



Sons of Scotland
happily Scottish, proudly Canadian

Your guide to the

Code of business conduct

at Sons of Scotland

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Letter from the Grand Chief

I am pleased to present our Code of Business Conduct (the Code), which applies to The Sons of Scotland Benevolent.

The Code is revised from time to time in order to stay abreast of any changes in ethical standards and I invite you to read it carefully.

The Code sets out, in broad terms, the type of business conduct and personal ethics that is required of you in order for Sons of Scotland to be regarded as an Association of the utmost integrity – one of our core values. As you well know, for all its financial strength, the Association is a reflection of the conduct of all of those who manage its affairs. The Code is a means of providing formal guidelines on the behaviour that is expected of all our staff.

The Code's requirements, which are mandatory for all directors and employees, are based on common sense and sound legal and business practice. Every employee and director is required to make a formal declaration each year regarding observance of the Code. In this regard, you will be asked to declare any business affiliations or activities in which you, or the members of your immediate family, are involved which could be of significance in relation to the provisions of the Code.

The Code has been carefully prepared with a view to balancing the individual's right to freedom of action against the Association's duty to ensure that the protection of its stakeholders' (policyholders, shareholders, employees and suppliers) interests is real and apparent. I trust that you will accept this Code as a positive step and that I can count on you to renew your knowledge of its content and uphold it in your daily lives.

James E. Bain
Grand Chief,
The Sons of Scotland Benevolent Association
2014

Purpose

The Sons of Scotland Benevolent Association is committed to the highest level of legal and ethical standards in the conduct of business and wish to be known as good corporate citizens and a company that deals fairly and equitably with both clients and employees. This Code of Business Conduct is intended to assist each member of the organization to know what is expected, and it sets out our minimum standards of behaviour. The Code applies to all members of the Board and all employees of Sons of Scotland and the use of the word “employee” in this Code applies to all of these persons.

The words “immediate family” include spouse, parents and children, regardless of residence, and any other persons living in an employee’s household. All employees are required to review the Code carefully and to be guided by its principles so that Sons of Scotland may continue to earn the trust and confidence of its clients and the public at large.

- * Throughout this document, the name Sons of Scotland or Association is used to denote The Sons of Scotland Benevolent Association of Canada.

Principle I – Compliance with the Association Constitution, Policies and Procedures, Laws, Rules and Regulations

We must uphold and comply with the Association's policies and procedures and all laws, rules, regulations and professional conduct standards governing the Association's business activities.

1. Laws, Rules and Regulations

Sons of Scotland and its employees must comply with all federal, provincial, municipal and local laws, regulations and professional conduct standards governing business in the jurisdictions in which we operate. Our operations are subject to complex and changing laws and regulations and, if an employee is in doubt about the application or interpretation of any legal requirement, the matter should be referred to the Grand Secretary Treasurer.

2. Association Policies and Procedures

The Sons of Scotland aims to maintain the highest standard of business practices in all areas of our activities. The purpose of these policies and procedures is to support the Association and its employees in meeting our business objectives, to protect our clients and our reputation and to avoid fines, penalties and other restrictions that could be imposed by regulatory bodies.

Policies and procedures are a means of providing formal guidelines for the activities and processes that are expected of us all. In each functional area, policies and procedures have been implemented, where appropriate, and are reviewed regularly in order to be in line with regulatory requirements and our Mission Statement, and to ensure Sons of Scotland continues to be regarded as an Association of the utmost integrity.

Every employee must carry out Sons of Scotland activities in compliance with applicable Legislative Requirements and Association Policies and Procedures and report any instances of non-compliance to Management and to the Legal and Compliance Division.

Principle II – Avoiding Conflict of Interest

We must avoid personal or financial conflicts of interest and handle actual or perceived conflicts honestly and ethically, making appropriate disclosure. We must act within the limits of our authority at all times and must not be compromised through any preferential treatment given to or accepted from customers, suppliers or other people with whom we deal.

Avoiding Conflict of Interest

1. Confidential Information

There are certain types of information that may not be considered as “material information” but that, in fact, could be sufficiently important that, if used inappropriately, could affect the Association’s competitiveness. As a result, this type of information must be treated as confidential information.

1.1 Corporate Information

Any information acquired by employees during the course of their employment regarding the Association’s business and that is not generally known to the public must be treated as confidential. Examples are business plans and strategies, product development plans, pricing, systems and investments as well as all related documentation. Such information is not to be disclosed outside of the Association and employees may not use it for their personal advantage or that of their families, friends and associates. The circulation or leaking of certain types of information could materially weaken the Association’s competitive advantage and would, in many instances, give rise to conflicts of interest.

1.2 Real Estate

No employee of the Association who knows or has reason to believe that Sons of Scotland is purchasing, selling or actively negotiating with respect to any real estate may purchase, take an option on, or otherwise acquire a financial interest in any real estate in the same general area for his or her account or that of any member of his or her immediate family. This restriction on personal transactions will continue for a period of six (6) months following the completion of the Sons of Scotland transaction.

Employees contemplating any such personal transaction should discuss the matter with the Grand Secretary Treasurer, who will determine the meaning of “in the same general area” depending upon the nature of the property and the city in which it is located.

Avoiding Conflict of Interest

2. Outside Personal Activities

Employees must ensure that actions taken and decisions made by them within their jurisdiction are free from the influence of any interest that might reasonably be regarded as conflicting with the interests of Sons of Scotland and its clients.

In this regard, the following principles must be adhered to:

1. Personal or outside activities must not conflict, either directly or indirectly, with an employee's duties to Sons of Scotland. Employees should, therefore, avoid situations in which their personal interests conflict, or are likely to conflict, with their duties to the Association.
2. No employee should participate in a personal, business or investment activity outside Sons of Scotland which would tend to:
 - a. create an excessive demand upon his or her time and attention and thus deprive Sons of Scotland of his or her best efforts at work; or
 - b. create a conflict of interest—that is, an obligation, interest or distraction which would interfere with the independent exercise of his or her judgment in Sons of Scotland's best interests.

An employee who has a conflicting or possibly conflicting interest between his or her personal, business or other outside activities and any business interest of Sons of Scotland or any transaction which he or she knows is under consideration by the Association must make timely disclosure in that regard to his or her immediate supervisor, as well as written disclosure to the Senior Vice-President, People and Communications.

3. Gifts and Favours

Employees and members of their immediate family must neither accept nor be a party to giving gifts or favours from or to anyone with whom the Association is doing or negotiating business. This rule is not intended to prohibit normal and widely accepted ethical business practices such as business meals and receptions, including mementos or gifts of nominal value from or to individuals or firms with which Sons of Scotland does business. However, anything that could be considered as a payoff or secret compensation is prohibited.

Avoiding Conflict of Interest

If in doubt, the gift or favour should be declined. In particular, employees should guard against any situation where their business judgment might be influenced by a feeling of gratitude.

The selection of suppliers, contractors and any other firms or individuals retained by Sons of Scotland for the purchase of goods or services is to be made in accordance with the Association's purchasing policy and solely on the grounds of the best available price, superior quality and integrity. Gifts and favours and other personal benefits or advantages must not be accepted in consideration of the granting of such contracts or the purchase of goods or services.

4. Outside Offices and Directorships

Employees of the Association have a responsibility to promote good public relations, especially on the community level. Their readiness to help with religious, charitable, and educational activities has brought great credit to Sons of Scotland and should be broadened and encouraged. Also, in some cases, it may be consistent with the Association's interests for employees to serve on the boards of other businesses. However, any outside activities which impair an individual's ability to attend to Association duties, or which might conflict with his or her duties on behalf of the Association, should be avoided. If there is any question about any such outside activities being contemplated by an employee, the Grand Secretary Treasurer should be promptly informed. Furthermore, prior approval to serve on the board of an outside business must be obtained from the Grand Secretary Treasurer.

Principle III – Conducting Business Professionally and with Integrity

For our customers: We must at all times act honestly and fairly with customers, providing high standards of service, respecting their interests and aiming to meet their needs.

For our people: We must treat our people fairly and support their ongoing learning and development. We must actively attain and maintain a level of professional competence appropriate to our responsibilities.

For our stakeholders: We must communicate honestly and accurately with all of our stakeholders and ensure that we act, and are seen to act, with integrity at all times. We must contribute to the social, economic and environmental wellbeing of the communities where we have operations.

1. Ethics and Integrity in the Workplace

It is the policy of Sons of Scotland to establish and maintain an efficient organization in a challenging working environment where ability and performance are recognized. It is also the policy of the Association to develop and maintain an environment that promotes and encourages opportunities for employee advancement, high individual and departmental performance levels and the implementation of an organizational hierarchy consistent with delegation of responsibility and accountability.

The Association's employment practices, including career postings, interviewing, recruitment, compensation, benefits and the administration of all personnel programs are to be conducted in accordance with these principles and without discrimination on any of the prohibited grounds referred to in the human rights legislation of the provinces of Canada. Promotions are to be made on the basis of ability demonstrated by work performance. Sons of Scotland will also comply with all applicable legislation relating to employment standards including statutory holidays, minimum wages, hours of work, vacation pay entitlement, and maternity and parental leaves. Furthermore, Sons of Scotland is committed to maintaining a productive business environment free from personal or sexual harassment or exploitation of any nature.

Any complaints concerning discrimination, harassment or unfair employment practices should be reported immediately to the employee's immediate supervisor, the Grand Secretary Treasurer, or the Chair of the Human Resources Committee.

Conducting Business Professionally and with Integrity

2. Anti-Money Laundering / Anti-Terrorist Financing

Money laundering is the process used to disguise the fact that particular funds are the proceeds of criminal conduct, for example, proceeds of theft, fraud, drug-trafficking, terrorism, etc. It includes all steps taken to conceal the true origin and ownership of property obtained through illegal means in order to give the appearance that it has originated from legitimate sources.

Sons of Scotland is committed to maintaining the highest standards of integrity in the conduct of its business as a Canadian regulated institution. Our employees and our customers should feel confident that Sons of Scotland not only administers its business in full compliance with the law and regulations designed to deter and detect money laundering and terrorist financing.

Detecting money laundering and terrorist financing activity requires Sons of Scotland to properly identify and authenticate its customers and to report any suspicious transactions made by our customers to the regulator. Failure to do so may expose us to legal sanctions, financial penalties and lasting damage to the Association's reputation. Employees should refer to the Association's Anti-Money Laundering and Anti-Terrorist Financing Policy to ensure they understand their obligations.

3. Communications

It is essential to the continued success of the Association that communications with applicants, policyholders, claimants, governmental authorities, the public and others in the organization be conducted in a complete, accurate and timely manner; and it is the duty of each employee to provide services that meet responsible standards of performance, efficiency and courtesy. A prompt response must be made to all requests for information and to all complaints. However, care must be taken when responding to complaints; responses should be based solely on verified facts and without any admission of responsibility, because responsibility in such cases must then be determined by the Legal Department.

Communications with the Board of Directors, corporate officers and internal and external auditors on all matters relevant to them must be complete, accurate and timely. It is also essential that full and complete reporting be made to all regulatory bodies as required by law.

Conducting Business Professionally and with Integrity

4. Honest and Fair Treatment of Customers

At Sons of Scotland, we place fair treatment of our customers at the heart of our culture and are committed to building valuable relationships with our customers that help them protect and grow their assets. We do this by ensuring customers are at the heart of our brand, mission, vision and everything we do.

In this regard, our customers should:

- Be confident that our culture – through our staff, strategies, systems and procedures – is designed to deliver fair customer treatment;
- Be provided with clear information and kept appropriately informed; and
- Not face unreasonable barriers when they want to change product, switch to another provider, submit a claim or make a complaint.

5. Trade and Competition Practices

Sons of Scotland and its employees should avoid doing anything that might be considered as an unfair trade practice. Examples of unfair trade practices include price fixing and other acts which result in lessened competition, false or misleading advertising, misleading or deceptive representations concerning products and services and false statements concerning other insurance companies.

The Association is committed to competing ethically and in accordance with laws that foster competition in the marketplace. The Association's competition policy sets out the requirements and guidelines to be adhered to with respect to compliance with competition laws.

6. Intellectual Property

Intellectual property is an important and valuable business asset for Sons of Scotland that must be protected and respected.

Intellectual property rights can cover ownership of a wide range of “intellectually created” materials, such as product names, designs and logos, software programs and marketing material developed by Sons of Scotland employees within the scope of their employment on behalf of the Association. Any intellectual property developed by Sons of Scotland employees in the scope of their employment with the Association is the property of Sons of Scotland. The Legal department must be consulted in order to properly register and protect any intellectual property that Sons of Scotland creates, and if an employee becomes aware of a possible infringement or breach of any intellectual property rights of Sons of Scotland (i.e. an improper use of our logo or the unauthorized

Conducting Business Professionally and with Integrity

use of material created by Sons of Scotland), that employee must advise the Legal department.

Additionally, the proprietary rights of outside firms that provide software to Sons of Scotland on a license basis must be protected. All employees are required to protect the confidentiality of such programs and must not participate in their unauthorized duplication or use. Care must also be taken to avoid infringing or breaching the intellectual property rights of other parties (i.e. an unauthorized use of material created by someone else).

7. Social and Environmental Responsibilities

The Association is committed to environmental protection through the reduction and recycling of waste and the safe handling and disposal of any materials that may be considered hazardous in accordance with applicable federal, provincial, municipal and local laws and regulations.

Furthermore, employees of the Association have a real responsibility to ensure good public relations, especially on the community level. Their readiness to help with religious, charitable, and educational activities has brought great credit to Sons of Scotland and should be broadened and encouraged. Corporate Social Responsibility is a fundamental part of our business philosophy and culture, and our processes in this regard are subject to continuous improvement.

8. Dealings with Outside Persons and Organizations

When communicating on matters not involving Association business, employees must ensure to separate their personal roles from their corporate positions. Association identification, stationery, supplies and equipment must not be used for personal concerns or political matters. When communicating publicly on matters that involve Association business, employees should not presume to speak for the Association on any matter unless they are certain that the views they express are those of the Association and that it is the desire of senior management that such views be publicly known.

Inquiries directed to an employee from the press or other media concerning Sons of Scotland should be referred to the Grand Secretary Treasurer before any information or opinion is given. This is essential to ensure that public communications regarding Sons of Scotland represent the corporate position, as opposed to personal views, and to avoid any public disclosure of confidential information.

Related Policies

- Corporate HR policies
- Anti-Money Laundering and Anti-Terrorist Financing Policy

Code of Business Conduct

- Handling Complaints Policy

Principle IV – Protecting and Proper Use of Association Assets and Records

We must strive to continuously improve the processes we use and will consider value, risk and control in decision-making. We must protect the assets of the Association, and ensure that they are properly and efficiently used for legitimate business purposes. Any suspected incidents of fraud or theft should be immediately reported.

1. Association Funds

All employees who have access to Association funds in any form must follow the prescribed procedure for recording, handling and protecting these funds as detailed in the Association's applicable policies and procedures. Where an employee's position requires the spending of Association funds or the incurring of expenses to be later reimbursed by the Association, it is the individual's responsibility to comply with the Association's Travel, Outsourcing and other applicable Policies and Procedures, and to ensure an optimum combination of quality, service, cost and business continuity is received for any expense or as part of any service. Association funds must only be used for Association purposes and not for personal benefit.

2. Computer Systems Security

The security of the Association's computer systems is crucial to the continued success of Sons of Scotland. Access to our computer resources is restricted and can only be used in accordance with Association policy. Individuals who are granted access have an obligation to keep their passwords confidential and to limit their use of computer systems for authorized business purposes only.

Computer media containing sensitive information are to be kept in a locked location at all times when not in use; and all computer data of a confidential nature, whether in paper or electronic form, must be kept secure at all times.

3. Records and Reporting

Many kinds of accurate and reliable records are necessary to meet Sons of Scotland's legal and financial obligations and to manage the affairs of the Association. The Association's books and records must reflect all business transactions in an accurate and timely manner and be retained in accordance with the Association's Records Management Policy and related operational retention procedures and schedules. No undisclosed or unrecorded funds or assets are to be maintained and all revenues and expenses are to be properly- recorded. Employees responsible for accounting and record keeping functions are expected to be vigilant in enforcing these principles.

4. Financial Crime Policy

We are committed to protecting our customers' assets and information from the effects of crime. The confidentiality of our information and the security of all our assets is critical to safeguarding customers, employees and our reputation and financial integrity, thus allowing us to meet our business objectives. It is the policy of the Association to follow strict standards to prevent fraud and dishonesty and, where any evidence of an infraction is revealed, it should be reported immediately to the Financial Crime Officer (Vice-President, Compliance) so that further investigation can be promptly initiated, or it may be reported anonymously through the Whistle-blowing Helpline.

5. Whistle-blowing

We believe that whistle-blowing contributes to the ethical and smooth operation of Sons of Scotland. Our Whistle-blowing Helpline was designed specifically to allow employees to obtain advice easily or to raise any concerns and provide them with an independent and confidential channel. Employees should not be reluctant to air any legitimate concerns they may have.

Principle V – Protecting and Maintaining Confidentiality and Privacy

We must maintain the confidentiality of information entrusted to us and shall not use confidential or private information for personal gain.

1. Confidential Information

Any information acquired by employees during the course of their employment regarding the Association's business that is not generally known to the public must be treated as confidential.

Any breaches of confidentiality must be reported immediately to the employee's immediate supervisor.

2. Right to Privacy

Personal information forms the basis of the life insurance industry. As such, the Association must ensure compliance to rules governing the protection of this confidential and sensitive information.

The nature of the insurance business as carried on by Sons of Scotland requires that the Association collect, use and retain personal information about its employees, applicants, policyholders, claimants, borrowers, representatives and investors. The Association must balance carefully its need for such information against the individual's right to privacy, the need for fairness, and the need to minimize intrusiveness, and take necessary precautions to protect these interests. Every reasonable effort will be made to ensure that personal information be kept accurate, relevant to the effective conduct of the Association's business, complete, secure and used only for the purposes for which it was collected.

Personal information about our customers must be collected, used and disclosed as outlined in the Association's Privacy Policy Regarding Customer Information. Personal information must not be disclosed without the knowledge and permission of the person to whom it relates unless otherwise permitted by law. Personal information on our employees is subject to the same privacy guidelines established for our customers. Respecting our customers' and employees' privacy is critical to building strong business relationships.

Consequently, employees should familiarize themselves with the Association's privacy policies, procedures and practices to ensure they understand their obligations with regards to employee and customer information.

Any breaches of privacy must be reported immediately to the employee's immediate supervisor and to the Grand Secretary Treasurer.

Related Policies

- Privacy Policy Regarding Customer Information
- Privacy Policy Regarding Employee Information

Principle VI – Compliance with the Code

We require the highest standards of professional and ethical conduct from all members of the Board and employees.

By complying with our Code of Business Conduct, we all contribute to the Association's aims in relation to our operational excellence, compliance responsibilities, customers, people, and stakeholders.

1. Code of Business Conduct

The provisions of the Code are mandatory and full compliance is required under any circumstances. Employees will be expected to respect not only the letter but also the spirit of the rules set out in the Code. Employees may be subject to additional rules imposed by regulatory bodies, industry associations or departmental management.

The Code does not attempt to deal specifically with all aspects of the conduct of our business, and certain situations may arise in which it is difficult to determine with certainty the appropriate course of action to follow. Anyone in doubt about the application of the Code to a specific situation should refer the matter to his or her immediate supervisor or to the Legal department.

Violation of the Code will result in disciplinary action, which could include termination of employment. Anyone who is aware of a breach of the Code should report the matter promptly to his or her manager, the Ethics Officer (the Senior Vice-President, Legal and Compliance) or through the Whistle-blowing Helpline. Any such report will be treated in the strictest confidence.

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