



ESG DISCLOSURE STATEMENT

TCC Universe+ Fixed Income Trust Fund

TABLE OF CONTENTS

Compliance Statement.....	3
Summary	3
Sources and Types of ESG Information	4
Systematic Consideration of Financially Material ESG Information in Investment Decisions	5
ESG Screening Criteria.....	5
Portfolio-Level Allocation Targets.....	6
Stewardship Activities.....	7
Environmental and Social Impact Objectives.....	7
Exceptions, Changes, and Error Correction	8

ESG DISCLOSURE STATEMENT

The purpose of this ESG Disclosure Statement is to explain how environmental, social, and governance (“ESG”) issues are considered within the investment product’s objectives, investment process and/or stewardship activities.

Compliance Statement

This ESG Disclosure Statement for the period starting on 27-Jun-22, corresponding to the Fund’s inception date, complies with the disclosure requirements of the Global ESG Disclosure Standards for Investment Products. Additionally, Trans-Canada Capital Inc. (“TCC”) has complied with the requirements of the Global ESG Disclosure Standards for Investment Products related to the preparation and presentation of this ESG Disclosure Statement. The Global ESG Disclosure Standards for Investment Products are developed and maintained by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Summary

The Investment Product referred to in this statement is the TCC Universe+ Fixed Income Trust Fund (“Fund”).

The Fund is actively managed using ESG integration – the process of including ESG factors in investment analysis to better manage risks and potentially improve returns – alongside traditional financial analysis, into securities selection process and monitoring activities. TCC’s ESG analysis and integration applies to all corporate bonds, agencies and supranational organizations, as well as to Canadian provincial bonds; ESG data are not yet considered for sovereign bonds, money market securities, and other derivatives and financial products part of the Fund.

The Fund uses negative screening – the exclusion from a fund or portfolio of certain sectors, companies, or projects based on specific ESG criteria. Hence, the Fund excludes investments in companies that derive revenue from tobacco production, thermal coal production (50% revenue threshold), and controversial weapons production because TCC believes these industries are at significant economic risk as society transitions to a more sustainable economy.

The Fund also seeks to have a higher allocation to a variety of bonds labeled as sustainable investments (e.g. green bonds, sustainable bonds) than its benchmark, the FTSE Canada Universe Bond Index.

In its stewardship activities, the Fund considers ESG issues that are financially relevant to a company or a province when engaging with the management of that issuer and in its collaborative engagement initiatives.

Sources and Types of ESG Information

Utility and Description

The Fund uses ESG information for pre-investment analysis of corporate issuers by integrating an ESG score into the fundamental analysis of the security and by using specific ESG criteria to guide its security selection and/or portfolio construction decisions. Our analysts use ESG Risk Rating from our data provider and integrate them in their analysis model, alongside other relevant information. At a more granular level, our analysts further examine governance indicators, such as board structure, board director skill sets and experience levels, and some specific indicators related to environmental and social issues based on the sector. This in-depth information is retrieved from our data provider and internal research and allows our analysts to adjust the score according to their personal evaluation, if necessary, and to guide their investment decision. This information is also used for updating and monitoring the ESG scores in current fund positions.

For Canadian provincial bonds, the fund also uses ESG information to rate issuers according to its internal rating model, which complements the one offered by our data provider. The underlying data for the score comes from public data sources, primarily Statistics Canada. The sustainable investing and ESG team updates the score annually. Our analysts use our internal score, combined with that of our data provider, to adjust the ranking between Canadian provinces.

The Fund also uses ESG information to guide its engagement efforts. Our analysts use news reports, financial reports, rating research as well as issuers' calls, meetings, and presentations to address these activities.

Our sustainable investing & ESG team also calculates the Fund's scope 1 and scope 2 greenhouse gas emissions based on data from our data provider. In this calculation, physical and synthetic positions on corporate bonds, agencies and supranational organizations, as well as long and short positions, are considered.

Risks and Limitations

There is a risk in choosing a data provider, for example, if the data is weak or doesn't fit TCC's needs. Before choosing its data provider for the Fund, TCC carried out a due diligence process to analyze the proposed approximation methodologies as well as the coverage ratio of our investment universe and made the best decision based on these criteria. We keep abreast of new market practices on an ongoing basis, and plan to conduct a search for a new data provider every 3 years to ensure that we constantly have access to the partner that best meets our needs.

The data used for the ESG score of Canadian provinces often lags the current period by several years, which can make it difficult to reflect current provincial performance. Since there are no public sources of information with more recent data, and data providers face the same problem, this is a limitation of the model that we are comfortable with.

TCC measures the carbon intensity of the Fund's corporate components. A company's scope 1 and scope 2 greenhouse gas emissions and revenue are used to calculate its carbon intensity. Not all companies report their greenhouse gas emissions; thus, carbon intensity estimates for individual companies can vary greatly among data providers. TCC has chosen MSCI as a data provider, which uses proprietary models to estimate GHG emissions, when a company's reporting does not align with the GHG protocol framework, or does not represent emissions across all its geographies and operations. TCC also reports to its clients the Fund's calculated scope 1 and 2 coverage ratio to account for the missing data.

Systematic Consideration of Financially Material ESG Information in Investment Decisions

Identification

For corporate bonds, financially material ESG information is systematically considered in investment decisions. The fixed income investment team believes that inadequate corporate governance carries considerable threats to businesses and could negatively affect TCC's long-term investment returns. Therefore, certain material corporate governance issues are evaluated for each company, no matter the sector. These issues include board structure, board director skill sets, and experience levels.

Our sector analysts are responsible for identifying material environmental and social factors for the companies they cover. They use their internal research as well as third-party research and analysis to identify relevant environmental and social issues per industry.

For Canadian provincial bonds, material ESG information has been determined on the basis of studies carried out by recognized organizations, such as the United Nations Principles for Responsible Investment (UNPRI).

Integration

Since the Fund is actively managed and mainly invests in Canadian fixed income securities, our analysts conduct a bottom-up analysis when assessing an issuer's creditworthiness. Therefore, environmental, social and/or governance quantitative and qualitative data that could have an impact on the credit quality of a sector or an issuer are included by TCC's sector analysts alongside other financial information when assessing company performance and comparing the company with its industry peers.

For Canadian provincial bonds, our ESG rating is not intended to exclude any particular province. TCC reserves the right to invest in all provinces regardless of their score. Rather, the rating process serves as a framework for analyzing and monitoring a number of metrics, which may have an impact on capital allocation or on the conduct of meetings with issuers.

Our credit teams have extensive expertise and knowledge in their respective sectors and can therefore distinguish material ESG issues that may negatively affect a corporate or provincial bond. When they identify such an issue, depending on the magnitude of the issue and the timeframe in which it is likely to materialize, they may decide to proceed with the investment with more in-depth monitoring, to vary the weightings or maturity terms of issuers within a sector, or even decide not to invest in some cases.

Exceptions

ESG data are not yet considered for sovereign bonds, money market securities, and other derivatives and financial products part of the Fund.

ESG Screening Criteria

Our investment process begins with excluding from our investment universe all issuers deemed to be violating our screening policy. TCC applies a minimum set of exclusions to the Fund in accordance with FTSE Russell's Baseline

Exclusions Consultation – Product Categories. Exclusions are reviewed annually alongside the investment policy and are verified using a tool provided by our data provider, according to its own definitions, specified below. Our corporate credit team itself identifies issuers that do or do not meet our exclusion criteria when reviewing investment opportunities. As such, the Fund excludes the following investments:

- Tobacco:

Companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco, all companies that grow or process raw tobacco leaves, and all companies that are exclusively manufacturing (and marketing) products that are alternatives to traditional smoking products. Zero tolerance revenue threshold.

- Thermal coal extraction:

This factor identifies the maximum percentage of revenue (either reported or estimated) greater than 0% that a company derives from the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties. It excludes: revenue from metallurgical coal; coal mined for internal power generation (e.g. in the case of vertically integrated power producers); intra-company sales of mined thermal coal; and revenue from coal trading. The tolerance revenue threshold is 50%.

- Controversial weapons:

Companies that have any ties to cluster munitions, landmines, biological/chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments. Zero revenue threshold.

Exceptions

In order to finance the transition of companies to sustainable activities, the Fund can invest in transition bonds, green bonds and any other bonds with sustainability objectives issued by corporations in the excluded sectors.

The exclusion is not applied at the index products/ETF and derivatives level.

Portfolio-Level Allocation Targets

The Fund seeks to have a higher allocation to a variety of bonds labeled as sustainable investment, as defined below, than its benchmark. Its benchmark, the FTSE Canada Universe Bond Index, is not an ESG index and therefore does not have specific targets for these bonds. We use Bloomberg definitions to classify these bonds.

Green bonds are bonds whose proceeds are used entirely for environmentally friendly projects or activities that promote climate change mitigation, adaptation or other environmentally sustainable objectives.

Social bonds are bonds whose proceeds are used entirely for projects or activities that promote the improvement of social well-being and have a positive social impact directly on vulnerable, marginalized, underserved, or otherwise excluded or disadvantaged populations.

Sustainable bonds are bonds that finance a combination of green and social activities as eligible projects.

Sustainability-linked bonds are bonds where the use of proceeds is applied for general purposes to achieve predefined ESG/sustainability objectives through key performance indicators (“KPIs”) and sustainability performance targets (“SPTs”).

Reporting

The Fund reports ESG data in its quarterly Performance Report, which is sent to the Fund’s clients. This report contains the Fund’s allocation to bonds labeled as sustainable investment (Green, Social, Sustainable, and Sustainability-linked), the benchmark’s allocation towards each of these categories, and the difference between both.

Stewardship Activities

Description

We exercise our stewardship activities for the Fund through engagement. Engagement is conducted in accordance with TCC’s Sustainable Investment Policy and includes meetings with company management and dialogues with issuers. TCC also participates in collaborative engagement through a third-party organization.

Our stewardship activities for corporate bonds prioritize the financially material issues of a specific sector. For example, we engage in carbon intensity for the energy sector and green financing for the banking sector. For Canadian provincial bonds, the topics discussed with issuers are determined by the internal ESG rating model. Discussions may concern the over- or under- performance of a specific indicator, an observed trend or any other information gathered during the research.

Through its collaborative engagement, TCC supports various themes, such as Climate change, Forests, and Water security. We believe that these issues affect the long-term financial performance of the companies we own, and therefore could have a negative impact on the fund’s performance. Engagement activities include attending in-person and virtual meetings and corresponding with issuers. The corporate credit team flags companies and issues for engagement, based on internal research and third-party services that issue alerts and news reports. The sustainable investing and ESG team proposes issues to be discussed with provincial issuers to the fixed income team, according to the meeting schedule proposed by the latter. For each dialogue that is initiated by our fixed income team, a database that contains meeting dates, attendees, locations, and discussed ESG topics is maintained. TCC has not yet set specific targets to reach through its engagement effort, but our main objective is to reduce investment and ESG risks and enhance long-term returns for our clients, and we believe that engagement with portfolio companies on relevant ESG issues is an effective tool to accomplish that.

Reporting

The Fund’s clients can obtain information about the Fund’s stewardship activities and may request a copy of the Sustainable Investment Policy and procedures by emailing esg@transcanadacapital.com. Summary of stewardship activities is not currently integrated into the Fund’s quarterly reporting available to our clients.

Environmental and Social Impact Objectives

The Fund does not invest with the intention to generate positive, measurable social or environmental impact alongside a financial return.

Exceptions, Changes, and Error Correction

Changes have been made during the period that are relevant to the disclosure contained in this ESG Disclosure Statement.

Version	Revision Date	Revision Description
0	06/01/2023 (publication)	The integration of an ESG score, sourced from our data provider, with the quantitative analysis of securities was added to our decision process in March 2023.
1	02/26/2024	The ESG data provider with whom we conduct business changed in December 2023, from Sustainalytics to MSCI. The integration of short positions has been added to the carbon emissions calculation model, as well as synthetic positions on corporate bonds. Agencies and supranational organizations have also been integrated.
2	05/24/2024	The integration of ESG factors into Canadian provincial bonds is a project that was completed in April 2024. A section detailing the integration process for this asset class has therefore been added to the disclosure.

This ESG Disclosure Statement does not exclude any of the required disclosures that are applicable to the Fund.