

# RESPONSIBLE INVESTMENT POLICY

## 1. OBJECTIVE

This Policy sets out the principles followed by AlphaFixe for responsible investment (RI) and provides a framework for the realization of this commitment. Since becoming a signatory of the United Nations Principles for Responsible Investment (PRI) in 2009, AlphaFixe has been committed to respecting the six (6) principles of RI (<https://www.unpri.org>).

At AlphaFixe, all RI activities are overseen by upper management. The RI team ensures the implementation of various strategies for integrating environmental, social and governance (ESG) factors into the investment process. All investment professionals are also regularly called upon to participate in improving our RI approach. Finally, the Chief Compliance Officer and a Senior Portfolio Manager verify that our RI practices comply with our policies and procedures.

As an investment management firm specializing in fixed-income, AlphaFixe recognizes that its investments in public markets generally have a net negative impact on a wide range of environmental issues, and sometimes on several social factors. Indeed, by their existence, most of the companies, projects or organizations that finance themselves on these markets are harmful to the environment, while the situation is generally less clear from a social point of view. Against this backdrop, AlphaFixe implements RI strategies that enable it to:

- Identify and reduce the negative contribution of issuers
- Identify and seize investment opportunities that offer a relative positive contribution (e.g., a wind energy project has a positive impact since this energy source has less negative environmental and social impact than other conventional sources such as natural gas)

Strategies to mitigate the negative contribution include assessing ESG factors, considering climate-related risks, and engaging with issuers. According to AlphaFixe, the only strategy that really makes it possible to have a relative positive impact is impact investing.

In order to minimize the firm's reputational risk in regard to greenwashing, AlphaFixe adopts a conservative approach in attributing positive outcomes to ESG issues resulting from its management activities.

## 2. DEFINITION

For the purposes of this policy and its activities, AlphaFixe defines RI as the consideration of ESG issues in the management of its clients' assets.

## 3. PRINCIPLES

AlphaFixe aims to invest its clients' assets to obtain an optimal risk/return ratio. Moreover, AlphaFixe believes that responsible corporate behaviour with respect to ESG factors generally reduces the level of risk and increases long-term returns.

AlphaFixe recognizes that the relative importance placed on ESG factors varies by industry, geography and time. As a result, AlphaFixe is aware that RI approaches must be continuously improved. This is why AlphaFixe aims to proactively contribute to their development and promotion on a global scale.

## 4. STRATEGIES

AlphaFixe implements several RI strategies.

### 4.1. ESG Integration

As part of its investment risk analysis, AlphaFixe identifies and assesses ESG factors that could impact issuers' long-term financial performance.

In this sense, AlphaFixe has developed its own assessment tool for ESG risks. The latter makes it possible to assign an ESG score to corporate, provincial and municipal issuers covered by the tool.

ESG risks are appropriately assessed and reviewed and integrated into the investment strategy. In addition, ESG risks are subject to increased scrutiny throughout the duration of the investment.

The assessment tool is constantly evolving to ensure its relevance and adaptability to changes driven by the market. This process allows AlphaFixe to have a better understanding of ESG risks, to compare each issuer's results to peers in their respective industry and to obtain a global picture of the entire portfolio's exposure to ESG issues.

ESG issues are assessed using indicators that vary in importance from an industry to another. Here are some examples:

- ✓ Environmental: Climate change, energy efficiency, waste management
- ✓ Social: Human capital, diversity, equity and inclusion (DEI), social capital and health, and workplace safety
- ✓ Governance: Board composition, executive compensation and financial governance

#### 4.1.1. Climate change

Since 2018, AlphaFixe has formalized its reporting process on the carbon footprint of the portfolios it manages by becoming a signatory of the Montreal Carbon Pledge. In the same year, climate risk analysis evolved with the implementation of the TCFD recommendations, for which AlphaFixe provides full reporting in its Annual report on RI. In addition, in 2022, AlphaFixe became a signatory of the Net Zero Asset Manager initiative, with the commitment that by 2030, 100% of its assets under management will be aligned with achieving net zero emissions by 2050.

### 4.2. Engagement

Through meetings with issuers, AlphaFixe takes the opportunity to discuss ESG issues and raise awareness of the importance of ESG issues in their assessment.

In addition, AlphaFixe participates in the development of the industry to define best practices regarding RI (for example: carbon footprint calculation and impact bonds).

For more details on engagement practices, please refer to AlphaFixe's Engagement Policy.

#### **4.3. Filters**

AlphaFixe excludes all investments involved in tobacco companies, cannabis, weapons, alcohol, gambling as well as those using child labor. Furthermore, all companies which operate or engage in the exploration of proven or probable fossil fuel reserves are excluded from all client portfolios and pooled funds it manages.

#### **5. ACCOUNTABILITY**

AlphaFixe reports on its RI activities as part of the annual reporting and assessment process prescribed by the PRI. In addition, AlphaFixe publishes an Annual Report on its RI activities.

#### **6. SCOPE AND REVIEW**

This policy applies to all management activities and all types of products available. This policy is reviewed on an annual basis or more frequently as appropriate.