

# Responsible Investment Policy



OPTIMUM<sup>®</sup>

Asset Management

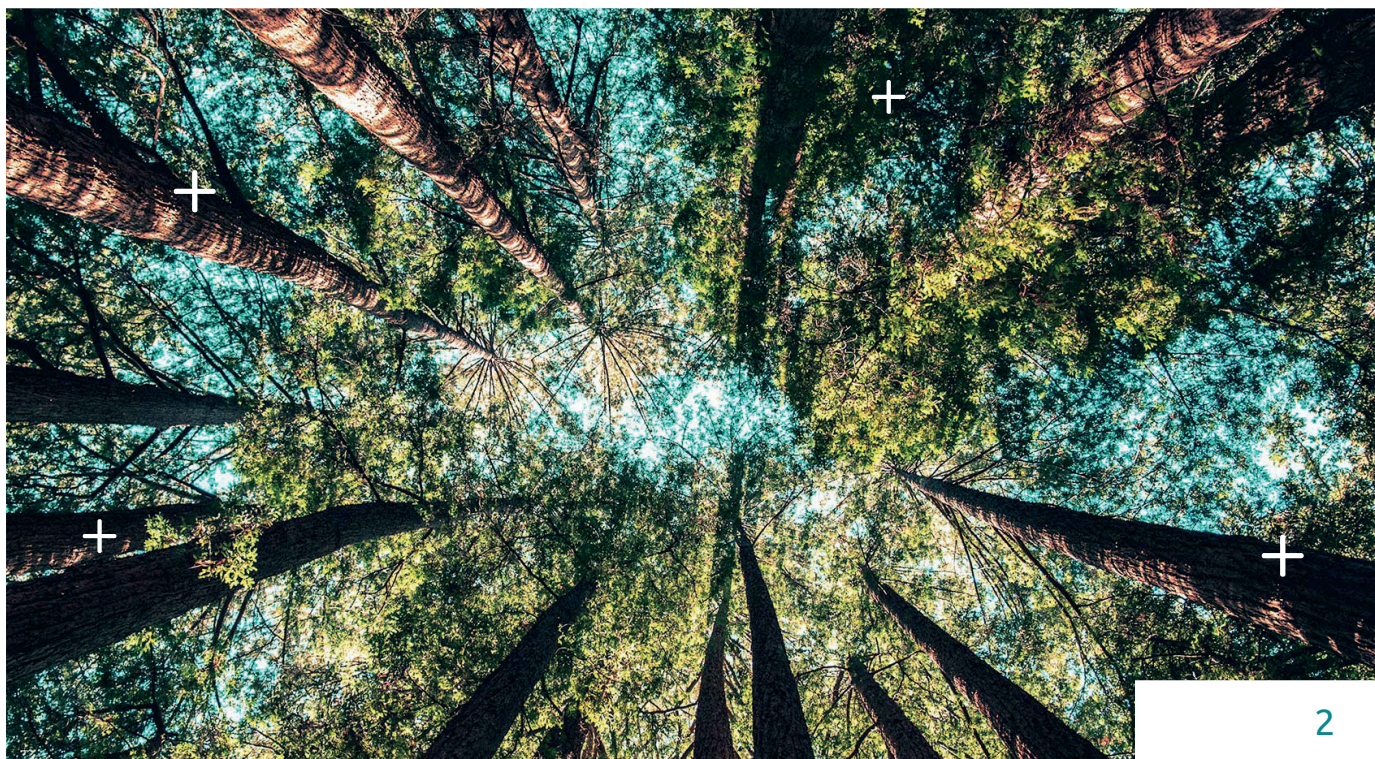
# Context

In carrying out its activities, Optimum Asset Management Inc. (OAM) is guided by its mission and values. While seeking to maximize its clients' returns, within the risk limits defined in their investment policies and in accordance with sound internal management, OAM strives to apply responsible-investment best practices.



# Definition

Responsible investment is defined as an approach that aims to integrate non-financial matters related to environmental, social and governance (ESG) factors into the asset management process. OAM is of the view that such factors can maximize the risk-return relationship while having a positive societal impact.



# Objectives

This policy defines a framework for and formalizes our approach to responsible investment. It sets out OAM's undertaking concerning responsible investment through integration of environmental, social and governance factors into the investment management process.



# Principles

As a signatory to the United Nations Principles for Responsible Investment since 2012, OAM has undertaken to respect the six principles of responsible investment.

We are of the view that the prosperity of companies depends, among other things, on their short- and medium-term strategies, economic and financial factors specific to them and non-financial factors related to the environment, social responsibility and sound governance. We are convinced that sound practices will have positive consequences and a positive influence on the profitability of companies that abide by these principles.

OAM thinks that ESG factors can apply differently, depending on sector of activity, geographic location and timing. Approaches to responsible investment are constantly evolving, and OAM intends to contribute proactively to this process.



# Responsible Investment Approach

OAM's approach to responsible investment is based on the following components: shareholder engagement; integration of ESG criteria into investment analysis and decision making; and exclusion of specific securities.

## Shareholder Engagement

An important aspect of shareholder engagement is the exercise of proxy voting rights. In August 2011, OAM adopted a voting policy that emphasizes ESG factors. The criteria set out in the policy guide its voting at shareholder meetings. The policy is based on the three following criteria:

### Long-term profitability

OAM is of the view that companies should take guidance from the initiatives developed by the United Nations, international authorities and organizations, and recognized standards, guides and codes of conduct concerning sustainable development, social responsibility and sound governance practices. In this way, companies can enhance their social capital and sustainable growth, to the benefit of all their shareholders and the communities where they have operations.

### Accountability

The members of a company's board of directors are accountable to its shareholders and creditors, just as management is accountable to the directors. Corporate rules and practices must therefore ensure such accountability.

### Transparency

Information on a company, such as its practices and culture, should be accessible to shareholders and creditors. We also support the idea that companies should undertake to disclose information on their ESG performance.



## Integration of ESG Criteria

Non-financial responsible-investment considerations are among the criteria used to select securities for the portfolio. OAM therefore uses the services of external consultants to assess the risks related to ESG factors. The application of these factors varies from one sector of activity to another and will change over time.

## Exclusions

Along with the industry, OAM takes part in making issuers aware of ESG factors and distances itself from some industries by expressly excluding the following from its portfolios:

**Coal:** Companies that obtain more than 25% of their revenues from coal-fired power plants. Moreover, any such company must have demonstrated that it has reduced its greenhouse gas (GHG) emissions in recent years and that it plans to continue to do so;

**Tobacco:** Companies that obtain more than 10% of their revenues from the manufacture of tobacco products;

**Weapons:** Any company involved in the manufacture and sale of antipersonnel mines, cluster munitions or biological or chemical weapons in contravention of international humanitarian law.

# Application

This policy applies to all asset classes managed by OAM. That being said, the practices and methods used to integrate ESG criteria may, in whole or in part, vary from one class to another, depending on the nature of the investment, the instrument type and the investment strategy used by the portfolio. This policy does not apply to investments in exchange-traded funds (ETFs).

The ESG Committee is responsible for applying this policy. Even though OAM undertakes to make its best efforts to respect this policy, changes in the nature of a company, information that is inadequate or difficult to access in the market or any other reason may mean that this policy cannot be respected temporarily. In such a case, OAM undertakes to take corrective measures to remedy such a situation as soon as it becomes aware of a change in performance that such a breach may have caused.

# Reporting

As a signatory to the United Nations Principles for Responsible Investment, we report on our responsible investment activities each year, notably in a report that we make available to our clients and business contacts.





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