



MINUTES of the GOVERNANCE COMMITTEE MEETING

November 18, 2019 1:00-2:00pm ET (held via webinar)

Committee members in attendance	
J. Holm, Chair	G. Faulkner
A. Bergeron	C. Lamothe
Observers in attendance	
D. Lynch	C. Zinck
C. Sadr	
Staff and support	
C. Mash	S. Price

1. Call to order and approval of agenda

J. Holm, Committee Chair opened the meeting at 1:05pm (ET) and welcomed the meeting participants. Three items were added to the agenda under other business:

- Reviewing a motion proposed by the FAR Committee to amend the per capita assessment section of the Bylaws
- Drafting of the Governance Committee's portion of the annual performance report
- Discussion on first-year director participation in Committees

It was agreed to approve the agenda as amended.

2. Approval of October 8 minutes

The minutes were circulated with the agenda book. One amendment was requested under item 3, policy 5.7. This change was requested to clarify that the HR Committee would not have an interest in overseeing the benefits package for all staff but does need to be aware of what the CEO would receive.

The minutes were approved as amended by consensus.

3. Plan to reduce Board Size

The Committee discussed the draft report and the following feedback was captured:

- Impact on the influence of larger regulators needs to be clear, that they will see a reduction in influence at the Board table.
- Diversity goals will be challenging to achieve with less directors. This point has been included in the report and the Committee was reminded that the organization has no ability to ensure competency gaps are filled, although requests can be made to regulators that they may consider during their nomination process.
- While cost savings are an added benefit, they are not the reason for reduction. Move the financial section to the bottom.
- Expand the impact on board deliberations section into "effectiveness", with board deliberations becoming a sub-section.
- Ensure that all implications of a smaller board size are clearly stated.
- Since it is a focus of the organization, consider including affinity results in the shares each regulator holds.

- Research can be found to support both small and large boards, there is nothing definitive. Include that the current research included in ICD curriculum indicates that Board size is not a determinant factor, engagement and competence of the directors is what matters.
- Include, in the Conclusion section, specific actions that should take place to support the recommendation.
- Add, as an appendix, the history of board size, including the 2017 benchmarking report and the history of the Engineers Canada Board size prior to 2010's synergy report. The synergy report's conclusions stated that more engagement would be realized if regulators were more involved, through a reflection of their size on the Board. This report did not consider the long-term impacts of a continuously growing board, which has since been controlled at a maximum of 23 members. Prior to the synergy report, the Board consisted of 16 directors.

A point was brought forward that with a significant portion of the organizations revenues being attributed to the TD and Manulife programs, that it may be prudent for the Board to consider adding "knowledge of insurance industry" to the competency matrix.

There was discussion about fairness and the number of members for the regulators with the per capita fee, some shareholders have more weight and should have more say. It was noted that this structure cannot be supported due to the variance in size amongst the regulators.

ACTION: Staff to incorporate changes to plan to reduce Board size, for Committee review at the next meeting.

4. Other business

4.1. Motion text review: Amendment to Bylaw for the Per Capita Assessment

The FAR Committee requested that the Governance Committee review the proposed changes to the Bylaws to ensure they are suitable. The Committee reviewed the briefing note with the author, D. Lynch, responding to questions.

Timing was a concern. The per capita assessment decision would tie into the budget process and PEO's decision on participating in the affinity program, historically received in late December, can impact this process due to a potential for severe affects on cash flow. It was clarified that as the Board finalizes the budget, they would also set a per capita assessment recommendation that would flow to the members for their February meeting, with approval in May, providing as much time as possible for directors and presidents to consult with their regulators and for PEO to communicate their decision. Using the best information available at the May meeting, the Members will be asked to make a significant change to Engineers Canada's governance. Following the vote in May, the fee would not come into effect until January 1 of the next year.

The Governance Committee agreed that they are not concerned with any of the Bylaw language as presented. These documents will be presented to the Board for their meeting in February.

It was noted, while on the subject of Bylaw changes, that the Governance Committee will be discussing the President's Group's request to review the wording for voting majorities at Annual Meetings of Members on their upcoming agenda.

ACTION: Staff to prepare communication to notify the FAR Committee of the Governance Committee's approval of the Bylaw text for the Per Capita Assessment section.

4.2. 2019 Annual performance report

S. Price provided an overview of how the report, that provides an update on the progress to date with the 2019-2021 strategic plan, will be produced. The Governance Committee will need to report on how Board responsibility #4 has been fulfilled. The report is provided to the Board in February for approval to recommend to the Members for information in May.

S. Price suggested that the Committee task staff with drafting a report for Committee review at the next meeting. The report is due January 11, and this plan will ensure the report is produced on schedule, with the Committee having time to focus on providing high level feedback on the draft. S. Price noted that the reporting period is the full calendar year, and that some of the Committee may be unfamiliar with the content that will be included in the report as a result of it taking place prior to their appointments in May.

ACTION: Staff to draft the Governance Committee's portion of the 2019 Annual Performance Report for circulation with the next Committee agenda.

4.3. Consideration of the assignment of new board directors to committees

First-year directors were not appointed to 2019-2020 committees and were instead invited to observe the various committee meetings as part of their onboarding. In previous years, first-year directors were assigned to committees immediately. The original intent of this year's decision to not include first-year directors was to demonstrate that a large Board is not required in order to populate the committee structure.

Managing the experience of the directors and their skill sets is part of the HR Committee's work plan. The Governance Committee would like to explore if a recommendation should be made to the HR Committee for their consideration with participation of new directors in next year's committee structure.

The Committee discussed the implications of committee membership in the first year of directorship and how several factors will contribute to whether an individual should be contributing in the first year. The Committee agreed that they would like to better understand the experiences of first-year and second-year directors before determining if a recommendation to the HR Committee is necessary.

ACTION: Staff to survey the first- and second-year directors to understand their experience with Committee appointment in the first year of directorship via email.

ACTION: Staff to include a Committee action table on agendas moving forward to ensure ongoing status and completion of tasks.

ACTION: Staff to circulate a doodle for the next meeting.

5. Adjournment

With no further business to discuss, the meeting was adjourned at 2:27pm ET.