



E D G E P O I N T®

ACTIVE OWNERSHIP POLICY

Research informs our active ownership approach

Our proven approach to investing is deceptively simple. We buy good, undervalued businesses and hold them until the market fully recognizes their potential. We view stocks as more than pieces of paper – we treat them as enduring ownership interests in businesses.

Prior to taking an ownership stake in a business, our managers conduct a tremendous amount of research. Often a company is followed for years prior to investing. Annual reports, industry reports and specific company reports are frequently reviewed as part of our research. We also interview competitors and suppliers to gain more insight into our potential investment.

Our due diligence reflects a dimension of active ownership as we typically interview management before investing. We want to gain a true understanding of management's ability to steer the company and take action in a responsible manner. During such meetings, environmental, social and corporate governance (ESG) issues are raised and examined. As part of EdgePoint's approach to active ownership, we also interview different tiers of management to gain greater insight into employee engagement and to confirm that corporate responsibility and sound business practices are baked into the company's culture at all levels.

Throughout this rigorous active ownership process, EdgePoint's portfolio managers, investment analysts and the ESG Oversight team look for any signs that ESG issues could pose material long-term implications to our potential investment. We are committed to integrating material ESG criteria in our ownership stakes in businesses, with the goal of enhancing returns and mitigating risks.

Our stewardship objective

We believe it's our fiduciary duty to engage selected Portfolio companies to positively influence a company's ESG performance, while also keeping in mind the entire Portfolio in an effort to maximize overall returns across the Portfolio. We use this information to shape our investment decisions and to hold the businesses we own accountable for their actions by ensuring they uphold their corporate ESG principles. We also encourage each company's leadership team to enhance their procedures and policies as required. As well, we engage with our Portfolio companies on their approach to climate change risks and opportunities.

We believe that this ongoing engagement of company management is an effective way to maintain and improve corporate responsibility in the businesses we invest in. Stewardship engagements and results are reviewed on a quarterly basis at our Governance & Oversight Committee meetings, where the Chief Executive Officer, Chief Investment Officer (CIO) and the ESG Oversight team is present. On an ongoing basis, the ESG dedicated specialist communicates ESG engagement updates to the Investment team, which ultimately feed into investment decision-making.

In the instance of a high-risk incident or major company update, the ESG dedicated specialist must engage with the business within seven business days.



Escalation strategy

As active owners, EdgePoint may pursue a deeper level of engagement with company management if we believe they are not operating in accordance with their principles, or if our concerns regarding ESG issues have not been addressed to our satisfaction. We interact with Portfolio company management teams regularly. Our dedicated ESG specialist is responsible for engaging with Portfolio companies and sharing any concerns with the Investment team. We will further engage if we have any concerns about the business relating to ESG matters.

Engagements are prioritized in the order of the financial materiality of potential outcomes, according to the size of our holdings in the entity and the materiality of the ESG factors on the operational performance of the business. We also consider the ESG rating of the entities when engaging with Portfolio companies.

If we are not satisfied with the outcome of our discussions, we may vote against management at company meetings.

We may also consider supporting the submission of shareholder resolutions initiated by third parties or joining shareholder groups.

Depending on the outcome of our engagements, we may reduce our position size in a given holding or divest of the holding altogether.

Proxy voting

We will always defend our investors' interests whenever necessary. This active ownership protocol includes voting proxies in such a way that reflect our views on management compensation and board composition, as well as ensuring responsible capital allocation. To complement our research efforts, we subscribe to Institutional Shareholder Services Inc. (ISS), a leading provider of corporate governance and responsible investment solutions. We leverage their services for proxy research and vote recommendations, but the ultimate decision is made by EdgePoint's Investment team. The rationale for every decision is documented and disclosed to our CIO and the Compliance department. If in disagreement, they may challenge the decision.

Relevant policy: [Proxy voting](#)

Security lending

Lending securities can impair our ability to execute our voting rights. As a result, all securities loaned are, by default, marked to be recalled and returned for proxy voting. The Lending Agent begins recalling the securities four weeks before the record date. If the securities were not recalled, EdgePoint would forego its voting rights. When the Lending Agent identifies an opportunity whereby it is able to command or is already receiving a larger-than-usual rate for lending the security subject to be recalled for proxy voting, the Lending Agent notifies EdgePoint. EdgePoint then assesses whether to proceed with the call-back or continue lending the security. This assessment involves weighing the materiality of the voting matter(s) against the lending opportunity, in order to make the best decision in the interest of the Accounts. Should EdgePoint elect to forego proxy voting, the rationale will be documented and approved by the CIO. The Chief Compliance Officer (CCO) will be kept informed of such decisions.



Conflicts of interest

We recognize that conflicts of interest may arise within the context of responsible investing. For example, we may face conflicts of interest when we're engaging or voting against the management of a company who is also a client. Any conflicts not identified by our policies, are analyzed by the CIO and ESG Oversight Committee. Any material conflicts are escalated to the CCO.

Industry participation

We collaborate with and are members of industry organizations such as International Corporate Governance Network (ICGN), and we are also signatories of the Principles for Responsible Investment (PRI). Any engagement with policy makers through ICGN needs to be approved by the CIO to ensure that the activities are in line with our position on sustainable finance and commitment to the six principles of PRI. On a quarterly basis, at our Governance & Oversight Committee meetings, our influence as an organization against our position on sustainable finance and our commitment to the PRI is reviewed and discussed.

Sustainability outcomes

We map out our investments against the United Nations Sustainable Development Goals and identify the most important outcomes from our investments and from our engagement activities. At the ESG Governance & Oversight Committee quarterly meetings, we discuss how we can reduce negative outcomes and increase positive ones.

Transparency

Proxy voting activity is reported publicly on our [website](#). We have committed to annually disclose an active ownership report where we highlight our engagement activities throughout the calendar year.

Review of policy

Annually, or more frequently if needed.