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Issued by: Governance Committee		Approved by: OSMH Board of Directors – May 2021		

PURPOSE:

All Directors have a duty to ensure that the integrity of the decision-making processes of the Board are maintained by ensuring that they and other members of the Board are free from conflict or potential conflict in their decision-making. It is inherent in a Director’s fiduciary duty that conflicts of interest be avoided. It is important that all Directors and officers understand their obligations when a conflict of interest or potential conflict of interest arises.

POLICY

This policy applies to all Directors and Officers, including *ex-officio* Directors, and non-board members of Board committees.

Directors and non-Board committee members shall avoid situations in which they may be in a position of conflict of interest or perceived conflict of interest. The OSMH By-laws #1 contain provisions with respect to conflict of interest that must be strictly adhered to.

In addition to the By-laws, the process set out in this policy shall be followed when a conflict or potential conflict arises.

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 the corporation and to adhere to his or her fiduciary duties is compromised or impeded by any other interest, relationship or duty of the Director. A conflict of interest also includes circumstances where the Directors duties to the corporation are in conflict with other duties owed by the Director such that the Director is not able to fully discharge the fiduciary duties owed to the corporation.


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

1. Transacting with the Corporation

- When a Director transacts with the corporation directly or indirectly
- When a Director has a material direct or indirect interest in a transaction or contract with the corporation

2. Interest of a Relative

When the Corporation 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.

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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 the corporation 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 Purposes

When Director exercise their posers motivated by self-interest or other improper purposes. Directors must act solely in the best interest of the Corporation. Directors who are nominees of a particular group must act in the best interest of the Corporation even if this conflicts with the interests of the nominating party.

5. Appropriation of Corporate Opportunity

When a Director diverts to his or her own use, an opportunity or advantage that belongs to the corporation.

6. Duty to Disclose Information of Value to the Corporation

When Directors fail to disclose information that is relevant to a vital aspect of the Corporations affairs.

7. Serving on Other Corporations


A Director may be in a position where there is a conflict of ‘duty and duty’. This may arise where the Director serves as a Director of two Corporations that are competing or transacting with one another. It may also arise where a Director has an association or relationship with another entity. For example, of two Corporations are both seeking to take advantage of the same opportunity, a Director may be in possession of confidential information received in one Boardroom or related to the matter that is of importance to a decision being made in the other Boardroom. The Director cannot discharge the duty to maintain such information in confidence while at the same time discharging the duty to make disclosure. The Director cannot act to advance any interests other than those of the Corporation.

Process for Resolution of Conflicts and Addressing Breaches of Duty

- **Disclosure of Conflicts**

A Director or committee member who is in a position of conflict or potential conflict shall immediately disclose such conflict to the Board by notification to the Chair or any Vice Chair of the Board. Where the Chair has a conflict, notice shall be given to the Vice Chair. The disclosure shall be sufficient to disclose the nature and

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extent of the interest. Disclosure shall be made at the earliest possible time and, where possible, prior to any discussion and vote on the matter.

Where (i) a Director is not present at a meeting where a matter in which the Director has a conflict is first discussed and/or voted upon, or (ii) a conflict arises for a Director after a matter has been discussed but not yet voted upon by the Board, or (iii) a Director becomes conflicted after a matter has been approved, the Director shall make the declaration of the conflict to the Chair or Vice Chair as soon as possible and at the next meeting of the Board.

A Director may make a general declaration of the Director’s relationships and interests in entities or persons that give rise to conflicts.

- **Abstain from Discussions**

The director that declares a conflict will offer to remove themselves from the room, the decision for the member to remain in the room will be at the discretion of the committee and Board Chair

All Directors shall comply with the requirements of the OSMH By-law #1.

A Director may be referred to the process outlined below in any of the following circumstances:

1. **Circumstances for Referral**

Where any Director believes that he or she or another Director:


- a. Has breached his or her duties to the Corporation;
- b. Is in a position where there is a potential breach of duty to the Corporation;
- 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 trust and integrity and such behaviour may have an adverse impact on the Corporation.

2. **Process for Resolution**

The matter shall be referred to the following process:

- a. Refer matter to Chair or where the issue may involve the Chair, to any Vice Chair, with notice to CEO.
- b. Chair (or Vice chair as the case may be) 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 Chair (or Vice Chair, as the case may be) which shall report to the Board.
- c. If the Chair or Vice chair elects to attempt to resolve the matter informally and the matter cannot be informally resolved to the satisfaction of the Chair (or Vice Chair as the case may be), the Director referring the matter and the Director involved, then the Chair or Vice Chair shall refer the matter to the process in (b) (ii) above.
- d. A decision of the Board by majority resolution shall be determinative of the matter.

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It is recognized that if a conflict, or other matter referred cannot be resolved to the satisfaction of the Board (by simple majority resolution) or if a breach of duty has occurred, a Director may be asked to resign or may be subject to removal pursuant to the OSMH By-laws #1 and the Corporations Act.

Perceived Conflicts


It is acknowledged that not all conflicts or potential conflicts may be satisfactorily resolved by strict compliance with the OSMH By-laws #1. There may be cases where the perception of a conflict of interest or breach of duty (even where a conflict exists or breach has occurred) may be harmful to the Corporation notwithstanding that there has been compliance with the OSMH By-laws #1. In such circumstances, the process set out in this policy for addressing conflicts and breaches of duty shall be followed.

It is recognized that the perception of conflict or breach of duty may be harmful to the corporation even where no conflict exists or breach has occurred and it may be in the best interests of the corporation that the Director be asked to resign.

Annual Signed Declaration and Disclosure Statement

On an annual basis; following the Annual General Meeting of the Board of Directors and the Corporation, each Board Member shall review the policy and submit a declaration of compliance including a disclosure statement.

*See Appendix A

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Appendix A
Annual Signed Declaration of Compliance and Disclosure Statement
For the Orillia Soldiers' Memorial Hospital Board of Directors

Declaration of Compliance

I have read and understand the policy on Conflict of Interest for the Orillia Soldiers' Memorial Hospital.
 I hereby declare that if at any time during my appointment with the Board of Directors, I will declare such conflict and seek resolution of said conflict as outlined in the policy above.

Conflict of Interest Disclosure Statement

Directors must avoid conflicts between their self-interest and their duty to the corporation. In the space below, please identify any relationship with any organization that may create a conflict of interest, or the appearance of a conflict of interest, by virtue of being appointed to the board.

Disclosure of Other Governance Roles

Directors may be involved with Boards in other organizations while on the OSMH Board of Directors. Participation with other Boards is not necessarily a conflict of interest, however Directors are asked to disclose the other Boards with whom they are associated.

Date: _____

Print Name: _____

Signature: _____