

# GALIANO ISLAND RECYCLING RESOURCES SOCIETY CONFLICT OF INTEREST POLICY

## INTRODUCTION

GIRR board of directors and staff are expected to operate according to high ethical standards. This includes recognizing that conflicts of interest exist, have the potential to inhibit the wisdom of particular decisions, and possibly damage the organization's reputation.

Conflicts of interest exist where a person:

Has, or is perceived to have, a personal, family or business interest that might benefit from a decision in which they are involved in making, or is able to influence those making it.

Is involved with a competing or sister organization that may result in a divided loyalty in the context of making a decision.

Voting for or against, or arguing for or against, a particular outcome may influence a decision. Limiting the options being considered may also influence it. We recognize that not all conflicts of interest are rooted in financial benefit. Examples of possible conflict of interest situations with respect to GIRR include:

A director has a relationship with GIRR as a supplier of goods or services;  
A staff member has a personal or financial relationship outside of the workplace with a client or supplier who they deal with directly as a representative of GIRR

GIRR is employing someone directly related to a board or staff member.

Conflicts of interest are unavoidable and should not prevent an individual from serving as a director or as staff member unless the extent of the interest is so significant that the potential for undue influence is present in a large number of situations.

## PURPOSE

The Conflict of Interest policy enhances public confidence in the integrity of, and affords legal protection to, all volunteers and employees of GIRR by establishing clear rules of conduct respecting conflict of interest for volunteers and employees.

## POLICY

1. Members of the board and staff have a duty to disclose any personal, family, business interests or other community involvements, that may, in the eyes of another person, influence their judgment. Directors shall disclose conflicts of interest to the board; the operations manager to the board, and staff members to the operations manager.

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2. Board members are expected to disclose potential conflicts, if anticipated, prior to their nomination or election. Otherwise they are obliged to disclose them when the circumstances arise. They should be disclosed to the board chair and to the whole board.
3. The board or operations manager should assess the presence of a conflict of interest, or the perception of one, and determine what actions, if any, are appropriate to address the situation.
4. Board members and staff have a duty to exempt themselves from participating in any discussion and voting on matters where they have, or may be perceived as having, a conflict of interest. Normally they may be asked to step out. Minutes of board or meetings should reflect when a board member steps out because of a conflict.
5. Staff conflicts of interest should be disclosed to the board but left up to the operations manager to manage.
6. When an individual affected by this policy reports a potential conflict of interest, they will complete and sign the Conflict of Interest Disclosure Form and provide it to the operations manager for filing and distribution to the board of directors as soon as possible.
7. If it is not feasible to complete the Conflict of Interest Disclosure Form due to the conflict becoming apparent during board of directors meeting or other meetings, the conflict will, at a minimum, be noted in the meeting minutes.
8. When the operations manager reports a potential conflict of interest they will complete and file the Conflict of Interest Disclosure Form with a duplicate copy sent to all board directors.

### **PROCEDURE**

Board members should consult these rules when they are asked to approve a transaction which would confer a direct or indirect benefit to a director:

1. The conflict of interest must be disclosed in advance of any discussions on the issue.
2. The board must decide, in accordance with policy, whether a contract/transaction should be tendered with the director.
3. All directors must be informed of the conflict of interest, however, only quorum is required for voting to proceed.
4. The director, in addition to any other directors with a familial or close relationship with the subject director, must leave the room and abstain from voting.

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5. Quorum, for the vote, must not include the subject director or persons listed in 4 above.
6. Supplemental details outlining why the board has decided to proceed with the transaction must be documented in the meeting minutes. The board of directors must be concerned with the appearance or suspicion that the subject director could influence the vote or impede free debate on the issue. The board of directors may wish to have the subject director present to introduce information around the transaction when the transaction requires an overview or proposal to be presented, and/or clarification is required. This applies only to transactional conflict of interest issues, not to other conflict of interest issues as outlined in the policy.

Conditions where it could be permissible for a board to authorize a transaction that will benefit a director:

- The subject director has special expertise, credentials or experience that enhances that director's ability to service the Society; and/or
- The subject director offers services at a cut-rate, which has been verified through at least one outside quote; and/or
- The contract is fair, reasonable and in the best interests of the Society; and/or
- The transaction will not impair public confidence in the Society and in how it manages its affairs.

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## **APPENDIX A: CONFLICT OF INTEREST DISCLOSURE FORM**

Please initial in the space at the end of Item A or complete Item B, whichever is appropriate; complete the balance of the form; sign and date the statement; and return it to the board chair.

I am not aware of any relationship or interest or situation involving my family or myself that might result in, or give the appearance of being, a conflict of interest between such family member or me on one hand and GIRR on the other. Initials:

The following are relationships, interests, or situations involving me or a member of my family that I consider might result in or appear to be an actual, apparent, or potential conflict of interest between such family members or myself on one hand and GIRR on the other. Initials:

Corporate (either nonprofit or for-profit) directorships, positions, and employment:

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Contracts, business activities, and investments with or in the following organizations:

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Other relationships and activities:

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I have read and understand GIRR's Conflict of Interest Policy and agree to be bound by it. I will promptly inform the board chair of any material change that develops in the information contained in the foregoing statement.

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PRINT Name

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Signature

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Date

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## **APPENDIX B: CONFLICT OF INTEREST PROVISIONS (BC SOCIETIES ACT)**

### Division 4 — Directors' Conflicts of Interest

#### Disclosure of director's interest

- 56 (1) This section applies to a director of a society who has a direct or indirect material interest in
- (a) a contract or transaction, or a proposed contract or transaction, of the society, or
  - (b) a matter that is or is to be the subject of consideration by the directors, if that interest could result in the creation of a duty or interest that materially conflicts with that director's duty or interest as a director of the society.
- (2) A director to whom this section applies must
- (a) disclose fully and promptly to the other directors the nature and extent of the director's interest,
  - (b) abstain from voting on a directors' resolution or consenting to a consent resolution of directors in respect of the contract, transaction or matter referred to in subsection (1),
  - (c) leave the directors' meeting, if any,
    - (i) when the contract, transaction or matter is discussed, unless asked by the other directors to be present to provide information, and
    - (ii) when the other directors vote on the contract, transaction or matter, and
  - (d) refrain from any action intended to influence the discussion or vote.
- (3) A disclosure under subsection (2) (a) must be evidenced in at least one of the following records:
- (a) the minutes of a meeting of directors;
  - (b) a consent resolution of directors;
  - (c) a record addressed to the directors that is delivered to the delivery address, or mailed by registered mail to the mailing address, of the registered office of the society.
- (4) If all of the directors of a society have disclosed under subsection (2) (a) a direct or indirect material interest, described in subsection (1), in a contract, transaction or matter,
- (a) any or all of the directors may, despite subsection (2) (b), vote on a directors' resolution or consent to a consent resolution of directors in respect of the contract, transaction or matter, and
  - (b) subsection (2) (c) and (d) does not apply.

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(5) Despite subsection (1), this section does not apply to a director of a society in respect of a contract, transaction or matter that relates to any of the following:

- (a) payment to the director by the society of remuneration for being a director or reimbursement to the director by the society of the director's expenses as described in section 46 [remuneration and reimbursement of directors];
- (b) indemnification of or payment to the director under section 64 (1), (2) or (4) [indemnification and payment of expenses];
- (c) the purchase or maintenance of insurance, referred to in section 66 [insurance], for the benefit of the director.

### Accountability

- 57 A director of a society to whom section 56 applies must pay to the society an amount equal to any profit made by the director as a consequence of the society entering into or performing a contract or transaction unless
- (a) the director discloses the director's interest in the contract or transaction in accordance with, and otherwise complies with, section 56, and, after the disclosure, the contract or transaction is approved by a directors' resolution, or
  - (b) the contract or transaction is approved by special resolution after the nature and extent of the director's interest in the contract or transaction has been fully disclosed to the members.

### Validity of contracts

- 58 The fact that a director is in any way, directly or indirectly, materially interested in a contract or transaction that a society has entered into or proposes to enter into does not make the contract or transaction void, but, if neither of the approvals referred to in section 57 (a) and (b) has occurred, the court may, on the application of the society or another person whom the court considers to be an appropriate person to make an application under this section, do one or more of the following:
- (a) if the society has not yet entered into the contract or transaction, prohibit the society from entering into the proposed contract or transaction;
  - (b) if the society has entered into the contract or transaction and the contract or transaction was not reasonable and fair to the society at the time it was entered into, set aside the contract or transaction;
  - (c) make any other order the court considers appropriate.