



# Conflict of Interest Policy for Directors of the Board

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## Introduction

Improving the quality of corporate governance can be achieved by encouraging high standards of conduct on the part of all Directors of the Toronto Community Housing Corporation ( "Corporation/TCHC"). Further, the representation of the viewpoints of tenants, city residents and the service manager and shareholder on the Board will support the Corporation's mandate to provide quality affordable housing. Indeed, the shareholder of the Corporation has appointed the Directors after a detailed process involving the Nominating Committee of City Council, with a view to complementing the Board with representatives of various viewpoints and backgrounds.

Adoption of the *Conflict of Interest Policy* for the Board of Directors is one of several initiatives being undertaken by the Board to achieve these stated goals. Tenants, city residents and the City of Toronto, as both service manager under the *Social Housing Reform Act, 2000* and as shareholder of the Corporation, are entitled to expect the highest standards of conduct from the Directors appointed to the Board.

## Guiding Principles

In turn, such standards will protect and maintain the Corporation's reputation and integrity and permit the views of tenants, city residents, the service manager and shareholder to be represented at the Board level without conflicting with the duties of the Directors to act in the best interests of the Corporation. This *Conflict of Interest Policy* supports the guiding principles contained in the Shareholder Direction and supplements and is compatible with the laws and rules governing the conduct of Directors in carrying out these guiding principles. The *Conflict of Interest Policy* will also apply to all subsidiary corporations of the Corporation

The key statements of principle that underline this are as follows:

- (a) Directors shall serve and be seen to serve the Corporation honestly and in good faith with a view to the best interests of the Corporation in a conscientious and diligent manner;
- (b) Directors shall serve the interests of the Corporation by upholding both the letter and the spirit of all applicable federal and provincial legislation and regulations, the articles and by-laws of the Corporation, the Shareholder's Direction and approved policies of the Board.

# Statutory and Other Provisions Regulating Directors' Conduct

While many statutes impose specific requirements on directors of corporations, the generally applicable statutes are as follows:

- (a) The *Business Corporations Act*;
- (b) The *Social Housing Reform Act, 2000*; and
- (c) The *Municipal Freedom of Information and Protection of Privacy Act*.

*Agreement between the Corporation and the City of Toronto is required to replace the Conflict of Interest provisions set out in Regulation 339/01 made under the Social Housing Reform Act, 2000.*

The corporate documents that generally regulate the activities of the Directors of Toronto Community Housing Corporation are:

- (a) The Articles of Incorporation of Toronto Community Housing Corporation, as amended;
- (b) General By-law No. 2 of Toronto Community Housing Corporation, as may be amended or replaced from time to time;
- (c) This *Conflict of Interest Policy* and all decisions made by the Board pursuant hereto;
- (d) The Board of Directors' *Code of Conduct* attached hereto; and
  - (e) The general policies of the Corporation, with all necessary changes read thereto to be applicable to the Board of Directors, which are attached hereto as a Schedule, and as may be amended from time to time..

## Definition

Conflict of interest is a situation where the other personal or business interests of a party are in conflict with the best interest of the corporation. A conflict of interest may occur when a direct or indirect personal gain, benefit or advantage is given to or received by a Director of the Board, or their family member.

The existence of a pecuniary interest, even one that has not been confirmed, may give rise to a conflict of interest situation.

## Time Period

This *Conflict of Interest Policy* is in effect until suspended or replaced by the TCHC Board of Directors and/or the service manager.

# Role of Governance Committee

The committee of the Board responsible for implementing and monitoring the *Conflict of Interest Policy* is the Governance Committee.

## Functions

The functions of the Governance Committee in relation to its role in overseeing the *Conflict of Interest Policy* shall include:

## Policy Review and Recommendation

The Governance Committee may recommend the amendment or addition of policies to this *Conflict of Interest Policy*, including a General Code of Conduct for Directors.

## Developing a Protocol to Deal with Conflicts of Interest

The Governance Committee is to establish a protocol to deal with situations where the Chair of the Board receives a formal complaint about alleged Director conflict of interest. The protocol will be governed by the following principles:

- consistent and fair consideration and response to both complainants and Directors;
- objective and reasonable steps to be developed by the Governance Committee with the assistance of staff to determine whether a complaint merits investigation; and
- avoidance of any conflict of interest by the Chair of the Board, the Governance Committee, Directors, officers and employees by ensuring that they shall not have any involvement in the actual investigation of an alleged complaint.

## Other Duties

The Governance Committee shall consider any other matter related to the implementation, review or monitoring of the *Code of Conduct* as is referred to it by the Board or the Chair of the Board.

# Application of Conflict of Interest Policy

This *Conflict of Interest Policy* applies to Directors of the Toronto Community Housing Corporation Board, and the Directors of all subsidiary corporations of TCHC.

The Corporation relies on the integrity of all Directors who have knowledge of a decision or activity of the Corporation that involves or might involve a conflict of interest to disclose the circumstances. Some conflicts are quite clear, while others are less obvious. However, there may be situations which could be perceived as a conflict of interest, no matter how innocent the intentions of a Director.

The provisions of this *Conflict of Interest Policy*, and of any *Code of Conduct* applicable to the Directors of the Corporation, are in addition to, and not in substitution for, any obligation to the Corporation imposed by a common law, equity or statute. Compliance within the policy shall not relieve a Director for any such obligations.

## **Gifts and Benefits**

No Director shall accept a fee, advance, gift or personal benefit that is connected directly or indirectly with the performance of his or her duties of office.

### ***Examples***

One example would be that no Director should act as a paid agent before the Board or a Committee of the Board. Another example would be that no Director should refer third parties to a person, partnership, or corporation in exchange for payment or other personal benefit.

### ***Exceptions***

Examples of exceptions to the non-acceptance of gifts or personal benefits by Directors in relation to their official duties are:

- (a) compensation authorized by law;
- (b) such gifts or benefits that normally accompany the responsibilities of office and are received as an incident of protocol, custom, or social obligations;
- (c) suitable memento of a function honouring the Director(s).

## **Confidential Information**

Confidential information includes information in the possession of the Corporation which the Corporation is either prohibited from disclosing, or required to refuse to disclose, under the *Municipal Freedom of Information and Protection of Privacy Act*, (MFIPPA) or other legislation. Generally, MFIPPA restricts or prohibits disclosure of information received in confidence from third parties of a corporate, commercial, scientific or technical nature, information that is personal, and information that is subject to solicitor-client privilege.

Confidential Information also includes matters that have been discussed at an *in camera* Board meeting or that are the subject matter of a report to the Board or a Board resolution that accompany any such *in camera* Board meeting.

Such confidential information shall remain confidential until its disclosure is authorized by the Chair of the Board, and no Director shall disclose the content of the deliberations, report or resolution.

No Director shall disclose or release by any means to any member of the public, including City Council or any tenant or resident association, any confidential information in either oral or written form except when required by law or authorized by the Board to do so. Nor shall Directors use confidential information for personal or private gain, or for the gain of relatives or any person or corporation.

## **Examples**

As one example, no Director should directly or indirectly benefit, or aid others to benefit, either directly or inadvertently, from knowledge respecting bidding on the sale of Corporation property or assets. The following are examples of the types of information that a Director of the Board must keep confidential:

- (a) items under litigation, negotiation, or personnel matters;
- (b) information that infringes on the rights of others (e.g., sources of complaints where the identity of a complainant is given in confidence);
- (c) price schedules in contract, tender or Request For Proposal submissions, if so specified;

- (d) information deemed to be “personal information” under the *Municipal Freedom of Information and Protection of Privacy Act*;
- (e) discussions of policy or planning;
- (f) budget planning; and
- (g) proposed projects or expenditures.

## **Business Relations**

No Director shall act as a paid agent before the Board or its Committees or with any of the Corporation’s, or its subsidiaries’, officers or employees.

Any pecuniary interest held by a Director appearing in such a capacity, while may be not in actual conflict of interest, will give rise to the appearance of a conflict of interest.

## **Conduct Respecting Current and Prospective Employment**

No Director shall allow the prospect of his or her future employment by a person or entity to detrimentally affect the performance of his or her duties to the Corporation.

Once again, the existence of a pecuniary interest, even one that has not been confirmed, may give rise to a situation where the best interests of the Corporation are not considered against the personal interests of a Director.

## **Declaration Process**

The procedure for declaring conflicts of interest, and potential conflicts of interest is outlined in the *Conflict of Interest Declaration Process*.

## **Acknowledgement of Policy**

All directors of the Board (and its subsidiaries) are required to acknowledge receipt and understanding of the *Conflict of Interest Policy for Directors of the Board*. This shall be done by signing the declaration form, and returning it to TCHC’s corporate secretary.