

*As approved by the CDIC Board of Directors, September 14, 2004;
amended by the Board June 6, 2007*

Code of Business Conduct and Ethical Behaviour for Directors

1. RECITALS

WHEREAS the board of directors (the “Board”) of the Canada Deposit Insurance Corporation (the “Corporation”) is composed of the following directors (the “Directors”): the person appointed as the Chairperson (the “Chairperson”); the persons who hold the offices of the Governor of the Bank of Canada, the Deputy Minister of Finance, the Superintendent of Financial Institutions, the Commissioner of the Financial Consumer Agency of Canada and a Deputy Superintendent of Financial Institutions or an officer of the Office of the Superintendent of Financial Institutions appointed by the Minister of Finance (the “Minister”) (collectively referred to as the “*Ex-officio* directors”); and the persons appointed by the Minister with the approval of the Governor in Council;

AND WHEREAS the Directors occupy a position of trust in their relations with fellow Directors, officers and employees of the Corporation, as well as with the Parliament, stakeholders and the public;

AND WHEREAS the Directors share the view that appropriate standards of conduct and ethical behaviour are fundamental to the preservation of the Corporation’s reputation and the success of its operations and that the highest standards of ethical behaviour and business conduct should govern the exercise of their duties and responsibilities as Directors of the Corporation;

AND WHEREAS the Directors therefore wish to confirm their commitment to such standards by establishing this Code of Business Conduct and Ethical Behaviour for Directors (the “Code”).

2. INTRODUCTION

The object of this Code is to enhance public confidence and trust in the integrity, objectivity and impartiality of the Corporation.

The Code illustrates the standards of conduct and ethical behaviour Directors expect to attain in the performance and exercise of their responsibilities as Directors of the Corporation or when otherwise representing the Corporation.

No Code can offer a complete guide to cover all possible situations that might be encountered, and the Directors must exercise judgment in applying the principles embodied in this Code to any particular situation. The provisions of this Code are in

Protected A

addition to, and not in substitution for, any obligation imposed upon a Director by agreement (written or oral), common law, equity, statute or regulation. Compliance with this Code will not relieve a Director from any such obligations.

In this regard, it is acknowledged that the Chairperson, the Superintendent of Financial Institutions, the Commissioner of the Financial Consumer Agency of Canada, the Governor of the Bank of Canada and the Deputy Minister of Finance are subject to certain specific obligations pursuant to the *Office of the Superintendent of Financial Institutions Act*, as may be amended from time to time. It is further acknowledged that the *Ex-officio* directors may be subject to conflict of interest provisions and other specific obligations relating to their business conduct and ethical behaviour by reason of the office(s) they may hold, from time to time, in the public sector, as well as advice provided from time to time by the Ethics Commissioner.

Consequently, where the provisions of this Code shall be in conflict with other specific obligations relating to business conduct and behaviour that are imposed upon a Director by reason of the office(s) he or she may hold in the public sector such other specific obligations shall prevail over the provisions of this Code.

3. CODE ADVISOR

The Chairperson of the Board or, where the matter relates to the Chairperson of the Board, the Chairperson of the Audit Committee (the “Code Advisor”), with the assistance of an independent advisor where deemed appropriate by the Code Advisor, will report directly to the Board, and will be responsible for:

- (a) establishing, reviewing and updating appropriate policies, guidelines and procedures for this Code;
- (b) providing advice, receiving disclosure and, if appropriate, issuing written opinions to Directors on code of conduct matters they may encounter in fulfilling their respective responsibilities; and
- (c) preparing an annual report to the Board on the number of enquiries or disclosures received in each fiscal year, and how they were answered or resolved.

4. THE EXPECTED STANDARDS OF BUSINESS CONDUCT AND ETHICAL BEHAVIOUR

a. Comply with applicable laws

Directors shall comply with the laws and regulations governing their conduct. Directors have a responsibility to be sufficiently familiar with any legislation or regulations that apply to their directorship and to be able to recognize potential

Protected A

liabilities, seeking legal advice where appropriate in accordance with the *Engagement of Separate Independent Counsel or Other Advisors Policy*.

Directors must not engage in or give the appearance of being engaged in any illegal or improper conduct that is in violation of this Code or that indicates a casual attitude towards compliance with laws, regulations or this Code.

b. Comply with the Corporation's policies

Directors have a responsibility to be knowledgeable of the Corporation's policies and to comply with these policies *mutatis mutandis*.

c. Exercise duties honestly and in good faith with a view to the best interests of the Corporation

Directors acknowledge their obligations under section 115 of the *Financial Administration Act*, as may be amended from time to time, which provides that, in exercising their powers and performing their duties, directors shall act honestly and in good faith with a view to the best interests of the Corporation.

Directors further acknowledge their common law duty, as fiduciaries, to subordinate their own personal interests to those of the Corporation.

d. Maintain the highest standards and uphold corporate values

Directors shall maintain the highest standards of ethical behaviour and business conduct in the performance and exercise of their responsibilities as Directors of the Corporation or when otherwise representing the Corporation.

Directors shall further conduct themselves in a manner that reflects the overall spirit of the Code.

e. Confirmation of Receipt

To acknowledge their commitment to abide by the provisions of the Code, each Director shall sign the confirmation of receipt form attached as Appendix "A" upon taking office and return it to the Chairperson.

5. CONFLICTS OF INTEREST CODE

Directors have full knowledge of the Corporation's *Conflicts of Interest Code* and agree to comply with the provisions of such code.

6. CONFIDENTIALITY

Directors shall fully respect the confidentiality of the information they obtain because of their office.

Directors shall take an Oath of Fidelity and Secrecy upon taking office whereby they will solemnly swear that they will treat as confidential any information they obtain regarding the internal affairs of the Corporation or of a federal or provincial financial institution or of any person dealing with that institution.

7. PUBLIC COMMENT

In keeping with the *CDIC Board Communications Policy*, Directors shall refrain from any public discussion, in the media or otherwise, regarding the Corporation's business, affairs, policies or organization. The foregoing restriction does not apply to *Ex officio* directors exercising their responsibilities under their respective offices provided that they do not purport to speak on behalf of CDIC.

Only a designated spokesperson is authorized to issue a statement or make comments regarding the Corporation's position on a given subject. Where a Director is asked to comment publicly on any issue relating to the Corporation's affairs, the Director shall decline to comment and refer the enquiry to the Chairperson or the President and Chief Executive Officer of the Corporation.

8. FUNDAMENTAL RIGHTS

The Corporation is committed to providing all Directors, officers and employees with an environment that respects their basic human rights and that is free from discrimination and harassment. Each Director is responsible for taking all reasonable precautions to not demonstrate behaviour that can be reasonably construed as discrimination or harassment. Directors are encouraged to report all incidents of discrimination and harassment to the Code Advisor.

9. PERSONAL AND FAMILY RELATIONSHIPS

A Director who has a personal or family relationship with another Director, officer, or employee of the Corporation that could affect the credibility of the Corporation or the actions of the Director should inform the Code Advisor of this matter.

A Director who has a personal or family relationship with another Director, officer or employee of the Corporation must take steps to ensure that the relationship will not affect the credibility or reputation of the Corporation.

10. SEEKING CLARIFICATION

Directors should refer enquiries relating to this Code or its application to the Code Advisor.

All disclosures to the Code Advisor shall be kept strictly confidential unless, in the opinion of the Code Advisor, the matter disclosed could adversely affect the Corporation, another Director, officer or employee of the Corporation or the general public.

11. DISCLOSURE OF WRONGDOING OR BREACHES OF CODE

Directors are expected to report to the Code Advisor:

- a. any information that the Director believes, in good faith, could show that wrongdoing, as that term is defined in the *CDIC Policy for Internal Disclosure of Information concerning Wrongdoing in the Workplace*, has been committed or is about to be committed by another Director, officer or employee of the Corporation, or that such person has been asked to commit wrongdoing; and
- b. breaches of this Code, including violations of laws, rules, regulations or the Corporation's policies.

12. FAILURE TO COMPLY

Where a Director's conduct constitutes a breach of the Code, the Chairperson or the Code Advisor may recommend to the Board that it make a recommendation to the Minister or other appropriate person that the Director be removed from office.

13. WAIVERS FROM CODE

In extraordinary circumstances and where it is clearly in the Corporation's best interest to do so, the Code Advisor may waive compliance with a requirement under this Code for a Director. Conditions may attach to such a waiver. The Director granted the waiver accepts that public disclosure of the granting of any such waiver may be required by applicable laws, regulations, policies or guidelines.

14. POST-DIRECTORSHIP

Directors must adhere to the Code, as applicable, after leaving office.

15. REVIEW OF CODE

The Board shall review and reassess the adequacy of the Code periodically and make such amendments to the Code as the Board may deem appropriate.

Appendix "A" to Code of Business Conduct and Ethical Behaviour for Directors

CONFIRMATION OF RECEIPT FORM

I acknowledge that as a member of the CDIC Board I have received a copy of the *Code of Business Conduct and Ethical Behaviour for Directors* from the Canada Deposit Insurance Corporation.

I have read the above-mentioned Code and agree to abide by its provisions.

Director's signature

Director's name
(type or print)

Date