

**ALBERTA TREASURY BRANCHES
BY-LAW NO. 2
RELATED PARTY BY-LAW**

Definitions and Interpretation

1.
 - (1) Except where otherwise defined herein or where the context otherwise specifies or requires, words and phrases defined in the Alberta Treasury Branches Act (the "Act"), Chapter A-37 RSA 2000, together with amendments and regulations passed pursuant to it, have the same meaning when used in this by-law;
 - (2) Any reference herein to ATB shall be deemed to include Alberta Treasury Branches and each of its subsidiaries;
 - (3) Any reference to an executive position or office within ATB shall be deemed to be a reference to that position or office and to any successor executive position or office, with substantially similar duties and responsibilities.
 - (4) For greater certainty, "Related Party" shall mean any person whose status is determined pursuant to section 13 of the Alberta Regulation 187/97, or any replacement regulation or amendment thereto and "Senior Officer" shall mean those officers determined by the Governance and Conduct Review Committee.

2. "Conflict" means the situation existing when a director or officer has an interest or any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of ATB.

3.
 - (1) Upon the coming into force of this By-law or the appointment of the Director, whichever is later, or subsequently when circumstances give rise to the existence of a new Related Party, each Director shall advise the Corporate Secretary and the Chair of the Governance and Conduct Review Committee, to the best of their knowledge, of the names and addresses of any person who is a Related Party and the Treasury Branch or Head Office department where such Related Party transacts their business, where applicable.

 - (2) Upon the coming into force of this By-law or the appointment of Senior Officer, whichever is later, or subsequently when circumstances give rise to the existence of a new Related Party, each Senior Officer shall advise the Executive Vice President, Credit, to the best of their knowledge, of the names and addresses of any person who is a Related Party and the Treasury Branch or Head Office department where such Related Party transacts their business, where applicable.

 - (3) Every Director or Senior Officer is required to advise pertinent parties residing in their home that they are also a Related Party as defined in the Regulations and to provide them with a copy of this By-Law. The Related Parties are obligated to advise the Branch Manager where such Related Party transacts their business, that they are in fact a Related Party and subject to the restrictions imposed under this By-Law No. 2.

Standards of Conduct

4. The judgement of a Director or Senior Officer must be free from compromising

influences. Accordingly, each Director and Senior Officer must:

- (a) recognize Conflicts;
- (b) take reasonable steps to avoid Conflicts;
- (c) notify the Chair of the Governance and Conduct Review Committee promptly if a Conflict arises in relation to that Director or Senior Officer;
- (d) remove himself or herself from the decision-making process of ATB relating to any matter in which that Director or Senior Officer has a Conflict.

Duties

5. Without restricting the generality of the rules in section 4:

- (a) each Director and Senior Officer shall respect as confidential and maintain confidentiality regarding the affairs of ATB and its customers and others with whom ATB deals, and a Director or Senior Officer shall not disclose any such confidential information without lawful excuse;
- (b) a Director or Senior Officer shall not use confidential information of any kind acquired through his or her position as a Director or Senior Officer, for personal gain or for the benefit of a Related Party of that Director or Senior Officer or for any other purpose other than as necessary in the performance of his or her duties as a Director or Senior Officer or as may be required by law;
- (c) a Director shall not participate in a discussion at a meeting of Directors regarding, or vote on, any matter in which that Director has a Conflict;
- (d) a Director or Senior Officer shall not make any decision on behalf of ATB, or seek to influence the decision of any Director or Senior Officer or employee of ATB regarding, any matter in which that Director or Officer has a Conflict;
- (e) an affiliated Director (being any Director who is not an unaffiliated Director) shall, promptly following the later of the date this By-law comes into force and the date of his appointment, advise the Chair of the Board in writing as to the nature of the dealings which give rise to his being an affiliated Director; the Chair shall maintain a record of such advice and may, in his discretion, advise the other Directors of such dealings at any time;
- (f) if a borrower that is a Related Party defaults on any of the terms and/or conditions of a loan, (i) the Related Party and (ii) the Executive Vice-President, Credit will promptly notify the Chair of the Governance and Conduct Review Committee and the Chair of the Credit Policy & Risk Management Committee in writing of the default and provide such further details as either Chair may request. In such situations, the following shall occur:
 - (i) the action to be taken with respect to the loan shall be determined by the Credit Policy & Risk Management Committee;
 - (ii) the action, if any, to be taken with respect to the status within ATB of the Related Party shall be determined by the Governance and Conduct Review Committee.
 - (iii) the Credit Policy & Risk Management Committee shall not provide or increase any credit facilities or provide or increase a guarantee or agree to change any material terms of the loan unless the management of ATB has provided a written report as to the matter and the written opinion that it is in the best interest of ATB to proceed in such a manner and a certificate of

compliance with section 21 of the Act has been obtained from the Vice-President, Internal Audit, of ATB.

- (g) where a Related Party wishes to obtain or increase his credit facilities or obtain, increase a guarantee with ATB, or change any material terms of any existing credit facilities with ATB, or enter into a contract to provide goods or services to ATB, the appropriate branch manager or head office manager shall:
 - (i) promptly notify the Related Party they must comply with this By-law and advise the Executive Vice-President, Credit or in the case of the provision of goods and services to the Vice-President, Operations and Administration; and
 - (ii) in any such case, except as provided in this By-law, ATB shall not provide or increase any credit facilities or a guarantee, or agree to change any material terms of the existing credit facilities or a guarantee, or enter into any contract for the provision of goods or services to ATB, until the Chair of the Governance and Conduct Review Committee has received from the management of ATB a written report as to the matter and the written opinion that it is in the interests of Alberta Treasury Branches to proceed in such a manner and, in the case of a Director or any Related Party to a Director, a certificate of compliance with section 21 of the Act has been obtained from the Vice-President, Internal Audit, of ATB.
- (h) A Related Party may request by letter to the Chair of the Board that the Board review the decision by the Governance and Conduct Review Committee and/or the Credit Policy & Risk Management Committee relating to a loan and if the Board elects to review the decision, the Board shall decide by resolution as to the manner in which ATB should proceed with the matter.
- (i) Should the Chair of any Committee have a Conflict in dealing with any particular transaction, his/her duties with respect to that transaction will be undertaken by the Chair of the Board.
- (j) A Related Party may request, by letter to the Chair of the Board, that the Board review a decision by the Governance and Conduct Review Committee and, if the Board elects to review the decision, the Board shall decide by resolution whether ATB should proceed with the matter.
- (k) The Secretary of the Governance and Conduct Review Committee shall advise the Chair of the Board, in writing, as to any matter respecting a Related Party that is referred to the Board and provide such details as the Chair of the Board may require. The Chair shall maintain a record of such matters in conjunction with the record to be kept by the Chair under paragraph 5 (e).
- (l) A Director or Senior Officer shall not accept a gift, favour, service or other benefit of any kind as consideration for co-operation, assistance, exercise of influence or an act or omission in connection with the transaction of any business with, or any claim against, or any benefit that may be bestowed by ATB, whether or not in fact the Director or Senior Officer is able to cooperate, render assistance, exercise influence or do or omit to do what is proposed, as the case may be; this prohibition is not intended to prevent the normal exchange of gifts between friends, the normal exchange of hospitality between persons doing business

together, tokens exchanged as part of protocol or the normal presentation of gifts to persons participating in functions.

Further Standards of Conduct

6. Without limiting the generality of the foregoing, and by way of example and not as an exhaustive list, each of the following constitutes a breach of this By-law;
 - (a) participation by a Director in any discussion or vote related to the making or renegotiation of the terms of a loan or guarantee by ATB to that director or a spouse or relative of that director, or an entity in which the director has a significant interest or is a director, officer or trustee;
 - (b) the making of an investment (in shares, real property or otherwise) by a Director or Senior Officer which is influenced or prompted by the receipt of confidential information acquired in his capacity as a Director or Senior Officer;
 - (c) the contacting by a Director or Senior Officer of ATB personnel to procure employment with ATB of a Related Party of the Director or Senior Officer without notice being given to the Chair of the Governance and Conduct Review Committee;
 - (d) the contacting by a Director or Senior Officer of ATB personnel for, or the direct accessing of, customer information (through computer search or otherwise) for purposes other than those related to the performance of the Director's or Senior Officer's duties and responsibilities to ATB;
 - (e) a Director or Senior Officer seeking or obtaining lower prices for goods or services than would be available if the supplier were not aware of his position as a Director or Senior Officer;
 - (f) the suggestion by a Director or Senior Officer to an ATB customer, supplier or employee that such customer, supplier or employee should acquire goods or services from such Director or Senior Officer or a spouse or relative of that director, or an entity in which the director has a significant interest or is a director, officer or trustee, on terms other than a fair market rate;
 - (g) a Director or Senior Officer attempting to influence the decision of the management of ATB to provide financial assistance to or enter into a contract with a person because that person (or the principal shareholder in the case of a corporation) is a member of a political party.

Transactions with a Subsidiary or Affiliate

7. Any loan or equity transactions between ATB and a subsidiary or affiliates require the approval of the Board and may be approved for one transaction or a class of transactions.

Vetting Transaction

8. A Director or Senior Officer may request an opinion from the Governance and Conduct Review Committee as to whether a proposed course of action will, or is likely to, constitute or result in a Conflict for that Director or Senior Officer.

Alleged Misconduct

9. (1) In any case where it is alleged that a Director or Senior Officer has

breached this by-law, the Board may, after due inquiry, decide by resolution or by majority vote of the members of the Committee that a Director or Senior Officer has breached this by-law and, in the case of a Director, request the Lieutenant Governor in Council to terminate his appointment.

- (2) In addition to such actions under subsection (1), the Board may, by resolution, do any one of the following:
 - (i) in the case of a Senior Officer other than the Chief Executive Officer, terminate that Senior Officer's appointment, and in the case of the Chair or Chief Executive Officer, request that the Lieutenant Governor in Council terminate his appointment;
 - (ii) require that the Director or Senior Officer account and pay to ATB for any profit or gain in any manner made by that Director or Senior Officer or by any person who is a Related Party of that Director or Senior Officer as a result of any transaction with ATB or any contract entered into by ATB with that Director, Senior Officer or that Related Party;
 - (iii) require that the Director or Senior Officer pay to and indemnify and save harmless ATB in respect of each and every loss, damage, cost and expense sustained, paid or incurred by ATB arising as a result of the transaction or the entering into of a contract with such Director or Senior Officer or a Related Party of that Director or Senior Officer.
- (3) the provisions of this By-law are not intended to limit the authority of the Board to pursue any other civil or other action or proceeding against a Director, Senior Officer, Related Party, or any other party.

Powers of the Board to Deter Self-Dealing

10. In any case where an inquiry has been concluded pursuant to section 9 but there has been no determination that a Director or Senior Officer has breached this By-law, the Board may decide that the conduct of a director or Senior Officer is inconsistent with the spirit of this Regulation and in that event the Board may by resolution:
 - (a) in the case of a Director or the Chief Executive Officer request that the Lieutenant Governor in Council terminate his or her appointment;
 - (b) in the case of a Senior Officer other than the Chief Executive Officer terminate that Senior Officer's appointment.

Board Resolutions

11. By resolution, the Board may supplement this by-law from time to time by:
 - (a) establishing guidelines for the conduct of Directors and Senior Officers, consistent with this By-law and the Act;
 - (b) establishing material amounts or thresholds for the purposes of application of all or any part of the provisions of this By-law; and
 - (c) providing rulings as to the interpretation or application of all or any part of this By-law.

Exceptions

12. Pursuant to subsection 11(b) of this By-law, ATB may provide or increase a credit facility to or provide or increase a guarantee on behalf of a Related Party of a Director or

Officer without the prior approval of the Chair of the Governance and Conduct Review Committee if:

- (a) the increase in credit facility or guarantee is in an amount not exceeding \$25,000;
- (b) the Executive Vice President, Credit is of the opinion that, having regard to ATB's businesses, reputation, prudent person standards, and liquidity, it is in the best interests of ATB to proceed with the matter;
- (c) in the case of a Director or a Related Party of a Director, a certificate of compliance with section 21 of the Act has been obtained from the Vice President, Internal Audit of ATB; and
- (d) the Executive Vice President, Credit reports upon the credit facilities or guarantees provided under this Exception to the Chair of the Governance and Conduct Review Committee within 90 days from the granting of the credit facility or guarantee, failing which, the authority of the Executive Vice President, Credit to approve further credit facilities or guarantees under this Exception may be revoked.