

### ESG METRICS

Statistic	DGAM	MSCI World
E Carbon emissions (t CO <sub>2</sub> /(\$B)	5	53
E Carbon intensity (t CO <sub>2</sub> /sales)	8	98
E Water use (m <sup>3</sup> /(\$M revenue)	70	7,292
E Waste-recycling ratio	67%	64%
E Renewable-energy use	43%	45%
E Reported emissions	94%	96%
S Fatalities per 100,000 employees	0.6	0.6
S Access to low-price products	14%	21%
S Women managers	34%	32%
S Salary gap (CEO/average salary)	82	187
G Sustainability compensation incentives	67%	68%
G Independent board members	79%	81%
G CEO and chair separation	71%	49%
G Board gender diversity	35%	34%

Values are calculated only on the invested portion of the portfolio.  
Sources: Sustainalytics and LSEG, June 30, 2024

### STOCKS ADDED OR REMOVED FOR ESG REASONS

Company	Change	Reason
Natwest Group	Added	Water use vs. peers
Domino's Pizza	Added	Water use vs. peers

### QUARTERLY ESG THEME

#### INDEPENDENT BOARD MEMBERS

Independent members are critical to an organization's governance because they ensure unbiased decision making and provide varied perspectives that can benefit all stakeholders. To maximize effectiveness and independence, we think the majority of a board's members should be independent. Our positive screening methodology incorporates this factor by looking at a company's proportion of independent board members.

Companies that have a significant majority of independent board members are preferred in our ESG filtering methodology. Such information is available on corporate websites.

Our portfolio slightly trails the MSCI World Index on this metric. You can 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, 897 companies had been removed from the investable universe and 408 companies had successfully qualified for investment as at June 30.

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. Over all, the portfolio had strong sustainability credentials and outperformed the index across most ESG metrics.

### ACTIVE OWNERSHIP SPOTLIGHT

We engaged with Loblaw, a retail and wholesale food distributor in Canada. The company continues to improve due diligence in its agricultural supply chain and is conducting a human rights impact assessment. Loblaw discloses certain audit metrics, such as the number of suppliers removed. It also has a specific program for Bangladesh to evaluate the presence of forced labour. We encouraged the company to improve disclosure related to risk management in its supply chain and its audit process.

#### Percentage of independent board members

MSCI WORLD Index	80.6%
DGAM ESG Filtered MSCI World Equity	83.8%
Systematic ESG World Equity Portfolio	79.4%

Sources: MSCI and Sustainalytics, June 30, 2024

## INDEPENDENCE LEADS TO CREDIBILITY

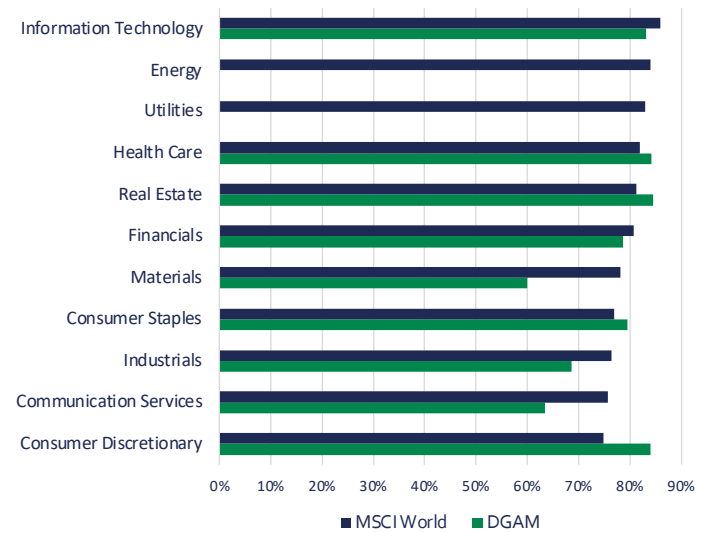
### Effectively applying board independence to a systematic equity portfolio

The board of directors sees to the promotion of the interests of the company. It defines the organization’s strategic direction and ensures monitoring and control mechanisms. Thus, it is imperative that these functions be carried out independently of the company’s management to ensure objectivity and credibility. Director independence is characterized by the absence of personal interests that conflict with those of the organization.

To evaluate a board’s independence, DGAM’s assessment is based on three criteria that define how we exercise our voting rights when directors are up for election. First, the proportion of independent members must exceed two-thirds of the board, and individuals are no longer considered independent after serving 12 years on the board. Second, the members of the nomination, compensation and audit committees must be composed entirely of independent members. Lastly, the positions of board chair and CEO must be separate.

The chart on the right shows the proportion of independent board directors for each sector of the MSCI World Index versus our portfolio. As the chart shows, our portfolio outperforms the index in the consumer staples, consumer discretionary, real estate and health care sectors. The portfolio does not currently hold any energy or utility companies. Corporate governance regulation and practices have been established longer than environmental regulation, so it is not surprising that large proportions of independent board members are found in many sectors.

### BOARD INDEPENDENCE



Source: MSCI and LSEG, June 30, 2024

### Examples of companies that stand out

Two U.S. portfolio companies stand out in this area. Microsoft, a software company, and Booking Holdings, an online travel agency, both have a large majority of board members who are independent.

	Microsoft	Booking Holdings
Country	United States	United States
Sector	Information Technology	Consumer Discretionary
Portfolio weight	3.0%	2.0%
% of independent board members	92%	92%

Source: LSEG, June 30, 2024

### Proxy voting statistics

Exercising our voting rights is an effective way to convey our convictions regarding director independence. For our global systematic strategy, from July 1, 2023, to June 30, 2024, we voted against 84 non-independent individuals when the board failed to reach a threshold of two-thirds independent members. We also voted against 79 non-independent individuals who were members of nomination, compensation or audit committees. Finally, we voted against five board chairs because the positions of CEO and chair were not separate.



Source of all data and information: DGAM as at June 30, 2024, unless otherwise specified.

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