



SARCEE MEADOWS HOUSING CO-OPERATIVE LTD.

HOUSING POLICY

SUBJECT: **Ethical Conduct Policy**

ORIGINAL DATE OF APPROVAL: October 27, 2004

APPROVED BY: Membership

DATE OF AMENDMENT OR REPLACEMENT: _____

1. Preamble

Sarcee Meadows Housing Co-operative Ltd (SMHC) is committed to ensuring fair dealing and integrity in the conduct of all of its affairs. Only through the ethical conduct of its directors, employees and other persons seen to be representing the organization, as mandated in this policy, will SMHC be able to preserve its members' trust, and attend to its own best interests.

The Ethical Conduct Policy seeks to establish principles for the management of ethical conflicts, to provide a source of advice on such matters, and to set out measures for dealing with breaches. The policy is intended to serve as a bridge between what the law requires and what morality advises, providing general guidance, but leaving individuals with the responsibility for acting ethically, in accordance with their best judgement.

In case of dispute or uncertainty, the Board of Directors is vested with the authority of interpreting this policy and ruling on any issues it may give rise to.

2. Application of this Policy

This policy applies to individual directors, employees, independent contractors acting in SMHC's name, committee members and any other volunteers acting on SMHC's behalf.

3. Ethical Conflicts

An ethical conflict exists when a reasonable observer would think that a person's loyalty to another organization or interest, including his or her self-interest, may influence the exercise of his or her objective judgement or compromise his or her duty of loyalty to SMHC. Ethical conflicts can take many forms, as set out below.

3.1 Conflict of Interest

Conflict of interest is normally associated with improper financial gain, whether deliberately sought or innocently arrived at. Under the Cooperatives Act, a director or officer of SMHC has a conflict of interest if he or she has an interest in a material contract or transaction with SMHC. Interest is defined as

- i. being a party to the contract or transaction;
- ii. being a director or officer of a party, or an individual acting in a similar capacity, to the contract or transaction; or

iii. having a material interest in a party to the contract or transaction.

Under the Act, conflict is not present if a similar contract or transaction is routinely available to any like member of SMHC on the same terms.

Under this policy, conflict of interest is also present when any of the following takes place or is attempted:

- i. Self-dealing: using one's position with SMHC to obtain a monetary benefit for oneself or for one's intimates;
- ii. Being on the take: accepting valuable gifts or favours in exchange for delivering benefits from SMHC;
- iii. Influence-peddling: advancing someone else's business or financial interests in exchange for benefits for oneself;
- iv. Making unauthorized private use of SMHC's property;
- v. Using confidential information for one's personal financial benefit;
- vi. Using one's recent close connection as a volunteer or staff member to influence SMHC for personal gain.

3.2 Conflict of Loyalties

A conflict of loyalties is present when a person owes a duty or loyalty to two or more parties and cannot reconcile those loyalties by identifying and serving the common interests of the separate parties.

3.3 Political Conflict

A political conflict arises when a person's fundamental duty to act in the best interests of SMHC clashes with his or her wish to advance the legitimate interests of a specific constituency within the organization or the wider movement.

4. Expected Standards of Behaviour

4.1 General

People employed by or acting on SMHC's behalf must comport themselves in a seemly and responsible way, avoiding any conduct that may bring them or SMHC into disrepute. They must act, and be seen to act, with undivided loyalty and good faith in the long-term best interests of SMHC and its membership.

4.2 Compliance with Laws, Regulations and Bylaws

People employed by or representing SMHC , when acting in that capacity, will at all times comply with the laws and regulations governing SMHC and the activities performed on its behalf. They will also at all times act in accordance with SMHC's own bylaws and policies.

4.3 In Conflict Situations

People employed by or acting on SMHC's behalf, including Directors and Officers, are expected to avoid ethical conflict, as defined in section 3 above. When a conflict is unavoidable, as soon as they become aware of it, employees and independent contractors with a conflict must disclose

it to the General Manager; the General Manager and volunteers to the Board of Directors. They may neither vote on any matter in which they have an ethical conflict nor be present nor take part in discussion of it.

4.4 Financial Assistance

The General Manager and Board of Directors may award financial assistance to members, as allowed under the bylaws and policies of SMHC. Where no policy exists, they may give only such assistance as would be available to a like member within the membership in a comparable situation.

4.5 Procurement

Ethical conflicts associated with procurement arise when a vendor or candidate for a staff position has a personal or immediate family relationship with a member of the Board of Directors or with a staff member. Such a person in authority may use, or may appear to use, his or her position to advance the interest of his or her friends or family. Failure to disclose a conflicting employment relationship may lead to disciplinary action including termination of an employee or removal of a board member. Conflict issues in hiring for permanent or temporary positions are further addressed in Conflicting Employment Relationships of SMHC's Personnel Policy.

In order to avoid ethical conflicts involving vendors or independent contractors, SMHC will observe the following principles:

Opportunities for vendors and independent contractors will be more or less widely advertised, or not advertised at all, in proportion to the importance and urgency of the task, the presence of qualified, known candidates and the length of time the task is expected to take.

Close relationships that cross lines of authority will be made known to the General Manager or the Board of Directors before procurement decisions are made.

No one intimately associated with a vendor or independent contractor may unilaterally decide to use that person's services.

In matters of procurement, the Board of Directors and the General Manager will each act in accordance with their fiduciary duty to SMHC in respect both to ethical conduct and to sound business judgement.

4.6 Gifts, Favours, Entertainment

No one employed by or acting on SMHC's behalf may give to or accept from members, suppliers, officials or associates anything but a token gift or benefit nor any benefit that, if made public, could appear intended to buy their good will.

4.7 Self-Dealing

People employed by or acting on SMHC's behalf must avoid all forms of self-dealing, as defined above.

5. Appropriate and Encouraged Behaviour

5.1 Political Support

People employed by or acting on SMHC's behalf are encouraged to exercise their citizenship by voting and participating in such activities as lobbying, political campaigns or running for public office, provided they do not use SMHC's premises for these purposes or in any other way compromise SMHC's tradition of non-partisan political advocacy.

5.2 SMHC's Property

People employed by or acting on SMHC's behalf may make reasonable personal use of SMHC's property, provided they pay for any goods and services they use where such use involves any expense to SMHC, and they have obtained permission to do so either from the general manager in the case of employees, or the general manager or Board of Directors, in the case of directors, to ensure that the property use does not open SMHC to any liability claims, and that there is no conflict with the needs of the co-operative. While they may send personal messages by means of SMHC's system of electronic communications, they must do so in the understanding that SMHC cannot guarantee their privacy and may have no option but to review such messages in order to enforce this or another of its policies.

5.3 Confidentiality and Privacy

People employed by or acting on SMHC's behalf must treat as confidential both SMHC's records and any information they may contain about private individuals and their financial, professional or personal lives, sharing this information only if absolutely necessary, and as permitted by law. They must comply with any privacy policy adopted by SMHC.

5.4 Sector Activity

People employed by or acting on SMHC's behalf are encouraged to participate in the co-operative housing movement at all levels, but must reserve their higher loyalty and good faith for SMHC, if a conflict of loyalties should arise.

Directors may support a candidate running for election to a volunteer position within SMHC, if they can do so without partisan excess.

Employees of SMHC may not play any role in the election campaign of any candidate for elected office with SMHC.

SMHC's media will not offer any candidate an opportunity not available to all candidates in a similar position.

6. Consequences

The Cooperatives Act makes various sanctions and remedies available if a conflict of interest on the part of a director or officer is not managed according to its requirements. These remedies are available to SMHC and to any of its members. In light of its broad concern for ethical conduct, SMHC has established the following further measures.

6.1 Employees, Vendors and Independent Contractors

Failure to follow this policy will lead to sanctions, which may include termination.

6.2 Members of the Board

Under certain conditions as outlined in the Ethical Conduct Agreement, sections 15 and 16, a member of the Board may be deemed to resign as a director or may be asked to resign by the Board of Directors.

6.3 Other Volunteers

Any volunteer serving on a committee will be deemed to have resigned from that group, if after a fair hearing, the Board in its wisdom decides that his or her conduct or activities are likely in any way to bring SMHC into disrepute.

7. Expression of Commitment

Each year the individual directors and members of committees of SMHC, employees, independent contractors representing SMHC, and any other volunteers acting on behalf of SMHC, will read the Ethical Conduct Policy, acknowledge themselves to be in compliance with it and commit themselves to remaining so over the course of the next year by signing an ethical conduct agreement.

8. Definitions: For purposes of this policy the following definitions of terms used apply.

Employee: Any person who works for SMHC on an employee / employer relationship and who appears on any payroll records of SMHC.

Fiduciary: A fiduciary is a person who must put someone else's interests ahead of their own.

Immediate family: Includes spouse/partner, child, grandchild, brother, sister, parent, grandparent, aunt, uncle, niece, nephew, and corresponding in-laws.

Independent Contractor: A self-employed individual who agrees to provide SMHC with a specific service.

Personal relationship: A personal relationship outside the workplace that might affect the decisions or the ability of an individual to perform his or her duties.

Procurement: The process whereby SMHC purchases equipment, materials, supplies, and repairs, or contracts for services.

Transaction: Any business deal or contract or event that requires the exchange of money from SMHC to the other party.

Vendor: Any person or company hired by SMHC to perform work and/or supply products to SMHC. Includes sellers, traders, retailers, wholesalers, dealers etc.