

The Governance Committee met on November 22.

We wish to report on the following four items:

- i) proposed amendments to By-law No. 2 for approval by the Board, upon the recommendation of the Committee;
- ii) proposed changes to the Directors Code and Conduct and Conflict of Interest Procedures for approval by the Board, upon the recommendation of the Committee;
- iii) report on wrongdoing and open meeting practices for information; and
- iv) the Governance Review Project for information/discussion.

i. Proposed Amendments to By-law No. 2

- Waterfront Toronto By-law No. 2 governs public access to meetings.
- The Committee reviewed proposed changes to By-law No. 2, that, if approved by the Board, will take effect Jan 1, 2018.
- The proposed changes to our by-law result from, and are consistent with, changes being made to the Public Meeting provisions of the City of Toronto Act. The specific amendments are shown in the marked version of By-law No. 2, which is in the materials.
- Essentially, the amendments being proposed would expand the circumstances in which a meeting may be closed to the public. For example, and of relevance to Quayside, the amended by-law would permit a meeting to be closed where the subject matter being addressed involves commercial information, supplied in confidence, which if disclosed could interfere significantly with contractual negotiations, or involves a plan to be applied to any negotiations to be carried on by the Corporation.
- The Governance Committee recommends that By-law No. 2, as amended, be approved by the Board.

ii. Proposed Changes to the Directors Code of Conduct and Conflict of Interest Procedures

- Following a Contribution Agreement audit, performed by EY on behalf of the City of Toronto, Waterfront Secretariat, EY recommended that the Corporation strengthen its Code of Conduct and Conflict of Interest Procedures (the Code) by adding a provision to address the giving of gifts to government officials.
- It is proposed that section 3.5(e) be added to the Code; it provides that a director will not “directly or indirectly give, offer, or agree to give or offer to an official or employee of the government of Canada, the government of Ontario, or the City of Toronto (or to any member of his/her family) a loan, reward, advantage or benefit of any kind, as consideration for cooperation, assistance, exercise of influence or an act or omission in connection with any TWRC business or transaction relating to the government of Canada, the government of Ontario, or the City of Toronto.
- A key element of the wording of 3.5(e) is the requirement that the loan, reward, advantage or benefit be consideration for the cooperation, assistance, exercise of influence, etc. establishes that the director must have an intention to influence the official or employee of government for his/her actions to breach the Code. This provision is not intended to preclude otherwise acceptable social/business interactions that don't involve an exchange of a reward for a governmental favour.
- The Governance Committee recommends that the Code, as amended, be approved by the Board.

Report on Wrongdoing and Open Meeting Practices

The Committee received a report that during the period Feb 22, 2016 - Oct 31, 2017, there have been no reported incidents of wrongdoing (as defined in the Wrongdoing Policy) to the Accountability Advisor, and no

complaints received by the Corporation's Investigator regarding the Corporation's Open Meeting Law practices.

Governance Review Project

- The Committee discussed a report that describes the objectives and scope of the governance review project, and presents a summary of governance-related activities taken, being taken, or proposed to be taken.
- The objectives of the project are to gather input/information re governance at Waterfront Toronto and to implement changes necessary to achieve improvements.
- Key actions being taken are: i) to design and implement project risk governance and governance for the Quayside project; ii) to design and staff the internal governance function; and iii) to obtain governance advice.
- Key proposed actions are: i) a continuous improvement approach; ii) process improvements re meeting materials; iii) obtaining director input regarding WT governance; and iv) ongoing focus on governance roles, level of engagement and Board communication.
- The Committee provided its input regarding the governance review project. Key recommendations of the Committee were: i) that regular progress reports be provided; ii) that proposed actions be classified according to whether they are within the purview of management or the Board; and iii) that actions expected to have the greatest positive impact be prioritized. The advice and suggestions provided will be incorporated as the project moves forward.