

BOARD CODE OF CONDUCT AND CONFLICT OF INTEREST POLICY

1. Purpose

The purpose of the Board of Directors (Board) Code of Conduct and Conflict of Interest Policy (Code of Conduct) is to establish minimum standards of conduct expected and required of Board Directors of the BC Energy Regulator (BCER).

The Code of Conduct is not designed to be exhaustive and the standards it enumerates are in addition to and not in substitution for the statutory, common law and other duties and obligations applicable to Directors. Consequently, a director uncertain of their duties in any particular circumstance should raise this concern with the Chair in order to obtain appropriate guidance and advice.

Nothing in the Code of Conduct limits, restricts, or precludes a director from making a request for advice or a disclosure pursuant to the BCER's Public Interest Disclosure Act Policy, or from participating in any other process authorized or required under that policy or pursuant to the British Columbia *Public Interest Disclosure Act*.

2. Duties

Directors recognize that their duties include the following:

a. Duty of Loyalty

Directors must act honestly, in good faith, and in the best interests of the BCER. In placing the best interests of the BCER ahead of their own personal or business interests, Directors must:

- i. be honest in their dealings within the BCER and with others on behalf of the BCER;
- ii. avoid situations where they could profit at the expense of the BCER, appropriate a business opportunity of the BCER, or otherwise put themselves in a position of conflict between their own private interest and the best interests of the BCER;
- iii. avoid speaking against or undermining any decision of the Board, regardless of whether the Director agrees with or voted for that decision;
- iv. respect the roles of the Chair and the Chief Executive Officer who are the official spokespeople of the BCER and avoid engaging in activity or speaking publicly on matters where it could be perceived as an official act or representation of the BCER unless specifically authorized to do so by the BCER.

b. Duty of Care

Directors owe a duty of care to the BCER and must exercise the degree of skill and diligence reasonably expected from an ordinary person of their knowledge and expertise.

c. Duty of Confidentiality

Directors owe a duty of confidentiality to the BCER; they

- i. must not divulge confidential information that they receive as Director to anyone other than persons who are authorized to receive the information. The duty to maintain information in confidence continues after the Director ceases to hold such position with the BCER; and
- ii. are responsible for taking measures to protect the confidentiality of the information to which they access.

d. Duty of Disclosure

Directors who become aware that they may have a real, perceived, or potential conflict of interest have a duty to the Board to promptly disclose the nature and extent of their interest.

e. Duty of Compliance

Directors shall comply with all applicable laws and regulations and of the policies adopted by the Board from time to time, including this Code of Conduct.

f. Duty of Knowledge

Directors must familiarize themselves with the relevant legislation applicable to the BCER and to Directors.

g. Duty to Investigate

The Chair has a duty to investigate, with respect and impartiality, any complaint of noncompliance with this Code of Conduct and to report to the Board the results of the investigation and their recommendation.

3. Ethical Conduct

- a. Directors should act at all times in full compliance with both the letter and the spirit of all applicable laws.
- b. In their relationship with the BCER, no Director should commit or condone an unethical or illegal act or instruct another Director, employee, or supplier to do so.
- c. Directors should, not only fully comply with the law, but also avoid any situation which could be perceived as improper or indicate a casual attitude towards compliance.

4. Respectful Conduct

The conduct and language of Directors must be free from any discrimination or harassment prohibited by the Human Rights Code.

Directors' conduct should reflect social standards of courtesy, respect, and dignity.

5. Conflict of Interest

- a. In fulfilling their duties, Directors must perform their responsibilities in a manner that avoids any real, perceived¹, or potential² conflicts of interest between their private interests and the interests of the BCER.
- b. Directors should not use their positions within the BCER to pursue or advance their personal interests, the interests of a related person, or the interests of a person to whom the Director owes an obligation.
- c. Directors should not directly or indirectly benefit from a transaction with the BCER over which the Director can influence decisions made by the BCER.
- d. Directors should not take personal advantage of an opportunity available to the BCER unless the BCER has clearly and irrevocably decided against pursuing the opportunity, and the opportunity is available to the public.
- e. Directors should not use their position with the BCER to solicit clients for their business, or a business operated by a close friend, business associate or a person to whom the Director owes an obligation.
- f. Every Director should avoid any situation in which there is, or may appear to be, potential conflict which could appear to interfere with the Director's judgement in making decisions in the BCER's best interests.
- g. Directors must not engage in any financial transactions, contracts, or private arrangements for personal profit which accrue from or are based upon the Director's official position or authority or upon confidential or non-public information which the Director gains by reason of such position or authority.
- h. Directors should not, either directly³ or through relatives or associates, acquire or dispose of any interest, including publicly traded shares, in any company while having

¹ A perceived conflict means any situation where it would appear to a reasonable person that the Director is in a conflict-of-interest situation.

² A potential conflict arises where a director has private interests such that, while no conflict has yet arisen, a conflict would arise were the Director's responsibilities to the BCER be influenced by the private interests. For example, a director who intends to accept a role with an environmental advocacy group, and the environmental advocacy group with whom they wish to affiliate may, in the future, lobby government to make changes to its environmental policies.

³ This does not include a blind trust arrangement or an uncontrolled investment vehicle.

undisclosed confidential information obtained in the course of work at the BCER which could reasonably affect the value of such securities.

- i. Directors should not hold or accept a position as an officer or director in an organization with a material relationship with the BCER, whereby virtue of their position as a Director of the BCER could in any way benefit the other organization, unless that interest has been fully disclosed in writing to the BCER.
- j. Directors who have been selected to a board of another organization owe the same duties and loyalties to the BCER and if their duties conflict with the wishes of the other organization, their primary duty remains to act in the best interests of the BCER.
- k. Directors must avoid each of the following which would or could give rise to a conflict of interest:
 - i. accepting gifts, favours, or kickbacks from suppliers;
 - ii. close or family relationships with outside suppliers;
 - iii. passing confidential information to competitors or other interested parties;
 - iv. using privileged information inappropriately.

6. Disclosure

- a. Directors should fully disclose all circumstances that could conceivably be construed as a conflict of interest.
- b. Directors should declare real, perceived, or potential conflicts that exist at the time of appointment or as soon as practicable.
- c. After appointment, Directors should disclose the nature and extent of any real, perceived, or potential conflict at the first meeting of the Board after which the facts leading to the conflict have come to the Director's attention, or earlier by emailing the details of the conflict to the Board Chair and Corporate Secretary who will record the details in the Conflict Log (Appendix) and report to the Board through the Governance and Human Resources Committee.
- d. A Director who has declared a conflict of interest in respect of a matter should 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.
- e. If a Director is in doubt whether a situation involves a conflict, the Director should seek the advice of the Board Chair.
- f. If a Director is concerned that another Director is in a conflict of interest, the following applies:
 - i. the Director should immediately bring their concern to the other Director's attention and request that the conflict be declared;

- ii. if the other Director does not declare the conflict, the Director should make their concern known to the Board chair;
- iii. if the concern involves the Board Chair, the Director should make their concern known to the Chair of the Governance and Human Resources Committee.

7. Declarations

- a. At the beginning of each Committee or Board meeting, each Director must declare any real, perceived, or potential conflicts with respect to the matters to be discussed during the meeting.
- b. Upon appointment, each new Director must review and declare that he or she will comply with this Code of Conduct.
- c. Each Director must, on an annual basis
 - i. declare whether or not they complied with this Code of Conduct, and
 - ii. declare that they will comply with this Code of Conduct in the coming year.

8. Breach

A Director who is found to have breached his or her duty to comply with this Code of Conduct may be liable to censure.

Appendix: Conflict of Interest Log.

Board of Directors Conflict of Interestⁱ Log

Date	Director Name	Conflict Description	Disclosure Details	Decision	Mitigation	Status

ⁱ As defined in the Board Code of Conduct and Conflict of Interest Policy, a conflict of interest may be real, perceived, or potential.

A perceived conflict means any situation where it would appear to a reasonable person that the Director is in a conflict-of-interest situation.

A potential conflict arises where a director has private interests such that, while no conflict has yet arisen, a conflict would arise were the Director's responsibilities to the BCER be influenced by their private interests. For example, a director who intends to accept a role with an environmental advocacy group, and the environmental advocacy group with whom they wish to affiliate may, in the future, lobby government to make changes to its environmental policies.