

**CANADIAN BEEF CATTLE RESEARCH,
MARKET DEVELOPMENT AND
PROMOTION AGENCY**

CODE OF CONDUCT AND CONFLICT OF INTEREST POLICY

I. Preamble

The Code of Conduct and Conflict of Interest Policy (Policy) for the Canadian Beef Cattle Research, Market Development and Promotion Agency (the “Agency”) applies to all Directors. The Policy reflects a commitment to the Agency’s values and provides a framework to guide ethical conduct in a way that upholds the integrity and reputation of the Agency. Directors are required to behave in a way that aligns with this Policy. They understand that this Policy does not cover every specific scenario. Therefore, they use the spirit and intent behind this Policy to guide their conduct, and exercise care and diligence in the course of their work with the Agency.

II. Core Values

The Agency values the following:

- a. being a respected and valued service provider to the Canadian beef and veal industry;
- b. acting in a manner that demonstrates accountability, respect, integrity, impartiality and excellence in their business practices and relationships;
- c. diligence, ethics and acting responsibly in all Agency matters; and
- d. making strategic, operational and management decisions based on sound and prudent business principles and within the context of applicable legislation.

III. Guiding Principles

These principles guide the behavior and decisions of Directors:

- a. The actions and decisions of Directors are made to promote the research, market development and promotion interests of the Canadian beef and veal industry and to advance the mandate and long-term interests of the Agency.
- b. Directors are responsible stewards of the national check-off and matching funding received by the Agency.
- c. To serve the interests of Canadian beef and veal producers, Directors have a responsibility to uphold the Agency’s mandate.
- d. Directors have a responsibility to act in good faith and to place the interests of the Agency above their own private interests.
- e. Directors behave in a way that demonstrates that their behavior and actions are fair and reasonable in the circumstances.

- f. Directors ask questions about the Policy and how to align with the Policy's principles, by consulting the Chair of the Governance Committee and/or the Board Chair.
- g. Directors enjoy the same rights in their private dealings as any other livestock producer processor, trader, retailer, export or importer unless it is demonstrated that a restriction is necessary in the best interest of the Agency or the beef and veal industry.
- h. When a Director, as an individual, is subject to more than one code of conduct, the Director must consider the expectations in all. Directors understand that this Policy is not intended to conflict with other similar policies, and will discuss any potential conflicts with the Chair of the Governance Committee and/or the Board Chair.
- i. This Policy applies to all Directors unless a specific exemption is granted by the Board of Directors.
- j. Directors understand how conflict of interest guidelines affect their actions and know what actions they must take when they become aware of an actual or potential conflict of interest.
- k. Directors know that when they become aware of a real or apparent conflict of interest, they must at the first opportunity disclose this conflict to the Chair of the Governance Committee and/or the Board Chair.
- l. Directors understand that disclosure itself does not remove a conflict of interest.
- m. Directors encourage their colleagues to act fairly and ethically and know that they are able to raise concerns about a suspected breach by another to the Chair of the Governance Committee and/or the Board Chair without fear of reprisal.
- n. Directors know that breaches of this Policy may result in disciplinary action, up to and including removal of the Director from office.
- o. Directors know that if they have any questions about the Policy, or are not sure how to apply these principles, they should consult with the Chair of the Governance Committee and/or the Board Chair.
- p. Each Director confirms on an annual basis their understanding of, and commitment to, the Policy's expectations.
- q. Each Director shall act in manner to avoid any conflict of interest.
- s. Each Director shall comply with the policies and guidelines in the Governance Manual.

IV. Avoidance of Conflict of Interest

- a. Definition

A "conflict of interest" exists whenever an individual's private interests interfere or conflict in any way (or even appear to interfere or conflict) with the interests of the Agency, or otherwise may be harmful or detrimental to the best interests of the Agency. A conflict situation can arise when a Director takes actions or has interests and/or relationships

that may make it difficult to perform their work for or on behalf of the Agency objectively, independently and effectively. Conflicts of interest may also arise when a Director, or a member of their family, receives improper personal benefits as a result of their position in the Agency, whether received from the Agency or a third party. Family members include a spouse, child, stepchild, parent, sibling, niece, nephew, aunt, uncle, cousin, grandparent, grandchild, in-law, or any person (other than a domestic employee) residing in the same household as the Agency's Director. Each situation shall be judged independently.

- b. Directors shall avoid engaging in any activity where there is a clear conflict of interest with the activities and/or interests of the Agency.
- c. Each Director shall declare any potential conflict of interest for review by the Board Chair / Chair of the Governance Committee, or at any Board meeting when a matter under discussion suggests a potential for a conflict of interest. Further discussion will be governed by the decision about whether a conflict exists.
- d. Directors shall not vote on an issue presented to the Board for discussion, where a conflict has been declared or attempt to influence the discussion without approval of the Chair.

V. Behavioral Standards

Behavioral standards help Directors make appropriate decisions when the issues they face involve ethical considerations. Behavioral standards cannot cover all scenarios but provide guidance in support of day-to-day decisions. All Directors must adhere to the following standards:

- a. Directors must comply with the *Farm Products Agencies Act*, the Proclamation, the Agency's by-laws, policies and procedures.
- b. Directors must not engage in any criminal activity and comply with all relevant laws and regulations.
- c. Directors must not use their status or position with the Agency to influence or gain a benefit or advantage for themselves, their families, their business associates or others with whom they have a significant personal or business relationship.
- d. Director conduct contributes to a safe and healthy organization that is free from discrimination, harassment or violence.
- e. Directors must not use drugs or alcohol in a way that affects their performance and safety or the performance and safety of their colleagues, or that negatively impacts the reputation or operations of the Agency.
- f. Directors must act in a way that is consistent with the Agency's protocols and procedures.
- g. Directors must take reasonable steps to avoid situations where they may be placed in a real or apparent conflict between their private interests and the interests of the Agency. In other words, actions or decisions that Directors take on behalf of the Agency must not provide them with an opportunity to further the private interests of themselves, their families, their business associates or others with whom they have a significant personal or business relationship.

1. Confidential Information

Directors must respect and protect confidential information, use it only for the work of the Agency and do not use it for personal gain. Directors must comply with protocols that guide the collection, storage, use, transmission and disclosure of information.

2. Gifts and Gratuities

Directors must not accept or receive gifts and gratuities other than the normal exchange of gifts between friends or business colleagues, tokens exchanged as part of protocol or the normal presentation of gifts to people participating in public functions.

3. Outside Activities

Directors must avoid participating in outside activities that conflict with the interests and work of the Agency.

Political Activity: Directors may participate in political activities including Directorship in a political party or supporting a candidate for elected office. If a Director is seeking elected office at a provincial or federal level, they must take a leave of absence from the Agency's Board. If elected, the Director would be required to resign from the Agency's Board. In addition, any political activity must be clearly separated from activities related to the work for the Agency, must not be done while carrying out the work of the Agency and must not make use of the Agency's facilities, equipment or resources in support of these activities.

4. Pre-Separation

Directors considering a new offer of appointment or employment must be aware of and manage any potential conflicts of interest between their current position and their future circumstance, and must remove themselves from any decisions relating to the Agency business and their new appointment or employment.

5. Post-Separation

Once Directors have left the Agency, they must not disclose or use confidential information that they became aware of during their time with the Agency and must not use their contacts with their former colleagues to gain an unfair advantage for their current circumstance.

6. Property

Directors may have limited use of the Agency's premises and equipment during normal business hours for authorized incidental purposes providing such use involves minimal additional expense to the Agency, does not interfere with the operations of the Agency, does not interfere with the mission of the Agency and does not influence or promote an advantage to your personal, private business.

VI. Administrative Processes

Administrative processes help Directors manage ethical dilemmas, including any real or apparent conflict of interest concerns.

a. Administration

The Chair of the Governance Committee and/or the Board Chair will address all issues

regarding Code of Conduct and Conflict of Interest Policy interest and shall refer the matter to the Board of Directors where appropriate. The Chair of the Governance Committee and/or the Board Chair receive and ensure the confidentiality of all disclosures and ensure that any real or apparent conflict of interest is avoided or effectively managed. As well, the Chair of the Governance Committee and/or the Board Chair are responsible for providing advice and managing concerns and complaints concerning potential breaches of the Policy, including conflicts of interest within the Agency. Even though the Agency may have a delegated process for responding to and managing concerns, the Chair of the Governance Committee and/or the Board Chair is responsible for ensuring procedural fairness.

b. Disclosure

It is the responsibility of each Director to declare in writing to the Chair of the Governance Committee and/or the Board Chair those private interests and relationships that they think could be seen to impact the decisions or actions they take on behalf of the Agency. When there is a change in their responsibilities within the Agency or in their personal circumstance, Directors shall disclose in writing any relevant new or additional information about those interests as soon as possible. Where a real or apparent conflict of interest cannot be avoided, Directors must take the appropriate steps to manage the conflict.

Directors disclose these real or apparent conflicts of interest so that the Chair of the Governance Committee and/or the Board Chair are aware of situations that could be seen as influencing the decisions or actions they are making on behalf of the Agency. This provides Directors, following a review by the Chair of the Governance Committee and/or the Board Chair, an opportunity to take action to minimize or remove the conflict. To actively manage a conflict of interest, options include:

- removing themselves from matters in which the conflict exists or is perceived to exist;
- giving up the particular private interest causing the conflict; and,
- in rare circumstances, resigning their position with the Agency.

c. Financial transactions where there is a conflict:

If a Director perceives that there may be a conflict of interest with respect a financial transaction with the Agency, the Director shall disclose his interest in the transaction, to the Board, either prior to the Board meeting at which the transaction is to be discussed, or at the Board meeting at which such Board member becomes aware there may be a potential conflict. Provided that the balance of the Board members, by vote, determines that there is no conflict, such Board member may continue to act with respect to the matter being considered. If the balance of the Board agrees that a conflict exists, or if the Board member is aware that a conflict exists, the following provisions apply.

Directors may undertake financial transactions with the Agency, when a conflicting interest exists, provided that all of the following are observed:

- the Director with the conflict of interest is excluded from the discussion and approval of the transaction;
- the conflicting interest is fully disclosed;

- the Board of Directors has determined that the transaction is in the best interests of the Agency; and
- the minutes of the Board of Directors meeting approving the transaction shall contain the names of the Directors who disclosed or were found to have a conflict of interest, the nature of the conflict of interest and details evidencing compliance with this Policy.

d. Reporting a Potential Breach by Another

Directors are encouraged to report in writing a potential breach of this Policy by another to the Chair of the Governance Committee and/or the Board Chair. When reporting a potential breach in good faith and with reasonable grounds, Directors shall not be subject to retaliation for such reporting.

e. Responding to Potential Breach

Once a potential breach has been reported, the Agency's procedures for responding to and managing a potential breach will be promptly initiated. The Chair of the Governance Committee and/or the Board Chair will review the circumstance and details of the potential breach and will notify the Director in question. The Director in question shall be provided details of the allegation and the right to respond fully to the potential breach. The identity of the reporter will not be disclosed unless required by law or in a legal proceeding. If the issue cannot be resolved between the Director, the Chair of the Governance Committee and/or the Board Chair, the matter will be considered by the Governance Committee. If the issue still cannot be resolved through consultation with the Governance Committee, the Committee will refer the matter to the Agency's Board for a final decision and resolution. Once a final decision has been made, the Chair of the Governance Committee and/or the Board Chair will complete a report in a timely manner.

g. Consequences of a Breach

Directors who do not comply with the standards of behavior identified in this Policy, including taking part in a decision or action that furthers their private interests, may be subject to disciplinary action up to and including removal of the Director from office.

f. Review of a Decision

A Director can request in writing that the Board of Directors review the decision made by the Chair of the Governance Committee and/or the Board Chair that they have breached the Agency's Code of Conduct and Conflict of Interest Policy. If a review is requested, the Director must be notified of a Board decision to review the disciplinary action within 30 days of the request. The Board must meet in person to review the decision within 60 days of the request and notify the Director of their decision within 90 days of the review request.

VII. Approval and Review

The Code of Conduct and Conflict of Interest Policy for the Agency was approved by the Agency's Board of Directors on July 27, 2011 and will be reviewed by the Board on a regular basis to ensure it remains current and relevant. The edits in this document were approved by the Governance Committee.

INTENDING TO BE LEGALLY BOUND Canadian Beef Cattle Research, Market Development and Promotion Agency has caused this Agreement to be executed by its proper officers thereunto authorized this _____ day of _____, 20____.

Canadian Beef Cattle Research,
Market Development and
Promotion Agency

Per: _____
Agency Representative

INTENDING TO BE LEGALLY BOUND the Director has executed this Agreement this _____ day of _____, 20____.

Witness

Signature of Director

Printed name of Director