

**Schedule “A” of
FCM Code of Ethical Conduct
Conflict of Interest Policy**

**FEDERATION OF CANADIAN MUNICIPALITIES
(the “Corporation” or “FCM”)**

Application

This Conflict of Interest Policy (the “**Policy**”) applies to FCM Directors, Officers and Committee Members (“**FCM Officials**”).

Purpose

As part of a FCM Official’s duties and responsibilities by reason of their position or role within FCM, such person is required to act in the interests of FCM. In addition, to safeguard the integrity of the decision-making processes of FCM’s board of directors (the “**Board**”), committees, caucuses and forums, FCM Officials must be free from actual, potential or perceived conflicts of interest in their decision-making.

Directors and Officers are reminded that, under the *Canada Not-for-profit Corporations Act*, S.C. 2009, c. 23 (the “**Act**”) and in exercising their powers and discharging their duties, they are also required to (a) act honestly and in good faith with a view to the best interests of the Corporation, and (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. It is important that all FCM Officials understand their obligations when a conflict of interest or potential conflict of interest arises.

Definitions

In this Policy, unless the context otherwise requires:

- (a) “**By-laws**” means By-law No. 1 of FCM, which relates generally to the conduct and management of the activities and affairs of FCM, as amended and which is, from time to time, in force and effect.
- (b) “**Committee Member**” means a Director or a Non-Board Member serving on any FCM Committee.
- (c) “**Director**” means a member of the Board.
- (d) “**Elected Municipal Official**” has the meaning ascribed to that term in the By-laws.
- (e) “**FCM Committee**” means a FCM committee, caucus or forum.
- (f) “**FCM Officials**” has the meaning ascribed to that term in the first paragraph of this Policy.
- (g) “**Non-Board Member**” means an Elected Municipal Official who is not a Director.

(h) “**Officer**” means an officer of FCM By-laws.

Policy

FCM Officials shall avoid situations in which they may be in a position of a conflict of interest or perceived conflict of interest. In addition to the conflict of interest provisions in the Act and the By-laws, which must be strictly adhered to, the process set out in this Policy shall be followed when an actual, potential or perceived conflict of interest arises.

Description of Conflict of Interest

A conflict of interest arises in any situation where a FCM Official’s obligation or duty to act in the Corporation’s best interests and to adhere to their obligations or duties is compromised or impeded by any other interest, relationship, or duty of that person. A conflict of interest also includes circumstances where the FCM Official’s duties to the Corporation conflict with other duties owed by the FCM Official such that the person is not able to fully discharge the duties owed to the Corporation. A conflict of interest can be both direct and indirect. FCM Officials must be vigilant in thinking about and identifying actual, potential, and perceived conflicts of interest.

The situations in which a conflict of interest may arise cannot be exhaustively set out. Conflicts generally arise in the following situations:

1. Transacting with the Corporation

- When a FCM Official transacts with the Corporation directly or indirectly.
- When a FCM Official has a direct or indirect interest in a material contract or material transaction, whether made or proposed, with the Corporation.
- When a FCM Official has a direct or indirect pecuniary interest in a matter under consideration by the Corporation.

2. Interest of a Relative

When the Corporation conducts business with suppliers of goods or services or any other party of which a relative or member of a FCM Official’s household is a principal, officer, or representative.

3. Gifts

When a FCM Official or a member of such person’s household or any other person or entity designated by the FCM Official accepts or receives a Gift or Personal Benefit in contravention of the FCM Code of Ethical Conduct or for the purposes of (or that may be perceived to be for the purposes of) influencing an act or decision of the Corporation.

4. Acting for an Improper Purpose

When FCM Officials exercise their powers motivated by self-interest or other improper purposes. FCM Officials must act solely in the Corporation's best interests. FCM Officials who are nominees of a particular group must act in the best interest of the Corporation even if this conflicts with the interests of the nominating party.

5. Appropriation of Corporate Opportunity

When a FCM Official diverts to their own use an opportunity or advantage that belongs to the Corporation.

6. Duty to Disclose Information of Value to the Corporation

When FCM Officials fail to disclose information that is relevant to a vital aspect of the Corporation's activities and affairs.

7. Serving on Other Corporations or in Other Official Roles

A FCM Official may be in a position where there is a conflict of "duty and duty". This may arise where the FCM Official serves as a director or other official of two corporations that are competing or transacting with one another. It may also arise where a FCM Official has an association or relationship with another entity (e.g. an incorporated municipality or an association of municipalities). While not an exhaustive list, the following are examples of such a conflict:

- If two corporations in which an FCM Official has an interest are both seeking to take advantage of the same opportunity, the FCM Official may be in possession of confidential information received from one corporation or related to the matter that is of importance to a decision being made by the other corporation. The FCM Official cannot discharge the duty to maintain such information in confidence while at the same time discharging the duty to make disclosure. The FCM Official cannot act to advance any interests other than those of the Corporation.
- If FCM is considering a contract or transaction, or proposed contract or proposed transaction, or other matter that involves or benefits or could potentially involve or benefit the municipality or region where an FCM Official serves as an Elected Municipal Official (including any applications made or projects under consideration for funding by the Green Municipal Fund), that FCM Official shall be deemed to be in a conflict of interest and shall be required to comply with rules outlined in this Policy, including the rules in respect of disclosure and recusal.

Process for Resolution of Conflicts

Disclosure of Conflicts

A Director or Officer, who is in a position of real, potential or perceived conflict, shall immediately disclose such conflict to the Board by notifying the President or First Vice-President. Where the

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President has a conflict, notice shall be given to the First Vice-President. A Committee Member who is in a position of real, potential or perceived conflict shall immediately disclose such conflict to the Board by notifying the committee chair.

A disclosure made in accordance with this Policy shall include the nature and extent of the conflict and the disclosing person's interest. The disclosure shall be made at the earliest possible time and, where possible, prior to any discussion or vote on the matter by the Board or relevant FCM Committee. The disclosure shall be made in writing or by requesting to have it entered in the minutes of meetings of the Board or relevant FCM Committee.

In the case of a Director, the disclosure must be made:

- at the meeting of the Board or FCM Committee where a matter in which the Director has a conflict is first considered;
- if the Director was not then interested in a matter, at the first meeting of the Board or FCM Committee after the Director becomes interested;
- if the Director becomes interested after a matter has occurred, at the first meeting of the Board or FCM Committee after the Director becomes interested; or
- if an individual who has a conflict in a matter later becomes a Director, at the first meeting of the Board or FCM Committee after the individual becomes a Director.

In the case of an Officer who is not a Director, the disclosure must be made:

- immediately after the Officer becomes aware that a matter in which the Officer has a conflict is to be considered or has been considered at a meeting of the Board or FCM Committee;
- if the Officer becomes interested after a matter has occurred, immediately after the Officer becomes so interested; or
- if an individual who has a conflict in a matter later becomes an Officer, immediately after the individual becomes an Officer.

In the case of a non-director Committee Member, the disclosure must be made:

- at the committee meeting where a matter in which the Committee Member has a conflict is first considered;
- if the Committee Member was not then interested in a matter, at the first committee meeting after the Committee Member becomes interested;
- if the Committee Member becomes interested after a matter has occurred or been approved, at the first committee meeting after the Committee Member becomes so interested;
- if an individual who has a conflict in a matter later becomes a non-director Committee Member, at the first committee meeting after the individual becomes a non-director Committee Member.

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If a FCM Official has a conflict of interest in a matter that, in the ordinary course of the Corporation's business, would not require approval of the Board, a FCM Committee, or the members of FCM, the FCM Official shall disclose the conflict of interest to the President or First Vice-President, or request to have the nature and extent of their interest entered in Board or FCM Committee meeting minutes forthwith after the FCM Official becomes aware of the matter.

Continuing Disclosure

A FCM Official may provide a general notice to the Board disclosing their ongoing relationships and interests in entities or persons that give rise to conflicts.

Leave the Meeting and Do Not Vote

A FCM Official who has declared a conflict shall not attend any part of a meeting during which the matter in which they have a conflict is discussed, and shall not vote on any resolution to approve the matter.

In accordance with the Act, exceptions are made if the matter relates to a contract or transaction:

- (a) primarily related to their remuneration as a director, an Officer, an employee, an agent or a mandatary of the Corporation or an affiliate of the Corporation;
- (b) for indemnity or insurance under section 151 of the Act; or
- (c) with an affiliate of the Corporation.

Referral Where Existence of a Conflict is Uncertain

If a FCM Official is not certain whether they are in a conflict of interest position, the matter may be brought before the President, or where the issue may involve the President, the First Vice-President for advice and guidance.

If there is any question or doubt about the existence of a conflict, the Executive Committee will determine by majority vote if a conflict exists. The FCM Official potentially in a conflict of interest shall be absent from the discussion and shall not vote on the issue.

It is the responsibility of anyone who is aware of a real, potential or perceived conflict of interest on the part of a FCM Official to raise the issue for clarification, first with the FCM Official in question and, if still unresolved, with the President or, where the issue may involve the President, the First Vice-President.

The FCM Official must abstain from participation in any discussion on the matter, shall not attempt to personally influence the outcome, shall refrain from voting on the matter and, unless otherwise decided by the Executive Committee, must leave the meeting for the duration of any such discussion or vote.

The decision as to whether a conflict exists shall be duly recorded in the minutes of the meeting. The time the FCM Official left and returned to the meeting shall also be recorded.

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If a conflict of interest cannot be resolved to the satisfaction of the Executive Committee (by simple majority resolution), the FCM Official may be asked to resign or may be subject to removal pursuant to the Act and the By-laws of the Corporation.

Perceived Conflicts

It is acknowledged that not all conflicts may be satisfactorily resolved by strict compliance with the Act, the By-laws or this Policy. There may be cases where the perception of a conflict of interest (even where no conflict exists) may be harmful to the Corporation notwithstanding that there has been compliance with the Act, the By-laws and this Policy. In such circumstances, the process set out in this Policy for addressing perceived conflicts of interest shall be followed.

Amendment

This Policy may be amended by the Board.

Approval Date: Friday, November 24, 2023 – Ottawa, ON.