

CONFLICT OF INTEREST POLICY

Policy Number	25-11-14-3 EN	
Developed by :	Policies and procedures committee	Approved on October 9 th 2014
	Board of directors	Ratified on November 25 th 2014

Introduction

The Board of Directors must at all times uphold the values of CBDC Madawaska. This document governs the conduct of members of the Board of Directors and employees to ensure that business is conducted with honesty and integrity. Board members and employees are likely to be affiliated with many organizations, individuals, and businesses, both on a professional and personal basis, so it is not unusual for actual or potential conflict(s) of interest to arise. Such conflicts, whether real or perceived, can undermine public trust and may constitute a breach of a Board member's or employees fiduciary duties.

Purpose

The purpose of the Conflict of Interest Policy is to identify, prevent, and resolve conflicts of interest related to the directors and employees of CBDC Madawaska. The Board of Directors will enforce this Policy with the assistance and upon recommendation of the Human Resources Committee Policies and Procedures.

To effectively fulfill the requirements of their mandate, each Director and employee must sign a confirmation form annually, attesting that he or she is not in a conflict of interest nor in a breach of trust with regards to the procedures of the present Policy.

Policy

Members of the Board of Directors and employees of CBDC Madawaska must take all necessary steps to avoid real or perceived conflicts of interest, and where a potential conflict of interest arises a person subject to this Policy must comply with the requirements of this Policy.

Definition

A conflict of interest may arise when a director or an employee has a personal relationship that compromises or may appear to compromise that person's objectivity or ability to make a decision, recommend, or evaluate facts impartially and objectively in whatever circumstance which presents itself.

A conflict of interest may involve:

- the business of CBDC Madawaska;
- the business of entities in which the person has an interest;
- and specific transactions with CBDC Madawaska or with an entity in which CBDC Madawaska or the person has an interest.

A conflict of interest also includes accepting any gift or hospitality of material value offered by reason of a person's position as a director or employee of CBDC Madawaska.

“Material” does not have a legal definition in this case. For the purposes of this Policy, it should be understood as “sufficient to influence a decision or sway an individual's better judgment”.

Invitations and gifts (such as business meals, exchange of objects of limited value between associates, the giving of small symbolic gifts of appreciation during public receptions or inexpensive souvenirs) must be reasonable and never create a sense of obligation. As a general rule, directors should not accept invitations which can be claimed on their CBDC expense account.

- a. Everyone who conducts business with CBDC Madawaska as a supplier, or entrepreneur (including consultants, counselors, and fund managers) have equal access to CBDC Madawaska.
- b. Directors must not solicit nor accept a benefit, an invitation, or gift of any nature (including without restriction – money, a preferential price, a loan at preferred rates, securities, or a secret commission) or another direct or indirect benefit as a requirement to execute their duties or incentive to carry out an act related to their duties at CBDC Madawaska or in exchange for preferential treatment.
- c. Generally, directors can accept modest gifts, hospitality, or other advantages linked to their official functions and administrative responsibilities:
 - which conform to decorum, common courtesy, protocol and hospitality
 - which do not lead to doubt as to the objectivity or impartiality of the directors
 - which do not compromise in any way the integrity of the CBDC.

It is the duty of each person subject to this Policy to determine whether or not a conflict of interest or potential conflict of interest exists. A person will not be excused from compliance with this Policy or any other rule of law relating to conflicts of interest on the basis that the person did not realize that a conflict of interest existed or might arise.

Procedures Relating to Conflicts of Interest

The procedure states the norms and procedure to be respected by the directors. They are only minimum standards. Therefore, the objective of the Board of Directors is to apply a comprehensive set of policies and procedures which stimulate and maintain the confidence of contributors and beneficiaries of CBDC Madawaska.

Directors must communicate with the Board of Directors, or ask that the extent of their interest in a transaction or proposed transaction discussed at a board meeting, be noted in the minutes of the board meeting or one of its committees.

Directors must refrain from voting on a resolution related to a transaction concerning their interests and from participating in a discussion about said resolution by leaving the meeting during its discussion.

The procedure refers specifically to conflicts of interest where board members:

- a. are party to a transaction or proposed transaction with CBDC Madawaska
- b. are administrators or have a leadership role in an entity involved in a transaction or proposed transaction with CBDC Madawaska, or
- c. have an important interest in the entity which is part of the transaction or proposed transaction with CBDC Madawaska.

The ban for directors to vote on proposed or actual transactions with CBDC Madawaska to which they are associated, is subject to three exceptions. Directors can vote on:

- a. transactions concerning their remuneration as directors of CBDC Madawaska
- b. compensation and insurance for directors
- c. transactions with a subsidiary of CBDC Madawaska

Conflict of Interest Conditions

Without limiting the generality of the possible scope of conflict of interest as defined above, the following specific rules apply:

1.0 Restricted Investment Fund Activities

1.1 The CBDC Madawaska shall not make a loan to, or guarantee the repayment of a loan made to, Board member, officer, committee member, or employee including the executive director of the CBDC or to a partnership in which a board member, officer, committee member or employee including the executive director is a partner.

1.2 The CBDC Madawaska shall not

- (a) make a loan to,
- (b) guarantee the repayment of a loan to, or

(c) purchase shares in,

an incorporated business in which a board member, an officer, committee member or employee including the executive director of CBDC Madawaska, with decision-making responsibilities in relation to investment fund applications, has a significant business interest.

1.3 Where the CBDC Madawaska is considering

- a) an application for a loan or a loan guarantee by the spouse or child of a Director of CBDC Madawaska or of an officer, committee member or employee including the Executive Director of CBDC Madawaska with decision-making responsibilities in relation to investment fund applications, or
- b) an application for a loan, a loan guarantee or an equity investment by an incorporated business in which a spouse or child of a Board director, officer, committee member or employee including the executive director referred to in paragraph (a) has a significant business interest,

The application shall be referred for consideration by the full Board of Directors for decision and the conflict of interest on the part of the Board member, officer, committee member or employee, including the Executive Director of CBDC Madawaska, as the case may be, shall be recorded in the minutes of the meeting. In addition, the Board member, or the officer, or the committee member or employee including the Executive Director (if the Board member, officer, committee member or employee is present at the meeting), as the case may be, shall absent him/herself from any and all discussions and deliberations in respect of the application and refrain from attempting to influence, lobby or persuade the board in regard to the application.

1.4 CBDC Madawaska must not award a loan to a member of the Board of Directors who leaves the Board to open his own business. This restriction applies for a period of six months following the date where the director ceases to be a Board member.

2.0 Goods and Services Contracts

2.1 A director must not accept to be named or elected to a position on another organization where the current or future activities are in conflict or risk to be in conflict with those of CBDC Madawaska, nor participate in activities or accept a nomination which could negatively impact the reputation of CBDC Madawaska.

2.2 A director who engages in commercial activities directly or indirectly affecting the activities of CBDC Madawaska, or who competes with CBDC Madawaska or one of its subsidiaries, or acts in any other manner which could be construed to be conflicting with the interests of CBDC Madawaska must reveal the extent of his or her activities to the Chair of the Board of Directors or President of all other Sub-Committees during the

meeting. The Director will leave the meeting and the conflict of interest will be noted in the minutes of the meeting.

- 2.3 A director will abstain from voting on a resolution aiming to approve a supplier including fund managers, consultants, and other providers of services (a sub-contractor) and will leave the meeting during deliberations on the subject during the following cases:
- a) A director is an administrator, an employee, a consultant (including when he or she received honorariums paid upfront but who is not currently working) of the bidder
 - b) A director has a financial interest
 - c) A person with links to a director or a member of a director's household is an administrator or an employee of the bidder

The preceding restrictions are applicable for the six months following the date a director ceases to be an administrator of the bidder. Directors who acted as consultants to the bidder, who previously received honorariums paid upfront from the bidder and who do not expect to be rehired by said bidder, must leave the meeting, their departure entered in the Minutes of the meeting, and thus for a period of six months following the cessation of consultation and payment of a paid upfront honorarium.

- 2.4 Goods and services contracts between CBDC Madawaska and a board member, an agent, a member of a committee, an employee (including the Executive Director), of a business in which a board member, an agent, a member of a committee or an employee or the spouse or child of a board member, an agent, a member of the committee or an employee (including the Executive Director), hold a significant business interest.

3.0 Significant Business Interest

- 3.1 For the purposes of this Policy, "significant business interest" means the ownership, whether directly, indirectly or beneficially, of more than 10% of the capital stock of the incorporated body, or shares or debentures to which are attached more than 10% of the voting rights in the incorporated body.

Disclosure Procedures

In addition, each person subject to this Policy shall disclose in writing a real or potential conflict of interest to the Board of Directors as it arises, including transactions with CBDC Madawaska in which any of the following have a direct or indirect interest:

- the director;
- the employee;

- an individual that is a related party by reason of a relationship with the director or the employee, as the case may be; and
- any corporation of which the director or employee has a significant business interest or is a director or officer.

Procedures for Resolution of Conflicts of Interest

1. In all cases, the director or employee shall:
 - disclose the conflict,
 - leave a meeting of the directors while the matter creating the conflict is being discussed or otherwise dealt with,
 - take no part in any discussion or voting with respect to the matter creating the conflict of interest,
 - not attempt to influence, in any way, the Board's dealing with the matter creating the conflict of interest, and
 - satisfy any other legal requirements.
2. In the case of a gift or hospitality, the potential conflict of interest shall be dealt with by the director obtaining the consent of the board of directors or by refusing, returning or refunding the value of the gift or hospitality.
3. Where the Board of Directors determines that a conflict of interest would influence or appear to influence virtually every decision in which the director is required to participate as a member of the Board of Directors of CBDC Madawaska, the director shall, either eliminate the interest or duty giving rise to the conflict, or resign as a director of CBDC Madawaska.
4. Upon the Board of Directors becoming aware of an alleged or possible conflict of interest involving a person covered by this Policy, the board of directors shall:
 - a) make enquiries and determine the facts surrounding the alleged or possible conflict of interest;
 - b) either:
 - determine that a conflict of interest or possible conflict of interest exists, or
 - at the board's discretion, seek legal counsel; and/or
 - refer the question of whether a conflict of interest or possible conflict of interest exists to the board of directors for determination, and
 - (c) report its findings and determination, if any, to the Board of Directors.
5. The determination of the Board of Directors that a conflict of interest exists or may exist shall be final and binding on CBDC Madawaska and each director and employee.

However, because the existence of a conflict of interest or breach of duty is a matter of law as well as fact, the Board of Directors must obtain legal advice before imposing any sanction or penalty.

Each situation creates a separate conflict of interest and no permission or approval with respect to one conflict shall be deemed to be approval for any other.

RESPONSIBILITY

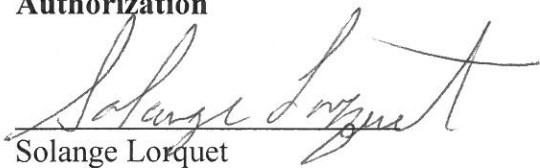
Each Director must respect the norms described in the present procedures as well as the norms promulgated in the politics, the directives and the applicable legislation. Each Director must regularly review the procedures during the year. He or she must seize the opportunity to discuss with the Chair of the Board of Directors or Executive Director all circumstances which risk being a real or potential violation to the standards of conduct described in the present procedures.

Any Director who has knowledge or suspects the existence of a conflict of interest, fraud, or theft within CBDC Madawaska is held to notify the Chair of the Board of Directors or to the Executive Director.

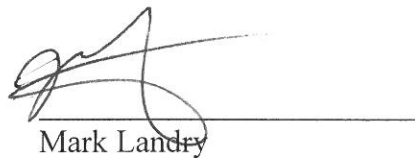
Related Documents

- Board Selection and Renewal Policy
- Nominating Committee Mandate
- Confidentiality and Privacy Policy
- Dispute Resolution Policy

Authorization



Solange Lorquet
President
CBDC Madawaska inc.



Mark Landry
Secretary
CBDC Madawaska inc.