



“ Think globally
and act locally ”

2023 - Responsible Investment Report





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Optimum Asset Management's Sustainable Values

We are pleased to share our 2023 Responsible Investment Report with our clients and partners.

Optimum Asset Management is a subsidiary of Optimum Group, a private international financial group operating in seven sectors, including asset management. Since 2012, our firm has been a signatory to the United Nations Principles for Responsible Investment (UNPRI).

Optimum Asset Management's investment philosophy emphasizes preservation of capital, a commitment that calls for the construction of portfolios holding sustainable companies with strong governance standards and convictions aligned with its own.

It was only natural that we would integrate ESG factors into our investment and risk management process for all client portfolios. We were already recognized as a quantitative firm, so integrating ESG factors and ratings into our quantitative and market analysis tools further supports our portfolio construction process. Such integration allows us to better control the risks inherent in our portfolios, given our firm conviction that a company that abides by ESG principles and is active, engaged and responsible can manage its risks effectively and has a better chance of prospering over the long term.



A handwritten signature in white ink that reads "Claude Lamonde". The signature is fluid and cursive.

Claude Lamonde
President
Optimum Asset Management Inc.

Collaboration

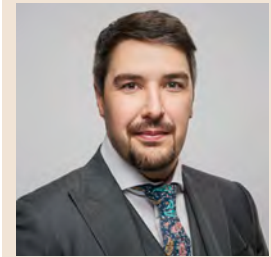
We have recently joined forces with Mr. Jérôme Dupras and Mr. Luc Joli-Coeur, two external collaborators, who have joined our sustainable investment executive committee. These employees will assist us in the evolution of our sustainable investment approach.



Mr. Jérôme Dupras is professor of ecological economics at the *Université du Québec en Outaouais*, with a Ph.D. in geography. His research on biodiversity conservation and climate change mitigation has led to the formation of an international network and the creation of Habitat, an environmental engineering firm that provides advice to public agencies and businesses in Canada and the United States. His recent appointment as co-chair of the new UNESCO Chair in Socio-Economic Assessment of Biodiversity and Ecosystems illustrates the international recognition of his expertise.



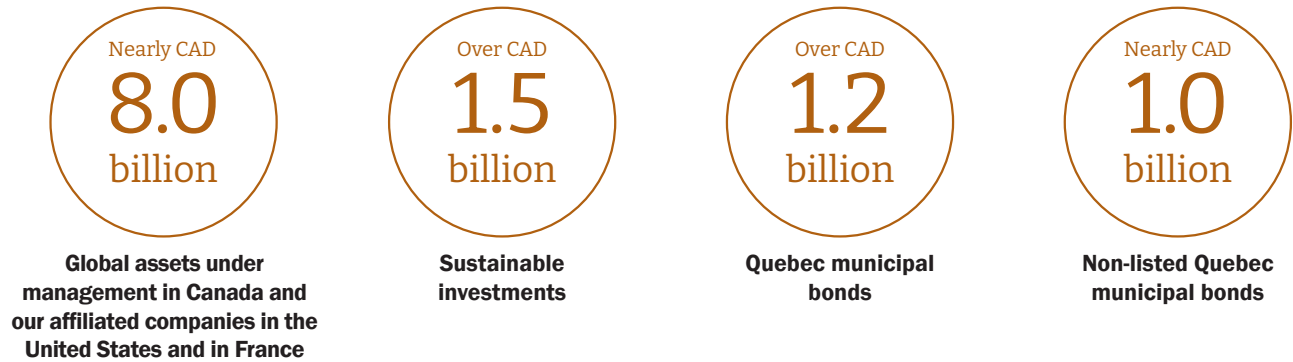
Mr. Luc Joli-Coeur is a corporate and ESG governance director who serves on the boards of major private companies. He holds a double major bachelor's degree in economics and politics, a master degree in urban planning, a master degree in administration, and a diploma in corporate governance. Mr. Joli-Coeur's concern about climate change has led him, as an accredited investor, to help finance start-ups that are accelerating the social, economic and ecological transition.



“ **Optimum Asset Management is a proud partner of the new Centre for Applied Research on Biodiversity and Ecosystems (CRABE), headed by Mr. Jérôme Dupras.** ”

Mr. Pierre-Olivier Boulanger
Vice President,
Responsible
Investment

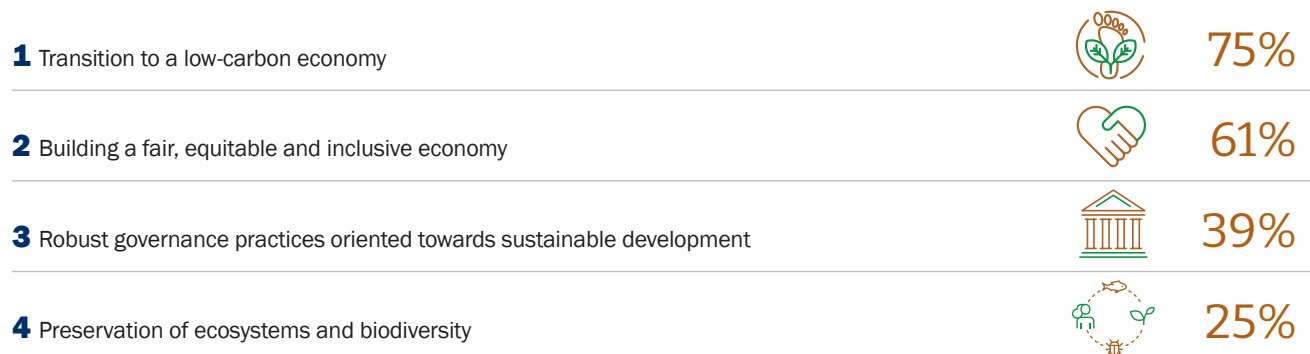
Highlights*



Our shareholder engagement



Our discussion themes¹



¹ % of companies with whom the subject has been discussed.

*Data as of December 31, 2023.

Our Responsible Investment Commitment

Responsible investment is an integral part of our business. Accordingly, our firm has been a signatory to the United Nations Principles for Responsible Investment (UNPRI) since 2012.

Optimum Asset Management pursues its responsible investment activities with know-how and leading-edge technology, while applying the principles of prudence and sound risk management.

To fulfill this commitment, our portfolio managers invest responsibly by including environmental, social and governance risk factors – ESG factors – in their security selection process. We integrate the 17 United Nations Sustainable Development Goals (SDGs) into our selection process. In line with our values and philosophy, we're convinced that responsible investment leads to better long-term results.

Our managers seek the long-term profitability of the companies in which they invest and, therefore, manage financial and non-financial risks proactively.

Optimum Asset Management wants the companies in which it invests on behalf of its clients to behave as good corporate citizens in the environments where they operate, in other words to act responsibly and to take part in the economic and social life of their communities.

A Preference for Quebec Municipalities


We have a preference for Quebec municipalities because their emissions are often in line with the SDGs. Moreover, their bond issues help:

- support local infrastructure that provides key frontline services to communities (ESG impact); and
- create and support thousands of jobs and foster local purchasing and expertise.




Our Journey


Here is a **brief summary** of the milestones on our journey to meet various sustainability needs and goals.



2012 • OAM becomes a signatory to the **UNPRI** and establishes its voting policy
• We select GIR as a data provider




2018 We integrate ESG factors and ratings **into our market technology** (Nautilus) and **also take into account** our clients' investment policies and constraints




2020 We establish a **global responsible investment committee** led by our Global Chief Investment Officer



2019 We publish our first ESG Annual Report, obtain an **audit of best practices** by an independent firm, *Groupe d'investissement responsable*, and publish our Responsible Investment Policy



2021 We introduce the **17 Sustainable Development Goals** into our portfolios




2022 • We establish our long-term vision and positioning
• We evaluate a supplier to measure **carbon footprints**
• We appoint an ESG Investment VP



Projects in development

- Statement by the Québec Financial Center for Sustainable Finance
- We publish our **Policy of Engagement**
- We partner with the **Centre for Applied Research on Biodiversity and Ecosystems (CRABE)**
- We integrate **carbon footprints** into our management reports



2023 • Personalized Responsible Investment Management Report for our institutional clients
• We create a panel to consider the **next generation** of sustainable strategies
• **Partnership** with **Aequo** for shareholder engagement and **ISS** for carbon footprint calculation
• Appointment of two external collaborators to our **sustainable investment executive committee**

Our Responsible Investment Philosophy

1 Investment Approach

Our investment approach is based on the premise that companies that uphold strong corporate governance standards and take their social and environmental responsibilities seriously are more likely to be successful and sustainable.

Our approach is grounded in convictions that allow us to make informed choices based on the following investment themes:

- Low carbon
- Renewable energy
- Public transit and its electrification
- Energy-efficient buildings
- Circular economy
- Water management
- Municipal bonds for their proximity services

2 Investment Process

We follow a structured, disciplined investment process, with security selection based on the following factors:

- Systematic inclusion of ESG ratings
- Emphasis on impact investing
- Sustainability, with positive filters based on our convictions
- Exclusion of some companies under our Responsible Investment Policy
- Need to generate and maintain an optimal return for all clients



3 Impact Investing

The United Nations Sustainable Development Goals provide a blueprint for a better and more sustainable future for all. They are a response to the global challenges we face, including poverty, inequality, climate change and, more recently, health and well-being for all.

We aim to integrate the 17 Sustainable Development Goals into our bond portfolios and we measure the degree to which the goals are achieved across all portfolios.

The portfolio managers prioritize, among other things, government securities that finance projects which contribute positively to society. Additionally, we contact several issuers to understand the services offered to the population and measure their exposure to various inherent risks.

Our Responsible Investment Philosophy (Cont.)

4 Technology

We use market intelligence technology based on internal proprietary research to optimize our portfolio management services.

It was only natural that we would integrate ESG factors into our investment and risk management process for all client portfolios. We were already recognized as a quantitative firm, so incorporating ESG factors and ratings into our quantitative and market analysis tools further supports our portfolio construction process.

For a number of years, our technology Nautilus has been integrating ESG data into our client portfolios in real time in the form of a matrix. Each issuer is assigned separate E, S and G scores and an overall ESG score. The scores for the securities in the same sector are then aggregated. The sectors are weighted, and an overall score is provided for the portfolio and compared with its benchmark index. By taking such factors into account, we can control the risks inherent in our clients' portfolios more effectively.

5 Communication

As a portfolio manager, Optimum Asset Management is duty bound to act in the best interests of its clients. As a signatory to the United Nations Principles for Responsible Investment (UNPRI), we are committed to disclosing our responsible investment integration activities.

To fulfill this commitment, we have developed a report that tracks our sustainable investments and identifies those that contribute to our performance. This dashboard also fosters client engagement and tracks the progress of our impact investing.



6 Global Responsible Investment Committee

This decision-making committee is chaired by our Global Chief Investment Officer, and all investment managers and analysts at our Canadian, U.S. and European subsidiaries are involved in the decision-making process. The committee enables us to share best practices globally. It is responsible for continually integrating ESG factors and ensuring sound risk management with a view to optimal portfolio returns.

7 Carbon footprint

We calculate the carbon footprint of our portfolios. The carbon footprint assesses the environmental impact of our investments, particularly greenhouse gas emissions. To mitigate climate change, our approach reduces exposure to the oil sector, favoring low-carbon sectors. To better evaluate the climate risks of our investments, we collaborate with ISS experts.

Our Responsible Investment Philosophy (Cont.)

8 Responsible Investment Policy

Our Responsible Investment Policy aims to establish a framework and formalize our approach to responsible investing. It outlines Optimum Asset Management's commitment to integrate environmental, social, and governance factors into its asset management process. More specifically, the policy identifies the investment exclusions we adhere to, including sectors related to coal, tobacco and weapons.

9 Policy of Engagement

Our Policy of Engagement defines the levers we use to encourage issuers to adopt and maintain best practices in sustainable development, with a view to value creation and risk management. Dialogue, the exercise of voting rights and support for other shareholders' proposals are the main levers that enable Optimum Asset Management to exert this influence and achieve these objectives.

10 Education

We're committed to advancing the sustainable finance knowledge of our clients and various actors in our industry.

In 2023, we organized meetings with our clients and partners to keep them informed.

We encourage continuing education and the development of our employees. Our goal is to always increase our expertise, which is why we are committed to:

- Adhering to our Statement by the Québec Financial Center for Sustainable Finance, which requires that a large majority of our resources undergo training in responsible investing

Moreover, several members of our team participate as speakers in training sessions offered by the *Association de la retraite et des avantages sociaux du Québec (ARASQ)* on stock markets and responsible investing in portfolio management.



Optimum Financial Group's Social Commitment

1 Optimum's Commitment

Our commitment revolves around corporate goals that aim to raise awareness among all Optimum Group employees and to encourage concrete action in our workplace, to ensure everyone feels well integrated and to preserve our beautiful planet. This commitment is reflected in our new [Corporate Social Responsibility Report](#).

2 Green Charter

This charter aims to create formal guiding principles and sustainable actions to encourage environmentally friendly practices, better manage waste, consume responsibly and maximize the potential of information technology.

3 Diversity and Inclusion Charter

Optimum Group is a diverse company that relies on the talent of its employees. This wealth of talent is why we are committed to fostering an inclusive, equitable and accessible workplace where our people feel valued, respected and supported.

4 Diversity and Inclusion Survey

In February 2023, the Group-wide diversity and inclusion committee launched a survey to assess our current diversity, identify areas for improvement and track our progress.

5 Community Engagement

Since 2022, we have been supporting *La Maison Marguerite*, which provides services ranging from emergency shelter to permanent housing with social housing support for the most disadvantaged women in society.

To further solidify our position as a responsible corporate citizen, Optimum Group is proud to be involved in and support the Investi Fund by Finance Montréal, an investment fund dedicated to ESG and sustainable finance. Our goal is to propel Quebec managers in sustainable finance and enhance responsible investments in asset management. Our commitment is already expressed through our portfolios by investing in sustainable companies based on ESG factors.





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