

**ROHCG BOARD OF TRUSTEES:
POLICY AND PROCEDURE
CONFLICT OF INTEREST:
BOARD OF TRUSTEES
BOARD I- 270**

CONFLICT OF INTEREST: BOARD OF TRUSTEES			
SECTION: I GOVERNANCE		NO: 270	
Issued By:	Governance Committee – Board of Trustees	APPROVAL DATES :	
Approved by:	Board of Trustees	Date Initially Approved: 21/06/2018	
		Date Reviewed:	
		Date Revised: 14/06/2021, 25/09/2023	
		Date Implemented: 21/06/2018, 24/06/2021	
Key Words:	Board Conflict of Interest, Trustees Conflict of Interest, COI, Board of Trustees COI, Board of Trustees decision making, breach of duty	Cross Reference(s)	CORP II- i 110 Regulatory Transparency, CORP II-i 170 Board Of Trustees: Open, In Camera & Independent Trustee Meetings, CORP III-110 Conflict of Interest

1. PURPOSE:

To ensure the highest business and ethical standards and the protection of the decision-making integrity of the Board of Trustees of the Royal Ottawa Health Care Group (“ROHCG” or the “Corporation”), and to guide Trustees, who may have a real, potential or perceived conflict of interest, or who may have breached their duties as a Trustee on how to declare and manage such conflict or breaches.

2. POLICY STATEMENT:

It is the policy of the ROHCG that all Trustees have a duty to ensure that the integrity of the decision-making processes of the board of trustees (the “Board”) are maintained by ensuring that they and other trustees are free from conflict or potential conflict in their decision making. It is inherent in a trustee’s fiduciary duty that conflicts of interest be avoided. It is important that all trustees and officers understand their obligations when a conflict of interest or potential conflict of interest arises. *Not-for-Profit Corporations Act, 2010 (ONCA)*

3. SCOPE:

This policy applies to all Trustees, including ex-officio Trustees, and all non-Trustee Board committee members of the ROHCG.

4. GUIDING PRINCIPLES:

Trustees and non-Trustee Board committee members will avoid situations in which they may be in a position of conflict of interest or perceived conflict of interest. In addition to the conflict of interest provisions in the Act and the 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.

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5. DEFINITIONS:

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

- When a trustee transacts with the ROHCG directly or indirectly.
- When a trustee has a material direct or indirect interest in a transaction or contract with the ROHCG.

Interest of a Relative: When the ROHCG conducts business with suppliers of goods or services or any other party of which a relative or member of the household of a trustee is a principal, officer, or representative.

Gifts: When a trustee or a member of the trustee's household or any other person or entity designated by the trustee, accepts gifts, payments, services, or anything else of more than a token or nominal value from a party with whom the ROHCG 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 trustees exercise their powers motivated by self-interest or other improper purposes. Trustees must act solely in the best interest of the ROHCG. Trustees who are nominees of a particular group, including the University of Ottawa, must act in the best interest of the ROHCG even if this conflicts with the interests of the nominating party.

Appropriation of Corporate Opportunity: When a trustee diverts to their own use, an opportunity or advantage that belongs to the ROHCG.

Duty to Disclose Information of Value to the ROHCG: When trustees fail to disclose information that is relevant to a vital aspect of the ROHCG's affairs.

Serving on Other Corporations: A trustee may be in a position where there is a conflict of "duty and duty". This may arise where the trustee serves as a trustee and/or a director of two corporations that are competing or transacting with one another. It may also arise where a trustee has an association or relationship with another entity. For example, if two corporations are both seeking to take advantage of the same opportunity, a trustee 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 trustee cannot discharge the duty to maintain such information in confidence while at the same time discharging the duty to make disclosure. The trustee cannot act to advance any interests other than those of the ROHCG.

Officers means officers appointed by the Board under the *Not-for-Profit Corporations Act, 2010* and the by-laws, including: the Chair, Vice-Chair(s), Chief Executive Officer and Secretary.

6. PROCEDURE:

6.1 Process for Resolution of Conflicts and Addressing Breaches of Duty

6.1 Disclosure of Conflicts: A trustee 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

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chair or vice chair. Where the chair has a conflict, notice shall be given to the vice chair. A non-trustee 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 trustee:*
 - at the meeting where a matter in which the trustee has a conflict is first considered;
 - if the trustee was not then interested in a matter, at the first meeting after the trustee becomes so interested;
 - if the trustee becomes interested after a matter has been approved, at the first meeting after the trustee becomes so interested; or
 - if an individual who has a conflict in a matter later becomes a trustee, at the first meeting after the individual becomes a trustee.
- *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-trustee 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 member becomes so interested;
 - if the Board committee member becomes interested after a matter has been approved, at the first committee meeting after the Board committee member 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 trustee or officer has a conflict of interest in a matter that, in the ordinary course of the ROHCG's business, would not require approval of the Board or members, the trustee or officer shall disclose the conflict of interest to the Board chair or vice chair, or request to have entered in the minutes of Board meetings, the nature and extent of their interest forthwith after the trustee or officer becomes aware of the matter.

6.2 Continuing Disclosure: A trustee, officer, or non-trustee 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.

6.3 Leave the Meeting and Do Not Vote: A trustee, officer, or non-trustee 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

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the matter. Exceptions are made if the matter relates to a contract or transaction for indemnity or insurance under section 46 of *ONCA*.

6.4 Referral: A trustee may be referred to the process outlined below where any trustee believes that they or another trustee:

- has breached their duties to the ROHCG;
- is in a position where there is a potential breach of duty to the ROHCG;
- is in a situation of actual or potential conflict of interest; or
- 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 ROHCG.

6.5 Process for Resolution: The matter shall be referred to the chair or where the issue may involve the chair, to the vice chair, with notice to the Chief Executive Officer. The chair (or vice chair, as the case may be) may either:

- attempt to resolve the matter informally; or
- 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.

If the chair or vice chair elects 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 trustee referring the matter, and the trustee involved, then the chair or vice chair shall refer the matter to the process above. 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 trustee may be asked to resign or may be subject to removal pursuant to the by-laws and the Act.

6.6 Perceived Conflicts: 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 ROHCG 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. It is recognized that the perception of a conflict or breach of duty may be harmful to the ROHCG even where no conflict exists or breach has occurred and it may be in the best interests of the ROHCG that the trustee be asked to resign.

7. RELATED PRACTICES AND/OR LEGISLATIONS:

Not-for-Profit Corporations Act, 2010 (ONCA)

8. REFERENCES:

Board Conflict of Interest Policy, Waypoint Centre for Mental Health (2017)

Board Conflict of Interest Policy, Southlake Regional Health Centre (2017)

General Principles Regarding Conflict of Interest – OHA Governance Manual (2016)

9. APPENDICES: N/A