

# CONFLICT OF INTEREST POLICY

*A Guide*

AFOA.CA





## DISCLAIMER

Each province or territory has its own guidelines and regulations in its respective employment standards legislation. This tool offers an overview of the general guidelines for common leave provisions, and you can check the specific regulations for your jurisdiction (province/territory/federal).

### NOTE

This tool is designed as a template. All text in [brackets] needs to be customized to your organization and any specific needs. Ensure you review the template policy in full and make revisions in accordance with your organization's values, goals, approach, and any related policies or jurisdictional legislation.

A conflict of interest policy is used to outline procedures for employees when a possible conflict exists between their own personal interests and the interests of the Employer. A conflict may arise from any number of circumstances, from personal relationships to financial incentives, and if not properly addressed, they can lead to mistrust and even legal consequences. Having a clear and effective conflict of interest policy can help prevent potential litigation and other business risks.

## INTRODUCTION

There may be times during the employment lifecycle when an employee encounters a conflict of interest with [EmployerName] either through personal interest, financial incentives, personal relationships, or other means. This policy aims to set boundaries, responsibilities, and protocols to effectively manage these situations, should they arise.

## DEFINITION OF CONFLICT OF INTEREST (COI)

A Conflict of Interest (COI) arises when an employee is placed in a situation where their personal interests, financial or other, or that of an immediate family member or of a person with whom there exists, or has recently existed a personal relationship, conflicts or appears to conflict, with their responsibility to the Employer or with the interests of the Employer. This includes situations which may arise where the employee is able to influence, directly or indirectly, business or other decisions in ways that would lead to a gain/ benefit for the individual or their immediate family member.

A conflict of commitment may arise when an employee's external activities or commitments, paid or unpaid, interfere with their ability to meet responsibilities to the Employer.



## DEFINITION OF FAMILY RELATION

The concept of “family relation” extends beyond immediate family members in an Indigenous context. It encompasses a broader network of kinship ties, including extended family, community members, and spiritual connections. The holistic view of a family often includes blood relatives, chosen family, elders, ancestors and even non-human entities (such as animals or natural elements). For the purposes of this policy, “family relation” shall be defined as [insert your organizational definition herein].

*[Example: “Family relations” shall include step, adoptive, or biological: mother, father, grandmother, grandfather, sister, brother, aunt, uncle, cousin. However, any other relationship that may be considered “family” by extension or connection within the community should be closed at the discretion of the employee, recognizing that should a conflict arise out of such a relationship, the employer will determine whether a conflict of interest should ought reasonably to have been made known.]*

## POLICY STATEMENT

While [Employer Name] strives to avoid or minimize COIs, we will implement a documented mitigation strategy to reduce risk to the employee, the Employer, and any impacted clients or partners where the risk cannot be eliminated entirely.

Where an employee fails to disclose a perceived, potential or actual conflict of interest in writing in accordance with this policy, a formal review will follow where findings may result in potential disciplinary action up to and including termination of employment.

## ROLES AND RESPONSIBILITIES

Employees have an obligation to report any perceived, potential, or actual COIs as soon as they are reasonably aware that a conflict may exist.

The existence of the conflict of interest does not necessarily preclude the involvement of the individual in the situation where the conflict has arisen or may arise, however, it does mean that the conflict should be formally declared by the employee in writing and resolved in conjunction with the supervisor before any action or decision is taken.

In some cases, it is not reasonable to exclude the individual employee from engaging in the work or relationship that has created the conflict but may require that there be steps taken to be accountable for decision-making around promotions, service contracts, performance and reporting structures, or other, and remove the individual from the highest risk factors identified for the situation. Particularly in community, it is important to recognize the significance of connection and trust in the process of identifying and managing actual, potential, or perceived conflicts of interest.



## EXAMPLES OF COI

1. Entering into a contract, transaction, or agreement on behalf of the Employer with a vendor or firm in which the employee, a member of their family, or a person with whom a personal relationship existed or exists, has a financial interest.
2. Authorizing purchasing or spending of Employer funds from a source in which the employee, a member of their family, or a person with whom a personal relationship existed or exists, has a financial interest.
3. Accepting gifts, benefits, or favours from individuals or firms with which the Employer does business, with the exception of minor gifts (under \$VALUE) as token courtesies. In addition, frequent offers of gifts, services, or entertainment regardless of value, from a single vendor must be disclosed and discussed with management.
4. Participating in work with a client of [Employer Name] with which the employee has a personal or financial interest or relationship.
5. Undertaking outside employment, which interferes with the performance of [Employer Name]'s duties and responsibilities.
6. Recruiting for a role that your kin (ie. Child) is qualified for, and to which they will likely apply.

## PROCEDURE

1. The employee must identify the potential for, perception of, or actual conflict of interest to management as soon as they could reasonably be aware that a conflict may exist. The intention is not to punish the employee or put them in a position of reprisal, but to identify and mitigate where conflict of interest may interfere, have the potential to interfere, or be perceived to interfere with the best interests of the organization to the benefit of any individual or their family relations. **Notice should be in writing, and include the following information to be considered by management:**
  - a. Employee details (name, contact, date)
  - b. Type of COI being submitted (actual, potential or perceived)
  - c. Description of the COI
  - d. Estimated risk to [EmployerName] (may be financial, reputational, or other, rated on a scale of 1-3; 1 being little risk and 3 being significant risk)
  - e. Possible solutions to eliminate or mitigate the risk, are to be discussed with management.
2. Upon receiving this notice, management will consider the COI details and schedule a meeting with the employee to discuss the risks, and possible solutions. The outcome of this meeting shall be documented and maintained by [Position Title; may be ExecutiveDirector, CEO, Chief, etc]

*Working in community may mean that decisions around conflict of interest have protocols that involve Elders, community leaders, or spiritual advisors. Workplace conflicts should be approached with cultural sensitivity and respect for these protocols. If your organization has considerations to be made explicit within this policy, detail them herein as proceeding steps in the procedure.*