



CODE OF CONDUCT

FRAUD

Fraud is an ever-present threat to any company's resources and reputation. Management has a duty to identify and implement internal controls, policies and procedures to prevent and detect fraud. All reports of fraud will be investigated promptly and appropriate action will be taken.

Fraud is defined as the use of criminal deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party. Fraud may be perpetrated by any stakeholder, including directors, officers, shareholders, managers, employees, consultants, suppliers, contractors, customers and others having a relationship or dealing with the company. Some examples of fraud include:

- theft of funds
- submission of false expense reports and invoices
- alteration or falsification of company records
- forgery or alteration of a cheque or any other financial document
- concealment of material facts
- misrepresentation of transactions or financial results to achieve performance objectives e.g. not recording revenue and expense in the proper period: not providing adequate accounts receivable reserves
- destruction, removal or inappropriate use of records or company assets
- knowingly participating in the fraud of other parties
- profiting as a result of insider knowledge of company activities

All employees have a duty to immediately contact the General Counsel or Controller if they suspect that a fraud may have been, or will be, committed. This includes suspected fraudulent activity of employees, consultants, suppliers, outside agencies, and other parties having a business relationship or dealing with the company. Retaliation or retribution against any person who reports suspected fraudulent activities will not be tolerated.

All reports will be investigated by Accounting staff and/or General Counsel and, if appropriate, relevant law enforcement agencies. Investigations will be carried out without regard to the suspected wrongdoer's length of service, position/title, or relationship to the company. Senior management will determine what legal and/or disciplinary action will be taken against perpetrators of fraud.

Q & A *While on a business trip next week I plan to take my sister out to dinner for her birthday. Can I put the restaurant bill on my expense account if I submit the credit card receipt?*

No. You should keep your personal expenses and allowable business expenses separate. You may, however, submit your portion of the restaurant bill for reimbursement.

CONFLICTS OF INTEREST

EXTERNAL

Homestead Land Holdings Limited recognizes and respects the right of employees to take part in financial, business, and other activities outside their jobs. However, these external activities must not place an employee in conflict with his or her obligations or responsibilities to the company.

All employees are expected to conduct their activities with the company's best interest in mind.

A conflict of interest can arise under many circumstances. It generally occurs when any interest or activity outside of the company results in you:

- being influenced in your judgment when acting on behalf of the company
- competing against the company in any business activity
- diverting business from the company
- performing your regular duties less effectively or efficiently
- misusing the company's resources or influence

Outside Business Interests and Employment

Employees are expected to avoid any investment, interest, association, or relationship that interferes or might interfere with their decisions. For example, they must not:

- be employed by, or have a substantial business interest in a competitor or unless approval is first granted in writing by the President and CEO.
- be employed by, provide consulting services for, or have a substantial business interest in a supplier or customer, unless approval is first granted in writing by the President & CEO of Homestead Land Holdings Limited.
- accept a position on another company's board of directors until approval has been given by the President & CEO of Homestead Land Holdings Limited. Exceptions to this policy include charitable/not-for-profit organizations

Relationships with Customers, Vendors and Suppliers

Employees involved in the selection or purchase of goods and services from vendors and suppliers should avoid situations that could interfere, appear to interfere, or call into question their ability to make free and independent decisions regarding purchases made on behalf of the company. Decisions should be based solely upon price, quality, service, and need.

Purchasers from suppliers must be free from any inference or perception that favourable treatment was sought, received, or given, whether in the form of gifts, favours, entertainment, services, or other gratuities. If you are offered or receive any substantial gift or favour, you should not accept it and you should notify your supervisor.

This provision does not apply to items of small value commonly exchanged in business relationships. Even in these cases, discretion and common sense should be your guide. If in doubt, inform your supervisor.

In commercial business, socializing with suppliers, vendors, or customers is acceptable when reasonably based on a clear business purpose and within the bounds of good taste. Meetings accompanied by a meal are sometimes necessary and desirable; however, excessive entertainment of any sort is not acceptable.

In general, gifts, favours, and entertainment should be:

- consistent with accepted business practice
- in compliance with applicable laws and accepted ethical standards
- sufficiently limited in value and in a form that will not be construed as a bribe or payoff
- such that public disclosure of the facts would not result in harm to the reputation of the employee or Homestead Land Holdings Limited.

Relatives of Employees

Conflicts of interest, such as those described earlier, may arise when an employee's immediate family is involved. While Homestead recognizes that family members may have personal interests that are beyond the control of the employee, employees need to be sensitive to such potential conflicts so as to avoid compromising the company's interests.

Duty to Disclose

All employees must disclose any circumstance that might be considered a conflict of interest. If you suspect that you have, or another employee has, a conflict of interest, contact your immediate supervisor so that the matter can be resolved promptly.

Q & A *A long-standing supplier has given me two concert tickets as a thank-you gift for sorting out a problem. Should I accept them?*

Expensive gifts and other favours from people doing business with Homestead, or people seeking our business, are not acceptable. Consider the value of the tickets. If they're expensive, or if you are unsure, report the gift to your supervisor as soon as possible.

Q & A *I am having some renovations done at my home and I am considering using a Homestead contractor. Is this ok?*

The good service and competitive pricing of our contractors and suppliers may qualify their companies as desired providers of personal home requirements. We do not prohibit or discourage relationships supporting our valued trades. However, all personal dealings must be conducted at commercially reasonable terms that do not give rise to interference or perceived interference with your ability to make purchase decisions on behalf of the company. Perception is reality. Pricing below levels offered to Homestead or service requirements demanded above normal, are not acceptable. If such an offer is provided, or you are unsure, contact your supervisor for further direction.

INTERNAL

Relationships with Fellow Employees

Employees should not supervise, be under the supervision of, or be in a position to influence the salary or conditions of employment of a family member. Where this provision is difficult to comply with in particular circumstances, guidance should be obtained from the Human Resources Manager.

Additionally, there should be no appearance of a conflict of interest for individuals involved in an intra-company relationship.

ACCOUNTING/FINANCIAL RECORDS AND CONTROLS

The company's management, lenders, and shareholders are entitled to financial statements that fairly present the company's financial condition and results of operations.

Our ability to deal honestly and fairly with suppliers, customers, and employees depends upon each and every transaction being recorded accurately and completely. Accordingly, the company's records and books of account must be truthful and complete for all company transactions.

The company is committed to a system of internal controls sufficient to:

- i) provide reasonable assurance that transactions are executed and recorded in accordance with company policy
- ii) permit preparation of reliable financial statements
- iii) maintain overall financial control

No payment on behalf of the company shall be approved or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

No undisclosed or unrecorded funds or assets shall be established or maintained for any purpose.

No false or misleading entries shall be made in any books or records for any reason.

If an employee has reason to believe any fund, asset, entry, or payment might exist which violates these standards, full disclosure must be made to the company's General Counsel or the Controller.

Q & A *Today is quarter end and my report shows our department is slightly under budget. My supervisor has instructed me to add one or two of tomorrow's items to meet the target. What should I do?*

As a Homestead employee, you are responsible for producing truthful and complete records of the company's financial results. You should point this out to your supervisor and if he/she insists, the matter should be reported immediately.