



## RESPONSIBLE INVESTMENT POLICY

### 1. Context

This policy is aimed at defining and framing the responsible investment practices implemented by Hexavest Inc. (hereinafter "Hexavest") in its investment processes. The policy formalizes our values and our approach regarding responsible investment and attests to our commitment in this area, more specifically since our commitment in 2012 to the UN's Principles for Responsible Investment.

As an investment adviser, Hexavest has a fiduciary responsibility to act in the best interest of its clients. Our investment philosophy is oriented to this responsibility; protection of capital is a fundamental component of our approach, which is a prudent one. We believe in the importance of managing risks, avoiding speculative investment themes, and favouring longer-term opportunities. Responsible investment practices are therefore consistent with our philosophy and fit in naturally with our approach and processes.

### 2. Principles

Our responsible investment approach reflects our values and is founded on a series of principles to which we are committed:

- Sound management of environmental, social and governance factors (hereinafter "ESG") promotes stability and aims to create long-term value for companies and for their investors.
- Consideration of ESG factors in investment strategies is in line with asset managers' fiduciary obligation.
- Responsible investment practices help preserve and promote our clients' long-term interests by contributing to the sound management of risk and of investment opportunities.
- Shareholder engagement—through the active exercise of voting rights, dialogue with issuing companies, and dialogue with regulatory bodies—is the preferred practice for improving the quality of companies' governance along with their environmental and social practices. It leads to better risk management by these companies.
- Proper disclosure of ESG factors by publicly traded companies is important, as it enables investors to thoroughly compare and evaluate these companies' practices in connection with investment decision-making processes.
- Responsible investment and shareholder engagement practices promote more sustainable and prosperous economic and social development, benefitting all stakeholders.

### 3. Policy

Drawing on the Principles for Responsible Investment, we are committed to:

#### **3.1 Integrating ESG factors**

Hexavest favours a top-down management approach that starts with decisions about choice of regions, countries, sectors, and industries making up the investment universe. Our management team takes into consideration the relevant ESG factors for these decisions during its fundamental analysis process.

Our portfolio managers then integrate the ESG criteria into their process for choosing securities. They use quantitative tools to support them in the securities selection process. These tools include information related to the ESG performances of companies that are part of the investment universe.

#### **3.2 Being an active investor through shareholder engagement**

Through the exercise of voting rights and the dialogues we maintain with companies we invest in, we believe it is our duty to encourage responsible ESG practices with a perspective of creating long-term value for our clients.

##### ***3.2.1 Exercise of voting rights***

The exercise of voting rights is an important practice for any active investor. Hexavest communicates its approach to this through a policy of proxy voting rights. The latter sets out our positions on the various proposals associated with environmental, social, and corporate governance issues.

Our Proxy Voting Policy is reviewed at least once a year. Our Compliance Department regularly verifies the validity of our voting procedures so as to ensure that these have been implemented effectively and in accordance with our Proxy Voting Policy.

##### ***3.2.2 Shareholder dialogue***

The aim of shareholder dialogue with publicly traded companies is to improve these companies' ESG practices as well as the disclosure of ESG-related information, with the objective of mitigating risks while promoting long-term growth. Through questions and discussions, investors become better informed and lead the company to improve its management of specific ESG issues.

We undertake shareholder dialogues individually and collaboratively, with the help of a service provider. By doing so, Hexavest maintains a constructive dialogue with chosen companies on an annual basis.

The companies with whom we maintain a dialogue are chosen based on the weakness of their ESG practices or their position as a leader within their respective

industry. The goal is to increase the impact of each dialogue. A company's dialogue themes are identified according to the most prevalent ESG risks or opportunities, depending on the business sector and geographic location. We define the objectives to be accomplished for each dialogue and we monitor their progress.

### **3.3 Collaborating**

Hexavest collaborates with multi-stakeholder organizations to advance responsible investment practices, consideration of ESG factors and disclosure about the management thereof, of companies and investors. By collaborating with other key financial market players, we combine our efforts with theirs in order to maximize our collective influence over companies.

### **3.4 Disclosing**

We are committed to regularly disclosing our responsible investment activities. As such, we report our practices through the following activities:

- We carry out annual reporting to the PRI, since 2014.
- We publicly communicate our ESG integration approach and practices, as well as a summary of our exercise of voting rights and shareholder engagement, in the annual report published on our website.

## **4. Scope**

This Responsible Investment Policy applies to the entire decisional process used in managing assets entrusted to Hexavest.

## **5. Responsibility**

- The Board of Directors approves the Responsible Investment Policy.
- The Head of Responsible Investment is in charge of monitoring the implementation of the Responsible Investment Policy.

## **6. Review**

Our Responsible Investment Policy is reviewed annually.

*Policy adopted December 7, 2017*

*Reviewed March 22, 2019*