



TO: Pension Committee

SPONSOR: John Switzer, Chair, Pension Committee
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DATE: February 24 for March 9, 2011

AGENDA ITEM: 3

ITEM IDENTIFICATION:

Pension Committee: Draft Conflict of Interest Policy

JURISDICTIONAL INFORMATION:

Section 8 of the Committee's Terms of Reference state:

The Committee shall develop and maintain a conflict-of-interest policy, having regard for Section 27 of Governing Council By-Law Number 2.

PREVIOUS ACTION TAKEN: N/A

HIGHLIGHTS: See attached draft.

FINANCIAL AND/OR PLANNING IMPLICATIONS: N/A

RECOMMENDATION:

THAT the proposed Pension Committee Conflict of Interest policy be approved.

PENSION COMMITTEE CONFLICT OF INTEREST POLICY – Draft for discussion at first Pension Committee meeting.

Preamble

The Pension Committee Terms of Reference describe the standard of care to which Members must adhere as follows:

“Members of the Committee bear a fiduciary responsibility to the members of the pension plans. In carrying out their responsibilities relating to the administration of the pension plans, members of the Pension Committee shall act with the care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person. In addition, each member shall use all relevant knowledge and skill that the member possesses, or ought to possess, by reason of the members’ profession, business or calling, ought to possess.”

A core component of this fiduciary duty is to avoid all conflicts of interest between a Member’s personal interest and his/her duty to act in the interests of the members and beneficiaries of the plans. This policy sets out how this aspect of a Member’s fiduciary duty is operationalized. It is to be read in conjunction with section 27 of Governing Council’s By-Law 2, which also applies.

Conflict of Interest

It shall be a conflict of interest for Members to knowingly exercise any of their rights and obligations as Members in a manner that permits, or would reasonably be seen to permit, personal interests, rather than the interests of members and beneficiaries of the plans, to benefit from the exercise of such rights and obligations. Furthermore, it shall be a conflict of interest for a Member to place himself/herself in a situation of conflict or potential conflict between his/her personal interests and his/her duties to the members and beneficiaries of the plans as a Member of the Committee. Personal interests include, but are not limited to, financial interests. Personal interests include personal interests of a Member’s spouse, partner, child, parent or other close personal or family relation.

The Policy recognizes that Members and those with whom they have close personal or family relations may themselves be members or beneficiaries of one of the plans, and that some may also be or have been members of various categories of members, such as faculty and unionized and non-unionized staff. These circumstances, by themselves, do not constitute conflicts of interest. The expectation is that the Member may be informed by the perspective drawn from their status as a member or beneficiary of a plan, but that the Member will always exercise rights and obligations in the Committee’s activities solely in accordance with the fiduciary obligation described above.

Duty to Disclose a Conflict of Interest

Where a Member believes that s/he may be in an actual or potential conflict of interest, the Member shall immediately report the actual or potential conflict to the Chair and the Vice-Chair of the Committee. The Chair and Vice-Chair of the Committee shall immediately report actual or potential conflicts involving their respective roles on the Committee to the Chair of the Governing Council. For clarity, the disclosure of the existence of an actual or potential conflict must be made orally to the Committee if the knowledge of the actual or potential conflict arises in the course of discussion at a Committee meeting.

Upon disclosure, the Chair and the Vice-Chair of the Committee, or the Chair of the Governing Council, as the case may be, shall (after obtaining such advice as is deemed necessary) decide how the actual or potential conflict shall be managed, so that it no longer exists. In some cases, it will be managed by a decision to exclude the conflicted Member from participating in specified decisions or actions. In other cases it may require resignation of the conflicted Member from the Committee. A broad range of possible decisions may be appropriate. The result of any decision regarding an actual or potential conflict of interest shall be disclosed, on a confidential basis, to all Members.

If a Member believes that s/he is in an actual or potential conflict of interest, in addition to reporting as described above, s/he must immediately refrain from any actions that would allow such actual or potential conflict of interest to materialize until (at the earliest) the Chair and the Vice-Chair of the Committee, or the Chair of the Governing Council, as the case may be, decide how the actual or potential conflict shall be managed.

When in doubt, a Member should report and refrain from acting in relation to any matter which may give rise to an actual or potential conflict until the actual or potential conflict is dealt with.

February 2011