

Beechwood Co-operative Homes Inc.

Conflict of Interest, Loyalties and Priorities Policy

Section 1: Policy Purpose

The purpose of this policy is to:

- 1.1 establish a definition for conflict of interest
- 1.2 establish a procedure for dealing with conflict of interests and other biases

Section 2: Definition of Conflict of Interest

The concept of "conflict of interest" is understood in many different ways when it is used in daily conversation. However, the Co-op must pay attention to the legal meaning. It is important that the Members and Directors of the Co-op have a common understanding of the meaning of conflict of interest as it applies to the operation of the Co-op:

Therefore, the Board of Directors will consider that a conflict of interest exists in these situations:

- 2.1 The Board of Directors enters into or gives consideration to a contract which would result in a financial benefit to a director or to a person or organization in which a director has a "material interest". (For example, a director's spouse bids on a renovation contract. In this case, the director would clearly benefit if the contract were awarded to the spouse's company.)
- 2.2 A director may benefit from "inside information" (that is, information received by being on the Board of Directors) to acquire a gain not available to someone without that information. (For example, the same director knows that the Board is planning to issue a tender call for a renovation contract with a short time limit. The director informs the spouse before the call is issued. The spouse's company then has more time than the other tenders to prepare a response.)

Section 3: Commitment to Full Disclosure of Conflict of Interest

All directors will be required to inform the Board in full of any possible interest they may have in a matter or issue discussed by the Board of Director.

Section 4: Procedure's for Conflict of Interest

Any director having a material interest in a matter under discussion will be expected to declare that interest to the Board and to fulfill the following requirements:

- 4.1 Refrain from participating in the discussion of that matter.
- 4.2 Abstain from voting on the matter.
- 4.3 Exclude him/herself from the count for quorum.

If this is not done and a conflict is discovered later, the co-op can refuse to honour any contract which gives rise to a conflict of interest. In cases where there is doubt or dispute, the Board will seek legal advice. In the event of the discovered conflict where the process has not been followed, the board may request the resignation of the Director in question.

Section 5: Other Biases or Conflicts

There are other situations which are not conflicts of interest but are often called that:

- 5.1 Divided loyalties. (For example, the Board is mediating a dispute on a committee which involves the spouse of a director. The director's objectivity may be in question.)
- 5.2 Biased perspective. (For example, a noise complaint is brought to the Board. A director is one of the complainants or has sympathy with the complaint.)
- 5.3 Conflicting roles in co-op's organizational structure. (For example, a director is a member of a committee whose budget is being considered by the Board.)

None of these will be considered a conflict of interest in the legal sense because the director involved would not gain materially or financially from the decision.

These examples may be considered conflicts of loyalties or priorities. These are biases and they should be declared so that the other decision-makers can give them a proper weight in their consideration. In most cases, however, they should not be allowed to exempt the declarer from taking part in the discussion, decision or quorum on the question. In other words, they should not be used to avoid sharing in responsibility for making tough decisions.

Adopted by the Board of Directors June 9, 1994

Confirmed by the Membership July 22, 1997