



SUSTAINABLE INVESTING POLICY

SEPTEMBER 2024

CONTENTS

Purpose	2
Context and Scope	2
Sustainability Beliefs	2
Principles for Responsible Investment (“PRI”)	3
Sustainability Considerations and Priorities	3
Climate Change	4
Biodiversity	4
Human Capital	4
Governance	4
Sustainability Elements	5
Integration	5
Stewardship	5
Sustainable Investing	5
Screening	5
Transparency and Reporting	6
Policy Governance	6
Policy Review and Approval	6
Non-Material and Material Revisions	6
Exceptions	6

PURPOSE

IMCO's Investment Governing Policies are intended to provide for a principled, consistent application of investment management practices for our clients and to promote transparency in our investment approach.

The Sustainable Investing Policy ("Policy") documents key principles, beliefs, priorities and guidelines underpinning IMCO's approach to the incorporation of sustainability considerations, including environmental, social and governance ("ESG") factors, within the investment process. This Policy should be read in conjunction with the guidelines issued under it.



CONTEXT AND SCOPE

IMCO includes sustainability as one of its key investment beliefs. We view sustainability as both a set of investable opportunities to pursue, as well as a set of risks to evaluate and mitigate. Therefore, we incorporate sustainability, including climate, in our investment decision-making processes.

This Policy outlines IMCO's approach to incorporating sustainability considerations across the investment lifecycle, including asset management, for the investment strategies and portfolios managed by IMCO. It also describes the main levers through which IMCO will act to achieve its priorities.

SUSTAINABILITY BELIEFS

The following are IMCO's investment beliefs on sustainability that underpin this Policy:

1. Sustainability issues affect investment risks and returns. Considering these issues leads to insights and better decisions about risks and opportunities, which safeguards the long-term viability of our portfolio.
2. We view sustainability as a vector for innovation. Organizations that embrace robust sustainability practices are more likely to thrive in the changing business landscape.
3. As an active owner, we engage with stakeholders to promote improved practices, focusing on material factors and interventions with the greatest impact.
4. Sustainability introduces complexity as standards, regulations and preferences change rapidly. Our ability to adapt and mine the future on emerging sustainability trends and insights will be a competitive advantage.

PRINCIPLES FOR RESPONSIBLE INVESTMENT (“PRI”)

The Policy supports IMCO’s mission to provide clients with strategic portfolio construction advice, investment opportunities and products, risk management and client services. This approach is also aligned with IMCO’s core values of integrity, public purpose, respect, innovation and continuous improvement and collaboration.

As such, IMCO is a signatory and is committed to the United Nations-backed “PRI”.¹

The six Principles are:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

IMCO’s focus is on delivering the risk-adjusted investment returns that can help clients meet their long-term financial objectives. We consider sustainability issues as a part of our management of risk and investment opportunities in a manner that is consistent with our fiduciary duty to our clients.

SUSTAINABILITY CONSIDERATIONS AND PRIORITIES

Sustainability considerations, including climate risks and ESG factors, cover diverse ecological, human, economic, financial and societal issues that are material today, as well as those that will matter tomorrow. We consider these factors to ensure our portfolios are resilient to change.

Factors that are material to an investment will vary by asset type, industry and sector. Across public and private investments, we assess material sustainability factors for every transaction. Some examples are below.



ENVIRONMENTAL (E)

Issues relating to the quality and functioning of the natural environment and natural systems.

- Climate change
- Energy
- Water
- Waste and pollution
- Biodiversity



SOCIAL (S)

Issues relating to the rights, well-being and interests of people and communities.

- Diversity, equity and inclusion (“DEI”)
- Health and safety
- Human rights
- Human capital management
- Supply chain management



GOVERNANCE (G)

Issues relating to the governance of companies and other investee entities.

- Board structure, diversity and independence
- Business ethics
- Executive compensation
- Accounting and audit quality
- Risk management
- Cybersecurity

We evaluate sustainability risks and opportunities as part of investment decisions, tailoring the assessment to each transaction. In addition, we are prioritizing a few material factors in which we would like to develop deep expertise, focus on in our investment process and drive portfolio value creation efforts. These material factors were chosen for several reasons: their applicability within our portfolio, their impact on return value-add or risk mitigation and their alignment with IMCO's World View and client priorities. These include i) climate change and aligning our portfolio to a net zero future, ii) preserving and enhancing biodiversity, iii) unlocking human capital with a focus on DEI, health and safety, and employee ownership, and iv) enabling strong governance through board effectiveness.

Climate Change

IMCO will take steps to identify and manage climate change risks and opportunities with the aim of enhancing long-term, risk-adjusted returns. This includes improving processes around governance and strategy to manage climate-related risks and opportunities in line with the International Sustainability Standards Board S2 and the Canadian Sustainability Standards Board CSDS2, which incorporate the Task Force on Climate-Related Financial Disclosures ("TCFD")² recommendations.

IMCO acknowledges that there is an urgent need to accelerate the transition towards global net zero greenhouse gas emissions and has committed to net zero alignment by 2050 or sooner by joining the Paris Aligned Investment Initiative.³ Our commitment is based on the expectation that governments and policy makers will deliver on their commitments to achieve the goal of the Paris Agreement, and in the context of fulfilling our fiduciary obligations.

Biodiversity

IMCO understands that portions of its portfolio are exposed to nature-related risks, and is evaluating methods to mitigate these risks throughout the investment lifecycle based on materiality and relevance. This includes including evaluating risks during due diligence and assessing how best to engage with investee companies and partners to mitigate negative impacts on and enhance ecological systems through the efficient use of natural resources, circularity and other strategies.

Human Capital

We believe human capital can be a company's greatest asset and that improvements in talent processes and health and safety, along with innovative models that expand employee ownership, can have a material impact on companies' performance across our portfolio.

- **Diversity, Equity and Inclusion:** We believe a work environment that encourages inclusion and fosters diversity brings out the full potential of an organization's workforce, by attracting, retaining and growing talent, stimulating innovation and agility, and strengthening employee engagement and decision quality.
- **Health and Safety:** Implementing adequate health and safety measures, appropriate risk governance and preventative actions, as well as promoting supportive working environments, are fundamental to protecting the safety of workers and driving company performance.
- **Employee Ownership:** Rising inequality is a key theme in IMCO's World View. Through our research, we recognize that broad-based employee ownership can create significant opportunities for employees to build wealth and improve business performance. As employees adopt an ownership mindset and culture, there is an alignment of interests that can drive superior company performance and greater economic opportunity. We will continue to speak with general partners ("GPs") to raise awareness of the model and its benefits. We will continue to advocate for adoption of the employee ownership construct when relevant and appropriate.

We will ensure our investment decisions include these human capital considerations and encourage best practices among our managers and investee companies.

Governance

Building effective governance structures and processes is at the heart of value protection and creation. A strong, independent and diversified board provides appropriate oversight of a company and its strategic direction. IMCO will assess governance considerations across the investment lifecycle and encourage the adoption of governance best practices, working with investee companies to ensure effective boards are well equipped to address critical issues and their impact on a company's risk profile, competitiveness and resilience.

SUSTAINABILITY ELEMENTS

IMCO's Sustainable Investing strategy ensures full incorporation of sustainability considerations across our investment lifecycle through four critical elements.

Integration

Sustainability issues can impact investment returns and risk and therefore are integrated into our investment considerations. Material sustainability risks and opportunities are incorporated across all asset classes, as outlined in IMCO's Sustainability Integration Guideline. The degree of relevance or materiality varies, as does the current state of integration across asset classes.

Sustainability practices and performance are considered in the evaluation, selection and ongoing monitoring of external managers. We will continuously review, evolve and improve our sustainability practices in line with our asset class strategies, IMCO's conviction and expertise and industry standards and best practices.

Stewardship

IMCO believes that stewardship helps us better manage risk and contributes to long-term investment performance. We will monitor and engage on material sustainability issues with entities in which we invest and demonstrate our commitment to engage in a manner aligned with our investment beliefs.

Proxy voting is an important component of our stewardship. We take sustainability considerations into account in our proxy voting activities and exercise our ownership rights by voting proxies diligently to enhance long-term sustainable value creation, as outlined in IMCO's Proxy Voting Guideline.

We will engage collaboratively with other institutional investors and through investor organizations when appropriate,

including promoting sustainability standards and best practices, as well as providing input to regulators. If necessary, we will consider escalation of our engagement activities, which may include seeking governance improvements, collaborative engagement or proxy voting. Divestment is also an option to be considered where there is a sustained risk to continuing the investment following ongoing unsuccessful engagement.

Sustainable Investing

IMCO believes that navigating longer-term sustainable trends and investing in companies delivering solutions to environmental and social challenges is likely to lead to improved risk management and new investment opportunities. As such, IMCO will research and consider sustainable investing opportunities that benefit from powerful trends and have a positive impact on society. Additionally, IMCO aims to increase our investments that contribute to the global transition to a net zero economy and support the UN Sustainable Development Goals.⁴

Screening

IMCO defines screening as using a set of filters to determine which categories of investments are ineligible to be included in our portfolio, which is based on the PRI definitions. We implement a screening framework, as outlined in IMCO's Screening Guideline, that addresses which investments are ineligible to be included in our portfolios, and monitors to ensure that ineligible investments are excluded where we control the investment decision.

TRANSPARENCY AND REPORTING

Consistent with IMCO's expectation of disclosure on sustainability practices and performance from the entities in which we invest, we are committed to reporting on our responsible investing activities to our clients and providing information publicly on our approach.



POLICY GOVERNANCE

Policy Review and Approval

The IMCO Document Owner of this Policy for purposes of ensuring that it gets issued, reviewed and updated on a regular basis will be the Chief Investment Officer ("CIO") (or such other individual as may be designated from time to time by the "CIO") and their designate. The Drafter and Document Monitor of this Policy will be the Managing Director, Head of Investment Strategy, Sustainability and Asset Management, who will monitor compliance with this Policy on an ongoing basis to determine whether the objectives of this governing document are being met.

The Document Owner is also responsible for ensuring relevant IMCO senior executive team members (the "Applicable SET") have been given a reasonable opportunity to review and comment on this Policy prior to it being approved by the Board (the "Approver").

This Policy should be reviewed by the Document Owner and approved by the Approver at least once every three years.

Non-Material and Material Revisions

Any non-material revisions to this Policy (either resulting from the Document Owner's reviews or otherwise) can be approved by the Document Owner at any time following a review of the changes by the Chief General Counsel ("CGC") or their designate and notice to the Board. Such non-material revisions may include edits to:

- i. cure any ambiguity, clerical or typographical errors;
- ii. clarify, correct or supplement any provisions which might be defective; or
- iii. satisfy any legal or regulatory requirement applicable to IMCO.

Any material revisions to this Policy must be first reviewed by the Board.

Exceptions

Any request for a non-material exception to this Policy must be approved in writing by the Document Owner and CGC. Any request for a material exception to this policy must be approved by the Board.

¹ <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>

² <https://www.fsb-tcdf.org/>

³ <https://www.parisalignedinvestment.org/>

⁴ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>