

# STANDARDS OF ETHICAL CONDUCT FOR MEMBERS OF THE BOARD OF DIRECTORS

North Island-Coast Development Initiative Trust (*doing business as* Island Coastal Economic Trust, "the Trust")

The fundamental relationship between a member of the Board of Directors ("Board Member") and the organization which the Board Member serves is one of trust; essential to trust is a commitment to honesty and integrity. Ethical conduct within this relationship imposes certain obligations.

The purpose of this document is to set out the standard of ethical conduct expected of all Board Members of North Island-Coast Development Initiative Trust (dba Island Coastal Economic Trust, "the Trust") including the Trust's commitment to providing and maintaining a work environment free from discrimination, workplace harassment and sexual harassment, where all individuals are treated with respect and dignity, can contribute fully, and have equal opportunities. Discrimination, workplace harassment and sexual harassment to or by any Board Member is unlawful and unacceptable and shall not be tolerated.

This Policy does not, nor could it, address all forms of business conduct or Board Member activity. The matters expressly dealt with are indicative of the Trust's commitment to the maintenance of high standards of conduct and are to be considered prescriptive of the type of behavior expected from Board Members in all circumstances. Board Members are therefore expected to comply with the spirit and intent of this Code and to make themselves aware of, and comply with, relevant laws and other standards governing their conduct.

## 1. SCOPE

1.1 The Standards set out herein apply to all Trust Board Members.

## 2. DUTIES

The effective governance of the Trust is contingent on all Board Members fulfilling their roles and responsibilities with the highest standards of conduct, including but not limited to the duties stated below. Violation of any of the duties listed may be grounds for removal of a Board Member. The list of duties is illustrative only and is not exhaustive.

2.1 Duty of Loyalty – Board Members have a duty to be responsible first and foremost to the Trust's welfare. In deliberations and voting they shall always act in accordance with the Trust's best interest as a whole.

2.2 Duty of Care – Board Members are expected to act at all times in a prudent and diligent manner by:

- (a) informing themselves of the duties, ethics and legal obligations of Board Members in general and conducting themselves according to such duties, ethics and legal obligations;
- (b) informing themselves specifically as to the Trust's policies, business and affairs and conducting themselves and exercising their judgment in light of such policies, business and affairs;
- (c) regularly attending meetings and adequately preparing for and executing the duties expected of them;

- (d) using their level of knowledge and expertise effectively in dealing with the Trust's affairs; and exercising independent judgment.
- 2.3 Duty of Integrity – Board Members are expected to act honestly and in good faith. Board Members will not engage in dishonesty of any kind, falsification of any of the Trust's information or records or being an accessory to such falsification (including, but not limited to, forgery, providing false information).
- 2.4 Duty of Confidentiality – Board Members have a duty to maintain the confidentiality of information received in the course of their duties and to not use such information for any purpose outside that of understanding the work of the Board.
- 2.5 Duty to reflect social standards of courtesy, respect and dignity – Board Members shall, at all times, act in a manner befitting the trust and confidence placed in them that will bear up under the closest public scrutiny. Specifically, Board Members shall treat everyone with professional courtesy and respect at all times and shall not subject anyone to any form of discrimination, workplace harassment or sexual harassment, including by not limited to:
- (a) any unwelcome and inappropriate verbal, written, graphic or physical conduct or coercive behaviour, where the behavior is known or reasonably ought to be known to be unwelcome;
  - (b) any unwelcome sexual advances, requests for sexual favours or other verbal or physical conduct which might be construed as sexual nature.
- 2.6 Board Members shall act in accordance with the principle that the Board speaks with one voice. The Chair or someone designated by the Chair represents the Board in public, following the direction provided by the Board to the Chair, and Board Members must refer to the Chair for public comments about the Board and its decisions in accordance with the Trust's Bylaws. This includes:
- (a) Using discernment in conversations with others about the Trust;
  - (b) Refraining from gossip about the Trust;
  - (c) Directing complaints to the Board Chair;

### **3. COMPLIANCE WITH THE LAW**

- 3.1 In fulfilling their role as Board Members, each Board Member must at all times comply with both the letter and the spirit of all applicable laws.
- 3.2 In their role as Board Members, no Board Member will commit or condone an illegal act or instruct another Board Member, employee, or supplier to do so.
- 3.3 Board Members are expected to be sufficiently familiar with any legislation that applies to their responsibilities as Board Members to recognize potential concerns and to know when to seek advice. If in doubt, Board Members are expected to ask for clarification.
- 3.4 Board Members shall not only comply with the law, but shall also avoid any situation which would be perceived as improper or indicate a casual attitude towards compliance with applicable laws.

### **4. CONFLICTS OF INTEREST**

- 4.1 In general, a conflict of interest exists for Board Members who use their position as a Board Member to benefit themselves, their families, their close friends or their business associates.

- 4.2 The Trust is a unique organization dealing with a unique set of decision-making circumstances. It does not typically face the kind of conflict contemplated by the Societies Act of British Columbia that other organizations face, i.e. that of Board Members in conflict because they may personally profit from a transaction. Rather, the Trust Board Members may be in conflict because they are representatives of local governments, First Nations, or partner organizations applying for funding from the Trust. Those individuals provide valuable context and clarity to consideration of the contents of applications before the board. They are in a position to respond to questions about the broader context of the proposed project in a community. This contributes to better informed and more robust decision-making and promotes a strong culture of trust within the organization. This also helps to ensure a quorum is present at all times so as to proceed with timely decision-making.
- 4.3 Notwithstanding section 4.2 above, no Board Member shall:
- 4.3.1 use their position with the Trust to pursue the interests of a business associate, corporation, union or partnership; or the interests of a person to whom the Board Member owes and obligation;
  - 4.3.2 directly or indirectly benefit from a transaction entered into by the Trust unless the disclosure requirements of this Policy have been followed;
  - 4.3.3 not take personal advantage of an opportunity available to the Trust unless the organization has clearly and irrevocably decided against pursuing the opportunity, and the opportunity is also available to the general public.
  - 4.3.4 use their position with the Trust to solicit clients for the Board Member's business, or a business operated by a related person, close friend, business associate, or a corporation, union or partnership of which the Board Member is a member, or a person to whom the Board Member owes an obligation.
- 4.4 Every Board Member shall avoid any situation in which there is, or may appear to be, a potential for a conflict which could appear to interfere with the Board Member's judgment in making decisions in the Trust's best interest.
- 4.5 There are many situations that could give rise to a conflict of interest. The following are examples of the types of conduct and situations that can be a conflict of interest:
- (a) influencing the organization to lease equipment from a business owned by the Board Member's partner;
  - (b) influencing the organization to allocate funds to an institution where the Board Member or a family member works or is involved;
  - (c) participating in a decision by the organization to hire or promote a family member of the Board Member who resides with the Board Member;
  - (d) influencing the organization to make all its travel arrangements through a travel agency owned by a relative or family member of the Board Member who resides with the Board Member;
  - (e) influencing or participating in a decision of the organization that will directly or indirectly result in the Board Member's own financial gain.
- 4.6 A Board Member shall provide full disclosure of circumstances that could conceivably be construed as conflict of interest.

## 5. DISCLOSURE

- 5.1 Full disclosure of a conflict is legally required and enables Board Members to resolve situations of conflicting interests before any difficulty can arise.
- 5.2 A Board Member shall, immediately upon becoming aware of a potential conflict of interest situation, disclose the conflict, in writing to the Board Chair and each and every other Board Member. This requirement exists even if the Board Member does not become aware of the conflict until after a transaction is complete.
- 5.3 If a Board Member is in doubt whether a situation involves a conflict, the Board Member shall immediately seek the advice of the Board Chair. If appropriate, the Board Chair may seek advice from an outside source or legal counsel. If the Board Chair determines that a conflict exists, then the Board Chair shall report the matter to the Board.
- 5.4 If a Board Member is concerned that another Board Member (the "Potential Conflict Board Member") is in a conflict of interest, the Board Member (the "Inquiring Board Member") should bring their concern to the attention of the Potential Conflict Board Member. If the Potential Conflict Board Member is not of the view that a conflict exists, the Inquiring Board Member may then bring their concern to the attention of the Board Chair. The Board Chair will consult with the Potential Conflict Board Member and if the Board Chair concurs with the Potential Conflict Board Member, that is the end of the matter. If the Board Chair does not concur with the Potential Conflict Board Member they will then request the Potential Conflict Board Member to follow the disclosure requirements outlined in this section. If the Potential Conflict Board Member chooses not to comply with the request of the Board Chair, they do so with full knowledge of section 8.1 of this Policy.
- 5.5 A Board Member must disclose the nature and extent of any conflict before or at the first meeting of the Board after which the situation creating the conflict has come to the Board Member's attention. After disclosing the conflict, the Board Member:
  - (a) may take part in the discussion of the matter, but may not vote on any questions in respect of the matter (although the Board Member may be counted in the quorum present at the board meeting);
  - (b) if the meeting is open to the public, may remain in the room while the matter giving rise to the conflict is under discussion, but will leave the room prior to any vote on the matter giving rise to the conflict;
  - (c) should, if the meeting is not open to the public, leave the room for the remainder of the discussion and voting either at their own discretion or if requested by one or more Board Members; and
  - (d) must not attempt, in any way or at any time, to influence the voting of the board on any question relating to the matter giving rise to the conflict.

## 6. OUTSIDE BUSINESS INTERESTS

- 6.1 Board Members shall declare all business interests with which they are engaged at the time of their appointment. Notwithstanding such business interests, Board Members are required to act in the Trust's best interest at all times.
- 6.2 Notwithstanding that a Board Member may be appointed to the Board by a stakeholder, that Board Member does not represent the interests of that stakeholder. The Board Member is obligated at all times to act in the Trust's best interests and not the stakeholder.

- 6.3 No Board Member shall hold a significant financial interest, either directly or through a relative or associate, or hold or accept a position as an officer or Board Member in an organization in a material relationship with the Trust, where by virtue of their position in the Trust, the Board Member could in any way benefit the other organization by influencing the Trust's purchasing, selling or other decisions, unless that interest has been fully disclosed in writing to the Board Chair and other Board Members.
- 6.4 A "significant financial interest" in this context is any interest substantial enough that the Trust's decisions could result in a personal gain for the Board Member.

## **7. CONFIDENTIAL INFORMATION**

- 7.1 Confidential information includes proprietary technical, business, financial, legal, or any other information which the Trust treats as confidential.
- 7.2 Board Members must not, either during or following the termination of an appointment, disclose such information to any outside person unless authorized by the Trust's Board of Directors.
- 7.3 Similarly, Board Members should never disclose or use confidential information gained by virtue of their association with the Trust for personal gain, or to benefit a related person, a close friend, a business associate, a corporation, union or partnership of which the Board Member is a member or a person to whom the Board Member owes an obligation.
- 7.4 If in doubt about what is considered confidential, a Board Member should seek guidance from the Board Chair.

## **8. OUTSIDE MEMBERSHIP AND ASSOCIATION**

- 8.1 A Board Member who accepts a position with an organization that could lead to a conflict of interest or situation prejudicial to the Trust's interest, shall discuss the implication or accepting such a position with the Board Chair recognizing that acceptance of such a position might require the Board Member's resignation from the Trust's Board.

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

- 9.1 It is essential to fair business practices that all those who associate with the Trust, as suppliers, contractors or Board Members, have access to the Trust on equal terms.
- 9.2 Board Members and related persons should not accept entertainment, gifts or favours that create or appear to create a favoured position for doing business with the Trust. Any firm offering such inducements will be asked to refrain from doing so.
- 9.3 No Board Member will offer or solicit gifts or favours in order to secure preferential treatment for themselves or the Trust.
- 9.4 Under no circumstances will Board Members offer or receive cash, preferred loans, securities, or secret commissions in exchange for witnessing such an offer must report the incident to the Board Chair and Treasurer immediately.
- 9.5 Gifts and entertainment should only be accepted or offered by a Board Member in the normal exchanges common to the Trust's established business relationships. An exchange of such gifts should create no sense of obligation on the part of the Board Member.
- 9.6 Inappropriate gifts received by a Board Member must be returned to the donor.

9.7 Full and immediate disclosure to the Board Chair and Treasurer of borderline cases will be taken good-faith compliance with these standards.

## **10. RESPONSIBILITY**

10.1 The Trust aims to be, and wishes to be perceived as, an ethical organization and expects its Board Members to act in all ways to support this aim. Each Board Member must adhere to this Policy.

10.2 Any Board Member who knows or suspects a breach of this Policy by any Board Member shall report it to the Board Chair.

10.3 Each Board Member shall annually review and declare their compliance with this Policy.

## **11. BREACH**

11.1 A breach of this Policy by a Board Member may result in a recommendation to the Board Chair that such Board Member be removed or such other disciplinary sanction as the Board may determine to be appropriate.

11.2 A breach of this Policy by the Board Chair may result in a recommendation from the Executive Committee (chaired by the Treasurer, with the Board Chair recused) that such Board Member be removed or such other disciplinary sanction as the Board may determine to be appropriate. In the event where the Board Chair breached this Policy, the Treasurer will perform the responsibilities of the Board Chair outlined in this Policy.

11.3 A Board Member may appeal a disciplinary sanction to the Board, in writing, within seven (7) days of the Board's decision, otherwise the Board's decision shall be final.

11.4 A Board Member who appeals a disciplinary sanction to the Board:

- (a) may take part in the discussion of the matter, but may not vote on any questions in respect of the appeal (although the Board Member may be counted in the quorum present at the board meeting);
- (b) if the meeting is open to the public, may remain in the room while the decision under appeal is under discussion, but will leave the room prior to any vote on the appeal; and
- (c) should, if the meeting is not open to the public, leave the room for the remainder of the discussion and vote either at their own discretion or if requested by one or more Board Members.

## **12. WHERE TO SEEK CLARIFICATION**

12.1 The Board Chair and Treasurer are responsible for providing guidance on this Policy.

**13. DECLARATION**

13.1 The following Declaration will be signed by each Board Member of the Trust.

I acknowledge that I have read the Standards of Ethical Conduct Policy for Board Members of the North Island-Coast Development Initiative Trust (dba Island Coastal Economic Trust) and agree to conduct myself in accordance with the Policy.

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Signature

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Printed Name

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Date

*Approved by the board of directors on 12 July 2024.*