

RESPONSIBLE INVESTING POLICY

Overview

CIBC Asset Management Inc. (CAM), a subsidiary of the Canadian Imperial Bank of Commerce (CIBC) and one of the largest asset managers in Canada, has over 40 years of active management experience. We provide a range of high-quality investment management services and solutions to meet the needs of individual and institutional investors worldwide.

In November 2017, CAM became a signatory of the United Nations-supported Principles for Responsible Investment (PRI) to reinforce our commitment to responsible investing (RI) for our clients. This commitment guides our approach to managing investment products internally and our selection of sub-advisors.

Background and philosophy

Responsible investing (RI) is an investing approach that explicitly acknowledges the relevance of environmental, social, and governance (ESG) factors. These factors are also critical in any evaluation of the long-term health and stability of a company. Effective research, analysis and evaluation of ESG issues play a fundamental role when assessing the value and performance of an investment over the medium and longer term. This analysis should inform asset allocation, securities selection, portfolio construction, shareholder engagement and voting.

We believe we have a fiduciary duty to act in the best interests of our clients and to base investment decisions on our professional judgment and thorough research. This will incorporate both ESG and non-ESG factors, with the objective of enhancing the financial performance of the investment mandates.

Objective and scope

This policy formalizes and documents our commitment to incorporate responsible investing (RI) factors in our methodology for investment and sub-advisor selection.

The scope of this policy extends throughout CAM. The objective is that the policy become part of what we do every day and intrinsic to our decision-making and investment process. We believe ESG issues can affect the performance of investment portfolios (to varying degrees across investments) and we will integrate ESG analysis into our investment decision-making process. We expect the end result will be better risk assessment and better investment decisions for our clients.

When selecting sub-advisors for our investment funds and investment strategies, the sub-advisor's RI commitment and policies will be reviewed and included for consideration alongside other non-ESG factors.

Our principles

When CAM became a signatory of the PRI, we reaffirmed our commitment to include ESG factors in our investment process. We also recognize that applying the PRI principles may better align investment management with the broader objectives of society. As a signatory of the PRI, we have committed to the following six principles:

Principle 1

Incorporate ESG issues into investment analysis and decision-making processes.

- Integrate consideration of ESG factors into our fundamental analysis and investment decisions.
- Incorporate ESG considerations into our evaluation of manager best practices and the manager selection process.

Principle 2

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

- Engage with companies and be proactive on ESG issues.
- Adhere to rigorous proxy-voting policy and monitor compliance with voting policy.
- Support proposals that contribute to more effective boards and improved governance.

Principle 3

Seek appropriate disclosure on ESG issues by the entities in which we invest.

- Our belief is that true ESG integration is achieved through the timely identification of ESG risks via collaboration between all members of the investment management team. We will support initiatives that promote ESG disclosure by companies.
- We will request that ESG issues be integrated in annual financial reports.

Principle 4

Promote acceptance and implementation of the principles within the investment industry.

Principle 5

Work together to enhance our effectiveness in implementing the principles.

- Identify and support appropriate coalitions whose beliefs are aligned with the principles.
- Participate in networks and forums to share tools and resources that promote and advance the implementation of PRI principles.

Principle 6

Report on our activities and progress towards implementing the principles.

- Disclose how ESG issues are integrated within investment practices.
- Disclose active ownership activities (i.e. voting, engagement, and/or policy dialogue).
- Communicate with stakeholders about ESG issues and the principles.

Implementation and approach

Portfolio management and research ESG integration

Analysis of a company's ESG policies and experience are important inputs when assessing the long-term viability of a company. At CAM, fundamental credit and equity analysts provide in-depth analysis of companies. Their primary goal is to value investments and drive alpha ideas for both fixed income and equity portfolios. We believe that an analysis of ESG factors is fundamental to the accurate valuation of a company as well as an assessment of the risks and the range/magnitude of potential outcomes associated with company valuations. By combining both financial and ESG risk analysis, we produce a deeper understanding of the companies in which we invest.

We have implemented a rigorous procedure to integrate ESG factors into our fundamental analysis and investment process. In addition to our normal-course analysis, we will incorporate "internal" ESG ratings that rank companies from "best-in-class" to "below average". All equity and fixed income analysts work together to determine an internal ESG rating. The ESG ratings are sector specific, as the materiality of the E, S, and G factors differ between sectors, based on our proprietary model. Where shared company coverage exists between fixed income and equities analysts, one ESG rating per issuer is assigned to maintain consistency.*

There is also a separate internally-generated Social Responsible Investing (SRI) Approved List¹ which reviews allowable holdings twice a year. This list excludes issuers that do not meet the SRI criteria established by our clients.

*The appendix illustrates the ESG integration framework at CAM.

¹Investment-grade fixed income and equity have separate lists.

Portfolio manager due diligence and research process

CAM's Investment Management Research (IMR) department is responsible for researching potential portfolio managers to manage existing or upcoming investment mandates. IMR uses a comprehensive process to evaluate manager best practices in the following categories when determining whether a manager would be suitable for an investment mandate:

- Organization of the firm
- Investment staff
- Decision making
- Idea generation
- Security selection
- Sell discipline
- Research
- Portfolio construction

This process is followed for all manager selection, including internal managers. IMR is in the process of assessing the extent to which investment managers incorporate ESG analysis in their research and portfolio construction disciplines. Factors such as the ESG integration approach, the degree of integration and active engagement, and the level of resources dedicated to ESG analysis will be assessed. An overall ESG rank is ultimately assigned to each investment manager.

We will encourage our sub-advisors to integrate ESG factors into their investment processes and procedures. We will encourage their adherence to the PRI when these conditions are not currently being met.

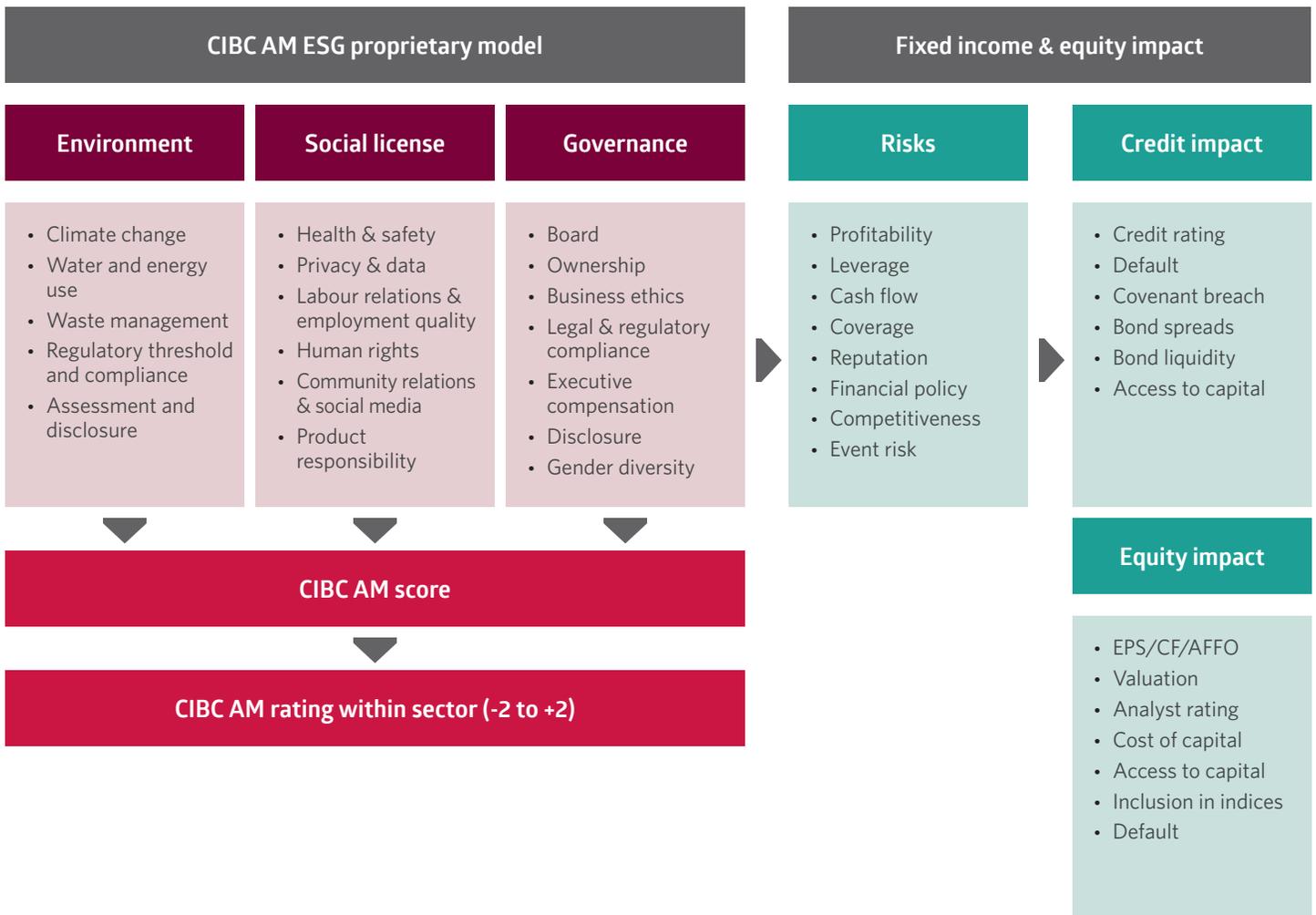
Governance

The policy is overseen by the CAM's Responsible Investing Committee (CAM RIC). CAM RIC meets no less frequently than annually. It is mandated to review the effectiveness of the process, identify potential areas for improvement and receive updates on changes that could impact CAM's processes and approach to responsible investing. The policy is evaluated on an annual basis.

Policy Owner

This policy is owned by the Secretary, Responsible Investing Committee, currently the Director, Fund & Investment Governance.

Appendix



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