

**CODE OF CONDUCT FOR DIRECTORS  
OF COLUMBIA BASIN TRUST**

September 2008

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## **1 Purpose**

- 1.1 The purpose of this document is to establish a code of conduct expected and required of all members of the Board of Directors of Columbia Basin Trust. Integrity and honesty are essential to the success of Columbia Basin Trust in achieving its mission in the Columbia Basin region.
- 1.2 These standards are in addition to any statutory or common law duties and obligations and policies applicable to Directors.

## 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 5.5.5 and 5.5.6.
- 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 CBT 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 of a board of directors or engagement as an advisor or consultant or as an active member of staff in any position.

### **3 Duties**

3.1 Duties of Directors to CBT include, but are not limited to the following:

3.1.1 Duty of Loyalty – Directors must act honestly, in good faith and in the best interests of CBT.

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 CBT policies and the *Columbia Basin Management Plan*.

3.1.3 Duty to Disclose – Directors must disclose any real or apparent conflict of interest to CBT.

3.1.4 Duty of Care – Directors owe a duty of care to CBT and must exercise the degree of skill and diligence reasonably expected from an ordinary person of his or her knowledge or experience.

## 4 Conflicts of Interest

- 4.1 In performing their duties, Directors must not put themselves in a position in which their Private Interests and those of CBT are in a real or apparent conflict of interest, and must do their utmost to avoid such a situation.
- 4.2 A conflict of interest exists when the Director is performing a duty to CBT and in doing so has the opportunity to further his or her Private Interest.
- 4.3 An apparent conflict of interest exists when a reasonably well informed person could perceive that a Director's ability to perform a duty was or will be affected 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).
- 4.5 A Director should seek guidance from the Board Chair or the entire Board if he or she is uncertain as to whether particular circumstances constitute an actual or apparent conflict of interest.
- 4.6 If a Director is concerned that another Director may be in a conflict of interest situation, the Director shall bring his or her concern to the other Director's attention. 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.
- 4.7 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.
- 4.8 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 CBT in a company in which the Director is either a 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 or is the Mayor or Councillor; and
  - influencing or participating in a decision of CBT that will directly or indirectly result in the Director's own financial gain.

4.9 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 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 CBT 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*.

## 5 Disclosure

- 5.1 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, except for being notified of the ultimate outcome or decision reached.
- 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 time of the Director's departure from the meeting room and, if applicable, the time of his or her return.
- 5.3 If the conflict arises when a meeting is not in session, Directors must disclose the circumstances of the conflict in writing to CBT.
- 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 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.
- 5.5.1 Directors must not exercise any decision-making power resulting from their CBT duties which could bring about financial benefit to their Private Interests.
- 5.5.2 Directors must not enter into personal contracts or transactions where to do so could be in conflict with the best interests of CBT.
- 5.5.3 Directors must not divert a business opportunity to themselves or to a Related Party, or engage in such a transaction if CBT is considering pursuing the opportunity, or has considered pursuing the opportunity.
- 5.5.4 A Director cannot apply for or accept employment at CBT during his or her term on the Board.
- 5.5.5 Half of the Directors of CBT are nominated by each of the Regional Districts in the Columbia 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.
- 5.5.6 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.

## **6 Confidentiality**

- 6.1 Directors must not disclose Confidential Information learned as a result of their CBT duties, except as necessary for the performance of their duties. Directors must continue to maintain information in confidence after the termination of their involvement with CBT.
- 6.2 Directors must not use Confidential Information gained through their association with CBT 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 CEO.

## **7 Use of CBT Property**

- 7.1 CBT assets must not be misappropriated for personal use by Directors. Directors are entrusted with the care, management and cost-effective use of CBT's property, including the use of CBT'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 CBT 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 CBT property except in accordance with guidelines established by the CEO and/or the Director of Finance & Operations.

## **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 CBT.
- 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 CBT. 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 CBT.
- 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, and the gift must be turned over to CBT for suitable disposal of the item.

## **9 Outside Interests and Employment**

- 9.1 Directors must declare possible conflicting Outside Interests at the time of their appointment, and on 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 CBT position, a Director could benefit that organization by influencing CBT decisions, provided that such Outside Interests are disclosed to CBT. The Director must, however, still comply with the conflict of interest 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 CBT and when their duties conflict with the wishes of the group, their primary duty remains to act in the best interest of CBT.

## 10 Breach

10.1 A Director must report to the Chair any activity concerning CBT 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 CBT 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 CBT as a result.

10.3 A Director's failure to adhere to this Code of Conduct could result in recommended removal from the Board.

## 11 Exemption

11.1 In extraordinary circumstances and where it is clearly in the best interests of CBT 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 CBT 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 CBT on its website, with further information available to the public upon request.

## **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.

## Appendix 1

### Form of Declaration by Directors

I acknowledge that I have read and considered the Code of Conduct for Directors of the Columbia Basin Trust 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

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