



<b>SECTION:</b>	Board of Directors	<b>POLICY:</b>	Conflict of Interest
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## **POLICY:**

Board and committee members shall avoid situations in which they may be in a position of conflict of interest. The Bylaw contains provisions with respect to conflict of interest that must be strictly adhered to. In addition to the Bylaw, the process set out in this policy shall be followed when a conflict or potential conflict arises.

## **PROCEDURE:**

All Directors (including ex-officio Directors and members of committees) 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 or potential conflicting interest arises.

### ***Definitions of Conflict of Interest***

***Conflict of Interest*** – A conflict of interest is a set of conditions in which judgement or decisions concerning a primary interest (e.g. the Corporation’s welfare) is unduly influenced by a secondary interest (personal or organizational including financial gain, career advancement, or other benefits to family, friends or colleagues of members of this Board of Directors).

***Potential Conflict of Interest*** – A potential conflict of interest exists when a member of the Board is engaged in a transaction from which, depending on the Board’s decision, they may benefit either directly or indirectly.

***Perceived Conflict of Interest*** – A perceived conflict of interest is the appearance of a conflict of interest as judged by outside observers regardless of whether an actual conflict of interest exists. The observer viewing a transaction would conclude that a member of the Board participating in the transaction will or may benefit, directly or indirectly, from the transaction.

*Real Conflict of Interest* – A real conflict of interest is when two or more interests are indisputably in conflict. The member of the Board benefits, directly or indirectly, from a decision or action of the Board.

### ***Situations of Potential Conflict of Interest***

The situations in which potential conflict of interest 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 and services or any other party of which is a relative, a close relation, or members of the household of a director are 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, not to exceed \$20.00, from a party with whom the Corporation may transact business (including a supplier of goods and 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 or her own use an opportunity or advantage that belongs to the Corporation.

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

When a director fails to disclose information that is relevant to a vital aspect of the Corporation’s affairs.

### ***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 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 prior to any discussion and vote on the matter.



### Abstain from Discussions

The Director shall not be present during the discussion of the matter in which he or she has a conflict and shall not attempt in any way to influence the voting.

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

All Directors shall comply with the requirements of the Bylaw. It is acknowledged that not all conflicts or potential conflicts may be satisfactorily resolved by strict compliance with the Bylaw. 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 Bylaw.

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 another Director:

- a) has breached their 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 standards 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 in the following process:

- a) Refer matter to Chair or where the issue may involve the Chair, to the Vice Chair, with notice to the Chief Executive Officer.
- b) Chair (or Vice Chair) 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), 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 Bylaw and the *Corporations Act*.