



ENVIRONMENT, SOCIAL AND GOVERNANCE SCREENING GUIDELINE

As part of our ongoing commitment to integrate Environment, Social and Governance (ESG) considerations in portfolio selection and management, IMCO has developed a Screening Guideline (the “Guideline”). This Guideline helps determine which companies, sectors or activities are eligible – or ineligible – to be included in our portfolios.

WHAT OUR SCREENING GUIDELINE COVERS

IMCO invests through a range of active and passive, internal and external strategies. The Guideline is applicable to all investments and asset classes, where we can meaningfully influence and/or control investable assets.

OUR APPROACH

The screening of assets to ensure they comply with ESG fundamentals is central to our overall approach to investing. Our robust screening framework strives for research-based, repeatable, and defensible results. In deciding whether to screen-out a category of investment, IMCO considers the practicalities of identifying companies that are exclusively or primarily involved in screened-out categories of investments, the near-term and long-term investment and risk implications to client portfolios of screening-out such investments, and the reputational issues for IMCO and its clients.

OUR PROCESS

The Guideline applies to all investments and asset classes, where IMCO can meaningfully influence and/or control investable assets. Once an investment has been deemed ineligible, IMCO’s Management Investment Committee (“MIC”) approves the list of Screened-Out Investments, by applying the Screening Principles. Screened-Out Investments shall be added to this Guideline, as amended from time to time, and the MIC will approve the Guideline.

IMCO SCREENED-OUT INVESTMENTS

Sanctions by the Government of Canada and the United Nations

IMCO may exclude investments in entities that have been sanctioned under Canada’s Special Economic Measures Act or United Nations Act.

Controversial Weapons

Controversial weapons including anti-personnel landmines, cluster munitions, chemical/ biological weapons, white phosphorus, depleted uranium munitions and nuclear weapons. These weapons have indiscriminate and disproportional impacts on civilian populations and the environment, the effects of which can persist long after the end of military conflicts. As a result, their use, stockpiling, and production has been prohibited by several international conventions or treaties. IMCO excludes investment in companies involved in the production of antipersonnel landmines, cluster munitions, chemical, biological and nuclear weapons.

Firearms

Civilian firearms are responsible for tens of thousands of deaths a year around the world, contributing to injuries and fatalities associated with violent crime, unintentional shootings, and suicides. IMCO excludes investments in companies that manufacture firearms and small arms ammunitions for civilian markets not including companies who cater to the military, government, and law enforcement agencies.

For-Profit Prisons

The privatization of the prison industry has been flagged for human rights abuses, problematic uses of prison labour and lobbying practices. More recently, the industry has obtained contracts for the detention of immigrants and children, with over 80% of the total detained immigrant population in the United States being held in private facilities. IMCO excludes investments in companies involved in the operation of for-profit prisons and detention centres.

Tobacco

Tobacco consumption is one of the biggest public health threats the world has ever faced. According to the World Health Organization (WHO) tobacco generates social and economic costs as it causes premature deaths and losses in productivity, leading to reduced household income, increases in poverty and healthcare expenses. Accordingly, IMCO excludes investments in companies involved in the production of tobacco products.

THE FOUR PILLARS OF IMCO’S ESG STRATEGY

Our Approach to ESG is comprised of four key strategies:



INTEGRATION

We integrate ESG risks and opportunities in our investment processes to support and enhance our investment analysis and decisions



STEWARDSHIP

We practice good stewardship by actively monitoring, influencing and engaging with external managers and companies on ESG matters



SUSTAINABLE INVESTING

We invest in sustainable, long-term ESG opportunities that contribute to investment returns and have a positive impact on the environment and society



SCREENING

We use Screening Guidelines to align our investment decisions with our core values and risk tolerances