Memorandum of Understanding

Between

Minister of Labour, Immigration, Training and Skills Development

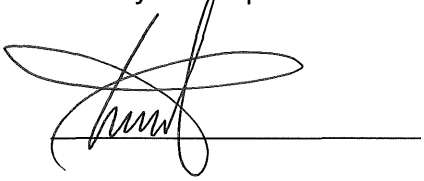
and

Chair of Skilled Trades Ontario

September 2026

Signatures

I have read, understood and concur with this MOU dated September 2026 and will abide by the requirements for this MOU and the AAD.

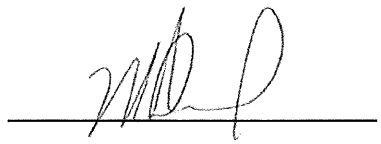


Minister

28 Oct 2026

Date

I have read, understood and concur with this MOU dated September 2026 and will abide the requirements for this MOU and the AAD.



September 17, 2026

Skilled Trades Ontario
Chair

Date

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The parties to this Memorandum of Understanding agree to the following:

1. Preamble

a. Provincial agencies deliver important and valued services to the people of Ontario. In delivering these public services, provincial agencies are accountable to the Government through the responsible minister.

b. Provincial agencies must use public resources efficiently and effectively to carry out their mandates, as established by their respective constituting instruments and in alignment with the key priorities of the provincial Government. Their operations are guided by the key principles of the Agencies and Appointments Directive (AAD).

c. The parties to this MOU acknowledge that Skilled Trades Ontario (STO) is part of Government and is required to comply with legislation, Government directives, policies and guidelines applicable to them. Further, STO may be required to ensure that their directives and policies adhere to certain Government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations.

2. Purpose

a. The purpose of this Memorandum of Understanding (MOU) is to:

- Establish the accountability relationships between the Minister of Labour, Immigration, Training and Skills Development and the Chair of STO
- Clarify the roles and responsibilities of the Minister, the Chair, the Deputy Minister, STO's Chief Executive Officer (CEO), and STO's Board of Directors
- Clarify the operational, administrative, financial, staffing, auditing and reporting arrangements between STO and the Ministry of Labour, Immigration, Training and Skills Development.

b. This MOU should be read together with the *Building Opportunities in the Skilled Trades Act, 2021* ("Act"). This MOU does not affect, modify or limit the powers of STO as set out under the Act, or interfere with the responsibilities of any of the parties to this MOU as established by law. In case of a conflict between this MOU and any act or regulation, the act or regulation prevails.

3. Definitions

In this MOU:

a. A reference in this MOU to an Act or regulation is a reference to that Act or regulation, as amended.

b. "AAD" means the Agencies and Appointments Directive, issued by Management

Board of Cabinet;

c. "Act" means the *Building Opportunities in the Skilled Trades Act, 2021,* S.O. 2021, c. 28;

d. "Annual Report" means the Annual Report referred to in article 11.2 of this MOU;

e. "Applicable Government Directives" means the Government directives, policies, standards and guidelines that apply to STO;

f. "Artificial Intelligence System" means a machine-based system that, for explicit or implicit objectives, makes inferences, from the input it receives, in order to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments.

g. "Board of Directors" means the Board of Directors of STO;

h. "Business Plan" means the annual Business Plan described under article 11.1 of this MOU;

i. "CEO" means the Chief Executive Officer of STO;

j. "Chair" means the chair of STO;

k. "Constituting Instrument" means the Act that established STO;

l. "Consultant" means a person or entity that under an agreement, other than an employment agreement, provides expert or strategic advice and related services for consideration and decision-making;

m. "Deputy Minister" means the Deputy Minister of the Ministry of Labour, Immigration, Training and Skills Development;

n. "Designated Executive" means a Designated Executive as defined in the *Broader Public Sector Executive Compensation Act, 2014*, S.O. 2014;

o. "Executive Council Act" means the *Executive Council Act*, R.S.O. 1990, c. E. 25;

p. "FIPPA" means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.F.31;

q. "Fiscal Year" means the period from April 1 to March 31;

r. "Government" means the Government of Ontario;

s. "MBC" means the Management Board of Cabinet;

t. "Member" means an individual appointed to STO by the Lieutenant Governor in Council, but does not mean the STO CEO and Registrar or any other individual employed or

appointed by STO as staff;

u. "Minister" means the Minister of Labour, Immigration, Training and Skills Development or such other person who may be designated from time to time as the responsible minister in relation to this MOU in accordance with the *Executive Council Act*;

v. "Minister of Finance" means the Minister of Finance or such other person who may be designated from time to time under the *Executive Council Act* as the Minister responsible for fulfilling the functions associated with the Minister of Finance in this MOU;

w. "Ministry" means the Ministry of Labour, Immigration, Training and Skills Development or any successor to the Ministry;

x. "MOU" means this Memorandum of Understanding signed by the Minister and the Chair;

y. "OPS" means the Ontario Public Service;

z. "President of the Treasury Board" means the President of the Treasury Board or such other person who may be designated from time to time under the *Executive Council Act* as the individual responsible for fulfilling the functions associated with the President of Treasury Board in this MOU;

aa. "PSC" means the Public Service Commission;

bb. "PSOA" means the *Public Service of Ontario Act, 2006*, S.O. 2006, c. 35, Sched. A;

cc. "Registrar" means the Registrar of STO;

dd. "STO" means Skilled Trades Ontario;

ee. "TBS" means the Treasury Board Secretariat;

ff. "TB/MBC" means the Treasury Board/Management Board of Cabinet.

4. Agency's Legal Authority and Mandate

a. The legal authority of STO is set out in the Act.

b. STO's mandate is set out in the Act, which states that STO's objects are to:

    i. Establish apprenticeship programs and other training programs for trades, including training standards, curriculum standards and certifying examinations.

    ii. Register training agreements.

    iii. Administer examinations, including certifying examinations.

iv. Conduct research and evaluate whether a trade should be prescribed as a trade for the purposes of the Act and to make recommendations on these matters to the Minister.

v. Issue certificates for the purposes of the Act.

vi. Assess whether the experience and qualifications obtained by applicants for a certificate of qualification who do not complete an apprenticeship are equivalent to those received through completing an apprenticeship.

vii. Maintain a public register of every apprentice in a compulsory trade and every holder of a certificate of qualification in a compulsory trade or provisional certificate of qualification in a compulsory trade.

viii. Promote trades and apprenticeship.

ix. Conduct research in relation to trades and apprenticeship.

x. Work with other governments in Canada with respect to the Interprovincial Standards Red Seal Program for apprenticeship and with respect to standards, qualifications and other requirements required for trades.

xi. Promote inclusivity and diversity in relation to trades and apprenticeship.

xii. Pursue such other objects as may be prescribed.

5. Agency Type, Function and Public Body Status

a. STO is designated as a board-governed provincial agency with an Operational Service function under the AAD.

b. STO is prescribed as a public body in accordance with Ontario Regulation 146/10 under the PSOA.

6. Corporate Status and Crown Agency Status

a. STO is a Crown agency within the meaning of the *Crown Agency Act*.

b. STO has the capacity, rights, powers and privileges of a natural person for carrying out its objects, subject to the limitations placed upon it under the Act and/or limitations imposed by TB/MBC.

c. STO is a corporation without share capital. The *Not-for-Profit Corporations Act, 2010* and the *Corporations Information Act, 2010* do not apply to STO except as may be prescribed in the regulations of the Act.

7. Guiding Principles

The parties agree to the following principles:

a. **Accountability**: Provincial agencies deliver public services and are accountable to the Government through the responsible minister. In delivering on their mandate, provincial agencies balance operational flexibility with the minister's accountability for the provincial agency to Cabinet, the Legislative Assembly and the people of Ontario. Accountability of the minister for each provincial agency cannot be delegated.

   Every provincial agency complies with all applicable legislation and Ontario Public Service (OPS) directives and policies. Further, agencies ensure that their directives and policies adhere to certain Government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations. This includes applicable legislation and directives related to procurement.

b. **Responsiveness:** Provincial agencies align their mandate and operations with Government priorities and direction. Open and consistent communication between provincial agencies and their responsible ministry helps ensure that Government priorities and direction are clearly understood and helps to manage risks or issues as they arise. Provincial agencies deliver a high standard of public service that meets the needs of the population that they serve.

c. **Efficiency**: Provincial agencies use public resources efficiently and effectively to carry out their mandates, as established by their respective constituting instruments. They operate in a cost-effective manner, and pursue efficiencies throughout the agency's service delivery and administration.

d. **Sustainability**: Provincial agencies operate in a way so that their current form is sustainable over the long-term while delivering a high standard of service to the public.

e. **Transparency**: Good governance and accountability practices for provincial agencies are complemented by transparency in the form of public posting of governance and accountability documents including the Business Plan, Annual Report, MOU and expenses information.

8. Accountability Relationships

8.1 Minister

The Minister is accountable:

a. To Cabinet and the Legislative Assembly for STO's fulfilment of its mandate and its compliance with Government policies, and for reporting to the Legislative

Assembly on STO's affairs.

b. For reporting and responding to TB/MBC on STO's performance and compliance with Government's applicable direction, including directives and operational policies.

c. To Cabinet for the performance of STO and its compliance with the Government's operational policies and broad policy directions.

8.2 Chair

The Chair, acting on behalf of the Board of Directors, is accountable:

a. To the Minister for STO's performance in fulfilling its mandate, and for carrying out the roles and responsibilities assigned to the Chair by the Act, this MOU, and Applicable Government Directives and policies.

b. For reporting to the Minister, as requested, on STO's activities.

c. For ensuring timely communications with the Minister regarding any issue that affects, or can reasonably be expected to affect, the Minister's responsibilities for STO.

d. To the Minister to confirm STO's compliance with legislation, Government directives, and applicable accounting, financial, and I&IT policies.

8.3 Board of Directors

a. The Board of Directors is accountable, through the Chair, to the Minister for the oversight and governance of STO; setting goals, objectives and strategic direction for STO as outlined in the annual letter of direction; and for carrying out the roles and responsibilities assigned to it by the Act, this MOU, and applicable other Government directives and policies.

8.4 Deputy Minister

a. The Deputy Minister reports to the Secretary of the Cabinet and is responsible for supporting the Minister in the effective oversight of provincial agencies.

b. The Deputy Minister is accountable for the performance of the Ministry in providing administrative and organizational support to STO and for carrying out the roles and responsibilities assigned by the Minister, the Act, this MOU, and Applicable Government Directives and policies.

c. The Deputy Minister is also accountable for attesting to TB/MBC on STO's

compliance with applicable directives to the best of their knowledge and ability.

8.5 Chief Executive Officer (CEO)

a. The CEO is accountable to the Board of Directors for the management and administration of STO, the supervision of agency staff, and carrying out the roles and responsibilities assigned by the Board of Directors, the Act, this MOU and Government directives. The CEO works under the direction of the Chair to implement policy and operational decisions. The CEO reports STO's performance results to the Board of Directors, through the Chair. The Board of Directors and Chair are accountable to the Minister.

b. This also applies where the CEO is appointed by the Lieutenant Governor in Council (LGIC).

c. Under the Act, the CEO is the Registrar. The functions of the Registrar are set out in subsection 46(3) of the Act.

d. The Board of Directors shall not interfere with the substance of any discretionary decisions made in the exercise and performance of the Registrar's functions.

e. For greater certainty and without limiting the generality of the foregoing, neither the Registrar nor the Board of Directors shall be involved in overseeing or intervening in any hearings before the prescribed person or body under sections 12, 15, and/or 19 of the Act, in which the prescribed person or body independently reviews individual Registrar decisions.

9. Roles and Responsibilities

9.1 Minister

The Minister is responsible for:

a. Reporting and responding to the Legislative Assembly on the affairs of STO.

b. Reporting and responding to TB/MBC on STO's performance and compliance with applicable directives, the Government's operational policies and policy directions.

c. Meeting with the Chair at least quarterly on: Government and Ministry priorities for STO; agency, Board of Directors, Chair and CEO performance; emerging issues and opportunities; agency high risks and action plans including direction on corrective action, as required; and agency Business Plan and capital priorities.

    i. As a best practice, meetings are to be quarterly. The Minister may

delegate some of the meetings to an Associate Minister or Parliamentary Assistant. The Minister should meet with the Chair at least twice per year, with one meeting focused on agency, Board of Directors, Chair and CEO performance.

ii. If the Minister deems STO to be low-risk, the Minister may reduce the number of meetings to twice a year, instead of quarterly, with one meeting focused on agency, Board of Directors, Chair and CEO performance.

d. Informing the Chair of the Government's priorities and broad policy directions for STO and setting expectations for STO in the annual letter of direction.

e. Working with the Chair to develop appropriate measures and mechanisms related to the performance of STO.

f. Reviewing the advice or recommendation of the Chair on candidates for appointment or reappointment to the Board of Directors.

g. Making recommendations to Cabinet and the Lieutenant Governor in Council for appointments and reappointments to STO, pursuant to the process for agency appointments established by legislation and/or by MBC through the AAD.

h. Determining at any time the need for a review or audit of STO, directing the Chair to undertake reviews or audits of STO on a periodic basis, and recommending to TB/MBC any change(s) to the governance or administration of STO resulting from any such review or audit.

i. Signing the MOU into effect after it has been signed by the Chair.

j. Receiving STO's annual Business Plan and approving or providing suggested changes to the plan no later than 30 calendar days from receiving it.

k. Ensuring that STO's Business Plan is made available to the public no later than 30 calendar days from approving it.

l. Receiving STO's Annual Report and approving the report no later than 60 calendar days from the Ministry's receipt of the report from STO.

m. Ensuring the Annual Report is tabled no later than 30 calendar days from approval and then made available to the public.

n. Recommending to TB/MBC any provincial funding to be allocated to STO.

o. When appropriate or necessary, taking action or directing that STO take corrective action with respect to STO's administration or operations.

p. Consulting, as appropriate, with the Chair (and others) on significant new directions or when the Government is considering regulatory or legislative changes for STO.

q. Recommending to TB/MBC the application of the OPS Procurement Directive.

r. Recommending to TB/MBC, where required, the merger, any change to the mandate, or dissolution of STO.

s. Recommending to TB/MBC the powers to be given to, or revoked from, STO when a change to STO's mandate is being proposed.

t. Reviewing and, as appropriate, approving, rejecting or returning the by-laws submitted by STO as per section 43 of the Act.

u. Reviewing the activities of STO and, when appropriate or necessary, requiring it provide reports and information at the discretion of the Minister as per clause 44(1)(a) of the Act.

v. When the Minister considers it appropriate or necessary, issuing directives in writing to the Board of Directors regarding the operations of STO as per clause 44(1)(b) of the Act.

9.2 Chair

The Chair is responsible for supporting the Board of Directors by:

a. Providing leadership to STO's Board of Directors and ensuring that the Board of Directors carries out its fiduciary responsibilities for decisions regarding STO.

b. Providing strategic leadership to STO by working with the Board of Directors to set the goals, objectives and strategic directions as outlined in the annual letter of direction.

c. Ensuring compliance with legislative and TB/MBC policy obligations.

d. Reporting to the Minister as requested on STO's activities within agreed upon timelines, including through an annual letter confirming STO's compliance with all applicable legislation, directives, and accounting, financial and I&IT policies.

e. Meeting with the Minister at least quarterly on: Government and Ministry priorities for STO; agency, Board of Directors and CEO performance; emerging issues and opportunities; agency high risks and action plans including direction on corrective action, as required; and agency Business Plan and capital priorities.

    i. As a best practice, meetings are to be quarterly. The Minister may delegate some of the meetings to an Associate Minister or Parliamentary Assistant. The Minister should meet with the Chair at least twice per year, with one meeting focused on agency, Board of Directors and CEO performance.

    ii. If the Minister deems STO to be low-risk, the Minister may reduce the number of meetings to twice a year, instead of quarterly, with one

meeting focused on agency, Board of Directors, Chair and CEO performance.

f. Ensuring timely communications with the Minister regarding any issues or events that may concern or can reasonably be expected to concern the Minister in the exercise of their responsibilities relating to STO.

g. Ensuring STO is fulfilling the Government's priorities and expectations from the annual letter of direction, and achieving its key performance measures.

h. Informing the Minister on progress on achieving the Government's priorities and broad policy directions for STO as outlined in the annual letter of direction.

i. Working with the Minister to develop appropriate measures and mechanisms related to the performance of STO.

j. Utilizing STO's skills matrix to advise the Minister of any competency skills gaps on the Board of Directors and provide recommendations for recruitment strategies, appointments, or re-appointments as needed, including advising the Minister on appointee attendance and performance.

k. Cooperating with any review or audit of STO.

l. Requesting an external audit of the financial transactions or management controls of STO, at STO's expense, if required.

m. Advising the Minister and Deputy Minister, annually at minimum, on any outstanding audit recommendations/issues.

n. Sharing all audit engagement reports (including those prepared by STO's own internal audit function and/or those reported to the Chair) with the Minister and Deputy Minister (and when requested, with the President of the Treasury Board).

o. Seeking strategic policy direction for STO from the Minister.

p. Signing STO's MOU on behalf of the Board of Directors, along with the CEO.

q. Submitting STO's Business Plan/attestation memo, budget, Annual Report/attestation memo and financial reports, on behalf of the Board of Directors, to the Minister in accordance with the timelines specified in the Act, Applicable Government Directives and this MOU.

r. Ensuring that STO operates within its approved budget allocation in fulfilling its mandate, and that public funds are used for the purpose intended with integrity and honesty.

s. Consulting with the Minister in advance regarding any activity which may have an impact on the Government and Ministry's policies, directives or procedures,

or on STO's mandate, powers or responsibilities as set out in STO's Constituting Instrument.

t. Chairing Board of Directors meetings, including the management of the Board of Directors' agenda.

u. Reviewing the performance of the CEO annually in consultation with the Board of Directors and Deputy Minister.

v. Reviewing and approving claims for per diems and travel expenses for Board Members.

w. Ensuring appropriate management systems are in place (financial, information technology (including cyber security), human resources, procurement) for the effective administration of STO.

x. Establishing and implementing artificial intelligence (AI) risk management in alignment with the principles of the Responsible Use of AI Directive and requirements in section 6.3 of the Responsible Use of AI Directive, ensuring that they fulfill the role outlined for "Provincial Agency Heads or Equivalent" in the Responsible Use of AI Directive.

y. Carrying out effective public communications and relations for STO as the lead spokesperson for strategic matters and Board of Directors decisions, and in compliance with Appendix 2: Communications Protocol, including representing the Board of Directors at meetings with the Minister and Deputy Minister.

z. Ensuring the CEO carries out effective public communications and relations for STO as the lead spokesperson for operational matters and in compliance with Appendix 2: Communications Protocol.

aa. Acknowledging the importance of promoting an equitable, inclusive, accessible, anti-racist and diverse workplace within STO, and supporting a diverse and inclusive workplace within STO.

bb. Ensuring that Board Members are informed of their responsibilities under the PSOA with regard to the rules of ethical conduct, including the political activity rules.

cc. Fulfilling the role of ethics executive for public servants, including Board Members and employees of STO, such as, but not limited to, the CEO, promoting ethical conduct and ensuring that all public servants of STO are familiar with the ethical requirements of the PSOA, and the regulations and the directives made under that act, including in respect of conflict of interest, political activity and the protected disclosure of wrongdoing.

dd. Ensuring a copy of every by-law is delivered to the Minister, pursuant to subsection 43(3) of the Act, and subject to any other requirement under section 43 of the Act.

9.3 Board of Directors

The Board of Directors is responsible for:

a. Managing and controlling the affairs of STO.

b. Ensuring STO is governed in an effective and efficient manner and STO uses public funds with integrity and honesty, and only for the business of STO based on the principle of value for money, and in compliance with applicable legislation and directives and policies.

c. Ensuring STO is fulfilling the Government's priorities and expectations from the annual letter of direction in the establishment of goals, objectives, and strategic directions for STO.

d. Establishing robust performance measures, targets and management systems, and monitoring and assessing STO's performance measures, targets and management systems.

e. Governing the affairs of STO in fulfilling the Government's priorities and expectations from the annual letter of direction as set out in its approved Business Plan as described in section 11.1 of this MOU, and the policy parameters established and communicated in writing by the Minister.

f. Directing the development of, and approving STO's Business Plans for submission to the Minister within the timelines established by the AAD.

g. Directing the preparation and publication of, and approving, STO's Annual Reports for submission to the Minister for tabling in the Legislative Assembly within the timelines established by the AAD or the Act as applicable.

h. Approving STO's reports and reviews that may be requested by the Minister from time to time for submission to the Minister within agreed upon timelines.

i. Making decisions consistent with the Business Plan approved for STO and ensuring that STO operates within its budget allocation.

j. Ensuring the CEO is fulfilling their responsibilities as outlined in this MOU and the AAD.

k. Reviewing the performance of the CEO annually in consultation with the Chair and Deputy Minister.

l. Ensuring that STO is governed in an effective and efficient manner according to accepted business and financial practices, and in accordance with applicable directives and policies.

m. Establishing such Board of Directors committees or oversight mechanisms as may

be required to advise the Board of Directors on effective management, governance or accountability procedures for STO.

n. Approving STO's MOU, and any amendments to the MOU, subject to TB/MBC approval, in a timely manner and authorizing the Chair to sign the MOU, or any amendments to the MOU, on behalf of STO.

o. Directing the development of an appropriate risk management framework and a risk management plan and arranging for risk-based reviews and audits of STO as needed.

p. Where applicable, ensuring that conflict of interest rules that STO is required to follow, as set out in Ontario Regulation 381/07 under PSOA (or as have been approved and published by the Integrity Commissioner on the Commissioner's website), are in place for Board Members and employees of STO.

q. Directing corrective action on the functioning or operations of STO, if needed.

r. Cooperating with and sharing any relevant information on any risk-based or periodic review directed by the Minister or TB/MBC.

s. Consulting, as appropriate, with stakeholders on STO's goals, objectives and strategic directions.

t. Providing advice to the Government, through the Minister, on issues within or affecting STO's mandate and operations.

u. Ensuring STO operates in accordance with requirements related to Labour Mobility and the Interprovincial Standards Red Seal Program as set out in Appendix 1.

v. Ensuring that the responsibilities for the institution head are carried out as set out in Regulation 460 for the purposes of the FIPPA.

w. Providing reports and information required by the Minister under clause 44(1)(a) of the Act.

x. Complying with directives issued by the Minister under clause 44(1)(b) of the Act within the time and manner specified by the Minister and submitting a report to the Minister respecting the compliance under subsection 44(2).

9.4 Deputy Minister

Deputy Minister responsibilities may be fulfilled by a delegate approved by the Secretary of Cabinet.

The Deputy Minister is responsible for:

a. Advising and assisting the Minister regarding the Minister's oversight responsibilities

for STO, including informing the Minister of policy direction, policies and priorities of relevance to STO's mandate.

b. Advising the Minister on the requirements of the AAD, ensuring governance and accountability documents accurately adhere to the requirements of the AAD, and other directives that apply to STO.

c. Attesting to TB/MBC on STO's compliance with the mandatory accountability requirements set out in the AAD and other applicable directives, the Government's operational policies and policy directions based on the annual letter of compliance from STO's Chair to the Minister to the best of their knowledge and ability.

d. Reporting/responding, within prescribed timelines, to TBS on compliance tracking.

e. Informing the CEO, in writing, of new Government directives and any exceptions to, or exemptions in whole or in part from directives, Government policies, or Ministry administrative policies.

f. Ensuring regular briefings and consultations between the Chair and the Minister at least quarterly, and between the Ministry staff and STO staff as needed.

g. Meeting with STO's CEO at least quarterly on matters of mutual importance, including emerging issues and opportunities, Government priorities and progress on annual letter of direction, agency Business Plans and results and agency high risks and action plans.

h. Meeting with STO's CEO regularly and as required to discuss Certificate of Assurance exceptions and fraud instances and their related action plans.

i. Supporting the Minister in reviewing the performance targets, measures and results of STO.

j. Signing STO's MOU, acknowledging their responsibilities.

k. Undertaking reviews of STO as may be directed by the Minister.

l. Cooperating with any review of STO as directed by the Minister or TB/MBC.

m. Ensuring the review and assessment of STO's Business Plan and other reports.

n. Requesting information and data as needed to fulfill obligations under the AAD.

o. Monitoring STO on behalf of the Minister while respecting STO's authority, identifying needs for corrective action where warranted, and recommending to the Minister ways of resolving any issues that might arise from time to time.

p. Providing regular feedback to the Minister on the performance of STO.

q. Providing annual feedback on the performance of STO and CEO to the Chair.

r. Supporting the Minister and Minister's Office in monitoring and tracking upcoming and existing vacancies on the Board of Directors, particularly where there is a legislated minimum number of Members and to maintain quorum.

s. Recommending to the Minister, as may be necessary, the evaluation or review, including a risk-based review, of STO or any of its programs, or changes to the management framework or operations of STO.

t. Ensuring that the Ministry and STO have the capacity and systems in place for on-going risk-based management, including appropriate oversight of STO.

u. Ensuring that STO has an appropriate risk management framework and a risk management plan in place for managing risks that STO may encounter in meeting its program or service delivery objectives.

v. Undertaking timely risk-based reviews of STO, its management or operations, as may be directed by the Minister or TB/MBC.

w. Submitting to the Minister, as part of the annual planning process, a risk assessment and management plan for each risk category, and for each business line (as applicable).

x. Consulting with STO's CEO, as needed, on matters of mutual importance including services provided by the Ministry and compliance with directives and Ministry policies.

y. Working with the CEO to address any issue that may arise.

z. Arranging for administrative, financial and other support to STO, as specified in this MOU.

9.5 Chief Executive Officer (CEO)

The CEO is responsible for:

a. Being accountable to the Board of Directors, including where the CEO is appointed by the LGIC.

b. Managing the day-to-day operational, financial, analytical, and administrative affairs of STO in accordance with the mandate of STO, Government directives and policies, accepted business and financial practices, and this MOU.

c. Supporting the Chair and Board of Directors in meeting their responsibilities, including compliance with all applicable legislation, directives, policies, procedures and guidelines.

d. Advising the Chair on the requirements of and STO's compliance with the AAD, as

well as other Government directives and policies, and agency by-laws and policies, including annually attesting to the Chair on STO's compliance with mandatory requirements.

e. Attesting to the compliance of STO to applicable directives and policies and supporting the Board of Directors to provide the statement of compliance of STO.

f. Ensuring that STO meets the requirements of the AAD.

g. Meeting with the Deputy Minister at least quarterly on matters of mutual importance, including: emerging issues and opportunities; Government priorities and progress on annual letter of direction; agency Business Plans and results; and, agency high risks, the action plans and advice on corrective action as required.

h. Meeting with the Deputy Minister or an approved delegate regularly and as required to discuss Certificate of Assurance exceptions and fraud instances and their related action plans.

i. Keeping the Chair and Board of Directors informed of operational matters and the implementation of policy and the operations of STO.

j. Keeping the Ministry, Minister (through the Chair), and the Chair advised on issues or events that may concern the Minister, the Deputy Minister and the Chair in the exercise of their responsibilities.

k. Translating the goals, objectives and strategic directions of the Board of Directors, as set out in the annual letter of direction, into operational plans and activities in accordance with STO's approved Business Plan.

l. Carrying out in-year monitoring of STO's performance and reporting on results to the Board of Directors through the Chair.

m. Undertaking timely risk-based reviews of STO's management and operations.

n. Cooperating with a periodic review directed by the Minister or TB/MBC.

o. Signing STO's MOU, along with the Chair, on behalf of the Board of Directors.

p. Preparing STO's Annual Report and Business Plan as directed by the Board of Directors.

q. Establishing and applying systems to ensure that STO operates within its approved Business Plan.

r. Providing leadership and management to STO's staff, including human and financial resources management, in accordance with the approved Business Plan, accepted business and financial practices and standards, STO's Constituting Instrument, and Government directives.

s. Establishing and applying a financial management framework for STO in

accordance with applicable Minister of Finance/Treasury Board controllership directives, policies and guidelines.

t. Applying policies and procedures so that public funds are used with integrity and honesty.

u. Ensuring that STO has the oversight capacity and an effective oversight framework in place for monitoring its management and operations.

v. Providing information and reporting as requested by the Minister, Deputy Minister, Ministry and/or TBS, and within timelines set out by the Minister, Deputy Minister, Ministry and/or TBS.

w. Establishing and applying STO's risk management framework and risk management plan in place as directed by the Board of Directors.

x. Seeking support and advice from the Ministry, as appropriate, on agency management issues.

y. Establishing and applying a system for the retention of agency documents and for making such documents publicly available when appropriate, for complying with the FIPPA and the *Archives and Recordkeeping Act, 2006,* S.O. 2006, c. 34, Sched. A, where applicable.

z. Carrying out effective public communications and relations for STO as the lead spokesperson for operational matters and in compliance with Appendix 2: Communications Protocol.

aa. Preparing financial reports for approval by the Board of Directors.

bb. Preparing, for approval by the Board of Directors, a performance review system for staff and implementing the system.

cc. Establishing industry advisory committees as the CEO considers necessary or advisable for the purpose of advising the CEO on matters related to the objects of STO.

dd. Serving as the Registrar of STO and exercising the powers and performing the duties and functions conferred or imposed on the Registrar by or under the Act as per section 46 of the Act.

ee. Ensuring the establishment and maintenance of a public register that meets the requirements specified under the Act and its regulations.

10. Ethical Framework

a. As per paragraph 4 of subsection 62(1) of the PSOA, the ethics executive for the Chair is the Integrity Commissioner.

b. The Members of the Board of Directors, who are appointed by the Lieutenant Governor

in Council, are subject to the conflict of interest provisions of the AAD and the conflict of interest provisions of the PSOA and its regulations.

c. Board Members shall not use any information gained as a result of their appointment to or membership on the Board of Directors for personal gain or benefit. A Member who has reasonable grounds to believe that they have a conflict of interest in a matter before the Board of Directors, or a committee of the Board of Directors, shall disclose the nature of the conflict to the Chair at the first opportunity and shall refrain from further participation in the consideration of the matter. The Chair shall cause to be recorded in the minutes of the meeting of the Board of Directors any declared conflicts of interest.

d. The Chair, as the ethics executive for STO, is responsible for ensuring that appointees and staff of STO are informed of the ethical rules to which they are subject, including the rules on conflict of interest, political activity and protected disclosure of wrongdoing that apply to STO.

11. Reporting Requirements

11.1 Business Plan

a. The Chair will ensure that the Minister is provided annually with STO's Business Plan covering a minimum of three (3) years from the upcoming Fiscal Year, unless otherwise specified by TB/MBC, for approval by the Minister. The annual Business Plan shall be in accordance with the requirements set out in the AAD.

b. The draft annual Business Plan is to be submitted to the Ministry's Chief Administrative Officer no later than 90 calendar days prior to the beginning of STO's Fiscal Year start, and the Board of Directors-approved Business Plan is to be submitted to the Minister for approval no later than 30 calendar days prior to the beginning of STO's Fiscal Year.

c. The Chair will ensure that the Business Plan demonstrates STO's plans in fulfilling the Government priorities set out in the annual letter of direction. When the Business Plan is submitted to the Minister for approval, an attestation memo from STO's Chair must also be submitted that details how STO plans to achieve each Government priority.

d. The Chair is responsible for ensuring that STO's Business Plan includes a system of performance measures and reporting on the achievement of the objectives set out in the Business Plan. The system must include performance goals, how they will be achieved, and targeted results and timeframes.

e. The Chair will ensure that the Business Plan includes a summary of HR impacts, including: current number of employees expressed as full-time equivalents and current number of executives.

f. The Chair will ensure that the Business Plan includes a risk assessment and risk management plan. This will assist the Ministry in developing its risk assessment and risk management plan information in accordance with the requirements of the AAD to assess risks, develop and maintain necessary records, and report to TB/MBC.

g. The Chair will ensure that the Business Plan includes an inventory of STO's artificial intelligence (AI) use cases in accordance with requirements of the Responsible Use of AI Directive.

h. The Chair will ensure that publicly posted Business Plans do not disclose: personal information, sensitive employment and labour relations information, solicitor-client privileged information, Cabinet confidential information, trade secrets, information that would prejudice the financial or commercial interests of STO in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of STO. If necessary, this confidential information, included in the Minister-approved Business Plan, may be redacted in the publicly posted version.

i. The Minister will review STO's annual Business Plan and will promptly advise the Chair whether or not they concur with the directions proposed by STO. The Minister may advise the Chair where and in what manner STO's plan varies from Government or Ministry policy or priorities as may be required, and the Chair, on behalf of the Board of Directors, will revise STO's plan accordingly. Business Plans are only to be considered valid once the responsible Minister has approved the plan and the approval has been expressed in writing.

j. The Minister will approve or provide suggested changes to the Business Plan no later than 30 calendar days from the Minister's receipt of the report. In certain circumstances, Minister approval may be given to only certain portions of a Business Plan as submitted by an agency.

k. The parties acknowledge that TB/MBC may require the Minister to submit STO's Business Plan to TB/MBC for review at any time.

l. The Chair, through the CEO, will ensure that the Minister approved Business Plan is made available to the public in an accessible format (to comply with the *Accessibility for Ontarians with Disabilities Act, 2005*), in both official languages (to comply with the *French Language Services Act*), on the STO website no later than 30 calendar days from Minister's approval of the plan.

11.2 Annual Reports

a. The Chair will ensure that the Ministry is provided annually with STO's Annual Report. The Annual Report shall be in accordance with the requirements set out in the AAD and the Act.

b. The Annual Report is to be submitted to the Ministry no later than 120 calendar days after STO's Fiscal Year-end.

c. The Chair will ensure that the Annual Report includes a summary of HR impacts, including: number of employees expressed as full-time equivalents, and number of executives.

d. The Chair will ensure that publicly posted Annual Reports do not disclose: personal information, sensitive employment and labour relations information, solicitor-client privileged information, Cabinet confidential information, trade secrets, information that would prejudice the financial or commercial interests of STO in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of STO.

e. The Chair will ensure that the Annual Report demonstrates how STO has fulfilled the expectations and Government priorities set out in the annual letter of direction. When the Annual Report is submitted to the Minister for approval, an attestation memo from STO Chair must also be submitted that details how STO has achieved each Government priority.

f. The Minister will approve the Annual Report no later than 60 calendar days from the Ministry's receipt of the report, and will table the report in the Legislative Assembly no later than 30 calendar days from approval.

g. The Chair, through the CEO, will ensure that the Minister approved Annual Report is publicly posted in an accessible format (to comply with the *Accessibility for Ontarians with Disabilities Act, 2005*), in both official languages (to comply with the *French Language Services Act*), on the STO website after the report has been tabled in the Legislature and no later than 30 calendar days from Minister's approval of the report.

h. When distributing Annual Reports, digital formats and channels for distribution must be used unless otherwise required (e.g., by directive, legislation).

11.3 Human Resources and Compensation

a. The CEO will ensure that STO provides workforce, compensation and operational data as set out in the AAD Operational Policy.

b. The CEO will also ensure that STO reports on HR and compensation policies in its Business Plans and Annual Reports, in accordance with the requirements of the AAD, AAD Operational Policy, and articles 11.1 and 11.2 of this MOU.

c. The CEO will also ensure that STO provides any other additional workforce, compensation and operational data as requested by TBS.

11.4 Other Reports

The Chair is responsible on behalf of the Board of Directors for:

a. Ensuring that all required reports and documents, including those set out in the AAD and STO's Constituting Instrument, are submitted for review and approval by the Minister in accordance with the prescribed timelines.

b. Supplying specific data and other information, at the request of the Minister or the Deputy Minister, that may be required from time-to-time.

12. Public Posting Requirements

a. STO, through the Chair on behalf of the Board of Directors, will ensure that the following approved governance documents are posted in an accessible format (to comply with the *Accessibility for Ontarians with Disabilities Act, 2005*), in both official languages (to comply with to the *French Language Services Act*), on the STO website no later than the specified timelines:

   - Memorandum of Understanding – within 30 calendar days of signing by all parties
   - Annual letter of direction – no later than the corresponding annual Business Plan
   - Annual Business Plan – within 30 calendar days of Minister's approval
   - Annual Report – within 30 calendar days of Minister's approval (the report must first be tabled in the Legislature).

b. Posted governance documents should not disclose: personal information, sensitive employment and labour relations information, solicitor-client privileged information, Cabinet confidential information, trade secrets or scientific information, information that would prejudice the financial or commercial interests of STO in the marketplace, and information that would otherwise pose a risk to the security of the facilities and/or operations of STO

c. STO, through the Chair on behalf of the Board of Directors, will ensure that the expense information for appointees and senior management staff are posted on the STO website, in accordance with the requirements of the Travel, Meal and Hospitality Expenses Directive.

d. STO, through the Chair on behalf of the Board of Directors, will ensure that each of its by-laws is published on STO's website as soon as practicable after the by-law becomes effective, as per subsection 43(9) of the Act.

e. STO, through the Chair on behalf of the Board of Directors, will ensure that any other applicable public posting requirements are met.

13. Communications and Issues Management

The parties to this MOU recognize that the timely exchange of information on the plans, strategies, operations and administration of STO is essential for the Minister to meet their responsibilities for reporting and responding to the Legislative Assembly on the affairs of STO. The parties also recognize that it is essential for the Chair on behalf of the Board of Directors to be kept informed of Government initiatives and broad policy directions that may affect STO's mandate and functions.

The Minister and the Chair on behalf of the Board of Directors, therefore, agree that:

a. The Chair, and the CEO as necessary, will consult with the Minister, in a timely manner, on all planned announcements, events or issues, including contentious matters, that concern or can be reasonably expected to concern the Minister in the exercise of their responsibilities.

b. The Minister will advise the Chair, and the CEO as necessary, in a timely manner, as appropriate, on broad Government policy initiatives or legislation being considered by the Government that may impact on STO's mandate or functions, or which otherwise will have a significant impact on STO.

c. The Minister will advise the Chair, and the CEO as necessary, and the Chair will consult with the Minister on public communication strategies and publications. They will keep each other informed of the results of stakeholder and other public consultations and discussions as they relate to STO's mandate and functions.

d. The Minister and the Chair will meet at least quarterly on: Government and Ministry priorities for STO; agency, Board of Directors, Chair and CEO performance; emerging issues and opportunities; agency high risks and action plans including direction on corrective action, as required; and agency Business Plan and capital priorities.

    i. As a best practice, meetings are to be quarterly. The Minister may delegate some of the meetings to an Associate Minister or Parliamentary Assistant. The Minister should meet with the Chair at least twice per year, with one meeting focused on agency, Board of Directors, Chair and CEO performance.

    ii. If the Minister deems STO to be low-risk, the Minister may reduce the number of meetings to twice a year, instead of quarterly, with one meeting focused on agency, Board of Directors, Chair and CEO performance.

e. The Deputy Minister and the CEO will meet at least quarterly to discuss matters of mutual importance including: emerging issues and opportunities; Government priorities and progress on annual letter of direction; agency Business Plan and results; and agency high risks, the action plans and advice on corrective action as required.

i. The Deputy Minister and the CEO shall provide timely information and advice to each other concerning significant matters affecting STO's management or operations.

f. STO and the Ministry will comply with the Public Communications Protocol set out in Appendix 2 to this MOU for ongoing issues management, public communications and paid advertising.

14. Administrative Arrangements

14.1 Applicable Government Directives

a. The Chair, on behalf of the Board of Directors, is responsible for ensuring that STO operates in accordance with all applicable legislation, Government directives, policies, and guidelines. This includes, but is not limited to, the list of directives and policies found on the InsideOPS Directives and Policies page. Information on corporate direction is available on the InsideOPS Directives and Policies page.

b. The Ministry will inform STO of amendments or additions to legislation, Government directives, policies and guidelines that apply to STO.

c. All agencies are part of Government and are required to comply with legislation, Government directives, policies and guidelines applicable to them. Further, agencies may be required to ensure that their directives and policies adhere to certain Government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations.

d. The OPS Procurement Directive applies in full.

e. The Procurement Directive on Advertising, Public and Media Relations and Creative Communications Services applies in full.

14.2 Administrative and Organizational Support Services

a. All agencies are part of Government and are required to comply with legislation, Government directives, policies and guidelines applicable to them. Further, agencies may be required to ensure that their directives and policies adhere to certain Government directives, policies and guidelines, including those for human resources, while being mindful of collective agreement and bargaining obligations.

b. Subject to statutory requirements and Applicable Government Directives, STO may establish its own administrative, financial, procurement, human resources and operational policies and guidelines, exercising sound business acumen and operational flexibility.

14.3 Agreements with Third Parties

a. Procurement required to support the programs and services of STO will be done in a clear manner, consistent with Applicable Government Directives, including but not limited to the OPS Procurement Directive.

14.4 Legal Services

a. STO is responsible for the provision of its own legal services. STO shall employ or retain, as appropriate, its own legal counsel.

b. STO shall use rates of pay for its legal services that are the same as, or less than, those of the Lawyers Compensation Plan of the OPS.

14.5 Creation, Collection, Maintenance and Disposition of Records

a. The Chair, on behalf of the Board of Directors, is responsible for ensuring that a system is in place for the creation, collection, maintenance and disposal of records.

b. The Board of Directors, through the Chair, is responsible for ensuring that STO complies with all Government legislation, directives and policies related to information and records management.

c. The CEO, the Chair and the Board of Directors shall protect the legal, fiscal and other interests of STO by implementing reasonable measures to ensure the ongoing viability, integrity, preservation and security of all official records created, commissioned or acquired by STO. This includes, but is not limited to, all electronic records, such as emails, information posted on STO's website(s), database data sets, and all records stored on personal computers and shared drives.

d. The Chair, on behalf of the Board of Directors, is responsible for ensuring measures are implemented requiring STO's employees to create full, accurate and reliable records that document and support significant business transactions, decisions, events, policies and programs.

e. The Board of Directors, through the Chair, is responsible for ensuring that STO complies with the FIPPA and *Archives and Recordkeeping Act, 2006*, S.O. 2006, Chapter 34, Schedule A.

14.6 Cyber Security

a. STO is responsible and accountable for the ownership and management of cyber security risks and related impacts within their organization.

b. STO must ensure adequate systems, protocols and procedures are established and maintained to ensure cyber resilience, recovery and maturity.

c. STO's cyber security practices and protocols should be regularly reviewed and updated to address new and emerging cyber security threats.

d. STO should align with any applicable policies and standards issued by the OPS, such as the Government of Ontario Information Technology Standards (GO-ITS) 25.0 and any other relevant GO-ITS standards, Corporate Policy on Information Sensitivity Classification, Corporate Policy on Cyber Security and Cyber Risk Management, Governance and Management of Information and Data Assets Directive, Governance and Management of Information Technology Directive. The Governance and Management of Information Technology Directive applies in full.

14.7 Intellectual Property

a. The Chair, on behalf of the Board of Directors, is responsible for ensuring that the legal, financial and other interests of the Government related to intellectual property are protected in any contract that STO may enter with a third party that involves the creation of intellectual property.

14.8 Freedom of Information and Protection of Privacy

a. The Chair and the Minister acknowledge that STO is bound to follow the requirements set out in the FIPPA in relation to the collection, retention, security, use, distribution, disclosure, access and correction and disposal of records.

b. The Chair is the institution head for the purposes of the FIPPA.

14.9 Service Standards

a. STO shall establish customer service and quality standards that are consistent with the appropriate standards of the Government, the Ministry and the OPS.

b. The Chair will ensure that STO delivers its services at a quality standard that reflects the principles and requirements of the OPS Service Directive.

c. The Chair will ensure that STO designs, delivers and implements its digital services, whether internally built or procured, to reflect the principles and requirements outlined in the Digital and Data Directive, including Ontario's Digital

Service Standard.

d. STO has in place a formal process for responding to complaints about the quality of services received by clients of STO consistent with the Government's service quality standards.

e. STO's annual Business Plan will include performance measures and targets for client service and STO's response to complaints.

14.10 Diversity and Inclusion

a. STO, through the Chair on behalf of the Board of Directors, acknowledges the importance of promoting an equitable, inclusive, accessible, anti-racist and diverse workplace within STO.

b. The Chair, on behalf of the Board of Directors, will support a diverse and inclusive workplace within STO by:

    i. Developing and encouraging diversity and inclusion initiatives to promote an inclusive environment free of workplace discrimination and harassment; and

    ii. Adopting an inclusive process to ensure all voices are heard.

c. The Chair, on behalf of the Board of Directors, is responsible for ensuring that STO operates in accordance with the *Human Rights Code, Accessibility for Ontarians with Disabilities Act, 2005, French Language Services Act, and Pay Equity Act.*

15. Financial Arrangements

15.1 General

a. All financial procedures for STO shall be in accordance with Applicable Government Directives, Ministry and corporate financial and administrative policies and procedures.

b. When ordered to do so by the Minister of Finance and/or the President of the Treasury Board, pursuant to Section 16.4 of the *Financial Administration Act*, STO shall pay into the Consolidated Revenue Fund any money that the Minister of Finance and/or the President of the Treasury Board determines is surplus to its requirements.

c. Pursuant to Section 28 of the *Financial Administration Act*, STO shall not enter into any financial arrangement or commitment, guarantee, indemnity or similar transaction that may increase, directly or indirectly, the indebtedness or contingent liabilities of the Government of Ontario without the approval of the Minister of Finance and/or the President of the Treasury Board. The Minister's

approval is required before seeking statutory approval from the Minister of Finance or President of the Treasury Board.

d. STO's approved operating and capital allocations may be adjusted in a given year if in-year fiscal constraints are ordered by Cabinet or the Minister. STO will be provided with notice of changes to its allocation as soon as is reasonably possible. Where STO must reallocate resources as a result of its operating and/or capital allocations being adjusted, STO shall inform and discuss the changes with the Ministry before making such changes.

e. STO will report to TBS when it has sought external advice on matters where: (i) the effectiveness of the advice depends on a particular accounting treatment or presentation in the financial statements; (ii) the outcome or consequences of the advice has or will have a material effect on the financial statements; and/or (iii) there could be reasonable doubt as to the appropriateness of the related accounting treatment or presentation under the relevant financial reporting framework.

f. The CEO shall be responsible for providing the Ministry with the necessary documentation to support STO's expenditures.

15.2 Funding

a. STO shall maintain a bank account in its own name and manage its financial activities. As per subsection 50(3) of the Act, the Ontario Financing Authority shall coordinate and arrange all borrowing, investing of funds and managing of financial risks of STO. Per subsection 11.0.1 (2) of the *Ministry of Infrastructure Act, 2011*, STO shall not hold or control, or acquire by purchase, lease or otherwise, any land, buildings or structures (or interests in them or in fixtures related to them).

b. The revenue and assets of STO do not form part of the Consolidated Revenue Fund per subsection 49(1) of the Act.

c. STO must inform the Ministry prior to entering into a funding arrangement and/or receiving funding from any third-party organizations including the federal government, provincial governments (other than the Ontario Government), municipalities, foundations, and/or private donors.

d. From time to time, the Ministry may provide funding through a transfer of funds to STO to supplement deficits in operational funding. All transfers of funds provided by the Ministry are to be applied to carry out the objects of, and the powers conferred and duties imposed on, STO under the Act.

e. If STO is partially funded by the Ministry via a transfer of funds, note that this form of funding does not mean that the accountability rules for transfer payments are applied. For clarity, the Transfer Payment Accountability Directive does not apply to funding from ministries to provincial agencies.

f. Pursuant to subsection 49(3) of the Act, STO's revenues, if any, are to be applied to carry out the objects of, and the powers conferred and duties imposed on, STO under the Act.

g. As per subsection 50(1) of the Act, written approval of the Minister and the Minister of Finance is required for STO to borrow money.

15.3 Financial Reports

a. The Chair, on behalf of the Board of Directors, will provide to the Minister audited annual financial statements, and will include them as part of STO's Annual Report. The statements will be provided in accordance with instructions issued by the Office of the Provincial Controller Division.

b. STO will submit its salary information to the Ministry, in accordance with the *Public Sector Salary Disclosure Act, 1996*.

c. The Chair shall provide, on instruction from the President of the Treasury Board and/or Minister of Finance, the agency's financial information for consolidation into the Public Accounts.

d. The Chair must send a Certificate of Assurance attestation to the Minister, in alignment with the Office of the Provincial Controller Division (OPCD)'s Chart of Accounts instructions, confirming that STO has maintained an effective system of internal controls:

    i. To provide reasonable assurance regarding the reliability of financial reporting; compliance with applicable financial legislation, regulations, directives, and policies; and the effectiveness of operations related to financial performance and safeguarding assets against loss.

    ii. To identify and respond to the risk of fraud, and report all alleged, suspected and confirmed fraud.

    To support the Chair, the CEO should attest to the Chair that STO is in compliance with mandatory requirements.

e. STO will provide the following financial reports to the Ministry:

    i. Monthly operating reports

    ii. Quarterly updates on Certificate of Assurance Exception and Fraud Incidents (if any).

    iii. Consolidation reports for the annual Strategic Planning Purposes and Public Accounts.

15.4 Taxation Status: Harmonized Sales Tax (HST)

Collection/Remittance of HST

a. STO is responsible for complying with its obligations as a supplier under the federal *Excise Tax Act* to collect and remit HST in respect of any taxable supplies made by it.

Payment of HST

b. STO is responsible for paying HST where applicable, in accordance with the *Excise Tax Act* (Canada).

HST Recovery

c. STO intends to make application to be added to Schedule "A" of the Canada-Ontario Reciprocal Taxation Agreement.

   If STO's application is accepted, then:

   i) STO would be entitled to claim HST Government rebates in respect of any HST paid or payable by it, subject to any restrictions specified by Finance Canada.

   ii) STO will not claim an HST Government rebate in respect of HST paid or payable by it for which it has claimed a refund, input tax credit or other rebate under the *Excise Tax Act* (Canada).

   iii) STO is responsible for providing the Ministry of Finance and/or the Canada Revenue Agency, upon request, with any information necessary to determine the amount of an HST Government rebate.

   iv) STO is responsible for informing the Ministry of Finance within 30 days if its name is changed, it merges with another agency, its mandate or major activities are significantly changed, it undergoes a significant reorganization or change to its legal structure, and/or if it ceases operations or is dissolved.

   If STO's application is not accepted, then:

   i) STO would not be entitled to claim HST Government rebates.

   ii) STO would be expected to claim any refunds, input tax credits or other rebates under the *Excise Tax Act* (Canada) for which it is eligible.

15.5 Realty

a. The Chair, on behalf of the Board of Directors, is responsible for ensuring that STO operates in accordance with the MBC Realty Directive.

b. Appendix B of the Realty Directive sets out the Mandatory Office Space Standards and Office Space Planning Practices that must be complied with when acquiring space for accommodation and program purposes.

c. The Chair recognizes that all lease agreements for provincial agencies without realty authority are under the administration and control of the Minister of Infrastructure.

d. STO will align hybrid work policies with the OPS and identify and assess office optimization opportunities to reduce office realty footprint and find cost reductions.

16. Audit and Review Arrangements

16.1 Audits

a. The accounts of STO shall be audited annually by an auditor (or auditors) appointed by the Board of Directors pursuant to subsections 52(3) and 53(1) of the Act. Audited financial statements will be included in STO's Annual Report.

b. The Auditor General may also audit the accounts and transactions of STO for any Fiscal Year as per subsection 53(2) of the Act.

c. STO shall provide the information, material and access necessary for the conduct of any audit conducted under section 53 of the Act, in accordance with subsection 53(4) of the Act.

d. STO is subject to periodic review and value-for-money audit by the Auditor General of Ontario under the *Auditor General Act* or by the Ontario Internal Audit Division of TBS.

e. STO can request and/or must accept the provision of internal audit services by the Ontario Internal Audit Division in accordance with the Internal Audit Directive.

f. Regardless of any previous or annual external audit, the Minister or the Chair (on behalf of the Board of Directors) may direct that STO be audited at any time. The results of such audit should be shared by the Chair to the Minister in accordance with article 9.2 of this MOU.

g. STO will share all engagement reports (including those prepared by their own internal audit function and/or those reported to STO's Chair) with their respective Minister and Deputy Minister (and when requested, with the President of the

Treasury Board). STO will advise the respective Minister and Deputy Minister annually, at a minimum, on any outstanding recommendations/issues.

h. STO will share its approved audit plan with the Minister and Deputy Minister (and when requested, with the President of the Treasury Board) to support understanding of agency risks.

i. The Chair, on behalf of the Board of Directors, may request an external audit of the financial transactions or management controls of STO, at STO's expense.

16.2 Other Reviews

a. STO is subject to periodic review initiated at the discretion and direction of TB/MBC or the Minister. The review may cover such matters relating to STO that are determined by TB/MBC or the Minister, and may include the mandate, powers, governance structure and/or operations of STO, including finance, human resources/labour relations and agency processes.

b. In requiring a periodic review, the Minister or TB/MBC shall determine the timing and responsibility for conducting the review, the roles of the Chair, the Board of Directors, and the Minister, and how any other parties are involved.

c. A mandate review of STO will be conducted at least once every six years. The date of the next review will be as per the Mandate Review Schedule.

d. The Minister will consult the Chair, on behalf of the Board of Directors, as appropriate during any such review.

e. The Chair, CEO and Board of Directors will cooperate in any review.

f. In the event of a review initiated at the direction of the Minister, the Minister shall submit any recommendations for change that are developed from the results of the review regarding STO to TB/MBC for consideration.

17. Staffing and Appointments

17.1 Staffing Requirements

a. Under subsection 42(4) of the Act, STO may employ such individuals as it determines necessary for the proper conduct of its affairs. Under subsection 42(5) of the Act, STO may establish job categories, salary ranges and conditions of employment for its officers and employees, subject to the approval of the Minister.

b. For greater certainty, employees of STO are not appointed under Part III of the PSOA.

c. STO will provide to TBS workforce, compensation and operational data as set out in the AAD Operational Policy.

17.2 Designated Executives

a. STO shall provide total compensation to its Designated Executives, including the CEO, in accordance with the legislation, directives, policies and guidelines applicable to them.

17.3 Appointments

a. The Members of STO are appointed by the Lieutenant Governor in Council/ on the recommendation of the Minister pursuant to subsection 41(1) of the Act. There is no fixed term of appointment.

b. The term of office for the Members, including the Member designated as the Chair, shall be at the pleasure of the Lieutenant Governor in Council, pursuant to subsection 41(3) of the Act.

c. One of the Board Members of STO is designated as the Chair by the Lieutenant Governor in Council pursuant to subsection 41(4) of the Act.

d. The Vice-Chair shall be elected by the Board of Directors in accordance with STO's by-laws, pursuant to subsection 41(5) of the Act.

e. The maximum number of Members is 11, including the Chair, as set out in subsection 41(1) of the Act.

f. The Chair must utilize STO's skills matrix and recruitment strategy in advising the Minister of any competency skills gaps on the Board of Directors and providing any recommendations for appointments or re-appointments, including advising the Minister on appointee attendance and performance.

g. The CEO of STO is appointed by the Lieutenant Governor in Council on the recommendation of the Minister pursuant to subsection 45 (1) of the Act. There is no fixed term of appointment.

17.4 Remuneration

a. Remuneration for Board Members and the CEO is set by Order in Council by the Lieutenant Governor in Council.

b. As set out in Order in Council 1458/2021, the Chair is remunerated at a per diem rate of $350, up to a maximum of 240 days ($84,000 maximum annually) and the Members are each remunerated at a per diem rate of $200, up to a maximum of 240 days ($48,000

maximum annually).

c. As set out in Order in Council 1409/2024, the CEO is remunerated a salary at the rate of $361,000 per annum less applicable deductions.

d. Provincial agencies, including Board Members and the CEO, must comply with the Travel, Meal and Hospitality Expenses Directive issued by MBC. Legitimate authorized expenses incurred during the course of Government business shall be reimbursed.

e. Expenses for Board Members and the CEO under the Directive are subject to requirements for public disclosure of expense information.

18. Risk Management, Liability Protection and Insurance

18.1 Risk Management

a. Ministers and ministries are accountable for working with their provincial agencies to ensure effective management of risks. The Ministry and STO will meet to discuss agency high risks and action plans including direction on corrective action.

b. The Chair, on behalf of the Board of Directors, is responsible for ensuring that a risk management strategy is developed and in place for STO, in accordance with the AAD and the OPS Enterprise Risk Management Directive and Risk Management process.

c. STO shall ensure that the risks it faces are addressed in an appropriate manner.

Artificial Intelligence Risk Management

a. The Chair, on behalf of the Board of Directors, is responsible for ensuring that artificial intelligence (AI) risk management is undertaken in alignment with the principles and requirements of the Responsible Use of AI Directive.

b. STO shall implement AI risk management in alignment with the requirements outlined in Section 6.3 of the Responsible Use of Artificial Intelligence Directive.

    i. STO shall ensure the management of technology risks in a documented and appropriate manner.

    ii. STO will identify threats and risks, assess their potential impact, severity and likelihood, and document the risks and actions taken to address them.

c. STO shall ensure that a business process exists for accountable executives to document their ongoing efforts to treat (resolve, mitigate, or accept) risks throughout the technology lifecycle.

d. STO shall publish a list of AI use cases as part of the Business Plan.

e. STO shall track and report quarterly on IT threats and technology risks and

vulnerabilities, and associated risk treatment efforts. This includes reporting on AI use cases and associated risk management.

f. STO shall ensure that IT systems can meet the confidentiality, integrity, and availability requirements of all information and that systems can adequately safeguard or dispose of information according to its sensitivity level.

18.2 Liability Protection and Insurance

a. Subsection 57(1) of the Act sets out that no cause of action arises against the CEO, Chair or Vice-Chair of the Board of Directors, a director or an officer of STO, a person STO employs or whose services STO retains in accordance with the Act, or an agent of STO as a result of any act done in good faith in the exercise or performance or intended exercise or performance of the person's duties or powers under the Act, the regulations or directives made under the Act, or STO's by-laws or for any alleged neglect or default in the performance in good faith of such duties or powers.

b. Clause 58(1)(c) of the Act sets out that no proceeding, including but not limited to any proceeding in contract, restitution, tort or trust, shall be instituted against the individuals identified in subsection 57(1) of the Act in respect of the matters identified in that subsection.

c. STO is not covered by the General and Road Liability Protection Program of the Government.

d. STO shall procure its own insurance broker through an open procurement process or by selecting a broker from the insurance broker vendor of record list to assist STO in acquiring all necessary insurances required.

19. Compliance and Corrective Actions

a. Open and consistent communication between provincial agencies and their responsible ministry helps ensure that Government priorities and direction are clearly understood and helps to manage risks or issues as they arise.

b. Situations may arise through the course of monitoring where corrective action is required. Corrective action refers to the steps taken to remedy non-compliance with the AAD. Corrective action supports agencies in delivering on desired outputs and/or outcomes, and meeting the terms and conditions established by the AAD.

c. If the Ministry initiates corrective action, it must be progressive in nature and in proportion to the risk associated with the degree of non-compliance. The degree of corrective action should only be increased if STO's non-compliance continues. It is important that ministries document all actions, and provide timely and clear communication to STO's Chair or senior executives relating to potential corrective actions. This may include letters of direction by the accountable Minister and/or the President of the Treasury Board as required.

d. Before engaging in more severe corrective actions, ministries must consult with TBS and legal counsel.

20. Effective Date, Duration and Review of the MOU

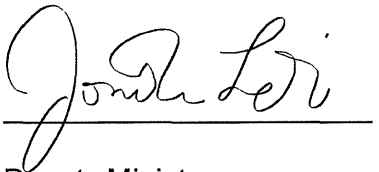
a. This MOU becomes effective on the date it is signed by the Minister as the last party to execute it ("Original Effective Date") and continues in effect until it is revoked or replaced by a subsequent MOU signed by the parties.

b. A copy of the signed MOU and any successor MOU must be provided to the Secretary, TB/MBC, no later than seven calendar days from being signed.

c. Upon a change in Minister, Deputy Minister, or the Chair or CEO of STO, the newly appointed individual must review and sign this MOU no later than four months from the new appointment.

Signatures

I acknowledge my role and the requirements as set out in this MOU and the AAD.



2026/10/19

Deputy Minister
Ministry of Labour, Immigration,
Training and Skills Development

Date

I acknowledge my role and the requirements as set out in this MOU and the AAD.



	September 17, 2026
STO CEO	Date

Appendix 1: Labour Mobility and Interprovincial Standards Red Seal Program

a. STO is responsible for making recommendations to the Ministry regarding which certificates of qualification under the Act are to be recognized as equivalent to authorizing certificates in relation to trades in other Canadian jurisdictions for the purposes of labour mobility, including under the *Ontario Labour Mobility Act, 2009* (OLMA) and Canadian Free Trade Agreement (CFTA). This includes recommendations as to which certificates of qualification should be identified as "matched" (i.e., meaning that there are equivalent authorizing certificates in other Canadian jurisdictions) as well as recommendations respecting changes to existing matches or non-matches. STO will provide these recommendations to the Ministry in the form of a chart similar to Table 1 in subsection 10 (2) of Regulation 877/21.

b. The Ministry will provide final approval on a chart or list of matched certificates of qualification with other provinces and territories. The Ministry will consider recommendations and input from STO and input from any other sources it deems appropriate in determining whether to approve potential changes to the chart.

c. The Ministry will inform STO of any approved changes to matched certificates of qualification prior to making the changes public in accordance with the communications protocol under Appendix 2.

d. The Ministry will inform STO of changes to labour mobility policies and procedures with respect to trades prescribed for the purposes of the Act. Best efforts will be made by the Ministry to provide STO with as much advance notice as possible of changes with a minimum notice in writing of three months. STO will work with the Ministry to respond to concerns or complaints about potential non-compliance with OLMA or the CFTA in a timely manner.

e. For the purposes of the Canadian Council of Directors of Apprenticeship (CCDA), STO is the Ontario voting member and is represented by its CEO or their delegate.

f. The Ministry will attend CCDA meetings in an advisory capacity and participate in matters pertaining to apprenticeship programs and the skilled trades.

g. The Ministry will participate on CCDA working groups as appropriate.

h. STO will be responsible for all expenditures related to Ontario's contribution to the Interprovincial Computerized Examination Management System and other Red Seal related matters.

i. The Ministry will provide data submissions to Statistics Canada by uploading data for apprentices and STO data for holders of certificates of qualification into the Registered Apprenticeship Information System on an annual basis. STO will co-operate with the Ministry for the purpose of the submission of STO data. The Ministry may cease to submit STO data upon providing at least 90 days written notice to STO.

j. The parties will make reasonable efforts to collaborate on inter-jurisdictional issues and inform each other of their views, where appropriate.

Appendix 2: Public Communications Protocol

1. Purpose

   The communications protocol sets out a framework for the Ministry and STO to collaborate on public communications opportunities led by STO.

   The communications protocol applies to both STO's implementation of its legislated mandate and the promotion of the work it does. It will also support the Minister's accountability to the Legislative Assembly and to Cabinet for the same.

2. Definitions

   a. "Public communications" means any material that is communicated to the public, either directly or through the media in:

      - Oral form, such as a speech or public presentation or interview to be broadcast
      - Printed form, such as a hard copy report
      - Electronic form, such as a posting to a website
      - Paid advertising, such as digital or print campaign.

   b. A "contentious issue" is a matter that is, or may reasonably be expected to be, of concern to the Legislative Assembly or the public, or is likely to result in inquiries being directed to the Minister or Government. Contentious issues may be raised by:

      - Members of the Legislative Assembly
      - The public
      - Media
      - Stakeholders
      - Service delivery partners.

3. STO will comply with the TB/MBC Visual Identity Directive.

4. The Ministry and STO will appoint persons to serve as public communications "leads".

      - The Ministry lead is the Director of Communications or designate
      - The STO lead is:

         - The Chair or designate for strategic matters and Board of Directors decisions.

         - The CEO or designate for operational matters.

5. For the purpose of this protocol, public communications are divided into three categories:

   a. **Media responses or communications products related to the routine business** of STO and its programs that **do not** have direct implications for either the Ministry or the Government, or could not be considered a Government priority.

      - Media responses, news releases or other communications products are to be shared with the Ministry lead on an appropriate and timely cadence (i.e., daily) who will circulate as appropriate to other individuals within the Ministry.

      - **Note:** Funding related announcement are not considered routine business and must be escalated to category B. Contentious issues must be escalated to category C.

   b. **Communications products and/or plans where provincial or Ministerial messaging on Government priorities would enhance STO's or the Government's profile**, or would provide opportunities for local Government announcements

      - **For all non-contentious items that might generate media interest**, STO lead will notify the Ministry lead of upcoming communications plans and products a minimum of three (3) business weeks in advance.

      - **For non-contentious items which provide Government messaging opportunities** or involve funding announcements, STO must request approval of communications products seven (7) business days prior to the date required.

      - **Final approval** is required from the Minister's Office and will be sought via the Ministry lead. If STO were not to receive comments or approval from the Minister's Office or Ministry lead within forty-eight (48) hours of the date on which the item is to be issued, STO should escalate a follow-up, noting that they will proceed accordingly.

      - **Non-contentious media responses** are to be shared with the Ministry lead on an appropriate and timely cadence (i.e., daily) who will circulate as appropriate to other individuals within the Ministry. Contentious media responses follow the process below.

c. **Contentious issues, media responses, and news releases** that may have direct implications for either the Ministry or the Government, or are likely to result in inquiries being directed to the Minister or Government.

- STO lead will notify the Ministry lead immediately upon becoming aware of the issue and will notify the Minister's Office simultaneously. The Ministry lead may also advise STO of contentious issues that require attention. STO will provide all required background information on the issue to the Ministry lead, who will arrange to have a contentious issues note prepared.

- STO must obtain Ministry approval prior to issuing media responses or news releases in this category. The STO lead will provide the media response or news releases to the Ministry lead who will initiate the approval process within the Ministry.

- Final approval on media responses and news releases in this category is required from the Minister's Office.

6. Advertising

- To deliver on the long-range demands of planning advertising, STO will provide the Ministry with its annual marketing plan three (3) months in advance of its start date (on STO's Fiscal Year).

- STO to share campaign briefs with the Ministry a minimum of two (2) weeks in advance of briefing creative/media (STO) partners. Ministry to ensure alignment on campaign objectives and messaging.

- Advertising materials and campaigns can be reviewed by the Minister's Office.

- Final messaging and creative to be shared with the Ministry at least two (2) weeks before going live.