

Environmental, Social and Governance (ESG) Policy

December 2017

TD Greystone Asset Management is a risk-conscious investment manager using a primarily growth style in its equity selection and a multi-strategy approach in fixed income. We add value primarily through our rigorous, bottom-up security selection, but also through top-down asset allocation, which is used to control risk and add value. We apply rigorous security selection and asset allocation techniques to create products that aim to provide robust risk-adjusted returns for our investors. In Real Estate, TD Greystone Asset Management is an income and growth style manager. We believe income and income growth come from stable and growing rental revenue from the leases of companies occupying space.

Our outlook is long term, which reflects the nature of our clients' assets. We believe:

- Active asset management can deliver superior rates of return.
- An asset's ability to generate income creates value.
- Diversification reduces risk and enhances returns.

We also believe that managers of companies and real assets should comprehensively evaluate and manage their long-term business risks as they execute their growth plans. These business risks include environmental, social, and governance (ESG) factors.

ESG factors are incorporated into our existing investment process as one of several categories of risk factors and are therefore incorporated in our assessment for both risk and return for a company or security. ESG risks are reviewed on an asset by asset basis and at the aggregate portfolio level. The relative importance of ESG factors compared to other traditional business risks for a security will depend on whether these factors have a material impact on cash flows and/or the ability to execute the long-term growth strategy.

TD Greystone Asset Management uses a third party research firm to assist with its ESG risk analysis for equities and fixed income, along with internal research, management interviews, and access to brokerage research. The TD Greystone Real Estate & Mortgage teams assess ESG risk using internal research and the pursuit of third party certification standards relating to sustainable practices wherever possible. The TD Greystone Infrastructure team's ESG approach is based on investing in assets that have respect for the environment, positive social contribution, strong corporate governance and responsible contracting. We routinely engage external environmental, legal and technical consultants who bring knowledgeable insights that are invaluable when investing in assets that can provide sustainable long-term asset performance.

ESG Factors and Bonds

Greystone's fixed income decisions are primarily driven by our expectations for interest rates and the shape of the yield curve. We use fundamental and technical analysis in combination. Our fixed income investment style is riskconscious and our objective is to safeguard our clients' capital as we seek to achieve a superior rate of return to the benchmark. Our philosophy is to consider any material ESG factors as they relate to the fundamental business risk associated with a given issuer. We assess ESG risks upon purchase of fixed income securities in addition to ongoing monitoring. While all risks are critical to fundamental analysis we will explicitly comment on material ESG risks as part of our credit review process. Investment decisions ultimately evaluate all relative risks against relative value between bonds. We review ESG risks in conjunction with other risks to assess their materiality relative to the issuer's financial flexibility and ability to meet obligations.

ESG Factors and Equities

TD Greystone's equity teams apply quantitative and qualitative methods in portfolio construction. We believe that a company's stock will react positively to growth in earnings and cash flow. Our equity process focuses on investing in companies with sustainably superior earnings growth versus what can be achieved in the broad market. Our quantitative process directs us towards companies with positive business momentum. During our qualitative review process, we evaluate the sustainability of that business momentum and ESG analysis is integrated into this step. For example, a positive change in governance may positively affect how investors perceive a company. Similarly, ESG factors can affect, positively or negatively, a firm's competitive advantages, market acceptance of its products and the costs to produce them. This, in turn, can influence our conclusions relating to sustainability of earnings growth, the likelihood of positive or negative earnings surprises, and a company's overall rank within our investible universe. This analysis is undertaken by our equity teams when considering a company for purchase followed by ongoing monitoring of all business risks, including ESG. All of these risks are assessed to determine their financial materiality and impact on a company's future growth plans.

In the matter of proxy voting, TD Greystone Asset Management has engaged Institutional Shareholder Services (ISS), a subsidiary of Vestar Capital Partners, as its proxy management consultant. ISS analyzes proxy resolutions, makes voting recommendations to TD Greystone Asset Management, executes the voting of ballots and collates reports that detail voting activity each quarter. In recommendations to shareholders, ISS takes into account risk management, ESG factors, as well as financial research and qualitative analysis. As a framework within which proxy resolutions are assessed, TD Greystone Asset Management has adopted an extensive set of voting guidelines in conjunction with ISS. TD Greystone Asset Management believes that the guidelines provide an appropriate basis upon which to judge whether or not proxy proposals are in its clients' best interests. TD Greystone Asset Management portfolio managers evaluate ISS's recommendations to ensure that the ISS interpretation of the guidelines is consistent with that of TD Greystone Asset Management. The guidelines are reviewed annually, adding new issues and revising positions as appropriate. With respect to social and environment issues, votes are considered case by case, and made on the basis of how the proposal will enhance the economic value or expand the rights of shareholders.

ESG Factors and Real Estate

Please refer to separate Real Estate Sustainability Policy.

ESG Factors and Mortgages

ESG factors are an important consideration in underwriting the underlying real estate of a mortgage investment. Investments in sustainability can improve operational efficiency by reducing utility and insurance costs, benefitting the tenant, the landlord, and ultimately the lender. Also, numerous studies confirm that sustainably designed and managed buildings have higher occupancy and lower lease turnover on average. Finally, a more sustainably-managed building can protect an asset from financial risk and asset obsolescence. TD Greystone Asset Management has a robust due diligence process that is adhered to when analyzing potential mortgage investments. This process includes a complete third party property review including environmental, structural and mechanical assessments. TD Greystone Asset Management will not provide mortgage financing on properties with environmental issues that cannot meet the required provincial and municipal legislated standards, unless the deficiencies are quantifiable, rectifiable, and signed off and vetted by a qualified environmental engineer.

When underwriting a potential mortgage investment, the team considers sustainability factors and evaluates them in the context of the overall investment, as part of the investment approval process. The team will also include relevant sustainability information (e.g. LEED®/BOMA® certifications) in the investment approval package. The Greystone Mortgage Fund (GMF) will provide borrowers credit for improved efficiencies, when supported by verified operating statements. The GMF will also recognize a higher terminal valuation that is reflective of the fact that sustainable buildings are less subject to functional obsolescence. In addition, the team conducts an annual review of every mortgage in the portfolio that entails a review of the annual financial statements of the property and borrower, a third party assessment of the mortgage's risk rating, insurance and tax verification, and property inspections and borrower visits as deemed necessary.

ESG Factors and Infrastructure

Please Refer to separate Infrastructure ESG Policy.

Core Values and Culture

TD Greystone Asset Management has been recognized as an industry leader in culture and values, as one of nine firms named to Focus Consulting Group's 2014 "Focus Elite," and in 2015 as one of "Canada's 10 Most Admired Corporate Cultures" by Waterstone Human Capital. All TD Greystone Asset Management employees are committed to our core values, which are:

- Clients' interests come first.
- Act with integrity and professionalism.
- Work effectively in teams.
- We are accountable for our actions.
- Contribute to society and our communities: we take action to enrich the quality of life in our firm and in our community, sharing our personal and the firm's financial resources and volunteering knowledge, time and enthusiasm to our community.

Governance

While Greystone is not a publicly traded company, its governance policy is to maintain a standard of governance as is found in publicly traded entities. Greystone's governance standards recognize that issues of compliance and high ethical standards in the conduct of the investment management function are essential to maintain the confidence of Greystone's clients. The terms of reference of the board, the Audit & Risk Oversight Committee, the Governance Committee, and the Compliance Review Committee reflect this emphasis.

Corporate Governance Policy

Greystone maintains a comprehensive corporate governance policy that details:

- The standards of governance which are sought;
- The means by which those standards will be achieved; and
- The expectations which Greystone has for its directors, both in respect of legal compliance and in order to achieve effective governance.

The policy is reviewed annually.

Board of Directors

Greystone's board is responsible for setting corporate policy and overseeing ongoing business operations. Ten of the 12-member Greystone board are independent directors, in keeping with our belief that the firm should be governed in accordance with "public company" principles.

Canadian Coalition for Good Governance

Finally, Greystone is a member of the Canadian Coalition for Good Governance. Rob Vanderhooft, Chief Executive and Chief Investment Officer of Greystone, is a member of the Board of Directors.



This document is confidential and no part of this material may be duplicated by any means for distribution to any person who is not an employee, officer, director or authorized agent of the recipient without TD Greystone Asset Management's prior written consent.

© The TD logo and other trade-marks are the property of The Toronto-Dominion Bank.