



Engagement Guidelines

April 2024

AIMCo endorses the [Canadian Coalition for Good Governance's \(CCGG\)](#) Stewardship Principles and is committed to being an effective and responsible steward of our clients' investments, consistent with our fiduciary duty to provide superior, risk-adjusted net returns. Our dedication to active ownership activities allows us to exercise shareholder voice on material environmental, social and governance (ESG) issues. This advocacy plays a critical role in sustainably growing our clients' investments over the long term.

Engaging individually or through collaborative investor initiatives builds a deeper, more direct connection to the companies we are invested in and seeks to enhance and protect long term risk-adjusted investment returns for AIMCo's clients. Likewise, engagement with potential investees and fund managers during due diligence across all asset classes is intended to gain valuable insights into business processes, strategy and culture, and reduce investment risk for our clients. These guidelines outline engagement processes and escalation strategies.

AIMCo champions a "voice over exit" approach, preferring to leverage our influence as investors to spur ongoing, constructive dialogue on best ESG practices, rather than divest so as not to reduce the investible universe. Engagement is intended to be both proactive and responsive, as deemed appropriate.

APPROACH AND DESIRED OUTCOMES

AIMCo's engagement program has evolved to take an outcomes-based, sectoral approach. In addition, as outlined by our [Climate Approach](#), AIMCo will also engage with a number of our total portfolio's highest emitters annually.

Employing a sector-based approach towards engagements can be more successful than a topics-based method for several reasons:

- 1) **Deeper Understanding:** By concentrating on a specific sector, AIMCo can develop a deep understanding of an industry's specific challenges, opportunities, and dynamics. This understanding can lead to more effective strategies and interventions and better investment outcomes.
- 2) **Targeted Solutions:** Solutions can be tailored to the unique needs and characteristics of a particular sector. This specificity can lead to more impactful and sustainable outcomes.
- 3) **Comprehensive Approach:** Sectoral-based criteria allow for a comprehensive approach, addressing all aspects of a given sector, from supply chains and operations to regulatory pressures and market trends.
- 4) **Greater Influence:** Focusing on a specific sector allows for greater influence. By engaging with multiple stakeholders within the sector, the campaign can create a critical mass of support, driving sector-wide change.
- 5) **Measurable Impact:** With a sector-based approach, it is easier to measure and track progress and impact. This can help ensure accountability and inform strategy adjustments. It's also easier to apply learnings across
- 6) **Better Organizational Integration:** A sector-based approach allows investors to compare the ESG performance of companies within the same sector, providing a more accurate assessment for portfolio construction and management.

Our engagement efforts center on a specific sector and ESG Key Performance Indicators (KPIs) that are deemed material to that sector, as informed by the SASB Materiality Matrix. This approach

allows for comparability and benchmarking amongst companies and sector leaders, allowing for more focused and effective engagements.

Expectations of desired outcomes and timelines on material ESG KPIs are clearly defined, communicated and monitored through recurring engagements with each focus company. This provides the company transparency on AIMCo's expectations and improves accountability towards the achievement of outcomes that enhance the long-term value of our clients' investments.

Outside of these sectoral engagement campaigns, AIMCo will engage with investee companies as part of collaborative investor initiatives (e.g. Climate Engagement Canada, 30% Club Canada Chapter, etc.), or in response to company initiated invitations for dialogue or material company updates that require a timely interaction to inform investment decision-making.

ASSESSMENT: CRITERIA FOR ENGAGEMENTS

Primary Considerations:

- **ESG Performance:** Firms displaying problematic, undisclosed, or particularly robust ESG practices may be selected for engagement according to our ESG focus areas
- **Materiality:** Companies may be flagged for exposure to, or performance on, a material ESG factor or based on financial materiality such as percent of the issuer owned, size in market or absolute dollars.
- **Geographic Locale:** Country of domicile and/or operations, compliance with local regulations.
- **Responsiveness to Firms' Request for Engagement:** We will respond to company requests to engage, wherever possible, such as regarding an upcoming proxy vote.
- **ESG Screening/Due Diligence:** AIMCo investment professionals may seek to engage with a potential investee company/fund manager across asset classes during the normal course of conducting an ESG screen or a due diligence on matters for further evaluation, depending on the deal size, investment type, and geographic jurisdiction of the entity.

Additional Considerations:

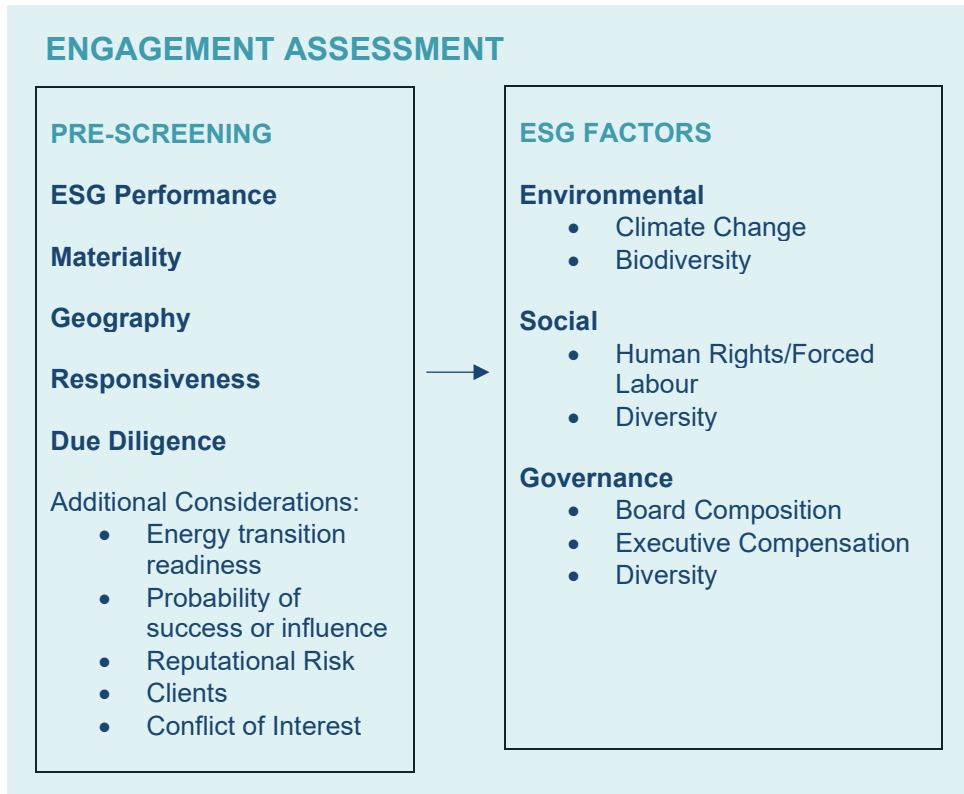
- **Probability of Success or Influence:** The likelihood of success and/or possible influence of investor peers.
- **Reputational Risk:** Potential for reputational risk that could impact investment performance and/or impede sustainable development outcomes.
- **Clients:** Response to concerns raised by AIMCo clients.
- **Conflict of Interest:** AIMCo is committed to avoiding, identifying and managing or avoiding any perceived or actual conflict of interest that may arise during the course of conducting engagements.

ENGAGEMENT STRATEGY

Engagement strategy can take several forms. Any of the below engagement options may be selected variously by selected individuals and duly implemented.

Forms of Engagement:

- In-person meetings, virtual meetings, telephone calls and written communications with company officials by AIMCo individually or in collaboration with investor peers or other member organizations.
- Advocacy-related engagement: In an effort to shape more sustainable capital markets we may advocate for better ESG disclosure and practices. We may raise issues with various levels of government, regulatory bodies, or industry associations where AIMCo perceives a need to exercise voice, as deemed appropriate.



FIRMS FOR ENGAGEMENT

The Sustainable Investing team will identify companies for engagement based on sectoral engagement campaign criteria listed on page 2.

ENGAGEMENT OUTCOMES

AIMCo seeks to exercise voice, promote best ESG practices, evaluate company strategy, culture and processes to address ESG and, where appropriate, continue engagement with the entity.

Outcomes and possible AIMCo responses include:

POSITIVE OUTCOME:

Gain corporate commitment to beneficial change such as enhanced ESG disclosure or greater board diversity. AIMCo may consider amending proxy voting decisions and/or voting rationale prior to the voting deadline; and/or choose to withdraw any shareholder proposals that have been filed if issues under consideration are adequately addressed.

NEUTRAL OUTCOME:

No commitment to the beneficial change as requested by AIMCo. AIMCo may continue engagement either directly with the company, collaboratively with investor peers, or through more public disclosure, such as media statements.

NEGATIVE OUTCOME:

Entrenchment or deterioration of the original circumstances leading to the engagement

SUMMARY OF ESCALATION PROCESS

Unsuccessful engagement may lead to renewed forms of engagement which may be ultimately successful, or it may lead to the decision to exit.

Potential escalation strategies include:

- Requesting meeting(s) with more senior executives of the firm and/or with the chairperson of the board, or another board member
- Collaborating with investor peers to request a joint meeting
- Individual or collective media statements requesting beneficial change
- Voting against management, supplemented by public disclosure of voting rationale after the vote
- Filing or co-filing shareholder proposals
- Engaging in advocacy regarding the issue
- Communicate the possibility of exit to the firm should concerns not be addressed

RESULTS AND REPORTING

AIMCo's third-party engagement management platform tracks engagement campaigns and activities, and the progress made on the set engagement outcomes for each focus company through a fit for purpose database. Its automated analytic and reporting capabilities enable efficient reporting to clients and Investment teams on engagement initiatives. Significant engagements, barring disclosure of any confidential discussions with firms, may be disclosed in various AIMCo reporting pieces, shared with the UN Principles for Responsible Investment (PRI), investor peers and clients. Engagement metrics, including the number of engagements and breakdown by type, along with relevant case studies are shared publicly on an annual basis in the AIMCo Stewardship Report, and with clients in quarterly client Sustainable Investing reports. The AIMCo Investment Committee will review and approve the AIMCo Engagement Guidelines on an annual basis, along with progress against the engagement program's objectives.

Effective Date	April 2024
Approved by	Investment Committee
Review Frequency	Every two years
Next Review Date	April 2026