



# Canadian Equities

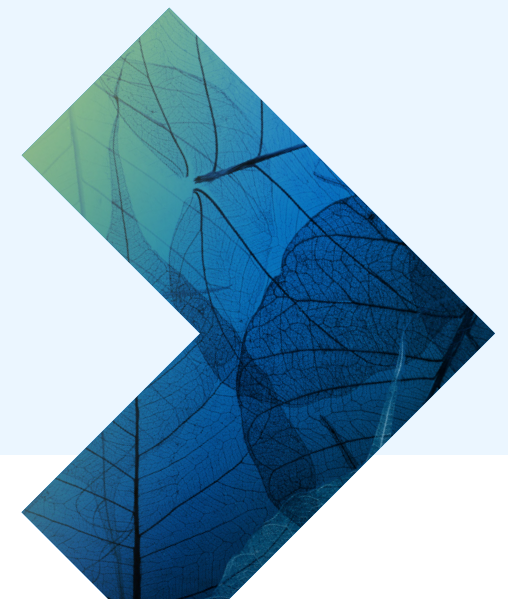
Responsible  
Investing Report

---

## Table of Contents

---

Introduction to Canadian Equities	<b>01</b>
Active Ownership	<b>09</b>
Progress in Action	<b>14</b>
Portfolio Footprint	<b>17</b>
SDG Alignment	<b>19</b>
Appendices	<b>24</b>







---

# Introduction

---

When we began to integrate environmental, social, and governance (ESG) considerations into our investment process, it was immediately clear that they matter not only to society but to investors as well. In fact, these sorts of extra-financial metrics align well with an investment philosophy focused on owning high quality companies to achieve long-term results.

We have since seen incredible and important progress and so, it seems appropriate to provide more insight and transparency into the sustainability activities of and progress made by the companies in our portfolio.

A change is no doubt underway. Little by little, these companies are publishing sustainability reports, they are adopting reporting frameworks, setting emission reduction targets, thinking about the risks of climate change to operations, focusing more on human capital development and social responsibility, and investing more in technology and data security.

Sustainability is even influencing purchasing behaviour, supply chain activity, and new product development.

**This report provides us with an opportunity to:**

- > outline our responsible investing philosophy;
- > bring to light how sustainability is fundamentally linked to the long-term success and value of a business;
- > detail how we engage with these businesses as active owners, and;
- > highlight how we integrate extra-financial metrics (such as ESG considerations or the United Nation Sustainable Development Goals (SDG) framework) to improve decision-making.

Above all, we hope this report strengthens your understanding of the companies in our portfolio and our approach as a responsible investor on your behalf.

This, of course, is just the first step. This subject will undoubtedly increase in importance, and, in the years to come, we expect Canadian regulations surrounding disclosure to follow those found in certain European countries.

---

**The Canadian Equity Team**

## The Team



**Nessim Mansoor, CPA, CA, CFA**  
Head of Canadian Equities



**Nicholas Smart, CFA**  
Senior Portfolio Manager



**Tony Rizzi, MBA, CFA**  
Portfolio Manager



**Sandra Zhang, B.Comm**  
Investment Analyst



**Gokul Ullas, MSc.**  
Investment Analyst

**Howard, Leung, CPA, CA, CFA**  
Senior Analyst



# Canadian Equity Flagship Fund at a Glance

## Environmental

### CDP

**64%**

of companies report to CDP<sup>2</sup>

### Emission Reduction Target

**52%**

of companies have set one<sup>2</sup>

### Emission Intensity (Scope 1 and 2)

**56%**

Lower than index S&P/TSX (MSCI)<sup>2</sup>

### Carbon Neutrality Target

**27%**

Achieved or set by companies (including offsets)<sup>2</sup>

### Transitioning Energy

**81%**

of companies show efforts to transition to cleaner energy sources (MSCI)<sup>2</sup>

## Social

### Job Growth

**6.3%**

Increase in number of employees<sup>1</sup>

### Average Board Gender Diversity

**33%**

Simple average (not weighted)<sup>2</sup>

### Diversity Policy

**+80%**

Publicly disclose a comprehensive diversity policy<sup>2</sup>

### Average Effective Tax Rate

**24%**

Simple Average (not weighted)<sup>1</sup>

### Average Glassdoor Rating

**3.76**

Simple average (not weighted)<sup>1</sup>

## Governance

### Sustainability Disclosure

**88%**

of companies publishing ESG or CSR type report<sup>2</sup>

### Return on Equity

**16%**

5 year average<sup>1</sup>

### Average CEO Tenure

**8yrs**

Simple average (not weighted)<sup>2</sup>

### Principal Shareholder

**52%**

with founder or family involved in leadership<sup>2</sup>

### SASB Disclosure

**52%**

Sustainability Accounting Standards Board aligned<sup>2</sup>

# Investment Philosophy

Our long-term approach is rooted in a quality investment philosophy. The aim of such an approach is to invest in businesses with the mind-set of a long-term owner (and not a stock trader or momentum trader).

We aim to own profitable, well established companies with durable, defensible attributes, which can generate consistently good returns on investment for many years to come. These companies operate responsibly and with integrity, reinvest wisely, build great cultures, and focus on long-term results.

That also means we avoid those that are unprofitable or speculative, or those with unproven business models or lacking unique attributes.

We believe a focus on quality businesses combined with our disciplined approach to valuation and long-term holding period, will help our clients achieve their long-term goals.

“ We believe a focus on quality businesses combined with our disciplined approach to valuation and long-term holding period, will help our clients achieve their long-term goals. ”



We aim to own  
only the best  
quality businesses

**62%**

Higher ROE<sup>3</sup>

**21%**

Lower Net Debt  
to EBITDA<sup>3</sup>

**56%**

Less Carbon  
Intensive<sup>3</sup>

**10%**

Portfolio  
Turnover<sup>4</sup>

**65%**

Since Inception  
Downside  
Capture Ratio<sup>4,5</sup>

**33**

Companies

<sup>3</sup> As of June 30 2021; Canadian Equity Flagship Fund relative to the S&P/TSX Composite Index

<sup>4</sup> For fiscal year 2020

<sup>5</sup> As of 2020



## What we can do for you

As long-term investors, we want to know the companies we invest in very well. That means having a comprehensive understanding of extra-financial metrics and considerations (such as those falling under environmental, social, governance or SDG subjects). In other words, being a sustainability expert is an increasingly important part of being an investing and business expert.

A good quality company understands the importance of sustainable business practices. Reduce environmental footprint? Save money. Treat employees well? Build a great business culture. Deliver customer value? Create loyalty. Operate responsibly? Earn shareholder and community trust. Invest well? Adapt and succeed over time.

Of course, it sounds simple, but it is not easy.

Companies are ultimately composed of people who make decisions and allocate capital on our behalf. These people and their decisions matter.

Today, for a company to grow, succeed and to build value for many years to come, sustainability is no longer negotiable. We are convinced that good performance across environmental, human capital, social capital, governance, and business innovation dimensions will continue to favour long-term success.



### Canadian Equity Core

Our lower tracking  
error Strategy

### Canadian Equity

Our Flagship  
Strategy

### Canadian Equity Ethical

Our Flagship  
Strategy with an  
ethical filter

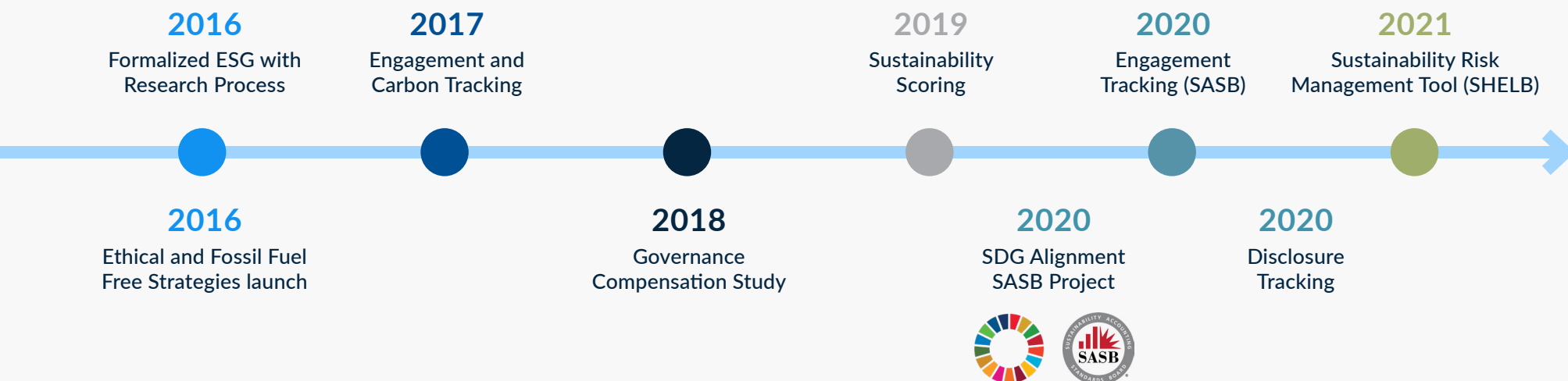
### Canadian Equity FFF

Our Flagship Strategy  
with a filter to avoid  
fossil fuel investments





# ESG Integration Timeline



Our responsible investment philosophy is an important part of our investment approach. Why? Because we believe that to be a long-term investor, one must naturally think about ESG topics. As a result, the analysis of environmental, social, and governance considerations – both opportunities and risks – is integrated directly into our investment research template.

In other words, we believe that to analyze a company, one cannot ignore extra-financial metrics, such as **environmental footprint**, **cyber-security investments** and **human capital development**, much like one cannot ignore financial metrics, such as return on equity, operating margins and leverage ratios.

“ It’s common sense; being good is just good business. ”

# How Do We Do It?

We do it ourselves. And we do it ourselves because it is important to business value and success.

Of course, there are no shortcuts. It takes time. We must understand a company's history as well as what drives long-term success and potential risks. This process cannot be outsourced and data, while nonetheless important, cannot be a substitute for critical thought. Our research, including that which focuses on E, S and G subjects, contributes to our **understanding of the most pressing long-term issues and opportunities facing each of our investments.**

Fortunately, this affords us an important advantage in our engagements with companies. Discussions about social and environmental issues weave themselves naturally into discussions about innovation, culture and leadership, new products or services and long-term planning. **It's all about building great companies over time.**

As a result, when conducting our fundamental analysis of a company to improve our understanding of it, we explicitly integrate its culture, competitive strengths and drivers of long-term success as well as potential risks. **In other words, sustainability is simply part of long-term investing.**

## Proprietary Research Framework

- > Quality Analysis
- > Valuation Analysis

## Risk Management and Monitoring

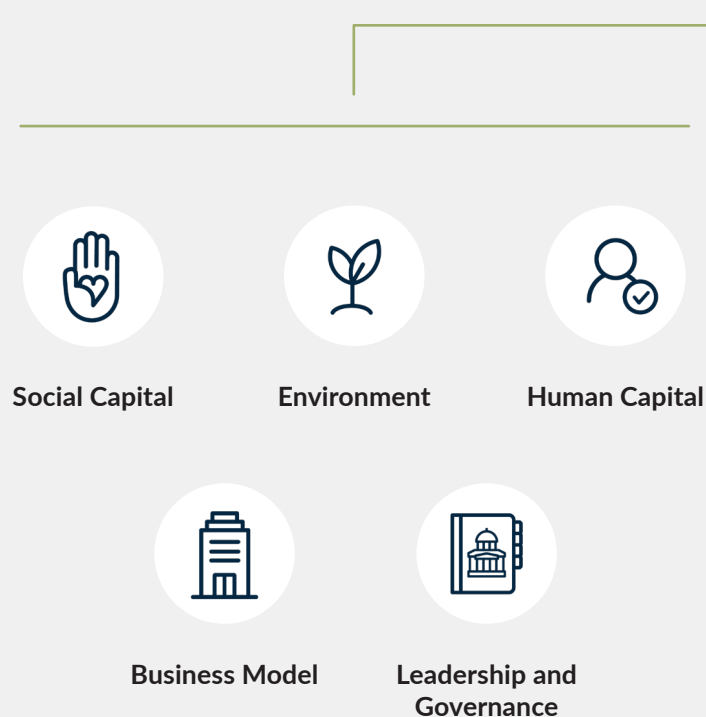
- > RED – Red Flag Tool
- > SHELBS – Sustainability Monitoring
- > ONE – Research Database
- > SDG Alignment – Social and Environmental Contribution

## Some Questions We Must Understand

- > How do products/services contribute to social or environmental solutions? **E S**
- > Does community engagement positively impact brand value? **S**
- > What is the alignment between profitability and social responsibility? **S**
- > Are the tax policies fair and accounting honest? **S G**
- > How are the people and culture developed? **S**
- > What risks present themselves to success? **E S G**
- > What is their historical environmental track record? **E**
- > Do they have a strategy for climate change mitigation and adaptation? **E**
- > Are they investing well in R&D and maintaining the quality of existing assets? **S G**
- > Is management honest and do they behave with integrity and a long-term outlook? **G**

Subjects: **E** Environmental **S** Social **G** Governance

# Long-Term Responsible Investment Cycle



## Long-Term Strategy

- > Opportunities
- > Risk



## Financial Impact

- > Operating results
- > Modest debt
- > Honest reporting
- > Attractive and fair returns



## Long-Term Success

- > Great place to work
- > Fair taxes paid
- > Loyal customers
- > Sustainable competitive strengths
- > Socially responsible
- > Environmentally efficient
- > Innovative
- > Adaptive and growing



## Reinvestment





# ACTIVE OWNERSHIP

---

## We Are Active Owners

---

Our engagement philosophy centres on being active owners, which rests on the important relationships we've built over many years.

As long-term owners on behalf of our clients, we want to encourage business leaders to make the best decisions for all stakeholders, whether it be employees, clients, communities, shareholders, suppliers, or even the broader society.

In doing so, we believe a responsible approach to these important stakeholder issues will bear fruit for the long-term value of the business and its shareholders.

If you treat employees well, focus on client needs, invest in the future of the business, and operate responsibly in the community, the business has a much higher chance of succeeding and growing well into the future.

**Simple, but not easy.**

---

“ We would always prefer to see a dollar reinvested into people and long-term human capital development than an extra dollar of earnings in the short-term. ”

---

Throughout 2020 and into 2021, two important themes have repeatedly been a part of our engagements: human capital and sustainability disclosure.

### Human Capital

With broad reaching implications, the COVID-19 pandemic had a meaningful impact on one of the most important assets of all companies, its people. We sought to understand health and safety initiatives as well as ensuring employees were treated fairly and compensated during this unprecedented period, among other subjects. We also sought to reinforce an important long-term message: we would always prefer to see a dollar reinvested into people and long-term human capital development than an extra dollar of earnings in the short-term.

A good investment in people should bear fruit many times over (rather than just one quarter).

### Sustainability Disclosure

The second important theme centres on sustainability disclosure. We believe each company in which we hold an interest should report on their sustainability initiatives. Sustainability disclosure serves as an important foundation on which to measure and progress. As the well-worn line goes, for it to be managed, it must be measured.

Since January 2020, we are happy to note that 6 companies released their inaugural sustainability reports and, in total, 88% of the companies we own provide sustainability disclosure. We expect the remainder will meet this objective within the next 12-18 months.



11%

of engagements where human capital development was the main theme



18%

of engagements where the environment was the main theme



6

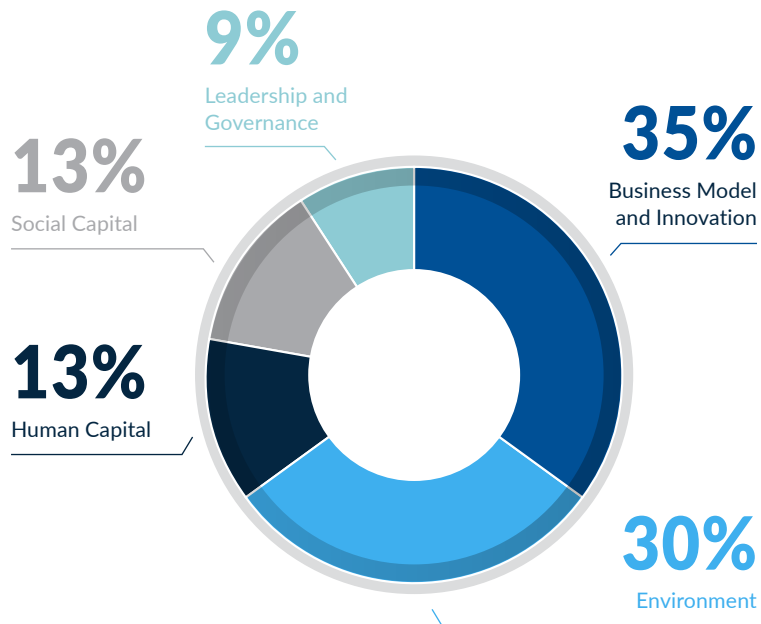
Number of companies who released their first sustainability or ESG report since January 2020

# Engagement Statistics

Engagements YTD with portfolio holdings, potential ideas suggested, and collaborations.

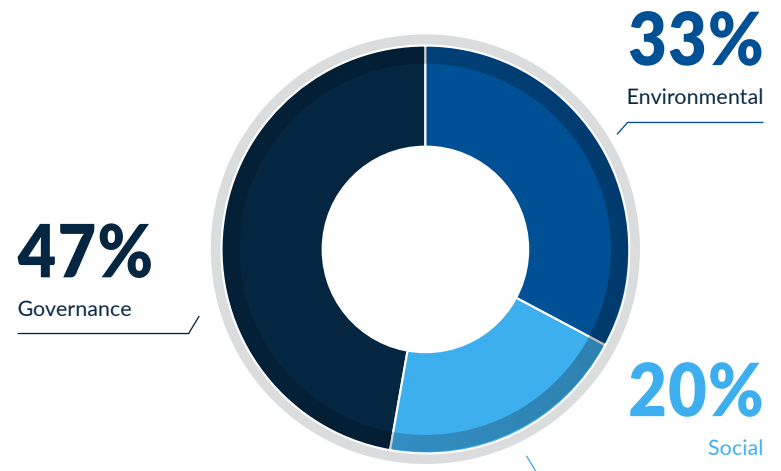
## SASB Topics

Frequently, our conversations align well with one of the five SASB topics.



## ESG Topics

Our conversations are aligned with important environmental, social or governance topics.





# Engagement Examples

## Software Company

Sector	Dimension	Long-Term Outcome
Information Technology	Governance	ESG Disclosure

### Sustainability Disclosure

#### Background

Unsure of what ESG metrics to disclose, this software company had not yet decided to produce a sustainability report.

#### Action

We engaged with the company to share our views on the merits of sustainability and ESG disclosure, notably the reality that more and more, employees and customers, care about these initiatives. For example, clients care that it is a good place to work often before retaining a product.

#### Outcome

The company, in discussions with a variety of stakeholders, has begun taking steps to produce a disclosure report.

## Financial Company

Sector	Dimension	Long-Term Outcome
Financials	Environmental	Footprint Measurement

### Environmental Footprint

#### Background

Given their small absolute footprint, this financial services company was uncertain whether measuring their carbon footprint and disclosing to CDP, would be beneficial.

#### Action

In consultation with the company, we expressed our desire to see CDP disclosure. Even with a small absolute environmental footprint, we see the merits of the financial services company leading by example. Carbon footprint measurement is often the first step in a long journey towards sustainability.

#### Outcome

The company has since leaned-in to this disclosure. Not only have they disclosed to CDP, they have committed to carbon neutrality (through offsets) by the end of 2021 and will address climate risks through upcoming TCFD disclosures.

## Software Company

Sector	Dimension	Long-Term Outcome
Information Technology	Social	Human Capital Development

### Fair Pay

#### Background

During the COVID-19 pandemic, this software company reduced pay for all employees in order to preserve financial flexibility, given the unusual and unprecedented nature of the global health crisis.

#### Action

While always important to us, the pandemic has brought increased engagement to express our support for fair wages and human capital. Our message is clear: we would much prefer the company invest an extra dollar into their people than have an extra dollar of short-term profit.

#### Outcome

We were happy to note that the company reinstated lost wages and began to increase hiring and R&D spend as the economic recovery took hold.

## Food Retailer

Sector	Dimension	Long-Term Outcome
Consumer Staples	Social	Human Capital Development

### Fair Pay

#### Background

This retailer took the lead on the payment of extra-wages to frontline workers during the pandemic.

#### Action

After the first wave in Canada, we engaged to express our support for bonuses paid during the pandemic. We aimed to reinforce the importance of taking care of employees during the health crisis.

#### Outcome

The company continued to lead in the payment of bonuses as Canada navigated waves of the pandemic. This had minimal impact on profitability as operating results remained good.

## Progress in Action





## Constellation Software

Sector	Dimension	Long-Term Outcome
Information Technology	Social	Human Capital Development

### People Matter

#### Constellation Software does not integrate acquisitions. Sound a little bizarre?

Of course, it does. We often hear the words “synergies” and “cost savings” and “profit accretion”. Unfortunately, for many acquirers, such as private equity, synergies are less about products or complimentary activities but more about costs. And at the heart of every organization is an important cost: People. So, typically achieving synergy targets involves layoffs or reductions in long-term investments. In other words, short-term profits over people.

Constellation Software does it a bit differently. Instead of buying a company and cutting costs to improve short-term profitability, the company is often providing an exit strategy for a 1st or 2nd generation entrepreneur who is looking for a permanent home for their business. This means guarding the culture, supporting the customers, keeping the people... and letting the business continue to operate mostly independently. In other words, not much change.

Constellation Software’s overarching operating philosophy is one based on long-term results and permanence, knowing that synergies achieved in the name of short-term profits, may impact the long-term strength, health, and value of the business.

And for all stakeholders, that matters.

## Restaurant Brands International

Sector	Dimension	Long-Term Outcome
Consumer Discretionary	Environmental	Brand Affinity

### Can fast food be more sustainable?

#### Perhaps. Perhaps never. But it can improve.

Around the world, quick-service restaurants are working to offer higher quality, healthier, and more sustainable food options, while remaining affordable and reducing their environmental impact.

And consumers want to see this change. Sustainability is important to them.

Restaurant Brands, owner of Burger King, Popeye’s, and Tim Hortons, recently released commitments to support these objectives:

- Burger King and Tim Hortons (certain regions) are aiming for a menu 100% free from artificial ingredients by 2021;
- 100% cage-free eggs commitment by 2025 in North America;
- Implementation of recycled packaging at Tim Hortons.

While good for the environment, we think these initiatives are equally important to brand value, product quality and customer loyalty, all of which will have important implications for long-term business value.

Of course, the industry has much more to do. But these are important steps, and we expect more in the years to come.

Sector	Dimension	Long-Term Outcome
Financials	Leadership and Governance	Franchise Value

Sector	Dimension	Long-Term Outcome
Industrials	Environmental	Healthy Ecosystems

## What is the role of a stock exchange?

More than just a trading venue they have a social responsibility, stock exchanges play an important role in the economy. As a result, they have a social responsibility to invest and maintain the long-term quality and reliability of these unique assets. If they don't, trust is impaired and so is the long-term value of the business.

Today, they also have an increasing responsibility to lead. We see this with TMX, which is leaning-in to support a sustainable transition and increased disclosures of extra-financial information.

With the launch of their first ESG report in 2019, we saw a change in mentality.

Sustainability can be a driver of value and reduce risks. For example, TMX aims for carbon neutrality in 2021 (through offsets) and plans to provide comprehensive climate risk scenario analysis (TCFD).

Further, the company is engaging with issuers to guide them on ESG disclosure and providing support to businesses with a need for growth capital, including those in green technology, renewable energy, and innovation sectors.

These actions not only help customers, they can even improve the value of an exchange ecosystem.

We expect TMX to continue to do more and lead in the years to come.

## Enabling the environmental transition

Whether designing modern communities, rehabilitating ecosystems, building critical infrastructure or helping to construct environmentally friendly buildings, Stantec finds itself at the heart of this important transition. The company specializes in the design of infrastructure, communities, buildings, water systems, and energy solutions, as well as offering environmental services and consulting.

Increasingly, we see a focus on restoring ecosystems from old industrial sites next to rivers that protect fish species and coastal ecosystems that prevent erosion, with goals of improving water quality, biodiversity, and resilience to climate change.

This builds on Stantec's existing strengths, such as designing and consulting for LEED and WELL certified buildings, renewable energy projects, water treatment plants and transportation systems, among other initiatives that build resiliency into our communities.

Internally, the company has set an objective for carbon neutrality (through offsets) by 2022 and is aiming for net-zero emissions by 2030. Turnover, incident rates, and wage-gaps are now being monitored more closely. They have adopted various reporting frameworks, including SDGs and SASB, and were named one of the world's most sustainable companies by Corporate Knights.

# Portfolio Footprint



# Emission Intensity

We provide our Canadian Equity Flagship portfolio's emissions intensity data for our readers' interest. However, we must acknowledge important limitations of this data. It is just one of many data points to consider when thinking about sustainability.

- > First, a significant number of companies do not yet manage and measure the data. As a result, a significant amount of estimation is involved. And different data providers (MSCI, Sustainalytics, ISS, etc.) have different methods of estimation;
- > Second, not every company validates their emissions reduction pathway with external organizations, such as Science Based Targets Initiative (SBTi);
- > Finally, a significant portion of emissions (Scope 3) are not often included in the data, and it is difficult to estimate and attribute. Activities, such as employee commuting, use of sold products, or products transported by 3rd parties, are considered Scope 3 emissions.

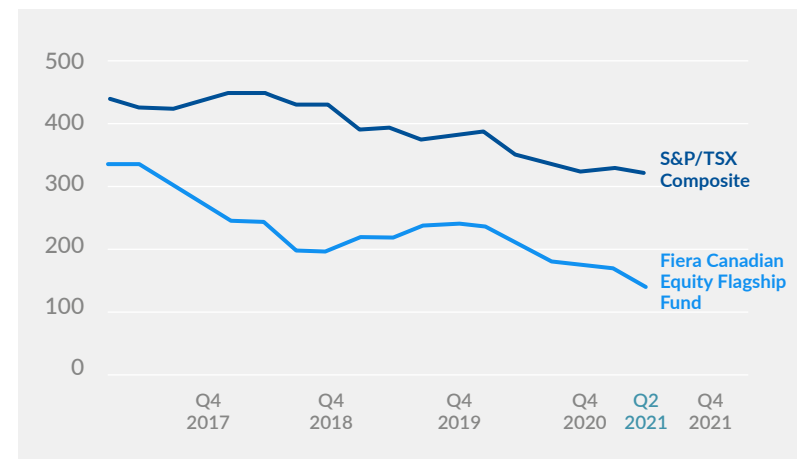
A bank which finances oil and gas exploration may have very low emissions owing to a relatively efficient office footprint. However, a waste management company which cleans and maintains healthy communities, may have relatively high emissions owing to its fleet of trucks. In other words, one can divest emissions in the portfolio construction process, but lower emissions do not necessarily equate to lower environmental impact. With that said, the progress made by companies in the portfolio to measure and manage their environmental footprint continues to progress and we expect more standardization in the years to come.

That progress is represented partially in the data shown in the graph.

## Weighted Average Carbon Intensity

- **Scope 1:**  
Owned or controlled emissions from operations.
- **Scope 2:**  
Emissions from purchased electricity, heating, etc.
- **Scope 3:**  
Emissions in the value chain (end users, contracted transportation).

## Emissions Intensity (T CO<sub>2</sub>e/US\$M)



Source: MSCI.

Weighted Average Carbon Intensity is the sum of Scope 1 and 2.



# SDG ALIGNMENT

## What Are the SDGs?

The United Nations launched the Sustainable Development Goals in 2016 (building upon the Millennium Development Goals) as a blueprint for a better and more sustainable future for all, while addressing some of the main social and environmental issues we face today, including hunger, poverty, inequality, and climate change.

They offer a path to better balance economic growth and human progress with environmental impact.

While created from a development (not necessarily investment) perspective, the SDGs still represent a call to action to which everyone, including Canadian listed companies, can respond.

Little by little, the companies we own are thinking about the SDGs and the ways in which they can contribute. In fact, approximately 40% of the companies in our fossil fuel free portfolio have chosen to use the framework and provide some form of disclosures.

## SUSTAINABLE DEVELOPMENT GOALS





# Are the SDGs Useful for Long-Term Investors?

## Yes, 100%.

Not only are they practical but they improve our understanding of the challenges faced by society and how listed companies can – even modestly – contribute to this global call for change.

The applicability of the SDGs to a portfolio of publicly traded companies, in a developed economy like Canada, represents a rapidly evolving, yet fascinating, area of study.

As long-standing investors in many of these wonderful companies, we can play a direct role in encouraging more long-term, sustainable thinking, including with respect to human capital, community, reputation building, innovation, and reducing environmental footprint.

For example, we have found that by putting social wellbeing and basic needs first, the SDGs provide us with a new framework in which to evaluate companies.

While a traditional investment research process might suggest first to evaluate the margins, revenue growth or competitive strengths, the social-first approach of the SDGs asks investors, in a sense, to first reflect upon the role of a company in society, such as its contribution to:

- > a safe, reliable, and secure food supply chain;
- > fairness and justice;
- > education, including an emphasis on information, communication, and technology (ICT);
- > the circular economy;
- > reducing environmental impacts;
- > increasing the share of renewable energy;
- > technology on economic productivity and social well-being;
- > the maintenance of critical infrastructure;
- > the basic needs of society, such as healthcare and information access.

## How they help

1

Provide an E&S framework with which to analyze the revenue generating and operating activities.

2

Cover most of the E&S topics material to us as long-term investors.

3

Broaden our knowledge of E&S subjects for engagements.

4

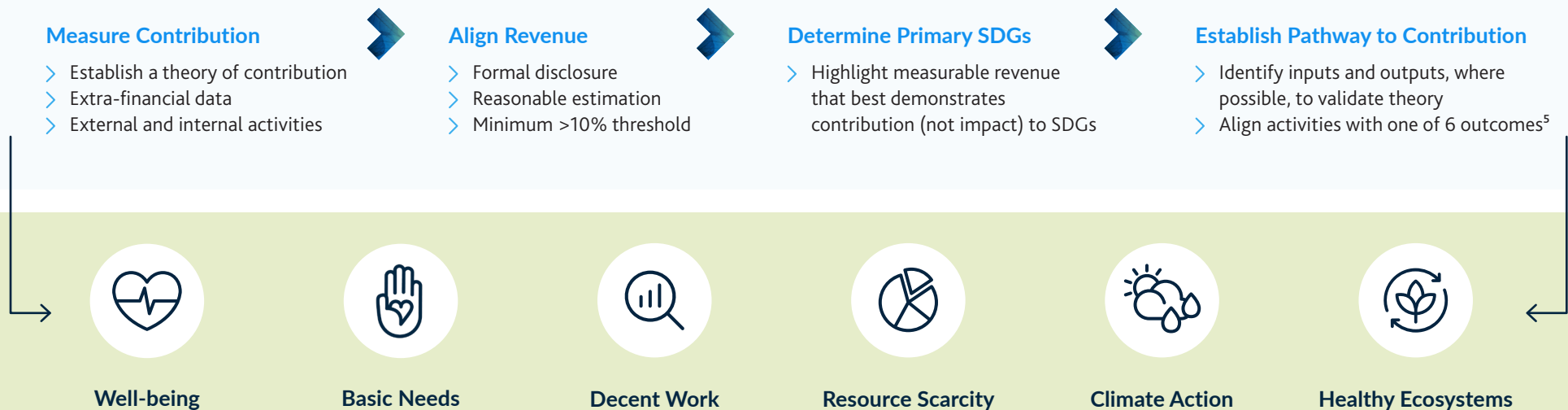
Provide a holistic view of contributions made to society.

Once one understands the positive contribution a company makes in society, we may better understand its competitive strengths, resilience to emerging climate risks, reinvestments in technology or people, behaviours amongst competitors, growth initiatives, or even the level of profitability.

**In other words, we can better understand all the activities that help build, maintain, and grow a long-term durable, and successful business.**

“ For us, the link between sustainability and long-term investing has never been clearer. ”

## Our Methodology



# SDG Example 1

Ritchie Bros.

Sector  
Industrials

Dimension  
Environmental

Long-Term Outcome  
Resource Scarcity



## Creation of a Circular Marketplace

Ritchie Bros. offers customers end-to-end solutions for buying and selling used heavy equipment, trucks and other assets, through unreserved auctions and online marketplaces. They provide marketplaces and associated services to customers in the heavy construction, transportation, agriculture, energy, and mining industries. Through their multi-channel live and online solutions, Ritchie Bros has standardized a decentralized industry and created a circular marketplace for heavy used equipment contributing to productivity. (SDG 8)

How is this a more sustainable system? It extends the life of heavy equipment assets, reduces investment in new assets, and optimizes the value of unused salvage goods. (SDG 12)

This system also leads to economic fairness for buyers and sellers. The competitive bidding process, the financial guarantees and insurances provided by Ritchie Bros. increases the likelihood of fair trade in the market for heavy used equipment. (SDG 10)

By appointing Ann Fandozzi as CEO in 2020, Ritchie Bros. became one of two companies in the Top 100 companies in the TSX to have a female CEO. (SDG 5)

**\$5.4B**

Worth of used equipment and other assets bought and sold through Ritchie Bros. in 2020, thereby optimizing value and extending the life of industrial machinery.

**100%**

In 2020, Ritchie Bros. was able to transition to 100% online auctions.

## SDG Example 2

Thomson Reuters

Sector  
Industrials

Dimension  
Social

Long-Term Outcome  
Basic Needs



### Advancement of Transparent Institutions

Thomson Reuters provides specialized information enabled software and tools for legal, tax, accounting, and compliance professionals, combined with one of the world's largest global news services. The solutions and services provided by the company promote transparency and the transmission of information to a wide audience.

How do the services provided by Thomson Reuters contribute to the Sustainable Development Goals?

The software solutions (legal, tax, accounting, and compliance) and the global news service raise the accountability of the executive, legislative and judicial branches of governments around the world, thereby advancing transparent institutions. (SDG 16)

Through online and print channels, Thomson Reuters disseminates mission-critical information to improve knowledge and education for lawyers, accountants and tax experts. (SDG 4)

Reuters News is an independent global news organization, with a notable focus on reporting in under-reported countries. This increases transparency and aligns with the goal of reducing inequalities. For example, Reuters News first reported on the Rohingya crisis in 2017. (SDG 10)

~2,500

Number of journalists employed by Reuters News on contract in 2020.

>\$500M

Capital expenditure and investments into technology advancements, primarily in legal, tax, accounting and compliance solutions in 2020. (SDG 9)

## Appendices





# Appendix 1.1

## Data Disclosure

	Canadian Equity Flagship	TSX Composite
<b>Environmental</b>		
<b>Carbon Emissions Intensity</b>		
T CO2e per US\$M Sales <sup>(1)</sup>	137.3	311.5
<b>Targets and Disclosure</b>		
Emissions Reduction Target	52%	33%
CDP Disclosure	64%	41%
Achieved/Planned Carbon-Neutrality (including offsets)	27%	NA
<b>Additional environmental data <sup>(1)</sup></b>		
Efforts to Transition to Clean Energy Sources	81%	60%
Evidence of Energy Efficiency Management	98%	67%
Weight in the Energy Sector	0%	13%
<b>Human Capital</b>		
Comprehensive Diversity Policy <sup>(2)</sup>	88%	NA
Net Job Growth <sup>(3)</sup>	6.3%	NA
Average Glass Door Rating <sup>(4)</sup>	3.76	NA
<b>Social Capital</b>		
Total Taxes Paid in 2020 (not weighted)	\$128B	NA
Average Effective Tax Rate	24%	NA

Unless otherwise noted, all data is researched and gathered internally, as of June 30, 2021, through publicly available disclosures (sustainability or financial disclosures). Data is subject to change; we cannot guarantee accuracy.

### FOOTNOTES

(1) MSCI

(2) ISS (while each company has a diversity policy, ISS has a different measurement approach. We are providing a summary using ISS's framework)

(3) Company reports

(4) Publicly available data from Glassdoor

NA = Not Available

# Appendix 1.2

## Data Disclosure

	Canadian Equity Flagship	TSX Composite
<b>Business Model and Innovation</b>		
R&D Investment in 2020 (not weighted, as a % of Net Sales)	8.22%	NA
Return on Invested Capital (LTM %)	6.9%	4.6%
Return on Equity (LTM %)	16.5%	11.6%
Return on Equity (LTM % 5 year average)	16.2%	10%
Revenue Growth per share (5 year CAGR %)	6.7%	8.3%
<b>Leadership and Governance</b>		
Aligned Compensation - Earnings or ROE	100%	NA
Aligned Compensation - ESG metrics <sup>(5)</sup>	14%	NA
Principal Shareholder - Family or Founder <sup>(10)</sup>	52%	NA
Average CEO Tenure (years)	8	NA
Average Board Gender Diversity	33%	NA
<b>Disclosure</b>		
Sustainability Disclosure <sup>(6)</sup>	88%	NA
SASB Disclosure Adoption <sup>(7)</sup>	52%	23%
TCFD Aligned Disclosure <sup>(8)</sup>	30%	36%
SDG Aligned Disclosure <sup>(9)</sup>	39%	NA

Unless otherwise noted, all data is researched and gathered internally, as of June 30, 2021, through publicly available disclosures (sustainability or financial disclosures). Data is subject to change; we cannot guarantee accuracy.

### FOOTNOTES

- (5) Data collected from Bloomberg.
- (6) An ESG, corporate social responsibility, social impact or citizenship report (among other titles) is produced. This may also include integrated disclosure where information and data is provided in the annual report alongside financial data.
- (7) Adoption of Sustainability Accounting Standards Board (SASB) disclosure framework. TSX Composite data from study done by Millani ESG Consulting in September 2020 <https://corostrandberg.com/wp-content/uploads/2020/09/millani-annual-esg-disclosure-study-2020.pdf>.
- (8) Disclosures aligned with the Taskforce on Climate-related Financial Disclosures (TCFD). TSX Composite data from study done by Millani ESG Consulting in June 2021 <https://www.tsx.com/resource/en/2672/millani-s-tcf-d-disclosure-study-a-canadian-perspective-2021-06-23-en.pdf>.
- (9) Companies may use a variety of methodologies to measure alignment to SDGs.
- (10) Includes those with multi-voting shares as well as founders, family holding companies or significant shareholders with an important ownership stake and influence on operations.

NA = Not Available

## Appendix 2

### Canadian Equity Team's List of ESG Considerations



#### Social Capital

- Enhance social license
- Responsibility to society
- Fair taxes paid
- Sustainable supply chain
- Alignment with SDGs
- Low regulatory risk
- Culture contributions
- Respect for communities
- Charitable contributions
- Avoid controversies
- Job growth and creation



#### Human Capital

- Culture
- Employee development
- Organization diversity
- Training and development
- Leadership development
- Appropriate turnover
- Supply chain risk management
- Support for minority groups
- Fair wages
- Respect for employees
- Safety initiatives
- Data privacy and cybersecurity



#### Environment

- Reducing carbon footprint
- Increasing waste diversion
- Reducing water use
- Low stranded asset risk
- Low climate change risk
- Low regulatory risk
- Track record managing environmental risks
- Products/services to address climate issues
- Environmental impact (+/-) of products
- Contribution to a circular economy



#### Leadership and Governance

- Long-term oriented culture
- Aligned compensation
- Systemic risk management
- Honest accounting and disclosure
- Responsible use of debt/equity
- Progressive sustainability efforts
- SASB/CDP disclosure
- Sustainable dividends
- Behave with integrity
- Historical profitability and FCF generation



#### Business Model

- Strong brand and reputation in community
- Investment in new products and services
- Mission critical product/ service
- Good returns on investments
- Sustainable business drivers
- History of adaptability
- Willingness to innovate
- R&D focus and planning
- Customer loyalty
- Intelligent spending and cost management

---

# Disclosure

---

Fiera Capital Corporation (“Fiera Capital”) is a global independent asset management firm with over C\$179.5 billion in AUM as at June 30, 2021. Fiera Capital delivers customized multi-asset solutions across traditional and alternative asset classes to institutional, retail and private wealth clients across North America, Europe and key markets in Asia. At the forefront of investment-management science, Fiera Capital professionals are passionate about creating sustainable wealth for investors. Fiera Capital trades under the ticker FSZ on the Toronto Stock Exchange.

Information and opinions contained herein are believed to be accurate and reliable at the date of printing, however, Fiera Capital cannot guarantee that such information is complete or accurate or that it will remain current. The information and opinions are subject to change without notice and Fiera Capital cannot be held liable for the use of or reliance upon the information contained here.

This document may contain certain forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “potential”, “continue”, “target” or the negative of these terms, or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement.

This document is only intended to provide general information and is not intended to be and should not be construed or relied upon as legal, investment or other professional advice. Fiera Capital assumes no liability by providing this guidance to its clients or any other person or entity. The information provided herein may or may not apply in any particular situation. Users should carefully review the guidance included here to determine applicability. It should not be considered a solicitation to buy or an offer to sell a security. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any funds managed by Fiera Capital. Further information on the investment strategy of composites and pooled funds managed by Fiera Capital or its affiliates can be found at [fiera.com](https://fiera.com). The index comparisons in this presentation are provided for informational purposes only and should not be used as the basis for making an investment decision. Information pertaining to Fiera Capital pooled funds is not to be construed as a public offering of securities in any jurisdictions of Canada or otherwise. The offering of units of Fiera Capital pooled funds is made pursuant to the funds’ trust agreement and only to those investors in jurisdictions of Canada who meet certain eligibility or minimum purchase requirements. Important information about Fiera Capital pooled funds, including a statement of each fund’s investment objective, is contained in the trust agreement, a copy of which may be obtained from Fiera Capital. Unit values and investment returns will fluctuate. Please read the trust agreement of the pooled funds before investing. Pooled funds are not guaranteed, their values change frequently, and past performance may not be repeated.

## ► Contact Us

[info@fieracapital.com](mailto:info@fieracapital.com) | [fiera.com](http://fiera.com)

North America			Europe	Asia
<b>Montreal</b> Fiera Capital Corporation 1981 McGill College Avenue Suite 1500 Montreal, Quebec H3A 0H5 T 1 800 361-3499	<b>Toronto</b> Fiera Capital Corporation 200 Bay Street Suite 3800, South Tower Toronto, Ontario, Canada M5J 2J1 T 1 800 994-9002	<b>Calgary</b> Fiera Capital Corporation 607 8th Avenue SW Suite 300 Calgary, Alberta T2P 0A7 T 403 699-9000	<b>London</b> Fiera Capital (UK) Limited Queensberry House, 3 Old Burlington Street, 3rd Floor London, United Kingdom W1S 3AE T +44 (0) 207 409 5500	<b>Hong Kong</b> Fiera Capital (Asia) Hong Kong Limited Suite 3205, No. 9 Queen's Road Central Hong Kong T 852-3713-4800
<b>New York</b> Fiera Capital Inc. 375 Park Avenue, 8th Floor New York, New York 10152 T 212 300-1600	<b>Boston</b> Fiera Capital Inc. One Lewis Wharf 3rd Floor Boston, Massachusetts 02110 T 857 264-4900	<b>Dayton</b> Fiera Capital Inc. 10050 Innovation Drive Suite 120 Dayton, Ohio 45342 T 937 847-9100	<b>Frankfurt</b> Fiera Capital (Germany) GmbH Walther-von-Cronberg-Platz 13 Frankfurt, Germany, 60594 T +49 69 9202 0750	<b>Singapore</b> Fiera Capital (Asia) Singapore Pte. Ltd. 6 Temasek Boulevard #38-03, Suntec Tower 4 Singapore 038986