

BY-LAW NUMBER #2017-2
A by-law relating to the Code of Conduct of
STEWARDSHIP ONTARIO

1. Interpretation

(a) Meaning of Words

In this by-law and all other by-laws and resolutions of the Corporation unless the context otherwise requires:

- (i) the singular includes the plural;
- (ii) the masculine gender includes the feminine;
- (iii) **“Act”** means the *Waste Diversion Transition Act, 2016*;
- (iv) **“Blue Box Program”** means the Blue Box Program as described in the approved Blue Box Program Plan;
- (v) **“Board”** means the Board of Directors of the Corporation;
- (vi) **“By-Laws”** means this By-Law and any other By-Law of the Corporation which may be enacted, repealed, amended, altered, added to or re-enacted by the Board from time to time;
- (vii) **“Code of Conduct”** means the Code of Conduct adopted by the Corporation by By-Law approved by the Board from time to time, and which outlines the Corporation’s requirements regarding personal accountability, conflict of interest and confidentiality. The Code of Conduct applies to Directors and Officers of the Corporation, Board , Managers and such other persons as determined by the Board of Directors;
- (viii) **“Committee”** means a committee of the Board established pursuant to the By-Laws ;
- (ix) **“Confidential Information”** has the meaning set forth in section 1(f);
- (x) **“Conflict of Interest”** has the meaning set forth in section 1(c) and 1(d);
- (xi) **“Corporation”** means Stewardship Ontario;
- (xii) **“Director”** means a person who has been named to the office of Director in accordance with the Act or the By-Laws;

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- (xiii) **“documents”**, includes deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, bonds, debentures or other securities and all paper writings;
- (xiv) **“Gift”** means a gift, present, honorarium or similar asset offered without compensation;
- (xv) **“Independent Director”** means the Director appointed by the elected members of the Stewardship Ontario Board in accordance with section 8 of O. Reg. 388/16;
- (xvi) **“Manager”** means any of the following persons (including their consulting corporations and their consulting principals) retained to provide services to Stewardship Ontario:
 - a. the executive director;
 - b. the chief financial officer;
 - c. the Blue Box project manager;
 - d. the MHSW project manager;
 - e. the Stewardship Ontario program operations officer; and
 - f. any other person in an employer-employee relationship with SO¹
- (xviii) **“meeting”** includes any regular, special, committee, or other meeting of the Corporation;
- (xix) **“MHSW Program”** means the Municipal Hazardous and Special Waste Program;
- (xx) **“Minister”** means Her Majesty the Queen in right of Ontario as represented by the Minister of the Environment and Climate Change;
- (xxi) **“Modest Gift”** means a Gift that has a current market value of one hundred dollars (\$100.00) or less;
- (xxii) **“Officer”** means any person who holds an office enumerated in the By-Laws or any other person appointed to an office of the Corporation;
- (xxiii) **“Overlapping Director”** means any Stewardship Ontario Director whose Steward company also has a director that serves on the board of an

¹ SO current has three employees impacted by this provision: a Director of Operations, a Field Services Manager and a Field Services Coordinator. If other individuals subsequently enter into an employer-employee relationship with SO, those employees will also be bound by the provisions in section 1(d), “Prohibited Conduct”.

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industry stewardship program under the Act;

(xxiv) **“Related Person”** means:

- a. in relation to a current Stewardship Ontario Director, the Director’s employer and/or other employees of the Director’s employer;
- b. a corporation (other than Stewardship Ontario) (the “Other Corporation”) in which the Director, Officer or Manager:
 - i. is a shareholder,
 - ii. is a director or senior officer, or
 - iii. has a pecuniary interest ,
 in the Other Corporation;
- c. an organization in which the Director, Officer, or Manager is a member; or
- d. the spouse, child, parent or sibling of the Director, Officer, or Manager.

(xxiv) **“Steward”** means a person designated as a steward in respect of blue box waste or municipal hazardous or special waste under a rule continued under clause 9 (2) (b) of the Act or made under clause 33 (1) (a) of the Act or under a regulation made under subsection 73 (3) of the Act;

(b) Statutory Terms

All terms defined in the Act have the same meanings in this By-Law and all other By-Laws and resolutions of the Corporation.

(c) Conflict of Interest

A conflict of interest arises when the personal or business interests of a Director, Officer, Manager, or a Related Person supersede or compete with his or her official duties and responsibilities. Personal and business interests include pecuniary and non-pecuniary interests.

A conflict of interest may be a real conflict of interest, a potential conflict of interest or an apparent conflict of interest:

- (i) A **“real conflict of interest”** exists when a Director, Officer,, or Manager has a direct or indirect personal or business interest that is sufficiently connected to his or her duties and responsibilities to the Corporation that it influences the exercise of these duties and responsibilities;
- (ii) A **“potential conflict of interest”** exists when a Director, Officer, , or Manager has a direct or indirect personal or business interest that could influence the performance of any of his or her duties or responsibilities to the Corporation at a time when he or she has not yet exercised that duty or responsibility;
- (iii) An **“apparent conflict of interest”** exists when reasonably well-informed persons could properly have a reasonable belief that a Director, Officer, or Manager has a real conflict of interest, direct or indirect, even where

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there is no real conflict in fact.

- (iv) A “**formal conflict of interest**” exists when a Director, Officer, , or Manager has a direct or indirect personal or business interest as an officer, director, or employee, which personal or business interest institutes a civil action against the Corporation.

Generally, pecuniary interests lead to conflict of interest when a Director, Officer, Manager or Related Person is in a position to benefit financially or avoid financial loss, either directly or indirectly, as a result of a contract or other matter of a monetary nature in which such person is involved.

Other personal interests lead to a conflict of interest when a Director, Officer, or Manager has non-economic interests such as religious, political, corporate and/or institutional interests that supersede or compete with the duties and responsibilities of a Director, Officer, or Manager.

In the instance of a formal conflict of interest:

- (i) in the case of a Director, the Director shall recuse from the board deliberations on the matter of the action and resign at the request of the Board; or
- (ii) in the case of an Officer or Manager, the Officer or Manager shall tender his/her resignation to Stewardship Ontario or Stewardship Ontario shall terminate its contract with the Officer or Manager.

(d) Prohibited Conduct

Without limiting the generality of the foregoing, as a result of the Minister’s direction letters to wind-up the MHSW Program and the Blue Box Program, it is a Conflict of Interest for any current Stewardship Ontario Director (or the Director’s employer), Officer, or Manager to engage in the following, whether formally or informally, and regardless of whether such actions are compensated or done on a voluntary basis:

- (i) be cross-appointed to the Board of Canadian Stewardship Services Alliance (“CSSA”);
- (ii) provide services to CSSA; or
- (iii) provide services or information to potential market participants in respect of MHSW or Blue Box resource recovery markets that may be created under the RRCEA.

(collectively, “**Prohibited Conduct**”) so long as that person remains a Director, Officer, or Manager with Stewardship Ontario.

In the event that a current Stewardship Ontario Director (or the Director’s employer), Officer, or Manager intends to engage in Prohibited Conduct (the “Affected Party”) shall:

- (i) where the Affected Party is a Director, he/she shall immediately:

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- a. advise the Chair of the Stewardship Ontario Board (or where the Affected Director is the Chair of the Board, then the Independent Director) regarding the Prohibited Conduct;
- b. reaffirm his/her ongoing obligations with respect to Confidential Information set out herein; and
- c. tender his/her resignation from the Stewardship Ontario Board before proceeding with the Prohibited Conduct or before the Director's employer proceeds with the Prohibited Conduct.

(ii) where the Affected Party is an Officer or Manager, he/she shall immediately:

- a. advise Stewardship Ontario's executive director (or where the Affected Party is the executive director, then the Stewardship Ontario Board Chair) regarding the Prohibited Conduct;
- b. reaffirm his/her ongoing obligations with respect to Confidential Information set out herein; and
- c. tender his/her resignation as an Officer or Manager before proceeding with the Prohibited Conduct.

(e) Exclusions

Notwithstanding the foregoing, a conflict of interest should not be deemed to exist where a pecuniary or non-pecuniary interest is so remote or insignificant in nature that it cannot reasonably be regarded as likely to influence the Director, Officer; and/or Manager.

(f) Indirect Interest

For the purposes of this Code of Conduct, a Director, Officer or Manager has an indirect pecuniary or non-pecuniary interest in any matter in which the Corporation is concerned, if,

- (i) the Director, Officer or Manager or his or her nominee,
 - a. is a shareholder in, or a director or senior officer of a corporation, or
 - b. is a member of a body,
 that has a pecuniary or non-pecuniary interest in the subject matter before the Board; or
- (ii) the Director, Officer or Manager is a business partner of a person or is in the employment of a person or body that has a pecuniary or non-pecuniary interest in the matter before the Board; or
- (iii) the spouse, child, parent or sibling of the Director, Officer or Manager has a pecuniary or non-pecuniary interest in the matter before the Board.

(g) Confidential Information

Confidential Information (which may be paper-based, electronic, or in other formats) is information that is not available generally to the public. Such information belongs exclusively to the Corporation, and includes but is not limited to, data and information received by the Corporation from industry funding organizations, municipalities, stewards and others, programs and policies of the Corporation prior to public disclosure and the financial position of the Corporation.

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Confidential Information does not include:

- (i) information which has become known to the public without any breach of the restriction on the disclosure of such information by a party who owes a duty of confidentiality to the Corporation;
- (ii) information developed independently by another party as evidenced by written documentation in its possession;
- (iii) information received by a party from another party who was not under a duty of confidentiality to the Corporation; and
- (iv) information which is required to be disclosed by applicable law or by an order of a court or regulatory tribunal with jurisdiction over the party disclosing such information.

2. Statement of Principles

Each Director, Officer and Manager by virtue of his or her position of control over the affairs of the Corporation, stands in a fiduciary relationship to the Corporation. The common-law imposes upon a fiduciary the duty to act in good faith towards his/her beneficiaries. A fiduciary must act in a manner consistent with the best interests of the beneficiaries in all matters related to the undertaking of trust and confidence and must avoid placing him/herself in a position of conflict of interest.

The general rule regarding conflicts of interest is that no one who has duties of a fiduciary nature to perform is allowed to enter into engagements in which such person has or can have a personal interest conflicting with the interests of those whom such person is bound to protect. Even where the fiduciary acts in good faith, the foregoing restriction applies. A fiduciary cannot benefit, directly or indirectly, from any opportunity that comes to the fiduciary through performing the fiduciary role. A fiduciary must not use any aspect of the beneficiary's property for his or her gain, directly or indirectly.

A fiduciary must not use his or her position to benefit persons closely associated with him/her. Where a benefit is conferred upon a person who is a Related Person, the fiduciary benefits indirectly.

3. Confidentiality

(a) Not Use Confidential Information

No Director, Officer or Manager shall use for gain, either on his or her own behalf or while acting for, by, with or through another, any of the Corporation's assets, goods, Confidential Information or opportunities.

(b) Not to Request, Receive or Review Steward-Specific Data

Other than the Independent Director, no Director shall request, receive or review any information in the possession of Stewardship Ontario that is data specific to a particular

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Steward or aggregate data from which a reasonable person could obtain Steward-specific information. The Independent Director may request, receive, and/or review Steward-specific data only for the purpose of providing direction regarding Blue Box or MHSW Steward-initiated adjustments, Blue Box or MHSW Program corrections initiated by Stewardship Ontario, or Blue Box or MHSW Steward escalations for noncompliance.

(c) Not Disclose Confidential Information

No Director, Officer or Manager shall disclose any Confidential Information during or after his or her tenure as a Director, Officer or Manager except as may be authorized by the Corporation.

(d) Not Communicate Corporation's Business

No Director shall communicate or purport to communicate to the public on behalf of the Corporation without the prior approval of the Board, and shall direct all inquiries about the business and affairs of the Corporation to the Chairman or Vice-Chairman or to the executive director.

In addition, the Board may from time to time, in its discretion, consent to the use or disclosure by Board members or others of information or categories of information in the possession or control of the Corporation and such information shall thereafter cease to be considered Confidential Information.

4. Disclosure of Conflict of Interest

Other than with respect to the specific rules in relation to Prohibited Conduct stipulated in section 1(d), the following provisions apply:

(a) Conflict Disclosure Obligation

Whenever a person governed by this Code of Conduct has a Conflict of Interest as described in this Code of Conduct, such person shall disclose such interest at the earliest practical time:

- (i) in the case of Directors or Officers, to the Chairman (or designate);
- (ii) in the case of any other persons to whom this Code of Conduct is made applicable, to the executive director (or designate);
- (iii) in any case when at a meeting, to the chair of the meeting.

(b) Additional Obligation

In addition to the disclosure obligation set out in section 4(a), where a Director, Officer, Manager, either on his or her own behalf or while acting for, by, with or through another, has any pecuniary or non-pecuniary interest, direct or indirect, in any matter and is present at a meeting at which the matter is the subject of consideration, the Director, Officer or Manager,

- (i) shall, prior to any consideration of the matter at the meeting, disclose the interest and the general nature thereof;
- (ii) shall not take part in the discussion of, or vote on any question in respect of the matter; and
- (iii) shall not attempt in any way whether before, during or after the

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meeting to influence the voting on any such question;

and in addition to complying with the above requirements,

- (iv) the Director, Officer or Manager shall forthwith leave the meeting or the part of the meeting during which the matter is under consideration; and
- (v) every declaration of interest and the general nature thereof made shall be recorded in the minutes of the meeting.

(c) Avoidance of Conflict Situations

Directors, Officers and Managers are expected to arrange their personal and business affairs and conduct themselves in a manner so to avoid a Conflict of Interest. In cases where a Conflict of Interest cannot be avoided, a Director, Officer or Manager must declare the Conflict of Interest at the earliest opportunity.

(d) Where Conflict Suspected

Whenever any person is present at a meeting:

- (i) is unsure whether he or she has a Conflict of Interest, such person shall raise with the chair of the meeting the issue of whether, as required in this Code of Conduct, a Conflict of Interest exists and must be declared; or
- (ii) believes that another person has a Conflict of Interest that has not been declared as required by this Code of Conduct, such person may raise with the chair of the meeting the issue of whether, as required in this Code of Conduct, a Conflict of Interest exists and must be declared.

As soon as such question is raised, the chair of the meeting shall invite representations from any person affected, as well as from the members of the meeting entitled to vote, as to their respective views on that question. Forthwith thereafter, the meeting shall, by a majority vote (from which the person whose possible conflict of interest is at issue shall be excluded), determine whether the Conflict of Interest exists, and that determination is final and binding.

(e) Subsequent Discovery of Conflict

Where a Conflict of Interest affecting a Director, Officer or Manager is discovered after consideration of a matter by the Board or a Committee, it must be disclosed as set out above and if the Board or Committee, as the case may be, determines that involvement of such Director, Officer or Manager influenced or may have influenced the decision of the Board or Committee in the matter, the Board or Committee, as the case may be, shall re-examine the matter and may rescind, vary or confirm the decision.

(f) Withholding of Corporation Information

Whenever and while a Director, Officer or Manager has an interest in a matter that, as described in this Code of Conduct, conflicts with his/her fiduciary obligations to the Corporation, the executive director shall cease to provide any minutes, reports and other material related to that matter that might otherwise be distributable to the person.

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(g) Overlapping Directors

Regardless of whether there is a real, potential or apparent conflict of interest Overlapping Directors will recuse themselves from any discussion regarding the MHSW Program or the wind-up of the MHSW Program in accordance with section 4(a) and 4(b).

5. Prohibited and Permitted Transactions(a) Corporation Not to Contract Where Conflict

Except in accordance with this Code of Conduct, the Corporation shall not enter into transactions with a Director, Officer, Manager or a Related Person where the Director, Officer, Manager or Related Person may benefit from the transaction.

(b) Permitted Corporation Contract Where Conflict

The Corporation may enter into a transaction with a Director, Officer, Manager or Related Person if:

- (i) the affected Director, Officer or Manager:
 - a. declares a Conflict of Interest in respect of the proposed transaction;
 - b. discloses to the Board the full nature and extent of his or her interest in the proposed transaction and, to the extent that he or she is able, the interest of any Related Person in the proposed transaction;
 - c. establishes to the satisfaction of the Board that:
 - (1) the proposed transaction is fair and reasonable to the Corporation; and
 - (2) the proposed transaction would meet or exceed community expectations about the conduct of the Corporation and for such purpose only, and, notwithstanding Section 4 (b), the affected person shall be permitted to explain any aspect of the contract or matter in response to questions from members of the Board and to make a statement as to the potential benefit of such contract or matter to the Board, but shall not engage in debate or otherwise attempt to persuade the Board of the merits of the transaction. The chair of the meeting shall have discretion to determine the extent to which such affected person may participate in this part of the meeting; and
- (ii) the Board approves the proposed transaction.

(c) Affected Person Not to Vote

For the purpose of section 5(b), an affected Director shall not vote with respect to the proposed transaction and shall not be counted for the purpose of determining whether a quorum of

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Directors is present in relation to the vote on the proposed transaction.

6. Gifts

(a) Modest Gifts Acceptable

Directors, Officers and Managers are not precluded from accepting Modest Gifts that are appropriate for official events and ceremonial occasions sanctioned by the Corporation. Subject to the provisions below, Gifts in excess of the threshold for Modest Gifts must be declined.

(b) Gift Considerations

(i) Special Considerations During Wind-Up of the MHSW and Blue Box Programs
As a result of the Minister's direction letters to wind-up the MHSW and Blue Box Programs, Directors, Officers, and Managers should be particularly vigilant regarding the appearance of conflict and should, as a default, respectfully decline all Gifts (including Modest Gifts) offered in connection with the Director, Officer, or Manager's status with the Corporation. In the unlikely event that the Director, Officer or Manager proposes to accept the Gift, the Board Chair shall be advised and shall make the final determination as to whether the Gift is acceptable in accordance with the terms of this By-Law.

(ii) External Fees to be Remitted

When Directors, Officers and Managers are invited to address or otherwise contribute to an external organization in a seminar, symposium or lecture forum, solely as a result of their position with the Corporation, fees or honoraria (if in excess of an amount equal to the value of a Modest Gift or such higher amount as the Board may stipulate) shall be turned over to the Corporation.

(iii) Exceptions Respecting Entertainment

The special considerations concerning Gifts during wind-up outlined in section 6(b)(i) also apply to entertainment. While the value limit for Modest Gifts does not apply to the giving or receiving of entertainment, Directors, Officers and Managers must be vigilant to ensure that their participation in entertainment offerings do not give rise to the appearance of a Conflict of Interest. The following examples may give assistance in deciding the appropriateness of entertaining:

- a. invitations to receptions, dinners, parties, plant openings and expansions, etc., that are widely distributed are acceptable;
- b. tickets to occasional sports events, theatres, concerts or similar functions from suppliers or potential suppliers should be declined;

7. Breach

(a) Sanctions On Breach

Where, in the reasonable opinion of the Board, a person has breached any provision of this

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Code of Conduct, the Board may, at a regular or special meeting called for the purpose, impose one or more of the following sanctions or such other sanctions as the Board deems appropriate:

- (i) formal written reprimand
- (ii) in the case of a person employed or retained by Stewardship Ontario, suspension or termination;
- (iii) withdrawal of access (other than access afforded to the general public) of any minutes, reports and other material otherwise distributable to the person;
- (iv) prohibition from attendance at one or more Board or Committee meetings;
- (v) removal from the Board or from a Committee; or
- (vi) removal as an Officer.

(b) Pre-conditions to Sanctions

Before imposing any sanction under the authority of section 7(a), the Board shall:

- (i) give to the person not less than ten (10) days prior written notice of the meeting of the Board, setting out in reasonable detail the nature of the breach alleged; and
- (ii) extend to the person a reasonable opportunity to explain and/or oppose the imposition of a sanction.

8. Acknowledgement/Compliance Statement

Those governed by this Code of Conduct are required to formally acknowledge their agreement to comply with this Code of Conduct by completing and delivering to the executive director the Corporation's "Code of Conduct Acknowledgment/Compliance Statement", in the form attached hereto as Schedule "A", at the time of becoming a Director, Officer or Manager (or commencing to serve the Corporation in any other capacity if the Board has determined that this Code of Conduct should apply to such person) and annually thereafter.

9. By-Law and Amendments, Etc.

These by-laws may be amended from time to time by a majority vote of the board of directors.

10. Effective Date

This By-Law shall come into force when enacted by the Board in accordance with the Act and replaces and repeals any prior By-Law dealing with the provisions hereof.

ENACTED as a By-Law of STEWARDSHIP ONTARIO this 10th day of February 2021.

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SCHEDULE "A"
STEWARDSHIP ONTARIO — CODE OF CONDUCT

ACKNOWLEDGEMENT/COMPLIANCE STATEMENT

I have read the Code of Conduct approved by the Board of Directors of Stewardship Ontario (the "Corporation") as By-Law Number 2017-2 as amended in February ____, 2021.

I have read, understand and agree to abide by, the Code of Conduct.

- To the best of my knowledge, information and belief, neither I nor any Related Person (within the meaning of the Code of Conduct) has a direct or indirect interest (excluding a remote interest within the meaning of the Code of Conduct) in a contract or transaction with, or decision to be made by, the Corporation at the date set out below.

OR

- I have, or a Related Person (within the meaning of the Code of Conduct) has, a direct or indirect interest (excluding a remote interest within the meaning of the Code of Conduct) in a contract or transaction with, or decision to be made by, the Corporation as described below:

I am a Director or Officer of the following stakeholder of the Corporation:

Name of organization: _____

Title: _____

Other relationships, interests or associations that may give rise to a Conflict of Interest:

I understand that this Acknowledgment/Compliance Statement will remain in effect for as long as I remain a Director or Officer of the Corporation, a member of a Committee of the Board of Directors of the Corporation or serve the Corporation in any other capacity. Furthermore, I understand that I must maintain the confidentiality of information acquired as a result of my association with the Corporation, even after such association terminates, except as disclosure may be permitted pursuant to the terms of the Code of Conduct.

I also understand that I am prohibited and that any Related Person (as defined in the Code of Conduct) is prohibited from benefiting personally from any contract or transaction with or decision of the Corporation unless I have declared my interest in such contract or transaction and have refrained from voting on the matter in accordance with the provisions of By-Law Number 2017-2 of the Corporation.

If, subsequent to the signing of this statement, a Conflict of Interest arises, I must disclose the conflict to the appropriate representative of the Corporation as required by Section 4 of the Code of Conduct. Failure to disclose a conflict of interest or to comply with this Code of Conduct will be subject to such measures, as the Corporation may deem appropriate, and I agree to be bound by the sanctions imposed on me.

Name: _____

Date: _____

Signed: _____

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