



**Code of Conduct:
Board Members' Obligations Respecting
Conflict of Interest**

Effective July 1, 2019

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A. Preamble

The highest Standards of Ethical Conduct are essential to the success of any great institution. Academic freedom, open inquiry and the pursuit of truth, which form the foundation of an institution of higher learning, depend on a shared commitment to the highest Standards of Ethical Conduct.

B. Application of this Code

This *Code of Conduct: Board Members' Obligations Respecting Conflicts of Interest* (the "Code") applies to all **Board Members**.

University Representatives, including the **President**, who are serving on the **Board of Governors** may have obligations under both the *Code of Conduct: Board Members' Obligations Respecting Conflicts of Interest* and the *Code of Conduct: Employees' Obligations Respecting Conflicts of Interests*. When acting as a Board Member, they are governed by the *Code of Conduct: Board Members' Obligations Respecting Conflicts of Interest*. When acting as a Representative, they are governed by the *Code of Conduct: Employees: Obligations Respecting Conflicts of Interests*. An individual who is unsure which Code applies to a given situation should contact the **Chair**. Any questions about the interpretation or operation of this Code may be addressed to the University Secretary.

Breaches of this Code by a Board Member can have serious consequences. Depending on the severity of the breach, this may necessitate disciplinary action, the involvement of a third party, and notification of the Minister.

In the case of a discrepancy or inconsistency between this Code and another University policy or procedure, the terms of this Code will govern to the extent necessary to resolve the inconsistency.

C. Definitions

Allowed Conflict: Conflict that can be managed in a way that is compliant with legislation, considers, protects and serves the interests, integrity and reputation of the University, and will withstand the test of reasonable and independent scrutiny.

Board Member: Any individual who is a voting member of the Board of Governors, whether by appointment or otherwise. Any individual appointed as a voting member of any committee of the Board, whether or not that individual would otherwise a Board Member, is deemed to be a Board Member for the purposes of this Code when acting in their role.

- For greater certainty, the President and the Chair are Board Members pursuant to sections 16(3)(c) and 16(3)(a) respectively of the *Post-Secondary Learning Act*.

Chair of the University (or "**Chair**"): The individual appointed by the Lieutenant Governor in Council as the Chair of the Board of Governors, pursuant to section 16(3)(a) the *Post-Secondary Learning Act*, SA 2003 c P-19.5.

- For greater certainty, the Chair is the "chair" of the University for the purposes of the *Conflicts of Interest Act*, as that term is defined at section 23.92(1)(a) of that Act.
- For greater certainty, the Chair of the University is a "senior official" for the purposes of the *Conflicts of Interest Act*, as that term is defined at section 23.92(1)(k) of that Act.

Conflict(s): Conflict of interest or conflict of commitment.

Conflict of Commitment: A situation whereby the external or personal activities, undertakings or relationships of a Board Member are so demanding or organized in such a manner or are otherwise such that they may interfere with the person's obligations to the University.

Conflict of Interest: A situation in which there is or may be perceived to be a divergence between the private **financial benefit** or **financial interest** or **personal benefit** of a Board Member, **family member**, or an **outside party**, and that Board Member's obligations to the University, such that an impartial observer might reasonably question whether related actions to be taken or decisions made by the Board Member would be influenced by consideration of the Board Member's own interests.

Event: Social, cultural, or sporting activities, charity or special functions, presentations, awards ceremonies, fundraisers, conferences and meetings hosted by a third party. It includes lunches, dinner, drinks, or other meals taken together.

Family Member: Includes a person's spouse or adult interdependent partner or another individual to whom the person is related by blood, marriage or adoption.

Financial Benefit: The receipt or expectation of anything of monetary value, including pay or salary or other payments for services (e.g. consulting fees or honoraria), equity (shares, options or the like) security or other ownership interests, and intellectual property rights (e.g. patents, copyrights, royalties or carried interests or options related to such rights)

Financial Interest:

(A) Ownership in the form of shares in a privately held company;

(B) Ownership in a publicly traded company in the form of shares with a market value of greater than \$50,000.00 or representing more than 10% of the company's outstanding shares; or

(C) Where the person is a member of a board of either a privately held or publicly traded company.

Friend of the University: A person considering becoming a donor of the University.

Gift: A gift, bonus, reward, or favour of any kind, given to an individual. It does not include awards received.

Good Faith Disclosure: A submission of information, that is based on reasonable belief and is not malicious, frivolous or vexatious, to the appropriate University authority.

Outside Party: Includes any corporation, partnership, sole proprietorship or other legal entity organized for the furtherance of a non-University interest (for profit or otherwise) and clients or patients to whom the person or the University provides individual professional services.

Personal Benefit: The receipt or expectation of any personal (workplace or otherwise) benefit of a non-monetary value.

President of the University (or "President"): The individual appointed by the Board of Governors to the position of President pursuant to section 81 of the *Post-Secondary Learning Act*, SA 2003 c P-19.5.

Reprisal: Punitive actions taken against a person for making a good faith disclosure, including, but not limited to:

- Disciplinary action;

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- Termination;
 - Adversely affecting employment conditions; and/or
 - A threat to do any of the above.

Standards of Ethical Conduct: Actions and behaviours which uphold the principles of integrity, respect and accountability, supported by an awareness of and compliance with the Code, relevant policies and procedures, collective agreements, applicable legislation and professional standards.

D. Ethical Conduct

Overview

As Board Members owe a fiduciary duty to the University to act in its best interests, they must act impartially and meet the University's high Standards of Ethical Conduct.

Standards of Ethical Conduct

1. Board Members must maintain the highest Standards of Ethical Conduct, in which their actions and behaviours uphold the principles of integrity, respect and accountability, supported by awareness of and compliance with this Code, relevant University policies, procedures and government legislation.
2. Board Members are prohibited from acting in self-interest or furthering their private interests by virtue of their position or through the carrying out of their Board duties.
3. Board Members must devote sufficient time and attention to their position to ensure they are informed, performing their duties and meeting their obligations as Board Members.
4. Board Members must respect the confidentiality of information received in the performance of their Board duties, including the confidentiality of any *In Camera*, Closed session, discussions and votes of the Board or any committee of the Board.
5. Ethical obligations of Board Members continue to apply, where appropriate, after the Board Member leaves the Board.

Reporting Procedure

1. Complainants, including Board Members, are encouraged to report conduct by a Board Member that is contrary to this Code to the Chair. If the complaint involves the Chair, the Chair is subject to a related conflict, or if there is a reasonable basis to believe that the Chair cannot make an impartial determination, the report should be made to the chair of the Audit and Risk Committee who will then investigate and make a determination in the same manner as normally assigned to the Chair.
2. In circumstances where it is unknown where or whether to report the conduct, or where the complainant has reasonable apprehension about coming forward, inquiries can be made to the Chair or to the University Secretary.
3. The Chair will conduct an investigation within a reasonable time of receiving the report. If the complaint is found to be reasonably made, the Chair will notify the Board Member whom is the subject of the complaint in writing and provide the particulars of the allegation.

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4. Any complainant making a good faith inquiry or complaint will not be subject to reprisal. A complainant who believes they are subject to reprisal should contact the Chair, or if the alleged reprisal involves the Chair, the chair of the Audit and Risk Committee.
 5. Board Members against whom allegations are made will be treated in a fair and reasonable manner. If a Board Member subject to an allegation feels this treatment is not being observed they should contact the Chair, or if the alleged unfair or unreasonable treatment involves the Chair, the chair of the Audit and Risk Committee.
 6. If an investigation determines that a Board Member has failed to comply with this Code, the Board Member may be subject to corrective measures as outlined in Section B, "Application of this Code".

Additional Obligations of the Chair

In addition to the obligations owed as a Board Member, the Chair:

- a. Must not take part in a decision in the course of carrying out their office or powers knowing that the decision might further their own private interest, the private interest of their own minor or adult child, or the private interest of any person directly associated with them, pursuant to Section 23.925(1) of the *Conflicts of Interest Act*;
- b. Must not use their office or powers to influence or to seek to influence a decision to be made by or on behalf of the Crown or a public agency to further their own private interest, the private interest of any person directly associated with them, the private interest of their minor child, or to improperly further any other person's private interest, pursuant to Section 23.925(2) of the *Conflicts of Interest Act*;
- c. Must not use or communicate information not available to the general public that was gained by them in the course of carrying out their office or powers to further or seek to further a private interest of their own, or any other person's private interest, pursuant to Section 23.925(3) of the *Conflicts of Interest Act*; and
- d. Must not fail to appropriately and adequately disclose a real or apparent conflict of interest in the manner specified in this Code, pursuant to Section 23.925(4) of the *Conflicts of Interest Act*.

E. Avoidance of Conflicts of Interests

Overview

Board Members engage in activities and situations where actual or perceived conflicts may exist. Rather than disallow all conflicts, the University assesses whether conflicts can be managed and, where appropriate, permits them as **allowed conflicts**. Board Members are required to make active and ongoing disclosures to ensure conflicts are being appropriately managed.

Conflicts will only be allowed where they can be managed in a manner that protects and serves the best interests of the University, withstands reasonable and independent scrutiny, and is compliant with legislation.

Requirement to Report Concurrent Activities

A Board Member involved in a concurrent appointment, business, undertaking, employment, or self-employment (collectively "concurrent activity") other than their Board position with the University may be in a potential conflict. Board Members are therefore required to report to the Chair all concurrent activity so that the Chair may assess

the activity to determine if there is an actual or perceived conflict of interest. The Chair is required to report their own concurrent activity to the Ethics Commissioner of Alberta. Board Members or the Chair may pursue concurrent activities without need for pre-approval, provided the activity does not create an actual or perceived conflict of interest, but must notify the Chair or the Ethics Commissioner promptly upon engaging in the activity.

While on the Board, if a Board Member is considering engaging in a concurrent activity, the Board Member is encouraged to consult with the Chair for a preliminary and non-binding opinion as to whether the concurrent activity might conflict with the performance of their duties with the Board and, if so, whether it may be manageable or not. If the Board Member proceeds with the activity, the prior consultation or opinion of the Chair does not waive the requirement to self-assess, and if necessary report, as above.

Disclosures of Conflicts of Interest

1. Any Board Member engaging in an activity or situation that involves either an actual or perceived conflict must immediately self-report the conflict so that it may be assessed and, if appropriate, managed. The report must be made in writing and submitted to the Chair. If the conflict involves the Chair, the Chair is subject to a related conflict, or if there is a reasonable basis to believe that the Chair cannot make an impartial determination, the report should be made to the chair of the Audit and Risk Committee who will then assess and make a determination in the same manner as normally assigned to the Chair.
2. It is the ongoing responsibility of all Board Members to submit regular disclosure reports as required, and to immediately submit a revised report when there is a change in the material facts of a previously disclosed report.
3. Notwithstanding the ongoing and active obligation to declare actual or perceived conflicts of interest immediately, Board Members must complete annual declarations that they are free from conflicts of interest (other than any conflict being managed as an allowed conflict).
4. A Board Member must not engage in, or continue, any activity or situation identified as an actual or perceived conflict until the University has assessed whether the conflict is permitted, and if so, how the conflict will be managed.
5. After receiving a report, the Chair will assess the reported conflict and will make a determination as to whether the activity or situation can be managed as an allowed conflict. Where there is:
 - a. no conflict, the Chair will issue a written response to the individual indicating that they are free to proceed with the activity or engage in the situation.
 - b. a conflict, and the conflicting activity or situation does not sufficiently serve the interests or reputation of the University or is not appropriately manageable or not able to withstand the test of reasonable and independent scrutiny, the conflict will not be allowed and the Chair will issue a written response to the individual indicating that they are not free to proceed with, or continue to engage in, the activity or situation.
 - c. a conflict, and the activity or situation can be managed as an **allowed conflict**, a suitable method of monitoring and managing the allowed conflict will be determined and implemented before the Board Member is free to proceed with, or continue to engage in, the activity or situation. The Chair will issue a written response to the individual and may unilaterally determine the suitable method of monitoring and managing the allowed conflict, or may consult with the Board Member and any other individuals as appropriate to determine what is suitable.

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6. Where an activity or situation is determined to be an allowed conflict, it is the obligation of the Board Member to ensure the conflict remains manageable and to notify the Chair of any material change in circumstances.
 7. A Board Member with an actual or perceived conflict, whether or not such conflict has been determined to be an allowed conflict, must declare the conflict at any Board or committee meeting where the conflict is relevant or may be relevant to the topics of discussion. The declaration will be included in the minutes of the meeting. A Board Member must not take part in any discussion or vote on any matter relating to a conflict and must leave the meeting for the period during which discussion or voting relating to the conflict will occur. The Board Member may be counted for the purposes of reaching a quorum for that meeting.

Gifts and Event Invitations

For the purposes of this section, Gifts and Events do not include:

- normal and nominal Gifts and Event invitations between friends, where unrelated to the Board Member's duties or position with the University,
- Gifts accepted by a Board Member on behalf of the University, or
- attendance at social Events if the social Event is sponsored by a charitable foundation, a not-for-profit organization, the Governor General of Canada, a provincial Lieutenant Governor, any Canada federal, provincial, municipal or regional government or any member of any such government, or a consul or ambassador of a foreign country.

The exception for social Events sponsored by a not-for-profit organization does not apply to not-for-profit organizations constituted to serve management, union, or professional interests, or those having a majority of members that are profit-seeking enterprises or are representatives of profit-seeking enterprises.

Any Board Member who is uncertain if acceptance of a Gift or an Event Invitation is appropriate should contact the Chair, or if the Gift is being offered to the Chair, the chair of the Audit and Risk Committee.

If there is uncertainty as to the value of a Gift or an Event, the Vice-President (Finance & Administration) shall have the authority to determine its value.

1. Acceptance of Gifts

- a. Board Members must not accept any Gift directly or indirectly connected with the performance of their Board duties or by virtue of their position as a Board Member if the acceptance of the Gift creates a conflict of interest or the perception of a conflict of interest. Gifts which are not expected to create a conflict of interest are those received as:
 - i. a token received as part of reasonable protocol;
 - ii. a social obligation;
 - iii. a cultural practice;
 - iv. a normal exchange of hospitality between two persons doing business together; or
 - v. as incident for participating in a public Event.
- b. Gifts cannot be in the form of cash or cash equivalents.
- c. Board Members must exercise reasonable discretion in determining whether the acceptance of any Gift is appropriate. A Board Member must never solicit a Gift in connection with their position or duties.
- d. The maximum cash value of any one Gift that a Board Member may accept is \$250.00, not exceeding \$500.00 per calendar year received from a single source.

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- e. If a Gift is also offered to a spouse, adult interdependent partner or minor child in their capacity as a spouse, adult interdependent partner or minor child of a Board Member, the same considerations apply as if the Gift was given to the Board Member directly.
 - f. A Board Member may seek an exemption, in writing, from any maximum valuation set out in this Procedure from the Chair. The Chair may seek an exemption in writing from the chair of the Audit and Risk Committee. An exemption may be sought any time before or within a reasonable time after accepting a Gift. The party determining whether or not to grant an exemption will act reasonably in the circumstances and will consider the best interests of the University in making a determination. An exemption will not be allowed where there is an actual or perceived conflict of interest or where acceptance of the Gift would be contrary to the principles of this Code. Any exemption granted will be made in writing.
 - g. Should any Gift be accepted of which the cash value exceeds any maximum valuation, and there is no exemption approved, the Gift should be returned to the party who offered it as soon as practical. If returning the Gift is not possible, or would be socially or culturally unacceptable, the Gift shall be surrendered to the Vice-President (Finance and Administration) and become the property of the University of Alberta.

2. Acceptance of Invitations and Attending Events

- a. Board Members must not accept any invitation to an Event, or attend any Event, if the acceptance or attendance creates a conflict of interest or the perception of a conflict of interest. Events which are not expected to create a conflict of interest include those Events:
 - i. where a significant cross-section of Board Members have been invited;
 - ii. where the Board Member pays for their own food, beverages, and all other expenses;
or
 - iii. attended as an incident of the social obligations that normally accompany the Board Member's position at the University.
- b. Board Members must exercise reasonable discretion in determining whether the acceptance of any invitation to or attendance at any Event is appropriate.
- c. The maximum cash value of attending an Event that a Board Member has been invited to, inclusive of any food and beverage, is:
 - i. for the Chair:
 - a. \$1,000.00 per Event, not exceeding \$2,000.00 per calendar year received from a single source, if the Event invitation is from a donor or Friend of the University; or
 - b. \$500.00 per Event, not exceeding \$500.00 per calendar year received from a single source, if the Event invitation is from any other person.
 - ii. for any other Board Member:
 - a. \$500.00 per Event, not exceeding \$500.00 per calendar year received from a single source.
- d. If the invitation to attend an Event is extended to a spouse, adult interdependent partner or minor child, the total cash value of all tickets received are to be taken into account.
- e. If a Board Member is invited to an Event at which the total cash value of attendance, inclusive of any food and beverage, exceeds any maximum cash value, the Board Member may seek an exemption in writing

from the Chair. If the Board Member invited is the Chair, the Chair may seek an exemption in writing from the chair of the Audit and Risk Committee. The party determining whether or not to grant an exemption will act reasonably in the circumstances and will consider the best interests of the University in making a determination. An exemption will not be allowed where there is an actual or perceived conflict of interest or where acceptance of the invitation or attendance at the Event would be contrary to the principles of this Code. Any exemption granted will be made in writing.

- f. Should a Board Member attend an Event at which the total cash value of attending exceeds any maximum valuation set out in this Code, and there is no exemption approved in writing, the cash value of attending the Event, inclusive of any food and beverage, which exceeds the maximum valuation under this Code will be reimbursed by the Board Member to the person/entity who originally covered the cost.

Examples of Conflicts of Interest

The following scenarios may be examples of an actual or perceived conflict of interest which must be disclosed:

- a. A Board Member, who is also an employee of the University, participates in discussions at a Board meeting regarding wages and terms and conditions of staff employment, which they directly draw a benefit from.
- b. A Board Member owns and operates a consulting company that is not directly related to the University but which provides consulting services to the University from time to time.
- c. A Board Member is a director or substantial shareholder of a company which seeks to enter into a for-profit relationship with the University.
- d. A Board Member is offered a volunteer position as the Chair of the board of directors of a local non-profit organization. The non-profit organization and the University are occasionally involved in joint initiatives. If the Board Member accepts the position, this may create a perception of a conflict of interest and as a concurrent appointment to their University Board position, the conflict may need to be disclosed under the Code. The Board Member is encouraged to discuss with the Chair before accepting the other board position.

This is not a closed nor exhaustive list. When in doubt, Board Members should err on the side of disclosure.

F. Political Activity

- 1. Board Members are not prohibited from engaging in political activity.
- 2. Board Members engaging in any form of political or related activity must, at all times, ensure that a perception is not created that the political activity is as a representative or otherwise on behalf of the University. Should the Board Member become aware of such perception, the Board Member must immediately rectify it or resign from the Board.
- 3. Board Members intending to run as a candidate in an election at any level of government must notify the Chair prior to doing so. The Chair will work with the Board Member to determine whether the Board Member must resign from the Board, or take a leave of absence pending the outcome of the election.
- 4. A Board Member who is elected to a position at any level of government must immediately resign from their position on the Board upon confirmation of their election.

G. Notice Period & Amendments

1. This Code will be submitted to the Ethics Commissioner for review pursuant to section 23.922 of the *Conflicts of Interest Act*.
2. Providing approval has been received from the Ethics Commissioner in accordance with the *Conflicts of Interest Act*, this Code will be made public on the University's website on or before April 30, 2019.
3. The period from the date the Code is made public, until June 30, 2019 will be the public notice period.
4. This Code will be implemented on July 1, 2019.
5. The University reserves the right to amend this Code at any time, including but not limited to:
 - a. On the advice or demand of the Office of the Ethics Commissioner; or
 - b. Where required to ensure compliance with any changes to the *Conflicts of Interest Act*, the *Post-Secondary Learning Act*, or any other applicable legislation or order in council.
6. Any amendment or replacement of this Code will be submitted to the Ethics Commissioner for approval in a manner pursuant to section 23.923(2) of the *Conflicts of Interest Act* and any other applicable provisions or legislation.

H. Administrative

1. Any questions about the interpretation or operation of this Code, where not addressed above, may be addressed to the University Secretary.
2. All matters regarding this Code will be documented and all documents will be maintained as records in a manner consistent with the *Freedom of Information and Protection of Privacy Act* and any other legislation and relevant University policy.