

Clarification of “Outside Employment” - Issued March 2001

A question has arisen as to how Managers can determine whether it is appropriate for employees to be engaged in outside employment or business activity that is the same as, or closely related to, the activity conducted by BC Hydro or its Subsidiaries.

Today the BC Hydro family of companies is engaged in a variety of business activities, each of which has the potential of being classified as a “core business”. Furthermore, as the Corporation enters into new business ventures, what we have traditionally considered our core business may have a much broader spectrum.

This document is issued to provide clarification to Managers of the intention of the *Outside Employment* provision of the Code of Conduct which states, in part –

“...no BC Hydro employee, may accept work with a competitor or with any entity that could lead to a conflict of interest or situation prejudicial to BC Hydro’s interests.”

In addition, the Code states, in part, the following with respect to Conflict of Interest:

“..... employees will perform their duties conscientiously and will not put themselves in a position in which their private interests and those of BC Hydro might be or perceived to be in conflict.”

When an employee makes it known to their Manager that they are considering engaging in outside employment or business activity, Managers should pose the following questions to help assess whether that activity might be considered detrimental to, or in conflict with, the commercial or other interests of BC Hydro or its Subsidiaries.

While a Manager is not empowered to approve an employee’s outside activities that place the employee in a conflict of interest, a Manager does have the authority to determine whether a conflict of interest or situation prejudicial to BC Hydro or its Subsidiaries’ interests exists. Managers are also encouraged to consult with the Code of Conduct Advisor when considering how to respond to an employee.

Employees should be advised that their responses to these and other questions, as well as any other information provided by the employee, will be kept as private as possible, unless the information provided discloses a pre-existing conflict of interest that must be addressed by the Manager.

The Manager should also explain that any advice given to the employee, or any decision made by the Manager, will be documented in the employee’s personnel file and copied to the Code of Conduct Advisor.

Questions

1. Are the duties you perform for BC Hydro or its Subsidiaries the same as the services you intend to provide in your outside employment or business activity?
2. Does BC Hydro or its Subsidiaries sell to third parties the services that you perform for the Corporation – or are the services you provide for the Corporation purely for internal use?
3. Are you intending to provide services in your outside business activity that could:
 - Benefit from the expertise you have developed at BC Hydro or its Subsidiaries?
 - Benefit from any confidential or proprietary information you have obtained while working for BC Hydro or its Subsidiaries?
4. Has your current employment with BC Hydro or its Subsidiaries enhanced your opportunities for outside employment, self-employment or other business activity? If so, why?
5. In your outside employment or business activity will you be working for a third party that:
 - Is bidding for business against BC Hydro or its Subsidiaries?
 - Is doing business with or wishes to do business with BC Hydro or its Subsidiaries?
 - Has taken or might take positions on commercial or social policies that are contrary to positions taken by BC Hydro and its Subsidiaries?
 - Has been involved in or may be involved in a business activity that might be considered a core business – for example – generation of power (BC Hydro) or product testing (Powertech).

No conflict or prejudice to BC Hydro

If the Manager determines that there is no conflict of interest, and no prejudice to BC Hydro or its Subsidiaries' interests, the Manager should note in writing approval for the outside employment or business activity. The employee may rely on that approval. However, the employee should be advised that this approval is dependent upon the employee having made a full and accurate disclosure of the circumstances.

The employee should also be advised that the approval may no longer apply if the activities undertaken by the employee change materially, or if BC Hydro or its Subsidiaries initiate new and competitive business activity.

The employee should be requested to bring any changes in these outside activities to the attention of the Manager if and when they occur.

The Manager should discuss any material changes in the activities of BC Hydro or its Subsidiaries' business activities with the employee if they should occur.

Conflict or prejudice to BC Hydro exists

In the event of a conflict or potential conflict of interest, or a situation prejudicial to BC Hydro or its Subsidiaries' interests, the Code of Conduct Advisor should be consulted to consider possible options to remove the conflict of interest, or to avoid the potential of a conflict of interest.

Should an exemption from the Code's provisions be necessitated or sought, the process for seeking that approval is already set out in Attachment 4.

Inability to decide

In the event the Manager is unable to make a decision for any reason, whether for lack of information or otherwise, the responsible Vice-President or Subsidiary President will determine whether the outside employment or business activity proposed by the employee is in conflict with, or prejudicial to, BC Hydro or its Subsidiaries' interests.