

CORNWALL COMMUNITY HOSPITAL / HÔPITAL COMMUNAUTAIRE DE CORNWALL

Director Application/Declaration

Schedule "A"

Part 1 – 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 2 – 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.

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"Demande pour siéger au Conseil d'administration et Déclaration – Annexe « A »"

- (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 3 – 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 and non-board committee members shall avoid situations in which they may be in a position of conflict of interest. The By-law contains provisions regarding conflict of interest that must be strictly adhered to. In addition to the By-law, 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 his or her fiduciary duties is compromised or impeded by any other interest, relationship or duty of the director. A conflict of interest also includes circumstances in which 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 his or her 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) A director or non-board committee member who is in a position of conflict or potential conflict shall immediately disclose such conflict to the board or committee by notification to the chair or vice-chair of the board or committee. If the Chair has a conflict, notice shall be given to the Vice-Chair. The disclosure shall be sufficient to disclose the nature and extent of the director or non-board committee member's interest. Disclosure shall be made at the earliest possible time and, when possible, prior to any discussion and vote on the matter.
- b) When
 - i) A director is not present at a meeting in which a matter that is a conflict of interest for him/her is first discussed and/or voted upon, or
 - ii) A conflict arises for a director after a matter has been discussed but not yet voted upon by the board, or
 - iii) A director becomes conflicted after a matter has been approved, the Director shall make the declaration of the conflict to the Chair or Vice-Chair as soon as possible and at the next meeting of the board.

2. Abstain from Discussion

- a) A director may make a general declaration of the director's relationships and interests in entities or persons that give rise to conflicts.
- b) The director shall not be present during the discussion or vote in respect of the matter in which he/she has a conflict and shall not attempt in any way to influence the voting.
- c) Depending upon the severity and the length of a conflict of interest, the Board of Directors may request that the Board member or non-Board Committee member take a leave of absence, in good standing, until the conflict of interest has been resolved in its entirety.

3. Process for Resolving Conflicts and Addressing Breaches of Duty

- a) All directors shall comply with the requirements of the by-laws and this policy.
- b) A director should be referred to the process outlined in this policy in any of the following circumstances:
 - i) Circumstances for Referral

Where any director believes that he/she personally, or another director:

 - Has breached his or her duties to the corporation;
 - Is in a position where there is a potential breach of duty to the corporation;

- Is in a situation of actual or potential conflict of interest; or
- Has behaved or is likely to behave in a manner that is not consistent with the highest standards of public trust and integrity and such behaviour may have an adverse impact on the corporation.

ii) Process for Resolution

The matter shall be referred to the following process:

- Refer matter to Chair or, where the issue may involve the Chair, to any Vice-Chair, with notice to Chief Executive Officer;
 - Chair (or Vice-Chair, as the case may be) may either:
 - Attempt to resolve the matter informally, or
 - Refer the matter to either the Executive Committee or to an ad hoc sub-committee of the board established by the Chair (or Vice-Chair) that shall report to the board.
 - If the Chair or Vice-Chair elects to attempt to resolve the matter informally and the matter cannot be informally resolved to the satisfaction of the Chair/Vice-Chair, the director referring the matter and the director involved, then the Chair or Vice-Chair shall refer the matter to either the Executive Committee or to an ad hoc sub-committee of the board established by the Chair (or Vice-Chair) that shall report to the board.
 - A decision of the board by majority resolution shall determine the matter.
- c) 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 *Corporations Act*.

4. Perceived Conflict of Interest

- 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 conflict or breach of duty may be harmful to the corporation even where no conflict exists or breach has occurred, and, having followed the above process, 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 4 – 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 5 – Duties and Responsibilities of Every Director

Cornwall Community Hospital is committed to ensuring that it achieves standards of excellence in the quality of its governance.

As a member of the Board, and in contributing to the collective achievement of the role of the Board, the individual director is responsible for the following:

a) **Fiduciary Duties**

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

A director shall apply the level of skill and judgement that may reasonably be expected of a person with his or her knowledge and experience. Directors with special skill and knowledge are expected to apply that skill and knowledge to matters that come before the Board.

b) **Accountability**

A director's fiduciary duties are owed to the corporation. The director is not solely accountable to any special group or interest and shall act and make decisions that are in the best interest of the hospital as a whole. A director shall be knowledgeable of the stakeholders to whom the hospital is accountable and shall appropriately take into account the interests of such stakeholders when making decisions as a director, but shall not prefer the interests of any one group if to do so would not be in the best interests of the hospital.

c) **Education**

A director shall endeavour to become knowledgeable about:

- The operations of the hospital;
- The health care needs of the community served;
- The health care environment generally;
- The duties and expectations of a director;
- The Board's governance role;
- The Board's governance structure and processes;
- Board-adopted governance policies; and
- Hospital policies applicable to board members.

A director will participate in a Board orientation session, Board retreats and Board education sessions. A director should attend additional appropriate educational conferences in accordance with board approved policies.

d) **Board Policies and Hospital Policies**

A director shall understand and comply with the Board and hospital policies that are applicable to the Board including:

- Code of Ethics;

- Conflict of Interest;
- Confidentiality;
- Supply Chain Code of Ethics;
- Travel, Meal and Hospitality Expenses;
- Employment Perquisites.

e) Teamwork

A director shall develop and maintain sound relations and work cooperatively and respectfully with the Board Chair, members of the Board and senior management.

f) Community Representation and Support

A director shall represent the Board and the hospital in the community when asked to do so by the Board Chair.

g) Time and Commitment

A director is expected to commit the time required to perform Board and committee duties. It is expected that a director will devote a minimum of between 10 and 15 hours per month.

The Board meets approximately nine times a year and a director is expected to adhere to the Board's attendance policy that requires attending at least 60 percent of Board meetings.

A director is expected to serve on at least one standing committee. Committees generally meet monthly.

h) Contribution to Governance

Directors are expected to make a contribution to the governance role of the Board through:

- Reading materials in advance of meetings and coming prepared to contribute to discussions;
- Offering constructive contributions to Board and committee discussions;
- Contributing his/her special expertise and skill;
- Respecting the views of other members of the Board;
- Voicing conflicting opinions during Board and committee meetings but respecting the decision of the majority, even when the director does not agree with it;
- Respecting the role of the Chair;
- Respecting the role and Terms of Reference of Board committees; and
- Participating in Board evaluations and annual performance reviews.

i) Continuous Improvement

A director shall commit to be responsible for continuous self-improvement. A director shall receive and act upon the results of Board evaluations in a positive and constructive manner.

j) **Term and Renewal**

A director is elected for a term of three years and may serve for a maximum of nine years. A director's renewal is not automatic and shall depend on the director's performance.