

Protein Industries Canada

Conflict of Interest Policy – Board of Directors

Introduction

All members of the Board of Directors (“**Directors**”) of Protein Industries Canada (“**PIC**”) have a duty to ensure that the integrity of the decision-making processes of the Board of Directors is maintained, by ensuring that they and other Directors are free from conflict or potential conflict of interest in their decision-making while exercising their role as Directors. Directors have a fiduciary duty to avoid conflicts of interest, and it is important that all Directors understand their obligations when a conflict of interest or potential conflict of interest arises.

A conflict of interest, be it actual or potential, whether financial or otherwise, may arise when the private interest(s) of a Director or their organization is/are or may be in conflict with the interests of PIC, or where a Director has an opportunity to further their own private interests and/or those of related parties or relatives.

Accordingly, “conflict of interest” generally means any situation in which a person or entity has or promotes an interest that results in, or may be reasonably perceived to result in:

- Interference with their objectivity with respect to their exercise of their responsibilities and duties to and on behalf of PIC; and/or
- An advantage or gain to the person or entity, or their related parties or relatives, by virtue of their role in PIC.

Application

This policy applies to all Directors, including executive, non-executive and independent non-executive Directors, and is an extension of PIC’s Code of Conduct for Directors.

Policy

Directors shall avoid situations in which they may be in a position of conflict of interest or perceived conflict of interest.

On an annual basis, all Directors will be asked to complete a written statement disclosing any actual or perceived conflicts that they might have. In addition, at any time that a Director becomes aware that there may exist an actual or perceived conflict of interest, they will disclose this conflict to the Chair and Vice-Chair of PIC’s Board of Directors immediately.

The process set out in this Policy shall be followed when a conflict or potential conflict is identified or arises.

At the start of every meeting of the Board of Directors, the Chair will ask Directors to declare if there are any agenda items that are or may constitute a conflict of interest for any Director. The minutes will reflect that this has been asked and whether there are any declarations made in response. It is incumbent upon Directors to declare, at any time, if a conflict of interest exists, be it actual, potential, or

apparent, financial or otherwise, prior to discussion of a decision on the relevant issue. Having declared that interest, the subject Director shall refrain from taking part in discussion, consideration, voting or decision-making with respect to that issue, and, unless otherwise determined by the Chair and/or Vice-Chair, shall recuse themselves from the meeting for duration of discussion or determination of that item. The time that the Director in conflict left and returned to the meeting shall be recorded in the minutes of the meeting. The subject Director shall also refrain from attempting to in any way influence the decisions regarding the issue either before, during, or after discussion or decision-making with respect to the issue.

Further, Directors **will not**:

- a. Engage in any business or transaction, or have a financial or other personal interest that is incompatible with their official duties with PIC or that is not in the best interests of PIC;
- b. Knowingly place themselves in a position where they are under obligation to any person or entity who might benefit from special consideration from PIC, or who might seek, in any way, preferential treatment from PIC;
- c. In the performance of their official duties with PIC, accord preferential treatment to any person or entity in which Directors have an interest, financial or otherwise;
- d. Derive personal benefit from information that they have acquired during the course of fulfilling their official duties with PIC, where such information is confidential or is not generally available to the public;
- e. Use PIC property, equipment, supplies or services for activities not associated with the performance of official duties with PIC without the permission of PIC;
- f. Place themselves in positions where they could, by virtue of being a Director, influence decisions or contracts from which they could derive any direct or indirect benefit or interest;
- g. Accept for themselves or for any of their relatives (including spouses, ancestors, and descendants, whether by whole or half-blood) any gift, entertainment or favour that exceeds common courtesies consistent with ethical and accepted business practices and that could be construed as being given in anticipation of, or in recognition for, any special consideration granted by virtue of being a Director; or
- h. Participate in voting on any issue pertaining to a transaction where a Director or a Director's organization, related party, or relative, directly or indirectly, owns a significant financial interest in, or is employed by, any business entity that transacts or seeks to transact business with PIC. Furthermore, the Director will disclose that interest or position if they are present at any meeting during which such transaction is discussed or presented for approval.

Directors **will** declare if they engage in any outside work, activity, or business or professional undertaking that conflicts or appears to conflict with their official duties as a representative of PIC, or in which they have an advantage or appear to have an advantage on the basis of their association with PIC.

Reporting a Conflict of Interest

Any Director who is of the view that another Director may be in a position of conflict of interest shall report this matter to the Chair and/or Vice-Chair of PIC's Board of Directors. Such a complaint must be signed and in writing. Anonymous complaints may be accepted upon the sole discretion of the Chair and/or Vice-Chair.

Resolving Complaints of a Real or Perceived Conflict of Interest

Upon receipt of a complaint, the Chair and/or Vice-Chair of PIC's Board of Directors will determine whether or not a conflict of interest exists provided the alleged Director has been given notice of, and the opportunity to, submit evidence and to be heard at such meeting.

After hearing the matter, the Chair and/or Vice-Chair will determine whether a real or perceived conflict of interest exists and if so what appropriate actions will be taken. The Chair and/or Vice-Chair may engage Board of Directors' Governance Committee for input at any stage in the complaint. The Chair and/or Vice-Chair will advise the Board of Directors and report back when the matter has been resolved.

Where the Director accused of being in a real or perceived conflict of interest acknowledges the facts, they may waive the meeting, in which case the Board of Directors will determine the appropriate actions.

If the Director accused of being in a real or perceived conflict of interest chooses not to participate in the meeting, the meeting will proceed in any event, and the Board of Directors may apply the following actions singly or in combination for real or perceived conflicts of interest:

- a) Removal or temporary suspension of certain responsibilities or decision making authority;
- b) Removal or temporary suspension from a designated position;
- c) Removal or expulsion from PIC's Board of Directors and/or from the membership of PIC;
- d) Other actions as may be considered appropriate for the real or perceived conflict of interest.

Failure to comply with an action as determined by PIC's Board of Directors will result in automatic suspension from the Board of Directors and suspension of membership in PIC until such time as compliance occurs. The Board of Directors may determine that an alleged real or perceived conflict of interest is of such seriousness as to warrant suspension of designated activities pending a meeting and a decision of the Board of Directors.