Doing good while doing well...

ESG Highlights Report

December, 2022

LetkoBrosseau

Gestion de placements globale   Global Investment Management

LetkoBrosseau
Gestion de placements globale Global Investment Management

Table of contents

Introduction

Founded in 1987, **Letko Brosseau & Associates** is one of Canada's largest independent investment managers.

The firm manages CA$16.3 billion as of December 31, 2022, on behalf of institutions and private clients.

We offer several broad investment strategies including:

- Global Balanced,
- Global Equity,
- Canadian Equity,
- EAFE (Europe, Australasia and the Far East) Equity,
- Emerging Markets Equity,
- China Equity,
- ESG Fossil Fuel Free Equity,
- Infrastructure Equity,
- ESG Canadian Equity Plus Income,
- Fixed Income;

We believe we can add value through our disciplined investment process.

Investment Approach

Strategy

Our portfolios are managed using a rigorous knowledge-based fundamental approach. We invest solely in public companies with favourable growth prospects trading at reasonable prices.
We are patient shareholders, true to our belief that value is created over time. We also believe that it is possible to do well while doing good and that companies with sound ESG practices will perform better in the long run.

Investment Management Team

Our assets are managed by a dedicated team of research professionals specialized by industry.
Our investment team includes 23 investment professionals (investment analysts, portfolio managers and senior portfolio managers) with diverse educational and cultural backgrounds. Collectively, the team members speak 13 different languages and one-third were born and raised in Emerging Markets. We generally hire academically gifted people from various disciplines, such as engineering and science. We believe this has cultivated deep international sector knowledge thus, greatly enriching our team's global investment scope.

Research Process

ESG integration

At Letko Brosseau, fundamental, in-house research drives all investment decisions. This work combines a macro-economic approach with thoughtful analysis of trends in major industry groups and detailed evaluation of companies. The investment team gives careful attention to the price paid for all investments, both on an absolute basis and relative to other opportunities.

The scope of our work is global. Our team seeks and evaluates attractive industries and companies around the world and measures them against their international competitors. This global perspective provides valuable insight into industry trends and company dynamics.

We believe in investing in publicly traded securities that provide the benefits of liquidity, low cost, full transparency, and good governance. Environmental, social and governance (ESG) issues are fully integrated in our investment process.

How are ESG considerations integrated into our investment research process?

Since the beginning, we have been committed to putting ESG considerations at the forefront of our investment research and seamlessly integrating them into our fundamental research process. The process includes ongoing engagement with companies concerning a broad range of topics, including ESG risks and opportunities. 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, we believe companies that have poor environmental, social or corporate governance practices present risks and controversies that may hinder their financial performance.

Our approach to ESG integration is unique in that we do not layer on ESG analysis after the company or industry research is complete. In fact, each of our research analysts has ESG responsibilities within their coverage areas on an ongoing basis. To encourage and assure that our team is fully capable of this, each analyst is required to earn their FSA (Fundamentals of Sustainability Accounting) Credential.

Our framework for ESG research and integration is based on the Sustainability Accounting Standards Board's (SASB) Materiality Map, which identifies a set of sustainability issues most likely to impact the operating performance or financial conditions of a typical company in an industry, regardless of geography. We also review the 77 industry reports prepared by SASB which identify material ESG issues by industry.

Once extensive research of a company is complete, our analysts write a detailed thesis outlining the company's growth potential, including ESG risks and opportunities, and present it to the entire investment team for peer review. Meanwhile, our ESG Lead conducts his own independent review of the material ESG issues facing the company using Sustainalytics and Glass Lewis (external service providers who support and complement our ESG analysis and proxy voting efforts). When the analyst is presenting their thesis to the investment team, our ESG Lead facilitates a group discussion of material ESG issues from his research with the goal of cross-checking and leveraging the entire team's knowledge and expertise.

If the final decision is to include the company in our portfolio(s), ongoing monitoring, including semi-annual ESG screening by Sustainalytics, is performed. Additionally, each analyst regularly engages with the companies under their coverage, for all matters pertinent to the investment, ESG or otherwise. The analyst continually evaluate the risks and opportunities related to ESG in their industries, subindustries and for each company being assessed.

We apply the same ESG framework and process to both equities and corporate bonds. Our ESG and fossil fuel free investment options use the same fundamental investment process for ESG analysis, with additional ESG filters to screen across the investable universe.

Proxy Voting

Our investment professionals make all voting decisions for the companies under their coverage in accordance with our Proxy Voting Policy, "Proxy voting Guidelines and Corporate Governance Principles", following a thorough review of proxy materials and insight from Glass Lewis, a leading independent provider of global governance services. All proxy voting decisions are reviewed by our ESG Lead.

In addition, any proxy vote contrary to the management's recommendation requires written justification. Before voting contrary to the management's recommendation, we will often engage with the company to express our point of view on issues of concern and inform of our voting intentions. Proxy voting activity reports are provided to clients upon request.

1 We have obtained a license that allows us to apply the SASB (Sustainability Accounting Standards Board) Materiality Map®, its information topics and measures

Exclusion Criteria

Generally, rather than relying on exclusionary screens, we prefer to actively engage with companies. We believe that you are more likely to effect change if you have a seat at the table. Our process does not assign a specific weight to ESG factors. Rather, we view ESG as a specific set of risks, not unlike the many other risks a company faces, such as competition, geopolitics, economic, or supply chain-related risks. Where we do feel global investment exclusion is necessary are in the areas of tobacco, mining of thermal coal, and gambling.

A buying decision is based on many factors, including a complete analysis of the competitive environment, financial information, market valuation and the investment's sustainability. Thus, ESG attributes alone would not entice us to buy a security. Meanwhile, depending on the materiality of the factor, it can justify a decision to pass on an investment opportunity or lead to the complete divestment of a position in a company.

We have "passed" on companies for ESG reasons, notably Exxon Mobil. From time to time, we have sold holdings because of a company's demonstrated inability to effectively manage ESG risks, such as Norilsk Nickel.

Firm Activity

Climate Change Committee

The Climate Change Committee is responsible for monitoring the natural, economic, technological, and political trends and consequences related to Climate Change. In doing so, the Committee is able to assess both threats to Letko Brosseau's current portfolio, as well as investment opportunities related to Climate Change and the Energy Transition. Evaluations may involve detailed reviews of scientific literature, the study of potential new technologies, reviews of fossil fuel substitutes, as well as reviews of pertinent regulations and government policies. The findings are integrated into the investment process.

FSA Credential

19 members of our investment team (83% of the team) have each earned the FSA (Fundamentals of Sustainability Accounting) Credential.

Published Research Report

In the spring of 2021, we published a report speaking to oil demand in the face of climate change, growth in electric vehicles and the future for oil equities. "The climate is changing. Electric vehicles are coming. Should we still invest in oil?" provides an in-depth look at the challenges we face in weaning off fossil fuels.

ESG Committee

We formed our ESG committee in 2021 as a platform to discuss all ESG risks and opportunities, both concerning our investment approach and internally as a firm. The committee includes members of our investment team and members of our investment services team who specialize in ESG research.

ESG Engagement Policy

In addition to our existing ESG policy, we recently implemented a formal ESG engagement policy and framework, found here. This policy adds structure and rigour to the firm's investment research process. This framework integrates the SASB standards and materiality map.

ESG Engagement Database

We improved our ESG engagement database which monitors, documents and tracks company engagements. This database now allows for better internal tracking of company engagements and key ESG metrics across our portfolios, including the SASB accounting metrics.

Proxy Voting Guidelines

Our Proxy Voting Policy has been updated and expanded, please find the policy here.

We are supporters of the following organizations

Signatory of:

Letko Brosseau is a signatory of the United Nations-supported Principles for Responsible Investment (PRI) since April 2019.

We are a member of and are actively involved with the Canadian Coalition for Good Governance (CCGG)[1]. Peter Letko has been a Director of the Board since June 2019, and Vice-Chair of the Public Policy Committee since July 2020. Through Peter's role on this committee, we recently reviewed CCGG's submission to the CSA (Canadian Securities Administrators) concerning Disclosure of Climate-related Matters. Also, through CCGG's corporate engagement program, we have participated in meetings with boards in Canada.

Letko Brosseau is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) since March 2021. The Financial Stability Board (FSB) created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks related to climate change[2].

1. CCGG. https://ccgg.ca/
2. Task Force on Climate related Financial Disclosures. https://www.fsb-tcfd.org/about/

Spotlight on Governance

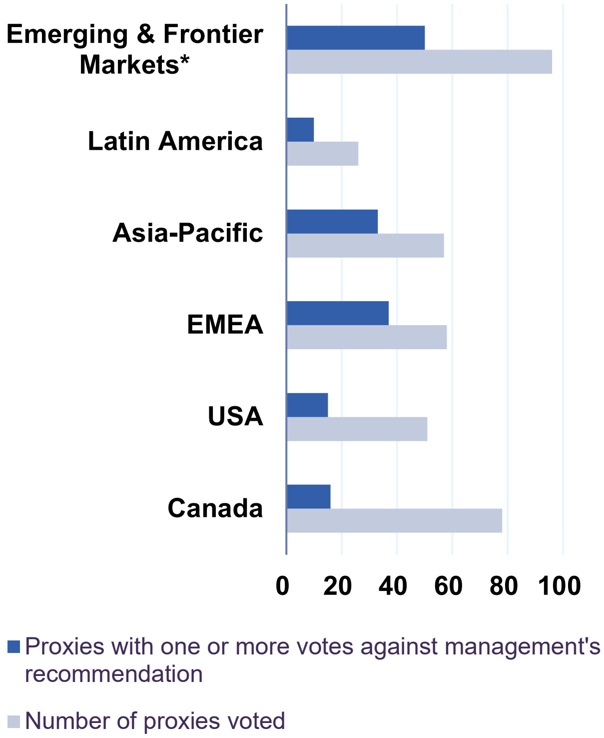
2021

Resolutions

471	**Number of resolutions where we voted against recommendation of management**
1,892	Number of resolutions for election of directors
311	Number of resolutions for election of directors that we did not support
133	Other resolutions where we voted against recommendation of management
91	Shareholder Proposals Voted
27	Voted For Shareholder Proposals

270
proxies voted

3,361
resolutions



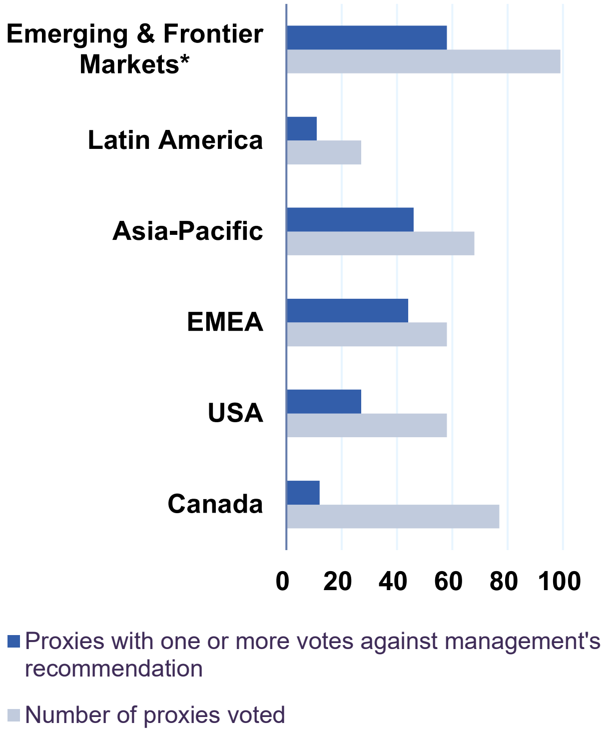
2022

Resolutions

570	**Number of resolutions where we voted against recommendation of management**
1,770	Number of resolutions for election of directors
332	Number of resolutions for election of directors that we did not support
188	Other resolutions where we voted against recommendation of management
162	Shareholder Proposals Voted
50	Voted For Shareholder Proposals

288
proxies voted

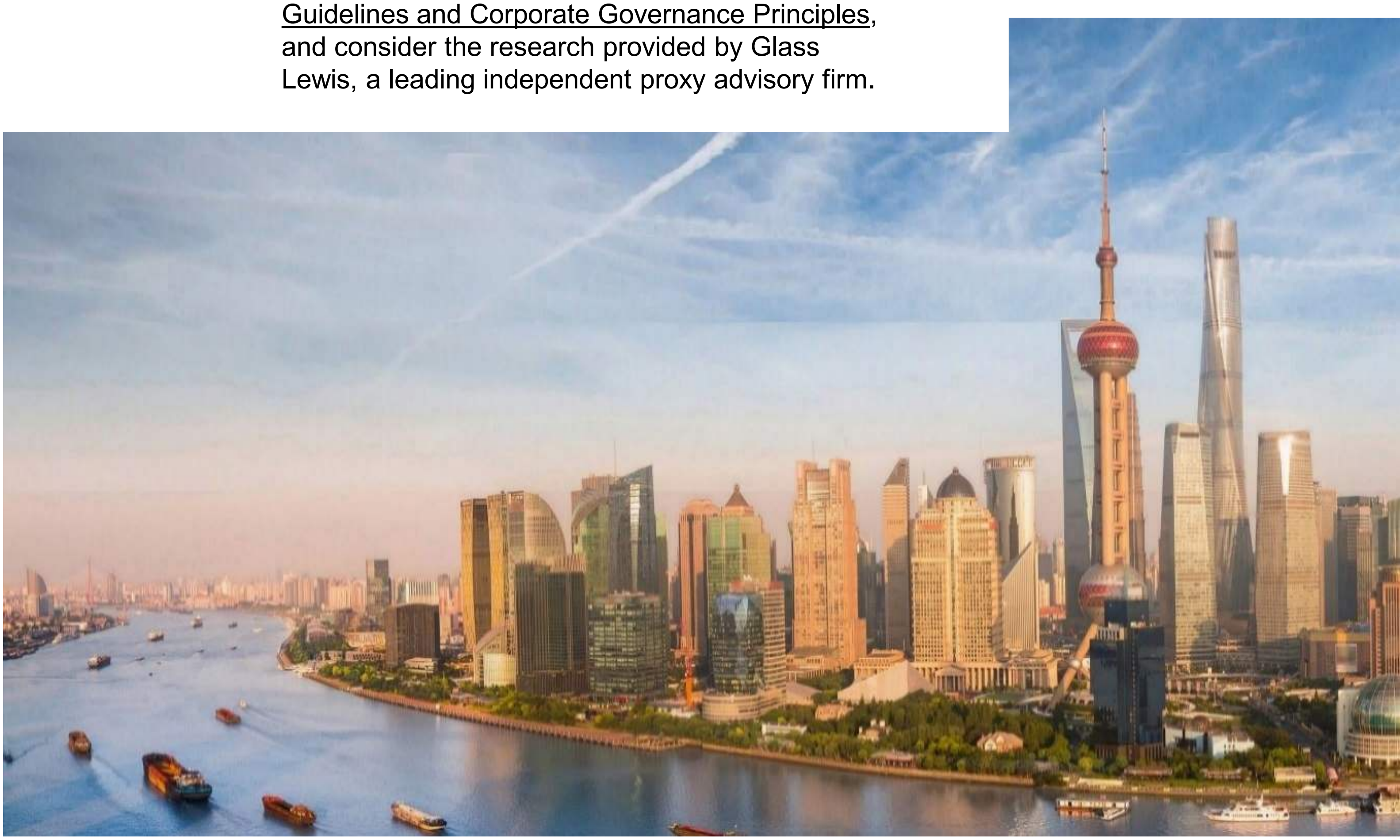
3,429
resolutions



** Emerging & Frontier Markets included in appropriate geographies*

Spotlight on Governance in Emerging Markets

- A particular area of focus in **Emerging Markets** is good governance. Voting rights are one of the most important rights inherent to shareholding. Letko Brosseau undertakes this duty with the utmost diligence to ensure that proxies are voted and that the decisions taken represent shareholders' long-term interests.
- We vote all our proxies ourselves following in-depth reviews of all proxy materials. Our votes reflect the guidelines described in our Proxy Voting Guidelines and Corporate Governance Principles, and consider the research provided by Glass Lewis, a leading independent proxy advisory firm.



Firm Level Engagement Themes

Our **ESG approach** considers engagement in both the narrow and broad views, ensuring that we are able to understand the challenges and opportunities these issues might have, not only on individual businesses and industries, but more broadly speaking on the portfolios we manage.

Our definition of engagement includes not only direct communication with the companies and their representatives but all forms of communication that allow us to garner additional insight and draw conclusions related to how the ESG factors under consideration may impact the investments and portfolio.

We frequently engage with portfolio companies and prospective investments on ESG-related issues.

ESG Themes

The following ESG themes represent what we believe to be the most important topics across the ESG spectrum due to perceived risk or opportunity over our investment horizon. Each theme can incorporate any or all aspects of environmental, social and governance concerns. A combination of factors is used for their determination:

Bottom-up analysis – This includes ESG risks and opportunities we see from our company and sector analysis. These factors are determined by our investment team members. Each theme should align with one or more relevant dimensions of the Sustainability Accounting Standards Board (SASB) Materiality Map.

Top-down guidance – These factors include Letko Brosseau's ESG principles, guidance from reputable organizations, such as the Canadian Coalition for Good Governance (CCGG), the Task Force on Climate-related Financial Disclosures (TCFD), Principles for Responsible Investing (PRI), and the SASB, as well as influence from the United Nations Sustainable Development Goals (UN SDGs).

ESG Themes

Energy Transition

Supporting strategies for a transition towards a lower carbon world and understanding how companies intend to succeed efficiently and sustainably.

Topic Examples:

- Climate Change
- Electric Vehicles
- Carbon Capture and Sequestration
- Carbon taxes and trading
- Renewable Energy
- Greenhouse Gas (GHG) Emissions
- Energy Management Systems
- Transition technologies
    - Required Resources

Recognition of Climate Change as a significant global threat is growing. Governments, scientists, corporations, and the general populace are pressing for a shift towards a lower-carbon world. This pressure is driving changes across industries, policy, and consumer behavior.

The Energy Transition theme includes a thorough analysis of climate change and the impact of global physical changes. It also includes ways that companies and governments are working to reduce emissions through new or alternative processes and technologies, and the impact of government policy put in place to accelerate this transition. It also covers an outlook on the energy framework that is required to replace fossil fuels as a primary energy source, and the associated industries, technologies, and raw material requirements.

ESG Themes

Sustainable Living

Encouraging healthy economic activity, which includes improving the quality of life for people across the globe, while integrating sustainability solutions, improved labour practices, and minimizing environmental impacts.

Topic Examples:

- Environmental impact and protection
  - Water, Air, Land
- Water and food sustainability
- Proper waste and hazardous materials management, waste reduction
- Employee health and safety
- Sustainable labour practices
- Supply chain risk management

This theme addresses the challenge of balancing continued healthy economic activity, including improving the quality of life for people across the globe, with sustainability and ecosystem conservation. Humanity already puts considerable pressure on the Earth's resources and ecosystems and, with an increasing global population, continued growth in developing countries, and high resource intensity of developed nations, it means a focus on sustainability is vital. Government policies and investor engagement are putting pressure on corporations to do better.

There is a continued push towards clean water and air, waste reduction, conservation of resources, and protection of forests and other fragile ecosystems. Proposed solutions include increased recycling, development of a circular economy, improving resource efficiency, and construction of green infrastructure. This must all be accomplished while providing quality education, jobs, healthcare, and security of food supply.

ESG Themes

Diversity and Equality

Promoting diversity and equality of people at all levels within an organization. Urging companies to maintain strong social licenses to operate by ensuring respect for communities, human rights, and land rights.

Topic Examples:

- Human rights and community relations
- Employee engagement, diversity and inclusion
- Equitable pay
- Indigenous lands and rights
- Diversity at the board, management and employee levels

This theme focuses on the importance of diversity and equality of people, thought, perspectives and experience, both inside and outside the organization. There is a growing body of evidence showing that increasing the gender, ethnic and cultural diversity of an organization, particularly at the executive level, leads to improved financial performance[1].

In addition, companies need to maintain a strong social license to operate by ensuring respect for communities, human rights, and land rights to build sustainable operations.

1. Hunt, Vivian., et al. *Diversity Wins: How Inclusion Matters*. McKinsey & Company, Mai 2020, How diversity, equity, and inclusion (DE&I) matter | McKinsey.

ESG Themes

Responsible Innovation

Encouraging innovation while limiting adverse effects to society, safety, and the environment. Understanding the full life cycle of new products and technologies to limit environmental damage and negative impact to communities.

Topic Examples:

- Artificial Intelligence
- Privacy
- Data collection and accessibility
- Autonomous vehicles
- Product life cycle and long-term impact
    - EVs, batteries
- New forms of currency

As companies continue to innovate, we want to ensure that they are doing so in a responsible way, limiting the adverse effects on society, safety, and the environment.

This is especially important in areas such as information technology, where innovation can sometimes be too fast for regulation to keep pace, or society to understand the long-term impacts.
In addition, the importance of understanding the full life cycle of a new product can help limit environmental damage.

ESG Themes

Principled Governance

Ensuring that all proxy vote decisions taken represent the long-term interests of shareholders. Engage with management as well as the board of directors and challenge them when we believe their governance structure or actions are not in the long-term interest of all shareholders.

Topic Examples:

- Business Ethics
- Management of the legal and regulatory environment
- Critical incident risk management
- Systemic risk management
- Competitive behavior
- Executive compensation
- Addressing corruption

Strong governance is something that Letko Brosseau has always supported. We believe the voting right is one of the most important rights inherent to shareholding. We take very seriously our responsibility of ensuring that proxies received are voted and that the decisions taken represent the long-term interests of shareholders.

In general, we promote equal treatment of all shareholders and vote against restricting the composition or conduct of the board of directors. We also seek to ensure that executive compensation and option plans are fair, reasonable, and do not result in excessive shareholder dilution.

Engagement with company management and the board of directors is a key part of our investment approach, and we will challenge them when we believe their actions are not in the best interest of shareholders.

Our efforts are ongoing

Public Policy Engagement: Invest in Canada

In March 2022, Letko Brosseau began a very important public policy engagement campaign concerning a worrying trend towards less investment in Canadian public companies by domestic pension funds. In the last two decades, Canada's pension plans have collectively reduced their allocation to Canadian publicly traded equities from 80% in 1990 to barely 10% in 2020[1]. We believe this development is not healthy for Canada's economic well-being and we are pleased to have found support for this view in several quarters, including from one of Canada's leading chartered banks.

We believe this is an important issue for all Canadians and will continue to publicly share our view and progress. For more information, please read our research paper and our presentation here.

Portfolio Carbon Measurement

We subscribe to Sustainalytics' database of climate data from over 16,000 companies. This facilitates our evaluation of performance toward reduction of greenhouse gas (GHG) emissions across industries and over time. Recently, we introduced portfolio carbon reporting for client portfolios.

Net-Zero Research Series

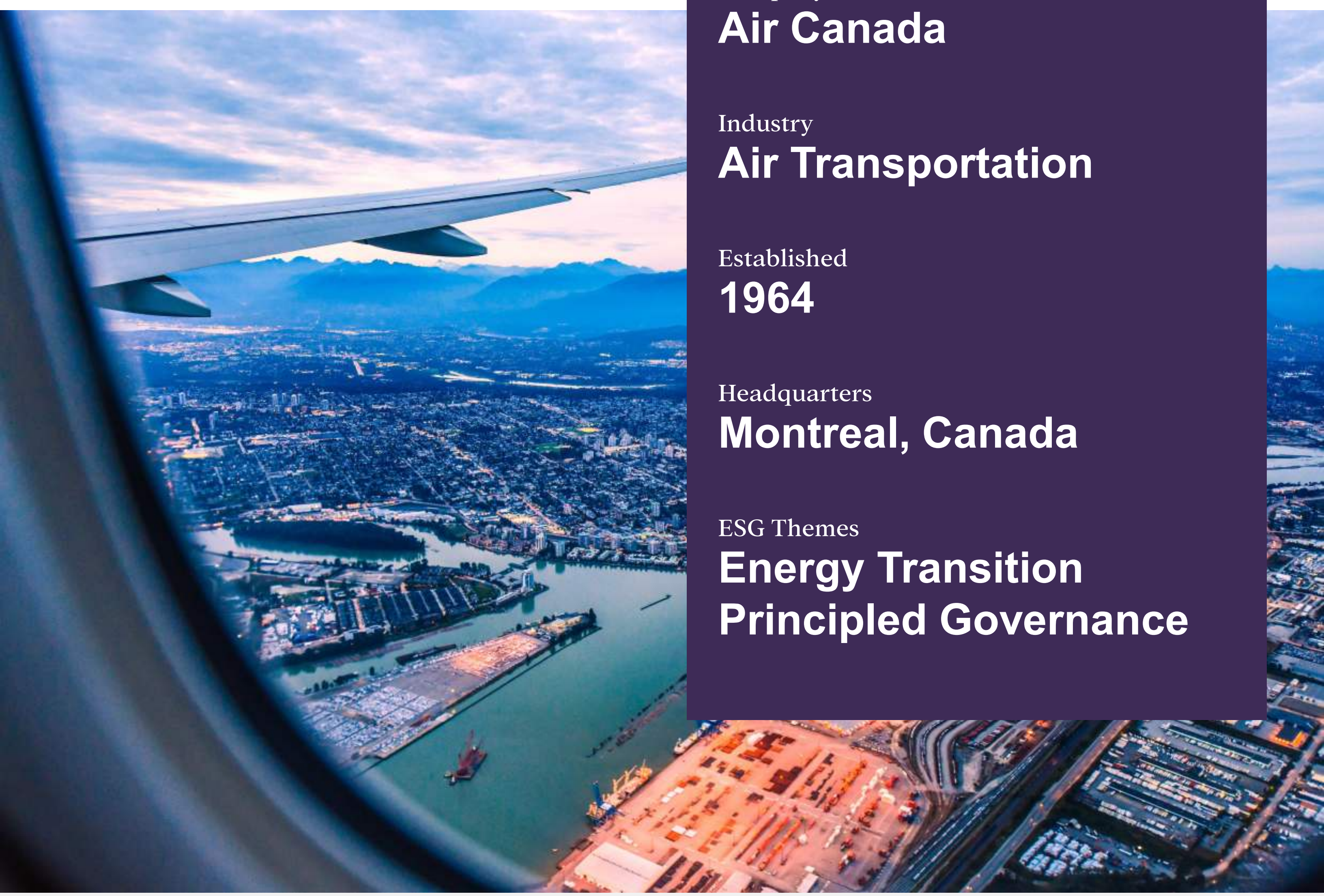
Our Climate Change Committee is focusing its research on understanding the concept of Net-Zero emissions. The research will examine the scientific evidence of climate change, the sources of emissions, take a deeper dive into the industries affected, the concept of net-zero, and the possible solutions going forward. As a research-based firm, we thought it was worthwhile to start from the beginning, with an introduction to the science behind climate change. Our first report can be found here, Net-Zero Research Series Part 1: Understanding the Science. A series of reports will follow.

1. Pension Investment Association of Canada. (n.d.) *Pension investment association of Canada*. PIAC 2022. http://piacweb.org/

Air Canada

Canadian Equities

Air Canada is Canada's largest airline with revenues of $16.6 billion in 2022. Although the Global Pandemic reduced air travel significantly, Air Canada still managed to carry 13 million passengers while operating 448 daily flights to 154 direct destinations on six continents in 2021. Its membership in Star Alliance expands its reach to 1,317 destinations in 193 countries.



Company Name
Air Canada

Industry
Air Transportation

Established
1964

Headquarters
Montreal, Canada

ESG Themes
Energy Transition
Principled Governance

Our Engagement

Letko Brosseau has been a shareholder of Air Canada since 2009. Such a long history enables an in-depth understanding of the business, as well as a strong relationship with the management team and some members of the board.

Our engagements with the company date back to the start of our investment and have covered a variety of topics.

In 2020, we reached out to Air Canada to encourage greater disclosure of greenhouse gas (GHG) emissions. At the time, Air Canada had aligned itself with the industry's goal of reducing emissions to 50% below 2005 levels by 2050. How this was to be achieved had not been communicated. A concrete carbon reduction plan needed to be developed and shared with the public as soon as possible.

New fleet will enable:

- **20% less consumption per seat**
- **20% less CO_2 emissions**
- **50% less Nitrogen oxide emissions**

ESG Risks

1. Energy Transition

a) Reducing GHG emissions

GHG emissions are the biggest ESG-related risk for Air Canada.

In early 2021, ambitious carbon reduction targets were laid out (net-zero by 2050) along with more disclosure as to how shorter-term targets would be achieved. In the near term, Air Canada will be replacing older aircraft with a more modern and energy efficient fleet (including 787, 737 MAX and A220). These aircraft are expected to consume 20% less fuel per seat, emit approximately 20% less CO_2 and 50% less Nitrogen oxide than those they are replacing.

In the longer-term, Air Canada will remain actively involved in supporting the development of sustainable aviation fuels and zero emission aircraft (potentially hydrogen or electric), both of which will be critical to achieving its net-zero ambitions. They also plan to integrate climate factors in route and fleet planning by adding the A321XLR to the fleet, where fuel efficiency per seat is key in its evaluation. In terms of route planning, Air Canada typically plans for the most fuel-efficient route within all the technical, operational, and logistical constraints. Additionally, Air Canada will phase out carbon-intensive ground equipment, further advance electric vehicles and seek other electrification opportunities.

b) Critical Incident Risk Management: Labour relations

Letko Brosseau became a shareholder of Air Canada in 2009, during a time when market conditions were very challenging. At the time, the employees' union supported a plan to go on strike. The Head of the Union was contacted to seek out a win-win solution, such as a long-term agreement to ensure the stability and sustainability of employee compensation. A 10-year agreement was eventually reached between Air Canada and the Union.

2. Principled Governance

a) Executive Compensation

In early 2021, we engaged with the Board of Directors concerning bonuses paid to executives following challenging results due to the pandemic.

As it turned out, the bonus payout was spread across a much wider base of employees including top executives and 900 managers from different business units. The Board put in efforts into attracting and retaining key talent for the long-term prospects of the company.

Furthermore, we believe that the Board should review and update the financial metrics being used for long-term executive compensation. Indeed, better metrics could encompass not only profitability, but also leverage. Inclusion of per-share based financial metrics to account for the dilution effects from equity financing was also recommended.

We believe these metrics will improve the alignment of executive compensation with long-term shareholder interests.

Canfor Corporation

Canadian Equities

Canfor is a Canadian integrated forest products company based in Vancouver, British Columbia, involved primarily in the lumber business. The company has operations in British Columbia, Alberta, North and South Carolina, Alabama, Georgia, Mississippi, Arkansas and Sweden (VIDA). It produces commodity lumber, as well as specialty and high-value products.

Canfor owns a 54.8% interest in Canfor Pulp Products Inc., one of the largest producers of market Northern bleached softwood kraft pulp (NBSK) and a producer of kraft paper.

Canfor's geographic sales distribution includes 55% in the U.S., 18% in Asia, 9% in Canada and 18% in Europe. It is one of the largest producers of lumber in North America, with well-invested sawmills, a growing presence in the US South, and close access to the end-market and low-cost fiber.

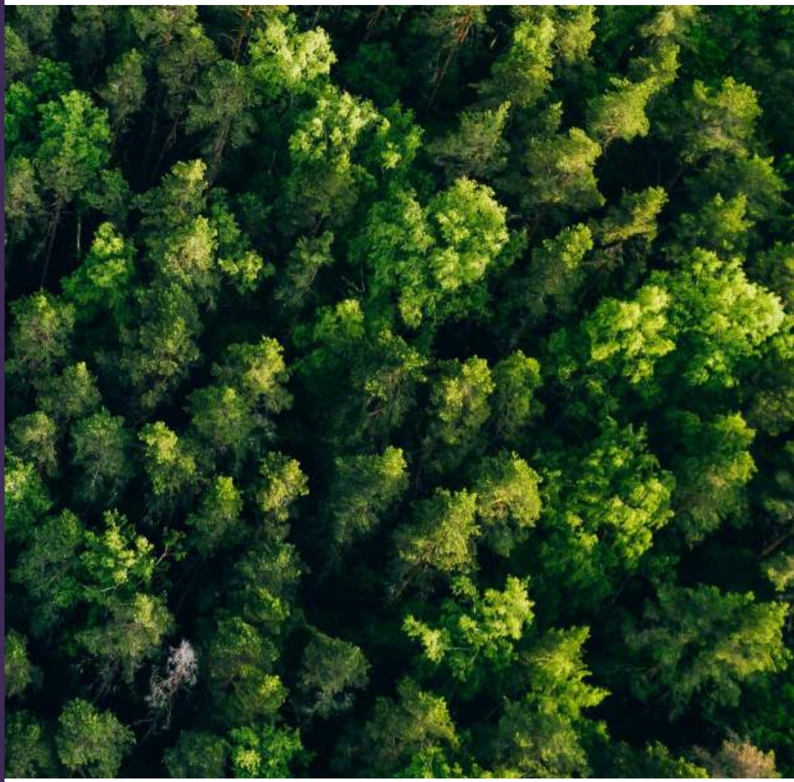
Company Name
Canfor Corporation

Industry
Agriculture and Forestry

Founded
1938

Headquarters
Vancouver, British Columbia

ESG Themes
Sustainable Living
Diversity and Equality

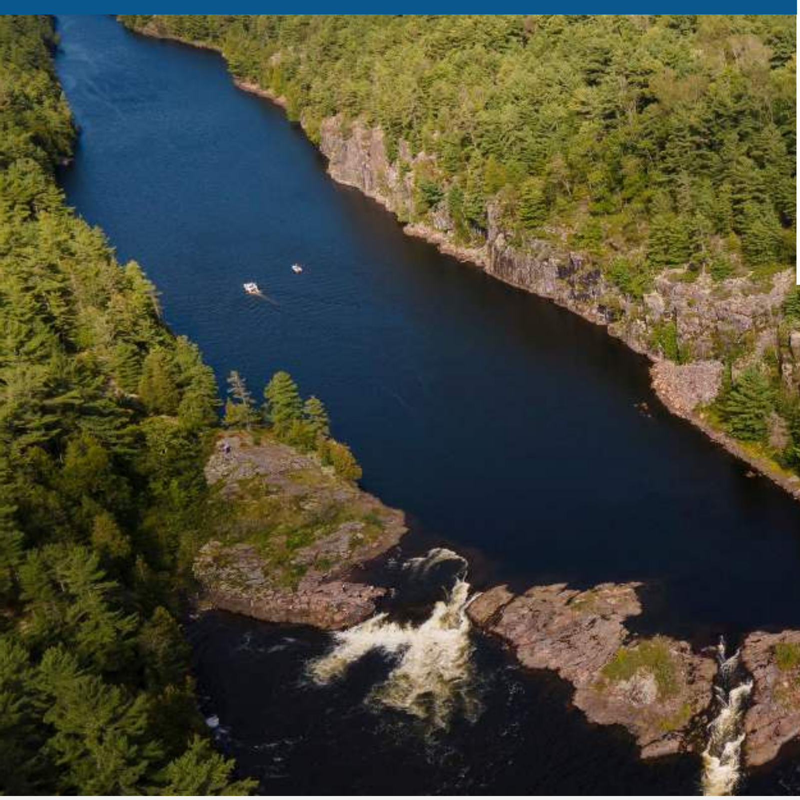


Our Engagement

Letko Brosseau engages with Canfor on a quarterly basis about many ESG topics, including the provincial policy on forestry management in BC, the company's harvesting practice, the relationship with Indigenous communities and new initiatives/products the company developed in response to increasing demand for bio-based products such as biofuel, biochemicals and mass timber.

In October 2021, the company released its new sustainability goals with specific targets aiming to mitigate these ESG issues.

Wood plays a vital role in mitigating climate change, both for carbon capture and carbon storage.



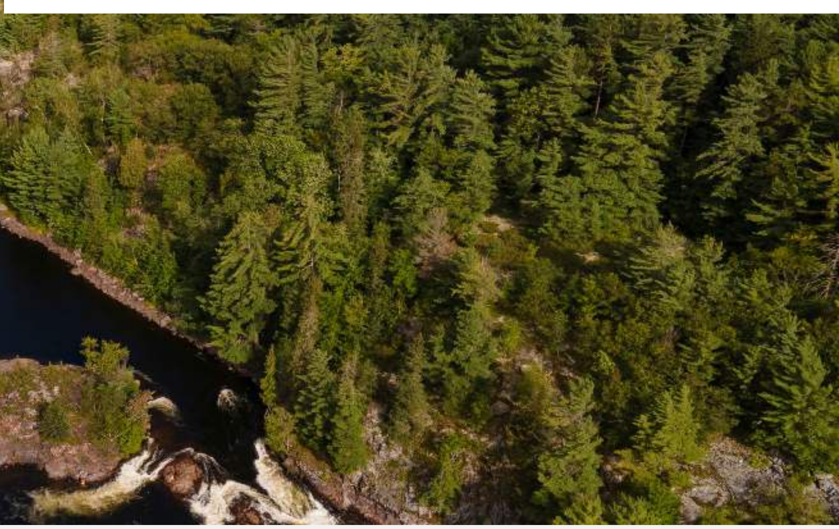
ESG Risks

1) Sustainable Living

a) Sustainable forestry management

Wood plays a vital role in mitigating climate change, both for carbon capture and carbon storage. It is therefore essential to manage forestry resources in a sustainable way. Canfor mitigates this risk by following these guidelines:

- Maintain 100% certification to SFI® (Sustainable Forestry Initiative) or FSC® (Forest Stewardship Council) forest management standards for all Canfor managed forests.
- Enhance the climate change resilience and future productivity of its forests by implementing credible science-based sustainable forest management practices.
- Achieve 100% certification to the SFI Fibre Sourcing Standard for all sourced timber in the U.S.
- Support U.S. land and woodlot owners to achieve 50% of SFI forest management or American Tree Farm System® certification by 2030.
- Maintain biodiversity and habitat for wildlife by employing ecosystem-based management and collaborative partnerships, with special consideration for species at risk.
- Conserve water quality and fish habitat by implementing best management practices to minimize erosion and sedimentation.



b) Sustainable Sourcing

The goal is to find innovative ways to create wood products that are a lower-carbon alternative to building materials such as cement and steel. Wood products are also the most sustainable building material. Compared to concrete, wood requires 44% less energy to produce, emits 45% less CO_2 and leads to 40-50% less waste, air pollutants and wastewater generation. The following are steps to mitigate this risk.

- **Climate Change:** In 2022, Canfor developed near-term science-based targets that include reducing carbon emissions (scope 1 and 2) by 42% by 2030 compared to a base year of 2020. Canfor will set scope 3 emission reduction targets by 2023.
- **Biofuel business:** Australia's Licella Fibre Fuels Pty Ltd. announced a new joint venture with Canfor and Royal Dutch Shell called Arbios Biotech. This joint venture will use wood waste to produce 'biocrude' at one of its pulp and paper mills in Prince George, BC. The plant will use first-of-a-kind technology to convert sawmill residues, primarily bark, into high value renewable biocrude which can be further processed in refineries to produce low-carbon transportation fuels. Arbios plans to start with one processing line that will convert 25,000 dry tonnes of wood residue to 50,000 barrels of sustainable bio-oil per year (a direct substitute for fossil crude). Production is planned for the first half of 2023.

Wood, compared to concrete, requires:

- **44% less energy to produce**
- **Emits 45% less CO_2**
- **Leads to 40-50% less waste**

2) Diversity and Equality

a) Inclusion and diversity, and community relationship:

Many lumber producers operate in remote and environmentally-sensitive locations. Letko Brosseau deems it important for these companies to properly manage local community relationships and encourage local hiring. Canfor has implemented the following targets to mitigate this risk.

Indigenous Relations:

- Targeting 100% of Canfor's operating area to be covered by mutual agreements with Indigenous Nations by 2030.
- 100% participation in Indigenous Cultural Awareness and Understanding training for all Canadian staff
- 5% of total spending with Indigenous vendors for Canfor's Wood Products Canada business by 2025.

Inclusion and Diversity:

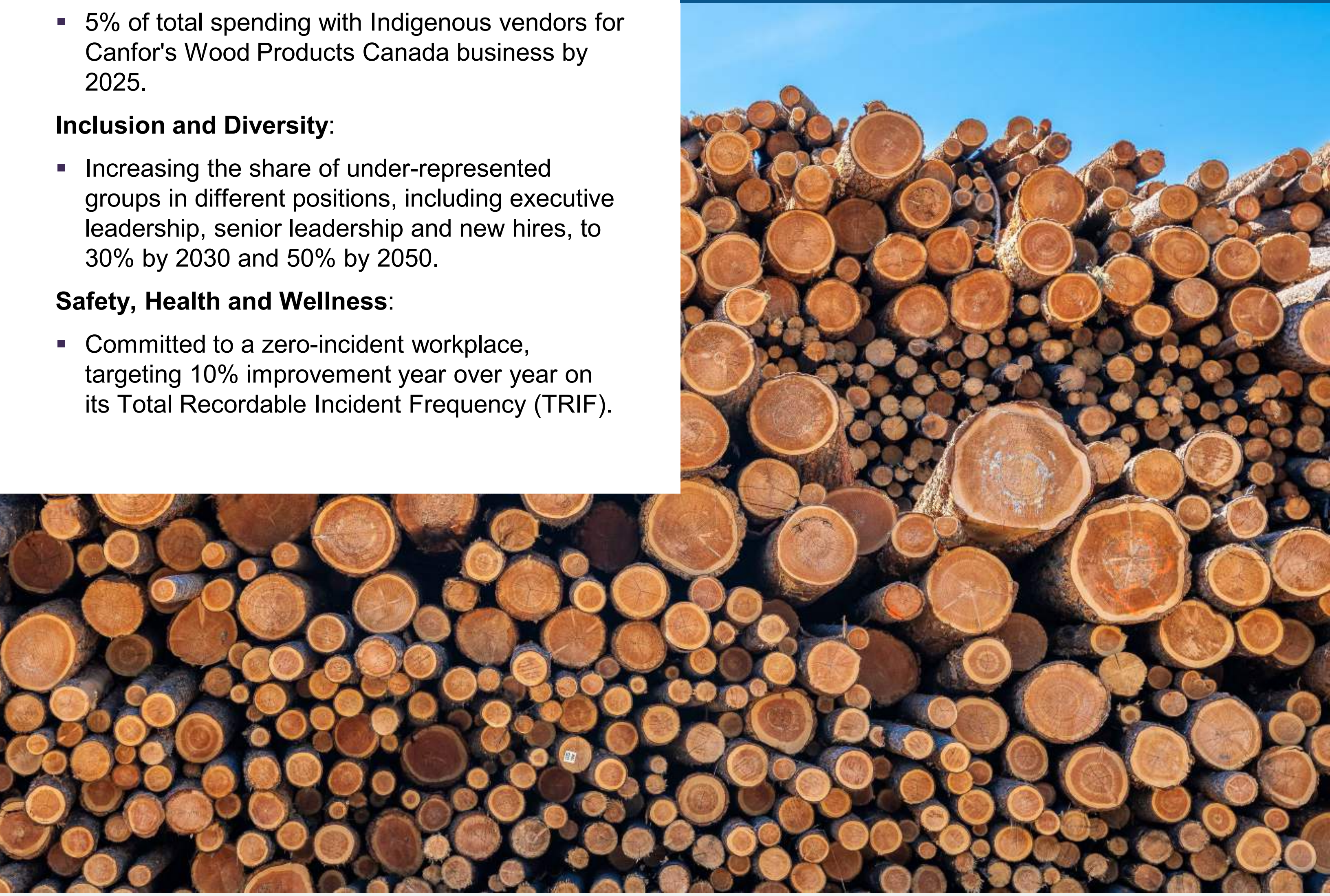
- Increasing the share of under-represented groups in different positions, including executive leadership, senior leadership and new hires, to 30% by 2030 and 50% by 2050.

Safety, Health and Wellness:

- Committed to a zero-incident workplace, targeting 10% improvement year over year on its Total Recordable Incident Frequency (TRIF).

Diversity and Inclusion (D&I) Targets :

- **100% participation in Indigenous Cultural Awareness and Understanding training for all Canadian staff.**
- **Increasing the share of under-represented groups in different positions, including executive leadership, senior leadership and new hires, to 30% by 2030 and 50% by 2050.**



Spirit AeroSystems

Global Equities

Spirit is the largest non-OEM (not an original equipment manufacturer) designer and manufacturer of aerostructures in the world. Spirit was formed as the result of Onex Partners purchasing Boeing Wichita (June 2005) and BAE Aerostructures (April 2006). They are one of Boeing's largest suppliers and have exclusive life-of-program agreements on the corporation's programs and any commercial variants.

Company Name
Spirit AeroSystems Holdings, Inc.

Industry
Aerospace & Defense

Established
2005

Headquarters
Kansas, United States

ESG Themes
Responsible Innovation

Spirit operates three main segments:

1) **Commercial:** Product aerostructure systems and components on all major commercial aircraft types, including fuselages, propulsion systems, and wing systems. They also sell aerostructure components on business jets.
2) **Defence & Space Systems:** Manufacturer of structures and components on major defence and space programs. This is a growing business for Spirit.
3) **Aftermarket:** Largely focused on maintenance, repair, and overhaul on a wide mix of programs in commercial, business jet, defence, and regional jet end markets.

Reduce GHG emissions by:

- **Reducing scope 1 & 2 emissions by 30% by 2030**
- **Increase consumption of renewable electricity**

Our Engagement

We often engage with Spirit's upper management team to further understand their strategy for reducing GHG emissions. We also encouraged Spirit to provide disclosure on quality assurance metrics. We noted that these metrics were lacking from their recently released ESG report.

ESG risks

1) Energy Transition

a) Reducing GHG emissions:

Since Spirit is a heavy manufacturer of aerospace components, GHG emissions is a primary risk for the business.

The company has implemented targets to:

i. Reduce Scope 1 & 2 emissions by 30% by 2030. To achieve this target, they continue to increase consumption of renewable electricity, which represented 25% of total energy consumption in 2020. For example, the Belfast plant has one of the largest rooftop solar plants in the region allowing it to consume 70% renewable electricity.

ii. Purchase 100% wind-power electricity from a Kansas wind farm to power their Kansas facility (representing 75% of total manufacturing square footage across their operations).

2) Responsible Innovation

a) Measuring standards:

The high-risk nature of commercial aviation leads to high quality standards for output. Therefore, we believe measuring the quality of output and detecting flawed parts should be a priority for aerospace and defence manufacturers.

Although Spirit currently tracks this data and reviews it weekly, they do not disclose quality assurance metrics on flawed parts production. We are encouraging the company to include this in future ESG reports. In terms of process, any notable changes in the manufacture of flawed parts typically sparks an intensive engineering and review analysis to fix the issue and mitigate risks of shipping these goods.

Veolia Environnement S.A.

Global Equities

Veolia, one of the largest environmental companies in the world, is a French water and waste utility company with over 220, 000 employees working in 47 countries globally. They provide solutions to address the demand for clean water, waste and energy management.

Veolia has developed strong expertise and proprietary technology in fast growing areas, including complex industrial water and wastewater treatment, desalination, hazardous waste treatment, and waste recycling.

Company Name
Veolia Environnement S.A.

Industry
Environmental Services

Established
1853

Headquarters
Aubervilliers, France

ESG Themes
Energy Transition
Sustainable Living

As a global leader in environmental services, Veolia benefits significantly from the long-term secular trends globally. The company has a strong footprint in France, the U.K., Poland, the Czech Republic and China.

We believe Veolia is a great example of a company highly sophisticated in environmental expertise with its leading position and strong know-how in almost all key environmental sectors. The company has a diversified geographic exposure, a balanced profile combining the steadiness of the municipal business and growth potential from the industrial business, and the secular trend towards a more circular economy.

Our Engagement

We have spoken with management about their plans for CO_2 intensity reduction and technologies/solutions needed to achieve their objective. We also regularly discuss new solutions and technologies that Veolia has developed to help their clients achieve their sustainability goals.

ESG risks

1. Energy Transition

a) Reducing GHG Emissions

Veolia emits 25 million tons per annum (mtpa) of CO_2E (scope 1 direct emissions). Most of the company's carbon footprint comes from its Energy business in Eastern Europe, where coal is used for heating and power generation. Efforts to reduce the carbon footprint in that part of the business are crucial to Veolia's carbon reduction in the future. Several strategies have been discussed to mitigate the risk, including:

- **Impact 2023**: A medium-term 2020-23 strategic plan to make Veolia the benchmark company for ecological transformation[1].
- **Environmental performance targets:** related to combatting climate change, plastic recycling, protection of environment and biodiversity, and sustainable water resources management.
  - Conversion of all European coal-fired cogeneration plants (~3% of revenues) to natural gas and biomass by 2030.
  - Committed to a total investment of €2.2bn.
  - Partnering with Carbon Clean (leader in cost-effective carbon capture solutions) in the UK.
  - Targeting 15 mtpa CO_2 reduction by 2023.

1. "*Our "Impact 2023" strategic program*". Veolia. https://www.veolia.com/en/veolia-group/our-strategy-impact-2020-2023

2. Sustainable Living

a) Circular Economy: Waste Management

The Waste business, which provides waste collection and disposal services for municipal and industrial clients around the world, represents 37% of Veolia's revenue. As demand for a circular economy increases globally, the company's ability to provide sustainable waste management solutions, such as waste recycling and waste-to-resource conversion, is crucial to the long-term growth of the company.

Veolia lined up the following targets:

- €6.3bn in circular economy revenue by 2023, vs €5.2bn in 2019.
- 610 kiloton (kt) of plastic recycled by 2023, vs 350kt in 2019.

b) New sustainable solutions

Veolia will spend €300m over four years to develop solutions for six major global challenges:

1. Health and new pollutants
2. Adaptation to climate change
3. New loops of materials
4. Food chain
5. New energy services
6. New digital offers

In October 2021, Veolia won a project in Brazil that provides renewable electricity production through biogas valorization on three landfill sites, reducing emissions by 1.26 million tons of CO_2 annually.

Atrium

Emerging Markets

Atrium is a leading owner, operator, and redeveloper of shopping centres and retail real estate in Central Europe. Atrium designs locally dominant community centres and residential-for-rent assets to address the dynamic lifestyle and consumption trends of their clients while offering the communities they serve shopping and entertainment. Atrium's portfolio includes 26 properties located in Poland, Czech Republic, Slovakia and Russia.

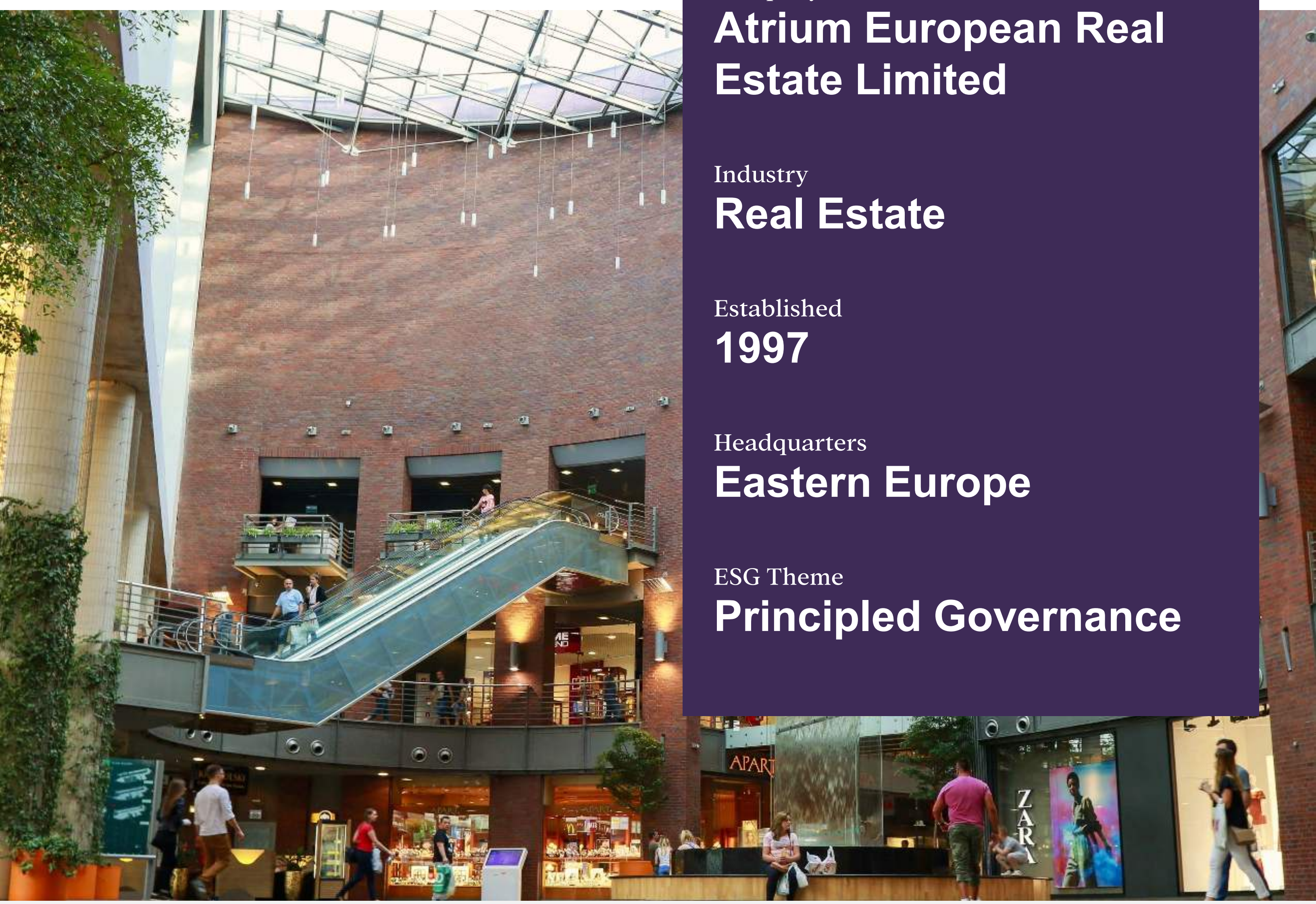
Company Name
Atrium European Real Estate Limited

Industry
Real Estate

Established
1997

Headquarters
Eastern Europe

ESG Theme
Principled Governance



In 2021, Letko Brosseau (Atrium's then-second largest shareholder at the time) exercised investment control over approximately 2.4% of the outstanding shares.

On August 2, 2021, Atrium's Board of Directors received a proposal from its majority shareholder, Gazit-Globe Ltd (Gazit), to acquire the remaining equity of Atrium for a consideration of €3.35 per share. At the time, Gazit held approximately 75% of Atrium's outstanding share capital.

Based on our analysis, we believed the proposed offer significantly undervalued the company and would have unjustifiably benefited Gazit at the expense of minority investors. The timing of the offer was opportunistic and came as the company was emerging from the global COVID-19 pandemic. During this time, shopping centres were closed for extended periods of time in 2020 and 2021.

- **Original offer price: € 3.35 per share**
- **A 19% discount to Atrium's own NRV of € 4.15 per share**

Our Engagement

We actively urged Atrium's Board of Directors to vote against the proposed offer. We believed the offer price of €3.35 per share heavily undervalued the Company.

We highlighted that the proposed offer:

- Represented a 19% discount to Atrium's own reported EPRA (European Public Real Estate Association) Net Reinstatement Value (NRV) per share of €4.15 as of June 30, 2021.
- Implied a capitalization rate of 7.5%, while the yields for prime shopping centres in Warsaw and Prague were 5.35%[1] and 5.25%[2] respectively.
- Represented a €0.40 reduction to Gazit's original offer of €3.75 per share presented on July 23, 2019. This offer was publicly criticized by minority shareholders and a report issued by ISS (Institutional Shareholder Services), a global provider of governance services, recommended voting against this proposal. This offer was subsequently voted down by shareholders.

We believed that Atrium should have continued to create value for all shareholders. To protect the value of our investment, we voted against the proposed going-private transaction.

The statutory merger between Atrium and Gazit Hercules 2020 Limited was completed in February 2022 at a final price per share of €0.28 above Gazit's initial offer of €3.35 per share.

1. Cushman & Wakefield, Poland MarketBeat Retail Q1 2021
2. Cushman & Wakefield, Czech Republic MarketBeat Retail Q1 2021

SABESP

Emerging Markets

Companhia de Saneamento Básico do Estado de São Paulo (SABESP) is the world's third largest sanitation company in terms of revenue, according to a 2019 survey by Global Water Intelligence.
Between 2011 and 2019, SABESP accounted for about 30% of total investments made in basic sanitation in Brazil. The company serves 375 municipalities in the State of São Paulo, Brazil, covering around 67% of the State's urban population (28.5mn people). The City of São Paulo is its biggest concession, accounting for 44% of total revenue. Residential users account for 86% of the water/sewage volume and about 70% of the revenue.

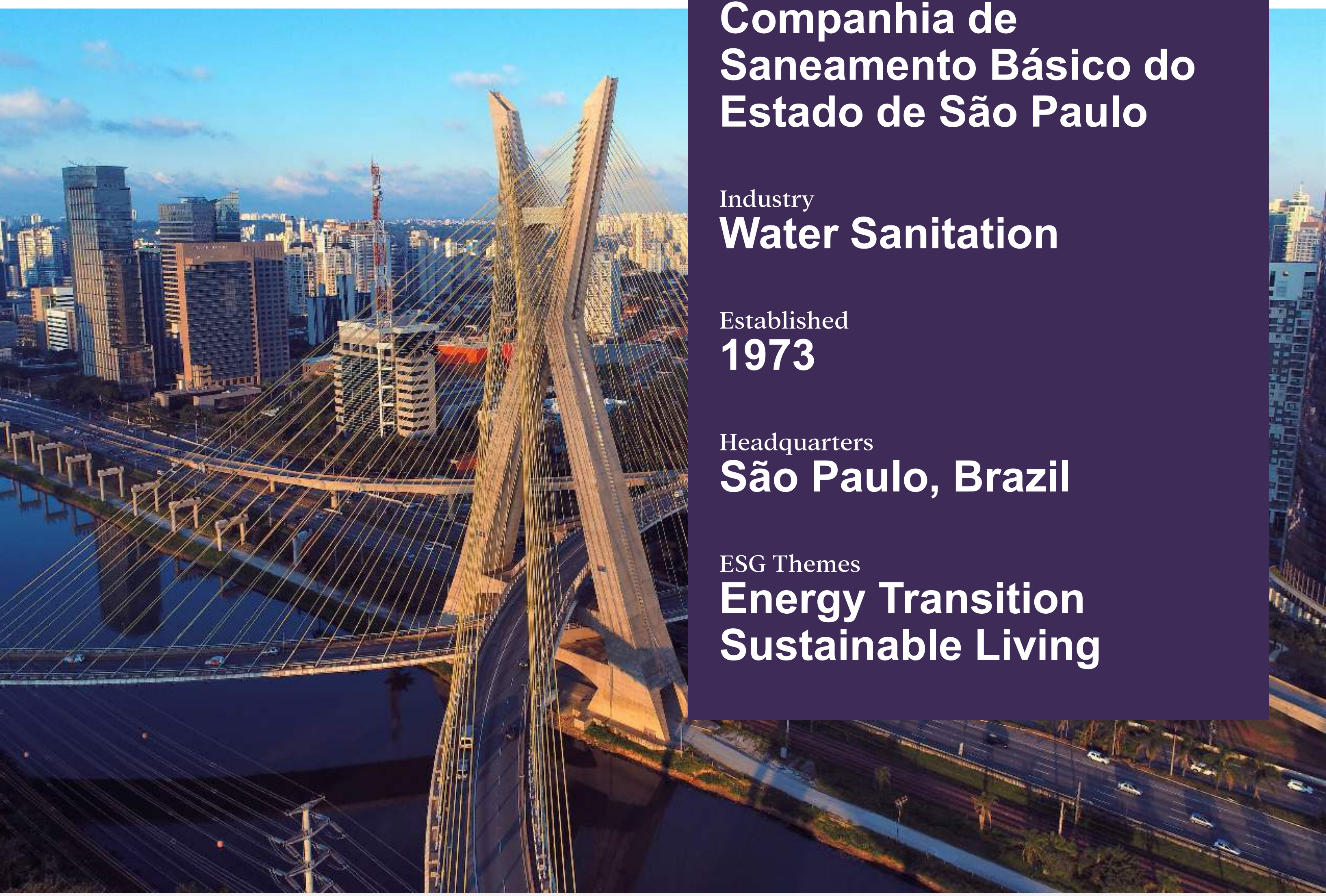
Company Name
Companhia de Saneamento Básico do Estado de São Paulo

Industry
Water Sanitation

Established
1973

Headquarters
São Paulo, Brazil

ESG Themes
Energy Transition
Sustainable Living



Our Engagement

Letko Brosseau holds regular discussions with SABESP's management about their long-term environmental strategy related to their operations. Topics include the hydrology situation in Brazil, the increasing climate change-related challenges, the resilience of their water distribution network and the coverage of sanitation services in the company's concession areas.

ESG Risks

1. Energy Transition

a) GHG Emissions and Energy Management

Water and wastewater utilities require significant energy inputs for the withdrawal, conveyance, treatment, and distribution, or discharge, of potable water and wastewater. The way service providers source the energy and enhance the system's energy efficiency is key to reducing their carbon footprint and controlling energy cost inflation.

SABESP started constructing several distributed solar power generation facilities at their water and sewage plants in 2019. Upon completion, the solar power will represent 4.5% of its total electricity consumption and eliminate almost 9,000 tonnes of CO_2 every year. We are pleased to see the company moving in this direction.

4.5%

of total electricity consumption will come from solar

9,000

tonnes of CO_2 will be eliminated per year

2. Sustainable Living

a) Business Model: Distribution Network Efficiency

Significant volumes of water are lost in the distribution network. This water is lost primarily because of infrastructure failures and inefficiencies, such as leaking pipes and service connections. Improvements to infrastructure and operating processes can limit non-revenue losses, positively impacting revenue and possibly reduce costs, leading to improved company value and stronger investment returns over the long term.

The company is committed to further increasing the sewage treatment ratio from 76% in 2020 to 88% in 2025. Proper treatment of sewage has direct environmental benefits and implications for the reduction of GHG emissions. As organic waste in untreated sewage releases methane into the atmosphere, the company's plan to increase the sewage treatment ratio will serve to reduce these methane emissions. To achieve the target, SABESP plans to invest a total of US$3.5B from 2021 to 2025. The company's sewage service coverage ratio is 92% and they are working towards universal coverage of water services.

b) Business Model: Water Supply Resilience

Water scarcity, water source contamination, infrastructure failures, increasing risk of extreme and frequent drought conditions may jeopardize access to sufficient water supplies. The ability of companies to mitigate water supply risks (and the resulting financial risks) is crucial to their operational track record as well as financial performance. Companies should invest in the diversification of water supplies, sustainable withdrawal levels, technological and infrastructure improvements, contingency planning, positive relations with regulators and other major users.

In response to the severe drought in 2014-15, SABESP significantly expanded its reservoir capacity and increased the flexibility of transfer between its producing systems. This has enabled SABESP to endure the most recent hydrology crisis in Brazil, maintaining a reservoir level of more than 50% and avoiding water rationing in its concession areas.

End Notes

The information and opinions expressed herein are provided for informational purposes only, are subject to change and are not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. Any companies mentioned herein are for illustrative purposes only and are not considered to be a recommendation to buy or sell. It should not be assumed that an investment in these companies was or would be profitable. Unless otherwise indicated, information included herein is presented as of the dates indicated. While the information presented herein is believed to be accurate at the time it is prepared, Letko, Brosseau & Associates Inc. cannot give any assurance that it is accurate, complete and current at all times.

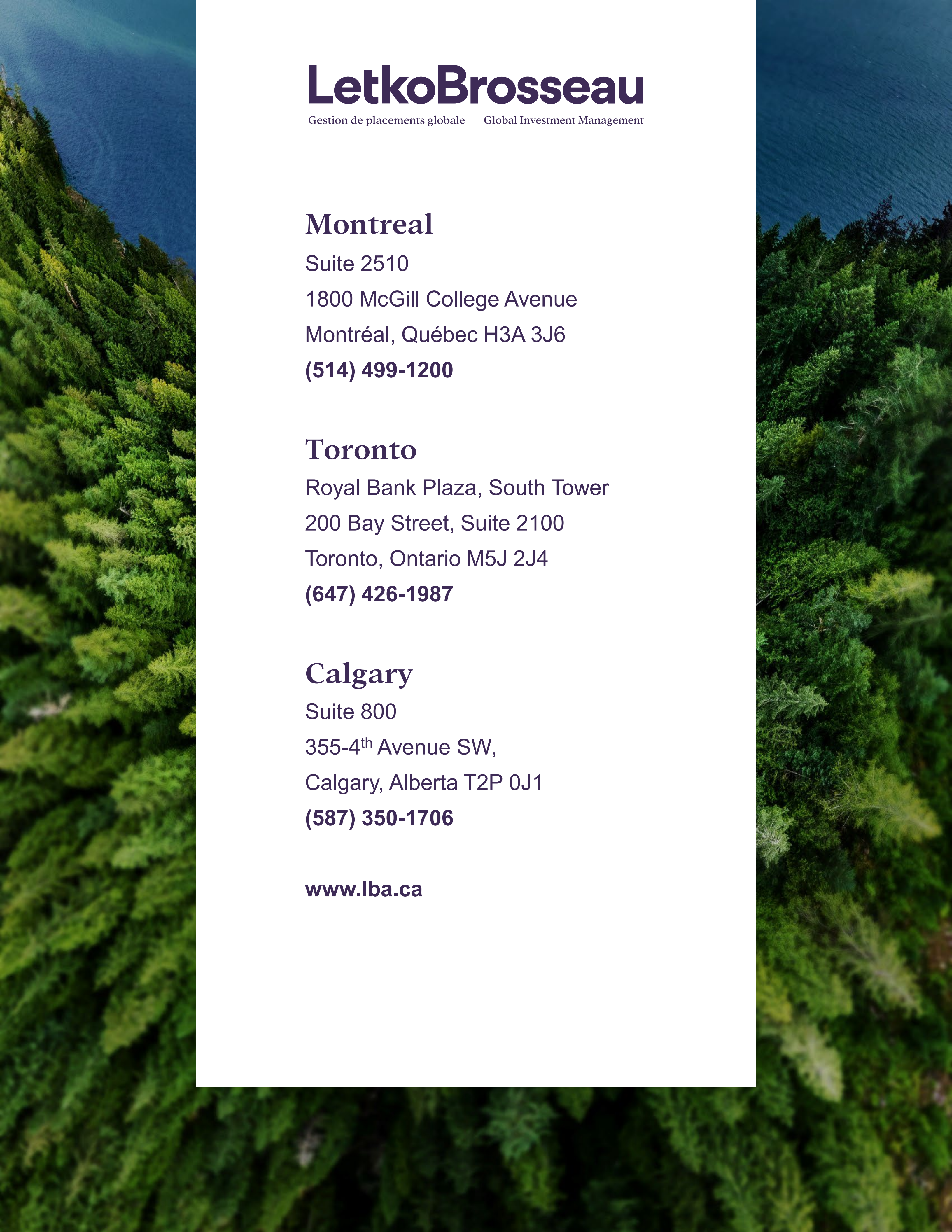
Where the information contained in this presentation has been obtained or derived from third-party sources, the information is from sources believed to be reliable, but the firm has not independently verified such information. No representation or warranty is provided in relation to the accuracy, correctness, completeness or reliability of such information. Any opinions or estimates contained herein constitute our judgment as of this date and are subject to change without notice.

Past performance is not a guarantee of future returns. All investments pose the risk of loss and there is no guarantee that any of the benefits expressed herein will be achieved or realized.

The information provided herein does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. There is no representation or warranty as to the current accuracy of, nor liability for, decisions based on such information.

This presentation may contain certain forward-looking statements which reflect our current expectations or forecasts of future events concerning the economy, market changes and trends. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions regarding currencies, economic growth, current and expected conditions, and other factors that are believed to be appropriate in the circumstances which could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Source: image used under license from Shutterstock.com.



LetkoBrosseau

Gestion de placements globale Global Investment Management

Montreal

Suite 2510

1800 McGill College Avenue

Montréal, Québec H3A 3J6

(514) 499-1200

Toronto

Royal Bank Plaza, South Tower

200 Bay Street, Suite 2100

Toronto, Ontario M5J 2J4

(647) 426-1987

Calgary

Suite 800

355-4th Avenue SW,

Calgary, Alberta T2P 0J1

(587) 350-1706

www.lba.ca