

Directors' Code of Conduct and Policy on Conflicts of Interest

SECTION 1

GENERAL

1.01 Purpose and Scope

This Directors' Code of Conduct and Policy on Conflicts of Interest (the "**Code**") has been approved by the Board of Directors (the "**Board**") of the Condominium Management Regulatory Authority of Ontario (the "**Corporation**" or the "**CMRAO**"). The Code is intended to govern the conduct of directors of the Corporation (the "**Directors**"). It also sets out guidelines for avoiding and disclosing conflicts of interest and keeping information confidential.

1.02 Definitions

Unless otherwise specified, the words and expressions used in this Code shall have the same meaning as in By-law No. 1 of the Corporation, as amended from time to time.

1.03 Complement to By-laws

The provisions of this Code are intended to complement and enhance in a consistent manner the requirements that arise under the *Corporations Act* (Ontario) and the *Condominium Management Services Act, 2015* (Ontario) and in the Letters Patent and By-laws of the Corporation.

1.04 Interpretation

This Code shall be, unless the context otherwise requires, construed and interpreted in accordance with the interpretation provisions of the Corporation's By-laws.



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SECTION 2

DUTIES AND RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

2.01 Responsibilities

Each Director is expected to become an active participant in a Board that functions effectively as a whole. Each Director is responsible to:

- a. be informed of the constituting documents and legislation under which the Corporation exists, and the Corporation's By-laws, mission, values, codes of conduct and policies as they pertain to the duties of a Director;
- b. keep generally informed about the activities of the Corporation and the home inspector licensing and other activities of the Corporation and general trends in the home inspection sector;
- c. attend Board meetings regularly, serve on committees of the Board and contribute from personal, professional and life experience to the work of the Board;
- d. exercise, in the performance of their duties, the degree of care, diligence and skill required of a Director pursuant to the Corporations Act;
- e. be independent and impartial;
- f. not be influenced by self-interest, outside pressure, expectation of reward or fear of criticism;
- g. act with honesty and integrity and conduct himself or herself in a manner consistent with the maintenance of public confidence in the conduct of the Board's business;
- h. offer his or her personal perspectives and opinions on issues that are the subject of Board discussion and decision;
- i. voice, clearly and explicitly at the time a decision is being taken, any opposition to a decision being considered by the Board;
- j. maintain solidarity with the Board in support of a decision that has been made in good faith in a legally constituted meeting;
- k. ask the Directors to review a decision, if he or she has reasonable grounds to believe that the Board has acted without full information or in a manner inconsistent with its fiduciary obligations and duty of care;
- l. work with the staff of the Corporation on committees, advisory councils or task forces of the Board;
- m. know and respect the distinction in the roles of the Board and staff consistent with the principles underlying these governance policies;
- n. exercise vigilance for and declare any apparent or real personal conflict of interest in accordance with the Corporation's By-laws and policies, and in particular with this Code; and

- o. comply with all other codes and policies approved by the Board from time to time.

2.02 Conduct of Directors

A Director will at all times conduct himself or herself in a manner that:

- a. supports the objectives of the Corporation;
- b. serves the overall best interest of the Corporation;
- c. subordinates personal interests, and those of any particular constituency, to the best interests of the Corporation;
- d. brings credibility and goodwill to the Corporation;
- e. respects principles of fairness, transparency and due process;
- f. demonstrates respect for individuals and human rights;
- g. respects and gives fair consideration to diverse and opposing viewpoints;
- h. demonstrates due diligence and dedication in preparation for, and attendance at, meetings, special events and in all other activities on behalf of the Corporation;
- i. demonstrates good faith, prudent judgement, honesty, transparency and openness in his or her activities performed on behalf of the Corporation;
- j. ensures that the financial affairs of the Corporation are conducted in a responsible and transparent manner with due regard for his or her fiduciary responsibilities and public trusteeship;
- k. avoids real or perceived conflicts of interest; and
- l. conforms with the By-laws and policies approved by the Board, including this Code and the Oath of Office and Confidentiality Agreement.

SECTION 3

CONFLICT OF INTEREST GUIDELINES

3.01 Integrity

These Conflict of Interest Guidelines are intended to ensure the highest standards and maintenance of the integrity of the Board. Directors shall act at all times in the best interests of the Corporation rather than in their own interest or in the interests of particular constituencies. This means putting the interests of the Corporation ahead of any personal interest or the interest of any other person or entity. It also means performing his or her duties and transacting the affairs of the Corporation in such a manner that promotes public confidence and trust in the integrity, objectivity and impartiality of the Board.

3.02 No Pecuniary Benefit

- a. No Director shall directly or indirectly receive any profit from his or her position; *provided that*, notwithstanding anything herein contained to the contrary, Directors may receive reasonable payment for their services and reimbursement for reasonable expenses incurred by them in the performance of their duties as permitted in the By-laws or any policy of the Corporation and approved by the Board in accordance with the obligations of the Corporation under any

Administrative Agreement entered into by the Corporation with Her Majesty the Queen in right of the Province of Ontario.

- b. The pecuniary interests of immediate family members (including the immediate family members of a Director's partner) or close personal or business associates of a Director are considered to also be the pecuniary interests of the Director.

3.03 Definition of Conflict of Interest

- a. A conflict of interest refers to situations in which personal, occupational or financial considerations may affect, or appear to affect, a Director's objectivity, judgement or ability to act in the best interests of the Corporation and includes conflicts as described in subsection 3.04 hereof.
- b. A conflict of interest may be real, potential or perceived in nature.
- c. A real conflict of interest arises where a Director has a private or personal interest, for example, a close family connection or financial interest.
- d. A potential conflict of interest may arise when a Director has a private or personal interest such as an identified future commitment.
- e. A perceived or apparent conflict of interest may exist when a reasonable, well-informed person has a reasonable belief that a Director has a material conflict of interest, even if there is no real conflict.
- f. Full disclosure, in itself, does not remove a conflict of interest.

3.04 Examples of Conflict of Interest on the Part of a Director

The following examples constitute conflicts of interest under this Code:

- a. Any circumstance that may result in a personal or financial benefit to a Director or his or her family, business associate or friend. This includes, but is not limited to, accepting any payment for services rendered to the Corporation other than payment for services of a Director as permitted in this Code, including contracted work or honoraria; or accessing financial or other resources for personal use, i.e., transportation, training costs, supplies, equipment, etc.
- b. Personal interests that conflict with the interests of stakeholders of the Corporation or are otherwise adviser to the interests of the Corporation.
- c. Seeking, accepting or receiving any personal benefit from a supplier, vendor or any individual or organization doing or seeking business with the Corporation.
- d. Being a member of the board or staff of another organization that might have material interests that conflict with the interests of the Corporation or its stakeholders; and dealing with matters on one board that might materially affect the other board.
- e. Any involvement in the hiring, supervision, grievance, evaluation, promotion, remuneration or firing of a family member, business associate or friend of the Director.

3.05 Principles for Dealing with Conflict of Interest

The following examples constitute conflicts of interest under this Code:

- a. Both prior to serving on the Board and during their term of office, Directors must openly disclose a potential, real or perceived conflict of interest as soon as the issue arises and before the Board or its committees deal with the matter at issue.
- b. If the Director is not certain whether he or she is in a conflict of interest position, the matter may be brought before the Board or the Chair, who may in turn consult with the Corporation's legal counsel for advice and guidance.
- c. If there is any question or doubt about the existence of a real or perceived conflict, the Board will determine by resolution if a conflict exists, after obtaining legal advice if necessary. The Director potentially in conflict of interest shall not vote on the issue and, unless otherwise decided by the Board, shall be absent from the discussion.
- d. It is the responsibility of other Directors who are aware of a real, potential or perceived conflict of interest on the part of a fellow Director to raise the issue for clarification, first with the Director in question and, if still unresolved, with the Chair of the Board.
- e. The disclosure and decision as to whether a conflict exists shall be duly recorded in the minutes of the meeting. The time the Director leaves and returns to the meeting shall also be recorded.

3.06 Gifts and Hospitality

Directors shall not directly or indirectly offer or accept cash payments, gifts, gratuities, privileges or other personal rewards that are intended to influence the activities or affairs of the Corporation. Directors may, however, give or receive modest gifts or hospitality as a matter of general and accepted business practice, provided the foregoing does not include cash or other negotiable instruments and provided further proper accounting of any such expenses is made.

3.07 Complaints and Disputes Involving Directors

- a. The Board, in a meeting duly called for the purpose, shall review any complaints that a Director has violated any provision of the Corporation's By-laws, or policies approved by the Board in particular, this Code and the Oath of Office and Confidentiality Agreement.
- b. The Board shall similarly review disputes between Directors that interfere with the ability of the Board to carry out its duties.
- c. Complaints may be referred to an independent arbiter by resolution of the Board.
- d. Allegations of illegal activity shall be immediately referred to appropriate authorities for investigation. Any Director against whom such allegations are made shall take a leave of absence from the Board pending completion of the investigation.
- e. The review of such complaints or disputes shall include an opportunity for the

Director concerned to present his or her position.

- f) The Board may make such determination as it sees fit including:
- i. dismissal of the complaint;
 - ii. a letter of reprimand to the Director from the Board;
 - iii. oral censure of the Director in question before the Board;
 - iv. removal of the Director from the Board by the members of the Corporation; or
 - v. such other outcome as the Board determines is appropriate, having regard to the facts and the gravity of the violations of the Code and Confidentiality Agreement.

SECTION 4

CONFIDENTIALITY

Directors shall receive and hold all personal and financial information in a confidential manner in accordance with the applicable law and the Corporation's Policy on Confidentiality.

SECTION 5

OTHER

5.01 Review of the Code

Each Director, forthwith after being elected, shall meet with the Corporation's legal counsel or the Chair of the Board to review this Code and such other policies of the Corporation that apply to Directors.

5.02 Oath of Office and Confidentiality Agreement

Each Director is required to sign and agree to comply with the Oath of Office and Confidentiality Agreement, in the form attached hereto as Schedule "A". Failure to do so will result in removal from office as a Director.