

DRAGON BOAT CANADA

CONFLICT OF INTEREST POLICY

1. The Directors and Officers (“Executives”) of Dragon Boat Canada (“DBC”) are bound to act honestly, in good faith, and in the best interests of DBC. Consistent with such standards of conduct, conflicts of interest and the appearance of conflicts of interest are to be avoided where possible and acted upon openly and appropriately when encountered.
2. A conflict of interest is a situation in which an Executive has, in relation to a matter coming before DBC, a private or personal interest, sufficient to influence or appear to influence the objective, and open-minded, loyal exercise of his or her function as an Executive of DBC.
3. An interest giving rise to a conflict of interest need not be that of the individual Executive but may be the interest of a family relative, friend, business associate, or colleague of the Executive.
4. There are basically two situations giving rise to a conflict of interest. One is that of financial interest, and the other, sometimes not so obvious, is the Executive who through his position with another corporation or other organization, has an obligation of loyalty that conflicts, or appears to conflict, with his or her required loyalty to DBC.
5. Each Executive is under an obligation to avoid, whenever reasonably possible, a conflict of interest. However, conflicts of interest may nevertheless arise. In such situations the Executive is required to declare the conflict of interest, and refrain from voting on the issue in question. He or she is also required by these guidelines to absent himself or herself from the meeting at any time discussion of the matter giving rise to the conflict occurs.
6. Appended below are the relevant extracts from the *Canada Corporations Act* that deal with conflicts of interest. Executives are expected to have read and be familiar with these legislative requirements.
7. In order to provide some guidance regarding the application of this Policy, certain guidelines of conduct are set forth below which are not intended to be exhaustive of all possible situations that may arise but are intended to assist Executives in the avoidance of and dealing with conflict of interest situations.

These guidelines are:

8. No Executive shall derive a personal profit from the activities of DBC and DBC should avoid, if reasonably practicable, contracts or arrangements with persons or entities that would result in personal profit to Executives or relatives, friends, business associates or colleagues of Executives.
9. Executives shall not allow their loyalty to DBC to be compromised by their relationship to or involvement in another organization or corporation.

10. No Executive is to accept any gift in cash or in kind from persons doing or seeking to do business with DBC except as may be of a personal nature and nominal value.
11. Information of a confidential nature gained by an Executive from his or her DBC involvement is to be kept confidential and used only for the proper purposes of DBC, and is specifically not to be disclosed to those who might gain an advantage from its use such as the securing of a contract with DBC, or DBC's endorsement of a bid or proposal.
12. In the event an Executive has a conflict of interest in relation to a particular issue or matter of discussion, it shall be expected that the individual will make a brief but informative declaration of the conflict which declaration will be recorded in the minutes. The individual will then absent herself or himself from the meeting while the topic is discussed and this absence shall also be recorded in the minutes. It does not matter whether the topic which involved the individual is a conflict situation was formally on the agenda or came up unexpectedly. As soon as the meeting considers a matter or begins to discuss an issue which puts an individual in a circumstance of conflict of interest, he or she should interrupt and say, "I am declaring my conflict as (here insert your conflicting position of interest) and I am leaving the meeting while this subject is under discussion" or words to that effect. The secretary of the meeting will record this in the minutes as follows: "Ms. A. having disclosed her conflict as a director of XYZ Organization (or whatever) was absent from the meeting during discussion of (describe topic)".
13. An Executive, or a corporation or organization in which an Executive has an interest, or a friend, colleague or relative of an Executive, is not disqualified from contracting with DBC provided the provisions of section 12 and this Policy are met.

Extract From the Canada Corporations Act – Section 98

- (1) Subject to this section, it is the duty of a director of a company who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the company to declare his interest at a meeting of directors of the company.
- (2) In the case of a proposed contract the declaration required by this section to be made by a director shall be made at the meeting of directors at which the question of entering into the contract is first taken into consideration, or, if the director is not at the date of that meeting interested in the proposed contract, at the next meeting of the directors held after he becomes so interested, and, in a case where the director becomes interested in a contract after it is made, the said declaration shall be made at the first meeting of the directors held after the director becomes so interested.
- (3) For the purposes of this section, a general notice given to the directors of a company by a director to the effect that he is a shareholder of or otherwise interested in any other company or is a member of a specified firm and is to be regarded as interested in any contract made with such company or firm shall be deemed to be a sufficient declaration of interest in relation to any contract so made.
- (4) No director shall vote in respect of any contract or proposed contract in which he is so interested as aforesaid and if he does so vote his vote shall not be counted, but this prohibition does not apply.

(a) in the case of any contract by or on behalf of the company to give to the directors or any of them security for advances by way indemnity.

(b) in the case of a private company, where there is no quorum of directors in office who are not so interested, or

(c) in the case of any contract between the company and any other company where the interest of the director in the last mentioned company consists solely in his being a director or officer of such last-mentioned company, and the holder of not more than the number of shares in such last-mentioned company requisite to qualify him as a director.

(5) If a director has made a declaration of his interest in a contract or proposed contract in compliance with this section and has not voted in respect of such contract contrary to the prohibition contained in subsection (4), if such prohibition applies, is not accountable to the company or any of its shareholders or creditors by reason only of such director holding that office or of the fiduciary relationship thereby established for any profit realized by such contract.

(6) For the purposes of this section “contract” includes “arrangement” and “meeting of directors” includes a meeting of an executive committee elected in accordance with section 96.

(7) Nothing in this section imposes any liability upon a director in respect of the profit realized by any contract that has been confirmed by the vote of shareholders of the company at a special general meeting called for that purpose.