



Conflicts of Interest Policy

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1. Introduction

1.1 Purpose of the Policy

The Canadian Securities Administrators have released National Instrument 31-103, which came into force on September 28, 2009, and requires investment management firms to have a conflicts of interest policy.

Under this Regulation, Addenda Capital Inc. ("Addenda" or "the Firm") has the duty and responsibility to identify and take steps to manage actual, potential, or apparent conflicts of interest.

In this regard, Addenda has prepared this Policy (the "Policy") in order to continue to comply with the regulations in force and to specify the provisions of its Code of Ethics and Professional Conduct with regard to conflicts of interest.

The purpose of this Policy is to ensure the protection of clients' interests, which must prevail at all times, as well as to define employees' roles and responsibilities to provide them with guidelines for identifying, assessing, addressing, disclosing and controlling conflicts of interest situations that may arise in the course of their duties.

1.2 Scope of application

This Policy applies to all individuals working for Addenda, including permanent and temporary employees, contractors, consultants, and interns (collectively referred to as "employees" for simplification purposes).

Employees are required to read this Policy and to comply with its provisions as well as any specific instructions or directives that may result from its implementation. They are also responsible for consulting with the Chief Compliance Officer if there is any doubt about the scope or application of any provision of this Policy, for monitoring any situation that is contrary to the principles set forth herein, and for reporting any violations, if any.

In addition to this Policy, which defines and addresses conflicts of interest generally, Addenda also has other underlying policies that address specific conflicts of interest. Some of these policies are detailed directly in the Code of Ethics and others may have been the subject of separate Policies¹. It is also the responsibility of employees affected by these Policies to review them, ensure compliance with them, and ensure that they contact the Compliance Department if they have any questions or concerns about their application.

¹ The Code of Ethics and all the Firm's policies can be found in the Firm's shared directory at: *P:\POLICIES*

2. Definitions

Term	Definition
Conflicts of interest	Situation in which a person (or company) must make a decision where its objectivity or neutrality may be questioned. For examples of conflicts, please refer to section 3 of this Policy.
Actual conflicts of interest	Situation where a conflict of interest exists and requires avoidance, control, or disclosure.
Potential conflicts of interest	Situation of conflict of interest that is likely to arise and must be monitored to be avoided or controlled in the event that it arises.
Apparent conflicts of interest	Situation that may be perceived as a conflict of interest by a party outside of Addenda, although it may not occur due to the Firm's business model or organizational structure.
Material conflicts of interest	Conflicts of interest that may affect the client's decisions or the recommendations or decisions of an employee of Addenda in the circumstances.

3. Identification of conflicts of interest

It is the responsibility of Addenda and its employees to identify actual, potential, or apparent conflict of interest situations. As a private company operating in the securities industry, several conflicts of interest situations may arise from the following activities: Portfolio management and investment fund management activities,

- Portfolio management and investment fund management activities,
- Employees' personal activities, such as their personal transactions in securities or their outside business activities,
- Promotional activities, such as sales practices, offering or receiving gifts or invitations to external events or business meals,
- Human resources activities, such as compensation or recruitment practices,
- Relationships with third parties, such as brokers or other service providers in general.
- Close relationships between employees, which could generate a perception of favoritism or bias. Close Relationships include but is not limited to romantic relationships, familial relationships, close personal friendships*, a person cohabiting in the same household, or any other relationship that may lead to or impact workplace dynamics.

Employees often believe that their personal relationships do not influence their judgment; however, this is not always true. It is essential to disclose any close relationship to protect yourself and the organization.

*Close personal friendships are defined as friendships that extend into your personal life, where you interact personally with them outside of work, on a regular basis.

The Compliance Department makes available to employees an inventory listing examples of situations in which a conflict may arise between the interests of Addenda, its clients, its employees or

any other third party. This inventory is also intended to provide guidance on the steps to be taken to address conflicts in the best interests of clients.

4. Dealing with conflicts of interest

4.1 Assessment

Addenda must ensure that the various conflict of interest situations to which it is (or may be) subject are assessed. This assessment, which is the Chief Compliance Officer's responsibility, aims to determine:

- Whether or not these conflicts are applicable to the Firm, with regard to its business model or organizational structure,
- Addenda's position with respect to the conflicts deemed applicable, i.e., whether they are actual, potential, apparent or material,
- Existing control elements and those that need to be implemented or improved,
- Whether conflicts should be avoided in the absence of adequate controls, or disclosed to customers if they are material.

This assessment should be reviewed in accordance with the provisions contained in section 6 of this Policy (*Periodic Review of the Conflicts of Interest Framework*).

4.2 Controls

It is the responsibility of all employees to ensure that the conflict of interest situations they encounter in the course of their duties are adequately controlled. "Appropriate control" is defined as any measure that is appropriate to the significance of a conflict and is intended to manage it in the best interests of clients.

In the event that a significant conflict or conflict that poses too high a risk to clients cannot be adequately controlled, it must be avoided.

Where a material, actual or reasonably foreseeable conflict of interest cannot be avoided, then affected clients should be informed in a timely manner, in accordance with section 5.2 (*Reporting material conflicts to clients*).

5. Reporting conflicts of interest

5.1 Internal procedure for escalating new conflicts

When a conflict of interest has not been previously identified or subject to controls, employees must escalate this situation to their manager and the Chief Compliance Officer as quickly as possible. This applies in particular if this conflict is not included in the inventory mentioned in section 3 of this Policy.

Employees should keep in mind that a conflict of interest may affect a client's decisions and may need to be disclosed within the time and manner prescribed by regulation.

Upon receipt of a report from an employee, the Chief Compliance Officer must ensure that the situation in question is assessed and that reasonable steps are taken to manage the conflict in the best interest of clients.

5.2 Reporting material conflicts to clients

The regulations require Addenda to disclose material conflicts of interest to clients. Thus, the Chief Compliance Officer coordinates the drafting and updating of a conflict of interest disclosure. This disclosure should be written in clear terms so that any reasonable person can understand these material conflicts and judge the effectiveness of the measures taken to manage them.

This statement must include a description of the nature and extent of the conflicts of interest involved, their potential impact on clients, the risk they may pose to them and how those conflicts have been (or will be) handled.

This disclosure must be made:

- At the time of the opening of the relationship. In this regard, the Business Development team (Client Experience, Marketing Strategy and Communication) is responsible for ensuring that this disclosure accompanies the *Client Relationship Brochure*.
- And on an ongoing basis, when a new material conflict of interest is identified. In this case, the Chief Compliance Officer ensures that the disclosure is updated and forwarded to clients accordingly.

5.3 Close Relationship with Another Employee

Employees who believe they have a conflict of interest due to their relationship with another employee must immediately notify their direct manager, as well as the Human Resources department and/or the Chief Compliance Officer.

These individuals will be able to assess each situation, provide guidance and advice, and take the necessary actions as appropriate.

5.4 Report to management

As responsible for the application of this Policy, the Chief Compliance Officer shall report regularly to the Designated Person in Charge, senior management, and the Board of Directors on conflicts of interest and the steps taken to address material conflicts.

6. Periodic review of the conflict of interest framework

On an annual basis, or more frequently as needed (for example, in the event of changes to Addenda's structure, business model, or range of products or services), the Chief Compliance Officer must review the following:

- The conflicts of interest inventory (see section 3 – *Identification of conflicts of interest*), i.e., that the list of situations identified is complete and that the assessment of their materiality and the measures in place to manage them is up to date.
- The Conflicts of Interest disclosure, including its content, form, and methods of communication to clients.
- This Policy.

7. Formation

The Chief Compliance Officer is responsible for ensuring that employees are aware of this Policy and comply with its requirements. In particular, he ensures that they are aware of and understand the definition of a conflict of interest and the escalation process described in Section 5.1 (*Internal Procedure for Escalating New Conflicts*). In addition, he must take any action he deems appropriate to raise employees' awareness of conflicts of interest.

8. Record keeping

In accordance with sections 11.5 et seq. of National Instrument 31-103, Addenda must maintain records to demonstrate its compliance with applicable securities law obligations, including conflicts of interest.

Thus, any record justifying compliance with this Policy must be kept for 7 years from the date of its establishment. "Records" include, but are not limited to, any records related to identification, assessment, controls, internal reporting, disclosure to clients, periodic review, and conflict of interest training.

