



2024 Sustainable Investment Report

KALEIDO

The RESP that does MORE



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MESSAGE FROM MANAGEMENT

Investing for the future: beyond ESG criteria



We are pleased to present the Kaleido Sustainable Investment Report 2024.

Are you one of those people who find the investment world complex at times? Education savings are no exception: The increasing number of products, platforms and investment options is a challenge. And when you add social and environmental considerations to the mix, you're faced with a whole new set of questions:

- Should I include responsible investments in my portfolio?
- How do I know if my portfolio has a real and positive impact on climate change?
- How do I know which product to choose?

It's not easy to find your way around! One of the keys to this process is to get information from reputable institutions committed to financial education for all. At Kaleido, in addition to being pioneers in education savings for over 60 years, we've been paying special attention to sustainable and responsible investing since 2017.

Measuring our investments

So, following the unveiling of our sustainable investment policy adopted in 2020 and the launch of the IDEO+ Responsible plan in 2022, it's now important to track the impact of our investment policies and quantify the impacts of our actions.

With more than \$2 billion in assets under management as of December 31, 2024, our financial investment decisions are bound to have an impact. Through our choices, we are able to reduce the carbon intensity of our portfolios and know how many tons of CO₂ emissions have been avoided compared to market benchmarks, thus contributing to the climate transition.

The good news: Kaleido's scholarship plans perform well, often beating their benchmarks – sometimes by 40% or more, as in the case of the IDEO+ Responsible plan.

Monitoring sustainable development goals

Another key measurement point: rigorous monitoring of the United Nations' Sustainable Development Goals (SDGs) for IDEO+ Responsible plan, in conjunction with the globally recognized Principles for Responsible Investment.

I am convinced that these concrete gestures are contributing to the goal of a better world and more responsible investment practices that benefit ecosystems, young people and society as a whole.

A handwritten signature in black ink, appearing to read 'Isabelle Grenier'.

Isabelle Grenier, LL.B.
Présidente et cheffe de la direction

ABOUT THIS REPORT

Disclosures in order to understand and continue to evolve

Since 2020, Kaleido has been firmly committed to responsible investment. As such, we have made steady progress in integrating green and sustainable bonds into our portfolios.

This fourth annual report contains our vision, objectives and achievements, as well as our extra-financial performance¹. Today, monitoring the United Nations' Sustainable Development Goals, in our IDEO+ Responsible plan, is a concrete way to measure the results of our sustainable investment approach, a core part of Kaleido's process.

This report is also a formal opportunity to maintain a dialogue with our portfolio managers, with a view to continuously improving our investment practices. This is a long-term process that we intend to pursue with discipline and transparency every year.

¹ Extra-financial performance refers to an evaluation that goes beyond economic results. It essentially targets results linked to the behaviour of the companies held in the portfolio regarding the environment, as well as respect for social values and governance.



2024 HIGHLIGHTS

Overview of our results

100%

of our assets are entrusted to portfolio managers who are signatories to the UN'S [Principles for Responsible Investment](#) initiative.

39.8%

of the assets held in all our bond portfolios are invested in green² and sustainable³ bonds.

3 IDEO+ individual plans

launched in 2022, such as the IDEO+ Responsible plan, which is distinguished by the explicit integration of thematic and impact investment principles aimed at generating positive impact in the fight against climate change and in children's well-being and education.



Note: all data presented are as at December 31, 2024. Please note that some portfolio managers may have exercised our voting rights at one or more of the same shareholder meetings.

A reduction of

105.8 tonnes

CO₂eq/M\$

in carbon intensity⁴ for our portfolios compared to their respective benchmarks⁵.

376 of the companies

held in our portfolios met to discuss ESG issues.

246 shareholder meetings

at which our portfolio managers exercised our voting rights.

2 A green bond is a debt security issued to finance ecologically sustainable projects that have a positive impact on the environment.

3 A sustainable bond is any type of bond that promotes positive environmental and social benefits.

4 Carbon intensity measures a portfolio's exposure to carbon-intensive companies. It is expressed in tonnes of CO₂ emissions per million US dollars of revenue. This is the measure recommended by the *Task Force on Climate-Related Financial Disclosures* (TCFD).

5 Calculated unweighted average based on data from each portfolio manager.

OUR VISION AND BELIEFS

Sustainable investing: A central pillar of our asset management strategy

Since 1964, Kaleido has been dedicated to education savings to ensure a promising future for our young people. We are driven by the belief that all children can achieve their full potential when given the means to do so. To deliver on this vision, we invest in companies and projects that create long-term value.

Since 2020, sustainable or responsible investment has been a central pillar of our decision-making processes. We believe this vision is perfectly compatible with our clients' objectives and investment horizon, since saving for post-secondary education is a long-term, promising project.

The integrity of this approach is ensured by a policy established in 2020 that formalizes our commitment to sustainable investment. We take care to apply its tenets rigorously, positioning the Sustainable Development Goals (SDGs) established by the United Nations in 2015 at the forefront, for IDEO+ Responsible plan.

The SDGs are a set of 17 worldwide objectives aimed at creating a more equitable, sustainable and prosperous future on a global scale by 2030, while taking into account economic, social and environmental dimensions.

In addition, all our assets are entrusted to portfolio managers who are signatories to the Principles for Responsible Investment (PRI). This means they are all committed to considering environmental, social and governance (ESG) factors in their investment processes.

Our exclusion filters

Therefore, our scholarship plans exclude certain industries whose activities or products and services are deemed harmful to humans. A company is deemed ineligible if it derives more than 15% of its earnings from the production, processing or distribution of products from the following industries:

- Tobacco
- Weapons*

* Military or offensive weapons, namely weapons used primarily to cause injury to individuals.

View our Sustainable Investment Policy

ESG criteria in motion

Kaleido is committed to following ESG criteria beyond their simple application to financial investing. We incorporate environmental, social and governance criteria into our financial products, our social commitment to causes that support young people, and the importance we attach to equality and diversity within our team.



Environment

Adopting measures for sustainability

At Kaleido, we believe in adopting business practices that are consistent with our sustainable investment objectives. Sustainability also means being able to implement efforts and measures internally. We are proud that our head office is located in a LEED-certified building, and that we encourage our employees to adopt more sustainable means of transportation, notably by reimbursing transportation tickets for those who work in the office two or more days a week.

Kaleido has also eliminated the use of water bottles in its meeting rooms and adopted various other measures to reduce its own environmental impact. Because to be consistent, we also need to analyze our own habits.

Social

Support Quebec families in their investments

Kaleido also contributes to its investors' financial health by providing advice and concrete tools designed by our specialists.

We also share relevant content on our blog, which is accessible to everyone in Quebec who wants to better understand the mechanics of education savings.

Finally, we are actively involved in raising awareness and educating investors on the subject of sustainable investment by publishing various information tools, including a digital book devoted exclusively to this subject.

Governance

Diversity and equality: Kaleido values since 1964

The role of women and equal opportunities have been central to our company's practices from the outset. Father to five daughters, Kaleido founder Jean Marchand wanted to give all his children the same opportunity to pursue the education of their choice.

Kaleido continues to promote diversity and equal employment opportunities. Our Board of Directors is made up of women and men from a wide range of backgrounds, and 36% of the Kaleido Foundation Board is made up of women. What's more, the majority of our senior management positions are held by women.

OUR COMMITMENT TO A SUSTAINABLE FUTURE

The Sustainable Development Goals (SDGs) at the heart of our decisions

By embracing responsible investment, Kaleido is committed to respecting ESG criteria. But we go even further: We also seek to assess the results of our actions and continuously improve our practices, in order to be positive players in our field. Using the Sustainable Development Goals (SDGs) to measure the impact of our investment decisions is key to our IDEO+ Responsible plan.

We believe that investors can help steer the economy in a direction that promotes sustainable development, while optimizing their returns. In this regard, 15 SDGs were in our plans as of December 31, 2024.

SUSTAINABLE DEVELOPMENT GOALS



IDEO+ Responsible

A plan with greater ambitions

Launched in 2022, our IDEO+ Responsible plan is unique in that it incorporates impact investment principles aimed at generating more positive environmental and social impacts.

Sustainable development goals	% of assets of the plan*
1 No poverty	8.26
3 Good health and well-being	7.47
4 Quality education	2.97
10 Reduced inequalities	25.96
13 Climate action	47.95

* As of December 31, 2024. Data available for IDEO+ Responsible plan bonds and shares. Source: UNDP

Examples of positive impacts

TransLink



Contribution to the Surrey to Langley SkyTrain (SLS) project to add 16 kilometres of guideway by 2028, potentially avoiding the emission of 5,800 tons of CO₂ per year by 2050.

Desjardins



Contribution to the construction of affordable housing.

National Bank



Contribution in CISSSs and CIUSSSs to ensure accessible, continuous, quality health and social services for the population, as well as in school service centres and school boards, CEGEPs and universities to support Canadian education.

AbbVie



Contribution to the research, development, manufacture and marketing of medicines and therapies in over 175 countries.

Our social involvement

Kaleido's social commitment is expressed in many ways. Through our social involvement program, we encourage our employees to spend one day a year with an organization close to their hearts. In addition to helping young people succeed in school – regardless of their parents' financial ability – we support causes that help children reach their full potential.

éducaide

For over 20 years, Éducaide has been giving young people the tools they need to stay in school, so that they can reach their full potential and actively participate in building the type of society they want to live in. We believe that financial assistance of this kind makes a significant difference in the fight against dropping out of school and is a springboard of confidence for young people's success.

To date, the organization has donated over \$3.5 million to young people from disadvantaged backgrounds. In addition to founding the organization and providing material resources and premises, Kaleido actively contributes to the organization's funding through direct donations and involvement in its annual benefit evening. Over the past 10 years, our employees have donated more than \$46,600 to Éducaide. As part of 2024 fundraising activities, the Kaleido board members raised over \$34,000.

alloprof

This organization is dedicated to supporting student retention by providing free resources—including homework help—to all students in Quebec, as well as their parents and teachers. Alloprof promotes a goal we hold dear: academic success from the very beginning of primary school. Kaleido has been a proud supporter of Alloprof for many years.



Forces AVENIR shares one of Kaleido's strong convictions: education has the power to provide young people with deep connections to their community while opening them up to the world. As a major partner of Forces AVENIR at the college level, Kaleido is proud to recognize, honour and promote student involvement in projects that contribute to the development of socially conscious, active, responsible and resolute citizens.



Kaleido and its employees are very passionate about this foundation, whose mission is to develop the literacy skills of adults and children, enabling them to participate fully in society. In 2024, Kaleido was a partner in The Gift of Reading initiative.

SELECTION AND MONITORING OF PORTFOLIO MANAGERS

In-depth assessment of ESG expertise and ongoing dialogue

As an investment fund manager, Kaleido issues portfolio manager mandates and ensures compliance with its investment policies for the benefit of scholarship plan subscribers and beneficiaries. It is crucial for us that all portfolio management firms we do business with be firmly committed to sustainable investment and apply best practices in this area. Consequently, 100% of Kaleido's assets are entrusted to managers who incorporate ESG factors into their management strategy.

Here is how we monitor and ensure compliance with our policy and vision with our various managers.

Mandatory commitment to the PRI

In 2017, Kaleido made a commitment to retain the services of portfolio management firms that are signatories to the [Principles for Responsible Investment](#) (PRI), an initiative supported by the United Nations. All the managers we work with have made a commitment under the PRI to consider ESG factors in their investment processes and to report annually on their ESG activities. PRI signatories are periodically assessed on their compliance with their commitments.

In-depth assessment of ESG integration practices

As part of the manager selection process, Kaleido thoroughly assesses all managers' ESG expertise by examining their strategies, capabilities, and governance, as well as the way they integrate ESG factors into their investment decisions. Managers' views on responsible investing and the culture, policies and makeup of their responsible investment teams are also taken into account.

Constant communication and follow-up

Kaleido maintains an ongoing dialogue with portfolio management firms to ensure they apply sustainable investment best practices. We require managers to confirm regularly that our expectations regarding sustainable investment best practices are met for all our investment strategies.

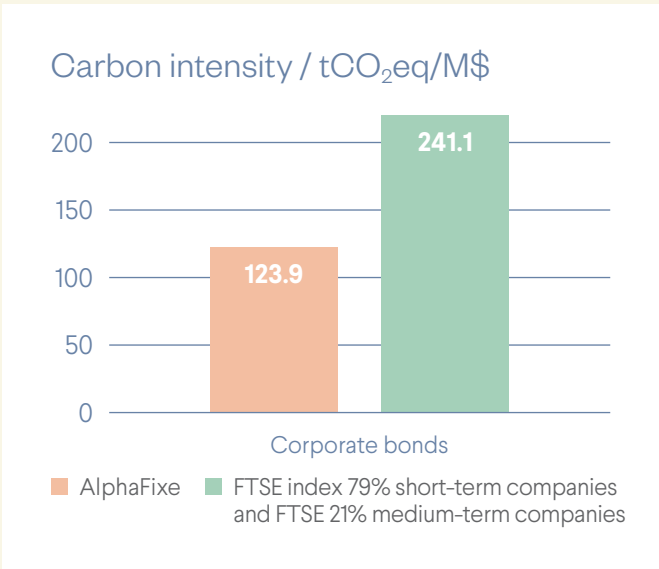
ESG INTEGRATION BY OUR MANAGERS
AND 2024 RESULTS

Proactive, industry-leading managers

The integration of ESG criteria into our investment decisions is supported by committed and rigorous portfolio managers. As well as adhering to the UN’s Principles for Responsible Investment (PRI), these managers enable our customers to benefit from better risk management and investment opportunities, while contributing to a sustainable future for our children.

AlphaFixe Capital inc.

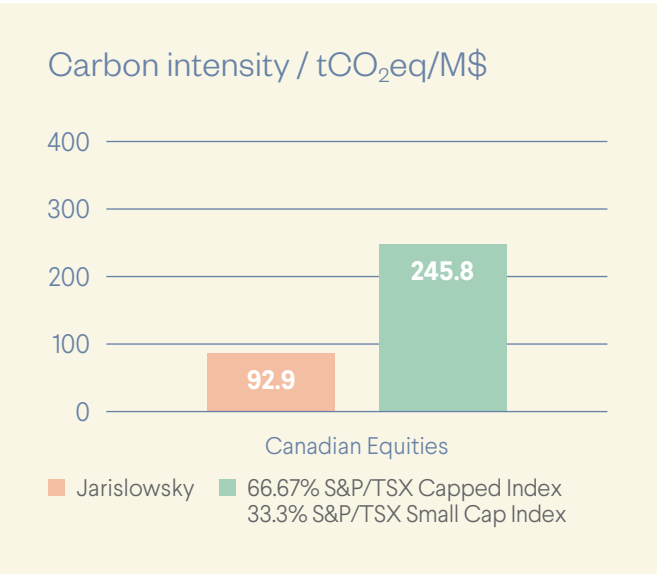
Drawing on rigorous ESG methodologies developed over the past ten years, AlphaFixe Capital Inc. managers continue to differentiate themselves in fixed income as well as green and sustainable bonds management. All funds managed by the firm are entirely free of companies exploiting or exploring for proven or probable fossil fuel reserves.



Note: carbon intensity relates only to the portion invested in corporate bonds. Data source: AlphaFixe Capital (carbon intensity calculation methodology available in appendix).

Jarislowsky Fraser Limited

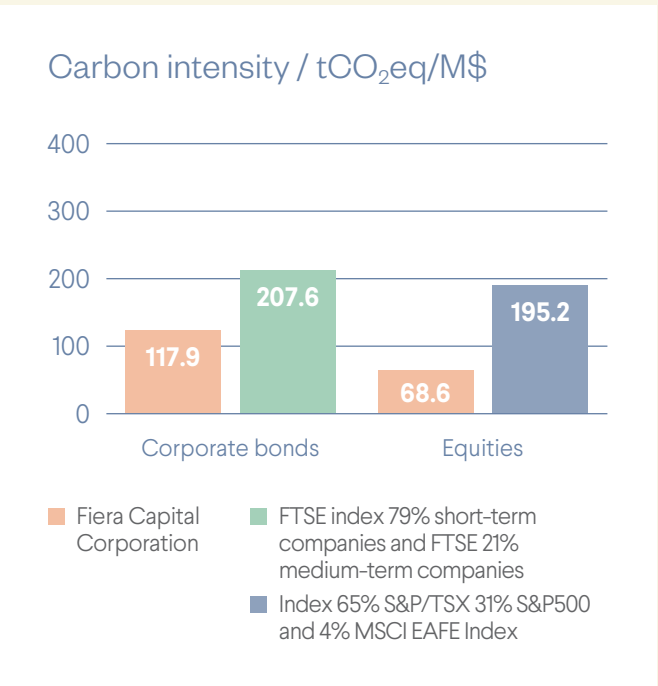
As the Canadian equity manager for our plans, the firm has long recognized the importance of ESG criteria in its fundamental analysis. Jarislowsky Fraser Limited also acts as a committed investor and demonstrates this through its dialogues with companies, its exercise of voting rights and many of its external collaborations.



Source of data: MSCI and Jarislowsky Fraser (the methodology used to calculate carbon intensity is provided in the appendix).

Fiera Capital Corporation

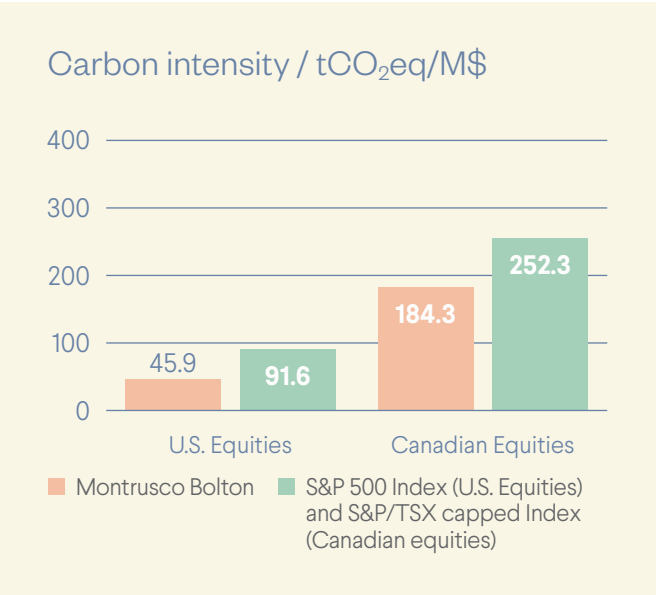
This manager invests the assets of our plans in fixed-income securities, using active management that favours income in excess of its market index, while emphasizing capital preservation. In addition, the investment strategy of the variable-income mandate is to invest in companies that use sustainable management practices. The variable-income mandate's investment strategy also incorporates an ESG analysis, in which the manager considers that well-managed companies are generally distinguished by their sound management of sustainability issues, including environmental issues.



Note: carbon intensity relates only to the portion invested in corporate bonds. Data source: Fiera Capital Corporation and MSCI (carbon intensity calculation methodology available in appendix).

Montrusco Bolton Investments Inc. (MBI)

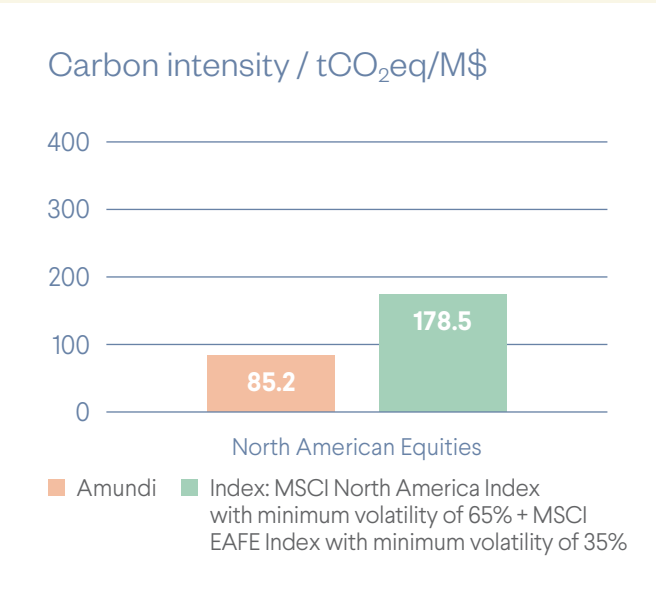
The firm invests the assets in our plans in North American equities. Its investment teams monitor companies' carbon intensity as part of climate risk management. At PMB, ESG criteria are central to investment decisions.



Source of data : MSCI and Montrusco Bolton (the methodology used to calculate carbon intensity is provided in the appendix).

Amundi Canada inc.

Amundi Canada Inc., Europe’s leading asset manager and one of the world’s top ten players, offers a comprehensive range of active and passive investment solutions. For Kaleido, Amundi Canada Inc. assumes an active management mandate for North American equities and passive management via the acquisition of exchange-traded funds (ETFs) for international equities. The integration of ESG criteria is important to the manager and plays a major role in the selection of securities in the portfolio.



FOCUS ON CLIMATE CHANGE

The energy transition at the heart of our priorities

In addition to taking into account companies' behaviour in relation to their environmental impacts, by assessing how they manage the risks associated with climate change, we give priority to investments that have a direct positive impact on the climate and natural resources. At Kaleido, we believe in the importance of making an impact and are driven by the idea of creating a greener world for future generations. This is why we have chosen to invest more in green and sustainable bonds to support projects with the potential to realize our vision.

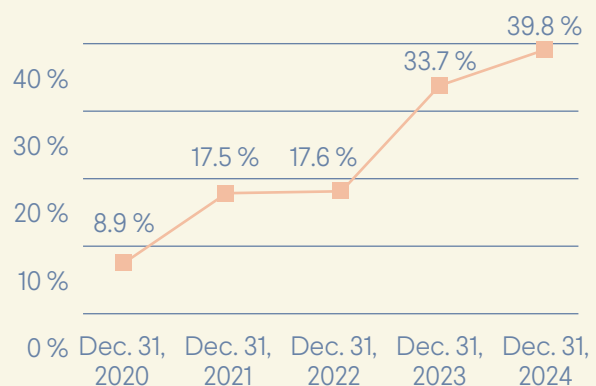
Spotlight on green and sustainable bonds

Green and sustainable bonds are debt instruments issued to borrow capital that is then allocated to specific projects with tangible environmental and social benefits.

Kaleido is contributing to a lower carbon economy by setting targets to increase the proportion of green and sustainable bonds held in scholarship plan portfolios, based on market issuance opportunities.

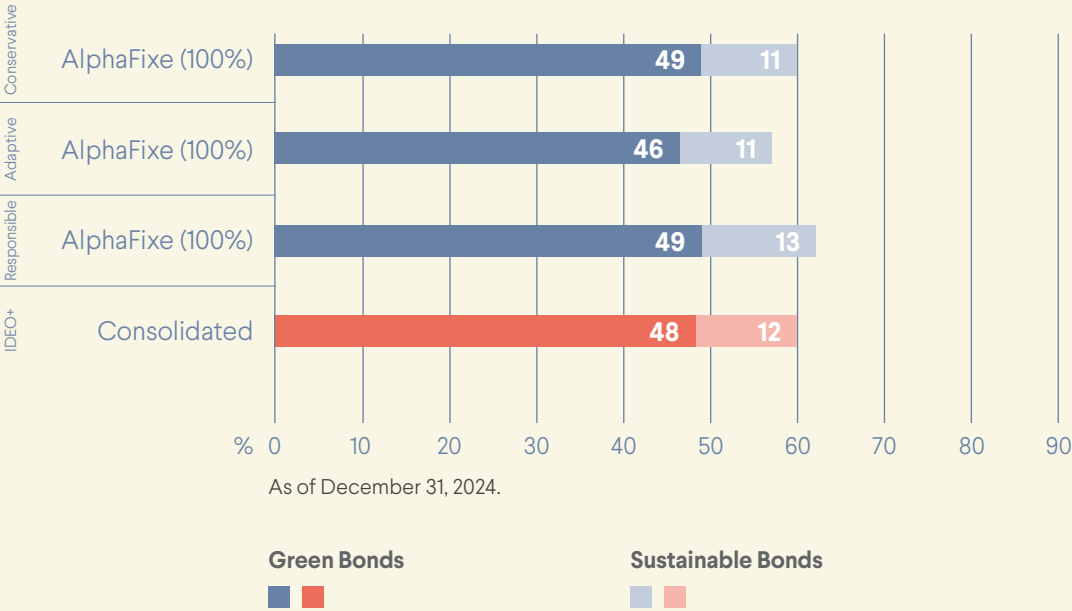
The proportion of green and sustainable bonds in our scholarship plan portfolios is increasing year on year. At the end of 2024, this proportion reached 39.8%.

Green and sustainable bonds
weighting: strong and steady growth



Note : Since December 31, 2023, we have been taking into account both green and sustainable bonds. Before 2023, only green bonds were considered in this chart. This chart shows the weight of these bonds as a percentage of Kaleido's overall bond portfolio.

Green and sustainable bonds in our IDEO+ plans



Case study

GO Expansion Ontario Rail Project Green Bonds

Issued by the government and by rigorously selected companies, the green bonds that make up Kaleido’s portfolios are used to raise capital that is allocated to projects with tangible benefits in terms of protecting the environment, reducing GHG emissions or adapting to climate change.

One of the projects funded is the GO Expansion project, which aims to transform the rail network in the Greater Toronto Area and Hamilton into a fast, electric and frequent service.

Use of Proceeds

The GO Expansion project will transform the GO Transit rail network into a fast, electric and frequent service, offering two-way, all-day, every 15-minute trips on major lines to better serve the Greater Toronto and Hamilton Area.

Project Cost

\$13,500 M

Impact

-36 tCO₂eq/\$M

Annual potentially avoided emissions of 480,000 tCO₂eq.

Contribution to the Sustainable Development Goals (SDGs)



Source : GO Rail Expansion, Infrastructure Ontario



APPENDIX

Performance metrics and methodology

Eligibility criteria for green and sustainable bonds

AlphaFixe Capital Inc.

AlphaFixe Capital Inc. believes that active management of green bonds makes it possible to participate in the financing of a low-carbon economy without sacrificing yield. Fixed-income securities are used, among other things, to finance projects to reduce greenhouse gases or adapt to climate change. The investments selected must meet the selection criteria for green and sustainable bonds established by the AlphaVert and AlphaDurable proprietary validation processes. These criteria are based in particular on the *Green Bond Principles* and the *Climate Bonds Taxonomy*.

AlphaFixe considers green or sustainable bonds to be those that have been labelled as such by the issuer, or those whose actions are aligned with the fight against climate change. This applies when the issuing company or financed project generates at least 90% of its revenues through activities that comply with the *Climate Bonds Taxonomy* or contribute to one of the Sustainable Development Goals (SDGs) related to social aspects.

Fiera Capital Corporation

When Fiera Capital Corporation's managers invest in a green and sustainable bond, they examine the "use of proceeds" for the issue in question. The prospectus sets out details of the specific actions/activities/projects to which the funds will be allocated, and the managers ensure that all these actions/activities/projects are eligible under the particular issuer's green bonds.

As far as issuers are concerned, most of those issuing green bonds already have a "Green Financing Framework" in place. When such a framework is published, the Fiera Capital Corporation team analyzes its compliance with the International Capital Market Association's (ICMA) principles for green and sustainable bonds.

Montrusco Bolton Investments Inc. (MBI)

PMB uses the services of external provider MSCI to calculate the carbon footprint of its portfolios.

MSCI's carbon intensity calculation methodology includes Category 1 and Category 2 emissions. The calculation of portfolio carbon intensity measures the volume of emissions per million dollars of sales (US), proportional to the quantity of shares held for each company in the portfolio.

MSCI defines Category 1 emissions as those from sources owned or controlled by a company, and Category 2 emissions as those indirectly related to the purchase or production of electricity, heat, steam and cooling by a company's entities.

Carbon intensity calculation methodologies

Carbon intensity measures the greenhouse gas (GHG) emissions of each company in a portfolio, expressed in tonnes of carbon dioxide equivalent (or t CO₂eq) per million US dollars of sales over a given period. The emissions measured generally include direct emissions of type 1 (*scope 1*), whose sources are within the company's perimeter (transformation processes, installations, plants, etc.), as well as indirect emissions of type 2 (*scope 2*), i.e. emissions generated by third parties to produce the electricity used by the company. Type 3 emissions, i.e. those attributable to the consumption of the company's products or services further down the value chain, are generally not measured.

In order to be able to compare the footprint of portfolios, it is useful to normalize annual emissions to the value of the company's sales. The carbon intensity of portfolios is thus measured per unit of \$1 million in sales (or revenues).

AlphaFixe Capital Inc.

The carbon footprint report covers corporate bonds only. The carbon intensity of an issuer is equal to Type 1 and Type 2 emissions divided by the issuer's annual revenues in US dollars. Companies not covered by the carbon footprint calculation are assigned the average of their respective industries in the benchmark index. The weighted sum of the industries' carbon intensity gives the portfolio's carbon intensity in t CO₂eq per million US dollars of revenue. AlphaFixe Capital uses its own internal data and resources to measure the carbon intensity of its portfolios.

Fiera Capital Corporation

The carbon footprint report covers corporate bonds only. Fiera Capital Corporation calculates its portfolio emissions by taking a weighted average of the carbon intensity of its holdings. Carbon intensity is calculated according to type 1 and 2 emissions (scopes), and the normalization factor is based on company sales (in millions of US dollars).

This portfolio manager uses MSCI data to calculate the carbon intensity of its portfolios.

Jarislowsky Fraser Limited

Jarislowsky Fraser Limited uses the services of its external provider MSCI to calculate the carbon footprint of its portfolios. The main methodology used to calculate the portfolio's carbon footprint is weighted average intensity, measured in "tonnes of CO₂eq/\$M of sales". The calculation is made by adding up the carbon intensity (total type 1 and 2 emissions divided by the number of million dollars of sales) of all the positions held in the portfolio, weighted according to their weight.

Montrusco Bolton Investments Inc. (MBI)

PMB uses the services of external provider MSCI to calculate the carbon footprint of its portfolios. MSCI's carbon intensity calculation methodology includes Category 1 and Category 2 emissions. The calculation of portfolio carbon intensity measures the volume of emissions per million dollars of sales (US), proportional to the quantity of shares held for each company in the portfolio. MSCI defines Category 1 emissions as those from sources owned or controlled by a company, and Category 2 emissions as those indirectly related to the purchase or production of electricity, heat, steam and cooling by a company's entities.

Amundi Canada Inc.

Carbon emissions data provided by Trucost. They correspond to companies' annual emissions and are expressed in tonnes of CO₂ equivalent. They include the six greenhouse gases defined in the Kyoto Protocol, whose emissions are converted into global warming potential (GWP) in CO₂ equivalent. Carbon intensity is calculated in euros, then converted to US dollars using the exchange rate at the end of the period.

Definition of scopes :

- Scope 1: all direct emissions from sources owned or controlled by the company.
- Scope 2: all indirect emissions induced by the purchase or production of electricity, steam or heat.



Contact us

About Kaleido

Kaleido Growth Inc. (hereinafter referred to as “Kaleido”) acts as promoter and distributor of scholarship plans and manages the assets held in these plans. A pioneer in its field, Kaleido helps families in Quebec and New Brunswick develop their children’s full potential.

As of December 31, 2024, Kaleido held more than \$2 billion in assets under management on behalf of over 244,000 young people. Every day nearly 200 dedicated employees and representatives work to offer education savings and family support solutions that will serve as a springboard for our young people to build tomorrow’s society.

Our mission: to help every child reach their full potential by accompanying them on their journey to invent the society of tomorrow.

We look forward to receiving your comments and answering any questions you may have about our sustainable investment report.

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KALEIDO

