




**Board – Section 5**  
**Policy 5.8 Board-Conflict of Interest**  
 Revised: July 2020

**LLGAMH BOARD POLICIES AND PROCEDURES MANUAL**

**Roles and Responsibilities of the Board of Directors**

**Department:** Governance **Policy Number:** 5.8  
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**Policy Statement**

Members of the Board of Directors have a duty to ensure that conflicts of interest are avoided and/or declared.

**Purpose**

To provide clear guidance to Directors regarding expectations with respect to the avoidance of conflicts of interest and the processes to manage conflicts of interest should they arise.

Notwithstanding that this policy refers to “Directors”, it applies not only to Directors, including ex officio Directors, but also to non-director members of Board Committees.

**Process**

Conflicts of interest may arise at the Board or Committee level and will prevent a Director from participating in discussions and voting at both the Board and Committee levels.



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Where a Director is uncertain as to whether or not he or she or has a conflict of interest, he or she should, out of an abundance of caution, disclose the situation immediately and request that the Board consider and rule as to whether a conflict of interest actually exists.

### Description of Conflict of Interest

A conflict of interest arises in any situation where a director's duty to act solely in the best interests of Lanark, Leeds and Grenville Addictions and Mental Health and to adhere to his or her fiduciary duties is compromised or impeded by another interest, relationship or duty of the director.

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

#### 1. *Interest of a Director "Wearing Two Hats"*

- When a Director transacts with Lanark, Leeds and Grenville Addictions and Mental Health directly or indirectly. When a Director has a significant direct or indirect interest in a transaction or contract with Lanark, Leeds and Grenville Addictions and Mental Health

#### 2. *Interest of a Relative*

- When Lanark, Leeds and Grenville Addictions and Mental Health conducts business with suppliers of goods or services or any other party of which a relative or member of the household of a Director is a principal, officer or representative

#### 3. *Gifts*

- When a Director or a member of the Director's household or any other person or entity designated by the Director accepts gifts, payments, services or anything else of more than a token or nominal value from a party with whom Lanark, Leeds and Grenville Addictions and Mental Health 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

#### 4. *Acting for an Improper Purpose*

- When Directors exercise their powers motivated by self-interest or other improper purposes, Directors must act solely in the best interest of Lanark, Leeds and Grenville Addictions and Mental Health. Directors who are nominees of a particular group must act in the best interest of Lanark, Leeds and Grenville Addictions and Mental Health even if this conflicts with the interests of the nominating party



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### 5. *Appropriation of Corporate Opportunity*

- When a Director diverts to his or her own use an opportunity or advantage that belongs to Lanark, Leeds and Grenville Addictions and Mental Health

### 6. *Duty to Disclose Information of Value to Lanark, Leeds and Grenville Addictions and Mental Health*

- When Directors fail to disclose information that is relevant to a vital aspect of Lanark, Leeds and Grenville Addictions and Mental Health's affairs

### **Declaring Conflict**

Every Director who has, or thinks he or she may have, a conflict of interest in a matter before the Board or a Committee shall disclose the nature and extent of the conflict of interest. Such disclosure, hereinafter referred to as a "disclosure" or "declaration of interest", shall be made at the earliest opportunity, that is:

- i. If the Director is present at the Board or Committee meeting at which the matter which is the subject of the conflict of interest is first raised, he or she shall disclose the conflict of interest at that meeting, or
- ii. if the Director is or was not present at the Board or Committee meeting at which the matter is or was first raised, or if the conflict of interest has arisen afterwards, Director shall disclose the conflict of interest at the earliest Committee or Board Meeting occurring after he or she becomes aware or ought to have become aware of the conflict of interest.

If the Director is certain that he or she has a conflict of interest and does not require that the Board determine the matter pursuant to Section 4(a), then after making such a Declaration of Interest, the Director shall not vote or be present at the vote or during the discussions, or otherwise attempt to influence the voting, on the matter in question, nor shall the Director be counted in any required quorum with respect to the vote either at the Committee or at the Board meetings. Consistent with the by-laws, a Director who has declared a conflict of interest on a matter must exit the meeting room during discussion of that matter.

### **Alleging Conflict**

If a Director believes that another Director has a conflict of interest with respect to a matter before the Board or a Board Committee, he or she shall so advise the Board or Committee at the meeting where the issue has arisen.

### **Minutes**

Every declaration or allegation of a conflict of interest or possible conflict of interest and the general nature thereof shall be recorded in the minutes by the Board or Board Committee. The abstention of the Director in Question from Discussion and Voting shall also be recorded. If the declaration or allegation is made to a Committee, the Committee shall make a report to the Board and the report may include the Committee's opinion as to whether or not a conflict of interest exists and a recommendation to the Board.



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**Ultimate Decision Maker: Board**

In certain circumstances a decision may be required to determine whether a conflict of interest exists. These circumstances arise where:

- i. a Director has disclosed a possible conflict of interest either to a Committee or to the Board and requests a determination of whether such conflict of interest exists, or
- ii. a Director has alleged to a Committee or the Board that another Director may have a conflict of interest and a determination of whether a conflict of interest exists is required.

The Board will make the ultimate decision as to whether a Director has a conflict of interest.

Where the conflict of interest is raised at a Committee, the Committee may report to the Board its opinion as to whether a conflict of interest exists and may make a recommendation to the Board. However, out of an abundance of caution, the Director with the potential or alleged conflict of interest shall not participate in the Committee's deliberations on the matter, be present at discussions or vote, or otherwise attempt to influence the voting at the Committee or at the Board, until the existence of a conflict of interest is ultimately determined by the Board.

The Director with the possible or alleged conflict of interest shall have the right to address the Board with respect to the issue. If the declaration or allegation of conflict of interest first arises at a Committee, then the Director in question shall have the right to address the Committee before it issues its report to the Board and shall also have the right to address the Board, with respect to the issue.

Thereafter, in the absence of the Director, the Board shall vote on whether or not the Director has a conflict of interest.

The question of whether a Director has a conflict of interest shall be determined by a simple majority of the Board, shall be final, and shall be recorded in the Minutes of the Meeting.

If the Board finds the Director has a conflict of interest, that interested Director shall not vote or be present at the vote or during the discussions, or otherwise attempt to influence the voting on the matter in question, nor shall the Director be counted in any required quorum with respect to the vote, as more fully outlined in Section 1(b) above.

If the Board finds that the Director does not have a conflict of interest, the Director may then resume participation with respect to the matter in question, and the Board will then vote on the matter in question and the votes of each Director shall be recorded.



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### Failure to Disclose

If the Director fails to make a declaration of his or her conflict of interest or possible conflict of interest, as required by this Policy, this failure may be grounds for his or her removal from the Board.

The failure of any Director to comply with this Policy does not in or of itself invalidate any contract, transaction, matter or decision undertaken by the Board or a Committee.

### Perceived Conflicts

It is acknowledged that not all conflicts or perceived conflicts may be satisfactorily resolved by strict compliance with the by-laws and policies. There may be cases where the perception of a conflict of interest or breach of duty (even when no conflict exists or breach has occurred) may be harmful to Lanark, Leeds and Grenville Addictions and Mental Health, 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.

**THIS POLICY IS TO BE SIGNED PRIOR TO STANDING FOR ELECTION TO THE BOARD OR BECOMING A COMMITTEE REPRESENTATIVE AND ANNUALLY THEREAFTER.**

\_\_\_\_\_ PRINT NAME

\_\_\_\_\_ SIGNATURE

\_\_\_\_\_ DATE