



OPTIMUM<sup>®</sup>

Global Asset Management

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## Sustainable Investment Annual Report

A full-page background image of a dense, sun-dappled forest. A dirt path leads from the bottom center towards the background, flanked by green foliage and yellow wildflowers. Sunlight filters through the canopy on the left side.

# 2024



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Claude Lamonde  
President  
Optimum Asset Management Inc.

## Message from the President

It is with great pride that we present our 2024 Sustainable Investment Annual Report, which reflects our commitment to achieving both your financial and sustainable development goals. This commitment has been at the core of our philosophy, since we became a signatory to the United Nations Principles for Responsible Investment (UNPRI) in 2012. This report highlights our achievements over the past year, made possible by the dedication and expertise of all our employees, who work daily to create sustainable value.

As asset managers, we are aware of the impact our investment decisions have on society and the environment. We systematically integrate environmental, social, and governance (ESG) factors into our decision-making processes to generate positive and measurable outcomes. Our rigorous approach seeks to identify investment opportunities that offer both solid financial returns and support the transition toward a more sustainable and equitable economy.

The year 2024 was marked by significant advancements. Our partnership with the Center for Applied Research on Biodiversity and Ecosystems (CRABE), dedicated to the preservation of ecosystems, enriches our investment approach. Furthermore, our commitment to supporting the local economy, particularly through investments in infrastructure and job creation, remains a priority. We also continue our support for community causes, such as the Maison Marguerite and various urban greening and cleaning initiatives.

This year, we celebrate 40 years of sustainable growth. These achievements are a testament to our long-term commitment: integrating sustainability principles into our management practices to align financial performance with a positive impact for future generations.

A handwritten signature in dark ink, appearing to read 'Claude Lamonde', written in a cursive style.



# Optimum Financial Group's social commitment

## Corporate commitment

For Optimum, our commitment is grounded in clear objectives aimed at raising employee awareness and promoting concrete actions. We foster an inclusive environment where everyone feels valued. Driven by a shared vision of building a sustainable future, we bring our commitments to life through measurable initiatives detailed in our [Corporate Social Responsibility Report](#).



## Community engagement

Since 2022, Optimum has been proud to support Maison Marguerite, an organization that assists the most vulnerable women by providing essential services ranging from emergency shelter to permanent housing solutions with support. This human-centered commitment is reflected in the active involvement of our employees, who participate throughout the year in volunteer initiatives, monetary donation campaigns, and collections of clothing, hygiene products, and basic necessities.

Continuing our community engagement efforts, Optimum is also proud to support the Investi Fund of Finance Montréal, an initiative dedicated to advancing sustainable finance. This partnership aims to promote Quebec-based ESG investment managers and attract new expertise to the field.



## Diversity and Inclusion Charter

Optimum values the diversity of its talent and is committed to providing an inclusive, equitable and accessible work environment.

In 2023, a survey revealed that 18% of our employees identify as members of diverse groups. Two human-centered Optimum events were held in Montréal and Paris to promote inclusion, respect and open dialogue.

## Green Charter

As part of our commitment to this charter, our employees in Montréal, Paris, Dallas, Winnipeg and North Bay have undertaken a number of eco-friendly initiatives.

Since 2023, a Green Award has recognized environmentally responsible actions. More than 250 employees have taken part in training sessions on recycling and digital note-taking, while nearly 100 have joined urban greening and clean-up activities, further strengthening our sustainability-focused organizational culture.

# Optimum Asset Management's sustainable investment commitment

Sustainable 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.

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 sustainable 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.

## SUSTAINABLE DEVELOPMENT GOALS



Source: United Nations



Photo: Île-d'Orléans bridge, Québec city

# Our journey

Since becoming a signatory to the United Nations Principles for Responsible Investment (UNPRI) in 2012, our sustainable investment journey has been defined by continuous evolution and significant innovations.

## 2012



- OAM becomes a **signatory to the UNPRI** and establishes its voting policy
- We select Groupe Investissement Responsable (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

## 2019



We publish our first ESG Annual Report, obtain an **audit of best practices** by an independent firm, GIR, and publish our Responsible Investment Policy

## 2020



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

## 2021



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

## 2023



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

# 2024 Achievements

## 1. Strengthening the integration of climate factors in our investment processes and client communications

- Integration of carbon footprint into our technological tools
- Integration of carbon footprint into the management reports for institutional clients (ongoing development)

## 2. Enhancing transparency and governance of our sustainable investment practices

- Increased transparency through the publication of our reports and policies on our website
- Publication of our Engagement Policy

## 3. Developing biodiversity expertise as a competitive advantage

- Partnership with the Center for Applied Research on Biodiversity and Ecosystems (CRABE)

## 4. Reinforcing internal capabilities and external engagement in sustainable finance

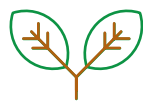
- Sustainable finance training for all our management teams
- Statement by the Québec Financial Center for Sustainable Finance (ongoing development)

# Key highlights



**+6%**

Global assets under management in Canada and our affiliated companies in the United States and in France  
(increase from \$8.0 to \$8.5B)



**+20%**

Sustainable investments  
(increase from \$1.6 to \$1.9B)



**+10%**

Proposals we voted on  
(increase from 3,249 to 3,575)



**+13%**

Shareholder meetings  
(increase from 224 to 253)

Data as of December 31, 2024

# Collaborative partnerships

We work closely with partners who share our firm's philosophy and approach, in order to collectively advance sustainability efforts.



The new **Center for Applied Research on Biodiversity and Ecosystems (CRABE)**, led by Professor Jérôme Dupras, supports both government and private sectors in addressing biodiversity challenges. The center develops knowledge, trains experts and promotes the integration of biodiversity science into all decision-making spheres.



Founded in 2015, **Æquo** is an independent firm and a Quebec leader in shareholder engagement. It engages in dialogue with companies to promote sustainable and equitable practices, relying on a structured approach, a team of credible experts and a strong network to conduct informed and respectful dialogue.



**Groupe Investissement Responsable (GIR inc.)** is Canada's leading independent proxy voting advisory firm. Since 2000, it has supported institutional investors in exercising their voting rights and provides ESG analysis and advisory services to enhance their sustainability commitments.



Founded in 1985, **Institutional Shareholder Services Inc. (ISS)** supports investors and companies in achieving sustainable growth by providing high-quality data, analysis and advisory services. Its ISS ESG team delivers leading carbon and climate data, along with advanced portfolio analysis tools, to financial markets, governments and academic institutions.

Signatory of:



The **PRI (Principles for Responsible Investment)** is the leading global proponent of responsible investment, helping its signatories incorporate ESG factors into their decision-making. Independent and non-profit, the PRI fosters sustainable markets and engages with policymakers, with support from the United Nations. We are proud to have been a signatory to the UNPRI since 2012.



# Our sustainable investment governance structure

Our structure is built on three key pillars:

## Sustainable Investment Executive Committee

Direction, strategy, objectives, coordination

Responsible Investment Policy, Engagement Policy,  
Exclusion Policy and Fixed Income Responsible  
Investment Guide

## ESG and Restricted Securities Committee

Integration, oversight, monitoring, feedback

Responsible Investment Policy, Exclusion Policy,  
Fixed Income Responsible Investment Guide

## Portfolio Manager

Integration, selection, research, oversight

Responsible Investment Policy, Exclusion Policy,  
Fixed Income Responsible Investment Guide

The **Sustainable Investment Executive Committee** sets the strategic direction and overarching goals, shaping our investment, engagement and exclusion policies.

The **ESG and Restricted Securities Committee** ensures the effective integration of ESG criteria, oversees their application and provides continuous feedback.

**Portfolio Managers** are responsible for applying these principles directly in the investment selection and portfolio management processes.

These three components are supported by the essential contributions of our Vice President of Responsible Investment, who develops opportunities and leads training initiatives; our compliance team, which ensures adherence to regulations and audits our practices; and our client relations team, which maintains ongoing dialogue with our investors to address their specific needs in sustainable investing.



# Our sustainable investment philosophy

## 1 Investment approach

Our investment approach is grounded in a core belief: companies with high standards in governance, environmental and social practices are more sustainable.

Our strategy is built around key themes that reflect our convictions:

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

## 2 Investment process

Our security selection process is structured and rigorous, incorporating multiple dimensions:

- Systematic integration of ESG ratings
- Emphasis on impact investing
- Application of positive filters based on our sustainable investment convictions
- Exclusion of some companies under our Responsible Investment Policy
- Maintain an optimal balance between performance and responsibility

## 3 Impact investing

The 17 United Nations Sustainable Development Goals serve as our reference framework to contribute to a better and more sustainable future. These goals address global challenges such as poverty, inequality, climate change and access to healthcare.

We integrate these goals into our fixed income portfolios and systematically measure their impact. Our portfolio managers prioritize government issuers that finance socially beneficial projects and engage in dialogue with issuers to understand their societal contributions and risk management practices.

## 4 Technology

Our expertise is supported by proprietary market intelligence technology that enhances our portfolio management. It was only natural that we would integrate ESG factors into our quantitative management approach.

Our Nautilus platform incorporates ESG data in real time into client portfolios in matrix format. Each issuer receives individual E, S, G scores, as well as an overall ESG score. These scores are aggregated by sector and weighted to provide an overall portfolio score, benchmarked against a reference index. This integration strengthens our ability to manage risk effectively.





# Our sustainable investment philosophy (cont'd)

## 5 Communication and education

As a signatory to the United Nations Principles for Responsible Investment (PRI), we disclose our ESG activities and have developed a dashboard to track the evolution of sustainable investments and identify sources of performance, thereby strengthening client engagement.

Our educational approach includes initiatives for clients, partners and employees, featuring informational sessions and ongoing training, in alignment with the Statement by the Québec Financial Center. Several members of our team also serve as guest speakers for ARASQ, sharing insights on markets and sustainable investing.

## 6 Global responsible investment committee

This decision-making committee, chaired by our Global Chief Investment Officer, brings together managers and analysts from our Canadian, U.S. and European subsidiaries. It promotes the sharing of international best practices and ensures that ESG factors are effectively integrated into risk management while optimizing portfolio performance.

## 7 Carbon footprint

We evaluate the carbon footprint of our portfolios to assess their environmental impact, particularly in terms of greenhouse gas emissions. Our climate mitigation strategy aims to reduce exposure to the oil sector and favor low-carbon intensity industries. Our collaboration with experts at ISS enhances our ability to assess the climate risks associated with our investments.

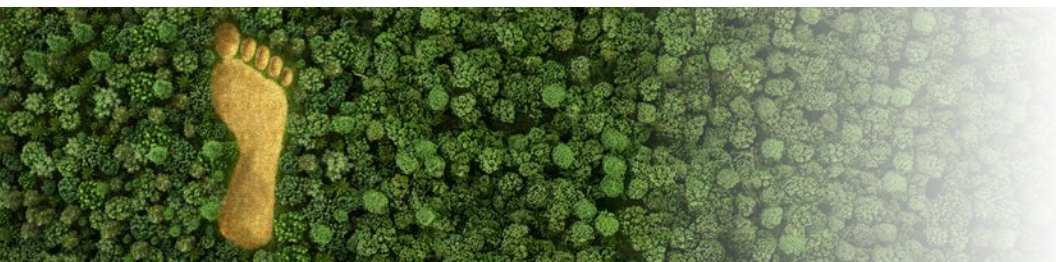
## 8 Responsible investment policy

Our [Responsible Investment Policy](#) aims to establish a framework for integrating ESG factors into our asset management practices. It outlines our commitments and specifies investment exclusions, notably in sectors such as coal, tobacco and weapons.

For more details on this topic, please refer to our [Exclusion Policy](#).

## 9 Engagement Policy

Our [Engagement Policy](#) 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 our primary means of influence to achieve these goals.



# Questions & answers



With Pierre-Olivier Boulanger  
Vice President, Responsible  
Investment

## What were the highlights of 2024 for the team?

The year 2024 was marked by several key advancements for our team. First, we updated our Responsible Investment Policy to better reflect the evolution of our practices, and we published our very first Engagement Policy, a significant milestone that provides a more formal framework for our interactions with issuers.

We were also very pleased with the scores we received in our PRI Reporting. These results validate the progress we've made and underscore the strength of our sustainable investment approach.

Another major development was the integration of carbon data into our internal analysis system, Nautilus. This enhancement now enables us to calculate the carbon footprint of our portfolios, including data from provincial issuers. It is a concrete advancement that strengthens our ability to monitor and manage climate transition risks.

## What are your outlooks for 2025 and beyond?

In 2025 and the years ahead, we will continue evolving our practices to address emerging challenges. The disengagement of major players such as the United States in the fight against climate change, particularly regarding transition risks, highlights the growing importance of preparing for physical climate risks. We plan to deepen our analysis in this area to better equip our portfolios to handle the increasing impact of extreme weather events.

We also aim to strengthen our sustainable investment framework for private debt. This asset class is growing rapidly, and we firmly believe it can play a key role, particularly by giving us access to projects with strong social or environmental impact, which are often less accessible in the traditional fixed income universe. We are also committed to increasing transparency around these investments to better report on their tangible outcomes.

Finally, our collaboration with CRABE is progressing well and we hope to bring a few pilot projects to fruition in the coming years. This partnership is especially meaningful to us, as it brings together two themes that are central to our mission: biodiversity preservation and support for local development.



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