



BOARD POLICY MANUAL

Policy & Procedure: 3-B-6 CONFLICT OF INTEREST POLICY	
Developed By: Joint Governance Committee	Number: 3-B-6
Last Reviewed/Revised: April 7, 2026	
Category: Governance Framework – Roles and Responsibilities	
Approved By: Board Meeting – April 28, 2026	

Purpose

All directors and officers of North Wellington Health Care Corporation and Groves Memorial Community Hospital (each a “Hospital”) have a duty to ensure that the integrity of the decision-making processes of the board of directors of the Hospital (the “Board”) are maintained by ensuring that they and other directors and officers 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.

Application

Applies to all directors, officers (including *ex officio* directors), and all non- director members of committees.

“Officers” means officers appointed by the Board including the chair, president, vice-chair, a vice president, secretary or assistant secretary, treasurer or assistant treasurer, general manager and other persons in senior roles who perform functions for the Hospital similar to those normally performed by senior officers.

Policy

Directors, officers, and non-director committee members shall avoid situations in which they may be in a position of conflict of interest or potential conflict of interest. The by-laws 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

Conflict of interest is defined in the By-laws of the Hospitals.

A conflict of interest arises in any situation where a director's or officer's duty to act solely in the best interests of the Hospital 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



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circumstances where the director's duties to the Hospital are in conflict with other duties owed by the director or officer such that the director or officer is not able to fully discharge the fiduciary duties owed to the Hospital.

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 Hospital

- When a director transacts with the Hospital, directly or indirectly.
- When a director has a material direct or indirect interest in a transaction or contract with the Hospital.

2. Interest of a Relative

When the Hospital conducts business with suppliers of goods or services or any other party of which a relative or member of the household of a director or officer is a principal, officer or representative.

3. Gifts

When a director or officer 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 Hospital 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 Purpose

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

5. Appropriation of Corporate Opportunity

When a director or officer diverts to his or her own use, an opportunity or advantage that belongs to the Hospital.

6. Duty to Disclose Information of Value to the Hospital

When directors or officer fail to disclose information that is relevant to a vital aspect of the Hospital's affairs.



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7. Serving on Other Corporations

A director or officer may be in a position where there is a conflict of “duty and duty”. This may arise where the director or officer serves as a director of two corporations that are competing or transacting with one another. It may also arise where a director or an officer has an association or relationship with another entity. For example, if 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 or officer cannot discharge the duty to maintain such information in confidence while at the same time discharging the duty to make disclosure. The director or officer cannot act to advance any interests other than those of the Hospital.

Process for Disclosure of Conflicts and Addressing Breaches of Duty

- **Disclosure of Conflicts**

A director, officer or non-director 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 a vice-chair of the Board). Where the chair has a conflict, notice shall be given to a vice-chair. The disclosure shall be sufficient to disclose the nature and 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, and shall be appropriately recorded in meeting minutes.

Where (i) a director or officer 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 or officer becomes conflicted after a matter has been approved, the director or officer 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.

If a director or officer becomes interested in a contract or transaction after it is made or entered into, the disclosure shall be made as soon as possible after the director or officer becomes so interested.

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

Where a director or officer is unsure whether there is a conflict of interest, the director or officer must raise the potential conflict with the Board, and the Board will vote on whether it feels that there is a Conflict of Interest. The director or officer may not vote on whether or not there is a Conflict of Interest.



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- **Abstain from Discussions**

Where a director or officer has declared or has been found by the Board to be in conflict of interest, the director or officer must:

- (a) Refrain from participating in any discussion on the matter;
- (b) Refrain from voting on any motion related to the matter;=
- (c) Withdraw from a meeting while the matter is discussed or voted upon;=
- (d) Not attempt in any way, whether before, during or after the meeting to influence the voting on the matter; and
- (e) Not act in any way that would be contrary to the interests of the Corporation.

The departure from the meeting of a conflicted director or officer shall not impact quorum if quorum was otherwise present immediately prior to the business giving rise to the conflict.

Process for Proactively Managing Potential Conflicts of Interest

The Board chair shall ensure that all new directors and officers are advised (prior to commencing their duties as a director or officer) of their legal duties as they relate to confidentiality and conflicts of interest while serving as a director or officer. In addition to the foregoing, each director or officer shall be required to sign an Annual Director Declaration and Consent in the form approved by the Board from time to time.

At the beginning of each Board meeting, the Chair should ask and have recorded in the minutes whether any director or officer has a conflict to declare in respect of any agenda item.

Concerns from another Director or Officer

Where any director or officer believes that another director:

- (a) Has breached his or her duties to the Hospital;
- (b) Is in a position where there is a potential breach of duty to the Hospital;
- (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 Hospital.

The matter shall be referred to the following process:



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- (a) Refer matter to chair or where the issue may involve the chair, to any vice-chair, with notice to the chief executive officer.
- (b) Chair (or vice chair as the case may be) may either:
 - (i) attempt to address the matter informally, or
 - (ii) refer the matter to the Board to make a finding by majority resolution on whether or not the director or officer is in a conflict of interest, and the decision of the board shall be determinative of the matter.
- (c) If the chair or vice chair elects to attempt to address the matter informally and the matter cannot be informally addressed to the satisfaction of each 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.

It is recognized that if a conflict, or other matter referred, cannot be addressed to the satisfaction of the Board (by simple majority resolution) or if a breach of duty has occurred, a director or officer may be asked to resign or may be subject to removal pursuant to the by-laws and *Ontario Not-For-Profit Corporations Act*.

Perceived Conflicts

It is acknowledged that not all conflicts or potential conflicts may be satisfactorily resolved by strict compliance with the bylaws. There may be cases where the perception of a conflict of interest or breach of duty (even where no conflict exists or breach has occurred) may be harmful to the Hospital notwithstanding that there has been compliance with the bylaws. 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 Hospital even where no conflict exists or breach has occurred and it may be in the best interests of the Hospital that the director be asked to resign.

Committees

The procedures for declaring and addressing a conflict of interest under this policy shall also apply to matters before any committee, with declaration to the committee chair and determination of conflict of interest to be made by the respective committee.

Amendment

This policy may be amended by the Board.

REVISION HISTORY	
Original Date:	March 2018
Reviewed/Revised Dates:	February 2021, June 6, 2023, April 7, 2026