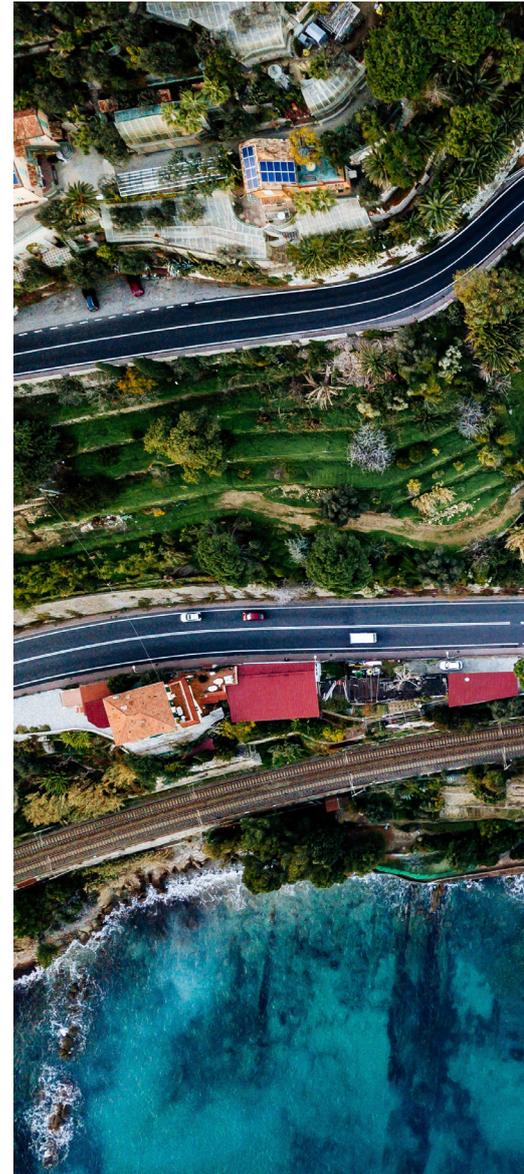


Sustainability Report

2021



RPIA

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There are three very simple reasons why we take ESG seriously - to minimize risk, to improve the quality of our returns for investors, and to fulfill our duty to our stakeholders.

- Mike Quinn, Principal & Chief Investment Officer

CONTRIBUTORS



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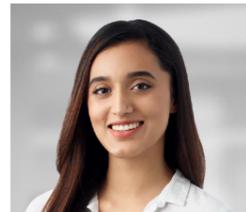
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EXECUTIVE SUMMARY

RPIA is an employee-owned investment management firm that specializes in global fixed income strategies. The firm was founded in 2009 by a small group of professionals who each have more than 20 years of international debt market experience and has now grown to over 80 staff. As at December 31, 2021, RPIA managed \$6.4B in assets for high-net-worth individuals, retail investors, pensions, foundations, and endowments.

As global investors and stewards of our investors' capital, we believe that sustainability plays an integral role in our investment philosophy and our business. In 2021, we continued to evolve and refine our beliefs around how we assess environmental, social, and governance (ESG) factors as we believe they play a critical role in defining risk and opportunities - both for invested capital and for RPIA. To that end, our 2021 Sustainability Report has two focus areas:

Firm

- **Measuring Our Climate Impact:** In 2021, we completed our first corporate GHG inventory, aligning with the GHG Protocol to measure the firm's carbon output.
- **Our Diversity, Equity & Inclusion Journey:** RPIA is dedicated to promoting diversity, equity, and inclusion ("DE&I") in our workplace, and we took actions to formalize this in 2021.
- **Engaging With Our Community:** In 2021, as in previous years, we demonstrated our commitment to engaging with our community both within the organization through allyship and education, as well as our philanthropic giving and active volunteerism in our local community.
- **Supporting Our Employees:** We established a few key initiatives in 2021 that have the sole goal of providing opportunities for growth, development, and personal support for our employees.

Investment Management

- **Evolving Our ESG Integration:** In 2021, we redesigned our ESG Integration framework to include sectoral materiality, better data aggregation, and structured qualitative inputs, culminating in the design of our proprietary RP Barometer.
- **The Importance of Climate Change:** We continued to advance our commitment to analyzing issuers through a climate lens with new tools and our 2021 TCFD report.
- **Providing Thought Leadership:** We published several thought leadership pieces related to ESG themes, sharing our views on topics our investors are focused on.
- **Increasing Focus on the Social Pillar:** We continue to believe social factors will be a top thematic discussion for engagement opportunities and we designed a scoring system to help our team analyze issuers' advancements in workplace diversity.
- **Issuer Engagement:** Our Credit Research team held meaningful engagements with issuers across sectors and geographies which informed our thematic focus for 2022.

We are excited about the advances we have made in 2021 and the goals we have set for 2022. If you would like to discuss our approach to sustainability within the firm and our investment process and collaborate on ideas, please feel free to reach out to a member of our Client Portfolio Management team or email us at esg@rpia.ca.

INDUSTRY & COMMUNITY COMMITMENT

RPIA became a UNPRI signatory in August 2018 to solidify our commitment to continued integration of ESG analysis into our firm and investment process in order to engage with issuers on ESG matters and advance ESG concepts through peer collaboration and public action. To this end, we have continued to join organizations that align with our goals and provide forums through which we can share ideas.





FIRM

FIRM

- ➔ Measuring Our Climate Impact
- ➔ Our Diversity, Equity & Inclusion Journey
- ➔ Engaging With Our Community
- ➔ Supporting Our Employees
- ➔ Our Focus in 2022

MEASURING OUR CLIMATE IMPACT

At RPIA, we recognize that understanding the sources of our greenhouse gas (“GHG”) emissions is a key step in managing them and setting impactful goals for reduction. In 2021, we completed our first corporate GHG inventory, aligning with the GHG Protocol to measure the firm’s carbon output and provide a baseline on which to set targets during 2022. The exercise was facilitated by Quinn & Partners, a leading management consultancy specializing in corporate sustainability, sustainable finance, and responsible investment practices.

The activities captured covered emissions from all three scopes for the fiscal period of 2019 to 2021:

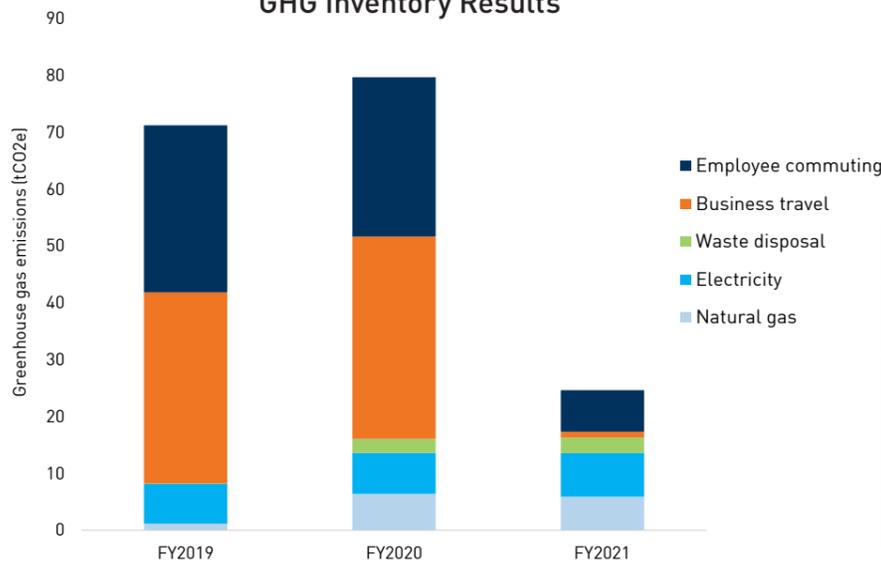
- SCOPE 1** Office natural gas consumption
- SCOPE 2** Office electricity use
- SCOPE 3** Office waste management, air/rail travel and hotels, taxis/Ubers/Lyfts, and daily employee commuting

Our firm emitted a total of 24.7 tons of greenhouse gases in FY2021, most of which resulted from employee commuting, natural gas, and electricity. This represents a significant decrease in emissions from the previous year, when our carbon output was 79.8 tons. This decline can largely be attributed to the effects of the COVID-19 pandemic as business travel and employee commuting emissions fell by 97% and 74% respectively between FY2020 and FY2021.

24.7 tons
of greenhouse
gases in 2021



GHG Inventory Results



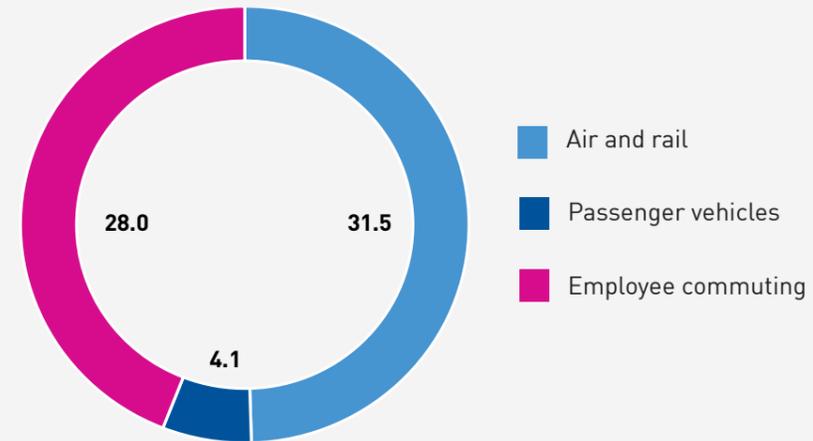
Total GHG Emissions (tCO₂e*)

Source	FY2019	FY2020	FY2021
Scope 1	1.2	6.4	5.9
Scope 2	7.0	7.2	7.7
Scope 3	63.1	66.1	11.1
Total	71.3	79.8	24.7

*GHG Inventory results are reported in units of metric tons of carbon dioxide equivalents



Scope 3 Transportation Breakdown FY2020 (tCO₂e)



FY 2021 Employee Commuting Survey

Metric	Result
Percent working from home	42%
Average commute distance	10 km
Active transportation (walk/bike)	34%
Public transit (TTC/GO transit)	32%
Motor Vehicle	34%

GHG Emissions: Peer Comparison (tCO₂e/FTE*)

Company	Value	Main Sources of Scope 3
RPIA	0.9	Employee and business travel
Peer 1	1.1	Business travel, excl. offsets
Peer 2	1.3	Excludes scope 3
Peer 3	3.9	Business travel

*Metric tons of emissions per full-time equivalent employee

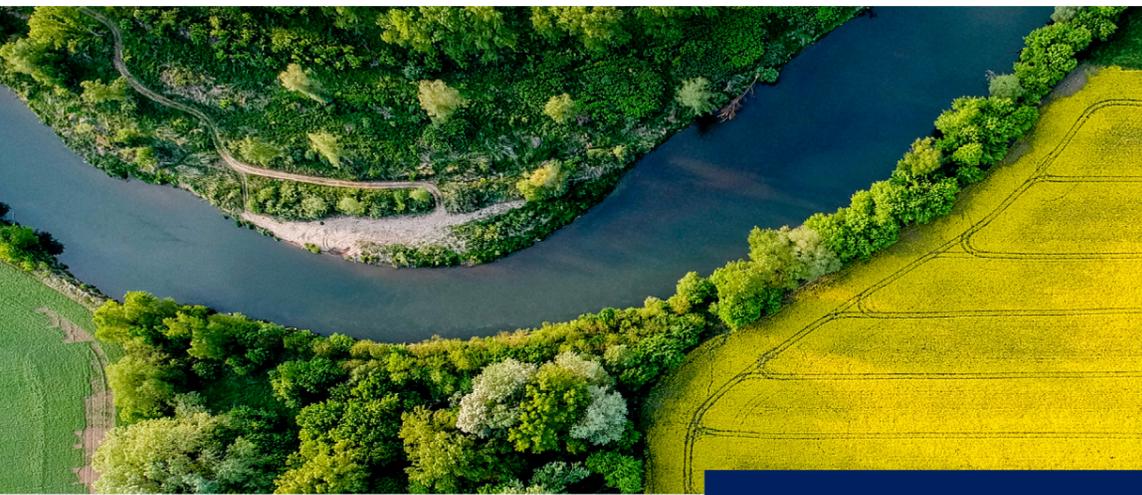
OUR DIVERSITY, EQUITY & INCLUSION JOURNEY

RPIA is dedicated to promoting diversity, equity, and inclusion (“DE&I”) in our workplace, and we took actions to formalize this in 2021. We strive to maintain an environment where no one is denied opportunities for reasons unrelated to their performance. We celebrate and welcome the unique attributes of all employees, stakeholders, and external personnel in support of our mission to promote diversity and inclusion across our organization.

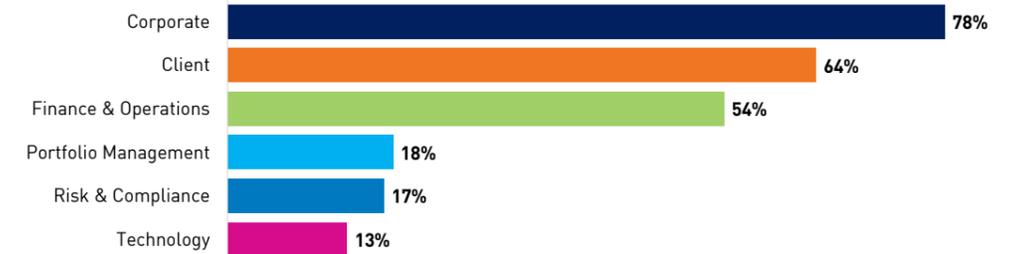
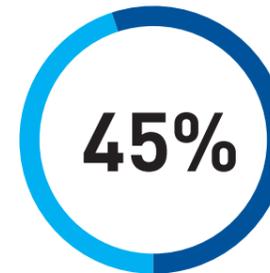
Our Diversity, Equity, and Inclusion in the Workplace Policy was published last year to demonstrate our commitment to promoting an atmosphere where respect for each person’s dignity, ideas, and beliefs is consistently upheld. The policy summarizes the guidelines we expect each employee to follow with respect to cultural competence, hiring and recruitment, and succession planning. It also outlines the various responsibilities, at the individual, group, and committee levels to ensure that the policy is respected and that our DE&I goals are met. Our firm is committed to taking a consultative, thoughtful, and impactful approach in evolving this policy over time.

RPIA’s hiring practices continue to evolve and adapt to the growing demands of the business and the increasingly diverse landscape of talent within the industry. We are proud partners of organizations such as Women in Capital Markets (WCM), 100Women in Finance (100WF), and the Canadian Association of Urban Financial Professionals (CAUFP) to ensure that our job opportunities are reaching members of historically marginalized and underrepresented groups.

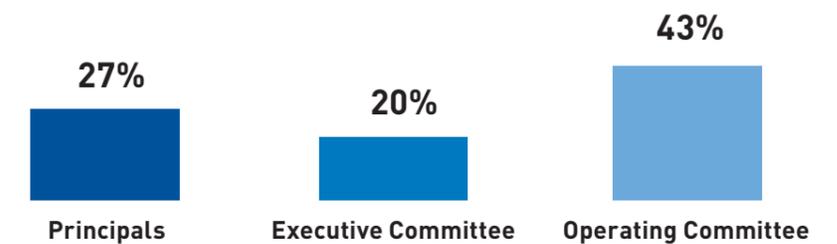
We believe in the power of diversity of thought, and we aspire to have an inclusive workplace that mirrors the fabric of our communities. In 2021, we conducted our first employee demographics survey to determine the diversity that exists across our organization and identify opportunities to further promote inclusion, equity, and engagement within the organization. Though we recognize there is more work to be done to increase representation of marginalized groups, we take pride in the progress we have made to date.



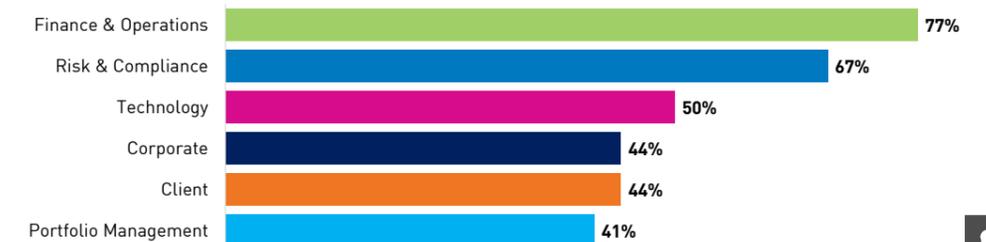
Women Firm-Wide



Women in Governance Roles*



Visible Minorities by Department



*Data presented as of May 2021 (Fiscal Year End 2021). All other data presented as of November 2021.

ENGAGING WITH OUR COMMUNITY

The pillars of our success as an organization are our commitment to having an inclusive and open culture, our passion for doing good through our work, and our dedication to empowering employees to become leaders in the causes they care most about. We take pride in engaging with our community both within the organization through allyship and education, as well as our philanthropic giving and active volunteerism in our local community. This has been an important focus area in 2021 and prior years, and we aim to continue with strong momentum in 2022.

Allyship Committee

The Allyship Committee embodies grassroots volunteerism, social activism, and community engagement. It is a safe place where all RPIA employees can help each other identify specific actions that can make a meaningful impact on the world around us. Allyship is a topic that generates tremendous voluntary engagement and passion in our firm. Each month, we host meetings that focus on a specific subject and have been attended by 55-60% of our workforce, with representation from all seniority levels of the firm. Meetings typically involve a combination of sharing lived experiences and external speakers and are intended to foster awareness and remove barriers, moving the firm even further toward an inclusive environment. The committee's goal is to encourage inclusive behaviours and leave our employees feeling more equipped to practice allyship regularly, consistently, and openly, both inside and out of the workplace, as well as more broadly in the community.



Charitable Giving

At RPIA, we believe in giving back to the community. We hope to create meaningful change through philanthropic giving and promoting active volunteerism among our employees in support of community development, scientific research, environmental initiatives, education, global development, and arts and cultural programs. We support a wide variety of organizations that reflect the values of our investors, our employees, and our firm. Below are some of the themes that the firm and employees have focused on for our charitable giving and we hope to increase this with additional opportunities in the coming months and years.



SUPPORTING OUR EMPLOYEES

Education & Training

We take pride in offering our employees various opportunities for professional and personal growth through ongoing education and training. As a UN PRI signatory, one of our firm's goals is to ensure our employees are educated in responsible investing. As a result of this commitment, all investor-facing, risk, and portfolio management team members, comprising 67% of our total staff, have either completed an introductory ESG course or enrolled in an ESG certification program. Individuals from other groups at the firm were also given the opportunity to complete introductory courses on the topic and many chose to do so.

Employee and Family Assistance Program (EFAP)

Our Employee and Family Assistance Program (EFAP) exemplifies our commitment to the mental health and well-being of our employees and their families. The EFAP is a supplementary benefit program for employees that provides short-term counselling and support. It is most frequently used for personal challenges such as relationship concerns, family or parenting issues, anxiety, depression, addictions, grief, health issues, or work-related challenges.

Internship/Co-op Program

For many summers, we have invited a number of university students to take advantage of our internship and co-op program. This program is designed to provide students with a better understanding of the investment business, enabling participants to build on critical career capabilities and broaden their professional networks.

Mentorship Program

Each year, the RPIA Mentorship Program pairs mentees with senior mentors for a 12-month period with the intent of promoting professional and personal development, encouraging cross-functional coaching, and cultivating a sense of community and mutual empowerment. With their mentor's support and guidance, mentees establish career goals, discuss strategies to overcome challenges, and gain broadened perspectives from their mentor's breadth of experience. In 2021, we expanded the program to have more individuals serve as both mentor and mentee. The program has been a beneficial way to improve visibility and upward mobility for junior members of the firm. For mentors, the program is equally rewarding as it provides an opportunity to coach, motivate, and empower their mentees to maximize their potential.

Listening Forums

This initiative is intended to foster open and honest conversations with small, intimate groups of employees in order to collect meaningful first-hand accounts of the employee experience at RPIA. The responses collected through these candid conversations have been critical in refining our cultural identity and enhancing our engagement with employees.



OUR FOCUS IN 2022

Our mandate is to position RPIA as a leader and go-to asset manager in Canadian sustainable investing, thereby delivering value to our investors and employees through our own firmwide ESG targets and initiatives.

- Louise Pitt Brindle, Principal & Head of Credit Research | ESG Innovation Team Sponsor



Smart Commute

In 2022, as part of our ongoing commitment to reducing our carbon footprint, we have begun to partner with organizations to provide our employees with tools and resources that support sustainable commuting. These partnerships will benefit our employees and communities in many ways, including reducing congestion, improving health and fitness, and taking action on climate change.



Leadership Skills Development

One of the initiatives we have launched in 2022 is a bi-weekly drop-in session for people managers and new leaders. The purpose of these sessions is to collectively explore various leadership concepts, develop soft skills, build relationships, and most importantly learn together how to effectively manage productivity while remaining positive, inspiring, and authentic leaders. We believe that senior leadership sets the tone for a truly inclusive environment, and as such, all RPIA Principals are undertaking a 6-month leadership effectiveness program in 2022 that incorporates a focus on modern empathetic leadership principals.



Innovation Teams

At RPIA, we believe that investing in our employees' growth and development is one of the key drivers of success and innovation. Leveraging the diversity of thought, skills, and abilities of our employees, we have launched a new initiative of cross-functional Innovation Teams in 2022. The objective of these teams is to harness the knowledge and interests of our employees to help pioneer new products, projects, and processes in support of our near and longer-term firm goals.

The ESG Innovation Team is comprised of individuals from the investment, client, and operations functions of the organization to ensure diversity of thought and thorough discussions that bring together multiple perspectives regarding our sustainability initiatives. This team will be driving the firm's ESG strategy by developing benchmarks, setting goals, conducting research, and providing recommendations for the ESG Committee and functional departments to implement within the workplace and our investment processes.

ESG Innovation Team



Louise Pitt Brindle | Sponsor
Principal, Head of Credit Research



Aaron Young | Leader
Associate Portfolio Manager



Lydia George | Member
Manager, Marketing



Maksym Tupis | Member
Trading Assistant, Portfolio Operations



Chandini Balloo | Member
Associate, Client Engagement



Vincenzo Bufalino | Member
Analyst, Client Portfolio Management

INVESTMENT MANAGEMENT

- ➔ Evolving Our ESG Integration
- ➔ The Importance of Climate Change
- ➔ Providing Thought Leadership
- ➔ Increasing Focus on the Social Pillar
- ➔ Engagement in 2021
- ➔ Our Engagement Focus in 2022



INVESTMENT MANAGEMENT

EVOLVING OUR ESG FRAMEWORK

RPIA has focused on incorporating ESG analysis into our investment process for many years; however, as ESG data, disclosures, reporting frameworks, and regulations evolve quickly, asset managers need to keep pace. In 2021, the RPIA ESG Committee decided to evaluate and refine the processes and tools being used to integrate ESG analysis into our investment process as a part of our broader firmwide ESG commitment.

The review ultimately led to an enhanced framework, which allows the investment team to collect and analyze ESG-related data with a new materiality mapping across sectors using the SASB model as the base for the proprietary tools we developed. This allowed the team to more accurately pinpoint which ESG factors are important for individual sectors, and have a better definition of a broader set of required qualitative information needed through issuer and/or engagement meetings.

Improvements to the ESG Processes Within the Investment Team in 2021

- Developing research templates and replicable processes to enable analysts and portfolio managers to identify and manage ESG risks
- Enhanced formal ESG analysis and processes to evaluate and assess issuers based on standardized internal ESG factors and ratings methodology
- Regular reporting of ESG analysis to senior management
- Dedicating additional resources to the Research Team to collect and analyze ESG criteria and sharing this information throughout the broader Investment Management Team
- Requiring ESG-specific training for all members of the investment team by the end of 2021
- Establishing goals for specific ESG content to inform investors and third parties about the trends and developments within the asset class
- Engagement meeting targets for the investment team
- Addition of new information sources and collaborations/alliances with organizations related to the ESG goals of the firm
- Goals set for ESG products/funds solutions for certain investors

With these improvements, the goal is for ESG analysis to occur in parallel with fundamental credit analysis before we make an investment, where possible. We also benefit from our focus on global capital markets and an active trading style, which enhances the team's ability to engage with issuers on disclosure, trends, and gaps in their ESG profiles.

The Committee intends for the firm's ESG framework to continue to evolve each year as the global ESG landscape changes, and we are committed to exploring new ways of incorporating ESG factors into our investment processes. It is critical to the new framework that we adapt and supplement our knowledge and influence as the world of ESG itself changes.

How Do We Leverage Our ESG Focus?

1. Integration

ESG Integration applies to all strategies as we believe it is important to assess fundamental, technical, and ESG risks and opportunities before adding a company's securities to the portfolios. It is critical to link these analytical frameworks together to fully understand management's commitments and goals as standalone targets and in the context of the respective company's sector and/or region.

The integration process does not imply or include investment restrictions – we can and do invest in issuers who may be working on or are in the early stages of improving or adapting their ESG profiles for various reasons. However, we approach this in a similar way to assessing fundamental risks in that we would likely require an additional yield or spread enhancement to compensate for the higher risk profile of that company or sector. We believe that incorporating ESG factors into our relative value discussions and decisions is a requirement in today's fixed income markets.



Integration

- Consider ESG factors for all portfolios as an input into risk management, credit analysis and relative value pricing
- Use quantitative and qualitative assessments to ensure we are pricing material ESG factors into our investments, where appropriate.
- Engage with issuers and relevant ESG organizations to ensure progress in improving disclosures and impact management's approach to ESG-related risks/improvements

2. Targeted Portfolios

As we advance our ESG integration process we are also beginning to explore opportunities to design targeted ESG portfolios in 2022, expanding on our carbon reduced mandate. Targeted portfolios would have a specific ESG focus, built around factors that are quantifiable and impactful. These future solutions may include issuers who we believe are leaders in addressing certain ESG factors or may focus on companies exhibiting improvement in their ESG risk profiles. We continue to manage our existing Targeted Portfolio, the RP Broad Corporate Bond (BBB, Carbon Reduced) strategy. This strategy has a dual mandate of producing 100 bps per annum of excess return above that of the index while maintaining a weighted average carbon intensity lower than that of the index.¹



Targeted

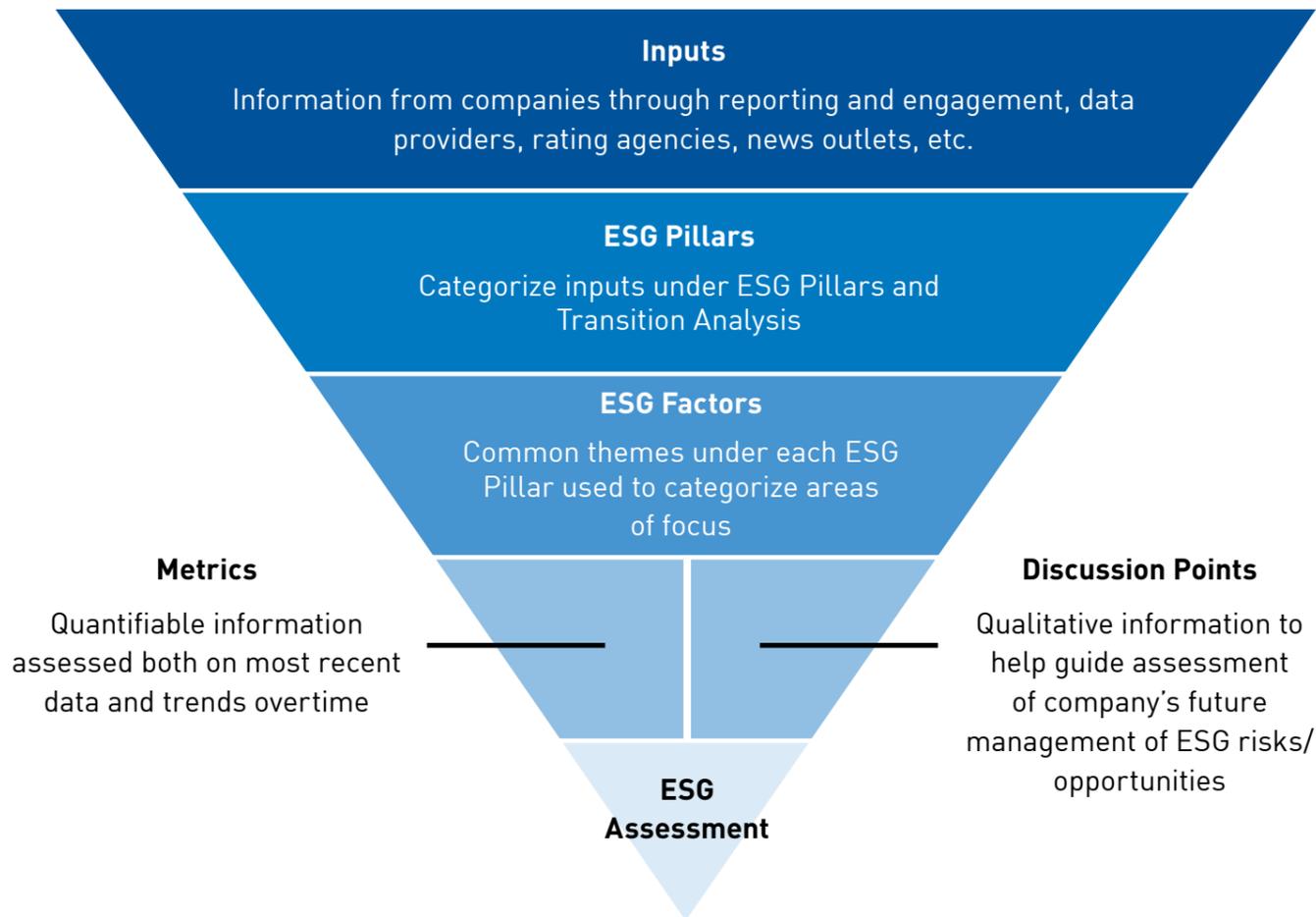
- Target specific factors within ESG that align with our investor's desired outcomes
- Focus on quantifiable and consistent ESG factors that we can utilize for optimizing the portfolio
- Experience in carbon reduction mandates to date and updated focus on workplace diversity with our Workplace Equality Framework
- Engage with issuers on these, and other, important ESG factors

¹Index: FTSE Canada BBB Corporate Bond Index

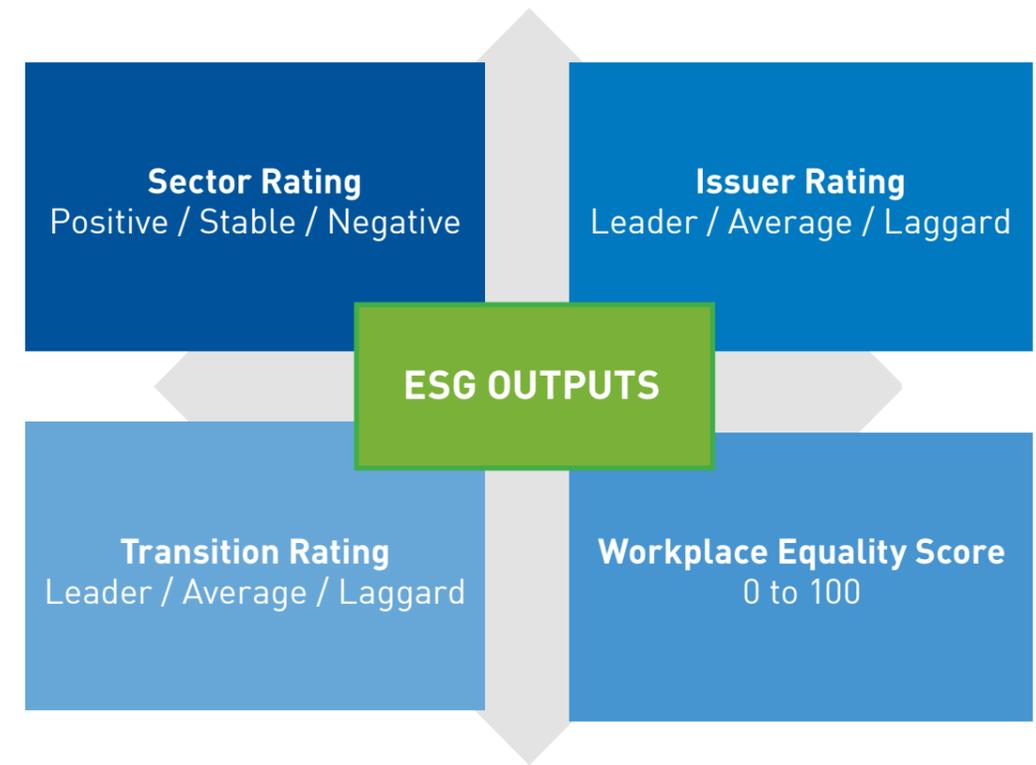
How Does the ESG Integration Process Work?

We prioritize numerous inputs to capture material ESG-risks and opportunities based on the sector within which an issuer operates. These inputs are mapped to ESG pillars and specific factors that differ by sector. The framework has a greater focus on the materiality of the specific ESG factors for each industry (guided by SASB and TCFD Standards). We capture quantitative metrics (current data and trends over time) and qualitative discussion points that provide insights into how management teams and boards develop and present their ESG profiles and deliver improvements over time. We also believe that the qualitative inputs to the ESG analysis are increasingly important to understand and discuss with both management teams and third parties such as regulators, rating agencies, and other investors globally.

Our ESG Integration Process



Outputs From Our ESG Integration



Our updated, but still evolving ESG integration processes build on the quantitative scoring in our original ESG framework but have been redesigned to incorporate the additional relative-value lens through which we manage our portfolios. This includes rankings against the broad sector as well as direct peer groups of the respective issuer. We also construct ESG sectoral views and ratings that supplement our fundamental analysis. Most importantly, our analysis includes the subjective views of our Credit Research and Execution teams, who can apply their sectoral and market expertise to analyzing issuers and structures from an ESG perspective.

The RP Barometer is a proprietary tool that aggregates all the above data and allows Credit Research, Execution, and Risk team members to find all relevant ESG information and relative rankings in one location in a consistent format for each company. The Barometer includes current and trend metrics (ranked against comparable issuers and the overall industry), policy analysis, suggested discussion topics for each of the ESG pillars, and modules dedicated to Transition Risk and DE&I analysis.



RP Barometer Snapshot

Environmental Risk Factors	Overall Rank:	2.6
Metrics (Current & Trend)	Current Rank:	2.7
	Trend Rank:	2.5

Factors	Metric	Unit	Current	Curr Rank	Trend	Trend Rank
GHG Emissions	Total GHG CO2 Emissions Intensity per Sales	CO2e/Rev	324.4	2	-13.9	1
Resource Management	Energy Intensity per Sales	MWh/Rev	997.5	2	-0.3	1
Resource Management	Pct Renewable Energy Consumed	%				
Resource Management	Embedded Carbon Reserves	MM Mt				
Ecological Impact	Water Use/Withdrawal Intensity per Sales	m ³ /Rev	0.5	1	0.0	1
Ecological Impact	Waste Generated per Sales	Mt/Rev	0.5	1	-63.9	1
Ecological Impact	Spills Per MBOE	Mt/MBOE				
Ecological Impact	Number Sites Environmentally Sensitive Areas	#				
Ecological Impact	Pct of Land Restored	%				
Ecological Impact	Number of Pipeline Incidents	#	1.0	1	-66.7	1
Ecological Impact	Pct of Natural Gas Pipelines Inspected	%				
Ecological Impact	Pct of Significant Pipeline Incidents	%	0.0	1	-66.7	1

Metrics (vs. Peer Group)

Metric	X	A	B	C	D	E
Total GHG CO2 Emissions Intensity per Sales	324.4	1,374.0		1,545.5	669.0	
Energy Intensity per Sales	997.5	5,551.9	597.0	6,101.0		
Pct Renewable Energy Consumed		0.0	0.0	0.9		20.0
Embedded Carbon Reserves						
Water Use/Withdrawal Intensity per Sales	0.5	246.2			740.4	
Waste Generated per Sales	0.5	12.7			2.6	
Spills Per MBOE			0.2			
Number Sites Environmentally Sensitive Areas						
Pct of Land Restored			92.1	34.9		
Number of Pipeline Incidents	1.0	4.0	55.0	9.0	6.0	
Pct of Natural Gas Pipelines Inspected		24.0	20.0	13.2		
Pct of Significant Pipeline Incidents	0.0	13.3	45.0	44.0		

Policy Implementation

Factor	Policy	Y/N
GHG Emissions	GHG Reduction / Energy Use Policy	No
Ecological Impact	Environmental Quality Management Policy	Yes
Ecological Impact	Emergency Response and Preparedness Policy	Yes

RPIA Workplace Equality Scoring Model

12/23/2021

COMPANY X

Sector: Midstream - Oil & Gas

Country of Risk: US

Ratings (M/SP/F): Baa1/BBB+/BBB+

Rep. Year: 2020

Workplace Equality Model

PI - Participation

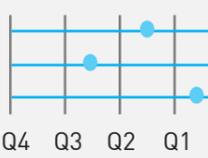
Metric	Value
% Workforce Participation	31
% New Hires of Total	33
% Total Attrition	37
Recruitment Strategy	No
Post-Career Break Strategy	No



PI Score: 10/20

PII - Mobility

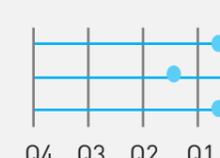
Metric	Value
% of Total Promotions	34
% of Entry Level Positions	43
% of Revenue Contributing Roles	25
Gender Diverse Candidates	No
Bias Training	Yes



PII Score: 17/20

PIII - Leadership

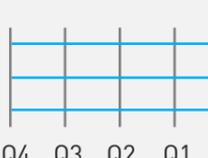
Metric	Value
% of Management Roles	29
% of Executive Roles	11
% of Board Members	36
CDO/Equivalent	No
Female Leadership Strategy	No



PIII Score: 14/20

PIV - Equal Pay

Metric	Value
Average Gender Pay Gap	-
% of Top Quartile Pay	-
% of Second Quartile Pay	-
Policies Addressing Pay Gaps	No
Action Plan for Pay Disparity	No



PIV Score: 0/20

PV - Representation

Metric	Value
% Disabled	3
% Minority Workforce	21
% Minority Management	19
Equal Opportunity	Yes
Indigenous Engagement	Yes



PV Score: 18/20

Total Score: 59/100

RPIA Transition Risks

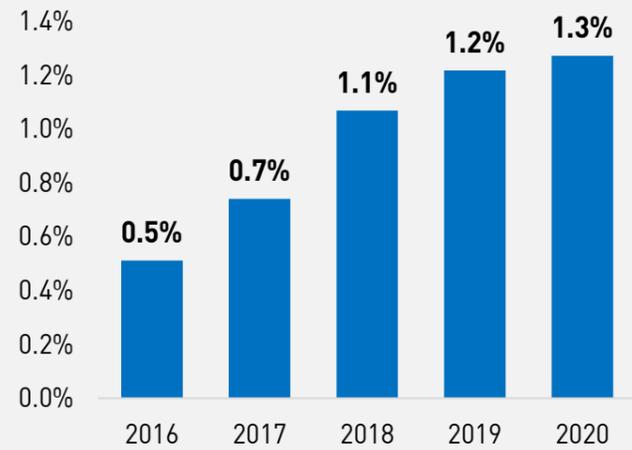
12/23/2021

COMPANY X

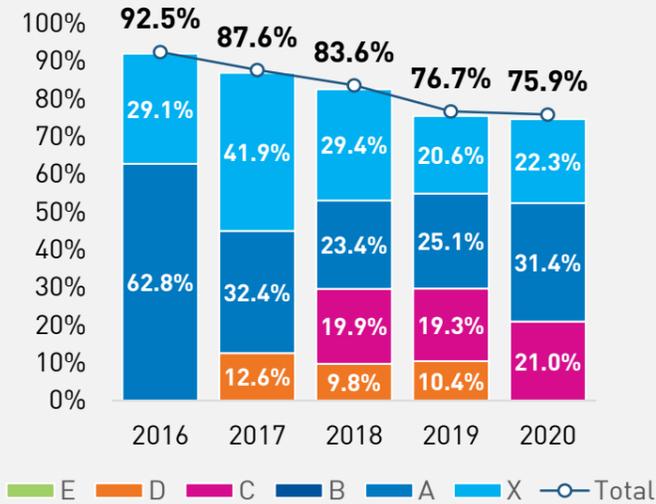
Sector: Midstream - Oil & Gas Country of Risk: US Ratings (M/SP/F): Baa1/BBB+/BBB+ Rep. Year: 2020

Carbon Budget - Midstream - Oil & Gas Sector

Midstream - Oil & Gas as a % of Overall Market



Issuers as a % of Midstream - Oil & Gas Sector



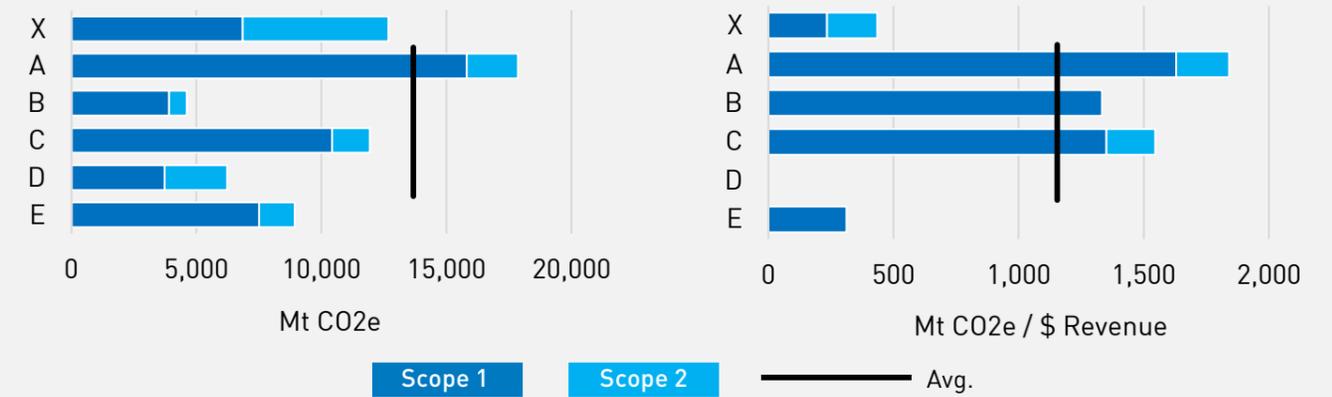
Carbon Profile & Trajectory

Average Rank: 2.4

Metrics (Absolute & Intensity)

Absolute Rank: 4.0
Intensity Rank: 2.0

	Absolute				Intensity			
	Total	Scope 1	Scope 2	Scope 3	Total	Scope 1	Scope 2	Scope 3
X	12,680.0	6,853.0	5,827.0	47,541.0	434.6	234.9	199.7	1,629.5
A	17,860.6	15,810.6	2,050.0	2,703.4	1,840.8	1,629.5	211.3	278.6
B	4,613.2	3,905.4	707.8	-	1,333.3	1,333.3	-	-
C	11,930.0	10,430.0	1,500.0	-	1,545.5	1,351.2	194.3	-
D	6,222.5	3,723.1	2,499.4	-	-	-	-	-
E	8,934.9	7,503.9	1,431.1	-	312.1	312.1	-	-
Avg.	13,671.2	10,256.5	3,414.7	33,418.0	1,154.3	955.5	198.9	2,578.1

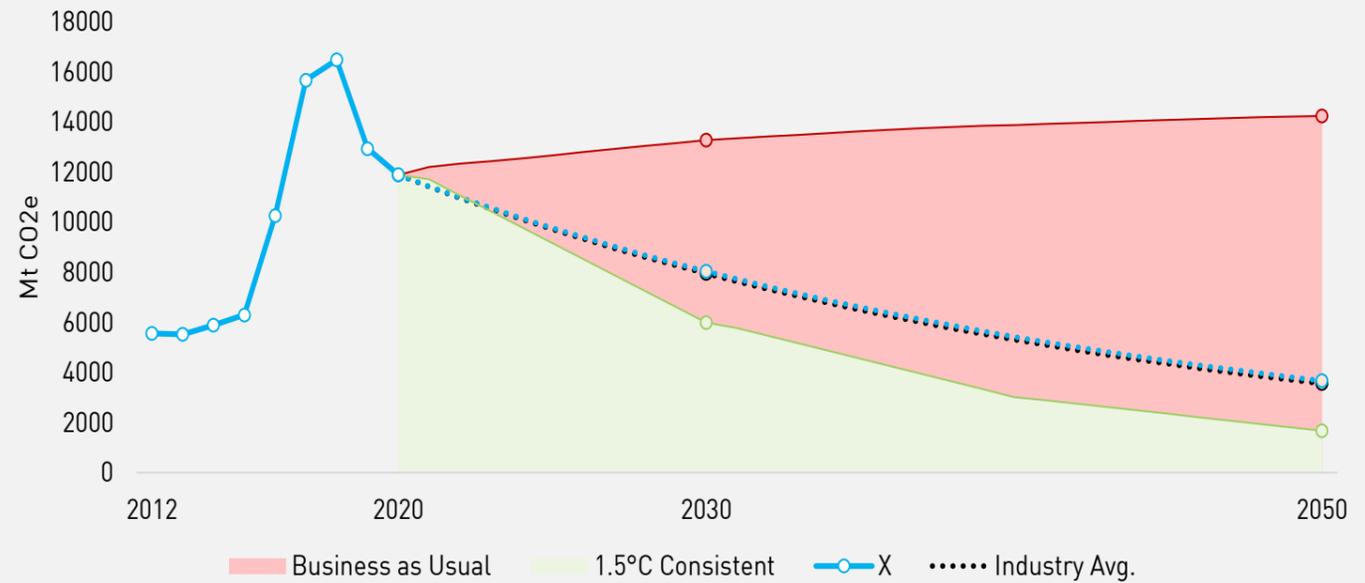


Source: Bloomberg, Company Filings

Carbon Trajectory

Rank: 3.0

Projections	X	Avg.	1.5°C Trajectory	Industry Gap	Transition Gap
Base (2019)	11,893.0	12,694.1	-	-	-
Projected (2030)	8,039.2	8,489.5	-50%	+0.7%	+17.2%
% Reduction (2030)	-32%	-33%	-50%		
Projected (2050)	3,673.3	3,797.0	-86%	+1.0%	+16.8%
% Reduction (2050)	-69%	-70%	-86%		



Source: Bloomberg, Company Filings, SBTi, TPI

Incorporating Thematic Focus Into Our ESG Research

In 2021, RPIA identified key themes that we believe will have a meaningful impact on risk and returns across many sectors and geographies in the coming years. Although they are captured in our overall ESG framework, these themes warrant additional, more-focused analysis. The team creates specific modules within the RP Barometer to analyze these themes and they are often included as key discussion points when meeting with issuers.

The Carbon Transition

Global economies are quickly shifting away from fossil fuel consumption as they recognize the risks climate change poses to humanity and global economic stability. By the end of 2021, 136 countries and 684 companies had made net-zero pledges, representing 90% of global GDP.² However, we note that these commitments vary greatly by time and scope, often making them not directly comparable.

Our ESG framework includes a Transition Risk module that creates an in-depth carbon profile for an issuer compared to their peers and the broader market. It also compares the ambition of carbon reduction targets versus the industry peer group and a 1.5°C pathway.



² Net Zero Tracker
³ McKinsey & Company - Women in the Workplace 2021

Workplace Equality

Although workplace inequalities faced by women, minority groups, people with disabilities, and other groups within society were a focus before COVID-19, the pandemic has only intensified the scrutiny on and importance of these social aspects. Research has shown that more diverse companies tend to exhibit better risk management and profitability, which is especially important to our industry.³

Our ESG framework includes a proprietary Workplace Equality scoring module that provides information about an issuer relative to its peers based on five key pillars (see Increasing Focus on Social Pillar below). Our investment team's work has also helped inform our firmwide discussion on these matters, leading to improvements and initiatives at the corporate level as we strive to incorporate the standards we expect from companies in our portfolios into our own culture.

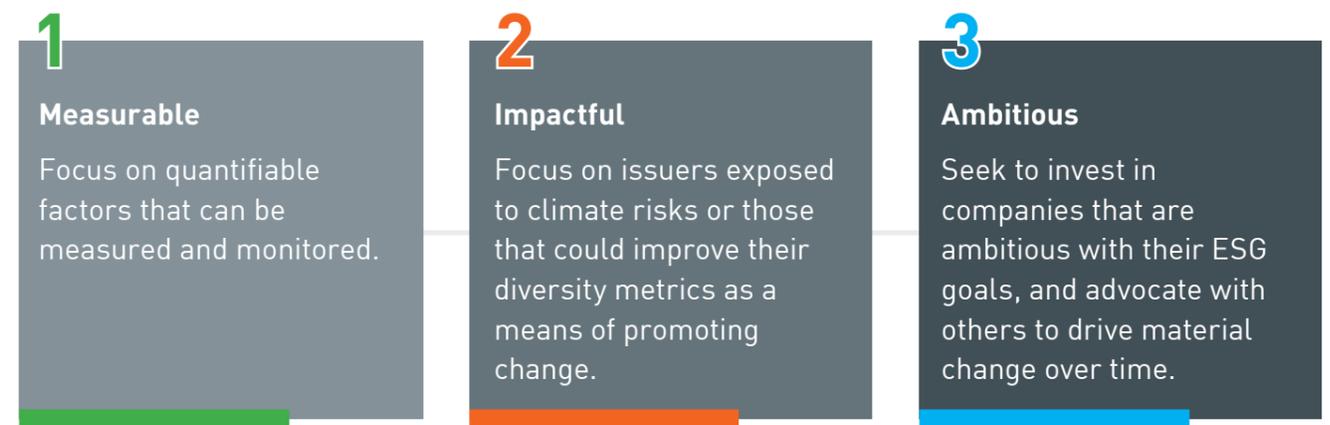


Targeted ESG Portfolios

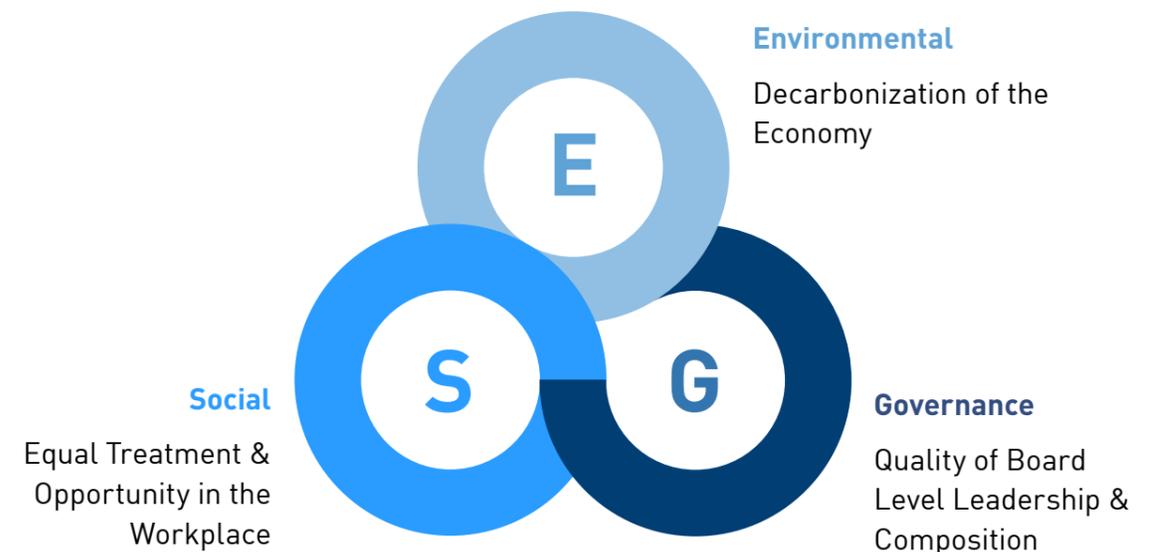
As we refine our ESG integration process, we are also beginning to discuss possible opportunities to develop solutions for investors in the form of ESG-focused portfolios. RPIA has managed a carbon-reduced corporate bond portfolio for over two years, successfully delivering on our dual mandate of attractive risk-adjusted returns combined with a lower carbon profile than the index. Leveraging our experience with this mandate, we hope to explore new solutions with our investors in 2022 that focus on targeted ESG themes.

Throughout 2021, we have had meaningful conversations with investors about the ESG factors relevant to their organizations and where we believe a solution is possible when prioritizing the following three concepts.

3 Key Factors for Building a Sustainability-Focused Portfolio



Possible Focus Areas for a Sustainability Portfolio



THE IMPORTANCE OF CLIMATE CHANGE

Climate change continues to be the most urgent source of ESG risk for humanity and global economies. No sector has escaped the present or potential impact of climate change risks. As stewards of our investors' capital, we continue to monitor short, medium, and longer-term effects on corporate credit arising from physical and transition risks.

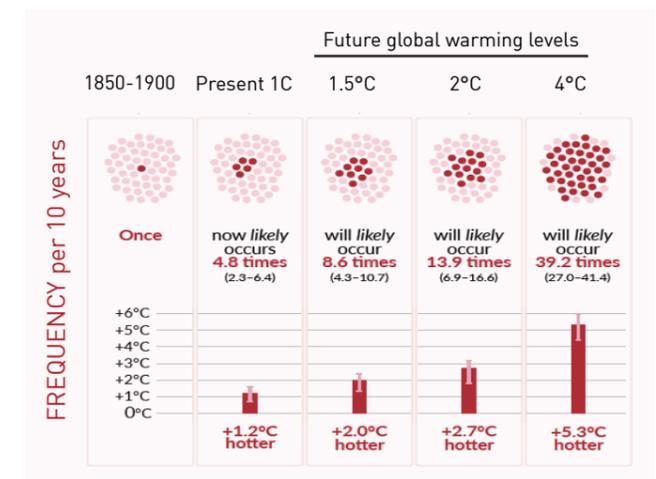
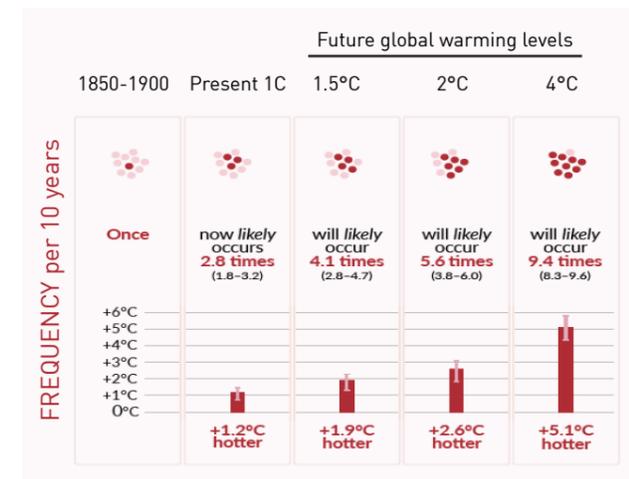
The most recent Intergovernmental Panel on Climate Change report has shown that the impacts from greenhouse gas emissions are not a far-off issue that can be addressed slowly over time. The report made clear that climate change has an *immediate* impact and must be addressed by governments and corporations across the global economy starting yesterday.

Climate Change Leading to Increasing Frequency of Extreme Weather Events

Hot Temperature Events Over Land

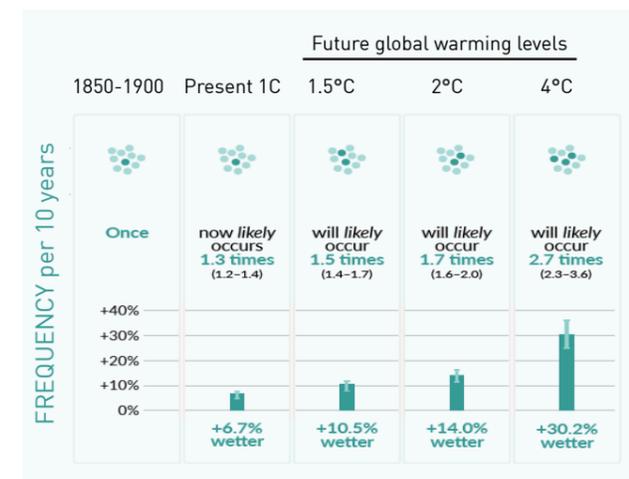
Once in 10-Yr. Event

Once in 50-Yr. Event



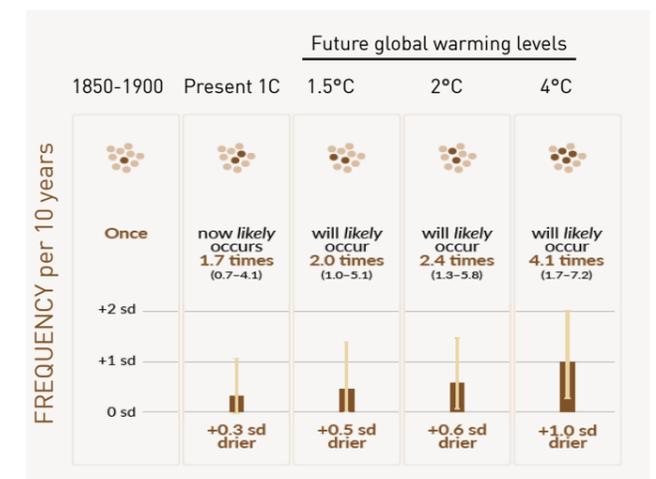
Heavy Precipitation Over Land

Once in 10-Yr. Event



Agricultural/Ecological Droughts

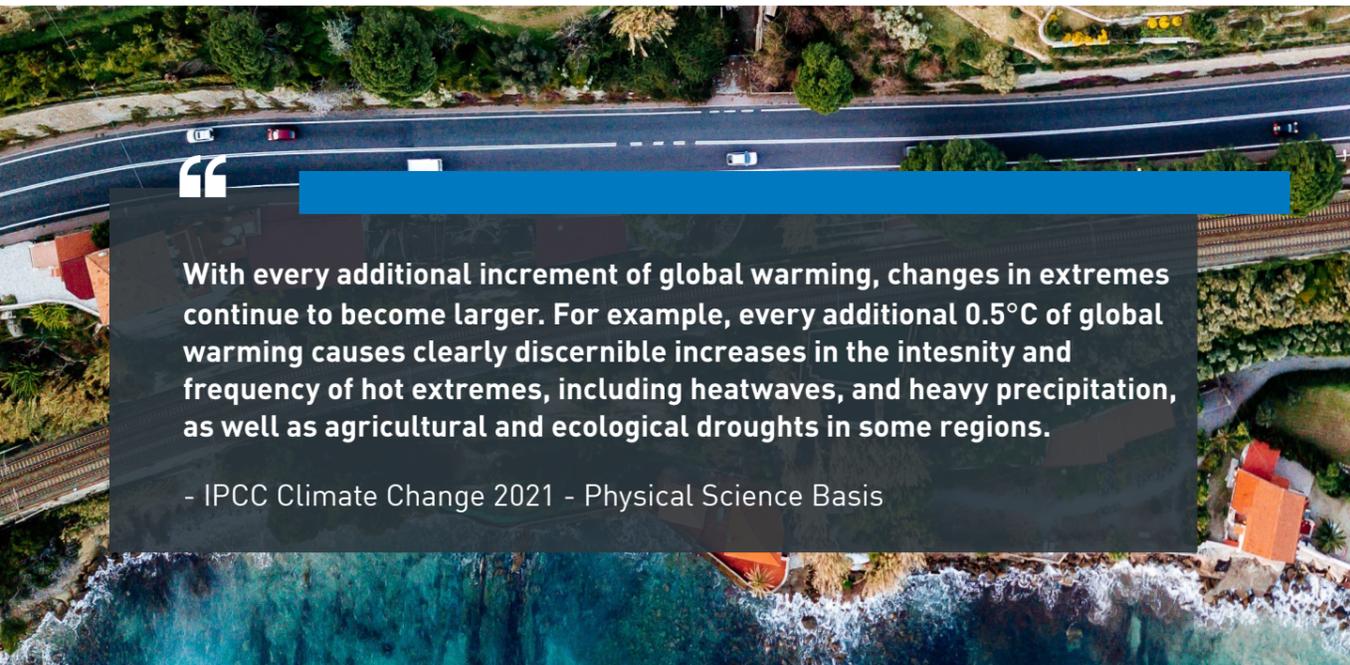
Once in 10-Yr. Event



I used to say, when I was talking about climate change, that climate change is serious, certain, and soon. But this is no longer accurate. Now it is very serious, very certain, and now.

- Linda O. Mearns, Ph.D.

Senior Scientist, Research Applications Lab, National Center for Atmospheric Research (she/her)



More frequent extreme weather events and the continued transition away from fossil fuels have significant impacts on many sectors in which we invest, similar to the examples outlined below:

- Energy companies face continued pressure to pivot their operations away from coal, oil, and natural gas and toward renewable products.
- Transport and automotive manufacturers continue to transition from internal combustion engines toward electric vehicles with large-scale implications for global supply chains.
- Lending institutions face pressure to reduce underwriting and lending to fossil-fuel intensive businesses.
- Insurance companies face heightened risks due to higher claims from more frequent global extreme weather events and rising sea levels.

Simply put, climate change permeates all elements of the global economy and our portfolios. To this end, we have completed our second annual TCFD report, which outlines our views on climate change and how we integrate this analysis into our investment process.

[View PDF >](#) **TCFD Report**

PROVIDING THOUGHT LEADERSHIP

In 2021, the changes implemented in our investment team and processes enabled us to generate additional thought leadership content on ESG, focusing on topics that are important to the investment community and our investors. Our published commentaries target the ESG-related themes that we believe will remain topical and impactful to investing in the fixed income markets over the coming years. In addition, the investment team has been active in discussions and initiatives with organizations such as The Credit Roundtable, the UNPRI, Climate Engagement Canada, and others to promote ESG awareness and progression.



[The Evolution of ESG](#)

A discussion on how RPIA integrates ESG into our strategies and where we see trends going forward.



[Where's Your Ambition](#)

How do we assess the impact from ESG-linked bonds and whether issues are funding incremental change or “business-as-usual.”



[Enbridge's SLB Addressing the “Transition Gap” in Energy](#)

Enbridge's landmark Canadian energy sustainability-linked bond deal was the first step in addressing the “transition gap” between an energy-dominant economy and the need to decarbonize.



[The Transition to Net Zero - A Fixed Income Perspective](#)

A summary of Liam O'Sullivan's presentation at the Pension Investment Association of Canada Conference (PIAC). This two-pager provides a summary of the themes he shared with the attendees.



[Nuclear Power: a necessary step in the path to net-zero](#)

Following Bruce Power's inaugural green bond deal, we discuss the benefits of nuclear as a near-zero greenhouse gas emissions technology but the risks associated with waste management and a highly politicized view of nuclear power.



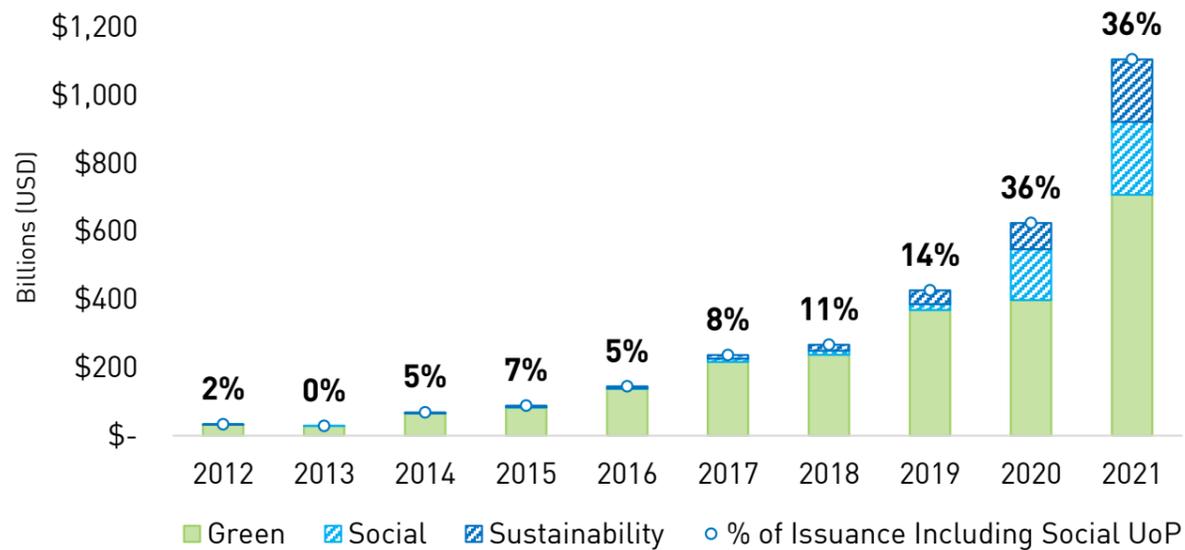
[A Discussion on Climate Change, Sustainable Living & Investing](#)

This interactive event covered the pressing topic of climate change and the need for sustainable actions. Our speakers provided an educational discussion from the lens of an individual and an investor, touching on the impact of climate change, changes we as individuals can incorporate to reduce our carbon footprint, and the growth and importance of sustainable investing.

INCREASING FOCUS ON THE SOCIAL PILLAR

Although the environmental pillar has been top of mind in recent years, we believe that the social pillar will become as important in the coming years, especially as we see increased disclosure and standardized metrics. We are now seeing more focus on social metrics, particularly how companies manage diversity, equity, and inclusion, and the impact on their customers. This increased focus on the social pillar is evident in the amount of Social and Sustainability bonds issued in 2021 relative to environmentally-focused issues (“Green bonds”). We believe this increased issuance reflects how many issuers recognize that the social pillar can no longer be ignored.

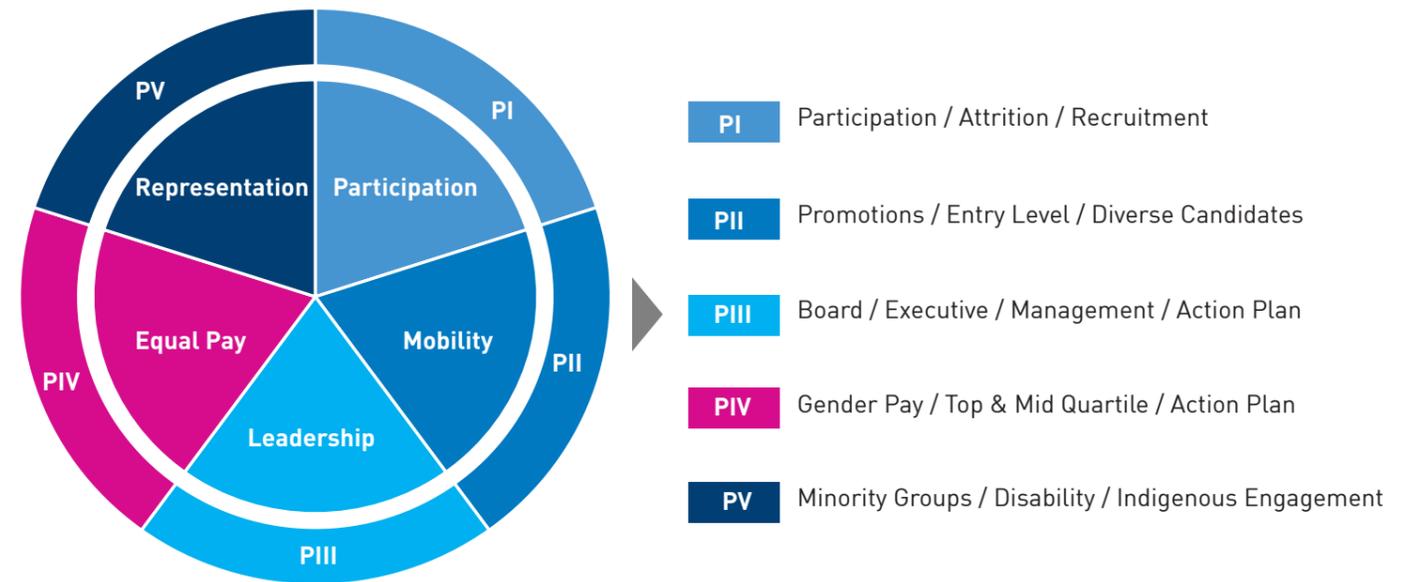
Social Pillar Becoming an Increasing Focus for ESG Bonds



Source: Bloomberg UoP = Use of Proceeds

In light of this trend, and based on conversations with our investors, we found that gender diversity disclosure has improved enough to become measurable, and improvements would be impactful for the companies we invest in. Upon reviewing disclosures provided by many companies across the global fixed income sectors, we found that although most issuers reported on gender diversity, their metrics were often limited to female representation on their board or the percentage of their workforce that was female regardless of seniority. While these metrics are clearly important, we saw the opportunity to design a scoring system that took a more in-depth review of how an issuer encourages gender diversity in their workplace. The result was a scoring system built on five pillars, four of which focus on gender diversity and a fifth that incorporates other forms of diversity (ethnicity, disability, Indigenous peoples), for which data is currently less widely available but critical in our view. We will continue to advocate for an increase in the breadth of disclosures of these metrics and encourage management teams to incorporate these into their targets at the company or security level where appropriate.

RPIA's Workplace Equality Framework

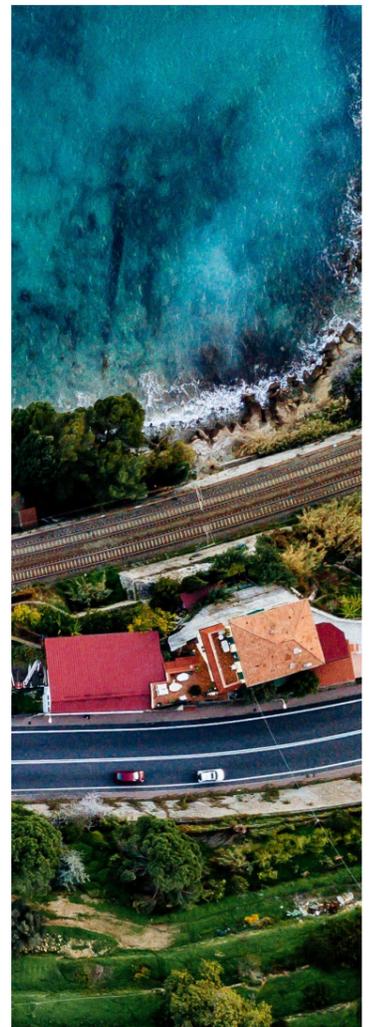


Women in the Workplace

How a company manages DE&I needs to be assessed across many levels. In the infographic on the next page we highlight the five pillars that make up our Workplace Equality framework. Our goal is to push issuers to disclose information on all aspects of diversity in the same detail that we have seen in gender metrics. We will use our engagements as opportunities to increase detailed disclosure across all population groups. In conjunction with that, we aim to use our own DE&I survey data to set ambitious and relevant goals for these pillars within our firm to improve workplace equality and transparency and ensure that we apply the same expectations to ourselves as we do the companies in which we invest.

Infographic Sources:
 McKinsey & Company and LeanIn.Org, OECD “Women in the Workplace” September 27, 2021
 “COVID-19’s Impact on Women’s Employment” March 8, 2021. “Diversity Wins – How Inclusion Matters” May 19, 2020. OECD (2022), Gender wage gap (indicator). doi: 10.1787/7cee77aa-en (Accessed on 10 January 2022). Gender pay gap defined by as the difference between median earnings of women relative to median earnings of men. Full-time employees.

January 25th, 2022. All data presented as of 2020 or 2019



THE PILLAR	THE PROBLEM	THE SOLUTION
 Participation	<ol style="list-style-type: none"> Female workforce participation is at risk due to the COVID-19 pandemic. Women dropping out of the work-force impacts all the subsequent pillars. <p>23%  </p> <p>13%  </p> <p>Percentage of respondents with children 10 years or younger planning to drop out of the workforce.</p>	<p>Engage with issuers on work-force composition, female attrition rates, and female focused recruitment or back to work strategies.</p>
 Mobility	<ol style="list-style-type: none"> Promotions still favour male workers. A lack of upwards mobility for women impacts both leadership composition and pay gaps. <p>86  </p> <p>Number of female employees who get promoted per 100 male promotions.</p>	<p>Encourage issuers to track and increase the percentage of women in leadership, management, and revenue-producing roles versus over-representation of women in entry level roles.</p>
 Leadership	<ol style="list-style-type: none"> The higher up the corporate ladder you go, the less women are represented. The lack of mobility is reflected in the leadership composition of companies and higher wage gaps. <p>Entry-Level 48%  </p> <p>Director 35%  </p> <p>Senior VP 27%  </p> <p>Manager 41%  </p> <p>Vice President 30%  </p> <p>C-Suite 24%  </p>	<p>Ask that issuers expand their focus beyond just Board composition, and ensure women are well-represented across all seniority levels.</p>
 Equal Pay	<ol style="list-style-type: none"> Women are still paid less than their male counterparts. Less opportunities for promotion and fewer women occupying middle/upper management roles, exacerbate pay gaps <p>\$0.83  </p> <p>Average female compensation for every \$1 in wage being paid to male employees (US & Canada).</p>	<p>It is less common for issuers to disclose pay gap metrics. We engage with issuers to start disclosing and improving pay gaps within their organization.</p>
 Representation	<ol style="list-style-type: none"> All of the above can be expanded to ethnic diversity, LGBTQ+, Indigenous and persons with disabilities with the same targeted impacts. <p>12%  </p> <p>Average representation of ethnic minorities within executive teams in North America and the UK.</p>	<p>Push companies to consider the same pillars for different community populations (ethnicity, full gender spectrum, Indigenous groups, and people with disabilities).</p>

Workplace Equality Case Study - Diversified Bank

Background

This case study focuses on a UK-based diversified bank that demonstrates leadership in disclosing and improving DE&I-related metrics.

Participation

The issuer discloses metrics beyond workforce participation for women and has implemented policies that encourage the recruitment of female employees.



Mobility

The issuer discloses in-depth metrics on the mobility of their female workforce and ranks in the second or first quartile on all metrics relative to peers. The company has also implemented policies regarding diversity in candidate selection for internal roles.



Leadership

The issuer ranks in the first quartile for board diversity and has top quartile rankings for the percentage of mid and senior-level women in the company. Their corporate-wide strategy for increasing representation of women in leadership roles is also a positive sign.



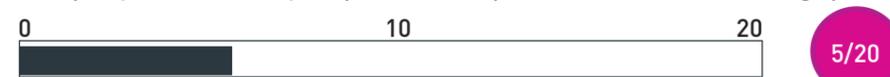
Equal Pay

The issuer is among a few global companies that report on pay gap metrics between female and male employees. The company ranks in the second quartile versus peers who report such metrics. The company also has policies in place for further closing the pay gap.

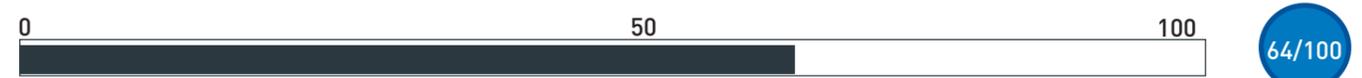


Representation

The fifth pillar is where the issuer (and most other companies) fall short. The issuer currently does not have disclosures on the representation of other population groups within its workforce. The company has recently implemented plans to address these gaps.



Overall, we view this company as a leader in DE&I disclosure, and it ranks highly against global peers in the same sector based on our Workplace Equality model. We encouraged the issuer to increase disclosure beyond gender by including visible minorities, people with disabilities, and other under-represented groups in the population.



ENGAGEMENT ACTIVITIES IN 2021

Knowing how a company addresses ESG risks and opportunities can provide key insights into how prepared it is for changes that will impact its business. As bond investors, we do not have the power of a proxy vote; however, the instruments we invest in are often not perpetual, which means we have many opportunities to engage with companies and discuss ESG-related topics. Moreover, in many companies that issue fixed income securities, the amount of debt outstanding is larger than the amount of equity on the balance sheet. Furthermore, many private companies issue debt in the global capital markets, providing fixed income asset managers with the opportunity to engage with companies that are out of reach for equity investors.

In these discussions, we gain insights not always available in the data. Specifically, management teams share with us their future visions for managing ESG-related risks and opportunities, and we have a chance to share our views on where companies can improve and what topics are important to our investors. We expect additional regulatory developments regarding disclosures and requirements for reporting ESG metrics in the coming years. However, we strongly believe that companies should not wait for these to materialize but rather try to lead by example and go above the “minimum standards” set by peers or previous bond deals.

We incorporate ESG into our engagement practice by:

-  **Identifying** industry-specific ESG factors on which to engage with issuers
-  **Advocating** for initial/increasing ESG disclosures and assisting issuers with identifying material information, gaps, and best practices on a global basis
-  **Updating** our understanding of the ESG profile and future plans of an issuer through engagement discussions
-  **Emphasizing** that we believe every management presentation and communication should include an update on a company’s ESG strategy and achievements

Monitoring our engagement processes and reporting results to our investors allow us to assess an issuer’s ESG profile on several fronts:



The breadth of disclosures across different business areas and metrics



Quality of information provided



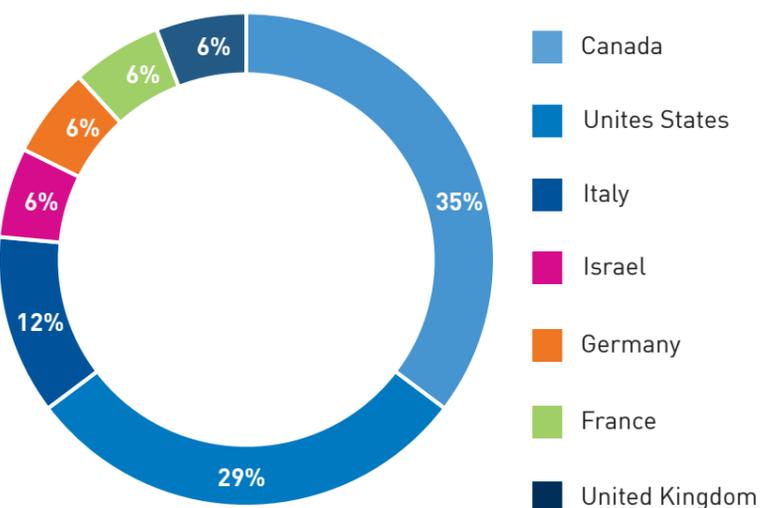
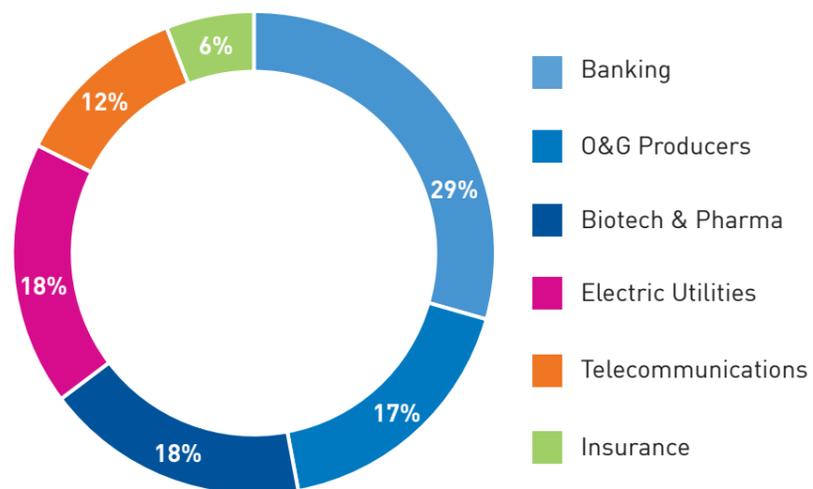
Forward-looking plans for ESG-related risks/opportunities



How well management is executing these plans

We acknowledge that these relationships take time to develop, and we appreciate that data is released or updated much less frequently than traditional financial statements and filings. However, we continue to advocate for regular and engaging discussions about the ESG pillars with management teams, ESG specialists, and members of the Treasury functions at the companies, followed by our investment team members.

Breakdown of 2021 ESG Meetings by Industry and Country



Major topics discussed with issuers over 2021 included carbon reduction target setting across all industries, research and development (R&D) in new environmental technology such as carbon capture, access to healthcare in developing markets, engagement with Indigenous populations, and representation of women across the corporate structure. Many of our conversations included discussions on issuing ESG-related bonds, focusing on sustainability-linked bonds, which embed an adjustment in financing cost if issuers do not hit certain ESG-related targets.



Engagement Case Study 1: Oil & Gas

Background

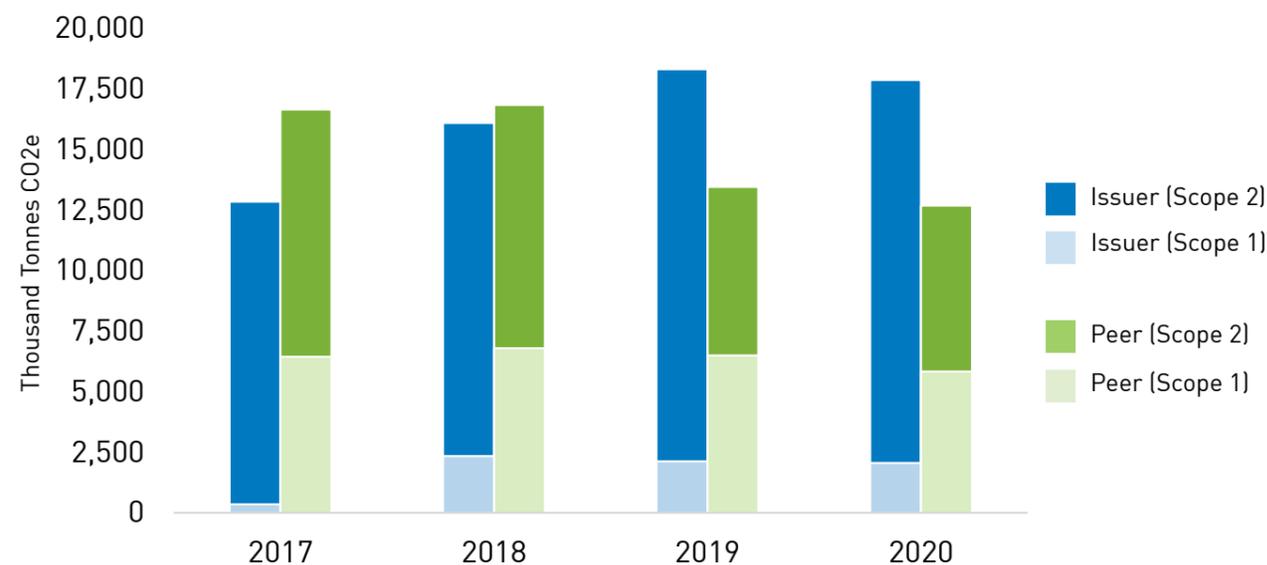
This case study focuses on a meeting with one of the largest Canadian energy infrastructure companies to discuss environmental and social themes. The issuer operates within one of the highest emitting sectors in Canada, and the nature of its operations has a considerable impact on Canadian communities, specifically Indigenous groups.

Engagement Focus

Conversations focused on two impact themes for the issuer: (1) reducing the carbon footprint of their operations and (2) engagement with communities in which the company has a significant physical footprint. The issuer had just released a detailed carbon accounting report and set carbon reduction plans for their operations. RPIA also discussed the impacts of the company's physical footprint on Indigenous communities to understand how the issuer considered community rights, equity, and representation within the company itself.

Progress and Monitoring

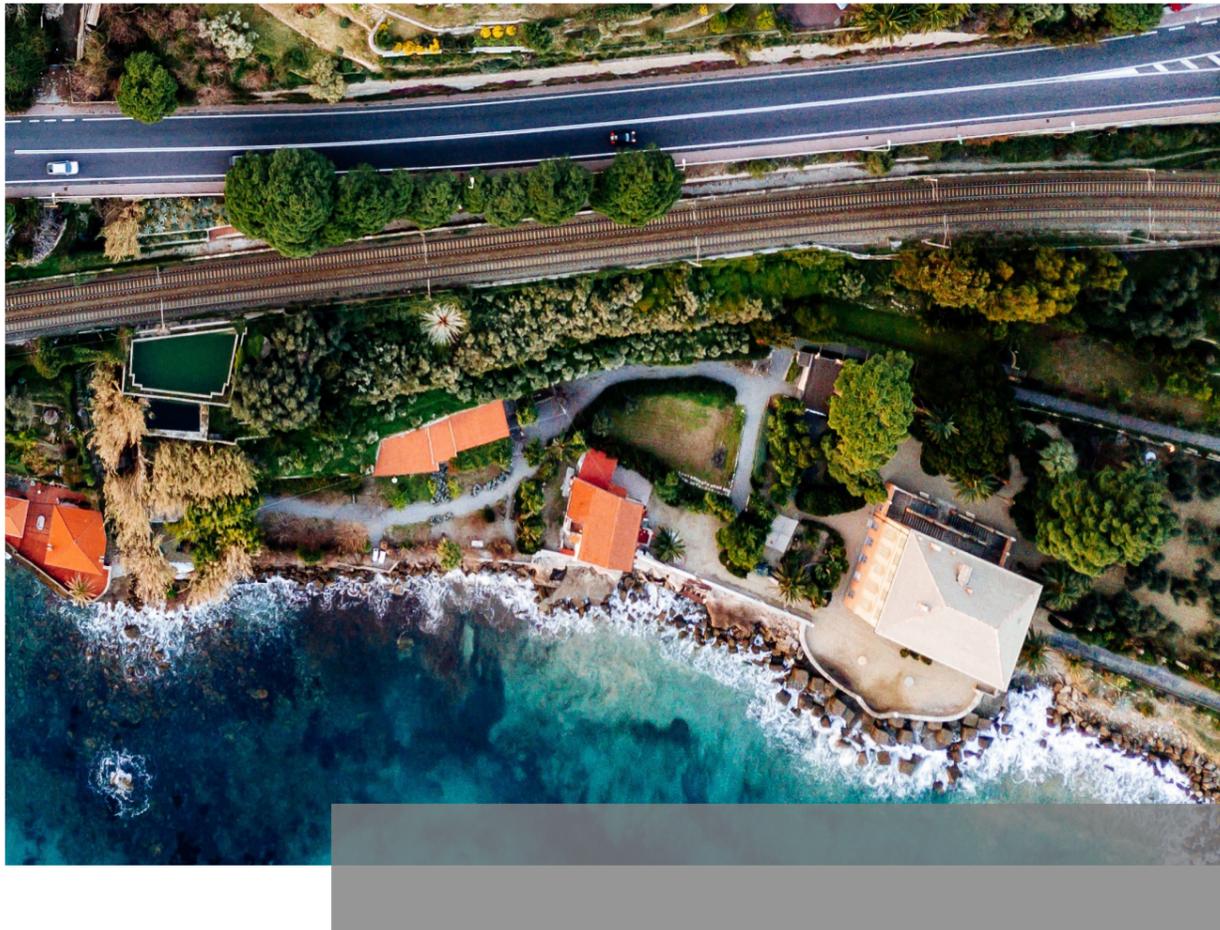
We deemed the company's carbon disclosure to be advanced relative to peers, and their reduction plans were in line with what has been implemented at Canadian and US peers within the same subsector. This included credible medium and long-term targets with clear progress points along the timeline. RPIA raised the concern that the company's recent emissions trends were increasing, which would make future reductions more difficult. We will monitor the company's actions to modernize their current projects to reduce the impact of carbon from operations (better controls around fugitive emissions, electrification of operations, renewable power purchase agreements, etc.).



Progress and Monitoring continued...

The company has exhibited a high level of awareness around community engagement with the Indigenous groups that are most impacted by their physical footprint. We supported the issuer's efforts and discussed possibly expanding their measurements and targets to include more information on how well Indigenous people are represented within the company. We will monitor several frameworks to be implemented by the issuer in 2022 that focus on equity and representation for both communities and Indigenous people the issuer employs.

Given the company's newly set carbon reduction targets, RPIA recommended the company to issue a sustainability-linked bond (SLB) to align funding with their ESG goals. Given the company's operating profile, we recommended an SLB structure that includes an emissions reduction KPI linked to its 2030 mid-term reduction target and an Indigenous community engagement KPI tied to increasing Indigenous peoples within their workforce or among manager-level or higher employees.



Engagement Case Study 2: Utilities

Background

This case study focuses on meeting with an electric utility issuer to discuss environmental and social themes. The issuer had an attractive Environmental profile but wanted to increase disclosure around Social metrics.

Engagement Focus

Conversations focused on the type of social disclosures that would be helpful to investors in assessing the company's social risks and opportunities. We spent some time reviewing the issuer's operations and environmental impact. Social discussions focused on the types of gender and ethnic diversity metrics that we would like to see from their portfolio companies. We discussed the level of detail that goes into our own Workplace Equality framework and saw Indigenous community partnership and employment as another area of opportunity.

Progress and Monitoring

RPIA considered the company a leader amongst other utility peers in carbon reduction and energy efficiency. The issuer's power generation has a low carbon profile, and the company is continuing to improve the efficiency of its assets. We believe they are well positioned for decarbonizing trends. The company also exhibited a high interest in increasing its social disclosures. The company's existing disclosures were average for the peer group, and its subsequent sustainability report included many of the metrics that form part of RPIA's Workplace Equality framework. In addition, the company continued to increase Indigenous community engagement and support.



We will continue to monitor the issuer's progress in 2022 to ensure (a) continued execution on asset maintenance and upgrades and (b) improving year-over-year metrics such as the representation of women in leadership, Indigenous community partnership, and the addition of new diversity disclosures.

OUR ENGAGEMENT FOCUS IN 2022

In 2022, we intend to continue to engage with issuers across various impactful themes. “The Carbon Transition” and “Workplace Equality” themes are a priority, but we are tailoring our interest to the sector of the companies that we are engaging with regularly.

The Carbon Transition

Sector	Focus
All sectors	<ul style="list-style-type: none"> Target setting and execution
Oil & Gas (E&P, Midstream, Servicing)	<ul style="list-style-type: none"> “Just Transition” – how will issuers balance decarbonizing their operations with maintaining jobs and retraining employees Progress on R&D in carbon capture technology Launching/increasing SLB issuance tied to decarbonization targets
Utilities	<ul style="list-style-type: none"> Concrete plans for coal phase-out (US Issuers) Monitoring nuclear and renewable adoption Ability to maintain baseload despite the transition to renewables
Financials, BDCs and Airline Lessors	<ul style="list-style-type: none"> Discuss financed emissions as the largest contributor to issuers’ carbon profile – Scope 3 measurement, target setting, and execution
Airlines	<ul style="list-style-type: none"> Fleet upgrades key to lower carbon profile R&D and implementation for alternative fuels

Workplace Equality

Jurisdiction	Focus
Eurozone & UK	<ul style="list-style-type: none"> Monitor latest disclosures for improvement in trend
Canada & US	<ul style="list-style-type: none"> Push issuers to include in-depth DE&I information such as Leadership composition (women in leadership roles outside of the C-Suite), Mobility (relative promotions and opportunities to move up the corporate ladder for women), and Pay Equality (women vs. men pay gap disclosure)
All Jurisdictions	<ul style="list-style-type: none"> Expanding their DE&I metrics beyond gender to include ethnicity, disability, and Indigenous groups

Another engagement area we will include in our 2022 conversations is “Indigenous Inclusion.” This social factor has special importance for the Canadian-based issuers we engage with.

Indigenous Inclusion

Sector	Focus
All sectors	<ul style="list-style-type: none"> Indigenous workforce representation and opportunities
Utilities / Oil & Gas / Renewables	<ul style="list-style-type: none"> In-depth workforce metrics – representation, mobility, pay gap Economic participation Community engagement and financial support
Financials	<ul style="list-style-type: none"> Programs, products, and financial literacy targeted for Indigenous communities
Telecommunications	<ul style="list-style-type: none"> Access to underserved Indigenous communities

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ESG factors that may be considered as part of our investment process include matters relating to climate change, energy use, energy efficiency, emissions, waste, pollution, matters related to human rights, impact on local communities, labour practices, employee working conditions, health and safety of the employees and affiliates, employee relations and diversity, 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.

ESG integration, including components relating to issuer engagement, is a firm-wide investment approach but the weight and importance of it in our investment management process can vary across the investment funds we manage. Always refer to the relevant fund offering documents for important information on the investment objectives, strategies and associated risks of a particular fund. The consideration and implementation of ESG factors are also subject to RPIA's internal investment and risk management policies and may be revised as a result of investment suitability requirements, current portfolio positioning and external market and economic factors.

The consideration of ESG factors in the investment process for RP Strategic Income Plus Fund and RP Alternative Global Bond Fund is weighted less than the core financial and credit analysis employed in the management of these funds. Please see the [simplified prospectus](#) for additional information.



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