BEUTEL GOODMAN
Investment Counsel

Sustainability Risk Policy (Article 3)

EU SUSTAINABLE FINANCE DISCLOSURE REGULATION

The Sustainable Finance Disclosure Regulation ("SFDR" or the "Regulation") applied from 10 March 2021 (the "Application Date"). The Regulation requires financial advisers such as Beutel Goodman (the "firm") to provide information to investors with regards to the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics, and sustainable investment.

This Sustainability Risk Policy specifically addresses the obligation in Article 3(2) of the Regulation:

"Financial advisers shall publish on their websites information about their policies on the integration of sustainability risks in their investment advice or insurance advice."

More information related to the firm's responsibilities under the SFDR, and the firm's approach to ESG (Environmental, Social, and Governance factors) and responsible investment in general, can be found on the firm's website at https://www.beutelgoodman.com/about-us/responsible-investing/.

SUSTAINABILITY RISKS

A "Sustainability Risk" is defined in Article 2 (22) of the Regulation: "*an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment*".

Sustainability Risks include (but are not limited to) the following:

- Environmental risks such as the impact of environmental events on operations of portfolio companies;
- Social risks such as impact of non-compliance with anti-slavery or working conditions laws and regulations by portfolio companies; and
- Governance risks such as inadequate management oversight of portfolio companies.

INTEGRATION OF SUSTAINABILITY RISKS IN INVESTMENT PROCESSES

ESG integration is applied across the firm's equity and fixed income holdings. The firm operates a fundamental, bottom-up, value-investment philosophy that focuses on capital preservation, absolute risk reduction and downside protection. Companies with strong ESG practices often share the fundamental qualities that are attractive to the firm's investment philosophy. In contrast to investment philosophies that emphasize timing trades to capture the movements of valuations in securities, value investing depends upon a fundamental assessment of the intrinsic worth of a company. The need for accurate assessment of material risks, including sustainability risks, and the suitability of a portfolio company's management practices to meeting those challenges is not just another step in the firm's investment process, it is a core tenet embodied in every valuation the firm performs on an asset over the investment lifecycle.

In recognition of the importance of responsible investment, the firm integrates the United Nations-supported Principles for Responsible Investment ("PRI") and ESG factors throughout the investment appraisal, due diligence, decision making and post investment monitoring process.

Beutel Goodman seeks companies with sound governance and strives to avoid businesses with material environmental and social controversies. However, the firm may consider investment into a business with poor performance on one or more environmental or social criteria if Beutel Goodman can ascertain a substantial opportunity for improvement, and a credible pathway for meeting the desired standards within a reasonable period of time post-investment.

INVESTMENT MONITORING

After an investment has been made, Beutel Goodman actively monitors its underlying investment portfolio holdings with respect to ESG issues and opportunities, including Sustainability Risks. The firm gathers ESG information from internal research, third-party ESG data providers, and meetings with company management. Beutel Goodman also monitors a security issuer's current and historical performance on material ESG factors, and its performance compared to peer companies, to identify trends that may impact future financial performance. The firm also considers the implications of applicable material long-term and systemic factors, such as demographic change, resource scarcity, developments in technology and climate change.

INVESTOR REPORTING

Beutel Goodman reports engagement activities related to ESG matters to investors on a quarterly basis, and produces an annual report summarizing those activities that is available on the firm's website at https://www.beutelgoodman.com/about-us/responsible-investing/.

IMPACTS OF SUSTAINABILITY RISKS

Throughout the processes outlined above Beutel Goodman takes a robust and proactive approach to integrate Sustainability Risks into its investment decisions. These are not limited to initial screening or due diligence; the firm monitors and reports on investments throughout the investment cycle and commits to reporting on such activities to investors as outlined above.

Through the integration of the processes outlined above, Beutel Goodman believes that likely impacts of Sustainability Risks on the returns of any given product are low. However, the risk disclosure section of the relevant pre-contractual disclosures of each product will provide a more bespoke risk rating as is suitable for that product and its activities.

REVIEW OF THE POLICY

The Management Committee of Beutel Goodman has approved this policy statement. This Sustainability Risk Policy (Version 1) is effective as of April 1, 2022.

This policy statement will be reviewed annually by the Management Committee.