



# Responsible investment policy

## Context

Professionals' Financial's mission is to meet its clients' wealth management expectations by offering them innovative and personalized solutions. This mission entails above all protecting our clients' assets and rigorously managing risk with a long-term investment horizon. We believe that integrating environmental, social and governance (ESG) factors in the analysis and valuation of investments is essential to carrying out our mission, because it fosters better risk management and the achievement of better long-term returns. In addition, integrating ESG factors reflects the values of Professionals' Financial, which believes that all companies have a duty to act responsibly in terms of respect for human rights, respect for labour rights and protection of the environment.

Our responsible investment policy applies to all our portfolio management activities, in keeping with our investment philosophy, which is comprehensive in scope. However, the responsible investment practices of our external managers may vary according to their management profile and the type of portfolio.

This document lays the foundation for the responsible investment practices conducted in accordance with our mission, in the interest of our clients, and with a view to continuous improvement.

## Governance

Professionals' Financial's governance is based on transparency, rigour and integrity. Its Board of Directors, composed of 13 members from, among other bodies, its professional association shareholders, establishes the firm's governance structure and general guidelines, including this responsible investment policy and the proxy voting policy, based on the recommendations of its Investment Committee. This committee, composed of external members from the investment community, reports to the Board of Directors, and the mandate entrusted to it aims to assist management with the supervision of all investment activities, including new product creation, hiring of managers and performance analysis.

The members of management are responsible for implementing the responsible investment policy, including the proxy voting policy. The investment management team, comprising internal managers and analysts, sees to the positioning and the day-to-day management of the portfolios, including monitoring of the external managers.

## Conflicts of interest

Professionals' Financial's governance structure is designed to eliminate conflicts of interest and it is supported by various management mechanisms. Whether real, potential or apparent, conflicts of interest can arise in any interaction. We treat every conflict of interest issue very seriously to prevent it from occurring, insofar as possible. If it cannot be prevented, the Financial's policy is to disclose the situation to the persons concerned and to manage the risks, if necessary.

For more information on how we manage conflicts of interest, please visit the [About us/Governance](#) section of our website.

## Integrating ESG factors

For all our portfolio management activities, Professionals' Financial seeks to integrate environmental, social and governance factors in the analysis, selection and management of investments. This practice enables us to better identify the risks and issues facing the entities in which we invest, in addition to our comprehensive risk management approach. It also enables us to identify the long-term growth and value-creation opportunities available to these entities.



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## Exclusion of certain investments

Because of the harmful impacts of their activities on society, we have put in place general exclusion rules in our investment policies concerning the producers of **tobacco products**, the producers of **cannabis products** and retailers whose main activity is the sale of cannabis products, as well as manufacturers of **firearms** and retailers whose main activity is the sale of firearms. These are strategic choices that reflect the values of our clients, our shareholders and the Financial. These exclusions apply only when we control the investment policy of the fund.

## External management

A large part of our assets is entrusted to external managers. In this regard, our approach remains resolutely pragmatic and collaborative. Our choice of managers is based above all on the expertise and depth of the team in place, the investment process they use, and the establishment of a solid relationship of trust with a view to creating sustainable investment solutions for our clients. As part of the manager selection process, we determine whether the manager integrates ESG factors or engages in other responsible investment practices. Most of our external managers already integrate ESG factors in their decision making processes and many are signatories of the United Nations Principles for Responsible Investment (UNPRI). Each of our managers retains autonomy with regard to their implementation of ESG integration practices as well as their shareholder engagement and proxy voting activities. However, they must comply with the above-described exclusion rules for the Financial's funds.

## Active shareholders

Professionals' Financial is aware of its shareholder responsibility and power to influence the behaviour of companies. To this end, we conscientiously exercise our proxy voting rights, we analyze the shareholder proposals put forward, and we encourage shareholder engagement by the external managers in respect of the entities in which they invest on our behalf.

## Proxy voting rights

One of Professionals' Financial's first acts in implementing its responsible investment policy was to adopt a proxy voting policy in keeping with the Principles for Responsible Investment (PIR) guidelines, while ensuring that it was in compliance with our own governance rules. This policy is available on the [Our Investments/Proxy Voting](#) page of our website.

For internally managed investments, we entrust to a specialized provider the exercise of votes in accordance with our policy, under the supervision of the chief investment officer. For externally managed investments, the managers vote their proxies according to their own voting rights policy. However, we encourage the external managers to adopt a responsible policy in keeping with the Principles for Responsible Investment (PRI) guidelines. As part of the securities lending strategy, we could be constrained not to exercise our voting rights when we lend securities through our trustee and securities custodian. Proxy voting results reports are available on the [Our Investments/Proxy Voting](#) page of our website.

## Shareholder engagement

We believe that interacting with the entities in which we invest, including conveying to them our concerns when circumstances require it, is an effective way of ensuring sound management of the risks and issues these entities face. Without requiring this, we encourage our external managers to do likewise.



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## Accounting

The Financial favours regular and transparent communication with and accounting to its clients. Our mutual fund reports and financial statements are available on our website or upon request. With regard to responsible investment, we publish on our website the results of our own internal proxy voting as well as that of our external managers. We also intend to report in our client communications on the progress made in our responsible investment practices.

## Policy update

This responsible investment policy was approved by the Board of Directors and came into effect on June 5, 2018 and was updated on August 28, 2018. It will be revised annually and updated as needed.