



# Conflict of Interest Policy

## Policy Statement

The Conflict-of-Interest Policy (“Policy”) has been developed to address the need for Skate Ontario (SO) to avoid conflicts of interest at all levels of the organization including the actions of the organization, in decisions of the Board, committees, and staff. A conflict of interest occurs when personal interests conflict with the responsibility to act in the best interest of SO. This Policy is part of the overall SO Code of Conduct.

## Scope/Applicability

This Policy applies to every member of the SO Board of Directors (Board), and every member of any committee.

## Definitions

Certain terms used herein may not be capitalized; however, for the purposes of this Policy, the following terms herein have the ascribed meanings as set forth below. In addition, all references to the singular include the plural and vice versa.

### ***Committees:***

Include standing, operating, sub-committees, task forces and working groups.

### ***Material conflict:***

A conflict where it may be expected to affect the decisions of the Board or committee.

### ***Potential conflict:***

Where the Board or committee could be influenced by a conflicting interest.

### ***Perceived conflict:***

Where the Board or committee could appear to be influenced by a conflicting interest.

### ***Financial conflict:***

A conflict where a director or committee member who is employed by, performing services for, or has a financial interest in any business enterprise doing business with or seeking to do business with SO or a SO Member.

### ***Legal conflict:***

A conflict where a director or committee member has any material interest in the contract or transaction being considered by the Board or committee, or where a director or committee member who is employed by or performing legal services for SO or a SO member would be materially and adversely impacted by the lawyer’s own interest or the lawyer’s duty to another client, a former client, or a third person.

## Obligations

Understanding conflict of interest requires understanding of the general duties of directors and committee members.

Directors are fiduciaries, meaning that they owe a duty of good faith, skill, and care.

Directors must, always:



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- i. act honestly and in good faith, in the best interests of the organization.
- ii. exercise their powers properly, and their discretion.
- iii. exercise their powers and discretion for the purpose for which they are conferred; and
- iv. avoid conflict of interest.

While committee members are not always fiduciaries, the organization still requires that its committee members, always:

- i. act honestly and in good faith, in the best interests of the organization.
- ii. exercise their powers properly, and their discretion.
- iii. exercise their powers and discretion for the purpose for which they are conferred; and avoid conflict of interest.

**The Duty to Act Honestly and in Good Faith** - Acting honestly and in good faith means that the director or committee member is not seeking to gain an advantage for themselves, or for someone else; is not intending to deceive anyone and is not blindly following the lead of others on the Board or the committee.

**The Duty to Properly Exercise Powers** - Properly exercising powers conferred on the director or committee member means the person is not acting upon some personal “hidden agenda” but is exercising his or her powers for legitimate purposes which serves the best interests of the organization.

**The Duty to Avoid Conflicts of Interest** - Conflict of interest arises when a person has (or could have) divided loyalties. Directors and committee members owe the organization their undivided loyalty. Therefore, they need to be conscious of the potential for conflict of interest, and they need to act with candor and care in those situations.

Conflicts of interest become problematic if the director or committee member, or the Board or committee, fail to disclose the conflict of interest, or fail to deal with the situation properly.

Avoiding conflict of interest means putting the duty to the organization ahead of any other interest or duty.

Conflict of interest arises when the director or committee member (or a person, company, or group associated with the director, committee member or trustee) wants to or may be perceived to obtain some benefit (financial, professional, personal, or otherwise) from the organization.

**Need to Avoid both Actual and Perceived Conflicts of Interest** - A conflict of interest may be actual and obvious. Most commonly, this will arise when the director or committee member has a material interest in a proposed contract or transaction to which the organization may be a party.

This material interest may arise directly because the director or committee member is personally involved with the contract or transaction. Or, the material interest may arise more indirectly, because the director or committee member has an employment or investment relationship with the entity dealing with the organization, or because of some family or other personal relationship.

Material interest is interpreted to mean an interest which is sufficient to result in some benefit - even a minimal one - to the director or committee member. Usually, although not always, that benefit is (directly or indirectly) a financial one.



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The corporate laws which govern SO and other organizations impose certain disclosure obligations on a director who is in any way, whether directly or indirectly, interested in any contract or proposed contract with the organization. Those same laws require the director to abstain from any discussion, debate and vote related to the contract or proposed contract. (Because committee members can also find themselves in these types of conflict situations, under this Conflict-of-Interest Policy, SO applies the same rules to directors and committee members.)

Sometimes, even though there may be no “legal” conflict of interest, there is still potential for the reasonable perception of a conflict of interest, when viewed from the perspective of an objective outside observer. Whether the perception is reasonable or not in each situation will depend on the facts and circumstances, including what is “at stake” in the decision being considered.

When there is a perceived conflict of interest, the integrity of the Board or committee may be undermined, and their decision may also be vulnerable to court challenge, if the conflict is not properly managed.

For all these reasons, the rules set out below for awareness, disclosure, objective review, and resolution of disputes must be followed by all directors and committee members.

## Awareness and Declaration

All directors and committee members must be vigilant to identify:

- i. Whether they have any material interest in the contract or transaction which is being considered by the Board or the committee (legal conflict of interest).
- ii. Whether, even if there is no legal conflict of interest, there is some other factor which does, or could, prevent them from exercising objective judgment (potential conflict of interest).
- iii. Whether, even if there is no potential conflict of interest, there is some other factor which might give an objective outside observer a reasonable basis to perceive that the director, committee member or trustee might not exercise objective judgment (perceived conflict of interest).

The director or committee member must disclose any conflict of interest as soon as possible to the Chair of the Board (in the case of directors), to the committee chair (in the case of committee members, or to the Board (in the case of the Chair of the Board) by completing a Declaration of Conflict of Interest in the form set out in Appendix A to this Policy.

In some cases, the director or committee member may have a legal conflict of interest but be unable, because of duties to others, to disclose the full nature and scope of the interest. In that case, the person must still complete and submit the Declaration of Conflict-of-Interest form, and at least disclose that an unidentified interest exists.

Directors and committee members also have a general and ongoing duty to disclose a conflict of interest at any time in sufficient detail to allow the other directors or committee members to understand the nature and scope of the interest.

## Objective Review

Objective review means that only those directors or committee members who are objective and disinterested can participate in a decision being made by the Board or committee.



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When a director or committee member has disclosed a conflict of interest in a matter and is found to have a legal, potential or reasonably perceived conflict of interest in a matter, then that director or committee member is not “disinterested” and must not participate in or influence the discussion, debate or vote relating to the matter.

Where a decision/direction regarding the conflict of interest is obtained under the Resolution Process, the decision/directions must be implemented.

In many circumstances, it will be appropriate that the director or committee member who has the conflict of interest physically removes themselves from the room/meeting, while the matter is being discussed, debated, and voted upon.

However, having had the conflict or potential conflict declared, the Chair of the Board or committee, in consultation with the Board or committee, may decide/recommend that the director or committee member may participate in all or any part of the discussion but shall not vote.

The minutes of the Board or committee meeting will record the director’s or the committee member’s absence from the discussion and debate, and their abstention from any related votes (or compliance with the decision/directions obtained under the Resolution Process, as the case may be).

## Resolution Process

The awareness and disclosure rules must always be followed. However, SO recognizes that it is not always clear whether a particular fact or situation does or does not amount to a legal, potential or a perceived conflict of interest. In addition, it is not always clear what steps should be taken to deal with the conflict of interest.

In such cases, once a dispute about a conflict of interest arises, the applicable Resolution Process should be initiated as soon as possible to determine what actions should be taken to address the possible conflict. The time frames to be followed must be reasonable, in all the circumstances.

The following Resolution Process applies:

- i. The recipient of the Declaration of Conflict-of-Interest form shall consult with the SO Executive Director with respect to the nature of the possible conflict, and what actions should be taken to address it.
- ii. As part of this consultation process, the director or committee member may be required to provide additional information concerning the nature of the conflict of interest.
- iii. The Executive Director shall communicate a decision/direction regarding the conflict of interest, in writing, to the director or committee member, and to the Chair of the Board or the Chair of the committee in question.
- iv. If the director or committee member, or the Chair of the Board or the Chair of the committee in question, object to the decision/direction, then a written letter stating the reasons for the objection must be delivered to the Board.
- v. Upon receiving a letter of objection, the Board, in consultation with the Executive Director, shall appoint an independent advisor to review the matter.
- vi. As part of this review process, the director or committee member may be required to provide additional information to the independent advisor.
- vii. The independent advisor shall deliver to the Chair of the Board or the Chair of the committee in question or his/her designate(s) their recommendations regarding the conflict of interest, in writing, within 15 days of being appointed.



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- viii. The SO Chair of the Board, or their designate(s), or the Chair of the committee, shall communicate a decision/direction regarding the conflict of interest, in writing, to the director or committee member, within five days of receiving the recommendations of the independent advisor.

## Policy Breach

Any breach of this Policy will be treated as a serious offence. The Stakeholder(s) who breach this policy may be subject to disciplinary action, at the sole discretion of SO, up to and including expulsion from membership in SO and/or Skate Canada.

## Contact Us

If you have questions or comments about this Policy, you may contact us in the following ways: in person, by telephone (905) 212-9991 or by email to [info@skateontario.org](mailto:info@skateontario.org).

## Policy Administration

SO, maintains and reviews this Policy every three years at a minimum in accordance with our Policy Management Policy.



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## Appendix A

### Declaration of Conflicts of Interest

I have read SO's Conflict of Interest Policy, and I agree to be bound by the obligations contained therein. I commit to avoid any real or perceived conflict of interest to the best of my knowledge and belief and I commit to disclosing the existence of any real or perceived conflict of interest in accordance with the Conflict-of-Interest Policy as soon as it is known to me.

I declare the following interests which may represent a real, perceived, or potential conflicting interest:

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I also pledge to inform SO in accordance with the Conflict-of-Interest Policy of any other member of the organization who I feel is in a position of any real, perceived, or potential conflict of interest.

Name: (Please Print)

Signed: Date:



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