

ENGAGEMENT WITH ISSUERS AND STAKEHOLDERS

a) Objective

This Policy aims to formalize AlphaFixe's approach for engagement activities with issuers as well as collaborations with stakeholders.

b) Definition

Engagement is defined as any form of exchange with current and potential issuers (companies, governments and municipalities) aimed at improving practices related to environmental, social and governance (ESG) issues. AlphaFixe's stakeholders include all its clients/partners, service providers, various government bodies and peers.

c) Principles

As an investment management firm specializing in fixed income, AlphaFixe does not hold any voting rights and is in no position to exercise shareholder engagement. However, this does not prevent it from engaging with issuers and working with its stakeholders to raise awareness about sound ESG risk management. In fact, AlphaFixe believes that responsible corporate behaviour, with respect to ESG factors, has a positive influence on long-term financial performance.

Unlike publicly traded securities, private companies make up a significant portion of a credit manager's universe of eligible securities. Since these companies generally disclose less information, it's harder to perform a fair and consistent ESG analysis. For this reason, ESG reporting is an important topic of discussion with issuers.

d) Strategies

AlphaFixe engages with debt issuers and collaborates with stakeholders.

Issuers

As part of its ESG analysis, AlphaFixe has developed a disclosure score to target issuers that do not provide adequate ESG reporting. In this context, it is easier to prioritize issuers with whom we wish to prioritize engagement. This dialogue can take many forms, whether it's during private meetings, roadshows or when communicating by email/phone.

Clients / Partners

Our objective is to offer high quality management, while responding to the needs of our clients/partners. We therefore believe in the importance of raising awareness about ESG best practices, whether during meetings with investment committees, by getting involved as speakers or by offering training sessions. Periodic reporting of our ESG integration practices and the impact of our Green Bond Fund are also good ways to communicate this information.

Service Providers

As a PRI signatory, AlphaFixe actively participates in the development of the industry. We believe that adopting good reporting practices in the context of responsible investment inevitably requires collaboration with service providers.

By sharing our knowledge, we believe that we are demonstrating our commitment in addition to making service providers aware of the unique reality of fixed income managers. For example, we have collaborated with several organizations on carbon footprint calculations and green bonds environmental impact analysis.

Government

In order to meet Canada's commitments under the Paris Agreement, the federal and provincial governments will need to pass significant legislation affecting virtually all sectors of the economy.

AlphaFixe believes that some of this legislation should be aimed at promoting the development of sustainable finance in Canada. It is for this reason that we are and will continue to engage with various government authorities to activate the necessary levers to redirect capital towards a sustainable economy and to promote an adequate ESG disclosure framework.

e) Annual review

AlphaFixe reports on all responsible investment activities as part of the annual evaluation and assessment process recommended by the PRI. In addition, we keep a record of all commitments to follow up with issuers.

f) Scope and review

This policy applies to all our management activities and all types of investment solutions available. This policy is reviewed on an annual basis or more frequently, if necessary.