

PEMBROKE

Pembroke's Responsible Investment Policy

Updated as at December 31st, 2022

Approach

Pembroke's mission is to help our clients secure their financial futures. As fiduciaries acting on behalf of our clients, we analyze all potential investments with regard to their returns, and both their financial and non-financial risk characteristics. In the appraisal of potential investment returns and risks, Pembroke believes that non-financial factors including environmental, social and governance (ESG) factors, can be as important as financial factors.

Pembroke expects the companies it invests in to comply with all laws and regulations under which they operate and to be responsible stewards of their assets. The firm's business and investment philosophy is rooted in the concept of ownership, good stewardship, and aligned interests. Pembroke believes that owners have a responsibility to act in the long-term interests of their stakeholders to maximize their wealth.

Pembroke believes that sound ESG practices can reduce a firm's risk and improve its operational, financial and stock price performance. Pembroke integrates the analysis of non-financial factors, including ESG factors, into its appraisal of the long-term risks and growth prospects of companies through a process of risk-prioritized inquiry, engagement and collaboration. With the goal of enhancing long term risk adjusted returns, Pembroke will:

Include ESG factors in research efforts and investment decisions:

- Pembroke will continue to develop tools to identify and score relevant environmental, social, and governance factors. The firm believes that poor environmental, social, and governance practices may introduce uncompensated risk to its investment strategies.
- Within the public equity asset class, in which Pembroke makes direct investments, Pembroke includes greenhouse gas emissions (GHG) intensity measures in its assessments of investment risk. Pembroke has identified sectors and businesses with elevated GHG emissions and incorporates appropriate risk premiums for investing in these sectors or companies. Where directed, Pembroke incorporates client-mandated exclusions of certain sectors or companies in segregated accounts

Engage with management on ESG-related issues through active ownership:

- ESG issues can be drivers of the sustainability of earnings and cash flow and therefore impact the long-term value of our investments. When Pembroke can use its influence to improve sustainability outcomes, Pembroke will strive to engage with the management teams of its investee companies to push for positive change.



Inquire and encourage ESG related disclosures:

- Pembroke has identified climate transition risk associated with government policies to reduce GHG emissions as a sustainability issue.
- As part of our active ownership responsibilities, Pembroke engages with the companies we invest in to disclose climate-related risks and opportunities and climate metrics, including GHG emissions and related risks, according to the recommendations put forward by the Task Force on Climate-Related Financial Disclosures (TCFD).
- Standardized reporting of GHG emissions and related risks by investee companies improves investment managers' ability to measure, monitor, and report financed emissions. To support the measurement, monitoring, and reporting of our firm's financed emissions, Pembroke will continue to push its investee companies for improved climate-related financial disclosures.
- Collaborate with other long-term market participants to promote responsible investing.
- Monitor new reforms, potential risks, and opportunities related to responsible investing and ESG factors that can impact the companies in which we invest.

Review Annually:

- Pembroke commits to reviewing its Responsible Investment Policy at least annually.

Responsible investing is at the foundation of our stewardship activities which cover all the firm's investment products and include but are not limited to monitoring the companies we invest in and the managers we hire, using our influence to engage with companies, and reporting on our engagement and proxy voting activities. Pembroke's Corporate Governance and Responsible Investment Committee is responsible for coordinating the firm's responsible investing activities. The committee includes members from the firm's investment management, client service, and operations departments and reports directly to the firm's managing partner. The committee informs the board of directors annually about the firm's responsible investment activities and in turn is supervised by the board of directors who assess and verify that the previous year's initiatives have been implemented or are in progress. The board is also charged with exploring and managing any conflicts of interest that may arise from the firm's responsible investment activities.

