

Responsible Investing Policy

ESG and Impact



**CLEAR
SKIES**

INVESTMENT
MANAGEMENT

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Applicable to:
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assets



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Our Approach

The mission of Clear Skies Investment Management Inc. (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: 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 an impact-driven activity that is aligned with at least one of the 17 objectives of the Sustainable Development Goals (SDGs) of the United Nations and has Environmental, Social and Governance (ESG) considerations in business activities. We believe that this practice benefits long-term investors like Clear Skies: As a long-term investor, Clear Skies is 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 page 4.



Defining Impact

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

- Intentionality for social and environmental impact
- Strategy to reach the desired impact and ESG integration
- Investor’s contribution to the impact
- Measurement of the impact
- Transparent reporting of the impact

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

Sourcing and Assessing Potential Investments

Clear Skies analysts and the Clear Skies investment committee are responsible to ensure that 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 the IFC exclusion list and the United Nations Global Compact Principles, and the Clear Skies Responsible Investment Policy.



Figure 1: Clear Skies Investment Themes





ESG and Impact 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 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) and the SAMETRICA ESG reporting tool. Results are then mapped quarterly to the benchmarks, measured to demonstrate changes and progress towards the SDGs.

Engagement with companies

Active ownership:

The Clear Skies engagement activity is based on the objective to improve the behaviour of companies/investees. 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 various organizations such as SHARE in order to encourage companies/investees to improve on ESG factors and their impact on the society and the environment.

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.



ESG and Impact Governance

Clear Skies is built on a carefully designed foundation which ensures impact and financial targets are dually monitored and discussed all throughout the various stages of the investment life cycle (ex-ante, ex-post). Consistency in our impact investing strategies is overseen by the Chief Compliance Officer (CCO) and the Investment Strategy Committee. 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 all the 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.

Applicable principles:

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

