

Forum Pacific, Inc.

Conflict of Interest Policy

A conflict of interest exists when an individual's private interest conflicts with the interest of the Company. When an individual's loyalty to the Company and conduct of responsibilities and duties towards the Company is prejudiced by actual or potential benefit from another source a conflict of interest exists.

We are confident of the individual loyalty and honesty of our employees and associates. The integrity of our employees and associates are critical sources of goodwill and absolutely necessary to our success. Employees and associates should never be in a position where their personal interests or third parties inappropriately influence their judgment on Company matters.

No employee or associate should be subject, or even reasonably appear to be subject, to influences, interests or relationships that conflict with the best interests of the Company. This means avoiding any activity that might compromise or seem to compromise the integrity of the Company or the employee or associate. All employees and associates shall avoid conflicts of interests in connection with the conduct of the Company's business except as expressly permitted by this Code.

Common Sources of Conflicts

Although it is impossible to prepare a list of all potential conflict of interest situations, conflicts of interest generally arise in four situations:

- **INTEREST OF EMPLOYEE OR ASSOCIATE** - When an employee or associate, a member of the employee's or associate's family or a trust in which the employee or associate is involved, has a significant direct or indirect financial interest in, or obligation to, an actual or potential competitor, supplier, lender, service provider or customer of the Company;
- **INTEREST OF RELATIVE** - When an employee or associate conducts business on behalf of the Company with a supplier of which a relative by blood or marriage is a principal, partner, shareholder, officer, employee or representative;
- **GIFTS** - When an employee or associate, a member of the employee's household, a trust in which the employee is involved, or any other person or entity designated by the employee, accepts gifts, credits, payments, services or anything else of more than token or nominal value from an actual or potential competitor, supplier or customer; and
- **MISUSE OF INFORMATION** - When employee misuses information obtained in the course of employment.

Specific Examples

While it is not possible to describe every situation, it is useful to consider a few examples in which clear conflicts of interest are present so that ground rules can be established:

- **POSITION OF INFLUENCE** - If an employee or associate or a member of that employee or associate's family has a significant financial or other beneficial interest in an actual or potential supplier, the employee or associate may not, without full disclosure and specific written clearance by appropriate Company representatives, influence decisions with respect to business with such supplier or customer. Such positions include situations where employees or associates draw specifications for suppliers' raw materials, products or services; recommend, evaluate, test or approve such raw materials, products or services; or participate in the selection of, or negotiating arrangements with, suppliers.
- **OTHER POSITIONS** - It is expressly acceptable for individuals of this Company to serve as officers and directors of other companies at their discretion.

Advance Disclosure

Because conflicts of interest have the potential of serious abuse, all conflict of interest circumstances affecting any employee or associate should be disclosed to the appropriate Company representative. While transactions affected by a conflict of interest must generally be avoided, there may be times when such transactions are nevertheless fair and appropriate and in the Company's best interest. An employee or associate, who believes a potential transaction that may be affected by a conflict of interest should nevertheless be pursued, must disclose all material terms of the proposed matter to the appropriate Company representative in advance. No such transaction may be pursued, however, unless it is approved in advance by the appropriate, duly authorized and disinterested officers of the Company, the board of directors or an appropriate committee thereof.

Corporate Opportunities and Conflict of Interest

Employees and Directors owe the Company a duty to advance the Company's business interests when the opportunity to do so arises. As a result, Employees and Directors are prohibited from taking personal advantage of certain business opportunities in which the Company may be interested. This so-called "corporate opportunity doctrine" is complicated and it is not possible to clearly define all of the business opportunities which belong or could be of interest to the Company and what business opportunities may be taken advantage of personally by Employees or Directors. The most common types of situations falling within this corporate opportunity doctrine prohibit Employees and Directors from: (i) personally taking advantage of any business opportunity that typically would be pursued by, or would be of interest to, the Company; (ii) personally taking advantage of any other business opportunity that the Company may want to take advantage of if the opportunity is discovered using Company property, business contacts or information, or that the Employee becomes aware of because he or she works for the Company (or that a Director becomes aware of in his or her capacity as a director of the Company); or (iii) competing with or otherwise disadvantaging the Company. If an Employee or Director has any question regarding whether this corporate opportunity doctrine

applies to any potential business opportunity, he or she should consult with the Company's Counsel.

Although Employees and Directors are free to participate in outside activities, it is important that Employees and Directors not engage in any activity that is (or could appear to be) a conflict between personal interests and the Company's best interests. Examples of conflicts of interest include:

- Being a consultant to, or a director, officer or employee of, or otherwise operating an outside business: that supplies products or services to the Company; that purchases products or services from the Company.
- Seeking or accepting any personal loan or services from any such outside business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses.
- Being a consultant to, or a director, officer or employee of, or otherwise operating an outside business if the demands of the outside business would interfere with the Director's or Employee's responsibilities with the Company.
- Accepting any personal loan or guarantee of obligations from the Company, except to the extent such arrangements are legally permissible.
- Conducting business on behalf of the Company with immediate family members, which include spouses, children, parents, siblings and persons sharing the same home whether or not legal relatives.
- Using the Company's property, information or position for personal gain.

Actual or potential conflicts of interest (including but not limited to any material transaction or relationship that reasonably could be expected to give rise to a conflicting interest) must be reported to the Responsible Manager or the Company's Counsel. Approval of potential conflicts involving Employees that are executive officers or Directors will be made exclusively by the Corporate Governance Committee of the Board of Directors.