

**FAIRLEA PARK
HOUSING CO-OPERATIVE, INC.**

By-law No. 36

Conflict of Interest

This By-law replaces previous By-law(s) # not applicable

This Conflict of Interest By-law sets out the rules for how the Fairlea Park Housing Co-operative Inc. (the Co-op) will handle Conflicts of Interest with Directors, Committee Members, Employees, Management Companies, and Members at large.

Article 1: What is conflict of interest?

1.1 All Directors, Officers, Committee members and Employees must carry out their duties honestly, in good faith and in the best interests of the Co-operative rather than in their personal interest. This By-law covers all persons in their households, all of their relatives and people with whom they have a close personal relationship. Directors understand that they must follow the Co-op's By-laws and the operating agreements regarding conflict of interest. This also covers all persons in their households and all their relatives.

1.2 A conflict of interest can happen when someone living in a Co-op or an employee

A. Makes or takes part in a decision affecting the Co-op's affairs,
and

B. The result of that decision gives the person a financial or other benefit which the rest of the Co-op members do not have, or which only a few other members have. This financial or other benefit may be direct or indirect.

1.3 **Examples of conflict of interest are**

A. The Co-op signs a contract with someone living in the Co-op, an employee of the Co-op, or a company in which they, their household members or relatives have a financial interest or stock;

B. Someone living in the Co-op or an employee is involved personally in a procedure of discipline where they made the complaint, or where a household member, friend or relative is being disciplined;

C. The Board gives out on-call positions to friends or family without telling all members that positions are available.

There are other types of conflict of interest. The Co-op should deal with them by using the principles contained in this By-law.

Article 2: Procedures

2.1 The facts of each case are different, and careful judgement is needed to decide whether there is a conflict of interest. Even a perception of conflict of interest could undermine the appearance of integrity and the credibility of the Co-op's business practices and the government funding program.

Therefore, the Board and members should follow the procedures below to determine if there is a conflict and to deal with the conflict if it exists.

(a) When a Director has or may have a conflict of interest:

- A) The Director must declare the conflict of interest, or possible conflict of interest, at the Board meeting considering the matter. This declaration must be recorded in the minutes of the meeting.

If the Director does not declare a conflict of interest or a possible conflict of interest, but another Director is aware of one, the other Director should bring it up at the meeting.

The Board then decides if there is a conflict of interest.

If the Board decides that there is a conflict of interest the Director cannot vote on the matter and must not be present at any of the parts of meetings when the matter is discussed.

(b) Financial conflicts of interest

This paragraph applies in addition to paragraph 2.1(a) if a Director has or may have a financial conflict of interest.

The Board can enter into the contract or agreement if the Board believes
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that their decision is in the best interests of the Co-op and is appropriate for a body that receives significant public funding.

Where there is a financial conflict of interest and the Board enters into the contract they must report it at the next meeting of the members.

If the Board does not enter into the contract or agreement the minutes must show this.

(c) When a Committee Member has or may have a conflict of interest

A Committee must follow the same procedure as the Board if a Committee Member has or may have a conflict of interest.

The matter can be appealed to the Board if there is a dispute. The Board's decision is final.

(d) When an Employee has or may have a conflict of interest

An Employee who has or may have a conflict of interest must report it to the Employee's Supervisor and follow the Supervisor's directions.

The Manager/Staff person must report a conflict of interest to the Staff Liaison (if there is one) or to the President. The President or Staff Liaison will report it to the Board. The Manager must follow the Board's directions.

Where the Co-op retains a management company, the company and all its personnel must follow the same procedures as an Employee of the Co-op.

(e) Members' conflicts of interest

At members' meetings, all members can discuss and vote as they wish, even if they have a conflict of interest. However, members must declare the conflict of interest before taking part in the discussion. Members should try to act in the best interests of the Co-op as a whole.

2.2 These procedures are in addition to, and do not replace, the requirements of the *Ontario Co-operative Corporations Act*, (Section 98 attached: Sched. A).

Article 3: Avoiding Conflict of Interest

3.1 The Board will closely monitor its relationships, contracts, arrangements and agreements. It will not engage in any that may result in a conflict of interest unless the situation is resolved as in Article 2.

3.2 The Board will promote fair, open and objective business policies and practices in all its purchasing, contracting and hiring.

3.3 The Board and staff must follow the procedures set out in the Spending By-law.

Article 4: Payment of Directors

4.1 Directors and Officers serve without payment of any kind. However, they have the right to be paid for travelling or other expenses while doing business for the Co-op as long as the expenses are reasonable. The Board must authorize these expenses. These expenses must meet any guidelines and limits set by the Board. Directors cannot receive compensation for lost income while doing business for the Co-op.

4.2 Despite anything else in this by-law, Directors and Officers cannot enter into any contracts with the Co-op other than contracts that are generally available to other members, such as occupancy or performance agreements.

4.3 The Co-op will not hire members of the Co-op as paid staff.

Article 5: Declarations

5.1 All Directors and Staff must sign the Conflict of Interest Declaration (attached: Schedule B). Directors and Staff will sign when they begin their term, and existing Directors and Staff will sign annually.

Article 6: Information to the Ministry

6.1 The Board must report to the Ministry the minutes of any meeting where the Board decides to enter into a contract or agreement with a conflict of interest. The minutes must record the options the Board considered and the Board's decision. The minutes must also show how the Board's decision was in the best interests of the Co-op and is appropriate for a body that receives significant public funding.

PASSED by the Board of Directors and sealed with the corporate seal of
the Co-op on _July 2nd, 2014_.

President

(corporate seal here)

Secretary

CONFIRMED by at least two-thirds of the votes cast at a General Meeting
of the Members on March 1, 2015.

President

(corporate seal here)

Schedule A

Section 98 from the *Co-operative Corporations Act*

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| 98. Disclosure by Directors of interests in contracts | (1) Every Director of a Co-operative who has, directly or indirectly, any interest in any contract or transaction to which the Co-operative or a subsidiary thereof is or is to be a party, other than a contract or transaction in which the Director's interest is limited solely to his or her remuneration as a Director, officer or employee, shall declare his or her conflict of interest in such contract or transaction at a meeting of the Directors of the Co-operative and shall at that time disclose the nature and extent of such interest including, as to any contract or transaction involving the purchase or sale of property by or to the Co-operative or a subsidiary thereof, the cost of the property to the purchaser and the cost thereof to the seller, if acquired by the seller within five years before the date of the contract or transaction, to the extent to which such interest or information is within the Director's knowledge or control, and shall not vote and shall not in respect of such contract or transaction be counted in the quorum. |
| Interest to be material | (2) Subsection (1) does not require the disclosure of any interest in any contract or transaction unless, (a) the interest and the contract or transaction are both material; or (b) the subject of the contract or transaction is of a type not available to all members of the Co-operative. |
| When declaration of interest to be made | (3) The declaration required by this section shall be made at the meeting of the Directors at which the proposed contract or transaction is first considered, or if the Director is not at the date of the meeting interested in the proposed contract or transaction, at the next meeting of the Directors held after he or she becomes so interested, or if the Director becomes interested in a contract or transaction after it is entered into, at the first meeting of Directors held after he or she becomes so interested, or if a contract or proposed contract or transaction is one that in the ordinary course of the Co-operative's business, would not require approval by the Directors or shareholders, at the first meeting of the Directors held after the Director becomes aware of it. |
| Effect of declaration | (4) If a Director has made a declaration and disclosure of his or |

her interest in a contract or transaction in compliance with this section and has not voted in respect of the contract or transaction at the meeting of the Directors of the Co-operative, the Director, if he or she was acting honestly and in good faith at the time the contract or transaction was entered into, is not by reason only of holding the office of Director accountable to the Co-operative or to its members for any profit or gain realized from the contract or transaction, and the contract or transaction, if it was in the best interests of the Co-operative at the time the contract or transaction was entered into, is not voidable by reason only of the Director's interest therein.

Confirmation
by members

(5) Despite anything in this section, a Director, if he or she was acting honestly and in good faith, is not accountable to the Co-operative or to its members for any profit or gain realized from any such contract or transaction by reason only of holding the office of Director, and the contract or transaction, if it was in the best interests of the Co-operative at the time it was entered into, is not by reason only of the Director's interest therein voidable,

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- (a) if the contract or transaction is confirmed or approved by at least two thirds of the votes cast at a general meeting of the members duly called for that purpose; and
- (b) if the nature and extent of the Director's interest in the contract or transaction are declared and disclosed in reasonable detail in the notice calling the meeting.

General
notice of
interest

(6) For the purpose of this section, a general notice to the Directors by a Director declaring that he or she is a Director or officer of or has a material interest in a person that is a party to a contract or a proposed contract with the Co-operative is a sufficient declaration of interest in relation to any contract so made. R.S.O. 1990, c.C35, s.98.

Schedule B

Conflict of Interest Declaration (Board of Directors and Staff)

Fairlea Park Housing Co-operative Inc.

I agree that I will act honestly, in good faith, and in the best interests of the Co-op.

I must avoid conflicts of interest, both direct and indirect.

I will always put the interests of the Co-op before my personal interests.

I promise to declare in writing any possible conflict of interest that I have, or may have, in connection with any Co-op contract, business or proposed business as soon as it occurs.

The Board will deal with the conflict of interest using the procedures set out in the Conflict of Interest By-law.

Name:

Signature :

Date:

Declaration to be signed annually by Directors and Staff