

PUBLIC SERVICE PENSION BOARD

Reference Manual

Code of Conduct and Ethics

Section: Governance - 3

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1. Policy Statement

Participants and beneficiaries of the Public Service Pension Plan have a right to services that are conducted with impartiality and integrity by the Board. The Board's obligation demands that there not be, nor seem to be, any conflict between the private interests of Board Members and their duty to the Plan members.

The Code of Conduct and Ethics has been prepared with reference to Section 3(3) of Schedule 2 of the *Public Sector Pension Plans Act*, which requires Board Members to comply with any conflict of interest provisions prescribed with respect to the Public Service Pension Plan (PSPP). The Code of Conduct and Ethics is consistent with Section 11 of the *Alberta Public Agencies Governance Act* (APAGA).

2. Policy Requirements

2.1 Definitions

"**Act**" means the *Public Sector Pension Plans Act*, including Schedule 2 thereto and all regulations made thereunder, as amended from time to time.

"**Apparent Conflict of Interest**" exists where there is an apprehension, which reasonably well informed persons could properly have, that a conflict of interest exists.

"**Board**" means the Public Service Pension Board including all committees struck by the Board.

"**Code**" means this Code of Conduct and Ethics Policy for the Public Service Pension Board, as amended from time to time.

"**Code Administrator**" is the individual responsible for ensuring the Code is adhered to by the Board.

"**Conflict of Interest**" means a conflict between the private interests and the official responsibilities of a Member.

A person is "**Directly Associated**" with a Member if that person is

- (a) the Member's spouse or child or an adult interdependent partner, as defined under the *Adult Interdependent Relationships Act* (including, for example, common law spouses and same sex life partners),
- (b) a corporation having share capital and carrying on business or activities for profit or gain and the Member is a director, senior officer, or employee of the corporation,
- (c) a corporation carrying on business or activities for profit or gain and the Member owns or is the beneficial owner of shares of that corporation,
- (d) a partnership
 - (i) of which the Member is a partner, or
 - (ii) of which one of the partners is a corporation directly associated with the Member by reason of clause (b) or (c), or

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- (e) a person or group of persons acting as the agent of the Member and having actual authority in that capacity from the Member.

"Investment Manager" means Alberta Investment Management Corporation.

"Member" means a member of the Public Service Pension Board and those members of the Board committees who are not members of the Board but have been appointed by the Board.

"Minister" means President of Treasury Board and Minister of Finance or such member of the Executive Council charged by the Lieutenant Governor in Council with the administration of the *Public Sector Pension Plans Act*.

"Plan" means the Public Service Pension Plan.

"Plan Administrator" means the Alberta Pensions Services Corporation.

The **"Private Interest"** of a Member does not include an interest:

- (a) in a matter that is of general application to the Plan, or
- (b) that affects a person as one of a broad class of the public or of the membership of the Plan,
- (c) that concerns remuneration and benefits of a Member, or
- (d) that is trivial.

"Trustee" means the Minister or, subject to section 16(4)(b) under Schedule 2 of the Act, the Board, depending on who is the trustee of the Plan by virtue of the application of section 16.

2.2 Application

2.2.1 This policy applies to the Board and to all Members.

2.2.2 This Code is in addition to any conflict of interest provisions prescribed with respect to the PSPP under Schedule 2 of the Act.

2.2.3 Conflicts between the Private Interests of Members and their duty to the public not specifically addressed in this Code must be dealt with according to the principles and intent of the Code.

2.2.4 Administration of the Code

- The Chair will be the Code Administrator for the Members and will issue instructions as necessary for implementation of the Code.
- The Vice-Chair will act as the Code Administrator for any issues relating to the Chair.
- The Chair will promote the Code and any supplemental Codes on a regular basis to ensure that Members are aware of their obligations.

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- Any questions regarding the interpretation or application of this Code are to be directed to the Chair.

2.3 Purpose

- 2.3.1 It is the duty of each Member to act honestly and impartially and in the best interests of the participants and beneficiaries of the Plan in the exercise of their powers and responsibilities under the Act.
- 2.3.2 In order to assist the Members to meet this duty, this Code has been adopted and will be reviewed from time to time to provide guidance to Members in the identification, resolution and review of situations that may create conflicts between their duties as Members and their personal or Private Interests.

2.4 Principles

It is recognized that the Code cannot cover every situation in the conduct of the business of the Plan, nor be a substitute for common sense, individual judgment or personal integrity. However, it is the duty of each Member to adhere, without exception, to the principles set out below.

- 2.4.1 Members shall comply with all applicable laws. It is the duty of each Member to uphold all laws applicable to the Plan in force in the Province of Alberta.
- 2.4.2 The Board shall conduct its affairs in accordance with fairness, impartiality, integrity and high ethical standards.
- a. It is the Board's responsibility to set the general, moral and ethical tone for the conduct of business. The Board shall conduct all business with the highest ethical standards and deal with participants and beneficiaries of the Plan with fairness and impartiality.
 - b. The Board will strive to ensure that all communications from the Board about or relating to its mandate are accurate.
 - c. The Board will deal fairly, objectively and impartially with all Plan participants and beneficiaries acting in good faith and in the best interest of the participants and beneficiaries.
- 2.4.3 The Code shall be integral to the Board's relationship with its service providers, the Plan Administrator and the Investment Manager.
- a. The Code is a living document. Members, staff serving the Board, the Plan Administrator and the Investment Manager are encouraged to suggest changes or additions to the Code.
 - b. The Code is in addition to, but does not limit, specific policies and procedures of the Board and Members, and therefore the Board and Members must perform their duties in accordance with such policies and procedures.
 - c. The Board recognizes that the service providers are subject to their own professional and organizational codes of conduct.

- d. The Board will request, annually, assurance from the Plan Administrator and Investment Manager that they have adhered to their respective conduct codes.

2.5 Conflict of Interest

2.5.1 Furthering Private Interests

A Member is in a Conflict of Interest situation if their Private Interest conflicts with their duty to act honestly and in the best interests of the Plan participants and beneficiaries in the exercise of their powers and discharge of their responsibilities as a Member. Without limiting the generality of the foregoing, a Member is in a Conflict of Interest situation if:

- a. the Member takes part in a decision in the course of carrying out responsibilities as a Member knowing that the decision might further a Private Interest of the Member or a person Directly Associated with the Member;
- b. the Member uses the Member's office or powers to influence, or seek to influence, a decision to be made by the Board or plan to further a Private Interest of the Member or that of a person Directly Associated with the Member;
- c. the Member uses or communicates information not available to the general public or Plan participants and beneficiaries that was gained by the Member in the course of carrying out the Member's office or powers to further, or seek to further, a Private Interest of the Member or a person Directly Associated with the Member;
- d. the Member or, to the knowledge of the Member, a person Directly Associated with the Member obtains or accepts a fee, gift or other benefit, all of a material nature, that is connected directly or indirectly with the performance of the Member's office; or
- e. the Member or a person Directly Associated with the Member receives a preference in the matter of any contract or employment with the Board.

2.5.2 Disclosure

- 2.5.2.1 When a matter is before the Board that could benefit the Member, or a person associated with the Member (including, for example, a friend, any relative of the Member, workplace colleague of the Member, or any person who is Directly Associated with the Member), the Member must advise the Board to determine whether the Board is required to take steps to prevent a Conflict of Interest from occurring.
- 2.5.2.2 When a Member has a Conflict or an Apparent Conflict of Interest in a matter before the Board, the Member shall, if present:
 - a. disclose the existence of a Conflict of Interest prior to discussion of the matter;

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- b. abstain from voting on any question relating to the matter;
- c. abstain from discussing the matter; and
- d. leave the room in which the meeting is being held until the discussion and voting on the matter are concluded.

2.5.2.3 The abstention of a Member and disclosure of a Member's Conflict, or an Apparent Conflict of Interest, shall be recorded in the minutes of the meeting.

2.5.2.4 If a Member believes there may be a Conflict, or an Apparent Conflict of Interest, the Member may ask the Board for guidance.

2.5.3 Reporting a Potential Breach

2.5.3.1 If a Member has reason to believe that another Member is in conflict the Member is able to report this potential breach, in writing, to the Code Administrator. All submissions are to be treated confidentially. Members should ensure they are respecting the reputation of other Members. Any frivolous or vexatious reports will require follow-up by the Code Administrator.

2.5.4 Responding to a Potential Breach

2.5.4.1 The Code Administrator is responsible for examining the potential breach and determining whether or not a breach has occurred. If the Code Administrator is unable to arrive at a decision the Code Administrator may seek the advice of the Assistant Deputy Minister, Financial Sector Regulation and Policy, Alberta Treasury Board and Finance.

2.5.4.2 The Code Administrator will ensure that the process employed to arrive at a decision is properly documented. Documentation must include: the nature of the breach; the individuals involved; the steps taken to arrive at the decision; and the method by which the potential breach was assessed and managed.

2.5.4.3 If the breach is being investigated by law enforcement the Code Administrator will allow any investigation to take precedence over their review.

2.5.5 Consequences of a Breach

2.5.5.1 The Code Administrator is responsible for examining and making a decision on whether or not a breach has occurred; however, the Code Administrator is not responsible for making a decision on the severity of the sanction imposed. The Code Administrator may make a sanction recommendation to the Board for discussion.

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2.5.5.2 The severity of the sanction will be determined on a case by case basis. Where the sanction recommendation exceeds the Board's authority, the Board may make a recommendation to the Minister.

2.5.5.3 Records of Board sanction decisions and recommendations will be kept for future reference.

2.5.6 Review of a Decision

2.5.6.1 In order to ensure that the review process is fair and equitable the Board shall:

- a. ensure that the Member is provided with an opportunity to present their case to the Code Administrator;
- b. ensure the Code Administrator communicates the rationale for the decision made; and
- c. ensure the Code Administrator is impartial and independent.

2.5.6.2 Once the Board has determined its decision the Member may request a review of the decision on whether a breach has occurred to the Deputy Minister, Alberta Treasury Board and Finance.

2.5.7 Annual Declaration

2.5.7.1 After having received a copy of this Code, each new Member shall confirm, in writing, that:

- a. the Member has received, read, and understood the Code; and
- b. the Member will adhere to the Code and/or will report any known or possible breaches to the Code Administrator or the Board.

2.5.7.2 Each Member shall annually confirm, in writing, that:

- a. the Member has received, read, and understood the Code; and
- b. at the end of that year, the Member has adhered to the Code and/or has reported any known or possible breaches to the Code Administrator or the Board.

by completing and signing a Declaration in a form shown in **Attachment 1**.

2.6 Acceptance of Gifts

Further to section 2.5.1 (d), "Furthering Private Interests", of this Code, Members shall not accept fees, gifts or other benefits that are connected directly or indirectly with the performance of their Member duties from any individual, organization or corporation, other than:

- a. the normal exchange of gifts between friends; and
- b. the normal exchange of hospitality between persons doing business together.

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The acceptance of gifts or benefits must not compromise or appear to compromise the integrity or impartiality of the individual Board member or the Board as a whole.

2.7 Public Statements

- 2.7.1 Members are responsible for maintaining the confidentiality of Plan information or documents, which includes the responsibility for ensuring that such information or documents are not directly or indirectly made available to unauthorized persons.
- 2.7.2 Members must adhere to the requirements of the *Freedom of Information and Protection of Privacy Act*.
- 2.7.3 Members who speak or write publicly shall ensure that they do not release confidential or privileged information unless they are specifically authorized to do so by the Chair.

2.8 Review

This Code shall be reviewed at least once every three years. The next scheduled date for review is March 2019.

Effective Date: March, 1996

Revision Dates: April 14, 2016
March, 2015 (*affirmed*)
March, 2013
June, 2011
January, 2011
February, 2010
January, 2001
October, 1996

These Declarations will be provided to each Board member printed on PSPP letterhead at the first meeting of each year.

ATTACHMENT 1

[Date]

Director
Public Service Pension Board
5103 Windermere Blvd. SW
Edmonton, AB T6W 0S9

Re: Code of Conduct and Ethics Annual Declaration

This letter confirms that I, [Name], have received a copy, read and understood the Code of Conduct and Ethics for members of the Public Service Pension Board and its committees.

For the year [insert year], I declare that I will adhere to the Code of Conduct and Ethics and/or where there is a known or possible breach, I will report that conflict to the Board or Board Chair.

Signature

Date