

RESPONSIBLE INVESTMENT REPORT

2018-2019

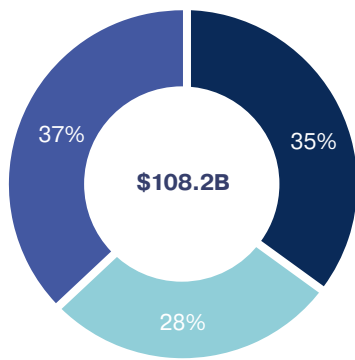


Every day, AIMCo has the distinct privilege and responsibility of investing a group of public pensions plans and government funds on behalf of the Province of Alberta. Our 31 pension, endowment and government clients deserve excellence. We are entrusted with stewarding the assets of the Alberta Heritage Savings Trust Fund, a sovereign wealth fund reserved for the people of Alberta, and more than 368,000 public sector employees and pensioners count on us to safeguard their future prosperity.

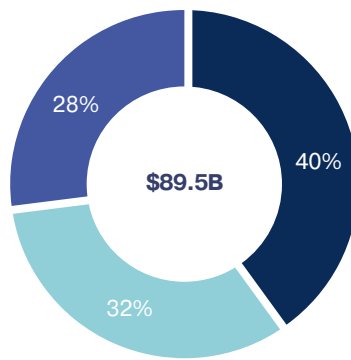
Our duty drives us to deliver high-quality investment management services every day, with an eye to our clients' future.

Asset Mix

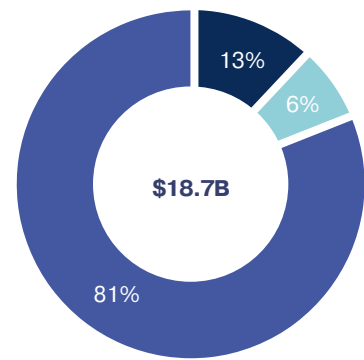
For calendar year ending December 31, 2018



AIMCo Total



Balanced Funds



Government & Specialty Funds

● **Money Market & Fixed Income**
 Money Market, Fixed Income,
 Mortgages, Real Return Bonds,
 Private Debt & Loan

● **Public Equities**

● **Illiquid Markets**
 Infrastructure, Real Estate,
 Renewable Resources,
 Private Equity

What is Responsible Investment?

Responsible investment is focused on enhancing and protecting long-term stakeholder value by considering the impact of environmental, social and governance (ESG) factors on investment risk and performance, alongside traditional financial and economic analysis. The implementation of responsible investment varies by asset class, but our guiding philosophy remains the same: the consideration of ESG factors enables better informed investment decisions and supports long-term stakeholder value.

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2018–2019 Responsible Investment Highlights

RECOGNITION & AWARDS



Earned A+ in 9/14 categories in the Principles of Responsible Investment Survey 2019



Received Top 25 Most Responsible Asset Allocator Award 3 Years in a Row

STEWARDSHIP



Voted on 30,000+ Ballot Items at Meetings in 59 Countries



Conducted 132 Engagements with 111 Companies



Active Member in 10+ Global RI-focused Organizations



Contributed to Global & National Sustainability Consultations

ESG ANALYTICS



Conducted ~\$4B in Private Equity ESG Due Diligence



Created an ESG Heatmap & Dashboard for External Managers



Conducted a Carbon Footprint Analysis on AIMCo holdings

INITIATIVES



Co-Founder of the G7 Investor Leadership Network



Facilitated a Local International Women's Day Workshop



Organized a Water Risk Workshop with Alberta WaterSmart

The annual responsible investment report offers a welcome opportunity to reflect on our responsible investing achievements to date and to share our strategy going forward.

As a signatory to the UN-backed Principles for Responsible Investment (PRI), we committed to integrate consideration of environmental, social and governance (ESG) factors across investment decision-making processes and in our active management strategies through stewardship, engagement and advocacy. The scope of responsible investment at AIMCo continues to build across asset classes and throughout the investment process while the industry evolves, as does AIMCo's leadership in the space.

Our approach to responsible investment is guided by our fiduciary duty, our core values and a long-term investment horizon. Our first priority is our clients. Our objective is not to merely identify ESG risk and opportunity, but to actively contribute, through our responsible investment activities, to better investment outcomes for Albertans.

Transparency is a key value for AIMCo and is essential to appropriately manage and price risk. Much of our responsible investment activity is focused on encouraging companies to improve their ESG related disclosure, whether on board diversity, cybersecurity or climate-related financial disclosure. Last year we added two key ESG focus areas: data privacy, now considered a fundamental human right; and water risk, an outcome of climate change.

We recognize the role that investors play in promoting sustainable deal-flow and participated in consultations,

such as for the Expert Panel on Sustainable Finance. To date, we have invested over \$2 billion in the renewable energy sector while continuing to support the business case for investing in oil and gas during the global transition to the low carbon economy.

AIMCo actively collaborates with peers and contributes to responsible investment thought leadership. We are proud of AIMCo's record in charting new ESG frontiers, whether by our contributions to the G7 Investor Leadership Network in promoting diversity, sustainable infrastructure and climate disclosure, or by our leadership in organizations such as the Canadian Coalition for Good Governance, GRESB and the International Corporate Governance Network.

This year our Chief Corporate Officer, Angela Fong, and our Chief Financial Officer, Robin Heard, joined our Responsible Investment Committee, helping us to further align our investment initiatives with our internal organizational activities — to ensure we 'walk the talk' on our ESG focus areas.

We hope that this report serves to inspire confidence that we are on the track to address ESG challenges and opportunities over the long term. Albertans deserve nothing less.

Sincerely,



Kevin Uebelein
Chief Executive Officer



Bretton Woods II Responsible Asset Allocator Initiative

AIMCo received the top 25 leadership award from the Responsible Asset Allocator Initiative (RAAI) for a third straight year. The RAAI index assesses the strategies of the world's largest long-term investors with regards to ESG issues. We are proud to stand together with this group of asset allocators that set the global standard for responsible investing.

Today, the business case for paying attention to material, industry-specific environmental, social and governance (ESG) metrics is widely recognized and features in financial regulators' and policymakers' agendas. Simply put, AIMCo believes businesses that appropriately address ESG issues are better positioned to offer superior risk-adjusted returns and long-term value for our clients.

Over the years we have increasingly integrated ESG considerations into our investment activities. We exercise shareholder voice by voting on publicly traded shares and engaging with companies. We also monitor external managers ESG practices, conduct ESG research and ESG due diligence has become embedded in our deal review and approval process for private equity and is gradually extending to other asset classes. We recently added a number of sustainability-related investments, including several with a renewable energy focus to our Fixed Income and Infrastructure portfolios.

We continue to develop and refine ESG tools and processes to help us better monitor ESG factors. Our strategy for climate change, a key ESG focus area, includes measuring the carbon footprint of our portfolios, engaging with companies and reporting our results.

We have adopted energy, water and waste metrics and targets for our domestic real estate holdings. These activities are consistent with the recommendations of the

Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD). We also encourage our real estate and infrastructure assets and funds to participate in the annual GRESB survey, which measures sustainability factors. AIMCo's Real Estate team goes a step above with its environmental targets. Today, AIMCo ranks as one of the most responsible asset allocators globally.

By championing a "voice over exit" approach and participating in engagement and advocacy efforts, we promote responsible business practices, better corporate governance and more sustainable financial markets on behalf of our clients. Our responsible investing journey is ongoing, and it's a story we are proud to share with you.

Sincerely,



Dale MacMaster
Chief Investment Officer

Key Success Drivers



RI & Investment Performance

- Focusing capital on long-term
- Identify ESG risk/value
- Active ownership

RI & Client Satisfaction

- Inspire client confidence
- Deliver on RI-related client objectives
- Quality client reporting

RI & Doing Business the Right Way/People

- Exercise shareholder voice
- Voice over exit
- Engagements & advocacy

RI & AIMCo's Strategic Plan

- RI as an opportunity to add value to clients
- Demonstrate RI leadership progress & collaboration on ESG integration



Responsible Investment at AIMCo

Our Philosophy

AIMCo's approach to responsible investment is guided by our fiduciary duty to clients, our long-term investment horizon, and our vision and core values. As a signatory to the UN-backed Principles for Responsible Investment (PRI), we are committed to integrating environmental, social and governance (ESG) factors into our investment processes, active ownership and engagement practices, to advocate and collaborate to promote the Principles and to demonstrate transparency by reporting on our responsible investing activities.

Fiduciary Duty

Today there is a widespread acknowledgement that ESG factors contribute to financial risk and performance as well as to systemic risk. We base our investment decisions on anticipated risk-adjusted performance, but we also consider the positive or negative impact that ESG factors are likely to have on long-term risk and return.

Long-Term Investment Horizon

We focus on the preservation of capital over the long-term to enable our clients to meet their financial obligations. AIMCo invests pension funds—serving over 368,000 beneficiaries as well as government funds on behalf of all Albertans.

Vision & Core Values

AIMCo's vision is to enrich the lives of Albertans by building prosperity, security and opportunity across generations. Bringing our core values to life is one of our most important priorities.

Humility

Excellence

Integrity

Collaboration

Transparency

Responsible Investment Pillars



ESG Focus Areas



Environment

CLIMATE CHANGE



Social

HEALTH & SAFETY AND HUMAN RIGHTS

DATA PRIVACY



Governance

SHAREHOLDER RIGHTS

BOARD QUALITY & DIVERSITY

Responsible Investment Structure

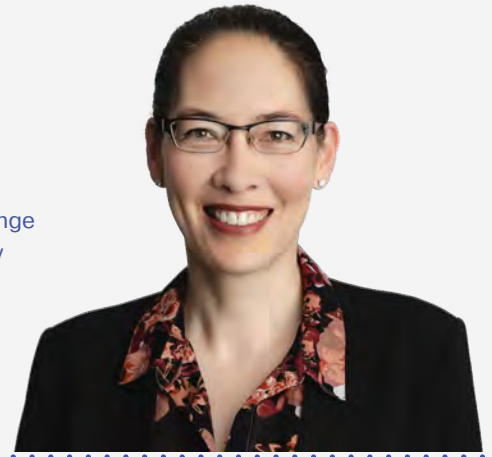
The AIMCo Board of Directors approves the responsible investment policy which applies to all assets under management. Our Responsible Investment Committee (RIC), chaired by our CEO and comprised of senior executives from across the organization, is responsible for broad oversight of our responsible investing strategy, policies, guidelines and our ESG focus areas. The approach to ESG integration varies with each asset class and the portfolio investment strategy.

In 2018, the RIC welcomed AIMCo's Chief Corporate Officer and Chief Financial Officer as new voting members demonstrating further alignment of our responsible investment activities with the organization.

AIMCo's RI Team is tasked with the day-to-day implementation of our responsible investing strategy and reports directly to AIMCo's CIO.

“Institutional investors have a unique opportunity to lead by example, effect real change and have meaningful global influence. The alignment of AIMCo's corporate strategy and core values with our responsible investing strategy demonstrates that we are ‘walking the talk’ on ESG integration.”

Angela Fong
Chief Corporate Officer



Responsible Investment Team

RI Team (from left to right):

Ekin Atinc, *Analyst*; **Ashton Rudanec**, *Analyst*; **Viridiana Ramirez Lopez**, *Analyst*;
Martin Kholmatov, *Senior RI Specialist*; **Alison Schneider**, *Director*;
Erikk Opinio, *Analyst*; **Adewunmi Adekanmbi**, *Intern*



Global Corporate Governance & ESG Regulatory Updates

Globally, regulators are taking action in response to the demand for improved corporate governance and standardized ESG reporting in financial markets. The European Union has taken the lead in developing a sustainable finance taxonomy, with other jurisdictions including Canada slated to follow suit. Securities regulators have been adopting disclosure requirements for women on boards and other diversity measures. AIMCo reviews and periodically updates our proxy voting guidelines to reflect corporate governance best practices and is an active contributor to consultations informing the continued evolution of the global corporate governance and ESG reporting landscape.



Canada

Bill C-97 requires companies governed by the Canada Business Corporations Act (CBCA) to hold annual, non-binding, say-on-pay votes (passed April 2019).

Bill C-97 also requires CBCA incorporated firms to provide disclosures on diversity targets, policies and practices (includes gender, aboriginal persons, minorities and persons with disabilities) under a "comply or explain" basis. Canada is the first global jurisdiction to require this.

Canada's Expert Panel on Sustainable Finance released its final report in an effort to better position Canada for the transition to a "climate-smart" economy (June 2019).

The Redwater decision was overturned by the Supreme Court of Canada creating uncertainty for oil and gas investors and creditors (January 2019).

Europe

The EU Taxonomy was released with the aim of increasing transparency & consistency of sustainability reporting (June 2019).

The EU Shareholder Rights Directive II came into effect. Updates require investors to disclose their engagement policies, and proxy advisors must adopt a code of conduct (June 2019).

United States

Bill 964 requires the two biggest pension funds in California to report on material climate-related financial risks (September 2018).

Bill 826 requires all California issuers to have at least one woman on the board by the end of 2019 (September 2018).

United Kingdom

The Department of Work & Pensions requires Trustees to disclose the extent to which non-financial matters are considered in the investment process and their engagement policies with investee firms (October 2019).

From 2020 on, UK listed companies with over 250 employees will be required to annually disclose the ratio of the CEO's total remuneration to the 25th, median and 75th percentile of employees (January 2019).

The revised UK Corporate Governance Code recommends FTSE company boards promote diversity (January 2019).

India

Starting 2019, boards of the top 500 issuers are required to have at least one independent female director. From April 2020 on, companies will be mandated to separate the Chair and CEO roles.

Japan

The revised Corporate Governance Code requires boards to commit to ESG disclosure and to clarify the board's responsibility for succession planning (June 2018).

Australia

The ASX requests issuers with material climate change exposures to improve their disclosure of climate risk in accordance with the TCFD recommendations (February 2019).

ASX issuers must disclose a gender diversity policy with targets for executives and employees.

Investment Process: Proxy Voting

Proxy voting on our publicly held assets is a key responsible investment activity which allows AIMCo to exercise shareholder voice on behalf of our clients to promote sustainable, long-term value. We strive to demonstrate robust proxy voting processes. In evaluating ballot items, we consider multiple inputs: our bespoke proxy voting guidelines, proxy research from two service providers and a process of internal consultations with portfolio managers and/or the RI team. We always vote with our clients' best interest in mind and do not always agree with investee firms' management, or the recommendations of proxy service providers. We support reasonable shareholder proposals that align with our assessment of the company's ESG risks and opportunities. AIMCo's proxy voting guidelines, voting record and rationale are available at www.aimco.alberta.ca

2018 to 2019 Proxy Voting Season Performance



Reviewed and approved over 30,000 ballot items



Voted on 99% of the 3,324 meetings across our portfolios

Year-Over-Year Change in Number of Meetings (2016 - 2019)



Key Proxy Voting Topics

GENDER DIVERSITY

Investors are pushing for gender diversity at the board and management level at investee companies. California and India joined a growing list of jurisdictions introducing quotas for female directors on corporate boards. In 2018, we updated our proxy voting guidelines. Subject to discretion, we will vote against/withhold from directors in developed country markets where issuers have less than 20% women on their board. This threshold will move upwards to 30% by 2022.

AIMCo Votes Against/Withheld for Lack of Board Gender Diversity⁽¹⁾



(1) For all meetings with director elections in Canada, the United States, Europe and Australia

CLIMATE CHANGE

There is an increasing recognition and awareness of climate change as a systemic risk with impacts across industries, countries and time horizons. Between 2018-2019, AIMCo supported 32% of climate-related SHPs. We do not support SHPs that appear overly prescriptive and/or duplicative. In one instance, we voted against a SHP requesting report on its carbon reduction strategy, which sounds reasonable; however, after evaluating the company’s current disclosure practices, we determined that they were adequate.

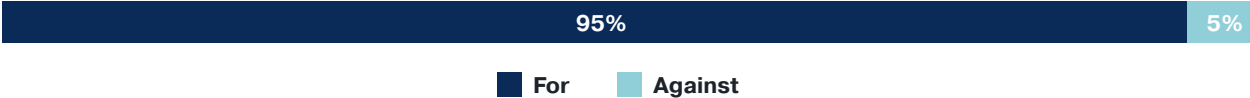
AIMCo’s Support for Climate-related SHPs



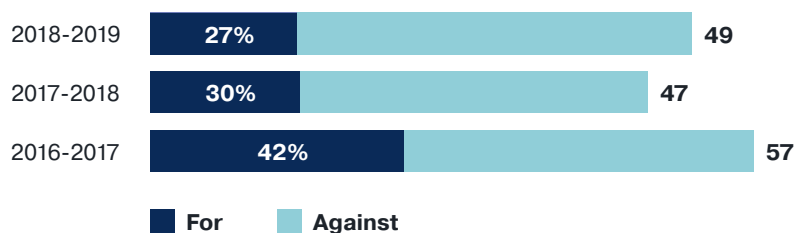
EXECUTIVE COMPENSATION

This proxy season AIMCo supported 95% of Say-on-Pay (SOP) proposals at Canadian issuers. AIMCo co-filed two shareholder proposals requesting companies adopt SOP — one was subsequently withdrawn when the issuer agreed to adopt SOP, and the other, filed at Linamar Corporation (TSX: LNR) proceeded to a vote. This marked the first SHP filed by AIMCo that advanced to a vote. It garnered ~40% support, representing a clear majority of non-controlling shareholders.

AIMCo’s Support for Say-On-Pay Proposals at Canadian Issuers

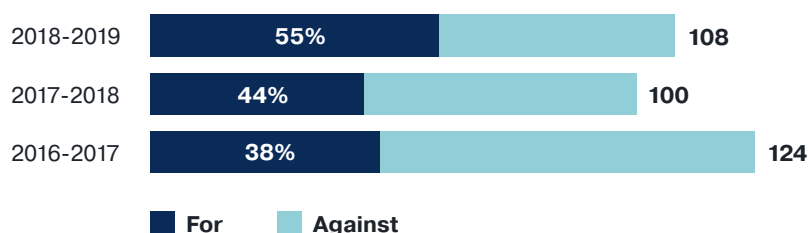


Environmental Shareholder Proposals (% Votes For)



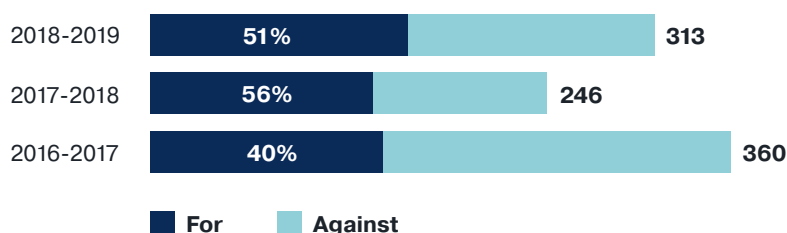
Our support for environmental shareholder proposals (SHPs) is consistent year-over-year. Approximately 51% of environment-themed SHPs we voted on related to firms' governance and management of climate change risks.

Social Shareholder Proposals (% Votes For)



This proxy season, we voted on a higher number of social-themed SHPs. Our support for these proposals increased by 11% as we witnessed a trend of reasonable SHPs requesting evidence of fair employment practices and responsible practices throughout the supply chain.

Governance Shareholder Proposals (%Votes For)



Our support for governance-themed SHPs account for over 50% of all proposals we vote on, consistent with prior years. Globally, the call for enhanced shareholder rights through proxy access- the right to act by written consent and to call special meetings, continues to grow.

Notable Environmental Proposal: Laurentian Bank Of Canada

AGM Date: 04/09/2019

Proposal: That the Company disclose TCFD-aligned information in its next annual report.

AIMCo Vote: For

Rationale: AIMCo supports climate-related financial disclosures in alignment with the TCFD recommendations.

Notable Social Proposal: Macy's Inc.

AGM Date: 05/07/2019

Proposal: That the company publish a report assessing human rights risk throughout the its operations and supply chain.

AIMCo Vote: For

Rationale: Assures shareholders that the company is appropriately managing human rights and associated risk.

Notable Governance Proposal: Southwest Airlines Co.

AGM Date: 05/15/2019

Proposal: That the Company amend its proxy access bylaw.

AIMCo Vote: For

Rationale: Proposed amendments would enhance shareholder rights while safeguarding the nomination process.

Asset Class Spotlight

Public Equities

The diversified nature of our portfolios calls for a tailored approach to manage relevant ESG risks and opportunities across industry sectors, jurisdictions and investment strategies. For internally managed portfolios, we monitor ESG ratings and portfolio managers are informed as significant changes occur. The RI team prepares corporate and country ESG snapshots to further inform investment analysis. Our ongoing ESG research findings inform AIMCo's engagement criteria and active ownership strategies. For externally managed funds, the RI team developed a comprehensive heatmap and dashboard to assess fund managers' and investee companies' ESG performance and practices.

AIMCO'S EXTERNAL MANAGER ESG MONITORING TOOLS

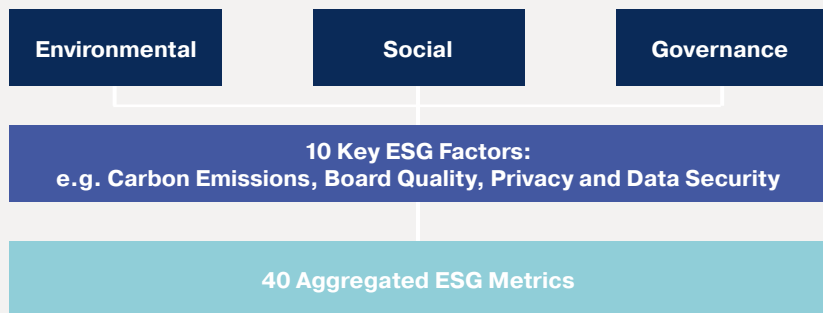
Fund-Level Heat Map

The heatmap helps portfolio managers evaluate an external manager's governance of ESG and ESG integration efforts over time.

Three Key Pillars	Seven Indicators
Fund ESG Governance	Board & ESG Accountability
	ESG Policies & Guidelines
Investment Process	ESG in Due Diligence
	ESG Integration
	Materiality of ESG
Active Management	Engagement & Advocacy
	Portfolio ESG Quality

Portfolio-Level Dashboard

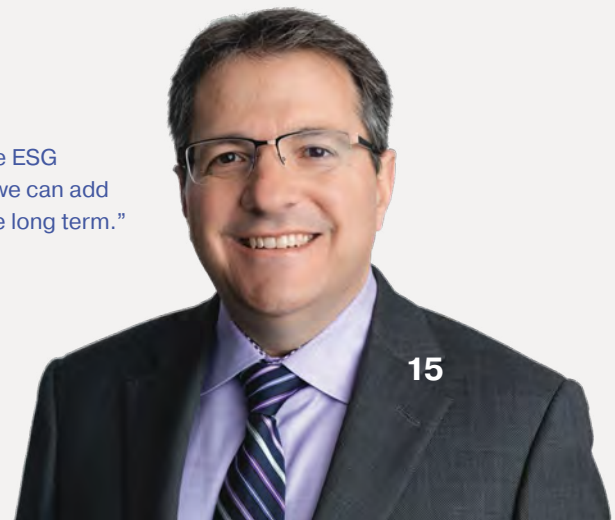
The portfolio-level dashboard is a quantitative assessment of the ESG quality of the external manager's portfolio compared to the ESG quality of its investment benchmark.



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“AIMCo continues to develop tools and processes to understand and assess the ESG profile of our public equities portfolios. By viewing them through an ESG lens, we can add value to our financial analysis to ultimately protect our clients' interests over the long term.”

Peter Pontikes
Executive Vice President, Public Equities

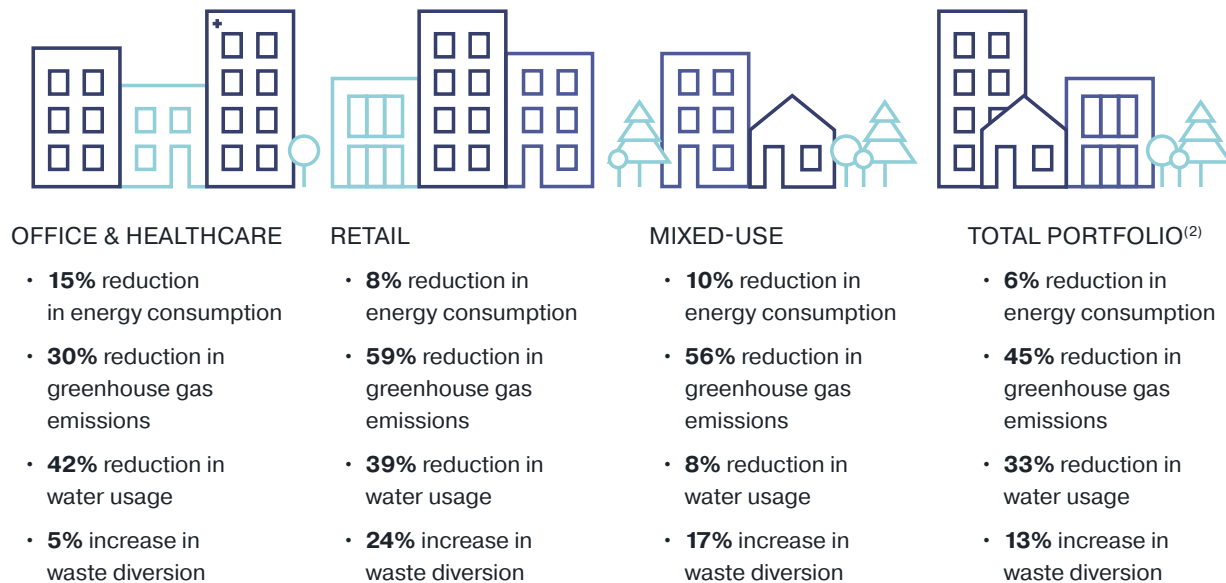


Asset Class Spotlight

Real Estate

AIMCo's Real Estate portfolio is comprised of domestic and international assets and funds. Our core domestic investments are held long-term and comprise direct investments in quality office, retail, industrial and multi-unit residential properties located in Canada's major cities. Our foreign program's opportunistic investment approach focuses on repositioning and new developments. We began collecting sustainability data in 2010 and have since evolved the process for continuous improvement. Where possible, we invest in assets with green building certifications and participate in industry sustainability benchmarking assessments such as GRESB (formerly the Global Real Estate Sustainability Benchmark). In 2018, we adopted sustainability targets for energy consumption, water usage and waste diversion and encouraged our third-party property managers to bring forward capital spending recommendations. In 2018 alone, more than \$100 million was invested in efficiency-related capital projects within our portfolio of assets.

2010 TO 2018 DOMESTIC REAL ESTATE PORTFOLIO SUSTAINABILITY PERFORMANCE ⁽¹⁾



⁽¹⁾Energy, water, and green house gas reductions are measured on an intensity basis: effective kilowatt hour per square foot, cubic metres per square foot, and tonnes of carbon dioxide equivalent per square foot respectively. Waste diversion increase is measured in the percentage point increase in waste diverted as a percentage of total waste.

⁽²⁾AIMCo's domestic office, healthcare, retail and mixed-use properties

GREEN BUILDING CERTIFICATIONS

Environmental certifications are increasingly valued by building owners and managers as tools to promote the value and quality of a building's construction and management, in addition to capitalizing on the expectations of various stakeholders, from tenants to employees to business partners.

77% of our Canadian office assets have green building certifications.



GLOBAL REAL ESTATE & INFRASTRUCTURE SUSTAINABILITY BENCHMARK (GRESB)

Since first submitting to the GRESB survey in 2015, we have continued to demonstrate world-class sustainability management and performance by improving our GRESB score. As the real estate industry continues to advance ESG best practices, we have achieved results in the top 40% of our peer group. In 2019, we scored above our peer group average and above the GRESB global average. We improved our score on ESG management, monitoring and stakeholder engagement practices relative to 2018.

We employ a wealth of ESG programs in our properties to ensure that the tenants and occupants are provided with exceptional service and working conditions. We will continue to explore opportunities to embed leading sustainability practices in our real estate portfolio.



SELECT REAL ESTATE SURVEY RESPONSES⁽²⁾

To ensure that our assets remain sustainable and resilient to risks arising from environmental, social and governance (ESG) issues, we conduct regular ESG risk assessments

at our properties and frequently engage tenants to evaluate their satisfaction.



(2)Annual survey sent to AIMCo's third-party property managers of office, mixed-use and residential properties.

To achieve our ESG-related objectives we employ three strategies:



Partnerships:
We will partner with organizations that either have a sustainability policy in place or are willing to accept guidance from AIMCo.



Programs:
At a minimum, studies should be done to find opportunities for reduction of energy consumption, water usage, greenhouse gas emissions and landfilled waste. Our preference is for green building certifications for new and existing buildings.



Opportunities:
New opportunities will take into consideration current sustainability programs in place and the potential to implement sustainability programs that would add value to the project.

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“Our objective is to identify opportunities to continuously improve the performance of our assets including on ESG factors to enhance their competitiveness and value. This reduces operating costs, attracts quality tenants, mitigates risk and serves to meet increased demand for sustainable assets in capital markets, while contributing to risk-adjusted returns for our clients.”

Micheal Dal Bello
Senior Vice President, Real Estate



FEATURE INVESTMENT: SCOTIA PLAZA

Co-owned by AIMCo and its partners, Scotia Plaza is an expansive commercial office complex in the heart of Toronto's downtown financial core. Consisting of three integrated buildings, with a combined two million square feet of office space and connected by a 130-foot atrium, Scotia Plaza is home to world-class businesses and serves Toronto's vibrant business community.

With its distinctive design, Scotia Plaza's 68-storey office tower has a strong sustainability track record that began in 2011 when it became one of the first major office towers in Canada to achieve Leadership in Energy and Environmental Design (LEED®) Gold accreditation. In 2016, Scotia Plaza installed two green roofs, totaling more than 5,700 square feet. Green roofs minimize the "urban heat island effect" as traditional building materials soak up the sun's radiation and re-emit it as heat, making cities at least 4°C hotter than surrounding areas. Green roof vegetation utilizes the natural functions of plants to treat air which cools surrounding temperatures by as much as 7°C.

In 2017, four electric vehicle charging stations were installed and are available to tenants and visitors free of charge. The charging stations complement Scotia Plaza's bicycle and E-bike parking infrastructure to support alternative forms of transportation that minimize environmental impacts.

These initiatives earned Scotia Plaza LEED® Platinum in 2018 — the highest level under the certification framework.

In 2018, compared to 2017, Scotia Plaza saved:



**Enough energy
to power 48
households**



**Greenhouse
gas emissions
equivalent to
taking 259
passenger
vehicles off the
road for a year**



**Enough water
to fill 14 Olympic
swimming pools**



**Enough waste
to fill 3 garbage
trucks**



FEATURE INVESTMENT: THE BORO

Acquired in 2016 by AIMCo and a consortium of partners, The Boro is a 1.4 million square foot, master-planned, multi-phase development that brings together a cohesive mix of residential, office and retail space in the heart of Tysons, Virginia. On target for full completion by April 2020, Phase I of the project features a 425,000 square foot, Class A office tower (Boro Tower), luxury apartments, street level retail and restaurants, along with a 15-screen theatre, all of which overlook an expansive internal public park (Boro Park). Located mere steps from the Greensboro Metro Station along the new Silver Line which services the region, this mixed-use residential, retail, entertainment and office environment captures the spirit of a true downtown experience in Tysons.

With greenspace and efficiency in mind, the project has invested in sustainable building and site elements to achieve LEED® Gold certification for Boro Tower, the cornerstone office space within the development. The Boro's creative site design fosters stormwater reuse, infiltration and runoff reductions, supporting a sustainable water footprint and the integration of Boro Park reflects consideration for quality urban parks and greenspace within the development. Furthermore, the master plan considers routes for pedestrians and cyclists which promotes carbon-free transportation methods around the neighbourhood and site selection within one block of a metro station which facilitates and encourages use of public transit when commuting to and from the community.



FEATURE INVESTMENT: LATITUDE

Latitude, formerly known as Le Berkeley, is a 235,000 square foot office building located in the La Defense district of Paris, France. The building was constructed in the 1970s, clad with a concrete façade and had a dated interior finish that was in need of refurbishment to allow the building to regain competitiveness in the leasing market. In 2016, AIMCo and its partner acquired an interest in the building and initiated a full refurbishment program, bringing the property to modern standards as a Class A rated office building.

The refurbishment project includes a comprehensive asbestos removal and replacement of all windows to improve thermal insulation. The concrete façade will be exchanged for double pane glass, significantly improving the efficiency of the property. Upon completion, Latitude will boast a modernized common area highlighted by a new double-height entrance hall as well as the highest environmental credentials such as HQE™ 'Outstanding', BREEAM® 'Excellent', Effinergie+, WELL™ Core & Shell 'Ready', and WireScore 'Platinum'.

Asset Class Spotlight

Infrastructure & Renewable Resources

At AIMCo, Infrastructure and Renewable Resources are treated as one asset class, although they span different sectors. The Infrastructure portfolio comprises investments in industries such as power generation, transportation and utilities, while the Renewable Resources portfolio comprises investments in timber and agriculture. Together, they provide our clients with stable long-term holdings, an inflation hedge and investment diversification across sectors and geographies.

Infrastructure and renewable resources play an important role in addressing key societal challenges as outlined by the Sustainable Development Goals (SDGs). The SDGs are focused on enhancing access to basic services, promoting sustainable use of environmental resources and supporting equitable and inclusive growth in developed and emerging markets.

AIMCo's Infrastructure and Renewable Resources Geographic Distribution



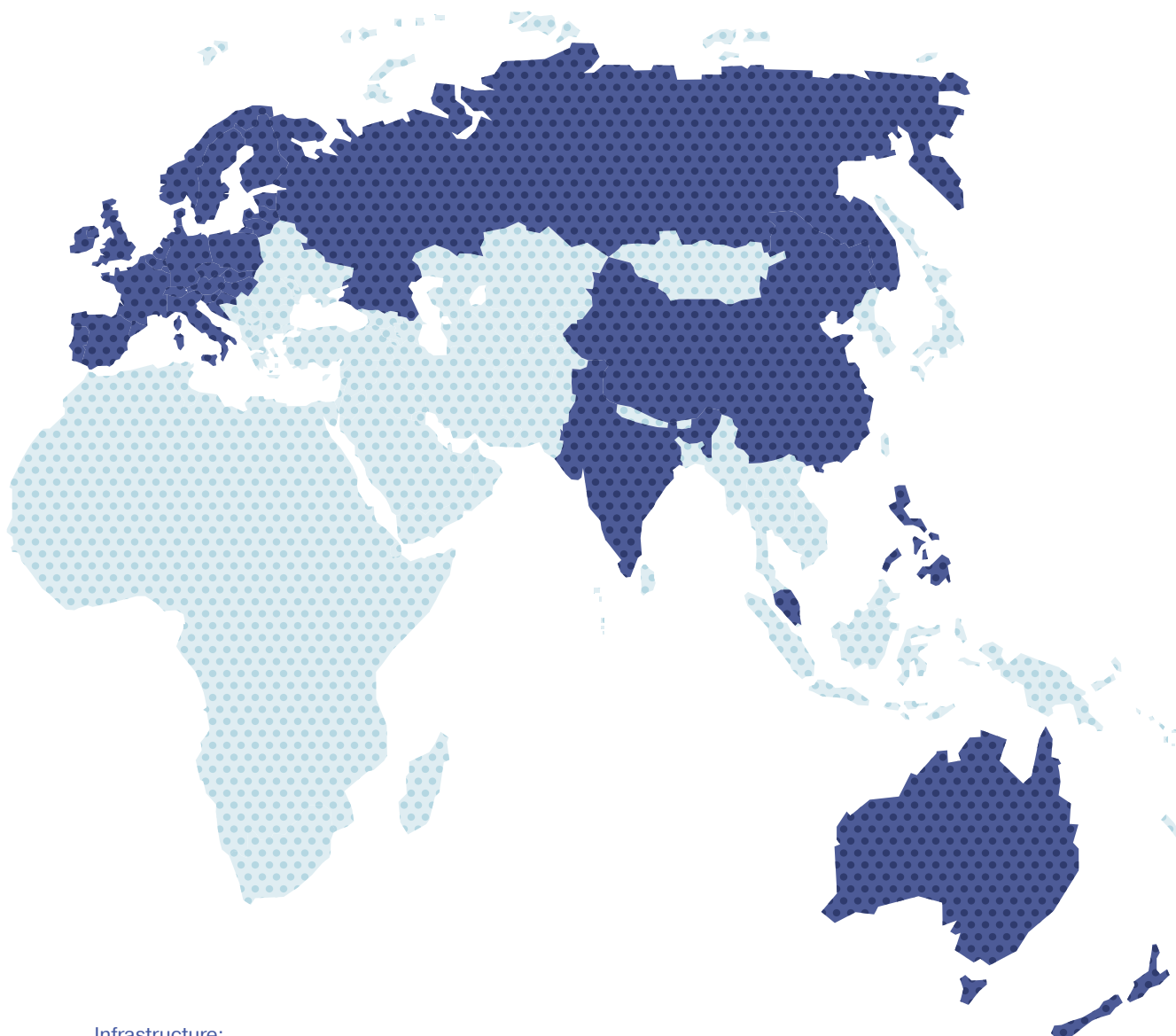
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“ESG factors impact value creation and investment risk management and are an important consideration when looking for investment opportunities and in managing our assets for the long run. With our latest investments in renewable energy assets in Spain and the United States, and in a water utility in Brazil, we are striving to meet the growing demand for clean and reliable infrastructure services.”

Ben Hawkins
*Senior Vice President,
Infrastructure &
Renewable Resources*



● Investment Locations



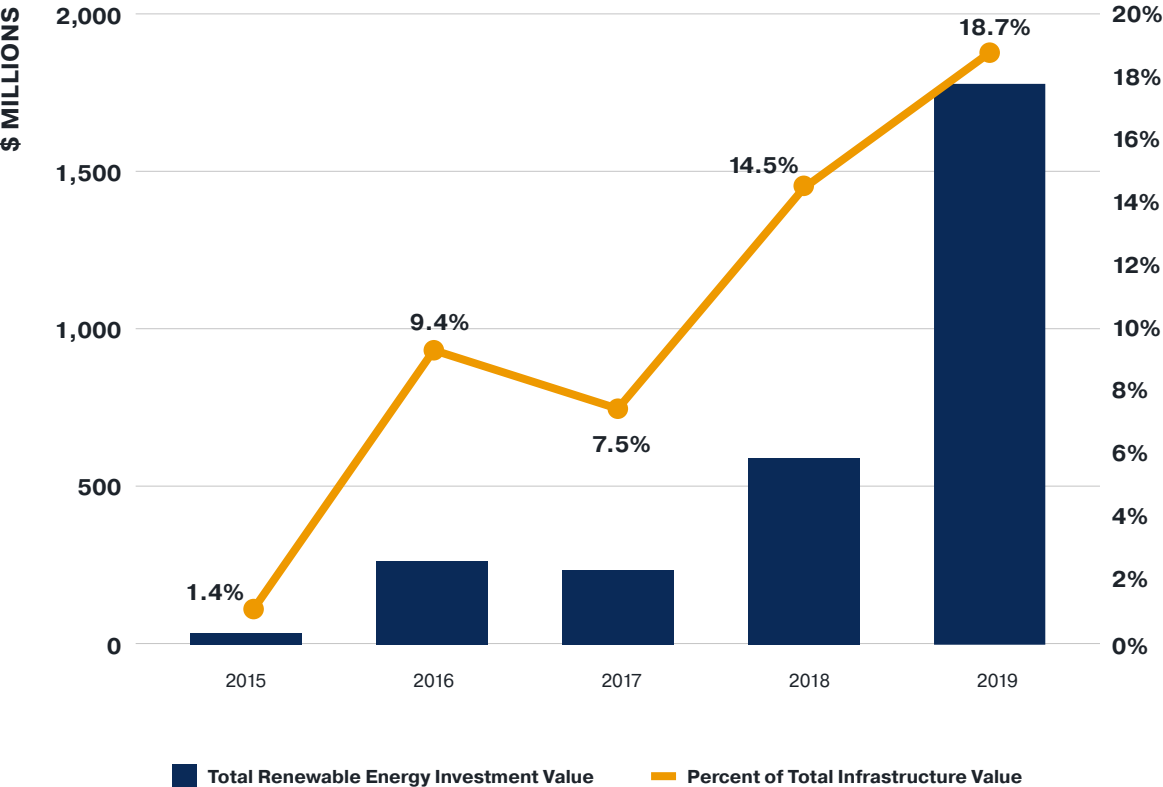
Infrastructure:
\$9.4B Assets Under Management

Renewable Resources:
\$1.8B Assets Under Management

Infrastructure

Infrastructure investing is changing rapidly under the pressure of evolving global trends. Climate change, technological innovation and disruption, and growing energy, water and transportation needs are transforming the demand for essential infrastructure services around the world. According to the Global Infrastructure Hub, the world is facing a \$15 trillion infrastructure gap by 2040 and institutional investors will play a more prominent role bridging this gap. Our Infrastructure portfolio is responsive to the shifting global infrastructure landscape, as evidenced by the growth in alternative energy investments.

AIMCo's Investments in Renewable Energy in Infrastructure Portfolio 2015 to 2019



FEATURE INVESTMENT: EOLIA RENOVABLES

Founded in 2007, Eolia Renovables de Inversiones, S.C.R., S.A. is a leading independent power producer operating in Spain's renewable energy sector. Eolia focuses on the development, construction and operation of onshore wind farms and solar photovoltaic plants. The company currently has a portfolio of 38 assets with a net capacity of around 670 megawatts (MW). In 2019, AIMCo announced the acquisition of over 90% ownership in Eolia, bringing the total renewable operating portfolio close to 4,000 MW. This investment fits well with our investment experience in the renewable energy sector and our ambition to place investments in core geographies in continental Europe to support the transition to a low-carbon economy.

INFRASTRUCTURE ESG PERFORMANCE

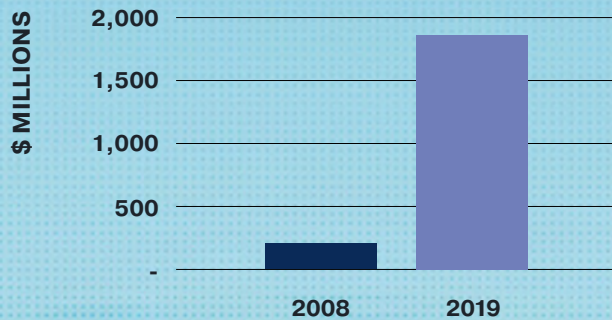
AIMCo's infrastructure assets and funds continue to improve their sustainability performance in the annual GRESB Infrastructure survey. In 2019, 65% of our assets and 75% of funds reported to GRESB Infrastructure, a global sustainability benchmark that helps investors track the ESG performance of their real assets and which AIMCo helped co-found in 2015. AIMCo's average score for all reporting assets in 2019 increased to 62 which is well above the GRESB average of 45 while the average score for all reporting funds increased to 70 – above the average of 55. In addition, 85% of AIMCo reporting assets and 100% of reporting funds outperformed the GRESB average in 2019.



Renewable Resources

During 2018-2019, AIMCo's timberland and agricultural investments enhanced their management of ESG risks and opportunities to create value for our clients in this growing asset class. The active management of ESG issues is key to investment performance while offering a unique opportunity to contribute as a solutions provider to key global challenges.

Growth of Renewable Resources Portfolio



FEATURE MANAGER: NEW FORESTS

New Forests invests in forestry assets and operates in the Asia-Pacific region and the United States. As a PRI Signatory and a Certified B-Corp™, New Forests commits to sustainable forest management, while striving to balance purpose and profit.

New Forests promotes carbon sequestration and storage which contributes to global net GHG emissions reduction essential to mitigate the effects of climate change. Commercializing the carbon value of its investment activities provides opportunities for revenue streams for timberland assets. In 2018, New Forests generated nearly 4.5 million tonnes of CO₂ equivalent of regulatory offsets from carbon sequestration and storage through carbon markets in Australia, New Zealand and California.



*New Forests:
Shasta Cascade
Timberlands*

FEATURE INVESTMENT: MOSAIC



Mosaic Forest Management Corp., manager for TimberWest and Island Timberlands, recently expanded its bronze-level Progressive Aboriginal Relations (PAR) certification to all Mosaic-managed lands. PAR is the only certification program that confirms corporate performance in Aboriginal relations and is housed within the Canadian Council for Aboriginal Business.



The PAR designation is based on company reports independently verified by third parties on measures across four performance areas:

1. Leadership actions to reinforce organizational focus in Aboriginal relations
2. Resources committed to equitable representation of Aboriginal persons in the workplace
3. Develop business relationship with Aboriginal-owned businesses
4. Building of progressive relationships with Aboriginal communities through engagement



Asset Class Spotlight

Fixed Income

AIMCo's Fixed Income portfolios provide capital preservation, liquidity and superior risk-controlled return relative to benchmark for our clients. We add value by ensuring we factor in due consideration of ESG risks and opportunities early in the investment process—in our credit analysis, including interest rate anticipation, term structure weighting, sector weighting and individual security selection.

PRIVATE PLACEMENT FIXED INCOME INVESTMENTS

Our Private Placement Fixed Income portfolio offers our clients attractive yields, diversification benefits and favourable deal structures that are typically more robust than public market transactions, including collateral and financial covenants that protect investors in the event of credit deterioration. The market provides access to ESG supportive issuers. To date, our investments valued at approximately \$395 million financed renewable energy projects in Canada, the United States and the United Kingdom.

In 2017, we participated in a note issuance from the First Nations ETF LP, a special-purpose vehicle established by Fort McKay First Nation and the Mikisew Cree First Nation to finance the acquisition of a 49% ownership interest in the \$1 billion East Tank Farm Project from Suncor Energy. The facility will provide terminal services to the Fort Hills Oil Sands Project. It was the largest debt sale for an Indigenous group in Canada.

DUDGEON OFFSHORE WIND

The Dudgeon Offshore Wind Farm is located 32 kilometres off the coast of the seaside town of Cromer in North Norfolk. Since its completion in late 2017, this 402 megawatt (MW) offshore wind farm has been producing enough clean energy to power more than 410,000 UK homes from its 67 wind turbine generators. AIMCo entered the project under a debt refinancing agreement.

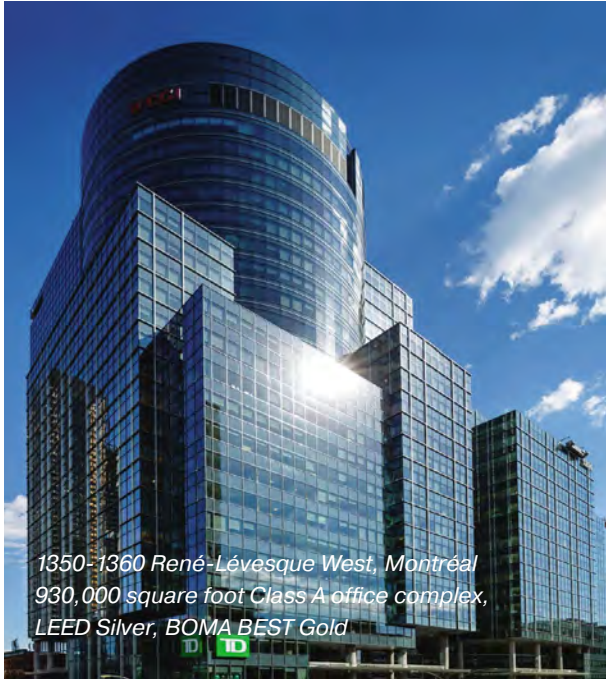
ESG AND CREDIT RESEARCH

Our Credit Research team continuously evaluates the impact of ESG risk factors for corporate issuers and securitizations. On a quarterly or event-driven basis, proprietary internal Notional Ratings opinions on relative credit quality and directional views of credits of issuers and issues under coverage are reviewed and shared with the Fixed Income portfolio managers. For securities linked to the automotive industry for example, our analysts assess: compensation disclosures, financial policies, product quality, business ethics and corporate governance, as well as emerging trends such as autonomous and electric vehicles. Our in-house credit research adds value to our Fixed Income portfolios through early detection of either deteriorating or improving credits, and the potential for financial loss or gain pertaining to the risk of corporate debt issuers of honouring their financial and contractual obligations.



*The Dudgeon
Offshore Wind Farm*





1350-1360 René-Lévesque West, Montréal
 930,000 square foot Class A office complex,
 LEED Silver, BOMA BEST Gold

MORTGAGES

AIMCo has been involved in mortgage investments for over 25 years, specializing in financing for high quality office, industrial warehouse, retail and multifamily properties in Canada and abroad. Rigorous due diligence for every mortgage opportunity is conducted, which includes an environmental audit and discussion with borrowers regarding environmental policies and procedures. AIMCo recognizes that environmental performance at the property contributes to cost savings and tenant satisfaction. As a lender, it's not always possible to directly influence a borrower's approach to ESG factors, but we are able to seek out opportunities to lend to borrowers that align with our ESG principles.

Select Investments in Fixed Income Portfolios



Borealis Infrastructure Trust

Proceeds used for the development and operation of educational facilities in the Province of Nova Scotia.



Centre Hospitalier de l'Université de Montréal

Provides inpatient and ambulatory care to its immediate urban clientele and specialized services.



Toronto Community Housing Corporation (TCHC) Issuer Trust

Provides long-term financing of social housing projects and related programs of TCHC and its affiliates.

.....

“Our investments in assets that link to sustainable development are growing. As a case in point, our Fixed Income portfolios increasingly hold investments that not only provide our clients with attractive returns, but also sustain essential public services such as education, healthcare and affordable housing.”

Sandra Lau

Executive Vice President, Fixed Income



Asset Class Spotlight

Private Equity

Integration of our responsible investing policies and sustainability guidelines is a critical element of our Private Equity (PE) investment process. In collaboration with our RI team, the PE team undertakes comprehensive due diligence with a concerted focus on ESG factors to ensure assets meet our rigorous investment criterion. The Private Equity ESG due diligence questionnaire includes a review of how fund and portfolio integrate ESG considerations into their own operations and monitor and report on ESG. We consider specific ESG focus areas such as our partners' approach to climate change, diversity and health and safety matters.

Over the last three years, the RI team has assisted the Private Equity group with diligence on approximately \$4 billion of investments, with the team closing on over \$3 billion of those. This further reinforces our commitment to 'Doing Business the Right Way' and to be highly selective about deals that enable us to be excellent stewards for our clients and stakeholders.

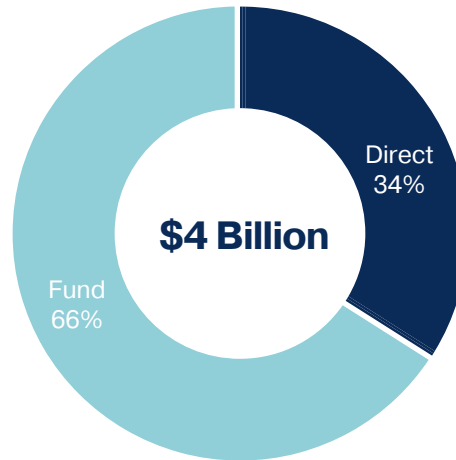
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"As long-term investors, we are very conscious of managing all our assets and relationships in a way that aligns with AIMCo's values and objectives. Systematically integrating environmental, social and governance considerations is a critical part of that process."

Peter Teti
*Senior Vice President,
 Private Equity*



Private Equity ESG Due Diligence 2017 to 2019



FEATURE INVESTMENT: BGIS

In 2019 AIMCo invested in BGIS – a leading, Canadian integrated facilities management provider with over 25 years of experience. BGIS manages 320 million square feet of space across 34,000 locations supported by 7,000 team members across 3 global regions: Canada, the United States and Asia.

BGIS 20/20/20 goal

BGIS exhibits best practice and a sustainability mindset with its goal to reduce water, energy and waste consumption by 20% by 2020. In developing strategic partnerships with innovative companies, suppliers and best-in-class manufacturers, BGIS is driving change in the industry while acting as a role model for peers.

Surveys & Awards

Sustainability is at the forefront for BGIS. The company has won numerous awards— it was recognized in 2019 as one of Canada's 50 Best Corporate Citizens by Corporate Knights and it won the 2018 Green Supply Chain Award. BGIS discloses a third-party verified greenhouse gas emissions inventory report and participates in the CDP survey and EcoVadis® Corporate Sustainability Ratings.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Introduction

Climate change has emerged as one of the most pressing systemic risks of our time, with far reaching, global, ecological and socio-economic impacts and resulting investment implications. Climate change has been a key ESG focus area for AIMCo since 2015. We issued our 'Strategic Position on Climate Change' shortly after COP 21, and publicly endorsed G-7 and G-20 investor statements calling for policy action on climate change. We closely followed the work of the FSB Task Force on Climate-related Financial Disclosures (TCFD), contributed to TCFD consultations and publicly supported their recommendations.

Far reaching global and country commitments to address climate change have resulted in a complex regulatory environment requiring concerted action from market participants. As 194 countries attempt to deliver on their respective COP 21 commitments to reduce greenhouse gas emissions, AIMCo is doing our part to evaluate climate risks and opportunities, so as to protect and enhance investment returns for our clients and their beneficiaries— all Albertans.



TCFD BACKGROUND

"The TCFD recommendations are designed to solicit consistent, decision-useful, forward-looking information on the material financial impacts of climate-related risks and opportunities, including those related to the global transition to a lower-carbon economy" (TCFD)

We encourage companies to disclose their GHG emissions and to begin the process of adopting the TCFD recommendations. This will serve to inform "internal business processes and provide quality, relevant disclosure to investors.

Governance

Current State

ROLE OF THE BOARD OF DIRECTORS

Ultimately, AIMCo's Board oversees the governance of responsible investment at AIMCo—it approves the RI Policy and periodic refreshments to the policy. The Board is apprised of the scope of our RI activity, including our activities regarding consideration of climate change.

ROLE OF MANAGEMENT

We have a Responsible Investment Committee (RIC) chaired by our CEO and comprised of senior management, representing all asset classes and investment departments. The RIC approves overarching responsible investing strategies and is regularly apprised and consulted on ESG-related activities, including consideration of climate change.

In November 2018, an internal cross-functional TCFD working group was formed to identify climate-related risks, opportunities and financial impacts, address carbon footprint methodologies and inform our approach to the TCFD recommendations. The effort is led by the RI team, with representation from the CFO office, Economics & Fund Strategy and Risk.

Future Plans

We feature ESG materials regarding the governance of climate risk in our in-house board education portal. A related board presentation has also been scheduled for December 2019.

REAL ESTATE LEADS ON CLIMATE-RELATED REPORTING

Globally, the real estate sector accounts for 30% of GHG emissions and 40% of energy consumption. Finding cost saving ways to curb emissions and reduce energy consumption makes both business and climate sense. AIMCo invests in assets with green building certifications where feasible and has adopted targets for energy consumption, water withdrawal and waste diversion.

regional electricity grid, and variations by property type. The results inform our active ownership strategies, risk management framework and target setting process.

The dashboard further informed our 2021 sustainability targets and helps us target opportunities for eco-efficiency upgrades and retrofits and capital provisions to third-party property managers.

Our real estate sustainability dashboard allows us to identify climate change risks and opportunities across the portfolio. For example, we can track emissions attributable to heating (Scope 1) & energy consumption (Scope 2) and view property-specific emissions including variations by location, demonstrating properties' dependency on the

Asset Class	Energy (ekWh/sq.ft.)	Water (L/sq.ft.)	Waste (% Diversion)
Office	24	60	75%
Retail	30	100	75%
Mixed-use	26	72	60%

Risk Management

Current State

PROCESS FOR IDENTIFYING AND INTEGRATING CLIMATE-RELATED RISK AND OPPORTUNITIES INTO OVERALL RISK MANAGEMENT PROCESS

For public issuers, we identify firms that do not disclose carbon emissions and proceed to engage with a select group of them to promote climate resilience strategies and related disclosure. We assess public equities external managers regarding whether their active ownership practices encourage climate-related disclosure, as featured in their proxy voting guidelines and engagements with companies.

For illiquid investments, we factor climate-related risks into our due diligence processes which includes consideration of the asset or fund’s overall climate resiliency and its management of material environmental risks.

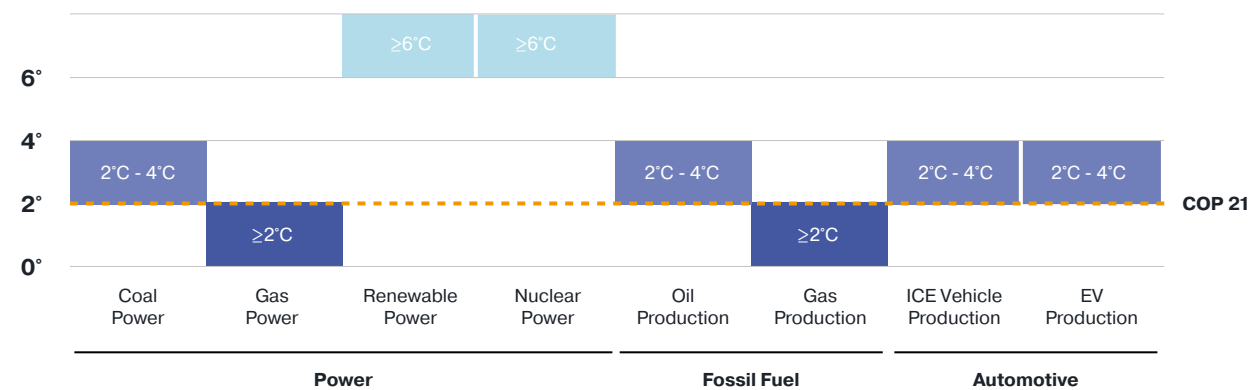
Future Plans

AIMCo has recently implemented FactSet as a new risk platform which integrates ESG, financial and risk data, and has assigned product risk managers for each asset class. RI, in collaboration with the TCFD working group will use the risk platform to inform climate-related risk analysis and to identify plausible approaches to climate change scenario analysis.

SCENARIO ANALYSIS: PARIS AGREEMENT CAPITAL TRANSITION ASSESSMENT (PACTA)

Scenario analysis is highly complex, relying on varying inputs for discrete factors such as the probability of natural catastrophic weather events, chronic weather pattern changes, changes in consumer demand, technological advances and regulatory responses, all with varying sensitivities across the portfolio, across geographies and across time.

AIMCo Public Equities Portfolio Warming Trajectory in Degrees Celsius



We found the 2 Degrees Investing Initiative (2Dii) PACTA tool useful as a starting point. It demonstrates whether a portfolio’s sector allocation and distribution are aligned with a range of global warming scenarios, including a 2-degree warming scenario. However, the PACTA tool’s limitations are that it is specific to public equities and focuses only on the most carbon intensive sectors relative to its own proprietary benchmark. Given our highly diversified investment strategy and increasing exposure to renewables beyond public equities, it will be important to focus on total fund positioning rather than on relative fund exposure to carbon-intensive sectors in public equities alone.

Metrics

DESCRIBE THE METRICS USED TO ASSESS CLIMATE-RELATED RISK & OPPORTUNITIES

AIMCo has been monitoring the absolute emissions and emissions intensity of our public equity holdings since 2016. Investors may track GHGs, or attribute CO₂ emissions in several ways:

- Proportionate to investor’s equity (owned emissions method)
- Proportionate to equity and debt (financed emissions method)
- The portfolio’s relative exposure to carbon intensive industries (weighted average carbon intensity method)

Despite ongoing data quality issues regarding missing and unverified emissions data, we have tested these methodological approaches and find that each method has validity, with some having more relevance to the asset class in scope. Each method provides a view of emissions-related risk by identifying key drivers and top company contributors to portfolio emissions.

A key AIMCo objective is ‘Doing Business the Right Way’ – we believe it is important to adopt an accounting of the CO₂e emissions of our portfolios that is relevant, comparable, decision-useful and consistent over time. We continue to internally monitor our CO₂ emissions under each method as appropriate to analyze absolute emissions, emissions intensity and emissions exposure by asset class. For the purposes of this report, we are disclosing the carbon footprint of our public equities portfolio following the GHG protocol recommended method (owned emissions) and the TCFD recommended weighted average carbon intensity method (WACI).

DISCLOSE THE LEVEL OF GHG EMISSIONS & RELATED RISKS

Method(1)	AIMCo Public Equity Portfolio(2)	Description	Underpinning Principle	Carbon Accounting Equation
Carbon Footprint (Owned)	243 tonnes of CO ₂ e /\$M invested	Tonnes of CO ₂ e/\$M invested GHG emissions proportionate to equity ownership Recommended by GHG protocol	Share of company’s emissions is a function of equity ownership—larger shareholders can influence firm behaviour	$\sum_i \left(\frac{\text{Holding MV}_i}{\text{Issuer's Mkt Cap}} \times \left(\frac{\text{Issuer's Emissions}_i}{\text{Issuer's Revenue}_i} \right) \right)$
Weighted Average Carbon Intensity (WACI)	194 tonnes of CO ₂ e /\$M revenue	Tonnes of CO ₂ e/\$M revenue GHG emissions per unit of revenue based on company weight in the portfolio Recommended by TCFD	Tracks portfolio’s exposure to carbon-intensive companies, based on the current value of the investment relative to total portfolio value	$\sum_i \left(\frac{\text{Holding MV}_i}{\text{Portfolio MV}} \times \frac{\text{Issuer's Emissions}_i}{\text{Issuer's \$M Rev}_i} \right)$

Footnote
 (1) Measures issuers’ Scope 1 (produced) and Scope 2 (purchased) CO₂e emissions for both methods
 (2) Includes 75% of AIMCo’s public equity holdings as of December 31, 2018. MSCI ESG Manager data covered \$29 billion of the \$38 billion portfolio. Coverage excluded shorts, exchange traded funds, mutual fund units, options, convertible bonds, rights and warrants and positions in securities for which we have no look-through or where emissions data has not been proxied by MSCI.

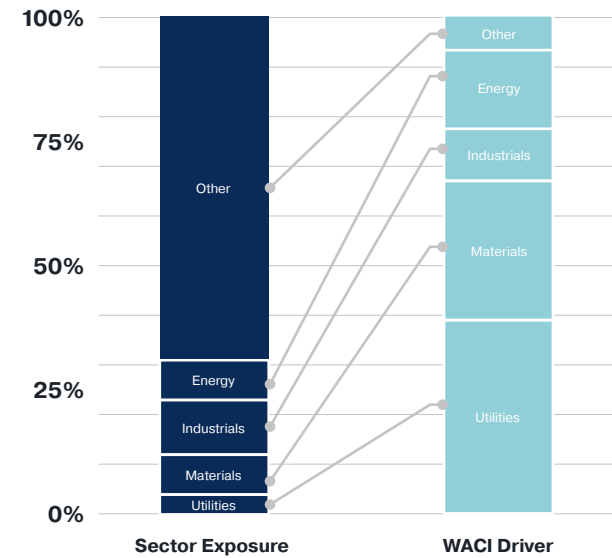
AIMCo’S PUBLIC EQUITIES CARBON FOOTPRINT

Interestingly, under one method, the carbon footprint (owned emissions) method, the AIMCo Public Equities portfolio emissions intensity increased over 2015 levels, while under the other method, weighted average carbon intensity (WACI), it decreased over 2015 levels (see table below). Both are correct; however, this demonstrates that they measure different things.

Year	Carbon Footprint (Absolute)	Carbon Footprint (Intensity)	Weighted Average Carbon Intensity
2015	4.2 million tonnes of CO ₂ e	179 tonnes of CO ₂ e/\$M invested	202 tonnes of CO ₂ e/\$M revenue
2016	3.8 million tonnes of CO ₂ e	151 tonnes of CO ₂ e /\$M invested	234 tonnes of CO ₂ e/\$M revenue
2017	5.6 million tonnes of CO ₂ e	195 tonnes of CO ₂ e /\$M invested	203 tonnes of CO ₂ e/\$M revenue
2018	6.9 million tonnes of CO ₂ e	243 tonnes of CO ₂ e /\$M invested	194 tonnes of CO ₂ e/\$M revenue

Under the owned emissions method, an issuer’s Scope 1 & 2 emissions are attributed based on the investor’s ownership or share of the issuer’s total market capitalization. A significant ownership position in a carbon intensive company, even with a smaller market capitalization, would bear greater weight in the owned emissions method, whereas the same holding under the WACI method would look different, as WACI is agnostic to the investor’s ownership share in a company.

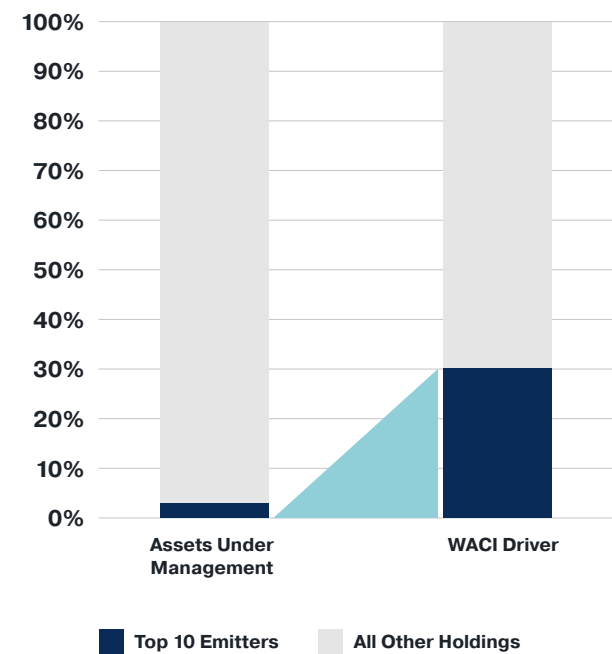
Analyzing the sources and drivers of carbon emissions is a useful starting point to identify issuers and sectors that potentially face operational disruptions from climate-related risks such as carbon pricing and other regulatory measures.



CARBON FOOTPRINT DRIVERS: SECTORS

The bar on the left shows the portfolio composition by sectors, whereas the bar on the right shows the corresponding sector contribution to the weighted average carbon intensity (WACI). The utilities, materials, energy and industrials sectors together represent only 31% of the portfolio's total market value, yet account for 91% of AIMCo's public equities emissions.

Emissions intensive sectors are at risk from a rapidly evolving regulatory landscape, potentially affecting consumer preferences and impacting firms' profitability. This highlights the opportunity for innovation to facilitate the transition to the low carbon economy.



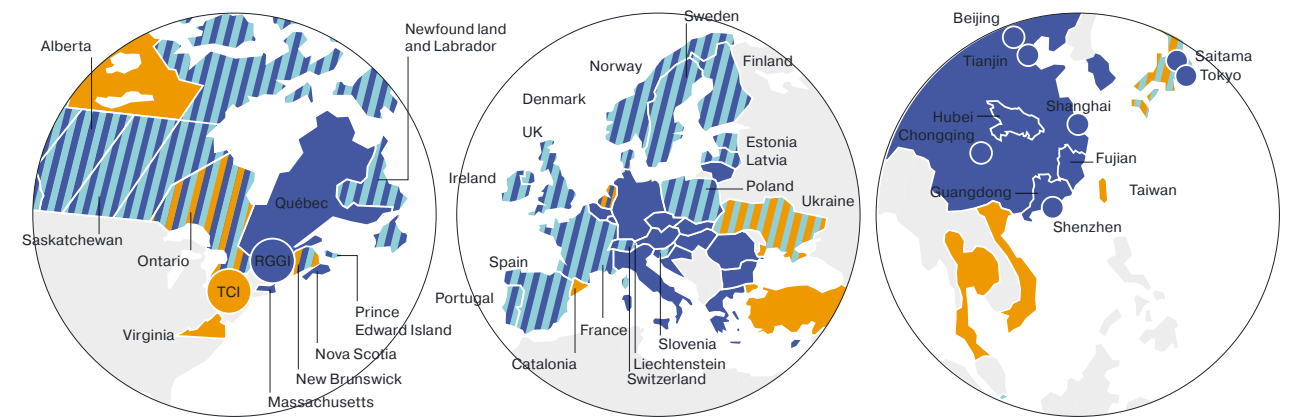
CARBON FOOTPRINT DRIVERS: TOP EMITTERS

As a result of the carbon footprint exercise, we were able to identify the top emitters in the portfolio. 30% of AIMCo's public equities portfolio emissions were approximately driven by just 3% of the portfolio's assets under management. This suggests that portfolio emissions have the potential to be reduced through a strategy of targeted engagement.

CARBON PRICING

Governments around the world are adopting policy mechanisms such as carbon pricing and emissions trading systems in an effort to meet their nationally determined contributions (NDCs) to COP 21. AIMCo is a global investor, with issuers representing 62% of our total Public Equities assets under management domiciled in the United States, Canada, China, Japan and the United Kingdom. We will continue to monitor carbon regulations globally to inform our assessment of climate-related transition risks.

Regional, National and Subnational Emissions Trading System (ETS) and Carbon Tax



- The large circles represent cooperation initiatives on carbon pricing between subnational jurisdictions. The small circles represent carbon pricing initiatives in cities.
- ETS implemented or scheduled for implementation
- Carbon tax implemented or scheduled for implementation
- ETS or carbon tax under consideration
- ETS and carbon tax implemented or scheduled
- Carbon tax implemented or scheduled, ETS under consideration
- ETS implemented or scheduled, carbon tax under consideration
- ETS and carbon tax implemented or scheduled, ETS or carbon tax under consideration

Source: World Bank, State and Trends of Carbon Pricing, 2019

ILLIQUID INVESTMENTS

We have conducted a carbon footprint of our domestic real estate assets under the owned emissions approach. As we continue to refine our methodology, we plan to expand our carbon footprint analysis to other asset classes.

Targets

For our Domestic Real Estate portfolio, an internal dashboard tracks environmental efficiency performance, including key metrics such as water efficiency, energy efficiency, and waste diversion per square foot. We have adopted relevant targets for each of the metrics for our Canadian Real Estate portfolio.

To set realistic, accomplishable and time bound targets related to climate change, we need to ensure that all relevant stakeholders agree with the target and what is required to achieve it. This conversation continues.

Strategy

Current State

SHORT, MEDIUM & LONG-TERM CLIMATE-RELATED RISKS & OPPORTUNITIES

We recognize the business imperative of integrating climate change into our investment strategies and view the physical, regulatory and reputational risks of climate change as material to our clients' objectives, especially over medium and long-term investment horizons.

The investor community is still in the early stages of addressing climate change risks and opportunities, given significant data limitations and the forward-looking nature of climate-related risk assessments. We believe that companies exhibiting better disclosure of their climate change mitigation strategies, emissions performance, and related material environmental metrics are likely to demonstrate better risk-adjusted performance over the long run.

Considering the current climate-related disclosure landscape, we are committed to the following active management strategies in alignment with our commitments as a PRI signatory:

- 1) To exercise shareholder voice by voting to promote climate-related disclosure
- 2) To engage with investee companies and promote climate-related disclosure
- 3) To advocate with policymakers, regulators and stock exchanges to encourage climate-related disclosure guidance
- 4) To take an active role in collaborative research regarding appropriate management of key elements such as carbon, plastics, methane and water, and promote best practices and benchmark firms' performance on these metrics over time

IMPACT OF CLIMATE-RELATED RISKS & OPPORTUNITIES ON BUSINESSES, STRATEGY & FINANCIAL PLANNING

Our processes in identifying climate-related risks and opportunities across asset classes continues to evolve. Today, we have well over \$2 billion in assets under management in the renewable energy sector alone. AIMCo doubled our renewable energy investments in infrastructure (16.5% vs. 31.3% of the total value of the portfolio) between 2008 and 2018. As of the end of Q1 2019, our Fixed Income Private Placement portfolio included over \$395 million in renewables, with 87% of its power & utilities industry exposure in renewable energy. We continue to invest in sustainable real estate and infrastructure assets and in the energy, utilities and transportation sectors during the transition to the low carbon economy.

The RI team continues to test methodologies for CO₂ footprint analysis, as a proxy for climate change risk, while expanding the scope to other asset classes. Our CFO Office conducts internal verification of all climate-related reporting.

Future Plans

Our TCFD working group will continue to identify assumptions, plausible and relevant scenarios and related trends across portfolios. These efforts will continue to inform AIMCo's climate-related reporting and any implications for investment strategy.

Engagements

AIMCo's engagement with investee firms is intended to positively impact ESG processes in order to protect and enhance long-term, risk-adjusted investment returns for AIMCo clients. By engaging with investee companies, we build trusted relationships that foster corporate accountability and promote shareholder value. Our engagement with Royal Mail Group is an embodiment of our approach.

FEATURE ENGAGEMENT

AIMCo has engaged with Royal Mail Group (RMG) over the past two years on a broad range of ESG matters. Of note, RMG recently introduced electric vehicles to its delivery fleet, installed charging stations at its offices and piloted "e-trikes" — powered by solar, battery, pedal and brake technology in its ongoing effort to reduce negative environmental impacts. RMG's executive compensation plans appear to be aligned with corporate governance best practices.



132
ENGAGEMENTS



111
UNIQUE ORGANIZATIONS
ENGAGED



60
LETTERS

VOICE OVER EXIT

AIMCo champions a "voice over exit" approach, preferring to conduct meaningful engagement with companies to effect positive change where possible, rather than divest, so as not to reduce the investible universe.

Environmental

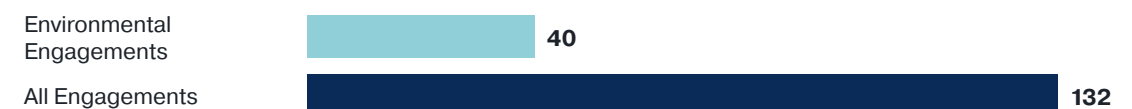
In the past year, we engaged with 40 issuers on environmental issues, accounting for approximately 31% of all our engagements. We enquire on issuers' strategy and governance of climate-related risks and related disclosure practices. In doing this, AIMCo aims to promote the adoption of climate-resilient strategies and reporting using recognized frameworks such as CDP (formerly the Carbon Disclosure Project), Global Reporting Initiative (GRI) or the TCFD recommendations.

FEATURED ENVIRONMENTAL ENGAGEMENT

Methanex takes a multi-pronged approach to minimize its environmental impact including its carbon emissions intensity. Over the years, Methanex has achieved a 36% reduction in its carbon emissions intensity from its manufacturing operations. In addition, the company's Medicine Hat plant injects CO₂ captured from a neighbouring industrial facility into the methanol production process, converting the waste CO₂ into methanol, which reduces the release of CO₂ and improves production efficiency.



Environmental Engagements 2018-2019



Social

The UN Guiding Principles on Business and Human Rights (UNGPR) establishes the world’s first global standard for corporate responsibility to respect human rights, health and safety in company operations and across their supply chains. Six years after the Rana Plaza factory collapse, AIMCo continues to engage with investee companies on their commitment to factory and worker safety in Bangladesh. This is significant as both the European based Accord on Building and Fire Safety in Bangladesh and its North American counterpart, the Alliance for Bangladesh Worker Safety — both business consortiums focused on improving factory standards and worker safety — have reached the end of their five-year mandates.

FEATURED SOCIAL ENGAGEMENT

Canadian Tire continues to inspire investor confidence with its efforts to improve working conditions of the Bangladeshi factories it sources products from. The company, along with several former Alliance members, has formed Nirapon, a new organization tasked with oversight functions for ongoing safety, training and monitoring of member factories. Nirapon will verify that member factories meet standards for physical safety, implement standardized training and provide helplines for factory workers.



Social Engagements 2018-2019



Governance

AIMCo is broadly focused on the governance topic of shareholder rights, and more specifically on the issues of say-on-pay (SOP) and women on boards. We consider strong board governance, board diversity and compensation aligned with performance to be important factors for sustainable, long-term company growth. Since 2017, we have engaged with more than a dozen Canadian issuers to better understand their executive compensation programs. We also engage with issuers with insufficient gender diversity on the board and no diversity policies to understand the efforts being made to improve gender imbalance on the board.

FEATURED GOVERNANCE ENGAGEMENT

AIMCo reached out to Enghouse Systems in August 2018 to discuss the company’s gender diversity policies and practices. The CEO acknowledged AIMCo’s suggestions and noted that the company was reviewing board diversity. At its most recent AGM, Enghouse announced that Jane Mowat, with over 15 years of experience in the software industry, had joined the board. The Enghouse Board of Directors continues to explore ways to enhance diversity at the board level and within its workforce.



Governance Engagements 2018-2019



Advocacy and Collaboration

AIMCo participates in public policy and investor dialogue within our corporate objectives and ESG focus areas. Our efforts align with our commitments as a PRI signatory and comprise a fundamental responsible investing pillar. Recent efforts include submission of reasoned commentary to national and international regulators, and contributions to working groups aimed at supporting local and global ESG initiatives.

The G7 Investor Leadership Network

AIMCo is a founding partner of the G7 Investor Leadership Network (ILN), an open and collaborative platform for leading investors addressing sustainability and long-term growth. A direct outcome of Canada's 2018 presidency of the G7, the ILN focuses on concrete actions and global partnerships.

Robin Heard is AIMCo's lead representative to the ILN Steering Committee comprised of leading global institutional investors, led by Caisse de dépôt et placement du Québec (CDPQ) and Ontario Teachers' Pension Plan (OTTP). Together with our partners Allianz, Aviva, CalPERS, CDPQ, Generali, Natixis Investment Managers, OMERS, OTTP, OPTTrust and PGGM and representing more than \$6 trillion in assets under management, we have joined together and pledged to commit resources, expertise and networks to further three initiatives:

Infrastructure Fellowship Program



AIMCo Representative:
Ahmed Mubashir

Portfolio Manager, Infrastructure & Renewable Resources

Focus: Bridging the infrastructure gap by providing academic use and practical training to senior public-sector infrastructure managers from developing and frontier markets

Diversity in Investment



AIMCo Representative:
Tamara Owchar

Director, Quantitative Investments

Focus: Increasing recruitment, retention & promotion of diverse groups, starting with women, in senior leadership positions and investment roles, in both developed and emerging markets

Climate Disclosure



AIMCo Representative:
Alison Schneider

Director, Responsible Investment

Focus: Speeding up investors' implementation of uniform and comparable climate-related disclosures under the FSB's TCFD framework by building on existing guidance and best practices

INTERNATIONAL WOMEN’S DAY

On March 8th 2019, AIMCo co-organized a successful International Women’s Day event in collaboration with Finning International Inc, Edmonton Women in Finance and Stantec. We featured two events, a breakfast roundtable attended by 24 local C-suite executives and a follow-up panel, moderated by Kevin Uebelein and attended by 150 people. Both focused on challenges — such as cultural norms and unconscious bias—at the peer-to-peer, firm, industry and broader societal levels to advancing diversity.



WATER RISK WORKSHOP

AIMCo co-organized a workshop with Alberta-based WaterSmart, focused on improving firms’ water disclosure practices. The workshop was attended by several institutional investor peers, companies and academics. The conversation continues—but one thing is clear—companies with solid water risk management practices do more to inspire investor confidence.



RESPONSIBLE INVESTMENT WEEK 2018

In celebration of RI Week 2018, the RI team organized a week full of activities for staff to learn more about responsible investing and the integration of ESG factors across the investment process. The activities included RI trivia, a lunch panel organized at MacEwan University’s Roundhouse discussing investor perspectives on gender diversity and a lunch and learn webinar exploring new and emerging topics such as data privacy, cybersecurity and autonomous vehicles through an ESG lens.



.....
“At its core, the goal of the ILN is to harness our collective power to address global challenges by promoting sustainable infrastructure, encouraging diversity in the finance sector and enhancing climate-related financial disclosure, all while promoting member accountability.”

Robin Heard
Chief Financial Officer



Sustainable Development Goals

The Sustainable Development Goals (SDGs) provide a universal framework for social, economic and environmental development for 2030 and beyond. Institutional investors play an important role in financing sustainable deal flow by virtue of their investment decisions, active ownership, advocacy, reporting and awareness raising.

AIMCo is an active member of the PRI SDG Advisory Committee, which advises PRI on how investors may interpret and track their progress towards the SDGs. We can view our progress on the SDGs by each asset class, to further demonstrate the positive long-term impacts of our investment activities.



Public Equity
2,3,5,7,8,9,10,12,13



Real Estate
3,6,9,11,12



Infrastructure & Renewable Resources
1,2,6,7,8,9,11,12,15



Fixed Income
3, 4, 7, 8, 9, 11, 13



Private Equity
3,7,9,12



Select Responsible Investment Industry Collaborations



ADVISORY BOARD CHAIR

AIMCo is a co-founder of GRESB Infrastructure, a sustainability benchmarking tool for infrastructure assets and funds. Alison Schneider currently chairs the Advisory Board.



BOARD MEMBER

Kevin Uebelein is a Director on the CCGG Board and chairs the Member Engagement Committee. CCGG promotes corporate governance best practices in Canada.



INVESTOR SIGNATORY

AIMCo is a member of PRI's SDG Advisory Committee and Plastics Investor Working Group. PRI is the world's largest investor network promoting ESG integration in capital markets.



MEMBER

AIMCo is an active member of International Corporate Governance Network (ICGN). ICGN promotes best global corporate governance and stewardship practices. Alison Schneider co-chairs ICGN's Shareholder Responsibility Committee.



MEMBER

AIMCo contributes to letters, consultations and initiatives organized by PIAC. PIAC has been the national voice for Canadian pension funds since 1977.



MEMBER

Kevin Uebelein is a member of the 30% Club Canadian Chapter. The 30% Club advocates for 30% women on Canadian public issuer boards by 2022.



MEMBER

AIMCo sits on REALPAC's ESG Committee. REALPAC is the national industry association for Canada's real property sector.



MEMBER

AIMCo is an active member of RIA and collaborates with RIA in promoting ESG-themed events. RIA is Canada's industry association for responsible investment.



INVESTOR SIGNATORY

CDP, through its annual survey, has built the most comprehensive collection of self-reported environmental data in the world used by investors, companies and governments alike.

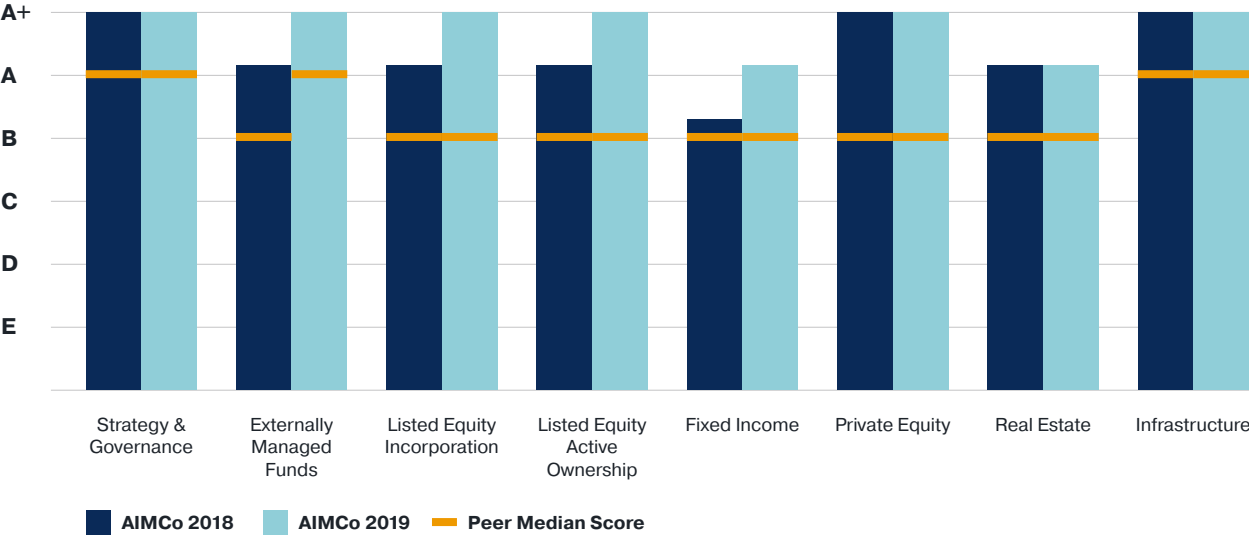
Reporting and Communications

We demonstrate transparency and accountability by publicly disclosing our RI activities. We report to clients in person and through written communications such as our annual report, the RI report and quarterly client reports.

PRI SURVEY AND 2019 ASSESSMENT REPORT

As a UN PRI member signatory, we are annually assessed on our ESG integration and performance relative to peers. The PRI Assessment Report serves as a valuable tool to assess our progress and inform our RI strategy.

In 2019, we achieved our best performance to date—we received an A+ grade in nine categories, an A grade in five categories and outperformed the median score across all 14 categories. AIMCo’s PRI Transparency Report, guiding documents and proxy voting history and rationale are all publicly disclosed on our website.



Training and Education

AIMCo continues to build awareness of ESG issues locally and internationally through collaborative partnerships with the RI, business and academic communities.

We have presented to the Institute of Corporate Directors (ICD), the Chartered Professional Accountants of Canada (CPA), the University of Alberta, and MacEwan University amongst others.





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ICGN
International Corporate Governance Network



PAC
Pension Investment Association of Canada
Association canadienne des gestionnaires de caisses de retraite



Canadian Bond Investors Association
Association canadienne des investisseurs obligataires



ACPM | ACARR
The Association of Canadian Pension Management
L'Association canadienne des administrateurs de régimes de retraite





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