

## **DISCLOSURE AND COMPETITION COMMITTEE CHARTER**

*The Disclosure and Competition Committee (for the purposes of this section, the “Committee”) will carry out the procedures, responsibilities and duties set out below, with an aim of ensuring the Company fulfills all of its disclosure and compliance obligations.*

### **COMPOSITION**

1. The Committee shall be comprised of the Chief Executive Officer and Chief Financial Officer and executive vice-chairman of the Company. The composition of the Committee will be determined on an annual basis by the Chief Executive Officer.

### **PURPOSE OF COMMITTEE – DISCLOSURE POLICY**

2. The Company has adopted a disclosure policy as set forth on Schedule A (the “Disclosure Policy”). The Disclosure Policy is designed to ensure: (i) timely, accurate and balanced public dissemination of material information about the Company and its subsidiaries in accordance with all applicable legal, regulatory and stock exchange requirements; and (ii) protection of the Company’s confidential information. The purpose of the Committee as regards the Disclosure Policy is to establish controls and procedures to ensure the Disclosure Policy is being followed throughout the organization. This charter provides the Committee with guidelines for the establishment of such controls and procedures, which have been broadly defined to allow the Committee the flexibility to adapt to the needs of the Company.

### **RESPONSIBILITIES**

3. The Committee shall meet as frequently as circumstances require, and as the members deem necessary or appropriate, to carry out its responsibilities listed below

- (i) assist in the design, establishment, maintenance, review and evaluation of the effectiveness of disclosure controls and procedures to ensure that material information is made known to the Committee and is able to be provided, processed, summarized and reported to the appropriate securities regulatory authority or stock exchange on a timely basis;
- (ii) consider materiality of information received via the Company’s disclosure controls and procedures to determine the Company’s disclosure obligations on a timely basis;
- (iii) assist in the preparation of each periodic report and earnings release (including management discussion and analysis) of the Company and evaluate the clarity, accuracy and compliance of the information in such report or earnings release;
- (iv) review with the assistance of counsel (a) any instances of fraud that involve management or other employees who have a significant role in the Company’s disclosure controls and procedures or internal controls that come to the attention of

- the members of the Committee while carrying out their responsibilities under this charter; and (b) any significant deficiencies in the design or operation of the Company's disclosure controls and procedures and internal controls that could adversely affect the Company's ability to record, process, summarize and report financial and other material information to the appropriate securities regulatory authority;
- (v) consider any such other matters, and take any such other actions, in relation to the Company's disclosure controls and procedures, as the Committee may, in its discretion, determine to be advisable to ensure that information required to be disclosed under the Disclosure Policy and by law is recorded, processed, summarized and reported on a timely basis.

#### **FRAMEWORK FOR CONTROLS AND PROCEDURES**

4. To ensure that the Committee is fully apprised of all material corporate developments, the following procedures shall be implemented at the Company and its Subsidiaries (as hereinafter defined) so as to give full effect to the Disclosure Policy:

##### *Appointment of Responsible Disclosure Reporting Officers*

5. The Company is the parent corporation that oversees the broad corporate activities of its wholly owned, directly and indirectly, subsidiaries (the "Subsidiaries"). The Company does not control the day-to-day operations of the Subsidiaries and, as a result, members of the Committee may from time to time be unaware of material developments at the Subsidiaries. In order to ensure that all material information is relayed from the Subsidiaries up to the Committee, a responsible officer (the "Responsible Officer") will be designated at each of the Subsidiaries and such Responsible Officer will be the conduit through which material information is channeled to the Committee.

##### *Duties of the Responsible Officer*

6. With the consultation of the Committee, the Responsible Officer shall become thoroughly familiar with the Disclosure Policy and shall execute an acknowledgement in the form attached hereto as Schedule "C" that states that the Responsible Officer understands the Disclosure Policy and the duties that go along with the position of Responsible Officer. The Responsible Officer will be responsible for, among other things:

- (i) immediately reporting to the Committee all material facts and events that may constitute material information and require disclosure under the Disclosure Policy;
- (ii) educating all employees under his/her direct control of the importance of complying with the Disclosure Policy and to have all key employees, and on a going forward basis all new employees, sign an acknowledgement to that effect;
- (iii) to the extent that the Reporting Officer may not have access to all of the Subsidiary's material information, designating other employees who would be responsible for reporting all material information of which they become aware to

- the Responsible Officer as soon as such employee becomes aware of such information;
- (iv) periodically providing a certificate to the Committee that no material information has come to their attention during the course of their serving as the Responsible Officer; and
  - (v) identifying and communicating to the Committee risk areas of the operation that could be susceptible to events that would be considered material information requiring disclosure.

*Certification of Disclosure by Responsible Officer*

7. The Committee will periodically, and each time the Company completes an offering of its securities, obtain from each Responsible Officer a certificate that states that to the best of his/her knowledge, the Responsible Officer is not aware of any material information that has not been disclosed in the public record, including any prospectus or other offering document.

*Quarterly Interview with Responsible Officer*

8. Each quarter, the Committee shall meet with the Responsible Officers and discuss any developments regarding disclosure issues and any problems that the Responsible Officers may have in carrying out their duties as Responsible Officers.

*Annual Assessment of Controls and Procedures*

9. On an annual basis, the Committee will undertake an assessment of the effectiveness of the controls and procedures regarding the implementation of the Disclosure Policy and report the results of its findings to the Board. The assessment may involve consultation with the Company's counsel should the Committee find that certain issues are proving to be particularly difficult.

## **PURPOSE OF COMMITTEE – COMPETITION POLICY**

10. The Company has adopted a competition policy as set forth on Schedule B (the “Competition Policy”) designed to ensure (i) employees, officers, directors and outside advisors of the Company and its Affiliates (as hereinafter defined) conduct business in compliance with the requirements of the *Competition Act* (Canada) (the “Act”); and (ii) ensure that violations of the Act are promptly remedied and/or reported to the Competition Bureau of Canada (the “Bureau”). The purpose of the Committee in regard to the Competition Policy is to establish controls and procedures to ensure that the Competition Policy is being followed throughout the organization. This charter provides the Committee with guidelines for the establishment of such controls and procedures, which have been broadly defined to allow the Committee the flexibility to adapt to the needs of the Company.

## **RESPONSIBILITIES**

11. The Committee shall meet as frequently as circumstances require, and as the members deem necessary or appropriate, to carry out its responsibilities listed below:

- (i) assist in the design, establishment, maintenance, review and evaluation of the effectiveness of competition policies and procedures to ensure that material information is made known to the Committee;
- (ii) continuously assess compliance policies and procedures based on a change in the industry, amendments to the Act, an investigation by the Bureau or complaints by the Bureau or third parties;
- (iii) document all compliance efforts;
- (iv) review with the assistance of counsel (a) any instances of contravention of the Act that come to the attention of the members of the Committee while carrying out their responsibilities under this charter; and (b) any significant deficiencies in the design or operation of the Company’s Competition Policy that could adversely affect the Company’s ability to comply with the Act;
- (v) consider any such other matters, and take any such other actions, in relation to the Company’s Competition Policy, as the Committee may, in its discretion, determine to be advisable to ensure that the Act is fully complied with.

## **FRAMEWORK FOR CONTROLS AND PROCEDURES**

12. To ensure that the Committee is fully apprised of all material corporate developments, the following procedures shall be implemented at the Company and its Affiliates so as to give full effect to the Competition Policy:

### *Appointment of Responsible Competition Reporting Officers*

13. The Company is the parent corporation that oversees the broad corporate activities of its wholly owned, directly and indirectly, subsidiaries (the “Affiliates”). The Company does not control the day-to-day operations of the Affiliates and, as a result, members of the Committee may from time to time be unaware of material developments at the Affiliates. In order to ensure that all material information is relayed from the Affiliates up to the Committee, a responsible officer (the “Responsible Officer”) will be designated at each of the Affiliates and such Responsible Officer will be the conduit through which material information is channeled to the Committee.

### *Duties of the Responsible Officer*

14. With the consultation of the Committee, the Responsible Officer shall become thoroughly familiar with the Competition Policy and shall execute an acknowledgement in the form attached hereto as Schedule “D” that states that the Responsible Officer understands the Competition Policy and the duties that go along with the position of Responsible Officer. The Responsible Officer will be responsible for, among other things:

- (i) immediately reporting to the Committee all actual or suspected contraventions of the Act or the Competition Policy and referring any complaints by the Bureau or by third parties to the Committee;
- (ii) educating all employees under his/her direct control of the importance of complying with the Competition Policy and having all key employees, and on a going forward basis all new employees, sign an acknowledgement to that effect;
- (iii) designing and implementing a training program to educate employees regarding the Act, in accordance with the Competition Policy;
- (iv) assessing, on an on-going basis, the effectiveness of training programs implemented to ensure compliance with the Act;
- (v) identifying employees who are exposed to a heightened risk of breaching the Act and ensuring additional training with respect to the requirements of the Act is provided to such employees;
- (vi) documenting all compliance efforts;
- (vii) taking immediate action to stop any contravention of the Act;
- (viii) cooperating with the Bureau where a breach of the Act has occurred (including self-reporting);
- (ix) putting in place a reporting procedure to allow for the anonymous reporting of contraventions of the Act;

- (x) conducting periodic, *ad hoc* or event-triggered audits, as appropriate, to confirm whether the Act is being fully complied with; and
- (xi) reviewing all (a) contracts, including letters of understanding; and (b) all other documents that may be identified from time to time by the Competition Committee.

*Quarterly Interview with Responsible Officer*

15. Each quarter, the Committee shall meet with the Responsible Officers and discuss any developments regarding competition issues and any problems that the Responsible Officers may have in carrying out their duties as Responsible Officers.

*Annual Assessment of Controls and Procedures*

16. On an annual basis, the Committee will undertake an assessment of the effectiveness of the controls and procedures regarding the implementation of the Competition Policy and report the results of its findings to the Board. The assessment may involve consultation with the Company's counsel should the Committee find that certain issues are proving to be particularly difficult.

**OTHER RESPONSIBILITIES**

17. The Committee shall also have such other responsibilities as the Chief Executive Officer may assign to it from time to time.

## SCHEDULE "A"

### TO THE CHARTER OF THE DISCLOSURE AND COMPETITION COMMITTEE



#### DISCLOSURE POLICY

This Policy sets out how employees, officers, directors and outside advisors of the Corporation (as hereinafter defined) will deal with the disclosure of information about the Corporation to persons outside of the organization. When this Policy refers to the "Corporation", it shall be deemed to mean Exchange Income Corporation ("EIC"), together with its affiliates which carry on business in the aviation and manufacturing sectors and any other affiliates of EIC from time to time (the "Affiliates"). The board of directors of EIC and the boards of directors of the Affiliates (the "Boards") have reviewed and approved this Policy. They have each directed their management to advise them of material violations of this Policy. The Boards intend to review this Policy periodically with a view to making any amendments necessary to support achievement of the objectives set out in this Policy.

All information about the Corporation should be considered to be confidential and should only be disclosed in accordance with this Policy.

All of the Corporation's employees, officers, directors and outside advisors must comply with this Policy. *Although this Policy generally refers to "employees", it also applies to the Corporation's directors, officers and outside advisors.* An employee or officer who violates this Policy may face disciplinary action. This may include termination of his or her employment with the Corporation. Directors who violate this Policy may be asked to resign. Outside advisors who violate this Policy may have their engagement with the Corporation terminated. If a violation of this Policy involves a violation of securities laws or stock exchange requirements, the Corporation may refer the matter to the appropriate regulatory authorities.

**PLEASE REVIEW THE ATTACHED POLICY CAREFULLY. AN ACCEPTANCE DECLARATION WILL BE REQUIRED TO BE SIGNED AND RETURNED TO THE APPLICABLE AFFILIATE'S HUMAN RESOURCES DEPARTMENT OR DESIGNATE**

**Revised and Updated September 27, 2023**

## EXCHANGE INCOME CORPORATION

### CORPORATE DISCLOSURE POLICY

#### 1. OVERVIEW

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##### 1.1 Disclosure Objectives

This Policy has been developed to promote two principal objectives with respect to the disclosure of information relating to the Corporation:

- (i) timely, accurate and balanced public dissemination of Material Information (as hereinafter defined in Section 4.2) about EIC in accordance with all applicable legal, regulatory and stock exchange requirements; and
- (ii) protection of the Corporation's confidential information.

##### 1.2 Information Subject to this Policy

All information about the Corporation is subject to this Policy.

Employees should deal with all information about the Corporation as being confidential and should only disclose information relating to the Corporation in accordance with this Policy. This Policy deals with our formal disclosure requirements such as annual and quarterly reports, prospectuses and news releases, but also applies to the information that we post on our websites and any information communicated electronically outside of the Corporation. It also extends to oral communications. For example, speeches by senior management, responses to media inquiries and statements made in meetings with analysts and investors must comply with this Policy.

##### 1.3 Responsibility for this Policy

The Board of EIC has established a disclosure committee (the "Disclosure Committee") consisting of the CEO, the Chief Corporate Development Officer and Executive Vice Chair of EIC. The Disclosure Committee is responsible for administering this Policy, monitoring its effectiveness and ensuring overall compliance with it. The Disclosure Committee will meet when conditions dictate and may seek the advice of outside counsel if necessary.

The Disclosure Committee oversees EIC's disclosure practices and is responsible for determining which developments warrant public disclosure. In order to assist the Disclosure Committee in determining which developments warrant public disclosure, EIC has designated a responsible officer (a "Responsible Officer") at each of its Affiliates who is responsible for reporting all Material Information to the Disclosure Committee. The Responsible Officer will typically be the President of the Affiliate in question (or, where the entity in question does not have a President, the person occupying a similar role with said entity). Employees should ask their immediate supervisors if they are unclear as to who their respective Responsible Officer is. Questions about whether particular information may be provided to anyone outside of the



Corporation should be referred to the employee's immediate supervisor (as applicable), their Responsible Officer or to a member of the Disclosure Committee.

The Disclosure Committee will be responsible for educating the directors, officers and employees and advisors of the Corporation, as necessary, with respect to this Policy and the appropriate steps to take if they have any questions concerning the disclosure of Material Information.

## **2. APPLICATION OF THIS POLICY**

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This Policy applies whenever an employee, officer, director or advisor is providing information about the Corporation to anyone outside of the Corporation. Information about the Corporation is, of course, routinely disclosed as a necessary part of carrying on business. The "necessary course of business" is discussed in further detail in Section 3.2 below. Where disclosure is not required in the necessary course of carrying on the Corporation's business, such information must not be disclosed either intentionally or inadvertently. Section 3.3 below sets out a number of safeguards employees and others should take in this regard.

EIC is legally obliged to disclose Material Information. For a discussion of what constitutes Material Information, see Section 4.2 of this Policy. However, the decision about whether certain information is Material Information and what action should be taken so that the necessary disclosure is made in accordance with all legal and stock exchange requirements must only be made by the Disclosure Committee. If an employee, officer, director or advisor becomes aware of information that he or she thinks may be Material Information, a member of the Disclosure Committee should be advised immediately so that a proper determination can be made as to whether the information is Material Information and consequently should be publicly disclosed.

## **3. CONFIDENTIAL INFORMATION**

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### **3.1 Information Considered Confidential**

Employees should deal with all information about the Corporation as being confidential. Unless the information in question is already in the public domain, employees should assume that they should not disclose the information except as permitted by this Policy. In some cases, information about the Corporation may be considered to be particularly sensitive. If that is the case, employees may be advised about any special precautions that should be taken with respect to that information in addition to the precautions described in this Policy.

### **3.2 Information Disclosed in the Necessary Course of Business**

In certain circumstances, employees will need to disclose information about the Corporation in the "necessary course of business", for example to the Affiliates' suppliers. This Policy is not intended to prevent disclosure of information to individuals outside of the Corporation that would normally be made in the course of the Corporation's day to day operations. However, employees should ensure that disclosure of confidential information is only made to recipients who legitimately need to know the information in connection with their duties and that such disclosure is limited to what they need to know. Employees should make sure those receiving the confidential information understand that they cannot pass the information on to anyone else (other than in the necessary course of business) or trade on the information, until it has been generally disclosed. Again, for guidance purposes, you should always raise any disclosure issue with your immediate supervisor, your Responsible Officer or a member of the Disclosure Committee.

### **3.3 Protecting the Corporation's Confidential Information**

In order to prevent the misuse or inadvertent disclosure of confidential information, the procedures set forth below should be observed at all times:

- (i) Documents and files containing confidential information should be kept in a safe place, with access restricted to individuals who "need to know" that information in the necessary course of business.
- (ii) A Director may use a computer, laptop, iPad and/or other mobile devices issued by the Corporation (in which case such mobile devices shall at all times remain the property of EIC) or one or more mobile devices provided by the particular Director (in which case such mobile device shall at all times remain the property of the particular Director). Whether a Director uses a mobile device provided by the Corporation or a mobile device provided by the Director, the Corporation will install or permit the installation of programs or applications (including, but not limited to, board portal programs and an the Corporation e-mail account) which contain and/or provide access to, confidential information relating to the Corporation. The access to and use of such programs or applications is subject to this Policy and the Exchange Income Corporation Director and Secretary Note Retention Policy and Director Electronic Communications Policy, and such programs or applications must be removed promptly upon the Corporation's request. All Directors should ensure that the mobile devices and programs/ applications are and remain at all times password protected and that confidential information relating to the Corporation shall not be accessed by, or accessible to, others. Upon a Director no longer being a Director, the Corporation will promptly delete any confidential information accessible by the programs or applications installed on the mobile device. The Corporation has the ability to erase any material accessible from the board portal program or application the next time that the mobile device is in a Wi-Fi connection. If your mobile device is lost or stolen, please promptly notify the Corporate Secretary or a senior officer so that the Corporation can take the appropriate steps to delete the confidential information and/or restrict access to it until the device is located or a replacement device is obtained. If a mobile device provided to a Director by the Corporation is lost or broken, it is the responsibility of the Director to replace the lost or broken mobile device with a comparable mobile device.
- (iii) Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
- (iv) Confidential documents should not be read in public places, left in unattended conference rooms, left behind when a meeting is over or discarded where they can be retrieved by others. Similarly, confidential information should not be left at home where it can be accessed by others.
- (v) Transmission of documents via 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. In some cases, where information is considered particularly sensitive, employees may be asked to restrict access to confidential electronic data through the use of passwords.
- (vi) Unnecessary copying of confidential documents should be avoided, and extra copies of confidential documents should be shredded or otherwise destroyed, including Board or committee meeting materials as described in the Exchange Income Corporation Director and Secretary Note Retention and Director Electronic Communications Policy.
- (vii) All proprietary information, including computer programs and other records, remain the property of the Corporation, as applicable, and may not be removed, disclosed, copied or otherwise used except in the normal course of employment or with the prior permission of the Chief Financial Officer of EIC.
- (viii) Communication by e-mail leaves a physical track of its passage that may be subject to later decryption attempts. All confidential information being transmitted over the internet should be secured by encryption and validation methods that are appropriate for the situation. Where

possible, employees may be asked to avoid using e-mail to transmit confidential information that is considered particularly sensitive.

#### **4. MATERIAL INFORMATION**

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##### **4.1 Significance of Material Information**

EIC is committed to providing timely and accurate dissemination of all Material Information in compliance with all legal and regulatory requirements. While EIC's obligation is to publicly disclose this information immediately, there will necessarily be a period of time when the Corporation is preparing to make this disclosure within which some people at the Corporation are aware of that information. The presence of this undisclosed Material Information creates the potential for insider trading, tipping and selective disclosure. These activities are damaging both for the individuals involved and for the Corporation and are strictly prohibited under this Policy and under the Corporation's Insider Trading Policy (as defined in Section 4.3 of this Policy).

##### **4.2 What Is Material Information**

Generally speaking, "Material Information" is any information relating to the business and affairs of the Corporation that results in, or would reasonably be expected to result in, a significant change in the market price or value of any securities of EIC (the "Securities"). Material Information includes both Material Changes and Material Facts (as defined below).

A "**Material Change**" in relation to the affairs of EIC, means a change in the business, operations, assets or ownership of EIC that would reasonably be expected to have a significant effect on the market price or value of the Securities, or a decision to implement such a change made by:

- (i) senior management of EIC who believe that confirmation of said decision by EIC's Board is probable; or
- (ii) EIC's Board.

A "Material Fact" in relation to the Securities, means a fact that would reasonably be expected to have a significant effect on the market price or value of the Securities.

Examples of developments that may give rise to Material Information are set out in Schedule "A" of this Policy.

##### **4.3 Insider Trading**

Insider trading occurs when anyone with knowledge of Material Information affecting the Corporation that has not been publicly disclosed buys or sells Securities. It is both improper and illegal. It constitutes a violation of this Policy. EIC has adopted a policy relating to trades in Securities by insiders (the "Insider Trading Policy"), a copy of which has been provided to you. You should read the Insider Trading Policy very carefully, as non-compliance with the policy can result in civil and criminal sanctions, as well as having your involvement with the Corporation terminated.

##### **4.4 Tipping**

Tipping occurs when someone in possession of undisclosed Material Information passes that Material Information on to someone else (other than in the necessary course of business). It is both improper and illegal, and constitutes a violation of this Policy.

If, for example, an employee must disclose undisclosed Material Information to someone outside of the Corporation who does not already have that information (i.e. in the necessary course of business), the recipient must be told not to divulge such information to anyone else, other than in the necessary course of business and that the recipient may not trade in the Securities until the information is publicly disclosed. Again, you should refer to the Insider Trading Policy for more information regarding tipping.

#### **4.5 Selective Disclosure**

Selective disclosure occurs when Material Information that has not been generally disclosed to the public is disclosed to select groups of individuals, such as analysts or institutional investors. Such disclosure includes, for example, when corporate officers discuss corporate affairs during closed conference calls with analysts, discuss corporate affairs on a one-on-one basis with analysts or provide material to large investors which are not publicly released. Selective disclosure is both improper and illegal. It constitutes a violation of this Policy.

The following sets out two steps that the Corporation takes in order to prevent making inadvertent selective disclosure.

(i) Conference Calls

If and when EIC holds periodic conference calls with members of the investment community to discuss financial and operating results, it will announce the subject matter, date and time of the conference call by news release and on its website and the conference call may be broadcast simultaneously via webcast over the internet. The media and individual investors may call a toll-free number (or access the webcast over the internet) and listen to the call on a real-time basis. An audio recording of the conference call will be made available for a period of one month following the call which can be ordered via a toll-free number or downloaded from EIC's website. A debriefing will be held after the conference call and if such debriefing uncovers selective disclosure of previously undisclosed Material Information, EIC will immediately disclose such information generally via news release.

(ii) Quiet Periods

In order to avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, EIC observes a quarterly quiet period during which no meetings or telephone contacts with analysts, investors or other market professionals will be initiated and no earnings guidance or comments with respect to the current financial quarter's operations or expected results of the Corporation will be provided to said individuals. The quiet period commences at the end of a fiscal quarter or fiscal year and ends after the public release of quarter or year-end results.

## **5. DISCLOSURE OF MATERIAL INFORMATION**

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### **5.1 The Requirement to Disclose Material Information**

It is essential that the Disclosure Committee be fully apprised of all material corporate developments to be able to determine whether there is Material Information that must be publicly disclosed and what the appropriate timing is for the release of that Material Information. If the Disclosure Committee determines that immediate disclosure would be unduly detrimental to the interests of the Corporation, public disclosure may be delayed as prescribed by applicable laws and stock exchange rules. If such disclosure is delayed, the Material Information must remain confidential and not be disclosed to anybody, except in the necessary course of business. If disclosed in the necessary course of business, all persons to whom said Material Information is disclosed, must be made aware that the Material Information must be kept confidential. In the event that selective disclosure of

Material Information inadvertently occurs, the Corporation shall immediately publicly disclose the Material Information.**5.2 Principles of Disclosure of Material Information**

In complying with the requirement to publicly disclose forthwith all Material Information under applicable laws and stock exchange rules, EIC will adhere to the following basic disclosure rules:

- (i) Subject to paragraph (ii) set out below, Material Information will be publicly disclosed immediately via news release (in accordance with Section 5.3 hereof). If such Material Information constitutes a Material Change, a material change report shall be filed with relevant Canadian securities commissions within the required time period (as soon as practicable and in any event within ten (10) days of the Material Change).
- (ii) As described in Section 5.1, there may be circumstances in which the Disclosure Committee determines that immediate public disclosure of Material Information would be unduly detrimental to the Corporation. When this occurs, the Material Information must be kept confidential until the Disclosure Committee determines that it is appropriate to disclose it publicly. However, if such Material Information constitutes a Material Change, a confidential material change report shall be filed with relevant Canadian securities commissions within the required time period (as soon as practicable and in any event within ten (10) days of the Material Change) and the Disclosure Committee shall periodically (at least every ten (10) days) advise the appropriate Canadian securities commissions as to why the said material change report must remain confidential.
- (iii) Disclosure must be factual and balanced and include any information the omission of which would make the rest of the disclosure misleading (half-truths are misleading).
- (iv) Unfavourable Material Information must be disclosed as promptly and completely as favourable Material Information.
- (v) There must be no selective disclosure. Previously undisclosed Material Information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with a major shareholder). If previously undisclosed Material Information has been inadvertently or unintentionally disclosed to an analyst or any other person, such Material Information must be generally disclosed immediately.
- (vi) Disclosure must be updated if earlier disclosure has become misleading as a result of intervening events.
- (vii) Disclosure must be corrected immediately if the Corporation learns that earlier disclosure contained a material error at the time it was made.
- (viii) Disclosure should be consistent among the entire audience, including the investment community, the media, customers and employees.
- (ix) Disclosure on the Corporation's website alone does not constitute adequate disclosure of Material Information.

### **5.3 News Releases**

Once the Disclosure Committee determines that a development amounts to Material Information, it will authorize the issuance of a news release, unless the Disclosure Committee determines that such development must remain confidential for the time being and appropriate control of that information is instituted. Should a material oral or written statement of Material Information inadvertently or unintentionally be made, EIC will forthwith issue a news release in order to publicly disclose that Material Information.

Provided that the Securities are listed on the Toronto Stock Exchange (the "TSX"), EIC shall comply with all of the TSX's policies with respect to the disclosure of Material Information and news releases. In particular,

prior to the issuance of any news release, the Market Surveillance Division of Market Regulation Services Inc. ("Market Surveillance") must be notified of its content and proposed method of dissemination, and provided with a copy thereof. This is necessary so that Market Surveillance can determine whether trading in the Securities should be temporarily halted. If a news release is to be issued during trading hours, the aforesaid notification shall be provided to Market Surveillance by telephone and a submission of a written copy of the news release should follow. Where an announcement is to be released after the TSX has closed, Market Surveillance shall be notified of the news release and provided with a copy thereof before trading opens on the next trading day.

News releases will be disseminated through a news wire service that provides national and simultaneous service. In addition, any news wire service used must:

- (i) disseminate the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;
- (ii) disseminate to all participating organizations of the TSX; and
- (iii) disseminate to all relevant regulatory bodies.

News releases will be posted on EIC's website immediately after confirmation of dissemination of the news wire. The website will include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures.

As further provided in Section 7.4, news releases containing certain forward-looking financial information and financial results will be reviewed by the Audit Committee or the board of directors of EIC prior to issuance. Financial results will be publicly released immediately following approval by the Audit Committee or the board of directors of EIC of the management discussion and analysis and financial statements (including notes thereto) of EIC.

## **6. COMMUNICATIONS WITH ANALYSTS**

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### **6.1 Contacts with Analysts and Investors**

EIC recognizes that analysts are important conduits for disseminating information to the investing public and that analysts play a key role in interpreting and clarifying existing public data and in providing investors with background information and details that cannot practically be put in public documents. EIC will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Policy.

EIC will provide only non-Material Information and publicly disclosed information to analysts or market observers. Where practicable, more than one representative of EIC will be present at all individual and group meetings with analysts and investors.

EIC recognizes that analyst disclosure does not constitute adequate disclosure of Material Information. If Material Information is to be announced at an analyst or shareholder meeting or a press conference, its announcement must be coordinated with a general public announcement via news release.

### **6.2 Reviewing Analyst Draft Reports and Models and Providing Guidance**

It is EIC's policy to review, upon request, analysts' draft research reports or models. If requested, EIC will review the report or model for the purpose of correcting factual errors with reference to publicly available

information about EIC. It is EIC's policy, when analysts inquire with respect to the earnings and/or cash flow estimates of the Affiliates:

- (i) to acknowledge what the current range of analysts' estimates is; and
- (ii) to question an analyst's assumptions if his/her estimate is out of the range of estimates.

EIC will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with analysts' financial models and earnings estimates.

If EIC has determined that it will be reporting results materially below or above publicly held expectations, it may decide to disclose this information in a news release to enable discussion without risk of selective disclosure (see "Forward-Looking Information" below).

EIC regards analyst reports as proprietary information belonging to the analyst's firm. Recirculating a report by an analyst may be viewed as an endorsement by EIC of the report. For these reasons, EIC will not provide analyst reports through any means to persons outside of EIC.

## **7. OTHER TYPES OF INFORMATION**

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### **7.1 Rumours**

So long as it is clear that the Corporation is not the source of a market rumour, the Corporation does not comment, affirmatively or negatively, on rumours. This applies to rumours on the internet. The Corporation's spokespersons will respond consistently to those rumours saying: "It is our policy not to comment on market rumours or speculation." Should the TSX (or other stock exchange on which the Securities are listed) request that EIC make a definitive statement in response to a market rumour that is causing significant volatility in the Securities, the Disclosure Committee will consider the matter and decide whether to make a policy exception. If the rumour is true in whole or in part, this may be evidence of a leak, and the Corporation will immediately issue a news release disclosing the relevant Material Information or request a halt in trading of the Corporation's securities until such time as a news release can be issued.

### **7.2 Forward-Looking Information**

#### **(i) General**

If EIC discloses forward-looking information in continuous disclosure documents, speeches, conference calls, etc., the following will be observed:

- (a) If the forward-looking information is Material Information, it will be disseminated in accordance with this Policy.
- (b) The information will be clearly identified as forward-looking.
- (c) EIC will identify the material assumptions used in the preparation of the forward-looking information.
- (d) The information will be accompanied by a statement that identifies, in specific terms, the risks and uncertainties that may cause actual results to differ materially from those projected in the statement.

- (e) The information may be accompanied by supplementary information such as a range of reasonably possible outcomes or a sensitivity analysis to indicate the extent to which different business conditions may affect the actual outcome.
- (f) The information will be accompanied by a statement that the information is stated as of the current date and subject to change after that date, and EIC disclaims any intention or obligation to update or revise the forward-looking information, whether as a result of new information, future events or otherwise.

Once disclosed, EIC's practice for updating forward-looking information will be to regularly assess whether previous statements of forward-looking information should be replaced and ensure that past disclosure of forward-looking information is accurately reflected in the current management discussion and analysis.

(ii) FOFI and Financial Outlooks

Future-orientated financial information ("FOFI") and a financial outlook ("financial outlook") are certain types of forward-looking information.

FOFI means forward-looking information about prospective financial performance, financial position or cash flows, based on assumptions about future economic conditions and courses of action, and presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows.

A financial outlook is forward-looking information about prospective financial performance, financial position or cash flows that is based on assumptions about future economic conditions and courses of action and that is not presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows. Examples of a financial outlook include expected revenue, profit or loss, earnings per share and R&D spending. A financial outlook relating to profit or loss is commonly referred to as earnings guidance.

In general, the Corporation shall not disclose FOFI or a financial outlook unless the FOFI or financial outlook is based on assumptions that are reasonable in the circumstances. The FOFI or financial outlook must (i) be limited to a period for which the information in the FOFI or financial outlook can be reasonably estimated; and (ii) use the accounting policies that the Corporation expects to use to prepare its historical financial statements for the period covered by the FOFI or the financial outlook.

In addition to the requirements set out in Section 7.2(i) above, any FOFI or financial outlook that is disclosed must (i) if undated, state the date on which it was approved by management; and (ii) explain the purposes of the FOFI or financial outlook, as well as caution readers that the information provided may not be appropriate for other purposes.

EIC must disclose in its management discussion and analysis material differences between actual results for the annual or interim period for which its management discussion and analysis relates and any FOFI or financial outlook for that period that EIC disclosed to the public.

### **7.3 Electronic Communications**

This Policy also applies to electronic communications. Accordingly, officers and personnel responsible for written public disclosures shall also be responsible for electronic communications.



The CFO will be responsible for updating the Investor Information section of EIC's website and will be responsible for monitoring all corporate information placed on the website to ensure that it is accurate, complete and up to date. Any material changes in information must be updated immediately.

Although the Corporation views electronic communications as an extension of its formal disclosure record, it recognizes that disclosure on EIC's website will not constitute adequate disclosure of Material Information. Any disclosure of Material Information on its website will be preceded by a news release.

All continuous disclosure documents will be provided in the Investor Information section of EIC's website. All information posted, including text and audiovisual material, will show the date the material was issued. Any material changes in information must be updated immediately, following the issuance of a news release. The website will include a notice that advises the reader that the information was accurate at the time of posting, but may be superseded by subsequent disclosure.

The CFO will maintain a log indicating the date that Material Information is posted and removed from the Investor Relations section of the website. Material documents filed with securities regulators will be maintained on the website in accordance with Section 9.3 of this Policy.

The CFO must approve all links from EIC's website to third party websites. The website will include a notice that advises readers they are leaving EIC's website and that the Corporation is not responsible for the contents of the other website.

The CFO will also be responsible for responses to electronic inquiries. Only public information or information that could otherwise be disclosed in accordance with this Policy shall be used to respond to electronic inquiries.

This Policy prohibits employees from participating in internet chat rooms or newsgroup matters pertaining to the Corporation's activities or its Securities.

#### **7.4 Board and Audit Committee Review of Certain Disclosure**

The board of directors of EIC or its Audit Committee shall review the following disclosures in advance of their public release by the Corporation:

- (i) financial outlooks and FOFI; and
- (ii) news releases containing financial information (including financial information that is based on financial statements).

It should also be indicated at the time such information is publicly released whether it was the board of directors of EIC or the Audit Committee that reviewed the disclosure. In addition, where feasible, the Corporation's earnings news release should be issued concurrently with the disclosure of the quarterly or annual financial statements.

### **8. DESIGNATED SPOKESPERSONS**

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The Corporation designates a limited number of spokespersons responsible for communication with the media, investors and analysts. The CEO, President, CFO and Executive Vice-Chair are the official spokespersons for the Corporation. Individuals holding these offices may, from time to time, designate others within the Affiliates to speak on behalf of the Corporation as back-ups or to respond to specific inquiries from the investment community or the media.

Employees who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community or the media unless specifically asked to do so by an authorized spokesperson. All such inquiries shall be referred to the CFO.

The CFO is also responsible for responses to electronic inquiries. Only public information or information which could otherwise be disclosed in accordance with this Policy shall be utilized in responding to electronic inquiries.

Employees are prohibited from participating in internet chat room or newsgroup discussions on matters pertaining to the Corporation's activities or Securities. Employees who encounter a discussion pertaining to the Corporation should advise the Chief Financial Officer of EIC immediately, so that the discussion may be monitored.

## **9. EXCHANGE'S DISCLOSURE RECORD**

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### **9.1 Offering Documents**

All offering documents issued by EIC must contain "full, true and plain disclosure" of the Material Facts relating to the Securities. This means that the document does not contain any untrue statement of a Material Fact or omits to state a Material Fact required to be stated or that is necessary to be stated to make a statement not misleading in light of the circumstances in which it was made.

Because EIC derives its income from payments made to EIC by the Affiliates, the information that would be material to the Affiliates would also be material to EIC. For this reason, employees may be asked to review or prepare information to be contained in an offering document of EIC to ensure that the document accurately discloses all Material Facts concerning the Affiliates.

If an employee is asked to review an offering document of EIC or any other continuous disclosure document of EIC, discussed below, he or she must bring to the attention of a member of the Disclosure Committee any information that the employee knows or reasonably believes to be misleading or inaccurate in the document. The employee should also advise a member of the Disclosure Committee if he or she believes that the document omits to state a fact or information that may be material to an understanding of the results of operations of the Affiliates or the performance of the Corporation as a whole. When reviewing these documents, employees are advised to consider all information about the Corporation that they are aware of in order to adequately assess whether the disclosure being reviewed is accurate, fails to state a material piece of information or is misleading or inaccurate in any way.

### **9.2 Continuous Disclosure Record**

As a public entity, EIC must provide certain information to its shareholders, to securities regulators and to the TSX on a regular basis. Because EIC derives its income from payments made to EIC by the Affiliates, much of this information will relate to the Affiliates.

The Disclosure Committee is responsible for the implementation of the disclosure controls and procedures set out in this Policy.

It is important that everyone within the Corporation organization make known to the Disclosure Committee Material Information relating to EIC, the Affiliates and any affiliates of the Affiliates. Employees must provide that information to the Disclosure Committee as soon as they become aware that it is, or may be, material so that the Disclosure Committee can take steps to publicly disclose Material Information within the time periods specified under applicable securities legislation and by the TSX. This applies throughout the year, but is particularly critical when annual or quarterly financial statements and management discussion and analysis or EIC's annual information form are being prepared.

Employees will be asked to provide certain information and to review and confirm other information to be included in disclosure documents. All documents publicly filed by EIC, such as news releases and material change reports, must also be accurate and not misleading and must present all information that may be material to an investor deciding whether or not to purchase Securities.

### **9.3 Maintaining the Record**

EIC will maintain a file containing all public information about the Corporation, including continuous disclosure documents, news releases, analysts' reports, transcripts or audio recordings of conference calls and newspaper articles, respectively.

The minimum retention period for Material Information posted on the website of EIC shall be one year. News releases shall be kept for a period of two years and quarterly and annual reports shall be retained for a period of five years.

## **10. IMPLICATIONS OF VIOLATING THIS POLICY**

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All of the Corporation's employees, officers, directors and outside advisors must comply with this Policy. *Although this Policy generally refers to "employees", it also applies to the Corporation's directors, officers and outside advisors.* An employee or officer who violates this Policy may face disciplinary action. This may include termination of his or her employment with the Corporation. Directors who violate this Policy may be asked to resign. Outside advisors who violate this Policy may have their engagement with the Corporation terminated. If a violation of this Policy involves a violation of securities laws or stock exchange requirements, the Corporation may refer the matter to the appropriate regulatory authorities.

The Corporation's employees, officers, directors and outside advisors will be advised of this Policy and the importance that the Corporation attaches to compliance with this Policy.

## SCHEDULE A

### **Examples of Potentially Material Information From Section 4.3 of National Policy 51-201 – *Disclosure Standards***

The following are examples of the types of events or information that may occur at the Corporation and may be deemed to be material.

#### **Changes in Business Structure**

- changes in share ownership that may affect control of EIC
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

#### **Changes in Capital Structure**

- the public or private sale of additional Securities
- planned repurchases or redemptions of Securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in EIC's dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to rights of security holders

#### **Changes in Financial Results**

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any periods
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the Corporation's assets
- any material change in accounting policy

#### **Changes in Business and Operations**

- any development that affects resources, technology, products or markets
- a significant change in capital investment plans or business objectives
- major labour disputes or disputes with major contractors or suppliers
- significant new contracts, products, patents, or services or significant losses of contracts or business
- changes to the board of directors or executive management, including the departure of EIC's Chairman, Chief Executive Officer or Chief Financial Officer (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of Securities or their movement from one quotation system or exchange to another

**Acquisitions and Dispositions**

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company

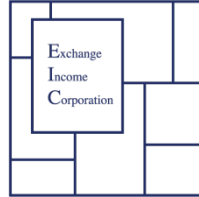
**Changes in Credit Arrangements**

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of EIC's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements

**The foregoing examples are not exhaustive. Any person who is subject to this Policy and has a question about the materiality of information known to him or her should contact the CEO, President, CFO or the Executive Vice-Chair of EIC.**

## SCHEDULE “B”

### TO THE CHARTER OF THE DISCLOSURE AND COMPETITION COMMITTEE



#### COMPETITION AND ANTITRUST LAW COMPLIANCE POLICY

##### 1. PURPOSE AND SCOPE

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The Corporation takes corporate compliance seriously. Compliance with competition and antitrust laws is an important corporate value that the Corporation fully supports. The Corporation wants its customers to have confidence that it is competing fairly for their business.

This Policy includes practical advice concerning rules of conduct that will help Representatives anticipate and prevent problems before they occur, and detect and report them if they do occur. It is the responsibility of every Representative to ensure compliance with the competition and antitrust laws wherever the Corporation does business. Compliance protects Representatives, the integrity and reputation of the Corporation and its valued relationships with its customers.

##### 2. DEFINITIONS

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In this Policy, the following capitalized terms have the meanings set out below:

“CLO” means the Chief Legal Officer of EIC.

“Competitively Sensitive Information” means any information that a business ordinarily would not share with a competitor, including pricing, costs, output levels, production capacities, business strategies and marketing plans together with the following:

- pricing or other competitively sensitive terms, including agreeing on the extent to which costs (e.g., financing, collection, administration, etc.), will be passed on to customers;
- company price changes, price differentials, mark-ups, discounts, allowances, credit terms or related financial issues;
- service capacity of individual companies, changes in production, capacity or inventories;
- bids on contracts for particular products and procedures for replying to bid invitations;
- input and delivery costs associated with particular products;
- terms on which the Corporation or its competitors do business, whether with customers or suppliers;
- allocation of customers, contracts, sites, regional areas, or types of services;
- details about potential individual suppliers or customers;
- any company-specific business plans, marketing initiatives, market share data or any other confidential information, including proposed territories or customers; and
- specific HR information about employee wages or terms and conditions of employment.

“Competitive Intelligence” is any information about a competitor’s prices, discounts, marketing strategies, product plans, performance, launches or innovations, or customer or supplier relationships, whether in the public domain or confidential.

“Corporation” means EIC and all its affiliates and subsidiaries.

“EIC” means Exchange Income Corporation.

“Policy” means this competition and antitrust compliance policy, as may be amended from time to time.

“Representative” means a director, officer, employee or independent contractor of the Corporation. For certainty, independent contractor includes an individual acting as a consultant or performing other services for the Corporation and who is not a director, officer or employee.

### **3. WHY IS COMPLIANCE IMPORTANT?**

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Competition and antitrust laws apply to all aspects of the Corporation’s business from its relationships with customers and suppliers, to its dealings with competitors. If the Corporation and its Representatives do not adhere to these laws, they are at risk of prosecution and lawsuits, large monetary fines, bans on the Corporation bidding for government contracts, reputational risks and jail time for individuals that are involved.

Competition and antitrust laws allow for legitimate competition within boundaries. Serious concerns could arise, however, if the Corporation and one or more of its competitors:

- enter into an agreement to fix price, reduce supply, or allocate markets, territories or customers;
- adopt standard pricing formulae, or reduce or eliminate discounts; or
- engage in bid-rigging.

Serious concerns could also arise if the Corporation and another employer agree on:

- employee wages;
- terms of employees’ employment; or
- refraining from hiring one another’s employees.

The Corporation’s dealings with its customers and suppliers can also raise concerns where those dealings negatively impact competition in the market.

For these reasons, Representatives must be very attentive to the potential risks associated when dealing with competitors, employers, and with customers or suppliers. This applies whether in the context of direct negotiations, bidding for business, gathering Competitive Intelligence, participating in a trade association, meeting with a competitor even socially, or negotiating a joint venture.

Representatives must also be attentive to their public and internal communications, and the documents that they create. Carelessly worded or misleading documents or e-mails could be misinterpreted and result in prolonged investigations or lawsuits.

Representatives are strongly encouraged to contact the CLO if they have any questions regarding compliance with this Policy.

### **4. DEALINGS WITH COMPETITORS**

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Representatives must be cautious when dealing directly with competitors. It is a crime for the Corporation and a competitor (or potential competitor) to agree to fix prices, restrict supply or output, or allocate markets, territories, sales or customers.

In practice, the Corporation may enter into “non-compete” and non-solicitation agreements, or clauses within broader agreements, with other businesses, including competitors. Such restrictions are permissible under certain circumstances, particularly in connection with the sale of a business. Even then, consideration must be paid to specific terms including the duration and geographic scope of such a restriction. Consult the CLO when contemplating or negotiating these contractual provisions.

It is generally prohibited for the Corporation and another company to, in response to a request for bids, (i) agree to submit pre-arranged bids, or (ii) agree that one or more of the parties will not submit a bid or withdraw a bid. Consult the CLO before engaging in any joint bidding activities.

The courts do not need proof that the unlawful agreement harmed competition. Entry into these kinds of agreements is sufficient to establish the crime. Moreover, a court can find the existence of an agreement based on circumstantial evidence alone, such as e-mails between competitors, calendar appointments, the pattern or timing of dealings with customers, *etc.* A written agreement is not required.

Representatives must not discuss Competitively Sensitive Information with competitors. Statements regarding future prices or supply may raise competition concerns if it is intended to be, or interpreted as, part of an anti-competitive agreement with a competitor. The more competitively sensitive the information that is shared or disclosed, the greater the risk that the sharing of such information will raise competition concerns. For instance, any information shared with a competitor about pricing, costs, output levels, production capacities, business strategies and marketing plans draws a high degree of scrutiny.

Often the Corporation will need to enforce its legal rights in dealings with customers and competitors, such as where a customer is under contract and is being approached by a competitor. Given the importance of compliance in dealing with the Corporation's competitors, Representatives should consult with the CLO if they are dealing with a competitor in this regard.

It is illegal for any Representative to enter into any agreement or arrangement with another employer with respect to an employee's wages or terms of employment. It is also illegal to agree not to solicit each other's employees. There are exemptions for certain ordinary-course employment, recruiting, non-disclosure and other agreements. However, given the complexities, Representatives should consult with the CLO if they are dealing with another employer on any of these issues.

For companies that do business in the US, Representatives may not, with certain limited exceptions, serve as a director or officer of two or more such companies that are competitors. Please contact the CLO in the event you currently hold such positions or are asked to do so.

## **5. INDUSTRY AND TRADE ASSOCIATIONS**

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Industry and trade associations can be great for improving industry performance and benefiting customers, by improving safety standards, sharing best practices, engaging in environmental initiatives, among other things.

Since competitors are present, the Corporation and its Representatives must manage industry association interactions carefully to ensure no one has reason to believe that the Corporation is engaged in anti-competitive conduct. The risks can be managed by following these steps:

- limit information sharing between association members to information that is publicly available;
- do not share Competitively Sensitive Information;
- follow a written agenda and record accurate minutes of meetings that reflect attendance and discussions; and
- insist on association self-regulation through guidelines or other protocols.

## **6. WHAT IS PERMITTED?**

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Discussing the following topics is unlikely to be problematic (as long as the discussion does not also cover other potentially sensitive topics):

- regulatory changes and compliance (such as proposed changes in legal or regulatory requirements which apply to all industry participants);
- industry lobbying and promotion initiatives;
- health and safety information; and
- public information regarding the industry as a whole, including, for example, industry statistics.



**Topics to be avoided.** Discussing Competitively Sensitive Information can be very problematic. Representatives should not discuss (nor even appear to discuss) Competitively Sensitive Information at any trade association meeting or anywhere else with competitors.

If any of the prohibited subjects is raised during a meeting at which a Representative is present, including in a telephone conversation or an informal conversation/meeting, the Representative should make it clear that he or she cannot discuss these subjects and should leave if the discussion continues. This applies even to social meetings or conversations.

If the discussion occurs at a formal meeting and is not discontinued upon the request of a Representative, the Representative should ask to have it noted in the minutes of the meeting that he or she is leaving and then exit the meeting. Following any situation where any prohibited subject is raised (including a formal meeting), a Representative should make a careful and thorough note of what happened, *i.e.*, that a sensitive prohibited subject was raised which the Representative refused to discuss and that the Representative left the discussion if the other parties carried on despite his or her objections. This note should be provided immediately to the CLO.

Representatives should not allow any industry benchmarking or cost control initiatives instituted by a trade association to have “spill over” effects. For instance, a cost benchmarking database should not be used as a vehicle to disclose pricing of individual competitors, or as a cover to reach price or volume or market sharing agreements.

## 7. GATHERING COMPETITIVE INTELLIGENCE

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There are both benefits and risks to gathering Competitive Intelligence. Competitive Intelligence that is Competitively Sensitive Information and not publicly available can raise serious issues under competition and antitrust laws.

Publicly-available information, or information derived exclusively from public sources, does not normally raise competition law risk. Information received from customers is generally low risk, however, the regular transfer of Competitively Sensitive Information with respect to competitors (*e.g.*, acting as a conduit for information) can be problematic. For example feedback about improving the Corporation’s services or why a bid or an RFP was not granted to the Corporation is low risk.

Information received from competitors, particularly Competitively Sensitive Information, raises serious risks – be very cautious when gathering this type of Competitive Intelligence. Keep in mind that some of the Corporation’s customers may also be competitors.

All Representatives should document the sources of the Competitive Intelligence that they gather, including public sources.

## 8. DEALINGS WITH CUSTOMERS AND SUPPLIERS

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Most companies have flexibility in determining the terms and conditions on which they will deal with customers and suppliers, unless they have a material negative impact on competition. As a general rule, Representatives should consult with the CLO with respect to any agreements or dealings that are likely to significantly impair the ability of rivals to compete in the marketplace or otherwise materially harm competition, such as:

- **Exclusivity:** Exclusive or restrictive requirements, especially where the Corporation is a significant player in the market;
- **Bundling/Tying:** Conditioning a customer’s ability to purchase one product from the Corporation on a requirement that the customer also purchase another product from the Corporation, or on a requirement to refrain from purchasing another supplier’s product;
- **Market Restrictions:** Requiring a customer to resell product only in a defined territory or to certain groups of customers where the duration of the agreement is excessive as it insulates resellers from competing with each other; and

- **Resale Pricing:** Agreements that influence upward or discourage the reduction of a price at which a customer sells or advertises a product, including making any suggestion of a minimum resale price.

**Abuse of Dominance:** While it is not unlawful to be “dominant” in, or even monopolize, a market, conduct engaged in by a dominant company can be prohibited and subject to penalties (including significant fines and prohibition orders) if it constitutes an “anti-competitive act” that substantially lessens or prevents competition.

Dominance generally requires a share of at least 50% of a relevant market. Markets are often defined narrowly around specific products in specific areas. An anti-competitive act is conduct that is engaged in for the purpose of excluding, eliminating or disciplining competitors, or conduct that is likely to have that effect. Examples may include:

- “locking-up” customers or suppliers through exclusive contracts;
- reducing the ability of customers to switch to competitors through the use of rights of first refusal, loyalty rebates and most-favoured nation clauses; and
- pricing below cost for the purpose of eliminating a rival.

What constitutes an anti-competitive act and an evaluation of the competitive impact of such conduct is highly fact specific and is often difficult to assess. Accordingly, the CLO should be consulted prior to implementing any program that is likely to foreclose, exclude, discipline or eliminate rivals or prevent entry.

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## 9. INVESTIGATIONS BY ENFORCEMENT AUTHORITIES

The Competition Bureau is primarily responsible for enforcing Canada’s competition laws, while the Federal Trade Commission and Antitrust Division of the Department of Justice jointly enforce US antitrust laws. These government agencies possess extensive enforcement powers, including the ability to obtain search warrants, orders to produce documents or witnesses for examination, or refer matters for prosecution.

Any Representative that is contacted by one of these agencies should speak to the CLO immediately. If agents appear on-site to search any premises of the Corporation, Representatives that are present should immediately do the following:

- speak with the CLO;
- ask the officers to wait to begin the search until legal counsel arrives;
- ask to see the warrant and confirm that the search will be (and is) restricted to the records listed in the warrant;
- advise head office of any other locations listed on the warrant to be searched;
- ask the officers to direct all requests for information or other questions only to one person on site;
- request that any potentially privileged documents be sealed without being examined;
- attempt to make copies on the premises of all seized documents, if possible;
- keep a record of what documents are examined, copied and/or seized; and
- do not remove, destroy or alter any records of any kind.

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## 10. DOCUMENT CREATION AND MANAGEMENT

All forms of records can become evidence in a government investigation or legal proceeding, including physical documents, e-mails, flash drives, text messages, social media messages, voicemails, handwritten notes and rough drafts, whether located at a Representative’s workplace or at his or her home or on

personal mobile devices. For this reason every record should be created with care so that it does not erroneously convey or suggest anti-competitive activity.

Careful language will not avoid liability when the conduct in question violates the competition laws, but it is possible that lawful conduct could become suspect or the subject of an investigation because of a poor choice of words or misleading manner of expression.

Representatives should take care in corporate communications and presentations to avoid inappropriate or inaccurate language that could be misunderstood.

Representatives should keep communications factual and avoid provocative or judgmental language. In particular, they should avoid wording that, while the intended meaning may seem clear to them, could be misunderstood by someone else as suggesting an improper agreement or cooperation among competitors on prices or related matters. When a Representative is discussing the prices or plans of competitors, he or she should clearly identify the source of the information so that there can be no implication that the information was obtained improperly from a competitor.

**Take note:** In many cases, e-mails or texts contain language that would not otherwise appear in the files of a business. Many people treat e-mail or texts as informally as they do telephone conversations or off-the-cuff discussions; however, there is one major difference: e-mail and texts result in the creation of a permanent record. Even if an e-mail or text is deleted from someone's inbox or phone, it remains on the computer system until it is either purged (generally as part of routine system maintenance) or is overwritten in the computer's memory with new information. A similar electronic record is created at the recipient's end and may be stored on servers of third parties. Accordingly, Representatives should take due care when drafting and sending e-mails, texts or electronic copies of documents. The same is true for business discussions on social media platforms.

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## 11. COMPLIANCE

All Representatives must comply with this Policy and no Representative has the authority to engage in any conduct, or knowingly permit a subordinate to engage in any conduct, that violates competition or antitrust laws or this Policy.

If a Representative has questions about this Policy or wishes to make a report of observed or suspected wrongdoing under this Policy, they should contact the CLO. Retaliation by anyone as a consequence of a Representative making a good faith report of a possible violation of this Policy is strictly prohibited and will result in disciplinary action, up to and including termination.

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## 12. COMMUNICATION AND ENFORCEMENT

All Representatives will be advised of this Policy and its enforcement.

A Representative who violates this Policy may face disciplinary action up to and including termination of employment in the case of an employee, and, in the case of an independent contractor, termination of such Representative's contract with the Corporation. Other grounds for termination include knowingly permitting a subordinate to engage in conduct that violates the competition laws or this Policy, or failing to report a violation. Such disciplinary action is in addition to any other legal remedies that the Corporation may pursue against a Representative. In addition, a violation of this Policy may also violate applicable laws and result in personal consequences, including fines, incarceration and other penalties. If the Corporation discovers that a Representative has violated such laws, it may refer the matter to the appropriate authorities.

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## 13. POLICY REVISION

The Corporation will review and revise this Policy from time to time in light of changes in legal or regulatory obligations or best practices. Any revised version of this Policy will be posted, and each Representative is encouraged to refer back to it on a regular basis. Any changes to this Policy must be approved by the Board and will be effective from the time they are posted.