



Environmental, Social and Governance ("ESG") Policy

JANUARY 2021

Introduction

At Letko, Brousseau & Associates Inc. ("LBA"), we manage our clients' money responsibly by investing in good companies, which we define as leaders in businesses that are relevant to the economy of the 21st century and which create value for all stakeholders. Our investment decisions are based on in-depth fundamental analysis, price sensitivity, a global perspective, a long-term investment horizon and an analysis of the environmental, social and governance ("ESG") issues.

LBA's approach to investing responsibly and integrating ESG considerations is guided by our mandate to deliver returns that will enable our clients to achieve their long-term investment objectives and our core values. We believe that companies with sound business practices, including strong corporate governance and responsible management of material environmental and social issues, have better success and deliver stronger financial performance over time. Conversely, companies that have poor environmental, social or corporate governance practices present risks and controversies that may hinder their financial performance. Our industry experts investigate these ESG risks and opportunities through our in-house research process, which is complemented by independent third-party research. Conclusions are integrated into the investment decision-making process. The timing of investments is subsequently made based on fair value, pricing and timing considerations.

Scope

This Policy applies to all accounts managed by LBA. Funds managed under segregated accounts may be subject to specific investment criteria tailored to clients' requests. Companies in segregated accounts are subject to the same selection process described below and must first be deemed as a suitable investment by the investment committee, which subsequently determines if they are also suitable for the segregated accounts, pursuant to their respective investment policies.

Governance of ESG

Oversight of ESG integration resides with LBA's management committee, and ultimately with its Board of Directors. Furthermore, the firm's investment committee, comprised of all our portfolio managers and investment analysts, is responsible for ensuring that every material ESG consideration is incorporated into the analysis and selection of each investment.

Conflicts of interest

We understand our fiduciary duties and responsibilities as stewards of our clients' funds. We endeavor to always act in our clients' best interests. Should a conflict of interest arise between LBA and a client, we shall promptly disclose such a conflict and act in the interest of the client or resign as the manager of the client's investments.





Furthermore, LBA has adopted a *Code of Ethics and Standards* which stipulate the rules of conduct by which it abides and serve to address issues where conflicts of interest may arise, such as the use of confidential information or material non-public information, personal trading activity, gifts and entertainment, and outside business activities. All employees must certify in writing their understanding and compliance with LBA's policies and *Code of Ethics and Standards* on an annual basis. In addition, LBA employees are expected to abide by the Code of Ethics and the Standards of Professional Conduct of the CFA Institute.

ESG integration

As part of its investment process, the investment committee meets weekly to review and approve investment ideas and construct the overall investment strategy. Discussions are intended to determine additions to and removal from the model portfolios and the weights of each holding. New ideas must be supported by a thoroughly researched investment thesis that will be maintained up-to-date for all current positions. Specialization by global industry sector facilitates our industry experts' understanding of the business models, economic context, issues and trends that are most material to each sector within an international framework.

Our ESG research process is seamlessly integrated in our fundamental approach. Each investment professional is responsible for investigating material environmental, social and governance risks and opportunities facing companies in their coverage universe, and includes such issues in the investment thesis presented to the investment committee. In addition, to ensure that all key ESG issues and controversies are captured, a dedicated investment professional ("ESG Lead") conducts an independent verification by reviewing third-party ESG research and ensures that every important point is discussed and understood by the investment committee. The ESG Lead also conducts an annual review of all investee companies.

Notwithstanding the above, LBA has identified specific industries that it chooses not to be exposed to or profit from, which can be characterized as presenting abnormal risks or benefitting some stakeholders at the expense of others. Accordingly, its global investment universe has been adjusted to exclude tobacco, gaming and thermal coal mining companies.

Letko Brosseau ESG Balanced Fund

The LBA ESG Balanced Fund has been specifically earmarked as a responsible investment product and adheres to a more restrictive investment policy, which precludes investments in companies for which ESG information is deemed insufficient, and further applies most commonly requested ESG filters. This Fund also follows specific proxy voting guidelines.

Companies in this Fund are subject to the same selection process described above and must first be deemed as suitable investments by the investment committee, which subsequently determines if they are suitable for the LBA ESG Balanced Fund as well, pursuant to its specific investment policy. The investment committee has discretion to override specific ESG criteria depending on context. Such decisions are documented and reported to clients of this Fund as described in the Fund's Statement of Investment Policy and Guidelines.





Proxy voting

We believe proxy voting is one of the most important rights of shareholders and we consider it our responsibility to exercise this right to promote strong corporate governance and sound business practices. We undertake this duty with the utmost diligence to ensure that proxies are voted and that the decisions taken represent shareholders' long-term interests.

Our investment professionals make all final voting decisions for the companies under their coverage in accordance with our *Proxy Voting Policy*, following a thorough review of proxy materials and insight from independent third-party service providers. For the LBA ESG Balanced Fund, the ESG Lead conducts a further review to ensure the proxies are voted in accordance with the Fund's own proxy voting policy.

LBA maintains written records of all its proxy votes. In addition, any vote contrary to the management's recommendation requires written justification. Before voting contrary to the management's recommendation, we often engage with the company to express our point of view on issues of concern and inform of our voting intentions.

LBA's proxy voting guidelines are available upon request. Proxy voting activity reports are provided to clients upon request.

Engagement

We consider ourselves to be long-term partners of our investee companies and, over the years, LBA has developed a very strong culture of engagement. Transparent and candid discussions with company management teams on all relevant issues, including ESG, are consistent with our investment philosophy and essential to our in-depth research process. Investment professionals are directly responsible for conducting and tracking engagement activities. We maintain an ongoing dialogue with management and occasionally engage directly with board members, which enables us to address issues as they arise. If dialogue fails, escalation measures include reflecting our concerns through proxy voting, as well as gradual and orderly divestment. In very rare instances, we may consider legal action if we believe our clients have been, or may be, wronged.

Collaborative engagement

In general, LBA does not actively seek opportunities to engage collaboratively with companies or policy-makers and regulators. From time to time, however, we will take part in collaborative engagement actions if we believe it is appropriate and relevant to our clients' best interests, in which case we may decide to take a proactive role.

Reporting

LBA reports to its clients on its investment activities and performance on a regular basis. Such reports may include information on our ESG integration practices. We also provide our proxy voting activity reports to clients upon request.

