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Conflict of Interest Policy – Board of Directors

Policy Owner: Corporate Governance and Human Resources Committee

Approval: Board of Directors

First Approved:

Revision Approval:

Effective Date:

In this Document:

“Board” or “Board of Directors” means the board of directors of the Toronto Seniors Housing Corporation;

“CGHRC” means the Corporate Governance and Human Resources Committee of the Board;

“Director” or “Directors” means a director or directors of the Toronto Seniors Housing Corporation;

“Policy” means the Conflict of Interest Policy for the Board of Directors of the Toronto Housing Seniors Corporation;

“Stakeholders” include the tenants, suppliers, employees, the City of Toronto and other individuals, groups and entities that may from time to time interact with the Toronto Seniors Housing Corporation; and,

“TSHC” means the Toronto Seniors Housing Corporation.

Policy Statement

Promoting public confidence in the Toronto Seniors Housing Corporation is the responsibility of every Director. All Directors must understand that their individual decisions could have an impact on the TSHC’s success and reputation. It follows that in carrying out their duties, Directors are expected to promote the TSHC’s core values and to observe a high standard of honesty, integrity, accountability and ethics.

TSHC Stakeholders have placed their trust in the TSHC. The business decisions of the TSHC Board of Directors must therefore withstand rigorous scrutiny by TSHC Stakeholders. Directors shall act accordingly and shall 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. The TSHC wishes to establish clear standards to address real, potential and perceived conflicts of interest, to protect the integrity of the TSHC's decision-making processes and to provide a means to identify and resolve such conflicts of interest in favour of the TSHC's best interests.

Although this Policy does not address every issue that could possibly arise, it does set out basic expectations for the Directors and offers guiding principles to achieve these expectations whenever Directors interact with Stakeholders and other Directors.

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

Should Directors have any questions or need any clarification about this Policy and its interpretation, they should consult with the Chair of the CGHRC .

Scope

This Policy applies to all members of the Board of Directors of the TSHC, as well as to non-Director members of any TSHC Committee or Subcommittee.

Key Definitions

“Conflict of Interest” means any situation in which a Director's personal or business interests may compete or appear to compete with her or his duties as a Director of the TSHC, or may cause the Director to act contrary or appear to act contrary to, the best interests of the TSHC.

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

Actual Conflict: a conflict of interest that the Director has, or may 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; or,

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 that 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 shall not enter into any situation, arrangement or agreement (collectively referred to in this Policy as “matters and transactions”) that results or could result in a

conflict of interest (actual, potential, or apparent) and Directors shall arrange their personal and business affairs to ensure that conflicts of interest are avoided.

Directors should consider any advantage that their position as TSHC Directors may give them, whether it be the power to influence decisions, their ability to use the organization's resources or their access to information about the TSHC 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 on the Board or by Stakeholders including the general public.

In general, a Director shall not participate in decision-making with respect to a matter or transaction if that Director is in a conflict of interest position. Examples of conflicts of interests are (but are not limited to):

- Directors, or their family or friends, who transact business (funding or contractual arrangements) directly with the TSHC;
- Hiring a Director's family member or personal friend;
- Directors who accept gifts, entertainment or other personal benefits from an existing or potential TSHC Stakeholder such as a supplier, tenant, or business partner. This also includes family members of Directors who accept such benefits.
- Working for a supplier while continuing to be a Director of the TSHC;
- Directors who have a financial interest in a supplier or other Stakeholder;
- Directors who give 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 other than the TSHC if such involvement or employment would conflict with or detrimentally affect the Director's performance of his or her duties as a TSHC Director;
- Directors who use the TSHC's property, equipment or resources, other than for TSHC business; or,
- Directors who divert, directly or indirectly, to their own use an opportunity or advantage that belongs to the TSHC.

1. Financial and Business Transactions

Directors shall avoid financial transactions between themselves and the TSHC, between themselves and a third party, or between the TSHC and a third party that may adversely affect the performance of their duties as Directors or confer a personal or business advantage on them. This includes transactions involving entities in 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 managed by the TSHC. 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 TSHC's operations, or other confidential information obtained by reason of the Director's TSHC duties.

If a Director is, or seeks to be, a director, officer, or employee of a company (or if the Director has a financial interest in such company) that has business dealings with the TSHC, this could be 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 the TSHC, and the Director is involved in any process related to a business transaction involving the TSHC, this could be a conflict of interest.

2. Gifts or Donations

Subject to the other provisions in this Policy, Directors shall 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 the TSHC 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", consideration should be given to if the gift could reasonably be seen as an attempt to influence a decision on any matter or transaction. In this regard, consideration should be given, in turn, to 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 another individual.

3. Personal Relationships

Directors should always maintain a professional relationship with their colleagues on the Board and with Stakeholders, i.e., individuals, groups and entities with whom the TSHC has dealings including (but not limited to) tenants, contractors, suppliers and vendors. However, the TSHC acknowledges that Directors may have personal relationships with individuals with whom the TSHC has dealings from time to time.

Tenant Directors of TSHC will have ongoing personal relationships with other tenants and with staff as residents of TSHC buildings which do not constitute conflict of interest except as specified in 7 (d) ii below.

Directors shall take all reasonable steps to manage these relationships so as to avoid conflict-of-interest situations (whether actual, potential, or apparent).

An example is if a Director were to have access to a TSHC-operated building and has direct contact with a friend or family member who is a tenant or resident in the building or has access to the information of friends or family because of their position as a TSHC Director, as this could result in a conflict of interest.

As another example, if a Director were to be involved in the TSHC hiring process for, or will supervise, family, friends, or business associates (past or current), this could give rise to a conflict of interest.

4. Handling of Complaints

The Board of Directors recognizes the value, commitment and support of Stakeholders and it follows that they should welcome Stakeholder comments, suggestions, and complaints provided by them and made in good faith with a view to improving the TSHC.

If a Director receives a Stakeholder complaint or comment, the following steps shall apply:

- a) For complaints or comments about the operations or policies of the TSHC:
 - i. The complaint shall be forwarded to a senior TSHC executive officer for appropriate handling and response. The Director may notify the complainant of such forwarding and the senior TSHC executive officer will inform the Director of the disposition of the complaint.
 - ii. Directors shall not communicate with TSHC staff for the purpose of influencing or interfering in the equal and fair administration of TSHC repairs, programs or operations;
- b) For complaints or comments relating to the integrity of a TSHC staff member, the complaint shall be forwarded to a senior TSHC executive officer; and,
- c) For complaints or comments relating to the integrity of a Director, the complaint shall be forwarded to the Board Chair.

5. Outside Activity

Reference is also made to paragraph 7 dealing with Reporting and Resolving a Conflict of Interest.

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 the TSHC, in order to assist the TSHC in preventing any conflicts of interest between the two entities. For example, accepting a board position with a TSHC supplier would be a conflict. Reference is made in this regard to paragraph 7 below as to how such matters should be reported.

b) Political Involvement and Charitable Activity

The TSHC 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 outlined in paragraph 10 below. When a Director engages in political or civic affairs, the Director's views and actions are his or her own, not those of the TSHC and any statements made by the Director must not be attributed to the TSHC. Reference is made in this regard to paragraph 7 below as to how such matters should be reported.

6. Exclusivity and Business Opportunities

During the course of his or her tenure on the Board of Directors, a Director may come across business opportunities that have potential for exploitation. However, over the

course of her or his tenure on the Board, these opportunities belong to the TSHC and not to the Director personally.

Any business opportunities of any kind whatsoever and howsoever arising and relating to the business of the TSHC that become known to the Director during his or her tenure on the Board shall be pursued for the benefit of the TSHC only.

7. Reporting and Resolving a Conflict of Interest

a. What should a Director with a conflict of interest do?

Reporting the Conflict. A Director shall make a timely and full disclosure of any actual, potential or apparent conflict of interest.

The Director shall report in writing the facts and circumstances of the matter or transaction to the Board Chair and the Director shall govern himself or herself in accordance with the instructions received from the Board Chair.

Refraining from participation. The Director shall not participate in any formal or informal discussion of, any decision or vote on, or any attempt to exert influence over the contract, relationship, person or organization with respect to which the conflict may relate. A Director in this case, though, may be counted to establish a quorum for meetings.

Recusal. The Director shall temporarily recuse himself or herself from meetings in order to allow the remaining members of the Board or a Committee of the Board to engage in a full discussion regarding the impugned matter or transaction.

Refraining from voting. If a vote is taken in respect of the impugned matter or transaction, such Director shall abstain from voting and the minutes of the Board or Committee meeting shall record this fact if it has occurred.

b. When must Directors disclose conflicts of interest?

When they join the Board of Directors, Directors shall submit a written statement (in paper or digital form) concerning conflicts of interest. The Directors shall disclose in such statement 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, Directors shall 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 shall disclose the nature, value of and any relevant details of the conflict of interest.

d. **Do these requirements apply to all Conflicts of Interest?**

- i) Subject to the following, the requirements outlined in this paragraph 7 apply whenever there is an actual, potential or apparent conflict of interest unless the matter or transaction giving rise to the conflict of interest is one with an “affiliate”.

In the case of a matter or transaction with an affiliate, the reporting requirement for a conflict of interest that is outlined in this paragraph 7 continues to apply; however, the other requirements (namely, Refraining from Participation, Recusal and Refraining from Voting) do not apply to conflict-of-interest matters or transactions with an “affiliate”.¹ To satisfy the requirement for reporting in the case of a conflict of interest with an “affiliate”, a Director should declare their interest in the “affiliate” immediately and then annually thereafter, in writing, to the Board Chair.

- ii) TSHC, through its Shareholder Direction includes Directors who are tenants of TSHC. In general, tenant Directors are not expected to declare their interests with other tenants and can participate in all discussions and voting at the TSHC Board meetings unless there is an item that is specific to the interests of the tenant Director, or friends or family who are tenants as outlined in paragraph 3. Director should declare their conflict of interest to the Board Chair.

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 whether the Director (as the case may be) made disclosure, withdrew himself or herself from the consideration of the transaction or matter, recused him or herself from the meeting room itself and abstained from voting on the impugned transaction or matter.

9. Failure to Disclose a Conflict and Remedies

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

10. Leave of Absence

Directors shall notify the Board Chair in order to request a leave of absence. By way of example, Directors must be on an approved leave of absence in order 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 the TSHC or may adversely affect the performance of the Director's duties;
- b. Apply for a position with the TSHC; or,
- c. Any other event that may conflict with the interests of the TSHC 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 TSHC.

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 (Date)
- Code of Conduct (Date..)
- By-Law 1-2021

Commencement and Review

Revision	Date	Description of changes	Approval
First approval:			Board of Directors
Revision #1			Board of Directors
Last review:			

¹ The TSHC is a corporation organized under and subject to, the provisions in the Business Corporations Act of Ontario. Paragraph (c) of sub-section 132(5) of this legislation provides in part, that a director of a corporation who is party to a material contract or transaction with the corporation or who has a material interest in a material contract of transaction with the corporation shall not attend a meeting of directors during which the impugned contract or transaction is discussed and shall not vote on any resolution to approve the impugned contract or transaction unless the contract or transaction is one with an affiliate. For these purposes and as applied to the TSHC, "affiliate" in the legislation includes the Toronto Community Housing Corporation ("TCHC") since both the TCHC and the TSHC have the same sole shareholder, i.e., the City of Toronto.