

**BOARD MANUAL**

<b>SUBJECT: Conflict of Interest Policy</b>	<b>NO.: 2-A-36</b>
<b>SECTION: Structure, Roles and Responsibilities</b>	
<b>APPROVED BY: Board of Directors</b>	<b>DATE: June 28, 2023</b>

**Preamble**

This conflict of interest policy is intended to ensure the highest business and ethical standards and the protection of the integrity of the Board, its committees, employees, professional staff, volunteers, students and contractors of Cambridge Memorial Hospital (CMH).

All persons acting on behalf of the Hospital (defined below as Representatives) have a duty to avoid, mitigate or manage any circumstance that might reasonably be expected to give rise to conflict of interest. Every Representatives who, either on their own behalf or while acting for, by, with, or through another, has any material interest, direct or indirect, perceived or actual in any proposed material matter, contract or transaction with the Hospital shall declare their interest and the nature and extent of such interest.

This policy guides Representatives, with a real, potential or perceived conflict of interest, on how to declare their conflict and the process for dealing with conflict situations.

**Application**

All Board Directors, Board committee members, employees, appointed medical/professional staff, volunteers, students and contractors of CMH, referred to as "Representatives".

**Definition**

A **conflict of interest** is a situation in which someone in a position of trust and in the discharge of one's duties and responsibilities has competing business, financial or personal interests. Such competing interests can make it difficult for the individual to fulfill their duties impartially. Even if there is no evidence of improper actions, a conflict of interest can create an appearance of impropriety that can undermine confidence in the ability of that person to act properly or objectively in their position. A conflict of interest is not, in and of itself, evidence of wrongdoing.

For purposes of this policy, conflict of interest includes an actual or potential conflict of interest (real or perceived).

Directors and non-director committee members may have a conflict of "duty and duty". For example: this might arise when (i) they serve as a board member or committee member of another corporation that is related to; has contractual relationship with; has the ability to influence CMH policy; or has any dealings whatsoever with CMH; or ii) they are also a director or committee member of another corporation, related or otherwise, and possesses

confidential information received from one corporation that is of importance to a decision being made by the other corporation. The Director or committee member cannot discharge the duty to maintain such information in confidence as a director or committee member of one corporation while at the same time discharging the duty to make disclosure as a director or committee member of the other corporation.

**Conflict of Interest** includes, without limitation, the following four (4) areas that may give rise to a conflict of interest for the Directors of the Corporation, namely:

**“Pecuniary or financial interest”** – a Director is said to have a pecuniary or financial interest in a decision when the Director (or the Director’s Associates) stands to gain by that decision, either in the form of money, gifts, favours, gratuities or other special considerations;

**“Undue influence”** – participation or influence in Board decisions that selectively and disproportionately benefits particular agencies, companies, organizations, municipal or professional groups, or patients from a particular demographic, geographic, political, socio-economic or cultural group is a violation of the Director’s entrusted responsibility to the community at large;

**“Adverse Interest”** – a Director is said to have an adverse interest to the Corporation when the Director is a party to a claim, application or proceeding against the Corporation; or

**“Personal Relationship”** – a Director has or may be perceived to have personal interests that are inconsistent with those of the Corporation, creating conflicting loyalties.

The following examples do not exhaust the possibilities for conflict of interest but they identify obvious situations where the policy applies:

- **Special Treatment:** Representatives are not allowed to use their positions to give anyone special treatment that would advance their own interests or that of any member of their family, their friends or business associates.
- **External Activities:** Representatives may not engage in any outside work or business activities that:
  - Conflicts with or impedes with their duties to the Corporation
  - Uses their position or information that they gain through work at the Corporation, for private or personal gain
  - Adversely affects the reputation of the Corporation in any way

An external activity is defined as any outside work, employment, occupation or business activity that is not part of that person's normal duties and does not involve them acting for or on behalf of the Corporation.

- **Using the Corporation Property:** Representatives may not use, or permit the use of items of the Corporation property, facilities, equipment, supplies or other

resources for activities not associated with their work.

- **Confidential Information:** Representatives may not disclose confidential or privileged information about the Corporation property, business or financial activities, or use confidential information to advance personal or others' interests. Representatives cannot divulge confidential or privileged information about the Corporation employees without those employees' written authorisation. Further information concerning confidentiality is found in the Board policy 2-A-34 (Confidentiality Policy)
- **Financial Interest:** Employees and Board Members who knowingly, or could be perceived to have, have financial interests in an Corporation contract, sale or other business transaction, or have family members, friends or business associates with such interests, must not represent or advise the organization in such transactions.

A **closely associated person** is person with whom a Hospital representative has a relationship which may affect your objectivity and includes persons related by blood, adoption, marriage or common law marriage to the person with whom the hospital representative has a personal or business relationship.

A **senior executive** includes persons with authority such as a director, vice-president, the chief of staff or the CEO.

### Policy

All Representatives will ensure that direct or indirect personal interests do not, whether potentially or actually, conflict with the Hospital's interests.

The existence of actual or perceived conflicts need not be a bar to participation in most aspects of the Representative's interaction with CMH; however, Representatives have a duty to disclose all personal, business or financial interests that could compete with, or be at variance with any of their official functions and duties.

Representatives shall not participate in an activity or decision that involves an actual or potential conflict of interest unless such activity or decision has been approved in advance by the Board, a Board Committee Chair or a senior executive and, if such approval has been given, any terms or conditions made by the Board, Board Committee Chair, or senior executive are fulfilled.

A Director may have material interests with stakeholders of the Hospital which may appear to be a Conflict of Interest. The Board recognizes that where the perceived conflicts related to non-profit stake-holders/partners that share common goals with the Hospital that the benefits of having such members on the Board outweigh the potential difficulties relating to the perceived or actual Conflict of Interest.

The benefits include:

- reflection of the operational reality of the inter- relationship that the Hospital has with key stakeholders/partners that is critical to the Hospital achieving its mission and vision; and

- increased capacity of the Board because it leads to fuller and more informed deliberation on issues that have cross-organizational implications.

Where a Director has an actual or perceived Conflict of Interest relating to a not-for-profit partner or stakeholder, the Director shall be entitled to be present at and take part in the deliberations with respect to the proposed matter, contract or transaction or matter but shall not be entitled to vote.

### **Employees, Professional Staff, Volunteers, Students and Contractors**

All employees, appointed professional staff, volunteers, students and contractors will disclose and manage conflict of interest according to the CMH Conflict of Interest Policy 9-40.

### **Directors and Non-Director Committee Members**

Directors and non-director committee members are expected to adhere to this policy and the provisions set forth in the CMH By-law.

### **By-law**

Article 5 of the Corporation's Corporate By-law contains provisions concerning conflict of interest that must be strictly adhered to in the matters described in the By-law. The process set out in the CMH By-law applies to direct and/or indirect interest in a contract or proposed contract. There are other conflict situations beyond those specifically covered in the By-laws and this policy also addresses those conflicts and sets out the process to be followed when a conflict or potential conflict arises.

### **Conflicts and Potential Conflicts outside the By-laws:**

- A) Self-Identified:** If the Director/committee member has a conflict of interest, he/she will disclose the conflict at the earliest opportunity and will describe its nature and extent. If a Director/committee member is uncertain whether a conflict exists, the Director/committee member will err on the side of disclosure. The Director/committee member and the Board will then follow the **Process for Declaration/Resolution** outlined below.
  
- B) Conflict Identified by Another Director:** If any Director/committee member believes that another Director/committee member has a conflict of interest then the Director/committee member will refer the other Director/committee member to the **Process for Declaration/Resolution**.

### **Process for Declaration/Resolution**

The actual, potential or perceived conflict will be dealt with in accordance with the following process:

1. The Representative must declare to the Board or committee the nature and extent of the interest as soon as possible and not later than the meeting at which the matter is to be considered. If a declaration is made by a Director at a committee meeting, it must be repeated at the next Board meeting to assure disclosure to the full Board.
2. Once declared, the Representative will absent themselves from the Board or committee during the discussion of the matter.

3. The Representative shall not be present during discussion of the matter in which they have a conflict or a potential conflict of interest (real or perceived), shall not attempt in any way to influence the voting and shall not vote.
4. In the event that a Representative discloses a conflict of interest and refrains from and is not present during the vote, the meeting quorum shall not be affected.
5. Where the matter of the conflict is unclear, the Board or committee will vote to determine if the conflict exists. The Representative will absent himself or herself from the meeting for the discussion and the vote on the matter to determine if the conflict exist.
6. If a Director or committee member believes that any other Board or committee member is in a conflict of interest position, the individual shall have his or her concern recorded in the minutes and the member with the alleged conflict of interest shall have the right to address the Board or committee with respect to the allegation.
7. The member alleged to have the conflict of interest will absent himself or herself from the meeting. The Board or committee will vote on whether the member alleged to have a conflict of interest in the opinion of the Board or committee. If the Board or committee finds the person in a conflict of interest position, the member shall abstain himself or herself during any subsequent discussion or voting relating to the conflict of interest.

### **Dispute Resolution Mechanism**

If the matter cannot be resolved in accordance with the above process, the Board or committee shall appoint an acceptable non-director, appropriate to the circumstances or situation, to independently review (and call on such resources as necessary to review) the matter in question and make a recommendation to the Board or committee.

### **Minutes**

At the beginning of every Board and committee meeting, members will be reminded of the conflict of interest policy and requested to declare any conflicts of interest. The meeting minutes shall record every disclosure of a conflict of interest and its general nature. If there are no disclosures, the minutes will reflect this accordingly.

### **Quorum Provisions**

Where the number of Directors who, by reason of the provisions of this policy, are prohibited from participating in a meeting is such that at that meeting the remaining Directors are not of sufficient number to constitute a quorum, then, notwithstanding any other provision in the By-law, the remaining number of Directors shall be deemed to constitute a quorum, provided such number is not less than three (3).

Where in the circumstances above, the remaining Directors who are not prohibited from participating in the meeting number less than three (3), the Chief Executive Officer may apply to a judge on an ex parte basis for an order authorizing the Board to give consideration to, discuss and vote on the matter out of which the interest arises.

### **No Accountability for Profits**

If the conflict of interest has been disclosed in compliance with this policy, the person

declaring the conflict is not accountable to CMH for any profits he/she may realize from the decision.

### **Failure to Disclose**

If a Director knowingly fails to disclose a conflict of interest, the Director may be asked to resign or may be subject to removal from office pursuant to the CMH By-law or Policy 2-D-45 (Removal of a Director, Officer or Committee Member) as applicable. If a non-director committee member knowingly fails to disclose a conflict of interest, he/she may be subject to removal as a committee member in accordance with Policy 2-D-45.

The failure to comply with this policy does not, in or of itself, invalidate any decision made by the Board or a committee. However, the Corporation may void any matter, contract or transaction where there was a failure to comply with this policy.

### **Public Disclosure**

The Corporation will make this policy, as amended from time to time by the Board, available to the general public.

### **Guideline**

#### **Measures to Avoid Conflict of Interest**

- a) No Representative shall accept any gift, including travel and accommodations, of more than token value from any person or organization as a consequence of their services, role or position with the Hospital.
- b) No person shall use their position with the Hospital to offer or to promote goods and services in which they or a closely associated person have a personal, financial or business interest.
- c) No Representative shall participate in a decision or influence the decision process that may affect their personal, business, or financial interests. No person shall act in self-interest or for a collateral purpose to detriment of CMH (e.g. when a Representative diverts to their own personal benefit an opportunity in which CMH has an interest).
- d) No Representative shall conduct a review, assessment or evaluation of a project or colleague, where the outcome may affect personal interests.
- e) No person who provides professional services operates or has a business or financial interest in a private facility or practice shall use their position within the Hospital to generate referrals to a service outside of the publicly funded health care system, unless such a referral is made with the full disclosure of the business or financial interest to the patient.
- f) No person shall use their position within the Hospital to generate referrals to or promote the use of services or facilities outside of the publicly funded health care system in which a closely associated person holds a personal, business or financial interest, unless such a referral is made with the full disclosure of the financial interest to the patient.

- g) No Representative shall disclose or use any information that is not available to the general public (for example related to human resources, financial aspects of CMH, or related to patient care) for the purpose of furthering a personal, financial or business interest of the person or a closely associated person.
- h) No Representative may be involved in decisions where he/she or a closely associated person may disproportionately gain or be affected by the decision of the Board, in relation to the community as a whole. For example, a Representative or closely associated person will benefit directly from a specific health care service or program that the Corporation is considering
- i) No person shall be involved in outside employment or other activities that involve the use of CMH premises, equipment or supplies, unduly interferes with regular duties through telephone calls, internet use or otherwise with regular duties or is performed in such a way as to appear to be an official act or to represent the Hospital.
- j) No person shall use their position/relationships at CMH to secure access to health care services for any person outside of the normal procedures to the detriment of other patients (including increasing the waiting time for other patients in the system).

**Related Board Policies**

Confidentiality Policy 2-A-34 <https://www.cmh.org/sites/default/files/page-assets/about/board-directors/board-policy-manual-part-2/2-34-47701.pdf>

Removal of a Director, Officer or Committee Member 2- D-45 <https://www.cmh.org/sites/default/files/page-assets/about/board-directors/board-policy-manual-part-2/2-d-45-47580.pdf>

**References**

- Trillium Health Hospital Conflict of Interest Policy
- Guelph General Hospital Conflict of Interest Policy
- Chatham Kent Healthcare Alliance Conflict of Interest Policy

<b>DEVELOPED: May 25, 2011</b>		<b>REVISED/REVIEWED:</b>
September 24, 2014	November 28, 2018	Click or tap to enter a date.
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