



Dear Valued Client:

As one of Canada’s largest independent, full service, employee-owned self-clearing investment dealers, Haywood provides a wide array of investment products and services to individual, institutional, and corporate clients through its registered Investment Advisors, research analysts, and capital market teams.

We recognize, however, that our client offering can sometimes make us susceptible to conflicts of interest. We recently updated our conflicts of interest policy to fully reflect the goals of the “Client Focused Reforms” initiative approved by the Canadian Securities Administrators (CSA) and the Investment Industry Regulatory Organization of Canada (IIROC) which become effective June 30, 2021.

The principal goal of the Client Focused Reforms initiative reflects our longstanding policy and commitment to our clients to act in their best interest, and to avoid all material conflicts of interests that we cannot otherwise address in the best interest of our clients.

A summary of our policy follows. We encourage you to contact your Haywood Investment Advisor to discuss any aspect of our policy should you have any questions about it.

How We Manage Conflicts of Interest

Conflicts that are prohibited by law, securities regulation, common industry practice, or that cannot otherwise be addressed in the best interest of our clients, we simply avoid.

For other conflicts, or potential conflicts of interest, we address them through control and/or disclosure. Common examples of control mechanisms include the physical separation of our business functions; the creation of internal information barriers; conducting regular trading reviews of our employees; and restricting their ability to trade in priority to our clients or ahead of our research.

In addition to control mechanisms, we will make, when necessary, disclosure to our clients about a conflict of interest that may affect them by providing information about the conflict so that they are able to independently assess the conflict when evaluating our advice or considering any service we offer.

In the case of a material conflict of interest, we will not rely on disclosure alone as our sole mechanism to address the conflict. When we disclose a material conflict of interest, we will describe the nature and extent of the conflict, its potential impact and risk, and how the conflict has been or will be addressed.

Conflicts of interest are required to be reported and escalated to Haywood’s management and ultimately to either the Chief Compliance Officer or the President & CEO to be assessed and addressed.

Below, we provide examples of how we manage potential conflicts of interest. We hope this provides our clients with a better understanding about how our policy is applied.

1. On an ongoing basis, Haywood's board of directors ensures that the firm has in place the required resources, supervision, and compliance procedures to manage conflicts of interest in a timely and effective manner.
2. Our employees are obliged to comply with various policies and procedures which are designed to ensure that they maintain a high standard of integrity.
3. We control or manage acceptable conflicts by physically separating different business functions and restricting internal confidential information by creating internal information barriers.
4. When we become aware of a material conflict of interest, we will avoid it unless we are able to address it in the best interest of our affected clients.
5. When we make disclosure about a material conflict of interest, the information our affected clients are given will be sufficient to enable them to assess whether the conflict is significant to them and how it may affect their decision to use our services, or follow our advice.
6. We make our research reports available to all clients at the same time.
7. Our research reports make disclosure of all required matters in accordance with industry requirements and standards, including our relationship and activities with the covered issuer.
8. We have policies in place to ensure that our employees are not permitted to act on our research ahead of our clients.
9. We control information through the use and management of "grey" and "restricted" lists and monitor employee trading accordingly.
10. We utilize an independent underwriter in cases of a prospectus offering by a connected or related issuer.
11. We provide our employees with ongoing compliance training which includes education about identifying, reporting and handling of conflicts of interest.
12. We require our employees to maintain the confidentiality of all confidential information and prohibit them to use such information for their personal gain.
13. We require our employees to discuss any potential conflicts of interest they identify with their supervisor and permit our employees to report any conflicts.
14. Our remuneration structure for our employees is designed to avoid rewarding any behaviour that could lead to the disadvantage of any client. Our internal compensation practices are specifically designed to ensure that our Investment Advisors are not motivated or influenced to make investment recommendations for in client accounts in specific issuers or financial products.
15. We have implemented policies concerning best execution procedures, client priority and the allocation of investment opportunities to ensure that our clients receive trade execution ahead of the firm's employees and receive a fair allocation of investment opportunities.

16. We disclose our fees and commissions in accordance with industry requirements. Income earned on account of interest rate spreads on uninvested cash deposits, margin debit interest, and foreign exchange spreads are earned in accordance with industry regulations and the express terms of your account agreement.

17. We are required by industry regulations and firm policy to make suitable investment recommendations to our clients. We disclose all third-party compensation Haywood receives, including underwriter fees, finder fees on non-brokered and brokered private placements, “trailer fees” on mutual funds, and amounts paid to us for acting as agent for financial institution term deposits and similar types of investments.

18. Fairness opinions and formal valuation opinions are prepared by Haywood in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the IIROC and are subject to internal review for conflict of interest and compliance with the Standards.

19. We have policies in place which require our approved persons to disclose any outside business or volunteer activity which could create a conflict of interest, to obtain the firm’s permission and, where necessary, the approval of securities regulators to engage in such activities.

20. Our advisors who have personal relationships with their clients are not permitted to provide different services or recommendations to those clients than they would for unrelated clients. Our approved persons are also required to declare any gifts or inducements of any significance that they receive from clients.

Please direct any conflict of interest questions or concerns to our Chief Compliance Officer: Suite 700 – 200 Burrard Street, Vancouver, BC V6C 3L6 Tel: 604-697-7100; 1-800-663-9499 (Toll-Free)