

CORPORATE DISCLOSURE AND SECURITIES TRADING POLICY

1.0 INTRODUCTION

It is an underlying principle of Canadian securities laws that all persons investing in the securities of a reporting issuer such as British Columbia Ferry Services Inc. (“**BCFS**”) should have equal access to information that may affect their investment decisions. This ensures that all investors are on equal footing and that no investor is at an advantage or disadvantage in purchasing or selling securities.

BCFS has adopted this Corporate Disclosure and Securities Trading Policy (this “**Policy**”) in order to ensure that its directors, officers and employees uphold this principle. This fundamental purpose of this Policy is to ensure that directors, officer and employees of BCFS do not:

- (a) engage in improper trading activity (“**insider trading**”) while in possession of material undisclosed information with respect to BCFS or a company or entity engaged in business with BCFS (a “**Business Partner**”); or
- (b) improperly disclose material undisclosed information with respect to BCFS or a Business Partner to a third party (“**tipping**”), where such information may be used by such person to gain an advantage with respect to trading securities.

This Policy also contains procedures and guidelines for preserving the confidentiality of sensitive information in respect of BCFS and its Business Partners.

2.0 APPLICATION OF POLICY

This Policy applies to all directors and officers of BCFS and employees of BCFS who may from time to time receive or have access to sensitive information regarding BCFS and its Business Partners.

The restrictions on trading described in this Policy apply to all publicly-traded securities of BCFS, in particular its publicly-traded bonds, and any related financial

instrument. The concept of a "**related financial instrument**" generally refers to derivatives, and includes (a) an instrument, agreement, security or exchange contract the value, market price or payment obligations of which are derived from, referenced to or based on the value, market price or payment obligations of a security or (b) any other instrument, agreement or understanding that affects, directly or indirectly, a person's economic interest in respect of a security or an exchange contract.

The restrictions on insider trading and tipping described in this Policy may also apply to Business Partners of BCFS. If any directors, officers or employees of BCFS are aware of any material undisclosed information regarding such companies, the prohibitions on insider trading and tipping described in this Policy apply equally to the securities and related financial instruments of such companies.

3.0 DEFINITION OF MATERIAL UNDISCLOSED INFORMATION

For purposes of this Policy, "**Material Undisclosed Information**" in respect of BCFS or a Business Partner means any "material change" or "material fact" in respect of BCFS or such Business Partner (as the case may be) that has not been generally disclosed to the public.

- A "**material change**" means (a) any change in the business, operations or capital of BCFS or a Business Partner that would reasonably be expected to have a significant effect on the market price or value of any security of BCFS or such Business Partner or (b) any decision to implement such a change that has been made by (i) the directors of BCFS or a Business Partner or (ii) senior management of BCFS or a Business Partner who believe that board confirmation of the decision is probable.
- A "**material fact**" is any fact that would reasonably be expected to have a significant effect on the market price or value of a security of BCFS or a Business Partner.

Either positive or negative information regarding BCFS or a Business Partner may constitute Material Undisclosed Information. A non-exhaustive list of examples of the

type of information that could constitute Material Undisclosed Information includes (a) news of a disposal or acquisition of significant assets, (b) entering into or losing a material contract, (c) impending bankruptcy or financial liquidity problems, (d) new debt financings or (e) material litigation exposure due to actual or threatened litigation. If you have any question about whether or not information regarding BCFS or a Business Partner constitutes Material Undisclosed Information, please contact the Corporate Secretary.

4.0 RESTRICTIONS ON INSIDER TRADING AND TIPPING

General Prohibition

- Insider Trading. No director, officer or employee of BCFS having knowledge of Material Undisclosed Information relating to BCFS or a Business Partner may directly or indirectly enter into any transaction with respect to any security or related financial instrument of BCFS or such Business Partner. This restriction will continue to apply until at least two clear business days have passed since such information is generally disclosed to the public.
- Tipping. No director, officer or employee of BCFS having knowledge of Material Undisclosed Information relating to BCFS or a Business Partner may (a) make any recommendation or express any opinion as to investing in securities or related financial instruments of BCFS or such Business Partner or (b) directly or indirectly disclose such information to a third party except in the ordinary course of business. If you have any question about whether or not disclosure of Material Undisclosed Information is required in the ordinary course of business, please contact the Corporate Secretary.

Pre-Clearance of Trades

Before entering into a trade with respect to a security or related financial instrument of BCFS or a Business Partner, directors and officers of BCFS, as well as employees with regular access to sensitive information regarding BCFS or such Business Partner, should contact the Corporate Secretary to determine whether any material change or material fact regarding BCFS or such Business Partner has not been generally disclosed to the public.

Blackout Periods

- Prescribed Blackout Periods. A prescribed blackout period will be in effect from the first day of the last month of each fiscal quarter until two clear business days after the financial results for such period are generally disclosed to the public. During each such period, no director or officer of BCFS, or any employee with access to financial information regarding BCFS, may engage in any transaction with respect to a security or related financial instrument of BCFS.
- Temporary Blackout Periods. From time to time, the board of directors or senior management may provide written notice directing directors, officers and certain employees with access to sensitive information regarding BCFS or a Business Partner to suspend all trading activities with respect to any securities or related financial instrument of BCFS or such Business Partner, whether on the basis that a material change or material fact with respect to BCFS or such Business Party has not been generally disclosed to the public or otherwise. Until such notice is revoked, such directors, officers and employees may not engage in any transaction with respect to a security or related financial instrument of BCFS or such Business Partner (as the case may be).

Potential Liability and/or Disciplinary Action

- Liability for Insider Trading. Under Canadian securities laws, insiders who engage in improper trading activities while in possession of Material Undisclosed Information may be subject to imprisonment and, as of the date hereof, penalties up to the greater of (a) \$5 million and (b) four times any profit earned.
- Liability for Tipping. Insiders may also be liable for improper trading activities by any person to whom they have disclosed Material Undisclosed Information or to whom they have made recommendations or expressed opinions on the basis of such information. The various provincial securities regulators have imposed large penalties even when the person who disclosed such information did not profit from the trading.

- Disciplinary Action. Individuals who violate this Policy may be subject to disciplinary action by BCFS, including in certain cases termination of employment.

This Policy sets forth only a general framework with respect to restrictions on insider trading and tipping under Canadian law. **Directors, officers and employees of BCFS bear the ultimate responsibility for complying with such laws.**

Directors, officers and employees of BCFS should obtain additional guidance if they have any uncertainty as to the permissibility of any transaction involving any security or related financial instrument of BCFS or a Business Partner.

5.0 MAINTAINING CONFIDENTIALITY

In order to help ensure compliance with the prohibition on insider trading and tipping, directors, officers and employees of BCFS shall take reasonable steps within their control to ensure the confidentiality of sensitive information regarding BCFS or a Business Partner. Such steps shall include (a) restricting access to sensitive information regarding BCFS or a Business Partner on a “need to know” basis, (b) ensuring that all BCFS employees who have access to sensitive information regarding BCFS or a Business Partner are aware of their obligations under this Policy and the confidential nature of such information and (c) instituting and complying with such security measures as are reasonably necessary to protect the confidentiality of sensitive information.

In addition to any specific procedures and controls that may be adopted with respect to sensitive information regarding BCFS or a Business Partner, directors, officers and employees of BCFS shall take reasonable precautions to preserve the confidentiality of sensitive information. Without limiting this general obligation to take reasonable precautions to preserve the confidentiality of sensitive information, the following precautions shall be adopted to the extent feasible:

- ensure all correspondence with respect to a matter that involves sensitive information is labelled “CONFIDENTIAL” and, where appropriate, stored in locked cabinets to which access is restricted;
- refrain from open discussions concerning any matter that involves sensitive information in the vicinity of colleagues or other persons who do not have access to such information;

- refrain from using cellular phones to discuss any matter that involves sensitive information;
- ensure that sensitive information is not copied unnecessarily or discarded or disposed of in a manner that enables it to be retrieved;
- do not leave correspondence and other documents concerning any matter that involves sensitive information in plain view in a working area;
- transmission of confidential documents by electronic means, such as by fax 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;
- access to confidential electronic data should be restricted through the use of passwords;
- if a matter that involves sensitive information has been assigned a code name, use the code name on all correspondence that relates to such matter and refrain from use of specific corporate names whenever possible; and
- report any information leaks or suspected information leaks to the Chief Financial Officer or Corporate Secretary.

6.0 INSIDER REPORTING

Under Canadian securities laws, “reporting insiders” of BCFS are required to disclose in an insider report any direct or indirect beneficial ownership of, or control or direction over, securities or related financial instruments of BCFS. The term “reporting insider” includes (i) the directors of BCFS, (ii) to the extent applicable, the chief executive officer, chief financial officer and chief operating officer of BCFS (or anyone who acts in a similar capacity) and (iii) any officer or employee responsible for a principal business unit, division or function of BCFS. Officers and employees will be advised if it is determined that they are reporting insiders of BCFS under Canadian securities laws.

Generally speaking, such reports are required to be filed within five days following any trade involving a BCFS security (including a publicly-traded bond) or a related financial instrument. Filing of insider reports is the responsibility of each reporting insider; however, the Corporate Secretary of BCFS will assist in the preparation and filing of insider reports upon request.

A reporting insider who files his or her own insider reports should contemporaneously provide a copy of all such reports to the Corporate Secretary.

7.0 FURTHER INFORMATION

Any questions concerning this Policy should be directed to the Corporate Secretary.