



## **STANDARDS OF ETHICAL CONDUCT FOR DIRECTORS OF PAVCO**

The fundamental relationship between a director and PavCo is one of trust. Essential to trust is a commitment to honesty and integrity. Ethical conduct within this relationship imposes certain obligations.

Minimum standards of ethical conduct are expected of all directors appointed by the Province of British Columbia to public sector organizations, including PavCo.

### **1. COMPLIANCE WITH THE LAW**

- a. Directors shall act at all times in full compliance with both the letter and the spirit of all applicable laws.
- b. In his/her relationship with PavCo, no director shall commit or condone an unethical or illegal act or instruct another director, employee, or supplier to do so.
- c. Directors are expected to be sufficiently familiar with any legislation that applies to their work to recognize potential liabilities and to know when to seek legal advice. If in doubt, directors are expected to ask for clarification.
- d. Falsifying any record of transactions is unacceptable.
- e. Directors shall not only comply fully with the law, but shall also avoid any situation which could be perceived as improper or indicate a casual attitude towards compliance.

### **2. CONFLICTS OF INTEREST**

- a. In general, a conflict of interest exists for directors who use their position at PavCo to benefit themselves, friends or families.
- b. A director shall not use his or her position with PavCo to pursue or advance the director's personal interests, the interests of an Associate, or the interests of a person to whom the director owes an obligation. "Associate" shall mean:

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- i. Any person closely connected with that person by blood or otherwise and includes a spouse (including common-law spouse), parent, grandparent, brother, sister, child, grandchild and in-law of that person and any other relative of that person or of his or her spouse;
  - ii. a trust or estate in which that person, or a person who is an Associate of that person, has a substantial beneficial interest, or in which that person serves as a trustee; or
  - iii. a business, firm, corporation, joint venture or partnership in which that person, or a person who is an Associate of that person, beneficially owns, directly or indirectly, any share(s).
- c. A director shall not directly or indirectly benefit from a transaction with PavCo over which the director can influence decisions made by PavCo.
- d. A director shall not take personal advantage of an opportunity available to PavCo unless PavCo has clearly and irrevocably decided against pursuing the opportunity, and the opportunity is also available to the public.
- e. A director shall not use his or her position with PavCo to solicit clients for the director's business, or a business operated by a close friend, family director, business associate, corporation, union or partnership of the director, or a person to whom the director owes an obligation.
- f. Every director shall avoid any situation in which there is, or may appear to be, potential conflict<sup>1</sup> which could appear<sup>2</sup> to interfere with the director's judgment in making decisions in PavCo's best interest.
- g. There are several situations that could give rise to a conflict of interest. The most common are accepting gifts, favours or kickbacks from suppliers, close or family relationships with outside suppliers, passing confidential information to competitors or other interested parties or using privileged information inappropriately. The following are examples of the types of conduct and situations that can lead to a conflict of interest:
  - i. influencing PavCo to lease equipment from a business owned by an Associate of the director;
  - ii. participating in a decision by PavCo to hire or promote an Associate of the director;

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<sup>1</sup> "conflict" means a conflict of interest or apparent conflict of interest

<sup>2</sup> "apparent" conflict of interest means any situation where it would appear to a reasonable person that the director is in a conflict of interest situation

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- iii. influencing PavCo to make all its travel arrangements through a travel agency owned by an Associate of the director;
  - iv. influencing or participating in a decision of PavCo that will directly or indirectly result in the director's or Associate's own financial gain.
- h. A director shall fully disclose all circumstances that could conceivably be construed as conflict of interest.

### **3. DISCLOSURE**

- a. Every director shall within sixty (60) days of his or her appointment and annually thereafter, complete and file with the Compliance Officer, a Disclosure Statement in the form prescribed by the Audit and Finance Committee. It is the responsibility of each director to ensure that the information provided in the Disclosure Statement is kept current and is amended from time to time as any change in the information to be disclosed occurs. Full disclosure enables directors to resolve unclear situations and gives an opportunity to eliminate conflicting interests before any difficulty can arise.
- b. A director shall, immediately upon becoming aware of a potential conflict of interest situation, disclose the conflict in writing to the Audit and Finance Committee. This requirement exists even if the director does not become aware of the conflict until after a transaction is complete.
- c. If a director is in doubt whether a situation involves a conflict, the director shall immediately seek the advice of the Audit and Finance Committee. If appropriate, the Audit and Finance Committee shall seek advice from PavCo's Compliance Officer or legal advice.
- d. Unless a director is otherwise directed, a director shall immediately take steps to resolve the conflict or remove the suspicion that it exists.
- e. If a director is concerned that another director is in a conflict of interest situation, the director shall immediately bring his or her concern to the other director's attention and request that the conflict be declared. If the other director refuses to declare the conflict, the director shall immediately bring his or her concern to the attention of the Audit and Finance Committee.
- £. If a member of the Audit and Finance Committee is the subject of any matter(s) being discussed or resolved by the Audit and Finance Committee pursuant to this Policy, such member shall not attend the meeting(s) or portions of the meeting(s) where such matter(s) are discussed or resolved, and the Chair shall appoint another director to take the place of such member on the Audit and Finance Committee when such matter(s) are discussed or resolved.

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- g. A director shall also disclose the nature and extent of any conflict at the first meeting of the board after which the facts leading to the conflict have come to that director's attention. After disclosing the conflict, the director:
  - i. shall not take part in the discussion of the matter or vote on any questions in respect of the matter (although the director may be counted in the quorum present at the board meeting);
  - ii. if the meeting is open to the public, may remain in the room, but shall not take part in that portion of the meeting during which the matter giving rise to the conflict is under discussion, and shall leave the room prior to any vote on the matter giving rise to the conflict;
  - iii. shall, if the meeting is not open to the public, immediately leave the meeting and not return until all discussion and voting with respect to the matter giving rise to the conflict is completed; and
  - iv. shall not attempt, in any way or at any time, to influence the discussion or the voting of the Board on any question relating to the matter giving rise to the conflict.

#### **4. ADMINISTRATION AND RESOLUTION**

- a. The Audit and Finance Committee has the responsibility for the administration and resolution of any matters arising out of this policy.
- b. The Audit and Finance Committee shall appoint the Compliance Officer and may give the Compliance Officer such powers as the Audit and Finance Committee desires and may at any time revoke, modify or add to any powers given. The Compliance Officer shall, in addition to doing that which is required:
  - i. ensure that every Director and Employee files a Disclosure Statement at the prescribed time,
  - ii. submit to the chair of the Audit and Finance Committee, along with the copies of the Disclosure Statements, a summary of apparent conflicts and make a presentation to the Audit and Finance Committee of such items that may require resolution,
  - iii. on an ongoing basis review the contracts and transactions of PavCo for apparent conflicts, and
  - iv. do such other things as he or she is instructed to do by the Audit and Finance Committee.

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## 5. OUTSIDE BUSINESS INTERESTS

- a. Directors shall declare possible conflicting outside business activities at the time of appointment. Notwithstanding any outside activities, directors are required to act in the best interest of PavCo.
- b. No director shall hold a significant financial interest<sup>3</sup> either directly or through an Associate, or hold or accept a position as an officer or director in an organization in a material relationship with PavCo, where by virtue of his or her position in PavCo, the director could in any way benefit the other organization by influencing the purchasing, selling or other decisions of PavCo, unless that interest has been fully disclosed in writing to PavCo. This also applies to interests in companies that may compete with PavCo in all of its areas of activity.
- c. Directors who have been selected to the board to represent a stakeholder group or region owe the same duties and loyalty to PavCo and when their duties conflict with the wishes of the stakeholder or constituent, their primary duty remains to act in the best interests of PavCo.

## 6. CONFIDENTIAL INFORMATION

- a. Confidential information includes proprietary technical, business, financial, legal, or any other information that PavCo treats as confidential.
- b. Directors shall not either during or following the termination of an appointment disclose such information to any outside person unless authorized.
- c. Directors shall never disclose or use confidential information gained by virtue of their association with PavCo for personal gain, or to benefit friends or Associates.
- d. If in doubt about what is considered confidential, a director shall seek guidance from the board chair or the Compliance Officer.

## 7. INVESTMENT ACTIVITY

- a. Directors shall not, either directly or through Associates, acquire or dispose of any interest including publicly traded shares, in any company while having undisclosed confidential information obtained in the course of work at PavCo which could reasonably affect the value of such securities.

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<sup>3</sup> A "significant financial interest" is any interest substantial enough that decisions of PavCo could result in a personal gain for the director

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### **8. TRANSACTIONS ENTERED INTO ON BEHALF OF THE CORPORATION**

- a. No contract or transaction may be entered into, by a Director, on behalf of PavCo with a government person, or an associate thereof, unless approved by the Audit and Finance Committee.

### **9. OUTSIDE EMPLOYMENT OR ASSOCIATION**

- a. A director who accepts a position with any organization that could lead to a conflict of interest or situation prejudicial to PavCo's interests shall discuss the implications of accepting such a position with the Audit and Finance Committee recognizing that acceptance of such a position might require the director's resignation from PavCo's board.

### **10. ENTERTAINMENT, GIFTS AND FAVOURS**

- a. It is essential to fair business practices that all those who associate with PavCo, as suppliers, contractors or directors, have access to PavCo on equal terms.
- b. Directors and their Associates shall not accept entertainment, gifts or favours that create or appear to create a favoured position for doing business with PavCo. Any firm offering such inducement shall be asked to cease.
- c. No director shall offer or solicit gifts or favours in order to secure preferential treatment for themselves, their Associates, or PavCo.
- d. Under no circumstances shall directors offer or receive cash, preferred loans, securities, or secret commissions in exchange for preferential treatment. Any director experiencing or witnessing such an offer shall report the incident to the Audit and Finance Committee immediately.
- e. Gifts and entertainment shall only be accepted or offered by a director in the normal exchanges common to established business relationships for PavCo. An exchange of such gifts shall create no sense of obligation on the part of the director.
- f. Inappropriate gifts received by a director shall be returned to the donor. Full and immediate disclosure to the Audit and Finance Committee of borderline cases will always be taken as good-faith compliance with these standards.

### **11. USE OF THE ORGANIZATION'S PROPERTY**

- a. A director shall require PavCo's approval to use property owned by PavCo for personal purposes, or to purchase property from PavCo unless the purchase is made through the usual channels also available to the public.

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- b. A director shall not purchase property owned by PavCo if that director is involved in an official capacity in some aspect of the sale or purchase.

### **12. RESPONSIBILITY**

- a. PavCo shall behave, and be perceived, as an ethical organization.
- b. Each director shall adhere to the minimum standards described herein and in PavCo's code of conduct, and to the standards set out in applicable policies, guidelines or legislation.
- c. Integrity, honesty, and trust are essential elements of PavCo's success. Any director who knows or suspects a breach of PavCo's code of conduct and ethics has a responsibility to report it to the Audit and Finance Committee.
- d. To demonstrate determination and commitment each director shall review and declare compliance with PavCo's code of conduct and ethics annually.

### **13. BREACH**

- a. A director found to have breached his/her duty by violating the minimum standards set out in this document may be liable to censure or a recommendation for dismissal to the Government.

### **14. WHERE TO SEEK CLARIFICATION**

- a. The Audit and Finance committee or Compliance Officer is responsible to provide guidance on any item concerning standards of ethical behaviour.

**B.C. PAVILION CORPORATION (PAVCO)  
CONFLICT OF INTEREST & RELATED PARTY TRANSACTIONS  
DISCLOSURE STATEMENT FOR DIRECTORS**

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*GUIDELINES:*

1. *This Disclosure Statement is made pursuant to the Policy on STANDARDS OF ETHICAL CONDUCT FOR DIRECTORS OF PAVCO and reference should be made to the Policy for definitions of terms.*
  2. *All portions of this Disclosure Statement must be completed. If the answer is "none" or "nil", it should be so indicated.*
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TO: THE COMPLIANCE OFFICER, PAVCO

The following is, to the best of my knowledge, a complete and full disclosure of the current interests of myself and of my Associates. I acknowledge that it is my responsibility to ensure that the information provided herein is kept current and is amended as any change in the information occurs.:

A. Nature and extent of interest in any existing or proposed transaction with PavCo:

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B. Offices held in or employment with any business, firm, corporation or organization whereby an interest may be created which conflicts or may conflict with my duty as a Director of PavCo:

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C. Ownership or possession of any interest in any business, firm, corporation or property whereby an interest may be created which conflicts or may conflict with my duty as a Director of PavCo:

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I ACKNOWLEDGE that I have read and considered the Standards of Ethical Conduct for Directors of PavCo and agree to conduct myself in accordance with the Standards of Ethical Conduct for Directors of PavCo .

Dated this \_\_\_\_\_ of \_\_\_\_\_, 20\_\_\_\_\_.

Name:

Signature: