RPIA 15 YEAR ANNIVERSARY

Q3 2024
Engagement Report

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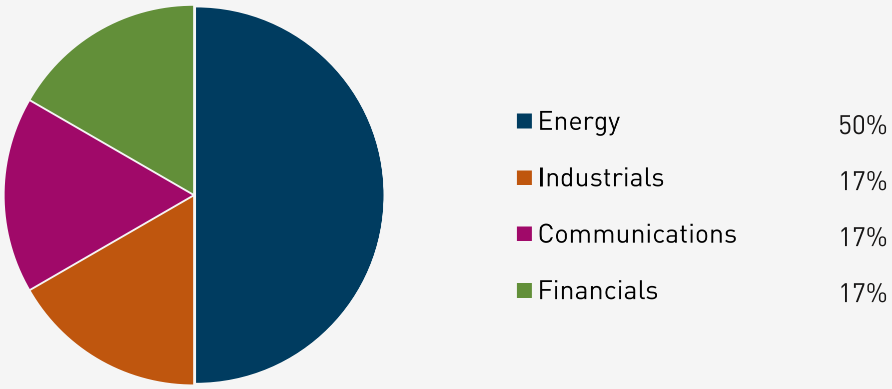
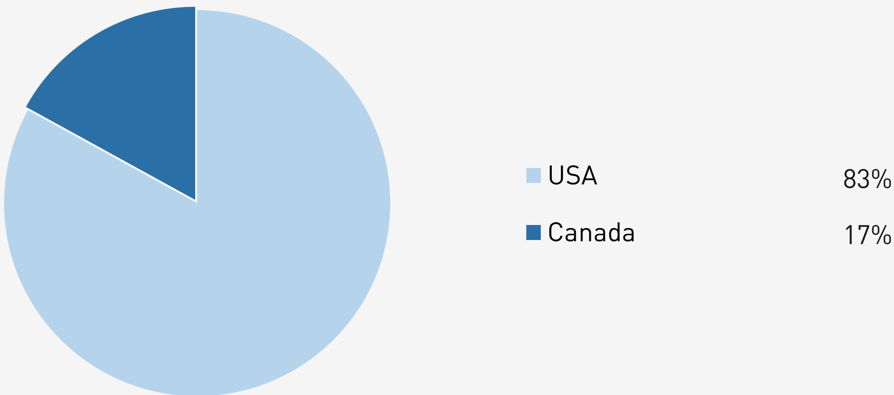
Q3 2024 Engagement Breakdown

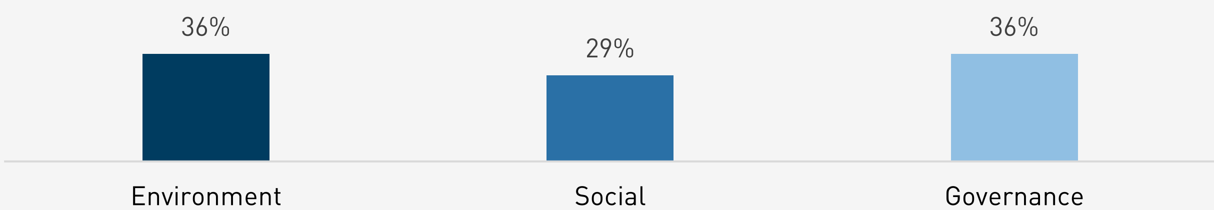
Engagements by Sector



Engagements by Geography



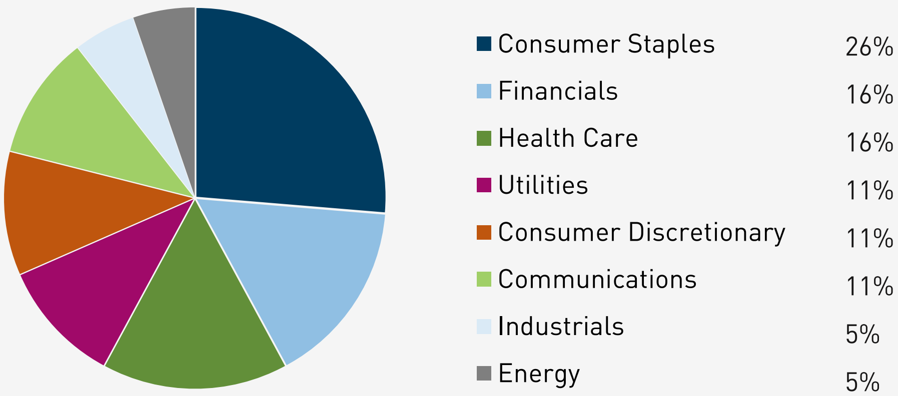
ESG Discussion Topics



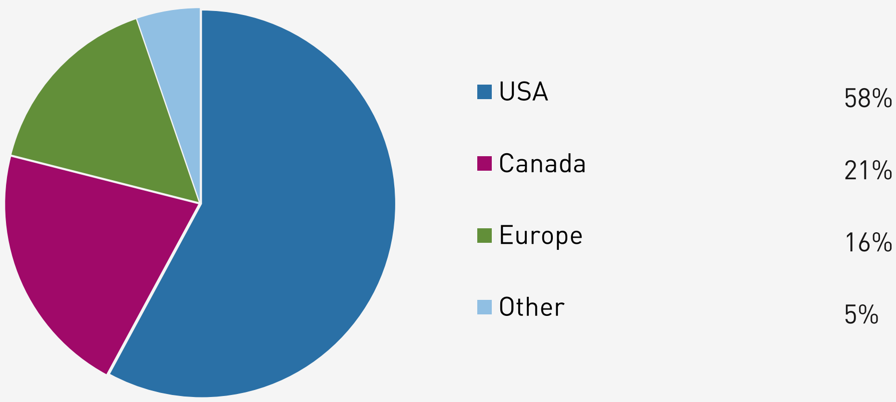
Data has been rounded to the nearest number, and the sum may not equal to 100%.

2024 YTD Engagement Breakdown

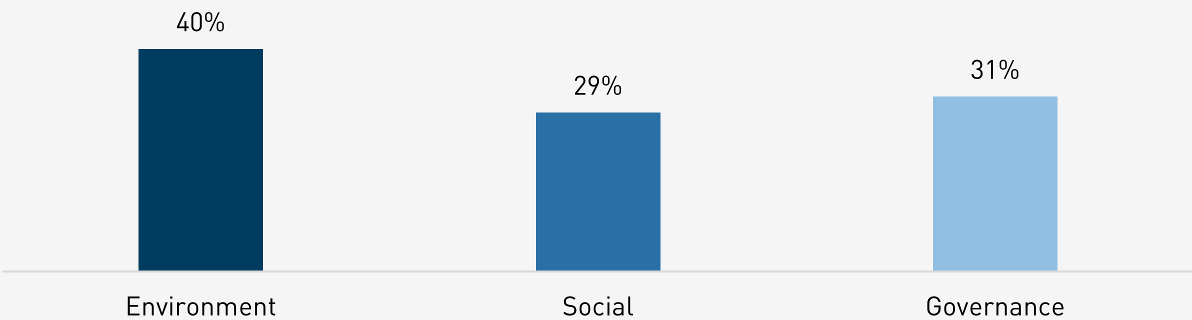
Engagements by Sector



Engagements by Geography



ESG Discussion Topics



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Our Engagements

U.S. Telecommunication Company

Sector: Communications
Geography: U.S.
Discussion Topic: Environment

Engagement Rationale

- We have maintained an overweight position in the telecommunications sector for some time. Recently, we sought to reduce our exposure to the sector by capitalizing on its strong performance. After conducting a peer comparison, we identified this issuer as having a significantly higher GHG emissions intensity relative to revenue.
- The primary focus of our engagement was on the company's GHG Emissions Intensity (Scope 1+2), measured in tonnes of CO_2e per million dollars of revenue for 2022.
- This issuer held a notable position in many of our portfolios, particularly within our ESG-focused, index-relative strategies.

Highlights & Outcome

- During our engagement, the company was unable to explain why its GHG emissions intensity was significantly higher than that of its industry peers. Despite several follow-ups, we did not receive a response to this key question.
- After our engagement, the company released its 2023 ESG report, which showed a modest reduction in GHG emissions intensity. However, the decline was not substantial and the company's emissions intensity remained well above industry norms. This continued to raise concerns about their commitment to addressing their environmental impact.
- As a result of this engagement, we decided to reduce our position in the company. This decision was driven by two factors: portfolio construction considerations and our goal of lowering the overall emissions intensity score of our funds.
- We will continue to monitor the company's environmental progress but remain cautious due to its ongoing lack of alignment with peer benchmarks in emissions reduction.

Natural Gas Liquids (NGL) Transportation Company

Sector: Energy
Geography: Canada
Discussion Topic: Environment & Social

Engagement Rationale

- Within the oil and gas industry, companies typically operate in one of three stages: upstream (exploration and production), midstream (transportation and storage), and downstream (refinement and distribution).
- This quarter, we engaged with companies across these segments, including a midstream company specializing in the transportation of natural gas liquids, such as ethane and propane, to better understand their ESG initiatives.
- We hold a significant position in the issuer, and we are familiar with their operations.

Highlights & Outcome

- Our engagement revealed the company as a strong performer in supporting decarbonization efforts. They operate two services that capture significant amounts of carbon, currently gathering over 1 million tonnes of CO_2 annually, with plans to scale up to 15 million tonnes per year.
- Additionally, the company has built a meaningful partnership with Indigenous communities. One of their pipelines runs through a First Nations territory, and instead of offering standard consultation payments of $10,000 annually, they introduced a partnership model. This allowed the First Nations community to acquire a $100 million stake in the pipeline project, providing substantial economic benefits. The company aims to expand this partnership model to future projects.
- The issuer's leadership in community engagement and environmental initiatives has further strengthened our positive view. As a result, we are considering increasing our position.

Natural Gas Exploration and Production Company

Sector: Energy
Geography: U.S.
Discussion Topic: Environment & Governance

Engagement Rationale

- We engaged with this company to discuss their approach to energy transition and how a recent acquisition of an issuer we hold will impact their plans and progress. As a major player in the natural gas industry, the company is involved in exploration, drilling, and transportation – activities that significantly contribute to GHG emissions.
- The acquired company is one we are familiar with and have held an average-sized position in our portfolio for some time. Our focus is to understand the potential synergies from the acquisition, and how much the acquiree stands to benefit from their ambitious emissions reduction goals.

Highlights & Outcome

- The company demonstrated leadership not only in production but also in its proactive efforts to reduce emissions. Their ambitious, peer-leading goal was to achieve net-zero emissions by 2025, but they have already reached this milestone when excluding the newly acquired company. The issuer has reduced GHG emissions by 35% year-over-year and by 70% over the past five years. From 1 million tonnes of emissions, they are now down to 281,000 tonnes, though they acknowledge that further progress will require new technology. Offsets will be used for the remaining 281,000 tonnes of emissions.
- Their emission targets, set in 2021, accounted for future acquisitions. The recent acquisition adds 1.5 million tonnes of emissions per year, and they plan to study and align these additional emissions with their existing goals.
- We were also encouraged by improvements in their governance structure. A new leadership team was appointed about a year ago, and they are committed to increasing female representation in senior leadership roles. They have been intentional about achieving gender parity on their board and have tied executive compensation to environmental and safety metrics to ensure alignment with investor expectations.
- Overall, our view of the issuer remains highly positive. Based on strong fundamentals and favourable ESG factors, we have increased our position and strengthened our conviction in the company.

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