Cidel Responsible Investment Policy - Updated April 2021

Guiding Beliefs

Cidel Asset Management (Cidel) employs a responsible investing approach to enhance risk-adjusted long-term returns for our clients and contribute to a more sustainable world. Our approach is centered on incorporating environmental, social and governance (ESG) factors into our investment decisions and ownership practices.

Cidel believes that the way a company treats its labour force, community, and environment can significantly influence its competitive advantage and future earnings. Companies that manage their ESG factors effectively with sustainable business practices deliver superior long-term performance. Conversely, when ESG factors are managed poorly, companies have greater exposure to reputational and financial damage.

Furthermore, the importance of ESG factors increases along with the investor's time horizon. The consideration of ESG factors provides Cidel with a more comprehensive view of an investment, resulting in better informed decisions and improved risk management.

Depending on the nature of the investment, Cidel will consider a wide range of potential ESG factors that may have a material impact on the investment's risk and return profile.

Examples of ESG Factors include:

Environmental	Social	Governance
• Greenhouse gas emissions	• Labour practices	• Board independence
• Climate change	• Ethical supply chain	• Executive compensation
• Environmental safety	• Data privacy	• Shareholder rights
• Resource depletion	• Diversity	• Tax practices
• Water scarcity	• Workplace safety	• Corruption

Responsible Investment in Practice

Our approach to responsible investment and ESG integration varies by asset class. Cidel currently manages public equity, fixed income, and hedge funds for clients.

Public Equity

ESG Integration

In all active public equity strategies, Cidel incorporates ESG considerations into the decision-making process at the individual investment level. We believe a business's capacity to create, preserve or grow economic value can be substantially impacted by ESG factors, such as a company's treatment of its employees, community, and environment.

Cidel's ESG integration approach seeks to understand how a company's material ESG factors impact its investment risk and return characteristics. Cidel aims to avoid investing in companies whose ability to deliver attractive shareholder returns could become limited by ESG issues. Numerous negative ESG events have led to share price collapses, such as the BP Deepwater Horizon oil spill in 2010 and the Volkswagen diesel emissions scandal in 2015.

Cidel's ESG approach for public equity includes the following steps:

- First, Cidel utilizes a proprietary framework to identify a company's material ESG risks and opportunities, which can vary greatly by industry.
- Next, we discuss the identified ESG risks, such as divisive labour relations or excessive executive compensation, with the investee company's management team to gain a deeper understanding of the potential financial impact and any mitigation efforts.
- Finally, Cidel determines whether the ESG risks warrant an adjustment to the valuation of the equity, such as a higher required rate of return or a lower valuation multiple.

Active Ownership

Cidel is committed to ensuring that the companies we invest in act in the best long-term interests of our clients.

Correspondingly, we aim to positively influence the ESG behavior of our investee companies, which can help to mitigate risk and improve returns for shareholders. The primary tools of Cidel's active ownership efforts are ongoing engagement and proxy voting.

- Engagement

Cidel directly engages with its investee companies at least once a year, mainly through email, conference calls, and in-person meetings. The objective of Cidel's engagement efforts is to better understand a company's risks and opportunities, including those related to ESG factors.

When an investee company is falling short on a particular ESG issue, Cidel will encourage the adoption of sustainable business practices to proactively manage the identified issue. The investment team prioritizes engagement on ESG issues that are believed to have the greatest potential financial impact on the company. The investment team uses an internal database to track all Cidel's engagement activities and related progress.

- Proxy Voting

Cidel uses proxy voting to support shareholder proposals for the implementation of ESG best practices. By voting proxies, we can encourage our investee companies to improve their environmental, social and governance policies, which we believe enhance long-term returns. We work with a leading proxy advisory firm to develop and execute voting recommendations that support sustainable business practices and are consistent with long-term shareholder value creation. Cidel favours ESG initiatives related to strong corporate governance, detailed environmental footprint disclosure, and specific targets for environmental impact reduction and increased diversity. Ensuring that our investments are prepared to address the risks of climate change is a priority of Cidel's proxy voting guidelines.

Portfolio Asset Allocation

While our investment approach is driven by bottom-up fundamental analysis, the investment team also incorporates long term ESG and climate change trends into portfolio asset allocation decisions to improve returns and manage risks.

Negative or Exclusionary Screening

Cidel's approach to ESG integration does not mean our equity strategies automatically avoid investing in industries or companies based exclusively on their ESG practices. However, Cidel does offer dedicated active equity strategies that, in addition to ESG integration, employ negative screening to eliminate companies in specific controversial industries, such as tobacco or oil.

Fixed Income

Cidel utilizes ESG factor analysis to improve its assessment of credit risk for corporate fixed income issuers. We believe that issuers that proactively monitor and manage their ESG factors are more creditworthy. Cidel's fixed income ESG analysis is focused on how ESG risks may impact the company's ability to pay its debt obligations over time, rather than their ability to grow shareholder value.

Cidel's ESG approach for fixed income includes the following steps:

- First, Cidel utilizes a proprietary framework to identify the ESG risks that are most likely to threaten the issuer's ability to pay.
- Next, we perform further analysis to understand the identified risk and whether the company has a mitigation strategy.
- Finally, Cidel will determine if the ESG risks warrant an adjustment to the required yield for the credit issue.

Hedge Funds

Cidel engages with hedge fund managers whom we are considering investing with to understand how they incorporate ESG factors into their investment approach. When possible, Cidel will encourage the adoption of an ESG approach if it is not already in place.

Cidel's Approach to Climate Change

Climate change is one of the most critical issues facing the world. The impact of climate change is a key consideration of Cidel's ESG integration and active ownership approaches. For public equity and corporate fixed income, Cidel assesses climate risks and opportunities at a company level using data and analytic tools, including climate scenario analysis.

We are concerned with both the physical and transition risks of climate change to our investments. Physical risks are those related to the potential damage to land, buildings, or infrastructure owing to the physical effects of climate-related factors, such as rising sea levels or frequent heat waves. Transition risks are those related to the possible impact on a company's operations from government policy changes or consumer preference shifts in response to climate change.

In addition, Cidel monitors the CO2e intensity of its investments at the individual company and portfolio levels. We calculate CO2e intensity in two ways: tonnes of CO2e (Scope 1 and Scope 2) / Sales (USD millions) and tonnes of CO2e (Scope 1 and Scope 2) / market capitalization (USD millions). Cidel considers a company's CO2e intensity in the firm's investment decisions as higher emitters may face higher risks. Cidel measures the weighted average CO2e intensity of all active equity portfolios relative to the level of their respective benchmarks monthly.

Cidel's Commitment to the Principles for Responsible Investment

Cidel believes that the United Nations-supported Principles for Responsible Investment (PRI) has an important role to play in developing a more sustainable global financial system.

Cidel is committed to applying the six principles of the PRI:

1. To incorporate ESG issues into investment analysis and decision-making processes.
2. To be active owners and incorporate ESG issues into ownership policies and practices.
3. To seek appropriate disclosure on ESG issues by the entities in which Cidel invests in.
4. To promote acceptance and implementation of the Principles within the investment industry.
5. To work together to enhance Cidel's effectiveness in implementing the Principles.
6. To report on activities and progress towards implementing the Principles.

Cidel's Support for the Task Force on Climate-Related Financial Disclosures

Cidel is a supporter of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) which aims to provide guidelines for companies to disclose their climate-related risks and opportunities. Cidel strongly believes that for investors to make informed decisions, companies must report transparently on their material climate risks, related to both physical and transition factors.

ESG Committee and Responsible Investment Oversight

Cidel has an ESG Committee that oversees the firm's overall strategy for responsible investing (RI) and ESG analysis. The ESG Committee consists of members from across the firm, including representatives from each investment team (equity, fixed income, and hedge funds).

The responsibilities of the ESG Committee include:

- Monitoring the application of Cidel's RI approach by the investment team and ensuring accountability
- Providing the investment team with sufficient resources and training to effectively incorporate ESG factors into their investment and ownership decisions in a consistent manner
- Ensuring proxy voting is in-line with the firm's active ownership objectives
- Producing research, articles, and case studies on RI topics for publication
- Considering collaboration opportunities with others on ESG related issues

The responsibilities of the Investment Team include:

- Developing an approach to effectively integrate ESG factors into the investment process for each asset class and investment strategy
- Incorporating material ESG risks and opportunities into investment and ownership decisions
- Engaging with investee companies on material ESG factors, when relevant

On a quarterly basis, the Investment Committee, convened by the CEO and CIO, receives a RI status update from the ESG Committee and monitors performance relative to the stated objectives. In addition, the Investment Committee evaluates the firm's approach to RI and provides feedback at least once a year. The ESG Committee delivers an annual update on the company's RI progress to the Board of Directors. Furthermore, the Board of Directors reviews and approves the firm's overall approach to RI on an annual basis and provides high-level oversight.

Review

Cidel's Responsible Investment Policy is review annually, or more frequently if needed.