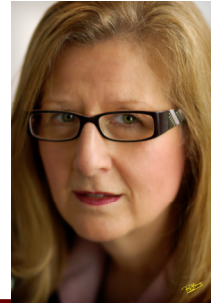


Conflict of Interest: Questions to Ask when Developing Policy



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Prior to developing a conflict of interest policy it is critical to consider the following questions:

1. What **circumstances** could exist which would lead to a conflict for any person on this board?
2. Which **lines of business** would be involved?
3. Should we **avoid choosing** members based on their relationships to other groups, companies or organizations?
4. Should we **define specific words** prior to writing the policy?
5. When would we **presume** conflict of interest?
6. When would we **ask** a person to disclose a conflict?
7. How would we **handle unclear** situations?
8. Would we expect members to **sign a statement** after a specific time period to indicate that they are complying with our conflict of interest policies?
9. How would you **implement** the policy?

1. What **circumstances** could exist which would lead to a conflict for any person on this board?

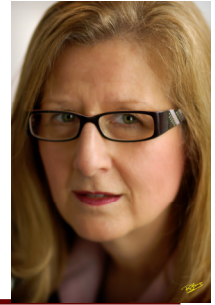
Circumstances could relate to any of the following:

- being a director, officer, or shareholder of a company which has or will likely have an agreement or contract the board
- carrying on business without board approval
- exploiting acquaintances with other board members, employees, or friends/ acquaintances thereof
- receiving, directly or indirectly, a personal benefit
- requesting or accepting any benefit for performing functions or duties for the board
- using the board position to knowingly benefit a family member or acquaintance; or
- using the board position to gain employment with the organization.

2. Which **lines of business** could be involved?

The potential for conflict of interest may not be present in all lines of business. It is imperative to know which lines could involve conflicts and to put governance-risks policies and processes in place to avoid against or deal with conflicts of interest.

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3. Should we **avoid choosing** members based on their relationships to other groups, companies or organizations?

You may have to if it means that at a certain point you will have to ask the member to choose between the board and his/her private interests.

4. Should we **define specific words** prior to writing the policy?

Words you may wish to define are family, payment, and personal benefit.

5. When would we **presume** conflict of interest?

It is important to define those circumstances which would indicate to the board that the person is in a conflict of interest and the issue is not debatable.

6. When would we **ask** a person to disclose a conflict?

The members can be asked to declare a conflict as soon as the agenda is distributed, when the agenda is approved/as soon as possible thereafter, or the chair could ask if there is any member has a conflict when s/he introduces each new agenda item.

7. How would we **handle unclear** situations?

The board could ask the member to notify the chair/president (i) prior to a meeting, if s/he is concerned that there may be a conflict, or (ii) during the meeting when the discussion on a topic leads the member to think that s/he may be in conflict.

8. Would we expect members to **sign a statement** after a specific time period to indicate that they are complying with our conflict of interest policies?

If you expect members to sign a statement shortly after joining the board, the policy should state how much time the member has to get his/her affairs in order to avoid a conflict and the intervals at which s/he will have to sign statements confirming that s/he is still in compliance with the policy.

9. How would you **implement** the policy?

It is important to write policies that can be implemented. Each board member has the right to know the actions the board could take (i) when he discloses a conflict which would put his position on the board in jeopardy, or (ii) if the board discovers an undisclosed conflict of interest.

