

**YUKON DEVELOPMENT CORPORATION  
DIRECTORS CODE OF CONDUCT AND ETHICS GUIDELINES  
Effective June 19, 2015**

**Background**

The fundamental relationship between a director and the public sector organization on which the director serves should be one of trust; essential to trust is a commitment to honesty and integrity. Ethical conduct within this relationship imposes certain obligations.

In this document “Corporation” means Yukon Development Corporation. The Corporation is established by the *Yukon Development Corporation Act*. The Act makes it clear the Corporation is an agent of the Government of Yukon and that its board of directors is responsible to the Minister. Under the Act, the Corporation has the powers of a corporation under the *Business Corporations Act*.

Recognizing these statutory powers and responsibilities and the important role of management in providing leadership to the Corporation, it is recommended the Board adopt a code of conduct that applies to officers as well as directors.

**Purpose**

The purpose of this document is to set out minimum standards of ethical conduct expected of all directors and officers appointed to the Yukon Development Corporation. It is recommended to subsidiaries of the Corporation, subject to any amendments that may be necessary to reflect their different legal environment.

**Application**

**Compliance with the Law**

Directors shall act at all times in full compliance with both the letter and the spirit of all applicable laws.

In his/her relationship with the Corporation, no director shall commit or condone an unethical or illegal act or instruct another director, employee or supplier to do so.

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 from the board Chair.

Falsifying any record of transactions is unacceptable.

Directors shall 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.

### **Standard of Conduct**

It is the duty of every director and officer of the corporation to:

- a) act honestly and in good faith with a view to the best interests of the corporation; and
- b) exercise the care, skill, and diligence that a reasonably prudent person would exercise in comparable circumstances.

In addition, the board of directors is responsible to the Minister. Officers are responsible to the board of directors. This means that directors and officers must ensure that the corporation complies with all laws and regulations that govern the conduct of its business and that the corporation acts ethically in its business dealings and community relationships. Directors and officers are expected to lead by example and must ensure that their personal and business conduct meets these high standards.

### **Conflicts of Interest**

One fundamental duty of directors and officers is to act in the best interests of the corporation. Therefore, each director and officer must avoid any situation in which there is a conflict between his or her duty to the corporation and his or her private interest, including duties to others.

No member of the board shall derive any profit or financial advantage from his/her position as a member of the board, this same principle applies to officers.

Each director and officer must disclose all circumstances that constitute a conflict of interest or might be perceived by a reasonable, well-informed person to constitute a conflict of interest. A conflict may exist where a person close to the director or officer, such as a relative, partner, client or employer will benefit, even though the director or officer will not realize any personal gain or financial advantage.

Disclosure may be made by directors to the board at a board meeting. However, it is better if disclosure is made as early as possible and in advance of a meeting. Such advance disclosure should be made by directors and officers to the Chair. Any such advance disclosure must be reported to the board by the secretary or Chair. After disclosing the conflict, directors and officers must abstain from voting or otherwise participating in the decision-making process related to the matter in conflict and must excuse themselves from that portion of the meeting related to the matter. The disclosure and abstention shall be recorded in the minutes of the meeting.

If any director or officer is concerned that he or she or another director or officer may have a conflict of interest, he or she is encouraged to raise that concern with the Chair who will investigate the concern and recommend actions needed to eliminate or address an actual or perceived conflict of interest.

In general, a conflict of interest exists for directors who use their position at the Corporation to benefit themselves, friends or families.

A director must not use his or her position with the Corporation to pursue or advance the director's personal interests, the interests of a related person (spouse, child, parent or a sibling of a director), the director's business associate, business entity, union or partnership or the interests of a person to whom the director owes an obligation.

A director shall not directly or indirectly benefit from a transaction with the Corporation over which a director can influence decisions made by the Corporation.

A director shall not take personal advantage of an opportunity available to the Corporation unless the Corporation has clearly and irrevocably decided against pursuing the opportunity, and the opportunity is also available to the public.

A director shall not use his or her position with the Corporation to solicit clients for the director's business, or a business operated by a close friend, family director, business associate, business entity, union or partnership of the director, or a person to whom the director owes an obligation.

Every director shall avoid any situation in which there is, or may appear to be, potential conflict which could appear to interfere with the director's judgment in making decisions in the Corporation's best interest.

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 or other interested parties or using privileged information inappropriately. The following are examples of the types of conduct and situations that can lead to a conflict of interest.

- Influencing the Corporation to lease equipment from a business owned by the director's spouse;
- Influencing the Corporation to allocate funds to an institution where the director or his or her relative works or is involved;
- Participating in a decision by the Corporation to hire or promote a relative of the director;
- Influencing the Corporation to make all its travel arrangements through a travel agency owned by a relative of the director;
- Influencing or participating in a decision of the Corporation that will directly or indirectly result in the director's own financial gain.

A director shall fully disclose all circumstances that could conceivably be construed as conflict of interest.

### **Disclosure**

Full disclosure enables directors to resolve unclear situations and gives an opportunity to dispose of conflicting interests before any difficulty can arise.

A director shall, immediately upon becoming aware of a potential conflict of interest situation, disclose the conflict (preferably in writing) to the board Chair. This requirement exists even if the director does not become aware of the conflict until after a transaction is complete.

If a director is in doubt whether a situation involves a conflict, the director should immediately seek the advice of the board Chair. If appropriate, the board Chair may wish to seek legal advice.

Unless a director is otherwise directed, a director should immediately take steps to resolve the conflict or remove the suspicion that it exists.

If a director is concerned that another director is in a conflict of interest situation, the director shall 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 shall immediately bring his or her concern to the attention of the board Chair. If there is a concern the Chair of the Board may be in a conflict of interest the issue will be referred to the governance committee or equivalent committee of the board that deals with board governance issues.

A director shall 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 director's attention. After disclosing the conflict, the director:

- shall not take part in the discussion of the matter or vote on any questions in respect of the matter (although the director may be counted in the quorum present at the board meeting);
- 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;
- shall, 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 complete; and
- shall 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.

### **Outside Business Interests**

Directors shall declare possible conflicting outside business activities at the time of appointment. Notwithstanding any outside activities, directors are required to act in the best interest of the Corporation.

No director shall 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 another organization in a material relationship with the Corporation, where by virtue of his/her or position in the Corporation, the director could in any way benefit the other organization by influencing the purchasing, selling or other decisions of the Corporation, unless that interest has been fully disclosed in writing to the Corporation.

A “significant financial interest” in this context is any interest substantial enough that decisions of the organization could result in a personal gain for the director.

These restrictions apply equally to interest in companies that may compete with the Corporation in all of its areas of activity.

Directors who have been selected to the board as a representative of a stakeholder group or region owe the same duties and loyalty to the organization and when their duties conflict with the wishes of the stakeholder or constituent, their primary duty remains to act in the best interests of the Corporation.

### **Confidentiality**

Confidential information includes proprietary technical, business, financial, legal or any other information which the Corporation treats as confidential.

Directors shall not, either during or following the termination of an appointment, disclose such information to any outside person unless authorized.

The duty of directors and officers to act in the best interests of the Corporation requires them to maintain the confidentiality of all confidential information and records of the Corporation and to not use or disclose the information or records, except in the course of the performance of their duties to the Corporation. The role of the Corporation as an agent of the Government of Yukon and the responsibility of the board of directors to the Minister requires directors to ensure that the Minister receives the information required to perform his or her duties as Minister.

Disclosure of confidential information to the responsible Minister and his or her staff should ordinarily be made by the Chair or the President in accordance with established protocols and reporting procedures that have been approved by the board of directors. If other disclosure of confidential information to the responsible Minister or his or her staff is required, such disclosure should be reported to the board of directors.

Directors and officers may discuss confidential information or share confidential records with other directors, officers, and staff, but they must not disclose such information or records to any

person outside the Corporation, unless such disclosure is made by an officer in the course of performing his or her duties to the Corporation.

Directors and officers must not use or disclose confidential information obtained from the corporation to further their private interests or the interests of their friends, relatives, or employers, or any other person or other organization.

Directors shall assume that information given to the board is confidential until it is disclosed by management in the ordinary course of business. If in doubt, directors should consult with the Chair or the President for clarification.

### **Investment Activity**

Directors shall 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 Corporation which could reasonably affect the value of such activities.

### **Outside Employment or Association**

A director who accepts a position with any other organization that could lead to a conflict of interest or situation prejudicial to the Corporation's interest, should discuss the implications of accepting such a position with the board Chair recognizing that acceptance of such a position might require the director's resignation from the Corporation's board.

### **Entertainment, Gifts and Favours**

It is essential to fair business practices that all those who associate with the Corporation, as suppliers, contractors or directors, have access to the Corporation on equal terms.

Directors and members of their immediate families shall not accept entertainment, gifts or favours that create or appear to create a favoured position for doing business with the Corporation. Any firm offering such inducement must be asked to cease. Similarly, no director shall offer or solicit gifts or favours in order to secure preferential treatment for themselves or the Corporation.

Under no circumstances shall directors offer or receive cash, preferred loans, securities, or secret commissions in exchange for preferential treatment. Any director experiencing or witnessing such an offer should report the incident to the board Chair immediately.

Gifts and entertainment shall only be accepted or offered by a director in the normal exchanges common to established business relationships for the Corporation. An exchange of such gifts should create no sense of obligation on the part of the director.

Inappropriate gifts received by a director should be returned to the donor.

Full and immediate disclosure to the board Chair of borderline cases will always be taken as good faith compliance with these standards.

### **Use of the Corporation's Property**

A director should require the Corporation's approval to use property owned by the Corporation for personal purposes, or to purchase property from the Corporation unless the purchase is made through the usual channels also available to the public.

Even then, a director should not purchase property owned by the Corporation if that director is involved in an official capacity in some aspect of the sale or purchase.

### **Responsibility**

The Corporation should behave, and be perceived, as an ethical organization.

Each director shall adhere to the minimum standards described herein and to the standards set out in applicable policies, guidelines and/or legislation.

Integrity, honesty and trust are essential elements of the Corporation's success. Any director who knows or suspects a breach of the Corporation's code of conduct and ethics has a responsibility to report it to the board Chair.

To demonstrate determination and commitment, each director should annually review and declare compliance with the Corporation's code of conduct and ethics.

### **Breach**

A director found to have breached his/her duty by violating the minimum standards set out in this document may be liable to censure or a recommendation for dismissal to the government.

### **Where to Seek Clarification**

Normally, the board Chair or the governance committee chair should be responsible to provide guidance on any item concerning standards of ethical behaviour.

### **Enforcement**

Voluntary disclosure of any possible breach of this code will be presumed to be a good faith effort to comply with the code.

If there has not been a good faith effort to comply with the code, the Chair and/or the Corporate Secretary will report the breach to the board of directors for its advice and direction. In addition, any director or officer who derives gain or financial advantage by acting in breach of this code must account to the Corporation by paying the Corporation the amount of the gain or financial advantage. Where any director or officer derives a profit or financial advantage that did not result in a direct expenditure by the Corporation, the Corporation may take legal action to recover the profit or financial advantage.

**Form of Declaration**

The following is a sample form of declaration that may be used by the Corporation.

*I ACKNOWLEDGE that I have read and considered the Code of Conduct and Ethics Guidelines for Directors of the Yukon Development Corporation and agree to conduct myself in accordance with the Code of Conduct and Ethics Guidelines for Directors.*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**Witness**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name