

CODE OF CONDUCT AND CONFLICT OF INTEREST POLICY

1. PREAMBLE

The conduct of those who govern the Teachers' Pension Plan significantly impacts the lives of thousands who are dependent on these pensions for their retirement income. Consequently, it is critical that the Teachers' Pension Plan (which for the purpose of this document includes the Teachers' Pension Fund and referred to as "the Plan") be overseen by a strong, well-functioning governing body which is acting in accordance with fundamental ethical principles of honesty, integrity, independence, fairness, openness and competence.

The Code of Conduct and Conflict of Interest Policy for Directors of the Nova Scotia Teachers Pension Plan Trustee Inc. (TPPTI) represents the best practices when complying with their duties to the Plan and demonstrate the commitment to serving the best interests of the beneficiaries.

This Policy provides guidance to TPPTI Directors overseeing the Plan regarding their individual duties and responsibilities and is not meant to replace the overall policies and procedures established for the governance of the Plan. However, to reflect best ethical practice, incorporating the fundamental ethical principles embodied in this code will enhance those policies and procedures.

2. CODE OF CONDUCT

Teachers' Pension Plan Trustee Inc. Directors

- a. Act in the best interests of the Plan members, pensioners and beneficiaries;
- b. Act with prudence and reasonable care of a person dealing with property of another;
- c. Act with skill, competence, and diligence of a competent member of the TPPTI;
- d. Maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect their loyalty;
- e. Abide by all applicable laws, rules, and regulations, including the terms of the Plan documents;
- f. Deal fairly, objectively, impartially, and in good faith with all beneficiaries;
- g. Take actions that are consistent with the established mission of the Plan and the policies that support that mission;
- h. Review on a regular basis the efficiency and effectiveness of the Plan's success in meeting the goals, including assessing the performance and actions of the Plan service providers, such as the Nova Scotia Pension Services Corporation (Administrator), consultants and actuaries;
- i. Maintain confidentiality of Plan beneficiary information;
- j. Communicate with beneficiaries and supervisory authorities in a timely, accurate and transparent manner.

3. CODE OF CONDUCT AND CONFLICT OF INTEREST GUIDANCE

A. Act in good faith and in the best interest of the Plan members, pensioners, and beneficiaries.

The overriding objective of the Plan is to provide a secure retirement as established by the Plan. The TPPTI has a duty to act for the benefit of the Plan members, pensioners, and beneficiaries

The TPPTI shall act in the best interests of the Plan members, pensioners, and beneficiaries at all times and shall:

- i. Place the interests of the Plan members, pensioners, and beneficiaries above that of the sponsors of the Plan even if the Director is employed by or appointed to the TPPTI by either of the Plan sponsors;
- ii. Oversee the policy of the investments of the Plan by ensuring that the Plan assets will meet the Plan liabilities over the life of the Plan;
- iii. Recommend to the Plan Sponsors a funding policy which will address the financial exigencies that exist in the financial security of the Plan which result from market fluctuations and other external forces

B. Act with prudence and reasonable care.

TPPTI Directors will exhibit the care and prudence necessary to meet their obligations to Plan members, pensioners and beneficiaries. The exercise of prudence requires acting with the appropriate level of care, skill, and diligence that a person acting in a like capacity and familiar with such matters would use under the same circumstances.

In the context of serving as a Director, prudence requires:

- i. Acting in good faith, without improper motive of purpose;
- ii. Exercising discretion fairly and consistently depending on the circumstances;
- iii. Having the necessary skill and ability to act with prudence and reasonable care; such prudent, reasonable care to be that of a person dealing with the property of another;
- iv. Directors can rely on external third party service providers provided the Directors have made reasonable and diligent effort to:
 - Ensure the service providers have sufficient skill and ability to provide their required service to the directors and that the third party provider will act with appropriate skill, competence and diligence;
 - Ensure the third party experts are independent, free of conflict of interest and have the proper incentives to act in the best interests of the members, pensioners and beneficiaries.

C. Act with skill, competence, and diligence

Skill, competence, and diligence require Directors to be knowledgeable about the matters and duties to which they had been entrusted. Failure to apply skill, competence, and diligence of prudent person dealing with the property of another, will be a violation of this code. Improper or ill advised decisions can be costly to the Plan and detrimental to the Plan's members, pensioners and beneficiaries.

Directors will have an appropriate understanding of the following:

- i. Trust and pension law
- ii. Pension plan funding and liabilities
- iii. The policies of the Plan

Directors should not act if they lack appropriate understanding or knowledge related to any potential decision they are about to make.

Directors are expected to take training and education programs necessary to ensure that their level of knowledge and understanding about the duties and responsibilities as a Director remains current.

Directors shall ensure that there is a proper training and education program for new Directors which will be provided to the new Director before commencing their service.

D. Maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing, refusing any gift that could reasonably be expected to affect your loyalty.

Directors shall avoid actual and potential conflicts of interest between their work with the Plan and other personal or outside interests. Conflicts of interest are many and varied and shall be avoided at all times.

Directors shall:

- i. Not solicit contributions for any matter from service providers to the fund either personally or on behalf of another;
- ii. Not allow political interest to influence a decision to be made on behalf of the Plan;
- iii. Not put themselves in position where their interests and the interests of the Plan conflict;
- iv. Not allow their relationship with their appointing party to, in any way, influence their acting in the best interests of the members, pensioners and beneficiaries;
- v. Not receive any personal profit or gain as a result of their position as a Director such personal property gain does not include receiving benefits under the Plan;
- vi. Avoid any employment or contractual relationship with or any interest in firms that provide services to the Plan;
- vii. Refuse any gift or benefit from a third party supplier or potential third party supplier of any value which could be interpreted as an award for engaging third party supplier or as an invitation to engage a third party supplier to supply services in the future.

When a Director recognizes that he may have or has a conflict of interest, the Director shall take appropriate measures to deal and manage the conflict of interest by:

- i. Disclosing to all the other Directors and the administrator of the perceived or real conflict of interest;
- ii. Abstaining from any vote and excluding themselves from any meeting in which the subject matter of the conflict is discussed and shall remain removed from the meeting until the matter has been determined by the TPPTI;

E. Abide by all applicable laws, rules, and regulations, including the terms of the Plan documents.

Directors shall:

- i. Direct the administrator to consult with professional advisors retained by the Plan to provide technical expertise on applicable laws, regulations so that to ensure that the TPPTI remains in compliance with all applicable legislation including but by not limited to:
 - a. *Income Tax Act of Canada*
 - b. *Teachers Pension Act*
 - c. *Human Rights Act*

- ii. Regularly investigate to ensure the Plan as adopted has updated compliance policies and procedures designed to maintain compliance with the appropriate statutes that govern the operation and administration of the Plan.
- iii. Develop appropriate checklists to ensure compliance with the above-noted statutory obligations.
- iv. Report suspected statutory violation, unethical conduct, or financial irregularities to the appropriate person including the Plan's internal auditor, administrator or legal counsel.

F. Deal fairly, objectively, and impartially with all members, pensioners and beneficiaries.

The Directors shall maintain the trust that the members, pensioners and beneficiaries of the Plan place in them and the Directors shall deal with the Plan members, pensioners and beneficiaries in a fair and objective manner. Directors shall treat all members, pensioners and beneficiaries "evenhandedly" and shall not favour one class of members, pensioners and beneficiaries over another except as deemed necessary by the Directors.

G. Take actions that are consistent with the established mission of the Plan and the policies that support that mission.

The Directors shall establish the funding policy of the Plan and shall develop the overall asset allocation of the fund, the expected rates of return, and other actuarial assumptions. The investment of the fund assets shall be done by third party suppliers in accordance with the policies developed by the Directors. The Directors shall delegate to the Administrator or other third party supplier(s), the authority to oversee the investments of the Plan and the Administrator, or other third party supplier shall report their performance with respect to the investments to the Directors of the Investment Committee on a monthly basis in a format determined by the Directors. The Directors shall not have the responsibility to individually select investment managers, to engage them, or terminate them. But, the Directors shall establish the guidelines which shall be utilized by the Administrator or any other third party supplier with respect to the policy for engagement and termination of any investment manager.

H. Review on a regular basis the efficiency and effectiveness of the Plan's success in meeting its goals, including assessing the performance and actions of service providers, such as investment managers, consultants, and actuaries.

The Directors shall have the knowledge and understanding to critically review and verify the performance of the Administrator or any other third party investment manager.

The Directors shall ensure that the Administrator:

- a) has in place proper monitoring and control procedures for the investment managers;
- b) reviews and assesses the performance of investment managers;
- c) meets the statement of investment policy and goals of the Directors;

I. Maintain confidentiality of information of Plan members, pensioners and beneficiaries.

Directors hold strictly confidential all information communicated to them as Directors and they shall take all reasonable measures to preserve this confidentiality. This discretion applies to information related to members, pensioners and beneficiaries as well as any information of a confidential nature relating to the Plan's investments.

The Directors shall develop a Privacy and Confidentiality Policy that addresses how confidential information will be collected, used, stored and protected and shall ensure that this policy is in compliance with the protection of information by PIPEDA (Personal Information Protection and Electronic Documents Act, S.C. 2000, c. 5)

J. Communicate with participants, members, pensioners and beneficiaries, and supervisory authorities in a timely, accurate, and transparent manner.

Directors have a responsibility to ensure that the communication of the policy of this Plan is complied with.

APPROVED BY MOTION at the Teachers' Pension Plan Trustee Inc. Meeting of March 22, 2011.

Revisions:

APPROVED BY MOTION at the Teachers' Pension Plan Trustee Inc. Meeting of February 18, 2014.

APPROVED BY MOTION at the Teachers' Pension Plan Trustee Inc. Meeting of February 17, 2015.



Code of Conduct and Conflict of Interest Policy Annual Certification

Directors of the Teachers Pension Plan Trustee Inc. ("TPPTI") are required to acknowledge that they have read and understood the Code of Conduct and Conflict of Interest Policy and will comply with it.

This acknowledgement is to be signed by newly appointed TPPTI Directors and by existing TPPTI Directors on an annual basis.

Acknowledgement

As a Director of the Teachers Pension Plan Trustee Inc., you are required to read and understand the Code of Conduct and Conflict of Interest Policy ("Policy") and to acknowledge that you have done so and will comply with the Policy.

Please check the appropriate boxes below:

- You acknowledge that you have read and understand the Policy.
- You agree to conduct yourself according to the letter and spirit of the Policy.

Name: (please print): _____

Signature: _____

Date: _____