Sustainable Investing Report

Sustainable Investing

December 2023

The world of investment finance is ever-changing, and sustainability has emerged as a critical focus of investors globally. As a sophisticated, global investment manager, AIMCo is committed to providing transparency around its sustainable investment (SI) initiatives through reporting. Transparency is crucial for sound risk management practices and for making the best investment decisions on behalf of clients.

The 2023 Sustainable Investing Report compiles four different SI reports released throughout the year:

- Integration Report, released in April
- Stewardship Report, released in August
- Climate-related Financial Disclosures Report (formerly TCFD Report), released in December
- GRESB Report, released in December

AIMCo will continue this style of reporting throughout 2024, ensuring the opportunity for additional efforts to highlight the impact of integrating ESG considerations across the entire investment process.

ESG Integration Report

Sustainable Investing

April 2023

ESG Integration Across the Investment Process

While each asset class requires a tailored approach to integrating ESG risks and opportunities, the approaches are aligned and span pre-investment, investment decision and post-investment stages.

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Pre-Investment

Screening
Due Diligence

2

Investment Decision

3

Post-Investment

Stewardship

Asset Class Monitoring

- Private Equity Scorecard
- Public Equity External Partnerships Review
- Asset Management
- Benchmarking RI & ESG Performance

Pre-Investment

Screening

ESG factors are considered early in the screening stage with AIMCo's Investment teams, keeping clients' Exclusion Guidelines in mind. For example, companies with revenues generated from tobacco and weapons of mass destruction are filtered out. High-level, red-flag analysis, or identification of material ESG considerations requiring deeper review, is undertaken at this stage.

Due Diligence

The due diligence process supports better investment decision-making by providing a holistic understanding of ESG risks and opportunities. At a very high level, for any potential investment, material ESG issues are identified using the globally recognized materiality framework formerly known as the Sustainability Accounting Standards Board (SASB), now part of the IFRS Foundation. To better understand and assess ESG risks and opportunities at an individual deal level, we capitalize on our bespoke due diligence questionnaires tailored specifically to the investment type (direct or fund investment) and the asset class, following industry best practices such as the Institutional Limited Partners Association (ILPA) or the Principles for Responsible Investment (PRI).

Incorporating Physical Climate Risks into Real Estate Investment Due Diligence

Climate change poses clear and material risks to the real estate sector. Real estate investments are at increased risk of physical damage from extreme weather hazards due to their fixed locations. These hazards, ranging from floods, fires and storms to rising sea levels and changing average temperatures, have direct and indirect effects on an investment's revenue, operating costs and capital costs — which we believe markets have not yet priced in. Since early 2022, AIMCo has screened all private, direct equity and debt investments in commercial real estate for physical climate risk hazards as part of pre-investment due diligence.

We use MSCI's Climate Value-at-Risk (Climate VaR) product to aggregate various global warming scenarios from credible third-party sources[2] and quantify the cost of physical climate impacts based on a process used in most hazard models in the insurance industry. The physical risk impact on an asset is quantified by assessing the exposure of a property to a hazard and computing the costs associated with that risk using vulnerability functions specific to the real estate market.

The physical climate risk analysis provides insight around which investments may be mispriced and in what direction, informing investment, asset management and disposition choices. Over time, we believe this will provide our Investment teams with an informational edge to make the most prudent choices to deliver superior, risk-adjusted returns to our clients.

Expected cost = vulnerability * hazard * exposure

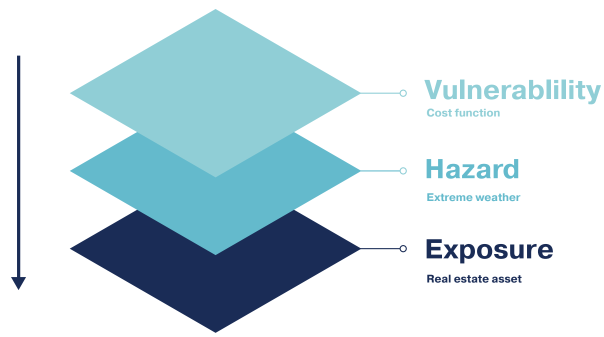


Diagram 1: MSCI Climate VaR Physical Cost Calculation

ESG Due Diligence Assessment Framework for Fund Investments

We ask over 30 questions across three main pillars that address various ESG topics.

Governance

- Responsible Investment policies and protocols
- Oversight and accountability of ESG

Investment Process

- ESG materiality, due diligence, and risk assessment

Active Magement

- Monitoring metrics, value creation plans and reporting

[2] Including the Intergovernmental Panel on Climate Change (IPCC) and the Potsdam Institute for Climate Impact Research.

ESG Due Diligence Assessment Framework for Direct Investments

When it comes to public equities, AIMCo's Fundamental Equities team incorporates ESG factors into their research. When investment ideas are pitched to the team, there is an ESG section in each research report that evaluates the issuer's MSCI ESG score relative to history or versus peers, and an analysis of the ESG-related pressure points or hidden advantages. ESG factors are viewed by the team as another lens to assess risk and are used to engage with investee company management teams on a broader set of issues that can impact the bottom line.

During due diligence for private assets, we assess prospective investments with the view of identifying key ESG factors and gather the appropriate information about the target company. Evaluation of ESG risks and opportunities is coupled with on-site due diligence conducted by the Investment teams or virtual engagements by the RI team, where appropriate, and the support of external advisors where necessary. ESG-related concerns are often intertwined with other business issues that make the business more, or less, attractive for investment. In most instances, we look to determine if the investment target has significant value creation opportunities because of the way it addresses ESG issues or could have such opportunities if it were to address them in a proactive manner. More importantly, understanding the ESG challenges and opportunities of individual investments helps us determine our best strategy for working with a company in the future.

In 2022, ESG due diligence was conducted for…

88 deals across **6** asset classes

93% of Investment Committee approved deals

$15B+ in potential deal value

100% of Board approved deals

ESG DUE DILIGENCE IN ACTION

AusNet

In 2021, AIMCo, along with a consortium of like-minded investors led by Brookfield, completed the take-private of AusNet Services Limited (AusNet), an Australian diversified utility company. AusNet owns and operates regulated electricity transmission and distribution networks, as well as a regulated gas distribution network in the State of Victoria. In addition to its regulated business lines, the company also has an unregulated business line that develops, constructs, and operates competitively tendered transmission network augmentation and connection projects.

As is typical in transactions of this scale and complexity, the consortium conducted a comprehensive due diligence program, which included the commissioning of legal, technical, commercial, financial, tax, regulatory, insurance, and public relations due diligence reports. In addition, AIMCo's Responsible Investment (RI) team conducted its own supplementary ESG due diligence to evaluate the investment opportunity from an ESG perspective to support the Investment team's understanding of the key ESG-related risk factors present in AusNet's business.

The RI team assessed a range of ESG considerations, including but not limited to:

- Environmental impact management track record
- Physical climate resilience of the company's infrastructure and exposure to transition/ stranded asset risks
- Health and safety track record and performance
- Human resources management and organizational design
- Critical incident risk management

The ESG governance framework at AusNet was also evaluated to identify strengths, potential gaps and inform any potential value-creation plans.

Additionally, the Investment team sought the RI team's assistance in researching the state of energy transition in Australia, and specifically in the State of Victoria. The research piece prepared by the RI team focused on how legislated policies, such as the Victorian Climate Change Act, may impact AusNet's business segments and analyzed how the company is positioned for the future, given Victoria's decarbonization and renewable energy targets.

As part of the ESG due diligence process, the RI team also assessed how an investment in AusNet may impact the AIMCo Infrastructure portfolio's carbon footprint. The RI team used carbon impact modelling to provide a quantitative assessment of how this investment would affect the carbon intensity of the Infrastructure portfolio on a pro forma basis and confirmed an overall positive expected outcome.

The assessment of these material ESG factors and the impact on the Infrastructure portfolio's carbon footprint helped reinforce the Investment team's view that AusNet represented an attractive investment opportunity. As a result, AIMCo's clients now have exposure to a high-quality asset that is well positioned to participate in the energy transition.

ASSET MANAGEMENT IN ACTION

Sherbourne Estates

On behalf of AIMCo and its clients, Epic Investment Services oversaw the extensive renovation of two 1970s vintage multifamily rental buildings in Toronto, Ontario — 191 and 201 Sherbourne Street (Sherbourne Estates). The goal was to ensure safe and comfortable living accommodations for residents while delivering high-performing, sustainable and cost-effective operations for the asset owner.

The residential retrofit of Sherbourne Estates was particularly challenging, given that these two fully occupied rental buildings were built in the 1970s and their building systems were at end of life. A deep renovation, including building system replacement and exterior and interior repairs was required. As construction began in March 2020, the pandemic hit which meant that residents who were now spending the majority of their time at home would be impacted during the construction.

To reduce the overall impact during the two-week construction phase in each of the 420 units, residents were provided free, temporary furnished suites and storage within the building, moving support, and a two-week rent credit in thanks for their cooperation.

The renovation of Sherbourne Estates is expected to be completed in 2023, with notable upgrades including:

- Exterior cladding finishes that will increase insulation efficiency by approximately 40%
- New mechanical systems to improve air circulation and conversion of in-suite heating and cooling systems from natural gas to electric that will result in projected energy savings of 22% and greenhouse gas emissions reductions of approximately 35%
- Double-paned energy efficient windows to improve air circulation and thermal performance
- New sliding doors to enhance city and nature views for residents
- Improved fitness centre and fibre optic internet infrastructure

Through this work, Sherbourne Estates will operate with reduced costs, less maintenance, lower energy consumption and a lower carbon footprint, while providing increased resident comfort and satisfaction. The life of the buildings has been extended by another 50 years, providing an attractive long-term, sustainable addition to AIMCo's Canadian Real Estate portfolio.

Investment Decision

The results of ESG due diligence and the recommendations form an integral part of the information package submitted to AIMCo's Chief Investment Officer, Investment Committee or Board of Directors for approval.

Post-Investment

Once the investment has been made, AIMCo investment professionals and the RI team have management and monitoring roles with respect to material ESG issues identified during due diligence. Depending on the asset class, investment professionals use a variety of strategies and approaches to effectively manage investment-related risks and realize value over time. From holding director roles on the boards of investee companies, to developing and monitoring an asset-specific management plan in real estate, monitoring the stated 100-day plans by the Private Equity General Partner, or attending quarterly earning calls and engaging the management teams, asset management is multifaceted.

Stewardship

The RI team supports Investment teams with monitoring of ESG management and performance on an ongoing basis using a variety of tools to ensure we safeguard clients' investments. In the public markets space, we use the stewardship tools of proxy voting and engagements with boards and management teams to amplify shareholder voice on critical ESG matters and promote best practices that impact sustainable, long-term value. More information on proxy voting and engagement activities can be found in our annual Stewardship Report.

ENGAGEMENT IN ACTION

DTS Corporation

Partnerships enable AIMCo to source the best investment opportunities from around the world to create sustainable, long-term value for our clients.

Our recent co-investment with Asset Value Investors (AVI) in DTS Corporation, a systems integration and information services company in Japan, exemplifies the ability of investors to unlock greater value through active engagement.

DTS is well placed to benefit from Japan's digital revolution. Our partner, AVI, has worked closely with DTS management and the board behind the scenes to rectify its undervaluation by offering detailed suggestions on critical drivers to its long-term success such as corporate governance, employee remuneration, diversity, environmental management, balance sheet efficiency and growth strategy. AVI's suggestions were accepted by DTS and included in a comprehensive mid-term 2025 plan and long-term 2030 vision announced in May 2022, in which they set out a strategy to double EBITDA by 2030, increase ROE 16% and focus on high value-added IT services.

The careful management of both people and the planet are material ESG considerations for the long-term sustainability of companies in the IT industry, and DTS has taken steps to be proactive in this regard. DTS recognizes that it operates in an industry traditionally skewed towards low female representation and doubled its diversity targets, along with setting ambitious environmental targets for validation by the Science Based Targets initiative in January 2023.

Responsible management of environmental and social issues can only be achieved with good governance. DTS strengthened its corporate governance by adopting an Audit and Supervisory Committee structure, improving board diversity and establishing a Sustainability Committee.

DTS's positive share price performance and significant outperformance versus the market is a testament to the efforts of our partner AVI and the power of active engagement to create positive financial outcomes for our clients.

Asset Class Monitoring

Private Equity Scorecard

Our Private Equity portfolio ESG management and performance is monitored using a bespoke Private Equity General Partners (GP) scorecard. Several industry-leading frameworks were examined to create the scorecard such as the Institutional Limited Partners Association (ILPA), a global membership driven organization that works to advance the interests of limited partners (LPs) and their beneficiaries. The scorecard, consisting of 14 indicators, covers a range of topics that deliver insights into how ESG is governed and incorporated in a GP's operations, including climate change and diversity initiatives.

14 Questions

Topics covered help us assess robustness of ESG practices

Filled out by AIMCo and fund partner

Collaborative approach to capture as much information as possible

Comparable

Quantifiable scorecard enables internal comparison and assessment of progress over time

Public Equity External Partnerships Review

On an annual basis, the External Partnerships and RI teams conduct meetings with a selection of AIMCo's segregated external managers. These meetings serve as an input to the RI team's annual ESG assessment of external managers across four categories: governance, investment process, active management and diversity, equity and inclusion. Detailed results, along with a comparison of the managers' performance against a relevant ESG-related benchmark, are shared with the External Partnerships team.

Asset Management

Asset management may take different forms across asset classes but is fundamentally about enhancing value, ensuring alignment with best practices, and building assurance that assets effectively manage risks and opportunities, including ESG considerations. Incorporation of ESG in asset management is not new but is increasingly complex given evolving regulatory requirements and market expectations. By evaluating and monitoring the implementation of value creation plans by General Partners in Private Equity or incorporating the results of GRESB Infrastructure and Real Estate assessments into our ongoing asset monitoring, we are delivering long-term sustainable value to our clients.

ASSET MANAGEMENT IN ACTION

Igua Saneamento

For one of our clients' infrastructure assets, Igua, a water and wastewater service company with 18 concessions across Brazil, ESG considerations were integrated into overall corporate strategy. Igua's management-approved ESG strategy is guided and monitored by a standalone ESG committee where AIMCo now has two representatives. Overall, the ESG strategy included a range of actions aimed at mitigating ESG risks and capitalizing on opportunities. These actions are closely linked with the capital and operational budgets of the company and are captured in an ESG scorecard that tracks 21 material indicators.

Specific actions are grouped into eight key areas including climate change, circular economy, innovation and supply chain. The climate change pillar includes measures around ensuring third-party verification of Igua's greenhouse gas emissions, mapping of climate physical and transition risks aimed at better understanding of water security and resilience of the assets, and estimating capital expenditure needed to potentially commit to a net-zero target.

As part of the innovation pillar of the ESG strategy, pilots were initiated around smart metering, the use of renewable energy in operations, exploring solutions around bio-methane and bio-fertilizers, adopting the latest know-how for better leak detection and prevention, and digitization of services. These actions target cost-savings and/or developing new sources of revenue for Igua, while ensuring stringent regulatory and internal operational excellence requirements are met or exceeded.

Benchmarking RI & ESG Performance

As the regulatory push for more robust and transparent benchmarking and disclosure around sustainability grows, AIMCo continues to use annual Principles for Responsible Investment (PRI) and GRESB assessments to provide our clients with an external assurance of our performance. These globally recognized, independent benchmarks publicly demonstrate our commitment to investing responsibly and offer valuable insights into our progress against other leading investors. We use insights from the PRI and GRESB assessments to drive positive financial outcomes for our clients by implementing market leading ESG initiatives in partnership with our investee companies, asset managers, operators and co-investors. Our PRI Transparency Report and GRESB Report are available on our website.

Looking Ahead

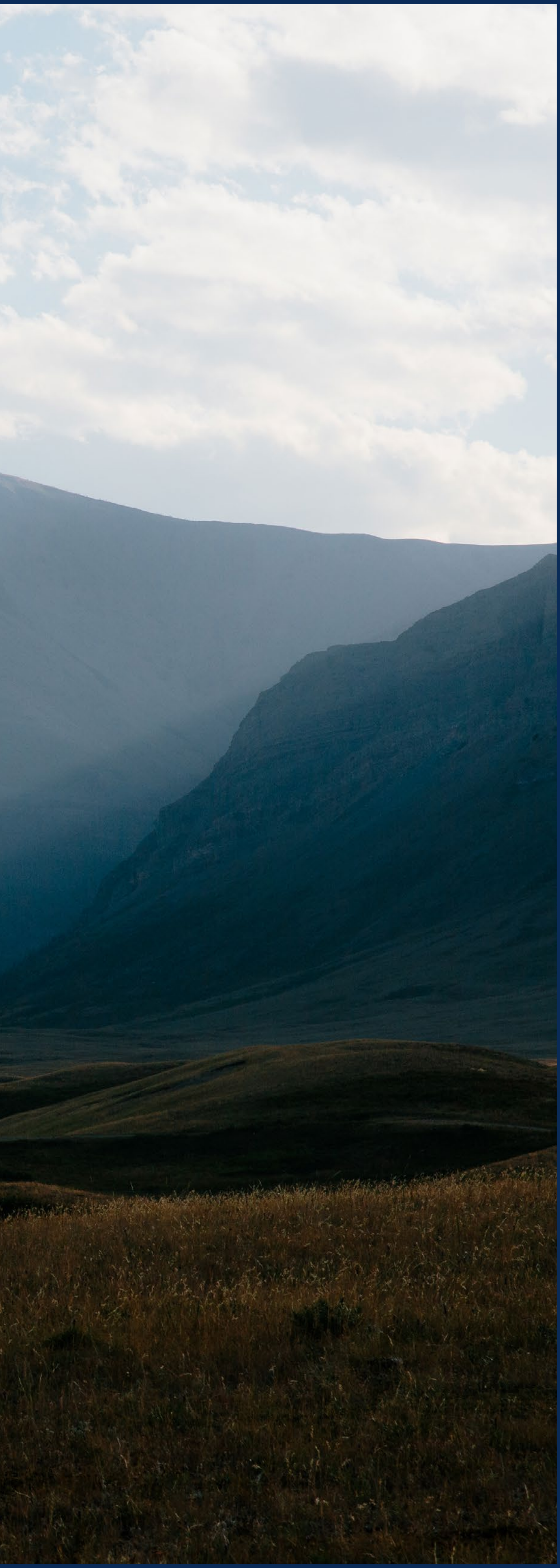
Over the next year, AIMCo will focus on enhancing the post-investment monitoring process across asset classes through developing a Total Portfolio ESG Framework, expanding coverage of asset class-specific sustainability dashboards, implementing an outcomes-based engagement framework and advancing investment-focused ESG research. In addition, to support the work of AIMCo's Climate Program, the RI team will build a bespoke climate taxonomy to classify the exposure of our portfolios to green, transitioning and high emitting assets.

Stewardship Report

Sustainable Investing

August 2023

AIMCo



AIMCo is guided by our purpose: we help our clients secure a better financial future for the Albertans they serve. The success of the companies we are invested in directly impacts the long-term prosperity and financial security of our clients, which is why we take our responsibility as stewards of their capital very seriously. Through integrated active ownership activities such as proxy voting and engagement, we seek to create long-term value for our clients and exercise shareholder voice on material environmental, social and governance (ESG) issues that can impact the investments we make on their behalf.

Our stewardship approach is guided by our policy framework, which includes our:

Responsible Investment Policy
Proxy Voting & Engagement Guidelines

The Power of Proxy Voting

Shareholders of publicly traded companies have the right to exercise their votes at annual general meetings or special shareholder meetings on important corporate governance matters presented on the proxy ballot such as the election of the board of directors, executive compensation and strategic investments (e.g. mergers and acquisitions), and on a range of complex ESG issues through shareholder proposals.

The proxy voting system is a fundamental tenet of shareholder rights, providing a mechanism for shareholders to exercise voice on corporate governance and ESG matters that promote sustainable, long-term value, regardless of whether they are majority or minority shareholders.

Our clients delegate proxy voting to AIMCo, and we are responsible for voting on their behalf in thousands of meetings for publicly held assets each year.

Our proxy voting records are publicly available on our website.

What Informs the Proxy Voting Process?

With tens of thousands of ballot items received annually to exercise voting rights in the best interests of our clients, it is essential to have a robust proxy voting process in place. A variety of inputs contribute to our voting decisions and rationales. At the foundation of those inputs are AIMCo's Proxy Voting Guidelines, which describe the underlying corporate governance principles to which AIMCo subscribes. The guidelines are updated annually to reflect the evolution of the global corporate governance landscape and our Sustainable Investing approach. These guidelines allow for flexibility and as such, AIMCo reserves the right to vote on a case-by-case basis. Other inputs to the proxy voting decision and rationale include issuers' public disclosures, research from two proxy service providers, previous engagements with issuers, prior voting history and reputable third-party benchmarks (e.g. Climate Action 100+).

AIMCo's Influence

July 1, 2022 – June 30, 2023

AIMCo voted at
4,409 shareholder meetings
20% vs. previous year

AIMCo voted on
49,380 ballot items
22% vs. previous year

AIMCo voted on
842 shareholder proposals
13% vs. previous year

Shareholder Meetings by Geography

Proxy Voting Season Recap

Spotlight on Shareholder Rights

During the 2023 proxy season, new governance processes and ballot items related to shareholder rights were brought to the forefront, such as the introduction of the universal proxy ballot. In 2021, the U.S. Securities and Exchange Commission amended the federal proxy rules to require the use of universal proxy cards. Management and shareholders must now solicit a proxy to place all candidates for election to the board on a single proxy form, rather than separate proxy cards. The 2023 proxy season was the first in which all public companies were required to present shareholders with a full slate of candidates in contested elections.[1] This new system is expected to shift focus more to the quality and reputation of individual director nominees rather than the slate overall, giving shareholders the ability to select any combination of a company's and dissident's nominees they wish to vote for.

Legislation enacted in the state of Delaware last year had shareholders taking notice. New legislation enabled Delaware companies to limit or eliminate the personal liability of certain corporate officers for monetary damages associated with breaches of the duty of care. Delaware law previously reserved this action, also referred to as officer exculpation, for board members.

The 2023 proxy season saw hundreds of Delaware corporations request shareholder approval of a charter amendment for this purpose, frequently citing the ability to recruit and retain exceptional officer candidates, as well as empowering officers to exercise their business judgement in furtherance of shareholder interests, as reasons for the proposed amendment. AIMCo believes officers should be held to the highest standard when carrying out their duties and removing liability for an officer's breach of their duty of care may not be in the best interests of shareholders. To inform our voting decision, we carefully evaluated each ballot to determine whether the board sufficiently demonstrated a need for this proposed provision.

[1] (ISS Governance, 2023)

Proxy Voting Season Recap

Executive Compensation

“Say-on-pay” provides shareholders the opportunity to validate the structure and objectives of a company’s executive compensation plan by providing feedback to the Compensation Committee of the board. Although the vote may only be advisory in some markets, including Canada, it is designed to enhance transparency and accountability in the determination of executive pay, creating a stronger alignment between pay and performance.

Although the vast majority of say-on-pay proposals still receive majority support, during the pandemic in 2021 and 2022, there were elevated levels of pay-for-performance concerns and shareholder scrutiny over one-off awards, material COVID-related discretionary executive pay adjustments, and insufficient response to shareholder dissent.[2] However, the levels of support in 2023 for say-on-pay at U.S. companies tracked slightly higher than prior years, likely due to companies being more responsive to prior say-on-pay vote results by engaging with shareholders and highlighting the actions they took to address concerns. Support levels tracked at similar levels to 2022 for Canadian companies.

In Europe and the U.K., we witnessed increased incorporation of strategic objectives and ESG metrics into variable pay plans this year. We expect this to expand more meaningfully outside of Europe and the U.K. as investor expectations for companies to include sustainability aspects in executive compensation schemes continue to increase and be captured in proxy voting guidelines.[3]

[2] (ISS Governance, 2023)
[3] (RBC Capital Markets, 2023)

Proxy Voting Season Recap

Shareholder Proposals

Filing a shareholder proposal — a recommendation formally submitted to a publicly traded company advocating for a specific course of action — can be an effective tool for investors to exercise shareholder voice.

The 2023 proxy voting season was another notable one for the number of environmental and social (E&S)-related shareholder proposals on the ballot, building on the trend of a record-breaking number of shareholder proposals in 2022. This trend is once again attributed to the U.S. Securities and Exchange Commission's change in approach last year toward the excludability of proposals, which made it more difficult for companies to omit shareholder proposals from the ballot, causing a surge in overall proposal volumes.

The majority of E&S shareholder proposals in 2023 were related to the following themes:

- Climate: Adoption of greenhouse gas (GHG) targets to reduce emissions in line with the Paris Agreement, climate lobbying, fossil fuel financing, methane emissions and just transition plans
- Political spending and lobbying
- Racial equity or civil rights audits
- Other social issues: Freedom of association, forced labour and reproductive rights

Average shareholder support levels fell across all environmental, social and governance shareholder proposal categories in 2023. In some instances, declines were due to companies having already implemented requested changes in previous years. In other instances, the popularity of environmental and social proposals in 2022 led to overly prescriptive or niche proposals presented in 2023, making them hard for investors to support. There has also been a shift in the type of proponent filing the proposal, with more non-profits and shareholder advocacy groups submitting E&S proposals and fewer proposals from pension fund proponents. In addition, the polarization of ESG initiatives in the United States gave rise to more "anti-ESG" shareholder proposals in 2023 that attempted to counteract the support of legitimate proposals; however, these "anti-ESG" proposals gained very low levels of shareholder support.[4]

[4] (RBC Capital Markets, 2023)

Environmental

An uptick in shareholder proposals related to climate lobbying occurred during the 2023 proxy season, with a focus on increased disclosure of alignment between a company's lobbying activities and their climate commitments. Of the climate-related lobbying shareholder proposals on the ballot and voted on by AIMCo, only one submitted to Cenovus Energy Inc. received majority shareholder support, which was likely the result of management also being in favour of the proposal. We also witnessed a multitude of climate-related shareholder proposals submitted at North American financial institutions requesting transition plans for financed emissions targets.

A new shareholder proposal theme emerged this year related to so-called Just Transition reporting at several American companies across a variety of sectors. These proposals called for disclosure on the impact of a company's climate change strategies on employees, workers along the supply chain, communities in which it operates and other relevant stakeholders, addressing the intersectionality of the environmental and social considerations of the energy transition.

Social

Major pharmaceutical companies received shareholder proposals this year requesting reporting on how the company considers the impact of extending patent exclusivities on drug pricing and accessibility. This proposal type was seemingly motivated by increased scrutiny from the public and legislative bodies on drug pricing spurred by the COVID-19 pandemic. AIMCo generally voted in favour of these proposals, rationalized by the legal and reputational risks of abusive patent uses and corresponding impact on shareholder value if the risks are not managed appropriately.

Other social proposals surrounding labour rights, health and safety and racial equity garnered increased support in 2023, such as requests for third-party assessments on a company's commitment to employees' freedom of association, along with workplace health and safety and racial equity audits. Notably, a proposal for third-party racial equity audits at Canadian banks RBC and BMO garnered 42% and 38% shareholder support, respectively. We also saw proposals submitted to RBC and CitiGroup with respect to policies around the human rights impacts of their operations on Indigenous peoples.

Governance

We witnessed similar governance proposal themes from last year related to reducing the threshold required for shareholders to call special meetings and advocating for the separation of chair and CEO roles — important steps in enhancing shareholder rights. There was a noticeable increase in the number of executive compensation-related proposals requesting that boards seek shareholder approval of executive pay packages that provide for severance or termination payments exceeding 2.99 times the sum of the executive's base salary plus target bonus. However, AIMCo found the majority of these proposals to be either duplicative as a number of the companies already took proactive steps to implement portions of the proposal or not aligned with accepted market practice.

Shareholder Proposals by ESG Pillar

2021 - 2023

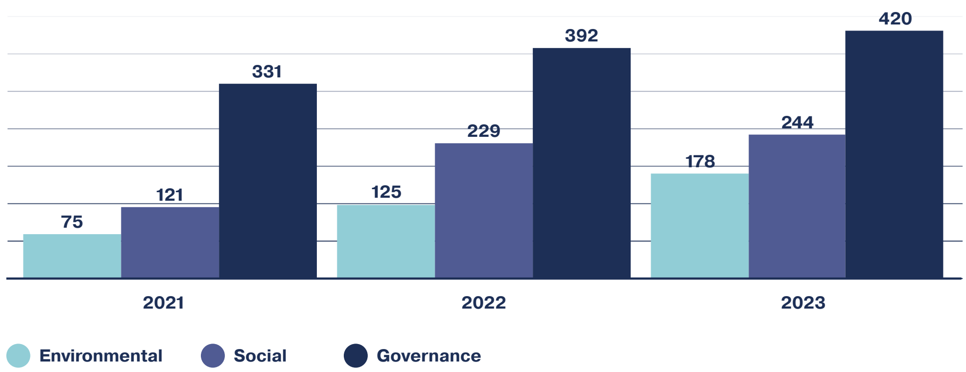
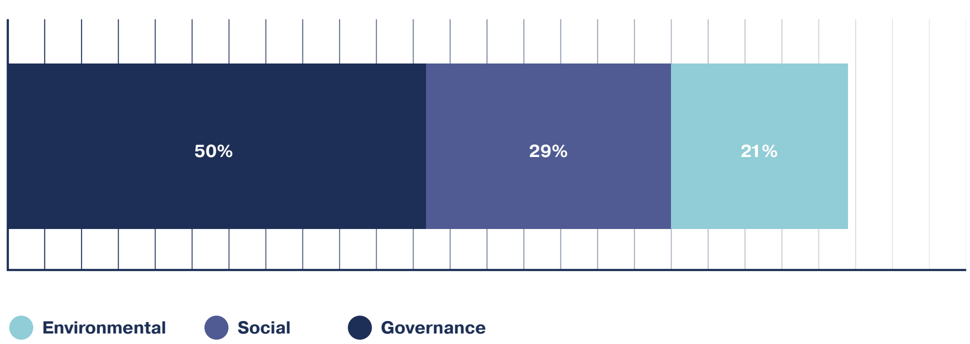


Chart reflects year-over-year proxy season changes from July 1 of the previous year to June 30 of the year being monitored.

Shareholder Proposal by ESG Pillar

2023 Proxy Season



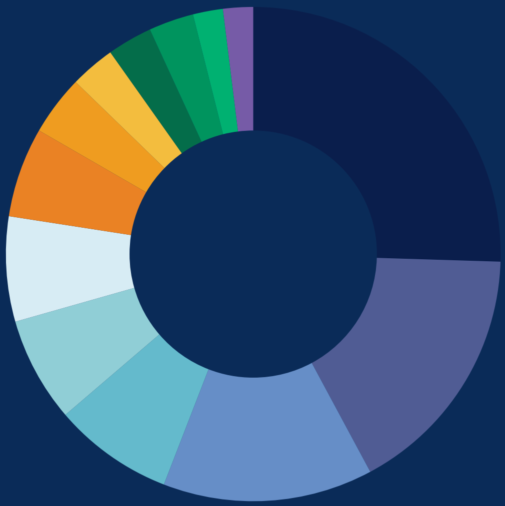
The Power of Engagement

Engaging individually or through collaborative investor initiatives builds a deeper, more direct connection to the companies we are invested in on behalf of our clients. When investee companies better understand the views of asset owners and managers on material ESG issues such as climate risk, human rights, executive compensation and board diversity, they are more likely to drive positive change that enhances the long-term value of our clients' investments, consistent with our fiduciary duty. Our "voice over exit" philosophy means we prefer to leverage our influence as investors to spur ongoing, constructive dialogue on best ESG practices rather than to divest and unnecessarily reduce the investible universe.

From July 1, 2022, to June 30, 2023, we conducted 102 engagements with investee companies and external managers across our public and private market holdings in a variety of sectors.

Percentage of Engagements by Sector

July 1, 2022 - June 30, 2023



Financial Services	**25%**
Oil & Gas Services	**17%**
Infrastructure	**14%**
Renewable Resources & Alt Energy	**8%**
Transportation	**7%**
Extractives & Mineral Processing	**7%**
Resource Transformation	**6%**
Food & Beverage	**4%**
Consumer Goods	**3%**
Other	**3%**
Technology & Communications	**3%**
Services	**2%**
Healthcare	**2%**

Spotlight

Outcomes-Based Engagement Framework & Engagements Dashboard

To enhance the effectiveness of the engagements we conduct on behalf of our clients, AIMCo revised its engagement framework to become more outcomes-based. This outcomes-based approach differs from our previous approach in the following ways:

Sector-Agnostic Focus 〉〉 Sector-Specific Focus

Previously, AIMCo's engagement approach centered around a general and sector-agnostic ESG theme or topic, such as board gender diversity, human rights or climate risk, that we would engage with companies across multiple sectors on. The revised approach will narrow our focus for each quarterly engagement campaign on a specific sector and ESG Key Performance Indicators (KPIs) material to that sector. This will enhance comparability and benchmarking amongst companies and sector leaders, allowing for more focused and effective engagements.

Obtaining an Understanding 〉〉 Setting & Tracking Progress Towards Desired Outcomes

Previously, our engagements were rooted in gaining an understanding of a company's perspectives and strategies on various ESG issues. Moving forward, AIMCo's expectations of desired outcomes and timelines on material ESG KPIs will be defined, communicated and monitored through recurring engagements with each focus company. This provides the company transparency on AIMCo's expectations and improves accountability towards achievement of outcomes that enhance the long-term value of our clients' investments.

To support this approach, we onboarded a new third-party engagement management platform. This technology solution allows us to track engagement campaigns and activities, and the progress made on the set engagement outcomes for each focus company through a fit-for-purpose database. Its automated analytic and reporting capabilities will enable efficient reporting for our clients on engagement initiatives and enhances data accuracy and comparability.

CASE STUDY ENGAGING ON CLIMATE

Methanex

As an active member of Climate Action 100+ and Climate Engagement Canada, AIMCo expects investee companies to demonstrate transparency and accountability by adopting appropriate, industry-specific climate-related reporting protocols such as the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and to have board oversight and appropriate expertise to adequately manage climate-related risks. On a case-by-case basis, and if deemed material, AIMCo may vote against or withhold from relevant directors in situations where an issuer has failed to provide relevant climate-related disclosures or insufficient action is being taken to address climate-related risks and opportunities.

Methanex is the world's largest producer and supplier of methanol to major international markets in North America, Asia Pacific, Europe and South America. In 2022, AIMCo sent an invitation for dialogue to Methanex as a result of voting against a director during the previous proxy season for lack of alignment with Paris Agreement goals and TCFD reporting. We engaged with Methanex in fall 2022, emphasizing the importance of clear ESG links to executive compensation and providing shareholders with enhanced disclosure on how the company is managing climate-related risks and opportunities in alignment with the TCFD framework.

Methanex demonstrated a willingness to improve, and following the engagement, AIMCo shared best practice examples of sustainability reporting and ESG metrics incorporated into compensation programs with the company.

In advance of their 2023 AGM, Methanex proactively reached out to AIMCo to share how their disclosure had improved since our last engagement, demonstrating their commitment to transparency and further alignment with TCFD reporting standards. In addition, for 2023, the company disclosed that the individual performance for Methanex's CEO (30% weighting in the executive compensation plan) will be measured against goals that include progress towards their commitment to a reduction of 10% emissions intensity by 2030. We commend Methanex on these disclosure and executive compensation improvements and look forward to ongoing dialogue on their role in the transition to the low-carbon economy.

CASE STUDY ENGAGING ON DIVERSITY, EQUITY & INCLUSION

Canadian Tire

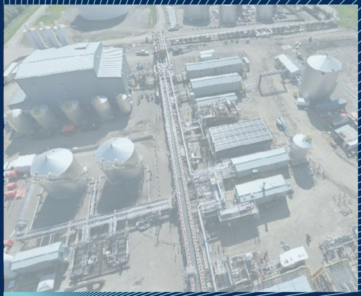
As a signatory to the Canadian Investor Statement on Diversity & Inclusion, member of the 30% Club Canada Chapter, and signatory to the CFA DEI Code, AIMCo believes that promoting diversity, equity and inclusion (DEI) is not only the right thing to do — it is good for business and society. Diverse boards and executive management teams are more likely to achieve better outcomes for investors and other stakeholders by introducing a broader spectrum of perspectives, skills and experience, fostering a higher quality of board governance overall.

In alignment with our commitment to the 30% Club Canada Investor Group, AIMCo leveraged its ownership rights through proxy voting and engagement to advance the Investor Group's goal of achieving a minimum of 30% women on the board and at the executive management level of S&P/TSX Composite Index companies by 2022. While we are pleased a significant milestone was achieved — as of 2023, women now occupy 34% of board seats at those companies — this is just the starting point as sustained action is required, and more progress needs to be made at the executive level where women represent only 23% of C-suite roles.

Building on our support for gender diversity and in recognition of the intersectionality of gender, race and other identities, AIMCo updated its Proxy Voting Guidelines in 2023 to include where an issuer exhibits no directors from another underrepresented group as a condition that may trigger an against or withhold vote from the chair and/or members of the nominating committee or another relevant board director.

In 2022, AIMCo led a 30% Club Canada Investor Group collaborative engagement with Canadian Tire Corporation, a group of companies that includes a retail segment, a financial services division and CT REIT. Some members of the 30% Club Canada Investor Group, including AIMCo, have proxy voting guidelines that incorporate gender and racial diversity metrics for boards which may have impacted votes at the Canadian Tire AGM in May 2022. In fall 2022, the 30% Club Canada Investor Group met with Canadian Tire to learn more about their approach to DEI. We learned the Board was exploring the possibility of implementing a DEI policy and a board diversity target in advance of their 2023 AGM. The 30% Club Canada Investor Group offered to send resources on best practice diversity policies and targets to Canadian Tire, which were shared in a follow-up email after the engagement. In the context of its board renewal and succession planning, and based on feedback from shareholders including the 30% Club Canada, the Board adopted a written diversity policy codifying its commitment to diversity. In adopting the policy, the Board set a target that it be comprised of at least 30% women by the 2023 Annual Meeting of Shareholders and thereafter.

The 30% Club Canada Investor Group was pleased to see two female directors elected at the 2023 Canadian Tire AGM, taking the composition of women on the board from 19% to 31%. Since 2021, three women have been nominated to the Board. In addition, over that period, two members of visible minorities have been added to the Board. We were pleased with Canadian Tire's responsiveness to shareholder feedback and look forward to future engagement opportunities with the iconic Canadian retailer as it continues on its evolving DEI journey.



CASE STUDY ENGAGING ON ESG DISCLOSURE

Tidewater Renewables

In fall 2022 AIMCo, on behalf of clients, made a debt investment in Tidewater Renewables, an Alberta-based business focused on the production of renewable diesel and renewable natural gas. A true energy transition story, Tidewater Renewables is on the cusp of opening its first renewable diesel facility in Canada. In early 2023, AIMCo's Sustainable Investing team had the opportunity to engage with Tidewater Renewables to share ESG reporting best practices and provide feedback from an investor perspective on their inaugural ESG Report. We congratulate Tidewater Renewables on publishing their first ESG Report and look forward to the expansion of their sustainability reporting as the company grows.

Climate-related Financial Disclosures

Sustainable Investing

December 2023

Climate change is one of the most pressing systemic risks of our time, with worldwide efforts accelerating to keep global warming within 1.5^{0}C above pre-industrial levels — a threshold scientists believe is necessary to avoid even more catastrophic impacts to people, the planet and ultimately, long-term investment returns.

Climate risk is non-diversifiable and can impact the revenues, expenditures, assets and liabilities, and capital and financing of the companies we are invested in on behalf of our clients. AIMCo recognizes the business imperative of integrating climate considerations into our investment strategies. We view the physical, regulatory and reputational risks associated with climate change — along with opportunities to earn a return on investments that support the transition to the low-carbon economy — as material to delivering persistent, superior risk-adjusted net total returns to our clients.

For the fifth consecutive year, AIMCo is publishing its Climate-related Financial Disclosures. This report provides transparency around the climate-related financial risks and opportunities associated with climate change as they relate to AIMCo's operations and our clients' investments.

In this report you will find:

- Disclosures in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) Framework
- AIMCo's carbon footprint attributable to its operations
- AIMCo's carbon footprint attributable to its investment portfolio
- Climate scenario analysis

The International Sustainability Standards Board (ISSB) is a global organization dedicated to developing and implementing sustainability reporting standards. In June 2023, the ISSB released its first two standards — IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

- IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term
- IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1
- With this release, the IFRS Foundation welcomed the completion of the TCFD work and transfer of monitoring responsibilities to the ISSB starting in 2024.

These two new standards help consolidate existing standards including, the Sustainability Accounting Standards Board (SASB) and the TCFD framework.

The Canadian Sustainability Standards Board has not yet made the two standards effective in Canada.

As per the IFRS S2 standard, AIMCo will continue to publish climate-related financial disclosures in alignment with TCFD.

Disclosure According to the TCFD Framework

The TCFD is structured around four thematic areas to help companies disclose climate-related risks and opportunities: governance, strategy, risk management, and metrics and targets.

AIMCo's Application of TCFD Recommended Disclosures

We follow TCFD's recommendations on financial disclosures related to climate change and disclose our progress annually.

Governance

TCFD Recommendation

» *Describe the board's oversight and management's role in assessing and managing climate-related risks and opportunities.*

AIMCo's Approach

Describe the board's oversight of climate-related risks and opportunities.

» The AIMCo Board of Directors oversees the governance of Sustainable Investing (SI) at AIMCo and approves the Responsible Investing Policy, which applies to all assets under management (AUM) and Environmental, Social and Governance (ESG) issues including climate change.

» The AIMCo Board is briefed on AIMCo's ESG performance, strategy, and trends, including those related to climate change.

» The Investment Committee of the Board reviews and oversees AIMCo's overall approach to ESG matters and the alignment of this approach with AIMCo's long-term business and investment strategies.

- The Audit Committee of the Board reviews key ESG disclosures and the adequacy and effectiveness of applicable internal controls related to such disclosures.
- The AIMCo Board Education Program shares education materials and external learning opportunities on climate change.
- Corporate Responsibility/ESG is a competency on the AIMCo Board of Directors Competency & Skills Matrix.

Describe management's role in assessing and managing climate-related risks and opportunities

- One of AIMCo's seven Corporate Objectives for 2023 was to "Evolve our ESG integration by focusing on climate". Several teams had division and/or individual objectives with associated key performance indicators tied to this overarching corporate objective. Achievement of Corporate, Division and Individual Objectives are performance measures included in AIMCo's annual Corporate Incentive Plan for all employees.
- AIMCo has an internal cross functional working group focused on developing and implementing our Climate Program/Approach.
- AIMCo's Investment Committee receives climate-related risk analysis as part of ESG due diligence conducted for potential deals and approves all ESG-related policies, including those that apply to material issues like climate change.
- AIMCo provides our client boards and management teams with quarterly ESG Learning Labs focused on providing information and resources on material ESG issues, including climate change.

Strategy

TCFD Recommendation

» *Describe the climate-related risks and opportunities identified, their impacts and the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2ºC or lower scenario.*

AIMCo's Approach

Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.

» AIMCo's teams analyze the different types of physical climate risks and transition risks over various time horizons. These risks are taken into consideration for potential new investments across asset classes.

» Regardless of the time horizon, each asset class requires a tailored approach to integrating ESG risks and opportunities; however, the approaches are aligned and span pre-investment, investment decision and post-investment stages. More information can be found in AIMCo's ESG Integration Report.

Describe the impact of climate-related risks and opportunities on the organization's businesses strategy and financial planning.

» A multidisciplinary team has developed an AIMCo specific, investment-driven lens to classify the risks and opportunities as they relate to climate change (AIMCo's Climate Taxonomy).

» We exercise shareholder voice through proxy voting to promote climate-related disclosure. AIMCo supported 80% of 'Say on Climate' management proposals during the 2023 proxy season.

» We engage with investee companies to encourage climate-related financial disclosure and alignment to TCFD reporting standards. Over the 2023 proxy season, 49% of our engagements conducted had a primary discussion topic of climate and improving climate-related disclosures. In the same period, we conducted nine collaborative engagements through Climate Engagement Canada (CEC) or Climate Action 100+.

» We advocate with policymakers, regulators and stock exchanges to encourage the adoption and evolution of climate-related disclosure guidance such as the International Sustainability Standards Board's (ISSB) updates.

- AIMCo actively participates in advocacy and collaboration initiatives focusing on climate including the Investor Leadership Network (ILN) Climate Change Advisory Committee, Partnership for Carbon Accounting Financials (PCAF), Sustainable Finance Action Council, World Benchmarking Alliance (WBA), Climate Action 100+ and Climate Engagement Canada (CEC).
- We measure emissions across asset classes to conduct historical and future-focused climate analysis to identify key drivers of climate risk and resilience.

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

- AIMCo uses climate scenarios as a tool to identify and assess how climate-related risks may affect our real assets and our financial performance. We use three climate scenarios to explore and develop an understanding of how the physical and transition risks and opportunities of climate change might plausibly impact our clients' investments over time (see Scenario Analysis).

Risk Management

TCFD Recommendation

» *Describe the organization's processes for identifying, managing and assessing climate-related risks and how they are integrated into the organization's overall risk management.*

AIMCo's Approach

Describe the organization's processes for identifying and assessing climate-related risks.

» Teams across AIMCo strive to identify material climate risks at various stages of the investment process and across the fund to ensure an integrated, coordinated approach.

» We identified several short, medium and long-term risks, including risks related to investment in high-emitting sectors, which could lead to counterparty and/or higher stranded asset risk.

» AIMCo is exposed to regulatory risk from rapidly changing policy, and operational risk as business could be impacted by changing weather patterns.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

» AIMCo has tools and processes to help quantify climate-related risks and opportunities, including carbon footprinting, Climate Value at Risk (Climate VaR) scenario analysis and FTSE Green Revenues.

» Climate-related risks are managed through investments in low-carbon assets, by researching best practices in climate mitigation, via climate-related pre-investment and post-investment analysis, through stewardship activities, including active management, engagements and proxy voting, and by delivering climate-related reporting to our clients.

Metrics and Targets

TCFD Recommendation

» *Disclose the metrics, greenhouse gas (GHG) emissions and targets used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management processes.*

AIMCo's Approach

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

» We monitor and disclose different metrics to capture both historical and forward-looking perspectives. For example, our carbon footprint provides a snapshot of the total emissions generated by our investments during the prior calendar year, while Climate VaR estimates the portfolio's climate-related risks and opportunities out to the year 2100, under different warming scenarios.

» AIMCo follows PCAF's Financed Emissions standard as the method to attribute emissions to an investor, proportionate to their investment's equity and debt holdings. Our 2022 carbon footprint scope expanded to include Private Debt & Loan.

» Following new standards developed by PCAF, AIMCo has calculated the carbon emission removals attributable to our forestry assets.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.

» As a provider of investment management services to our institutional clients, AIMCo's carbon emissions footprint can be divided into:

  » Emissions attributable to our corporate operations (Scope 1, Scope 2 and Scope 3, excluding our investment portfolio)

  » Emissions attributable to our investment portfolio (Scope 3)

Behind the Numbers

The absolute greenhouse gas (GHG) emissions that banks and investors finance through their loans and investments are often referred to as 'financed emissions'.

Indirect GHG emissions are those emissions emitted from sources not owned or controlled by an entity. For financial institutions, Scope 3 GHG emissions are by far the largest component of their total GHG emissions.

- **Scope 1** – direct emissions that are the result of owned or controlled sources
- **Scope 2** – indirect emissions that result from the generation of purchased electricity, steam, as well as heating and cooling
- **Scope 3** – indirect emissions that are the result of activities from assets not owned or controlled by the organization, but that the organization indirectly impacts in its value chain. Includes investments managed by the reporting company on behalf of clients

As a provider of investment management services to our institutional clients, AIMCo's carbon emissions footprint can be divided into:

- Emissions attributable to our corporate operations
- Emissions attributable to our investment portfolio

Emissions Attributable to AIMCo's Operations

AIMCo is not only dedicated to actively monitoring and mitigating the environmental impact of its investments, but also the environmental impact of its offices around the world. AIMCo employs nearly 700 people in Canada, the U.S., Europe and Asia and we continue to look at various ways to reduce emissions from the buildings we occupy and from business travel, where applicable.This year, we added our Toronto office to our annual GHG inventory update.

This addition contributed to a modest increase in our Scope 2 emissions, mostly attributable to electricity consumption. The return of business travel also resulted in a rise in Scope 3 emissions from the previous year. However, it's worth noting that business travel at AIMCo is still below pre-pandemic levels.

	Tonnes of Carbon Dioxide Equivalent (tCO_2e)			
	2022	**2021**	**2020**	**2019**
Scope 1 - Direct Emissions	319	374	592	637
Fuel - Natural Gas	319	374	592	637
Scope 2 - Indirect Emissions	1,322	1,255	1,342	1,110
Electricity	1,322	1,255	1,342	1,110
Scope 3 - Other Indirect Emissions	543	124	218	643
Business Travel - Car	2	0	0	1
Business Travel - Hotel	16	1	4	16
Business Travel - Flights	513	109	199	625
Waste	10	11	14	0
Water	2	2	2	1
Total Emissions	**2,184**	**1,753**	**2,151**	**2,390**

Emissions Attributable to AIMCo's Investment Portfolio

AIMCo, along with one hundred other financial institutions, has committed to measuring and disclosing financed GHG emissions associated with its investment portfolios informed by the Partnership for Carbon Accounting Financials (PCAF) standard. This standardization ensures that data is consistent, structured and measured. It also allows for easier comparisons and analyses across different entities. This consistency is vital for investors, regulators and other stakeholders seeking to make the best decisions.

In-Scope Assets Under Management

The investment portfolio emissions reported includes the Scope 1 and Scope 2 emissions of the underlying companies in our portfolio, based on the latest available data. Combined, the investments with established carbon accounting approaches in the AIMCo asset classes shown in the following table represent 80% of our in-scope assets under management as of December 31, 2022.

AIMCo Asset Classes As at December 31	**Absolute Financed Emissions** (tCO_2e tonnes of carbon dioxide equivalent)		**Financed Emissions Intensity** (tCO_2e/$M tonnes of carbon dioxide equivalent per million dollar invested)	
	2022	**2021**[2]	**2022**	**2021**[2]
Money Market and Fixed Income[1]	399,137	626,087	28	36
Public Equities	1,566,686	1,316,558	65	48
Private Markets				
Private Equity	193,728	181,718	23	24
Real Estate	252,496	217,831	17	15
Infrastructure	1,387,705	1,102,500	93	105
Renewable Resources	51,615	9,242	18	6
Total Fund	3,851,368	3,453,935	48	45
Interim Portfolios[3]	842,047	795,023	59	52

AIMCo's Total Fund carbon emissions rose relative to 2021 under both the absolute financed and financed intensity metrics. The increase in emissions cannot be attributed to one single factor and some of the changes may be reversed in the future. Factors that may influence the calculations include pandemic reopening impacts, and changes to asset valuations, currency exchange rates, sector exposures, market values and company carbon emissions. Moreover, changes in methodology were implemented to incorporate emissions of more assets under management. This was done by taking into account proxied emissions based on sector-specific carbon emission intensities and asset-specific features like floor area in commercial real estate or sector classifications for private assets.

Sovereign Debt

Carbon accounting standards for financial institutions continue to evolve. PCAF developed guidance to attribute emissions from sovereign bond investments and accounting for carbon emission removals generated from investments in technology and nature-based solutions. As per the guidance, we are disclosing the results separately from the Total Fund calculations.

	Absolute Financed Emissions (tCO_2e tonnes of carbon dioxide equivalent)		**Financed Emissions Intensity** (tCO_2e/$M tonnes of carbon dioxide equivalent per million dollar invested)	
	2022	**2021**	**2022**	**2021**
Sovereign Debt[4]	1,997,579	2,963,636	285	344

[1] Includes carbon emissions attributable to Mortgages, Private Debt & Loan, and Corporate Debt and excludes emissions attributable to Sovereign Bonds.

[2] Based on methodology updates and addition of new assets classes, our scope has changed. Therefore, we recalculated our 2021 carbon footprint to transparently disclose our carbon trajectory.

[3] Emissions from assets being held in the interim as a result of assets transferred in 2021 from the onboarding of Alberta Health Services (AHS), Alberta Teachers' Retirement Fund (ATRF) and Workers' Compensation Board (WCB).

[4] Sovereign Debt include bonds and loans of all maturities issued in domestic or foreign currencies. Repurchase/Reverse Repurchase transactions are excluded. PCAF requires the reporting of emissions under two methods, sovereign production and sovereign consumption. In addition, both methods are to be presented including and excluding Land Use, Land-use Change and Forestry (LULUCF). We have chosen the production method including LULUCF in the main body of our disclosure to align with our previous year's disclosure. We present the additional metrics in our Notes below.

We continue to measure and monitor emissions attributable to investment in government issued securities; however, these investments exist for liquidity management and are subject to decisions outside the management of carbon emissions in our portfolios, with thresholds generally prescribed by client investment risk appetites. As a result, we caution against interpreting any increases or reductions in carbon emissions associated with investments in these securities as they do not conform to our active management strategies. Regardless, we witnessed a year-over-year reduction in emissions. The decrease is driven by valuation changes rather than true reduction of carbon emissions by government entities.

Emission Removals

Beyond emission reductions, financial institutions can actively contribute in the transition to a low-carbon economy by financing carbon removals. Carbon removals include both natural and technological strategies to remove carbon dioxide from the atmosphere and store it through various means, such as in trees and plants. AIMCo's Renewable Resources portfolio includes timberland and agricultural investments that provide inflation hedging and a long-term duration, which aligns with client obligations. The team acquires and manages equity interests in timberland, timber leases, timber harvesting rights and related assets. The portfolio has a global mandate and the team actively invests both in externally managed funds and directly in assets. As can be seen from the table, AIMCo's emissions removals in 2022 increased relative to 2021.

	Absolute Financed Emissions (tCO_2e tonnes of carbon dioxide equivalent)		**Financed Emissions Intensity** (tCO_2e/$M tonnes of carbon dioxide equivalent per million dollar invested)	
	2022	**2021**	**2022**	**2021**
Emission Removals	736,612	312,933	261	220

Notes to Portfolio Carbon Accounting

Accurate computation of climate-related metrics in investment portfolios requires high quality, security-level data including carbon emissions data for underlying companies. High quality data is often not available for all asset classes, especially private market investments. Measurement and reporting until 100% reported data is available would impede AIMCo's near-term progress providing transparency to stakeholders. Estimates are used, based on best available data, when necessary.

While we believe that calculating the carbon footprint is an appropriate starting point for firm-level, climate-related reporting, it is worth noting that the financed carbon emissions metrics are backward-looking in that that they only consider past emissions of companies. They do not assess how those companies may evolve their businesses to reduce their carbon emissions in the future based on transition plans, reduction targets and goals.

Equations for the carbon footprint calculations are shown below.

Absolute Financed Carbon Emissions

$$\sum_{c} \textit{Attribution Factor} \times \textit{Company Scope 1 \& 2 emissions}_c$$

Financed Carbon Emissions Intensity

$$\sum_{i}^{n} \frac{\textit{Financed Emissions}_i}{\textit{Outstanding Amount}_i} \times M\$1 \times w_i$$

n total/all **i** investment **c** company **$M** millions of dollars (conversion) **w** weight (portfolio)

1. Dollars reported are CAD unless otherwise noted.
2. Emissions are expressed in terms of carbon dioxide equivalents (CO_2e).
3. Results presented reflect snapshots of the portfolio investments' carbon intensity as of December 31 of each respective year.
4. Calculations consider Scope 1 and Scope 2 emissions as defined by Greenhouse Gas Protocol. We do not consider Scope 3 as data still varies greatly per sector and data source. We continue to evaluate Scope 3 data to allow for greater comparability, coverage, transparency and reliability for future reporting.
5. For investments in public market companies, MSCI data was used. ESG data reporting by companies is often produced on a lag relative to financial data, as most ESG data disclosure and reporting takes place on an annual basis and requires significant time to produce. Where emissions or financial data are not available by the cut-off date, we use the best, latest available data and/or proxied data.
6. The Money Market and Fixed Income carbon footprint calculation includes direct short-term and long-term public and private corporate lending and our

private commercial mortgage investments. We include short-term lending to capture the carbon emissions exposure of our portfolios at a fixed point in time and include more of our assets under management.

7. The Real Estate carbon footprint includes Canadian, U.S. and European properties participating in AIMCo's annual GRESB benchmarking. Where carbon emissions data was unavailable, we follow PCAF's Commercial Real Estate standard and referenced PCAF's emissions factor database to estimate missing data. Construction and renovation assets are out of scope given availability of data to allow for effective estimation.

8. The Infrastructure and Renewable Resources carbon footprint includes direct, co-investments and funds where holdings are valued over $100 million. For companies that do not disclose emissions, we have proxied using PCAF guidance.

9. The Private Equity carbon footprint includes venture capital and relationship investments. PCAF has not developed guidance on carbon emissions accounting for externally managed funds given the challenges associated with defining organizational and reporting boundaries for carbon reporting purposes. Availability of data in private markets is also a challenge. In 2021, AIMCo developed a methodology to account for carbon emissions attributable to externally managed funds in our private market asset classes. The methodology follows PCAF's economic-activity estimation method with modifications to account for data gaps.

10. We have chosen to disclose the production method including Land Use, Land Use Change and Forestry (LULUCF) in the main body of our report to align with our previous year's disclosure. We present the additional metrics in the table below.

AIMCo Asset Classes As at December 31	**Absolute Financed Emissions** (tCO_2e tonnes of carbon dioxide equivalent)		**Financed Emissions Intensity** (tCO_2e/$M tonnes of carbon dioxide equivalent per million dollar invested)	
	2022	**2021**	**2022**	**2021**
Sovereign Debt - Production	1,997,579	2,963,636	285	344
Sovereign Debt - Production ex-LULUCF	2,042,973	3,026,526	292	340
Sovereign Debt - Consumption	101,512,926,760	146,212,193,071	14,238,461	16,972,911
Sovereign Debt - Consumption ex-LULUCF	105,047,930,978	150,548,691,832	14,735,874	17,476,310

Scenario Analysis

TCFD recommends using climate scenarios to identify and assess how climate-related risks may affect organizations and their financial performance. It is recommended that organizations consider a set of scenarios, including a ‘2°C or lower scenario’ in line with the 2015 Paris Agreement.

AIMCo uses three climate scenarios to explore and develop an understanding of how the physical and transition risks and opportunities of climate change might plausibly impact our clients’ investments over time. MSCI’s quantitative Climate Value at Risk (Climate VaR) tool is used to analyze the transition and physical risks and opportunities for our Public Equities, Corporate Debt and Real Estate portfolios.

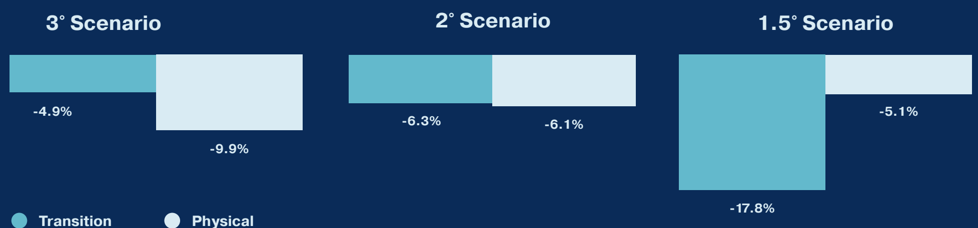
Figure 1 presents the combined results of our Public Equities and Corporate Debt portfolios. Each bar in the chart represents the percentage change in the portfolio’s value due to each type of risk and opportunity under a specific scenario. Figure 2 presents the transition and physical risk results for AIMCo’s Real Estate portfolio under each climate scenario.

This year AIMCo used Network for Greening the Financial System (NGFS) scenarios. NGFS is a group of 116 central banks and supervisors and 19 observers committed to sharing best practices, contributing to the development of climate- and environment-related risk management in the financial sector and mobilizing mainstream finance to support the transition toward a sustainable economy.

Reasons for using NGFS scenarios, including the REMIND model, in this year’s report include better data as well as scenario enhancements like countries’ commitments to reach net-zero emissions, sectoral granularity and a more detailed representation of physical risks.

Figure 1

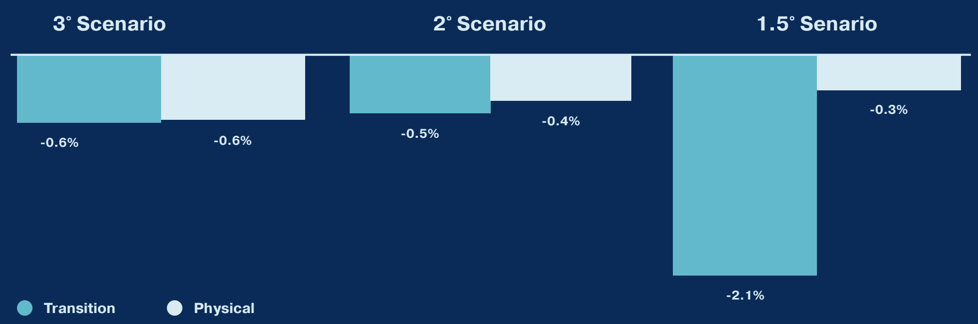
AIMCo Public Equities and Corporate Debt Climate Value at Risk by Scenario & Type



Under the 3°C scenario, the transition risk and opportunities of the combined Public Equities and Corporate Debt portfolio is -4.9%. This is a combination of a negative impact from policies implemented in the scenario and a positive impact from technology advancement opportunities. In the case of physical risks, under the same scenario, the overall risk is -9.9%. Physical risks represent the tangible and drastic effects of climate change, such as flooding, hurricanes and other weather-related events. Of course, extreme events like these can disrupt companies' operations directly and/or indirectly, ultimately affecting AIMCo's clients' portfolios.

Figure 2

AIMCo Real Estate Climate Value at Risk by Scenario & Type



Application of Scenario Analysis

AIMCo uses the scenarios to help assess potential climate impacts on its real estate assets. We analyze our various assets under each temperature scenario to determine how assets may be affected by:

Physical Risks

- Extreme Weather Events: More frequent and severe events such as hurricanes, floods, or wildfires that may damage or destroy properties.
- Sea-level Rise: Any real estate assets in coastal areas that are at risk of flooding due to rising sea levels which can affect a property's value and viability.

Transition Risks

- Market Demand: Changing market dynamics towards sustainable and energy-efficient buildings may affect the value and functionality of an asset.
- Carbon Pricing: The implementation of carbon pricing could have a profound impact on the operational cost of an asset.
- Stricter rules, regulations, and policies as they relate to energy efficiency and environmental standards which may affect the value and operational cost of an asset.

Market Value

- Depreciation: Properties could be at risk of being damaged or become obsolete due to climate change, ultimately depreciating in value.
- Shifts in demand: Climate change will affect migration patterns, affecting property values across different regions.

Opportunities

- Green Infrastructure: Investments with sustainable infrastructure can handle extreme weather, enhancing a property's value.
- Renewable Energy: Properties equipped with renewable energy installations may benefit from cost-savings, improving demand for a property.

By incorporating scenario analysis into our climate work, AIMCo can better align investments and investment strategies with climate-related risks and opportunities, contributing to more resilient and sustainable returns for our clients over the long term.

Assumptions for Climate VaR Model

REMIND NGFS Assumptions	**1.5 °C REMIND NGFS Orderly**	**2.0 °C REMIND NGFS Orderly**	**3.0 °C REMIND NGFS Orderly**
Real GDP growth 2010 - 2100 (CAGR)	2%	2%	2%
World Population in 2100 (billions)	9.019	9.019	9.019
Electricity Generation by Fuel Source in 2050			
% Renewables	94%	92%	80%
% Nuclear	3%	4%	3%
% Gas	3%	5%	16%
% Coal	0%	0%	1%
GHG Emissions and Carbon			
Zero GHG Emissions achieved by	2055	2100	N/A
Carbon Sequestration peak (Mt/yr)	8,779	7,498	5,342
Carbon Price USD/tons of CO_2e (2030)	184.07	57.89	9.97

GRESB

Benchmarking ESG Performance of Real Assets

Sustainable Investing

December 2023

AIMCo

What is GRESB and Why is it Important?

GRESB is an independent member-based organization trusted by 170 institutional investors and more than 2,200 fund managers, companies and asset operators to provide actionable and transparent environmental, social and governance (ESG) data on real assets.

GRESB was established to provide a standardized and globally recognized way to measure sustainability and responsible investment practices across the real estate sector.

GRESB collects, validates and independently benchmarks ESG performance data of real estate and infrastructure assets and portfolios. Since 2015, AIMCo has participated in annual assessments, using the insights from this globally recognized benchmark to drive positive financial outcomes for its clients by implementing market leading sustainability initiatives in partnership with asset managers, operators and co-investors.

Reasons why AIMCo uses the GRESB benchmark:

ESG Integration
GRESB provides a framework for assessing ESG performance of its real estate and infrastructure portfolios. For AIMCo, incorporating these factors into investment decisions is key to identifying and managing long-term risks and opportunities associated with sustainability.

Risk Management
Climate change, regulatory changes and social pressures can pose material risks to real estate and infrastructure assets. AIMCo uses the GRESB benchmark to evaluate risks, leading to more resilient portfolios.

Performance Benchmarking
Through the GRESB benchmarks, AIMCo is able to compare itself against industry leaders, peers and industry standards. This helps identify and improve underperforming assets.

Alignment with Clients
The GRESB framework aligns with the growing demand for increased accountability in ESG practices among AIMCo's various asset classes like real estate and infrastructure.

Transparency
Participating in the GRESB survey encourages transparency as it relates to global standardized reporting of ESG. This data provides AIMCo with insights into the sustainability practices of its assets, which is vital for due diligence, risk assessment and reporting to clients.

The GRESB Proccess

1. Reporting

GRESB participants submit their ESG and performance data. For example, energy consumption, carbon emissions, water usage, governance, etc.

2. Assessment

GRESB assesses the data based on a comprehensive set of indicators. The assessment evaluates ESG performance, management practices and policies. GRESB assigns scores and benchmarks the participants against peers.

3. Validation

GRESB performs data validation and ensures the accuracy and reliability of the data submitted.

4. Scoring

GRESB participants receive scores based on the data submitted. The scoring process considers different ESG indicators and produces an overall GRESB, management and performance scores for real estate and infrastructure, depending on the nature of the assets.

5. Benchmark

Participants compare their performance against peers and markets to identify areas of improvement and to develop ESG goals.

6. Disclosure

After the assessment and scoring is complete, GRESB publishes the results. These reports are used by asset owners like AIMCo to improve transparency and make smart investment decisions.

2023 GRESB Real Estate Assessment

95% of AIMCo's eligible real estate assets participated [1]

Assessment Components

ESG Performance

Risk Assessment	Energy	Waste
Targets	Greenhouse Gas Emissions	Data Monitoring
Tenants & Community	Water	Building Certification

ESG Management

Leadership	Reporting	Stakeholder Engagement
Policies	Risk Managment	

AIMCo's Assessment Footprint

ALL AIMCo Property Types[2]

209 Canadian and U.S. Properties[3]

95M Square Feet

$14B Investment Value[4]

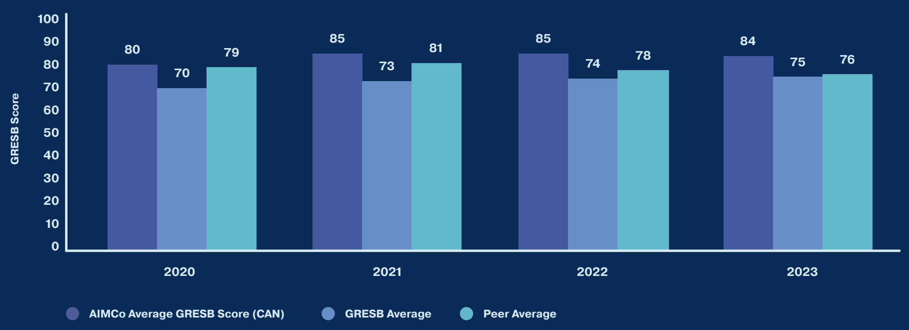
[1] Eligible assets include all directly owned and fully built buildings in Canada and the U.S.
[2] Includes directly owned fully built office, retail, multi-family, industrial and data centre properties as of December 31, 2022
[3] Defined as individual buildings submitting GRESB data
[4] Determined by AIMCo's valuation process as of December 31, 2022

Real Estate Highlights

Canada

AIMCo's Canadian Real Estate portfolio maintained its four-star rating, consistently outperforming both GRESB and direct peer averages.

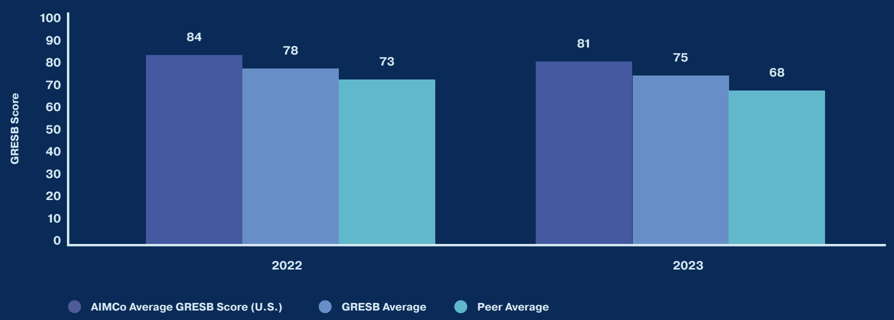
Canada Portfolio GRESB Performance (Max=100)



United States

This was the second year that AIMCo's U.S.-based properties participated in the GRESB Real Estate assessment. The U.S. portfolio outperformed AIMCo's U.S. GRESB and peer averages for the diversified office/residential group. We also ranked #2 out of 11 peers in this group.

U.S. Portfolio GRESB Performance (Max=100)

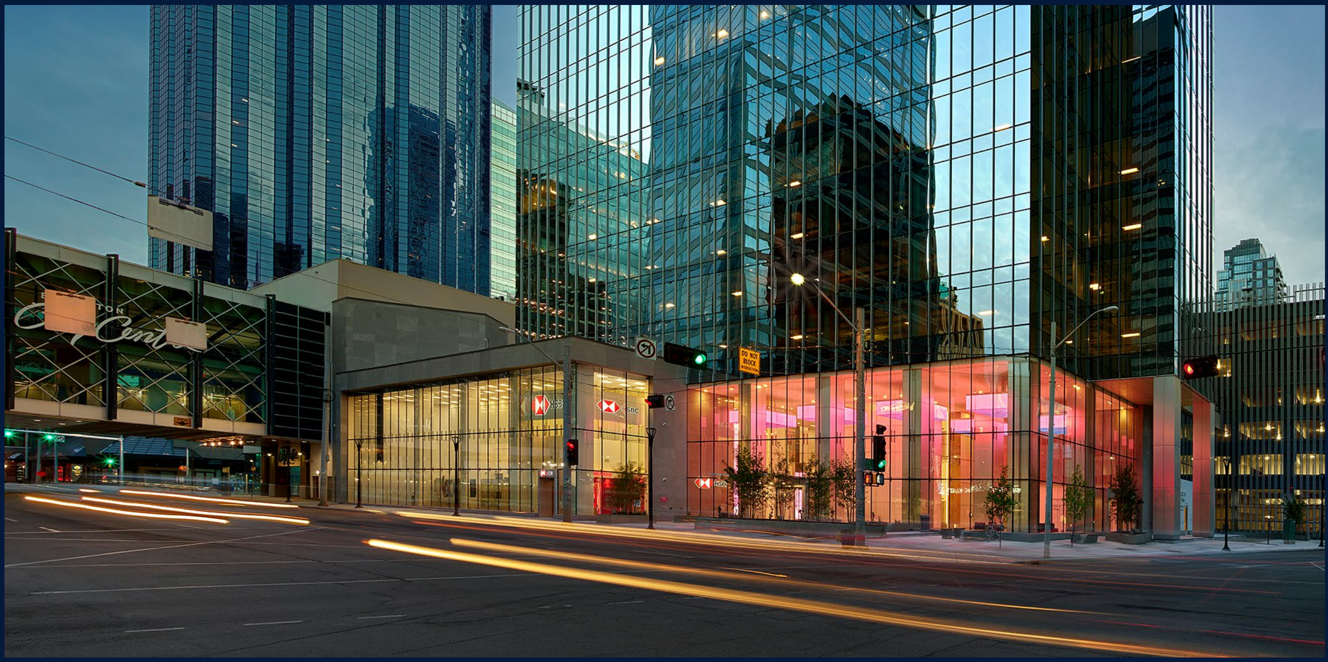


Oustanding Building of the Year: HSBC Place

HSBC Place, home to AIMCo's head office, stands as a beacon of sustainability. In 2023, the property achieved some of the highest possible energy star scores, scoring 97 out of a possible 100. The property also demonstrated exceptional performance mitigating green house gas emissions, water usage as well as recycling and waste diversion strategies. Collectively the strong energy score, exceptional third-party certifications and overall sustainability performance maximized the GRESB scoring for this asset.

HSBC Place in Edmonton Alberta was also named The Outstanding Building of the Year for its size category in the 2023 BOMA International TOBY competition.

The TOBY award is one of the commercial real estate industry's most prestigious accolades. The building edged out commercial properties from Mexico and across the U.S. for the win.



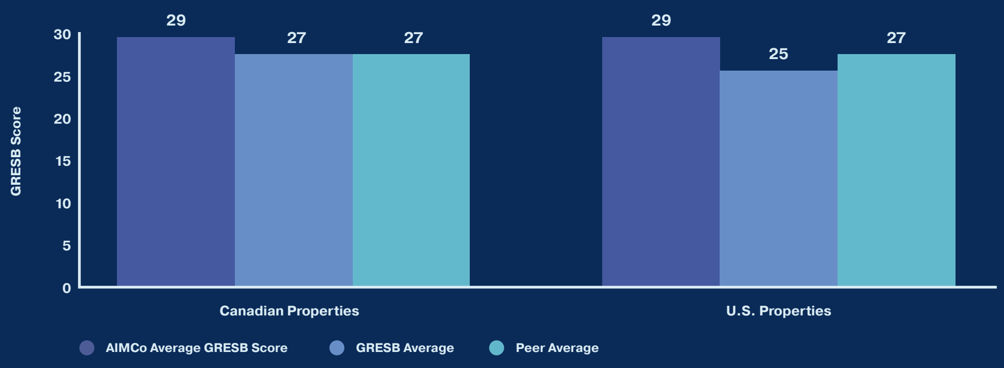
This award is a nod to the level of care and attention that AIMCo has poured into HSBC Place, which went through a major re-development in 2018. Judges evaluated HSBC Place on criteria such as building standards, community impact, tenant relations, energy conservation, environmental, regulatory and sustainability, social programming, emergency preparedness, security standards and the training of building personnel.

The strong GRESB score and award recognition for HSBC Place serve as examples of how AIMCo is continuously improving the ESG practices of its clients' assets. These reinforce AIMCo's position as a leader in responsible real asset investment and management and signify AIMCo's proactive approach to ESG considerations in every community we operate.

Real Estate ESG Management Score

This year's results indicate that ESG Management is robust for both Canadian and U.S. portfolios with policies, reporting and leadership obtaining near-perfect scores, outperforming both GRESB and peer averages across jurisdictions.

ESG Management Performance (Max=30)

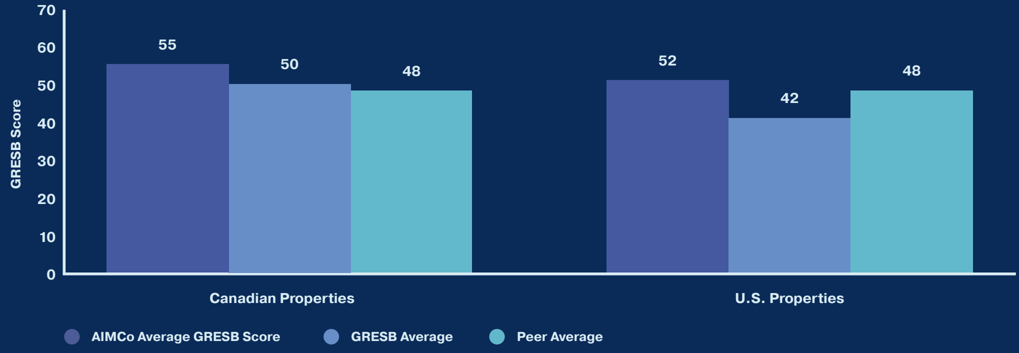


Real Estate ESG Performance Score

The overall ESG Performance Scores were again above peer and GRESB averages, highlighting strength across key assessment areas.

- There remained sustainability targets in place for energy, water and waste across office, retail and multi-family properties in Canada
- 94% of operational Canadian properties and 55% of U.S. operational properties certified to either BOMA, LEED, Fitwel, WELL Health and Safety, or the WELL building standard

ESG Performance Score (Max=70)



2023 GRESB Infrastructure Assessment

86% of AIMCo's total direct infrastructure portfolio (by assets under management) was eligible to participate in this year's survey. Of this, 79% of assets participated[5]

Assessment Components

ESG Performance

Waste
Water
Energy
Employees
Customers
Air Pollution
Health & Safety
Implementation
Biodiversity & Habitat
Certification & Awards
Greenhouse Gas Emissions

ESG Management

Policies
Reporting
Leadership
Risk Management
Stakeholder Engagement

AIMCo's Assessment Footprint

8 Sectors

6 Countries

9 Direct Investments

$10B Investment Value[6]

[5] Eligible assets include direct equity investments with at least $100 million in assets under management and held in the portfolio for at least 1 year; does not include Alberta Teachers' Retirement Fund or Workers' Compensation Board – Alberta infrastructure assets that were held in segregated accounts.

[6] Determined by AIMCo's valuation process as of December 31, 2022

Infrastructure Highlights

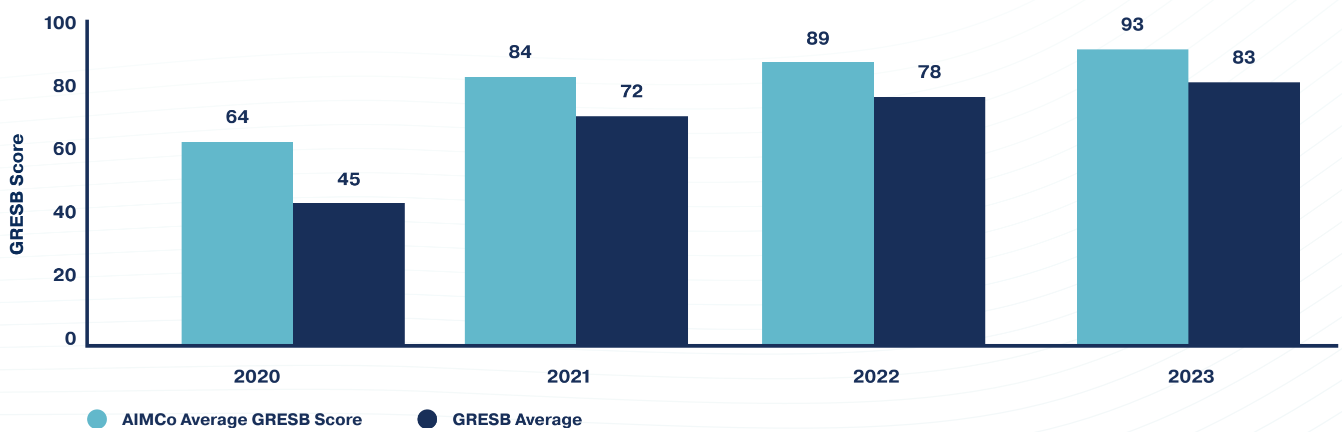
Best-in-Class
Porterbrook, AirTrunk and Daesung (DIG AirGas) are now ranked first in their respective peer groups, globally.

Industry-Best
Over 50% of AIMCo's GRESB reporting assets scored above 90/100 points, putting them in the top performing group versus direct peers.

Continuous Improvement
All but one of the reporting assets have improved year-over-year scores, reflective of the focus on material ESG issues.

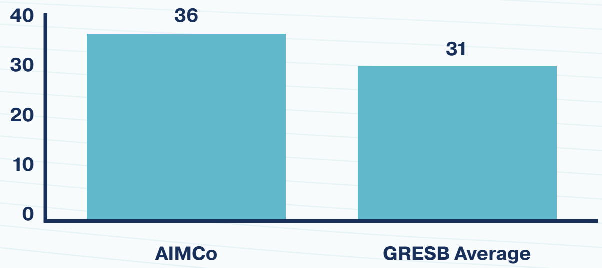
Consistent Performance
Since 2020, AIMCo's infrastructure score has outperformed the GRESB benchmark.

AIMCo Infrastructure GRESB Score (Max=100)



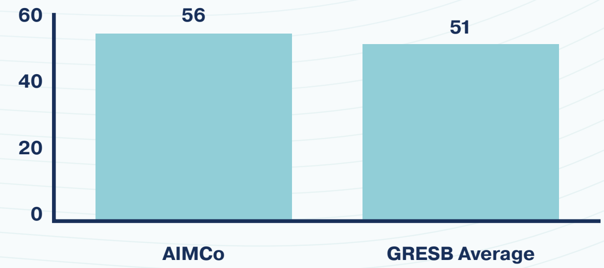
Infrastructure ESG Management Score

(Max=40)



Infrastructure ESG Performance Score

(Max=60)



Sustainable Progress: A GRESB Success Story

Howard Energy Partners (HEP) is a diversified energy platform business with strategically located midstream and downstream assets in the United States. The company has shown remarkable progress in their sustainability journey since becoming part of portfolio in 2016.

Over the course of seven years, HEP has consistently demonstrated significant improvements in their overall GRESB score. In fact, HEP improved their overall score by as much as 32 points in one single year. Through continuous improvements in HEP's disclosure, reporting and other ESG metrics to persistently improve, the company has now experienced a nearly perfect score in 2023.

For the second year running, HEP has also been awarded a five-star rating, the highest rating possible and recognition from GRESB and recognition for being an industry leader.

This dramatic transformation speaks to the collective commitment of AIMCo and its portfolio companies to use GRESB as one way to improve the ESG performance of assets and continue to invest sustainably.

AIMCo