Code of Conduct & Conflict of Interest Guidelines

1. Introduction

The fundamental relationship between each director and the Authority must be one of trust; essential to trust is a commitment to honesty and integrity. Ethical conduct within this relationship imposes certain obligations.

2. Compliance With The Law

a) The Authority directors must act at all times in full compliance with both the letter and the spirit of all applicable laws.

b) In his/her relationship with the Authority, no director shall commit or condone an unethical or illegal act or instruct another director, officer, employee, agent or representative of the Authority, or supplier to do so.

c) Directors are expected to be sufficiently familiar with any legislation that applies to their work to recognize potential risks or liabilities and to know when to seek legal advice. If in doubt, directors are expected to ask for clarification.

d) Falsifying the record of transactions is unacceptable.

e) The Authority is continually under public scrutiny. Therefore, directors must not only comply fully with the law, but must also avoid any situation which could be perceived as improper or indicate a casual attitude towards compliance.

3. Conflicts of Interest

a) In general, a conflict of interest exists for directors who use their positions at the Authority for Personal Gain. For purposes of this Code, “Personal Gain” means pursuing or advancing their personal interests or otherwise obtaining a direct or indirect benefit for themselves or for Associated Persons. For the purposes of this Code, “Associated Persons” means persons connected to the director to the extent that the director derives direct or indirect personal benefit from advancing the interests of such persons, including the director’s family, relatives, business entities, unions, business partners or associates, friends, acquaintances and persons to whom the director owes an obligation.
b) Every director must avoid any situation in which there is, or may appear to be, potential conflict\(^1\) which could appear\(^2\) to interfere with the director's judgment in making decisions in the Authority's best interest.

c) There are various situations that could give rise to a conflict of interest. The most common are accepting gifts, favours or kickbacks from suppliers, close or family relationships with outside suppliers, passing confidential information to competitors and using privileged information inappropriately. The following are examples of the types of conduct and situations that can lead to a conflict of interest:

(i) A director or an Associated Person directly or indirectly benefitting from a transaction with the Authority over which a director can influence decisions made by the Authority.

(ii) Soliciting clients for the director's business or the business of Associated Persons.

(iii) Influencing the Authority to lease equipment from a business owned by the director’s spouse or other Associated Person.

(iv) Influencing the Authority to allocate funds so an employer in the Authority’s geographic area will need to hire more Laboratory Technologists, when the director's relative is an unemployed Laboratory Technologist living in that area.

(v) Participating in the negotiation of a collective agreement, or other agreement with another health care union, knowing that the standard set in the negotiations will be referred to in negotiations with the health care union to which the director belongs.

(vi) Influencing the Authority to direct funds to an institution where the director works or is involved.

(vii) Participating in a decision by the Authority to hire or promote a friend, relative or other Associated Person of the director.

(viii) Influencing the Authority to make all its travel arrangements through a travel agency owned by a relative or other Associated Person of the director.

(ix) Influencing or participating in a decision of the Authority that will directly result in the director's own financial gain. This would include any discussions involving a collective agreement which applies to the director.

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\(^1\) **Conflict** means a conflict of interest or apparent conflict of interest

\(^2\) **Apparent conflict of interest** means any situation where it would appear to a reasonable person that the director is in a conflict of interest situation.

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4. Disclosure

da) A director must not take personal advantage of an opportunity available to the Authority unless the Authority has clearly and irrevocably decided against pursuing the opportunity and the opportunity is also available to the public.

b) A director must, immediately upon becoming aware of a potential or actual conflict of interest situation, disclose the conflict in writing to the Board Chair. This requirement exists even if the director does not become aware of the conflict until after a transaction is complete.

c) If a director is in doubt whether a situation involves a conflict, the director must immediately seek the advice of the Board Chair. It may also be appropriate to seek legal advice.

d) Unless a director is otherwise directed, a director must immediately take steps to resolve the conflict or remove the suspicion that it exists.

e) If a director is concerned that another director is in a conflict of interest situation, the director must immediately bring his or her concern to the other director's attention and request that the conflict be declared. If the other director refuses to declare the conflict, the director must immediately bring his or her concern to the attention of the Board Chair. If there is a concern with the Board Chair, the issue should be referred to the Governance and Human Resources Committee.

f) A director is required to disclose the nature and extent of any conflict at the first meeting of the Board after which the facts leading to the conflict have come to that director's attention. After disclosing the conflict, the director:

(i) must not take part in the discussion of the matter or vote on any questions in respect of the matter. However, the director may be counted in the quorum present at the Board meeting.

(ii) if the meeting is open to the public, may remain in the room, but shall not take part in that portion of the meeting during which the matter giving rise to the conflict is under discussion, and shall leave the room prior to any vote on the matter giving rise to the conflict.

(iii) must, if the meeting is not open to the public, immediately leave the meeting and not return until all discussion and voting with respect to the matter giving rise to the conflict is completed.
5. Outside Employment or Business Interests

a) Directors must declare possible conflicting outside business activities at the time of appointment. Notwithstanding any outside activities, directors are required to act in the best interest of the Authority.

b) No director may hold a significant financial interest, either directly or through an Associated Person, or hold or accept a position as an officer or director in an organization in a relationship with the Authority, where by virtue of his or her position in the Authority, the director could in any way benefit the other organization by influencing the purchasing, selling or other decisions of the Authority, unless that interest has been fully disclosed in writing to the Authority. A “significant financial interest” in this context is any interest substantial enough that decisions of the Authority could result in a Personal Gain for the director.

c) A director who accepts a position with any organization that could lead to a conflict of interest or situation prejudicial to the Authority interests, shall discuss the implications of accepting such a position with the Board Chair recognizing that acceptance of such a position may require the director’s resignation from the Authority Board.

d) These restrictions apply equally to interests in companies that may compete with the Authority in all of its areas of activity.

6. Confidential Information

a) “Confidential information” includes proprietary, technical, business, financial, legal, patient, client, or director information which the Authority treats as confidential.

b) Directors may not disclose confidential information to any outside person unless authorized.

c) Similarly, directors may never disclose or use confidential information gained by virtue of their association with the Authority for Personal Gain.

d) Directors are advised to seek guidance from the Board Chair or the CEO with respect to what is considered confidential.
7. Investment Activity

Directors may not, either directly or through Associated Persons, acquire or dispose of any interest, including publicly traded shares, in any company, or disclose confidential information to Associated Persons so that they may acquire or dispose of such interests on their own behalf, while having undisclosed confidential information obtained in the course of work at the Authority which could reasonably affect the value of such securities.

8. Entertainment, Gifts and Favours

a) It is essential to efficient business practices that all those who associate with the Authority, as suppliers, contractors or directors, have access to the Authority on equal terms.

b) Directors and members of their immediate families should not accept entertainment, gifts or favours that create or appear to create a favoured position for doing business with the Authority. Any firm offering such inducement shall be asked to cease; a sustained business relationship will be conditional on compliance with this Code.

c) Similarly, no director may solicit gifts or favours for themselves or Associated Persons from external parties in exchange for preferential treatment from the Authority.

d) A director may accept modest discounts on a personal purchase of a supplier’s products only if such discounts do not affect the Authority’s purchase price and are generally offered to others having a similar business relationship with the supplier.

e) Under no circumstances may directors receive cash, preferred loans, securities, or secret commissions from other parties in exchange for preferential treatment from the Authority. Any director experiencing or witnessing such a transaction must report the incident to the Board Chair immediately.

f) Gifts and entertainment may only be accepted by a director if the gift is no more than nominal value (e.g. lunch or box of chocolates) or is a normal exchange of hospitality or customary gesture of courtesy between persons doing business together.

g) Inappropriate gifts received by a director should be returned to the donor.

h) Full and immediate disclosure to the Board Chair of borderline cases will always be taken as good-faith compliance with this Code.
9. Use or Purchase of the Authority’s Property

a) A director requires the Authority’s approval to use property owned by the Authority for personal purposes.

b) Directors may be entrusted with the care, management and cost-effective use of the Authority property and should not make significant use of these resources for their own personal benefit or purposes. Clarification on this issue should be sought from the Board Chair.

c) Directors should ensure all the Authority property which may be assigned to them is maintained in good condition and should be able to account for such property.

d) Directors may not dispose of the Authority property except in accordance with the guidelines established by the Authority.

e) Directors may not purchase property from the Authority unless the purchase is made through the usual channels also available to the public. Additionally, the director must not be involved in any way in the Authority’s decision-making in respect of the transaction and such decision-making must be conducted in compliance with the disclosure requirements and procedures set out in Section 4 of this Code.

10. Responsibility

a) The Authority is determined to behave, and to be perceived, as an ethical, transparent and accountable organization.

b) Each director must adhere to the standards described in this Code of Conduct, and to the standards set out in applicable policies, guidelines or legislation.

c) Integrity, honesty, and trust are essential elements of the Authority’s success. Any director who knows or suspects a breach of this Code of Conduct and Conflict of Interest Guidelines has a responsibility to report it to the Board Chair.

d) To demonstrate determination and commitment, the Authority requires each director to review and sign the Code annually. The willingness and ability to sign the Code is a requirement of all directors.


A director found to have breached his/her duty by violating the Code of Conduct will be liable to censure or a recommendation for dismissal to the Government.
12. Where to Seek Clarification

The Board Chair or the Governance and Human Resources Committee Chair will provide guidance on any item in this Code of Conduct and Conflict of Interest Guidelines. The Board Chair may at his/her discretion or at the request of a director, seek the advice of the Authority’s General Legal Counsel, outside legal counsel or other expert advisor.

I ACKNOWLEDGE that I have read and considered the Code of Conduct and Conflict of Interest Guidelines for Directors of the Vancouver Coastal Health Authority and agree to conduct myself in accordance with the Code of Conduct and Conflict of Interest Guidelines for Directors.

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Signature

____________________________
Print Name

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Date

Approved by: VCH Board

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