

10. CONFLICT OF INTEREST

10.1 *Types of Conflict of Interest*

Directors must be aware of and follow the provisions outlined below to avoid the following three (3) types of conflict of interest situations:

- 1) A real conflict of interest situation occurs when a Director is in a position to personally benefit through a decision to be made and continues to participate in the discussion.
- 2) A potential conflict of interest arises when a Director is in a position of real conflict but has not yet participated in the discussion or decision-making process.
- 3) An apparent conflict of interest occurs when there is a public perception that the Board, a Director or staff is in either a real or potential conflict situation.

10.2 *Definitions of Conflict of Interest*

- 1) A conflict of interest arises when the private interests of a Director influence or may be seen to influence his or her decision-making on LUFA matters.
 - 2) Conflict of interest is conflict between a Director's personal interest and his or her responsibility as a Director, whether direct or indirect, real or potential, apparent or not.
 - 3) Conflict of interest may exist whether or not there is monetary advantage to a Director.
 - 4) A Director may have a conflict directly through his or her individual employment, through an interest in a corporation or other legal entity, or through voluntary participation in an agency, association, or charitable institution.
 - 5) Members of the Board, and Committees, or employees of LUFA, must not receive preferential consideration, preferential financial benefits, preferential rewards, or preferential services from LUFA under any circumstances.
 - 6) Conflict of interest may occur where an individual is directly involved in both sides of a transaction.
 - 7) Conflict of interest may occur where a Director has a close relationship with a person dealing with LUFA so that the true independence of that Director may be challenged.
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10.3 Disclosure of Conflict of Interest

- 1) Directors who find themselves in a conflict of interest situation at the Board or Committee level must, at the meeting where the conflict of interest arises and at the first meeting held thereafter, declare orally or in writing, their conflict of interest and the general nature thereof prior to any consideration of the matter giving rise to the conflict of interest situation at the meeting.
 - 2) Where the conflict of interest of a LUFA Director has not been declared by reason of his/her absence from the meeting, the Director shall disclose his/her interest and the general nature thereof, at the first meeting of the Board attended by him/her thereafter.
 - 3) Where a conflict of interest is realized between meetings, the Directors should notify the President of LUFA of the possible conflict.
 - 4) When the President declares a conflict, the Vice-President shall chair the portion of the meeting with respect to the conflict issue. Should the Vice-President not be able to assume the chair, the Directors present shall delegate another Executive member or the past President to chair.
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