ENVIRONMENTAL, SOCIAL *and* GOVERNANCE (ESG) REPORT

YEAR ENDING JUNE 30, 2020

BURGUNDY
ASSET MANAGEMENT LTD.

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OUR INVESTMENT APPROACH *to* ENVIRONMENTAL, SOCIAL, *and* GOVERNANCE

We believe that truly outstanding business leaders are acutely aware of the environmental, social and governance (ESG) factors which materially impact their businesses. Consideration of these factors is an important part of Burgundy's long-term view.

Burgundy's disciplined and bottom-up approach allows ESG factors to be evaluated at the onset of the investment process. We integrate ESG factors into our investment research and assess whether they have the potential to impact the value of our investment. These include:

ENVIRONMENTAL FACTORS

We seek companies that are open-minded on the subject of climate change, sparing with their use of resources and horrified by waste. A culture of strict compliance with laws and regulations is essential.

SOCIAL FACTORS

We seek companies that exhibit a culture of due process, honest dealing, and fairness. These companies should also be aware of their social obligation in the communities in which they operate. These factors will ensure that if social issues do arise, they will be dealt with expeditiously.

GOVERNANCE FACTORS

We seek well-managed companies with strong, focused governance processes. We do not engage with companies whose governance practices are deficient, whose compensation policies are excessive, and whose management incentives are flawed.

THE APPROACH

This approach to ESG has been at the core of our investment process since the firm was founded but has become more formalized in recent years and accentuated through the provision of training and tools on ESG-related issues and risks.

Across the firm, Burgundy's distinct investment philosophy and investment process includes a single approach to ESG, which is deeply integrated into our investment strategy. Our investment process is centred on rigorous due diligence of the companies that we evaluate and includes engagement with company management and with the company's customers, competitors, and suppliers. As part of the research and diligence process, we will consider ESG-related issues (if appropriate) and how those issues might impact the outlook for the company being evaluated, as well as the company's intrinsic value.

Richard Rooney
Vice Chair and Co-Founder

Anne Mette de Place Filippini
Chief Investment Officer,
Senior Vice President,
Portfolio Manager

MAKING FURTHER STRIDES: BURGUNDY'S INVESTMENT TEAM

We are pleased to report that our investment team made further strides to integrate environmental, social, and corporate governance over the last year.

We deepened our ESG research capability this year with TruValue Labs, a tool which allows us to efficiently search for ESG information on our holdings. We incorporated ESG into our proxy process by amending our voting guidelines to support shareholder resolutions on enhanced ESG disclosure, human rights protections, and political spending limits. We also took an important step toward environmental consciousness by eliminating paper from our weekly investment meeting. Finally, and most importantly, we became signatories of the United Nations-supported Principles for Responsible Investment (UN PRI).

As an organization of investors, the aim of the UN PRI is to progress ESG integration among its members. Our efforts over the last four years to integrate ESG into our investment department culminated with our decision to sign the UN PRI. Since we held our first ESG offsite in 2016, our investment team has been working on its ESG skills and knowledge. We published our first ESG Report to our clients in 2018. By late 2019, we felt we had made enough progress to become signatories. In our first submission to the UN PRI in March 2020, we relayed both our approach to ESG and our initiatives around ESG.

One pleasing finding from our submission was the number of ESG engagements our Portfolio Managers and Investment Analysts had over the last year. Prior to signing the UN PRI, we did not formally track ESG engagements, so we were delighted to see that our team had 193 company engagements during the 2019 calendar year. Over the same time period, our investment team met approximately 800 management teams, which suggests ESG issues are raised by our team in over a quarter of its management meetings.

Like in past years, most of this report consists of ESG case studies on our holdings. One salient example of an ESG engagement in the case study section is Johnson & Johnson. Our U.S. Large Cap team engaged with Johnson & Johnson on product safety issues, most notably its baby powder product, by probing the quality control and risk management functions of the company. Similarly, our Emerging Markets team wrote about how they conducted product safety diligence on Tingyi, a Chinese food and beverage company, which involved touring the company's Food Safety Centre. Our Canadian Small Cap team also concentrated on the wellbeing of customers when they analyzed

The North West Company, a monopolistic grocery store operating in remote Indigenous communities. We found a governance structure at North West where board seats are reserved for Indigenous representatives to ensure a balance between profits and the wellbeing of customers.

Environmental stewardship is a second focus area in the case study section. Within our industrial holdings, we were happy to see Canadian National Railway and Komatsu set ambitious targets for carbon emissions reduction. Brookfield Renewable Power is also enabling lower carbon emissions by providing a greener alternative to coal-based electricity. And Bunzl, a distributor to retailers and restaurants, is replacing plastic straws and bags with recyclable alternatives through its sustainability specialists, who help transition customers to more environmentally friendly products.

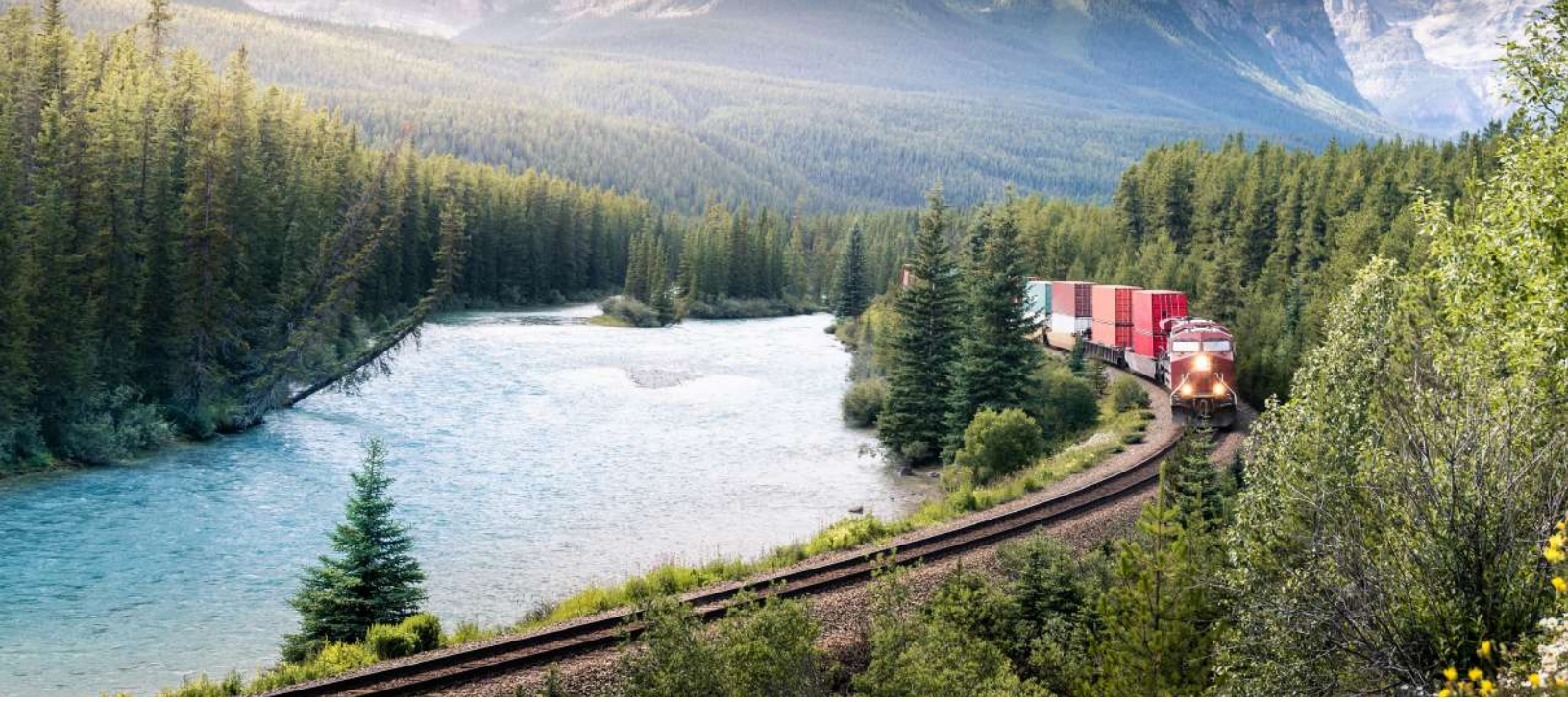
We would also like to highlight that despite being a very difficult period, the COVID-19 pandemic has brought out the best in some of our holdings. This report will elaborate on a couple of instances where companies we own have stood out. One example comes from the Johnson & Johnson Foundation and its pledge of US$50 million for frontline workers. Another is from American Homes 4 Rent, whose response involved dropping late fees to renters, suspending evictions, and halting rental rate increases. We also want to draw attention to two companies not included in this report for their efforts during these uncertain times. Strategic Education, a postsecondary education company, lowered tuition fees, offered scholarships to nurses, and provided its online learning expertise to the public sector. Another holding, restauranteur Recipe Unlimited, has responded by providing free meals to frontline COVID-19 workers. Overall, we are proud of how our holdings have handled themselves through the COVID-19 pandemic.

The balance of this report contains the case studies on our holdings, as well as a new section, which features some of the ESG initiatives that Burgundy has recently undertaken as a firm. We hope this report reveals how we use ESG to enrich our company and sharpen our research process.

Sincerely,

RICHARD ROONEY
Vice Chair and Co-Founder

ANNE METTE DE PLACE FILIPPINI
Chief Investment Officer,
Senior Vice President,
Portfolio Manager



David Vanderwood
Senior Vice President,
Portfolio Manager

CANADIAN LARGE CAP CASE STUDY:

CANADIAN NATIONAL RAILWAY

CORE BUSINESS:
Railroad transportation services

ESTABLISHED:
1919

HEADQUARTERS:
Montréal, Canada

ESG CONSIDERATION:
Reducing carbon emissions

COMPANY OVERVIEW

Canadian National Railway (CN Rail) operates one of the most critical pieces of infrastructure in North America. With over 20,000 miles of track route spanning from the Pacific to the Atlantic oceans and down to the Gulf of Mexico, the company transports C$250 billion worth of goods and 300 million tonnes of cargo every year. In 2019, CN Rail celebrated its 100th anniversary.

BACKGROUND

We thought this would be a good time to recognize CN's industry-leading environmental performance as well as the significant improvements it is making to increase efficiency.

CN has always been a well-managed and efficient business, consistently achieving industry-leading operating margins. In the rail industry, this economic efficiency translates directly to environmental performance. The reason for this relationship is that around 90% of emissions generated by rail companies are produced by the locomotives themselves. As such, CN must continuously think of ways to transport more goods over longer distances for the same unit of fuel. Given its economic performance within the industry, it should be no surprise to learn that CN uses 15% less fuel per ton-mile compared to the industry average. This performance gap cannot be attributed to one single factor. Rather, it is the outcome of many corporate programs/initiatives over many years and more importantly, it comes from a culture that emphasizes efficiency and community.

ESG CONSIDERATION

One strong example of CN's culture is the implementation of its EcoConnexions program in 2011. Since then, over 700 employees have been trained on the program across 100 yards in North America. This has resulted in a 17% decrease in emissions at key facilities, corresponding to 111,000 tonnes of annual carbon emissions savings. In addition, these employees have partnered with non-governmental organizations as well as communities situated along the company's track route to plant over two million trees across the U.S. and Canada.

Taking it a step further, we consider environmental performance and fuel efficiency to be core to CN's competitive advantage. The company's moat (and in fact, that of the broader rail industry as well) is reinforced by a lack of viable substitutes for long-range overland transport. This is due

THE ECOCONNEXIONS PROGRAM

Implemented in

2011

700

employees have been trained on the program

100

across 100 yards in North America

17%

decrease in emissions at key facilities

111,000

tonnes of annual CO_2 savings

2 million

trees planted across the US and Canada

> As long-term investors, the durability of a competitive advantage is an important part of our investment research process. Over its 100-year history, and especially recently, CN has demonstrated that it will not hesitate to make substantial investments into its future.

to the much greater fuel efficiency that rail achieves over trucking. In fact, rail uses four times less fuel per tonne-mile compared to trucking and management estimates that a single train could displace 300 transport trucks.

Despite strong environmental performance compared to substitute modes of transportation as well as leading performance against peers in its own industry, CN is not standing still. Over the last 25 years, it has reduced its emissions intensity (CO2 per gross tonne-mile) by 40%. This has come from industry-leading precision/scheduled railroading expertise, investments in fuel efficient locomotives, more efficient processes for fuel management and train handling, and technological investments such as distributed power systems.

Additionally, in 2015 the company set a goal to further reduce its emissions intensity by 29% over the next 15 years. These initiatives do come at a significant upfront cost. In 2018, CN announced it would purchase 260 more fuel-efficient locomotives over the next three years at a total cost of C$1.3 billion. In addition, the business has identified five projects, mostly centred on process emission reductions, with the potential to further reduce annual emissions by over 350,000 tonnes. Although these projects will cost C$500 million upfront, management estimates this will result in over C$100 million of annual savings. With strong economic and environmental paybacks, these are the types of investments that grow and sustain intrinsic value long into the future.

FINAL THOUGHTS

As long-term investors, the durability of a competitive advantage is an important part of our investment research process. Over its 100-year history, and especially recently, CN has demonstrated that it will not hesitate to make substantial investments into its future. In this way, it has not only been a thoughtful and responsible steward of shareholder capital but it has also balanced the interests of other important stakeholders. This has certainly made the business stronger over time. ■

Source: *Burgundy research, CN Rail filings, CN Rail Carbon Disclosure Project 2019*

Andrew Iu
Vice President,
Portfolio Manager,
Director of Research

CANADIAN SMALL CAP CASE STUDY:

THE NORTH WEST COMPANY

CORE BUSINESS:
Grocery and general merchandise retailer

ESTABLISHED:
1779

HEADQUARTERS:
Winnipeg, Canada`

ESG CONSIDERATION:
Balancing economic viability and social responsibility

> Management has decided that the best way to balance economic viability and social responsibility is to include the community in the decision-making process.

COMPANY OVERVIEW

Founded in 1779, The North West Company Inc. (NWC) is one of the oldest companies in Canada, finding its genesis in the fur trading outposts of the colonial era. Today, NWC is a grocery and general merchandise retailer operating in remote locations, with stores in Northern Canada, Alaska, and the Caribbean. The company is often the sole grocer in these remote communities.

BACKGROUND

NWC's Canadian business strikes the delicate balance of operating as a for-profit company in Indigenous communities, where it often has a monopoly or near-monopoly position. NWC's stores are largely located in remote communities in the Northern reaches of Canada. In fact, 75% of NWC's Canadian stores cannot be accessed by road. As a result, transporting merchandise to stores is expensive and prices are therefore high for NWC's customers. These high prices have led to accusations of price gouging, with some Indigenous groups calling for boycotts of NWC's stores, even though NWC's profit margins are only slightly higher than other major Canadian grocers like Loblaw and Metro.

ESG CONSIDERATION

Management has decided that the best way to balance economic viability and social responsibility is to include the community in the decision-making process. In 2019, NWC appointed Jennefer Nepinak and Victor Tootoo to its Board of Directors to represent Indigenous communities. With 25 years of experience facilitating collaboration between Indigenous communities and businesses, Nepinak has a great deal of insight to bring to the role. With specialization in empowering Indigenous communities, Tootoo will also add a valuable perspective.

NWC's response to the COVID-19 crisis demonstrates the company's initiative to balance social and economic interests. In recent months, the company shared the experience of many other grocery retailers as customers stockpiled groceries and other essential items in response to the uncertainty of the pandemic. Despite the strong demand in its products, NWC reduced prices across its Northern Canadian stores as the crisis unfolded. The total investment in price reductions was C$10 million, which demonstrates NWC's commitment to its communities' wellbeing.

FINAL THOUGHTS

NWC's commitment to hearing and including the voices of the communities it serves is apparent in the strides the company has made to its board. The range of voices represented offers a more balanced perspective, and one that is incentivized to ensure the best interests of the community. This helps to assuage concerns around the company spiking prices to grow earnings, for example.

In addition, the company's decision to act in a socially responsible way with regards to pricing during a pandemic also demonstrates a commitment to act in the best interest of its customers rather than solely focusing on economic interests. ■

Source: *Burgundy research, The North West Company filings*

Vincent Hunt
Vice President,
Portfolio Manager

James Arnold
Vice President,
Portfolio Manager

FIXED INCOME CASE STUDY:

BROOKFIELD RENEWABLE PARTNERS

CORE BUSINESS:
Owner and operator of renewable power assets

ESTABLISHED:
2011

HEADQUARTERS:
Toronto, Canada`

ESG CONSIDERATION:
Reducing carbon emissions

COMPANY OVERVIEW

Brookfield Renewable Partners (BRP) is one of the world's largest renewable power companies (by generation capacity). Its portfolio consists of over 19,000 megawatts of generation capacity across 5,274 facilities in 15 different countries. BRP is a global leader in hydroelectric power, which comprises approximately 76% of the company's portfolio. BRP also has experience owning and operating wind, solar, and other forms of renewable power-generation assets. Combined, 97% of the company's generating capacity is in hydro, wind, or solar, giving it a strong position in the path towards clean energy.

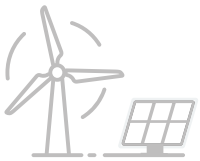
BACKGROUND

BRP's business model is predicated on sound ESG practices. As per its 2019 Corporate Sustainability Report, "[BRP] invest[s] in assets that help to accelerate the decarbonization of the global economy, operate these assets in a responsible manner, and manage risks with a long-term horizon. With over a century of operating experience, the disciplined integration of environmental, social and governance (ESG) principles is a fundamental component of [BRP's] goal to create long-term value for [its] investors." BRP is one of the world's most environmentally friendly companies and scores very high in many ESG categories.

Power generation is the world's largest emitter of Greenhouse Gas (GHG) emissions, contributing approximately 25% of the global total annually. To put this in perspective, that is roughly twice as large as all the emissions from global transportation combined. Just under 40% of all power generation is from burning coal, and coal is by far the dirtiest form of generation, making it one of the largest contributors to global GHG emissions. Going forward, cleaning up global power grids and substituting towards renewable energy sources can have a meaningful impact in combating climate change.

< 10%

Solar and wind still account for less than 10% of global power supply



$ 1.5 trillion

invested in renewable energy over the past 5 years

> $ 11 trillion

in new investment needed in renewable energy.

Over the past five years, roughly US$1.5 trillion has been invested in renewable energy, yet solar and wind still account for less than 10% of global power supply. Herein lies the opportunity for BRP as it estimates there is upwards of US$11 trillion in new investment needed in renewable energy. The global economy is in the early stages of a transformation toward a less carbon-intensive economy, which we believe creates a secular tailwind for BRP to capitalize on.

> "The global economy is in the early stages of a transformation toward a less carbon-intensive economy, which we believe creates a secular tailwind for BRP to capitalize on."

ESG CONSIDERATION

As one of the largest owners of renewable power assets globally, BRP's mission is to accelerate the decarbonization of electricity grids. The company's carbon footprint is among the lowest of its power generation peers, and its renewable generation helps to replace about 27 million tonnes of carbon emissions annually. To put this into perspective, this amounts to taking six million cars off the road or eliminating all the carbon emissions generated by London, England each year.

FINAL THOUGHTS

BRP has positioned itself as a leader in the path towards decarbonizing global power generation. BRP's absolute size, scale, and geographic reach allow the company to source new opportunities at attractive prices. BRP further benefits from its relationship with Brookfield Asset Management, which allows the company to competitively source and finance new deals. It is important for BRP to maintain high standards when operating and maintaining its assets to avoid failures and maintain consistent output to power the homes and workplaces of people around the globe. Historically, the company has demonstrated to be safe and reliable operators with no major environmental incidents reported in the past five years. We believe that BRP is well positioned to benefit from the continued trend of ESG investing by capitalizing on renewable energy opportunities. ■

Source: *Burgundy research, Brookfield Renewable Partners filings, United States Environmental Protection Agency, International Energy Agency*

Doug Winslow
Vice President,
Portfolio Manager

U.S LARGE CAP CASE STUDY:

JOHNSON & JOHNSON

CORE BUSINESS:
Healthcare and pharmaceutical

ESTABLISHED:
1886

HEADQUARTERS:
New Brunswick, United States

ESG CONSIDERATION:
Culture, governance, and quality control

COMPANY OVERVIEW

Johnson & Johnson (J&J) is a multinational healthcare company that develops and manufactures a range of healthcare products. The company is organized into three business segments: pharmaceutical, medical devices, and consumer. The pharmaceutical business develops and markets drugs in six therapeutic areas, the largest of which are immunology and oncology. The medical device business sells products used in the orthopaedic, surgery, cardiovascular, and eye health fields. The consumer business includes a range of products focused on personal healthcare, including beauty (Aveeno, Neutrogena), over-the-counter medicines (Tylenol, Benadryl, Motrin), oral care (Listerine), wound care (Band-Aid), and baby care (Johnson's Baby).

BACKGROUND

J&J is facing numerous lawsuits related to product safety and/or marketing tactics within multiple areas of its business, including but not limited to:

- Talcum/Baby Powder: Lawsuits alleging that the use of J&J baby powder caused ovarian cancer and other illnesses, or that the talcum powder (or "talc") used in J&J's baby powder was tainted with asbestos that caused ovarian cancer and other illnesses.

- Opioids: Lawsuits alleging that J&J contributed to the opioid-addiction crisis through its supply of opioid ingredients to opioid manufacturers, sale of opioid prescription medications, and misleading marketing of the effects of opioids.

- Risperdal: Lawsuits alleging that J&J failed to properly warn of the risk that the use of its antipsychotic drug Risperdal caused Gynecomastia in boys, a condition that involves the enlargement of breast tissue.

- Pelvic Mesh: Lawsuits alleging that J&J's pelvic mesh implants were defective and resulted in chronic pain, infections, and surgeries, and that the company failed to properly warn of these risks.

The U.S. Department of Justice is also investigating J&J regarding allegations of inadequate or misleading disclosure of possible cancer risks from the use of its baby powder. While it is important to note that J&J competes in litigious industries and that many of these allegations date back decades, the range and nature of these claims are serious and raise important questions about culture, governance, and quality control within J&J.

ESG CONSIDERATION

J&J's longstanding credo is the starting point for its culture. The credo, which dates back to 1943, states that the company's first responsibility is "to the patients, doctors and nurses, to mothers and fathers and all others who use [J&J's] products and services." The credo also emphasizes fair dealing with customers and business partners, support for employees, and an environment that supports ethical

> "First and foremost, I am resolute in my determination to keep our credo as the foundation for Johnson & Johnson. It will remain at the core of what drives our actions. It reflects our values, our beliefs, our aspirations. It defines our core responsibilities to our stakeholders. It enables us to really make a lasting, a profound difference in this world."
>
> - Alex Gorsky, CEO, Johnson & Johnson

behaviour. J&J has continued to reinforce the credo under the management of current Chief Executive Officer (CEO) Alex Gorsky, who has held the role since 2012. In Gorsky's first presentation as CEO, he spoke at length about the credo and its importance to the company: "First and foremost, I am resolute in my determination to keep our credo as the foundation for Johnson & Johnson. It will remain at the core of what drives our actions. It reflects our values, our beliefs, our aspirations. It defines our core responsibilities to our stakeholders. It enables us to really make a lasting, a profound difference in this world."

We spoke with a former senior manager in J&J's consumer division, who noted that the credo resonates internally, and that employees at the company operate with a code of ethics and believe in doing well by doing the right thing. In our conversation, the former senior manager also expressed confidence that employees at J&J would take immediate action if any products were found to be harmful. Altogether, our research indicates that the company has a strong and positive culture.

Further, our discussions with industry experts and engagement with J&J's investor relations group confirmed that J&J has a robust system of quality controls, including a quality and compliance organization that oversees medical safety and regulatory compliance with the power to prevent or remove products from being sold in the market. This organization operates independently of commercial functions and is led by a Chief Quality Officer, who is in turn supported by designated quality heads at research and development and manufacturing sites. This group works to establish, implement, and maintain quality systems at the site level to ensure quality and regulatory compliance. Current management has also taken initiatives to establish a more centralized approach to the company's supply chain, sourcing, and regulatory compliance with greater responsibility and oversight at the corporate level.

Quality controls and compliance have also been a focus of J&J's board. In 2013, J&J's board of directors formed the Regulatory, Compliance & Governance Affairs Committee to increase the board's oversight of risk management. The board also passed a resolution to establish the Quality and Compliance Core Objective, which affirmed the company's resolve to operate its businesses, sectors, entities, and franchises in a manner that:

- complies with applicable laws, regulations, and company policies and standards
- delivers high-quality products that patients and providers can trust
- conducts its activities and retains policies and procedures to minimize adverse regulatory enforcement action
- maintains, enhances, and supports effective quality and healthcare compliance systems designed to detect, correct, and prevent activities violative of applicable laws, regulations, and/or company policies and standards

We believe these measures have significantly improved the level of accountability, oversight, and reporting of risks within J&J, including those related to compliance and quality control.

More recently, we have been encouraged by J&J's proactive response to the COVID-19 crisis. Since the early days of the outbreak, J&J has been working with industry partners,

"We believe these measures have significantly improved the level of accountability, oversight, and reporting of risks within J&J, including those related to compliance and quality control."

governments, and health authorities on the development of a possible vaccine candidate. The company is currently investing in manufacturing capabilities with the goal of supplying more than one billion doses of the vaccine worldwide and has committed to bringing an affordable vaccine to the public on a not-for-profit basis.

The company has also committed to helping frontline workers and supporting employees through the crisis. The Johnson & Johnson Foundation committed US$50 million to support and supply frontline health workers in the form of meals, training, protective equipment, and mental health support. The company is also offering medically trained employees paid leave for up to 14 weeks to encourage them to provide medical services and help diagnose, treat, and contribute to public health support for COVID-19. All Johnson & Johnson employees, aside from those working on a vaccine, were recently granted a paid day off in gratitude for their work responding to the crisis.

Clearly, the company feels a responsibility to take an active role in the fight against COVID-19. As Gorsky recently stated, "Johnson & Johnson is built for times like these."

FINAL THOUGHTS

Ultimately, we are confident that there has not been pervasive misconduct at J&J and believe management is continuing to lead the company in the right direction by reinforcing the credo and strengthening quality controls. We will continue to monitor the situation moving forward. ■

Source: *Burgundy research, Johnson & Johnson filings, Johnson & Johnson shareholder transcripts, 2013 Citizenship & Sustainability report, 2018 Health for Humanity Report*

Steve Boutin
Senior Vice President,
Portfolio Manager

U.S SMALL CAP CASE STUDY:

AMERICAN HOMES 4 RENT

CORE BUSINESS:
Real estate investment trust

ESTABLISHED:
2012

HEADQUARTERS:
Agoura Hills, United States

ESG CONSIDERATION:
Social responsibility in the housing sector

COMPANY OVERVIEW

American Homes 4 Rent (AMH) is a real estate investment trust and one of the largest owners and operators of single-family rental homes in the United States. The company's mission is to provide safe, high-quality homes for families across the country – a mission that has never been more important than it is today.

BACKGROUND

AMH considers the lack of quality, affordable housing in the United States to be an important social and business concern. We believe AMH is part of the solution.

Our study of AMH reinforces our belief that Burgundy's fundamental, bottom-up company analysis inherently incorporates ESG factors into our investment philosophy. This is based on our understanding of the company's revenue model, along with the insights we have gained from speaking with the management.

There are three primary drivers to AMH's revenue model:

1

Number of homes owned

2

Occupancy rate of those homes

3

Rent charged per home

All three factors are inherently company controlled; however, the occupancy rate and rent are ultimately driven by the customer. Current or prospective customers will all ask themselves several questions: Is the home in a desirable neighbourhood or good school district? Is the landlord reputable and is the home properly maintained? Is the cost of rent feasible? Is the home meeting expectations? In other words, consumers can vote with their feet and leave if they are unsatisfied with the quality of the property, the rent, or the overall customer experience.

It is important to note that a home is a different type of "product" for a customer. It is not a product you simply consume and are done with. A person's home is sacred. It is a place where you raise a family, celebrate holidays, or go to relax after a long day of work. People want to feel safe and comfortable in their home. Even if the home is rented, the renter will still call it "my house." There is a social responsibility that AMH has to its consumer from this standpoint. In the COVID-19 environment, a person's home is more important than ever, functioning as the office, school, daycare, restaurant, and playground. Most of all, a home is a place of safety.

These drivers point to a mutually beneficial relationship between the consumer's happiness and AMH's business success. If the homes are run down, overpriced, or if maintenance is not completed in a timely manner, the company will receive poor customer reviews. Poor customer experiences lead to unoccupied homes, which can also prevent rent increases. By offering a high-quality product, AMH can attract top tenants and earn high-quality returns.

With two working adults in the majority of households, the credit quality of the AMH tenant base is strong. These owners typically have one or more children and an average household income of approximately US$100,000 per year. AMH serves a highly desirable tenant base and, as a result, these tenants demand a quality product.

With over 52,000 homes in the AMH portfolio, it stands to reason that some negative customer experiences are inevitable. After all, eventually something in a home is bound to break. Every homeowner or renter has experienced this. In our research of rental homes, we came across stories of large corporate property owners delaying maintenance or forcing tenants out, effectively putting the bottom line before the tenant. With AMH, this is absolutely not the case. By meeting with management and asking about these issues, we know the company recognizes that business success is driven by customer success.

ESG CONSIDERATION

Management understands that if a home is damaged or repairs go unfixed, it creates a significantly more expensive problem down the road, both in terms of the asset value (the

> AMH considers the lack of quality, affordable housing in the United States to be an important social and business concern. We believe AMH is part of the solution.

home) and, more importantly, AMH's reputation. As a result, AMH has actively invested for a number of years in its technology platforms to shorten the duration between a service request being placed and a technician's response. This investment allows AMH to better utilize its company-employed repair technicians and fix issues faster. This leads to happier tenants, lower turnover, and greater profitability for AMH. These profits can then be reinvested back into the business, continuing the virtuous circle. One example of AMH's technology investment is the Let Yourself InSM system. This system allows potential renters to view a property, submit an application, and lease a property with zero human interaction. Currently, nearly 100% of showings are done with zero human interaction. This platform was originally designed to reduce showing costs; however, in this period of social distancing, the platform has the added benefit of keeping people safe while they search for their new home.

In direct response to COVID-19, AMH has taken a number of actions to put its clients first. The company has waived late fees, halted evictions due to nonpayment of rent, and stopped rent increased on any lease renewals in April and May. The AMH team is also working with customers who are facing significant hardships and may not be in a position to pay their rent for a variety of reasons. A team member works with these families to evaluate their situation on a case-by-case basis. The goal is to make sure that worrying about having a roof over their head is the last thing on their mind.

FINAL THOUGHTS

At the end of the day, a business needs to make money and earn a return. However, the management team's commitment to put the customer first, rather than only focus on the corporate bottom line, shows a great deal of long-term thinking. We believe it will pay dividends for years to come in the form of continued customer and business success. ■

Source: *Burgundy research, American Homes 4 Rent filings, American Homes 4 Rent management call*

Kenneth Broekaert
Senior Vice President,
Portfolio Manager

EUROPE CASE STUDY:

BUNZL

CORE BUSINESS:
Diversified distributor of not-for-resale goods

ESTABLISHED:
1854

HEADQUARTERS:
London, United Kingdom

ESG CONSIDERATION:
Environmental and economic sustainability

> In learning about management's recently updated strategy to proactively engage with customers and help reduce the company's environmental impact, we feel positively about the direction of the business, both for society and as shareholders.

COMPANY OVERVIEW

Bunzl is a distributor of not-for-resale goods (low value items that are used by the customer and not resold, such as napkins, straws, grocery bags, and food packaging material) that are sold to customers in a range of industries including restaurants, grocery, and retail, among others.

BACKGROUND

Before we became shareholders in Bunzl in 2018, we followed the company closely for years. By nature, a number of Bunzl's products are disposable, single-use plastics. While cheap and convenient, these products also carry an environmental cost, which is becoming less acceptable in the eyes of consumers. On the surface, Bunzl's business would appear to be adversely affected by a societal shift away from these goods. We researched the issue and over numerous meetings with Bunzl's management, gained insight into the company's approach to sustainability. In learning about management's recently updated strategy to proactively engage with customers and help reduce the company's environmental impact, we feel positively about the direction of the business, both for society and as shareholders.

In recent years, consumer attention towards single-use plastics has increased materially, most notably with plastic shopping bags and plastic straws. In a number of countries, surcharges have been placed on plastic bags and consumers have been encouraged to opt for reusable bags instead. Bunzl is a large seller of plastic bags to retailers and grocery stores; however, the company also sells reusable bags. Despite a decline in the number of plastic bags sold, Bunzl's revenue has not been materially affected because of the offsetting impact.

> Bunzl views sustainability as not only good for society, but an economic opportunity as well. Bunzl is taking a proactive approach to engage with customers on sustainability and has made it a core part of the company's strategy.

Recent consumer backlash against plastic straws has led to a number of countries, including Canada, announcing a phase-out of these products. Some restaurants chose to immediately switch to paper straws instead and many relied on Bunzl to make these rapid changes. Bunzl was able to quickly source the supply of paper straws. The company saw an increase in revenue from this change, as paper straws are more expensive and profitable. While Bunzl is a large seller of single-use plastics, these examples show that the company is indifferent to the types of goods that customers desire and can be part of the solution when it comes to shifting away from single-use plastics.

ESG CONSIDERATION

Due to the increasing interest in sustainability, Bunzl's customers are looking for ways to reduce their environmental footprint. Many customers, particularly the smaller ones, do not know where to start. Others have their own opinion on whether they would rather use paper or plastic goods because of the varying impacts on carbon emissions at each stage of the product lifecycle. Since Bunzl is a distributor of all not-for-resale goods, it is agnostic to the type of good that a customer buys and does not have the conflicts of interest that a paper or plastic manufacturer would have in advising customers. Instead, Bunzl's scale and expertise in a wide range of goods makes it a credible advisor when helping customers find bespoke solutions that meet their needs. As a result, Bunzl views sustainability as not only good for society, but an economic opportunity as well. Bunzl is taking a proactive approach to engage with customers on sustainability and has made it a core part of the company's strategy. To head up these plans, Bunzl hired a new Group Head of Sustainability in 2019, as well as sustainability specialists for each of Bunzl's end markets. Some of the initiatives Bunzl is pursuing include sourcing products with post-consumer recycled plastic, encouraging customers to use reusable cutlery, and developing solutions to close the loop by entering recycling. Bunzl recently developed a recycling program with one of its grocery customers. On weekly deliveries, Bunzl picks up the clear, film-based plastic used by the customer for packaging and backhauls it to its distribution centres where it is organized and then sent to a special recycling provider.

FINAL THOUGHTS

We think the initiatives Bunzl has untaken are the right ones for society as well as the long-term sustainability of Bunzl's business. We hope to be shareholders of Bunzl for the long term. The proactive steps Bunzl is taking give us confidence in the prospects for all stakeholders. ■

Source: *Burgundy research, Bunzl filings*

Andrew Choi
Vice President,
Portfolio Manager

EUROPE SMALL-CAP CASE STUDY: MEDICA

CORE BUSINESS:
Teleradiology services

ESTABLISHED:
2004

HEADQUARTERS:
Hastings, United Kingdom

ESG CONSIDERATION:
Helping the National Health Service (NHS) through the pandemic

COMPANY OVERVIEW

Medica provides teleradiology services to hospitals in the United Kingdom (UK). The company operates an online platform, which is directly linked to the hospitals' radiology information system. The system allows one of its approximately 400 consulting radiologists to remotely provide medically equivalent opinions on scans done in the hospitals.

BACKGROUND

UK hospitals face a serious radiologist shortage. Radiology scan volumes have been growing at 10% per annum for some time, while the number of radiologists has been growing at half the rate due to challenges with recruitment and training. As a result, the country has one of the lowest number of consulting radiologists in Europe[1]. Reports using information from the National Health Service (NHS), the publicly funded healthcare system in the UK, revealed that 99% of the radiology departments in the NHS are unable to meet their reporting requirements.

Medica was established to help alleviate this issue by offering hospitals the ability to outsource some of the work to consulting radiologists. The service has quickly become an essential component in helping many UK hospitals manage scan backlogs.

ESG CONSIDERATION

With scan volumes falling by up to 90% during March and April, the company has been severely affected by the pandemic. Lockdowns resulted in significant declines in emergency admission volumes and delayed "elective" procedures, which significantly reduced the need for imaging.

Despite this heavy impact, Medica realized they were in the perfect position to help hospitals since their platform was already designed for work from home. Medica has collaborated closely with its NHS clients to invoke contingency planning and has started to offer a pro bono pass-through service to enable its radiologists to report from home.

FINAL THOUGHTS

Being an outsourced service provider to the public healthcare system is not an easy job, and the pandemic has increased the challenges significantly. We applaud Medica's efforts to strengthen its symbiotic relationship with customers and believe this will ultimately benefit the company. ■

Source: *As of 2015, 4.8 radiologist per 100,000, vs 12 for Western Europe (GE Healthcare Partners Workforce Review)*

Sources: *Burgundy research; Royal College of Radiologists Clinical Radiology UK Workforce Census (2019); GE Healthcare Partners Workforce Review: Radiology (2018)*

> "Medica realized they were in the perfect position to help hospitals since their platform was already designed for work from home."

Craig Pho
Senior Vice President,
Portfolio Manager

ASIA CASE STUDY: KOMATSU

CORE BUSINESS:
Heavy equipment manufacturer

ESTABLISHED:
1921

HEADQUARTERS:
Tokyo, Japan

ESG CONSIDERATION:
Reducing carbon emissions

COMPANY OVERVIEW

Komatsu is a world-leading manufacturer of heavy equipment (by market share) that is used extensively in the construction and mining industries. Equipment used in the construction industry includes excavators, bulldozers, wheel loaders, and dump trucks. Some examples of equipment used in the mining industry include draglines, electric rope shovels, crushers, and blasthole drills.

BACKGROUND

ESG is a real business concern for Komatsu and we are paying close attention to a few areas. First, its heavy equipment is predominantly diesel-powered and produces carbon emissions. In addition, emissions are also generated in the manufacturing of the equipment itself. Second, manufacturers of equipment have a role to play in keeping construction and mining sites safe, which are hazardous and have potential for serious danger. Third, Komatsu's equipment is used in the mining industry to extract minerals like coal, which is a relatively high-pollutant energy source compared to alternatives. We have focused our engagement efforts with Komatsu primarily on the first two of these concerns, because they are within the realm of the company's control. By reducing emissions produced by its equipment and by increasing safety standards, Komatsu is able to actively work towards better environmental and social outcomes.

ESG CONSIDERATION

Komatsu has clear quantitative goals in the area of carbon emissions. Through assessing the carbon generated throughout the life cycle of its construction equipment, the company determined that the emissions created during the use of the equipment make up about 90% of total emissions, while emissions from the manufacturing process make up most of the small remainder. The company's response has been to focus on increasing the energy efficiency of its equipment and reducing operating emissions by gradually switching to cleaner power sources.

On the equipment usage side, it is worth highlighting a couple of key goals from Komatsu's mid- and long-term targets. The company aims to reduce carbon emissions during equipment usage by 25% between 2007 and 2025. As of fiscal year 2018, Komatsu has achieved a 9% reduction. The company is also targeting a fuel consumption reduction rate of 40% for hybrid equipment and 20% for non-hybrid equipment by 2020 in its excavator category (a key product for Komatsu). As of fiscal year 2018, the company's progress was at 36% and 3-11% respectively. Komatsu is also setting longer-term targets to 2030, outlining further emissions reduction goals.

KEY GOALS

EQUIPMENT USAGE

25% BY 2025
reduction in carbon emissions during equipment usage

FUEL CONSUMPTION

40% BY 2020
fuel consumption reduction rate for hybrid equipment

20% BY 2020
fuel consumption reduction rate for non-hybrid equipment

PRODUCTION PROCESS

57% BY 2020
carbon emissions reductions per unit of production

65% BY 2030
carbon emissions reductions per unit of production

> Improving operational efficiency and reducing carbon emissions not only have a positive effect on the world, but also reduce costs for users.

In terms of its own production process, Komatsu has targeted 57% carbon emissions reduction per unit of production in its Japanese plants by 2020 (compared with 2000 levels) and has achieved 40% as of fiscal year 2019. Looking out to 2030, the company is targeting a 65% reduction.

In practical terms, Komatsu is progressing towards these goals in a number of different ways, the most important of which are centred on investments in technology that increase equipment efficiency:

- **Hybrid Technology:** Komatsu has been a pioneer in this area by being the first to introduce hybrid hydraulic excavators, which are certified by Japan's Ministry of Land, Infrastructure, Transport and Tourism as "Low Carbon Type Construction Equipment." The company has been gradually rolling out this technology across its product portfolio.

- **Komtrax:** All Komatsu equipment is equipped with a system called Komtrax, which remotely monitors the equipment and tracks its operational history, such as fuel consumption and operation time. The system allows users to better understand how its equipment is being utilized, with the goal of obtaining efficiency gains and reducing carbon emissions.

- **Smart Construction:** Since 2013, Komatsu has been designing and manufacturing equipment that reduces the need for skilled human operators and improves operational efficiency. For instance, the company introduced the world's first automatic blade control ICT bulldozer, which uses three-dimensional topographic models gathered by drones to more accurately adjust the level of the dozer blade. This ensures that only the required amount of earth is moved, reducing waste and thus reducing carbon emissions by about 25%. Similar technology has been applied to excavators, with fuel consumption improvements of about 30%.

FINAL THOUGHTS

In this industry, carbon emissions are correlated with operational expenses for equipment users. This makes Komatsu's technology-focused approach to improving carbon emissions a core part of our investment thesis in the business. Over the lifetime of a piece of construction or mining equipment, fuel and spare parts make up a much larger proportion of the total cost of ownership than the initial cost of the equipment itself. As a result, improving operational efficiency and reducing carbon emissions not only have a positive effect on the world, but also reduce costs for users. As a company focused on driving forward technological advancement in its industry, Komatsu's initiatives and investments in this area add to the company's competitive advantage, serving the needs of customers and helping differentiate Komatsu as a manufacturer. As shareholders, we wholeheartedly support these initiatives and fully expect the company to continue investing in this area, both now and over the long term. ■

Source: *Burgundy research, Komatsu filings, Komatsu corporate social responsibility (CSR) and environment*

Anne Mette de Place Filippini
Chief Investment Officer,
Senior Vice President,
Portfolio Manager

EMERGING MARKETS CASE STUDY:

TINGYI HOLDING CORPORATION

CORE BUSINESS:
Food and beverage producer

ESTABLISHED:
1991

HEADQUARTERS:
Shanghai, China

ESG CONSIDERATION:
Product safety

COMPANY OVERVIEW

Tingyi Holding Corporation is one of China's largest food and beverage producers. The company operates in two main segments: instant noodles and beverages. Founded in Taiwan by the Wei family, Tingyi saw the opportunity in China and entered the Chinese instant noodle market in 1992, using strong marketing to offer a quality product at a reasonable price. Today, Tingyi has 50% market share in the instant noodle category in China, more than twice the size of its second-largest competitor (as at December 31, 2019). Tingyi is also a leader (by market share) in ready-to-drink tea products and water under its own brand. The company also operates as a bottler for Pepsi for carbonated soft drinks and juice products.

BACKGROUND

Tingyi has a corporate vision of being "the most respected food & beverage company" and committed to its principles of "sustainable operations" and "contribution to society." Within the ESG portion of Tingyi's annual report, the company highlights five core strategies for serving the needs of stakeholders and society at large. These five areas are:

1. Food safety development
2. Product responsibility
3. Energy conservation
4. Environmental protection
5. Win-win partnerships

Tingyi uses these five pillars to continue to build on its advantages in the industry, increase investment and sustain its innovative contributions in ESG.

ESG CONSIDERATION

Tingyi's Master Kong brand is the most well-known food and beverage brand in China and is top of mind for consumers, largely because of its focus on food safety. China has seen its fair share of food-safety-related incidents, and there is low consumer trust and tolerance for brands with a history of food safety violations. Tingyi made food safety the foundation of the company and considers it to be one of the most important metrics. In addition to strictly abiding by the laws and regulations related to the Food Safety Laws in China, Tingyi also continuously makes improvements to its food safety and quality control. These efforts allow for full supply chain traceability and enable Tingyi to trace raw materials from farm to table.

THE FOOD SAFETY CENTRE

1,500 food safety indicator tests (per year)

3.5 million quality indicator tests (per year)

QUALITY FACTORS

- Pesticide residues
- Heavy metals
- Allergens
- Micro-organisms
- Food additives
- Genetic modifications

The Food Safety Centre is the core of this operation. In an effort to strictly control quality factors such as pesticide residues, heavy metals, food additives, allergens, microorganisms, and genetic modifications, the Centre performs over 1,500 food safety indicator tests and over 3.5 million quality indicator tests each year. The Centre continues to invest in order to increase the frequency of inspection on product-quality indicators, enhance the professional knowledge and skills of research & development personnel, and actively engage external consultants to increase the diversity of talent composition. We had the pleasure of touring

> Tingyi believes in sustainable operations and having a long-term relationship with the consumer. One of the most important ways to do that as a food and beverage company is by ensuring that the product the consumer is buying is safe and of high quality, especially in a country where other manufacturers have not adhered to the same standards.

Tingyi's Food Safety Centre and were impressed by the high standards and numerous tests conducted there.

Tingyi has also established a full supply chain monitoring system to safeguard product quality and food safety, including supplier management, raw-material inspection at procurement, production process control, and finished product inspection prior to delivery. This enables both forward and backward track and trace capabilities where raw materials can be traced to finished products and finished products can be traced to the end destination. In the first quarter of 2020, the company launched an online system to enable real-time tracking of finished products and raw materials to improve the overall efficiency of the traceability operations. Tingyi's production process is also highly automated. We toured the company's instant noodle production facility in Tianjin where over 200,000 packets of instant noodles are produced every hour with minimal human input.

Tingyi also collaborates with external parties to continue to improve its food safety and quality control. Tingyi's collaboration with Jiangnan University led to the development of a TGP indicator to monitor the freshness and quality safety of edible oils and fats, an important input in making instant noodles. The TGP indicator allows Tingyi to closely monitor the quality of oils going into the production process to ensure that inferior oils are not added. This testing process has enabled Tingyi's instant noodle frying process to outperform the national standard by 30%. Rather than keep this process private, Tingyi has announced its willingness to share the patent rights of the TGP oil monitoring system with industry peers and society at no cost in order to jointly improve the overall industry food safety standards.

In recognition of its food safety standards, Tingyi was awarded "Top Ten Enterprises in Safety Management" at the 2019 China Food Safety Annual Conference. In 2019, Tingyi was asked to join the National Food Safety Standard Collaboration Group to help revise the national food safety standards.

FINAL THOUGHTS

Tingyi believes in sustainable operations and having a long-term relationship with the consumer. One of the most important ways to do that as a food and beverage company is by ensuring that the product the consumer is buying is safe and of high quality, especially in a country where other manufacturers have not adhered to the same standards. Tingyi's focus on food safety has also helped to improve the entire industry value chain, raising the standards for suppliers and improving food safety standards across the industry. This focus on food safety has benefited all stakeholders, including shareholders, and shows the long-term focus of the company. ■

Source: *Burgundy research, Tingyi filings, foodnavigator-asia.com*

Robert Sankey
Chief Executive Officer

Julie Cordeiro
Vice President,
Chief Administrative Officer
and General Counsel

LIVING THE ESG VALUES:

BURGUNDY'S CORPORATE ESG

Just over a year ago, in June 2019, Burgundy formally launched the **Living the ESG Values** initiative, committing as an organization to create long-term value for those we serve by helping our clients thrive, our communities prosper, and by engaging our employees and shareholders. Burgundy's approach to ESG aligns with our core values of honesty, courage, and acting in the best interests of our clients. The initiatives below reflect the steps the firm has taken over the last 12 months as we continue our journey to living the ESG values.

OUR INITIATIVES: TIMELINE

SECOND HALF OF 2019

JUNE	Formally launched the Living the ESG Values Initiative
JULY	Completed succession planning for Burgundy's Canadian Small Cap and Bond Funds
OCTOBER	Announced the Giving at Burgundy Philanthropy Initiative
OCTOBER	Released the second issue of **MINERVA**, a magazine focused on women in investing
NOVEMBER	Announced the Burgundy Goes Green Project and formed the Green Team
DECEMBER	Formed the Burgundy Legacy Foundation

FIRST HALF OF 2020

JANUARY	Announced our commitment to adopt the National Standard of Canada for Psychological Health and Safety in the Workplace
APRIL	Launched the new Burgundy Client Portal
MAY	Received certification as a BOMA BEST® Sustainable Workplace
JUNE	Launched the new Burgundy App
JUNE	Named one of Canada's Top 100 Small and Medium Employers
JULY	Anne Mette de Place Filippini assumed the role of Chief Investment Officer

> In November 2019, we formed the Burgundy Green Team with a mission statement to become a "more environmentally conscious and sustainable organization by introducing green office initiatives and measuring and monitoring our performance."

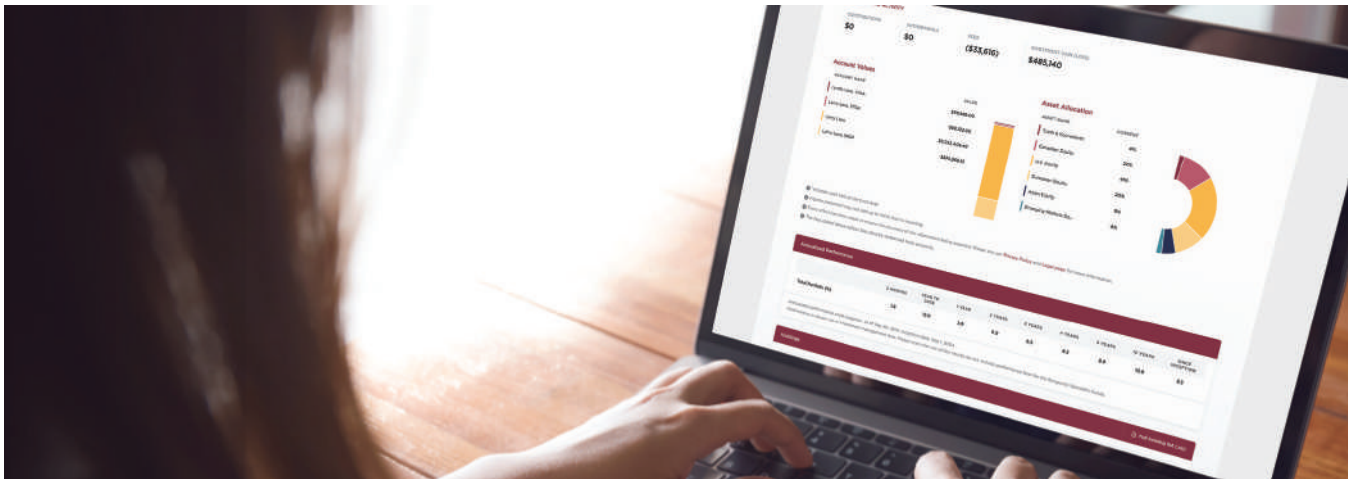
BURGUNDY GOES GREEN

In the last year, reducing the firm's environmental impact and conducting our business in a more environmentally and socially conscious way has been a priority. Through our organizational assessment, which was conducted in partnership with CD Sonter Ltd. (a trusted third-party environmental consultant), we identified and set measurable goals and implemented a framework for change. We have worked hard to advance green practices in the workplace and measure our pursuit of becoming a sustainable office.

In November 2019, we formed the **Burgundy Green Team** with a mission statement to become a "more environmentally conscious and sustainable organization by introducing green office initiatives and measuring and monitoring our performance." With campaigns committed to reducing paper consumption and monitoring our carbon footprint, the Green Team encourages accountability at the firm by tracking the progress of our environmental impact. As a result of the Green Team's work over the last 12 months, Burgundy is now certified as a **BOMA BEST® Sustainable Workplace** (effective June 2020). Year over year, we will measure and monitor our performance using the BOMA BEST® Sustainable Workplaces Program, which will support our efforts to become a leader in corporate sustainability.

ESG OPPORTUNITIES AMID COVID-19

For many years, Burgundy has reaped the rewards of embracing and leveraging technology. Our seamless transition to working remotely during COVID-19 is an important example. We have also been investing in our technology and expanding our ability to use technology to engage our investee companies, clients, and partners. In April 2020, we deployed the new **Burgundy Client Portal**. With enhanced features and more secure access to portfolio information, the updated Client Portal provides an improved experience for our clients. In June 2020, we launched the new Burgundy App, making it easier for our clients to view their information and further reducing reliance on paper-based interactions. With the addition of these new tools, we anticipate a significant decrease in our carbon footprint as it relates to the production of internal and external paper-based client reporting. While our physical offices remain closed, we are forging



ahead through the new digital doors that have swung open. We are working hard on a number of additional technology initiatives, all aimed to improve our client experience and facilitate our digital offering.

Cyber security threats have become even more pervasive in the COVID-19 environment. Attention to data security is essential to Burgundy's core values and our privacy policies outline our responsibility of oversight and accountability. These responsibilities rest primarily with senior management and our Board. We continue to enhance our security capabilities. Burgundy has entered into several strategic partnerships to further assist this effort. In our partnership with Edelman Canada, we conducted multiple scenario simulations to test our cyber resiliency and response. In 2020, we engaged ACA Aponix to conduct risk-assessment testing to help us identify any gaps and ensure our cyber risk posture remains strong.

Given the strain of the COVID-19 era, alignment with societal objectives has never been more urgent. Employee health and safety, including mental wellness, is top of mind at Burgundy. In January 2020, Burgundy announced its commitment to adopt the **National Standard of Canada for Psychological Health and Safety in the Workplace.** This standard is intended to guide organizations in promoting mental health and preventing psychological harm at work. We believe it's imperative that we work collaboratively with our employees to establish programming for a safe and secure workplace that combats the stigma associated with mental illnesses. During the extended work-from-home phase of the pandemic, we have organized a number of health-related initiatives for our people, including webinar sessions on managing stress and overcoming anxiety. We launched a new employee assistance program (EAP) and online tool, LifeWorks App. During the month of May, Mental Health Awareness Month, we created programing to help our staff facilitate connection while working from home. Our theme corresponded to "Apart. Not Alone," a campaign by the Centre for Addiction and Mental Health (CAMH). We have also added three wellness days. These additional days off support our people in prioritizing their mental health and wellbeing during the COVID-19 period. COVID-19 has challenged every aspect of how we live and work, both in terms of how we operate today and how we think about the future. Returning to post-pandemic normalcy at the office is at the top of everyone's mind and this period has encouraged us to reflect on our own resilience and challenged us to consider ways to improve going forward.

GIVING AT BURGUNDY

In October 2019, with the goal of increasing the strategic focus around philanthropy, Burgundy launched the Giving at Burgundy Philanthropy Initiative to further explore opportunities for Burgundy to have impact in this area. In December 2019, the Burgundy Legacy Foundation (BLF) was incorporated and plans are underway to formally launch the BLF along with a variety of other initiatives to further assist our clients with their giving priorities. Burgundy operates to allow our clients and their families to live as they wish and give as they wish.

Employees at Burgundy are actively dedicated to this spirit of giving, generously contributing their time and expertise. Over one-third of our people are currently volunteering by participating on a board or committee of a not-for-profit organization. Collectively, this volunteerism benefits over 100 Canadian organizations, charities and foundations. Our commitment to supporting philanthropy has continued during the pandemic. In addition to significant personal giving from many of Burgundy's senior partners, Burgundy has raised over $138,000 for COVID-19 related initiatives, with a significant portion directed to Food Banks Canada.

> **100**
Canadian organizations, charities and foundations benefited by the volunteerism

> **$ 138,000**
raised by Burgundy for COVID-19 related initiatives

BURGUNDY AND GOVERNANCE

Burgundy holds itself to the highest standards, underpinned by a foundation of independence, strong governance and in-

tegrity. In order to build trust, we know we must conduct our business responsibly. Over 15 years ago, we were a founder of the Canadian Coalition of Good Governance (CCGG), and we remain committed to the organization's mission of representing the interests of institutional investors and promoting efficient capital markets and good governance practices in Canadian public companies. We are proud to be part of the CCGG's tireless efforts to improve corporate governance in Canada and with representation on its current Board of Directors and its committees, Burgundy remains actively involved.

At Burgundy, our objective is to carefully plan for the ownership and leadership of the firm. As of late, our commitment to corporate governance has been most evident in our succession plans. Effective January 1, 2019, Robert Sankey succeeded Tony Arrell, Chair and Founder, in the role of Chief Executive Officer. In addition, on July 1, 2020, Anne Mette de Place Filippini assumed the role of Chief Investment Officer, concluding the two-year succession plan that began in July 2018. Richard Rooney will assume the role of Vice Chair and Co-Founder, and carry on his portfolio management responsibilities for Burgundy's EAFE strategy. He will continue to play an important role at the firm through client support and thought leadership. There have also been some key successions within the investment team over the last 12 months, with two changeovers taking place on July 1, 2019: Andrew Iu assuming responsibility for the Burgundy Canadian Small Cap Fund from Allan MacDonald and James Arnold assuming responsibility for the Burgundy Bond Fund from Vince Hunt. Burgundy will continue to plan for ownership and talent succession in the years ahead as a key and integral part of maintaining our independence.

PROMOTING GENDER DIVERSITY

Burgundy promotes diversity and inclusion in the investment industry, and has undertaken several initiatives to address the under representation of women in finance. Our main area of focus has been to encourage young women to consider careers in this industry. Over the past 12 months, Burgundy has reached over 400 high school girls and made them aware of potential opportunities in financial services.

In addition, we launched a Burgundy Women in Investing Club at Queen's University and hosted several other student clubs across different campuses in Ontario. These clubs invite women to learn the fundamentals of investing early on in a welcoming environment where they can share their investment ideas and challenge themselves. Burgundy also sponsors conferences that educate working women about the career possibilities in the financial services industry. These events provide an opportunity for us to communicate the skills and qualities that are required for success.

Anne Maggisano and Lisa Ritchie at the Burgundy Annual Forum on May 23, 2019.

WOMEN OF BURGUNDY

A program to inspire women to make investing a priority

- Launched in **2014**
- Led over **30** educational events
- Reached over **880** members, by the end of 2019
- Launched **MINERVA**, a magazine focused on women in investing

In 2014, we launched Women of Burgundy, a program to inspire women to make investing a priority. We have led over 30 educational events as part of this initiative, including interviews with women leaders in business and investing, investment seminars, and book club events. At the end of 2019, Women of Burgundy had reached over 880 members, both women and men. We have built a deep and strong community of over 325 members who come to our events regularly. In 2019, in an effort to further showcase women in the sector and continue to take on a leadership role, Burgundy launched **MINERVA**, a magazine focused on women in investing. We published two issues in the 2019 calendar year, one in April and one in October.

To create an equal platform for candidates to apply for a career at Burgundy, we have improved the language of our job postings. In addition to defining the required qualifications, there is an emphasis that Burgundy has a culture of feedback and continuous learning. There is a dedicated section on Burgundy's careers website called "Resources for Young Investors," which includes an interview guide, recommended reading list, and dates/venues for all student information sessions. Through all of these efforts, we have seen a significant increase in the number of women applying for Investment Analyst positions, as well as an improvement in the quality of submitted applications and interviews. Of the applications received for our intern program, 40% were from women and 40% of the interns we hired were women. We were also thrilled when two outstanding young women recently decided to join Burgundy as full-time analysts from our intern program: Irena Petkovic joined the Canadian Small Cap team this year and Abigail Bibbings will join the U.S. Large Cap team next year.

CANADA'S TOP SMALL & MEDIUM EMPLOYER 2020 AWARD

In recognition of Burgundy's work over the last 12 months, in addition to the years of foundation predating this, in June 2020, Burgundy was selected as one of the recipients for **Canada's Top Small & Medium Employers for 2020 Award**. Canada's Top Small & Medium Employers is an editorial competition that recognizes the small and medium enterprises (SMEs), as defined by Statistics Canada, that offer the nation's best workplaces and forward-thinking human resources policies. Our firm was evaluated based on criteria ranging from Physical Workplace to Health, Financial & Family Benefits to Community Involvement. We are humbled and proud to have received this award and congratulate our employees.

FINAL THOUGHTS

The achievements of the past year are a testament to Burgundy's vision and follow through. While we acknowledge there is no finish line to growth and development, we consider our efforts in environmental initiatives, philanthropic endeavours, governance, gender diversity, the emotional wellbeing of our employees and, of course, the needs of our clients to be a reflection of our continued commitment to Living the ESG Values as an organization. ■

ROBERT SANKEY
Chief Executive Officer

JULIE CORDEIRO
Vice President,
Chief Administrative Officer
and General Counsel

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BURGUNDY

ASSET MANAGEMENT LTD.

TORONTO

Bay Wellington Tower, Brookfield Place
181 Bay Street, Suite 4510
PO Box 778, Toronto ON M5J 2T3

Main: (416) 869-3222
Toll Free: 1 (888) 480-1790
Fax: (416) 869-1700

VANCOUVER

999 West Hastings Street,
Suite 1810, PO Box 33
Vancouver, BC V6C 2W2

Main: (604) 638 0897
Toll Free: 1 (833) 646 6807

MONTREAL

1501 McGill College Avenue
Suite 2090, Montreal QC H3A 3M8

Main: (514) 844-8091
Toll Free: 1 (877) 844-8091
Fax: (514) 844-7797

CONTACT

info@burgundyasset.com
burgundyasset.com