

TAB 3
Report to Convocation
April 24, 2025

Governance Review Task Force

Committee Members
Genevieve Painchaud (Co-Chair)
Peter Wardle (Co-Chair)
Rebecca Durcan
Pam Hrick
Mitchell Kitagawa
Michelle Lomazzo
William McDowell
Sonia Ouellet
Hassan Pirnia
Kevin Ross
Stephen Rotstein
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Purpose of Report: Decision and Information

TABLE OF CONTENTS

For Decision and Information

| | |
|--|-------|
| Administrative Processes and Convocation Oversight | 3.1 |
| Terms of Reference Redlined..... | 3.1.1 |
| Motion to Amend By-Law 2 (Bilingual)..... | 3.1.2 |
| Terms of Reference (2023)..... | 3.1.3 |



Law Society
of Ontario

Barreau
de l'Ontario

Tab 3.1

Governance Review Task Force

For Decision and Information

Administrative Processes and Convocation Oversight

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Table of Contents

| | |
|--|----------|
| Motion | 2 |
| Background | 2 |
| Task Force Response | 3 |
| Stage One – For Immediate Approval..... | 3 |
| Stage Two – May/June 2025 | 5 |
| Stage Three – Fall 2025..... | 8 |
| Next Steps..... | 9 |

Motion

- 1. That Convocation approve amendments to the Terms of Reference for the Governance Review Task Force as detailed in this report and as redlined at Tab 3.1.1.**
- 2. That Convocation approve amendments to the Law Society's By-Law 2, as set out in the Motion at Tab 3.1.2, to explicitly provide that Convocation must approve the CEO's contract of employment, as well as any discretionary changes to the terms and conditions of the contract.**
- 3. That Convocation dissolve the Compensation Committee. The Governance Review Task Force will consider further amendments to the Law Society's by-laws to formalize a new committee dealing with the same subject matter, detail its mandate, and clarify its authority. The Task Force will consult with a governance expert in respect of these amendments and bring them back to Convocation for approval no later than September 2025.**

Background

On July 27, 2023, Convocation approved the creation of a Governance Review Task Force. The Task Force's Terms of Reference, which are attached at Tab 3.1.3, included an overall direction that the Task Force undertake a review of corporate governance at the Law Society and make recommendations for improvements to governance. At that time, the terms of reference indicated that the Task Force would aim to conclude its work and prepare a final report no later than October 2024.

On March 5, 2025, Convocation was presented with a report and legal opinion from the Hon. Dennis O'Connor, which related to the compensation of the Law Society's former Chief Executive Officer (CEO) and the process by which it was determined (the O'Connor Report).¹ The O'Connor Report included nine recommendations consistent with best practices for not-for-profit governance that are set out below.

On March 20, 2025, the Treasurer presented an Action Plan in respect of Law Society administrative processes and Convocation oversight (the Action Plan).² The Action Plan asked the Task Force to consider the implementation of by-law amendments and develop policy responses to the issues identified by Mr. O'Connor.

¹ The O'Connor Report is available [here](#).

² An overview of the Treasurer's Action Plan is available [here](#).

Task Force Response

This report outlines the Task Force response to both the Action Plan and the recommendations in the O'Connor Report. A three-stage, deliberative process is recommended. Obvious gaps will be closed immediately, followed by a targeted review of Law Society policies and practices in consultation with a governance expert to ensure best practices going forward.

Stage One asks Convocation to clarify the Task Force's authority by approving amendments to its Terms of Reference. Immediate by-law amendments are also proposed to clarify that Convocation must determine and approve the terms and conditions of the CEO's employment, including all financial compensation to be paid. In addition, Convocation is asked to immediately dissolve the Compensation Committee while further by-law amendments are considered with respect to its mandate and authority.

Stage Two addresses the recommendations in the O'Connor Report. The Acting CEO is tasked with reporting back to the Task Force in respect of existing policies and procedures that relate to the recommendations. A timeline for the expeditious implementation of any additional measures is provided. That timeline ensures most of the O'Connor recommendations will be addressed by the Acting CEO and/or the Task Force and reported to the Task Force and/or Convocation for approval where needed by June 2025.

Stage Three ensures that governance best practices are implemented going forward. With the advice and guidance of a governance expert, the Task Force will consider existing Compensation Committee policies, including those related to the review of CEO compensation, and will propose enhancements for Convocation's approval. In addition, the Task Force will consider the advice of a governance expert about additional policies and procedures, including in respect of the Benchers Code of Conduct, governance best practices, and executive salary disclosure.

As the Task Force works through these stages, Convocation will receive regular updates and will be asked to approve items according to the timeline detailed below.

Stage One – For Immediate Approval

A. Task Force Terms of Reference

The Motion above asks that Convocation amend the Task Force's Terms of Reference to include the following:

The Task Force will make recommendations to Convocation for approval to implement the governance recommendations in the report of the Hon. Dennis O'Connor of February 28, 2025 (the O'Connor Report), and the Action Plan presented by the Treasurer on March 20, 2025 (the Action Plan), as applicable.

The Task Force will oversee the implementation of the governance recommendations of the O'Connor Report and the items of the Action Plan and reporting to Convocation (and seeking approval as required) on those matters. The work of the Task Force will include:

1. Clarifying Convocation's exclusive authority to set the terms and conditions of the CEO's contract of employment, including in respect of financial compensation.
2. Reviewing the Law Society's by-laws and policies to ensure accountability and clarity in respect of a compensation committee, its mandate and authority, and the process by which executive compensation is assessed.
3. Considering ways to enhance transparency and accountability for the professions and the public regarding the business of Convocation and its committees.
4. Studying broader reforms to ensure trust and confidence in Law Society decisions and operations including consideration of enhancements to the Benchers Code of Conduct and the disclosure of executive salaries.

The Task Force will receive advice and guidance from a governance expert and make recommendations to Convocation for improvements to the Law Society's governance to ensure mechanisms are in place to ensure effective and principled governance and oversight.

The Task Force will report back to Convocation with progress updates regularly. These reports will occur monthly until the end of June 2025 and will occur at least at every second meeting of Convocation afterwards.

The Task Force notes that its original term (stating that it would "aim to conclude its work . . . no later than October 2024") has expired and requires modification. A new timeframe is recommended that allows for the completion of all work detailed in this report and the delivery of a final report to Convocation. The Task Force will move expeditiously with many of Mr. O'Connor's recommendations and items in the Action Plan, as detailed below. However, certain items may require more time, such as receiving a report from a governance expert. Therefore, the Task Force requests that the final sentence of its terms of reference be amended to provide ample time for completion, including the delivery of a final report, as follows:

The Task Force will aim to conclude its work and prepare a final report on all matters related to the O'Connor Report governance recommendations and the Action Plan no later than October 2025. It will aim to conclude the balance of the work within its terms of reference and prepare a final report to Convocation on those terms no later than April 2026.

A redlined copy of the proposed amendments to the Terms of Reference is attached at Tab 3.1.1.

B. Proposed By-Law Amendments

1. Recommendation – Clarify Convocation Approval of CEO Compensation

Convocation is asked to approve the amendments to By-Law 2, which are detailed at Tab 3.1.2.

Section 43 of By-Law 2 addresses the appointment of the CEO. That section directs that “Convocation shall, on such terms as it considers appropriate, appoint a person as Chief Executive Officer of the Society”. The proposed amendment adds a subsection for clarification, which provides:

Convocation shall determine the terms and conditions of a person’s employment by the Society during their term of office as Chief Executive Officer, including all financial compensation to be paid.

2. Recommendation – Dissolve the Existing Compensation Committee

Convocation is asked to immediately dissolve the Compensation Committee as currently constituted to allow the Task Force to consider and then propose to Convocation further by-law amendments to formalize and clarify the mandate and authority of a committee dealing with the same subject matter.

The Task Force has begun considering potential by-law amendments in respect of the mandate and composition of a compensation committee but recommends delaying implementation to allow for further study and consideration, as well as consultation with a governance expert.

If Convocation approves this recommendation, the Task Force will propose by-law amendments to re-establish a compensation committee and codify its mandate, authority, and composition, no later than September 2025 Convocation.

Stage Two – May/June 2025

A. Recommendations of the O’Connor Report

The following lists the nine governance recommendations in the O’Connor Report and outlines measures to address the recommendations, along with a timeline for completion where appropriate. The work related to many of the recommendations is operational and has already begun. A preliminary report will be presented to the Task Force and Convocation in May 2025, and a final report in June 2025.

- 1. Recommendation:** Ensure that all LSO committees, standing or otherwise, have accurate, easily accessible, and up to date Terms of Reference, including the committee mandate, responsibilities, and authorities; responsible staff liaison(s) and their duties; etc. These should be contained in a manual along with all other policies of Convocation.

LSO Action: Law Society Committees and Task Forces are governed by existing mandates or terms of reference and staffed by the Law Society's Policy department or the CEO's office. The general Law Society practice is to start each Benchers term with committee orientation sessions, which include an outline of the Committee/Task Force mandate, the staff contact, and an overview of items that have been recently decided and those the Committee will be asked to consider going forward. Materials from these orientation sessions are maintained in the Resource Centre for benchers throughout the four-year benchers term. These practices will continue, with attention to ensuring that they are uniform across all Committees and Task Forces. Mandates and terms of reference can also be made more easily accessible to all Benchers during each Benchers term. The Acting CEO has directed all affected divisions to review existing resources available to LSO committees and close any gaps to adopt this recommendation in respect of all committees, task forces and working groups. Implementation has commenced and will be completed for Committee meetings by May 2025. The Acting CEO will provide an update at May 2025 Convocation.

- 2. Recommendation:** Draft a document outlining the role, responsibilities and authorities of the LSO Treasurer for inclusion in the Convocation manual.

LSO Action: The role, responsibilities and authorities of the Treasurer are currently detailed in various Law Society sources, including the *Law Society Act*, the Law Society by-laws, and the Governance Practices and Policies.³ The Acting CEO has directed the Acting Corporate Secretary to prepare a document that outlines the current role for presentation to Convocation no later than June 2025. The Task Force will be able to seek advice from the governance expert on whether any additional aspects of the Treasurer's role, responsibilities and authorities need to be clarified and proposed to Convocation for approval.

- 3. Recommendation:** Clarify ultimate internal responsibility for interpretation of LSO's governing documents and governance matters, particularly in the circumstance where the issue relates to the authority of the Treasurer or CEO.

LSO Action: The Acting CEO will review the existing practices and/or policies on this matter and the Task Force, in collaboration with the governance expert, will report back at June 2025 Convocation with a plan for enhancements.

³ The Law Society Act is available [here](#). The Law Society By-Laws are available [here](#). The Governance Practices and Policies are available [here](#).

4. **Recommendation:** Regularize and memorialize the process for retention and location of documents by the Corporate Secretary, Human Resources, the Treasurer and Archives, particularly in the circumstance where the issue relates to CEO compensation or other sensitive/confidential issues. Consider whether it is appropriate for Benchers to have easy access to Convocation minutes, transcripts and materials dating back as far as is practicable.

LSO Action: The Acting CEO will outline how documents are retained and located by the Corporate Secretary, Human Resources, the Treasurer and Archives and with the advice of the governance expert, will report back at June 2025 Convocation with a plan for any required improvements regarding retention and location of documents.

5. **Recommendation:** Regularize and memorialize the process for the rare circumstance where the LSO Treasurer needs to enter into an agreement (e.g., to retain external counsel).

LSO Action: The Acting CEO will review the existing practices and/or policies on this matter and the Task Force, in collaboration with the governance expert, will report back at June 2025 Convocation with a plan for enhancements.

6. **Recommendation:** Regularize and memorialize LSO committee processes, including creation of an annual committee workplan and estimated number and timing of meetings, minute-keeping, circulation of agendas and materials, ability to access historical materials, etc.

LSO Action: While many aspects of this recommendation are already in place, the Acting CEO has directed all affected divisions to implement the recommendation for all committees, task forces and working groups. Implementation of enhancements has commenced and will be reviewed by the governance expert. The Acting CEO will provide an update by June 2025 Convocation.

7. **Recommendation:** Ensure that Benchers and the Treasurer receive copies of relevant governance materials and annual governance training, including with respect to:
- a. The appropriate oversight role of a Board of directors;
 - b. The appropriate role of a Board of directors in CEO performance management and compensation;
 - c. The process for identifying and dealing with actual, potential and perceived conflicts of interest;
 - d. The role of the Treasurer (Chair) and all Benchers (Directors) in ensuring adherence to fiduciary duties, including a culture of good governance.
 - e. Discharging fiduciary duties in the context of reliance on Staff.

LSO Action: Benchers receive orientation at the start of each term. Specific orientation is also provided as part of the initial meeting of each committee. In addition to this training, the Task Force and Acting CEO will engage with a governance expert to develop a training session for all Benchers to be held in the Fall of 2025, as well as an annual governance training program, and enhanced training programs for new Benchers. The Acting CEO will provide Convocation with an update at June 2025 Convocation.

- 8. Recommendation:** Ensure that succession planning for key roles includes a robust transition plan and adequate support for individuals new to a role.

LSO Action: The Acting CEO will review existing transition plans for internal positions, Benchers, and the Treasurer. The Acting CEO will report to the Task Force, who will collaborate with the governance expert and report to June 2025 Convocation about whether enhancements are necessary and an applicable timeline for completion.

- 9. Recommendation:** Encourage staff to seek out internal assistance or external counsel when they are unsure of legal advice.

LSO Action: Law Society staff have regular access to competent legal advice through the Office of General Counsel. The Acting CEO will report to June 2025 Convocation about existing policies and communications with staff on assistance when they are unsure of legal advice or require advice in respect of sensitive or confidential issues. Existing policies will be reviewed with the assistance of the governance expert, and the Task Force will propose enhancements if necessary, and a timeline for completion if they are.

Stage Three – Fall 2025

The Task Force will focus on by-law provisions and policies to guide a compensation committee, as well as overall governance policies and procedures to ensure best practices going forward. To assist the Task Force, a governance expert will provide advice and guidance in respect of the operation of a compensation committee, Convocation and its other Committees, Task Forces, and Working Groups.

A. Compensation Committee By-Laws and Policies

As noted above, the Task Force will consider by-law amendments to formalize a compensation committee, detail the scope of its mandate, authority, and composition, and ensure that it will be subject to regular committee processes and procedures going forward. The Task Force will consult with the governance expert and propose by-law amendments to Convocation no later than September 2025, if required.

The Task Force will also work with the governance expert to review the existing policies applicable to the Compensation Committee and consider enhancements, if required. With the advice of the governance expert the Task Force will also consider additional Committee policies to address circumstances where changes to the CEO's compensation are being considered that are at variance with the terms of the contract.

The Task Force will compile existing policies as well as recommended enhancements for Convocation's approval no later than September 2025.

B. Governance Review

Longer-term governance review by the Task Force is also recommended with the assistance of a governance expert. In particular, as proposed in the Action Plan, the Task Force is asked to work with the expert to:

1. Review the Bencher Code of Conduct and consider whether enhancements are required.
2. Consider and advise Convocation on the public disclosure of the salaries of the CEO and the Senior Management Executive.
3. Make other recommendations including in respect of:
 - a. Law Society by-laws.
 - b. Committee mandates and policies and disclosure to the professions and public.
 - c. Gaps, redundancies, or structural impediments to effective oversight and decision-making.
 - d. Overall changes to promote accountability, transparency, and governance discipline.

The Task Force will report back to Convocation with the results of its governance review by the end of 2025.

Next Steps

If Convocation approves the Motion above, the Task Force's Terms of Reference will be amended as redlined at Tab 3.1.1, and By-Law 2 will be amended as detailed at Tab 3.1.2. In addition, the Compensation Committee as it currently exists will be dissolved and the Task Force will consider by-law amendments to establish a new compensation committee, which are expected to be presented to September 2025 Convocation, along with required policies.

The additional items detailed in this report will be considered by the Task Force according to the timelines set out above. Items will be brought to Convocation for approval as appropriate.

The Task Force will provide a status update to Convocation at its May 2025 meeting.

GOVERNANCE REVIEW TASK FORCE

TERMS OF REFERENCE

The Governance Review Task Force will undertake a review of corporate governance at the Law Society and make recommendations for improvements to governance to ensure effective fit-for-purpose governance and alignment of governance processes and actions with the organization's objectives. This will include examination of how the current governance structure assists or inhibits achieving the Law Society's purpose and statutory mandate.

The Task Force's study will include consideration of

- governance structures,
- how boards of directors are constituted,
- composition of and competencies for boards,
- processes and procedures to support procedural and substantive efficacy of boards, and
- best practices in regulatory governance.

The Task Force will conduct research and consultation, as appropriate, on the issues identified for study.

~~The Task Force may provide interim reports to Convocation through 2023 and 2024 and may report with specific recommendations for decision prior to a final report.~~

~~The Task Force will aim to conclude its work and prepare a final report with recommendations to Convocation no later than October 2024.~~

The Task Force will make recommendations to Convocation for approval to implement the governance recommendations in the report of the Hon. Dennis O'Connor of February 28, 2025 (the O'Connor Report), and the Action Plan presented by the Treasurer on March 20, 2025 (the Action Plan), as applicable.

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1. Clarifying Convocation's exclusive authority to set the terms and conditions of the CEO's contract of employment, including in respect of financial compensation.
2. Reviewing the Law Society's by-laws and policies to ensure accountability and clarity in respect of a compensation committee, its mandate and authority, and the process by which executive compensation is assessed.
3. Considering ways to enhance transparency and accountability for the professions and the public regarding the business of Convocation and its committees.

4. Studying broader reforms to ensure trust and confidence in Law Society decisions and operations including consideration of enhancements to the Bencher Code of Conduct and the disclosure of executive salaries.

The Task Force will receive advice and guidance from a governance expert and make recommendations to Convocation for improvements to the Law Society's governance to ensure mechanisms are in place to ensure effective and principled governance and oversight.

The Task Force will report back to Convocation with progress updates regularly. These reports will occur monthly until the end of June 2025 and will occur at least at every second meeting of Convocation afterwards.

The Task Force will aim to conclude its work and prepare a final report on all matters related to the O'Connor Report governance recommendations and the Action Plan no later than October 2025. It will aim to conclude the balance of the work within its terms of reference and prepare a final report to Convocation on those terms no later than April 2026.

LAW SOCIETY OF ONTARIO
BY-LAWS MADE UNDER
SUBSECTIONS 62 (0.1) AND (1) OF THE LAW SOCIETY ACT
BY-LAW 2
[CORPORATE PROVISIONS]

MOTION TO BE MOVED AT THE MEETING OF CONVOCATION ON APRIL 24, 2025

MOVED BY

SECONDED BY

THAT By-Law 2 [Corporate Provisions], in force immediately before this motion is moved, be amended as follows:

1. Section 43 of the English version of the By-Law is revoked and the following substituted:

Appointment of C.E.O.

(1) Convocation shall, on such terms as it considers appropriate, appoint a person as Chief Executive Officer of the Society.

Terms and conditions of employment

(2) Convocation shall determine the terms and conditions of a person's employment by the Society during their term of office as Chief Executive Officer, including all financial compensation to be paid.

2. Section 43 of the French version of the By-Law is revoked and the following substituted:

Nomination du chef de la direction

(1) Le Conseil peut nommer, aux conditions qu'il estime indiquées, la personne exerçant les fonctions de chef de la direction du Barreau.

Conditions de l'emploi

(2) Le Conseil détermine les conditions de l'emploi d'une personne par le Barreau durant son mandat de chef de la direction, y compris l'indemnisation financière.

3. The French version of the By-Law is further amended by deleting every instance of "directeur général" and every instance of "directeur général ou la directrice général" and substituting "chef de la direction".



GOVERNANCE REVIEW TASK FORCE

TERMS OF REFERENCE

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The Task Force will conduct research and consultation, as appropriate, on the issues identified for study.

The Task Force may provide interim reports to Convocation through 2023 and 2024 and may report with specific recommendations for decision prior to a final report.

The Task Force will aim to conclude its work and prepare a final report with recommendations to Convocation no later than October 2024.