

CODE OF CONDUCT FOR DIRECTORS

Effective April 8, 2017

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Code of Conduct for Directors

1 Purpose

- 1.1 The purpose of this document, and related policies such as the Whistle Blower Policy and the Bullying and Harassment Policy, are to establish a code of conduct that is expected and required of all members of the Board of Directors of Columbia Basin Trust and/or a subsidiary (Trust). Integrity and honesty are essential to the success of the Trust in achieving its mission in the Basin region.
- 1.2 These standards are in addition to any statutory or common law duties and obligations and policies applicable to Directors.

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2 Definitions

- 2.1 Private Interest – A Private Interest is not limited to a financial interest or economic advantage and can include any interest that personally benefits a Director. A Private Interest does not include an interest that:
- 2.1.1 Applies to the general public;
 - 2.1.2 Affects an individual as a member of a broad class of the public (for example, a Director can be expected to have the same interest in a matter related to his or her local community as other residents of that community);
 - 2.1.3 Concerns the remuneration and benefits of the Director; or
 - 2.1.4 Concerns an interest described in sections 5.6.5 and 5.6.6.
- 2.2 Related Party – A Related Party means a spouse, child, parent, sibling, friend, associate or other people connected to a Director by frequent or close association.
- 2.3 Confidential Information – Confidential Information includes proprietary, technical, financial, legal, or any other information which the Trust treats as confidential, with the exception of information that is already within the public domain or information that Directors are required to disclose by law.
- 2.4 Outside Interest - refers to ownership, membership on a board of directors or engagement as an advisor or consultant or as an active member of staff in any position.
- 2.5 Political Activity – refers to:
- 2.5.1 Carrying on any activity in support of, or in opposition to a political party within the provincial or federal government;
 - 2.5.2 Carrying on any activity in support of, or in opposition to a provincial or federal government candidate before or during an election period; or
 - 2.5.3 Seeking nomination as, or being a candidate in a provincial or federal election.

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3 Duties

- 3.1 The common law duties of directors which are generally applicable to Trust Directors can be summarized as follows:
- 3.1.1 Duty of Loyalty – Directors must act honestly, in good faith and in the best interests of the Trust.
 - 3.1.2 Duty to Comply – Directors must comply with the letter and spirit of all applicable laws. Directors must also comply with this Code of Conduct, other Trust policies and the *Columbia Basin Management Plan*.
 - 3.1.3 Duty to Avoid Conflicts – Directors should attempt to avoid putting themselves in a position where their personal interests or their duties to another body interfere with their duties to the Trust. Where it is not possible for a Director to avoid a conflict, the conflict of interest will be addressed by the Trust in accordance with this Code of Conduct. Directors must disclose any real or apparent conflict of interest to the Trust.
 - 3.1.4 Duty of Care – Directors owe a duty of care to the Trust and must exercise the degree of skill and diligence reasonably expected from an ordinary person of his or her knowledge or experience.
 - 3.1.5 Duty of Confidence – Directors must not disclose confidential information which could harm the interests of the Trust.
 - 3.1.6 Duty to Maintain Unfettered Discretion – Directors must not bind themselves to vote in a certain way with respect to future board decisions.
 - 3.1.7 Duty Not to Compete – Directors must not directly or indirectly compete with the Trust, except as permitted by the Trust.
 - 3.1.8 Duty to Exercise Powers for a Proper Purpose – In exercising their powers, Directors must serve a proper purpose of the Trust and not some other cause.
 - 3.1.9 Use of Corporate Property, Opportunities or Information – Directors must not use the property, opportunities or information of the Trust for their personal benefit.
- 3.2 This Code is intended to expand on these duties and what they require in the context of the purpose, operations and unique circumstances of the Trust.

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4 Conflicts of Interest

- 4.1 Directors must not exercise discretion, influence or authority as a Director in circumstances in which their Private Interests and those of the Trust are in a real or apparent conflict of interest.
- 4.2 A conflict of interest exists when the Director, in acting in his or her capacity as a Director, has the opportunity to further his or her Private Interest.
- 4.3 An apparent conflict of interest exists when a well-informed person could reasonably perceive that a Director's ability to act in the best interests of the Trust could be influenced or compromised by his or her Private Interest.
- 4.4 Directors must disclose all circumstances that could constitute an actual or apparent conflict of interest as soon as possible. Directors will make their disclosure to the Board Chair (or Committee Chair if the conflict arises at a Board Committee meeting). In the case of the Trust Chair, disclosure will be made to the Vice Chair. In the case of a Chair of a subsidiary company, disclosure will be made to the President and CEO.
- 4.5 If a Director is concerned that another Director may be in a conflict of interest situation, the concerned Director shall bring his or her concern to the attention of the Director in question, or to the Board of Directors. Following discussion, if the Director is still concerned that a conflict may exist, he or she shall request that the conflict be declared. If the other Director refuses to declare the conflict, the Director shall bring his or her concern to the attention of the Board Chair. If the concern is about the Board Chair, the issue shall be referred to the Executive Committee.
- 4.6 If the Board finds that a Director is in an actual or apparent conflict of interest, and that Director disagrees, the Board may decide that steps outlined in Section 5 of this Code must be taken.
- 4.7 The following are examples of situations in which a Director would be in a conflict of interest:
- participating in discussions of, and decision on, a potential investment by the Trust in a company in which the Director is either a significant shareholder, member of the Board of Directors or an officer;
 - participating in discussions of, and decision on, an application for a grant to a non-profit organization for which the Director sits on the Board of Directors;
 - participating in discussions of, and decision on, an application for a grant from a municipality for which the Director is the Mayor or Councillor; and
 - influencing or participating in a decision of the Trust that will directly or indirectly result in the Director's own financial gain.
- 4.8 The following are examples of situations in which a Director would not be in a conflict of interest:
- any Director who is an elected member of a local government would not be in a conflict of interest by participating in discussions and decisions on broad policy matters, such as the Community Initiatives Program, which may benefit the local

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- government for which they are an elected member, given that the decision will affect a broad class of the general public; and
- any Director nominated by a Regional District or the Ktunaxa Nation Council to the Trust Board of Directors may participate in discussions and decisions on applications for grants from his or her nominating party, given that, under the common law, a conflict of interest does not exist where there is a statutory scheme for nominating and appointing directors as set out in the *Columbia Basin Trust Act*.

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5 Disclosure

- 5.1 Subject to Section 5.5, after disclosing the actual or apparent conflict of interest, Directors must:
- 5.1.1 Abstain from taking part in the discussion, voting or any other action which could impact the outcome of the matter for which they have a conflict;
 - 5.1.2 Not attend any part of the meeting during which the matter is under consideration;
 - 5.1.3 Not attempt in any way, whether before, during or after a meeting, to influence decision-making on any question related to the matter; and
 - 5.1.4 Not receive any briefing or minutes of the discussion that took place on the matter, where the provision of such information to a Director could reasonably be considered to be harmful to the Trust.
- 5.2 When a disclosure of conflict of interest is made at a meeting, the person taking the minutes must record:
- 5.2.1 The Director's disclosure;
 - 5.2.2 The reasons given for it; and
 - 5.2.3 The Director's absence from the meeting during the discussion of the matter for which they have a conflict.
- 5.3 If the conflict arises when a meeting is not in session, Directors must disclose the circumstances of the conflict in writing to the Trust.
- 5.4 If a Director does not become aware of a conflict until after decision-making is complete, he or she is still required to disclose the conflict.
- 5.5 In circumstances where a Director is uncertain whether a particular circumstance constitutes an actual or apparent conflict of interest, or where the actual or apparent conflict of interest is not of a type that could reasonably be expected to have any influence on his or her judgement, he or she may seek guidance from the entire Board, or if the question arises as a result of business before a Board Committee, from the entire Committee. Following the disclosure or request for guidance, the Board or the Committee may determine that some or all of the procedures in this Section are not applicable or appropriate. Any such decision must be recorded in the minutes of the meeting.

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- 5.6 The following is intended to provide more guidance on conflicts of interest but does not include all possible conflict of interest situations that may arise.
- 5.6.1 Directors must not exercise any decision-making power resulting from their Trust duties which could bring about financial benefit to their Private Interests.
 - 5.6.2 Directors must not enter into personal contracts or transactions, where to do so could be in conflict with the best interests of the Trust.
 - 5.6.3 Directors must not divert a business opportunity to themselves, or to a Related Party, or engage in such a transaction if the Trust is considering pursuing the opportunity, or has considered pursuing the opportunity.
 - 5.6.4 A Director cannot apply for, or accept employment, at the Trust during his or her term on the Board.
 - 5.6.5 Half of the Directors of the Trust are nominated by each of the Regional Districts in the Basin, as well as the Ktunaxa Nation Council. These Directors may participate in discussions and vote on matters which impact their respective nominating bodies, except where their participation would be inconsistent with the duties and guidelines articulated in this Code.
 - 5.6.6 A Director appointed without nomination by a Regional District or the Ktunaxa Nation Council, who is also an elected official, may not be able to participate in discussions and vote on matters which directly impact the local government body on which he or she sits.

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6 Confidentiality

- 6.1 Directors must not disclose Confidential Information learned as a result of their Trust duties, except as necessary for the performance of those same duties. Directors must continue to maintain information in confidence after the termination of their involvement with the Trust.
- 6.2 Directors must not use Confidential Information gained through their association with the Trust in order to further their own Private Interests or those of a Related Party.
- 6.3 If in doubt about what is considered confidential, a director should seek guidance from the Board Chair or the President and CEO.

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7 Use of Trust Property

- 7.1 Trust assets must not be misappropriated for personal use by Directors. Directors are entrusted with the care, management and cost-effective use of Trust property, including the use of the Trust's name, and should not make significant use of these resources for their own personal benefit or purposes.
- 7.2 Directors should ensure that all Trust property assigned to them is maintained in good condition and should be able to account for such property.
- 7.3 Directors must not dispose of Trust property except in accordance with guidelines established by the President and CEO.

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8 Gifts or Favours

- 8.1 Directors and members of their immediate families must not offer gifts or favours in order to secure preferential treatment for the Directors or the Trust.
- 8.2 A Director, and members of his or her immediate family, must not solicit or accept benefits, entertainment, gifts, or other favours in exchange for, or as a condition of, the exercise of his or her duties or responsibilities with the Trust. A Director may generally accept gifts, hospitality or other benefits associated with the performance of their duties if:
- 8.2.1 The gift would be considered to be within the bounds of propriety, taking into account all of the circumstances of the occasion;
 - 8.2.2 The exchange would not bring suspicion on the Director's objectivity and impartiality;
 - 8.2.3 It does not occur frequently;
 - 8.2.4 It does not or is not expected to create an obligation; and
 - 8.2.5 It would not compromise the integrity of the Trust.
- 8.3 Directors must ask any organization or individual offering an inappropriate gift or favour to cease.
- 8.4 Inappropriate gifts should be returned by the Director to the donor as soon as possible. If there is no opportunity to return the inappropriate gift, the gift must be immediately disclosed to the Chair or President and CEO, and the gift must be turned over to the Trust for suitable disposal of the item.

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9 Outside Interests and Employment and Conflicts of Duties

- 9.1 Directors must declare possible conflicting Outside Interests at the time of their appointment, and on an annual basis thereafter. This declaration can be satisfied by filling out and signing the Form of Declaration attached as Appendix 1 of this Code.
- 9.2 A Director may hold a substantial Outside Interest (either directly or through a Related Party) in another organization where, by virtue of his or her Trust position, a Director could benefit that organization by influencing Trust decisions, provided that such Outside Interests are disclosed to the Trust. The Director must still comply with the provisions of this Code.
- 9.3 Directors who have been nominated to the Board by a group continue to owe a duty of loyalty to the Trust and when their duties conflict with the wishes of the group, their primary duty remains to act in the best interest of the Trust.
- 9.4 Directors may also owe duties as directors, officers or fiduciaries for other organizations. Directors should attempt to avoid putting themselves in positions where their duties to such other organizations are likely to conflict with their duties to the Trust. The fact that a Director has conflicting duties will not in any way mitigate the duties that the Director owes to the Trust. In circumstances where the conflict cannot be resolved, the Director may have no other alternative but to resign from one or both positions.

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10 Breach

- 10.1 A Director must report to the Chair any activity concerning the Trust which:
- 10.1.1 He or she believes breaches this Code of Conduct;
 - 10.1.2 Represents a real or apparent conflict of interest;
 - 10.1.3 He or she believes contravenes the law;
 - 10.1.4 Represents a misuse of Trust funds or property; or
 - 10.1.5 Represents a danger to public health, safety or the environment.
- 10.2 Any such report will be treated confidentially, to the extent possible. A Director who, in good faith, has reported any of the above activities with respect to another Director will not suffer any adverse consequences from the Trust as a result.
- 10.3 A Director's failure to adhere to this Code of Conduct could result in recommended removal from the Board.

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11 Exemption

- 11.1 In extraordinary circumstances and where it is clearly in the best interests of the Trust to do so, the Board may exempt a Director from a requirement of this Code, allowing the continuation of circumstances that otherwise would be an actual or apparent conflict of interest under the Code.
- 11.2 A Director requesting an exemption must provide a full disclosure of circumstances related to the matter. Disclosure must include:
 - 11.2.1 Citing the provision of the Code from which the exemption is requested;
 - 11.2.2 A full and complete statement of all material and relevant circumstances related to the request; and
 - 11.2.3 The reasons the Director believes it may be appropriate for the Trust to grant the exemption.
- 11.3 The Board may attach conditions to the exemption granted. Each year, the number of exemptions granted under the Code will be posted by the Trust on its website, with further information available to the public upon request.

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12 Declaration

- 12.1 Each Director must agree to annually declare their familiarity with, and agreement to comply with, this Code of Conduct, and must also disclose a list of all Outside Interests.

13 Political Activity

- 13.1 It is in the best interest of the Trust that it not engage in Political Activities or align with a political party. Accordingly, Directors should restrict their active engagement in Political Activities unless doing so would not impair, or be perceived as impairing, the Director's ability to perform his or her duties in a politically impartial manner.
- 13.2 Directors must not use Trust materials, marketing, or any other Trust asset or resource in support of their Political Activities. Directors are expected to make efforts to transparently communicate the distinction between Political Activities undertaken as a private citizen, from their role as a Trust Director.
- 13.3 Any Director wishing to actively engage in Political Activities is expected to seek the guidance of the Trust Chair or Trust CEO in advance.

Form of Declaration by Directors

I acknowledge that I have read and considered the Code of Conduct for Directors and agree to conduct myself in accordance with the Code of Conduct for Directors.

Name (please print): _____

Title: _____

Signature: _____

Date: _____

List of all Outside Interests
