

2006 Canadian Wheat Board Directors Election
Section 9.1 – Election Period Code of Conduct for Current CWB Directors

NOTE: Extracted with permission from the CWB Board of Directors Board Manual

For the purposes of this document, the term “Candidate Director” means a CWB director who has filed nomination papers with the CWB Election Co-ordinator.

PURPOSE AND OBJECTIVE

- (a) The purpose of this document is to apply the principles adopted in the Code of Conduct and Conflict of Interest Guidelines (the “Code of Conduct”) to the situation of a CWB director election period.
- (b) The broad objective is the same as the Code of Conduct; to enable the CWB to effectively achieve its mission by maintaining a reputation for the highest standard of public trust and confidence in serving the producers, its customers and the public’s interests.
- (c) Ensuring the highest integrity of the CWB director election process is essential to this broad objective.

PRINCIPLES

- (a) The CWB has an obligation to all Western Canadian producers to ensure the director election process is conducted in a fair and impartial manner. Any activity, real or perceived, which detracts from a public perception of integrity and impartiality will negatively impact the legitimacy of the entire board of directors and the successful candidates and undermine the public trust in the corporation.
- (b) Any perceived or real advantage a Candidate Director has over other candidates, by reason of their position as director will, if exercised, harm the integrity of the election. This does not apply to the knowledge that a Candidate Director has gained by virtue of his/her position as a director.
- (c) The CWB must remain impartial to the outcome of the election but will respond in a normal manner to policy issues that may arise during the election period
- (d) All directors must continue to fulfill their obligations to the CWB and fellow directors and cannot allow these duties to be compromised by any personal interests with regard to the election.
- (e) Directors must be mindful that the public may not distinguish between statements they make as a director and statements they make as a candidate or a person outside their role as director. Therefore, directors must act with a sense of responsibility and dignity befitting their status as CWB director.

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ETHICAL STANDARDS

In fulfilling the above principles, the following represents minimum ethical standards.

- (a) A director shall not encourage, offer or participate in the use of CWB services, resources, equipment, facilities or staff in support of a candidate, group of candidates or outcome of the election.
- (b) In order to avoid any perception of the CWB in any way funding campaign activities of a Candidate Director, a Candidate Director or a Director who intends to become a Candidate Director, shall not utilize their district communications allowance during the election period as set by the Election Coordinator.
- (c) A Candidate Director shall not use the services, staff or resources of the CWB for campaign purposes other than a fax machine, phone or computer provided by the CWB for use in their director activities. Any expenses incurred as a result of campaign activities are not eligible for reimbursement. Candidate Directors should not request information from the CWB to assist in their campaign, unless this information is available to any candidate.
- (d) A Candidate Director must continue to adhere to all policies enacted by the Board, including the Communications Policy and the Code of Conduct and Conflict of Interest Guidelines.
- (e) A Candidate Director must excuse himself/herself from any board discussion of issues surrounding the director election.
- (f) A Candidate Director must direct any question, concerns or issues they have regarding the election through the Election Co-ordinator, not CWB management.
- (g) No Director shall actively nor publicly campaign in the district of another Director.
- (h) A Candidate Director should not represent the CWB at external public meetings or serve as spokesperson for the board of directors or CWB until after the final date for return of ballots, unless specifically requested to do so by the Board.
- (i) A Director should not issue or encourage the issuance of material or statements that are inflammatory, defamatory or intended to undermine the reputation of the Corporation, other Board members or the integrity of the Board's decision-making process.

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This Code is an extension of the Code of Conduct and is of equal importance. Any breach of this Election Code is subject to the Consequences/Sanctions for breach outlined in the Code of Conduct.

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PURPOSE AND OBJECTIVE

- (a) The purpose of this document is to establish standards of conduct expected and required of all Directors of the Canadian Wheat Board (CWB). The objective is to enable the CWB to effectively achieve its mission by maintaining a reputation for the highest standard of public trust and confidence in serving western Canadian wheat and barley farmers and other producers as appropriate, its customers' and the public's interests.
- (b) The following standards are not intended to be exhaustive and if questions arise, they should be settled in accordance with the general principles in this document, through consultation with the Board Chair, the Governance and Management Resources Committee (GMRC), the Corporate Secretary or through the exercise of sound business and ethical judgment.
- (c) The standards consist of principles, duties, ethical and conflict of interest standards, and requirements for implementation. All of these elements are of equal importance.

PRINCIPLES

- (a) The CWB is committed to engaging in relationships with Western Canadian wheat and barley farmers, the public, with the business community, with their employees and among themselves in an environment which:
 - (i) provides service to Western Canadian wheat and barley farmers and customers that is courteous, professional, equitable, efficient, and effective;
 - (ii) is sensitive and responsive to the changing needs, expectations and rights of a diverse public;
 - (iii) values and respects multiculturalism and cultivates understanding and mutual acceptance of cultural diversity among all customers, suppliers, employees and stakeholders; is free from favouritism, fear, coercion, discrimination or harassment;
 - (iv) promotes a safe and healthy workplace; and
 - (v) operates in an environmentally responsible manner that complies with applicable environmental legislation and government policy.
- (b) Directors must act in the best interests of the Corporation.
- (c) The mission of CWB is to maximize returns to Western Canadian wheat and barley farmers.
- (d) The views and concerns of western Canadian wheat and barley farmers are an important element in Board decision making and each director has a responsibility to ensure those views and concerns are brought forward to the entire Board.

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DUTIES

Duties for corporate directors emanate from common law obligations and the provisions of the statute or instrument under which the company is incorporated. The following duties are applicable to directors and are in addition to any enactment or rule of law or equity relating to the duties of directors:

(a) Duty of loyalty

Directors must act honestly, in good faith, and in the best interests of the Corporation. The key elements of this standard of behaviour are:

- (i) A director must act in the best interests of CWB and not in his or her self-interest. Acting in the best interests of the CWB includes ensuring that the views and concerns of western Canadian wheat and barley farmers are brought forward to the entire Board.
- (ii) A director must avoid situations where the director could profit at the expense of the CWB, appropriate a business opportunity of the corporation, or otherwise put him/herself in a position of conflict between their own private interests¹ and the best interests of the corporation.
- (iii) A director must disclose to the Board any personal interests which he/she holds that may conflict with the interests of the CWB.
- (iv) A director must maintain the confidentiality of information received by them in their capacity as directors. The policy regarding confidentiality is outlined in the Communications Policy.
- (v) A director must adhere to the policies and By-Laws adopted by the Board which govern board and directors conduct. (e.g. the Communications Policy)

(b) Duty of care

Directors owe a duty of care to the CWB and must exercise the degree of skill and diligence reasonably expected from an ordinary person of his or her knowledge and experience. This means:

- (i) The standard of behavior expected of a director will depend upon the particular qualities or characteristics that the director brings to CWB in relation to the particular matters under consideration.

¹ A **private interest** is not limited to a pecuniary or economic advantage and can include any real or tangible interest that personally benefits the director. A private interest does not include an interest arising from the exercise of an official power or the performance of an official duty or function that: a) applies to the general public; b) affects an individual as one of a broad class of the public; or c) concerns the remuneration and benefits of the director.

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- (ii) The director must be proactive in the performance of his or her duties by:
 - (a) attending meetings;
 - (b) participating in a meaningful way;
 - (c) being vigilant to ensure CWB is being properly managed and is complying with laws affecting the CWB and;
 - (d) ensuring their activities and actions do not undermine the reputation or integrity of the Corporation.
 - (e) Engaging in activities that demonstrate the accountability of the CWB and the director to all Western Canada wheat and barley farmers.
- (iii) In fulfilling their duty of care, directors have a responsibility to the CWB to ensure that systems are in place to provide directors with the information they need to make informed decisions.

(c) Duty to disclose

A director has a duty to disclose any conflict of interest to the Board Chair, the GMRC, or Corporate Secretary. The duty of loyalty requires directors:

- (i) to avoid situations that place them in a conflict of interest or perceived conflict of interest; and
- (ii) to disclose their private interests in properties or transactions in which the corporation is involved, or proposes to be involved.

(d) Other duties

Federal and provincial legislation extends liability to directors for various actions or omissions (e.g. environmental protection legislation). Directors should familiarize themselves with the relevant legislation applicable to the CWB and should satisfy themselves that appropriate safeguards are in place to ensure the corporation's compliance with that legislation.

ETHICAL AND CONFLICT OF INTEREST STANDARDS

In fulfilling the above principles and duties, the following represents minimum ethical and conflict of interest standards.

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- (a) Directors must perform their responsibilities in a manner that avoids any real or apparent conflict of interest between their private interests and the interests of the CWB.
- (b) A director has a conflict of interest when the director exercises an official power or performs an official duty or function and at the same time knows that in the performance of the duty or function or in the exercise of the power, there is the opportunity to further his or her private interest.
- (c) An apparent conflict of interest exists when there is a reasonable perception, which a reasonably well informed person could have, that a director's ability to exercise an official power or perform an official duty or function was or will be affected by the director's private interest.
- (d) Directors should consult with the Board Chair, the GMRC, or Corporate Secretary if in doubt about whether a real or apparent conflict exists. In addition to a director's duty to avoid any real or apparent conflict of interest, directors must also exercise due diligence in avoiding potential conflicts of interest in the future. Upon appointment or election, directors must consider, in consultation with the Board Chair, the GMRC, or Corporate Secretary, whether arrangements (e.g. blind trust, divestiture) for his or her private interests and financial affairs are necessary to prevent a conflict of interest or the perception of conflict of interest from arising.
- (e) The following provides some specific guidance in areas where conflicts of interest or other ethical issues may arise. This does not represent an exhaustive list of all potential conflict of interest or ethical issues:

(i) Furthering of Private Interests

If a director is directly or indirectly interested in a proposed contract or transaction with the CWB or if the director has discretionary, decision-making power which could bring about financial benefit to the director due to their financial holdings or business and property interests, there is potential for a conflict of interest.

In these instances, appropriate actions should be taken, and, at a minimum, these holdings and interests should be disclosed. The activity or transaction should only continue if the Board Chair or the Board determines that there is a compelling reason for the activity or transaction to continue.

A director must not engage in such contracts or transactions where this activity may be detrimental to the CWB or where the activity is in substantial conflict with the proper discharge of the director's duties to the corporation.

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Directors cannot divert to themselves, their spouses², their minor children or a private corporation controlled by any of these individuals, a maturing business opportunity which the CWB is pursuing.

(ii) Corporate Information and Opportunities

A director must not engage in any financial transactions, contracts, or private arrangements for personal profit which accrue from or are based upon the director's official position or authority or upon confidential or non-public information which the director gains by reason of such position or authority.

Confidential information that directors receive through their office or employment must not be divulged to anyone other than persons who are authorized to receive the information. A director must not use information that is gained due to his or her position or authority, which is not available to the general public, in order to further the director's private interest. Directors must also not offer such information to spouses, associates, immediate family, friends, or persons with whom the director is connected by frequent or close association.

(iii) Preferential Treatment

Directors must not act in their official role to assist organizations or persons in their dealings with the CWB if this may result in preferential treatment to that organization or person.

(iv) Corporate Property

Directors must not use corporate property to pursue their private interests or the interests of their spouse, their minor children or a private corporation controlled by any of these individuals. Corporate property includes real and tangible items such as land, buildings, furniture, fixtures, equipment, and vehicles and also includes intangible items such as data, computer systems, reports, information, proprietary rights, patents, trademarks, copyrights, logos, name, and reputation. The CWB may, through prior written approval, authorize a director to use corporate

² **Spouse** means a person to whom the individual is married or with whom the individual is living in a marriage-like relationship for a period of at least two years, which may be between persons of the same gender. Spouse does not include those who are separated or living apart, or those who have entered into a written agreement under which they have agreed to live apart, or those who are the subject of an order of a court recognizing the separation.

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property where such use does not result in additional cost to the CWB, does not detract from a director's performance of duties to the CWB, and does not result in a material personal gain. A director requires the Board Chair, the GMRC, or Corporate Secretary's approval to purchase corporate property and such a purchase must be made under the same conditions available to the public.

(v) Gifts, Benefits and Entertainment

Directors must not solicit or accept benefits, entertainment or gifts in exchange for or as a condition of the exercise of their duties or as an inducement for performing an act associated with the director's duties or responsibilities with the CWB.

A director generally may accept gifts, hospitality or other benefits associated with their official duties and responsibilities if such gifts, hospitality or other benefits:

- (a) are within the bounds of propriety, a normal expression of courtesy, or within the normal standards of hospitality;
- (b) would not bring suspicion on the director's objectivity and impartiality; and
- (c) would not compromise the integrity of the CWB.

An improper benefit should be returned to the person offering it as soon as practicable. If there is no opportunity to return an improper gift or benefit, or where the return may be perceived as offensive for cultural or other reasons, the gift must immediately be disclosed and turned over to the Board Chair or Corporate Secretary who will make a suitable disposition of the item.

(vi) Outside Activities

A director must not carry on a business, hold an office or directorship, or engage in an activity if these activities are likely to conflict with the director's duties and loyalty to the CWB or bring harm to the CWB. Directors must refrain from conduct which compromises or may be perceived to compromise their ability to carry out their duties in an impartial manner and must be mindful that the public may not distinguish between their role in the corporation and their role in outside activities.

It is recognized that some Directors come to the Board through producer elections and some through federal government appointment. All directors, however, continue to hold the same duties to the CWB, even when those duties conflict with the

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wishes of the federal government or the wishes of some producers. Directors must clearly understand that their primary duty is to act in the best interests of the CWB.

(f) Post Service Restrictions

Directors, after they leave the CWB, are expected to refrain from taking improper advantage of their previous office. Directors must not allow prospects of outside employment to create a real or potential conflict of interest during their employment or appointment with the CWB. Directors must continue to observe their duties of confidentiality after they have left the employment or office of the CWB.

(g) Public Comment

Directors have an obligation to make official public comment within the parameters established by the Board approved Communications Policy³. All other comments are to be clearly identified as personal opinion and not official Public Comment or CWB Policy.

(h) Political Activities

Every director is free to participate in partisan political activities. A director's political activities, however, must be clearly separated from activities related to his or her appointment.

If engaging in political activities, directors must remain impartial and retain the perception of impartiality in relation to their duties and responsibilities. Directors must not use corporate facilities, equipment, or resources in support of these activities. Partisan politics must not be introduced into the workplace in any way which creates undue or inappropriate influence on employees within the CWB, or persons or business enterprises with whom the CWB does business. The Board and individual directors will comply with the Political Donations Policy adopted by the Board.

(i) Working Relationships

Directors and individuals who are direct relatives or who permanently reside together may not be employed or hold office in situations where:

- (a) a reporting relationship exists where a director has influence, input, or decision-making power over the relative or cohabitant's performance evaluation, salary, premiums, special permissions, conditions of work and similar matters; or

³ The Communications Policy can be found in the Board Manual.

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- (b) the working relationship affords an opportunity for collusion between the two individuals that could have a detrimental effect on the CWB's interest.

This restriction may be waived if the Board Chair, the GMRC, or Corporate Secretary is satisfied that sufficient safeguards are in place to ensure that the CWB's interests are not compromised.

(ii) Allegations of Wrongdoing

Directors have a duty to report any activity which:

- (a) they believe contravenes the law;
- (b) represents a real or apparent conflict of interest, a breach of these standards, or a breach of the CWB's code of ethical conduct;
- (c) represents a misuse of CWB funds or assets; or
- (d) represents a danger to public health, safety, or the environment.

CWB will treat any reports of such wrongdoing in confidence unless disclosure of the information is authorized and permitted by law. Directors will not be subject to discipline or reprisals for bringing forward, in good faith, allegations of wrongdoing.

IMPLEMENTATION

(a) Administration and Enforcement of the Code of Conduct and Conflict of Interest Guidelines

CWB has designated the Board Chair, the GMRC, and the Corporate Secretary as responsible for the administration and monitoring of these guidelines. The Board Chair, the GMRC, or Corporate Secretary has the responsibility to:

- (i) act as a resource to provide central responsibility for administering these standards and the corporation's own code of ethical conduct;
- (ii) provide advice to directors on conflicts of interest, including actions for avoiding a conflict of interest (See Appendix A on actions to avoid conflicts); and
- (iii) monitor the degree of compliance with these guidelines.

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The Board Chair, the GMRC, or Corporate Secretary will investigate breaches and enforcement of the Code of Conduct and Conflict of Interest Guidelines. The Board Chair, the GMRC, or Corporate Secretary will also develop an appeal or review process regarding sanctions or penalties imposed on directors.

The Board Chair and Corporate Secretary will ensure directors receive appropriate guidance and training on ethical subjects, as well as the content and meaning of these Guidelines.

(b) Reporting an Alleged Breach

- (i) A director shall report an alleged breach of these guidelines to the Board Chair or a member of the GMRC in writing.
- (ii) The Board Chair or GMRC member shall provide the written submission to the other members of the GMRC for review.
- (iii) Depending on the seriousness of the alleged breach, the GMRC will review and discuss the alleged breach as soon as possible, but no later than the GMRC meeting immediately following the receipt of the written report; and
- (iv) The GRMC must report the complaint to the Board and recommend an appropriate action within one month of having received the report of the alleged breach or by the next Board meeting, whichever is earlier.

(c) Disclosure of interests

The following outlines the procedures for disclosure of interests by directors:

- (i) Verbal acknowledgment by each director that they understand and agree to comply with the Code of Conduct and Conflict of Interest Guidelines. This verbal acknowledgment will take place at any meeting at which the code is amended or at the first meeting of any new director.
- (ii) completion, upon appointment as a director, and annually thereafter, of a formal written disclosure of any interests that would create a conflict for the director, whether those interests pertain to the director, the director's spouse, the director's minor children or a private corporation controlled by any of these individuals;
- (iii) supplementary disclosures by directors when and if they have a material change in their circumstances which creates a conflict of interest or a potential for a conflict of interest;

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- (iv) directors must provide incident disclosure where a real or apparent conflict arises during the course of a meeting or in other instances where the conflict has not previously been realized or disclosed; and
- (v) the Corporate Secretary will ensure the confidentiality of personal information provided by directors.

(d) Review

The CWB's codes of ethical conduct and these standards will be reviewed annually by the Governance Committee to ensure these standards and codes maintain their effectiveness and credibility. Periodically, the Corporate Secretary will monitor how CWB is implementing and reviewing these standards.

(e) Consequences/Sanctions for a Breach

In the event of a breach of these guidelines or a failure to remedy or disclose a conflict of interest, appropriate actions should reflect the nature, magnitude and seriousness of the breach. The Governance and Management Resources Committee will recommend an appropriate action for approval by the full Board.

The following are examples of consequences a director may face if found to be in breach of these guidelines:

- (i) the director may be reprimanded;
- (ii) the director may be required to make full restitution to the CWB;
- (iii) the director may be offered the opportunity to resign his or her position with the CWB;
- (iv) the CWB may consider taking legal action against the director.
- (v) the director may be suspended or removed from the Board, in accordance with any relevant By-Law; and
- (vi) Depending on the severity of the breach, any one or more of these consequences may apply.

As a general practice, successive breaches by a director will usually be treated as follows:

First Breach – Director will receive a warning letter from the Governance and Management Resources Committee Chair and Board Chair.

Second Breach – Director will be suspended for a specified period of time.

Third Breach – Director will be terminated.

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This is not an exhaustive list and does not preclude any other sanctions or courses of action that might be available to the Governor in Council or CWB Board.

(f) Director Commitment

The CWB is determined to behave, and to be perceived, as an ethical Corporation.

- (i) Each director must adhere to the standards described in this Code of Conduct and Conflict of Interest Guidelines, and to the standards set out in applicable policies, guidelines or legislation.
- (ii) To demonstrate our determination and commitment, the CWB asks each director to review the Code periodically throughout the year.
- (iii) Integrity, honesty, and trust are essential elements of our business success. Any director who knows or suspects the existence of a conflict of interest or director and employee harassment situation, or a fraud or theft from the Corporation or a violation of this Code of Conduct or the corporate Code of Conduct, has a responsibility to report it to the Chair, Chair of the Governance Committee or President.

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I acknowledge that I have read and considered the Code of Conduct and Conflict of Interest Guidelines for Directors of the CWB and as a director of the CWB or any of its subsidiary⁴ companies, agree to conduct myself in accordance with the Code of Conduct as it applies to directors.

I undertake to review the Code of Conduct from time to time during the term of my appointment and to become familiar with, and to understand the implications of, any changes to the Code of Conduct.

Elected Candidates will be asked to sign this document

Signature

Printed Name

Date

A subsidiary is a corporation controlled by another corporation which carries more than 50% of the votes for the election of directors and the votes carried by the shares are sufficient, if exercised, to elect a majority of the directors of the corporation.

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GUIDELINES ON PROCEDURES FOR ETHICAL CONDUCT

INTRODUCTION

These guidelines are intended to assist CWB in the administration and implementation of the Code of Conduct and Conflict of Interest Guidelines.

POSSIBLE ACTIONS FOR AVOIDING CONFLICTS

The following is a list of actions that may be taken to remedy or avoid a conflict of interest. Directors of CWB should be familiar with the range of actions that can be taken to remedy or avoid a conflict of interest. Not every remedy will be sufficient to respond to a conflict and directors should consult with the Board Chair or Corporate Secretary on appropriate actions. This is not an exhaustive list.

(a) Disclosure of interests

A minimum first step in avoiding or responding to a conflict of interest is to disclose the interest. Financial assets or investments which are directly or indirectly connected to the content of a director's work should be disclosed. Other areas referenced in the standards where a conflict of interest may arise (e.g.; outside activities, gifts) should be disclosed to the Board Chair, the GMRC, or the Corporate Secretary.

(b) Abstaining

A director who has reasonable grounds to believe that he or she has a conflict of interest in a matter may, if present at a meeting considering the matter:

- (i) disclose the general nature of the conflict of interest; and
- (ii) abstain from voting on the matter.

(c) Recusal

Recusal is not the same as abstaining where the director will not vote but may have participated in discussions on a matter. Recusal means that a director does not participate in deliberations or debates, make recommendations, give advice, consider findings, or in any other way assume responsibility for or participate in the work or decision making relating to the matter where there is potential conflict of interest.

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(d) Approval

Where a conflict has been disclosed by the director but there is a compelling case for the director to continue, despite the conflict, the director may continue by obtaining the written approval of the Board Chair or the Board or the Corporate Secretary.

(e) Resignation of other office

Where a conflict of interest exists concerning an director's appointment, office or position with another organization, the conflict may be removed if the director resigns from the other office or position or from the CWB.

(f) Divestiture

Where a director owns or has a substantial interest in real or personal assets and ownership of those assets presents a conflict of interest, the conflict may be removed by divesting the assets, or selling them to a third party. Divestiture is most appropriate before holding a position or becoming involved with a business activity where a conflict may be created. Divestiture as a remedy will be inappropriate if, for example, a gain, profit, reward, change in value, or benefit has already been realized and, in such instances, other remedies such as a blind trust or a management agreement may need to be considered.

(g) Blind Trust or Management Agreement

Where a director has significant assets that are likely to place him or her in a conflict of interest then the director may consider entrusting those assets to an independent trustee for management. The trust or management agreement should have the following characteristics:

- (i) the provisions of the trust should be approved by the Corporate Secretary;
- (ii) the trustees must be persons who are at arm's length with the director and approved by the Corporate Secretary;
- (iii) the director does not control any of the management decisions affecting the trust assets; and
- (iv) the trust may allow the trustee to provide the director with a written report on the value of the assets, but not the nature of the assets.

(h) Confidentiality or Post-Service Agreements

CWB may employ confidentiality agreements with directors to govern the use of confidential information after the director ceases to serve the

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CWB. Factors which will be considered in determining whether such an agreement is implemented:

- (i) are the importance of the confidential information held or accessible to the director in the course of performing his or her duties to the CWB, and
- (ii) the degree to which an outside group or entity could gain a commercial advantage or cause loss or damage to the CWB by hiring the individual.

(i) Return

An improper gift or benefit should be returned to the person offering it as soon as practicable. If there is no opportunity to return an improper gift or benefit or where the return may be perceived as offensive for cultural or other reasons, the gift or benefit must immediately be disclosed and turned over to the Board Chair or Corporate Secretary who will make a suitable disposition of the item.