

# **SUNDIAL GROWERS INC.**

## **CORPORATE DISCLOSURE AND INSIDER TRADING POLICY**

**July 31, 2019**

**Revised: September 25, 2019**

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## PART I – CORPORATE DISCLOSURE

### 1. INTRODUCTION

(1) Recent corporate developments have resulted in heightened scrutiny of the corporate governance practices of all public companies. This focus reinforces the importance of adopting and adhering to sound corporate governance practices, including policies related to the disclosure of information to the public. This corporate disclosure policy (this “**Policy**”) is intended to assist Sundial Growers Inc. (“**Sundial**” or the “**Corporation**”) in fulfilling its obligations to ensure that all information relevant and material to Sundial shareholders and the market is disclosed in timely manner, while protecting Sundial’s commercially sensitive information. This policy also seeks to assist individuals associated with the Corporation with material information related to the Corporation’s business and affairs in meeting their obligations relating to trading in the shares of Sundial.

(2) Sundial is incorporated under and governed by the *Business Corporation Act (Alberta)* and is a reporting issuer under the securities legislation of certain provinces and territories of Canada and a foreign private issuer under U.S. securities laws. Sundial’s common shares are listed and posted for trading on the NASDAQ Stock Market.

### 2. OBJECTIVE AND SCOPE

(1) The objective of this disclosure policy is to ensure that communications to the investing public about the Corporation are:

- timely, factual and accurate; and
- broadly disseminated in accordance with all applicable legal and regulatory requirements.

As a general proposition, Sundial has an obligation to ensure that all information material to the business and affairs of the Corporation is disclosed to the public. This policy will assist Sundial in meeting this obligation by establishing policies and procedures designed to satisfy the objectives set out above, and by assigning responsibility for the implementation and enforcement of these policies and procedures.

(2) This disclosure policy has been approved by the Board of Directors of Sundial (the “**Board**”) and is to be followed by all employees of the Corporation and its subsidiaries, if any, and their respective boards of directors and those authorized to speak on its behalf. It covers disclosures in documents filed with the securities regulators and written statements made in the Corporation’s annual and quarterly reports, news releases, letters to shareholders, presentations by management of the Corporation and information contained on the Corporation’s website and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts, investors, potential investors, and other third parties, and interviews with the media as well as speeches, press conferences, investor presentations and conference calls.

### 3. DISCLOSURE POLICY COMMITTEE

(1) The Board has established a disclosure policy committee (the “**Committee**”) responsible for overseeing the Corporation’s disclosure practices. The Committee consists of the Chairman of the Board, the Chief Executive Officer, and the Chief Financial Officer, or such other officer of the Corporation as determined from time to time, who shall act as secretary of the Committee (the “**Secretary**”).

(2) The Committee will set bench marks for a preliminary assessment of materiality of information regarding the Corporation and will determine when developments justify public disclosure. The Committee will also determine the policies and procedures to be followed by all employees of the Corporation in preparing documents which are to be made available to the public. The Committee will also assign responsibility to specific individuals for the implementation of the particular policies and procedures adopted. The Committee will meet on a periodic basis and as conditions dictate. Notes of the meetings

will be kept by the Secretary. It is essential that the Committee be kept fully apprised of all material corporate developments in order to evaluate and discuss those events and to determine the appropriateness and timing for public release of information. If it is deemed that the information should remain confidential, the Committee will determine how that confidential information will be controlled.

(3) The Committee will review and update, if necessary, this Policy on an annual basis or as needed to ensure compliance with changing regulatory requirements. The Chief Executive Officer will report to the Board on an annual basis regarding this Policy and the disclosure practices of the Corporation.

#### **4. DESIGNATED SPOKESPERSONS**

(1) The Corporation designates a limited number of spokespersons responsible for communication with the investment community, regulators or the media. The Chief Executive Officer and the Secretary shall be the official spokespersons (the “**Spokespersons**”) for the Corporation. Individuals holding these offices may, from time to time, designate others within the Corporation to speak on behalf of the Corporation as back-ups or to respond to specific inquiries.

(2) Employees who are not Spokespersons must not respond, under any circumstances, to inquiries from the investment community, the media or others, unless specifically asked to do so by Spokespersons. All such inquiries shall be referred to the Secretary.

#### **5. MATERIAL INFORMATION**

Material information consists of “material changes” and “material facts”. A material change is a change in the business, operations or capital of the Corporation that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Corporation and also includes a decision to implement such change made by the Board or by senior management of Sundial who believe that confirmation of the decision by the Board is probable. A material fact is a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Corporation’s securities.

#### **6. MATERIALITY DETERMINATIONS**

On an ongoing basis the Committee will assess potential disclosure items and will make these known throughout the Corporation. When assessing whether any particular matter should be disclosed, the Committee will look at a number of factors including the nature of the information itself, the volatility of the Corporation’s securities and prevailing market conditions.

The Committee will also monitor the market’s reaction to information that is publicly disclosed in order to help it assess market impact for future disclosures.

#### **7. PRINCIPLES OF DISCLOSURE OF MATERIAL INFORMATION**

In complying with the requirement to disclose all material information under applicable laws and stock exchange rules, the Corporation will adhere to the following basic disclosure principles:

(1) Material information will be immediately disclosed to the public via news release.

(2) If the material information is to be released during trading hours on a stock exchange, the appropriate personnel in the market surveillance or market regulator department of the stock exchange, as applicable, must be contacted **prior** to the release of the news release. The stock exchange will then determine whether trading in the Corporation’s securities should be halted pending release of the material information.

(3) If the material information is to be released after the close of the market, the stock exchange must

still be contacted before trading opens the following trading day.

(4) In certain circumstances, the Committee may determine that such disclosure would be unduly detrimental to the Corporation (for example if release of the information would prejudice negotiations in a corporate transaction), in which case the information will be kept confidential until the Committee determines it is appropriate to publicly disclose.

(5) Where a material change is being kept confidential, the Corporation shall ensure that persons with knowledge of the material change or information have not made use of such information in purchasing or selling the Corporation's securities. Such information should not be disclosed to any person or Corporation, except in the *necessary course of business*.

(6) Disclosure must include any information the omission of which would make the rest of the disclosure misleading (half-truths are misleading).

(7) Unfavourable material information must be disclosed as promptly and completely as favourable information.

(8) The Corporation's press release must contain sufficient detail to enable the media and investors to understand the substance and importance of the change it is disclosing.

(9) Disclosure on the Corporation's website alone does not constitute adequate disclosure of material information.

(10) Disclosure must be corrected immediately if the Corporation subsequently learns that earlier disclosure by the Corporation contained a material error at the time it was given.

## **8. MATERIAL CHANGE REPORTS**

(1) Securities laws in Canada require the Corporation to file a material change report with the appropriate securities commissions as soon as possible and in any event within 10 days of the date on which the material change occurred.

(2) Where the decision has been made by the Committee to keep a material change confidential, the Corporation will file a confidential material change report to be filed within 10 days of the material change with the appropriate securities commissions. When the Corporation files a confidential material change report, it must advise the securities regulators in writing that the report should remain confidential within 10 days of the filing of the initial report and every 10 days thereafter until the material change is publicly disclosed.

(3) If the making of a document or contract constitutes a material change then the Corporation must file a copy of the document or contract with the securities regulators not later than the time it files the material change report related thereto. If an executive officer of the Corporation has reasonable grounds to believe that disclosure of certain portions of the contract would be seriously prejudicial to the interests of the Corporation or violate confidentiality provisions, the Corporation may file the contract with those certain provisions omitted or marked so as to be unreadable.

## **9. SELECTIVE DISCLOSURE**

(1) Regulators of securities markets have become increasingly concerned about "selective disclosure". This has been seen most frequently in examples of disclosures of material information to analysts or institutional investors but not to the market as a whole. Sundial is committed to ensuring that all disclosures are made equally to all interested parties. This disclosure policy and the disclosure policies and procedures to be followed and monitored by the committee all have the objective of ensuring that Sundial does not engage in selective disclosure.

(2) Applicable securities laws and stock exchange policies permit a company to make a selective disclosure if the company makes the disclosure in the “necessary course of business”. This exception exists so as to not interfere with a company’s ordinary business activities.

(3) The “necessary in the course of business” exception to the prohibition on “tipping” would not generally permit the Corporation to make a selective disclosure of material information to an analyst, institutional investor or other market professional.

(4) If the Corporation discloses material information under the “necessary course of business” exception, it should make sure those receiving the information understand that they cannot pass the information onto anyone else (other than necessary in the course of business), or trade on the information, until it has been generally disclosed.

(5) Securities legislation does not provide a safe harbour which allows companies to correct an unintentional selective disclosure of material information. If the Corporation makes an unintentional selective disclosure it should take immediate steps to ensure that a full public announcement is made. This includes contacting the relevant stock exchanges officials and requesting that trading be halted (if during trading hours) pending issuance of a public announcement. Pending the public release of the material information, the Corporation should also contact those parties who have knowledge of this information that the information is material and that it has not been generally disclosed.

## **10. QUIET PERIODS**

In order to avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, the Corporation will observe a quarterly quiet period, during which the Corporation will not initiate or participate in any meetings or telephone contacts with analysts and investors and no earnings guidance will be provided to anyone, other than responding to unsolicited inquiries concerning factual matters. The quiet period commences at the end of a quarter and ends with the issuance of a news release disclosing quarterly results.

## **11. MAINTAINING CONFIDENTIALITY**

(1) Any employee with access to confidential information is prohibited from communicating such information to anyone else, unless it is necessary in the course of business. Efforts will be made to limit access to such confidential information to only those who need to know the information and such persons will be advised that the information is to be kept confidential.

(2) Where possible, employees should avoid using methods of communication which are subject to interception, including e-mail, to transmit confidential information.

(3) Outside parties privy to undisclosed material information concerning the Corporation should be told that they must not divulge such information to anyone else, other than in the necessary course of business, and that they may not trade in the Corporation’s securities until the information is publicly disclosed. From time to time, such outside parties may be asked to confirm their commitment to non-disclosure in the form of a written confidentiality agreement. However, the Committee must determine, prior to disclosure pursuant to a confidentiality agreement, that such disclosure is necessary in the course of business as there is no exception to the prohibition against “tipping” for disclosures made pursuant to a confidentiality agreement.

(4) In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

- (a) 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 as necessary in the course of business and code names should be used, if necessary;

- (b) confidential matters should not be discussed in public places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis;
- (c) confidential matters should not be discussed on wireless telephones or other wireless devices which cannot be confirmed as secure;
- (d) confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them;
- (e) employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office;
- (f) transmission of documents by electronic means, such as by fax, email or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions. Any email correspondence sent from an email address of the Corporation must contain language substantially similar to the following:

“This e-mail is intended only for the named recipient(s) and may contain information that is confidential and/or exempt from disclosure under applicable law. No waiver of privilege, confidence or otherwise is intended by virtue of communication via the internet. Any unauthorized use, dissemination or copying is strictly prohibited. If you have received this e-mail in error, or are not named as a recipient, please immediately notify the sender and destroy all copies of this e-mail. By submitting your or another individual’s personal information to Sundial Growers Inc., service providers and agents, you agree, and confirm your authority from such other individual, to our collection, use and disclosure of such personal information in accordance with our privacy policy.”;
- (g) 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 securely shredded or otherwise destroyed; and
- (h) access to confidential electronic data should be restricted through the use of system passwords.

## 12. DISCLOSURE RECORD

The Committee is responsible to ensure that the Corporation maintains a seven year file containing all public information about the Corporation, including continuous disclosure documents, news releases, analysts’ reports, transcripts or tape recordings of conference calls, debriefing notes, notes from meetings and telephone conversations with analysts and investors, and newspaper articles. The Committee will designate appropriate individuals to maintain this file.

## 13. NEWS RELEASES

(1) Once the Committee determines that a development is material information, it will authorize the issuance of a news release, unless the Committee determines that such developments must remain confidential for the time being, appropriate confidential filings are made and control of that inside information is instituted. Should material information inadvertently be disclosed in a selective forum, the Corporation will promptly issue a news release in order to fully disclose that information. If the stock exchange upon which securities of the Corporation are listed is open for trading at the time of a proposed announcement, prior notice of a news release announcing material information must be provided to the market surveillance or market regulator department of the stock exchange to enable a trading halt, if deemed necessary by the

stock exchange. If a news release announcing material information is issued outside of trading hours, the stock exchange must be notified before the market opens. Annual and interim financial results will be publicly released promptly following the Board's approval of the financial statements.

(2) News releases will be disseminated through an approved news wire service that provides simultaneous national distribution. News releases will be transmitted to all stock exchange members, dealers, relevant regulatory bodies, major business wires, national financial media and the local media in areas where the Corporation has its headquarters and operations.

(3) News releases will be posted on the Corporation's website promptly upon release over the news wire. The news release page of the Corporation's website shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent news releases.

#### **14. RUMOURS**

The Corporation does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. The Corporation's spokespersons will respond consistently to any rumours, by saying, "It is our policy not to comment on market rumours or speculation". Should the stock exchange request that the Corporation make a definitive statement in response to a market rumour that is causing significant volatility in the securities of the Corporation, the Committee will consider the matter and decide whether to make a policy exception. If the stock exchange requests that the Corporation make a definitive statement and a rumour is correct in whole or in part, the Corporation will immediately issue a news release disclosing the relevant material information.

#### **15. CONFERENCE CALLS**

(1) Conference calls may be held for quarterly earnings and major corporate developments, whereby discussion of key aspects is accessible simultaneously to all interested parties, some as participants by telephone and others in a listen-only mode by telephone or via a webcast over the Internet. The Corporation will provide advance notice, via a news release, of the conference call and webcast by announcing the date and time and providing information on how interested parties may access the call and webcast. In addition, the Corporation may send invitations to analysts, institutional investors, the media and others invited to participate. Any non-material supplemental information provided to participants will also be posted to the website for others to view.

(2) Corporation officials participating in the conference call will meet in advance of the call and where practical, statements and responses to anticipated questions should be scripted in advance and reviewed by the appropriate Corporation personnel for accuracy and content.

(3) At the beginning of the call, a Spokesperson will provide appropriate cautionary language as required under applicable securities laws and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties.

(4) Management will hold a debriefing meeting immediately after the conference call or webcast and if such debriefing uncovers selective disclosure of previously undisclosed material information, the Corporation will promptly disclose such information broadly via news release.

#### **16. CONTACTS WITH ANALYSTS, INVESTORS AND THE MEDIA**

(1) Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material information. If the Corporation intends to announce material information at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release.

(2) The Corporation recognizes that meetings with analysts and significant investors are an important element of the Corporation's investor relations program. The Corporation will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Policy. At the beginning of any such meeting, a Corporation spokesperson will provide appropriate cautionary language as required under applicable securities laws and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties.

(3) The Corporation will provide only non-material information through individual and group meetings, in addition to publically disclosed information, recognizing that an analyst or investor may construct this information into a mosaic that could result in material information. The Corporation cannot alter the materiality of information by breaking down the information into smaller, non-material components.

(4) Spokespersons will keep track of telephone conversations with analysts and investors and where practicable more than one Corporation representative will be present at all individual and group meetings. A debriefing will be held after such meetings and if such debriefing uncovers selective disclosure of previously undisclosed material information, the Corporation will promptly disclose such information broadly via news release.

## **17. REVIEWING ANALYST DRAFT REPORTS AND MODELS**

(1) It is the Corporation's policy to review, upon request, analysts' draft research reports or models. The Corporation will review the report or model for the purpose of pointing out errors in fact based on publicly disclosed information. It is the Corporation's policy, when an analyst inquires with respect to his/her estimates; to question an analyst's assumptions if the estimate is a significant outlier among the range of estimates and/or the Corporation's published earnings guidance. The Corporation will limit its comments in responding to such inquiries to non-material information or information that has been publically disclosed. The Corporation will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's model and earnings estimates.

(2) In order to avoid appearing to "endorse" an analyst's report or model, the Corporation will provide its comments orally or will attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

## **18. DISTRIBUTING ANALYST REPORTS**

Analyst reports are proprietary products of the analyst's firm. Re-circulating a report by an analyst may be viewed as an endorsement by the Corporation of the report. For these reasons, the Corporation should not provide analyst reports through any means to persons outside of the Corporation, including posting such information on its website. The Corporation may post on its website a complete list, regardless of the recommendation, of all the investment firms and analysts who are known to provide research coverage on the Corporation. If provided, such list will not include links to the analysts' or any other third party websites or publications.

## **19. EARNINGS GUIDANCE AND FORWARD-LOOKING STATEMENTS**

(1) Should the Corporation elect to disclose forward-looking information in continuous disclosure documents, speeches, conference calls or otherwise, it shall attempt to ensure that it has a reasonable basis for making such statements and include with their forward-looking statements appropriate statements of risks and cautionary language. The Corporation shall attempt to avoid making forward-looking statements that appear misleading, too optimistic, too aggressive, lack objectivity or are not adequately explained.

(2) Should the Corporation provide such forward-looking information the following guidelines will be observed:

- (a) the information, if deemed material, will be broadly disseminated via news release, in accordance with this Policy;
  - (b) the information will be clearly identified as forward-looking;
  - (c) the Corporation will identify all material factors and assumptions used in the preparation of the forward-looking information;
  - (d) the information will be accompanied by a statement that identifies, in very specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement including a sensitivity analysis to indicate the extent to which different business conditions from underlying assumptions may affect the actual outcome; and
  - (e) the information will be accompanied by a statement that disclaims the Corporation's intention or obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, should subsequent events prove past statements about current trends to be materially off target, the Corporation may choose to issue a news release explaining the reasons for the difference. In this case, the Corporation will update its guidance on the anticipated impact on revenue and earnings (or other key metrics).
- (3) The Board and the Audit Committee of the Corporation will review and approve earnings guidance and news releases containing financial information prior to the release of such guidance or news release.

## **20. MANAGING EXPECTATIONS**

- (1) The Corporation will attempt to ensure, through its regular public dissemination of quantitative and qualitative information, that those analysts' estimates of which it is aware, are in line with the Corporation's own expectations. Notwithstanding the foregoing, the Corporation will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with or give guidance on an analysts' models and earnings estimates.
- (2) If the Corporation has determined that it will be reporting results materially below or above publicly held expectations, it will disclose this information in a news release in order to enable discussion without risk of selective disclosure.

## **21. RESPONSIBILITY FOR ELECTRONIC COMMUNICATIONS**

- (1) This Policy also applies to electronic communications. Accordingly, officers and personnel responsible for written and oral public disclosures shall also be responsible for electronic communications.
- (2) The Committee is responsible for updating the investor relations section of the Corporation's website and is responsible for monitoring all Corporation information placed on the website to ensure that it is accurate, complete, up-to-date and in compliance with applicable securities laws. All documents filed on SEDAR and EDGAR should be concurrently posted to the Corporation's website.
- (3) The Committee must approve all links from the Corporation's website to a third party website. The Corporation's website will include a notice that advises the reader that he or she is leaving the Corporation's website and that the Corporation is not responsible for the contents of the other site.
- (4) Investor relations material shall be contained within a separate section of the Corporation's website and shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures. All data posted to the website, including text and audiovisual material, shall show the date such material was issued. Any material changes in

information must be updated promptly.

(5) The Committee will maintain a log indicating the date that material information is posted and/or removed from the investor relations section of the website. The minimum retention period for material information on the website shall be two years.

(6) Disclosure on the Corporation's website alone does not constitute adequate disclosure of information that is considered material non-public information. Any disclosures of material information on its website will be preceded by the issuance of a news release disseminated in accordance with Section 16(2).

(7) The Committee shall also be responsible for responses to electronic inquiries. Only public information or information which could otherwise be disclosed in accordance with this Policy shall be utilized in responding to electronic inquiries.

(8) In order to ensure that no undisclosed material information is inadvertently disclosed, employees are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to the Corporation's activities or its securities. Employees who encounter a discussion pertaining to the Corporation should advise the Chief Financial Officer immediately, so the discussion may be monitored.

## **22. PERIODIC DISCLOSURE DOCUMENTS**

(1) The Committee is also responsible to monitor the preparation of the periodic disclosure documents of the Corporation. These include:

- (a) interim financial statements and annual financial statements;
- (b) interim and annual management's discussion and analysis;
- (c) annual information form; and
- (d) proxy and information circular for annual and special meetings of shareholders,

and other documents which are prepared for distribution to shareholders, securities regulators and any stock exchange on which the Corporation's shares are listed. The Committee will consult with the Audit Committee and the Compensation Committee of the Board to determine procedures for the review by external auditors, legal counsel and other experts of these documents in order to ensure that they comply with all applicable legal requirements.

(2) The Committee will also develop procedures to assist the Chief Executive Officer and the Chief Financial Officer in meeting any requirements they may face in certifying as to the accuracy of Corporation financial information.

## **23. BUSINESS ACQUISITION REPORT**

If the Corporation completes a "significant acquisition" it must file a business acquisition report within 75 days of the date of the acquisition in the form prescribed by applicable securities law. If applicable, such business acquisition report shall include the necessary financial statements of each business or related businesses.

## **24. COMMUNICATION AND ENFORCEMENT**

(1) This Policy extends to all directors, officers and employees of the Corporation, and any committee of the Corporation, and its subsidiaries, if any, and their respective directors, officers, employees and authorized spokespersons. New directors, officers and employees will be provided with a copy of this Policy

and will be advised of its importance. This Policy will be contained in the Corporation's policy manual and will be available to all employees.

(2) Any employee who violates this Policy may face disciplinary action up to and including termination of his or her employment with the Corporation without notice. The violation of this Policy may also violate certain applicable securities laws. If it appears that an employee may have violated such securities laws, the Corporation may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

## PART II – INSIDER TRADING

### 1. OBJECTIVE AND SCOPE

(1) The securities laws of the United States and Canada prohibit “insider trading” and impose restrictions on trading in securities while in possession of material information about the Corporation that has not been generally disclosed to the public (“**material non-public information**” or “**MNPI**”). This Policy has been developed to assist the Corporation, its subsidiaries, affiliates and their respective officers, directors and employees in avoiding the risk of violating U.S. and Canadian securities laws and ensuring that the Corporation, its subsidiaries, affiliates and their respective officers, directors and employees uphold, and are perceived to uphold, the highest standards of ethical and business conduct. This Policy supplements applicable securities laws in respect of insider trading and does not replace each individual's personal responsibility to comply with the law.

(2) This Policy applies to “insiders”<sup>1</sup> of the Corporation and other personnel designated by management as likely to have access to MNPI (“**Insiders**”) as well as those in a “special relationship”<sup>2</sup> with the Corporation (collectively with the Insiders, the “**Covered Persons**”). Covered Person also include family members and those who share a household with a Covered Person. This Policy covers Covered Persons located in the United States, Canada or any other country.

(3) In addition, Covered Persons who have recently departed from the Corporation or any of its subsidiaries will be expected to comply with the terms of this Policy for the longer of 90 days following the termination of their employment or the first open window period after the termination date.

(4) This Policy applies to any and all transactions in the Corporation's securities, whether or not issued by the Corporation, including common shares of the Corporation (“**Common Shares**”), restricted share units, performance-based share units, warrants or stock options to purchase such Common Shares and any other types of securities that the Corporation has or may issue, such as preferred shares, convertible debentures, notes, bonds and exchange-traded options or other derivative securities (collectively, “**Securities**”), whether such transaction is made by a Covered Person for his or her own account or an account of another. In addition, this Policy applies to the entering into of any transaction whereby a Covered Person will receive an economic benefit that is derived from or based on the Corporation's Securities.

(5) This Policy does not apply to the exercise of simple warrants, performance warrants or stock options under the Corporation's Stock Option Plan (collectively, “convertible Securities”), but does apply to transactions in the Common Shares received upon exercise of such Convertible Securities. This Policy also does not apply to the withholding of Common Shares by the Corporation to satisfy the minimum statutory withholding rates for any applicable tax withholding purposes of equity awards granted pursuant to the Corporation's Restricted and Performance Share Unit Plan. Any transactions made pursuant to a valid pre-existing written plan, contract, instruction or arrangement under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), entered into when the Covered Person did not have material non-public information and entered into outside of the blackout periods described below are not subject to this Policy.

### 2. GENERAL PROHIBITIONS

(1) No Covered Person may buy, sell or otherwise trade in the Corporation's Securities while in possession of MNPI concerning the Corporation.

(2) No Covered Person may provide MNPI concerning the Corporation to any person other than a director, officer or employee of the Corporation unless required as part of such Covered Person's regular duties for the Corporation. Providing MNPI to another person who trades or advises others who trade on the basis of such MNPI is an illegal practice is commonly known as “tipping”.

(3) No Covered Person, while in possession of MNPI concerning another company, may buy, sell or otherwise trade in such other company's Securities or "tip" or disclosure such MNPI to any other person.

(4) The foregoing list is not an exhaustive list of actions that may, depending on the factual circumstances, be a violation of U.S. or Canadian securities laws. Any question as to whether information is material or non-public must be discussed with the General Counsel of the Corporation prior to any transaction.

### 3. TRADING BLACKOUT PERIODS

(1) Trading blackout periods (each a "**Blackout Period**") will apply to Covered Persons during periods when financial statements are being prepared but results have not yet been publicly disclosed. Blackout Periods are periods during which an outsider might reasonably expect management to be aware of material information and hence Covered Persons, including their spouses and any other relatives residing in the same home as the Covered Person, are prohibited from buying or selling Securities of the Corporation.

(2) A Blackout Period shall occur from the end of each fiscal quarter (being March 31, June 30, September 30 and December 31 of each year) to and including the second trading day after the public announcement of the financial results of the quarter or year, as applicable. During a Blackout Period, a Covered Person will not be permitted to trade in any securities of the Corporation unless approved by the Compliance Officer (as defined below).

(3) Additional Blackout Periods may be prescribed from time to time by the Compliance Officer as a result of special circumstances relating to the Corporation pursuant to which Covered Persons would be precluded from trading in Securities of the Corporation. All parties with knowledge of such special circumstances should be covered by the blackout. Such parties may include external advisors such as legal counsel, investment bankers and counter-parties in negotiations of potential material transactions. The Compliance Officer will determine which individuals will be subject to trading restrictions and will take appropriate steps to advise those individuals of the restrictions.

(4) Notification that trading has been blacked-out for a period of time is confidential information and must not be disclosed to any other person except as contemplated by this Policy.

(5) Persons in a special relationship with Sundial, other than Insiders, are permitted to trade at any time, so long as they are not aware of material information that has not been disclosed to the public.

### 4. COMPLIANCE OFFICER

(1) The Corporation has created a compliance officer (the "**Compliance Officer**") with responsibility for this part of this Policy. The Compliance Officer shall be the General Counsel of the Corporation or, if such office is vacant or the General Counsel is unable or unavailable to perform his or her duties as Compliance Officer, the Chief Financial Officer of the Corporation.

(2) The duties of the Compliance Officer shall be those prescribed in this Policy and any other responsibilities necessary or advisable to meet the Corporation's objectives as set forth in this Policy.

### 5. TRADING PROCEDURE FOR REPORTING INSIDERS

(1) This part of the policy only applies to "reporting insiders"<sup>3</sup> ("**Reporting Insiders**") of the Corporation.

(2) No Reporting Insider may trade in the Securities of the Corporation until:

(a) the Reporting Insider has notified the Compliance Officer in writing, at least two business days prior to the proposed trade(s), of the amount and nature of the proposed trade(s); and

- (b) the Reporting Insider has certified to the Compliance Officer in writing, no more than two business days prior to the propose trade(s), that he or she is not in possession of any MNPI concerning the Corporation.

The Compliance Officer may establish a form for purposes of the foregoing (a “**Trade Request Notice**”).

- (3) Upon receipt of a complete and signed Trade Request Notice, the Compliance Officer will consider the request made by the Reporting Insider and, in his or her sole discretion, approve or deny the request. The Compliance Officer is in no way obligated to approve a request made by, or provide any reasons or justifications to, the Reporting Insider.

- (4) If approved, beginning on the business day following receipt of written approval from the Compliance Officer, and for two business days thereafter, provided the Reporting Insider has not come into possession of any MNPI concerning the Corporation, such Reporting Insider may execute the trade(s) as set forth in such notice. Once such period has expired, a new notice and certification must be delivered to and approved by the Compliance Officer to trade in the Securities of the Corporation.

## 6. INSIDER REPORTING

- (1) This part of the policy only applies to Reporting Insiders of the Corporation.

- (2) Reporting Insiders are required to file a personal profile on the System for Electronic Disclosure by Insiders (“**SEDI**”) within 10 days after becoming a Reporting Insider. An insider profile contains basic information about the Reporting Insider, including a list of all of the reporting issuers for which the insider must file electronic insider reports. Amendments to the Reporting Insider’s profile must be made within 10 days following any such change. If requested, the Corporation may assist a Reporting Insider in filing and amending a personal profile.

- (3) Each Reporting Insider must report to the Chief Financial Officer within five days of the trade, any change in the Reporting Insider’s interest in the securities of the Corporation (e.g. purchases, sales and assignments) either directly or through any derivative-based arrangement whereby the Reporting Insider disposes, in economic terms, of any securities in the Corporation. A written record shall be maintained by Sundial of any information received concerning any trade reported and the comments, if any, given by such person.

- (4) Each Reporting Insider is required to report all changes in their interest in securities of the Corporation by filing a report electronically on SEDI within five days of the trade. When an insider files a report, such insider shall provide a copy of such report to the Chief Financial Officer promptly after filing with SEDI.

- (5) A Reporting Insider is solely responsible for any late charges in relation to reporting and filing.

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<sup>1</sup> “insider” means, with respect to a corporation,

- (a) the corporation, in respect of the purchase or other acquisition by it of shares issued by it or any of its affiliates,
- (b) a director or officer of the corporation,
- (c) a person who, with respect to at least 10% of the voting rights attached to the voting shares of the corporation,

- i. beneficially owns, directly or indirectly, voting shares carrying those voting rights,
  - ii. exercises control or direction over those voting rights, or
  - iii. beneficially owns, directly or indirectly, voting shares carrying some of those voting rights and exercises control or direction over the remainder of those voting rights,
- (d) a person employed by the corporation or retained by it on a professional or consulting basis,
- (e) an affiliate of the corporation,
- (f) a person who receives specific confidential information from a person described in this clause or in section 128 and who has knowledge that the person giving the information is a person described in this clause or in section 128, and
- (g) a person who receives specific confidential information from the first mentioned person in subclause (f) and who has knowledge that that person received that knowledge in the manner described in that subclause.

<sup>2</sup> Under the *Securities Act* (Alberta) a person or company in a special relationship with the Corporation is:

- (a) a person or company that is an insider, affiliate or associate of,
  - (i) the Corporation;
  - (ii) a person or company that is proposing to make a take-over bid for the securities of the Corporation; or
  - (iii) a person or company that is proposing to become a party to a reorganization, amalgamation, merger or arrangement or similar business combination with the Corporation or to acquire a substantial portion of its property
- (b) a person or company that is engaging in or proposes to engage in any business or professional activity with or on behalf of the Corporation or with or on behalf of a person or company described in (a)(ii) or (iii) above;
- (c) a person who is a director, officer or employee of the Corporation or of a person or company described in (a)(ii) or (iii) or (b) above;
- (d) a person or company that learned of the material fact or material change with respect to the Corporation while the person or Corporation was a person or company described in (a), (b) or (c) above;
- (e) a person or company that learns of the material fact or material change with respect to the Corporation from any other person or company described in (a), (b), (c) or (d), including a person or company described in this sub-paragraph, and knows or ought reasonably to have known that the other person or company is a person or company in a special relationship with the Corporation.

<sup>3</sup> "Reporting Insider" means:

- (a) 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;
- (b) a director of the reporting issuer, of a significant shareholder of the reporting issuer or of a major subsidiary of the reporting issuer
- (c) a person or company responsible for a principal business unit, division or function of the reporting issuer;
- (d) a significant shareholder of the reporting issuer;
- (e) 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;
- (f) 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;
- (g) an individual performing functions similar to the functions performed by any of the insiders described in paragraphs (a) to (f);
- (h) 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
- (i) any other insider that
  - i. 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
  - ii. 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;