



Sustainability Report

2022



RPIA

43 Hazelton Ave.
Toronto, ON
M5R 2E3

www.rpia.ca

Email Address: esg@rpia.ca

General Line: +1 647 776 1777

Investor Services: +1 647 776 2566

CONTRIBUTORS



Stephanie (Stevie) Krohn
(She/Her)
ESG Lead



Lydia George
(She/Her)
Manager, Marketing



Rameen Amin
(She/Her)
Associate, Marketing Communications



Kaleigh Hayes
(She/Her)
Associate, HR



Tushar Lalwani
(He/Him)
Director, Compliance



Chandini Balloo
(She/Her)
Associate, Client Engagement



Tania Henriquez
(She/Her)
Director, HR & Administration



Dannielle Ullrich
(She/Her)
Principal, Chief Financial & Operating Officer



Liam O'Sullivan
(He/Him)
Principal, Co-Head of Client Portfolio Management



David Matheson
(He/Him)
Principal, Co-Chief Investment Officer

CONTENTS

OVERVIEW	4
Executive Summary	4
Industry & Community Commitment	5
FIRM	7
Measuring Our Climate Impact	8
Supporting Our Employees	10
Engaging with Our Community	12
Our Diversity, Equity & Inclusion Journey	16
INVESTMENT MANAGEMENT	20
Evolving Our ESG Integration	24
Engaging with Issuers	28
Introducing Our Fossil Fuel Exclusion Strategy	32
Thought Leadership	34
Task Force on Climate Related Financial Disclosure (TCFD) Report	36

EXECUTIVE SUMMARY

RPIA is an investment management firm, independently owned by employees and specialized in global fixed income strategies. The firm was founded in 2009 by a small group of professionals with extensive international debt market experience and has now grown to approximately 100 team members. At the end of 2022, we had managed approximately \$7 billion of assets for institutions, high-net-worth individuals, and investment advisors.

As global investment experts and stewards of our investors' capital, we believe that sustainability plays an integral role in our investment philosophy and our business. In 2022, we continued to evolve and refine our beliefs regarding how we assess environmental, social, and governance (ESG) factors and how they play a critical role in defining risk and opportunities - both for invested capital and for RPIA as a firm. To that end, our 2022 Sustainability Report has two focus areas: our role as an employer and our role as an asset manager.

Firm

- **Climate Smart Certification:** We partnered with Radicle to track and manage our greenhouse gas (GHG) inventory, earning us the Climate Smart Certification.
- **Supporting Our Community:** In addition to our charitable giving, we launched the RPIA ACE Program, which aims to provide academic and community empowerment for underrepresented and disenfranchised demographics. This program will include scholarships at Canadian universities and an internship program.
- **Continuing Our DEI Journey:** We continue to foster and promote DEI in our workplace through our Elevate Program, guided by our LEAD Pillars: Leadership, Empathy, Accountability, and Development.

Investment Management

- **Integration & Engagement:** In 2022, we continued to leverage the RP Barometer, which we use to help guide how we approach engagements with issuers.
- **Targeted Portfolios:** We launched our targeted portfolio, RP Broad Corporate Bond (Fossil Fuel Exclusion) in partnership with a university client. This strategy was designed to meet the university's ESG investment goals.
- **Thought Leadership:** We published several thought pieces on ESG topics, including climate risk, trends in sustainable finance in bond markets, diversity, equity, and inclusion (DEI) themes, and the changing investor landscape.

We are excited about the advances we have made in 2022 and the goals we have set for 2023. If you would like to discuss our approach to sustainability within the firm and our investment process, please feel free to email or call our Client Portfolio Management Team.

Best regards,



Stevie Krohn
ESG Lead



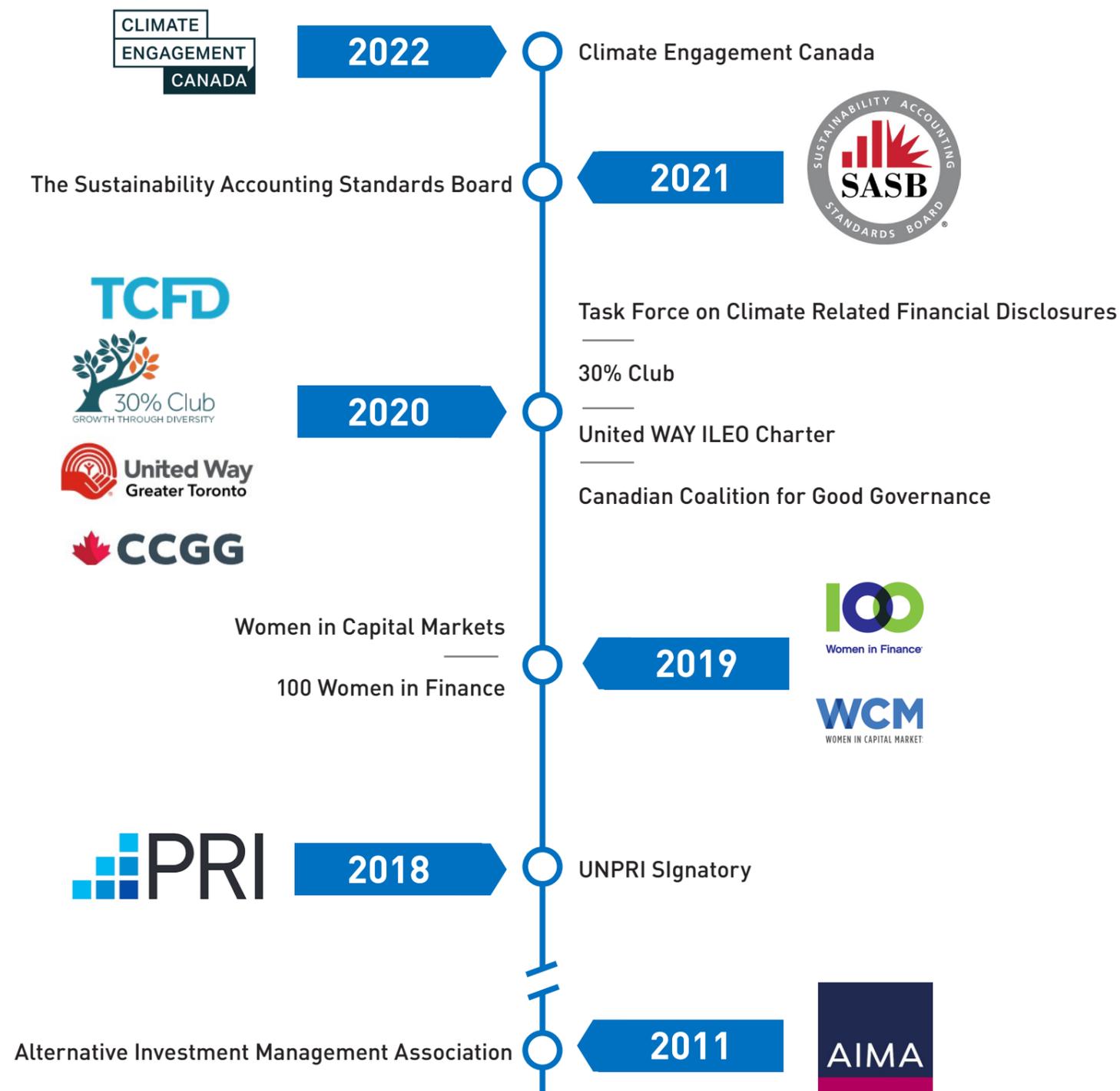
Danielle Ullrich
Principal, Chief Financial
& Operating Officer



David Matheson
Principal, Co-Chief
Investment Officer

INDUSTRY & COMMUNITY COMMITMENT

We continue to solidify our commitment to integrating ESG into our firm and investment process by joining leading organizations that align with our goals and provide forums for thoughtful discussions on evolving disclosure and reporting best practices.



FIRM UPDATES

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

The following information covers RPIA Fiscal Year 2022, which is from June 1st, 2021 - May 31st, 2022.

MEASURING OUR CLIMATE IMPACT



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 2022, as part of our commitment to track our climate impact, we partnered with BMO Radicle to update our GHG inventory and create a plan to begin reducing emissions through our behaviours and processes. We have finalized our intent to purchase carbon offsets and we are waiting for contract finalization from BMO Radicle. As a result of this effort, we received the **Climate Smart Certification** from Radicle. We intend to perform this inventory annually as we continue on our climate impact journey.

The activities captured covered emissions from all three scopes for the fiscal period of 2022.

Scope 1: Office natural gas consumption

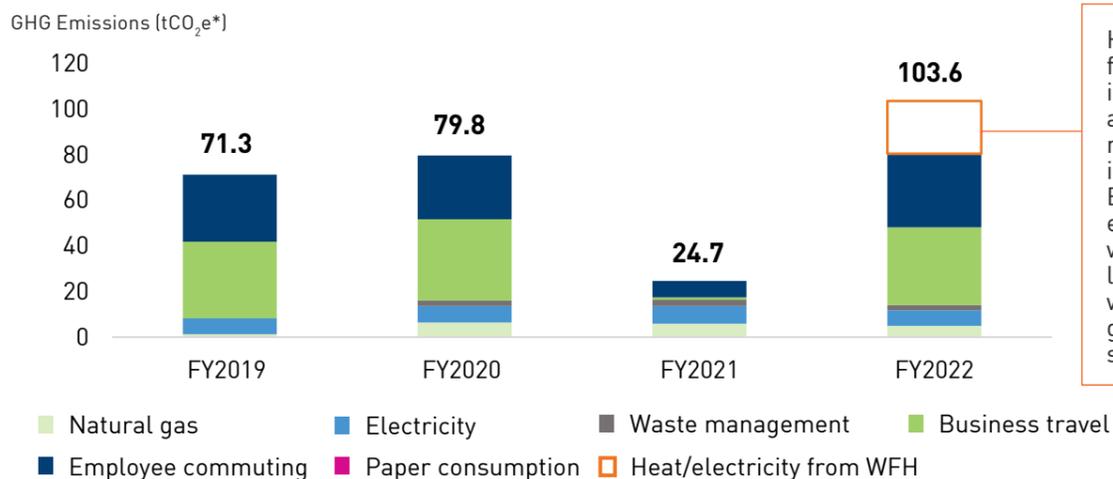
Scope 2: Office electricity use

Scope 3: Office waste management, business travel (air/rail travel, hotels, taxis/Ubers/Lyfts), daily employee commuting, paper consumption, and heat/electricity from work-from-home

Our firm emitted a total of 103.6 tons of greenhouse gases in FY2022, most of which resulted from business travel (road, air, and accommodation), staff commuting, and heat. This is in line with our emissions from FY2019 and FY2020. In FY2021 we saw a significant decrease in emissions, largely attributed to the COVID-19 lockdowns. The increase relative to FY2019 and FY2020 can be attributed to scope 3 heat/electricity from work from home arrangements, a component not captured in previous years. Our largest contributing categories are all linked to employee commuting and business travel.

103.6
tons of
greenhouse
gases in 2022

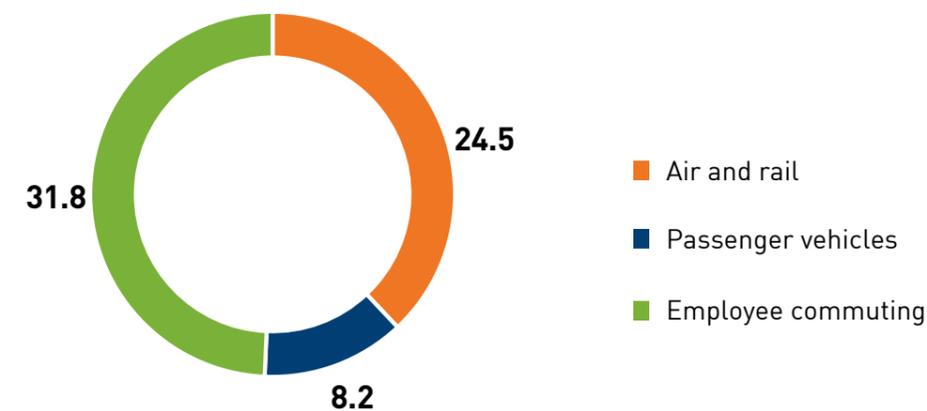
GHG Inventory Results



Heat/electricity from WFH is a newly introduced category and was therefore not accounted for in previous years. Excluding this, our emissions are in line with 2019 and 2020 levels despite our workforce having grown significantly since then.



Scope 3 Transportation Breakdown FY2022 (tCO₂e)



Climate Smart Certified

As a Climate Smart certified business, we conducted our GHG emissions inventory according to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Revised Edition. The GHG Protocol is an internationally recognized standard published by the World Resources Institute and the World Business Council on Sustainable Development.



SUPPORTING OUR EMPLOYEES

RPIA Elevate Program



The Elevate Program was borne out of feedback from RPIA's Listening Forums and developed with the purpose of elevating our collective learning through inclusive leadership, empathy, and accountability.

We believe that investing in the personal and professional development of our employees is essential to building the future leaders of RPIA. The program's 4 Pillars (the LEAD Pillars) have been modeled after our core values of excellence, partnership, transparency, integrity, and community.

The program was designed through a needs-based approach, identified by feedback mechanisms within the firm. Although initially informed by our Listening Forums, the program continues to grow based on feedback received both from within the Program and from other complementary initiatives within the firm. Leaders within the organization are engaged in the process as active participants in all initiatives and are regularly consulted in its design and development.

We believe that employee engagement is an ongoing process that requires a supportive and engaging organizational culture. The Elevate Program aims to promote this belief by encouraging open communication, providing opportunities for growth and development, recognizing and rewarding employee contributions, and promoting work-life balance.

The LEAD Pillars:



LEADERSHIP

- Leadership Skills Workshops
- Executive Leadership Training



ACCOUNTABILITY

- 15Five – Feedback & Recognition
- #NotMe



EMPATHY

- Listening Forums
- Allyship Committee



DEVELOPMENT

- Mentorship Program
- Innovation Teams

Our Focus for 2023

Career Pathways

Our formalized employee development strategy will include practical and attainable educational and training action items to support career advancement that are aligned with the technical and academic skills of our industry. By identifying the core competencies required for all employees at every level of seniority, as well as function-specific competencies, we will have a fair and measured framework for assessing growth and development within the context of each individual's role.

Connected Communications

Open and consistent communication is one of the main cornerstones of employee engagement. This is an area of opportunity to improve our existing communication practices and develop a bespoke strategy for our firm, including an employee newsletter that celebrates employee achievements and anniversaries while also promoting themes of allyship and wellness.

Improving Workplace Equality

We plan on addressing the shortcomings we discovered from our self-evaluation by appointing a Chief Diversity Officer-equivalent and an Oversight Committee that can be a force for change over the coming years as we incorporate regular policy reviews, enhance our DEI data infrastructure, and assess oversight of DEI initiatives.

Our Innovation Teams in Action

Becoming Great Place To Work Certified – In the 2023 fiscal year, we will partake in the Great Place to Work ("GPTW") survey as we pursue the GPTW Certification. This process will be overseen by our GPTW Innovation Team. Over the coming years, we aim to incorporate the feedback we receive from the certification process and add to our feedback mechanisms that help further develop the Elevate Program and inform how we develop employee-facing policies.

Fueling Diversity, Equity & Inclusion – In 2023, our ESG Innovation Team will be launching scholarships and an internship program under the RPIA ACE Program banner. More information is provided under the [RPIA ACE Program](#) section of this report.

ENGAGING WITH OUR COMMUNITY

Charitable Giving

Empowering Our Communities



ART & CULTURE



CHILDREN & YOUTH



IMMIGRATION



INDIGENOUS COMMUNITIES



JEWISH COMMUNITIES



LOCAL COMMUNITIES



SPORTS

Enhancing Quality of Life



EDUCATION



ENVIRONMENT



FOOD SCARCITY



HEALTH CARE



HEALTHCARE RESEARCH



HOUSING SECURITY



MENTAL HEALTH



WATER & SANITATION

Fostering Diversity, Equity & Inclusion



CIVIL RIGHTS



HUMAN RIGHTS



LGBTQ+



RACIAL EQUITY



WOMEN'S RIGHTS

Goals for 2023

In FY2023, we will establish an official **RPIA Donations Committee**, responsible for driving the firm's charitable giving initiatives, ensuring we are thoughtful and impactful in our three areas of focus: Empowering the Community, Enhancing Quality of Life, and Fostering Diversity, Equity & Inclusion. By formalizing this process, we can support these focus areas with a more meaningful and value-based approach that facilitates better collaboration and alignment with the firm's core values and our clients' and employees' values.

Launching the RPIA ACE Program



In May 2022, our ESG Innovation Team launched the **RPIA ACE Program**, which stands for Academic & Community Empowerment and aims to provide a wealth of opportunities to disenfranchised groups either through academic or community driven initiatives. The program will focus on supporting the next generation of leaders in Canada through a variety of programs including scholarships, internships, mentorship, and financial literacy. As a firm, we are committed to empowering and nurturing the unlimited potential in our community.

Upcoming Initiatives for Fiscal Year 2023

Scholarships



RPIA ACE Scholarship in Rotman Commerce at the University of Toronto

RPIA has pledged \$5,000 CAD per year for a non-renewable expendable scholarship for an upper year student in the Rotman Commerce Program who self-identifies as either Black or Indigenous to Canada and maintains good academic standing. Although not required, preference will be given to students with an interest and/or completed coursework in Finance.



RPIA ACE Finance Award for BIPOC Students at the University of Victoria

RPIA has pledged \$5,000 CAD per year for a non-renewable award for a third- or fourth-year undergraduate student who self-identifies as Black, Indigenous, or a Person of Colour (BIPOC). The student must have a minimum GPA of 3.0 to be eligible and demonstrate an interest in pursuing a career in the financial industry. Preference will be given to students with financial need.

Internships



RPIA ACE Internship Program

The ACE Program will launch a summer internship program on the Investment Team for an upper year university student enrolled in one of the three business schools in Toronto, starting in Summer 2023. This student will have the opportunity to work closely with members of the Portfolio Management, Credit Research, and Risk teams on a day-to-day basis, and the internship program includes the opportunity to contribute to strategic initiatives through a summer project. At the end of this internship, our hope is that each student will gain valuable experiences for their careers, receive insightful mentorship, and feel proud of their achievements and contributions within the firm.

I am very excited about the launch of the RPIA ACE Program! Giving back to the community has always been an important part of our culture, and I can't wait to see how we can impact young people in Canada and empower them to become strong leaders.

*- Richard Pilosof
Principal & CEO*



OUR DIVERSITY, EQUITY & INCLUSION JOURNEY

At RPIA, we are dedicated to fostering and promoting diversity, equity, and inclusion (“DEI”) in our workplace as we believe including diverse perspectives is essential for making high-quality business decisions. 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 to support our mission to cultivate diversity and inclusion across our organization.

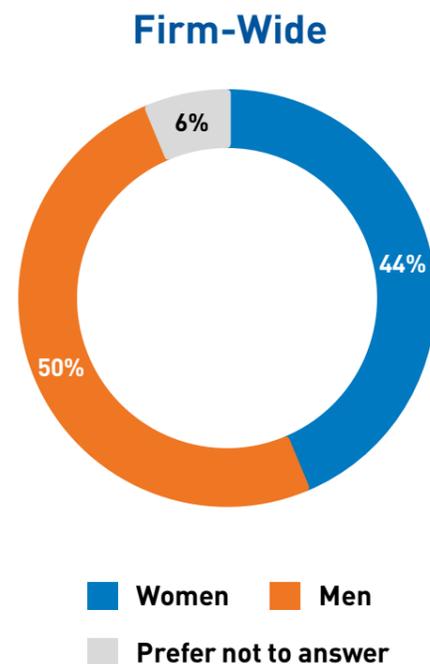
Our Diversity, Equity, and Inclusion in the Workplace Policy was published in 2021 to demonstrate our commitment to fostering an atmosphere where respect for each person’s dignity, ideas, and beliefs is consistently upheld. The policy summarizes the guidelines we expect each employee to follow regarding 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 our DEI goals are met. Our firm is committed to taking a consultative, thoughtful, and impactful approach in evolving this policy over time.

Measuring Representation

Women in the Workplace

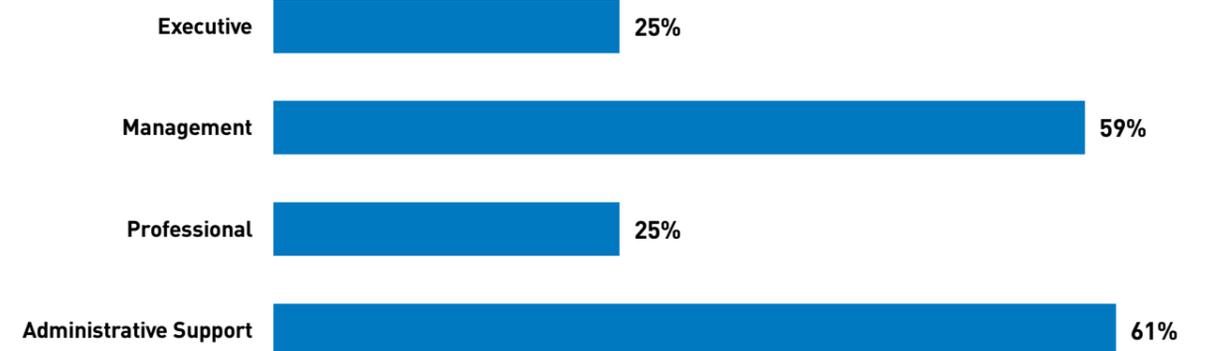
RPIA’s hiring practices continue to evolve and adapt to the growing demands of the business and the increasingly diverse pool of talent. We are proud partners of organizations such as Women in Capital Markets (WCM), 100Women in Finance (100WF), and the 30% Club to ensure that our job opportunities reach members of historically marginalized and underrepresented groups.

In line with the 30% Club’s signatory requirements, we have ensured that a minimum of 30% of our Executive Committee and Management Committee members are women, creating a more inclusive leadership structure. We firmly believe that this commitment not only enhances the representation of women within our organization but also promotes a culture that values diverse perspectives, fosters inclusive decision-making processes, and cultivates a supportive environment for all employees.

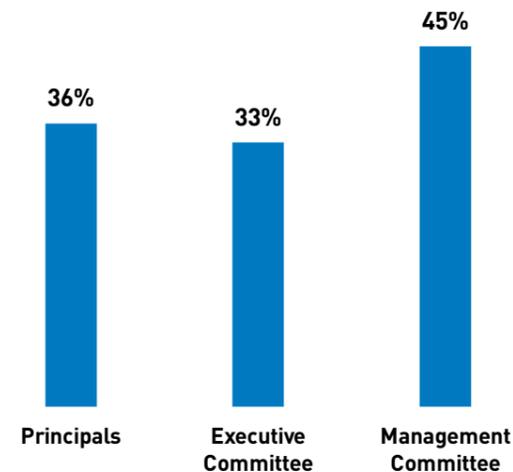


Women in the Workplace

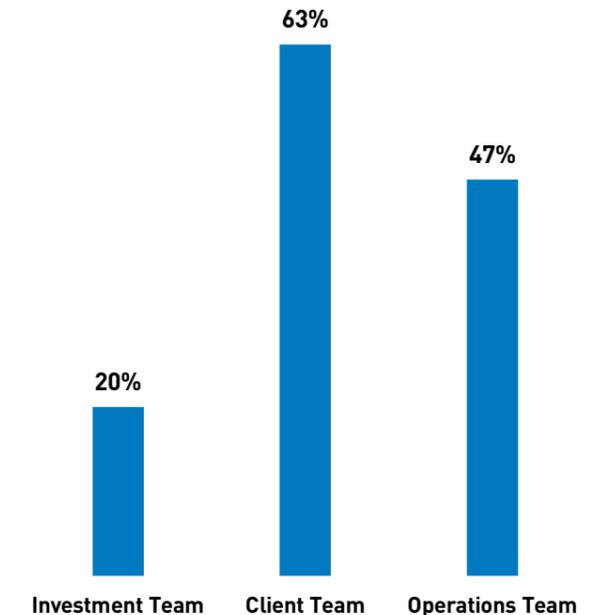
Across Seniority Levels¹



In Governance Roles & Committees²



Across Departments³

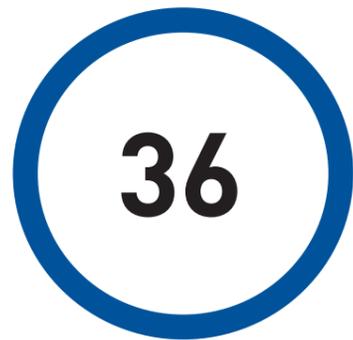


¹Executive refers to all C-suite level members; Management refers to all department heads, directors, and managers with direct reports; Professional refers to sales directors, managers without direct reports, portfolio managers, associate portfolio managers, and accountants; and Administrative Support refers to all analysts, associates, and any other junior roles.

²The Executive Committee and Management Committee are key decision-making groups within the firm and comprise both Executive and Management seniority levels.

³The Investment Team includes Portfolio Management, Credit Research, and Risk; the Client Team includes Client Portfolio Management, Marketing, Client Engagement, and Client Experience; the Operations Team includes Finance, Investment Accounting, Portfolio Operations, HR & Administration, Compliance, and Technology.

Languages



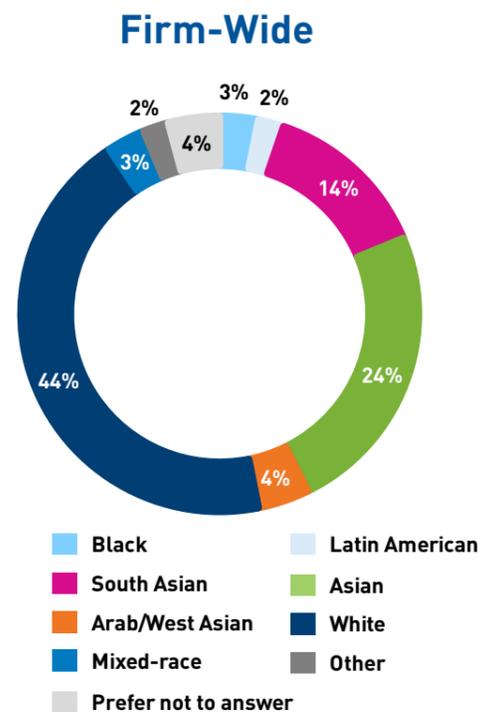
Languages



Racial & Ethnic Diversity

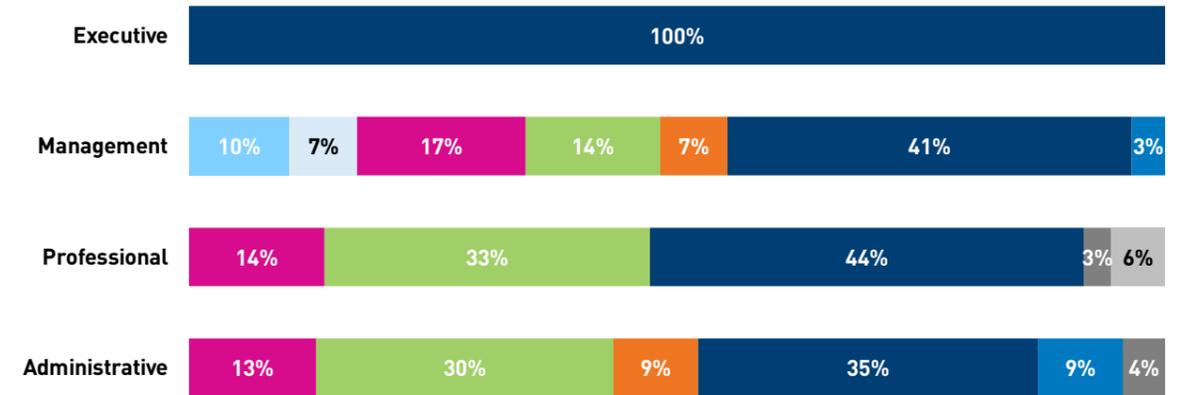
We recognize that DEI efforts extend beyond gender alone and encompass a wide spectrum of identities and experiences. Achieving gender diversity at the highest levels of leadership is just one step in our ongoing journey toward fostering an inclusive and equitable workplace.

We believe in the power of diversity of thought, and we aspire to have an inclusive workplace that mirrors the fabric of our communities. Through our demographics survey, which was first launched in 2021, we are able to determine the diversity that exists across our organization and identify opportunities to further promote inclusion, equity, and engagement. Although we recognize there is more work to be done to increase the representation of marginalized groups, we take pride in the progress we have made to date. On [page 11](#), we outline our DEI and employee engagement goals for our 2023 fiscal year as we continue on this journey.

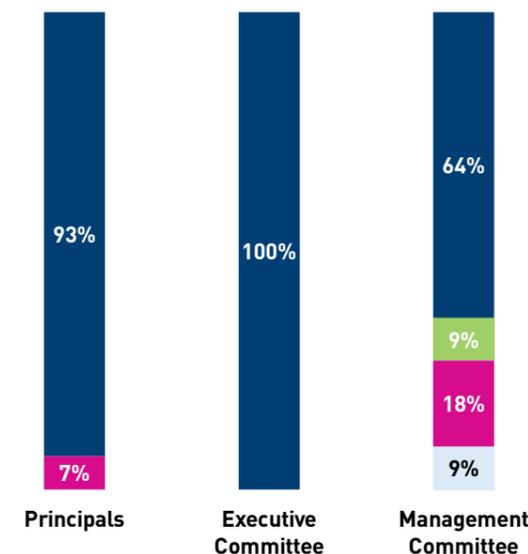


Racial & Ethnic Diversity

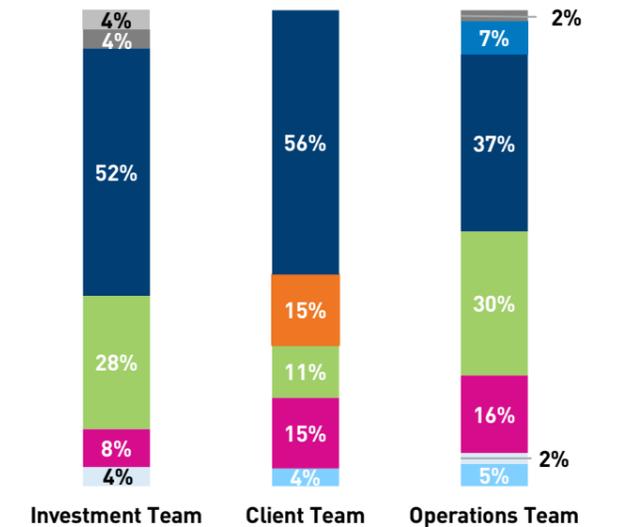
Across Seniority Levels¹



In Governance Roles & Committees²



Across Departments³



¹Executive refers to all C-suite level members; Management refers to all department heads, directors, and managers with direct reports; Professional refers to sales directors, managers without direct reports, portfolio managers, associate portfolio managers, and accountants; and Administrative Support refers to all analysts, associates, and any other junior roles.

²The Executive Committee and Management Committee are key decision-making groups within the firm and comprise both Executive and Management seniority levels.

³The Investment Team includes Portfolio Management, Credit Research, and Risk; the Client Team includes Client Portfolio Management, Marketing, Client Engagement, and Client Experience; the Operations Team includes Finance, Investment Accounting, Portfolio Operations, HR & Administration, Compliance, and Technology.

Workplace Equality Self-Evaluation

This year, we applied our Workplace Equality Model on ourselves. Going forward, we aim to use this method of self-reflection to set ambitious and relevant goals for each of the five pillars 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.

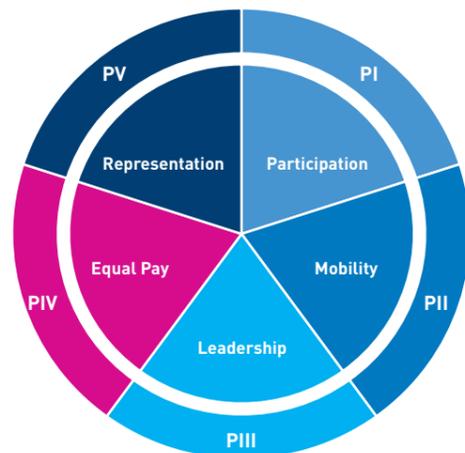
We firmly believe in transparency and continuous self-improvement as vital components of our commitment to workplace equality. This is why we openly share our current score of 30 out of 100 on our own Workplace Equality assessment. These results grant us invaluable insights into areas requiring more focused attention in the upcoming years. Three major pillars where we have identified significant gaps are: PI - Participation (3/20), PII - Upward Mobility (3/20), and PIV - Equal Pay (0/20). It is important to note that some pillar scores may reflect data availability gaps. For instance, we do not yet have mechanisms in place to systematically track the gender pay gap. In the fiscal year 2023, our DEI journey will see strategic evolution, encompassing regular policy reviews, enhancement of our DEI data infrastructure, and introspective assessments of executive oversight pertaining to our DEI initiatives.

Setting Goals

This introspection has fortified our determination. It serves as a poignant reminder that achieving genuine workplace equality demands persistent effort and constant vigilance. We are proactively addressing these gaps, viewing them as chances to learn, evolve, and uphold the principles we deeply value. Our commitment has never been stronger, and we are keen to strengthen policies and initiatives that cultivate a setting where every voice matters, opportunities are evenly distributed, and remuneration is equitable. Collectively, we aim to sculpt a more robust, inclusive culture, drawing wisdom from our evaluations to better cater to our employees and clients. On [page 11](#), we outline our DEI and employee engagement goals for our 2023 fiscal year.

About the Workplace Equality Scoring Module

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. 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.



The Five Key Pillars

- PI** Participation / Attrition / Recruitment
- PII** Promotions / Entry Level / Diverse Candidates
- PIII** Board / Executive / Management / Action Plan
- PIV** Gender Pay / Top & Mid Quartile / Action Plan
- PV** Minority Groups / Disability / Indigenous Engagement

The approach involves utilizing workforce data to evaluate the level of gender diversity integration within issuers' operations, moving beyond mere participation metrics. Additionally, active engagement with issuers aims to raise disclosure standards to the level set for gender data. Continuous monitoring and engagement are key in identifying and recognizing Equal Workplace leaders, addressing laggards, and supporting those demonstrating progress in their efforts towards diversity and equality.

RPIA DEI Scoring Model

31/05/2022

RPIA EOY (Fiscal) 2022

Sector: Asset Management Country of Risk: N/A Review Ratings (M/SP/F): N/A Review Rep. Year: 2022

Diversity & Inclusion Scoring

PI - Participation		Value	PIV - Equal Pay		Value
% Workforce Participation		44	Average Gender Pay Gap		-
% New Hires of Total		-	% of Top Quartile Pay		-
% Total Attrition		-	% of Second Quartile Pay		-
Recruitment Strategy		No	Policies Addressing Pay Gaps		No
Post-Career Break Strategy		No	Action Plan for Pay Disparity		No
PI Score		3/20	PIV Score		0/20
PII - Mobility		Value	PV - Representation		Value
% of Total Promotions		-	% Disabled		-
% of Entry Level Positions		61	% Minority Workforce		52
% of Revenue Contributing Roles		-	% Minority Management		59
Gender Diverse Candidates		No	Equal Opportunity		Yes
Bias Training		No	Indigenous Engagement		No
PII Score		3/20	PV Score		15/20
PIII - Leadership		Value	Total Score		
% of Management Roles		59	30/100		
% of Executive Roles		25			
% of Board Members		-			
CDO/Equivalent		No			
Female Leadership Strategy		No			
PIII Score		9/20			

For Illustration Purposes Only

INVESTMENT MANAGEMENT

- Evolving Our ESG Integration
- Engaging with Issuers
- Introducing Our Fossil Fuel Exclusion Strategy
- Thought Leadership
- Task Force on Climate Related Financial Disclosure (TCFD) Report

The following information covers RPIA Calendar Year 2022, which is from January 1st, 2022 - December 31st, 2022.

EVOLVING OUR ESG INTEGRATION

Our ESG Framework

ESG considerations have been an important framework within our investment process for many years. As the landscape evolves with new ESG data, disclosures and reporting frameworks, we continue to develop our approach and integration.

Our framework allows the investment team to collect and analyze ESG-related data with materiality mapping across sectors, using the SASB model as the base for our proprietary tools. This allows our team to more accurately pinpoint which ESG factors are important for individual sectors and better understand how we can leverage issuer engagements to complete our analysis of material ESG risks and opportunities for any given issuer.

Our ESG analysis occurs in parallel with fundamental credit analysis before we invest, where possible. We also benefit from our global capital markets expertise and active trading style, which enhances the team's ability to engage with issuers on disclosure, trends, and gaps in their ESG profiles.

Credit analysis requires a complete understanding of the long-term context of how a borrower operates, and it is clear to us that well-managed, well-governed companies are more likely to fulfill their obligations. Therefore, it becomes imperative to analyze and price all risks, including financial, macroeconomic, and geopolitical risks. In our view, environmental, social, and governance trends are no different; in most cases, they intersect with and complement the more traditional risks that all analysts must consider.

In 2022, we leveraged the RP Barometer to drive engagement with issuers around ESG considerations. In this report, we highlight three engagements, each dealing with a different pillar of ESG. Another key component of our approach is targeted portfolios that focus on specific ESG objectives. To that end, we developed a targeted ESG strategy in partnership with an institutional client, designed to help them continue achieving their sustainability goals.

How We Leverage ESG

1 Integration

We consider ESG factors when making investment decisions for all the strategies we manage as we believe it is important to assess ESG risks alongside traditional financial metrics and fundamental analysis. 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, where 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 considering ESG factors in our relative value discussions and decisions is a requirement in today's fixed income markets.

2 Targeted Portfolios

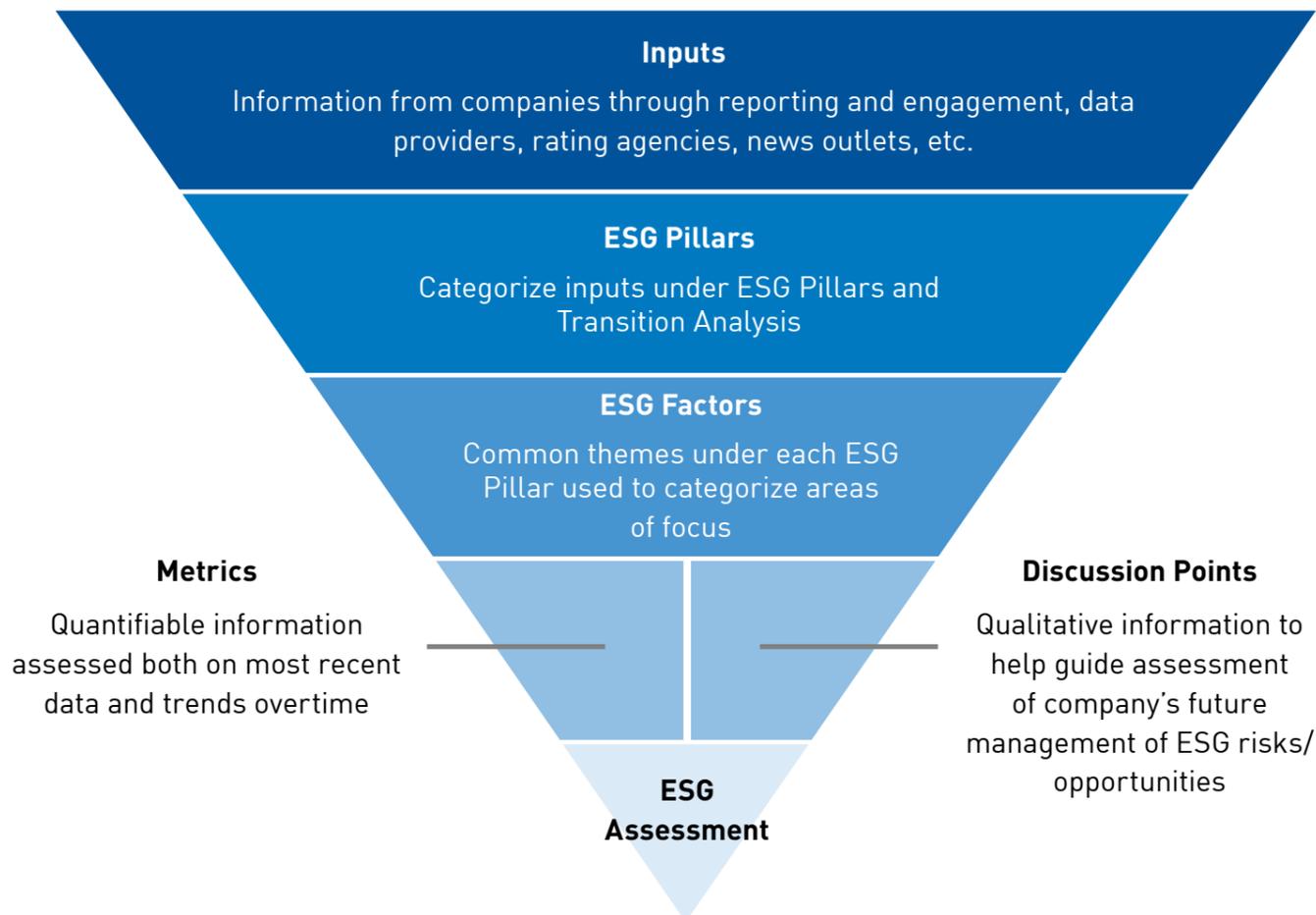
In 2022, we created a targeted portfolio at the request of our university client, University of Toronto. Designed to align with the university's investment and ESG objectives, we developed a bespoke fossil fuel exclusion strategy, RP Broad Corporate Bond (Fossil Fuel Exclusion), in collaboration with the University of Toronto Asset Management Corporation (UTAM) and FTSE Russell. The strategy aims to outperform the FTSE Canada All Corporate Ex Fossil Fuels Enhanced Bond Index by 100 bps annually. It combines RPIA's investment process with a transparent, rules-based approach to remove fossil fuel exposure from the portfolio. Targeted portfolios are available to investors who require a more bespoke investment solution that goes one step further than our existing product offerings. To learn more about how we developed this targeted portfolio, go to [page 32](#) of this report.



How Our ESG Integration Process Works

We prioritize numerous inputs to capture material ESG-risks and opportunities based on the sector in 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 the qualitative inputs to ESG analysis are increasingly important to understand context and initiate discussions with management teams and third parties such as regulators, rating agencies, and other investors globally.

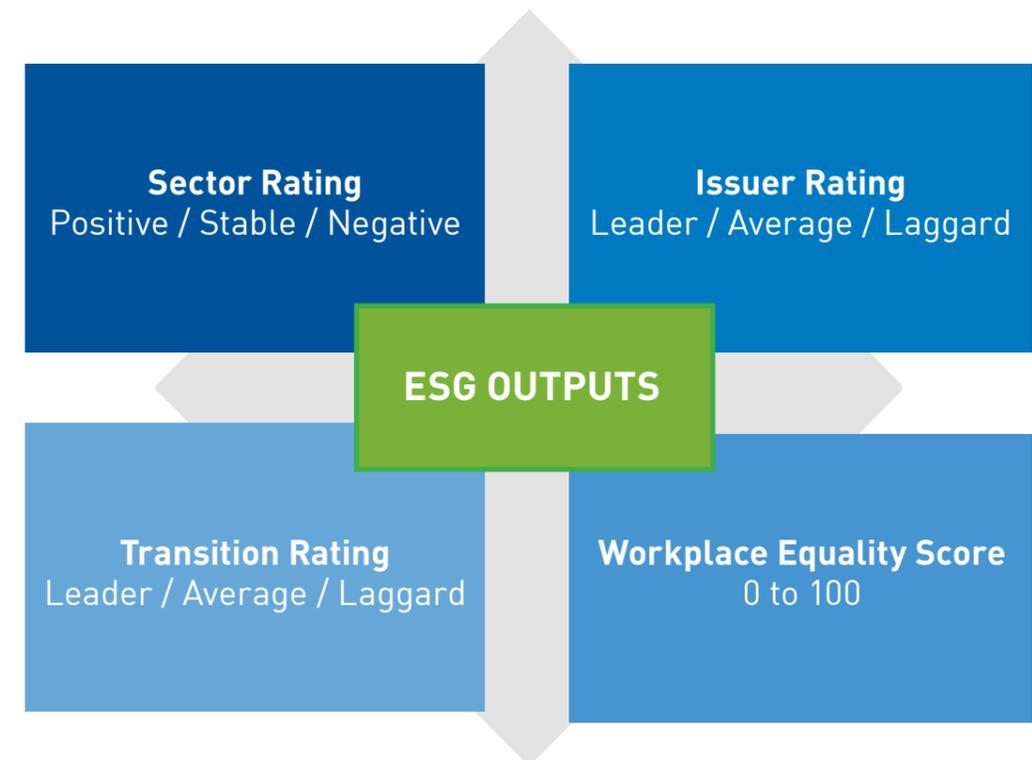
Our ESG Integration Process



Our constantly evolving ESG integration process is designed 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 Portfolio Management Trading 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 data shown below and allows Credit Research, Trading, 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 and policy analysis, suggested discussion topics for each of the ESG pillars, and modules dedicated to Transition Risk and DEI analysis.

Outputs From Our ESG Integration



ENGAGING WITH ISSUERS

Engagement Activities in 2022

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 multiple opportunities to engage with companies and discuss ESG-related topics. There are unique opportunities for engagement within fixed income as outstanding debt is typically a larger portion of company balance sheets than equity, and private companies also issue debt in global capital markets, allowing fixed income asset managers to engage with influential companies not available to public equity investors.

In these discussions, we gain insights not always available in the data as management teams share their future visions for managing ESG-related risks and opportunities, and we discuss where companies can improve and what topics are important to our investors. As the regulatory landscape surrounding ESG evolves, we strongly believe that companies should not wait for regulations to materialize but should try to lead by example and go above the “minimum standards” set by peers or previous bond deals.

We acknowledge that these relationships take time to develop, and we appreciate that data is released or updated less frequently than traditional financial statements and filings. However, we continue to advocate for regular and engaging discussions.

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** our belief that management presentations and communications should include an update on a company’s ESG strategy and achievements

Through engagement, we can assess an issuer’s ESG profile on several fronts:

- Breadth of disclosures across different business areas and metrics
- Quality of the information provided
- Forward-looking plans for ESG-related risks and opportunities
- How well management is executing these plans

2022 ESG Engagement Examples

Canadian Energy Infrastructure

January 2022

 Environment

We met 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 can have a high impact on Canadian communities, specifically Indigenous groups.



Engagement Focus

The issuer aims to reduce the carbon footprint of their operations and engage with communities in which the company has a significant physical footprint.

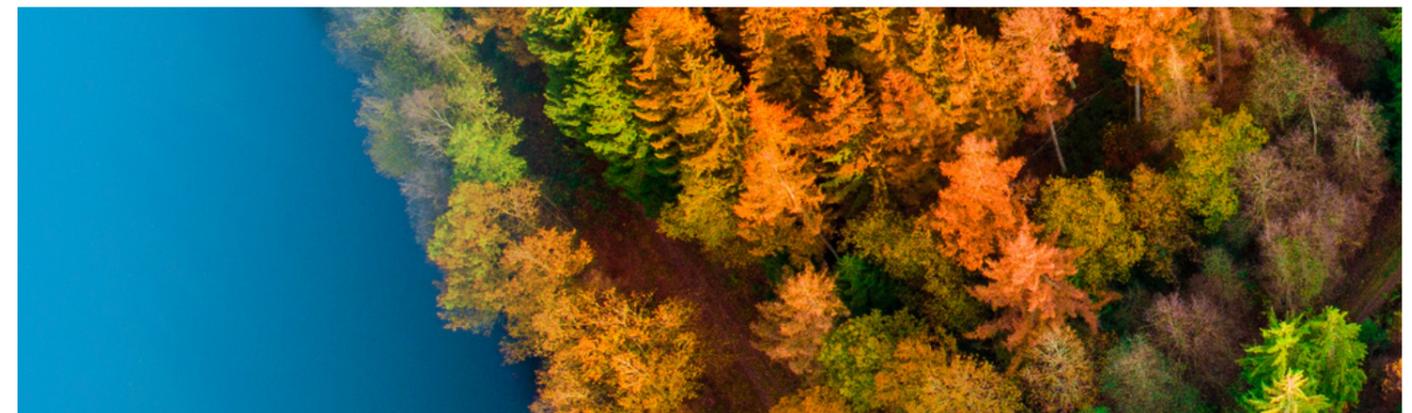


Outcome

RPIA recommended issuing 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 two critical metrics:

- An emissions reduction KPI linked to its 2030 mid-term reduction target
- A KPI linked to Indigenous community engagement, such as increasing Indigenous peoples within their workforce, manager-level, or higher employees

[Read the Full Engagement Report](#)



Entertainment Content & Media

March - October 2022

 Social

In March 2022, our Investment Grade-focused strategies participated in new issues of a newly merged entity in the Entertainment Content & Media industry. While conducting ESG analysis on this issuer, we noted that the acquired entity in the merger had better Diversity, Equity & Inclusion (DEI) disclosures, such as workforce participation by ethnicity, gender, and seniority compared to the acquirer.

As a result, our ESG analysis of the merged entity highlighted the issuer as a laggard in its sector in the context of these disclosures. As a part of our ongoing analysis, we noted that the merged entity had also been in the news recently due to allegations about the lack of diversity in their new leadership team post-merger.



Engagement Focus

In September 2022, we scheduled an engagement call with the issuer and with their investor relations team, corporate secretary, and treasurer to discuss the issue, learn more about their future plans with respect to DEI, and encourage them to improve their disclosures on DEI.



Outcome

We pointed to the fact that their DEI report only covered one of the entities of the merger and encouraged them to improve their disclosures on the corporate level. We learned that they have received good feedback on the quality of disclosures for that report (i.e., their workforce participation by ethnicity, gender, and seniority), and their upcoming DEI report at the corporate entity level will be based on a similar framework. Although there is no assigned timing for the release, RPIA will be informed as soon as the report is published.

[Read the Full Engagement Report](#)

Aerospace

December 2022

 Governance

We engaged with an aerospace company, discussing ESG issues with two senior members of the organization. The primary goal of our engagement was to understand current environmental efforts and how the company has continued to be vigilant as it relates to governance issues.



Engagement Focus

Safety: Sustainalytics scores this issuer low on product governance risk management compared to its peers due to missing important best practices measures. However, as a part of our independent internal research, we identified disclosures from the issuer about their safety management system implementation, certification requirements from suppliers, and commitments to training its employees.

Environment: The issuer hopes to achieve net zero by 2050 through various decarbonization pathways, including Sustainable Aviation Fuel (SAF). During our engagement, we learned that due to regulatory infrastructure constraints outside of their control, they do not have full control of the SAF pathway.



Outcome

Our engagement with the company gave us comfort that these issues are being monitored and addressed. We will continue to engage with them if we feel that these ESG issues challenge the risk priced into the securities.

[Read the Full Engagement Report](#)

INTRODUCING OUR FOSSIL FUEL EXCLUSION STRATEGY

RPIA Develops a Bespoke Fossil Fuel Exclusion Strategy for Institutional Investors

About the Strategy

In July 2022, we announced the launch of a new strategy, **RP Broad Corporate Bond (Fossil Fuel Exclusion)**, which was designed in partnership with University of Toronto Asset Management Corporation (UTAM), and in collaboration with FTSE Russell. This new actively managed strategy aims to outperform the FTSE Canada All Corporate Ex Fossil Fuels Enhanced Bond Index by 100 bps (net of fees) on an annualized basis. The strategy merges our long-standing investment process with a transparent, rules-based approach to screening fossil fuel exposure out of the portfolio.

Working Together With Our Investors

We pride ourselves on our credit expertise and our ability to design thoughtful fixed income solutions. We leverage our expertise to collaborate closely with institutional investors in developing several of our strategies to ensure that the portfolio mandate aligns with their goals. This new strategy is an example of how we can collaborate with our clients, including the University of Toronto - a long-standing RPIA client - and its investment manager, UTAM, to develop solutions that align with their long-term investment and ESG objectives.

"We actively seek to identify strategies that can meet the University of Toronto's carbon reduction goals. This new collaboration with RPIA builds on our longstanding and mutually beneficial relationship - and this new fossil fuel exclusion strategy helps us fulfill the University's climate objectives."

- Leon Lu
Head of Fixed Income, UTAM



An Innovative Approach in Canadian Fixed Income

We worked alongside FTSE Russell on this innovative, transparent, rules-based approach to screening issuer-level fossil fuel exposure. The FTSE Canada All Corporate Ex Fossil Fuels Enhanced Bond Index adds three screens to the "traditional" index:

- A baseline exclusion to remove "controversial conduct and product" issuers involved in controversial weapons and tobacco.
- Removal of four industry sub-sectors using the FTSE Canada schema: Energy Distribution, Energy Exploration, Energy Integrated, and Energy Pipeline.
- Screen issuers that belong to the TRBC sectors with fossil fuel-related exposure and those that Sustainalytics identifies as having direct involvement or significant ownership in the following revenue categories: oil & gas, oil sands, Arctic oil & gas exploration, shale energy, and thermal coal.

As the market environment continues to evolve in response to economic and social changes, investors need solutions that can cater to their unique long-term investment goals and address the challenges they seek to overcome. We believe that partnering with our investors and other industry stakeholders can help bridge that gap between what is available and what is needed for investors to achieve their goals.

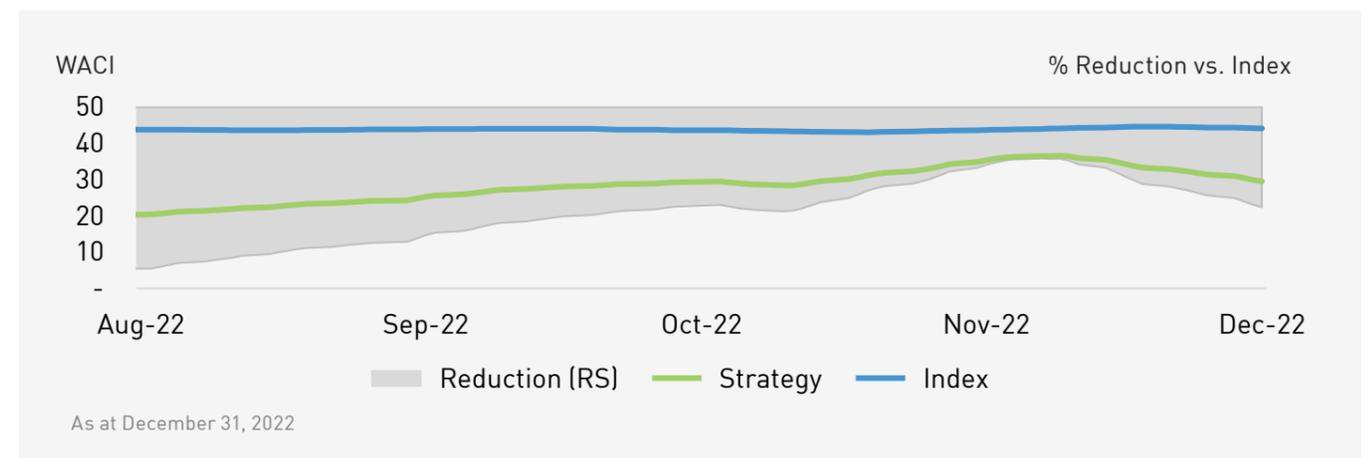
Performance as of December 31, 2022

Strategy AUM: \$169 Million

	1 Mo	3 Mo	6 Mo	YTD
RP BCB FFE	-0.69	2.20	3.34	3.34
Index	-0.78	0.97	1.06	1.06
Added Value	+0.09	+1.23	+2.28	+2.28

RP BCB FFE = RP Broad Corporate Bond (Fossil Fuel Exclusion)
Index = FTSE Canada All Corporate Ex Fossil Fuel Enhanced Bond Index

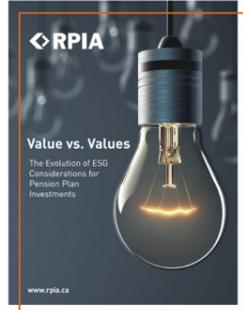
Weighted Average Carbon Intensity (WACI) Relative to the Index



THOUGHT LEADERSHIP

Value vs. Values

The Evolution of ESG Considerations for Pension Plan Investments



Over the past several years, pension funds have been thrust into the center of the ESG debate due to the influence they have on the actions and practices of large corporations as large stewards of capital. In our article published in *The Observer* by the Association of Canadian Pension Management (ACPM), we highlight the spectrum of approaches that Plans have taken and how ESG integration complements – rather than compromises on – investment performance.

[| Read the Full Article on The Observer](#)

[| Download the PDF](#)

Market Insights

DEI Beyond the Abbreviation

Leveraging diversity and promoting inclusion

A culture of inclusion is key to retaining talent in this competitive job market and several studies have persuasively argued that diversity in a team leads to better performance. Many firms are proactively looking to broaden the diversity of their teams with this goal in mind. In this article, we revisit why inclusion matters and suggest ways for managers to foster more inclusive environments.

[| Read More](#)

The Great Wealth Transfer

Understanding the incoming wave of female investors

For years, businesses have been discussing the changes in consumer behaviour as younger generations become decision-makers; the same is true for wealth and investment management. We are in the midst of the largest wealth transfer in history – by 2030, American women will likely control \$30 trillion of inherited financial assets from baby boomers. What does this mean for those helping families manage their wealth?

[| Read More](#)

Is the “Greenium” Dead?

The Maturing of ESG Debt Markets

In the past few years, we’ve seen ESG-labeled bonds benefiting from a cost advantage that became known as the “greenium.” As the ESG bond market has grown, we’ve noticed this “greenium” fade as the market matures and the advantages ESG bond issuers once had becomes tied to the ambition of their projects, not just the label of their bond.

[| Read More](#)

Climate Risk Takes Centre Stage

Codifying Climate Disclosures

The SEC recently unveiled its landmark proposal requiring companies to disclose a variety of climate-related data as part of their annual reports and audited financial statements, covering both quantitative and qualitative information. We see this as an important step in the codifying of climate-related risks in line with what we already see in the Eurozone.

[| Read More](#)

Continued Firsts for the Canadian SLB Market

Tamarack Valley Energy’s example of tying social impact to their financing

Tamarack Valley Energy made a mark in the Canadian SLB market as the first Canadian oil and gas exploration and high yield issuer to enter the SLB market, tying financing costs to their ESG targets.

[| Read More](#)

Evolution of the EU Taxonomy

The Inclusion of “Transition” Technology

The EU Taxonomy is a classification system that defines environmentally sustainable economic activity under EU law. In this article, we look at where we stand and our views on the taxonomy, especially for natural gas and nuclear energy.

[| Read More](#)

TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURE (TCFD) REPORT

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. More frequent extreme weather events and the continued transition away from fossil fuels have significant impacts on many sectors in which we invest, such as Energy, Transportation, Automotive, Financials to name a few.

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



[View the TCFD Report](#)

CONTACT US

 39 Hazelton Avenue, Toronto ON M5R 2E3

 www.rpia.ca/esg

ESG INQUIRIES

 esg@rpia.ca

DIRECT AND INSTITUTIONAL

 +1 647 776 2566

 investors@rpia.ca

INVESTMENT ADVISORS

 +1 647 776 2565

 advisorservices@rpia.ca

IMPORTANT INFORMATION

The information herein is presented by RP Investment Advisors LP ("RPIA") and is for informational purposes only. It does not provide financial, legal, accounting, tax, investment, or other advice and should not be acted or relied upon in that regard without seeking the appropriate professional advice. The information is drawn from sources believed to be reliable, but the accuracy or completeness of the information is not guaranteed, nor in providing it does RPIA assume any responsibility or liability whatsoever. The information provided may be subject to change and RPIA does not undertake any obligation to communicate revisions or updates to the information presented. Unless otherwise stated, the source for all information is RPIA. The information presented does not form the basis of any offer or solicitation for the purchase or sale of securities. Products and services of RPIA are only available in jurisdictions where they may be lawfully offered and to investors who qualify under applicable regulation.

RP Broad Corporate Bond (Fossil Fuel Exclusion) strategy is offered pursuant to available prospectus exemptions to eligible Canadian investors through units of RP Broad Corporate Bond (Fossil Fuel Exclusion) Fund. RP Broad Corporate Bond (Fossil Fuel Exclusion) performance presented represents the returns of RP Broad Corporate Bond (Fossil Fuel Exclusion) Fund, gross of management and performance fees. Investor level fund performance may differ from the strategy level performance presented. The index performance comparisons presented are intended to illustrate the historical performance of the indicated strategies compared with that of the specified market index over the indicated period. The comparison is for illustrative purposes only and does not imply future performance. There are various differences between an index and an investment strategy or fund that could affect the performance and risk characteristics of each. Market indices are not directly investable and index performance does not account for fees, expense and taxes that might be applicable to an investment strategy or fund.

RPIA is a signatory of the UN Principles for Responsible Investment and as part of our commitment, we consider Environmental, Social & Governance ("ESG") factors as part of our firm-level activities, including our investment process. ESG factors are important considerations in our investment management process but is supplemental to our primary financial and credit research and analysis functions.

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.



RPIA

43 Hazelton Ave.

Toronto, ON

M5R 2E3

www.rpia.ca

Email Address: esg@rpia.ca

General Line: +1 647 776 1777

Investor Services: +1 647 776 2566