

Stewardship Policy

Introduction

Burgundy’s mission is to protect and build our clients’ capital over the long term. We do this by following a quality-value investment approach supported by intensive fundamental research. Our research enables us to invest in outstanding businesses at prices we view as less than their intrinsic value. Taking a long-term view allows us to think like owners of businesses, and, as owners, we endeavour to actively engage with management to help us assess and influence the long-term sustainability of our holdings. Along with many other factors, we believe companies that operate in a sustainable manner can create long-term value for their shareholders. Therefore, wherever possible, we encourage companies to carefully manage the environmental, social, and governance (ESG) impacts of their decisions and to disclose material ESG information. We believe incorporating material ESG risks and opportunities into our analysis can contribute positively to the performance of our strategies.

This Stewardship Policy highlights Burgundy’s approach to stewardship, including our stewardship objectives and approach, prioritization of stewardship activities, and monitoring mechanisms.

Stewardship Objective

Our stewardship objective is to use stewardship tools such as engagement with issuers, proxy voting, escalation, public policy submissions, and collaboration to preserve and grow our clients’ capital over the long term.

Stewardship Approach

A. Issuer Engagement

Prior to making an investment decision, our Portfolio Managers and Investment Analysts conduct extensive research. Where possible, they conduct onsite visits with companies to observe the working environment and meet with management teams. Engaging with companies allows our team to discuss, assess, and influence matters of strategy, operations, culture, governance, and material environmental and social factors. Due to Burgundy’s long-term investing approach, our Portfolio Managers and Investment Analysts endeavour to maintain consistent interaction over time with the management teams of companies in which we are invested. The team also engages with boards of directors, where accessible and warranted. This helps inform our decision-making on initial or continued investment in an issuer.

We increasingly engage with companies on ESG topics because they are, in many instances, material to the intrinsic value of the companies we evaluate. Given the materiality, frequency, and complexity of ESG issues, Burgundy created an in-house Sustainability Team to support our Investment Team in their ESG integration and engagement process. The Sustainability Team is governed by the Sustainability Advisory Council, comprised of our Chief Executive Officer, Chief Investment Officer, Chief Compliance Officer, Director of Research, and members of the Sustainability Team. The Sustainability Team is available as a dedicated resource to the Investment Team to provide ESG-related data and research to complement their engagement efforts.

The primary way we uncover ESG issues is through our core investment process, which is supplemented by ESG-specific research performed in collaboration with our Sustainability Team. If, through this process, we uncover ESG factors material to the intrinsic value of the company we are evaluating, we may engage with the management or the board of that company on the issue.

Proceedings of meetings are shared between the Investment Team and the Sustainability Team to be used to further inform investment decision-making.

B. Exercising Voting Rights

It is Burgundy's policy to vote on all proxies for accounts where we have voting authority. Our voting decisions reflect what we consider to be in the best interest of our clients. Proxy voting is conducted in a generally unified and consistent manner across all accounts. To accomplish this, Burgundy has established a comprehensive set of Proxy Voting Guidelines. The guidelines provide a framework for Portfolio Managers to follow and set out clear recommendations on various topics, such as Boards of Directors, Management Compensation, Shareholder Rights, and Environmental and Social Issues. Portfolio Managers are, however, still responsible for signing off on every proxy ballot. Burgundy uses Institutional Shareholder Services' (ISS) services to carry out all proxy voting consolidation for the accounts and funds managed by the firm.

C. Escalation

Engagement with companies in which we invest, along with voting proxies, constitute our primary approaches to stewardship. Should such initial efforts not result in favourable outcomes, we may consider escalation techniques, such as formally writing to the management or the board setting out concerns or proposing a change to board membership. We would also consider collaborating with other shareholders in such efforts, where available and permissible (subject always to applicable securities laws). Occasionally, we may speak out publicly against an issuer as a final escalation tactic, typically on matters of poor corporate governance. We also consider divestment as our last resort, only after we have concluded that a particular company is not receptive to engagement approaches.

From time to time, we engage directly with management and the board of directors on proxy matters we deem important, particularly when we disagree with management's recommendations. We also sometimes use proxy voting as an escalation tactic in instances where other forms of engagement are not productive.

We are always open to considering other stewardship approaches as Burgundy does not have any restrictions on the escalation measures we can use.

D. Collaboration & Public Policy Submissions

Collaboration provides the opportunity for investors to come together, pool resources, share information, and add weight to their concerns. Burgundy occasionally collaborates as part of its stewardship efforts, including via the Canadian Coalition for Good Governance (CCGG), of which Burgundy was a founding member. The CCGG engages directly with the boards of public companies in Canada on corporate governance and material ESG issues that are important to its members. Burgundy chooses to support the CCGG in collaborative engagements because, in some instances, collaborative engagement can be more powerful than one investor acting alone.

Prioritization

Given our rigorous bottom-up investment approach, our Investment Team has an in-depth understanding of the company they are evaluating and, therefore, are best positioned to determine the most material ESG issues. As such, stewardship activities are prioritized based on the judgment of the Portfolio Managers and Investment Analysts, taking into account the size of our investment, materiality of potential outcomes, and materiality relative to an individual business. They generally have good access to management and can have direct conversations with them, which we believe is the most effective engagement method.

Conflicts of Interest

Burgundy and its employees are cognizant of their responsibility to always act in the best interests of our clients. When exercising stewardship, it is possible for conflicts of interest to arise. Burgundy has a robust Conflicts of Interest Policy that outlines how potential conflicts are identified and managed through avoidance, control, or disclosure. Burgundy also has an Employee Code of Conduct that sets out the principles and policies that employees must uphold in order to protect and build clients' wealth for the long term. Adherence to terms of the Code is a condition of employment, and employees attest to their adherence on an annual basis.

Monitoring & Implementation

This Stewardship Policy is reviewed annually and implemented by Burgundy's Sustainability Advisory Council across all regional investment teams to ensure portfolio management activities are aligned with our position on sustainable investing. Each regional team is responsible for incorporating this Policy to fit their unique stewardship approach.

The Legal & Compliance Team is responsible for oversight of related policies, including Burgundy's Proxy Voting Policy and Guidelines, Conflicts of Interest Policy, and Code of Conduct as well as documentation of investment research.

