



**Code of Ethics and Business Conduct  
Covering Directors and Employees**

**Approved by the Board of Directors: November 26, 2018**

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## PREAMBLE

The basic responsibility of all employees and directors is to act in the best interest of Vestcor Inc. (Vestcor) in directing its affairs, and to do so within applicable laws, regulations, and codes. Vestcor's directors, officers, and employees have a relationship of trust with our clients and stakeholders. It is imperative that there is no perceived violation of that trust, whether warranted or not, in the management of our business. These responsibilities<sup>1</sup> can be summarized below into three basic duties that each Vestcor employee and director is charged with:

1. The duty of **diligence**: this is the duty to act reasonably, prudently, in good faith and with the best interests of Vestcor and its stakeholders;
2. The duty of **loyalty**: this is the duty to place the interests of Vestcor first, and not to use one's position to further private interests. Confidentiality is also an important aspect of the duty of loyalty;
3. The duty of **obedience**: this is the duty to act within the scope of the governing policies of Vestcor and within the scope of other laws, rules and regulations that apply to Vestcor and any professional designation that has been specifically earned by an employee or director.

Unless otherwise stated, any reference in this Code to "employees" includes all officers of Vestcor, other than the Chairperson and the Vice-Chairperson who are also external directors serving on the Vestcor Inc. Board.

## PURPOSE OF THE CODE

Vestcor is a fiduciary. Information to be collected under this code is collected so as to ensure accountability by Vestcor with respect to its fiduciary obligation and compliance by Vestcor of statutes, rules and other laws applicable to it and to fiduciaries generally.

Under Section 2.0 of its Terms of Reference, the Board of Directors is responsible for the mission, vision and values of Vestcor. The Code of Ethics and Business Conduct (the "Code") supports the corporate values. Pursuant to Section 3.2, the Board of Directors has delegated review of the Code to the Governance Committee. The Governance Committee will annually review the Code to ensure that it follows best practices, is clearly stated, widely shared and regularly monitored.

## DEFINITIONS

In this Code

"Employees" means all officers, full-time and part-time staff of Vestcor other than the Chairperson and the Vice-Chairperson. Employees also include independent contractors and third party external consultants who have been granted access to privileged information.

"Designated Employees" means all employees who are members of the Investment, Research, Compliance, and Fund Accounting Teams including the President and Chief Executive Officer ("CEO"), the Chief Financial Officer, and the Administrator of this Code.

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<sup>1</sup> Acknowledgement to "Director's Liability: A Discussion Paper on Legal Liability, Risk Management and the Role Of Directors in Non-Profit Organizations", Volunteer Canada, Ottawa Ontario, 2002.

## 1. POLICY IMPLEMENTATION

Within ten (10) days of the coming into effect of this policy or, as soon as possible thereafter, employees and directors are required to submit on the form attached in Appendix A:

- a) acknowledgement that they have read the policy
- b) for directors only, an initial list of personal **Included Securities** holdings; and the **Included Securities** holdings of spouses and family members living in the same household or for whom the director exercises power of attorney or acts as trustee

and for designated employees only,

- c) information on current broker arrangements;
- d) a request to their broker(s) to provide monthly statements as required by section 8.4.1.

## 2. THE CODE

### 2.0 Confidentiality of Information Provided by Employees and Directors

An employee of Vestcor shall be named to be responsible for the Administration of this policy (the Administrator). The Administrator shall be responsible to issue reminders of all reporting requirements in advance of the due date and to securely maintain all documents. The Administrator will also coordinate, and record, the trading approval process.

All trading requests, broker statements of designated employees and the disclosure of holdings by directors are considered strictly confidential and, in the case of designated employees, may only be accessed by the Administrator, the CEO, the Chief Financial Officer, the Internal and / or External Auditors, and by the employee.

In the case of directors, all disclosures related to holdings may only be accessed by the Administrator, the Chairperson or the Chair of the Governance Committee, the Internal and / or External Auditors, and the director.

Each such disclosure of holdings shall be placed in individual files and maintained in a secure locked location used for no other purpose and accessible only by the persons authorized under this Code.

### 2.1 Scope

The Code addresses the conduct of all Vestcor employees and the Board. The Code is a further elaboration and is consistent with the conflict of interest guidelines, Section 96, 97 and 98 of the *Vestcor Act*. It also deals with a number of related matters, including the requirements imposed on Vestcor by the Securities Act (Insider trading) and security of information under the Personal Information and Electronic Documents Act.

### 2.2 Application of the Code

This Code sets a high standard, which is consistent with Vestcor's position both as a fiduciary and a significant participant in the Canadian capital markets. The policy protects Vestcor as well as its directors and employees by minimizing as much as possible the risk of inadvertent breaches and from the appearance of profiting from knowledge or presumed knowledge gained at Vestcor. In the event of a breach, Vestcor will be enabled, as an organization, to demonstrate that all reasonable precautions have been taken.

Information to be collected under this Code will be retained for so long as necessary to permit Vestcor to fulfill the purpose set out herein and thereafter will be destroyed or otherwise disposed of as required by law.

### **2.3 Breach of the Code**

An employee's actions with respect to matters governed by this policy are significant indications of the individual's judgement, ethics and competence. Any actions in violation of this policy may result in immediate dismissal for cause.

Director actions with respect to compliance with this policy are also important. Any director action in violation of this policy will be brought to the attention of the Chairperson, and Chair of the Governance Committee, and may result in sanctions as permitted under the *Vestcor Act* and By-Laws including possible removal from the Board.

Failure to comply with certain sections of this Code may also be a violation of the securities laws and may be punishable accordingly.

### **2.4 Initial Confirmation**

Upon the coming into force of this policy and upon any substantial amendment as determined by the CEO, for existing employees and directors, or for new employees and directors upon assuming their position, each employee and director of Vestcor will be provided with a copy of the Code. As a condition of employment, he/she will be required to sign the Certificate/Acknowledgment section of the Code, acknowledging that he/she has received a copy of the Code, fully understands its content and agrees to abide by the Code in every respect.

### **2.5 Annual Confirmation**

By December 31<sup>st</sup> of each year, each employee and director will be asked to sign a Certificate/Acknowledgment related to this Code to confirm his/her awareness of the Code and its provisions and that he/she has complied with it during the past year. A copy of the Certificate/Acknowledgment is contained in Appendix B.

Investment and Research employees must submit the signed Certificate/Acknowledgment section of the Code to the Chief Investment Officer; Pension Services employees must submit their forms to the Chief Pensions & Benefits Operations Officer; and all other employees to the Chief Financial Officer.

The Chief Investment Officer, the Chief Pensions & Benefits Operations Officer and the Chief Financial Officer must submit their own Certificate/ Acknowledgment of the Code to the CEO and must provide him with a confirmation of all other employee submissions including any cases of non-compliance.

The CEO must submit his/her own Certificate/Acknowledgment of the Code as well as an annual report to the Board's Governance Committee at its first meeting of the year, including a summary of any breach of the Code during the preceding year and the action taken in each situation.

Directors must submit their Certificate/Acknowledgment to the Chairperson and the Chairperson to the Chair of the Governance Committee.

## **2.6 Whistle Blowing**

All employees, and directors, have a duty to report any incident that they believe may be a contravention of this Code, or other similar situations, which comes to their attention. It is also their duty to cooperate in the investigation of such possible breaches.

Similar situations may include the following:

- significant errors or omissions in one's own work
- significant errors or omissions by another employee
- any wrongdoing such as breaches of statutory laws, regulations, policies, procedures, or records falsification.
- questionable accounting, performance measurement, or compliance related issues.
- providing misleading information or guidance to auditors or other investigative bodies.

These situations should be reported immediately either verbally or in writing to their team leader, the CEO, or the Chairperson. The Governance Committee shall be informed immediately if the matter is considered a major breach, or at a minimum at its next Governance Committee meeting.

Vestcor will endeavor to keep such reports as confidential as possible and protect employees, who have identified these types of issues in good faith, from any related retaliation or admonishment.

## **3. STANDARDS**

### **3.1 Standard of Care**

Vestcor has a fiduciary duty to its clients to act honestly, in good faith and in their best interests and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

### **3.2 Obligation to comply with the Law**

Vestcor employees and directors are required to comply with all laws applicable to Vestcor's business operations governing the provision of investment advisory services, insider trading and reporting of insider transactions.

### **3.3 Duty to know applicable Laws**

Each employee and director has a duty to know, understand and comply with laws applicable to their duties and responsibilities to Vestcor.

## **4. CONFIDENTIAL INFORMATION**

Employees and directors may have access to confidential information relating to the affairs of Vestcor and its investments or potential investments. The disclosure of such confidential information even to close friends or family members, or the use of such confidential information for personal gain, could be highly detrimental to the interests of Vestcor and parties whose confidential information has been entrusted to Vestcor.

**4.1 Confidentiality**

Individuals must recognize that all non-public information is to be held in strict confidence. No one shall divulge any confidential information unless authorized by the CEO, or required by law, to do so. Individuals who leave Vestcor, or retire from Vestcor, continue to be bound by this requirement.

**4.2 Contact with Media**

No employee or director, other than those explicitly authorized to do so, should discuss any investment, potential investment or other activity of Vestcor, with the media without consulting the CEO. Presentations to other groups at seminars, conferences, etc. are permitted. However, individuals should keep their comments general and must avoid comments on any specific investment situation.

**4.3 Leaks of Confidential Information**

Any individual who becomes aware of any possible disclosure or improper use of confidential information shall report it to the person to whom they directly report who shall immediately inform the CEO.

**5. CONFLICT OF INTEREST**

**5.1 Conflict of interest**

All individuals must avoid conflict of interest situations. A conflict of interest may appear when an individual is put in a position of judging between the interest of Vestcor and his/her personal interests or those of another party in which they may have an interest. When conflicts are present, individuals must act in the interest of Vestcor. Furthermore, individuals who are acting as a fiduciary should hold their fiduciary duty above their personal interests.

Furthermore, all employees and directors are subject to the *Vestcor Act* – Sections 96, 97 and 98 - Conflict of Interest.

**5.2 Disclosure and Elimination of Conflict**

Any employee or director who believes that he/she has or may have an actual or potential conflict of interest must report it to the person to whom they directly report. In the case of directors, they must report the matter to the Chair.

All efforts must be taken to remove the conflicted individual from situations where decisions, opinions or actions are required in regards to the conflict issue.

**6. GIFTS, DONATIONS, SERVICES OR BENEFITS**

**6.1 Gifts, donations, services or benefits**

Employees and directors shall not actively solicit and must be prudent in giving or receiving any gift, donation, service, benefit or other favour that might materially affect, or be seen to potentially materially affect, the performance of their roles and responsibilities, or which might prejudice the credibility of Vestcor. A high standard of independence and impartiality must be maintained.

**6.2 Setting acceptable standards**

In general, any gift, donation, service or benefit of a symbolic and non-recurring nature and of small monetary value may be accepted in the normal course of operations. The same holds true for meals and tickets related to cultural, sporting or community events, provided that reasonable sums are involved. A reasonable sum guideline should be considered to be less than \$100.

This guideline does not preclude customary, ordinary, business related entertainment so long as its purpose is not to influence or reward employees or directors.

**7. BOARD MEMBERSHIPS**

**7.1 Board Memberships as Part of an Individual’s Duties**

Employees who sit on a board of directors of another corporation or organization, at the request of Vestcor, have a primary responsibility, in carrying out its duties and responsibilities with respect to such other corporation or organization, to protect that organization and its investors.

**7.2 Approval of Appointments**

Appointments to the board of public or private companies or other organizations that Vestcor has an investment in or other business relationship with, must be approved by the CEO. In cases where the nominee is the CEO of Vestcor, the Board of Directors has the authority to approve him/her as a representative to the Board of the investee company.

Employees also must receive the consent of the CEO for any appointment to other boards, other than non-profit, charity or community-based organizations.

**8. PERSONAL TRADING ACTIVITIES - EMPLOYEES**

**8.1 Basic Principles Concerning Personal Trading Activities**

Vestcor employees are permitted to invest for their own account, provided that such investment activity must always comply with applicable laws and regulations, and must be carried out in a manner consistent with Vestcor policy and this Code.

Personal securities transactions must avoid even the appearance of conflict of interest. The procedures and guidelines which follow set forth reporting obligations and rules of conduct covering personal trading and that of spouses and family members living in the same household or for whom the employee or director exercises power of attorney or acts as trustee. The procedure is summarized in Appendix C. The name of the Administrator and other employees responsible for the implementation of the program is included in Appendix D.

**8.2 Included Securities**

[Included Securities](#) refers to those securities for which designated employees must obtain pre-clearance for transactions. [Included Securities](#) covers all securities included in the Investments section for each Vestcor Investment Entity Profile. This essentially covers all publicly traded equity securities, and related derivatives in which Vestcor can invest. Bond issues refer only to corporate and convertible debentures. Designated employees should seek the guidance of the Administrator in cases where the employee is uncertain as to whether a security is included under this policy.

### 8.2.1 Restricted Securities

The CEO, Chief Investment Officer, or Chief Financial Officer may from time to time temporarily restrict either:

- i. **all** employee personal trading activities and / or corporate trading activity in any particular security or securities, or
- ii. designated employees of a specific team from personal trading activities and / or specific investment team trading activity in any particular security or securities.

**Restricted securities** are those securities that have been placed on the Restricted Securities List on the SharePoint main page or through a more limited targeted communication from the Chief Compliance Officer. Placing a security on a Restricted List can and should occur due to:

- Vestcor management has identified the pending implementation of a significant investment transaction, transition, or asset reallocation program;
- the receipt (or anticipation of imminent receipt) of confidential inside information about a company or security;
- the signing of a confidentiality, standstill or lockup agreement, letter of intent or other type of investment transaction in a company's securities;
- the approval of funds advanced to explore a business opportunity with a company; or
- the involvement of a Vestcor employee with a company's governing body.

If an employee becomes aware of such a circumstance and the security has not yet been placed on the Restricted List, they should inform the CEO, or in their absence the Chief Financial Officer, who will determine the appropriate restriction process (either alternative i. or ii. noted above).

Notice of such restrictions would be coordinated and communicated through the Chief Compliance Officer.

### 8.3 Exempt Securities

There is no need to obtain pre-clearance when trading the following securities due to the absence of potential conflict of interest as either the securities are very liquid, there is no influence to the security content and/or Vestcor is passively managing or has no exposure to the asset class:

- a) **Government securities**
- b) **Money-market instruments  
(including Guaranteed Investment Certificates – GICs)**
- c) **Publicly traded mutual funds**
- d) **Currencies**
- e) **Exchange traded index funds (ex. i-units)**
- f) **Securities that are not otherwise [Included Securities](#)**
- g) **Dividend Reinvestment Program**

## **8.4 Reporting Requirements**

### **8.4.1 Holdings and Transactions**

Each month, designated employees must require their broker(s) to submit a complete list of all of the designated employee's personal [Included Securities](#) holdings and transactions during the month for which they are the registered owners. Brokers must also include reports on the holdings and transactions of spouses and family members living in the same household or for whom the designated employee exercises power of attorney or acts as trustee. The broker statements must be sent directly to the administrator, marked "Strictly Private and Confidential" and may be accessed by the administrator, the designated employee, the Chief Financial Officer, the CEO and the internal and external auditors.

The administrator shall keep all broker statements in a secure locked location for a period of three years after which the documents shall be destroyed.

## **8.5 Trade restrictions**

Certain trades represent significant actual or potential conflicts of interest and are therefore prohibited.

No Vestcor employee, his/her spouse or any family member living in the same household, shall attempt to take advantage of any influence they may have to obtain favourable treatment from a broker dealer.

New relationships for personal investing with brokers will have to be established with discount brokers. Designated employees wishing to keep existing relationships with a full-service broker will need to report that fact in their first Declaration of Compliance.

### **THE CURRENT LIST OF PROHIBITED TRADES INCLUDES:**

#### **8.5.1 Insider Trading**

From time to time, employees may have access to information of a confidential nature about companies in which they invest, which has not been made public. Trading based on this information is prohibited by securities legislation and this Code.

#### **8.5.2 Initial Public Offerings (IPOs) new or secondary**

Purchase of IPOs by investment personnel create conflicts of interest by their possible appearance of appropriating an attractive investment opportunity from clients for personal gain.

#### **8.5.3 Short-term Trading**

Vestcor does not encourage short-term or speculative trading. Furthermore, the amount of time spent on personal trading must not interfere with employment responsibilities. Employees who are found to have been involved in these activities may have their personal trading privileges suspended or revoked.

## **8.6 Pre-clearance of Trades – Designated Employees**

Pre-clearance must be obtained to trade [Included Securities](#).

Designated employees must obtain consent, prior to conducting any transaction, from the Administrator. This includes transactions of securities for which the designated employee is beneficial owner and that of spouses and family members living in the same household or for whom the designated employee exercises power of attorney or acts as trustee.

The request for consent must be done in writing (e-mail) to the Administrator, and must specify whether it is a buy or sell action, and must provide the security description and applicable index in which the security is included. The Administrator will subsequently seek approval from the responsible investment center on a no-employee-name basis. If Vestcor is currently in the process of implementing a purchase/sale program, consent will not be granted.

All consents granted will be confirmed by e-mail and a confidential log of all requests and approvals will be kept by the Administrator. Each consent expires at the end of the trading day on which consent has been given, or upon notification that the consent has been revoked.

Designated employees by their continued employment are deemed to consent to the disclosure to Vestcor by such designated employee's broker of any documentation relating to his/her personal holdings.

#### **8.6.1 Transaction guidelines**

Designated employees shall carry out their transactions at the prices, fees and commissions established by the market.

#### **8.7 Breach of Code**

Employees must report any violation to this Code, which comes to his/her attention to the Administrator. The Administrator will report such breaches to the attention of the CEO to determine the appropriate action and/or sanction, and to the Chairperson in the event of a breach involving the CEO. Once the appropriate action has been determined, the Administrator will make a report to the Human Resources Coordinator for inclusion in the employee's personnel file.

#### **8.8 Profits Resulting from Unauthorized Trades**

Any profits resulting from unauthorized trades may be required to be disgorged, and the designated employee may be subject to other disciplinary action.

### **9. PERSONAL TRADING ACTIVITIES – DIRECTORS (BOARD MEMBERS)**

#### **9.1 Included Securities**

[Included Securities](#) refers to those securities for which the director's trading is restricted in Section 9.5 and for which a periodic list of holdings must be provided. [Included Securities](#) covers all equity securities, and related derivatives, that are part of any index or benchmark in which Vestcor can invest. Bond issues include only corporate and convertible debentures.

#### **9.2 Exempt Securities**

For greater clarity the following securities and classes of securities are exempt:

- a) **Government securities**
- b) **Money-market instruments  
(including Guaranteed Investment Certificates – GICs)**
- c) **Publicly traded mutual funds**
- d) **Currencies**
- e) **Exchange traded index funds (ex. i-units)**
- f) **Securities that are not otherwise [Included Securities](#)**
- g) **Dividend Reinvestment Program**

### **9.3 Initial List of Holdings**

Within 10 days of the coming into force of this policy or as soon as practical thereafter or within 10 days of a Board appointment at Vestcor, directors must submit a complete list of personal [Included Securities](#) holdings for which they or any of their Controlled Entities or Close Family Members are the registered owners. For these purposes “Controlled Entities” means any corporation, trusts, estates or other entities over which the director exercises control or significant influence and “Close Family Members” means of the director’s spouse and any family members living in the same household or for whom the director exercises power of attorney or acts as trustee.

Directors must submit their list to the Chairperson and the Chairperson to the Chair of the Governance Committee.

### **9.4 Annual Report of Holdings**

By December 31<sup>st</sup> of each year (or within 30 days), each director must provide an updated list of their personal [Included Securities](#) holdings for which the director is the registered owner. It must also include such holdings of all Controlled Entities and Close Family Members.

Directors must submit their list to the Chairperson and the Chairperson to the Chair of the Governance Committee.

### **9.5 Trade Restrictions**

Directors and their spouses, as well as persons for whom the director exercises power of attorney or acts as trustee and family members living in the same household must observe certain restrictions in the trading of [Included Securities](#). Such restriction applies from the time investment information is provided to them in material for a board meeting, until one week after the board meeting. This restriction does not apply to funds managed for a director, when he has no direct input on the investment decision for individual securities.

### **9.6 Director Reporting of Breach of Code**

Directors must report any violation of this code to the Chairperson or in the case of the Chairperson to the Chair of the Governance Committee.

**10. SUMMARY OF REPORTING REQUIREMENTS: EMPLOYEES****10.1 Matters to report**

<u>Reporting Requirement</u>	<u>Date By:</u>
➤ Confirmation that policy has been read and understood (Section 2.5)	Upon commencement of employment and each December 31 thereafter
➤ Whistle Blowing – Contraventions of the Code of Ethics (Section 2.6)	Immediately
➤ Monthly listing of personal <b>Included Securities</b> for designated employee holdings from Broker (Section 8.4.1)	Within 30 days of month end
➤ Disclosure of Conflicts (Section 5.2)	Immediately
➤ Pre-clearance of trades by designated employees (Section 8.6)	Prior to trades

**11. SUMMARY OF REPORTING REQUIREMENTS: DIRECTORS****11.1 Matters to report**

<u>Reporting Requirement</u>	<u>Date By:</u>
➤ Confirmation that policy has been read and understood (Section 2.5)	Upon commencement of term and each December 31 thereafter
➤ Whistle Blowing – Contraventions of the Code of Ethics (Section 2.6)	Immediately
➤ Initial list of personal <b>Included Securities</b> holdings (Section 9.3)	Within 10 days of commencement of term
➤ Annual list of financial holdings (Section 9.4)	Annually each December 31

Appendix A: Initial Declaration of Compliance



**CERTIFICATE/ACKNOWLEDGEMENT:**

**Upon Hiring or Appointment:**

I hereby certify and acknowledge that I have received a copy of this Code, I have read and have understood this Code of Ethics and Business Conduct and the Conflict of Interest Policy and I agree to abide by it.

I also certify that I have explained the Code to my spouse and other family members in my household.

\_\_\_\_\_  
Signature of employee/director

\_\_\_\_\_  
Date

Please print your name: \_\_\_\_\_

**FOR DESIGNATED EMPLOYEES ONLY**

**Request to retain current full-service broker (Name of Broker firm):**

\_\_\_\_\_

List all brokerage accounts currently used for trading in [Included Securities](#)

**Name of Broker**

**Account #**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**VESTCOR**  
Code of Ethics and Business Conduct  
**For Directors Only**  
Effective November 2018

**Disclosure of Holdings:**

**Initial**   √  

<b>Security</b>

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Date

Please print your name: \_\_\_\_\_

Appendix B: Annual Declaration of Compliance



Confirmation:

Annual

√

I hereby certify and acknowledge that I have received a copy of this Code, I have read and have understood this Code of Ethics and Business Conduct and the Conflict of Interest Policy and I agree to abide by it. I also hereby certify that I have complied with this Code and with the Conflict of Interest Policy in every respect, during the past year.

I also certify that I have explained the Code to my spouse and other family members in my household.

I have also reviewed the current policies in Vestcor's Human Resources Manual (Employees).

\_\_\_\_\_  
Signature of employee/director

\_\_\_\_\_  
Date

Please print your name: \_\_\_\_\_

**FOR DESIGNATED EMPLOYEES ONLY**

List all brokerage accounts currently used for trading in **Included Securities**

Name of Broker	Account #
_____	_____
_____	_____
_____	_____

**VESTCOR**  
Code of Ethics and Business Conduct  
**For Directors Only**  
Effective November 2018

Disclosure of Holdings:

Annual   √  

Security

\_\_\_\_\_  
Signature of director

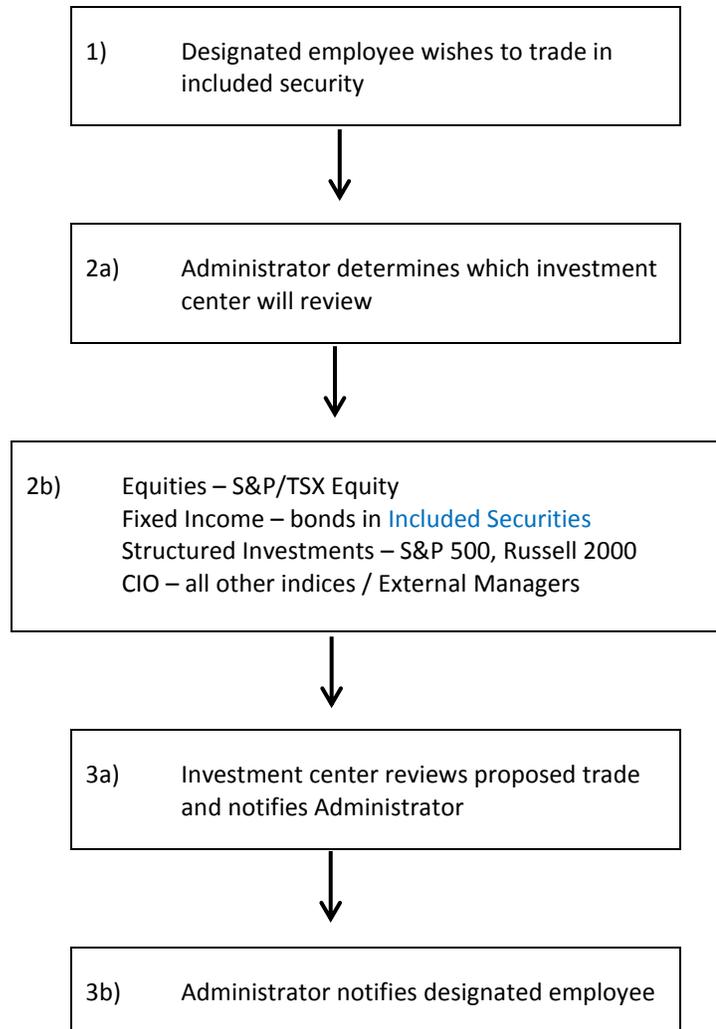
\_\_\_\_\_  
Date

Please print your name: \_\_\_\_\_

**Appendix C: Outline of Personal Trading Process (Section 8)**

The process for trading an **Included Security** (as defined in Section 8.2) is as follows:

- 1) The designated employee notifies the Administrator in writing (e.g. by email) which security they wish to trade and which Vestcor index the security is in (e.g. S&P/TSX Equity, etc.).
- 2) The Administrator will contact the relevant investment center to determine if the security is part of a current trade program as per Section 8.
- 3) If the corporation (or an external manager acting on behalf of the Corporation) is not trading in the security, the Administrator will notify the individual wishing to trade that they may proceed and record and retain the approval authority.



**Appendix D: Responsible Employee Designates**

Administrator: Inge Després

Equity Representative: Mark Holleran /Peter Syroid

Fixed Income Representative: James Scott

Chief Investment Officer: Jon Spinney