LetkoBrosseau

Responsible Investment Policy

JANUARY 2024

Purpose

At Letko, Brosseau & Associates Inc. ("LBA", "we" or "us"), we believe that companies with sound business practices, as well as strong management teams supported by robust corporate governance responsibly managing material environmental and social issues, have better success and deliver stronger financial performance over time. Conversely, companies with poor environmental, social, or corporate governance practices present risks and controversies that may hinder their financial performance.

Consistent with this foundational belief, and our fiduciary duty to act in the best interest of our clients in managing the capital they have entrusted to us, we evaluate material environmental, social and governance ("ESG") issues to understand the risks these present for investors. This evaluation is integrated into our investment process as we endeavour to mitigate risks and enhance returns for our clients over the long term.

The Responsible Investment Policy ("Policy") sets out how LBA integrates material ESG considerations into our investment process and stewardship practices in satisfying our fiduciary obligations to our clients.

Policy Governance

Responsibility for oversight of the Policy lies with our Investment Council.

Under the jurisdiction of the Investment Council, the Policy will be reviewed from time to time and at least annually. In conducting this review, we will evaluate the Policy's effectiveness and identify areas for potential improvement. In updating the Policy, we will seek to evolve our processes to reflect our goal to be a leader in responsible investing.

Principles for Responsible Investment

As a signatory of the Principles for Responsible Investment ("PRI"), we are consistent with our fiduciary responsibilities, and have committed to the following six principles:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the principles.
6. We will each report on our activities and progress towards implementing the principles.

Responsible Investment Integration

Our investment team is comprised of investment professionals, each specializing in one or several global industry sectors. We believe specialization by sector facilitates our understanding of the business models, economic context, issues, and trends that are most material to each sector within an international framework, including the identification and understanding of the material ESG issues facing the industry. Our ESG research process is seamlessly integrated in our fundamental approach. Each investment professional is responsible for investigating material ESG risks and opportunities facing companies in their coverage universe and incorporating these issues when considering a company for inclusion in one of our portfolios. To ensure that all key ESG issues and controversies are considered, a dedicated investment professional ("ESG Lead") conducts an independent ESG review of each company under consideration, including the use of research provided by a leading third-party provider of ESG research and ratings, ensuring each material ESG issue has been considered in constructing the investment thesis. Thereafter, the ESG Lead conducts a semi-annual review of all investee companies, ensuring that any material ESG issue that may have come to light since the last review is evaluated for its impact on the investment thesis.

- **Screening**

  While LBA believes a policy of engagement is generally superior to one that uses screens to exclude companies from consideration based on ESG risks, we have identified specific industries we choose 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, our global investment universe has been adjusted to exclude tobacco, gambling, thermal coal mining companies and pornography.

  Where the ESG risks related to a potential investee company are sufficiently extreme as to make it difficult to make an accurate assessment of the intrinsic value of the business, we will exclude the company from consideration for the portfolio.

Stewardship

LBA seeks to be an active owner, preferring to engage with company management teams and boards of directors to influence outcomes, including in the areas of environment, social and governance. We encourage our investee, and potential investee, companies to adopt policies that will reduce levels of ESG risk and contribute to improved long-term investment performance.

- **Engagement**

  While negative screening may be used to exclude companies from a portfolio based on certain ESG risks, such an approach is much less likely to effect change by the company. Rather, we believe that through active engagement we are more likely to influence the company in responding to a particular ESG issue.

  Our investment research process includes meeting with management teams and boards of directors of investee, and potential investee, companies. Through these discussions, we seek to understand how the company is addressing material ESG issues and how they may impact upon shareholder value.

We engage with our portfolio companies at least annually, but generally, the engagements are more frequent. Our meetings will normally include discussion of items including financial results and operational performance, in addition to ESG issues, for the purpose of evaluating our thesis and long-term valuation of the company.

In identifying and evaluating the ESG issues facing a particular company, our primary consideration is the company's long-term financial performance. That being so, ESG risks are not ascribed any greater weight than non-ESG risks in our evaluation of the company but remain mindful that ESG issues have an economic impact.

More details surrounding our engagement practices can be found in our Engagement Policy.

- **Collaborative Engagement**

While most of our engagement efforts are undertaken individually, we recognize that collaborative engagement may increase the likelihood of reaching our desired outcome. Therefore, we will consider engaging alongside other investors when our active ownership philosophies and desired ESG outcomes are aligned, as we seek to enhance financial outcomes for our clients.

- **Proxy Voting**

We believe proxy voting is one of the most important rights of shareholders and 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 Guidelines and Corporate Governance Principles, following a thorough review of proxy materials and insight from independent third-party service providers.

Before voting contrary to a management recommendation, we will often engage with the company to express our point of view on issues of concern and inform of our voting intentions. More details can be found in our Proxy Voting Guidelines and Corporate Governance Principles.

- **Advocacy**

We engage with governments, regulators, and other policymakers on various issues, including ESG matters. We undertake such advocacy directly ourselves or in collaboration with others, often with Canadian Coalition for Good Governance (CCGG), of which we are a member.

Climate Policy

We are supporters of the Paris Agreement adopted at the UN Climate Change Conference (COP21) in Paris, France on December 12, 2015. The overarching goal of the Paris Agreement is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels."

We believe climate change is one of the greatest challenges of our time and the risks of failing to limit the increase in global temperatures are many, including to our clients' portfolios. Acknowledging that climate change presents an investment risk, we assess this risk alongside the many other investment risks when making investment decisions on behalf of our clients.

As discussed in the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), climate-related risks fall into two major categories:

- risks related to the transition to a lower-carbon economy
- risks related to the physical impacts of climate change.

In evaluating the climate-related risks to our investee, and potential investee, companies, we expect corporations to adopt the following practices:

1. Endeavour to include industry best practices to mitigate the adverse impacts of climate change on their business;
2. Provide clear disclosure of climate-related business strategy and risk management including carbon emission reduction targets and reporting against these targets; and
3. Provide reporting based on the recommendations of the TCFD.

As with other material ESG issues, our approach to climate-related risk sees us favour engagement over negative screening or divestment. By engaging with companies, we seek to influence their performance in addressing the risks that climate change poses to their business.

Conflict of Interest

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

Furthermore, LBA has adopted a Code of Ethics and Standards stipulating the rules of conduct by which it is to abide and will serve to address issues where conflicts of interest may arise. 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.

Reporting

We are committed to transparency with our clients and stakeholders and regularly report on matters including:

1. Publishing a Responsible Investment report
2. Reporting our proxy voting activities on our website
3. Publishing our PRI report on our website