Signatory of:

Pender Responsible Investment Policy by Asset Class - Listed Equities
Lead: Felix Narhi

How our organization defines ESG:
ESG refers to any environmental, social or governance factor that could positively or negatively affect the risk or return of an industry, sector or fund. These factors can be company specific, like board independence, or systemic, like climate change. Some of the issues we may consider are listed in the appendix to this policy. We consider "ESG strategy" to be synonymous with "Responsible Investment" strategy.

ESG issues matter to our Listed Equities mandates because:
Accessing corporate ESG data that is comparable, consistent and material can be critical to long-term enterprise value creation. We believe it can potentially improve the quality of fundamental equity and credit analysis in public markets by incorporating a broader information set beyond financial statements. Ultimately, we believe incorporating ESG analysis into our investment process is consistent with our investment philosophy: It helps to better understand the quality of a business or security, better determine factors that may impact value, deploy capital in flexible mandates and mitigate downside risk**.**

Scope of ESG considerations for our Listed Equities mandates:
ESG strategies tend to conform to at least seven distinct forms[1]. ESG Integration, which refers to systematic and explicit inclusion of ESG risks and opportunities in the investment process, is the strategy that applies across all Pender Equity mandates. Individual mandates may also deploy other ESG strategies in addition to ESG Integration.

The level of ESG Integration and other ESG strategies is dependent on an assessment of five considerations:

1. **Risk and reward considerations** – ESG considerations are part of our holistic approach to investment and business analysis. The relative importance of ESG factors can vary by security or investment approach relative to traditional risk and reward considerations.
2. **Materiality** – We consider sustainability factors that are financially material for short, medium and long-term enterprise value.
3. **Estimated duration of the investment of the individual holding or underlying strategy** – We believe ESG considerations tend to be greater as the time horizon is extended. In the long term, we believe ESG considerations that can potentially have an impact on the intrinsic value of a business or security will ultimately be reflected in security prices. Short-term, trading-oriented strategies could have minimal considerations, whereas securities with a longer anticipated holding period are more likely to include systematic and explicit inclusion of ESG risks and opportunities.

[1] See Appendix A

4. **Ownership stake within the context of the company and/or portfolio** - Ownership stakes where we have meaningful influence on management or that represent significant weightings within a portfolio will generally receive greater consideration in the context of ESG issues. We may become involved in "corporate engagement and shareholder action" as an ESG strategy when fulfilling our fiduciary duties and to signal desired corporate behaviours. For example, beyond our proxy voting guidelines, we may become actively engaged in corporate governance when we have an influential stake, and we believe leadership change is needed and/or we recommend a Pender-nominated director to sit on the board to improve corporate governance.
5. **Investment mandate considerations** – Portfolio managers deploy capital in flexible mandates that aim to deliver on our mission. This may also include additional ESG strategies to meet client requirements or the investment process of the Portfolio Manager.

Responsibilities:

The Portfolio Managers of each respective mandate are accountable for maintaining the commitments included in the Policy. Portfolio managers and investment analysts analyse ESG issues and integrate their findings into overall investment analysis and decisions, as well as handling engagement activities.

Implementation:

Pender utilizes and integrates a proprietary ESG scoring methodology within the opportunity set of long-only mandates. Specifically, a proprietary template is used to assign individual companies an ESG score based on key ESG data. The investment team contributes to the template by collecting ESG company data on activities and products through company websites, third-party reports, meetings with management teams, and/ or questionnaire to which the firm seeks responses from management. Based on that analysis, the team will decide whether a security warrants inclusion in the portfolio, and at what weighting, or if the underlying fundamentals of a current holding have changed, and a sell decision is warranted.

The implementation of our ESG Integration strategy for Listed Equities is informed in part by the selective application of the Sustainability Accounting Standards Board (SASB) standards which identify the ESG issues most relevant to the financial performance of 77 industries. These issues may include the items reflected in the Appendix below.

Proxy voting and investee engagement policies and procedures:

Our guiding principle as an organization is to always act in the best long-term interests of unitholders. In line with this overarching principle, we decide, on a case-by-case basis, whether our clients' interests are best served by engaging with companies and/or by the sale of the shares of underperforming companies.

Good Governance Principles

Pender will be focusing on various governance issues that could impact our investments. Pender may engage in the review of any one or more activities or issues of a portfolio investment listed below:

- Compliance with relevant laws and regulation in countries of operation
- Standards of business integrity, ethics and work against bribery and corruption
- Clearly defined responsibilities and procedures in company management structures with appropriate internal control mechanisms
- Level of board independence
- Communication and disclosure of how ESG matters are managed

Proxy Voting Guidelines

Pender strives to be an active investor by engaging with the companies in which we invest and/or by taking advantage of our voting rights to help effect change when needed. In doing so, we will be voting on proposals that involve ESG issues on a case-by-case basis. We have identified the proxy voting mechanism as an effective way to drive good corporate governance. Pender will generally be supporting the following views on proxy issues for publicly traded securities:

- **Board of Directors**
  a) The majority of the Board should be independent of management. However, there may be exceptions for founder-led or family-owned companies or where there is material ownership by another party. In addition, we recognize that due to significant financial and other incentives to serve on Boards, independent directors, in many cases, are not truly as independent as often perceived.
  b) Audit, Compensation and Governance committees of the Board should consist of the majority of independent members from management.
  c) The roles of Chair of the Board and Chief Executive Officer should be separate, with potential exceptions for founder-led or family-owned companies.
  d) Diversity as represented at the board level is preferred, assuming such candidates are qualified and competent.
- **Executive compensation**
  Pender will actively support compensation arrangements that align executive compensation with shareholder interests and motivate management to increase long-term shareholder value and fall within market competitive ranges.
- **Protection against takeover bids**
  Pender will generally support various takeover defenses that are aligned to the growth of long-term shareholder value and allow reasonable time for a firm to generate a competing bid in long-only strategies.
- **Independence of external auditors**
  In preserving their independence, the vast majority of an auditing firm's revenue from the invested company should be generated from audit-related work versus other sources.
- **Shareholders' rights**
  Each situation will be evaluated on an individual basis, but we will generally not support transactions that do not treat shareholders equally.
- **Overall engagement with company**
  There have been occasions where we have considered intervention to be appropriate, where less public dialogue has failed to achieve a desired outcome and where we have determined the company's actions could affect shareholder value. Where appropriate, we will consider the views of other investors in deciding when and how to engage with companies.

Proxy Voting and Corporate Action Procedures

All proxy voting decisions are made internally based on recommendations from our investment analysts. With their in-depth knowledge of companies, they factor in the circumstances that may apply to each vote rather than using a box-ticking approach or relying on external service providers.

Advocacy
We will be monitoring ESG practices of entities in which we invest and, through a cooperative dialogue with companies and related investments when able, will encourage companies to address ESG matters. We will seek appropriate disclosure on ESG issues from entities in which we invest.
We will encourage others in the investment industry to promote and enhance ESG practices in their investment process.

Securities lending considerations
In the normal course of business, Pender may engage the services of a Prime Broker. As part of that agreement, the Prime Broker can lend the underlying securities, which may preclude Pender from voting those securities.

Reporting:

- Pender's Responsible Investment Committee is led by our Chief Investment Officer (CIO), a senior member of FinOps/Compliance team and a senior member of the client relationship team. This Committee meets quarterly to discuss relevant ESG-related issues that impact our investment activities.
- We have established reporting cycles and policies to keep ourselves accountable. We are signatories of the UN PRI (United Nations Principles for Responsible Investment) at an organizational level and are therefore required to report on our responsible investment activities through the PRI Reporting Framework specific to Listed Equities. This reporting is done annually.
- At the investment level, we internally utilize the selective application of the Sustainability Accounting Standards Board (SASB) standards, which identify the ESG issues most material to the financial performance of 77 industries.
- Clients may obtain information about proxies upon request. Pender discloses all proxy voting information to the public on our website: https://www.penderfund.com/legal-and-financial/.

Review of Policy:

The Equity Responsible Investment Policy will be reviewed on an annual basis.

Legal and regulatory factors:

Pender is a British Columbia-incorporated company and therefore is subject to the laws of British Columbia and certain federal laws of Canada. Pender is registered as an Adviser in the category of Portfolio Manager ("PM"), an Investment Fund Manager ("IFM") and an Exempt Market Dealer ("EMD") in British Columbia, Alberta and Manitoba; an IFM in Newfoundland and Labrador, a PM, EMD and IFM in Ontario; and an EMD and IFM in Quebec, pursuant to the applicable provincial securities acts. Pender is governed by the provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations ("NI 31-103").

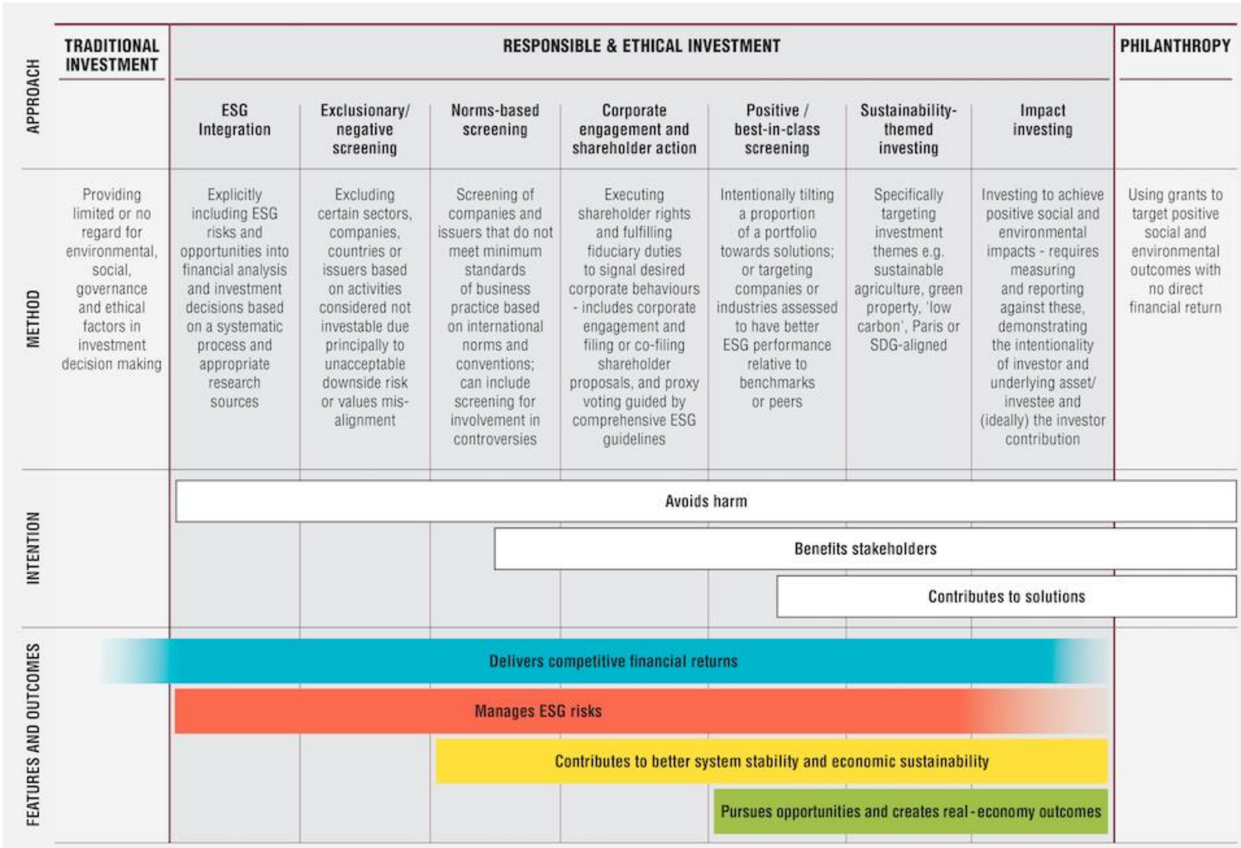
The British Columbia Securities Commission ("BCSC") is Pender's principal regulator. Pender is subject to the British Columbia securities laws, including the Securities Act R.S.B.C. 1996 c.418 (the "Securities Act"), regulations and rules made under the Securities Act and the BC Rules or BC Instruments. Most of the BCSC's rules are harmonized with other Canadian securities regulators and are referred to as National Instruments ("NI") or Multilateral Instruments. For example, the Pender Mutual Funds are governed pursuant to NI 81-101 and NI 81-102, and the Pender prospectus-exempt Funds are governed pursuant to NI 45-106.

Fiduciary responsibility is the duty to act for the benefit of another party in matters coming within the scope of the relationship between them. A fiduciary must place this obligation first in all dealings and must avoid potential conflicts of interest with this obligation and other inappropriate conduct. This duty sets a high standard that exceeds that which may be acceptable in many other business relationships. As fiduciaries, each Pender employee must strive to ensure that all Pender Funds and private clients of Pender are treated fairly.

The CFA Institute Code of Ethics and Standards of Professional Conduct, as amended from time to time, is fundamental to Pender's values and essential to ensure the fair treatment of the Pender Funds and private clients of Pender by setting high standards of education, integrity and professional excellence. High ethical standards are critical to our firm's ongoing success. As such, Pender has adopted the CFA Code. Further details may be found in the Pender policies and procedures manual ("PPM").

Appendix A

The Seven Distinct Forms of Responsible and Ethical Investment



Source: Responsible Investment Association Australasia (RIAA) Responsible Investment Spectrum.

Appendix B

Throughout the entire investment process, Pender may incorporate any one or more activities or general issues of a portfolio investment listed below as part of its investment strategy:

Environment

- GHG Emissions
- Air Quality
- Energy Management
- Water & Wastewater Management
- Waste & Hazardous Materials Management
- Ecological Impacts

Social

- Human Rights & Community Relations
- Customer Privacy
- Data Security
- Access & Affordability
- Product Quality & Safety
- Customer Welfare
- Selling Practices & Product Labelling
- Labour Practices
- Employee Health & Safety
- Employee Engagement, Diversity & Inclusion

Governance

- Compliance with relevant laws and regulation in countries of operation
- Standards of business integrity, ethics and work against bribery and corruption
- Clearly defined responsibilities and procedures in company management structures with appropriate internal control mechanisms
- Level of board independence
- Communication and disclosure of how ESG matters are managed
- Competitive Behaviour
- Critical Incident Risk Management
- Systemic Risk Management
- Diversity