



2024 ANNUAL CARBON FOOTPRINT UPDATE

INFORMATION AS OF DEC. 31, 2023

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INTRODUCTION

The commitment of physicians to “do no harm” extends to the planet. The CMA is committed to sustainability, climate action and a better environmental future, as evidenced by our call for a [net-zero health care system](#). This builds on the CMA’s ongoing work to address the implications of climate change for human health, including contributions to [Canada’s first national adaptation strategy](#) and [The Lancet Countdown](#) on health and climate change.

In the Long Term Investment Portfolio (“the LTP” or “the Portfolio”) managed by CMA Impact Inc., we are committed to decarbonization and an ambition to achieve net-zero greenhouse gas emissions by 2050, with interim reduction targets for 2030 and 2040. As of December 2023, the LTP has achieved a 32% reduction in its investment portfolio’s carbon footprint from its 2019 baseline, keeping it well on track for its 2030 ambition.

Remaining on track for the net-zero target is part of the CMA’s work to promote a healthier planet. CMA Impact Inc. continues to consider ways to set the Portfolio up for a more sustainable future and enhance and improve the reporting of climate-related financial information.



OUR JOURNEY

2015

General Council delegates agreed to divest the CMA of its holdings in fossil-fuel companies.

2020

In furtherance of the motion passed in 2015, the CMA Board of Directors passed a motion to divest the CMA Enterprise’s financial assets of investments in energy companies whose primary business relies upon fossil fuels.*

2021

The CMA board set a target to reach net-zero greenhouse gas emissions in its investment portfolio overseen by CMA Impact Inc. by 2050.

* Does not apply to indirect holdings within exchange-traded funds and pooled vehicles



CLIMATE STRATEGY

CMA Impact Inc. aims to minimize risks of climate change — both physical and transition — in its Portfolio, while ensuring its assets' long-term financial sustainability and achieving the desired investment returns to carry out and maintain CMA Impact Inc.'s operations.

ESG¹ & CLIMATE INTEGRATION

Using data provided by an external vendor, CMA Impact Inc. tracks and reports on several environmental metrics in specific asset classes and across the LTP, including natural capital, pollution and waste, and greenhouse gas emissions.

With some aspects of the Portfolio, we have discussions with the responsible external managers on areas such as exposure to climate-related risks, loss of value related to the physical and transition impacts of climate change, and climate-related opportunities such as green buildings and climate-linked financial instruments.

CLIMATE ENGAGEMENT

Our external managers are involved in several climate-related investor initiatives, **including the Net Zero Asset Managers Initiative, the Paris Aligned Investment Initiative, Climate Action 100+ and the Climate Bonds Initiative**. CMA Impact Inc. itself is a participant in a number of climate change collective initiatives (see below).

CMA Impact Inc. signed the [2022 Global Investor Statement to Governments on the Climate Crisis](#), a call for governments to raise their climate ambition and implement robust policies.

INVESTMENT RESTRICTIONS

Through our investment restrictions, the LTP is expected to have lower than benchmark exposure to companies in the energy sector whose business relies primarily on fossil fuels.

¹ Environmental, Social and Governance

As the LTP continues to evolve, we will consider looking at explicitly low-carbon investments to enhance the decarbonization of the Portfolio and increase real-world impact.

ANALYSIS OF CARBON FOOTPRINT

MANAGER LEVEL	<ul style="list-style-type: none">• Attribution of (contributors to/detractors from) carbon footprint by sector, country and security• Historical trend analysis of carbon intensity• Review and monitoring of stranded asset risk• Climate value-at-risk (for some external managers only)
SECTOR LEVEL	<ul style="list-style-type: none">• Attribution of (contributors to/detractors from) carbon footprint by subsector and security• Focus on key drivers in the utilities and infrastructure sectors
PORTFOLIO LEVEL	<ul style="list-style-type: none">• Total carbon footprint: absolute and relative to Reference Portfolio• Attribution of (contributors to/detractors from) carbon footprint by managers• Sector exposure review



CARBON FOOTPRINT METRICS AND TARGETS

CMA Impact Inc. uses a third-party vendor for the Environmental, Social and Governance (ESG) Research to calculate the carbon emissions for companies in the Portfolio. Per the Greenhouse Gas Protocol (GHG Protocol), greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride. All of these gases are measured in tons of carbon dioxide equivalent or tCO₂e.

THESE ARE CATEGORIZED INTO THREE CATEGORIES, KNOWN AS “SCOPES.”

	SCOPE 1	SCOPE 2	SCOPE 3
DEFINITION	Emissions directly occurring from sources that are owned or controlled by the institution.	Indirect emissions generated in the production of electricity consumed by the institution.	All other indirect emissions that are “a consequence of the institution’s activities occur[ring] from sources not owned or controlled by the institution.”

CMA Impact Inc. includes Scope 1 and Scope 2 GHG emissions in its carbon footprint calculations.

Most asset owners do not include Scope 3 emissions because of data challenges (overreliance on estimates), lack of agreement on a common methodology and the high propensity for double counting.

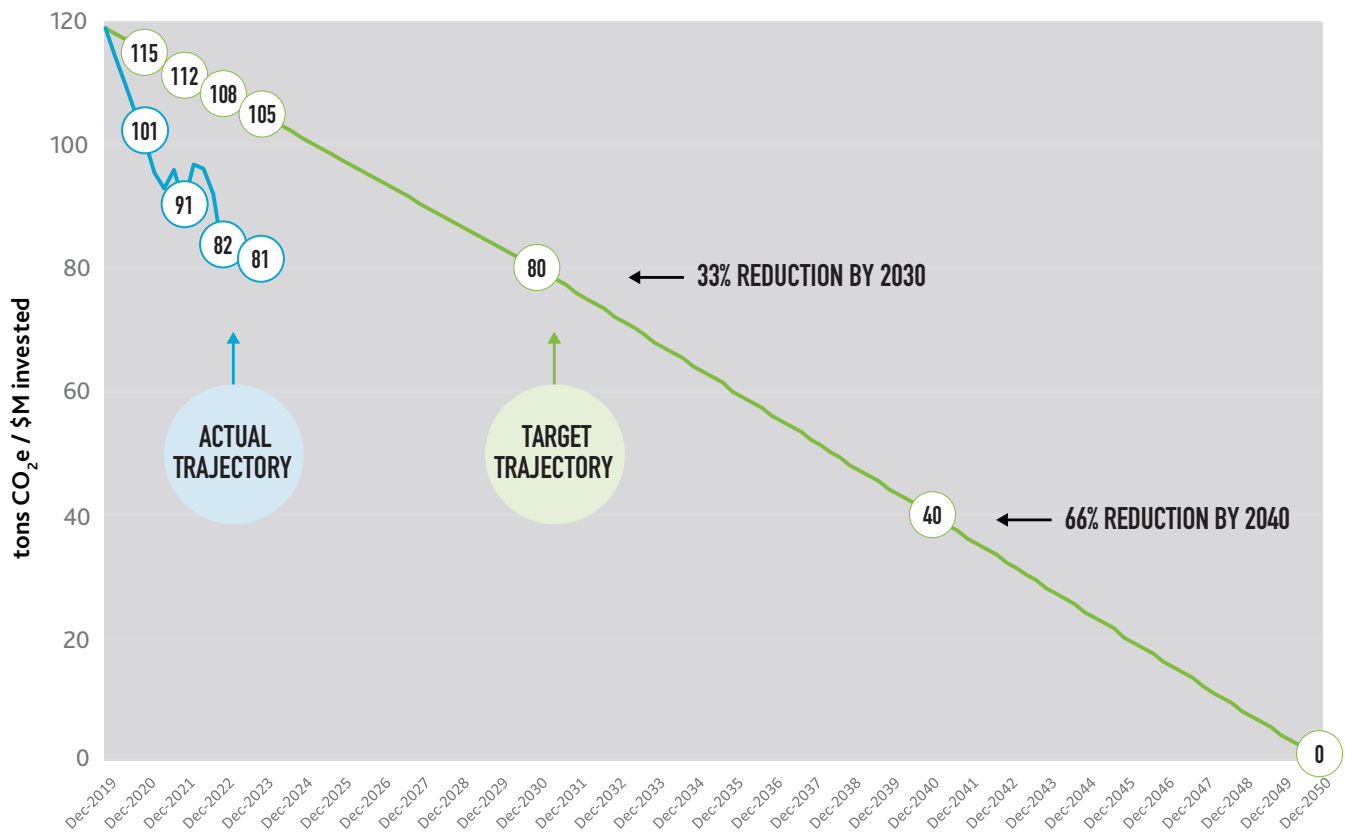
Asset class coverage includes all equity investments held in any account, including separately managed accounts, pooled funds and exchange-traded funds. Private investments in real estate are included.

The carbon footprint metric (expressed as tCO₂e/M\$ invested) is the approach used. This measures the carbon emissions an equity investor (as the owner of the issuer company) is responsible for per \$USD million invested by their equity ownership. Emissions are apportioned on the basis of equity ownership (% market capitalization).

$$\frac{\sum_i \left(\frac{\text{current value of investment}_i}{\text{issuer's market capitalization}_i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\text{current portfolio value } (\$M)}$$

Using the carbon footprint methodology, we can report the following;

- Carbon footprint of 81 tCO₂e/M\$ on Dec. 31, 2023.
- This represents a 1.2% reduction from Dec. 31, 2022, when the metric was 82 t/CO₂e.
- This represents a 32% reduction from the baseline in 2019, when the metric was 119 tCO₂e/M\$.
- The Portfolio is on track to meet its first official interim target of a 33% reduction by 2030.



Approaches used to calculate a portfolio's carbon footprint have continued to evolve since CMA Impact Inc. first established its carbon footprint methodology and reduction targets back in 2020. It is now common for many asset owners (pension plans, foundations, endowments) and asset managers to include asset classes beyond just equities in their calculation of carbon footprint, due to increasing data availability, which has been in part driven by institutional investor demand. Consistent with this evolution, we are now incorporating real estate into our calculation, and going forward, our coverage will be expanded to include corporate fixed income.

Our approach, therefore, will be in line with that recommended by the [Partnership for Carbon Accounting Financials \(PCAF\)](#). Using the PCAF's approach, an entity's emissions are allocated to investors on the basis of enterprise value including cash (EVIC), as opposed to just market capitalization.

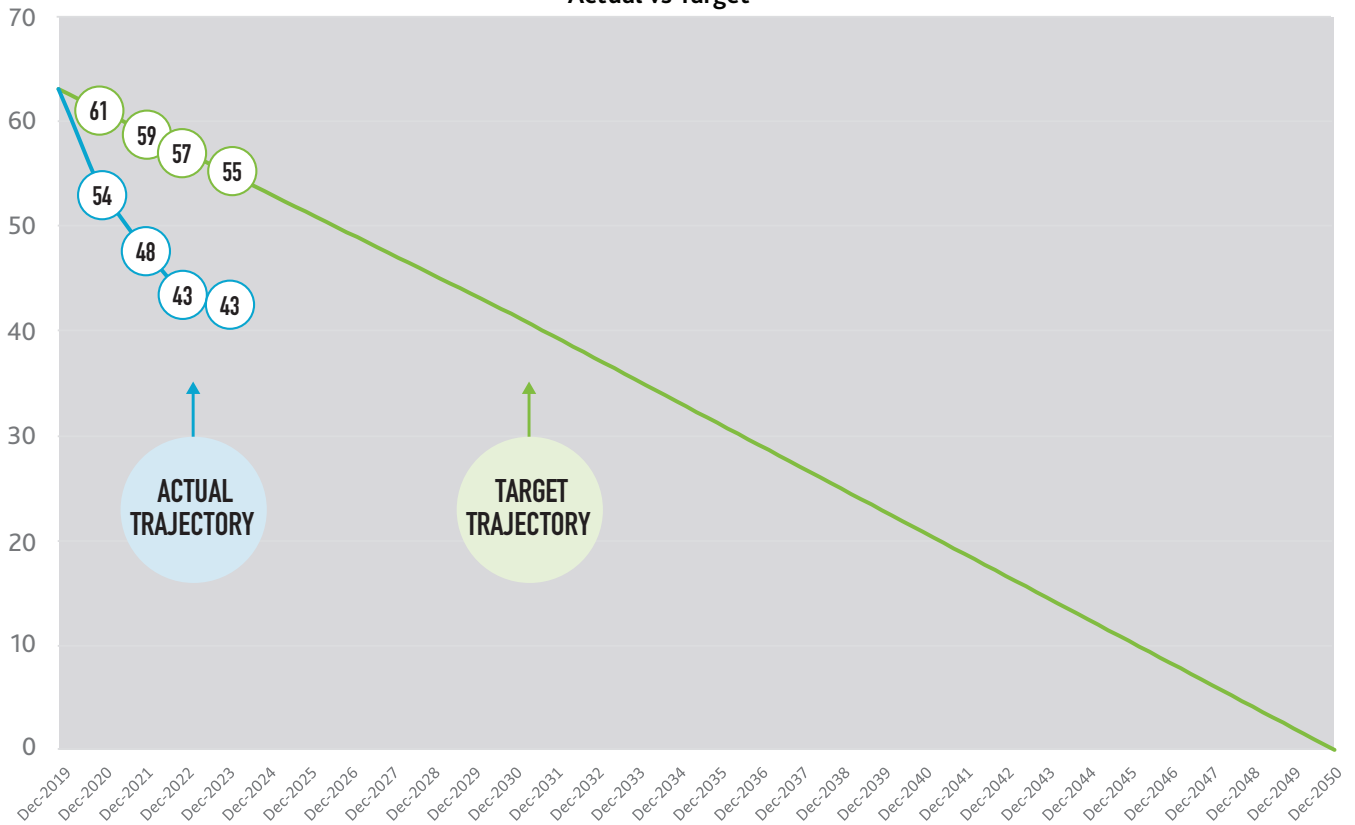
To maintain transparency and comparability, for 2023 we report on both our current (market capitalization) and new (enterprise value ownership) approaches. From next year onward, we will report solely on the enterprise value ownership approach.



CMA IMPACT INC.'s APPROACH TO CARBON FOOTPRINT CALCULATION

	CURRENT	NEW
Allocation of company emissions	Market capitalization	Enterprise value including cash (EVIC)
Overall methodology	Financed emissions	Financed emissions
Scope of emissions coverage	Scopes 1 and 2	Scopes 1 and 2
Targets	Net zero by 2050, interim for 2030 and 2040	Net zero by 2050, interim for 2030 and 2040
% of portfolio AUM ² covered	63%	71%

**Carbon footprint using the EVIC approach (including corporate fixed income)
Actual vs Target**



² Assets Under Management

OUR COLLECTIVE CLIMATE ENGAGEMENTS

CLIMATE ENGAGEMENT CANADA (CEC)

Representing more than \$4.9 trillion in assets and over 40 investors, Climate Engagement Canada is a collective engagement effort action directed toward the most critical sectors in the decarbonization of the Canadian economy and the main GHG emitters within those sectors.



Learn more:

- [CEC's Focus List](#) highlights 41 companies across the following sectors: energy, materials, industrials, utilities, agriculture and food, and other (including consumer discretionary).
- [CEC Benchmark](#): In December 2023, CEC released its first-ever Net Zero Benchmark for Canadian companies. This provided the Canadian investor industry with a comprehensive perspective on the progress made by each Focus List company in addressing climate-related challenges.

As part of CEC, CMA Impact Inc. participates in engagements with eight Focus List companies, with a particular focus on a 'Just Transition' for Indigenous Peoples.

NATURE ACTION 100 (NA 100)

CMA Impact Inc. joined the Nature Action 100 initiative in recognition of the nexus that exists between biodiversity loss and climate change; solutions for one cannot be achieved while ignoring the other. CMA Impact Inc. leads and/or actively collaborates in engagements with a number of the Nature Action 100 Companies, to drive greater corporate mitigation of their nature-related risks.



Learn more:

- [Nature Action 100](#) has established a list entitled 'Nature Action 100 Companies' that includes 100 companies to be engaged with across the following sectors: biotechnology and pharmaceuticals, chemicals, consumer goods, retail, food, food and beverage retail, forestry and packaging, and metals and mining.
- [Investor expectations](#): CMA Impact Inc. and its Nature Action 100 partners expect company action in the areas of natural capital ambition, assessment, targets, implementation, governance and engagement.

As part of Nature Action 100, CMA Impact Inc. participates in engagements with four companies on the Nature Action 100 Companies list.

FAIRR INITIATIVE – PROTEIN DIVERSIFICATION ENGAGEMENT

CMA Impact Inc. also participates in FAIRR's engagement on protein diversification. The program aims to ensure companies are meaningfully diversifying their protein portfolios to promote diets that are both sustainable for the planet and healthy for people, thus integrating protein diversification with their climate strategies. This engagement is in line with the [2023 Policy Brief for Canada's call for a shift toward sustainable food systems](#) as a key action point to reduce emissions, and is therefore aligned with the CMA's net-zero Priority Strategic Initiative.



Learn more:

- The [FAIRR Initiative has targeted 20 companies](#) for its Protein Diversification Engagement.

As part of FAIRR's Protein Diversification Engagement, CMA Impact Inc. co-signed letters to eight of the companies on FAIRR's list for this campaign, asking them to address this issue. CMA Impact Inc. will focus on further engaging three of these companies in 2024 to encourage them to establish greater ambitions around their product portfolio and tie these to their climate strategy and consumer education.