Impact Investing Policy

The Clear Skies Approach to Sustainability Opportunities and Risk in Responsible Investing

CLEAR SKIES
INVESTMENT MANAGEMENT

Effective as of:
2022

Revised in:
2026

Approved by:
Michel Brutti, CCO

Applicable to:
All Equities and Fixed Income

Contents

The Scope

This Impact Investing Policy applies to 100% of the assets that Clear Skies Investment Management Inc. (**Clear Skies**) invests and has been adopted in our investment operations since the inception of the firm. This policy guides the analysis of opportunities and risks in the realm of responsible investing. Clear Skies translates this firm-wide mission into fund-level impact objectives that reflect each strategy's specific thematic focus while all strategies share the same underlying intentionality, measurement and engagement framework described in this Policy.

IMPACT

Our Impact Approach

The mission of Clear Skies is to direct capital towards positive impact initiatives and accelerate the finance industry's contribution to a more sustainable world. To achieve the mission, we have committed to an *impact* investment strategy from the very inception of the firm: to put equal emphasis on positive impact and financial returns, and thus put capital to work not only for shareholders but for all stakeholders. We define positive impact as a 1) impact-driven activity, or 2) impactful solution or 3) positive opportunity measured by specific, quantifiable metrics aligned with global standards such as the IRIS+ framework, IMP and SDG indicators. that leads to a sustainability outcome. We define a sustainability outcome as an outcome that is aligned with at least one of the 17 objectives of the Sustainable Development Goals (**SDGs**) of the United Nations. Along with demonstrating the intentionality for achieving the positive impact defined above, our investment must also demonstrate responsible Environmental, Social and Governance (**ESG**) considerations in business activities. We believe that this practice benefits long-term investors like Clear Skies and its clientèle. As a long-term investor, Clear Skies aims to grow capital for clients in a low-risk manner while measuring and improving the impact of the underlying investments. Clear Skies adheres to the 6 Principles of Responsible Investment developed by the PRI as well as the other principles listed on the last page of this document.

Defining Impact

Clear Skies identifies 5 factors that set impact investments apart from other sustainable investment practices:

- Intentionality for positive social and environmental impact
- Strategy to reach the desired impact with responsible ESG integration
- Measurement of the impact
- Transparent reporting of the impact
- Investor's contribution to the impact through capital and engagement

These factors have become the main components defining our integrated impact investment framework.

Sourcing and Assessing Potential Investments Through our Theory of Change

Clear Skies analysts and the Clear Skies investment Committee are responsible to ensure that the 5 above mentioned impact factors as well as ESG factors are considered in each analysis and each investment decision. When sourcing potential investments for our portfolios and funds, an initial impact-screen is applied to a universe of securities using a proprietary ESG/SDG scoring system, the Clear Skies Impact Radar. The universe of securities is identified based on the 5 Clear Skies investment themes seen in Figure 1 below. This allows analysts to choose securities that meet the criteria of 'intentionality for social and environmental impact'. This impact-screen is followed by an assessment of the company's adherence to the Clear Skies exclusion policy which is modeled after Clear Skies impact investing Policy with considerations from the IFC exclusion list and the United Nations Global Compact Principles.

Figure 1: Clear Skies Investment Themes

THEMES

Sourcing and Assessing Potential Investments (*continued*)

Investment opportunities are assessed in order to understand their positive opportunities and negative risks. Positive opportunities are assessed through the intentionality to achieve sustainability outcomes of the Clear Skies Impact theme. Below is the Clear Skies policy and guidelines on social and environmental factors/risks:

Social Factors and Risk Assessment

Upstream and downstream stakeholders such as customers, employees, service providers, and local communities in which operations are located or materials are sourced from, are crucial in the sustainable success of a company. Clear Skies believes that firms that do not consider, manage and mitigate risks that affect these stakeholders, including conducting lifecycle analyses of their products and services, are may suffer negative operational and value related consequences in the long-term. Clear Skies invests in firms that are good corporate citizens and that are not only able to manage risks but are also able to create a positive impact for all stakeholders.

Diversity, Equity and Inclusion (DEI): Clear Skies is invested in the overall performance of DEI within an economy. A society that is just, equitable, and fair, enabling everyone to participate and reach their full potential, forms the social capital crucial for the prosperity of societies, companies, and investors.

Indigenous Rights: Clear Skies acknowledges that its offices and the offices/operations of many firms on certain lands are located on unceded indigenous territories. As stewards of those lands, the indigenous peoples must be respected and must be considered in decisions affecting their livelihoods and the sustainability of the environment. See the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) in the applicable principles section of this policy.

Human Rights: Clear Skies adheres to the United Nation Global Compact Goals and the United Nations Guiding Principles on Business and Human Rights. Clear Skies assesses that potential investees and current investees protect and respect human rights and provide access to remedy for victims of business-related abuses.

Sourcing and Assessing Potential Investments (*continued*)

Negative Impact Identification and Mitigation

Beyond exclusionary screening, Clear Skies assesses potential unintended or secondary negative consequences of its investments as part of its double-materiality review, drawing on the same social and environmental factors described above. Where a potential negative impact is identified, Clear Skies determines whether it can be addressed through engagement, or whether it warrants enhanced due diligence or exclusion consistent with the Exclusion Policy.

Environmental Factors and Risk Assessment

Climate: Clear Skies views impact investing as a significant positive opportunity for climate action which includes investing in solutions for rapid mitigation of, and adaptation to, climate change by assessing levels of greenhouse gas emissions, climate risks, capacity gaps and needs. We continue to pursue efforts through our investments to limit temperature rises to 1.5C and to keep them below 2.0C above those recorded in pre-industrial times as per the Paris Agreement. We identify companies and technologies that are well-positioned to enable the transition to a low-carbon economy and assess their climate resilience to ensure they can adapt to and mitigate the impacts of climate change effectively. This encompasses sectors such as renewable energy, sustainable agriculture, clean technology, and resource efficiency. Simultaneously, we diligently evaluate how climate factors impact our investments by analyzing the information companies disclose regarding these matters. Our approach involves evaluating how different sectors within our portfolio are exposed to physical, transitional, and reputational risks associated with climate change. Clear Skies uses frameworks such as the ISSB S1 and S2 and SBTi (see the last page of this document with applicable principles and frameworks) to assess companies, prioritizing those with clear pathways to achieving net-zero emissions and actively setting and disclosing targets using these frameworks. In cases where the disclosed information is insufficient or non-existent, we proactively engage with the company to gather additional insights.

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Sourcing and Assessing Potential Investments (*continued*)

Biodiversity: Clear Skies recognizes the critical role biodiversity and natural capital play in maintaining ecosystem services, which are essential for long term sustainability, and the 5 key causes of biodiversity loss (habitat loss, pollution, overexploitation, invasive species, and climate change). We consider biodiversity dependencies of potential investees and the double materiality related to the 5 major causes. As part of our Engagement Activities, Clear Skies joined the Finance for Biodiversity Pledge joining other financial institutions to call on large global companies to take effective measures to reverse nature loss this decade and to ensure ecosystem resilience.

GUIDELINES

Impact and ESG Measurement:

With each investment, Clear Skies considers the effects the company has on people and planet, as well as our clients' expectations for risk/return, impact and liquidity. Measurement is crucial at this stage to allow Clear Skies teams to track progress and effectively engage, while reporting transparently back to our clients. Upon investment, benchmarks and an ex-ante impact thesis are established using Clear Skies success indicators identified by various tools available to us including the Clear Skies Impact radar, IRIS+ (an impact measurement and management system created by the Global Impact Investing Network (GIIN, recommendations from the Taskforce of Climate-relate Financial Disclosures (TCFD), the Science Based Targets Initiative (SBTi) and the Taskforce on Nature-related Financial Disclosures (TNFD). Results are then mapped to the benchmarks, measured to demonstrate changes and progress towards the SDGs.

Engagement with Companies

As managers of public equity and hybrid mandates, Clear Skies' contribution to impact is exercised primarily through active ownership rather than the primary provision of capital: through engagement, proxy voting, and, where engagement fails to produce change, escalation up to and including divestment. Clear Skies considers this active ownership contribution, exercised consistently and documented over time, to be as material to its impact thesis as its security selection process.

Active Ownership:

The Clear Skies engagement activity is based on the objective to steward our investees towards achieving their objectives and to improve their potential through constructive dialogue. We have a clear commitment to an active ownership approach. An engagement activity is the purposeful interaction between the investor and current or potential companies/investees to influence or identify the need to advise on matters such as strategy, financial and non-financial performance, risk, social and environmental impact as well as corporate governance including disclosure and culture. Clear Skies will engage with companies and work with engagement partners and investor coalition networks in order to encourage companies/investees to improve on ESG factors and their impact on the society and the environment. Engagement strategies include clear timelines, objectives, and follow-up actions to ensure tangible improvements. Engagement partner types include Non-governmental Organizations (NGOs) focused on environmental and social issues, industry associations promoting sustainable business practices, academic institutions conducting research on sustainable finance and other investors and asset managers committed to responsible investment principles. The list includes but is not limited to: Climate Engagement Canada, Nature Action 100, Canada Forum for Impact investment and Development (CAFIID), PRI, FAIRR initiative, Finance for Biodiversity, Carbon Disclosure Project (CDP) and the Responsible investment Association (RIA).

Proxy Voting:

Clear Skies proactively activates its voting rights to ensure the highest standards of governance, sustainability, and impact driven initiatives in the interest of our clients. Clear Skies set forth guidelines to provide a framework for addressing common proxy items in line with the firm's overall investment philosophy. Clear Skies uses GIR for proxy voting services that are carried out in accordance with the voting rights exercise policy. Clear Skies has adopted the latest Model Proxy Voting Guideline of the Shareholder Association for Research & Education (SHARE) as proxy guideline for its voting rights.

Impact and ESG Governance

Clear Skies is built on a carefully designed foundation which ensures that impact and financial targets are dually monitored and discussed all throughout the various stages of the investment life cycle (ex-ante, monitoring phase and ex-post). Consistency in our impact investing strategies is overseen by the Chief Compliance Officer (CCO) and the Investment Committee. Because Clear Skies integrates responsible investment considerations into the roles and responsibilities of all investment professionals within the firm, all employees are trained on current sustainable investing strategies and maintain up to date research on development in the sector. Moreover, Clear Skies collaborates with and arranges the services of critical third-party suppliers to ensure a seamless operation. The Clear Skies team conducts an ESG risk and impact due diligence of each supplier to ensure consistency with our practices and to assure reliability and sustainability of services to investors.

Each potential investment is presented to the Investment Committee by the research analysts, who all meet at least weekly to evaluate investment opportunities. This includes the financial assessment as well as the exhaustive impact assessment of the company/investee with the market conditions and the existing securities in the Portfolio/Fund in consideration. Discussions are open, transparent and with special attention to ensure honest contribution about how to maximize value for our clients as well as accountability for financial and impact returns. Clear Skies conducts regular reporting on our responsible investment activities to stakeholders, including clients, investors, and regulatory bodies.

This policy is reviewed annually by Clear Skies' investment team, the operations team and by the Chief Compliance Officer as part of the firm's broader responsible-investment reporting cycle. Any material improvements to our impact investment process (including lessons learned from engagement outcomes, exclusion-policy applications, new applicable frameworks) are incorporated into the next revision of this policy. This reflects Clear Skies' continuous-improvement approach to responsible investing.

Applicable principles and frameworks:

1. United Nations list of 17 Sustainable Development Goals and targets:
https://www.un.org/sustainabledevelopment/sustainable-development-goals/
2. The IFC Exclusion List:
https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist#2007
3. The 10 Principles of the United Nations Global Compact:
https://www.unglobalcompact.org/what-is-gc/mission/principles
4. The 6 Principles for Responsible Investments
https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment
5. The International Labour Organization (ILO) Fundamental Principles and Rights at Work
https://www.ilo.org/declaration/lang--en/index.htm
6. The United Nations Declaration on the Rights of Indigenous People
https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf
7. The UN Guiding Principles on Business and Human Rights
https://www.business-humanrights.org/en/big-issues/un-guiding-principles-on-business-human-rights/
8. IFRS Sustainability Disclosure Standards (ISSB S1 & S2)
https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/
9. Science Based Targets Initiative
https://sciencebasedtargets.org/
10. Investor Climate Action Plan Comprehensive Framework
https://theinvestoragenda.org/icaps/
11. Kunming-Montreal Global Biodiversity Framework
https://www.cbd.int/gbf/targets
12. Finance for Biodiversity Pledge
https://www.financeforbiodiversity.org/
13. The Global Impact Investing Network (GIIN)
https://iris.thegiin.org/