

SC Telco Federal Credit Union's (SC Telco or the credit union) commitment to high ethical standards is an essential element underlying our reputation of providing better value to our members, fellow employees, and the community. It is fundamental that members using the services of SC Telco do so with complete confidence in the integrity of those with whom they deal. Although the Code of Conduct (the Code) does not cover every ethical issue that may arise, it addresses some of the most common ethical issues to guide employees, Board of Directors, Supervisory Committee and Advisory Council members of SC Telco. All employees, Board of Directors, Supervisory Committee and Advisory Council members must read, understand and adhere to the Code, and conduct themselves accordingly, avoiding even the appearance of any impropriety.

In the event a law conflicts with the Code, the law takes precedence. However, if a credit union policy conflicts with the Code, the Code takes precedence. The credit union may have more detailed policies covering certain topics in the Code (for example, the credit union's Internet Access Policy). All employees, Board of Directors, Supervisory Committee and Advisory Council members are expected to comply both with the Code and any more detailed policies, operating rules and procedures set forth in the applicable policies or department or branch manuals. If questions should arise about compliance with the policy or conflicts between policies, guidance should be sought from management.

Violations of standards set by the Code will be subject to disciplinary action up to and including dismissal of employees or removal from the Board of Directors, Supervisory Committee or Advisory Council. *If you are in a situation which you believe may lead to a violation of the Code, please follow the guidelines described in the section entitled "Prompt Confidential Reporting of Code Violations."*

### OUR CORE VALUES AND BASIC ETHICAL PRINCIPLES

#### Core Values:

- We have the Spirit of a Warrior  
Integrity | Honor | Respect | Pride | Unwavering Resolve
- We have the Heart of a Servant  
Compassion | Humility | Empathy | Selflessness | Sacrifice
- We have the Mind of a Champion  
Passionate | Coachable | Dedicated | Accountable | Empowered

## Basic Ethical Principles:

The Core Values describe who we are and what we are about; they are supported and maintained by our actions. The decisions made daily based on these ethical principles shape the reputation of the Credit Union. Listed below are some of the basic ethical principles that employees, Board of Directors, Supervisory Committee and Advisory Council members must follow to meet the commitment of the Core Values to the membership of SC Telco.

- **Honesty** - This business is based on mutual trust and absolute honesty in all dealings, whether internally or externally. These principles must be demonstrable at all times in both personal and corporate behaviors.
- **Integrity** - This business creates opportunities that are realized only through integrity and underlying personal and professional business practices. Therefore, corporate assets, including the credit union's name, are used with the care befitting a valuable resource.
- **Respect** - We treat one another with respect and dignity and value the diversity of our workforce, our members and our communities.
- **Responsibility** - We accept accountability for ethical decisions and actions, and we ask for clarification when necessary, reporting concerns or observed violations.
- **Good Citizenship** - We comply with both the intent and spirit of laws that govern our business and we thereby contribute to the strength and well-being of our constituent communities.

## COMPLIANCE WITH LAWS AND REGULATIONS

Employees should become familiar with all laws and regulations applicable to SC Telco; as such laws and regulations are related to daily work requirements and professional responsibilities. Each of these and other laws and regulations are addressed by the various policies and procedures which are available to employees affected by these topics. Therefore, all employees, Board of Directors, Supervisory Committee and Advisory Council members of the credit union shall carry out their responsibilities in accordance with applicable laws, regulations and policy statements. This shall include all applicable federal and state criminal laws governing fraud, bribery, embezzlement, conversion and conflicts of interest. Additionally, business affairs shall be conducted consistently, with applicable safety and soundness standards and requirements of the Code. Everyone is expected to have sufficient knowledge of applicable laws and regulations relating to their duties in order to know when to seek guidance from higher authority.

- **Accurate Record Keeping and Accounting** - SC Telco requires honest and accurate recording and reporting of financial and other information both to make responsible

business decisions, and to provide an accurate accounting of the credit union's performance to shareholders, regulators, depositors and employees. SC Telco FCU requires full, fair, accurate, timely and understandable disclosure in all reports and documents filed with, or submitted to NCUA and in other material public communications. It is a violation of law and credit union policy for any employee, Board of Directors, Supervisory Committee or Advisory Council member to attempt to improperly influence or mislead accountants preparing our audit. SC Telco requires that its financial and other reporting fairly present the financial condition, results of operations and cash flow of the company and that it complies in all material respects with applicable law, governmental rules and regulations, including generally accepted accounting principles and applicable rules.

- Document Retention and Destruction - Employees, Board of Directors, Supervisory Committee and Advisory Council members must fully comply with the Credit Union's document retention and destruction policy. Any Credit Union employee, Board of Directors, Supervisory Committee or Advisory Council member who fails to comply with this policy, as well as industry regulations and state and federal laws, is subject to termination or removal and may also face criminal or civil prosecution, with possible fines and prison terms.
- Privacy and Confidentiality of Credit Union Information - Employees, Board of Directors, Supervisory Committee and Advisory Council members who have access to confidential information, are not permitted to use or share that information for any purpose except to conduct business. Non-public information about the Credit Union is confidential and should be safeguarded appropriately. Employees, Board of Directors, Supervisory Committee and Advisory Council members are to protect the confidentiality and security of member information and adhere to the Credit Union Privacy Policy for member information. It is the responsibility of all employees, Board of Directors, Supervisory Committee and Advisory Council members to report any breach of confidentiality that could harm the relationship of trust between the Credit Union and the members. The obligation to maintain the confidentiality of information may be subject to legal or regulatory requirements. Questions regarding what constitutes confidential information or if disclosure is appropriate should be addressed with management.

## COMPETITION AND FAIR DEALING

SC Telco competes based on achieving advantage in the marketplace through superior service, competitive interest rates, and industry leading business practices. Accordingly, it is against SC Telco's policy to attempt to win or take an unfair advantage of business relationships based on unethical or illegal activities.

No employee, Board of Directors, Supervisory Committee or Advisory Council member should attempt to obtain unfair advantage through manipulation, concealment, abuse of

privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

- **Anti-Competitive Activities:**  
Federal law prohibits any combination, conspiracy or agreement among competitors to restrict or prevent competition. Violations can occur through both formal and informal agreements between the credit union and a competitor to fix prices, allocate markets or customers, or refuse to deal with particular suppliers or customers.

All employees, Board of Directors, Supervisory Committee and Advisory Council members of the credit union should avoid discussions or exchanges of information relating to competitive matters that would be detrimental to the credit union.

Employees, Board of Directors, Supervisory Committee and Advisory Council members of the credit union who may select suppliers or make other purchasing decisions for the company are required to be objective and fair with suppliers and employ professional business practices when selecting sources, in negotiation, in awarding business, and in the administration of purchasing activities. The decisions should be made on the basis of merit by comparing and evaluating price, quality and performance.

## PROTECTION AND PROPER USE OF COMPANY ASSETS

SC Telco's employees, Board of Directors, Supervisory Committee and Advisory Council members are bound by the Code to protect the credit union's assets, ensuring they are used only for legitimate business purposes. Such assets include, but are not limited to, capital, facilities, equipment, proprietary information, technology, business plans, ideas for new products and services, trade secrets, inventions, copyrightable materials and client lists.

- **Credit Union Funds and Property** - Employees are responsible for safeguarding credit union assets. Cash, checks, and company credit cards should never be used for personal benefit. Employees should accurately and honestly prepare vouchers and time sheets.

Employees entrusted with the use of the credit union's physical assets such as computer equipment, corporate charge cards, telephones and office supplies must protect them from loss, damage, misuse or theft. These assets should be used only to conduct Credit Union business and for purposes authorized by management.

- **Information Technology** - SC Telco's information systems, such as Internet access, email and software programs are vital to conducting business and accordingly are to be used only for business purposes. The SC Telco Internet Access Policy sets the standards relating to the appropriate use of the Internet.

All data stored in the computer system, such as data files or word processing documents, is to be treated as proprietary information. Employees must follow Computer Hardware/ Software Policy (#409) which sets the standards relating to the use and protection of computer and information assets.

## CONFLICTS OF INTEREST

Employees, Board of Directors, Supervisory Committee and Advisory Council members are expected to make business decisions on behalf of SC Telco FCU free from conflicting outside interests. It is a violation of the Code and credit union policies to foster personal or business interests (or those of others with whom such persons have a personal or business relationship) at the expense of the Credit Union.

Although it is impossible to cover every potential conflict of interest situation, a potential conflict exists whenever an employee, Board of Directors, Supervisory Committee or Advisory Council member of the credit union has an outside interest, direct or indirect, which conflicts with their duty to the credit union or adversely affects their judgment in the discharge of their responsibilities to the credit union.

The appearance of a conflict of interest may be just as damaging to the credit union's reputation as a real conflict of interest and may be difficult to discern. Employees, Board of Directors, Supervisory Committee and Advisory Council members should avoid conflicts of interest and strive to avoid the appearance of such conflicts.

- Giving and Receiving Gifts - Employees, Board of Directors, Supervisory Committee and Advisory Council members should not accept any gift, whatever the value, which might appear to compromise independent business judgment. Employees, Board of Directors, Supervisory Committee and Advisory Council members should not solicit a member or prospective members in a manner that might appear to be an attempt to influence them. Gifts include cash, material goods, services, promotional premiums, discounts, and loans. When the value of the gift is appropriate to an occasion (e.g., holidays), gifts may be accepted by or provided to members and prospective members, provided they are within the limits set by SC Telco's Bank Bribery Policy. Gifts or gratuities to government officials are inappropriate and are strictly prohibited.
- Business Entertaining - Normal business development practices to take clients or prospects and other associates to meals, or cultural and sporting events, are not prohibited by the Code. When entertaining or being entertained, the activity should have a valid business purpose, should never influence or give the appearance of influencing the judgment of the person being entertained. Any entertainment should reflect the Core Values. Invitations that may seem inappropriate should be discussed with management.

- Relationships with Outside Interests - SC Telco's employees, Board of Directors, and Supervisory Committee and Advisory Council members are required to disclose any financial interest in entities in which the credit union is involved. From time to time, it may become necessary to withdraw from debate or influence with any decision where such conflict exists. Such relationships should always be disclosed to a decision making body.

#### PROMPT CONFIDENTIAL REPORTING OF CODE VIOLATIONS

Any employee, Board of Director, Supervisory Committee or Advisory Council member of SC Telco who becomes aware of a violation or alleged violation of any provision of the Code shall promptly submit a report. This will include but is not limited to concerns regarding internal accounting controls and questionable accounting or auditing matters (any such violation or alleged violation of the Code is referred to as "Code violation").

To encourage employees to fulfill their obligations to the credit union, the Supervisory Committee has established procedures under which any employee, Board of Directors, Supervisory Committee or Advisory Council member, suspecting that a Code violation has been or is being committed, may report the facts in a manner that will safeguard the person's identity to the fullest extent possible and protect the reporting person against retributions. SC Telco does not tolerate retaliation in any form against employees who, in good faith, report suspected legal or ethical misconduct or policy violations.

The procedure for making such a report is as follows:

1. Any person who becomes aware of a past or present Code violation is required to promptly report the facts and circumstances to his or her immediate supervisor, the Human Resources Department or to the Executive Team. If the immediate supervisor is involved in the activity, the conduct should be reported immediately to the Human Resources Department or to the Executive Team. The Human Resources Department will notify the appropriate manager with the related issues. In addition, the Human Resources Department shall notify the Vice President/Chief Financial Officer (CFO) with accounting/financial related issues. The Vice President/CFO shall promptly make reports of any Code-related matters to the President/CEO, and to the Chairman of the Supervisory Committee.

Board of Directors, and Supervisory Committee members should report any Code violations to their respective Chairman. Advisory Council members should report any Code violations to the Chairman of the Board of Directors. If their Chairman is involved in the activity, the conduct should be reported to the Chairman of the other committee or board.

Regardless to whom the concern is reported, it will be taken seriously and addressed in a thorough and professional manner. When potential misconduct is reported, SC Telco will investigate and take appropriate action.

2. Further, and in a situation where anonymity (“whistle blowing”) may be necessary, the credit union has established a program to report concerns, suspicions or claims of violations, and violations of law. The program is maintained by an independent third party who will act on the complaint or violation by directing it to the Supervisory Committee. The Supervisory Committee has established detailed procedures for the receipt, retention and treatment of complaints received.

Information on the third party program will be posted in employee work areas.

3. The independent third party will promptly notify the Supervisory Committee when an incident is reported. If the reporting employee chooses to remain anonymous, reports submitted will not identify the reporting person(s). A case number will be established for future correspondence.
4. An investigation into the reported Code violation will be conducted promptly. Facts and circumstances will be reported so as to protect, to the greatest extent possible, the anonymity of the reporting person.
5. Impermissible, illegal or criminal conduct will be reported to NCUA and any law enforcement agencies with jurisdiction consistent with confidentiality and the protection of applicable privacy privileges. The credit union shall fully cooperate with such authorities to bring parties responsible for impermissible, illegal or criminal conduct to justice.
6. In the event of legal proceedings, the reporting person(s) may be deposed, interviewed, and asked to testify, just as any other person having knowledge of the relevant facts and circumstances would be. The Credit Union shall seek to protect the identity of the reporting person to the greatest extent possible.

#### Sanctions for Code Violations:

Failure to comply with the policies in the Code will result in disciplinary action, ranging from a reprimand to dismissal or removal and possible civil and criminal prosecution. In addition, Code violations may expose the offending employee, Board of Directors, Supervisory Committee or Advisory Council member, and SC Telco FCU to monetary damages, regulatory penalties and criminal sanctions. The credit union will ensure that all disciplinary actions taken to enforce the Code are applied consistently and in accordance with all applicable laws and regulations.

The Code of Conduct for Employees, Board of Directors and Supervisory Committee members was approved by the Supervisory Committee and adopted by the Board of Directors on November 15, 2005.