



Responsible Investment Policy

Jacques Cartier National Park,
Quebec, Qc. Canada
Photo : Alice Triquet



Objective and background

This document describes how RGP Investments (hereinafter "RGP") integrates environmental, social and governance ("ESG") factors into the management of the RGP Investments Funds (hereinafter the "RGP Funds"). The RGP Investments Responsible Investment Policy (hereinafter the "Policy") has two overlapping levels of application depending on whether they apply to the firm and all RGP Investments Funds or only to those RGP Funds that have a responsible investment mandate (hereinafter "RI").

RGP believes that environmental, social and governance (ESG) factors create risks and opportunities for investors, and that it is in the best interests of our securityholders to consider these factors in the management of the RGP Funds. By analyzing both ESG and financial risks, our portfolio managers gain a deeper understanding of the companies in which they invest RGP Fund assets. In this way, RGP expects to enhance the results of the RGP Funds for our unitholders. The integration of ESG factors into our portfolio managers' analysis affects the asset allocation, security selection, portfolio construction and voting of each of the RGP Funds.

The Policy is overseen by the firm's Investment Committee. The committee's responsibilities include monitoring the effectiveness of the process, identifying areas for improvement, and addressing information on changes that may affect our processes and approach to responsible investing. The policy is reviewed annually.

Responsible Investment

Responsible investing is a strategy and practice for integrating ESG factors into investment decisions and engaged ownership. It considers both how ESG factors can influence the risk-adjusted return of an asset and the stability of an economy. RI also considers how investment and shareholder engagement can impact society and the environment.

Responsible investment is also known by other names such as "sustainable investment" or "socially responsible investment".

Environmental pillars



Environmental factors are those things that affect the environment, including climate change, greenhouse gas emissions, resource depletion, waste and pollution, biodiversity loss, and deforestation.

Social pillars

Social factors can refer to issues affecting people, including human rights, working conditions, local communities, and inclusion and diversity.



Governance pillars

Governance factors relate to how companies are managed and run, including executive compensation, corruption, political pressure and donations, board diversity and structure, and tax strategies.



Scope of the policy

Responsible Investment

The Principles for Responsible Investment apply to all RGP Funds. To reinforce our commitment to responsible investment, on August 28, 2020, RGP became a signatory to the UN Principles for Responsible Investment (the "Principles"). As a signatory, RGP is committed to the six Principles for Responsible Investment, the details and implications of which are outlined in the sections below entitled Principles for Responsible Investment and Voting Rights.

Implementation of strategies and controls

All RGP funds employ responsible investment strategies to varying degrees. However, the approaches and levels of integration vary by fund. RGP Funds with a RI mandate, i.e., those whose investment objective specifically mentions the use of a RI approach, integrate ESG strategies in a more comprehensive manner and are subject to the strategies and controls outlined in the section below entitled Implementation of Strategies and Controls.

RGP Funds that do not specifically follow an RI approach incorporate responsible investment strategies, but their level of integration differs due to the nature of their mandate. These funds are not subject to the requirements outlined in the section on Strategy Implementation and Controls.



The 6 principles for responsible investment

The six voluntary principles defined by the United Nations are listed below, along with a description of their transmission in PGR activities as appropriate:



Principle # 1 - We will incorporate ESG issues into investment analysis and decision-making processes.

RGP's portfolio managers integrate ESG factors into their management processes and tools, as well as in the evaluation of sub-managers and their ability to integrate these factors into their practices.

Principle #4 - We will promote acceptance and implementation of the Principles within the investment industry.

RGP values the adoption of the Principles by its partners and advocates the alignment of its investment mandates with long-term processes and monitoring.

Principle #2 - We will be active owners and incorporate ESG issues into our ownership policies and practices.

RGP adds ESG issues to unitholder financial value considerations in the development and application of the RGP Funds' proxy voting policy and procedures.

Principle #5 - We will work together to enhance our effectiveness in implementing the Principles.

RGP develops and makes available training tools on ESG issues, and supports initiatives that aggregate and share data on global platforms.

Principle #3 - We will seek appropriate disclosure on ESG issues by the entities in which we invest.

RGP supports initiatives or proposals for disclosure of information on ESG issues by the entities in which we invest, as well as adherence by those same entities to the principles established in international agreements.

Principle 6 - We will each report on our activities and progress towards implementing the Principles.

RGP communicates how ESG issues are integrated into the investment practices of the RGP Funds and is transparent in publicly disclosing the share ownership activities of the RGP Funds.



Voting rights

Voting allows shareholders to vote on a range of matters that are brought to the shareholders' meeting in the form of proposals. The majority of proposals are submitted by management and relate to items such as the election of directors and the compensation of key executives. Director independence and diversity on the board of directors are two issues that RGP pays particular attention to.

We are also asked to vote on behalf of the RGP Funds on proposals submitted by other shareholders. Each proposal is evaluated taking into consideration the practices of the company and its peers.

The RGP Funds' voting policies and procedures consider, among other things, ESG factors in the creation of long-term market value. RGP retains the services of firms recognized for their expertise in ESG analysis to assist in the analysis of proposals received by the RGP Funds and to execute votes. The policies and procedures governing the voting of proxies by the RGP Funds, as well as registered votes, are available on the RGP Investments website.

Implementation of strategies and controls

This section detailing the implementation of responsible investment strategies below applies only to RGP Funds that have a RI mandate, i.e. those whose investment objective specifically mentions the use of a RI approach. These Funds are also covered in the Controls on Underlying Funds and Sub-Managers section. Funds may combine different strategies in implementing RI.

Responsible investment strategies

ESG Integration | The ESG integration strategy involves explicitly considering ESG-related factors that are important to investment risk and return, alongside traditional financial factors, when making investment decisions. Transparency and quality of issuer disclosure on ESG topics are also considered in this strategy.

Positive screening | The positive screening strategy involves investing in companies that outperform their peers on one or more ESG-related performance measures. Companies are generally compared on a sector basis.

Negative screening | The negative screening strategy involves reducing exposure to certain types of securities or companies based on various, business practices or industries that affect ESG issues. For example, coal or fossil fuel mining and production, controversial or assault weapons, adult entertainment, tobacco. In addition, they may choose to exclude issuers' securities altogether depending on the sensitive industries under consideration.

However, there are exceptions to this rule. Investments may be considered where the activities are deemed beneficial. For example, the Funds may invest in green bonds and sustainable bonds issued by companies engaged in conventional energy production to help them invest in renewable energy for an energy transition.



Impact theme

The impact theme strategy involves investing in sectors, industries or companies that are expected to benefit from long-term macroeconomic or structural trends related to ESG issues. Examples of impact themes include climate change, health and wellness, education and community development. To assess impact, portfolio managers using this strategy incorporate into their benchmarking analysis, where available, data on issuers such as their energy use reduction, greenhouse gas emission reduction, social housing units built, educational degrees awarded, or number of patients treated, their research or new technologies in the health sector, and their contribution to the Sustainable Development Goals (SDGs).

Controls on underlying funds and sub-managers

In order to determine which underlying funds or sub-manager would be suitable for a RGP Fund, RGP assesses the practices of the investment managers it considers. Elements assessed that relate to responsible investment include the adoption of internal or external (e.g. Principle for Responsible Investment - PRI) RI policies, the method of integrating ESG issues, the degree of such integration and active ownership. Some RGP funds use other RGP funds in their strategy that meet these criteria.



Please read a fund's prospectus before investing. Mutual funds are not guaranteed. Their values change frequently and past performance may or may not be repeated. Investors will pay management fees and expenses and may be subject to commissions or trailing commissions. In addition, investors may experience a profit or loss.

RGP Investments 2022. All rights reserved. (TM) Trademark of R.E.G.A.R. Private Management Inc.



INVESTMENTS™



2023-02