
FINANCE, AUDIT, AND RISK MANAGEMENT COMMITTEE MANDATE
OF
TORONTO WATERFRONT REVITALIZATION CORPORATION





TORONTO WATERFRONT REVITALIZATION CORPORATION

Finance, Audit, and Risk Management Committee Mandate

Effective Date: October 7, 2021

Purpose

The Finance, Audit and Risk Management Committee (the "**Committee**") is a committee of the board of directors (the "**Board of Directors**") of the Toronto Waterfront Revitalization Corporation (the "**Corporation**"). The primary function of the Committee is to assist the Corporation in fulfilling its oversight responsibilities by evaluating and making recommendations to the Board of Directors with respect to:

- (i) Financial Planning;
- (ii) Financial reporting;
- (iii) Internal controls;
- (iv) External auditor, including performance, qualifications, independence, and their audit of the financial statements of the Corporation;
- (v) Internal audit function;
- (vi) Government audit recommendations;
- (vii) Enterprise risk management;
- (viii) Project risk Management;
- (ix) Fundraising; and
- (x) Procurement.

The management of the Corporation is responsible for preparing the financial statements, and the external auditor of the Corporation are responsible for auditing those financial statements.

Authority of the Committee

1. The Board of Directors authorizes the Committee to:
 - (a) Perform its responsibilities under this Mandate;

- (b) Provide strategic review and advice in respect of, and monitor compliance by the Corporation with, the matters described in this Mandate;
 - (c) Oversee the Corporation's risk management policies relevant to this Mandate and ensure that those policies are implemented appropriately;
 - (d) Require the Chief Executive Officer of the Corporation (the "**Chief Executive Officer**"), the Chief Financial Officer of the Corporation (the "**Chief Financial Officer**"), and other senior officers of the Corporation, and invite any others it deems to have relevant experience and expertise, to attend, or participate in, any meeting of the Committee (each, a "**Meeting**") from time to time;
 - (e) Communicate expectations and the nature, timing and extent of the Committee's informational needs to management of the Corporation; and
 - (f) Oversee any specific risk-related task assigned to the Committee by the Board of Directors.
2. The Committee may access all records and information of the Corporation that it considers necessary or desirable for the performance of its duties. The Committee may gather information relevant to any matters within its scope of responsibility and retain, at the expense of the Corporation, independent advisors to assist the Committee in performing its duties. Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the accuracy of information provided by persons from within or from outside the Corporation provided that the member acts in good faith and exercises their judgement reasonably in the circumstances.

Composition and Procedures of the Committee

- 3. The Committee will be appointed by the Board of Directors and will be composed of no fewer than three Directors (each, a "**Member**"). The Committee will be chaired by a member of the Board of Directors (each, a "**Director**") appointed by the Board of Directors (the "**Chair of the Committee**"). The Corporate Secretary of the Corporation (the "**Corporate Secretary**") will be the secretary of the Committee and may appoint a nominee to act as recording secretary for a Meeting.
- 4. At least one Member should be a member in good standing of a recognized professional accounting body.
- 5. Each Member will be financially literate, meaning that he or she is able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised by the financial statements of the Corporation. Where appropriate, Members should enhance their familiarity with financial, audit, accounting, risk management and other areas relevant to their responsibilities by maintaining an awareness and understanding of trends and best practices in these areas. The Corporation and its internal and external auditors will support Members in these efforts.
- 6. Each Member will serve at the pleasure of the Board of Directors and will cease to be a Member (i) when determined by the Board of Directors, (ii) upon removal by the Board of Directors, (iii) upon termination of the Member's tenure as a Director for any reason whatsoever, or (iv) as required the by-laws or policies of the Corporation or by law.

7. The Board of Directors may fill vacancies in the Committee from time to time, and for the period of time that a vacancy exists the remaining Members may exercise all powers of the Committee, provided that a quorum of Members is in attendance at a Meeting at which those powers are exercised.

Meetings of the Committee

8. The Chair of the Committee, the Corporate Secretary or any two Members may call Meetings. The external auditor of the Corporation may call Meetings and may participate in each Meeting unless the Chair of the Committee determines otherwise.
9. Notice of a Meeting, including the date, time, and place of the Meeting, must be provided to each Member at least two days before the date of the Meeting, unless any of these requirements is waived by all Members. The agenda of the Meeting and supporting materials (if any) must be given to each Member prior to the Meeting to allow each Member to properly review and consider the agenda and materials.
10. The Chair of the Committee, in consultation with the Members, and, as he or she considers appropriate, with any of the other Directors, the Chief Executive Officer, the Corporate Secretary and other senior officers, is responsible for establishing the agenda of each Meeting.
11. The powers and authority of the Committee may be exercised at a Meeting only if a quorum is present.
12. A quorum for a Meeting is two Members.
13. Members may attend any Meeting in person or by telephone, video or other digital means.
14. A Director, who is not a Member, may attend, but not vote at, a Meeting. The Chief Executive Officer and the Chief Financial Officer will be invited to all Meetings (other than closed Meetings), but may not vote at Meetings.
15. If the Chair of the Committee is unable to attend a Meeting, the other Members in the attendance at the Meeting may appoint a Member to chair the Meeting.
16. The Chair of the Committee or the substitute chair (as applicable) may vote on any matter at a Meeting, but will not have a second or casting vote.
17. The Corporate Secretary or his or her nominee (if applicable) will prepare and maintain minutes of each Meeting. Minutes will be available to each Member and to any other Director upon request.

Duties and Responsibilities of the Committee

The Committee will evaluate and make recommendations to the Board of Directors with respect to, or approve as indicated, the following matters:

(a) General Responsibilities

The Committee will:

- (i) Create and maintain a Committee work plan for the year, and monitor its performance;

- (ii) Review and assess this Mandate at least annually, and refer its assessment and any proposed revisions to the Human Resources, Governance and Stakeholder Relations Committee;
- (iii) Review and report to the Board of Directors periodically on compliance by the Corporation with the matters provided for in this Mandate and make recommendations, if any, in connection therewith as may be necessary or appropriate;
- (iv) Report and make recommendations periodically to the Board of Directors and any other applicable Committee of the Board on the matters covered by this Mandate, including without limitation, matters relating to Environmental, Social and Governance considerations; and
- (v) Perform any other activities consistent with this Mandate, the by-laws of the Corporation, and applicable law, as the Committee or the Board of Directors deems necessary or appropriate.

(b) Financial Reporting

The Committee will:

- (i) Review with management the annual and quarterly financial statements of the Corporation;
- (ii) Review reports from the external auditor of the Corporation concerning the annual financial statements and any other matters, and management's response to such reports, if appropriate;
- (iii) Recommend to the Board of Directors the approval of the audited annual financial statements of the Corporation;
- (iv) Review reports on any litigation, claim or other contingency that could have a material effect on the financial statements of the Corporation;
- (v) Review any public disclosures containing audited or unaudited financial information of the Corporation; and
- (vi) Review with the external auditor and the Board of Directors any material issues that arise with respect to the quality or integrity of the financial statements of the Corporation and its compliance with the legal and regulatory requirements related thereto.

(c) Internal Controls

The Committee will periodically review, with assistance from the external auditor or internal auditor of the Corporation if requested by the Committee, the adequacy of financial internal controls and provide reports or recommendations to the Board of Directors on such adequacy.

(d) External Auditor

The Committee will:

- (i) Recommend external auditor for appointment by the Board of Directors, including their compensation; such external auditor will report directly to the Committee and be independent of the Corporation;
- (ii) Review the performance of the external auditor at least annually and meet with the external auditor on such basis as the Committee may determine;
- (iii) If appropriate, recommend the removal and replacement of the external auditor;
- (iv) Pre-approve all services (audit and non-audit) to be provided to the Corporation by the external auditor; and
- (v) Review and approve the scope of the external audit plans at least annually.

(e) Internal Auditor

The Committee may:

- (i) Approve the appointment of internal auditor, including their compensation; if so appointed, such internal auditor will report directly to the Committee and be independent of the Corporation;
- (ii) Review and approve the scope of the internal audit plan and ensure the coordination of the internal auditor with the external auditor;
- (iii) Review reports issued by internal auditor and management's response to the reports, meet with the internal auditor as the Committee may determine, and monitor actions taken in respect of the reports; and
- (iv) Review the performance of the internal auditor at least annually.

(f) Government Audits

The Committee will:

- (i) Review the reports issued by a government auditor or government appointed auditor (“government auditors”) and management's response to the reports, and monitor actions taken in respect of the reports;
- (ii) Meet, if necessary, with government auditors after the completion of their audit, or have the Chair of the Committee do so, and provide a report on such report and meeting to the Committee; and
- (iii) Ensure the coordination of government auditors' involvement with the work of the external and internal auditor of the Corporation.

(g) Finance

The Committee will regularly review significant matters involving the financial status of the Corporation and make recommendations to the Board of Directors with respect to material financial matters affecting the Corporation, such as:

- (i) The financial aspects of annual and longer-term budgets, and any significant variances therein;
- (ii) The annual corporate plan and five-year strategic plan, periodic forecasts, long-term financial plans and revisions thereto, and key performance indicators adopted by, or applicable to, the Corporation;
- (iii) The adequacy of financial resources and cash flow of the Corporation; and
- (iv) Review reports from management on various financial measures and reports requested by the Board of Directors.

(h) Enterprise Risk Management

The Committee will:

- (i) Provide oversight of the enterprise risk management program of the Corporation, which shall include cybersecurity risk management, including overseeing the identification, measurement, monitoring and controlling of enterprise risks and attempting to ensure that implementation and function of appropriate risk management systems are consistent with the determined risk appetite of the Corporation; and
- (ii) Without limiting the generality of the foregoing, review and consider annually the insurance coverage to be procured and maintained and recommend for approval by the Board insurance policies to appropriately and effectively protect the interests of the Corporation and its Directors.

(i) Project Risk Management

The Committee will receive reporting from the Chief Project Officer and review and make recommendations to the Board of Directors, in accordance with the policies and procedures approved by the Board of Directors in respect of:

- (i) projects (including capital projects) of the Corporation and whether the Committee should monitor the projects; and
- (ii) requests to approve the budget, scope, or schedule of projects (including capital projects) and material changes to the same.

The Committee will consider the following criteria when determining whether it should monitor any projects:

- (iii) a budget in excess of \$50 million;
- (iv) high complexity and potential for numerous unknown risks;
- (v) compressed timeline or work schedule;
- (vi) self-insurance;
- (vii) multiple stakeholders; and

(viii) high public profile or visibility.

(j) Fundraising

The Committee will:

- (i) Review and make recommendations to the Board of Directors regarding fundraising (including strategy) of the Corporation, in accordance with the policies and procedures approved by the Board of Directors. Fundraising by the Corporation may include donations, sponsorship, and government grants; and
- (ii) Monitor the implementation by the Corporation of the approved fundraising strategies, including in respect of project status, expenditures, deliverables, and risks.

(k) Procurement

The Committee will receive for information (i) any amendments to the Procurement Policy of the Corporation made from time to time and (ii) all reports from the Internal Auditor of the Corporation and all Government Audits, relating to the procurement practices and procedures of the Corporation.

(l) Other Duties and Obligations

The Committee will undertake such other duties and obligations, and have such other powers, as may be assigned to it by the Board of Directors from time to time.

Responsibilities of the Chair of the Committee

The Chair of the Committee is responsible for the management and effective performance of the Committee and to provide leadership to the Committee in fulfilling this Mandate. The responsibilities of the Chair of the Committee include:

- (i) Working with the Chair of the Board of Directors, the Chief Executive Officer and the Corporate Secretary to establish the frequency of Meetings and the agendas for Meetings;
- (ii) Providing leadership to the Committee and presiding over Meetings;
- (iii) Facilitating the flow of information to and from the Committee and fostering an environment in which the Members may ask questions and express their views;
- (iv) Reporting to the Board of Directors with respect to significant activities of the Committee and recommendations made by the Committee; and
- (v) Leadership in taking such other steps as may be reasonably required to ensure that the Committee carries out this Mandate.