

**Ministry of Government and
Consumer Services**

ServiceOntario

Companies and Personal Property
Security Branch

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DIRECTORS' LIABILITY (*BUSINESS CORPORATIONS ACT*)

GENERAL INFORMATION

Please be advised that the Branch **CANNOT GIVE LEGAL ADVICE**. This information is intended as a general guide only. For further assistance or legal information, please consult private counsel.

Please refer to **Sections 130 and 131 of the *Business Corporations Act*** for details on directors' liability and Sections 136 and 138 for information on indemnification of directors and insider liability.

Directors of a corporation are jointly and severally liable to the employees of the corporation for all debts not exceeding six months' wages and up to 12 months' vacation pay (S.131).

Every director must act honestly and in good faith with the best interests of the corporation in mind when exercising powers and discharging duties (S134(1)).

Every director and officer of an Ontario business corporation must comply with *the Business Corporations Act*, the Regulations to the *Business Corporations Act*, the Articles and bylaws of the corporation and any unanimous shareholder agreement (S.134(2)).

Other Potential Liability

There may also be potential liability under Federal and other provincial statutes (e.g. Income Tax Act, Employment Standards Act and environmental statutes). If you have any questions about your potential liability as a director or officer, please contact your lawyer.

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(aussi disponible en français)