



# Stewardship Policy

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## 1. Introduction

This *Stewardship Policy* highlights the principles that underscore Addenda Capital’s (“our”) commitment to undertaking stewardship for our clients and provides a framework for implementing that commitment. Addenda Capital (“we”) will work with clients, employees, our shareholders and other stakeholders to protect and enhance the long-term value of investments for our clients through the implementation of this policy.

## 2. Scope and Definitions

This policy is applicable to the comprehensive array of investment strategies that we offer across a broad range of asset classes: public equities, fixed income, and commercial mortgages. Appropriate stewardship activities differ by investment mandate. Stewardship activities are undertaken by the investment teams with the support of the Sustainable Investing Team.

We define stewardship as monitoring the practices of the entities in which we invest (including environmental, social and governance (“ESG”) practices), exercising voting rights, and engaging the entities in which we invest and policy makers in a dialogue when warranted in order to protect and enhance the long-term value of investments for clients. Engagement is purposeful dialogue with companies on important matters that could affect their value.

## 3. Principles

Our approach to stewardship is guided by the following principles:

- 3.1 Good ESG policies, practices and performance have a positive influence on long-term corporate operating and financial performance and investment performance.
- 3.2 Considering ESG practices and encouraging good ESG practices will help us protect and enhance the long-term value of investments for our clients.
- 3.3 Practicing stewardship will help us fulfill our duty to act in the best long-term interests of our clients.
- 3.4 We should monitor companies held in investment portfolios and assess new companies prior to investment.
- 3.5 We should engage with investee companies to promote their long-term performance and sustainable success with the aim of protecting or enhancing value on behalf of our clients.

- 3.6 We should exercise all voting rights and make informed and independent voting decisions that are in the long-term interests of our clients.
- 3.7 Our approach to stewardship must be continuously improved and we have a duty to proactively contribute to the development and promotion of stewardship practices globally.
- 3.8 Cooperation with other investors and stakeholders can help us improve our approach to stewardship and can increase the effectiveness of our activities.
- 3.9 We should publicly disclose our stewardship policies and activities and report details to clients to enhance our accountability.

## 4. Conflicts of Interest

Conflicts of interest will inevitably arise from time to time during stewardship activities. We have a *Conflict of Interest Policy* and a *Code of Ethics and Professional Conduct* that all employees must adhere to. These policies and related procedures are intended to identify any existing or potential material conflicts of interest and help manage them by avoiding, controlling or disclosing them with the aim of taking reasonable steps to put our clients' interests first.

## 5. Framework of Policy

Our approach to stewardship is consistent with the framework provided by the United Nations – sponsored Principles for Responsible Investment (PRI), the International Corporate Governance Network's *Global Stewardship Principles*, and the Canadian Coalition for Good Governance's Stewardship Principles. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

### 5.1 Monitoring Companies

We will regularly monitor companies held in investment portfolios and endeavor to identify, at an early stage, issues that may affect the long-term performance and sustainable success of a company.

Monitoring activities will include, but are not limited to, reviewing public disclosures, conducting research and analysis, obtaining third-party research and analysis, and attending or monitoring shareholder meetings and calls.

Issues to be monitored include, but are not limited to, a company's strategy, performance, governance, compensation, disclosure, and approach to social and environmental matters.

## 5.2 Engaging with Companies

We will undertake engagement with companies in order to support the protection and enhancement of the long-term value of investments for our clients.

We will select companies for engagement and may escalate the intensity of engagement based on a variety of considerations including, but not limited to, the relevance of the ESG matter to the company, the relevance of the ESG matter to our clients, and our ability to influence the company.

Engagement may be undertaken via correspondence or through meetings and may include the following activities:

- 5.2.1 Interaction with company management to gain a better understanding of ESG matters;
- 5.2.2 Making realistic requests of company management that should promote the long-term performance and sustainable success of the company;
- 5.2.3 Making realistic requests of non-executive directors that should promote the long-term performance and sustainable success of the company;
- 5.2.4 Contacting other shareholders of the company regarding an ESG matter;
- 5.2.5 Speaking at a company's general meeting;
- 5.2.6 Making a public statement about the company and any ESG matter;
- 5.2.7 Submitting a shareholder resolution to the company;
- 5.2.8 Submitting one or more nominees for election to the company's board;
- 5.2.9 Seeking governance improvements at the company through legal remedies; and
- 5.2.10 Exiting the investment in the company as a last resort.

We will undertake engagement alongside other investors and stakeholders as appropriate.

## 5.3 Voting at Company Meetings

We will exercise all voting rights and make informed and independent voting decisions that support the protection and enhancement of the long-term value of investments for our clients. We will consider each ballot item and vote in a manner consistent with our *Proxy Voting Policy*.

#### **5.4 Monitoring and Engaging with Regulators and Policy Makers**

We will engage with regulators and policy makers via correspondence or through meetings to promote the consideration of investor views and to promote improvements to the regulatory environment that advance sustainable development, protect shareholder rights, enable investor stewardship activities, and support the protection and enhancement of the long-term value of investments for our clients.

We will undertake engagement with policy makers alongside other investors and stakeholders as appropriate.

#### **5.5 Taking an Integrated Approach**

We will apply an integrated approach to stewardship that involves our Sustainable Investment Team and the portfolio managers responsible for the inclusion of companies in portfolios. In cases where a company's securities are held across multiple mandates, we will ensure the involvement of portfolio managers in all the relevant mandates and asset classes.

#### **5.6 Monitoring and Oversight of Service Providers**

Where a service provider is contracted to support a stewardship activity, we will monitor the activities that the provider conducts on our behalf on a regular basis to verify consistency with our approach to stewardship.

### **6. Disclosure**

We will report on our stewardship processes and activities and the outcomes of these activities to our clients at least annually. We will provide public disclosure on our voting and engagement activities and outcomes and applicable policies.

### **7. Oversight**

Our management-level Sustainable Investing Committee will review and assess the effectiveness of our stewardship policy, processes, and activities on an annual basis with support of the Sustainable Investing Team.

## 8. Amendments and Reviews

Date of Modification	Amendments/Reviews
December 2016	Creation
December 2018	Amendment
June 2019	Review
January 2020	Amendment