

## **Conflict of Interest for Directors and Committee Members Policy**

### **1.0 PURPOSE**

The Ancaster Skating Club (ASC) is committed to the values of ethical conduct, integrity and honesty. Good governance requires an avoidance of conflict of interest, and implementation of appropriate actions when there is potential for a conflict of interest to occur.

This Policy has been developed to assist ASC in avoiding conflict of interest in its overall actions and in decision making of committees and the ASC Board of Directors (Board), and clarifies how ASC will make decisions in situations where conflicts of interest may exist.

The ASC Conflict of Interest Policy is part of the overall code of ethics and position descriptions for the directors and committee members who are involved in ASC activities.

### **2.0 APPLICATION OF THE POLICY**

This Policy applies to:

- every member of the ASC Board of Directors (“Board”)
- every member of any committee established at the Club level.

This Policy applies regardless of whether the director or committee member is a volunteer, coach, athlete, employee or official.

### **3.0 DEFINITIONS**

Conflict of interest – actual/potential: When the director or committee member (or a person, company, or group associated with the director or committee member) wants to or could obtain some benefit (financial, professional, personal, or otherwise) from the organization (ASC).

Conflict of interest – perceived: When there could be a reasonable perception of a conflict of interest, when viewed from the perspective of an objective outside observer.

Fiduciaries: Persons owing a duty of good faith, skill and care.

Organization: Ancaster Skating Club

Pecuniary Interests: An interest that an individual may have in a matter because of the reasonable likelihood or expectation of financial gain or loss for that individual, or another person with whom that individual is associated.

Non-Pecuniary Interest: An interest that may include family relationships, friendships, volunteer positions in associations or other interests that do not involve the potential for financial gain or loss.

#### **4.0 GENERAL OBLIGATIONS OF DIRECTORS and COMMITTEE MEMBERS**

Addressing conflict of interest requires some understanding of the general duties of directors and committee members. Directors are fiduciaries and generally must, at all times:

- a) act honestly and in good faith, in the best interests of the organization;
- b) exercise their powers properly, and their discretion reasonably;
- c) exercise their powers and discretion for the purpose for which they are conferred; and
- d) avoid conflict of interest.

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

- a) act honestly and in good faith, in the best interests of the organization;
- b) exercise their powers properly, and their discretion reasonably;
- c) exercise their powers and discretion for the purpose for which they are conferred; and
- d) 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 Through Proper Disclosure and Follow-up** - Conflict of interest arises when a person has (or could have) divided loyalties. Directors and committee members owe the organization their undivided loyalty, and therefore need to be conscious of the potential for conflict of interest, and to act with candor and care in those situations.

Avoiding conflict of interest does not mean that a director or committee member will never be in a conflict of interest position - it means that when the person is (or could be) in a conflict of interest position, the situation is disclosed and properly handled.

Conflicts of interest arise naturally, and often, in ordinary circumstances. There is nothing inherently wrong or illegal about the mere existence of a conflict of interest involving a director or committee member, and it does not automatically reflect badly on the integrity of the director or committee member, or the integrity of the Board or the committee. Conflicts of interest only 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. Such failures may undermine the integrity of the Board or committee, and an undeclared conflict could make Board or committee decisions vulnerable to court challenge, or could jeopardize the Board’s Directors and Officers (D&O) insurance coverage.

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

Refer to Appendix A for additional information regarding actual and perceived conflicts of interest, including examples.

## **5.0 AWARENESS**

All directors and committee members must be vigilant to identify:

- a) whether they have any pecuniary or material interest in a contract or transaction which is being considered by the Board or the committee (actual/legal conflict of interest);
- b) whether, even if there is no legal conflict of interest, there is some other factor such as a non-pecuniary interest which does, or could, prevent them from exercising objective judgment (potential conflict of interest); and,
- c) 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 (reasonably perceived conflict of interest).

Directors and committee members may also identify potential conflict of interest situations involving fellow directors or committee members, that have not been otherwise identified or declared.

## **6.0 DISCLOSURE**

Where a director or committee member:

- has a legal, actual, potential or perceived conflict of interest; or,
- is (or has a family 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 ASC,

the director or committee member has a duty to disclose (or be requested to disclose) that interest in writing to:

- a) the Board President (in the case of directors);
- b) to the Committee Chair and Board President (in the case of committee members); or,
- c) to the Board (in the case of the President of the Board).

The written disclosure will be made using the Declaration of Conflict of Interest in the form set out in Appendix B to this policy. The interest must be disclosed in sufficient detail to allow the recipient(s) to understand the nature and scope of the interest.

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 shall make annual disclosure of actual and potential conflicts of interest upon their appointment to the Board, and thereafter by the first Board meeting following the Annual

Meeting of the members, by using the Conflict of Interest Disclosure Form (Appendix B). Committee members shall make disclosures of actual and potential conflicts of interest upon their appointment to the committee. The disclosure shall include any situation in which they may become involved that could result in an actual, potential or perceived conflict of interest, and shall include those of their family members and associated businesses.

In addition, if at any time a director or committee member comes to have an actual or potential conflict of interest, the director or committee member shall promptly declare the conflict by completing and submitting the Conflict of Interest Disclosure Form.

## **7.0 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.

When a director or committee member has disclosed a potential conflict of interest due to having a legal, actual, potential or reasonably perceived conflict of interest in a matter, then that director or committee member is not “disinterested” and shall not participate in the vote relating to the matter. In most instances, the director or committee member shall also be required to physically leave the room during the discussion and debate on the matter, prior to the vote.

Depending on the circumstances, the recipients of the Declaration of Conflict of Interest forms (ie, the Board President, a Committee Chair, or the Board of Directors) may consult with the Board or Committee regarding the conflict of interest brought forward, and may recommend that the affected director or committee member participate in all or part of the discussion related to the matter but shall not vote. Also depending on the circumstances, the Board or Committee may recommend other directions to be taken to address the conflict of interest.

The director’s or the committee member’s absence from any discussion and debate, their abstention from any related votes and any other directions recommended (as applicable) shall be recorded in the minutes of the Board or committee meeting.

## **8.0 RESOLUTION PROCESS**

It is recognized that a director or a committee member may dispute that a particular matter does or does not amount to an actual/legal, potential or a reasonably perceived conflict of interest, or that the director or committee member should be exempted from the discussion as well as the vote on the matter, or to additional directions.

In these situations:

- a) The director or committee member may submit a written letter of objection to a Club Investigative Committee consisting of 3 members:
  - President, Past President or Vice-President;
  - One non-executive Board member;
  - Coach member on the Board.

If the President or Coach are submitting the objection, then they would be replaced by either the Treasurer or Secretary.

- b) 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.
- c) The President, Vice-President or Past President (or in the case of a conflict, the Treasurer or Secretary as applicable) shall review the objection, make a decision or provide direction regarding the matter, and communicate the decision/direction, in writing, to the director or committee member, and to the Board President or Chair of the committee in question.
- d) If the director or committee member object to the decision or direction from the Investigative Committee, they can send a written letter stating the reasons for the objection to the Board President.
- e) The Board President will then escalate the objection to Skate Ontario for review by forwarding the objection to [complaints@skateontario.org](mailto:complaints@skateontario.org). As part of the Skate Ontario review process, the director or committee member may be required to provide additional information.
- f) Skate Ontario will communicate a decision/direction regarding the conflict of interest matter, in writing, in accordance with their dispute resolution process.

## **9.0 BREACH OF THIS POLICY**

Any breach of this Conflict of Interest Policy (including the failure to abide by any final decision/directions obtained under the Resolution Process) is a disciplinary matter to be dealt with under the ASC General Dispute Reporting and Resolution Policy (under development).

## **10.0 RESOURCES/REFERENCES**

- a) Skate Ontario: OP1 Conflict of Interest Policy, 2021-06-26
- b) Skate Ontario: SR3 General Dispute Resolution Policy and Procedure, 2021-03-27
- c) Mississauga Skating Club: Conflict of Interest for Directors and Committee Members Policy, 2022-01-18
- d) Nepean Skating Club: Conflict of Interest Policy, 2023-10-25

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Approved by the ASC Board of Directors February 5, 2024

## APPENDIX A – CONFLICT OF INTEREST: ADDITIONAL INFORMATION AND EXAMPLES

In determining whether a conflict of interest exists, the following matters should be considered:

- Could competing interest influence the individual's judgment in fulfilling their responsibilities to ASC in an impartial, responsible, diligent, and efficient manner?
- What is the seriousness of the harm that may result from the influence of competing interest, including harm to ASC's reputation and/or public image?
- Would a reasonable outside observer question the ability of the individual to make proper decision(s) in light of competing interests if informed of all the relevant facts?
- Is there perception of a conflict that could have a negative impact on the organization?

Examples of potential conflict of interest:

1. A director is part owner of a private rink facility that the Club is considering using for additional ice time.
2. A director is also a coach with the Club, and one of the Board agenda items concerns a proposed coaching rate increase.
3. The sibling of a director is employed as an inspector/technician by the company who the Club is considering to perform the annual harness inspection.
4. The adult child of a director has applied for a coaching position with the Club, and the director is part of the Club's coach interview and selection committee.
5. The nephew of a director is being considered for hire as an off-ice instructor with the Club.
6. A Club Committee is considering which skaters to nominate to attend a special development session sponsored by the Section, and one of the skaters who is being considered has a parent on the Committee.
7. A director has put forward the name of a skate sharpener to come on site to sharpen skates for ASC skaters, but the skate sharpener is a personal friend of the director.
8. The adult child of a director is a close friend of one of the ASC Coaches, and the director occasionally socializes with the coach's parents; the director is on the committee interviewing and selecting the coach coordinators.
9. A director wants to sign their skater up for a program prior to the official opening of registration for that program.

**Appendix "B" to ASC Conflict of Interest Policy:**

**Declaration of Conflict of Interest Form**

Pursuant to the ASC Conflict of Interest Policy, I wish to declare the following legal/actual, potential, or reasonably perceived conflict(s) of interest, which arises under the following circumstances.

This conflict of interest arises with respect to my position as a [*check appropriate box*]:

<input type="checkbox"/>	Director
<input type="checkbox"/>	Committee member

on the [*check appropriate box and specify name of committee if applicable*]:

<input type="checkbox"/>	ASC Board of Directors	
<input type="checkbox"/>	Committee Name:	

The conflict of interest relates to the following matter [*set out the nature of the interest in sufficient detail to enable the recipient of this form to understand what the interest is and how far it goes*]:

\_\_\_\_\_  
NAME (Please Print)

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
FORM SUBMITTED TO (Please Print)