
ENVIRONMENTAL, SOCIAL & GOVERNANCE POLICY

Guiding Principles

Morguard Lincluden has provided discretionary investment management for institutional and private clients since 1982. We do this by employing traditional, value-based investment principles across a range of equity, fixed income and balanced portfolios. Morguard Lincluden clients have benefitted from over 40 years of solid risk-adjusted performance. Through superior security selection, effective risk management, diligent research and a rigorous portfolio management process, we strive to maintain this high level of performance for our clients each and every day.

Morguard Lincluden is a signatory to the UN Principles for Responsible Investment and a supporter for the Task Force on Climate-Related Financial Disclosures (TCFD), and has a long history of incorporating ESG analysis in its value driven, client focused investment approach. We believe that responsible investing is a fundamental component in our portfolio management process. In particular, our opinion is that environmental, social and governance factors can have a significant impact on our assessment of the risk-vs-reward of the investments we analyze. Our focus on quality, sustainability, and opportunity, allows us to assess the materiality of the individual ESG factors in our investment process. Environmental factors we consider include, but are not limited to, greenhouse gas emissions, water sustainability, and resource management. Social factors include matters related to human rights, diversity and inclusion, and health & safety. Governance factors include governance structure, executive and board compensation, and board composition.

Morguard Lincluden recognizes that a company that is both ESG aware and striving to improve these metrics is more likely to deserve a higher equity valuation or in the case of fixed income a lower spread (yield) than one that is not. Morguard Lincluden does not restrict itself from investing in companies that may experience ESG risk. We believe that by incorporating ESG analysis within our investment decision-making framework we can identify investment opportunities that will outperform over the long-term. Morguard Lincluden is committed to working with and accommodating clients who have individual ESG related requirements.

Governance

In order to maintain oversight of all responsible investing activities at Morguard Lincluden an ESG committee was established. The committee is comprised of members from the compliance, equity and fixed income teams. Both the Equity and Fixed Income teams are responsible for the implementation of ESG analysis into their investment processes.

Implementation

Material ESG factors have been deeply integrated into our investment processes and investment scoring systems. In-house analysis is further strengthened by third party research, including ESG-focused service providers.

Our opinion is that well-managed companies maintain high standards when it comes to ethical and environmental matters. Material ESG factors can have significant impacts on the long-term prospects for the businesses in which we invest. Accordingly, these factors are incorporated into our research, valuation models, and proprietary company quality scoring system.

Morguard Lincluden has adopted the UN Sustainable Development Goals (UN SDGs) framework, identifying select goals relevant to our investment analysis and to further drive our engagement efforts. Our proprietary

ESG Assessment tool incorporates these UN SDGs to identify risks as well as opportunities and to achieve positive targeted outcomes. The ESG Assessment tool uses relevant ESG metrics and KPIs which are assessed based on our own independent qualitative analysis. This is further supported by quantitative data provided through our third party research providers.

We can further support custom investment strategies for those clients with specific ESG mandates, using custom exclusion filters to avoid undesired companies, industries or regions.

Active Ownership

As disciplined, long-term investors, Morguard Lincluden holds that we can be most impactful in two primary ways: proxy voting and engagement.

PROXY VOTING POLICY

It is our policy to exercise voting rights, which are delegated to us, with due care and diligence and in the best interests of our clients as shareholders. Our proxy voting policy is available to clients and aims to ensure that we vote consistently in the interest of maintaining the highest standards of corporate governance and sustainability of the business, in order to maximize value for investors with a long-term focus. The complete Proxy Voting Policy is linked under Environmental, Social and Governance Policy on our website.

ENGAGEMENT POLICY

Our disciplined investment process requires deep familiarity with companies and management, which often allows for direct dialogue and the opportunity and incentive for engagement. When meeting with companies, portfolio managers may address ESG issues with the goal of maximizing the long-term prospects for our investors.

Reporting

As a PRI signatory, Morguard Lincluden will report on ESG and responsible investing activities and progress on implementing the PRI's principles. Additional reporting may be available on request.

Climate Action Plan

Morguard Lincluden recognizes the systemic risks that climate change presents. To address these risks, we have developed a Climate Action Plan which is available on our website.