

Karma Co-operative, Inc. Conflict of Interest Policy

Effective October 7, 2014, for Board Review in 2016

SUMMARY:

The board of directors recognises that a written Conflict of Interest policy is important to successfully manage conflict of interest situations that may arise at Karma Co-op. The board intends to review the policy every two years after implementation to make any necessary updates or revisions. The objective of the policy is given in section 1. Section 2 sets out who is covered by the policy. The general definition of a conflict of interest situation is given in section 3. Specific terms used in the definition are also defined in that section. Examples of conflicts that may arise are given in section 4. Lastly, the procedures for declaring and managing conflicts of interest situations that may occur at Karma Co-op are set out in sections 5 and 6.

1.0 OBJECTIVE:

The proper governance of Karma Co-operative, Inc. (Karma Co-op) depends on ethical behaviour throughout the organization, and in particular, on fair, well-informed decision-making. The ability to make a decision is sometimes affected by other interests (personal or professional) of individuals in the organization. Such conflict of interest situations are a regular part of organizational and personal life and cannot simply be eliminated. The purpose of this policy is to provide guidelines for identifying situations which may give rise to a conflict of interest and to outline mechanisms by which a conflict of interest situation is to be disclosed and managed. The objective is to permit Karma Co-op to manage conflict of interest situations successfully and resolve them fairly.

2.0 SCOPE:

Each Karma Co-op board, committee, staff (includes union, non-union, or contract staff unless otherwise specified) and general member shall be guided by this Conflict of Interest Policy whenever they are carrying out the business of or representing Karma Co-op. In this role, each board, committee, general or staff member has a duty of loyalty to Karma Co-op and must prefer the interests of Karma Co-op over the board, committee, general or staff member's interests or the interests of others. The board, committees and staff members of Karma Co-op must ensure that their personal interests, investments and activities (including those of immediate family members) do not conflict with their objectivity or independent judgement, the best interests of Karma Co-op or any other obligations to the members of the co-op.

3.0 DEFINITIONS:

3.1 A conflict of interest is a situation in which a person has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties such that an independent observer would reasonably question whether the individual's behaviour or decisions are in any way motivated by considerations of personal gain, financial or otherwise. A conflict of interest may be actual, apparent, perceived or potential. A conflict of interest does not necessarily imply wrongdoing as a conflict of interest depends on the circumstances and not on the character of an individual.

3.2 Private or personal interest refers to: an individual's self-interest (e.g. to achieve financial profit or avoid loss, or to gain another special advantage or avoid a disadvantage); the interests of the individual's immediate family; or the interests of another organization in which the individual or an individual's immediate family holds a position (voluntary or paid).

3.3 Immediate Family Members For the purpose of this policy, "immediate family" means, in respect of an individual,

- (a) the individual's spouse or common-law partner;
- (b) the individual's father or mother and the spouse or common-law partner of the father or mother;
- (c) the individual's children and the children of the employee's spouse or common-law partner;
- (d) the individual's grandchildren;
- (e) the individual's brothers and sisters;
- (f) the grandfather or grandmother of the individual;
- (g) the father or mother of the spouse or common-law partner of the individual and the spouse or common-law partner of the father or mother of the individual's spouse or common-law partner; and
- (h) any relative of the individual who resides permanently with the individual or with whom the individual permanently resides.

In this section, "common-law partner" means a person who has been cohabiting with an individual in a conjugal relationship for at least one year, or who had been so cohabiting with the individual for at least one year immediately before the individual's death.

3.4 Financial interest includes but is not limited to, an opportunity to receive anything of monetary value, e.g. salary or other payments, including but not limited to, contracts to perform work for Karma, consulting fees, products, gifts, equity interests or other ownership interests.

3.5 Gifts include, but are not limited to, articles of value such as products, cash, personal loans, donations or property and/or offers of travel, accommodation, meals, entertainment, equipment or other special considerations.

4.0 EXAMPLES:

4.1 Board, committee or staff members shall not disclose or use for personal gain any confidential information related to Karma Co-op's business to any person or entity, unless disclosure is related to the legitimate business of Karma Co-op.

4.2 Board, committee or staff members shall not take for themselves opportunities that are discovered or created through the use of Karma Co-op's property, information, relationships or position, or use them for personal or professional gain.

4.3 No board, committee or staff member shall solicit or accept gifts, gratuities, or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment to such person, nor shall board, committee or staff members represent to third parties that their actual authority extends any further than it actually extends.

5.0 DISCLOSURE and MANAGEMENT:

5.1 Declaration: Individuals may have personal relationships, other interests, involvement with other organizations or interactions with external individuals that may lead to situations which create or have the potential to create a conflict of interest. As soon as individuals become aware of potential, actual or perceived conflict of interest situations, such situations are to be declared. If the potential, actual or perceived conflict of interest situation involves the General Manager such conflict of interest situation shall be declared to the full board of directors. Conflict of interest situations involving a committee member shall be reported to the committee chair, General Manager and the board of directors. Conflict of interest situations arising among board members, or general Karma members who are carrying out the business of or representing Karma Co-op, shall be reported to the entire board of directors and the General Manager. Staff, other than the General Manager, are to report conflict of interest situations to the General Manager who will deal with them in the first instance. All real and potential conflict of interest situations should be documented in board minutes, correspondence to interested parties or other documentation to insure a record of steps taken.

5.2 Management: The General Manager, board of directors, and committee chairs will take such steps to mitigate potential adverse implications of the conflict of interest situation as may be appropriate in the circumstances. Such steps shall include restricting the involvement of the individual in discussion and decision making on the issue. They may also include recruiting a disinterested third party to assist and removing the individual from the affected duties.

In accordance with the General by-laws of Karma Co-operative, Inc. Amended 17 October 2011:

Article IV Section 13 “Any director who has a financial interest in a matter under consideration by the board, beyond the interest which all members share in that matter, must declare that interest to the board, not participate in the discussion or voting on the matter, and not be counted in determining whether a quorum is present to decide the matter”.

6.0 POLICY APPLICATION:

6.1 This policy must be made available to all Board, committee and general members, as well as staff.

6.2 At that time board, committee and all staff members must disclose possible conflict situations to the individuals indicated in section 5.1. Subsequent material changes must be disclosed when they first emerge for the board, the General Manager, staff, committee members and general members carrying out the business of or representing Karma.

6.3 The board president or General Manager will indicate to each individual whether any further action is necessary to manage the possible conflict of interest disclosed.

6.4 The board of directors, with input from the General Manager where appropriate, is the final authority on resolving disputes about the existence of a conflict as well as dealing with real conflicts of interest which are discovered “after the fact”. A variety of serious measures such as cancelling a contract or termination may have to be considered in such situations.

6.5 For the purposes of this policy, the board of directors is the appropriate authority in all matters relating to the affairs of the board and board members, and to any issues involving the General Manager’s own affairs. Any conflict of interest situations involving the staff (other than the General Manager) will be dealt with by the General Manager. If a conflict of interest situation involving the staff is not able to be resolved by the General Manager the board of directors will be the final authority. The board of directors is also the final authority for all unresolved conflict of interest situations involving committees and general members.

6.6 Board members shall confirm in writing that they have received and read this policy and procedure at the first meeting of the board of directors that they attend following their election and indicate their agreement with it.