



Letko Brosseau Global Emerging Markets Equity Fund

Letko Brosseau aims to promote environmental, social, and governance characteristics through its investment selection process as described in this document. The Letko Brosseau Global Emerging Markets Equity Fund is classified as an Article 8 Fund for the purposes of SFDR.

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A) Summary

The Fund's Investment Manager, Letko, Brosseau & Associates Inc. (LBA), founded in 1987, is one of Canada's largest independent investment managers with approximately \$12.7 billion in assets under management as of 31 March 2024. LBA offers a select number of broad investment strategies where it believes it can add value through a disciplined, knowledge-based investment approach. The same investment approach has been pursued in all asset classes and has been applied consistently across all portfolios. Investment decisions are made based on research performed by the firm's investment management team.

The Fund promotes environmental, social, and good governance characteristics through its investment selection process. ESG considerations are integrated into the fundamental analysis the Investment Manager performs on each individual investment and is an integral part of the investment strategy.

ESG considerations are identified and implemented by the Fund's Investment Manager. As part of the Investment Manager's investment approach, all members of its investment team must continually take ESG considerations into account as part of the investment reviews. For example, the Investment Manager will complete a review of the ESG characteristics of a company based on the core criteria of the SASB (Sustainability Accounting Standards Board) and the 77 SASB sectoral reports that identify the major ESG issues in each sector. Each member of the Investment Team must continually assess the risks and opportunities related to ESG factors within the sectors, sub-sectors and companies they study.

ESG analysis is an integral part the Investment Manager's research process and allows for upstream identification of any current environmental, social or governance conditions that could become major operational or financial risks for a company in the future if they are not addressed. This analysis gives the Investment Manager the opportunity to be proactive in its engagement with prospective companies in order to encourage them to remediate any shortcomings observed, and to ensure that the Investment Manager adopts a longer investment horizon, rather than focusing only on short-term financial goals. Finally, the ESG analysis performed by the Investment Manager allows it to better assess management teams within companies in order to ensure that they prioritize an optimal long-term value-creation process for the benefit of all of the company's stakeholders and investors.

The Advisory and Marketing Support Agent provides non-discretionary advice on certain ESG considerations to the Investment Manager as further described under "Advisory and Marketing Support Agent" below.

ESG characteristics are defined as environmental, social or governance criteria that have a positive environmental and/or social impact.

The Investment Manager evaluates carbon emissions for each individual issuer when the information is available from third-party service providers and also at the overall portfolio level. The Investment Manager utilizes data from third-party vendors such as Sustainalytics to measure the carbon intensity of portfolio companies. This data is integrated into the investment management process at the research phase and when monitoring portfolio companies. The Investment Manager encourages issuers, by way of engagement, to make plans to reduce carbon emissions in line with the Paris Accord.





B) No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have a sustainable investment objective or goal.

C) Environmental or Social ("E/S") characteristics of the financial product

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The Fund will promote the below environmental and social characteristics through its investment selection process. Investment analysts within the Investment Manager's investment team monitor criteria for investee companies, and seek evidence that management is working towards improvement of its operations in these areas. The Investment Manager's investment team monitors criteria for investee companies, through a review of material ESG issues, such as those identified by the Sustainability Accounting Standards Board (SASB). Material ESG issues may include issues identified by SASB as potentially material for a company operating in a specific industry as set out in one of SASB's industry reports.



The Investment Manager's review is supplemented by the research prepared by Sustainalytics and Glass Lewis. The Investment Manager's evaluation of companies includes an examination of the Fund's exclusionary criteria, such as thermal coal, etc. Where a company is subsequently included in the Fund's portfolio, the Investment Manager's investment team will maintain ongoing dialogue with the company, including for any ESG areas that require ongoing monitoring. This is supported by semi-annual ESG screening prepared by Sustainalytics, which includes ongoing monitoring of involvement in exclusionary areas.

The Fund recognises that, by nature, emerging markets are generally less progressed with relation to environmental and social practices relative to their developed market counterparts.

Environmental Characteristics

- **Climate change awareness:** The Fund will promote the selection of companies that contribute positively towards the global energy transition and reduction of global greenhouse gas ("GHG") emissions. As part of the process to identify and select companies, the Investment Manager analyses data from third-party data vendors such as Sustainalytics which allows the Investment Manager to evaluate the carbon intensity of portfolio companies. While the Investment Manager will not exclude companies solely based on GHG emissions, the Investment Manager considers the impact on the portfolio's total GHG emissions as well as progress towards reducing GHG emissions. The Investment Manager will engage with companies that have high levels of GHG emissions in the context of their industry and operations. As part of its interactions with the management and boards of directors of portfolio companies, the Investment Manager seeks to promote the implementation of plans to reduce carbon emissions by such companies by promoting such companies to utilise greater disclosure, to set net-zero or interim emissions reduction targets, and to provide detailed explanations of how those targets will be achieved. Such companies shall be expected to have clear targets in relation to net-zero or interim emissions reductions as set out through the adoption of appropriate policies of setting net-zero or interim emissions reductions targets. The Investment Manager tracks net zero targets and interim targets for all companies, and will monitor progress towards those targets, utilizing publicly available disclosures made available by such companies and their policies of setting net-zero or interim emissions reductions targets. The Investment Manager shall assess whether the companies in the portfolio have committed to setting science based GHG emissions targets, as defined by the international NGO, the Science Based Targets initiative ("SBTI") and will track companies with the certification. SBTi seeks to define and promote best practice in emissions reductions and net-zero targets in line with climate science, and through its validation services arm, assesses and validates companies' net-zero or interim emissions reductions targets.
- **Water:** The Fund promotes the conservation and responsible use of water in investee companies' operations.

Social Characteristics

- **Diversity and Inclusion:** The Fund promotes diverse gender representation at the board level.
- **Occupational health and safety:** The Fund promotes investee companies which provide a safe and healthy workplace environment for its employees and the communities in which they operate.





D) Investment strategy

The Investment Manager follows a bottom-up fundamental value investing approach to uncover mispriced investment opportunities in emerging markets. Companies are analyzed in detail using a bottom-up approach, which is backed by a top-down macro-economic analysis. The objective is to understand the positioning of the companies within their respective markets, their growth prospects and cost structures, in order to obtain a proper valuation. The Investment Manager's investment team pays particular attention to the price paid for each investment in both absolute and relative terms. Determining the intrinsic value of companies and ensuring that fair value is paid is an important component of the Investment Manager's investment process. The investment team is constructed using a sector-based approach at the global level, which facilitates the evaluation of opportunities within a global context. The Investment Manager believes that the value-creation process requires a long-term investment horizon.

The Investment Manager's approach to incorporating ESG criteria is based upon the Investment Manager's investment team assessing ESG aspects of the companies they are charged with tracking. The Investment Manager's study of the ESG characteristics of a company is based on the core criteria of the Sustainability Accounting Standards Board (SASB) and the 77 SASB sectoral reports that identify the major ESG issues in each sector. The Investment Manager's analysis continually assesses the risks and opportunities related to ESG factors within the sectors, sub-sectors and companies they study.

ESG analysis is an integral part the Investment Manager's research process and has been since the Investment Manager's inception in 1987. The ESG analysis allows for upstream identification of any current environmental, social or governance conditions that could become major operational or financial risks for the company in the future if they are not addressed.

Engagement Strategy

The foregoing analysis gives the Investment Manager the opportunity to be proactive in its discussions with companies to encourage them to correct any shortcomings observed and allows the Investment Manager to encourage the company's executives to adopt a longer investment horizon, rather than focusing solely on short-term financial goals. Finally, this ESG approach allows the Investment Manager to better assess the management teams in order to ensure that they prioritize an optimal long-term value-creation process for the benefit of all the firm's stakeholders.

E) Proportion of investments used to meet E/S characteristics

Please find below a Table explaining the asset allocation of the Fund:

The Fund will invest a minimum of 75% of its assets in emerging market equities and equity-related securities. All equity investments are assessed and monitored for alignment with E/S characteristics on an ongoing basis and can be categorised as #1 Aligned with E/S characteristics. The Fund will not make sustainable investments.

The Investment Manager recognizes that while all investments are assessed for alignment with E/S characteristics, there are no quantitative exclusionary thresholds to meeting the assessment criteria. The Investment Manager's analysts assess investments for the E/S characteristics in the context of the industry and circumstances impacting the investee company, and the Investment Manager seeks to actively engage with management on these E/S characteristics. The remaining investments, including cash and money market equivalents are included in #2 Other.





F) Monitoring of E/S characteristics

The Fund aims to promote environmental and social characteristics in accordance with Article 8 of SFDR through its investment selection process. The Investment Manager defines environmental and social characteristics as those environmental, social or governance criteria that have a positive environmental and/or social impact.

The Fund will promote the below environmental and social characteristics through its investment selection process. Analysts within the Investment Manager's investment team monitor criteria for investee companies, and seek evidence that management is working towards improvement of its operations in these areas. The Investment Manager's investment team monitors criteria for investee companies, through a review of material ESG issues as identified by the Sustainability Accounting Standards Board (SASB), together with its own review of the company and its policies and procedures to respond to such issues. The Investment Manager's review is supplemented by the research prepared by Sustainalytics and Glass Lewis. The Investment Manager's evaluation of companies includes an examination of the Fund's exclusionary criteria, such as thermal coal, etc. Where a company is subsequently included in the Fund's portfolio, the Investment Manager's investment team will maintain ongoing dialogue with the company, including for any ESG areas that require ongoing monitoring. This is supported by semi-annual ESG screening prepared by Sustainalytics, which includes ongoing monitoring of involvement in exclusionary areas. The Fund recognizes that, by nature, emerging markets are generally less progressed with relation to environmental and social practices relative to their developed market counterparts.

G) Methodologies

The Fund will measure attainment of the environmental and social characteristics through the following sustainability indicators, which are measured and tracked by the Investment Manager:

- Climate change characteristics will be measured through GHG emissions. The Investment Manager receives third-party data from third party data vendors, such as Sustainalytics, which allows the measurement of carbon intensity of portfolio companies. While the Investment Manager will not purely exclude companies based on GHG emissions, the Investment Manager considers the impact on the portfolio's total GHG emissions as well as progress towards reducing GHG emissions.
- Water conservation will be qualitatively tracked based on usage and treatment. The Investment Manager notes that water conservation varies across industries and is not a material issue for all companies. The Investment Manager assesses information disclosed by portfolio companies in their annual reports, focusing on water conservation metrics specific to the industry. The Investment Manager actively engages with portfolio companies to encourage disclosure of water-related metrics and information, particularly when it is a material issue for the company or when it operates in a water-scarce region.
- Diversity and Inclusion is measured for current and prospective portfolio companies based on percentage of female representation at the board level. The Investment Manager aims to see improvement in board diversity over the long-term, while recognizing that changes in board members happen on an infrequent basis. The Investment Manager tracks board diversity directly from company disclosures.





- Occupational health and safety is measured by workplace injuries, fatalities and accidents. Portfolio companies which experience incidents should have measures in place to prevent future occurrences. This information is available directly from company disclosures.

H) Data sources and processing

The Investment Manager will review third-party ESG data from Sustainalytics and Glass Lewis and use internal research. The study of the ESG characteristics of a company is based on the core criteria of the Sustainability Accounting Standards Board (SASB) and the 77 SASB sectoral reports that identify the major ESG issues in each sector. All of the Investment Manager's analysts continually assess the risks and opportunities related to ESG factors within the sectors, sub-sectors and companies they study.

The Investment Manager has developed frameworks and systems to compile ESG data in an internal research database to provide better tracking of key ESG metrics throughout the portfolio, including SASB accounting metrics. The ESG analysis allows for upstream identification of any current environmental, social or governance conditions that could become major operational or financial risks for the company in the future if they are not addressed. This analysis gives the Investment Manager the opportunity to be proactive in its discussions with companies in order to encourage them to correct any shortcomings observed, and to ensure that the company's executives adopt a longer investment horizon, rather than focusing only on short-term financial goals.

In the case of GHG emissions data, the Investment Manager relies on data disclosed by the company and may utilise estimates provided by Sustainalytics. The Investment Manager's experience is that Sustainalytics provides research on most companies but there may be instances where this research is not available and, in these instances, the Investment Manager will rely solely on its own internal research.

I) Limitations to methodologies and data

The Investment Manager is limited primarily by the lack of disclosure by investee companies and secondarily by lack of reporting by data providers such as Sustainalytics and Glass Lewis. To establish that this limitation does not affect the attainment of the environmental and social characteristics promoted by the Fund, the Investment Manager monitors ESG criteria and data points on an ongoing basis to ensure sufficient information is available to assess ESG related risks. In circumstances where information is insufficient to assess material ESG risks, this may impact our decision to invest in a company. To address limitations relating to lack of disclosure, the Investment Manager will conduct engagement activities with Management of investee companies to encourage the disclosure of relevant data points.

J) Due diligence

The Investment Manager integrates sustainability risks into its investment decision making and risk monitoring of the Fund and assesses the likely impacts of sustainability risks on the returns of the Fund.

Such risks are principally linked to climate-related events resulting from climate change (the so-called physical risks) or to the society's response to climate change (the so-called transition risks), which may result in unanticipated losses that could affect the Fund's investments and financial condition. Social events (e.g. inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behaviours, etc.) or governance shortcomings (e.g. recurrent



significant breaches of international agreements, bribery issues, product quality and safety, selling practices, etc.) may also translate into sustainability risks.

The Investment Manager integrates sustainability risks into its investment decision making and risk monitoring of the Fund to the extent that they represent potential or actual material risks and/or opportunities to maximising the long-term risk-adjusted returns of the Fund. The Investment Manager's assessment is that integration of sustainability risks should help mitigate the potential material negative impact of such risks on the returns of the Fund, although there can be no assurance that all such risks will be mitigated.

K) Engagement policies

The ESG analysis that the Investment Manager performs gives it the opportunity to be proactive in its discussions with companies to encourage them to correct any shortcomings observed and allows the Investment Manager to encourage the executives to adopt a longer investment horizon, rather than focusing solely on short-term financial goals. The ESG approach allows the Investment Manager to better assess the management teams in order to ensure that they prioritize an optimal long-term value-creation process for the benefit of all the firm's stakeholders.

L) Designated reference benchmark

An index has not been designed as a reference benchmark to meet the environmental or social characteristics promoted by the Fund.

M) Sustainability Risk

Pursuant to the SFDR, the Manager in respect of the Fund is required to disclose the manner in which sustainability risks are integrated into the investment decision of the Fund and the results of the assessment of the likely impacts of sustainability risks on the returns of the Fund.

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N) No consideration of adverse impacts on sustainability factors

Taking due account of the nature and scale of its activities, neither the Manager nor the Investment Manager currently considers the principal adverse impacts of investment decisions of the Fund on sustainability factors (in the manner specifically contemplated by Article 7(1) (a) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-





related disclosures in the financial services sector ("SFDR"). The Investment Manager consider this an appropriate and proportionate approach to compliance with its obligations under SFDR. The Investment Manager will review this decision annually and more frequently as needed.

O) Remuneration policy

The remuneration policies and practices of Letko, Brosseau & Associates Inc. are aligned with the ESMA guidelines and SFDR (where appropriate). The remuneration of identified staff is aligned with the management of short- and long-term risks, including sustainability risks in accordance with SFDR.

P) Annex IV – Periodic Disclosure

The period disclosure for 2023 is not yet available, as the fund was not live in 2023.

