

CODE OF BUSINESS CONDUCT AND ETHICS

1.0 INTRODUCTION

Integrity is a core value of British Columbia Ferry Services Inc. and its subsidiaries (“BCF” or the “Company”). It is a fundamental principle of this organization that all Directors, Officers, and employees (“BCF personnel”) be accountable for their actions, and ensure that they demonstrate integrity in their behaviour and general conduct of business, and that they act in an honest and ethical manner at all times. These are values that are shared by all BCF personnel.

The purpose of this Code of Business Conduct and Ethics (the “code”) is to set out certain principles and standards of conduct that all BCF personnel are expected to follow in their day-to-day dealings with customers, suppliers, fellow employees, investors, governmental agencies, other stakeholders, competitors, and with the communities in which BCF does business.

2.0 COMPLIANCE WITH LAW

BCF will comply with all laws and regulations that are applicable to its business and activities. BCF personnel are responsible for making themselves aware of, understanding, and complying with these laws, and for preventing, detecting, and reporting instances of non-compliance in accordance with this code. There is no circumstance in which BCF or BCF personnel should disregard any law or regulatory requirement in the conduct of BCF business.

No Director, Officer, or employee of BCF will commit or condone an illegal act or instruct another Director, Officer, or employee to do so.

Where BCF personnel are uncertain about the applicability of laws or regulations, they should seek clarification from the Corporate Secretary.

3.0 CONFLICTS OF INTEREST

BCF personnel must avoid conflicts of interest with the Company. A conflict of interest exists whenever an individual's personal interests directly or indirectly interfere or conflict, or appear to interfere or conflict, with that individual's obligation to act in the best interests of the Company. Conflicts of interest include:

- taking for oneself an opportunity discovered through the use of corporate information or position;
- using corporate property, information, or position for personal benefit, whether direct or indirect; and
- competing with the Company.

BCF personnel may not hold a significant financial interest, either directly or through a company, relative, or associate, or hold or accept a position as a director or officer in an organization having business dealings with BCF, unless that interest has been fully and properly disclosed to the Corporate Secretary, and a determination made that a conflict of interest does not exist, or appropriate steps have been taken to mitigate or remove the circumstances giving rise to the conflict. A significant financial interest includes a financial interest or shareholdings that could interfere or conflict, or appear to interfere or conflict, with that individual's obligation to act in the best interests of BCF, but would not normally include a holding of less than 1% of the shares of a publicly traded company, or of the right to acquire less than 1% of such shares.

BCF personnel, who perceive a conflict between this code and any professional code of conduct or ethics to which they are subject, should consult the Corporate Secretary.

In the case of any BCF decision-making process that may result in a personal benefit to BCF personnel, such BCF personnel are required to abstain in all respects from participating in that decision-making process.

4.0 DISCLOSURE OF CONFLICTS

At the time of his or her appointment or employment, as the case may be, each Director, Officer, and employee of BCF must disclose all interests and relationships of which the Director, Officer, or employee is aware at the time of appointment or employment, which will or may give rise to a conflict of interest. Employees, other than Directors and Officers, should make their disclosure to their Manager, an Employee Relations or Human Resources Director, or the Corporate Secretary. Directors and Officers should make their disclosure to the Corporate Secretary who, in turn, will communicate such disclosure to the Governance & Nominating Committee of the Board of Directors.

If a situation of conflict of interest or potential conflict of interest should arise after the individual is appointed or employed, the individual shall make immediate disclosure of all relevant facts as described above.

In addition to making full disclosure as described above, BCF personnel who are in a conflict situation must immediately take all necessary or appropriate steps to remove or mitigate the circumstances giving rise to the conflict.

5.0 CONFIDENTIALITY AND INTEGRITY OF INFORMATION

In the course of employment or performing their duties, BCF personnel may be given access to or become aware of confidential or proprietary information of the Company, or confidential or proprietary information of a third party who has disclosed such information to the Company. BCF personnel are to maintain the confidentiality of such information, in whatever form or however stored or transmitted, and to protect such confidential information from loss, theft, or misuse.

Unless duly authorized to be made available to the public by an Officer of the Company, the Company's plans, strategies, records, reports, papers, internal communications, techniques, programs, software, formulas, developmental or experimental work, processes, and methods are proprietary and confidential, and are not to be disclosed or used other than in the ordinary course of the business of BCF.

Confidential information is only to be divulged to those parties who are authorized to receive it.

BCF personnel must exercise caution and discretion in handling confidential information and, in particular, care should be taken not to discuss confidential information in social or public contexts.

BCF personnel are not to trade in the securities of BCF if they are in possession of material information that has not been generally disclosed in the marketplace. For more complete information, refer to the Corporate Disclosure and Securities Trading Policy of the Company.

6.0 USE OF BCF PROPERTY

The property and assets of BCF must only be used in the course of carrying out the bona fide business purposes of the Company.

BCF personnel are entrusted with the care, management, and cost-effective use of the Company's property and assets, including the use of BCF's name and intellectual property, and should not make use of these resources for purposes that are unrelated to the Company's business or for their own personal gain.

BCF personnel should ensure that all property and assets of the Company assigned to them are maintained in good condition and should be able to account for such property while assigned to them.

Property and assets, including intellectual property and rights produced or developed during the course of employment, or through the use of Company property or assets, are the property of the Company.

BCF personnel may not dispose of BCF property or assets except in accordance with guidelines established by BCF.

7.0 ENTERTAINMENT, GIFTS, AND FAVOURS

It is essential to the promotion of fair dealing and efficient business practices that all those who engage in business with BCF as suppliers, contractors, or customers be treated fairly and without favouritism. Competitors must also be treated fairly.

Gifts may be received or given by BCF personnel on occasion but they must always be of such form and substance that they could not influence such person's judgment with respect to the giver.

Gifts and entertainment may only be accepted or offered by BCF personnel in the normal exchanges common to, and generally accepted in, established business relationships. Acceptable gifts or entertainment in the normal course of business for BCF personnel typically are less than \$250 Canadian or the close equivalent in other currencies. An exchange of such gifts or entertainment must create no sense of obligation. The following criteria should be used as a guide:

- the transaction must be lawful;
- the gift or benefit is modest and would be considered by the business community to be within the bounds of propriety and local ethical standards taking into account all the circumstances of the occasion;
- the exchange does not, nor is it expected to, create an obligation; and
- it occurs infrequently.

BCF personnel may not offer or solicit gifts or favours in order to secure preferential treatment for themselves or the Company.

There must be full and immediate disclosure to the President & Chief Executive Officer, an Executive Vice President, Vice President, or the Corporate Secretary in all cases where there is uncertainty about the appropriateness of gifts, favours, or entertainment.

8.0 ENVIRONMENT AND SAFETY

BCF is committed to complying with all applicable environmental laws, regulations, permits, and licenses, and to the maintenance of a healthy environment.

BCF is committed to the safety and security of its customers, and all BCF personnel, and to providing a safe and healthy workplace.

BCF personnel are expected to comply with the Company's applicable safety, health, and environmental policies, and follow appropriate procedures as set forth in those policies.

If an employee has any concerns about safety issues, he or she must report them immediately to his or her Manager or, alternatively, through the Company's safety management systems.

Every employee has a personal responsibility to take all prudent precautions in every activity to ensure personal safety and also to avoid creating any unsafe condition or danger to others.

9.0 ACCOUNTING AND AUDITING

BCF will fully comply with all applicable laws and regulations regarding its books of account, business records, and financial reporting. Such books of account and records will be properly and accurately maintained.

All assets, liabilities, and transactions of the Company must be accurately reflected in the Company's financial records and reports, and must be supported by appropriate documentation. No BCF personnel shall create or condone the creation of a false record, or destroy or condone the destruction of a record, except in accordance with the policies of the Company. No assets, liabilities, or financial transactions must be concealed from Management or BCF's External or Internal Auditors. Appropriate accounting and financial policies, procedures, controls, and audit processes must be maintained.

All BCF personnel, regardless of their position in the Company, are expected to follow internal BCF policies and procedures designed to protect the integrity of Company assets, data, and financial reports, and to question and report any matters that appear contrary to those policies and procedures.

10.0 REPORTING QUESTIONABLE ACCOUNTING AND AUDITING MATTERS

If BCF personnel have concerns about questionable accounting or auditing matters, they must promptly report them to the appropriate person. Employees are encouraged to speak to their Manager. The Manager will promptly contact BCF's Internal Auditor who will conduct a preliminary investigation of the complaint. If the employee is uncomfortable with talking to his or her Manager about the matter, or believes the Manager has not reported the matter to the Internal Auditor, the employee may contact the Internal Auditor directly and, if desired, anonymously, or may contact the Chair of the Audit & Finance Committee of the Board of Directors directly.

Complaints will be handled promptly, professionally, and with as much confidentiality as possible consistent with investigating the complaint.

The Internal Auditor will advise the Chair of the Audit & Finance Committee of the Board of Directors and the Corporate Secretary of all reports received, unless the Internal Auditor determines after a preliminary investigation that the matter reported is without merit. The Chair of the Audit & Finance Committee, in consultation with the Internal Auditor and the Corporate Secretary, will determine how each concern brought forward to the Audit & Finance Committee is to be further investigated and by whom. The Internal Auditor will maintain a record of all reports received regarding accounting and auditing matters, and provide it to the Audit & Finance Committee each quarter.

11.0 QUALITY OF PUBLIC DISCLOSURE

BCF is committed to providing information about the Company to the public in a manner that is consistent with all applicable legal and regulatory requirements, and that promotes investor confidence by facilitating fair, orderly, and efficient market behaviour.

BCF's reports and documents filed with, or submitted to, securities regulators and the Company's other public communications, must include full, fair, accurate, timely, and understandable disclosure. All employees who are involved in the disclosure process are responsible for ensuring that BCF meets such requirements.

12.0 EMPLOYEE, CUSTOMER, AND SUPPLIER PRIVACY

BCF respects the personal privacy of BCF personnel, contractors, customers, and suppliers. BCF personnel are required to maintain the privacy and confidentiality of personal information in accordance with all applicable laws and regulations.

13.0 RESPECT IN THE WORKPLACE

BCF personnel have a shared responsibility to exercise the basic principles of respect and dignity in all working relationships. All BCF personnel must treat one another, and all parties who engage in business or other relationships with the Company, with dignity and respect.

BCF personnel will comply with the Company's Treatment of Employees in the Workplace Policy, and will not engage in abusive, intimidating, or demeaning behaviour of any form, including as described in the *Human Rights Code*.

14.0 NO RETALIATION

BCF will not retaliate against a Director, Officer, or employee who, in good faith, reports a known or suspected violation of this code as described herein. This means that employees will not be terminated, demoted, or discriminated against in any way for reporting legitimate concerns about these matters in accordance with this code, including giving information in relation to an investigation. However, because of the seriousness of a false allegation and the resources which will be expended to investigate complaints, BCF reserves the right to discipline anyone who knowingly makes a false accusation or knowingly provides false information to the Company or others.

15.0 EXEMPTIONS OR WAIVERS FROM CODE REQUIREMENTS

Employees, other than Directors or Officers, may request an exemption from, or waiver of, a requirement of this code through their supervising Manager. All such requests must be documented and require the joint approval of the President & Chief Executive Officer and the Corporate Secretary. Requests for exemptions or waivers for Directors and Officers must be approved by the Board of Directors.

Conditions may be attached to an exemption or waiver. Full and detailed disclosure of all material and relevant circumstances respecting the matter will be held by the Executive Vice President of Human Resources in the case of employees, and by the Corporate Secretary in the case of Directors and Officers, and will be periodically reported to the Board of Directors.

16.0 COMPLIANCE WITH THIS CODE

The Board of Directors is responsible for monitoring compliance with this code.

The Company has the responsibility to communicate this code to all Directors, Officers, and employees. Each person in a position of authority in BCF is responsible for communicating the expectations contained in this code to all employees under his or her supervision.

BCF personnel have the responsibility to understand and conduct themselves in accordance with this code, and to report conduct or proposed conduct that is in violation of this code.

All breaches involving accounting or auditing matters should be reported in accordance with section 10.0 of this code. All other breaches of the code should be reported to the employee's Manager, or to an Employee Relations or Human Resources Director, or other appropriate Manager. If an employee is uncomfortable in talking to his or her Manager about a violation of this code, or is uncertain how to report the violation, he or she may report such matter to the Corporate Secretary.

Reported potential violations of this code will be handled promptly, professionally and, if requested, with as much confidentiality as possible consistent with investigating the complaint. All bona fide reports will be investigated as may be appropriate in the circumstances.

Employees who breach the code may be subject to disciplinary action, up to and including dismissal. If a violation of law is involved, the matter may also be referred to the appropriate law enforcement agency. Any Supervisor or Manager who directs or approves of conduct in violation of this code, or who fails to report a violation of which he or she has knowledge, is also in violation of the code and subject to disciplinary action.

This code outlines a framework of guiding principles. As with any statement of policy, the exercise of judgment may be required in determining the applicability of this code to each individual situation. The Corporate Secretary is responsible for the establishment of appropriate policies, guidelines, procedures, and processes for administering this code.

This code applies to all Directors, Officers, and employees of BCF. Compliance with this code is a condition of employment.

BCF reserves the right to modify or amend this code. This code and any amendments shall be binding on BCF personnel when communicated.

17.0 CLARIFICATION

Employees who require advice on any aspect of this code should seek clarification from their Manager or the Corporate Secretary. Directors or Officers who require advice on any aspect of this code should seek clarification from the Corporate Secretary.

18.0 COMMITMENT

To demonstrate BCF's commitment to the principles set forth in this code, BCF personnel are expected to review the code periodically throughout the year. Each Director, Officer, and employee should take the opportunity to discuss with a Manager or the Corporate Secretary, as appropriate, any circumstances that may have arisen that could be an actual or potential violation of the standards of conduct in this code.

CONFIDENTIAL REPORTING CONTACT INFORMATION

The following confidential reporting lines have been established for BC Ferries employees to make submissions regarding perceived violations of the Code of Business Conduct and Ethics, including questionable accounting or auditing practices within BC Ferries:

Telephone: 250-381-8473 Ken Brown, Internal Auditor
Telephone: 250-978-1218 Cynthia Lukaitis, Corporate Secretary
Email: bcf.confidentialreporting@telus.net

Concerns specifically about questionable accounting and audit practices can be submitted using the above reporting lines or can be submitted directly to the Chair of the Audit & Finance Committee of the Board of Directors at the following email address:

Email: bcf.confidentialboard@shaw.ca

Please note that if using either of the email addresses above, the sender's address will display in the "From" field. If anonymity is desired the following anonymous reporting link to the Internal Auditor should be used:

Anonymous reporting link: www.bcferrries.com/confidential_reporting/

MAY 2005
AMENDED OCTOBER 2005
FURTHER AMENDED NOVEMBER 2009