

2022

ESG Annual Report

Acting with Intention



2022 Highlights

We are intentional about how we manage risks and create opportunities through ESG and climate action. We take a systematic approach aligned to the best financial interest of our clients, and continue to evolve our practices and build capacity across BCI.

Released an update to our Climate Action Plan, affirming our commitment to use our influence to drive actions **aligned with the global goal of achieving net-zero greenhouse gas emissions by 2050.**

Participated in **collaborative engagement initiatives in public markets targeting 2,294 companies** on climate change, gender diversity, and sustainable finance.

Developed the **11th edition of our Proxy Voting Guidelines**, raising expectations for climate disclosure and performance, diversity, corporate governance, and protection of shareholder rights.

QuadReal Property Group¹ (QuadReal) committed to reach net-zero emissions by 2050 in alignment with BCI's expectations for portfolio companies, building on its long track record of reducing emissions.

Appointed **BCI's first global head of ESG**; this newly created position reflects our corporate-wide commitment to ESG and will oversee all activities across BCI.

Increased ESG capacity across all teams, with new hires specializing in ESG for private markets to support our private equity and infrastructure & renewable resources programs.

Invested in **26 sustainable bond issuances valued at over \$1.45 billion**, increasing total historical participation to over \$4 billion; we expect this number to grow to \$5 billion by 2025.

Invested in climate-related opportunities, including our **first direct investment in solar** within our infrastructure & renewable resources program.

CLIMATE-RELATED REPORTING

BCI incorporates the Task Force on Climate-related Financial Disclosures (TCFD) recommendations into our reporting and disclosure practices.

Our TCFD disclosures will be integrated into our Corporate Annual Report alongside our financial reporting, starting with the fiscal 2023 report.

Our approach to climate reporting and most recent climate-related disclosures can be found at **BCI.ca/climate**

¹ QuadReal, a company owned by BCI, actively manages our clients' real estate equity and real estate debt investment portfolios.

Contents

British Columbia Investment Management Corporation (BCI) is amongst the largest institutional investors in Canada with \$211.1 billion under management, as of March 31, 2022. Based in Victoria, British Columbia, with offices in Vancouver, New York City, and London, U.K., BCI is invested in: fixed income and private debt; public and private equity; infrastructure and renewable resources; as well as real estate equity and real estate debt through our independently operated platform company QuadReal Property Group. With our global outlook, we seek investment opportunities that convert savings into productive capital that will meet our clients' risk and return requirements over time. This compels us to integrate long-term ESG matters into all investment decisions and activities. BCI's clients include pension plans representing over 715,000 plan members, insurance funds providing more than three million Autoplan insurance policies annually, benefits coverage to more than two million workers and 225,000 companies, and special purpose funds within British Columbia's public sector. Founded in 1999, BCI is a statutory corporation created by the *Public Sector Pension Plans Act*.

For more information, visit our website or follow us on LinkedIn.

BCI.ca | 

BCI's 2022 ESG Annual Report reflects activities and data from January 1 to December 31, 2022, unless otherwise specified.

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ESG

Refers to any environmental, social, or governance (ESG) factor that could positively or negatively affect the risk or return of an investment, sector, or fund. These factors can be company-specific, like board independence, or systemic, like climate change. For this report, we consider ESG to be synonymous with responsible investing and sustainable investing.

From our Board Chair

PETER MILBURN

ESG oversight is integral to BCI's ability to generate long-term, sustainable value for its clients.

Our board is committed to ensuring ESG is integrated into operational and risk management activities at BCI. Our responsibility is to provide management with the appropriate structures and resources to address ESG risks and opportunities. We do this by approving BCI's ESG Governance Policy and Business Plan, overseeing ESG activities and reporting, and ensuring strong governance and practices, as well as clearly defined responsibilities, are in place. With four directors appointed by client boards and three appointed by the provincial government, our board is attuned to the importance of ESG to our many stakeholders.

As ESG factors and expectations evolve, so does our approach to ESG governance. This past year was particularly impactful as we conducted our review of BCI's ESG Governance Policy, first approved in 2020. Our updates to the policy, approved and published in April 2023, will support BCI's continued alignment with current and future best practices, as well as clients' interests. In parallel, we evaluated the reporting required for effective operational oversight of ESG activities, and agreed on a set of ESG-related corporate key performance indicators. Regular review of this data will further enable our board to monitor BCI's ESG performance and stewardship.

Through our regular sessions and dialogue, we also looked for opportunities to strengthen the depth and breadth of our collective knowledge of ESG trends and new developments, notably climate change and Indigenous reconciliation. Our board recognizes the importance of continuous development, and fostering an understanding of these critical matters.

As we look back on 2022, we are confident that we are managing ESG risks and opportunities in alignment with our clients' long-term expectations and return objectives. With the release of BCI's updated ESG Governance Policy, and our continuous commitment to deepening and broadening our ESG knowledge and skills, our board is proud of our work to date and energized to continue evolving our oversight of ESG on behalf of BCI's clients.

Peter Milburn
Chair, BCI Board of Directors



“As ESG factors and expectations evolve, so does our approach to ESG governance.”

From our CEO/CIO

GORDON J. FYFE



“Active asset managers are playing a critical role in advancing ESG objectives within an increasingly nuanced and fast-changing environment.

The past year continued to bring about significant changes in the global economy and geopolitical landscape.

Unprecedented natural disasters caused a number of humanitarian crises across the globe and billions in financial losses. The Russia-Ukraine war wreaked havoc on the ground and in financial markets, leading to large-scale volatility across the global energy sector. These events highlight that although decarbonization of the global economy is underway and must occur to reach our collective climate goals, it will not be a smooth or easy road.

They also demonstrate the complexities of ESG issues for investors. From capital deployment to working with portfolio companies, governments, and regulators around the world, active asset managers are playing a critical role in advancing ESG objectives within an increasingly nuanced and fast-changing environment, all while staying focused on fulfilling mandates to clients.

ADVANCING ESG AS AN ACTIVE MANAGER

At BCI, our strategy for success is to be deliberate and intentional about what we want to accomplish and how we do it in order to serve clients' best financial interests.

We believe, as do our clients, that ESG matters make a difference and translate to meaningful distinctions in a company's ability to generate long-term value for investors. As a result, we apply the same rigour and due diligence to evaluating ESG factors as we do traditional financial factors to maximize long-term performance. As an active asset manager, we use our influence, internal expertise, and governance rights to align interests with our stakeholders and pursue common ESG goals.

Importantly, we continue to take decisive actions to strengthen our ability to manage ESG risks and capitalize on opportunities. This includes putting in place effective ESG governance structures, expanding our in-house skills and expertise, and enforcing our ESG expectations with portfolio companies and external managers. Our key initiatives during the year continued to reflect these efforts.

- > Together with BCI's Board of Directors, we reviewed and revised our ESG Governance Policy, and established specific reporting and performance metrics to support the board's ongoing oversight.
- > We released an update to our Climate Action Plan, reflecting progress made over the past four years and affirming our support for the global goal of reaching net-zero emissions by 2050.
- > We developed the 11th edition of our Proxy Voting Guidelines, which substantially increased our expectations for public companies on key ESG matters like climate risk disclosure, board diversity, corporate governance roles, and shareholder rights.
- > We appointed our first global head of ESG, a newly created role responsible for ESG across the portfolio, and hired additional senior ESG experts that brought our total ESG staff count to 16.

LEVERAGING OUR COMPETITIVE ADVANTAGE

Our size and influence as a global, active investor enable us to address ESG matters, notably climate change, through engagement and advocacy to bring about tangible change in our investment portfolio.

We are working closely with our private portfolio companies to advance decarbonization initiatives. In 2022, this included a carbon crediting project at Mosaic Forest Management, a British Columbia-based company held in our infrastructure & renewable resources program, which is anticipated to reduce greenhouse gas emissions by 20 million tonnes over the next 25 years. QuadReal, BCI's real estate equity and debt company, committed to net zero by 2050, building on more than a decade of carbon reduction initiatives within our real estate portfolio. To broaden our impact, we engaged general partners in our private equity program to join the ESG Data Convergence Initiative — the first major private assets ESG benchmarking project.

In public markets, we participated in collaborative engagements targeting nearly 2,300 companies on issues such as climate change, gender diversity, and sustainable finance, including our continued leadership with Climate Action 100+. Our teams also worked with regulators and governments to make recommendations, provide feedback, and define the ESG disclosure standards that will ultimately benefit capital markets participants over the long term.

MEETING OUR COMMITMENT TO CLIENTS

Preserving and growing long-term value for our clients remains the driving force behind our ESG commitments and decisions, particularly as the complexity of the investment landscape grows.

Our approach continues to be carefully crafted to accomplish this mandate and maintain the strong returns we have been able to generate. Our clients rely on our investment expertise and risk management skills to serve their constituents, including millions of hard-working British Columbians who need financial security now more than ever.



Gordon J. Fyfe
Chief Executive Officer / Chief Investment Officer

Our Approach to ESG

As a long-term investor, incorporating ESG considerations into our investment process is an essential part of who we are and what we do.

It is also an integral part of how we meet our responsibility to manage our clients' funds. Our approach to ESG is embedded in the corporation through our **investment beliefs** and **ESG principles**. We abide by our **ESG Governance Policy**, which applies to all employees and BCI's Board of Directors.

To support our intentional approach, BCI has established an **ESG Strategy** and **Climate Action Plan** which also provide our employees, clients, and stakeholders a clear understanding of our activities. We review our ESG approach regularly and continuously adapt our strategies based on our experience and evolving responsible investment standards.

Learn more about our approach at [BCI.ca/ESG](https://www.bci.ca/ESG)

PRI PERFORMANCE ASSESSMENT

BCI was a founding signatory of the Principles for Responsible Investment (PRI) in 2006. PRI signatories participate in an annual assessment, which enables us to benchmark and strengthen our practices. BCI's 2021 PRI assessment results, released in late 2022 and reflecting 2020 data, demonstrate our outperformance relative to median scores for most of PRI's 18 modules. Notably, BCI significantly outperformed on *Investment & Stewardship Policy*, which captures our overall approach to responsible investment. Read BCI's 2021 PRI Assessment Report and Public Transparency Report at [BCI.ca/PRI](https://www.bci.ca/PRI)



Jennifer Coulson
Senior Managing Director
& Global Head, ESG

APPOINTING OUR FIRST GLOBAL HEAD OF ESG

In March 2023, BCI announced the appointment of Jennifer Coulson as our first global head of ESG. This newly created role reflects our corporate-wide commitment to ESG and will further strengthen oversight and integration of our ESG and climate-related ambitions. As global head, Jennifer is responsible for all ESG strategies and programs at the total portfolio level. She will continue to evolve our approach in line with the fast-changing ESG landscape and lead our work supporting the global goal of achieving net-zero emissions by 2050. This centralized ESG leadership role will increase consistency and coordination across the corporation, while creating flexibility for tailored approaches within each asset class.

Since joining BCI in 2012, Jennifer has built a world-class public markets ESG team focused on active ownership, and laid the foundation for our corporate-wide ESG governance structures and strategies.

ESG Governance

Our ESG Governance Policy, initially approved by BCI's Board in 2020, establishes our governance framework.

As a fiduciary and universal owner, we have an obligation to proactively address ESG risks and opportunities as part of BCI's investment strategy to create long-term sustainable value for our clients. Our ESG Governance Policy articulates our general approach, and related roles and responsibilities, for effective management of ESG risks and opportunities.

In 2022, the board reviewed the policy to support BCI's continued alignment with best practices and clients' interests. The updated policy was approved in April 2023 and is available on BCI's website.

Read the policy at [BCI.ca/ESG](https://www.bci.ca/ESG)

BCI's Board approves the CEO/CIO scorecard, including ESG objectives as appropriate, which is assessed as part of our annual performance evaluation process. Our scorecards cascade across the corporation, and various teams and employees have direct accountability to ensure that corporate strategies, including our ESG Strategy and Climate Action Plan, are appropriately actioned and implemented at BCI.

POLICY SUMMARY

ESG strategy: BCI has a CEO/CIO-approved strategy that articulates how ESG factors are consistently implemented across our activities and all types of investments.

Alignment and education: BCI embeds our ESG principles in our culture and operations, and consistently seeks opportunities to share knowledge and understanding about ESG topics throughout the organization and with our clients.

Risk management: BCI evaluates and monitors ESG risks in all stages of the investment process. Our Investment Risk Management Policy prioritizes ESG matters based on impact to financial performance and reputation.

Integration: BCI integrates ESG analysis in all stages of the investment process, including internally managed activities and through engagement with external managers.

Stewardship and engagement: BCI is a responsible steward of our clients' assets. This includes communicating our expectations and actively engaging with portfolio companies alongside other capital markets participants.

Reporting and disclosure: BCI publicly discloses ESG-related information and progress in various ways, including through our ESG Annual Report, TCFD reporting included in our Corporate Annual Report, PRI Transparency Report, and proxy voting database.

ROLES AND RESPONSIBILITIES



BCI BOARD

Approves ESG Governance Policy, provides oversight, and holds management accountable



CEO/CIO

Establishes ESG Strategy and ensures appropriate resourcing



EXECUTIVE MANAGEMENT

Provides strategic direction and oversees execution



BCI PERSONNEL

Implements strategy, monitors progress, and reports results

ESG Strategy

BCI's corporate-wide ESG Strategy ensures consistency across all asset classes in addressing the issues most material to our clients' investments.

Our strategy is underpinned by four components — Integrate, Influence, Invest, and Insight — representing all ESG activities taking place at BCI. We apply it consistently to all active investment decisions at the asset, pool, and total portfolio levels.

Our ESG Strategy pillars reinforce each other. For example, integration provides us information to make better decisions about where we should invest and apply our influence. When we influence the behaviour of the capital markets, we strengthen the investment landscape. The more we actively invest, the greater weight our voice carries to influence improvements. These actions provide insights that deepen our expertise and can be leveraged across teams.

Learn more at [BCI.ca/ESG](https://www.bci.ca/ESG)

Our ESG Annual Report is structured to align with the four pillars of our ESG Strategy — Integrate, Influence, Invest, and Insight — and includes highlights and activities from the calendar year.

INTEGRATE

We integrate ESG analysis and risk management into all investment processes, from supporting clients' asset allocation decisions to individual investment decisions within our portfolios.

Learn more



INVEST

We actively seek opportunities to invest in ESG-themed investments that contribute to improved long-term outcomes for clients and reinforce our investment beliefs.

Learn more



INFLUENCE

Through engagement and advocacy, we apply our influence on companies in which we invest, our partners, and other participants in capital markets.

Learn more



INSIGHT

We use our learnings across all ESG activities, as well as our understanding of emerging trends, to generate insights that help us continuously adapt and improve our strategies, processes, and approaches.

Learn more





Climate Action Plan

Our Climate Action Plan positions BCI to capitalize on opportunities arising from the transition to a low-carbon economy, while protecting the portfolio from undue physical and transition risks.

BCI has been active on climate change for more than 20 years. In November 2022, we published an update to our first Climate Action Plan, released in 2018, which affirms our commitment to use our influence to drive actions aligned with the global goal of achieving net-zero greenhouse gas (GHG) emissions by 2050. Building on our significant progress to date, the plan reinforces our emphasis on engagement to improve climate action across our portfolio companies, with policymakers, and through the broader capital markets. It includes four components: Engage & Advocate, Integrate, Seek Opportunities, and Manage Risks.

Climate change is a complex, global issue. It intersects with and affects many other dimensions of ESG — from biodiversity to income inequality. Stabilizing climate change and achieving net-zero emissions globally by 2050 must occur to mitigate its most severe physical and economic impacts.

Learn more at [BCI.ca/climate](https://www.bci.ca/climate)

Metrics related to our Climate Action Plan will be included in our Corporate Annual Report as part of our TCFD reporting. Read our most recent **TCFD report**.



ENGAGE & ADVOCATE

We have a well-developed shareholder engagement program that enables us to actively engage with portfolio companies, advocate for policy change, and participate in global initiatives on climate action reporting and transparency.

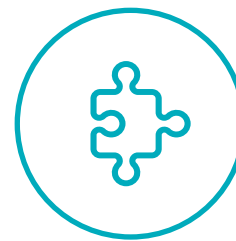
» **Our Focus:** By 2030, ensure at least 80 per cent of BCI's carbon-intensive investments have set mature net-zero aligned commitments, or are the subject of direct or collaborative climate engagement by BCI.



MANAGE RISKS

We consider physical and transition climate change risks across asset classes, and align with best practices to understand, quantify, and report on these risks.

» **Our Focus:** Continue to track and report the total portfolio carbon footprint with the expectation that it will decrease over time.



INTEGRATE

We believe the most effective way to manage the risk of climate change is to integrate climate considerations into every investment decision at the asset, pool, and total client portfolio levels.

» **Our Focus:** Further integrate climate stress testing into investment decisions and monitor the total portfolio's climate change stress test outcomes.



SEEK OPPORTUNITIES

The transition to a low-carbon economy offers a variety of new investment opportunities. BCI actively invests in key areas we believe will benefit from the energy transition, with the goal of supporting long-term investment outcomes for our clients.

» **Our Focus:** Pursue meaningful investments in climate solutions through specific actions in all asset classes.

TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

Supported since 2017

Driving to Net Zero Through Influence

Investors take a range of approaches to address climate change, from divestment to engagement, and there are divergent views on investing in high-emitting companies. The positive momentum we have observed from engagement, such as an increase in companies adopting science-based targets and meaningful transition plans, confirms our belief that engagement is a more effective strategy for driving real-world outcomes than divestment.

REDUCING REAL EMISSIONS

When an investor sells an asset purely based on emissions intensity, the main outcome is a decrease in financed emissions, and, on paper, a less carbon-intensive portfolio. However, there is no effect on the absolute GHG emissions produced by that company. By remaining invested, BCI retains our ability to urge management and the board of directors to reduce real emissions, and to hold companies accountable. Technological breakthroughs and business model adaptation require capital to achieve emissions reduction. An unintended consequence of broad-based divestment is starving hard-to-abate sectors of capital, such that they are unable to transition. Long-term investors can also leverage growth opportunities associated with transitioning the highest-emitting sectors.

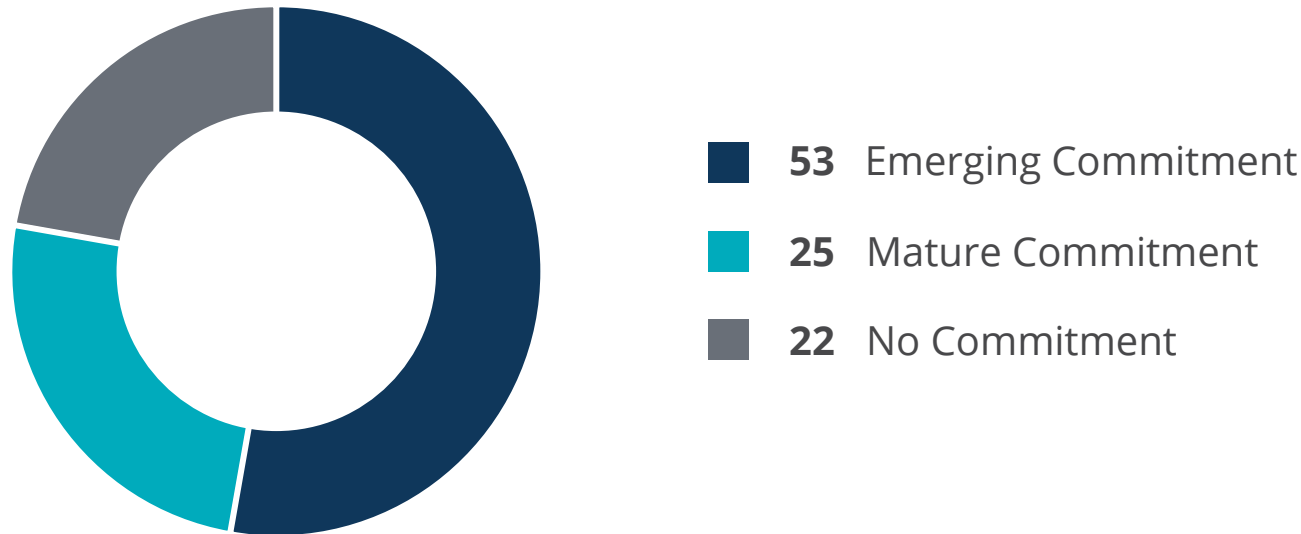
OUR COMMITMENT TO ENGAGEMENT

We have set a specific engagement goal to ensure that by 2030 at least 80 per cent of BCI's most carbon-intensive investments have set mature net-zero aligned commitments, or are subject to engagement. To achieve this, BCI will:

- > Engage the most carbon-intensive investments in our portfolio to drive action towards net zero
- > Encourage companies to develop action plans that include short- and medium-term targets for emissions reductions
- > Broaden engagement and advocacy activity into additional global jurisdictions to support achieving net zero by 2050
- > Deepen climate engagements in high-emitting sectors and the financial sector
- > Expand our escalation strategies for non-responsive companies through voting and filing shareholder proposals
- > Continue our active participation in collaborative initiatives like Climate Action 100+ and CDP's campaign to promote the Science Based Targets initiative (SBTi)
- > Increase expectations and set minimum standards for external managers and investment partners on climate risk
- > Support the Transition Pathway Initiative (TPI)
- > Encourage disclosure aligned with the TCFD recommendations across all of our investments

BCI may selectively divest if our evaluation of a company, inclusive of our ESG assessment, reveals that the risk-return characteristics are no longer appropriate for our clients. This could include cases where we have identified critical ESG issues that we believe impair the long-term value proposition of a company, and the company is either not responsive or has offered insufficient solutions to address material business risks.

Baseline: BCI's carbon-intensive investments with net-zero aligned commitments (%)¹



Mature commitment: Company has a net zero by 2050 commitment, has short- and long-term targets in place, and has a credible pathway to achieve targets.

Emerging commitment: Company has set a net-zero commitment and/or may have short- or long-term targets, but lacks a credible pathway to achieve targets.

No Commitment: Company has no net-zero commitment, and limited information on carbon reduction goals.

Commitments and targets are assessed using third-party frameworks such as the TPI, SBTi, and Climate Action 100+ where relevant.

¹ The baseline is based on analysis from our Climate Action Plan release in November 2022. BCI's carbon-intensive investments are defined as the companies that make up over 80 per cent of BCI's carbon footprint, which includes approximately 90 companies.



Integrate

ESG analysis and risk management are integrated into all our investment processes, from supporting clients' asset allocation decisions to individual investment decisions within our portfolios.

Every day, we identify and evaluate material ESG factors, and assess near- and long-term implications. We do this to minimize risk and uncover ESG-related investment opportunities. We prioritize ESG factors that present the most significant potential impact on financial performance or reputation.

BCI continues to strengthen our ESG-related models, tools, and frameworks, and expand our in-house expertise, leading to greater capacity and deeper integration. This includes gathering and analyzing more information from companies, external managers and partners, and third-party data providers. Beyond individual companies and transactions, we consider systemic factors, such as climate change, at the total portfolio level. Together, our integration activities support better decision-making and help to inform how we focus our time and resources.

TOTAL PORTFOLIO ANALYSIS

Expanded our total portfolio climate scenario analysis leveraging research from the Climate Finance Project.

INVESTMENT DECISIONS

Factored ESG into all active investment decisions, with 260 ESG reviews across asset classes.

EXTERNAL MANAGERS

Reviewed managers and partners using a common framework, identifying opportunities for improvement and collaboration.



Deepening ESG Integration and Analysis

Integrating ESG analysis across our asset classes and investment processes ensures that all opportunities and risks are considered.

INTEGRATING ESG INTO INVESTMENT DECISIONS

We integrate ESG into all active investment decisions. In 2022, we completed ESG assessments on 245 investment opportunities in public markets and 15 in private equity and infrastructure & renewable resources. Alongside other tools and company disclosures, we use the Sustainability Accounting Standards Board (SASB) industry-level materiality framework to assess company policies and performance. We provide our portfolio managers a comprehensive assessment of the impact of ESG factors on long-term value creation to support more informed decisions. The results of our reviews can lead to rejection of an investment opportunity, re-pricing, or tailored recommendations.

During our due diligence in 2022, human capital management surfaced as a material risk in private equity, based on changing labour markets and companies' abilities to retain top talent; physical climate risk and health and safety remained a focus in our infrastructure & renewable resources reviews; and, in public markets, the team increased its scrutiny of climate targets, transition plans, and characteristics of emerging markets.

Leveraging the Sustainable Development Goals

BCI considers the United Nations Sustainable Development Goals (SDGs) in our public markets company reviews and engagement planning. Through the Sustainable Development Investments (SDI) Asset Owner Platform, a proprietary tool established by BCI with global partners, we evaluate the degree to which a company contributes to the SDGs. It is one of many inputs that help us assess the attractiveness of a given investment during our due diligence process. The platform's data and taxonomy also help us evaluate and quantify climate-related opportunities. Learn more about the SDI Asset Owner Platform on [page 36](#).

EVALUATING MANAGERS AND PARTNERS

All new external managers and partners in public markets, private equity, and infrastructure & renewable resources are evaluated using our proprietary ESG Framework for External Managers. We completed 38 external manager and partner reviews in 2022 across all asset classes.

We look for external managers and partners that have robust ESG practices, demonstrate a solid understanding of the issues, and can show where ESG fits into their investment processes. The framework includes: ESG policy, accountability and oversight, integration processes, resources and tools, and stewardship. The assessments identify opportunities to work with external managers and partners on needed improvements. Through ongoing reviews, we can track and monitor progress over time.

ESG INTEGRATION AT QUADREAL

The Global Real Estate Sustainability Benchmark (GRESB) is a global ESG benchmarking and reporting framework for property companies, funds, developers, and direct investors in real estate. In 2022, QuadReal's Canadian portfolio of office, industrial, retail, and residential assets was ranked first in the Americas and fourth globally in the diversified category. This sector-leading performance reflects QuadReal's commitment to ESG integration in its planning, decision-making, and management. The company also uses the benchmark results and data to mitigate ESG risk and optimize building performance. Learn more at [QuadReal.com/GRESB](#)

ESG IN THE INVESTMENT PROCESS

- 1 Pre-investment analysis** Material ESG information is factored into investment strategies, deal sourcing, manager and market reviews. An ESG review is prepared alongside financial analysis to support due diligence.
- 2 Investment decision** Every investment memo to our management investment committee includes an ESG risk summary and details of material ESG considerations.
- 3 Asset management** We track ESG indicators within the portfolios and develop engagement plans to ensure ESG risks and opportunities are managed.

A CLOSER LOOK

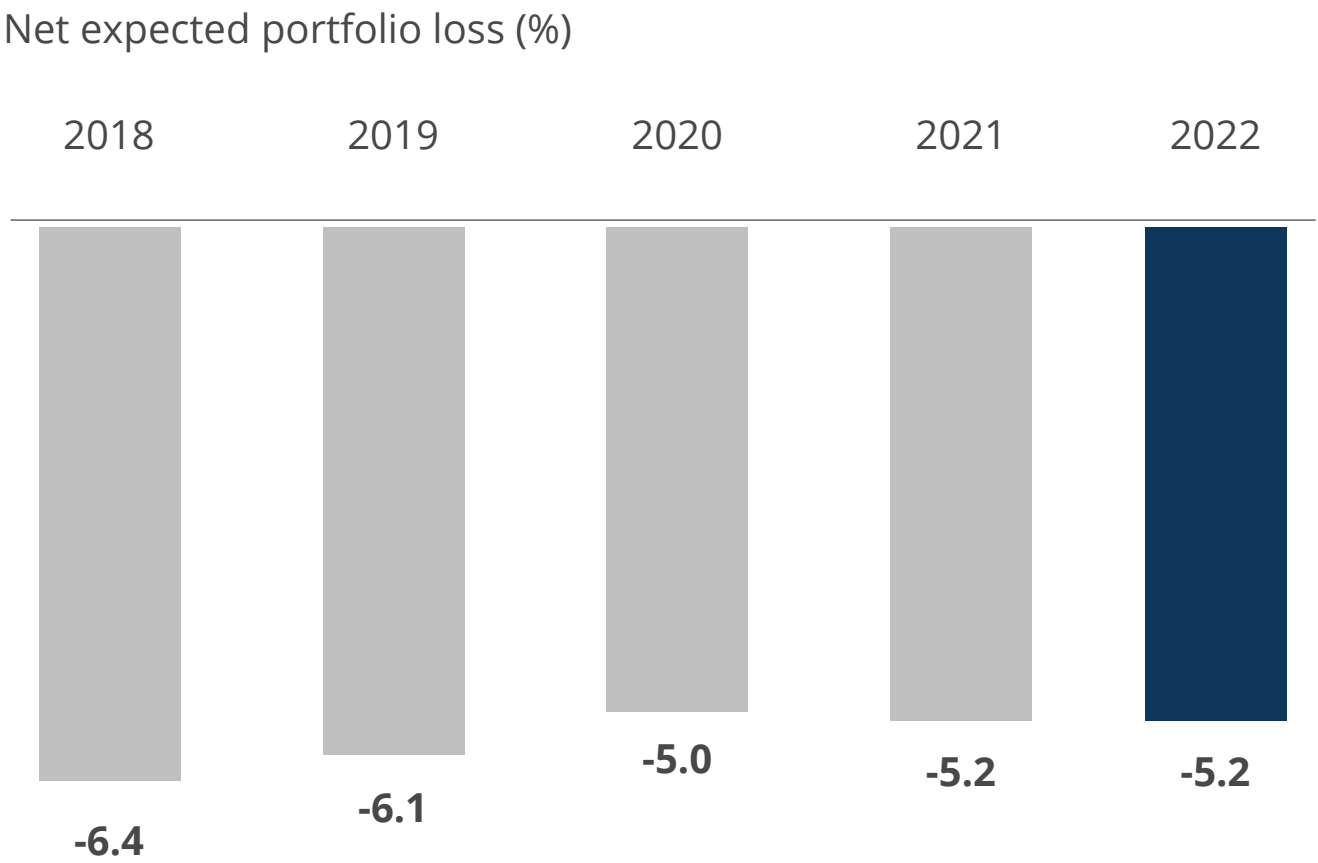
Expanding our ESG Risk and Opportunity Framework

Examining investments at the total portfolio level allows us to identify broad ESG risks and trends. We use our ESG Risk and Opportunity Framework to analyze the financial impacts to the portfolio under future pathways of systemic ESG risks and opportunities, including climate change scenarios. This supports more informed and comprehensive investment and policy decisions. Looking ahead, our ESG team continues to monitor emerging trends like societal and labour risks, biodiversity risks, and increasing cyber security risks, that have potential implications for our global portfolio.

MEASURING CLIMATE RISK

In 2022, we used the ESG Risk and Opportunity Framework to evaluate climate scenarios for client asset-liability reviews. We also used it to analyze material transition and physical climate risk during all private market deal due diligence reviews. The model can analyze historic and current asset exposures to stress test the portfolio using long-term expected climate change impacts in 1.5°C, 2°C, and 3°C warming scenarios. From 2018 to 2022, the climate change risk level decreased due to client asset-allocation decisions, a focus on actively assessing and integrating climate change into investment decisions in active mandates, and increasing exposure to climate-related opportunities. Planned exits from some external managers with high exposure to climate risk contributed to maintaining the risk level over the past year.

Historic total-portfolio climate change risk level:
long-term 2°C scenario



LEVERAGING ACADEMIC PARTNERSHIPS

We expanded the framework by incorporating research on industry classification standards developed in partnership with the University of Victoria and the Pacific Institute for Climate Solutions through the **Climate Finance Project**. BCI uses data from multiple industry classification systems to translate macro-economic impacts to industry-specific inputs and assumptions. The differences between these classifications create data integration challenges. The research provided an approach to reconcile the standards, which helped to validate our assumptions and translate economic impacts to industry impacts using a new methodology.



“BCI's ability to analyze global systemic risks that will alter the performance of the entire market is critical as a long-term investor. Our work to understand the financial impacts from climate change at all levels of investment decisions helps us create a resilient and long-term focused portfolio that maximizes the likelihood of achieving our clients' objectives.

Adam Goehner
Director, ESG

Q&A

Integrating ESG in Emerging Markets



Jean-Christophe Lermusiaux
Managing Director, Global Emerging Markets

In April 2022, we launched an internally managed strategy in the Active Emerging Markets Equity Fund. The strategy provides cost and operational efficiencies for clients, while allowing us to use our deep expertise to capture long-term growth opportunities through internal, active management. It also enables us to expand our in-house emerging markets experience. During the development of the strategy, we focused on tailoring our ESG analysis to the unique considerations for emerging markets. Jean-Christophe, managing director, global emerging markets, describes how ESG was integrated into the strategy from the outset.

Why is ESG important in emerging markets?

Emerging markets are at the forefront of systemic issues like climate change. However, emerging markets have generally not yet reached developed markets' level of sophistication in terms of regulation, disclosure, corporate governance, and other ESG considerations. ESG data is also more scarce and less reliable in emerging markets. As a result, risks of ESG-related financial impacts can be higher than in developed markets, both at the company and country levels. This is why it is important to integrate ESG throughout our investment process.

How did BCI build ESG into the strategy?

We incorporated ESG principles while drafting the strategy's initial business plan, helping establish our embedded approach to ESG from day one. Close collaboration between

BCI's dedicated ESG and investment teams ensured we fully considered ESG at the company, sector, and country levels. When we launched the strategy, we built tailored analytical tools to assess ESG data and analyze the investment universe for ESG considerations.

How is ESG factored into ongoing management?

With our ESG colleagues, we continually review the emerging markets landscape through an ESG lens and anticipate shifts that could impact the portfolio. A member of the ESG team participates in our daily meetings to exchange insights and discuss our engagement strategies with companies. Each quarter, we conduct a global ESG review of the portfolio and openly discuss ESG risks and opportunities in the investment universe.

For each investment, we analyze expected returns and ESG considerations. For example, governance can be challenging in emerging markets. We flag issuers where managers are trading shares of their own companies. We encountered this twice in 2022 and reviewed the implications with our ESG colleagues. In the case of one company, the poor practices eroded our conviction and the stock was not selected for the portfolio. Through engagement with the second company, we were able to influence improvements and continue to hold the stock in our portfolio.



A CLOSER LOOK

Evaluating our Private Equity Partners

BCI reviews all external managers and partners using our ESG Framework for External Managers. Each asset class leverages managers and partners differently. In private equity, our team's strength lies in our ability to build strong relationships, including with investment partners. Fund investments offer access to private asset managers with proven returns. These partners also provide deal flow, industry knowledge, and geographical expertise in hard-to-penetrate regions. We often also invest directly alongside our general partners based on these characteristics.

Approximately 60 per cent of BCI's private equity portfolio is invested through external partners. BCI selects partners based on their strategic fit to the program and ability to generate returns for our clients. We use the ESG Framework for External Managers to evaluate new partners and

re-evaluate existing partners when initiating new funding. The private equity team has reviewed all partners, excluding a small number of legacy partners, in the program.

Across our private equity funds, 57 per cent of our partners received a *strong* score for ESG practices, while 42 per cent were *average* and one per cent rated as *weak*.¹

During a year of significant activity, BCI remained disciplined in integrating ESG into our decisions. Our private equity team committed approximately \$6.1 billion to funds in 2022, with 20 per cent invested through new external partners. These fund commitments expand our exposure to niche sectors, like venture and growth equity, and seed our existing managers with new capital. We ended the year with approximately 50 investment partner relationships.¹

78%

of BCI's private equity partners are PRI signatories¹

57%

of BCI's private equity partners scored *strong* on ESG¹

36%

of BCI's private equity partners have joined ILPA's Diversity in Action initiative¹

¹ Based on total exposure as the sum of market value and unfunded commitments to our core external managers as of Dec. 31, 2022. This excludes our legacy investments.

INSIGHTS AND TRENDS

Alignment to global standards: Approximately 78 per cent of BCI's external private equity partners are committed to the Principles for Responsible Investment, with five partners joining in 2022; there are increasing expectations for private equity managers to align with industry-leading ESG standards.

Commitment to diversity, equity, and inclusion: Approximately 36 per cent of our external managers have joined the Institutional Limited Partners Association (ILPA) Diversity in Action initiative, committing to specific actions to make their own organizations and the industry more diverse and inclusive.

Access to ESG data for limited partners: We have observed an increase in both the commitment and ability of general partners to collect ESG data from their portfolio companies and report it to limited partners; BCI received ESG datasets from nine partners, representing 29 per cent of our funds portfolio.

Building ESG expertise and capacity: External managers are building capacity for ESG integration and reporting by increasing ESG personnel. One of BCI's largest general partners recently hired a head of ESG and released its first ESG report in 2022. BCI's private equity team met with the new leader to discuss our views and expectations related to ESG.

Learn more about how we work with private equity partners on [page 27](#).



Influence

Through engagement and advocacy, we apply our influence on companies in which we invest, our partners, and other participants in capital markets.

As one of the largest asset managers in Canada, we can affect corporate and market behaviour. Applying influence is part of our role as responsible stewards of our clients' assets. Our intent is to accelerate positive outcomes through direct and collaborative engagement, policy advocacy, peer collaboration, and proxy voting. These levers of influence help to advance our ESG focus areas, which we determine by identifying the issues most material to our clients' portfolios.

Our **ESG Strategy**, **Climate Action Plan**, and **Proxy Voting Guidelines** set our expectations for portfolio companies. By applying our influence, we continue to drive adoption of best practices and focus on improving the performance of our portfolio.

COLLABORATION

Participated in collaborative engagements in public markets targeting 2,294 companies on key ESG topics.

POLICY ADVOCACY

Responded to or participated in 11 policy consultations, roundtables, and joint statements, supporting market and regulatory ESG improvements.

EXTERNAL MANAGERS

Engaged 28 external managers and partners on ESG across all asset classes, sharing best practices and encouraging improvements.



Using our Voice as an Influential Investor

We use our influence to increase transparent discussion of ESG risks, encourage best practices, improve long-term performance, and promote the stability and integrity of capital markets.

PARTICIPATING IN POLICY ADVOCACY

In 2022, we responded to or participated in 11 policy consultations, roundtables, and joint statements in Canadian and global markets to advance ESG matters. We advocate for and support changes that make ESG principles part of regulatory frameworks, ultimately improving the investment environment for our clients. We ensure that our climate-related policy advocacy supports a just transition to a low-carbon future for workers and communities, and the ambition of achieving the global goal of net-zero emissions by 2050 or sooner.

Our policy advocacy work is listed in **Appendix 1** and more information can be found at **[BCI.ca/Policy-Advocacy](https://www.bci.ca/Policy-Advocacy)**

BCI's Corporate ESG Influence Priorities



Climate Change



Water Management



Data Security & Privacy



Human Capital Management



Diversity & Inclusion

ADVANCING SUSTAINABLE FINANCE IN CANADA

BCI is an active member of the Government of Canada's Sustainable Finance Action Council (SFAC), which was tasked with providing recommendations on market infrastructure to attract and scale sustainable finance. Alongside 24 representatives from the financial community, BCI contributed to developing a taxonomy roadmap to create a unified view and common understanding of green and transition finance in Canada.

SFAC's **Taxonomy Roadmap Report** contains 10 recommendations for the implementation of a green and transition finance taxonomy. The report considers the merits, design, and implementation of a Canadian taxonomy, which would enable climate change risk and opportunity management to be embedded into the financial sector. This is a key step in preserving financial value through the uncertainty of the climate transition. Our participation allows BCI to provide sound and practical advice to policymakers that will support industries during the transition to net zero.

WORKING WITH MANAGERS AND PARTNERS

We engaged 28 external managers and partners in 2022 on ESG matters across all asset classes, setting expectations that ESG is integrated into investment processes, while encouraging improvement over time. We also work closely with like-minded investors and partners to promote industry-wide best practices.

To support overall ESG standards in capital markets, BCI contributed to a 2022 project led by the **Pension Fund Coalition for Inclusive Capitalism**. The project helps pension funds include ESG guidelines in external manager investment agreements, an area where smaller asset owners often face barriers. The resource offers materials such as sample language for ESG mandates, reporting requirements, and ESG criteria. BCI advised on the development of sample reporting requirements and investment criteria.

A CLOSER LOOK

Engaging in Public Markets

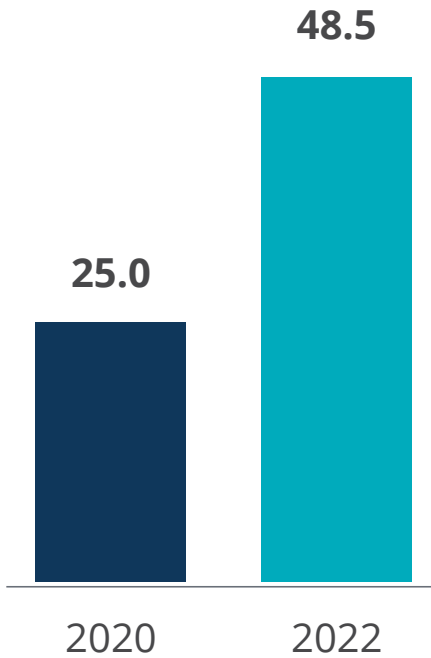
As an active owner, BCI carries out direct and collaborative engagement with companies, regulators, and other capital markets participants to improve the investment landscape for our clients. In 2022, BCI's public markets team participated in six collaborative engagement initiatives targeting 2,294 companies on climate change, gender diversity, and sustainable finance. A list of company engagements is included in **Appendix 4**.

PROGRESS ON NET ZERO WITH CLIMATE ACTION 100+

Climate Action 100+ is the largest investor-led engagement initiative on climate change. It engages with 167 companies representing more than 80 per cent of global industrial GHG emissions. BCI leads or co-leads engagements with four North American companies in the oil and gas and mining industries, and supports engagements with six other companies. These companies are: Canadian Natural Resources Limited (TSX: CNQ); Imperial Oil Limited (TSX: IMO); Suncor Energy Inc. (TSX: SU); Teck Resources Limited (TSX: TECK.B); American Electric Power Company (NASDAQ: AEP); Chevron Corporation (NYSE: CVX); Duke Energy Corporation (NYSE: DUK); Exxon Mobil Corporation (NYSE: XOM); Marathon Petroleum Corporation (NYSE: MPC); and The Southern Company (NYSE: SO).

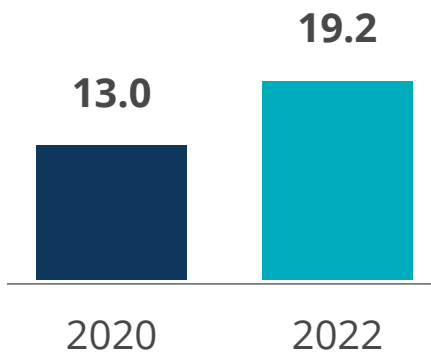
While there is still substantial work ahead, we are seeing progress at the companies engaged through Climate Action 100+ on alignment to net zero.

¹ Scope 1: All direct emissions from the activities of an organization or under its control;
Scope 2: Indirect emissions from electricity purchased and used by the organization;
Scope 3: All other indirect emissions that occur in an organization's value chain.



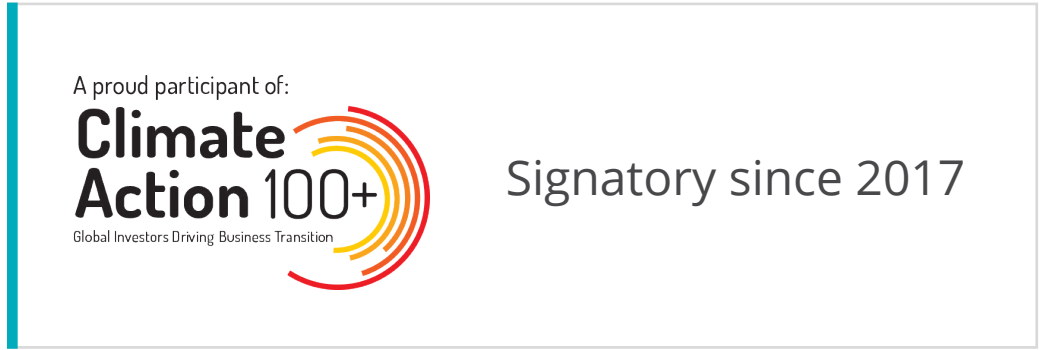
Source: Climate Action 100+

94% INCREASE
Global Climate Action 100+ companies with net-zero targets (%)



Source: Climate Action 100+

48% INCREASE
Global Climate Action 100+ companies with medium-term targets (%)



Teck Resources (TSX: TECK.B)

Headquartered in Vancouver, B.C., Teck Resources (Teck) is Canada's largest diversified mining company. BCI has co-led, with other investors, engagement with Teck through Climate Action 100+ since 2018. Teck has taken steps to address climate change, demonstrating how investor engagement supports company action. It is among the top assessed diversified mining companies in the Climate Action 100+ Net Zero Company Benchmark. Progress since 2020 includes:

Revised climate strategy (2021): Released its third TCFD-aligned *Climate Change Outlook Report* including its first scenario analysis for a 1.5°C pathway and support for carbon pricing policies.

Expanded climate change strategy (2022): Established new timebound net-zero goals, including an interim target for Scope 2¹ emissions by 2025 and Scope 3¹ emissions by 2050.

Increased climate governance (2022): Included climate metrics in executive compensation in its long-term incentive plan.

Invested in new technology (2022): Announced a carbon capture utilization and storage pilot project at its Trail operations in southern British Columbia.

Completed industry association review (2022): Released assessment of alignment between trade associations' climate positions and internal principles and commitments.

Sold non-core assets (2023): Announced completion of sale of remaining interest in the Fort Hills oil sands project.

BCI will continue to engage with Teck on meeting its targets and aligning capital expenditures with its climate strategy and commitments. We are also evaluating the impacts of the company's February 2023 announcement of plans to spin off its metallurgical coal assets, with consideration of best practices for transferred emissions.



EXPANDING OUR INFLUENCE THROUGH CDP

CDP, formerly the Carbon Disclosure Project, runs a global environmental disclosure system. Over 18,000 companies report through CDP on climate change, water security and forests. We use the company responses provided to CDP to inform ESG reviews and engagement activities. In 2022, BCI expanded its support for CDP to include active roles in two engagement campaigns.

Science-Based Targets Campaign

CDP's Science-Based Targets Campaign is supported by over 300 investors with US\$37 trillion in assets under management. The campaign urges companies to set targets approved by the Science-Based Targets initiative (SBTi), the industry standard for credible climate targets that cover a company's full value chain emissions. BCI's involvement supports our focus on ensuring at least 80 per cent of our carbon-intensive investments have set mature net-zero aligned commitments, or are the subject of direct or collaborative engagement, by 2030.

The campaign sent letters, signed by BCI and other investors, to over 1,000 global companies that are critical for global efforts to limit global warming to 1.5°C. Combined, the

companies are the source of seven billion tonnes of Scope 1 and 2 emissions and have a combined market value equal to 44 per cent of the entire MSCI All Country World Index.

More than 3,500 companies, representing one-third of global market capitalization, are already part of the SBTi. Over 1,200 have approved 1.5°C targets. SBTi data show that the typical company with a science-based target cuts emissions by 8.8 per cent per year, which is well above the 4.2 per cent required to align with a 1.5°C pathway. The results of the campaign will be reported in fall 2023.

Non-Disclosure Campaign

CDP's Non-Disclosure Campaign is supported by over 260 global investors with US\$30 trillion in assets under management. The campaign targets companies that fail to respond to CDP questionnaires asking for climate-related disclosures, including emissions-reduction targets and GHG emissions data.

While companies may disclose similar information in sustainability or corporate reporting, BCI encourages disclosure through CDP. It offers an effective and systematic method that increases the consistency and comparability of the data. The campaign targeted over 1,000 non-responsive companies. Following the campaign, an additional 295 companies, or 28 per cent, disclosed environmental data to CDP.



Engaged since 2006

INCREASING OUR REACH IN ASIA

BCI is partnering with Asia Research & Engagement (ARE) and has become a member of its Asia Transition Platform, alongside global investors representing over US\$5 trillion in assets under management. ARE manages collaborative engagement programs across Asia, which assemble coalitions of investors to address sustainability issues with senior business decision makers.

As one of the largest and fastest-growing energy markets in the world, Asia is critical to the global energy transition. Working with ARE will support BCI's engagement and escalation with companies in the power sector and financial institutions in the region. The main objective of the Asia Transition Platform is to communicate investor concerns to fossil fuel users and producers, financiers, and regulators. It enables investors to work with Asian banks to strengthen practices to address climate risks and opportunities, and influence companies to strengthen strategic disclosure and management. It will also support companies in setting plans to align with the Paris Agreement targets, and help us to partner with financial regulators to strengthen disclosure and risk management regulation.

The Asia Transition Platform plans to engage with at least 50 Asian companies in three years, with an initial focus on carbon risk and coal at financial institutions and coal-exposed power companies.



Member since 2023



ACCOUNTABILITY THROUGH CLIMATE RISK DISCLOSURE

BCI has increased engagement with companies, audit firms, and regulators on climate risk disclosure in financial filings and external assurance of GHG emissions data. This will be an ongoing focus for our public markets ESG program.

Investors need transparent disclosure of climate assumptions because the energy transition and climate scenarios used by companies can affect the business assumptions, costs, estimates, and valuations underlying financial statements. Investors also require high-quality, timely data to understand the potential impacts of climate-related risks and opportunities on companies and investment portfolios. Climate-related metrics and risk considerations should be part of the audit process, including external assurance.

Collaborating with the audit community

We regularly take part in events that bring investors and auditors together to share expectations, best practices, opportunities, and challenges. Auditors play a key role in providing investors with assurance to make informed investment decisions. Insights gathered and shared during one of these events informed BCI's June 2022 submission to the U.S. Securities and Exchange Commission (SEC) consultation on the proposed rules to improve and standardize climate-related disclosures.

In collaboration with audit firms and other investors, we discussed shared challenges, including data gaps and limited disclosure, poor data quality, lack of integration between sustainability reporting and financial filing, inconsistent assurance quality, and weak governance. We will continue to work together on the identified best practices and expectations, and use the findings in our engagements through Climate Action 100+.

Targeting high emitters through Climate Action 100+

The Climate Action 100+ Net Zero Company Benchmark includes new assessments for climate accounting and audit indicators. Companies are now assessed on how they:

- > Incorporate material climate-related matters in audited financial statements and notes.
- > Demonstrate that the auditor considered the effects of material climate-related matters in its audit.
- > Align financial statements and notes with net-zero GHG emissions by 2050 and the goals of the Paris Agreement.

To date, few companies score well in these areas. As a result, BCI has increased engagement on climate accounting and audit indicators with the companies we lead through Climate Action 100+.

Setting industry-leading proxy voting guidelines

The 11th edition of our Proxy Voting Guidelines, released in early 2023, raise our expectations for public companies to incorporate climate assumptions and risk assessments in their audited financial statements. For example, we may vote against the chair and members of the audit committee for insufficient disclosure, against audit committee members if there is no reference to climate risk impacts in the auditor's opinion, and against a company's financial statements if they lack sufficient details on climate change risk.

This can be used for escalation with companies in high-emitting sectors where investor engagement has been less successful. Learn more about how we hold companies accountable through proxy voting on [page 28](#).

SUPPORTING STANDARDS THROUGH THE SEC

Governments and regulators play a key role in setting effective and uniform ESG reporting standards for public companies. In 2022, BCI provided feedback on the U.S. Securities and Exchange Commission's (SEC) proposed climate disclosure rules. While the SEC's latest climate-related disclosure rules will likely be subject to legal challenges and modifications, we see significant value in the proposed disclosures. For example, BCI supports the SEC's proposals to include climate risk in mainstream regulatory filings, including a requirement to disclose severe weather impacts when material. We also support the SEC's requirement to disclose Scope 3 emissions as it aligns with the International Sustainability Standards Board (ISSB) proposed Scope 3 disclosure standards.

Without high-quality, comparable data, it is challenging to gauge the impact of climate change on a company's financial and operational performance. We responded to the SEC's previous rounds of consultations on ESG disclosures in 2016, 2019, and 2021. Providing regulators with our point of view and expectations on climate change aligns with our commitment to strengthen capital markets. It also aligns with our clients' long-term investment horizon.

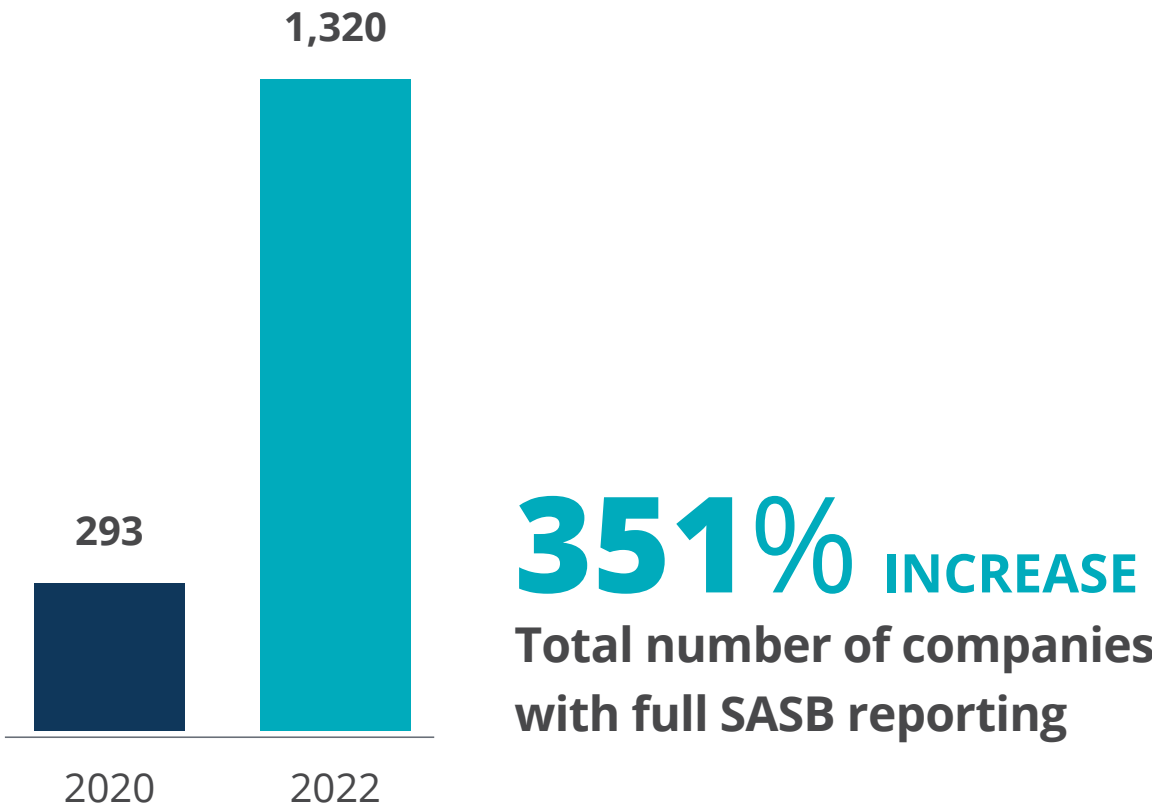
Positive momentum for disclosure

After many years of engaging with regulators, we are encouraged by the progress toward mandatory, expanded ESG and climate reporting in several jurisdictions. This will provide investors more reliable, comparable information for assessing and benchmarking company performance. Although we have seen an increase in companies reporting through voluntary frameworks, ESG disclosures must be mandated by regulators and adhere to widely accepted reporting standards to provide investors with quality sustainability information.

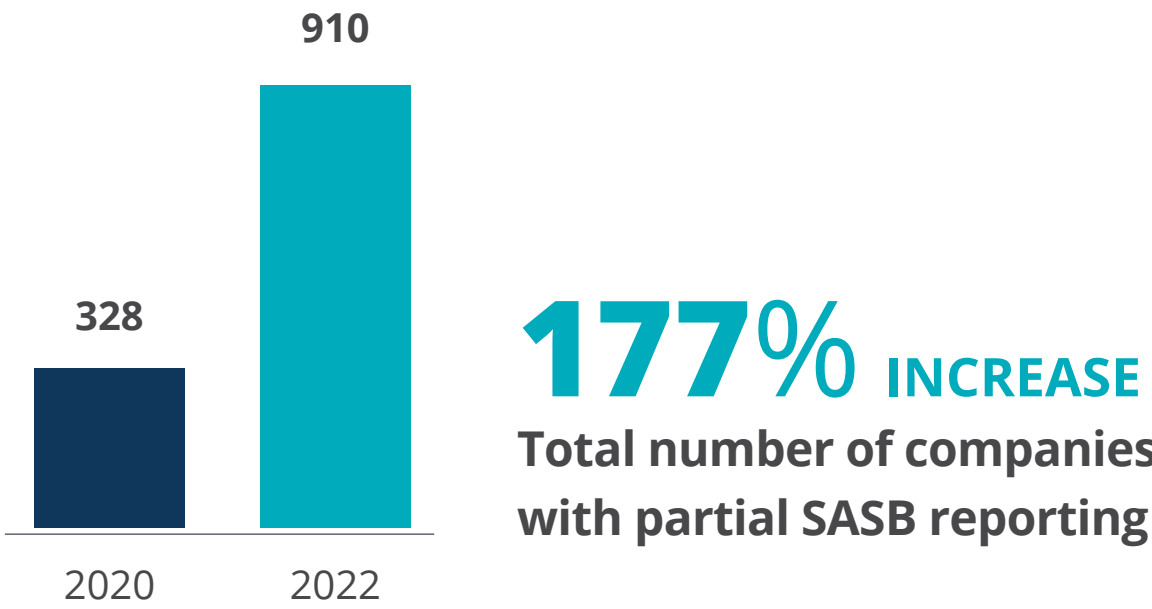
BCI's preferred frameworks and standards are TCFD and SASB. SASB is now under the umbrella of the International Financial Reporting Standards Foundation along with the ISSB, which is building on the requirements set out by the TCFD and SASB. BCI expects new ESG disclosure regulations in 2023 to leverage these emerging global standards.

**SASB
STANDARDS**
Now part of IFRS Foundation

Engaged since 2016



Source: Sustainability Accounting Standards Board



Source: Sustainability Accounting Standards Board



ESCALATING OUR ENGAGEMENT

BCI has a systematic approach to escalating engagement with companies where we see limited or no progress. For public companies, escalation can include voting against directors, up to and including the CEO, or voting against compensation plans. If a company continues to lag our expectations, we will consider filing or co-filing shareholder proposals to emphasize our perspective and prompt investor and company action.

Exxon Mobil Corporation (NYSE: XOM) and Imperial Oil Limited (TSX: IMO)

BCI has supported the Climate Action 100+ collaborative engagements with Exxon Mobil Corporation (ExxonMobil) and Imperial Oil Limited (Imperial Oil) since 2017.

While our engagement with ExxonMobil delivered some results, including the appointment of three dissident candidates with climate transition expertise to the board, large gaps in climate disclosure remain a concern. At ExxonMobil's 2022 Annual General Meeting (AGM), BCI supported a shareholder proposal calling for an audited report assessing how the International Energy Agency's net zero by 2050 pathway assumptions affect the underlying inputs of the company's financial statements. While the proposal passed, ExxonMobil has not provided sufficient information for shareholders to assess the financial impact of the energy transition.

As a result, BCI co-filed a proposal in 2023 with two lead investors, calling on the company to report the impact of climate assumptions and net-zero scenario analysis on

its financial accounting for asset retirement obligations. We filed the same proposal at Imperial Oil, ExxonMobil's Canadian subsidiary. Shareholders will vote on our proposals at the 2023 AGMs.

Amazon.com, Inc. (NASDAQ: AMZN)

BCI has engaged with Amazon.com, Inc. (Amazon) leadership since 2019 on a range of topics, including environmental disclosure and performance, workforce safety, and freedom of association. Amazon refused our requests for access to its board directors to discuss our concerns and directly convey our expectations for improved company performance. To escalate our concerns, BCI supported 10 shareholder proposals at the company's 2022 AGM and voted against several directors. We supported a shareholder proposal on protecting the rights of freedom of association for Amazon workers, which received 39 per cent support.

The company's ongoing workforce controversies, combined with Amazon's lack of responsiveness to investors, prompted us to take further action. As a result, BCI co-filed a similar shareholder proposal for the 2023 AGM to drive needed change at the company. The proposal calls for a third-party assessment of Amazon's adherence to its commitment to the Core Conventions of the International Labour Organization (ILO) and the **ILO Declaration on Fundamental Principles and Rights at Work**. It also asks Amazon to publicly disclose the assessment results on its website by November 30, 2023. Shareholders will vote on our proposal at the 2023 AGM.



“We expect companies to be responsive and take appropriate action when shareholders have a strong, unified perspective. Escalating engagement efforts through shareholder proposals reflects our commitment and willingness to leverage our influence for material ESG issues.

Susan Golyak
Director, ESG

INCREASING DIVERSITY ON CANADIAN BOARDS

We believe having diverse perspectives on a company's board of directors leads to better decision-making and ultimately generates positive effects on a company's long-term performance. We encourage regulators to establish guidelines that provide clear expectations for company boards on developing gender diversity policies and targets where appropriate.

In 2016, we joined the 30% Club Canada as a steering committee member, and have led the initiative's investor group since 2017. We committed to using our ownership rights to help achieve a minimum of 30 per cent women on the boards and executive management teams of S&P/TSX Composite Index companies by 2022. Since joining, BCI has directly engaged with our portfolio companies, worked with like-minded investors through the initiative, and raised expectations on gender diversity through our Proxy Voting Guidelines. In 2022, the 30% Club Canada targeted 15 companies through collaborative engagement to promote board and management diversity. BCI directly supported engagement with three of these companies.

Achieving gender representation targets

In early 2022, the 30% Club Canada announced that S&P/TSX Composite Index companies had surpassed the 30 per cent threshold for gender diversity on boards. On average, women occupy approximately 33 per cent of board seats at these companies. This milestone demonstrates what investors can achieve when we collectively advocate for changes that will benefit our clients in the long term.

Looking beyond gender diversity

The 30% Club Canada's investor group has updated its statement of intent. Together, we now call on companies to take prompt and considered action to achieve and exceed the 30 per cent gender diversity target and increase the presence of other underrepresented groups on boards and executive management teams. These groups include, Black, Indigenous, other visible minorities, members of the 2SLGBTQIA+ community, and persons with disabilities. While progress has been made toward better gender balance, Canadian companies have substantial work ahead to increase other dimensions of diversity.

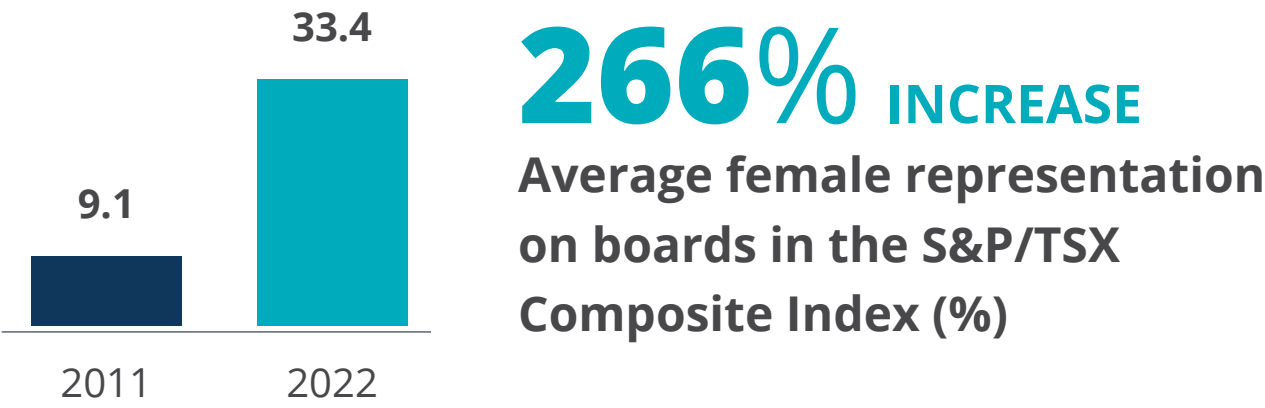
Increasing expectations through proxy voting

Since 2021, BCI has been at the forefront in holding U.S. boards to account for a lack of ethnic and racial diversity. Our latest Proxy Voting Guidelines now apply the same expectations to the Canadian market, and we will expand our approach to other markets as disclosures permit. We continue to maintain our expectation of 30 per cent female representation on boards. Learn more about how we hold companies accountable through proxy voting on [page 28](#).

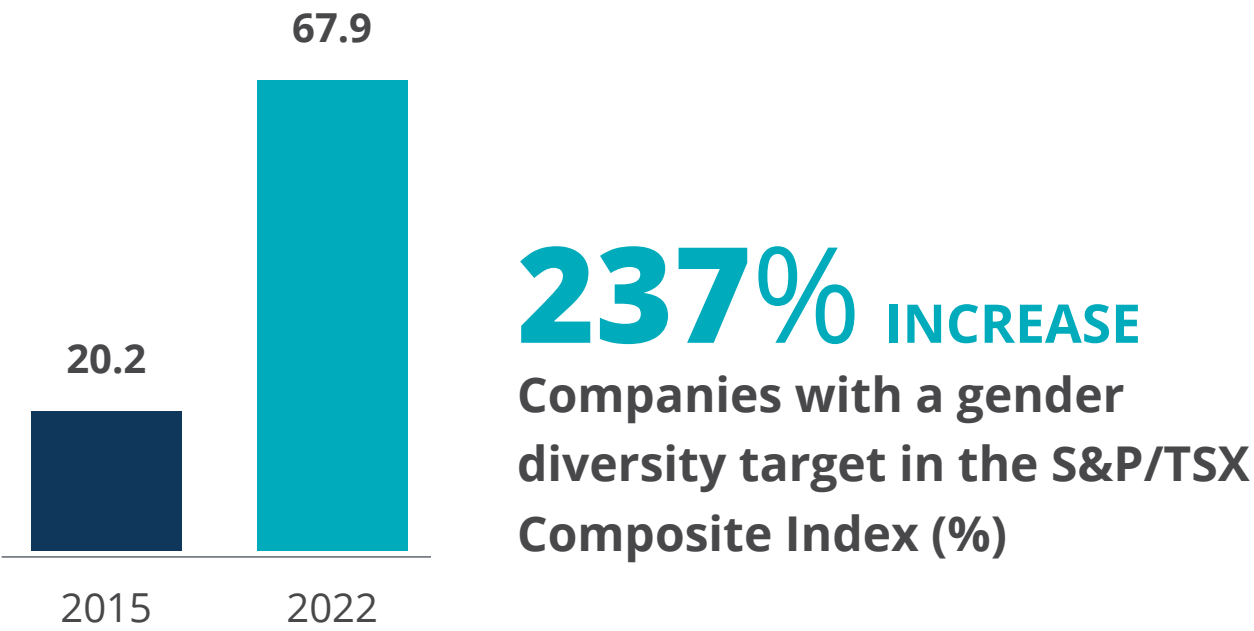
**BCI VOTED AGAINST
733 DIRECTORS IN CANADA
from 2015 to 2022 due
to lack of gender diversity**



Member since 2016



Source: Institutional Shareholder Services Inc.



Source: Institutional Shareholder Services Inc.



A CLOSER LOOK

Engaging in Private Markets

BCI is an active investor and plays an important role on the boards of many private portfolio companies. With governance rights and responsibilities, we are able to create closer alignment of interests, oversee management decisions, and set expectations on matters like ESG. With our long-term view, BCI can also support and work alongside companies to adopt ESG best practices. In addition to board oversight, we collaborate with portfolio companies to share our expertise.

OFFSETTING EMISSIONS AT BMS

BMS Group (BMS) is a high-growth, independent specialty insurance and reinsurance broker, with global operations, held in BCI's private equity portfolio since 2019. At the time of investment, our detailed ESG assessment highlighted climate change as a potential source of value creation.

BCI and other investors and board members supported BMS management in better defining its ESG strategy and climate-related initiatives, and determining how to strengthen its business through an ESG focus. The company appointed a consultant and hired a dedicated ESG lead to explore options to increase its environmental commitment and expertise. BCI's ESG team shared insights on carbon footprint calculation methodologies, reporting best practices, carbon reduction options, and the role of offsets.

In 2022, BMS began calculating and taking action to reduce its carbon footprint. The company announced it will offset GHG emissions arising from energy consumption in its offices,

by its employees working from home, and through business travel and hotel stays going forward, and has purchased carbon credits from a globally recognized and accredited company for the years backdated to 2019. BMS is working with a credible third party to offset emissions through projects like ecosystem conservation in Brazil, domestic energy projects in India and Uganda, and renewable energy projects in South Africa, Turkey, and the Dominican Republic. BMS is also now better positioned to advise its clients on ESG matters. BMS continues to evaluate and evolve the program with a focus on reducing operational emissions.

FINDING NEW OPPORTUNITIES AT CST

Caddo Sustainable Timberlands, LP (CST), held in BCI's infrastructure & renewable resources portfolio, is the largest private timberland owner in Texas, U.S., and has recently expanded into Louisiana, U.S. CST is committed to applying sustainable forest management practices that promote healthy forests while protecting water quality and critical habitats.

In 2022, CST announced that it entered into its first agreement for the evaluation and potential development of a carbon capture and storage (CCS) project on approximately 27,000 acres of its Texas timberlands. The project aims to permanently store more than nine million tons of carbon dioxide annually in subsurface geologic formations. CST will continue to sustainably manage the surface timberlands as the project is developed, which is anticipated to add value to CST's business and our clients. The project site is advantageously located near an industrial emissions hub, as well as existing and planned carbon dioxide transportation and injection infrastructure.

BCI and our co-investors worked closely with CST to evaluate the opportunity and negotiate the agreement. The project illustrates CST's commitment to deliver significant climate and environmental benefit, and creates a tangible opportunity to take action on climate by offering carbon removal options to local emitters.

SUPPORTING RECONCILIATION AT ENDEAVOUR

Endeavour Energy (Endeavour) has been held in BCI's infrastructure & renewable resources portfolio since 2017. It is a regulated utility that owns, maintains, and operates the electrical distribution networks for western Sydney and the Illawarra region of New South Wales, Australia. The company provides electricity to more than one million residential and commercial customers.

Endeavour has completed implementation of its first Reconciliation Action Plan (RAP) under **Reconciliation Australia's RAP framework** (Reflect RAP). This inaugural RAP focused on creating meaningful impact and opportunities with Aboriginal and Torres Strait Islander peoples around three key pillars: relationships, respect, and opportunities. Delivery on all commitments has laid a solid foundation to progress toward the next level of the framework (Innovate RAP). This RAP will be developed in partnership with Reconciliation Australia and local First Nations to continue the company's journey toward reconciliation. Endeavour will report progress quarterly on its next level RAP as part of its governance and reporting commitments.

As a board member, BCI supports Endeavour's management in its approach to developing these RAPs, and setting an example for reconciliation action and accountability.

ADDING VALUE THROUGH CONSERVATION AT MOSAIC

Mosaic Forest Management (Mosaic) is a timberland management company held in BCI's infrastructure & renewable resources portfolio. In 2022, Mosaic announced that it would defer logging on 40,000 hectares of private land in coastal British Columbia, Canada, for the next 25 years and potentially longer.

Known as the BigCoast Forest Climate Initiative (BigCoast Forest), the deferral of harvesting on land across Vancouver Island and Haida Gwaii will increase natural carbon storage as the forests grow, and defer logging operations-related emissions. This will allow Mosaic to sell carbon credits generated from the conservation of old forest habitats. Over the life of the project, BigCoast Forest is expected to capture and store more than 20 million tonnes of carbon dioxide, while conserving old-growth trees, sensitive ecosystems, and culturally significant lands. This aligns with Mosaic's sustainability goals, including achieving net zero by 2035.

BCI holds two seats on Mosaic's Board, which allows us to have active oversight and provide input into the company's strategic direction. From the outset, the board supported a comprehensive assessment of the opportunity to sell carbon credits in lieu of harvesting timber. BCI participated on a carbon credits committee, consisting of board members and management, to oversee the evaluation and execution of the initiative.

BigCoast Forest enables Mosaic to be part of the solution to climate change while generating diversified returns for shareholders, including BCI's clients. As more companies

and governments work to meet net-zero commitments, demand for high-quality nature-based carbon credits is expected to increase significantly. BigCoast Forest credits will be certified and independently audited under the Verified Carbon Standard program — a widely used, transparent and rigorous voluntary GHG crediting program.

Taking a collaborative approach

A portion of revenue from this initiative will enable cultural and scientific research through the Indigenous Protected and Conserved Areas (IPCA) Innovation Program and the Pacific Salmon Foundation (PSF). The IPCA Innovation Program will assist Mosaic and local First Nations in designing and implementing research on these lands that will inform site use after the first 25 years. Similarly, the PSF will add this funding to existing programs that study the impacts of climate change on freshwater and marine conditions affecting salmon populations on British Columbia's coast.

40,000 HECTARES

of timberland deferred for
harvest across Vancouver Island
and Haida Gwaii

20 MILLION TONNES

of expected GHG emissions
reductions for the next 25 years

Mosaic's carbon crediting project contributes to the UN Sustainable Development Goals

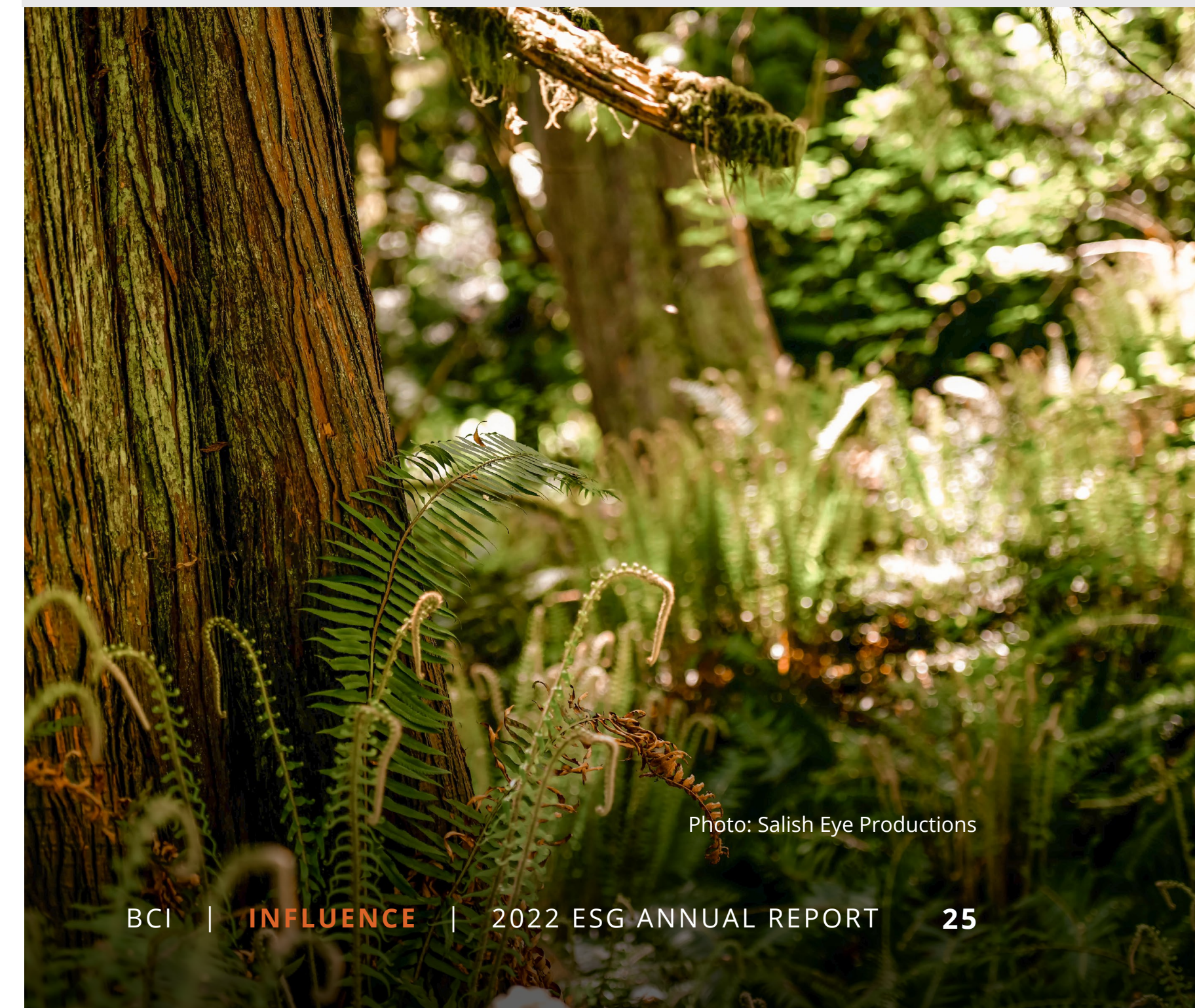


Photo: Salish Eye Productions



SUPPORTING NET ZERO AT QUADREAL

In 2022, QuadReal updated its strategic pathway to reduce GHG emissions to net zero by 2050. The pathway includes reducing energy consumption, increasing energy efficiency, and transitioning to renewable energy sources for its properties. QuadReal will also consider the lifecycle emissions of materials used in construction and operations, with the overall goal of mitigating the impact of the company's operations on the environment.

QuadReal's net-zero strategy aligns to BCI's expectations for portfolio companies set out in our Climate Action Plan. BCI has a long history of emissions reduction in real estate. In 2007, we started tracking carbon emissions at all Canadian-owned properties, which continued after BCI created QuadReal in 2016. Through energy efficiency projects, our domestic portfolio saw a decrease in normalized energy consumption of over 20 per cent from 2007 to 2022 and a reduction in annual carbon emissions of more than 30 per cent.

QuadReal's net-zero target is aligned to the science-based carbon reduction goals set by the Intergovernmental Panel on Climate Change. The company has an interim target of 50 per cent carbon reduction of the global portfolio by 2040, with Canadian property-level transition plans to be in place by 2025.



Established by BCI in 2016

QuadReal's pathway to net zero

- **2025**
Net zero plans in place for global portfolio
- **2030**
50% absolute carbon reduction of QuadReal's Canadian portfolio
- **2040**
All Canadian offices achieve net-zero emissions
50% carbon reduction of QuadReal's international portfolio
- **2050**
Global portfolio is net-zero carbon

“As active managers, expanding our carbon reduction targets to net zero across our global portfolio will allow us to meet our fiduciary responsibility to all our stakeholders and clients, and help lead the market in innovation and execution.

Lucy Fletcher
Managing Director, Global Portfolio Management,
QuadReal

Reducing emissions through retrofits

An example of how QuadReal is reducing emissions at the property level is Bristol Court, a mid-rise multi-unit residential building in Mississauga, Ontario.

The building was constructed in 1984 and contains 113 residential suites. From 2007 to 2017, the electricity grid in the region largely decarbonized, which reduced Bristol Court's annual carbon footprint by approximately 40 per cent. In 2018, QuadReal implemented base building LED lighting retrofits with roughly 10 per cent carbon reduction. From 2021 to 2022, QuadReal piloted in-suite heat pumps and sub-metering on approximately 25 per cent of units to further drive down the property's carbon footprint, as well as landlord-paid utilities. Once all suites are retrofitted, carbon savings will be more than 75 per cent.

QuadReal sees a significant opportunity to scale the approach at Bristol Court to other managed buildings with similar HVAC systems. Beyond carbon emissions reductions and increased resident comfort, the retrofit project is expected to deliver strong returns.



Photo: QuadReal

INCREASING ESG DATA IN PRIVATE EQUITY

ESG disclosure by private companies continues to lag disclosure of financial metrics. Despite several available ESG frameworks and rating providers, there has historically been a lack of standardized, meaningful, and performance-based data available to private equity investors. Strong ESG performance can differentiate a general partner in a crowded industry and assist with fundraising. Limited partners, including BCI, also benefit from transparent ESG data. We use datasets as inputs for investment and portfolio analysis, and to identify areas of improvement and engagement topics.

Collaborating on the ESG Data Convergence Initiative

The ESG Data Convergence Initiative (EDCI) is a collaboration that has grown from over 150 general and limited partners in its inaugural year to over 260 by the end of 2022. EDCI compiles private company ESG data using a standard set of metrics established by investors. This common framework streamlines data collection, analysis, and reporting, while increasing comparability. The data is used to create consolidated benchmarks for initiative participants. ESG data has been compiled from more than 2,000 private companies across many sectors and geographies. The data include GHG emissions, renewable energy, board diversity, work-related accidents, net new hires, and employee engagement. While the company coverage represents a small portion of fund holdings and material ESG factors, it is a promising first step toward greater data transparency, quality, and comparability.

EDCI information supports our analysis of the ESG performance of our private equity portfolio, which informs our ESG engagement with general partners and the management teams of our direct holdings.

Engaging with our general partners

While EDCI provides consolidated industry ESG benchmarks, we are also interested in the datasets specific to BCI's portfolio and individual holdings. In 2022, BCI's private equity team actively engaged 20 of our general partners, representing 68 per cent of our funds portfolio, to promote EDCI participation and better understand their ESG data collection and reporting processes.¹ We obtained datasets from nine managers, representing about one third of our funds portfolio. About 26 per cent of BCI's general partners are committed to EDCI and have submitted data to the initiative.¹

This data, while limited, is the starting point to benchmark a subset of our portfolio. We have developed a system to pair our existing financial reporting with ESG metrics as they become available. The insights derived from this analysis will help us to improve our overall engagement with general partners and private companies.

We plan to expand our ESG data collection efforts through engagement with more external partners and companies we directly own. Having meaningful ESG datasets that cover a larger portion of our private equity portfolio will allow BCI to better compare results against the EDCI benchmark, track progress over time, and incorporate ESG into our value creation efforts.



¹ Based on total exposure as the sum of market value and unfunded commitments to our core external managers as of Dec 31, 2022. This excludes our legacy investments.



“EDCI is the first major industry-wide initiative to collect and measure a standard set of ESG metrics for private companies. It has seen remarkable uptake by limited and general partners, and is already providing valuable insights into areas where private equity-backed firms are industry leaders, as well as where engagement can drive improvements.

Jonathan Albuquerque
Associate, Portfolio Monitoring & Reporting,
Private Equity

A CLOSER LOOK

Proxy Voting

Proxy voting is a key right and responsibility of active ownership. It helps foster good corporate governance and accountability by setting expectations for companies and providing shareholder input on important matters. BCI carefully considers and casts proxy votes for all public equity holdings.

2023 PROXY VOTING GUIDELINES

We developed the 11th edition of our Proxy Voting Guidelines for use in the 2023 and 2024 voting seasons. Key updates include increased expectations on climate change disclosure and performance, board diversity, corporate governance roles, and protection of shareholder rights. These changes reflect the increasing urgency for companies to address material ESG risks.

Learn more about how our expectations are evolving at [BCI.ca/ProxyVoting](https://www.bci.ca/ProxyVoting)

2022 VOTING RECORD

BCI supported 149 of 190 **social** shareholder proposals in Canada and the U.S., including all 19 that passed.

BCI supported 46 of 65 **environmental** shareholder proposals in Canada and the U.S., including all 11 that passed.

We did not support environmental and social proposals that were considered overly prescriptive or immaterial.

GUIDELINE: BCI expects women directors to comprise at least 30 per cent of a company's board of directors.

We voted against 486 directors at 415 companies, a decline from 624 at 521 companies in 2021.

GUIDELINE: BCI supports increasingly prescriptive shareholder proposals on climate change.

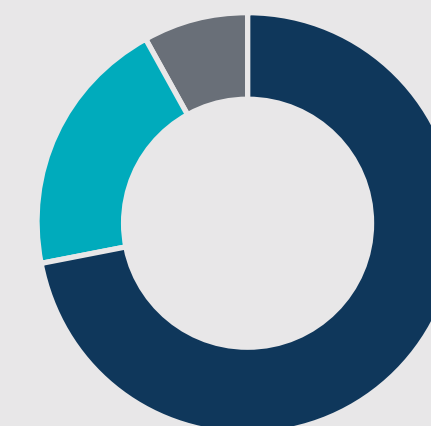
Across all 153 environmental-related proposals, BCI supported 54 per cent versus 47 per cent in 2021.

We voted for 49 climate change proposals out of 79 in 2022 versus 35 out of 44 in 2021. Total climate change proposals nearly doubled year-over-year. Our relative support dropped in 2022 due to overly prescriptive proposals.

GUIDELINE: BCI will consider votes against directors for a weak response to climate change risk or inadequate disclosure.

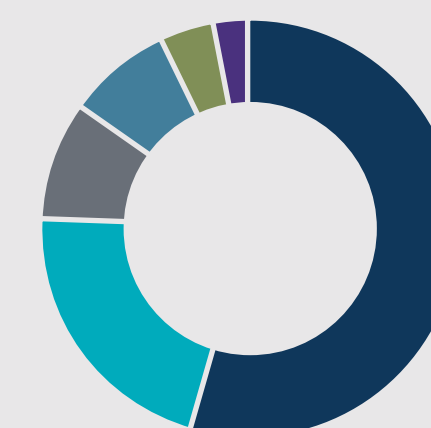
In 2022, we expanded our target universe in order to escalate our votes against companies with lagging practices. We voted against 261 directors at 197 companies versus 51 directors at 34 companies in 2021.

Proposals voted by geography (%)



- 72 International
- 20 United States
- 8 Canada

Proposals voted by category (%)



- 54 Board of Directors / Director-Related
- 21 Shareholder Rights & Routine Items
- 9 Compensation
- 8 Capitalization
- 4 Reorganization & Mergers
- 3 Shareholder Proposals

3,478 MEETINGS VOTED

IN **54** COUNTRIES

14.9% DECREASE
in meetings

38,692 AGENDA ITEMS
ASSESSED

OF WHICH WE VOTED

MANAGEMENT PROPOSALS

26% AGAINST
Total proposals 37,496

DIRECTOR NOMINEE PROPOSALS

30% AGAINST / WITHHELD
Assessed 17,132

SAY-ON-PAY / REMUNERATION

34% AGAINST
Assessed 1,477

SHAREHOLDER PROPOSALS

60% SUPPORTED
Total proposals 1,196



54%
total 153



71%
total 196



58%
total 847



2022 Proxy Voting Highlights

By voting on proposals and engaging portfolio companies on ESG factors, BCI encourages board and management actions that will add long-term value to shareholders, including our clients.

A **searchable database** on our website provides our voting record, including rationale for votes against management proposals and votes on shareholder proposals.

Apple Inc. (NASDAQ: AAPL)

BCI supported two shareholder proposals that passed at Apple Inc. One asked the company to report on the risks associated with resolving disputes through mandatory arbitration and the other requested that an outside party conduct an internal civil rights audit. Our voting on these proposals was based on our belief that additional reporting allows investors to assess a company's exposure to potential material risks.

Costco Wholesale Corporation (NASDAQ: COST)

BCI supported a shareholder proposal asking Costco Wholesale Corporation to adopt short-, medium-, and long-term science-based targets to reduce its GHG emissions to net zero by 2050 or sooner, covering Scope 1, 2 and 3 emissions. The proposal passed with nearly 70 per cent support.

Enbridge Inc. (TSX: ENB)

BCI supported a climate-related shareholder proposal requesting that Enbridge Inc. strengthen its net-zero commitment with a science-based net-zero target. While the proposal was prescriptive, we supported it based on

our belief that the company should strive for science-based targets, including Scope 3 emissions and absolute emissions reduction targets. The proposal received 23 per cent support.

Shopify Inc. (TSX: SHOP)

Shopify Inc. asked shareholders to support a voting arrangement where the founder and CEO would retain 40 per cent voting power through "founder" shares even if actual share ownership dropped below that level. Investors reacted negatively and the proposal passed primarily due to a pre-initial public offering shareholder who is a current director and owns Class B multi-voting shares. The majority of ordinary shareholders, including BCI, voted against the proposal.

INDIGENOUS RIGHTS AND RECONCILIATION

BCI voted in support of the first Indigenous-related shareholder proposal in 2021 and continued our support for all proposals related to Indigenous reconciliation and rights in 2022. BCI's approach to shareholder proposals related to Indigenous peoples' rights and reconciliation is in accordance with **Call to Action 92** of the Truth and Reconciliation Commission's Final Report and aligned with the principles of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

While we evaluate proposals on a case-by-case basis, we will generally support the disclosure or adoption of policies and practices related to reconciliation and Indigenous inclusion, such as Indigenous community relations, hiring and retention practices of Indigenous employees, training on Indigenous reconciliation, and

procurement from Indigenous-owned businesses. We also support and encourage companies to seek Progressive Aboriginal Relations (PAR) certification offered by the **Canadian Council for Aboriginal Business**.

At Onex Corporation (TSX: ONEX) and Toromont Industries Ltd. (TSX: TIH), shareholder proposals asked for reports on how company policies and activities align with or are certified by external Indigenous-led standards on Indigenous community relations, recruitment and advancement of Indigenous employees, internal education on Indigenous reconciliation and procurement from Indigenous-owned businesses.

While the proposal did not pass at Onex due to management opposition, there was significant support from minority shareholders when excluding insider ownership. Management at Toromont supported the proposal, which was only one of two shareholder proposals to pass in Canada in 2022, receiving 99 per cent support.

We also supported two proposals asking for an assessment on the effectiveness of company policies and practices to respect Indigenous peoples' rights in corporate and project financing at Citigroup Inc. (NYSE: C) and Wells Fargo & Company (NYSE: WFC). Both received significant support at 33 per cent and 26.5 per cent, respectively.



CLIMATE OPPORTUNITIES

Acquired Reden Solar, our first direct investment in solar within our infrastructure & renewable resources program.

SUSTAINABLE BONDS

Invested in 26 sustainable bond issuances valued at over \$1.45 billion, increasing total historical participation to more than \$4 billion.

SDI ASSET OWNER PLATFORM

Supported expansion of the SDI Asset Owner Platform, which measures company contributions to the SDGs.

Invest

BCI actively seeks opportunities to invest in ESG-themed investments that provide long-term returns for clients and reinforce our investment beliefs.

BCI considers ESG in all aspects of asset allocation, which includes pursuing opportunities that diversify or mitigate ESG risk — and create value. ESG-focused investments are a growth area and include opportunities related to the global transition to net-zero emissions. This provides a wide range of investment options for BCI to consider with our clients' financial interests always at the forefront.

Markets are changing as environmental and social factors are priced, ESG standards and regulations change, and new technologies are introduced. We seek opportunities across all asset classes, and continue to keep pace with this rapidly evolving landscape.

Seeking Long-term Opportunities

We consider investment opportunities generated by long-term, systemic ESG factors that add value or mitigate risk in the portfolio.

INVESTING DIRECTLY IN RENEWABLES

BCI acquired Reden Solar with investment partners in 2022, marking our first direct investment in solar energy in our infrastructure & renewable resources program. Reden Solar develops, finances, builds, and operates solar power plants across Europe and Latin America with roughly a one gigawatt operating portfolio and a 15 gigawatt development pipeline. Headquartered in France, Reden Solar has an established market presence in France, Spain, and Portugal and recently expanded to Italy and Greece. Reden Solar predominantly focuses on ground-mounted and agrivoltaic projects, which includes solar development on land classified for agriculture. BCI's investment partners on Reden Solar are experienced in managing and operating renewable power investments across Europe and internationally.

ACCELERATING THE GREEN ENERGY TRANSITION

Our infrastructure & renewable resources team committed to the Macquarie GIG Energy Transition Solutions (MGETS) fund, which pursues investment opportunities in infrastructure and real assets capable of accelerating

the global green energy transition. These sectors include clean grid, clean transportation, hydrogen, renewable fuels, and carbon capture, utilization, and storage. Our commitment will provide clients with exposure to emerging energy transition themes and position BCI to capitalize on future direct investment opportunities. Our long-standing relationship with Macquarie Asset Management has led to several attractive investments for BCI clients, including Reden Solar.

SOLAR ROOFTOPS AT QUADREAL

QuadReal has been assessing options for solar panels on the large unshaded rooftops of the warehouses it develops and manages. In 2022, the first large solar photovoltaics installation began on a 339,500 square foot industrial building in New Jersey, U.S. The system will be commissioned and generate electricity in 2023. It is expected to generate almost as much electricity as the tenant's annual usage. The solar energy system is designed so it can easily be expanded to 80 per cent roof coverage of panels from roughly 15 per cent. This higher roof coverage would provide enough electricity for a tenant with extensive on-site electric vehicle charging. QuadReal plans to install solar photovoltaics in 2023 at another property in New Jersey and one in Ontario, Canada. QuadReal is assessing eight or more properties for possible installation in 2024 and 2025, many of which are located in California, U.S.



Photo: QuadReal

Q&A

Pursuing Opportunities in Renewable Power



Jon Perry
Director, Infrastructure
& Renewable Resources



Aun Mela
Senior Principal,
Infrastructure &
Renewable Resources



Bradley McNeely
Associate, Infrastructure
& Renewable Resources

BCI's infrastructure & renewable resources program invests globally in businesses that are critical to the growth and development of economies and communities. Our renewables coverage team shares insights on the sector and our recent investment in Reden Solar.

How did the team prepare to invest in renewable power?

Our program made its first stand-alone renewable energy investment in 2016 through Isagen, a hydroelectricity platform based in Colombia. In 2018, we tasked a small team to complete a strategic review of global opportunities in the renewable power sector that could provide attractive long-term, risk-adjusted returns for our clients. The team looked at factors such as the maturity of the underlying technology, cashflow-generating capabilities, future development and growth expectations, and expected longer term capital requirements. We also considered ownership structures that would best meet the program's goals. These structures include both indirect ownership through investment funds or passive vehicles, and direct ownership of a platform company with an established management team that would own, operate, and develop renewable power assets.

We concluded that investing in mature, renewable power technologies through a platform company was the optimal structure to achieve appropriate risk-adjusted returns. We targeted opportunities to invest in platform companies led by skilled, experienced management teams. These opportunities would also remain cashflow positive through the ownership of operating assets and be primarily self-sustaining in terms of available capital required to develop and grow the business.

What made Reden Solar an attractive investment?

With this target investment profile, the team sourced the Reden Solar opportunity in 2021 and, after due diligence, determined that the company had the key characteristics we were seeking. With a highly experienced management team, Reden Solar has most of its focus in France, Spain, Portugal, Greece, Italy, and a smaller portion of its portfolio in key Latin American countries. Solar is expected to play a pivotal role in the evolution of clean energy in these jurisdictions. Given its operational base of approximately one gigawatt of solar facilities, the business is cash-flow sufficient and can scale over time. We are excited about this investment and keen to support its growing business.

What does this mean for BCI?

While Reden Solar is a sound financial investment, it also benefits our program in other ways, including increasing our knowledge in the sector. Reden Solar also diversifies our geographic presence and reduces the carbon intensity of our infrastructure & renewable resources portfolio.

The experience gained through the Reden Solar transaction has helped the team when analyzing other investment opportunities. For example, through underwriting Reden Solar, we realized the importance of battery storage systems in the future of power grid development. As a result, we initiated a review of opportunities in the battery storage space and, in January 2023, BCI announced an investment in Eku Energy — a U.K.-based company focused on the development and operation of battery storage projects in the U.K., Australia, and other global markets.

A CLOSER LOOK

Investing in Sustainable Bonds

BCI looks for opportunities to invest in the fast-growing market of sustainable bonds. These use-of-proceeds bonds — labelled green, social, or sustainability — offer clients investment returns and exposure to positive sustainability outcomes, including climate mitigation strategies. Through primary market participation, our investments support leading issuers in directing funds toward tangible environmental and social solutions.

At the end of 2022, BCI's total historical participation in sustainable bonds reached more than \$4 billion, supporting a total of 59 issuing companies through 88 new issues. With favourable supply, BCI invested in 26 new issues valued at over \$1.45 billion during the calendar year alone. Our strategies in fixed income will lead to an estimated cumulative participation of \$5 billion in sustainable bonds by 2025. We support market growth by encouraging qualified issuers to consider sustainable bonds as a financing mechanism within their sustainability strategies.

In addition to being an active member of the Canadian Bond Investor Association (CBIA) ESG committee, BCI also became a board director of the association in 2022.

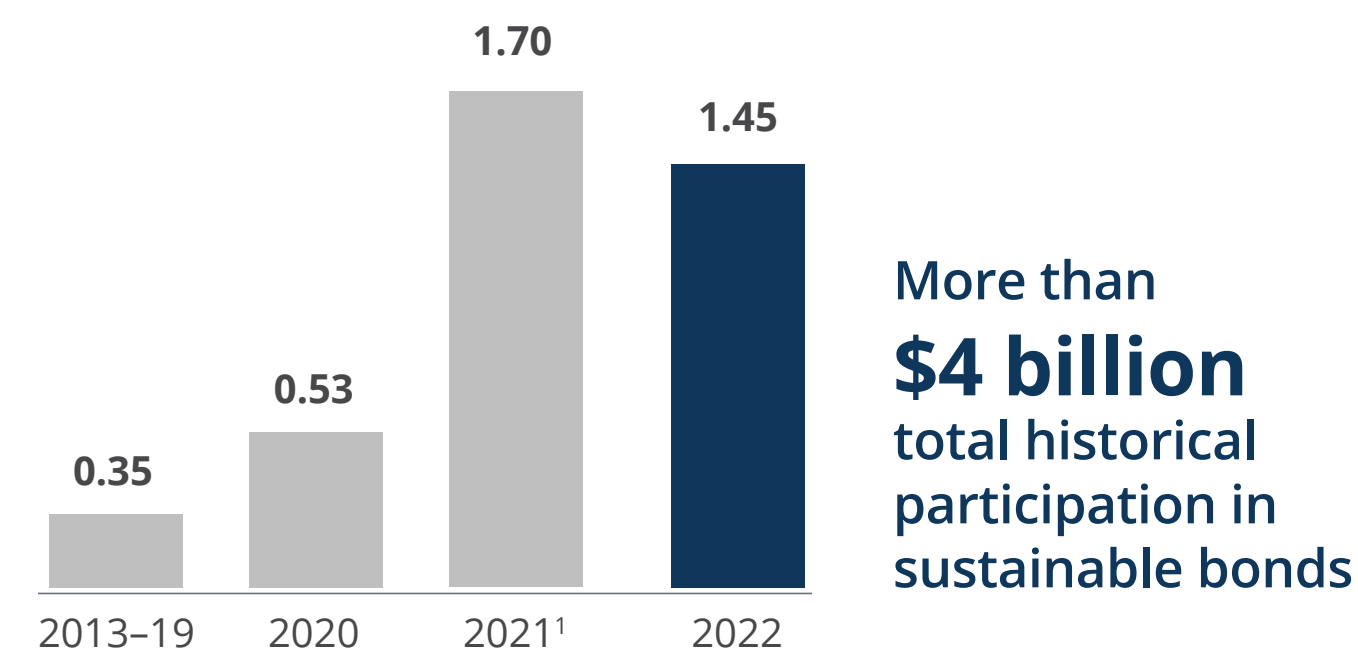
¹ Reported figure from 2021 has been restated (\$1.7 billion reported in 2022 vs \$1.71 billion reported in 2021) due to exclusion of sustainability-linked bond participation.

ENGAGING ON STANDARDS

BCI is a member of the International Capital Market Association (ICMA) sustainability-linked bond working group. Sustainability-linked bonds have general purpose use of proceeds with financial or structural components tied to achieving ESG targets. BCI advocates to strengthen the principles and the materiality of penalties for this instrument to deliver its intended purpose of incentivizing companies to achieve sustainability targets.

We actively supported engagements with market participants involved in the structuring and marketing of sustainability-linked bonds to address the instrument's shortcomings. We disagree with the systematic characterization of sustainability-linked financing as sustainable finance by the underwriting community. BCI believes engagement is critical to improve the product offering for bond investors, and we encourage banks to align with investors' interests and expectations for improved transparency and rigour in accounting and reporting on sustainable finance targets.

Annual participation in sustainable bonds (\$ billion)



“Our engagement with bank dealers and issuing companies on sustainable bonds shows how the invest and influence pillars of our ESG strategy intersect. Influencing the behaviour of market participants gives us better options to invest in high-quality opportunities, while actively investing gives us a stronger voice at the table.

Anne-Marie Gagnon
Senior Principal, ESG

PARTICIPATION ACROSS ISSUERS AND INDUSTRIES

BCI participates in the sustainable bond market by investing in a diverse universe of issuers, including supranational, sovereign, and agency (SSA) issuers — such as provinces and municipalities — and corporate investment grade and high-yield issuers.

Canadian-dollar-denominated SSA bonds represent over 35 per cent of our total historical participation, with issuances by provinces, municipalities, and government agencies reflecting over 25 per cent of total historical participation. Examples from 2022 include:

- > \$60 million+ invested in green and social bonds from Canadian municipalities
- > \$240 million+ invested in three green bonds from Canadian pension funds

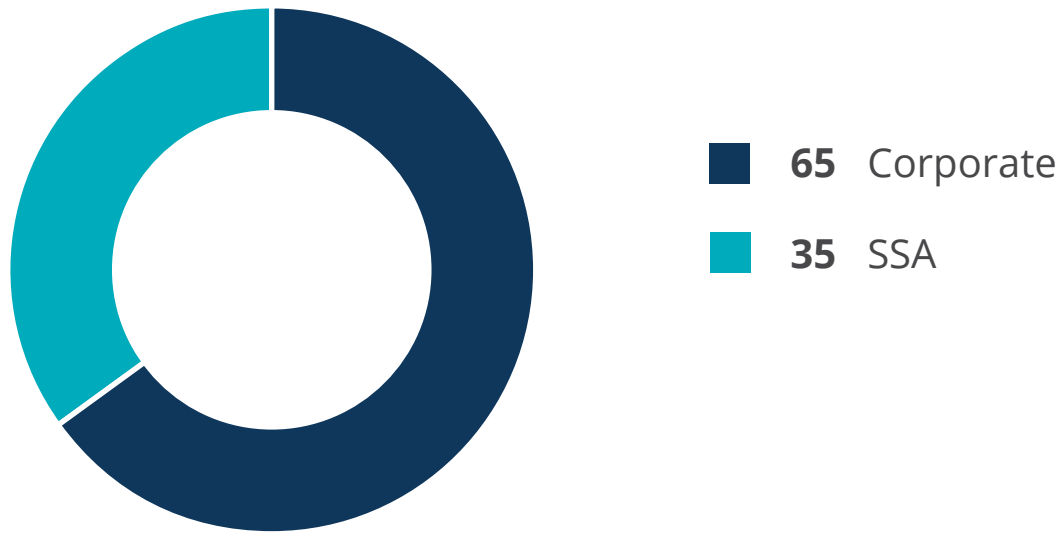
Canadian corporate issuance represents more than 30 per cent of our historical participation. Examples from 2022 include:

- > \$140 million+ invested in Canadian real estate and financial institutions issuing green and sustainability bonds

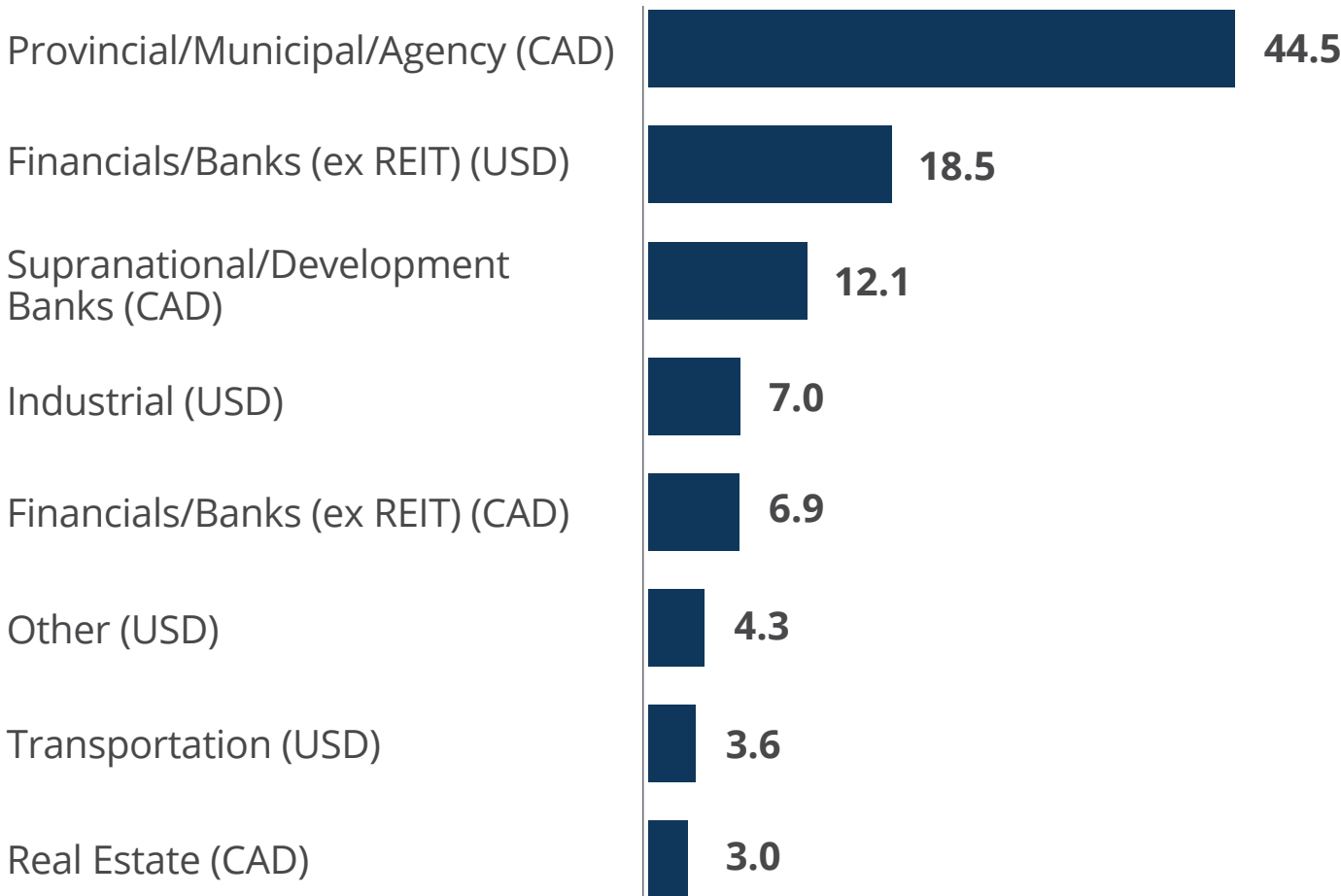
U.S. corporate issuance represents about 30 per cent of our historical participation, including over 15 per cent from financial institutions and about 10 per cent from industrials. Examples from 2022 include:

- > \$260 million+ invested in banks and financial institutions' sustainability bonds
- > \$100 million+ invested in industrial companies' green bonds

Historical participation by issuer type (%)
at December 31, 2022



2022 participation by issuer sub-type (%)

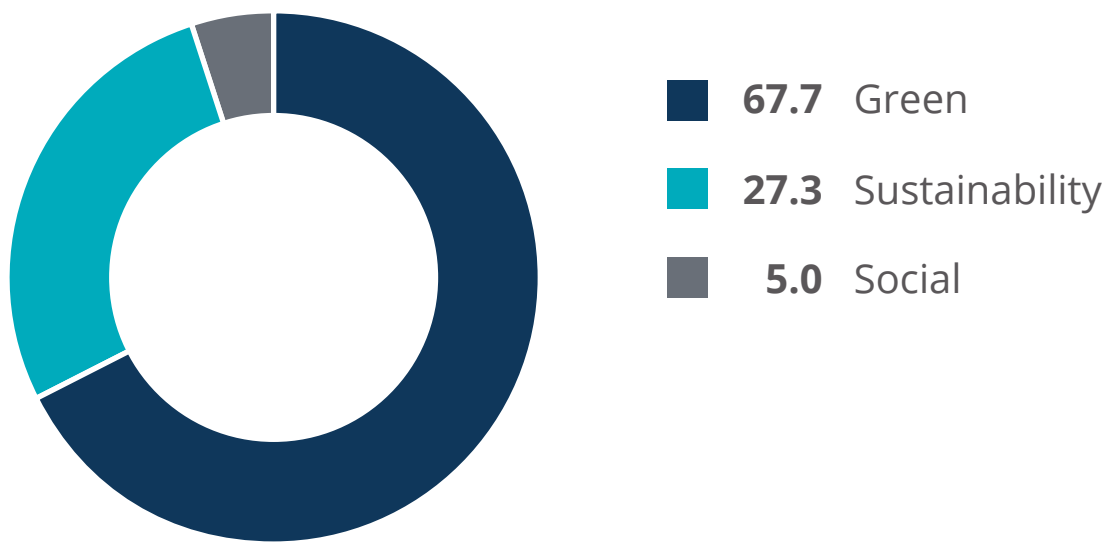




USE OF PROCEEDS

Historically, BCI has subscribed to 88 sustainable bonds, representing over \$4 billion in initial participation in support of 59 issuing entities.¹ Some examples of our 2022 investments are included in the table.

Historical participation by sustainability label (%)
at December 31, 2022



Types of Bonds

Green Bonds

Finance projects with environmental benefits.

Social Bonds

Finance projects with positive social outcomes.

Sustainability Bonds

Finance a combination of both green and social projects.

TYPE	REGION	ISSUER	ISSUER TYPE	ISSUANCE VALUE	YEAR	DESCRIPTION
Green	Asia	Honda Motor	Corporate	US\$1 billion US\$750 million	2022	Finance development of electric and hydrogen fuel cell vehicles
Green	Canada	Province of Québec	Provincial Government	\$800 million \$1 billion \$500 million \$500 million	2022 2022 2021 2020	Finance eligible environmental projects and infrastructure across Québec, predominantly in the clean transportation and green buildings categories
Green	U.S.	Union Pacific	Corporate	US\$600 million	2022	Finance new battery-electric locomotives and fuel efficiency improvements for existing rolling stock
Social & Green	Canada	City of Toronto	Municipality	\$235 million (social) \$300 million (green)	2022	Social: Finance affordable social housing Green: Finance adaptation to climate change, abatement and avoidance of GHG emissions, resource recovery, and waste management
Sustainability	International	International Bank for Reconstruction and Development	Supranational Development Bank	\$1.5 billion	2022	Finance projects that focus on health systems and efforts to help member countries as they work to contain the spread and impact of COVID-19
Sustainability	Canada	National Bank of Canada	Corporate	\$1 billion	2022	Finance investments in renewable energy, sustainable buildings, low-carbon transportation, affordable housing, access to basic and essential services, and loans to small and medium-sized enterprises

¹ At Dec. 31, 2022


A CLOSER LOOK

Expanding the SDI Asset Owner Platform

In 2020, BCI and our partners, APG (Netherlands), AustralianSuper (Australia), and PGGM (Netherlands) established the Sustainable Development Investments (SDI) Asset Owner Platform. The asset owner-led platform uses artificial intelligence to set a global standard for the classification of sustainable development investments. Through a standard definition, taxonomy and data source, investors can use the data to identify public companies that derive revenues from products and services that contribute positively to the achievement of the United Nations Sustainable Development Goals (SDGs).

BCI uses SDI Asset Owner Platform data to augment our detailed ESG assessments. Our public markets team has developed tailored dashboards that provide a holistic view of our internally managed portfolios and serve as a visualization tool for research and engagement. We are also using the data and taxonomy to report in alignment with the TCFD recommendations, and evaluate climate-related opportunities.

In 2022, the SDI Asset Owner Platform delivered substantial product expansions and upgrades.



Launched in 2020 by BCI and partners

PRODUCT EXPANSIONS

Increased coverage

The SDI Asset Owner Platform now provides classifications for bond issuers, increasing the coverage to more than 9,250 companies. Subscribers are using the data to build indices, like the iSTOXX PPF Responsible SDG Index; as an input into their ESG integration processes to inform asset allocation decisions; and to accelerate SDG-aligned investments. The current dataset classifies more than 2,000 companies as sustainable development investments.

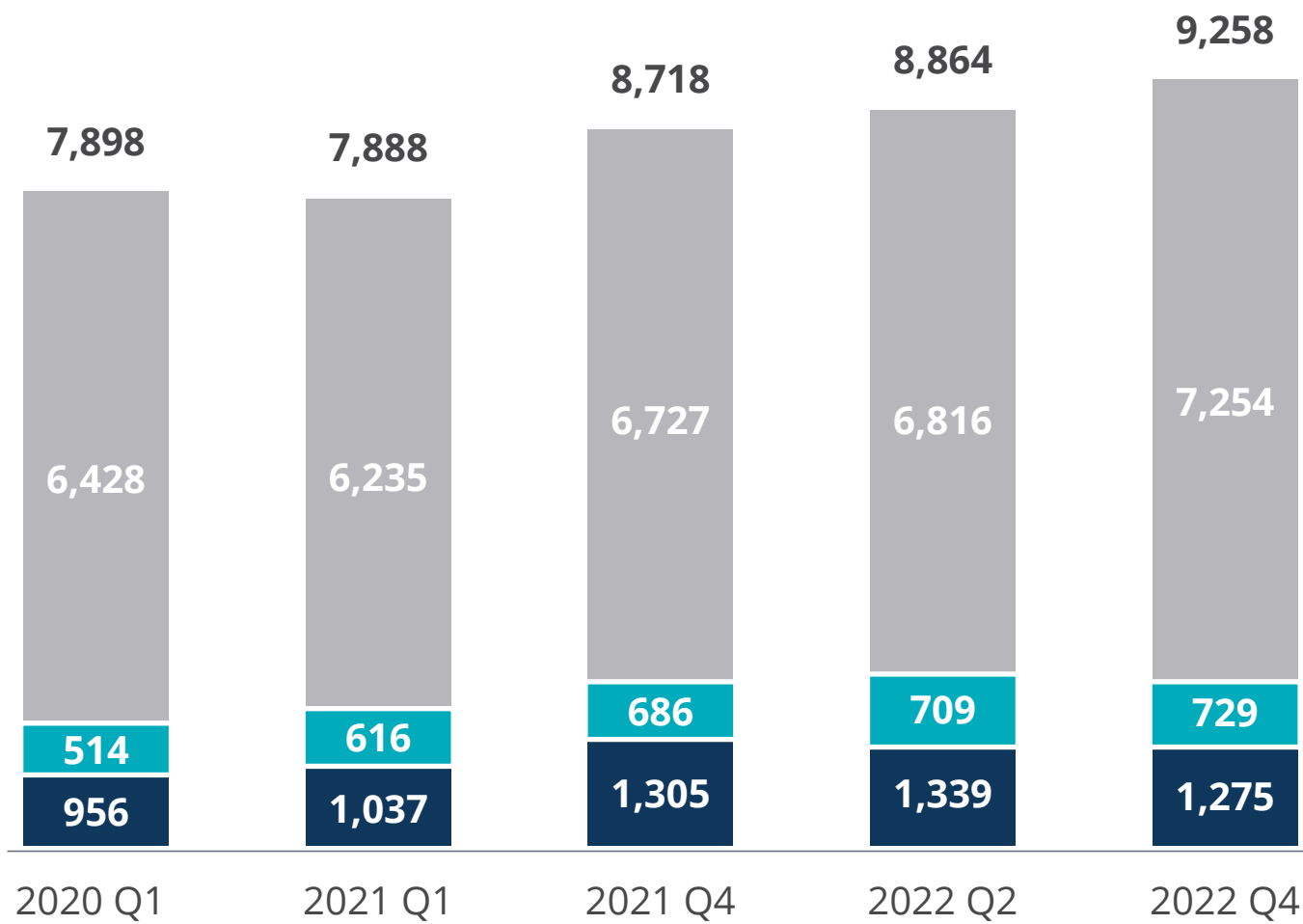
Growing subscriber community

The SDI Asset Owner Platform continues to grow its diverse set of subscribers. In 2022, this included leading asset manager **BlackRock**. The company is using the data to advise clients on ESG portfolio construction, research, reporting, product creation, and evolution. Learn more about how subscribers are using the platform at SDI-AOP.org/Use-Cases

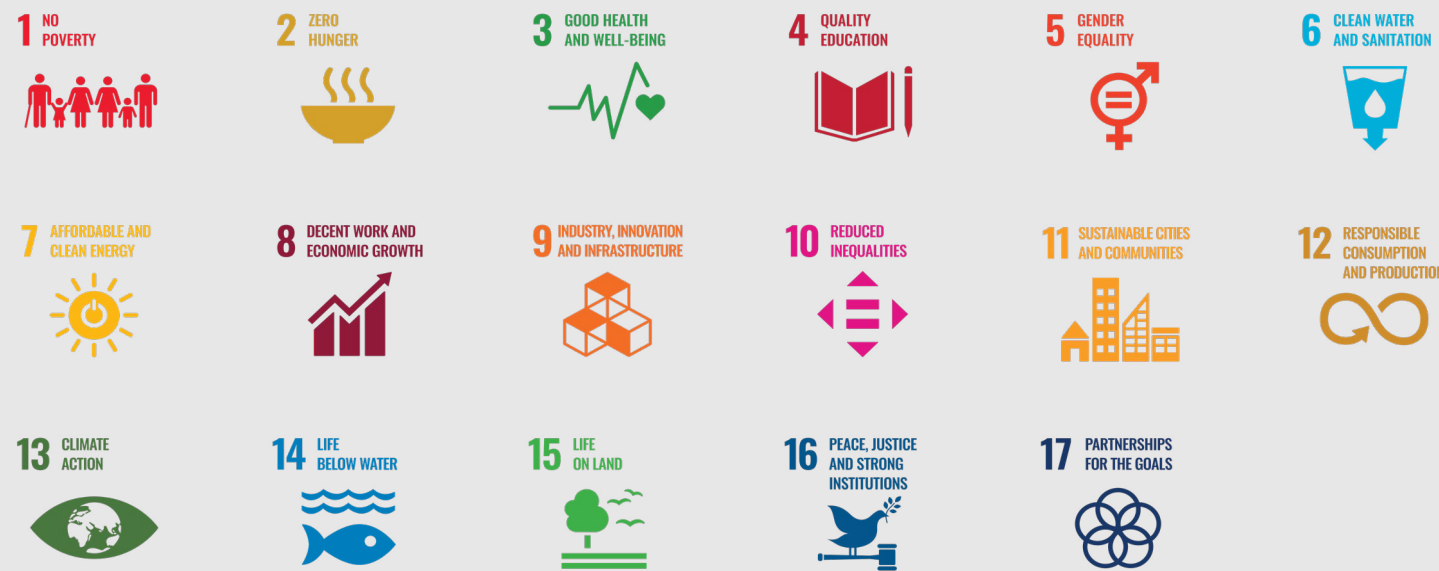
SDI coverage universe

Number of companies included, per classification:

- Majority:** >50% product and service revenues contribute to the SDGs
- Decisive:** 10-50% product and service revenues contribute to the SDGs
- Non-SDI:** <10% product and service revenues contribute to the SDGs



Source: SDI Asset Owner Platform



What are the Sustainable Development Goals (SDGs)?

The SDGs are a collection of 17 global goals to address a range of social and development issues. Together, the SDGs and the 169 underlying targets represent a framework for sustainable development that all 193 United Nations member states agreed to.



PRODUCT UPGRADES

Forward-looking indicators

The SDI Asset Owner Platform launched the SDI Innovation Outlook, which provides subscribers with insights into companies actively developing future solutions needed to achieve the SDGs. Using artificial intelligence, the SDI Asset Owner Platform has evaluated millions of global patents through the lens of its taxonomy and identified 130 technology categories that cover 11 of the United Nations Sustainable Development Goals (SDGs).

The output is a complementary signal to the sustainable development investment classifications. While classification of a sustainable development investment tells a user where the company is today, the SDI Innovation Outlook indicates where the company is heading.

Negative contributions

The original focus of the SDI Asset Owner Platform was to identify companies that derive revenues from products and services that positively contribute to SDGs. Based on feedback from the user community, we have helped evolve the SDI Asset Owner Platform to assess negative contributions as well. The platform classified 600 companies as having a material level (greater than 10 per cent) of products or services that contribute negatively to SDGs. Companies that derive more than 10 per cent of revenues from negative products or services cannot qualify as a sustainable development investment.

Mapping SDGs to technology categories and patents

The SDI Innovation Outlook identifies 130 technology categories covering 11 SDGs.

<div>2 ZERO HUNGER</div> <div></div>	<div>3 GOOD HEALTH AND WELL-BEING</div> <div></div>	<div>6 CLEAN WATER AND SANITATION</div> <div></div>	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div></div>	<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div></div>	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div></div>	Five more SDGs
Zero Hunger	Good Health and Well-Being	Clean Water and Sanitation	Affordable Clean Energy	Sustainable Cities and Communities	Responsible Production	...
Precision agriculture	Surgical equipment	Physical water treatment solution	Photovoltaics	Asphalt and concrete recycling	Biodegradable plastics	...
Food safety solutions	Radiation-based diagnostics	Biological treatment solution	Electric powertrain	Insulation material	Plastics from non-fossil feedstock	...
Crop breeding and engineering	Biological engineering	Collecting and distributing water	Charging infrastructure	Vehicle emission reduction	Solid waste management	...
Biological agrichemicals	Active vehicle safety	Irrigation	Hydrogen and fuel cells	Industrial exhaust purification	Reuse, recycling and recovery technologies	...
And more ...	And more ...	And more ...	And more ...	And more ...	And more

For illustrative purposes only, not exhaustive.

Source: SDI Asset Owner Platform



ESG BENCH STRENGTH

Established a global head of ESG and added specialized talent, strengthening our corporate-wide approach.

ESG WORKING GROUP

Advanced ESG value creation, corporate-wide measurement, and education opportunities through our ESG Working Group.

NEW HIRE ORIENTATION

Provided all new hires an ESG overview during orientation, supporting a common understanding and culture of ESG.

Insight

We use our learnings across all ESG activities, as well as our understanding of emerging trends, to generate insights that help us continuously adapt and improve our strategies, processes, and approaches.

We work to deepen ESG knowledge at every level of the corporation and with our clients, so that all stakeholders are aligned with the direction and commitments of our ESG Strategy. Our ESG professionals have the expertise needed to assess material ESG matters across asset classes and manage complex risks and opportunities in our portfolio.

The evolving ESG landscape requires ongoing education, research, and information sharing. We are intentional and proactive in building our ESG bench strength, and continue to grow our in-house capacity to support our investment teams and clients.

Increasing ESG Capacity and Expertise

With substantial ESG knowledge across BCI, we continue to evolve our approach and expertise to keep pace with new developments.

BUILDING ESG BENCH STRENGTH

As a long-term investor, BCI continues to expand our ESG focus and increase capacity across all teams. We have centralized our ESG leadership by establishing a global head of ESG position. This will increase consistency and coordination across BCI, while allowing our ESG professionals to remain embedded across business lines and creating flexibility for tailored approaches within each asset class. We have added two new ESG positions to directly support the private equity and infrastructure & renewable resources programs, as ESG integration in private markets continues to grow.

A decade ago, BCI's ESG team consisted of two people. Today, we have 16 dedicated professionals supporting all asset classes, each with varied education, expertise, and experience. Several team members speak two or more languages, supporting our global engagement, and many team members hold certifications or designations like the Fundamentals of Sustainability Accounting credential from SASB.

ONGOING EDUCATION AND LEARNING

Our ESG team and investment professionals continuously deepen their ESG expertise to engage across asset classes and participate on the boards of private markets portfolio companies. Education and training opportunities on key ESG topics are also provided to BCI employees, clients, and board members.

All new employees are introduced to our ESG Strategy and expectations during our quarterly new employee orientation sessions. We also communicate ESG updates and developments through our internal and external communication channels.

In 2022, clients participated in sessions related to BCI's overall ESG approach, climate change, corporate governance, human capital management, and supply chain due diligence. We shared regular updates through client reporting and The Exchange, our dedicated client portal. BCI's Board focused on its role in ESG governance and oversight, climate change, and Indigenous reconciliation.

Expanding our understanding of Indigenous reconciliation

BCI continued to build its understanding of Indigenous reconciliation and the role of investors in advancing **Call to Action 92** of the Truth and Reconciliation Commission's Final Report and UNDRIP. BCI personnel attended an internal session facilitated by a third-party partner. This is part of our ongoing journey to increase our knowledge, evolve our practices, and inform our expectations of our external managers and the companies in which we invest. This session complemented Indigenous-focused workshops held in 2021 with employees and BCI's Board.





A CLOSER LOOK

Our ESG Working Group

BCI has significant ESG talent, experience, and knowledge across the corporation. Pooling and sharing insights allow us to be accountable, learn from each other, and implement improvements. A main vehicle for sharing is our ESG Working Group: an interdisciplinary team of professionals from our ESG team and all asset classes.

The ESG Working Group oversees and steers the implementation of BCI's ESG Strategy, and collaborates on emerging issues, risks, opportunities, and trends. It is chaired by Jennifer Coulson, senior managing director & global head, ESG. In 2022, the ESG Working Group focused on three key areas:

- > **Value Creation:** Continuing to advance work focused on ESG as a source of value creation. We conducted benchmarking and analysis work that set the foundation for expanding our thinking and looking for new opportunities.
- > **Measurement:** Establishing corporate-wide key performance indicators to track outcomes of our ESG activities for clients and BCI's Board of Directors.
- > **Education:** Participating in formal training, third-party sessions, and knowledge sharing, including on climate change and climate investing, labour rights, and emerging standards.

CHAIR



Jennifer Coulson
Senior Managing Director
& Global Head
ESG



Adam Goehner
Director
ESG



Alex Reid
Principal
Private Equity



Amy Chang
Managing Director,
Active Global Fundamental
Public Markets



Blake Fizzard
Senior Managing Director
Private Equity



Christy Pham
Senior Principal
Infrastructure
& Renewable Resources



Evan Greenfield
Managing Director
ESG



Evan Mitchell
Associate Portfolio Manager, Credit
Public Markets



Mel de Jager
Director
ESG



Steve Turner
Managing Director
Infrastructure
& Renewable Resources



Susan Golyak
Director
ESG



Photo: Reden Solar

A CLOSER LOOK

Climate Change as a Source of Value Creation

BCI's ESG Working Group continues to research emerging approaches and trends that will inform how we leverage ESG as a source of value creation for our clients. Our definitions of value creation include creating value in our existing assets through ESG-related activities, as well as making new investments that capitalize on opportunities created by long-term themes like climate change.

In 2022, the ESG Working Group initiated a climate opportunity sector scan tailored to the unique needs and positioning of BCI. The sector scan project is expected to complement, enrich, and validate our ongoing in-house and third-party research. It will include an assessment that informs the climate opportunities across all segments of the market and establishes a systematic approach to sourcing and gaining deal access. BCI's investment teams from all asset classes have been engaged to explore and identify a range of possible investments arising from the global transition to a low-carbon economy.

This work is key to implementing our Climate Action Plan, and meeting the long-term return objectives of our clients.

Climate opportunity examples

Battery energy storage systems: Use of batteries to store excess energy generated by renewable energy sources such as wind and solar, and release when needed.

Biofuels: Fuels and blending components produced from organic matter, like plant materials and animal fats, used for transportation, heating, and power generation.

Carbon capture, utilization, and storage: Process that captures carbon dioxide emitted and either reuses or stores it so it will not enter the atmosphere.

Green hydrogen: Renewable energy source produced through the electrolysis of water using renewable electricity like wind and solar.

Grid infrastructure: Systems that enable the transmission and distribution of electricity from power plants to consumers, including the electrical grid and related equipment.

Minerals for electrification: Raw materials, like nickel, manganese, cobalt, and lithium, used in batteries for electrification, including electric vehicles.

SPOTLIGHT: INFRASTRUCTURE & RENEWABLE RESOURCES RESEARCH

All BCI teams regularly identify ESG research areas to get ahead of emerging issues and trends across asset classes. We prioritize topics that are most likely to affect financial performance, affect a greater proportion of BCI investments, represent a reputational risk, or impact the overall integrity and sustainability of capital markets over the long term.

In 2022, our infrastructure & renewable resources team conducted deep dive research on energy transition opportunities, including carbon capture, utilization, and storage, and battery storage. The team also assessed the key characteristics needed to invest in green hydrogen. These activities bolster our understanding of sectors and opportunities to improve performance, either through direct investments or support for portfolio company projects.

Thorough research within the asset classes helps to lay the groundwork for transactions and investment decisions, and results are shared with teams across BCI to support coordination and collaboration.



Mel de Jager
Director, ESG



Evan Greenfield
Managing Director, ESG

Q&A

Building ESG Capacity in Private Markets

BCI has more than \$45 billion invested through our infrastructure & renewable resources and private equity programs. As our exposure to private markets continues to grow, so do our specialized ESG expertise and in-house resources. Building on more than a decade of ESG action in private markets, BCI welcomed dedicated ESG professionals to support our programs in 2022. Learn more from Mel, who supports infrastructure & renewable resources, and Evan, who supports private equity, as they share their perspectives on the implications and possibilities for ESG in private markets.

How is ESG evolving in private markets?

Evan: The COVID-19 pandemic was a watershed moment for the ESG movement. During a time of significant volatility, ESG integrated funds in the public markets outperformed their non-ESG integrated benchmarks, which led to an inflow of capital to ESG strategies. During this period, the private equity asset class started to recognize the benefits of ESG integration especially from risk reduction and return enhancement. We believe that ESG will continue to have a significant impact in the private equity market as it is well suited for our asset class. Private equity investors can influence management behaviour and company strategy, given their ownership positions and governance rights, and the longer-term hold periods. ESG integration is at the beginning of a long-term structural change to private equity investing.

Mel: There are no shortages in the number and complexity of risks facing businesses today, which are tied more and more to ESG and climate-related factors. Private markets are no exception. The scrutiny of private company ESG performance is increasing as investor, government, and societal expectations change and ESG data becomes more available. Private markets investors have a strong voice with companies through board seats and management oversight, and can use this to drive ESG integration and reporting. This growing focus on sustainability in private markets is driven by the clear relationship between positive ESG performance and a company's ability to navigate long-term risks and opportunities. This is particularly true for real assets like those held within BCI's infrastructure & renewable resources portfolio.

Which key considerations are informing the investment landscape?

Mel: Infrastructure and renewable resources are typically long life and capital-intensive assets, with potential for outsized impacts on the environment and society. This makes macro-environment trends and long-term thinking key to any investment decision. While critical factors like health and safety will always be top of mind in industrial asset classes, the physical and transition risks associated with climate change continue to define the investment landscape. On the other hand, the opportunities for



investors to support the transition to a low-carbon economy by allocating capital to investments like renewable energy are significant and increasingly attractive.

Evan: Private equity is unwavering about value creation during the life of the investment, and focusing on material ESG factors fits squarely into the value creation model. We see several catalysts that will continue to advance the focus on sustainability. These include a shift in purchasing decisions to incorporate sustainability, talent looking to work with firms where there is a mission around purpose, increased regulation, credit ratings that integrate material ESG factors, and greater flows of capital to sustainable-oriented strategies.

What will you focus on in 2023?

Evan: Private equity's ESG focus in 2023 is centred around continuing to build a highly scalable ESG program. We want to ensure all our investment professionals have the knowledge and tools to seamlessly integrate ESG throughout the investment process: screening, due diligence, monitoring, value creation, and exit. At the core of this

approach is engaging with each of our six sector teams — financial services, business services, healthcare, consumer, industrials, and technology, media, and telecom — and developing an internal view on material ESG factors for the industry segments with clear financial linkages. We will also proactively support our portfolio company management teams to educate them on emerging ESG topics. We want to ensure our portfolio companies have the tools to make ESG diffusive through their organizations. This will ensure they are able to recognize the disruptive challenges and opportunities in a sustainability-integrated economy.

Mel: In 2023, infrastructure & renewable resources will continue advancing our decarbonization plans to mitigate risk and create value for our clients. This includes leveraging our ownership positions to influence and guide our portfolio companies through the green energy transition. With our growing global footprint and new office in London, we are building capacity and empowering our investment teams to manage ESG across the portfolio. With our long-term outlook, research and staying ahead of the fast-changing trends in regulation and new technology will also be key.



Appendices



APPENDIX 1

Policy Advocacy

BCI selectively seeks opportunities to engage at the policy and market levels. We support public policy and regulatory changes that make material ESG factors part of the regulatory framework and improve the investment environment for our clients.

More information about BCI's policy advocacy work can be found at [BCI.ca/Policy-Advocacy](https://www.bci.ca/Policy-Advocacy)

Corporate governance

- > Participated in two Institutional Shareholder Services' (ISS) policy roundtables on proposed changes to environmental and social factors in its U.S. and Canada benchmark policies
- > Responded to the ISS global survey on proposed policy revisions

ESG within the industry

- > Responded independently and signed the joint Canadian investor response to Environment and Climate Change Canada (ECCC) consultation on the options to cap and cut oil and gas sector emissions
- > Participated as a member of the ESG Advisory Council in a roundtable convened by British Columbia's Minister of Finance on a variety of ESG factors impacting the provincial economy
- > Responded to the Climate Action 100+ strategy consultation on phase two of its collaborative engagement initiative
- > Participated in a CPA Canada roundtable on shaping a national strategy for Canada's net-zero transition

Pension

- > Participated in an industry working group that provided guidance and assisted with drafting the Canadian Association of Pension Supervisory Authorities' (CAPSA) proposed ESG guidelines

Reporting and disclosure

- > Responded collaboratively with peers to the International Sustainability Standards Board's (ISSB) proposed improvement and standardization of sustainability-related financial information disclosures and climate-related disclosures
- > Responded independently and collaboratively to the Securities and Exchange Commission's (SEC) proposed climate disclosure rule
- > Responded to a Canadian Securities Administrators regulatory consultation on the proposed National Instrument 51-107 on disclosure of climate-related matters and proposed companion policy
- > Responded to the Climate Action 100+ benchmark survey on improving assessments of target companies' climate-related disclosures and performance

APPENDIX 2

Collaboration

BCI works with like-minded investors and organizations to strengthen our collective influence. Our employees also voluntarily take on leadership roles to support these collaborative efforts. More information about BCI's collaborations can be found at [BCI.ca/collaboration](https://www.bci.ca/collaboration)



- Member since 2016; one of over 250 Canadian chapter members
- Member of the Steering Committee and chair of the Investor Committee
- Advocate for companies to increase diversity



- Member since 2005
- Contribute and support regulatory affairs
- Member of the ACGA Korean Working Group; focused on engagement with regulators and companies in South Korea



- Member of the Asia Transition Platform since 2023



- Founding member in 2011 and board director since 2022
- Member of the Member Services Committee
- Member of the ESG Committee



- Signatory to climate change program since 2006
- Signatory to water program since 2009
- Signatory to forest program since 2020
- Signatory to the Science-Based Targets Campaign since 2022



- Signatory to the Climate Action 100+ Sign-on Statement in 2017
- Actively participate in efforts to encourage the world's largest corporate GHG emitters to act against climate change



- Associate member since 2017



- Member since 2021



- Member since 2017



- Member since 2015
- Member of the Sustainability-linked Bond Working Group



- Member since 2005



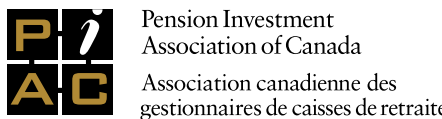
- Research partner since 2017



- Member since 2002



- Board member since 2020



- Board member since 2019
- Chair of Investment Practices Committee
- Chair of Investment Stewardship Committee



- Founding signatory in 2006
- Active member of advisory committees and working groups
- Western North America Advisory Committee member



- Member since 2007



- Launched in 2020 by BCI, APG, AustralianSuper and PGGM
- Member of the Design Authority board



- Member since council was formed in 2021



- Founding member of the ISSB Investor Advisory group in 2016 (63 members)
- IFRS Sustainability Alliance member since 2018 (365 members)



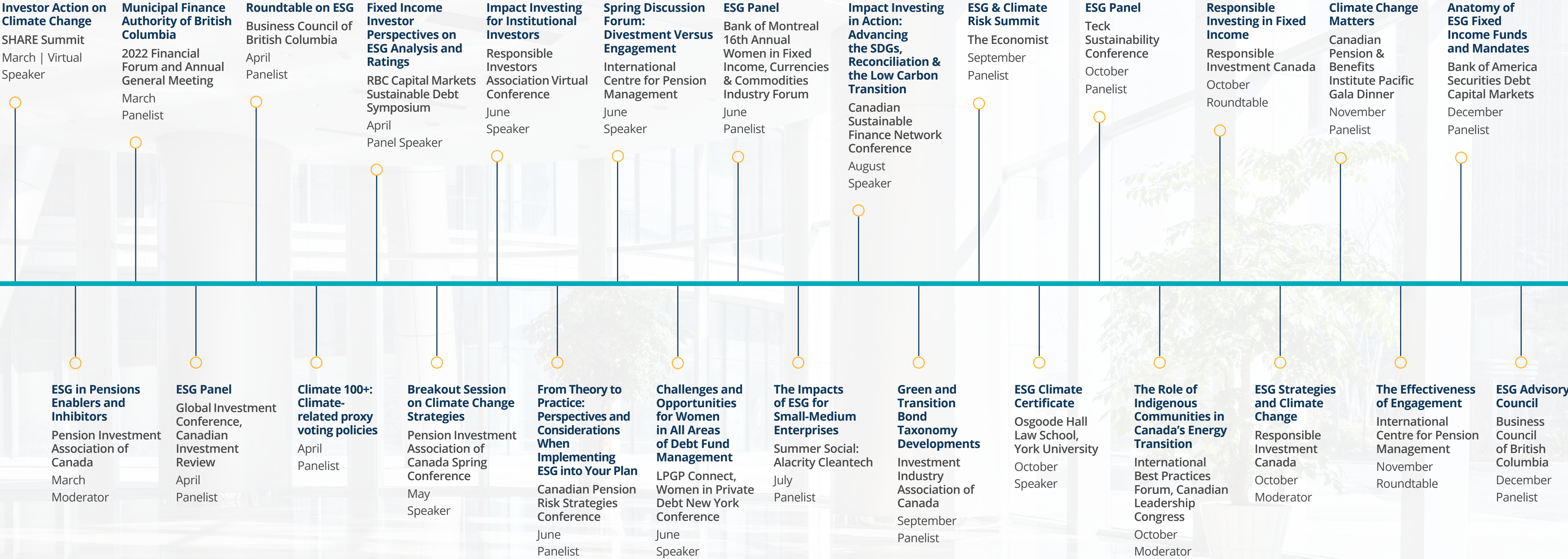
- Investor supporter since 2022, alongside over 130 supporters



APPENDIX 3

Event Highlights

We promote responsible investing within the industry by participating in events. Examples of our 2022 activities are included below.





APPENDIX 4

Company Engagements

January 1 to December 31, 2022

- C = COMPREHENSIVE (DIRECT)** We undertook engagement independently and had either multiple points of contact with the target company or the engagement was elevated to the board level.
- B = BASIC (DIRECT)** We had one-off interactions with the company and did not plan for additional follow up unless our holdings justified it.
- L = LEADING ROLE (COLLABORATIVE)** We led or co-led the engagement, acting as the main conduit between the company and other collaborating investors.
- S = SUPPORTING ROLE (COLLABORATIVE)** We may have attended engagement meetings arranged by the lead investor and/or provided additional research to support the engagement.
- In cases where we have also engaged directly with the company to reinforce the collaboration’s goals, we would categorize this as a combination of collaborative (L or S) and direct (C or B).

GICS SECTOR / COMPANY	COUNTRY	E	S	G
COMMUNICATION SERVICES				
Alphabet Inc.	United States	B		
Charter Communications, Inc.	United States			S
Liberty Media Corp.	United States			S
Verizon Communications Inc.	United States	C		C
CONSUMER DISCRETIONARY				
Amazon.com, Inc.	United States		C	
Honda Motor Co., Ltd.	Japan	B		
Pet Center Comercio e Participacoes SA	Brazil			B
CONSUMER STAPLES				
Costco Wholesale Corporation	United States	B		
Jamieson Wellness, Inc.	Canada	C		
ENERGY				
Canadian Natural Resources Limited	Canada	L+C		L+C
Cenovus Energy Inc.	Canada	C	C	
Chevron Corporation	United States	S+C		S
Coal India Ltd.	India	B		
ConocoPhillips	United States	B		
Enbridge Inc.	Canada	C		C
Exxon Mobil Corporation	United States	S+C		S
Imperial Oil Limited	Canada	S+C		S
Kinder Morgan, Inc.	United States	B		

This appendix does not list all companies associated with collaborative engagement initiatives.



GICS SECTOR / COMPANY	COUNTRY	E	S	G
Marathon Petroleum Corporation	United States	L	S+B	L
NuVista Energy Ltd.	Canada	B		B
Occidental Petroleum Corporation	United States	B		
Oil & Natural Gas Corp. Ltd.	India	L		
Petroleo Brasileiro SA	Brazil			B
Phillips 66	United States	B		
Santos Limited	Australia	B		B
Suncor Energy Inc.	Canada	L + C	C	L + C
TC Energy Corporation	Canada	B	B	C
Turkiye Petrol Rafinerileri AS	Turkey	B		
Valero Energy Corporation	United States	B		
Woodside Energy Group Ltd.	Australia	B		
FINANCIALS				
Bank of China Ltd.	China	S		
Bank of Montreal	Canada	L		L
Berkshire Hathaway Inc.	United States	B		
Brookfield Asset Management Ltd.	Canada	B		
Canadian Imperial Bank of Commerce	Canada	B	B	B
Element Fleet Management Corp.	Canada	B		
HSBC Holdings Plc.	United Kingdom	L		L
Industrial and Commercial Bank of China Limited	China	S		
Kasikornbank Public Co. Ltd.	Thailand	S		
National Bank of Canada	Canada	L		L
Oversea-Chinese Banking Corporation Limited	Singapore	S		

GICS SECTOR / COMPANY	COUNTRY	E	S	G
Royal Bank of Canada	Canada	L+B		L
The Bank of Nova Scotia	Canada	L+B		L
The Toronto-Dominion Bank	Canada	L+C	C	L+C
HEALTH CARE				
Johnson & Johnson	United States			C
Rede D'Or Sao Luiz SA	Brazil			B
INDUSTRIALS				
Air Canada	Canada	C		C
Beijing New Building Materials Public Ltd. Co.	China	B		
Cargojet Inc.	Canada	L+C		
CCR SA	Brazil			S
Delta Air Lines, Inc.	United States	B		
GFL Environmental, Inc.	Canada	B		
Grupo Carso SAB de CV	Mexico	B		
GT Capital Holdings, Inc.	Philippines	B		
Haitian International Holdings Limited	China	B		
Koc Holding AS	Turkey	B		
Pan Ocean Co., Ltd.	South Korea	B		
Promotora y Operadora de Infraestructura SA	Mexico	B		
Rollins, Inc.	United States	B		
RUMO SA	Brazil			B
Sany Heavy Industry Co., Ltd.	China	B		
TFI International Inc.	Canada	B		
TransDigm Group Incorporated	United States			S



GICS SECTOR / COMPANY	COUNTRY	E	S	G
Union Pacific Corporation**	United States	B		
United Parcel Service, Inc.	United States	B		
VAT Group AG	Switzerland	B		
INFORMATION TECHNOLOGY				
Kinaxis, Inc.	Canada			B
Koninklijke Philips NV	Netherlands		C	
Samsung Electronics Co., Ltd.	South Korea	S		S
Venustech Group Inc.	China			B
MATERIALS				
Anhui Conch Cement Company Limited	China	B		
Eregli Demir ve Celik Fabrikalari TAS	Turkey	B		
First Majestic Silver Corp.	Canada	B		
First Quantum Minerals Ltd.	Canada			C
FMC Corporation	United States	B	B	B
Grupo Mexico SAB de CV	Mexico	B	B	B
Seabridge Gold Inc.	Canada	B		
SilverCrest Metals, Inc.	Canada	B		
Steel Dynamics, Inc.	United States	B		
Teck Resources Limited	Canada	L+C		L
Wheaton Precious Metals Corp.	Canada	B	B	B

**Fixed income engagement

GICS SECTOR / COMPANY	COUNTRY	E	S	G
REAL ESTATE				
Colliers International Group Inc.	Canada	B		
InterRent Real Estate Investment Trust	Canada	B		
Killam Apartment	Canada			B
Summit Industrial Income REIT	Canada	B		
UTILITIES				
Algonquin Power & Utilities Corp.	Canada	C		
American Electric Power Company, Inc.	United States	S		S
Capital Power Corporation	Canada	C		C
China Power International Development Limited	Hong Kong	B		
Dominion Energy, Inc.	United States	B		
Duke Energy Corporation	United States	S		S
Huaneng Power International, Inc.	China	S		
Iberdrola SA	Spain	C		C
Northland Power Inc.	Canada	C		C
Ontario Power Generation**	Canada	C		
Power Assets Holdings Limited	Hong Kong	B		
Public Power Corp. SA	Greece	B		
The Southern Company	United States	S		S



With Thanks

Special thanks to our employees who appear in this year’s ESG Annual Report

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Jon Perry
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Steve Turner
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