



Directors' Code of Conduct

Issued Date: May 1, 2000

Revised Date: August 23, 2017

AUTHORITY

The Crown Corporations Act, 1993, sections 6, 46 and 47
CIC Board Minute #141a/2017

PURPOSE

This Policy outlines the basic legal and ethical obligations of all directors appointed to serve on a Crown Investments Corporation (CIC) subsidiary Crown corporation board.

CIC is committed to maintaining the highest standards of legal and ethical conduct in all the activities of its subsidiaries to sustain the public's trust and confidence in serving the interests of all stakeholders.

The Policy is not intended to be exhaustive. If issues arise that are not covered by the Policy, they should be addressed in accordance with the general principles in this document or through the exercise of sound business and ethical judgment. Directors may seek guidance from the Crown corporation board, Ethics Advisor, subsidiary Crown corporation legal counsel or CIC. The Policy is supplementary to any statutory or common law duties and obligations, or any other standards of conduct applicable to directors.

APPLICATION

The *Policy* applies to any individual appointed to the board of directors of a CIC subsidiary Crown corporation.

PRINCIPLES

CIC subsidiary Crown corporation boards are committed to conducting business in a manner that:

- recognizes that Crown corporations are agents of the provincial government, and appreciates the role of public enterprise in the provincial economy and in the lives of Saskatchewan people;
- is socially and environmentally responsible;
- values the trust of customers, employees and stakeholders, demonstrating honesty, integrity, fairness and respect in all activities;
- operates in a businesslike and financially responsible way; and
- recognizes the directors' role within the corporation to provide leadership and direction respecting this *Policy* and any similar guidelines applicable to corporate employees.



POLICY

FIDUCIARY DUTIES

The fiduciary duties of directors originate from common law, and many of the common law duties of directors of a Crown corporation are reflected in section 46 of *The Crown Corporations Act, 1993*, (the *Act*).

Duty of Loyalty

The duty of loyalty requires directors to act honestly and in good faith, with a view to the best interests of the corporation. In the case of Crown corporations, the duty of loyalty is expanded to require consideration of the public policy and business objectives of the corporation.

Corporate Opportunities

Directors must not take personal advantage of, or use for their own benefit, commercial opportunities they learn about in the course of carrying out their duties as a director.

A director must not participate in any financial transactions, contracts, or private arrangements for personal profit, which arise from or are discovered through the director's position, authority or knowledge gained on the board, or that are based upon confidential or non-public information the director gains by reason of such position, authority or knowledge.

Duty to Protect Confidential Information

Directors are bound by their fiduciary duty to the corporation to maintain the confidentiality of information received by them in their capacity as directors, except where disclosure is authorized by the Crown corporation or is required by law. Information which is confidential, proprietary to the corporation or non-public must not be divulged to anyone other than persons who are authorized to receive the information.

Duty to Avoid Conflicts of Interest

As a fiduciary of the corporation, directors must avoid any conflict of interest, or the appearance of a conflict, by placing the interests of the Crown corporation ahead of their own personal interests, or the interests of any associate. Directors must attempt to avoid not only actual conflict, but the potential for conflict.

A director who is a party to a material contract or a proposed material contract with the Crown corporation, or who is an associate of any person who is a party to a material contract or a proposed material contract with the Crown corporation, is in a potential conflict of interest. The treatment of material contracts is addressed in section 47 of the *Act*.

Directors who engage in outside activities that call into question, or may be perceived as calling into question, their ability to carry out their duties in an impartial manner are in a potential conflict with their duty to the corporation.

This is not an exhaustive list of all potential conflicts of interest. Directors are encouraged to consult the Ethics Advisor if they require further guidance respecting the existence of a conflict or potential conflict of interest.



Act Independently of Management

Directors are expected to promote the best interests of the corporation by, among other things, exercising their independent business judgment in considering matters before the board.

The board should establish appropriate structures and procedures to assist it to exercise objective judgment on corporate affairs independently of management. At minimum, this requires that a sufficient number of directors not be employed by the corporation, and not be closely related to the corporation or its management through significant economic, commercial, banking, consulting, legal, accounting, charitable, family or other ties.

Post-Service Restrictions

Directors are subject to certain post-service restrictions after they cease to serve on a Crown board, and they must not take improper advantage of the position, authority or knowledge gained from their prior membership on the board. For example, directors must continue to observe the duty to protect confidential information once their term on the board of the Crown corporation ends, unless the director has received written authorization from the Crown corporation to disclose the information. Similarly, directors must not use corporate information or knowledge of corporate opportunities acquired as a result of their directorship for personal gain.

Saskatchewan *Lobbyist Act*

The Lobbyist Act (the legislation) regulates lobbying activities in the Province, and requires paid lobbyists to register on the Lobbyist Registry and provide details of their lobbying activities. Lobbying is broadly defined as communicating with public office holders for payment in order to influence public policy or government decisions, and it includes arranging meetings with public office holders. The legislation contains a more detailed definition of the activities that will be considered lobbying.

Members of a Crown corporation board are considered public office holders under the legislation. Each lobbyist is responsible for complying with the legislation. There are no responsibilities placed on public office holders regarding meeting with lobbyists, but the Registrar of Lobbyists recommends that public office holders periodically search the Registry to see what issues the lobbyist may raise and who else the lobbyist is meeting with.

The legislation places additional post-service restrictions on directors once their service as a member of the board ends. It stipulates that former public office holders cannot lobby the Crown corporation on whose board they served for a period of six (6) months after the date on which they ceased to be a member of the board. This “cooling-off” period minimizes the public perception that a former director is receiving preferential access to the Crown corporation.

A former public office holder may ask for an exemption from the Registrar of Lobbyists to have the cooling-off period waived, and the exemption may be granted if doing so is not contrary to the public interest.

Contravention of the legislation may result in prosecution and carries a maximum penalty of \$25,000 for a first offence and \$100,000 for each subsequent offence.

Additional information regarding *The Lobbyist Act*, including links to the legislation, can be found at www.sasklobbyregistry.ca.



LAWS, REGULATIONS, STANDARDS AND POLICIES

Directors must do their part to ensure that the Crown corporation complies with all laws, regulations, standards and policies that are applicable to the Crown corporation.

Various federal and provincial statutes impose or extend liability to directors. Other standards, policies and guidelines have been developed or adopted by CIC that require board oversight or action to ensure compliance. Directors must be satisfied that management has implemented appropriate processes and safeguards to ensure the corporation complies with such requirements.

ETHICAL GUIDELINES

Preferential Treatment/Fair Dealing

Directors must not act in their official role to assist organizations or persons in their dealings with the Crown corporation if this may result in preferential treatment to that organization or person.

Corporate Property

Directors must not use corporate property or services to pursue their private interests or the interests of an associate. Corporate property includes real and tangible items such as land, buildings, furniture, fixtures, equipment and vehicles, and intangible items such as data, computer systems, reports, information, corporate opportunities, proprietary rights, patents, trademarks, copyrights, logos, name and reputation.

Use of the Internet, Email and Electronic and Social Media

When using any corporate electronic communication devices, communicating over corporate electronic networks or discussing corporate activities over social media, directors' communications and actions must be respectful, responsible and professional. Directors must not knowingly transmit, view, generate, print, retrieve, download or store any communication or material that is inappropriate to the business environment, is illegal or is likely to reflect negatively on the Crown corporation.

Environmental Stewardship

CIC is committed to environmental stewardship in the conduct of the operations of its subsidiaries.

Directors must be satisfied that management has implemented appropriate systems, processes and safeguards to limit the impact of the corporation's operations on the environment.

Gifts, Benefits and Entertainment

Directors must not solicit or accept benefits, entertainment or gifts in exchange for, or as a condition of the exercise of, their duties or as an inducement for performing an act associated with the director's duties or responsibilities with the Crown corporation.

Public Comment

Every Crown corporation should have a policy governing the circumstances in which a director is authorized to speak publicly, where such public comment could be perceived as an official act or representation of the Crown corporation. Unless the policy states otherwise, the board chair should act as the spokesperson for the board. Directors should not speak publicly where their comments are likely to bring the Crown corporation into disrepute or adversely affect its business activities.



Political Activities

Every director is free to participate in political activities. However, any political activities must be clearly separated from activities related to the director's official position. In relation to the exercise of their duties and responsibilities, directors must remain impartial and retain the perception of impartiality.

COMPLIANCE MEASURES

Directors should be familiar with the range of actions that can be taken to respond to a conflict of interest or ethical issue. Although not exhaustive, the following is a list of actions that may be taken to remedy or avoid a conflict or ethical issue. Suggested responses may not be sufficient to respond to every conflict or ethical issue, and directors may consult with the Ethics Advisor for further guidance respecting appropriate actions.

Disclosure of Financial and Conflict of Interests

A first step in avoiding or responding to a conflict of interest is to disclose the interest. Financial assets, transactions or investments which are directly or indirectly connected to a director's work must be disclosed in writing to the Crown corporation, and the conflict of interest must be entered into the minutes of the meeting with details of the nature and the extent of the interest. Other areas referred to in the *Policy* where a conflict of interest may arise (for example, outside activities, gifts) must be disclosed to the Ethics Advisor. Directors have an ongoing obligation to inform the Ethics Advisor and corporation of any material change in their circumstances.

Abstaining from the Vote

A director who has reasonable grounds to believe that a conflict of interest, or a perceived conflict of interest, exists in a matter should, if present at a meeting of directors considering the matter:

- disclose the general nature of the conflict of interest;
- abstain from voting on the matter; and
- consult the board as to whether or not it is appropriate to leave the meeting during discussion of the matter.

Approval to Participate

Where a conflict has been disclosed by the director, the director may continue to participate in the discussion despite the conflict by obtaining the prior approval of the board. Approval to participate should be noted in the minutes of the meeting of directors.

Resignation of Other Office

Where a conflict of interest exists related to a director's appointment, office or position with another organization, and disclosure of such conflict and abstaining from voting on the related matter before the board does not resolve the conflict, the conflict may be addressed by the director resigning from the other office or position, or from the Crown board.



Material Contracts

Where a director's interests conflict or may be perceived to conflict with the interests of the corporation, the director must disclose such conflict of interest in accordance with specific statutory requirements, and any additional guidelines or standards applicable to the director.

In the case of a material contract, the director should disclose in writing to the Crown corporation, and request to have entered in the minutes of the meeting of directors, the nature and extent of the director's interest or the interest of the director's associate, in accordance with section 47 of the Act. The director must abstain from voting, and the remainder of the board should make a decision respecting the material contract.

Outside Activities

Where a director's outside activity may result in a conflict of interest, or a perception of conflict, the director should disclose the activity to the Ethics Advisor. The Ethics Advisor will determine whether a conflict or perceived conflict exists and, if so, shall advise the director to refrain from the activity or take other appropriate action to remedy the conflict or perceived conflict.

Gifts and Benefits

Directors may accept gifts, hospitality or other benefits associated with their official duties and responsibilities if such gifts, hospitality or other benefits:

- are within the bounds of propriety, a normal expression of courtesy or within the normal standards of hospitality;
- would not raise questions about the director's objectivity and impartiality; and
- do not compromise the integrity of the Crown corporation.

An improper gift or benefit should be returned to the person offering it as soon as practicable. If there is no opportunity to return an improper gift or benefit, or where the return may be perceived as offensive for cultural or other reasons, the gift or benefit must, as soon as practicable, be disclosed and turned over to the Crown corporation to make a suitable disposition of the item

Post Service Restrictions

Crown boards may ask directors to sign confidentiality agreements to govern the use of confidential information after the director ceases to be a member of the board. When a director leaves a Crown board, the corporation should remind the director in writing of the director's responsibility not to use confidential information or take improper advantage of knowledge gained due to the directors' previous position with the Crown board.

ADMINISTRATION AND ENFORCEMENT OF GUIDELINES

The board of directors is responsible for ensuring that individual directors comply with this *Policy*. Each Crown board will designate an Ethics Advisor to administer, monitor and enforce the *Policy*. The Ethics Advisor may consist of one director, the board as a whole or a committee of the board.



The Ethics Advisor:

- provides central responsibility for administering these guidelines;
- advises directors on conflicts of interest, including actions for avoiding a conflict of interest; and
- monitors and reports annually to the board concerning compliance with the *Policy*.

Boards shall ensure that the Ethics Advisor is empowered to initiate an investigation of any breach of the *Policy*.

Allegations of Wrongdoing

Directors have a duty to report to the Ethics Advisor, board chair or President & CEO of the corporation any activity which:

- they believe contravenes the law;
- represents a breach of the *Policy* or the Crown corporation's code of conduct or conflict of interest guidelines;
- represents a misuse of Crown corporation funds or assets; or
- represents a danger to public health, safety or the environment.

Crown corporations and boards shall treat any reports of such wrongdoing in confidence unless disclosure of the information is authorized and permitted by law. Directors shall not be subject to reprisals for bringing forward, in good faith, any allegation of wrongdoing.

WAIVER OF THE *POLICY*

In very limited circumstances, the Crown board may waive application of the *Policy*. Where such waiver is granted, it requires the express approval of the Ethics Advisor and the Crown board, and the waiver must be disclosed to CIC.

CONSEQUENCES OF A BREACH

In the event of a breach of the legislation or the *Directors' Code of Conduct*, or a failure to remedy or disclose a conflict of interest, the consequences should reflect the nature, magnitude and seriousness of the breach. The following are examples of possible consequences for a director found to be in breach of this *Code*:

- the director may be offered the opportunity to resign from the Crown board;
- the director's appointment to the board may be terminated;
- the director may be required to make full restitution to the Crown corporation;
- the Crown corporation may consider taking legal action against the director; or
- if in breach of the law, the director's action will be reported to the proper authority.

This is not an exhaustive list, and does not preclude any other course of action that might be available to government or the Crown corporation for a breach of the *Policy*.



ANNUAL ATTESTATION

Annually, each director shall review and reaffirm their commitment to and compliance with the *Directors' Code of Conduct* by completing and submitting to the Crown corporation a written statement substantially in the following form:

"I acknowledge that I have read and understand the *Directors' Code of Conduct* and that I agree to conduct myself in accordance with the provisions in the *Directors' Code of Conduct*."

Signature of Director

Date:

Signature of Witness

Date:

EFFECTIVE DATE

The *Policy* is effective on August 23, 2017.

Administrative Information:

Contact: Director, Corporate Secretariat, CIC, 306-787-5907.