Dear Customer:

The purpose of this letter is to inform you, as a new customer to Knowledge First Financial, how we identify and address conflicts of interest in your best interest. Due to regulatory changes effective on June 30, 2021, we are required to provide you with detailed explanations of the real or potential material conflicts of interest that may arise in your dealings with us. A copy of our Conflicts of Interest Disclosure follows this letter and describes what our material conflicts of interest are, what risks they may pose to you and how we manage them in your best interest.

What is a Conflict of Interest?

Like other financial service firms, we have commercial and business interests that may be different from your interests. A conflict of interest may arise in circumstances where we or our Sales Representatives have a separate business or personal interest that is different from your interests, as our customer. Conflicts of interest can be perceived to influence the recommendations, advice, or decision-making concerning your RESP.

In the Conflicts of Interest Disclosure, we describe what material conflicts could arise and if there are any risks to you, our customer. Rest assured that we will always manage these conflicts with your best interests in mind. Please review the Conflicts of Interest Disclosure to evaluate and determine if any conflicts are significant for you.

Please speak with your Sales Representative if you have any questions about the matters discussed in our Conflicts of Interest Disclosure document. We want you to understand how we seek to put your interests ahead of our own and, therefore manage conflicts of interest in your best interests.

Sincerely,

Darrell Bartlett, Chief Risk & Compliance Officer

Knowledge First Financial

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CONFLICT OF INTEREST DISCLOSURE

General Information

As a customer of Knowledge First Financial Inc. ("KFF"), situations may occur where a conflict of interest arises. A conflict of interest can occur where the interests of one party differ or conflict with the interests of another party. For you, as a KFF customer, a conflict of interest may occur where your own interests differ or conflict with the interests of KFF or your KFF Sales Representative.

Conflicts of interest, whether real or perceived are important to know so that all the parties – you, the customer, KFF and your KFF Sales Representative – can respond to the conflict appropriately. KFF continuously strives to put your interests – the interests of the customer – first and foremost in everything we do. KFF is required under Canadian securities laws to take reasonable steps to identify and respond to all material conflicts of interest in your best interest and tell you about them, including how the conflicts might impact you and how KFF addresses them in your best interest.

KFF seeks to avoid or minimize conflicts of interest wherever reasonably possible. We strive to ensure that no customer receives special or preferred treatment over another in the operation and management of their KFF Registered Education Savings Plan ("RESP"). Some conflicts of interest cannot be avoided, including those conflicts related to the fact that KFF both enrolls you into an RESP and manages how your RESP contributions, grants and income on your contributions and grants are invested.

In this Conflicts of Interest Disclosure document, we will identify and describe each real or perceived material conflicts of interest and explain how we are addressing the conflict in the best interest of you, our customer.

In general terms, where a real or perceived material conflict of interest exists, we address and manage those conflicts, with the following general principles:

- We avoid conflicts which are prohibited by law, as well as conflicts that we cannot effectively control in your best interest.
- Our Sales Representatives are required to comply with various policies and procedures, which are designed to ensure that they follow ethical and customer-first sales and business practices. These policies and procedures include a Code of Conduct that each Sales Representative must attest to every year, confirming their understanding and agreement to follow.
- Our internal compensation practices are designed to ensure that your Sales Representative is not encouraged or influenced by compensation to recommend one of our KFF Plans over another.
- For each material conflict of interest, we seek to resolve it in your best interest.
- We disclose information about real or perceived material conflicts of interest to our customers so that you can assess independently whether these conflicts are significant to you.

Management of the KFF Plans

KFF is a registered Scholarship Plan Dealer, under securities laws in all provinces and territories in Canada. In addition to enrolling you into one or more of our Scholarship Plans, KFF also manages the investments within each of the Plans. Under Canadian securities laws, KFF is also the registered Investment Fund Manager for each of the Family Single Student Education Savings Plan ("Single Student Plan", the Flex First Plan and the Heritage Plans (collectively the "KFF Plans"). KFF is wholly owned by the Knowledge First Foundation (the "Foundation"), which is the sponsor and promoter of the KFF Plans.

As Investment Fund Manager, KFF is responsible for investing the assets in each of the KFF Plans in accordance with securities laws. The details of how the KFF Plans' asset are invested is set out in the KFF Plans' most recent prospectus, available at www.knowledgefirstfinancial.ca and on SEDAR at www.sedar.com under the Issuer Profile of each of the Plans.

KFF is not involved in the direct investment of the Plans' assets. Instead, KFF has appointed various portfolio advisors to perform this function. None of the appointed portfolio advisors are related or connected to KFF. However, one of the portfolio advisors, 1832 Asset Management L.P., is an affiliate of The Bank of Nova Scotia ("Scotiabank"). KFF borrowed funds from Scotiabank in 2018 as part of its acquisition of Heritage Education Funds Inc., and KFF continues to make regular payments on this debt. KFF does not believe that having 1832 serve as a portfolio advisor for the KFF Plans represents a material conflict of interest, as 1832 is not party to or associated with the lending transaction between KFF and Scotiabank. However, we are disclosing this arrangement to fully inform our customers of its existence.

KFF, as administrator and investment fund manager of the KFF Plans, does receive certain management and administrative fees from the Plans for performing this service. These fees are used to pay the portfolio advisors, noted above, and other service provider to the Plans, such as the Plans' trustee and custodian. The management and administrative fees range from 0.6% to 1.5% annually, calculated on the net asset value of the Plans' assets. As the Plans' assets increase, through contributions and grants from new and existing customers and through the investment returns earned on the investment of the Plans' assets, the management and administrative fees will also increase. This potential material conflict, which is inherent to KFF's business model as a registered Scholarship Plan Dealer, is addressed in the following manner:

- KFF monitors the activities of its portfolio advisors regularly, ensuring they comply with the investment restrictions that the KFF Plans must follow.
- KFF's Board of Directors, who are fully independent from KFF's management team, oversees the monitoring activities on an ongoing basis.
- Management of KFF is also required under Canadian securities laws to identify any real or potential conflicts of interest related to the administration of the KFF Plans to the Plans' Independent Review Committee ("IRC"), for consideration and approval on the manner in which the conflict will be addressed. The IRC, consisting of three individuals who are fully independent of KFF, publishes an annual report setting out its activities for the past year, including any conflicts brought forth. This report is available at www.knowledgefirstfinancial.ca and on SEDAR at www.sedar.com under the Issuer Profile of each of the Plans.

Proprietary Products

KFF, through its network of independent Sales Representatives, only distributes the KFF Plans, consistent with the requirements of its registration as a Scholarship Plan Dealer. KFF does not offer or distribute any other types of education savings plan products. Offering its own, proprietary products to customers may be perceived as a conflict of interest in respect of how those products are in the best interest of customers. This potential material conflict, which is inherent to KFF's business model as a registered Scholarship Plan Dealer, is addressed in the following manner:

- KFF has policies and procedures in place, consistent with Canadian securities laws requiring it, and its registered Sales Representatives, to ensure recommendations to customers for the enrollment into a KFF Plan is suitable for the customer in consideration of the customer's needs and personal and financial circumstances. KFF's Compliance department ensures that these policies and procedures are followed and adhered to.
- KFF provides detailed information to customers at the point of enrollment regarding the recommended Plan, including a Detailed Plan Disclosure and a Plan Summary Document (collectively, the "KFF Prospectus"). The KFF Prospectus is prepared in accordance with Canadian securities laws, is reviewed and receipted annually by Canadian securities regulators, and is provided to customers during the enrolment process.
- Upon enrollment, each customer becomes party to a standard form of contract ("Education Assistance Agreement") with the Foundation, governing how the customer's RESP will be managed and administered. The EAA is consistent with all applicable regulatory requirements and is included in the regulatory review of the KFF Prospectus whenever any changes are made.
- Within each of the KFF Plans EAA is a sixty (60) day "cooling off" period, which allows the customer after enrolment, to withdraw from the Plan within the first sixty days, without incurring any costs, fees or penalties.

Copies of the KFF Prospectus and EAA for each KFF Plan is available at www.knowledgefirstfinancial.ca.

Compensation of Sales Representatives

The compensation we pay to KFF Sales Representatives depends, in part, on the levels of sales. KFF receives enrollment fees and sales charges based on sales, which are determined as follows:

- an enrollment fee of $100 for each unit or partial unit sold under the Single Student Plan; and

- a sales charge of no greater than 9.5% of the Total Contribution Goal ("TCG") for each agreement sold for the Flex First Plan.

The sale compensation program includes commissions and overrides paid from enrollment fees. As part of the overall compensation program. Sales Representative can also receive funds to support marketing initiatives.

Sales Representatives can receive further compensation and awards by participating in sales promotional campaigns throughout the year and by achieving year-end sales targets. The awards can include trophies or an annual trip to attend the annul Business Excellence Conference, the costs of which are paid by KFF. Further information on the sales compensation program is available in the KFF Prospectus.

This potential material conflict, which is inherent to KFF's business model as a registered Scholarship Plan Dealer, is addressed in the same manner as the conflict relating to Proprietary Products, as described previously.

Referral Arrangements

KFF is party to various referral arrangements where potential customers are referred to KFF for the purchase of an RESP. The purpose of these referral arrangements is to introduce potential customers to the benefits of RESPs which are best suited to assist you with saving towards the cost of post-secondary education. The referring parties in these referral arrangements include commercial organizations which offer products, services and advice for expecting and new parents, community and affinity associations and insurance brokerage firms, including World Financial Group Insurance Agency of Canada Inc. Under these referral arrangements, the referring parties receive compensation from KFF in exchange for each referral. The referral compensation is either a fixed fee or a variable fee based on the TCG or number of units that the referred customer agrees to. This potential material conflict is addressed as follows:

- Upon receiving and making contact with a potential referred customer, KFF Sales Representatives conduct a thorough discovery process, gathering and analyzing the personal and financial information from the referral, to ensure the potential customer is suitable for enrolling into a KFF Plan.
- If the Sales Representative determines that the potential referred customer is suitable for a KFF Plan, KFF follows the same procedures to address the conflict as those followed for conflicts related to Proprietary Products, as described previously.
- In addition, KFF has policies and procedures in place to assist in identifying and addressing any conflicts of interest that may arise from these referral arrangements. This includes providing the referred customer with a detailed disclosure statement, as required by Canadian securities laws, describing the details of the underlying referral arrangement including the amount and determination of the referral fee received by KFF. KFF's Compliance department ensures that these policies and procedures are followed and adhered to.

Outside Business Activities

Certain KFF Sales Representatives participate in approved outside business activities such as serving on a board of directors, participating in community events or pursuing personal outside business interests. Where KFF approves a Sales Representative's involvement in an outside business activity, KFF is required, under Canadian securities laws, to monitor and supervise the outside business activity to ensure that any material conflicts of interest arising from the activity are addressed in the best interest of you, our customer. The potential material conflicts arising from outside business activities are addressed as follows:

- In accordance with Canadian securities laws, KFF is required to determine the best way to address potential material conflicts in the best interest of its customers, including conflicts arising from outside business activities. In following these laws, KFF's Compliance department determines, for each outside business activity, whether the resulting potential conflicts are best addressed through *disclosure* or *control*;
  - where the conflict is addressed through *disclosure*, the KFF Sales Representative provides each customer at the point of enrolment with a detailed disclosure form, describing the outside business activity and how the potential conflict is addressed,
  - where the conflict is addressed through control, KFF's Compliance department will impose restrictions or controls over the outside business activity, including prohibiting the Sales Representative from enrolling certain individuals into a KFF Plan, where the Sales Representative may be in a position of significant influence over that individual as a result of the outside business activity.
- KFF's Compliance department monitors the Sales Representative's adherence to these *disclosure* and *control* measures, in accordance with policies and procedures regarding outside business activities.

- These policies and procedures, along with Canadian securities laws, also require Sales Representatives to promptly identify, assess and report all real and perceived conflicts of interest related to outside business activities to KFF's Compliance department for evaluation. If KFF's Compliance department determines that the potential conflict of interest arising from a reported outside business activity cannot be addressed in the best interest of the customer, the Sales Representative will be denied the ability to participate in the outside business activity. KFF Compliance may also determine that the potential conflict arising from an outside business activity can be addressed in the best interest of the customer in a different manner than the Sales Representative determines.
- KFF's Compliance department monitors its Sales Representatives to ensure outside business activities are reported in a prompt and accurate manner.

Gifts, Entertainment and Inducements

KFF has policies and procedures in place to prevent its Sales Representatives from encouraging or inducing a customer to enroll in a KFF Plan in exchange for some form of gift or incentive. Such a practice could create a real or perceived conflict of interest in favor of the Sales Representative. These policies and procedures help to ensure that customers only enroll in a KFF Plan if it is in the customer's best interest. These policies and procedures, which are monitored for adherence by KFF's Compliance Department, include:

- KFF Sales Representatives are not permitted to accept or provide gifts or entertainment beyond, other than items of a nominal value, consistent with reasonable business practice and applicable laws.
- KFF Sales Representatives are prohibited from directly or indirectly, inducing customers to enroll in a KFF Plan by paying or repaying or attempting to repay all or any part of the customer's contributions.
- Sales Representatives are also prohibited from negotiating a reduced rate of commission or provide a commission rebate to customers in exchange for enrolling in a KFF Plan.

Customer Complaints

From time to time, dissatisfied KFF customers may choose to lodge a complaint against KFF or their Sales Representative. To avoid any real or potential conflicts of interest relating to the handling and resolution of such complaints, and to ensure that complaints are addressed and resolved in the best interest of the customer, KFF has policies and procedures in place, which include:

- A prohibition against Sales Representatives from handling or attempting to resolve customer complaints unless the complaint is administrative in nature. Sales Representatives are instead required to notify KFF's Head Office promptly upon the receipt of a customer complaint.
- The requirement for Head Office staff to fully investigate each customer complaint and to provide the customer with a substantive response detailing the results of the investigation, within 90 days of receiving the complaint.
- The immediate reporting of all significant customer complaints to KFF's President & Chief Executive Officer.
- The ongoing reporting of all customer complaint summary data and trends to both the President & Chief Executive Officer and to KFF's Board of Directors.