

RESPONSIBLE INVESTMENT QUESTIONNAIRE

FOR INVESTMENT MANAGERS



University
of Manitoba

UMANITOBA.CA

Organization Name: Cidel Asset Management

Contact Name: Jamie Brubacher

Contact Email: jbrubacher@cidel.com

Institutional Mandate: Mid-Term Government Bond Mandate

Date: October 17th, 2023

PREAMBLE

The University of Manitoba has made commitments to consider social and environmental issues to advance sustainability and climate action, and to advance reconciliation by respecting and promoting the rights of Indigenous peoples. As such, the University approved a Responsible Investment Policy in March 2023. In accordance with the policy, we require all our external Investment Managers to have an ESG policy and to have rigorous ESG processes in place when evaluating investments. We also require Managers use their (proxy) votes to promote best practices in responsible investing. Managers will be asked to report on their ESG activities on an annual basis. Please note that responses may be posted in full on the University of Manitoba website.

If a question does not apply to you or your mandate, please indicate not applicable.

RESPONSIBLE INVESTMENT QUESTIONS

1. POLICY AND GOVERNANCE

1.1 Does your organization have a responsible investment policy?

Yes, Cidel has a responsible investment policy which we have attached. It is also available on our website.

1.2 What international standards, industry (association) guidelines, reporting frameworks, or initiatives that promote responsible investment practices has your organization committed to?

We are a PRI signatory and will be looking to update our policies to include Paris and TCFD in 2024.

1.3 How is responsible investment overseen and implemented within your organization?

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 consistent 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 that effectively integrates 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 RI progress updates 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. On an annual basis, the CEO and Board of Directors review and approve the firm's overall approach to RI and provides high-level oversight.

1.4 What responsible investment training does your organization provide to staff?

On an annual basis we provide updates to both our investment team and client facing group on the new developments in the responsible investment space. This includes walking through update on our internal policies and the impacts on our investment strategies.

2. INVESTMENT PROCESS

2.1 How is ESG materiality analyzed for this strategy?

As this is an all-government portfolio, ESG is not materially considered as part of the strategy.

2.2 How are financially material ESG factors incorporated into this strategy?

As this is an all-government portfolio, ESG is not materially considered as part of the strategy.

2.3 How are ESG screens applied to this strategy?

As this is an all-government portfolio, ESG is not materially considered as part of the strategy.

2.4 How are ESG incidents involving investee companies managed?

As this is an all-government portfolio, ESG is not materially considered as part of the strategy.

3. STEWARDSHIP

3.1 Does your organization have a stewardship/engagement policy?

Yes, this is included in our Responsible Investing Policy.

3.2 How does your organization determine its stewardship priorities?

This is accomplished through the ESG committee

3.3 What stewardship methods does your organization use?

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.

3.4 What is your organization's approach to (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 increasing environmental footprint disclosure, introducing specific targets for environmental impact reduction, supporting diversity and inclusion, and increasing board independence. The priority of Cidel's proxy voting guidelines is to ensure that our investee companies are well-equipped to confront climate change risks, maintain a motivated and efficient workforce, and uphold robust corporate governance standards.

3.5 What is your organization's (proxy) voting record?

We can provide this information based on specific strategies. We have a detailed proxy voting policy which will determine how Cidel votes client proxies.

3.6 How does your organization assess the effectiveness of its stewardship activities?

Our effectiveness is reviewed annually by the CIO. On an annual basis, we will look to review and update our approach based on the results and feedback from the ESG committee.

4. CLIMATE CHANGE

4.1 Does your organization have a process to identify, assess, and manage climate related risks as they relate to the investment portfolio?

Cidel believes 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 fixed income, Cidel assesses climate risks and opportunities at a company level using qualitative and quantitative information and analytic tools, including climate scenario analysis.

4.2 Does your organization prepare climate change disclosure statement or report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)?

No, we do not prepare this.

4.3 Is your organization a signatory/member of any climate- or biodiversity-related initiatives?

No

4.4 Does your organization measure the carbon footprint of its portfolio holdings, and set targets for meaningful reduction?

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.

5. DIVERSITY, HUMAN RIGHTS AND DECENT WORK

5.1 Please provide the composition of your senior leadership team and board of directors, including women and visible minorities. How do you encourage diversity of perspectives and experience?

Core to our beliefs at Cidel is that people make the difference. Numbers may be a central feature of the landscape we operate in, but it is our team that brings what we do to life for our clients. Diverse and inclusive teams – our people at Cidel - help us gain perspective, learn, make better decisions, and better serve clients. Cidel has, and will continue to, value diversity both as we hire and develop people, and in our contributions to communities.

5.2 Does your organization perform any human rights due diligence processes which: a) identifies actual and potential adverse human rights impacts in pre-investment and post-investment phases; b) seeks to prevent or mitigate adverse human rights impacts through its stewardship practices; and c) track results?

We are currently reviewing and will look to include this in our annual updates to our internal policies.

5.3 Does your organization have a mechanism to receive, assess, and address complaints about the human rights impacts of its operations and investments?

No, there is currently no explicit process to address these types of complaints.

6. INDIGENOUS RIGHTS

6.1 Does your organization recognize the articles of the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), and more specifically, how do you ensure the companies in your portfolios follow the principles of free, prior and informed consent?

Yes, this will be a part of our 2024 update.

6.2 How would your organization react to companies in your portfolio that violate one or more of the principles of UNDRIP? Are these violations reported to investment clients?

We would look at these factors and take them into account as part of our risk management process.

THE FOLLOWING FOUR QUESTIONS ARE FOR CANADIAN INVESTMENT MANDATES ONLY:

6.3 Does your organization have any investment policies that are specifically related to Indigenous Rights and Reconciliation in Canada?

No

6.4 How does your organization recognize the principles of the Truth and Reconciliation Commission's Call to Action 92?

6.5 Does your organization recognize the Call for Justice 13 from the National Inquiry into Missing and Murdered Indigenous Women and Girls with respect to investments in the natural resource extraction and development companies, and the implications those projects have on the safety of Indigenous women and girls in neighbouring Indigenous communities? If so, how does your organization seek to mitigate this risk?

6.6 Do you have any proxy voting policies specific to Indigenous Rights and Reconciliation in Canada?

No

7. ADDITIONAL INFORMATION

7.1 Does your organization identify and manage the ESG risks, opportunities and impacts connected to its internal operations?

We currently do not, and this is a function of our relative size and ability to resource these types of items adequately.

7.2 Is there any information on your organization's responsible investment approach, not otherwise covered in this questionnaire, that you would like to share?

We recently launched an impact focused Canadian Bond portfolio and have included some information about it and our approach.