

Responsible Investing Policy

1- Our approach to Responsible investing (RI)

At Triasima Portfolio Management Inc., we believe that Environmental, Social, and Governance (ESG) integration into security selection, portfolio construction, and asset allocation creates long-term opportunities to optimize the risk-return trade off and achieve important sustainability outcomes. As a signatory of the United Nations Principles for Responsible Investing (UNPRI), we believe that investing wisely and well – applying our fiduciary duty – helps create a shared added value while taking account of the needs and preferences of our clients.

Allocating capital while considering the ESG risks and opportunities and investing in real world outcomes and sustainable solutions is likely to have significant implications in improving long-term performance and value. Our approach to investing in companies with superior or increasing sustainability efforts is at the core of responsible investing and is crucial to help build a sustainable society. Being inclusive of such companies and forward-looking is essential to “doing well by doing good.”

2- ESG incorporation strategy (Screen – Invest – Engage)

Our ESG integration methodology includes three pillars:

- **Screen:** While we make no judgment on the nature of a business’s core activities that could be considered controversial, we can apply specific screening criteria based on a client’s beliefs and values. For instance, a negative screening – identifying companies owning fossil fuel and coal reserves, companies in the energy sector and companies in the electric utilities industry using coal to produce electricity – is applied to specific portfolios to provide ESG solutions for our clients.
- **Invest:** We make an increasing ongoing effort in integrating ESG issues into investment decision-making processes. Identifying and discussing ESG risks and opportunities during our regular meetings with company executives is central to our investment process. Beyond this, our ESG approach to identifying companies with a positive impact on real-world outcomes such as climate change includes both disadvantaging highly intensive companies in comparison to their peers, and favouring those with reduced emissions and greener technologies. This allows us to act proactively, for example by highlighting potential climate transition risks or by identifying opportunities to reduce emissions within a portfolio. All else being equal from the standpoint of the Three-Pillar Approach™ (i.e., similar overall attractiveness from a fundamental, quantitative, and trend perspective), Triasima will favour stocks with the lowest carbon footprint or the greatest potential to reduce emissions through new technologies. Faster decarbonization could help not only mitigate the risks of climate change but also generate better returns.

We also recognize that challenges of climate change are intrinsically interrelated to biodiversity loss as they share the same direct drivers such as greenhouse gas emissions, land use intensity and change, pollution, and other indirect drivers such as consumption of materials and energy. We believe that jointly addressing the challenges of climate change and biodiversity loss will better achieve sustainability opportunities and reduce the risk of unintended consequences. For example, companies investing in climate mitigation measures should consider their biodiversity impacts – such as monoculture planting as a carbon sequestration tool may have adverse environmental impacts including soil erosion, disruption of hydrological cycles, and alteration of habitat and biodiversity, and some green energy projects may also cause deforestation and habitat destruction of endangered species.

We also assess companies’ impact on priority social issues such as respect of human rights and Indigenous peoples’ rights. Depending on their industries and operating context, companies need to ensure they uphold the rights of their most affected and marginalized stakeholders. For instance, human rights’ risks of companies

in the apparel and garment industry related to forced or abusive work differ from those of companies in the extractive industry that face risks of violating Indigenous communities' rights to their resources, ways of life, and free, prior, and informed consent (FPIC) on decisions affecting them.

Moreover, we believe that governance issues are material to all companies, regardless of industries or sectors. A well-managed company from a governance standpoint is likely to be more sustainable and to perform better in terms of profitability, and of idiosyncratic and systematic risks based on several research findings. Governance issues are considered when incorporating ESG issues within the fundamental analysis of our Three-Pillar Approach™.

We believe that protecting our portfolios includes fulfilling regular assessment of all the above ESG issues and additional due diligence for companies exposed to particular sustainability risks – and where appropriate adjusting our portfolios.

- **Engage:** Engaging with companies on material ESG issues during regular meetings with their executives to raise awareness, to assess how ESG externalities are mitigated, and to discuss and encourage best ESG practices.

We commit to engaging with companies on the respect of FPIC where Indigenous communities may be affected as affirmed in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). The obligation to obtain FPIC from Indigenous peoples is important to ensure that collective Indigenous rights are taken into consideration and that Indigenous peoples have – not simply the right to participate in the process – but also the right to affect the outcome of the decision making. We also consider violations of Indigenous rights to be material ESG risk, with potential implications for long-term investment performance, social stability and ethical accountability. Companies need to not only partner with Indigenous peoples but also create opportunities within their own structures for Indigenous peoples to succeed.

3- Our approach to sustainability outcomes

Targeting sustainability outcomes and priority issues from our investment activities is another fundamental aspect of our responsible investing policy. We focus on identifying positive and negative outcomes related to the impact of our investment activities on climate change, a dimension of special interest to several Triasima clients, consultants, and other stakeholders.

We use the UN Sustainable Development Goals as our main framework to understand and target indicators that are the most relevant to climate change such as greenhouse gas emissions. Our climate-related strategy is based on identifying companies with high risk of stranded assets and identifying sectors and companies that are most likely to provide climate remediation opportunities, such as those linked to low-carbon transition technologies and energy efficiency.

We also consider the alignment of our portfolios with governance-related outcomes such as Gender Equality. We believe that equal opportunities for leadership roles, encouraging women's participation in managerial positions, and access to education are the best ways to achieve gender equality.

4- Our stewardship approach: Voting and engagement policy

Being compliant with Principle 2 of the UNPRI on active ownership, we commit to engaging with companies on material ESG issues and to exercising our voting rights. Our stewardship policy covers the entirety of our listed equities. We believe that voting is an important part of our shareholder responsibilities.

We outsource our proxy voting analysis to independent third-party agencies namely GIR Inc. ([Caucus Policy](#)) and ISS ([Sustainability Policy](#)). We review their analysis and voting recommendations and meet with them to discuss our voting guidelines and their inclusion of best governance practices. For shareholder proposals, our adopted voting policies support progressive proposals such as those on climate action, diversity goals, and pay linked to ESG

objectives; however, we remain cautious when shareholder proposals are too prescriptive or do not provide enough flexibility in implementing the required actions. In general, the voting process by service providers will consider a given set of circumstances around the company, the global ESG trends, and the materiality of specific ESG issues.

Engagement with companies on ESG issues depends on the nature of their core business activities, the expectations for their business sector, and their negative ESG externalities. While we believe that being inclusive of companies with increasing ESG efforts is the best strategy, we can also use different escalation strategies in case these companies are less responsive to our engagement dialogue.

5- Reporting and disclosure

We believe that disclosing our ESG approach to our clients and wider public is a crucial aspect of our responsible investing policy. We share ESG information such as the ESG ratings of our portfolios, the carbon footprint, and the alignment of our investment activities with the United Nations Sustainable Development Goals with existing clients, prospective clients, and ESG consultants on both an ad hoc and a regular basis. This information is provided along with applicable ESG benchmarks to better demonstrate the impact of our portfolios' holdings.

6- Oversight and accountability for responsible investment

The investment team, including a member dedicated to responsible investment, integrates ESG factors into the firm's investment decision-making processes to achieve ESG performance objectives for each portfolio and to contribute to stewardship efforts by engaging with companies and sharing ESG research findings.

Oversight and accountability are assured by Triasima's management committee, with ultimate responsibility resting with the board of directors. For instance, oversight for climate change issues is accomplished by incorporating climate action into our company's beliefs and values, by monitoring ESG and climate change metrics of our portfolios, and by discussing climate change beliefs and sensitivity with current and prospective clients.