

CONFLICT OF INTEREST POLICY

Introduction

The Board of Directors must at all times uphold the values of CBDC Northumberland Inc. This document governs the conduct of members of the Board of Directors and employees to ensure that business is conducted with honesty and integrity. Board members and employees are likely to be affiliated with many organizations, individuals, and businesses, both on a professional and personal basis, so it is not unusual for actual or potential conflict(s) of interest to arise. Such conflicts, whether real or perceived, can undermine public trust and may constitute a breach of a Board member's or employee's fiduciary duties.

Purpose

The purpose of the Conflict of Interest Policy is to identify, prevent, and resolve conflicts of interest related to the directors and employees of CBDC Northumberland Inc. The Board of Directors will enforce this Policy with the assistance and upon recommendation of the Operational Review Committee (ORC Committee).

Policy

Members of the Board of Directors and employees of CBDC Northumberland Inc. must take all necessary steps to avoid real or perceived conflicts of interest, and where a potential conflict of interest arises a person subject to this Policy must comply with the requirements of this Policy.

Definition

A conflict of interest arises where a person has a direct or indirect interest that comes into conflict with, or is sufficient to influence or appear to influence, the performance of that person's duties owed to CBDC Northumberland Inc. arising out of that person's relationship with CBDC Northumberland Inc. A conflict of interest may involve:

- the business of CBDC Northumberland Inc.;
- the business of entities in which the person has an interest;
- and specific transactions with CBDC Northumberland Inc. or with an entity in which CBDC Northumberland Inc. or the person has an interest.

A conflict of interest also includes accepting any gift or hospitality of material value offered by reason of a person's position as a director or employee of CBDC Northumberland Inc.

"Material" does not have a legal definition in this case. For the purposes of this Policy, it should be understood as "sufficient to influence a decision or sway an individual's better judgment".

It is the duty of each person subject to this Policy to determine whether or not a conflict of interest or potential conflict of interest exists. A person will not be excused from compliance with this Policy or any other rule of law relating to conflicts of interest on the basis that the person did not realize that a conflict of interest existed or might arise.

Conflict of Interest Conditions

Without limiting the generality of the possible scope of conflict of interest as defined above, the following specific rules apply:

1.0 Restricted Investment Fund Activities

1.1 CBDC Northumberland Inc. shall not make a loan to, or guarantee the repayment of a loan made to, a Board director, officer, committee member, or employee including the Executive Director of the CBDC or to a partnership in which a Board director, officer, committee member or employee including the Executive Director is a partner.

1.2 CBDC Northumberland Inc. shall not

- (a) make a loan to,
- (b) guarantee the repayment of a loan to, or
- (c) purchase shares in,

an incorporated business in which a board director, an officer, committee member or employee including the Executive Director of CBDC Northumberland Inc. with decision-making responsibilities in relation to investment fund applications, has a significant business interest.

1.3 Where CBDC Northumberland Inc. is considering

- (a) an application for a loan or a loan guarantee by the spouse or child of a Board director of CBDC Northumberland Inc. or of an officer, committee member or employee including the Executive Director of CBDC Northumberland Inc. with decision-making responsibilities in relation to investment fund applications, or
- (b) an application for a loan, a loan guarantee or an equity investment by an incorporated business in which a spouse or child of a Board director, officer, committee member or employee including the Executive Director referred to in paragraph (a) has a significant business interest,

The application shall be referred for consideration by the full Board of directors for decision and the conflict of interest on the part of the Board director, officer, committee member or employee, including the Executive Director of CBDC Northumberland Inc., as the case may be, shall be recorded in the minutes of the meeting. In addition, the Board director, or the officer, or the committee member or employee including the Executive Director (if the Board director, officer, committee member or employee is present at the meeting), as the case may be, shall absent him/herself from any and all discussions and deliberations in respect of the application and refrain from attempting to influence, lobby or persuade the Board in regard to the application.

2.0 Goods and Services Contracts

2.1 Goods and services contracts between CBDC Northumberland Inc. and a Board director, officer, committee member, employee including the Executive Director or a business in which a Board director, officer, committee member or employee, or the spouse or child of a Board director, officer, committee member or employee including the Executive Director, has a significant business interest are permitted provided that:

- (a) the decision is made by the full board, irrespective of the existing contracting authorities;
- (b) the conflict of interest is declared to the Board by the Board member, officer, committee member or employee including the Executive Director, as the case may be, and recorded in the minutes of the Board;
- (c) the Board member or officer, and if applicable the committee member or employee including the Executive Director, absents him/herself from the decision and refrains from trying to influence it;
- (d) a minimum of three (3) independent competitive bids are obtained; and
- (e) the contract offering the lowest cost or best value be selected and extra care taken in doing so.

3.0 Significant Business Interest

3.1 For the purposes of this Policy, "significant business interest" means the ownership, whether directly, indirectly or beneficially, of more than 10% of the capital stock of the incorporated body or shares or debentures to which are attached more than 10% of the voting rights in the incorporated body.

Disclosure Procedures

In addition, each person subject to this Policy shall disclose in writing a real or potential conflict of interest to the Board of Directors as it arises, including transactions with CBDC Northumberland Inc. in which any of the following have a direct or indirect interest:

- the director;
- the employee;
- an individual that is a related party by reason of a relationship with the director or the employee, as the case may be; and
- any corporation of which the director or employee has a significant business interest or is a director or officer.

Procedures for Resolution of Conflicts of Interest

1. In all cases, the director or employee shall:
 - disclose the conflict,
 - leave a meeting of the directors while the matter creating the conflict is being discussed or otherwise dealt with,
 - take no part in any discussion or voting with respect to the matter creating the conflict of interest,
 - not attempt to influence, in any way, the Board's dealing with the matter creating the conflict of interest, and
 - satisfy any other legal requirements.
2. In the case of a gift or hospitality, the potential conflict of interest shall be dealt with by the director obtaining the consent of the Board of Directors or by refusing, returning or refunding the value of the gift or hospitality.
3. Where the Board of Directors determines that a conflict of interest would influence or appear to influence virtually every decision in which the director is required to participate as a member of the Board of Directors of CBDC Northumberland Inc., the director shall, either eliminate the interest or duty giving rise to the conflict, or resign as a director of CBDC Northumberland Inc.
4. Upon the Board of Directors becoming aware of an alleged or possible conflict of interest involving a person covered by this Policy, the Board of Directors shall:

(a) make enquiries and determine the facts surrounding the alleged or possible conflict of interest;

(b) either:

- determine that a conflict of interest or possible conflict of interest exists, or
- at the Board's discretion, seek legal counsel; and/or
- refer the question of whether a conflict of interest or possible conflict of interest exists to the Board of Directors for determination, and

(c) report its findings and determination, if any, to the Board of Directors.

5. The determination of the Board of Directors that a conflict of interest exists or may exist shall be final and binding on CBDC Northumberland Inc. and each director and employee. However, because the existence of a conflict of interest or breach of duty is a matter of law as well as fact, the Board of Directors must obtain legal advice before imposing any sanction or penalty.

Each situation creates a separate conflict of interest and no permission or approval with respect to one conflict shall be deemed to be approval for any other.

Related Documents

- Board Nomination, Selection and Renewal Policy
- Confidentiality and Privacy Policy
- Complaint Resolution Policy

Authorization

Pauline Tenass

August 2023