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TITLE: CONFLICT OF INTEREST	ORIGINAL:
APPROVAL:  BOARD CHAIR	AMENDED: JANUARY 25, 2017

A.3.1. Policy Statement

It is critical to Lumacare’s success that the public is able to have trust and confidence in the integrity and decision making of the Board. In order to maintain this, all Board Members must ensure that the Board is consistently making decisions that are in the best interest of the Agency and Clients, without compromise or conflict of interest.

It is inherent in the Director’s fiduciary responsibility that conflicts of interest be avoided.

A.3.2. Purpose

This policy provides a framework for identifying when a conflict of interest or a potential conflict of interest exists for a Board Member, and provides guidance to Board Members for how to conduct themselves in circumstances that present a conflict of interest.

A.3.3. Scope

This policy applies to all Lumacare Board Members, ex officio Board Members, and non-Board members of committees.

A.3.4. Procedure

A.3.4.1. Types of Conflicts of Interest:

The situations in which potential conflict of interest may arise cannot be exhaustively articulated. Lumacare is of the view, however, that the following circumstances do represent a conflict of interest which would require a Board Member’s disclosure.

Transacting with the Agency: When a Board Member has a direct or indirect interest in a transaction or contract with the Agency.

Interest of a Relative: When a supplier of goods or services to the Agency is Board Member’s relative or close associate.

Gifts: It is strictly prohibited for a Board Member, or a relative, or close associate of a Board Member, to accept gifts, payment, or services from a party with whom the Agency may transact business; gifts may be perceived as influencing the Board.

Acting for An Improper Purpose: When Board Members exercise their powers motivated by self-interest or improper purposes. Board Members must act solely in the better interest of the Agency. Board Members who are nominees of a particular group must disclose that other affiliation, and must act in the best interest of the Agency, even if it conflicts with the interest of the other group.

Appropriation of Corporate Opportunity: When a Board Member diverts to his or her own use an opportunity that belongs to the Agency.

Duty to Disclose Information of Value to the Organization: When a Board Member fails to disclose information that is a vital aspect to the Agency's affairs.

Serving on Other Organizations: This may arise when the Board Member serves as a Director of two organizations that are competing or transacting with one another. It may also arise when the Board Member has an association or relationship with another entity. The Board Member may be in possession of confidential information from one boardroom that is of importance to a decision being made in the other boardroom. The Board Member cannot discharge the duty to disclose information to one organization, while maintaining the duty of confidentiality to the other. It is the expectation of this Board and policy that the Board Member cannot advance any interests other than that of Lumacare.

A.3.4.2. Disclosing a Conflict of Interest:

A Board Member who is in a position or potential position where there may be a conflict of interest, shall immediately disclose the conflict to the Board Chair or Vice-Chair. If the Chair has a conflict, notice shall be given to the Vice-Chair. The disclosure shall be sufficient to disclose the nature and extent of the Board Member's interest. Disclosure shall be made at the earliest possible time and, where possible, prior to any discussion or vote on the matter.

A.3.4.3. Abstain from Discussions:

A Board Member may make a general declaration of their relationships and interests in entities or persons that give rise to conflicts.

The Board Member shall not be present for the discussions or the vote for the matter to which he/she has interests, and will not attempt to influence the discussion or vote in any way.

A.3.4.4. Process for Resolving Conflicts

All Board Members shall comply with the by-laws and the requirements articulated in this policy.

Where a Board Member believes that he/she or another Board Member:

- a. Has breached his or her duties to the Agency, or;
- b. Is in a position where there is a potential breach of duties to the organization, or;
- 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, and such behavior may have a negative impact on the agency.

The Board member must take the following actions:

1. Refer the matter to the Chair, or in situations involving the Chair, to the Vice-Chair, with notice to the Executive Director.
2. Chair, or Vice Chair, 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 Board Chair or Vice Chair, which reports to the board.
3. If informal resolutions are not achieved to the satisfaction of all parties (the Board Chair/Vice Chair, the Board Member reporting the matter, and the Board Member involved in the matter), then the ad hoc sub-committee will convene.
4. A decision of the Board by majority resolution, will determine the matter.

A.3.4.5. Breaches of Duty

It is recognized that where a conflict cannot be resolved, or where it is determined that a Board Member has breached their duty, they may be asked to resign, or they may be subject to removal, pursuant to the bylaws and to the Ontario Not for Profit Corporations Act (ONCA).

It is acknowledged that not all perceived breaches of conflict can be resolved with strict adherence to the by-laws. There may be circumstances where the perception of a conflict of interest or breach of duty, even where no breach has occurred, may be harmful to the Agency. In such circumstances, the processes set out in this policy will be followed. If the situation cannot be resolved to the satisfaction of the Board, and the circumstances pose a significant risk to the Agency, it may be in the best interest of the Agency that the Board Member be asked to resign.

A.3.5. Glossary of Terms

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

Fiduciary Duty: A legal duty of loyalty and faithfulness toward another. This refers to the legal obligation of the Board Members to act in the best interest of the Agency, and to put the interests of the Agency above self-interest.

A.3.6. Related Policies

From Board Policy Manual:

- A.1. Code of Conduct
- A.2. Confidentiality

From Lumacare Personnel Policy and Procedure Manual

- G.1. Code of Conduct
- G.4. Conflict of Interest