

# Policy on Director Recruitment

**Approval Authority: Board of Directors**

**Responsible Manager: Administrator, Board Support Services**

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**The authoritative version of each corporate policy of the Real Estate Council of Ontario (“RECO”) is maintained in the records of the Administrator. All other versions, whether found online or maintained in other departments of RECO or elsewhere, are available for information purposes only. In case of any discrepancy between the version maintained by the Administrator and other available versions, the version maintained by the Administrator shall prevail.**

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## **I. Purpose and Interpretation**

a) The purpose of this policy is to establish a clear and transparent process for the recruitment, election and appointment of the **Sector Directors** and **Non-Sector Directors** to the **Board**, ensuring that the **Board** is composed of individuals with the necessary skills, experience and commitment to effectively govern the organization.

b) In this Policy, the following terms shall have the following meanings:

“**Act**” means the *Not-for-Profit Corporations Act, 2010*, S.O. c.15, and the regulations thereunder, as from time to time amended, and every statute and regulation thereunder that may be substituted therefor and, in the case of such substitution, any references in the by-Laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or regulations;

“**Administrator**” means Administrator, Board Support Services;

“**Annual Meeting**” means the annual meeting of members at which an election is held to appoint Board Directors;

“**Applicant**” is an individual who is applying for a position as a **Non-Sector Director** or **Sector Director**;



“**Board**” means RECO’s Board of Directors, comprised of **Non-Sector Directors, Sector Directors, and Ministerial Appointees**;

“**By-Law**” means RECO By-Law No.1;

“**Campaign Guidelines**” means the document which sets out campaigning guidelines for candidates;

“**Candidate**” is an **Applicant** that has been accepted for review by the **Nominations Committee**;

“**Corporation**” means Real Estate Council of Ontario (RECO);

“**Director**” means any of a **Non-Sector Director, Sector Director** or **Ministerial Director**;

“**Final List of Candidates**” means those **Candidates** who the **Nominations Committee** is recommending for approval by the **Board**, and ultimately for election by the members at the **Annual Meeting**;

“**Ministerial Director**” is a Director on the RECO **Board** that has been placed there by the authority of the Minister;

“**Nominations Committee**” means the **Nominations Committee** of the **Board**;

“**Non-Sector Director**” means those **Directors** of the **Corporation** elected by the members and who are not drawn from among any of the following classes of persons:

- i. Registered brokers or salespersons,
- ii. Individuals who are directors, officers, employees, members or agents of registered brokerages,
- iii. Individuals who are directors, officers, employees, members or agents of an industry association representing the interest of registrants, and
- iv. Individuals who within the one-year period before becoming a director of the Board met the description of any clauses i. through iii;

“**Sector Director**” means those **Directors** of the **Corporation** elected by the members and who are registered brokers or salespersons.

“**REBBA**” means the *Real Estate and Business Brokers Act, 2002, S.O. 2002, c.30, Sched. C* (replaced by **TRESA** on December 1, 2023);

“**RECO**” means the Real Estate Council of Ontario;



“**Term of office**” means the total time in office for a particular director position, which mostly is a three year **Term**, but can be of other lengths;

“**TRESA**” means the *Trust in Real Estate Services Act, 2002, S.O. 2002, c.30, Sched. C*, and the regulations thereunder as from time to time amended and every statute and regulation that may be substituted therefor and, in the case of such substitution, any references in the by-laws of the Corporation to the provisions of TRESA shall be read as references to the substituted provisions therefor in the new statute or regulations;

“**Video Guidelines**” means a document that sets out the technical and production guidelines that candidates use for the purpose of campaigning.

## **II. Scope and Responsibilities**

This policy shall apply to the recruitment of **Sector** and **Non-Sector Directors** for the **Board**.

## **III. Legal and Policy Context**

This Policy shall be read and interpreted in a manner consistent with the following legal and policy framework, it being intended that the Policy shall be compliant with relevant law and policy.

- *Not-for-Profit Corporations Act, 2010, S.O. 2010, c.15*
- *Trust in Real Estate Services Act, 2002, S.O. 2002, c. 30, Sched. C*
- *Safety and Consumer Statutes Administration Act, 1996, S.O. 1996, c.19*
- The Administrative Agreement between **RECO** and Her Majesty the Queen in Right of Ontario, dated 5 February 2013
- **RECO's** By-Law No.1

## **IV. Introduction**

An election process will be initiated annually in September to recruit **Sector Directors** and **Non-Sector Directors** to fill vacancies, as required by the **By-Law** and in a manner consistent with good stewardship in the public interest. The process is concluded when the vacancies are filled by the election and appointment of candidates at the **Annual Meeting** in the following year.



- a) Subject to the qualifications and any applicable law, effective June 1, 2024, no more than thirty-four per cent of members of the Board shall be drawn from among any of the following classes of persons:
- i. Registered brokers or salespersons.
  - ii. Individuals who are directors, officers, employees, members or agents of registered brokerages.
  - iii. Individuals who are directors, officers, employees, members or agents of an industry association representing the interests of registrants.
  - iv. Individuals who within the one-year period before becoming a director of the board of the administrative authority met the description in any of clauses i through iii.
- b) For clarity, the 34% in paragraph a) is calculated with reference to the full nine (9) member **Board** even if some positions are vacant.
- c) The nine (9) member **Board** will include **Ministerial Directors**, elected **Sector Directors** and elected **Non-Sector Directors** as follows:
- i. **Ministerial Directors**, being individuals appointed by the Minister under the *Safety and Consumer Statutes Administration Act, 1996*; and
  - ii. No more than three (3) **Sector Directors elected by members**;
  - iii. Subject to i. and ii. of paragraph c), the balance of the directors shall be **Non-Sector Directors** elected by the members.
  - iv. For certainty, in the event that a **Ministerial Director** is appointed from among the following classes of person:
    - o Registered brokers or salespersons.
    - o Individuals who are directors, officers, employees, members or agents of registered brokerages.
    - o Individuals who are directors, officers, employees, members or agents of an industry association representing the interests of registrants.
    - o Individuals who within the one-year period before becoming a director of the Board met the description of any clauses i through iii, then an elected **Sector Director** will be required to vacate in accordance with the **By-law**.

## V. Qualifications

Each **Sector Director** and **Non-Sector Director** must be an individual who is at least 18 years of age and has not been found incapable under the *Substitute Decisions Act, 1992* (or its successor) or under the *Mental Health Act* (or its successor) of managing property and has not been found to be incapable by any court in Canada or elsewhere and has not been found to have the status of bankrupt. Each **Director** must consent in writing to hold office as a **Director** within ten (10) days after the election or appointment except for a



**Director** who is re-elected or re-appointed and there is no break in such **Director's Term of Office**. The following are additional qualifications for elected **Sector Directors** and elected **Non-Sector Directors**:

- a. The individual must possess a positive orientation for proactive consumer protection initiatives;
- b. The individual must not be an employee, director or officer of any real estate trade association;
- c. The individual must not have been found by the Discipline Committee of the Corporation to have contravened **TRESA** (or **REBBA**), the regulations under **TRESA** (or **REBBA**), including the Code of Ethics regulation, or had a similar finding by any other regulatory body or professional association in the last five (5) years;
- d. The individual must not have had a professional licence or registration refused, suspended, revoked or subject to conditions to which they did not consent in the last five (5) years; and
- e. The individual must not have been found guilty of a provincial or criminal offence that is relevant to their suitability to serve on the **Board** for which a pardon or record suspension has not been granted.

## **VI. Principles**

- a) Consumer protection: All Directors must possess a positive orientation for proactive consumer protection initiatives and must have the competency to effectively advance RECO's consumer protection mandate.
- b) Diversity and inclusion: The recruitment process will promote diversity and inclusion, ensuring representation from various backgrounds, skills and perspectives.
- c) Transparency: The process will be open and transparent, with clear criteria and procedures.
- d) Merit-based selection: Candidates will be selected based on their skills and the requirement of those skills on the **Board**, experience, and alignment with the organization's mission, vision, values and **RECO's** consumer protection mandate.

## **VII. Recruitment - General**

- a) The **Nominations Committee** is responsible for soliciting applications for and preparing a Final List of Candidates for each **Sector Director** position which will become vacant and soliciting applications for and recommending a candidate for each



**Non-Sector Director** position which will be becoming vacant and for which an election is to be held at an **Annual Meeting** of members.

- b) The **Nominations Committee** shall establish, from time to time, criteria, qualifications and competencies (set out in the Board skills matrix) in addition to the qualifications set out in the **Act** and **By-Law**, to be applied to each **Candidate** equally and which must be satisfied by each **Applicant** to be considered for a **Sector Director** or **Non-Sector Director** role.
- c) Eligibility criteria shall not include a requirement that an **Applicant** must be a member of an industry association representing the interests of registrants. For certainty, this does not preclude **Applicants** from being a member of these industry associations.
- d) In accordance with the **By-Law**, the **Nominations Committee** shall oversee the recruitment process, making recommendations to the **Board of Directors**.
- e) The **Nominations Committee** may consider retaining the services of an external recruitment firm or other consultant. Consideration must be given to allow sufficient time to engage in the procurement process for the external consultant.
- f) Annually, and prior to the commencement of the election process in September, the Chief Executive Officer of RECO and/or the **Administrator** will contact existing **Sector Directors** and **Non-Sector Directors** whose **Terms of Office** are concluding at the end of the **Annual Meeting**, requesting that they declare their intention either of not seeking re-election, or otherwise of the possibility of seeking re-election. In the event of a declaration of the latter, the **Non-Sector Director** or **Sector Director** shall declare a conflict of interest and recuse themselves from all agenda items at all meetings related to the election process. Once a **Non-Sector Director** or **Sector Director** has made such a declaration, it will remain unchanged until the conclusion of that election cycle. As these declarations may affect the membership of the **Nominations Committee**, additional **Directors** may be assigned to the **Nominations Committee** by the **Board** to ensure it can discharge its recruitment mandate.
- g) On an annual basis, at the beginning of the recruitment process, the **Nominations Committee** will conduct a skills and attributes audit, including diversity, of the current **Board** to identify gaps and determine the specific criteria, qualifications and competencies needed to complement the existing **Board**.
- h) On an annual basis, the **Nominations Committee** will create a position brief, an application form, information package for candidates and other supporting materials.



- i) On an annual basis, the **Nominations Committee** will review the recruitment communications plan.
- j) Filling Vacancies (Sector and Non-Sector Directors). A vacancy occurring on the Board in the office of a Sector Director or Non-Sector Director shall be filled in accordance with By-Law No.1, section 2.8, Filling Vacancies (Sector and Non-Sector Directors). The Nominations Committee is to make recommendations to the Board of Directors regarding individuals who are qualified to fill vacancies.

## VIII. Terms of Office

- a) Subject to section (b) below, each elected **Sector Director** and **Non-Sector Director** shall hold a **Term of office** of three (3) years. A **Sector Director** or **Non-Sector Director**, if otherwise qualified, is eligible for re-election to the **Board** upon the expiration of such director's **Term of office**, provided that an elected **Director** shall not be reappointed or re-elected if the **Director** has served an aggregate of ten (10) or more years in office.
- b) The first three Sector Directors who are elected after June 1, 2024, shall be elected for an initial term of two (2) years, three (3) years or four (4) years as required and determined by the Board, resulting in one Sector Director vacancy at each subsequent annual meeting, as of the 2027 AGM. Subsequent to the first three Sector Directors being elected after June 1, 2024, Sector Directors shall be elected for three (3) year terms of office.

## IX. Recruitment – Specifics

- a) Application and Approval Process
  - i. In advance of the **Annual Meeting** at which an election is required, the **Nominations Committee** shall solicit applications for all **Non-Sector Director** or **Sector Director** positions which will become vacant and review the applications against the established criteria, qualifications and competencies.
  - ii. The candidates nominated by the **Nominations Committee** must be ratified by the **Board** in advance of the **Annual Meeting**. Unsuccessful candidates will be advised following the **Board** ratification.
  - iii. Following ratification by the **Board**, the names of the candidates must be circulated to the members as required.
- b) **Non-Sector Director**
  - i. On a date set by the **Nominations Committee**, a call for applications shall be posted on RECO's website, the recruitment consultant's website (if applicable),

and other media channels as appropriate. Interested persons who qualify will be asked to submit an application, including a resume and cover letter outlining their interest and qualifications, and complete a conflict of interest disclosure form.

- ii. The **Nominations Committee**, along with the recruitment consultant (if applicable) will compile a list of **Applicants** which best meet the established criteria, qualifications and competencies through a process of shortlisting and individual interviews. Reference checks will be conducted on the final list of **Applicants**. One candidate per vacancy will be presented to the **Board** for ratification at a regular or special meeting scheduled such that adequate time is allotted to provide notice to members.

c) **Sector Director**

- i. On a date set by the **Nominations Committee**, the application form, as approved by the **Board**, together with a form of written consent of the candidate to hold office for any of the **Terms of Office** to fill a vacancy for the position of **Sector Director**, and conflict of interest disclosure form, shall be available on **RECO's** website.
- ii. The **Nominations Committee** shall establish a date which serves as a deadline for members to submit applications.
- iii. Members wishing to be considered for election must be nominated by two individual members, neither of whom is a candidate for a **Sector Director**.
- iv. The **Nominations Committee**, in conjunction with an external consultant (if applicable), will compile a list of candidates, in order, who best meet the established criteria, qualifications and competencies through a process of shortlisting and individual interviews.
- v. Through a process of evaluation and interview, the **Nominations Committee** will present the **Final List of Candidates** comprising of those candidates who best meet the needs of the Board based on the established criteria, qualifications and competencies (3 candidates per vacancy unless the number of applicants precludes that), for ratification by the **Board** at a regular or special meeting scheduled such that adequate time is allotted to provide notice to members.
- vi. Following ratification by the **Board**, and on a date determined by the **Nominations Committee**, the **Final List of Candidates** will be notified of their successful applications, and their respective photos, bios and videos will be made public on **RECO's** website, after which campaigning may begin, subject to sections vii, viii and ix below. Unsuccessful applicants will be duly notified at the same time.
- vii. The **Final List of Candidates** are to submit two campaigning videos by a date and time determined by the **Nominations Committee**. One video (maximum two (2) minutes in length) is for use on **RECO's** website and one video





- (maximum 45 seconds in length) to be presented at the **Annual Meeting** at which the election is taking place. The latter video will be the sole opportunity for candidates to address members at the **Annual Meeting**. **RECO's Video Guidelines** document is to be referenced by all **Candidates**. **RECO** reserves the right to disqualify any videos which do not meet the guidelines provided.
- viii. The **Final List of Candidates** may campaign for a period determined by the **Nominations Committee** and must adhere to the **Campaign Guidelines**.
  - ix. For certainty, any campaigning (including videos) that is inappropriate in the opinion of the **Nominations Committee**, or otherwise irrelevant to RECO's mandate and the mandate of the Board, may cause disqualification of the **Candidate** in the event that the **Candidate** does not address those issues.

## **X. Election at the Annual Meeting**

### **a) Non-Sector Directors**

- i. A motion naming the **Non-Sector Director Candidate(s)** shall be presented at the **Annual Meeting** of the members. The members shall by ordinary resolution elect and appoint the **Candidates** as **Non-Sector Directors** to hold office subject to the **Act** and **By-Law**.

### **b) Sector Directors**

- i. An election at the **Annual Meeting** by ordinary resolution will determine the successful **Candidate(s)** from the **Final List of Candidates**. Each member in attendance at the **Annual Meeting** is entitled to cast one vote for each position for which an election is being held. If the **Final List of Candidates** eligible to be elected is greater than the number of **Sector Director** vacancies, a vote shall be conducted per vacancy to elect the required number of **Sector Directors**, where the **Candidate** who receives a majority with the highest number of votes per election wins. In the case of a tie between two or more **Candidates**, a second vote amongst those **Candidates** will determine the successful **Candidate**.
- ii. In the event that any vacancies attract a **Term of Office** other than three years, the order of elections will be the vacancy with the longest **Term of Office** to the shortest.
- iii. If the **Final List of Candidates** is equal to the number of vacancies, but the **Terms of Office** are dissimilar amongst the vacancies, members will hold an election for each vacancy to determine the **Term of Office** for each **Candidate**.

RECO's recruitment process is designed to identify candidates who best meet the needs of the Board based on the established criteria, qualifications and competencies. In



accordance with the Administrative Agreement, any motion from the floor that affects the Board composition or selection criteria or process and terms of office of its members shall not be entertained or put to the vote of the membership unless the motion has been reviewed and approved by the Minister.

## **XI. Review and Evaluation**

On an annual basis, the **Nominations Committee** will review and evaluate the effectiveness of the recruitment process, making recommendations to the **Board** as necessary to improve the process for the following recruitment cycle.