

# PFB CORPORATION

## INSIDER TRADING POLICY

### I. PURPOSE:

This policy summarizes insider trading requirements applicable to:

- (a) directors and officers of PFB Corporation (“PFB”) and any direct or indirect entities held by PFB; and
- (b) employees who by virtue of their position have access to material information (see Definitions section below)

Securities laws prohibit the trading in the securities of PFB on the basis of "inside" information. Anyone violating these laws may be subject to personal liability, face criminal penalties, and may face disciplinary action up to and including termination of employment without notice. PFB takes seriously its obligation to prevent insider trading violations. In view of the severity of the possible sanctions, both to the individual and to PFB, this policy is established to assist with maintaining compliance with obligations under Canadian securities law.

In conjunction with regulatory requirements, it is the policy of PFB that, once a person becomes an insider (as defined in the Scope section below), his or her security holdings in PFB, and any changes therein, must be reported to the appropriate securities commissions. **The responsibility for compliance with insider reporting obligations rests with insiders and not with PFB.**

If you are unsure how the guidelines contained herein may apply to you then please contact the Chief Financial Officer.

### II. SCOPE:

Under Canadian securities laws, “insider” includes any director, trustee or officer of an issuer. For the purposes of this policy, “officer” includes the following positions:

- (a) Chair of the Board
- (b) President
- (c) Chief Executive Officer (CEO)
- (d) Chief Financial Officer (CFO)
- (e) Chief Operating Officer (COO)
- (f) Vice Presidents
- (g) Secretary
- (h) Other persons who perform similar functions to those positions listed above

For the purposes of this policy, the term “insider” also includes other employees not listed above who, due to their position, have access to “material information” (see Definitions section below).

While all PFB insiders must comply with this policy, only those insiders who under Canadian securities laws are considered to be a “reporting insider” must file insider trading reports. A “reporting insider” generally includes the following:

- (a) the CEO, CFO or COO of PFB, of a significant shareholder of PFB or a major subsidiary (see Definition section below) of PFB

- (b) a director of PFB, of a significant shareholder of PFB or of a major subsidiary of PFB
- (c) a person or company responsible for a principal business unit, division or function of PFB
- (d) a significant shareholder of PFB (see Definitions section below)
- (e) an individual performing functions similar to the functions performed by any of the insiders described in paragraphs (a) to (c) above;
- (f) a management company that provides significant management or administrative services to PFB or a major subsidiary; and
- (g) any other insider that:
  - (i) in the ordinary course of business receives or has access to material information concerning PFB before that information is generally disclosed; and
  - (ii) directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of PFB

All directors, senior officers, and other insiders are encouraged to pre-clear all proposed trades in PFB's securities with the CEO or the CFO.

### III. DEFINITIONS:

**“Major Subsidiary”** – means a subsidiary of PFB if:

- (a) the assets of the subsidiary, as included in PFB's most recent annual audited or interim balance sheet, or, for a period relating to a financial year beginning on or after January 1, 2011, a statement of financial position, are 30 per cent or more of the consolidated assets of PFB reported on that balance sheet or statement of financial position, as the case may be, or
- (b) the revenue of the subsidiary, as included in PFB's most recent annual audited or interim income statement, or, for a period relating to a financial year beginning on or after January 1, 2011, a statement of comprehensive income, is 30 per cent or more of the consolidated revenue of PFB reported on that statement

**“Significant Shareholder”** – means any person or company that has a beneficial ownership of, or control or direction over, whether direct or indirect, or a combination of beneficial ownership of, and control or direction over, whether direct or indirect, securities of an issuer carrying more than 10 per cent of the voting rights attached to all of PFB's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person or company as underwriter in the course of a distribution

**“Blackout Period”** – is any time where an insider is restricted by the terms of this policy or applicable securities law from trading in securities of PFB.

**“Trading Window”** – is the period of time between blackout periods where an insider is not restricted by the terms of this policy or applicable securities law from trading in securities of PFB, unless the insider is otherwise in possession of Material, Non-public Information concerning PFB.

The CFO of PFB will use reasonable efforts to notify known insiders by e-mail when a general blackout period is in effect. It is the obligation of every insider to ensure, prior to effecting any trade in PFB securities, that a blackout period is not in effect or such person is not otherwise restricted from trading in securities of PFB. If a person is unsure whether a blackout period is in effect, they may contact the CEO or CFO of PFB.

**“Trading Window for Insiders”** – Insiders may trade in securities of PFB only during the period beginning after the close of trading on the Toronto Stock exchange which is two days following widespread public release of quarterly or year-end financial results and ending at the close of trading on the calendar day preceding the distribution of materials for a meeting of the PFB board of directors or a meeting of the audit committee to approve any distribution or earnings press release of any financial results.

**“Material Information”** – information is deemed to be material if there is a reasonable likelihood that it would be considered important to an investor in making a decision regarding the purchase or sale of PFB securities or it might reasonably be expected to have a significant effect on the market price of PFB securities.

PFB maintains a Public Disclosures policy to ensure material information is not communicated selectively. The Public Disclosures policy can be found on PFB’s website at [www.pfbcorp.com](http://www.pfbcorp.com)

Material Information can be either positive or negative. Examples of information that might be deemed material include, but are not limited to, the following:

- Changes in share ownership that may affect control of PFB
- The planned sales or repurchases of securities
- Financial results or unexpected changes in financial results
- Material changes in PFB’s accounting policies or strategies
- Projections of future earnings or losses
- Pending or proposed reorganizations, mergers, acquisitions or divestitures
- Gain or loss of a substantial customer or supplier
- Changes in dividend policy or planned declarations of dividends
- New product announcements of a significant nature
- Significant new contracts, products, patents, or services or significant losses of contracts or business
- Stock splits, new equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation
- Major changes in the board of directors or senior management
- Significant new credit arrangements or the borrowing or lending of a significant amount of money
- Any mortgaging or encumbering of PFB’s assets
- Major labour disputes or disputes with major contractors or suppliers
- Any other developments relating to the business or affairs of PFB that would reasonably be expected to significantly affect the market price of PFB securities or that could affect the decision of a reasonable investor with respect to trading in PFB securities

**“Material, Non-Public Information”** - is information that has not been disclosed to the general public and is not available to the general public. Material, Non-Public Information will be deemed to be public after two full trading days have passed on the Toronto Stock Exchange following the date when the information is disclosed publicly by PFB.

**“Securities”** - include common stock, preferred stock, options to purchase common stock, warrants, convertible debentures and derivative securities.

#### **IV. POLICY:**

- (a) No Insider may buy or sell PFB's securities at any time when they have Material, Non-Public Information relating to PFB.
- (b) No Insider may disclose material, Non-Public Information concerning PFB to third parties.
- (c) No Insider may disclose ("tip") Material, Non-Public Information to any other person (including family members), and no Insider may make recommendations or express opinions on the basis of Material Non-Public Information with regard to trading in PFB's securities.
- (d) No Insider who receives or has access to our Material, Non-Public Information may comment on stock price movement or rumors of other corporate developments that are of possible significance to the investing public unless it is part of their job (such as Investor Relations) or you have been specifically authorized by the CEO or CFO in each instance.
- (e) If any Insider inadvertently comments on stock price movement or rumours, or discloses Material, Non-Public Information to a third party, they should promptly contact the CEO, CFO or Company Secretary.
- (f) No Insider may buy or sell our securities during any Blackout Period.
- (g) This policy continues in effect until the end of the first Blackout Period following termination of employment or any other relationship with PFB.
- (h) It is the duty of each Insider to maintain the confidentiality of all Material, Non-Public Information that such person receives or becomes privy to in connection with PFB's business until after the information has been publicly disclosed in accordance with PFB's Public Disclosure Policy and/or applicable securities laws.

Insiders should also review and refer to PFB's Public Disclosures and the Code of Business Conduct and Ethics policies.

#### **V. OTHER CONSIDERATIONS:**

##### **Safeguarding of Confidential Information**

To avoid unintentional 'tipping' of undisclosed material information, insiders must take care to avoid disclosure of confidential information. Insiders should take appropriate precautions to maintain the confidentiality of such information, including:

- (a) All documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" that information in the necessary course of business
- (b) All documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" that information in the necessary course of business
- (c) Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis
- (d) Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them
- (e) Insiders must ensure that they maintain the confidentiality of information in their possession outside the office as well as inside the office

- (f) The transmission of documents by electronic means, such as by e-mail or fax, should be made only where it is reasonable to believe that the transmission can be sent and received under secure conditions
- (g) The posting of confidential information about PFB on any social media sites, bulletin boards or other message sites is prohibited
- (h) The unnecessary copying of confidential documents should be avoided, and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be safely destroyed
- (i) All documents that contain confidential information should bear a legend or other appropriate marking to advise readers of the confidential nature of the information contained therein
- (j) Access to confidential electronic data should be restricted through the use of network access rights and/or system passwords.

### **Normal Course Issuer Bids**

When PFB has an issuer bid in progress and an insider plans to sell PFB securities, it is important to avoid a put-through or pre-arranged trade made knowingly between the insider as the seller and PFB as the buyer, which is prohibited by stock exchange rules. PFB shall not agree to purchase securities if it knows that the seller is an insider.

When PFB has announced an issuer bid through a news release and an insider intends to sell PFB securities, it is important that the insider ensures that his or her broker is aware of this restriction prior to selling such securities while the issuer bid is in effect.

PFB must file insider reports when it acquires its own securities under an issuer bid. Reports must be filed within ten calendar days (including weekends and holidays) of the end of the month in which the acquisitions occurred.

### **Insider Reporting Requirements**

This section describes some of the legal requirements relating to insider reports. A more comprehensive list and the full insider reporting requirements can be found in National Instrument 55-104 and its companion policy available on the Canadian Securities Administrators website at [www.securities-administrators.ca](http://www.securities-administrators.ca)

- (a) Insider reports for trades in PFB securities must be electronically filed by PFB reporting insiders under the Canadian System for Electronic Disclosure by Insiders (SEDI)
- (b) Reporting insiders must register with SEDI and create a SEDI profile. Only one profile is required and can be used if the person is a reporting insider of more than one issuer.
- (c) Reporting requirements are triggered by direct or indirect ownership or direction or control over securities. Indirect holdings include securities held by personal corporations or trusts if the reporting insider exercises control or direction.
- (d) Reporting insiders are not required to report securities owned by a spouse or family member living at home, over which the reporting insider does not exercise control or direction.
- (e) An initial ownership report must be filed within ten calendar days (including weekends and holidays) of a reporting insider's election or appointment as a trustee, director or officer or of the initial acquisition of PFB securities after such event. Initial "Nil" reports need not be filed. Any changes in a reporting insider's interest since the last report filed must be reported within five calendar days (including weekends and holidays).

- (f) Failure to file insider reports in a timely manner or a report that contains information that is materially misleading may result in one or more of the following: late filing fees; identification as a late filer on a public database maintained by certain securities regulators; the issuance of a cease trade order; or enforcement proceedings.