





PORT OF QUÉBEC
2013 ANNUAL REPORT

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PORT OF QUÉBEC: BY THE NUMBERS

SHIPS

1,127 cargo ships

CRUISE SHIPS

103 ships

164,000 visitors

A record of **6** ships and **12,000** passengers in a single day

MERCHANDISE HANDLED

Increased tonnage for several types of merchandise handled



iron ores

+ 5.23 %



methanol

+ 26.33 %



cement

+ 16.55 %

For a total
of **27 million**
tonnes in 2013

JOBS

The QPA is a maritime hub that has created and maintains



5,000 jobs

in the greater Québec
City area



7,000 jobs

in Quebec



9,800 jobs

in Canada

LAND DEVELOPED



222 hectares

developed in the heart
of Québec City

20%

dedicated exclusively to
recreation and tourism
activities



a **35 km²** body of water
under QPA management

Activities carried out by the Société des traversiers du Québec, the Canadian Coast Guard, the Davie shipyard and numerous other stakeholders in the maritime industry are included within the body of water under QPA management



A message from the Chairman of the Board

All the work that was done this year makes me very proud to present this second annual report, at the end of my first full year as Chairman of the Québec Port Authority's (QPA's) Board of Directors. This year, the Port of Québec and its partners faced stimulating challenges, and together we made significant advancements.

International recognition

The Port of Québec is unique in the greater Québec City area due to the variety of its economic achievements and the solid business relationships it maintains around the world. The Port of Québec's numerous advantages, including a water depth of 15 metres at low tide, a privileged position on the St. Lawrence, a proximity to railway, highway and airport connections to the large North-American networks, make the Port a strategic infrastructure in Québec.

The past year again showed the extent to which the Port of Québec is truly a Canadian hub for international trade. Most merchandise handled on the port's territory either comes from or is going to one of the 60 countries with which we maintain business ties. The port is increasingly becoming an essential hub for local businesses.

We would also like to highlight the federal government's signature in 2013 of the agreement in principle for the Canada-EU free-trade pact. The agreement will result in concrete opportunities for the Port of Québec and for businesses in the greater Québec City area. An agreement like this will help secure this strategic market for Québec's maritime community and will open new horizons for the future. It will eventually provide privileged access to 500 million consumers in the European Union. Québec's geographic proximity to the European market is a major asset for the Port of Québec, and the Port is strategically located at the centre of a natural trade route with Europe.



Éric Dupont
Chairman of the Board of Directors

The draft agreement is aligned perfectly with the trade position supported by the QPA. The agreement will enable Canadian importers and exporters of cereal, petroleum products, ore, concentrate and other solid bulk cargo to benefit from special trade access to the European market. As a reliable and strategically positioned multimodal platform, the Port of Québec is sure to be a key player in these future trade deals.

Involved in sustainable development

The work done by the Port Authority over the past year regarding the integration of sustainable development into the QPA's processes, in close collaboration with the Environment, Safety and Health & Safety Committee—composed of members of the Board of Directors—resulted in more informed discussions among members of the Board that I chair. This year, the QPA will make significant investments to reduce the environmental impact of its operations and to better position sustainable development.

In so doing, the port wishes to gradually introduce the conditions required to maintain environmental standards and the quality of life of the community, while continuing to expand responsibly.

We begin 2014 with confidence, knowing that the Port of Québec and its partners are working together to take into account fluctuations in the economy in order to promote and develop maritime trade, to serve the economic interests of the Québec City area and of Canada, as well as to ensure profitability, while respecting the community and the environment.

Governance

The Board of Directors plays a central role in the governance structure of the Québec Port Authority. Its primary role is to protect the company's interests, while being aware of the impacts its decisions have on stakeholders. In other words, the primary duty of a director is to ensure the continuity of the company. The director is positioned above the management team, whose mandate is to take care of the day-to-day management of the company, and reports to shareholders at the shareholders' meeting.

Since my arrival, the Board of Directors has, in conjunction with management, contributed to improve governance and to implement a series of follow-up mechanisms that enable us to ensure proper governance by management. Meetings of the Board and of its committees are now planned over a year in advance and are accompanied by a work plan intended to distribute the workload, so that all our obligations and responsibilities are fulfilled and handled at the appropriate time. In addition—and in keeping with the principle that there is always room for improvement—the QPA ensures that every member of the Board completes the training course entitled “*Administrateur de sociétés certifiées*” (director of certified companies) offered by Laval University. After completing five modules and passing the exam, directors receive a university certification on governance. In order to maintain their certification, directors must participate in professional development. The Board of Directors and its committees held 23 meetings over the past year.

In conclusion, I would like to highlight the commitment of Mr. Serge Lebel, who has been a member of our Board of Directors for the past eight years.



Eric Dupont

A message from the President and CEO

I am proud to co-sign the Québec Port Authority's annual report for a third year. The QPA contributes directly to Québec's economy and improves the quality of life of the residents of the greater Québec City area. 2013 presented challenges that we were able to overcome, in collaboration with our partners. Together we were able to take concrete actions for the future, while never losing sight of the importance of maintaining our close relationship with the community.

Focus on the environment and sustainability

In an effort to improve our environmental results and to respond to the concerns expressed, we have made several critical decisions. Those decisions will allow us to be more efficient in the coming years. For example, we invested in the installation of dust collectors throughout the territory. The initiative, which began in 2013, will continue in 2014. In addition, our partners invested in the installation of water cannons in the Beauport sector. These significant acts are a testimony to our ongoing commitment to improve our processes.



Mario Girard
President and CEO

In an effort to improve our environmental results, we have made several critical decisions.

Faced with the fact that activities undertaken on port grounds are industrial in nature, we are careful to diminish the impact of those activities on the neighbourhood. One concrete example serves as a testament to that—following discussions held with residents of the Cap-Blanc neighbourhood, which is close to the Anse au Foulon sector, both groups analyzed the dynamics of the activities in the sector. We quickly identified three strategies that will, from now on, guide the activities to be undertaken, given the proximity of port installations to the neighbourhood. The strategies were presented publically at the QPA's annual public meeting in June 2013. Future development of port activities in the sector will now have to prioritize covered handling as well as focus on breakbulk and intermodality with a low carbon footprint. These strategies are concrete proof of the QPA's commitment to improving its environmental practices and its relationship with the community.

In keeping with the strategies outlined above, a new product derived from biomass will be handled as of the summer of 2014. Wood pellets give value to forest residue and are used as an alternative to coal in power plants in the United Kingdom—a practice that is consistent with the principles of sustainable development. Construction of the wood pellet terminal began in the fall of 2013 and will be completed in 2014. The terminal is expected to be operational in the fall of 2014. This new product is in keeping with the new development strategies for the Anse au Foulon sector. The port believes in the importance of continuing to diversify the types of merchandise handled on its territory.

In the same vein, the QPA began a significant shift this year in relation to sustainable development involving our organization and all of our partners. This wind of change is in harmony with the aspirations I had for the port when I first took on the role of president and CEO.

I watched with great satisfaction this year as the first steps toward a true sustainable development approach were taken. Last May, the QPA hired a well-known specialized company to conduct a review of the various issues related to sustainable development. The results allowed us to identify priority actions that will enable us to build a progressive and participatory sustainable development strategy. We took the time to work with groups of citizens in an effort to ensure better relations with the primary partners active every day around the port. Those discussions allowed us to add to the proposed actions. The community relations committee was an integral part of the discussions we held regarding the sustainable development approach started by the QPA.

Actively involved in the community

Our involvement in the community also increased in 2013. We participated in several meetings with various groups and stakeholders neighbouring the port territory. We met several times with the community relations committee as well as with the *comité de vigilance des activités portuaires* (the port activity oversight committee). The port believes that it is essential to maintain harmonious relationships with all stakeholders and to create an efficient communication channel. By promoting constructive dialogue on both sides, it will be possible for all players to better understand the dynamics that govern port activities and to adapt those activities to suit everyone's interests.

The port also contributes to many other activities that have a positive impact on peoples' lives. We try every year to support the greatest number of causes and events as possible that are connected to the daily lives of residents who live close to the port's three sectors. In addition to causes and events related to the maritime industry, we also support those linked to education, physical activity and health.

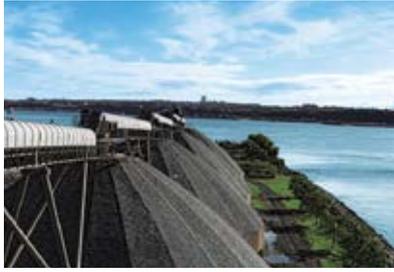
Our involvement in the community also increased in 2013. We participated in several meetings with various groups and stakeholders neighbouring the port territory.



An economic player

We operate in a context of increased globalization marked by intensified trade in an ever more competitive market. Given those conditions, it is important to mention that the port sector in Québec, as with most large port cities in the world, represents an important lever for economic development and for the competitive potential of the country. Nonetheless, the port sector must also respond to new social and environmental issues.

We operate in a context of increased globalization marked by intensified trade in an ever more competitive market.



The transportation sector is increasingly competitive and globalized. As a result, many changes have occurred over the past decade in the organization of work, especially within the port industry. However, these changes have also positively influenced living and working conditions in the sector.

More than ever before, maritime transport is the means used to move merchandise from one place to another. Nearly 90% of global merchandise is transported by waterway. Moving merchandise, however, can only happen if it is handled and loaded at the port of embarkation and unloaded at the port of debarkation. These complex operations are completed by a group of specialized operators. As the port authority, the QPA has a major role to play in the collective effort to bring socially responsible solutions to the challenges that face the port sector. The Port of Québec plays a key role in Québec City by being the heart of the region's maritime hub, which generates 5,000 jobs in the greater Québec City area, 7,000 jobs in Québec and 10,000 jobs in Canada. That economic activity must continue. Together we must increase it and overcome the challenges we face.



International cruise ships

When it comes to international cruise ships, the QPA has an important challenge ahead; it must manage growth in the market while playing a leadership role and serving as a top destination on the St. Lawrence. 2013 will be an unforgettable year in the rich history of international cruise ships at the Port of Québec. In addition to welcoming a record number of visitors, the QPA had to show flexibility and ingenuity in order to deal with the increasing number of technical and logistical requirements and challenges resulting from the increased traffic. Because hospitality infrastructure and the number of wharfs are of course not increasing at the same rate as the number of passengers, it is becoming increasingly necessary for the QPA to turn to the main stakeholders in Québec's tourism industry in order to continue progressing in this market, which is as beneficial to the region as it is demanding for the port.

2014 outlook

The QPA began 2014 by co-chairing the first Québec forum on international cruises, alongside Québec City Tourism. This important meeting helped to shed some light on the rapid growth in cruises to Québec in recent years and to agree on changes that need to be made in an effort to preserve this economic and tourism success in Québec.

In the first part of the year, the QPA will complete a significant number of the actions linked to the sustainable development approach. During the year, some projects will become the focus of consultations and/or information sessions. These include an update of the land-use plan and an extension of the Promenade Samuel-De Champlain 3B between Gilmour Hill and Anse Brown. The QPA will also carry out various improvements to its infrastructure, conduct studies to better understand the marine environment and continue with environmental, economic and technical assessments in view of creating handling zones for dry and liquid bulk in the Beauport sector.

In conclusion

I would like to underscore the collaboration of our employees, clients, lessees, stakeholders, service providers, as well as industry, business and community partners for their continued efforts and professionalism. We are very grateful for your sustained support and I would like to express my most sincere thanks.

I would also like to make special mention of Mr. Marcel Labrecque's departure. He has contributed to the QPA's success for over 29 years, including as vice-president and chief of marine operations.



Mario Girard



A Canadian hub for international trade

The Port of Québec is truly a Canadian hub for international trade. With water up to 15 metres deep at low tide, the Port of Québec is the last port on the St. Lawrence, before the Great Lakes, able to receive ocean going vessels ships.



Iron ore

- From the American Midwest
- Transported by lakers in quantities of 25,000 tonnes of merchandise
- Unloaded in Québec
- Loaded onto a Capesize or Panamax ship that can hold 75,000 to 150,000 tonnes
- Delivered to China through the Suez Canal or the Panama Canal

The Port of Québec's multi-use terminals, which are open year-round, and its proximity to railway, highway and airport connections to the large North-American networks make it the most important port in eastern Canada. The Port of Québec is an intermodal hub of choice.

2013 was a growth year for several types of merchandise handled on our territory, but on the whole, tonnage fluctuated and reached a total of about 27 million tonnes. The variation was in line with the trend at ports located on the St. Lawrence / Great Lakes waterway, where total tonnage dropped by 5.12% in 2013 as compared to 2012.



Grains

- From western Canada, Ontario and the American Midwest
- Transported by train or 25,000-tonne laker
- Unloaded in Québec
- Transferred to 50,000-tonne Handymax or 100,000-tonne Capesize ships
- Delivered to Europe, Africa, Asia and South America

2013 was a growth year for several types of merchandise handled on our territory.



Several reasons can explain the reduction in tonnage. Among them is the two-month temporary shut down of the Valero refinery for maintenance, which resulted in fewer oil tankers. Another reason is the restructuring of the grain sector following the dismantling of the Canadian Wheat Board, which quickly resulted in a noticeable reduction in grain transportation traffic. Finally, difficult weather conditions that began early this winter canceled or postponed to 2014 the arrival of several ships.

Nonetheless, despite the general reduction in tonnage, some materials did experience continued growth. Handling of cement rose by 17%, iron ore increased by 5%, and some bulk liquids such as gasoline and kerosene rose by 41%. Materials from the steel industry also showed 5.67% growth over 2012, to name just those materials.



Michel Petit
Portmaster
and Director,
Port Services

Every day, my job is mainly to manage the high volume of marine traffic at our wharfs and to maintain a high degree of safety on port territory, given the many complex activities that take place and the international standards we must comply to.



Route taken by some merchandise handled at the Port of Québec



Grains

- From western Canada, Ontario and the American Midwest
- Transported by train or by 25,000-tonne laker
- Unloaded in Québec
- Transferred to 50,000-tonne Handymax or 100,000-tonne Capesize ships
- Delivered to Europe, Africa, Asia and South America



Nickel

- From Deception Bay in northern Quebec
- Transported by Handysize icebreaker in quantities of 50,000 tonnes
- Unloaded in Québec
- Transported by train to Ontario for primary processing, then returned to Québec by train
- Sent by Handysize ships in quantities of 10,000 tonnes or less
- Delivered to Kristiansand, Norway



Coal

- Mined in the American Midwest
- Transported by train to a terminal at Port Superior, Lake Superior
- Loaded onto a 25,000-tonne ship
- Unloaded in Québec
- Transferred to a 125,000-tonne Capesize ship or bigger, for use in power plants
- Delivered to Rotterdam for use in power plants among other things



Salt

- From the Magdalen Islands and Ontario
- Transported to Québec by 25,000-tonne laker
- Delivered by truck to the surrounding municipalities for use on the regional road network



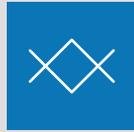
Methanol

- From Trinidad and Tobago
- Transported to Québec by 30,000-tonne tanker
- Delivered by train or truck to the North American market



Sugar

- From Brazil
- Transported by 50,000-tonne Handymax ship
- Unloaded in Québec
- Transferred to a 25,000-tonne ship
- Delivered to the Redpath



Crude imported for Valero

- From Norway, Algeria, Angola or Russia
- Transported by 150,000-tonne Suezmax ships
- Delivered to the Valero terminal in Lévis



Jet fuel

- From the Middle-East, the Gulf of Mexico or South America
- Transported by 50,000-tonne Handymax or 80,000-tonne Panamax ships
- Transported via the Mediterranean/Atlantic
- Unloaded in Québec
- Delivered by train or 10,000-tonne barge to Toronto



Fertilizer

- From Russia, Egypt, Ukraine or the United Arab Emirates (via the Suez Canal)
- Transported by 30,000-tonne Handymax ships
- Delivered mainly in the greater Québec City area for agricultural use



Cement

- From South Korea (via the Panama Canal) or Europe
- Transported by 50,000-tonne Handymax ships
- Delivered to cement factories in Quebec

The environment: sustained efforts

The Port of Québec aims for concrete, measurable improvements to its environmental performance. We undertake our activities with this objective in mind and with the desire to strengthen our role as a responsible corporate citizen.

The port has made a significant effort over the past year to implement a gradual and evolving approach to sustainable development that will enable it to ensure its growth while respecting the environment and the community. The QPA believes that the development of the port should meet today's needs without compromising the ability of future generations to respond to tomorrow's needs.

The Québec Port Authority has made a number of improvements that speak to its concern and respect for the environment. Since all human and industrial activities have an impact on the environment, the QPA makes a significant investment every year to reduce the port's environmental footprint.

For example, among the many projects that were undertaken in 2013, environmental impact assessments were performed in order to document and better understand the marine environment of the body of water the QPA manages. The QPA and its partners have also invested heavily in mitigation measures on the port territory.

These measures include the installation of water cannons in the Beauport sector by St. Lawrence Stevedoring. They are intended to reduce as much as possible the potential risks of dust by strategically moistening the stacks of dry bulk cargo. Given that air quality is a concern, the QPA rented and eventually purchased air quality monitoring equipment that will allow it to monitor air quality all the time.

An environmental reports line was launched during the year. It allows citizens to report any environmental accident or incident, dust event, noise issue or any other environmental impact resulting from port activities. Finally, the first step of the Port of Québec's future sustainable development strategy was taken in 2013. Following an assessment conducted that same year, the QPA deployed the necessary resources in early 2014 to implement a sustainable development action plan. The plan is the core element of our social, environmental and economic commitment for 2014–2015.

We would like to proudly underscore the Québec Port Authority's role as a founding member of Green Marine, an organization whose objective is to guide the maritime industry towards environmental excellence.



Québec: A first-class destination for cruise passengers

The international cruise ship industry has been part of Québec's landscape since the late 80's. Each year these ships come to charm our city, bringing visitors from around the world. In recent years, the passage of these ships has increased significantly.

The Port of Québec set another record last year, drawing visits from 103 cruise ships and 164,000 passengers. We conducted 17 embarkation/disembarkation operations, an activity which shows average annual growth of 20%. We take pride in this niche of economic and tourist activities, which generated more than \$23 million for our city. Hosting cruise ships is a complex operation and requires a tight control of logistics. We take up this challenge each year, and thanks to the results we achieved in 2013, we brought home the Most Efficient Terminal Operations award from Cruise Insight magazine.

To maintain this success, we organized a Québec forum on international cruise ships, in partnership with Québec City Tourism. The goal was to bring together all the stakeholders involved in the industry to improve the service and experience offered to cruise ship passengers without negatively impacting the residents of Québec. The *Forum de Québec sur les croisières internationales*, which was held at the beginning of 2014, will assist us in making significant changes to cruise ship operations in the coming season, but above all, it will help ensure management of the significant growth of this industry, so that the most promising players can achieve their full potential.

The Holland America Lines chose the Port of Québec as home port for the Veendam—a first in Québec history. This new relationship is a sign of great confidence in the Port. It shows that the Port of Québec succeeds in distinguishing itself by offering first-class service to cruise ship passengers.

To maintain a high level of hospitality, we now offer all cruise ship passengers free Wi-Fi access upon their arrival in Québec. We higher the guest service as of when the Queen Mary berthed, tablets were made available to passengers to help them choose activities or so they could talk to their families.

We look forward to the next cruise ship season, which begins in May, with optimism and excitement. We will continue to improve upon the welcoming of cruise ship passengers on our different wharves so that we can provide optimal service to each passenger.



Nancy Houley
Cruise Market Director

The arrival of cruise ships always stimulates activity at the Port, requiring QPA colleagues and partners to join forces to meet the challenges involved in this complex operation.



The Terminal: events on the river

The Terminal provides unique spaces in Québec for holding major events such as conferences, celebrations or exhibitions. Our beautiful rooms offer a spectacular view of the St. Lawrence River, with direct access to the water on wharves 21 and 22, which are equipped with modern, multi-purpose facilities.

In 2013, the Terminal hosted more than 140 events, which brought together 73,000 guests. This is a 30% increase from 2012 in the number of guests we received in our facilities. The Terminal also received more than 164,000 visitors thanks to the passage of a number of cruise ships.

The Port of Québec makes its mark with more than just maritime activities. It hosts a number of gatherings each year, including the Québec Winter Carnival restaurant partners' cocktail party, the California Wine Fair, the cocktail party for the Sillery Lions Club and the Salon Info-Vélo, which alone attracts 17,000 visitors the weekend of the event. All of these events result in benefits for the region which are valued by the people of Québec.



Patrick Turcotte
Terminal Director

The Terminal is unique in the Greater Québec City area because of the quality of its rooms and the stunning views of the river they provide. We are proud to make this location available for all types of activities.



Our beautiful rooms offer
a spectacular view of the
St. Lawrence River.

The Marina: an urban recreational harbour

The Port of Québec Marina is a destination of choice for boaters offering privileged access to the magnificent neighborhood of Old Québec. The location makes it easy to pick up supplies from the Marché du Vieux-Port and enjoy the shops and attractions of the Petit Champlain neighborhood.

In 2013, we began the first phase of upgrading and modernizing the wharves of the marina in order to offer better-adapted services. To achieve this, we are now offering boaters electrical services adapted to the current needs of their boats, and an integrated system that provides wastewater pumping for boats directly at each wharf space.

We hosted nearly 1,000 boats for a total of almost 3,000 nights in the last year. During the season, the Marina organizes a number of activities for boaters and for sailing and motor-boat enthusiasts. These include the open-house day, featuring boat tours, lock tours and various presentations enjoyed by young and old alike. Last summer, boaters and visitors had the opportunity to visit the Marie-Clarisse schooner and to see the L'Aigle d'Or sailboat during the New France Festival.

Because water is our industry's basic resource, the Port of Québec Marina is involved in the Eco-Marinas certification program, which ensures the environmentally friendly management of marinas. With the goal of improving the environmental management of marinas, the program links all the aspects of their operation, such as boat maintenance and repair, wharf management, fuelling procedures and pumping stations. To join the program, marinas undergo a certification audit, at the end of which they are given a score of one to five "Eco-Water Drops," symbolizing the balance between the purity of the water and the marine life that should be preserved. The Port of Québec Marina is proud to be part of the top-ranked group in 2013.



Kathleen Paré
Marina Director

Located in the heart of Old Québec, the Marina offers visitors and members a magnificent view of Québec City.



The Marina also contributes to pleasure-boating tourism in the greater Québec City area. Like cruise ships, the Marina's activities generate significant economic benefits that have a positive impact on businesses neighbouring the Port territory.

Francis Bouchard



Valued urban spaces

The Port of Québec's bike paths and rest areas make it a centre for entertainment and recreation in Québec City. Located in the heart of our vibrant city, this unique urban space helps bolster the city's reputation as a gathering place.

In summer 2013, the Port announced its intention to extend the Promenade Samuel-De Champlain between Gilmour Hill and Anse Brown, in line with the design used by the *Commission de la capitale nationale du Québec* for the existing phases of the Promenade. This project will help integrate the port activities of the Anse au Foulon sector into the urban activity in this area, and will also increase recreational activities. The Port's goal is to integrate its activities into the neighbourhood as much as possible while allowing people to enjoy certain spaces for activities and recreation.

The Pointe-à-Carcy wharves hosted major events in 2013, such as the Grand Défi Pierre Lavoie, which had 3,000 attendees, the military ships visit, the Bordeaux Wine Festival in Québec City and Cirque de Soleil's Harbour of Lost Souls at Agora. Also, we had the honor of again hosting the Grands Feux Loto-Québec within the body of water that we manage.

The Port of Québec is a centre for entertainment and recreation in Québec City.



An active partner

Actively taking part in the social and urban life of Québec City is a priority. That's why the QPA team participates in several committees and collaborates on round tables that promote the sharing and exchange of information on issues faced by the business community and the broader community of Québec.

The organization places great importance on this kind of involvement, participating actively in improving and solidifying port-city relations so they are strong and dynamic.

For example:

- › The *Comité intersectoriel sur la contamination environnementale dans le secteur Limoilou* (the intersectoral committee on environmental contamination in the Limoilou sector)
- › The *Comité de vigilance des activités portuaires du Port de Québec* (the oversight committee for the Port of Québec's port activities)
- › The *Table de concertation du Vieux-Québec* (the round table on Old Québec)
- › The *Table de concertation régionale de la gestion intégrée du Saint-Laurent* (the regional round table for integrated management of the St. Lawrence)
- › The Board of Directors for the Association des gens d'affaires Place Royale/Vieux-Port
- › The QPA community relations committee

Community relations committee

This committee, which has been in place since the end of May 2012, allowed the QPA to meet this year with representatives from all of the organizations and stakeholders connected to the port environment. The development of the Anse au Foulon sector was an important theme during the five meetings held in 2013. Subjects discussed by the committee included major strategies for this port sector and the installation of a wood pellet terminal. Ongoing and upcoming mitigation measures deployed by the Quebec Stevedoring Company in the Beauport sector and the monitoring system implemented by the QPA were also presented and discussed by the committee.

The QPA is also involved within its community by supporting a number of causes. The organization primarily supports events and organizations that operate near the port area. The areas of involvement that are given priority each year are discovery of the maritime world, health, entrepreneurship, youth, education and amateur sports. The Port of Québec is primarily involved in social causes; for example, we support activities carried out by the different Patros in the area that offer assistance and help promote community life. We also support different local organizations that provide assistance to troubled youth, such as Le Piolet, Les Oeuvres Jean Lafrance or the Relais d'Espérance foundation.

For the Port of Québec, this type of investment is extremely important. We believe it is essential to contribute to the social, economic and environmental development of the communities in which we live and work. This involvement ensures that we maintain direct links with the communities in which we operate. We know that local involvement benefits us all and directly contributes to community development.

Port of Québec: strategically important

The Québec Port Authority (QPA) is a federal organization constituted under the *Canada Marine Act*.

The QPA is part of the national network of port authorities that comprises 18 organizations throughout Canada. The QPA oversees a section of the river measuring approximately 35 km² and more than 220 hectares of developed port lands in the heart of Québec City, more than 20% of which is dedicated to recreation and tourism activities.



**Dominique Tanguay,
Maintenance Director**

My team carries out daily operations on port grounds in order to consistently offer quality services to clients in our territory, such as an efficient power system and quality facilities that meet their needs.



The QPA has particular significance in the Ontario-Quebec Trade Corridor, the most important trade corridor in the country. It also plays a major role in the Canada-European Union trade axis due to its geographical location and its parameters that distinguish it from other ports. The enlarging of the Panama Canal's locks will alter trade flows, which will benefit the Port of Québec. No other port located along this corridor, or even along the St. Lawrence, offers efficient and modern port terminals, a water depth that make it possible to receive ships transporting more than 150,000 tonnes 365 days a year, efficient rail links that connect the biggest North American markets, and a complete range of port services. On a daily basis, the Port of Québec offers privileged access to different industries situated in the four corners of the Great Lakes market and the American Midwest for dry and liquid bulk goods. The maritime hub of Québec is also made up of the Davie shipyard, the Valero refinery, the Laurentian base of the Canadian Coast Guard and the activities of the Société des traversiers du Québec. Because the QPA is one of the major players in this industry, the activities that take place on its property contribute significantly to the local, regional and national economy.

The Port of Québec strives in every way to remain a leader in the Canadian maritime sector. This is the spirit in which we implemented our sustainable development approach. It is for the same reason that we are working on thoroughly preparing our expansion project for our port facilities, which will allow us to meet the growing demand in the maritime transport industry.



Air Photo

City-port relations: invaluable

Like most of the world's other major ports in its class, the Port of Québec is located a near vibrant, urban areas, unique in North America, that are enjoyed by visitors and tourists.

Of course, this adjacency creates its own set of challenges. The disadvantages, namely the sights and sounds of a port that is open 24/7, create an impact that we strive to minimize. Also, the collective demand for development of public spaces for paths, river access and a variety of equipment to make use of these spaces is a part of our concerns.

Faced with these challenges, the Port of Québec and its partners are committed to making every effort and taking the necessary measures to coexist harmoniously with surrounding neighbourhoods.

Today, relations between ports and their communities are increasingly affected by a global phenomenon. It can be described as aiming to have users maximize port infrastructure to ensure optimal returns, while recognizing the demand for occupancy and use of the riverside and urban territory. As a responsible organization, the Port of Québec is sensitive to this phenomenon and is determined to find sustainable solutions. Our organization firmly believes that a strong port-city relationship is in everyone's interest.

We must combine the needs of the city with the needs of the port. We must continue to offer citizens access to the land and the river so that they feel a sense of ownership of this unique and unifying economic space, and so they better understand the issues facing the port. The port should not be seen as an obstacle to improvement but rather as a development tool that serves the community. However, to meet the challenge of building a strong port-city relationship, it is necessary to find a point of understanding between cities and ports. A modern port-city relationship is unimaginable without compromise from both sides, without developing a vision of the future with the support of all the players involved. The goal of our administration is “to ensure that the Port is in harmony with the city, to continue actively contributing to the prosperity and socio-economic development of the region and our city.”

The Port of Québec and its partners are committed to taking the necessary measures to coexist harmoniously with surrounding neighbourhoods.

Corporate image

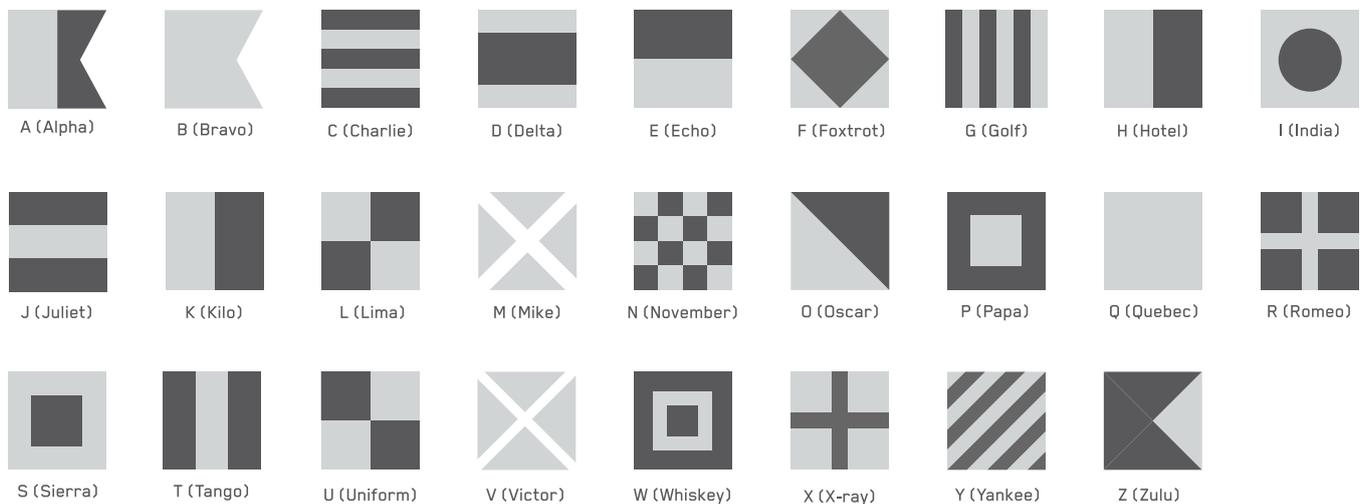


The project of giving the Port of Québec a new corporate identity stems from the need to better illustrate the reality of the Port of Québec today, to acknowledge the national and international scope of the port and to better support the QPA in its aim of building lasting ties with the community.

The new approach is very contemporary and refers to the Port's values, mission and natural qualities by representing an inclusive identity, a unique name and an image that reflects the organization's evolution.

The new corporate image, developed in 2013, is rooted in the positioning of the Port of Québec, which aims to be an international space in the city. The image represents the maritime activities carried out in port territory, family events and celebrations that can be found in various port sectors, and the bond between the region's port and urban communities. The image makes use of vexillology, the universal maritime code. It will be released in the port territory this year.

International Marine Signal Alphabet



The Board of Directors



Dr. Éric Dupont
Chairman of the Board
Chairman of the Executive Committee



Claude Rousseau
Vice Chairman of the Board
Member of the Executive Committee
Member of the Audit Committee



Bernard Généreux
Member of the Board of Directors
Member of the Executive Committee
Member of the Environment, Safety and Health & Safety Committee



Marie-France Poulin
Member of the Board of Directors
Chairman of the Audit Committee
Member of the Governance and Human Resources Committee



Denis Bernier
Member of the Board of Directors
Chairman of the Environment, Safety and Health & Safety Committee
Member of the Governance and Human Resources Committee



M. Pierre Rivard
Member of the Board of Directors
Chairman of the Governance and Human Resources Committee
Member of the Audit Committee
Member of the Environment, Safety and Health & Safety Committee



M. André Joli-Coeur
Member of the Board of Directors
Member of the Environment, Safety and Health & Safety Committee

The Board of Directors and its committees

The Board of Directors has a prominent place in an organization's governance structure. Its primary role is to protect the company's interests, while being aware of the impacts its decisions have on stakeholders. In other words, the primary duty of a director is to ensure the daily management of the company and to be accountable at shareholders' meetings. In carrying out these tasks, the Board has to handle important decisions and important responsibilities.

Directors are committed to perform their functions with care and diligence. This is the fundamental principle of responsible management. As trustees of the company, they must act with loyalty and good faith. They are also guided by the principles of accountability, responsibility and integrity.

The Board of Directors is assisted by four committees, each composed of three directors, that help guide its decisions. The Board of Directors and its committees met 23 times in 2013.

Management team



Mario Girard
President and CEO



Patrick Robitaille
Vice President, Port
Business Development



Yoss Leclerc
Vice President and Chief
of Maritime Operations



Pierre Labbé
Vice President and Chief
Financial Officer



Mario Bernard
Vice President, Finance
and Administration



Marcel Labrecque
Vice President and Chief
of Maritime Operations
(retired since February 28, 2014)



Pascal Raby
Corporate Secretary
Director, Compliance,
Legal and
Property Affairs



Alain Sans Cartier
Director,
Communications
and Public Relations



Marc Drouin,
Director, IT and
Telecommunications



Manon Bélanger
Director, Organizational
Development
and Human Resources



Éric Martineau
Director, Infrastructure
Development

Committees of the Board of Directors

Executive Committee

This committee's mandate mainly concerns the rules associated with the code of ethics, remuneration for directors and officers, and coordination of the appointment process for directors. The committee has the power to study and investigate any questions it deems appropriate in light of its mandate. The chairman of this committee is ex officio the Chief Executive Officer.

Audit Committee

The purpose of this committee is to help the board fulfill its oversight responsibilities by ensuring that the accounting systems are reliable and that internal controls are adequate, gathering information on the integrity of internal control systems and management information systems, examining the annual budget and financial statements before they are presented to the board, examining management's long-term fiscal projections, and studying the impact on the long-term financial situation of each large investment project presented to the Board of Directors.

Governance and Human Resources Committee

Its mandate is to advise the board on management practices with respect to the Authority's governance, to ensure human resource policies are implemented.

Environment, Safety and Health & Safety Committee

This committee helps the board fulfill its oversight duties in carrying out its mandate with respect to policies, programs and management practices concerning the environment, safety, and workplace health and safety.

Report of the independent auditor on the summary financial statements

To the Directors of the Québec Port Authority

The accompanying summary financial statements, which comprise the summary statement of financial position as at December 31, 2013, and the summary statements of comprehensive income and cash flows for the year then ended, are derived from the audited financial statements of the Québec Port Authority for the year ended December 31, 2013. We expressed an unmodified audit opinion on those financial statements in our report dated April 30, 2014. Neither these financial statements nor the summary financial statements reflect the effect of events that occurred after the date of our report on these financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Québec Port Authority.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of a summary of the audited financial statements. Management presents the summary statement of financial position and the summary statements of comprehensive income and cash flows. The notes to financial statements are not reproduced.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the Québec Port Authority for the year ended December 31, 2013 are a fair summary of those financial statements, in accordance with the criteria stated in the paragraph on management's responsibility for the summary financial statements.

PricewaterhouseCoopers s.r.l./s.e.n.c.r.l.¹

PricewaterhouseCoopers LLP/s.r.l./s.en.c.r.l.
April 30, 2014
Place de la Cité, Tour Cominar
2640 Boulevard Laurier, Suite 1700
Québec, Quebec Canada G1V 5C2

"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.

¹ CPA auditor, CA, public accountancy permit No. A118597

Summary statement of financial position

as at December 31, 2013

	December 31, 2013	December 31, 2012
Current assets	\$14,160,374	\$14,526,273
Non-current assets		
Term loan	231,278	338,189
Trade incentives	6,264,732	7,065,625
Property, plant and equipment	140,770,221	138,426,782
Net investments in finance leases	10,281,061	13,174,476
Employee benefits	366,000	-
Environmental costs recoverable	1,022,417	1,008,116
	158,935,709	160,013,188
	\$173,096,083	\$174,539,461
Current liabilities	\$13,756,882	\$15,356,761
Non-current liabilities		
Deferred contributions	53,395,808	56,359,029
Debt relating to trade incentives	2,602,222	4,337,886
Environmental liabilities	3,109,485	3,291,838
Employee benefits	734,400	4,237,600
	59,841,915	68,226,353
Authority's equity	99,497,286	90,956,347
	\$173,096,083	\$174,539,461

On behalf of the Board,



_____, Chairman



_____, President and Chief Executive Officer

Summary statement of comprehensive income

for the year ended December 31, 2013

	2013	2012
Revenue from operations	\$30,814,552	\$32,049,259
Expenses	19,681,438	17,573,308
Income before depreciation and amortization and other items	11,133,114	14,475,951
Depreciation and amortization, net of amortization of deferred contributions	5,865,018	5,434,739
Income before other items	5,268,096	9,041,212
Other items	(25,957)	4,244,297
Net income	5,242,139	13,285,509
Other comprehensive income (loss)	3,298,800	(1,159,500)
Comprehensive income	\$8,540,939	\$12,126,009

Summary statement of cash flows

for the year ended December 31, 2013

	2013	2012
Operating activities	\$8,041,138	\$19,127,631
Investing activities		
Property, plant and equipment paid	(13,278,677)	(11,857,213)
Receipts from finance leases	2,741,623	2,603,699
Decrease in term loan	106,911	101,482
	(10,430,143)	(9,152,032)
Financing activities		
Repayment of long-term debt	-	(8,497,195)
Net change in cash	(\$2,389,005)	\$1,478,404



PORT
QUÉBEC

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