

Governance Policies and Procedures



Policy Name:	Conflict of Interest Policy
Policy Number:	002
Policy Type:	Role of the Board
Approval Date:	October 23, 2017
Date for Review:	Every 3 Years

Definition of Conflict of Interest: A conflict of interest is a situation where there could exist the perception or risk that the judgment of an individual, or the fiduciary duty of such individual to the Federation, could be influenced or appear to be influenced by:

- their personal interests or the personal interests of their friends, family or business associates;
- the interests of another entity in which they are involved, interested or to which they owe an obligation;
- any interest or relationship that is outside of the Federation.

In addition to the common law definition of conflict of interest above, the *Canada Not-for-Profit Corporations Act* (the "**Act**") sets out certain situations where a director will be in conflict and the required disclosure in respect of same, as follows:

141. (1) A director or an officer of a corporation shall disclose to the corporation, in writing or by requesting to have it entered in the minutes of meetings of directors or of committees of directors, the nature and extent of any interest that the director or officer has in a material contract or material transaction, whether made or proposed, with the corporation, if the director or officer

(a) is a party to the contract or transaction;

(b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or

(c) has a material interest in a party to the contract or transaction.

Note that a conflict of interest exists whether or not the individual believes that they will not be swayed by the competing interest because a conflict of interest does not only involve situations where an individual is influenced, but also scenarios where there is the **perception** of influence or a conflict.

Members of the board should be aware that conflicts of interest will arise from time to time and that the existence of a conflict is not an indication of wrong-doing on the behalf of the director in conflict. The key concern in regards to conflicts of interest is how such conflicts are addressed and whether or not they are disclosed. Where a conflict of interest exists and is not disclosed this is a violation of the fiduciary obligations of a director to the Federation.

Conflicts of interest include, but are not limited to:

- any question affecting a private corporation of which a director or their immediate family (partner, dependent child, parents, or siblings) is a shareholder;

- any question affecting another entity or organization in which a director is involved or is a member;
- any question affecting a partnership or firm of which a director is a member;
- any question in which a director or a member of their immediate family (defined as partner, dependent child, parents or siblings) has a direct or indirect financial interest;
- any other matter in which the director's ability to act in the best interest of the Federation may be compromised or appears to be compromised by an outside interest.

Declaration of Conflicts. Any board member having an actual, potential or perceived conflict of interest shall declare the conflict and any details of that conflict as soon as they are aware of the conflict. This can be done in writing or at the next board meeting, but shall be done before the director participates in any discussion involving at item about which they have a conflict of interest.

At the beginning of each meeting of the board, the directors shall be given an opportunity to declare any conflicts of interest or perceived conflicts of interest as to any matter to be discussed at the meeting or any matters that have come to the attention of the directors since the last board meeting. In the event a conflict becomes apparent only at the time of a discussion during a meeting, the director in question will declare the conflict at the time they become aware of the conflict.

Deemed Conflict. In the event a director does not identify or disclose a conflict of interest, the board may, in its sole and absolute discretion deem a director to be in a conflict of interest.

Attendance at Board Meetings where Conflict. In the event a director discloses a conflict of interest or is deemed by the board to have a conflict of interest, the board may, in its sole and absolute discretion require a director in a conflict of interest to leave a board meeting while the issue on which such director has the conflict of interest is discussed. Where the board does not require a director to leave a board meeting, such director is entitled to attend the meeting and is still included in determining quorum.

Voting where Conflict. In the event that a director discloses a conflict of interest or is deemed by the board to have a conflict of interest as to a particular issue, such director will not participate in the discussion, move or second a motion or vote on matters involving such issue at either a board meeting or a meeting of the members of the Federation.

Declaration of Affiliation. Following the annual meeting of members of the Federation in each year, each board member shall complete a Declaration of Affiliation, which shall list the board memberships, volunteer roles, business/employment relationships and other information relating to such director that the Board may deem appropriate.