

Sustainability Risk Policy

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FIERACAPITAL

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1 Purpose and Scope of Document

This policy governs the way in which sustainability risks are identified and factored into our investment processes. We aim to consider sustainability risks in some way across all our strategies. This policy is currently applicable to our European-managed equity strategies as listed in the appendix.

For further information about responsible investment at Fiera Capital please refer to our responsible investment policy on our website www.fieracapital.com. We regularly review the sustainability risks applicable to our funds. This is to ensure, amongst other things, that we are able to identify changes to existing risks or to identify new risks that were not previously apparent, and to ensure that we stay abreast of new developments and the expectations of our stakeholders. This document will be updated at least annually.

2 Sustainability Risks Explained

We believe that material environmental, social and governance (ESG) factors can influence the investment risk-return profile and quality of companies and investments.

Good ESG practices	Bad ESG practices
Safe products	High emissions
Ethical advertising	No sustainability risk management
Prepared for climate transition	

Alongside financial information, the assessment of environmental, social, and governance factors helps to paint a more holistic picture, and may increase or decrease the attractiveness of an investment.

Sustainability risks are important investment risks, and whilst they are environmental, social or governance-related in origin, may have a material financial impact on individual investments or an overall strategy. Prominent examples with very significant impacts on share prices or spreads include oil spills, mining dam breaks, or flouted regulatory emissions

guidelines. Besides these examples of large individual events, sustainability risks come in many forms, for example they may persist over a period of time, or many smaller risks may add up to an unfavourable outcome for the investment.

We define sustainability risk as material environmental, social, or governance events or conditions that could have a negative impact on the value of an investment.

The nature and materiality of sustainability risks may differ for each underlying investment. Characteristics such as asset class, industry, geography, or company size could determine the types, probability, and potential impact of sustainability risks on an investment.

A real assets agriculture strategy might for example be more sensitive to physical climate risk than a financial markets equity sector strategy. A tailored assessment of sustainability risks per investment and / or across the entire portfolio is therefore required.

Please see below for Fiera's approach to sustainability risk management and the tools available to the investment teams to ensure these risks are managed for our investors.

3 Sustainability Risk Management Approach at Fiera

Given the importance of sustainability risks for our investments, an extensive framework has been created to optimise the management of these risks.

3.1 Overarching Principles

We believe that material environmental, social and governance (ESG) factors can influence the investment risk-return profile and quality of companies and investments. Furthermore, we take the view that organizations that understand and successfully manage these material ESG factors and associated risks and opportunities tend to create more resilient, higher quality businesses and assets, and are therefore better positioned to deliver sustainable value over the long term.

We therefore believe that sustainability risk management is an essential part of the investment process and it needs to be included throughout.

Below is an overview of the sustainability risk management process:

On behalf of our clients and investors, we aim to:

- > identify and assess material sustainability risks for our investments and factor these into investment decisions
- > keep the material sustainability risks in focus for each strategy with ongoing monitoring
- > mitigate any identified material sustainability risks to the best of our ability
- > manage or reduce the impact where possible, if a risk materializes
- > provide transparency to our investors about our sustainability management processes and the sustainability risks applicable to each investment strategy.



3.2 Responsibilities and Governance

The primary responsibility of sustainability risk management lies with the investment teams, which are best placed to identify the relevant risks for their unique investment processes. We provide a range of tools for our investment teams to enable them to manage these risks on behalf of our investors.

Central units, such as the investment risk and responsible investment team, provide analysis and support to the investment teams. Material sustainability risks are included in standard risk management processes, including periodic reviews of strategies. Any relevant sustainability risks are discussed in the investment risk committees.

Fiera also has a dedicated Global ESG Committee consisting of senior members of the company with a diverse set of teams and skills. It oversees all ESG-related activities, including sustainability risk management and its further development. The ESG Committee also ensures that investment teams are provided with the relevant tools for sustainability risk management, as well as any required training or expert advice on sustainability risks. Please refer to our responsible investment policy on our website www.fieracapital.com for more information on our Global ESG Committee.

3.3 Sustainability Risk Management (SRM) at the Investment Strategy level

Sustainability Risk Management Approach

As described above, sustainability risks may differ based on several factors, including asset class, industry, and geography.

Similarly, investment processes come in many different forms. How these risks are factored into the investment process or which tools are most suitable depends on a variety of factors, including the asset class, investment philosophy, objective, investment style, investment time horizon or geography of the assets. For example, a strategy investing in markets where ESG practices are not as developed may automatically face a higher level of sustainability risk.

A wide range of non-prescriptive tools is provided to the investment teams. It is for each team to tailor the sustainability risk management approach in line with their philosophy, to best support the strategies' objectives and integrate into the investment processes in an optimal way.

Identification and assessment of sustainability risks

For each investment the goal is to identify the applicable sustainability risks and to estimate their potential overall impact. This is applied throughout the investment cycle

from pre-investment analysis, periodically for holdings (see monitoring section), and for any divestment. The sustainability risk assessment will complement other information and be fully integrated in investment decision making. Where appropriate, minimum standards for ESG characteristics may be defined for investments, which may help decrease the chances of sustainability risks materialising.

The available tools that are used to identify and assess sustainability risks include:

- > Internal and external ESG data and metrics, including ESG scores and impact measures, proxy research, and controversy data¹
- > ESG materiality frameworks that assign the relevant ESG factors to industries
- > Direct engagement to obtain information or discuss specific sustainability risks

Monitoring of sustainability risks

Ongoing or periodic monitoring of the material sustainability risks helps to identify additional risks or remove risks which are no longer relevant. The probability of a risk event materializing can also increase or decrease over time as can the impact.

¹ Controversy cases are defined as an instance or ongoing situation in which company operations or products/services allegedly have a negative environmental, social, or governance impact. Examples include employee accidents or a data hack.

For example, a government may announce the ban of regular fuel cars, which makes some of the existing products of the automotive industry obsolete. The government may first only consider announcing this as a broad long term intention, at which point the risk would have a lower probability. As more details become available and there is more certainty, the probability and severity of the impact may increase.

The same tools used for the initial identification and assessment of the risks are also available for assessing the sustainability risk applicable to existing portfolios. Controversy data is particularly useful for monitoring on an ongoing basis and alerts can be received for portfolio companies for any new or updated controversies.

In addition, independent oversight and analysis of the sustainability risks is available on a periodic basis or ad hoc by the investment risk and responsible investment team. Any material sustainability risks can be factored into the regular portfolio risk reviews with the investment team.

Mitigation of any relevant identified risks

Whilst sustainability risks that affect the underlying investment are best mitigated by the related company's leadership and management, investors can still use their power to influence.

Ways to assist mitigation of risks include:

- > Engagement with the management team of underlying companies to raise awareness of the sustainability risks, if these haven't been identified already
- > Use of engagement to encourage mitigation
- > Use of proxy voting on specific topics or to generally encourage good ESG practices
- > Proposition of shareholder resolutions in collaboration with other investors

Management or reduction of any materialized risks

Despite careful analysis and attempts to prevent exposure, sustainability risks may materialize. Besides traditional data and news, controversy monitoring can alert the investment team that a specific risk has materialized in their portfolio in a timely manner.

Where possible, the investment teams will make attempts to manage or reduce any materialized risks to the extent they are able to influence the situation.

This could include engaging with companies to discuss any risk events or controversies. This could involve obtaining further information on how the company is planning to manage the impact, discussing options for resolution, reduction of impact, and prevention of future re-occurrence of the same or a similar sustainability risk.

Such directly collected information, as well as any controversy updates, can be used in investment decision making, for example whether to keep or sell an investment.

4 Sustainability Risk Descriptions

4.1 Environmental Risks

Environmental risks are associated with environmental events or conditions and their effect on the value of assets to which the strategy may have exposure. Such risks may arise in respect of a company itself, its affiliates or in its supply chain and/or apply to a particular economic sector, geographical or political region.

Environmental risks include:

Climate change:

- > risks arising from climate change, including the occurrence of extreme weather events (for example major droughts, floods, or storms) may adversely impact the operations, revenue and expenses of certain industries and may result in physical loss or damage of, or otherwise loss in value of, assets, and in particular physical assets such as real estate and infrastructure. Global warming may result in extreme heat waves, increased localised or widespread flooding and rising sea levels, compromising infrastructure, agriculture and ecosystems, increasing operational risk and the cost of insurance, which may affect the utility and value of investments. To the extent that companies in which the [Fund/Account] invests have historically contributed to climate change, they could face enforcement action by regulators and/or be subject to fines or other sanctions. The likelihood and extent of any such action might be unknown at the time of investment.

Natural resources:

- > the relationship between businesses and natural resources is becoming increasingly important due to the scarcity of fresh water, loss of biodiversity and risks arising from land use. Water is critical to agricultural, industrial, domestic, energy generation, recreational and environmental activities. Reduced supply or allocation of water and/or increased cost in supply and controls over its use may adversely impact the operations, revenue and expenses of certain industries in which the [Fund/Account] may invest. Biodiversity underpins ecosystem services such as food, clean water, genetic resources, flood protection, nutrient cycling and climate regulation. A continued loss of biodiversity may adversely affect the operations, revenue and expenses of certain industries in which the [Fund/Account] may invest, such as land users and marine industries, agriculture, the extractives industries (cement and aggregates, oil, gas and mining) forestry and tourism. Land use and land use management practices have a major impact on natural resources. In particular, industries dependant on commodities linked to deforestation such as soy, palm oil, cattle and timber may suffer an adverse impact on their operations, revenue and expenses as a result of measures taken to manage land use.

Pollution and waste:

- > pollution adversely affects the environment and may for example, result in negative impact on human health, damage to ecosystems and biodiversity and reduced crop harvests. Measures introduced by governments or regulators to transition to a low-carbon economy and more broadly reduce pollution and control and reduce waste may adversely impact the operations, revenue and expenses of industries in which the [Fund/Account] may invest. Technologies linked to environmentally harmful materials or practices may become obsolete, resulting in a decrease in value of investments.

4.2 Social Risks

Social risks may be internal or external to a business and are associated with employees, local communities and customers of companies in which the strategy may invest or otherwise have exposure. Social risks also relate to the vulnerability of a business to, and its ability to take advantage of, broader social “megatrends”. Such risks may arise in respect of the company itself, its affiliates or in its supply chain.

Social risks include:

Internal social factors:

- > human capital considerations such as human rights violations, lack of access to clean water, food and sanitary living environment, human trafficking, modern slavery / forced labour, inadequate health and safety, discrimination, breaches of employee rights and use of child labour which may, in particular, give rise to negative consumer sentiment, fines and other regulatory sanctions and/or investigations and litigation. The profitability of a business reliant on adverse treatment of human capital may appear materially higher than if appropriate practices were followed.

External social factors:

- > for example, restrictions on or abuse of the rights of consumers including consumer personal data, management of product safety, quality and liability, relationships with and infringements of rights of local communities and indigenous populations may, in particular, give rise to negative consumer sentiment, fines and other regulatory sanctions and/or investigations and litigation.

Social “megatrends”:

- > trends such as globalisation, automation and the use of artificial intelligence in manufacturing and service sectors, inequality and wealth creation, digital disruption and social media, changes to work, leisure time and education, changes to family structures and individual rights and responsibilities of family members, changing demographics including through health and longevity and urbanisation are all examples of social trends that can have a material impact on businesses, sectors, geographical regions and the vulnerability and inability to adapt or take advantage of such trends may result in a material negative impact on the [Fund's/Account's] investments.

Poor safeguards on personal data / IT security (of employees and/or customers):

- > the effectiveness of measures taken to protect personal data of employees and customers and, more broadly, IT and cyber security will affect a company's susceptibility to inadvertent data breaches and its resilience to “hacking”.

The absence of appropriate and effective safeguards for employment related risks:

- > discriminatory employment practices, workplace harassment, discrimination and bullying, respect for rights of collective bargaining or trade unions, the health and safety of the workforce, protection for whistleblowers and non-compliance with minimum wage or (where appropriate) living wage requirements may ultimately reduce the talent pool available to the company, the wellbeing, productivity and overall quality of its workforce and may lead to increased employment and other business costs.

4.3 Governance Risks

Governance risks are associated with the quality, effectiveness and process for the oversight of day to day management of companies in which the strategy may invest or otherwise have exposure. Such risks may arise in respect of the company itself, its affiliates or in its supply chain.

These governance risks include:

Lack of diversity at board or governing body level:

- > the absence of a diverse and relevant skillset within a board or governing body may result in less well-informed decisions being made without appropriate debate and an increased risk of "group think". Further, the absence of an independent chairperson of the board, particularly where such role is combined with the role of chief executive officer, may lead to a concentration of powers and hamper the board's ability to exercise its oversight responsibilities, challenge and discuss strategic planning and performance, input on issues such as succession planning and executive remuneration and otherwise set the board's agenda.

Inadequate external or internal audit:

- > ineffective or otherwise inadequate internal and external audit functions may increase the likelihood that fraud and other issues within a company are not detected and/or that material information used as part of a company's valuation and/or the [Manager's] investment decision making is inaccurate.

Infringement or curtailment of rights of (minority) shareholders:

- > the extent to which rights of shareholders, and in particular minority shareholders (which may include the [Fund/Account]) are appropriately respected within an company's formal decision making process may have an impact on the extent to which the company is managed in the best interest of its shareholders as a whole (rather than, for example, a small number of dominant shareholders) and therefore the value of an investment in it.

Bribery and corruption:

- > the effectiveness of a company's controls to detect and prevent bribery and corruption both within the company and its governing body and also its suppliers, contractors and sub-contractors may have an impact on the extent to which a company is operated in furtherance of its business objectives.

Lack of scrutiny of executive pay:

- > failure to align levels of executive pay with performance and long-term corporate strategy in order to protect and create value may result in executives failing to act in the long-term interest of the company.

5 Appendix: Applicability of Policy

Umbrella	Sub-Fund
Magna Umbrella Fund plc	Fiera Capital Global Equity Fund
	Fiera Capital US Equity Fund
	Magna Eastern European Fund
	Magna Emerging Markets Fund
	Magna Emerging Markets Dividend Fund
	Magna New Frontiers Fund
	Magna MENA Fund
Oaks Emerging Umbrella Fund plc	Oaks Emerging and Frontier Opportunities Fund
	Smaller Emerging Markets Opportunities Fund
Fiera Capital Common Contractual Fund	Global Equity Focused Fund

Note this policy may also apply to certain segregate accounts to which Fiera Capital acts as Investment Manager. Such accounts are not listed in this policy.

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