



Q2 2025

Engagement Report



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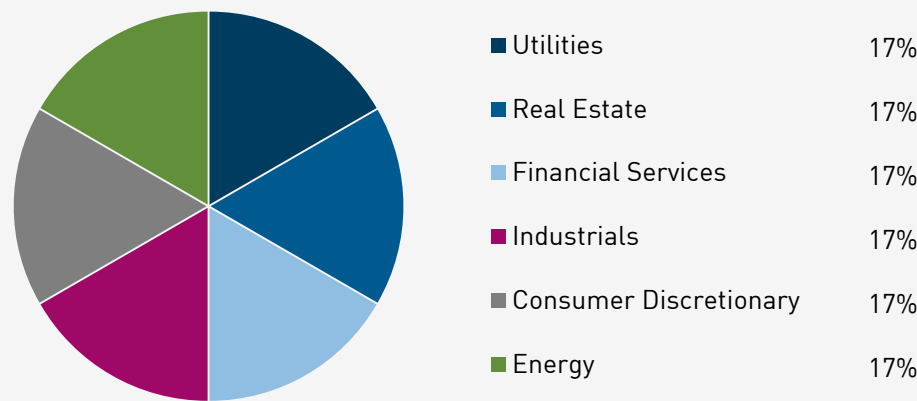
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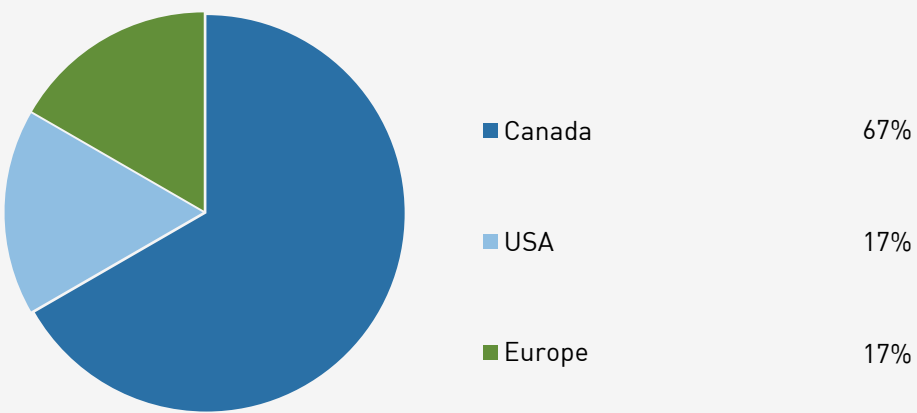
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Q2 2025 Engagement Breakdown

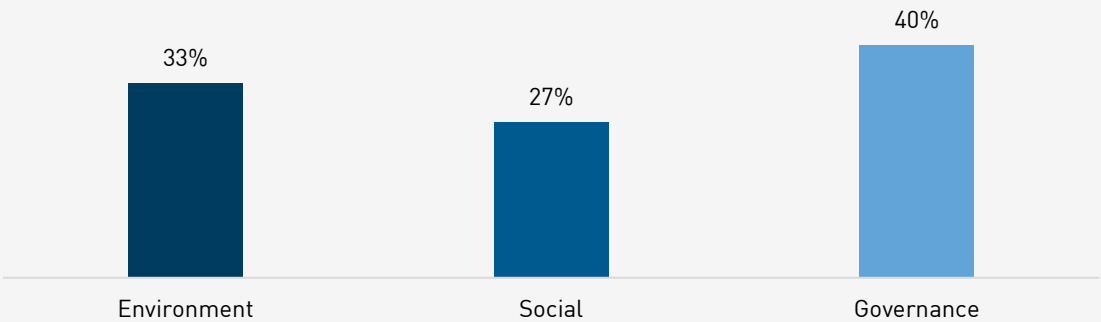
Engagements by Sector



Engagements by Geography



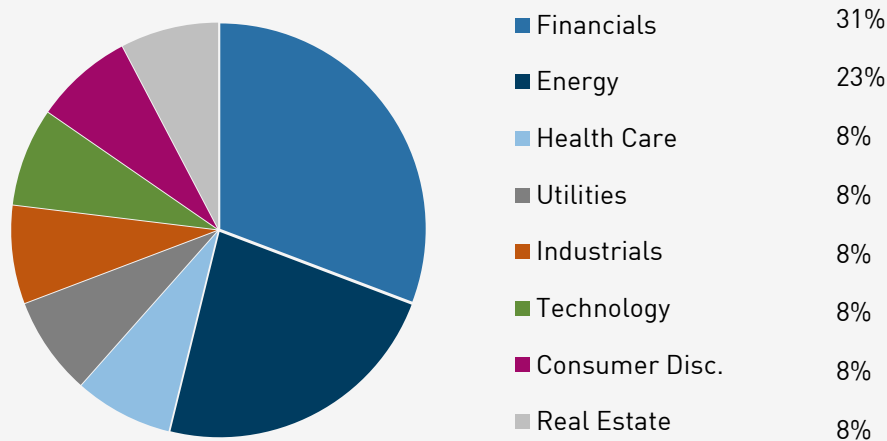
ESG Discussion Topics



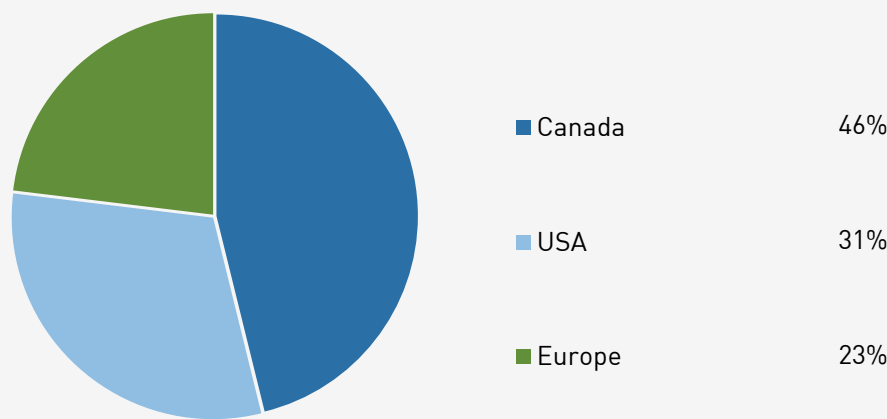
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2025 YTD Engagement Breakdown

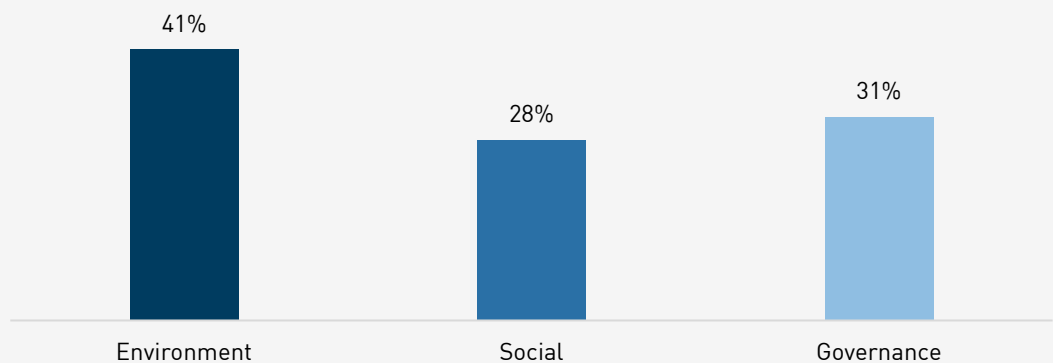
Engagements by Sector



Engagements by Geography



ESG Discussion Topics



Data has been rounded to the nearest number, and the sum may not equal to 100%.

Our Engagements

North American Apparel Manufacturer



Sector: Consumer Discretionary

Geography: Canada

Discussion Topic: Environment, Social & Governance

Engagement Rationale

- This apparel manufacturer, held in several of our mandates, fell on our radar for deeper ESG engagement due to elevated emissions intensity and a recent board overhaul. Our conversation focused on emissions performance, net-zero planning, governance evolution following a 2024 proxy fight, and community investment practices.

Highlights & Outcome

- The company reported a rise in Scope 1 and 2 emissions in 2024 due to energy sourcing challenges and facility expansions. Despite this, emissions remain below 2018 baseline levels, and the company is on track to achieve its 30% reduction target by 2030. Clean energy projects globally, including a solar project in Bangladesh and a biomass-powered steam air conditioning project in Honduras, are expected to contribute to reductions going forward.
- The company's vertically integrated model contributes to higher energy use across Scopes 1 through 3, as it operates numerous manufacturing facilities globally. Peers that outsource production tend to report lower intensities, often due to gaps in full-scope reporting. To address Scope 3 data, the company is working directly with many high-spend suppliers, who are now participating in data collection efforts.
- While they have not committed to net zero, internal scenario modeling is underway to inform a future target. Board governance has been stabilized post-proxy fight, with ESG now embedded in both director selection criteria and training. Executive compensation plans have been restructured with a new aspirational framework to reflect long-term alignment.
- On the social side, 0.47% of pre-tax earnings were directed toward community development in 2024. The company aims to increase this to 1% by 2026. It has already achieved 77% sustainable cotton sourcing and remains on track to meet its 100% goal in 2025.
- We were encouraged by the issuer's progress and have made no changes to our positioning.

North American Energy Producer



Sector: Energy

Geography: Canada

Discussion Topic: Environment, Social & Governance

Engagement Rationale

- As our exposure to this Canadian integrated energy company grew, we expanded our ESG due diligence to assess the drivers behind its elevated emissions intensity and examine its operational and stakeholder practices in more detail. Our engagement covered hydraulic fracturing impacts, emissions performance, Indigenous partnerships, and evolving regulatory expectations such as Bill C-59.

Highlights & Outcome

- The company attributes its elevated Scope 1 emissions to its vertically integrated operations and owning its own midstream infrastructure, while noting that this design results in significantly lower Scope 3 emissions compared to peers. Since 2019, the company has achieved a 54% reduction in methane emissions while doubling production. This was supported by initiatives such as pneumatic equipment retrofits, heat recovery systems, and electrification in British Columbia.
- The company remains on track to meet its goal of reducing Scope 1 emissions by 25% by 2027. While they have not set a net-zero target, their focus on five-year measurable goals appears to be more practical. A climate scenario analysis conducted two years ago identified wildfires and drought as primary risks, and adaptive strategies, such as water recycling, elevated infrastructure, and seismic monitoring, are being implemented to mitigate them.
- In terms of Indigenous relations, the company has vetted over 150 First Nations businesses for approved vendor use, with several service categories fully covered by Indigenous providers.
- Safety data showed an increase in reported incidents due to improved tracking and greater reporting, not severity. The company halts drilling activities four to five times per year in response to seismic activity and uses real-time monitoring to manage risks.
- We remain comfortable with our position and continue to view the issuer favorably from both a fundamental and ESG perspective.

North American Utility Company



Sector: Utilities

Geography: Canada

Discussion Topic: Environment, Social & Governance

Engagement Rationale

- This utility issuer is a medium sized position held in a few of our mandates. Given its continued efforts to retire coal assets and expand low-carbon infrastructure, we reviewed its decarbonization strategy, climate risk planning, and Indigenous economic participation.

Highlights & Outcome

- Since 2019, the company has reduced GHG emissions by 34% and aims to reach a 50% reduction by 2030. Coal retirements in Arizona have been key, with 388 MW already decommissioned and another 892 MW scheduled for closure by 2032. The company's most recent integrated resource plan supports this schedule and includes hydrogen-ready natural gas generation for system reliability.
- The company has a 2050 net-zero goal, but notes that achieving the final 25% reduction will require new technologies such as carbon capture or clean hydrogen. While no corporate targets have been set for Scope 2 and 3 emissions, the company is transparent in reporting them, including line losses and other emissions often excluded by peers.
- A recent climate scenario analysis identified wildfires, heat, and wind as the top physical risks. Mitigation efforts, including vegetation management and infrastructure hardening, are being integrated into capital plans.
- On the social side, the company has connected 17 remote Indigenous communities through a large transmission project. Five of twelve directors have relevant ESG experience on the board. Executive compensation has been tied to reliability targets, as evidenced by withheld payouts following an increase in outage duration.
- We continue to view the issuer as a credible transition name and made no changes to our position.

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