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**CODE OF ETHICS AND BUSINESS CONDUCT**

**A MESSAGE FROM THE BOARD OF DIRECTORS**

Atomic Energy of Canada Limited (AECL) is committed to the highest ethical conduct in all its activities. The AECL Board of Directors has adopted a Code of Ethics and Business Conduct (the Code) to maintain a work environment that fosters fairness and integrity. AECL's Code flows from our Mandate; what we are empowered to do; Vision, what we aspire to do; and Values, our desired behaviours.

These key elements are of paramount importance in providing framework for our Code of Ethics and Business Conduct. They are integral to our corporate culture and ensure good corporate governance.

AECL expects all employees to conduct themselves in accordance with this Code and it will hold employees accountable for their conduct. This policy outlines the standards of behaviour AECL expects from its employees. Employees should consult their supervisor whenever in doubt as to the appropriate course of conduct. Those who do not comply with the Code will be subject to disciplinary measures up to and including dismissal and/or legal action.

Please take the time to read the Code and keep it where you can refer to it as necessary.

J. Raymond Frenette

Chairman of the Board

**1. SCOPE**

Consistent with AECL's Values, this document describes the requirements that form the AECL Code of Ethics and Business Conduct (the Code). The Code addresses business conduct, fiscal integrity and responsibility, and conflict of interest.

The Code applies to all directors, executives and employees including attached staff and contractors and outlines lawful and ethical decision-making. The Code applies to all of AECL's business activities including those carried out internationally.

**2. PURPOSE**

AECL is committed to the highest ethical conduct in all its activities. The AECL Board of Directors has adopted and authorised the Code of Ethics and Business Conduct aimed at maintaining a work environment that fosters fairness and integrity. The Code flows from our Mandate, Vision and Values [1]. These key elements provide a framework for our Code of Ethics and Business Conduct. They are integral to our corporate culture and ensure good corporate governance.

|                                  |                        |                 |                        |
|----------------------------------|------------------------|-----------------|------------------------|
| Prepared by<br>Mary - Anne Ferry | Date<br>April 23, 2004 | Approved by<br> | Date<br>April 30, 2004 |
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### **3. CODE OF ETHICS AND BUSINESS CONDUCT**

#### **3.1 Business Conduct**

##### **3.1.1 Compliance**

AECL complies with all applicable standards, codes, laws, regulations, requirements, and government guidelines.

Employees shall, not simply obey the law, but act in a manner that will bear the closest public scrutiny and foster public and stakeholder confidence.

##### **3.1.2 Environment**

AECL is committed to protecting the environment. AECL focuses its environmental efforts on minimizing nuclear legacy obligations for future generations. Employees shall comply with AECL's Environment Policy.

##### **3.1.3 Health and Safety**

AECL is committed to protecting the health and safety of the public and our employees. AECL is concerned with the health and well-being of its employees and is committed to providing a safe and secure workplace. Employees shall comply with AECL's Health and Safety Policy.

Employees shall perform their work in a safe manner and free from the influence of alcohol or drugs.

##### **3.1.4 Employee Relations**

Employees shall act in a courteous, civilized and professional manner when dealing with colleagues, customers, suppliers, and partners.

Employees shall act with truthfulness and integrity in all their business dealings.

Employees shall carry out fair and honest dealings, fair hiring and promotion practices and equitable treatment of others.

Employees shall contribute to providing a workplace that is free from harassment (including sexual, physical or verbal harassment) and/or discrimination.

Employees shall respect and preserve other individuals' privacy.

##### **3.1.5 Shareholder/Regulators**

Employees shall act in an honest and transparent manner in dealings with our Shareholder and regulators to enhance confidence in our system of governance.

##### **3.1.6 Treatment of Business Partners and Third Parties**

AECL is committed to integrity, honesty and respect in all dealings with customers, suppliers, partners, governments, and the public. Employees shall treat our customers courteously and in a professional manner. Purchasing decisions shall be made honestly and with integrity.

Confidential information relating to third parties provided to AECL shall be handled with integrity and discretion. Employees shall handle information about or received from AECL's customers or other third parties with integrity and discretion and treat the information as confidential unless the contrary is clear.

Employees shall not step out of their official roles to assist private entities or persons in their dealings with AECL when this would result in preferential treatment to any person.

### **3.1.7 Competition**

AECL believes in competing fairly and complies with all laws regarding fair competition including the *Competition Act*. AECL competes strictly on the merits of our products and services and makes no attempts to restrain or limit trade or engage in unfair or discriminatory trade practices.

### **3.1.8 Bribery, Kickbacks and Fraud**

Employees or third parties retained by AECL shall not pay, loan or otherwise disburse funds or assets of AECL as bribes, "kickbacks", or other improper payments designed to influence or compromise the conduct of the recipient. No employee shall accept any funds or other assets for assisting in obtaining business or for securing special concessions from AECL or for fulfilling their responsibilities.

Employees shall report any actual or attempted bribery, kickback or fraud to their line manager or Designated Officer.

### **3.1.9 Conducting International Business**

AECL complies with the *Corruption of Foreign Public Officials Act* of Canada and similar legislation in Canada and in all countries where AECL business is conducted. Employees shall respect cultural beliefs and attitudes when conducting business outside of Canada.

### **3.1.10 Community Relations**

AECL supports the communities surrounding its laboratories and offices through active participation in community events and programs and proactive information sharing. AECL supports science and technology education and awareness activities in local communities within the context of its mandate.

## **3.2 Fiscal Integrity and Responsibility**

AECL complies with the *Financial Administration Act of Canada*. AECL is committed to being fiscally responsible in all its business activities. AECL is profit oriented and operates as a commercially viable organization. AECL ensures value for money in fulfilling our day-to-day duties and responsibilities. Employees shall exercise prudent management of government appropriations.

### **3.2.1 Protection and Use of AECL Assets**

Employees shall use AECL funds only for lawful and proper purposes in accordance with approved authorities. Employees shall not directly or indirectly use, or allow the use of,

AECL funds, property, information of any kind for anything other than officially approved activities.

Employees shall protect AECL's intellectual property and use it only for company business. Employee shall respect copyright works. Copyrighted work (including computer software) is work which the owner thereof has the sole right to produce or reproduce in whole or substantial part, in any material form whatsoever, or to authorize such act.

### **3.2.2 Record Keeping, Reporting, Misappropriation**

Records are of critical importance in meeting our financial, legal, and management commitments. They are to be carefully safeguarded and kept current, relevant and accurate.

Employees shall ensure that corporate business records are prepared reliably and accurately.

Employees are required to comply with generally acceptable accounting principles (GAAP).

## **3.3 Conflict of Interest**

Conflict of interest exists in any situation where the employee's ability to fulfil his or her responsibility may be adversely affected by his/her private interests or personal considerations.

Employees shall conduct their duties in a manner that reflects the best interests of the Corporation and enhances public confidence and trust in AECL.

### **3.3.1 Insider Information**

Employees shall not knowingly and improperly take advantage of, or benefit from, information acquired during the course of their official duties that is not generally available to the public.

Employees shall protect confidentiality of AECL and third party information and shall not release the information to others.

### **3.3.2 Employee Assets and Liabilities**

Employees shall perform their AECL duties and arrange their financial affairs in such a manner that public confidence and trust in the integrity of AECL and its employees are conserved and enhanced.

Employees shall divest assets and terminate liabilities where such assets could constitute a conflict of interest. Examples of assets and liabilities, which might give rise to a conflict of interest, include publicly traded securities of corporations and foreign governments and self-administered Registered Retirement Savings Plans composed of such securities. Employees are required to submit a confidential report to the Designated Officer. Such assets are usually divested either by selling them in an arm's length transaction or making them subject to a trust arrangement which does not leave in the hands of the employee any power of management or decision over the assets placed in trust.

### **3.3.3 Gifts, Hospitality or Other Benefits**

Employees shall not solicit or accept payments, gifts or other transfers of economic benefits including cash payments of any kind, other than incidental gifts, customary hospitality, or other benefits of nominal value.

Gifts or remembrances of small value to clients are an accepted part of marketing and are permitted provided they are within the bounds of propriety, a normal expression of courtesy or protocol and within the normal standards of hospitality. Entertainment expenses must be directly related to the transaction of Company business.

Employees should not hesitate to advise third parties that AECL has strict policies and procedures regarding the acceptance of gifts, hospitality and other benefits.

### **3.3.4 Fees or Honorariums**

Whenever employees attend industry, trade association, business meetings or conferences they must pay their own expenses and claim reimbursements from AECL. Where AECL pays the travelling expenses of an employee who undertakes, in his/her official capacity, to address a meeting (or participate in similar functions) of a group or organization, and the employee receives a fee or honorarium for such services from the group or organization involved, the employee shall report it to their manager or Designated Officer and remit the fee or honorarium to AECL.

### **3.3.5 Outside Employment or Activities**

Upon appointment, and thereafter, employees are expected to arrange their private affairs in a manner that will prevent conflicts of interest from arising between their official duties and their private interests. Any such conflict that does arise will be resolved in favour of AECL interests.

No employee is to conduct activities outside of their work at AECL that will materially encroach on the time or attention which should be devoted to the employee's duties; adversely affect the quality of work performed at AECL; or compete with the Company's activities.

The use of AECL working hours, tools, equipment or facilities for personal gain would clearly be in conflict with the company's best interests.

### **3.3.6 Political Activity**

Employees can participate in political activities as private citizens during non-working hours. Employee participation in political activity shall not jeopardize their impartiality as employees of a Canadian Crown Corporation nor interfere with their capacity to perform their duties as employees of AECL. Participation in political activities shall be kept separate from the employee's association with AECL.

Employees are allowed to participate in federal, territorial, provincial or municipal political meetings, contribute personal money for the funds of a candidate for election or for the funds of a political party.

Prior to running as a candidate in a federal, territorial or provincial election, employees must inform their manager and apply for a leave of absence without pay.

Employees who are elected as members of federal, provincial, territorial legislative bodies, with the exception of a municipal council, must resign from AECL.

Employees shall not use their positions at AECL to influence political contributions or votes. AECL's facilities and other business assets must not be used to support political activities.

### **3.3.7 Post-Employment**

Employees shall not act, after they leave AECL, in such a manner as to take improper advantage of their previous position. The intent of this provision is not however to prevent the use of non-restricted information or experience gained in AECL employment by a former employee in post-AECL employment.

## **4. REPORTING NON-COMPLIANCE**

Employees who have information about any actual, perceived or potential violation of this Code must attempt to disclose the matter using their normal reporting relationship. When the employee feels that their issue cannot be raised in confidence with their line organization, the employee should communicate with the Designated Officer. In any case where such a report has been made, the report will be treated confidentially, to the extent possible. No person will be subject to retaliation for reporting in good faith a violation of this Code.

Those who do not comply with the Code will be subject to disciplinary actions up to and including termination of employment and/or legal action. It is important to understand that a violation of certain provisions of this Code may also be a violation of the law and may subject the individual employee involved and/or AECL to criminal prosecution or civil liability.

## **5. RESPONSIBILITIES**

The Board of Directors is responsible for the authorization of this policy. The establishment and review of this policy is the responsibility of the President and CEO.

Members of the Board of Directors and Executive are responsible for signing the declaration form acknowledging that they have read, understood, and will comply with AECL's Code of Ethics and Business Conduct on an annual basis.

The Vice President, Human Resources is responsible for:

- Ensuring that the Code is implemented within AECL.
- Ensuring that appropriate management action is taken to investigate and manage known or suspected violations.
- Issuing an annual reminder to employees of their responsibilities to comply with the Code.

Designated Officer, who has been appointed by the President and CEO is responsible for:

- Providing interpretation and related advice.
- Receiving, recording and reviewing disclosures of information concerning a violation of the Code, and establishing if there are sufficient grounds for further action.

- Initiating investigations and ensuring prompt action is taken in all cases.
- Ensuring that the privacy rights of both parties, the employee making the disclosure and the employee implicated or alleged to be responsible for the violation of the Code, are respected.

Managers are responsible for:

- Ensuring that all of their employees, contractors, students and attached staff, both current and new hires, understand their responsibilities under the Code and are in compliance.
- Reporting as part of due diligence, suspected violations to their line management as soon as they are known.
- Taking appropriate management action to investigate and address known or suspected violations to the Code.
- Being concerned, knowledgeable, and reliable counsellors to whom employees can comfortably go for advice on business ethics.
- Protecting from reprisal the employees who disclose a violation in good faith.
- Signing the declaration form acknowledging that they have read, understood, and will comply with AECL's Code of Ethics and Business Conduct on an annual basis.

Employees are responsible for:

- Understanding their responsibilities under the Code and for being in compliance with the Code.
- Carrying out their duties ethically and with integrity.
- Seeking advice from their manager when uncertain about the right ethical decision.
- Reporting any Code violations to their manager.

## **6. EFFECTIVE DATE**

This policy is authorized by the Board of Directors and becomes effective on 2004 March 26.