



## Performance History

	Month To Date	Quarter To Date	Latest 1 Year	Year To Date	Annualized Latest 2 Years	Annualized Latest 3 Years	Annualized Since Inception 1/31/2019
<b>TOTAL PORTFOLIO</b>	-2.91	4.45	-13.69	-13.69	-0.74	3.42	6.10

*Benchmark*

*Value Added*

<b>Bonds</b>	-1.59	0.41	-11.25	-11.25	-6.86	-1.55	0.26
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*FTSE Canada Universe Bond Index*

<b>Canadian Equity</b>	-3.81	6.09	-12.18	-12.18	4.59	6.07	8.58
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*S&P/TSX Composite Index*

<b>Foreign Equity Funds</b>	-3.48	7.49	-16.92	-16.92	0.41	5.40	9.08
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*MSCI World Index C\$ - Net*



## Equity Markets

Equity markets finished the year trending on a more positive note, with most major indices posting gains in the fourth quarter. European markets were very strong as receding domestic energy prices and lessened fear of geopolitical contagion led buyers to emerge to take advantage of fallen valuations. Emerging markets were also

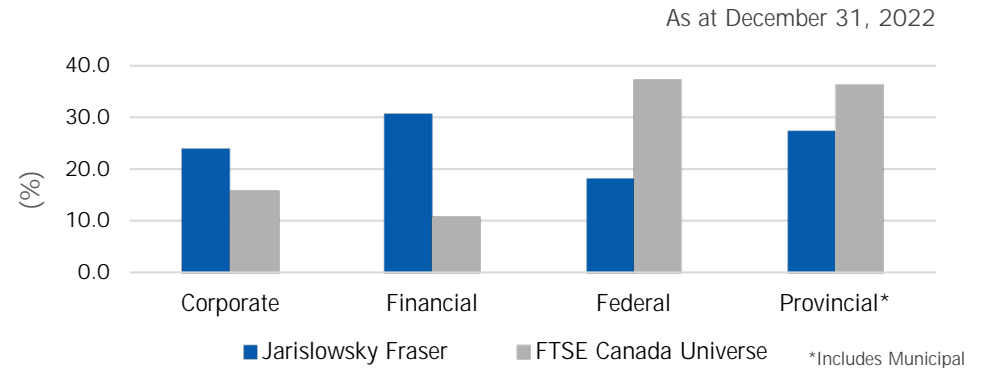
for bonds are much more favourable than the recent past, with investment-grade bonds yielding over 5%. That said, this does not account for future inflation changes, and should it surprise to the upside, equities theoretically provide better inflation protection than bonds. In addition, as active money managers, we believe quality companies – that continually meet our stringent investment criteria – should be more resilient through various economic environments and have the ability to provide more

## Portfolio Review

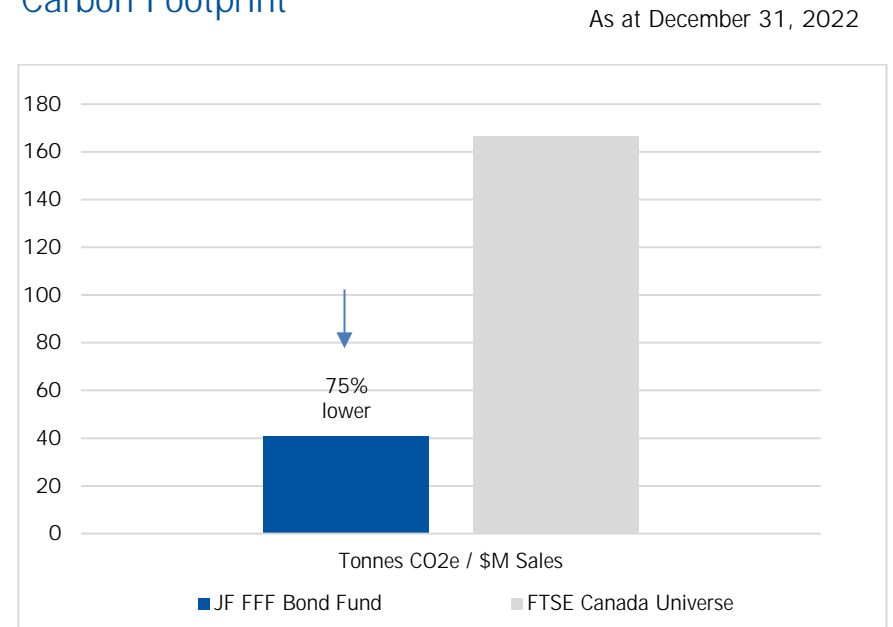
FTSE Canada Universe Sector Performance December 31, 2022	
Sector Index	Q4

For the quarter, the Fossil Fuel Free Bond Fund outperformed the FTSE Canada Universe Bond Index's return. The largest positive contributor to relative performance was the fund's overweight exposure to corporate bonds. This performance was enhanced by tactical allocation additions to corporate bonds in the fourth quarter. In addition, the Fund benefitted from positive individual corporate bond selection diversified across Communications and Financials holdings. With notable intra-quarter interest rate volatility, contribution to the fund's relative performance from duration and yield curve was minimal.

Annual Returns for Years Ending December 31st					
	2022	2021	2020	2019	2018
	(%)	(%)	(%)	(%)	(%)
Total Portfolio	-11.2	-2.4	10.0	7.5	1.6
FTSE Canada Universe	-11.7	-2.5	8.7	6.9	1.4



## Carbon Footprint



Holdings as at December 31, 2022. Carbon metrics and reporting generated on January 9, 2023. Portfolio weights are ex cash. Carbon Intensity = t CO2e/\$M USD Sales. Emissions include Scope 1 and Scope 2 Emissions. For portfolio, data availability is 62.5% with 12.2% comprised of MSCI estimates; for benchmark, data availability is 36.1% with 12.8% comprised of MSCI estimates.

## Green Bonds



## Portfolio Review

The Fossil Fuel Free Canadian equity portfolio exceeded the benchmark slightly in the fourth quarter. Despite Materials (+8.1%) and Energy (+8.9%) continuing to detract from the portfolio

growth at Tim Hortons, ongoing strength in Burger King International with growth above 20%, and ongoing evidence that Burger King USA is closing the gap with competitors. Added to these impressive results, the stock is compelling at a notable discount to peers, which should drive differentiated returns ahead.

Magna International, the third largest global auto parts supplier, rebounded somewhat from the low point in sentiment at the end of Q3. Automobile production has remained at recessionary levels since supply chains became challenged following the pandemic, and as a result, expectations are for improving production despite recessionary risks.

CAE, the leading provider of pilot training programs globally, rebounded from a poor third quarter driven primarily by an ill-timed special charge (project impairment) in its defense business line. The company's recent results were very strong, with solid revenue growth, improving margins, and confirmation that the defense-related charge was a non-recurring event. Margins and valuation for this stock are expected to continue to improve, along with the normalizing aviation industry.

Negative contributors for the quarter included CCL (-13%), Brookfield (-22%) and the Fund's absence from Energy. Global special packaging company CCL's weakness came despite reporting strong results and fundamentals, largely due to cautious comments from management on near-term growth as a result of macroeconomic risks. That said, CCL is largely exposed to non-discretionary categories which are less economically sensitive, and historically has used difficult economic environments to

Financials (-9.6%) were impacted negatively by Brookfield (-32%) and Scotiabank (-23%), which more than offset the solid contributions from Intact (+21%), Manulife (+6%) and Industrial Alliance (+14%).

## Noteworthy Changes

During the last quarter, we initiated a position in BMO Financial Group because it has an attractive expected return going forward, with decent synergies and prospects from the Bank of the West acquisition, leverage to higher interest rates and better than-

Valuation: BMO trades some 10% below its 5year average, currently at 9.1x 2023 consensus EPS and 1.4x BV, reflecting the current uncertainty relative to economic conditions. Its current dividend yield is 4.3%, which is sustainable even in a difficult recession.

ESG ConsiderationsJFL recognizes BMO's ESG approach and strategies to create longterm value for shareholders. The Bank is an active member of the responsible investment community and promotes responsible investing among its stakeholders by engaging with its advisors, investees, and policymakers on several related topics. Overall, the Bank continues to lead peers in corporate governance and human capital management.

- x Environmental and Climate commitments: BMO incorporates ESG and climate considerations into its longterm strategy: ambitious GHG reduction targets including NetZero by 26.97ii N7.6roll (l)-8.6( ).7 (N7.6r)12.930.7 (o)1.4 (l)r 26.97iinM (l)-8.6( ).7 (N7.6 (i)-8.9\_T3 ( )TJ 2 (t)T.7 ( ) (B)-2.1 (a)-4. (i)-8.3 (m)-0.7 (a)64 (nM (l)-8.6)TJ 0.00

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substantively. Boston Scientific (+17 %) and UnitedHealth (+15 %) all had good years as well, with steady results and ongoing value creation.

## Noteworthy Changes

During the quarter, we added a new position in Nestlé and exited Tsuruha Holdings, Alibaba, and Verisk. For Nestlé, we view the company as a best-in-class global consumer brand with defensive characteristics and attractive product categories with strong pricing power. More detail on the group is provided below. Our decision to exit our position in Japanese drugstore retailer Tsuruha Holdings was driven mostly by concerns about management's ability to execute its growth strategy in conjunction with better opportunities elsewhere in consumer staples. For Alibaba, we felt we had better alternatives within the Chinese internet space via Tencent. And in Verisk, after a strong performance, we felt valuations had become fulsome and decided to reallocate funds elsewhere.

### Nestlé

#### Food & Beverages

**Market & Industry:** The global food and beverage sector is known for its resiliency throughout economic cycles. According to Euromonitor, between 2014-2019, the sector averaged 3.5-4.0% growth, although the categories to which Nestlé is exposed averaged 4.0-4.5% growth. Key industry growth drivers include (1) premiumization, (2) an increase in consumers who are eating on the go and (3) population growth and an increase in per capita income, particularly in emerging markets and (4) growth in demand for healthier/better-for-you food.

**Company:** Established over 150 years ago, Nestlé is the world's largest and most diversified food and beverages company, with annual revenue of ~90bn CHF. The company has more than 2,000 brands (including 31 "billionaire brands") and is present in 186 countries worldwide. Nestlé sells products across seven broad categories, focusing on coffee, pet care, nutrition and health science, and water. Impressively, Nestlé derives more than 80% of its revenue from brands with a No. 1 or No. 2 market position, providing the Company with strong pricing power. Major brands include Nescafé, Nespresso, KitKat, Perrier, San Pellegrino, Gerber, Purina, Maggi and Nido.

**Management:**



Returns for the JF Pooled Funds have been calculated using the net asset value (NAV), are gross of management fees and in Canadian dollars. C\$ Index returns and NAV values have been calculated using the London 4PM closing FX rates. Complete Investment Policy guidelines are available upon request. JF Pooled Funds are only available to Canadian residents. Past performance is not a guide to future performance. Future returns are not guaranteed. Investment return and principal value of an investment





Security Description	Book Value		Market Value at 30-Sep-2022		Market Value at 31-Dec-2022		% of Asset Class	% of Total	Annual Income Estimate (CAD)	Current Yield %
	Local Unit Cost	Total Cost (CAD)	Quantity	Market Value (CAD)	Quantity	Price				
<b>SUMMARY</b>										
Fixed Income		50,002		51,684				34.2	1,380	3.1
Equity		70,738		74,879				65.8	1,136	1.3

The Bank of Nova Scotia (BNS) is the parent company of Jarislowsky, Fraser Limited. BNS securities held in your portfolio are related securities.





## CANADIAN EQUITY

### Dividends

Trade Date	Pay-Date	Security	Amount
Canadian Dollars			
Pooled Fund Distributions			
12/30/2022	12/30/2022	JF Fossil Fuel Free Canadian Equity Fund	161.32
Sub-total			161.32
Total - Dividends CAD			161.32

### Capital Gain Distributions

Trade Date	Pay-Date	Security	Amount
Canadian Dollars			
Pooled Fund Distributions			
12/30/2022	12/30/2022	JF Fossil Fuel Free Canadian Equity Fund	929.93
Sub-total			929.93
Total - Capital Gain Distributions CAD			929.93

## FOREIGN EQUITY

### Purchases

Trade Date	Settle Date	Quantity	Security	Unit Cost	Total Cost
Canadian Dollars					
10/06/2022	10/11/2022	279.370	JF Fossil Fuel Free Global Equity Fund C\$	13.96	3,900.00
Sub-total					3,900.00

## FOREIGN EQUITY

### Purchases

Trade Date	Settle Date	Quantity	Security	Unit Cost	Total Cost
Reinvestments					
12/30/2022	12/30/2022	12.550	JF Fossil Fuel Free Global Equity Fund C\$	14.24	178.66
12/30/2022	12/30/2022	17.497	JF Fossil Fuel Free Global Equity Fund C\$	14.24	249.09
Sub-total					427.75
Total - Purchases CAD					4,327.75

### Dividends

Trade Date	Pay-Date	Security	Amount
Canadian Dollars			
Pooled Fund Distributions			
12/30/2022	12/30/2022	JF Fossil Fuel Free Global Equity Fund C\$	178.66
Sub-total			178.66
Total - Dividends CAD			178.66

### Capital Gain Distributions

Trade Date	Pay-Date	Security	Amount
Canadian Dollars			
Pooled Fund Distributions			
12/30/2022	12/30/2022	JF Fossil Fuel Free Global Equity Fund C\$	249.09
Sub-total			249.09
Total - Capital Gain Distributions CAD			249.09

## OTHER TRANSACTIONS

### Expenses

Trade Date	Settle Date	Security	Amount
Canadian Dollars			
Management Fees			
10/28/2022	10/28/2022	Management Fee	211.44
Sub-total			211.44
Total - Expenses CAD			





## Jarislowsky, Fraser Fossil Fuel Free Bond Fund

Issuer	CPN %	Earliest Call / Maturity Date	Shares / Unit:	Average Unit Cost	Total Cc at Purchase	Price	Current o Market Value	% of Total
<b>Federal Bonds</b>								
Canada Housing Trust	3.550	09/15/2032	3,533,000	101.557	3,588,024	98.292	3,472,645	3.0
Canada Housing Trust	2.550	12/15/2023	437,000	98.306	429,597	98.106	428,724	0.4
Canada Housing Trust	1.750	06/15/2030	291,000	98.286	286,011	87.294	254,026	0.2
Canada Housing Trust	1.550	12/15/2026	32,000	96.316	30,821	91.892	29,406	0.0
Canadian Government Bond	2.250	06/01/2025	2,864,000	101.065	2,894,494	96.510	2,764,046	2.4
Canadian Government Bond	4.000	06/01/2041	2,474,000	128.381	3,176,148	108.585	2,686,383	2.3
Canadian Government Bond	2.000	12/01/2051	3,442,000	95.723	3,294,784	76.034	2,617,081	2.3
Canadian Government Bond	1.500	12/01/2031	1,383,000	86.892	1,201,715	86.103	1,190,802	1.0
Canadian Government Bond	3.500	12/01/2045	801,000	105.815	847,589	102.585	821,702	0.7
Canadian Government Bond	1.250	06/01/2030	783,000	92.786	726,512	86.700	678,861	0.6
Canadian Government Bond	2.250	12/01/2029	509,000	98.208	499,880	93.845	477,669	0.4
Canadian Government Bond	1.750	12/01/2053	397,000	72.139	286,390	70.474	279,783	0.2
Canadian Government Bond	2.250	06/01/2029	128,000	100.915	129,171	94.163	120,528	0.1
Canadian Government Bond	2.750	12/01/2048	116,000	107.894	125,157	90.382	104,843	0.1
CPPIB Capital Inc	3.000	06/15/2028	3,381,000	99.107	3,350,807	95.515	3,229,356	2.8
International Bank for Reconstruction & Development	0.875	09/28/2027	1,277,000	98.952	1,263,622	87.625	1,118,970	1.0
International Bank for Reconstruction & Development	1.800	07/26/2024	378,000	99.646	376,660	96.273	363,913	0.3
					22,507,384		20,638,737	18.0
<b>Provincial Bonds</b>								
Hydro-Quebec	2.000	09/01/2028	906,000	91.952	833,082	90.597	820,804	0.7
Hydro-Quebec	2.100	02/15/2060	601,000	82.290	494,565	60.280	362,284	0.3
Ontario Power Generation Inc	3.215	04/08/2030	1,566,000	91.130	1,427,093	90.659	1,419,716	1.2
Province of Alberta	2.050	06/01/2030	1,310,000	100.055	1,310,734	87.847	1,150,800	1.0
Province of Alberta	3.050	12/01/2048	780,000	82.891	646,549	80.347	626,710	0.5
Province of Alberta	3.100	06/01/2050	250,000	104.741	261,853	81.053	202,632	0.2
Province of British Columbia	2.750	06/18/2052	1,458,000	79.509	1,159,244	75.290	1,097,733	1.0
Province of British Columbia	4.300	06/18/2042	236,000	129.515	305,655	99.699	235,289	0.2
Province of British Columbia	2.800	06/18/2048	55,000	84.686	46,577	77.054	42,380	0.0
Province of Manitoba	3.900	12/02/2032	319,000	99.422	317,155	98.270	313,482	0.3
Province of New Brunswick	3.100	08/14/2048	162,000	92.637	150,072	79.959	129,534	0.1
Province of New Brunswick	3.100	08/14/2028	118,000	106.435	125,598	95.968	113,243	0.1
Province of Newfoundland and Labrador	1.750	06/02/2030	914,000	96.050	877,900	85.043	777,292	0.7
Province of Nova Scotia	3.150	12/01/2051	954,000	105.355	1,005,127	80.452	767,510	0.7
Province of Ontario	2.800	06/02/2048	4,030,000	88.078	3,549,561	76.737	3,092,491	2.7
Province of Ontario	2.650	02/05/2025	1,721,000	104.945	1,806,175	97.035	1,669,979	1.5
Province of Ontario	1.850	02/01/2027	1,648,000	100.170	1,650,797	92.502	1,524,439	1.3
Province of Ontario	2.650	12/02/2050	1,934,000	98.236	1,899,890	73.630	1,424,013	1.2
Province of Ontario	2.900	06/02/2028	963,000	96.336	927,717	95.384	918,543	0.8
Province of Ontario	3.450	06/02/2045	955,000	118.094	1,127,802	87.297	833,682	0.7
Province of Ontario	4.700	06/02/2037	433,000	130.890	566,753	104.315	451,687	0.4
Province of Ontario	2.900	12/02/2046	141,000	95.710	134,951	78.775	111,072	0.1
Province of Quebec	1.850	02/13/2027	4,016,000	99.181	3,983,124	92.601	3,718,869	3.2
Province of Quebec	2.850	12/01/2053	2,973,000	84.460	2,511,003	76.488	2,273,986	2.0
Province of Quebec	5.000	12/01/2041	1,938,000	134.602	2,608,592	108.584	2,104,358	1.8
Province of Quebec	3.100	12/01/2051	1,723,000	106.262	1,830,897	81.059	1,396,639	1.2
Province of Quebec	3.250	09/01/2032	885,000	95.276	843,195	93.839	830,476	0.7
Province of Quebec	3.500	12/01/2048	635,000	112.892	716,865	87.564	556,033	0.5
Province of Saskatchewan	2.800	12/02/2052	648,000	78.249	507,054	75.248	487,609	0.4
Province of Saskatchewan	3.100	06/02/2050	280,000	103.175	288,857			

Issuer

Issuer	Shares / U	Average Unit Cost	Total Cost at Purchase	Price	Current Market Value	% of Total
CCL Industries Inc., Class B	131,013	55.788	7,308,936	57.840	7,577,792	3.2
Winpak Ltd.	72,153	42.720	3,082,384	42.060	3,034,755	1.3
Boyd Group Services Inc	25,807	188.252	4,858,214	209.160	5,397,792	2.3
CAE Inc.	204,102	25.454	5,195,290	26.190	5,345,431	2.3
Canadian National Railway Company	85,085	134.738	11,464,177	160.840	13,685,071	5.9
SNC-Lavalin Group Inc.	273,639	25.300	6,923,897	23.860	6,529,027	2.8
Stantec Inc.	133,765	50.076	6,698,405	64.880	8,678,673	3.7
Thomson Reuters Corp	61,953	110.698	6,858,047	154.460	9,569,260	4.1
WSP Global Inc.	58,740	116.742	6,857,428	157.090	9,227,467	4.0
Gildan Activewear	180,622	33.706	6,088,037	37.080	6,697,464	2.9
Magna International Inc	92,993	78.868	7,334,168	76.060	7,073,048	3.0
Restaurant Brands International Inc	118,593	75.357	8,936,818	87.570	10,385,189	4.5
Empire Company Ltd.	129,999	36.470	4,741,082	35.660	4,635,764	2.0
Metro Inc., Class A	96,798	61.096	5,913,968	74.970	7,256,946	3.1
Premium Brands Holdings Corp	55,512	97.629	5,419,575	82.280	4,567,527	2.0
Saputo Inc	140,544	34.636	4,867,875	33.520	4,711,035	2.0
Bank of Montreal	70,845	132.714	9,402,145	122.660	8,689,848	3.7
Brookfield Asset Management Ltd	50,855	25.976	1,321,034	38.770	1,971,648	0.8
Brookfield Corporation	203,423	47.624	9,687,727	42.580	8,661,751	3.7
Definity Financial Corp	39,540	37.909	1,498,912	38.480	1,521,499	0.7
iA Financial Corp Inc	95,133	59.300	5,641,413	79.270	7,541,193	3.2
Intact Financial Corporation	55,017	153.868	8,465,363	194.910	10,723,363	4.6
Manulife Financial Corporation	305,232	22.309	6,809,479	24.150	7,371,353	3.2
National Bank of Canada	50,909	89.399	4,551,189	91.230	4,644,428	2.0
The Bank of Nova Scotia	165,686	70.227	11,635,644	66.340	10,991,609	4.7
CGI Group Inc.	95,133	97.115	9,238,868	116.710	11,102,972	4.8
Enghouse Systems Ltd.	139,168	44.287	6,163,283	35.970	5,005,873	2.1
Kinaxis Inc	25,637	142.631	3,656,630	151.910	3,894,517	1.7
Open Text Corporation	193,641	50.808	9,838,541	40.120	7,768,877	3.3
Shopify Inc	151,870	92.429	14,037,152	47.010	7,139,409	3.1
The Descartes Systems Group Inc.	91,637	72.294	6,624,789	94.390	8,649,616	3.7
Altus Group Ltd.	53,778	48.272	2,595,989	54.040	2,906,163	1.2
Colliers International Group Inc	22,006	165.890	3,650,632	124.380	2,737,106	1.2
Cash & Short Term Investments*			7,627,377		7,627,323	3.3
<b>Total Portfolio in C\$</b>			<b>224,994,467</b>		<b>233,320,791</b>	<b>100.0</b>

\*Includes outstanding accruals except for bond accrued interest and distribution payable which is reinvested in the fund.





**UNIVERSITY OF WINNIPEG FOUNDATION (JF11508)  
COMPLIANCE REPORT AS AT DECEMBER 31, 2022**

<b>ASSET MIX - AT MARKET VALUE</b>	<b>RANGE (%)</b>	<b>ACTUAL (%)</b>	<b>IN COMPLIANCE</b>
Cash & Cash Equivalents	0 - 10	0.9	Yes
Bonds	30 - 50	33.3	Yes
Canadian Equities	15 - 35	26.0	Yes
Global Equities	25 - 45	39.7	Yes

**BONDS** **IN COMPLIANCE**

The portfolio will exclude the FTSE TMX Energy corporate group, with the exception of renewable energy entities as defined by Jarislowsky Fraser.

The portfolio will exclude the non-energy sector companies that have material proven coal, oil or gas reserves that are used for energy purposes.

Green bonds will be considered for inclusion if they have an attractive risk/return profile. Yes

**EQUITIES** **IN COMPLIANCE**

The portfolio will exclude the GICS® Energy Sector, with the exception of renewable energy entities as defined by Jarislowsky Fraser.

The portfolio will exclude the non-energy sector companies that have material proven coal, oil or gas reserves that are used for energy purposes.

**GENERAL** **IN COMPLIANCE**

Yes

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Procedures throughout the reporting period.

Compliance verified by:

Chad Van Norman, CFA  
Managing Director & Portfolio Manager

January 6, 2023  
Date

The JF Pooled Fund compliance reports are attached.

Certificate of Compliance  
as at ' H F H P E H U , 202

The firm's Investment Strategy Committee (ISC) meets at least weekly to evaluate the market, existing security selections in Funds (JF Pooled Funds) and prospective new additions to the Funds. The Funds invest in various industries where the Committee of



Certificate of Compliance  
as at ' H F H P E H U , 202

The firm's Investment Strategy Committee (ISC) meets at least weekly to evaluate the market, to security selections in the Funds (JF Pooled F







Voting Rights

Voting rights acquired through Fund investments are delegated to the Manager who at all times acts prudently and solely in the interest of Fund clients and beneficiaries.

Securities Lending:

Jarislowsky Fraser Pooled Funds' Trust Agreements permit securities lending for the benefit of the funds.

To the best of our knowledge, we are in compliance with the guidelines and constraints set out in the investment policy.



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# The ESG Files

Exploring the investment considerations of ESG matters

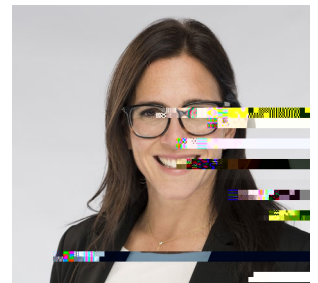
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## ESG has gone mainstream. What's next?

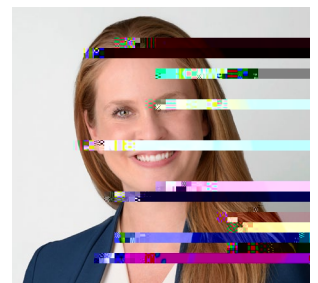
As investors increasingly recognize its potential for value creation and risk mitigation, the ESG movement for environmental, social and governance has moved firmly into the investment industry mainstream. Yet, ESG has also attracted its fair share of criticism and confusion, even among institutional investors, over what it is, how it should work and where it is heading. In this roundtable discussion, three senior members of Jarislowsky Fraser's Sustainable Investment Committee— Mark Fattedad, Isabelle Laprise, and Heather Sharpe – talk about the challenges and the opportunities ESG faces today, the importance of process over product, and how Jarislowsky Fraser is staking out a leadership position among Canadian asset managers in the ESG space.



Mark Fattedad, CFA  
Lead, Sustainable Investment  
Strategy & Senior Institutional  
Portfolio Manager



Isabelle Laprise, CFA  
Quebec Lead, Sustainable  
Investment Strategy & Senior  
Institutional Portfolio Manager



Heather Sharpe  
Senior Research Analyst, ESG

**JARISLOWSKY FRASER**

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GLOBAL INVESTMENT MANAGEMENT

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**Q:** Let's start by discussing some of the controversy around ESG. Is an anti-ESG movement underway?

the growth of ESG in that light would be twisting the facts. And similarly, the idea of an anti-Green investment

Heather: In the United States, there's been a backlash that could be called an anti-ESG or 'anti-woke capital' movement. A few governors have even gone so far as saying they will ban the use of ESG for any investment in their state pension funds. And there's been some financial industry movement to capitalize on this with the launch of anti-ESG funds, which invest in a way that aligns more with what they term 'ideologically conservative' investors, and use shareholder proposals and even 'black lists' to push back against companies they feel have socially liberal agendas. In Canada, by contrast, we see less debate about whether ESG should be incorporated and more of a debate over how it should be incorporated. Responsible investing is more entrenched here, and a lot of our pension funds have been at the forefront of it.

Isabelle: In the U.S., this is all happening concurrently with a rise in potential regulation to enhance the framework for ESG disclosure. It is also in the context of the debate over whether pension plan managers' fiduciary duty extends to the consideration of ESG factors. So, I think the atmosphere of increasing regulation and disclosure has created space for some of the anti-ESG movement.

**Q:** In some ways, then, the backlash against ESG is a sign of ESG's success?

Mark: It's important to look at the context. Over the last 15 to 20 years, ESG has moved from a niche in the investment industry to the mainstream. And there has certainly been a rush to commercialize products before process. Some estimates are that one in every eight global equity funds is an 'ESG fund today. What we're seeing now is the natural evolution of regulation coming to the ESG space. While there are probably examples of market participants using the veil of ESG to push for things that aren't clearly linked to business value, to characterize



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By our last count, we filled out almost 70 separate ESG questionnaires from clients this year. So we would welcome standardized disclosure from that perspective. This helps us empathize with our portfolio companies, who also need clear standardization to reduce the disclosure fatigue that comes with too many ad hoc requests.

**Q:** Climate change has been a primary focus in ESG over the past few years, but is it shifting towards a broader approach? And where do you see that shift leading?

Isabelle: There's already a lot of regulatory disclosure on governance. On the environmental and social side, climate change has attracted almost all the effort and attention because it's such an important issue. Now, there's greater recognition of the link between climate change and biodiversity, so I think we'll see more attention on biodiversity and reporting frameworks for it. The recent adoption of the Kunming-Montréal Framework in the context of the United Nations Biodiversity Conference (COP15) that took place in December in Montreal is a great example of that.

Heather: There's also more attention being paid to the link between climate change and social factors. Frameworks such as Climate Action 100+ are trying to incorporate 'just transition' considerations, and, in the Canadian context, Indigenous perspectives and reconciliation are also increasingly recognized as integral.

Mark: Climate will remain centre-stage. One significant change is that while we've always focused on the economics of sustainability, energy security has become a real focal point. So when we're thinking about the energy sector through an ESG lens, we have to consider affordability and security and balance that against the urgency to transition to a net-zero economy. Net-zero is an area of ongoing research for us, and it's quite complex. We've learned that it will require a deep understanding of industry-specific decarbonization pathways and the key

technologies, regulations and standards that will drive and enable it. In connection to our commitment to the Canadian Investors Statement on Climate Change and what it means from an investment perspective, we see a role for us to play in collaborating with companies and supporting them along those pathways.

**Q:** Similarly, we have seen sustainable finance bonds initially focusing on climate in the form of green bonds, and more recently expanding to other areas. What is your view on sustainable finance bonds right now?

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Heather: I'd highlight a couple of challenges with sustainable finance bonds. As you know, there are two different kinds. There's the 'use of proceeds' instruments, which earmark capital for specific initiatives, and then there are sustainability-linked bonds, where the capital raised is for general purposes, but the actual borrowing costs are tied to sustainability targets.

The International Capital Management

Association (ICMA) has created a set of widely used but voluntary frameworks for both use of

proceeds and sustainability-linked bonds. We've done a lot of work on reporting what 'use of

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# Jarislowsky Fraser

## Recent Developments

### People

#### Global Investment Team

- Jeremy Schaal, CFA, becomes Portfolio Manager, U.S. Equities, and is now dedicated to leading the U.S. Equity strategy.
- Kelly Patrick, CFA, continues to lead international and global equities as the portfolio manager for both strategies.
- Reinforcing our bench strength in global equities, Brad Darling and Shey Ylonen have been named Associate Portfolio Manager, Global Equities.
  - Brad Darling, CFA, CPA, CA joined JFL in July 2016 and has been a senior analyst covering global Financials. He has more than 20 years of experience.
  - Shey Ylonen, CFA, joined JFL in 2015 and has been a senior analyst focused on global Materials and Industrials. He has more than 14 years of experience.
- It was with much sadness that we announced the passing of our colleague and friend Bruce Beingessner last fall. He has been with our firm since 1998 and was a senior research analyst and member of the Investment Strategy Committee (ISC). His position on the ISC was not replaced, and we do not expect to do so in the foreseeable future.

#### Jarislowsky Fraser Was Recognized as a Top Investment Manager at The Great Canadian ESG Championship

Inspired by the UK's "ESG Investing Olympics", nine Canadian co-investors put forward \$104.5M to invest with the goal of shining a light on the asset managers who are excelling in responsible investing, to inspire others, and to give asset owners a curated jumping off point to help accelerate their ESG investing. From more 60 proposals submitted, JFL was recognized in the multi-asset category, winning \$25 million of mandates out of the total investment pool.

Asset Under Management

As at December 31, 2022

#### Updated Proxy Voting Guidelines

As part of the annual review of our proxy voting guidelines, we have published an update that takes into consideration the evolution of the markets and best practices related to sustainable investment and governance. The main changes relate to topics on diversity, climate change and executive compensation, specifically on director nominations. We believe these







JFL generally votes in favour of reasonable competitive compensation for company executives, officers and Board members. JFL agrees with the executive compensation principles of the Canadian Coalition on Good Governance (CCGG) and reviews proxy circulars for reasonableness and with the following guidelines in mind:

- ‡ Compensation should be simplified to focus on key measures of corporate performance
- ‡ Executives should build equity in their company to align their interests with shareholders
- ‡ Companies should limit pensions, benefits, severance and change of control entitlements
- ‡ Effective succession planning reduces paying for retention

JFL will only support Boards and members of the compensation committee when overall compensation is reasonable (generally, option dilution should not exceed 3%) and built with long-term sustainable growth in mind. The same criteria apply for an advisory vote on executive compensation, including executive severance agreements and one-time grants. JFL prefers annual advisory votes on compensation matters.

Capital Issuance: Companies need some financing flexibility to take advantage of growth opportunities, but shareholders should have input into significant transactions. To that end, JFL will:

- ‡ Generally support proposals that allow capital issuance of up to 10% of issued capital, with or without preemptive rights, so long as it is the same class of shares and management has exhibited a responsible use of the proceeds
- ‡ Generally vote against requests for approval to issue more than 10% of issued capital without preemptive rights.
- ‡ Generally assess requests for issuance of more than 10% of issued capital with preemptive rights on a case-by-case basis considering size of the issuance, duration of the approval, intended use of proceeds, past use of equity issuance proceeds, and quality of governance.

Reduced Special Meeting Thresholds: JFL generally votes in favour of proposals aimed at increasing shareholder rights.

Climate Change: In recognition of the emergence of climate-related risks and opportunities and the effect on the broader society, JFL generally votes in favour of climate-related proposals that are aligned with what JFL considers to be best practices. JFL encourages companies to publicly disclose their approach to climate change and any relevant data in line with the recommendations made by the Taskforce on Climate-Related Financial Disclosures (TCFD) and CDP. The data should be complete, reliable and comparable.

Shareholder Proposals:

Jarislowsky, Fraser Limited reviews shareholder proposals in the context of enhancing long-term value. We generally use the following framework to assess each proposal:

1. Goal: Is the proposal focused on creating long-term value and supporting long-term resiliency?
2. Risks and Opportunities: Does it focus on the potential opportunities as well as potential risks to the company and its shareholders?
3. Principles vs. Rules-Based: We generally favour principles-based, rather than rules-based approaches. When assessing proposals, we consider the following: does it suggest potential ideas and focus on providing sufficient disclosure for investors to engage management and make investment decisions; and does the proposal presume specific outcomes about uncertain future events to dictate specific actions?



4. Materiality: We will assess whether the information requested is likely to be material to investment decisions and the long-term business outlook. Proposals that focus on operational and strategic meaningful initiatives, which do not ask for disclosure of proprietary or commercially sensitive information, are favored.

Jarislowsky, Fraser Limited generally supports shareholder propositions that:

- ‡ Focus on increasing quality of disclosure and risk management frameworks, as we believe that transparency drives accountability.
- ‡ Ask for Proxy Access rights, with reasonable eligibility requirements.
- ‡ Encourage board independence.
- ‡ Propose separation of Chair and CEO functions.
- ‡ Ask for a non-ELQGLQ 30D μ
- ‡ Allow minority shareholders who represent 10% or more of shareholding to call a meeting.
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