

CANSO SELECT OPPORTUNITIES CORPORATION

CONFLICTS OF INTEREST POLICY

Approved by the Board of Directors on April 23, 2019

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1. PURPOSE

1.1 General

The purpose of this Policy is to ensure that material conflicts of interest that arise or may arise between Canso Select Opportunities' Corporation ("CSOC"), individuals acting on behalf of CSOC including Canso Investment Counsel Ltd. ("Canso") and CSOC shareholders.

1.2 Types of conflicts of interest

Conflicts of interest may take various forms such as:

- existing, involving an actual conflict as a result of current activities and/or interests
- potential, involving likely future conflicts
- perceived, involving circumstances creating the appearance of a conflict.

It is important that there are transparent processes and policies in place to identify and respond to conflicts of interest whether existing, potential or perceived. CSOC will seek to apply consistent criteria when identifying and responding to similar types of conflicts of interest.

For purposes of this Policy, the term "COI" shall mean existing, potential and perceived material conflicts of interest.

1.3 Scope

This Policy applies to all COI and to all employees, officers and directors of CSOC. All employees, officers and directors of CSOC must at all times be sensitive to the possibility that a COI that may exist or arise and address the matter as soon as they become aware of the COI.

2. IDENTIFICATION OF CONFLICTS OF INTEREST

2.1 How to identify conflicts of interest

For the purposes of identifying and assessing COI, CSOC considers situations and activities where CSOC or individuals acting on behalf of CSOC cause harm to clients or to the integrity of the market as a result of a service or product provided to clients. Such situations and activities could include where CSOC or individuals acting on behalf of CSOC:

- stand to profit or avoid a loss, to the detriment of a client
- have an interest in the outcome of a service provided to a client which is different from the client's interest in that outcome
- have an incentive to favour one client over another
- have an incentive to favour their own interest above those of a client,

and situations where CSOC's clients may have competing interests between themselves.

All situations and activities identified and assessed that may result in a COI are to be recorded in a Conflicts of Interest Register that is maintained by CSOC's Corporate Secretary ("Conflicts Officer") as described below.

2.2 Responsibilities

Any employee, officer or director of CSOC who becomes aware of a COI must advise the Conflicts Officer immediately in writing. The Conflicts Officer is responsible for assessing (process described below) and responding (process described below) to all COI. The Conflicts Officer may, at his/her discretion seek the assistance and advice of senior management.

The Conflicts Officer is responsible for maintaining the Conflicts of Interest Register which records all situations and activities identified and assessed that may result in a COI. The Conflicts of Interest Register shall also contain the measure that CSOC has taken to respond to the COI that arise. The Conflicts of Interest Register shall be updated by the Conflicts Officer each time a new COI is identified. The Conflicts of Interest Register shall be kept for a period of seven years or such other period of time as is required under securities legislation from time to time.

2.3 How to assess conflicts of interest

The Conflicts Officer shall assess all situations and activities that may result in a COI. Such assessment shall include, but is not limited to, assessing:

- whether the situation or activity represents an actual, potential or perceived COI
- the level of risk/materiality of the COI
- how the COI can be appropriately responded to
- whether the COI requires immediate notification to senior management for further assessment.

The Conflicts Officer may consult senior management and the Board of Directors when making his/her assessment of a COI. However, the final decision on the assessment of a COI is the responsibility of the Conflicts Officer.

3. RESPONDING TO CONFLICTS OF INTEREST

3.1 How to respond to conflicts of interest

Where a COI is identified, the appropriate response by CSOC to ensure that all clients are treated fairly, honestly and in good faith may include:

- **Avoid** – avoiding the situation or activity to prevent the COI from arising. Avoidance may include ceasing to provide a service or activity, or not providing a proposed service or activity. It may also include declining to act for a client completely or with respect to a specific service or activity
- **Control** – controlling the situation or activity to ensure that the interest of CSOC or individuals acting on its behalf are not permitted to or, be perceived as being permitted to, harm or lead to a loss for a client or clients or to cause harm to the integrity of the markets
- **Disclose** – in addition to measures taken in order to avoid or control COI, disclosure of the COI to the client may be required to ensure the clients are adequately informed about any COI that may affect the services or products CSOC provides to them. For example, disclosure may be required so that either a satisfactory course of action may be decided on or so the client can decide whether or not to use a service insofar as there is a COI.

In addition, various officers and directors may hold senior positions with entities involved in the investment management industry or otherwise be involved in transactions within the investment management industry and may develop other interests outside of the Corporation. In the event that any such conflict of interest arises, a director who has a conflict will be required to disclose the conflict to a meeting of the directors of the Corporation and abstain from voting for or against the approval of such participation or such terms as per the terms of this policy.

3.2 Responsibilities

Responses to COI will be carried out by the appropriate level within CSOC as determined by the Conflicts Officer in consultation with senior management.

The Conflicts Officer will be responsible for the follow-up of the implementation, application and effectiveness of the responses taken by CSOC.

3.3 Implementation of measures to respond to conflicts of interest

CSOC implements an appropriate set of measures to respond to COI taking into account the various services and products CSOC offers, and the requirements of securities legislation.

3.4 Structural measures available to respond to existing and potential conflicts of interest

CSOC undertakes the following structural measures to respond to COI:

- Prohibition of certain activities – CSOC avoids all COI that are prohibited by securities legislation, and prohibits certain other activities. A COI must be avoided if it is sufficiently contrary to the interest of a client that there can be no other reasonable response.
- Handling of confidential information – CSOC will adhere to its *Insider Trading and Blackout Period Policy*.
- Organizational structure, reporting lines and compensation practices – CSOC’s organizational structures, reporting structures and compensation or remuneration practices are not inconsistent with its obligations to its clients. All directors and officers of CSOC are not compensated; only the external directors are compensated.
- Policies and procedures – development and implementation of policies and procedures like this Policy and a Code of Ethics that address COI issues and the obligation to act in a client’s best interest such as best execution, client order handling, referrals, fairness in allocation of investments, investment research, personal conduct, personal transactions, outside business activities and directorships, inducements, gifts and entertainment. CSOC adopts the CFA Code of Ethics. All trade orders of CSOC will be executed in accordance with Canso’s policy on Execution of Trades and Procedures for Best Execution. To ensure fair allocation of securities, CSOC is to adhere to Canso’s Standard III B on Fair Dealing.
- Training and monitoring – internal awareness, guidance and training, maintenance of internal reporting and controls and monitoring of the effectiveness of the policies and procedures and COI handling
- Disclosure to clients – discussed below in 3.5

3.5 Disclosure of existing and potential conflicts of interest

When disclosing a COI, including disclosure of a specific COI that may be unique to the receiving party, CSOC must make the disclosure in a prominent, specific, clear and meaningful way to the individual that explains the COI and how it could affect the activity or the service the client is being offered. CSOC will also make the disclosure in a timely manner but ideally prior to, or at the time, it recommends the transaction or provides the service that gives rise to the COI so the client has time to assess the information.

CSOC will not disclose COI that involve confidential or commercially sensitive information, or if the information amounts to “inside information” under insider trading provisions in securities legislation. In this case, CSOC will use other appropriate measures to respond to the COI or decline to provide the service in order to avoid the COI. CSOC has specific procedures for responding to COI that involve inside information and for complying with insider trading provisions. CSOC avoids the following events or situations to prevent the COI from arising:

- CSOC shall not recommend securities of, a related or connected issuer.
- No individuals acting on behalf of CSOC is a director of an issuer that CSOC recommends.
- No transactions shall be effected in securities in respect of which CSOC or a related entity may benefit from a commission, fee (e.g. performance fees), mark-up or mark-down otherwise than by a client (e.g. referral arrangements), and/or CSOC may also be remunerated by the counterparty to any such transaction.

A perceived COI may arise because:

- Some members of CSOC’s Investment Committee undertake portfolio management and dealing activities for other clients (side-by-side portfolio management).
- CSOC is part of a broader corporate family that undertakes investment and capital market activities in which CSOC’s clients may participate.
- CSOC may enter into supply and/or service agreements with clients or related entities. CSOC and Canso have entered into an operational services agreement.
- of the personal trading activities of individuals acting on behalf of CSOC. Individuals acting on behalf of CSOC may invest in securities of related issuers of CSOC.
- CSOC’s securities valuation and fair pricing policies are consistent with that of its related party, Canso.

CSOC will review this policy annually and amend it as required. CSOC will provide the amended policy to its clients as soon as is reasonably practicable.

4. REPORTING

4.1 Responsibilities

The Conflicts Officer shall provide senior management with regular reports of all COI that arise including details of the situation giving rise to the COI, the assessment analysis and the response to the COI.

Periodically, but no less than annually, the senior management shall analyse the existing, potential and perceived COI and review the systems and controls that are in place for preventing and mitigating the COI in order to ensure that they continue to be effective and relevant for dealing with COI and amend such systems and controls as necessary. In appropriate cases, the Corporation will establish a special committee of independent directors to review a matter in which a director, or management, may have a conflict.