



INTEGRITY  
**POLICY**  
We are all mabe

**mabe**

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## Introduction

Mabe has issued one set of policies on key integrity issues.

Those policies, which implement the Company's Code of Conduct, are described in the following sections. Information common to all policies - employee and leadership responsibilities, reporting procedures, and penalties for violations - is contained in this introduction.

**INTEGRITY  
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## 1. Who must follow mabe policies?

Mabe policies apply to all employees of the company. Mabe also requires that others representing Mabe - such as consultants, agents, distributors and independent contractors - agree to follow applicable Mabe policies.

## 2. Responsibilities of all employees:

Each policy gives you specific responsibilities. However, there are also basic obligations common to all policies:

- Learn the details of policies dealing with your work. No one expects you to know all policies word for word. But you should have a basic understanding of issues covered by each policy. You should have a more detailed understanding of policies that apply to your job.

- Seek assistance from your manager, the Comptroller, our Corporate Ombudsperson, or other Mabe resources when you have questions about application of the policies.

- Promptly report:

- Any concern that you may have about possible violations of this policy
- Any concerns others may have about a possible violation of this policy
- Any concerns about a possible request to violate this policy.

- You may report your concerns to a Mabe manager, or, if you prefer, your designated Human Resources Business Partner. Your report may be written or oral, and it may be anonymous. In any case, you always have an open door with our corporate Ombudsperson.

- If you report a concern about this policy and the issue is not resolved, raise it with one of the other contacts listed above.

- Cooperate with Mabe investigations into concerns covered by this policy.

**Mabe employees at all levels are prohibited from taking retribution against anyone for reporting or supplying information about a policy concern.**

## 3. Leadership responsibilities:

Leaders have additional obligations common to all policies. They must:

- Lead by example, using their own behavior as a model for all employees.

- For each policy, identify those employees whose activities may involve issues covered by that policy.

- Provide education and legal counseling to promote policy compliance.

- Create a culture which promotes compliance, encourages employees to raise their policy questions and concerns, and prohibits retribution.

- Make sure employees understand that performance is never more important than compliance.

- Promptly report employee concerns of possible violations of this policy according to Mabe's reporting procedures.

- Take prompt remedial action when required.

- Gather feedback to evaluate and continually improve policy compliance.
- In evaluating and rewarding employees, consider their actions and judgments in promoting and complying with Mabe policies.

Annually, each leader reporting to the President will review compliance with this policy with his or her direct reports and provide the results of those reviews to the President. Not less frequently than annually, the President will report on the results of those reviews to the Mabe Board of Directors.

## **Application to third parties**

Certain policies require Mabe to ensure that independent third parties agree to comply with the principles of those policies. Independent third parties include consultants, agents, distributors and independent contractors.

Leaders and employees must:

- Identify those persons outside Mabe whose activities may involve issues covered by Mabe policies.
- Require those persons to agree to comply with relevant aspects of the policies.
- Provide those persons with appropriate education on the requirements imposed by the policies.
- Take necessary action, up to and including terminating the Mabe contract, after learning that a third party has failed to honour its agreement to abide by the policies.

## **Compliance programs**

It is the responsibility of the President to set up and maintain an effective compliance program to prevent and detect violations of Mabe policies and applicable laws. The compliance program should have the following elements:

- Set standards and procedures that are reasonably capable of reducing the prospect of violations of Mabe policies and applicable laws.
- Assign overall responsibility for compliance to specific high-level personnel.
- Screen employees and agents to prevent discretionary authority from being delegated to persons who have demonstrated insensitivity to the requirements of company policies and the laws they cover.
- Implement educational and training programs that will enable employees to understand the basic requirements of Mabe policies and applicable laws.
- Implement monitoring and auditing systems to detect violations of Mabe policies and applicable laws.
- Establish and communicate a procedure for promptly reporting possible violations and concerns that protects against fear of retribution.
- Implement appropriate disciplinary mechanisms.
- Take remedial action to correct weaknesses and prevent recurrence of failures.

## **Penalties for violations:**

Following Mabe policy is a must. Employees who violate the spirit or letter of these policies are subject to disciplinary action up to and including discharge. The following are examples of conduct which may result in discipline:

- Actions which violate a Mabe policy
- Requesting others to violate a policy

- Failure to promptly report a known or suspected policy violation
- Failure to cooperate in Mabe investigations of possible violations
- Retribution against another employee for reporting a policy concern
- Failure to demonstrate the leadership and diligence needed to ensure compliance with Mabe policies and applicable laws.

For many Mabe policies a violation can also mean breaking the law and subjecting yourself or the company to criminal penalties (fines or jail sentences), or civil sanctions (damage awards or fines).

## Employee acknowledgment

Periodically, mabe asks employees to acknowledge their commitment to the spirit and letter of Mabe policies. Newly hired employees must sign the acknowledgment.

## How to handle Concern

### First, Define your Concern

- Do your best to define your concern by answering the following questions:

- Who or what is the concern?
- When did the concern come up?
- Where did it happen?

Second, Raise the Concern: Talk about it, call or write whomever you feel most comfortable with, but remember, prompt reporting is crucial:

- Your supervisor
- The next level of management
- The controller

*Mabe employees at all levels are prohibited from taking retribution against anyone for reporting or supplying information about a policy concern.*

*If you feel this has happened, tell someone in management. Or call a contact listed on the Helplines.*

*The whole idea is to speak up. Ask questions. Bring your concern into the open. Don't ignore a concern.*

# Chapter II

## Ethical Business Practices

**Mabe expects employees to use only ethical practices in selling goods and services and in representing the company to governmental authorities. This policy sets forth the ethical standards of conduct and practices which must be followed with respect to certain kinds of payments, entertainment and political contributions. Mabe will not authorize, involve itself in or tolerate any business practice that does not follow this policy.**

### Requirements:

#### General

- Never make or offer, directly or indirectly, anything of value (such as a bribe or kickback) to a customer or government official to influence or reward an action. A business courtesy, such as a gift, contribution or entertainment, should never be offered under circumstances that might create the appearance of an impropriety.
- Obey the laws of Canada and other countries that relate to matters covered by this policy.

#### Third parties

- Require independent third parties to represent Mabe in accordance with this policy and to obey the laws of Canada and other countries related to matters covered by this policy.
- Be careful! Exercise due diligence when selecting a third party to represent Mabe, keeping in mind that Mabe and its employees may, in some circumstances, be held responsible for the actions of sales agents and other third parties. For example, if a sales agent makes an improper payment to a government official, the Mabe employee who works with that agent, as well as the company, might be charged with a criminal violation if the employee a) knew about the payment (or

consciously disregarded information that the payment likely took place); and b) authorized it, either explicitly or implicitly. When selecting a third party to represent Mabe, consider the following:

- Employ only reputable, qualified individuals and firms.
- Understand and obey any requirements governing the use of third parties (for example, funding agency restrictions, or customer, country or ministry prohibitions).
- Make sure that the compensation is reasonable for the services provided.
- If you spot a "red flag" (an indication of a potential policy violation) involving a third party, make sure that it is promptly investigated and resolved.
- Seek the assistance of management in exercising due diligence and resolving any red flags.

#### Political contributions

- Obey the laws of Canada and host countries in promoting the company position to government authorities and in making political contributions.
- Political contributions by the company to Canadian federal, provincial or local candidates are generally lawful. One exception is the Province of Quebec, where the law expressly prohibits corporate contributions to provincial political parties or candidates. Any contribution of company funds or other assets for political purposes in Canada must be approved by the President and made through the Secretary.
- Never make or offer, directly or indirectly, a payment or anything of value (such as a bribe or kickback) to any political party, party official, or any candidate for political office to influence or reward any governmental act or decision.

# Chapter II

## Ethical Business Practices

### Permissible payments

You may provide customers with ordinary and reasonable entertainment and gifts only if they are permitted by

- The law
- The customer's own policies and procedures
- Mabe's procedures.

· This policy does not prohibit lawful reimbursement for reasonable and bona fide expenditures - for example, travel and living expenses incurred by customers and directly related to the promotion of products or services, or the execution of a contract.

· Obey the laws of Canada and other countries that relate to matters covered by this policy.

· Facilitating payments may be permissible. Facilitating payments are gratuities paid to officials or employees of non-Canadian or U.S. governments to expedite a service or routine administrative action that these individuals ordinarily perform and to which Mabe is entitled under the laws of that country. This policy allows facilitating payments in some countries (but not all countries) and only to low-level officials or government employees when they are customary in those countries. Seek the advice of the Vice President Finance, the Comptroller, or the Secretary before visiting a country. Make sure that these payments are clearly and accurately reflected in financial reports.

### Employee responsibilities:

· Understand and keep up-to-date on the laws of Canada and other countries, funding agency regulations and customer requirements related to your job and each requirement of this policy. These requirements can be complex, and it is not

unusual to have questions related to a transaction. If you have any questions related to matters covered by this policy, consult with the President, the Secretary or the Comptroller.

· Take the necessary steps to make sure any party acting on Mabe's behalf understands and agrees to follow the principles of this policy.

· Carefully watch for "red flags" which might indicate illegal activities or violations of Mabe policies. These include:

- a sales representative or other person representing Mabe or being considered to represent Mabe who:

\* has been accused of improper business practices

\* has influence on the buying decision and a reputation for bribes

\* has a family or other relationship that could improperly influence the customer's decision

\* approaches you near a customer's award decision and explains that he or she has a "special arrangement" with an official

\* insists on receiving a commission payment before the customer announces the award decision

- a customer who suggests that a Mabe bid be made through a specific representative or partner

- any request that a commission or other payment be made in a third country or to another name

- a commission that seems unusually large in relation to the services provided.

· If these or any other signs of a possible violation come to your attention, be sure to promptly resolve your concern before proceeding with the transaction that relates to it. Resolution should include management review and should be well documented.

· Maintain timely, accurate and complete records of all expenditures of Mabe funds as spelled out in Financial Controls & Records-Integrity Policy 9.

· Learn and follow Mabe's guidelines for travel and living expense reimbursement, business entertainment and gifts. In addition, learn and respect the policies of customers and government agencies concerning acceptance of business entertainment and gifts.

# Chapter II

## Ethical Business Practices

- Promptly report any concern that you may have about possible violations of this policy as described in the Responsibilities of all employees section in the Introduction.

### Additional responsibilities of leaders:

- Do not retain individuals or firms unless you are satisfied they will abide by the principles of this policy when representing Mabe. Pay them reasonably for services performed. Make sure the selection process includes a thorough consideration of the scope of activities, credentials, background, costs and compensation terms. Appropriate approvals should be obtained. Make sure that the selection and payment process is consistent with other relevant guidelines.
- Identify those persons inside and outside Mabe whose activities may involve issues covered by this policy. Carefully review and discuss the requirements of this policy with them and every individual or firm considered to represent Mabe. Make sure a program is in place to provide them with appropriate education and legal counseling on the requirements imposed by the law and this policy.
- Closely monitor and control business entertainment and gifts.
- Consult with the President or the Secretary in executing your responsibilities under this policy. Keep in mind that international activities may raise issues requiring familiarity with the laws and regulations of other countries.
- If you discover that a sales representative or other third party representing Mabe engages in improper business practices for other firms, you should consult with company legal counsel and take necessary remedial action.
- Financial managers will make sure that accurate records are kept that show the amount and purpose of all payments. (See Financial Controls & Records-Integrity Policy 9)
- The President will:
  - Review financial reports covered by this policy with the responsible financial manager.
  - Request, as required, financial reviews of matters covered by this policy from finance managers or the Mabe Audit Staff.

- Review, as required, other matters covered by this policy with the responsible manager or with the Mabe Audit Staff.
- Review compliance concerns or possible violations of this policy with the Secretary or the Comptroller to determine the appropriate company response and disclosure requirements.
- Carefully consider the company's responsibilities under the laws of any applicable jurisdiction in any investment decisions.
- Authorize the execution of any new sales representative or sales consultant services agreement that involves commissions, contingent fees or retainer compensation greater than \$20,000 (total contract value).
- Authorize the execution of any international service agreement or sub-contract that is greater than \$200,000 in value.

### Penalties for violations:

- In addition to the penalties for employees listed [here](#), Mabe will terminate contracts with consultants, sales representatives, distributors, independent contractors and any other third parties who are unwilling or unable to represent Mabe in a manner consistent with this policy.
- Mabe employees must understand that the consequences of violating this policy can extend to the company as a whole and could involve the loss of government contracting and defense export privileges.

### Related policies:

- Following International Trade Controls-Integrity Policy 2
- Working with Government Agencies-Integrity Policy 4
- Avoiding Conflicts of Interest-Integrity Policy 10
- Financial Controls & Records-Integrity Policy 9
- Supplier Relationships-Integrity Policy 3



# Chapter III

## Following International Trade Controls

### Policy 2 - Following International Trade Controls

*Canada and the United States use international trade controls to protect the national security and the domestic economy, and to promote foreign policy. To do business in today's global environment, Mabe must follow those laws and regulations applicable in the areas where Mabe carries on business. This includes following laws and regulations prohibiting cooperation with boycotts against countries friendly to Canada and the U.S. and against "blacklisted" Canadian and U.S. firms.*

*In the area of international trade regulation, U.S. laws may apply not only to the actions of the General Electric Company ("GE") but to its affiliates, such as Mabe, as well. Of course Canadian laws are paramount in Mabe's Canadian operations.*

#### Requirements:

- Implement programs to assure compliance with Canadian and applicable U.S. laws and regulations governing international transactions.
- Avoid all transactions prohibited by Canadian and applicable U.S. laws or regulations.
- Follow all relevant international trade control regulations, including licensing, shipping documentation, reporting and record retention requirements.
- Avoid any role in restrictive trade practices or boycotts prohibited or penalized under Canadian and applicable U.S. laws.

#### Employee responsibilities:

- If you are involved in international activities, maintain a basic awareness of the laws and regulations governing them. Learn and follow Mabe's own procedures regarding international transactions.

- Make sure all transactions are screened in accordance with the applicable Canadian and U.S. export regulations pertinent to your business activities.
- Do not cooperate with any restrictive trade practice or boycott prohibited or penalized under Canadian or applicable U.S. laws. All boycott-related requests, including requests for information, must be reported to your supervisor and the Comptroller or the Secretary.
- Carefully watch for "red flags" which might indicate extraordinary licensing requirements, illegal activities or any other violations of this or related Mabe policies. "Red flags" may include:
  - unknown customer without convincing references
  - unusual transaction or application for a consignee, customer, end use, or location
  - evasive, reluctant, or otherwise unsatisfactory answers by a customer to questions about end use, end user, delivery dates, or delivery locations
  - unusually favorable payment terms
  - lack of concern for normal training and warranty service
  - freight forwarder listed as ultimate consignee
  - abnormal packing, marking, or routing of goods
  - unusual security or safety measures
  - inappropriate military links
  - involvement of parties related to countries engaged in weapons proliferation; e.g. Iran, Syria, India or Pakistan.
- Promptly report any "red flags" or concerns that you may have about possible violations of this policy as described in the Responsibilities of all employees Section of the Introduction.

#### Additional responsibilities of leaders:

- Require a careful review and discussion of this policy with every agent, representative, distributor, subcontractor, or other individual or firm being considered to represent Mabe. Do not employ any individual or firm unless you are fully satisfied they will follow the principles of this and other mabe policies.

# Chapter III

## Following International Trade Controls

- Consult with the President or the Secretary in executing your responsibilities under this policy. Keep in mind that international operations may raise issues requiring familiarity with the laws and regulations of countries other than the one where the exporter is based.
- Establish procedures to screen international transactions for compliance with legal and regulatory requirements. Such procedures must ensure that proper license authority is obtained and that appropriate documentation accompanies the transaction.
- The President will name a person or persons responsible for international compliance.
- The person(s) named will have these responsibilities:
  - maintenance and communication of policy and procedures appropriate to each functional unit and consistent with company standards
  - establishment of information and education programs
  - records management
  - assurance of compliance, including,
    - \* due diligence measures, i.e., transaction screening, responses to red flags
    - \* accurate export classification, licensing, documentation and reporting
    - \* compliance with agreements and licenses
  - remedial action.
- Request, as required, reviews of matters covered by this policy from legal counsel or the Mabe Audit Staff.
- The President and the Secretary will provide consultation in interpretation of this policy.
- Review substantive compliance concerns or possible violations of this policy with the President or the Secretary to determine the appropriate company response and disclosure requirements.

### Examples of violations:

- Providing, or failing to report a request to provide, boycott-related information.
- Providing a product, information or service when there is reason to know it will be diverted to an unauthorized destination or use.
- Exporting hardware or technical data, or marketing certain defense articles without receiving the required authorization or license.

### Penalties for violation:

- Conviction for violating international trade control laws and regulations will result in loss of export privileges, and civil or criminal penalties. A criminal indictment may result in suspension of Mabe export licensing for defense products.

### Related policies:

- Ethical Business Practices-Integrity Policy 1
- Working with Government Agencies-Integrity Policy 4
- Financial Controls & Records-Integrity Policy 9
- Supplier Relationships-Integrity Policy 3

### Resources:

- Materials and guidelines are available from the Secretary.

### Questions & Answers

**Q:** May I provide a statement, required by my customer in the UAE, confirming that none of the components in our products to be supplied are of Israeli origin?

**A:** You may be violating applicable anti-boycott laws if you provide such confirmation ("negative certification"). However, you may provide a positive certification as to the origin of the goods. You may also be violating those laws if you fail to report this boycott-related request promptly to government authorities. Speak with the Comptroller or the Secretary about how to handle this matter.

# Chapter IV

## Supplier Relationships

### Policy 3 - Supplier Relationships

*Mabe bases supplier relationships on lawful, efficient and fair practices. The quality of our supplier relationships often has a direct bearing on the quality of our customer relationships. Likewise, the quality of our suppliers' products and services affects the quality of our own products and services.*

#### Requirements:

- Follow applicable laws and government regulations covering supplier relationships.
- Follow federal and defense acquisition regulations when purchasing materials and services for use in fulfilling government contracts.
- Provide a competitive opportunity for suppliers to earn a share of Mabe's purchasing volume, including businesses owned by the disadvantaged, minorities and women.
- Enlist supplier support in ensuring that Mabe consistently meets and exceeds customer expectations of quality, cost and delivery.

#### Employee responsibilities:

- Evaluate all supplier offerings on the basis of:
  - technical leadership
  - service
  - quality
  - price
  - reliability - any other relevant factors
- Respect the terms of supplier contracts.
- Respect licensing agreements and copyright laws, including those covering computer software.
- Maintain open, honest dialogue with contractors, consistent with good business practices.
- Do not participate for personal gain in any supplier's contest, game, or promotion or accept gifts of other than nominal value.

- Safeguard any information that Mabe holds as confidential, either on its own or by agreement with a supplier.
- Provide government regulatory agencies with all information required by law in the fulfillment of their responsibilities.
- Promptly report any concern that you may have about possible violations of this policy as described in the Responsibilities of employees Section of the Introduction.

#### Additional responsibilities of leaders:

- Where practical, and in the best interests of Mabe, obtain materials and services in coordination with GE Corporate Sourcing, which is responsible for negotiating company-wide contracts to ensure consolidated purchasing advantages.
- Where practical, provide competitive opportunities to all suppliers-large and small; local, national and international; internal and external.
- Notify the Material Resource Operation and the President of significant problems encountered with any supplier so an assessment can be made of the company-wide impact of the situation.
- The Material Resource Operation manager will establish and document a purchase authorization and approval process. It will establish criteria for such major purchases as deemed appropriate, including limits based on broad classes or types of item. Documentation must also include authority for financial control in accordance with this and related company policies (see "Related Policies" below).
- The President and managers reporting to the President have full implementing authority for this policy.

#### Penalties for violation:

See page "Penalties for violation"

#### Related policies:

- Ethical Business Practices-Integrity Policy 1
- Complying with the Competition Laws-Integrity Policy 5

# Chapter IV

## Supplier Relationships

- Following International Trade Controls-Integrity Policy 2
- Working with Government Agencies-Integrity Policy 4
- Avoiding Conflicts of Interest-Integrity Policy 10

### Resources:

- More information on matters covered by this policy is available from the Material Resource Operation.

# Chapter V

## Working with Government Agencies

### Policy 4 - Working with Government Agencies

*Mabe must excel as an honest, responsible supplier to all government customers. In the global economy, our customers may include not only federal, provincial and local governments within Canada, but also government customers throughout the world.*

*This policy describes the company's standards and practices in working with government agencies whether as a prime contractor or subcontractor. It also requires Mabe employees to be truthful and accurate when responding to government officials responsible for regulating the industries in which we do business.*

*Mabe standards require more than just obeying the letter of the law. They require that all employees uphold the spirit of the law in adhering to the highest standards of honesty and integrity, avoiding even the appearance of impropriety. Mabe employees should require consultants, agents, independent contractors, subcontract labor and any other persons working for Mabe on a government project or contract to agree to comply with this policy.*

### Requirements:

Transactions with government agencies

- Adhere to the highest standards of honesty and integrity, and abide by all applicable laws.
- Comply with applicable government regulations and procedures, whether Mabe is a prime contractor or subcontractor.

Interactions with government officials

- Make sure that reports, certifications, statements, proposals and claims made to government agencies are truthful and accurate.

# Chapter V

## Working with Government Agencies

- Gifts and entertainment to officials and employees of the governments of Canada and other countries are highly regulated and often prohibited. Do not provide such gifts and entertainment unless you have determined that you are permitted by applicable law and regulations, and Mabe's policies and procedures, to do so. (See Ethical Business Practices-Integrity Policy 1).
- Respect conflict-of-interest laws and regulations regarding the recruitment, hiring or activities of present or former government employees.

### Employee responsibilities:

In all transactions and other contacts with government agencies, take care to comply with applicable laws and regulations. Also be sure to follow Mabe's policies and procedures covering transactions with government agencies. Among the areas demanding your scrupulous attention are:

#### Interactions with government officials

- Whenever you provide information to a government official-whether orally or in writing-be truthful and accurate.
- Contract proposal and negotiation
  - Follow all relevant laws and regulations pertaining to procurement. Obtain source selection, competitive or proprietary information only when the Contracting Officer has authorized release of such information.
  - In negotiating certain government contracts, contractors must submit all required cost and pricing data before the contract is awarded. Contractors must also certify in writing that the data are current, accurate and complete. Therefore:
    - Maintain current, accurate and complete records of all cost or pricing data. Certify and disclose all data when required by law. When in doubt, disclose.
    - Report, prior to certification, all changes or errors in cost or pricing data.

### Contract performance

- Meet contract requirements for design, manufacture, materials, testing and any other relevant specifications.

- Purchase materials and services for government contracts only through the Material Resource Operation and comply with Mabe's purchasing procedures in areas such as truth in negotiations and source selection.
- Avoid unauthorized substitutions, including use of imported materials where domestic materials are specified in the contract.
- Do not deviate from contract requirements without written approval of the authorized government procurement official.
- Accurately allocate costs to the proper contracts. Avoid mis-charging, which can result, for example, from improperly filling out time cards, vouchers, charging insupportable overhead costs, incorrectly classifying costs or shifting of costs between contracts.
- Comply with executive orders, laws and regulations applicable to government contractors which require employment equity and other such contractual requirements.

### Conflicts of interest

- Avoid business or financial relationships with suppliers, subcontractors, customers or direct competitors which could interfere, or appear to interfere, with the proper performance of your job. See Avoiding Conflicts of Interest-Integrity Policy 10 for more information on this and related requirements.

### Security

- Follow security regulations of the Canadian Government and all other governments having jurisdiction over Mabe operations in a particular country. Those regulations cover plant and office security, the proper handling of classified material, travel, personal contacts, and other activities of Mabe employees both on and off the job.

### Competition

- Follow Complying with the Competition Laws-Integrity Policy 5, which prohibits price-fixing and other anti-competitive behavior.

# Chapter V

## Working with Government Agencies

### Reporting

- Promptly report any concern that you may have about possible violations of this policy.

### Additional responsibilities of leaders:

- Identify areas of sensitivity and concern regarding government contracting, and set up appropriate controls and safeguards.
- Provide employees with correct charge numbers, and clear and accurate information about charging time and other costs to the proper contract.
- Develop any other procedures consistent with this policy necessary for your component to do business with government agencies within Canada (federal, provincial and local) and other countries.
- Cooperate with other Mabe management and government representatives in fulfilling contract requirements.
- Employ or contract with only competent, reputable individuals, suppliers, agents and consultants who have no real or apparent conflicts of interest.

### Penalties for violation:

### Related policies:

- Employment Equity and Diversity-Integrity Policy 6
- Ethical Business Practices-Integrity Policy 1
- Complying With the Competition Laws-Integrity Policy 5
- Following International Trade Controls-Integrity Policy 2
- Supplier Relationships-Integrity Policy 3

### Resources:

- More information on matters covered by this policy is available from the Secretary or the Comptroller.

### Questions & Answers

#### *Improper charging*

**Q:** What if my supervisor were to tell me to voucher time against a job number not shown on my routing sheet. What should I do?

**A:** Tell your supervisor the job number is incorrect and recommend the correct number. If that approach is not practical, contact the next level of management, the Secretary, the Comptroller or the Ombudsperson and report the problem.

#### *Substituting products*

**Q:** Because there are many common parts on our products, wouldn't it make sense in the field to borrow parts from one government program to use on another, especially in rush situations?

**A:** No. Although it may seem like a quick solution, in government programs you must not do this unless you have prior written authorization from the appropriate procurement official.

#### *Defective pricing*

**Q:** In estimating labour costs on a major proposal for the Canadian Government, we would like to use a new computer estimating technique instead of actual labour cost data from prior contracts. Would we have any obligation to disclose the data to the Government?

**A:** Yes. All data that prudent buyers and sellers would reasonably expect to affect price negotiations significantly must be disclosed. Thus you should disclose the data, even if you did not use it in your estimate, where it is possible a prudent negotiator would find the data useful in negotiations. When in doubt, disclose.

# Chapter V

## Working with Government Agencies

### *Procurement integrity*

**Q:** A government engineer I met on a prior job has offered to brief me on the criteria the government will use to evaluate proposals on an upcoming procurement. He says he wants to make sure we get a fair shot at the contract. Can I accept his offer?

**A:** Not without finding out if he has been expressly authorized by the contracting officer to give you this briefing. Evaluation criteria are normally considered source selection information, which can be disclosed only with the authorization of the contracting officer. If you are told by the engineer that he has been authorized by the contracting officer to brief you, make a written record of the conversation.

### *Inaccurate certification*

**Q:** We want to maximize our cash flow. Our contract permits us to bill the government for payments made to vendors. We just took delivery of about \$1 million in material. Unfortunately, accounting says they will not get checks issued to the vendor until ten days after the billing date. Can I include the \$1 million in our billings? After all, by the time the government pays us, we will have paid the vendors.

**A:** No. You must comply literally with all government certifications. Close is not good enough. The statement must be completely accurate at the time you sign it. Accordingly, you cannot bill the government until you actually pay your vendor.

# Chapter VI

## Complying with the Competition Laws

### *Fair Competition*

#### **Policy 5 - Complying with the Competition Laws**

*The competition laws of Canada and other countries are a critical part of the business environment in which Mabe operates. They govern the day-to-day conduct of Mabe's business in setting prices and other aspects of purchasing, selling and marketing goods and services.*

*Mabe is dedicated to compliance with the competition laws in all of its activities. Every Mabe employee is responsible for compliance with the competition laws, as well as for promptly reporting any possible violations of those laws to management, the Comptroller, the Secretary, Ombudsperson or the President.*

#### **Requirements:**

- Comply with all applicable competition laws, including federal and provincial competition laws of Canada and the competition laws of other countries where Mabe does business.
- Comply with all competition decrees and orders affecting Mabe and its employees. Competition decrees and orders may prohibit some conduct otherwise lawful under the competition laws.

# Chapter VI

## Complying with the Competition Laws

### Employee responsibilities:

- Understand the basic requirements of the competition laws, decrees and orders that apply to your business activities.
- Do not propose or enter into any agreements or understandings - expressed or implied, formal or informal, written or oral - with any competitor regarding the following aspects of the competition between Mabe and the competitor for sales to third parties:
  - prices
  - terms or conditions of sale
  - costs
  - profits or profit margins
  - product or service offerings
  - production or sales volume
  - production capacity
  - market share
  - decisions to quote or not to quote
  - customer or supplier classification or selection
  - sales territories
  - distribution methods.
- Even when there are appropriate reasons for communications between competitors (such as customer or supplier issues arising from a genuine buyer-seller relationship, or the exploration of a potential joint venture), meetings and discussions between competitors present potential legal risks. Avoid creating the appearance of improper agreements or understandings by keeping communications with competitors to a minimum and making sure that there is a legitimate business reason for all such communications. Consult with your manager or the Secretary regarding the steps you should take to minimize the potential legal risks posed by communications with competitors. Mabe shall adopt procedures for reporting and documenting competitor contacts. You are responsible for complying with those procedures.

- Do not propose or enter into any agreements or understandings with customers which restrict the price at which the customer may resell or lease any Mabe product or service. A related offense involves refusing to supply or otherwise discriminating against any other person because of his or her low pricing policies, or inducing any other supplier to do so.
- Comply with Mabe's guidelines for participation in trade associations, professional societies, and standards development and product certification organizations.
- Consult with the President or the Secretary before entering into:
  - any agreement or understanding with a customer or supplier which requires it to conduct business with Mabe before Mabe will buy from or sell to it
  - any agreement or understanding with a customer to restrict the customer's choices in using or reselling a Mabe product or service
  - any agreement or understanding with a customer which requires the customer to purchase one Mabe product or service as a condition of purchasing another Mabe product or service
  - any agreement or understanding which restricts any party's freedom to manufacture any product, provide any service or conduct business with any other party
  - any acquisition, divestiture or joint venture agreement
  - any patent, copyright or proprietary know-how licensing arrangement which restricts the freedom of the licensee or licensor.
- Consult with the President or the Secretary before offering a customer a special price or promotional allowance or service that is not offered for the same product to all competing customers purchasing in like quantities.
- Promptly report any concern that you may have about possible violations of the competition laws or this policy as described in the Responsibilities for all Employees Section of the Introduction.

### Additional responsibilities of leaders:

- The President will establish appropriate procedures for implementing this policy, including procedures governing reporting and documenting of communications with competitors, obtaining and handling competitive information, and participating in trade associations, professional societies, and standards setting and product certification organizations.



# Chapter VI

## Complying with the Competition Laws

### Application to international activities:

Canadian competition laws may apply to Mabe's activities in other countries whenever they have an impact on Canadian domestic or foreign commerce. In addition, many countries in which Mabe does business have their own competition laws. Some of these laws are similar to Canadian competition statutes and others are quite different. This diversity reflects the varied economic and legal philosophies of those countries.

. In view of the extraterritorial reach of Canadian competition and U.S. antitrust laws, you should review with the President or the Secretary any actions or agreements that would raise competition issues if they took place in Canada. You should also consult with the President or the Secretary, about the requirements of other competition laws that may affect Mabe's international business activities.

### Examples of violations:

- Agreements with competitors to fix prices or other sales terms.
- Agreements with competitors to divide or assign sales territories, customers or product lines.
- Agreements with competitors to limit output.
- Agreements with competitors to coordinate bids.
- Agreements with customers to fix their resale prices.

### Penalties for violation:

. Violations of the competition laws of Canada and of certain other countries may result in criminal prosecution of the company and of the individuals who authorized, ordered, or participated in the violation. Both the company and individual employees may be subjected to substantial fines for violations of the competition laws, and individuals convicted of competition law violations may be sentenced to prison terms. In addition, in Canada and in certain other countries, persons injured by violations of the competition laws can, in certain situations, recover damages.

### Related policies:

- Working with Government Agencies-Integrity Policy 4
- Supplier Relationships-Integrity Policy 3

### Resources:

- More information on matters covered by this policy is available from the President, the Secretary, the Comptroller and Mabe Audit Staff.

### Questions & Answers

#### *Obtaining competitive information*

**Q:** In developing our marketing strategy, it helps to have as much information as we can get on what our competitors are doing. Is it okay simply to call our competitors and ask for their price lists or information about their production costs?

**A:** No. You should get "competitive information" from the marketplace (customers, suppliers and public sources) and not from competitors. Although it is appropriate to seek information about the competitive environment from consultants or other experts, do not hire such persons to obtain pricing and other sensitive competitive data from competitors. You should also carefully document in your files the source of any competitive information to avoid any inference that information obtained from proper sources was secured through an improper communication with a competitor. Communications with competitors regarding such competitively sensitive subjects as prices, costs, terms and conditions of sale, and decisions to quote or not to quote may be treated as evidence of an improper understanding or agreement between competitors. This is particularly so if the communication is followed by similar bids, price increases or other such significant competitive actions.

Avoid creating an appearance of an improper agreement with competitors. Keep discussions with competitors to a minimum and make sure they are always supported by legitimate business reasons.

# Chapter VI

## Complying with the Competition Laws

### *Competitive proposals*

**Q:** Sometimes a customer will complain that Mabe prices are higher than the competition. Can I ask such a customer for copies of my competitor's proposals to confirm that the competitor's price is lower than the price I am quoting?

**A:** Yes. It is appropriate to receive such information from customers. You should carefully document in your files the source of any competitive information to avoid any inference that information obtained from proper sources was secured through an improper communication with a competitor.

**Important caution:** It may be improper to receive such information from the government. Be sure to check with the President or the Secretary, before you accept such information from government employees or representatives.

### *Competitors as customers or suppliers*

**Q:** Our competitors are often either our customers or our suppliers. What discussions with competitors are proper in a buyer-seller context?

**A:** Genuine buyer-seller discussions are appropriate. For example, you may provide a competitor who is a potential customer for a product with information about that product. Take care to limit discussions with a competitor to the products or services you are buying or selling. You should not talk about resale prices, margins or which one of you will sell to particular customers. It is a good idea to check with the President or the Secretary, to obtain guidance in dealing with customers or suppliers who are also competitors.

### *Contacts with competitors*

**Q:** If I am at a trade show and meet an old friend who now works for a competitor, what should I do?

**A:** You should limit the discussion to non-business subjects and document and report the contact with the competitor.

### *Dividing up business opportunities*

**Q:** A competitor tells me that "we're killing each other by trying to take away each other's long-standing customers with low prices." She suggests that both firms will be better off if they stick to their own customers. I think that she may be right. How should I respond?

**A:** You must not enter into agreements or understandings with competitors to allocate customers, territories or product lines. Such agreements, like price-fixing agreements, can result in criminal prosecution. Even suggestions to a competitor to fix prices or allocate customers may result in a criminal prosecution. Any offer to participate in such an agreement must be immediately and clearly rejected. You should also immediately document and report to the President or the Secretary the competitor's request.

### *Trade association meetings*

**Q:** You are at a trade association meeting. The talk turns to the state of the market and where people expect prices to go. Is it okay to participate in the discussion?

**A:** No. You should not participate in or remain at a meeting of competitors at which current or future prices are discussed. You should also clearly voice your objection to such discussions and report the incident to the President or the Secretary.

In some cases, a trade association may legally collect and disseminate historical information involving industry sales volume, industry revenues and industry production capacity which does not include firm-specific data. To make sure you are complying with the competition laws and Mabe policy, you should consult with the President or the Secretary, before providing such information to or obtaining it from a trade association.

### *Joining trade associations*

**Q:** My department has been asked by a customer to join a trade association. How do I decide whether Mabe should join?

# Chapter VI

## Complying with the Competition Laws

### *Competitive proposals*

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### *Joining trade associations*

**Q:** My department has been asked by a customer to join a trade association. How do I decide whether Mabe should join?

# Chapter VI

## Complying with the Competition Laws

**A:** You should consult with the President or the Comptroller in that regard. It is usually advisable to have your manager or the Secretary review and monitor the trade association's bylaws and competition law compliance procedures. Generally, it is a good idea to exclude Mabe people with pricing responsibilities from trade association activities.

### *Dealing with distributors*

**Q:** A distributor calls you to complain that another distributor is undercutting him on price. He asks you to talk to the discounting distributor to bring his prices "in line" with the market. Is it okay for you to call the discounter and require him to raise his prices?

**A:** No. It is unlawful for you to set a distributor's resale price. Furthermore, if a distributor complains about a competitor, you should report the complaint to the President or the Secretary, and follow his or her advice in dealing with it. Although you cannot set a distributor's resale price, you can inform a distributor of Mabe's suggested resale price. However, you cannot require or force the distributor to sell at the suggested price.

### *Selective discounts*

**Q:** I am losing business with one of my best customers because my competitor is undercutting the price of my product to that customer. I can't afford to match my competitor's prices for all my customers. Even though I have several other customers at similar volume levels to this customer, can I just lower my price to the one customer we are competing for?

**A:** No. There is no "meeting competition" defense available in Canada as there is, for example, in the United States. It may, however, be possible to lower a price to one customer for a very short period of time provided this does not become a "practice"; however, you should always consult the President or the Secretary, before offering a selective discount.

## *Promotional Allowances*

**Q:** I would like to offer promotional allowances, that is, a special discount or allowance offered to customers for advertising or display purposes, to certain customers who I believe will aggressively market Mabe products and not to others. Is it okay to offer a promotional allowance on this basis?

**A:** No. The Competition Act requires that promotional allowances be offered to all competing purchasers. Therefore, it is contrary to the law to offer a promotional allowance to one customer and not to other customers unless it is clear that the two customers are not competitors.

## *Licensing of patents and other intellectual property rights*

**Q:** I think we could reap maximum revenues from the licensing of a Mabe patent if we gave exclusive rights to certain licensees for specific uses. Is it okay to limit the scope of the license for a Mabe patent?

**A:** Licenses that carve out a particular field of use are generally lawful. However, certain restrictions could cause competition problems. Because issues involving the licensing of intellectual property are often complex, you should consult the President or the Secretary, before entering into a licensing agreement.

# Chapter VII

## Employment Equity and Diversity

### Policy 6 - Employment Equity and Diversity

*Mabe is committed to employment equity and diversity, basic goals of a free society. By continuing to extend equal opportunity and provide fair treatment to all employees on the basis of merit, we will improve Mabe's success while enhancing the progress of individuals and the communities where our business is located.*

#### Requirements:

- Use merit, qualifications and other job-related criteria as the basis for all employment-related decisions affecting employees.
- Recruit, hire, train, compensate, promote and provide other conditions of employment without regard to a person's race, ancestry, colour, citizenship, religion, national or ethnic origin, sex, sexual orientation, age, record of offences, marital status, family status, disability or other characteristic protected by law.
- Take action to provide employment equity to all people including women, visible minorities, aboriginal people, and people with disabilities, and thereby comply with the spirit and letter of all laws, regulations and government contract requirements. Initiatives should include programs to ensure that there are diverse applicant and candidate pools of people who are qualified and who have the opportunity to compete for open positions. Selection of successful candidates will then be based on qualifications and merit.
- Demonstrate leadership in programs to increase employment opportunity for all people in communities where Mabe has facilities.
- Provide a workplace free of discrimination or harassment of any kind based on diverse human characteristics and cultural backgrounds. The workplace includes the offices and buildings of Mabe and locations where Mabe business is being conducted. Sexual harassment, a form of harassment, is prohibited under this policy.

There are two types of sexual harassment: quid quo pro and hostile environment. Quid quo pro harassment includes unwelcome sexual advances or requests for sexual favors where submission or rejection of such conduct by an individual

is used as the basis for employment decisions affecting such individual. Hostile environment harassment includes unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature where such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

#### Employee responsibilities:

- Promptly report any concern that you may have about possible violations of this policy as described in the Responsibilities of employees Section of the Introduction. In the case of workplace harassment, follow the steps below:
  - Ask the harasser to stop and advise that the behavior is unwelcome and against company policy. This action may resolve the problem.
  - If the harassment continues, you should inform the harasser's supervisor, your supervisor, Human Resources or the local workplace harassment committee. If the harasser is your supervisor, inform his or her manager or Human Resources.
  - Keep a record of the harassment, including dates, times, location, witnesses, threats and other relevant details.

#### Additional responsibilities of leaders:

- Each manager is responsible for applying this policy within the business.
- Seek out and assist individuals to realize job opportunities at all levels consistent with their qualifications and abilities. Help them reach their full potential while maintaining appropriate job-related standards.
- Leaders reporting to the President must assure that effective employment equity and diversity programs, practices and goals are developed and implemented, and measured at least annually. The President will assign responsibility for overall leadership of employment equity and diversity programs within the business.
- Ensure that programs are in place to provide employees with appropriate education and legal counseling on the requirements imposed by the employment equity laws and this policy.

# Chapter VII

## Employment Equity and Diversity

- Identify those independent contractors or suppliers whose activities may involve issues covered by this policy. Ensure that contracts with independent contractors and suppliers contain employment equity and diversity clauses where required by government contracts. Where appropriate, include clauses that require independent contractors and suppliers to abide by this policy when interfacing with Mabe employees.
- Take appropriate measures to try to prevent the occurrence or recurrence of any workplace harassment.
- In the case of a workplace harassment issue, the following steps are to be followed to investigate and resolve the issue:
  - The Supervisor/Manager, upon receiving information concerning a workplace harassment issue, will inform the local Human Resources manager.
  - The Human Resources manager will ensure that an investigation is conducted which will include interviewing the complainant, the alleged harasser, and any others who are able to provide information.
  - If there is evidence of harassment, appropriate disciplinary measure will be taken up to and including termination of employment.
  - If the complaint is filed in good faith and no evidence of harassment is found, no record of the complaint will be filed in either the alleged harasser's or complainant's employee file unless written documentation is requested by either party for their respective file.

### Examples of violations:

- Hostile or demeaning behaviour based on an employee's race, ancestry, colour, citizenship, religion, national or ethnic origin, sex, sexual orientation, age, record of offences, marital status, family status, disability or other characteristic protected by law.
- Persistent on-the-job flirtations or other invitations for a social relationship with a fellow employee when he or she has stated that such advances or interests are unwelcome.

- Displaying any sexually suggestive visual material in the workplace.
- Hiring, compensation, promotion and layoff practices which are not clearly job-related.
- Failure to maintain, update and review annually written employment equity and diversity plans as may be required by legislation.
- Substantial and material violations of the employment equity program requirements of legislation.
- Allowing race, ancestry, colour, citizenship, religion, national or ethnic origin, sex, sexual orientation, age, record of offences, marital status, family status, disability or other characteristic protected by law to be a factor in screening employees for hiring, promotion, compensation or other employment-related decisions.
- Providing or withholding work-related assistance, cooperation, and/or information to fellow employees based on their race, ancestry, colour, citizenship, religion, national or ethnic origin, sex, sexual orientation, age, record of offences, marital status, family status, disability or other characteristic protected by law.

### Penalties for violation:

### Resources:

- Human Resources will provide guidance, education, training, bulletins and procedures for implementing this policy, including requirements for reporting, monitoring and review.

### Questions & Answers

#### *Fulfilling the commitment*

**Q:** What does employment equity mean with respect to hiring or promotion?

**A:** Employment equity requires recruiting, training and development actions aimed at increasing the number of diverse people including women, visible minorities, aboriginal people and people who are disabled, who are qualified to meet future employment needs. When actual openings occur, actions should be taken which seek

# Chapter VII

## Employment Equity and Diversity

to bring diversity to the pool of qualified candidates from which a person will be selected. Hiring or promotion decisions are based on individual qualifications and merit.

### *Defining diversity*

**Q:** Lately, we hear a lot about "workforce diversity." What does this concept mean?

**A:** Employment equity helps Mabe compete for, attract and retain a high quality and increasingly diverse workforce. Diversity initiatives are aimed at bringing about a greater recognition of the value and enhanced competitiveness of a diverse workforce. This also involves implementing management processes which develop and maintain a workplace in which all employees can contribute to their full potential.

### *Workplace harassment prohibited*

**Q:** Some news stories say all employers have a problem with workplace harassment. If so, what is Mabe doing about it?

**A:** There is extensive and continuing communication of this issue to all employees. This policy clearly prohibits any form of harassment which creates a hostile, intimidating or offensive work environment for any employee which is based on his or her sex, race or any other diverse human characteristic. Anyone violating this policy is subject to disciplinary action up to and including discharge. Any employee who feels he or she is a victim of such harassment is urged - indeed, is required - to report it as a potential violation of this policy. Mabe provides internal procedures, as set out in this policy, for this purpose which are sensitive to privacy concerns. Every employee has the responsibility to take appropriate measures to try to prevent the occurrence or recurrence of workplace harassment. The leaders of Mabe need your cooperation and help if we are to rid the workplace of all such barriers to our mutual respect, teamwork, productivity and success.

### *No structural barriers*

**Q:** How does this policy deal with the "glass ceiling"?

**A:** The term "glass ceiling" is used by some to suggest that there is a level in corporate Canada's management structure which women and other diverse people cannot penetrate. Mabe has no such barriers nor will Mabe tolerate the imposition of such barriers. The representation of women and other diverse people throughout all levels of management and leadership has increased and will continue to do so. The rate of change depends first on our success in recruiting, training, developing and retaining women and other diverse people. It also depends on enlarging the pool of those interested and qualified to compete for and win key management and leadership positions. This policy applies to that process.

### *Rejecting quotas*

**Q:** Doesn't employment equity mean that Mabe has quotas for hiring and promoting women and other diverse people?

**A:** No. Mabe has never used quotas. Quotas undermine the principles of employment equity. Most diverse people reject the idea of quotas because they are personally demeaning and only diminish the merits of diverse people who are hired and promoted based on their competence and qualifications.

# Chapter VIII

## Health, Safety & Environmental Protection

### Policy 7 - Health, Safety & Environmental Protection

*Mabe is committed to achieving environmental, health and safety (EHS) excellence. This is a responsibility of management and employees in all functions. Mabe will strive to provide a safe and healthy working environment and to avoid adverse impact and injury to the environment and the communities in which we do business. Our programs must combine clear leadership by management, the participation of all employees and functions, and the use of appropriate technology in developing and distributing Mabe products and services.*

#### Requirements:

- Comply with applicable environmental, health and safety laws and regulations.
- Take appropriate measures to prevent workplace injuries and illnesses, and to provide employees with a safe and healthy working environment. Consider evolving industry practices, regulatory requirements and societal standards of care.
- Eliminate unreasonable risks from Mabe's facilities, products, services and activities.
- To the extent practicable, reduce the use and release of toxic and hazardous materials.
- Research and, where appropriate, implement advanced technology in the design and production of Mabe's products and services and to prevent pollution and conserve, recover and recycle raw materials.

#### employee responsibilities:

- Follow this policy and applicable laws and regulations to protect your own health and safety as well as that of other workers, the public and the environment.
- Present ideas that support the goals of this policy to your manager or Mabe's EHS manager.
- Promptly report any concern that you may have about possible violations of this policy as described on page 2 to your manager, your site EHS manager, or Mabe's EHS manager.

#### Additional responsibilities of leaders:

##### *The President will:*

- Consult with Mabe's EHS manager as appropriate, on the adequacy of the health, safety and environmental programs.
- Implement monitoring and auditing systems at the plant and business levels designed to detect violations and assure compliance with the law and this policy.
- Regularly evaluate the effectiveness of managers and other senior employees on their implementation of this policy and environmental, health and safety programs.

##### *Managers responsible for a facility, activity, product or service will:*

- Communicate responsibly with employees, communities, customers, and government agencies regarding environmental, health and safety issues.
- Cooperate with the public, government, and other interested parties to develop appropriate regulatory and public policies that protect employee and public health and the environment.
- Working with Joint Health and Safety Committees and the Environmental Committee as appropriate, implement effective programs, training and best practices for health, safety and environmental protection and for the elimination or reasonable reduction of toxic and hazardous materials.



# Chapter VIII

## Health, Safety & Environmental Protection

- Regularly assess plant operations and management. Establish measurements to ensure compliance with this policy and applicable laws and regulations. When appropriate, review assessment results with Mabe's EHS manager and the President.
- Ensure that employees with EHS responsibility are appropriately screened before appointment and that their continued appropriateness for their positions is periodically reviewed.
- Develop appropriate programs for safety reviews of new and redesigned products prior to sale and distribution to customers. Monitor after sale safety performance to identify and address significant product safety issues.
- Work cooperatively with Mabe's agents, contractors, business partners and suppliers to ensure that our relationships with them are supportive of this policy.
- Promptly report to Mabe's EHS manager and the President any:
  - emergency evacuation, communicable disease or other serious health incident which may have exposed employees to health hazards
  - work-related employee fatalities and other serious safety incidents requiring a report to a governmental agency
  - information regarding health concerns over possible workplace exposures where a clinical investigation or epidemiological study is anticipated
  - environmental incidents requiring a report to a governmental agency, or any governmental allegations of substantial violations of environmental laws or regulations
  - legal proceedings alleging significant property damage or personal injury from environmental contamination or exposure to hazardous substances
  - other information requested by Mabe's EHS manager or the President.

### Penalties for violation:

### Related policies:

- Participation in Hazardous Business-Integrity Policy 8

### Resources:

More information on best practices, standards and guidelines, as well as auditing programs will be provided by:

<ul style="list-style-type: none"> <li>- Employee and community health</li> <li>- Occupational medicine and epidemiology</li> </ul>	Mabe's EHS manager
<ul style="list-style-type: none"> <li>- Employee and community health</li> <li>- Occupational medicine and epidemiology</li> </ul>	Mabe's EHS manager Site EHS managers
<ul style="list-style-type: none"> <li>- Liability identification and management</li> <li>- Compliance advice</li> <li>- Safety matters associated with Mabe's products and services</li> </ul>	Mabe's EHS manager Secretary
<ul style="list-style-type: none"> <li>- Financial risk protection</li> <li>- Corporate insurance</li> <li>- Public policy and governmental relations</li> </ul>	Comptroller
<ul style="list-style-type: none"> <li>- Community relations</li> <li>- Mabe's reputation</li> </ul>	President
<ul style="list-style-type: none"> <li>- Development, evaluation and implementation of technologies supporting this policy</li> </ul>	Mabe's EHS manager
<ul style="list-style-type: none"> <li>- Policy compliance reviews</li> </ul>	Mabe Audit Staff

# Chapter IX

## Participation in Hazardous Business

### Policy 8 - Participation in Hazardous Business

*Some of Mabe's existing or prospective businesses may involve:*

- *Products or services which could lead to substantial financial liability and adverse publicity for alleged harm to health or the environment, or*
- *Projects or processes which by their very nature pose a severe threat to public safety and health or could lead to catastrophic harm to property or Mabe's reputation ("hazardous business activities").*

*Such hazardous business activities, however, may be important to the public in contributing to national defense, technological leadership or standard of living. Provided that the risks associated with such hazardous business activities can be controlled to an acceptable level, consistent with societal norms, it may be appropriate for Mabe to enter into or continue to conduct such hazardous business activities.*

*This policy is designed to provide guidance to Mabe employees in assuring careful consideration of the risks and the interests of both the public and Mabe in decisions to enter or continue hazardous business activity.*

#### Requirements:

- Commit to or continue substantial involvement in hazardous business activity only after determining that the risk is warranted by the overall interests of the public and the company, taking into consideration socially acceptable norms and available risk management techniques.
- When the risk is warranted, the President may authorize participation in new hazardous business activities or authorize changes to existing hazardous business activities that increase the risk level if the risks have been analyzed and can be appropriately managed.

#### Employee responsibilities:

- Promptly report any concern that you may have about possible violations of this policy as described in the Responsibilities of Employees Section in the Introduction, to your site EHS manager or Mabe's EHS manager.

#### Additional responsibilities of leaders:

- Managers that participate in a hazardous business activity will:
  - Conduct an annual review to take into account changes in the business, the law, insurance availability and other relevant considerations.
  - Promptly notify the President of any situation with the potential for significantly extending risk beyond the previously assessed level.
  - Obtain concurrence of the President prior to committing to substantial involvement in any new kind of hazardous business activity, or continuing a hazardous business activity after any development having potential for significant extension of risk.
- The President will promptly inform the Mabe Board of Directors of decisions authorizing substantial involvement in a new hazardous business activity and any development having potential for significant extension of risk.

#### Penalties for violation:

#### Related policies:

- Health, Safety & Environmental Protection-Integrity Policy 7

#### Resources:

More information on best practices, standards and guidelines, as well as auditing programs will be provided by:

# Chapter IX

## Participation in Hazardous Business

<ul style="list-style-type: none"> <li>· Employee and community health, occupational medicine and epidemiology</li> </ul>	Mabe's EHS manager
<ul style="list-style-type: none"> <li>· Overall counseling on this policy</li> <li>· Compliance advice regarding employee safety, industrial hygiene, environmental protection, hazardous material transportation and pollution prevention</li> </ul>	<p>Mabe's EHS manager</p> <p>Site EHS managers</p>
<ul style="list-style-type: none"> <li>· Liability identification and management</li> <li>· Compliance advice</li> <li>· Safety matters associated with Mabe's products and services</li> </ul>	<p>Mabe's EHS manager</p> <p>Secretary</p>
<ul style="list-style-type: none"> <li>· Financial risk protection</li> <li>· Corporate insurance</li> <li>· Public policy and governmental relations</li> </ul>	Comptroller
<ul style="list-style-type: none"> <li>· Community relations</li> <li>· Mabe's reputation</li> </ul>	President
<ul style="list-style-type: none"> <li>· Development, evaluation and implementation of technologies supporting this policy</li> </ul>	Mabe's EHS manager
<ul style="list-style-type: none"> <li>· Policy compliance reviews</li> </ul>	Mabe Audit Staff

# Chapter X

## Financial Controls & Records

### Policy 9 - Financial Controls & Records

*Mabe is responsible for properly recording, preserving and reporting financial information to investors, government agencies, share owners and others. The securities laws of Canada require Mabe to maintain accurate, reasonably detailed records which fairly reflect the company's transactions and disposition of assets. They also require the company to maintain a system of internal accounting controls. This policy describes the high standards that we maintain for meeting those responsibilities. Mabe record-keeping and reporting must be consistent to provide a uniform basis for measuring, managing and reporting company operations.*

#### Requirements:

- Follow generally accepted accounting principles, standards, laws, regulations and Mabe practices for accounting and financial reporting.
- Only release financial information outside Mabe upon proper authorization and after consideration of the interests of the company as a whole.
- Maintain complete and accurate records and accounts to reflect transactions and the disposition of assets.

#### Employee responsibilities:

- Follow all accounting, reporting and control procedures established by the Vice President Finance or his or her delegates.
- Be accurate, timely and complete in preparing and maintaining records and reports required by management.
- Before signing a document, make a reasonable inquiry to make sure the information contained in it is accurate and complete.

- Before involving Mabe in any transaction or releasing any financial information, obtain all required management approvals and adequately document them.
- Keep records secure, including computer-based information resources. Information Technology will counsel on computer security.
- Give Mabe's auditors and other authorized individuals access to your records, and provide them with accurate and complete information, as they require.
- Take prompt remedial action when required.
- Promptly report any concern that you may have about possible violations of this policy as described in the Responsibilities of Employees Section in the Introduction.

#### Additional responsibilities of leaders:

- Set up accounting, financial reporting, financial control, and information systems to provide reasonable assurance that:
  - accountability for assets is established, assets are adequately protected, the effectiveness of routines to safeguard assets is confirmed periodically, and any significant weakness in these activities is corrected promptly
  - transactions involving the company are appropriately authorized, and adequate records are maintained and appropriate reports are made with respect to such transactions
  - adequate records are maintained and appropriate reports are made of other events which result in acquisition or disposition of assets or the incurrence or satisfaction of liabilities
  - financial statements and reports, issued for the company and its individual organization components, present fairly their financial position, the results of their operations, and/or other financial data in conformity with generally accepted accounting principles appropriate in the circumstances and with other applicable requirements.

# Chapter X

## Financial Controls & Records

### *The Vice President Finance will:*

- Establish and maintain accounting procedures, financial reporting and control routines, and the internal audit program for the company.
- Nominate and approve candidates for designated financial management positions, where they will be functionally responsible to the Vice President Finance who will remove them if in his or her opinion they prove unqualified.

Financial managers are responsible to the Vice President Finance for complying with:

- company policies and applicable company procedures
- instructions and procedures issued by the Finance Staff

### Penalties for violation:

#### Related policies:

This policy may relate to many other Mabe policies, among them:

- Ethical Business Practices-Integrity Policy 1
- Following International Trade Controls-Integrity Policy 2
- Working with Government Agencies-Integrity Policy 4

#### Resources:

- More information on matters covered by this policy is available from Finance. Information on security of computer-based information resources is available from Information Technology.

## Questions & Answers

### *Authority for interpretation*

**Q:** We have a major dispute in our department over the meaning of a company financial control procedure. Who settles it?

**A:** Authority for interpreting accounting and reporting requirements is reserved to the Vice President Finance or his or her delegate.

### *Changing procedures*

**Q:** Our department could benefit from a financial analysis procedure not mentioned in company financial bulletins. May we still use it?

**A:** Yes, as long as it does not replace any required procedure. This policy is not meant to limit any department in developing supplementary data, reports or analyses needed for its own purposes.

### *Purchase approvals*

**Q:** Our business is preparing to buy a new computer system costing around \$1.5 million. How can we find out who needs to authorize the purchase?

**A:** The company's procedure for capital investments provides guidance to managers of individual departments on the preparation of appropriation requests and the Annual Capital Plan and the required approvals for those documents. Check Financial Management Procedures 80.01, 80.02 and 80.03 for more information.

# Chapter X

## Financial Controls & Records

### Reporting "small" discrepancies

**Q:** Soon I'll take a financial analysis job on a \$10 million project, much larger than anything I've ever worked on before. Say I'm looking over the records and notice a \$5,000 discrepancy between a consultant's invoice and the amount we actually paid. Should I worry about it, since the discrepancy is so small in the context of the total project?

**A:** Yes. Discrepancies of even small amounts may indicate serious problems if they reflect deliberately dishonest behavior. For government contracts, uncorrected discrepancies can result in fines, penalties and disruption of business.

### Releasing information

**Q:** I got a call from a customer's finance manager who wants information on some of our financial control procedures for a benchmark analysis his company is preparing. Is it all right to let him see that kind of information?

**A:** Requests for the release of any kind of company financial record need to be reviewed on a case-by-case basis. Depending on the situation, the risks could range from compromising company security to violating securities or competition laws. Discuss the situation with your department's finance manager and/or the Comptroller.

## Handling Requests for Mabe Financial Information

If the request is for:

General financial information	Refer requests to the Vice President Finance unless data (e.g. Mabe annual sales volume) is already available to the general public.
Technical information relating to financial subjects or functions	Refer requests to appropriate Finance Staff personnel.
Financial information about individual operating departments	Discuss with appropriate Finance Staff personnel Obtain approval from the President or Comptroller.

# Chapter XI

## Avoiding Conflicts of Interest

### Policy 10 - Avoiding Conflicts of Interest

*Mabe recognizes and respects the right of employees to take part in financial, business and other activities outside their jobs. However, those activities must be lawful and free of conflicts with their responsibilities as Mabe employees. Employees must not misuse Mabe resources or influence, or discredit Mabe's good name and reputation.*

#### Employee responsibilities:

- Follow the law, mabe policies and your own good conscience in all personal and business dealings outside your job.
- Avoid actions or relationships which might conflict or appear to conflict with your job responsibilities or the interests of mabe.
- Before accepting any position as an officer or director of an outside business concern:
  - consider the advantages and disadvantages to Mabe, including the appearance of possible conflicts
  - consider your responsibilities as a director as specified by law and regulations
  - obtain approval as noted in the "Leadership Responsibilities" section of this policy.
- If a potential conflict of interest involves you, report it in writing to your own manager as well as the Comptroller or finance manager as described in the Responsibilities for all Employees Section of the Introduction.

#### Additional responsibilities of leaders:

- Use these guidelines in approving an employee for a position as an officer or director of an outside business concern:

- For small local or family businesses obtain the approval of the leader responsible for your function, or a manager reporting to that leader, as long as the approval authority is one over one.

- For a commercial bank or banking institution , obtain the recommendation of the President and the approval of the Mabe Board of Directors.

- For large corporations or other business organizations obtain the approval of the Mabe Board of Directors.

The manager giving approval should also consider the need for periodic reviews to determine if the approval should be continued.

- When possible conflicts of interest are reported, take timely remedial and investigative action, including notifying the Comptroller.

#### Examples of violations:

- Holding financial interest in a company to which you give business.
- Directing business to a supplier managed by a relative or close friend.
- Soliciting subcontractors and vendors for donations to a charity in which you are involved.
- Holding a financial interest in a company which makes products directly related to your field of research in Mabe.
- Holding a financial interest in a company in which you are involved in making a buy-out decision.
- Receiving personal discounts from a hotel chain for making reservations for others traveling on company business.
- Using a machine in a Mabe service shop after hours to make parts for your spouse's repair business.
- Taking a part-time job requiring you to spend time on it during your normal Mabe working hours or to use Mabe office equipment in meeting your responsibilities.
- Making a promotion decision about a spouse or relative.

# Chapter XI

## Avoiding Conflicts of Interest

### Penalties for violation:

### Related policies:

- Ethical Business Practices-Integrity Policy 1
- Complying with the Competition Laws-Integrity Policy 5
- Insider Trading & Stock Tipping-Integrity Policy 11
- Supplier Relationships-Integrity Policy 3

### Resources:

- More information on matters covered by this policy is available from Finance, through the Mabe Audit Staff.

### Questions & Answers

#### *Defining "financial interest"*

**Q:** What are some of the ways a person can have a "financial interest" in a company, and when would it be a problem?

**A:** Among the most common types of financial interest are:

- ownership of capital stock, bonds or notes
- partnership interest
- direct or indirect interest through a trust or other relationship.

Financial interest is a problem as soon as it presents a potential for conflict of interest with your responsibilities as a Mabe employee. For example, your job might involve selecting suppliers, selling to customers, or extending credit to other companies. A potential problem might exist if you - or a relative - also had a personal financial interest in one of those companies. The interest could be direct

or indirect - what matters is the fact that your actions as a Mabe employee might affect the value of your interest in the other company. Generally, conflicts of interest will not arise from owning stock in widely held companies, such as those traded on the Toronto Stock Exchange. Individuals rarely have the ability to influence the success of those kinds of companies. It can happen, though, and if such a situation involves you, be sure to handle it as outlined in the policy statement.

### *Taking gifts*

**Q:** What should I do if a supplier or customer offers me a gift?

**A:** At a minimum, you should not accept any gift or favor which might be viewed as putting you under some kind of obligation to a supplier or customer. Specifically, you must learn and follow Mabe's guidelines in this regard.

### *Job offers*

**Q:** I work in the facilities operation of a large Mabe plant. I've heard that one of the electrical contractors who works for us wants to offer me a part-time job on weekends. Would there be any issue with this?

**A:** Yes. This policy obligates all of us to avoid even the appearance of a conflict of interest. No matter how innocently the offer of part-time work might be made or accepted, others might see it as a kickback paid to you in return for company business. If you are put in this kind of situation, you should:

- Immediately inform your manager of the offer, whether or not you plan to accept it.
- If you plan to accept the offer, you would need to give up any kind of oversight role with the contractor required by your job. You and your manager would need to determine if this were feasible.



# Chapter XI

## Avoiding Conflicts of Interest

### *A spouse who works for a supplier*

**Q:** My wife has a chance to become the office manager for a small company that is a supplier to Mabe. Occasionally, I generate sole-source authorization letters which approve use of that supplier when we have an urgent business need. If my wife got that job, would I need to let my manager know about it?

**A:** Absolutely. A competitor of your wife's company could claim that her employment with that company is the reason it gets Mabe business. You should notify your manager, the Comptroller, the Secretary, or the Ombudsperson of your wife's relationship with the supplier, and you must also remove yourself from any transactions which affect that supplier.

### *Moonlighting as a Mabe supplier*

**Q:** I can design and build the special shipping containers used by Mabe better and more inexpensively than the supplier we're now using. If I work on my own time, can I start a small business and quote on the Mabe work myself?

**A:** No. Mabe pays you for work that is too similar to the work you'd be selling to the company. As an employee, you are expected to give Mabe the best of your creativity and energy. You might then consider suggesting how the design and construction of the containers might be incorporated into your regular job.

### *Setting up a part-time business*

**Q:** Part of my job involves monitoring and approving the quality systems of suppliers. Three other Mabe employees and I are thinking about establishing a company which would help other companies develop quality systems to meet Canadian Government regulations. Would this be a problem?

**A:** Yes. The major issue is your use of knowledge and skills acquired as a Mabe employee to pursue outside business interests. In any outside job closely paralleling your Mabe responsibilities, you must be extremely careful to avoid using proprietary company information or processes. Before getting involved with this

this type of business, be sure to fully inform your manager and ask him or her for counsel.

### *Accepting honoraria*

**Q:** May I accept honoraria or other compensation for presenting a technical paper at a conference?

**A:** Yes, as long as you meet these conditions:

- You get advance clearance from your manager.
- You do not reveal proprietary Mabe information in your talk.
- You do not use Mabe resources to prepare the presentation. If you used Mabe resources, talk to your manager to see if it's appropriate to share the honoraria between the company and yourself.

### *Selling to co-workers*

**Q:** I'm thinking about selling work clothes as a part-time venture - as a franchised, licensed small business in the direct marketing arena. I would like to sell these items to my co-workers at Mabe. Would this involve any conflicts of interest or other policy violations?

**A:** Possibly. First, the policy requires you to inform your manager about your outside business interest. Most likely, Mabe will not try to keep you from pursuing your business. However, the company does expect you to conduct only Mabe business on Mabe time and on Mabe property. There is no problem selling to co-workers as long as you do not do it at a Mabe facility or during your or your co-workers' work schedules. Also, it is a good idea to avoid selling to subordinates or to anyone else you supervise.

# Chapter XI

## Avoiding Conflicts of Interest

### *When corrective action is needed*

Q: If an employee reports a potential conflict of interest and no actual damage has occurred, is corrective action still required?

A: Yes. There need only be a realistic possibility of injury to Mabe for a manager to consider taking corrective action. If the situation could impair an employee's judgment or performance of company duties, damage Mabe's reputation, or result in a direct financial loss to Mabe, steps should then be taken to correct the situation.

# Chapter XII

## Insider Trading & Stock Tipping

### Policy 11 - Insider Trading & Stock Tipping

*Mabe is committed to the principles of fair and open markets for publicly traded securities-where everyone has an equal chance to succeed. Accordingly, this policy has been prepared to assist officers and employees in complying with applicable law and to establish standards of conduct for employees and others who obtain material non-public information concerning Mabe.*

*Insider trading generally involves buying or selling securities while in possession of inside information to get a personal trading benefit. Similarly, most stock tipping violations involve disclosing inside information, often to a relative, colleague, or friend, to obtain an indirect personal benefit by enabling the recipient to buy or sell securities on the basis of such information. This policy sets forth guidelines designed to avoid even the appearance of insider trading or tipping. It is not meant to restrict the freedom of employees to make appropriate personal investments, or the company's right to legitimately use and disclose inside information in the ordinary conduct of its business.*

### Responsibilities of all employees:

- Never buy or sell the securities of any company, while you have inside information regarding that company.
- Never recommend or suggest that anyone else buy, sell, or retain the securities of any company, including Mabe, while you have inside information regarding that company.
- Never make short sales of securities of Mabe or purchase or sell call or put options in respect of Mabe securities. (The Canada Business Corporations Act contains an absolute prohibition against insiders engaging in such transactions.)

# Chapter XII

## Insider Trading & Stock Tipping

- Never disclose inside information to anyone outside Mabe (including family members), except when you reasonably believe such disclosure is needed to enable Mabe to carry on its business properly and effectively, and you have no reason to believe the information will be misused or improperly disclosed by the recipient.
- Within Mabe, only discuss or distribute inside information in the ordinary course of business and when you have no reason to believe that the information will be misused or improperly disclosed by the recipient.
- If, because of where you work or the nature of your work, your actions are subject to the laws of countries other than Canada, familiarize yourself and comply with any additional requirements concerning insider trading that are imposed by such laws.
- Do not assume that information or recommendations you receive about a particular security is public if it comes from a friend or colleague, particularly if there is any indication that the ultimate source of the information may have been an insider.
- Promptly report any concern that you may have about possible violations of this policy as described in the Responsibilities of all Employees Section of the Introduction.

### Definitions, guidelines and examples:

The following definitions and guidelines apply solely for the purpose of implementing this policy.

- "Inside information" means material non-public information obtained in connection with Mabe employment.
- Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, sell, or retain a security or, if the information relates to a change in the business operations or capital of Mabe that would reasonably be expected to have a significant effect on the market price or value of any securities of Mabe or any other company.

- Tipping may be defined as informing another person or company, other than in the necessary course of business, of inside information with respect to Mabe that has not been generally disclosed.

### Guidelines:

**- To minimize the risk of misjudging whether reasonable investors would consider particular information to be important, you should assume the information would be important if it affects in any way your own consideration of whether to buy or sell the security in question.**

- A significant departure from your customary trading practices following your receipt of inside information could also be viewed as evidence of the materiality of the information.

- Any information may be material regardless of whether it is developed internally or obtained from others (e.g., current or prospective customers, suppliers or business partners). Also, material information may relate to the securities of Mabe or any other company.

### Example:

Inside information relating to Mabe or to one of its suppliers, customers or other business partners may include non-public information concerning a pending merger, acquisition, disposition, joint venture, substantial contract award or termination, major lawsuit or claim, a significant management change, earnings announcement or change in dividend policy, significant product development, the gain or loss of a significant customer or supplier, or the filing of a bankruptcy petition by a significant supplier or customer.

- Information is non-public when it is not available to investors generally.

# Chapter XII

## Insider Trading & Stock Tipping

### *Guidelines:*

- Information is generally considered to be non-public until it has been disclosed to the investing public and the market has had time to absorb it. Individuals possessing inside information relating to Mabe should refrain from trading in Mabe securities for two business days following the dissemination of the information to the public.

**- In order to avoid the appearance of insider trading and in the absence of knowledge of inside information, employees should restrict their trading in Mabe securities and in providing instructions in relation to their participation in the Mabe Stock Purchase Plan to the period commencing on the third business day following press coverage of Mabe's quarterly or annual earnings and ending on the thirtieth day following that date. Trading or instructing outside of this period should be discussed in advance with the President, the Vice President Finance or the Comptroller.**

- Unless there is reason to believe otherwise, you may assume that recommendations or information from a legitimate securities broker is publicly available. You should be free to buy or sell securities on the basis of such recommendation or information.

- Generally, you will have no reason to believe that inside information will be misused or improperly disclosed by the recipient if you disclose information in good faith and under circumstances that do not suggest that improper conduct by the recipient is likely.

- You should exercise good faith and common sense in determining whether to disclose inside information to others. If in doubt, you should consult the President, the Comptroller or the Secretary before making the disclosure.

### *Example:*

Should you learn in the course of your work that Mabe is considering entering into a major new investment or a major purchase contract with a supplier, you should assume the information is non-public until after the public media have reported the transaction and the market has had time to assimilate the information.

### **Additional responsibilities of officers:**

- To ensure compliance with insider reporting requirements under the securities legislation of certain provinces and the Canada Business Corporations Act, consult with the President, the Comptroller or the Secretary in executing your responsibilities under these requirements and follow Insider Reporting Requirements-Financial Management Procedure 90.09.

### **Penalties for violation:**

- Violations of this policy can result in Mabe disciplinary action, as detailed on page 4. In addition, violation of the laws prohibiting insider trading and tipping could both damage Mabe's reputation and subject the company to significant civil liability and fines. Employees violating those laws could face individual criminal penalties of up to \$1 million in fines or four times the profit made, whichever is greater, or imprisonment for up to five years less one day, or both a fine and imprisonment. In addition to the penalty imposed for having committed the offence, the employee may be found liable for damages caused to a person who sold the securities to or purchased securities from the employee. Though this policy may be more restrictive than applicable securities laws, it is not intended to serve as a basis for establishing civil or criminal liability that would not otherwise exist in the absence of this policy.

# Chapter XII

## Insider Trading & Stock Tipping

### Related policies and Procedures:

- Avoiding Conflicts of Interest-Integrity Policy 10
- Financial Controls & Records-Integrity Policy 9
- Insider Reporting Requirements-Financial Management Procedure 90.09.

# Statement of Integrity

Integrity is the rock upon which we build our business success - our quality products and services, our forthright relations with customers and suppliers and, ultimately, our winning competitive record. Mabe's quest for competitive excellence begins and ends with our commitment to ethical conduct.

Each person in the Mabe community must make a personal commitment to follow our Code of Conduct:

- Obey the applicable laws and regulations governing our business conduct worldwide.
- Be honest, fair and trustworthy in all of your Mabe activities and relationships.
- Avoid all conflicts of interest between work and personal affairs.
- Foster an atmosphere in which equal opportunity extends to every member of the diverse Mabe community.
- Strive to create a safe workplace and to protect the environment.
- Through leadership at all levels, sustain a culture where ethical conduct is recognized, valued and exemplified by all employees.

Guiding us in upholding our ethical commitment is a set of Mabe policies on key integrity issues. All Mabe employees must comply not only with the letter of these policies but also their spirit. Mabe leaders have the additional responsibility to make compliance a vital part of our business activities. Adherence to Mabe policy and applicable law is the foundation of our competitiveness. Concerns about appropriate conduct must be promptly addressed with care and respect.

If you have a concern about what is proper conduct for you or anyone else, promptly raise that concern to your manager or through one of the other channels the company makes available to you.

Nothing - not customer service, competitiveness, direct orders from a superior or "making the numbers" - is more important than integrity.

Mabe Helplines	Dial Comm	1800 within Canada
Director Human Resources	464-2354	1888-566-6667 x 2354
Director Corporate Services	464-2353	1888-566-6667 x 2353