

Memorandum

To: THE HUMAN RESOURCES & GOVERNANCE COMMITTEE OF
THE BOARD OF DIRECTORS
of the Independent Electricity System Operator

From: Michael Lyle
Vice President, General Counsel and Secretary

Date: June 12, 2018

Re: **Board Evaluation, Governance and Director Development**

Board Evaluation

The IESO Board's *Terms of Reference for a Director* requires the periodic evaluation of the Board, and the *Charter* of the Human Resources and Governance Committee directs the Committee to consider, on an annual basis, carrying out an evaluation of the effectiveness of the Board. A formal evaluation of the Board with external assistance was undertaken last year by Mr. Jacques Levesque.

It has not been the Board's practice to seek external assistance every year. I recommend that this year that a self-evaluation be undertaken through the use of a questionnaire to assess performance similar to what was done in 2016. Consistent with prior practice in our Board evaluations, I anticipate that the aggregated results will be reported to the Board and Committees, with individual assessments provided to each director as well as the Board Chair. The Board Chair will use the results of the peer feedback to facilitate one-on-one discussion with individual directors.

Now is an opportune time to review the ten recommendations that came from the Levesque report to discuss what progress has been made in implementing these recommendations and what still remains to be done. The recommendations are attached to this memo.

Governance Documents

On an annual basis, typically in June, the Committee considers whether amendments should be made to the Corporation's Governance Documents as a result of changes in the Corporation itself, or to align with best governance practices. Subsequent to the initial review of governance documents in early 2015, various revisions have been made over the course of the last two years, including revisions to the Board Charter and Code of Conduct; the Audit Charter; various policies such as the Board expense policy; and the Governance and Structure By-law; to reflect the updated Terms of Reference for the Technical Panel.

This matter was discussed at the Board's off-site on June 4. It was decided there that it was timely to conduct a review of the Board and committee charters focused on the mandate of each of the committees and the Board. Three Board members, Margaret Kelch, Carole Workman and Murray Elston, have been assigned to this initiative and will be assisted by the Board Secretary. Further discussion is required on the matters to be addressed in this review and the timeline for completion.

Director Development

The Board discussed director development at its off-site meeting on June 4. To date, the approach taken has been for the IESO to circulate a listing of industry-related conferences for director review. Directors identify their interest in attending specific conferences from the list as well as other programs of interest, and the Chair of the Board reviews the requests received to balance director attendance. Planning for director education has typically focused on near-term, current-year, needs to satisfy governance responsibilities and build industry focused knowledge.

A number of proposals for improvement came out of the off-site discussion. These included:

- the development of a regularly updated calendar of key industry conferences and events sufficiently far in advance to allow the Board to plan its attendance;
- the ongoing assessment by Board members of courses and conferences they attend so as to inform other Board members;
- better tracking of what events Board members are attending;
- the encouragement of Board members to share substantive insights with their colleagues from events attended or publications read; and
- the review of Board governance documents to ensure that the responsibilities of directors with respect to their ongoing development is appropriately addressed.

I look forward to our discussion on the 12th.

Michael Lyle
Vice President, General Counsel and Secretary