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## CODE OF BUSINESS CONDUCT AND ETHICS

### 1.0 INTRODUCTION

Integrity is a core value of British Columbia Ferry Services Inc. and its subsidiaries (“**BCFS**” or the “**Company**”). It is a fundamental principle of the Company that all directors, officers, and employees (“**BCFS Personnel**”) be accountable for their actions and demonstrate integrity in their behaviour and general conduct of business, and that they act in an honest and ethical manner in the performance of their duties.

The purpose of this Code of Business Conduct and Ethics (this “**Code**”) is to set out certain principles and standards of conduct that BCFS 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 BCFS does business.

### 2.0 APPLICATION OF POLICY

This Code applies to all BCFS Personnel. Compliance with this Code is a condition of the appointment or employment of each director, officer and employee of the Company. All BCFS Personnel have the responsibility to understand and conduct themselves in accordance with this Code

### 3.0 COMPLIANCE WITH LAW

BCFS will comply with all laws and regulations that are applicable to its business and activities. There is no circumstance in which BCFS or BCFS Personnel should disregard any law or regulatory requirement in the conduct of BCFS business. Accordingly, BCFS Personnel are responsible for making themselves aware of, understanding and complying with those laws and regulations that relate to their respective duties or functions.

No director, officer or employee of BCFS will (i) commit an illegal act in the conduct of BCFS business or (ii) instruct or permit another director, officer or employee to commit an illegal act in the conduct of BCFS business.

If any BCFS Personnel are uncertain about the applicability of any laws or regulations, they should seek clarification from the Corporate Secretary.

## **4.0 CONFLICTS OF INTEREST**

### **4.1 General**

BCFS 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 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.

Without limiting the generality of the foregoing, BCFS Personnel may not hold a significant financial interest or hold or accept a position as a director or officer in an entity or organization having business dealings with BCFS unless (i) that interest has been fully and properly disclosed to the Corporate Secretary and (ii) senior management or the Board of Directors has made a determination 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" in an entity or organization includes holding shares or other securities of such entity or organization (whether directly or indirectly through a holding company, relative or associate), but would not normally include a holding of less than 1% of the shares of a publicly traded company.

BCFS Personnel who perceive a conflict or potential 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 BCFS decision-making process that may result in a personal benefit to BCFS Personnel, the affected BCFS Personnel are required to abstain in all respects from participating in that decision-making process.

## **4.2 Disclosure of Conflicts**

At the time of his or her appointment or employment, each director, officer, and employee of BCFS must disclose all interests and relationships which will or may give rise to a conflict of interest. Directors and officers should disclose such conflicts to the Corporate Secretary who, in turn, will disclose such conflicts to the Governance & Nominating Committee of the Board of Directors. Other employees should disclose such conflicts to their Manager, an Employee Relations or Human Resources Director, or the Corporate Secretary.

If a situation of conflict of interest or potential conflict of interest should arise after an individual is appointed or employed, the individual shall (i) immediately disclose the conflict as described above and (ii) 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, BCFS Personnel may be given access to or become aware of confidential or proprietary information of the Company. Confidential or proprietary information of BCFS includes the Company's plans, strategies, records, reports, papers, internal communications, techniques, programs, software, formulas, developmental or experimental work, processes and methods.

Confidential or proprietary information of the Company may not be disclosed to any third party except (i) in the ordinary course of business or (ii) to the extent and in the manner necessary to comply with the Company's disclosure requirements under Canadian securities laws. In order to preserve the confidentiality of such information, BCFS Personnel must exercise caution and discretion in handling confidential and proprietary information and, in particular, should not discuss such information in social or public contexts. For additional information regarding the precautions that BCFS Personnel are required to take in order to preserve the confidentiality of confidential and proprietary information, please refer to the Company's Corporate Communications Policy.

BCFS Personnel may not trade in the securities of BCFS if they are in possession of material information that has not been disclosed to the public in accordance with Canadian securities laws. For more complete information, please refer to the Company's Corporate Disclosure and Securities Trading Policy.

## **6.0 USE OF BCFS PROPERTY**

The property and assets of BCFS, including intellectual property and rights produced or developed during the course of employment or through the use of Company property or assets, are and shall remain the property of the Company. BCFS Personnel may only use the Company's property and assets in the course of carrying out the business of the Company and may not make use of these resources for other purposes or for their own personal gain.

BCFS Personnel are entrusted with the care, management, and cost-effective use of the Company's property and assets, including the use of BCFS's name and intellectual property. BCFS 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.

BCFS Personnel may not dispose of the Company's property or assets except in accordance with guidelines established by BCFS.

## **7.0 ENTERTAINMENT, GIFTS, AND FAVOURS**

It is essential to the promotion of fair dealing and efficient business practices that all third parties who engage in business with BCFS, whether as suppliers, contractors, customers or otherwise, be treated fairly and without favouritism. Accordingly, BCFS Personnel may not offer or accept entertainment, gifts or favours in order to secure preferential treatment for themselves, the Company or a third party.

While the Company does not have a blanket rule prohibiting BCFS Personnel from providing or receiving entertainment, gifts or favours to or from third parties, such entertainment, gifts and favours may only be given or received if and to the extent that (i) the entertainment, gift or favour does not and is not intended to influence

the business judgment of the recipient and (ii) the entertainment, gift or favour is in such amount and form that it does not create a reasonable perception that it would or was intended to influence the business judgment of the recipient. In determining whether it is appropriate to accept or receive a gift or other benefit, the following criteria should be used as a guide:

- the size or amount of the gift or benefit should be modest (i.e. less than CDN\$250 or the equivalent in other currencies);
- the gift or benefit does not (and is not intended to) create a sense of obligation or otherwise influence the business judgment of the recipient;
- taking into account the circumstances, the gift or benefit would be considered to be within the bounds of propriety by the local business community;
- the gift or benefit is lawful; and
- the gift or benefit should not be provided on a frequent or recurring basis.

If you have any question about whether or not it is appropriate to provide or receive any entertainments, gifts or favours, you should consult with the Chief Executive Officer, an Executive Vice President, a Vice President or the Corporate Secretary before accepting or providing such entertainment, gift or favour.

## **8.0 ENVIRONMENT AND SAFETY**

BCFS is committed to complying with all applicable environmental laws, regulations, permits and licenses, and to conducting its business in an environmentally responsible manner. In addition, BCFS is committed to the safety and security of its customers and to providing a safe and healthy workplace for all BCFS Personnel.

Accordingly, BCFS Personnel are expected to comply with the Company's applicable environmental, health and safety policies and to follow appropriate procedures as set forth in those policies. Every employee has a personal responsibility to take all prudent precautions to ensure personal safety and to avoid creating any unsafe condition or danger to others.

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.

## **9.0 ACCOUNTING AND AUDITING**

### **9.1 General**

BCFS 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 BCFS Personnel may (i) create or condone the creation of a false record or (ii) destroy or condone the destruction of a record except in accordance with the Company document retention policies.

No assets, liabilities or financial transactions may be concealed from management or the Company's external or internal auditors. The Company will maintain appropriate accounting and financial policies, procedures, controls and audit processes in order to ensure that all assets, liabilities and financial transactions are accurately reflected in the Company's financial records and reports.

### **9.2 Reporting Questionable Accounting and Auditing Matters**

All BCFS Personnel, regardless of their position, are expected to (i) follow internal BCFS policies and procedures designed to protect the integrity of Company assets, data, and financial reports and (ii) question and report any matters that appear contrary to those policies and procedures.

If BCFS Personnel have questions or concerns about 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 the Company's internal auditor (the "**Internal Auditor**") who will conduct a preliminary investigation of the complaint. If the employee is uncomfortable with talking to his or her Manager about a matter, or believes the Manager has not reported the matter to the Internal Auditor, the employee may contact the Internal Auditor or the Chair of the Audit & Finance Committee of the Board of Directors directly. All 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 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.

#### **10.0 QUALITY OF PUBLIC DISCLOSURE**

BCFS is committed to providing information about the Company to the public in a manner that is consistent with all applicable legal and regulatory requirements. All reports and documents prepared and filed pursuant to applicable legal and regulatory requirements must include full, fair, accurate, timely, and understandable disclosure.

All employees who are involved in the disclosure process are responsible for ensuring that BCFS meets such requirements. Please refer to the Company's Corporate Communications Policy for additional information.

#### **11.0 EMPLOYEE, CUSTOMER, AND SUPPLIER PRIVACY**

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

#### **12.0 RESPECT IN THE WORKPLACE**

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

BCFS 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*.

### **13.0 NO RETALIATION**

BCFS will not retaliate against any director, officer or employee who, in good faith, reports a known or suspected violation of this Code. This means that employees will not be terminated, demoted, or discriminated against in any way for reporting legitimate concerns about such 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, BCFS reserves the right to discipline anyone who knowingly makes a false accusation or knowingly provides false information to the Company or an investigator.

### **14.0 EXEMPTIONS OR WAIVERS FROM CODE REQUIREMENTS**

Any exemption or waiver from a requirement of this Code insofar as it applies to a director or officer must be approved by the Board of Directors. Other employees may request an exemption or waiver from a requirement of this Code through their supervising Manager. All such requests must be documented and require the joint approval of the Chief Executive Officer and the Corporate Secretary. Such conditions may be attached to any exemption or waiver as the Board of Directors (in the case of a director or officer) or the Chief Executive Officer and Corporate Secretary (in any other case) consider appropriate in the circumstances.

A detailed summary of any exemptions or waivers granted under this Code will be periodically provided to the Board of Directors.

### **15.0 IMPLEMENTATION OF CODE**

Each person in a position of authority in BCFS is responsible for ensuring that each person under his or her supervision has received a copy of this Code and for communicating the expectations contained in this Code to all BCFS Personnel under his or her supervision.

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 in different circumstances. The Corporate Secretary is responsible for the



establishment of appropriate policies, guidelines, procedures, and processes for administering this Code as he or she considers necessary.

BCFS reserves the right to modify or amend this Code. This Code and any amendments shall be binding on BCFS Personnel when communicated.

#### **16.0 REPORTING REQUIREMENTS**

All breaches of this Code involving accounting or auditing matters should be reported to the Internal Auditor or the Chair of the Audit & Finance Committee in accordance with Section 9.2. All other breaches of this Code should be reported to the employee's Manager or to an Employee Relations or Human Resources Director. 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.

#### **17.0 CONSEQUENCES OF NON-COMPLIANCE**

BCFS Personnel who violate this Policy may be subject to disciplinary action, including in certain cases termination of employment. 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.

#### **18.0 FURTHER INFORMATION**

Directors or officers who require advice or further information with respect to any aspect of this Code should seek clarification from the Corporate Secretary.

Employees who require advice or further information with respect to any aspect of this Code should seek clarification from their Manager or the Corporate Secretary.

### **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 Christy Hermans, Acting Internal Auditor  
Telephone: 250-978-1218 Cynthia Lukaitis, Corporate Secretary  
Email: [BCFS.confidentialreporting@telus.net](mailto:BCFS.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: [BCFS.confidentialboard@shaw.ca](mailto:BCFS.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/](http://www.bcferrries.com/confidential_reporting/)