

CODE OF CONDUCT BYLAW

ALBERTA INNOVATES - HEALTH SOLUTIONS

DATE OF APPROVAL: APRIL 26, 2010

A. INTRODUCTION

The Alberta Research and Innovation Regulation (the “Regulation”) requires that Alberta Innovates - Health Solutions (the “Corporation”) shall, by bylaw, establish a code of conduct, including conflict of interest guidelines, to apply to Directors, Officers and Employees of the Corporation.

The Corporation is a “public agency” within the meaning of the *Alberta Public Agencies Governance Act*. As a public agency, the Corporation must implement a code of conduct governing the conduct of Directors and a code of conduct governing the conduct of its Employees.

This Code of Conduct Bylaw (the “Code”), including the Conflict of Interest Guidelines contained herein, apply to the Corporation’s Directors, Officers, Employees and Committee Members. The Corporation will make a copy of the Code available to the public.

B. CODE OF CONDUCT

1. Introduction

The Code applies to all Directors, Officers, Employees and Committee Members of the Corporation, subject to the exceptions set out herein. The Code reflects a commitment to the Corporation’s values and provides a framework to guide ethical conduct in a way that upholds the integrity and reputation of the Corporation. Directors, Officers, Employees and Committee Members are expected to behave in a way that aligns with this Code. They understand that this Code does not cover every specific scenario. Therefore, they use the spirit and intent behind this Code to guide their conduct, and exercise care and diligence in the course of their work with the Corporation.

2. Definitions

Capitalized terms when used in this Code shall have the meaning ascribed to them in Schedule “A” attached hereto.

3. Core Values

- (a) Directors, Officers, Employees and Committee Members act with impartiality and integrity.
- (b) Directors, Officers, Employees and Committee Members demonstrate respect and accountability.

4. Guiding Principles

These principles guide the behaviour and decisions of Directors, Officers, Employees and Committee Members:

- (a) The actions and decisions of Directors, Officers, Employees and Committee Members are made to promote the public interest and to advance the mandate and long-term interests of the Corporation.
- (b) Directors, Officers, Employees and Committee Members are responsible stewards of public resources.
- (c) To serve the public interest, Directors, Officers, Employees and Committee Members have a responsibility to uphold the Corporation's mandate.
- (d) Directors, Officers, Employees and Committee Members have a responsibility to act in good faith and to place the interests of the Corporation above their own private interests.
- (e) Directors, Officers, Employees and Committee Members behave in a way that demonstrates that their behaviour and actions are fair and reasonable in the circumstance.
- (f) Directors, Officers, Employees and Committee Members enjoy the same rights in their private dealings as any other Albertan, unless it is demonstrated that a restriction is necessary in the public interest.
- (g) When a Director, Officer, Employee or Committee Member, as an individual, is subject to more than one code of conduct, the Director, Officer, Employee or Committee Member must consider the expectations in all. Directors, Officers, Employees and Committee Members understand that this Code is not intended to conflict with other codes of conduct, and will discuss any potential conflicts with their supervisor or the Code Administrator.
- (h) The Code applies to all Directors, Officers, Employees and Committee Members unless a specific exemption is granted by the Code Administrator.
- (i) Directors, Officers, Employees and Committee Members know that when they become aware of a real or apparent conflict of interest, they must at the first opportunity disclose this conflict to their supervisor or the Code Administrator.
- (j) Directors, Officers, Employees and Committee Members understand that disclosure itself does not remove a conflict of interest.
- (k) Directors, Officers, Employees and Committee Members encourage their colleagues to act fairly and ethically and know that they are able to raise concerns about a suspected breach by another to their supervisor or the Code Administrator

without fear of reprisal. Directors, Officers, Employees and Committee Members know that breaches of this Code may result in disciplinary action, up to and including removal of the Director or termination of the Employee.

- (l) Directors, Officers, Employees and Committee Members acknowledge that if they have any questions about the Code, or are not sure how to apply these principles, they should consult with their supervisor or the Code Administrator.
- (m) Each Director, Officer and Committee Member appointed and thereafter on an annual basis and each Employee upon being hired confirm their understanding of, and commitment to, the Code's expectations.

5. Behavioural Standards

Behavioural standards help Directors, Officers, Employees and Committee Members make appropriate decisions when the issues they face involve ethical considerations. Behavioural standards cannot cover all scenarios but provide guidance in support of day-to-day decisions. All Directors, Officers, Employees and Committee Members must adhere to the following standards:

- (a) must not engage in any criminal activity and comply with all relevant laws, regulations, policies and procedures;
- (b) must not use their status or position with the Corporation to influence or gain a benefit or advantage for themselves or others;
- (c) conduct contributes to a safe and healthy workplace that is free from discrimination, harassment or violence;
- (d) must not use drugs or alcohol in a way that affects their performance and safety or the performance and safety of their colleagues, or that negatively impacts the reputation or operations of the Corporation;
- (e) must act in a way that is consistent with the Corporation's protocols on public comment; and
- (f) must take reasonable steps to avoid situations where they may be placed in a real or apparent conflict between their private interests and the interests of the Corporation.

6. Confidential Information

Directors, Officers, Employees and Committee Members must respect and protect confidential information, use it only for the work of the Corporation and not use it for personal gain. Directors, Officers, Employees and Committee Members must comply with the Corporation's policies that guide the collection, storage, use, transmission and disclosure of information.

7. Gifts and Gratuities

Directors, Officers, Employees and Committee Members must not accept or receive gifts and gratuities other than the normal exchange of gifts between friends or business colleagues, tokens exchanged as part of protocol or the normal presentation of gifts to people participating in public functions.

8. Outside Activities

Directors, Officers, Employees and Committee Members must avoid participating in outside activities that conflict with the interests and work of the Corporation.

9. Pre-Separation

Directors, Officers, Employees and Committee Members considering a new offer of appointment or employment must be aware of and manage any potential conflicts of interest between their current position and their future circumstance, and must remove themselves from any decisions affecting their new appointment or employment.

10. Post-Separation

Once Directors, Officers, Employees and Committee Members have left the Corporation, they must not disclose confidential information that they became aware of during their time with the Corporation and must not use their contacts with their former colleagues to gain an unfair advantage for their current circumstance.

11. Property

Directors, Officers, Employees and Committee Members may have limited use of the Corporation's premises and equipment for authorized incidental purposes providing such use involves minimal additional expense to the Corporation, must not be performed on the Director or Employee's work time, must not interfere with the mission of the Corporation and must not support a personal, private business.

12. Related Persons or Parties

Directors, Officers, Employees and Committee Members must avoid corporate dealings with those in which the relationship between them might bring into question the impartiality of that Director, Officer, Employee or Committee Member.

C. CONFLICT OF INTEREST GUIDELINES

1. Introduction

The Corporation has the authority and obligation to impose conflict of interest guidelines on its Directors, Officers, Employees and Committee Members.

Pursuant to its Bylaws, the affairs of the Corporation are managed and directed by the Directors. The Directors, by virtue of their position of control over the affairs of the Corporation, stand in a fiduciary relationship to the Corporation. Consequently, the Directors must have regard to the requirements of the law governing fiduciary relationships where conflicts of interest arise.

2. Common Law Requirements

- (a) The common law imposes upon fiduciaries the duty to act in utmost good faith towards their beneficiaries. Fiduciaries must act toward their beneficiaries with a heightened sense of loyalty and fidelity. Fiduciaries must act in a manner consistent with the best interests of their beneficiaries in all matters related to the undertaking of trust and confidence. Fiduciaries must scrupulously avoid placing themselves in a position of conflict of interest.
- (b) The general rule regarding conflicts of interests is that no one who has duties of a fiduciary nature to perform is allowed to enter into engagements in which they have or can have a personal interest conflicting with the interests of those whom they are bound to protect. Even where the fiduciary acts in good faith, the foregoing restriction applies. A fiduciary cannot place their own interests ahead of those of the beneficiary, even in situations where the beneficiary benefits from the arrangement. A fiduciary cannot benefit personally from any opportunity which comes to their awareness by way of their fiduciary position. A fiduciary must not use any aspect of the beneficiary's property for personal gain. More specifically, a fiduciary must not use for personal benefit a beneficiary's assets, goods, information or opportunities.
- (c) Fiduciaries must not use their position to benefit persons closely associated with them. Where a benefit is conferred upon a person with whom the fiduciary is closely associated, the fiduciary benefits indirectly. Regard must be had to all of the surrounding circumstances to determine whether a person is associated with a fiduciary. Persons sharing business relations or a family relationship shall in most instances be characterized as associates of the fiduciary. In some instances, close personal relationships shall also give rise to an association between the fiduciary and the person. The key issue in determining whether a fiduciary is associated with another person is whether the fiduciary's ability to represent the interests of the beneficiary is or appears to be compromised as a result of the fiduciary's relationship with the third party.

3. Application of Fiduciary Principles to Directors

- (a) The Directors of the Corporation stand in a fiduciary relationship with the Corporation. The Directors must not use their position to gain benefit personally, whether such benefit accrues to them directly or indirectly. Prior to their appointment, all Directors should be screened for potential conflicts of interest.

- (b) Directors must not use their position to benefit persons related to them or with whom they are closely associated, such as business partners.
- (c) These types of transactions are exceptional and are not anticipated to arise with any frequency. Where they do arise, the affected Director must declare a conflict, fully disclose their interest in the transaction, and refrain from voting upon the matter. Whether the transaction shall be approved shall be a matter for the Board to determine.
- (d) Directors are encouraged not to make frequent use of the exceptions provided above. The general rule that the Corporation does not enter into transactions with Directors or with related persons must be observed with minimal exceptions in order to ensure public confidence in the Corporation and its undertakings remains high.

4. General Responsibilities of Directors, Officers and Employees

- (a) The Board has been structured so as to ensure that the Board is composed of a diverse selection of individuals. Each individual Director is expected to bring to the Board a set of viewpoints and experiences which may not be experienced by their fellow Directors. This diversity of viewpoints and experience at the Board adds strength and depth to Board decisions.
- (b) Directors must appreciate that while their appointment to the Board or to a committee may be as a result of a particular organization, as Directors their loyalties are first and only to the Corporation.
- (c) Directors will be required to make decisions based on what they perceive to be the best interests of the Corporation. Although it is intended that Directors will draw upon their experiences and views gained through their association with other organizations, it is not intended that Directors serve as representatives of those associations on the Corporation.
- (d) Directors, Officers, Employees and Committee Members may find themselves in a position of conflict as a result of their associations with organizations having dealings with the Corporation. A conflict may arise where an organization seeks to enter into a transaction with the Corporation. Where a conflict arises, the affected person must declare the conflict, fully disclose any personal interest they may have in the transaction, and refrain from voting upon the matter. Whether the transaction will be approved will be a matter for the Board or the committee to determine.
- (e) It would be inconsistent with their duties of loyalty to the Corporation for a Director, Officer, Employee or Committee Member to participate in a decision relating to a matter in which they have a conflict of interest. Their participation in any decisions related to a matter in which they have a conflict could invalidate the decision and could result in embarrassment to both the Corporation and the

affected organization. If the conflict is significant, public confidence in the Corporation could suffer.

5. **Conflict of Interest Guidelines**

(a) **Statement of Principles**

- (i) these Conflict of Interest Guidelines apply to all Directors, Officers, Employees and Committee Members.
- (ii) Directors, Officers, and Committee Members are required to disclose to the Chair or the Chair's designate, any situation involving that Director, Officer, or Committee Member which is a conflict of interest or apparent conflict of interest. The Chair is required to disclose to the other Directors or Committee Members any situation involving the Chair which is a conflict of interest or apparent conflict of interest. Employees are required to disclose to the CEO of the Corporation any situations involving the Employee which is a conflict of interest or apparent conflict of interest.
- (iii) Directors, Officers, Employees and Committee Members are expected in all regards to conduct their duties with impartiality and shall at all times act in accordance with and display utmost good faith towards the Corporation.
- (iv) Directors, Officers, Employees and Committee Members shall at all times act in accordance with and display a heightened sense of loyalty and fidelity to the Corporation.
- (v) Directors, Officers, Employees and Committee Members shall not use for personal gain any of the Corporation's assets, goods, information or opportunities.
- (vi) Directors, Officers, Employees and Committee Members shall not disclose any information which is confidential to the Corporation during or after their tenure as Directors, Officers, Employees and Committee Members except as may be authorized by the Corporation or required by law.

(b) **Prohibited and Permitted Transactions**

- (i) Except in accordance with these Conflict of Interest Guidelines:
 - A. the Corporation shall not enter into Transactions with a Director, Officer, Employee, Committee Member or a Related Person where the Director, Officer, Employee, Committee Member or Related Person may directly or indirectly benefit from the Transaction.

- B. the Corporation may enter into a Transaction with a Director, Officer, Employee, Committee Member or Related Person if,
- 1 the affected person:
 - a) declares a conflict of interest in respect of the proposed Transaction; and
 - b) discloses to the Board or Committee the full nature and extent of his or her interest in the proposed transaction and, to the extent that he or she is able, the interest of any Related Person in the proposed Transaction; and
 - 2 it is established to the satisfaction of the Board or Committee that:
 - a) the proposed Transaction is fair and reasonable to the Corporation; and
 - b) the proposed Transaction would meet or exceed community expectations about the conduct of the Corporation; and
 - 3 the Board or Committee approves the proposed Transaction.
- (ii) When authorizing a Transaction under these Conflict of Interest Guidelines, the Board may impose any conditions it deems necessary in the circumstances to protect the Corporation or to safeguard public confidence in its undertakings.
- (iii) For the purposes of these Conflict of Interest Guidelines, the affected person shall not participate in any decisions relating to the proposed Transaction.
- (iv) For the purposes of these Conflict of Interest Guidelines, the affected person shall not be counted as part of the quorum making any decisions relating to the proposed Transaction.
- (v) Where the Board approves a Transaction under these Conflict of Interest Guidelines, an entry shall be made into the minutes of the meeting confirming the approval of the Transaction by the Board or Committee.
- (vi) The Board may review any decision made by a Committee to approve a Transaction under these Conflict of Interest Guidelines.

Schedule “A” – Definitions

1. “*Associated*” means a relationship, transaction or connection such that the relationship, transaction or connection:
 - a. has the potential to affect or give the appearance of affecting the ability of the Director or Committee Member to act impartially on behalf of the Corporation; or
 - b. between the Corporation and the person would, or would be seen to, confer a direct or indirect benefit upon the Director or Committee Member;
2. “*Benefit*” means a direct or indirect pecuniary or non-pecuniary advantage and includes the avoidance of a detriment, but does not include the prestige associated with the position of Director or Committee Member nor participation in activities or programs of the Corporation in which the public has an opportunity to participate;
3. “*Board*” means the Board of Directors of the Corporation;
4. “*Bylaws*” means the Bylaws of the Corporation;
5. “*Chair*” means the Chair of the Board;
6. “*Code*” has the meaning ascribed to it in Section A – Introduction;
7. “*Code Administrator*” means for Directors and the Chief Executive Officer of the Corporation, the Governance and Accountability Committee. The Code Administrator for Employees other than the CEO means the CEO;
8. “*Committee*” means a Board Committee or Sub-Committee of the Corporation;
9. “*Committee Member*” means a member of a Committee;
10. “*Conflict of Interest Guidelines*” means the Conflict of Interest Guidelines contained in Section C to this Code of Conduct and Conflict of Interest Bylaw;
11. “*Director*” means a member of the Board of the Corporation;
12. “*Employee*” means a person employed by the Corporation;
13. “*Member Organization*” means any organization that becomes a member of the Corporation in accordance with the Bylaws;
14. “*Officer*” means a Director who is appointed as an Officer of the Corporation and includes, without limitation the Chair and the Vice-Chair;
15. “*Related Person*” means a person who is Associated with a Director, Employee or Committee Member; and
16. “*Transaction*” means an arrangement, other than a gift, under which,

- a. the Corporation and another person agree to exchange value or services;
- b. the Corporation confers a benefit on another person; or
- c. the Corporation receives a benefit from another person.