



## POLICY ABOUT BOARD CONFLICT OF INTEREST

Draft Date: April 29<sup>th</sup> 2015

**Accountability:** Sick Cell Disease Association of Canada  
**Responsibility:** Chair of the Board  
**Approver:** Sick Cell Disease Association of Canada- Board  
**Note:** Taken from the Board Policies

**Approval date:**  
**Current Revision:** March 3<sup>rd</sup> 2017  
**Review:** As necessary

### Purpose

It is the duty of all directors and board members to maintain the trust and confidence of the public as it relates to the integrity of the decision-making process. All board members should therefore be free from actual, potential, or perceived conflicts of interest in their decision-making. It is important that all board members understand their obligations when an actual, potential, or perceived conflict of interest arises. The Board will ensure that a process of screening is in place for the existence of such conflicts when electing new board members.

### Application

Board members and non-board committee members shall avoid situations wherein they may be in a position of conflict of interest. The bylaws contain provisions with respect to conflict of interest that must be strictly followed and adhered to. In addition to the bylaws, the process set out in this policy shall be followed when a conflict—perceived or potential—arises.

### Description of Conflict of Interest

When a situation arises in the following:

***i. Interest of a Director or Board member (“Wearing Two Hats”)***

When a board member/director transacts with the Corporation directly or indirectly; a significant direct or indirect transaction or contract with the Corporation

***ii. Interest of a Relative***

When a relative or member of the household of a director/board member is the representative of business conducted between the Corporation and suppliers of goods and services.



**iii. Acting for an Improper Purpose**

When directors exercise their powers under the influence of self-interest or other improper motives. 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.

**iv. Appropriation of Corporate Opportunity**

When a director uses an opportunity or advantage that belongs to the Corporation for his or her own personal gain

**v. 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

**Process for Proactively Managing Potential Conflicts of Interest**

The board chair shall ensure that all new board members are advised (prior to commencing their duties as a member of the board) of their legal duties as they relate to confidentiality and conflicts of interest while serving as a board member. In addition to the foregoing, each board member shall be required to sign an Annual Board and Community Member Acknowledgement Form in the form that is attached to this policy.

**Process for Resolution of Conflicts and Addressing Breaches of Duty**

**Disclosure of Conflicts**

A director who is in the position of conflict or potential conflict shall immediately disclose such conflict to the Board by notifying the chair or any vice-chair of the Board. The conflict shall be disclosed to the chair or vice-chair and the Board at the earliest possible time and prior to any discussion or vote on the matter. In the event that there is an allegation about a particular director's actual, potential, or perceived conflict the matter shall be reported to the chair or vice-chair in the first instance and then further reported to the Board. The disclosure shall be sufficient to expose the nature and extent of the director's interest.



### **Abstain from Discussions**

The director shall abstain from, or not be present (as is appropriate), during the discussions of the matter in which he or she has a conflict and shall not attempt in any way to influence the voting.

### **Process for Resolution of Conflicts and Addressing Breaches of Duty**

All directors shall comply with the requirements of the bylaws. It is acknowledged that not all actual, potential, or perceived conflicts may be satisfactorily resolved by strict compliance with the bylaws. There may be cases where the perception of a conflict of interest or breach of duty may be harmful to the Corporation, notwithstanding that there has been compliance with the bylaws. A director may be referred to the process outlined below in any of the following circumstances:

#### *1. Circumstances for Referral*

Where any person believes that a director:

- a) has breached his or her 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 public trust and integrity, understanding that such behaviour may have an adverse impact on the Corporation.

#### *2. Process for Resolution*

The matter shall be referred to the following process:

- a) Refer matter in the first instance to the chair, or where the issue may involve the chair, to the vice-chair, with notice to the CEO. The Board should also be informed of the matter at the earliest possible opportunity. The details of the issue will be summarized in writing and logged in the electronic incident documentation system by the Board secretary. A roll-up Board Conflict of Interest report will be generated for the Chair of the Audit Committee (Designated Sensitive Issue Reviewer) on a periodic basis.
- 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 an *ad hoc* sub-committee of the Board established



- by the chair, which shall in turn report to the Board. The ad hoc committee may consult with professional advisors as appropriate and if required.
- c) If the matter cannot be informally resolved to the satisfaction of (i) the chair (or vice chair as the case may be); (ii) the person referring the matter; and (iii) the director involved, then the chair shall refer the matter to the process in (b) above.

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 bylaws and the Corporations Act.