



Sustainability Report 2024

Corporate
& Financial
Awards
2025
SILVER WINNER

Environmental
Finance
Sustainable
Investment
Awards
2025 Winner
Best sustainability
reporting by an asset
or fund manager





About this Report

We are proud to present Stonebridge Financial’s inaugural Sustainability Report, coinciding with our firm’s 25th anniversary. As an early adopter and ongoing promoter of sustainable finance, we are proud to share our sustainability performance and accomplishments with our stakeholders. This report discloses information on our environmental, social and governance (‘ESG’) priorities, actions and performance to date, describes our management approach, highlights our accomplishments, and communicates our priorities going forward.

The ESG performance disclosed herein covers our loan assets under management (‘AUM’) for the fiscal year 2023 (October 1, 2023 to September 30, 2024), unless otherwise stated, and our corporate operations for

the calendar year 2024 (January 1, 2024 to December 31, 2024). All currency is in Canadian dollars (‘CAD’), unless otherwise stated. We use the terms ‘ESG’ and ‘sustainability’ interchangeably. We use the term ‘borrower’ to refer to each project sponsor and/or managing partner for each project. All portfolio ESG data collected and estimated in this report cover our \$1 billion of AUM only; it does not include ESG performance of our firm’s entire \$3.4 billion (as of 12/31/24) loan assets under administration (‘AUMA’). Please see the section ESG Data Collection Process on page 47 for more information regarding data boundaries, collection, coverage and estimation.

For more information on sustainability at Stonebridge Financial, please contact Info@Stonebridge.ca or visit [Stonebridge.ca](https://www.stonebridge.ca).

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We are proud of the fact that every project image contained within this report are of Canadian social and sustainable infrastructure assets realized with debt financing provided by Stonebridge Financial.”

— DANIEL SIMUNAC, CO-CEO

Standards and Frameworks

To determine the most important ESG issues for our business, we referenced the Sustainability Accounting Standards Board (‘SASB’) Asset Management & Custody Activities Standard. In calculating our financed emissions, we aligned our approach to attribution with The Partnership for Carbon Accounting Financials (‘PCAF’) guidance for project finance. Furthermore, any estimations of greenhouse gas (‘GHG’) emissions for the projects we finance are consistent with the Greenhouse Gas Protocol.



Land Acknowledgment

Stonebridge Financial acknowledges that our Toronto office is located on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We also recognize and acknowledge that Toronto is covered by Treaty 13 signed with the Mississaugas of the Credit, and the Williams Treaties signed with multiple Mississaugas and Chippewa bands. Stonebridge Financial is committed to supporting reconciliation. We are dedicated to working collaboratively with Indigenous groups to contribute to their economic empowerment through our projects and partnerships.

Weyburn, Saskatchewan



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Impact by the Numbers

Stonebridge Financial’s activities represent ‘Investing Canadian’ having financed dozens of domestic projects, supporting thousands of local jobs and totaling billions in capital towards improving communities across Canada.

The following are select highlights from our AUM (representing 50 projects) that you will find throughout this report:



Social Infrastructure

- **20** infrastructure projects*
- **2,841** long-term care beds*
- **70 million** (est.) in annual ridership on mass public transit systems
- Healthcare, academic, waste recycling, transit and digital & telecom projects



Sustainable Energy

- **30** renewable projects*
- **1.2 million** megawatt hours (MWh) of clean power generated annually*
- **93,000** (est.) tonnes of greenhouse gas emissions (“GHG”) avoided annually*
- **100,000** (est.) homes powered annually with clean electricity*



Indigenous Investments

- **26** projects across Canada*
- **53** communities with ownership/ social benefit*
- **\$959 million** in Indigenous project loans funded*
- **39%** of AUM committed to Indigenous projects



Diversity, Equity & Inclusion

- **47%** of projects are owned by women, minority and/or an Indigenous group
- **59%** of Stonebridge staff are women
- **65%** of Stonebridge staff represent an ethnic minority group
- **76%** of projects have unionized staff (fair labour practices)*



Innovative Finance

- **1st** Canadian infrastructure debt fund (2012)
- **1st** lender to finance a power project to be 100% owned by an Indigenous group (2012)
- **1st** to finance a clean technology Incentive Tax Credit (“ITC”) bridge loan in Canada (May 2024)*

About Stonebridge Financial

Located in Toronto, Ontario, Stonebridge Financial is a Canadian regulated financial services and investment management firm providing borrowers financing solutions and institutional investors access to private debt investments.



About Us (AS OF 12/31/24)

ASSETS UNDER MANAGEMENT & ADMINISTRATION ('AUMA'):

\$3.4 billion

TRANSACTIONS FINANCED SINCE INCEPTION:

\$8.2 billion

PROJECTS FINANCED SINCE INCEPTION:

175+

LP INVESTORS AND FINANCIAL INSTITUTIONS REPRESENTED:

60+

LOSSES REALIZED SINCE INCEPTION AS AN INVESTMENT MANAGER:

0.0 (nil)

FIRM TRACK RECORD:

25+ years

Stonebridge Financial focuses on lending to predominantly real asset sectors across Canada, including investments in social infrastructure, renewable power, healthcare, real estate, as well as corporate sectors.

For our borrowing clients, Stonebridge Financial serves as a capital provider by arranging, structuring, and administering loans on behalf of both internal discretionary capital, as well as various longstanding lending partners. For institutional investors, Stonebridge Financial provides access to private debt investments across funds, separately managed accounts and co-investment opportunities. We offer such investors access to high-quality, Canadian private debt investments which are characterized by long-term, predictable cash flows with attractive risk-adjusted returns.

Stonebridge Financial was originally founded in 1998 with the assistance of three of Canada's largest insurance companies. In 2021, the firm became 100% independent and management owned. Stonebridge Financial is regulated by the Ontario Securities Commission ('OSC') and the Financial Services Regulatory Authority of Ontario ('FSRA').



Overview

We focus on investments that contribute to creating positive environmental and social impacts, such as improving access to low-carbon energy and transportation, people care and digital infrastructure.

Message from our Co-CEOs

The team at Stonebridge Financial is very proud to present our first Sustainability Report. Through the process of developing this report, we spent time reflecting on our ESG practices and vision, and how we approach our borrowers to obtain more information related to the environmental and social impacts of the projects we finance. This report is a repository of where we are currently, and where applicable, we outline future objectives.



Cam Di Giorgio
Co-Chief
Executive Officer



Daniel Simunac
Co-Chief
Executive Officer

Sustainability Matters

As an asset manager, lender and employer, we believe that Stonebridge Financial has an important role to influence and contribute to lasting positive impacts on society and the environment, in collaboration with our various internal and external stakeholders.

As an asset manager, we have a fiduciary duty to act in the best interests of our investor clients. We know that ESG issues can serve as a lens through which we identify risks and opportunities for our business. ESG issues can also have a profound effect on the risk profile and performance of our investment portfolios. Moreover, integrating ESG into our decision-making aligns us with investors' responsible investment principles and objectives.

As an employer to our staff and lender to our clients, we believe that our ethics, values, and the actions we take to invest in our people, community and the environment, further strengthen our organization.

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We aim to create lasting impacts and manage risks by integrating ESG considerations into our investment policies and practices.”

The Organisation for Economic Co-operation and Development ('OECD') estimates that achieving net-zero by 2030 will require an annual investment of USD 6.9 trillion in low-carbon, climate-resilient infrastructure. We believe it is important that Stonebridge Financial contributes to this effort.

As a signatory of the United Nations-sponsored Principles for Responsible Investment ('PRI') since 2019, we promote the adoption and implementation of these principles within the investment industry.



How our loans impact society and environment

Since our founding a quarter century ago, our investment activities have focused on diversifying our capital arrangement and commitments across different sub-sectors within social infrastructure and sustainable energy.

Many of the power generation projects we fund directly support decarbonization of new electricity and accelerate the transition to clean energy sources which positively impact the environment.

The social infrastructure projects we finance, including projects in supporting healthcare, public transit, waste recycling, and academic sectors, have a positive impact on local communities and support vulnerable and underserved populations across Canada.

We believe that the clean energy and social infrastructure projects we fund have the potential to positively contribute to the United Nations' Sustainable Development Goals ('SDGs') for creating a better world by 2030.



Our ESG journey and highlights

We are proud of what our team at Stonebridge Financial has accomplished since inception. We were the first, and remain one of the few, Canadian-focused private infrastructure debt fund managers in the country.

In the first seven years since the firm's founding, we experienced quick growth, surpassing over \$1 billion of originated in loans. In 2010, we expanded our market sector focus to renewable power.

In 2012, we launched the first infrastructure debt fund in Canada, Stonebridge Infrastructure Debt Fund ('SIDF') I, raising over \$200 million in institutional investor commitments. In that year we also became the first lender in Canada to provide a loan to a 100%

Indigenous-owned clean power project, highlighting our commitment to supporting such communities. Following the success of SIDF I, we launched SIDF II in 2014, which has more than tripled in size (\$617 million) from our inaugural fund.

Our upcoming fund, SIDF III, will continue to focus on investing in Canadian social and renewable power infrastructure.

We thank our various stakeholders for the critical role they have played in making our journey a success. We are excited about the future and the positive impacts we hope to continue to make as we look ahead to Stonebridge Financial's next 25 years.

Corporate Governance

Stonebridge Financial is committed to sound and transparent corporate governance. We have implemented a core set of practices to monitor and oversee our business including our approach to responsible investing.

Oversight and accountability in how we govern our business is a shared responsibility and requires strong engagement and collaboration across our board of directors, executive management, and investment teams.



Governance Level	Oversight	Accountability	Meeting Cadence
Board	Board of Directors	<ul style="list-style-type: none"> Oversees corporate and investment strategies, and firm activities Reviews and approves key policies including the Code of Business Conduct and Ethics, and the Conflict of Interest Disclosure Statement Oversees operations and ESG integration 	Reviews annual updates and meets for resolutions as required
Executive	Executive Chairperson	<ul style="list-style-type: none"> Oversees private debt asset management Has ultimate authority and sign-off as Advising Representative on investment recommendations made by the Credit Committee 	Weekly
	Co-CEOs	<ul style="list-style-type: none"> Lead transaction origination, corporate strategy, and operations 	
	EVP, Chief Operating Officer ('COO') & Chief Compliance Officer ('CCO')	<ul style="list-style-type: none"> Leads corporate operations and compliance Reviews Credit Committee memos to ensure compliance with regulations, exclusions and our Investment Policy 	
	Executive Vice President ('EVP')	<ul style="list-style-type: none"> Supports transaction origination and underwriting 	
Investment (internal)	Credit Committee	<ul style="list-style-type: none"> Reviews investment team memos (i.e. proposals) and related ESG scorecards Makes investment recommendations to the Advising Representative 	As new transactions require; review updates as required
	Investment Teams	<ul style="list-style-type: none"> Identify investment opportunities Conduct pre-investment due diligence; assess ESG considerations Prepare regular updates, investment memos and reports to Board of Directors Provide ongoing reporting and communications to Limited Partners (e.g., quarterly reports, in-person updates, investor conference presentations and conference calls, and communications on significant ESG matters) 	As new transactions require; review updates and participate in other meetings as required
Investment (external)	Partnership Advisory Committees ('PAC') for each Debt Fund (members include Limited Partners/ Fund Investors)	<ul style="list-style-type: none"> Review annual financial and operational performance of the fund Review potential conflicts of interest that may exist Waive any such required adherence to such Investment Policy provisions with respect to a specific Eligible Investment opportunity Consent to, approve, review or waive any matter as required, in alignment with Governing Documents Provide guidance on other issues brought to it by the Manager 	Quarterly; participate in special meetings as required



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We are proud of what the Stonebridge Financial team has accomplished over the last quarter century. We were an early adopter of sustainable finance since our founding in 1998. Today, we are among the few Canadian-only private infrastructure debt funds.

— CAM DI GIORGIO & DANIEL SIMUNAC, CO-CEOS

Experience and Alignment

Our executive team averages over 25 years of diverse credit management experience across Canada and abroad, including an average of over 15 years of working together at Stonebridge Financial or at other firms. In terms of alignment, 100% of our executive team have a financial ownership interest in the business, reinforcing a commitment to prudent decision-making which benefits the firm and its stakeholders, helping achieve long-term objectives, growth and success.

For additional information on our leadership team and individual profiles, please refer to [Stonebridge.ca](https://www.stonebridge.ca).

Sustainability Focus Areas

Since our inception, Stonebridge Financial has integrated sustainability across our operations with a focus on good governance and people practices. Given the nature of our business as a financial services provider, our greatest opportunity for positive impact is through our investments. Through our lending activities, we finance infrastructure projects that support Canada's transition to a low-carbon economy and have positive impact on jobs and communities.



Sustainability and transparency are increasingly important to our stakeholders, as is their desire for more decision-useful information about our ESG performance. Through this report, we aim to effectively communicate our activities and performance to our employees, investors, borrowers and regulators.

Our report focuses on the ESG areas that we believe are most important to our business, and which are informed by the SASB Standard for Asset Management & Custody Activities:



Risk management

- Business ethics
- Cybersecurity
- Transparency



Environmental

- Climate change
- Energy transition








Social

- Indigenous relations
- Employee engagement
- Diversity, equity and inclusion
- Capacity building
- Community engagement

Aligning with Global Sustainability Standards

We believe that the projects we help fund across Canada have the potential to contribute to five United Nations’ Sustainable Development Goals (‘SDGs’). In the Portfolio ESG Performance section, page 42, we have included metrics describing the sustainability outcomes.

Our Project Sectors and Share of AUM	How our Investments Aim to Contribute	Related SDGs	17 PARTNERSHIPS FOR THE GOALS
Renewable Power Share of AUM: 57%	Investments in renewable power (e.g. solar, wind, hydro, biogas) provide cleaner and more reliable energy sources to communities.	7 AFFORDABLE AND CLEAN ENERGY 	 The majority of investments across our four sectors include public sector partnerships as we support health, utility and transit agencies in providing private capital for public utility. These partnerships enable us to collaboratively contribute to the SDGs 3, 7, 9 and 11.
Social Infrastructure Share of AUM: 34%	Investments in long-term care homes support access to quality healthcare for the aging population and people with disabilities, contributing to health and well-being.	3 GOOD HEALTH AND WELL-BEING 	
Transit Infrastructure Share of AUM: 5%	Investments in public transportation infrastructure, such as light rail transit, help reduce car dependency and contribute to more economical, energy efficient and less emissions intensive mass transit options.	11 SUSTAINABLE CITIES AND COMMUNITIES 	
Digital Infrastructure Share of AUM: 4%	Investments in digital infrastructure (e.g. broadband internet, data centres) contribute to enhanced connectivity, and access to information and communications technology, helping drive innovation and industry.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	

Risk Management

Risk management is embedded throughout our business operations and investment process. We do this by adhering to high ethical standards for our business practices, maintaining robust cybersecurity measures, transparent disclosure of information to investors, partners and regulators, and through building capacity and processes across our teams. Doing this well is critical for our reputation and mitigating downside for our investors. The Board, executives, investment teams, Chief Operating Officer ('COO') and Chief Compliance Officer ('CCO') implement and oversee our investment risk management program.

Business Ethics

Stonebridge Financial's continued success depends on all our employees understanding and adhering to ethical business practices. Our reputation is built on our leaders and employees acting with integrity in everything we do.

At Stonebridge Financial, ethical business practices are guided by our Code of Ethics and Professional Conduct (the 'Code'). The Code details our approach and governing policies around critical business issues, including regulatory compliance, information transparency, conflict of interest, information and cybersecurity, discrimination and workplace violence, fraud, and whistleblower protections. The Code is updated annually and approved by our Board of Directors. Board members and all employees are required to review and sign-off to their compliance with the Code annually. Stonebridge Financial employees are encouraged to report any violations of the Code, related complaints or retaliations for reporting in good faith to their immediate supervisor, the CCO, or the Chairperson of the Board.

Our Investment Policy also governs our approach to how we structure investments, portfolio monitoring, and decision-making. Please see Responsible Investment Governance section on page 36 for more information on Stonebridge Financial's investment policy and sustainable investment governance approach.

Enhanced KYC and AML Procedures

We regularly update and enhance our Know Your Customer ('KYC') and Anti-Money Laundering ('AML') procedures. As part of our transaction due diligence and credit risk assessment process, we identify sanctioned individuals or entities, domestic politically exposed persons, and Cease Trade Orders issued by securities or other regulatory bodies. We also update our procedures using the System for Electronic Disclosure by Insiders ('SEDI'), the National Registration Database ('NRD') and Adverse Media Checks ('AMC').



Cybersecurity

Cyber and data security are critical in our interconnected and data-driven world. The use of technology platforms and maintaining digital, confidential data is an inherent part of Stonebridge Financial's business activities.

Our EVP, COO & CCO, is responsible for cybersecurity and data protection at Stonebridge Financial. We conduct quarterly cybersecurity training, including phishing campaigns, and have 24/7 Managed Detection and Response Network monitoring. All data related to Stonebridge Financial operations and portfolio is stored in Canada. All our employees have multi-factor authentication protocols, virtual private network ('VPN') remote access and are required to comply with all applicable data protection and privacy laws. In 2024, each employee had a half day of dedicated cybersecurity training, on average.

Transparency

As a regulated financial services and investment management firm, we have a responsibility to provide transparent and accurate information to our clients and regulators about our products and services. Our clients and partners trust us to be transparent and accountable for everything we do. This is fundamental to how we run our business.

Stonebridge Financial is registered under Canadian securities legislation and is regulated by the OSC and the FSRA. We follow all OSC regulatory requirements, and our Conflict of Interest Disclosure Statement is publicly available on our website. The Statement describes potential conflicts of interest that may arise under each of Stonebridge Financial's registrant roles and the measures we have taken to prevent or resolve such conflicts from occurring in a manner consistent with

our clients' best interest. We provide all borrowers with our Conflict of Interest Disclosure Statement and our policy on referral arrangements must be acknowledged by clients prior to completing a transaction. Furthermore, we have a detailed Marketing Policy, and all marketing materials must be verified and validated by our CCO before publication.

Since incorporation in 1998, Stonebridge Financial has had zero monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to investors. We also have had no reported regulatory breaches, ongoing investigations, litigations, customer complaints, or instances of employee misconduct. Additionally, since becoming an investment manager in 2012, Stonebridge Financial has realized zero losses across its various funds and managed accounts on behalf of its investors.

Climate Change

Managing climate risks and capitalizing on climate-related opportunities are increasingly important to our stakeholders. We are taking steps to understand the impact of climate change on our business operations and in our portfolio.

Portfolio Financed Emissions by Fund

Funds	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Total (tCO ₂ e)
SIDF I	123	41	165
SIDF II	1,995	473	2,468
Separately Managed Accounts	227	353	579
Total emissions	2,345	867	3,212
Emissions intensity (tCO₂e/\$mn)	N/A	N/A	4.7

Climate Change Risks

Stonebridge Financial is committed to identifying, managing and monitoring our climate-related risks. Our investments are exposed to physical climate risks in the form of more frequent and severe weather events. We are also exposed to climate transition risks including credit, market, reputational and operating risks that result from the transition to a lower-carbon economy. As part of our responsible investment process, we identify risks associated with greenhouse gas ('GHG') emissions and air quality as well as exposure to any environmental risks for prospective loans. We use our ESG scorecard during initial loan due diligence to help identify climate-related credit risks, as well as over the life of each loan for ongoing monitoring of climate risks.

At Stonebridge Financial, we desire to be a part of the solution and contribute to climate change mitigation. For 2023, we have started to measure our GHG emissions and take steps to reduce these over time. As a financial services provider, the majority of our emissions result from the projects we finance. Under the GHG Protocol, these emissions are our Scope 3, Category 15: Investments. Given that these are our largest source of emissions, managing emissions from our investments is where we have the greatest opportunity to contribute to climate change mitigation.

As an initial step, we engaged our borrowers to provide energy and emissions data on the projects we finance



which are in operation. Based on this, for 2023, we estimated that our financed emissions were 3,212 tonnes of carbon dioxide equivalents (tCO₂e).¹ The financed emissions footprint is derived from assets representing 87% of AUM. This is equivalent to an average carbon intensity of 4.7 tCO₂e / \$ million.

¹ Financed emissions calculations include AUM for projects in operation. AUA and AUM for projects under construction and transportation infrastructure are not included due to data limitations. In addition, one project was excluded as the nature of the loan was leased land with no operations or developments. We estimated emissions for projects that were not able to provide data.



Financed Emissions Estimation Methodology and Data Coverage

We estimate and attribute our financed emissions in alignment with the PCAF Global Accounting and Reporting Standard for Finance Emissions.

For renewable power projects, 34% of projects surveyed provided actual emissions data from operations. For the remaining projects, we assumed there were zero scope 1 and 2 emissions associated with the project, as operational emissions from renewable energy generation are immaterial in absolute terms and relative to the avoided emissions from such projects. For social infrastructure projects with available utility consumption data, we applied electricity (province-specific) and natural gas emissions factors² to estimate emissions. For cases where no utility consumption was available, we calculated the average utility consumption for other similar facilities located in the same region and applied the average consumption value to those sites. One project had no utility consumption data but reported gross leased area; for this site we used the Canadian standard electricity and natural gas usage benchmark³ to estimate utility consumption. Four projects under construction, together with one transportation infrastructure project and one land lease site are excluded due to lack of data availability or applicability to estimate emissions.

The attributions of GHG emissions to Stonebridge Financial was calculated by dividing our outstanding loan amount by the total project value (total equity plus debt). For cases where the outstanding loan amount exceeded total project value (due to a negative equity value on project balance sheet), we assumed a total equity value of zero in alignment with the PCAF guidance.



Ottawa, Ontario



Beyond reducing our financed emissions, we are also committed to reducing our own environmental footprint. Our efforts focus on energy conservation and encouraging sustainable office practices. For example, we have a Lights Off Policy to reduce energy consumption in our corporate office, bike lockers to promote emissions-free commuting, and we encourage paperless operations. Additionally, our Toronto office is located within a LEED-certified building.

Climate Change Opportunities

As an experienced investment manager and arranger of private debt in the Canadian renewable power space, we aim to support investors and borrowers to increase their contribution to sustainable investments. Our aim is to help drive the clean energy transition through the projects we finance and support our partners to do the same. Not only is this good for the environment, but it is also good for business. Embedded in our investment thesis is the desire to continue to assist in the energy transition and take advantage of opportunities that arise from the decarbonization of Canada's energy systems. This approach aligns with our fiduciary duty to create long-term value for our investors.

Our loan origination is focused on energy infrastructure projects that align with the low-carbon transition. As of the end of 2024, we had outstanding loans to 30 projects in the renewable power sector. These projects included solar, wind and hydroelectric projects, as well one biogas project. We also provided financing to two Light-Rail Transportation ('LRT') projects that contribute to more energy efficient and less emissions intensive public transportation options.



²Source for emissions factors <https://publications.gc.ca/site/eng/9.506002/publication.html>.

³Source for the Canadian standard electricity and natural gas usage benchmark is <https://portfoliomanager.energystar.gov/pdf/reference/Canadian%20National%20Median%20Table.pdf>.





Case Study

Renewable Power: Alderville Solar Project

In 2012, Stonebridge Financial provided financing for the construction and operation of a 100% Alderville First Nation-owned solar photovoltaic ('PV') project in the County of Northumberland, Ontario. This was the first loan in Canada provided to a renewable power project that was 100% owned by a First Nations community.

The Alderville Solar Farm consists of ground-mounted, fixed tilt solar PV panels with a generation capacity of 5 MW. The project created approximately 24 local jobs within the Alderville First Nation during construction and employs several permanent staff to oversee its ongoing operations.

In 2016, Alderville Solar received the “Game Changer Award” from the Canadian Solar Industries Association (‘CanSIA’). The Game Changer Award is given to projects that showcase creativity, ingenuity and passion in providing best in class products and services to Canadians. The project has also been cited as a model for advancing Indigenous ownership and investments in Canada.

Summary

ENERGY GENERATED IN 2023:

7,512 MWh

ESTIMATED AVOIDED GHG
(CO₂) EMISSIONS IN 2023:

244 tonnes

ESTIMATED HOMES
POWERED ANNUALLY:

600

INDIGENOUS OWNERSHIP
(FIRST IN CANADA):

100%



People & Partners

At Stonebridge Financial, our team is our greatest asset. Our ability to successfully execute our business strategy depends on our people and partners. We also want to have a positive impact on people and the communities where we invest. With this in mind, we are focused on improving employee engagement, building a culture that fosters diversity, equity and inclusion (‘DEI’), investing in people, contributing to Indigenous reconciliation, and supporting communities.



Employee Engagement

Employee satisfaction, wellness, and retention are paramount to us. We want to create a positive work environment that supports our unique culture, ongoing career development and encourages a healthy work-life balance for all employees.

We offer flexible work arrangements for our staff and employ a hybrid policy. When our employees travel to visit family abroad for extended periods beyond their vacation, we support them in continuing their work from those locations. This enables our people to balance family priorities and relationships with their work responsibilities.

Stonebridge Financial also offers all employees a comprehensive employee benefits plan with 100% of the monthly fees covered by the company.

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We hire for attitude and aptitude. As we continue to grow and add new staff, we are proud of the fact that the senior members of our team average 15 years of working together, providing both leadership and mentorship.”

—CAM DI GIORGIO & DANIEL SIMUNAC, CO-CEOS



Diversity, Equity and Inclusion

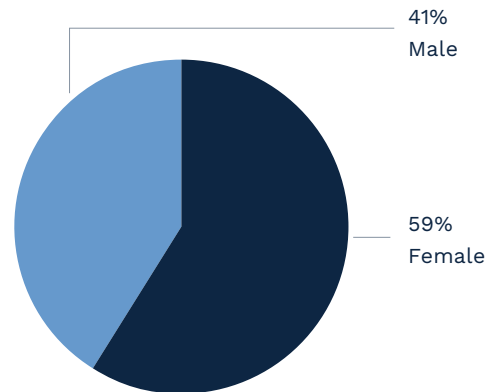
We believe there is strength in diversity, not just in our loan portfolio, but in our people too. Team members with diverse experiences, backgrounds, education and perspectives enhance and enrich our perspectives and contributions.

We have built a culture that celebrates diversity and offers career development opportunities for new Canadians. We hire for attitude, potential and aptitude, and actively encourage hiring of employees from diverse backgrounds. This approach has allowed us to find the right talent for the job while building a diverse team.

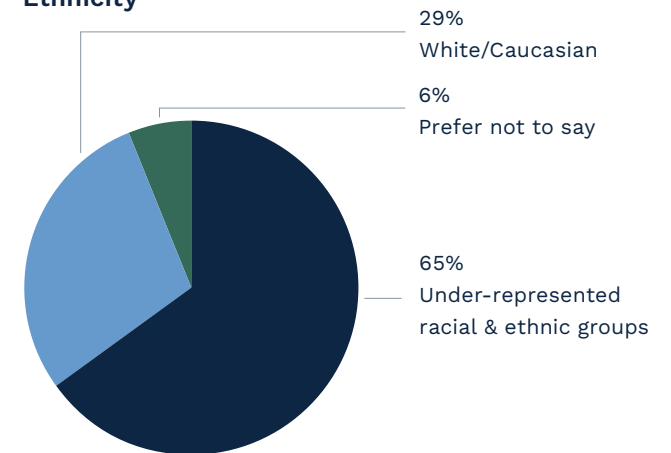
Our 18 team members represent over 10 different nationalities. Many of our employees have extended families and deep ties to the countries from which they emigrated. We believe our employees should maintain these important connections and we provide the flexibility for them to do so.

2024 Diversity Statistics of our Team

Gender



Ethnicity



Age Distribution



UNDER-REPRESENTED ETHNIC GROUPS:

65%

NATIONALITIES REPRESENTED:

10

FEMALE REPRESENTATION:

59%

CONTINENTS REPRESENTED:

5



Indigenous Investments

We have a strong desire to contribute to and be a part of Indigenous reconciliation. We also believe in the importance of Indigenous ownership to support Indigenous wealth accumulation and economic independence.

Stonebridge Financial actively seeks to partner with Indigenous communities. Since 2012, we have demonstrated a strong commitment to Indigenous peoples by arranging and providing \$959 million in loans across 26 infrastructure projects that benefit over 53 Indigenous groups across Canada, including two projects that are 100% Indigenous-owned.

Our first fund, which had over \$200 million in capital commitments, invested 40% of its capital in projects with direct economic benefit to Indigenous groups. Our second fund, nearly three times larger, invested 36%.

In June 2024, Stonebridge Financial's efforts in supporting Indigenous communities were formally recognized with the 'Indigenous Allyship Award' presented by the First Nations Power Authority ('FNPA').

The award celebrates institutions that have demonstrated a commitment to supporting Indigenous people and communities through allyship, stewardship, and reconciliation in the context of energy.

In October 2024, our firm was named one of '10 to Watch' by the Indigenomics Institute. The award recognizes businesses building economic reconciliation, inclusion, and relationships to support the growth of the Indigenous economy.

In November 2024, Stonebridge Financial was nominated as a finalist for the 'Indigenous Reconciliation Award' by Institutional Connect. This award recognizes investment management firms demonstrating leadership in investments aligned with Indigenous reconciliation and fiduciary duty to its clients.

Summary (AS OF 12/31/24)

LOANS TO INDIGENOUS PROJECTS:

\$959 million

INDIGENOUS COMMUNITIES WITH ECONOMIC/SOCIAL BENEFIT:

53

PROJECTS FINANCED:

26

LENDER TO FINANCE 100% INDIGENOUS-OWNED POWER PROJECT:

1st

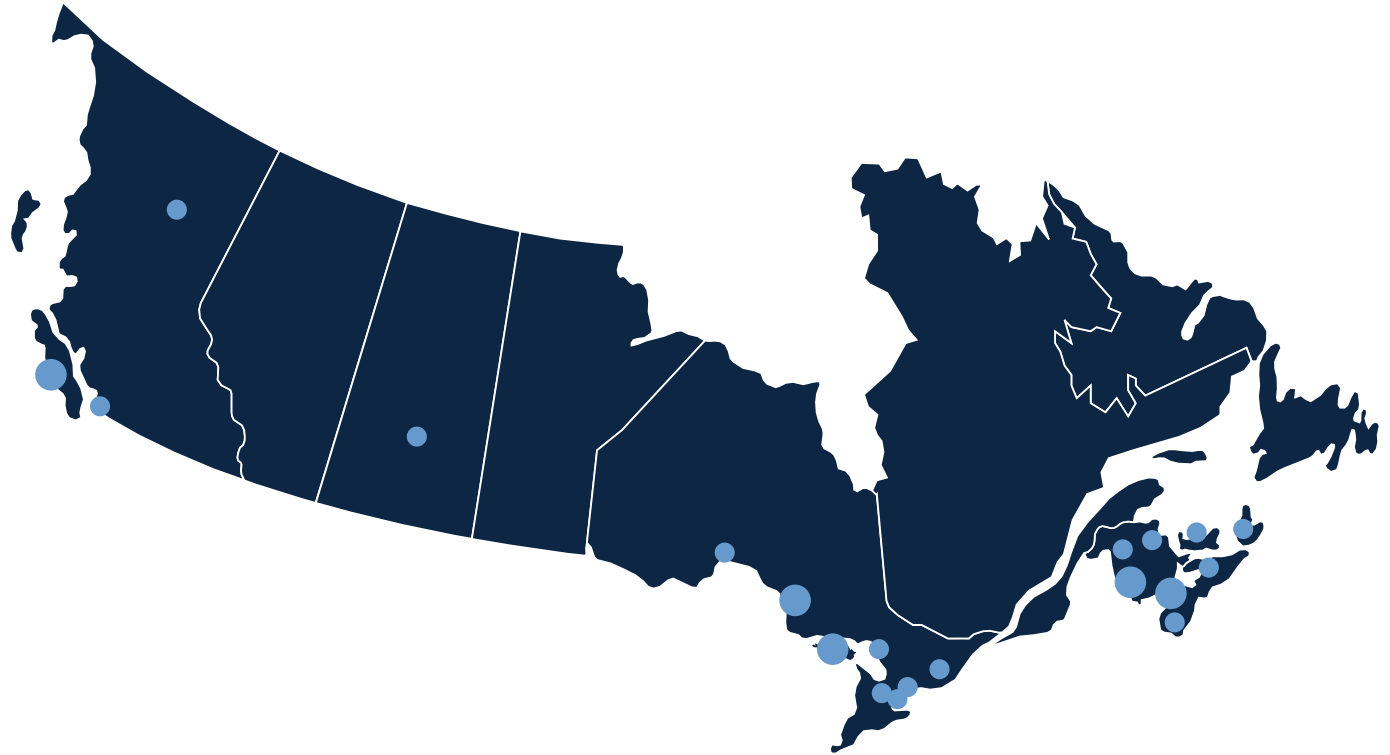
FIRST INDIGENOUS PROJECT FINANCED:

2012

EXPOSURE TO INDIGENOUS PROJECTS ACROSS AUM:

39%

Indigenous Projects Financed by Stonebridge Financial across Canada



“

Stonebridge Financial has made a significant impact to the growth of the Indigenous economy in Canada’s infrastructure landscape and facilitated Indigenous economic participation in such projects. Today, Indigenous ownership and involvement are becoming commonplace, a shift that Stonebridge Financial has been an early adopter and ongoing supporter of.”

—CAM DI GIORGIO & DANIEL SIMUNAC, CO-CEOS



Capacity Building

The foundation of our business is the talented members of our team. We are committed to supporting the career development and professional growth of our people. Investing in training and development opportunities helps our team acquire new skills, obtain valuable accreditations, and improve their performance.

Promoting people into new roles contributes to employee satisfaction and tenure, which in turn safeguards our institutional knowledge.

A key mechanism through which we foster career development and build capacity across our team is through mentorship opportunities. Sharing knowledge and experience across roles helps build strong,

dynamic, and inclusive teams. This is done across the organization through regular one-on-one engagements with senior managers.

We cover fees for conference attendance and third-party accreditations and certifications, as suitable for each role. This includes Chartered Financial Analyst ('CFA'), Certified Professional Accountant ('CPA'), and the Institute of Corporate Directors ('ICD').

In 2024, each employee received approximately six hours of training as it relates to health and safety matters as well as cybersecurity prevention.





Community Engagement

As we move forward, we seek to give back. As a part of our firm's culture, it is important for us to give back and have a positive impact on the communities we lend to and operate in. This enables us to build and maintain trust with local communities and industry partners.

Over the years, members of Stonebridge Financial's team have supported numerous charitable organizations in various leadership roles. Outlined below are a few examples of our community engagement activities by members of our staff:

- Volunteering as an instructor for a course entitled, 'Lending in Commercial Real Estate', which was created in partnership with the Real Property Association of Canada ('Realpac') and Toronto Metropolitan University. The course and material has been taught to hundreds of both up-and-coming and seasoned industry practitioners. This course has been taught each fall since 2013.

- Serving as Co-Chair of the 'Tournament of Stars NBA Celebrity Basketball Event' in support of West Park Healthcare Centre. Taking place each March since 2017, this charity has raised over \$3 million towards the development of this century-old hospital in Toronto into a state-of-the-art healthcare facility. Coincidentally, Stonebridge Financial's relationship with West Park dates to 2000 (prior to when the firm assisted the hospital in leading the project financing for its long-care care facility).
- Volunteering on the Organizing Committee of the Commercial Mortgage Lenders Association's ('COMLA') Annual Charity Golf Event, a fundraiser that brings together numerous financial institutions from the local commercial mortgage industry. Founded 25 years ago, the event's net proceeds are

donated to charitable causes each year. For 2024, the beneficiary of the event was the Centre for Addiction & Mental Health ('CAMH') in Toronto.

- Serving as Co-Chair of the Ireland Funds Canada St. Patrick's Day Luncheon in 2024. This marked the post-COVID re-launch of the Luncheon, an established charitable event since 1983. The Ireland Funds is a global philanthropic network supporting peace, culture, education, and community development, among other causes, both in Ireland and among diaspora communities. Charities supported include, Dogs for the Disabled, Age Concern Causeway, Music Generation, and Barnardo's Children's Charity. The Ireland Funds has raised over USD 650 million since its founding in 1976.

In 2024, we donated to the following charitable organizations:



Case Study

Renewable Power: Tla-o-qui-aht First Nation Hydroelectric Projects

Stonebridge Financial provided financing for three renewable power projects developed by the Tla-o-qui-aht First Nation ('TFN'), a First Nation located in Clayoquot Sound on the west coast of Vancouver Island. The TFN traditional territory is ideal for run-of-river hydropower projects which channel river water to spin power-generating turbines.

Renewable energy projects are planned, constructed, and operated in a manner that is respectful with TFN's cultural heritage, the natural environment, and local species. The energy portfolio provides TFN with greater financial control and flexibility in the long term, benefiting the community by enhancing healthcare services, education, housing, and social programs.

TFN currently owns three run-of-river hydroelectric projects located within its traditional territory:

- Canoe Creek—6 MW project operating since June 2010. This project received the 2010 'Excellence Award' from the Clean Energy Association of BC, and an 'Outstanding Business Achievement Award' from the BC Aboriginal Business Awards in 2012.
- Haa-ak-suuk Creek – 6 MW project operating since 2014.
- Winchie Creek – 4 MW project operating since 2018. This project received the 'Environmental Stewardship & Community Improvement Award' in 2018 presented by GenerateBC.



All three projects sell electricity under a 40-year Electricity Purchase Agreement ('EPA') with British Columbia Hydro and Power Authority ('BC Hydro').

Stonebridge Financial worked closely with TFN to understand the specific needs and goals of each project. We were able to help TFN mitigate the typical financing challenges experienced on smaller projects like these by providing a more flexible and cost-effective financing approach. We successfully arranged long-term, fixed rate debt financing for the development, construction, and operation of each of the projects, with 100% of the debt funding (totaling \$44.5 million) provided by Stonebridge Financial's debt funds.



Summary

ENERGY GENERATED IN 2023:

48,025 MWh

ESTIMATED AVOIDED GHG (CO₂) EMISSIONS IN 2023:

676 tonnes

ESTIMATED HOMES POWERED ANNUALLY:

5,300

“

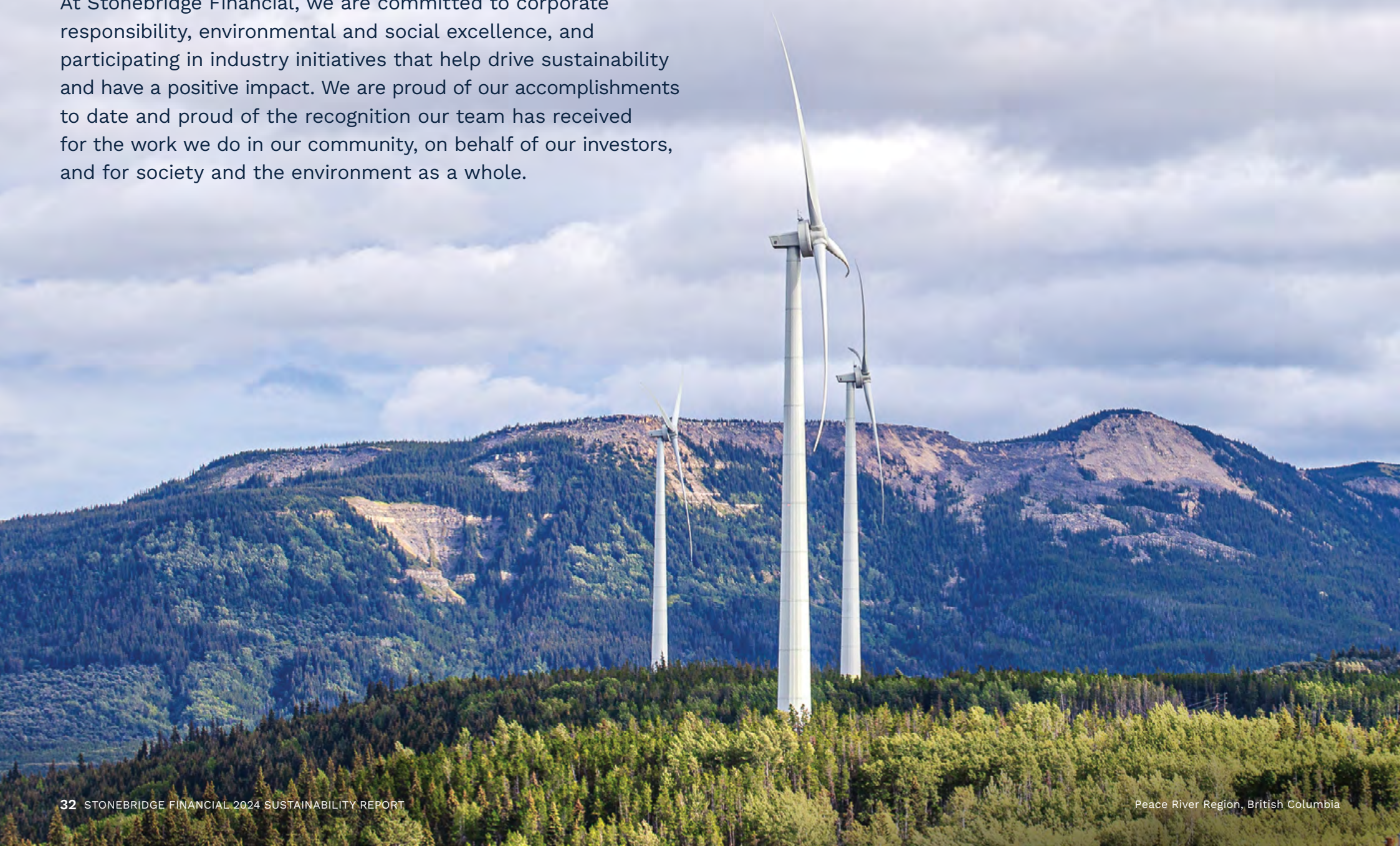
Building trust with the borrower was fundamental to being able to provide a bespoke approach. We are extremely pleased with the collaborative efforts to achieve the respective goals of all parties. The financings delivered by Stonebridge Financial reflect our commitment to long-term, trusted relationships and are the basis of our mutual success. Stonebridge Financial is proud of our long-term partnership with TFN.”

—CAM DI GIORGIO, CO-CEO



Industry Involvement and Recognition

At Stonebridge Financial, we are committed to corporate responsibility, environmental and social excellence, and participating in industry initiatives that help drive sustainability and have a positive impact. We are proud of our accomplishments to date and proud of the recognition our team has received for the work we do in our community, on behalf of our investors, and for society and the environment as a whole.



Company Awards

The following are recent industry awards and recognition of Stonebridge Financial and/or its team leading up to this report:



Clean50 ‘Lifetime Achievement Award’, Robert M. Colliver, Executive Chairperson, 2023



Indigenomics Institute, ‘10 to Watch Award’ Stonebridge Financial, 2024



Benefits & Pensions Monitor, ‘Top-40 List of Executives’, Daniel Simunac, Co-CEO, 2024



First Nations Power Authority, ‘Indigenous Allyship Award’ for a Corporation, 2024



- Climate Change Partner Award Finalist, 2023
- Diversity, Equity & Inclusion Award Finalist, 2024
- Indigenous Reconciliation Partner Award Finalist, 2024

Project Recognition

We are proud to support borrowers and fund projects that have been recognized for their project excellence, innovation, or contribution to sustainability:



‘Efficiency in Action Award’ for Hamilton Village/Trellis Seniors presented by FortisBC (2021)



‘Environmental Stewardship and Community Improvement Award’ for Winchie Creek Hydro presented by GenerateBC (2018)



‘Game Changer Award’ for Alderville Solar Farm presented by the Canadian Solar Industry Association (CanSIA) (2016)



‘Pollution Probe Sustainability Award’ for Okikendawt Hydro presented by The Ontario Waterpower Association (2014)



‘Gold Winner, Project Excellence Awards’ for Confederation Line (Ottawa LRT) presented by the Canadian Council for Public and Private Partnerships (2013)

Industry Participation

Participating and engaging with organizations inside and outside of our industry can help drive the transition to a fair and equitable low-carbon future. Stonebridge Financial is a member/supporter of:



UN-sponsored Principles for Responsible Investment (‘PRI’)



Canadian Renewable Energy Association (‘CanREA’)



The Ontario Long-Term Care Association (‘OLTCA’)



BC Care Providers Association



First Nations Power Authority (‘FNPA’)



Real Property Association of Canada (‘Realpac’) - lecturer

Sustainable Investing

The pillars of our investment philosophy are integrity, trust, and innovation. These are the cornerstone of our ability to deliver high quality, well-structured financial solutions to the market.

We recognize that ESG factors can affect the risk profile and performance of our investment portfolio. We also believe that responsible investing and embedding ESG considerations in the investment process align with our investors' priorities. There is also a funding gap for sustainable investments. Through our investment approach over the past 25 years, we've been able to identify gaps and opportunities in the marketplace to drive long-term financial success through sustainable investments. Sustainable investing is important to Stonebridge Financial because we understand this is necessary to our collective future.

Responsible Investment Process

Incorporating ESG information into investment decision-making ensures that all relevant factors are accounted for when assessing risk and return. Responsible investment does not require ruling out investments in any sector or company, rather, it identifies potential risks and guides our approach to mitigating those risks. Therefore, we incorporate ESG considerations throughout each stage of our investment process.



Overview of our Responsible Investment Process

Origination	Due Diligence	Decision-making	Monitoring	Reporting
Standard investment process				
<ul style="list-style-type: none"> Identify potential investments through decades-long relationships Direct origination allows for deeper diligence process 	<ul style="list-style-type: none"> Conduct economic and market risk assessments Downside stress testing through feasibility studies Apply sub-sector tailored risk ratings and research Engage legal, insurance and independent engineering consultants and sector-specific technical advisors 	<ul style="list-style-type: none"> Prepare investment memo and share recommendations with the Credit Committee Investment decision authority and approval provided by the Advising Representative 	<ul style="list-style-type: none"> Ongoing monitoring over the course of the investment lifecycle Dedicated portfolio manager and administration team conduct quarterly reviews of KPIs, covenants and loan servicing Weekly portfolio meetings with senior management and underwriting teams to allow early detection of any potential risks 	<ul style="list-style-type: none"> Provide quarterly updates and reporting to investors
Sustainability integration into investment process				
<ul style="list-style-type: none"> Actively seek out sustainable investment opportunities Identify material ESG considerations during preliminary transaction evaluation 	<ul style="list-style-type: none"> Assess ESG considerations and potential risks related to investment opportunities using our ESG Scorecard Consult external advisors as needed Identify ESG risk mitigation measures 	<ul style="list-style-type: none"> Incorporate ESG considerations and risk mitigants into Credit Committee investment recommendations Reflect ESG Scorecard results in investment memos 	<ul style="list-style-type: none"> Consider ESG factors in quarterly investment reviews Engage with investment partners on ESG practices to reduce risk and improve performance 	<ul style="list-style-type: none"> Provide investors with regular updates on material ESG-related matters through comprehensive investor reporting processes

Stonebridge Financial’s investment management team is responsible for assessing ESG considerations during each phase of the investment process. They identify, manage and prioritize risks — many times in collaboration with external experts, report to the Credit Committee, mitigate potential risks as part of our pre-investment approach and loan agreements, and regularly monitor the performance of our financed projects through engaging with our borrowers.

We are currently taking steps to enhance ESG integration in the monitoring phase of our investment process.

In collaboration with an external ESG advisory firm, we developed and issued a survey to project borrowers to collect ESG information on the projects we lend to and the sustainability practices of the borrower. The purpose of the survey is to establish a process for engaging our borrowers on ESG, improve our monitoring and management of ESG risks, obtain non-financial information for new underwriting, and inform stakeholder reporting on the ESG performance of our portfolio. For more information on the results of this survey, see Portfolio ESG Performance section, page 42.

Focus on Long-Term Care

During the COVID-19 pandemic, we concentrated on engaging with our borrowers in the long-term care sector. Despite varying challenges and protocols across entities, our primary focus was to understand their actions concerning key social factors, including health and safety of residents and their families, social and political issues related to vaccine access and PPE funding, working conditions and employee relations, and impact on local communities.

Responsible Investment Framework

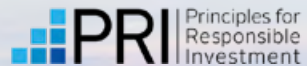
We developed our Responsible Investment Framework to support the integration of sustainability into our investment process. The Framework details our approach to integrating ESG factors into our investment policies and practices. Our commitments are aligned with the six Principles for Responsible Investment ('PRI'), for which we have been a signatory since 2019:

- Incorporating ESG issues into investment analysis and decision-making processes.
- Being an active investor and incorporating ESG issues into investment policies and practices.
- Seeking appropriate disclosure of ESG issues by the entities in which we invest.
- Promoting acceptance and implementation of the UN principles within the investment industry.
- Working with the UN PRI Secretariat and other signatories to enhance their effectiveness in implementing the principles.
- Reporting on activities and progress towards fully implementing the UN PRI principles.

Sustainable Investing in Practice (Case Study):

Through our investment due diligence and risk management process, we identified contaminated land between a LTC retirement home project site and an adjacent property owned by the local municipality. The main concern was potential migration of soil and groundwater into the project site. Prior to financial close, the city completed environmental remediation works which we assessed as part of our due diligence. The lenders engaged an independent technical advisor to provide a professional opinion on the environmental condition of the property including the remediation work. Based on the findings, the borrower installed an impervious barrier wall between the lots, implemented a regular testing program, and installed five observation and monitoring wells between the contaminated zone and the project lands. Additionally, an environmental reserve was established to address any future environmental concerns. The technical advisor recommended a secondary assessment be performed after six years to identify and address any changes prior to the release of capital held back as reserve.

Signatory of:





Case Study

Continuing Care: Pearson Place

In 2021, Stonebridge Financial provided financing for Pearson Place, an assisted living facility in the Village of Hythe, Alberta. Pearson Place provides a range of health and support services tailored to the specific needs of each resident.

This assisted living facility specializes in the care of Alzheimer's and dementia patients. Residents of Pearson Place are the leaders of their care plans, are involved in governance, and have choice in activities and menus.

The project contributed to approximately 40 jobs during the construction phase and 50 jobs when the facility became operational. This development created an additional 75 care beds in the community.

Before Pearson Place was constructed, seniors and others needing continuing care services often had to look to facilities outside their community. The Pearson Place assisted living facility allows seniors in the community to stay near friends and family, helping maintain vital social connections.

The Pearson Place project helped us contribute to the development of housing and healthcare infrastructure that directly supports Canada's growing aging population.



Responsible Investment Governance

Oversight, accountability and transparency in our responsible investment approach is fundamental to how we operate our business.

Stonebridge Financial's investment management team is responsible for assessing ESG considerations during each phase of the investment process. Our CCO completes a fulsome review of credit committee memos to ensure compliance with regulations, exclusions and our Investment Policy. Our Executive Chairperson is

registered as Advising Representative with the OSC and has ultimate authority and sign-off on investment decision-making. As part of this role, the Executive Chairperson ensures alignment with our Investment Policy and takes into account ESG considerations that were flagged during the due diligence phase.

Mission, British Columbia



Our Investment Policy

Stonebridge Financial's Investment fund policies govern our approach to how we structure investments and decision-making. The policy outlines the types of assets and sub-sectors that we consider, our investment approval process for managers and our LPs, and any exclusion criteria based on social and environmental factors. Eligible investments include social infrastructure (e.g., long-term care facilities, hospitals, schools) and energy infrastructure (e.g., energy production, transmission, distribution lines). We do not invest or maintain investments in businesses that are engaged in illegal activities, manufacturing of harmful products (e.g., alcohol, tobacco, firearms, restricted weapons), sexual exploitation, trade with countries proscribed by the Government of Canada, and those operating as separate and sole entity nightclubs, bars, and gambling establishments. To ensure responsible and sustainable investment governance, our Investment Policy is intentionally narrow, and our credit agreements are highly regulated and controlled.

Any updates or changes to our responsible investment approach, policies, governance and oversight are communicated to our investors through regular reporting channels.



Case Study

Waste Management Project: Halifax Organics

Stonebridge Financial arranged the financing for the development of a new, more efficient organics processing system for the Halifax Regional Municipality in Nova Scotia. The funding is aimed at creating a new composting facility to replace the two current facilities. This

new facility, designed to handle 60,000 tonnes of organic waste annually, will meet and exceed the Nova Scotia Environment and Climate Change 2010 Composting Facility Guidelines. The facility is expected to begin operations in the fall of 2024 and will operate for the next 25 years.

Approval for construction was issued in December 2021. The new facility has been designed to minimize environmental impacts and key features include:

- A water-negative process by recycling and reusing water from treatment
- Improved energy efficiency
- Enhanced odour control
- Secondary containment
- Innovative use of by-products used as fertilizer in the agricultural sector

Several environmental monitoring measures will also be implemented once the new facility is operational, including those related to erosion, sedimentation control, surface and ground water quality, wastewater quality, compost quality, and odour emissions.



Portfolio ESG Performance

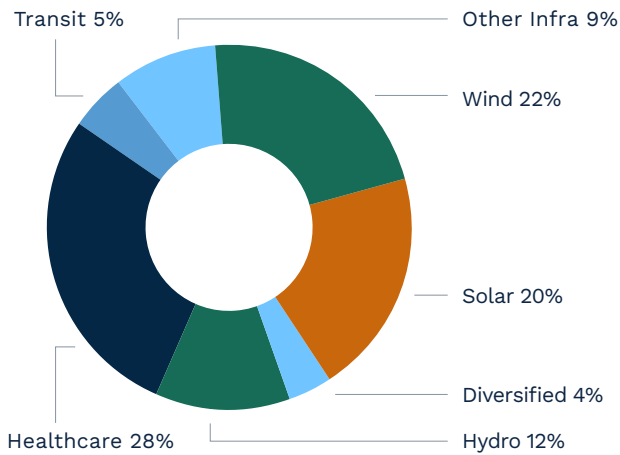
The projects we finance align with our own sustainability ambition and objectives. Our investments contribute to climate change mitigation and support the low-carbon energy transition. We also invest in projects that aim to have a positive impact on workers and communities through improving access to social and digital infrastructure and creating jobs.



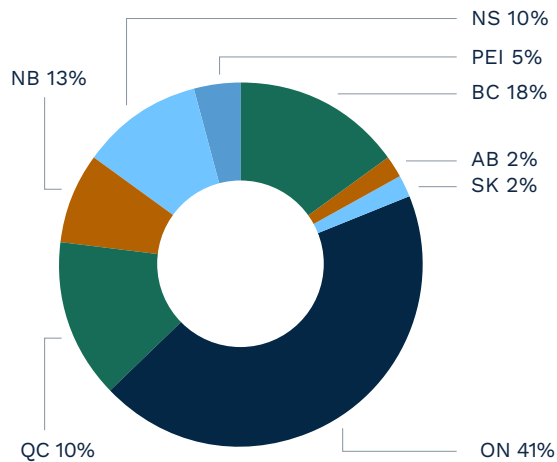
Portfolio Overview

The below is spread across \$1 billion of AUM and representing 50 different projects financed across Canada:

Diversification by Asset Class



Diversification by Geographic Region



Project Portfolio Profile

Metric	Renewable Power	Social (LTC, Other)	Transit	Digital
Share of AUM (%)	57%	34%	5%	4%
Projects in operation (n)	27	14	1	1
Projects in construction (n)	3*	2*	1	1
Provinces	<ul style="list-style-type: none"> • British Columbia • New Brunswick • Nova Scotia • Ontario • Quebec • Saskatchewan 	<ul style="list-style-type: none"> • Alberta • British Columbia • New Brunswick • Ontario • PEI • Quebec 	Ontario	<ul style="list-style-type: none"> • Ontario • Quebec

Portfolio Emissions Avoided by Renewable Power Sector

Sector	Emissions avoided (tCO ₂ e)
Solar	8,132
Wind	67,360
Hydro	2,037
Biogas	1,654
Total	79,183⁴

Contributing to Climate Change Mitigation and the Energy Transition

We finance renewable power projects across Canada that help drive the low-carbon transition and support the integration of renewables onto Canada’s energy grids. The total installed generation capacity of our renewable power portfolio is 449 MW. We estimate that, in 2023, these projects generated close to 1.1 million MWh of electricity, equivalent to the annual electricity use of approximately 92,000 Canadian households.

The renewable power projects we finance also avoid potential GHG emissions by displacing electricity that would otherwise be generated by fossil fuels. In 2023, our project financing to renewable power projects in operation avoided an estimated 79,000 tCO₂e of GHG emissions. This is equivalent to taking more than 17,100 cars off the road in 2023. Avoided emissions were estimated based on energy generation at the project site multiplied by the grid emissions factor for the province where the project is located. Emissions avoided are attributed to Stonebridge Financial based on the outstanding loan amount divided by the total project value (total equity plus debt), in alignment with the PCAF attribution guidance for project finance.

In addition to our renewable power portfolio, we have opportunities to support decarbonization and improve the environmental footprint of social and digital infrastructure in Canada. We lend to the development of mass-transit LRT projects, which displace single occupancy vehicles and offer passengers a more energy efficient, economical and safe mode of transportation in cities, while

⁴ Avoided emissions do not include embodied carbon from construction.

* Figures as of 12/31/24

Portfolio Performance for Environmental Metrics

Metric	Portfolio Performance		Fund Performance		
	Portfolio	Data coverage	SIDF I	SIDF II	SMA
Greenhouse gas (GHG) emissions (tCO ₂ e)	3,212	87%	165	2,468	579
GHG emissions intensity (tCO ₂ e/CAD million)	4.7	87%	1.5	5.4	5.8
Renewable generation capacity (MW)	448.5 ⁵	100%	131.0	353.5	189.3
Renewable energy generated (MWh)	1,063,891	100%	346,897	775,628	381,186

reducing air pollution. We provided financing to one LRT project in operation which added 12.5 km of track, and one under construction which will add 19.7 km once in operation. Together, these are estimated to be used by 70 million public transit riders annually.

Positive Impact on Workers & Communities

In alignment with our sustainable investment philosophy, we aim to invest in projects that have a positive impact on workers and communities. We do this through lending to projects that create valuable local employment opportunities and improve access to social infrastructure, and by supporting Indigenous reconciliation through project financing partnerships.

We also lend to borrowers and projects owned by diverse groups. In 2023, 11% of our borrowers were women and minority-owned businesses, and 39% of our loans were to Indigenous counterparties. Two of the projects we finance are 100% owned by Indigenous groups. Furthermore, the projects we finance support the housing and long-term care for Canada's growing aging population. In 2023, the projects in our portfolio provided 2,596 beds for long-term care ('LTC') residents. By financing the development and operation of LTC facilities in Canada, we can be a part of the solution and increase healthcare access for aging populations and improve the livelihoods of vulnerable groups.

Portfolio Performance for Social Metrics

Metric	Portfolio Performance		Fund Performance		
	Portfolio	Data coverage	SIDF I	SIDF II	SMA
Projects with Indigenous borrowers	39%	100%	33%	39%	44%
Number of long-term care beds provided	2,724*	100%	340	2,384*	854
Approximate number of jobs created	4,839 ^{7,8}	63%	216	4,348 ⁸	1,786
Projects with the presence of unionized jobs during construction and/or operation ⁸	71%	100%	75%	71%	63%
Estimated annual ridership (users) of mass transit systems ⁸	70 million	100%	20 million	50 million	N/A

⁵ Renewable energy projects are financed across multiple funds. Therefore, total portfolio renewable energy generation capacity (MW) will not sum across funds.

⁶ Infrastructure projects are financed across multiple funds. Therefore, number of LTC beds provided for the entire portfolio will not sum across funds.

⁷ Infrastructure projects are financed across multiple funds. Therefore, approximate jobs created for the entire portfolio will not sum across funds.

⁸ Performance reflects information from the borrower survey, email follow-ups and supplementary desk research.

* Figures as of 12/31/24

Portfolio Sustainability Integration Profile⁹

Metric	Performance (portfolio)
Share of lending to women, minority, and/or Indigenous-owned businesses	47%
Share of borrowers with:	
Code of conduct or code of ethics	59%
ESG / sustainability policies or programs	15%
Dedicated ESG / sustainability resource(s)	30%
Published ESG / sustainability report	11%
DEI-related policies or programs	33%
Responsible procurement / construction policies in place	37%
Cybersecurity policies / procedures to protect critical business information	59%
Whistleblower programs or ethics hotline	37%
Community support / giving policies or programs	15%

As part of understanding our footprint and contributing to local economies, we are interested in measuring the number of jobs our projects contribute to and the share of unionized employment. During our first year of data collection, we were able to collect data concerning unionized employment for the vast majority of our projects. In 2023, respondents indicated that 71% of the projects we invest in employ unionized labour during the construction phase and/or in operations.

Stonebridge Financial lends to businesses that align with our sustainability commitments and have shared values when it comes to social and environmental impacts. We are actively working with our borrowers to collect more social data, such as on the number of unionized jobs at project sites, tracking of health and safety information and training, and ESG policies that govern project construction and operation. Our goal is to track and monitor sustainability integration across our borrowers and work with them to help improve their ESG practices.

Through our existing partnerships and transaction origination pipeline, we will continue to seek out financing opportunities that allow us to contribute positively to the communities where we are invested and help improve the lives of workers and diverse communities across Canada. We will also continue to improve ESG data quality and coverage, and further embed ESG into credit risk assessments, due diligence, and investment monitoring.

⁹ The data reported in this table reflects the results from our survey to borrowers, which represents 65% of our total borrowers.



ESG Data Collection Process

In 2024, for the first time, Stonebridge Financial collected ESG data on the projects we lend to and the sustainability practices of borrowers through a survey. We developed the surveys in collaboration with an external ESG advisory firm and the questionnaire was informed by the SASB Standards and industry practice. The data gathered from borrowers was for calendar year 2023.

We sent surveys to 23 out of 30 of our borrowers and received 17 responses. The data presented in this report reflect these responses, which cover 70% of the projects within our portfolio (35-50). The data represents 75% of the total value of our loan portfolio.

Once the survey responses were received, we aggregated and analysed the ESG data and followed up on any material outliers or inconsistencies.

We estimated for data gaps where appropriate. All portfolio ESG data collected and estimated in this report covers our \$1 billion of assets under management only; it does not include ESG performance for our firm's \$3.2 billion of assets under administration.

To compute the presence of unionized labour, we supplemented borrowers' survey responses with follow-up emails and research from public sources.

Case Study

Renewable Power Project: Sukunka and Zonnebeke Wind Projects

Stonebridge Financial is supporting renewable power generation through the financing of wind projects in British Columbia. The Sukunka and Zonnebeke Wind Energy Projects are Indigenous-led clean energy projects that were officially commissioned by BC Hydro in 2021. At the time of completion, these were the largest power projects owned by Indigenous communities in the province of British Columbia.

The Sukunka and Zonnebeke Wind Energy Projects were developed by Saulneau First Nation and West Moberly First Nation, respectively, in partnership with a Canadian-based renewable energy developer. Located within the Peace River Region, each project consists of 4 turbines with installed capacity of 15 MW (30 MW combined).

The projects created several local jobs during the construction phase, together with a number of permanent positions to maintain the operations and will contribute to the long-term revenues of these First Nation communities. In 2023, 88,044 MWh of energy was generated across both projects, resulting in an estimated 1,239 tCO₂e of avoided emissions.



Summary

ENERGY GENERATED IN 2023:

88,044 MWh

ESTIMATED AVOIDED GHG
(CO₂) EMISSIONS IN 2023:

1,239 tonnes

CONTRACT TO SUPPLY
CLEAN POWER:

40 Years



Outlook

This report is a first and important step in Stonebridge Financial’s approach to measure and monitor material ESG considerations across our investments. One outcome of this report is the opportunity to more clearly demonstrate the impact of our lending activities and enhance ongoing underwriting and monitoring processes.



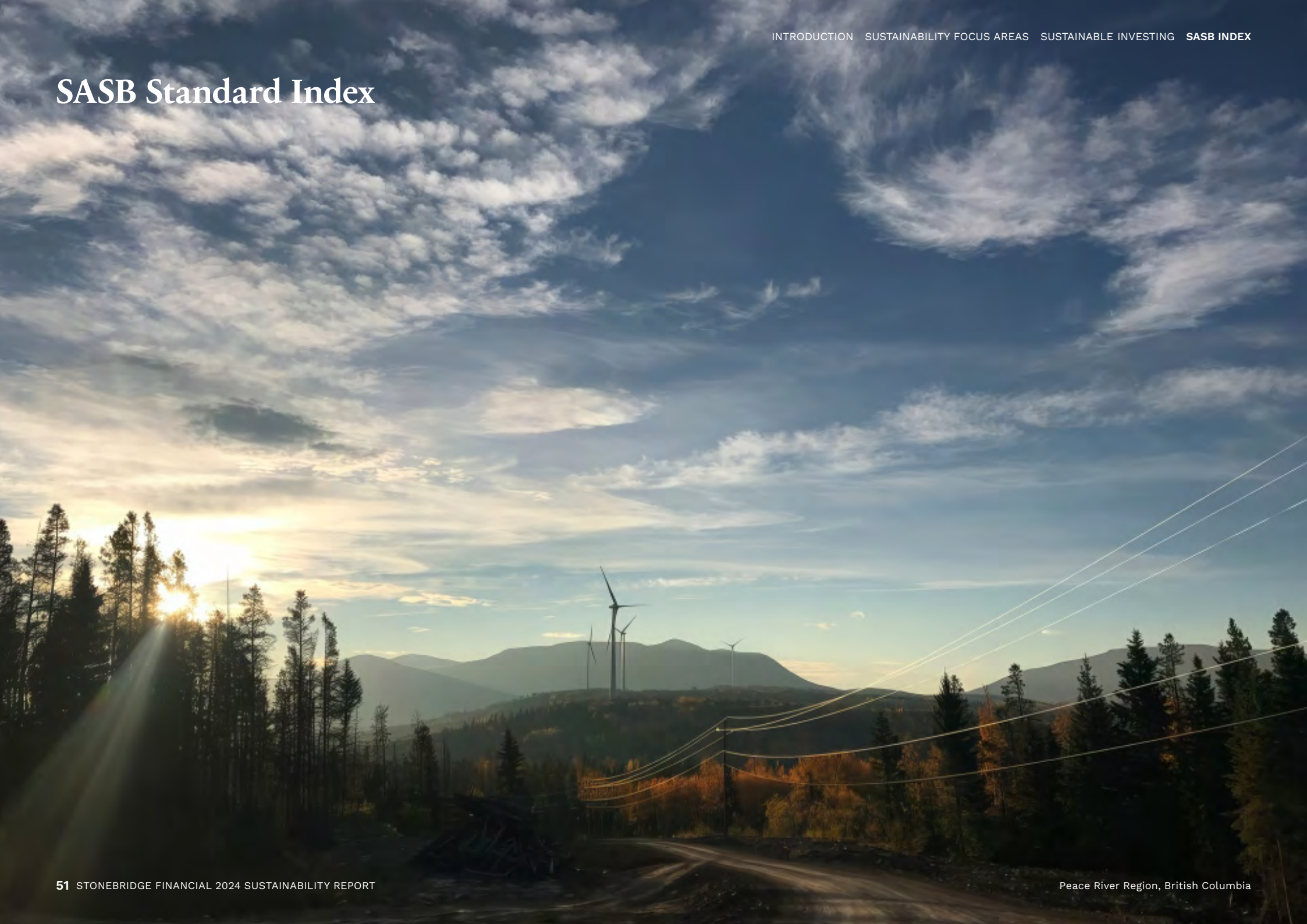
Looking ahead, we will further:

- Bolster employee engagement through surveys, training seminars, etc.
- Track employee volunteering and financial contributions to our local communities.
- Extend ESG training opportunities and build sustainability and climate-management capacity across the team.
- Enhance our existing ESG practices, policies, procedures and guidelines.
- Systematically evaluate how the projects we fund contribute directly or indirectly to the Sustainable Development Goals as a part of our investment process.

We remain committed to responsible investing and financing projects in Canadian social infrastructure and renewable energy. In the coming months, we expect to launch SIDF III, focused on investing primarily in Canadian social and renewable power infrastructure. Following the success of SIDF I and SIDF II, the SIDF III will target to lend 30% of the loans to support Indigenous-related projects.

We are excited about the future and the positive impacts we hope to make in the coming years. We welcome your feedback to this report. Please send any feedback you have to Info@Stonebridge.ca.

SASB Standard Index



Asset Management & Custody Activities

Topic	Metric	Unit	SASB Code	Disclosure / Location
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Number, Percentage (%)	FN-AC-270a.1	(1) Zero (2) 0%
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	Currency (CAD)	FN-AC-270a.2	Refer to the Risk Management section (p. 16)
	Description of approach to informing customers about products and services	N/A	FN-AC-270a.3	Refer to the Risk Management (p. 16), and Responsible Investment Governance (p. 39) sections
Employee Diversity & Inclusion	Percentage of gender and racial / ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Percentage (%)	FN-AC-330a.1	Refer to the People and Partners section (p. 24) Given our headcount (18), we have reported gender and racial / ethnic group representation across our entire workforce. Our 2023 and 2024 results are unchanged
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing and (3) screening	Currency (CAD)	FN-AC-410a.1	Refer to the Portfolio ESG Performance section (p. 42)
	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies	N/A	FN-AC-410a.2	Refer to the Sustainable Investing (p. 34), and Responsible Investment Governance (p. 39) sections
	Description of proxy voting and investee engagement policies and procedures	N/A	FN-AC-410a.3	Refer to the Sustainable Investing section (p. 34) Proxy voting is not applicable
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) scope 1, (2) scope 2 and (3) scope 3	Metric tonnes CO ₂ e	FN-AC-410b.1	Refer to the Climate Change section (p. 18)
	Total AUM included in the financed emissions disclosure	N/A	FN-AC-410b.2	\$682,919,923
	Percentage of total AUM included in the financed emissions calculation	Percentage (%)	FN-AC-410b.3	Refer to the Climate Change section (p. 18)
	Description of the methodology used to calculate financed emissions	N/A	FN-AC-410b.4	Refer to the Climate Change section (p. 18)

Glossary of Terms

Topic	Description
DEI	<p>Diversity, Equity and Inclusion (DEI) refer to the policies and practices that promote representation, fairness and respect within an organization or community.</p> <ul style="list-style-type: none"> • Diversity: The presence of individuals from different backgrounds, including but not limited to race, gender, age, ethnicity and disability • Equity: Ensuring fair treatment, access, opportunity and advancement for all individuals, addressing systemic barriers and inequalities • Inclusion: Creating an environment where all individuals feel valued, respected and able to fully participate in organizational processes and decision-making
Emissions intensity	<p>Tons of carbon dioxide equivalent (tCO₂e) per million dollar of invested capital (equity and debt) measures the GHG emissions intensity relative to capital deployed.</p>
ESG	<p>Environmental, Social, Governance (ESG) refers to three factors that can characterize aspects of how a company is applying sustainable business practices:</p> <ul style="list-style-type: none"> • Environmental focuses on how a company manages its impact on the planet, including issues like climate change, energy use and waste management • Social focuses on how a company manages relationships with employees, suppliers, customers and the communities in which it operates • Governance focuses on topics such as a company's board structure, executive compensation, ethics and transparency practices
Financed emissions	<p>Financed emissions refer to the greenhouse gas emissions associated with the financial activities of an organization, such as borrowing or raising equity. These emissions result from the activities financed by the institution, rather than from its own direct operations.</p>
PCAF	<p>The Partnership for Carbon Accounting Financials (PCAF) provides a global standard for measuring and disclosing greenhouse gas (GHG) emissions associated with loans and investments.</p>
SASB	<p>The Sustainability Accounting Standards Board (SASB) standards provide a set of guidelines for companies to disclose financially material sustainability information to investors. The standards are tailored by industry sector.</p>
Scope 1, 2, and 3 emissions	<p>Emissions refer to the release of greenhouse gases into the atmosphere. These gases, measured in carbon dioxide equivalents (CO₂e), contribute to man-made climate change and are categorized into three scopes based on their source and control:</p> <ul style="list-style-type: none"> • Scope 1: Direct emissions from owned or controlled sources • Scope 2: Indirect emissions from purchased electricity, steam, heating or cooling • Scope 3: All other indirect emissions from the value chain, including suppliers and product use

Glossary of Terms

Topic	Description
<p>SDGs</p>	<p>The Sustainable Development Goals (SDGs) are 17 global goals established by the United Nations for businesses to address urgent social, economic, and environmental challenges by 2030. SDGs referenced in Stonebridge Financial’s sustainability report include:</p> <ul style="list-style-type: none"> • UN SDG 3: Good Health and Well-Being – Aims to ensure healthy lives and promote well-being for all ages by reducing disease, improving healthcare access, and addressing mental health issues • UN SDG 7: Affordable and Clean Energy – Focuses on ensuring access to affordable, reliable, sustainable, and modern energy for all by increasing the share of renewable energy and improving energy efficiency • UN SDG 9: Industry, Innovation, and Infrastructure – Encourages resilient infrastructure, inclusive and sustainable industrialization, and innovation to drive economic growth and development • UN SDG 11: Sustainable Cities and Communities – Seeks to make cities and communities inclusive, safe, resilient, and sustainable by improving urban planning, housing, and access to public services • UN SDG 17: Partnerships for the Goals – Promotes global partnerships and collaboration to achieve the Sustainable Development Goals by enhancing financial, technological, and capacity-building support
<p>PRI</p>	<p>The United Nations Principles for Responsible Investment (UN PRI) is a global investor initiative promoting the incorporation of ESG factors into investment decision-making and ownership practices.</p>



Saint John, New Brunswick





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