



**Parkland Industries Ltd.**

## **Code of Conduct and Conflict of Interest Guidelines for Directors and Officers**

### **1. Introduction**

**IMPORTANT:** In the following, and for simplicity purposes, the word “Director” designates a Director of Parkland Industries Ltd., a Director of associated companies within the Income Fund, an Officer and / or a Senior Manager of a Parkland affiliate. Similarly, the word “Parkland” designates the Parkland Income Fund, Parkland Industries Ltd. and its entities and associated companies.

Each Director owes Parkland a fiduciary duty, including the obligation to act honestly and in good faith with a view to the best interests of Parkland. This Code of Conduct and Conflict of Interest Guidelines outlines a framework of guiding principles for Directors. As with any statement of policy, the exercise of judgment is required in determining applicability of this Code to each individual situation.

### **2. Conflicts of Interest**

- 2.1 Directors shall avoid situations that may result in a conflict or perceived conflict between their personal interests and the interest of Parkland and situations where their actions as Directors are influenced or perceived to be influenced by their personal interests.
- 2.2 In general, a conflict of interest exists for Directors who use their position at Parkland to benefit themselves, friends or families.
- 2.3 Full disclosure enables Directors to resolve unclear situations and gives an opportunity to dispose of conflicting interests before any difficulty arises.

### **3. Compliance with Law**

- 3.1 Each Director must at all times comply fully with applicable law and should avoid any situation which could be perceived as improper, unethical or indicate a casual attitude towards compliance with such law.
- 3.2 The Directors are expected to be sufficiently familiar with any legislation that applies to their directorship and shall recognize potential liabilities, seeking legal advice where appropriate.

### **4. Professional and Courteous Behavior**

- 4.1 Parkland's Directors will interact on a daily basis with each other and with other members of industry, government authorities and agencies, community stakeholders, contractors, vendors, customers, investors, unions, trade associations, professional associations, and the general public. It is essential that the Directors be and be perceived to be honest, fair, courteous and respectful and that he or she conduct Parkland's business fairly, professionally, ethically and with integrity.

### **5. Outside Business Interests**

- 5.1 No Director may hold a significant financial interest, either directly or through a relative or associate, or hold or accept a position as an Officer or Director in an organization which is in a relationship with Parkland, whereby virtue of his or her position in Parkland the Director could in any way benefit the other organization by influencing the purchasing, selling or other decisions of Parkland unless that interest has been fully disclosed to the Board of Directors.
- 5.2 A significant financial interest is any interest substantial enough that decisions of Parkland could result in material gain for the Director.

### **6. Confidential Information and Securities Trading**

- 6.1 Each Director must comply with Parkland's Confidential Information Policy (Appendix A).
- 6.2 Each Director must comply with Parkland's Securities Trading and Reporting Policy for Restricted Persons (Appendix B).
- 6.3 Each Director must comply with Parkland's Insider Transactions Policy (Appendix C).
- 6.4 Directors and Employees must comply with Parkland's Blackout Periods (Appendices D and E).

## **7. Entertainment, Gifts and Favors**

- 7.1 Directors may not offer or solicit gifts or favors in order to secure preferred treatment for themselves or Parkland.
- 7.2 Gifts and entertainment may only be accepted or offered by a Director in the normal exchanges common to established business relationships. An exchange of such gifts shall create no sense of obligation.

## **8. Non-profit and Professional Association**

- 8.1 Parkland supports its Directors who contribute to their communities through involvement with charitable, community service and professional organizations.
- 8.2 A Director should ensure that he or she is seen as speaking for the organization as an individual and not as a Parkland Director or spokesperson.

## **9. Use of Parkland Property**

- 9.1 Directors should not make use of any significant Parkland property or resources for their own personal benefit or purposes.

## **10. Political Participation**

- 10.1 Directors engaging in the political process must take care to separate their personal activities from their association with Parkland.

## **11. Disclosure**

- 11.1 Each individual being considered as a Director of Parkland must disclose to the Compensation and Corporate Governance Committee all interests and relationships of which the Director is aware of at the time of consideration; which will or may give rise to a conflict of interest.
- 11.2 If such an interest or relationship should arise while the individual is a Director, the individual shall make immediate disclosure of all relevant facts to the Chairman of the Board of Directors.
- 11.3 If the Board is making decisions that may provide a benefit to a Director's private interests, the Director shall withdraw from the deliberations altogether and leave the meeting for the duration of the discussion.
- 11.4 Disclosure may address a conflict of interest as it may allow Parkland to appropriately avoid a potential conflict. However, a conflict may be so severe as to only be resolved by the Director's resignation from one or both of the conflicting positions. Each Director agrees that if the Board

determines that a material conflict cannot be cured, the Director will resign.

## **12. Responsibility**

- 12.1 Each Director must adhere to the standards described in this Code of Conduct.
- 12.2 Each Director shall annually review, sign and deliver to the Chairman of the Board of Directors a signed copy of this Code of Conduct.

## **13. Reporting a Concern**

- 13.1 Any Director who knows or suspects a breach of this Code of Conduct must report it to the Chairman of the Board of Directors as soon as possible. Failure to report will be considered unethical.
- 13.2 Where a Director reports such information in good faith, Parkland will take all reasonable steps to prevent the individual who has made the report from being harassed, discriminated against, or the subject of retaliation or any other unsuitable action by other individuals. Any such harassment, discrimination or retaliation will be considered unethical.
- 13.3 If a report is found to be vexatious or made in bad faith or intentionally brought on fabricated grounds, appropriate disciplinary action will be taken, up to and including termination of employment.

## **14. Violation of this Code**

- 14.1 If the Board determines that a Director has breached this Code of Conduct, the Board may sanction the Director, including asking for the Director's resignation.
- 14.2 Each Director agrees that when the Board determines that the Director has violated this Code of Conduct and request the Director's resignation, the Director shall resign.

## **15. Clarification**

A Director should seek clarification of the Code of Conduct policy, where necessary, from the Chair of the Compensation and Corporate Governance Committee.

I ACKNOWLEDGE that I have read and considered the Code of Conduct and Conflict of Interest Guidelines for Directors of Parkland and agree to conduct myself in accordance with the Code of Conduct and Conflict of Interest Guidelines for Directors.

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Signature

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Print Name

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Date

## **Appendix A (1 of 3)**

### **Confidential Information Policy**

An underlying principle of securities legislation is that the public should have the opportunity to decide whether to buy or sell securities on the basis of information equally available to all. Directors, Officers and employees of a corporation sometimes acquire knowledge of material information concerning the business and affairs of the corporation (or a related corporation) which has not yet been disclosed to the public. If that is the case, they have an unfair advantage in purchasing or selling securities because the seller or purchaser on the other side of the transaction may have made a different investment decision had they been aware of that information.

Similarly, if such a person informs another person of undisclosed material information, and such person purchases or sells securities on the basis of that information, the seller or purchaser on the other side of the transaction is, once again, at a disadvantage.

Certain securities laws in Canada have been enacted so as to prevent and deter such inequitable trading in securities. Parkland has formulated a policy to assist Directors, Officers and employees of the Corporation and its entities in complying with these laws. The purpose of this memorandum is to advise Directors, Officers and employees of such policy and some of the legal repercussions of failing to adhere to this policy. Persons who are “insiders” of Parkland and other persons who regularly come into contact with confidential information must also adhere to the Corporation’s Securities Trading and Reporting Policy for Restricted Persons.

In this Policy, the term “Parkland” refers to Parkland Income Fund and Parkland Industries Ltd. and its entities and associated companies. Other italicized terms used in this Policy have the meaning set forth in Schedule A to this Policy.

## Appendix A (2 of 3)

### CONFIDENTIAL INFORMATION POLICY

1. Access to *Undisclosed Material Information* shall be limited to employees who have a “need to know” such information.
2. No *Employee* or other *Restricted Person* having knowledge of *Undisclosed Material Information* relating to, or involving Parkland or another party involved in an activity or a negotiation with Parkland shall:
  - 2.1 disclose such information to a *Tippee* other than in the necessary course of business with the express written consent of the Director, Officer or Manager responsible for the activity or negotiation;
  - 2.2 buy or sell, or acquire an option to buy or sell, any of Parkland’s securities or securities of a third party involved in such activity or negotiation; or
  - 2.3 participate in discussions regarding decisions by others about investments in Parkland or other companies involved in the matter;

before such material information has been fully disclosed to the public and a reasonable period of time for dissemination has passed (which for the purposes of this policy shall be considered to be at least two clear days following the day of the disclosure to the public) or until the activity or negotiation giving rise to the *Undisclosed Material Information* has terminated.

3. The Director, Officer or Manager responsible for an activity or negotiation which, if known, might reasonably be expected to affect the market price or value of Parkland’s securities or that of other parties involved in such activity or negotiation shall be responsible for initiating adequate procedures and controls to restrict the knowledge of such event in accordance with this policy and applicable laws, including:
  - 3.1 restricting participation or knowledge of such project to the minimum number of Employees practicable;
  - 3.2 notifying all involved *Employees* and *Restricted Persons* of their “insider status” and confidentiality obligations in writing;
  - 3.3 maintaining a list of all persons who are aware of the activity; and
  - 3.4 instituting necessary controls to provide adequate security and to monitor the observance of such controls.

4. In addition to any precautions which may be imposed on *Employees* and *Restricted Persons* by the person responsible for a matter, the following general precautions shall be adopted:
  - 4.1 ensure all correspondence concerning the matter is labeled “CONFIDENTIAL”.
  - 4.2 refrain from open discussions concerning the matter where other persons not “in the know” are in the vicinity.
  - 4.3 do not leave correspondence and other documents concerning the matter in view in your working area and keep them in a secure area.
  - 4.4 if the matter has been assigned a code name, use the code name on all correspondence and refrain from using specific corporate names whenever possible.
  - 4.5 report any information leaks or suspected information leaks to the person responsible for the matter.

#### **CONSEQUENCES of NON COMPLIANCE with POLICY**

- a) *Employees, Restricted Persons or Tippees* may, under some circumstances, be subject to prosecution which may result in fines of up to \$1,000,000 (or three times the profit made in the illegal trade) or to imprisonment for a term of up to two years, or both. In addition to fines, violation may result in liability to shareholders affected.
- b) Parkland may be held liable for damages resulting from misleading or untrue statements or the failure to disclose information on a timely basis, and the reputation and standing of Parkland and its *Employees* in the community may be tarnished.
- c) Securities’ exchanges could require the untimely disclosure by Parkland of information to stop or confirm rumors.

Strict compliance with this Policy is required. An *Employee* who fails to adhere to this Policy may be subject to disciplinary action by the Corporation, which could result in termination of employment.

## Appendix A (3 of 3)

### Confidential Information Policy

The following definitions are used in the Policy on confidential information:

*Employee* means all Officers, employees and agents of Parkland and its entities, whether such employees and agents be managers, accountants, maintenance and support personnel, salesmen, secretaries, clerks, drivers or independent contractors;

*Restricted Person* includes all Directors, Officers and other insiders of the Corporation as determined from time to time in accordance with Canadian Securities laws;

*Tippee* means an individual who obtains or receives *Undisclosed Material Information* from an *Employee* or *Restricted Person* and any persons who substantially receive such information, where such persons knew or ought reasonably to have known that the information originated from an *Employee* or *Restricted Person*;

*Undisclosed Material Information* means any information relating to the business and affairs of Parkland that when released would result in or would reasonably be expected to result in significant change in the market price or value of Parkland's units (or the securities of other companies with whom Parkland may be conducting confidential negotiations). Examples of information which may be *Undisclosed Material Information* include:

- (a) changes in share ownership that may affect control of Parkland;
- (b) changes in corporate structure, such as amalgamation;
- (c) take-over bids in respect of Parkland's securities or securities of another company or bids by Parkland for its own securities;
- (d) major corporate acquisitions or dispositions;
- (e) change in capital structure of Parkland and distributions decisions;
- (f) borrowing of a significant amount of funds;
- (g) public or private sale of additional securities of Parkland;
- (h) significant development affecting Parkland's resources, technology, products or markets;
- (i) entering into or loss of significant licenses or contracts;
- (j) firm evidence of significant increases or decreases in near term earnings prospects;

- (k) changes in capital investment plans or corporate objectives;
- (l) significant changes in management;
- (m) significant litigation;
- (n) major disputes with major contractors, suppliers or customers;
- (o) events of default under financing or other agreements; and
- (p) any other developments relating to the business and affairs of Parkland that would reasonably be expected to significantly affect the market price or value of any of Parkland's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decision.

## **Appendix B**

### **Securities Trading and Reporting Policy for Restricted Persons**

This policy applies to all employees, in certain specified circumstances, and to insiders in all circumstances.

#### **1. DEFINITION OF INSIDER**

The definition of an “insider” in the Business Corporations Act, Alberta under which Parkland Income Fund is organized, is quite broad and includes the following:

- 1.1 the Fund;
- 1.2 an affiliate of the Fund;
- 1.3 a Director or Officer of the Fund;
- 1.4 a Director or Officer of a subsidiary of the Fund;
- 1.5 a person who owns or who exercises direction or control over more than 10% of the votes attaching to units of the Fund;
- 1.6 a person employed or retained by the Fund who has knowledge of “material information”, and
- 1.7 a person who receives specific confidential knowledge from any of the above.

Because registration statements covering public offerings of the Fund’s securities have been filed in other jurisdictions, the Fund and its insiders are subject to securities laws of those jurisdictions which include, amongst others, Alberta, Saskatchewan, Manitoba, British Columbia and Ontario. The ‘insider’ definition may vary from statute to statute. Please be cautioned, however, that the definition will encompass Directors, Officers and certain employees of our subsidiary companies.

#### **2. INSIDER REPORTING**

Not all insiders are required to file reports as to their holdings or changes in holdings of the Fund’s securities. Specifically, Directors and Officers of the Fund and Directors of certain subsidiary companies have this obligation. Initially, a report is required to be filed within ten (10) days after the person becomes an insider. Thereafter, a “change” report is required to be filed within ten (10) days

after any change takes place. The reports require disclosure as to direct or indirect holdings and as to options rights, etc.

It is the practice of the Fund for the insiders to complete the insider reports and file the signed copies with the securities commissions and any other regulatory bodies concerned, directly. However, some Directors and Management have appointed an agent to complete and file the reports on their behalf. The agent cannot assume any responsibility attached to any insider in affording the service; it is the responsibility of each insider to determine whether to report, what to report and when to report.

Filings were sent via facsimile to the Securities Commissions in Alberta, Saskatchewan, Manitoba, British Columbia and Ontario and a copy was sent to the Administrative Assistant for the Fund's records. Currently filings are made electronically via Sedi. There are, of course, penalties prescribed for default in filing, consisting of fines or imprisonment or both. For example, failure to file insider reports as prescribed under the Alberta Securities Act can lead to a fine of up to \$1,000,000 or up to 5 years less one day imprisonment, or both.

### **3. TIPPING and SPECIAL RELATIONSHIP TRADING**

There are other statutory provisions dealing with prohibitions against and penalties pertaining to trading or tipping. As an example, the following is a provision of the Ontario Securities Act:

“... No person or Corporation in a special relationship with a reporting issuer shall purchase or sell securities of the reporting issuer with the knowledge of a material fact or material change with respect to the reporting issuer that has not been generally disclosed.”

“... no person or Corporation in a special relationship with a reporting issuer shall inform, other than in the necessary course of business, another person or Corporation of a material fact or material change with respect to the reporting issuer before the material fact or material change has been generally disclosed.”

The group deemed to be in a special relationship is very large and includes, insiders, affiliates or employees of the issuing Fund or its affiliates (including subsidiaries), business associates of the Fund and an “associate” of any such person or Fund. The definition of special relationship includes any relatives, friends or “associates” in the widest possible interpretation of the term.

### **4. INSIDER INFORMATION and DISCLOSURE**

Employees and insiders are prohibited from using “material information” which has not been made public to trade in securities. This prohibition applies to all employees and insiders, irrespective of whether they are required to make any of the filings described in Section 2.

“Material changes” are changes in the business, operations or affairs of an issuer that are likely to affect significantly the market price or value of its securities. Such changes trigger a timely disclosure obligation. The issuer must publish a news release and file a material change report.

“Material facts” are facts that are likely to have a similar effect on the issuer’s securities as material changes, but they need not constitute a change in its business, operations or affairs. It also includes information that is likely to affect the issuer’s unit price but that is not a change in its business or affairs.

Material changes and material facts are “material information” under stock exchange and timely disclosure policies and under the securities commissions’ National Instrument 51-201. Securities laws prohibit any trading by anyone who has knowledge of a material change or a material fact about an issuer or its securities. An underlying principle of securities legislation is that the public should be able to make a decision to buy or sell an issuer’s securities on the basis of information equally available to all.

## **5. INSIDER TRADING and BLACKOUT PERIODS**

Employees and insiders may trade in securities of the Fund’s securities directly or indirectly, or in securities of the Fund over which they exercise control or direction except as follows:

- 5.1 Trading by employees and insiders is prohibited when the employee or insider is in possession of material information which is being kept confidential and which has not been disclosed to the public.

The appropriate person with overall responsibility for a project will consult with the President or Vice President and CFO to determine if a blackout period should be imposed and which employees would be affected by such a blackout period. The President or the Vice President and CFO will, by email or other form of written communication, advise all Directors, Officers and those employees deemed to be in possession of undisclosed material information to refrain from trading until otherwise advised, or two (2) business days after the release of the appropriate news release, whichever is the earlier.

- 5.2 No trading will take place by Directors, Officers, Management personnel or Optionholders beginning ten (10) business days prior to and ending two (2) complete business days after the release of the financial results of the Fund through the appropriate news release.

An insider who is in possession of undisclosed material information that may affect current or future earnings of the Fund, will consult with the President or Vice President and CFO to determine if a blackout period should be imposed and which employees would be affected by such a blackout period. The President or the Vice President and CFO will, by

email or other form of written communication, advise all Directors, Officers and those employees deemed to be in possession of the undisclosed material information to refrain from trading until two (2) complete business days after the release of the appropriate news release.

- 5.3 In circumstances where the Fund is contemplating a major transaction or activity that could raise the Fund's profile in the marketplace, the President or the Vice President and CFO will, by email or other form of written communication, advise all Directors, Officers and if deemed advisable or necessary, all or certain employees to refrain from trading.
- 5.4 Employees who feel they are in possession of material undisclosed information should consult with the Vice President and CFO or, in his absence, the President, prior to trading in securities of the Fund.
- 5.5 Exercising options will constitute a trade for the purposes of this policy and accordingly, no option will be exercised during a blackout period. If the expiry of an option falls within the blackout period, then the expiry date will be adjusted to accommodate the exercise of the option.

## **6. SUMMATION**

The ability to capitalize on insider knowledge pertaining to the Fund is not one of the perquisites of our respective positions. Insiders have an obligation to anticipate the market response to events involving or affecting the Fund, to advise the appropriate employees and for all insiders and employees to govern their professional behavior and dealings in securities of the Fund in such manner as to preclude the exposure of themselves or the Fund to penalty or adverse publicity.

## Appendix C

# INSIDERS TRANSACTIONS POLICY

### Context

From time to time and for various reasons, it may be beneficial to Parkland Income Fund (the “*Fund*”) to enter into agreements with suppliers, customers or others that are “related” to the Fund.

It is the Fund’s objective to maintain the trust and confidence of its unitholders, customers, suppliers and the public in general with regard to the fairness of those transactions, and to ensure proper public disclosure of related party transactions.

### Goal

The goal of this policy is to ensure the integrity of any transactions of the Fund and its various subsidiaries involving related parties, as well as ensuring compliance with laws and regulations that pertain to those transactions.

This policy is intended to raise awareness of the Fund’s approach to related party transactions and to assist in maintaining the Fund’s adherence to the best corporate governance practices.

### Definitions

In this policy, the following terms have the following meanings:

“*Board of Directors*” means the Board of Directors of Parkland.

“*Committee*” means the Audit Committee of the Board of Directors.

“*Management*” means the President and CEO, the Vice President and CFO and any of the other senior Managers of Parkland.

“*Parkland*” means Parkland Income Fund, Parkland Industries Ltd. and its entities.

Parties are said to be “*related parties*” when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other.

A “*related party transaction*” may generally be defined as any transaction, regardless of whether any consideration is exchanged, between, on the one hand, the Fund, Parkland or any of their affiliates, and on the other hand, any of their respective Directors, Officers, senior employees or significant shareholders or unitholders, or any individuals or entities affiliated or associated with such persons, including immediate family.

“*Required Disclosure*” means all continuous and timely disclosure documents required to be filed by the Fund pursuant to applicable securities laws, and includes all press releases

and material change reports, financial statements and management's discussion and analysis of financial results.

### **Review Process**

All related party transactions must be reviewed and approved by the Committee in accordance with the terms of this policy. Where it is unclear whether a transaction is a related party transaction, the transaction should be referred to the Committee for its review and determination.

The Committee shall ensure that, for each such transaction:

- (a) all applicable laws, rules, regulations and policies are fully met;
- (b) the contract governing the transaction contains all appropriate and customary terms to properly protect Parkland; and
- (c) the consideration to be paid by Parkland is fair and reasonable in the circumstances.

Management shall be responsible for evaluating the proposed transaction against alternative arm's length transactions, negotiating the transaction, and preparing a report to the Committee with sufficient detail so as to permit the Committee to fulfill its duties.

The report from Management to the Committee shall include:

- (d) a description of the transaction under consideration, with a description of the payment terms (including form of payment) and timing;
- (e) confirmation that the transaction meets the standards outlined above and a summary of the analysis leading to that conclusion, including, as appropriate, any arm's length comparisons which may be available;
- (f) any additional or supporting documents deemed appropriate; and
- (g) the final recommendation from Management to the Committee.

The Committee shall review the report with Management and any other advisors it considers necessary, and shall make its final recommendation to the Board of Directors.

### **Disclosure**

The Committee shall determine if any given related party transaction should be disclosed by the Fund to the public. The Committee shall review all Required Disclosure relating to related party transactions prior to its public dissemination.

### **Distribution of Policy**

This policy extends to all of Parkland's Directors, Officers and employees. New Directors, Officers, Senior Management, as well as employees who are or may be directly involved in disclosure decisions shall be provided with a copy of this policy and shall be informed about its importance. This policy shall be circulated to all such personnel initially and whenever changes are made. Written confirmations of receipt may be required in the discretion of Management.

### **Amendments**

This policy may be amended from time to time by approval of the Committee and the Board of Directors. Any amendments to this policy shall be provided to persons subject to the policy.

### **Review of Policy**

This policy shall be reviewed by the Committee on at least an annual basis with the assistance of outside legal counsel, as appropriate, to ensure its continued compliance with applicable securities laws, regulations and policies and to otherwise ensure that it reflects the best interests of the Fund and best corporate governance practices.

## **Appendix D**

### **PARKLAND INCOME FUND**

#### **BLACKOUT PERIODS SUMMARY**

##### **WHEN TRADING (BUYING OR SELLING) IN THE FUND'S UNITS IS PROHIBITED**

1. Trading by any Director or employee is prohibited when such Director or employee is in possession of material undisclosed information until two (2) complete business days after the appropriate news release disseminating the information has been made.
2. The financial results of the Corporation are made public after the Audit Committee and the Board of Directors have approved the financial statements of the Corporation. No trading will take place by Directors, Management personnel and Optionholders beginning ten (10) business days prior to and ending two (2) complete business days after the release of the financial results through the appropriate news release. The next financial quarter release date is known by reference to the latest quarterly report and a schedule of yearly release dates will be circulated.
3. In circumstances where the Fund is contemplating a major transaction or activity that could raise the Fund's profile in the marketplace, the President or the Vice President and CFO will, by email or other form of written communication, advise all Directors, Management personnel and if deemed advisable or necessary, all or certain employees to refrain from trading.
4. Employees who feel they are in possession of material undisclosed information should consult with the Vice President and CFO, or, in his absence, the President, prior to trading in securities of the Fund.
5. Exercising options will constitute a trade for the purposes of this policy and accordingly, no option may be exercised during a blackout period. If the expiry date of an option falls within the blackout period, then the expiry date will be adjusted to accommodate the exercise of the option.

## Appendix E

### **PARKLAND INCOME FUND TRADING AND BLACKOUT POLICY SUMMARY FOR EMPLOYEES AND INSIDERS**

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- 1.1 the Fund;
- 1.2 an affiliate of the Fund;
- 1.3 a Director or Officer of the Fund;
- 1.4 a Director or Officer of a subsidiary of the Fund;
- 1.5 a person who owns or who exercises direction or control over more than 10% of the votes attaching to units of the Fund;
- 1.6 a person employed or retained by the Fund who has knowledge of “material information”, and
- 1.7 a person who receives specific confidential knowledge from any of the above.

Because registration statements covering public offerings of the Fund’s securities have been filed in other jurisdictions, the Fund and its insiders are subject to securities laws of those jurisdictions which include, amongst others, Alberta, Saskatchewan, Manitoba, British Columbia and Ontario. The ‘insider’ definition may vary from statute to statute. Please be cautioned, however, that the definition will encompass Directors, Officers and certain employees of our subsidiary companies.

#### **2. INSIDER REPORTING**

Not all insiders are required to file reports as to their holdings or changes in holdings of the Fund’s securities. Specifically, Directors and Officers of the Fund and Directors of certain subsidiary companies have this obligation. Initially, a report is required to be filed within ten (10) days after the person becomes an insider. Thereafter, a “change” report is required to be filed within ten (10) days

after any change takes place. The reports require disclosure as to direct or indirect holdings and as to options rights, etc.

It is the practice of the Fund for the insiders to complete the insider reports and file the signed copies with the securities commissions and any other regulatory bodies concerned, directly. However, some Directors and Management have appointed an agent to complete and file the reports on their behalf. The agent cannot assume any responsibility attaching to any insider in affording the service; it is the responsibility of each insider to determine whether to report, what to report and when to report.

Filings were sent via facsimile to the Securities Commissions in Alberta, Saskatchewan, Manitoba, British Columbia and Ontario and a copy is sent to the Administrative Assistant for the Fund's records. Currently filings are made electronically via Sedi. There are, of course, penalties prescribed for default in filing consisting of fines or imprisonment or both. For example, failure to file insider reports as prescribed under the Alberta Securities Act can lead to a fine of up to \$1,000,000 or up to 5 years less one day imprisonment, or both.

### **3. TIPPING and SPECIAL RELATIONSHIP TRADING**

There are other statutory provisions dealing with prohibitions against and penalties pertaining to trading or tipping. As an example, the following is a provision of the Ontario Securities Act:

“... No person or Corporation in a special relationship with a reporting issuer shall purchase or sell securities of the reporting issuer with the knowledge of a material fact or material change with respect to the reporting issuer that has not been generally disclosed.”

“... no person or Corporation in a special relationship with a reporting issuer shall inform, other than in the necessary course of business, another person or Corporation of a material fact or material change with respect to the reporting issuer before the material fact or material change has been generally disclosed.”

The group deemed to be in a special relationship is very large and includes, insiders, affiliates or employees of the issuing Fund or its affiliates (including subsidiaries), business associates of the Fund and an “associate” of any such person or Fund. The definition of special relationship includes any relatives, friends or “associates” in the widest possible interpretation of the term.

### **4. INSIDER INFORMATION and DISCLOSURE**

Employees and insiders are prohibited from using “material information” which has not been made public to trade in securities. This prohibition applies to all employees and insiders, irrespective of whether they are required to make any of the filings described in Section 2.

“Material changes” are changes in the business, operations or affairs of an issuer that are likely to affect significantly the market price or value of its securities. Such changes trigger a timely disclosure obligation. The issuer must publish a news release and file a material change report.

“Material facts” are facts that are likely to have a similar effect on the issuer’s securities as material changes, but they need not constitute a change in its business, operations or affairs. It also includes information that is likely to affect the issuer’s unit price but that is not a change in its business or affairs.

Material changes and material facts are “material information” under stock exchange and timely disclosure policies and under the securities commissions’ National Instrument 51-201. Securities laws prohibit any trading by anyone who has knowledge of a material change or a material fact about an issuer or its securities. An underlying principle of securities legislation is that the public should be able to make a decision to buy or sell an issuer’s securities on the basis of information equally available to all.

## **5. INSIDER TRADING and BLACKOUT PERIODS**

Employees and insiders may trade in securities of the Fund’s securities directly or indirectly, or in securities of the Fund over which they exercise control or direction except as follows:

- 5.1 Trading by employees and insiders is prohibited when the employee or insider is in possession of material information which is being kept confidential and which has not been disclosed to the public.

The appropriate person with overall responsibility for a project will consult with the President or Vice President and CFO to determine if a blackout period should be imposed and which employees would be affected by such a blackout period. The President or the Vice President and CFO will, by email or other form of written communication advise all Directors, Officers and those employees deemed to be in possession of undisclosed material information to refrain from trading until otherwise advised, or two (2) business days after the release of the appropriate news release, whichever is the earlier.

- 5.2 No trading will take place by Directors, Officers, Management personnel or Optionholders beginning ten (10) business days prior to and ending two (2) complete business days after the release of the financial results of the Fund through the appropriate news release.

An insider who is in possession of undisclosed material information that may affect current or future earnings of the Fund, will consult with the President or Vice President and CFO to determine if a blackout period should be imposed and which employees would be affected by such a blackout period. The President or the Vice President and CFO will, by

email or other form of written communication, advise all Directors, Officers and those employees deemed to be in possession of the undisclosed material information to refrain from trading until two (2) complete business days after the release of the appropriate news release.

- 5.3 In circumstances where the Fund is contemplating a major transaction or activity that could raise the Fund's profile in the marketplace, the President or the Vice President and CFO will, by email or other form of written communication, advise all Directors, Officers and if deemed advisable or necessary, all or certain employees to refrain from trading.
- 5.4 Employees who feel they are in possession of material undisclosed information should consult with the Vice President and CFO or, in his absence, the President, prior to trading in securities of the Fund.
- 5.5 Exercising options will constitute a trade for the purposes of this policy and accordingly, no option will be exercised during a blackout period. If the expiry of an option falls within the blackout period, then the expiry date will be adjusted to accommodate the exercise of the option.

## **6. SUMMATION**

The facility to capitalize on insider knowledge pertaining to the Fund is not one of the perquisites of our respective positions. Insiders have an obligation to anticipate the market response to events involving or affecting the Fund, to advise the appropriate employees and for all insiders and employees to govern their professional behavior and dealings in securities of the Fund in such manner as to preclude the exposure of themselves or the Fund to penalty or adverse publicity.