

Responsibility Centre: Board of Directors	POLICY SECTION	Sub-section:
Subject: <b>Conflict of Interest – Board Members</b>		
Effective: September 25, 2007  Revised : November 24, 2009	Scope:  Board of Directors	Approval by:  _____  Hon. Rich Coleman Minister of Housing and Social Development

## 1. Purpose

- 1.1 The purpose of this policy is to establish rules of conduct with respect to conflict of interest and to minimize the possibility of real, perceived or potential conflicts arising between private interests of the board members (“members”) and their obligations to the organization.

## 2. Terminology

- 2.1 *A real conflict of interest* exists where a board member has knowledge of a private interest that is sufficient to influence the exercise of his or her public duties and responsibilities. The private interest pertains to the board member or a related person of the board member or both.
- 2.2 *A perceived conflict of interest* exists when there is a reasonable apprehension, which reasonably well-informed persons could properly have, that a conflict of interest exists.
- 2.3 *A potential conflict of interest* exists where a private interest could result in a conflict of interest in the future.
- 2.4 *Related person* means, in relation to any board member, a person who does not deal with such board member at arm’s length. Without limiting the generality of the foregoing, the following shall be deemed to be persons who are related persons in relation to a board member:
- i) individuals connected by blood relationship, marriage, common-law partnership or adoption, (herewith known as “family members”);
  - ii) a company, if the board member, or a family member, is a board member or senior officer of that company;

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- iii) a company, if the board member, or a family member, has a direct or indirect beneficial control of that company;
- iv) a trust or estate, if the board member, or a family member, has a substantial beneficial interest therein or serves as a trustee, executor, administrator, professional advisor or in any similar capacity for such trust or estate;
- v) a partnership, if the board member, or a family member, is a partner of the partnership;
- vi) a person or company that has a material business relationship with the board member or a family member such that the board member or a family member would consider that person or company as a material client, customer or supplier.

### 3. Policy

- 3.1 Board members are required to act in the best interests of the organization and avoid any conflict of interest, whether real, perceived or potential, that might impair the independence, integrity or impartiality of the organization and the board. There must be no opportunity for a reasonable person to perceive bias.
- 3.2 Board members should ensure that all personal financial interests, assets and holdings are distinct from and independent of any decision, information or other matter that may be heard by or acted upon by the organization or board.
- 3.3 Board members should keep activities undertaken as a private citizen separate and distinct from any responsibilities held as a board member and activities undertaken as a board member separate and distinct from any activities undertaken as a private citizen.
- 3.4 Board members should remain impartial at all times toward individuals who deal with the organization or board and, as a board member, avoid taking any action that may result in preferential treatment for any individual.
- 3.5 Board members should not use their influence as a board member to secure special privileges, favours or exceptions for the board member or a related person.
- 3.6 Board members should ensure that their personal employment is not dependent on any decision, information or other matter that may be heard by or acted upon by the organization or board.
- 3.7 Other memberships, directorships, voluntary or paid positions or affiliations should remain distinct from work undertaken by members in the course of performing their duties as board members.
- 3.8 Board members should not use or communicate information not available to the general public that was gained by the board members in the course of carrying out their duties and that might reasonably result in a financial gain or some other benefit to the board member or to a related person.

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- 3.9 Actions taken by board members in the course of performing their duties should neither cause nor suggest the reality or perception that their ability to perform or exercise those duties has been or could be affected by private gain or interest.
- 3.10 Board members should not accept gifts, favours, or other benefits that are directly connected with their position as board members, unless presented as a matter of protocol or other social obligation, in which case such gifts, favours, or other benefits should be disclosed and gifts that exceed \$200 in value should be delivered to the organization.
- 3.11 For a period of 18 months from the date a person ceases to be a board member, that person shall not enter into contracts with CLBC to provide direct services for children, youth and families, unless approved by the board.
- 3.12 A board member must inform the board in writing of an intention to pursue employment with CLBC. The board will require the board member to resign from the board before applying for the position.

### Disclosure

- 3.13 If a board member has reasonable grounds to believe that he/she has or may have a conflict of interest, whether real, perceived or potential, the board member must disclose the conflict of interest to the board (or committee) chair as soon as the board member becomes aware of the conflict of interest.
- 3.14 The board (or committee) chair must bring the matter before the board at the board's next meeting.
- 3.15 Board members who are in any doubt should disclose their circumstances and consult with the board chair.
- 3.16 Upon appointment and annually thereafter, each board member must complete and sign a declaration, confirming the absence of any real, perceived or potential conflicts of interest or confirming the existence of any such conflicts as disclosed under section 3.13.

### Review and Consequence of Conflict of Interest

- 3.17 Upon receipt of disclosure, the board must determine if a conflict exists and extent of the conflict.
- 3.18 If the board becomes aware that a board member knowingly or unknowingly failed to disclose a conflict of interest to the board, the board must assess the extent of the conflict of interest.
- 3.19 In order to assess the extent of the conflict of interest, the board may require the affected board member to disclose the details of any financial gain or other benefit gained by the board member or by a related person of the board member.

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3.20 Once the board determines the existence and extent of the conflict, it must determine and take appropriate action:

- i) ask the member to resolve the conflict of interest;
- ii) ensure that the member abstains from participation in discussions and decisions on the matter in conflict;
- iii) ask the member to voluntarily resign from the board; or
- iv) recommend termination of appointment to the Minister.

3.21 All conflict of interest matters and their resolution by the board must be recorded in the minutes of the board's meetings.

### Exceptions

3.22 Board members may be, or have a significant connection to, individuals referred to in the definition of "community living support" as set out in the Community Living Authority Act. These board members must disclose their conflict and such conflict must be resolved by the board in accordance with this policy.

3.23 Board members' honoraria and expense reimbursement by CLBC, if in accordance with the policies established by Government, does not constitute a conflict of interest for the purposes of this policy.