

Board Charter and Code of Conduct

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Board Charter and Code of Conduct

The Board of Directors ("Board") of the Independent Electricity System Operator ("IESO") has adopted this Charter and Code as part of its commitment to high standards of corporate governance in pursuing the objects of the IESO set out in the *Electricity Act, 1998*. This Charter and Code describes the Board's mandate, accountability and composition, and sets out a specific Code of Conduct for the Board.

More detailed information about the IESO's corporate governance is set out in the Governance and Structure By-law and in corporate policies, notably the *Terms of Reference for a Director*. The activities of the Board and its committees are formally recorded in minutes of meetings.

MANDATE

The Board shall manage and supervise the management of the IESO's business and affairs and shall provide insight, input into and oversight of the development of the IESO's strategic direction. More specifically, the Board's mandate includes:

- reviewing with management: the strategic environment; the emergence of new risks and opportunities and the implications of such risks and opportunities for the IESO's strategic direction;
- approving strategic plans that take into account the IESO's legislative objects, major risks and opportunities and overseeing the management of those risks;
- appointing, monitoring and assessing the performance of the Chief Executive Officer ("CEO");
- charging the CEO with the general management and direction of the business and affairs of the IESO;
- overseeing the appointment and training and monitoring the performance of, and succession planning for, senior management;
- monitoring the integrity of the IESO's internal control and management information systems; and
- approving the annual Business Plan, including budgets, of the IESO and monitoring its financial performance to seek to ensure the financial viability of the IESO and the efficient and effective use of its resources.

In fulfilling this mandate, the Board shall meet as often as is necessary but no less than four times per year.

ACCOUNTABILITY

The IESO is not an agent of the Provincial Government and acts independently from the Ministry of Energy. The Board is accountable for the IESO's performance within its objects set out in the *Electricity Act, 1998*.

The Board recognizes the broad objectives of the legislative framework in which the IESO operates and shall guide itself so that the IESO fulfils its mandate in a manner that promotes the purposes of the *Electricity Act, 1998*.

In fulfilling its mandate, the Board recognizes the requirements to:

- take such steps as it considers advisable and appropriate to ensure there is an effective separation of functions and activities at the IESO relating to (i) market operations, and (ii) procurement and contract management activities;
- not conduct the operations of the IESO-administered markets in any manner that, (i) unjustly advantages or disadvantages any market participant or class of market participant; or (ii) is inconsistent with the *Electricity Act, 1998*; and
- ensure that appropriate procedures are established and maintained so that confidential information that is in the possession or control of any officers or employees of the IESO, or any agent or third party working on the IESO's behalf, is not inappropriately communicated.

BOARD COMPOSITION

The composition of the Board is governed by the *Electricity Act, 1998* and the regulations enacted thereunder. The Board consists of the CEO of the IESO, and at least 8 and not more than 10 independent members, appointed by the Minister of Energy (the "Minister").

The tenure of directors and their maximum terms are set out in the *Electricity Act, 1998*. Other than the CEO, directors hold office at the pleasure of the Minister. They serve for an initial term of two years and may be reappointed for successive terms not exceeding two years each.

The Board has approved the *Terms of Reference for a Director*, which sets out the skills, experience and attributes that the Board believes individual directors and the Board collectively should have. The Board seeks to ensure that the directors have a mix of skills and experience to provide appropriate leadership and strategic direction to the IESO. When a vacancy on the Board occurs or is pending, the Human Resources and Governance Committee will review the skills, experience and attributes of the continuing directors. If the Board is invited to nominate individuals for appointment, the Human Resources and Governance Committee will seek out qualified individuals to recommend to the Board for nomination. If no such invitation is forthcoming, the Human Resources and Governance Committee will provide the Chair of the Board with its recommendation on what additional skills, experience and attributes are necessary.

EXPECTATIONS OF A DIRECTOR

As a member of the Board, each director shall:

- through the exercise of due diligence, fulfill the legal requirements and obligations of a director set out in the *Electricity Act, 1998* namely: a) to act honestly and in good faith in the best interests of the IESO; and b) to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- through the exercise of due diligence, act in accordance with the approved Board policies;
- ensure that the director and the Board as a whole act in the best interests of the IESO rather than in the interests of an individual director or any other interests;
- devote the time necessary for the diligent involvement in Board affairs;
- seek to assist the IESO in the achievement of corporate strategic objectives;
- monitor their continued ability to meet these expectations; and
- comply with those provisions of the IESO Code of Conduct for employees set out in Schedule 1 herein, as may be amended from time to time¹

In addition, each director, if requested, is required to join the Audit Committee, the Human Resources and Governance Committee or Markets Committee or if struck, another committee of the Board. If the IESO is faced with an emergency or crisis situation, directors are expected to convene on short notice if necessary, and each director, if requested, is required to help coordinate the Board's emergency related activities. Directors are expected to inform the Chair of the Board if they cannot be reached for an extended period of time.

A director who becomes aware of circumstances which are or are likely to be perceived to be incompatible with their independence as contemplated by the *Electricity Act, 1998* and the regulations enacted thereunder, shall forthwith report such circumstances in accordance with the Governance and Structure By-law and shall abide by any safeguards that the Board considers appropriate in the circumstances. The need to take such action may arise in the following circumstances:

- a change in the director's affiliation or employment;
- the acquisition by the director's employer of an entity that is, or has a material commercial interest in, a market participant;
- having a personal or business interest in a matter requiring Board decision, arising either directly (e.g. through an ownership or employment interest) or indirectly (e.g. through potential benefit from participation in a sector of the electricity industry);

¹ For the Chief Executive Officer or other Board of Directors members, any reference to "supervisor" in the IESO Code of Conduct for employees means the Chair of the Board of Directors. For the Chair of the Board of Directors, any reference to "supervisor" in the IESO Code of Conduct for employees means both the Chairs of the Audit Committee and the Human Resources and Governance Committee. Any reference to employee in the IESO Code of Conduct for employees should be read as referring to a director of the IESO Board of Directors.

- non-compliance with those conflict of interest provisions of the IESO Code of Conduct for employees set out in Schedule 1 herein;
- adopting an adversarial position toward the IESO;
- being appointed to any position that creates or appears to create inherently conflicting responsibilities; and
- being unable to either attend meetings of the Board or committees to which the director has been appointed consistent with the standard set out in the *Terms of Reference for a Director* or participate in Board and committee meetings.

In contributing to a director's discharge of their duties under this Charter, each director shall be obliged to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any director a standard of care or diligence that is in any way more onerous or extensive than the standard to which the directors are subject at law.

SPECIFIC CONDUCT AS A DIRECTOR

To enable the Board to discharge its collective responsibilities for stewardship of the IESO, including oversight and strategic leadership, each director shall:

- maintain independence and objectivity;
- conduct themselves honestly, fairly, ethically and with integrity;
- conduct themselves in accordance with the Fair and Respectful Treatment of Others provisions of the IESO Code of Conduct for employees set out in Schedule 1;
- contribute views based on the director's unique skills and experience;
- bring to the attention of the Board diverse perspectives while continuing to act in the best interests of the IESO;
- act consistently with the statutory and contractual obligations of the IESO;
- exercise authority as a director only at meetings of the Board or its committees or as specifically delegated by the Board;
- address any requests of senior management to the CEO or to the Corporate Secretary;
- monitor potential conflicts of interest, including those that may arise under the conflict of interest provisions of the IESO Code of Conduct for employees set out in Schedule 1 herein, that the director may have regarding any matters before the Board;
- declare any circumstances which could reasonably be perceived to place the director in a conflict of interest position, including those that may arise under the conflict of interest provisions of the IESO Code of Conduct for employees set out in Schedule 1 herein, promptly to the Chairs of the Audit and Human Resources and Governance Committees and the Corporate Secretary;
- abstain from discussion and voting on any related matter pending the Board's determination of what, if any, safeguards are appropriate in the circumstances, and comply with such safeguards; and

- attend meetings of the Board and committees to which the director has been appointed consistent with the established standard and participate in Board and committee meetings.

Notwithstanding the foregoing, the Chair of the Board, the Vice Chair of the Board, and the Chair of each of its committees are hereby delegated the authority to work with senior management of the IESO and with other organizations and external advisors, as appropriate, in order to fulfill their mandates. For certainty, the authority exercised by the CEO in the general supervision and active management of the affairs of the IESO has been delegated to the CEO under the by-laws of the IESO.

PRINCIPLE OF CONFIDENTIALITY

Confidential Information means all data and information relating to the business, management and affairs of the IESO or of any person or market participant, including proprietary and trade secrets and technology and accounting records, which is or comes to be in the possession or control of the IESO; provided, however, Confidential Information shall not include any data or information which:

1. is or becomes publicly available with the permission of the IESO (or without any breach by the director) in accordance with policies and procedures approved by the Board or the person or market participant who has provided the Confidential Information; or
2. is required to be disclosed pursuant to court order or other legal compulsion.

Each director shall keep all Confidential Information confidential and no director shall use Confidential Information for personal gain or use. This obligation survives the termination of a director as a director of the IESO.

POST SERVICE RESTRICTIONS

A director shall, for a period of six months after they cease to be a director of the IESO, refrain from meeting with or otherwise directly communicating with the IESO or any IESO directors, staff or representatives for the purpose of influencing decisions of the IESO.²

COMPLIANCE

A director who has concerns about conduct or the conduct of another director regarding compliance with this Charter and Code of Conduct, or who is making a declaration to the Board of circumstances which could reasonably be perceived to place the director in a conflict of interest position, should advise the Chairs of the Audit Committee and the Human Resources and Governance Committee, and the Corporate Secretary. The Committee Chairs may seek the advice of other directors or advisors, and will instruct the Corporate Secretary to bring the concerns and/or declarations, with the recommendations of the committee Chairs, to the Board for determination. In relation to conflict of interest declarations, the Board will determine whether there is a conflict of interest and, if so, what safeguards, if any, are appropriate in the circumstances. The Board will then communicate its decision directly to the director whose conduct is at issue.

² For greater certainty, the post service restrictions in the IESO Code of Conduct for employees are not applicable to the IESO Board of Directors. Members of the IESO Board of Directors are subject to the restrictions set out in this Board Charter and Code of Conduct.

Though strict compliance is the norm, common sense and good faith require that the Board have the flexibility to address exceptional circumstances to avoid unjust or unreasonable results. In appropriate cases, the Board may grant a waiver of compliance with a specific provision of the Code of Conduct. Each such waiver shall be properly documented.

ANNUAL AFFIRMATION AND REVIEW

Directors shall sign annually an affirmation that they have read and understood and will comply with this Charter and Code of Conduct.

The Human Resources and Governance Committee periodically reviews this Charter and Code of Conduct and may recommend changes for approval by the Board to enhance its effectiveness in ensuring achievement of the level of conduct expected of all directors.

REQUESTS FOR CLARIFICATION

Requests for clarification of this Charter and Code of Conduct should be directed to the Chair of the Human Resources and Governance Committee. Requests for clarification on any other aspect of a director's responsibilities should be directed to the Chair of the Board.

SCHEDULE 1

Excerpt from Code of Conduct for employees, last updated August 18, 2021

4.1 Fair and Respectful Treatment of Others

- 4.1.1 You must treat everyone with dignity and respect, encourage workplace diversity, and contribute to a work environment where everyone feels that they are able to express their opinions and be heard.
- 4.1.2 You must not tolerate nor engage in harassment, including sexual harassment, threats of harassment or retaliation for reporting harassment. This and other elements of improper behaviour are covered in the IESO's [Respect in the Workplace and Workplace Violence Policy](#).
- 4.1.3 You must not tolerate nor engage in discrimination based on grounds prohibited by the Ontario *Human Rights Code*.
- 4.1.4 You must not make defamatory or derogatory comments about the IESO, your colleagues, the IESO's stakeholders, or Indigenous communities. Any comments made related to the IESO or the sector must be made in accordance with the Code whether or not you use your own name or a pseudonym or post material anonymously.
- 4.1.5 In the course of your work at the IESO, you may not give preferential treatment, or give the appearance that you are giving preferential treatment, to any third party. You must also not offer preferential assistance to a third party who is dealing with the IESO.

4.2 Integrity and Acting in IESO's Best Interests

- 4.2.1 You must use fair business practices and not participate in unethical or illegal activities, or other activities that could substantially and negatively impact the IESO's legitimate business interests.
- 4.2.2 You must always act and be seen to act with integrity and honesty in the performance of your responsibilities for the IESO without regard to your personal interests.
- 4.2.3 You must be aware of and act in a manner that will avoid and minimize any actual, potential or perceived conflict of interest which is a situation where your personal interests interfere with, or appear to interfere with, the interests of the IESO.
- 4.2.4 You must not, through your actions, put other IESO employees in an actual, potential, or perceived conflict of interest.
- 4.2.5 You must not engage in insider trading, tipping, and accepting or making bribes.
- 4.2.6 You must not accept or solicit gifts, benefits or hospitality that could actually or appear to improperly influence your decisions or impair your objectivity related to the giver's business dealings with the IESO. Any gift, benefit or hospitality that is accepted must be of a nature

and an amount that is typical in the business context, is similar to what others are receiving and does not constitute a real personal enrichment. In addition, the following restrictions apply to hospitality:

- Invitations to ski days, golf tournaments or other similar events are acceptable as long as you make a reasonable personal monetary contribution toward the event.
- You must not accept payment by an IESO stakeholder for travel or lodging.
- You must not accept any invitations from IESO stakeholders to major league sporting events or high-profile cultural events, unless it is part of a broad sector event.
- You must not accept complimentary hospitality from the same organization more than twice per calendar year, unless you receive prior approval from your Supervisor.

4.2.7 You must refrain from: (i) hiring your spouse, domestic partner, or a family member, (ii) supervising or reporting to your spouse, domestic partner, or a family member, either directly or indirectly, and (iii) dealing on behalf of the IESO with your spouse, domestic partner, or a family member.

4.3 Restricted Financial Interests

4.3.1 Stakeholders and Indigenous communities depend on us to operate Ontario's power system and markets with independence and integrity, while avoiding and minimizing any actual, potential or perceived conflicts of interest. In support of this goal, the IESO has developed rules regarding the ownership of Restricted Financial Interests. These specific rules do not lessen the general obligation you have under section 4.2.3 to avoid and minimize any actual, potential or perceived conflicts of interest with entities that are not on the Restricted Entities List.

The Restricted Entities List (see Schedule B) is a list of entities ("**Restricted Entities**") that the IESO views as creating a significant risk of an actual, potential, or perceived conflict of interest. Note that Schedule B sets out certain forms of ownership that are not considered Restricted Financial Interests. For the purposes of the Code, a "**Restricted Financial Interest**" means a security in, or any financial instrument whose value is based on a security of, a Restricted Entity.

4.3.2 You must not buy a Restricted Financial Interest. You must not sell a Restricted Financial Interest without the Board Chair's prior written approval, other than as permitted by section 4.3.3 for new employees. These prohibitions also apply to your spouse, domestic partner, and dependent children. The prohibition on buying or selling Restricted Financial Interests persists for six months following the end of your employment with the IESO.

4.3.3 You, as a new employee, must disclose a Restricted Financial Interest held by you, your spouse, domestic partner, or dependent children to your Supervisor and Human Resources

prior to commencing your employment at the IESO. If you, your spouse, domestic partner or dependent children hold a Restricted Financial Interest when you commence your employment at the IESO:

- It is the IESO's preference, and for certain positions a requirement, that you divest all Restricted Financial Interests or transfer the Restricted Financial Interests to a blind trust or eligible fully managed discretionary account. When divesting or transferring, you must do so within 2 months of joining, and, when divesting, be mindful of the restrictions in this Code and the law against insider trading; or
- If you do not divest, or transfer the Restricted Financial Interest to a blind trust or eligible fully managed discretionary account, you must accept safeguards as set out in section 4.3.4. However, as stated above and noted in section 4.3.4, if implementing safeguards would materially impact your ability to perform your duties, you will not be permitted to hold the Restricted Financial Interest and you must divest or transfer the Restricted Financial Interest.

4.3.4 You understand that the IESO may implement safeguards to manage and mitigate actual, potential or perceived conflicts of interest if you, your spouse, domestic partner, or dependent children hold a Restricted Financial Interest. These safeguards may include, but are not limited to, restricting your access to information regarding the relevant Restricted Entity and removing yourself from discussions, business activities or decision-making about it. If implementing safeguards would materially impact your ability to perform your duties, you will no longer be permitted to hold the Restricted Financial Interest.

4.3.5 [intentionally deleted]

4.3.6 You must inform your Supervisor of situations as they arise that may result in a breach of the safeguards implemented pursuant to section 4.3.4 and understand that the IESO may take actions to ensure your compliance with the Code.

4.3.7 Should you become aware that you and/or your spouse, domestic partner or dependent children hold a Restricted Financial Interest that you had not previously disclosed, including due to a new Restricted Entity being added to the Restricted Entities List, you must report such holding immediately to your Supervisor and the legal department and comply with the requirements of section 4.3.3 of this Code.

4.3.8 If you, together with your spouse, domestic partner and/or any dependent children, have an ownership interest of 5% or greater in a market participant, program participant or contractual counterparty that is not listed in Schedule B, you must report such interest to your Supervisor and the legal department immediately upon becoming aware of such interest and accept safeguards to mitigate or minimize any actual, potential or perceived conflicts of interest.

4.4 Outside Activities

- 4.4.1 You must not work for, supply services to, serve as a director of or volunteer with another company or organization: (i) that provides goods or services to the IESO; (ii) that engages in transactions related to the IESO-controlled grid or IESO-administered markets as its primary business; or (iii) where doing so could interfere with or adversely affect your work for the IESO or the IESO's interests or could be perceived as doing so.
- 4.4.2 You may work with, supply services to, or serve as a director or officer of a market or program participant if their primary business is not engaging in transactions related to the IESO-administered markets, but you must seek the prior approval of your Supervisor to ensure that an actual, potential, or perceived conflict of interest is not created.
- 4.4.3 If you participate in political activities, you must ensure that your actions are clearly separate from the IESO's activities and are not likely to be interpreted by the public as being representative of the IESO or impair the public's perception of the IESO's impartiality.
- 4.4.4 If a conflict of interest arises during any outside activity, you must remove yourself from the activity and resolve the conflict of interest in favour of the IESO. In addition, you must comply with any requirements of your Supervisor for you to curtail, modify or cease the outside activity if, in their opinion, it creates a real, potential or perceived conflict of interest.
- 4.4.5 You must not use your IESO affiliation in a way that implies IESO support for the outside activity.

SCHEDULE A: RESTRICTED ENTITIES

Restricted Entities List

Last updated: June 1, 2022

- Atlantic Power Corporation
- Brookfield Renewable Partners L.P.
- Captstone Infrastructure Corporation
- Innergex Renewable Energy Inc.
- Northland Power Inc.
- Samsung C&T Corporation
- TC Energy Corporation
- TransAlta Renewables Inc.
- Boralex Inc.
- Capital Power Corporation
- Hydro One Ltd.
- NextEra Energy, Inc.
- Stelco Holdings Inc.
- TransAlta Corporation

PERMITTED HOLDINGS OF RESTRICTED ENTITIES

The following types of ownership are not considered Restricted Financial Interests:

- ***mutual funds or other investment fund, exchange-traded funds (ETFs), or eligible fully managed discretionary accounts:*** indirect ownership of Restricted Financial Interests through a mutual fund, investment fund or account (other than a fund or account specifically targeted towards the Ontario electricity industry, the Ontario electric utility industry or any segment of them) where you do not control the purchase or sale of the holdings of the fund or account;
- ***blind trusts:*** a trust where you, your spouse, or your domestic partner do not hold any power of management or decision-making authority over the securities placed in the blind trust, and where the trustee of the trust is not a family member of yours;
- ***pension funds:*** participation in a pension fund, e.g. the present or deferred receipt of pension benefits from a previous employer, an employee benefit plan, an annuity or life insurance policy or a deferred profit sharing plan;
- ***fixed value securities:*** fixed value securities issued by a government or a government agency;
- ***guaranteed investment certificates (GICs):*** a GIC or similar financial instrument issued by a financial institution entitled by law to issue such instruments;

- ***permitted spousal work-related holdings***: the purchase of securities or the receipt of security-based compensation by your spouse or domestic partner where such purchase was made available or required as a part of their employment. However, you must disclose the nature of any such arrangement, any material changes to any such arrangement, and the holdings of / any purchases by your spouse or domestic partner pursuant to this exemption to your Supervisor and the legal department;
- ***de minimis holdings***: assessed annually, ownership not in excess of the lesser of:
 - (a) 1% of the outstanding securities of the relevant class; and
 - (b) the greater of (i) the number of such securities with a market value equal to 5% of the individual's or the individual's household's financial assets and (ii) \$15,000;

so long as the value of the securities is not more than \$200,000.

In the case where the *de minimis* holdings exception applies, you will:

- (i) be mindful of your existing obligations of confidentiality;
- (ii) comply with the prohibitions on buying and selling Restricted Financial Interests regardless of this exception;
- (iii) annually assess whether the value of the ownership interest exceeds the above threshold;
- (iv) not communicate with any person outside of the IESO with respect to any contract or transaction or proposed contract or transaction involving the Restricted Entity; and
- (v) not have contact, whether professionally or for personal reasons, with the Restricted Entity or any of its representatives.

DIVESTING

After the initial 2-month period in section 4.3.3 has elapsed, you may only divest a Restricted Financial Interest with the prior written approval of the Board Chair, who may consult with the General Counsel. The Board Chair will only permit divestiture where doing so would not: (i) create an actual, potential or perceived conflict of interest; (ii) constitute a breach of the Code; or (iii) otherwise harm the IESO or its interests.

CRITERIA FOR INCLUSION ON THE RESTRICTED ENTITIES LIST:

The Restricted Entities List is comprised of those publicly traded entities or affiliates that the IESO views as creating an unacceptable risk of an actual, potential, or perceived conflict of interest. A public company may be determined to be a Restricted Entity if it:

- has purchases or sales in one or more of the IESO markets in a calendar year that represent a significant portion of the total IESO market share for that calendar year;
- has a contract with the IESO for the procurement of supply, generation, demand response or demand management, with payments in a calendar year representing a significant portion of all

the payments the IESO reasonably expects to make under its procurement contracts for that calendar year; or

- is a supplier that receives or reasonably expects to receive a significant amount of its annual gross revenues from the IESO.

However, even if one or more of the above criteria are met, a public company may nevertheless be excluded from the list of Restricted Entities on the basis that its activity in one or more of the IESO markets, or the payments it receives or reasonably expects to receive under a contract with the IESO, including for the procurement of supply, generation, demand response or demand management, represents only an insignificant portion of the public company's annual gross revenues.

SCHEDULE 2

Conflict Disclosure Framework

To facilitate compliance with directors' obligation to report circumstances which are or are likely to be perceived to be incompatible with the director's independence as contemplated by the *Electricity Act, 1998* or otherwise believes that they are or could reasonably be perceived to be in a conflict of interest with the IESO, the following procedures have been adopted by the Board.

Annual Conflict of Interest Questionnaire and Affirmation

IESO directors are required to complete an annual Director Questionnaire and Affirmation. The questionnaire asks directors to disclose all directorships, as well as material interests or relationships that are, or could be perceived to be, an actual or potential conflict of interest with their obligation as a director on IESO's Board. Directors are also required to disclose any Restricted Financial Interests.

The responses to the annual questionnaire are reviewed by the Corporate Secretary and the results then submitted to the Human Resources and Governance Committee to confirm that there are no conflicts; or if real or perceived conflicts are disclosed, to make additional inquiries as necessary and determine if director safeguards will be applied. The Human Resources and Governance Committee will report its recommendations to the Board and the Board's decision will be recorded in the minutes.

Included with the form is the director's annual affirmation that they have read and understood and will comply with the Charter and Code of Conduct, and for a director with safeguards, an affirmation that they have read, understood, have complied with and will comply with any such safeguards.

Interim Disclosures

After submitting their annual Director Questionnaire and Affirmation, directors are required to disclose any new actual or potential conflicts of interest once they become aware of them. Directors should provide this disclosure before accepting an appointment or becoming involved in a situation that may create an actual or potential conflict.

- i. As soon as a director's situation changes or the director becomes aware of an actual or potential conflict of interest, the director will disclose in writing (e-mail is acceptable) promptly to the Chairs of the Audit and Human Resources and Governance Committees, with copy to the Corporate Secretary, the facts of the actual or potential conflict of interest and, if applicable, the mitigating factors or actions that will allow them to continue to exercise independent judgement.
- ii. The Chairs of the Audit and Human Resources and Governance Committees may make an immediate determination regarding the director's disclosure, or may seek additional advice.
- iii. The Chairs of the Audit and Human Resources and Governance Committees will respond in writing (email is acceptable) to the director, with copy to the Corporate Secretary, regarding the actual or potential conflict, and interim safeguards if any is required. The Corporate Secretary will retain a copy of the director's disclosure and the Chairs of the Audit and Human Resources and Governance Committees response in the minute book.
- iv. If the Chairs of Audit and Human Resources and Governance Committees determine enduring safeguards may be appropriate, the matter will be addressed at the next Human Resources and Governance Committee meeting, and that Committee will consider and make

a recommendation to the Board for determination. Any such Board determination will be recorded by the Corporate Secretary in the minutes.

At Board or Committee Meetings

1. Before a meeting of the Board or Board Committee, an agenda shall be circulated to each director by the Corporate Secretary, with agenda items described in sufficient detail to allow members of the Board to identify possible conflicts of interest.
2. At the beginning of each meeting, the meeting Chair will call for any declarations of conflicts of interest. Directors should reflect on their disclosures provided earlier in the year in their annual questionnaire and on the materials that will be discussed at the Board or Committee meeting and disclose any real, potential or perceived conflicts of interest.
3. If a director first becomes aware of an actual or potential conflict of interest only when at a Board or Committee meeting, the director will disclose at the meeting the facts of the actual or potential conflict of interest and, if applicable, the mitigating factors or actions that will allow them to continue to exercise independent judgement. The Corporate Secretary will document the disclosure in the minutes of the Board or Committee meeting.
4. If disclosure is made at a Board or Committee meeting, the Board Chair or Committee Chair, respectively may make a determination at that time regarding the director's disclosure and mitigating factors and actions which will be written into the minutes; or at their discretion, if it is appropriate, the meeting Chair may defer making a final determination until after the meeting and advise the director accordingly (e-mail is acceptable). The Corporate Secretary will retain a record of the meeting Chair's response in the minute books.
5. With respect to directors' conflicts of interest regarding an existing or proposed interest in any material transaction or arrangement with the IESO, a director must make such disclosure at the meeting at which a proposed contract or transaction is first considered. If the director was not then interested in a proposed contract or transaction, disclosure must be made at the first meeting after the director becomes so interested. If the director becomes interested after a contract is made or a transaction is entered into, disclosure must be made at the first meeting after the director becomes so interested. If a person who is interested in a contract or transaction later becomes a director, disclosure must be made at the first meeting after they become a director.
6. Directors must not attend any part of a meeting during which the contract or transaction is discussed and must not vote on a resolution to approve the contract or transaction. This prohibition against directors does not apply where the contract or transaction is:
 - one relating primarily to their remuneration as directors of IESO; or
 - one for directors' indemnities or insurance.

Safeguards

When a director has disclosed an actual or potential conflict of interest, the Board will communicate its decision regarding safeguards directly to the director and document the safeguards in writing, to be signed by the Board Chair, Human Resources and Governance Committee Chair and the director to which the safeguards are applied. The Corporate Secretary will file the safeguards in the minute book for future reference, to determine when information on any material transactions or

relationships disclosed by a director is scheduled to come before the Board and should be screened from a director.

Annually the Human Resources and Governance Committee will review director safeguards for appropriateness and assess if any changes are required.

At each meeting, the Corporate Secretary will include in the Board materials a summary of the existing safeguards.