

Dorval Asset Management’s Socially Responsible Investment policy (SRI) is an integral part of our fiduciary responsibility approach, as our role as a responsible investor holds us to the highest standards with our clients and partners, as well as with the companies that we invest in.

This approach is based on (i) our shareholder engagement policy, (ii) our exclusion policy, (iii) our controversy management policy and (iv) the embedding of Environmental, Social and Governance (ESG) criteria at the very heart of our full range of investment management processes.

This document outlines Dorval Asset Management’s controversy management policy.

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1. Introduction

An ESG controversy can be defined as an event where a company faces accusations of negative behavior on environmental issues (pollution, waste management, etc.), social aspects (respect for human rights, labor legislation, etc.) or governance (lack of transparency, fraud, etc.). Controversies particularly involve issues that may arise in the company's relationships with its stakeholders i.e. clients, suppliers, staff, shareholders, public authorities, communities, etc.

This policy aims to define the way that Dorval Asset Management addresses controversies arising on stocks it holds in its portfolios. The policy enables the company to avoid – as far as possible – companies that fail to comply with the principles set out in its Responsible Investment policy and thus mitigate the idiosyncratic risk for the funds it manages.

This policy is published on Dorval Asset Management's website, and compliance with the policy is monitored by the Compliance, Internal Control and Risk department.

2. Identifying issuers covered

Dorval Asset Management draws on input from its partner MSCI as well as other potential external sources (media, brokers, etc.) to flag any controversy and obtain information on the type of event.

Dorval Asset Management's controversy management policy enables us to take on board adverse impacts on sustainability factors in our fund management. It draws on the list of controversies updated by MSCI on a daily basis and potentially rounded out by our portfolio management teams (and approved by representatives of the ESG Committee¹):

- To factor in the latest news and events and address any absence of update to the MSCI database,
- To ensure a comprehensive approach on stocks covered in the event of absence of monitoring by MSCI (mainly small-caps).

All adjustments are listed and dated. *Ex ante* and *ex post* controls rely on a follow-up file that is updated on a daily basis.

Dorval Asset Management's controversy management policy sets out four levels of controversy:

- A **green** flag indicates that a company is not involved in any major controversies: no limit;
- A **yellow** flag indicates that the company is involved in severe-to-moderate level controversies: the stock is limited to a maximum of 3% of the net assets of each fund managed by Dorval AM;
- An **orange** flag indicates that a company has been involved in one or more potentially recent severe structural controversies that are undergoing analysis: the stock is limited to a maximum of 1.5% of net assets in each fund managed by Dorval AM;
- A **red** flag indicates that a company is involved in one or more very severe controversies: the stock is banned and cannot be included in any Dorval AM fund. Red controversies are systematically excluded from the fund.

¹ The ESG committee includes senior management, portfolio management teams, Corporate Secretariat, the Compliance, Internal Control and Risk department and the Responsible Investment coordinators

3. Managing controversies

Dorval Asset Management has set out a strategy for addressing controversies in accordance with the specific features of its management processes.

Across all its funds, Dorval Asset Management has taken on a systematic approach involving excluding stocks facing severe controversies (**red** flag) from its investment universe in a timely manner.

Companies that do not comply with the UN Global Compact are classified as **red** controversies and are banned from our funds.

The European equities investment department conducts a proactive and in-depth analysis of controversies affecting stocks in the portfolio during weekly management meetings. The portfolio management team assesses the controversy, and in the space of 24 hours to 10 days at most, it may where necessary exclude the stock from all portfolios in coordination with the Compliance, Internal Control and Risk department.

An inhouse procedure sets out the conditions for operational application of the controversy management policy.

4. Scope of application

The ban on investment in severely controversial issuers applies to all Dorval Asset Management's open-ended funds.

Any external mutual funds selected by Dorval Asset Management's investment managers are not affected.

Dorval Asset Management will inform its clients of dedicated funds and mandates and encourage them to adopt this policy.

The current list of Dorval Asset Management's open-end funds for which this policy applies is presented below

- Dorval Convictions
- Dorval Convictions PEA
- Dorval Manageurs
- Dorval Manageurs Europe
- Dorval Manageurs European Climate Initiative
- Dorval Manageurs Small Cap Euro
- Dorval Manageurs SMID Cap Euro
- Dorval Global Convictions
- Dorval Global Convictions Patrimoine
- Dorval Global Vision

This policy applies to all financial instruments held in the portfolio. However, for debt securities of the TCN type, given the liquidity constraints and/or the ability to trade these securities on the secondary market, the maximum holding limits will be applicable as these securities mature and no new securities may be acquired until the maximum threshold for each level of controversy has been crossed downwards.

5. Policy communication

All stakeholders are informed of the contents of the policy via general information published on Dorval Asset Management's website on its sector and exclusion policies.

6. Control

The Compliance, Internal Control and Risk department is responsible for monitoring compliance with this policy. The list of banned issuers is included in our front-to-back system in order to systematically prevent and disallow any investment in a company seen as displaying severe controversies.