CHLNet Board Conflict of Interest and Disclosure

Owner: CEO

Approved by Board of Directors

Authority

Section 2.6 of CHLNet's By-law No. 1 authorizes the Board to adopt such operating policies that are not inconsistent with the By-laws of the Corporation relating to such matters as board code of conduct and conflict of interest, procedural and other requirements related to the By-laws as the Board may deem appropriate from time to time.

The *Canada Not-for-profit Corporations Act* ("CNCA") includes extensive provisions related to conflict of interest of directors and requirements for disclosure of conflicts of interest.

The Corporation's articles of incorporation ("Articles") provide the directors shall not be paid for acting as directors, and subject to the Corporation's signing authority policy, may be reimbursed for expenses incurred while acting as a director.

Purpose

Directors of a corporation are required to comply with the corporation's Governing Documents (defined below as well as the rules established under the common law governing the duties of directors of corporations. The purpose of this policy is to assist the directors of CHLNet (the "Corporation") to understand their compliance obligation. This policy focuses specifically on directors' obligations and requirements with respect to any Conflict of Interest (as defined below) and related matters.

Introduction

In accordance with the CNCA the directors of the Corporation are responsible for managing and supervising the activities and affairs of the Corporation. In exercising their powers and discharging their duties, directors are required to:

- exercise at least the level of care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances; and
- act honestly and in good faith with a view to the best interests of the corporation.

Canadian courts have embedded those obligations with meaning. For instance, the duty to act honestly and in good faith – which is also described as the "fiduciary duty" – includes the duty to avoid Conflicts of Interest.

Policy

In exercising their powers and discharging their duties, directors shall act honestly and in good faith with a view to the best interests of the Corporation and shall not allow their personal interests or preferences to affect their conduct and decisions.

Directors should avoid Conflicts of Interest. This duty has been found by courts to survive a director's term of office. Further, directors should also avoid the appearance of Conflict of Interest.

Directors shall disclose to the Corporation (see procedure below for advance notice), in writing or by requesting to have it entered in the minutes of meetings of directors or of committees of directors, the nature and extent of any interest that they have in a material[1] contract or material transaction, whether made or proposed, with the Corporation, if they

- are a party to the contract or transaction;
- are directors or officers, or individuals acting in a similar capacity, of a party to the contract or transaction;
- have a material interest whether direct or indirect in a party to the contract or transaction; or
- will personally benefit either directly or indirectly from the contract or transaction.

A director required to make a disclosure under this policy shall not vote on any resolution to approve the contract or transaction unless the contract or transaction is for indemnity or insurance as permitted by the CNCA; or is with an affiliate.

Procedure for Advance Notice

If received in advance of the board meeting, CHLNet's CEO or Board Chair shall evaluate the information disclosed in the light of the extent to which Conflict of Interest will affect the ability of the staff or Board member to fulfill their duties, responsibilities, and commitments to CHLNet.

Evaluation will consider the seriousness of the potential harm that could result the effect on public perception of CHLNet, or on the practices of staff or Board members. Written decision relating to disclosed Conflicts of Interest, as appropriate, will be provided in a timely manner or noted in formal meeting minutes.

CHLNet, Effective Date February 6, 2024
Last reviewed: February 6, 2024
Next Review: Fall 2025

[1] A conflict of interest is considered material if the conflict may be reasonably expected to influence either the decisions of the director or the recommendations and/or the decisions of the Board of Directors or the Corporation's and consultants.