April 2025

Sustainable Investing Report

2024

LetkoBrosseau

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Message from LetkoBrosseau

At **LetkoBrosseau**, our philosophy has always centered on creating long-term value for our clients. We firmly believe that integrating ESG factors into the investment process is essential for the sustainable success of our clients. Since the firm's inception, we have continued to emphasize the importance of investing responsibly. We believe companies that manage extra-financial risks properly will perform better over the long term. We've consistently sought out new trends in this evolving field, ensuring that our practices remain aligned with industry standards.

Today, client expectations regarding responsible investing are higher than ever. The pursuit of opportunities aligned with these values leads us to share these expectations with the companies in our portfolio. In the spirit of collaboration, we know that our role as investors is to actively support this change by establishing an open dialogue with our stakeholders. These discussions push us to look beyond our investments and reassess our own practices. This report highlights the progress made in 2024. In terms of disclosure, we have opted for a more detailed and quantifiable presentation of our actions, while aligning more closely with recognized industry standards. This approach aims to enhance our transparency while providing a clearer overview of our commitment to responsible practices.

We are confident that our **ESG journey** will continue to be one of ongoing progress. We remain determined to pursue our efforts and believe that the continuous improvement of our practices is essential to meet future challenges.

David Després

B.B.A., M. Sc. Finance, CFA®

Vice President - Investment Services

Investment Team

Sustainable Investing

Our assets are managed by a dedicated team of research professionals, specialized by industry.

Our investment team includes 22 investment professionals (investment analysts, portfolio managers and senior portfolio managers) with diverse educational and cultural backgrounds. Together, our team members speak 13 languages, and one-third of them were born and raised in Emerging Markets.

We generally hire academically-gifted individuals from various disciplines, such as engineering and science. We believe this has cultivated deep international sector knowledge, thus greatly enriching our team's global investment scope.

Our approach to ESG integration is unique in that we do not layer on ESG analysis after the company or industry research is complete. In fact, each of our research analysts has ongoing ESG responsibilities within their coverage areas. To encourage and ensure that our team is fully capable of this, each analyst is required to earn the FSA (Fundamentals of Sustainability Accounting) Credential.

- **18 years average experience**
- **14 years average tenure at LBA**
- **13 languages spoken**
- **7 members born in emerging markets**
- **19 CFA® charterholders***
- **19 FSA credential holders***
- **16 MBAs**

* Information pertaining to the CFA® and FSA designation located in presentation end note.

Our Committees

ESG Committee

The ESG Committee was established in 2021 to assess both internal and external risks and opportunities related to ESG. The committee is tasked with structuring and formalizing the policies and frameworks used by the investment team, including the ESG Policy, ESG Engagement Policy, and Proxy Voting Policy. Additionally, the committee works to enhance ESG data collection systems, improve reporting capabilities, and facilitate the sharing of information with colleagues and clients. It also explores internal opportunities for LBA to strengthen its policies and practices regarding ESG and sustainability.

The members of the committee ensure that the firm stays up to date with the latest ESG developments in the industry and best practices by attending relevant conferences and summits. The committee is comprised of a Senior Portfolio Manager, an Investment Analyst, a Portfolio Manager, the VP of Investment Services, and an ESG Analyst.

Climate Change Committee

A Climate Change Committee was established in 2019 with two main objectives:

- To identify investment risks and opportunities arising from climate change, both within our portfolios and across broader capital markets;
- To conduct climate change scenario analyses, starting with potential global physical changes and examining how these might affect the macroeconomic environment, policy and regulation, sector and industry dynamics, and individual company performance.

Our Climate Change Committee is dedicated to providing a thorough understanding of climate change while continually evaluating relevant risks and opportunities. The committee consists of eight Analysts covering a wide range of industries, including energy, materials, metals and mining, industrials, clean tech, transportation, and macroeconomics.

The committee delves into academic literature, explores the impacts of climate change from a scientific perspective, studies various technologies and potential solutions, and conducts detailed cost-benefit analyses.

Affiliations

Industry Collaborative Initiatives

We are supporters of the following organizations

The Task Force on Climate-related Financial Disclosures (TCFD) aims to develop recommendations on the types of information that companies should disclose regarding climate-related risks. Since the dissolution of the TCFD in 2023, its mission has been taken over by the International Sustainability Standards Board (ISSB)[1]. We continue to support the initiative.

LetkoBrosseau became a signatory of the United Nations-supported Principles for Responsible Investment (PRI)[2] in 2019. In December 2023, we filed our 2023 Public Transparency Report with the PRI and have made this available to view on our website. Considering our good score, we decided not to complete the non-obligatory reporting in 2024.

We are a member of and are actively involved with the Canadian Coalition for Good Governance (CCGG)[3]. Peter Letko has been a Director of the CCGG Board since June 2019. Through CCGG's corporate engagement program, we have participated in meetings with boards in Canada.

1. iFRS. https://www.ifrs.org/sustainability/tcfd/
2. UNPRI. https://www.unpri.org/
3. CCGG. https://ccgg.ca/

ESG Integration

Our Philosophy

At **LetkoBrosseau**, fundamental, in-house research drives our investment decisions. This work combines a macro-economic approach with thoughtful analysis of trends in major industry groups and detailed evaluation of companies. The investment team gives careful attention to the price paid for all investments, both on an absolute basis and relative to other opportunities.

The scope of our work is global. Our team seeks and evaluates attractive industries and companies around the world and measures them against their international competitors. This global perspective provides valuable insight into industry trends and company dynamics.

We believe in investing in publicly-traded securities that provide the benefits of liquidity, low cost, greater transparency and good governance. ESG issues are fully integrated in our investment process.

Since the beginning, we have been committed to evaluating material ESG considerations through our research process and seamlessly integrating these throughout our fundamental research process. The process includes ongoing engagement with companies concerning a broad range of topics, including ESG risks and opportunities. We believe that companies with sound business practices, including strong corporate governance and responsible management of material environmental and social issues, have better success and deliver stronger financial performance over time. Conversely, we believe companies that have poor ESG risk management are exposed to risks and controversies that may hinder their financial performance.

ESG Integration

Our Research Process

Our framework for ESG research and integration is based on the Sustainability Accounting Standards Board's (SASB) Materiality Map, which identifies a set of sustainability issues most likely to impact the operating performance or financial condition of a typical company in an industry, regardless of geography.
To support the identification of material ESG issues for a company, we review the appropriate industry report(s) prepared by SASB, which has published 77 industry reports focused on material ESG issues[1].

We apply the same ESG framework and process to both equities and corporate bonds. Our fossil fuel free investment options use the same fundamental investment process for ESG analysis, with additional ESG filters to screen across the investable universe.

Once our research of a company is complete, our analyst will write a detailed thesis outlining the company's growth potential, including ESG risks and opportunities, and present it to the entire investment team for peer review. Meanwhile, our ESG Lead conducts his own independent review of the material ESG issues facing the company using Sustainalytics[2] and Glass Lewis[3] (external service providers who support and complement our ESG analysis and proxy voting efforts).

When the analyst is presenting their thesis to the investment team, our ESG Lead facilitates a group discussion of the material ESG issues with the goal of cross-checking and leveraging the entire team's knowledge and expertise.

If the final decision is to include the company in our portfolio(s), ongoing monitoring, including semi-annual ESG screening by Sustainalytics, is performed. Additionally, each analyst regularly engages with the companies under their coverage, for all matters pertinent to the investment, ESG and otherwise. The analysts continually evaluate the risks and opportunities related to ESG in their industries, sub-industries and for each company being assessed.

1. SASB. https://sasb.ifrs.org/

2. Sustainalytics. https://www.sustainalytics.com/

3. Glass Lewis. https://www.glasslewis.com/

ESG Integration

Exclusion Criteria

Generally, rather than relying on exclusionary screens, we prefer to actively engage with companies. We believe that we are more likely to effect change if we have a seat at the table. Our process does not assign a specific weight to ESG factors. Rather, we view ESG as a set of risks, not unlike the many other risks a company faces, such as competition, geopolitics, economic, or supply chain-related risks. Where we do feel global investment exclusion is necessary are in the areas of tobacco, mining of thermal coal, adult entertainment and gambling.

A buying decision is based on many factors, including a complete analysis of the competitive environment, financial information, market valuation and the investment's sustainability. Thus, ESG attributes alone will not entice us to buy a security. Meanwhile, depending on the materiality of the factor, it can justify a decision to pass on an investment opportunity or lead to the complete divestment of a position in a company.

Our exclusion list per our Responsible Investment policy

- **Tobacco**
- **Mining of thermal coal**
- **Adult entertainment**
- **Gambling**

2024 Highlights

In 2024, we continued our **ESG journey** by making continuous improvements through various initiatives. These projects focused on enhancing the integration of ESG factors into our investments, as well as refining our internal processes as a firm. The following highlights showcase the key projects completed over the past year, demonstrating our ongoing commitment to sustainability.

Establishment of Responsible Investment Policy

In January 2024, we officially implemented our Responsible Investment Policy, reinforcing our commitment to integrating ESG factors into our investment decision-making processes. This policy outlines how we evaluate material ESG issues, understand the risks they present to investors, and ensure that we act in the best interest of our clients while managing the capital entrusted to us.

Proxy Voting Summary Available on Website

In 2024, we published a summary of our proxy voting activities on our website. This report offers greater transparency regarding our voting decisions and how they align with our ESG principles, thereby reinforcing our commitment to responsible governance.

Revamping of Our Research Portal

In 2024, we undertook a comprehensive revamp of our research portal to improve our ability to track and measure ESG metrics and data. This enhancement allows us to gather more accurate data and monitor ESG metrics with greater precision, enabling us to report on our progress more effectively. The upgraded portal supports our broader ESG strategy by providing us with the tools needed to ensure continuous improvement.

Hiring of ESG Analyst

In 2024, we took an important step in strengthening our commitment to ESG by hiring our first full-time resource dedicated to ESG within the Investment Services team. This strategic addition supports our efforts to integrate ESG considerations across our investment processes and services, ensuring that we continue to meet the evolving expectations of our clients.

First ESG Self-Assessment at the Firm Level

As part of our ongoing commitment to ESG, we conducted our first self-assessment of ESG performance at the firm level in 2024. This initiative allowed us to evaluate our current ESG practices and outcomes, providing valuable insights into areas of strength and opportunities for improvement. Through this self-assessment, we also identified key ESG projects for the future, ensuring that they are aligned with both our internal goals and our clients' expectations.

Launching of SFDR Classified Product

In 2024, we became subadvisor of a UCITS fund with our partner Candoris B.V. The UCITS fund is classified as Article 8 per the Sustainable Finance Disclosure Regulation (SFDR) classification.[1]

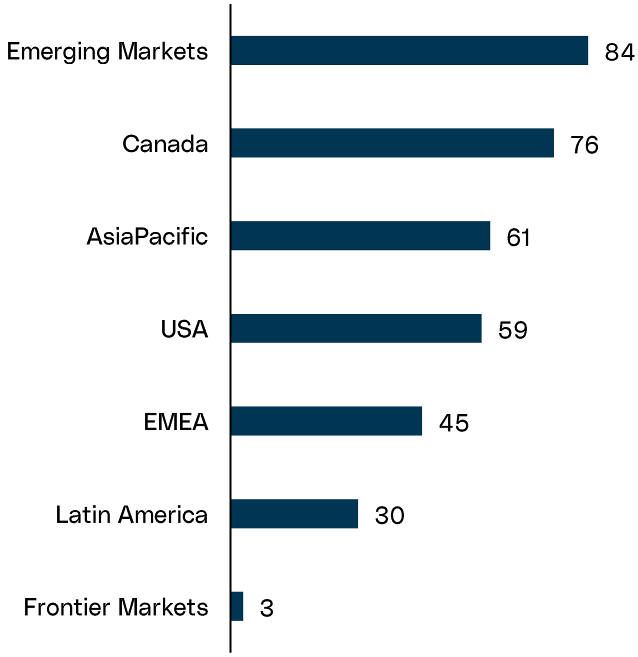
1. SFDR. https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en

Proxy Voting Summary

We believe proxy voting is one of the most important rights of shareholders. We also consider it our responsibility to exercise this right to promote strong corporate governance and sound business practices. We do so with the utmost diligence, ensuring that proxies are voted internally and in accordance with shareholders' long-term interests.

Our investment professionals make all voting decisions for the companies under their coverage in accordance with our Proxy Voting Policy following a thorough review of proxy materials and insights from Glass Lewis, a leading independent provider of global governance services. All proxy voting decisions are reviewed by our ESG Lead. In addition, any proxy vote contrary to the management's recommendation requires written justification. Before voting contrary to the management's recommendation, we will often engage with the company to express our point of view on issues of concern and inform of our voting intentions. We vote all our proxies and a summary is available on our website.

Number of Proxies Voted by Strategy



3,392 Resolutions Voted

271 Proxies Voted

576	Number of resolutions where we voted against recommendation of management
1,845	Number of resolutions for election of directors
363	Number of resolutions for election of directors that we did not support
168	Shareholder proposals voted
40	Shareholder proposals supported

Spotlight on Canada

As we firmly believe in the potential of the Canadian market and the impact we can make through our investments and engagements, the next section focuses on key metrics from our Canadian strategy. This spotlight on the Canadian market and the progress of our portfolio demonstrates the significance of our commitment to encourage continuous ESG improvement for companies across the country.

Spotlight on Canadian Equities

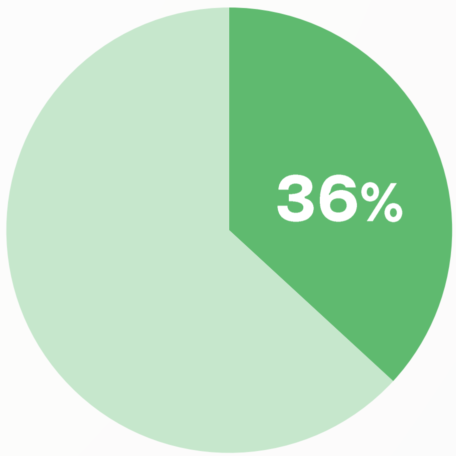
Diversity

We believe that board diversity leads to positive long-term outcomes for companies and, as such, we strongly encourage organizations to establish comprehensive diversity policies. These policies should address, at a minimum, gender and ethnicity, ensuring a more inclusive and balanced approach to leadership. By fostering diverse perspectives, we are confident that companies will be better positioned for sustainable growth and more effective decision-making.

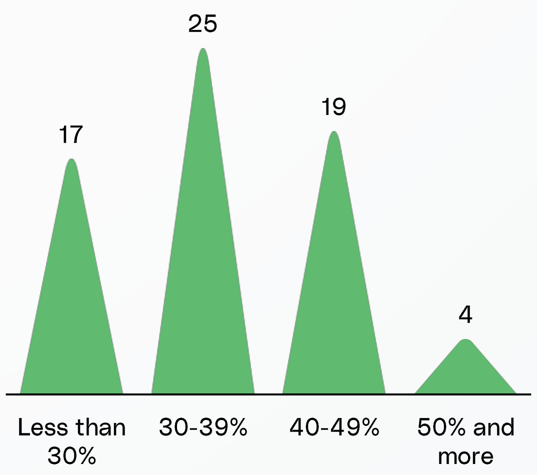
As outlined in our diversity section within our proxy voting guidelines, we support a minimum of two women or at least 30% female representation on a board. In cases where this minimum level of gender diversity is not achieved, we will generally vote against the members of the Nominating or Governance committee, or the Chair of the Board where such committees do not exist. This policy reflects our commitment to promoting gender diversity and ensuring inclusive representation in corporate leadership.

In 2024, we voted 34 times, including 21 votes for Canadian companies, against management, towards more equitable gender representation.

Female Representation at Board-Level Across All Companies in the Strategy



Distribution of Female Representation at Board-Level – Number of Companies
Out of 65 companies in our portfolio



Spotlight on Canadian Equities

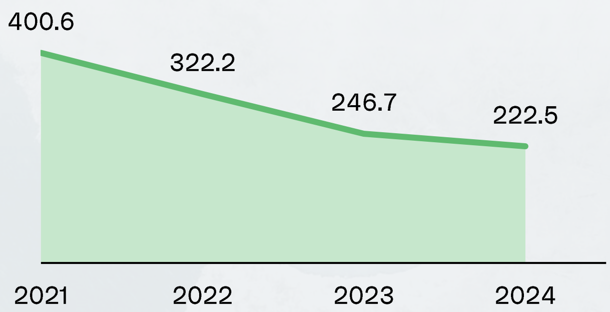
Climate

Over the past three years, we have actively supported climate-related resolutions through our proxy voting actions. We voted in favour of 21% of climate-related resolutions, demonstrating our commitment to addressing climate change. This support reflects our dedication to advancing policies and actions that promote the energy transition and reduce environmental impacts.

We fully support the necessary transition toward a lower-carbon economy, which includes increased transparency, urgent action, and clear commitment to reduction targets. In this context, our investment approach is aligned with Net Zero. We view climate risk as a serious challenge and are committed to engaging with the companies within our portfolio to help drive change throughout the transition. We encourage investees to communicate concrete initiatives aimed at reaching Net Zero by 2050 or sooner, and we actively monitor and track their progress toward this goal.

Historical Weighted Average Carbon Intensity

t CO_2e/US$M Sales



Net Zero and Interim Targets

Out of 65 companies

		% of portfolio
Companies with Net- Zero Commitment	37	57%
Companies with Interim Targets Only	18	28%
Companies with Net- Zero Commitment or Interim Targets	55	85%

Spotlight on Canadian Equities

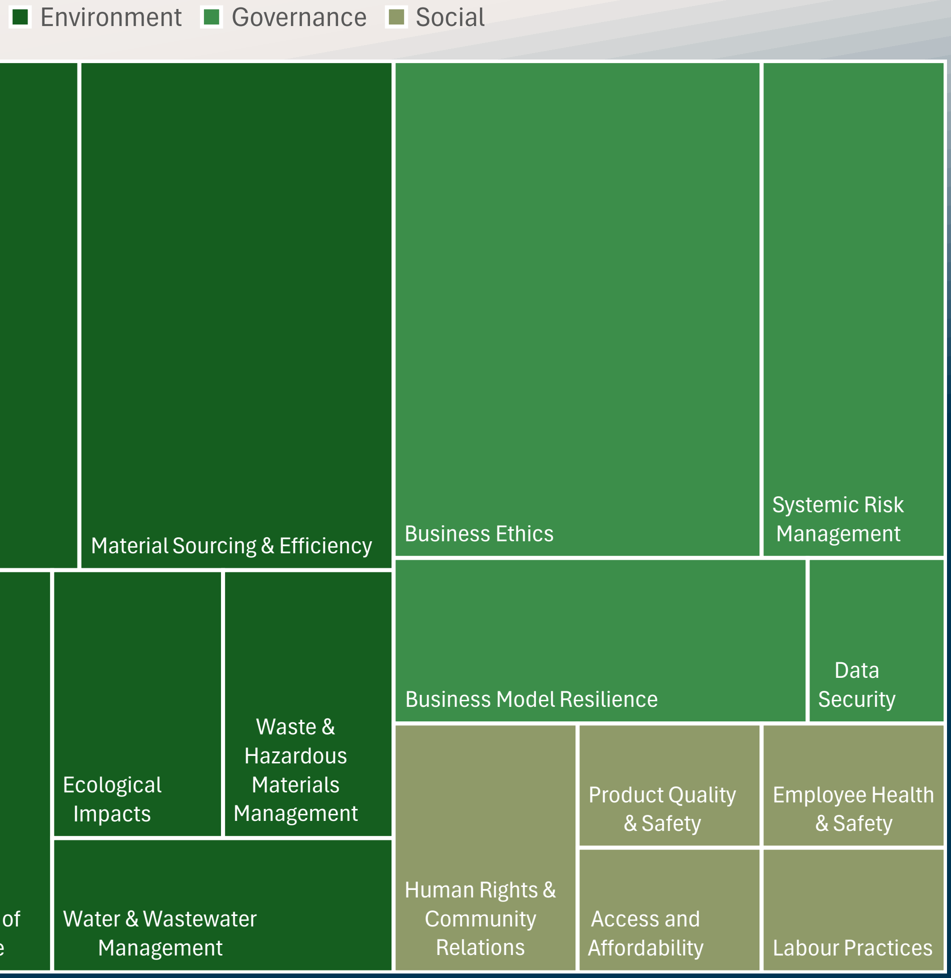
Engagements

Driven by our strong belief in the positive change we can foster through our investments—and, more importantly, our active engagement with companies on ESG matters—we are pleased to highlight below the distribution of our 56 engagements we made within our Canadian portfolio in 2024. These engagements took place through various channels and formats, sometimes occurring multiple times throughout the year. The classification of engagement topics was based on the SASB[1] framework, complemented by the expertise of our analysts.

The table below illustrates the distribution of each topic within the total number of engagements. With the enhancement of our research portal, we are able to provide this data, and we remain committed to further improving the compilation and disclosure process.

56 ongoing engagements

Engagement topics per SASB's Framework



1. SASB. https://sasb.ifrs.org

Engagement

Our principles

Since the inception of the firm in 1987, we have been committed to incorporating **ESG considerations** into our investment research. The process includes ongoing engagement with companies concerning all matters that are typically important to a given industry, including ESG risks and opportunities.

Our ESG approach considers engagement from both a narrow and broad view, ensuring that we are able to understand the challenges and opportunities these issues may have not only on individual businesses and industries but more broadly speaking on the portfolios we manage. We integrate ESG factors directly into the investment process as part of our core investment principles. By so doing, we believe we can “do good while doing well.”

At LetkoBrosseau, we incorporate ESG issues throughout the process: from the first time we consider an investment and continuing through the entire time we own the stock. Essential components of our approach include continuous monitoring and active engagement with management teams and boards of directors. Our approach is to engage directly with the company, as we believe meaningful change is more likely when we have a seat at the table. Therefore, divesting is not our first step when addressing ESG issues.

Engagement

Contribution to the UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are a set of 17 global objectives aimed at addressing key challenges facing the world, such as poverty, inequality, climate change, and environmental sustainability. Adopted by all UN member states in 2015, the SDGs seek to promote prosperity, protect the planet, and ensure peace and justice for all by 2030. They provide a universal framework for governments, businesses, and individuals to contribute towards a more sustainable and equitable future[1].

LetkoBrosseau supports the Sustainable Development Goals

1. UN SDGs. https://sdgs.un.org/fr/goals

Engagement Examples

From our holdings, we have selected the following companies, with which we have engaged in significant and meaningful discussions related to ESG.

We take pride in featuring these companies that have shown positive evolution, partly as a result of our ongoing engagements with their senior management and boards of directors.

As a long-term investor, we frequently collaborate with portfolio companies and potential investments on ESG-related issues.

Through our engagements, we actively contribute to the SDGs, recognizing the importance of these issues. However, certain goals are more prominent in our efforts. We will highlight the 5 SDGs to which we make the most significant contributions.

8 DECENT WORK AND ECONOMIC GROWTH

K92 Mining Inc.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Rogers Communications Inc.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Winpak Ltd.

13 CLIMATE ACTION

Cemex, S.A.B. de C.V.

TotalEnergies SE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Meta Platforms, Inc.

Puregold Price Club, Inc.

K92 Mining Inc.

Canadian Equities

8 DECENT WORK AND ECONOMIC GROWTH

Headquarters	Established	Industry	ESG Engagement Themes
Vancouver, Canada	**2006**	**Gold**	**Human Rights and Community Relations**

K92 Mining is a mining company focused on the extraction of gold and copper. The company operates the Kainantu Gold Mine in the Eastern Highlands of Papua, New Guinea, which represents its primary asset. K92 Mining generates revenue from the production and sale of gold and copper concentrates. In addition to its mining operations, the company conducts exploration to expand its resource base. K92 Mining's activities include mining, processing, and exploration, with an emphasis on high-grade gold and copper deposits.

K92 Mining Inc.
continued

8 DECENT WORK AND ECONOMIC GROWTH

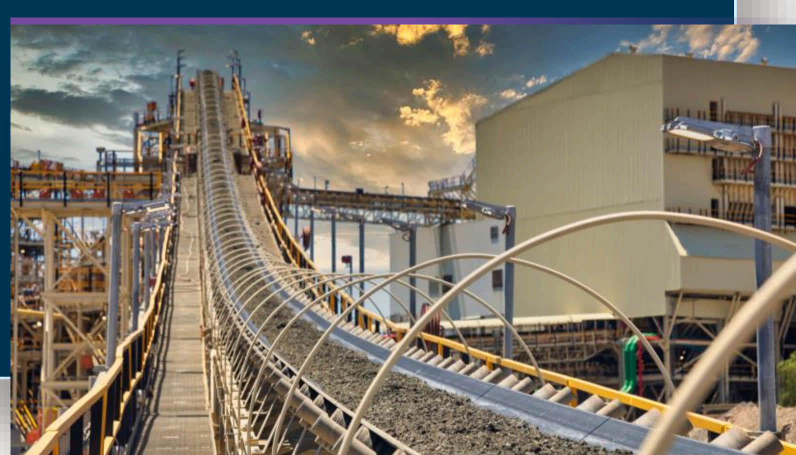
ESG Risk

Strong community relations are essential for the long-term stability of mining operations. Establishing a robust framework for community relations ensures not only operational continuity but also benefits local communities through job creation, increased business opportunities for local vendors, and royalty contributions. Proactively fostering these relationships enhances value for all stakeholders, while failure to engage responsibly and sustainably can results in protests, shutdowns, and negative reputation.

Our Engagement

In Papua New Guinea, land ownership, rights of use, and environmental impact are key concerns for local communities, and K92 Mining has prioritized building strong community partnerships to address these concerns from the outset. The company has actively included local communities as stakeholders, supported local businesses, and is focusing on local hiring with approximately 94% Papua New Guinea nationals. The company is also finalizing a memorandum of understanding (MOU) with local communities for an equity stake of 5%. The company also operates with strict environmental controls, placing half of the mine waste back underground to minimize surface impact. With a strong commitment to maintaining its social license to operate, K92 leverages its low-cost structure to contribute meaningfully to community development and long-term sustainability[1].

While we commend the company for its achievements in this regard, we continue to actively engage with them on this topic due to the materiality of the risk to operations. We look forward to continued progress on the finalization of the MOU and a sustained high level of community engagement.



1. K92 Mining. https://k92mining.com/responsible-mining/

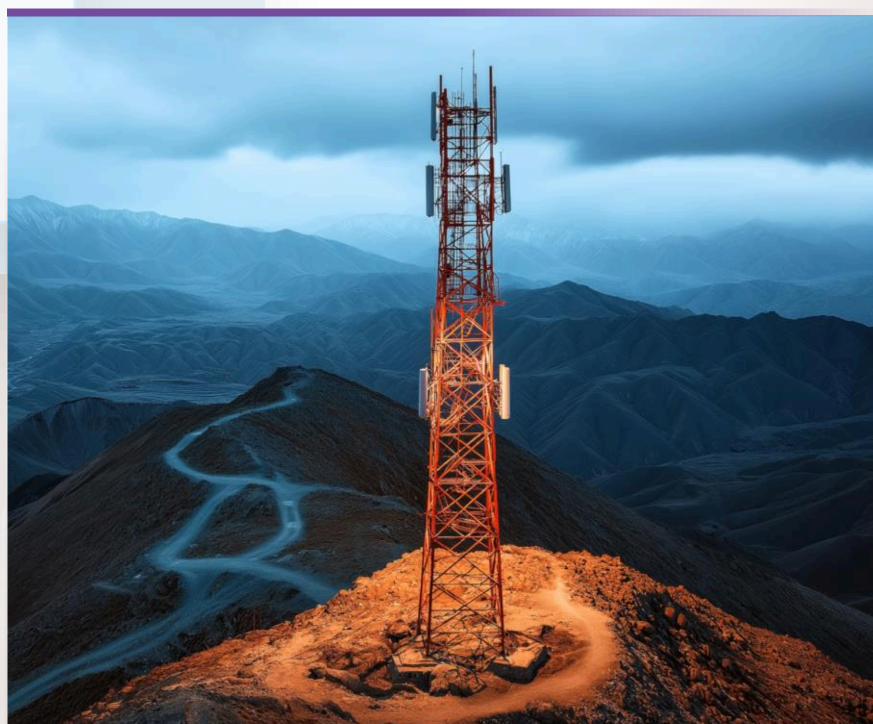
Rogers Communications Inc.

Canadian Equities

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Headquarters	Established	Industry	ESG Engagement Themes
Toronto, Canada	**1960**	**Wireless Telecom Services**	**Systemic Risk Management**

Rogers Communications is a telecommunications company that provides a variety of services, including wireless communication, internet, cable television, and home phone services. The company generates revenue through subscription-based models, offering mobile phone plans, broadband internet services, and cable TV. Rogers operates primarily in Canada, serving both residential and corporate clients. It focuses on delivering high-quality communication services and is known for its extensive network coverage. The company also offers additional services such as digital content, advertising, and smart home technology solutions to enhance its customer offerings.



Rogers Communications Inc.

continued

ESG Risk

Network leadership and resilience are material risks for telecom companies like Rogers Communications, as they directly affect long-term operational success and customer satisfaction. Ensuring reliable and high-performance networks is essential not only to meet growing consumer demands but also to protect against the impacts of extreme weather, natural disasters, and technical failures.

Telecom companies are particularly vulnerable to these risks due to their reliance on physical infrastructure and the need to provide continuous service to a broad range of customers. The failure to build resilient networks can lead to significant financial consequences, such as service outages that disrupt revenue streams and require costly repairs. As the frequency of extreme weather events and natural disasters increases, network resilience has become a critical factor for maintaining uninterrupted service and safeguarding long-term profitability.

Our Engagement

We regularly engage with Rogers' management to discuss the company's capital spending, specifically focusing on the balance between maintenance and growth capital expenditures. These conversations often address the company's efforts to enhance network resilience and leadership, particularly in the face of potential disruptions such as extreme weather events or technical failures.

We engage with management at least three times a year to understand their approach to improving network performance, ensuring reliability, and making long-term investments in infrastructure. Our discussions have revolved around how Rogers plans to manage and mitigate the risks associated with service interruptions, as well as the steps the company is taking to future-proof its networks against natural disasters, grid disruptions, and other external threats.

Through these engagements, we have seen that Rogers is committed to investing heavily in its infrastructure. The company's plan to allocate $20 billion over the next five years demonstrates its dedication to strengthening its network's resilience and leadership in the market[1]. We continue to monitor their progress closely, supporting their efforts while encouraging transparency and clear communication regarding network improvements and risk management strategies.

1. Rogers Communications. https://about.rogers.com/wp-content/uploads/Rogers-2022-Annual-Report.pdf

Winpak Ltd.

Canadian Equities

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Headquarters	Established	Industry	ESG Engagement Themes
Winnipeg, Canada	**1970**	**Metal, Glass & Plastic Containers**	**Product Design and Lifecycle Management**

Winpak manufactures and supplies a range of packaging materials. The company produces flexible packaging, rigid containers, and packaging machinery, serving industries including food, beverage, healthcare, and consumer goods. Winpak generates revenue from the sale of packaging products, including films, bags, and containers. Its clients include major food and beverage companies, healthcare providers, and consumer goods manufacturers. While the company's primary market is North America, a notable portion of its revenue comes from international markets.

Winpak Ltd.

continued

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

ESG Risk

As global regulations on plastic use tighten and consumer demand for more sustainable packaging solutions increases, product design and lifecycle management have become material risks for companies in the packaging industry. The need to innovate and create sustainable products is crucial not only for regulatory compliance but also to maintain competitiveness. Companies that fail to address these challenges may face regulatory penalties, reputational damage, and loss of market share.

Currently, many companies in the packaging sector are working to make their products more sustainable. For example, achieving full recyclability is a major goal, with some companies already reaching 50% recyclability in their rigid products, and targeting 100% by 2025. In addition, a significant portion of the product portfolio may already offer sustainable solutions, but further work is needed to meet rising environmental standards. Achieving these goals will require substantial investments in redesigning products, collaborating with suppliers, and adapting to new technologies and materials. Companies in the packaging industry must address these challenges to avoid financial and operational setbacks and ensure long-term growth in an increasingly environmentally-conscious market.

Our Engagement

Our discussions with the company regularly include the industry trend for sustainable solutions and the progress the company is making on the use of renewable/recyclable raw materials as well as more sustainable solutions such as lighter weigh product offerings. In the past years, we reached out to the company to understand why the adoption of recycled-plastic based packaging by customers has been slower than expected. Winpak provided a very detailed explanation, citing the following reasons:

1) Compatibility with customers' existing packaging equipment. In many cases, the properties of recyclable packaging materials slow down the speed of the existing packaging line, which reduces operational efficiency and increases waste.

2) Economics of sustainable solutions is still inferior to existing packaging materials.

3) Availability of high-quality recycled plastic resin supply, which is not in Winpak's control.

Despite the industry challenges, Winpak remains positive on the secular trend towards more sustainable solutions. It continues to work side-by-side with its customers to address the above-mentioned issues, providing R&D support and onsite engineering expertise to customers to advance the adoption of sustainable solutions.

Winpak maintains their target to have recyclable versions for all packaging solutions by 2025, with more efforts spent on advancing the adoption of these solutions with its customers and continued focus on product innovations.

Cemex, S.A.B. de C.V.

Emerging Markets

Headquarters	Established	Industry	ESG Engagement Themes
Noevo León, Mexico	**1906**	**Construction Materials**	**GHG Emissions**

Cemex is a global leader in the building materials industry, with a significant portion of its revenue coming from cement production. The company manufactures and distributes a variety of construction materials, including cement, ready-mix concrete, and aggregates. Cemex operates in over 50 countries, serving both residential and commercial sectors. It is involved in infrastructure development and construction.

Cemex, S.A.B. de C.V.

continued

ESG Risk

The cement industry is responsible for approximately 6% of global CO2 emissions each year, driven by both the energy required to operate the cement plants and the chemical reactions involved that convert the raw materials into finished cement[1]. Currently, there are no viable alternatives to cement in modern construction techniques making it crucial to innovate and reduce emissions within existing production processes. With increasingly stringent regulations on building construction emissions, industrial carbon taxation, and global commitments to achieving Net-Zero, industry players must adapt to remain competitive and contribute meaningfully to global decarbonization efforts. Failure to lower emissions could result in financial penalties, loss of market share, and damage to the company's reputation.

Our Engagement

Since 2021, we have actively engaged with Cemex on this important issue. We recognize Cemex as an industry leader in emissions reduction but given the significance of this ESG risk to the industry and the long-term nature of the adaptation involved, we continue to engage with management to voice our continued support for CO2 emissions efforts and to stay informed of the company's emission reduction progress, innovation plans, and spending levels. Cemex has committed to reducing Scope 1 emissions to less than 430kg per ton of cement by 2030 – a 47% reduction from 1990 and 31% lower than in 2020. Longer term, the company has committed to Net-Zero emissions by 2050[2]. As of the end of 2023, the company had already reduced CO2 emissions per ton of cement to 541kg.

When engaging with the company, we work not only to understand the emissions reduction targets, but also the technologies and capital spending it would take to achieve these goals. We focus on both the use of readily available technologies and the development of new production processes necessary to meet Net-zero across the industry. According to the company, post-2030 emissions reduction will rely heavily on carbon capture, utilization and storage (CCUS) technology. Given its early stage of commercialization, and large role in plans for the future, we closely engage with the company to track progress on pilot projects and to assess advancements in this space.

1. Challenges and Opportunities for Low-Carbon Suppliers Report, September 2024. https://www3.weforum.org/docs/WEF_High_Emitting_Sectors_Challenges_and_Opportunities_for_Low_Carbon_Suppliers_2024.pdf
2. Cemex. https://www.cemex.com/en/sustainability/future-in-action/by-the-numbers

TotalEnergies SE

International Equities

Headquarters	Established	Industry	ESG Engagement Themes
Courbevoie, France	**1924**	**Integrated Oil & Gas**	**GHG Emissions**

TotalEnergies is a global energy company that operates in the oil, natural gas, and renewable energy sectors. The company is involved in the exploration, production, refining, distribution, and marketing of petroleum and petrochemical products. TotalEnergies generates revenue through the sale of oil, gas, and energy-related products to both individual consumers and businesses, as well as through its operations in renewable energy sources such as solar and wind power. Operating in more than 130 countries, TotalEnergies serves a wide range of industries including transportation, energy, and manufacturing.

TotalEnergies SE

continued

ESG Risk

For companies in the energy sector, particularly those involved in oil and gas, managing greenhouse gas (GHG) emissions is a material risk. The energy sector is a significant contributor to global GHG emissions, and companies are under increasing pressure from governments, regulators, investors, and the public to reduce their carbon footprints. As such, effectively managing emissions, including both direct GHG emissions and methane emissions, is a key factor in maintaining long-term competitiveness and compliance.

For TotalEnergies, the risk is particularly pronounced given its large-scale oil and gas operations. In 2024, TotalEnergies reported a 1% year-over-year (YoY) reduction in its Scope 1 and 2 emissions, with a 3% reduction in its oil and gas operations. Scope 3 emissions were reduced by 2% YoY, reflecting some progress. However, the company still faces significant challenges in reducing its methane emissions, a particularly potent greenhouse gas. While TotalEnergies methane emissions decreased by 15% YoY, it is crucial for the company to stay on track to meet its goal of a 60% reduction by 2025 compared to its 2020 baseline[1]. Additionally, TotalEnergies dependence on traditional oil and gas operations leaves it exposed to the risks associated with the global transition to a low-carbon economy.

Our Engagement

Throughout 2024, we continued to engage with TotalEnergies to encourage stronger efforts in reducing GHG emissions, particularly methane, and advancing low-carbon initiatives such as green electricity, hydrogen, and carbon capture and sequestration (CCS). Our engagement has contributed to the company's improvements in these areas. As a result, TotalEnergies made the decision to deploy continuous real-time methane emissions detection equipment across all its operated upstream assets, a key step toward its goal of zero methane emissions. Additionally, TotalEnergies invested $4.8 billion in low-carbon energy initiatives in 2024, including its first CCS projects in the UK, as part of the Northern Endurance Partnership. The company also launched a renewable hydrogen production project with Air Liquide at its La Méde platform in France[2]. These initiatives align with TotalEnergies' commitment to transitioning to a low-carbon future, and we will continue to monitor their progress to ensure they meet our expectations.

1. TotalEnergies. https://totalenergies.com/news/press-releases/totalenergies-publishes-its-sustainability-climate-2025-progress-report-and
2. TotalEnergies. https://totalenergies.com/news/press-releases/northern-endurance-partnership-launches-first-ccs-project-uk-participation

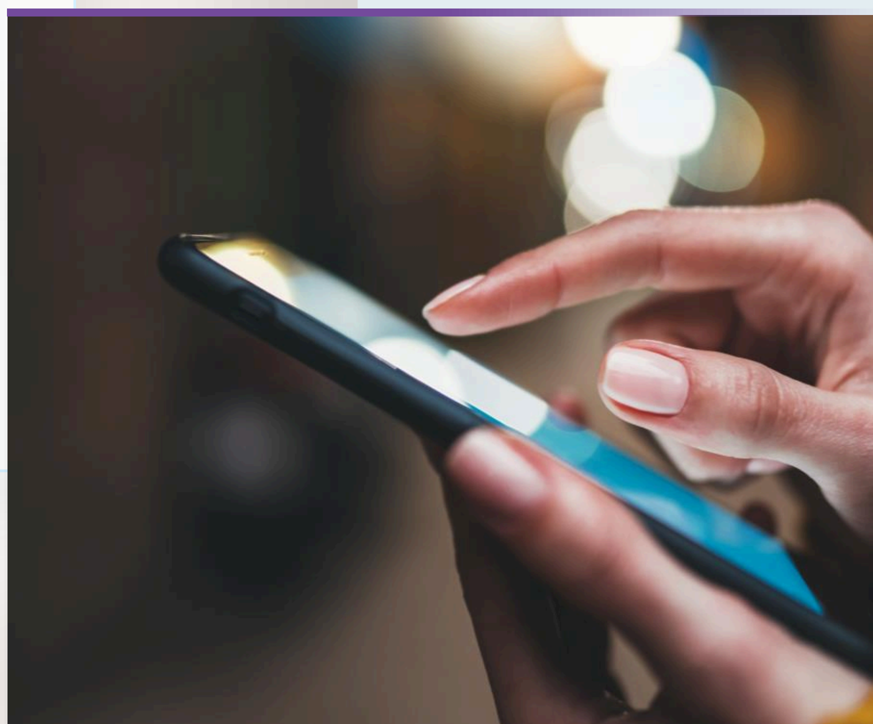
Meta Platforms, Inc.

International Equities

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Headquarters	Established	Industry	ESG Engagement Themes
California, United States	**2004**	**Interactive Media & Services**	**Data Privacy and Security**

Meta is a global technology company, primarily generating revenue from advertising. The company operates a range of platforms, including Facebook, Instagram, WhatsApp, and Oculus, providing services for social networking, messaging, and virtual reality. Meta serves individual users, businesses, and advertisers, offering tools for communication, entertainment, and online marketing. The company operates in over 100 countries, supporting communication and content sharing across its platforms.



Meta Platforms, Inc.

continued

ESG Risk

Data privacy and security are increasingly critical risks for tech companies, particularly those like Meta which handle vast amounts of personal data. The risk of data breaches or misuse can result in severe financial penalties and significant damage to consumer trust. As privacy laws become stricter, companies must prioritize protecting user data and comply with evolving regulations to avoid these risks.

In 2024, Meta made controversial changes to its fact-checking program, which many believe were intended to accommodate political pressures from the U.S. administration. These changes have sparked concerns that Meta could be accused of state-sponsored propaganda, hate speech, and misinformation, especially regarding public health. This shift in content moderation practices increased the likelihood of public distrust, particularly as it relates to the company's role in controlling and influencing information.

For Meta, this situation underscores the intersection of data privacy, content moderation, and user trust. The company's handling of sensitive information, including how it moderates content that could be considered harmful or biased, puts its reputation and compliance with privacy standards at risk. As a platform that collects extensive user data, any mismanagement or perceived bias in its content practices can have broader implications for its security and privacy commitments, making it a significant material risk to address.

Our Engagement

We reached out to the company for clarification on these adjustments and to express our view that it should revert to its prior policies. In their response, Meta emphasized that they remain committed to upholding their community standards and enforcing content moderation policies through both 'human' review and automated systems. They assured us that certain practices, like prohibiting attacks based on protected characteristics, would remain unchanged. However, they also acknowledged a shift in focus, prioritizing enforcement against high-severity violations, such as terrorism, child sexual exploitation, drugs, and fraud. For less severe violations, Meta plans to rely more on user reports rather than proactive monitoring. Additionally, to address misinformation, Meta is transitioning to a Community Notes program, which uses crowd-sourced fact-checking to validate content, an approach considered effective by various studies.

While we appreciate the company's response, we are aware of anecdotal reports of an increased amount of hateful content on X, formerly known as Twitter, a company that has embraced similar changes to content policies. We continue to monitor the situation and will continue to advocate for a reversion to more stringent content moderation.

Puregold Price Club, Inc.

Emerging Markets

Headquarters	Established	Industry	ESG Engagement Themes
Taguig, Philippines	**1998**	**Consumer Staples Merchandise Retail**	**Business Ethics**

Puregold Price Club (PGOLD) is a retail company that operates wholesale and grocery stores. The company offers a wide range of food, household, and consumer products. PGOLD generates revenue through the sale of these products to both individual consumers and businesses. It operates multiple locations across the Philippines and focuses on providing a variety of products at competitive prices through a membership-based model. The company serves the retail and wholesale segments, specializing in bulk grocery sales and everyday consumer goods.

Puregold Price Club, Inc.

continued

ESG Risk

Corporate governance is an important factor for companies like PGOLD, as it directly influences transparency, fairness, and accountability in decision-making. Business ethics, in this context, refers to the principles and standards that guide a company's operations, ensuring it aligns with the interests of all stakeholders.

At PGOLD, several governance concerns were identified. These included the composition of the board, where only three out of nine directors were independent, and some directors had been in position for extended periods. Additionally, executive directors were involved in the Corporate Governance Committee, raising concerns about the objectivity of governance decisions. Another point of concern was the dilutive share placement in 2019, where Chairman Lucio Co sold shares to third-party investors, only to later repurchase them at the same price. This raised questions about fairness and the protection of minority shareholders. Addressing these governance concerns was important for enhancing the company's long-term performance and investor trust.

Our Engagement

In mid-2022, we engaged with PGOLD's management to address three key governance concerns: raising the dividend per share (DPS) and establishing a formal dividend policy, increasing the number of independent directors on the board, and reducing related-party transactions.

As a result of our engagement, PGOLD made substantial improvements. The company raised its DPS by 72% and introduced a new dividend policy, committing to distribute at least 30% of the previous year's core income. In 2023, through continued discussions, we successfully advocated for replacing two long-serving Affiliated Directors with two non-affiliated Directors, significantly improving the board's independence. By mid-2023, all three Independent Directors were non-affiliated, a clear step forward in strengthening corporate governance.

In 2024, our discussions continued to focus on the governance risks linked to related-party transactions. The planned acquisition of Puremart, a 130-store small-format retail chain from Mr. Lucio Co, Puregold's principal shareholder, raised concerns about fairness and conflicts of interest. While management maintained that the transaction was conducted at arm's length and the cost was significantly lower than building new stores, we remain cautious. We continue to engage with PGOLD to ensure that similar transactions do not take place in the future, advocating for greater transparency and fairness. These efforts have yielded positive results. By the end of 2024, PGOLD's stock price outperformed the Filipino market, rising by 8%, and the company now trades at a higher valuation than Robinsons Retail, a clear sign of improved governance and the positive impact of our engagement. PGOLD's shift toward stronger corporate governance has not only mitigated the initial risks but has also reinforced its market position and bolstered investor confidence.

Agenda 2025

Our Plan

In 2025, our ESG agenda will focus on several key initiatives aimed at advancing our sustainability efforts.

Adding ESG Oversight to the Board's Charter

Our Board of Directors will be responsible for overseeing the Company's ESG strategy, ensuring that it aligns with the Company's overall objectives and supports long-term sustainability. In 2025, we will formalize ESG oversight as part of the Board's charter, strengthening its role in guiding our ESG initiatives and ensuring that they are integrated into our strategic decision-making.

ESG Initiatives Review and Collaboration

In 2025, we will conduct a thorough review of our existing ESG initiatives to assess their effectiveness and identify areas for further improvement. Additionally, we will explore opportunities to collaborate with industry partners on joint efforts to enhance ESG practices, contributing to collective progress on sustainability goals.

ESG Report and Alignment with Disclosure Frameworks

As part of our commitment to transparency and continuous improvement, we aim to align our ESG annual report with established disclosure frameworks, such as the UN SDGs or the SASB standards. This alignment will enhance the comparability and relevance of our ESG reporting, positioning our annual report as a tool for ongoing improvement toward industry best practices.

Engagement Policy Update

In 2025, we will update our Engagement Policy to reflect the improvements made to our research portal to better track engagement progress. We also plan to add an escalation policy to formalize our approach when our engagements with companies do not move in the desired direction.

Scope 1-2 Operational Emissions

In 2025, we plan to calculate and assess the emissions from our operations, covering Scope 1 and Scope 2 emissions. This initiative will help us understand the environmental impact of our operations and identify areas where we can reduce our carbon footprint.

Indigenous Awareness Practices

We acknowledge the importance of integrating Indigenous rights and perspectives within our ESG framework. In 2025, we plan to continue exploring & improving our ways in effort to better recognize and respect Indigenous communities. This will involve understanding how to engage thoughtfully, honour Indigenous cultures and traditions, and contribute to reconciliation efforts. Our approach will focus on fostering dialogue, enhancing awareness and understanding of Indigenous issues.

End Notes

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