



## TERRAVEST GROUP CODE OF BUSINESS CONDUCT AND ETHICS

### Summary

The success of the TerraVest Group's business depends on honest and ethical conduct on the part of everyone involved in our business. Although proper conduct is usually a matter of common sense, sometimes ethical questions can be confusing or require judgment. This Code is designed to help employees understand the company's expectations and meet their legal and employment obligations. Honest and ethical conduct is very important to us, and cases of dishonest or unethical conduct will result in disciplinary measures and may result in the termination of employment.

The key features of this Code are summarized below; however, employees are encouraged to read the entire Code in detail to ensure they understand the company's expectations and their obligations.

- Employees are expected to act in the best interests of the company and should avoid conflicts of interest at all times. A conflict of interest occurs when your personal interest interferes with or conflicts with the best interests of the company.
- Employees should not use the company's property or information (including the company's phone, fax, e-mail or Internet systems), their position with the company or opportunities that arise because of their employment or position with the company for their own personal gain or for any improper purpose.
- Employees are expected to advance the interests of the company and should not compete with the company.
- Employees are expected to avoid engaging in unfair practices or taking unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or other unfair-dealing practices.
- Employees are expected to comply with both the letter and spirit of all applicable laws, rules and regulations and should report to their supervisor any violations of laws, rules or regulations that they may become aware of.
- Employees should not engage in any abusive, harassing or offensive conduct and should report harassment in accordance with the company's policies.
- Employees are expected to ensure that any records, claims or other documents they prepare or submit to the company are accurate and, if they come across errors or problems in the company's records or documents, should report any errors and take steps to ensure that the errors are corrected.
- Employees are expected to assist in maintaining a safe workplace by following the company's safety and health rules and practices.
- Employees are expected to maintain the confidentiality of the company's information.
- The company is part of the investment portfolio of TerraVest Capital Inc. TerraVest Capital Inc. is a Toronto Stock Exchange listed reporting issuer that is subject to Canadian securities laws and regulatory requirements. It is unethical and illegal to engage in insider trading of TerraVest shares if a person possesses material non-public information and it is also illegal to "tip" or pass inside information on to others.
- Employees should also refer to the company's Whistleblower Policy and the company's Disclosure, Communications and Insider Trading Policy.

**Please contact your supervisor or manager or any of the other contact persons named in the company's Whistleblower Policy if you have questions regarding this Code or how you should report any concerns you**



may have. Employees are encouraged to read the Code in its entirety and to be familiar with all of the employee policies that apply to them.

## Introduction

This Code of Business Conduct and Ethics (the “*Code*”) is applicable to all directors, officers and employees (“*TerraVest Personnel*”) of the TerraVest Group. For purposes of this Code, the TerraVest Group includes TerraVest Capital Inc. (the “*Corporation*”) and the portfolio companies (i.e. the corporations and limited partnerships) in which the Corporation holds business investments (e.g. RJV and Diamond). This Code contains a number of references to the *Senior Management Team* of the TerraVest Group. The Senior Management Team includes the chief executive officer and chief financial officer of the TerraVest Group and the president of each portfolio company in the TerraVest Group.

The TerraVest Group highly values the contributions of its portfolio companies and recognizes that the management of each of our portfolio companies must operate in an environment of relative independence to reflect the divergent nature of the businesses of our portfolio companies and the geographic regions in which those businesses are conducted. We intend that the TerraVest Group’s business practices will be compatible with the economic and social norms of each location in which we operate and will reflect the practical business requirements faced by each portfolio company. Although customs and business practices vary from region to region and industry to industry and standards of ethics may vary in different business environments, honesty and integrity must always characterize all of our business activities.

The TerraVest Group expects and requires the highest standards of professional and ethical conduct from all TerraVest Personnel. The reputation of the TerraVest Group for honesty and integrity among its stakeholders is key to the success of its business. No TerraVest Personnel will be permitted to achieve results through violations of law or regulation, or through unscrupulous dealings. All TerraVest Personnel must respect and comply with the letter and spirit of all of the laws, rules and regulations of Alberta and Canada applicable to the TerraVest Group and of any jurisdiction in which the TerraVest Group does business. Individuals who fail to comply with such laws, rules and regulations will be subject to disciplinary measures, up to and including discharge from the TerraVest Group.

This Code reflects our commitment to a culture of transparency, honesty, integrity and accountability and outlines the basic principles and policies with which all TerraVest Personnel are expected to comply.

Compliance with this Code is a condition to the employment of TerraVest Personnel and any violations will be dealt with severely. In addition to following this Code in all aspects of our business activities, TerraVest Personnel are expected to seek guidance in any case where there is a question about compliance with the letter and spirit of our policies or applicable laws or regulations. This Code sets forth general principles and does not supersede the specific policies and procedures that are covered in other separate specific charters, terms of reference and policy statements applicable to the TerraVest Group or any one or more of its portfolio companies.



## Conflicts of Interest

All TerraVest Personnel must be scrupulous in avoiding a conflict of interest with regard to the TerraVest Group's interests. A "*conflict of interest*" exists when an individual's private interests interfere or conflict with or appear to interfere or conflict with the interests of the TerraVest Group. A conflict of interest may arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her professional obligations objectively and effectively or when he or she otherwise takes action that is inconsistent with the interests of the TerraVest Group for his or her direct or indirect benefit or for the direct or indirect benefit of a third party. A conflict of interest may also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the TerraVest Group, whether received from the TerraVest Group or a third party. Loans to or guarantees of obligations of TerraVest Personnel or any of their respective family members are likely to amount to conflicts of interest as are transactions of any kind between the TerraVest Group and any other entity in which TerraVest Personnel have a material interest.

Conflicts of interest are prohibited as a matter of corporate policy, except as specifically approved by the Corporation's board of directors (the "*Board*") and except in accordance with applicable laws and regulations. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with a member of the Senior Management Team. Any TerraVest Personnel who become aware of a conflict or a potential conflict must bring it to the attention of a supervisor or manager who must thereupon bring it to the attention of the Chairman of the Audit Committee of the Board. You may also contact the persons named in the Whistle Blower Policy of the TerraVest Group.

## Corporate Opportunities

TerraVest Personnel are prohibited from:

- taking personally, for themselves, opportunities that properly belong to the TerraVest Group or are discovered through the use of the TerraVest Group's property, information or position;
- using the TerraVest Group's property, information or position for personal gain; and
- competing with the TerraVest Group.

TerraVest Personnel owe a duty to the TerraVest Group to advance its legitimate interests when the opportunity to do so arises.

## Accuracy of the TerraVest Group's Records and Reporting

Full, fair, accurate, timely and understandable disclosure in reports or other documents we file with or submit to securities regulators in Canada and the United States and in our other public communications is critical to our ability to make responsible business decisions, to comply with our obligations under applicable securities law and regulation and to meet the expectations of our stakeholders. The TerraVest Group has a Disclosure, Communications and Insider Trading



Policy, which sets forth obligations in respect of the TerraVest Group's reports and other public disclosure documents.

The TerraVest Group's accounting records are relied upon to produce reports for the TerraVest Group's management, shareholders, creditors, governmental agencies and others. Our financial statements and the books and records on which they are based must accurately reflect all corporate transactions and conform to all legal and accounting requirements and our system of internal controls.

The Senior Management Team, with the assistance of appropriate Committees of the Board, is responsible for establishing and managing the TerraVest Group's financial reporting systems to ensure that:

- all business transactions are properly authorized;
- all records fairly and accurately reflect the transactions or occurrences to which they relate;
- all records fairly and accurately reflect in reasonable detail the TerraVest Group's assets, liabilities, revenues and expenses; and
- no information is concealed from the independent auditors, the Audit Committee or the full Board.

All TerraVest Personnel, and in particular those personnel involved in accounting and finance functions, have a responsibility to ensure that:

- the TerraVest Group's accounting records, and in particular any records prepared or submitted by them, do not contain any false or intentionally misleading entries;
- no transactions in which they are involved or for which they are preparing, submitting, reviewing or approving documentation are intentionally misclassified as to accounts, department or accounting periods; and
- all transactions in which they are involved or for which they are preparing, submitting, reviewing or approving documentation are supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.

All TerraVest Personnel and any person acting under the direction thereof is prohibited from taking any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in the performance of an audit of the financial statements of the TerraVest Group for the purpose of rendering such financial statements misleading.

All TerraVest Personnel are to exercise the highest standard of care in preparing reports, documents and other public communications, or in ensuring that such reports, documents and other public communications are prepared, in accordance with the guidelines set forth below.



- Compliance with generally accepted accounting principles applicable to publicly accountable enterprises (“IFRS”) is required at all times. However, technical compliance with IFRS may not be sufficient and, to the extent that technical compliance with IFRS would render financial information that the TerraVest Group reports misleading, additional disclosure will be required.
- Compliance with the TerraVest Group’s system of internal accounting controls is required at all times, and no actions designed to circumvent such controls and procedures will be tolerated.
- Compliance with the TerraVest Group’s disclosure controls and procedures is required at all times, and no action designed to circumvent such controls and procedures will be tolerated.

### **Compliance with Laws, Rules and Regulations**

The Senior Management Team is expected to ensure compliance with both the letter and spirit of all applicable laws and governmental rules and regulations and will be responsible for establishing and maintaining procedures to:

- educate members of the finance department about applicable laws and governmental rules and regulations;
- monitor compliance of the finance department with applicable law and governmental rules and regulations; and
- identify any possible violations of applicable laws and governmental rules and regulations and report to the Audit Committee and correct in a timely and effective manner any violations of applicable laws or governmental rules and regulations.

The TerraVest Group’s policy is to comply with all applicable financial reporting and accounting regulations applicable to the TerraVest Group. If any TerraVest Personnel have concerns or complaints regarding questionable accounting or auditing matters of the TerraVest Group or identify a possible violation of applicable law or regulation, then they are required to report such possible violation (anonymously, confidentially or otherwise) to their supervisor or manager, or in the alternative, to those persons named in the Whistle Blower Policy of the TerraVest Group.

### **Compliance with Environmental Laws**

The TerraVest Group is sensitive to the environmental, health and safety consequences of its operations. Accordingly, the TerraVest Group makes every effort to be in compliance with applicable environmental laws and regulations. If any TerraVest Personnel have any doubt as to the applicability or meaning of a particular environmental, health or safety regulation, they should discuss the matter with any member of the Senior Management Team.



## **Compliance with Competition Legislation**

All TerraVest Personnel must comply with applicable competition legislation, the purpose of which is to maintain and encourage competition and prohibit certain behaviour (e.g. agreements with competitors to allocate markets or customers, price fixing or agreements to boycott certain suppliers or customers, bid-rigging, exclusive dealing, etc.). TerraVest Personnel should avoid contact with a competitor relating to the business of the TerraVest Group or the competitor until approval is obtained from a member of the Senior Management Team.

## **Discrimination and Harassment**

The TerraVest Group values the diversity of its employees and is committed to providing equal opportunity in all aspects of employment. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. TerraVest Personnel are encouraged to speak out when a co-worker's or a colleague's conduct makes them uncomfortable, and to report harassment in accordance with the TerraVest Group's policies in respect of workplace conduct.

## **Safety and Health**

TerraVest Personnel are all responsible for maintaining a safe workplace by following safety and health rules and practices. The TerraVest Group is committed to keeping its workplaces free from hazards. Please report any accidents, injuries or unsafe equipment, practices or conditions immediately to a supervisor or other designated person. Threats or acts of violence or physical intimidation are prohibited.

## **Confidentiality**

TerraVest Personnel must maintain the confidentiality of confidential information entrusted to them by the TerraVest Group or its suppliers or customers, except when disclosure is authorized or required by applicable law, regulation or legal proceedings. Whenever feasible, TerraVest Personnel should consult a member of the Senior Management Team if they believe that they have a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to competitors of the TerraVest Group, or be harmful to the TerraVest Group or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the TerraVest Group.

## **Protection and Proper Use of the TerraVest Group's Assets**

All TerraVest Personnel should endeavour to protect the TerraVest Group's assets and ensure their efficient use. No TerraVest Personnel may use the TerraVest Group's property for personal use or benefit or for the personal benefit of a third party without express authorization from a member of the Senior Management Team. Theft, carelessness and waste have a direct impact on the TerraVest Group's profitability. Any suspected incidents of fraud or theft should be immediately reported to a member of the Senior Management Team for investigation.



The TerraVest Group's assets, such as funds, products or computers, may only be used for legitimate business purposes or other purposes approved by management. The TerraVest Group's assets may never be used for illegal purposes.

The obligation to protect the TerraVest Group's assets includes proprietary information. Proprietary information includes any information that is not generally known to the public and would be helpful to the TerraVest Group's competitors. Examples of proprietary information are intellectual property, business and marketing plans and employee information. The obligation to preserve proprietary information continues even after TerraVest Personnel leave the TerraVest Group.

### **Insider Trading**

Insider trading is unethical and illegal. TerraVest Personnel are not allowed to trade in securities of a corporation while in possession of material non-public information regarding that corporation. It is also illegal to "tip" or pass on inside information to any other person who might make an investment decision based on that information or pass the information on further. The TerraVest Group has a Disclosure, Communications and Insider Trading Policy, which sets forth obligations in respect of trading in the TerraVest Group's securities.

### **Fair Dealing**

All TerraVest Personnel should endeavour to deal fairly with the TerraVest Group's shareholders, customers, suppliers, competitors, officers and employees. None should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

### **Use of Communication Devices including E-Mail and Internet Services**

The TerraVest Group's phone system, faxes, e-mail and Internet are to be used for business purposes only unless otherwise expressly authorized. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. You may not access, send or download any information that could be viewed as harassment.

Your messages (including voice mail) and computer information are considered corporate property and you should not have any expectation of privacy. Use good judgment, and do not access, send messages or store any information that you would not want to be seen or heard by other individuals.

### **Political Activities and Contributions**

We respect and support the right of TerraVest Personnel to participate in political activities. However, these activities should not be conducted on TerraVest Group time or involve the use of any TerraVest Group resources such as telephones, computers or supplies. TerraVest Personnel will not be reimbursed for personal political contributions.



We may occasionally express our views on local and national issues that affect our operations. In such cases, TerraVest Group funds and resources may be used, but only when permitted by law and by our strict TerraVest Group guidelines. The TerraVest Group may also make limited contributions to political parties or candidates in jurisdictions where it is legal and customary to do so. The TerraVest Group may pay related administrative and solicitation costs for political action committees formed in accordance with applicable law and regulation. No TerraVest Personnel may make or commit to political contributions on behalf of the TerraVest Group without the approval of a member of the Senior Management Team.

## **Gifts and Entertainment**

Business gifts and entertainment are customary courtesies designed to build goodwill among business partners. These courtesies include such things as meals and beverages, tickets to sporting or cultural events, discounts not available to the general public, travel, accommodation and other merchandise or services. In some cultures they play an important role in business relationships. However, a problem may arise when such courtesies compromise, or appear to compromise, our ability to make objective and fair business decisions. The same rules apply to TerraVest Personnel offering gifts and entertainment to our business associates.

Offering or receiving any gift, gratuity or entertainment that might be perceived to unfairly influence a business relationship should be avoided. These guidelines apply at all times, and do not change during traditional gift-giving seasons.

The value of gifts should be nominal, both with respect to frequency and amount. Gifts that are repetitive (no matter how small) may be perceived as an attempt to create an obligation to the giver and are therefore inappropriate. Likewise, business entertainment should be moderately scaled and intended only to facilitate business goals. Use good judgment. “Everyone else does it” is not sufficient justification. If you are having difficulty determining whether a specific gift or entertainment item lies within the bounds of acceptable business practice, ask yourself these guiding questions:

- Is it legal?
- Is it clearly business related?
- Is it moderate, reasonable, and in good taste?
- Would public disclosure embarrass the TerraVest Group?
- Is there any pressure to reciprocate or grant special favours?

Strict rules apply when we do business with governmental agencies and officials, whether in Canada or the United States or in other countries, as discussed in more detail below. Because of the sensitive nature of these relationships, talk with your supervisor and a member of the Senior Management Team before offering or making any gifts or hospitality to governmental employees.





## **Payments to Domestic and Foreign Officials**

TerraVest Personnel must comply with all laws prohibiting improper payments to domestic and foreign officials, including the Corruption of Foreign Public Officials Act (the “*Canadian Act*”) and the United States’ Foreign Corrupt Practices Act (the “*U.S. Act*”) (collectively, the Canadian Act and the U.S. Act are referred to as the “*Acts*”).

The Acts prohibit an offer, payment, promise of payment or authorization of the payment of any money or gift to a foreign official, foreign political party, official of a foreign political party or candidate for political office to influence any act or decision of such person or party to obtain or retain business. The Acts also prohibit a payment to any person with the intention that all or a portion of that payment will be offered or given, directly or indirectly, to any such political person for any such purpose. Although payments may not be illegal, the TerraVest Group’s policy is to avoid such payments.

If any TerraVest Personnel find that adherence to the TerraVest Group’s policy would cause a substantial, adverse effect on operations, that fact should be reported to a member of the Senior Management Team, who will determine whether an exception may lawfully be authorized and appropriate in the circumstances. If the facilitating payment is made, such payment must be properly entered and identified on the books of the TerraVest Group and all appropriate disclosures made.

Violation of the Acts is a criminal offense, subjecting the TerraVest Group to substantial fines and penalties and any TerraVest Personnel acting on behalf of the TerraVest Group to imprisonment and fines.

## **Waivers of the Code of Business Conduct and Ethics**

Any waiver of this Code for executive officers or directors will be made only by the Board and will be promptly disclosed as required by applicable law or regulation. Any change to this Code will be disclosed as required by applicable law or regulation.

## **Compliance Procedures**

The Board is ultimately responsible to monitor compliance with this Code. TerraVest Personnel are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behaviour and, when in doubt, about the best course of action in a particular situation. TerraVest Personnel who are concerned that violations of this Code or other illegal or unethical conduct by other TerraVest Personnel have occurred or may occur should in a timely manner contact his or her supervisor or manager or in the alternative, those persons named in the Whistle Blower Policy of the TerraVest Group.

This Code cannot, and is not intended to, address all of the situations you may encounter. There will be occasions where you are confronted by circumstances not covered by policy or procedure and where you must make a judgment as to the appropriate course of action. In those circumstances we encourage you to use your common sense, and to contact your supervisor or manager for guidance.



If you do not feel comfortable discussing the matter with your supervisor or manager, please contact the Chair of the Audit Committee or any of the other persons named in the Whistle Blower Policy of the TerraVest Group. Any complaints or concerns you may have related to accounting, internal controls or auditing matters will be passed on to the Audit Committee to be dealt with and a record of your concern or complaint will be retained for 5 years. The Audit Committee is composed of Directors independent from the TerraVest Group. We strive to ensure that all questions or concerns are handled fairly, discreetly and thoroughly. You need not identify yourself and may report your concerns confidentially and anonymously to Global Corporate Compliance Inc. as described in the Whistle Blower Policy of the TerraVest Group. We prohibit retaliatory action against any TerraVest Personnel who, in good faith, report a possible violation. It is unacceptable to file a report knowing it to be false.

Violation of this Code may result in disciplinary actions up to and including discharge from the TerraVest Group.

*Related Governance Documents:*

- Audit Committee Charter
- Whistleblower Policy
- Disclosure, Communications and Insider Trading Policy

TerraVest Personnel should also be aware of and familiar with the specific employee policies applicable to their portfolio company.

Please contact your supervisor or manager if you have any questions regarding this Code or any of the other policies that may apply to you.

