



# Conflict of Interest Policy – Board of Directors

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<b>Policy Owner:</b>	Legal – Governance
<b>Approval:</b>	Board of Directors
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## Policy Statement

Promoting public confidence in the Toronto Community Housing Corporation (TCHC) is the responsibility of every director. All directors must understand that their individual decisions can have an impact on TCHC's success and reputation. Therefore, in carrying out their duties, directors are expected to promote TCHC's core values and to observe a high standard of honesty, integrity, accountability, and ethics.

Our tenants, suppliers, partners, and employees have placed their trust in TCHC. The board's business decisions must withstand rigorous scrutiny by our stakeholders and the public. Directors must act accordingly and avoid even the appearance of improper behaviour.

This policy sets out the expectations placed on directors related to conflicts of interest, including how to identify and resolve a conflict of interest. TCHC wishes to establish clear standards to address real, potential, and perceived conflicts of interest; to protect the integrity of the company's decision-making processes; and to provide a means to identify and resolve such conflicts of interest in favour of TCHC's best interest.

Although this policy does not address every issue that may arise, it sets out basic expectations placed on directors and offers guiding principles to achieve these



expectations when directors interact with stakeholders, including tenants, competitors, partners, and other directors.

Conflicts of interest can sometimes be subtle. Directors must therefore act as soon as a situation raises doubts.

Should directors have any questions or need any clarification about this Policy, they should consult with the Chair of the Governance, Communications, Human Resources and Compensation Committee (“GCHRCC”) or the General Counsel and Corporate Secretary.

## Scope

This policy applies to all members of the Boards of Directors of TCHC and its subsidiaries, as well as non-Director members of TCHC committees and subcommittees.

## Definitions

**Conflict of Interest:** any situation in which a director’s personal or business interests may compete or appear to compete with their duties as a director of TCHC, or may cause the director to act contrary or appear to act contrary to the best interests of TCHC.

A conflict of interest can be one or more of the following types:

**Actual Conflict:** a conflict of interest that the director has, or will have, at the present time.

**Potential Conflict:** any situation which may lead or have the potential to lead to a conflict of interest in the future.

**Apparent Conflict:** any situation which could reasonably be perceived as a conflict of interest by others, regardless as to whether or not there is an actual conflict of interest.

**Personal or Business Interest:** includes any personal gain, benefit, privilege, or advancement the director, and/or the director’s family, friends, or business associates (past and present) may receive or expect to receive, whether monetary or non-monetary.



## Policy Details

Directors must not enter into any situation, arrangement or agreement that results or could result in a conflict of interest (actual, potential, or apparent) and should arrange their personal and business affairs to ensure that any conflicts of interest are avoided.

Directors should consider any advantage their position at TCHC may give them, whether it be the power to influence decisions, their ability to use company resources, or their access to information about the company and others.

In deciding whether their actions could result in a conflict of interest, directors are expected to consider how their actions will be seen by their colleagues or the general public.

In general, a director must not participate in decision-making with respect to a matter if that director is in a conflict of interest position. Examples of conflicts of interests are:

- Directors, or their family or friends, transacting business (funding or contractual arrangements) directly with TCHC or through a subsidiary of TCHC.
- Hiring a director's family member or personal friend.
- Directors accepting gifts, entertainment, or other personal benefits from an existing or potential TCHC supplier, tenant, or business partner. This also includes family members of directors accepting such benefits.
- Working for a competitor while a director of TCHC.
- Directors having a financial interest in a competitor, supplier, or other business partner of TCHC.
- Directors giving preferential treatment to any person or entity in which the director has a personal interest.
- Using confidential information to benefit the director or his/her family or friends.
- Being involved with or employed by an entity outside of TCHC if such involvement or employment would conflict with or detrimentally affect the director's performance of his or her duties to TCHC.
- Directors using TCHC's property, equipment or resources, other than for TCHC business.



- Directors diverting, directly or indirectly, to their own use an opportunity or advantage that belongs to TCHC.

## **1. Financial and Business Transactions**

Directors shall avoid financial transactions between themselves and TCHC, themselves and a third party, or TCHC and a third party that may adversely affect the performance of their duties or confer a personal or business advantage on them. This includes transactions involving entities of which a director, his or her family member or friend, is a director, trustee, officer, committee member, or has a substantial financial interest through ownership or control.

Directors shall avoid investing, directly or indirectly, in any property in which TCHC has, or to their knowledge is considering, an investment. A director shall use special caution to avoid purchases and sales of any property that may be interpreted as attempting to profit from special knowledge of the TCHC's investment or development operations, or other confidential information obtained by reason of the director's duties.

If the director is, or seeks to be, a director, officer, or employee of a company (or if the director has a financial interest in the company) that has business dealings with TCHC, this is a conflict of interest.

If a director (or a family member, friend or business associate of the director) has a financial interest in a company that has business dealings with TCHC, and the director is involved in any process related to a business transaction involving the company, this will be a conflict of interest.

## **2. Gifts or Donations**

Directors must not solicit or accept any fees, advances, gifts, money, personal discounts, donations, personal benefits, meals, tickets, personal loans or the like from a resident, tenant or any other person or entity that has, or might have, business dealings with TCHC for the purposes of, or that may be perceived to be for the purposes of, influencing an act or decision of the directors. .

The exceptions are gifts of a nominal value, which do not influence or would not be perceived as influencing, the performance of the director's duties.

In determining nominal value, consider if the gift could reasonably be seen as an attempt to influence a decision. Please also consider the circumstances, nature, and timing of the gift.



For example, a director should not accept:

- any meals;
- offers to make a donation to a charitable cause on the director's behalf; or
- an invitation to an event at the expense of the other person.

### **3. Personal Relationships**

Directors should always maintain a professional relationship with other directors and all persons with whom TCHC has dealings. This includes residents, tenant, commercial tenants, contractors, suppliers, and vendors. However, TCHC acknowledges that some directors will develop or have existing relationships with such individuals.

Directors must take all reasonable steps to manage these relationships so the director is not placed in a conflict of interest position (actual, potential, or apparent).

An example is if a director has access to a TCHC-owned or operated building and has direct contact with a friend or family member who is a tenant or resident at that building or access to the information of friends or family because of their position at TCHC, as this will usually result in a conflict of interest.

If a director is involved in the hiring process for, or will supervise, family, friends, or business associates (past or current), this will also be a conflict of interest.

### **4. Handling of Complaints**

The board recognizes the value, commitment, and support of its tenants and the general public towards its mandate. Directors should welcome the comments, suggestions, and complaints provided by tenants, the public, and other stakeholders made in good faith towards improving TCHC.

If a director receives a complaint or comment from a tenant or member of the public, the following protocol shall apply:

- a) For complaints or comments about the operations or policies of TCHC:
  - i. The complaint should be forwarded to the Chief Operating Officer for appropriate handling and response. The director may notify the complainant of such forwarding.
  - ii. Directors should not communicate with TCHC staff for the purpose of influencing or interfering in the equal and fair administration of TCHC repairs, programs, or operations.



- b) For complaints or comments relating to the integrity of a TCHC staff member, the complaint should be forwarded to the President and Chief Executive Officer.
- c) For complaints or comments relating to the integrity of a director, the complaint should be forwarded to the Chair of the GCHRCC to discuss with the Board Chair.

## **5. Outside Activity**

### **a) Other Board/Committee Positions**

If a director accepts a position on a board or committee of a commercial or non-profit entity, timely disclosure of this involvement must be made to TCHC, in order to assist TCHC in preventing any conflicts of interest between the two entities. For example, accepting a board position with a TCHC supplier or competitor would be a conflict.

### **b) Political Involvement and Charitable Activity**

TCHC respects a director's right to be involved in the political process and community activity, subject to the possible requirement of taking a leave of absence from the Board as described in paragraph 12 below. When a director engages in political or civic affairs, that the director's views and actions are his or her own, not those of TCHC. Please note that any statements made must not be attributed to TCHC.

## **6. Exclusivity and Business Opportunities**

During the course of his or her tenure, a director may come across business opportunities that have potential for exploitation. However, when a director acts on behalf of TCHC, these opportunities belong to TCHC, not to the director personally.

Any business opportunities of any kind whatsoever and howsoever arising and relating to the business of TCHC that become known to the director during the term of his or her directorship belong to the TCHC and shall be pursued for the benefit of TCHC only.



## **7. Reporting and Resolving a Conflict of Interest**

### **a. What should a director with a conflict of interest do?**

A director must make a timely and full disclosure of any actual, potential or apparent conflict of interest.

Whenever a director determines that a conflict of interest may exist, or is in doubt about the appropriate application of this Policy, the director shall report in writing the facts and circumstances of the matter to the Chair of the GCHRCC and shall govern themselves in accordance with the instructions received from the GCHRCC Chair in consultation with the Board Chair. Except as otherwise directed by those instructions, the director shall not participate in any discussion or decision relating to such matter. In event the GCHRCC Chair has a conflict of interest to disclose, the Board Chair shall determine the matter in consultation with the Board Vice-Chair.

In the event of a conflict of interest, unless and until such director receives contrary instructions from the Chair of the GCHRCC as appropriate, the following procedures shall apply:

- The director shall not participate in any formal or informal discussion of, any decision or vote on, or attempt to exert influence over the contract, relationship, person or organization with respect to which the conflict may relate. Such a director who is a director may be counted to establish a quorum for meetings.
- The director shall temporarily recuse himself or herself from meetings in order to allow the remaining persons or members of the Board or Committee to engage in a full discussion regarding the contract, relationship, individual or organization in question. If a vote is taken, then such director shall abstain from voting and the minutes of the Committee or the Board meeting shall record this fact.

### **b. When must directors disclose conflicts of interest?**

When they join the Board of Directors, directors shall submit a statement concerning any conflicts of interest. They should disclose all conflicts of interest that they know about and the nature and extent of such conflicts of interest.

For conflicts of interest after that time, they should disclose them no later than the first Board of Directors meeting following the moment where they realized they had a conflict of interest.



### **c. What information do directors have to disclose?**

Directors must disclose the nature, value of and any relevant details of the conflict of interest.

## **8. Documentation of Conflicts**

The minutes of any meeting at which a transaction or matter involving a conflict of interest or an appearance of a conflict of interest is considered shall reflect that the director made disclosure, withdrew from consideration of the transaction or matter, and recused him or herself from the meeting room and abstained from voting on the transaction or matter.

## **9. Failure to Disclose a Conflict and Remedies**

If the Board or a Committee has reasonable cause to believe that a director has failed to disclose the conflict of interest, it shall inform the Chair of the GCHRCC of the basis for such belief. The GCHRCC Chair shall afford such director an opportunity to explain the alleged failure to disclose. If, after hearing the response and making such further investigation as may be warranted by the circumstances, the GCHRCC Chair in consultation with the Board Chair determines that such director has in fact failed to disclose a conflict of interest, the GCHRCC and Board Chair shall take appropriate action, which may include recommendation to the Board for removal of such director from the Board, as well as reconsideration of whether the transaction or arrangement was in the best interests of and fair and reasonable to TCHC at the time it was undertaken.

## **10. Leave of Absence**

Directors must notify the GCHRCC Chair and Board Chair to request a leave of absence. Directors must be on an approved leave of absence to:

- a. Seek a provincial or federal candidacy nomination or participate as a candidate in a municipal, provincial or federal election campaign, where the nomination process or the candidacy may conflict with the interests of TCHC or may adversely affect the performance of the director's duties.
- b. Apply for a position within TCHC.
- c. Any other event that may conflict with the interests of TCHC or may adversely affect the performance of the director's duties.





## Compliance and Monitoring

Directors must comply with this Policy at all times. Directors should use proper judgment and act in the spirit of this Policy at all times.

Contravention of this Policy is a serious matter. Non-compliance includes failing to declare a conflict of interest in accordance with this Policy. In some cases, non-compliance can also lead to legal action by TCHC.

## Governing and Applicable Legislation

- Business Corporations Act, R.S.O. 1990, c.B.16

## Related Policies and Procedures

- Code of Conduct for Directors of the Board (March 2003)
- Code of Conduct (January 1, 2016)

## Commencement and Review

Revision	Date	Description of changes	Approval
First approval:	March 26, 2003		Board of Directors
Revision #1	September 28, 2017		Board of Directors
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