

## NAV CANADA

### CODE OF CONDUCT AND CONFLICT OF INTEREST GUIDELINES FOR DIRECTORS AND OFFICERS

The following, as amended from time to time, constitutes a Code of Conduct and Conflict of Interest Guidelines (“Code of Conduct”) designed to govern the conduct of and the disclosure and avoidance of conflicts of interest for all Directors and Officers of NAV CANADA (the “Corporation”). **These procedures are intended to complement, and are not intended as a substitute for, the requirements of the *Canada Not-for-profit Corporations Act* (the “Act”) governing the conduct of Directors and Officers of the Corporation (please refer to Section 141 of the Act, portions of which are set out in Schedule “A”).**

#### PART 1

##### CODE OF CONDUCT

- 1.1 Directors and Officers must at all times: (a) act honestly and in good faith with a view to the best interests of the Corporation; (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and (c) act otherwise in accordance with applicable law, including the Act, and with the articles and by-laws of the Corporation.
- 1.2 Directors should at all times participate actively in the activities and affairs of the Board. Such participation includes attending meetings of both the Board of Directors and Committees of the Board of Directors, reviewing information and documentation provided and making such inquiries of management of the Corporation as the Director deems necessary in the discharge of their duties.
- 1.3 Activities and affairs of the Corporation which have not been made public are considered to be confidential. Directors and Officers shall maintain the confidentiality of the records, information, activities, and affairs of the Corporation unless and until such disclosure is required by law or is determined by the Board to be in the best interests of the Corporation to be disclosed.
- 1.4 Directors and Officers must strive not to place themselves in a position, either perceived or real, where their duty to the Corporation conflicts with their own personal interest or with their duty to others.
- 1.5 Directors and Officers must not disclose or use information obtained as a result of their duties as a Director or Officer for investment purposes, or as the basis for a tip to others.

## **P A R T 2**

### **DISCLOSURE OF INTERESTS**

- 2.1 Every Director and Officer who holds office as a director, officer or elected official of or who is an associate or employee of or has an investment in any other person, any of which office, association, investment or employment creates a duty or interest between the Director or Officer and that person that might be in conflict with their duty or interest as a Director or Officer, shall declare in writing to the Corporation the nature and extent of the office, association, investment or employment.
- 2.2 The declaration to be made by a Director or Officer referred to in Section 2.1 shall be made at the first meeting of the Directors held:
- a) after they become a Director or Officer; or
  - b) if they are already a Director or Officer, after they commenced to hold the office, or became associated with or employed by, or invested in, the other person as referred to in Section 2.1.
- 2.3 The declaration by a Director or Officer under Section 2.1 shall be recorded in, or annexed to, the minutes of the meeting of the Directors at which such declaration is made.

## **P A R T 3**

### **DISCLOSURE STATEMENTS**

- 3.1 Every Director and Officer shall file a disclosure statement prior to the first meeting of the Board of Directors following the date upon which they became a Director or Officer and thereafter annually.
- 3.2 The disclosure statement referred to in Section 3.1 shall set out:
- a) all of the information required to be declared under Section 2.1;
  - b) the name of every person:
    - (i) in which the Director or Officer, or any associate or any trustee or nominee on behalf of the Director, Officer or associate, directly or indirectly holds 10% percent or more of an ownership interest, or similar ownership, and a statement of the type of business carried on by that person; or

(ii) from which the Director, Officer or any associate receives financial remuneration of any amount other than as a result of such ownership interest,

if such person is a supplier of goods or services to the Corporation, a user or client of the Corporation's services;

- c) the name of every bargaining agent representing employees of the Corporation of which the Director, Officer or any associate is an officer, trustee, member or employee;
  - d) to the extent known by the Director or Officer, the name of every subsidiary of a person referred to in Section 3.2(b), and a statement of the type of business ordinarily carried on by the subsidiary;
  - e) to the extent known by the Director or Officer, the name of every person that is affiliated with a person referred to in Section 3.2(b) and with every subsidiary referred to in Section 3.2(d) together with a statement of the type of business ordinarily carried on by the affiliate;
  - f) the name of every person of which the Director or Officer is a director, officer, elected official, associate or employee;
  - g) the name of every person which is a related party of the Director or Officer;
  - h) all of the information required to be declared under Section 6.1; and
  - i) a statement that the Director or Officer has made complete and accurate disclosure in their disclosure statement and that they have complied with this Code of Conduct over the relevant reporting period (or giving particulars of any non-compliance).
- 3.3 If at any time during the year, following the filing of a disclosure statement under Section 3.1, there occurs any material change to the information given by a Director or Officer in such last disclosure statement, either by way of addition or deletion, that Director or Officer shall forthwith file a supplementary disclosure statement describing such change.
- 3.4 The disclosure statement and any supplement thereto shall be filed in writing by each Director or Officer with the Corporate Secretary who shall promptly table the same before a meeting of the Board of Directors to be recorded in, or annexed to, the minutes of that meeting. The Corporate Secretary may thereafter call the attention of the Board of Directors to the contents of any particular disclosure statement or supplement thereto, in whole or in part, if they feel the circumstances warrant.

- 3.5 Unless otherwise provided for in this Code of Conduct, the obligation to file disclosure statements under this Part is in addition to, and not in substitution for, the disclosure requirements of Parts 2, 4, 5 and 6 of the Code of Conduct.

#### **PART 4**

#### **DISCLOSURE OF INTEREST BY DIRECTORS AND OFFICERS AND PARTICIPATION BY DIRECTORS IN DECISIONS CONCERNING MATERIAL CONTRACTS AND MATERIAL TRANSACTIONS COMING BEFORE THE BOARD OF DIRECTORS**

- 4.1 Every Director or Officer shall disclose to the Corporation in writing the nature and extent of any interest that the Director or Officer has or may have in a material contract or material transaction, whether made or proposed, with the Corporation if the Director or Officer:
- a) is a party to the contract or transaction;
  - b) is a director or officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or
  - c) has a material interest in a party to the contract or transaction.
- 4.2 With respect to Directors, the disclosure required where an interest exists pursuant to Section 4.1 shall be made:
- a) at the meeting of the Board of Directors at which the material contract or material transaction is first considered;
  - b) if the Director was not, at the time of the meeting referred to in Section 4.2(a), interested in the proposed material contract or material transaction, at the first meeting after they become interested or aware of the consideration of the contract or transaction;
  - c) if the Director becomes interested after a contract or transaction is made, at the first meeting after the Director becomes so interested; or
  - d) if an individual who is interested in a contract or transaction later becomes a Director, at the first meeting after the individual becomes a Director.
- 4.3 With respect to Officers who are not Directors, the disclosure required where an interest exists pursuant to Section 4.1 shall be made:

- a) immediately after the Officer becomes aware that the contract, transaction, proposed contract or proposed transaction is to be considered or has been considered at a meeting of the Board;
  - b) if the Officer becomes interested after a contract or transaction is made, immediately after the Officer becomes so interested; or
  - c) if an individual who is interested in a contract or transaction later becomes an Officer, immediately after the individual becomes an Officer.
- 4.4 The disclosure required by Section 4.1 as it relates to Section 4.1(b) or 4.1(c), as the case may be, may alternatively be made by a Director or Officer giving a general notice to the Directors declaring that the Director or Officer is a director or officer, or an individual acting in a similar capacity, of a party referred to in Section 4.1(b) or has a material interest in a party referred to in Section 4.1(c), and is to be regarded as interested in any material contract or material transaction with that party. For the avoidance of doubt, a disclosure statement and any supplement thereto filed by a Director or Officer pursuant to Part 3 shall be considered to be a sufficient general notice to the Directors for the purposes of this Section 4.4.
- 4.5 A Director or Officer who is interested pursuant to Section 4.1, shall be prohibited from participating with respect to any consideration by the Board of Directors of the particular material contract or material transaction unless the particular material contract or material transaction:
- a) relates primarily to the remuneration of a Director or Officer in their capacity as a Director or Officer, an employee, an agent or mandatory of the Corporation or an affiliate;
  - b) is for indemnity or insurance under Section 151 of the Act; or
  - c) is with an affiliate.
- 4.6 The disclosure required by Section 4.1 on the part of any Director or Officer shall be recorded in, or annexed to, the minutes of the meeting of the Board of Directors at which such disclosure was made.

## P A R T 5

### **DISCLOSURE OF INTEREST IN MATERIAL CONTRACTS OR MATERIAL TRANSACTIONS NOT BROUGHT BEFORE THE BOARD OF DIRECTORS**

- 5.1 Where the Corporation proposes to enter into a material contract or material transaction in which a Director or Officer has an interest but which is not, to the

knowledge of the Director or Officer, to be brought before the Board of Directors for its approval, the Director or Officer shall immediately disclose the nature and extent of their interest in the material contract or material transaction to the Corporate Secretary (who shall convey the nature of that interest to the Officer responsible for the material contract or material transaction) and thereafter to the Board of Directors at the next ensuing meeting of the Board of Directors.

- 5.2 Where the Corporation has entered into a material contract or material transaction in which a Director or Officer has an interest, either directly or indirectly, without the Board of Directors having knowledge of that material contract or material transaction, that Director or Officer shall disclose the nature and extent of their interest in the material contract or material transaction at the first meeting of the Board of Directors after the relevant facts have come to their knowledge.
- 5.3 In the case of similar material contracts or material transactions that are, or may be expected to be, or are of a recurring nature and which are made, or will be made, in the ordinary course of the operations of the Corporation, a Director or Officer who is interested therein shall be deemed to have complied with the disclosure requirements of Sections 5.1 and 5.2 if annually, they make a single full disclosure of the nature and extent of their interest in such material contracts or material transactions, or at a meeting of the Board of Directors.

## **P A R T 6**

### **DISCLOSURE OF INTEREST IN RELATED PARTY TRANSACTIONS**

- 6.1 As part of the Corporation's financial statement preparation process, the Corporation is required to identify and disclose any related party transactions in its financial statements pursuant to International Accounting Standard 24 – Related Party Disclosures. As a result, where a key management personnel proposes to enter into, has entered into and/or has completed a related party transaction, the key management personnel shall immediately disclose the nature and extent of their interest in the related party transaction to the Corporate Secretary and thereafter to the Board of Directors at the next ensuing meeting of the Board of Directors.
- 6.2 The disclosure required by Section 6.1 may alternatively be made by a key management personnel giving general notice to the Corporate Secretary and the Board of Directors declaring their interest in a related party transaction. For the avoidance of doubt, a disclosure statement and any supplement thereto filed by a key management personnel in accordance with Part 3 shall be considered to be sufficient general notice to the Corporate Secretary and the Board of Directors for the purposes of this Section 6.2.

## **P A R T 7**

### **PROFESSIONAL ADVISORS**

- 7.1 Any Director or Officer individually, or the Board of Directors by resolution, may, but are not obliged to, at any time ask the Corporate Secretary to appoint counsel for an opinion as to the application of this Code of Conduct to any particular situation.
- 7.2 The Corporation's public accountant may be requested to perform such duties in connection with this Code of Conduct as the Board of Directors may determine from time to time.

## **P A R T 8**

### **ENSURING COMPLIANCE**

- 8.1 In the event of an allegation of non-compliance with this Code of Conduct, in addition to any measure that may be taken under Part 7, the Board of Directors may investigate into and determine the validity of such allegation and may take such steps or measures as the Board of Directors may, in its sole discretion, determine appropriate, including declaring that a Director or Officer being in breach of this Code of Conduct no longer has the necessary qualifications to serve as a Director or Officer and their office as a Director or Officer shall be, pursuant to the procedures established by the Board of Directors, thereby vacated, provided that, prior to making any determination of the validity of such allegation or taking any such steps or measures, the Board of Directors shall provide the Director or Officer alleged to be in non-compliance with this Code of Conduct with notice of the nature of such allegation and an adequate opportunity to make representations regarding such allegation or any step or measure the Board of Directors might take if it determines that the allegation is valid.

## **P A R T 9**

### **INTERPRETATION**

- 9.1 For the purposes of this Code of Conduct:
- a) "affiliate" shall have the meaning attributed to it by the Act;
  - b) "associate" when used to indicate a relationship with any person, means:

- (i) a body corporate of which that person beneficially owns or controls, directly or indirectly, shares or securities currently convertible into shares carrying more than one percent (1%) of the voting rights under all circumstances or by reason of the occurrence of an event that has occurred and is continuing, or a currently exercisable option or right to purchase such shares or such convertible securities;
  - (ii) a partner of that person acting on behalf of the partnership of which they are partners;
  - (iii) a trust or estate in which that person has a substantial beneficial interest or in respect of which they serve as a trustee or in a similar capacity;
  - (iv) a spouse or child of that person; or
  - (v) a relative of that person or of their spouse if that relative has the same residence as that person;
- c) “Board” or “Board of Directors” means the board of directors of the Corporation;
- d) “close member of the family of a person” or similar references when used to indicate a relationship with such person, means those family members who may be expected to influence, or be influenced by, that person in their dealings with the Corporation and include:
- (i) that person’s children and spouse or domestic partner;
  - (ii) children of that person’s spouse or domestic partner; and
  - (iii) dependants of that person or that person’s spouse or domestic partner,
- regardless of whether any such family member has the same residence as that person or not.
- e) “Corporate Secretary” means the corporate secretary of the Corporation;
- f) “decision” includes any determination, grant, payment, award, license, permit, contract, franchise, concession and any decision in connection with an offer, proposal or request with respect to any of the foregoing;
- g) “Director” or “Directors” means a person or the persons elected as a director, or as the directors, of the Corporation;

- h) “interest” includes:
- (i) a personal or business benefit or advantage;
  - (ii) an increase or decrease in the value of real or personal property;
  - (iii) an advantage, gain, profit, reward or perquisite of any kind, whether pecuniary or otherwise, and whether direct or indirect; or
  - (iv) a duty owed as a director, officer, elected official, associate or employee of a person contracting or transacting with, proposing to contract or transact with, or engage in a dispute with, the Corporation.
- i) “investment” means a direct or indirect ownership holding of 10% or more in any person who is a supplier of goods or services to the Corporation, or a customer, user or client of the Corporation’s services;
- j) “key management personnel” means those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly, and includes, as applicable, Directors and Officers;
- k) “material contract” and “material transaction” are to be construed broadly and include, without limitation, any existing or proposed contract, transaction, arrangement, or resolution and any discussion or decision concerning such a contract, transaction, arrangement or resolution, or any dispute between the Corporation and another person that:
- (i) in the case of a supplier to or a client or user of the Corporation or its services, any contract, transaction, arrangement or resolution or discussion or decision regarding same or dispute between supplier, client or user and the Corporation that involves an amount in any one financial year of the Corporation in excess of one million dollars (\$1,000,000.00);
  - (ii) in the case of a trade union, any contract, transaction, arrangement or resolution or discussion or decision regarding same or dispute involving any aspect of labour relations between the Corporation and a trade union or trade unions; or
  - (iii) a reasonable person would conclude is material to the Corporation.

If in doubt as to whether any contract or transaction is a “material contract” or “material transaction”, as the case may be, please seek the guidance of the Corporate Secretary.

- l) “Officer” means an individual appointed as an officer by the Board of Directors and includes, as applicable, the Chairperson, the President, an Executive Vice President, a Vice President, the Corporate Secretary or the Treasurer;
  - m) “participate” with respect to a discussion or decision of the Board of Directors means to participate personally as a Director or Officer, whether through approval, disapproval, decision, recommendation, the giving of advice, voting, or otherwise but does not include the discussion by an interested Director or Officer of a proposed contract, transaction or resolution at a meeting of the Board of Directors where a majority of the remaining directors have approved the discussion of that subject by the interested Director or Officer;
  - n) “person” includes any individual, partnership, corporation, profession, calling, trade, manufacturer, business enterprise or undertaking of any kind, and a venture or concern in the nature of trade, whether incorporated or not, or a trade union or association or alliance of unions;
  - o) “related party” when used to indicate a relationship with the Corporation, means a person or close member of that person’s family if that person:
    - (i) has control or joint control of the Corporation;
    - (ii) has significant influence over the Corporation; or
    - (iii) is a member of the key management personnel of the Corporation;
  - p) “related party transaction” means a transfer of resources, services or obligations between the Corporation and a related party, regardless of whether a price is charged or whether such a transaction is considered to be material to the Corporation. Specific examples of transactions which would constitute related party transactions for these purposes are set out in the notes to the form of disclosure statement required to be filed pursuant to Part 3; and
  - q) “subsidiary” shall have the meaning attributed to it by the Act.
- 9.2 Reference herein to the masculine gender shall include the feminine.
- 9.3 Reference herein to Sections and Parts are references to the Sections and Parts of this Code of Conduct unless clearly identified as being otherwise.

## **SCHEDULE "A"**

### **Disclosure of interest**

141. (1) A director or an officer of a corporation shall disclose to the corporation, in writing or by requesting to have it entered in the minutes of meetings of directors or of committees of directors, the nature and extent of any interest that the director or officer has in a material contract or material transaction, whether made or proposed, with the corporation, if the director or officer

- (a) is a party to the contract or transaction;
- (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or
- (c) has a material interest in a party to the contract or transaction.

### **Time of disclosure for director**

- (2) The disclosure required by subsection (1) shall be made, in the case of a director,
- (a) at the meeting at which a proposed contract or transaction is first considered;
  - (b) if the director was not, at the time of the meeting referred to in paragraph (a), interested in the proposed contract or transaction, at the first meeting after the director becomes so interested;
  - (c) if the director becomes interested after a contract or transaction is made, at the first meeting after the director becomes so interested; or
  - (d) if an individual who is interested in a contract or transaction later becomes a director, at the first meeting after the individual becomes a director.

### **Time of disclosure for officer**

- (3) The disclosure required by subsection (1) shall be made, in the case of an officer who is not a director,
- (a) immediately after the officer becomes aware that the contract, transaction, proposed contract or proposed transaction is to be considered or has been considered at a meeting;
  - (b) if the officer becomes interested after a contract or transaction is made, immediately after the officer becomes so interested; or
  - (c) if an individual who is interested in a contract or transaction later becomes an officer, immediately after the individual becomes an officer.

Time of disclosure for director or officer

(4) If a material contract or material transaction, whether entered into or proposed, is one that, in the ordinary course of the corporation's activities, would not require approval by the directors or members, a director or an officer shall, immediately after they become aware of the contract or transaction, disclose in writing to the corporation, or request to have entered in the minutes of meetings of directors or of committees of directors, the nature and extent of their interest.

Voting

(5) A director required to make a disclosure under subsection (1) shall not vote on any resolution to approve the contract or transaction unless the contract or transaction

(a) relates primarily to the director's remuneration as a director, an officer, an employee, an agent or a mandatary of the corporation or an affiliate;

(b) is for indemnity or insurance under section 151; or

(c) is with an affiliate.

Continuing disclosure

(6) For the purposes of this section, a general notice to the directors declaring that a director or an officer is to be regarded as interested, for any of the following reasons, in a contract or transaction made with a party, is a sufficient declaration of interest in relation to the contract or transaction:

(a) the director or officer is a director or an officer, or acting in a similar capacity, of a party referred to in paragraph (1)(b) or (c);

(b) the director or officer has a material interest in the party; or

(c) there has been a material change in the nature of the director's or the officer's interest in the party.