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## **CODE OF CONDUCT AND CONFLICT OF INTEREST GUIDELINES FOR GOVERNORS**

### **1. INTRODUCTION**

The fundamental relationship between each Governor and the University must be one of trust; essential to trust is a commitment to honesty and integrity. Ethical conduct within this relationship imposes certain obligations, including the obligation to act in the best interests of the University at all times.

In following the Code, Governors shall be guided by Appendix A: Charter of Expectations for Governors.

### **2. COMPLIANCE WITH THE LAW**

- (a) Governors of Royal Roads University 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 University, no Governor shall commit or condone an unethical or illegal act or instruct another Governor, employee, or supplier to do so.
- (c) Governors 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, Governors are expected to ask for clarification.
- (d) Falsifying the record of transactions is unacceptable.
- (e) The University is continually under public scrutiny. Therefore, Governors must not only comply fully with the law, but should 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 Governors who use their positions at the University to benefit themselves, friends or families, or other agencies or organizations in which they hold positions of responsibility.

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- (b) A Governor must not use his or her position with the University to pursue or advance the Governor's personal interests, the interests of a related person<sup>1</sup>, Governor's business associate<sup>2</sup>, corporation, union or partnership, or the interests of a person to whom the Governor owes an obligation.
  - (c) A Governor must not directly or indirectly benefit from a transaction involving the University over which a Governor can influence decisions made by the University.
  - (d) A Governor must not take personal advantage of an opportunity available to the University unless the University has clearly and irrevocably decided against pursuing the opportunity, and the opportunity is also available to Governors or the public or unless pursuit of complementary business opportunities has been agreed on in discussion between the Governor and the University.
  - (e) A Governor must not use his or her position with the University to solicit clients for the Governor's business, or a business operated by a close friend, family member, business associate, corporation, union or partnership of the Governor, or a person to whom the Governor owes an obligation.
  - (f) Every Governor must avoid any situation in which there is, or may appear to be, potential conflict<sup>3</sup> which could appear to interfere with the Governor's judgment in making decisions in the University'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 University to lease equipment from a business owned by the Governor's spouse.
    - (ii) Influencing the University to allocate funds so that a program will need to hire more persons with a particular specialty, when the Governor's relative is an unemployed person with that specialty.
    - (iii) Sharing sensitive information about the University to benefit or shape a bargaining position for an organization engaged - or likely to become engaged - in negotiations with the University.

<sup>1</sup>*Related person* means a spouse, child, parent or sibling of a Governor who resides with that Governor.

<sup>2</sup>*Associate* is as defined in the Canada Business Corporations Act.

<sup>3</sup>*Conflict* means a conflict of interest or apparent conflict of interest; *apparent conflict of interest* means any situation where it would appear to a reasonable person that the Governor is in a conflict of interest situation.

- (iv) Participating in the negotiation of a collective agreement, or other agreement with another union, knowing that the standard set in the negotiations will be referred to in negotiations with the labour group to which the Governor belongs.
  - (v) Influencing the University to direct funds to a program in which the Governor works or is involved.
  - (vi) Participating in a decision by the University to hire or promote a relative of the Governor.
  - (vii) Influencing the University to make all its travel arrangements through a travel agency owned by a relative of the Governor.
  - (viii) Influencing or participating in a decision of the University that will directly result in the Governor's own financial gain. This would include any discussions involving a collective agreement which applies to the Governor.
- (h) The University requires full disclosure of all circumstances that could conceivably be construed as conflict of interest.

#### **4. DISCLOSURE**

- (a) Full disclosure enables Governors to resolve unclear situations and gives an opportunity to dispose of conflicting interests before any difficulty can arise.
- (b) A Governor must, immediately upon becoming aware of a potential conflict of interest situation, disclose the conflict to the Board Chair. The disclosure may be in writing, or in the form of notes made by the Board Chair, or at a minuted meeting. This requirement exists even if the Governor does not become aware of the conflict until after a transaction is complete.
- (c) If a Governor is in doubt whether a situation involves a conflict, the Governor must immediately seek the advice of the Board Chair. It may also be appropriate to seek legal advice.
- (d) Unless a Governor is otherwise directed, he or she must immediately take steps to resolve the conflict or remove the suspicion that it exists.
- (e) If a Governor is concerned that another Governor is in a conflict of interest situation, the Governor must immediately bring his or her concern to the other Governor's attention and request that the conflict be declared. If the other Governor refuses to declare the conflict, the Governor must immediately bring his or her concern to the

attention of the Board Chair. If there is a concern with the Board Chair, the issue shall be referred to the whole Board.

- (f) A Governor is required to disclose the nature and extent of any conflict at the first meeting of the Board after which the facts leading to the conflict have come to that Governor's attention. After disclosing the conflict, the Governor:
- (i) must not take part in the discussion of the matter or vote on any questions in respect of the matter. However, the Governor may be counted in the quorum present at the 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, and shall leave the room prior to any vote on the matter giving rise to the conflict.
  - (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.
- (g) Between April 1 and April 30 each year, a Governor is required to provide written confirmation that they and their close family members<sup>4</sup> have not entered into any transactions during the last fiscal year ended March 31 where the transaction value was different than fair value<sup>5</sup> or, if the transaction value was other than fair value, provide the nature of the transaction and agreed upon consideration. Each Governor shall provide written confirmation by completing the Disclosure Statement and Undertaking for Governors (Appendix B to this policy) and submitting the Statement to the Board office.

<sup>4</sup>*Close family members* would normally include an individual's spouse and those dependent on either the individual or the individual's spouse.

<sup>5</sup>*Fair value* means "the amount of consideration that is agreed upon in an arm's length transaction between willing parties under no compulsion to act".

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## 5. OUTSIDE BUSINESS INTERESTS

- (a) Governors must declare possible conflicting outside business or other professional or volunteer activities at the time of appointment using the Appendix B: Disclosure Statement and Undertaking (attached) to detail any business activity by the Governor or the Governor's associate (as defined in the Canada Business Corporations Act) which would pose an actual or perceived conflict of interest.

Notwithstanding any outside activities, Governors are required to act in the best interests of the University.

- (b) No Governor 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 of an organization in a relationship with the University, where by virtue of his or her position in the University, the Governor could in any way benefit the other organization by influencing the purchasing, selling or other decisions of the University, unless that interest has been fully disclosed in writing to the University.
- (c) A "significant financial interest" in this context is any interest substantial enough that decisions of the University could result in a personal gain for the Governor.
- (d) These restrictions apply equally to interests in companies that may compete with the University in all of its areas of activity.
- (e) An updated Appendix B: Disclosure Statement and Undertaking shall be completed by each Governor and filed with the Board Secretary annually. In the event of a mid-year material change or anticipated change, an amended Appendix B shall be filed forthwith.

## 6. CONFIDENTIAL INFORMATION

- (a) Confidential information includes proprietary technical, business, financial, legal, or Board of Governors information which the University treats as confidential.
- (b) Governors may not disclose such information to any outside person unless authorized by the Chair.
- (c) Governors may never disclose or use confidential information gained by virtue of their association with the University for personal gain, or to benefit friends, relatives, associates, or other agencies, organizations or associations.

- (d) When in doubt, Governors are required to seek guidance from the Board Chair or the Board Secretary with respect to what is considered confidential.

## **7. OUTSIDE EMPLOYMENT OR ASSOCIATION**

Governors are expected to approach matters under consideration by the Royal Roads University Board with impartiality. A Governor who accepts a position with any organization that could lead to a conflict of interest or situation prejudicial to the University's interests shall discuss the implications of accepting such a position with the Board Chair, recognizing that acceptance of such a position may require the Governor's resignation from the RRU Board.

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

- (a) It is essential to efficient business practices that all those who associate with the University, as suppliers, contractors or Governors, have access to the University on equal terms.
- (b) Governors 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 University. Any firm offering such inducement shall be asked to cease. A sustained business relationship will be conditional on compliance with this code.
- (c) Similarly, Governors may not offer or solicit gifts or favours in order to secure preferential treatment for themselves or the University.
- (d) A Governor may accept modest discounts on a personal purchase of a supplier's or customer's products only if such discounts do not affect the University'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 Governors offer or receive cash, preferred loans, securities, or secret commissions in exchange for preferential treatment. Any Governor experiencing or witnessing such an offer must report the incident to the Board Chair immediately.
- (f) Gifts and entertainment may only be accepted or offered by a Governor 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 Governor 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 of borderline cases will always be taken as good-faith compliance with this Code.

## **9. USE OF THE UNIVERSITY'S PROPERTY**

- (a) A Governor requires the University's approval to use property owned by the University for personal purposes or to purchase property from the University, unless the purchase is made through the usual channels also available to the public.
- (b) Even then, a Governor must not purchase property owned by the University if that Governor is involved in an official capacity in some aspect of the sale or purchase.
- (c) Governors are entrusted with the care, management and cost-effective use of the University 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.
- (d) Governors should ensure all the University property which may be assigned to them (e.g., equipment) is maintained in good condition and should be able to account for such property.
- (e) Governors may not dispose of University property except in accordance with guidelines established by the University.

## **10. RESPONSIBILITY**

- (a) The University is determined to behave, and to be perceived, as an ethical organization.
- (b) Each Governor 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 University's success. Any Governor 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.

- (d) To demonstrate determination and commitment, the University requires each Governor to review and sign the Code of Conduct and Conflict of Interest Guidelines annually using the Appendix B: Disclosure Statement and Undertaking, attached. Willingness and ability to sign the Code is a requirement of all Governors.

## **11. BREACH OF CODE**

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

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

The Board Chair or the Governance Committee will provide guidance on any item in this Code of Conduct and Conflict of Interest Guidelines. The Governance Committee may, at its discretion or at the request of a Governor, decide to seek the advice of outside Counsel.



## **Code of Conduct and Conflict of Interest Guidelines Appendix A: Charter of Expectations for Governors**

### Fiduciary Duties

As the trustees of the University, Governors are expected to, at all times:

- Act with integrity, independence and good faith, and to maintain the highest ethical standards;
- Comply with the Board's *Code of Conduct and Conflict of Interest Guidelines*;
- Not use for personal benefit or advantage any information acquired in the conduct of your service as a Governor; and
- Observe the confidentiality of information discussed in closed and *in camera* sessions and in committees established by the Board.

### Role

In discharging the Board's collective responsibilities in the areas of academic program approval, executive oversight, financial and asset oversight, governance, and strategic direction, Governors are expected to:

- Understand that the Board's role is to set policy and strategy and not be involved in the daily conduct of university administration or management;
- Support the mission of the University and advance its objectives;
- Be bound by the majority and rules of dissent;
- Notwithstanding that members are nominated/elected/appointed by different constituencies, always serve the best interests of the University as a whole;
- Appreciate that the President is the primary spokesperson for the University and that the Chair is the authorized spokesperson for the Board.

### Standard of Performance

Governors are expected to exercise a duty of care in discharging their responsibilities. They are expected to:

- Understand the University, its legislative framework, operating environment and financial condition;
- Attend and participate in Board meetings, prepare for Board meetings, maintain a strong attendance record, and be available to serve on at least one board committee;
- Demonstrate openness to others' opinions and a willingness to listen, contribute constructively to debate, be willing to raise tough questions in a manner that encourages open discussion, be an active, energetic and probing board member exercising critical judgement on policy and fiscal matters;
- Participate in Board orientation and continuing Board development; and
- Participate in periodic assessments of Board performance.

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**Code of Conduct and Conflict of Interest Guidelines Appendix B:  
Disclosure Statement and Undertaking for Governors of the University**

Dated \_\_\_\_\_, 20\_\_\_\_\_

TO: Royal Roads University

I, \_\_\_\_\_, being a member of the Board of Governors of Royal Roads University ("the University"), state and declare:

1. I have read and understand the Code of Conduct and Conflict of Interest Guidelines for Governors of Royal Roads University, and hereby undertake to conform to and be bound by the Code and Guidelines.

2. A direct and indirect conflict with my duty as a Governor of the University may arise because:

a) I hold the following offices (appointed or elected):

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b) I or a trustee or nominee on my behalf own or possess, directly or indirectly, the following interests, including employment and professional interests, whereby directly or indirectly a duty or interest might be created in conflict with my duty or interest as a Governor of the University:

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3. The nature of any conflicting office, duty or interest referred to in clause 2 is:

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4. In addition to any company referred to or listed in clause 2, following is a list of every company in which I, or a trustee or nominee on my behalf, directly or indirectly, hold 10% or more of the ownership interest, including without limitation, issued shares of a corporation.

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5. Name of Company and nature of business carried on:

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6. Following are brief particulars as to my present employment and my primary sources of income.  
*(Do not disclose amounts.)*

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7. Following is a list of each affiliate (as defined in the Canada Business Corporations Act) known to me of a company listed in clauses 2(b), 4 and 5 of this Statement:  
*(Name of company, name of affiliate, and nature of affiliate's business)*

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8. In addition to the offices listed above, following is a list of every company and organization of which I am an officer or director:  
*(Name of company and positions held)*

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9. I or a close family member has entered into the following transactions with Royal Roads University during the last fiscal year ended March 31<sup>st</sup>.

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10. For the transactions noted in 9, the consideration was at fair value or if not, the amount of the consideration and the fair value were as follows:

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I hereby state that all of the foregoing statements are true and correct to the best of my knowledge and belief.

Signed: \_\_\_\_\_