

Board Code of Conduct and Conflict of Interest Policy

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1 Introduction

1.1 Intent

This policy provides guidelines for the standards of conduct expected Tru Cooperative Bank’s (“Tru” or the “Cooperative Bank”) Board of Directors (the “Board”). It also includes the Cooperative Bank’s Conflict of Interest Policy and offers guidance to help Directors recognize and deal with potential and actual conflict situations.

2 Standards of Conduct

This section outlines key expectations of Directors and sets standards for their conduct, including those imposed by law, in carrying out their duties.

2.1 Roles and responsibilities

The Audit Committee is responsible for overseeing and monitoring compliance with this policy.

Individual Directors are responsible for understanding and complying with the standards of conduct outlined in this policy and for reporting any action, deed, or transaction (past, present, or proposed) that appears to violate the terms of this policy to the Chair of the Audit Committee.

The Chair of the Audit Committee will provide guidance on any item in this policy and will decide if any matter should be referred to the Audit Committee.

The Board Chair may, at their discretion or at the request of the Chair of the Audit Committee, seek the advice of outside counsel.

2.2 Fiduciary duty

Directors are individuals in whom others have placed trust and confidence to manage and protect the best interests of Tru. As outlined in the Individual Director Position Description and in relevant legislation, Directors have a fiduciary duty to the Cooperative Bank. They owe their primary loyalty to Tru and are obligated, individually and collectively, to act honestly and in good faith with a view to the best interest of the Cooperative Bank.

2.3 Duty of care

In exercising their powers and discharging their duties Directors must exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. The duty of care requires that Directors make sufficient inquiries to inform themselves and consider all material information available to them prior to acting.

2.4 Duty to comply, disclose, and report

Integrity, honesty, and trust are essential elements of Tru's business success. Any Director who knows or suspects this policy has been or is likely to be breached has a responsibility to report it.

Failure to adhere to the standards of behavior set out in this policy may result in a recommendation by the Audit Committee to the Board that a Director be removed from office, in accordance with the Cooperative Bank's Bylaws.

2.5 Financial obligations

Directors must demonstrate a high degree of personal financial accountability by ensuring all financial obligations with Tru or elsewhere are current and in good standing.

2.6 Fair dealing

Directors shall deal fairly with their fellow Directors and Tru's members, suppliers, competitors, and employees.

Taking unfair advantage through manipulation, concealment, abuse of privilege, misrepresentation, or other unfair practices, including discrimination or harassment on grounds protected by applicable legislation and regulation, is unacceptable.

2.7 Criminal and dishonest activity

Directors must not participate in any conduct or activity considered criminal or dishonest. This includes, but is not limited to, fraud, falsification of documents, theft, embezzlement, forgeries, and possession of an illegal substance on Tru premises or at Tru sponsored events.

2.8 Use of Cooperative Bank property

Directors are entrusted with the care, management, and cost-effective use of Tru's property, including Tru's name, and should not make use of these resources for their own personal benefit or purposes either while serving as a Director or after their term as a Director ends.

Directors should ensure that any Tru property assigned to them is maintained in good condition and should be able to account for such property. All Tru assigned property must be returned at the conclusion of a Director's term.

Directors may not dispose of Cooperative Bank property except in accordance with guidelines established by Tru.

2.9 Political participation

Directors engaging in the political process should do so on their own time and must take care to separate their personal activities from their association with Tru and abide by the Cooperative Bank's Government Engagement Policy.

2.10 Non-profit and professional associations

From time-to-time, a Director may reach a position of leadership in another corporation or a non-profit association where they may be viewed as a spokesperson for that group. In such situations, the Director should ensure that any comments do not represent or conflict with viewpoints from Tru.

2.11 Confidentiality and disclosure of information

All information Directors receive or have access to in the course of their duties relating to Tru, its members, its Directors, and other businesses or individuals is to be treated as private and confidential.

2.11.1 Internal Disclosure

Directors must not disclose confidential information to any employee, officer, or other Director whose duties do not require they have such information. Similarly, Directors may not use confidential information obtained through their association with Tru to further their own or any others' private interests.

2.11.2 External Disclosure

Directors may only disclose confidential information to external parties when such disclosure is authorized or required by law or an enactment in a court proceeding. Any other external disclosure of confidential information requires prior approval of the Board Chair, who will seek guidance from the Chair of the Audit Committee as necessary.

Directors will adhere to Tru's Privacy Policy and in accordance with applicable privacy legislation and regulation.

2.12 Exemption from Code of Conduct requirements

In extraordinary circumstances, and where it is in the best interests of Tru, the Board Chair may exempt a Director from a requirement under this policy, with or without conditions, following full and detailed disclosure of all material and relevant circumstances respecting the matter.

If a Director is exempted from a requirement of this policy under circumstances that would otherwise be considered an actual or potential conflict of interest, the Director must refrain from participating in any discussions or decision-making related to the subject of the conflict of interest and comply with the protocol for dealing with conflicts of interest attached as Appendix 2.

2.13 Provisions of Code of Conduct not exclusive

The provisions of this policy are in addition to, not a substitute for, any obligation imposed upon a Director by common law, equity, legislation, or regulation. Compliance with this policy does not relieve a Director from such obligations.

2.14 Annual declaration

Each year following the annual general meeting, and as required due to changes in circumstances, each Director shall complete a Code of Conduct declaration in the form attached as Appendix 1.

2.15 Related policies

The following policies may be referred to for more information pertaining to specific aspects of Director conduct:

- Individual Director Position Description.
- Director Independence Policy.
- Government Engagement Policy.

3 Conflict of Interest

3.1 Policy

Directors must take care to avoid situations that place them in a position of real or perceived conflict between their private interests and the Cooperative Bank's interests.

If a conflict arises, or if there is uncertainty about whether a potential or real conflict of interest exists, a Director must disclose fully the nature of their interest to the Audit Committee, the Board Chair, and the Corporate Secretary. Such disclosure allows Directors to resolve unclear situations and dispose of or address conflicting interests before difficulty can arise.

3.2 Definition of conflict of interest

A conflict of interest is a situation in which the private interests of a Director conflict directly or indirectly with their responsibilities to Tru or a member where:

- “Private interest” means a financial or economic interest or advantage and includes any real or tangible benefit that personally benefits the Director or their associate(s).
- "Associate" means any of the following:
 - A spouse of the Director.
 - A child of a Director or of the spouse of a Director.
 - A child-in-law of a Director or spouse of the Director.
 - A parent of the Director.
 - A relative of the Director.
 - A friend of the Director.
 - Anyone who shares a home with a Director.
 - A corporation of which the Director beneficially owns, directly or indirectly, more than 20% of the voting rights attached to all outstanding voting securities of the corporation.
 - A trust or estate in which the Director has a substantial beneficial interest or for which the Director serves as trustee.
- “Spouse” means a person to whom the Director is married or with whom the Director is living in a marriage-like relationship, including a person of the same gender, but does not include, in the case of a marriage-like relationship, a person from whom the Director is separated or living apart and with whom the Director has entered into an agreement to live apart or who is the subject of an order of a court recognizing the separation.
- "Friend" includes an individual with whom the Director is connected by frequent or close association.
- "Relative" means a relative by blood, adoption, marriage, and includes any other relationship defined as a relative under the Family Law Act (British Columbia) or any other applicable legislation or regulation.

3.3 Potential conflict of interest situations

Conflicts of interest may arise in, but are not limited to, the following situations:

3.3.1 Self-interested funding, contracting, or hiring

Using a position in Tru to influence a decision to provide funding or contracts to another organization in which a Director has an interest, whether direct or indirect, or attempting to influence normal hiring processes to ensure a job is awarded to a friend, associate, spouse, or relative.

3.3.2 Misuse of information or property

Using information or property to which one has access as a Director, and to which others would not have access, for personal benefit.

3.3.3 Inappropriate outside activity

Conducting activities outside Tru that are in conflict with Tru's interests.

3.3.4 Soliciting or accepting undue benefits

Accepting entertainment, gifts, or benefits (directly or through a third party) that grant or appear to grant influence over Tru's activities or confer preferential treatment to a potential or actual contractor or member of Tru; offering entertainment, gifts, or benefits to secure influence or obtain preferential treatment for Tru.

3.3.5 Inappropriate business with members

Having financial interests with members beyond simple transactional business; seeking or accepting special consideration from members or member-owned businesses related to one's position as a Director.

3.4 Transactions with related parties

Directors are designated by legislation as "related parties" and must disclose to the Cooperative Bank their relationships with spouses, common-law partners, children, and corporations in which they or another related party together control, directly or indirectly, 50 per cent or greater of voting shares.

Except as provided in applicable legislation, the Cooperative Bank shall not, directly, or indirectly, enter into any transaction with a related party of the Cooperative Bank. The Audit Committee reviews transactions between the Cooperative Bank and related parties to ensure all such transactions are permitted transactions under applicable legislation and regulation and that they are made on terms and conditions at least as favourable to the Cooperative Bank as market terms and conditions. In some cases, approval of specific transactions is required by the Audit Committee.

Appendix 1: Code of Conduct declaration

TO: The Tru Board of Directors and Corporate Secretary

Name of Director: _____

This Statement discloses information as of _____, _____

I have read and understood the Code of Conduct and Conflict of Interest Policy

A direct or indirect conflict with my duty as a Director of the organization may arise because:

- i) I, my associates, or any trustee or any nominee on my behalf, own or possess, directly or indirectly, the following interests (e.g., shares, businesses, or properties):
- ii) I, or my associates, have the following interests in existing or proposed contracts with Tru or a subsidiary:
- iii) I or my associates, hold the following offices:
- iv) I or my associates hold the following other direct or indirect interests that may be a conflict of interest:

I, _____(print name), declare that:

- 1. Other than disclosed above, I do not have any relationships or interests that could compromise, or be perceived to compromise, my ability to exercise judgment with a view to the best interests of Tru.
- 2. I have read and considered the Tru Board's Code of Conduct and Conflict of Interest Policy and agree to conduct myself in accordance with the policy and confirm that I am currently in compliance with the Code of Conduct and Conflict of Interest Policy and that I will conduct myself in accordance with the Code of Conduct and Conflict of Interest Policy.
- 3. I agree to promptly provide an updated declaration annually or as may be required by changed circumstances.

Signature

Date

Appendix 2: Protocol for dealing with conflicts of interest

Actions following disclosure

Directors who have disclosed a conflict to the Audit Committee, the Board Chair, or the Corporate Secretary must abstain from:

- Any meeting of Directors, or of a Committee of Directors, while the contract, activity, or transaction (“Transaction”) is being considered
- Voting on any resolution to approve the transaction
- Other actions that could affect the outcome of the transaction except as permitted by applicable law. In addition:
 - a) The Corporate Secretary shall inform the Directors and Chief Executive Officer (“CEO”) of the disclosure.
 - b) The disclosure and plans to manage the actual or potential conflict will be included as an agenda item at the next Board meeting.

Conflicts of interest related to agenda items

Relying on disclosed information, the Corporate Secretary will monitor the subject matter of Board and committee agendas for potential or real conflicts of interest for individual Directors.

If the Corporate Secretary believes an agenda item could result in a conflict of interest for a Director, they will make reasonable efforts to discuss the issue generally with the Director before circulating related background information.

The Corporate Secretary will prepare agendas detailed enough for a Director to identify a potential conflict of interest and, whenever practical, will circulate the agenda to Directors before circulating the background materials.

If a Director identifies a conflict of interest in an agenda item, they will:

- a) Refrain from reviewing materials related to that agenda item.
- b) Return materials related to that agenda item to the Corporate Secretary.
- c) Advise the Corporate Secretary that they should not be sent materials related to that agenda item in the future.
- d) Only be provided with minutes of the meeting that record the decision made respecting that agenda item but not minutes of any discussion that took place.

The Director will declare to the Board or committee the general nature of the conflict when the subject matter arises on the agenda and will leave the meeting until discussion on that item is complete and a decision, if any, has been made.

If a Director declares a conflict of interest and leaves the meeting, the Corporate Secretary will record such facts in the meeting minutes.

A Director will not participate in discussions, attempt to influence discussions, or vote on the subject of an agenda item for which they have declared a conflict of interest.

Conflicts related to Tru contracts

If Tru has entered or proposes to enter into a contract in which a Director has declared a conflict of interest, the CEO will ensure the details concerning such contract are presented to the Audit Committee and, if necessary, the Board as a whole.

Guidance for determining conflicts of interest

The following questions may be used by Directors and/or by the Audit Committee to determine whether a declared potential conflict does, in fact, constitute a conflict of interest.

This is not exhaustive. Directors and the Audit Committee will also need to thoroughly discuss each situation and rely on their good judgment to reach a determination.

Question to ask...

How did this situation arise? Is it something the Director sought, or is it something that came unsolicited?
Could the situation be detrimental to Tru?
If it continued, could Tru's reputation, financial position, competitiveness, etc. be compromised?
How does the situation align with cooperative values, and the values of the Cooperative Bank?
What is the materiality of the work or situation? Is there a significant dollar value?
What is the strategic value of the work or situation? Could Tru's strategic plans be put at risk?
How would members perceive this situation if they became aware of it? How would you explain it to them?
What is the nature of the Director's involvement in the situation? Is the Director directly involved or at arm's length?

Considerations

While a situation may be a conflict either way, the Director's role in seeking or encouraging the situation has bearing.
A Director entering a situation that could negatively affect Tru's reputation, financial position, or competitiveness likely conflicts with his or her duties to the Cooperative Bank. Values-alignment may offer some mitigation; for instance, local procurement with a member or Director-owned business.
While conflict is not determined by dollar value alone, the amount involved is important, particularly from a reputational point of view. Conflict arises if a situation compromises Tru's strategic plans and betrays the confidences expected of Directors.
If you could not disclose and explain the situation to members' satisfaction at the annual general meeting, it may be a conflict. If a Director runs or is employed by a company that performs work for a competing Cooperative Bank, the determination of conflict would depend greatly on whether or not the Director is directly involved in performing or overseeing the work.