

CORNWALL COMMUNITY HOSPITAL / HÔPITAL COMMUNAUTAIRE DE CORNWALL

Director Application/Declaration

Schedule "A"

Part 1 – Definitions

Terms shall be as defined in Article 1 – Interpretation, of the Corporate By-law of Cornwall Community Hospital and in Policy no. CR 15-008 – Conflict of Interest.

Part 2 – Objects of the Corporation

- (a) To establish, equip, staff, maintain, operate and conduct a public hospital, including without limitation active treatment programs and services, mental health services, community health, emergency services, out-patient services, rehabilitation and therapeutic services.
- (b) To operate and maintain laboratories, diagnostic imaging services, research facilities, therapeutic and rehabilitation facilities, pharmacies or dispensaries as may be required.
- (c) To participate in all phases of education pertaining to health care, including the education of dentists, midwives, nursing staff, physicians and other health care personnel.
- (d) To participate in any activities designed and carried on to promote the general health of the community.
- (e) To promote and develop standards of health care administration and service.
- (f) To provide such other health care services as are required by the communities served by the Corporation, including without limitation, the provision of community programs and addictions services, and in-home health care services, in accordance with all applicable legislation as may be amended from time to time.

Part 3 – Requirements to Vacate Office of Director

- (a) The office of a Director shall be automatically vacated:
 - (i) if a Director shall resign such office by delivering a written resignation to the Secretary of the Corporation;
 - (ii) if the Director becomes bankrupt; or
 - (iii) if, in the case of an elected Director, he or she ceases to have their principal residence or carry on business within the area served by the

Corporation or becomes a current employee or member of the Professional Staff except by resolution of the Board.

Where there is a vacancy in the Board, the remaining Directors may exercise all the powers of the Board so long as a quorum remains in office.

- (b) The office of a Director may be vacated by a simple majority resolution of the Board:
 - (i) if a Director, without being granted a leave of absence by the Board, is absent for three (3) consecutive meetings of the Board, or if a Director is absent for 40% or more of the meetings of the Board in any twelve (12) month period; or
 - (ii) if a Director fails to comply with the *Public Hospitals Act*, the Act, the Corporation's Letters Patent, by-laws, Rules, policies and procedures adopted by the Board, including without limitation, confidentiality and conflict of interest requirements.

Part 4 – Conflict of Interest and Confidentiality Provisions

Conflict of Interest

- (a) Any Director who is in any way, directly or indirectly, interested in a contract or proposed contract with the Corporation shall disclose in writing or have entered in the minutes, the nature and extent of such Director's interest in such contract or proposed contract with the Corporation.
- (b) The disclosure required by paragraph (a) above, shall be made:
 - (i) at the meeting at which a proposed contract is first considered if the Director is present, and otherwise, at the first meeting after the Director becomes aware of the contract or proposed contract;
 - (ii) if the Director was not then interested in a proposed contract, at the first meeting after such Director becomes so interested; or
 - (iii) if the Director becomes interested after a contract is made, at the first meeting held after the Director becomes so interested.
- (c) A Director referred to in paragraph (a) above is not liable to account for any profit made on the contract by the Director or by a corporate entity, business firm or organization in which the Director has a material interest, provided:
 - (i) the Director disclosed the Director's interest in accordance with paragraphs (b) or (e); and
 - (ii) the Director has not voted on the contract.
- (d) A Director referred to in paragraph (a) above shall not vote on any resolution to approve the contract and shall not take part in the discussion or consideration of, or in any way attempt to influence the voting on any question with respect thereto and shall exit the meeting when the applicable issue is under consideration.
- (e) For the purposes of the Conflict of Interest section, a general notice to the Directors by a Director declaring that the person is a director or officer of or has

a material interest in a body corporate, business firm or organization and is to be regarded as interested in any contract made therewith, is a sufficient declaration of interest in relation to any contract so made.

- (f) The provisions of this Article are in addition to a conflict of interest policy adopted by the Board.

POLICY:

Directors, officers and non-director Board committee members shall avoid situations in which they may be in a position of conflict of interest or perceived conflict of interest. In addition to the conflict of interest provisions in the *Not-for-Profit Corporations Act, 2010* and the by-laws, which must be strictly adhered to, the process set out in this policy shall be followed when a conflict or potential conflict arises.

Description of Conflict of Interest:

A conflict of interest arises in any situation where a director's duty to act solely in the best interests of the Corporation and to adhere to their fiduciary duties is compromised or impeded by any other interest, relationship or duty of the director. A conflict of interest also includes circumstances where the director's duties to the Corporation are in conflict with other duties owed by the director such that the director is not able to fully discharge the fiduciary duties owed to the Corporation.

The situations in which potential conflict of interest may arise cannot be exhaustively set out. Conflicts generally arise in the following situations:

1. Transacting with the Corporation

- When a director transacts with the Corporation directly or indirectly;
- When a director has a material direct or indirect interest in a transaction or contract with the Corporation.

2. Interest of a Relative

When the Corporation conducts business with suppliers of goods or services or any other party of which a relative or member of the household of a director is a principal, officer or representative.

3. Gifts

When a director or a member of the director's household or any other person or entity designated by the director, accepts gifts, payments, services, or anything else of more than a token or nominal value from a party with whom the Corporation may transact business (including a supplier of goods or services) for the purposes of (or that may be perceived to be for the purposes of) influencing an act or decision of the Board.

4. Acting for an Improper Purpose

When directors exercise their powers motivated by self-interest or other improper purposes. Directors must act solely in the best interest of the Corporation. Directors who are nominees of a particular group must act in the best interest of the Corporation even if this conflicts with the interests of the nominating party.

5. Appropriation of Corporate Opportunity

When a director diverts to their own use an opportunity or advantage that belongs to the Corporation.

6. Duty to Disclose Information of Value to the Corporation

When directors fail to disclose information that is relevant to a vital aspect of the Corporation's affairs.

7. Serving on other Corporations

A director may be in a position where there is a conflict of "duty and duty". This may arise where the director serves as a director of two corporations that are competing or transacting with one another. It may also arise where a director has an association or relationship with another entity. For example, if two corporations are both seeking to take advantage of the same opportunity, a director may be in possession of confidential information received in one boardroom or related to the matter that is of importance to a decision being made in the other boardroom. The director cannot discharge the duty to maintain such information in confidence while at the same time discharging the duty to make disclosure. The director cannot act to advance any interests other than those of the Corporation.

PROCEDURE:

1. Disclosure of Conflicts

A director or officer, who is in a position of conflict or potential conflict, shall immediately disclose such conflict to the Board by notification to the Board chair or vice-chair. Where the chair has a conflict, notice shall be given to the vice-chair. A non-director Board committee member, who is in a position of conflict or potential conflict, shall immediately disclose such conflict to the Board by notification to the committee chair. The disclosure shall be sufficient to disclose the nature and extent of the interest. Disclosure shall be made at the earliest possible time and, where possible, prior to any discussion and vote on the matter.

- a) The disclosure must be made, at a minimum, in the case of a director:
 - at the meeting where a matter in which the director has a conflict is first considered;
 - if the director was not then interested in a matter, at the first meeting after the director becomes so interested;
 - if the director becomes interested after a matter has been approved, at the first meeting after the director becomes so interested; or
 - if an individual who has a conflict in a matter later becomes a director, at the first meeting after the individual becomes a director.
- b) The disclosure must be made, at a minimum, in the case of an officer:
 - forthwith after the officer becomes aware that a matter in which the officer has a conflict is to be considered or has been considered by the Board;
 - if the officer becomes interested after a matter has been approved by the Board, forthwith after the officer becomes so interested; or
 - if an individual who has a conflict in a matter later becomes an officer, forthwith after the individual becomes an officer.
- c) The disclosure must be made, at a minimum, in the case of a non-director Board committee member:
 - at the committee meeting where a matter in which the Board committee member has a conflict is first considered;

- if the Board committee member was not then interested in a matter, at the first committee meeting after the Board committee member becomes so interested;
 - if the Board committee member becomes interested after a matter has been approved, at the first committee meeting after the Board committee member becomes so interested;
 - if an individual who has a conflict in a matter later becomes a Board committee member, at the first committee meeting after the individual becomes a Board committee member.
- d) If a director or officer has a conflict of interest in a matter that, in the ordinary course of the Corporation's business, would not require approval of the Board or members, the director or officer shall disclose the conflict of interest to the Board chair or vice chair, or request to have entered in the minutes of Board meetings, the nature and extent of their interest forthwith after the director or officer becomes aware of the matter.

2. Continuing Disclosure

A director, officer, or non-director Board committee member may provide a general notice to the Board disclosing their relationships and interests or persons that give rise to conflicts.

3. Leave the Meeting and Do Not Vote

A director, officer, or non-director Board committee members who has declared a conflict shall not attend any part of a meeting during which the matter in which they have a conflict is discussed, and shall not vote on any resolution to approve the matter.

Exceptions are made if the matter relates to a contract or transaction:

- a) for indemnity or insurance under section 46 of the Act; or
- b) with an affiliate of the Corporation.

If no quorum exists for the purposes of voting on a resolution to approve a matter only because one or more director(s) or Board committee member(s) are not permitted to be present at the meeting due to a conflict, the remaining directors or Board committee member(s) are deemed to constitute a quorum for the purpose of voting on the resolution

4. Referral

A director may be referred to the process outlined below where any director believes that they or another director:

- a) has breached their duties to the Corporation;
- b) is in a position where there is a potential breach of duty to the Corporation;
- c) is in a situation of actual or potential conflict of interest; or
- d) has behaved or is likely to behave in a manner that is not consistent with the highest standards of trust and integrity and such behaviour may have an adverse impact on the Corporation.

Process for Resolution

- a) The matter shall be referred to the chair or, where the issue may involve the chair, to the vice-chair, with notice to Chief Executive Officer;
- b) The chair (or vice-chair, as the case may be) may either:
 - i) attempt to resolve the matter informally, or

- ii) refer the matter to either the Executive Committee or to a special committee of the Board established by the chair (or vice-chair, as the case may be) which shall report to the Board.
- c) If the chair or vice-chair elects to attempt to resolve the matter informally and the matter cannot be resolved to the satisfaction of the chair (or vice-chair as the case may be), the director referring the matter, and the director involved, then the chair or vice-chair shall refer the matter to the process in (b) (ii) above.
- d) A decision of the Board by majority resolution shall be determinative of the matter.

It is recognized that if a conflict or other matter referred cannot be resolved to the satisfaction of the Board (by simple majority resolution), or if a breach of duty has occurred, a director may be asked to resign or may be subject to removal pursuant to the by-laws and the Act.

5. Perceived Conflicts

- a) It is acknowledged that not all conflicts or potential conflicts may be satisfactorily resolved by strict compliance with the by-laws. There may be cases where the perception of a conflict of interest or breach of duty (even where no conflict exists or breach has occurred) may be harmful to the Corporation notwithstanding that there has been compliance with the by-laws. In such circumstances, the process set out in this policy for addressing conflicts and breaches of duty shall be followed.
- b) It is recognized that the perception of a conflict or breach of duty may be harmful to the Corporation even where no conflict exists or breach has occurred and it may be in the best interests of the Corporation that the director be asked to resign.

Confidentiality

- (a) Every Director, officer, member of the Professional Staff, member of a committee of the Board, employee and agent of the Corporation shall respect the confidentiality of matters:
 - (i) brought before the Board;
 - (ii) brought before any committee;
 - (iii) dealt with in the course of the employee's employment or agent's activities; or
 - (iv) dealt with in the course of the Professional Staff member's activities in connection with the Corporation.

Part 5 – Roles and Responsibilities of Board to Corporation

The Board is responsible for the overall governance of the affairs of the corporation.

Each director is responsible to act honestly, in good faith and in the best interests of the corporation and, in so doing, to support the corporation in fulfilling its mission and discharging its accountabilities.

- (a) Strategic Planning and Mission, Vision and Values
- (i) The Board participates in the formulation and adoption of the hospital's mission, vision and values.
 - (ii) The Board ensures that the hospital develops and adopts a strategic plan that is consistent with its mission and values, and which will enable the hospital to realize its vision. The Board participates in the development of and ultimately approves the strategic plan.
 - (iii) The Board oversees operations for consistency with the strategic plan and strategic directions.
 - (iv) The Board receives regular briefings or progress reports on the implementation of strategic directions and initiatives.
 - (v) The Board ensures that its decisions are consistent with the strategic plan and the mission, vision and values.
 - (vi) The Board annually conducts a review of the strategic plan as part of a regular annual planning cycle.
- (b) Performance Measurement and Monitoring
- (i) The Board is responsible for establishing a process and a schedule for monitoring and assessing performance in areas of Board responsibility, including:
 - A) Fulfilment of the strategic directions in a manner consistent with the mission, vision and values.
 - Oversight of management performance;
 - Quality of patient care and hospital services;
 - Financial conditions;
 - External relations; and
 - The Board's own effectiveness.
 - B) The Board ensures that management has identified appropriate measures of performance.
- (c) Quality Oversight
- (i) The Board is responsible for establishing policies and plans related to quality, including the Quality Improvement Plan.
 - (ii) The Board ensures that policies and improvement plans are in place related to quality of care, patient safety, patient experience and access.
 - (iii) The Board monitors quality performance against the board-approved quality improvement plan, performance standards and indicators.
 - (iv) The Board ensures that management has plans in place to address variances from performance standards indicators, and the Board oversees implementation or remediation plans.
- (d) Financial Oversight
- (i) The Board is responsible for stewardship of financial resources, including ensuring availability and overseeing the allocation of financial resources.

- (ii) The Board approves policies for financial planning, and approves the annual operating and capital budget.
 - (iii) The Board monitors financial performance against budget.
 - (iv) The Board approves investment policies and monitors compliance.
 - (v) The Board ensures the accuracy of financial information through oversight of management and approval of annual audited financial statements.
 - (vi) The Board ensures management has put measures in place to ensure the integrity of internal controls.
- (e) Risk Identification and Oversight
- (i) The Board is responsible to be knowledgeable about risks inherent in the organization's operations and ensure that appropriate risk analysis is performed as part of Board decision-making.
 - (ii) The Board oversees management's risk management program.
 - (iii) The Board ensures that appropriate programs and processes are in place to protect against risk.
 - (iv) The Board approves investment policies and monitors compliance.
 - (v) The Board is responsible for identifying unusual risks to the organization and for ensuring that there are plans in place to prevent and manage such risks.
- (f) Oversight of Management
- (i) The Board recruits and supervises the Chief Executive Officer by:
 - Developing and approving the Chief Executive Officer job description;
 - Undertaking a Chief Executive Officer recruitment process and selecting the Chief Executive Officer;
 - Reviewing and approving the Chief Executive Officer's annual performance goals;
 - Reviewing Chief Executive Officer performance and determining Chief Executive Officer compensation;
 - Ensuring succession planning is in place for the Chief Executive Officer and senior management; and
 - Exercising oversight of the Chief Executive Officer's supervision of senior management as part of the Chief Executive Officer's annual review.
 - (ii) The Board recruits and supervises the Chief of Staff by:
 - Developing and approving the Chief of Staff job description;
 - Undertaking a Chief of Staff recruitment process and selecting the Chief of Staff;
 - Reviewing and approving the Chief of Staff's annual performance goals;
 - Reviewing Chief of Staff performance and determining Chief of Staff compensation;
 - Ensuring succession planning is in place for the Chief of Staff and chiefs of department; and

- Exercising oversight of the Chief of Staff's supervision of chiefs of department as part of the Chief of staff's annual review.
 - (iii) The Board develops, implements, and maintains a process for the selection of chiefs of department and other medical leadership positions, as required under the hospital's by-laws or the *Public Hospitals Act*.
- (g) Stakeholder Communication and Accountability
 - (i) The Board identifies the organization's stakeholders and understands stakeholder accountability.
 - (ii) The Board ensures the organization appropriately communicates with stakeholders in a manner consistent with accountability to stakeholders.
 - (iii) The Board contributes to the maintenance of strong stakeholder relationships.
 - (iv) The Board performs advocacy on behalf of the hospital with stakeholders where required, in support of the mission, vision, values and strategic directions of the hospital.
- (h) Governance
 - (i) The Board is responsible for the quality of its own governance.
 - (ii) The Board establishes governance structures to facilitate the performance of the board's role and enhance individual director performance.
 - (iii) The Board is responsible for the recruitment of a skilled, experienced and qualified board.
 - (iv) The Board ensures ongoing board training and education.
 - (v) The Board assesses and reviews its governance by periodically evaluating board structures, including board recruitment processes and board composition and size, number of committees and their terms of Reference, processes for appointment of committee Chairs, processes for appointment of Board officers, and other governance processes and structures.
- (i) Legal Compliance
 - (i) The Board ensures that appropriate processes are in place to ensure compliance with legal requirements.

Part 6 – Code of Conduct

The Corporation is committed to ensuring that in all aspects of its affairs it maintains the highest standards of public trust and integrity.

This code of conduct applies to all directors, including *ex-officio* directors, and non-director Board committee members. All directors and non-director Board committee members will complete a declaration of commitment to, and compliance with, this code of conduct.

(a) Fiduciary Duty and Duty of Care

As a fiduciary of the Corporation, a director acts honestly and in good faith with a view to the best interests of the Corporation, and exercises the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. In so doing, a director supports the Corporation in fulfilling its mission and discharging its responsibilities. All directors, including *ex-officio* directors, are held to the same duties and standard of care.

A director does not represent the specific interests of any constituency or group. A director acts and makes decisions that are in the best interests of the Corporation as a whole.

(b) Exercise of Authority

A director carries out the powers of office only when acting during a duly constituted meeting of the Board or one of its committees. A director respects the responsibilities delegated by the Board to the chief executive officer avoiding interference with their duties but insisting upon accountability to the Board and reporting mechanisms for assessing organizational performance.

A director adheres to the mission, vision, and values of the Corporation, applicable law, the by-laws, and Board-approved policies.

(c) Conflict of Interest

Every director must comply with the conflict of interest provisions in the *Not-for-Profit Corporations Act, 2010* (the “Act”), the by-laws, and Board-approved policies.

(d) Confidentiality

Every director must respect the confidentiality of the information of the Corporation, including matters brought before the Board and all committees, keeping in mind that unauthorized disclosure or use of information could adversely affect the interests of the Corporation. Directors shall not disclose or use for their own purpose confidential information concerning the activities and affairs of the Corporation unless otherwise authorized by the Board.

It is recognized that the role of a director may include representing the Corporation in the community; however, such representations must be respectful of and consistent with the director’s duty of confidentiality.

(e) Board Solidarity and Director Dissent

A director supports the decisions of the Board in discussions with persons beyond the Board, even if the director holds another view or voiced another view during a Board discussion or was absent from the Board or Board committee meeting. In accordance with the Act, a director who is present at a Board or Board committee meeting is deemed to have consented to any resolution passed or action taken at the meeting, unless:

- (i) the director's dissent is entered in the meeting minutes;
- (ii) the director requests that their dissent be entered in the meeting minutes;
- (iii) the director gives their dissent to the secretary of the meeting before the meeting is terminated; or
- (iv) the director submits their written dissent to the secretary immediately after the meeting is terminated.

A director who votes for or consents to a resolution is not entitled to dissent.

A director who was not present at a meeting at which a resolution was passed or action taken is deemed to have consented to the resolution or action unless within seven days after becoming aware of the resolution, the director:

- (i) causes their written dissent to be placed with the meeting minutes; or
- (ii) submits their written dissent to the secretary.

(f) Board Spokesperson

The Board chair shall be the spokesperson for the Board. The chief executive officer or the chief of staff, or their designate, may speak on behalf of the Corporation. News media responses and public discussion of the Corporation's activities and affairs should only be made through the Board's authorized spokespersons. Any director who is questioned by news reporters or other media representatives should refer such individuals to the appropriate representatives of the Corporation.

(g) Respectful Conduct

It is recognized that directors bring to the Board diverse background, skills, and experience. Directors will not always agree with one another on all issues. All debates shall take place in an atmosphere of mutual respect and courtesy. The authority of the chair must be respected by all directors.

(h) Time and Commitment

A director is expected to commit the necessary time required to fulfill Board and committee responsibilities, including preparation for and attendance at Board meetings and assigned committee meetings, as well as attendance at the Corporation's public events when possible.

It is expected that a director will devote a minimum of between 10 and 15 hours per month to Board and committee responsibilities. The Board of Directors meets approximately eight times per year and a director is expected to adhere to the Board's attendance policy that requires attending at least 60 percent of Board meetings and assigned committee meetings. A director is expected to serve on at least one standing committee.

(i) Participation

A director expects to receive relevant information in advance of meetings, reviews pre-circulated material, comes prepared to Board and committee

meetings, asks informed questions and makes a constructive contribution to discussions.

(j) Education

A director seeks opportunities to be educated and informed about the Corporation and the key issues related to the Corporation and the healthcare system through participation in Board orientation and ongoing Board education.

(k) Evaluation

A director participates in the evaluation of the performance of the Board as a whole and of their own performance as a director.

(l) Obtaining Advice of Counsel

Requests to obtain outside opinions or advice regarding matters before the Board must be made through the chair.