

Approval date: January 26, 2023

1) PURPOSE OF THE POLICY

This document formalizes the incorporation of environmental, social and corporate governance (ESG) factors into the MD Financial Management investment process. As part of our responsibility to act in the best interests of our unitholders, the consideration of ESG factors in the investment process is a component of delivering superior long-term investment performance for our clients.

2) SCOPE

This Policy applies to certain funds managed by MD Financial Management Inc. (“MDFM”) that indicate in their investment strategies that they consider ESG factors.

3) PRINCIPLES FOR RESPONSIBLE INVESTMENT

To formally reflect our commitment to responsible investing, MD Financial Management became a signatory to the United Nations supported Principles for Responsible Investment (PRI) in 2018. As a signatory, we have committed to six voluntary principles defined by global institutional investors and the United Nations:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

4) DEFINITIONS

Responsible investing: Responsible investing is defined as an approach to investing that incorporates environmental, social and governance (ESG) factors into investment decisions.

Environmental factors: Refers to issues impacting the natural environment, including climate change, greenhouse gas emissions, resource depletion and water scarcity, waste and pollution, biodiversity and deforestation.

Social factors: Refers to issues centered around people and can include; working conditions (including slavery and child labour), local communities (including indigenous communities), conflict, health and safety, employee relations and diversity.

Governance factors: Refers to issues regarding how companies are managed and governed, including: executive pay, bribery and corruption, political lobbying and donations, board diversity and structure, and tax strategy.

5) INTEGRATION OF ESG INTO THE INVESTMENT PROCESS & ACTIVE OWNERSHIP PROCEDURES

MDFM has appointed 1832 Asset Management L.P. (“1832”) as the Portfolio Manager of the MDFM investment funds and MDPIIM pools (collectively the “Funds”). Responsibility for incorporating ESG factors into the investment process resides with the 1832 Multi-Asset Management team. We believe ESG factors can have a material impact on the long-term performance of investments and the Portfolio Manager takes ESG factors into consideration when assessing the risk/reward merits of investments. We do not generally exclude any particular investment based on ESG factors alone, with the exception of restricted investment in companies that manufacture tobacco or tobacco-related products or cannabis or cannabis-related products.

A key component of the Portfolio Manager’s investment process for the Funds is active management where we encourage direct and indirect engagement with our sub-advisors and the companies, we make decisions to invest in. The Portfolio Manager utilizes ESG assessment tools to deepen the understanding of ESG exposures for each investment. We support active engagement as it facilitates better-informed investment decisions, while also allowing the investment team to communicate views and concerns to sub-advisors and entities.

Proxy voting is an important part of MD Financial Management’s fiduciary duty to clients, and an important part of the investment process. MD Financial Management has formal proxy voting guidelines, and all proxies are voted in a manner consistent with the best interests of our clients. Special or non-routine matters, including ESG-related matters, are fully assessed and voted in a way we believe will better protect or enhance the value of the investment mandate.

At the firm level, the Portfolio Manager’s risk oversight process will also review ESG factors as part of the regular review of investment portfolios that indicate in their investment strategies that they consider ESG factors.