

ESG METRICS

Statistic	DGAM	MSCI World
E Carbon emissions (t CO ₂ /\$B)	12	65
E Carbon intensity	10	98
E Water use (m ³ /\$M revenue)	93	10,389
E Waste-recycling ratio	69%	65%
E Renewable-energy use	34%	38%
E Reported emissions	93%	91%
S Fatalities per 100,000 employees	0.7	0.7
S Access to low-price products	21%	22%
S Women managers	34%	33%
S Salary gap (CEO/average salary)	193	192
G Sustainability compensation incentives	61%	64%
G Independent board members	76%	80%
G CEO and chairman separation	67%	48%
G Board gender diversity	34%	33%

Values are calculated only on the invested portion of the portfolio.
Sources: Sustainalytics and Refinitiv as at September 30, 2023

STOCKS ADDED OR REMOVED FOR ESG REASONS

Company	Change	Reason
Ulta Beauty	Removed	Higher carbon intensity vs. peers
McDonald's Corp	Added	More women managers vs. peers

OUR ESG METHODOLOGY IN PRACTICE

Our ESG screening methodology includes positive and negative filters. Our negative filters are used to identify companies involved in harmful activities, whereas our positive filters reward leaders across several E, S and G metrics. Accordingly, 925 companies had been removed from the investable universe and 411 companies had successfully qualified for investment as at September 30.

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

ACTIVE OWNERSHIP SPOTLIGHT

We engaged with Graco, a company in the industrial machinery industry, during the last quarter. The company has shown good progress on ESG matters since the release of its inaugural 2021 sustainability report. Graco discloses information regarding its products' sustainability benefits. Future engagement will look to enhance the company's practices in order to disclose and mitigate quality and safety risks.

QUARTERLY ESG THEME

EMPLOYEE MORTALITY RATE

Offering a safe working environment and protecting employees from injury or death is an obligation that corporations must take seriously. The employee mortality rate is therefore an important part of our screening methodology. More specifically, we look at employee fatalities resulting from occupational accidents and may also include fatalities caused by commuting accidents, per 100,000 employees.

Companies can be excluded or rewarded based on this metric, which is calculated from information in their sustainability reports. Companies that have high mortality rates are excluded, whereas companies that report no fatalities are rewarded. We have seen this metric improve over the years. Our portfolio is comparable to the level of the MSCI World Index.

Learn more about this topic on the next page.

Employee mortality rate per 100,000 employees

MSCI WORLD Index	0.7
DGAM ESG Filtered MSCI World Equity	0.3
Systematic ESG World Equity Portfolio	0.7

Sources: MSCI and Refinitiv as at September 30, 2023

PROMOTING A SAFE WORKPLACE

Effectively applying the United Nation's 8th SDG to a systematic equity portfolio

The [International Labour Organization](#) estimates that more than 2.3 million work-related fatalities occur annually, which equates to more than 6,000 deaths a day. Even though labour laws may differ from one jurisdiction to another, one of the [principles](#) of the ILO Constitution is that workers must be protected from harm in the workplace. Beyond companies' legal obligations to keep employees safe, a safe work environment can lead to happier, more productive employees, help retain workers and reduce the risk of company liability.

Companies that excel in employee safety have health and safety management systems in place, provide regular safety training for all employees, conduct timely audits of their systems and procedures, and track their performance. Boards of directors should take responsibility for this matter, and employee health and safety should be embedded in the corporate culture. Should fatalities occur, it is essential that protocols be improved in a thorough, transparent manner.

The chart on the right shows the employee mortality rates for each sector of the MSCI World Index versus our portfolio. As the chart shows, our portfolio outperforms the index in the consumer discretionary, industrials, consumer staples, information technology, real estate and communication services sectors. The portfolio does not currently hold any energy or utility companies, and the company held in the materials sector does not disclose its employee fatalities.

Here are two portfolio companies that stand out in this area.

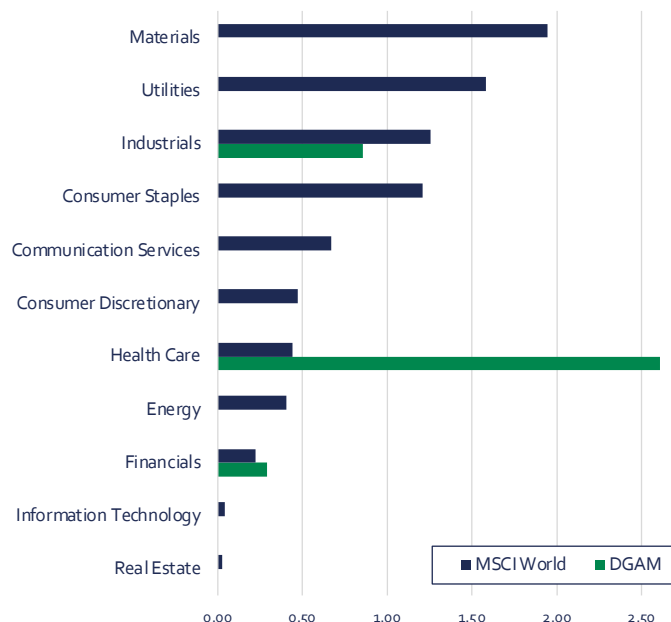
Lennox and Magna lead the way

Lennox International, a provider of climate-control solutions, makes employee safety a top priority. Its occupational health and safety management system aligns with the principles of ISO 45001, an international standard for occupational health and safety management. The CEO and the board of directors oversee firm-wide safety. The CEO reviews the company's safety plans annually, and the board conducts a quarterly review of the safety program and performance against targets.

The corporate safety team meets regularly to discuss safety matters, review incidents and share best practices. Employees undergo regular safety training, and all manufacturing sites are subject to annual audits.

Magna International is a global automotive parts supplier. The company has zero fatalities in its workforce, in contrast to previous years, when fatalities were reported. Magna's board has oversight of the company's health and safety department. Its standards align with international and regional standards, including those of the International Organization for Standardization (ISO 45001), the Canadian Standards Association and the American National Standards Institute. Moreover, the company's compliance with such standards is audited regularly.

EMPLOYEE MORTALITY RATE



Source: MSCI and Refinitiv as at September 30, 2023

	Lennox	Magna
Country	United States	Canada
Sector	Industrials	Consumer discretionary
Portfolio weight	1.75%	0.52%
Employee mortality rate	0	0

Source: Refinitiv as at September 30, 2023

Source of all data and information: DGAM as at September 30, 2023, unless otherwise specified.

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