Signatory of:

Responsible Investment Policy– Fixed Income
Lead: Geoff Castle

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 Fixed Income 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 Fixed Income mandates:

ESG strategies tend to conform to at least seven distinct forms[1]. ESG integration refers to the systematic and explicit inclusion of ESG risks and opportunities in the investment process.

ESG Integration is the ESG strategy that applies across all Pender Fixed Income mandates and the level of ESG Integration for a given investment will depend on considerations, including:

1. Risk and reward considerations – ESG considerations are part of our holistic approach to investment and business analysis. The relative importance of ESG issues can vary by security or investment approach relative to traditional risk and reward considerations.
2. Materiality – We may 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

[1] See Appendix A

security prices. Short-term, trading-oriented strategies will 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. Specifically – ESG considerations will be minimal for anticipated holding periods of less than 6 months.

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. Ownership stakes where we have low levels of influence on management or that represent minimal weightings within the portfolio may receive minimal ESG consideration.
5.

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:

The implementation of our ESG integration strategy for Fixed Income is informed 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 Appendix B.

ESG integration for Fixed Income is achieved through the consideration of these factors within the credit research reports for the majority of the investments we hold in our Fixed Income funds. Here, material governance, environmental and social factors may be discussed. Consideration may also be given to how the evolution of ESG factors impacts cash flow, revenues, profitability, business operations and the overall ESG profile of a particular investment. In addition, ESG factors beyond our investment horizon, along with how our holding period is influenced by ESG factors, may be addressed.

A ranking (from 1 to 5) may be assigned to the investment based on these overall considerations. This may then be incorporated into an overall confidence adjustment for the investment based on these considerations and a variety of fundamental and operating factors. This overall confidence adjustment may be factored into the risk / return profile and relative attractiveness of the investment versus other holdings within the portfolio and therefore, may ultimately impact the investment's weighting within the portfolio.

Reporting:

- Pender's Responsible Investment Committee is led by a senior member of the investment team. The 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 Fixed Income. This reporting is done annually.

Review of Policy:

- ESG integration for our Fixed Income mandates is achieved through the process outlined under "Implementation". The Fixed Income Responsible Investment Policy and our assessment of ESG criteria will be reviewed on a biennial basis.

Legal and regulatory factors:

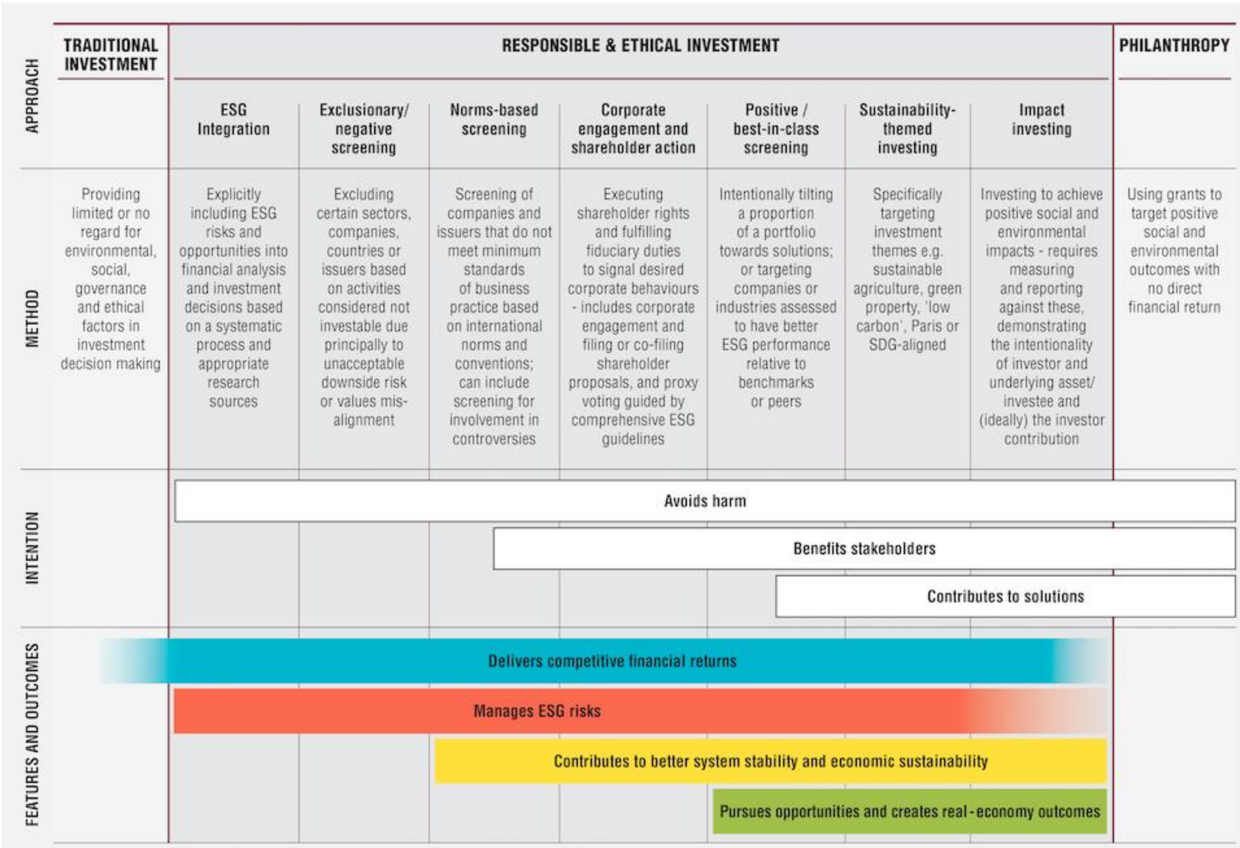
Pender is a British Columbia-incorporated company and therefore is subject to the laws of British Columbia and certain federal laws of Canada. Pender is registered as an Adviser in the category of Portfolio Manager ("PM"), an Investment Fund Manager ("IFM") and an Exempt Market Dealer ("EMD") in British 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