

OUR EVOLVING ESG METHODOLOGY

With the ESG landscape having evolved considerably since our systematic ESG fund was created, the time had come to review our screening methodology. Even though our process still includes positive and negative ESG filters, we are adopting a more intentional approach centred on DGAM's priority themes. Our negative filters continue to identify companies involved in harmful activities, whereas our positive filters reward leaders across our themes.

At the end of second quarter, we had removed 523 companies from the investment universe and deemed 634 companies eligible for investment. The portfolio continues to have carbon and water footprints that are significantly lower than those of its benchmark, maintaining its strong sustainability credentials.

ACTIVE OWNERSHIP SPOTLIGHT

We met with Loblaw, a leading Canadian grocer, during a group engagement with FAIRR. Loblaw's climate strategy includes TCFD-aligned analysis and transparent reporting on plant-based products, with SKUs declining from 95 (2022) to 64 (2024) owing to consumer demand. The protein diversification strategy remains customer-focused, with data collection under way but no KPIs yet. Scope 3 emissions tracking is in progress; supplier readiness varies. Beef-related GHG and deforestation risks are acknowledged. ESG-linked incentives apply to all full-time employees, and 23% of board members have environmental/social expertise. The Weston family remains deeply committed to sustainability. Loblaw actively supports policy reforms on plastics, food waste and net-zero goals. Regulatory pauses (such as CSSB) haven't affected internal standards. Consumers are increasingly value-driven, and GLP-1 use is shifting grocery habits. Loblaw enforces pricing discipline with suppliers.

ESG METRICS

Statistic	DGAM	MSCI World
E Carbon emissions (t CO ₂ /\$B)	5	42
E Carbon intensity (t CO ₂ /\$ revenue)	9	88
E Water use (m ³ /\$M revenue)	108	7,908
E Waste-recycling ratio	71%	65%
E Renewable-energy use	47%	48%
E Reported emissions	91%	95%
S Fatalities per 100,000 employees	0.3	0.7
S Access to low-price products	20%	21%
S Women managers	35%	33%
S Salary gap (CEO/average salary)	199	149
G Sustainability compensation incentives	71%	67%
G Independent board members	80%	81%
G CEO and chair separation	62%	49%
G Board gender diversity	37%	35%

Values are calculated only on the invested portion of the portfolio.

Sources: Sustainalytics and LSEG as at June 30, 2025

PRIORITY THEME OVERVIEW

PROTECTION OF BIODIVERSITY AND NATURAL CAPITAL

The issue at stake

The World Economic Forum ranks biodiversity loss and ecosystem collapse as the second greatest global risk over the next decade. According to the WEF, more than 50% of global GDP is moderately or heavily dependent on nature.

Our objectives

- Ensure food security, improve nutrition and promote sustainable agriculture
- Increase access to sustainably managed water supply and sanitation services
- Reduce the negative environmental and social footprint of the economy and establish sustainable consumption and production patterns to minimize waste and promote the rational use of natural resources

Our approach

Invest in companies that offer contributions and/or solutions to protect biodiversity:

Contribution:

- Adopt a rational strategy for responsible water consumption by increasing water-use efficiency and reducing freshwater usage
- Significantly reduce waste production through prevention, recycling and reuse
- Adopt ambitious deforestation management goals or programs

Solutions:

- Offer products meeting sustainable environmental certification requirements
- Aim to address issues of water scarcity and quality
- Support pollution prevention and waste minimization

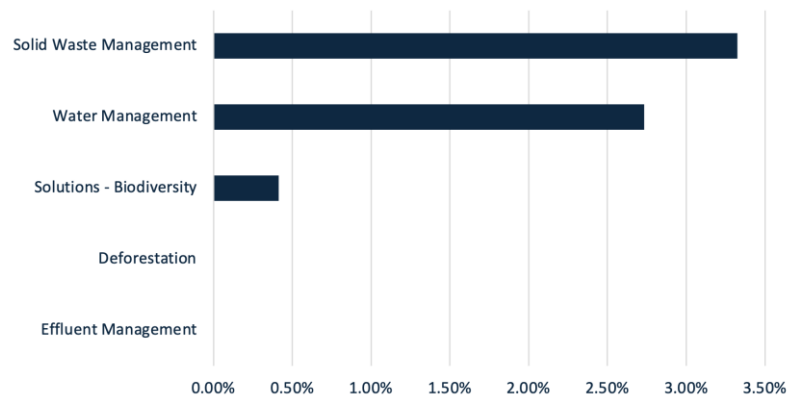


PRIORITY THEME OVERVIEW

New measures addressing biodiversity

To align our portfolio companies with the goal of protecting biodiversity and natural capital, we have incorporated new metrics: (1) deforestation policy; (2) water management; (3) solid-waste management, and (4) effluent management. These metrics assess whether companies' operations are compatible with the goal of protecting biodiversity and natural capital.

The deforestation metric evaluates companies on the strength of their policies and initiatives aimed at mitigating or eliminating deforestation within their operations and supply chains. When water is a material issue for a company's operations, our water- management metrics integrate multiple data points to identify those that effectively manage water-related risks and demonstrate credible commitments to water stewardship. The solid waste and wastewater metrics assess companies on the rigour of their programs focused on reducing, reusing and responsibly managing waste. These indicators are in addition to (5) the share of revenues derived from thematic solutions related to biodiversity, including companies offering solutions that prevent pollution, while promoting sustainable use of water and sustainable agriculture.

Proportion of holdings aligned with our biodiversity criteria
DGAM SYSTEMATIC ESG WORLD EQUITY

Sources: MSCI, Sustainalytics, June 30, 2025

The new metrics ensure that companies align their business models and practices with a sustainable path that leads to concrete measures, such as restoration of degraded ecosystems, prevention of further ecosystem loss and promotion of sustainable agricultural practices. Even so, given that this issue does not materially concern all the companies in our index, there are fewer companies that satisfy the criteria for this theme, as can be seen from the chart above.

Two standout companies

Water is essential to the operations of **Coca-Cola HDC**, which has manufacturing sites across Europe and in parts of Africa. As part of its Mission 2025 Commitments, the company aims to reduce water use per litre of beverage by 20% (relative to 2017) in regions experiencing high water stress and ensure water availability for local communities. The key measures it has taken include conducting a vulnerability assessment at all manufacturing plants, which in turn served as the foundation for its Source Water Protection Plan. The company treats wastewater to levels that make it safe to be returned to the environment. It also works with suppliers across its supply chain to reduce water use. Coca-Cola HDC invests in community water conservation projects using new technologies. All its manufacturing sites are certified by the Alliance for Water Stewardship or have ISO 46001 certifications.

Pentair is a global water company that delivers a wide range of smart and sustainable water solutions for residential, commercial, industrial, infrastructure and agricultural applications. According to MSCI, about 10% of its revenue comes from products that support sustainable water use and agriculture. For residential customers, Pentair provides water pumps and filtration systems that ensure access to clean water, effective drainage and protection against flooding. In the commercial and industrial sectors, the company offers advanced filtration systems for treating water and wastewater, serving industries such as food and beverage as well as oil and gas. In agriculture, Pentair promotes sustainability through precise and efficient irrigation management solutions for crops and livestock.

Source of all data and information: DGAM as at June 30, 2025, unless otherwise specified.

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