



## TEACHERS' RETIREMENT ALLOWANCES FUND

---

### CODE OF CONDUCT – BOARD AND COMMITTEE MEMBERS

---

- I. APPLICATION
  - II. DEFINITIONS
  - III. FUNDAMENTAL PRINCIPLES
  - IV. CONFIDENTIALITY
  - V. CONFLICTS OF INTEREST
  - VI. PERSONAL TRADING
  - VII. GIFTS, ENTERTAINMENT AND OTHER BENEFITS
  - VIII. OUTSIDE INTERESTS
  - IX. POLITICAL ACTIVITY
  - X. DISCRIMINATION AND HARASSMENT
  - XI. INFORMATION REQUESTS AND INTERACTION WITH TRAF EMPLOYEES
  - XII. CONDUCT AFTER LEAVING THE BOARD
  - XIII. COMPLIANCE
- 

#### I. APPLICATION

In this *Code of Conduct* (the “*Code*”), members of the Board of the Teachers’ Retirement Allowances Fund (“TRAF”) will be referred to as “Trustees” in order to distinguish such individuals from plan members, who will be referred to as “Members”.

The *Code* is binding on all Trustees in respect of their individual duties and responsibilities. The *Code* is also applicable to appointed members of the Investment Committee and any other Committee established by the Board, unless specifically exempted by resolution of the Board. For certainty, it is noted that this includes any external members authorized by the relevant Terms of Reference.

Application of the *Code* is also limited, where appropriate, to those activities related to TRAF. For example, the *Code* is not intended to restrict the receipt of gifts except those offered in connection with TRAF activities.

#### II. DEFINITIONS

*Associate* - the term “Associate” means, in respect of a Trustee;

- a) a corporation in which the Trustee owns or controls, directly or indirectly, shares representing more than 1% of either or both of the equity and the voting rights therein;
- b) a business partner acting on behalf of a partnership of which the Trustee is partner; and,

- c) a trust or estate in which the Trustee has a beneficial interest or for which the Trustee serves as a separate and distinct trustee or in a similar capacity.

*Conflict of Interest* - A conflict of interest is any situation where an Trustee does have, or could reasonably be perceived as having, a personal interest in a matter, or duties or obligations apart from those connected with their duties or obligations for TRAF that might compromise their ability to impartially and effectively carry out their duties or obligations for TRAF. Personal interests can include personal relationships with a third party, such as a service provider. Duties or obligations can include fiduciary obligations to a third party. A Trustee's duties and obligations to TRAF would include, among other things, assessing facts and making decisions.

*Duty of Loyalty* – the term duty of loyalty refers to a Trustee's fiduciary duty to act solely in the interest of TRAF, including but not limited to, situations where acting in the interest of TRAF conflicts with the personal interest of the Trustee or the interest of any third party to whom the Trustee may owe a separate and distinct duty.

*Gift* - the term "gift" refers to any offer to a Trustee of any good, service, cash or cash equivalents, event ticket, or any other item or matter from a service provider, employee of TRAF, or fellow Trustee that could reasonably be perceived as a benefit to a Trustee.

*Service Provider* - the term "service provider" includes current and prospective service providers, including investment managers. "Prospective" service providers means service providers knowingly seeking to do business with TRAF.

*Trustee* - the term "Trustee" includes each member of the Board, each member of the Investment Committee and each member of every Committee, and any external members authorized by the relevant Terms of Reference. References to the "Board" shall be deemed to be a reference to the applicable Committee where the context requires. The term "Trustee" also includes any member of Trustee's family, any other person living in the Trustee's household or an associate of the Trustee's.

### **III. FUNDAMENTAL PRINCIPLES**

The performance of TRAF has an impact on the lives of thousands of teachers who are, or will become, dependent on their TRAF pensions for retirement income. It is therefore critical that TRAF is governed by a strong, well-functioning Board in accordance with the principles of honesty, integrity, independence, fairness, openness and competence. For the purposes of this *Code*, these fundamental ethical principles may be reduced to the following general guidelines:

1. act in good faith;
2. act with prudence, skill, competence, reasonable care and diligence;
3. deal fairly, objectively and impartially with all Members;
4. maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing and refusing any gift, entertainment or other benefit that could reasonably be expected to affect loyalty;
5. abide by the intent and spirit of all applicable laws, rules, regulations and policies;

6. maintain the confidentiality of TRAF and Member information;
7. communicate with Members and supervisory authorities in a professional, timely, accurate and transparent manner;
8. respect the views and comments regarding TRAF expressed by fellow Trustees, Members, TRAF staff and the general public;
9. never do or say anything that could reasonably impair or damage the reputation of TRAF or anyone associated with TRAF; and
10. review on a regular basis the efficiency and effectiveness of TRAF's success in meeting its goals, including assessing the performance and actions of service providers such as investment managers, consultants and actuaries.

The conduct of Trustees who observe the spirit of these guidelines will generally satisfy the requirements of the *Code*.

No Trustee shall commence any litigation or file any complaint pertaining to TRAF or the Members without first raising the matter at a Board meeting and determining whether it may be resolved without recourse to litigation.

#### **IV. CONFIDENTIALITY**

##### **1. General**

While access to information and records that are confidential to TRAF is generally restricted to a "need to know" basis, Trustees will be exposed to confidential information in the course of their duties. Disclosure of confidential information may result in harm to TRAF or others. In addition, TRAF has entered into many agreements that impose a duty of confidentiality (e.g. limited partnership agreements respecting TRAF'S private equity program). These agreements generally require each recipient of confidential information to maintain an extremely high level of confidentiality and non-disclosure. It is through this policy that TRAF imposes such confidentiality obligations on its Trustees.

Therefore, Trustees must maintain the confidentiality of all records of TRAF and of all information pertaining to TRAF that is provided to the Trustee. Confidential information includes details of matters considered by the Board<sup>1</sup> from time to time and decisions taken by the Board, unless such matters and decisions are public in nature or specifically designated by the Board as not being confidential in nature.

Trustees should be mindful that the disclosure of confidential information may constitute a breach of the Trustee's fiduciary obligations to TRAF and that TRAF may be entitled to seek legal recourse against a Trustee who fails to maintain the required level of confidentiality.

It is also noted that, as a government agency, TRAF has a statutory obligation under The Freedom of Information and Protection of Privacy Act ("FIPPA") to control the use or

---

<sup>1</sup> Where the context requires, this includes the Investment Committee and any subcommittee of the Board, as indicated in Part I of this *Code*.

disclosure of any “personal information” it may have in its possession, which is reflected in its Members’ Privacy Policy. This obligation applies to Trustees and any willful disclosure of personal information may be an offence under FIPPA, subject to penalty of up to \$50,000.00.

## 2. **Handling of Confidential Information**

Trustees are responsible for maintaining the confidentiality of all written or electronic records, documents and correspondence (including e-mail correspondence) provided to them in the performance of their duties (“confidential information”).<sup>2</sup> In order to ensure the security of all confidential information in their possession, Trustees shall:

- (a) generally not leave confidential information unattended;
- (b) never leave confidential information in an unoccupied vehicle;
- (c) protect confidential information from the view of casual observers;
- (d) store confidential information in a secure location; and
- (e) not share or discuss confidential information with unauthorized personnel or third parties.

## 3. **Disposition of Confidential Information**

All confidential information relating to TRAF must be destroyed or otherwise rendered unreadable (e.g. through shredding) before it is disposed of by a Trustee, including when an individual ceases to be a Trustee. If a Trustee does not have the necessary facilities to destroy any such information, it may be delivered to the attention of the President & CEO at the TRAF office for destruction.

## 4. **Third Party Organizations**

Trustees may concurrently occupy a position or be involved with other organizations (“Third Party Organizations”) which may have an interest in the affairs of TRAF. Trustees are reminded that disclosure to a Third Party Organization of confidential information pertaining to TRAF is strictly prohibited. This provision applies equally in those situations where the Third Party Organization is responsible, in whole or in part, for the Trustee serving on the Board.

## 5. **Monitoring Compliance**

The Board as a whole will be responsible for monitoring the compliance by all Trustees with this policy. Pursuant to Board Policy 12.0 – Duty to Report Issues & Whistleblower Protection – Board & Committee Members, Trustees are obliged to report significant and serious matters. Accordingly, if a Trustee becomes aware of an actual or potential confidentiality breach, he or she is obligated to report such activity to the Chair.<sup>3</sup>

---

<sup>2</sup> For the purposes of this policy, Trustees should assume that all Board information and materials are confidential.

<sup>3</sup> In all instances in this *Code* where the Chair has a duty to report, consult or otherwise bring to a matter forward, the Chair shall report, consult or bring the matter forward to the Chair of the Audit Committee.

The Board may also assess situations where conflicting duties of confidentiality may arise and determine whether a Trustee's continued tenure on the Board and involvement with a Third Party Organization is acceptable in the circumstances. If the situation is determined to be unacceptable, the Board will work with such Trustee in a cooperative and professional manner to modify the circumstances to the Board's satisfaction. This may require the Trustee to voluntarily cease involvement with the Third Party Organization while serving on the Board.

## **V. CONFLICTS OF INTEREST**

Actual or perceived conflicts of interest threaten the ability of Trustees to maintain independence and objectivity in fulfilling their duties to TRAF. Trustees must therefore be continually aware of the need to avoid situations which might result either in actual or reasonably perceived conflicts of interest whenever possible and arrange their private affairs accordingly. Under no circumstances should Trustees place themselves in a position where they are obligated to any person who might benefit from special considerations or favours on their part or seek in any way to gain special treatment from them.

Notwithstanding the foregoing, a Trustee shall not be considered to have a conflict of interest if the matter before the Board:

- (a) is one of general application;
- (b) only affects the Trustee as one of the broad class of membership;
- (c) relates to the remuneration of the Trustee; or
- (d) is trivial.

### **1. Disclosure Requirement**

Where a conflict arises, the Trustee shall disclose the nature and extent of the conflict to the Chair, in writing or request to have it entered into the minutes of the Board at the earliest of:

- (a) first becoming aware of the conflict;
- (b) the first meeting at which the matter at issue is discussed; or
- (c) the first meeting at which the Trustee knows that he or she has an interest in the matter discussed.

If knowledge of the conflict arises in the course of a discussion at a meeting, the disclosure should be made verbally at that time.

Trustees are responsible to seek clarification from the Board in the event that they are uncertain whether their circumstances give rise to a conflict of interest and shall provide information regarding their personal or outside interests upon request by the Chair.

## 2. **Handling Conflict of Interest and Conflict of Duty Situations**

The Board shall take all steps necessary to eliminate or avoid conflict of interest situations. For example, TRAF will generally not enter into a contract with a firm in which a Trustee has an interest. However, while eliminating or avoiding conflicts is the preferred course of action, some conflicts may be appropriately managed through full disclosure, separation of duties and other appropriate controls. The Board shall determine the appropriate controls applicable to the circumstances of any particular case. This can include requiring the conflicted Trustee to absent himself or herself from any discussion on the issue and/or removing the conflicted Trustee's right to vote on the issue.

Trustees must exclude themselves from any specific matter where they have a duty to someone other than to TRAF that takes precedence over the duty of loyalty owed to TRAF. However, if the Board determines that a Trustee's duty of loyalty to someone other than TRAF is so prevalent that it could impede the Trustee's ability to independently serve TRAF, the Board may request the Trustee to resign (and if such resignation is not provided, the Board may request the Lieutenant Governor in Council to removed or replace the Trustee).

All disclosures received by the Chair shall be brought to the attention of the Board at the next Board meeting. Following such receipt, all such disclosures shall be preserved electronically on TRAF's secure Board server.

## **VI. PERSONAL TRADING**

As TRAF uses external investment management firms for the purposes of buying and selling securities on its behalf, TRAF is rarely, if ever, in possession of material, non-public ("inside") information. Notwithstanding, it is noted, for certainty, that Trustees are prohibited from trading in their personal accounts using knowledge of anticipated trading by TRAF or one of its external investment managers.

Trustees are also prohibited from receiving special treatment or investment opportunities for personal accounts not generally available to the public (e.g. gifts of allocations of initial public offerings) that are offered by a party seeking to do business with TRAF or influence its investment decisions.

## **VII. GIFTS, ENTERTAINMENT AND OTHER BENEFITS**

Trustees may accept certain gifts, entertainment and other benefits subject to the provisions outlined herein.

### 1. **Solicitation of gifts, entertainment and other benefits**

Trustees are prohibited from, directly or indirectly, soliciting gifts, entertainment and other benefits from service providers for any purpose, including but not limited to their own personal benefit, for TRAF, or the benefit of a third party such as a charitable organization.

### 2. **Prohibited gifts, entertainment and other benefits**

Trustees are prohibited from, directly or indirectly, accepting gifts, entertainment and other benefits if the value is such that a reasonable person would regard it as being capable of affecting the Trustee's independence and objectivity.

Trustees are also prohibited from accepting offers of entertainment in the following circumstances:

- (a) the entertainment event could reasonably compromise the Trustees ability to comply with Board Policy 30.0 – Board Communications;
- (b) the entertainment event offer is not within normal standards of hospitality; and
- (c) the entertainment event offer includes the value of airfare or accommodations of any kind.

In determining whether the acceptance of a gift, entertainment or other benefit could influence a Trustee’s judgement, the Trustee shall consider the following:

- (a) the value of the gift, entertainment, or other benefit;
- (b) the frequency of gifts, entertainment or other benefits;
- (c) whether the gift, entertainment or other benefits would be reasonably expected to create an obligation;
- (d) the perception of the business community concerning the propriety of the gift, entertainment or other benefits taking into account all the circumstances of the occasion;
- (e) whether acceptance of the gift entertainment or other benefits would in any way compromise, or appear to compromise, the integrity of the Trustee concerned or of TRAF; and
- (f) the justifiability of the gift, entertainment or other benefits on a TRAF expense statement if the Trustee offered, rather than received, the gift.

If a Trustee is in doubt about the appropriateness of accepting a particular gift, he or she should consult the Chair. Under no circumstances is it permissible for a Trustee to accept a gift:

- (a) in exchange for, or as a condition of, exercising the Trustee’s duties in a particular manner;
- (b) to induce certain behaviour while carrying out the Trustee’s duties and responsibilities; or
- (c) when it results in preferential treatment.

Inappropriate gifts or other benefits that are received by a Trustee should be returned to the donor. The Trustee shall advise the Chair of the circumstances of an inappropriate gift that was received and returned.

3. **Reporting Receipt of Gifts, Entertainment and Other Benefits**

Trustees must disclose to the Chair all gifts, entertainment or other benefits accepted where the fair value of the gift, entertainment or other benefit is greater than \$200.

4. **Educational Conferences and Industry Meetings**

Offers to attend educational conferences or industry meetings visits related to TRAF's business functions are not considered gifts in and of themselves (but items received at such conferences may be considered gifts). Furthermore, meals, events, airfare or accommodations related to such conferences or meetings are not considered entertainment if they are generally offered to all attendees (or speakers, as the case may be), attendance is offered to multiple organizations or, in the case of meals, airfare and accommodations, the cost thereof would otherwise be reasonably borne by TRAF.

Nonetheless, all Trustees shall disclose to the Chair all airfare or accommodations paid by third parties for them to attend educational conferences or industry meetings.

## **VIII. OUTSIDE INTERESTS**

Trustees must avoid outside interests and activities, including acting as a director, which could interfere with the proper discharge of their duty of loyalty to TRAF. Furthermore, Trustees should not, in the course of their outside activities, imply TRAF's sponsorship or support for the outside organization or its initiatives.

To ensure compliance with this policy, Trustees must not do any of the following:

1. engage in any other external employment or business activity that adversely affects TRAF's reputation;
2. receive fees or benefits for:
  - (a) referring Members to an outside business; or
  - (b) referring an outside business to Members; or
3. if involved in the provision of professional services (such as legal services, financial planning or accounting services), use their role with TRAF to specifically target or advertise to Members.

Trustees who sit on a board at the request of TRAF shall take great care to honour their fiduciary obligation to TRAF and its Members. Any securities or fees awarded to Trustees as outside directors must be given to TRAF.

Trustees shall disclose information pertaining to employment, directorships and other activities on an annual basis.



## **IX. POLITICAL ACTIVITY**

Trustees have the right to participate individually in the political process and to make voluntary contributions of their personal resources to support candidates and political parties of their choice. Such activities must not, however, interfere with or otherwise restrict a Trustee's obligations to TRAF, suggest TRAF support or involve the use of TRAF resources.

## **X. DISCRIMINATION AND HARASSMENT**

TRAF strives to provide an environment that supports diversity and where all Trustees, employees and Members are free from all forms of discrimination and harassment.

This policy applies to conduct both on TRAF premises and in external business-related settings, including travel and social events.

### **1. Discrimination**

In accordance with its commitment to respecting the dignity all people, TRAF prohibits discrimination on the basis of any of the following characteristics ("prescribed characteristics"):

- (a) ancestry, including colour and perceived race;
- (b) nationality or national origin;
- (c) ethnic background or origin;
- (d) religion, creed or religious belief, association or activity;
- (e) age;
- (f) sex, including pregnancy, the possibility of pregnancy or circumstances related to pregnancy;
- (g) gender-determined characteristics or circumstances other than those included under "sex";
- (h) sexual orientation;
- (i) marital or family status;
- (j) source of income;
- (k) political belief, association or activity; or
- (l) physical or mental disability or related characteristics or circumstances, including reliance on a dog guide or other animal assistant, a wheelchair or any other remedial appliance or device.<sup>6</sup>

---

<sup>6</sup> *The Human Rights Code* (Manitoba), C.C.S.M. c. H175

According to *The Human Rights Code* of Manitoba, “discrimination” means an act or omission, regardless of the form that the act or omission takes and regardless of whether the person responsible for the act or omission intended the ensuing consequences, which results in any of the following outcomes:

- (a) differential treatment of an individual on the basis of the individual’s actual or presumed membership in, or association with, some class or group of persons, rather than on the basis of personal merit;
- (b) differential treatment of an individual or group on the basis of a prescribed characteristic;
- (c) differential treatment of an individual or group on the basis of the individual’s or group’s actual or presumed association with another individual or group whose identity or membership is determined by a prescribed characteristic; or
- (d) failure to make reasonable accommodation for the special needs of any individual or group, if those special needs are based upon a prescribed characteristic.

Trustees shall act individually and collectively in a manner that ensures non-discrimination.

## 2. **Harassment**

TRAF does not tolerate harassment or any behaviour that a reasonable person would conclude undermines the integrity, dignity or value of an individual or that contributes to an intimidating, hostile or offensive environment. Trustees therefore have a positive obligation to not only refrain from harassing others, but also to take reasonable steps to terminate the harassment of persons for whom they are responsible, where the harassment occurs in the course of TRAF business.

Under *The Human Rights Code*, the following behaviour constitutes harassment:

- (a) a course of abusive and unwelcome conduct or comment undertaken or made on the basis of a prescribed characteristic;
- (b) a series of objectionable and unwelcome sexual solicitations or advances;
- (c) a sexual solicitation or advance made by a person who is in a position to confer any benefit on, or deny any benefit to, the recipient of the solicitation or advance, if the person making the solicitation or advance knows, or ought reasonably to know, that it is unwelcome; or
- (d) a reprisal, or threat of reprisal, for rejecting a sexual solicitation or advance.

Harassment may comprise a single incident or a course of conduct. Examples of harassment include the following:

- (a) unwelcome remarks, jokes, innuendo, mimicking or taunting a person on the basis of their body, attire or sex or that perpetuate stereotypes relating to a prescribed characteristic, which cause awkwardness or embarrassment;
- (b) leering (i.e. suggestive staring), obscene or threatening gestures or unnecessary physical contact (e.g. touching, pinching or pushing);
- (c) suggesting an employment reward (e.g. a bonus or promotion) is available for submitting to a sexual request or threatening reprisal for rejection;
- (d) angry outbursts (e.g. shouting, door slamming or desk pounding) during the course of Board meetings or other business dealings; or
- (e) ridiculing an individual's work or competence in a vexatious manner, or in front of others, in a way that demeans or humiliates the individual.

### 3. **Trustee Obligations**

Trustees shall actively promote a positive environment, free of discrimination and harassment. All allegations of discrimination or harassment involving one or more Trustees shall be handled in the same manner as instances involving employees. A copy of the procedures to be followed regarding allegations of discrimination or harassment as set out in TRAF's Employee Handbook may be obtained on request from the President & CEO.

## **XI. INFORMATION REQUESTS AND INTERACTION WITH TRAF EMPLOYEES**

Trustees shall attempt to restrict their information requests to the President & CEO or senior management of TRAF and shall generally refrain from interacting with other TRAF employees other than in the normal course of hospitality. To the extent possible, all inquiries should be made through the President & CEO. In the circumstance where a Trustee must interact with TRAF employees by virtue of his or her employment duties, the Trustee shall make it clear that he or she is acting in an employment capacity and not as a Trustee. There shall be no restrictions on Board members dealing with TRAF in their capacity as plan members.

Trustees must not influence, or attempt to influence, the decision of any employee with respect to any application or inquiry that has been directed to them.

Trustees shall be respectful of the privacy of the Members and adhere to TRAF's Members' Privacy Policy.

## **XII. CONDUCT AFTER LEAVING THE BOARD**

Former Trustees are expected to continue to adhere to this *Code* in such circumstances where it may apply, particularly in respect of matters of confidentiality and relationships with other Trustees and employees.

Former Trustees shall return to the President & CEO any and all records, books, documents and other assets in their possession provided by TRAF or incidental to their duties as Trustees.

Trustees will not be subject to conflict of interest rules once they have ceased to act as Trustees, but must wait at least one year (or such other longer or shorter time period as the Board may determine) before engaging in any business relationship with TRAF after ceasing to be Trustees.

### **XIII. COMPLIANCE**

Trustees shall comply with the terms of the *Code*. In the event of a violation of any of its provisions, the Board may take such action as the circumstances warrant, up to and including a request that the Trustee resign (and if such resignation is not provided, the Board may disclose the breach to the Lieutenant Governor in Council together with a request that such Trustee be removed or replaced).

Trustees shall annually furnish a written acknowledgement of compliance with this *Code* and shall promptly provide any other information and documents requested by the Chair or the President & CEO related to compliance with the *Code*. Trustees are expected to guide themselves by the principles set out in this *Code* and to cooperate fully in any investigation by promptly furnishing information and documents requested.

Pursuant to Board Policy No. 12 – Duty to Report Issues & Whistleblower Protection – Board & Committee Members, Trustees are obliged to report significant and serious matters. Accordingly, should any Trustee become aware of a breach of this Code by another Trustee, the matter must be disclosed to the Chair.