

08/19/2016

**BEACON ROOFING SUPPLY, INC.  
INSIDER TRADING AND PROHIBITION OF HEDGING AND PLEDGING POLICY**

**I. SUMMARY**

The purpose of this Insider Trading and Prohibition of Hedging and Pledging Policy (the “Policy”) is to promote compliance with all applicable securities laws by Beacon Roofing Supply, Inc. (the “Company”) and its subsidiaries and all of its directors, officers and employees thereof, in order to preserve the Company’s reputation and integrity, as well as that of all persons affiliated with it. “Insider trading” occurs when any person purchases or sells a security while aware of inside information relating to the security. As explained in Section IV below, “inside information” is information that is both “material” and “non-public.” Insider trading is a crime and the penalties for violating the law include imprisonment, disgorgement of profits, civil fines of up to three times the profit gained or loss avoided, and criminal fines of up to \$5,000,000 for individuals and \$25,000,000 for entities. Insider trading violates Company policy and could result in serious sanctions for officers, directors and employees, including dismissal.

**II. APPLICABILITY**

This Policy applies to all officers, directors and employees of the Company and extends to all of the individual’s activities. Every officer, director and key employee must review this Policy and complete and sign the attached Certificate of Compliance. All other employees will review this Policy as part of the Company’s regular training programs. The policy applies to our employees located in and outside the United States alike.

Questions regarding the Policy should be directed to Joe Nowicki, the Company’s Compliance Officer, at (571) 323-3940.

**III. STATEMENT OF POLICIES PROHIBITING INSIDER TRADING**

No officer, director or employee shall purchase or sell any type of security while aware of material, non-public information relating to the security, including any security of the Company. Additionally, no officer, director or key employee<sup>1</sup>, or member of their household shall purchase or sell any Company security during the period beginning on the 15<sup>th</sup> day of the last month of any fiscal quarter of the Company or the last trading day that immediately precedes the 15<sup>th</sup> day of the last month of any fiscal quarter if the 15<sup>th</sup> is not a trading day and ending one trading day

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<sup>1</sup> Key employees include, but are not limited to, the Divisional and Regional Controllers, Director of Accounting Operations, Corporate Tax Manager, Director of Information Technology, Fleet Director, Internal Audit members, Corporate Accounting Supervisor, Corporate Staff Accountant and the administrative assistants at the Company’s Herndon, Peabody and Bethesda offices. The Company’s Compliance Officer may designate certain employees as key employees from time to time.

after the public release of earnings data for such fiscal quarter.<sup>2</sup> This “blackout period” is subject to change as deemed necessary by the Company’s Compliance Officer and, under certain circumstances, the Company may prohibit trading by some or all of the officers, directors and key employees of the Company even during any given authorized trading period or “trading window”<sup>3</sup>. Trading in the securities of the Company for purposes of the Policy excludes recurring purchases in, transfers of existing balances in or out of, and distributions (including in-service withdrawals) from the Company’s stock fund under the Company’s 401(k) Profit Sharing Plan (the “401(k) Plan”) pursuant to elections made by such person at a time when he or she is not in possession of material nonpublic information and outside of a blackout period. No officer or key employee may make such elections while in possession of material nonpublic information or during a blackout period. In the event that an officer, director or key employee subject to a blackout period under this policy shall terminate such his or her relationship with the Company for any reason, then the blackout period then in effect shall continue to apply to such former officer, director or key employee of the Company for the duration of such blackout period.

No officer, director or employee shall directly or indirectly pass on or “tip” material, non-public information to anyone outside the Company under any circumstances or to anyone within the Company who does not have a need-to-know such information.

No officer, director or employee may knowingly trade in the securities of any corporation with which the Company is known to be engaging in a confidential transaction.

#### **IV. EXPLANATION OF INSIDER TRADING**

##### **A. What is “Insider Trading”?**

“Insider trading” means the purchase or sale of a security on the basis of “material” “non-public” information about the security or the issuer of the security. “Securities” include stocks, bonds, notes and debentures, as well as options, warrants and similar instruments related to such stock, bonds, notes and debentures. “Purchase” and “sale” are broadly defined for this purpose: “purchase” includes the actual purchase of a security, as well as the entry into any contract to purchase or otherwise acquire a security; “sale” includes the actual sale of a security, as well as the entry into any contract to sell or otherwise dispose of a security. A purchase or sale of securities is considered to be “on the basis” of material, non-public information if the person making the purchase or sale is aware of material, non-public information when the person made the purchase or sale. It is generally understood that insider trading includes the following:

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<sup>2</sup> For example, for a fourth quarter ending in September, trading will not be allowed from September 15<sup>th</sup> until one trading day after that fiscal quarter’s earnings are released, most likely in late November.

<sup>3</sup> The policy, however, is not intended to prohibit trading by insiders during “blackout” periods where such trades are pursuant to so called 10b5-1 plans, which are entered into by insiders at a time when such insiders are not aware of any material, non-public information regarding the Company, and such program is conducted in all respects in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. In order to assure compliance with applicable securities laws and Company policies, all 10b5-1 plans must be approved by the Company’s Compliance Officer and legal counsel and the insider must represent and warrant to the Company that the insider is not aware of any material, non-public information at the time of entering into the 10b5-1 plans.

- Trading by insiders who are aware of material, non-public information;
- Trading by persons other than insiders who are aware of material, non-public information that has been either disclosed in breach of an insider's fiduciary duty to keep it confidential or misappropriated; or
- Communicating or tipping material, non-public information to others, including recommending the purchase or sale of a security while aware of such information.

B. What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company's business or to any type of security, debt or equity.

Some examples of material information include:

- Financial results and projections of future earnings or losses
- News of pending or proposed joint ventures, mergers, acquisitions or divestitures
- Gain or loss of a substantial contract or alliance partner
- Significant new product announcements or pricing changes
- New equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation
- Changes in senior management
- Impending bankruptcy or financial liquidity problems
- Changes in dividend policy, stock splits, spin-offs or other distributions.

The above list is only illustrative; many other types of information may be considered "material" depending on the circumstances. Moreover, material information does not have to be related to a company's business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a security can be material. The materiality of particular information is subject to reassessment on a regular basis.

A good general rule of thumb: **When in doubt, don't trade.**

C. What is "Non-Public" Information?

Information is "non-public" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated so as to make it generally available to investors through such media as PR Newswire, Dow Jones, Reuters Economic Services, The Wall Street Journal, the Internet or other wire services on the Internet. The circulation of rumors, even if accurate and reported in the media, is not effective public dissemination.

D. Who is an Insider?

“Insiders” include anyone who is aware of material nonpublic information about the Company, generally its officers, directors and employees, as well as “temporary insiders” who occasionally receive such information, such as underwriters, lawyers, accountants, or consultants. These rules apply to everyone – you are not protected from liability because you are not a member of management. Any employee, officer or directors will be an “insider” for as long as he or she knows material nonpublic information. The definition of insider is transaction specific; that is, an individual is an insider with respect to each material nonpublic item of which he or she is aware. Insiders have independent fiduciary duties to their Company and its stockholders not to trade on material, non-public information relating to the Company’s securities. Accordingly, officers, directors and employees may not, at any time, trade the Company’s securities while aware of material, non-public information relating to the Company nor may they, at any time, tip (or communicate except on a need-to-know basis) such information to others.

E. Who is a “Related Person”?

For purposes of this Policy, a related person includes your spouse, minor children and anyone else living in your household; partnerships in which you are a general partner; trusts of which you are a trustee; and estates of which you are an executor. Although a person’s parent or sibling may not be considered a related person (unless living in the same household), a parent or sibling may be a “tippee” for securities laws purposes. Please see Section IV(F) below for a discussion of the prohibition on “tipping”.

Trading by members of an officer’s, director’s or employee’s household can be the responsibility of such officer, director or employee and could give rise to legal and Company-imposed sanctions.

F. Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material, non-public information to a third party (“tippee”), not limited to related persons. Further, insider-trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, non-public information tipped to them or individuals who trade on material, non-public information that has been misappropriated.

Tippees inherit the tipper’s duties and can be liable for trading on material, non-public information illegally tipped to them. Similarly, just as insiders are liable for the insider trading of their tippees, tippees may be liable if they pass along the information to others who trade. In other words, a tippee’s liability for insider trading is no different from that of an insider. Tippees can obtain material, non-public information by direct communications or through inappropriate conversations at social, business, or other gatherings.

G. Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material, non-public information can greatly exceed any profits made or losses avoided both for individuals engaging in such unlawful conduct and their employers. The Securities and Exchange Commission (“SEC”) and Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority.

Enforcement remedies available to the government or private plaintiffs under the federal securities laws include:

- SEC administrative sanctions;
- Securities industry self-regulatory organization sanctions;
- Civil injunctions;
- Damage awards to private plaintiffs;
- Disgorgement of all profits;
- Civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- Civil fines for the employer or other controlling person of a violator (*i.e.*, where the violator is an employee or other controlled person) of up to the greater of \$1,000,000 or three times the amount of profit gained or loss avoided by the violator;
- Criminal fines for individual violators of up to \$5,000,000 (\$25,000,000 for an entity); and
- Jail sentences of up to 20 years.

In addition, insider trading by the Company's officers, directors and employees could result in serious sanctions by the Company, including dismissal. In addition to the federal securities laws, insider trading may violate other federal and state civil or criminal laws, including mail and wire fraud statutes and the Racketeer Influenced and Corrupt Organizations Act (RICO).

#### H. Examples of Insider Trading

Insider trading cases have been brought against: corporate officers, directors, and employees who traded a company's securities after learning of significant confidential corporate developments; friends, business associates, family members and other tippees who traded after receiving material, non-public information from a company's officers, directors and employees; government employees who learned of such information in the course of their employment; and other persons who misappropriated, and took advantage of, confidential information from their employers.

The following are illustrations of insider trading violations. These illustrations are hypothetical and are not intended to reflect actual activities or businesses.

#### Trading by Insider

An employee of X Corporation learns that earnings to be reported by X Corporation will be significantly above market expectations. Prior to the public announcement of such earnings, the employee purchases X Corporation's stock. The employee, an insider, is liable for all profits as well as penalties of up to three times the amount of all profits. The employee also is subject to, among other things, criminal prosecution, including up to \$5,000,000 in additional fines and 20 years in jail. Depending upon the circumstances, X Corporation and the individual to whom the employee reports also could be liable as controlling persons.

#### Trading by Tippee

An officer of X Corporation tells a friend that X Corporation is about to publicly announce that it has concluded an agreement for a major acquisition. This tip causes the friend to purchase X Corporation's stock in advance of the public announcement. The officer is jointly liable with his friend for all of the friend's profits and each is liable for all penalties of up to three times the amount of the friend's profits. In addition, the officer and his friend are subject to, among other things, criminal prosecution, as described above.

### **V. Insider Reporting Requirements, Short-Swing Profits and Short Sales**

#### **A. Section 16 Reporting Obligations and SEC Forms 3, 4 and 5 for Executive officers, Directors and 10% Stockholders**

Section 16(a) of the 1934 Act generally requires all executive officers, directors, 10% stockholders, their spouses, and any other persons who share their residence ("insiders") within 10 days of the officer, director or 10% stockholder becoming such, to file with the SEC an "Initial Statement of Beneficial Ownership of Securities" on SEC Form 3 listing the amount of the Company's common stock ("Stock"), options and warrants which the insider beneficially owns. Following the initial filing on SEC Form 3, every change in the beneficial ownership of the Company's Stock, options and warrants must be reported on SEC Form 4 within 2 business days after the date such trade occurs or in certain cases on Form 5 within 45 days after fiscal year end. Form 4 must be filed even if, as a result of balancing transactions, there has been no net change in holdings. In deciding the date that purchase or sale on the open market occurs for purposes of filing Form 4, the trade date rather than the settlement date is ordinarily determinative.

Special rules apply in certain situations. If any executive officer or director purchases or sells any Company Stock within six months after the event which required him or her to file Form 3, the Form 4 filed with respect to that purchase or sale must also report any other purchases or sales he or she made within the preceding six months that were not previously reported. Similarly, an officer or director must report on Form 4 a purchase or sale of Company Stock within six months after his or her termination from such position, if he or she made any purchase or sale within the preceding six months and prior to his or her termination.

#### **B. Recovery of Profits Under Section 16(b)**

For the purpose of preventing the unfair use of information which may have been obtained by an insider, any profits realized by any officer, director or 10% stockholder from any “purchase” and “sale” of Company Stock during a six-month period, so called “short-swing profits,” may be recovered by the Company. When such a purchase and sale occurs, good faith is no defense. The insider is liable even if compelled to sell for personal reasons, and even if the sale takes place after full disclosure and without the use of any inside information.

Certain transactions under the 401(k) Plan (such as transfers of existing balances in or out of, in-service withdrawals from, and loans against, the Company’s stock fund) will be reportable and treated as purchases or sales, as applicable.

The liability of an insider under Section 16(b) of the 1934 Act is only to the Company itself. The Company, however, cannot waive its right to short swing profits, and any Company stockholder can bring suit in the name of the Company. Reports of ownership filed with the SEC on Form 3, Form 4 or Form 5 pursuant to Section 16(a) (discussed above) are readily available to the public, and certain attorneys carefully monitor these reports for potential Section 16(b) violations. In addition, liabilities under Section 16(b) may require separate disclosure in the Company’s annual report to the SEC on Form 10-K or its proxy statement for its annual meeting of stockholders. Several courts have held that if the insider does not file a required Section 16(a) report of the transaction on time, then the normal two-year statute of limitations period does not start until the required report has been filed. The failure to report transactions and the late filing of reports require separate, specific disclosure in the Company’s proxy statements.

#### C. Short Sales Prohibited Under Section 16(c)

The 1934 Act also absolutely prohibits insiders from making short sales of the Company’s Stock, *i.e.*, sales of shares that the insider does not own at the time of sale, or sales of Company Stock against which the insider does not deliver the shares within 20 days after the sale. Because under certain circumstances, the purchase or sale of put or call options, or the writing of such options, can result in a violation, insiders may be prohibited from engaging in such transactions.

The Company’s Compliance Officer should be consulted for any questions regarding reporting obligations, short-swing profits or short sales under Section 16.

### VI. **Prohibition of Records Falsifications and False Statements**

Section 13(b)(2) of the 1934 Act requires public companies to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The SEC has supplemented the statutory requirements by adopting rules that prohibit (1) any person from falsifying records or accounts subject to the above requirements and (2) officers or directors from making any materially false, misleading or incomplete statement to any accountant in connection with any audit or filing with the SEC. These provisions reflect the SEC’s intent to discourage officers, directors and other persons with access to the Company’s books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

## VII. STATEMENT OF PROCEDURES PREVENTING INSIDER TRADING

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading. Every officer, director and employee is required to follow these procedures.

### A. Information Relating to the Company

#### 1. *Access to Information*

Access to material, non-public information about the Company, including the Company's business, earnings or prospects, should be limited to officers, directors and employees of the Company on a need-to-know basis. In addition, such information should not be communicated to anyone outside the Company under any circumstances.

In communicating material, non-public information to employees of the Company, all officers, directors and employees must emphasize the need for confidential treatment of such information and adherence to the Company's confidentiality policies.

#### 2. *Inquiries From Third Parties*

Inquiries from third parties, such as new media or industry analysts, about the Company should always be directed to Joseph Nowicki, its Chief Financial Officer.

### B. Limitations on Access to the Company Information

The following procedures are designed to maintain confidentiality with respect to the Company's business operations and activities.

#### 1. All officers, directors and employees should take all steps and precautions necessary to restrict access to, and secure, material, non-public information by, among other things:

- Maintaining the confidentiality of Company related transactions;
- Conducting their business and social activities so as not to risk inadvertent disclosure of confidential information. Review of confidential documents in public places should be conducted so as to prevent access by unauthorized persons;
- Restricting access to documents and files (including computer files) containing material, non-public information to individuals on a need-to-know basis (including maintaining control over the distribution of documents and drafts of documents);
- Promptly removing and cleaning up all confidential documents and other materials from conference rooms following the conclusion of any meetings;

- Properly disposing of all confidential documents and other papers, when there is no longer any business or other legally required need;
  - Restricting access to areas likely to contain confidential documents or material, non-public information; and
  - Avoiding the discussion of material, non-public information in places where the information could be overheard by others such as in elevators, restrooms, hallways, restaurants, airplanes or taxicabs.
2. Personnel involved with material, non-public information, to the extent feasible, should always discuss and review such information in private.

C. Pre-Clearance of All Trades by All Officers, Directors and Key Employees

To prevent inadvertent violations of applicable securities laws and avoid the appearance of impropriety in connection with the purchase and sale of the Company securities, all transactions in Company securities (including without limitation, acquisitions and dispositions of Company Stock and the sale of Company Stock issued upon exercise of stock options and warrants) by officers, directors and key employees must be precleared by the Company Compliance Officer. Any advice will relate solely to the restraints imposed by law and will not constitute advice regarding the investment aspects of any transaction. Clearance of a transaction is valid for a 48-hour period. If the transaction order is not placed within that 48-hour period, clearance of the transaction must be re-requested. If clearance is denied, the fact of that denial must be kept confidential by the person requesting such clearance. Also, please consult the “Insider Trading Reminders” attached hereto as Attachment A.

D. Avoidance of Certain Aggressive or Speculative Trading

The Company’s officers, directors and employees and their respective family members (including spouses, minor children or any other family members living in the same household) may not directly or indirectly participate in aggressive or speculative transactions with respect to Company Stock that may give rise to an appearance of impropriety. Such activities would include short sales, the purchase of put or call options or the writing of such options with respect to Company Stock.

E. Execution and Return of Certification of Compliance

After reading this policy statement all officers, directors and key employees should execute and return to the Company Compliance Officer the Certification of Compliance form attached hereto as Attachment B.

**VIII. PROHIBITION AGAINST HEDGING AND PLEDGING**

A. Hedging Transactions

Hedging transactions may insulate you from upside or downside price movement in Company securities which can result in the perception that you no longer have the same interests as the Company's other securities holders. Accordingly, directors, officers, employees and members of their households may not enter into hedging or monetization transactions or similar arrangements with respect to Company securities, including the purchase or sale of puts or calls or the use of any other derivative instruments.

**B. Margin Accounts and Pledging**

Securities held in a margin account or pledged as collateral for a loan may be sold without your consent by the broker if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. A margin or foreclosure sale that occurs when you are aware of material nonpublic information may, under some circumstances, result in unlawful insider trading. Because of this danger, you may not hold Company securities in a margin account nor pledge Company stock as collateral for a loan.

**Insider Trading Reminders for Employees,  
Officers and Directors of Beacon Roofing Supply, Inc.**

Before engaging in any transaction in Beacon Roofing Supply, Inc., (the “Company”) securities, please read the following:

1. Both the federal and state securities laws and the Company’s policies prohibit transactions in the Company’s securities (or any other entity’s securities) at a time when you have material information about the Company (or such other entity) that has not been publicly disclosed. This also applies to anyone whose transactions may be attributable to you, including members of your household.

2. Information is material if it could influence someone to buy, hold or sell the Company’s securities. Either positive or negative information may be material.

3. In addition, neither the Company nor any of its officers, directors or key employees may trade in any securities of the Company during the period beginning on the 15<sup>th</sup> day of the last month of any fiscal quarter of the Company or the last trading day immediately preceding the 15<sup>th</sup> day of the last month of any fiscal quarter if the 15<sup>th</sup> is not a trading day and ending one day after the public release of earnings data for such fiscal quarter. This “blackout period” is subject to change by the Company’s Compliance Officer. Even during authorized trading periods, all transactions by officers or directors and key employees must be precleared with the Company’s Compliance Officer. The Company reserves the right to prohibit any trade subject to the foregoing pre-clearance procedure that it reasonably believes may violate any law.

For further information and guidance, please refer to our Insider Trading Policy and do not hesitate to contact the Company Chief Financial Officer, Joe Nowicki at (571) 323-3940.

**Certificate of Compliance**

Return by \_\_\_\_\_, 201\_

TO: Joe Nowicki, Chief Financial Officer  
Beacon Roofing Supply, Inc.  
505 Huntmar Park Drive  
Suite 300  
Herndon, VA 20170

FROM: \_\_\_\_\_

RE: Beacon Roofing Supply, Inc. Insider Trading Policy

I have received, reviewed, and understand the above-referenced Insider Trading Policy and hereby undertake, as a condition to my present and continued affiliation with Beacon Roofing Supply, Inc. to comply fully with the policies and procedures contained therein.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE