

ENGAGEMENT POLICY 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. As a signatory of the United Nations Principles for Responsible Investment ("PRI") since 2009, AlphaFixe has been committed to respect the six principles for Responsible Investment.

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 investments, AlphaFixe usually holds no voting rights and is therefore not in a position to engage in shareholder engagement. This does not, however, prevent it from engaging in dialogue with issuers and collaborating with its stakeholders to raise awareness of sound management of ESG-related risks and opportunities. Indeed, AlphaFixe believes that responsible corporate behavior regarding 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. In these exchanges, whether directly or through a third party, AlphaFixe ensures that its vision is conveyed so that the behavior of the organizations it works with evolves in the desired direction.

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 specific needs of our clients/partners. We therefore believe in the importance of raising awareness about ESG best practices, during meetings with investment committees, by getting involved as speakers or by offering educational 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

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.

Collaboration with stakeholders

To promote best practices in responsible investment, AlphaFixe collaborates with its stakeholders such as clients/partners, investment advisors, service providers, peers and various government bodies.

Escalation policy

The exchanges with issuers are all unique, and the topics discussed are chosen according to the ESG risks specific to each one. Certainly, the openness of management to these discussions, and the actions of issuers in response to our comments and recommendations, will influence our subsequent actions. If the stakes are material, we could, for example, continue the discussion with the issuer to make them aware of the risks we have identified, or ask to discuss them with individuals who have the decision-making power to manage these risks. In extreme cases, AlphaFixe could simply decide to divest from the issuer.

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.