

	<input checked="" type="checkbox"/> Policy	Section Board Governance	Number 02-011
	<input checked="" type="checkbox"/> Procedure		
	<input type="checkbox"/> Protocol		
	<input type="checkbox"/> Terms of Reference		
<b>Conflict of Interest</b>			
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<b>Owner:</b> President & Chief Executive Officer	<b>Reviewer(s):</b> Executive, Governance & Planning Committee	<b>Approver:</b> Board of Governors	
<b>Cross Reference:</b>			

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### **Purpose**

All directors have a duty to ensure that the trust and confidence of the public in the integrity of the decision-making processes of the Board are maintained by ensuring that they and other members of the Board are free from conflict or potential conflict in their decision-making. It is important that all directors understand their obligations when a conflict of interest or potential conflicting interest arises.

### **Policy**

Directors and Non-Board committee members shall avoid situations in which they may be in a position of conflict of interest. The by-laws contain provisions with respect to conflict of interest that must be strictly adhered to.

In addition to the by-laws, the process set out in this policy shall be followed when a conflict or potential conflict arises.

### **Description of Conflict of Interest**

The situations in which potential conflict may arise cannot be exhaustively set out. Conflicts generally arise in the following situations:

1. *Interest of a Director "Wearing Two Hats"*  
When a director transacts with the corporation directly or indirectly. When a director has a significant direct or indirect interest in a transaction or contract with the corporation.
2. *Interest of a Relative*  
When the corporation conducts business with suppliers of goods or services or any other party of which a relative or member of the household of a director is a principal, officer or representative.
3. *Gifts*  
When a director or a member of the director's household or any other person or entity designated by the director, accepts gifts, payments, services or anything else of more than a token or nominal value from a party with whom the corporation may transact business (including a supplier of goods or services) for the purposes of (or that may be perceived to be for the purposes of) influencing an act or decision of the Board.
4. *Acting for an Improper Purpose*  
When directors exercise their powers motivated by self-interest or other improper purposes. Directors must act solely in the best interest of the corporation. Directors who are nominees

of a particular group must act in the best interest of the corporation even if this conflicts with the interests of the nominating party.

5. *Appropriation of Corporate Opportunity*

When a director diverts to his/her own use an opportunity or advantage that belongs to the corporation.

6. *Duty to Disclose Information of Value to the Corporation*

When directors fail to disclose information that is relevant to a vital aspect of the corporation's affairs.

Amendment

This policy may be amended by the Board.

**Procedure**

**Process for Resolution of Conflicts and Addressing Breaches of Duty**

**Disclosure of Conflicts**

A director who is in a position of conflict or potential conflict shall immediately disclose such conflict to the Board by notification to the Chair or Vice Chair of the Board. The disclosure shall be sufficient to disclose the nature and extent of the director's interest. Disclosure shall be made at the earliest possible time and prior to any discussion and vote on the matter.

All such declarations of interest (including the specific nature thereof) shall be recorded in the minutes of the meeting and in the minutes of every meeting at which the matter that is the subject of the declaration is addressed (either discussed or voted on). The Secretary of the Corporation shall maintain a list of all ongoing matters that are the subject of a Conflict of Interest declaration, together with the identity of the conflicted Director(s). Such list shall be referred to by the Secretary (or designate) when preparing Board or Committee packages, and any materials relating to a matter that is the subject of a Conflict of Interest declaration shall be omitted from the Board or Committee package of any conflicted Director.

**Abstain from Discussions**

The director shall not be present during the discussion of the matter in which he/she has a conflict and shall not attempt in any way to influence the voting. The abstention of the conflicted Director from discussion and voting shall be recorded in the minutes. The conflicted Director is not restricted from answering questions about or explaining his/her involvement in the matter that is the subject of the declaration.

**Process for Resolution of Conflicts and Addressing Breaches of Duty**

All directors shall comply with the requirements of the by-laws. It is acknowledged that not all conflicts or potential conflicts may be satisfactorily resolved by strict compliance with the by-laws. There may be cases where the perception of a conflict of interest or breach of duty may be harmful to the corporation notwithstanding that there has been compliance with the by-laws.

A director may be referred to the process outlined below in any of the following circumstances:

1. *Circumstances for Referral*

Where any director believes that the director or another director:

- a) has breached his/her duties to the corporation;
- b) is in a position where there is a potential breach of duty to the corporation;
- c) is in a situation of actual or potential conflict of interest; or

- d) has behaved or is likely to behave in a manner that is not consistent with the highest standard of public trust and integrity and such behavior may have an adverse impact on the corporation.

## 2. *Process for Resolution*

The matter shall be referred to the following process:

- a) Refer matter to Chair or where the issue may involve the Chair, to Vice Chair, with notice to President & CEO.
- b) Chair (or Vice Chair as the case may be) may either (i) attempt to resolve the matter informally, or (ii) refer the matter to an ad hoc sub-committee of the Board established by the Chair which sub-committee shall report to the Board.
- c) If the matter cannot be informally resolved to the satisfaction of the Chair (or Vice Chair as the case may be), the director referring the matter and the director involved then the Chair shall refer the matter to the process in (b) above.

It is recognized that if a conflict, or other matter referred cannot be resolved to the satisfaction of the Board (by simple majority resolution) or if a breach of duty has occurred, a director may be asked to resign or may be subject to removal pursuant to the by-laws and the *Corporations Act*.

If a Director believes that any other Director is in a conflict of interest position the Director shall have his/her concern recorded in the minutes and the Director with the alleged conflict of interest shall have the right to address the board with respect to the allegation. Thereafter, at the request of the Director who recorded the initial concern or by the Board Chair, after the Director alleged to have a conflict of interest has absented himself/herself from the room, the board shall vote on whether the Director is in a conflict of interest position.

### **Departments Affected**

All directors including ex-officio directors and all Non-Board members of committees.