

# Disclosure And Confidentiality Policy

## Introduction

Cordy understands that compliance with the Disclosure Rules is essential to maintaining investor confidence in the management of Cordy and the integrity of the market for Cordy's securities. Moreover, recent amendments to the Ontario Securities Act, expected in time to be adopted in other Canadian jurisdictions, creates secondary market liability for Cordy and others, including Directors and officers, for misrepresentations in corporate disclosure and failures to make timely disclosure.

## 1. Purpose

This Policy provides Cordy's approach to disclosure of Material Information and maintaining the confidentiality of information. This Policy is intended to complement Cordy's existing "Insider Trading and Reporting Policy.

This Policy, together with the Insider Trading Policy, is intended to assist Cordy in complying with securities laws governing corporate disclosure, confidentiality and insider trading (collectively, the "**Disclosure Rules**").

## 2. Disclosing Material Information

Under the Disclosure Rules, "Material Information" is information that has a significant effect, or would reasonably be expected to have a significant effect, on the market price of Cordy's securities. Cordy must disclose Material Information to the public immediately, unless early disclosure would be unduly detrimental to Cordy. In such cases, the information may be kept confidential for a limited period of time.

The officers responsible for determining whether particular information is material and must therefore be disclosed, or may be kept confidential in compliance with the Disclosure Rules are:

- CEO;
- President;
- Chief Financial Officer; and
- Senior Vice President.

At least one of the above named officers (the "**Responsible Officers**") should be involved in, and provide input to, the decision as to whether certain information is material and must therefore be disclosed in accordance with the Disclosure Rules. In the event of a failure to achieve consensus with respect to the decision and timing of disclosure, the decision of the President or, in his absence, the Chief Financial Officer should prevail.

In order to assist the Responsible Officers in deciding what information is material, Schedule "A" provides a non-exhaustive list of developments that are likely to require prompt disclosure.

The President is primarily responsible for the content of any press release disclosing Material Information.

The President and Senior Vice President are primarily responsible for communications with the media, securities analysts, shareholders and prospective investors. In the absence of the President, this responsibility falls to the Chief Financial Officer. This responsibility may be delegated to responsible persons at any investor relations firm engaged by Cordy for such purposes.

In order to ensure that the Responsible Officers are able to fully comply with the Disclosure Rules and this Policy, it is important that such officers:

- Be completely familiar with the operations of Cordy and up to date on any pending material developments; and
- Have a sufficient understanding of the Disclosure Rules to be able to decide whether or not particular information is material.

To this end, the Responsible Officers are responsible for maintaining a file containing all relevant public information about Cordy, including the following documentation, as applicable, produced since the commencement of the last completed fiscal year of Cordy:

- Annual Report;
- Management Information Circular;
- Annual Information Form;
- News Releases;
- Analysts' Research Reports;
- Articles appearing in newspapers, periodicals and other publications; and
- Current fact sheets and other information included in Cordy's investor information package.

### **3. Maintaining the Confidentiality of Information**

All Directors, officers and employees of Cordy who have knowledge of non-public Material Information relating to Cordy, or non-public Material Information relating to any other company with whom Cordy is conducting or proposes to conduct business, are prohibited from communicating that information internally or externally to anyone else, except in the necessary course of business. Where confidential Material Information is disclosed in the necessary course of business, the recipient of the information should be informed of the confidential nature of the information, the need to keep the information confidential and the restrictions on trading in securities with the knowledge of the information.

Disclosure in the necessary course of business would generally cover communications with:

- Directors, officers and employees of Cordy;
- Lenders, legal counsel, auditors, financial advisors and underwriters;
- Parties to negotiations;
- Government agencies and non-governmental regulators; and
- Vendors, suppliers or strategic partners on issues such as research and development, sales and marketing and supply contracts.

The "necessary course of business" exception would not generally permit Cordy to make a selective disclosure of material corporate information to an analyst, institutional investor or other market professional.

In the event that selective disclosure of confidential information inadvertently occurs, the Responsible Officers will ensure that Cordy immediately discloses the information publicly by issuing a news release and reports the inadvertent disclosure to the Governance Committee.

Any person who is uncertain as to whether a particular disclosure of non-public Material Information is in the necessary course of business should contact one of the Responsible Officers.

In the event that material corporate information is required to be disclosed in the necessary course of business, the persons receiving the information should understand that it is to be kept confidential and that to the extent possible, enter into an agreement with Cordy prohibiting disclosure or use of the information in any way, other than for the purposes of the particular transaction under discussion or negotiation.

To the extent practicable, the Responsible Officers shall consult legal counsel with respect to the timing of disclosure.

In order to assist the Responsible Officers in making an appropriate determination, the following are examples of circumstances in which the Responsible Officers may conclude that the disclosure would be unduly detrimental to Cordy's interests:

- Release of the information would prejudice the ability of Cordy to pursue specific and limited objectives or to complete a transaction or series of transactions that are currently underway. For example, premature disclosure of the fact that Cordy intends to purchase a significant asset may increase the cost of making the acquisition.
- Disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be confidential if the detriment to Cordy resulting from disclosure would outweigh the detriment to the market in not having access to the information. Such information should not be withheld if it is available to competitors from other sources.
- Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. Disclosure should be made once "concrete information" is available, such as a final decision to proceed with a transaction or, finalization of the terms of the transaction.

In order to assist the Responsible Officers to maintain the confidentiality of information, particularly in the context of a proposed or ongoing transaction, the Responsible Officers should ensure that:

- Only those persons directly responsible for the negotiation or implementation of a transaction be permitted access to confidential documents and other information relating to the transaction;
- All such documentation and information be clearly marked "Confidential" and be maintained in places that other persons do not have access to;
- Ensure that confidential documents being prepared or maintained on Cordy's computer systems are "password protected" in order to avoid electronic access from third parties; and

- All staff are advised in writing at the outset of a particular transaction that all information and documentation respecting such transaction is to be kept confidential and that communications of any kind regarding investment in Cordy's securities should cease in order to avoid influencing the investment decisions of third parties in circumstances where the persons are prohibited from trading in Cordy's securities.

#### **4. Electronic Communications Disclosure**

Cordy recognizes that dissemination of information via email, Cordy's website or otherwise through the Internet is subject to the Disclosure Rules and is viewed by Cordy as an extension of its formal corporate disclosure record.

Caution should be used when transmitting information by email. Communication by email leaves an electronic track of its passage that may be subject to later decryption attempts. If the information being transmitted is critically sensitive or confidential, a non-electronic means should be used for the transmission if possible and practical in the circumstances. Cordy also recognizes that the responsible use of electronic media will permit Cordy to make information accessible, accurate and timely for shareholders and prospective investors.

The following Disclosure Rules are applicable to all corporate disclosure by Cordy through electronic communications:

- We must ensure that Material Information posted on Cordy's website and the websites of Cordy's subsidiaries is not misleading. Material information is misleading if it is incomplete, incorrect or omits facts so as to make another statement misleading. In this regard, Cordy shall regularly review and update or correct the information on applicable websites. In addition, since providing incomplete information or omitting material facts may also be misleading, Cordy shall include on its website all news releases, not just favourable ones. To the extent possible, documents posted on a website should be posted in their entirety.
- Cordy's Directors, officers and employees are prohibited from using the Internet to "tip" or discuss in any form undisclosed Material Information about Cordy. In addition, Cordy shall not post a material news release on its website or distribute the news release by email before it has been disseminated on a news wire service in accordance with the Disclosure Rules.
- If Cordy is considering a public distribution of its securities, Cordy should carefully review its website in consultation with Cordy's legal advisors in advance of and during the offering. Documents related to the public distribution of securities should only be posted on the website if they are filed with and receipted by the appropriate securities regulator. All promotional materials related to the distribution should be reviewed before they are posted on the website to ensure that such materials are consistent with the disclosure made in the offering documents.

The Chief Financial Officer is primarily responsible for compliance with Cordy's policy on electronic communications. This responsibility includes ensuring that the websites of Cordy and its subsidiaries are properly reviewed and updated. The following guidelines apply to Cordy's website:

- All material public documents shall be posted on the website as soon as practicable following dissemination. Public documents include the annual report (including financial

statements), the interim financial statements, news releases, management proxy circulars and any other formal communications to shareholders.

- All supplemental information provided to analysts and other market observers, but not otherwise distributed publicly, should be posted on the website as soon as practicable following its distribution. Supplemental information includes fact sheets, highlighted financial information, brochures or other materials distributed.
- The website will contain an email link for investors to communicate directly with Cordy or an investor relations firm retained by Cordy. The only information that may be transmitted electronically is the information that is currently, or should be, posted on the website.
- Cordy will maintain an email distribution list, permitting users to access its website to subscribe to receive electronic delivery of news directly from Cordy after the information has been disseminated on a news wire service.

Cordy recognizes that all correspondence received and sent via email by employees and consultants of Cordy and its subsidiaries are corporate correspondence. As such, employees and consultants are prohibited from participating through Internet chat rooms or news groups in discussions relating to Cordy or its securities. Any Director, officer or employee of Cordy who becomes aware of a discussion pertaining to Cordy on the Internet must advise a Responsible Officer as soon as possible.

As a general rule, Cordy shall not post any investor relations information on its website that is not authored by Cordy. In particular, Cordy shall not post reports prepared by securities analysts with respect to Cordy or its securities. However, upon receiving a request from an investor, an electronic or hard copy of analyst reports may be sent to the investor provided the following safeguards are taken:

- Permission to reprint and/or send the report has been obtained in advance from the analyst;
- The transmitting correspondence clearly indicates that the information represents the views of the analyst and not necessarily those of Cordy. The entire analyst report, together with any updates prepared by the analyst, shall be forwarded; and
- All analyst reports available to Cordy, and that Cordy has permission to distribute, should be distributed to the investor. To the extent that to the knowledge of Cordy, there are other reports available that are not in the possession of Cordy or that Cordy does not have permission to distribute, the transmitting correspondence shall provide a list of those analysts together with contact information so that investors may contact the analyst directly.

To the extent that Cordy establishes links between its website and third party sites, a disclaimer should be included that the user is leaving Cordy's website and Cordy is not responsible for the contents of the other website. In addition, Cordy's website shall clearly distinguish the section containing investor relations information from sections containing other information, particularly those related to suppliers or customers to the business of Cordy or its subsidiaries. For this purpose, the website shall maintain links to the websites of Cordy's subsidiaries.

Investor relations information shall be recorded on Cordy's website such that the most recent information appears first. News releases shall be maintained on the website for a minimum period of one year from the date of issue. Financial statements shall be

maintained for a minimum period of one year from the date of issue. The minimum retention period for all other investor relations information posted on the website shall be determined by the President after consultation with the Chief Financial Officer.

Cordy will establish procedures to ensure security of its website and computer systems. In particular, Cordy shall monitor its website weekly to ensure that the site is accessible and has not been altered.

## **5. Forward-Looking Information**

“Forward-looking information” is information about prospective results of operations, financial position or changes in financial position, based on assumptions about future conditions and courses of action. Confirmation of the continued accuracy of previously disclosed information, such as estimated future sales and earnings or an indication that prior information is not valid, can itself be Material Information. Cordy will not disclose forward-looking information unless it has a reasonable basis for such information.

The following are guidelines for Cordy in publicly disclosing forward-looking information:

- The forward-looking information, if determined to be material, will be broadly disseminated by news release or other appropriate means, in accordance with this policy;
- The information will be clearly identified as forward-looking;
- The forward-looking information will be accompanied by a statement that actual results could differ materially from forward-looking information;
- The forward-looking information will be accompanied by a statement of the material factors and assumptions used in preparation of the forward-looking information or by a statement that such factors and assumptions are contained in an identified and readily available document or a portion of that document;
- The forward-looking information will be accompanied by a statement that identifies, in specific terms, material factors that may cause the actual results to differ materially from those set out in the forward-looking information or by a statement that such factors and assumptions are contained in an identified and readily available document or a portion of that document; and
- The forward-looking information will be accompanied by a statement that disclaims any intention or obligation of Cordy to update or revise the forward-looking information, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, should subsequent events prove past statements about current events to be materially off target or to have materially changed, Cordy may choose to issue a press release explaining the reasons for the difference.

**Disclosure and Confidentiality Policy**  
**SCHEDULE "A"**  
**Examples of Material Information**

**Changes in Corporate Structure**

- Changes in share ownership that may affect control of the company.
- Major reorganizations, amalgamations, or mergers.
- 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 a company's dividend payments or policies.
- The possible initiation of a proxy fight.
- 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.
- 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.
- Changes to the Board or executive management, including the departure of the company's CEO, CFO, or President (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.
- 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.

- 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.
- Significant new credit arrangements.