



## Annex C - Conflict of Interest Policy Framework

Interactions between university researchers and the private sector are an essential feature of the NCE program. For the objectives of the NCE program to be achieved, many kinds of interactions among individuals participating in the network must occur. These interactions may lead to gains and benefits to the individuals participating in the network and are desirable and natural outcomes of being involved in the network. Such interactions, however, may place individuals participating in the network in a position of potential, apparent or actual conflict of interest.

The NCE Steering Committee is the body ultimately responsible to the government, and therefore to taxpayers, for the integrity of all the networks and their operations. The responsibility for implementing and managing the Conflict of Interest Policy Framework, to ensure that network operations and decisions are not biased by conflict of interest, is delegated to each Network Board of Directors, which represents the highest authority in the management structure of the network. The Network Boards of Directors are accountable to the NCE Steering Committee for the effective implementation and management of the Conflict of Interest Policy Framework.

Individuals participating in the network such as members of the Boards of Directors and advisory committees who do not receive NCE funds are recognized as playing a unique role in the networks. They bring an important perspective as a result of their particular knowledge, often as representatives of organizations in the field of interest of the network. Nevertheless, they are still required to disclose any financial interest or position of influence, as described in Section 2.0, in any business in the same area of interest as the network, other than that of their main employer.

The Conflict of Interest Policy is intended to enable Network Boards of Directors and individuals to recognize and disclose situations that may be open to question and to ensure that such situations are appropriately resolved. The policy builds upon and is complementary to those of the organizations that make up the Network Boards of Directors, the network investigators and of the administrators.

### **1.0 Definitions**

**"Avoidance"** means refraining from, or withdrawing from, participation in activities or situations that place an individual participating in the network in a potential, apparent or actual conflict of interest relative to his or her network duties and responsibilities.

**"Conflict of interest"** means a situation where, to the detriment or potential detriment of the network, an individual is, or may be, in a position to use research knowledge, authority or influence for personal or family gain (financial or other) or to benefit others.

**"Disclosure"** means the act of notifying in writing the Board of Directors, through the Network Manager, of any direct or indirect financial interests and positions of influence held by an individual participating in the network which could lead to a potential, apparent or actual conflict of interest.

**"Divestment"** means the sale at arm's length, or the placement in trust, of assets, where continued ownership by an individual participating in the network would constitute a potential, apparent or actual conflict of interest with the participant's network duties and responsibilities.

**"Financial interest"** means an interest in a business in the same area as the network as described in Section 2.1 of this document.

**"NCE"** means the federal Networks of Centres of Excellence program.

**"NCE Steering Committee"** means the committee comprised of the three granting agencies' Presidents and the Deputy Minister, Industry Canada, which has overall responsibility for the NCE program.

**"Network"** means a group funded under the federal Networks of Centres of Excellence program.

**"Network Board of Directors"** means the Board that is responsible for the overall management of the network and is accountable to the NCE Steering Committee.

**"Network Manager"** means the senior managerial employee of the network who reports to the Board of Directors.

**"Position of influence"** includes any position that entails responsibility for a material segment of the operation and/or management of a business.

## ***2.0 Disclosure***

Upon joining the network, each individual is obliged to disclose in writing to the Board of Directors, through the Network Manager, any direct or indirect financial interests and positions of influence that could lead to a potential, apparent or actual conflict of interest (examples provided in Attachment). In addition, these submissions must be updated whenever the individual's circumstances change in a way that would necessitate a further disclosure. The individual also has the obligation to disclose any potential, apparent or actual conflict of interest when it arises during network committee or Board meetings so that the committee or Board is aware of the situation and can take appropriate action.

### ***2.1 Financial Interest***

It consists of:

- Any material stock option (e.g., 1%) or similar ownership interest in such a business, but excluding any interest arising solely by reason of investment in

- such business by a mutual, pension, or other institutional investment fund over which the person does not exercise control; or
- Receipt of, or the right and potential to receive, any income from such a business, whether in the form of a fee (e.g., consulting), salary, allowance, interest in real or personal property, dividend, royalty derived from licensing of technology, rent, capital gain, real or personal property, or any other form of compensation or contractual relationship, or any combination thereof.

### ***3.0 Management of Conflict of Interest***

The Network Board of Directors or its conflict of interest sub-committee is charged with the responsibility of managing conflict of interest, and determining and implementing the appropriate course of action. This management system is based on disclosure, as described in Section 2. All disclosures constitute confidential information that will be available to the Network Board, or a sub-committee thereof, for the evaluation and resolution of any conflict of interest or allegations of conflict of interest brought before the Board or its conflict of interest sub-committee.

While it is recognized that it may be difficult to completely avoid situations of potential, apparent or actual conflict of interest, complete avoidance or divestment may be required in certain cases. Such divestment should not consist of a sale or transfer of assets to family members or other persons for the purpose of circumventing the conflict of interest compliance measures as directed by the Board.

### ***3.1 Principles***

An individual participating in the network who is involved with, or has an interest in, or deals in any manner with a third party which might cause a conflict of interest, will not be present and participate in any network decisions, including committee decisions, if the declared potential conflict of interest could influence the decision or actions of the network. It is the obligation of the individual to declare such potential, apparent or actual conflict of interest before discussions take place so that the committee or Network Board of Directors is aware of the situation in order to ensure that the individual is out of the room when the discussion and decision process on the item in question are taking place. This course of action should be recorded in the minutes of the meeting.

Any question raised by an individual or company regarding the potential conflict of interest of an individual will be raised at the Network Board of Directors level and must be documented in writing. The Network Board of Directors will determine the extent to which the question should be pursued and in such cases will consult the individual in question. If necessary, the individual will be asked to respond in writing.

### ***3.2 Non-compliance***

If an individual is discovered to be in conflict of interest where disclosure and prior approval have not been sought or granted, the Network Board of Directors will require the individual to:

- account to the network for any gain or benefit made directly or indirectly, arising from an involvement with, or an interest in, or from dealing in any manner with a third party that gives rise to a conflict of interest; **and**
- withdraw from the involvement; **or**
- withdraw from the Network; **or**
- take appropriate action as determined by the Board of Directors.

#### ***4.0 Review Process***

An individual may request in writing, within 30 days, a review of a Network Board of Directors' decision on conflict of interest. In certain circumstances, the Network Board of Directors may arrange for an independent third party appointed by mutual agreement of the network and the Board of Directors, and failing such mutual agreement appointed by the NCE Steering Committee, to act as an intermediary to scrutinize scientific reports and budgetary information of research project(s) in which the individual participating in the network is involved. The intermediary would provide an opinion on the overall merit of the review, without divulging specifics of a proprietary nature to other members of the network. The ultimate decision on the resolution of the review rests with the Network Board of Directors.

In cases where there is a concern with respect to decisions or actions of the Network Board of Directors itself, this concern should be submitted in writing to the NCE Steering Committee. The NCE Steering Committee may request the Chair of the Network Board of Directors to respond in writing to the Steering Committee. Following submission of the Chair's response, the NCE Steering Committee will decide on follow-up action.

#### ***Examples of Conflict of Interest***

The following examples, although not comprehensive, illustrate situations that may lead to an indirect or direct conflict of interest:

- employment in any capacity by another employer outside the participant's, administrator's or director's university, institution or company signing the Network Agreement, including self-employment;
- holding an office that puts the individual in a position to affect decisions, such as manager with executive powers, within a company, or member of a board of directors;
- participating in a research contract or consultancy relationship with a company, or serving on the board of a company;
- entering into a research contract with a company in which the participant, or a member of his or her immediate family, has a financial or other interest;
- carrying out supplementary professional scientific activities in accordance with the disclosure requirements of the participant's or director's employing organization;
- ownership of equity or other financial participation in a corporation (including stock options and shares). Participants, administrators and directors should abstain from activity in which they would have inside advantage (e.g., purchase of shares) based on the information they are privy to through membership in the Network;

- accepting gifts (other than some minor hospitality) or special favours for him or herself or a member of his or her family from private organizations with which the Network does business;
- influencing the purchase of equipment or materials for the Network from a company in which the participant, the administrator or the director has a financial or other interest.