# Responsible Investing Policy

**Business Owner:** Director of Research
**Date Approved by Board:** April 16, 2025
**Effective Date:** April 2025

This Responsible Investing ("RI") Policy outlines Mawer Investment Management Ltd.'s ("Mawer's") RI principles, approach to responsible investing, RI guidelines that apply to investment decisions, and oversight of the application of this policy. This policy applies to equity and fixed income assets in Mawer's investment universe. Recognizing the complex and evolving nature of responsible investing and Environmental, Social, and Governance ("ESG") matters, the Director of Research will review this policy annually.

## Responsible Investing Principles

The firm views responsible investing and the consideration of Environmental, Social, and Governance (ESG) factors as potential contributors to identifying investment opportunities and better risk management. Moreover, such considerations, in our view, also allow Mawer to act in clients' best long-term interests and help them achieve their investment objectives.

Mawer's responsible investing decisions are guided by five key principles:

1. Mawer's primary objective is to maximize long-term risk-adjusted returns in the firm's strategies.
2. ESG factors can impact the sustainable competitive advantage of businesses and the risk/return profile of our investments.
3. Integrating ESG factors into Mawer's investment process increases the odds of investment success.
4. Engaged ownership is an important responsibility Mawer fulfills on behalf of its clients.
5. Lead by example, whereby Mawer strives to improve its own ESG practices.

## Responsible Investing Approach

Mawer's approach to responsible investing is one of ESG integration, where ESG considerations are incorporated into our investment research process, during the initial and ongoing analytical assessment of individual securities and issuers. By integrating ESG into our research, we assess the relevance and materiality of ESG factors that, in our opinion, impact or have the potential to impact our investments.

While consideration of material ESG factors is a component of our investment research process, the assessment alone often plays a limited role in the overall investment decision. Having said that, in some cases, ESG considerations may lead to higher or lower security weight in the portfolio, or in rare instances, excluding a security altogether.

Mawer's investment approach does not have an explicit ESG focus as part of the fundamental investment objectives and so investments with ESG-related risks are not automatically excluded. Instead, these risks are evaluated alongside other factors to determine their overall impact on the investment's merit. We support companies taking reasonable steps to understand, communicate, and improve their ESG policies and sustainability outcomes, if these efforts could positively influence their long-term risk/return profile.

In keeping with Mawer's decision-making model where a "leader decides with input," asset class managers have decision-making rights within their respective funds/strategies and are accountable for all investment decisions, including those related to ESG factors, utilizing the principles and guidelines set out in this policy.

### Environmental Factors

Mawer recognizes that sustainable environmental practices may be vital to long-term investing. Environmental liabilities (negative externalities) such as, but not limited to, greenhouse gas emissions, water scarcity, air pollution, waste management, biodiversity loss and resource depletion, may accumulate "off-balance sheet" if not properly managed. Mawer generally supports initiatives that seek to mitigate and manage the risk of environmental liabilities in the context of the specific industry.

Furthermore, the firm acknowledges that climate change may present long-term risks and opportunities that could materially impact certain business models. Mawer is supportive of companies considering frameworks/standards, such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB), as part of an overall risk management process.

### Social Factors

Mawer recognizes that corporate cultures and business practices that emphasize the well-being of stakeholders, most notably employees, customers and local communities, may be essential for long-term value creation and risk management. As such, matters related to (but not limited to) corporate culture, workplace safety, labour rights, human rights, relationships with local communities (e.g., Indigenous communities), and cyber security are considered when making investment decisions.

### Governance Factors

Mawer recognizes that sound corporate governance is relevant to the businesses we invest in. To support our investment thesis, we assess the varying elements of a company's governance structure and practices through our research, including matters related to (but not limited to) its board of directors, executive compensation, shareholders' rights, internal controls, and accountability.

## Responsible Investing Guidelines

### Guidelines for decisions on the purchase or sale of securities based on ESG factors

Mawer's investment philosophy is focused on the quality of the businesses we own, the strength of the management teams, and the price we pay for such investments. ESG factors are considered as one of a number of inputs in assessing the quality of investments to enable sound decision making when constructing portfolios. Where relevant and material, ESG factors may impact a valuation of securities, through revenue estimates, cost projections, and/or discount rates.

When an ESG factor may present a material risk to the investment, asset class managers use reasonable judgement to assess possible courses of action, (e.g., maintain, reduce, eliminate, or avoid), while continuing to take the overall portfolio construction process into consideration. In the case where an ESG factor represents a material positive benefit, similar reasonable judgement is used to emphasize the weight of the security within the context of the portfolio construction process.

### Guideline for engaging with management based on ESG factors

Engaging with management teams may help facilitate positive change in public entities. The investment analysis of entities may create insights that relate to ESG risks or opportunities that lead research team members to engage with the management teams to express their ideas and opinions.

Engagement can be pursued in the following three ways:

1. Fact finding and gathering information to assess the magnitude and probability of potential risks and opportunities;
2. Acting in an advisory capacity and providing input to decision making authorities (i.e., management teams), through engagements and indirectly with voting and our ownership; or
3. Attempting to influence change where there is a reasonable chance an engagement could impact the desired outcome (e.g., being a large shareholder).

Each engagement is approached on a bottom up, company-by-company basis and factors are assessed based on the magnitude and probability of the risk at the individual company level. Every engagement opportunity is unique, and the impact of the engagement is unique. As such, engagement priorities are evaluated on a case-by-case basis driven by the materiality threshold and its impact on the risk/return potential of an investment. Materiality is primarily determined based on Mawer's research team's efforts and reasonable judgements.

Engagement with company management may be a powerful agent for change and more effective than a mere vote against a motion recommended by a company's management/board and/or a vote in favour of a shareholder proposal. Subject to all relevant securities laws, research team members may engage a company's management or board to communicate the asset class manager's rationale for voting in a certain manner, to explain the applicable principle or guideline, and to suggest more suitable alternatives.

When engagements with management or the board fail to achieve the desired outcome(s) the research team may further engage through:

1. Discourse with management;
2. Discourse with a board member if the outcome of communication with management is less than satisfactory;
3. Voting accordingly on the relevant proxy and, when it makes sense, notifying management in advance of Mawer's voting intentions;
4. Voting against executive compensation;
5. Voting against the re-election of one or more directors, including the chair;
6. Voting for discharging the entire board; and/or
7. Reducing or divesting the position.

The course of action with regards to escalation is made on a case-by-case basis at the discretion and judgement of the research team.

**Guideline for voting based on ESG factors**

Mawer has implemented a detailed Statement of Guidelines and Procedures on Proxy Voting ("Proxy Voting Guidelines"), which form part of this RI policy. Significant elements of our Proxy Voting Guidelines focus on matters that are put forward to shareholders on a recurring basis.

Mawer generally does not avoid investment in entities where asset class managers or analysts may not support the actions of a company's board or management. It is Mawer's opinion that voting "against" can be consistent with the general investment support of the company, reflecting engaged ownership.

**Guideline for ESG disclosures and reporting**

Mawer supports companies to take practical steps, in the context of their resources, to disclose and articulate progress on relevant and material ESG matters to investors as part of their risk management framework. When companies fail to provide reasonable disclosure on an ESG factor, and we suspect that a potential risk is material, Mawer may request the company provide additional ESG disclosure. We consider whether such requests are reasonable given the resources required to fulfill the request, any applicable securities regulations, and the materiality of such information to our investment decisions.

As part of Mawer's investment process, material information, which can include ESG information and dialogue with management on ESG factors, is documented to support our investment analysis and investment decisions. All records and processes will be maintained and followed in accordance with Mawer's Research and Investing Policy.

Mawer has developed an ESG dashboard to help with ESG monitoring across the firm's strategies. The tool is used to assist with tracking ESG engagements and proxy voting records across the research platform. Mawer uses third party ESG data and analytics platforms to report on portfolio level ESG metrics relative to their respective benchmarks as required.

Mawer's annual Responsible Investing Report serves as a tool to inform clients on the firm's ESG approach using examples that highlight how the firm's principles are put into practice.

### Guideline for resolving conflicts of interest based on ESG factors

Conflicts of interest occur in instances when Mawer is invested in an entity that is also a client. All potential or real conflicts of interest will be managed in accordance with Mawer's Conflicts of Interest Policy.

### Principles for Responsible Investment

Mawer is a signatory to the Principles for Responsible Investment (PRI). We have adopted the key principles of the PRI which align to our principles and guidelines under this policy:

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 PRI within the investment industry.
5. We will work together to enhance our effectiveness in implementing the PRI.
6. We will report on our activities and progress towards implementing the PRI.

Mawer made its commitment to the PRI in its capacity as an investment fund manager rather than on behalf of any of the funds that Mawer manages. None of the funds managed by Mawer have an ESG focus.

## Responsible Investing Oversight

Mawer's ESG Committee oversees the firm's overall ESG strategy and supports programs with the goal of advancing ESG related opportunities and mitigating ESG related risks within the research team and at the firm level. Integrating environmental, social, and governance considerations into the firm's own business activities fulfills our fifth responsible investing principle (lead by example).

The ESG Committee is comprised of a member of the Board of Directors, the Director of Research, the Sustainability Specialist and representatives from other areas of the firm. The ESG Committee meets at least quarterly and reports to the Board's Risk Management and Audit Committee.

Additionally, the Chief Investment Officer and Director of Research, provide oversight on the application of this policy.  The Director of Research may direct any decision and/or action under this policy, upon having been formally made aware of (a) an impending breach of this policy, (b) an ambiguous interpretation of this policy, or (c) the need for guidance on the implementation of this policy.

## Records Retention

All records related to this policy will be retained in an easily accessible place for a period of not less than seven years in a manner that permits it to be provided to the regulator or, in Québec, the securities regulatory authority in a reasonable period of time. For the first two years, the records will be located in one of Mawer's offices.

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## Relevant Laws, Regulations or Rules

- CSA Staff Notice 81-334 *ESG-Related Investment Fund Disclosure*