

CARA OPERATIONS LIMITED

Associate Reference Manual

SECTION 2: CARRYING ON BUSINESS	EFFECTIVE: MAY 2015
POLICY #1: CODE OF BUSINESS CONDUCT	SUPERSEDES: MAY 2014

INTRODUCTION:

The Code of Business Conduct (the “**Code**”) covers a wide range of business practices and procedures. While it does not cover every issue that may arise, it sets out basic principles to guide all Associates of CARA Operations Limited and its affiliates (collectively “**CARA**” or the “**Company**”). It is CARA’s expectation and requirement that all employees and Members of the Board of Directors (collectively herein referred to as “**Associates**”) of CARA conduct themselves in an honest and ethical manner in all of their dealings with CARA and when acting as a representative of CARA.

All Associates must conduct themselves appropriately and seek to avoid even the appearance of improper behaviour. Associates are responsible for understanding the legal and policy requirements that apply to their jobs and reporting any suspected violations of law, this Code, or Company policies. Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment. Furthermore, violations of this Code may also be violations of the law and may result in civil or criminal penalties for you, your supervisors and/or the Company. If you are in a situation which you believe may violate or lead to a violation of this Code, follow the procedures set out in Section IVb. of this Code.

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I. RESPECT IN THE WORKPLACE

a. HUMAN RELATIONS (INCLUDING HARASSMENT AND VIOLENCE IN THE WORKPLACE)

All persons with whom CARA has business relations including customers, suppliers and other Associates, must be treated in a dignified, fair and understanding manner at all times. Discrimination, harassment, sexual harassment, violence, threat of violence, or the use of inappropriate language will not be tolerated in any circumstance. In particular, Associates must treat guests and other Associates with the highest respect and courtesy at all times. Inappropriate conduct towards guests, suppliers, franchisees or other Associates including disrespectful, threatening or rude behaviour will be considered misconduct and will not be tolerated. Such conduct will be thoroughly investigated and if warranted, will be subject to progressive discipline up to and including termination. Refer to the full Policy for more information and contact your immediate Supervisor or Human Resources in any case where you observe any violations.

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b. HEALTH AND SAFETY

The Company strives to provide each Associate with a safe and healthy work environment. Each Associate shares responsibility for maintaining a safe and healthy workplace for all Associates by following all applicable environmental, health and safety rules and practices and by reporting accidents, injuries and unsafe equipment, practices or conditions. Associates are expected to perform their Company related work in a safe manner, free of the influences of alcohol, illegal drugs or non-prescribed controlled substances. The use of alcohol, illegal drugs or non-prescribed controlled substances in the workplace will not be tolerated.

II. INTEGRITY IN EVERYTHING WE DO

a. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Obeying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. Associates are required to comply with all applicable laws. CARA is particularly sensitive to environmental laws, health and safety laws, the Competition Act (which prohibits misleading advertising, price fixing and certain other trade practices), Privacy laws (PIPEDA and any applicable provincial legislation), and applicable laws that relate to the conditions of the workplace. Where Associates are uncertain as to whether a particular action would infringe on the law, they should discuss the matter with their Manager and if in doubt, should seek the guidance of their next level up Manager or an Associate from Human Resources.

b. CONFLICTS OF INTEREST

A "conflict of interest" exists when a person's private interest interferes in any way, or even appears to interfere, with the interests of the Company. A conflict situation can arise when an Associate takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an Associate (or a member of his or her family) receives improper personal benefits as a result of his or her position in the Company. Associates must avoid any activity, interest or relationship which would create or which might appear to create a conflict with the interests of CARA including:

- 1) **Outside Business Activities** - Associates shall not accept remunerated outside positions that will infringe upon time, and use of information belonging to CARA or interferes with proper performance of their duties.
- 2) **Ownership of Outside Business** - Associates and their immediate families shall not hold ownership positions in competitors or suppliers to the extent that the Associate's decisions and actions might reflect their personal interests rather than the interests of CARA.
- 3) **Gifts from Suppliers or Potential Suppliers** – Associates are permitted to accept invitations to attend social activities so long as they are intended to foster the business relationship and your business judgement or objectivity is not compromised. This includes but is not limited to coffee meetings, lunches, dinners, sporting or social events or golf tournaments. Offering of these by the supplier must be completely voluntary. Associates may not solicit invitations unless approved to do so by your Manager. Gifts of a nominal value are permitted as long as your business judgement or objectivity is not compromised. Associates shall not accept other gifts for themselves or their family members from those doing business or seeking to do business with the

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Company. Other gifts must be declined tactfully, returned to the sender or donated to the Company for use as deemed appropriate. Cash, cash equivalents and trips, specifically, among other items, are not to be accepted in any circumstances whether related to the Company business or otherwise. If you are not sure if a conflict exists, please contact the head of Human Resources for further clarification.

c. COMPETITION AND FAIR DEALING

At CARA we seek competitive advantages through superior performance of our Associates and never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present Associates of other companies is prohibited. Each Associate should endeavour to respect the rights of and deal fairly with the Company's guests, suppliers, competitors, and past and present Associates and franchise partners. No Associate should take an unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other illegal trade practice.

No Associate of CARA is permitted to engage in price fixing, bid rigging, bribery of government officials, allocation of markets or customers, or similar illegal activities.

To maintain CARA's valuable reputation, compliance with our Food Safety audit processes is essential. All inspection and testing documents must be completed, updated and otherwise maintained in accordance with all applicable specifications and requirements.

d. ASSOCIATE DISCOUNTS AND BENEFITS

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships. No gift or entertainment should ever be offered, given, provided or accepted by any Associate, family member of an Associate, unless it: (1) is not a cash (or cash equivalent, which would include gift cards), (2) is consistent with the Company's customary business practices, (3) is nominal in value and (4) does not violate any applicable laws, regulations or applicable policies of the other party's organization. Specific rules that apply to all Associates are as follows:

1. Associates are not permitted to abuse their Company benefits. This includes usage of the Associate discount card for purchases made on behalf of persons not eligible to receive an Associate discount, including refunds.
2. Associates are not to order for friends and family purchases; nor are they to key in their own purchases.
3. Associates are expected to follow the guidelines as outlined in the CARA Vacation Policy including that any and all vacation hours (over and above the 5-day maximum that can be carried over) that are not used within the calendar year will be forfeited and removed from the individual Associate's vacation bank.

Associates understand that based on Canada Revenue Agency regulations any gift, prize or award deemed a "taxable benefit" under such regulations will be treated as taxable to the Associate. Examples include but are not limited to awards or gifts such as cash, gift cards, points-based

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rewards, tangible items when they are given for performance related reasons and all non-cash awards or gifts, once the total value given in a year exceeds \$500.

e. THEFT AND FRAUD

Associates must not engage or assist others in theft, fraud or acceptance of bribes of any sort. Fraud is any intentional act or omission designed to deceive CARA, resulting in CARA suffering a loss and/or the perpetrator achieving a gain, an example of this would be: altering a guest's tip without their expressed authorization. The three major categories of fraud are misappropriation of assets (including theft), misrepresentation of records, and corruption (including bribery).

Theft includes but is not limited to, merchandise, supplies, money, guest goods and property, unauthorized consumption of food and other tangible or intangible items of value (including samples). Confidential and proprietary information is also a type of CARA asset and disclosing such information to unauthorized or unintended parties is strictly prohibited.

Misrepresentation of records includes but is not limited to, falsification of financial or non-financial records. Such Company records include but are not limited to refunds and exchanges, vendor allowances, purchasing cards, expense reports, attendance records, journal entries, accounts, financial statements and certificates. Associates are to report accounting and auditing related irregularities to Internal Audit and/or Chief Financial Officer.

Corruption includes, but is not limited to bribery. Associates must not accept payment or achieve a personal gain for any time that they have not worked or for which they are not legitimately entitled.

III. PROTECTING COMPANY INFORMATION AND ASSETS

RECORD-KEEPING, FINANCIAL CONTROLS AND DISCLOSURES

The Company requires honest, accurate and timely recording and reporting of information in order to make responsible business decisions.

All business expense accounts must be documented and recorded accurately in a timely manner. If you are not sure whether a certain expense is legitimate, ask your immediate supervisor or the Chief Financial Officer. Policy guidelines are available from the Finance department.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail; must appropriately reflect the Company's transactions; must be promptly disclosed in accordance with any applicable laws or regulations; and must conform with applicable legal requirements, applicable accounting standards and with the Company's system of internal controls.

All transactions of CARA must be properly recorded and accounted for, in particular:

- a) No false or misleading entries shall be made in the books of CARA.
- b) No transaction shall be effected or payment made on behalf of CARA with the intention that the transaction or payment is other than as described in supporting documentation.
- c) Funds will be disbursed or committed only for legitimate purposes related to the business of CARA and only where properly authorized by management.

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- d) Travel expenses must be managed according to the CARA Business Travel Policy including the pre-approval of entertainment expenses while on CARA business. As documented in this policy, Associates are asked to make every reasonable effort to only submit meal and entertainment expenses from a CARA branded restaurant. Any exceptions to this should be authorized in advance by the travelling Associate's immediate Manager.

Business records and communications often become public and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that may be misunderstood. This applies equally to e-mail, internal memos and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please consult, or comply with the direction from, CARA's Vice President, General Counsel and Corporate Secretary.

PROTECTION AND PROPER USE OF COMPANY ASSETS

CARA facilities, equipment, supplies, time, name(s) and trademarks must be used only for conducting CARA business or for purposes properly authorized by management. Although CARA respects the individual privacy of our Associates, this does not extend to the use of CARA equipment or supplies. To this end, email and internet services are CARA property intended to facilitate CARA business and should therefore only be used for business reasons.

Associates with internet access are responsible for complying with the CARA Internet Security and Usage Policy in all respects. This includes any and all systems that are accessed from home (via Citrix or any CARA provided "Software-As-A-Service" system).

Associates using or having access to CARA's computing and communication equipment will (i) acknowledge and agree that all software, electronic mail ("e-mail"), notes, files, documents or other communications stored on CARA's computing equipment are the sole property of the Company, and (ii) consent to the Company's monitoring, examination and/or inspection of any and all software, electronic mail ("e-mail"), notes, files, documents or other communications stored on its computing or communication equipment of which the Associate participated in the creation.

Associates must comply with the provisions set out in Canada's Anti-Spam law, which sets out a series of requirements that must be met before a commercial electronic message can be sent to an electronic address which includes direct messages through social media channels. For more information, please see CARA's Anti-Spam Policy.

Associates authorized by CARA to use the Company's computing and communication equipment should remember that CARA's professional image and reputation could be greatly affected by the use of the Company's equipment to correspond with outside parties. Associates should familiarize themselves with current standards for proper and respectful electronic communication etiquette, and should always treat any person with whom he/she is dealing electronically with courtesy and respect.

Associates are not permitted to disclose information when working from home, copy any CARA information to their home computers or to send CARA information to their personal e-mail addresses. In addition, any Associate who is leaving CARA is required to surrender all CARA records, documents and/or any other Company property within their possession to ensure these records and documents are not destroyed.

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Associates may be assigned the use of a locker and/or a desk which remains the property of CARA at all times and as such CARA reserves the right to enter the locker and/or the desk without notice to the Associate.

CONFIDENTIALITY OF INFORMATION AND PRIVACY COMPLIANCE

Associates must maintain the confidentiality of proprietary information entrusted to them by the Company or its customers or suppliers, except when disclosure is authorized in writing by CARA's Chief Financial Officer or Vice President, General Counsel and Corporate Secretary or is required by applicable laws or regulations. Proprietary information includes all non-public information that might be of value to a competitor or may be harmful to the Company or its guests, suppliers, franchisees or Associates if disclosed. It includes information that guests, suppliers, franchisees and Associates have entrusted to us. The obligation to preserve proprietary information continues even after employment ends.

- a) By signing this Code of Business Conduct (via electronic acceptance or hard copy signature), you are giving us, as your employer, permission to store any personal information you have given us or that relates to your employment. Information may be stored in hard or soft copy.
- b) Associates are responsible for maintaining the security of all information regarding the affairs of CARA and safeguarding personal information regarding its Associates, franchisees and guests.
- c) All information regarding the affairs of CARA shall be considered confidential and subject to the obligations contained in this Code. This information means all information known, used or disclosed by CARA in connection with its business including without limitation, Associate and guest personal information as defined by the federal and provincial privacy laws, sales, gross profit and sales promotion information, financial information and strategies, marketing information and strategies, business opportunities (including without limitation, product sourcing and distribution information and techniques) and research and development which information may be modified, amended or improved from time to time together with all designs, know-how, ideas, data, compilations of information, training manuals, selling and pricing techniques, products, services designs, service codes, object codes, documentation, diagrams, prototypes, samples and copies thereof whether in oral, written, graphic, machine readable or physical form.
- d) Associates having access to computer based information must maintain the confidentiality of user-ids and passwords.
- e) Associates must not use or retain any information regarding the affairs of CARA for any unauthorized purposes, nor shall they disclose such information to others. This information includes any communication directed or intended for the Associates of CARA and such communication may not be discussed or released to any person or entity who is not a CARA associate, including but not limited to any reporters, journalists or other members of the press and the media.
- f) Payment Card Industry (PCI) Compliance - Associates who have access to guest credit card information, acknowledge that they are responsible for the security of that information while it is in their possession and are expected to be PCI Compliant with respect to our Information Security

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Standards. Further information regarding this is available through your immediate Manager and/or through our online PCI Compliance course found on the Learning Centre.

- g) Privacy - CARA protects the privacy of its guests, suppliers, franchisees, and Associates who share personal information. Associates shall not share personal information of any person except for the purpose for which the information was originally collected and only with those authorized to receive it. For further details, Associates should refer to CARA's Internal and External Privacy policies and may contact CARA's Privacy Officer at privacy@cara.com.
- h) Breach of Termination - Associates whose employment has been terminated and an exit package has been provided, agree to keep the terms and conditions of the settlement with respect to the termination completely confidential, and agree not to voluntarily disclose any information concerning the terms and conditions of the settlement to anyone other than immediate family member, legal counsel and personal financial advisor (in each case subject to such person(s) agreeing in advance to maintain the confidentiality on the same basis) or as may otherwise be required by law.

IV. COMPLIANCE WITH THIS CODE

a. WHISTLEBLOWER - REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOUR

CARA's Board of Directors and senior management are committed to a corporate environment that fosters and demonstrates loyalty to employees and ethical behaviour at all levels of the organization. The Board of Directors and senior management strongly believe that carrying on day-to-day activities in an ethical way is the right thing to do and makes good business sense. CARA is committed to complying with applicable laws and regulations to which it is subject and to protecting Associates, funds, assets and resources as appropriate.

CARA's continued success depends on Associate commitment to loyalty and ethical behaviour. CARA's Associates owe a duty of loyalty and ethical behaviour to CARA, their fellow Associates and customers. This duty includes an obligation to report any observed behaviour that they believe may be illegal or a violation of this Code of Business Conduct or Company policy or when in doubt about the best course of action in a particular situation. It is the policy of the Company not to allow retaliation for reports made in good faith by Associates of misconduct by others. Associates are expected to cooperate in internal investigations of misconduct.

b. COMPLIANCE PROCEDURES

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. Associates are asked to review and follow CARA's Whistleblower Policy. The following steps should also be kept in mind:

- a) Make sure you have all the facts. In order to reach the right conclusions, we must be as fully informed as possible.
- b) Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with and the alternatives you

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have. Use your judgment and common sense; if something seems unethical or improper, it probably is.

- c) Discuss the problem with your Manager. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your Manager's responsibility to help solve problems. If you are uncomfortable discussing the problem with your supervisor, you can talk to your immediate supervisor's manager or the General Counsel, Legal Department.
- d) You can contact our Ethics Hotline at 1 888 898 CARA (2272) or online at www.CARAcare.com
- e) You may report violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against Associates for good faith reports of suspected violations.
- f) All Associates are subject to this Code, which describes procedures for the internal reporting of violations of the Code. All Associates must comply with those reporting requirements and promote compliance with them by others. Failure to adhere to this Code by any Associate will be subject to disciplinary action up to and including termination.

c. INSIDER TRADING

Directors of the board, officers and Associates of Cara have a responsibility to maintain confidential internal information relating to Cara and in certain circumstances should not trade in Cara securities. Canadian securities laws also place increased importance on our policies regarding the confidential treatment of corporate information. It is important - both in terms of our corporate reputation and your own compliance with applicable laws - that any documents or information that is of a confidential nature continue to be treated confidentially. If you are not sure if something is confidential, you may check with any one of the lawyers in the Legal Department.

Insider trading is buying or selling Cara shares with knowledge of material information that has not yet been officially released to the public. *Tipping* is sharing material information about Cara with others, before it has been officially released to the public. Insider trading/tipping can result in up to 10 years imprisonment and significant financial consequences.

d. OBSERVANCE OF CARA POLICIES

Associates must adhere to all CARA policies. All current policies are available on the MyCARA website under "Associate Reference Manual" and Associates are expected to familiarize themselves with all relevant policies. Some policies apply as well to situations after active employment ends such as continuing to observe confidentiality as if employed. Associates are expected to refer to their Manager all questions related to procedures, rules, and policies. By signing, Associates agree to make every effort to learn and abide by all CARA policies.

V. CONCLUSION

The foregoing is meant to outline general guidelines to enable Associates to understand the type of conduct considered acceptable by CARA. Associates are expected to act in a manner that protects the business interests and integrity of CARA and to refrain from engaging in any activities which would detract from CARA's reputation for fair and honest conduct of its business. Associates shall not publicize or post electronically any material that is defamatory, libellous, threatening, harassing, abusive, hateful or

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embarrassing to any person or entity including CARA, its affiliated companies, Associates, guests, partners or competitors. Doubtful situations may arise which are not covered by this Code of Conduct. In all cases, if an Associate is uncertain as to any of the above, they should contact their immediate Manager.

VI. VIOLATIONS OF THIS CODE

Failure of an Associate to comply with the Code or any other applicable CARA policy may result in disciplinary action, including disciplinary documentation, up to and including termination of employment. Any Associate who engages in either theft or fraud is subject to discipline up to and including immediate dismissal for cause and to prosecution under the law.

VII. ANNUAL ACKNOWLEDGEMENT

Each year, every Associate of CARA shall be required to read this Code and to demonstrate their acknowledgement, understanding and commitment to comply with the Code by completing the annual Code of Business Conduct Acknowledgement Form.

VIII. QUESTIONS

If you have any questions, first discuss it with your Manager. If you are still unsure, talk to your Human Resources Business Partner.