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SUBJECT: CONFLICT OF INTEREST PROVISIONS FOR DIRECTORS & NON-DIRECTOR BOARD COMMITTEE MEMBERS

Preamble

The following definitions and procedures support the Declaration of Conflict provision in the By-law, Article 6. As part of the annual board member declaration process (see Board policy V-A-1), members are required to sign a form confirming that they have/will declare conflict of interest, consistent with this policy.

Definitions

“Conflict of Interest” includes, without limitation, the following four (4) areas that may give rise to a conflict of interest for the Directors of the Corporation, namely:

“Pecuniary or financial interest” – a Director is said to have a pecuniary or financial interest in a decision when the Director (or the Director’s Associates) stands to gain by that decision, either in the form of money, gifts, favours, gratuities or other special considerations;

“Undue influence” – participation or influence in Board decisions that selectively and disproportionately benefits particular agencies, companies, organizations, municipal or professional groups, or patients from a particular demographic, geographic, political, socio-economic or cultural group is a violation of the Director’s entrusted responsibility to the community at large;

“Adverse Interest” – a Director is said to have an adverse interest to the Corporation when the Director is a party to a claim, application or proceeding against the Corporation; or

“Personal Relationship” – a Director has or may be perceived to have personal interests that are inconsistent with those of the Corporation, creating conflicting loyalties.

“Associates” – in relation to an individual means the individual’s parents, siblings, children, spouse or common-law partner, and includes any organization, agency, company or individual (such as a business partner) with a formal relationship to the individual.

“Officers” – officers appointed by the Board under the Not-for-Profit Corporations Act, 2010 (the “Act”) and the bylaws, including Board Chair, Vice-Chair, Treasurer and Committee Chairs

All directors have a duty to maintain the integrity of the decision-making processes of the board of directors (the "Board") by ensuring that they and other directors are free from conflict or potential conflict in their decision making. It is inherent in a director's fiduciary duty that conflicts of interest be avoided. It is important that all directors and officers understand their obligations when a conflict of interest or potential conflict of interest arises.

This policy applies to all directors, including ex-officio directors, officers, and non-director Board committee members.

Directors, officers, and non-director Board committee members shall avoid situations in which they may be in a position of a conflict of interest or perceived conflict of interest. In addition to the conflict of interest provisions in the Act and by-laws, which must be strictly adhered to, the process set out in this policy shall be followed when a conflict or potential conflict arises.

A conflict of interest arises in any situation where a director's duty to act solely in the best interest of the Corporation and to adhere to their fiduciary duties is compromised or impeded by any other interest, relationship, or duty of the director. A conflict of interest also includes circumstances where the director's duties to the Corporation are in conflict with other duties owed by the director such that the director is not able to fully discharge the fiduciary duties owed to the Corporation.

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

Transacting with the Corporation

When a director transacts with the Corporation directly or indirectly

When a director has a material direct or indirect interest in a transaction or contract with the Corporation

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.

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.

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.

Appropriation of Corporate Opportunity

When a director diverts to their own use, an opportunity or advantage that belongs to the corporation.

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.

Serving on Other Corporations

A director may be in a position where there is a conflict of "duty and duty". This may arise where the director services as a director of two corporations that are competing or transacting with one another. It may also arise where a director has an association or relationship with another entity. For example, if two corporations are both seeking to take advantage of the same opportunity, a director may be in possession of confidential information received in one boardroom or related to the matter that is of importance to a decision being made in the other boardroom. The director cannot discharge the duty to maintain such information in confidence while at the same time discharging the duty to make disclosure. The director cannot act to advance the interests other than those of the Corporation.

Process for Resolution of Conflicts and Addressing Breaches of Duty

Disclosure of Conflicts

A director or officer, who is in a position of conflict or potential conflict, shall immediately disclose such conflict to the board by notification to the Board Chair or Vice-Chair. Where the Chair has a conflict, notice shall be given to the Vice-Chair. A non-director Board committee member, who is in a position of conflict or potential conflict, shall immediately disclose such conflict to the Board by notification to the Committee Chair. The disclosure shall be sufficient to disclose the nature and extent of the interest. Disclosure shall be made at the earliest possible time and, where possible, prior to any discussion and vote on the matter.

The disclosure must be made, at a minimum, in the case of a director:

- at the meeting where a matter in which the director has a conflict is first considered;
- if the director was not then interested in a matter, at the first meeting after the director becomes so interested;
- if the director becomes interested after a matter has been approved, at the first meeting after the director becomes so interested; or

- if an individual who has a conflict in a matter later becomes a director, at the first meeting after the individual becomes a director.

The disclosure must be made, at a minimum, in the case of an officer:

- forthwith after the officer becomes aware that a matter in which the officer has a conflict is to be considered or has been considered by the Board;
- if the officer becomes interested after a matter has been approved by the Board, forthwith after the officer becomes so interested; or
- if an individual who has a conflict in a matter later becomes an officer, forthwith after the individual becomes an officer.

The disclosure must be made, at a minimum, in the case of a non-director Board committee member:

- at the committee meeting where a matter in which the Board committee member has a conflict is first considered;
- if the Board committee member was not then interested in a matter, at the first committee meeting after the Board committee members becomes so interested;
- if the Board committee members becomes interested after a matter has been approved, at the first committee meeting after the Board committee members becomes so interested;
- if an individual who has a conflict in a matter later becomes a Board committee member, at the first committee meeting after the individual becomes a Board committee member.

If a director or officer has a conflict of interest in a matter that, in the ordinary course of the Corporation's business, would not require approval of the Board or members, the director or officer shall disclose the conflict of interest to the Board chair or Vice-Chair, or request to have entered in the minutes for the Board meetings, the nature and extent of their interest forthwith after the director or officer becomes aware of the matter.

Continuing Disclosure

A director, officer or non-director Board committee member may provide a general notice to the Board disclosing their relationships and interests in entities or persons that give rise to conflicts.

Leave the Meeting and Do Not Vote

A director, officer, or non-director Board committee member who has declared a conflict shall not attend any part of a meeting during which the matter in which they have a conflict is discussed and shall not vote on any resolution to approve the matter.

Exceptions are made if the matter relates to a contract or transaction:

- a) primarily related to their remuneration as a director of the Corporation or an affiliate of the Corporation
- b) for indemnity or insurance under section 46 of the Act; or
- c) with an affiliate of the Corporation.

If no quorum exists for the purposes of voting on a resolution to approve a matter only because one or more director(s) or Board committee members(s) are not permitted to be present at the meeting due to a conflict, the remaining directors or Board committee member(s) are deemed to constitute a quorum for the purpose of voting on the resolution.

Referral

A director may be referred to the process outlined below where any director believes that they or 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 trust and integrity and such behaviour may have an adverse impact on the Corporation.

Process for Resolution

- a) the matter shall be referred to the Chair or where the issues may involve the Chair, to the Vice-Chair, with notice to the Chief Executive Officer
- b) The Chair (or Vice-Chair, as the case may be) may either:
 - i) attempt to resolve the matter informally; or
 - ii) refer the matter to either the executive committee or to a special committee of the Board established by the Chair (or Vice-Chair, as the case may be), which shall report to the Board.
- c) if the Chair or Vice-Chair elected to attempt to resolve the matter informally and the matter cannot be 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 or Vice-Chair shall refer the matter to the process in b)(ii) above.
- d) a decision of the Board by majority resolution shall be determinative of the matter.

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 Act.

Perceived Conflict

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 (even where no conflict exists, or breach has occurred) may be harmful to the Corporation notwithstanding that there has been compliance with the by-laws. In such circumstances, the process set out in this policy for addressing conflicts and breaches of duty shall be followed.

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It is recognized that the perception of a conflict or breach of duty may be harmful to the Corporation even where no conflict exists, or breach has occurred, and it may be in the best interest of the Corporation that the director be asked to resign.