



## Policy on CONFLICT OF INTEREST FOR INSTITUTE BOARD MEMBERS

Effective Date: June 2019

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| <b>1. Purpose and Scope</b> | This policy provides guidance and direction in dealing with real or perceived conflicts of interest for the Institute's Board of Directors, including the President and Vice-Presidents ("Board Member"). It applies to individual Board Members as well as the Board as a whole. |
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| <b>2. Duty to Avoid Conflict of Interest</b> | <p>Board Members must act in the best interests of the Institute, and demonstrate the highest standard of care in order to avoid not only real conflicts of interest, but also to avoid the appearance of one.</p> <p>Every Board Member shall perform his/her duties and arrange his/her personal affairs in such a manner that confidence and trust in the integrity, objectivity and impartiality of the Institute are maintained.</p> |
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| <b>3. Acknowledgement</b> | <p>Each director, before his/her election as a Board Member, is expected to</p> <ol style="list-style-type: none"><li>(1) review a copy of this Conflict of Interest Policy and</li><li>(2) to acknowledge in writing (in the form attached as Appendix A to this Policy) having reviewed it and committing to complying with it.</li></ol> <p>The Institute shall retain on file the documents signifying such review and commitment.</p> |
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| <b>4. Definition of Conflict of Interest</b> | <p>A conflict of interest may be said to exist when a Board Member of the Institute has a material interest outside of the Institute that could influence him or her, or could be perceived to influence him or her to act in a manner that is biased or contrary to the best interests of the Institute.</p> <p>A conflict of interest includes a conferral of an advantage as determined in the opinion of the Board:</p> <ol style="list-style-type: none"><li>a) whether or not the advantage is monetary;</li><li>b) whether the conferral has already occurred or will occur in the future;</li><li>c) whether the advantage has been bestowed on the Board Member, a family member (with the term "family member" to include the Board Member's spouse, children, parents, siblings, or the spouses of such children, parents of such Board Member's spouses, who are living with and/or financially supporting or supported by the Board Member), or an associate;</li><li>d) whether or not the advantage is to the actual or perceived detriment of the Institute; and</li><li>e) whether or not the conferral has occurred intentionally.</li></ol> |
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**5. Determination of Conflict of Interest**

The final decision on whether a Board Member is in a conflict of interest situation shall be made by the Board.

If a Board Member is unsure if he or she is in a conflict of interest situation or if a substantial change has occurred that may materially alter the information previously disclosed, he or she shall disclose the relevant circumstances and ask the President for feedback and guidance on the matter. If requested to do so by the Board, the President may make recommendations to the Board on whether or not a Board Member is in a conflict of interest situation.

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**6. Situations that May Give Rise to Conflict of Interest**

The following situations may give rise to a conflict of interest for Board Members as determined in the sole opinion of the Board:

- a) where a Board Member, a family member, or a personal friend, business partner or business associate, has a direct or indirect financial interest in another corporation with which the Board Member is doing business;
- b) where a Board Member competes with the Institute in the rendering of services;
- c) where a Board Member serves as a director, officer or employee of an entity which results in there being conflicting duties owed to that entity and to the Institute;
- d) where a Board Member is the subject of a formal allegation of misconduct under the Dispute Resolution and Discipline Policy ("DRDP") and the Board is considering such Board Members discipline, or where a Board Member has made formal allegations of misconduct with respect to another Board Member under consideration; or
- e) where a Board either has a private or personal interest, or has engaged in or not engaged in certain acts, which negatively impacts their ability to be a Board acting in the best interests of the Institute or to properly carry out their duties and responsibilities as a director.

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**7. Situations that Do Not Generally Give Rise to a Conflict of Interest**

Subject to the review and sole discretion of the Board, a conflict of interest will not generally arise in the following situations:

- a) where the interest is so remote or insignificant that it cannot reasonably be regarded as likely to influence the Board Member, or where a pecuniary interest is in common with a broad group of which the Board Member is a member; or
  - b) where the issue is one of general or public information; or
  - c) where the issue is one in common with the membership of the Institute.
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## 8. Duty to Disclose

A Board Member has a duty to disclose at the first opportunity any actual or perceived conflict of interest. The onus for such disclosure is on the Board Member, and is required at the following times:

- **Initial disclosure:** within 30 days of initial election or appointment to the Board, using the form in Appendix B.
- **Annual disclosure:** every year for as long as the Board Member remains in office, using the form in Appendix C.
- **Change of circumstances:** Whenever substantial changes occur that a Board Member believes may materially alter the information disclosed in his/her Initial Disclosure Form or his/her last Annual Disclosure Form, using the form included in Appendix C.
- **At a Board meeting:** Every Board Member who, either directly or through one of his or her family members or associates, has or thinks he or she may potentially have a conflict of interest with respect to a proposed or current contract, transaction, matter or decision of the Institute, or for any other reason in accordance with this Policy, shall disclose the nature and extent of the conflict of interest at a Board meeting. The declaration of conflict of interest shall be disclosed at the Board meeting at which the contract, transaction, matter or decision is first raised. If the Board Member, or his or her family members or associates, becomes interested in a contract, transaction, matter or decision after the Board meeting at which it is first raised, the Board Member shall make a declaration at the next Board meeting following the Board Member's perception or apprehension of a conflict of interest.

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## 9. Confidentiality

Information concerning the private interests of Board Members provided to the Institute shall be treated in complete confidence, with such information to be placed in special files and in secure safekeeping in the same manner as closed session minutes of meetings of the Board and in accordance with the terms of the Institute's policy on Privacy.

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## 10. Board Meeting Procedures

Every declaration of conflict of interest shall be recorded in the minutes of the open or closed sessions of the meeting by the recording secretary.

After having declared a conflict of interest, a Board Member shall not vote or be present at the vote or during the discussions, or otherwise attempt to influence the voting, on a contract, transaction, matter or decision, nor shall the Board Member be counted in any required quorum with respect to the vote. The Board Member's departure from the room shall be noted in the minutes. After discussion from the Board on a contract, transaction, matter or decision, the Board Member will return and the return shall be noted in the minutes.

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**11. Allegations of  
Conflict of Interest  
by Another Board  
Member**

If a Board Member believes that any other Board Member is in a conflict of interest position with respect to any contract, transaction, matter or decision of the Institute or otherwise in accordance with this Policy, the Board Member shall have his or her concern recorded in the minutes, and the Board Member with the alleged conflict of interest shall have the right to address the Board with respect to the allegation.

Thereafter, at the request of the Board Member who recorded the initial concern, the Board, after the Board Member alleged to have a conflict of interest has absented himself or herself from the room, shall vote on whether the Board Member alleged to have a conflict of interest is, in the opinion of the Board, in a conflict of interest. The question shall be determined by a simple majority of the Board and the vote shall be final.

If the Board finds the said Board Member in a conflict of interest, that interested Board Member shall absent himself or herself during any subsequent discussion or voting process relating to or pertaining to the conflict.

If the Board finds that the said Board Member is not in a conflict of interest, the Board will then vote on the contract, transaction, matter or decision and the votes of each Board Member shall be recorded.

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**12. Bias**

Where the Executive Committee or the Board of Directors is delegated the power to act in an adjudicative capacity, members of those bodies have the duty to act fairly and with impartiality, so as to avoid the decision being tainted by bias or a reasonable apprehension of bias.

Aside from a direct or indirect pecuniary interest, a decision-maker may be disqualified if he or she has a personal interest in the outcome. Facts giving rise to a reasonable apprehension of bias may include: a decision-maker's familial relationship with an affected party; whether the decision-maker has represented an affected party; whether the decision-maker has made statements prior to the decision-making process that call into question their neutrality.

Concerns due to a potential bias with respect to any member of the Executive Committee or Board of Directors sitting in an adjudicative capacity must be resolved at the outset of the decision-making process. The decision-makers shall rule on the issue by a majority vote as required and the biased member will be removed from the decision-making process.

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### **13. Breach of Policy**

Breaches of this Policy by Board Members include, but are not limited to, the following:

- a) failure to file an Initial Disclosure Form or Annual Disclosure Form;
- b) intentionally filing an incomplete, erroneous or misleading Initial Disclosure Form or Annual Disclosure Form;
- c) failure to provide report substantial changes to the information disclosed in an Initial Disclosure Form or an Annual Disclosure Form as required by this Policy;
- d) failure to comply with any of the requirements set out in this Policy;
- e) failure to disclose a real or potential conflict of interest as required by this Policy; or
- f) failure to otherwise comply with this Policy.

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### **14. Consequences of Breach of Policy**

Where there has been a failure on the part of a Board Member to comply with the terms of this Policy, unless such failure is the result of bona fide error in judgement by the Board Member as determined by the Board, then the Board may:

- a) issue a verbal reprimand to the Board Member;
- b) issue a written reprimand to the Board Member;
- c) resolve to call a Special General Meeting for the purpose of considering the proposed suspension or expulsion from office of the Board Member in accordance with the DRDP; or
- d) impose any other sanction as it may determine in its sole discretion.

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### **15. References**

Policy on Privacy

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Appendix A to the Policy on Conflict of Interest for Board Members  
**Policy Acknowledgement Form**





The Professional Institute  
of the Public Service  
of Canada

L'Institut professionnel  
de la fonction publique  
du Canada

Appendix B to the Policy on Conflict of Interest for Board Members  
**Initial Disclosure Form**





The Professional Institute  
of the Public Service  
of Canada

L'Institut professionnel  
de la fonction publique  
du Canada

Appendix C to the Policy on Conflict of Interest for Board Members  
**Annual Disclosure Form**

