



Protocol Regarding Lawyers Serving on CIC Crown Corporation Boards of Directors

Issue Date: November 4, 2008

Revised Date:

Authority

The Crown Corporations Act, 1993

Application

This Protocol applies to CIC subsidiary Crown corporations and their boards of directors.

Definitions

Law Firm - Refers to a law firm providing services to a Crown corporation where the law firm is not the legal department of the Crown corporation, or any lawyer providing services to a Crown corporation who is not employed by the Crown corporation in the capacity of legal counsel.

Lawyers of a Firm - Refers to persons who are licensed to practice law in any Canadian jurisdiction and who engage in the practice of law on behalf of themselves or on behalf of a law firm as a partner or an associate.

Purpose

- The Protocol will provide guidance to CIC's subsidiary Crown corporations and their boards of directors regarding the selection or retention of a law firm when a member of the law firm sits on the board of the Crown corporation selecting or retaining the law firm.
- The overriding objective is to ensure that directors are, and are seen to be, free from any material relationship with the Crown corporation or its management that may interfere with the director's ability to exercise independent judgment in the best interests of the corporation, or that may enable the director to influence or appear to influence the Crown corporation in its choice of law firm.
- The Protocol is meant to minimize the unnecessary disruption of services being provided by existing law firms to subsidiary Crown corporations, and is not meant to unduly limit the Crown corporation's choice of law firm to provide future services.



Guiding Principles

- Directors of CIC's subsidiary Crown corporation boards have a fiduciary duty to the subsidiary Crown corporation and are required to act in the best interests of the Crown corporation and not in the director's own self-interest.
- Directors of CIC's subsidiary Crown corporation boards are expected to act ethically at all times and to adhere to CIC's *Directors' Code of Conduct*, which addresses among other things the mechanisms to deal with actual or potential conflicts of interest that may arise from time to time.
- CIC's subsidiary Crown corporations and their boards of directors are expected to adhere to the governance standards established by the Canadian Securities Administrators, as amended from time to time, including standards related to the independence of directors.
- Nothing in this Protocol prohibits lawyers who serve on the board of a subsidiary Crown corporation from providing legal services to other subsidiary Crown corporations.

Selection of Law Firm

- Nothing in this Protocol precludes lawyers of a firm that represents a Crown corporation from serving as a director on the board of the Crown corporation.
- Selection of law firms and assignment of work to law firms shall be at the discretion of management of the subsidiary Crown corporation, subject to any policies, guidelines or directives approved by the shareholder or the subsidiary Crown corporation board of directors.
- Nothing in this Protocol precludes the subsidiary Crown corporation or the board of directors of the subsidiary Crown corporation from assigning the same or similar legal work to more than one law firm.

The Lawyer Director

- Lawyers of a firm who serve on the board of a subsidiary Crown corporation and whose law firm provides legal services to the Crown corporation:
 - are prohibited from directly providing any legal services to the Crown corporation;
 - are prohibited from soliciting work for the law firm from the Crown corporation or participating in any deliberations or decisions by the board regarding the selection or retention by the Crown corporation of the law firm;
 - cannot receive remuneration or benefit from their association with the Crown corporation other than remuneration for services performed as a director of the Crown corporation board, or as a member of the law firm; and
 - must take steps to restrict the flow of information within the firm to the director regarding any legal services performed by the law firm to the Crown corporation.



Existing Services Assigned to Law Firms

- Where a law firm is engaged as legal counsel to a subsidiary Crown corporation and lawyers of the law firm are serving on or are appointed to the board of the Crown corporation, the Crown corporation may continue to retain the law firm to represent the subsidiary Crown corporation on the same or substantially similar matters.

Future Services Assigned to Law Firms

- Where a law firm is engaged as legal counsel to a subsidiary Crown corporation and lawyers of the law firm are serving on or are appointed to the board of the Crown corporation:
 - any new matters (other than those matters that are substantially similar to the matters performed by the law firm) the subsidiary Crown corporation proposes to assign to the law firm must be vetted by a committee of the board or a committee of officers of the Crown corporation as may be designated by the board; and
 - all new matters assigned to the law firm must be reported to the board on a quarterly basis.
- In its deliberations regarding the assignment of new matters, the committee must give consideration to such things as the legal issues to be resolved, the knowledge of the law firm and the use and availability of alternate law firms.

Scope of the Protocol

- This Protocol is not intended to be exhaustive, nor does it supersede any other legislative, regulatory or professional requirements, duties or standards applicable to the conduct of the director.
- If an issue arises that is not addressed in the Protocol, it should be resolved within the spirit and intent of the guiding principles of the Protocol and through the exercise of sound ethical and business judgment.

Administrative Information

Contact: Senior Vice-President and General Counsel, CIC, 787-5892.

Reviewed: February 4, 2016