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### **Introduction**

This policy establishes a baseline standard of conduct for all Vancity Directors. By reading, understanding, and acting in accordance with this policy, Directors help to maintain and enhance the valued reputation of Vancity and protect the assets of all members.

Vancity is guided by its Statement of Values and Commitments as well as our vision and definition of healthy communities; consisting of co-operative principles, environmental sustainability, and social justice.

The Code applies to each Director of Vancity's Board and subsidiary Boards<sup>2</sup>.

All Directors must adhere to a high standard of business ethics. Vancity and each of its Directors are responsible to the members and must work to promote trust and confidence in all business dealings.

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### **Standards**

Not every conduct issue can be specifically addressed by the Code. The Standards below are meant to provide guidance for a variety of scenarios. Directors are expected to apply the Standards to determine appropriate behaviour or actions respecting their role as a Director.

Directors can and should seek the advice of the Corporate Secretary or Legal Counsel<sup>3</sup> if there is uncertainty about the best course of action.

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### **Standard #1**

Each Director owes a duty to Vancity to act with integrity.

#### **Observing and Respecting Policies and Laws**

Directors must:

- act at all times honestly, in good faith, and in a manner which is in the best interests of Vancity;
- not conduct personal business or personal matters in a manner that may damage the image or reputation of Vancity;
- use their knowledge to exemplify sound financial practices in personal, business and Board matters; and
- ensure they are in compliance with the requirements of the regulator.

A Director's performance is expected to reflect care, diligence and skill, equal to or surpassing the standard expected for a director in the Canadian financial services industry.

- Directors are required to be aware of and observe, both in form and spirit, the laws and regulations relating to the business Vancity conducts.
- No Director will enter into any transaction or perform any task that could reasonably be considered illegal.
- Directors are expected to know Vancity Board level policies and terms of reference and abide by them.

<sup>2</sup>This policy does not apply to the Vancity Community Investment Bank which has its own policy covering directors' conduct.

<sup>3</sup> "Legal Counsel" may be the Legal Department, External Counsel, or independent advisors engaged under the policy.

### *Irregular Business Conduct*

Vancity does not permit any irregular business conduct under any circumstances. This includes a Director engaging in or aiding someone else in conducting the following types of activities:

- criminal fraud
- illegal activities
- bribery
- theft
- commission sharing
- falsifying records
- money laundering and kiting
- terrorism
- tied selling, and
- insider trading.

Directors are not permitted to personally borrow or lend money from or to employees or members, unless the employee or members are close friends or family.

### *Financial Transactions*

A Director must satisfy all financial obligations to Vancity. When a Director has failed to do so, the Governance Committee may:

- require the Director
  - not to serve on any committee of the Board,
  - resign from any boards or committees on which they serve as an appointee of Vancity; and
- request the Superintendent to remove the Director pursuant to the *Financial Institutions Act*.

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### **Standard #2**

#### **Confidentiality of Information**

Vancity strives to maintain a high level of transparency with its members. At the same time, Directors have fiduciary obligations to protect member and employee information and a duty of care that reflects the demands of operating in a highly competitive market environment. Within this context:

- Directors are responsible to protect and safeguard the property and assets of Vancity and its members. This includes:
    - tangible assets; and
    - information of members, employees and Vancity. Such information includes, but is not limited to:
      - the content of Board deliberations;
      - any director's position on matters decided by the Board; or
      - documents referred to by Directors to aid in their decision-making.
  - Vancity Directors may only disclose confidential information to external third parties when its use or disclosure is authorized or required by law or court order. Any other external disclosure of confidential information requires the prior approval of the Board. Directors continue to be bound by this obligation even when no longer serving on the Board.
  - All information relating to Vancity, its members, its employees, and to other businesses or individuals that Directors receive or have access to in the course of their work is to be treated as confidential. Such information shall not be used for any purpose other than that for which it was obtained.
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### **Standard #3**

#### **Conflicts of interest**

A "conflict of interest" occurs when an individual's private or personal interest interferes, or may appear to interfere, with the interests of Vancity. A conflict of interest can arise when a Director takes actions or has interests that may make it difficult to perform their Vancity work objectively and effectively. Directors should avoid activities or situations that involve real or perceived conflicts of interest with Vancity. Any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest should be discussed with the Board Chair, Governance Committee or Corporate Secretary.

Directors will disclose the nature and extent of any interest, either direct or indirect, in accordance with the:

- *Related Party Transactions & Conflict of Interest Policy.*

Directors will uphold the standard of care for directors under the *Financial Institutions Act*.

#### *Undue Advantage*

As leaders, Directors must put the interests of Vancity before their own interests. Particularly, Directors must not:

- attempt to influence Vancity policies or decisions to gain a personal or business advantage for themselves or a related party;
- use confidential information for any personal or business advantage for themselves or a related party; or
- use their position with Vancity to attempt to gain personal benefits or to confer benefits upon other persons or businesses with whom they have a common personal or business interest.

#### *Outside Activities and Financial Interest*

Directors must disclose to the Corporate Secretary any outside financial interests they have that involve Vancity. Approval of the Board or the Governance Committee may be required to continue that outside financial interest.

The Vancity Chair and Governance Committee must be informed should any Director decide to accept any new outside positions which could potentially interfere with their duties as a Director.

In addition, Directors should be mindful of situations where their service with organizations outside of Vancity can have the potential to raise regulatory issues, including access to sensitive or confidential information. Directors should use their best judgement and seek the assistance of the Governance department to ensure that a proper information barrier is in place between Vancity and the outside organization, if they believe their position with the outside organization will impact their role as a Director at Vancity.

Similarly, Vancity may have a business relationship with an outside organization or may seek such a relationship in the future. In those circumstances, a Director must not be involved in the business relationship between Vancity and the outside organization. The Board must determine whether such business relationship will impact the Director's decision-making and establish whether their role on the Board should be limited. This may include, the Director being excused from Board or Committee discussions on topics related to the outside organization. In circumstances where the Board concludes that the role of the Director on the Vancity Board severely impairs their independence on the Board, the Director may be asked

to select whether they would like to continue their duties as a Director of the Vancity Board and discontinue their role with the outside organization, or step down from the Vancity Board. Such action will ensure that the maintenance of compliance with applicable corporate governance rules and regulations are properly upheld.

### *Gifts and Entertainment*

A Director's position may be compromised if they accept, directly or through a third party, gifts, entertainment or favours from any source connected, or appearing to connect, to their mandate at Vancity. A perception of bias is not always related to the value of the gift.

Directors and their immediate families must not seek such gifts. Directors are to use discretion in deciding whether acceptance is the business "norm". Directors are prohibited from accepting cash payments.

### *Change in responsibilities*

Any Director who changes the primary job responsibility that they held at the time of election or appointment to the Board shall promptly inform the Board Chair and Corporate Secretary of such change. The Board Chair and Corporate Secretary shall consider whether such change in responsibilities will impair the affected Director's qualifications or ability to effectively serve on the Board or any committees thereof, under applicable laws, rules and regulations.

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#### **Standard #4**

##### **Respect in the Workplace**

Vancity is committed to creating and maintaining a positive and welcoming work environment that is free from harassment, discrimination and bullying, where individual differences are valued and where everyone is treated with dignity and respect.

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#### **Standard #5**

##### **Cooperating with Investigations**

Directors are required to cooperate with investigations into activities or transactions, whether conducted by:

- Internal Audit;
- Corporate Security;
- the Board of Directors;
- Governance Committee; or
- outside agents engaged by Vancity.

To verify if an investigation is valid, Directors may contact the Corporate Secretary.

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#### **Standard #6**

##### **Communication and insider information**

Directors from time to time will receive information from Vancity before it is publicly known. Directors may speak on these matters once a public announcement has been made.

All Directors are prohibited from using such information in ways that violate the law, including for personal gain. Non-public information must be kept confidential, which may include keeping it confidential from other Directors and from employees and agents of the Company, as applicable.

Matters approved for public release are handled as follows:

Stage	Description
1	<p><b>Communications</b> provides Directors and the Executive Leadership Team (ELT) with materials electronically in advance of public announcements.</p> <p><b>Note:</b> This may include a communication package which contains key messages, timelines, scripts, spokesperson assignments, audiences, etc.</p>
2	<p>On the date of release, <b>key spokespersons</b> are accountable for making the statements and/or responding to questions.</p> <p><b>Note:</b> The Chair of the Board is the primary spokesperson for Board decisions and policies. The Chair works closely with the CEO to ensure their communications are consistent and properly coordinated. A Board member will only act as the spokesperson for Vancity at the request of the Chair and/or CEO.</p>

### *Communication Protocol with Management and Employees*

This formal protocol does not preclude informal or casual communications between Directors and employees. However, Directors must not:

- undermine good Board and Management communications and functioning; or
- create the perception of undue influence or inappropriate Board involvement at the operational level.

The Board's primary interface with Management and employees is through the CEO. However, the Board also has an important relationship with other executive Management and CEO office staff. Directors are encouraged to make themselves available for consultation with Management where they can provide advice and counsel on subjects where the Directors have special knowledge or expertise.

Communication between the Directors and employees should be facilitated through the CEO, Office of the Corporate Secretary, or, in the case of matters related to a Board Committee, the Committee's Executive Support.

Directors must not communicate directly with Management and employees on operational matters without the CEO's knowledge and consent.

Directors do not have the authority to direct employees unless such a mandate has been explicitly authorized by the Board. Individual Directors have no authority within the organization.

### **Standard #7**

#### Elections

The Board, on the recommendation of the Nominations and Election Committee, recommends candidates to the membership who best meet the eligibility requirements under the Vancity Rules and legislation, demonstrate skills and experience in specific areas that complement and strengthen the existing Board, and possess attributes consistent with the values of Vancity.

Individual Directors cannot be seen to support, or campaign on behalf of, any particular candidate.

Directors may have relationships with candidates that were established prior to an election period. In such instances, Directors should exercise good judgment when engaging with those candidates during an election period and not use their position as a Director to benefit those candidates, or act in a manner that is or may be perceived as a conflict of interest.

### Certification of Awareness and Adherence

At the time of taking office as a Director and annually thereafter, Directors are asked to review this policy and sign a document to confirm they have:

- received a copy;
- read it;
- understood it; and
- sought additional information, if required, to assist their understanding of it.

The Director's signature confirms that they agree to adhere to the Code.

The Code applies to all members of the Board, without regard to whether they are also employees of Vancity or its subsidiaries. Directors who are also employees of Vancity or its subsidiaries, however, must read the Code in conjunction with the provisions of the Vancity Code of Conduct, which also applies to them in its entirety.

### Roles and accountabilities

This table outlines the roles and accountabilities within the Code.

Role	Accountabilities
Board of Directors	<ul style="list-style-type: none"> <li>• Delegates monitoring and adherence of this Policy to the Governance Committee (GC).</li> <li>• Reviews recommendations by the GC arising from 'director reviews'.</li> </ul>
Governance Committee	<ul style="list-style-type: none"> <li>• Monitors adherence to this policy.</li> <li>• Reviews this policy annually and updates as necessary.</li> <li>• Takes or directs action with respect to an allegation or finding of non-compliance with this policy by any Director.</li> <li>• Makes recommendations to the Board following a 'director review' – See Appendix 1.</li> </ul>
Corporate Secretary	<ul style="list-style-type: none"> <li>• Advises and supports the GC or Board with respect to any issues to be addressed by the GC and/or the Board with respect to a Director's actions or behaviours that are inconsistent with this policy.</li> <li>• Provides a report to GC should there be any gaps in the completion of required director certifications.</li> </ul>
Directors	Directors are required to report to the GC Chair, any action, deed or transaction, past, present or proposed, that appears to violate the terms of this policy. The GC Chair will decide what needs to be reported to the GC or a Director can voluntarily report items to the GC.

### **Standard #8**

#### **Reporting, Amendments and Waivers**

#### *Reporting*

The Governance Committee is responsible for monitoring compliance with the Code, applying this Code to specific situations in which questions are presented to it and has the authority to interpret this Code in any particular situation. Any director who becomes aware of any existing or potential violation of this Code is required to notify the Chair, Governance Committee Chair or Corporate Secretary promptly. Failure to do so is itself a violation of this Code.

Any questions relating to how this Code should be interpreted or applied should be addressed to the Corporate Secretary. A Director who is unsure of whether a situation violates this Code should discuss the situation with the Corporate Secretary to prevent possible misunderstandings and embarrassment at a later date.

The Company will follow the following procedures in investigating and enforcing this Code, and in reporting on the Code:

- Violations and potential violations will be reported by the Corporate Secretary to the Governance Committee, after appropriate investigation.
- The Governance Committee will take appropriate action on any alleged violations reported to them.
- If the Board determines that a violation has occurred, the Board will take such disciplinary or preventive action as it deems appropriate, up to and including dismissal from the Board or, in the event of criminal or other serious violations of law, notification of appropriate governmental authorities.
- The Governance Committee will report to the Board on disciplinary actions taken by it.

#### *Amendments*

This Directors' Code may only be amended by the Board. To the extent required by law, amendments to the Directors' Code shall be disclosed publicly.

#### *Waiver*

Vancity may waive specific provisions of this Code in a particular situation. Any waiver of the Code for Directors of Vancity may be made only by the Board or by the Governance Committee of the Board and reported to the Board. Any amendment or waiver by the Vancity of a provision of the Code that results in a material departure from the Code shall be disclosed by Vancity in accordance with applicable legal and regulatory requirements.

### APPENDIX 1 Director Review

Any Board Director who believes another has breached the duties of a Director may communicate his or her concerns to the Chair of the Governance Committee (GC) or, if the concerns relate to the Chair of the GC, to the Vice-Chair of the GC.

If the GC determines the complaint is without merit, it shall notify the complainant. If it determines the complaint warrants review, it may:

- (a) investigate the complaint by gathering additional information, including the engagement of legal counsel or others to assist with the investigation;
- (b) consult employees and Directors;
- (c) retain and consult with Legal Counsel and other advisors;
- (d) hear directly from the complainant; and/or
- (e) request that the respondent appear before the GC to address the matters raised in the complaint.

Following its review, the GC shall determine appropriate action to take. Among the actions it may recommend to the Board are:

- (a) the Director be censured or reprimanded;
- (b) the Director undertake remedial action, (such as training) as may be specified by the Board; or
- (c) the Director be removed pursuant to Rule 5.5 of the Vancity Rules.

If the GC makes a recommendation to the Board, it must issue a report which sets out in detail:

- (a) the specific grounds for the recommendation;
- (b) the procedures followed by the GC leading to the recommendation; and
- (c) the facts and reasons by which the GC came to the conclusions in its report.

Upon receiving a recommendation for sanction or removal by the GC, the Board shall:

- (a) invite the Director under review to respond to the GC report in writing;
- (b) set a meeting date for the Board to consider the recommendation, which gives the Director under review a reasonable period of time in which to prepare a response; and
- (c) invite the Director under review to attend, in person, the Board meeting convened to consider the GC's recommendation.

At the meeting, the Board shall provide the Director with an opportunity to address the GC report and questions from Board members (if any). A Director under review is entitled to be represented by legal counsel, who may attend the meeting and speak on the Director's behalf at the meeting.

Following such representations, the remaining members of the Board shall deliberate in camera whether to adopt, amend, or reject the recommendation of the GC. The substance of such deliberation, as well as the outcome, shall be minuted and form part of the Board's in-camera record.