

**CHARTER OF THE COMMITTEE ON GOVERNANCE AND ETHICS OF THE  
BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF NEW YORK AND  
NEW JERSEY**

This Charter was adopted by the Committee on Governance and Ethics (the “Committee”) with the approval on September 20, 2012 of the Board of Commissioners (the “Board”) of The Port Authority of New York and New Jersey (the “Port Authority”) to provide certain guidelines that the Committee shall follow in connection with the satisfaction of its responsibilities under the By-Laws of the Port Authority (“By-Laws”).

**I. Function**

The Committee shall be governed by the By-Laws and assist the Board in fulfilling its oversight responsibilities relating to the development of, and compliance with, the governance and ethics principles of the Port Authority.

**II. Authority**

The Committee has the authority (through the Board’s approval of this Charter) for and on behalf of the Port Authority to take any and all action to satisfy its responsibilities under the By-Laws and this Charter, including arranging for services to be received from external resources as deemed appropriate by the Committee. The Chairman of the Committee, in coordination with the Executive Director, shall assign executive management and support staff to serve as a continuing resource for the Committee.

The Committee has the authority to form subcommittees and assign tasks to those subcommittees as deemed appropriate by the Committee, but not otherwise delegate to such subcommittees the authority to take independent actions in connection with the satisfaction of the Committee’s responsibilities under the By-Laws and this Charter. Each subcommittee shall provide periodic reports to the Committee with respect to the performance of the assigned tasks and shall make recommendations to the Committee with respect to any actions to be considered by the Committee or the Board resulting from the performance of such tasks.

**III. Meetings**

The Committee shall meet as determined by the Chairman of the Committee, or at the request of the Chairman of the Port Authority, in connection with the satisfaction of the Committee’s responsibilities. In addition, to ensure effective communication and coordination between the Committees of the Board, the Committees shall meet with each other as determined by the Chairmen of the Committees, or at the request of the Chairman of the Port Authority.

Meetings of the Committee shall be conducted in accordance with the By-Laws. The Chairman of the Committee, in coordination with the Secretary, shall establish the agenda for each Committee meeting, and determine when the agenda requires that a matter be considered in closed, executive session of the Committee. The Secretary shall provide the Committee with all material information pertinent to matters appearing on the Committee agenda in sufficient time for the Committee to review such materials prior to the Committee meeting at which such matters are to be considered.

#### **IV. Reports**

The Committee shall provide, unless otherwise requested by the Chairman of the Port Authority, written communications, reports and recommendations to the Board on the results of its oversight and other activities, including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the Port Authority.

#### **V. Powers and Responsibilities**

The Committee shall:

- (1) In connection with its Governance responsibilities:
  - a. Assist in identifying qualifications for prospective appointments to the Board;
  - b. Evaluate the performance of the Board and its members;
  - c. Lead the Board in an annual review and evaluation of the Board's performance;
  - d. Lead the Board in an annual review and evaluation of the performance and effectiveness of the Board Committees;
  - e. Ensure that the Board and staff are familiar with and committed to the ethics principles and programs that have been adopted by the Port Authority;
  - f. Assist the Board in fulfilling its oversight responsibility relating to compliance with legal and regulatory requirements;
  - g. Ensure that the Inspector General shall continue to be independent and free from interference in the conduct of the Inspector General's responsibilities;
  - h. Make recommendations to the Chairman of the Port Authority concerning the size, composition, and organization of Board Committees;
  - i. Make recommendations to the Chairman of the Port Authority concerning policies and practices relating to Board operations, policies and practices for members of the Board, and associated matters of corporate governance;

- j. Lead the Board in an annual review and evaluation of the Executive Director's performance; and
  - k. Review corporate trends and best practices generally with respect to governance procedures;
- (2) In connection with its Ethics oversight responsibilities:
- a. Review the Code of Ethics and Financial Disclosure presently applicable to the staff, and the Commissioners' Ethics Policy to which the Board has subscribed;
  - b. Recommend, develop, and maintain a Code of Ethics for the members of the Board and staff;
  - c. Reassess the adequacy of the Code of Ethics on an annual basis;
  - d. Review the independence and objectivity of the members of the Board on a periodic basis (no less than once per year);
  - e. Review corporate trends and best practices generally with respect to ethics policies and procedures;
  - f. Annually review the ethical standards of the States of New York and New Jersey (and other standards which may be useful in determining best practices for the Port Authority), and make recommendations to the Board concerning appropriate practices. Such practices shall include adoption of the higher ethical standard when the two States apply different standards to the same conduct or situation; and
  - g. Ensure that each member of the Board has received training with respect to the ethical standards applicable to the member as an unsalaried public officer from the member's state of appointment;
- (3) In connection with its Compliance oversight responsibilities:
- a. Review and have oversight of compliance with the Code of Ethics for the Board of Commissioners and for the staff; and
  - b. Consider compliance matters, which are not primarily related to accounting, auditing, financial reporting, and/or internal controls;
- (4) Have oversight of all sub-committees of this Committee; and
- (5) Review and assess the adequacy of this Charter from time to time and recommend any revisions to the Board for its approval.