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## Code of Ethics

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September 2014

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## 1.0 Purpose

The purpose of this Code of Ethics (“the Code”) is to define the standards and values by which Pinnacle and its affiliates expects its officers, directors, employees, contractors and agents acting on behalf of Pinnacle (“Pinnacle Personnel”) to follow in their dealings and interactions within, and on behalf of, the Company. The Code is designed to guide the Company’s Personnel in making decisions consistent with the Company’s corporate values of integrity, trust and respect, adhering to the Company’s high ethical standards.

## 2.0 Scope

For the purpose of this policy, Pinnacle includes Pinnacle Renewable Holdings Inc., Pinnacle Renewable Energy Inc., its direct and indirect, affiliates, subsidiaries, and any other entities controlled by Pinnacle.

All officers, directors, employees, contractors and agents acting on behalf of Pinnacle (“Pinnacle Personnel”) shall comply with all laws prohibiting improper payments to domestic and foreign officials.

## 3.0 Compliance with Laws, Rules and Regulations

### 3.1 General

Pinnacle is committed to operating within the framework of the laws, rules and regulations applicable to its business. All Personnel are expected to understand and adhere to the laws affecting their work and must not encourage others with whom Pinnacle does business to breach the law.

In addition to this Code, Pinnacle has adopted a number of formal policies that address various aspects of its business and affairs that are subject to specific legal requirements or restrictions. All Personnel should familiarize themselves with the content of, and comply with, all such policies.

### 3.2 Destruction of Documents

Altering, shredding or otherwise destroying documents or records (written or electronic) that are relevant to any breach of law or any pending, threatened or anticipated government investigation, audit, regulatory proceeding or lawsuit is strictly prohibited. Similarly, all Personnel must cooperate fully in any authorized internal or external investigation by, or on the order of, Pinnacle’ auditors, government or law enforcement officials, regulators or courts and must not make any false or misleading statements or otherwise engage in misleading conduct.

### 3.3 Insider Information

At the time of drafting this Code, Pinnacle is an indirect, partially owned subsidiary of Onex, a publicly traded company. Pinnacle is therefore subject to the same laws and restrictions as Onex. It is illegal for anyone who has material, non-public information (“Insider Information”) about a publicly traded company to buy, sell or trade its securities or pass such Insider Information on to third parties. Personnel

must not buy, sell or trade securities while in possession of such Insider Information nor pass on such information to others.

Examples of Insider Information include:

- ☐ The gain or loss of a significant customer that has not been publicly disclosed
- ☐ Undisclosed negotiations and agreements regarding mergers, acquisitions, joint ventures, divestitures, etc.
- ☐ Undisclosed financial results or changes in earning projections
- ☐ Undisclosed management changes
- ☐ Information that is considered confidential
- ☐ Any other undisclosed information that could affect a stock price.

### 3.4 Taxes

It is the policy of the Company to pay all applicable taxes levied against the Company or its operations. Personnel are prohibited from assisting any person or company, including the Company's customers, joint venture partners, or employees, from evading any applicable taxes.

### 3.5 Trade Restrictions

Several countries impose trade restrictions and export controls to protect their national security and to promote foreign policy. The Company is subject to these laws and failure to abide by them may lead to civil or criminal penalties against the Company and its involved Personnel, as well as loss of export privileges.

### 3.6 Anti-Boycott Laws

Canada, U.S., the European Union and many other nations have anti-boycott laws that require companies and their subsidiaries to comply with boycotts promoted by other countries. The laws in this area are complex, but center around restricting the Company from responding to requests for information about, or place indirect restrictions on, the Company's business dealings. Such requests are usually contained in invitations to tender, commercial contracts and shipping documents. Accordingly Personnel must report all such requests and seek guidance on answering them before responding.

### 3.7 Responsible Environmental Practices

Pinnacle is committed to responsible environmental practices and complies with all laws and regulations relating to the protection of the environment. All Personnel must ensure that they adhere to all such laws and regulations in the performance of their duties.

## 4.0 Conflicts of Interest

### 4.1 General

Pinnacle Personnel must avoid any conflict, or perception of conflict, between their personal interests and the interests of Pinnacle in transacting Pinnacle's business. A conflict situation can arise when someone (a) has a personal interest that would be likely to interfere with or appear to interfere with Pinnacle's interests or their loyalty to or judgment on behalf of Pinnacle, (b) chooses or may appear to have chosen a personal interest over the interests of Pinnacle, or (c) takes actions or has interests that may make it difficult, or appear to make it difficult, to perform their work objectively and effectively.

Some examples of a conflict of interest might include:

- ❑ Using the companies assets or property for personal benefit;
- ❑ having an interest in or relationship with a company with which Pinnacle does or proposes to do business (including a potential investee company) or a competitor of Pinnacle;
- ❑ having an interest in a transaction in which Pinnacle is, or may be, interested;
- ❑ passing confidential information to others;
- ❑ investment activity using confidential information;
- ❑ using one's position at Pinnacle to obtain personal benefits;
- ❑ accepting gifts, payment, or services from those seeking to do business with Pinnacle; or
- ❑ engaging in outside activities, which place significant demands on the Personnel's time, energy or attention at the expense of Pinnacle.

Pinnacle Personnel should fully and promptly disclose all circumstances that could reasonably be construed or perceived as a conflict of interest. Full disclosure creates an opportunity to resolve unclear situations and deal with conflicting interests before any difficulty can arise.

### 4.2 Corporate Opportunities

Personnel are expected to advance the Company's legitimate business interests when the opportunity to do so arises. They may not (a) take for themselves (or direct to a third party) a business opportunity that is discovered through the use of the Company's property, information or position or indeed any other opportunity which it reasonably believes may be of interest to Pinnacle, (b) use the Company's property, information or position for personal gain or (c) compete with the Company. Personnel owe a duty to Pinnacle to advance its legitimate interests whenever the opportunity to do so arises.

### 4.3 Giving and Receiving Gifts or Benefits

Modest gifts and reasonable entertainment may be given and received, where legally permitted and in accordance with local business practices, to and from persons doing business or seeking to do business with the Company. No gift or entertainment should be of such nature or value as to constitute a real personal enrichment of the recipient or to create an obligation on the part of the recipient, or as would reflect unfavorably on the Company or the donor or recipient if subjected to public scrutiny. Cash or

equivalents are not to be given or accepted. However, Pinnacle recognizes that its Personnel have personal relationships outside the Company and that there are many circumstances in which personal and business relationships may overlap. Personnel are encouraged to be thoughtful with respect to gifts given and accepted in the context of those relationships to ensure that they are appropriate, and would reasonably be perceived as appropriate, in the circumstances. Items given or received that have a value in excess of \$200 CAD must be report to, and approved by, the Chief Financial Officer.

Personnel must not give or accept bribes, directly or indirectly, under any circumstances.

## 5.1 Confidentiality

In carrying out the Company's business, Personnel often have access to confidential or proprietary information about the Company, its investors and business partners, its investee companies or potential investee companies, or other third parties. Personnel must protect the confidentiality of such information, except when disclosure is authorized or legally mandated. Confidential information includes, among other things, any non-public information concerning the Company, including its businesses, financial performance, results or prospects, financial and other information about potential acquisitions and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed. All information regarding the business, affairs and activities of Pinnacle and its investees and potential investees should be considered confidential by Personnel unless and until it is properly made available to the public. Personnel who receive confidential information are prohibited from disclosing such information to any other person unless it is necessary to do so in the conduct of Pinnacle's business and then only if the individual takes appropriate steps to protect the continuing confidentiality of such information.

In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

- ▣ confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, restaurants, airplanes or taxis;
- ▣ confidential documents should not be read in public places, left in unattended conference rooms, left behind when a meeting is over or discarded where they can be retrieved by others. Similarly, Personnel should not leave confidential information at their homes where it can be accessed by others;
- ▣ care should be taken in communicating confidential matters on wireless telephones or other wireless devices;
- ▣ transmission of confidential information via electronic means, such as by fax or e-mail, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions;
- ▣ access to confidential electronic data should be restricted through the use of passwords;

- ▣ unnecessary copying of confidential documents should be avoided and extra copies of confidential documents should be shredded or otherwise destroyed;
- ▣ documents and files containing confidential information should be kept in safe and controlled locations;
- ▣ all proprietary information, including computer programs, analyses, models and other records, are the property of the Company and may not be removed, disclosed, copied or otherwise used except in the normal course of employment or with prior authorization.

When leaving the employ of the Company, Personnel must return all confidential information in his or her possession and is required to continue to protect any confidential information learned during the course of his or her time with the Company.

## 6.0 Commitment

Pinnacle Personnel are expected to be committed to the Company and to dedicate all appropriate efforts to the Company, based on the nature of their position with the Company. Personnel are expected to avoid assuming additional obligations, such as taking a second job, running a business or serving as an officer or director of another organization, if those obligations would interfere with their ability to fully and effectively perform their duties with the Company.

## 7.0 Preferential Treatment

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

## 8.0 Financial Information, Internal Controls and Disclosure

### 8.1 Integrity of Records and Internal Controls

Investors, creditors and others have a legitimate interest in Pinnacle's financial information. The integrity of Pinnacle's financial reporting is based upon the validity, accuracy and completeness of the information upon which the accounts and records are based. The Company expects Personnel involved in creating, processing or recording such information to take responsibility for its integrity. Without limiting the foregoing, Personnel may not be involved in the submission of false invoices or expense reports, the forging or alternation of cheques or misdirection of payments, unauthorized handling or reporting of transactions, creation or manipulation of financial information so as to artificially inflate or depress financial results, or any improper or fraudulent interference with or coercion, manipulation or misleading of the Company's auditors, Audit Committee, or Board of Directors.

All assets, liabilities and transactions must be accurately and completely reported in the Company's books and supported by necessary documentation. No asset, liability or transaction is to be concealed

from management or the Company's external auditors.

Use of Company assets for unlawful or improper purposes is prohibited. All transactions must be authorized and executed in accordance with Company policies and the instructions of management. Appropriate policies, procedures and controls must be maintained with respect to the Company's accounting and financial records and disclosures.

Pinnacle Personnel are expected to follow internal policies and procedures designed to protect the integrity of Company data. This includes adherence to procedures related to security of computer systems.

## 8.2 Integrity of Public Disclosure

Information in Pinnacle's public communications, including any securities commission filings and communications with investors, must be full, fair, accurate, timely and understandable. All Personnel who are involved in the Company's disclosure process, including all senior financial personnel and all Personnel with supervisory responsibilities with respect to Pinnacle's public disclosure documents, are expected to act in furtherance of this requirement. In particular, these individuals are required to be familiar with, and to comply with, all applicable disclosure requirements and are prohibited from knowingly misrepresenting, omitting, or causing others to misrepresent or omit, material facts about Pinnacle to others, whether within or outside of the Company.

## 8.3 Disclosure Procedures

Personnel should have regard for the procedures for developing and making public disclosure and avoiding inadvertent or selective disclosure to analysts or others.

## 9.0 Protection and Proper Use of Assets

All Personnel should protect Pinnacle's assets and ensure that they are used efficiently and for legitimate business purposes in the interests of the Company. Pinnacle's assets include not only equipment, materials, systems, data, supplies and services that are purchased by Pinnacle, but also its extremely valuable confidential information and the information entrusted to it by persons with whom it conducts or seeks to conduct business.

## 10.0 Communications

Personnel are expected to be truthful and clear in their verbal and written communications and to not be intentionally misleading to colleagues and others such as external auditors. Communications with the media, the investment community and regulators are the responsibility of designated Personnel.

## 11.0 Fair Dealing

Personnel are expected to compete vigorously in business dealings on behalf of the Company and also to deal fairly with the Company's investors, service providers, suppliers, competitors and other Personnel.

Decisions in the purchase of goods or services should be made only on sound business principles and in accordance with ethical business practices. No Personnel should take unfair advantage of any other person through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No Personnel should unfairly disparage or misrepresent competitors of Pinnacle either generally or in respect of a particular matter or transaction and should never seek to induce another party to breach a contract in order to enter into a transaction with Pinnacle.

Personnel are required to select and deal with service providers, suppliers and others doing, or seeking to do, business with the Company in an impartial manner and should be perceived by others to be acting impartially, without favor or preference based upon any considerations other than the best interests of the Company.

## 12.0 Fair Competition

The purpose of competition (antitrust) laws is to provide a level playing field to economic competitors and to promote fair competition.

No Personnel, under any circumstances, may enter into any understanding or agreement with an actual or potential competitor which would illegally limit, or restrict in any way, either party's actions.

This prohibition includes any action relating to prices, costs, profits, products, services, terms or conditions of sale, market share or customer or supplier classification or selection.

## 13.1 Due Diligence

Prior to entering into a business transaction, or upon the extension or renewal of an existing contractual relationship, Personnel are required to make appropriate inquiries regarding all business partners, consultants, agents, third part intermediaries, suppliers and acquisition targets including:

- ☐ Review all open-source background research of public information available
- ☐ Credit checks and verification of credit worthiness
- ☐ Consultation with appropriate government agencies and service providers
- ☐ Appropriate follow-up on issues of concern.

Personnel must fully document all due diligence, including information considered, issues raised, resolution, training and manager messaging, including:

- ☐ Name, address, location(s), and business form
- ☐ Identities and nationalities of all owners, directors, and senior management (including government employees)
- ☐ Relevant business licenses, experience, and other qualifications
- ☐ Bank and business references
- ☐ Financial statements (preferably audited).

#### **14.0 Illegal Payments**

The Company and its Personnel will not offer, make, or accept any illegal payment, bribe, kickback or other questionable inducement in any form, either directly or indirectly, including payments to expedite or perform routine governmental actions (facilitation payments).

#### **15.0 Equal Employment Opportunities and Harassment**

The Company supports the spirit and intent of applicable human rights and anti-discrimination laws and will not accept any behavior that conflicts with these principles and laws. All Personnel should treat each other with courtesy, dignity and respect. Harassment will not be tolerated in any part of the Company's dealings with its Personnel, including in recruitment, promotion, opportunities, salary, benefits or terminations, as per the Company's Harassment Policy.

#### **16.0 Personnel Privacy**

Access to personal information about Pinnacle Personnel is restricted to people with a "need to know" within Pinnacle and will be transmitted to other Personnel or third parties only for legitimate and necessary business purposes or to satisfy legitimate investigative or legal requirements. Personnel who are responsible for maintaining personal information must ensure that the information is not disclosed inappropriately or misused.

#### **17.0 Use of Company Computers and the Internet**

The Company's computer resources and information technology systems are intended to be used for business purposes. While Personnel are generally permitted to also use such resources and systems for incidental personal purposes, they must use them in a responsible manner and in a manner that would not reasonably be expected to expose them to loss or damage. Further, Personnel are not permitted to use the Company's technology resources to engage in communications that contain, promote or constitute illegal or obscene information or activities, matters that could reasonably be expected to expose the Company to any criminal, civil or regulatory censure or liability whatsoever, matters that would be embarrassing to the Company or its Personnel or damaging to its or their business and affairs if publicly disclosed, or information or conduct that unduly interferes with the work of Personnel.

## 18.0 Political and Charitable Activities

Pinnacle recognizes the legitimate interests of Personnel in being involved in political activities, including the support of political candidates and the expression of opinions on political or public issues. Similarly, Pinnacle recognizes and encourages Personnel involvement in charity and community service and the making of charitable donations. However, Personnel should make it clear that they are acting or speaking on their own behalf and not on behalf of Pinnacle in engaging in such activities or making such donations unless they are authorized by the Company to act on its behalf. Donations of Pinnacle's funds or assets and the use of Pinnacle's name in support of political or charitable causes may only be made with proper authorization.

## 19.0 Consultation and Reporting

Personnel should report all violations of law, regulation or this Code of which they become aware to any one of the Company's senior executives. Similarly, any individual who is unsure as to whether a violation has occurred or who needs guidance as to whether to take a particular action that may be, or may appear to be, a violation, should consult any of the Company's senior executives. No individual who reports a violation or potential violation or who cooperates in the investigation of a violation or potential violation will be subject to harassment, discipline or retaliation as a result of such report. Personnel should consult the Company's Whistleblower Policy for details on how to report a concern, including the procedure for confidential, anonymous reporting, and the protections to which they are entitled in making such a report.

## 20.0 Consequences of Violation

Breaches will be dealt with promptly and fairly in a manner that takes into account the seriousness of the violation and the conduct of the individual in response thereto. Self-reporting by Personnel is encouraged and will be given due consideration by Pinnacle in dealing with any violation. Disciplinary action can include, but is not limited to, an impact on the applicable individual's record or remuneration, suspension or termination of employment, pursuit of any and all remedies available to Pinnacle for any damages or harm resulting to it from a violation, and referral to the appropriate legal, regulatory or law enforcement body.

It is ultimately the responsibility of the Pinnacle Board of Directors to monitor compliance with this Code. The monitoring of compliance is achieved through systems and processes implemented by Pinnacle management that are designed to result in wide dissemination of the Code, to encourage compliance with its provisions and to facilitate the reporting of actual or suspected breaches. Such breaches are investigated by management as appropriate and, depending upon the nature of the breach and other relevant circumstances, either dealt with by management with the results reported or referred to the Board of Directors for further action.

## 21.0 Enquiries and Reporting

Any questions or need for clarification concerning this Policy, the CFPOA, the FCPA, the UKBA, other relevant legislation, and contact with foreign officials or payment practices should be addressed to:

The Chief Financial Officer  
Suite 350 3600 Lysander Lane  
Richmond, BC  
V7B 1C3  
Email: [andrea.johnston@pinnaclepellet.com](mailto:andrea.johnston@pinnaclepellet.com)  
Telephone: 604.270.9613 ext 2011  
Mobile: 604.315.3895

Alternatively, you may direct any inquiries or concerns to Pinnacle's Confidential and Anonymous Whistleblower Hotline by any of the following methods:

Phone: 1-888-205-6832  
Email: [pinnacledrenewableenergy@signius.com](mailto:pinnacledrenewableenergy@signius.com)  
Internet: [www.thecompliancpartners.com/pinnaclepellet](http://www.thecompliancpartners.com/pinnaclepellet)  
(Complete anonymous report form)

## 22.0 ACKNOWLEDGEMENT

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Employee Name

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Employee Signature

Date