



Illustrative CONFLICT-OF-INTEREST PROTOCOL

Specifications

Directors are expected to discharge the legal fiduciary duties of loyalty and care in the performance of their roles. In all their dealings with and on behalf of the organization, directors will be held to a strict rule of honesty, trust, prudence and fair dealing. Directors shall not exploit their positions, or knowledge gained there from, for the personal benefit of themselves, family members or other individuals and organizations.

Directors (because of their professions/occupations, associations, investments, community involvement, relationships and other dealings) will, from time to time, be placed in situations where potential conflicts-of-interest arise. The purpose of this protocol is not to eliminate such conflicts *per se*, but rather to ensure that when they do arise, they will not adversely affect a director's inclination and ability to act in the best interest of the organization and its stakeholders.

Directors shall act exclusively on behalf, and in the best interest, of the organization and its stakeholders. Directors are expected to refrain from making any decision, taking any position or engaging in any act that could reasonably be assumed to subvert/harm the organization's vision/mission, charitable purpose and/or its strategic, financial, clinical and operational effectiveness/efficiency.

Directors (and their immediate family members) are prohibited from accepting any material compensation, gift or other favor having a value that exceeds \$____ which could influence, or appear to influence, their judgments/actions on behalf of the organization and its stakeholders.

Directors shall not act as, or represent that he/she is, an agent of the organization unless specifically authorized to do so by the board chair.

General Material Conflicts

A general material conflict-of-interest exists when a director is a owner, partner, significant shareholder, director, executive, partner or key employee of an organization that:

- provides any type of legal, financial or strategic services/advice/counsel to the organization;
- provides products/services to the organization valued in excess of \$ ____ per year; and/or
- directly, and significantly, competes with the organization.

When in the reasonable judgment of the board executive committee (as affirmed by majority vote) an individual is deemed to have a general material conflict-of-interest, he/she must: not be appointed to the board; or if presently serving as a director (when this proto-

col is adopted, or when such a conflict arises during their term) be requested to resign immediately.

Limited Material Conflicts

Limited material conflicts are those that could, in any appreciable manner, negatively affect a director's intention or ability to act in the best interest of the organization. They include, but are not limited to, matters coming before the board that could have a material impact upon:

- organizations where the director (or immediate family members) is/are presently employed
- organizations where the member (or immediate family members) serve as a board member, director, trustee or officer
- partnerships in which the director (or immediate family members) participate
- professional and trade associations of which the director (or immediate family members) is affiliated
- entities to which the director (or immediate family members) serve as a consultant or advisor, whether paid or unpaid
- entities from which the director (or immediate family members) has/have received payment/remuneration, other than for expenses incurred, during the last three years
- organizations from whom the director (or immediate family members) has received gifts or other considerations valued at more than \$_____ in the previous three years

Upon initial appointment, and at each renewal of their term, directors are expected to acknowledge (on a form provided) any employment, activity, investment, or other relationships which might pose a limited conflict-of-interest, or appear to conflict, with the interests/purposes of the organization and its stakeholders.

In the course of dealing with specific issues coming before the board, directors must immediately acknowledge any potential limited material conflicts-of-interest, or the appearance of such, to the chairperson. This acknowledgement must be made before the director involves him/herself in discussing, deliberating, debating, voting on or otherwise considering the issue in a meeting of the board or its committees. If the conflict is judged to be material, the director will be required to: totally refrain from discussing, or expressing any opinion regarding, the issue with board colleagues and management; not participate in meetings, or portions thereof, dealing with the issue; and not voting on the issue.