

Our Approach to Responsible Investing

Responsible investing aims to incorporate environmental, social and governance (“ESG”) factors into investment decisions, to better manage risk and help generate sustainable, long-term investment returns.

As a leading Canadian fixed income asset manager, RP Investment Advisors LP (“RPIA”) applies best-in-class investment practices whilst we strive to be a leader in the positive development of the investment management industry. Our objective is to add value for our clients through a relentless focus on long-term capital preservation and growth. We believe that ESG factors can materially impact the risk and return profile of the corporate fixed income securities we invest in and that understanding these issues enables us to better manage downside risk and presents new opportunities to create value for our investors.

What is ESG?

ESG refers to the three central factors that are related to the sustainability and ethical impact of an investment in a company or business. As part of our investment process RPIA considers the following ESG factors:

Environmental

Environmental factors include the impact of a company on matters such as climate change, energy use, energy efficiency, emissions, waste and pollution. This includes their policies and initiatives to reduce negative environmental impact.

Social

Social factors include matters related to human rights, impact on local communities labour practices and employee working conditions, health and safety of the employees and affiliates, employee relations and diversity, management of conflicts of interests and business ethics.

Governance

Governance factors include executive compensation, bribery and corruption, board independence, board composition and diversity, alignment of interest between the shareholders and the executives, shareholder rights and companies’ policies relating to ESG.

RPIA evaluates each of these factors from an ESG perspective and also relative to the overall investment objectives and strategies of the investment mandates we manage. The degree to which ESG factors materially affect the performance of an investment depends not only on the company itself but also the industry, country and regulatory environment in which the company operates.

Our ESG commitments

RPIA commits to supporting ESG integration through the following primary activities.

1. Integration

Considering ESG issues is an important part of our investment research and decision-making activities. It allows us to increase the scope of our research and better understand the long-term risk and sustainability profile of the companies we invest in. Integrating ESG issues into research can uncover new risks and opportunities that may not be highlighted by traditional analysis. We integrate ESG information into our investment process by:

- Formal ESG analysis and processes to evaluate and assess security issuers based on standardized internal ESG factors and ratings methodology
- Regular reporting of ESG analysis to senior management
- Dedicating resources within our Research Team to collect and analyze ESG criteria and sharing this information throughout the broader Investment Management Team
- Developing research templates and replicable processes to enable analysts and portfolio managers to identify and manage ESG risks systematically
- Providing ESG-specific training for our Research and Investment Management Team

2. Engagement

Engage security issuers on ESG matters

Knowing how a company addresses ESG risks and opportunities can be a proxy for the overall management approach of the company leadership. In our investment process, we seek to understand how the companies we invest in manage their most material ESG issues by:

- Incorporating ESG issues into our standard engagement process
- Identifying industry specific ESG issues to engage with issuers on
- Incorporating material ESG issues into meetings with issuers
- Monitoring our engagement processes and results

Advance ESG integration through industry engagement

As an industry leader we have an important role in increasing awareness and uptake of ESG integration. We do this by:

- Engaging with responsible investing networks and relevant industry groups on a company and/or employee level
- Encouraging issuing companies to disclose their ESG policies, practices and performance to increase information availability
- Proactively contributing to industry education and development of ESG investment integration through publishing or collaborating on research papers and other relevant educational and informational material as well as engaging with industry participants and stakeholders through speaking opportunities
- Collaborating with industry peers to increase collective influence on ESG issues, when appropriate

Proxy Voting

As a predominantly fixed income asset manager RPIA generally does not invest in voting securities in a material manner. Where applicable we follow our documented Proxy Voting Policy which provides an overview and guidance of the corporate governance principles we support.

Where engaging in proxy voting activities RPIA's overarching policy is to exercise proxy voting rights in a manner that is consistent with the interest of our investors. Our policy also sets out clear guidelines for managing conflicts of interest matters that may arise from proxy voting activities. Where applicable, and as required by Canadian securities law pertaining to reporting issuers, the proxy voting records of the public mutual funds we manage are disclosed on the RPIA website.

Managing Conflicts of Interest

RPIA has implemented reasonable policies and procedures, including its Code of Conduct aimed at mitigating and managing conflicts of interests that may arise from the business activities of the firm. In accordance with applicable securities laws and regulations RPIA takes reasonable steps to identify and respond to conflicts of interest and will disclose the nature and extent of the conflict as appropriate.

Oversight and accountability

Our ESG policy and related commitments are applicable to all RPIA employees as it relates to their role within the firm. RPIA's Chief Investment Officer is responsible for overseeing the implementation and ongoing monitoring of this policy. This includes oversight of RPIA's Research Group's primary responsibility for implementing the policy objectives as part of the investment research and analysis process. RPIA's Risk & Analytics Group provides analytical support and ESG focused reporting while the Compliance Group is responsible for oversight with respects to policy compliance and relevant reporting.

Reporting

Providing transparent reporting and communication related to ESG integration into our investment management processes is a key element aimed to evidence and assess the implementation of our ESG policy and commitments and increases accountability to our investors. This includes the following formal and informal reporting activities:

- As a proud signatory of the United Nations – Principles for Responsible Investment (UN-PRI), RPIA will report annually with respect to its compliance in accordance with the provisions of the UN-PRI
- RPIA's Risk & Analytics prepares and distributes a quarterly internal ESG analysis reports on the issuers of our portfolio securities the Portfolio Management Team and client facing departments
- Articles, whitepapers and other written material relating to our ESG policy, implementation and related activities are developed for investor communications and where appropriate published on our public website.
- Additional ESG related information may also be made available to investors, potential investors and their beneficiaries upon request.