



Minutes

The 266th Meeting of the EXECUTIVE COMMITTEE of PROFESSIONAL ENGINEERS ONTARIO was held on Friday, February 12, 2021 at 2:30 p.m.

Present: M. Sterling, P.Eng., President and Chair
C. Bellini, P.Eng., President-Elect
N. Hill, P.Eng., Past President
D. Campbell, P.Eng., Vice-President (elected)
A. Sinclair, P.Eng., East Central Regional Councillor and Vice-President (appointed)
M. Chan, P.Eng., Councillor-At-Large
L. Cutler, P.Eng., Lieutenant Governor-in-Council Appointee
A. Arenja, P.Eng., Lieutenant Governor-in-Council Appointee

Staff: J. Zuccon, P.Eng., CEO/Registrar
L. Maier, Vice-President, Governance
D. Abrahams, Senior Legal Counsel
L. Latham, Director, P.Eng., Deputy Registrar, Regulatory Compliance
L. Holden, Director, Human Resources
B. Ennis, Director, Policy & Professional Affairs
D. Smith, Director, Communications
R. Martin, Manager, Secretariat
J. Max, Manager, Policy
M. Feres, Supervisor, Council Operations

Guests: David Brown, Governance Solutions Inc. (GSI)
Debra Brown, GSI
Dave McComiskey, GSI

CALL TO ORDER

Notice having been given and a quorum being present, President Sterling, acting as Chair, called the meeting to order.

Quorum was confirmed.

16-01 APPROVAL OF AGENDA

Moved by Councillor Chan, seconded by President-Elect Bellini:

That the agenda for the February 12, 2021 meeting be approved as presented.

CARRIED

No conflicts were declared.

**16-02
MINUTES – 265th
EXECUTIVE COMMITTEE MEETING –
FEBRUARY 2, 2021**

The Executive Committee reviewed the minutes of the 265th Executive Committee meeting held February 2, 2021.

Moved by President-Elect Bellini, seconded by Councillor Arenja:

That the minutes of the 265th open session meeting of the Executive Committee, held on February 2, 2021, accurately reflect the business transacted at that meeting.

CARRIED

**16-03
GOVERNANCE WORK PLAN –
OUTPUTS FOR GOVERNANCE
COMMITTEES; REGULATORY POLICY
CENTRALIZATION**

Based on feedback received in previous meetings, David Brown noted that GSI is proposing that PEO adopt a structure of three (3) Governance Committees: Audit and Finance (A&F); Human Resources (HR); and Governance, Legislation, and Nominating (GLN). This proposal is in alignment with and supported by two (2) of the eleven (11) Governance Directions approved by Council in November 2020:

- *Council members will only serve on board (governance) committees.*
- *Council will use core board (governance) committee, which means a form of committee structure which deals with the following: finance & audit; human resources; governance, legislation & nominating.*

It was noted that the overarching responsibility of committees is to undertake fiduciary and due diligence activities on behalf of Council in accordance with their Charters/Terms of Reference (ToR).

David Brown reviewed each the proposed committees in terms of current outputs, re-allocated outputs currently assigned to different committees, and additional “best practice” outputs not currently identified or assigned to a governance-type committee. It was highlighted that “risk oversight” is being recommended as an output for each of the governance committees. This is in recognition of enterprise risk management as a shared responsibility and thus its oversight appropriately resides in each fiduciary area.

GSI’s advice with respect to governance committees was summarized in the form of four (4) recommendations:

1. PEO’s Council will use three governance committees as standing sub-committees of Council to assist with its governance and oversight responsibilities.
2. The governance committees will be delegated responsibility for the due diligence of the outputs substantially as outlined in the meeting material provided by GSI, bringing recommendations to Council for approval.

3. Regulatory and governance policy oversight (direction and control) will be assigned to the GLN Committee, moving from regulatory and other committees where these are currently situated.
4. These changes will be effective after the 2021 Annual General Meeting (AGM), facilitated by a transition plan.

President Sterling invited Committee members and staff to provide their comments and views, summarized below in the context of the related GSI recommendations.

Recommendation 1 (3 Governance Committees)

There was a discussion related to the number of members on committees and the frequency of meetings as a function of the workload required to meet output obligations, and that these may vary by committee. Debra Brown noted that while there are 25 members of Council, governance committees may be larger than needed. Further, she advised that it is not a requirement for every Councillor to serve on a committee and that the governance best practice in this realm is for Councillors to serve on only one committee.

There was also a discussion regarding the “Committee of the Whole” (ie, Council) and that it should be reflected in the model of the new committee structure along with the three recommended governance committees. It was noted that Council is responsible for the overall direction and control of the organization as outlined in the Council Charter, as well as any output not assigned to a committee (for example, regulatory risk -- monitoring the changing landscape of the profession related to issues such as licensing and discipline).

It was suggested that the additional best practice output “*Whistleblowing*”: *Safe disclosure of potential breaches*”, currently shown as an Audit & Finance Committee responsibility, may be more appropriately assigned to the Human Resources Committee.

Recommendation 2 (Committee Outputs)

There was a discussion regarding the competency-based approach to appointing Councillors to governance committees. It was suggested that this approach will prioritize the skills, experience, and attributes of Councillors that best address the required outputs in a given fiduciary area; and that these could be shared with stakeholders to attract the most qualified candidates for election and appointment. In this context, Debra Brown noted the governance principle that Councillors have equal accountability and liability, and thus, by using a competency-based approach, there need not be as much reliance on considerations such as years of

service on Council, geographical constituency, or whether a Councillor is elected or appointed.

Further, there were suggestions that a competency-based matrix for appointing members to the governance committees could be applied incrementally within the current legislative framework and Council composition, ahead of the 2022 AGM (anticipated to be the completion date of the committee structure phase of the governance roadmap) and leading into the 2023 election cycle.

Recommendations 3 & 4 (Policy Oversight and Transition Plan)

At several stages of the meeting, discussion focused on the Transition Plan with respect to Phase 2 of the governance review project ("*PEO Committees – Governance Effectiveness of Committee Structure and Mandate*"), and the need to underpin it with clear, timely, and transparent communication regarding the impact on and implications for PEO governance as the committee structure transitions in accordance with the governance directions approved by Council in November 2020.

In this way, Council, staff, and other stakeholders will have an accurate understanding of how Council's direction and control mandates are demonstrated in practice in terms of: i/ the outputs of the Audit & Finance Committee and the Human Resources Committee, and ii/ the regulatory and governance policy oversight assigned to the GLN Committee.

To this end, there was a discussion regarding the potential elements of a detailed "Implementation Plan" ("IP") that would serve as the first pillar of the Transition Plan. The IP would support, in particular, this part of Phase 2 in the governance roadmap that is related to governance committees. The Committee agreed that the IP would require Council approval. Ideas and suggestions were put forth, including but not limited to the following:

- highlight that the shifts, re-alignments, and changes resulting from the new governance model are designed to benefit Council and improve its fiduciary effectiveness;
- recognize that the new governance model represents a cultural and philosophical shift as a result of changes in roles and responsibilities;
- explain that Council oversight is being re-framed in a revised committee structure and revised or new Charters/ToR's will replace all previous versions;
- highlight that responsibility for regulatory and governance policy oversight will transition to the GLN Committee from

the regulatory and other committees where these are currently situated;

- highlight key dates and deadlines leading up to the 2022 AGM as it relates to individual Councillors transitioning off or onto specific committees;
- highlight key dates and deadlines leading up to the 2022 AGM as it relates to the ongoing outputs/initiatives of committees in the current structure, some of which may require a phased transfer of responsibilities (for example, will the EXE retain its role as governance review stewards until 2022, or will stewardship transition to the GLN Committee?);
- highlight that subject matter expertise will continue in accordance with one of the key deliverables in Phase 1 of the governance review - an official mechanism/protocol by which non-Councillors can provide their ideas and feedback regarding regulatory and governance matters; and
- explain that any and all legislative changes required due to committee structure changes will be addressed as needed, over time.

It was suggested that the Council-approved Implementation Plan would afford the mutual benefit of: i/providing staff with a clear pathway to operationalize Council's directions; and ii/ recommitting Council to this portion of the governance directions it approved in November 2020.

[Councillor Arenja signed off at 4:22 pm]

**16-04
GOVERNANCE WORK PLAN –
TIMELINE AND FLOW OF ACTION ITEMS**

With respect to GSI's four recommendations, J. Zuccon suggested that, ahead of the March 6 Strategic Conversation (SC), it may be beneficial for the EXE to document the areas where there is agreement among Committee members and those areas that are still under discussion. This will assist with building consensus at the upcoming SC as it relates to implementing and operationalizing this portion of the Governance Directions approved by Council in November 2020.

**16-05
NEXT MEETING**

President Sterling proposed that an additional EXE meeting be held prior to the next SC so that the Committee can continue its discussions regarding governance committees and the flow of action items from this Committee to Council via the SCs (for information and discussion) and its meetings (for decision-making).

The next EXE meeting date, prior to March 6, 2021, is to be determined.

There being no further business, the meeting concluded at 4:45 pm.

These minutes consist of minutes 16-01 to 16-05 inclusive and 6 pages.

M. Sterling, P.Eng., President and Chair

R. Martin, Corporate Secretary