

MANAGEMENT REPORT TO METROLINX

Report Title:	Code of Business Conduct and Ethical Behaviour for Directors					
Report Number:	GC 08-002	Date to Board:	June 13, 2008	Date to Committee:	April 25, 2008	
Report To:	<input checked="" type="checkbox"/> BOARD		<input type="checkbox"/> ADVISORY COMMITTEE <input type="checkbox"/> AUDIT COMMITTEE <input type="checkbox"/> GOVERNANCE COMMITTEE <input type="checkbox"/> HUMAN RESOURCES COMMITTEE <input type="checkbox"/> TECHNICAL ADVISORY GROUP <input type="checkbox"/> OTHER:			
Report Referred From:	Governance Committee					
Author(s):	Mary Martin General Counsel & Corporate Secretary		Telephone	416 874 5915		
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Item Class:	IN CAMERA	<input type="checkbox"/>	DECISION	<input checked="" type="checkbox"/>	INFORMATION	<input type="checkbox"/>

1.0 RECOMMENDATION:

RESOLVED:

THAT the amended text appended as Appendix A to report number GC 08-002 (Code of Business Conduct and Ethical Behaviour for Directors) be approved by the Board for execution by each director.

2.0 PURPOSE & EXECUTIVE SUMMARY:

The Governance Committee has considered the adoption and execution of a Code of Conduct and Ethical Behaviour for Directors (the "Code") as part of its corporate governance mandate. Formalization of such a Code has been identified as a corporate governance best practice. In addition, adoption of the Code is expected to enhance public confidence and trust in the integrity, objectivity and impartiality of the Corporation. The purpose of this report is to approve the recommendation of the Governance Committee that the Code be approved for execution by the Board of Directors.

3.0 BACKGROUND:

A draft of the proposed Code was presented to the Governance Committee at the April 25, 2008 committee meeting. Following review and discussion of the contents of the Code, the following **amended** resolution was passed:

THAT staff be directed to revise section 7 of the draft Code of Business Conduct and Ethical Behaviour for Directors attached as Appendix A to report GC 08-002 (the “Code”) to clarify any limitations on a Board Member’s right of public commentary;

THAT the revised Code be submitted to the Board for its consideration and approval;

THAT the revised Code be provided to each director for execution subsequent to its approval by the Board.

4.0 DISCUSSION:

The Code is a standard code of ethics and will be a companion code to a code of ethics to be executed by all employees of the Corporation. Although the Code does little more than summarize existing Board duties under the *Greater Toronto Transportation Authority Act, 2006*, the Conflict of Interest Policy and the common law, reviewing and signing the Code will help focus these obligations, allow the Board to meet an expected governance standard, as well as demonstrate leadership by example when a similar document is presented to the Corporation’s employees.

In accordance with the Governance Committee resolution noted above, amendments clarifying the nature of each Director’s right of public commentary have now been incorporated into the Code. These provisions aim to ensure there is consistency in respect of public communications made on behalf of the Corporation, while at the same time permitting Directors to maintain open communications with their constituents and other members of the public in relation to their work for the Corporation.

The proposed amended Code is attached as Appendix A.

5.0 FINANCIAL MATTERS:

N/A

6.0 HUMAN RESOURCES MATTERS:

N/A

7.0 ENVIRONMENTAL MATTERS:

N/A

8.0 COMMUNICATION MATTERS:

N/A

9.0 LEGAL MATTERS:

As described above.

10.0 CONCLUSION:

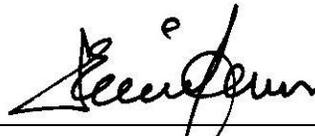
The contents of the Code evidence the Corporation's commitment to implement and maintain corporate governance best practices. Adoption and execution of the Code is therefore expected to preserve and enhance the Corporation's reputation and operational credibility.

Respectfully submitted,

Approved for Submission to the Board



Mary Martin, General Counsel &
Corporate Secretary



W. Michael Fenn, CEO

Appendices:

Appendix A: Code of Business Conduct and Ethical Behaviour for Directors

*Staff & Others
Consulted:*

Name	Telephone
Alba Taylor Associate Counsel Office of General Counsel & Corporate Secretary	416 874 5941
Kim Lambert Executive Lead Corporate Affairs	416 874 5905

Notifications:

Name	Mailing or E-mail Address
N/A	

Special Instructions:

N/A

APPENDIX A

Code of Business Conduct and Ethical Behaviour for Directors

1. RECITALS

WHEREAS:

The board of directors (the “Board”) of the Greater Toronto Transportation Authority (the “Corporation”) is composed of the following directors (the “Directors”): Rob MacIsaac, Roger Anderson, Paul Bedford, Gary Carr, Fred Eisenberger, William Fisch, Adam Giambrone, Norm Kelly, Hazel McCallion, David Miller and Peter Smith

The Directors occupy a position of trust in their relations with fellow Directors, officers and employees of the Corporation, as well as with the Legislature, stakeholders and the public;

The Directors share the view that appropriate standards of conduct and ethical behaviour are fundamental to the preservation of the Corporation’s reputation and the success of its operations and that the highest standards of ethical behaviour and business conduct should govern the exercise of their duties and responsibilities as Directors of the Corporation;

The Directors therefore wish to confirm their commitment to such standards by establishing this Code of Business Conduct and Ethical Behaviour for Directors (the “Code”).

2. INTRODUCTION

The object of this Code is to enhance public confidence and trust in the integrity, objectivity and impartiality of the Corporation.

The Code illustrates the standards of conduct and ethical behaviour Directors expect to attain in the performance and exercise of their responsibilities as Directors of the Corporation or when otherwise representing the Corporation.

No Code can offer a complete guide to cover all possible situations that might be encountered, and the Directors must exercise judgment in applying the principles embodied in this Code to any particular situation. The provisions of this Code are in addition to, and not in substitution for, any obligation imposed upon a Director by agreement (written or oral), common law, equity, statute or regulation. Compliance with this Code will not relieve a Director from any such obligations. Consequently, where the provisions of this Code shall be in conflict with other specific obligations relating to business conduct and behaviour that are imposed upon a Director by reason of the office(s) he or she may hold in the public sector such other specific obligations shall prevail over the provisions of this Code.

3. CODE ADVISOR

The Chair of the Board or, where the matter relates to the Chair of the Board, the Chair of the Audit Committee (the “Code Advisor”), with the assistance of an independent advisor where deemed appropriate by the Code Advisor, will report directly to the Board, and will be responsible for:

- establishing, reviewing and updating appropriate policies, guidelines and procedures for this Code;
- providing advice, receiving disclosure and, if appropriate, issuing written opinions to Directors on code of conduct matters they may encounter in fulfilling their respective responsibilities; and
- preparing an annual report to the Board on the number of enquiries or disclosures received in each fiscal year, and how they were answered or resolved.

4. THE EXPECTED STANDARDS OF BUSINESS CONDUCT AND ETHICAL BEHAVIOUR

(a) Comply with applicable laws

Directors shall comply with the laws and regulations governing their conduct. Directors have a responsibility to be sufficiently familiar with any legislation or regulations that apply to their directorship and to be able to recognize potential liabilities, seeking legal advice where appropriate.

Directors must not engage in or give the appearance of being engaged in any illegal or improper conduct that is in violation of this Code or that indicates a casual attitude towards compliance with laws, regulations or this Code.

(b) Comply with the Corporation’s policies

Directors have a responsibility to be knowledgeable of the Corporation’s policies and to comply with these policies.

(c) Exercise duties honestly and in good faith with a view to the best interests of the Corporation

Directors acknowledge their obligations under the *Greater Toronto Transportation Authority Act*, 2006 as may be amended from time to time, which incorporates the standards of the *Ontario Business Corporations Act* providing that, in exercising their powers and performing their duties, directors shall act honestly and in good faith with a view to the best interests of the Corporation.

Directors further acknowledge their common law duty, as fiduciaries, to subordinate their own personal interests to those of the Corporation.

(d) Maintain the highest standards and uphold corporate values

Directors shall maintain the highest standards of ethical behaviour and business conduct in the performance and exercise of their responsibilities as Directors of the Corporation or when otherwise representing the Corporation.

Directors shall further conduct themselves in a manner that reflects the overall spirit of the Code.

(e) Confirmation of Receipt

To acknowledge their commitment to abide by the provisions of the Code, each Director shall sign the confirmation of receipt form attached as Schedule “A” and return it to the Chair.

5. CONFLICTS OF INTEREST CODE

Directors have full knowledge of the Corporation’s *Conflicts of Interest Policy* and agree to comply with the provisions of such policy.

6. CONFIDENTIALITY

Subject to the provisions of the Use of Municipal Staff Policy (CA-07-004) Directors shall fully respect the confidentiality of the information they obtain because of their office.

Directors shall take an Oath of Allegiance and Office in the form attached as Schedule “B” upon taking office whereby they will solemnly swear that they will treat as confidential any information they obtain regarding the internal affairs of the Corporation.

7. PUBLIC COMMENT

Directors acknowledge that the Corporation’s position in respect of its business, affairs, policies and operations must be presented accurately and consistently to the public. In order to achieve this result, the following guidelines shall apply to public statements and disclosures made by the Directors relating to the Corporation:

- (a) Subject to section 7(c) of the Code, Directors shall be free to comment publicly on behalf of the Corporation with respect to a matter previously considered by the Board for which a decision has been made provided that:**
 - (i) such comments are consistent with the Board’s decision(s); or**
 - (ii) where a Director seeks to make comments that are not consistent with the Board’s decision(s), the Director clearly establishes that such comments are made on his/her own behalf and not as a representative of the Corporation.**
- (b) Where a matter has not previously been decided by the Board, a Director may comment publicly on such matter provided that the Director clearly establishes that such comments are made on his/her own behalf and not as a representative of the Corporation.**

- (c) **The Board may, from time to time, designate by resolution one or more of its Directors or Corporation employee(s) as spokesperson(s) for the Corporation relating to a matter or decision considered or made by the Board. In such circumstances only the designated spokesperson(s) shall be authorized to issue related statements or make comments on behalf of the Corporation.**
- (d) **In no event will a Director comment on or make any disclosure relating to any matter pertaining to the Corporation where such comment or disclosure would potentially breach confidentiality or other obligations or standards set out in this Code or in the Corporation's Conflict of Interest Policy.**

8. FUNDAMENTAL RIGHTS

The Corporation is committed to providing all Directors, officers and employees with an environment that respects their basic human rights and that is free from discrimination and harassment. Each Director is responsible for taking all reasonable precautions to not demonstrate behaviour that can be reasonably construed as discrimination or harassment. Directors are encouraged to report all incidents of discrimination and harassment to the Code Advisor.

9. PERSONAL AND FAMILY RELATIONSHIPS

A Director who has a personal or family relationship with another Director, officer, or employee of the Corporation that could affect the credibility of the Corporation or the actions of the Director should inform the Code Advisor of this matter.

A Director who has a personal or family relationship with another Director, officer or employee of the Corporation must take steps to ensure that the relationship will not affect the credibility or reputation of the Corporation.

10. SEEKING CLARIFICATION

Directors should refer enquiries relating to this Code or its application to the Code Advisor.

All disclosures to the Code Advisor shall be kept strictly confidential unless, in the opinion of the Code Advisor, the matter disclosed could adversely affect the Corporation, another Director, officer or employee of the Corporation or the general public.

11. DISCLOSURE OF WRONGDOING FOR BREACHES OF CODE

Directors are required to report to the Code Advisor:

- a. the conduct of another Director, officer or employee of the Corporation whom the Director has reasonable grounds to believe has done something unethical or illegal; and
- b. breaches of this Code, including violations of laws, rules, regulations or the Corporation's policies.

12. FAILURE TO COMPLY

Where a Director's conduct constitutes a breach of the Code, the Chair or the Code Advisor may recommend to the Board that it make a recommendation to the Minister or other appropriate person that the Director be removed from office.

13. WAIVERS FROM CODE

In extraordinary circumstances and where it is clearly in the Corporation's best interest to do so, the Code Advisor may waive compliance with a requirement under this Code for a Director. Conditions may attach to such a waiver. The Director granted the waiver accepts that public disclosure of the granting of any such waiver may be required by applicable laws, regulations, policies or guidelines.

14. POST-DIRECTORSHIP

Directors must adhere to the Code, as applicable, after leaving office.

15. REVIEW OF CODE

The Board shall review and reassess the adequacy of the Code periodically and make such amendments to the Code as the Board may deem appropriate.

SCHEDULE A
to the Code of Conduct and Ethical Behaviour for Directors

CONFIRMATION OF RECEIPT FORM

I acknowledge that I have received a copy of the *Code of Business Conduct and Ethical Behaviour for Directors* from the Greater Toronto Transportation Authority.

I have read the above-mentioned Code and agree to abide by the standards set out therein.

Director's signature

Director's name (type or print)

Date

SCHEDULE B
to the Code of Conduct and Ethical Behaviour for Directors



Oath of Allegiance & Oath of Office

I, [INSERT NAME], do swear (*or solemnly affirm*) that I will be faithful and bear true allegiance to Her Majesty Queen Elizabeth the Second, her heirs and successors according to law.

AND I, [INSERT NAME], do also swear (*or solemnly affirm*) that I will faithfully discharge my duties as a public servant and will observe and comply with the laws of Canada and Ontario, and, except as I may be legally authorized or required, I will not disclose or give to any person any information or document that comes to my knowledge or possession by reason of my being a public servant.

So help me God. (*Omit this phrase in an affirmation*).

SWORN/AFFIRMED before me

at the City of Toronto

in the Province of Ontario

This day of , 2008

Signature of Declarant

Signature of Clerk of the Executive Council, Deputy
Minister, or person designated by them