

## **Governance Policies and Procedures for Board of Directors**

### **Conflict of Interest**

#### **Purpose**

Members of the Canadian Partnership Against Cancer Corporation Board of Directors are accountable for discharging their duties honestly, and in good faith, in a manner that supports the best interests of the Corporation. Directors shall serve the interests of the Corporation by upholding both the letter and the spirit of all applicable laws, the Corporation's articles, by-laws and Board policies. Directors have an obligation to conduct business in a manner that avoids actual, potential or perceived conflicts of interest, whether direct or indirect (collectively, "conflict of interest"). This policy establishes a framework within which the Corporation requires its Directors to act. The purpose of this Policy is to provide general direction so that conflicts of interest are managed appropriately and in a timely manner.

#### **Definition**

A conflict of interest exists when the outside interests or concerns of any Director (whether personal, familial, financial, professional, commercial or otherwise) have, could have or are seen as having an undue influence on his or her actions as a Director or are, could be or are seen as conflicting or competing with the interests or concerns of the Corporation.

#### **Procedures for Dealing with Conflict of Interest**

The Board of Directors as a whole relies on individual Directors to promptly disclose a conflict of interest. Therefore:

- a) When a Director considers that he or she has a conflict of interest, that Director shall disclose the nature and extent of the conflict of interest to the Board as soon as an issue arises and before the Board or its committees deal with the matter at issue. However, if a Director becomes interested in a matter after it is dealt with at a Board or committee meeting, the Director must disclose the conflict of interest as soon as possible thereafter. If a Director is uncertain whether a conflict of interest exists, the Director must err on the side of disclosure.

- b) If there is any question or doubt concerning whether there is a conflict of interest, it is the responsibility of the Chair to determine whether a conflict of interest exists and to inform the Board of his or her decision. The disclosure and decision as to whether a conflict of interest exists shall be recorded in the minutes of the Board meeting.
- c) When a determination has been made that there is a conflict of interest of a Director, the Chair may take whatever action he or she deems appropriate to manage the conflict of interest and report back to the Board on the action taken. At a minimum, the conflicted Director shall be absent from any discussion in advance of a vote and shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The Chair may request that the Director remain present at the meeting for the purposes of answering questions. The Chair may also request that the Director excuse him- or herself from the meeting during the discussion of, and vote on, the matter at issue. The Director must comply with the Chair's request. The Director must not be counted in the quorum concerning the vote. The time the Director left and returned to the meeting shall be recorded in the minutes.
- d) If a Director has disclosed a conflict of interest in compliance with this policy, the Director is not accountable to the Corporation for any profits the Director might realize from the decision taken by the Board.
- e) If a Director fails to disclose a conflict of interest as required by this policy, the Director may be asked to resign or may be subject to removal from office pursuant to the by-laws and the Canada Corporations Act.
- f) A Director's failure to comply with this policy does not, in or of itself, invalidate any decision made by the Board.
- g) If a Director believes that another Director has a conflict of interest, the Director must raise the concern at a Board meeting, and the secretary of the meeting must record the concern in the minutes. The Director with the perceived conflict of interest will address the Board about the concern. Thereafter, the Director with the perceived conflict of interest must excuse him- or herself from the room, and the Chair shall make a determination on whether the Director has a conflict of interest. If the Chair finds the Director has a conflict of interest, the Director must observe the requirements of this policy. The same process shall be followed if an employee has raised a concern about a conflict of interest of a Director.

- h) A conflict of interest involving the Chair shall be reported to the Vice-Chair who shall report the matter to the entire Board. The Board shall then strike up a panel of three Directors to deal with and manage the Chair's conflict in accordance with this policy.

### **Appendix - Examples of perceived conflicts of interest**

Three hypothetical examples of **perceived** conflicts of interest:

1. A Director of CPAC is also a director of a manufacturer of cancer drugs. While no contract is currently under consideration by the two entities, this Director might be perceived to be favouring the interests of this company when conducting health research, or even the interests of brand name drug manufacturers over generic manufacturers.
2. A Director of CPAC is also the head of a large hospital that provides cancer treatment and conducts cancer research. This Director might be perceived to be favouring the interests of this hospital over others even though no contract currently is under consideration between CPAC and the hospital.
3. A Director of CPAC is involved in breast cancer advocacy. This Director might be perceived to favour breast cancer control over the cancer control of other sites. None of these examples qualify as real or potential conflicts at the moment as no matter is up for discussion or decision of the Board, but a perception of a conflict of interest could be there.

These perceived conflicts of interest could be dealt with as follows:

1. Perceived conflicts of interest should be managed in the same way as any other conflict (real or potential), e.g., full disclosure.
2. These Directors could make a general one-time disclosure of their perceived conflict, which should be minuted, and not be required to disclose at each and every Board meeting.
3. These Directors should then disclose a potential conflict if a relevant matter comes up for discussion/decision.