



Business Ethics, Bank Bribery Act, and Conflicts of Interest

The following is a summary of the credit union's policy with respect to:

1. Ethical standards;
2. Gifts, favors, consideration and payments given or received by Pima Federal Credit Union employees and volunteers;
3. Potential conflicts of interest; and
4. Certain other matters.

Business Ethics Policy

The successful business operation and reputation of Pima Federal Credit Union is built upon the principles of fair dealing and ethical conduct of our employees and volunteers. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

The intent of this policy is to hold each employee/volunteer accountable for performing their duties and responsibilities on behalf of the credit union with integrity and in a manner that excludes considerations of personal advantage or gain. All Pima Federal employees and volunteers are responsible for maintaining the highest ethical standards in complying with all applicable laws, regulations, and credit union policies and procedures. Each employee and volunteer will be required to provide written acknowledgment of receipt of this policy.

Ethical Standards

The following ethical standards define for employees and volunteers the credit union's expectations of ethical behavior.

1. Employees and volunteers shall put forth honest effort in the performance of their duties.
2. Employees and volunteers shall not make unauthorized commitments or promises of any kind seeming to bind the credit union, unless otherwise authorized.
3. Employees and volunteers shall not use the credit union for personal gain.
4. Employees and volunteers shall protect and conserve credit union property and shall not use it other than for authorized activities.
5. Employees shall not engage in additional outside employment or activities, including seeking or negotiating for employment, which conflict with credit union employment duties and responsibilities.
6. Employees and volunteers shall disclose fraud, abuse and corruption to management.
7. Employees and volunteers shall satisfy in good faith their obligations to the credit union and its membership as imposed by law, regulation, and/or credit union policy or procedure.

8. Employees and volunteers shall adhere to all laws and regulations that provide equal opportunity for all employees and members regardless of race, color, creed, gender, sex, religion, marital status, age, national origin or ancestry, physical or mental disability, pregnancy, medical condition, genetic information, veteran status or any other consideration made unlawful by federal, state, or local laws.

Compliance with Bank Bribery Act

The purpose of this directive is to set forth Pima Federal Credit Union's commitment to comply with the Bank Bribery Act, which prohibits improper benefit from those seeking loans or other financial services from this credit union or from someone in a position to provide services to this Credit Union.

Gifts, Favors, and Payments Received by Employees and Volunteers

Credit union employees and volunteers shall not seek or accept for themselves or others any gifts, favors, and/or payments without a legitimate business purpose from any persons or business organizations that do or seek to do business with the Credit Union.

Credit union employees and volunteers may accept for themselves, and/or their department, common courtesies normally associated with generally accepted business practices. Adherence to applicable laws, regulations, and credit union policies and procedures is expected with respect to accepting gifts, favors or considerations of any kind.

Prohibited Activities

All employees and volunteers of Pima Federal are generally prohibited from:

- ▶ Soliciting anything of value from anyone in return for business, service, or confidential information from the Credit Union;
- ▶ Accepting anything of value, including cash/negotiable instruments, other than salary or wages in connection with the business of the credit union, either before or after the transaction is discussed or completed;
- ▶ Allowing for conflicts of interest or otherwise using one's position with Pima Federal for personal advantage.

Exceptions

Pima Federal Credit Union recognizes that the following are appropriate exceptions to the general prohibition of accepting items of value:

- ▶ Gifts, gratuities, amenities or favors if they are based entirely on obvious family or personal relationships and when the circumstances make it clear that the motivating factor is the personal relationship rather than the business one;
- ▶ Meals, refreshments travel arrangements, accommodations, or entertainment if furnished in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions, provided the expense would be paid for by Pima Federal as a reasonable business expense, if not paid for by another party;
- ▶ Advertising or promotional materials of a reasonable value;
- ▶ Discounts, premiums, or rebates on merchandise, services or other benefits that do not exceed those available to other members;
- ▶ Gifts of reasonable value that are related to commonly recognized events or occasions, such as job promotions, retirement, or religious celebrations, with the value not to exceed \$100 per gift;
- ▶ Civic, charitable, educational or religious organizational awards for recognition of service or accomplishment, with the value not to exceed \$100 per award.

Employees are expressly prohibited from accepting cash and/or other negotiable instruments from those seeking loans or other financial services from this credit union or from someone in a position to provide services to this Credit Union, regardless of dollar amount or reason.

Pima Federal Credit Union may, on a case-by-case basis, approve other circumstances under which acceptance of gifts of value are permissible. Approval may only be made by the President/CEO or a majority of the Board of Directors and shall be made in writing based on a full written disclosure of all relevant facts.

Disclosure Requirements

If an officer, director, committee member, volunteer or employee is offered or receives anything of value beyond what is authorized in this section, that person must disclose the following information in writing to the President/CEO or Chair of the Board of Directors: the gift offered or accepted, the name of the donor and company affiliation, the value of the gift, and circumstances surrounding the receipt of the gift.

Record Retention

Pima Federal Credit Union will retain the written reports of the required disclosures received from any employees or volunteers in Human Resources for a period of seven years from the date of the report.

Gifts, Favors and Payments Given by Employees

Gifts, favors, and payments may be given to others at the Credit Union's expense, if they meet the following criteria:

1. They are consistent with accepted Credit Union business practices;
2. They are of limited value and in a form that will not be construed as a bribe or payoff;
3. They are not in violation of applicable laws, regulations, and credit union policy;
4. Public disclosure of the facts will not place the Credit Union's reputation at risk;
5. They are within the employees approved signing authority.

Conflicts of Interest

Credit union employees and volunteers must avoid any situation where an employee or other credit union representative has a substantial personal interest in a transaction that might have the appearance of influencing the judgment he/she exercises on behalf of the Credit Union. The personal interest may arise through the expectation of future personal gain or through the existence of a personal obligation previously created.

All Credit Union business transactions will be conducted on an impartial and objective basis free from influence, either direct or indirect, on the part of employees and volunteers who may have interests in or influence with persons or firms dealing with the Credit Union. Accordingly, all employees must avoid situations where personal interests could conflict or create even the appearance of conflicting with the interests of the Credit Union.

Employees are expressly prohibited from performing transactions on their own accounts, or the accounts of relatives. Relatives are defined to include persons related by blood or marriage, domestic partners, significant others, or persons sharing a household.

No employee or volunteer having the responsibility for the approval or issuance of orders, contracts or commitments for material, services or loans to be furnished to the Credit Union, shall hold a significant interest in or be indebted to the corporation, partnership or other business entity supplying the goods, or services to the Credit Union. Additionally no employee or volunteer having responsibility for the approval or issuance of orders, contracts or commitments for materials or services shall enter into a purchase order, contract or commitment on behalf of the Credit Union with any corporation, partnership or other business entity owned or operated by a relative of the employee without disclosure to and prior approval thereof by the President/CEO.

No information regarding the Credit Union obtained as a result of employment, which is not generally available to the public, may be used for personal profit or serve as the basis for a gratuitous "insider tip," whether or not there would be any direct injury to the Credit Union.

Prohibited Activities

Circumstances which could involve conflicts of interest and which are prohibited by this policy and/or federal or state law include, but are not limited to the following:

- ▶ Substantial personal or family financial interests in another financial institution, or vendors;
- ▶ Employment by another financial institution, member or vendor in any capacity;
- ▶ Placement of business in, or favorable treatment of a company owned or controlled by an employee or a family member;
- ▶ Acting as a director, officer, partner, agent, representative, or consultant to another financial institution;
- ▶ Soliciting or accepting gratuities not authorized by the Credit Union.

Reasonable exceptions to the above for any non-management employee may be granted by the President/CEO. All other exceptions (including those for the President/CEO, Management, and Board/Committee members) may be reasonably granted by the Board of Directors.

Employment of Related Persons

In order to prevent an actual or perceived Conflict of Interest, and to avoid potential problems with favoritism and/or employee morale, Pima Federal Credit Union limits the hiring and employment of related persons in accordance with the following:

“Related persons” are defined as persons related by blood or marriage, domestic partners, significant others, or persons sharing a household. Additionally, “related” person can include persons with close familial or personal/romantic relationships. This policy applies to all employees, including temporary employees and unpaid/paid interns.

No employee may be related to any Volunteer of Pima Federal Credit Union, including the Board of Directors, Supervisory Committee, Loan Review Committee, or any other volunteer body.

No employee may be related to any member of the Executive Team, including the President/CEO, or any member of the Human Resources or Compliance Departments.

Related persons may not work in any direct or indirect supervisory relationship. Additionally, related employees may not work in the same Department.

Related persons may not both serve on the Management Team at the same time.

Applicants and employees are required to inform Human Resources (1) of existing familial relationships, (2) if any people who qualify as “related persons” are, become, or may become employed by the Credit Union, and (3) if a change in a personal/romantic relationship or a change in location, position, or duties may result in a violation of this policy.

When a situation arises whereby (1) a credit union employee must directly or indirectly supervise the job performance or work activities of a related person, (2) related persons must work in the same Department, or (3) related persons are both members of the management team, that situation must be remedied by a departmental transfer or job reassignment of one or both of the employees. The appropriate Executive Team member, in conjunction with the CEO and Human Resources, shall advise the employees of the available alternatives, if any. The affected employees shall have 60 days to decide between the alternatives presented. If the employees are unable to agree upon any such alternative within 60 days, then appropriate action will be taken to remedy the situation. Such action may include an involuntary transfer or termination of employment.

Employees who fail to disclose relationships outlined in, and in accordance with, this policy may be subject to disciplinary action, up to and including termination of employment.

Any exception to this policy must be approved by the President/CEO and Chief Administrative Officer, and written justification for the exception must be submitted to Human Resources prior to any employment decision.

Confidential Information

Employees and volunteers are expected to protect the privacy of Pima Federal Credit Union, its members, its employees and volunteers, and are prohibited from disclosing personal employee and non-employee information and any other proprietary and nonpublic information to which employees and volunteers may have access unless previously authorized by the President/CEO. This may include but is not limited to member data, trademarks, upcoming product releases, sales, financial data, company strategy, and any other information that has not been publicly released. The misuse, unauthorized access to, or mishandling of confidential information, particularly member and personnel information, is strictly prohibited. Employees and volunteers are expressly prohibited from disclosing confidential information through any medium, including the internet and social media.

Annual Review

Management shall review this policy at least annually and make any recommendation to the Board at time of review. Employees and volunteers will be responsible for signing acknowledgment of these policies on an annual basis.

Compliance

Any violation of the Business Ethics, Code of Conduct and/or Bank Bribery Act policy will subject the employee to disciplinary action up to and including termination. Any employee having knowledge of any violation of the policy shall promptly report such violation to their immediate manager. Volunteers with knowledge of violation of this policy shall promptly report such violation to the Board Chair or Supervisory Committee Chair.

Acknowledgment and Agreement

I acknowledge that I have read the Business Ethics, Bank Bribery Act, and Conflicts of Interest policies for Pima Federal Credit Union and agree to comply in all respects with the terms and provisions thereof. I also acknowledge that these policies may be modified or supplemented from time to time, and I agree to comply with these modifications and supplements as well. I, where applicable, also acknowledge that compliance with these policies shall be a condition of employment and of continued employment with the Credit Union, and conduct not in accordance with policy shall constitute grounds for disciplinary action, including termination of employment.

Employee/Volunteer Name

Employee/Volunteer Signature

Date