



# Alberta Pensions Services Corporation Board of Directors Code of Conduct

Approved by the Board of Directors: June 22, 2021

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## PREAMBLE:

This document, established by resolution of the Board of Directors of Alberta Pensions Services Corporation (“APS”), is a code of conduct applicable to directors of APS. A separate “Employee Code of Conduct” is applicable to employees of APS.

The pension administration industry in which APS operates is built on the highest level of trust. APS is also an agency of the Government of Alberta, and as such is expected to operate from a foundation of integrity and impartiality. Directors of APS recognize these responsibilities, and are committed to the highest ethical standards.

This document is intended to fully meet, for APS directors, the requirements of Part 4.3 of the *Conflicts of Interest Act* (Alberta). [It has been approved to that end by the Ethics Commissioner, as required by that statute.] Also addressed is compliance with the applicable requirements (as set out in the Appendix) of the *Business Corporations Act* (Alberta). Beyond meeting all minimum statutory requirements, this Code of Conduct is intended to reflect the full commitment of APS directors to the highest standards of impartiality and integrity.

This Code of Conduct imposes specific requirements, rules, and processes. However, it does not purport to address every possible scenario. Directors are expected to conduct themselves in accordance with the spirit and intent of this Code of Conduct. Moreover, any exercise of discretion or decision-making authority under this Code of Conduct is to be carried out in accordance with the spirit and intent of this Code of Conduct.

## 1. INTERPRETATION

### 1.1 Terminology

In the provisions that follow, the following expressions, where capitalized, have the following meanings (and where applicable, the plurals thereof have corresponding meanings):

“**Act**” means the *Conflicts of Interest Act* (Alberta), as amended from time to time;

“**APS**” means Alberta Pensions Services Corporation;

“**Board**” means the Board of Directors of APS, **Board Chair** means the Chair of the Board of Directors of APS, and **Board Vice-Chair** means the Vice-Chair of the Board of Directors of APS;

“**Code**” means this Board of Directors Code of Conduct;

“**Code Administrator**” means the Board Chair, except that for the application of this Code of Conduct to the Board Chair, the Code Administrator means the Board’s Governance Committee;

“**Conflict of Interest**” means a conflict between an individual’s duties as a Director of APS (including without limitation all duties of confidentiality) and any Private Interest, and includes each of the following:

- (a) a real conflict of interest, that is, a presently existing conflict;
- (b) an apparent conflict of interest, that is, a situation that would be perceived by a reasonable person as a conflict of interest, even if circumstances are such that no actual conflict of interest exists; and



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- (c) a potential conflict of interest, that is, present circumstances that in the ordinary course of events have a material likelihood of developing into either a real conflict of interest or an apparent conflict of interest.

“**Director**” means a member of the Board of Directors of APS;

“**Private Interest**” means any interest of a Director that is potentially material in the context of the exercise of any duty or function or decision as a Director, including without limitation any interest arising from any of the following:

- (a) a financial or other direct interest in the subject-matter of the relevant duty, function, or decision;
- (b) an interest in any organization or entity, as owner, partner, shareholder, investor, lender, employee or otherwise, that may be directly affected by the exercise of the relevant duty, function or decision; or
- (c) a close personal relationship with any individual who has an interest described in clause (a) or (b), if the personal relationship is a function of (i) being related to that individual, (ii) friendship with that individual, or (iii) business dealings with that individual, other than business dealings directly involving APS;

but does not include an interest in a matter that affects the Director as one of a broad class of the public, including without limitation as a member of a pension plan in respect of which APS provides services;

“**Shareholder**” means the Crown in right of Alberta as the sole shareholder of APS, except that in the event that shares are issued or transferred to other persons, then references in this Code to the Shareholder shall mean the then shareholder or shareholders of APS.

References in this Code to “Section” numbers are to the numbered provisions of this Code.

### 1.2 Application

This Code applies to all Directors, including the Board Chair.

### 1.3 Intent and Interpretation

Provisions of this Code are to be interpreted and applied, and any discretion or decision-making authority under this Code is to be exercised, in a manner consistent with the statements in the Preamble to this Code.

### 1.4 Communications

Where any provision of this Code requires a communication in writing, a communication delivered by e-mail or other electronic means meets that requirement.

## 2. IMPARTIALITY AND AVOIDANCE OF SELF-INTEREST

### 2.1 Duty of Impartiality

Directors must carry out their duties with impartiality at all times. This requires an unbiased, objective, open-minded approach, and a commitment to fairness.



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### 2.2 Discretion and Decision-making

Where Directors in the course of their duties exercise a discretion or make a decision, the discretion is to be exercised or the decision is to be made based on the best interests of APS and the fiduciary duty of the Directors.

### 2.3 Duty to Avoid Self-interest

Directors must not act in self-interest or further their Private Interests by virtue of their position or through their actions or decisions as a Director.

## 3. CONFLICTS OF INTEREST

### 3.1 Duty to Avoid Conflicts of Interest

Directors are required to avoid Conflicts of Interest, wherever and to the extent it is feasible to do so. Where a Conflict of Interest on the part of a Director cannot reasonably be avoided, the Director must do the following:

- (a) disclose the Conflict of Interest pursuant to Section 3.2;
- (b) if the Conflict of Interest relates to a material transaction or a material contract or a material interest within the meaning of section 120 of the *Business Corporations Act* (Alberta), strictly observe and comply with all requirements of that section (as set out in the Appendix to this Code, and as may be amended);
- (c) take all reasonable measures to mitigate the Conflict of Interest; and
- (d) comply with all directions from the Code Administrator under Section 3.4.

### 3.2 Disclosure of Conflicts of Interest

Upon becoming aware that they have a Conflict of Interest, a Director must make disclosure in writing to the Code Administrator, with sufficient context and suitable detail so that the Code Administrator can give due consideration to the disclosure.

### 3.3 Consideration by Code Administrator

Where the Code Administrator receives a disclosure under Section 3.2, the Code Administrator shall in a timely manner consider the matter, and in doing so may gather such additional information and consult with such individuals as the Code Administrator considers necessary or appropriate.

### 3.4 Direction by Code Administrator

After considering the disclosure under Section 3.2, the Code Administrator may provide to the Director in writing such directions as the Code Administrator sees fit, including any of the following:

- (a) a direction to take steps to immediately resolve the Conflict of Interest;
- (b) a direction to take specific mitigating action in relation to the Conflict of Interest; or
- (c) a direction that the Conflict of Interest can be abided for present purposes, but should be monitored for developments that must be immediately reported to the Code Administrator.

## 4. GIFTS

### 4.1 Restrictions on Accepting Gifts

Directors must not use their position to solicit gifts, hospitality, entertainment, or other benefits (collectively in this Section 4, “Gifts”) from parties external to APS. Except as provided in Section 4.2,



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no Director shall accept any Gifts that are connected directly or indirectly with performance of their duties.

### 4.2 Exceptions

A Director may accept Gifts only in the following instances:

- (a) within the course of the normal exchange of Gifts between persons doing business together;
- (b) tokens exchanged as part of protocol; or
- (c) the normal presentation of Gifts to individuals participating in public functions, lectures, presentations, conferences, or seminars;

subject in each case to the following limitations:

- (d) Director must not accept cash or cash equivalents as Gifts;
- (e) the value of a single tangible Gift must not exceed \$250;
- (f) the value of tangible Gifts from a single source in any year to one or more Directors must not exceed \$500;
- (g) the value of a complementary or discounted conference or other event invitation must not exceed \$500;
- (h) the value of a complementary or discounted conference or other event invitation from a single source in any year to one Director must not exceed \$1,000 and to more than one Director must not exceed \$5,000, and
- (i) Gifts should be declined in any situation where accepting the Gift would appear to give rise to a reasonable expectation of preferential treatment to a supplier, contractor, client, or other stakeholder of APS that offered the Gift.

### 4.3 Disclosure of Gifts

All Gifts received by a Director, other than Gifts described in Section 4.2(a) or that are of a value less than \$50, must be promptly reported to the Code Administrator. The Code Administrator may provide such directions as the Code Administrator considers necessary to ensure that Gifts are not having a real or apparent or potential influence on the objectivity and impartiality of one or more Directors, and Directors shall comply with such directions.

### 4.4 Waiver of Gift Limit

Upon the request of an individual Director, or the Code Administrator, the full Board will consider and provide written decision, as to whether to waive the individual or group limits related to a specific Gift or complementary or discounted conference where the individual or group limits as set out in section 4.2 (e), (f), (g), or (h) will be exceeded. Any written decision issued under this section shall include the Board's rationale for its decision, which must take into consideration whether acceptance of the Gift or complimentary or discounted conference would create a Conflict of Interest.



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### **5. CONCURRENT EMPLOYMENT OR APPOINTMENT**

#### **5.1 Disclosure to Code Administrator**

Subject to Directors' obligations of impartiality and avoiding self-interest and Conflicts of Interest, a Director may accept or continue other appointments, businesses, undertakings, or employment. However, a Director must disclose in writing each such appointment, business, undertaking or employment to the Code Administrator, with sufficient accompanying information so that the Code Administrator is able to give consideration to whether a Conflict of Interest arises therefrom. Wherever possible, such Disclosure should be made before the Director accepts or commences the appointment, business, undertaking, or employment.

#### **5.2 Consideration by Code Administrator**

Upon receiving a disclosure under Section 5.1, the Code Administrator shall in a timely manner have regard to the information supplied, any other information the Code Administrator considers pertinent, and the definition of "Conflict of Interest" in Section 1.1. The Code Administrator shall make a determination as to whether a Conflict of Interest exists and provide his/her decision to the Director in writing in a timely manner.

#### **5.3 Direction by Code Administrator**

If, following consideration under Section 5.2, the Code Administrator determines that the appointment, business, undertaking or employment does constitute a Conflict of Interest, the Code Administrator may provide in writing any of the directions listed in Section 3.4, and the Director shall comply with such directions.

### **6. OTHER EXTERNAL ACTIVITIES**

#### **6.1 Volunteer Activities**

A Director may be involved in, and is not required to disclose under Section 5.1, volunteer activities, including serving on a committee or board of a volunteer organization, provided the role of the Director in relation to the volunteer activities does not constitute a Conflict of Interest.

#### **6.2 Political Activities**

A Director may participate in political activities including membership in a political party, supporting a candidate for elected office, or seeking elected office, subject to an obligation to avoid any Conflict of Interest in so doing, including without limitation the following:

- (a) Directors must not use their position with APS to advance political activities;
- (b) Directors must not appear to speak on behalf of APS to seek contributions for political purposes;
- (c) political activities must be clearly separated from duties and functions as a Director; and
- (d) APS facilities, branding, equipment, and resources must not be used in support of political activities.

A Director who forms an intention to seek elected office is required to disclose that intention to the Code Administrator, who may consider whether doing so would constitute a Conflict of Interest.



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### 6.3 Social Media Posts

Directors must avoid making public comments, whether through social media posting or otherwise, that might reasonably be attributed to APS, except where duly authorized in the course of the Director's duties. Directors must similarly avoid public comments and social media postings expressly made in a personal capacity and not as a representative of APS, if such comments might reasonably be expected to be attributed to and negatively affect the reputation or interests of APS.

## 7. OTHER REQUIRED DISCLOSURES

### 7.1 Criminal Charges

A Director must promptly disclose to the Code Administrator any charges under the *Criminal Code of Canada* or under the *Controlled Drugs and Substances Act* (Canada).

### 7.2 Material Civil or Regulatory Proceedings

A Director must promptly disclose to the Code Administrator any civil or regulatory proceedings brought against them that are potentially material to the role of the Director or the reputation of APS, either due to the magnitude or the nature of the proceedings. For example, proceedings that allege fraudulent or financial misconduct or violations of regulatory schemes by a Director must be disclosed.

### 7.3 Disclosure in Respect of Other Directors

Directors are encouraged to disclose to the Code Administrator any apparent violation of this Code by another Director of which they become aware.

## 8. OTHER OBLIGATIONS OF BOARD CHAIR AS SENIOR OFFICIAL

### 8.1 Status of Board Chair under the Act

This Code recognizes that, under the Act, the Board Chair is a "senior official" (although not a "designated senior official"), and is thereby subject to additional obligations.

### 8.2 Additional Obligations of Board Chair

The Board Chair, in addition to (and not in substitution for) the obligations under this Code that are applicable to all Directors, must not do any of the following:

- (a) take part in a decision in the course of carrying out the Board Chair's office or powers knowing that the decision might further a private interest of the Board Chair, a person directly associated with the Board Chair, or the Board Chair's minor or adult child;
- (b) use the Board Chair's office or powers to influence or to seek to influence a decision to be made by or on behalf of the Crown in right of Alberta or a public agency to further a private interest of the Board Chair, a person directly associated with the Board Chair, or a minor child of the Board Chair, or to improperly further any other person's private interest;
- (c) use or communicate information, not available to the general public and gained by the Board Chair in the course of carrying out the Board Chair's office or powers, to further a private interest of the Board Chair or any other person's private interest; and
- (d) fail to appropriately and adequately disclose a real or apparent conflict of interest.



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### 9. INTERPRETATION QUESTIONS

#### 9.1 Directors May Inquire of Code Administrator

Where a Director is uncertain as to the interpretation or application of any provision of this Code, the Director should raise the question with the Code Administrator.

#### 9.2 Code Administrator May Seek Legal Advice

The Code Administrator may in that capacity seek legal advice from the APS General Counsel, or where appropriate from external legal counsel, regarding the interpretation or application of this Code, including without limitation any of the following:

- (a) a question raised by a Director under Section 9.1;
- (b) consideration by the Code Administrator under Section 3.3 or 5.2;
- (c) a disclosure by another Director under Section 7.3; or
- (d) a complaint or investigation under Section 10.

### 10. COMPLAINTS AND INVESTIGATIONS

#### 10.1 Complaint to Code Administrator

Any individual may make a complaint in writing to the Code Administrator that a Director has violated any provision of this Code. No complaint may be made more than two years after the alleged violation, unless the violation is ongoing.

#### 10.2 Confidentiality of Complaints

To the extent it is feasible to do so without unduly hindering the investigation of a complaint, the Code Administrator shall at all times keep the identity of the complainant confidential, provided the complaint was made in good faith.

#### 10.3 Protection from Reprisal

An individual who makes a complaint in good faith under Section 10.1 is to be protected against reprisal to the same extent as an individual who discloses a wrongdoing under APS' Whistleblower Policy.

#### 10.4 Investigation Process

An investigation by the Code Administrator must be carried out in accordance with natural justice and procedural fairness, through notifying the Director to whom the complaint pertains of the nature and substance of the complaint, and affording that Director a reasonable opportunity to provide information and make representations regarding the complaint. The investigation is to proceed in accordance with the following:

- (a) If based on initial investigation the Code Administrator concludes that the complaint is without substance, the Code Administrator need not investigate further;
- (b) If the Director agrees with the substance of the complaint, then the Code Administrator may provide directions for addressing the complaint, including specific actions for resolving, mitigating, or monitoring the matter. In that event, the Director is obligated to comply with such directions, and the matter need not proceed to decision under Section 10.5; and



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- (c) If the Director disagrees with the substance of the complaint, the Code Administrator shall proceed to decision under Section 10.5.

### **10.5 Decision and Written Reasons**

The Code Administrator, upon arriving at a decision, shall communicate the decision to the Director in writing, including reasons, which may be of a summary nature. The decision may include directions for addressing the matter, including specific actions for resolving, mitigating, or monitoring the matter. The Code Administrator may report the matter to the Board if the Code Administrator considers it appropriate to do so, while having regard to Section 10.2 regarding confidentiality.

## **11. REVIEW OF DECISION**

### **11.1 Review by Board**

A Director may require that the full Board review and reconsider any decision by the applicable Code Administrator under any of the following:

- (a) a direction under Section 3.4 in relation to a Conflict of Interest;
- (b) a direction under Section 5.3 in relation to concurrent appointment, business, undertaking, or employment;
- (c) a direction under Section 10.4; or
- (d) a decision made or a direction given under Section 10.5.

### **11.2 Requesting a Review**

A Director wishing a review by the full Board under Section 11.1 must do so within 30 days of receiving in writing the applicable direction or decision by the Code Administrator, and must do so by written request (which may be by e-mail) communicated to the applicable Code Administrator and to the APS Corporate Secretary.

### **11.3 Process**

A review requested under Section 11.2 shall be dealt with by the Board in a timely manner, either at a special or regular meeting of the Board, and shall be conducted in accordance with the following:

- (a) the Director who requested the review is entitled to be present throughout the review and is entitled to a reasonable opportunity to make representations, but may not vote as a Board member on the decision;
- (b) if the Director who requested the review is the Board Chair, the meeting shall be chaired by the Board Vice-Chair;
- (c) if requested by the Board Chair or by any Director, the General Counsel shall present advice (which shall not be binding on the Board) on any question of interpretation arising in relation to any provision of this Code; and
- (d) the decision of the Board shall be made by resolution, provided that in the event of a tie, the Chair of the meeting shall exercise a casting vote in respect of the resolution.



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### **11.4 Review by Shareholder**

If, within 30 days after a decision by the Board under Section 11.3, the affected Director requests a further review by the Shareholder, and if the Shareholder agrees to provide that review, then the Board shall adopt and abide by any decision or direction from the Shareholder in relation to the matter in question, and such decision or direction will be deemed to be the final decision of the Board.

## **12. CONSEQUENCES**

### **12.1 Board May Impose Consequences**

Where the Board makes a decision under Section 11.3 that a Director is in violation of this Code, the Board may do either or both of the following:

- (a) issue a reprimand to the Director;
- (b) impose any other consequence that the Board has authority to impose under applicable APS governance documents.

### **12.2 Code Administrator May Refer to Board**

Where a Code Administrator is of the opinion that a Director has not complied with, or not adequately complied with, a direction given by the Code Administrator under Section 3.4, or 5.3, 10.4 or 10.5, or is otherwise in violation of this Code, the Code Administrator may refer the matter to the Board with a recommendation that consequences be imposed. In that event,

- (a) the process shall be in the same manner as Section 11.3 and Section 11.4, and
- (b) the Board may impose the same consequences as under Section 12.1.

### **12.3 Report to Shareholder**

Where the Board issues a reprimand to a Director under Section 12.1, the Code Administrator in relation to that matter must notify the Shareholder of the reprimand, and may include in that communication a request or recommendation for further action by the Shareholder.

## **13. ANNUAL CERTIFICATION AND TRIENNIAL REVIEW**

### **13.1 Annual Certification by Directors**

At or prior to the first regular Board meeting of each year, each Director shall affirm understanding of and commitment to compliance with the provisions of this Code, and their compliance with all disclosure requirements under this Code.

### **13.2 Review**

At least every three years, the Board shall review and, if the Board considers it appropriate to do so, update or replace this Code.

## **14. COMING INTO FORCE**

### **14.1 Effective date**

This Code will take effect 30 days after the date it is published on the APS web site.

### **14.2 Publicly available**

This Code is to be kept posted on the APS web site.



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### APPENDIX

#### *Business Corporations Act (Alberta) – section 120*

#### **Disclosure by directors and officers in relation to contracts**

**120(1)** A director or officer of a corporation who

- (a) is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the corporation, or
- (b) is a director or an officer of or has a material interest in any person who is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the corporation,

shall disclose in writing to the corporation or request to have entered in the minutes of meetings of directors the nature and extent of the director's or officer's interest.

**(2)** Subject to subsection (3), the disclosure required by subsection (1) shall be made, in the case of a director,

- (a) at the meeting at which a proposed contract or transaction is first considered,
- (b) if the director was not interested in a proposed contract or transaction at the time of the meeting referred to in clause (a), at the first meeting after the director becomes so interested,
- (c) if the director becomes interested after a contract or transaction is made, at the first meeting after the director becomes so interested, or
- (d) if a person who is interested in a contract or transaction later becomes a director, at the first meeting after the director becomes a director.

**(3)** Where a proposed contract or transaction is dealt with by resolution under section 117 instead of at a meeting, the disclosure that would otherwise be required to be made in accordance with subsection (2)(a) or (b) shall be made

- (a) forthwith on receipt of the resolution, or
- (b) if the director was not interested in the proposed contract or transaction at the time of receipt of the resolution, at the first meeting after the director becomes so interested.

**(4)** The disclosure required by subsection (1) shall be made, in the case of an officer who is not a director,

- (a) forthwith after the officer becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of directors,



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- (b) if the officer becomes interested after a contract or transaction is made, forthwith after the officer becomes so interested, or
  - (c) if a person who is interested in a contract or transaction later becomes an officer, forthwith after the officer becomes an officer.
- (5) If a material contract or material transaction or proposed material contract or proposed material transaction is one that, in the ordinary course of the corporation's business, would not require approval by the directors or shareholders, a director or officer shall disclose in writing to the corporation, or request to have entered in the minutes of meetings of directors, the nature and extent of the director's or officer's interest forthwith after the director or officer becomes aware of the contract or transaction or proposed contract transaction.
- (6) A director referred to in subsection (1) shall not vote on any resolution to approve the contract or transaction unless the contract or transaction is
- (a) an arrangement by way of security for money lent to or obligations undertaken by the director, or by a body corporate in which the director has an interest, for the benefit of the corporation or an affiliate,
  - (b) a contract or transaction relating primarily to the director's remuneration as a director, officer, employee or agent of the corporation or an affiliate,
  - (c) a contract or transaction for indemnity or insurance under section 124, or
  - (d) a contract or transaction with an affiliate.
- (7) For the purpose of this section, a general notice to the directors by a director or officer is a sufficient disclosure of interest in relation to any contract or transaction made between the corporation and a person in which the director has a material interest or of which the director is a director or officer if
- (a) the notice declares the director is a director or officer of or has a material interest in the person and is to be regarded as interested in any contract or transaction made or to be made by the corporation with that person, and states the nature and extent of the director's interest,
  - (b) at the time disclosure would otherwise be required under subsection (2), (3), (4) or (5), as the case may be, the extent of the director's interest in that person is not greater than that stated in the notice, and
  - (c) the notice is given within the 12-month period immediately preceding the time at which disclosure would otherwise be required under subsection (2), (3), (4) or (5), as the case may be.
- (8) If a material contract or material transaction is made between a corporation and one or more of its directors or officers, or between a corporation and another person of which a



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director or officer of the corporation is a director or officer or in which the director or officer has a material interest,

- (a) the contract or transaction is neither void nor voidable by reason only of that relationship, or by reason only that a director with an interest in the contract or transaction is present at or is counted to determine the presence of a quorum at a meeting of directors or committee of directors that authorized the contract or transaction, and
- (b) a director or officer or former director or officer of the corporation to whom a profit accrues as a result of the making of the contract or transaction is not liable to account to the corporation for that profit by reason only of holding office as a director or officer,

if the director or officer disclosed the director's or officer's interest in accordance with subsection (2), (3), (4), (5) or (7), as the case may be, and the contract or transaction was approved by the directors or the shareholders and it was reasonable and fair to the corporation at the time it was approved.

**(8.1)** Even if the conditions of subsection (8) are not met, a director or officer acting honestly and in good faith is not accountable to the corporation or to its shareholders for any profit realized from a material contract or material transaction for which disclosure is required under subsection (1), and the material contract or material transaction is not void or voidable by reason only of the interest of the director or officer in the material contract or material transaction, if

- (a) the material contract or material transaction was approved or confirmed by special resolution at a meeting of the shareholders,
- (b) disclosure of the interest was made to the shareholders in a manner sufficient to indicate its nature before the material contract or material transaction was approved or confirmed, and
- (c) the material contract or material transaction was reasonable and fair to the corporation when it was approved or confirmed.

**(9)** If a director or an officer of a corporation fails to comply with this section, a Court may, on application of the corporation or any of its shareholders, set aside the material contract or material transaction on any terms that it thinks fit, or require the director or officer to account to the corporation for any profit or gain realized on it, or both.

**(10)** This section is subject to any unanimous shareholder agreement.