

ESG METRICS

Statistic	DGAM	MSCI World
E Carbon emissions (t CO ₂ /(\$B)	8	55
E Carbon intensity	11	98
E Water use (m ³ /(\$M revenue)	121	7,565
E Waste-recycling ratio	66%	64%
E Renewable-energy use	37%	40%
E Reported emissions	96%	95%
S Fatalities per 100,000 employees	0.4	0.7
S Access to low-price products	12%	21%
S Women managers	31%	33%
S Salary gap (CEO/average salary)	148	174
G Sustainability compensation incentives	63%	67%
G Independent board members	77%	80%
G CEO and chair separation	67%	47%
G Board gender diversity	34%	34%

Values are calculated only on the invested portion of the portfolio.
Sources: Sustainalytics, Refinitiv, March 31, 2024

STOCKS ADDED OR REMOVED FOR ESG REASONS

Company	Change	Reason
Banco RPM	Removed	Water use vs. peers
United Therapeutics	Removed	Higher carbon intensity vs. peers

QUARTERLY ESG THEME

LOBBYING AND POLITICAL EXPENSES

Even though lobbying and other political expenses can be used positively to shape laws and policies at all levels of government, they can also be used to influence laws to the detriment of the public interest. To minimize chances that companies act contrary to public interest, our screening methodology incorporates company lobbying and political expenditures as part of our screening methodology.

Companies that do not have lobbying or political expenditures over the past three years, according to publicly available information, are preferred in our ESG filtering methodology. This information is collected by Sustainalytics, one of our third-party service providers. Our portfolio outperforms the MSCI World Index on this metric.

Learn more about this topic on the next page.

OUR ESG METHODOLOGY IN PRACTICE

Our ESG screening methodology includes positive and negative filters. Our negative filters are used to identify companies involved in harmful activities, whereas our positive filters reward leaders across several E, S and G metrics. Accordingly, 911 companies had been removed from the investable universe and 417 companies had successfully qualified for investment as at March 31.

At the end of the quarter, the portfolio had carbon and water footprints that were significantly lower than those of the benchmark, mainly because of our ESG methodology's negative filters. Overall, the portfolio had strong sustainability credentials and outperformed the index across most ESG metrics.

ACTIVE OWNERSHIP SPOTLIGHT

We engaged with TJX Companies, an apparel and home fashion retailer with stores around the world. Our objective was to learn more about human rights audits in its supply chain. In some cases, the company audits its suppliers itself, whereas, in other instances, a third party conducts the audit. We encouraged TJX to disclose more information relative to the effectiveness of its supplier audit program, along with the audit findings and any required corrective action.

Companies with no lobbying or political expenses

MSCI WORLD Index	12.3%
DGAM ESG Filtered MSCI World Equity	13.7%
Systematic ESG World Equity Portfolio	37.3%

Sources: MSCI, Sustainalytics, March 31, 2024

TRANSPARENCY IS KEY

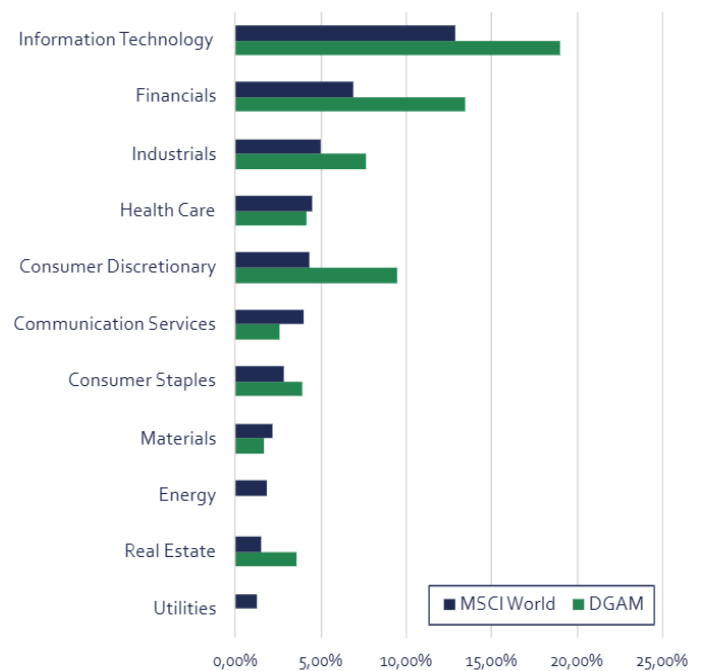
Effectively applying lobbying and political expenses to a systematic equity portfolio

In 2023, lobbying expenditures totalled **US\$4.26 billion** in the United States and totalled **€1.8 billion** in Europe. Concerns over lobbying practices and political donations by corporations are legitimate, given the large sums of money involved. The adverse effect of these practices can lead to ineffective public policies and can be detrimental to the public interest, resulting in unfair competition or influence.

To avoid conflicts of interests and to promote transparency, some countries regulate lobbying activities and political expenses. In Canada, the Lobbying Act requires lobbyists to register and to disclose their activities and clients. Elections Canada regulates political expenses, which are subject to limits and disclosure requirements. At the corporate level, companies should have clear and transparent policies on bribery and corruption, procedures that guide their own lobbying activities and political expenses, and board oversight of such activities. Strong emphasis should be put on ethical standards and integrity within the corporate culture. If a company does not prohibit involvement in politics or lobbying, then transparency is key, and it should commit to disclosing such activities to all stakeholders.

The chart on the right shows companies without any lobbying or political expenses, for each sector of the MSCI World Index versus our portfolio. As the chart shows, our portfolio outperforms the index in the industrials, information technology, financials, consumer staples, consumer discretionary and real estate sectors. The portfolio does not currently hold any energy or utility companies.

COMPANIES WITHOUT LOBBYING/POLITICAL EXPENSES



Sources: MSCI, Refinitiv, March 31, 2024

Two U.S firms as examples

Ferguson, a company that operates mainly in North America, provides solutions and distributes industrial and residential products for plumbing, heating, and ventilation. The company has a code of conduct that clearly prohibits anyone working for or on behalf of Ferguson from engaging in lobbying or using the company’s name for political activities. Ferguson is committed to acting ethically across all its business activities.

	Ferguson	TJX Companies
Country	United States	United States
Sector	Industrials	Consumer Discretionary
Portfolio weight	1.9%	1.8%

Source: Refinitiv as at March 31, 2024

TJX Companies has a formal public statement on political activity and expenditures on its website. The company prohibits the use of corporate funds as contributions to political parties or candidates. Its policy doesn’t explicitly prohibit lobbying expenditures, but they are a rare occurrence and are subject to approval from the CEO, CFO or General Counsel, with oversight from the board of directors.

Source of all data and information: DGAM as at March 31, 2024, unless otherwise specified.

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