

Appendix 5 – Governing Policy B-2: Business Conduct for Directors and Officers

Please acknowledge that you have read the policy and that you will sign said policy if elected to the Board of Northern Savings Credit Union. Acknowledgment can be found in the [Nominees Acceptance and Declaration Form](#).

Policy:

Northern Savings Credit Union (“Northern Savings” or “Credit Union”) expects all Directors and Officers to adhere to a high standard of business ethics. Northern Savings and each of its Directors must work to promote trust and confidence in all of the Credit Union’s activities.

This business conduct policy establishes requirements governing the business and ethical conduct of the Directors and Officers. It is expected that the action of Directors and Officers evidence ethical and lawful conduct to protect the reputation of Northern Savings. Directors and Officers are expected to act ethically and to be perceived to be acting ethically.

This conduct policy applies to each Director of Northern Savings’ Board of Directors (“Board”) and Officers (for the purposes of this policy, Officers are defined to include the Chief Executive Officer and his/her direct reports). Throughout their tenure at Northern Savings, it is the responsibility of each Director and Officer to act in accordance with this policy and certain aspects continue to be applicable even after the person is no longer holding a position with Northern Savings.

It is difficult to codify all elements that Directors and Officers should observe to meet the necessary level of business conduct. It is the general expectation that these persons will seek to do what is right for the protection of members and the Credit Union, to respect the values of Northern Savings, and to behave in a manner that reflects sound business conduct and ethical standards becoming to the integrity, image and good reputation of Northern Savings.

The following is an outline of the business conduct to which each Director and Officer is expected to adhere.

Directors’ and Officers’ Duties and Standards of Conduct

Directors and Officers must act at all times honestly, in good faith, and in a manner which will enhance the image of and be in the best interests of Northern Savings. Directors’ and Officers’ performance is expected to reflect care, diligence, and skills required for effective governance and stewardship of Northern Savings.

Directors and Officers are not to conduct personal and business matters in a manner that may damage the image or reputation of Northern Savings. Directors and Officers are to be cognizant of the fact that Northern Savings is a financial institution and, as a Director/Officer, use best efforts to exemplify sound financial practices in personal, business, directorship and officer matters. Directors are to be aware that there are provisions included in the Credit Union’s Rules pertaining to expectations of Directors.

Directors and Officers are expected to conduct themselves in a manner that creates a favourable impression of the Credit Union. This includes:

- Adopting a positive, constructive, and dedicated attitude towards the Credit Union,
- Conducting themselves in a manner that reflects the Credit Union’s values.

Observing and Respecting Policies and Laws

Directors and Officers are required to be aware of the laws and regulations relating to the business that Northern Savings conducts, and specifically for the areas in which they have responsibility. Northern Savings expects no Director and no Officer to enter into any transaction or perform any task that could reasonably be considered legally suspect. Directors and Officers are expected to keep informed of the policies of Northern Savings and abide by them.

Irregular Business Conduct

Northern Savings does not permit any irregular business conduct under any circumstances. This would include a Director or Officer 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, kiting, terrorism, tied selling, and insider trading. Irregular business conduct may include Directors and Officers personally borrowing and lending funds to fellow Directors and Officers, to staff and to members if that is not their normal business activity or it is not a family relation.

Safeguarding Assets and Confidentiality of Information

Directors and Officers are responsible to protect and safeguard the property and assets of Northern Savings and members. This includes tangible assets as well as information of members, employees and Northern Savings.

All information relating to Northern Savings, its members, its personnel, and to other businesses or individuals that Directors and Officers 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.

Directors and Officers may only disclose confidential information to external third parties when use or disclosure is authorized or required by an enactment or in court proceedings. Any other external disclosure of confidential information requires the prior approval of the Board Chair or CEO.

This confidentiality provision continues to apply to all information gained while in a position with Northern Savings even after the person is no longer a Director or Officer.

Directors are not to discuss the affairs of any member with any staff including Officers other than the CEO. This also applies to group of members and the membership as a whole. Directors can bring member related issues to the attention of the CEO. Directors are not to intervene in transactions or relations between Northern Savings and any member.

Officers are not to discuss information regarding a member, group of members, or the membership as a whole with individual Directors. Further Officers are not to discuss Northern Savings affairs with individual Directors.

Undue Advantage

Northern Savings Directors and Officers must not:

- Attempt to influence Northern Savings policies or decisions so as to gain personal or business advantage for themselves and/or a related party;
- Use confidential information for personal or business advantage for themselves or a related party;
- Use their position with Northern Savings to attempt to gain personal benefits or to confer benefits upon other persons or businesses with whom or which they have common personal or business interests.

Other Business and Financial Interests

Where a Director's or Officer's other business and financial interests involve Northern Savings, they must be disclosed to the Board Chair, CEO and Corporate Secretary. There are requirements governing transactions with related parties and approval of the Governance, Ethics and Human Resources (GEHR) Committee and/or Board may be required.

Involvement in Political Activities

In the Credit Union's code of conduct it states that the Credit Union will be non-partisan in its activities. The Credit Union respects that Directors and Officers may choose to engage in political activities which may include being a candidate for elected office, campaigning for a candidate for elected office, fundraising for an election campaign, or promoting a political party or cause. These activities must not be performed on the Credit Union's premises or using Credit Union resources and/or information including any and all member information.

The Credit Union respects that Directors and Officers may wish to engage in political activities at the federal, provincial, or local level, however they must not do so where such political activities could create a conflict of interest with the Director and Officer's responsibilities to the Credit Union.

Where an Officer wishes to engage in political activities of running for office or holding a senior position with a political party, they must discuss this with the CEO and/or the Chair of the GEHR Committee. The CEO will review the situation with the Board's GEHR Committee. Each case will be reviewed, and the Officer's proposed political activities will be considered with respect to the impact which that could have on the Officer being able to fully conduct their position without bias and/or undue influence over other employees and/or members. Further there will be consideration of the impact which their involvement may have on the reputation of the Credit Union and whether a conflict of interest arises, and what safeguards, if any, may be put in place to ensure the interests of the Credit Union are protected. The evaluation of the situation may lead the Credit Union to request that the Officer take a leave of absence from his/her position for the duration of the campaign and/or the term of office, if elected.

Gifts and Entertainment

Where acceptance, directly or through a third party of gifts, entertainment or favours from members or suppliers, potential members or suppliers or other persons with whom Northern Savings has dealings, can place Directors and Officers in a compromising position, Directors, Officers and their immediate families must not seek or accept such gifts. Directors and Officers are to use discretion in deciding whether acceptance is the business "norm".

Directors and Officers cannot accept a gift, hospitality, or favour, offered to them knowing their affiliation with the Credit Union if it:

- Is of a form or nature where an impartial observer and/or a Credit Union member would interpret it to be an improper incentive or bribe;
- Places the Director under an actual or implied obligation;
- Has a value equivalent to or greater than \$100;
- Is in the form of cash of any amount or its equivalent (including gift cards) where the amount is greater than \$25; and
- Is from the CEO or other staff of the Credit Union.

Prizes

Where an employee attends a function as a representative of Northern Savings Credit Union and receives a prize or receives a prize from a supplier associated with Northern Savings as the result of a sales campaign, it must be reported to Human Resources, including the amount/value. Prizes may be given to Northern Savings to be used for employee or community activities or kept for individual use by the prize recipient. Prizes, if kept for individual use, are treated as a taxable benefit to the employee.

Member Conflict

Northern Savings is accountable to the members as a collective. Directors and Officers must be alert to conflicts of interest that may arise between the duty of Northern Savings to two or more members³. Directors and Officers must recognize their responsibility is to the Credit Union and not to individual members in taking actions and making decisions regarding such member conflict.

³ An example would be the conflicting interests of a deposit member and a borrowing member

Conflicts of Interest

In exercising the functions of a Director or Officer, the person has a duty to act with honesty and good faith and in the best interest of the Credit Union. Directors and Officers need to be aware that conflicts may arise between their duty as a Director or Officer and their other life responsibilities. Directors and Officers therefore must follow procedures to ensure there is proper review and handling of items that may create a conflict of interest between the person's personal interests and their Director or Officer duties.

Directors and Officers must provide Northern Savings with complete information regarding their personal and business interests so that any conflict with respect to those interests can be identified. Each Director and Officer is required to complete an annual disclosure form and file such with the Corporate Secretary. Each Director and Officer is to provide complete information on related parties and business interests. When a Director or Officer enters into new business interests or has additional related parties these must be reported to the Corporate Secretary on a timely basis. The annual disclosure forms and changes thereto will be provided to the GEHR Committee in its role as the Credit Union's Conduct Review Committee.

It is required that at any time matters are being discussed at Board and Board Committee meetings in which a Director or Officer has a personal interest, that such interest and conflict be disclosed. The Director or Officer may contribute to the discussion of subject matter. The Director or Officer will, however excuse themselves from any decision-making, or recommendation of policy changes in relation to matters in which they have a personal interest or conflict of interest.

Directors and Officers must refrain from engaging, directly or indirectly, as a Director, Officer, employee, consultant, partner, agent or major shareholder in any business or undertaking that competes with, does business with, or seeks to do business with, the Credit Union unless it is for an amount less than \$2,000 or has been pre-approved by the GEHR Committee and is within the rules of the Credit Union.

It is important that in avoiding conflicts of interest, Directors must conduct their affairs so that their performance can bear public scrutiny. This includes avoiding the appearance of a conflict of interest as well as an actual conflict of interest.

Financial Obligations to Northern Savings

Directors and Officers must satisfy all business and personal financial obligations to Northern Savings. When a Director or Officer is in default of their financial obligations to the Credit Union, such matter will be referred to the Board for action.

Reporting Responsibilities

Directors and Officers are required to report to the Board Chair and CEO any action, deed, or transaction, past, present or proposed, conducted either by themselves or another Director or Officer of which they are aware, and which appears to violate the terms of this policy. The Board Chair and CEO will decide what needs to be reported to the GEHR Committee or a Director can voluntarily report items to the GEHR Committee. If the matter concerns the Board Chair, then the matter is to be reported to the Chair of the GEHR Committee.

Cooperating with Investigations

Directors and Officers are expected to comply promptly with any request from internal and/or external auditors or other agent acting in an official legal position or with authority of the Board for assistance and/or information and to provide full disclosure of any situation under review and/or investigation. To verify that the investigation is valid, Directors and Officers are invited to contact the Board Chair or CEO.

Assistance to Directors

When unclear about the course of action to adopt, Directors and Officers may seek the advice of the Chair of the GEHR Committee, the Board Chair, or the CEO or an external advisor as permitted by policy.

This policy is not intended to address all aspects of the conduct and behaviours required of Northern Savings Directors and Officers. Where a Director or Officer encounters situations where they are uncertain about the correct actions to follow, the Director or Officer is to consult with the Board Chair and/or Chair of GEHR Committee.

Certification of Awareness and Adherence

At the time of taking office as a Director or Officer and annually thereafter, individuals will be asked to review this policy and sign this policy to confirm that they have received a copy, have read it, understand it and sought additional information if required to assist in their understanding of it. The Director's or Officer's signature identifies that they agree to adhere to these expected business standards.

Authorities:

Delegation of monitoring of the adherence to this policy is by the Board to the Governance, Ethics, and Human Resources Policy Committee (GEHR Committee).

Measures:

Adherence to this policy will be measured by a report on the completion of all annual certifications by the Directors and through reports by the Chair or the Corporate Secretary on any issues to be addressed by the GEHR Committee and/or the Board with respect to a Director's actions or behaviours that are inconsistent with this policy.

Reporting:

The following reports, at a minimum, will be provided to the Board and/or Committee:

Report	Frequency
Summary of Annual Sign offs by Directors	Annually to GEHR Committee
Summary of Disclosure forms completed by each Director and Officer	As prepared, to GEHR Committee for review
Matters which occur and/or reported under this policy and actions taken or recommended, this includes receiving information on proposed transactions between Northern Savings and a Director or Officer or where there could be joint interest and/or conflict of interest, reviewing and considering the transaction for approval as a transaction with a related party	Event based to GEHR Committee and/or to the Board

Governance Responsibilities for Oversight:

The Board's responsibility with respect to this policy includes (conducted by the Board or delegated to a Committee in policy or in Board Committees terms of reference):

- Reviewing this policy as necessary but not less than every two years; update as necessary.
- Reviewing the reports provided, make enquiries, and ensuring the policy is upheld.
- Take action or direct action to be taken with respect to non-compliance by any Director with respect to this policy.

Management Responsibility:

This policy deals with the code of conduct for Directors and Officers and is the responsibility of the Board, generally through the GEHR Committee, but the CEO may be called upon by the Board to assist in dealing with matters or identifying sources of reference or practices.

Confirmation of Awareness and Adherence

Director's/Officer's Name _____

By signing below:

- I hereby certify that I have read the Business Conduct Policy for Directors and Officers and understand what the policy requires of me in my role with Northern Savings Credit Union.
- I declare that I will abide by the Business Conduct Policy.
- I declare that I will inform the appropriate person(s) in the event that I know of a breach of this policy by myself or Directors or employees of Northern Savings.
- I declare that I realize that if I breach any part of this Business Conduct Policy, it would be just reason to remove me from my Director or Officer position.

Signature _____

Date ____ / ____ / ____