

HUDSON VALLEY AGRIBUSINESS DEVELOPMENT CORP

Code of Ethics/Conflict of Interest Policy

I. Purpose

It is imperative to the success of the Corporation that there be a fully informed and responsive Executive Committee and Board. To accomplish this end, all Board members shall conduct themselves at all times in the best interest of the Corporation. In this regard, each Board member shall abide by the following "Code of Ethics." While no code or set of rules can be framed which will particularize all the duties of a Board member, the following code of ethics shall serve as a general guide.

II. Code of Ethics

It is imperative to the success of the Corporation that there be a fully informed, responsive, and reasonable Executive Committee and Board. To accomplish this end, all Board members shall conduct themselves at all times in the best interest of the Corporation. In this regard, each Board member shall abide by the following "Code of Ethics." While no code or set of rules can be framed which will particularize all the duties of a Board member, the following code of ethics shall serve as a general guide. The enumeration of particular duties should not be construed as a denial of the existence of others equally imperative, though not specifically mentioned.

III. Conflicts of Interest

A. Financial Interests. Each Director, Officer, and committee member shall fully disclose any and all financial interests involving themselves or one of their family members in regard to any matter which is presented to the Board or a committee for a vote and shall abstain from voting on such matters.

"Financial interests" include, but are not limited to:

1. An ownership, investment interest, or compensation arrangement with any entity with which the Corporation has a transaction or arrangement;
2. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
3. A potential ownership, investment interest, or compensation arrangement with any entity or individual with which the Corporation is negotiating a transaction or arrangement, including a commission or fee, share of the proceeds, the prospect of promotion or profit, or any other form of financial reward.

B. Family Relationships. The term "family member" as used herein includes: parents, in-laws, children, siblings, spouses, aunts, uncles, nieces, and nephews.

C. Duty to Disclose. In connection with the actual or potential conflict of interest, an interested person must disclose the existence of his financial interest and all material facts to the Directors and members of committees with board-delegated powers considering the proposed transaction or arrangement.

D. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the interested party shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

E. Procedures for Addressing the Conflict of Interest

1. An interested person may make a presentation at the board or committee meeting, but after such presentation, he shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

2. The President or Chair of a committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

3. After exercising due diligence, the board or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

4. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation. The Corporation shall make its decision as to whether to enter into transaction or arrangement in conformity with such determination.

F. Violations of the Conflict of Interest Policy

1. If the board or committee has reasonable cause to believe that a person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

2. If, after hearing the response of the person and making such further investigation as may be warranted in the circumstances, the board or committee determines that the person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

G. Recordings and Proceedings. The minutes of the board and committees with board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action

taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed; and

2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

IV. Gifts

Directors and employees of the Corporation may not receive a gift, or a series of gifts, valued at more than \$25 from contractors or businesses who have performed services for the Corporation within the past 12 months without prior approval of a majority vote of disinterested Directors.

Directors and employees of the Corporation shall also gain approval by majority vote of disinterested Directors to personally employ contractors and businesses which have performed services for the Corporation within the past 12 months.

V. Additional Provisions

A. Directors shall put forth their best effort to attend all meetings and constructively participate in the meetings.

B. Directors shall be responsible for insuring that adequate and correct information is presented to their constituents and the public.

C. Directors shall exercise good judgment in the control and use of confidential information that may from time to time come into their possession. No Director shall use confidential information gained by reason of being a member of the Board of Directors for personal gain to the detriment of the Corporation.

D. Each Director shall serve as a public relations agent for the Corporation and therefore shall work diligently and properly to promote its goals and objectives while keeping abreast with its overall progress.

E. Except for voting at properly called meetings of the Board of Directors, board members shall refrain from entering into the direct day-to-day administration of the program unless they are doing so upon express authority given to them by Resolution of the Board of Directors.

F. The Executive Committee shall be charged with the responsibility of reviewing any allegations of Directors violating this code or acting in any way which is detrimental to the success of the Corporation and make recommendations to the full Board for final action.