

# **SCHEDULE “C” – CODE OF CONDUCT FOR DIRECTORS**

## **THE ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL**

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### **Purpose**

The OMVIC Board of Directors (the "Board") is committed to achieving the highest standards of public trust and integrity in its governance of OMVIC. The purpose of this policy is to set and maintain this standard.

### **Application**

Every director must comply with the Code of Conduct (the “Code”) and its commentary.

### **Policy**

Directors agree that in order to exercise their fiduciary responsibilities as OMVIC directors, they must:

1. Review materials provided for Board and committee meetings.
2. Arrive prepared to discuss issues, ask questions and challenge staff.

All directors must devote the time and effort necessary to regularly attend meetings and engage in constructive discussion. This involves preparing appropriately for meetings and proceedings and participating meaningfully in them. Directors must participate in performance evaluations, orientation and ongoing education relating to their role.

3. Maintain confidentiality.

Directors must respect the confidentiality of information they obtain through exercising their duties on behalf of OMVIC and during any discussions held with others (stakeholders) about OMVIC matters. A director shall not use information obtained as a result of his or her involvement on the Board for his or her personal benefit. Each director shall avoid activities which may create appearances that he or she has benefited from confidential information received during the course of his or her duties as a director. Directors must comply with OMVIC by-laws and policies relating to confidentiality and the confidentiality obligations in the *Motor Vehicle Dealers Act, 2002*. A director must not speak on behalf of OMVIC unless she or he has authorization from the Board or the Chair of the Board.

4. Provide informed viewpoints.
5. Encourage fellow directors to participate.

6. Respect the views of fellow directors even if those views vary significantly from their own.
7. Respect the officers of OMVIC and adhere to rules of decorum to ensure productive meetings.

Board discussions and debate will take place in an atmosphere of mutual respect and civility. A director's behaviour must be consistent with this principle. In support of this principle, a director must refrain from any conduct or communication that would reasonably be viewed as verbal, physical or sexual abuse or harassment. Board members must respect the authority of the Chair of the Board or the presiding Chair.

8. Make decisions that support OMVIC's objects and priorities.

The Board speaks with one voice. Directors must support all Board decisions. A director who has abstained or voted against a motion or decision must still adhere to and support the decision of the majority regardless of the degree of his or her disagreement with the decision.

9. Demonstrate respect for human rights, at all times.
10. Make decisions which serve the best interests of OMVIC rather than their own or any particular group or association.

Directors stand in a fiduciary relationship to OMVIC. Directors must act honestly, in good faith, and in the best interests of OMVIC, consistent with its mandate to promote the protection of the public interest and maintain a fair, safe and informed marketplace. Directors who consider themselves as being elected or appointed by a particular interest group must act in OMVIC's best interest, even if this conflicts with the interests of that group.

11. Avoid and declare actual or perceived conflict of interest.

As fiduciaries, directors must avoid situations where their personal or financial interests conflict with their duties to OMVIC. They must avoid situations where the duties they owe to OMVIC may conflict with duties that they owe to other organizations or individuals. Directors must take steps to avoid and resolve these types of conflict and must comply with OMVIC by-laws and policies relating to conflict of interest.

Directors must declare actual or perceived conflicts of interest pursuant to the process outlined in the Conflict of Interest Policy.

12. Act in accordance with applicable law, this Code, and the Confidentiality and Conflict of Interest Policies.

Directors must comply with all OMVIC by-laws, policies and processes that apply to the exercise of their duties.

13. Act in a manner that brings credibility and goodwill to OMVIC and respects principles of fairness, transparency and due process.

14. Act in a manner that demonstrates due diligence and dedication in preparation for, and attendance at, meetings, special events and all other activities on behalf of OMVIC.

15. Act in a manner that demonstrates good faith, prudent judgement, honesty, transparency and openness in his or her activities performed on behalf of OMVIC.

16. Conduct their businesses in accordance with the *Motor Vehicle Dealers Act*, 2002, and other laws which apply to their business, if applicable.

17. Comply with the laws, regulations and ethical and professional standards relevant to their profession or professional designation.

18. Ensure sound fiscal management of OMVIC.

## **CONFLICT OF INTEREST**

### **Purpose**

The purpose of this policy is to ensure the public has confidence in the integrity of Board decision-making. Directors have a duty to ensure that they and other directors are free from conflict in their deliberations and decisions. This policy sets out director obligations with respect to avoiding and addressing conflict of interest.

### **Application**

Every director must comply with this policy.

### **Policy**

Directors have a fiduciary duty to act solely in the best interests of OMVIC. Each director must act scrupulously to avoid actual, perceived, and potential conflicts of interest.

Directors must make best efforts to avoid situations that the public or other stakeholders might perceive as a conflict of interest, even if there is no actual conflict of interest. OMVIC's by-laws contain provisions with respect to conflict of interest, and directors must comply with them.

### **Definition of Conflict**

Conflicts may arise where a director's personal, professional, or business interests conflict with OMVIC's best interests.

An actual conflict of interest arises when the director derives or is in a position to derive a personal, professional or business benefit from his or her position as a director.

A perceived conflict arises when there is the perception that the director could derive a benefit from his or her position.

A potential conflict exists solely if there is a perception that the director could derive a benefit from his or her position.

An actual, perceived, or potential conflict of interest also exists if a reasonable person would conclude that a director's personal, professional, or financial interest or relationship may affect his or her judgement or the discharge of his or her duties.

Full disclosure in itself does not remove a conflict of interest.

### **Examples of Conflicts of Interest**

A conflict of interest might arise in a variety of situations, and it is impossible to make an exhaustive list. Generally, in the governance context, a conflict will arise in the following circumstances:

1. 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 OMVIC 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.
2. Personal interests which conflict with the interests of stakeholders of OMVIC or are otherwise adverse to the interests of OMVIC.
3. Seeking, accepting, or receiving any personal benefit from a supplier, vendor or any individual or organization doing or seeking business with OMVIC.
4. Being a member of the Board or staff of another organization that might have material interests that conflict with the interests of OMVIC or its stakeholders and dealing with matters on one Board which might materially affect the other Board.

5. Any involvement in the hiring, supervision, grievance, evaluation, promotion, remuneration or firing of a family member, business associate, or friend of the director.

### **Process for Disclosure**

1. If a director believes that an actual, potential, or perceived conflict of interest may exist, the director must immediately disclose the conflict and the nature of the conflict to the Board.

A director who is in a position of conflict or potential conflict shall immediately disclose such conflict to the Board by notification to the Chair of the Board in writing or by disclosure that is entered in the minutes. The disclosure shall be sufficient to disclose the nature and extent of the director's interest. Disclosure shall be made at the earliest possible time and before any discussion and vote on the matter.

It is the responsibility of other directors who are aware of an actual, 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.

2. Following the disclosure of the conflict of interest, the director with the declared conflict shall not be involved in any Board discussion regarding the circumstances giving rise to the conflict and the director with the declared conflict must abstain from any vote of the directors on the issue and will not be counted in the quorum concerning any resolution or vote relating to the matter. The director will not be involved in any way in negotiations or other discussions on behalf of OMVIC concerning the matter.
3. In the director's best interests, as well as those of OMVIC, the director with the declared conflict should excuse himself or herself from the Board meeting during any discussion of the issue giving rise to the conflict.
4. If following the disclosure by the director of a conflict, the majority of the other directors believe that it is in the best interests of OMVIC for the director with the declared conflict to leave the Board meeting during any discussion of the issue giving rise to the conflict, the director with the declared conflict shall leave the meeting.

5. If a director is unsure of whether he or she has a conflict of interest on an issue, the director may wish to obtain independent legal advice on the matter, or he or she may wish to put the matter before the Board for its consideration. If the Board believes that the director has an actual or perceived conflict of interest, the Board will request that the director declare a conflict of interest.
6. Every declaration of a conflict of interest at a meeting of the Board, or committee of the Board, will be recorded in the minutes of the meeting.

### **Gifts and Hospitality**

Directors shall not directly or indirectly offer or accept cash payments, gifts, gratuities, privileges or other personal rewards which are intended to influence the activities or affairs of OMVIC. 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 that proper accounting of any such expenses is made.

## **CONFIDENTIALITY AND AUTHORIZED SPOKESPERSON**

### **Purpose**

The purpose of this policy is to ensure that confidential matters are only disclosed in the manner approved by the Board.

### **Application**

Every director must comply with this policy, which applies to all Board and committee activities.

### **Policy**

As part of their fiduciary duties, directors must, both during and after his or her tenure as a director, treat as confidential all information regarding the policies, internal operations, systems, business and affairs of OMVIC obtained by reason of this or her status as a director and not generally available to the public. A director must not disclose confidential information unless OMVIC has authorized disclosure. This policy is not intended to prevent disclosure where disclosure is required by law.

Directors are also subject to a duty of confidentiality under section 36 of the *Motor Vehicle Dealers Act, 2002*.

### *Board Spokespersons*

The CEO and the Chair of the Board, or their delegates, are the authorized spokespersons for OMVIC and the Board. Media contact and responses, and public discussion of OMVIC's affairs, shall only be made through the Board's authorized spokespersons. A director must not make any statement to the media or the public in his or her capacity as a director except with the permission of the Chair of the Board or the approval of the Board.

### *Board Materials and Notes*

Board materials are confidential and remain the property of OMVIC. Directors must maintain the confidentiality of Board materials under their custody and control. Upon the request of OMVIC, any confidential information it has furnished to the director will be promptly returned (accompanied by all copies thereof made by the director) and, to the extent reasonably practicable, deleted from all retrieval systems and databases by the director. With the consent of OMVIC, any confidential information that would otherwise be returned to OMVIC may instead be destroyed by the director. The director will deliver to OMVIC a certificate by the director of such return (or destruction) and deletion.

## **RESPONSIBILITIES OF A DIRECTOR**

### **Purpose**

OMVIC is committed to achieving excellence in governance and has adopted this policy to describe the duties and expectations of directors.

### **Application**

Every director must comply with this policy.

### **Policy**

Directors must review and agree to the duties and expectations set out below and sign an undertaking indicating their agreement.

### **Undertaking**

By accepting my election to the OMVIC Board of Directors, I agree to adhere to certain standards outlined below. I understand it is my responsibility to:

1. Remain well-informed about the work of OMVIC and its stated objectives.
2. Understand the role of OMVIC, its goals, and its services.
3. Be thoughtful and objective in all deliberations.
4. Make decisions in consideration of OMVIC and its stated objectives.

As a Board Member, I Hereby Agree To:

5. Place regulation of the motor vehicle industry and protection of the public above any special interest, geographic or personal constituency.
6. Attend and participate in, at minimum, three-quarters of the Board meetings, committee meetings and subcommittees (if applicable). I understand that failure to consistently attend meetings will result in a request for my resignation.
7. Complete tasks and projects assigned and accepted.
8. Be prepared to accept at least one Board committee assignment and actively participate in the committee meetings.
9. Inform the Board of the needs and concerns of stakeholders.
10. Self-evaluate my performance as a director each year.
11. Understand that my role is to set policy. Recognize the role of the Registrar/CEO and OMVIC staff and refrain from involving myself in administrative decision-making or program implementation.
12. Acknowledge that as a director, I must respect and comply with OMVIC by-laws, this Code, and other policies applicable to the Board and its members, and I undertake to do so.
13. Not be influenced by self-interest, outside pressure, expectation of reward or fear of criticism.
14. Voice, clearly and explicitly, at the time a decision is being taken, any opposition to a decision being considered by the Board.
15. Ask other directors to review a decision if I have 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.



As a Board Member, I Hereby Agree NOT To:

16. Authorize the use of, or use for the benefit or advantage of, any person, the name, emblem, endorsement, services, or property of OMVIC except in conformance with OMVIC policy.
17. Accept, or seek on behalf of myself or any related parties, any financial advantage or gain of other than nominal value offered as a result of my affiliation with OMVIC.
18. Utilize any OMVIC affiliation in connection with the promotion of partisan politics, religious matters, or positions on any issue not in conformity with the position of OMVIC.
19. Disclose any information available to me solely because of my Board membership to any person not authorized by law or the by-laws of OMVIC to receive such information.
20. Knowingly take any action, or make any statement intended to influence the conduct of OMVIC in such a way as to confer any financial benefit on myself or any corporation or entity in which I have a significant interest or affiliation.
21. Operate in any manner that is contrary to the best interests of OMVIC or the public.
22. Make public statements about OMVIC and its policies, the Board or other Board members or about OMVIC or Board administrative matters without the express authorization of OMVIC.

I furthermore understand and agree to support the following major functions of the Board:

23. Maintain and perpetuate OMVIC as a viable, relevant, effective and legal entity by working with other directors in overseeing and reviewing the conduct and operation of OMVIC.
24. Act as a trustee of stakeholder interests and recognize my fiduciary duty to OMVIC.
25. Review and approve plans and financial objectives for OMVIC's future role and scope of activities.

26. Ensure 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.
27. Measure progress towards stated goals (consumer protection and education, industry regulation, and customer service) and review management input on resource allocation.
28. Assess the performance and results of management and OMVIC, including the Board of Directors.
29. Exercise due diligence.
30. Along with other directors, act as a steward of OMVIC's assets.

## **COMPLAINTS AND DISPUTES INVOLVING DIRECTORS**

### **Purpose**

This policy sets out a process for addressing complaints or concerns about the conduct of a director and for resolving any disputes that might arise between or among directors.

### **Application**

Every director must comply with this policy, which applies to all Board and committee activities.

### **Policy**

The Board will follow the process and procedures set out in this policy to address and resolve complaints about directors and conflicts between or among directors.

Directors who suspect or become aware that a fellow director acted or is acting in violation of OMVIC's by-laws or Board or corporate policies that apply to directors should notify the Chair of the Board. If appropriate in the circumstances, a director should raise the issue with the director in question for clarification, and if unresolved, notify the Chair of the Board.

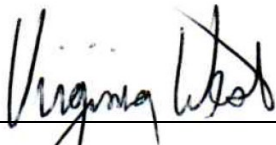
### **Process**

1. The Board, in a meeting duly called for the purpose, shall review any complaints that a director has violated any provision of OMVIC's By-laws or policies that apply to Board members, in particular the Code.
2. The Board shall similarly review disputes between directors that interfere with the ability of the Board to perform its duties.
3. Complaints may be referred to an independent arbiter by resolution of the Board.

4. 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.
5. The review of such complaints or disputes shall include an opportunity for the director concerned to present his or her position.
6. The Board may make such determination as it sees fit, including, but not limited to:
  - A. Dismissal of the complaint.
  - B. Letter of reprimand to the director from the Board.
  - C. Oral censure of the director in question before the Board.
  - D. Removal of an elected director from the Board by the members of the corporation; or such other outcomes as the Board determines is appropriate having regard to the facts and the gravity of the violation.

Each director shall sign the OMVIC Board of Directors Declaration Form annually and adhere to this Code and other policies that apply to the Board. If a director is deemed to have breached the Code (see process above), he or she agrees to resign from the Board. However, if the individual involved is a Ministerial appointee, OMVIC will inform the Minister of the Board's concerns, and the Minister will determine how to address the situation.

**The Ontario Motor Vehicle Industry  
Council**




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Chair of the Board

Date: May 1, 2023

**His Majesty the King in right of  
Ontario**



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Minister of Public and Business Service  
Delivery

Date: May 11, 2023