ARTIFICIAL INTELLIGENCE GOVERNANCE POLICY

Approved by: David Niscak, CFO and André Grenier, Director, Information Technology 1-JUL-2026

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TABLE OF CONTENTS

1. Purpose 3
2. Scope 3
3. Accountabilities 3
4. Definitions and Acronyms 3
5. General Use 4
6. Supporting Documents 7
7. Interpretation and Updating 7
8. Revision Record 7

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1. Purpose

This document (the 'Policy') sets out the requirements for the safe and secure use of AI by employees. The goal is to align the use of AI with the existing security, compliance, legal and other corporate policies and to make employees aware of the potential risks associated with its use.

2. Scope

This Policy applies to all employees of CEDA who may have access to company information, systems or resources.

3. Accountabilities

Oversight of AI activity within CEDA is the responsibility of the AI Governance Committee. The committee is composed of:

- President & Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- Vice President, Health, Safety & Environment (VP, HSE)
- Vice President, Business Development (VP, BD)
- Director, Information Technology (IT)

The committee is responsible for approving, rejecting and cataloging all AI activities, as well as allocating supporting resources, including internal staff and third-party experts, as needed.

Maintaining records in accordance with Hillcore Industrial document retention requirements and ensuring documentation is available for audit or review by Hillcore Industrial.

4. Definitions and Acronyms

ARTIFICIAL INTELLIGENCE (AI) means the capability of a computer or machine to imitate intelligent human behaviours, such as human-like communication or decision making.

CHATBOT means a program that is designed to communicate with people through text or voice commands in a way that mimics human-to-human conversation.

DEEP LEARNING means a function of AI that imitates the human brain by learning from the way data is structured rather than from an algorithm that is programmed to do one specific task.

GENERATIVE AI means AI that can create new and original outputs based on the data on which it has been trained. Unlike traditional AI systems that are designed to recognize patterns and make predictions, generative AI creates new content in the form of images, text, audio and more. ChatGPT is an example of Generative AI being applied in a Chatbot platform.

GENERAL AI (GAI) means AI that could successfully complete intellectual tasks that can be done by most human beings. This is sometimes referred to as 'strong AI'.

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LARGE LANGUAGE MODELS (LLM) means a machine-learning model that can perform a variety of natural language processing (NLP) tasks. LLMs can understand context, sentiment, identify and extract information from text and make predictions about how to complete text passages.

NARROW AI means AI that has a focused range of skills around one specific set of tasks. It is unable to learn or perform tasks outside of its specialist skill set. Sometimes referred to as 'weak AI'.

NEURAL NETWORK means a computer system designed to function like the human brain, performing tasks involving speech, vision and strategy (e.g. playing board games).

NATURAL LANGUAGE GENERATION (NLG) means the process by which a computer turns structured data (or data sets) into text or speech that humans can easily understand.

NATURAL LANGUAGE PROCESSING (NLP) means the process performed by (or ability of) a computer to interpret conversational tasks, such as recognizing text or speech, understanding the intended meaning and then providing an intelligent response (common examples are Alexa and Siri).

PUBLIC AI PLATFORMS means open AI platforms that can be accessed by any individual or any organization. The platform is managed and controlled by external parties. Anyone can upload data to 'train' the AI and anyone can receive outputs from queries.

SINGLE TENANT (PRIVATE) AI ENVIRONMENT means where an individual organization or single tenant has their own, dedicated, private instance on which to train and deploy AI models. This environment is isolated and not accessible by other organizations or parties. The single tenant manages the security controls of this environment

5. General Use

5.1 Risk Associated with AI Use

In addition to the many benefits of using AI, we must also be aware of some of the risks. These include:

Data leakage – Any deliberate, accidental or malicious sharing of restricted or internal CEDA information on AI platforms could be accessed by others. Attackers, malicious insiders, hostile nations or other industry competitors could retrieve AI search results that contain:

- Commercially sensitive information about CEDA or other Hillcore businesses
- Intellectual property
- Confidential client information
- System information that could be exploited for cyber attacks

Privacy – There is a risk of uploading data containing personal information of third parties, clients or employees. This would be a breach of contractual or regulatory requirements possibility resulting in fines.

Biased/inaccurate information – Results from AI platforms are based on the information that AI has previously 'trained' on. If this initial data source is incorrect or biased, there is risk the results from the AI

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platform will also contain inaccuracies and bias. 'Hallucinations' are a type of inaccurate response, where the AI presents something seemingly plausible in a confident way. This turns out to be factually incorrect and seems to have been made up by AI.

Over-reliance on AI output – As the use of AI increases, individuals could become over-reliant on AI for task completion, analysis and content creation.

5.2 Using and Developing AI tools

Employees must submit AI project and tool requests by sending an email to AI.requests@cedagroup.com. The email must include the AI tool name, provider, classification, use cases, participants, data requirements, system integrations, client involvement and business justification.

The AI Governance Committee will review all requests to ensure AI does not independently approve or authorize financial, operational, legal, engineering, employment or safety decisions.

Review and Approval Process

i. Initial feedback will be provided within 10 business days of submission
ii. A final decision will be communicated within 30 business days. This would include:

- Approval
- Denial
- Request modifications/provide more information

5.3 Prohibited Uses

AI systems shall not be used to:

- Create or disseminate harmful, biased or offensive content.
- Replace human judgement, discretion or accountability.
- Unauthorized data access, mining, profiling or cyber attacks.
- Activities that may harm the reputation or financial standing of the company.
- Bypassing corporate procedures or accessing restricted information.
- Generating deep fakes. This includes images, audio or video content resembling real person(s) or entities.
- Generate or modify engineering calculations, stamped drawings, specifications or safety documentation.
- Make employment, disciplinary, performance or regulatory compliance decisions without required human oversight.
- Produce Indigenous engagement, consultation or cultural content without appropriate validation.
- Circumvent delegation of authority (DOA) limits or contracting policy requirements.
- Process of store data in unapproved system or environment.
- Use AI tools to record, transcribe or process sessions classed as privileged meetings, including:

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- Executive sessions, board meetings and strategic meetings
- Attorney-client privileged discussions
- Personnel, disciplinary or compensation matters
- Discussions involving material non-public information where disclosure risk exists

5.4 Training and Awareness

All employees must complete the AI training module available in CEDA's End User Education platform. This training covers AI ethics, governance and best practices.

5.5 Reporting and Feedback

Employees may report concerns or provide feedback regarding AI practices by emailing AI.requests@cedagroup.com.

5.6 Licenses

Users are not allowed to purchase or expense any AI license/application without AI Governance Committee approval. License requests to be submitted by email to AI.requests@cedagroup.com.

5.7 CEDA Data

The uploading of CEDA data from the following systems is only allowed in the private AI environment:

- AX/D365/FX/Salesforce data
- SharePoint documents
- File shares, this includes any L drives/U drives

The uploading of CEDA data from the following systems is strictly prohibited, even in the private AI environment:

- Dayforce
- Client data
- Any personal identifiable information (PII)

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5.8 **Minimum Requirements**

Model Governance Requirements

- Conduct bias and ethical impact assessments appropriate to system use.
- Validate AI model performance prior to deployment.
- Monitor systems for drift, degradation or unintended outputs.
- Maintain documentation describing model purpose, assumptions, training data sources, limitations and known constraints.
- Apply human-in-the-loop contracts to any AI system with safety, financial or compliance implications.

Third Party and Vendor Requirements

- Conduct due diligence for third-party AI systems, including cybersecurity, privacy and contractual review.
- Ensure contracts include confidentiality, data handling, IP protection, system performance and monitoring requirements.
- Prohibit vendors from reusing CEDA company data to train or improve external models unless expressly authorized.
- Ensure all externally hosted AI systems meet Hillcore Industrial and CEDA data storage and security standards.

6. Supporting Documents

Document Name	Document Identification	Revision
Information Systems and Technology Acceptable Use Policy	PO-IT-CORP-001	01-JUN-2022
Social Media Guidelines	GD-IT-CORP-001	01-JUN-2022

7. Interpretation and Updating

The AI Governance Committee will review this policy annually to ensure it remains current and effective.

8. Revision Record

Revision Date	Section Affected	Changes Made
22-MAR-2026	All	Issued for Implementation
20-MAY-2026	3, 5.6	Update policy language
1-JUL-2026	3	Update policy language

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