

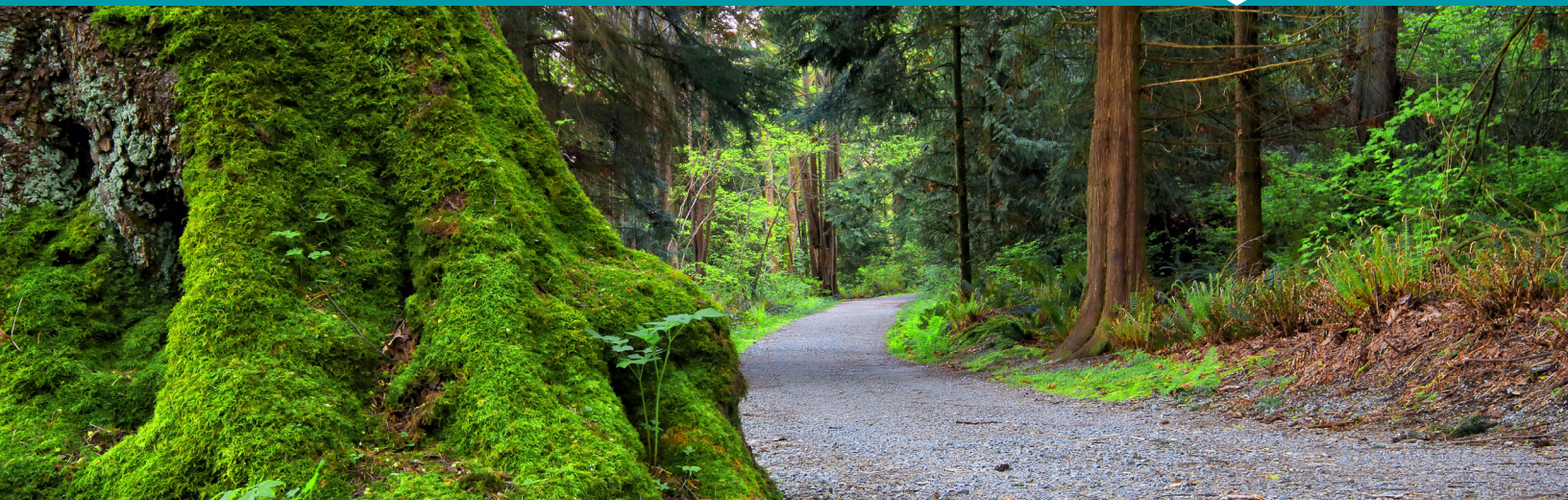
CC&L RESPONSIBLE INVESTING UPDATE

IB9.5 Attachment 1

CONNOR, CLARK & LUNN

INVESTMENT MANAGEMENT

2019



“The careful consideration of Environmental, Social and Governance (ESG) factors is key to any successful investment process. Increasingly, asset owners and asset managers are recognizing the need to undertake continued improvements to their responsible investing approach. At CC&L, as leaders in the Canadian investment industry, we must reflect best practices in our investment processes, client communications and our business.”

— Martin Gerber, President & CIO, CC&L Investment Management

Over the past year, we have worked diligently on several Responsible Investing (RI) initiatives, including the following:

- Improved the documentation of our ESG research as part of our equities and credit fundamental research.
- Formalized our stewardship and engagement approach by creating a policy.
- Established a stewardship and engagement team to support the efforts of our research analysts and portfolio managers in engagements with issuers.
- Our quantitative equity team acquired ESG data in order to conduct a research project on the impact of the incorporation of ESG factors into our forecasting models.

To further highlight these initiatives, we are pleased to share our inaugural Annual Responsible Investing Update.

CC&L'S RESPONSIBLE INVESTING APPROACH



Oversight

At Connor, Clark & Lunn Investment Management (CC&L), our Board of Directors has ultimate responsibility for our approach to RI. In 2015, the Board established the CC&L ESG Committee comprised of leaders from each of our investment teams, client solutions team and compliance. The CC&L ESG Committee reports directly to the Board and its mandate is to oversee and coordinate firm-wide RI activities including:

- Integration of ESG factors in our investment processes,
- Education of our teams including the internal communication of industry best practices and gathering of team insights regarding RI,
- External communication efforts including reporting to our clients on RI issues,
- Stewardship and engagement practices, including proxy voting,
- ESG-related policies and guidelines, including our proxy voting policy,
- Oversight of our commitments under industry collaborative initiatives, including as a signatory to the UN-backed Principles for Responsible Investing (PRI),
- Review and evaluation of additional industry collaborative initiatives, and
- Most importantly, recommendations to our investment teams and our Board of ongoing improvements in all of these areas.

Research

Our ability to incorporate ESG factors in the evaluation of investments is continually improving as company disclosures and data availability are steadily increasing. As an example, our quantitative equity team is currently reevaluating their 2015 ESG research with new data sets to evaluate potential benefits to integrating ESG data into our quantitative investment process. We expect to communicate our findings to clients in early 2020.

Integrate

Our fundamental equity and fixed income teams incorporate the assessment of ESG factors in their analysis of securities. This includes the evaluation of ESG themes that may have a material impact on performance within our investment horizon (see Exhibit 1). As client interest has increased in this aspect of our investment process, we plan to make more regular disclosures on ESG integration in our research and portfolio management.

Engage and Collaborate

As one of the largest independently owned asset management firms in Canada, we recognize our responsibility as stewards of the assets entrusted to us by our clients and our leadership role in advocating for capital market integrity. This year we created a stewardship and engagement team to provide support to our analysts and portfolio managers to more proactively engage with investee companies, collaborate with like-minded investors and facilitate our proxy voting. A Stewardship & Engagement Policy was created to guide our engagement and collaboration activities. We see this as an

INTEGRATION THEME - SINGLE-USE PLASTICS

Durable, lightweight and versatile, plastic is everywhere in modern society. However, one of plastic's greatest strengths is also its greatest weakness – it is not degradable and a large volume is lost to landfill or the environment every year. It is not surprising that there has been accelerating pressure on single-use plastics in the last few years. Our fundamental equity team evaluates this environmental theme as part of their assessment of Canadian packaging companies since their exposure to single-use, non-recyclable plastic is becoming a headwind for the industry. Valuations (target prices) are adjusted to reflect negative sentiment and margin pressure as these companies face competition from more sustainable alternatives such as paper or aluminum, and additional costs associated with transitioning their businesses away from polyethylene to the more-recyclable polypropylene.

evolution of our current methodology that will enable us to take a more proactive and coordinated approach, in line with our commitment as a signatory to the PRI. You can expect to see more updates on our engagement activities and collaborative initiatives over time.

Vote

We have a customized proxy voting policy that reflects our views on best practices for corporate governance and guides all of our voting decisions. Our Voting Rights Policy was updated in 2018 to increase focus on some key governance themes, specifically board independence, insiders on key committees, gender diversity, tenure and overboarding. We have made a concerted effort to ensure our votes reflect our

views on these issues. The trend in our voting outcomes is now being tracked so that we can continue to improve and report on our progress as advocates for corporate governance improvements (see Exhibit 2).

ONGOING INITIATIVES

There are a number of initiatives that we are currently working on. Among other things, we are increasing the transparency of our RI initiatives through more frequent communication. Starting in 2020, we plan to present examples of our RI activities in our client meetings. In support of our RI objectives, we are updating our website to publically disclose our RI, Voting Rights and Stewardship & Engagement policies.

PROXY VOTING TRACK RECORD

Our focus on continuous improvement of corporate governance includes engagements as well as proxy voting. We often vote against management recommendations in support of our policies. Following the changes to our proxy voting policy in 2018, as an example, we began voting against the chair of the nomination committee on boards with no female directors. This resulted in CC&L voting against 108 nomination committee chairs in 2018, increasing to 196 in 2019. In addition, there has also been a substantial increase in our support for shareholder proposals encouraging companies to increase disclosure on gender pay gap.

Gender Pay Gap and Gender Diversity

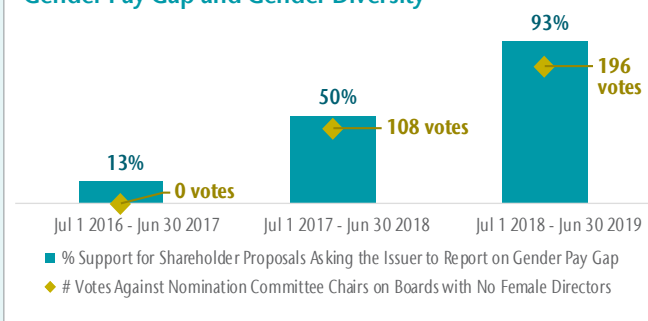


EXHIBIT 2

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