



Conflict of Interest

Generally

1. As a general rule, a Director must not act while in a conflict of interest.
2. As a general rule, a Society must not enter into:

- a) a transaction with a Director, or
- b) any transaction in which a Director has a direct or indirect interest.

3. Even so, some transactions may take place, notwithstanding the Director's direct or indirect interest in the transactions, where the purpose is not to benefit the Director but rather to permit the Society to enter into transactions, which are in its best interests.

Acceptable Transactions

4. A transaction in which the Director has a direct or indirect interest is acceptable, and does not need to be authorized by the Board of Directors under paragraph 5, if the transaction is

- a) accepting remuneration for the Director's services as Director
- b) a loan to the Society guaranteed by the Director;
- c) a transaction between two Societies in which the conflict of interest arises solely because the societies have a Director in common;
- d) the posting of security by a Director to ensure the faithful fulfillment of the Director's duties;
- e) insurance for the Director against personal liability incurred by virtue of the Directorship;
- f) an agreement by the Society to reimburse a Director for expenses and liabilities incurred by virtue of the Directorship; or
- g) participation in the activities the Society regularly makes available to its members.

Transactions that May be Authorized

5.(1) the Board of Directors may authorize the transactions listed in paragraph 5 (2) provided the Director first discloses the conflict of interest and establishes that

- a) the transaction is fair and reasonable to the Society, and
- b) the transaction meets community expectations about the conduct of the Society's activities.

(2) If the conditions in paragraph (1) are satisfied, the Board of Directors may authorize the following transactions:

- a) Transactions where the conflict of interest is slight or, where it is more serious, the financial consequences of the transaction are minimal.

b) A transaction which

I. is an unconditional gift,

II. in aggregate, substantially amounts to a gift, or

III. represents benefits to the Society so substantial that no other decision makes economic sense.

c) A transaction

I. which no one else is capable of carrying out;

II. which others may be capable of carrying out, but no one else is willing to do;

III. in which it is more important to the Society for the Director to participate in the transaction than to avoid the conflict of interest.

(3) A Director who is in a conflict of interest can neither vote on whether the transaction should be authorized nor be considered part of the quorum for the meeting dealing with that issue.

(4) If the Board of Directors authorizes a transaction, it must record in the minutes of the meeting at which it is authorized the exception relied upon.

(5) If a Board of Directors authorizes a transaction notwithstanding a conflict of interest, it must consider whether special steps are necessary to insulate or confine the conflict of interest for the protection of the Society, or to safeguard public trust in the conduct of the Society's affairs.

Transactions That May Not Be Authorized

6. A transaction where a third party is engaged to scrutinize the affairs of the Society may not be authorized by the Board of Directors if a Director has a direct or indirect interest in the transaction.

Guidelines

Category A

The following are considered to have the potential to be conflicts of interest or appear to be conflicts of interest and as such, they are to be disclosed to the Board of Directors.

The Board of Directors will review the individual's responsibilities and the degree of potential or apparent conflict in determining what actions, if any, are required.

a) Investments with a supplier or customer or in any other company, partnership, association or commercial entity that has a significant present or prospective business relationship with the organization.

b) Contracts, agreements or undertaking between the individual and a supplier, customer or any other company, partnership, association or commercial entity that has a significant present or prospective business relationship with the organization.

c) Seeking or accepting from any of the parties outlined in a) and b) above, either directly or indirectly, loans (except with banks or other financial institutions at terms and conditions generally available to the public), services, payments, commissions, entertainment or gifts.

d) Serving as a Director, officer, employee, member or consultant for any of the parties outlined in a) and b) above, or for any other organization if such service could place demands on individuals inconsistent with their duties or call into question their capacity to perform their duties in an objective manner or cause job performance to suffer.

e) Acquisition of real estate or other forms of property of present or prospective interest to the organization.

Category B

The following are considered to be actual or apparent conflicts of interest and are to be avoided:

a) Using or appearing to use, or revealing without proper authorization to persons outside the organization, for personal gain, any information acquired during the course of an individual's duties which is not generally available to the public.

b) Using or permitting others to use the organization's volunteers, employees, property, equipment, materials or time for personal gain.

c) According preferential treatment beyond the common courtesies usually associated with accepted business practice and prerogatives of office to friends, relatives or to organizations in which the individual or relatives and friends have an interest, financial or otherwise.

d) Using the organization's name or one's position with the organization in such a way as to lend weight or prestige to sponsorship of a political party or cause or to endorse, without proper authorization, a product or service of another company.

Category C

Engagement in educational, professional, philanthropic, social and recreational activities is encouraged and is not subject to review by the Board of Directors, provided individuals do not make unseemly use of their position with the organization or permit an association with the organization which may be detrimental to its business, nature, role or reputation.

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