
CODE OF CONDUCT AND CONFLICT OF INTEREST POLICY

Audit and Conduct Review Committee

Purpose This policy provides guidelines for the standards of conduct expected of First West Credit Union's ("First West") or the "Credit Union") Board of Directors (the "Board") Directors. It also includes the credit union's Conflict of Interest Policy and offers guidance to help Directors recognize and deal with potential and actual conflict situations.

STANDARDS OF CONDUCT

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

Roles and responsibilities The Audit and Conduct Review 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 and Conduct Review Committee.

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

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

Fiduciary duty Directors are individuals in whom others have placed trust and confidence to manage and protect the best interests of First West. As outlined in the Individual Director Position Description and in relevant legislation, Directors have a fiduciary duty to the Credit Union. They owe their primary loyalty to First West and are obliged to individually and collectively exercise their duties in the best interest of the Credit Union.

Duty of care Directors must adhere to a standard of reasonable care and avoid acts or omissions that cause harm to others. They must discharge their actions in good faith and in the best interest of the Credit Union, exercising the degree of skill and diligence of a reasonably prudent person in comparable circumstances.

Duty to comply, disclose and report Integrity, honesty and trust are essential elements of First West’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 could result in a recommendation by the Audit and Conduct Review Committee to the Board that a Director be removed from office, as per First West Rule 5.10.

Financial obligations Given their leadership position and responsibilities for the Credit Union, Directors must demonstrate a high degree of personal financial accountability by ensuring all financial obligations with First West or elsewhere are current and in good standing.

Fair dealing Directors shall deal fairly with their fellow Directors and First West’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.

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, possession of an illegal substance on First West premises or at First West sponsored events.

Use of credit union property

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

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

Directors may not dispose of Credit Union property except in accordance with guidelines established by First West.

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 First West and abide by the Credit Union's Government Engagement Policy.

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 First West.

Confidentiality and disclosure of information

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

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 First West to further their private interests or the private interests of their friends, relatives or associates.

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 and Conduct Review Committee as necessary.

Directors will adhere to First West's Privacy Policy in accordance with applicable privacy legislation and regulations.

Exemption from Code of Conduct requirements

In extraordinary circumstances, and where it is clearly in the best interests of First West, the Board Chair may exempt a Director from a requirement of 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 Code of Conduct 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 B.

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, applicable legislation or regulation. Compliance with this policy does not relieve a director from such obligations.

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 A.

Related policies

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

- Individual Director Position Description
 - Privacy Policy
 - Government Engagement Policy
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CONFLICT OF INTEREST

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 Credit Union'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 and Conduct Review 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.

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 his/her responsibilities to First West 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 his or her associate
 - "associate" means any of the following:
 - a) a spouse of the Director
 - b) a son or daughter of a Director or of the spouse of a Director if the son or daughter is under 19 or is living in the director's family residence
 - c) a relative of the Director who is living in the Director's family residence
 - d) a friend of the Director
 - e) 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
 - f) 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 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 or marriage
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**Potential
conflict of
interest
situations**

Conflicts of interest may arise in the following situations (not an exhaustive list):

- **Self-interested funding, contracting or hiring:** Using a position in First West to influence a decision to provide funding or contracts to another organization in which a Director has an interest, or attempting to influence normal hiring processes to ensure a job is awarded to a friend or family member
- **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
- **Inappropriate outside activity:** Conducting activities outside First West that are in conflict with First West's interests
- **Soliciting or accepting undue benefits:** Accepting entertainment, gifts or benefits (directly or through a third party) that grant or appear to grant influence over First West's activities or confer preferential treatment to a potential or actual contractor or member of First West; offering entertainment, gifts or benefits to secure influence or obtain preferential treatment for First West
- **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

**Transactions
with related
parties**

Directors are designated by legislation as "related parties" and must disclose to the Credit Union their relationships with spouses, 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 Credit Union shall not, directly or indirectly, enter into any transaction with a related party of the Credit Union. The Audit and Conduct Review Committee reviews transactions between the Credit Union and related parties to ensure all such transactions are permitted transactions under applicable legislation and that such transactions are not materially different than fair market value and secured in the same way similar loans are secured for non-related parties. In some cases, approval of specific transactions is required by the Audit and Conduct Review Committee.

APPENDIX A: CODE OF CONDUCT DECLARATION

TO: The First West 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 First West 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 First West.
- 2. I have read and considered the First West 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 B: PROTOCOL FOR DEALING WITH CONFLICTS OF INTEREST

Actions following disclosure

Directors who have disclosed a conflict to the Audit and Conduct Review Committee, the Board Chair and the Corporate Secretary must abstain from voting or other actions that could affect the outcome of the activity or business transaction. In addition:

- a) the Corporate Secretary shall inform the Directors and 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
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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.

Conflicts related to First West contracts

If First West 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 a contract are presented to the Audit and Conduct Review 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 and Conduct Review Committee to determine whether a declared potential conflict does, in fact, constitute a conflict of interest.

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

Question to ask...	Considerations
How did this situation arise? Is it something the director sought, or is it something that came unsolicited?	While a situation may be a conflict either way, the Director’s role in seeking or encouraging the situation has bearing
Could the situation be detrimental to First West? If it continued, could First West’s reputation, financial position, competitiveness, etc. be compromised?	A Director entering a situation that could negatively affect First West’s reputation, financial position or competitiveness likely conflicts with his or her duties to the credit union
How does the situation align with co-operative values, and the values of the credit union?	Values-alignment may offer some mitigation; for instance, local procurement with a member- or director-owned business
What is the materiality of the work or situation? Is there a significant dollar value?	While conflict is not determined by dollar value alone, the amount involved is important – particularly from a reputational point of view
What is the strategic value of the work or situation? Could First West’s strategic plans be put at risk?	Conflict arises if a situation compromises First West’s strategic plans and betrays the confidences expected of Directors
How would members perceive this situation if they became aware of it? How would you explain it to them?	If you could not disclose and explain the situation to members’ satisfaction at the annual general meeting, it may be a conflict
What is the nature of the director’s involvement in the situation? Is the director directly involved? Or at arm’s length?	If a Director runs or is employed by a company that performs work for a competing credit union, the determination of conflict would depend greatly on whether or not the Director is directly involved in performing or overseeing the work