



**CODE OF CONDUCT
POLICY**

Revised December 2018

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Code of Conduct Policy

I - Preamble

This Code of Conduct applies to the College Pension Board of Trustees (the “**Board**”), the individuals appointed to the Board (individually a “**Trustee**”, together the “**Trustees**”), and to committee members of the College Pension Plan (the “**Plan**”), including those committee members who are not Trustees. However, the responsibility for the administration of this Code of Conduct rests solely with the Board.

The Plan and the activities of the Board are governed by the College Pension Plan Joint Trust Agreement (the “**Joint Trust Agreement**”) and the College Pension Plan Rules (the “**Plan Rules**”). The Joint Trust Agreement provides that the Plan’s assets are owned by the Board subject to an obligation to hold and administer such assets for the benefit of others. Specifically, each Trustee has the power and responsibility to own and manage the Plan’s assets on behalf of the Plan members, former Plan members, and their beneficiaries (together the “**Plan Beneficiaries**”) and to pay benefits in accordance with the Plan Rules.

In exercising his or her powers or duties, each Trustee shall adhere to the following standard of care:

- (a) act honestly, in good faith, and in the best interest of the Plan Beneficiaries;
- (b) exercise the care, diligence, and skill that a person of ordinary prudence would exercise when dealing with the property of another person; and
- (c) comply with this Code of Conduct; the Board policies and resolutions; and applicable law.

A Trustee is also a fiduciary in that he or she has a fiduciary relationship with the Plan Beneficiaries and is acting on their behalf while exercising discretionary powers and following a set of behavioral rules. Finally the Board, as a group, is also the “administrator” of the Plan, as defined in the *Pension Benefits Standards Act* (British Columbia) (the “**PBSA**”), in that the Board is ultimately responsible in law for managing the Plan and its investments.

As a fiduciary, a Trustee is acting on behalf of the Plan Beneficiaries and must act in their best interests. At the same time, a Trustee has an overriding responsibility to carry out the terms of the Plan while acting within the scope of the Joint Trust Agreement and Plan Rules. Everything a Trustee does must be for the benefit of the Plan Beneficiaries, not for him or herself.

This Code of Conduct outlines the following primary fiduciary duties that apply to the Trustees. As discussed in greater detail below, these duties are to:

- (a) comply with the terms of the Joint Trust Agreement, Plan Rules, and any other Plan documents;
- (b) be loyal to the Plan Beneficiaries;
- (c) act carefully and prudently;
- (d) deal impartially, fairly, and in good faith;
- (e) act personally or delegate appropriately and monitor; and
- (f) disclose information where required.

This Code of Conduct also outlines principles of conflict of interest and confidentiality. The standard of care and fiduciary duties listed above do not represent an exhaustive list of the conduct required from the Trustees. For example, the Trustees must also adhere to the following principles:

- (g) a Trustee must not divulge confidential information that he or she receives as a Trustee to anyone other than persons who are authorized to receive the information;
- (h) the duty to maintain information in confidence continues after the Trustee ceases to be a Trustee; and
- (i) a Trustee must not engage in activity or speak publicly on matters where such action or representation could be perceived as an official act or representation of the Plan unless the act or representation is authorized by the Board.

Whether or not a Trustee understands his or her responsibilities, the Trustee is charged with those responsibilities and is liable for the consequences of failing to fulfill those responsibilities. In short, neither ignorance of the information contained in the above documents, nor ignorance of the applicable law is an acceptable defence for a Trustee.

II - Key Fiduciary Duties

A Trustee recognizes that, as a trustee, his or her duties emanate from common law obligations, the Joint Trust Agreement and the Plan Rules, as well as from other statutes that regulate the operation of pension plans generally. The key fiduciary duties are:

A – Duty to comply with the trust’s terms

The Trustees’ duties and responsibilities, as trustees and fiduciaries, are spelled out in the Joint Trust Agreement, the Plan Rules, and other documents. Each Trustee should review and become familiar with the following documents:

- (a) Joint Trust Agreement;
- (b) Plan Rules;

- (c) Investment Management Service Agreement;
- (d) Pension Administration Service Agreement;
- (e) Annual Report including Audited Financial Statements;
- (f) Statement of Investment Policies and Procedures;
- (g) Funding Policy;
- (h) Asset Mix Review Reports;
- (i) Actuarial Report;
- (j) Fiduciary Liability Insurance Policy;
- (k) Post Retirement Group Benefits Plan Rules, and Agreements;
- (l) List of Trustees and Professional Advisors; and
- (m) this Code of Conduct.

B – Duty to be loyal to Plan Beneficiaries

The duty of loyalty is the cornerstone of the fiduciary relationship. Each Trustee must act honestly, in good faith, and in the best interests of the Plan Beneficiaries and any other persons to whom a fiduciary duty is owed under this Plan. The duty of loyalty is a personal duty which cannot be delegated.

A Trustee must not knowingly permit his or her own interests to conflict with his or her duties and powers in respect of the Plan Beneficiaries and the Plan. A Trustee cannot serve interests of others where those interests and the interests of the Plan Beneficiaries are in conflict. There can be no self-interest, self-dealing, or conflict of interest. Despite the previous statement, a broadly applicable entitlement to a pension or other benefit under the Plan by a Trustee does not in itself constitute a conflict of interest.

A Trustee should only take into account considerations relevant to the interests of the Plan Beneficiaries when making a decision. In doing so, a Trustee should not consider the interests of other third parties, including the party that appointed him or her, except to the extent doing so is in the best interests of the Plan Beneficiaries.

A Trustee cannot take advantage of his or her position on the Board. If a Trustee finds him or herself in a conflict of interest position, he or she must avoid the

conflict in advance or declare it and remove him or herself from consideration of the issue. The policy related to conflicts of interest is described in greater detail below in Section IV.

C – Duty to be careful and prudent

To satisfy the standard of care imposed on the Board, a Trustee must exercise the care, diligence, and skill that a person of ordinary prudence would exercise when dealing with the property of another person.

With respect to Plan investments, a Trustee must adhere to legislation and make decisions in the best financial interests of the Plan Beneficiaries. The Plan assets must be invested in a manner that a reasonable and prudent person would apply in respect of a portfolio of investments made on behalf of another person to whom there is owed a fiduciary duty, to make investments without undue risk of loss, and with a reasonable expectation of a return on the investments commensurate with the risks.

A Trustee must be careful in fulfilling his or her duties and responsibilities since acting with honesty and sincerity are not enough. While every Trustee must apply his or her training, experience, and knowledge in the discharge of his or her duties and responsibilities as a Trustee, all Trustees are held to the same standard, regardless of his or her training, experience or knowledge. Trustees do not have to be infallible; they can make mistakes so long as the process that was used to reach the decision was prudent.

D – Duty to deal impartially, fairly and in good faith

The Trustees must use procedural fairness in making decisions. The Trustees represent all Plan Beneficiaries and must use an even hand. The Trustees cannot play favourites with individuals or groups. The Trustees must apply the same rules and interpretations under the same circumstances within the rules governing the Plan. However, this does not mean that all groups within the plan have to be treated the same or will receive equal benefits from the Plan.

E – Duty to act personally or delegate reasonably and responsibly

The Trustees cannot be expected to handle all responsibilities on their own or to be all knowledgeable. They may get assistance if it is prudent to do so. In many cases, it would be imprudent not to delegate in order to get something done and done well. However, the Board must delegate carefully by choosing well, instructing clearly, and supervising carefully.

A Trustee should understand that he or she must actively participate in the deliberations of the Board. A Trustee cannot argue that it was the other trustees who made the decision. Voting against a matter at a meeting generally will not

relieve a Trustee of liability for the matter in question if the Trustee could have taken further steps to prevent the action, for example, applying to the court for injunctive relief.

F – Duty to disclose

The Board has the responsibility to inform the Plan Beneficiaries, in a timely manner, of their rights, entitlements, and obligations under the Plan, and of amendments to the Plan that relate to the Plan Beneficiaries. These rights are described in detail in the PBSA and its regulations.

A Trustee also has a duty to disclose to the Board any conflict of interest. The onus is on the Trustee to make the disclosure to avoid situations that would otherwise place the Trustee in a conflict of interest or perceived conflict of interest and thus place the Board in a position that makes it impossible to fulfill its legal duties.

III - Sources of Protection

A Trustee is personally liable for any breach of trust he or she commits.

While the potential liability that a Trustee faces can be significant, several legal protections are available to him or her. Such protections generally include the following:

A - Diligence

The most obvious protection for the Trustees is to prevent the liability from arising in the first place. While it is not possible to prepare a definitive and all-encompassing list of duties and responsibilities of the Trustees, the Board as a whole should do the following:

- (a) where appropriate, obtain professional advice on all legislation and guidelines that are relevant to the activities of the Board;
- (b) where appropriate, insist that professional advice on any important decision be in writing;
- (c) periodically or on major issues where advisors have provided advice, consider independent outside advisors for a fresh perspective;
- (d) ensure that all risk and control frameworks are reviewed;
- (e) ensure that committees, the administrative agent, and the investment manager report regularly to the Board; and

- (f) ensure that the Board acquires and maintains fiduciary liability insurance coverage.

The most important steps a Trustee can take with respect to the protection of him or herself from liability is to prepare for, attend, and fully participate in every Board and applicable committee meeting. If, in preparing for a meeting, a Trustee determines the meeting materials are not sufficient, the Trustee must seek to have appropriate materials circulated before the meeting. In addition, every Trustee should do the following:

- (g) review opinions given by professional consultants;
- (h) review the minutes of all meetings for accuracy and completeness;
- (i) know what trust property or accounts are held; and
- (j) avoid real or perceived conflicts of interest.

B - Indemnification

The Joint Trust Agreement contains an indemnity clause that provides protection for each Trustee against costs, charges and expenses resulting from an action or proceeding in which the Trustee is involved due to his or her role, if the Trustee's actions were taken in good faith and the Trustee had reasonable grounds for believing that his or her actions were lawful.

C - Legal and Judicial Advice

If the Board is unsure of its legal responsibility, and thus liability, it can seek legal or judicial advice or direction. Acting on incorrect legal advice does not, however, cure a breach of trust.

Sections 86 of the *Trustee Act* (British Columbia) permits a trustee to obtain the court's opinion, advice, or direction on a question respecting the management or administration of the Plan. Section 87 of the *Trustee Act* (British Columbia) confers protection on a trustee who acts in accordance with the court's opinion, advice, or direction given under section 86.

A Trustee may also be able to claim relief under section 96 of the *Trustee Act* (British Columbia) which permits the court to relieve a trustee, wholly or partly, from personal liability for breach of trust if it appears that the trustee acted honestly and reasonably.

D - Liability Insurance

The Joint Trust Agreement permits the Board to purchase errors and omissions insurance, fiduciary liability insurance, or insurance of a similar nature.

The Board has purchased general liability insurance to cover costs and expenses incurred in a court challenge against a Trustee or the Board. The insurance has a deductible and policy limit. There is, however, no protection against any acts that contravene the law.

IV - Conflict of Interest

A - Preamble

A Trustee must not knowingly permit his or her personal interests, or interests derived from his or her roles with other organizations, to conflict or appear to conflict with his or her duties and powers in respect to the management of the Plan and the fund. It is important to note that entitlement to a pension or other benefit under the Plan does not in itself constitute a conflict of interest.

A **conflict of interest exists** when a Trustee exercises an official power or performs an official duty and at the same time knows that in the performance of the duty or function or in the exercise of the power, there is an opportunity to further his or her own private interest, or the interest of an organization with which he or she is affiliated.

A **perceived conflict of interest exists** when there is a perception, which a reasonably well informed person could have, that a Trustee's ability to exercise the power or perform an official duty or function was or will be affected by the Trustee's Private Interest, or the interest of an organization with which he or she is affiliated.

B - Conflict of Interest Rules

The Board has adopted the following conflict of interest rules. These rules do not represent an exhaustive list of all potential conflicts of interest.

- (a) A Trustee must disclose any direct or indirect interest he or she has in a proposed or completed contract or transaction with the Board or a service provider to the Board as soon as he or she becomes aware of the proposed or completed contract or transaction.
- (b) A Trustee must not exercise any decision making power which could bring about financial benefit to the Trustee due to his or her financial holdings, business interests or property interests.
- (c) A Trustee must not personally enter into contracts or transactions where to do so may be detrimental to the Plan's best interests or where the activity is in conflict with the proper discharge of the Trustee's duties to the Plan Beneficiaries.

- (d) A Trustee must not engage in any financial transactions, contracts or private arrangements for personal profit which accrue from or are based on the Trustee's official position or authority or upon confidential or non-public information which the Trustee gains by reason of such position or authority.
- (e) A Trustee must not use information that is gained through his or her position or authority, which is not available to the general public, in order to further the Trustee's Private Interest. A Trustee must also not offer such information to any person.
- (f) A Trustee must not act in his or her official role to assist organizations or persons in his or her dealings with the Board or a service provider to the Board that may result in preferential treatment to that organization or person.
- (g) A Trustee must not use trust property to pursue his or her Private Interests or the interests of Related Persons for material personal gain where such use would result in additional material cost or any material loss to the Plan or otherwise detracts from the Trustee's performance of duties to the Plan. Trust property includes real and tangible items such as land, buildings, furniture, fixtures, equipment, and vehicles and also includes intangible items such as data, computer systems, reports, information, proprietary rights, patents, trademarks, copyrights, logos, name, and reputation.
- (h) A Trustee must not purchase trust property except with the Board's prior approval and on the same conditions that such property would be available to the public.
- (i) A Trustee must not solicit or accept benefits, entertainment or gifts in exchange for or as a condition of the exercise of his or her duties or as an inducement for performing an act associated with his or her duties or responsibilities as a Trustee .
- (j) A Trustee generally may accept gifts, hospitality or other benefits associated with his or her official duties and responsibilities if such gifts, hospitality or other benefits:
 - (i) are within the bounds of propriety, a normal expression of courtesy, or within the normal standards of hospitality;
 - (ii) would not bring suspicion on the Trustee's objectivity and impartiality; and
 - (iii) would not compromise the integrity of the Plan.
- (k) An improper benefit should be returned to the person offering it as soon as practicable. If there is no opportunity to return an improper gift or benefit, or where the return may be perceived as offensive for cultural or other reasons, the gift must immediately be

disclosed to the chair and turned over to the Plan which will make a suitable disposition of the item.

- (l) A Trustee must not engage in employment, the practice of a profession, carry on a business, or hold an office or directorship, if any of these activities are likely to conflict with the Trustee's duties and loyalties to the Plan.
- (m) A Trustee must refrain from conduct which compromises or may be perceived to compromise the Trustee's ability to carry out his or her duties in an impartial manner and must be mindful that the Plan Beneficiaries may not distinguish between the Trustee's role in the Plan and the Trustee's role in outside activities.
- (n) A Trustee, after ceasing to be a Trustee, must refrain from taking improper advantage of his or her previous office.
- (o) A Trustee's political activities must be clearly separated from activities related to his or her appointment. In engaging in political activities, a Trustee must remain impartial and retain the perception of impartiality in relation to his or her duties and responsibilities as Trustee.
- (p) A Trustee must report to the chair or vice chair any activity of another Trustee or trustees which he or she believes contravenes the Board's policies.
- (q) A Trustee or Board employee considering applying for employment with the British Columbia Pension Corporation, the British Columbia Investment Management Corporation, the Board, or the College, Public Service and Teachers' Boards of Trustees as joint employers must declare his or her interest in the position to the Board and manage his or her Board participation in accordance with this policy. Prior to accepting a position with any of the above-named employers, the Trustee must resign from the Board.

C - Addressing a Conflict of Interest

A Trustee must disclose any conflict or potential conflict of interest. A Trustee may choose to absent him or herself from the meeting while the Board discusses the issue.

Once the Board is aware that a Trustee may have a conflict of interest or perceived conflict of interest (a "**Conflict**"), the Board shall ask the Trustee to fully explain the nature of the possible Conflict. Once the Board hears the details of the possible Conflict, the Board, by a majority vote of the trustees present at the meeting (but excluding the Trustee who has disclosed the Conflict), shall decide:

- (a) Whether the Trustee has a Conflict;

- (b) Whether the Trustee might have information not available to the other trustees that would be beneficial for the Board to consider in its deliberations; and
- (c) Whether it is appropriate for the Board to hear the information from the Trustee.

If the Board determines that the Trustee has no Conflict, the Trustee will be invited back into the meeting and shall be permitted to participate fully in the Board's deliberation on the issue.

If the Trustee still believes that there is a conflict, he or she may choose to absent him or herself from the meeting for the duration of the Board's deliberation on the issue.

If the Board determines that the Trustee has a Conflict (the "**Conflicted Trustee**") and that the Conflicted Trustee has information that would be useful to the Board and it would be appropriate for the Board to hear that information, then the Conflicted Trustee shall be invited into the meeting to provide the information. Other trustees may ask questions of the Conflicted Trustee, and once the other trustees' questions have been answered, the Conflicted Trustee shall absent him or herself from the meeting and the remainder of the trustees shall deliberate on the issue. The Board shall not deliberate on the issue while the Conflicted Trustee is in the meeting.

If the Board determines that it does not want to get any information from the Conflicted Trustee, the Conflicted Trustee shall remain absent from the meeting until such time as the Board's deliberations on the issue have completed.

D - Definitions

For the purpose of the conflict of interest policy the following terms are defined:

- Private Interest A private interest is not limited to a pecuniary or economic advantage and can include any real or tangible interest that personally benefits the Trustee. A private interest does not include an interest arising from the exercise of an official power or the performance of an official duty or function that:
- (a) applies to all Plan Beneficiaries;
 - (b) affects an individual as one of a broad class of Plan Beneficiaries; or
 - (c) concerns the remuneration and benefits of the Trustee.

Related Person Associates, immediate family, friends or persons with whom the Trustee is connected by frequent or close association, or a private corporation controlled by any of these individuals.

V – Applicable Legislation

The Trustees' duties and responsibilities as trustees and fiduciaries are not limited to those duties and responsibilities described in the Joint Trust Agreement and the Plan Rules. Pension plans are also subject to the applicable provisions of legislation and regulations, including the following:

Public Sector Pension Plans Act (British Columbia)

Income Tax Act (Canada)

Pension Benefits Standards Act (British Columbia)

Employment Standards Act (British Columbia)

Family Maintenance Enforcement Act (British Columbia)

Family Law Act (British Columbia)

Human Rights Act (British Columbia)

Trustee Act (British Columbia)

Freedom of Information and Protection of Privacy Act (British Columbia)

Ombudsperson Act (British Columbia)

Limitation Act (British Columbia)

Wills, Estates and Succession Act (British Columbia)

VI – Board Operational Policies

The Trustees' duties and responsibilities as trustees and fiduciaries also include the responsibility to be familiar with and comply with the Board's operational policies.

Policies are located in Board Reference Manual, Board Operational Policies at <https://pensionboardsecretariat.civicweb.net>

Each Trustee will review and reaffirm his or her commitment to and compliance with the Board's operational policies and Code of Conduct, upon initial appointment and on an annual basis thereafter.

The following declaration of compliance with Board policies will be forwarded annually to each Trustee, and should be filed with the Board Secretary:

Annual Declaration of Compliance

I ACKNOWLEDGE that I have read and understand the College Pension Board of Trustees operational policies and Code of Conduct. I attest that, within the past 12 months, I have conducted myself in accordance with Board's policies and Code of Conduct.

Trustee Signature

Date:

Trustee Name

VII - Consequences

There are a number of consequences that could apply to an individual, a group or the Plan if the Board does not fulfill its responsibilities. These consequences could result from an illegal or inadvertent action.

The consequences could include fines and sanctions levied by the Superintendent of Pensions under the PBSA or by the Canada Revenue Agency under the *Income Tax Act* (Canada). The ultimate consequence is that the Plan could be de-registered by the Canada Revenue Agency thereby depriving Plan members of the tax deferred status of the Plan and thus the inability to deduct member contributions from taxable income. Lastly, courts could rule that fiduciary responsibilities have been violated and personal liability may attach to the individual Trustee(s).

As soon as the chair or vice-chair is made aware of a breach or suspected breach of this Code of Conduct, the chair or vice-chair must ensure that the matter is addressed by the Board in a timely fashion.

VIII - Legal Documents Served on Trustees

A Trustee may have legal documents served on him or her concerning Board business affairs. These documents are frequently detailed and usually include several deadlines for proposed action.

Upon receipt of the documents the Trustee should inform the chair or vice chair and courier the documents immediately to the Board's Secretary. The Secretary will, on the Trustee's behalf:

- (a) check with the Board’s legal advisors on the Trustee’s legal and fiduciary responsibilities in the matter;
- (b) ensure that an appropriate legal response or instruction is sent to the complainant; and
- (c) provide the Trustee and the Board with a briefing on the issue.

IX - Review and Amendment

The Board will review this Code of Conduct at least annually and either confirm it or amend it in such manner as the Board considers appropriate.

Effective date: October 1, 2002
Amended: December 13-14, 2012
Amended: December 12-13, 2013
Amended: December 2-3, 2014
Amended: March 22-23, 2016
Amended: December 10-11, 2018