

By-law No. 10

Conflict of interest by-law

Applegarth Co-operative Homes, Inc.

Passed by the Board
of Directors on Feb. 2, 2012

Confirmed by the
Members on April 16, 2012

Article 1: What is conflict of interest?

- 1.1** All directors, officers, committee members, agents 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 includes following the co-op's by-laws and provincial legislation about conflict of interest.
- 1.2** In this by-law, a person related to a director, officer, agent or employee means a parent, spouse, same-sex partner, child, household member, sibling, uncle, aunt, nephew, niece, mother-in-law, father-in-law, sister-in-law, brother-in-law, grandparent, or a person with whom the director, officer, agent or employee has a business relationship.
- 1.3** A conflict of interest can happen when a director, officer, or committee member
 - makes or takes part in a decision affecting the co-op's affairs, and
 - the result of that decision gives the person, or someone related to 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.
- 1.4** An employee or agent of the co-op can have a conflict of interest when
 - the employee recommends, makes or takes part in a decision affecting the co-op's affairs and
 - the result of the decision gives the employee, or a person related to the employee a financial or other benefit. This financial or other benefit may be direct or indirect.
- 1.5** Examples of conflict of interest are
 - the co-op does business with a director or an employee of the co-op or a company in which the director or the employee or a person related to them have a financial interest or stock

- someone living in the co-op or an employee is involved personally in a procedure of discipline where they or someone related to them made the complaint, or someone related to them is being disciplined
- 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) Director conflict or possible conflict of interest

When a director has or may have a conflict of interest:

- the director must declare the conflict of interest, or possible conflict of interest, in writing at or before the first board meeting after becoming aware of the conflict of interest or potential conflict of interest. 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 must consider the matter no later than the second meeting after the notice of the conflict of interest was given. This discussion must be recorded in the minutes of 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, must not be present at any of the parts of meetings when the matter is discussed, and does not count in quorum for those parts of the meeting.

As set out in Article 6, the board must report its discussion of the matter including how it was resolved in the minutes,.

(b) Financial conflicts of interest

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

In the case of contracts or agreements the provisions of article 4.2 below apply.

Other financial conflicts of interest may be approved if the board believes that there is no reasonable alternative, that their decision is in the best interests of the co-op and is appropriate for a body that receives significant public funding.

Where the board approves a financial conflict of interest they must report it at the next meeting of the members. This does not apply to payments for on-call duties as set out in Article 4.3.

If the board does not approve the financial conflict of interest 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.

If the conflict of interest is financial it must be referred to the board. The board's decision is final.

(d) When an employee or agent has or may have a conflict of Interest

An employee or agent of the co-op who has or may have a conflict of interest must report it to their supervisor and follow the supervisor's directions.

The manager must report a conflict of interest to the staff liaison (if there is one) or to the president of the co-op. 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.

Where there are officers of the co-op who are not directors, they must follow the same procedures as employees.

(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.

These procedures are in addition to, and do not replace, the requirements of the provincial statutes or common law.

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 compensation for their role as a director. 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 which 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, or people related to them, 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 Directors and officers hired by the co-op to a paid position must resign from office. This does not apply to being the on-call person for the equivalent of one day or less a week.

Article 5: Declarations

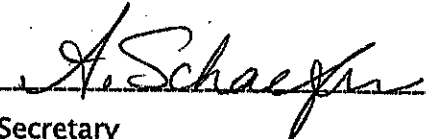
- 5.1 All directors and staff must sign the *Conflict of Interest Declaration* (attached: Schedule A). Directors and staff will sign when they begin their term, and existing directors and staff will sign annually.

Article 6: Information Recorded

- 6.1 The board must record in the minutes of any meeting where the board discussed a conflict of interest or a potential conflict of interest. The minutes must
1. record the board's decisions
 2. record the options the board considered
 3. show how the decision was in the best interests of the co-op
 4. show how the decision was appropriate for a body that receives significant public funding.

Conflict of interest by-law

CERTIFIED to be a true copy of By-law No. 10 of Applegarth Co-operative Homes, Inc. passed by the Board of Directors at a meeting held on Feb. 2, 2012 and confirmed by a two-thirds vote at a meeting of members held on April 16, 2012.

 c/s
Secretary

Schedule A

Conflict of Interest Declaration (Board of Directors and Staff)

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. I understand that the obligations and limitations regarding conflict of interest also apply to all persons in my household and to my relatives. 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.