

**THE HOSPITAL FOR SICK CHILDREN FOUNDATION
POLICY & PROCEDURE**

SUBJECT:	Conflict of Interest and Code of Conduct Policy
NUMBER:	1.1.7
CATEGORY:	Governance
ISSUED BY:	Senior Management Team
APPROVED BY:	Board of Directors
DATE:	December 1, 2020

1.0 Background

The Hospital for Sick Children Foundation (the “Foundation”) is a charitable organization whose members of the Board of Directors (“Directors”), non-Director Board Committee members, officers, employees and volunteers (the “Representatives”) serve the charitable purposes to which the Foundation is dedicated. Representatives occupy a position of trust in dealing with others outside the Foundation. Whatever the area of activity or degree of responsibility, the Foundation expects its Representatives to act in a manner which will enhance the Foundation’s reputation for ethical performance in all its dealings and not to advance their personal interests.

2.0 Purpose

This *Conflict of Interest and Code of Conduct Policy* is intended to permit the Foundation and its Representatives to exercise objective and impartial business judgement in the best interest of the Foundation and identify, evaluate, and address any real, potential, or apparent conflicts of interest that might, in fact or appearance, call into question the Representative’s duty of loyalty to the Foundation.

The Foundation sets out the standards of conduct to which all its Representatives must adhere in its *Core Values #1.1.2, Ethics Policy #1.1.6*, and *Respect In The Workplace Policy #4.2.1*. Representatives must also abide to *The Association of Fundraising Professionals’ Code of Ethical Standards #1.1.4* which the Foundation has adopted.

Moreover, the Foundation is accredited with Imagine Canada and has agreed to adhere to its Standards Program for exemplary board governance, financial accountability & transparency, fundraising conduct and best practices for staff management and volunteer involvement.

3.0 Scope and Application

This policy applies to the Representatives (as defined above).

4.0 Policy

Conflict of Interest. For the purposes of this Policy, a conflict of interest is defined as a situation that arises where personal or private interests affect a Representative's ability to make objective business decisions for the Foundation. A conflict of interest may be a real conflict of interest, a potential conflict of interest or an apparent conflict of interest:

- a) A "real conflict of interest" exists when a Representative or his or her Related Person¹ has a direct or indirect personal or business interest that is sufficiently connected to his or her duties and responsibilities that it influences the exercise of these duties and responsibilities;
- b) A "potential conflict of interest" exists when a Representative or his or her Related Person has a direct or indirect personal or business interest that could influence the performance of any of his/her duties or responsibilities at a time when he or she has not yet exercised that duty or responsibility; and
- c) An "apparent conflict of interest" exists when reasonably well-informed persons could properly have a reasonable belief that a Representative or his or her Related Person has a real conflict of interest, direct or indirect, even where there is no real conflict in fact.

4.1 Personal Interests. A conflict of interest arises when:

- a) A Representative or his or her Related Person(s) is in a position to benefit financially or avoid financial loss, either directly or indirectly, as a result of a material contract or transaction or other matter of a monetary nature with the Corporation, whether made or proposed, in which such person is involved. (An example is the Representative is in the management or owner of an organization which is a supplier of materials or services to the Foundation);
- b) Other personal interests lead to a conflict of interest when a Representative or his or her Related Person has non-economic interests such as religious, political, corporate and/or institutional interests which supersede or compete with the duties and responsibilities of a Representative or his or her Related Person (An example is a Member of the Board running for the leadership of a major political party);

Notwithstanding the foregoing, conflict of interest should *not* be deemed to exist where a financial interest is so remote or insignificant in nature that it cannot reasonably be regarded as likely to influence the Representative.

4.2 Accepting Gifts. A conflict of interest may arise when a Representative receives directly (or indirectly through his or her Related Person or other person) a personal benefit of any kind (a "Gift") from a donor, supplier (both current and prospective) or any other individual or entity doing business with the Foundation as a result of that person's relationship with the Foundation. Gifts do not include Entertainment (as described below in paragraph (c)), gifts received for the benefit of the Foundation or The Hospital for Sick Children (the "Hospital"). Representatives must never accept gifts of cash under any circumstances.

The following provides guidance on when accepting a Gift may create a conflict of interest.

¹"Related Person" means a spouse (common law or otherwise), an in-law, a child or stepchild, a parent or a sibling of the Representative, or any other person in a close personal relationship who could be perceived to influence the Representative's role, responsibility and obligations to the Foundation.

- a) Reasonable Gifts. “Reasonable Gifts” are Gifts that have a retail value of less than \$200 each, and which, taken together with the other Gifts provided by the same individual or entity in the past fiscal year total less than \$200. It is acceptable for a Representative to accept a Reasonable Gift, provided the it is given as an expression of courtesy, hospitality, or gratitude, is reasonable in the circumstances, and is not intended to influence the Foundation’s business-related decisions.
- b) Greater Than Reasonable Gift. A conflict of interest arises if a Representative receives a Gift that has a value that exceeds \$200, or a series of Gifts that together exceed \$200 in a given year (a “Greater than Reasonable Gift”). Upon receiving a Greater than Reasonable Gift, the Representative must report such Gift to the Gift Approval Authority, as defined below. The Gift Approval Authority shall determine, in consultation with the Representative, whether the Greater than Reasonable Gift should be accepted, returned, or else donated to the Hospital, the Foundation or used for any other purpose, having regard to the principles set out in this Policy.

“Gift Approval Authority” means:

- i. in the case of the Chair of the Board, to the Chair of the Governance and Nominating Committee;
 - ii. in the case of any other Director, to the Chair of the Board;
 - iii. in the case of a non-Director Board Committee members, to the Chair of that Committee;
 - iv. in the case of the Chief Executive Officer (“CEO”), to the Chair of the Board;
 - v. in the case of a member of the Senior Management Team (SMT), to the CEO;
 - vi. in the case of any employee not covered above, to the Vice President of their respective business unit, Chief Operating Officer (“COO”) or President and Chief Development Officer; and
 - vii. in the case of a volunteer, to the Director of Human Resources.
- c) Exception for Meals and Entertainment. The value limit for Reasonable Gifts and Greater than Reasonable Gifts does not apply to the giving or receiving of meals and entertainment as set out below. Representatives must use good judgement and determining the appropriateness of meals and entertainment, taking into consideration the following:
- i. invitations to receptions, openings and dinner parties that are widely distributed are acceptable;
 - ii. tickets to occasional sporting events, theatres, concerts or similar functions are acceptable, provided representatives of the suppliers are present and the tickets are unsolicited and reasonable and serve a valid business purpose;
 - iii. vouchers or gift cards for meals or tickets to occasional sporting events, theatres, concerts or similar functions where the representatives of the supplier are not in attendance are Gifts and must be dealt with under the guidelines for Gifts in sections 4.2 (a) and (b) above;
 - iv. the need to reciprocate to avoid the possibility of being or appearing to be influenced by entertainment should be considered; and
 - v. whether it would embarrass the Representative or the Foundation if made public.

In all cases, where Meals and Entertainment value received by the Representative exceeds \$200, the Representative shall report such Meals and Entertainment to the Gift Approval Authority.

- d) Fees or Honoraria Received. When Representatives are invited to address or otherwise contribute to an external organization in an event, seminar, symposium or lecture forum, solely as a result of their position with the Foundation, any fees or honoraria received by the Representative that exceed the value of a Reasonable Gift as described above shall be dealt with in accordance with section 4.2(b) above.

4.3 Engaging in Outside Business/Employment. A conflict of interest arises if a Representative accepts outside employment or engages in outside activities that:

- a) interfere with the efficient performance of their Foundation duties; or
- b) the employment or undertaking would constitute full-time employment for another person. (However, this does not apply to a Representative who is employed on a part-time basis, or who is on an authorized leave of absence (provided the activities are consistent with the terms of the leave of absence).)

4.4 Use of Confidential Information, Company Property. Confidential information includes any information that is not available to the public, including third-party confidential information in the custody or control of the Corporation. Representatives shall not, either during or after their tenure or employment with the Foundation:

- a) disclose any confidential information obtained during the course of their employment with the Foundation to a person or entity unless the Representative is authorized to do so by law or by the Foundation;
- b) use confidential information or company property in a business or undertaking outside his or her work for the Foundation; or
- c) accept a Gift of any value directly or indirectly in exchange for disclosing confidential information.

4.5 Other Relationships. A conflict of interest may also arise where the Foundation determines, acting reasonably, that a Representative or his or her Related Persons has any other relationship, or is involved in an activity or a situation in which the Representative (or his or her Related Persons) has/have/had personal, business, financial, professional or other interests or roles that may impact, or be perceived to impact on the Representative's duties to the Foundation. This includes the situation where a Representative in a sensitive, influential or position of authority is in a consensual working relationship, romantic or sexual relationship, with another Representative.

Both the risk of a real conflict and perceived conflict of interest are heightened in situations involving Representatives who are Board Members, non-Director Board Committee members, or a member of the SMT. Accordingly, SMT members shall not enter into or continue a consensual working relationship, romantic or sexual relationship, with another Representative. Furthermore, Board Members and non-Director Board Committee members shall not enter into such a relationship with any Foundation employees.

5.0 Administrative Procedures

5.1 Disclosure and Recusal Obligations. When a Representative becomes aware of a possible conflict of interest, he or she has a duty to take the following actions:

- a. Immediately disclose the existence and circumstances of such conflict of interest to the Conflict Management Authority. “Conflict Management Authority” means:
 - i. in the case of the Chair of the Board, to the Chair of the Governance and Nominating Committee;
 - ii. in the case of any other Director, to the Chair of the Board;
 - iii. in the case of a non-Director Board Committee members, to the Chair of the Committee;
 - iv. in case of the CEO, to the Chair of the Board;
 - v. in the case of a member of the SMT, to the CEO;
 - vi. in the case of any employee not covered above, to the COO; and
 - vii. in the case of a volunteer, to the COO.
- b. Refrain from using his or her personal influence to promote the transaction or activity giving rise to the conflict of interest, unless authorized by a Conflict Management Plan (as defined below).
- c. Physically excuse himself or herself from any discussions regarding the transaction or activity, except to answer questions, including Board discussions and decisions on the subject, unless authorized by a Conflict Management Plan (as defined below). Notwithstanding the requirement to excuse themselves from any discussions, the affected Representative shall be permitted to explain any aspect of the contract or matter in response to questions of the Board or Conflict Management Authority, as applicable, and make a statement giving their opinion on the matter, but shall not engage in debate or otherwise attempt to persuade the decision makers of the merits of the transaction. In the context of any related meeting, the chair of the meeting shall have discretion to determine the extent to which such affected Representative may participate in this part of the meeting.

5.2 Conflict Management. Following disclosure of a conflict of interest, the Conflict Management Authority shall assess the reported conflict and decide on a course of action. In some cases, disclosure of the conflict alone may be adequate. In other cases, additional steps may be required to manage the conflict. If additional steps are required, the Conflict Management Authority shall develop a plan for managing the disclosed conflict (a “Conflict Management Plan”), taking into consideration the following:

- a. the extent to which the disclosed conflict will affect the ability of the Representative to meet his or her duties, responsibilities and commitments to the Foundation;
- b. the importance of the relevant activity or relationship giving rise to the conflict to the mission of the Foundation, including the effect on public perception of the activities taking place at the Foundation; and
- c. the extent to which the activity or relationship giving rise to the conflict can be accommodated without interfering with work being carried out at the Foundation.

- d. the extent to which a conflict of interest or potential risk is identified due to a Representative who is in an sensitive, influential or position of authority enters into a relationship with another Representative, SKF will work with the parties involved to consider options for resolving the problem. The initial solution may be to make sure the parties no longer work together on matters where one is able to influence the other or take action for the other. Matters such as hiring, firing, promotions, performance management, compensation decisions and financial transactions are examples of situations that may require reallocation of duties to avoid any actual or perceived reward or disadvantage. If one or both parties refuse to accept a reasonable solution, such refusal will be deemed a voluntary resignation.

In the case of all employees and volunteers, the CEO and COO as Conflict Management Authority shall confer to ensure that Conflict Management Plans are consistent and reasonable. In the case of Board members and non-Director Board Committee members, the applicable Conflict Management Authority shall confer with the CEO to ensure that the plans are consistent and reasonable. The Conflict Management Authority may consult with the Foundation's General Counsel for any legal advice with respect to a Conflict Management Plan as necessary.

If the Conflict Management Authority determines that the conflict cannot be adequately managed, the Conflict Management Authority may prohibit certain activities or relationships as necessary. At the discretion of the Conflict Management Authority the matter can be referred for discussion to the SMT, or Governance and Nominating Committee of the Board, as appropriate.

For employees (other than the CEO) and volunteers, the supervisor of the affected Representative shall be provided a copy of the Conflict Management Plan and is responsible for overseeing compliance with the Conflict Management Plan and with this Policy. The Foundation's Human Resources department shall record all reported conflicts of interest, the decision made with respect to such conflict, and any relevant Conflict Management Plan in the employee's file.

For the CEO, non-Director Board Committee members and Directors, a copy of the Conflict Management Plan shall be shared with the COO who shall be responsible for overseeing compliance with the Conflict Management Plan and with this Policy. The Foundation's Board Relations Department shall record all reported conflicts of interest, the decision made with respect to such conflict, and any relevant Conflict Management Plan.

5.3 Additional Obligations Applicable to Directors and Non-Director Board Committee Members. In addition to the obligations set out above, the following shall also apply to Directors and Committee Members:

- a. **Annual Attestation.** In order to assist the Foundation in identifying potential conflicts of interest, each Director and non-Director Board Committee members shall annually provide required information and a conflict of interest attestation and shall update these to reflect changes during the course of the year. The Foundation's Board Relations Department shall be responsible for the record keeping of this information. Relevant conflict of interest information shall be available for inspection by any Director and may be reviewed by the Foundation's legal counsel.
- b. **Record Keeping.** The Conflict Management Authority shall ensure that each declaration of interest of a Director or non-Director Board Committee members and a description of the general nature thereof is recorded with the Foundation's Board Relations Department and included in any related meeting minutes. Minutes and meeting reports or materials regarding any subject matter in relation to which a Representative has declared a conflict of interest shall not be shared with the conflicted Representative unless authorized by a Conflict Management Plan.

6.0 Failure to Comply

A Representative who fails to comply with this Policy is subject to disciplinary measures. This includes Representatives who are in sensitive, influential or positions of authority who enter or continue consensual relationships without reporting them, or who fails to cooperate in efforts to eliminate the conflict of interest resulting from a consensual relationship. Disciplinary measures may include, without limitation, suspension or termination of employment or other positions as applicable.

7.0 Cross-References

Core Values #1.1.2

Ethics Policy #1.1.6

The Association of Fundraising Professionals' Donor Bill of Rights #1.1.3

Respect In The Workplace Policy #4.2.1

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