

Responsible Investing at Sionna

About Sionna

Sionna Investment Managers (“Sionna”) is an independent, privately owned investment management firm that manages assets on behalf of institutional and private clients. Our objective is to provide downside protection and deliver long-term, above-average returns by applying a disciplined value approach.

Purpose and Scope

The purpose of this document is to formalize our consideration of Environmental, Social and Governance (ESG) issues as part of our investment process. This policy applies to all mandates managed by Sionna.

Definition

Sionna defines ESG investing as an investing approach where ESG factors contribute to our fundamental research and help to inform our analysis as part of our bottom-up investment approach. A proper evaluation of a company’s exposure to ESG factors helps Sionna to determine what long-term returns to anticipate from a company, what level of risk to account for and what margin of safety to demand on our investment. By understanding the key drivers of a business and what obstacles may challenge our investment thesis, we can properly manage risk and remain good stewards of our clients’ capital.

Sionna defines ESG issues as:

Environmental: relating to a company’s interactions with the physical environment. Examples include: carbon emissions and climate impact, resource management and pollution prevention, and environmental disclosures.

Social: concerning the impact of a company on a community or society. Examples include: employment relations, worker health and safety, and human rights.

Governance: relating to how companies are governed at the executive and board level. Examples include: executive compensation, board accountability and shareholder rights.

ESG Integration Approach

As part of our in-depth research process, we use a robust Research Questionnaire to help us analyze various aspects of a company. Sionna has integrated environmental, social and governance questions into the Questionnaire – formalizing our process to ensure that any potential issues are raised and addressed during our fundamental research and analysis.

We strive to invest in companies that are positioning their businesses to prosper over the long term. Such quality businesses aim to limit environmental and social issues, as these concerns have been growing increasingly impactful over time. We question management teams regarding these issues and believe that astute management teams have a good understanding of ESG implications on their businesses.

Analyzing a company’s governance practices is a critical component of our research process. Board composition, historical track record, and best practices are considered to determine if a company follows strong governance. We prefer directors and management teams that are aligned with shareholders through ownership in the business.

We look closely at a company's environmental footprint and determine not only if its exposures could be financially material, but if it is seeking to adapt to changing conditions over time. Our preference is companies that strive to minimize or improve their environmental footprint and employ best practices within their respective industries. We appreciate companies that produce a robust sustainability report and display a thorough understanding and consideration of climate issues and how these issues impact their business.

We consider social factors including a company's impact on employees, community and society. Our preference is companies that strongly embrace diversity, equity and inclusions efforts, have high employee engagement, have high employee health and safety standards, ensure privacy and data protection and have positive relationships with the communities they operate in.

Active Ownership and Engagement

Proxy Voting

We practice active proxy voting and subscribe to Glass Lewis, a proxy advisory service, in order to obtain an independent perspective. Sionna considers the recommendations of Glass Lewis on proxy issues and will typically, but not always, vote in accordance with such recommendations. Sionna publishes our proxy voting activities from the prior calendar year on our website each April.

Direct Engagement

Sionna meets with management teams and may discuss risks and opportunities relating to ESG topics, especially if these topics have been identified as material or potentially material to an investment.

Board Participation

Sionna is a member of the Canadian Coalition for Good Governance (CCGG), which is an entity designed to improve corporate governance in public companies.

Governance

Sionna's Co-CIOs share oversight of the integration of ESG factors into our investment approach. During peer-review of research reports, the lead manager of each mandate is responsible for ensuring a comprehensive analysis of the business has been considered, including ESG factors where appropriate.

In 2020, Sionna launched an internal, cross-functional ESG Committee. The Committee meets at least quarterly to determine and implement ESG integration best practices, identify and share tools and training resources with the broader team and monitor the overall ESG exposure of Sionna's mandates. The Committee also monitors the ESG integration, engagements and reporting in each of Sionna's mandates.

Reporting

Sionna is a signatory of the United Nations-supported Principles for Responsible Investment (PRI) and will report in accordance with its provisions. Sionna's Public Transparency Report will be publicly available on the PRI website.

Sionna's Board of Directors reviews a reporting summary along with the PRI Assessment Report annually to monitor progress.

Review

This document is reviewed on an annual basis or more frequently, as needed.