



2025 Annual Responsible Investing Report



Actions and initiatives that are impacting clients' investments



Jeff Guise, Managing Director, Chief Investment Officer, CC&L Private Capital

“Our primary focus is fulfilling our clients’ investment objectives. At the same time, we acknowledge the significance of Environmental, Social, and Governance factors in investment choices. Therefore, we embed these principles into our investment process and asset ownership policies and practices. This commitment aligns with our investment strategies, which are underpinned by thorough research and transparency, and executed with disciplined risk-management processes.”

Introduction



In our 2025 Annual Responsible Investing Report, we are pleased to share with you highlights from across our different teams and products.

At Connor, Clark & Lunn Private Capital Ltd. (CC&L Private Capital), where possible, we are committed to:

- Better aligning our investment activities with the broader interests of the environment and society
- Advocating for greater attention to Environmental, Social and Governance (ESG) issues
- Supporting and maintaining the integrity of financial markets
- Making it easier for clients to understand how ESG principles factor into our investment analysis and decision-making processes

All of our clients have access to customized investment portfolios with the approach to responsible investing that is right for them. We work with clients to clearly define their desired approach to responsible investment.

At Connor, Clark & Lunn Financial Group (CC&L Financial Group), we believe that environmental, social and governance (ESG) factors can have an impact on investment performance across time horizons and asset classes. To that end, our investment management teams continue to make significant progress to enhance their approach to incorporating ESG risks and opportunities in investment processes. We take seriously our responsibilities as active asset owners, including participating in collaborative initiatives, engaging with our portfolio companies and voting our shares.

In managing our own business, separate from the investments which our investment management teams make, we are committed to Corporate Social Responsibility (CSR), which means that we seek to have a positive impact on society beyond the financial interests of the firm alone.



Case studies

ESG in action

Our investment management teams integrate ESG factors in their investment decision making. As integration is specific to a particular investment strategy, approaches differ across our teams. We are pleased to share the following case studies that pertain to our affiliates' investment processes in 2024.



Real Estate

Located in British Columbia, South Surrey Business Park consists of four industrial/distribution buildings. As part of its sustainability journey, our real estate investment management team is pursuing the LEED Gold Certification in conjunction with AIMCO, its co-owner. The certification project will enhance the working conditions of the occupants in the building by installing Energy-Recovery Ventilators (ERV) that will increase the air quality of the space, as well as reduce carbon emissions by electrifying the HVAC system. This highlights the partners' commitment to their respective ESG goals, which is to invest in sustainable solutions that can help reduce the environmental impacts that affect our communities while creating value for our stakeholders.



Fixed Income

The fixed income investment management team undertook a review of a large automotive manufacturing company that has experienced a significant number of product recalls throughout 2024 – both in absolute terms and relative to peers – and across a wide range of its product line. The team considers product safety and quality to be a material issue for auto manufacturers due to the potential risk of increased costs related to recalls, damage to the public's opinion from loss of trust and negative publicity.

While recalls are fairly common for the industry, the volume of recalls in the first half of 2024 has presented some risk relating to the cost these recalls represent, as well as public opinion of the integrity of the company's vehicles. Automakers consider the cost of potential recalls in their financials and they budget accordingly. As such, the team believes that the direct cost has been considered and is reflected in current valuations. At this time, the team does not expect negative sentiment relating to the recalls to take hold given that the vast majority of the recalls have been minor in nature. The team has chosen not to make changes to their spread forecast as a result of this work but will continue to monitor these developments and assess the impact going forward.

Industry collaboration

Why is industry collaboration important?

Encouraging the adoption of ESG implementation by as many industry participants as possible can improve the functioning of capital markets. We work to achieve this by engaging with various industry bodies and individual companies to further the understanding of the benefits of ESG investing practices and bring about substantive change.



Some of our investment management teams participate in collaborative initiatives with other investors, industry associations and advocacy groups to pool resources and speak with a stronger unified voice. Their membership in collaborative initiatives makes up one component of their overall investing approach and is not a deciding factor for investment decisions. We are pleased to share the following highlights and initiatives undertaken by our investment management teams over the last year.

Canadian Coalition for Good Governance

Our Canadian large-cap equity and Canadian small-cap equity investment management teams are members of the Canadian Coalition for Good Governance (CCGG). The CCGG promotes good governance practices in Canadian public companies and the improvement of the regulatory environment to promote the efficiency and effectiveness of capital markets. As members of the CCGG, our teams supported a CCGG response to the Canadian Sustainability Standards Board (CSSB)'s Consultation on Canadian Sustainability Disclosure Standards in June 2024 on the adoption of IFRS International Sustainability Standards Board (ISSB) in Canada, which includes disclosure of information about sustainability-related risks and opportunities.

CDP

What is CDP?

CDP was established as the 'Carbon Disclosure Project' in 2000, asking companies to disclose their climate impact.

CDP now runs the global environmental disclosure system. Each year CDP supports thousands of companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation, at the request of investors, purchasers and city stakeholders.

Our Canadian small-cap equity investment management team proudly participated in the CDP 2024 non-disclosure campaign and science-based targets campaign. The objective of the campaign is to improve corporate environmental disclosure and encourage high-impact companies to set science-based targets.

Climate Engagement Canada

Climate Engagement Canada (CEC) is a Canadian-led collaborative engagement platform that drives broader and more consistent dialogue on climate-related risks and opportunities between finance and industry. Our Canadian fixed income, Canadian large-cap equity, Canadian small-cap equity and Canadian large-cap value equity investment management teams, through their affiliation with member CC&L Financial Group, continued their involvement in the initiative. In November 2024, CEC released its Net Zero Benchmark, which will be used to guide further dialogue and set engagement objectives and priorities.

International Corporate Governance Network

Our Canadian large-cap equity, global large-cap equity and global small-cap equity investment management teams are members of the International Corporate Governance Network (ICGN). In February 2024, these teams committed to a sign-on agreement created by the ICGN regarding the UK Financial Conduct Authority's (FCA) proposed listing rules reform to reduce barriers to companies listed in the UK. One of the FCA's proposed rule changes is to replace the existing premium and standard listing categories with a single listing category. The ICGN noted concerns with some of the changes, as they are more permissive to dual class share structures and removes shareholder vote requirement prior to significant and related party transactions. The CCGG (of which our Canadian large-cap equity team is a member) echoed ICGN's concerns and considers the proposals a "race to the bottom" regarding shareholder rights and governance standards which may potentially erode investor protections. Our Canadian large-cap equity and global small-cap equity teams shared these concerns and supported the letter.

Responsible Investment Association

Several of our investment management teams participate in the Responsible Investment Association (RIA). The RIA promotes responsible investment in Canada's retail and institutional markets on behalf of its asset manager, asset owner, service provider, and investment advisor members.



United Nations Principles for Responsible Investment

Several of our investment management teams are signatories to the UN Principles for Responsible Investment (PRI) and have committed to adhering to the six principles and to transparently reporting on ESG activities in accordance with the PRI reporting framework. In March 2024, our infrastructure and frontier markets equity investment management teams completed their first UN PRI report as signatories. This stewardship initiative brings investors together to collectively influence companies to advance human rights and address social issues.



Stewardship & engagement

At CC&L Private Capital, we believe that being active owners is a meaningful way to influence the companies in which we invest to address ESG risks and opportunities.

Centralized Stewardship & Engagement team

CC&L Financial Group has a centralized Stewardship & Engagement (S&E) team to support our investment management teams' active ownership activities. To that end, the S&E team works with our investment management teams on engagements, proxy voting, collaborative initiatives, and keeping abreast of existing and future sustainability-related regulations.



Engagement highlights

Engagement refers to interactions with companies, such as meetings, calls and letters, to exercise influence as a shareholder, including concerning ESG.

Badger Infrastructure Solutions Ltd.

In April 2024, our Canadian small-cap equity investment management team met with Badger Infrastructure Solutions Ltd., a hydro excavating service, to discuss an upcoming proxy vote on board gender diversity commitments ahead of the company's annual meeting. The team inquired about Badger Infrastructure's efforts to include a diverse director on its board as well as any firm public commitments to do so. The company explained that while they do not have a firm commitment for its 2024 annual meeting, they outlined commitments from the board to elect at least one racially or ethnically diverse candidate prior to its 2026 meeting. As such, the team decided to vote with management since the company had displayed its public target to increase its board diversity and encouraged the company to continue its progress.

What is overboarding?

The concept of "overboarding", which refers to a director who sits on an excessive number of boards, is long-standing. Directors are considered overboarded if they sit on a number of boards which could result in excessive time commitments and an inability to fulfill their duties. Increasingly, companies consider concerns about over-committed directors and some have adopted policies limiting the number of boards on which their directors may serve.

Source: Institutional Shareholder Services Inc.

ACI Worldwide, Inc.

In December 2024, our global small-cap equity investment management team met with ACI Worldwide, Inc., a US-based software company, following up on a previous engagement to continue discussions on compensation and overboarding. The team shared its custom voting policy guidelines, including recent updates to its non-executive director pay guideline based on its market analysis. ACI Worldwide outlined its approach to executive and non-executive director compensation, highlighting the robustness of its program and the need to remain competitive when setting director pay levels. On the topic of overboarding, the company expressed its objective of exceeding the requirements of widely accepted proxy guidelines and noted that its Chair of the board has stepped down from one of its external board commitments since the annual meeting.

Meta Platforms Inc.

In May 2024, our global large-cap equity investment management team voted in favour of a shareholder-sponsored proposal at Meta Platforms Inc., a US-based communication services conglomerate, requesting the company to initiate and adopt a recapitalization plan for all outstanding stock to have one vote per share. The company's current multi-class share structure gives one class of shareholders disproportionate voting rights, which could entrench management and the board of directors while minimizing the voting rights of other minority shareholders. The company has also been the focus of several governance-related controversies in the past, which the proponent of the resolution suggests equivalent voting rights for all shares would help avoid in the future. Our team believes a one vote per share policy would be beneficial to unaffiliated shareholders and therefore voted to support this proposal.

Wells Fargo & Company

In April 2024, our Canadian large-cap equity investment team supported a shareholder resolution at Wells Fargo, an American financial services company, calling for the company to prepare a report on its due diligence

processes with respect to financing that could impact Indigenous Peoples' rights. While the company publishes its Human Rights Statement and Indigenous People's statement and has policies in place that address free, prior and informed consent (FPIC), further disclosure on how effective they are in preventing related human rights risks, given that one of the bank's clients has been involved in alleged human rights-related controversies, would be beneficial for shareholders. Our team supported the resolution as it agreed that shareholders may benefit from increased transparency regarding due diligence around Indigenous Peoples' rights in project-related financing and clients' activities. Following the AGM, the resolution received support from 24% of shareholders.

What are scope 1, 2 and 3 emissions?

They are different categories of greenhouse gas emissions.

- Scope 1 emissions are from sources that a company owns or controls directly, e.g. running manufacturing machinery and heating workplaces.
- Scope 2 emissions are indirect emissions from the generation of purchased power used by a company, e.g. emissions from the electricity generated to run the company's electric vehicles.
- Scope 3 emissions are all other indirect emissions from a company's value chain, e.g. emissions from employees commuting or travelling on business, and customers using the company's products.

Abdullah Al Othaim Markets Co.

In September 2024, our frontier markets equity investment management team engaged with management at Al Othaim Markets, a leading supermarket and hypermarket chain in Saudi Arabia. The objective of this engagement was to discuss the company's corporate disclosures and investor relations function. During engagement, our team emphasized the critical role of investor communication in presenting operational and financial information. The company's management was receptive to this feedback, demonstrating a commitment to improving investor relations. The team has since seen notable improvements in investor communication and continues to engage with the company on this matter.

Canadian National Railway Company

As an affiliate of CC&L Financial Group and member of CEC, our fixed income investment management team participated in a collaborative engagement with CN Rail in June 2024. The objective of the engagement was to discuss climate-related issues such as CN Rail's 2030 mid-term emissions targets and capital allocation for climate risk mitigation and adaptation. CN Rail explained the importance of cooperative initiatives with other rail companies to promote decarbonization efforts such as the development of hybrid engine pilot programs. Additionally, the recent "Say on Climate" vote by CN Rail's shareholders was discussed where it received overwhelming support (97%), indicating shareholders' satisfaction with its climate initiatives. Lastly, the group encouraged CN Rail to provide further explanation on the resignation of the Indigenous Advisory Committee in 2024.

Gildan Activewear Inc.

Our Canadian large-cap equity investment management team engaged with Gildan Activewear, a Canadian clothing manufacturer, throughout 2024 as part of ongoing board discussions regarding the replacement of the company's CEO in December 2023. The team held discussions with Gildan board members and its former CEO to understand the board's approach surrounding these changes. The team also had dedicated engagements including written expression to the board requesting a delay in succession planning and a methodical approach with input from all shareholders. Meetings with Gildan also included discussions on the dissident slate's qualifications, succession planning and the new board's approach and strategy with the company. Following discussions, The team elected to vote in favour of the dissident nominees in the company's annual meeting in May, at which the new slate of directors was elected and the former CEO was reinstated.

Proxy voting highlights

Why is proxy voting important?

When a company holds its annual shareholders meeting, votes are held on important issues that can affect the future of the company, and increasingly this includes ESG matters. Not all shareholders can or choose to attend in person; in such cases they may decide to allow a person or firm to vote on their behalf—this is proxy voting.

Proxy voting is an important part of active ownership. Each year we have the opportunity to cast votes, share our views and exert influence on the direction of investee companies.



Votes by Region

9,711

company meetings voted.

94,038

total proposals voted.

2,324

shareholder resolutions voted.

72

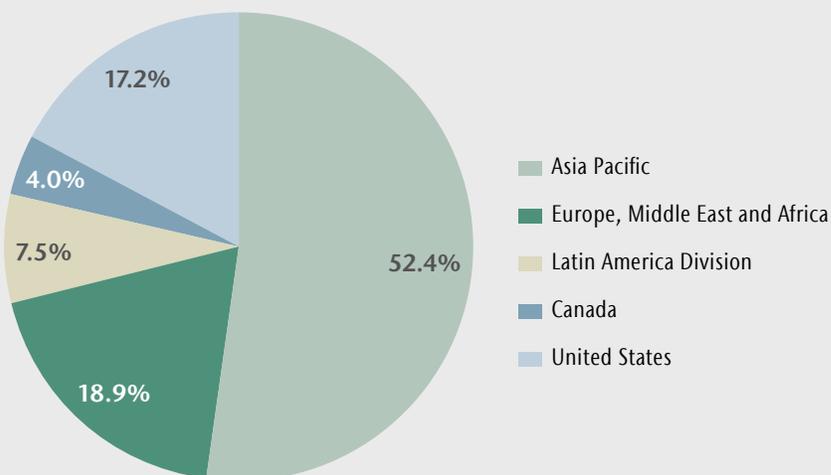
countries voted in.

61%

shareholder resolutions supported.

18%

votes against management.



Company	Team	ESG Topic & Summary
Surge Energy Inc.	Canadian small-cap equity	<p>Governance</p> <p>In April 2024, our Canadian small-cap equity investment management team engaged with Surge Energy, a Canadian energy company, prior to its annual meeting regarding its stock incentive plan. Our team raised concerns regarding the plan's estimated cost, lack of an equity clawback provision and excessive burn rate. The company highlighted a few positive attributes within the plan such as expanded disclosure and the use of performance share units, but overall, our team determined these were outweighed by the plan's negative factors and, as such, voted against management.</p>
Loomis AB	Global small-cap equity	<p>Social and human rights</p> <p>In May 2024, our global small-cap equity investment management team voted against management on a number of resolutions following an engagement with Loomis, a Swedish cash handling company. The key topics covered during engagement include CEO and director pay, the overboarding of its Chair and ESG controversies surrounding the company's lawsuit with a trade union in Turkey. Our team highlighted the importance of good governance practices, outlining overboarding implications and excessive discretionary payments. Specifically, our team inquired into the 56% increase in base salary of the company's new CEO compared to their predecessor. The company provided a detailed explanation of this increase and mentioned that its CEO remuneration package follows guidelines approved in its 2021 AGM and its LTIP approved by shareholders in 2023. Additionally, our team inquired about the allegations surrounding the unlawful dismissal of workers attempting to unionize in Turkey in 2019. Despite winning the case in the highest court in Turkey and being resolved, Loomis emphasized its continued commitment on the rights of their employees.</p>

Company	Team	ESG Topic & Summary
PetroChina Ltd.	Global large-cap equity	<p>Climate</p> <p>In June 2024, our global large-cap equity investment management team voted against management on a proposal to approve the report of the board of directors for PetroChina, a Chinese energy company. The company is considered to be a significant GHG emitter and has not taken the minimum steps required to assess and mitigate risks related to climate change. The company had not set targets including mid-term nor any 2050 GHG emission reduction targets for its own operations and electricity consumption. By 2024, the company had not mentioned a specific year for its individual neutrality goal on its scope 1 and 2 emissions. Due to the company's lack of climate risk assessment and mitigation, our team elected to vote against the resolution.</p>
Citigroup Inc.	Canadian large-cap equity	<p>Social and human rights</p> <p>Citigroup, an American investment bank and financial services company, has faced scrutiny over its banking activities' impact on Indigenous Peoples' rights. In April 2024, our Canadian large-cap equity investment team supported a shareholder resolution calling for Citigroup to issue a report detailing its due diligence processes concerning financing that could impact Indigenous Peoples' rights. Consequently, our team agreed that additional disclosure evaluating the effectiveness of its policies and procedures would likely benefit shareholders. While the proposal did not pass, 26% of shareholders supported the resolution.</p>
Enerflex Ltd.	Canadian value large-cap equity	<p>Governance</p> <p>In May 2024, our Canadian value large-cap equity investment management team voted against a say-on-pay resolution at Canadian energy and engineering company, Enerflex, due to concerns related to executive compensation. The company was considered to have underperformed in its industry peer group throughout multiple timeframes. Additionally, the company lacked disclosure on long-term incentive metrics and response to the low support say-on-pay received in its previous annual meeting. This proposal received only 32% of support from shareholders at the company's 2024 annual meeting.</p>

Corporate social responsibility

At CC&L Private Capital, we are committed to being responsible corporate citizens and we strive to have a positive impact on the communities where we live and work. Through our involvement with CC&L Financial Group's business practices working group (BPWG), we focus on socially responsible business practices, and via the CC&L Foundation, we focus on philanthropic initiatives.

Our BPWG is focused on three areas:

- Diversity, equity, inclusion and belonging (DEIB);
- The health and wellness of people who work here; and
- Environmentally sustainable business practices.

Through the CC&L Foundation, we aim to enrich the communities in which we live and work by creating opportunities for both providing funding and volunteering in support of causes that are important to our employees, partners, clients and other stakeholders.

Diversity, equity, inclusion & belonging

At CC&L Private Capital, we are committed to workforce diversity, promoting equity and creating a culture of inclusion. To ensure our people feel a sense of belonging, we strive to foster a culture that unites people of diverse backgrounds and perspectives, in an environment where everyone has the opportunity to achieve personal and professional success.



Over the last 12 months, our DEIB initiatives focused on education, communications and events to promote a culture of inclusion, celebration and learning throughout the year. Some examples include:

- Observed and celebrated Black History Month, Lunar New Year, International Women’s Day, LGBTQ2S+ Pride Month and National Day for Truth and Reconciliation.
- Launched the 4 Seasons of Reconciliation Course across the company that describes the foundation of the relationship between Canada and Indigenous Peoples and promotes a renewed relationship through education.
- Introduced a demographic data collection process to help us better understand the needs of our people.
- Through CC&L Foundation, established a partnership with the Ivey Business School’s Women in Asset Management program, with our first intern hired at in our Canadian large-cap equity investment management team.

Health and wellness

We believe the health and wellbeing of the people who work here is critical to maintaining our collective performance. We are committed to undertaking initiatives that support a safe and healthy work environment within a culture where everyone feels secure and supported.



The Health and Wellness committee has focused on the following initiatives over the last 12 months:

- Hosted Health and Wellness Month, which included workshops on topics such as “the power of embracing failure” and “the benefits of meditation.” In addition, we had a company-wide fitness challenge where participants collectively took over 23 million steps to travel 16,895 kilometres. This challenge was a fantastic way to motivate everyone to get active. Prizes were awarded to the top participants, including those who were consistent throughout each week and all month.
- We had an incredible turnout for the Terry Fox Run, with over 100 enthusiastic participants. Thanks to everyone’s efforts, we raised over \$31,000 for cancer research, including generous donation matching from CC&L Foundation.
- Celebrated Mental Health Month, including a webinar with a former Olympian on managing stress, building resilience and harnessing the connection between mental and physical fitness.
- Developed a framework for employee-led health and wellness activities, including supporting a team comprising CC&L Financial Group and affiliate participants in the Bay Street Hoops charity basketball tournament.

Environmental stewardship

We believe that through our actions we can contribute to the vitality of our environment, and we are committed to undertaking initiatives that support ongoing environmental stewardship.



Over the last 12 months, the Environmental Stewardship Committee has focused on the following initiatives:

- Continued to measure, monitor and communicate the GHG emissions generated through our business activities in the previous year.
- Researched the sustainability practices of our travel so that individuals can consider this information in making travel choices.
- Provided education on low emission commuting solutions and centralized information on office service amenities to create awareness of environmentally friendly options.
- Delivered events and communication circulars to promote a culture of environmental consciousness and create volunteering opportunities such as Earth Day City Clean-Ups and Bike-to-Work Week.

CONNOR, CLARK LUNN

FOUNDATION

CC&L Foundation

We aim to enrich the communities in which we live and work by creating opportunities for philanthropy and volunteerism in support of causes that are important to our clients, employees, partners and stakeholders.

The CC&L Foundation has provided support to a broad range of organizations that focus on promoting a better environment, improving education, advancing science and medicine, creating stronger communities and encouraging the arts. Over the last 12 months, CC&L Foundation has supported a broad range of philanthropic and volunteer opportunities, some of which are highlighted below:

- Provided support through the Canadian Red Cross and the Jasper Community Team Society to those impacted during the Alberta wildfires.
- Organized an employee-led Week of Giving campaign focused on strengthening communities, alleviating poverty and addressing food insecurity. This initiative supported CC&L Financial Group's community partners, including the United Way. This firmwide initiative has raised almost \$8 million over 20+ years.
- Made a multi-year commitment to the BC Children's Hospital Foundation's Heart Centre program to purchase essential medical equipment to support children across the province who face serious injuries and illnesses.
- Participated in the CanSupport Dragon Boat Race to raise awareness and funds for the Cedars Cancer Foundation to improve the quality of life of cancer patients and support fundamental research initiatives.
- Aided students through bursaries and scholarships, including Indspire's Building Brighter Futures program, the National Educational Association of Disabled Students and the Onion Lake Education Trust Fund.
- Held an internal fundraiser to support inclusivity and allyship during Pride Month, with donations directed to pflag chapters across Canada.
- Participated in a Canada-wide blood drive campaign in partnership with Canadian Blood Services and Héma-Québec.
- Became a Moisson Montréal ambassador, volunteering our time and contributing financially to address food insecurity.





**For more information on responsible investing,
please contact your CC&L Private Capital Wealth Advisor.**

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