



---

## BUSINESS DEVELOPMENT BANK OF CANADA

### BOARD CODE OF CONDUCT

(the “Board Code”)

#### 1. Guiding Principles

No code can replace the thoughtful behaviour of an ethical director. BDC's essential objective is to uphold practices of ethical conduct in all of its corporate activities. The purpose of the Board Code is to foster a climate of honesty, truthfulness and integrity and define the standards of ethical conduct that apply to all members of the Board of Directors.

The BDC Governance/Nominating Committee is responsible for setting the standards of business conduct contained in the Board Code and updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to BDC, the business practices within the industries in which it operates, BDC's own business practices and the prevailing ethical standards of the communities in which BDC operates. BDC directors are expected to comply with these business and ethical standards.

While BDC's Governance/ Nominating Committee will oversee and monitor directors' compliance with the Board Code, it is the individual responsibility of each director of BDC to comply with the Board Code and respect the mandates and policies that apply to directors.

This Board Code supplements and should be read together with the *Conflict of Interest Act* and guidelines governing the ethical conduct and political activities of public office holders as released by the Privy Council Office.

#### 2. Obligations

- 2.1 Every BDC director in exercising his or her powers and in discharging his or her duties shall comply with the provisions of the *Business Development Bank of Canada Act* (BDC Act), the *Financial Administration Act* (FAA), the *Conflict of Interest Act* (COIA), and any other applicable laws, regulations, by-laws, resolution, guidelines and policies and shall:
  - 2.1.1 act honestly and in good faith with a view to the best interest of BDC; and
  - 2.1.2 exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.



- 
- 2.2 As part of the more general obligations set out above, every BDC director shall:
- 2.2.1 exercise his or her director's powers for the purpose for which they were intended;
  - 2.2.2 ensure that the director's personal interest and his or her duty to BDC are not brought into conflict; and
  - 2.2.3 ensure that the director does not obtain a personal gain or benefit, other than the compensation set forth in the Board Profile, as a result of his or her relationship with BDC.

- 2.3 In discharging the general duty of loyalty to BDC, in accordance with the requirements of Section 116 of the FAA and Sections 31 to 33 of the BDC Act, every director who:
- 2.3.1 is a party to a material contract or transaction or proposed material contract or transaction;
  - 2.3.2 is a director or officer of, or has a material interest in, any entity who is a party to a material contract or transaction or proposed material contract or transaction with the BDC; or
  - 2.3.3 is, or one of his close family member<sup>i</sup> is, a partner, shareholder, director or officer of an entity which is applying for a loan, investment or guarantee with BDC;

shall disclose the nature and extent of his or her interest in writing to the BDC Senior Vice President, Legal Affairs and Corporate Secretary, or request to have that interest entered in the minutes of the meeting of directors at which the contract or transaction is first considered. In addition, such director shall retire from the meeting, if required by the Board of Directors, while the discussion on the contract or transaction or proposed contract or transaction is taking place and shall refrain from voting on the subject under consideration, but this shall not prevent the Board of Directors from calling him or her into the meeting to answer any questions regarding the matter under discussion nor shall it release the director from his or her obligations to inform the Board of Directors of what he or she knows of the situation and of any concerns.

However, because it may be impractical for a director or officer who serves as a director or officer of another entity or who has an interest in another entity to know that the entity is entering into a contract or transaction with BDC (and therefore to give notice of every such contract or transaction), it is sufficient for the director to deliver a general notice to the directors of BDC, declaring that he or she is a director or officer or has an interest in an entity and is to be regarded as interested in any contract or transaction made with that entity.

- 2.4 Every director of BDC shall comply in all respects with the Policy on Personal Trading for Directors (the "Trading Policy"), as same may be amended, updated or replaced from



---

time to time. The Policy is hereby incorporated by reference and forms a part of the Board Code, so that a breach of the Policy shall constitute a breach of the Board Code.

### **3. Principles of Ethical Conduct**

The following principles of ethical conduct are not exhaustive. They cover minimum standards and common business situations in which ethical or legal concerns arise. Directors should understand and comply with the spirit of professional integrity that underlies these standards.

#### **3.1 Compliance with Laws and Policies**

In conducting the business of BDC, Directors must comply in all matters with all applicable laws, rules, regulations and practices in jurisdictions where BDC operates as well as with BDC's by-laws and BDC policies. Directors are required to read and comply with these documents, which can be consulted in the Directors' and Officer's Manual. BDC will not engage in any activities that are illegal and does not permit Directors to do so on its behalf. Any question about the interpretation or application of legislation or the legality of any issue may be addressed to the SVP, Legal Affairs and Corporate Secretary before taking action.

#### **3.2 Protecting BDC's reputation**

BDC's reputation is at the core of its success and must be protected continuously. It has been built over the years and depends upon employees' and directors' shared commitment to BDC's principles of ethical conduct. Directors should conduct themselves in ways that enhance BDC's reputation with clients and the public at large and protect BDC from image or reputational damage.

#### **3.3 Corporate Social Responsibility**

Corporate social responsibility is about meeting society's expectations and managing the economic, social and environmental consequences of our actions. It is a principle, not a stand-alone program, and it shapes BDC Policies and practices.

At BDC, corporate social responsibility means:

Economically: supporting entrepreneurs and promoting entrepreneurship to create economic opportunities.



---

Socially: using responsible governance, finance and human resources practices in order to act in ways that build public trust.

Environmentally: supporting entrepreneurs, using greener practices and committing to act responsibly towards the environment in order to protect BDC and its stakeholders against unacceptable levels of environmental risks and to support sustainable development.

### **3.4 Fair Dealing**

Directors should deal fairly with those with whom they interact. Strong mutual respect, transparency of actions, open communications and a spirit of support are to permeate all interactions with fellow directors and employees.

### **3.5 Relationships between individuals**

BDC's commitment to people extends beyond its client and supplier relationships, to all its relationships and it must act as "One Team, One Bank". Directors should behave respectfully, openly, honestly, collaboratively and professionally at all times with all individuals with whom they interact.

### **3.6 Diversity and Inclusiveness**

Workplace diversity provides different perspectives and supports opportunity, change and innovation. BDC values individual differences and diversity and promotes, at a minimum, the standards and protection of federal employment equity legislation. Directors should comply with these principles and deal fairly and ethically with diversity issues and treat people with respect and dignity.

### **3.7 Workplace Free from Harassment, Discrimination and Violence**

BDC promotes a work environment that encourages mutual respect and professional conduct. Harassment, discrimination and violence will not be tolerated.

### **3.8 Substance Abuse**

It is strictly prohibited from being impaired by the consumption of alcohol or drugs while on BDC's premises or while conducting BDC business or activities.

---

### **3.9 Referrals and Enquiries by Members of Parliament, Senators, Ministers and their Staff, and BDC Directors**

BDC encourages referrals from Clients, Consultants or Suppliers, which must be provided without undue pressure. Any referral or enquiries by members of Parliament and BDC directors are required to follow the policy on *Handling of Referrals and Enquiries by Members of Parliament, Senators, Ministers and their Staff, and BDC Directors*.

### **3.10 Acceptance of Gifts**

Directors must not accept, nor offer, gifts consisting of cash, bonds, negotiable securities, discounts, hospitality or other favoured treatment or other benefits (“gift” or “gifts”) that could influence their judgment or the performance of their duties. This also applies to their family members and interested persons. Any gift received inadvertently or involuntarily must be reported to BDC in order to determine the appropriate measures to be taken. Furthermore, if there is any doubt regarding the acceptance of a gift, it is recommended to consult with the SVP, Legal Affairs and Corporate Secretary.

### **3.11 Protecting BDC’s Assets**

#### Confidentiality and Protection of Personal and Other Information

#### **3.11.1 Personal Information**

BDC is subject to the *Privacy Act* which sets out the conditions for the collection, use, retention, disclosure and disposal of personal information and various principles governing the collection and use of personal information. In addition to the confidentiality obligation highlighted in 3.12.3 below, in dealing with personal information, directors should also:

- collect personal information only if relating to an operating program or activity of BDC;
- collect only what is necessary and relevant to a particular BDC activity/product; and
- use personal information only for the purpose for which it was originally collected.

---

### 3.11.2 Client Confidentiality

Directors are required to protect the confidentiality and security of client information not only when using it but also when disposing or destroying it (e.g. by shredding). All information regarding relations and dealings between BDC and its clients must be kept confidential. This includes information about whether or not an individual or business is a client.

Directors should not disclose any confidential (business, personal or financial) information about clients to external parties, including requests for reports on clients from other banks or correspondents.

### 3.11.3 Protecting Confidentiality

BDC has an obligation to safeguard the privacy of its employees and affairs. At all times, including after the end of their relationship with BDC, directors are required to take appropriate precautions to protect the confidentiality of client-related, personal and government sensitive information, and employee transactions, information and stated intentions (collectively “confidential information”).

For example:

- limit access to confidential information only on a need to know basis;
- do not carelessly display confidential information or leave confidential documents lying about in an unsecured manner;
- do not discuss confidential information in public places, including hallways, elevators or cafeteria/restaurants or on blogs or social networks;
- do not reveal confidential information to persons outside BDC, including family or interested persons, or other persons who do not require the information for their work;
- only disclose government sensitive information by following the policies issued by the Government of Canada;
- use only secure media to transmit confidential information (e.g., taking necessary precautions when using unsecure media such as cellular telephones) and be certain with whom you are communicating; and
- keep all systems secure by following BDC’s security processes and procedures.

### **3.11.4 Security of Property, Proprietary Information and IT**

Effective security at BDC is a team effort involving the participation and support of everyone. BDC provides assets and equipment, such as IPADs, telephones, fax machines, photocopiers, computers, devices, etc., for the purpose of performing its business operations.

Directors have an obligation to protect company assets, facilities, supplies, equipment, and information systems and programs against loss, theft, damage, misuse, corruption, vandalism and unauthorized access, use and disposal. This applies on BDC premises as well as off-premises. Directors are expected to take reasonable measures to safeguard access controls such as User ID and password, pass cards, smart card or token and keys.

Those who request to use their own equipment to perform their duties must comply with all applicable legislation and BDC Policies.

### **3.12 IT Security**

Information Technology Security is committed to protecting BDC, and encouraging users to protect BDC from, illegal or damaging actions by individuals, whether committed knowingly or unknowingly.

Systems and equipment, including, but not limited to, all IPADS, software, operating systems, mobile devices, storage media and network accounts providing access to electronic mail and Internet browsing, provided to directors by BDC must be kept safe. BDC is the exclusive owner of all information assets which include data recorded on any computer facilities and personal device. Those who regularly work at home or off-site are expected to keep the information assets safe.

## **4. Waivers**

No provision of this Code may be waived with respect to any director, except with the approval of the Board of Directors or the Governance/Nominating Committee to whom authority to grant such waivers is delegated by the approval of this Board Code.

## **5. Violations**

Any director who violates the Board Code shall face appropriate, case specific, disciplinary action.

Every director shall report, in person or in writing, any violation of the Board Code or the Policy which that director becomes aware of or has reasonable grounds for believing has

---

occurred, to BDC's Governance/Nominating Committee. BDC shall not allow any retaliation against a director who acts in good faith in reporting any such violations.

BDC's Governance/Nominating Committee shall conduct a confidential investigation of any reported violations and shall recommend to the Board of Directors an appropriate response, including corrective action and preventative measures. If the Board considers such corrective or preventative action to be appropriate, it may make recommendations to the Governor in Council.

## **6. Communications**

- 6.1 Directors may communicate to the Chairperson, the President and CEO ("CEO") or Senior Management any information that may be necessary or useful to BDC's management in the conduct of BDC's business;
- 6.2 Directors shall maintain confidential all information related to BDC and its customers unless it becomes generally known to the public or is required by law or a court order to be disclosed. This obligation continues after the termination of their mandate as director; and
- 6.3 It is important that BDC communicate consistently with its stakeholders and with the media. Accordingly, the Chairperson and the CEO shall represent BDC in its discussion with government Ministers and other government officials. If Directors have communications with Ministers or Deputy Ministers, they will report the content of any discussion to the Chairperson or the CEO. Any inquiries from the media should be directed to the Senior Vice President, Marketing and Public Affairs.

## **7. Affirmations**

Every director signs an Annual Affirmation/Acknowledgement and Undertaking which affirms that he or she has read and considered the Board Code, the Trading Policy and the Conflict of Interest rules in the BDC Act, the Financial Administration Act and the Conflict of Interest Act and affirms in writing his or her compliance with same. The director also undertakes to disclose, in accordance with section 2.3 of this Board Code, any material interest that he or she, or any close member of his or her family, may have, directly or indirectly, in a client or prospective client of BDC or in any existing or proposed material contract or transaction involving BDC.

Each director signs an Oath or Solemn Affirmation of Office upon their appointment in which they swear or affirm to perform the duties required of them as a director, to not communicate, disclose or make available any information relating to the business of the Bank or the affairs of its customers to any person who is not legally entitled to receive the information and to not allow any person to inspect or have access to any books or documents that belong to, or are in the possession of, the Bank and that relate to the business of the Bank or the affairs of its customers.



---

Each director signs an acknowledgement that the Board materials are confidential and commits to the secure management of such confidential information and to apply appropriate security measures when consulting BDC Board material with an iPad or with his/her personal computer.

---

<sup>i</sup> A family member who may be expected to influence, or be influenced by, a Board Member and include:

- a) that Board Member's child, spouse, domestic partner, brother, sister or parent;
- b) the spouse or domestic partner of that Board Member's child, brother, sister or parent;
- c) the child, parent, sister or brother of that Board Member's spouse or domestic partner.