



DIRECTIVE HR-002

CONFLICT OF INTEREST AND POST-EMPLOYMENT

1.0 INTRODUCTION

- 1.1 Great Lakes Pilotage Authority (Authority) is firmly committed to conducting business in compliance with the spirit of accepted standards of business conduct reflected in corporate and company policies.
- 1.2 Standards for business conduct are more demanding than ever. Failing to meet these standards could expose the Authority to very serious harm. Moreover, it is wrong.
- 1.3 The Authority's *Conflict of Interest and Post-Employment* directive provides an introduction to important standards that everyone working for the Authority must follow. The directive is designed to help each of us:
 - **Understand and follow the basic Compliance and Integrity rules that apply to our jobs; and**
 - **Know when and where to ask for advice.**

2.0 PURPOSE

- 2.1 The Directive outlines the standard of conduct to ensure that Board members and employees act in the best interests of the Authority and its customers and, in pursuing this goal, maintain standards relating to conflict of interest. By committing and adhering to these standards, Board members and employees strengthen the ethical culture of public sector and contribute to public confidence in the integrity of the Authority.
- 2.2 This Directive provides direction and measures to assist employees in effectively dealing with real, potential and apparent conflict of interest situations which may arise during or after employment with the Authority.

3.0 DEFINITIONS

For the purpose of this directive,

Confidential Information includes proprietary technical, business, financial, legal or other operational information that is generally not generally available to the public that the Authority treats as confidential.

Conflict of Interest arises in a situation in which the Board member or the employee has private interests that could improperly influence the performance of his or her official duties and responsibilities or in which he or she uses his or her office for personal gain. *Real* conflict of interest exists at the present time, an *apparent* conflict of interest could be perceived by a reasonable observer to exist, whether or not it is the case, and a *potential* conflict of interest could reasonably be foreseen to exist in the future.

Integrity means upholding the highest ethical standards as to conserve and enhance public confidence in the honesty, fairness and impartiality of the Authority.

Relative includes a spouse, parents, stepparents, children, stepchildren, siblings, nephews, nieces, aunts, uncles, grandparents, grandchildren, in-laws and a same or opposite sex domestic partner.

PART I – CONFLICT OF INTEREST

4.0 PREVENTING CONFLICT OF INTEREST

- 4.1 Avoiding and preventing situations that could give rise to a conflict of interest, or the appearance of a conflict of interest, is one of the primary means by which Board members and employees maintain public confidence in the impartiality and objectivity of the Public Service.
- 4.2 Conflict of interest measures are adopted both to protect Board members and employees from conflict of interest allegations and to help them avoid situations of risk. Conflict of interest does not relate exclusively to matters concerning financial transactions and the transfer of economic benefit. While financial activity is important, it is not the sole source of potential conflict of interest situations.
- 4.3 With the permanent and pervasive nature of information technology, Board members and employees should be particularly sensitive to real, apparent and potential conflicts of interest that may arise from messages and information transmitted via the Internet and other media.
- 4.4 It is impossible to foresee every situation that could give rise to a real, apparent or potential conflict. When in doubt, Board members and employees should seek guidance from their immediate supervisor, the CFO, the Chief Executive Officer (CEO) or the Chair of the Board.

5.0 RESPONSIBILITIES

- 5.1 Board members and employees have the following overall responsibilities:
 - a) should take all possible steps to recognize, prevent, report, and resolve any real, apparent or potential conflicts of interest between their official responsibilities and any of their private affairs;
 - b) in carrying out their official duties, they should arrange their private affairs in a manner that will prevent real or perceived conflicts of interest from arising;
 - c) should not interfere in the dealings of private entities or persons with the Authority in order to inappropriately influence the outcome;
 - d) should not have private interest, other than those permitted pursuant to these measures, which would be unduly affected by government actions in which they participate, or of which they have knowledge or information;

- e) should not step out of their official roles to assist private entities or persons in their dealings with the Authority where this would result in preferential treatment to the entities or persons;
- f) should refrain from passing confidential information to any outside party, including stakeholders and using privileged information inappropriately;
- g) should not knowingly take advantage of, or benefit from, information that is obtained in the course of their official duties and that is not generally available to the public;
- h) should refrain from the direct or indirect use of, or allow the direct or indirect use of Authority property of any kind, including leased property, for anything other than officially approved activities;
- i) should maintain the impartiality of the public service and not engage in any outside or political activities that impair or could be seen to impair their ability to perform their duties in an objective or impartial manner; and
- j) should ensure that any real, apparent or potential conflict that arises between their private and their official duties, the conflict should be resolved in favour of the best interest of the Authority.

5.2 In addition to 5.1, Board members also have the following responsibilities:

- a) should not use his or her position with the Authority to pursue or advance the Board member's personal interest, the interests of a relative, business associate, corporation, union or partnership, or the interests of a person to whom the Board member owes an obligation
- b) should not directly or indirectly benefit from a transaction with the Authority over which the Board member can influence decisions made by the Authority;
- c) if a Board member is concerned that another Board member is in a conflict of interest situation, must immediately bring his or her concern to the other Board member's attention and request that the conflict be declared. If the other Board member refuses to declare the conflict, the board member must immediately bring his or her concern to the attention of the Board Chair, or in the case of concerns regarding the Board Chair, the issue should be referred to the Governance and Human Resources Committee; and
- d) Should disclose any information he or she has obtained that could have a material impact on the Authority.

6.0 METHODS OF COMPLIANCE

6.1 To comply with the measures of responsibility, it will usually be sufficient to submit a Confidential Report to the CFO. The Confidential Report outlines the Board

member's or employee's ownership of assets, receipt of gifts, hospitality or other benefits, or participation in any outside employment or activities that could give rise to a conflict of interest.

6.2 There will be instances, however, where other measures will be necessary. These include the following:

- a) avoiding or withdrawing from activities or situations that would place the Board member or employee in real, potential or apparent conflict of interest with his or her official duties; and
- b) having an asset sold at arm's length or placed in a blind trust where continued ownership would constitute a real, apparent or potential conflict of interest with the Board member's or employee's official duties.

6.3 Undertake and accept the obligation to take and implement all appropriate actions to preserve the secrecy of the confidential information in the same way and with the same degree of care as if this confidential information belonged to them or at least in the same manner as a reasonable person would act in its regards.

6.4 To comply with the Board member's additional measures of responsibility, Board members must:

- a) fully disclose of all circumstances that could conceivably be construed as conflict of interest;
- b) 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 Board member's attention. After disclosing the conflict, the Board member:
 - i. must not take part in the discussion of the matter, unless the Board Chair authorizes the Board member to participate in the discussion, or vote on any questions in respect of the matter.
 - ii. dependent on the decision in i), must immediately leave the meeting and not return until all discussion and voting with respect to the matter giving rise to the conflict is completed, as applicable.
 - iii. 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.

6.5 In such cases in section 5.1, the CFO will make the decision and communicate it to the Board member or employee. In determining appropriate action, the CFO will try to achieve mutual agreement with the Board member or employee in question and will take into account such factors as:

- a) The Board member's or the employee's specific responsibilities;
- b) The value and types of assets and interests involved; and

- c) The actual costs to be incurred by divesting the assets and interests, as opposed to the potential that the assets and interests represent for a conflict of interest.

7.0 ASSETS AND LIABILITIES

Board members and Employees' Obligations

- 7.1 Board members and employees are required to continuously evaluate their assets and liabilities, taking into consideration the nature of their official duties and characteristics of their assets and liabilities. If there is a real, apparent or potential conflict of interest between the carrying out of their official duties and their assets or liabilities, they are to report this matter to the CFO in a timely manner.
- 7.2 Board members and employees are not to sell or transfer assets to family members or others for purposes of circumventing the compliance measures.
- 7.3 Board members and employees shall review their status and their compliance with this Directive on an annual basis and when there is a change in their personal affairs or a change necessitating modifications to the Directive.

Reportable Assets and Liabilities

- 7.4 Some assets create a real, apparent or potential conflict of interest. These usually come from a prohibited source and are required to be disclosed in the Confidential Report.
- 7.5 A prohibited source is a person or entity seeking official action (permission, transaction, etc.) from the Authority, doing business or seeking to do business with the Authority, conducting activities regulated by the Authority, or having interests that may be substantially affected by the performance or non-performance of an Authority employee's official duties.
- 7.6 Board members and employees are required to refrain from investing in private sector entities or publicly-traded companies or from self-directing or self-managing securities of publicly traded companies that are involved in the Authority's operations. This is to prevent any Board member or employee from taking advantage of information that is not available to the general public or to eliminate any public perception of use of insider information.
- 7.7 The following are types of reportable assets and liabilities that must be reported by all Board members and employees in the Confidential Report:
 - a) publicly traded securities of corporations and foreign governments, and self-administered or self-directed Registered Retirement Savings Plans (RRSPs), and self-administered or self-directed Registered Education Savings Plans (RESPs), exchange traded funds, and Tax-Free Savings Accounts (TFSA's) that are composed of these securities, where these securities are held directly and not through units in mutual funds or blind trusts;

- b) interests in partnerships, proprietorships, joint ventures, private companies and family businesses, in particular those that own or control shares of public companies or that do business with the Authority;
- c) commercially operated farm businesses;
- d) real property that is not for the private use of Board members and employees or their family members;
- e) commodities, futures and foreign currencies held or traded for speculative purposes;
- f) assets placed in trust or resulting from an estate of which the Board member or employee is a beneficiary;
- g) secured or unsecured loans granted to persons other than to members of the Board member's or employee's immediate family;
- h) any other assets or liabilities that could give rise to a real, apparent or potential conflict of interest; and
- i) direct and contingent liabilities in respect of any of the assets described in this section.

7.8 Where the CFO determines that any of these assets results in a real, apparent or potential conflict of interest in relation to their official duties, Board members and employees may be required to divest those assets, or to take other measures to resolve the conflict.

Assets and Liabilities Not Requiring a Confidential Report

7.9 Assets for private use of employees and of their family members, as well as assets that are not of a commercial character, are exempt assets that are not required to be disclosed in the Confidential Report.

7.10 The following are examples of assets and liabilities that generally do not require a Confidential Report:

- a) residences, recreational properties and farms used or intended for use by Board members and employees or their families;
- b) household goods and personal effects;
- c) works of art, antiques and collectibles;
- d) automobiles and other personal means of transportation;
- e) cash and deposits other than foreign currencies held for speculative purposes;
- f) Canada Savings Bonds and other similar investments in securities of fixed value issued or guaranteed by any level of government in Canada or agencies of those governments;

- g) Registered Retirement Savings Plans, Registered Education Saving Plans and Tax-Free Savings Accounts that are not self-administered or self-directed;
- h) investments in money market mutual funds, Treasury Bills, certificates of deposits and diversified investment funds;
- i) guaranteed investment certificates and similar financial instruments;
- j) annuities and life insurance policies;
- k) pension rights;
- l) money owed by a previous employer, client or partnership;
- m) personal loans receivable from members of the Board members and employees/families and small personal loans receivable from other persons where the Board members and employees have loaned the moneys receivable;
- n) inheritance not subject to reportable assets; and
- o) any liability, such as car loan, home renovation loan or credit card account, from a financial institution or business entity granted on terms available to the general public.

8.0 OUTSIDE EMPLOYMENT OR ACTIVITIES

- 8.1 Employees may engage in employment outside the Authority and take part in outside activities unless the employment or activities are likely to give rise to a real, apparent or potential conflict of interest or would undermine the impartiality of the Authority or the objectivity of the Board member or employee.
- 8.2 Where outside employment or activities subject employees to demands incompatible with their official duties, or cast doubt on their ability to perform their duties in a completely objective manner, they are to submit a Confidential Report to the CFO. The CFO may require that the outside activities be curtailed, modified or terminated if it is determined that real, apparent or potential conflict of interest exists.
- 8.3 Where outside employment or activities subject Board members to demands that may rise to a real, apparent or potential conflict of interest, they are to declare the issue to the Board or Committee Chair at the beginning of the meeting. The matter will be assessed as to determine the appropriate resolution as outlined in section 6.3.

9.0 GIFTS, HOSPITALITY AND OTHER BENEFITS

- 9.1 Board members and employees are expected to use their best judgment to avoid situations of real or perceived conflict. In doing so, Board members and employees should consider the following criteria on gifts, hospitality and other benefits, keeping in mind the full context of this Directive.

- 9.2 Board members and employees are not to accept or solicit any gifts, hospitality or other benefits that may have a real or apparent influence on their objectivity in carrying out their official duties or that may place them under obligation to the donor. This includes free or discounted admission to sporting and cultural events, travel or conferences arising out of an actual or potential business relationship directly related to the public servant's official duties.
- 9.3 The acceptance of gifts, hospitality and other benefits is permissible if they:
- a) are infrequent and of minimal value (low-cost promotional objects, simple meals, souvenirs with no cash value);
 - b) arise out of activities or events related to the official duties of the Board member or employee concerned;
 - c) are within the normal standards of courtesy, hospitality or protocol; or
 - d) do not compromise or appear to compromise in any way the integrity of the Board member or employee concerned or his or her organization.
- 8.4 Where it is not possible to decline gifts, hospitality and other benefits that do not meet the principles set out above, or where it is believed that there is sufficient benefit to the Authority to warrant acceptance of certain types of hospitality, a Board member or employee shall seek written direction through a Confidential Report from the CFO. The CFO will then notify the Board member or employee in writing whether the gifts, hospitality and other benefits are to be declined or retained by the Authority, donated to charity, disposed of, or retained by the Board member or employee concerned.

10.0 SOLICITATION

- 10.1 Under no circumstances should a Board member or employee solicit gifts, hospitality, other benefits or transfers of economic value from a person, group or organization in the private sector who has dealings with the government.
- 10.2 In the case of fundraising for charitable organizations, Board members and employees should ensure that they have prior authorization from the CFO to solicit donations, prizes or contributions in kind from external organizations or individuals. The CFO may require that the activities be curtailed, modified or terminated where it is determined that there is a real or apparent conflict of interest or an obligation to the donor.
- 10.3 These provisions are designed to ensure this Directive is consistent with paragraph 121(1)(c) of the *Criminal Code*, which states:
- “Every one commits an offence who being an official or employee of the government, directly or indirectly demands, accepts or offers or agrees to accept from a person who has dealings with the government, a commission, reward, advantage or benefit of any kind for themselves or another person, unless they have the consent in writing of the head of

the branch of government that employs them or of which they are an official.”

11.0 AVOIDANCE OF PREFERENTIAL TREATMENT

- 11.1 When participating in any decision making related to a staffing process, Board members and employees shall ensure that they do not grant preferential treatment or assistance to family or friends.
- 11.2 When making decisions that will result in a financial award to an external party, Board members and employees shall not grant preferential treatment or assistance to family or friends.
- 11.3 Board members and employees should not offer any assistance to entities or persons that have dealings with the government, where this assistance is not part of their official duties, without obtaining prior authorization from their designated superior and complying with the conditions for that authorization.
- 11.4 Providing information to relatives, to friends or to entities in which the Board members and employees or their family members or friends have interests that is easily accessible to the public is not considered preferential treatment.

PART II – POST-EMPLOYMENT MEASURES

12.0 RESPONSIBILITIES

- 12.1 Without unduly restricting their ability to seek other employment, former Board members and employees should undertake to minimize the possibility of real, apparent or potential conflicts of interest between their new employment and their most recent responsibilities within the Authority. Before leaving employment, Board members and employees are to disclose their intention of future employment and discuss potential conflicts with the CFO.
- 12.2 Before leaving their employment, Board members and employees must disclose, in a Confidential Report to the CFO, their intentions regarding any future outside employment or activities that may pose a risk of real, apparent or potential conflict of interest situation. They must also disclose immediately the acceptance of any such offer.
- 12.3 Former Board members and employees shall not, within a period of one year after leaving office:
 - 12.3.1 accept an appointment to a Board of Directors of, or employment with, entities with which they personally, or through their subordinates, had significant official dealings during the period of one year immediately prior to the termination of their service.
 - 12.3.2 make representations for, or on behalf of, persons to any department or organization with which they personally, or through their subordinates, had significant official dealings during the period of one year immediately prior to the termination of their service; or

- 12.3.3 give advice to their clients or employer using information that is not available to the public concerning the programs or policies of the Authority.
- 12.4 The CFO has the authority to reduce or waive the limitation period of employment for a Board member or employee or former Board member or employee. Such a decision should take into consideration the following:
- 12.4.1 the circumstances under which the termination of their service occurred;
 - 12.4.2 the general employment prospects of the Board member or employee;
 - 12.4.3 the significance to the government of information possessed by the Board member or the employee by virtue of that individual's position with the Authority;
 - 12.4.4 the desirability of a rapid transfer of the Board member's or employee's knowledge and skills from the Authority to private, other governmental or non-governmental sectors;
 - 12.4.5 the degree to which the new employer might gain unfair commercial or private advantage by hiring the Board member or employee;
 - 12.4.6 the authority and influence possessed with the Authority, and the disposition of other cases; and/or
 - 12.4.7 any other reasonable consideration at the discretion of the CFO.
- 12.5 The decision by the CFO to waive or reduce the limitation period will be recorded in writing.
- 12.6 The CFO must ensure that the Board member or employee who is intending to leave the Authority is aware of these post-employment measures.
- 12.7 A Board member or employee may apply to the CFO for the reconsideration of any determination respecting his or her compliance with the post-employment measures.

13.0 MEASURES ON CONFLICT OF INTEREST AND POST-EMPLOYMENT

- 13.1 With respect to the appropriate arrangements necessary to prevent conflict of interest or to comply with the post-employment measures described in Part I and II of this Directive, it is expected that most situations will be addressed by discussing the matter with the Board member or employee, identifying avenues of resolution and taking appropriate action. When a Board member or employee and the CFO disagree on the appropriate arrangements to prevent conflict of interest or to comply with the post-employment measures in this Directive, the disagreement shall be resolved through the established grievance procedures.

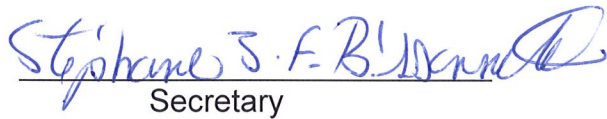
14.0 FAILURE TO COMPLY

- 14.1 A Board member or employee who does not comply with the requirements of this Directive may be subject to disciplinary measures, up to and including termination of employment.

15.0 ENQUIRIES

15.1 Enquiries about this Directive should be referred to the CFO.

Approved by the Members of
the Authority on July 23, 1986


Secretary

Date of revision: June 19, 2008
 August 18, 2015
 May 24, 2017