

This is the second update of the *ESG Insights*, a publication intended to help generate individual equity ideas with a focus on Environmental, Social and Governance (ESG) factors, leveraging data from Sustainalytics. Here we rank the best-scoring Canadian and US equities covered by Sustainalytics as well as the top and bottom 10 companies showing improving/deteriorating ESG momentum. In the current edition, we also add a news summary for the latest headlines within the world of ESG. As a reminder, the resulting lists have not been constructed as a portfolio, but rather to assist in the investment process by identifying companies that have demonstrated strength in ESG and/or improving (deteriorating) ESG momentum.

## Summary

### Best Scorers

- *Canada*: The “Best Scorers” table was dominated by names from the industrials and materials sectors. Companies within the industrials and real estate sectors had the best scoring overall ESG risk rating. Five names within the financials sector showed favourable environmental scores, six within materials scored well on social factors and four energy companies exhibited favourable governance factors.
- *US*: Companies within the real estate and materials sectors made up a third of the companies within the “Best Scorers” table. Information technology and real estate sectors made up 80% of the top 10 companies with favourable overall ESG risk scores. Companies within the health care and communication services sectors scored well on environmental factors, materials scored well on social considerations while consumer discretionary names led under governance factors.

### ESG Momentum

- *Canada*: Four companies within the materials sector had positive ESG momentum while six within the financials sector showed negative momentum.
- *US*: Four companies within the financials sector made it to the top ten names with positive ESG momentum followed by two from health care. Three names within the financials sector and three within industrials made it to the top 10 companies exhibiting negative momentum.

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Please read domestic and foreign disclosure/risk information beginning on page 4

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Securities in the “Best Scorers” tables below are ranked starting with the best-performing companies at the top of the list. For investors that may have a preference for one factor over another (E, S or G), we have also provided the top 10 scorers within each category.

The “ESG Momentum” tables showcase companies that have not only experienced an improvement (deterioration) in their overall ESG scores year-over-year, but also had their ESG rating upgraded (downgraded) during that time period. Companies at the top of the list have experienced the largest change. Securities will be excluded from the momentum category if sufficient data is unavailable.

Companies that show up in more than one column have been highlighted in yellow for convenience.

## Canada

### Best Scorers

| ESG                               | Environmental               | Social                            | Governance                       |
|-----------------------------------|-----------------------------|-----------------------------------|----------------------------------|
| Transcontinental Inc. Class A     | Spin Master Corp            | Winpak Ltd.                       | Canadian National Railway Comp   |
| Celestica Inc.                    | BRP, Inc.                   | CCL Industries Inc. Class B       | TC Energy Corporation            |
| Altus Group Limited               | Sun Life Financial Inc.     | Cascades Inc.                     | Gibson Energy Inc.               |
| Thomson Reuters Corporation       | IGM Financial Inc.          | Celestica Inc.                    | AltaGas Ltd.                     |
| Gildan Activewear Inc.            | Power Corporation of Canada | Transcontinental Inc. Class A     | Pembina Pipeline Corporation     |
| Colliers International Group Inc. | CGI Inc. Class A            | Wheaton Precious Metals Corp      | Canadian Pacific Railway Limited |
| FirstService Corp                 | Toronto-Dominion Bank       | West Fraser Timber Co. Ltd.       | Enbridge Inc.                    |
| Morneau Shepell Inc.              | Enghouse Systems Limited    | Power Corporation of Canada       | Cascades Inc.                    |
| Power Corporation of Canada       | Open Text Corporation       | Colliers International Group Inc. | Transcontinental Inc. Class A    |
| Stantec Inc                       | Royal Bank of Canada        | Sandstorm Gold Ltd.               | CCL Industries Inc. Class B      |

### ESG Momentum

| Positive Momentum                       | Negative Momentum                  |
|---|------------------------------------|
| SSR Mining Inc                          | Cameco Corporation                 |
| Nutrien Ltd.                            | Onex Corporation                   |
| Brookfield Infrastructure Partners L.P. | Bank of Nova Scotia                |
| Tourmaline Oil Corp.                    | Canadian Imperial Bank of Commerce |
| NFI Group Inc.                          | Bank of Montreal                   |
| Kinross Gold Corporation                | Toronto-Dominion Bank              |
| Shopify, Inc. Class A                   | Sun Life Financial Inc.            |
| Alamos Gold Inc.                        | Lundin Mining Corporation          |
| Keyera Corp.                            | Freehold Royalties Ltd.            |
| Celestica Inc.                          | Turquoise Hill Resources Ltd.      |

Source: Sustainalytics, FactSet, Raymond James Ltd. Using the iShares Core S&P/TSX Capped Composite Index ETF, All data is as at August 31, 2020.

## US

### Best Scorers

| ESG                         | Environmental                     | Social                           | Governance                       |
|-----------------------------|-----------------------------------|----------------------------------|----------------------------------|
| CBRE Group, Inc. Class A    | Regeneron Pharmaceuticals, Inc    | Berkshire Hathaway Inc. Class B  | ONEOK, Inc.                      |
| TE Connectivity Ltd.        | Amgen Inc.                        | Ball Corporation                 | Williams Companies, Inc.         |
| Prologis, Inc.              | Gilead Sciences, Inc.             | Air Products and Chemicals, Inc. | Norfolk Southern Corporation     |
| Keysight Technologies Inc   | UnitedHealth Group Incorporated   | Avery Dennison Corporation       | Home Depot, Inc.                 |
| Healthpeak Properties, Inc. | Walt Disney Company               | Packaging Corporation of America | CBRE Group, Inc. Class A         |
| Regency Centers Corporation | News Corporation Class A          | Rollins, Inc.                    | Advance Auto Parts, Inc.         |
| CDW Corp.                   | News Corporation Class B          | Keysight Technologies Inc        | Air Products and Chemicals, Inc. |
| Illumina, Inc.              | Nielsen Holdings Plc              | CBRE Group, Inc. Class A         | Genuine Parts Company            |
| V.F. Corporation            | IHS Markit Ltd.                   | LyondellBasell Industries NV     | Waste Management, Inc.           |
| salesforce.com, inc.        | Capital One Financial Corporation | Regency Centers Corporation      | AutoZone, Inc.                   |

### ESG Momentum

| Positive Momentum               | Negative Momentum                  |
|---------------------------------|------------------------------------|
| Loews Corporation               | Jefferies Financial Group Inc.     |
| Linde plc                       | TechnipFMC Plc                     |
| Moody's Corporation             | Emerson Electric Co.               |
| CME Group Inc. Class A          | A. O. Smith Corporation            |
| DexCom, Inc.                    | Cognizant Technology Solutions Co  |
| Anthem, Inc.                    | NiSource Inc                       |
| Lamb Weston Holdings, Inc.      | American Electric Power Company,   |
| Intercontinental Exchange, Inc. | Prudential Financial, Inc.         |
| Williams Companies, Inc.        | General Electric Company           |
| Target Corporation              | PNC Financial Services Group, Inc. |

Source: Sustainalytics, FactSet, Raymond James Ltd. Using the SPDR S&P 500 Trust ETF, All data is as at August 31, 2020.

## ESG Headlines

- Departure of **Rio Tinto (RIO-US)** CEO along with two executives due to destruction of Aboriginal cultural heritage sites in Australia ([Reuters](#))
- Integrated oil & gas giant **BP (BP-US)** targets 8-10% returns from low-carbon power business ([Greentech Media](#))
- **Alphabet's (GOOGL-US)** Google makes "biggest sustainability moonshot yet", pledging use of 100% carbon-free energy by 2030 ([BBC](#))
- **Citigroup's (C-US)** Jane Fraser becomes first woman to lead a major bank on Wall Street ([BBC](#))
- **NextEra Energy (NEE-US)** boosts its financial expectations out to 2023 on the back of an expanding market for low-cost renewables ([ESG Today](#))
- Volkswagen to ensure greater transparency in procurement of raw materials for EV batteries ([S&P Global](#))
- Swiss bank **UBS Group (UBS-US)** to recommend sustainable investing over traditional options for private clients ([MarketWatch](#))
- Miner **BHP Group (BHP-US)** links executive bonuses to operational emissions reduction goals ([Reuters](#))
- Toymaker Lego in search for sustainable materials for its colorful bricks ([Reuters](#))

- UN report shows world failed to meet 2020 conservation targets set 10 years ago ([Scientific American](#), [Convention on Biological Diversity](#))
- Collaboration among sustainability reporting groups to develop comprehensive corporate reporting system ([SASB](#))
- Investing group Climate Action 100+ urges world's largest polluting companies to almost halve emissions in 10 years ([Insider](#))
- Stricter CO2 emissions targets for the EU ([S&P Global](#))

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