



# RESPONSIBLE INVESTING REQUEST FOR INFORMATION

Firm Name: TD Asset Management Inc. (TDAM)  
Completed By: Pierre Wehbi, CFA, ASA, Vice President & Director, Client Relationship Manager  
Date Completed: March 19, 2024

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## PREAMBLE

In accordance with Queen's University's Responsible Investing Policy, as approved in May 2017, we require all of Queen's External Investment Managers to take due regard of environmental, social, and governance ("ESG") factors in making investment decisions. Managers will be asked to engage where appropriate and report to the University on their ESG activities on an annual basis.

Link to Responsible Investing Policy: <https://www.queensu.ca/secretariat/policies/board-policies/responsible-investing-policy>

**To assist with our due diligence, we request that you respond to the following questions no later than March 22, 2024.**

Note: Responses to this questionnaire will be posted in full on Queen's website.

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## GENERAL

**1) Please provide your ESG-related policies. Please provide a formal statement of your ESG-related policies if you have one.**

### TDAM's Sustainable Investing Approach

TDAM's Sustainable Investing Approach, while not a formal policy, sets out our approach to sustainable investing.

For more information, please refer to TDAM's Sustainable Investing Approach document available on our ESG Resources website at <https://www.td.com/ca/en/global-investment-solutions/responsibility/resources>.

### TDAM's Proxy Voting Policy

TDAM, as an asset manager, has a fiduciary duty to exercise the voting rights attached to the securities in the investment funds we manage. Share ownership often carries with it the right to vote on various corporate matters of public companies. Generally, investors of TDAM's investment funds transfer their right to vote on such matters to TDAM, and therefore TDAM will exercise voting rights on behalf of all investor accounts, including investment funds and segregated accounts, unless instructed otherwise. TDAM seeks to vote in a manner that is most likely to enhance the economic value of the underlying securities.

TDAM uses its best efforts to vote all applicable proxies it receives. To ensure proxies are voted in the best interests of our investors and their investment accounts<sup>1</sup>, we have implemented a robust process to inform our decisions. This process is grounded on a principles-based approach, as outlined in our proxy voting guidelines. It also reflects our commitment to quality research, data, and due diligence – by way of in-house expertise and third-party research.

More information on the governance of TDAM's proxy voting practices can be found in the TD Asset Management Proxy Voting Policy & Procedures document found on TDAM's ESG Resources website at <https://www.td.com/ca/en/asset-management/resources/sustainable-investing/>.

### Other Policies

As a wholly-owned subsidiary of The Toronto-Dominion Bank (TD), TDAM adheres to TD's ESG-related policies and commitments. For more information, please refer to TD's Environmental, Social and Governance policies and references website at <https://www.td.com/ca/en/about-td/for-investors/policies-and-references>.

## **2) Are sustainable investing and ESG factors integrated into your investment process and portfolio management decisions? If yes, please provide details.**

TDAM recognizes that a broad range of financial and non-financial considerations may be relevant in making investment decisions. For funds that do not explicitly focus on ESG factors as part of their fundamental investment objectives or principal investment strategies, TDAM may integrate ESG factors where financially material or relevant into the investment decision-making process. It is up to each individual portfolio manager to determine whether, and to what extent, ESG considerations are to be incorporated into the financial analysis within their own investment processes, and in a manner that aligns with the fundamental investment objectives of each fund. As a result, the consideration of ESG factors plays a limited role in the investment decision-making process, meaning that ESG factors are not weighted heavily in the determination of whether to purchase, hold or sell a security in a fund's portfolio. Certain strategies and asset classes do not integrate ESG, including but not limited to index-tracking funds and certain third-party sub-advised strategies.

Details are provided below of how certain asset classes consider material ESG factors as part of their respective investment processes.

### Fundamental Equity

TDAM's Fundamental Equity team believes that the consideration of material ESG factors as part of its financial analysis and investment decision-making process assists with obtaining a robust view of the risks associated with a particular investment. As part of their overall research process, Fundamental Equity analysts may meet with companies about their business structure, strategic direction, risk management, cost drivers and revenue prospects.

### Quantitative Equity

TDAM's Quantitative Equity team seeks to exploit market inefficiencies using a combination of their researchers' custom-built models and insights from their portfolio managers. While quantitative models facilitate objective decision-making as well as broad coverage of equity markets, no single model can cover the full complexity of the factors driving stock markets. The team is tasked with

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<sup>1</sup> Investment accounts mean any investment portfolio managed by TDAM.

designing portfolios and identifying emerging sources of risk that may not yet be sufficiently captured by quantitative approaches. In building quantitative models, the Quantitative Equity team seeks to produce the most effective alpha and risk forecasts. Material ESG factors and methodologies are considered as part of these research and development efforts.

### Fixed Income

TDAM's Credit Research team evaluates material ESG factors as part of a comprehensive credit review process for both corporate and government issuers. In addition to evaluating the financial and business strength of issuers, an ESG assessment is conducted for every issuer included on TDAM's credit approved list. To gain a complete picture of a company's credit quality, the team also engages with management to understand how issuers are addressing material risks. These processes inform an ESG Risk Score for the issuer, which is integrated into the internal credit rating. Our analysis is regularly updated and incorporated into research reports that are reviewed by TDAM's Credit Committee.

## ALTERNATIVE ASSETS

### Private Debt

TDAM's Private Debt Origination and Research team evaluates material ESG factors as part of a comprehensive credit rating review for approved issuers. To understand the relevant factors used to fully assess each credit rating, including how issuers address material ESG exposures, the team engages with issuer management teams and conducts extensive due diligence and research. These assessments are reviewed by TDAM's Credit Committee. The Private Debt Origination and Research team utilizes the fixed income process, as described above, to inform an ESG Risk Score which is integrated into the internal credit rating.

### Canadian and Global Real Estate

Across our real estate platform, our approach to sustainability is aligned with our culture, which focuses on risk management, disciplined processes, sustainable returns, and material ESG risks and opportunities. We integrate ESG practices in our real estate investment and portfolio management processes, including acquisitions, developments, capital planning, third-party due diligence and ongoing operations. The goal is to deliver stable, growing income streams, create value, and mitigate risks over the long term.

### Global Infrastructure

TD Greystone Infrastructure Strategy promotes climate change mitigation and occupational health and safety characteristics through its active asset management practices.<sup>2</sup> This includes engagement with the management teams of portfolio companies, with the objective of improving social and environmental practices and operational performance and efficiency. TD Greystone Infrastructure Strategy also assesses the ongoing governance of the investee companies included in the portfolio.

### Mortgages

TDAM may integrate ESG factors where financially material or relevant into the investment process to mitigate risks and identify opportunities within the TD Greystone Mortgage Fund. Material ESG issues are evaluated within the context of our risk management framework.

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<sup>2</sup> TD Greystone Infrastructure Strategy does not commit to making any sustainable investments as defined by Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

**3) a) Are you a signatory to the UNPRI?**

Yes

**b) If you are signatory to other coalitions, please list them.**

TDAM is a member or supporter of, or signatory to, the following organizations:

- Canadian Coalition for Good Governance (CCGG)
- Carbon Disclosure Project (CDP)
- Global Real Estate Sustainability Benchmark (GRESB)
- Investor Stewardship Group (ISG)
- Responsible Investment Association (RIA) – associate member in 2019; signatory to the RIA Canadian Investor Statement on Diversity and Inclusion in 2020
- Climate Action 100+ (CA100+)
- 30% Club Canada Investor Group
- Climate Engagement Canada (CEC)
- International Corporate Governance Network (ICGN)
- Task Force on Climate Related Financial Disclosures (TCFD)
- Advance – PRI's human rights engagement initiative
- Coalition for Environmentally Responsible Economics (CERES)

**c) Indicate any other international standards, industry guidelines, reporting frameworks, or initiatives that guide your responsible investing practices.**

We continue to advance our ESG processes and contribute to industry dialogue more broadly. We introduced additional initiatives to incorporate ESG reviews in quarterly portfolio performance meetings, for active equity and alternative strategies, between our CIO and portfolio managers, as detailed below.

Active Equity Strategies

Quarterly reviews include portfolio-level ESG quality scores and carbon metrics compared to their respective benchmark. Quarterly reviews also included review of controversies or headline risk for the portfolio companies, which provides an additional layer of risk analysis. These internal quarterly reviews serve as a forum where the CIO discusses quarterly performance, inclusive of ESG metrics, and where internal teams such as asset allocation, investment risk and product can discuss their questions with portfolio managers as well.

Alternative Assets

Alternative assets, such as our direct real estate holdings and commercial mortgage loans, are typically less liquid and are marked to market every quarter. TDAM commenced quarterly ESG Working Group meetings with its Canadian real estate managers responsible for the asset, property, and development management of over 95% of the Canadian real estate portfolio by AUM. The quarterly ESG Working Group Meetings are used in part as a mechanism to provide feedback on ESG integration. Otherwise, ESG-related updates and ESG performance for alternative investment strategies are reviewed at each monthly Alternative Investment team meeting. For example,

updates on new acquisition ESG risk profiles, GRESB scores or response rates, and findings from mortgage fund borrower surveys are part of ESG performance monitoring at these meetings.

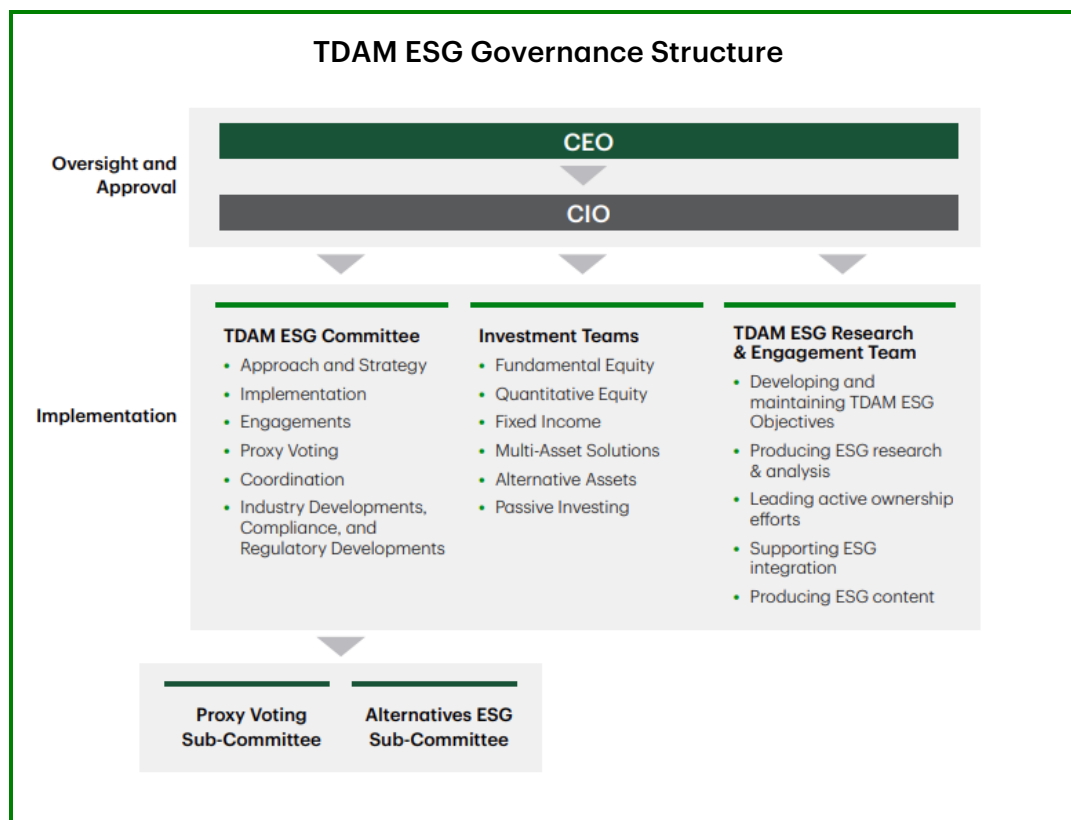
We also expanded our stewardship efforts to focus on climate, human capital, and human rights – key themes as we continue to assess material ESG risks and opportunities across our portfolios. We became part of Advance, the investor stewardship initiative on human rights and social issues led by the PRI. TDAM joined as a lead investor, specifically taking the lead on engagement discussions with a mining company on how they are managing human rights risks across their operations.

A key development for the industry was the establishment of the International Sustainability Standards Board (ISSB), which aims to develop standards for a global baseline of sustainability disclosures. TDAM took the opportunity to provide feedback to several of our member organizations as they drafted responses and evaluated member perspectives on two draft disclosure standards put forward by ISSB.

4) Please describe how ESG oversight and integration responsibilities are structured at your firm, including the process for escalation of key ESG issues. Also, if applicable, describe how responsible investment objectives are incorporated into individual or team employee performance reviews and compensation mechanisms.

Governance of sustainable investing starts with TDAM’s Chief Executive Officer (CEO), who is responsible for establishing and maintaining progress on overall strategic priorities for TDAM.

TDAM’s CIO and the Head of ESG Research and Engagement (ESG R&E) have executive accountability for ESG within the firm’s investment function as part of their broader sustainable investing responsibilities. The components of TDAM’s ESG governance are further described below.



TDAM’s ESG Research and Engagement Team

The mandate of TDAM’s ESG R&E team includes supporting the investment teams and providing subject matter expertise; leading the firm’s proxy voting activities, including developing the firm’s proxy voting guidelines; leading the firm’s ESG-specific engagement efforts, including dedicated engagements with companies on our annual focus list companies; providing research and thought leadership, often in collaboration with colleagues from the investment team; advising on the development of proposed sustainable fund solutions; acting as ESG subject matter experts within the firm and conducting knowledge sharing sessions with other teams across the firm; and leading the firm’s climate change-related investment R&E activities. In 2023, the team added two new positions: a Vice President, specializing in corporate governance, and an Analyst supporting the team on research and analytics.

TDAM’s ESG Committee

TDAM has a dedicated ESG Committee that oversees the firm's overall sustainable investing strategy and integration efforts. The committee facilitates discussion around ESG issues, engagements, and policy direction. The ESG Committee includes members of the investment management, external distribution, and investment risk teams. The ESG Committee meets on a quarterly basis, in addition to ad hoc meetings, where necessary. Items that require additional discussion are escalated to TDAM's Operating Committee and TDAM's Risk Committee. The ESG Committee strives to ensure that the sustainable investment approach is implemented in accordance with the applicable mandate(s) and clearly communicated across the business. The work of the ESG Committee is communicated to senior management, including the CEO, CIO, and portfolio managers, all of whom serve critical roles in advancing sustainability across the firm and within applicable portfolios that TDAM manages.

The purpose of TDAM's ESG Committee is to:

- Establish TDAM's firm-wide sustainable investing approach, policies, objectives, and commitments to applicable strategies.
- Provide advice and oversight of TDAM's sustainable investing approach and policies.
- Define sustainable investing objectives, track progress, and monitor effectiveness of stated approaches and commitments.
- Act as a liaison with TD to align, as appropriate, with TD's ESG policies given TDAM's fiduciary responsibility to its clients, and investment obligations and objectives.

The ESG Committee has sub-committees that oversee the workings of underlying functions where relevant, such as the Proxy Voting Sub-Committee, and the Alternatives ESG Committee. The ESG Committee supports the creation of working groups on different areas of implementation on an as needed basis. The ESG Committee is chaired by the Head of ESG R&E, with the CIO as an ex-officio member.

#### Proxy Voting Sub-Committee

Proxy voting at TDAM is overseen and governed by a dedicated Proxy Voting Sub-Committee. The Proxy Voting Sub-Committee is responsible for reviewing and approving TDAM's proxy voting guidelines and its custom voting instructions on ESG issues, identifying key or emerging proxy issues, and deliberating and deciding on any deviations or overrides of TDAM's vote recommendations. The Proxy Voting Sub-Committee is comprised of members from TDAM's public equities and ESG teams, including the CIO, Head of Equities and Head of ESG R&E.

#### Engagement Escalation

TDAM has an escalation process where, on an as-needed basis, the ESG R&E team and other investment team members may escalate items. This can be done in cases where company progress is assessed as being insufficient to mitigate ESG risks, or in cases of poor responsiveness from a company about how it is managing its ESG risks. The escalation process has multiple steps, including further engagement (individually or via industry groups), adverse proxy votes where appropriate, potential filing of shareholder resolutions, and (for active mandates) potential for reduced exposure should other escalation strategies fail to achieve results and the relevant portfolio manager deems the issue to negatively change the risk and return profile of the asset.



**6) What channels do you use to communicate ESG-related information to clients and/or the public? Do you produce thought leadership (written reports and publications)? If so, is the information available to the public? Please provide links, if applicable.**

TDAM provides several public disclosures related to sustainable investing. This includes annual publication of our Sustainable Investment Report, Task Force on Climate-Related Financials Disclosures Report, as well as our Quarterly Proxy Voting Reports. We also publish updates to our Proxy Voting Guidelines on an annual basis, ahead of proxy season. Our proxy voting disclosure platform also provides near real-time disclosure of TDAM's proxy voting records. Furthermore, we also regularly publish thought leadership papers and contribute to research pieces on several ESG related topics.

The following documents are available on our ESG Resources website

at <https://www.td.com/ca/en/global-investment-solutions/responsibility/resources>:

- TD Asset Management Sustainable Investing Approach
- TD Asset Management Sustainable Investment Report 2022
- TD Asset Management Proxy Voting Guidelines
- TD Asset Management Proxy Voting Policy & Procedures
- Proxy Voting Dashboard
- Quarterly Proxy Voting Reports
- Task Force on Climate-Related Financial Disclosures 2022 Report

Additionally, other ESG materials such as thought leadership papers, blogs, and podcasts can be found on our Sustainable Investing website at <https://www.td.com/ca/en/asset-management/institutional/about-us/sustainable-investing/>) and our Insights website (<https://www.td.com/ca/en/asset-management/institutional/insights/>).

**7) Do you have periodic reviews of your ESG process/approach to assess its effectiveness? If so, how frequent are the reviews? What are the results? What would cause you to disregard ESG issues in your investment/analysis decisions?**

Yes, TDAM reviews its ESG process/approach to assess its effectiveness at least annually. We also introduced additional initiatives to incorporate ESG reviews in quarterly portfolio performance meetings, for active equity and alternative strategies, between our CIO and portfolio managers. Any material changes may be discussed during those reviews.

Regarding ESG issues, TDAM recognizes that a broad range of financial and non-financial considerations may be relevant in making investment decisions. For funds that do not explicitly focus on ESG factors as part of their fundamental investment objectives or principal investment strategies, TDAM may integrate ESG factors where financially material or relevant into the investment decision-making process. It is up to each individual portfolio manager to determine whether, and to what extent, ESG considerations are to be incorporated into the financial analysis within their own investment processes, and in a manner that aligns with the fundamental investment objectives of each fund. As a result, the consideration of ESG factors may play a limited role in the investment decision-making process, meaning that ESG factors are not weighted heavily in the determination of whether to purchase, hold or sell a security in a fund's portfolio. Certain strategies and asset classes do not integrate ESG, including but not limited to index-tracking funds and certain third-party sub-advised strategies.

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## ENGAGEMENT

**22) What are your engagement goals? Are these goals outcome/action-based (e.g. decreases in emissions or increases in number of women on the board) or means-based (reporting on emissions or number of women on the board)?\***

Engagement allows TDAM to use its investor ownership rights to create an open dialogue with portfolio companies on financially material issues, including ESG. Through engagement, TDAM discusses a broad range of matters that may include company strategy, financial and non-financial performance and risk, capital allocation and capital structure, along with encouraging disclosures around ESG issues.

The depth of ESG discussions vary by engagement. Below are the four main avenues by which engagements are initiated:

1. Initiated by the research analyst or portfolio manager.
2. Stemming from the ESG R&E team's engagement focus list.
3. Requested by an entity following the release of their sustainability report or in advance of a proxy vote at their annual meeting of shareholders.
4. By way of a collaborative investor engagement.

Each avenue provides valuable insight into an entity's business dynamics and the impacts of material ESG issues. The more intensive ESG discussions are conducted by the ESG R&E team, both directly with the entity or by way of a collaborative engagement, with the intention to influence improvements and progress in ESG performance.

The ESG focus list targets companies where ESG performance may be lagging, but there is opportunity for meaningful improvements over time. The ESG focus list approach for 2023 had five primary categories: (i) general ESG (poor) performance; (ii) climate change; (iii) human capital; (iv) human rights; and (v) biodiversity. Consideration for focus list selection included identifying low performers in each respective area using a combination of metrics, research and TDAM's exposure to these entities. Focus list meetings are conducted by the ESG R&E team and are well-attended by TDAM's sector analysts and portfolio managers. The 2023 ESG focus list included approximately 50 entities, with some changes throughout the year due to exposure adjustments and certain company mergers.

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## DISCLOSURES

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All products contain risk. Important information about the pooled funds is contained in their respective offering circular, which we encourage you to read before investing. Please obtain a copy. Pooled fund units are not deposits as defined by the Canada Deposit Insurance Corporation or any other government deposit insurer and are not guaranteed by The Toronto-Dominion Bank. Investment strategies and current holdings are subject to change. TD Pooled Funds are managed by TD Asset Management Inc.

For clients who hold real estate: MSCI/REALpac returns are not immediately available at quarter-end; therefore, the prior quarter's index return is used in this report for benchmark calculation purposes. When the actual index is available, the benchmark return is then re-calculated.

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