

Code of Business Conduct and Ethics for Directors

Scope

The Board of Directors (the Board) of the Bank of Canada (the Bank) is composed of the Governor and Senior Deputy Governor, each appointed by the Board with the approval of the Governor in Council for a term of seven years, and twelve Directors, each appointed by the Minister of Finance with the approval of the Governor in Council for a term of three years. The Governor is the Chairperson of the Board (Chairperson). The Deputy Minister of Finance or their alternate is a non-voting member of the Board.

This Code of Business Conduct and Ethics for Directors (the Directors' Code) is applicable to Directors. The Governor and Senior Deputy Governor, as senior officers of the Bank, are subject to the Bank's Code of Business Conduct and Ethics (the Bank Code).

Guiding Principles

The Bank is a public institution with a public policy mandate and functions. Directors occupy a position of public trust and have responsibilities to fellow Directors, officers and employees of the Bank, Parliament, and the public. Directors should be guided by high standards of business conduct and ethical behaviour in the performance and exercise of their responsibilities, in order to maintain and enhance public confidence in the integrity of the Bank.

Each Director should understand the business of the Bank and the statutory framework within which it operates and should be familiar with the processes, structures and information used for directing and overseeing the management of the Bank. A Director is expected to act honestly and in good faith with a view to the best interests of the Bank, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Each Director should review the requirements and obligations imposed by the *Bank of Canada Act* and the *Conflict of Interest Act* and should become familiar with the Bank,

its business and its organizational structure. The General Counsel and Corporate Secretary is available to assist Directors with their statutory and other requirements and obligations.

The purpose of the Directors' Code is to assist Directors in understanding, and to promote adherence to, the standards of conduct and ethical behaviour expected of them. No code can offer a complete guide to cover all situations that might arise, and Directors must exercise judgment in applying principles to any given situation. The provisions in the Directors' Code are a guide but not a substitute for any other obligation a Director may have according to common law, statute, regulation or Government guideline.

Part I: Introduction

1.1 Role of the Bank

As Canada's central bank, the Bank is a public institution with important public policy functions. Directly or indirectly, the Bank's actions affect the business and livelihoods of many people. The Bank is accountable to Parliament and to the Canadian public.

The *Bank of Canada Act* establishes the Bank's legislative framework, governance structure, as well as its mandate, which is "to promote the economic and financial welfare of Canada." The Bank strives to meet its mandate through its work in the core areas of responsibility:

- monetary policy
- the financial system
- currency
- funds management
- retail payments supervision

1.2 The Bank's Values and Promise

The Bank's values underpin our decisions and actions. Building on the principles that have always guided us – *excellence, integrity and respect* - three core values shape how we make decisions, do our jobs and build relationships.

Think ahead

We strive to be forward-looking and innovative, balancing our duty to protect against risk with our resolve to constantly look for better answers.

Include everyone

We welcome people with diverse perspectives and talents, seeking to understand and learn from one another – within the Bank and across this vast country.

Inspire confidence

We earn trust by living up to our commitments and by clearly explaining the intent of our policies and actions. The better Canadians understand our goals, the more likely we are to achieve them together.

As we put our values into action, the Bank's promise statement represents the commitment we make to ourselves and to all Canadians. It is an expression of what we stand for, the impact we hope to create and how we work each day to achieve it.

We give Canadians the confidence to pursue opportunity:

- by fostering economic and financial stability
- by navigating relentless change with rigour and integrity
- by helping grow our shared prosperity

Canadians count on us.

The Bank's values and promise are also intended to be applicable to Directors and should form a guide to their conduct and relationships.

1.3 Compliance with the Code and Applicable Legislation

The Directors' Code sets out ethical principles and refers to the legislation applicable to Directors, but it cannot provide rules for every situation that a Director may encounter and is not legal advice. When faced with a situation where the proper conduct is not self-evident, a Director may consult the General Counsel and Corporate Secretary. Where necessary, Directors should seek independent advice to assist them in fulfilling their responsibilities.

Directors are subject to the relevant provisions of the *Bank of Canada Act* and the *Conflict of Interest Act*. Appendix C contains excerpts from the *Conflict of Interest Act* that are relevant to the conduct of Directors and have been incorporated by reference in this Directors' Code.

1.4 Affirmation

On appointment, each Director receives the Directors' Code and must formally acknowledge their understanding and commitment to its provisions. Also on appointment, and annually thereafter, each Director must complete a disclosure form identifying any roles held with other entities (e.g., as director, partner, officer, or employee), attest to the absence of prohibited relationships as defined in section 3.3, and confirm continued compliance with the Code.

1.5 Breaches of the Codes of Conduct

A Director who, in good faith, believes that a breach of conduct has occurred or is imminent shall report the matter to the appropriate authority. Suspected breaches of the **Directors' Code** by another Director, or any request made to a Director that could lead to such a breach, shall be reported to the **Governor**. Suspected breaches of the **Bank Code** by an officer, employee, or agent of the Bank, or any request made to

them that could lead to such a breach, shall be reported to the **General Counsel and Corporate Secretary**.

Part II: Confidentiality and Communications

2.1 General

No Director shall communicate or allow to be communicated to any person not legally entitled to it any information relating to the affairs of the Bank, including the proceedings of the Board and its committees.

2.2 Oath of Fidelity and Secrecy

The *Bank of Canada Act* requires each Director to swear an Oath or make a Solemn Affirmation of Office using the form provided in [Appendix A](#).

The obligation to keep information confidential continues after a Director leaves office.

2.3 Communications

Only the Governor, Senior Deputy Governor or other Bank-designated spokespersons are authorized to speak on behalf of the Bank. Directors must refer any external enquiries - whether from traditional media, social media, or other public channels - to the Bank's Communications department's [Media Relations](#) team.

Part III: Conflicts of Interest and Disclosure of Material Interests

3.1 General Duty to Avoid a Conflict

A Director shall avoid or withdraw from participation in any activity or situation that places the Director in a real, potential or apparent conflict of interest relative to that Director's duties and responsibilities.

3.2 Disclosure of Material Interests and Material Contracts

The *Bank of Canada Act* requires that a Director who meets any of the conditions below must disclose the nature and extent of such interest to the Bank, either in writing or by requesting that it be entered in the minutes of a Board meeting:

- (a) is a party to a material contract or transaction or a proposed material contract or transaction with the Bank,
- (b) is a director or officer of, or has a material interest in, any person who is a party to a material contract or transaction or a proposed material contract or transaction with the Bank,
- (c) is or is likely to be materially affected by any action taken or proposed to be taken by the Bank or the Governor under the *Payment Clearing and Settlement Act*, or
- (d) is a director or an officer of, or has a material interest in, any person who is or is likely to be materially affected by any action taken or proposed to be taken by the Bank or the Governor under the *Payment Clearing and Settlement Act*,

The disclosure required above shall be made as soon as the Director becomes aware of the contract, transaction or action.

In accordance with the *Bank of Canada Act*, a Director who is required to make a disclosure shall not vote on any resolution to approve the contract, transaction or action unless it relates to Directors' fees. (See [Appendix C](#) for relevant sections of the *Conflict of Interest Act*: section 6—[Decision-making](#).)

If a Director discloses to the Board that they are a director, officer, or have a material interest in a company or organization, and that they should be considered to have an interest in any contract, transaction, or decision involving that company or

organization, this general notice is enough to declare their conflict of interest. The Director does not need to make a separate declaration for each contract or decision with that company or organization.

3.3 Prohibited Relationships

As set out in the *Bank of Canada Act*, a Director of the Bank may not be a director, partner, officer or employee of a [restricted entity](#) as defined in [Appendix B](#).

The Bank will, from time to time, provide Directors with an updated list of restricted entities.

A Director may not be employed on a full-time basis, in any capacity in the federal public administration or public service of a province or hold any office or position, other than as a part-time member of any board or advisory body of an agency or department of the government of Canada or a province, for which any salary or other remuneration is payable out of public moneys, except that a director may perform temporary services for the government of Canada or a province for which they may be reimbursed actual travel and living expenses.

3.4 Other Activities

Each Director shall promptly notify the General Counsel and Corporate Secretary of the Bank regarding (i) all directorships to which that Director is or has been appointed, and (ii) any political activity in which the Director intends to participate that would involve the Director either (i) as principal or (ii) in a publicly partisan role. For more information on what constitutes political activity, Directors may consult the Government's [Ethical and Political Activity Guidelines for Public Office Holders](#) or reach out to the General Counsel and Corporate Secretary for additional guidance.

3.5 Using Influence

No Director shall use or permit to be used the fact that they are a Director in such a manner that could lead to the perception that the Bank supports, approves or otherwise sanctions any particular undertaking. (See [Appendix C](#) for the relevant section of the *Conflict of Interest Act*: section 9—[Influence](#).)

3.6 Gifts, Hospitality and Other Advantages

No Director or any member of their family may accept any gift, hospitality or other advantage that might reasonably be seen to have been given to influence the Director in the exercise of their duties for the Bank.

A Director may accept a gift, hospitality or other advantage that is received as a normal expression of courtesy or is within customary standards. Gifts, hospitality or advantages in excess of customary standards should be refused, where possible, or disclosed to the General Counsel and Corporate Secretary on behalf of the Bank for appropriate disposition. (See [Appendix C](#) for the relevant section of the *Conflict of Interest Act*: section 11(1), (2) and (3)—[Gifts and other advantages](#).)

Part IV: Personal Financial Transactions

4.1 Management of Personal Financial Transactions

Directors are expected to manage their own personal financial affairs prudently and to arrange them in a manner that prevents real, potential or apparent conflicts of interest from arising. (See [Appendix C](#) for the relevant section of the *Conflict of Interest Act*: section 5—General duty.)

4.2 Prohibitions on Share Ownership in Restricted Entities

The *Bank of Canada Act* requires that any person who beneficially owns a share in a [restricted entity](#) at the time of being appointed a Director of the Bank must dispose of the beneficial ownership interest within three months after appointment. A Director of the Bank shall not otherwise beneficially own a share of a restricted entity. If any new entity becomes restricted, the Bank shall notify Directors. Directors will be required to disclose whether they have beneficial ownership of the new entity and correspond with the General Counsel and Corporate Secretary to discuss the necessary steps to divest of that investment.

4.3 Exceptional Trading Restrictions

At any time, the Governor may, on an exceptional basis, and for such period or periods as considered appropriate, classify (and declassify) securities or other instruments as prohibited investments for a Director.

A Director must not acquire an interest in any securities or other instruments while they are classified as prohibited investments. In the event that a Director already has an interest in such securities or other instruments at the time they become classified, the Director must not dispose of, exercise any voting right attached to, or otherwise deal in any way with, those securities or other instruments during the applicable period of classification, without first consulting with the General Counsel and Corporate Secretary.

4.4 Insider Trading and Tipping

In the course of their duties, a Director may come into possession of material information about a public issuer before it is publicly disclosed. In such circumstances, it is generally against the law to trade in the securities of that issuer or to share the information with others, whether intentionally or inadvertently.

No Director shall use, in any personal or other capacity, information acquired from or through the Bank that is not generally available to the public. (See [Appendix C](#) for relevant sections of the *Conflict of Interest Act*: section 8—Insider information; section 34(2)—[Improper information](#).)

Part V: Information Management

5.1 Records Management

Each Director should use care in the collection, use, storage, disclosure and disposal of information and documents acquired from the Bank during their term in office. A Director requiring advice or assistance with respect to the management or disposal of records during their term, or at its conclusion, should contact the General Counsel and Corporate Secretary.

5.2 Access and AI

A Director should not allow any other person access to Bank confidential information in their possession. The requirement to keep information confidential continues after their term in office expires.

In addition, Directors should never put data or information specific to the Bank in public Generative Artificial Intelligence (GenAI) tools, as there is no means of validating who has access to the prompts or resulting information. The information could also be stored outside of Canada or aggregated, meaning that even non-sensitive data could divulge sensitive Bank information. Should Directors be unsure of what constitutes responsible use of GenAI in relation to their work for the Bank, they should contact the General Counsel and Corporate Secretary for guidance.

APPENDIX A: Oath or Solemn Affirmation of Office

I, _____, do solemnly swear (or affirm) that I will faithfully and to the best of my judgment and ability perform the duties that relate to any office or position in the Bank held by me.

I also solemnly swear (or affirm) that I will not:

- communicate or allow to be communicated, to any person not entitled to it, any confidential information that relates to the business or affairs of the Bank that I may learn in the course of performing those duties;
- use any such information for any purpose other than to perform those duties; or
- allow any person to inspect or have access to any books and records that belong to, or that are in the possession of, the Bank and that relate to the business or affairs of the Bank, unless the person is legally entitled to inspect them or to have access to them.

APPENDIX B: Definitions

Restricted Entities

Restricted Entities means:

- (a) a direct clearer as defined in the bylaws of the Canadian Payments Association;
- (b) a clearing house of a clearing and settlement system designated under subsection 4(1) of the *Payment Clearing and Settlement Act*;
- (c) a participant in Lynx, or its successor, operated by the Canadian Payments Association;
- (d) an investment dealer that acts as a distributor of new Government of Canada securities; or
- (e) an institution that controls, or is controlled by, an institution referred to in any of paragraphs (a) to (d).

Control

For the purposes of the definition of *restricted entities*:

- (a) an institution controls a body corporate if securities of the body corporate to which are attached more than fifty per cent of the votes that may be cast to elect Directors of the body corporate are beneficially owned by the institution and the votes attached to those securities are sufficient, if exercised, to elect a majority of the Directors of the body corporate;
- (b) an institution controls a trust, fund or partnership (other than a limited partnership) or an unincorporated association or organization, if more than fifty per cent of the ownership interests, however designated, into which the trust, fund, partnership, association or organization is divided are beneficially owned by the institution and the institution is able to direct the business and affairs of the trust, fund, partnership, association or organization; and
- (c) the general partner of a limited partnership controls the limited partnership.

APPENDIX C: Conflict of Interest Rules

Excerpts from the *Conflict of Interest Act* (S.C. 2006, c. 9, s. 2)

Conflict of interest

4 For the purposes of this *Act*, a public office holder is in a conflict of interest when he or she exercises an official power, duty or function that provides an opportunity to further his or her private interests or those of his or her relatives or friends or to improperly further another person's private interests.

General duty

5 Every public office holder shall arrange his or her private affairs in a manner that will prevent the public office holder from being in a conflict of interest.

Decision-making

6 (1) No public office holder shall make a decision or participate in making a decision related to the exercise of an official power, duty or function if the public office holder knows or reasonably should know that, in the making of the decision, he or she would be in a conflict of interest.

Abstention from voting

(2) No minister of the Crown, minister of state or parliamentary secretary shall, in his or her capacity as a member of the Senate or the House of Commons, debate or vote on a question that would place him or her in a conflict of interest.

Preferential treatment

7 No public office holder shall, in the exercise of an official power, duty or function, give preferential treatment to any person or organization based on the identity of the person or organization that represents the first-mentioned person or organization.

Insider information

8 No public office holder shall use information that is obtained in his or her position as a public office holder and that is not available to the public to further or seek to further the public office holder's private interests or those of the public office holder's relatives or friends or to improperly further or to seek to improperly further another person's private interests.

Influence

9 No public office holder shall use his or her position as a public office holder to seek to influence a decision of another person so as to further the public office holder's private interests or those of the public office holder's relatives or friends or to improperly further another person's private interests.

Offers of outside employment

10 No public office holder shall allow himself or herself to be influenced in the exercise of an official power, duty or function by plans for, or offers of, outside employment.

Gifts and other advantages

11 (1) No public office holder or member of his or her family shall accept any gift or other advantage, including from a trust, that might reasonably be seen to have been given to influence the public office holder in the exercise of an official power, duty or function.

Exception

(2) Despite subsection (1), a public office holder or member of his or her family may accept a gift or other advantage

- (a) that is permitted under the *Canada Elections Act*;
- (b) that is given by a relative or friend; or
- (c) that is received as a normal expression of courtesy or protocol, or is within the customary standards that normally accompany the public office holder's position.

Forfeiture

(3) When a public office holder or a member of his or her family accepts a gift or other advantage referred to in paragraph (2)(c) that has a value of \$1,000 or more, the gift or other advantage is, unless otherwise determined by the Commissioner, forfeited to Her Majesty in right of Canada.

Contracting

14 (1) No public office holder who otherwise has the authority shall, in the exercise of his or her official powers, duties and functions, enter into a contract or employment relationship with his or her spouse, common-law partner, child, sibling or parent.

Public sector entity — public office holders

(2) No public office holder, other than a minister of the Crown, minister of state or parliamentary secretary, who otherwise has the authority, shall permit the public sector entity for which he or she is responsible, or to which he or she is assigned, to enter into a contract or employment relationship with his or her spouse, common-law partner, child, sibling or parent except in accordance with an impartial administrative process in which the public office holder plays no part.

Fundraising

16 No public office holder shall personally solicit funds from any person or organization if it would place the public office holder in a conflict of interest.

Improper information

34 (2) No former public office holder shall give advice to his or her client, business associate or employer using information that was obtained in his or her capacity as a public office holder and is not available to the public.