

# INSIDER TRADING POLICY

Updated October 8, 2020





# Insider Trading Policy

## 1. INTRODUCTION

The Caldwell Partners International Inc. as a public company has internal guidelines to control transactions involving its securities by all Caldwell team members to ensure Caldwell team members are aware of and comply with their legal obligations and Caldwell's policy with respect to "insider trading" and "tipping". "Caldwell" or the "Company", as used in this policy, means The Caldwell Partners International Inc. and its subsidiaries.

We expect every Caldwell team member to fully comply with all applicable legal requirements and this policy. The objectives of this policy are to:

- Educate Caldwell team members about their legal obligations with respect to insider trading and tipping; and
- Foster and facilitate compliance with applicable laws to prevent transactions by Caldwell team members that would not be in full compliance with the legal requirements.

### 1.1 Scope of this Policy

This policy applies to all Caldwell team members.

## 2. LEGAL BACKGROUND


### 2.1 Insider Trading

- (a) Canadian securities legislation prohibits anyone in a "special relationship" with Caldwell (as defined in section 2.3 below) from trading in Caldwell securities with knowledge of material fact or material change (as defined in section 2.3 below) that has not been generally disclosed.
- (b) Canadian securities legislation also prohibits anyone in a "special relationship" with Caldwell from trading in the securities of any public company other than Caldwell when he or she has knowledge of a material fact or material change regarding that other public company which has not been generally disclosed and which knowledge was gained:
  - During the course of his or her work at Caldwell;
  - Because he or she is in a "special relationship" with that other company; or
  - Because he or she was "tipped" by another person who was in a "special relationship" with that other public company.

This prohibited activity as set out in paragraphs (a) and (b) is commonly known as "insider trading."

### 2.2 Tipping

Canadian securities legislation prohibits a public company or any person in a "special" relationship" with a public company from informing any other person, other than in the "necessary course of business," of a material fact or material change before the material fact or material change has been generally disclosed. This prohibited activity is commonly known as "tipping." Both the person who provides the



information and the person who receives the information could be liable under securities laws if the person who receives the information trades in securities.

## 2.3 Definitions

- (a) “blacked-out employee” means a Caldwell team member who is described in Section 3.3(a)(ii) of this policy.
- (b) “Caldwell team member”: refers to each director, officer and employee of Caldwell or any of its subsidiaries.
- (c) “Compliance Officer” means the compliance officer designated under Caldwell’s Code of Business Conduct and Ethics.
- (d) “discretionary black-out periods” are imposed from time to time on Caldwell team members, in addition to the regularly scheduled black-out periods, following consultation with the Chief Executive Officer and the Chief Operating and Financial Officer.
- (e) “insider” means a Caldwell team member who is described in Section 3.3(a)(i) of this policy.
- (f) “material change”: in relation to the affairs of Caldwell, means a change in the business, operations, or capital of Caldwell that would reasonably be expected to have a significant effect on the market price or value of any of the securities of Caldwell, or a decision to implement such a change made by: (a) senior management of Caldwell who believe that confirmation of the decision by the board of directors of Caldwell is probable; or (b) the board of directors of Caldwell.
- (g) “material fact”: in relation to securities issued or proposed to be issued by Caldwell, means a fact that would reasonably be expected to have a significant effect on the market price or value of such securities.
- (h) “material information”: means any information relating to the business and affairs of Caldwell, that (a) results in, or would reasonably be expected to result in, a significant change in the market price or value of any of the listed securities of Caldwell or (b) a prudent investor would find important in making an investment decision with respect to Caldwell securities. Material information includes both material changes and material facts. (See attached Schedule “A” for examples of potential material information.)
- (i) “regularly scheduled black-out periods” begin the first day of the month following each quarter or year-end, and ends on the close of business on the second business day following the day on which Caldwell discloses its annual or quarterly financial results.
- (j) “special relationship”: for the purpose of this policy, a person is in a special relationship with Caldwell if the person:
  - i. is a Caldwell team member;
  - ii. is an insider of Caldwell;
  - iii. is engaging in or is proposing to engage in any business or professional activity with or on behalf of any one of Caldwell, or a subsidiary, and includes, without limitation, a consultant; or
  - iv. learns of a material fact or material change from another person or company and knows, or ought reasonably to have known, that the other person or company is in a special relationship with Caldwell.
- (k) “subsidiary” has the meaning given to that term in the Securities Act (Ontario).

## 3. OBLIGATIONS

### 3.1 Obligations on All Caldwell Team Members

- (a) Caldwell team members cannot trade in securities of Caldwell while in possession of material information with respect to Caldwell which has not yet been generally disclosed.
- (b) Caldwell team members cannot trade in the securities of another public company while in possession of material information regarding that public company which knowledge was gained during the course of their work at Caldwell, if the material information has not been generally disclosed to the public.
- (c) Caldwell team members cannot inform other people of material information regarding Caldwell before that material information has been generally disclosed, unless the Caldwell team member discloses that material information in the “necessary course of business” and obtains a no trade and confidentiality agreement from the other party.
- (d) Caldwell team members cannot recommend or encourage another person to trade in securities of a public company while in possession of material information regarding that public company that has not yet been generally disclosed.
- (e) Caldwell team members cannot inform other people of material information regarding a public company where they have gained that knowledge of material information regarding that public company in the course of their work at Caldwell before that material information has been generally disclosed, unless the Caldwell team member discloses that material information in the “necessary course of business” and obtains a no trade and confidentiality agreement from the other party.

The “necessary course of business” exception is a limited one and exists so as not to unduly interfere with a company’s ordinary business activities. The exception could cover communications that are required to be made to further the business purposes of Caldwell with:

- Vendors, suppliers or strategic partners on issues such as sales and marketing and supply contracts;
- Employees, officers and board members;
- Lenders, legal counsel and underwriters, auditors and other professional advisors to the company;
- Credit rating agencies;
- Labour unions and industry associations; or
- Government agencies

### 3.2 Prohibitions Against Short Selling and Certain Trading

In addition to the obligations set forth in Section 3.1 above, all Caldwell team members who are Insiders (as defined in section 3.3(a) below) and all Caldwell team members who are officers of the company, including individuals in acting positions, shall not engage in the short selling of, or trading in puts, calls or options in respect of securities of Caldwell.

At any time, if the Compliance Officer is aware of any information that restricts personnel from trading, the officer will immediately inform the board of Caldwell.

### 3.3 Additional Obligations on Insiders and Blacked-Out Employees

Additional obligations are imposed on Caldwell team members who are insiders and blacked-out employees, in the manners described in this section 3.3.

#### (a) Definitions

##### i. Who is a reporting insider?


- the CEO, CFO or COO of the reporting issuer, of a significant shareholder of the reporting issuer or of a major subsidiary of the reporting issuer;
- a director of the reporting issuer, of a significant shareholder of the reporting issuer or of a major subsidiary of the reporting issuer;
- a person or company responsible for a principal business unit, division or function of the reporting issuer;
- a significant shareholder of the reporting issuer;
- a significant shareholder based on post-conversion beneficial ownership of the reporting issuer's securities and the CEO, CFO, COO and every director of the significant shareholder based on post-conversion beneficial ownership;
- a management company that provides significant management or administrative services to the reporting issuer or a major subsidiary of the reporting issuer, every director of the management company, every CEO, CFO and COO of the management company, and every significant shareholder of the management company;
- an individual performing functions similar to the functions performed by any of the insiders described in any of the six bullet points set forth directly above;
- the reporting issuer itself, if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; or
- any other insider that:
  - in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and
  - directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the reporting issuer.

##### ii. Who is a blacked-out employee for the purposes of regularly scheduled black-out periods?

The following are blacked-out employees of Caldwell during regularly scheduled black-out periods:

- all insiders and officers, including members in acting positions; and
- all Caldwell team members who receive notice from the Compliance Officer that they are designated blacked-out employees during such periods. Until further notice, all of the following are designated blacked-out employees: (i) designated employees reporting directly to the CEO or CFO and (ii) finance staff

##### iii. Who is a blacked-out employee for the purposes of discretionary black-out periods?



All Caldwell team members who receive notice that they are designated blacked-out employees during such periods.

**(b) Additional Obligations on Insiders**

i. Insider reports

Under securities laws and Caldwell policy, reporting insiders are required to file a report (the “insider report”) with securities regulators any time they trade in shares, debt securities, options (including the grant and exercise of options), deferred share units, performance stock units or restricted stock units of the company, including certain derivative based transactions and equity monetization transactions related thereto. Examples of such derivative based transactions include total return swaps and credit default swaps. Reporting insiders must file an insider report electronically through the “System for Electronic Disclosure by Insiders” (“SEDI”) within 10 days of becoming a reporting insider and thereafter, within 5 days after each trade or as otherwise directed by securities regulations.

Canadian securities legislation provides some exemptions from filing insider reports. Please contact the Compliance Officer for further information on exceptions.

ii. Notice to Compliance Officer

All insiders must give prior notice to the Compliance Officer any time they wish to trade in any of the securities of Caldwell and report back to the Compliance Office once any trade is completed.

**(c) Obligations on Blacked-Out Employees**

During regularly scheduled black-out periods, the affected blacked-out employees cannot:


- trade in any shares or debt of Caldwell or any other public company; or
- exercise stock options.
- During discretionary black-out periods, the affected blacked-out employees cannot:
  - trade in the securities specified in the black-out notice; or
  - exercise stock options.

## **3.4 Waiver**

Notwithstanding any of the prohibitions contained in section 3.3, the Compliance Officer may, at his or her discretion, waive the prohibitions contained in section 3.3 in exceptional circumstances, provided that the Caldwell team member seeking the waiver does not have any undisclosed material information and that making such an exception would not violate any applicable securities laws. The Compliance Officer will report any such waivers to the Nomination/Corporate Governance Committee at the next regularly scheduled meeting of the Nominating/Corporate Governance Committee meeting.

## **3.5 Potential Civil and Criminal Penalties**

The consequences of prohibited insider trading, tipping or a failure to file an insider report where required on a timely basis can be severe and may include dismissal, fines and both civil and criminal sanctions.





# Insider Trading Quick Reference List

## **DO NOT TRADE IN SECURITIES OF CALDWELL OR OF ANOTHER PUBLIC COMPANY WHEN YOU:**

- Know material information about Caldwell which has not been generally disclosed and disseminated to the public
- Know material information about another public company which has not been generally disclosed and disseminated to the public and you learned of such material information because of your business or dealing with Caldwell
- Are subject to a black-out period
- Have received another notice from the Compliance Officer that you cannot trade in securities.





# SCHEDULE A

## EXAMPLES OF POTENTIALLY MATERIAL INFORMATION

The following are examples of the types of changes or facts that may be material as set out in Section 4.3 of National Policy 51-201. This list is not exhaustive and is not a substitute for the Disclosure Committee exercising its own judgement in making materiality determinations.

### Changes in Corporate Structure:

- changes in share ownership that may affect control of the Company;
- major reorganizations, amalgamations, or mergers; and
- take-over bids, issuer bids, or insider bids.


### Changes in Capital Structure:

- the public or private sale of additional securities;
- planned repurchases or redemptions of securities;
- planned splits of common shares or offerings of warrants or rights to buy shares;
- any share consolidation, share exchange, or stock dividend;
- changes in the Company's dividend payments or policies;
- the possible initiation of a proxy fight; and
- material modifications to rights of security holders.


### Changes in Financial Results:

- a significant increase or decrease in near-term earnings prospects;
- unexpected changes in the financial results for any periods;
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs;
- changes in the value or composition of the Company's assets; and
- any material change in the Company's accounting policy.

### Changes in Business and Operations:

- any development that affects the Company's resources, technology, products or markets;
  - a significant change in capital investment plans or corporate objectives;
  - major labour disputes or disputes with major contractors or suppliers;
  - significant new contracts, products, patents or services or significant losses of contracts or business;
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- significant resource discoveries;
  - significant changes to the board of directors or executive management (including the departure of the Company's president and chief executive officer, chief financial officer, chief operating officer or persons in equivalent positions);
  - the commencement of, or developments in, material legal proceedings or regulatory matters;
  - waivers of corporate ethics and conduct rules for officers, directors, and other key employees;
  - any notice that reliance on a prior audit is no longer permissible; and
  - de-listing of the Company's securities or their movement from one quotation system or exchange to another.

### **Acquisitions and Dispositions:**

- significant acquisitions or dispositions of assets, property or joint venture interests; and
- acquisitions of other companies, including a take-over bid for, or merger with, another company.

### **Changes in Credit Arrangements:**

- the borrowing or lending of a significant amount of money;
  - any mortgaging or encumbering of the Company's assets;
  - defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors;
  - changes in rating agency decisions; and
  - significant new credit arrangements.
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