensure that the processes, structures and information necessary for effective direction and oversight are in place and available to contribute to the success of the Corporation.
- (v) Directors will strive for perfect attendance at all Board and Board Committee meetings and are expected to attend at least 75% of all Board and applicable Board Committee meetings, combined. The Governance Committee will review the circumstances that prevented any Director from achieving the minimum attendance level and report its findings to the Board.

(b) Operational Matters

(i) Risk Management

Taking into account the reports of management, the Audit, Finance and Risk Management Committee and such other persons as the Board may consider appropriate, the Board shall oversee the Corporation's Enterprise Risk Management ("ERM") activities, review and approve the ERM policy and framework, consider the principal risks of the Corporation's business and satisfy itself as to the implementation of appropriate systems to manage these risks.

(ii) Strategic Planning Process

The Board shall adopt a strategic planning process and shall approve, annually, a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation's business.

(iii) Internal Control and Management Information Systems

The Board shall review the reports of management and the Audit, Finance and Risk Management Committee concerning the integrity of the Corporation's internal controls and management information systems. Where appropriate, the Board shall require management (overseen by the Audit, Finance and Risk Management Committee, as appropriate) to implement changes to such systems to ensure integrity of such systems.

(iv) Communications Policy and Feedback Process

Having regard to the Governance Committee recommendations as well as the requirements of a Memorandum of Understanding with the Minister of Transportation, the Board shall approve a communications policy for the Corporation which defines the roles of the Chair and Directors with respect to communications with the media, governments and their agencies, employees, the general public and other stakeholders.

(c) Financial Matters

(i) Budget

The Board shall ensure that the annual capital and operating budgets of the Corporation are submitted to the Minister of Transportation for approval in accordance with the Act (including the requirements with respect to timing, form and content specified in the Act).

(ii) Audit, Finance and Risk Management Committee Reports

The Board shall receive regular reports from the Audit, Finance and Risk Management Committee on the integrity of the Corporation's financial reporting system and information systems and its compliance with all regulatory requirements relating to financial reporting.

(iii) Appointment of Auditors

(A) The Board shall appoint one or more licensed public accountants to audit the accounts and transactions of the Corporation for the previous fiscal year. Any subsidiaries of the Corporation shall be audited in accordance with the Act.

- (B) The Board shall co-operate with any audit which the Minister of Transportation directs be conducted pursuant to the Act.
- (C) The Board shall co-operate with any audit which the Auditor General conducts pursuant to the Act.

(d) Relationship with Management

(i) Management Integrity

The Board shall, to the extent feasible, satisfy itself:

- (A) as to the integrity of the CEO, the CEO's direct reports, employees categorized as Vice-Presidents and above, and any other employees identified by the CEO; and
- (B) that the CEO, the CEO's direct reports, employees categorized as Vice-Presidents and above, and any other employees identified by the CEO create a culture of integrity throughout the organization.

(ii) Succession Planning

- (A) The Board shall be responsible for succession planning, including without limitation succession planning for emergency situations, with respect to the position of the CEO, the CEO's direct reports, employees categorized as Vice-Presidents and above, and any other employees identified by the CEO and shall, at least annually, review its activities with respect thereto, with the assistance of the Human Resources and Compensation Committee.
- (B) The Board shall ensure that an appropriate succession planning process, including without limitation succession planning for emergency situations, is in place for senior management of the Corporation and shall, at least annually, review the CEO, the CEO's direct reports, employees categorized as Vice-Presidents and above, and any other employees identified by the CEO, activities with respect to such succession planning.

(iii) Oversight of CEO

- (A) Having regard to the recommendations of the Human Resources and Compensation Committee, and in consultation with the CEO, the Board shall ensure a formal

position description exists for the CEO which:

- (I) defines the limits of the CEO's and management's responsibilities; and
 - (II) sets out the overall corporate goals and objectives that the CEO is responsible for meeting, taking into consideration the Corporation's strategic plan.
- (B) Annually, the Board shall receive recommendations from the Human Resources and Compensation Committee with respect to the corporate goals and objectives that the CEO is responsible for meeting in the upcoming year and shall approve those goals and objectives as appropriate.
- (C) The Board shall receive the recommendations of the Human Resources and Compensation Committee and make such determinations as it considers appropriate with respect to the CEO's compensation and performance review program.

(e) Board and Committee Effectiveness

(i) Director Orientation and Continuing Education

The Board shall review and, if determined appropriate, approve the recommendations of the Governance Committee with respect to a comprehensive orientation program for new Directors and a continuing education program for all Directors.

(ii) Work Plan

The Board, through its Committees, shall establish annual work plans for each forthcoming fiscal year.

(iii) Board, Committee and Director Assessments

- (A) Having regard to the recommendation of the Governance Committee, the Board shall adopt a process for assessing, annually, the performance and effectiveness of the Board as a whole and the Committees.
- (B) Annually and at such other times as it considers appropriate, the Board shall review and assess the adequacy of this Charter and shall make such changes as it considers necessary or appropriate.

- (C) Annually, the Board shall review the recommendations of the Governance Committee with respect to the terms of reference of each Committee. The Board shall approve any changes to a Committee's terms of reference that it determines are appropriate.

(iv) Position Descriptions

The Board shall consider the recommendation of the Human Resources and Compensation Committee and adopt formal position descriptions for:

- (A) the Chair;
- (B) the Vice-Chair; and
- (C) each Committee chair.

5. Roles and Responsibilities of Individual Directors

- (a) A Director shall comply with the Act, including any regulations thereto, as well as with the Corporation's by-laws, any policies approved by the Board, and any Memorandum of Understanding with the Minister of Transportation.
- (b) A Director shall comply with the *Public Service of Ontario Act, 2006*, to the extent applicable to such Director.
- (c) A Director shall comply with any Code of Business Conduct and Ethical Behaviour for Directors approved by the Board from time to time.

6. Reliance and Oversight

- (a) The Board is entitled to rely in good faith on information and advice provided to it by:
 - (i) the Corporation's management; and
 - (ii) such professional advisors as the Board considers appropriate.
- (b) The Board retains responsibility for oversight of any matters delegated to any Committee or to management.

7. Ministerial Directives

The Board shall ensure that any directives issued by the Minister of Transportation pursuant to the Act are implemented.

This Charter takes effect on the date so approved by the Board.

Approved by the Board of Directors on December 6, 2017 and reviewed by the Governance Committee on February 6, 2019.