

# 2024 Impact Report.



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## Taking the next step toward global impact.

Vancity has long been a leader in socially responsible investing (SRI), pioneering these efforts in Canada nearly 40 years ago with the launch of the Ethical Growth Fund in 1986, the country's first socially responsible mutual fund. At Vancity Investment Management, we're building on this legacy with a vision to further enhance our offerings to clients by creating the Global Impact Fund.

To us, impact investing means owning businesses that can create and foster positive social and environmental change through their operations, products, and services, without forgoing financial returns for our members. To achieve this, we set out to invest in an all-cap global portfolio of publicly listed equities that are expected to compound shareholder value by selling goods and services that create positive social and/or environmental impact.

We pride ourselves on being intentional in selecting companies and ensuring the impact being created by a company is part of the management team's vision and also trackable in terms of impact metrics. This alignment gives us confidence that the companies we invest in are committed to not only providing positive returns for investors, but also creating a sustainable, long-term positive impact for the world.

The companies we invest in demonstrate intentionality by deliberately working to create positive social and environmental impact as an integral part of their business model. By excluding companies where impact is peripheral to their primary operations from the Global Impact Fund, we prioritize businesses that embed sustainability and societal benefits into their products, services, and overall mission. This ensures that impact is a driving force behind long-term value creation and growth, and not merely a by-product.

The launch of the Global Impact Fund marks a significant milestone in our commitment to creating a more sustainable and equitable world through our investment strategies and shareholder engagement. We're eager to observe the meaningful and lasting impact generated by the holdings within the fund and look forward to the journey ahead with our clients. Together, we'll continue being a financial force for change, leading the way in generating positive change and creating value for our clients and the world.

Jeffrey Adams,  
Chief Investment Strategist and Director at Vancity Investment Management.

# Meet our investment team.

Our Global Impact Fund is managed by a team of highly skilled and diverse professionals with expertise in financial markets, sustainability, and social impact. Together, they bring a shared passion and commitment to delivering strong financial returns while making a positive contribution to society and the environment. The team is composed of individuals with complementary backgrounds in investment analysis, environmental, social, and governance (ESG) research, and strategic leadership.

## Marc Sheard.



With more than 15 years of experience in the financial industry, Marc Sheard joined Vancity Investment Management as Portfolio Manager and Head of Equities in April 2021, overseeing all the public equity portfolios.

Marc also spent more than eight years at British Columbia Investment Management Corporation (BCI), managing the BC Pension Fund, where he focused on Asian, European, and U.S. global equities. While at BCI, Marc also ran the Public Markets Co-op Program, founded and acted as president for an internal Toastmasters Club, and led a bi-weekly Investment Club catering to non-investment professionals at BCI who wanted to improve their investing knowledge.

## Rachel Beechinor.



Rachel Beechinor joined Vancity Investment Management in January 2023 as an ESG Analyst. In her role, she analyzes the ESG and impact performance of publicly traded companies and performs shareholder engagements.

Prior to joining us in January 2023, Rachel worked as an investment analyst in the Responsible Investment team at U.K.-based Ardevora Asset Management. Rachel holds a BSc in Management and the CFA Certificate in ESG Investing. Originally from Vancouver, Rachel moved to the UK to complete her undergraduate degree at the London School of Economics. Following graduation, Rachel worked in London before returning to Vancouver and joining the Vancity Investment Management team.

With a passion for the environment, a love for the outdoors and nature, and a commitment to addressing social issues, Rachel entered the ESG field to create meaningful world change. She takes pride in working for an organization committed to being a financial force for change.

## Morgan Ayres.



Morgan Ayres joined Vancity Investment Management in July 2021. As an analyst, she works closely with portfolio managers to provide support across global and Canadian mandates focusing on companies that generate positive social and environmental impact.

Prior to joining us, Morgan worked at BCI in various areas including the ESG, Macroeconomic, and Global Equity teams at BCI before moving into the role of full-time analyst on their partnership portfolio.

Morgan earned her Bachelor of Economics and Business degree from the University of Victoria (UVIC) and currently is working toward her Chartered Financial Analyst designation. During her time at UVIC she discovered a passion for investing when she took an extracurricular class on applied portfolio management. As a result, she moved onto the Applied Portfolio Management Program at UVIC, which provides select students an opportunity to manage the school's responsibly invested endowment fund. Today, Morgan sits on the program's investment committee supporting students going through the program and providing advice on their investment process.

## Our mission.

Together, our team is dedicated to driving forward our fund's mission—creating meaningful impact through investments that address the world's most pressing challenges, from climate change to social equity, all while delivering exceptional long-term value for our investors.

“Passion is the fuel that drives us to achieve extraordinary things.”

— Ray Dalio

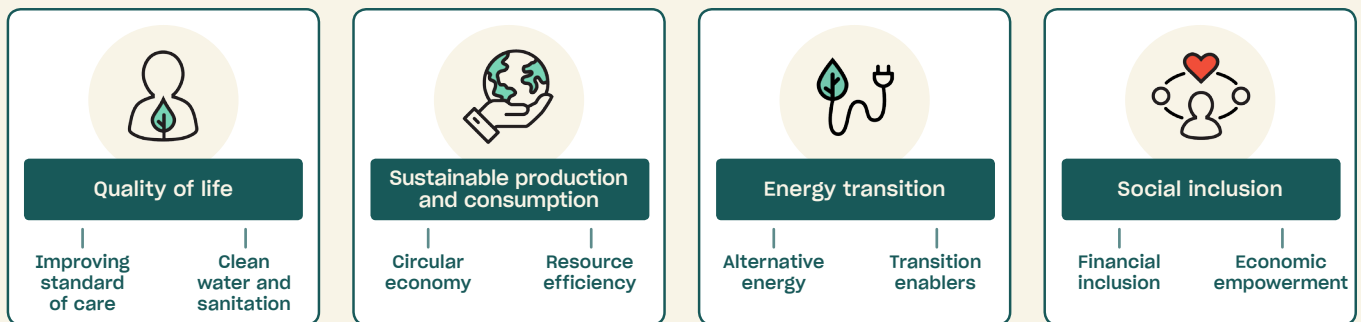


# Themes.

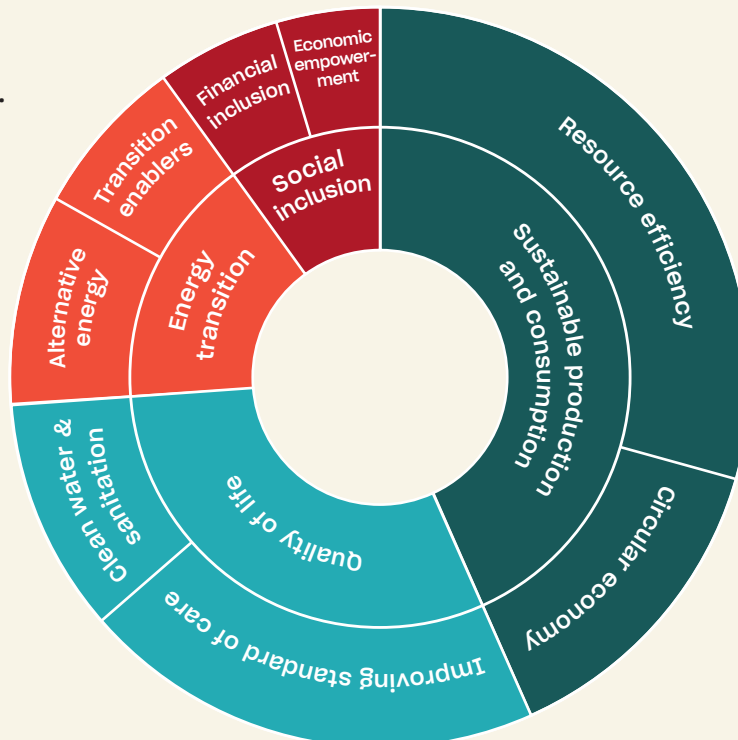
## A globally diversified portfolio.

The Global Impact Fund invests in a globally diversified portfolio of publicly listed securities, selected for their potential to compound shareholder value by offering goods and services that deliver positive social and/or environmental impact. We've adopted a thematic approach to investing, prioritizing long-term trends and structural shifts. We focus our themes on investable areas that address pressing global challenges, empowering our clients to actively drive positive change while achieving financial returns over the long-term.

### 1. Themes.



### 2. Theme allocations.





### 3. Thematic mapping.


#### Sustainable development goals: thematic mapping

<b>Sustainable production and consumption</b>	<div style="display: flex; justify-content: space-between;"> <div style="width: 15%;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="width: 15%;"> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="width: 15%;"> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="width: 15%;"> <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="width: 15%;"> <p>15 LIFE ON LAND</p> </div> </div>
<b>Quality of life</b>	<div style="display: flex; justify-content: space-between;"> <div style="width: 15%;"> <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="width: 15%;"> <p>6 CLEAN WATER AND SANITATION</p> </div> <div style="width: 15%;"> <p>5 GENDER EQUALITY</p> </div> <div style="width: 15%;"> <p>1 NO POVERTY</p> </div> <div style="width: 15%;"> <p>10 REDUCED INEQUALITIES</p> </div> </div>
<b>Energy transition</b>	<div style="display: flex; justify-content: space-between;"> <div style="width: 15%;"> <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="width: 15%;"> <p>13 CLIMATE ACTION</p> </div> <div style="width: 15%;"> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="width: 15%;"> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="width: 15%;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> </div>
<b>Social inclusion</b>	<div style="display: flex; justify-content: space-between;"> <div style="width: 15%;"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="width: 15%;"> <p>5 GENDER EQUALITY</p> </div> <div style="width: 15%;"> <p>10 REDUCED INEQUALITIES</p> </div> <div style="width: 15%;"> <p>1 NO POVERTY</p> </div> <div style="width: 15%;"> <p>4 QUALITY EDUCATION</p> </div> </div>



# Energy transition.

Decarbonizing the energy sector is a critical step toward achieving net-zero emissions and effectively combatting climate change. Alternative energy companies and cleantech-focused businesses will play a crucial role in the transition to a low-carbon future.

Impact theme	Sub-theme	Impact	Investment universe
 <b>Energy transition</b>	<b>Alternative energy</b>	<ul style="list-style-type: none"><li>• Avoided or reduced GHG emissions</li><li>• Improved energy security</li><li>• Reduced air pollution</li><li>• Limit climate change loss</li><li>• Limit biodiversity loss</li></ul>	<ul style="list-style-type: none"><li>• Wind</li><li>• Solar</li><li>• Electric utilities</li><li>• Renewable energy operators</li><li>• Renewable energy distributors</li><li>• Industrial gas</li></ul>
	<b>Transition enablers</b>	<ul style="list-style-type: none"><li>• Increased energy efficiency</li><li>• Grid modernization and improved grid resiliency</li><li>• Cost savings</li><li>• Enhanced innovation</li></ul>	<ul style="list-style-type: none"><li>• Inverters</li><li>• Semiconductors</li><li>• Automation</li><li>• Digital systems</li><li>• Industrial software</li><li>• Smart grids</li><li>• Energy storage</li><li>• Charging technology</li></ul>



## Company spotlight – Boralex.

### The global context: a critical moment for climate action.

To date, 2010 to 2019 was the warmest decade on record, bringing with it increased occurrences of wildfires, hurricanes, droughts, floods, and other climate-related disasters. If global emissions remain unabated, climate change will cause average global temperatures to reach 3° C above pre-industrial levels. Beyond 3° C every ecosystem will be adversely affected. We would see sea levels drastically rise, desertification, frequent intense heatwaves, extreme storm surges, and other severe weather events. This growth in climate-related events is likely to impact the lives and livelihoods of billions of people. The Institute for Economics & Peace (IEP) predicts that 1.2 billion people could be displaced globally by 2050<sup>1</sup> due to climate change and natural disasters.

As the world confronts the urgent need to reduce carbon emissions and transition to sustainable energy, renewable electricity providers are playing a critical role.

### Boralex: scaling renewable energy globally.

Boralex is a renewable energy company with a mission to provide renewable and affordable energy for all. They specialize in wind, solar, hydroelectricity, and energy storage. Headquartered in Quebec, Boralex is both an energy producer and site operator. In addition to projects across Canada, Boralex has expanded its business to the U.S., France, and the U.K.

As a major player in the renewable energy space, Boralex is contributing to scaling the production of clean energy, bringing online much needed storage projects, working to improve energy efficiency, and innovating further solutions for emissions reduction.

Global electricity consumption currently accounts for approximately 40 per cent of all carbon dioxide emissions, despite just 20 per cent of final energy consumption being in the form of electricity. As the economy moves to electrification, the demand for electricity—in particular, electricity from renewable sources—is expected to increase significantly. As a producer of electricity from 100 per cent renewable sources, Boralex is well-positioned to actively contribute to the energy transition and help avoid the disastrous consequences of unabated climate change.

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<sup>1</sup> [Ecological-Threat-Register-Press-Release-27.08-FINAL.pdf](#)

## Boralex impact measurement.



Primary United Nations (UN) Sustainable Development Goal (SDG) alignment:  
SDG 7 – affordable and clean Energy.

We estimate the company generates 100 per cent of revenues from renewable energy production and operation, as well as energy storage.

## Impact metrics.

**100%** of electricity sales revenue  
came from renewable energy production.


**1,021,496** tonnes of CO<sub>2</sub>  
avoided through renewable energy production in 2023.

**3,133** megawatts of installed capacity.



# Social inclusion.

Wealth and opportunity disparities across societies, genders, ethnicities, and other groups create significant barriers to full participation in political, economic, and social life. By providing products and services that empower minorities and low-income individuals to engage in the economy, businesses can promote greater economic opportunities, advance gender equality, foster innovation, boost productivity, and enhance social mobility.

Impact theme	Sub-theme	Impact	Investment universe
 <p><b>Social inclusion</b></p>	<p><b>Financial inclusion</b></p>	<ul style="list-style-type: none"> <li>• Increased gender equality</li> <li>• Increased social mobility</li> <li>• Increased formal economy participation</li> <li>• Increased GDP*</li> <li>• Greater access to basic needs</li> <li>• Reduce poverty</li> <li>• Foster entrepreneurship and innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Micro finance</li> <li>• Banks</li> <li>• FinTech</li> <li>• Insurers</li> <li>• Cross-border payments</li> </ul>
	<p><b>Economic empowerment</b></p>	<ul style="list-style-type: none"> <li>• Increased formal economy participation</li> <li>• Increased GDP</li> <li>• Increased innovation</li> <li>• Increased gender equality</li> <li>• Reduce poverty</li> <li>• Foster financial independence</li> </ul>	<ul style="list-style-type: none"> <li>• Digital platforms</li> <li>• Technology</li> <li>• Telecommunications</li> <li>• Job matching agencies</li> <li>• Education</li> <li>• Affordable housing</li> <li>• Child care</li> </ul>

\*GDP - gross domestic product.

## Company spotlight – Nu Holdings.

### The global context: bridging the financial divide.

The World Bank defines financial inclusion as the ability for individuals and businesses to access affordable financial products and services that meet their needs, including transactions, payments, savings, credit, and insurance. Globally, close to 1.4 billion adults are unbanked, meaning they don't hold an account at a financial institution or through a non-bank provider. Financial inclusion serves as a powerful tool for global development by alleviating poverty and stimulating the economy.

Digital financial services (DFS) are financial services that rely on digital technologies for their delivery and utilization by consumers. They're viewed as a key driver of financial inclusion globally.

### Nubank: removing barriers to social inclusion in Latin America.

Nubank (Nu) is Latin America's—and one of the world's—largest digital banking platforms. Nu serves clients across Brazil, Mexico, and Colombia with a full suite of financial products, including credit and debit cards, digital accounts, payments, personal loans, and insurance.

Latin America has a substantial unbanked population, with an estimated 77.1 million adults in Brazil, Mexico, and Colombia lacking access to banking services. This issue stems from various factors, with a major one being the approach of traditional banks. Historically, banks in Latin America have applied homogeneous underwriting methodologies and lacked a customer focus, often resulting in high fees and interest costs for consumers. Consequently, a significant portion of the population has been excluded from the banking system. Notably, Brazil has some of the highest banking fees in the world.

Nu has revolutionized the traditional banking model by providing clients with fully digital, low- or no-fee banking services. Operating entirely through an app and online platforms, Nu eliminates the need for physical locations. The company leverages data and algorithms to run its operations efficiently. Nu is the lowest cost operator in the region, due to the no-branch model and technology advantage.

Nu's financial services specifically target individuals who've been left out of the financial system due to high fees and/or low credit. The company's overall mission is to combat complexity in the banking system and empower customers financially by making payments more convenient, thereby helping them to better organize their finances and control their credit. By offering simple products and services at zero- to no-cost, Nu is increasing the accessibility to the financial system in a region where the population is largely underbanked, contributing to economic stimulation and regional development.

## Nu Holdings impact measurement.



Primary UN SDG alignment: SDG 8 – decent work and economic growth.

100 per cent of revenues are derived from digital banking services aimed at improving efficiency and reducing frictions in the Latin American banking system.

## Impact metrics.

**Customers served: 100 million.**

**Market share: 54%**  
of adult population of Brazil  
(primary market).

**In Mexico, 46%**  
of customers are  
first-time credit card  
holders.


Number of people who  
received their first  
credit card or bank account:  
**5.1 million+.**

**In Colombia, 30%**  
of customers are  
first-time credit card  
holders.



# Sustainable production and consumption.

Humans consume resources every day to live and prosper. While this consumption drives prosperity, it also contributes to climate change, biodiversity loss, and pollution. Businesses providing solutions that reduce waste, reuse and extend resource lifespans, and improve resource efficiency are needed to cut resource use while simultaneously supporting higher levels of consumption.

Impact theme	Sub-theme	Impact	Investment universe
 <p><b>Sustainable production and consumption</b></p>	<p><b>Circular economy</b></p>	<ul style="list-style-type: none"> <li>• Reduction of waste</li> <li>• Increased resource lifecycle</li> <li>• Reduction in GHG emissions</li> <li>• Limit biodiversity loss</li> <li>• Reduce habitat destruction</li> </ul>	<ul style="list-style-type: none"> <li>• Damaged vehicle auctions</li> <li>• Recycling</li> <li>• Biofuels</li> <li>• Agri-food</li> <li>• Used consumer products</li> <li>• Packaging</li> </ul>
	<p><b>Resource efficiency</b></p>	<ul style="list-style-type: none"> <li>• Reduction of waste</li> <li>• Higher standard of living with less resources</li> <li>• More resources to be distributed equitably</li> <li>• Lower costs for consumers and businesses</li> <li>• Reduction in GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>• HVAC</li> <li>• Electricity</li> <li>• Automation</li> <li>• Industrial equipment</li> <li>• Digital systems</li> <li>• Industrial software</li> <li>• Agricultural equipment</li> </ul>

## Company spotlight – Winmark.

### **The global context: advancing the circular economy.**

The traditional take-make-waste economic model is proving unsustainable as global consumption grows. A circular economy offers a transformative alternative, emphasizing the reuse of materials and extending product lifespans to minimize waste. This approach not only reduces greenhouse gas emissions and eases the strain on natural resources but also allows ecosystems to regenerate, supporting long-term environmental and economic health.

The shift to a circular economy presents significant challenges, including the finite lifecycle of products and current technological limitations that prevent the elimination of all waste. However, businesses like Winmark are leading the way in innovating within this space, creating impactful solutions and advancing sustainable economic models.

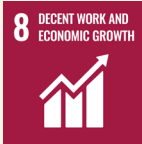
### **Winmark: a leader in circular resale.**

Winmark operates a network of resale franchises, offering consumers a sustainable shopping alternative. Through its brands, such as Play It Again Sports, Plato's Closet, Once Upon A Child, and Music Go Round, Winmark empowers individuals and communities to participate in the circular economy by buying and selling secondhand goods.

Winmark's franchise model enables customers to extend the life cycle of their clothes, sporting goods, and music equipment, keeping these items out of landfills and in use for a longer period. In 2022 alone, Winmark's resale stores purchased over 178 million items, including clothing, toys, books, musical instruments, and sports equipment. This process significantly reduces materials, water, and energy consumption as well as waste generation, helping to cut down on resource use, pollution, and greenhouse gas emissions.

Resale shopping has gained momentum as a sustainable consumer choice, appealing to people across all demographics. This trend is driven by the dual benefits of affordability and environmental responsibility. Winmark capitalizes on this growing demand by creating accessible opportunities for customers to buy and sell used goods within their local communities, without placing additional demands on production. In doing so, Winmark is not just a leader in the resale industry but also a key player in advancing the circular economy, promoting a more sustainable and responsible consumption pattern.

## Winmark impact measurement.



Primary UN SDG alignment: SDG 8 – Decent work and economic growth.

About 90 per cent of revenues are related to resale solutions and services. Offers gently-used clothing, accessories, athletic goods, musical instruments, and toys.

## Impact metrics.

Items recycled/ resold per year:	2022 <b>169 million</b>	2023 <b>182 million</b>
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Total franchised resale stores: at September 28, 2024, there were

**1,343 franchises in operation.**


An additional 82 franchises have been awarded but are not yet open.





# Quality of life.

There are significant inequalities when comparing the quality of life across various populations. Improving quality of life globally is a broad-based goal that targets both developed and developing populations and aims to increase the quality of an individual's daily life.

Impact theme	Sub-theme	Impact	Investment universe
 Quality of life	<b>Improving standard of care</b>	<ul style="list-style-type: none"><li>• Increasing productivity of research and development</li><li>• Improving the quality of routine and critical healthcare</li><li>• Erasing pressure on healthcare systems</li></ul>	<ul style="list-style-type: none"><li>• Laboratory automation</li><li>• Life sciences</li><li>• Medical devices</li><li>• Pharmaceuticals</li><li>• Biotechnology</li><li>• Contract development and manufacturing</li></ul>
	<b>Clean water and sanitation</b>	<ul style="list-style-type: none"><li>• Reduction of wastewater</li><li>• Reduced level of contaminants in drinking water</li><li>• Prevention of transmission of numerous diseases</li><li>• Reduced water shortages</li></ul>	<ul style="list-style-type: none"><li>• Water infrastructure</li><li>• Water equipment and services</li><li>• Water equipment and services</li><li>• PFAS Treatment</li><li>• Hygiene and infection prevention</li></ul>

## Company spotlight – Insulet.

### The global context: improving treatments and increasing accessibility.

The statement “health is wealth” reigns true in a world where access to affordable health care is scarce for even the most developed nations. According to the World Health Organization (WHO), approximately 930 million people are at risk of falling into poverty due to medical costs<sup>2</sup>. By increasing the availability of basic health care services and expanding the definition of the minimum standard of care, we can help populations become healthier and happier. This, in turn, will foster higher levels of productivity and financial prosperity. Enhancing global health care systems, including the affordability and accessibility of services, will ultimately improve the global quality of life.

### Insulet: improving the ease and cost of treating type 1 and 2 diabetes.

Insulet was founded from a father’s vision to improve his diabetic young son’s insulin delivery options. Unsatisfied with existing solutions, he believed there had to be a better way. This vision led to Insulet’s groundbreaking innovation: wearable insulin delivery through Pod therapy. Over time, Insulet refined its technology, culminating in the Omnipod 5 Automated Insulin Delivery System, the first tubeless, wearable automated insulin delivery system in the U.S. It’s demonstrated significant improvements in time in range and reduced hemoglobin A1C levels in children, as shown in trial data presented at the American Diabetes Association’s 82nd scientific sessions in New Orleans, Louisiana.

Dr. Trang Ly, MBBS, FRACP, PhD, Senior Vice President and Medical Director at Insulet, stated, “One of our biggest goals in developing Omnipod 5 was to ease the burden that type 1 diabetes places on families and caregivers of this vulnerable age group.” Multiple studies have shown that, compared to multiple daily injections (MDI), the Omnipod System provides individuals with both type 1 and type 2 diabetes better glycemic control, along with a reduction in the frequency and severity of hypoglycemic episodes. These results align with other published studies on continuous subcutaneous insulin infusion devices.

Additionally, the cost of diabetes treatment remains a significant concern, particularly in the U.S. Insulet’s Omnipod 5 is covered under Medicare Part D, which is processed through pharmacies, eliminating the barriers typically associated with Medicare Part B. This ensures that out-of-pocket costs for patients are considerably lower compared to other pumps and glucose monitors.

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<sup>2</sup> <https://www.who.int/news-room/fact-sheets/detail/primary-health-care>

## Insulet impact measurement.



UN SDG alignment: SDG 3 – good health and wellbeing.

95.6 per cent of revenues are derived from the treatment of chronic-care patients.

## Impact metrics.

U.S. new starts as a percentage that was previously using MDI: 80%.

Global retention rate: **90%**.

U.S. customer monthly average out of pocket pay via pharmacy:  
**<USD\$50.**

Percentage of its revenues from products for the treatment or diagnosis of major diseases of the world:

**95.6%**

This includes products used for the diagnosis and treatment of diabetes.

# Measuring impact.



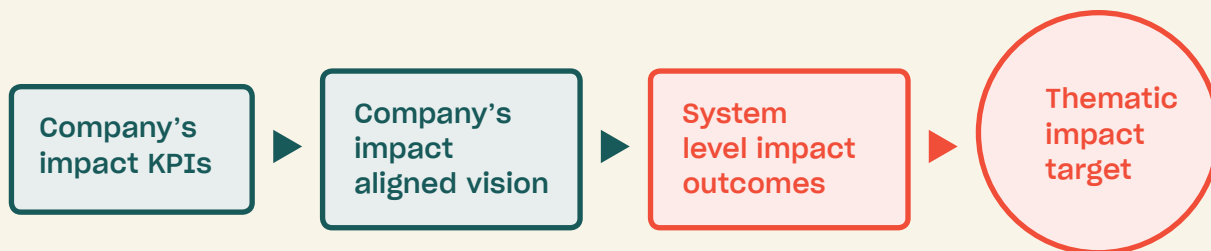
## Social and environmental impacts.

As an impact investor, we focus on tracking both social and environmental impact alongside financial performance, aiming for measurable results alongside strong, risk-adjusted returns.

## Outcomes and impact key performance indicators (KPI).

As it's not feasible to accurately aggregate relevant metrics at the portfolio level, we instead rely on linking each holding's impact-aligned vision (a prerequisite for investment) to system level impact outcomes. Measurement and tracking then takes the form of identifying publicly reported impact or financial metrics that validate the company's impact-aligned vision. Over each portfolio company's holding period, we'll track the impact performance through the year-over-year changes in these metrics. For companies lacking publicly disclosed metrics, we'll proactively engage with them to encourage disclosure. For more on our engagement approach, please see page 21.

We take a system level, thematic approach to impact investing and this is reflected in our impact measurement and tracking. We begin with the overarching thematic impact target for each theme. Next, we define the system level impact outcomes that contribute to the achievement of the thematic impact target. Each company's impact-aligned vision is then mapped to these system level impact outcomes. Finally, we identify a set of impact KPIs that help us ensure the company's current performance and trajectory align with their stated impact vision, which ultimately supports the achievement of these system level impact outcomes.

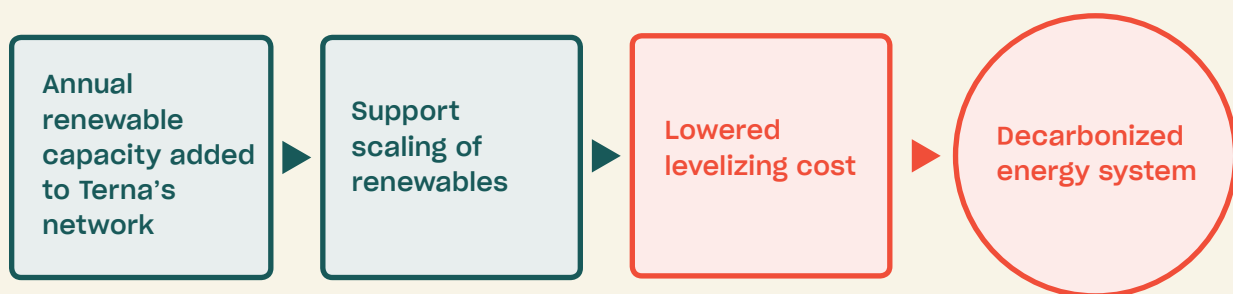


## KPI case study: energy transition – TERNA S.p.A

In our energy transition theme, we target a range of impact outcomes that vary by company, but all support the overarching goal of decarbonizing the energy system. An example of a target impact outcome at the system level is lowering the levelized cost of renewable energy. Achieving this outcome requires scaling renewable energy production.

Terna, Italy's primary energy distribution network, is committed to advancing a clean energy future by supporting and encouraging renewable-based energy production and consumption through the reach of its network. This vision contributes to the achievement of multiple system level impact outcomes, including the lowered levelized cost of renewable energy. To ensure the credibility of the company's impact-aligned vision, we track:

- Annual renewable capacity added to the grid.
- Total energy needs covered by renewable sources.
- Applications for connection to the national transmission grid for new renewable capacity.



## UN SDG alignment.

For each holding, we identify a primary SDG that a company's products and services contribute to, along with any relevant secondary SDGs. When possible, using publicly available metrics or data from providers, we estimate the percentage of a company's revenue linked to the SDG. This estimate is typically based on revenue segment data or from our knowledge of the company's business lines.

### Primary SDG – portfolio allocation.



# Shareholder engagement.



Our shareholder engagement with holdings in the fund focuses on improved reporting disclosures and performance on identified impact metrics. The four main approaches used are as follows:

**1. Impact metrics disclosure approach.**

- a. Engage to improve disclosure of impact metrics.

**2. Impact targets disclosure approach.**

- a. Engage to set impact related targets.

**3. Impact metrics performance approach.**

- a. Engage to improve performance against impact metrics and progress towards reaching targets.

**4. General ESG engagement approach.**

- a. Engage with companies using our standard shareholder engagement approach.
- b. Initiate engagement with names when opportunities arise or when a specific ESG risk is identified.

## **Engagement case study: sustainable production and consumption – Trane Technologies.**

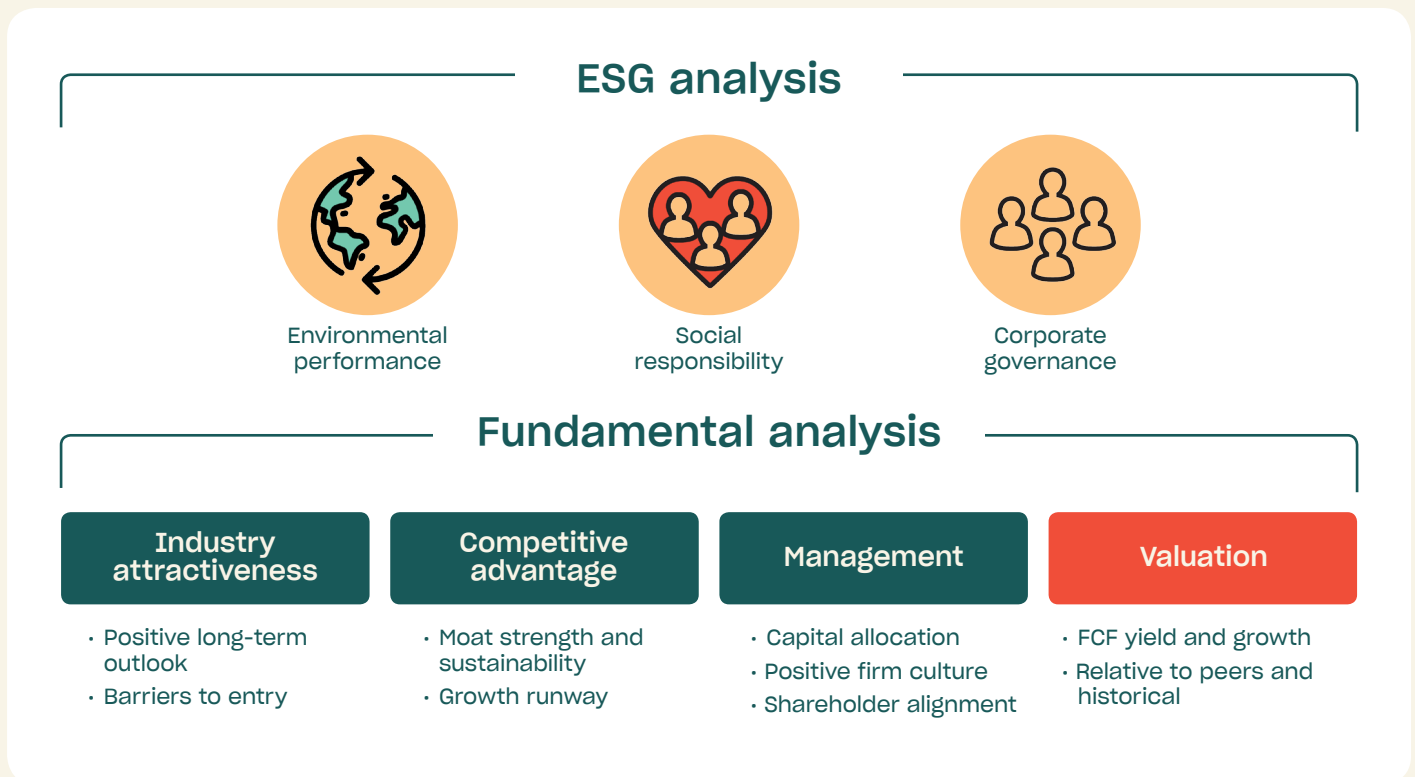
### **Trane Technologies Climate Action 100+**

As part of Climate Action 100+ (CA100+), an initiative focused on 168 companies pivotal to the net-zero transition, we serve as a co-lead in the Trane Technologies investor engagement group. In this role, we're working to further strengthen the company's climate-related disclosures. Trane is a recognized leader in best practices and has already committed to setting science-based targets. Engaging with Trane offers a valuable opportunity to learn from an industry leader on effective policies and strategies for emissions reduction.

# Impact, fundamental, and ESG process.



- a. To achieve our goal of a truly positively impactful public equities portfolio, we started with our quality investing philosophy and our ESG analysis process, which is used across all of our funds.



- b. We then added an extra emphasis on the services and goods outputs of a business. In particular we looked for companies who produce measurable impact, so we can demonstrate to our clients how their investment is going toward generating positive and continuous impact.
- c. By following this integrated, multi-dimensional process, we ensure that our investment decisions are well-informed, impactful, and aligned with our mission to create a better, more sustainable future.
- d. Transparency is key to our approach. We regularly report on the financial and impact performance of the fund, providing investors with clear insights into how their capital is driving positive change, while delivering strong returns.



# Portfolio construction.



Portfolio construction is a key risk mitigator in public equity portfolios as it ensures proper diversification across sectors and individual stocks, reducing the impact of any single investment's volatility on overall performance. By focusing on high-conviction names with attractive valuations, the approach ensures investments with strong growth potential and favorable pricing are given higher weight, maximizing returns while minimizing exposure to overvalued companies. This disciplined allocation helps maintain a well-diversified, risk-adjusted portfolio with a focus on quality investments.

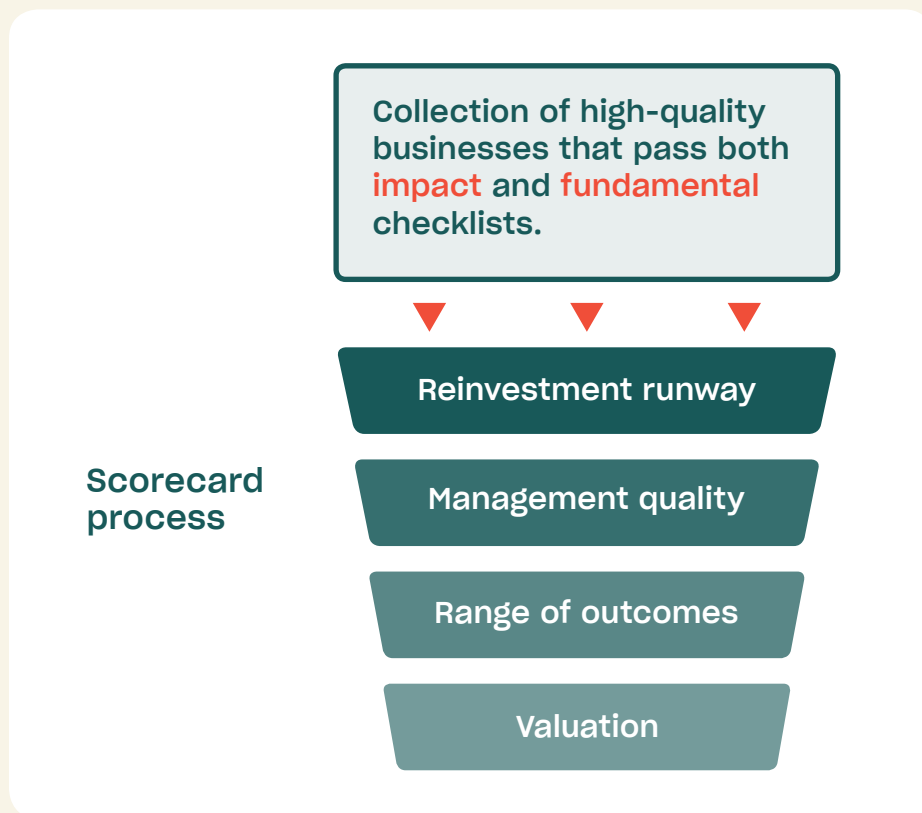
**“It’s not whether you’re right or wrong that’s important, but how much money you make when you’re right and how much you lose when you’re wrong.”**

— Warren Buffett



## Fundamental scoring.

- i. The key fundamentals we consider and score companies on to help formulate our weightings include industry trends, moat strength and trend, management and capital allocation, range of outcomes, and, of course, valuation.
- ii. Each factor is scored on a one to five scale and brought together to form a conviction score that allows us to rank our companies and inform our position sizing, while taking into consideration relative conviction and expected total return.



# Top 10 holdings.



Company	Impact thesis
Deere & Company	<p>In agriculture, efficiency and sustainability go hand in hand. As a result, Deere &amp; Company is constantly investing in improving the efficiency of their machines to help their consumers be more productive. The company creates technology that helps its consumers do more with less, a key component of sustainable production. One of Deere’s focuses is on precision agriculture which is the process of collecting and analyzing a large amount of data to improve the precision and productivity of farming. It’s technically not a separate school of thought versus regenerative agriculture, and precision technologies can be applied to adopt regenerative practices. The difference is that most precision technologies are focused on improving yield and minimizing production costs today, which could help reduce emissions (on the back of less fertilizer use). From an economics perspective, precision agriculture improves yield and productivity almost immediately, which helps explain its wide adoption compared to regenerative agriculture.</p>
Waste Management Inc.	<p>Waste Management has earmarked nearly \$3 billion of capital expenditures to expand its renewable energy and recycling operations. By 2026, management expects its landfill gas-to-renewable natural gas and recycling projects to deliver earnings before interest, taxes, depreciation, and amortization (EBITDA) of \$510 million and \$290 million, respectively.</p>
Copart Inc.	<p>Although the word automobile generally lies outside our ESG mandate, in the case of Copart, the company earns high returns on capital by recycling cars already in circulation, effectively reducing the lifetime carbon footprint of a vehicle owner. Copart leverages about 10,000 acres of land across 200 plus salvage yards and sells about three million vehicles each year to buyers from more than 190 countries. About eighty per cent of salvaged vehicles are from insurance companies while the remaining twenty per cent come from non-franchise auto dealers, finance companies, rental car companies, and charities.</p>
Insulet Corp.	<p>Insulet brought the first truly wearable, automated, insulin delivery system controlled by a phone, to market—the Omnipod. Several publications have found that when compared to MDI therapy, individuals with both type 1 and type 2 diabetes who use the Omnipod System maintain good glycemic control and a reduced frequency and severity of hypoglycemic episodes. These results are consistent with published literature of other continuous subcutaneous insulin infusion devices. Additionally, we believe the Omnipod System increases the standard of care for patients by:</p> <ul style="list-style-type: none"> <li>• reducing the number of days needed to inject (one pod replaces about 14 injections)</li> <li>• tracking insulin levels while increasing the level of precision in terms of accurate insulin injection</li> <li>• reducing the mental burden associated with living with insulin-dependent diabetes (About 300 decisions are made per day to manage glucose levels.)</li> </ul>

<p>Badger Infrastructure Solutions</p>	<p>Badger is North America's largest provider of non-destructive excavating and related services. Using hydrovacs, a high-pressured water/vacuum system to simultaneously excavate and remove debris, it provides a more environmentally friendly alternative to traditional excavation methods like those involving heavy machinery and explosives. Hydrovac excavation's importance is expected to grow due to its safety, environmental friendliness, precision, efficiency, and ability to meet the growing demands of urban development and infrastructure maintenance.</p>
<p>TERNA S.p.A.</p>	<p>Spending on power grids today in the four largest European countries has increased by approximately 80 per cent in the past five years and is expected to more than double by 2030 due to renewable integration, aging infrastructure, and power demand from the increase of electrification in industrial, transport, and buildings sectors. As the main distribution network in Italy, Terna's projects to modernize the grid will become critical in enabling the energy transition.</p>
<p>MercadoLibre Inc.</p>	<p>MercadoLibre's purpose is to democratize commerce and financial services to transform the lives of millions of people in Latin America. The MercadoLibre ecosystem is the main source of income for about 900,000 families in Latin America, and at least one of the tools offered by MercadoLibre contributes to the revenue of over 500,000 small and medium sized enterprises in the region. According to the World Bank, only 55 per cent of Latin Americans have a bank account and Mercado Pago (fintech) has about 65 million users on its platform.</p>
<p>ATS Corp.</p>	<p>ATS Corp is a leader in automation solutions with customers spread across hundreds of regulated end-markets including electric vehicle manufacturers, life sciences, food and beverage companies, renewable energy, and consumer products. ATS helps its customers improve production yield (less product defects and faster output), reduce waste (waste is costly), and reduce costs (often aligned with reducing energy consumption).</p>
<p>Winmark Corp.</p>	<p>As people grow increasingly concerned with their individual impacts on the environment, secondhand resale shopping has skyrocketed in popularity as a more sustainable shopping alternative. Resale shopping attracts consumers from all economic levels. There is no typical resale shopper, just as there is no typical resale shop. No one is immune to the excitement of finding a treasure and saving money. Through Winmark's various resale franchises, they allow customers to contribute to a more circular economy.</p>
<p>Stantec Inc.</p>	<p>Shifting work environments, decarbonizing the global economy, climate and sustainability, upgrading public infrastructure, and technological evolution are some of the long-term trends requiring large and complex engineering projects. Stantec offers the services that make these projects possible to aid in changing environments.</p>

# Final remarks.



As we reflect on the past year, we're proud of the continued progress and resilience demonstrated by our fund in achieving both financial and impact-driven objectives. Despite a dynamic and often volatile market environment, our commitment to delivering long-term value to our investors, while fostering positive social and environmental outcomes, remains unwavering.

This year, we've made significant strides in our pursuit of aligning financial performance with measurable impact. By investing in companies that not only exhibit strong growth potential but also prioritize sustainability and positive societal contributions, we've reinforced the foundation of our unique investment approach. Our portfolio continues to be driven by businesses that are contributing to key areas, such as renewable energy, health care accessibility, and circularity, which we believe are critical to the future of our global economy.

While market conditions remain unpredictable, we're optimistic about the opportunities ahead. The increasing global focus on going beyond ESG considerations presents a clear path for the continued growth of the impact investing landscape. Our strategy remains centred on identifying and supporting innovative companies well-positioned to lead in this rapidly evolving environment.

We'd like to thank our investors for their trust and support, as well as the talented companies in our portfolio for their commitment to driving meaningful change. We're excited to continue our journey together, advancing both financial success and social good.

## Disclaimer

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