



**FREDERICTON ROWING CLUB
BOARD OF DIRECTORS
CODE OF CONDUCT AND CONFLICT OF INTEREST POLICY**

Effective date	February 22 nd , 2023
Archived date	-
Date last reviewed	February 22 nd , 2023 (final reading and adopted by the FRC Board of Directors on Feb 22 nd , 2023)
Scheduled review date	Annually by September 30 th
Replaces and/or amends	Fredericton Rowing Club Board of Directors' Code of Conduct and Conflict of Interest Policy (v0.1 2022 dated June 21 st , 2022)
Approved by and date	Ordinary Resolution of the Meeting of the Board of Directors held on February 22 nd , 2023
Appendix(-ces) to this Policy	Appendix A: Director's Annual Declaration Appendix B: Duties and Legal Liabilities of Directors of Not-For-Profit Corporations
Reference(s)	1. Fredericton Rowing Club Letters Patent (Ref. No. 022563 dated 9 th , April 1986) 2. Fredericton Rowing Club By-Law No.1 dated November 30 th , 2022)

1. Introduction

The Board of Directors of the Fredericton Rowing Club (FRC) have been entrusted by its members to oversee and manage the affairs of the Fredericton Rowing Club in the interests of the members and with the objectives set out in the FRC's Letters Patent and the FRC By-Laws. This policy sets out the code of conduct expected of FRC directors in response to the trust placed in them by the membership. It includes in Appendix A an annual declaration form in which each director must acknowledge that he or she has read this policy and agrees to abide by it.

2. General conduct

A director:

- a. must be familiar with and comply with the New Brunswick Companies Act under which the FRC is constituted (a synopsis of the duties and legal liabilities of directors of not-for-profit corporations is provided in Appendix B);
- b. must avoid any behaviour that would bring the FRC into disrepute;
- c. has a duty to act with the utmost honesty and good faith and must always act in the best interests of the FRC;



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- d. must exercise the care, diligence and skill of a reasonably prudent and informed person under comparable circumstances;
- e. must act as his or her judgment dictates when issues arise on which an FRC decision of general application may not be in the interest of a director's rowing club or Provincial Rowing Association. The expectation is that a director would support the decision that benefits the sport of rowing as a whole;
- f. must not speak publicly on rowing matters when or in such a way that the comments could be perceived to be an official representation of the FRC unless authorized to do so by the Board or the Chair of the Board (but directors are otherwise encouraged to speak publicly on rowing matters); and
- g. must be aware of the identity of the FRC's sponsors, be supportive of their role as sponsors and refrain from displaying support for sponsors' competitors when involved in national rowing activities.

3. Confidential information

- a. A director must maintain the confidentiality of all information and records that are the property of the FRC and that are treated as confidential by the FRC and shall not reveal or make use of such information until it becomes a matter of public knowledge.
- b. Motions approved at Board meetings are not confidential unless the Board so decrees, in which case a director must abide by that decree.
- c. A director must treat discussion at Board meetings as confidential, as well as the number of votes cast for and against a resolution and how other Directors may have voted, except to the extent that such discussion and voting details are contained in the Board approved minutes.

4. Conflicts of interest

- a. A conflict of interest arises where a director has a direct or indirect interest, financial or otherwise, or has a duty that is in conflict with the performance of the director's duties owed to the FRC or is sufficient to influence or appear to influence that performance. An indirect interest may arise, for example, through a relative or friend.
- b. For that reason a director may not hold, nor an immediate family member hold, a financial interest, directly or indirectly, or hold a management position in an organization in a relationship with the FRC whereby that director could in any way benefit the other organization by influencing the purchasing, sponsorship



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arrangements or other decisions of the FRC unless that interest has been fully disclosed in writing to the Board.

- c. When a director perceives that he or she has a conflict or a potential conflict of interest the director must:
 - i disclose the conflict or potential conflict;
 - ii leave the Board meeting while the matter creating the conflict is being dealt with;
 - iii take no part in any discussion or voting with respect to the matter creating the conflict; and
 - iv not attempt to influence the Board in its dealing with the matter.

5. **Gifts**

A director must not offer nor accept gifts or excessive entertainment or other benefits to or from the FRC's suppliers and sponsors unless they are not intended to be and are neither in such form nor of such value to be taken for a bribe or other improper payment

6. **Outside interests**

A director must not engage in activities or accept appointments or elections to office in any organization or association whose activities are, or are likely to be, in conflict with the FRC's activities or an embarrassment to the FRC without the prior written consent of the Board of the FRC.

7. **Applicability**

All policy applies to all duly elected and appointed directors of the FRC and shall endure for one (1) year after an individual is no longer a director of the FRC (a former director).

8. **Administration of this policy**

- a. If an undisclosed conflict of interest arises involving a director, the Chair or Vice-Chair (if the Chair is conflicted) of the Board will investigate and either:
 - i determine that a conflict or potential conflict exists and report his or her findings to the Board; or
 - ii refer the question to the Board for determination.
- b. A determination of the Board of Directors that a conflict of interest exists or may exist shall be final and binding on the FRC and each director. If a conflict of interest



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arises involving the Chair of the Board, the question will be determined by the Board.

- c. If a director who resigns in relation to a conflict of interest is the representative of a Provincial Rowing Association, the FRC can appoint a replacement representative.



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**APPENDIX A
Director's Annual Declaration**

I acknowledge that I have read and considered the Code of Conduct and Conflict of Interest Policy (the "Policy") of Fredericton Rowing Club and agree to conduct myself as a director in accordance with the Policy.

Signed: _____

Dated: _____



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APPENDIX 2

Duties and Legal Liabilities of Directors of Not-For-Profit Corporations

Introduction

The following synopsis is taken from a number of sources. For a more detailed discussion of the subject readers are referred to a publication by Industry Canada entitled "Primer for Directors of Not-for-Profit Organizations" and by Service New Brunswick entitled "Not-For-Profit Organizations – A Legal Guide".

Fredericton Rowing Club is a not-for-profit corporation incorporated without share capital pursuant to section 18 of the New Brunswick Companies Act. The term not-for-profit is used to indicate that such corporations are organized for a community purpose and not for profit to their individual members. They are entitled to operate on a profitable basis but are prohibited from paying dividends or other financial benefits to their members. However, as a not-for-profit corporation Fredericton Rowing Club is exempt from income tax, an exemption that can be threatened if the corporation makes profits more than its needs.

Duties of Directors

Directors and senior officers are accountable for their actions to the organizations they serve, and often to the general public as well. Primarily they owe a duty of care to their organization and its members. The New Brunswick Companies Act does not set out a director's duties in plain language nor does it prescribe the standard of care to be met in carrying out that duty. Accordingly, the applicable standard of care is set out in common law. This standard is arguably more onerous than the one imposed on directors of business corporations whose standard of care has been expressly legislated for years. Some of the applicable common law principles are summarized in the following paragraphs.

Duty of Knowledge – Directors must be aware of the requirements of the Letters Patent (Charter) and by-laws under which the corporation operates and comply with their terms regarding both substance and timing.

Duty of Care – Directors must act in accordance with the minimum standard of care that a reasonably prudent person with the same knowledge and experience would exercise under similar circumstances and may incur personal liability where their conduct falls



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short of this criterion. Thus a higher standard of care is expected of those with particular expertise such as lawyers, accountants, physicians, social workers and business persons when addressing matters to which that expertise is relevant. The degree of diligence that a director must exercise may depend to some extent on the size and sophistication of the corporation. A director of an organization with professional management staff should not be expected to devote as much time and attention to everyday operations as a director of a smaller organization without the same human and professional resources. A director who acts honestly and meets the standards of conduct and care will not be liable for simple errors of business judgement.

Fiduciary Duty – A director is in a fiduciary relationship to the corporation. A fiduciary is anyone in a position of trust, and fiduciary duties require a director to act honestly and in good faith and in the best interests of the corporation. A director must avoid any situation in which this duty and self-interest come into conflict, must not take secret rewards, and must protect the corporation’s confidential information.

Duty to Avoid Conflicts of Interest –A conflict of interest may arise where a person has a personal or shareholder interest in the same matter or is a director of two corporations involved in the same transaction. A director who has a direct or indirect interest in a proposed contract that requires board approval must disclose this interest to the board at the meeting at which the matter first arises and not participate in or influence the decision-making process.

A Director’s Exposure to Legal Liability

A director may be held personally liable for a variety of errors, omissions and wrongful acts that may be committed by the Corporation. There are over 200 statutes that govern or impose obligations and duties on directors. The most common concerns relate to employee wages and remittances; a director may be held personally liable for unpaid employees’ wages and salaries and for any amount of employee income tax, EI, CPP, or GST payments, including penalties, not remitted by the corporation, for a period of up to six months.

The directors of the corporation are responsible for ensuring that it complies with applicable laws, its letters of patent and its by-laws. Directors who disagree with a proposed action or decision of the board should protect themselves against potential



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liability by voting against the action or motion and making sure that the dissenting vote is recorded in the minutes of the corporation.

Members of a Board of Directors face exposure to liability for any of their own actions that are inconsistent with the duties owed by directors to the corporation they serve. This includes:

Criminal Liability – The Criminal Code of Canada defines criminal and quasi-criminal action of directors (e.g.: fraud or conspiracy by the director or by the organization) and includes consequences such as fines, imprisonment, or both.

Civil Liability – civil liability generally only results where a director has personal participation in the offence or has authorized the offence.

Protection of Directors

Indemnification can be provided by the corporation in the form of compensation for any loss incurred for liabilities arising from the performance of his or her duties within the scope of his or her authority and as long as he or she has acted in good faith, except those arising from willfully negligent actions such as breaches of standards of care or statutes and suits lodged by the corporation itself against the director. In the case of the FRC this indemnification is provided to directors and officers by its charter and by-laws.

However, indemnity is only effective to the extent that the corporation is in a financial position to honor it. If the corporation does not have adequate funds the indemnification is illusory. For this reason, FRC also has Director's Liability Insurance for its executive officers and directors which provides coverage with respect to their duties as officers or directors.