

Sustainable Investing

Quarterly Highlights

Q3 2018



FIRM-WIDE INITIATIVES

RAISING STANDARDS – PROMOTING SUSTAINABLE FINANCIAL MARKETS

Participated in “Largest Ever” Sustainable Investing Event: PRI In Person

Roger Beauchemin, Addenda’s President and CEO, Brian Minns, Vice-President, Sustainable Investing and Barbara Lambert, Senior Portfolio Manager, Fixed Income and Sustainable Investing, attended the [2018 PRI in Person](#) conference in San Francisco. Attending such events helps us keep up with quickly evolving best practices. We also met with other like-minded investors to discuss how we can continue to work together to address key challenges like climate change.

Submitted Soliciting Dealer Arrangements Feedback to Securities Regulators

[The Canadian Securities Administrators \(CSA\) requested comments](#) regarding soliciting dealer arrangements, which are when companies pay fees to investment dealers to get help soliciting votes or encouraging investors to tender securities. [Addenda responded](#) that it supports these arrangements when they are in the public interest but not when they give rise to conflicts of interest.

Continued Dialogue with Canadian Expert Panel on Sustainable Finance

Addenda’s Sustainable Investing (SI) team helped facilitate a meeting between the Canadian Expert Panel on Sustainable Finance and a group of companies and organizations in the financial services sector. After a very interactive discussion, the group decided on several contributions the financial sector could provide to help the Expert Panel as they prepare their recommendations. For example, we could make recommendations on how the Bank of Canada could apply sustainable investing practices to the management of its investment portfolio. We could also review how the Canadian insurance, banking and investment management sectors plan to respond to the TCFD recommendations.

PRODUCT-SPECIFIC INITIATIVES

Fixed Income ■ International Equities ■ Canadian Equities ■ US Equities ■

ESG INTEGRATION – BETTER INVESTMENT DECISIONS

At Addenda, each investment team can rely on the support of the Sustainable Investing (SI) team for more in-depth information on how ESG factors may affect investment performance.

Food Distribution Leader ■

Top ESG issues identified are energy management, data security, and product quality. Many projects aim to cut costs by increasing efficiency and reducing energy use. The Corporate Bond team considered these issues in the analysis of this new issuer in the Canadian corporate bond market.

Telecommunications Leader ■ ■

The Company is exposed to energy management and data security risks. On the positive side, it has set goals regarding energy management and greenhouse gas emissions. It also acknowledges its exposure to information security risks and it discloses its data security risk management measures. However, the Company could expand upon on the latter. Addenda investment teams will use this information as they make future investment decisions.

Swiss Provider of Security and Access Solutions ■

The International Equity team reviewed ESG considerations. Governance-wise, the board Chair and some of its board committees are not independent. Other material ESG topics include energy management, lifecycle impacts of products and services, product quality and safety, and supply chain management, which the Company appears to be managing effectively.

PRODUCT-SPECIFIC INITIATIVES (CONTINUED)

Fixed Income ■ International Equities ■ Canadian Equities ■ US Equities ■

STEWARDSHIP – TAKING CARE OF YOUR INVESTMENTS

Addenda aims to protect and enhance the long-term value of investments for its clients by engaging with the entities it invests in regarding their ESG practices.

Extreme Weather ■■

Addenda held a call with a cruise operator regarding how they manage risks associated with extreme weather events. As a result, Addenda is better able to account for them as it evaluates the company. We also took this opportunity to share with the Company the [Task Force on Climate-related Financial Disclosures \(TCFD\) final recommendations](#).

Key ESG Issue Discussion ■

Addenda met with representatives of distribution multinational company and discussed various ESG topics including raw material sourcing, product safety and quality and carbon footprint reduction targets. Their answers re-affirmed our positive view of the company. We also informed the company of the [Sustainability Accounting Standards Board \(SASB\)](#) and explained that we are interested in seeing company disclose according to these standards.

Participated in a Sustainability Event ■

A Canadian-based gold producer hosted a meeting to provide a sustainability update and review the sustainability performance of various business units. Addenda expressed its interest in seeing the Company set and publicly disclose targets for reducing the water and GHG intensity of their operations as well as its interest in seeing disclosure in line with the TCFD recommendations.

Collaborative Engagement Call ■

Addenda is pleased that engagement with companies as part of a collaborative engagement initiative has commenced. On the call the group of investors involved introduced the initiative, provided feedback on the Climate Action and Portfolio Resilience Report of a Canadian mining company and discussed TCFD recommendations.

Cyber Risk ■■

Addenda asked two insurance leaders about cyber risk assessments, written breach response plans as well as board responsibility for reviewing cyber security issues. Responses were varied and we plan on continuing to engage with these companies on this topic so we can better understand if they are adequately managing these risks.

Questions regarding sexual harassment policies ■■

The SI team contacted six media companies to ask questions regarding company-wide sexual harassment policies and training, mechanisms for boards to learn about sexual harassment complaints, policies for handling complains, and more. They will analyze the responses and determine if further engagement on this topic is required.



Offices

Montréal

800 René-Lévesque Blvd. West
Suite 2750
Montréal (Québec)
H3B 1X9

Toronto

110 Yonge Street
Suite 1600
Toronto (Ontario)
M5C 1T4

Guelph

Priory Square
130 Macdonell Street
Guelph (Ontario)
N1H 6P8

Regina

1920 College Avenue
Regina (Saskatchewan)
S4P 1C4

info@addendacapital.com



addendacapital.com