

Revised (R) / Reconfirmed (RC) Dates
Jan 2012 (r), Dec 2016 (rc), Oct 2018 (r) May 2023 (r)

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 procedure set out in this policy shall be followed when a conflict of interest, potential conflict of interest or perceived conflict of interest arises.

It is acknowledged that not all conflicts of interest, potential of conflicts of interest or perceived conflicts of interest may be satisfactorily resolved by strict compliance with the by-laws or this policy. There may be cases where the perception of a conflict of interest (even where no conflict of interest exists) may be harmful to the corporation notwithstanding that there has been compliance with the by-laws.

In such circumstances, the procedure set out in this policy for addressing conflicts of interest shall be followed. It may then be in the best interests of the corporation that the Director or non-Board committee member be asked to resign or be subject to removal pursuant to the by-laws and the Ontario *Not-for-Profit Corporations Act, 2010*.

PURPOSE

It is inherent in a Director's and non-Board committee member's fiduciary duty that conflicts of interest be avoided. It is important that all Directors and non-Board committee members understand their obligations when a conflict of interest, potential conflict of interest or perceived conflict of interest arises. Conflict of interest guidelines included in this policy are intended to:

- Ensure that persons do not use their affiliation with the Corporation for personal or private benefit, either directly or indirectly, financially or otherwise.
- Protect the integrity of persons who follow these conflict of interest provisions.
- Ensure that an individual is not disqualified from serving as a Director or non-Board committee member because of a potential for a conflict of interest, whenever possible.
- Ensure that Board activities are carried out in an open, transparent and fair manner.
- Protect the person and the Corporation from Risks associated with conflicts of interest.

PROCEDURE

1. All Directors and community members of the Board are responsible for becoming familiar with the following Definitions of Conflict of Interest. Directors must annually sign a declaration that they have read and understood the Conflict of Interest Policy.

A **Conflict of Interest** is any situation where the possibility of a benefit of any kind, whether pecuniary or non-pecuniary, to the private interest of a Director and non-Board committee member, or any of the Director's or non-Board committee member's Associates, could compromise, or be seen to compromise, the Director's or non-Board committee member's judgment, decisions or actions with respect to any interest or any business of the Corporation.

A **Potential Conflict of Interest** is any situation where a Director or non-Board committee member or any of the Director's or non-Board committee member's Associates has a private interest such that, while no Conflict of Interest has yet arisen, a Conflict of Interest could arise were the Director or non-Board committee member to become involved in any interest or business of the Corporation in the future that could be influenced by the private interest.

A **Perceived Conflict of Interest** is any situation where the private interest of a Director or non-Board committee member or any of the Director's or non-Board committee member's Associates would appear, to a reasonable person, to be capable of compromising the Director's or non-Board committee member's judgment, decisions or actions with respect to any interest or any business of the Corporation.

Where **Associates** includes the parents, siblings, children, adopted children, step-children, spouse or common law partner of the Director or non-Board committee member, or persons living in the same household as the Director or non-Board committee member, or parents, siblings, children, adopted children, and step-children of the spouse or common law partner of the Director or non-Board committee member, as well as any organization, agency, company, or individual with a formal or informal business relationship to a Director or non-Board committee member.

2. Description of Conflicts of Interest

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

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

Transacting with the Corporation

When Directors or non-Board committee members transact with the Corporation directly or indirectly and use their position with the Corporation to influence a transaction or contract, made, or to be made, on behalf of the Corporation that would have the potential of benefiting their private interests, and/or those of Associates.

Gifts

When a Director or non-Board committee member, or an Associate, 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 or non-Board committee members exercise their powers motivated by self-interest or other improper purposes. Directors and non-Board committee members must act solely in the best interest of the Corporation.

Appropriation of Corporate Opportunity

When Directors or non-Board committee members divert to their own use, or the use of an Associate, an opportunity or advantage that belongs to the Corporation.

Duty to Disclose Information of Value to the Corporation

When Directors or non-Board committee members fail to disclose information that is relevant to a vital aspect of the Corporation's affairs.

Serving on Other Corporations

A Director or non-Board committee member may be in a position where there is a conflict of "duty and duty". This may arise where the Director or non-Board committee member serves as a Director of two corporations that are competing or transacting with one another. It may also arise where a Director or non-Board committee member has an association or relationship with another entity. For example, if two corporations are both seeking to take advantage of the same opportunity. The Director or non-Board committee member cannot act to advance any interests other than those of the Corporation (Campbellford Memorial Hospital)..

Where a Patient Relationship Exists

Directors may be in a conflict of interest position where they are a physician or nurse practitioner and the Board discussion involves their patient or directly relates to a group of patients which reasonably could include their patient(s) and where the discussion could place the Directors in a compromising position related to their ongoing care of the patient or any legal or ethical issues related to the care of the patient.

Preferential Treatment

When Directors and non-Board committee members use their position with the Corporation to grant or receive preferential treatment to benefit their private interests and/or those of their associates.

Use of Information

When Directors or non-Board committee members fail to properly disclose information material to the Corporation's interests, and/or communicate information not available to the general public for the benefit of their private interests and/or the interests of associates.

3. Disclosure of Conflicts of Interest

- a) A Director or non-Board committee member who is in a position of conflict of interest, potential conflict of interest or perceived conflict of interest, shall immediately disclose such conflict of interest to the Board by notification to the Chair or any Vice-chair of the Board, or to the Chair of the committee in the case of a non-Board committee member. The Chair of the affected committee in the case of a non-Board committee member shall subsequently disclose the conflict of interest to the Chair of the Board.
- b) Where the Chair has a conflict of interest, notice shall be given to the Vice-chair. The disclosure shall be sufficient to disclose the nature and extent of the Director's or non-Board committee member's interest. Disclosure shall be made at the earliest possible time and, where possible, prior to any discussion and vote on the matter.
- c) A Director or non-Board committee member who has declared a conflict of interest or been found to be in conflict of interest must withdraw from the discussion and that portion of the meeting, and not vote on the matter. The Director or non-Board committee member must not receive meeting materials related to the matter or attempt to influence the vote. The conflict of interest shall be recorded in the meeting minutes.

4. Process for Resolving Conflicts of Interest

- a) The Chair or Vice Chair of the Board or Chair of a Committee to whom a conflict of interest disclosure has been made, shall report to the Board at the next *in camera* meeting.
- b) Time will be provided on the agenda for the Director or non-Board committee member involved in the conflict of interest, potential conflict of interest or perceived conflict of interest to provide an explanation of the matter.
- c) The Board will consider the matter without the affected Director or non-Board committee member present and a majority (50%+1) resolution shall be determinative of the matter.
- d) If a conflict of interest, or other matter referred cannot be resolved to the satisfaction of the Board (by simple majority resolution), a Director or non-Board committee member may be asked to resign or be subject to removal pursuant to the by-laws and the *Ontario Not-for-Profit Corporations Act, 2010*