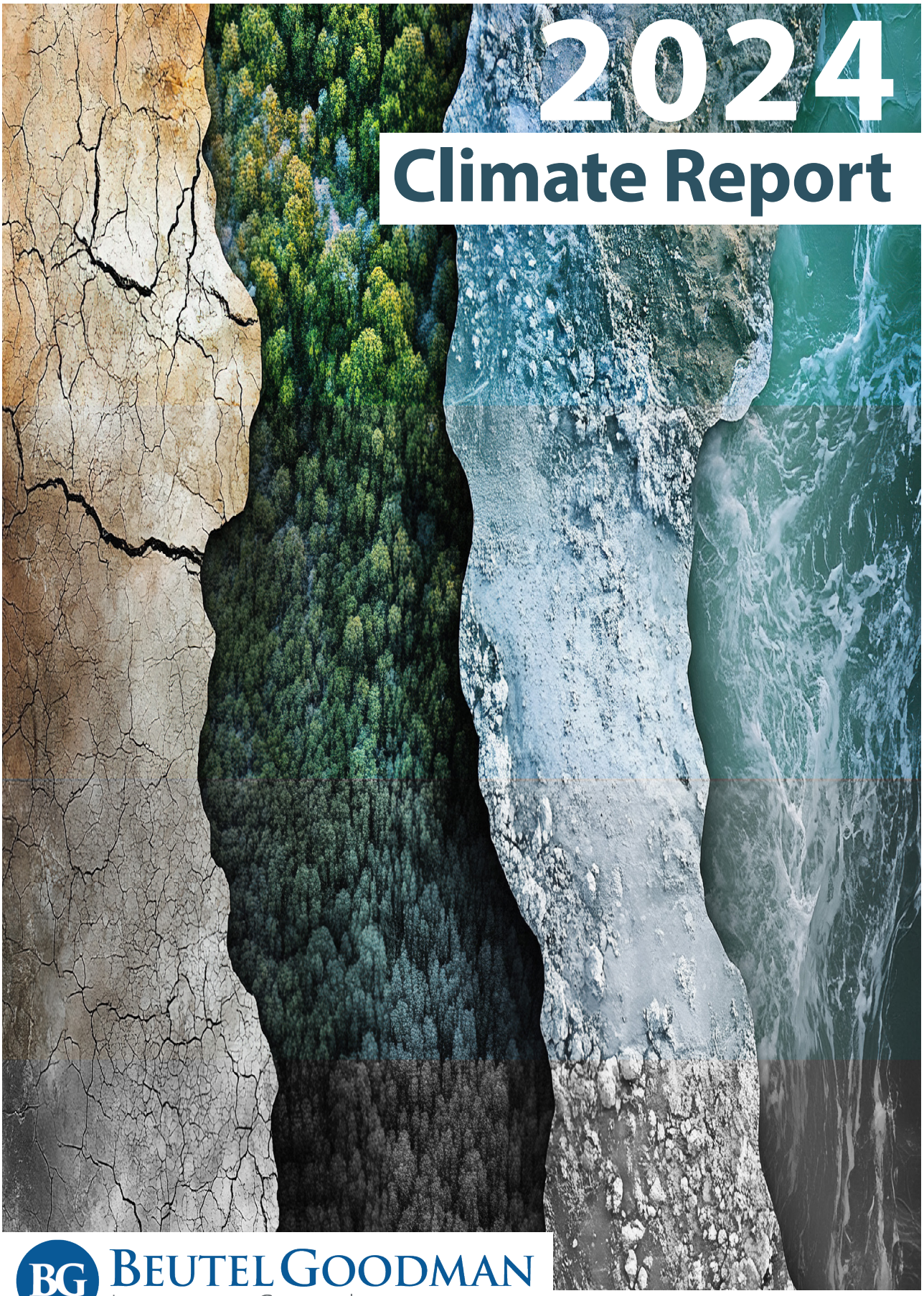
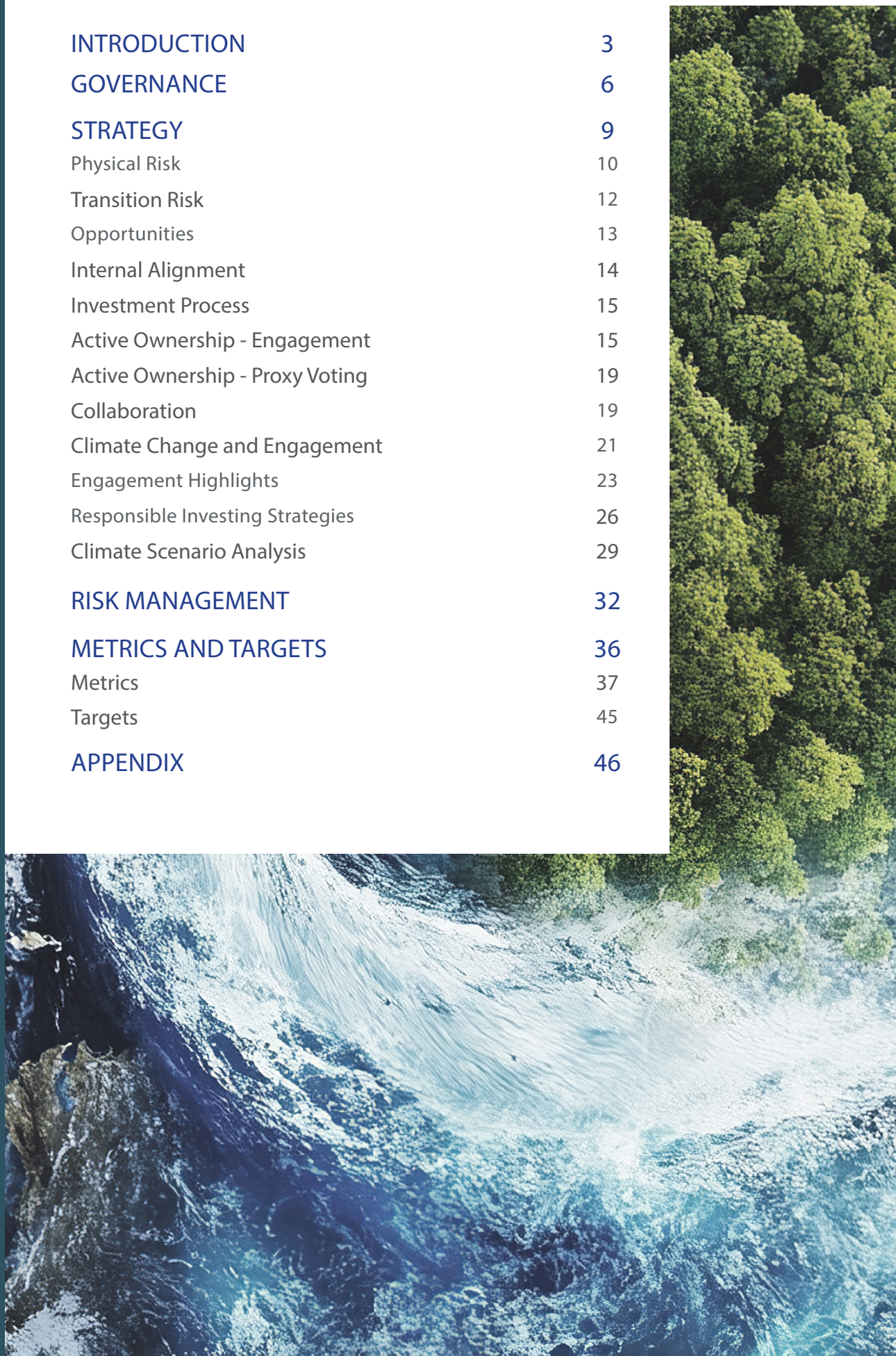
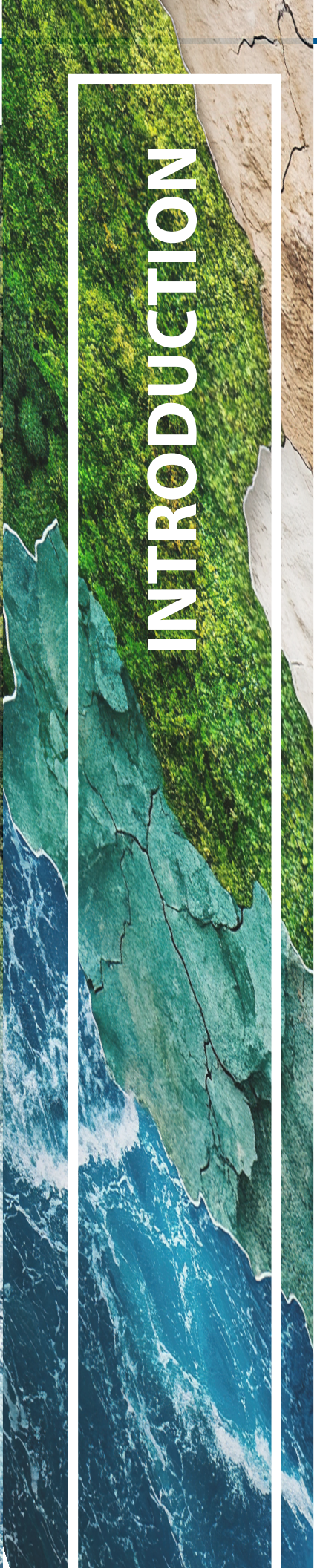


2024 Climate Report

BEUTEL GOODMAN
Investment Counsel

TABLE OF CONTENTS





INTRODUCTION

We are pleased to provide our third annual Climate Report, which is based on the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). We note that in October 2023, the TCFD was disbanded and the responsibility for advocating for, monitoring and guiding climate-related disclosures has been taken over by the International Financial Reporting Standards (IFRS) Foundation. Currently, our Climate Report remains structured around TCFD's recommended four thematic areas of governance, strategy, risk management, and metrics and targets.

Climate-related events continued to be front of mind in 2024 as the World Meteorological Association reported that it was the warmest year on record globally, with the global average surface temperature 1.55°C above the 1850-1990 average.[1] In Canada, insured damage from climate-related events – mainly wildfires, floods and hailstorms – totaled $8.5 billion, which is 12 times the annual average of $701 million from 2001-2010.[2] In the U.S. there were 27 individual weather and climate disasters with at least US$1 billion in damages; those 27 disasters alone led to 568 direct or indirect fatalities. The total amount of damages for 2024 was estimated at US$182.7 billion, representing the fourth-costliest year on record.[3] The significant amount of damages incurred from climate-related events highlights our view that climate risk can represent a material financial risk. We continue to engage with our portfolio companies on physical risk, resilience, adaptation and insurability.

The UN Environment Programme recently reported that as things stand, current nationally determined contributions (NDC)[4] under the Paris Agreement put the world on track for a global temperature rise of 2.6° to 2.8°C this century. Additionally, policies currently in place are insufficient to meet even these NDCs. If nothing changes, the world is heading for a temperature rise of 3.1°C.[5] Greater ambition is likely required to get back on track towards a 2°C pathway. In this

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[1]World Meteorological Association, "WMO confirms 2024 as warmest year on record at about 1.55°C above pre-industrial level," (January 10, 2025): https://wmo.int/news/media-centre/wmo-confirms-2024-warmest-year-record-about-155degc-above-pre-industrial-level

[2]Insurance Bureau of Canada, "2024 shatters record for costliest year for severe weather-related losses in Canadian history at $8.5 billion," (January 13, 2025): https://www.ibc.ca/news-insights/news/2024-shatters-record-for-costliest-year-for-severe-weather-related-losses-in-canadian-history-at-8-5-billion

[3]Smith, Adam B. "2024: An active year of U.S. billion-dollar weather and climate disasters," (January 10, 2025), National Oceanic and Atmospheric Administration National Centers for Environmental Information: https://www.climate.gov/news-features/blogs/beyond-data/2024-active-year-us-billion-dollar-weather-and-climate-disasters

[4]Under the 2015 Paris Agreement, countries must submit plans and targets to cut greenhouse gas emissions as their contribution to reducing climate change called nationally determined contributions (NDCs).

[5]UN Environment Programme, "Emissions Gap Report 2024 press statement," (October 24, 2024): https://www.unep.org/news-and-stories/statements/emissions-gap-report-2024-press-statement

context, and in our role as an investment manager that practices ESG integration, we recognize the importance of achieving the goals of the Paris Agreement. The scientific consensus is that achieving these goals by the end of the century requires the global economy to effectively become carbon neutral by 2050.[6]

A key challenge in analyzing climate risks and opportunities has been the lack of depth, consistency, accuracy and availability of disclosure on corporations' climate activities. We note that several Canadian energy companies removed their carbon emissions data and GHG emissions reduction goals from their websites after the enactment of Bill C-59. The Act introduced changes to the *Competition Act* aimed at deceptive marketing practices, with reference to greenwashing. We understand the companies' position that the lack of clarity in the legislation leaves them vulnerable to material penalties. However, emissions data is necessary for financial companies and investment managers to calculate the carbon footprint and financed emissions of their portfolios. If companies soften their climate commitments to net zero by 2050 and shorter-term GHG emissions targets, they may be more vulnerable to energy transition risk. During 2024, Beutel Goodman participated in the public consultation providing feedback on the *Competition Act*'s greenwashing provisions via a third party. We also engaged with companies in our portfolios who have withdrawn disclosure, encouraging them to continue working towards their commitments to decarbonization and disclosing data.

We are monitoring developments in the U.S. as the new U.S. Administration withdraws from several climate-related initiatives such as the Paris Agreement. We observe that some companies are scaling back disclosures and/or backtracking on climate-related commitments and targets. We continue to monitor the regulatory environment in Europe as the European Commission seeks to simplify complex regulations and lessen the reporting burden on companies. We will continue to engage with our portfolio companies on their climate commitments and strategies where we believe that there is a potential material financial risk to investment.

Focusing just on the risk within climate transition potentially ignores tremendous opportunities. Global investment in energy transition totalled US$2.1 trillion in 2024, an 11% increase versus the previous year.[7] The increase was primarily driven by electrified transport, renewable energy and power grids. BloombergNEF estimates that global energy transition investment would need to average US$5.6 trillion each year from 2025 to 2030 to get on track for global net zero by 2050, in line with the Paris Agreement.[8] Climate-tech companies raised $50.7 billion in private and public equity in 2024.[9]Global issuance of labelled bonds (green, social, sustainable, transition) totalled $1.24 trillion in 2024.

We attended the PRI In Person event in Toronto in October 2024. Key themes that came out of the global conference included the need for action and collaboration to tackle climate-related risks. As the conference was held in Canada, a key focus was on the role Indigenous people play in facilitating the energy transition as every major infrastructure project will cross their lands. During the conference, the Canadian government introduced a Green Taxonomy and a Transition Taxonomy. The announcement

[6]Carbon neutrality means having a balance between emitting carbon and absorbing carbon from the atmosphere in carbon sinks. Removing carbon oxide from the atmosphere and then storing it is known as carbon sequestration. In order to achieve net zero emissions, all worldwide greenhouse gas (GHG) emissions will have to be counterbalanced by carbon sequestration. Carbon sink is any system that absorbs more carbon than it emits. The main natural carbon sinks are soil, forests and oceans. (Source: https://www.europarl.europa.eu/topics/en/article/20190926STO62270/what-is-carbon-neutrality-and-how-can-it-be-achieved-by-2050)
[7]BloombergNEF, "Global Investment in the Energy Transition Exceeded $2 Trillion for the First Time in 2024, According to BloombergNEF Report," (January 30, 2025): https://about.bnef.com/blog/global-investment-in-the-energy-transition-exceeded-2-trillion-for-the-first-time-in-2024-according-to-bloombergnef-report/
[8]IBID.
[9]IBID.

of the taxonomy was an important step forward in establishing investment guidelines for transition financing in Canada. There was, however, a lack of detail in the announcement and the taxonomy appears to be in limbo until a new Canadian government is formed.

Beutel Goodman is a privately owned, independent Canadian investment manager. For over 50 years, we have been dedicated to helping our institutional, private wealth and retail clients achieve their long-term investment goals. As value investors, a focus on absolute risk and capital preservation is the cornerstone of our fundamental research and disciplined investment process. We are committed to integrating consideration of ESG criteria into our investment process as part of our evaluation of the financial results and prospects for investments. As active managers managing concentrated portfolios, engagement, proxy voting and collaboration are key elements of our investment activities, and we remain diligent and thoughtful in these critical areas. The value of companies we invest in may be affected by climate change over the long term; for example, by direct or indirect exposure to physical risks from severe weather and changing weather patterns. Companies also face transition risks relating to their carbon footprints, including policy, legal, technology, market and reputation risk. We believe that addressing climate-related risk is part of the process of evaluating the financial results and prospects of an investment, and is consistent with our fiduciary duty to our clients. Climate change is a significant factor within our ESG integration and responsible investing approach as we seek long-term financial sustainability of investments for our clients.

In addition to the climate-related risks facing companies (e.g., high GHG emissions or significant exposure to the physical impacts of climate change), we also take into account, as part of our research and valuation process, climate-related opportunities for companies whose business activities and technologies can contribute to the transition and achievement of climate goals. We monitor and evaluate the climate-related goals set and executed by our portfolio companies to insulate their businesses against climate-related risks and take advantage of climate-related opportunities as part of our disciplined investment process. Setting and following through on goals related to climate risks and opportunities is challenging in Canada, where the economy is deeply rooted in resources. As an investment manager, we are committed to working with portfolio companies to help these goals succeed in delivering value.

Jeff Young, MBA, CFA
Managing Director

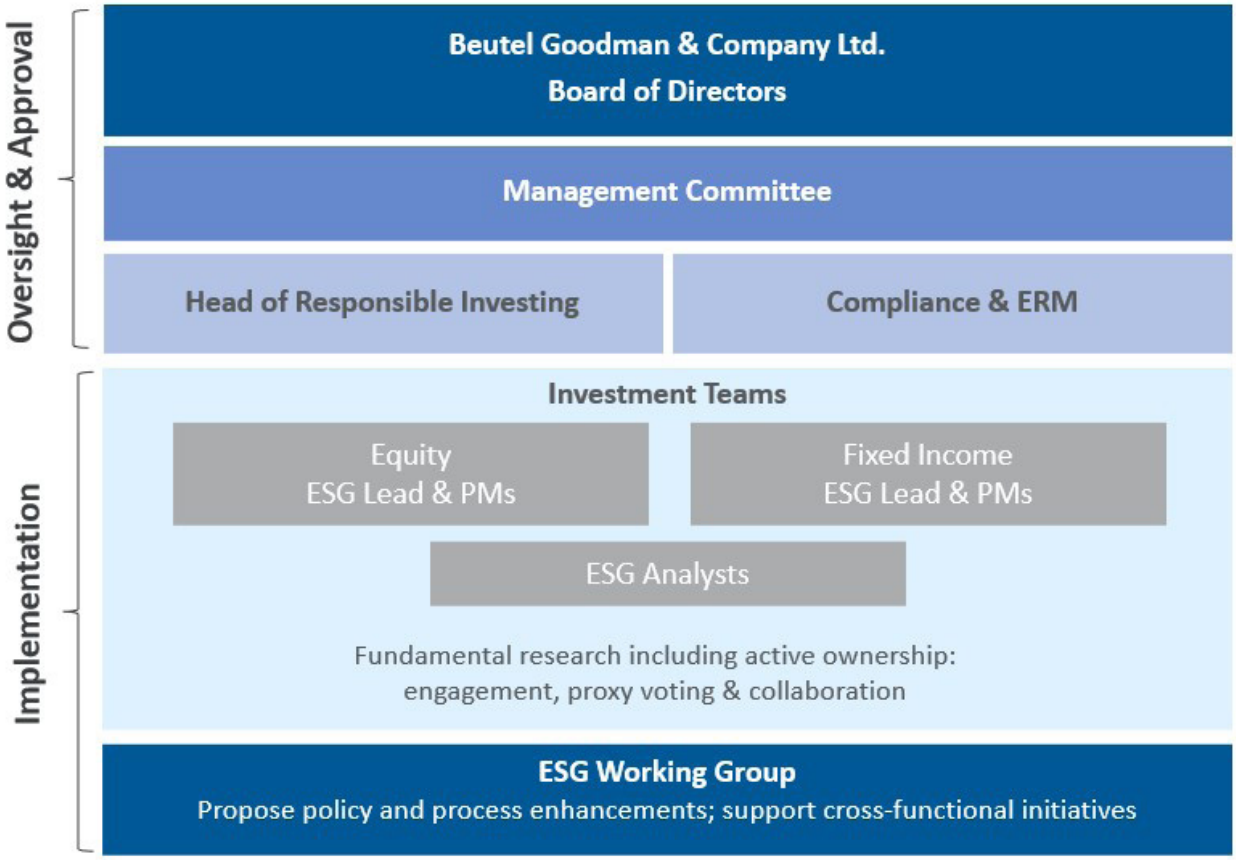
Sue McNamara, CFA
Head of Responsible Investment
Senior Vice-President, Fixed Income

Eva Grant, CFA
Vice-President, Portfolio Analytics
& Responsible Investment
FSA Credential Holder

GOVERNANCE

Beutel Goodman's climate-related activities oversight shown below in Exhibit 1 is the same as the governance structure for our ESG oversight.

Exhibit 1. Beutel Goodman Climate-Related Activities Oversight



Source: Beutel, Goodman & Company Ltd.

We believe our clear ESG responsibilities enhance the way we operate and service our clients as part of our overall investment approach:

- The Management Committee of Beutel Goodman, a key decision-making body of our company, oversees our ESG and climate approach, including review and approval of our climate-related framework, responsible investing policies and reports, PRI reporting and climate reporting, as well as climate-related initiatives/collaborations.
- The Head of Responsible Investing is accountable for Beutel Goodman's responsible investing governance and the consistent application of our responsible investing approach firm-wide, which includes all climate-related activities. The Head of Responsible Investing reports directly to the Management Committee.
- At the firm level, ESG risks are monitored by our VP, Enterprise Risk Management (ERM), and encompass oversight of our ESG and climate approach, commitments and reporting requirements for our climate-related pledges, assurance over our internal process, and providing periodic reporting to the Management Committee.

- Beutel Goodman's Chief Compliance Officer (CCO) provides leadership for monitoring, assessing and communicating ESG and climate-related regulatory compliance requirements, while overseeing overall firm compliance. The CCO reports directly to the Management Committee.
- The Portfolio Managers/Analysts are responsible for all security-level decisions and using the Beutel Goodman ESG framework in their analytical processes and corporate engagement activities, as applicable. PMs/analysts consider all material factors that may impact investment recommendations, including climate-related factors. The investment teams' responsible investing activities, including engagement and proxy voting, are reported on a quarterly basis to the firm's Management Committee.
- ESG Leads, equity PMs and fixed income PMs have the responsibility for defining ESG policy and procedures, which includes climate-related activities and spearheading the implementation and coordination of our ESG- and climate-related investment activities, in addition to considering future responsible investing initiatives.
- ESG Analysts are responsible for producing, reporting and managing our data sources and providing general support for our ESG- and climate-related activities.

Our ESG Working Group, composed of members of our equity and fixed income investment teams and representatives of our various client channels, meets regularly to discuss opportunities for future responsible investing initiatives, as well as to provide updates and feedback.


STRATEGY

PHYSICAL RISK

Climate-related risks can be divided into two major categories:

1. Risks related to the physical impacts of climate change; and
2. Risks related to the transition to a lower-carbon economy.

Physical risks resulting from climate change can be classified as acute or chronic. Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events (e.g., cyclones, wildfires, hurricanes or floods). Chronic physical risks refers to longer-term shifts in climate patterns (e.g., sustained higher temperatures or changing precipitation patterns) that may cause sea levels to rise or chronic heat waves.[10]

Climate-related risk that translates into financial risk needs to be actively managed. These risks may have material financial impacts on companies that we own in our investment portfolios. Climate-related risks play out over the short, medium and long term. In the following table we outline the risks to companies from climate-related events. As long-term holders of companies for both equity and fixed income, a focus on risk across the time horizon is important in identifying material risks.

[10]Recommendations of the Task Force for Climate-related Disclosures (June 2017): FINAL-2017-TCFD-Report.pdf (bbhub.io)

Exhibit 2. Impacts of Physical Risk

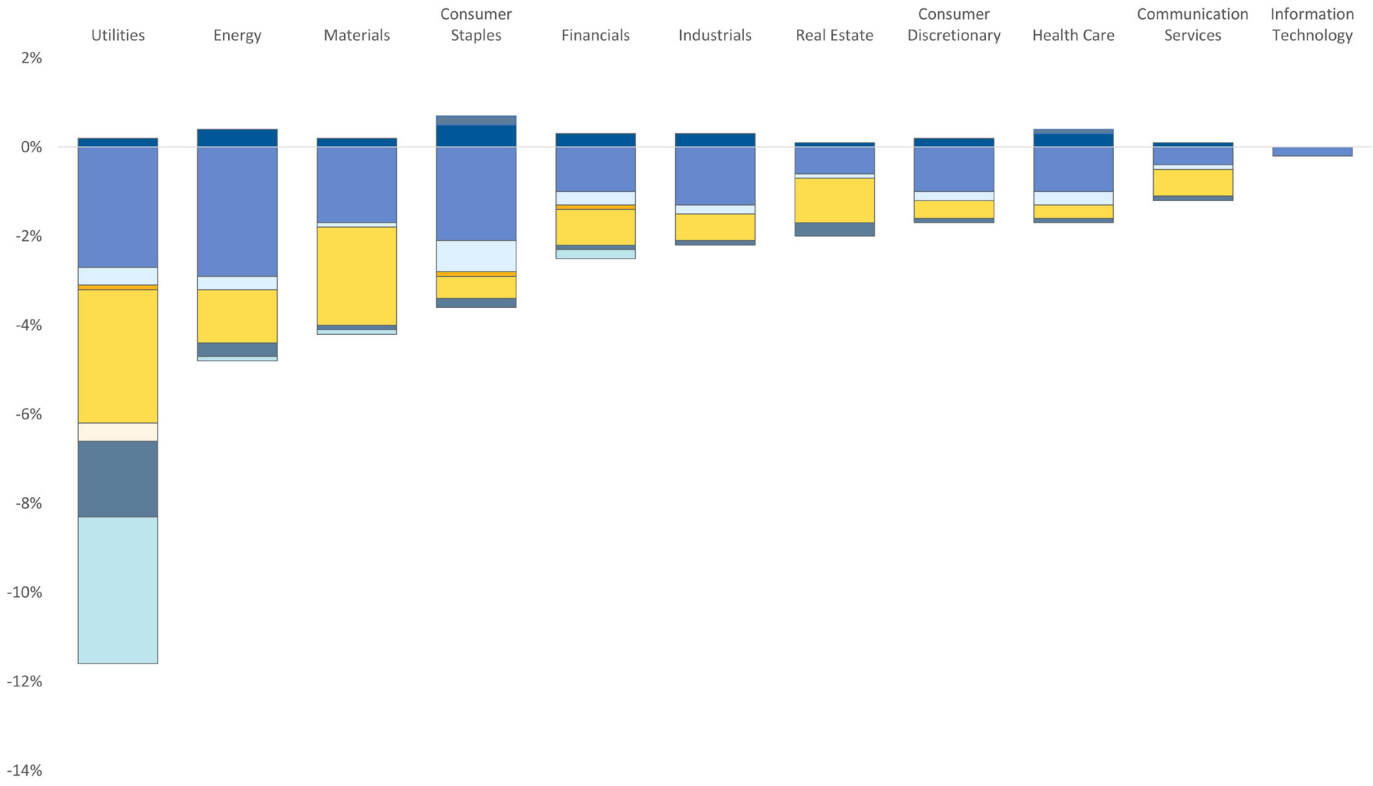
Short-Term	Medium-Term	Long-Term
Increased Operating Costs for Adaptation	Supply Chain Disruptions	Difficulty in Accessing Capital Markets
Increasing Insurance Costs	Impairments and Writedowns	Food Security
Property Damage	Loss of Market Share	Mass Migration
Operational Disruption	Credit Rating Actions	Water Scarcity
Volatility in Commodity Prices	Loss of Insurance Coverage	Change in Consumer Patterns
Change in Electricity Patterns	Health and Safety of Employees	New Transportation Routes
	Loss of Productivity	
	Increase in Environmental Reclamation Costs	
	Inflation	

Sources: TCFD, Investor Leadership Network, Beutel, Goodman & Company Ltd.

On the fixed income side, we also factor in the risks and opportunities to sovereign debt issuers that may include increased climate resiliency spending (preventive) and relief spending (reactive to a climate event), which will likely increase the country's debt levels and may impact their debt burdens, valuations and credit ratings.

Using MSCI Climate Value-at-Risk scenario testing, we have created the following graph to identify the potential physical risks for the universe of companies that we may invest in using member companies of the MSCI All Country World Index (ACWI) as a proxy for illustrative purposes.

Exhibit 3. Physical Risks by GICS Sector — MSCI ACWI



For Illustrative Purposes Only. Sources: MSCI ESG Manager, Beutel, Goodman & Company Ltd. As at December 31, 2024. Climate Value-at-Risk provides a stressed market valuation of a security in relation to aggregated transition and physical cost and profit projections until the end of the century.
Note: We use the Network for Greening the Financial System 2°C Orderly scenario for the calculation of Climate VaR.

Based on the analysis, the investable universe (MSCI ACWI) is most vulnerable to climate-related risks from extreme heat and coastal flooding, likely due to the location of the respective companies' operations. Our company engagements include discussions around climate adaptation and resiliency, cost recovery from climate events and insurance, and mitigation efforts. Excessive heat, in addition to creating occupational health risks, also limits a worker's physical functioning and capabilities. A study by the International Labour Organization concluded that in 2030, 2.2% of total working hours worldwide will be lost to high temperatures – a productivity loss equivalent to 80 million full-time jobs.[11] Increased physical risk is starting to translate into increased credit risk in some areas. In August 2024, a major credit rating agency updated its Climate Vulnerability Signals framework and concluded that 20% of its rated corporate issuers could be exposed to potential downgrade risk by 2035.

TRANSITION RISK

On the transition risk side, companies face various levels of risk that could negatively affect their financials as well as their reputation. Governments are imposing regulatory and legislative actions such as carbon taxes, emission reductions, GHG emissions reporting obligations and the phasing out of fossil fuels. These actions could increase costs, require technological advancement, increase capital expenditures and alter the company's strategic direction. Companies will likely have to find greener sources of energy to power their operations, which could come at an increased cost. The development of new and possibly disruptive technologies will lead to winners and losers. We expect that companies that fail to embrace change and cling to a long runway for carbon will likely face decreased demand for their product, if not obsolescence over time.

As the number of extreme climate events rises, companies also face increasing litigation risk. For example, the liabilities that utility PG&E Corp. faced for its equipment sparking several deadly wildfires in California in 2019 ultimately led to the company defaulting on its debt obligations and declaring bankruptcy.

Companies also face reputational risk where accusations of greenwashing or perception of lagging best practices could lead to negative stakeholder feedback and impaired access to financing. We are cognizant that the current political climate in the U.S. is leading companies to downplay their climate commitments, and that federal regulations or laws could be put forward that create a longer runway for coal and hydrocarbons. Certain state level climate-related initiatives, however, remain in place.

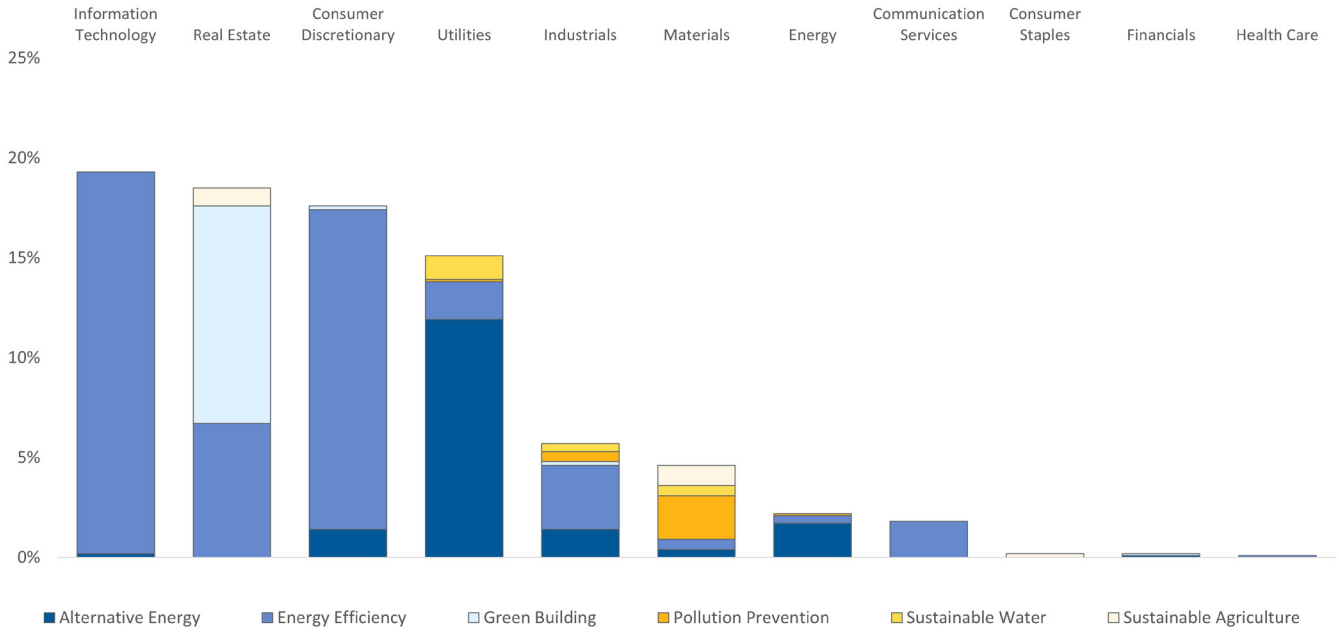
[11] International Labour Organization, "Working on a Warmer Planet," (2019): Working on a warmer planet: The impact of heat stress on labour productivity and decent work (ilo.org)

OPPORTUNITIES

On the opportunities side, according to the International Energy Agency (IEA), global energy investment is set to exceed US$3 trillion for the first time in 2024, with US$2 trillion allocated to clean energy technologies and infrastructure. Spending on renewable power, electricity grids and storage is now higher than total spending on oil, gas and coal. Under the IEA's Net Zero by 2050 scenario, mean annual investment in oil, gas and coal falls by more than half, from just over US$1 trillion in 2024 to below US$450 billion per year in 2030, while spending on low-emissions fuels increases tenfold, to about US$200 billion in 2030 from just under US$20 billion currently. The International Renewable Energy Agency forecasts that installed renewable energy capacity will need to triple to 11.2 terawatts by 2030 in order for the world to remain on a path to net zero by 2050. This translates to annual capacity additions of 1,044 gigawatts (GW) versus the 473 GW that was added in 2023.[12] Several new technologies, such as battery storage for electricity, hydrogen blending and direct air capture could revolutionize the way energy is produced and moves through the supply chain, leading to significant opportunities.

In an effort to understand what sectors may benefit from the decarbonization transition, we used MSCI to scan for green revenue opportunities using the MSCI ACWI as a proxy for illustrative purposes. Climate opportunity discussions with companies focus on energy efficiency, renewable energy applications and adoption of green building standards.

Exhibit 4. Green Revenue by GICS Sector — MSCI ACWI



For Illustrative Purposes Only. Sources: MSCI ESG Manager, Beutel, Goodman & Company Ltd. As at December 31, 2024.

[12]"World Energy Transitions Outlook 2024 1.5oC Pathway," International Renewable Energy Agency (November 2024): https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2024/Nov/IRENA_World_energy_transitions_outlook_2024.pdf

Energy efficiency, alternative energy and green buildings, mostly for real estate, are the most concentrated sources of green revenue. We believe as new technologies are proven cost effective and efficient that the composition of green revenue will tilt to new sources. One new technology we are monitoring is direct air capture (DAC), which will allow carbon dioxide to be captured anywhere and close to underground deposits, negating the need for CO2 pipelines. As illustrated below, Occidental Petroleum is one of the potential leaders in the development of DAC.

Exhibit 5. Case Study – Occidental Petroleum Corp. and Direct Air Capture

Case Study - Occidental Petroleum

- Occidental Petroleum (OXY) was the first U.S. oil and gas company to set targets to achieve net zero emissions in its operations and energy use before 2040 – with an ambition to achieve this goal before 2035.
- The company is constructing its first Direct Air Capture (DAC) facility STRATOS in West Texas for ~$1bn.
- The initial 250 kilotonnes of CO2 per annum (ktpa) is expected to be online in mid-2025.
- Direct air capture (DAC) technologies extract CO2 directly from the atmosphere at any location, unlike carbon capture which is generally carried out at the point of emissions. The CO2 can be permanently stored in deep geological formations or used for a variety of applications such as enhanced oil recovery.
- Each metric ton of CO2 the facility removes ultimately a Carbon Dioxide Removal Credit (CDR). OXY sells the CDRs to other corporations in hard to abate industries such as the airlines to help them reduce their carbon footprints.
- in 2023, Oxy leased a 55,000-acre site in southeast Texas with the potential to safely and securely store approximately 1.2 billion metric tons of CO2

Source: Company Reports

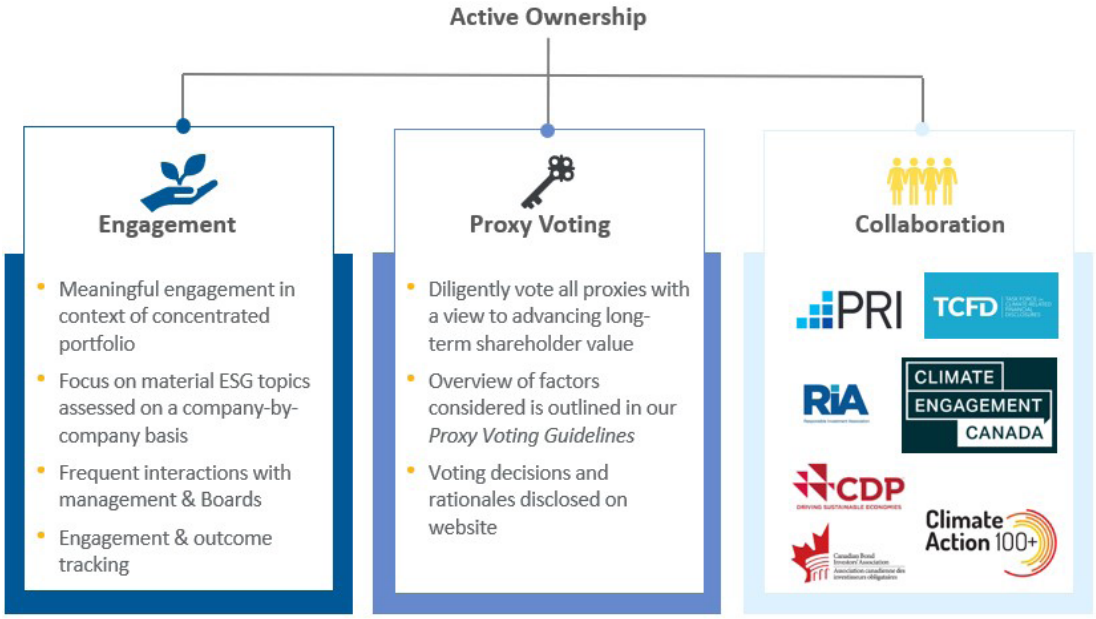
INTERNAL ALIGNMENT

We are in a process of understanding how evolving physical and transition climate risks will affect our own business. Our office building, the Yonge-Eglinton Centre in midtown Toronto, Ontario, is certified as a BOMA BEST sustainable building. The certification represents a globally recognized symbol of sustainability achievement by providing a road map on how to decarbonize, reduce water and waste, retrofit for accessibility and equity, and navigate climate risk. The building introduced a new waste management initiative in 2024 with a target of 80% waste diversion by 2025 versus 64% in 2024. Potential climate risks affecting the office location are considered in our business continuity and disaster recovery plans and flexible work policy. We consider the following as having the largest contributions to Beutel Goodman's carbon footprint: power usage, paper usage, employee travel (business and commuting) and energy efficiency. Since the pandemic, our flexible work policy has led to a material reduction in our energy and paper usage. As an investment manager, we consider our greatest climate-related risks to be regulatory (impacts from the changing regulatory backdrop), reputational (greenwashing risk) and client-based (ensuring that client requests are accurately followed).

INVESTMENT PROCESS

As a value manager, Beutel Goodman's primary objective is to deliver superior risk-adjusted financial performance to our clients over the long term. We pursue this through the ownership of debt and equity positions in high-quality companies. Companies with strong environmental, social and governance practices often share many of the sound fundamentals that are attractive to our value-investing approach. ESG factors, including climate-related activities, have the potential to materially affect the long-term financial sustainability of a business, which is an important focus of our analytical process. Using a bottom-up, disciplined, value-investing approach, each equity and credit research report we prepare incorporates climate-related considerations as part of the research and valuation process.

Exhibit 6. Beutel Goodman Active Ownership



Analyst-driven fundamental research focused on financial materiality

Source: Beutel, Goodman & Company Ltd. Summary, for illustrative purposes only.

ACTIVE OWNERSHIP — ENGAGEMENT

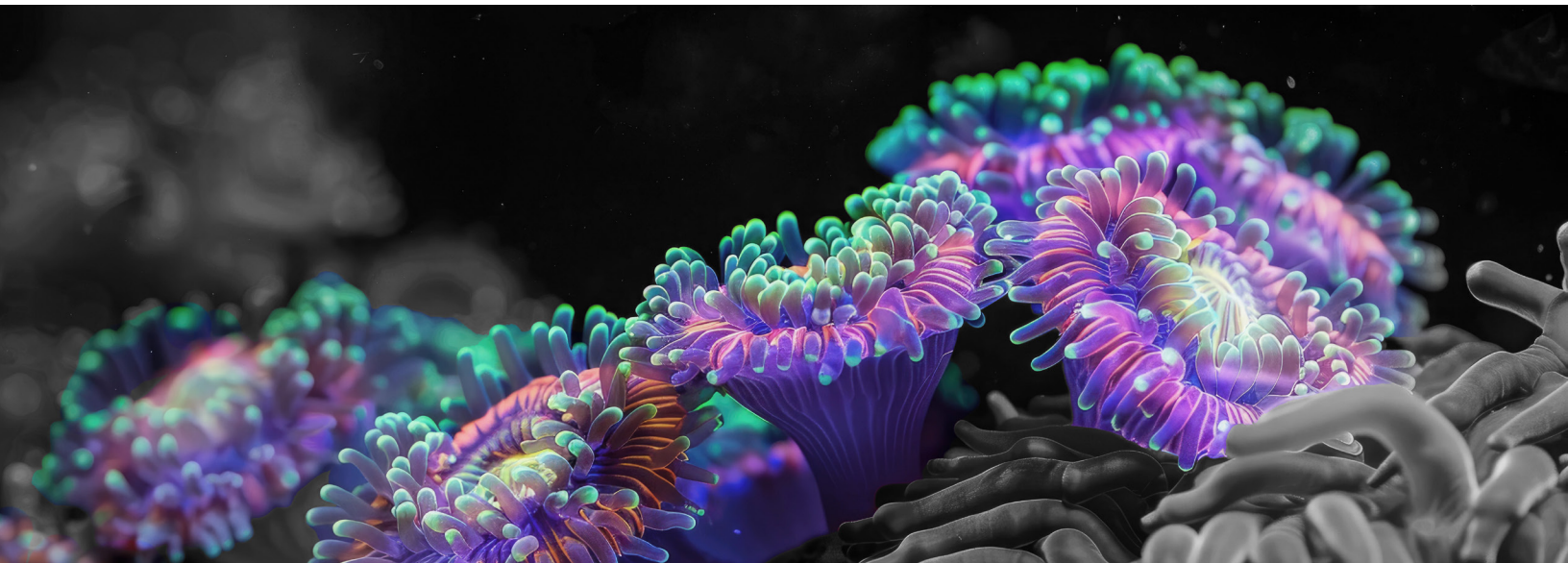
Engagement is a core part of our due diligence and ongoing monitoring of investments in our disciplined value investment process, since inadequate ESG practices can be a risk to the future financial performance of a company. Our philosophy is focused on delivering on our objectives via engagement and not via divestment. For example, we do not believe that divestment of companies that produce fossil fuels or have fossil fuel reserves is the most effective method to achieve climate goals that are consistent with investment goals. In our view, divestment primarily serves to shift the power of engagement to stakeholders who do not have climate factors as a component of their investment research. We believe that we have significantly more influence to achieve our client's long-term financial goals by directly engaging with companies as their major stakeholders (equities and bonds) versus sitting on the sidelines having divested.

We engage with companies to identify the material business risks associated with a transition to a lower carbon environment and to determine if management's strategy reflects the risks. As part of our investment process, we support and follow the guidelines and recommendations set out by the following entities.

Exhibit 7. ESG and Climate-related Frameworks

	Description
Paris Agreement	The Paris Agreement's goal is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels."
Sustainability Accounting Standards Board (SASB)	The SASB Standards identify the sustainability-related risks and opportunities most likely to affect an entity's cash flows, access to finance and cost of capital over the short, medium or long term and the disclosure topics and metrics that are most likely to be useful to investors.
Canadian Sustainability Standards Board (CSSB)	The CSSB develops Canadian Sustainability Disclosure Standards (CSDSs) that align with the global baseline standards developed by the International Sustainability Standards Board (ISSB), but with modifications to serve the Canadian public interest.
Partnershiop for Carbon Accounting Financials (PCAF)	PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments. PCAF enables transparency and accountability and has developed an open-source global GHG accounting standard for financial institutions.
Science Based Targets initiative (SBTi)	SBTi defines and promotes best practice in emissions reductions and net-zero targets in line with climate science. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement .
International Capital Market Association (ICMA)	ICMA plays a recognized leading role in supporting the development of sustainable finance in the debt capital markets. ICMA provides principles for labelled issuance that are the de facto global issuance standard for the international sustainable bond market.

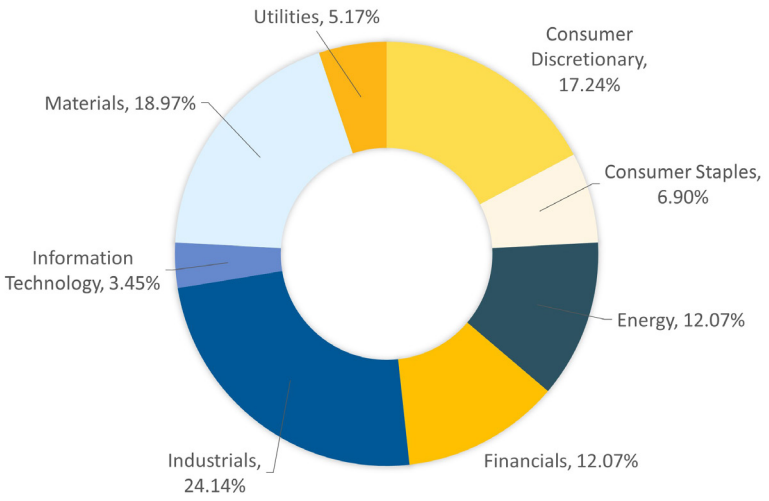
Sources: Entity Websites, Beutel, Goodman & Company Ltd.



Climate change is a key priority in our active ownership practices when it has a material financial impact on our portfolio companies. We view ourselves as partners of the companies in which we invest. As such, we approach ownership as an ongoing collaboration in the creation of long-term stakeholder value. We have a bottom-up, value-driven research process that generally leads us to hold concentrated positions in our portfolios, making our engagements significant. Our climate-focused engagements encompass many topics that can be material to the long-term value of holdings, such as disclosure and transparency (alignment with TCFD recommended disclosures), carbon footprint, pathway to net zero, science-based targets, the role of new technologies, emissions-reduction strategies, energy transition, sustainability, the role in a just transition, renewables use, the role of carbon offsets, executive compensation alignment with environmental targets, and sustainable finance. With the rise of climate-related events and their potential to have a material adverse financial impact on companies, our discussions with management of the companies in our investment portfolios on climate adaptation plans and resiliency to physical risk have increased.

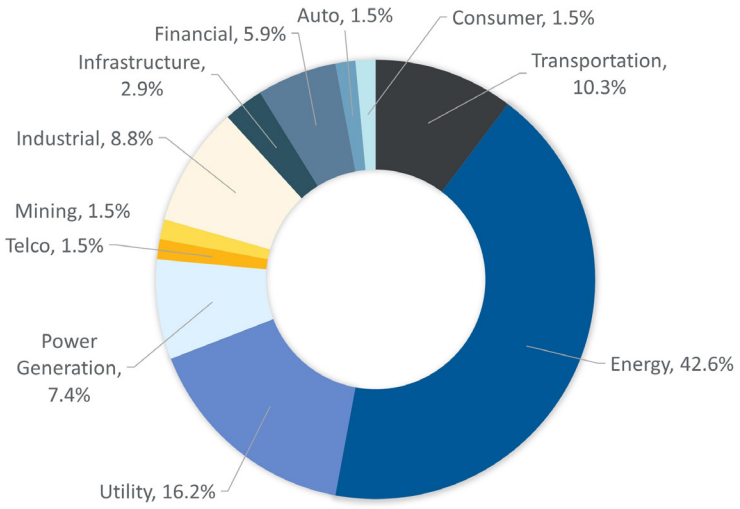
In 2024, we conducted 127 climate-related engagements, as summarized below.

Exhibit 8. BG Engagement by Sector - Equities



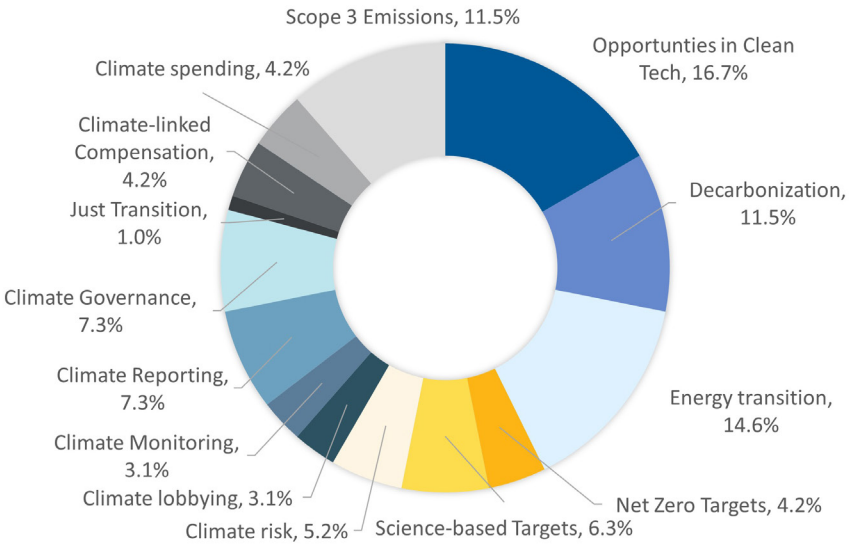
Sources: Entity Websites, Beutel, Goodman & Company Ltd.

Exhibit 9. BG Engagement by Sector – Fixed Income



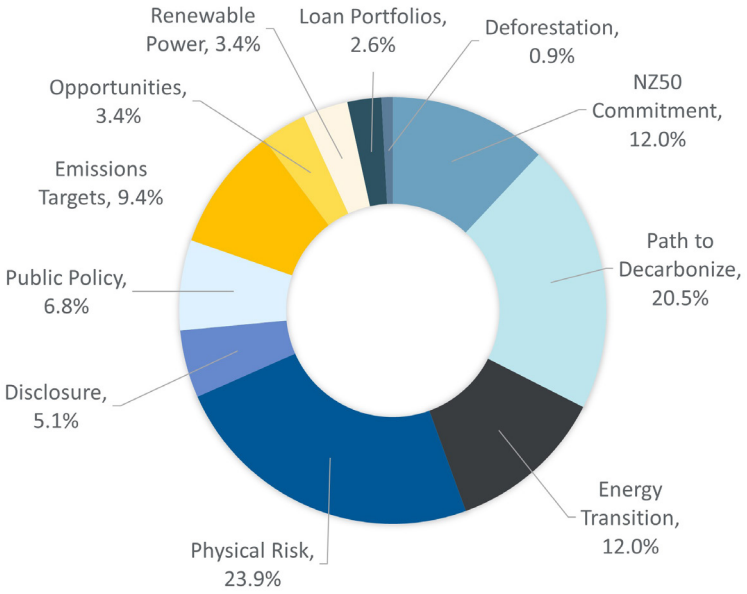
Sources: Entity Websites, Beutel, Goodman & Company Ltd.

Exhibit 10. BG Climate-related Topics Engaged – Equities



Source: Beutel, Goodman & Company Ltd.

Exhibit 11. BG Climate-related Topics Engaged – Fixed Income



Source: Beutel, Goodman & Company Ltd.

We conduct quarterly meetings with portfolio managers and analysts to review relevant climate-related analysis on a portfolio-level basis relative to the benchmark, outlining the main areas of risk to help inform engagements. On an annual basis, we review our portfolio holdings, identifying those with the largest GHG emissions. We then create a priority list of targeted companies to engage with, to understand what the main contributors are to their carbon footprint and what the company is doing to reduce GHG emissions. This is reviewed and updated quarterly.

ACTIVE OWNERSHIP – PROXY VOTING

We also believe in the importance of thoughtfully exercising our voting rights in support of long-term shareholder value through proxy voting. Portfolio Managers/Analysts are responsible for proxy voting. We carefully assess and vote on all ballot items based on whether they are consistent with long-term shareholder value creation. We also consider the steps that the company may already have taken to address the issues raised in the proposal. As responsible investors, we seek to make informed voting decisions through diligent research; this includes direct dialogue through engagements with companies, which allows us to gather information and have thorough discussions. Where relevant to a company's long-term value, we will also use the power of our proxy votes to send a message to a Board of Directors; for example, if climate-related activities are not on track with commitments. We are fully transparent: our full proxy voting record is publicly available on our website.

We perform a thoughtful review of each proposal, consider what proposals should reasonably be in the purview of the Board and management, engage with management when necessary, and seek to determine whether the proposal will enhance shareholder value or help to prevent material and/or reputational risk. We also consider the steps that the company may already have taken or is committed to taking to address the issues raised. We do not blindly support every proxy that is climate-related. We note that voting against climate-related resolutions does not translate into a lack of support for climate engagement, nor should it call into question our commitment to engagement on climate-related issues that relate to long-term financial performance.

COLLABORATION

We recognize that pooling resources with other investors may enhance the effectiveness of our investment engagement activities and lead to positive long-term investment outcomes. We aspire to increasingly participate in appropriate collaborative engagement initiatives that are aligned with our active ownership philosophy and engagement priorities. The initiatives that we support are summarized below.

Exhibit 12. BG Climate-related Initiatives

Initiative	Description
PRI Principles for Responsible Investment	The PRI works to understand the investment implications of environmental, social and governance (ESG) factors; and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.
CLIMATE ENGAGEMENT CANADA	Climate Engagement Canada is a finance-led initiative that drives dialogue between the financial community and corporate issuers to promote a just transition to a net zero economy.
Climate Action 100+	Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change in order to mitigate financial risk and to maximize the long-term value of assets.
CDP	CDP (formerly Carbon Disclosure Project) is a not-for-profit charity that runs the global environmental disclosure system for investors, companies, cities, states and regions to manage their environmental impacts using a TCFD-compliant questionnaire for annual self-reported disclosures.
RIA Responsible Investment Association	The RIA has three strategic pillars for firmly entrenching Responsible Investment in Canada's financial ecosystem: build community; drive change and influence policy; and educate and inspire. RIA Members include asset managers, asset owners, advisors, and service providers who support our mandate of promoting responsible investment in Canada's retail and institutional markets.

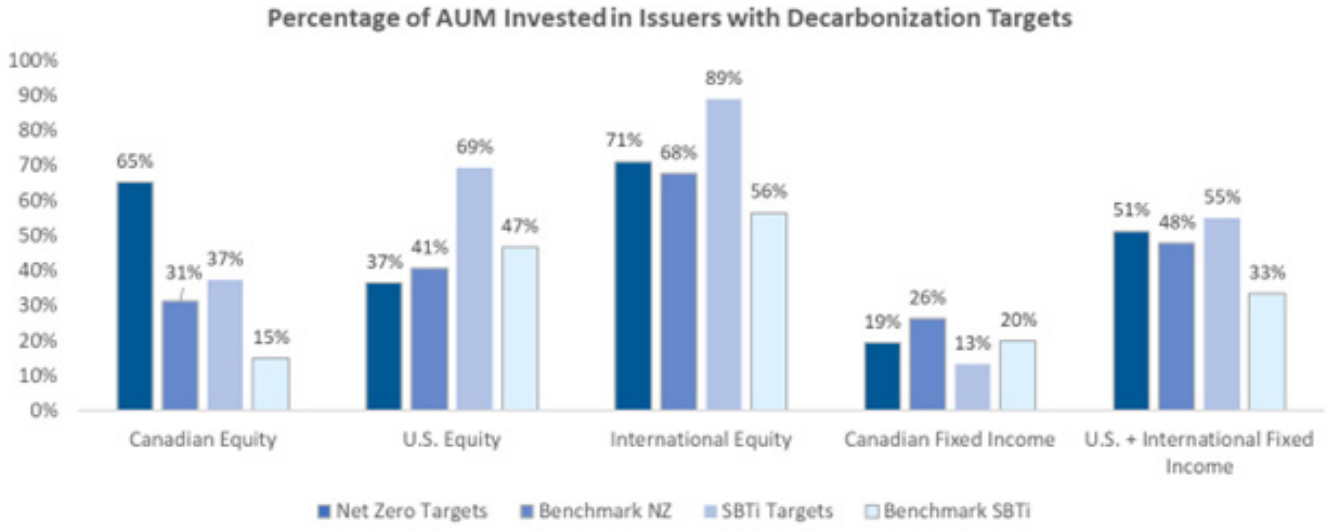
Sources: Beutel, Goodman & Company Ltd., entity websites.

For Climate Engagement Canada, we are currently a Supporting Engagement Participant in five engagements: three for Canadian equities and two for fixed income. For Climate Action 100+, we are currently designated as a Collaborating Investor to engage with two targeted companies, one for international equities and one for fixed income. We are not the lead investor of any of the collaborative engagements. We vote our proxies independently and do not collude in concert with other investor participants on the engagement.

CLIMATE CHANGE AND ENGAGEMENT

As we recognize the importance of achieving the goals of the Paris Agreement to facilitate long-term financial sustainability, we engage with management teams and boards on their commitment to net zero by 2050, as well as on their role in the energy transition. We actively monitor the commitment to net zero from the companies we invest in, as we believe that stranded assets resulting from not adapting to the transition to a net zero world could be a material business risk.

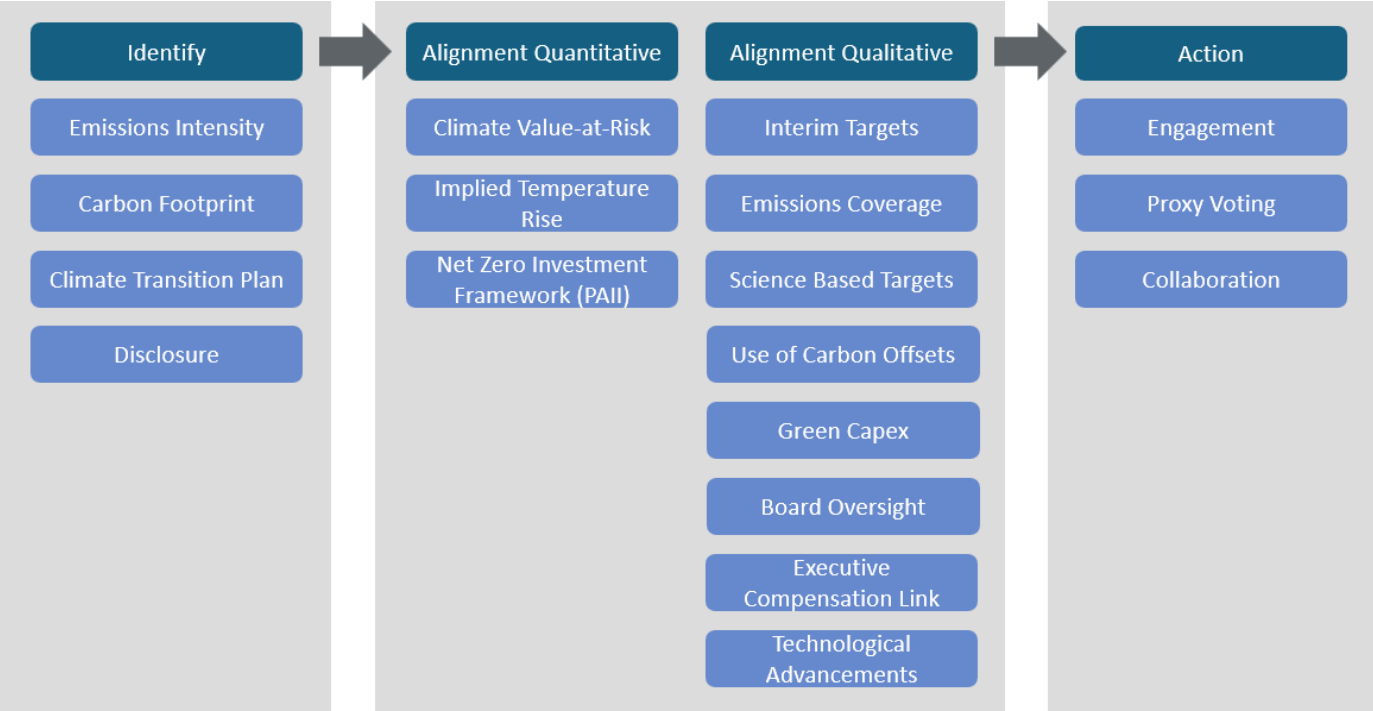
Exhibit 13. Percentage of AUM Invested in Companies with Net Zero Targets



Source: Company Reports, MSCI, Beutel, Goodman & Company Ltd. As at December 31, 2024

When examining a company's commitment to net zero, we look beyond the company's headline commitment to assess its credibility; that is, is there a concrete plan or is it aspirational? Our assessment is based on quantitative and qualitative measures and is used as a base to inform our engagements with management.

Exhibit 14. Beutel Goodman Assessment of Net Zero Alignment



Source: Beutel, Goodman & Company Ltd. For Illustrative Purposes.

Setting interim and net zero targets is an important first step; however, for investors to have more confidence in the goals and data, focus should also be on verification and science-based targets. Where possible, we encourage companies to have their interim and long-term emissions-reduction targets verified by the Science Based Targets initiative (SBTi). The SBTi develops criteria and provides tools and guidance to enable companies to set science-based GHG emissions targets that are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels by the end of this century. After a review by SBTi, if a company's targets are determined to be aligned with all requirements, then the company is considered to have an SBTi-validated science-based target. We note that SBTi has not released guidance for all sectors, and ones that remain under development include aviation, oil and gas, buildings, chemicals and land transport.

Interim targets that have been set are typically in the 2030–2035 range. As we move closer to those target years, we plan to assess if the company is on track to meet its interim targets, and if not, what the company is doing to address the shortfall.

To quantitatively assess a company's alignment to net zero by 2050, we use two calculations: Implied Temperature Rise as calculated by MSCI and the Paris Aligned Investment Initiative (PAII)'s Net Zero Investment Framework that assesses companies in alignment categories as follows: Net Zero Aligned, Aligning, Committed and Not Aligned. The PAII defines achieving net zero as "companies that have current emissions intensity performance at, or close to, net-zero emissions with an investment plan or business model expected to continue to achieve that goal over time." Further details on the calculations are provided in the Metrics and Targets section of the report.

We apply a waterfall approach to engagement that generally starts with discussions between the portfolio managers and the company's management, preferably at the executive level. We also seek to engage with

a company's chief sustainability officers (or a similar role) for a deeper dive and may include our ESG Leads depending on the engagement topics. This typically takes place over multiple meetings, as it takes time to effect change and to gauge a company's commitment and progress. We may also seek out collaborative efforts, using the added power and effectiveness of engaging together with other company stakeholders. Engagement can be accelerated to a Board of Directors if we have significant concerns. Proxy voting is another tool we may use. Ultimately, if we believe that the risks we have identified will have a material negative impact on the valuation of a company, and we further believe that management is not addressing our concerns, we can take the final step of divestment.

ENGAGEMENT HIGHLIGHTS

Suncor Energy Inc. (Canadian Equities)

Engagement with Sustainability Team

Climate-Related Engagement Topics:

- Update on the Pathways Alliance: cost updates for pipeline and sequestration of carbon dioxide;
- Indigenous representation in Pathways projects;
- Carbon taxes and the need for regulation to move forward;
- Executive Compensation linked to emissions reduction;
- The evolution of solvents and that solvent-assisted applications are more probable than solvent replacement going forward;
- Transition financing;
- Opportunities for Suncor as it is the largest user of hydrogen in Canada; and
- Cogeneration.

Masco Corporation (U.S. Equities)

Engagement with Senior Management

Climate-Related Engagement Topics:

- Carbon mitigation;
- Scope 3 Emissions;
- SBTi Target Verification; and
- Corporate Sustainability Reporting Directive (Europe) coverage and reporting requirements

BASF SE (International Equities)

Engagement with Senior Management

Climate-Related Engagement Topics:

- Natural gas usage;
- Oil and gas divestment;
- Carbon emissions targets; and
- Carbon capture programs.

Parkland Corporation (Fixed Income)

Multiple Engagements with Senior Management

Climate-Related Engagement Topics:

- Pathway to Net Zero;
- GHG Emissions and carbon footprint;
- Electric vehicle charging stations pilot program;
- Opportunities for renewable diesel; and
- Physical risk.

Note: This information is provided for illustrative purposes, summarizing some of the climate-related topics discussed and may not be representative of all topics discussed.

Measuring outcomes is likely the most important element of ESG integration and active management, but also the most challenging as it can take multiple meetings, escalations and possibly collaborations to effect change. We understand that meaningful change does not happen overnight, but rather, over multi-quarter and even multi-year timeframes. Further, we are one of many institutional investors that conduct ESG-related engagements. We track incremental progress in our engagement logs and prefer this to a binary "success versus failure" outcome.

One example of a positive outcome is our joint engagement with Canadian National Railway (CNR) on setting science-based targets under the SBTi framework. We have engaged CNR's management and sustainability teams on multiple occasions since 2022, discussing its near-term science-based target (intensity-based) and net zero pathway. We note CNR's progress in having an absolute-based Net Zero scienced-based target approved by the SBTi. CNR's focus on committing to a science-based target is a value add, as it strengthens CNR's climate resilience. We believe our engagement efforts have played a role in driving CNR's new SBTi Net Zero target, and continue to engage with company management on further progress on a net zero transition.

While there is still work to be done, there are signs that engagement is effective. The Transition Pathway Initiative Centre analyzes 1,000 of the highest emitting public companies globally. In their latest report in 2024, approximately 57% of companies have recognized climate change as a relevant business risk and/or opportunity, developed a primary commitment to act, set some kind of emissions reduction target and disclosed Scope 1 and Scope 2 GHG emissions. In addition, approximately 80% (133 companies) of the companies assessed by Climate Action 100+ are making net zero commitments versus only five companies seven years ago when Climate Action 100+ was formed.

On the fixed income side, we also engage at the sovereign provincial and municipal levels. Our engagements are usually with the corresponding Ministry of Finance, where we target a wide range of topics including climate resiliency spending. As some of the Canadian issuers have green and/or sustainable bond financing frameworks, we discuss how the funds raised are being allocated.

Energy Transition

When assessing a company's carbon footprint, we do not exclude potential portfolio companies that are currently not aligned to net zero GHG emissions by 2050. We continually engage with these companies on numerous climate-related matters relevant to long-term value, including energy transition and commitments to net zero. We also discuss new technologies that should move the needle to net zero by 2050, such as carbon capture and storage, small modular nuclear reactors, renewable power, hydrogen blending, biofuels, tailings ponds improvements and new solvent solutions for Steam Assisted Gravity Drainage extraction. We believe that the journey to net zero will be bumpy and that the demand for crude oil will remain relatively consistent in the near and mid term. It will take time to effect significant change in the way that consumers use hydrocarbons (i.e., electric vehicles) and to find cleaner alternative fuel sources for the harder-to-abate sectors such as long-haul trucking and marine transport. In the longer term, as we approach 2050 and beyond, we believe that the demand for crude oil will significantly decrease. In the interim, we seek to understand how companies are working on lowering their carbon footprint and avoiding stranded asset risk. We also believe that natural gas plays a significant role as a transition fuel and that the path to decarbonization includes nuclear power.

The challenge for the decarbonization of fossil fuels is that the technology under consideration — such as carbon capture and storage, hydrogen blending or battery storage — is not yet economical on a large scale without government support (tax credits, carbon pricing, contracts for differences). We believe that additional work in concert with industry, government and investors is required for significant advancement.

In September 2022, we joined with other asset managers in submitting a joint response on "Canada's Options to Cap and Cut Oil and Gas Sector Greenhouse Gas Emissions to Achieve 2030 Goals and Net-Zero by 2050." We encouraged the Government of Canada to adopt the most practical and effective regulatory changes to incentivize emission-reduction innovation and implementation to further limit climate change, and to reduce systemic risk in our portfolios.

Another important factor in risk reduction and the transition to a low-carbon economy is seeking a just transition. While outside of the scope of climate-related risk, just transition is broadly defined as ensuring that no one is left behind or pushed behind in the transition to low-carbon and environmentally sustainable economies. This includes ensuring social issues such as workers' health and safety is not compromised in the pursuit of climate-related targets. For Canada, this also includes the interests of Indigenous communities. On its path to net zero by 2050, Canada needs to consider how to obtain a social

licence from Indigenous communities whose lands may be impacted by project development. The United Nations Declaration on the Rights of Indigenous Peoples adopted by the Government of Canada in 2021 spells out a set of rules for business engagement anchored in Free, Prior and Informed Consent, ensuring that there is effective and meaningful participation of Indigenous Peoples in proposed projects and decisions that impact their communities and territories. We support an inclusive agenda that will engage affected Indigenous communities to seek a just transition.

As investors, we focus on the risks and opportunities to our investments from the energy transition. On the negative side, there is a risk of stranded assets as the world transitions to cleaner sources of energy. On the opportunities side, the focus is on producing cleaner products and embracing new technologies. Simply focusing on companies that have a low carbon footprint or avoiding high-emissions sectors will not achieve global decarbonization. We believe in the need to partner with the energy sector as investors and through engagement to keep the focus on the risks and opportunities of climate change, consistent with seeking to achieve long-term financial sustainability of our investments for our clients.

RESPONSIBLE INVESTING STRATEGIES

In June 2022, we launched our first sustainable strategy, the **BG Sustainable Bond Fund**, a private fund available to our discretionary managed clients. The fund's main investment objective is to maximize portfolio returns by investing in a diversified portfolio that is comprised primarily of Canadian-dollar-denominated debt instruments, using a responsible investment approach that will seek to deliver a materially reduced carbon footprint compared to the fund's benchmark over time. The fund is focused on energy transition and does not have a negative screen for fossil fuels. The fund's strategy has set interim Scopes 1 and 2 GHG emissions reduction targets and has committed to the pathway to net zero. The WACI of the corporate portfolio is actively managed to be lower than that of the benchmark over time, as measured by MSCI. This fund screens companies using socially responsible investment criteria, excluding companies whose primary line of business involves the manufacturing of weapons, alcohol, tobacco and cannabis, or the offering of adult entertainment or gambling. Companies and sovereigns in contravention of the principles of the UN Global Compact are also excluded. The fund will include investments in labelled green, social, sustainable and sustainability-linked bonds that meet our investment criteria.

We highlight the credit story of Heathrow Airport Holdings as an illustrative example of the type of investments that are attractive for the BG Sustainable Bond Fund. Heathrow has committed to net zero GHG emissions by 2050, in line with the target set by the UK government. The airport authority has set up interim 2030 goals for its Scope 1, 2 and 3 GHG emissions.

Heathrow Airport Holdings (Fixed Income)

Investment Thesis: Path to Net Zero Aviation

- In 2022, Heathrow published its Net Zero Plan.
- The plan focuses on "carbon in the air" and "carbon on the ground".
- 99.9% of Heathrow's carbon emissions are Scope 3 emissions.
- Reduction of Scope 3 emissions is focused on increasing the use of sustainable aviation fuel and ongoing aircraft efficiency improvements.
- Net zero surface access focuses on the use of electric vehicles and new public transport links to the airport.

Source: Beutel Goodman & Company Ltd, Company Reports.

In October 2023, we launched a **U.S. Sustainable Bond strategy** for our discretionary managed clients, which has a similar objective and strategy to the Canadian fund but invests primarily in U.S. dollar-denominated debt instruments.

In December 2023, we launched a **Sustainable Canadian Equity strategy** for our discretionary managed clients. The strategy is a concentrated, value-biased mandate, focused on stock-specific research, including a rigorous review of the fundamental and ESG characteristics of companies. The strategy invests in large and small cap companies, a subset of our Canadian equity and Canadian small cap strategies. The strategy follows Beutel Goodman's responsible approach to investing, which integrates ESG factors into the investment analysis to identify risks and opportunities in the pursuit of financial performance. Engagement, proxy voting and collaborative initiatives are key pillars to our active management approach. Our research includes a proprietary BG ESG score and rating for each holding. The strategy is committed to seeking net zero GHG emissions by 2050 at the portfolio level and has an interim target of GHG emission intensity reductions of 50% by 2030, versus a 2019 base, but does not exclude fossil fuel-exposed investments

Sustainable Finance and Fixed Income

We follow a rigorous process for the evaluation of sustainable finance securities in all of our strategies and portfolios. First, any labelled bond (green, social, sustainable or sustainability-linked) must be issued using the principles established by the International Capital Markets Association (ICMA), whereby:

1. The use of proceeds is clearly defined;
2. The process for evaluation and selection of projects to be financed is delineated;
3. The use of proceeds can be tracked; and
4. The projects funded are verified, updated annually and audited.

Additionally, a second-party opinion on the sustainable bond framework is a necessity. We prefer a short look-back period for capital expenditures already spent. We evaluate the use of proceeds and review the entity's impact reports to verify how the funds are being allocated. Below is an example of a labelled screen for Bruce Power LP's green bond program.

Bruce Power LP	
Sustainable Finance Screen	
Category	Green
Amount Outstanding ($mm)	$1.7 billion
Issued Under Framework	Yes (ICMA)
Use of Proceeds	Clean Energy: Nuclear Pollution Prevention and Control
SDG Alignment	
Capital Expenditure Look Back	No
Capital Expenditure Look Forward	24 months
Second Party Opinion	Yes (S&P)
Results Verified	Yes
Annual Updates	Yes
Audited	Yes
Qualifies for Sustainable Finance Weight	Yes

Sources: Company Reports, Beutel, Goodman & Co. Ltd.

Sustainability-linked bonds (SLBs) are evaluated under the following criteria:

1. Ambitious targets that are challenging for the company to achieve and material to the company's business;
2. Environmental Key Performance Indicators (KPIs) that align with a pathway to net zero GHG emissions by 2050;
3. A sufficient length of time between the observation date and the maturity date;
4. Frameworks that hold the issuer accountable;
5. KPIs that are measurable, published annually and verified.

CLIMATE SCENARIO ANALYSIS

Climate scenario analysis helps identify how businesses might change in response to climate-related risks and opportunities. We continue to use MSCI's Climate Value-at-Risk (CVaR) to quantify climate-related risks and opportunities under different climate scenarios. The tools are used by portfolio managers and investment analysts in their analysis of where a company is on their journey, and to identify risks and opportunities and help focus engagement. We also run the analysis on individual companies and sectors so we can gauge how a company compares to its peers.

Future policy pathways and macroeconomic changes stemming from climate-related risk, as well as any adaptation measures, remain highly uncertain. Scenario analysis captures a range of potential future outcomes. We use the NGFS (Network for Greening the Financial Sector) scenarios to assess climate risks and opportunities facing our portfolios. NGFS, an organization consisting of over 100 global central banks and supervisors, developed a set of forward-looking climate scenarios to be used by financial institutions to assess and manage climate-related risks. The NGFS scenarios rely on models designed to simulate the complex and non-linear dynamics of energy, economy and climate systems, accounting for various possible policy and technology paths. The seven NGFS scenarios, first introduced in 2023, have been generated by well-established integrated assessment models (IAMs) and further enhanced since then.[13]

The NGFS climate scenarios examine a range of potential outcomes: Orderly, Disorderly, Hot-House World, and Too-Little-Too-late. The orderly scenarios assume climate policies are introduced early and become gradually more stringent. In these scenarios, both physical and transition risks are relatively subdued. Carbon sequestration becomes an efficient process towards decarbonization under these scenarios and the electrification of the transport industry paves an orderly path. The Disorderly scenarios explore higher transition risk due to policies being delayed or divergent across countries and sectors. These scenarios employ the use of more low-carbon sources of technology. The Hot-House World scenarios assume that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. These scenarios result in severe physical risk, including irreversible impacts like a rise in sea levels. The Too-Little-Too-Late scenarios assume that a late and uncoordinated transition fails to limit physical risks.[14]

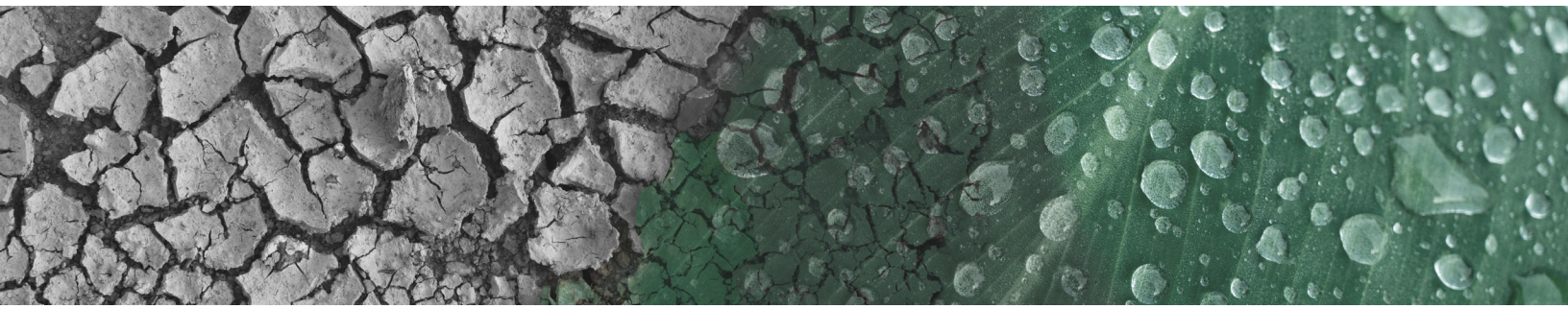
The Net Zero 2050 pathway set out by NGFS emphasizes the importance of decarbonizing the electricity supply, increasing electricity use, increasing energy efficiency and developing new technologies to tackle hard-to-abate emissions. On the power-generation side, the power sector needs to increase electricity from renewables fivefold over the next three decades. This translates to switching to alternative sources of energy such as solar, wind or nuclear, as well as some deployment of carbon, capture and storage for new and existing power plants.

[13]The three IAMs used are the Global Change Assessment Model (GCAM), MESSAGEix-GLOBIOM and REMIND-MAgPIE. While the three IAMs share the same structure, integrating macro-economic, agriculture and land-use, energy, water and climate systems in creating cost-effective transition pathways, the REMIND-MAgPIE model offers a wide range of scenarios that guided the formation of all NGFS scenarios.
[14]https://www.ngfs.net/ngfs-scenarios-portal/

Exhibit 15. NGFS Scenario Framework (Phase V)

NGFS Scenario	NGFS Quadrant	MSCI REMIND Scenario Name	Policy Ambition	Policy Reaction	Technology Change	Carbon Dioxide Removal	Regional Policy Variation
Net Zero 2050	Orderly	1.5°C Orderly	1.4°C	Immediate and Smooth	Fast	Medium-high	Medium
Low Demand	Orderly	1.5°C Low Demand	1.1°C	Immediate and Smooth	Fast	Medium-high	Medium
Below 2°C	Orderly	2°C Orderly	1.8°C	Immediate and Smooth	Moderate	Medium-high	Low
Delayed Transition	Disorderly	2°C Orderly	1.7°C	Delayed	Slow/Fast	Low-medium	High
NDCs	Hot House World	3°C NDC	2.3°C	NDCs	Slow	Low-medium	Medium
Current Policies	Hot House World	3°C Hot House	3°C	None	Slow	Low	Low
Fragmented World	Too Little Too Late	3°C Fragmented	2.4°C	Delayed and Fragmented	Slow/ Fragmented	Low-medium	High

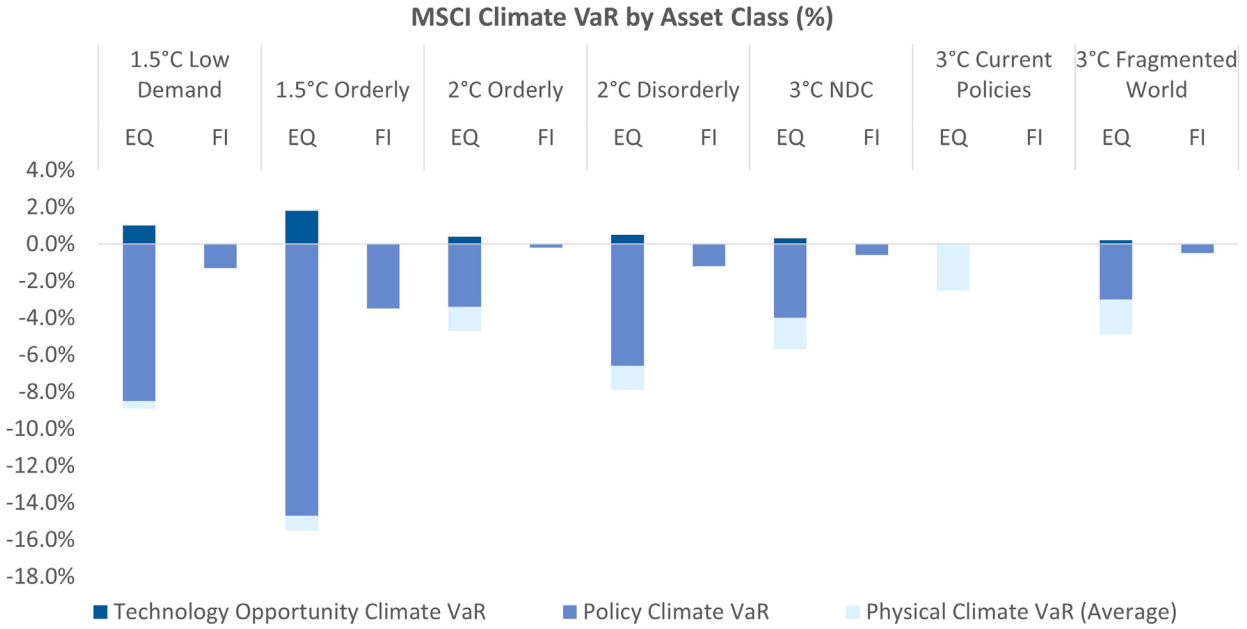
Source: NGFS, MSCI.



In November 2024, NGFS was updated to Phase V to reflect the evolving landscape of global climate commitments as well as a damage function that incorporates loss from physical impacts of climate change. While the results of the scenarios suggest that a 1.5°C above industrial levels is still within reach in an orderly fashion, this requires substantially more intensive efforts than planned in the previous phases. The results also highlight that physical damage of climate risks outweigh the impact of transition efforts, suggesting that climate change mitigation is necessary and financially viable.

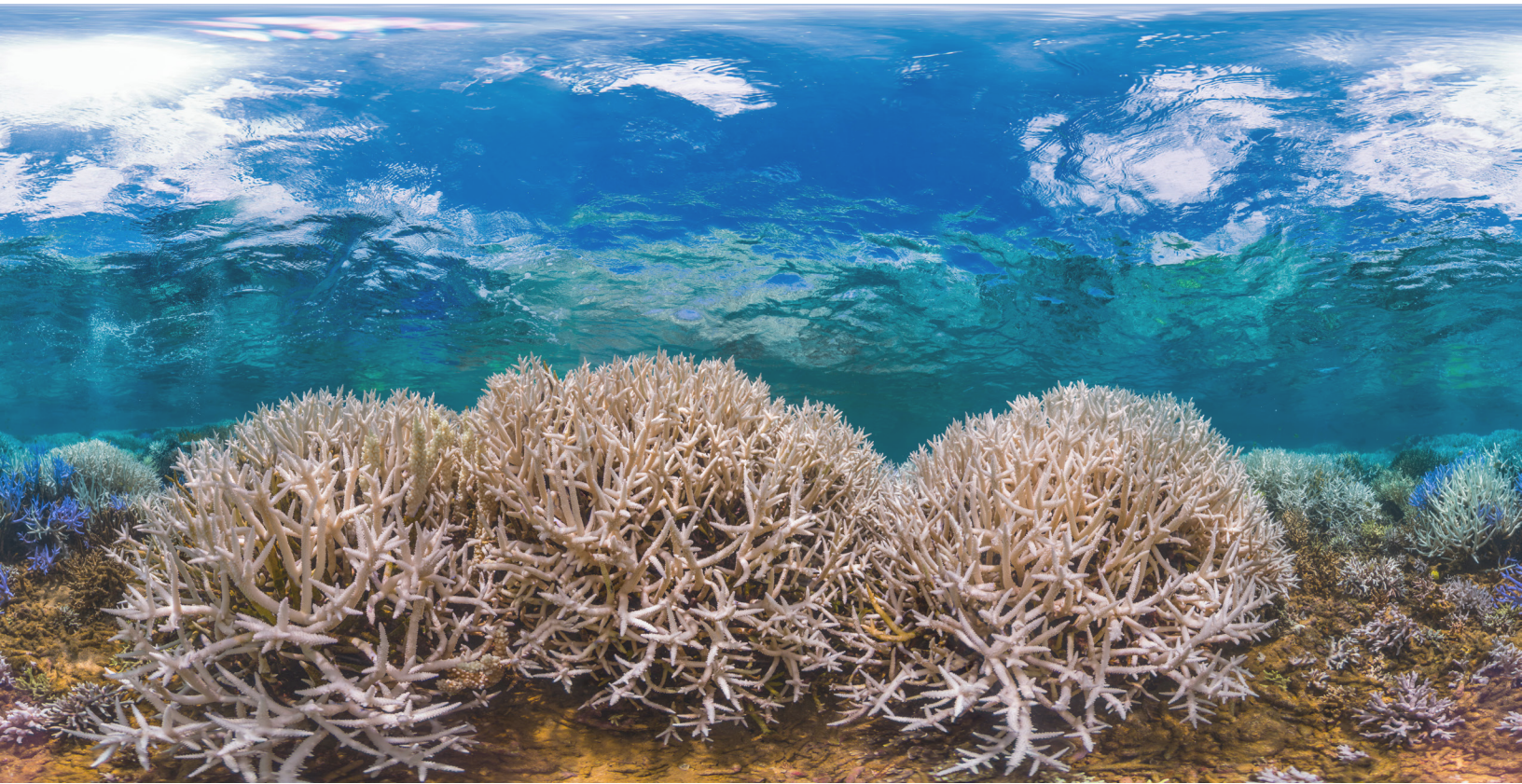
We performed climate scenario analysis on our equity and fixed income portfolio holdings as at December 31, 2024 using all seven NGFS scenarios (Exhibit 16) under the fourth vintage of NGFS released late 2023. We diligently monitor updates from NGFS and will incorporate the updated scenarios into our analysis as they become available via MSCI. As shown in Exhibit 16, the largest risk to our portfolios occurs under the Net Zero 2050 scenario (1.5°C Orderly), where the transition risks to meet temperature alignment are prominent, and the Delayed Transition scenario (2°C Disorderly), where costs for transition are transferred to physical damages associated with climate change.

Exhibit 16. Climate Value-at-Risk Under the Four NGFS Scenarios — Beutel Goodman Equity and Fixed Income Portfolios



Sources: MSCI, Beutel, Goodman & Company Ltd. As at December 31, 2024.

We note that the Climate VaR for fixed income only gives an indication of the average risk to debt holders of the company. Individual bonds may have different risk levels as they differ in maturity dates and seniority.



RISK MANAGEMENT

Beutel Goodman has Enterprise Risk Management (ERM) structures and processes in place to identify, assess and manage risks, including setting appropriate governance structures and accountabilities. We have incorporated environmental-related risks and opportunities in our overall risk management framework and approach.

We consider climate-related risks as part of our investment, strategic, reputational and operational risk categories.

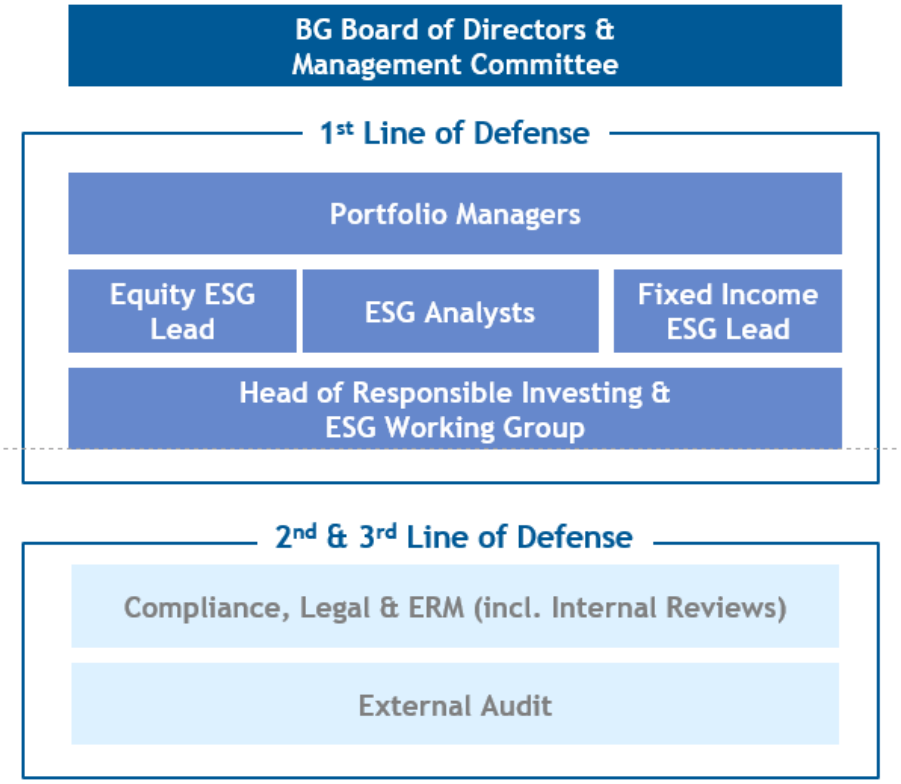
Exhibit 17. Beutel Goodman's Climate-related Risks

Risk Category	Climate-Related Risks	Actions
Investment Risk	• Adverse climate events, transition and/or related operational and reputational risks impacting the valuations of portfolio companies	• BG incorporates climate considerations as part of our disciplined fundamental research investment process
Strategic Risk	• Inability to meet evolving client expectations around climate- related risks	• BG works with clients and industry groups to understand climate and industry developments. We employ a thoughtful approach in meeting client needs and expectations in line with our disciplined value investing principles
Reputational Risk	• Negative perception around BG's approach to climate-related risks	• BG strives toward open and transparent communication of our investment approach and business practices related to climate risks via ongoing reporting and industry participation (e.g., PRI)
Operational Risk	• Rapid change and increased regulatory and industry expectations around compliance and disclosure. • Increased risk of regulatory enforcement and/or legal actions • Adverse climate events and/or transition risks impacting BG's operations	• BG actively monitors regulatory changes and evolving industry expectations • BG has implemented robust business continuity and disaster preparedness processes and is committed to proactive risk management and continual improvement to manage climate-related risks

Source: Beutel, Goodman & Company Ltd.

Our portfolio managers, ESG Leads, ESG Working Group and the Head of Responsible Investing form the first line of defense and are primarily accountable for identifying, assessing and managing climate-related risks in our portfolios. Compliance, Legal and ERM serve as the second and third lines of defense and are responsible for oversight. Compliance, Legal and ERM are independent from the first line and report directly to the firm's Management Committee. Management monitors climate risks as part of ongoing management reporting.

Exhibit 18. Climate Related Risk Lines of Defense



Source: Beutel, Goodman & Company Ltd.

Identify	• PMs are the first line of defense in identifying climate-related risks in the portfolio companies. • PMs leverage third-party data such as MSCI to augment proprietary research and help identify the companies most exposed to climate change and the associated highest risk factors. • Head of Responsible Investing and ESG Leads actively participate in collaborations and industry events to identify potential new climate-related risks or areas of focus. Key findings are shared with the investment teams. • The CCO, Head of Responsible Investing, ESG Leads and ESG Working Group monitor for changes in regulatory compliance and disclosure requirements.
Assess	• PMs assess the climate-related risks that have been identified and determine the level of materiality for each investment. In determining the level of materiality, applicable physical and transition risks are considered (e.g., location of assets, stranded asset risk, regulatory jurisdiction). • PMs use various metrics such as MSCI's Climate VaR, Weighted Average Carbon Intensity, and Implied Temperature Rise to assess the level of climate-related risk exposure within each portfolio company, as well as at the portfolio level.

Respond	• Active ownership is the cornerstone of our climate integration efforts. We directly engage with our portfolio companies, and we thoughtfully vote our proxies to understand risks in portfolio companies and support long-term financial outcomes for investors. • For the companies that are most exposed to climate-related risks, engagements are often focused on the credibility of a transition plan, target setting, disclosure and the robustness of climate strategies. • We track our engagements and outcomes of those engagements. Our engagements are audited annually by our risk management team.
Monitor and Report	• ESG tear sheets are produced as part of the fundamental research process at the time of investment initiation and generally updated annually for each company across both fixed income and equity portfolios. These sheets highlight and track the material performance indicators we have deemed important and are categorized by environmental, social and governance factors, including climate considerations and data. • ESG summary reports are generated on a quarterly basis using MSCI to track the carbon footprint and GHG intensity of the portfolios compared to the applicable benchmark. • Responsible investing reports are produced quarterly and annually, highlighting our ESG-related activities, including engagements and proxy voting. • Investment teams discuss areas of material risk on a company-by-company basis during quarterly ESG review meetings with PMs and the respective ESG Lead. • Management monitors relevant climate risks and commitments as a standing item in the quarterly management reporting package.

METRICS AND TARGETS

METRICS

We use several metrics to measure the climate-related risks of our investments:

- Economic emissions intensity
- WACI
- Climate Value-at-Risk
- Implied temperature rise
- PAII's Net Zero Investment Framework
- Percentage of green revenue

These metrics are a tool to measure the climate-related risks and opportunities in our investment portfolios. The analysis helps us assess a company's net zero commitments, carbon intensity and clean technology opportunities and their impact on long-term value. We also use these metrics to inform our engagements. Companies with the largest WACI and emissions intensity are targeted for priority engagements due to the elevated risks and opportunities to the companies' long-term financial sustainability. For customized strategies that have commitments to net zero by 2050 and interim targets, the metrics help us measure progress.

We also review our investments for other climate-related risks such as biodiversity, water stress, land reclamation, hazardous waste, significant spills and fines, as well as climate-related controversies.

While the metrics we employ allow us to compare and contrast the companies we invest in, we recognize that metrics present challenges. The primary issue is with the data itself. While improving, disclosure of climate-related data is still disparate. Despite the increase in disclosure, gaps and uncertainty in data remain, especially around Scope 3 disclosure. The lack of historical emissions data is also a problem as it makes measuring progress and comparability a challenge. This problem has been compounded as some energy companies have removed disclosure after the passing of Bill C-59. Some progress has been made by the new standards set out by the International Sustainability Standards Board and the Canadian Sustainability Standards Board. In Europe, augmented disclosure is mandated under the Corporate Sustainability Reporting Directive. However, in the U.S the U.S. Securities and Exchange Commission has stopped working on disclosure requirements and regulation which is the foundation for decision making.

Aggregating a portfolio-level carbon footprint may not always be possible, especially in fixed income. Standalone debt issuers tend to lag in comparison to their equity issuing peers in terms of disclosure. Additionally, some data services may link an operating company's emissions data (if not disclosed separately, which is not often the case) to the holding company's emissions data. This generally overstates the operating company's carbon footprint and risks double-counting if an investment portfolio owns both the holding company and operating company debt.

There are also some challenges with sovereign GHG emissions data when trying to capture the carbon footprint of a fixed income portfolio. For example, when measuring intensity, corporates tend to use revenue or enterprise value. Applying the same denominator to sovereigns does not make sense as government revenue is not as straightforward and cross-comparable as corporate revenue and governments do not have equity with which to calculate an enterprise value. Typically, a sovereign's intensity is typically based on GDP or Purchasing Power Parity-adjusted GDP, which makes calculating the carbon footprint for an entire fixed income portfolio impossible. For now, we are only calculating the carbon footprint for corporates (42.53% of the overall fixed income

portfolio). Our data provider, MSCI, currently only calculates the carbon footprint for the country of Canada and not the Canadian provinces, or municipalities, which make up a significant portion of our sovereign and quasi-sovereign weight. We track GHG emissions for sovereigns, provincials and municipals, and monitor legislation and commitments. An example of this is our provincial ESG fact sheets, we which we use as a base to understand the carbon footprint of the provinces.

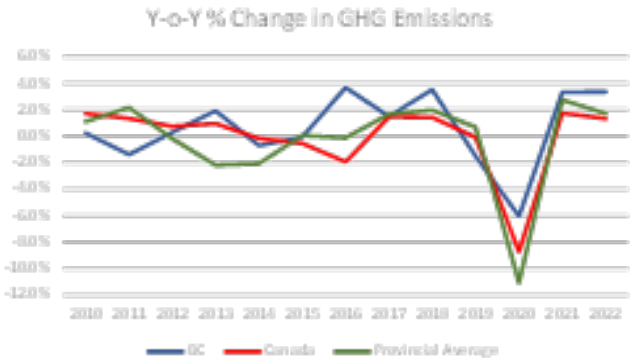
Exhibit 19. Example of Beutel Goodman Provincial ESG Tear Sheet

British Columbia

Environmental Risks

GHG Emissions	Moderating
Carbon Tax	In place
Emission Reduction Programs	In place
Vulnerability to Events	Forest Fires, Flooding
Vulnerable Industries to Climate Change	Forestry, Natural Gas Extraction, Seaborne Exports
Power Generation	Predominantly hydroelectric

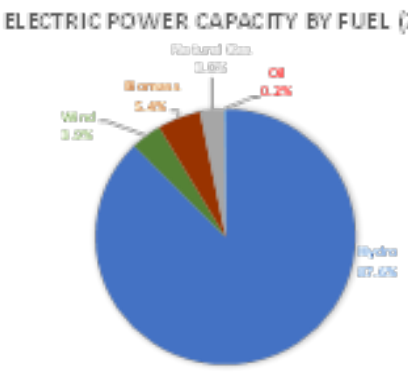
GHG Emissions



Industry Emissions

Top 10 Industry Sources of GHG Emission	
Pulp & Paper	23.7%
Oil & Gas Extraction	19.4%
Crop and Animal Production	6.3%
Air Transportation	5.9%
Coal Mining	5.7%
Wood Product Manufacturing	5.2%
Forestry and Logging	3.4%
Truck Transportation	3.3%
Rail Transportation	2.7%
Pipeline Transportation	2.4%

Electricity Power Generating Capacity



Note: For illustrative purposes only and may not be representative of all factors we consider.

Scope 3[15] emissions are problematic due to issues of comparability, coverage, transparency and reliability. Scope 3 emissions are not widely reported and estimates vary significantly. Another problem is the double-counting of emissions. One company's Scope 3 emissions can overlap with another's Scope 1 emissions. For example, the Scope 1 emissions of a power generator are the Scope 2 emissions of an electrical appliance user, which are in turn the Scope 3 emissions of both the appliance manufacturer and the appliance retailer. Categories can also be double counted within Scope 3; for example, if two companies account for third-party transportation of goods between them. However, even with these issues, Scope 3 is relevant as for some companies, the vast majority of their carbon footprint is Scope 3.

Economic Emissions Intensity

Economic emissions intensity is a climate impact indicator defined as the absolute emissions associated with investments normalized for the total size of assets under management. This is the calculation recommended by the Partnership for Carbon Accounting Financials (PCAF). Economic emissions intensity helps investors understand the climate impact of the organization's investment activities. It also helps to demonstrate how the emission intensities of different portfolios (or benchmarks) compare to each other per monetary unit. We note that MSCI refers to the economic emissions intensity metric as financed emissions intensity.

Exhibit 20. Calculation of Economic Emissions Intensity

$$\text{Economic emission intensity} = \sum_i \frac{\frac{\text{Outstanding amount}_i}{\text{Investee company's EVIC}_i} \times \text{Investee company's emissions}_i}{\text{Total outstanding amount or assets under management (AuM)}}$$

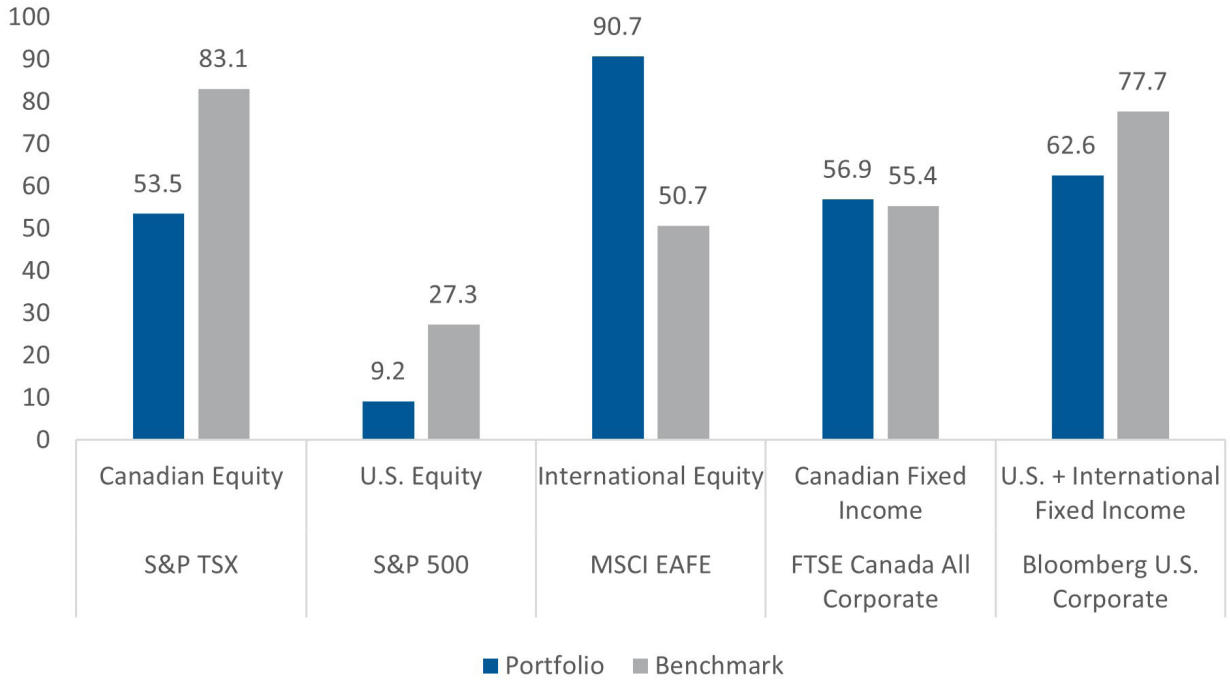
Source: Partnership for Carbon Accounting Financials

Note: EVIC is defined as the sum of the market capitalization of ordinary shares at fiscal year end, the market capitalization of preferred shares at fiscal year end, and the book values of total debt and minorities' interests. No deductions of cash or cash equivalents are made to avoid the possibility of negative enterprise values.[16]

A challenge when using this metric is that it does not consider climate scenarios, company targets, low carbon opportunities or sustainable finance. In addition, changes in underlying companies' market capitalization can be misinterpreted, as market movements can create significant changes in the footprint measure that are unrelated to actions to reduce emissions. This challenge applies to all metrics that use EVIC in their calculations.

[15]The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
[16]The Global GHG Accounting and Reporting for the Financial Industry, Partnership for Carbon Accounting Financials (November 2020)

Exhibit 21. Economic Emissions Intensity by Beutel Goodman Asset Class versus Benchmark



Source: MSCI ESG Manager, Beutel, Goodman & Company Ltd. As at December 31, 2024

Weighted Average Carbon Intensity

WACI is a climate risk indicator used to measure a portfolio's exposure to carbon-intensive companies, expressed in metric tonnes of CO_2e/$M per revenue.

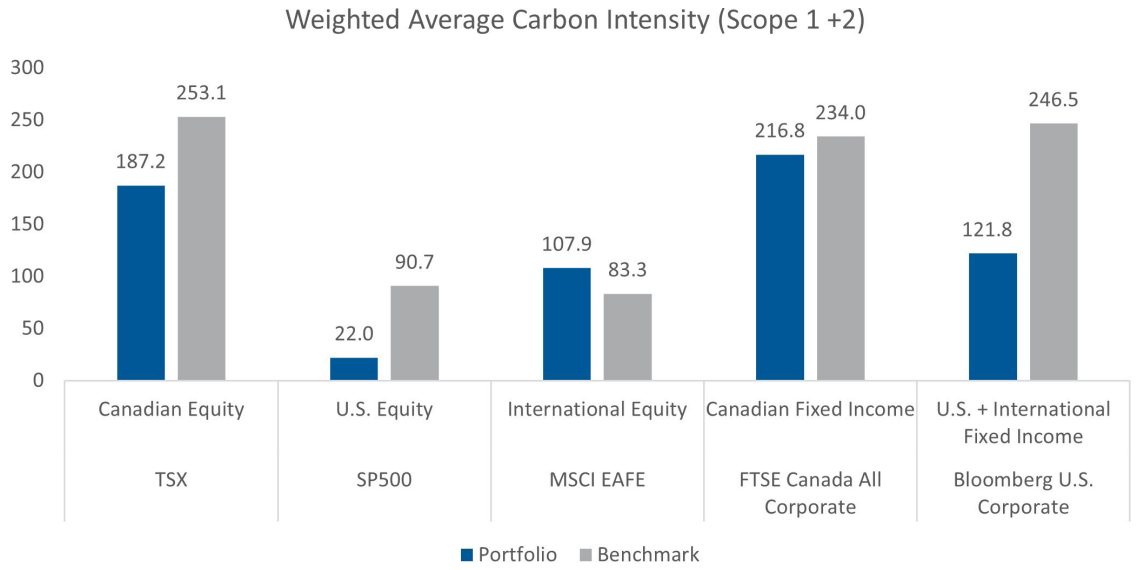
Exhibit 22. Calculation of WACI.

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ portfolio\ value} \times \frac{issuer's\ Scope\ 1\ and\ Scope\ 2\ GHG\ emissions_i}{issuer's\ \$M\ revenue_i}\right)$$

Source: MSCI

This metric normalizes for size and allows for comparability not only across portfolios, but also against benchmarks. It also helps to mitigate any significant changes in absolute GHG emissions due to a company's strategy (e.g., merger, acquisition, divestiture). While this metric is fairly simple to calculate and communicate, it is a point-in-time measure and therefore is sensitive to end dates and does not take into account any of the company's future actions to reduce its carbon footprint. In addition, WACI does not capture the investor's responsibility for GHG emissions like the economic emissions intensity metric does. On a company-by-company basis, this metric is useful for identifying companies with a large carbon footprint that may be exposed to potential stranded asset risk.

Exhibit 23. WACI by BG's Asset Classes versus their Benchmarks

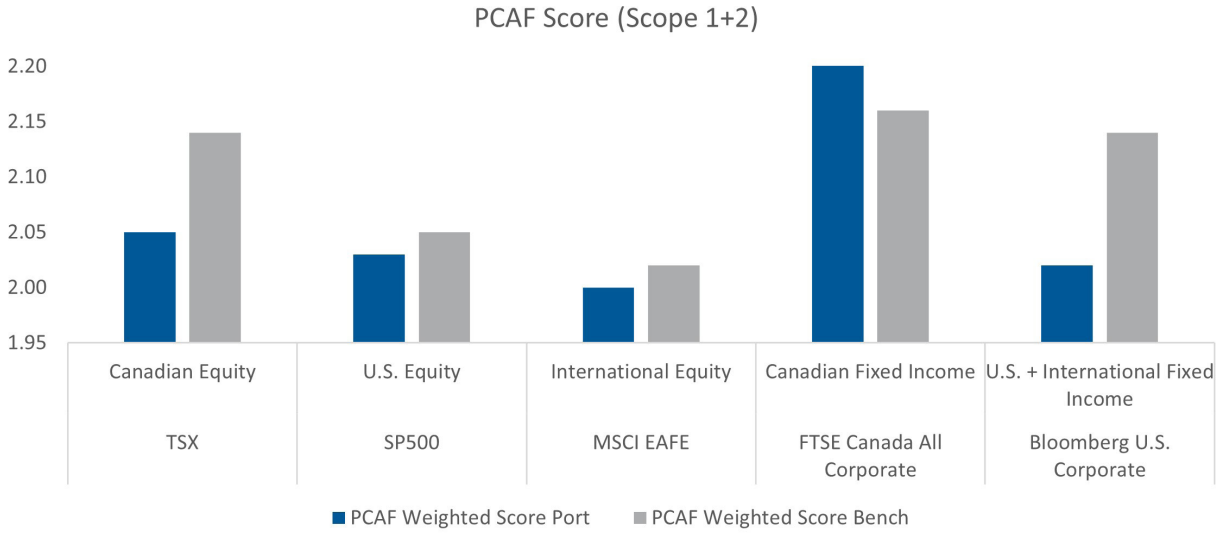


Source: MSCI ESG Manager, Beutel, Goodman & Company Ltd. As at December 31, 2024.

Emissions Data Quality and Relevance

We look at additional metrics to better understand the reliability and relevance of the portfolio-level emissions data. The quality of the strategy-level emissions data is evaluated based on PCAF scores. PCAF scores the quality of a company's emissions data using a scale of 1–5, with 1 being the most reliable (verified reported emissions) and 5 being the least reliable (not disclosed). A full definition of the PCAF scores can be found in the appendix. Both our equity and fixed income corporate portfolios have a PCAF score ranging from 2.0 to 2.2, which is slightly above or close to that of their benchmarks. A weighted average score band of 2 means that emissions data points used are mostly either calculated by the company, or estimated based on physical activities data (i.e., the company's energy consumption or production). This level of emissions data quality is satisfactory, in our view.

Exhibit 24. PCAF Score by Fund.



Source: MSCI ESG Manager, Beutel, Goodman & Company Ltd. As at December 31, 2024.

The coverage ratio of WACI and financed emissions intensity are examined separately for relevance of emissions data on a portfolio level. Our equity strategies' emissions are almost 100% covered on both WACI and financed emissions, while our fixed income strategies have lower coverage ratios on financed emissions intensity. We attribute the lower coverage ratio for fixed income to the lack of disclosure provided by private placements and debt only issuers.

Exhibit 25. WACI and Financed Emissions Intensity Coverage Ratio by Fund.

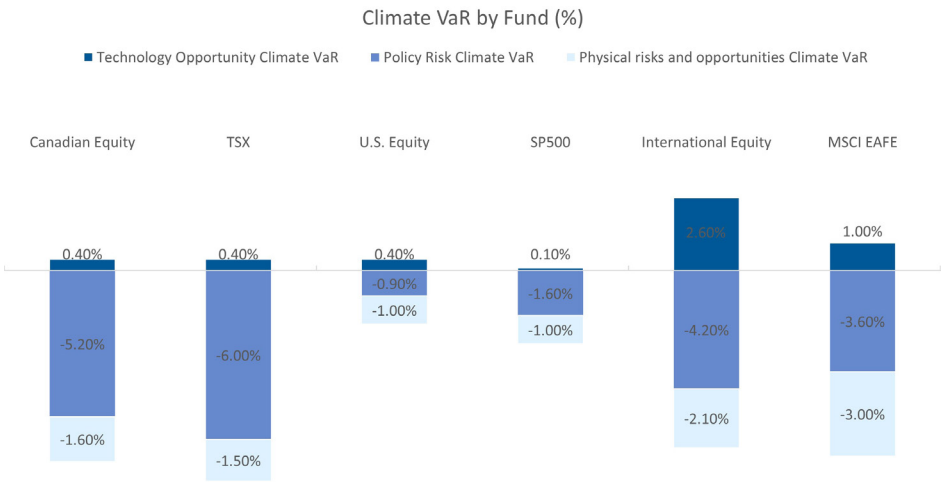
Strategy	Canadian Equity	U.S. Equity	International Equity	Canadian Fixed Income	U.S. + International Fixed Income
Coverage Ratio - WACI	99.8%	100%	100.0%	89.6%	98.8%
Coverage Ratio - Financed Emissions	99.6%	99.9%	99.5%	85.7%	97.7%

Source: MSCI ESG Manager, Beutel, Goodman & Company Ltd. As at December 31, 2024.

Climate Value-at-Risk

CVaR aims to assess potential financial sensitivity to climate-related risks and opportunities. The metric is forward-looking and assesses both the transition and physical risk for a company and/or portfolio. The calculations are complex and require many methodological choices and assumptions. We use MSCI's methodology and tools for calculating the CVaR of our companies and our investment portfolios. MSCI calculates the present value of aggregated future policy risk costs, technology opportunity profits, extreme weather event costs and profits expressed as a percentage of the portfolio's market value. The metric is used as a risk-measurement tool as it estimates the risk of loss for investments. The metric does not consider climate risk management and is sensitive to changes in a company's market value and cost of capital. The Fixed Income Climate VaR under the Below 2°C scenario is not significant and is therefore excluded for comparative purposes.

Exhibit 26. Climate Value-at-Risk for Beutel Goodman's Equity Asset Classes versus Benchmark



Source: MSCI ESG Manager, Beutel, Goodman & Company Ltd. As at December 31, 2024.

Note: For illustrative purposes we used the NGFS below 2°C scenario, whereby the stringency of climate policies gradually increases, giving a 67% chance of limiting global warming to below 2°C. For the above example, we measure only the equity portfolios for illustrative purposes.

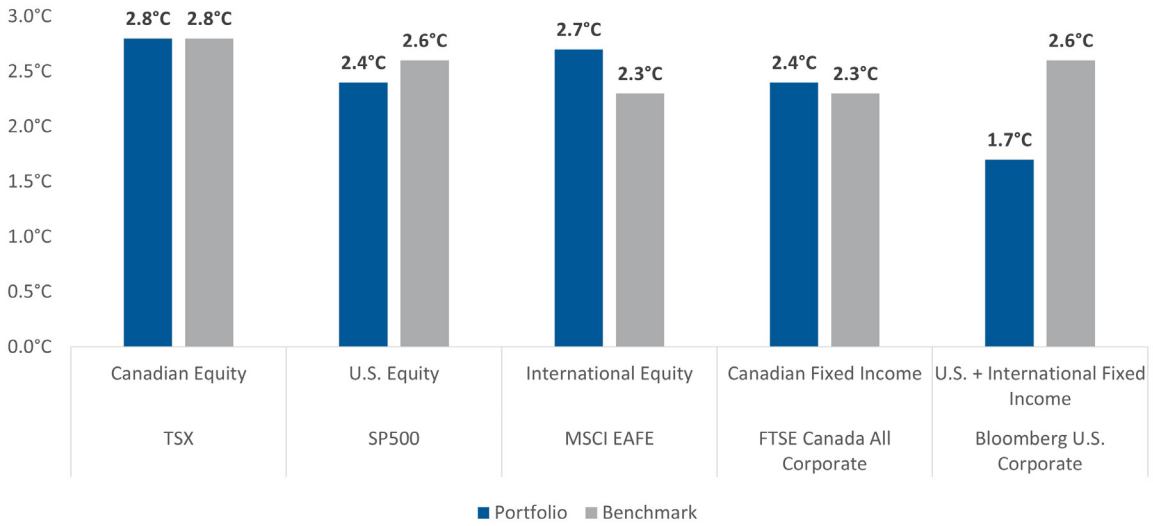
We note that the MSCI CVaR model assesses risk at the security level, including each individual bond. The model assumes that equities exist in perpetuity and models projections for equities to 2100. Bonds are modelled using their maturity date, assuming that the bonds will not be exposed to the same transition and physical risks as the equity of the same issuer for the same time period. This methodology results in a CVaR outcome for a fixed income portfolio that is significantly less than that for an equity portfolio, and therefore not comparable in our opinion. We therefore exclude fixed income from CVaR analysis. When possible, the fixed income team runs CVaR analysis on the equity holding companies of the bond issuers to help understand the climate-related risks of the corporate bonds.

Implied Temperature Rise

Implied temperature rise (ITR) calculations rely on historical and backward-looking data, limiting their applicability for forward-looking scenario analysis. The ITR attempts to estimate a global temperature rise associated with the GHG emissions of a company, expressed as a numeric degree. Again, we use MSCI to calculate the ITR for individual companies, as well as on a portfolio basis. MSCI estimates the global rise in average temperature by 2100 and later if the global economy were to overshoot (or undershoot) its remaining carbon budget to the same extent as the company or portfolio in question. MSCI uses Scopes 1, 2 and 3 GHG emissions in its calculations.

Similar to CVaR, the ITR is a complex calculation that is sensitive to its multiple assumptions. While attempting to use forward-looking data disclosed by a company, there are limitations in factoring in technological or strategic change. We use this metric as one of our tools to help determine where the company is in its decarbonization plans.

Exhibit 27. Implied Temperature Rise for Beutel Goodman Asset Classes



Source: MSCI ESG Manager, Beutel, Goodman & Company Ltd. As at December 31, 2024.

Net Zero Investment Framework

The Net Zero Investment Framework (NZIF) produced by the PAII is a widely used framework by asset managers to set targets and produce related net zero strategies and transition plans. The NZIF includes an alignment maturity scale, a metric that groups portfolio companies into alignment categories, from Not Aligned to Achieving Net Zero. These alignment categories can be used by investment managers to evaluate a company's journey and commitment to net zero, as illustrated below.

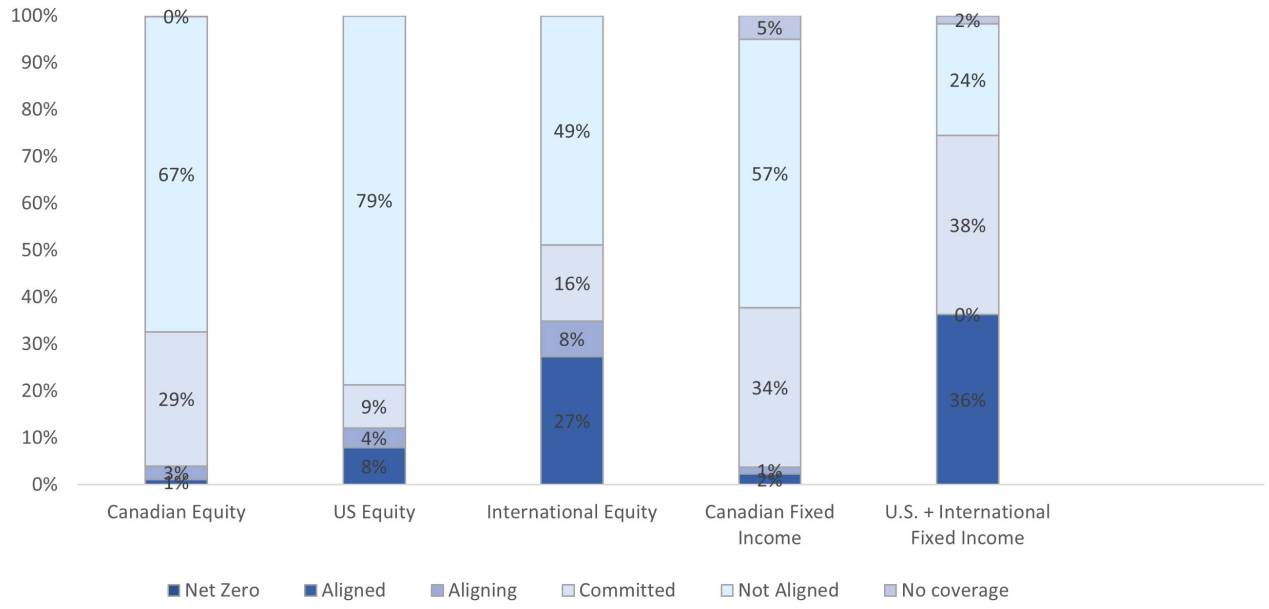
Exhibit 28. PAII NZIF Alignment Categories

Achieving Net Zero	Aligned to a Net Zero Pathway	Aligning to a Net Zero Pathway	Committed to Aligning	Not Aligning
Companies that have met all relevant alignment criteria and have an emissions performance at net zero which can be expected to continue.	Companies that have science-based targets, a decarbonization plan, and current absolute or emissions intensity at least equal to a relevant net zero pathway.	Companies with emissions performance not equal to a contextually relevant net zero pathway. They do however have science-based targets and a decarbonization plan and are thus ready to transition.	Companies with a long-term decarbonization goal consistent with achieving global net zero by 2050. These companies lack some key transition steps such as science-based targets.	Companies without a commitment to decarbonize in a manner consistent with achieving global next zero.

Sources: Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework (NZIF 2.0), MSCI ESG Research.

NZIF further breaks down the alignment assessment into the following categories: emissions performance, capital allocation, decarbonization plan, disclosure, targets and ambition. Our ESG data provider, MSCI has mapped its climate data points to the NZIF criteria, allowing us to evaluate our individual companies and portfolios.

Exhibit 29. NZIF Alignment for Beutel Goodman Asset Classes



Source: MSCI ESG Manager, Beutel, Goodman & Company Ltd. As at December 31, 2024.

The majority of the companies in our portfolios are in the Not Aligned or Committed categories, likely reflecting the lack of science-based targets and criteria for sectors where we are overweight (fixed income) and the nascent stage in technological advancements that pave the path to net zero. Similar to other climate-related metrics, we use the results as a base for our engagements.

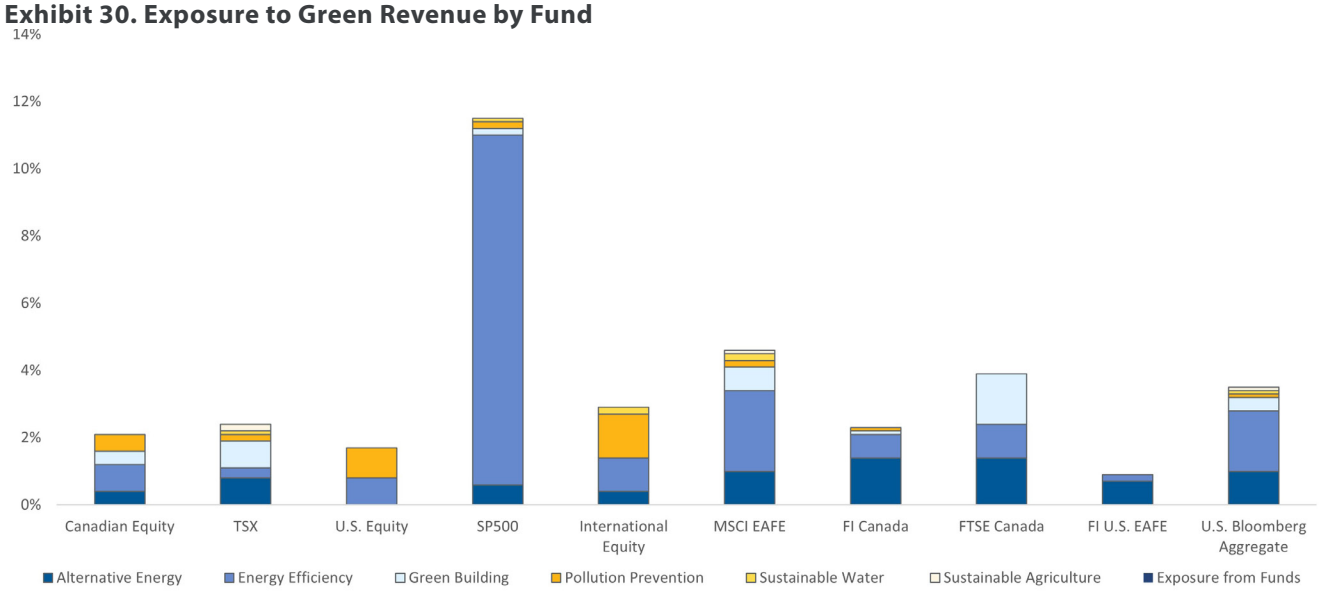
Opportunities

Green revenue is the weighted average of revenue exposure to the following environmental categories:

- Alternative energy
- Energy efficiency
- Green building
- Pollution prevention
- Sustainable water
- Sustainable agriculture

This is used as an indicator for company-specific transition related opportunities.

Exhibit 30. Exposure to Green Revenue by Fund



Source: MSCI ESG Manager, Beutel, Goodman & Company Ltd. As at December 31, 2024.

TARGETS

With the exception of our sustainable strategies or custom client mandates, Beutel Goodman has not set carbon intensity targets at the firm level nor at the investment portfolio level. We will continue to evaluate the potential of setting targets in the future. We believe it is important for any commitment to net zero by 2050 in our investment portfolios to be serious, thoughtful and measurable, as well as in accordance with our value investing style and client commitments.

APPENDIX

Appendix 1: PCAF Score Definition

Table 5-3. General description of the data quality score table for listed equity and corporate bonds[68]

(score 1 = highest data quality; score 5 = lowest data quality

Data Quality	Options to estimate the financed emissions		When to use each option
Score 1	Option 1: Reported emissions	1a	Outstanding amount in the compay and EVIC are known. **Verified emissions** of the compay are available.
Score 2		1b	Outstanding amount in the company and EVIC are known. **Unverified emissions** calculated by the company are available.
	Option 2: Physical activity-based emissions	2a[69]	Outstanding amount in the company and EVIC are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data of the **company's energy consumption** and emission factors[70] specific to the primary data. Relevant process emissions are added.
Score 3		2b	Outstanding amount in the company and EVIC are known. Reported company emissions are notknown. Emissions are calculated using primary physical activity data of the **company's production** and emission factors specific to the primary data.
Score 4	Option 3: Economic activity-based emissions	3a	Outstanding amount in the company, EVIC and the **company's revenue**[71] are known. Emission foactors for the sector per unit of revenue are known (e.g., tCO_2e per euro or dollar of revenue earned in a sector).
Score 5		3b	Outstanding amount in the company is known. Emission factors for the sector per unit of asset (e.g., tCO_2e per euro or dollar of asset in a sector) are known.
		3c	Outstanding amount in the company is known. Emission factors for the sector per unit of revenue (e.g., tCO_2e per euro or dollar of revenue earned in a sector) and **asset turnover ratios** for the sector are known.

Source: Partnership for Carbon Accounting Financials

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The information provided is as of December 31, 2024. Beutel Goodman has taken reasonable steps to provide accurate and reliable information. Beutel Goodman reserves the right, at any time and without notice, to amend or cease publication of the information.

Please note Beutel Goodman's ESG and responsible investment approach may evolve over time. This report refers to progress made during the calendar year 2021 and our approach as of December 31, 2021. Also note that the integration of ESG and responsible investment considerations does not guarantee positive returns. Past performance does not guarantee future results.

For more information on our approach to ESG and Responsible Investing, please visit https://www.beutelgoodman.com/about-us/responsible-investing/.

Certain portions of this document may contain forward-looking statements. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" and other similar forward-looking expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future action, is also forward-looking statement. Forward-looking statements are based on current expectations and forecasts about future events and are inherently subject to, among other things, risks, uncertainties and assumptions which could cause actual events, results, performance or prospects to be incorrect or to differ materially from those expressed in, or implied by, these forward-looking statements.

These risks, uncertainties and assumptions include, but are not limited to, general economic, political and market factors, domestic and international, interest and foreign exchange rates, equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. This list of important factors is not exhaustive. Please consider these and other factors carefully before making any investment decisions and avoid placing undue reliance on forward-looking statements. Beutel Goodman has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

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