

# **SASKATCHEWAN COUNTRY MUSIC ASSOCIATION**

## **CONFLICT OF INTEREST POLICY**

### **1. INTRODUCTION**

The Saskatchewan Country Music Association (SCMA) is a volunteer non-profit organization incorporated under the Province of Saskatchewan Non-profit Corporations Act.

To maintain a position of public trust, the SCMA has established a Conflict of Interest Policy to prevent situations of real, potential or perceived conflict which would diminish or tarnish the image or reputation of the SCMA.

*The Non-profit Corporations Act, 1995*, requires:

- a) That a Director give undivided loyalty to the non-profit corporation he or she serves;
- b) That Directors not put themselves in a position that would create a conflict between their duty to act in the best interests of the corporation and their own personal interest;
- c) That Directors declare any real, potential or perceived conflict of interest to the Board of Directors.

Individuals who act on behalf of an organization have a duty first to that organization and second to any personal stake they have in the operations of the organization. Directors are required, by law, to act as a trustee (in good faith, or in trust) of the organization. Directors, and other stakeholders, must not put themselves in positions where making a decision on behalf of the organization is connected to their own “pecuniary” or “non-pecuniary” interests. This would be a Conflict of Interest situation.

*“Pecuniary Interests”* are those interests 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 Interests”* are those interests that an individual may have in a matter which may involve family relationships, friendships, volunteer positions or other interests that do not involve the potential for financial gain or loss.

### **2. PURPOSE**

In their capacity as Directors, the members of the Board of the SCMA must act at all times in the best interests of the Organization. This applies also to any Staff and contractors employed by the Organization. The purpose of this policy is to help inform all associated individuals about what constitutes a Conflict of Interest, assist in identifying and disclosing actual and potential conflicts, and help ensure the avoidance of Conflicts of Interest where necessary.

Specifically, the purpose of this Conflict of Interest policy is:

- a) To help the SCMA and its Directors comply with the law and fulfill their fiduciary duty of loyalty;
- b) To facilitate effective governance, including the involvement of Directors, of the SCMA, and maintain public trust;
- c) To ensure that financial and non-financial interests do not, and are perceived not to, affect appropriate decision-making within the SCMA; and
- d) To ensure that no individual benefits personally as a result of the individual's position with the Organization or act in a way that is detrimental to the Organization's interests or the public interest.

### **3. SCOPE**

This Conflict of Interest policy applies to all individuals engaged in activities with the SCMA or acting on behalf of the SCMA, including but not limited to members of the SCMA Board of Directors, staff and contractors employed by the SCMA.

### **4. DEFINITION**

Conflict of Interest refers to any situation in which an individual's decision-making, which should always be in the best interests of the Organization, is influenced or may be perceived to be influenced by personal, family, financial, business, or other private interests. A Conflict of Interest exists if the decision could be, or could appear to be influenced. It is not necessary that influence takes place. Conflicts of interest may be real, potential, or perceived.

Conflict of Interest is any situation where:

- (a) An individual's personal interests, or
- (b) those of a friend, immediate family member, current or former business associate, partnership or corporation in which the individual is or was a partner or employee holds or held a significant interest, or a person to whom the individual owes an obligation, could influence or be reasonably perceived to influence their decisions and impair their ability to:
  - (i) Act in the Organization's and public's best interests; or
  - (ii) Represent the Organization fairly, impartially and without bias.

"Immediate family members" include an individual's parent, grandparent, sibling, life partner, child, grandchild, son-in-law, daughter-in-law, brother-in-law, sister-in-law and the parent, grandparent, sibling, child, grandchild, son-in-law, daughter-in-law, brother-in-law, sister-in-law of the Director's life partner.

A perceived Conflict of Interest occurs when a reasonable observer properly could have a reasonable perception that an individual is making decisions on behalf of the Organization to promote their personal interests or those of a person described above. A “reasonable observer” is a hypothetical individual who has knowledge of the facts which the individual knew or ought to have known and applies judgment objectively with integrity and due care.

Therefore, a Conflict of Interest is a situation where a reasonable person would consider an individual to have an interest that may conflict with that individual’s ability to act in good faith and in the best interest of the SCMA. Conflicts of Interest arise whenever the financial or personal interests of an individual are, or appear to be, inconsistent or at odds with the interests of the SCMA. An appearance of a Conflict of Interest exists when it is reasonably likely that an observer may perceive a real or potential Conflict of Interest.

#### **4.1 Conflict of Interest – Perceived by Self**

If an individual perceives that Conflict of Interest exists, or has the potential to develop, he/she must inform the President or any other Officer of the SCMA. The board shall decide if a Conflict of Interest exists and then, if necessary, move to resolve it. Individuals may declare a Conflict of Interest and remove themselves from a specific situation and abstain from discussion and voting. This abstention must be recorded in the board minutes.

#### **4.2 Conflict of Interest – Perceived by Others**

In situations where a conflict is perceived to exist by others, they should inform the President or any other Officer of the SCMA. The board shall decide if a Conflict of Interest exists, and then if necessary, move to resolve it. Due to the nature of the responsibilities of individuals, it may be, in some cases, necessary to restrict the activities of the individuals serving as volunteers to ensure that a Conflict of Interest does not, or does not appear to, exist.

### **5. OBLIGATIONS**

Individuals may not place themselves or be placed in situations where they have a Conflict of Interest, i.e., they may not participate in SCMA decisions and processes where they have an obligation to act in the best interests of the SCMA, but have a personal interest that will interfere or may be perceived to interfere with that obligation.

Individuals must represent “unconflicted” loyalty to the interests of the SCMA. This accountability supersedes any conflicting loyalties, including the personal interest of any individual concurrently acting as a consumer of the Organization’s services.

Individuals must not engage in any outside work, activity, or business or professional undertaking or transactions, or have a financial or other personal interest, that conflicts or appears to conflict with their official duties as a representative of the SCMA, or in which they have an advantage or appear to have an advantage on the basis of their association with the

Organization, unless such outside interest is properly disclosed to and approved by the Organization.

Individuals must not knowingly place themselves in a position where they are under obligation to any person who might benefit from special consideration or who might seek preferential treatment by the SCMA.

In the performance of their official duties, individuals must not give or appear to give preferential treatment to family members, friends, business associates and/or former business associates, or any organization that they are presently or were formerly associated with, or in which their family members, friends, or business associates have an interest, financial or otherwise.

Individuals must not derive personal benefit from information that they have acquired during the course of fulfilling their official duties with the SCMA, if such information is confidential or not generally available to the public.

Without the permission of the SCMA, individuals must not use the Organization's name, property, equipment, supplies, or services for personal interest or gain, or for activities not associated with the performance of their official duties with the Organization.

Individuals must not place themselves in positions where they could, by virtue of being a member of the SCMA, influence decisions or contracts from which they could derive any direct or indirect benefit.

Individuals must not accept any gift, favour or service that could be construed as being given in anticipation of, or in recognition for, any special consideration granted by virtue of being a member of the SCMA, or which could be viewed as payment for services rendered in a volunteer SCMA Board position.

An individual shall not make use of SCMA inside information for any private advantage, commercial purpose, or other personal gain. The Organization's confidential information may be used only for the Organization's purposes, and must be protected from improper disclosure. If in doubt about whether SCMA information may be released, an individual should request advice from the SCMA Board. This confidentiality obligation survives an individual's termination, by resignation or otherwise, as a member of the SCMA Board, employed Staff, or contractor in any capacity.

The personal interests of SCMA Board members, employed Staff, members of the Race Organizing Committee, and those of associated persons, must not be allowed to take precedence over those of the SCMA generally.

## **5.1 Specific Obligations**

While a member of the SCMA Board, an individual shall not serve on the Board of, or be employed in any capacity by, any organization or entity with a mandate that conflicts with that of the SCMA.

Individuals who are owners, employees, board members, or otherwise associated either themselves or through immediate family members (as defined in 4(b)) presently or formerly with any SCMA Sponsor must not participate in any discussions and decisions related to that Sponsorship.

In order to maintain diversity on the SCMA Board and avoid real, potential or perceived biases, not more than one individual from the same immediate family, organization, association, business or sponsor shall serve simultaneously on the SCMA Board.

Immediate family members of an individual employed by the SCMA shall not serve on the SCMA Board.

Individuals in their capacity as Volunteers and who are immediate family members of SCMA Staff shall not participate in the evaluation of SCMA Staff.

SCMA Board or Committee members or must not use their positions to obtain employment in the organization for themselves, family members or close associates. Members must not take advantage of their positions to gain, directly or indirectly, a personal benefit, or a benefit for any associated person.

If at any time, a SCMA Board member comes to have an actual or perceived Conflict of Interest, they shall promptly declare that conflict to the President or any other member of the Board in writing.

## **6. ACTION TAKEN IF A CONFLICT OF INTEREST ARISES**

Any real or perceived conflict of interest, whether pecuniary or non-pecuniary, between an individual's personal interest and the interests of the SCMA, shall always be resolved in favour of the Organization.

In determining whether a Conflict of Interest exists, the following shall be considered:

- a) Could the competing interest influence the individual's judgment in fulfilling his or her responsibilities to the SCMA in an impartial, responsible, diligent, and efficient manner?
- b) What is the seriousness of the harm that may result from the influence of the competing interest, including harm to the Organization's reputation and/or public image?
- c) Would a reasonable observer question the ability of the individual to make proper judgments or decisions in light of the competing interests if informed of all relevant facts?

When a Conflict of Interest occurs, the Board may consider the following options for the individual:

- a) Remove the individual from responsibilities or decision-making authorities which are causing conflict;
- b) Ask for and/or accept the individual's resignation; or
- c) The individual may remove himself/herself from the outside situation that is causing conflict.

When a conflict of Interest occurs in an individual who is a member of the SCMA Board:

- a) Any Conflict of Interest as defined by this Policy will be promptly declared to the Board in writing, and such declaration will be recorded in the minutes of the next board meeting;
- b) Unless invited to answer questions, provide factual information, or otherwise participate in discussion, the individual shall temporarily recuse himself/herself from the portion of the meeting where the matter giving rise to the Conflict of Interest is being discussed, allowing remaining persons to engage in a full discussion regarding the contract, relationship, individual or organization in question;
- c) The individual shall not, within the meeting or elsewhere, participate in any formal or informal discussion of, or attempt to exert influence over the contract, relationship, person or organization with respect to which the Conflict of Interest or appearance of a Conflict of Interest may relate;
- d) If a decision or vote is taken, the individual shall abstain from voting and the minutes of the meeting shall record this fact;
- e) Depending on the nature and extent of the Conflict of Interest, the Board member may consider resigning or be asked to resign from the Board;
- f) Such an individual may be counted as present at the meeting for purposes of establishing quorum for the meeting. For SCMA Board decisions involving the matter in which the Conflict of Interest has been declared, for which the individual recused themselves from the vote, the individual will not count toward quorum.

The minutes of any meeting at which a transaction involving a Conflict of Interest or an appearance of a Conflict of Interest is considered shall reflect that:

- a) The individual made disclosure, recused himself/herself from the meeting and abstained from voting; or
- b) The individual made disclosure but continued to participate pursuant to instructions from the President, where those instructions shall be included in the minutes.

Failure of an individual to comply with an action as determined by the Board will result in automatic suspension from the SCMA until compliance occurs.

The Board may determine that an alleged real or perceived Conflict of Interest is of such seriousness as to warrant suspension of designated activities or responsibilities pending a meeting and decision of the Board.

The decision of the Board is final. There is no appeal of a decision of the Board on a Conflict of Interest.

For potential Conflicts of Interest involving SCMA Staff, the SCMA Board will determine whether there is a conflict and, if one exists, the Staff member will resolve the conflict by ceasing the activity giving rise to the conflict. The SCMA will not restrict Staff members from accepting other employment contracts or volunteer appointments provided these activities do not diminish the Staff member's ability to perform the work described in their job agreement with the Organization or give rise to a Conflict of Interest.

### **6.1 Conflict of Interest Complaints**

Any person who believes that an individual may be in a real, potential or perceived Conflict of Interest situation should report the matter, in writing (or verbally if during a meeting of the Board), to the SCMA Board who will as quickly as possible decide appropriate measures to eliminate the Conflict.

The SCMA Board decision as to whether or not a Conflict of Interest exists will be governed by the following procedures:

- a) Copies of any written documents to be considered by the Board will be provided to the Individual who may be in a Conflict of Interest situation.
- b) The Individual who may be in a Conflict of Interest situation will be provided an opportunity to address the SCMA Board orally or in writing.
- c) The decision will be by a majority vote of the SCMA Board

If the Individual acknowledges the Conflict of Interest, the Individual may waive the right to be heard, in which case the SCMA Board will determine the appropriate sanction.

## **7. Annual Review and Declaration**

Upon initial appointment and on an annual basis thereafter by the first Board meeting following the Annual General Meeting, all SCMA Board members and employed Staff shall be provided with a copy of this policy and required to complete and sign the related acknowledgment and declaration form, disclosing any real, potential or perceived conflicts that they might have.

The information provided on this form shall be available for inspection by members of the Board, but shall otherwise be held in confidence except when, after consultation with the applicable individual, the Board determines that the Organization's best interest would be served by disclosure.

The annual completion of the Conflict of Interest declaration does not negate the obligation to disclose real, potential or perceived Conflicts of Interest to the SCMA Board immediately upon becoming aware that a Conflict of Interest may exist, at any time of the year.