

# Code Of Conduct For Directors And Senior Officers

Revised March 2004

The *Safety Authority Act*, S.B.C. 2003, c. 38, created the Authority June 20, 2003 as a not-for-profit corporation without share capital.

The *Safety Authority Act* provides for governance of the Authority as follows. Sections 8 – 16 provide for a board of directors. Sections 17 – 22 deal with conflicts of interest. Sections 23 – 24 deal with officers.

The Authority's mandate requires that its policies and practices be driven by safety. The Authority's decision makers must not be affected (or perceived as affected) by conflicting interests or conflicting loyalties.

The Authority requires its directors and senior officers to comply with applicable statutory standards and with high ethical standards of business conduct. Your agreement to comply with the following Code and your continuing compliance with the Code are conditions of your appointment and service as a director or senior officer.

1. Statutory standards. Section 11(1) of the *Safety Authority Act* requires that when exercising your powers and performing your duties and functions you must:

- (a) Act honestly and in good faith.
- (b) Act with a view to the best interests of the Authority.
- (c) Exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances.
- (d) Act in accordance with the *Safety Authority Act*, the *Safety Standards Act* and the regulations under them.
- (e) Act in accordance with any provisions of the *Business Corporations Act* that apply to the Authority.<sup>1</sup>

2. Additional standards. In addition to compliance with applicable statutory standards, the Authority requires its directors and senior officers to observe a high ethical standard of business conduct in all aspects of its business.

3. Conflicts of interest.

(a) Nothing undermines respect for decisions or confidence in the decision makers more than a conflicting interest or agenda of the decision maker. Conflicts provide a ground on which an aggrieved person can attack the decision (and the decision makers) in the media and in the Courts.

(b) What is a conflict? If you (or a family member or close associate) have a personal interest that might conflict with your duty of loyalty to the Authority, you have a conflict of interest. If you owe loyalty to an organization that may be affected by the Authority, you may have a conflict of responsibility. Your conflict may disqualify you from being a director or senior officer of the Authority. You may be able to serve as a director or senior officer provided you recognize and manage your conflict.

<sup>1</sup> When this Code was adopted September 19, 2003, no provisions of the Business Corporations Act had been designated by Regulation as applicable to the conduct of the Authority's directors or senior officers.

(c) If in any meeting or other deliberation regarding the business of the Authority a topic comes up which involves for you a conflict of interest or responsibility, you must "disclose, absent and abstain". This means you must disclose the conflict, leave the meeting and not vote, lobby or otherwise participate in the decision making process. You must follow this procedure even if you think you can manage your conflict in good conscience because the Authority cannot afford grounds for perception that any of its decisions are affected by conflict of interest or conflict of responsibility.

(d) The Authority has adopted the attached Guidelines to help you observe these rules.

4. Accounting. The accounting records of the Authority shall fairly reflect all assets, liabilities and transactions in respect of its operations. Resources of the Authority shall not be used for the personal benefit of any director or senior officer except remuneration and benefits disclosed in the accounting records and reimbursement of reasonable and proper expenses. All transactions shall be recorded in a manner such that the substance of each transaction is not obscured.

5. Board Solidarity. The Authority's Board governs collectively, not individually. Except as authorized by the Board, individual directors and senior officers:

(a) Shall not exercise or purport to exercise authority except at a meeting of the Board or a Board committee or as specifically delegated by the Board.

(b) Shall direct any employee or contractor requests for direction or information to the Chief Executive Officer.

(c) Shall not express to any person outside the Board any personal dissent from the Authority's policies, practices and decisions.

(d) The Authority shall designate one or more spokespersons to communicate on its behalf with the media and the public as may be required from time to time. No director or senior officer other than a person so designated shall communicate or respond to communication with the media or the public regarding the Authority's policies, practices and decisions.

6. Confidentiality. Each director and senior officer shall at all times maintain the confidentiality of all information and records that are the property of the Authority and shall not make any use of such information unless and until it has been disclosed to the public. This obligation shall continue even after termination of office.

7. Gifts, hospitality. Directors and senior officers shall not offer, provide or accept any gift or any excessive entertainment or benefit that is directly or indirectly related to the Authority's business.

8. Not political. The Authority's funds and resources shall not be used to support any political cause, party or candidate.

9. Annual review. This Code will be reviewed annually with each director and senior officer to ensure understanding, compliance and commitment to its principles and requirements.

## **GUIDELINES FOR DEFENSIVE PRACTICE FOR DIRECTORS AND SENIOR OFFICERS**

1. Disclosure. The Authority requests that you file a statement of any financial interests, positions or relationships that may conflict with your undivided loyalty to the Authority. You do not have to file a net worth statement or disclose your family's investments in public or private companies. Your disclosure may take the form of a list of organizations likely to do business with the Authority or be affected by its decisions and in which you, a family member or a close associate is involved as an investor or in some official capacity. Your disclosure, if any, should be contained in an envelope marked "Confidential Disclosure of (your name)" and should be mailed or delivered to "Chair, Board of Directors, British Columbia Safety Authority, address". This disclosure will enable the Chair to take effective and tactful steps to help you deal appropriately with your conflicts.

2. Request to block written materials. The Authority circulates written materials to its directors and senior officers approximately one week before each Board meeting. You are invited to make a standing request not to receive materials on specified topics that would involve you in a conflict. This will tend to prevent perception that in your private life you somehow gained an advantage by having information that was not available to outsiders. A standing request of this nature should be sent to the Chair.

3. Procedure to disclose conflict. The minimum standard of acceptable procedure is a brief declaration recorded in the minutes, recorded absence while the topic is discussed and no lobbying or other participation. It does not matter whether the topic which involves your conflict is on the agenda or comes up unexpectedly. As soon as the meeting considers a report or begins to discuss an issue which involves your conflict you should interrupt and say "I am declaring my conflict as (here insert your conflicting interest or conflicting responsibility) and I am leaving the meeting while this subject is under discussion" or words to that effect. The secretary of the meeting will record this in the minutes as follows: "Mr. A, having disclosed his conflict as a director of ABC Company was absent from the meeting during discussion of this topic." A topic which involves your conflict may come up in several meetings. You must disclose your conflict at each meeting. You should not rely on having disclosed your conflict on previous occasions. People attending each meeting need to be informed or reminded of your reason for absenting yourself and abstaining from participation in the decision. You should not hold back because your disclosure is repetitive or because it will interrupt the discussion.

4. Committees. The procedure to manage conflicts applies to Board meetings and also to Board committee meetings. In making up each committee, the Chair will look for people whose business interests and other positions do not raise a conflict but some conflict situations may nevertheless arise at the Committee level. Each Committee Chair will be responsible to manage conflicts in the Committee.

5. Guidance. Take advice if you think you may have a conflict problem. Take advice if you think someone else has a conflict problem. Your request for advice should be directed in the first instance to the Chair of the Board.

## Disclosure Policy

Section 22 of the British Columbia *Safety Authority Act* outlines this policy as follows:

**22** (1) If a director, the chief executive officer or a senior officer holds any office, or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as director, chief executive officer or senior officer of the authority, the individual must disclose, in accordance with this section, the nature and extent of the conflict.

(2) The disclosure required under subsection (1)

(a) must be made to the directors promptly

(i) after that individual becomes a director, the chief executive officer or a senior officer, or

(ii) if that individual is already a director, the chief executive officer or a senior officer, after that individual begins to hold the office or possess the property, right or interest for which disclosure is required, and

(b) must be evidenced in a consent resolution, the minutes of a meeting or any other record deposited in the authority's records.