GUARDIAN CAPITAL™

Guardian Capital LP
Responsible Investing Report 2023

Contents

To our clients and investors

2023 was a challenging year for environmental, social and governance ("ESG") momentum due to both new and prevailing headwinds.

Rapidly rising interest rates in the face of persistent high inflation led to the reassessment of sustainability spending and commitments by governments, companies and individuals. Ongoing and growing geopolitical tensions led to continued high and volatile energy prices and a growing awareness that the pace and pathway of the energy transition may need to be reconsidered to ensure the appropriate balance between energy security, reliability and affordability. At the same time, the costs of green policies became more visible and ESG reporting fatigue thrived amidst the uncertain and ever-changing regulatory standards in many jurisdictions. This was compounded by the ESG backlash, which has its roots in the US but has since spread across the globe.

Despite these headwinds, we have continued to see progress and an evolution of the Responsible Investing (RI) space. ESG integration – where ESG is systematically considered in the investment process with the aim of enhancing risk-adjusted returns – is widely seen as a baseline or "table stakes" for asset managers across global markets.

Regulators around the world continue to introduce or increase sustainability regulations on corporate disclosure, with the intention of increasing the availability, consistency and reliability of reported information. The adoption of the recently introduced International Sustainability Standards Board (ISSB) disclosure standards — IFRS S1 and IFRS S2 – should help to provide a global baseline for corporate sustainability reporting. At the same time, Europe's Corporate Sustainability Reporting Directive (CSRD) becomes mandatory, for all EU-based companies that meet the conditions, starting in 2025. In addition, California and New York have moved ahead with mandatory corporate climate disclosure laws while we wait for the US Securities and Exchange Commission (SEC) to implement its own climate disclosure rules.

At the same time, global regulators continue to develop sustainability regulations for asset managers with a focus on product classification or labelling regimes, intended to provide more clarity to end investors. As a result, we are starting to see clear delineation between investment funds that integrate ESG considerations as part of their investment process for risk management purposes, and ESG-focused or ESG-impact funds. Asset managers now need to think more carefully about what they mean by "ESG" and to more clearly articulate how and why they consider ESG factors when making investment decisions.

As we look ahead through 2024, we believe that many of the headwinds for ESG will persist. In particular, the ESG backlash in the US and elsewhere is likely to continue and potentially intensify. Elections in many parts of the world (more than half of the world's population will vote this year) – and in particular, Trump's potential return to office as well as the rise of far-right parties in Europe – may have implications for the pace and level of ambition of sustainability policy and funding initiatives across the globe.

However, although we may see a tempering on ambition, we expect the direction of travel to remain largely the same. Notwithstanding the headwinds, Responsible Investing is not going away. What will change is the way that markets and asset managers approach it. ESG as a broad term has fostered confusion due to its lack of specificity – it means different things to different people and is easily misinterpreted; and as a result, it has become highly politicized.

Today, it has become widely accepted that understanding the risks that environmental and social issues like climate change, energy transition, and human rights management pose to companies is integral to assessing their long-term sustainability. As such, it has become a recognized aspect of fiduciary responsibility. While it is unfortunate that the term ESG has become politicized, we do not expect the concept or need to understand ESG factors to disappear. Instead, there will be a shift in the language used, towards terms like "sustainability" as well as a move to focus on specific aspects of ESG, such as transition or decarbonisation or human rights – all of which are clearer and less open to misinterpretation. We also expect the RI landscape will continue to move towards more harmonized terminology on RI approaches, product categorizations, and disclosure expectations, which should provide better clarity and promote shared understanding.

In the face of this evolving environment, Guardian Capital LP's approach to RI will remain pragmatic. Our core objective is to achieve strong and steady returns for our investors over the long term. Our investment teams integrate ESG consideration factors in their investment processes and stewardship

activities with a view to managing risk and enhancing risk-adjusted returns. At the same time, we will continue to develop ESG-focused strategies and products to address specific client needs as they arise.

During 2023, Guardian Capital LP made a concerted effort to ensure that our communications with clients and industry bodies were as clear as possible. More specifically, we updated our Responsible Investing Policy, finalised our engagement and controversy risk management procedures and published an overview on our Approach to Stewardship. We remained active in initiatives such as the International Corporate Governance Network (ICGN), Responsible Investment Association (Canada), and the UK Investment Association, and participated in regulatory consultations on topics including the EU's Sustainable Finance Disclosures Regulation (SFDR), and Canada's Diversity and Inclusion disclosure for corporate issuers, as well as Canada's Investment Fund ESG disclosure guidance. Internally, we continued to enhance our approach to climate-related investment analysis, changing our provider for climate data and analysis and bringing in a leading ESG advisory firm to provide climate training to all our investment teams. Underscoring all of these actions was a recognition of the need to continually evolve and adapt our processes and approach to ensure that we maintain a robust RI framework in the rapidly evolving landscape. Over the next 12 months, we intend to continue to adapt to evolving regulatory and client demands, with an emphasis on reporting, stewardship, and a deepened understanding of how climate change and other sustainability topics, such as biodiversity and human rights, could potentially impact our investments.

Our 2023 annual report provides examples of how we integrate ESG considerations into the research, engagement, and proxy voting activities of our investment teams. We hope this report provides insight into the hard work and thoughtful approach to RI employed by Guardian Capital LP's investment teams and would be delighted to provide more detail upon request.

Denis Larose
Chief Investment Officer

Michele Robitaille
Head of Responsible Investing

Responsible Investing at Guardian Capital LP

At Guardian Capital, our core objective is to achieve strong and steady returns for our clients and investors over the long term. An integral part of achieving this objective is our commitment to investing in high-quality companies that we believe are capable of generating long-term sustainable growth. Furthermore, we believe that companies that engage in sustainable environmental practices, consider the effects of their operations on the communities in which they operate, and have proper governance practices that protect the interests of all stakeholders are more likely to be sustainable businesses over the long term. As a result, we integrate ESG considerations into all of our investment processes and stewardship activities, commonly referred to as ESG Integration and Active Ownership, respectively.

The implementation of this shared philosophy is unique to each investment team and mandate at Guardian Capital. In the same way that there is no "one size fits all" for investing, there is no "one size fits all" for determining how ESG factors are considered in the investment process. Our investment processes for our fixed income strategies are different from those of our equity strategies, and even within the equity asset class, a global equity portfolio may focus on different factors than their emerging markets, Canadian, or US counterparts. Similarly, companies in different industries and sectors are subject to different ESG risks and opportunities. We acknowledge that it is important to understand these nuances within the context of materiality, and believe that our investment teams are the most knowledgeable about their companies and markets and can best determine how to incorporate responsible investing into their investment processes. While the investment process and implementation may vary, all of our investment teams, including the investment teams at our sub-advisory subsidiaries, are fully committed to integrating ESG considerations into all investment decisions and active ownership activities.

Investment teams at Guardian Capital LP

Guardian Capital LP is a wholly owned subsidiary of Guardian Capital Group Limited and the successor to its original investment management business, which was founded in 1962. Headquartered in Toronto, Canada, along with subsidiaries in the UK and US, Guardian Capital LP executes investment strategies on behalf of pension plans, insurers, foundations, endowments, family offices and investment funds around the world.

GUARDIAN CAPITAL

C$16.9 billion in AUM[1]

Investment Teams:
Canadian Equity
Canadian Fixed Income
i^3 Investments™
Multi-Asset Investment Solutions

GUARDCAP

C$17.9 billion in AUM[1]

Investment Teams:
Fundamental Emerging Markets Equity
Fundamental Global Equity

ALTA CAPITAL MANAGEMENT

C$4.3 billion in AUM[1]

Investment Team:
Fundamental US Equities

Agincourt Capital Management, LLC

C$11.9 billion in AUM[1]

Investment Team:
US Fixed Income

[1] Source: Guardian Capital Group Limited, as at December 31, 2023.

ESG integration overview

ESG integration occurs through our proprietary research processes and the analytical skills of our investment teams. Our investment teams utilize proprietary frameworks to assess ESG factors in determining the long-term sustainability of the underlying company and the impact ESG factors are likely to have on its outlook and valuation. The goal is to determine which material ESG risks are inherent in the company's business and operating practices and to see evidence of progress in addressing and mitigating any areas of concern.

We have developed a number of tools to help support investment analysis based on the Sustainability Accounting Standards Board (SASB) framework – a framework that identifies financially material ESG factors, and is used by a number of our investment teams. While we also utilize a number of third-party ESG data providers, including Clarity AI, Sustainalytics, Institutional Shareholder Services (ISS) and MSCI ESG Research, we recognize the limitations in third-party ESG data and, as such, use these providers primarily as a starting point to flag potential ESG issues and controversies. We then rely on our internal research and investment processes to develop a robust ESG assessment for investee companies.

The following section showcases a number of examples that demonstrate how ESG is integrated into our investment processes and highlights some of the positive developments being made in the companies we invest in.

Canadian equities case study

Company:
Cameco Corporation ("Cameco")

Sector:
Materials

Sustainability themes:
Waste and Hazardous Materials Management, Water and Wastewater Management, Ecological Impacts, Human Rights and Community Relations, Employee Health and Safety, Labour Practices, Critical Incident Risk Management, Business Ethics, Energy Management, GHG Emissions, Air Quality.

Company overview:
Cameco explores, develops, mines, refines, converts, and fabricates uranium. The company offers uranium for sale as fuel for generating electricity in nuclear power reactors. Cameco is one of the largest global providers of the uranium fuel needed to energize a clean-air world.

Source: Guardian Capital LP research based on public filings of Cameco Corporation up to December 31, 2022.

Sustainability profile:
Cameco's biggest environmental issue is the management of tailings – the left-over materials from the mining process. Overall, Cameco's management and disclosure of its tailings strategy is excellent. Cameco and third-party auditors consistently inspect their two above-ground tailings facilities in Saskatchewan, Canada. Cameco is a member of the Towards Sustainable Mining (TSM) tailings management protocol, which sets out best practices and conducts audits of its members every three years. Cameco's processes have been audited by an independent review board, which concluded that sound engineering practices were in place. Every five years, Cameco does a groundwater review. No serious contamination issues have been found so far.

Water and wastewater management is vital for Cameco, which engages in mining activities that require significant water volumes. A mitigating factor for the company's water risk is the remoteness of its mining operations which eliminates the risk of water being requisitioned for consumption purposes. Water diversion, segregation, and inflow reduction have all helped to reduce the amount of water that requires treatment. Cameco uses conventional water treatment processes to ensure water is safe for discharge. Sampling and monitors are in place to ensure that only safe discharge is released after treatment.

Community and Indigenous relations are highly significant to Cameco in its Canadian operations, particularly in Northern Saskatchewan where the population is 99.4% Indigenous. The company requires community engagement and consultation to maintain a social license to operate. Cameco's community engagement efforts have included information sharing, local representation on committees, and community visits to enhance the company's relationship with locals. Cameco also collaborates with community environmental monitoring programs that test local traditional foods (fish, moose, elk) to ensure that consumption remains safe. Online training is available to all Northern Saskatchewan residents, and this helps provide workers with the skills required to work for Cameco. Cameco also offers scholarships to support education for Northern Saskatchewan residents. Cameco employs 372 Northern Saskatchewan residents, ~1% of the total population and ~50% of the company's regional staff.

Staff safety is one of Cameco's biggest concerns. Mining and other industrial operations that Cameco is involved in have severe consequences for safety failures. Additionally, the nuclear supply chain attracts significant scrutiny and regulation for radiation safety. Cameco's performance on radiological safety is excellent, and general safety has adequate performance. However, the company has a consistently higher total recordable incidence frequency (TRIF) than peers, and in 2022, the rate increased significantly after having fallen for two years.

Additionally, the company's voluntary turnover has increased in recent years to pre-pandemic highs. Both these metrics warrants monitoring going forward.

Nuclear technology is a highly sensitive and regulated area which Cameco must comply with to maintain its operations and avoid regulatory interference. This means the company has developed high-quality cybersecurity policies and controls to minimize risk. Cameco uses the National Institute of Standards and Technology (NIST) framework to govern its cybersecurity controls. NIST is among the most highly regarded cybersecurity frameworks. Cameco also uses the Centre for Internet Security (CIS) and the Canadian Centre for Cyber Security to supplement its governance framework on emerging security issues. 100% of staff completed security training in 2022, and regular reminders on security are provided to all staff and contractors.

Investment team's Sustainability Assessment Summary

Mining companies typically have high exposure to sustainability-related risk due to the nature of their operations. Guardian Capital LP's Canadian Equity investment team's evaluation of the company found the company has done an excellent job at managing its relevant sustainability-related risks. Additionally, the team found Cameco's disclosure of its sustainability practices amongst the most detailed and comprehensive of any Canadian company.

The investment team's analysis of the company's sustainability practices, disclosures, and managerial oversight increased its conviction in the company's foundations for sustainable growth. From an investment perspective, increasing demand for electric power will necessitate increased generation capacity, raising demand for nuclear fuel services. Cameco stands to benefit overall from growing demand for nuclear power due to the global energy transition. Additionally, the uptake in net-zero goals will likely increase nuclear power's share of electricity generation as demand for lower emissions electricity increases. Finally, Cameco's position as the biggest North American uranium miner provides a competitive advantage as the secure uranium supplier for the free world. This will become relevant as uranium is increasingly seen as a critical mineral.

US equities
case study

Company:
Cintas Corp ("Cintas")

Sector:
Industrials

Sustainability themes:
Supply Chain Management, Product Quality and Safety, Materials Sourcing and Efficiency.

Company overview:
Cintas is the leading uniform rental service company providing route-based uniform cleaning and servicing and facility services, which include sanitizing, cleaning and personal protective equipment (PPE). The company also sells first aid supplies, PPE, Automated External Defibrillator (AEDs), training and compliance courses, eyewash stations, and water coolers to businesses. Additionally, Cintas also repairs fire extinguishers.

Source: Guardian Capital LP research based on public filings of Cintas Corporation up to December 31, 2022.

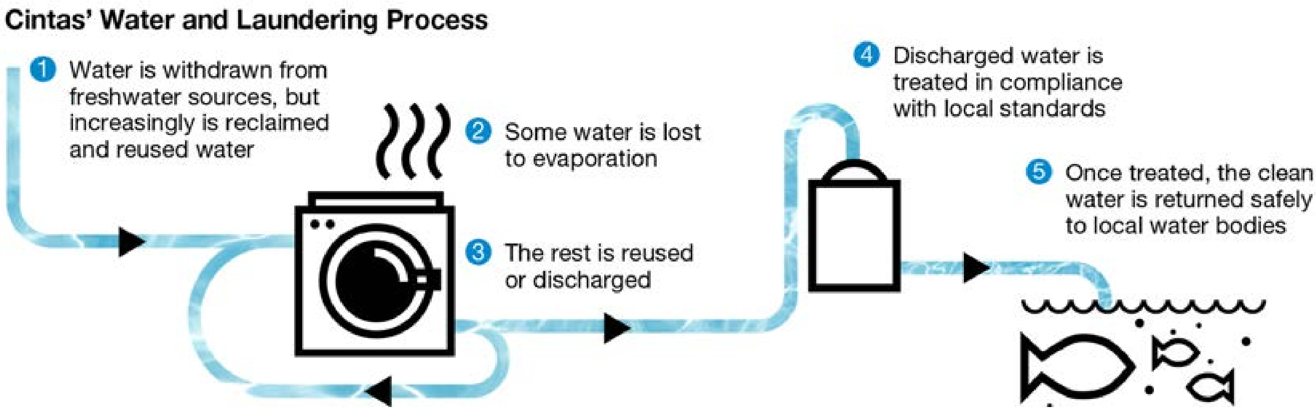
Sustainability profile:
A major component of the US Equity investment team's rationale for Cintas is its sustainability proposition. Cintas' roots originate in sustainability, since the time when the founders collected discarded dirty shop rags, laundered them and sold them back to the local factories. Cintas' main competition comes from the use of disposable products. To the extent that Cintas is able to replace the use of disposable products with reusable, washable uniforms, it could lead to a reduction in single-use products ending up in landfills. As a result, the company benefits from its customers' and the public's heightened awareness of sustainability.

Cintas is characterized by a low risk profile for ESG issues and this profile has improved over time. Its overall ESG risk score according to Morningstar Sustainalytics is 17.11 (low risk) which is an improvement from over 21 (medium risk) in 2021. Today Cintas is committed to lowering greenhouse gas emissions and reducing water use. As part of its ambitions, it expects to achieve net zero GHG emissions by 2050 and has committed to returning 90% of withdrawn water back to municipalities. Already, the Cintas laundry process is 42% more water efficient than home laundry systems.

Natural gas represents the majority of the company's energy consumption (79%). Its energy intensity continues to decrease. Its emissions intensity was reduced by an additional 7.5% in 2021 and energy consumption intensity by an additional 7.9%. The Textile Rental Services Association of America (TRSA) reports that Cintas uses 30% less energy than its peer companies, resulting in 10% lower emissions than industry average.

Cintas has implemented a health and safety management system that, in accordance with the US Department of Labor Occupational Safety and Health Administration (OSHA), includes a minimum 10-hour training course covering topics like PPE, emergency action plans, injury and illness recordkeeping and more. As a part of the training, employees learn about workers' rights, employer responsibilities and safety and health hazards.

Cintas has demonstrated a commitment to prioritizing employee safety. Employees are trained to identify risk and issues in their work area. Cintas has seen a 66% reduction in the total injury rate over the last decade. More than 100 Cintas locations have received OSHA's VPP Star Recognition for Workplace Safety, which can take years to complete.



Source: [Kim to Advise]

Investment team's Sustainability Assessment Summary

As a part of its proprietary ESG scoring rubric, the US equity investment team scores companies based on their environmental, social, and governance profile along with other sustainability issues out of 20. A score of 13-14 and above is considered a good score. Cintas scored an impressive 16/20. It was deducted one point for certain employee relations incidents that have since been resolved and haven't recurred. It also lost three points for governance-related issues, mostly involving lack of leadership diversity. Combined with an absence of any significant controversies, the investment team considers Cintas to have an overall strong ESG profile.

In the US Equity investment team's view, client sustainability considerations could drive another leg of growth as unserved businesses come into the Cintas fold. Cintas is by far the largest company in its market and should benefit from the continued secular shift to outsourcing and cross-selling of safety products with its uniform services. It is well diversified across end markets, including manufacturing and goods-based industries (30%) and services (70%), which includes many essential businesses including grocery, healthcare, first responders. Given its scale and its solid balance sheet, Cintas should be able to gain market share organically and even by acquisition. Its wide moat is predicated on unparalleled route density and resulting lower operating costs.

Global equities
case study

Company:
Illumina, Inc. ("Illumina")

Sector:
Healthcare

Sustainability themes:
Access and Affordability; Product Quality and Safety; Product Design and Lifecycle Management; Selling Practices and Product Labeling; Supply Chain Management; Business Ethics.

Company overview:
Illumina is the world's leading producer of gene sequencing equipment and develops, manufactures, and markets integrated systems for the analysis of genetic variation and biological function. The company's mission is to improve human health by unlocking the power of the human genome.

Source: Guardian Capital LP research based on public filings of Illumina, Inc. up to December 31, 2022.

Sustainability profile:
A global leader in DNA sequencing and array-based technologies, Illumina is fueling advancements in life sciences, oncology, reproductive health, genetic disease, agriculture, microbiology, and other emerging segments. Illumina allocates US$1 billion annually to research and development (R&D), which accounts for 20% of its revenue, compared to the industry average of 8%. The company tailors this investment based on market insights from its customers to meet evolving market demands faster and more accurately than its competitors. This ensures that Illumina has competitive advantages in price, as well as its patent library, distribution network and client relationships.

The Fundamental Global Equity investment team recognizes that access and affordability are key issues for Illumina. As such, the investment team acknowledges the company's pledge to accelerate access to genomics through its sequencing system, NovaSeq X Plus, which has lowered the cost per genome from US$600 to US$200, and is committed to driving the price down further. Illumina has also worked with payer communities and legislative bodies around the world to ensure that 1.2 billion lives are covered for genomic testing, with a goal to reach two billion covered lives by 2026.

Product design and lifecycle management is another focus area for Illumina and the company recognizes that it must integrate sustainability considerations into its products and operations. For example, the new NovaSeq X series features markedly reduced environmental impacts, including 90% less packaging weight and waste and 50% less plastic usage compared to NovaSeq 6000. NovaSeq X's focus on sustainability earned honors in Fast Company's 2023 World Changing Ideas Awards and in 2022, Illumina confirmed achievement of 100% renewable electricity and carbon neutrality in its direct operations from onsite solar, purchased renewable electricity, renewable energy credits, and carbon offsets. Illumina was also the first genomics company to have its net-zero targets verified by the Science Based Targets initiative (SBTi) and was recognised by the Dow Jones Sustainability Index and Carbon Disclosure Project (CDP) for its sustainability efforts.

The investment team recognizes that diversity for any business is important to its long-term sustainable growth. In 2022, Illumina maintained its zero net pay gap for a fourth consecutive year, ensuring no statistically significant difference in pay for employees regardless of gender, ethnicity, or race. The company also reported an increasingly diverse workforce, including a 9% increase in minority representation in executive leadership in the US, and 52% minority representation among US employees. At the same time, since 2019, Illumina-supported programming aimed at driving equitable access to STEM education has reached more than 1.2 million learners in 11 countries, with more than half those efforts targeting underrepresented communities. Illumina also strives to create a purpose-driven culture with opportunities for employees to volunteer in their communities through organizations that matter most to them. More than 50,000 volunteer hours have been donated by Illumina employees since 2019.

Business ethics are another focal point for Illumina. During 2023, Illumina was under the spotlight for its closing of its acquisition of Grail, an early detection cancer company, before receiving regulatory clearance. In short, while at first the US regulator approved the merger, the European regulator did not rule until after the deal deadline. Grail does not have any revenue in Europe and as a result the European regulator was not expected to have jurisdiction over the merger. The company therefore decided to close the deal expecting no issues on the European side. Subsequently the European regulator blocked the deal. This was one of the first, if not the first, case where the European regulator ruled without local revenue. Since then, the US government appealed the US approval and won, so the deal was also blocked in the US; a competitor emerged from "stealth mode" claiming to have a better and cheaper product (but as of today still has no production or distribution and the technology has been around for over a decade); and an activist shareholder initiated a proxy battle to force the divestiture of Grail.

The investment team voted against the appointment of the directors proposed by the dissidents as our investment team did not believe that they would accelerate the resolution of the Grail situation and believed that their intention of removing the CEO – at a crucial time in the launch of the company's latest technology, NovaSeq X – would not be in the best interests of shareholders. Furthermore, the investment team voted against an advisory vote to approve compensation awarded to named executive officers on the basis that the team identified a need for a tightening up of the link between the success or failure of the Grail acquisition and executive compensation. Although the Board can use its discretion to adjust pay-outs, there is no statement of how this discretion would be used. As a result of the AGM, one of the dissident directors was appointed and, after the AGM, the CEO resigned.

In addition to voting in the company's AGM, during 2023, the investment team engaged with the company on four separate occasions to discuss a number of corporate governance topics. As a result of these meetings, the investment team was reassured that the new CEO and new board members would handle the Grail situation effectively and make improvements where necessary. The investment team also resolved that the company's business case remained intact.

Investment team's Sustainability Assessment Summary

For a company to be considered for investment, it must meet the Fundamental Global Equity investment team's 10 Confidence Criteria, including "Foundations for Sustainable Growth" (FSG), industry secular growth tailwind and sustainable competitive advantage.

In the case of Illumina, the company's secular growth driver is the increasing addressable market (currently estimated to be more than US$120 billion) for gene sequencing equipment to fuel developments in reproductive health, population health monitoring, cancer screening, agricultural genomics, forensics, and consumer products, with personalized medicine expected to double its market share over the next five years. Illumina's competitive advantages include its technology, R&D investment, as well as its patent library, distribution network and client relationships.

FSG factors are considered and documented throughout the investment process, and companies with high ESG risk profiles typically drop out in the early stages. Furthermore, each member of the investment team continuously scores all investee companies against each of the 10 Confidence Criteria. Illumina meets the investment team's criteria for long-term sustainable growth, and they will continue to monitor developments around the Grail acquisition.

Emerging Market equities case study

Company:
Taiwan Semiconductor Manufacturing Company Limited ("TSMC")

Sector:
Information Technology

Sustainability themes:
GHG Emissions; Energy Management; Water and Wastewater management; Waste and Hazardous Materials Management; Employee Health and Safety; Employee Engagement, Diversity and Inclusion; Product Design and Lifecycle Management; Materials Sourcing and Efficiency; Competitive Behavior.

Company overview:
Headquartered in Taiwan, with a large and diverse global customer base, TSMC has been the world's largest multinational semiconductor manufacturer since 1987. Through its five technology platforms – High Performance Computing (HPC), Smartphone, Internet of Things (IoT), Automotive, and Digital Consumer Electronics, TSMC provides customers with comprehensive and competitive logic process technologies, specialty technologies, IPs, and packaging and testing technologies to help them accelerate their product innovation and move society forward with technology.

Source: Guardian Capital LP research based on public filings of Taiwan Semiconductor Manufacturing Company Limited up to December 31, 2022.

Sustainability profile:
The Emerging Markets Equity investment team believes TSMC is well-positioned to achieve long-term sustainable growth due to its continued advancement of semiconductor manufacturing technologies and services. In 2022, the company enabled more than 12,600 chip innovations. These innovations make products more advanced, capable, intelligent, energy-efficient, and safer, helping to increase the quality of life and move towards a more sustainable society. For example, TSMC's HPC platform has the ability to the improve the quality of life through enabling 5G, Artificial Intelligence (AI), cloud and data centers to transfer and process vast amounts of data anywhere and anytime, its IoT platform can empower innovations for AI and accelerate the digital transformation to realize more convenient and greener living and improve health care quality, while its Automotive platform can make vehicles, including hybrid and electrical cars, safer, smarter and greener.

The investment team recognizes that TSMC's management of GHG emissions and environmental factors is important to enabling the company to maintain its sustainable competitive advantage. As such, the investment team acknowledges TSMC's aspiration to be a world-leading benchmark organization in environmental protection, actively integrating green management into its daily operations. The company applies innovative technologies to climate and energy, water management, circular resources, and air pollution control, promoting a comprehensive range of sustainable actions to strengthen environmental protection. This includes reducing the impact of climate risks, continuing to use the best available technology to reduce GHG emissions and becoming an industry leader in low-carbon manufacturing.

The investment team also considers employee engagement and diversity and inclusion as important factors in the continued success of TSMC. TSMC values its commitment to its employees and is dedicated to ensuring a diverse, inclusive, safe, and fun workplace where employees can continue to learn. TSMC also provides competitive compensation and welfare. As part of this, TSMC ranks in the top 25% for total compensation amongst industry peers, with 8,836 beneficiaries of health-promotion programs for contractors.

In addition, the TSMC Education and Culture Foundation and the TSMC Charity Foundation invest internal and external resources to empower young students of all ages, care for remote areas and the disadvantaged, elderly people living alone, and foster art and cultural literacy. As part of this, TSMC plans to hold educational events and provide diversified educational platforms, cooperate with educational organizations to narrow the gap in educational resources, and to hold art festivals to foster local art groups.

Product design and lifecycle management is also critical to TSMC's success. As the world's largest dedicated Integrated Circuits (IC) foundry, TSMC works with its customers to accelerate innovation through its business model and robust R&D capabilities to drive improvements in technological processes. The company's 2030 goals include maintaining technology leadership, investing 8.5% of revenues into R&D expenses annually, and cultivating more than 35,000 undergraduate and graduate students between 2021 and 2030 through university programs that deepen industry-academia collaboration.

Furthermore, the investment team recognizes the importance of effective materials sourcing and efficiency and commend TSMC's commitment to responsible purchasing. The company works closely with supply chain partners on technology, quality, delivery, human rights, and environmental protection. In the face of serious climate change challenges, TSMC plans to further strengthen green innovation and climate resilience to create a low-carbon semiconductor supply chain. As part of this, the company intends to improve sustainability risk management through requiring all its suppliers to adhere to the TSMC Supplier Code of Conduct and to promote green and low-carbon supply chains by leading suppliers in establishing reduction targets on power and water consumption, waste generation, and carbon emissions.

Investment team's Sustainability Assessment Summary

TSMC has achieved the highest score out of any company, that has passed through the Emerging Market investment team's proprietary FSG scoring process. As part of that process, the investment team analyzes a company's approach to ESG by looking at fourteen different metrics, assessing the company relative to both local market and developed markets best practices. The final scores are awarded based on a company's existing ESG commitments, policies, and practices. As a check on our analysis, external ESG scores for the company are collated from a number of providers. These scores are compared with the internally generated score. Where there is a significant divergence or clear inconsistency between the internally generated score and the external scoring, the primary analyst for the stock is required to investigate further and report back to the rest of the team to explain and justify the differences. When a company scores less than five out of 10 for FSG, the investment team will not progress the company to the next stage of the research process until they see clear evidence of improvement over time and, when re-scored, the company subsequently scores above five.

Canadian fixed income case study

Company:
Allied Properties Real Estate Investment Trust (“Allied”)

Sector:
Real Estate

Sustainability themes:
Energy Management, Water and Wastewater Management, Product Design and Lifecycle Management, Physical Impacts of Climate Change.

Company overview:
Allied owns and manages a real estate portfolio of predominantly Class I brick and beam office properties in or near central business districts in major urban markets across Canada, with a focus on the downtown Toronto and Montréal submarkets. The portfolio consists of 200 rental properties, 13 development properties and 11 parking facilities representing 14.8 million square feet of gross leasable area as of September 30, 2023.

Source: Guardian Capital LP research based on public filings of Allied Properties Real Estate Investment Trust up to December 31, 2022.

Sustainability Profile:
Allied Properties integrates ESG considerations into its operations platform and corporate culture, ultimately guiding its decision-making and long-term strategies.

Allied’s Board recognizes the risks climate change can pose to its business. As a REIT, it is particularly exposed to the increased frequency and impact of severe weather on its properties. The company is also exposed to the challenge of navigating a constantly evolving ESG regulatory landscape, and the effect this has on real estate investment and management. In 2020, Allied established five-year energy and GHG emissions reduction targets against a 2019 baseline. As of 2022, energy use intensity had decreased by 13%, GHG intensity had been reduced 11%, water use intensity had been reduced 31%, and waste diverted from landfills has increased 2%. Energy and GHG performance in 2022 continued to exceed 2024 targets by 5.2% and 4.9%, respectively. Comparing 2022 results with 2021, Allied’s performance remained consistent despite the increase in absolute energy usage from higher physical occupancy. In addition, Allied is targeting 70% of its portfolio to achieve LEED and/or BOMA sustainability certifications by 2028. Currently these certifications cover 27% of gross leasable area.

To further protect the business from climate risks and to align with the energy transition, Allied is in the process of developing a Net Zero Carbon (NZC) plan, in alignment with the SBTi Corporate Net-Zero Standard V1.0. Currently, the plan is in the early stages and the company needs to finalize its GHG scope 1, 2, and 3 emissions targets and submit to SBTi for approval. The NZC plan is centered around the four pillars: development & redevelopment projects, acquisition due diligence, operational assets and renewables and offsets, Allied has identified impact areas and outcomes within each pillar to track and reduce GHG emissions.

Another ESG priority for Allied is to cultivate an environment that advances diversity, equity, and inclusivity for all stakeholders of its business. Though specific targets have not yet been established, the Board is committed to expanding the process of recruitment and nomination to the Board of Directors beyond existing networks to increase the candidate pool. The Allied Board of Directors has 50% female, 50% male representation and 10% self-identify as visible minorities.

As a real estate property owner and manager, Allied understands the importance of human attitudes and experiences and focuses on supporting local communities around its locations. One way it does this is through its Make Room for the Arts program, which offers discounted temporary and permanent spaces for artists at specific locations, hiring local artists to integrate their art at its locations, and by partnering with institutions that support local artist communities. This is a unique example of Allied's community programs offered but it also runs other various initiatives surrounding accessibility and health.

Allied only recently implemented its formal ESG strategy. In 2021, it introduced and began tracking corporate ESG metrics and has continually expanded their relevance and quality. Though Allied doesn't have a lengthy disclosure history compared to other firms, the board recognizes the importance of improving disclosure. Starting in 2022, corporate ESG metrics have been linked directly to all employee's annual incentive compensation.

Investment team's Sustainability Assessment Summary

Overall, the Fixed Income (FI) investment team considers Allied Properties Real Estate Investment Trust to have an above-average ESG profile, especially within the Canadian real estate sector. Although Allied doesn't have an extensive history of ESG disclosure, it has made good progress reducing energy intensity, GHG intensity, and water usage throughout its portfolio in recent years, exceeding its 2024 targets ahead of schedule. The FI investment team also believes its commitment to cultivating a community experience in its properties and neighborhoods is a competitive advantage, and a driving factor leading tenants to choose its buildings. The FI investment team believes these attributes separate Allied from other office real estate options and make it an attractive investment.

Stewardship and active ownership

Engagement

Corporate engagement is a core aspect of Guardian Capital LP's stewardship approach. We focus on ongoing dialogue with the companies we invest in, to influence their approach to sustainability factors that are material and relevant to their specific circumstances.

Engagement discussions with investee company management teams generally take two forms: (1) Information Sharing and (2) Driving Change. Discussions taking the form of information sharing enable valuable insights into companies' business strategies and their approach to addressing various sustainability issues and enable us to gain more understanding of the risks and opportunities that these companies face. This, in turn, leads to more informed investment decisions by Guardian Capital's investment teams. Engagement with the intention of driving change typically means that we have identified an area in which we would like to see a company improve. We believe that in making the suggested changes, the company is likely to be better positioned to achieve long-term sustainable growth, which will ultimately be of benefit to our investment in the company and, to our clients and investors.

Engagement can be proactive through regular meetings with management, or reactive to a particular issue or event. Our experienced investment teams of portfolio managers and analysts are the ones leading and conducting engagement meetings, bringing with them a knowledge of the company's industry and business model. We believe this cultivates a more collaborative and thoughtful conversation on important sustainability matters.

We also recognize that change for a large organization, with its built-in infrastructure and established industry practices may take time, however, we aim to raise awareness and consideration of sustainability factors with corporate leadership to drive timely improvements that we believe will ultimately benefit all stakeholders.

2023 Engagement by the numbers:

47
Total number of companies we engaged with

63
Total number of meetings held where ESG matters were raised

Environmental issues
were discussed in
24 meetings

Social issues
were discussed in
30 meetings

Governance issues
were discussed in
47 meetings

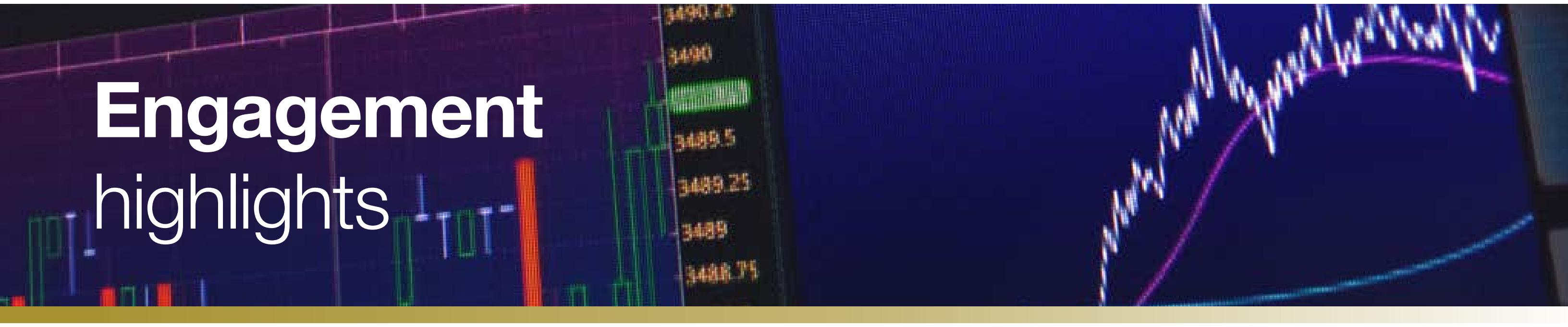
Key ESG issues addressed in our 2023 engagement meetings:

Overall
Sustainability Disclosures
Sustainable Product Offering
Sustainable Capital Allocation

Environmental
GHG Emissions
Climate Transition Plans
Waste Management

Social
Human Capital Management
Community Engagement
Diversity, Equity and Inclusion
Employee Health and Safety

Governance
Executive Compensation
Compensation tied to ESG KPIs
Board Composition and Structure
Competitive Behaviour and Business Ethics
Succession Planning



Engagement highlights

Company:
CME Group

Sector:
Financials

Sustainability themes:
Corporate Governance

Type of engagement:
Information Sharing / Driving Change

Company overview:
CME Group is the world's leading derivatives marketplace, operating financial derivatives exchanges including the Chicago Mercantile Exchange, Chicago Board of Trade, New York Mercantile Exchange, and The Commodity Exchange.

Engagement summary:
The Fundamental Global Equity investment team has been engaging with the company since the inception of the strategy in 2014 as a regular part of its investment process.

In June 2021, the investment team began engaging with the company to drive change. As part of its engagement planning, the investment team identified the main issues, set out its objectives, considered if any other investors had attempted to make any of the same changes and the potential risks if no changes were made, as well as the individuals who would be key to engagement efforts.

The investment team's first engagement issue was the removal of the Class B shareholder rights as they were concerned that these rights gave too much power to minority shareholders. The second issue was the size of the board with the concern that the size of the board (close to 30 members) made it unwieldy. The investment team also had concerns regarding the structure for executive compensation; they met with the Chief Financial Officer (CFO) and Global Head of Financial and OTC Products to discuss these issues. Management acknowledged the investment team's concerns and resolved that the investment team should continue to lobby for these changes and expect results over a three-year period.

In May 2022, the investment team voted against a proposal to ratify the Chief Executive Officer's (CEO's) compensation. The company had provided the CEO with a US$5 million discretionary bonus in connection with extending the terms of his employment for one year, and the proxy did not disclose any claw-back or repayment provisions if he were to resign or retire. The investment team engaged with the company and there appeared to be no acceptable justification for the bonus payment. Subsequently, the proposal did not pass at the company's AGM.

In May 2023, the investment team voted against the re-election of several directors on the Compensation Committee to express its dissatisfaction with CME's handling of an advisory vote on executive compensation and the Committee's refusal to make a formal commitment to limiting its ability to use discretion on future payments. Despite this, these directors were re-elected at the AGM.

In June 2023, the investment team met with the CFO, Senior Managing Director, Global Head of Commodities, Options and International Markets, and Senior Director, Investor Relations. The investment team again suggested that it would be appropriate to attempt to remove the Class B shareholder rights to appoint directors. Management acknowledged the investment team's views but did not make any assurances.

In October 2023, the investment team met with two board members, the Managing Director of Compensation and Benefits, the Corporate Secretary, and Investor Relations. During this meeting, the investment team reiterated its concerns on Class B shareholder rights, the size of the board and the performance metrics for executive compensation, and added that they would like to see a greater percentage of woman on the board (currently 27%), a greater balance of remuneration across the senior executives, a splitting of the Chair and CEO roles, and a formal commitment to limit the ability to use its discretion on future payments with a claw-back mechanism.

The board members accepted our suggestions and confirmed that the removal of Class B shareholder rights is a top agenda item at board meetings and a new performance metric would be introduced in 2024, albeit not the investment team's preferred metric, return on invested capital (ROIC). The issue of having a greater percentage of women on the board would be addressed with the removal of the Class B shareholder rights.

Next steps:

- The investment team will continue to engage with the company to monitor and drive change in the aforementioned areas.

Engagement highlights

Company:
Yum China Holdings Inc. (“Yum China”)

Sector:
Consumer Discretionary

Sustainability themes:
Diversity and Inclusion, Environmental Impact, Executive Remuneration, Human Rights, Human Capital Management, Supply Chain Management, Labor Practices, Listing, Governance Structure and Product Quality and Safety.

Type of engagement:
Information Sharing

Company overview:
Yum China is one of the largest restaurant companies in China and operates a number of China-based outlets including KFC and Pizza Hut brands, as well as emerging brands including Taco Bell, Little Sheep, Huang Ji Huang and Shaofaner. The company also partners with Lavazza to develop the Lavazza coffee shop concept in China.

Engagement summary:
In November 2020, both the Fundamental Global Equities and Emerging Markets Equities investment teams met with a number of Yum China’s senior executives. The investment teams asked questions on the company’s environmental impact, food safety, the prevention of modern slavery in the supply chain, as well as regulatory considerations, particularly in regard to public health matters such as nutrition and obesity. The company reiterated its commitment to making improvements in terms of its environmental impact and said that it was looking at implementing guidelines from the Carbon Disclosure Project (CDP). It also assured that the issue of food safety was its “Number One Priority”, and as part of this, had set up a board-level Food Safety Committee and conducts regular risk assessments and audits. In terms of modern slavery, management assured that Yum China conducts due diligence on all new suppliers, that all suppliers are required to sign a Code of Conduct and that it had terminated some suppliers due to non-compliance. In response to the investment teams’ questions on regulatory considerations, particularly with regards to public health matters such as nutrition and obesity, management said that the company had introduced healthier products and alternatives and that it has regular dialogue with the National Health Commission in China.

In 2021, the investment team met with the company on three separate occasions and discussed many of the same topics. As part of these meetings, they discussed the company’s supply chain, links with deforestation, and the phasing out of plastic packaging, as well as the issue of health and the associated regulatory risks. The investment team noted the company’s progress towards setting net zero targets validated by the SBTi, and that it was in the process of engaging external consultants to understand its Scope 3 emissions, whilst already reporting on its Scope 1 and 2 emissions. Furthermore, the company had eliminated plastic cutlery and straws in all major city restaurant locations, was phasing out plastic shopping bags, and was reducing single-use packaging as much as possible according to the four ‘Rs’: Reduce, Reuse, Recycle, Replace. When asked about the ways in which the government might attempt to tackle obesity and other public health issues resulting from a poor diet, the company noted that it is aligned with the China 2030 Health Plan, which involves various initiatives to align with China’s nutrition strategy. Management also assured that the company will continue to work closely with the regulators and restaurant associations to share ideas and assess emerging trends.

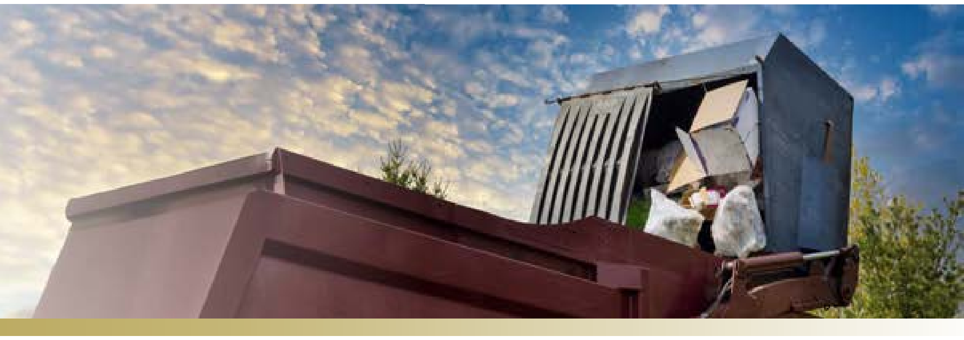
In 2022, the investment team met with the company on three separate occasions. During these meetings, the investment team followed up on the company’s progress towards setting net zero targets and discussed the issues of healthy eating and food scares. For the former, we discussed the process towards verification by the SBTi and learned that Yum China was the first restaurant company in China to have its targets approved by the initiative. The investment teams discussed the different pillars of its strategy including climate action, the circular economy, supply chain risks (biodiversity, deforestation), and energy efficiency, renewables, and supplier engagement. For supplier engagement, management informed the investment teams that they are holding engagement workshops to educate suppliers about Yum China's climate KPIs and to encourage alignment with these, and the investment teams asked how frequently they terminate suppliers for breaches. Also were discussed the topics of executive compensation, human capital management, diversity, employee benefits and employee turnover, as well as the implications of the company's move to seek a dual primary listing in Hong Kong.

In 2023, the investment teams met with the company on three separate occasions and attended the Yum China Investor Day which was held in Xi'an, China. During these meetings the investment teams discussed the proposed changes to the executive compensation model ahead of the company's AGM and we challenged management on a number of the proposed amendments. The investment teams concluded that, given the volatile operating environment and exceptional job the management team had done during the pandemic, the investment teams would vote for the adjustments to the Long Term Incentives (LTIs) and Short Term Incentives (STIs) on the basis of rewarding performance and supporting retention. In a subsequent meeting, the investment teams voiced their preference for compensation being based on business fundamentals rather than Total Shareholder Return (TSR) and followed up with some examples of what they would regard as best practice. Furthermore, the investment teams discussed the company's tying of ESG metrics with executive compensation and welcomed any examples of best practice. The investment teams also followed up on the prospect of increased regulation around unhealthy eating, the company's net zero plans, as well as succession planning. These meetings were of a fact-finding nature with an element of driving change.

Next steps:

The process increased the investment teams' understanding of and confidence in the company's approach to the issues discussed. The investment teams recognize that the company has a good track record of addressing the issues we have raised, specifically around food safety, executive compensation and having their near-term decarbonisation targets validated by the SBTi. The investment teams are committed to continuing to engage with Yum China's management team on the factors that influence the long-term sustainability of the company's growth, particularly in terms of progress towards their decarbonisation targets, offering healthier options to promote balanced diets, and continuous efforts to enhance practices around food safety.

Engagement highlights



Company:
Waste Connections Inc. ("Waste Connections")

Sector:
Industrials

Sustainability themes:
GHG Emissions, Waste and Hazardous Materials Management, Employee Health and Safety.

Type of engagement:
Information Sharing

Company overview:
Waste Connections provides non-hazardous solid waste collection services for commercial, industrial and residential customers. The Company offers collection, landfill disposal, and recycling services for various recyclable materials.

Engagement summary:
In May 2023, the Canadian Equity investment team received an update on the company's carbon emission reduction initiatives. The company operates 30 landfills for municipal solid waste, which emits some methane and carbon dioxide gas due to the breakdown of solid waste. 10 out of the 30 landfills are able to capture the landfill gas, purify it to use as renewable natural gas (RNG) energy, and then inject it into the local natural gas distribution system. The advantage of RNG compared to conventional fossil fuels is that it does not require any extraction via drilling rigs and it turns gas that otherwise would go into the atmosphere into fuel for electricity generation and heating. The investment team discussed with the company its strategy and capital allocation to install gas collection systems at more landfills. Waste Connection expects that supplying RNG into the local natural gas distribution system will generate an incremental $200 million in earnings per year by 2026 – roughly 6% of the company's earnings before interest, taxes, depreciation, and amortization (EBITDA).

In the same meeting, the investment team also received an update on the company's employee safety improvement initiatives including the adoption of cameras that use machine vision technology to sense if drivers are not wearing seat belts, struggling with fatigue or stopping too close to other vehicles. The telematics system has been deployed across the company. Waste Connections believes that it has industry-leading safety metrics and its superior safety record is a competitive advantage due to savings on insurance premiums.

In November 2023, the Canadian Equity investment team engaged with Waste Connections to learn more about two incidents at its landfills after the company disclosed operational issues on a quarterly call. One landfill in California has been dealing with decomposing waste and heat generation. The investment team's concerns were that this could result in odors and safety issues, such as water contamination, as well as municipal fines, class action lawsuits and reputational risk. In the engagement meeting with the company's Executive Vice President and Chief Financial Officer, the company disclosed that the issue happens at approximately 1% of landfills across the industry in the US (not specific to just Waste Connections). Waste Connection's engineers, who are experienced with this issue, were working alongside consultants to address the matter. The company expects that the issue will require several quarters for full remediation and will provide more disclosure on progress in the coming months.

The other operational issue was at a Texas landfill which experienced a slope failure where a portion of the landfill collapsed. This poses a safety concern for personnel. The company has only had two failures occur in its history. Waste Connections acknowledged this specific incident could have been prevented and is improving its employee training to address this concern.

Next steps:

The company was responsive to the Canadian Equity investment team, acknowledging their concerns, is working towards remediating the specific issues, and is improving its existing practices where needed. The team will monitor the company's progress and disclosures in the coming months.

Engagement highlights

Company:
Agnico Eagle Mines Limited ("Agnico")

Sector:
Materials

Sustainability themes:
Corporate Governance, Executive Compensation.

Type of engagement:
Information Sharing / Driving Change

Company overview:
Agnico is a gold mining company involved in exploration, development, and production of precious metals. The company's mines are located in Canada, Australia, Finland and Mexico, with exploration and development activities in Canada, Australia, Europe, Latin America, and the United States.

Engagement summary:
The Canadian Equity investment team engaged with Agnico Eagle in April 2023 regarding a "say on pay" (executive compensation) proposal ahead of the company's AGM. Agnico proposed giving key executives a cash award for consummating a merger and acquisition deal. Since the benefits of this deal are uncertain, and are expected to be realized in the future, the investment team felt the cash award was inappropriate compared to performance stock units. The investment team communicated its opposition to the compensation proposal as well as its intention to vote against the re-election of the current board's head of compensation committee Robert Gemmell. As a result of feedback that Agnico received from Guardian Capital LP and other shareholders, it proposed that Robert Gemmell stand down from his position as head of the compensation committee.

The Canadian Equity investment team was encouraged by the company's receptiveness of feedback to investor concerns and found the proposed course of action acceptable. While the investment team voted AGAINST the say on pay proposal, they ultimately voted FOR the re-election of Robert Gemmell at the AGM with the understanding that Agnico would appoint a new leader for its compensation committee.

In December 2023, Agnico proactively reached out to the Guardian Canadian Equity investment team to present all the investor concerns it had received regarding compensation and outlined how it intended to better align executive compensation to shareholder interest. The investment team participated in a meeting with the company's President and CEO and the new head of the compensation committee to discuss the matter and provided its feedback on what it views as good practice. The investment team found the Agnico representatives to be very receptive to its feedback.

Next steps:
The Canadian Equity investment team will continue to monitor say-on-pay for Agnico and other companies. Based on company's high level of responsiveness to the issue, the engagement overall with Agnico Eagle Mines in 2023 has been positive.

Proxy voting

We recognize that proxy voting is an important aspect of responsible stewardship and believe it can help to ensure companies focus attention on the matters that shareholders value most. At Guardian Capital, the primary focus of our management of proxy voting is to maximize shareholder value. We believe well-managed companies, with strong governance processes, a commitment to sustainable environmental practices and consideration of all of their stakeholders will typically produce better long-term investment returns for investors.

We acknowledge that there is currently no universally applicable governance model for every company, but Guardian Capital believes in four broad fundamental principles to apply when evaluating corporate governance systems:

Accountability: Boards should be accountable to shareholders by holding regular board elections, providing sufficient information for shareholders to assess directors and board composition and by providing shareholders with the ability to remove directors. Directors should respond to investor input such as that expressed through proxy voting results and shareholder engagement.

Stewardship: A company's governance, social, and environmental practices should meet or exceed the standards of the market regulations and general practices in the markets in which it operates, and should take into account relevant factors that may materially impact the company's long-term value creation.

Independence: Boards should align their interest with what is best for the company. In order to do so, boards should be sufficiently independent of management to ensure they are able to effectively supervise management's performance for the benefit of all shareholders.

Transparency: Companies should share information in a sufficiently open and timely manner to enable shareholders to understand key issues and make informed investment and voting decisions.

These principles guide our approach to meeting our fiduciary responsibility with respect to voting, by promoting long-term shareholder value creation and risk mitigation in our investee companies through the support of responsible and sustainable global corporate governance, environmental, and social practices.

Just as our approach to investment is based around empowered and independent investment teams, our voting decisions and approach to engagement are actively considered by each investment team that holds a position in a particular stock. With a range of investment strategies invested across a number of geographic regions for an equally diverse client base, we believe that prescriptive policies and rules applied uniformly are inappropriate and ineffective. Because of this, we assess every proposal for each company on a case-by-case basis, based on what we believe to be in the long-term interests of our clients and investors. We also believe that engagement and proxy voting work hand in hand, and our portfolio managers may choose to engage with the company on any concerns that arise through proxy proposals in combination with the determination of a voting decision.

Guardian Capital subscribes to a proxy service, Institutional Investor Services (ISS), to assist with the management of our proxy voting activities. ISS also provides an analysis of all proxy proposals related to companies held in our equity portfolios. We believe that using a proxy service helps to ensure that we are meeting stewardship best practice requirements for execution, disclosure and transparency.

The following is a summary of our proxy voting activities in 2023[2], along with some select proposals to demonstrate the types of factors our investment teams consider when evaluating proxy proposals.

All proposals (management and shareholder):

Management recommendation alignment:

94% voted with

5% voted against

ISS recommendation alignment:

97% voted with

2% voted against

Breakdown of management proposal votes:

Management recommendation alignment:
95% voted with
4% voted against

ISS recommendation alignment:
97% voted with
2% voted against

Breakdown of shareholder proposal votes:

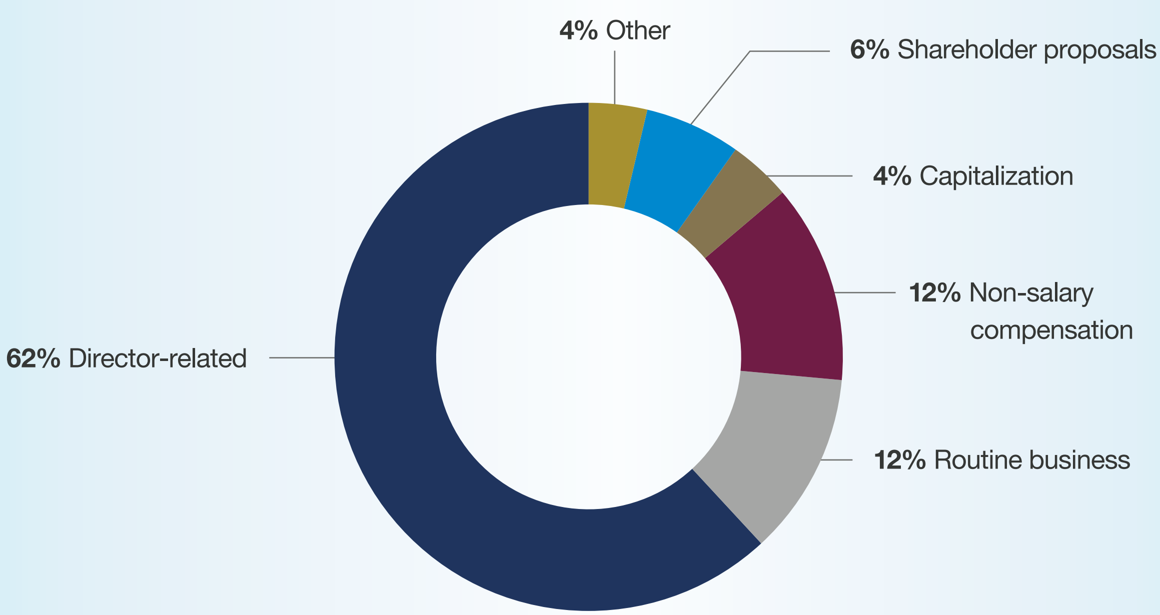
Management recommendation alignment:
75% voted with
23% voted against

ISS recommendation alignment:
86% voted with
10% voted against

2023 proxy voting by the numbers:

6,739 total proposals

Proposals by category



[2] To view the complete proxy voting records of the mutual funds and ETFs managed by Guardian Capital LP, please visit the Proxy Voting section of our website at: https://www.guardiancapital.com/investmentsolutions/documents/

Breakdown of proxy voting results

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
Firm Total	511	6739	6347	320	6511	140	133

Management proposals

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
Director-related	485	4170	4003	136	4067	63	89
Routine Business	460	786	755	12	763	3	19
Non-salary Compensation	426	853	776	68	822	19	9
Capitalization	86	269	258	9	265	2	2
Anti-takeover-related	41	42	42	0	40	2	0
Reorganizations and Mergers	24	40	39	1	32	8	0
Preferred/Bondholder	5	5	5	0	5	0	0
Miscellaneous	29	163	162	1	163	0	0

Shareholder proposals

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
Director-related	21	22	12	10	20	2	0
Compensation	19	19	12	7	16	3	0
Routine Business	35	50	42	7	48	1	1
Corporate Governance	34	45	30	11	28	10	7
Human Rights	51	80	70	10	68	12	0
Social Proposals	23	31	31	0	31	0	0
Health and Environment	61	109	80	23	96	7	6
General Economic Issues	1	1	1	0	1	0	0
Miscellaneous	44	54	29	25	46	8	0

This chart is a summary of the proxy voting activity of all investment teams across Guardian Capital LP, including its non-Canadian subsidiaries, GuardCap Asset Management Limited and Alta Capital Management, over the period of January 1, 2023, to December 31, 2023.

Proxy voting case studies

Company:
Alphabet Inc.

Proxy background:
The company put forward a proposal to amend the Omnibus Stock Plan and another to Ratify the Executive Officers' Compensation.

Management and ISS recommendation:
Management recommended to vote FOR the proposals, while ISS recommended to vote AGAINST the proposals.

Guardian Capital LP's vote and rationale:
We voted against the proposals. We voted against an amendment to the Omnibus Stock Plan because we believed the Plan was already highly generous, with available shares remaining worth more than US$70 billion. We voted against an advisory vote to approve compensation awarded to named executive officers – whilst we believed the company had made improvements by increasing Performance Stock Units (PSUs) to 60% (from 43%) and introducing ESG-related bonuses, we did not like that the performance conditions were based on Total Shareholder Return (TSR) and not linked to business fundamentals. Despite attempting to drive change in these areas, the proposals were subsequently approved at the company's AGM.

Company:
Becle SAB de CV

Proxy background:
The company put forward proposals to elect/ratify directors, the Secretary and the CEO, to elect/ratify the Chairman and Secretary of the Audit and Corporate Practices Committee, and to approve granting powers for lawsuits and collections.

Management and ISS recommendation:
Management recommended to vote FOR the proposals, while ISS recommended to vote AGAINST the proposals.

Guardian Capital LP's vote and rationale:
We voted against the proposals. The reason for voting against the election/ratification of the directors, the Secretary and CEO and against the election/ratification of the Chairman and Secretary of the Audit and Corporate Practices Committee was because the names of the proposed individuals were not given and the election of the directors was bundled into a single item. Prior to the AGM, we wrote to the company asking for more details and made the point that disclosing this kind of information is standard practice in most of the countries and companies in which we invest. We also asked for more details around the granting of powers for lawsuits and collections. We informed the company that in the absence of such information we would be required to vote against the proposals. The company informed us that they were in the process of uploading the relevant information to their website and hoped to do this prior to the vote deadline. We were not wholly satisfied with its response and voted against all three proposals. Subsequently, we sent more feedback to the company's Investor Relations department, reiterating that we would like a full disclosure of agenda items prior to AGMs and EGMs, and more extensive ESG disclosures.

Proxy voting case studies

Company:
Fairfax Financial Holdings Limited (“Fairfax”)

Proxy background:
The company put forward a proposal to re-elect director Robert Gunn to the board. Robert Gunn is an incumbent board member that serves as the chair of the compensation committee and chair of the nomination committee.

Management and ISS recommendation:
Management recommended to vote FOR the proposals, while ISS recommended to vote AGAINST the proposals.

Guardian Capital LP’s vote and rationale:
We voted against the re-election of Robert Gunn. We believe that sound corporate governance — underpinned by a capable, well-functioning board — is integral to a companies’ ability and likelihood of achieving its full long-term value creation potential. When evaluating board composition, We will consider factors including, but not limited to, board size, board independence, board diversity, board committee structure, separation of board and management, board risk management and board responsiveness.

At the time of the proposal, three out of twelve (25%) of the board members were women and only two out of the three female board members were independent directors. We believe that a diverse board ensures a wide range of perspectives and competencies are fostered, which will ultimately lead to better decision-making and overall board effectiveness. We find Robert Gunn to be a very capable director with relevant experience and believe the company benefits from having him on the Board. However, we felt it was important to convey a message that the company should have stronger independent female representation on the board and thus chose to vote against the re-election of Robert Gunn due to his role as head of the nomination committee.

As a part of our standard proxy voting procedures when voting against management, we communicated our views to Fairfax, which it subsequently acknowledged. In our conversation with Fairfax, it expressed its intention to appoint strong female candidates to the board as directors retire. The company intended to do so in 2023 until former Scotiabank President and CEO Brian Porter became available to join the board. This was a rare opportunity to add a director with Brian Porter’s depth and breadth of experience and Fairfax felt the board would benefit from this addition. Fairfax intends to move in Guardian Capital’s desired direction but it may take some time as it prefers to achieve a higher board diversity gradually over time as opposed to pushing directors out.

Proxy voting trends in 2023
Executive compensation proposals

Evaluating executive compensation packages is common practice when reviewing a company's proxy voting proposals. Establishing a sound executive compensation program that both attracts and retains executive talent and delivers outcomes aligned with long-term shareholder interests is one of the critical responsibilities of the board of directors. When compensation is managed appropriately, it aligns management behaviour with the company's strategy and ultimately generates better performance.

Guardian Capital LP will generally support executive compensation plans that are fair and oppose those that are excessive. We take into consideration multiple factors when evaluating executive compensation on a case-by-case basis but, in general, will support proposals where:

- **A significant component of executive compensation is based on performance.**
- **"Performance" is based on key business metrics that are aligned with corporate strategy and the period during which risks are being assumed. For example: A preferable metric would focus on ROIC and ROA instead of total shareholder return.**
- **Compensation plans reward appropriate risk-taking consistent with the risk profile and are focused on maintaining the quality and sustainability of earnings over the long term.**
- **Executives build equity in the company to align their interests with those of shareholders**
- **The board ensures that benefit entitlements (i.e. pensions, benefits, severance, change of control entitlements) are not excessive.**
- **Companies should adopt a "claw back" policy in the event of a material restatement of financial statements due to wrongdoing to ensure executives do not benefit from such occurrence.**
- **The compensation structure is simple and easily understood by management, the board and shareholders.**

In 2023, Guardian Capital LP noted an industry trend of poorly structured executive compensation. Common issues we have noticed include executive compensation packages reaching excessive levels with one-time payments, compensation practice that lacks correlation to individual or corporate performance, and/or compensation plans that, in our view, incentivized excessive risk taking. Our investment team subsequently voted against the board's compensation proposal. In all instances where we objected to the proposed executive compensation package, the investment teams notified companies of our voting intention. Our hope is that for companies who are willing to engage in a dialogue, Guardian Capital LP's team of experienced investment managers can provide useful feedback that can lead to a creation of a more thoughtful compensation structure.

The number of shareholder proposals have increased notably in 2023.

Proxy voting trends in 2023 **Shareholder proposals**

Public companies in developed markets are increasingly being asked to include shareholder proposals for consideration at their annual meetings. Guardian Capital LP recognizes that shareholder proposals can be a useful mechanism to hold companies to account.

A shareholder proposal is a resolution that is put forward by a single shareholder, or a group of shareholders, to a company's board asking for a matter to be voted on at the company's Annual General Meeting (AGM). Once a shareholder proposal has been filed, there are several possible outcomes. Often, the company may engage with the shareholder(s) who filed the proposal in an attempt to negotiate an outcome that is acceptable to both parties. If the parties can come to an agreement, the proposal is generally withdrawn before the AGM. According to Ceres[1] who tracked 337 climate and sustainability shareholder proposals in 2023, 48 climate-related commitments were made by companies in exchange for withdrawing the shareholder proposal. Where the two parties are unable to come to an agreement, the proposal is put to a vote at the AGM. It stands to reason that shareholder proposals which make it onto a company's ballot are largely proposals where filers and companies are unable to reach an agreement – often due to overly demanding requirements.

Over the course of the past few years, there has been a notable uptick in the number of shareholder proposals filed, particularly in terms of companies' environmental and social practices. Throughout 2023, we have noted that many shareholder proposals that are put to a vote are often very prescriptive, duplicate processes already taking place and/or impose unreasonable constraints on the board and management. According Morningstar[2], the average level of investor support for climate-related shareholder proposals at U.S. companies dropped from 47% in 2021 to 23% in 2023 (while the total number of shareholder climate-related shareholder proposals increased from 25 proposals to 80 proposals).

While some asset managers may vote in favor of certain shareholder proposals to signify their general support for an issue (i.e. climate), Guardian's investment teams review all shareholder proposals on a case-by-case basis because we believe it is important to understand the merits of each particular proposal. Proposals that address sustainability issues are assessed in terms of the risks and opportunities they represent for the company and whether those issues have been adequately addressed and/or disclosed to shareholders. Furthermore, in our view, shareholder proposals should refrain from specifying how corporations should achieve the desired objectives. More details on how we approach shareholder proposals can be found in our Proxy Voting Guidelines.

[1] Source: Ceres Climate and Sustainability Shareholder Resolutions Database. https://engagements.ceres.org/

[2] https://www.morningstar.com/sustainable-investing/ahead-cop28-more-climate-related-shareholder-proposals-less-support

Appendix

Canadian equity proxy voting results

Guardian Capital LP manages several Canadian Equity portfolios across growth, core and income investment styles. The Canadian Equity investment team seeks companies that have strong balance sheets, superior management teams, and core competitive advantages that will drive positive price performance over time. The investment process is based on a bottom-up assessment of fundamentals.

2023 proxy voting by the numbers:

1,092 total proposals

All proposals (management and shareholder):

Management recommendation alignment:

96% voted with

1% voted against

ISS recommendation alignment:

96% voted with

2% voted against

Breakdown of management proposal votes:

Management recommendation alignment:
96% voted with
1% voted against

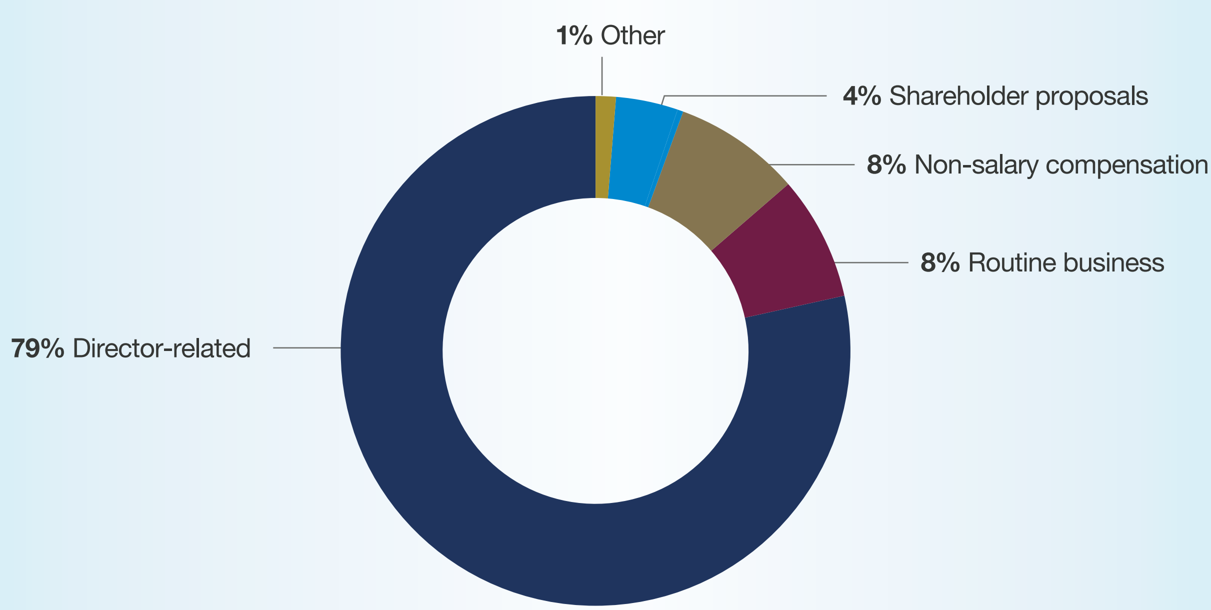
ISS recommendation alignment:
96% voted with
2% voted against

Breakdown of shareholder proposal votes:

Management recommendation alignment:
100% voted with
0% voted against

ISS recommendation alignment:
95% voted with
5% voted against

Proposals by category:



Breakdown of proxy voting results

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
Canadian Equities total	78	1092	1053	14	1043	24	27

Management proposals

Director-related	78	857	831	9	822	18	19
Routine Business	78	86	80	0	80	0	6
Non-salary Compensation	70	88	81	5	84	2	2
Capitalization	4	4	4	0	4	0	0
Anti-takeover-related	9	9	9	0	8	1	0
Reorganizations and Mergers	2	2	2	0	1	1	0
Preferred/Bondholder	1	1	1	0	1	0	0
Miscellaneous	2	2	2	0	2	0	0

Shareholder proposals

Director-related	2	3	3	0	3	0	0
Compensation	2	2	2	0	2	0	0
Routine Business	1	1	1	0	1	0	0
Corporate Governance	0	0	0	0	0	0	0
Human Rights	8	10	10	0	10	0	0
Social Proposals	2	3	3	0	3	0	0
Health and Environment	13	19	19	0	18	1	0
General Economic Issues	0	0	0	0	0	0	0
Miscellaneous	4	5	5	0	4	1	0

This chart is a summary of the proxy voting activity for the Guardian Canadian Equity Fund, Guardian Canadian Sector Controlled Equity Fund, Guardian Canadian Focused Equity Fund, Guardian Canadian Growth Equity Fund and the Guardian Canadian Equity Income Fund over the period of January 1, 2023, to December 31, 2023.

i³ Investments™ proxy voting results

The Guardian Capital LP i³ Investments™ team's quantitative process uses a systematic, bottom-up approach and integrates proprietary artificial intelligence models to analyze fundamental factors, relative value and capital growth potential of companies within a broad universe of stocks. The investment team offers domestic and foreign equity strategies based on a systematic investment analysis methodology as well as blending both quantitative and qualitative elements to identify companies that have the potential to add value to their portfolios.[1]

2023 proxy voting by the numbers:

2,105 total proposals

All proposals (management and shareholder):

Management recommendation alignment:

95% voted with

4% voted against

ISS recommendation alignment:

98% voted with

1% voted against

Breakdown of management proposal votes:

Management recommendation alignment:
96% voted with
3% voted against

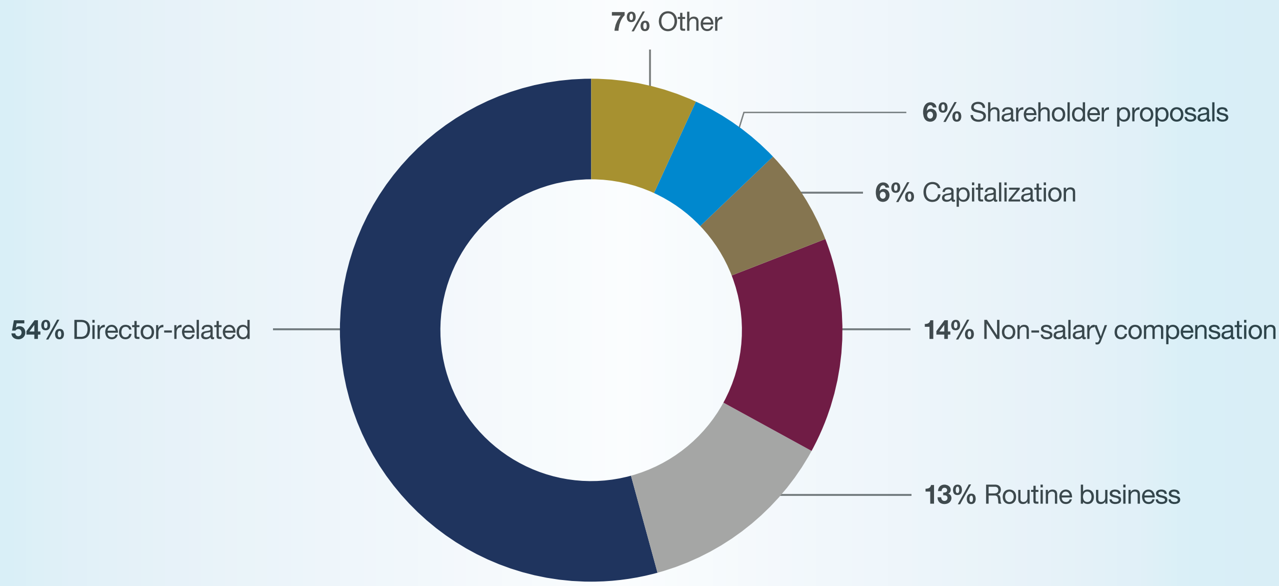
ISS recommendation alignment:
99% voted with
0% voted against

Breakdown of shareholder proposal votes:

Management recommendation alignment:
78% voted with
17% voted against

ISS recommendation alignment:
83% voted with
12% voted against

Proposals by category:



[1] Investment strategies that rely on predictive artificial intelligence and quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends and technical issues in the construction and implementation of the models. Please consider these and other factors carefully and do not place undue reliance on modeled information. There is no guarantee that the use of the quantitative model will result in effective investment decisions, as the simulated results are subject to inherent limitations.

Breakdown of proxy voting results

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
i³ Total	133	2105	2005	79	2064	20	25

Management proposals

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
Director-related	128	1142	1107	33	1137	3	6
Routine Business	128	269	258	4	262	0	7
Non-salary Compensation	132	292	275	14	287	2	3
Capitalization	36	131	123	6	129	0	2
Anti-takeover-related	11	11	11	0	11	0	0
Reorganizations and Mergers	4	5	5	0	5	0	0
Preferred/Bondholder	-	-	-	-	-	-	-
Miscellaneous	18	128	127	1	128	0	0

Shareholder proposals

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
Director-related	5	5	4	1	4	1	0
Compensation	5	5	3	2	5	0	0
Routine Business	9	20	19	0	19	0	1
Corporate Governance	9	11	6	5	9	2	0
Human Rights	14	25	23	2	19	6	0
Social Proposals	10	16	16	0	16	0	0
Health and Environment	14	27	17	4	18	3	6
General Economic Issues	0	0	0	0	0	0	0
Miscellaneous	13	18	11	7	15	3	0

This chart is a summary of the proxy voting activity for the Guardian i³ Global Dividend Growth Fund, Guardian i³ Global Quality Growth Fund, Guardian i³ International Quality Growth Fund, Guardian i³ US Quality Growth ETF, and Guardian i³ Global REIT ETF over the period of January 1, 2023, to December 31, 2023.

Fundamental Global Equity proxy voting results

The Fundamental Global Equity strategy is a concentrated, long-only, bottom-up benchmark-agnostic quality growth strategy, typically holding 20-25 stocks. All holdings must meet the Fundamental Global Equity investment team's 10 Confidence Criteria and progress through increasingly intensive stages of research which results in a small number of stocks the investment team believes are of the highest quality, capable of sustaining above-average growth over the long term, and reasonably valued when examined in the context of our long-term investment horizon. ESG considerations are integrated throughout the investment process, and proxy voting is a key component of our active ownership approach.

2023 proxy voting by the numbers:

451 total proposals

All proposals (management and shareholder):

Management recommendation alignment:

94% voted with

2% voted against

ISS recommendation alignment:

88% voted with

5% voted against

Breakdown of management proposal votes:

Management recommendation alignment:
95% voted with
2% voted against

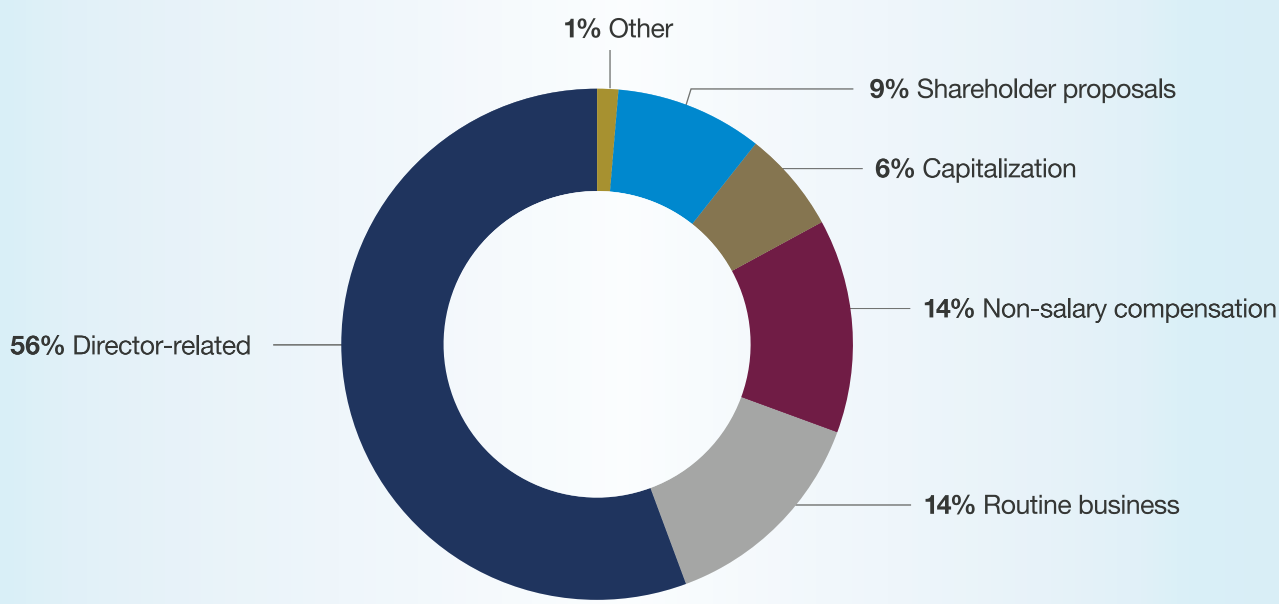
ISS recommendation alignment:
91% voted with
2% voted against

Breakdown of shareholder proposal votes:

Management recommendation alignment:
93% voted with
0% voted against

ISS recommendation alignment:
52% voted with
33% voted against

Proposals by category:



Breakdown of proxy voting results

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
Fundamental Global Total	26	451	426	9	396	23	19*

Management proposals

Director-related	26	251	237	5	228	5	9
Routine Business	26	62	61	0	60	0	1
Non-salary Compensation	25	61	54	4	51	4	3
Capitalization	10	29	29	0	29	0	0
Anti-takeover-related	2	2	2	0	2	0	0
Reorganizations and Mergers	3	4	4	0	4	0	0
Preferred/Bondholder	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-

Shareholder proposals

Director-related	3	3	3	0	1	2	0
Compensation	2	2	2	0	0	2	0
Routine Business	1	1	1	0	1	0	0
Corporate Governance	3	8	5	0	2	0	6
Human Rights	5	12	12	0	6	6	0
Social Proposals	3	8	8	0	8	0	0
Health and Environment	1	2	2	0	2	0	0
General Economic Issues	0	0	0	0	0	0	0
Miscellaneous	6	6	6	0	2	4	0

This chart is a summary of the proxy voting activity for the Guardian Fundamental Global Equity Fund over the period of January 1, 2023, to December 31, 2023.

* The "Did Not Vote" during the period was a result of a proxy contest at one of the companies. In this proxy contest, all shareholders received two set of ballots, each with a different choice of directors and only one set of ballots were to be voted on while the other would be discarded. The investment team voted its ballot at this Annual General Meeting and discarded the ballots proposed by the dissident shareholders.

Emerging Markets Equity proxy voting results

The Emerging Markets Equity strategy is a concentrated, long-only, bottom-up benchmark-agnostic quality growth strategy, typically holding 25-30 stocks domiciled or substantially operating in emerging economies. All holdings must meet the Emerging Markets Equity investment team's 10 Investment Criteria and progress through increasingly intensive stages of research which result in a "Buy List" of stocks the investment team believes are of the highest quality, capable of sustaining above-average growth over the long term, and reasonably valued when examined with our long-term investment horizon. ESG considerations are integrated throughout the investment process, with proxy voting a key component of our active ownership philosophy.

2023 proxy voting by the numbers:

281 total proposals

All proposals (management and shareholder):

Management recommendation alignment:
91% voted with
9% voted against

ISS recommendation alignment:
94% voted with
6% voted against

Breakdown of management proposal votes:

Management recommendation alignment:
91% voted with
9% voted against

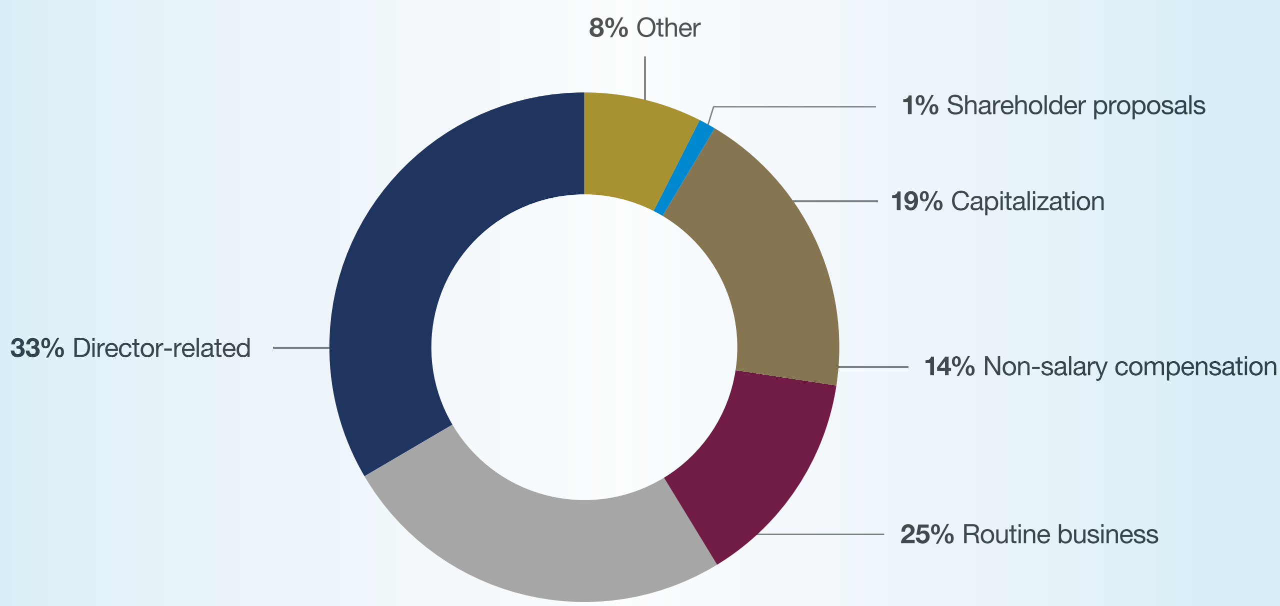
ISS recommendation alignment:
94% voted with
6% voted against

Breakdown of shareholder proposal votes:

Management recommendation alignment:
100% voted with
0% voted against

ISS recommendation alignment:
100% voted with
0% voted against

Proposals by category:



Breakdown of proxy voting results

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
Emerging Markets Total	33	281	256	25	265	16	0

Management proposals

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
Director-related	24	94	88	6	90	4	0
Routine Business	26	71	68	3	70	1	0
Non-salary Compensation	14	39	25	14	36	3	0
Capitalization	18	53	52	1	52	1	0
Anti-takeover-related	-	-	-	-	-	-	-
Reorganizations and Mergers	6	21	20	1	14	7	0
Preferred/Bondholder	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-

Shareholder proposals

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
Director-related	-	-	-	-	-	-	-
Compensation	-	-	-	-	-	-	-
Routine Business	1	3	3	0	3	0	0
Corporate Governance	-	-	-	-	-	-	-
Human Rights	-	-	-	-	-	-	-
Social Proposals	-	-	-	-	-	-	-
Health and Environment	-	-	-	-	-	-	-
General Economic Issues	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-

This chart is a summary of the proxy voting activity for the Guardian Emerging Markets Equity Fund over the period of January 1, 2023, to December 31, 2023.

US equity proxy voting results

The sub-advisor to US Equity strategies, Alta Capital Management, believes companies with high free-cash-flow growth have the potential to yield superior investment returns with nominal risk. The US equity investment team's bottom-up investment process applies fundamental analysis to validate the strength of a company's management, business, and future performance expectations.

All proposals (management and shareholder):

Management recommendation alignment:

97% voted with

3% voted against

ISS recommendation alignment:

94% voted with

6% voted against

Breakdown of management proposal votes:

Management recommendation alignment:
98% voted with
2% voted against

ISS recommendation alignment:
98% voted with
2% voted against

2023 proxy voting by the numbers:

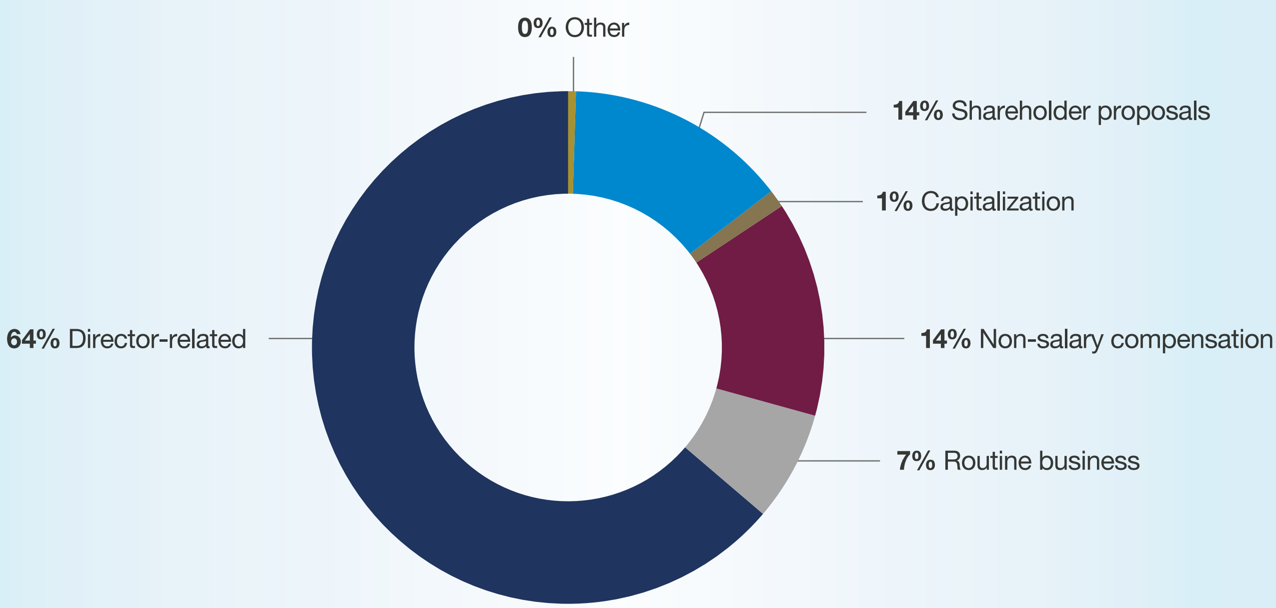
618 total proposals

Breakdown of shareholder proposal votes:

Management recommendation alignment:
89% voted with
11% voted against

ISS recommendation alignment:
67% voted with
33% voted against

Proposals by category:



Breakdown of proxy voting results

	Meetings	Proposals	Votes with management	Votes against management	Votes with ISS	Votes against ISS	Votes abstain / withheld
US Equity Total	42	618	598	20	581	37	0

Management proposals

Director-related	42	394	390	4	389	5	0
Routine Business	42	43	43	0	43	0	0
Non-salary Compensation	40	84	78	6	81	3	0
Capitalization	2	7	7	0	7	0	0
Anti-takeover-related	3	3	3	0	3	0	0
Reorganizations and Mergers	-	-	-	-	-	-	-
Preferred/Bondholder	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-

Shareholder proposals

Director-related	3	3	2	1	2	1	0
Compensation	2	2	2	0	1	1	0
Routine Business	5	5	4	1	5	0	0
Corporate Governance	9	11	9	2	7	4	0
Human Rights	11	25	24	1	15	10	0
Social Proposals	7	14	14	0	14	0	0
Health and Environment	6	11	9	2	5	6	0
General Economic Issues	0	0	0	0	0	0	0
Miscellaneous	12	16	13	3	9	7	0

This chart is a summary of the proxy voting activity for the Guardian US Equity Fund and Guardian US Equity All Cap Growth Fund over the period of January 1, 2023, to December 31, 2023.

Published: May 2024

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