

# COMMUNITY FOUNDATION OF OTTAWA

## POLICY

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### **POLICY: CONFLICT OF INTEREST**

#### **Preamble:**

#### **a) Application of Policy.**

Directors of business corporations and non-share capital corporations (such as CFO) are subject to fiduciary obligations. Generally stated these arise from the requirements at law, to act honestly and in good faith, to act with a view to the best interests of the corporation and to subordinate personal interests to those of the corporation.

It is also considered that other persons who maintain a position of trust within a corporation hold a duty of care to the corporation.

Accordingly, this Policy will have application to each Member.

#### **b) Conflicts of Interest**

A conflict of interest arises when the personal interests of a Member conflict with those interests of the CFO, which a Member must protect. There is nothing inherently wrong with having a conflict of interest. Problems arise only when a Member with such a conflict fails to give priority to the interests of the CFO.

A conflict will rise if a Member has a direct pecuniary interest in an entity involved in a transaction with the CFO. Less obvious conflicts will arise where a Member receives direct or indirect benefits outside of an actual transaction. Examples of the latter are where friends, relatives or other relationships benefit from the actions of a Member or where a Member receives social or political gain.

Thus, in the case of the CFO, conflicts may arise, for example, as a result of the affiliation of a Member, or his/her friends, relatives or other relationships with

- an entity which has, or is negotiating, a business relationship with the CFO
- an entity seeking funding or other support from the CFO

In such case the Member will be deemed to have an indirect interest to which this Policy will apply.

#### **Objectives:**

The objectives of this Policy include:

- a) ensuring compliance by Members and the CFO with the requirements of law;
- b) maintaining and enhancing the reputation of, and public confidence in, the CFO;  
and
- c) continuing to foster trust among Members.

**Statement:**

1. Members must strive to ensure that they do not place themselves in a position, either perceived or real, where their duty to the CFO conflicts with their own personal interest or with their duty to others;
2. A Member who has an interest, directly or indirectly, in any contract, transaction, proposed contract or proposed transaction under consideration by the Board of Governors or a Committee created by it shall,
  - i) declare the nature and extent of the interest as soon as possible and no later than the meeting at which the matter is to be considered;
  - ii) refrain from taking part in any discussion or vote related to the matter; and
  - iii) withdraw from the meeting when the matter is being discussed if requested to do so by a majority of the Members present at the meeting, or the Member may at his/her discretion withdraw from the meeting.
3. Any Member who has declared his/her interest in a contract or transaction or a proposed contract or proposed transaction and who has not voted in respect thereof, shall not be accountable to the CFO, or its creditors, for any profit realized from the contract and the contract is not voidable by reason only of his/her being a Member; and
4. Where the Board of Governors or a committee of the Board to which the Board has delegated authority is of the opinion that a conflict of interest exists that has not been declared, the Board or committee may declare, by a resolution carried by two-thirds (2/3) of the Members present at the meeting, that a conflict of interest exists and in such case the provisions of Section 2 (ii) and (iii) of the Policy Statement shall apply as if the Member had declared the interest.

**DATE:** November 30, 2004

**LAST REVISED OR REVIEWED:** February 2009

**SUBJECT TO REVIEW:** January 2014