

CONFLICT OF INTEREST CODE

Metadata

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CONFLICT OF INTEREST CODE

1. Objective and Purpose

The objective of this Conflict of Interest Code (the “Code”) is to maintain and strengthen public trust in the integrity, objectivity, and fairness of Canada Deposit Insurance Corporation (“CDIC”). This Code is drafted in accordance with the *Conflict of Interest Act*.

This Code sets out CDIC’s approach to addressing and minimizing the possibility of Conflicts of Interest occurring or being seen to exist and in ensuring that if any such conflicts arise, they are resolved appropriately.

2. Scope and Application

This Code applies to:

- CDIC employees (Officers, permanent, part-time, student, term, and employees on interchange/secondment), as well as individuals on interchange/secondment at CDIC, (collectively, “CDIC Employees”); and
- Directors of CDIC’s Board (including ex officio directors, private directors, alternates and observers, as defined in CDIC’s Corporate By-law),¹ (collectively, “CDIC Directors”).

Non-compliance with this Code may lead to disciplinary action, including termination of CDIC Employees.

3. Definitions

Term	Definition
Affiliate	Any company that controls, is controlled by, or is under common control of a Member Institution
CDIC Personnel	CDIC Employees and CDIC Directors (all those under the scope of this Code)
Conflict of Interest	<p>A situation in which an individual’s private interests could influence the performance of their duties and responsibilities at CDIC.</p> <p>There are three types of Conflict of Interest:</p> <ol style="list-style-type: none"> 1) Real – A Conflict of Interest presently exists. 2) Potential – There is a reasonable possibility that a Conflict of Interest might exist in the future. 3) Apparent – A reasonable person might perceive a Conflict of Interest, whether or not one actually does not exist.
Ethical Wall	An information barrier protocol within CDIC designed to prevent exchange of information or communication that could lead to a Conflict of Interest

¹ Please note that CDIC’s President & CEO, as well as ex officio directors of CDIC’s Board, have a number of additional restrictions/requirements under the *Conflict of Interest Act* as they are considered “reporting public officer holders”. Those restrictions/requirements are not outlined in this Code.

Ethics Official	Corporate Secretary, Chief Legal Officer and Head, Policy Integration (or where a Conflict of Interest involves this individual, then the President & CEO)
Family Members	Spouse or common-law partner of those subject to this Code, as well as dependent children of those subject to this Code or their spouse or common-law partner
Gifts	Any amount of money, service, property or other thing of value that is provided without charge or at less than commercial value, with no obligation to repay
Member Institution	All federally regulated financial institutions, including federal credit unions, as well as any other institutions included on the following list, as amended from time to time: List of Member Institutions — CDIC
Officer	All those who are appointed as officers by CDIC Directors as outlined in CDIC's Corporate By-law
Outside Activities	A non-exhaustive list of Outside Activities includes: <ul style="list-style-type: none"> - Speaking at a conference - Representing CDIC at a conference - External employment - Serving as a director on a board - Seeking an elected office - Membership in an organization/association
Share	A share is a unit of equity ownership in: <ul style="list-style-type: none"> a) the capital stock of a corporation; or b) a cooperative financial institution. This can be done as: <ul style="list-style-type: none"> 1) An accepted subscription for a share 2) A right to acquire a share through conversion, exchange or other means; or 3) An option or similar right to acquire any of the above

4. Requirements

A) All CDIC Personnel are prohibited from:

- a) using their role at CDIC to further their private interests or those of their Family Members or friends, or to improperly further another person's private interests; and
- b) making decisions or participating in making decisions related to their role at CDIC if they know or reasonably should know that, in the making of the decision, they would be in a Conflict of Interest.

B) All CDIC Personnel are required to:

- a) arrange their private affairs to avoid Conflicts of Interest while carrying out their responsibilities at CDIC; and
- b) as soon as any real, potential or apparent Conflict of Interest arises or becomes known to CDIC Personnel, disclose and manage the conflict in accordance with Appendix "A".

Further details on these requirements are outlined in 4.1-4.4 below.

4.1 Gifts and Hospitality

CDIC Personnel must not accept any Gift or hospitality for oneself or a Family Member, arising out of any activity associated with their responsibilities with CDIC unless one or more of the following criteria are satisfied or the Ethics Official, in response to a prior written request, grants an exemption in writing:

- it is within the bounds of propriety, a normal expression of courtesy or within the normal standards of hospitality, is not such as to cast suspicion on your objectivity and impartiality and will not compromise CDIC; or
- it is provided by CDIC.

4.2 Interest in Shares of Member Institutions and Affiliates

CDIC Employees² are prohibited from having any interest in shares of a CDIC Member Institution or an Affiliate, unless one or more of the following criteria are satisfied:

- the shares are of an Affiliate and
 - are publicly distributed;
 - are listed on a securities exchange; and
 - the Affiliate is not a shareholder of ten percent or more of the shares of a Member Institution; or
- joining a mutual fund, exchange-traded fund (“ETF”) or indexed fund of a Member Institution as long as investment decisions for the fund are made without direction from or control by the owner or any beneficiary of the unit or right.

Directors are prohibited from having any interest in shares of a CDIC Member Institution or an Affiliate, unless one or more the following criteria are satisfied:

- the aggregate fair market value of the shares including any rights exercised, must not exceed ten percent of the CDIC Director’s net worth³;
- the number of shares, including any rights exercised, must not exceed five percent of the relevant class of shares of the Member Institution at the time;
- the shares are of an Affiliate, and publicly distributed and listed on a securities exchange; or
- joining a mutual fund, ETF or indexed fund at a Member Institution as long as investment decisions for the fund are made without direction from or control by the owner or any beneficiary of the unit or right.

Any questions or concerns about the prohibitions in Section 4.2 can be directed to the Ethics Official via email at cwalker@cdic.ca.

² CDIC Employees on a fixed term of equal or less than six months at CDIC are not subject to the prohibition in Section 4.2 of this Code. CDIC Employees hired as students for a fixed term of less than or equal to five months are not subject to the prohibition in Section 4.2 of this Code.

³ If the shares involve more than one CDIC Member Institution, the fair market value of all shares, including any rights exercised, must not exceed twenty percent of the CDIC Director’s net worth.

4.3 Outside Activities

CDIC Employees are prohibited from participating in Outside Activities that might affect or be perceived to affect CDIC or the discharge of CDIC duties or responsibilities, or otherwise give rise to a real, potential or apparent Conflict of Interest, unless the Ethics Official, in response to a prior, written request, grants an exemption in writing.

4.4 Post-Employment Prohibition Period

For one year after leaving the employment at CDIC, CDIC Employees shall not, directly or indirectly, without the written approval of the Ethics Official, accept employment with, enter into a services contract with, or accept appointment to the board of directors of a Member Institution of an Affiliate:

- a) if, during the last 12 months of employment with CDIC, the CDIC Employee was directly involved in files regarding a Member Institution or an Affiliate and received Protected B information or above about the Member Institution or an Affiliates; or
- b) if the CDIC Employee was an Officer of CDIC.

CDIC Directors may accept employment with, enter into a services contract with, or accept appointment to the board of directors of a Member Institution of an Affiliate, provided they are compliant with Sections 4A and 4B of this Code.

This Section 4.4 does not apply to CDIC Employees hired as students for a fixed term of less than or equal to five months.

5. Roles and Responsibilities

Role / Team Name	Responsibility
CDIC Personnel	<ul style="list-style-type: none"> Review their obligations under the Code and declare their compliance with this Code upon their appointment/employment and on an annual basis Disclose any real, apparent or potential Conflicts of Interest with the Ethics Official Comply with any determination of the Ethics Official and remedial measures proposed Discuss any questions or concerns about any real, apparent or potential Conflicts of Interest with the Ethics Official
Ethics Official	<ul style="list-style-type: none"> Reviews disclosures, exemptions and issues of non-compliance with this Code Makes determinations of whether a Conflict of Interest exists and proposes remedial measures Discuss any questions or concerns with CDIC Personnel, upon

	request
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6. Exemptions, Non-Compliance and Questions

All questions, concerns, disclosures, exemptions and instances of non-compliance of this Code are required to be escalated to the Ethics Official in writing, via email at cwalker@cdic.ca. The procedure for requesting exemptions is outlined in Appendix "A".

7. Confidentiality

All questions, disclosures and exemption requests will only be shared with those who "need to know" at CDIC and managed in accordance with CDIC's obligations under the *Privacy Act*, its regulations and applicable guidance from the Treasury Board Secretariat.

8. Review and Approval

The Code is subject to ongoing monitoring. Review and amendments to the Code are subject to Board approval on at least a biennial basis and/or when material changes are required.

9. Cross References

Reference Documents
<ul style="list-style-type: none"> • Disclosure of Wrongdoing Policy (TBD)
<ul style="list-style-type: none"> • CDIC's Code of Conduct
<ul style="list-style-type: none"> • CDIC's Corporate By-law, section 5.02
<ul style="list-style-type: none"> • Conflict of Interest Act
<ul style="list-style-type: none"> • Treasury Board Directive on Conflict of Interest
<ul style="list-style-type: none"> • Open and Accountable Government, Annex A: Ethical and Political Activity Guidelines for Public Office Holders
<ul style="list-style-type: none"> • Status of Crown corporations directors and officers under the Conflict of Interest Act

Appendix “A”: Procedures for Requesting Exemptions

CDIC Personnel may request formal exemptions from this Code in writing by emailing the Ethics Official (cwalker@cdic.ca).⁴

The email should clearly state the reasons why an exemption is being requested.

The Ethics Official will confirm receipt of the email and request any additional information.

While the Ethics Official is reviewing the request, CDIC Personnel are required to adhere to any instructions from the Ethics Official.

In making their determination, the Ethics Official is required to consult the:

- Head, People & Culture for all requests;
- Chair of CDIC’s Board for any requests made by any Officer or a CDIC Director; and
- CDIC Risk Committee for any requests made by the Chair of CDIC’s Board.

The following are a non-exhaustive list of factors that the Ethics Official may consider when granting exemptions, depending on the circumstances:

- CDIC Employee status:
 - Duration of term or permanent
 - Grade level
 - Title/Team
- Type of past, current and future employment outside of CDIC
- Past, current and future Board of Directors appointments outside of CDIC
- Value of a gift or hospitality in Canadian dollars
- Impact of the application of a virtual Ethical Wall
- Impact on CDIC’s reputation
- Impact on the public confidence for CDIC to fulfill its objects in section 7 of the *CDIC Act*

The Ethics Official will then send an email to the CDIC Personnel detailing whether the exemption is accepted or denied, and the reasoning why. The Ethics Official may detail remedial measures, including the timing for completing them that must be complied with.

All documentation concerning exemption requests will be saved on CDIC’s SharePoint site, only accessible to those we need to know at CDIC.

⁴ CDIC Personnel are encouraged to informally discuss these exemption requests with their supervisor/manager prior to submitting a formal request, if comfortable depending on the subject matter of the request.