

**CODE OF CONDUCT AND CONFLICT OF INTEREST GUIDELINES
FOR DIRECTORS**

1. INTRODUCTION

The fundamental relationship between each director and the Authority must be one of trust; essential to trust is a commitment to honesty and integrity. Ethical conduct within this relationship imposes certain obligations.

2. COMPLIANCE WITH THE LAW

- (a) The Authority directors must act at all times in full compliance with both the letter and the spirit of all applicable laws.
- (b) In his/her relationship with the Authority, 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) The Authority is continually under public scrutiny. Therefore, directors must not only comply fully with the law, but must also avoid any situation which could be perceived as improper or indicate a casual attitude towards compliance.

3. CONFLICTS OF INTEREST

- (a) In general, a conflict of interest exists for directors who use their positions at the Authority to benefit themselves, friends or families.
- (b) A director must not use his or her position with the Authority to pursue or advance the director's personal interests, the interests of a related person¹, director's business associate, corporation, union or partnership, or the interests of a person to whom the director owes an obligation.
- (c) A director must not directly or indirectly benefit from a transaction with the Authority over which a director can influence decisions made by the Authority.

¹ *related person* means a spouse, child, parent or sibling of a director who resides with that director.

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- (d) A director must not take personal advantage of an opportunity available to the Authority unless the Authority has clearly and irrevocably decided against pursuing the opportunity, and the opportunity is also available to directors or the public.
- (e) A director must not use his or her position with the Authority 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 must avoid any situation in which there is, or may appear to be, potential conflict² which could appear³ to interfere with the director's judgment in making decisions in the Authority'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 and 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 the Authority to lease equipment from a business owned by the director's spouse.
 - (ii) Influencing the Authority to allocate funds so an employer in the Authority's geographic area will need to hire more Laboratory Technologists, when the director's relative is an unemployed Laboratory Technologist living in that area.
 - (iii) Influencing the Authority to direct funds to an institution where the director or a related party works or is involved.
 - (iv) Participating in a decision by the Authority to hire or promote a relative of the director.

² *conflict* means a conflict of interest or apparent conflict of interest

³ *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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- (v) Influencing the Authority to make all its travel arrangements through a travel agency owned by a relative of the director.
- (vi) Influencing or participating in a decision of the Authority that will directly result in the director's own financial gain.
- (h) The Authority requires full disclosure of all circumstances that could conceivably be construed as conflict of interest.

4. DISCLOSURE

- (a) Full disclosure enables directors to resolve unclear situations and gives an opportunity to dispose of conflicting interests before any difficulty can arise.
- (b) A director must, immediately upon becoming aware of a potential conflict of interest situation, disclose the conflict in writing to the Board Chair, or in the absence of the Board Chair to the Chair of the Governance & Human Resources 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 must immediately seek the advice of the Board Chair, or in the absence of the Board Chair, the Chair of the Governance & Human Resources Committee. It may also be appropriate to seek legal advice.
- (d) Unless a director is otherwise directed, a director must 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 must 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 must immediately bring his or her concern to the attention of the Board Chair, or in the absence of the Board Chair to the Chair of the Governance & Human Resources Committee. If there is a concern with the Board Chair, the issue should be referred to the Chair of the Governance & Human Resources Committee.

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- (f) A director is required to disclose the nature and extent of any conflict immediately upon becoming aware of the conflict.
 - (i) must not take part in the discussion of the matter or vote on any questions in respect of the matter. However, the director may be counted in the quorum present at a 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.
 - (iii) must, 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.
 - (iv) must 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.

5. OUTSIDE BUSINESS INTERESTS

- (a) Directors must declare possible conflicting outside business activities at the time of appointment, or any subsequent time it may arise. Notwithstanding any outside activities, directors are required to act in the best interest of the Authority.
- (b) No director may hold a significant financial interest, either directly or through a relative or associate, or hold or accept a position as an officer or director in an organization in a relationship with the Authority, where by virtue of his or her position in the Authority, the director could in any way benefit the other organization by influencing the purchasing, selling or other decisions of the Authority, unless that interest has been fully disclosed in writing to the Authority.
- (c) A “significant financial interest” in this context is any interest substantial enough that decisions of the Authority could result in a personal gain for the director.
- (d) These restrictions apply equally to interests in companies that may compete with the Authority in all of its areas of activity.
- (e) Directors will complete a declaration annually.

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6. CONFIDENTIAL INFORMATION

- (a) Confidential information includes proprietary technical, business, financial, legal, or director information, which the Authority treats as confidential.
- (b) Directors may not disclose such information to any outside person unless authorized.
- (c) Similarly, directors may never disclose or use confidential information gained by virtue of their association with the Authority for personal gain, or to benefit friends, relatives or associates.
- (d) Directors are advised to seek guidance from the Board Chair or the CEO with respect to what is considered confidential.

7. INVESTMENT ACTIVITY

Directors may not, either directly or through relatives or 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 the Authority which could reasonably affect the value of such securities.

8. OUTSIDE EMPLOYMENT OR ASSOCIATION

A director who accepts a position with any organization that could lead to a conflict of interest or situation prejudicial to the Authority interests, shall discuss the implications of accepting such a position with the Board Chair, or in the absence of the Board Chair to the Chair of the Governance & Human Resources Committee, recognizing that acceptance of such a position may require the director's resignation from the Authority Board.

9. ENTERTAINMENT, GIFTS AND FAVOURS

- (a) It is essential to efficient business practices that all those who associate with the Authority, as suppliers, contractors or directors, have access to the Authority on equal terms.

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- (b) Directors and members of their immediate families should not accept entertainment, gifts or favours that create or appear to create a favoured position for doing business with the Authority. Any firm offering such inducement shall be asked to cease; a sustained business relationship will be conditional on compliance with this code.
- (c) Similarly, no director may offer or solicit gifts or favours in order to secure preferential treatment for themselves or the Authority.
- (d) A director may not accept discounts not available to the general public on a personal purchase of a supplier's or customer's products, even if such discounts do not affect the Authority's purchase or selling price and are generally offered to others having a similar business relationship with the supplier or customer.
- (e) Under no circumstances may directors offer or receive cash, preferred loans, securities, or secret commissions in exchange for preferential treatment. Any director experiencing or witnessing such an offer must report the incident to the Board Chair, or in the absence of the Board Chair to the Chair of the Governance & Human Resources Committee, immediately.
- (f) Gifts and entertainment may only be accepted or offered by a director in the normal exchanges common to established business relationships. An exchange of such gifts shall create no sense of obligation.
- (g) Inappropriate gifts received by a director should be returned to the donor and may be accompanied by a copy of this Code.
- (h) Full and immediate disclosure to the Board Chair, or in the absence of the Board Chair to the Chair of the Governance & Human Resources Committee, of borderline cases will always be taken as good-faith compliance with this Code.

10. USE OF THE AUTHORITY'S PROPERTY

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

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- (b) Even then, a director must not purchase property owned by the Authority if that director is involved in an official capacity in some aspect of the sale or purchase.
- (c) Directors may be entrusted with the care, management and cost-effective use of the Authority property and should not make significant use of these resources for their own personal benefit or purposes. Clarification on this issue should be sought from the Board Chair, or in the absence of the Board Chair to the Chair of the Governance & Human Resources Committee.
- (d) Directors should ensure all the Authority property, which may be assigned to them is maintained in good condition and should be able to account for such property.
- (e) Directors may not dispose of the Authority property except in accordance with the guidelines established by the Authority.

11. RESPONSIBILITY

- (a) The Authority is determined to behave, and to be perceived, as an ethical organization.
- (b) Each director must adhere to the standards described in this Code of Conduct, and to the standards set out in applicable policies, guidelines or legislation.
- (c) Integrity, honesty, and trust are essential elements of the Authority's success. Any director who knows or suspects a breach of this Code of Conduct and Conflict of Interest Guidelines has a responsibility to report it to the Board Chair, or in the absence of the Board Chair to the Chair of the Governance & Human Resources Committee.
- (d) To demonstrate determination and commitment, the Authority requires each director to review and sign the Code annually. The willingness and ability to sign the Code is a requirement of all directors.

12. BREACH OF CODE

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A director found to have breached his/her duty by violating the Code of Conduct will be liable to censure or a recommendation for dismissal to the Government.

13. WHERE TO SEEK CLARIFICATION

The Board Chair or the Chair of the Governance & Human Resources Committee will provide guidance on any item in this Code of Conduct and Conflict of Interest Guidelines. The Board Chair may at his/her discretion or at the request of a director, seek the advice of outside Counsel.

I ACKNOWLEDGE that I have read and considered the Code of Conduct and Conflict of Interest Guidelines for Directors of the Vancouver Island Health Authority and agree to conduct myself in accordance with the Code of Conduct and Conflict of Interest Guidelines for Directors.

Signature

Print Name

Date