

Tumbler Ridge Community Forest Corp.



Company Policy		Department:	Management	Policy #: POL - 02	
		Revision #:	0	Page #:	1 of 8
		Implementation Date:		September 01, 2012	
Subject:	Directors Conflict of Interest and Confidentiality	Last Reviewed/Update Date:		August 14, 2012	
Approval:	Original signed by	Author:		Duncan McKellar	

1. Purpose

To establish clear and unambiguous policies for Directors of TRCF in respect of their conduct as Directors and their fiduciary duties to TRCF in regards to conflicts of interest and confidentiality.

2. Scope

This policy applies to all current and past TRCF Directors. This policy includes components typically or often required for corporate directors but does not provide an exhaustive, comprehensive list of procedures for all situations. The TRCF will update policies as required. This policy is subject to the British Columbia *Business Corporations Act*, its regulations, the TRCF Notice of Articles and Articles, and any other laws or regulations that are applicable from time to time In respect of the conduct of corporate directors in British Columbia.

3. Prerequisites

It is the responsibility of all TRCF Directors to act in good faith and follow the intent of this policy.

4. Conduct

a) Directors must:

- i. avoid conflicts of interest with TRCF;
- ii. not profit at the expense of TRCF or divert or take opportunities or benefits away from TRCF;
- iii. not compete for a business opportunity in which TRCF is interested, even if TRCF cannot complete the deal or take advantage of the opportunity;
- iv. not use confidential information of TRCF obtained by virtue of their position as a director for their own direct or indirect personal advantage;
- v. keep information regarding the affairs of TRCF acquired by virtue of their position as a director confidential, except if such information is clearly within the public domain, or when authorized by the Board or when legally required to disclose such information;

Tumbler Ridge Community Forest Corp.



Company Policy		Department:	Management	Policy #: POL - 02	
		Revision #:	0	Page #:	2 of 8
		Implementation Date:		September 01, 2012	
Subject:	Directors Conflict of Interest and Confidentiality	Last Reviewed/Update Date:		August 14, 2012	
Approval:	Original signed by	Author:		Duncan McKellar	

- vi. disclose any perceived, actual or potential conflict of interest in respect of any matter before the Board or a committee of the Board and refrain from any discussion, voting or otherwise influencing a decision on such matter;
 - vii. act in a manner that improves and preserves the goodwill of TRCF;
 - viii. not use information obtained by them in their capacity as director in a manner that would be harmful to TRCF interests;
 - ix. not use TRCF property or their position as director for personal advantage;
 - x. not accept from or give to stakeholder's gifts or other benefits, other than modest gifts or benefits as a matter of general and accepted business practice, provided the gifts or benefits do not involve cash or negotiable instruments and are properly accounted for in accordance with this policy.
- b) A director is a fiduciary of TRCF and as such must not enter into engagements in which the director's personal interests conflict with those of TRCF.

5. Responsibilities – Conflict of Interest

5.1 Business Corporations Act ("BCA") of British Columbia requirements

The BCA sets out procedures that directors must follow in respect to conflicts of interest. These are minimum requirements and this Policy is meant to supplement and complement such procedures. The Board expects directors to be familiar with and comply with the BCA conflict of Interest procedures and, in addition to those requirements, to comply with the conflict of interest provisions set out in this Policy.

The conflict of interest provisions of the BCA are mainly concerned with the following two items:

- a) A director has a disclosable interest in a contract or a transaction if the contract or transaction is material to the TRCF, the TRCF has entered into, or proposes to enter into, the contract or transaction, and either the director has a material interest in the contract or transaction, or the director is a director or senior officer of, or has a material interest in, a person who has a material interest in the contract or transaction. A director of the TRCF is liable to account to the TRCF for any profit that accrues to the director under or as a result of a contract or transaction in which the director holds a disclosable interest, unless the director

Tumbler Ridge Community Forest Corp.



Company Policy		Department:	Management	Policy #:	POL - 02
		Revision #:	0	Page #:	3 of 8
		Implementation Date:		September 01, 2012	
Subject:	Directors Conflict of Interest and Confidentiality	Last Reviewed/Update Date:		August 14, 2012	
Approval:	Original signed by	Author:		Duncan McKellar	

has disclosed the interest and the contract has been approved by the directors or by a special resolution of the shareholders.

- b) A director who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director of the TRCF, must disclose the nature and extent of the conflict to the Board promptly after such individual becomes a director of the TRCF, or if already a director, after that person commences to hold that office or possess that property, right or interest. The conflict has to be material and there has to be a real possibility of conflict, not just the mere possibility. It may be necessary after disclosure to obtain the approval of the shareholder(s) to avoid having to account for any profit.

5.2 General Principals

- a) A director, both before and while holding office as a director, must disclose potential, real or perceived conflicts of interest as soon as the matter arises and before the matter is discussed at the Board or committee level.
- b) If a director is uncertain as to whether there is a conflict of interest, he or she should seek legal advice on the matter. Directors who are aware of a perceived, real or potential conflict of interest on the part of another director have the responsibility to bring the matter forward to the director in question, and in the event the matter is unresolved at that level, to bring the issue forward to the Chair of the Board, or the General Manager.
- c) A director is deemed to have a conflict of interest in a matter if he or she has a direct or indirect pecuniary interest in the matter.

5.3 Disclosure of Conflicts of Interest

- a) This section applies to directors in relation to:
- i. Board meetings; and
 - ii. meetings of any committee established by the Board for the purpose of conducting TRCF business.
- b) If a director attending a meeting considers that he or she is not entitled to participate in discussion of a matter or to vote on a question in respect to a

Tumbler Ridge Community Forest Corp.



Company Policy		Department:	Management	Policy #: POL - 02	
		Revision #:	0	Page #:	4 of 8
		Implementation Date:		September 01, 2012	
Subject:	Directors Conflict of Interest and Confidentiality	Last Reviewed/Update Date:		August 14, 2012	
Approval:	Original signed by	Author:		Duncan McKellar	

matter due to a conflict of interest, the director must declare this and state the general nature of why he or she considers this to be the case.

- c) After making the declaration under 5.3(b), the director must follow the direction in section 5.4
- d) As an exception to subsection 5.3(c), if the director has made a declaration under subsection 5.3(b) and, after receiving legal advice on the issue, determines that he or she was incorrect respecting his or her entitlement to participate in respect to the matter, the director may:
 - i. return to the meeting or attend another meeting of the same body;
 - ii. withdraw the declaration by stating in general terms the basis on which the director has determined that he or she is entitled to participate; and
 - iii. after this, participate and vote in relation to the matter, but remaining subject to the Policy.
- b) When a declaration under subsection 5.3(b) or a statement under subsection 5.3(d) is made, the person recording the minutes of the meeting must record:
 - i. the director's declaration or statement;
 - ii. the reasons given for it; and;
 - iii. the time of the director's departure from the meeting room and, if applicable, of the directors return; and

unless a statement is made under subsection 5.3(d), the person chairing the meeting or any following meeting in respect of the matter must ensure that the director is not present at any part of the meeting during which the matter is under consideration.

5.4 Restrictions on Participation if in Conflict

- a) This section applies if a director has a conflict of interest referred to in section 5.3(b) regardless of whether the director has made a declaration under subsection 5.3(c).
- b) The director must not:
 - i. remain or attend any part of a meeting referred to in section 5.3(a) during which the matter is under discussion;
 - ii. participate in any discussion of the matter at such a meeting;
 - iii. vote on a question in respect of the matter at such a meeting; or
 - iv. attempt in any way, whether before, during or after such a meeting, to influence the voting on any question in respect to the matter.

Tumbler Ridge Community Forest Corp.



Company Policy		Department:	Management	Policy #:	POL - 02
		Revision #:	0	Page #:	5 of 8
		Implementation Date:		September 01, 2012	
Subject:	Directors Conflict of Interest and Confidentiality	Last Reviewed/Update Date:		August 14, 2012	
Approval:	Original signed by	Author:		Duncan McKellar	

- c) A director who contravenes this section is disqualified from continuing to hold office as a director of TRCF and will be expected to resign unless the contravention was done inadvertently or because of an error in judgment made in good faith.

5.5 Restrictions on Inside Influence

- a) A director must not influence or attempt to influence, directly or indirectly, a decision, recommendation, or other action to be made or taken:
- i. at a meeting referred to in subsection 5.3(a); or
 - ii. by another director or an employee of TRCF
- b) A director who contravenes this section is disqualified from continuing to hold office as a director of TRCF and will be expected to resign.

5.6 Exceptions from the Conflict Restrictions to Pecuniary Interests

- a) Subject to this Policy and the BCA, sections 5.3 to 5.5 do not apply in one or more of the following circumstances.
- i. if the pecuniary interest of a director is a pecuniary interest in common with residents of the District of Tumbler Ridge.
 - ii. if the matter relates to remuneration, expenses or benefits payable to one or more directors in relation to their duties as directors of TRCF; or
 - iii. if the pecuniary interest is so remote or insignificant that it cannot reasonably be regarded as likely to influence the director in relation to the matter.

5.7 Use of Inside Information

- a) A director or former director must not, for the purpose of gaining or furthering a direct or indirect pecuniary interest, use information or a TRCF record that:
- i. was obtained in the performance of duties associated with the director's office.
 - ii. is not available to the general public.

5.8 Restrictions on Contracts and Benefits

- a) Subject to 5.8(b), a director or former director must not, directly or indirectly enter into or accept a benefit that is awarded, approved or granted by the Board.

Tumbler Ridge Community Forest Corp.



Company Policy		Department:	Management	Policy #: POL - 02	
		Revision #:	0	Page #:	6 of 8
		Implementation Date:		September 01, 2012	
Subject:	Directors Conflict of Interest and Confidentiality	Last Reviewed/Update Date:		August 14, 2012	
Approval:	Original signed by	Author:		Duncan McKellar	

- b) Subject to the BCA conflict of interest procedures, subsection 5.8(a) does not apply in one or more of the following circumstances:
- i. if, in the case of a former director, 6 months have passed since he or she held a position on the Board or committee established by the Board to undertake TRCF business; or
 - ii. if the contract or benefit is awarded, approved or granted on the conditions that are the same for all contracts similarly awarded by TRCF or for all persons similarly entitled, as applicable.

5.9 Acceptance of Gifts

- a) No director or any of his or her immediate family may give or accept any substantial gifts or favours other than normal sales promotion items or occasional meals. Common sense and judgment should be used in determining the appropriateness of a gift. Payment of trips, hotel rooms and entertainment expenses of significant value are not acceptable.
- b) Where situations involving interpretation of this section of this policy arise, the General Manager or Financial officer should be consulted. When a benefit arises under circumstances not clearly outside the scope of this Policy, a determination that the Policy does not apply may only be made by the Board.
- c) All gifts considered substantial must be reported to the General Manager or Financial Officer.

5.10 Dealing with Family Members

- a) Directors who exercise a regulatory, inspectional, or other discretionary control over others shall, wherever possible disqualify themselves from dealing with Family Members with respect to those functions. Where it is not possible to avoid the exercise of discretionary powers in these circumstances, the matter must be brought to the attention of the Board for a decision as to how to proceed.

6. Responsibilities – Confidentiality

6.1 Fiduciary Duty

- a) Directors have a fiduciary duty to keep confidential company information acquired by them by virtue of their position as a director of TRCF. Directors must presume any such information is confidential unless it is clearly within the public

Tumbler Ridge Community Forest Corp.



Company Policy		Department:	Management	Policy #: POL - 02	
		Revision #:	0	Page #:	7 of 8
		Implementation Date:		September 01, 2012	
Subject:	Directors Conflict of Interest and Confidentiality	Last Reviewed/Update Date:		August 14, 2012	
Approval:	Original signed by	Author:		Duncan McKellar	

domain or otherwise authorized to be disclosed by the Board. Information obtained by a director in his or her capacity as a director at a closed or in-camera meeting or otherwise received on a confidential basis with respect to matters concerning the Board or TRCF's activities are presumed to be confidential. Only those matters that are clearly within the public domain, by public announcement or due to the circumstances involved (e.g. a meeting open to the public), should be discussed by a director outside the boardroom.

6.2 Safeguarding Information

- a) Directors must safeguard information contained in the records of TRCF, whether it is written, electronic, or other forms against improper access and may disclose such information only to persons having a lawful right to such information.

6.3 Stakeholder Information

- a) Confidential information about TRCF, its customers, suppliers, contractors or employees must not be divulged to anyone other than persons that are authorized to receive such information. When a director is in doubt as to whether certain information is confidential, no disclosure should be made without first obtaining approval to do so from the General Manager or Financial Officer of TRCF.

6.4 Furthering Interest

- a) Confidential information obtained as a result of a director's duties with TRCF is not to be used for the purpose of furthering any private interest, or as a means of making personal gains. In the course of carrying out his or her duties as director, a director may become aware of personal and confidential information. TRCF depends on directors to keep private any such information.

6.5 Financial Records

- a) Information pertaining to company finances, including financial statements or records, business activities and plans of TRCF, or future policy directives of TRCF, is considered the property of TRCF. Use of such information for personal advantage or private speculation is strictly forbidden.

6.6 Access to Information

Tumbler Ridge Community Forest Corp.



Company Policy		Department:	Management	Policy #: POL - 02	
		Revision #:	0	Page #:	8 of 8
		Implementation Date:		September 01, 2012	
Subject:	Directors Conflict of Interest and Confidentiality	Last Reviewed/Update Date:		August 14, 2012	
Approval:	Original signed by	Author:		Duncan McKellar	

- a) Directors may access TRCF information to which they are entitled to access only for TRCF business. Directors may access information only as required to perform their legitimate business functions as directors, and must safeguard all information to which they have access against inappropriate and unauthorized access by others.

7. References

McBride Community Forest Corporation. *Board of Directors Code of Conduct and Conflict of Interest Policy 2010*

Comfor Management Services - Burns Lake Community Forest. *Employee/Director Code of Conduct 2007*

8. Definitions

TRCF - Tumbler Ridge Community Forest Corporation

BCBCA - Business Corporations Act of British Columbia, S.B.C. 2002,c. 57 as amended.

Family member - means spouse (including common-law or same sex spouse), child, father mother, brother, sister, grandparent, grandchild, legal Guardian or ward, son-in law, daughter-in-law, brother-in-law, sister-in-law, father-in-law, and mother-in-law. This definition also includes stepfamilies i.e. stepchild, stepbrother, etc.

Policy – refers to this Board of Directors Conflict of Interest and Confidentiality Policy.