

Sustainable Investing Report

2025



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Message from LetkoBrosseau

The year 2025 was marked by economic uncertainty, geopolitical tensions and a questioning of certain principles related to responsible investment, particularly in the United States. In this polarized and volatile environment, we see more than ever the relevance of staying true to our core beliefs and our responsible investment approach, focused on creating long-term value.

This year, this conviction has been reflected in the evolution of our ESG practices, through the formalization of processes and the strengthening of our team. These efforts reflect our desire to continuously progress, to remain a committed partner to our clients and to actively contribute to the sustainable finance ecosystem.

Recognizing the influence we have as a long-term shareholder, we actively support our portfolio companies in their transition to more responsible practices. In a context often marked by a short-term shareholder vision, we fully assume our fiduciary responsibility by integrating a sustainability perspective.

In concrete terms, this translates into ongoing dialogue with companies, as well as a continuous reflection on our own methods to ensure that our practices are aligned with the standards we defend. Our commitment is also demonstrated by respect and fairness towards all stakeholders (employees, customers, shareholders and partners) in a spirit of good governance.

We are pleased to present the progress made in 2025 in this report. It reflects our ambition to generate meaningful long-term impact, combining innovation and collaboration, while inspiring positive change through, and beyond, our investments.



David Després

B.B.A., M. Sc. Finance, CFA®

Executive Vice-President – Investment Services

Land Acknowledgement

At LetkoBrosseau, we recognize that our offices are located on the traditional and unceded territories of Indigenous peoples, who have cared for these lands since time immemorial and who still protect them today.

Our head office is located in Tiohtià:ke (Montreal), a place that has long been a gathering point for many First Nations. We acknowledge the Kanien'kehá:ka Nation as the traditional custodians of these lands and waters.

We also acknowledge that our Toronto office is on the traditional territory of the Wendat, Anishinaabeg, Haudenosaunee, the Chippewa and Mississaugas of the Credit First Nation.

Our Calgary office is located on the traditional territories in southern Alberta of the people of Treaty 7, which include the Blackfoot (comprised the Siksika, Piikani and Kainai First Nations), the Tsuut'ina, the Ktunaxa and the Stoney Nakoda Nations (including Chiniki, Bearspaw and Goodstoney First Nations). The City of Calgary is also a territory where the Métis Nation of Alberta, Region III lives.

We make this recognition in a spirit of respect and reflection, and with a commitment to continue our learning and contribute to meaningful reconciliation.

Artwork by Shianne Gould, a Mi'kmaq artist whose work explores themes of family and connection to the land¹.

1. Friends United. <https://www.friends-united.ca/>. Please refer to our section Reconciliation Framework section for more details.



Diversity, Equity & Inclusion

Our Approach

Per the SASB Materiality Map, diversity, equity and inclusion (DEI) is considered a material issue in our industry. Fostering diverse teams is essential to supporting innovation, strengthening decision-making, and maintaining a competitive edge in attracting and retaining talent. It also enables us to better understand and respond to the diverse needs of our clients and the broader global market¹.

At LetkoBrosseau, we believe that diversity of perspectives strengthens the quality of our analysis and contributes to more robust investment decisions, with the potential to enhance the risk-return profile of our portfolios.

The strength of our organization is also reflected in the stability and engagement of our employees. With an average tenure of 16 years within the investment team, our workforce demonstrates a high level of commitment, underscoring the depth and sustainability of our human capital.

Diversity Within Our Investment Team

- **30% of our team members born in emerging markets**
- **12 languages spoken**

- ***In 2025, gender diversity at the board-level improved to 25% (2 women out of 8 directors).***

Diversity and Inclusion Policy

LetkoBrosseau invests in companies around the globe. We live in a connected world that we seek to understand. The diversity we see is intimately linked to the opportunities we pursue. We believe we can best achieve our goals for our clients and ourselves by embracing diversity and inclusion. Diversity and inclusion strengthen our team.

LetkoBrosseau is committed to the principles that clients, suppliers, and employees are to be treated as individuals and equitably. Their talents, skills, knowledge, experience, creativity, discipline, and values are what distinguishes them and on which they must be selected, compensated, and allowed to progress. This means that recruiting, hiring, training, progression and compensation are not conditioned by race, colour, religion, language, gender, or sexual orientation.

Our culture and values promote these principles. All employees are responsible to always treat others with respect and dignity. We believe that people are at their best when they are attracted to and thrive in inclusive settings where their individual abilities are valued and can contribute to their success, the success of their peers, the success of our clients and of the firm.

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



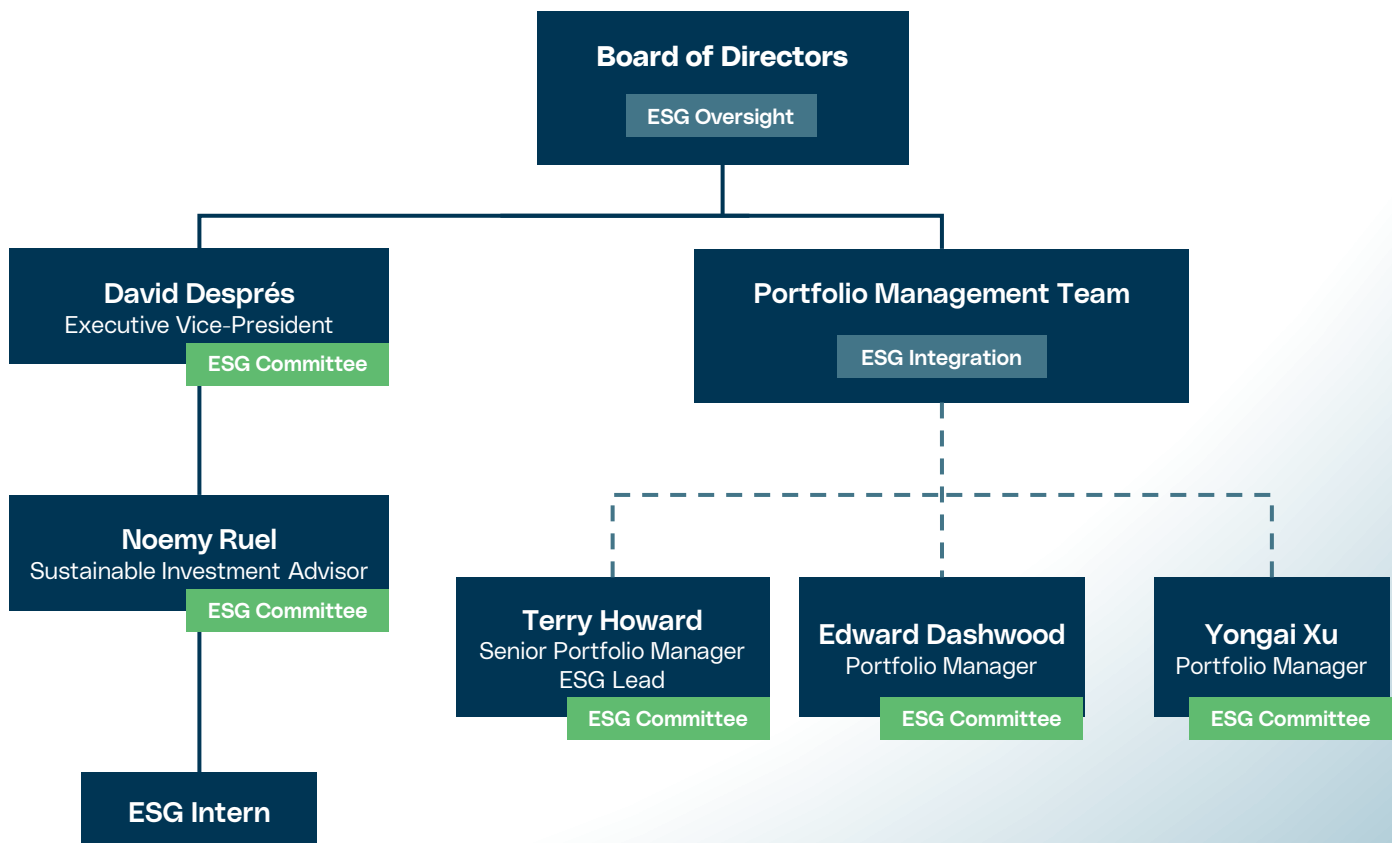
ESG Governance

Our Structure

At **LetkoBrosseau**, ESG-related responsibilities are embedded across all levels of our organization, from the Board of Directors to the investment team, ensuring sustainability considerations are consistently integrated into our strategic and operational processes.

This year, ESG was formally incorporated into the Board’s charter of responsibilities, reinforcing the Board’s role in overseeing the firm’s sustainability strategy. Our governance structure is designed to enable clear and effective decision-making, minimizing layers between different levels of governance.

In the Investment Services team, our Sustainable Investment Advisor reports directly to the Executive Vice-President, ensuring that ESG initiatives remain closely aligned with the firm’s strategic priorities. Within the Portfolio Management team, ESG factors are integrated into investment analyses, with the ESG Lead providing oversight and ensuring consistency throughout.



ESG Committee

Roles and Responsibilities

Created in 2021, the ESG Committee meets monthly and plays a central role in identifying and managing ESG-related priorities within the firm. It is responsible for structuring and formalizing the policies and frameworks governing our investment practices, including the ESG Policy, the Engagement Policy, and the Proxy Voting Policy.

The Committee also oversees the firm's ESG initiatives and establishes the annual agenda of upcoming ESG projects. In addition, it works to improve ESG data collection systems, build disclosure capabilities, and facilitate information sharing with colleagues and clients. It continually explores internal opportunities for LetkoBrosseau to strengthen its ESG and sustainability practices.

Committee members ensure that the firm remains up-to-date on the latest ESG developments and industry best practices by participating in relevant conferences and summits. The Committee is composed of the Executive Vice-President of Investment Services, a Senior Portfolio Manager (ESG Lead), two Portfolio Managers, and a Sustainable Investment Advisor. By including representatives from both research and investment services/client-facing teams, the Committee ensures that all ESG perspectives and realities across the firm are considered and integrated.



Investment Team

Sustainable Investment

Our assets are managed by a team of investment professionals, specialized by industry sector.

Our investment team includes 20 investment professionals (Portfolio Managers and Senior Portfolio Managers) with diverse academic and cultural backgrounds.

We typically recruit academically talented individuals from a variety of disciplines, such as engineering and science. We believe this has fostered a deep knowledge of international sectors, significantly enriching our team's global investment reach.

Our approach to ESG integration is unique in that we don't simply add ESG analysis after completing the company or sector research. In reality, each research analyst has ongoing ESG responsibilities in their covered sectors. To ensure that our team is fully capable of integrating these responsibilities, analysts are encouraged to obtain the FSA (Fundamentals of Sustainability Accounting) credential.



- **22 years of average experience**
- **16 years average tenure at LBA**
- **19 CFA® charterholders***
- **17 FSA credential holders***
- **14 MBAs**

Affiliations

Collaborative Industry Initiatives

*We support
the following
organizations:*

Signatory of:



LetkoBrosseau became a signatory to the United Nations' Principles for Responsible Investment (PRI)¹ in 2019. In 2025, we filed our public report with the PRI and published our Assessment report as well as our Transparency report.



We are a member of the Canadian Coalition for Good Governance (CCGG)² and actively participate in it. Peter Letko, one of LBA's founder, has been a member of the Board of Directors since June 2019. As part of CCGG's engagement program, we have participated in meetings with boards of directors of various companies in Canada.



In 2025, we became a member of the National Aboriginal Trust Officers Association (NATO A)³, a Canadian charity that provides Indigenous communities with knowledge and resources on creating, managing and operating trust funds and investments. Through this commitment, we aim to follow these principles in our engagement with Indigenous communities.



The Sustainability Accounting Standards Board (SASB)⁴ standards provide guidance on financially-material sustainability issues specific to each industry. Since 2022, the SASB Standards have been managed by the IFRS Foundation and integrated into the framework of the International Sustainability Standards Board (ISSB). We align with these standards as a reference for our ESG investment integration and to guide our own reporting on the elements that are most material to our industry.

1. UNPRI. <https://www.unpri.org/>

2. CCGG. <https://ccgg.ca/>

3. NATOA. <https://natoa.ca/>

4. SASB. <https://www.ifrs.org/issued-standards/sasb-standards/>

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 inception of the firm in 1987, we have been committed to evaluating material ESG considerations through our research process and seamlessly integrating these throughout our fundamental researches. 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

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.



Our framework for ESG research and integration starts with the 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 issues¹. The analyst leverages their industry expertise and knowledge of these material issues to fully integrate ESG into their research.



Once our research of a company is complete, our analyst will write a detailed thesis outlining the company's growth potential, including any 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 Sustainalytics² and Glass Lewis³ (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, if there are any, 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 may 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

2025 Highlights

In 2025, we continued our ESG journey by making continuous improvements through various initiatives. These projects were designed to improve the integration of ESG factors into our investments, as well as to refine our internal processes as a firm. The following highlights showcase the key projects completed over the past year, demonstrating our ongoing commitment to sustainability.

Engagement Policy Update

In 2025, we updated our engagement policy to align with planned improvements to our internal ESG and engagement tracking tools as part of our 2026 agenda. We also added an escalation policy to formalize the practices we had in place regarding engagements with companies when progress does not meet our expectations.

ESG Reporting and Alignment with Disclosure Frameworks

As part of our commitment to transparency and continuous improvement, we are further aligning our annual ESG report with recognized disclosure frameworks, such as the United Nations Sustainable Development Goals (SDGs) and SASB standards. This alignment reinforces the comparability and relevance of our disclosure, positioning our annual report as a tool for continuous improvement aligned with industry best practices.

Creation of a Sustainable Investment Advisor Position

Within the Investment Services team, we formalized a Sustainable Investment Advisor position to strengthen ESG integration in our investment processes and support firm-wide ESG initiatives and strategy. Reporting directly to the Executive Vice-President, this role ensures ESG considerations are embedded in the firm's strategy, enhancing long-term sustainability objectives.



ESG Oversight Formally Added to the Board Charter of Responsibilities

In 2025, ESG oversight was formally added to the Board charter, reinforcing its role in overseeing ESG matters. Now responsible for overseeing the firm's ESG strategy, the Board ensures alignment with overall objectives and supports long-term sustainability. This formal integration places ESG oversight at the highest governance level, emphasizing its strategic importance.

Indigenous Reconciliation

As part of our Indigenous reconciliation journey, we became a member of NATOA, a Canadian charity that supports First Nations in creating and managing trusts and financial tools. We also compiled data on our Canadian portfolio to better understand our impact. Lastly, we provided a reconciliation training to our employees and achieved a 30% participation rate.

Formalization of Two Systematic ESG Themes

This year, we have formalized two systematic ESG themes, which we now track in a transversal and quantifiable way across all holdings, and all sectors:

Climate: GHG emissions, Net-Zero targets, SBTi validation, biodiversity policy, disclosure alignment with TCFD/IFRS S2

DEI: Board diversity, DEI targets, and DEI policy

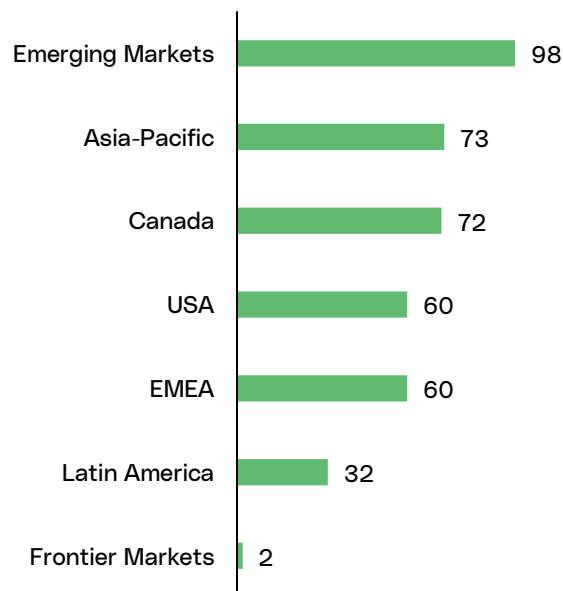


Summary of Proxy Voting

Proxy voting is one of the most important rights of shareholders. We 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, an 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 them of our voting intentions. We vote all our proxies, and a summary is available on our website.

Number of Proxies Voted by Geography



3,559
Resolutions Voted

297
Proxies voted

553 Number of resolutions where we voted against recommendation of management

1,868 Number of resolutions for election of directors

347 Number of resolutions for election of directors that we did not support

136 Shareholder proposals voted

27 Shareholder proposals supported

Systematic ESG Topics

Diversity

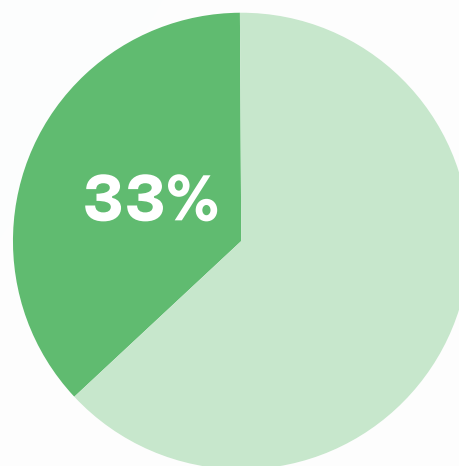
We believe that board diversity leads to positive long-term outcomes for companies and, as such, we strongly encourage organizations to establish comprehensive diversity policies. These policies should address, at a minimum, gender and ethnicity, ensuring a more inclusive and balanced approach to leadership.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

As outlined in the 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 2025, we voted against management on 30 occasions, in favor of greater gender diversity on the board.

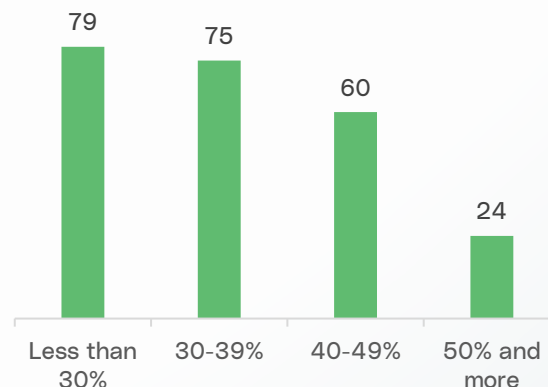
Female Representation at Board-Level*

Out of 238 companies we hold as of December 31st, 2025



Distribution of Female Representation at Board-Level – Number of Companies*

Out of 238 companies we hold as of December 31st, 2025



*Data sourced from LetkoBrosseau's ESG internal database.

Systematic ESG Topics

Climate

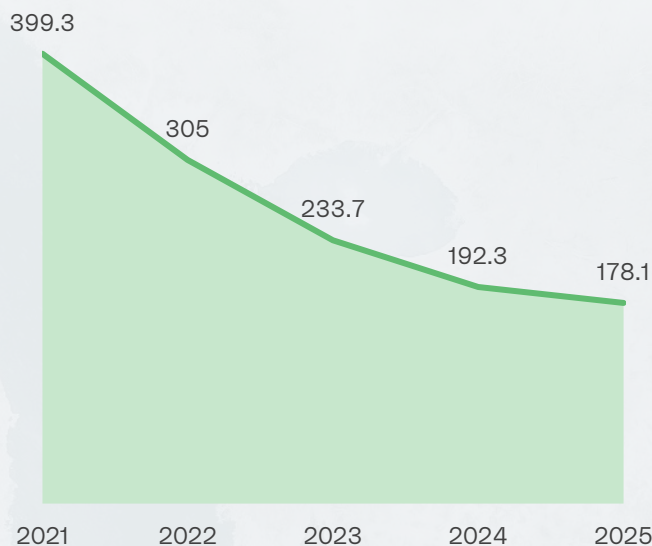
We fully support the necessary transition toward a lower-carbon economy, which includes increased transparency, urgent action, and clear commitment to reduction targets. In this context, our investment approach is aligned with Net Zero.

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.

Carbon Intensity

Historical Weighted Average Across All Holdings
t CO2e/M \$ US Sales



Climate Metrics*

Out of 238 companies we hold as of December 31st, 2025

	% of portfolio
Companies with Net-Zero Commitment by 2050	58 %
Net-Zero Targets SBTi-Validated	27 %
Companies with TCFD/IFRS S2 Aligned Disclosure	69 %
Companies With a Biodiversity Policy	56 %

*Data sourced from LetkoBrosseau's ESG internal database.



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.

Reconciliation Framework

Canadian Equities

We acknowledge the importance of integrating Indigenous rights and perspectives within our ESG framework. We are committed to exploring and improving our efforts to better recognize and respect Indigenous communities. This involves understanding how to engage thoughtfully, honour Indigenous cultures and traditions, and contribute to reconciliation efforts. Our approach focuses on fostering dialogue, enhancing awareness and understanding of Indigenous issues.

As of December 2025, 38% of our Canadian companies had an Indigenous policy or consultation/reconciliation plan in place.

We monitor and track Indigenous policies, and reconciliation plans, amongst our Canadian holdings as part of our goal to integrate reconciliation in our investment framework.

38%

**Canadian Portfolio
Companies with
Consultation or
Reconciliation Plans**

Our Reconciliation Journey

Truth and Reconciliation Day 2025

The firm offered a voluntary training session on Indigenous histories, perspectives, and reconciliation to all employees, achieving a successful 30% participation rate, in just one year, in fostering learning and meaningful dialogue. We aim to make this an annual initiative. Orange shirts from the Orange Shirt Society¹ were distributed to training participants, with all proceeds donated directly to the organization in support of its ongoing education and reconciliation initiatives.

Featuring Indigenous Art

As part of our reconciliation efforts, we donated to Friends United². This Nova Scotia non-profit supports Indigenous artists by enhancing visibility and providing economic opportunities. Our initiative aims to supply art materials and promote local talent, contributing to cultural preservation and awareness.



1. Orange Shirt Society. <https://orangeshirtday.org/>

2. Friends United. <https://www.friends-united.ca/>

Engagement Topics

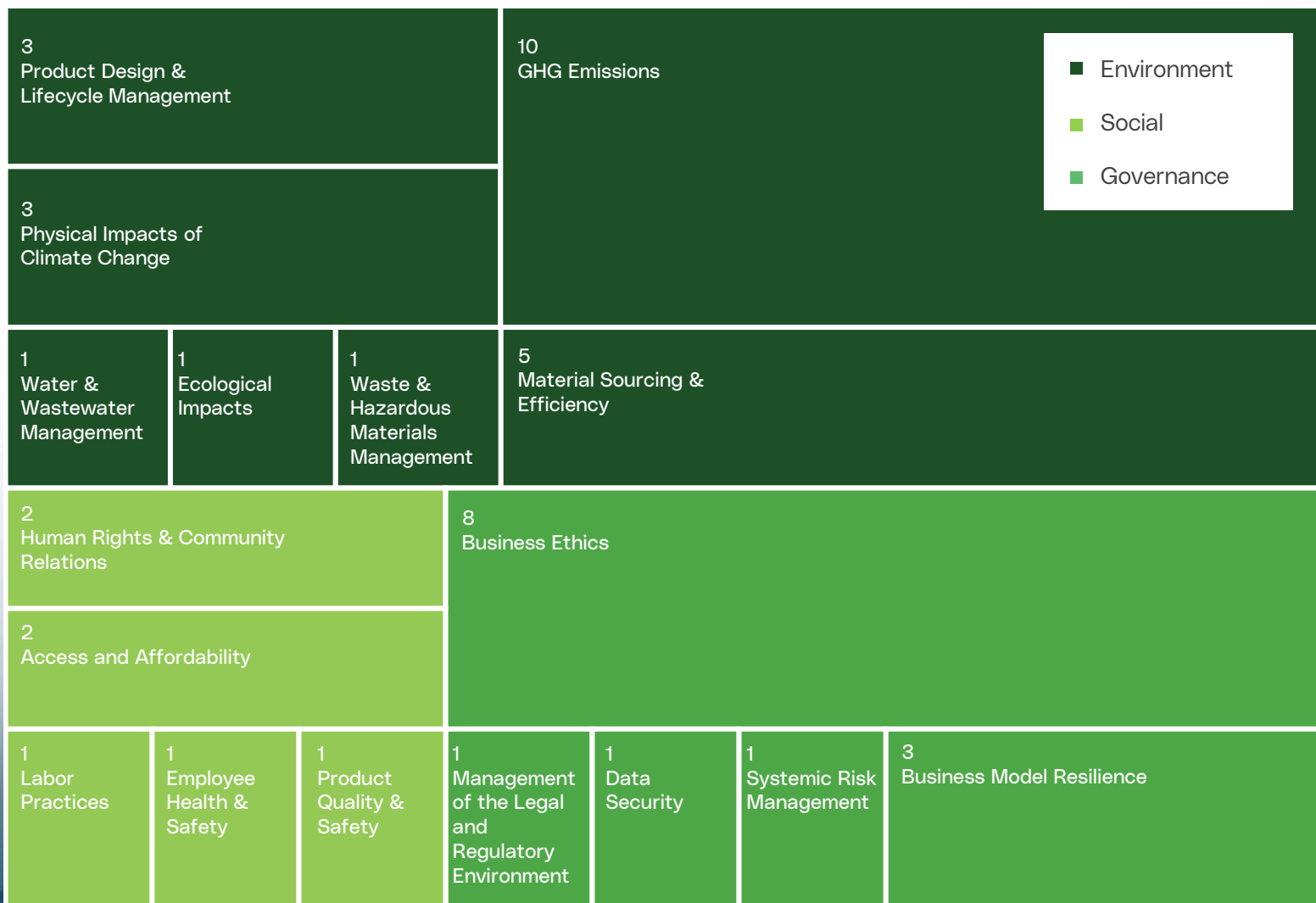
Canadian Equities

45 ongoing 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 the 45 engagements we made within our Canadian portfolio in 2025. 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 SASB¹ framework, complemented by the expertise of our analysts.

The table below illustrates the proportion of each topic within the total number of engagements. We remain committed to further improving the compilation and disclosure of our ongoing engagements.

Engagements topics per SASB's Framework



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 material matters that are typically important to a given industry, including ESG risks and opportunities.

Our ESG approach considers engagement through a dual lens, understanding the challenges and opportunities for individual businesses while simultaneously assessing their systemic effects on the broader portfolio. 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.

Contribution to the United Nations 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 future¹.

**Letko
Brosseau**



LetkoBrosseau supports the Sustainable Development Goals

Examples of Engagement

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 progress, 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 3 SDGs to which we believe we make the most significant contributions.



- **Air Canada**
- **Air Arabia PJSC**



- **The Toronto-Dominion Bank (TD)**
- **Manila Water Company, Inc.**
- **Lassonde Industries Inc.**



- **Suncor Energy Inc.**

Air Canada

Canadian Equities

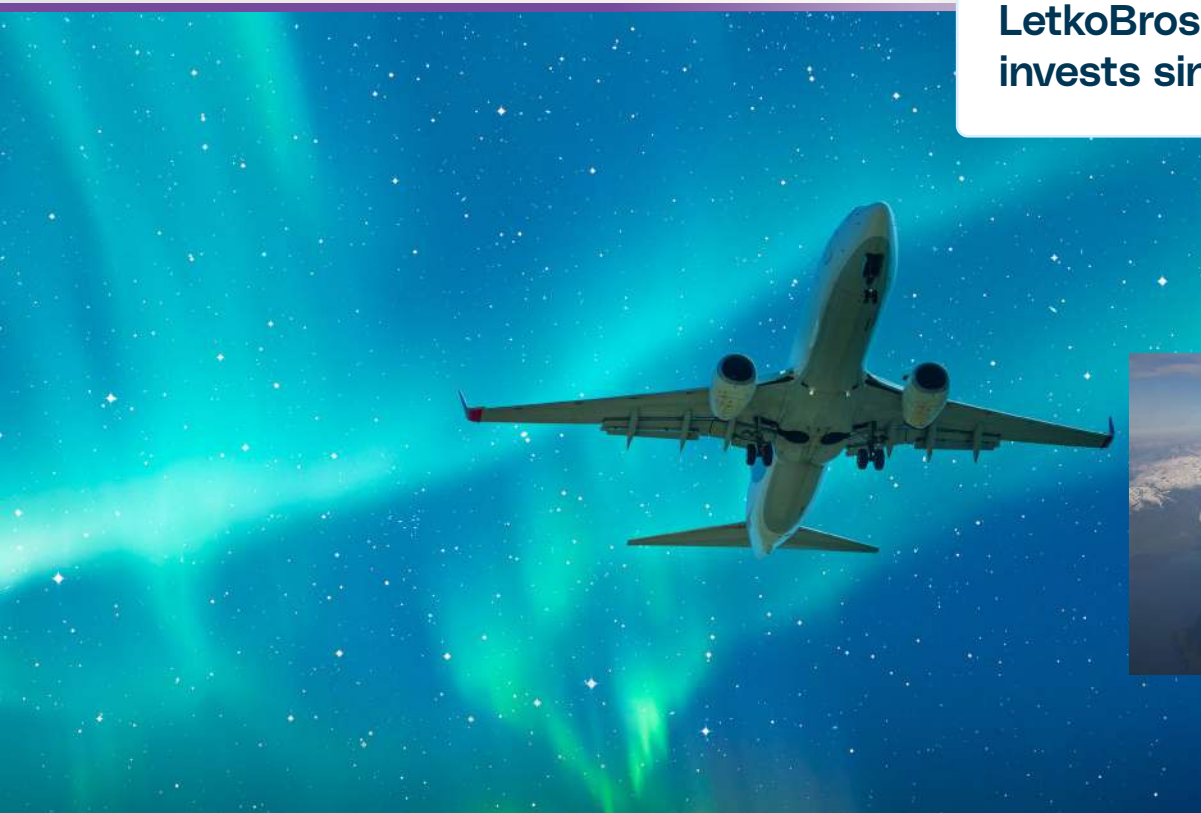


Head Office	Founded	Industry	Engagement Topic
Montréal, Canada	1937	Passenger Airlines	GHG Emissions

Air Canada is the largest airline in Canada, providing passenger and cargo services to over 200 destinations in more than 50 countries. It operates a fleet of narrow-body and wide-body aircraft for both long-haul and regional flights and offers complementary services such as cargo transport and loyalty programs.

The airline is a founding member of the Star Alliance, enabling it to expand its global network of connections. It also plays a significant role in supporting Canada’s domestic and international air travel infrastructure.

LetkoBrosseau invests since 2009



Air Canada

Continued



ESG Risk

Greenhouse gas (GHG) emissions are financially material for the airline industry due to its heavy reliance on fossil fuels. Aircraft fuel combustion is the primary source of emissions, exposing companies such as Air Canada to significant environmental risks, including stricter regulations, carbon pricing mechanisms, and evolving climate policies.

These risks can lead to higher operating costs and require substantial investments in decarbonization solutions, such as more fuel-efficient aircraft and sustainable aviation fuels. Failure to effectively manage emissions may also impact competitiveness, profitability, and corporate reputation in a transitioning low-carbon economy.

Our Engagement

In 2025, we continued our engagement with Air Canada, building on the discussions we have had over the past few years. We meet annually with the Board of Directors and engage regularly with senior management and the ESG team to monitor engagements and assess the Board's oversight of climate-related risks and opportunities.

Our discussions focused on the company's trajectory to Net-Zero emissions and its interim targets for reducing GHG emissions by 2030. In line with the expectations expressed in 2023 regarding the clarity and credibility of the transition plan, Air Canada has maintained and strengthened communication around its climate strategy. The company reaffirmed its goal of achieving Net-Zero emissions by 2050, its emissions reduction targets (compared to 2019) as well as its \$50 million financial investment to support sustainable aviation fuels (SAF) and carbon reduction initiatives¹.

Among the advances put forward are the reduction of more than 162,000 tCO₂e through energy efficiency initiatives deployed since 2016, the central role given to SAF in the decarbonization strategy and the continued electrification of ground support equipment in collaboration with Canadian airport authorities.

1. Air Canada. <https://leaveless.aircanada.com/ca/en/leave-less.html>

The Toronto-Dominion Bank (TD)

Canadian Equities



Head Office	Founded	Industry	Engagement Topic
Toronto, Canada	1955	Diversified Banks	Business Ethics

TD Bank is a Canadian financial institution providing a range of banking and financial services, including personal and commercial banking, wealth management, insurance, and investment services. It operates through a network of branches, online platforms, and subsidiaries in Canada, the United States, and select international markets. The majority of TD's revenue comes from interest income on loans, banking fees, and investment products. TD serves millions of customers across personal, small business, and corporate segments. The bank plays a role in supporting economic activity and the financial services infrastructure in North America.



**LetkoBrosseau
invests since 1996**

The Toronto-Dominion Bank (TD)

Continued



ESG Risk

Business ethics represent a financially material risk for banks due to the potential for regulatory penalties, legal liability, and reputational damage. Ethical lapses can include market manipulation, money laundering, sanctions violations, bribery, and conflicts of interest, all of which may directly affect the bank's financial performance and operational resilience.

TD has previously faced material consequences from under-investment in its Anti-Money Laundering (AML) and Bank Secrecy Act (BSA) compliance programs. These shortcomings resulted in monetary fines and restrictions on the growth of its U.S. business imposed by regulators, highlighting the financial impact of inadequate controls and oversight.

Failure to manage these risks effectively could expose TD to further regulatory action, increased compliance costs, and reputational harm, emphasizing the critical importance of robust ethical and compliance practices in safeguarding the bank's long-term value.

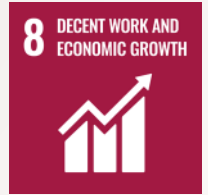
Our Engagement

We met with TD Bank's board of directors regarding this issue. Following our engagement, we noted concrete progress: the board reassured us that the risk of additional regulatory investigations was limited, in part due to the plea agreement with the U.S. Department of Justice. They confirmed that no senior management outside the AML department was under investigation. The bank had identified a talent shortage as the root cause of prior AML gaps. In response, TD recruited 40 experienced executives and hundreds of additional staff from global banks and law enforcement to strengthen its compliance framework. Over the previous year and a half, a special board committee held more than 40 meetings to oversee AML remediation, reflecting a sustained focus at the enterprise level. TD also undertook leadership and governance changes to support this transformation. Raymond Chun succeeded as CEO in April 2025, bringing extensive experience in risk management and technology, while the board was renewed to ensure effective oversight and continuity of expertise. The board emphasized that growth would continue to be pursued responsibly, particularly in Canada, despite regulatory constraints on the U.S. business.

These initiatives demonstrated a strong commitment to transforming governance and compliance practices. We continued to closely monitor the implementation of these measures to ensure that improvements in AML, risk management, and ethical conduct were tangible, sustainable, and aligned with long-term business objectives.

Suncor Energy Inc.

Canadian Equities

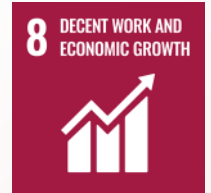


Head Office	Founded	Industry	Engagement Topic
Calgary, Canada	1917	Integrated Oil & Gas	Employee Health & Safety

Suncor is a Canadian integrated energy company that produces and supplies energy from oil sands, conventional oil, and natural gas. Its operations include oil sands development and production, exploration and production of energy resources, and petroleum refining and marketing. The majority of Suncor’s revenue comes from the sale of petroleum products and related energy commodities. The company also invests in technological innovation to improve operational efficiency and resource recovery. Suncor plays a significant role in the North American energy sector through its broad value chain from upstream production to downstream sales.



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ESG Risk

Health and safety (H&S) constitute a financially material risk in the oil and gas sector due to the inherent hazards of operations, including high-pressure equipment, heavy machinery, chemical exposure, and transportation activities. At Suncor, this risk has been underscored by seven fatalities recorded across its operations between 2020 and 2022. These incidents raised significant concerns regarding operational risk management, organizational culture, and governance.

Employee safety represents a critical ESG risk for Suncor, with implications not only for human welfare but also for operational continuity and corporate reputation. The frequency and severity of these events also highlight potential challenges in ensuring a robust safety culture across the organization.

Our Engagement

We maintain regular exchanges with the management team as well as with the Board of Directors. Following three deaths between 2020 and 2021, we raised our concern directly with the CEO at a meeting in July 2021, emphasizing the urgent need to improve employee safety and strengthen the safety culture within the company. We also engaged with the Chairman of the Board of Directors to ensure that these issues received attention at the highest level of governance.

Despite these ongoing discussions, new serious incidents were reported in early 2022. In a follow-up exchange with management in February 2022, we reiterated our growing concerns and urged accelerated action, despite the announcement of a plan to review safety procedures. In July 2022, a further death was reported, and the CEO stepped down shortly thereafter, by mutual agreement with the Board of Directors, acknowledging the need for significant changes to improve the company's safety and operational performance.

Since then, several measures have been implemented, including the appointment of a new CEO and the strengthening of safety-related performance indicators in executive compensation. Under this new leadership, the company has made encouraging progress, with no fatalities or serious injuries reported since July 2022. We continue to actively engage with management and the Board to monitor these improvements closely and ensure that enhanced safety practices become a lasting and integral part of the company's culture.

Manila Water Company, Inc.

Emerging Markets



Head Office	Founded	Industry	Engagement Topic
Quezon City, Philippines	1997	Water Utilities	Business Ethics

Manila Water Company is a Philippine water utility that provides water supply, wastewater, and sanitation services to residential, commercial, and industrial customers. It primarily operates in the East Zone of Metro Manila and Rizal, serving millions of people, and has expanded its operations to other regions in the Philippines as well as internationally. The company generates most of its revenue from the sale and distribution of water and wastewater services. Manila Water also develops and manages water infrastructure projects and delivers related technical and engineering services.



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Manila Water Company, Inc.

Continued



ESG Risk

The lack of disclosure of certain financial information related to acquisitions represents a material ESG risk in the utilities sector, particularly concerning governance and business ethics. Limited transparency regarding valuation methods and the financial details of transactions can affect investors' ability to accurately assess associated risks and financial impacts. This issue is especially material in cases involving related-party transactions, where insufficient disclosure raises concerns about conflicts of interest and the protection of shareholder rights.

For Manila Water, the limited transparency around the acquisition of the Wawa Dam project increased these risks, given the transaction's impact on the company's debt level and the absence of an independent valuation. Strengthening disclosure practices and improving transparency were, therefore, critical to maintaining investor confidence and ensuring robust governance.

Our Engagement

In June 2025, Manila Water announced the acquisition of the Wawa Dam project from its parent company. The project was a bulk water supply facility operating under a 30-year take-or-pay contract with an inflation-indexed tariff. Management indicated that the transaction was financially beneficial and aligned with the company's long-term operational and water sufficiency objectives and highlighted the company's ability to operate the facility and deliver the projected operational benefits.

Despite the alignment with Manila Water's strategic goals, the deal increased the company's debt level and lacked sufficient disclosure regarding valuation methods and financial details. We, therefore, engaged with management to discuss the transaction, its future strategy, and to express our concerns about the absence of an independent evaluation and limited transparency.

We will keep engaging with the company until we see improvement in the disclosure. We will also watch for the operational synergies from this deal.

Air Arabia PJSC

Emerging Markets



Head Office	Founded	Industry	Engagement Topic
Sharjah, United Arab Emirates	2003	Passenger Airlines	GHG Emissions

Air Arabia is a low-cost airline providing scheduled passenger and cargo services across the Middle East, North Africa, Asia, and Europe. It serves over 170 destinations through multiple hubs and has developed regional subsidiaries to expand its network. The airline generates the majority of its revenue from passenger ticket sales, with additional income from cargo services and ancillary offerings such as baggage fees, onboard products, and its frequent-flyer program. Air Arabia plays a key role in connecting regional markets and supporting affordable air travel in its operating areas.



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Air Arabia PJSC

Continued



ESG Risk

As GHG emissions represent a financially material risk in the airline industry, low-cost carriers face particular challenges due to their cost-sensitive business models and high reliance on fuel efficiency. The absence of clear and quantifiable climate targets increases exposure to environmental and strategic risks, as it limits the credibility of decarbonization efforts and heightens vulnerability to regulatory pressures, rising investor expectations, and potential reputational impacts.

In this context, Air Arabia is further exposed to transition risks given a fleet still largely composed of less energy-efficient aircraft, which may result in higher fuel consumption, increased operating costs, and greater capital requirements to remain competitive in a low-carbon economy.

Our Engagement

We have been in dialogue with Air Arabia since 2023 to better understand and monitor the company's emissions reduction strategy. To date, our discussions with management have revealed that the company has not yet set quantifiable emissions reduction targets. Unlike several players in the global aviation sector who have committed to achieving Net-Zero emissions by 2050, Air Arabia has not yet set long-term climate targets, indicating potential for improvement in this area.

The company's current performance in terms of emissions intensity remains relatively weak. This is mainly due to the composition of its fleet: at the end of 2024, Air Arabia operated 74 aircraft, including 58 older generation models, which are about 15 to 20 percent less energy efficient than the new aircraft introduced to the market. As a result, the current fleet is still significantly less efficient than that of many competitors.

That said, following our engagement, Air Arabia has made progress in its reporting and sustainability practices, reflected in its "Leader" MSCI ESG Rating with an AA score in 2025¹, and has implemented operational initiatives such as fuel-saving measures and a paperless cockpit program.

The company has also placed an order for 120 new-generation A321 NEO aircraft, expected to gradually improve fleet efficiency over the next few years. Within three years, we estimate that around half of the fleet will be made up of these newer models, leading to a significant improvement in fuel efficiency year on year. Our ongoing engagement is to encourage the company to set concrete and measurable emissions reduction targets, particularly in the short and medium term (e.g., by 2030), where visibility is greater.

1. Air Arabia. <https://www.airarabia.com/en/about-us/sustainability>

Lassonde Industries Inc.

Canadian Equities



Head Office	Founded	Industry	Engagement Topic
Rougemont, Canada	1918	Packaged Foods & Meals	Management of the Legal and Regulatory Environment

Lassonde Industries is a Canadian food and beverage company that develops, manufactures, and markets a diverse range of ready-to-drink beverages, fruit-based snacks, and specialty food products in Canada, the United States, and other markets. The company’s product portfolio includes fruit and vegetable juices, fruit-based snacks, sauces, soups and broths, as well as selected wines, ciders, and other beverages, which it sells under its own and licensed brands. Lassonde generates most of its revenue from the sale of these consumer products through retail and foodservice channels. It distributes products to supermarket chains, wholesalers, convenience stores, and institutional customers.



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ESG Risk

Gaps in transparency and disclosure represent a financially material ESG risk for the packaged food industry, as they can limit stakeholders' and rating agencies' ability to accurately assess a company's compliance with legal, regulatory, and ESG requirements. For Lassonde, insufficient communication regarding supplier audits, water management practices, and labour-related risks could have created the perception of operational or regulatory shortcomings, potentially affecting the company's reputation, investor confidence, and exposure to regulatory scrutiny.

Failure to provide timely and accurate information also increased the risk that authorities or rating agencies might misjudge the company's ESG performance, which could have led to stricter oversight or reputational consequences. Maintaining robust reporting and proactive engagement with regulators and rating agencies was therefore critical to mitigating these governance and compliance risks.

Our Engagement

In 2024, Sustainalytics gave Lassonde an ESG risk score of 40.4, placing the company in the "Severe Risk" category. While this level is not unusual for the packaged food sector, the rating did not reflect the progress Lassonde had made since Sustainalytics last reviewed its data in 2021–2022.

We then engaged with Lassonde's leadership and ESG team to discuss the result. We explained that the high score seemed to be driven mainly by gaps in communication and transparency with Sustainalytics rather than by major operational issues. We therefore encouraged the company to improve disclosure and maintain regular contact with the rating agency.

In response, Lassonde took several concrete actions. It contacted Sustainalytics directly to explain its progress and published a new ESG report. The company also improved reporting on supplier audit results and strengthened its water management efforts. A dedicated team now works with operations and engineering to monitor data and implement actions. Lassonde also set 2026 water reduction targets for both beverage and food plants.

As a result of these reporting efforts, in 2025, Lassonde's ESG risk score improved by 7 points to 33¹, allowing the company to move out of the "Severe Risk" category. Most importantly, the improved disclosure and transparency allowed us to better assess the ESG risks and opportunities facing the company.

1. Lassonde, Sustainalytics. <https://www.morningstar.com/stocks/xtse/las.a/sustainability>

Agenda 2026

In 2026, our ESG agenda will focus on several key initiatives to advance our sustainability efforts.

- **Internal Audit of Our 2026 PRI Reporting**

In 2026, we will conduct an internal audit of our PRI statement to strengthen the quality, consistency, and alignment of our data with PRI expectations, while reaffirming our commitment to responsible and transparent investment practices.

- **Completion of the ESG Portal Redesign**

In 2025, we initiated the redesign of our internal research portal to enhance our ability to track and measure ESG data. Building on this foundation, we are continuing our efforts with additional updates aimed at centralizing engagement results and implementing systematic ESG indicators. These improvements will enable us to establish an ESG integration tracker, monitor our engagements, measure their progress, and track any escalations if they occur. Our goal is also to implement a formal internal due diligence process for our ESG research portal, supported by a tracker to monitor data entries. This process will ensure the consistency, accuracy, and timely updating of ESG information provided by our research analysts.

- **Calculation of Our Operational Emissions**

In 2026, we plan to perform the calculation of our operational emissions to measure and establish a baseline for our carbon footprint, with the support of an external consulting firm. This initiative represents a key step in monitoring our emissions over time and directing our actions towards a sustainable reduction of our environmental impact.

- **Continuous ESG Learning and Development**

In addition to their FSA credentials, we aim to implement ongoing ESG training for our research analysts to ensure their knowledge remains up to date and to further strengthen ESG expertise across the firm. In parallel, our Sustainable Investment Advisor will be required to obtain FSA credential in 2026.

- **Strengthening Our Efforts Toward Reconciliation with Indigenous Peoples**

Our goal is to deepen our engagement in reconciliation by actively participating in events and ongoing outreach initiatives, including in-person activities, while enhancing our disclosure to foster greater transparency and accountability on the topic.

End Notes

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