

CONFLICT OF INTEREST POLICY

Effective Date: August 3, 2022
Approved by: RDAR Board of Directors
Approval Date: August 3, 2022

1 PURPOSE

- 1.1. **Definitions** – In this policy:
- **“Board”** means the RDAR Board of Directors;
 - **“CEO”** means the Chief Executive Officer of RDAR;
 - **“Chair”** means the Chair of the Board;
 - **“Directors”** means the individuals elected or appointed to the RDAR Board of Directors and includes officers and committee members;
 - **“Policy”** means this Code of Conduct Policy; and
 - **“Staff”** means RDAR employees and contractors.
- 1.2. This Policy is additional to any requirements at law and does not excuse any person from complying with any applicable common law or statute.
- 1.3. For all purposes under this Policy, Staff shall report directly to the CEO, while the CEO and Directors shall report to the Chair.
- 1.4. It is recognized that the skills and competencies of Directors and Staff are often obtained as a result of prior and continuing direct involvement in the agriculture industry, other boards and with their employers which can create the perception of a conflict of interest. It is also recognized that this direct involvement in the industry is of significant benefit to RDAR and the industry but also increases the potential for conflict of interest.
- 1.5. This policy does not cover every specific scenario. Therefore, Directors and Staff will use the spirit and intent behind this Policy to guide their conduct, and exercise care and diligence in the course of work with RDAR.
- 1.6. To demonstrate commitment to transparency and accountability, this Policy is available to the RDAR Members and to the public on RDAR’s website at www.rdar.ca.

2 APPLICATION

This Policy applies to Directors and Staff except for the sections that are specific to Directors.

3 ROLES AND RESPONSIBILITIES

- 3.1. The CEO is responsible for the overall administration of the Policy within RDAR. This responsibility includes establishing and maintaining this Policy and ensuring information about the Policy is communicated to RDAR’s Directors and Staff.

- 3.2. The Chair and the CEO are jointly responsible to ensure the principles and processes of this Policy are upheld and administered appropriately.

4 CONFLICT OF INTEREST

- 4.1. A “conflict of interest” exists whenever an individual’s private interests or the interests of any organization that they are associated with outside of RDAR, interfere or conflict in any way, financial or otherwise, (or even appear to interfere or conflict) with the interests of RDAR, or otherwise may be harmful or detrimental to the best interests of RDAR.
- 4.2. A conflict situation can arise when Directors or Staff take action or have interests that may make it difficult to perform their work for or on behalf of RDAR objectively and effectively.
- 4.3. Conflicts of interest may also arise when a Director or Staff, or a member of their family, receives improper personal benefits as a result of their position in RDAR, whether received from RDAR 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 Director or Staff.
- 4.4. A perceived conflict of interests exists wherever a reasonable person could perceive that a Director or Staff may not bring an impartial and unprejudiced mind to the making of a decision due to an actual or perceived conflict of interest or bias.
- 4.5. Directors and Staff must understand how this Policy affects their actions and know what actions they must take when they become aware of any actual or potential conflict of interest.
- 4.6. The provisions of section 141 of the *Canada Not-for-Profit Corporations Act* apply to all Directors. A copy of section 141 is attached as Schedule “A”.
- 4.7. To avoid a conflict of interest, disclosures should be made at the first available opportunity and the Chair and CEO will decide what action should be taken to avoid or deal with the conflict. Directors and Staff must understand that disclosure itself does not remove a conflict of interest.
- 4.8. To actively manage a conflict of interest, Directors and Staff may:
- remove themselves from matters in which the conflict exists or is perceived to exist;
 - give up the particular private interest causing the conflict; and/or
 - in rare circumstances, resign from their position.

5 FINANCIAL TRANSACTIONS WHERE THERE IS A CONFLICT

- 5.1. Financial transactions with Directors and Staff when a conflict of interest exists may be undertaken only if all the following are observed:
- the conflict of interest is fully disclosed;
 - the Directors and Staff with the conflict of interest are excluded from the discussion and approval of the transaction;
 - a competitive bid or comparable evaluation exists;
 - RDAR has determined that the transaction is in the best interests of RDAR; and
 - the minutes of the meeting approving the transaction shall contain the names of the Directors and Staff 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.

6 DEALING WITH BREACHES

6.1. Reporting a Potential Breach by Another

- 6.1.1. Directors and Staff are encouraged to report a potential breach of this Policy to the Chair or the CEO. When reporting a potential breach in good faith and with reasonable grounds, Directors and Staff are protected from retaliation for such reporting.

6.2. Responding to Potential Breach

- 6.2.1. Once a potential breach has been reported, RDAR's procedures for responding to and managing a potential breach will be promptly initiated. In the case of a Director or the CEO, the Chair will review the circumstance and details of the alleged breach and will notify the Director in question or the CEO, as the case may be, of the complaint. In the case of Staff, the CEO will review the details of the alleged breach and notify the Staff in question and the Chair.
- 6.2.2. The Director or Staff in question has the right to complete information about the alleged breach, the right to respond fully to the alleged breach and the right to representation.
- 6.2.3. The identity of the reporter will not be disclosed unless required by law or in a legal proceeding.
- 6.2.4. The Chair and the CEO will make a decision and complete a report in a timely manner. The decision may range from finding no breach of the Policy to one that reveals suspected criminal conduct. A copy of the report will be provided to the CEO and the Director or Staff in question and the reporter.

6.3. Consequences of a Breach

- 6.3.1. Directors and Staff who do not comply with the standards of behaviour 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 and Staff from office.

6.4. Review of a Decision

- 6.4.1. The Director or Staff in question can request, in writing, that the Board review the decision of the Chair and the CEO that they have breached this Policy. The reporter does not have a right to ask the Board to review the decision of the Chair and the CEO.

7 WHERE TO GET ADVICE

- 7.1. When Directors and Staff require advice and guidance in determining whether misconduct or a conflict exists, or needs clarification, they may discuss their issue with the Chair, CEO, or RDAR Legal Counsel.

8 ONGOING COMPLIANCE

- 8.1. The nomination form for Directors shall contain a statement by the nominee confirming the nominee's willingness, if elected, to abide at all times with RDAR policies, including this Policy.
- 8.2. RDAR may require any Director to sign an agreement which acknowledges and further implements the requirements of this Policy with respect to the specific circumstances of such Director as a condition to continued service on the Board.

9 REVIEW

- 9.1. This Policy shall be reviewed during RDAR's regular review of its corporate governance policies. The Chair and the CEO may specifically remind directors of their confidentiality obligations when contentious or sensitive situations are at the forefront of board affairs.
- 9.2. As a general matter, the Board Chair should ensure to the best of their ability that directors never

lose sight of their shared obligation to fulfill the fiduciary duties they owe to RDAR.

10 QUESTIONS

10.1. Any questions about this Policy should be addressed to the Chair or the CEO.

Schedule "A"

Canada Not-for-profit Corporations Act

Topic	Conflict and Disclosure of Interest	Sec #
Disclosure of interest	<p>A director or an officer of a corporation shall disclose to the corporation, in writing or by requesting to have it entered in the minutes of meetings of directors or of committees of directors, the nature and extent of any interest that the director or officer has in a material contract or material transaction, whether made or proposed, with the corporation, if the director or officer</p> <ul style="list-style-type: none"> (a) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction. 	141(1)
Time of disclosure for director	<p>The disclosure required by subsection (1) shall be made, in the case of a director,</p> <ul style="list-style-type: none"> (a) at the meeting at which a proposed contract or transaction is first considered; (b) if the director was not, at the time of the meeting referred to in paragraph (a), interested in the proposed contract or transaction, at the first meeting after the director becomes so interested; (c) if the director becomes interested after a contract or transaction is made, at the first meeting after the director becomes so interested; or (d) if an individual who is interested in a contract or transaction later becomes a director, at the first meeting after the individual becomes a director. 	141(2)
Time of disclosure for officer	<p>The disclosure required by subsection (1) shall be made, in the case of an officer who is not a director,</p> <ul style="list-style-type: none"> (a) immediately after the officer becomes aware that the contract, transaction, proposed contract or proposed transaction is to be considered or has been considered at a meeting; (b) if the officer becomes interested after a contract or transaction is made, immediately after the officer becomes so interested; or (c) if an individual who is interested in a contract or transaction later becomes an officer, immediately after the individual becomes an officer. 	141(3)
Time of disclosure for director or officer	<p>If a material contract or material transaction, whether entered into or proposed, is one that, in the ordinary course of the corporation's activities, would not require approval by the directors or members, a director or an officer shall, immediately after they become aware of the contract or transaction, disclose in writing to the corporation, or request to have entered in the minutes of meetings of directors or of committees of directors, the nature and extent of their interest.</p>	141(4)
Voting	<p>A director required to make a disclosure under subsection (1) shall not vote on any resolution to approve the contract or transaction unless</p>	141(5)

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	<p>the contract or transaction</p> <ul style="list-style-type: none"> (a) relates primarily to the director's remuneration as a director, an officer, an employee, an agent or a mandatary of the corporation or an affiliate; (b) is for indemnity or insurance under section 151; or (c) is with an affiliate. 	
Continuing disclosure	<p>For the purposes of this section, a general notice to the directors declaring that a director or an officer is to be regarded as interested, for any of the following reasons, in a contract or transaction made with a party, is a sufficient declaration of interest in relation to the contract or transaction:</p> <ul style="list-style-type: none"> (a) the director or officer is a director or an officer, or acting in a similar capacity, of a party referred to in paragraph (1)(b) or (c); (b) the director or officer has a material interest in the party; or (c) there has been a material change in the nature of the director's or the officer's interest in the party. 	141(6)
Access to disclosures	<p>The members of the corporation may examine the portions of any minutes of meetings of directors or of committees of directors that contain disclosures under this section, and of any other documents that contain those disclosures, during the corporation's usual business hours.</p>	141(7)
Avoidance standards	<p>A contract or transaction for which disclosure is required under subsection (1) is not invalid, and the director or officer is not accountable to the corporation or its members for any profit realized from the contract or transaction, because of the director's or officer's interest in the contract or transaction or because the director was present or was counted to determine whether a quorum existed at the meeting of directors or of the committee of directors that considered the contract or transaction, if</p> <ul style="list-style-type: none"> (a) disclosure of the interest was made in accordance with this section; (b) the directors approved the contract or transaction; and (c) the contract or transaction was reasonable and fair to the corporation when it was approved. 	141(8)
Confirmation by members	<p>Even if the conditions of subsection (8) are not met, a director or an officer, acting honestly and in good faith, is not accountable to the corporation or to its members for any profit realized from a contract or transaction for which disclosure is required under subsection (1), and the contract or transaction is not invalid by reason only of the interest of the director or officer in the contract or transaction, if</p> <ul style="list-style-type: none"> (a) the contract or transaction is approved or confirmed by special resolution at a meeting of the members; (b) disclosure of the interest was made to the members in a manner sufficient to indicate its nature and extent before the contract or transaction was approved or confirmed; and (c) the contract or transaction was reasonable and fair to the 	141(9)

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	corporation when it was approved or confirmed.	
Application to Court	If a director or an officer of a corporation fails to comply with this section, a court may, on the application of the corporation or any of its members, set aside or annul the contract or transaction on any terms that it thinks fit, require the director or officer to account to the corporation for any profit or gain realized on the contract or transaction or make any other order that the court thinks fit.	141(10)