

# RESPONSIBLE INVESTMENT QUESTIONNAIRE

FOR INVESTMENT MANAGERS



University  
of Manitoba

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Institutional Mandate: **Burgundy EAFE Equity Fund**

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## **PREAMBLE**

The University of Manitoba has made commitments to consider social and environmental issues to advance sustainability and climate action, and to advance reconciliation by respecting and promoting the rights of Indigenous peoples. As such, the University approved a Responsible Investment Policy in March 2023. In accordance with the policy, we require all our external Investment Managers to have an ESG policy and to have rigorous ESG processes in place when evaluating investments. We also require Managers use their (proxy) votes to promote best practices in responsible investing. Managers will be asked to report on their ESG activities on an annual basis. Please note that responses may be posted in full on the University of Manitoba website.

*If a question does not apply to you or your mandate, please indicate not applicable.*

# RESPONSIBLE INVESTMENT QUESTIONS

## 1. POLICY AND GOVERNANCE

### 1.1 Does your organization have a responsible investment policy?

*If it does, provide a copy. State whether the policy is publicly available, specify the proportion of organizational assets it applies to and describe the process for reviewing and updating it. If your organization does not have a policy, explain why not.*

Yes, Burgundy has a Responsible Investment Policy. The Policy is publicly available on our website [here](#).

The Policy applies to all our assets under management. It is reviewed annually by the Sustainability Advisory Council and updated as necessary.

### 1.2 What international standards, industry (association) guidelines, reporting frameworks, or initiatives that promote responsible investment practices has your organization committed to?

*Examples include publicly supporting the Paris Agreement, being a PRI signatory, endorsing the TCFD recommendations and participating in the United Nations Global Compact.*

Please see below a list of organizations Burgundy is a part of and the year we joined:

- 2003 - Portfolio Management Association of Canada (PMAC)
- 2004 (founding year) - Canadian Coalition for Good Governance (CCGG)
- 2005 - Investment Adviser Association (IAA)
- 2019 - United Nations supported Principles for Responsible Investment (UN PRI)
- 2020 - Endorsed CCGG Stewardship Principles

### 1.3 How is responsible investment overseen and implemented within your organization?

*List the roles and/or committees involved in responsible investment activities, including stewardship. Describe how these roles and/or committees are positioned and describe any external resources used to support these activities.*

Our Sustainability Advisory Council oversees our overall approach to Sustainability. The Council is comprised of Burgundy's Chief Executive Officer, Chief Investment Officer, Chief Compliance Officer, Director of Research, and members of the Sustainability team, formalizing the governance structure, and tying the team's efforts back to Burgundy's investment team and leadership. The Council meets on a quarterly basis.

### 1.4 What responsible investment training does your organization provide to staff?

*Describe what the training covers, which staff receive it, and how frequently it takes place.*

We hold regular training sessions on responsible investment for our investment teams. The following are some of the recent training sessions we have held:

Responsible Investment Topic	Speaker
Climate Change	Andrew Leach – Energy and Environmental Economist and Chair of Alberta’s Climate Change Leadership Panel
Corporate Tax Evasion	Dimitry Khmelnitsky – Head of Accounting and Special Situations at Veritas, a forensic accounting firm
Cyber Security	Joanne Martin – Former VP, IT Risk and Global CISO at International Business Machines Corporation
Drug Price Inflation	Alan Levine – Former CISO at Arconic Inc.; Global Information Security, Privacy, and Compliance at Alcoa Corporation
ESG Disclosure, Engagement	Bryan Strawser – Founder, Principal, and CEO at Bryghtpath LLC
Drug Price Inflation	Bill Wallace – Pharmaceutical Consultant, and Senior Partner of Pharmaceutical Strategies Group
ESG Disclosure, Engagement	Milla Craig – Founder of Millani, an ESG integration consulting firm
Executive Compensation	Ken Hugessen – Partner of Hugessen Consulting, an executive compensation advisory firm
Tobacco Products	Nancy Monda – Former Manager of Marketing, Research and Regulatory Affairs at Reynolds
Principles for Responsible Investment	Kelly Krauter – Associate (Canada), Signatory Relations at Principles for Responsible Investment (UN PRI) Association
Overcoming Biases in Recruiting	Robyn Ross – Head of People and Talent, Burgundy Asset Management Ltd.
Governance, Canadian Shareholder Activism	Carol Hansell – Founder and Senior Partner of Hansell LLP
Net Zero Commitments and Carbon Offsets	Yasin Salyani, CFA – Analyst, Sustainable Investing, Burgundy Asset Management Ltd.

## 2. INVESTMENT PROCESS

### 2.1 How is ESG materiality analyzed for this strategy?

*Mention the ESG factors that are analyzed (e.g. climate change, diversity, human rights) and how their financial materiality is determined, including any tools, standards or data that are used.*

Materiality of ESG factors is determined in the context of the factor’s potential impact to the intrinsic value of the company being evaluated and our investment thesis on it. This is determined at the discretion of our Portfolio Managers and Investment Analysts.

Our rigorous, bottom-up approach allows ESG risks and opportunities to be evaluated at the onset of the investment process. Some examples of ESG issues we assess in company evaluations include, but are not limited to, carbon emissions including taxation and disclosure, worker safety, diversity metrics, capital allocation, executive compensation, energy transition and emerging technologies, affordable housing, and corporate sustainability efforts.

We integrate these into our thorough investment research process to assess their materiality and whether they have the potential to impact the value of our investment.

## **2.2 How are financially material ESG factors incorporated into this strategy?**

*Mention how material ESG factors influence portfolio construction and security selection. For quantitative strategies, mention the use of any back-testing or simulations that are applied to the strategy, and how ESG factors are positioned alongside traditional factors or incorporated into them. Disclose the roles/committees that are responsible for incorporating ESG factors into this strategy. Provide any examples from the past 12 months of how ESG factors have influenced security selection and/or portfolio construction for this strategy.*

Our regional investment teams, consisting of Portfolio Managers and Investment Analysts, are responsible for implementing ESG and integrating it into their investment process and decision making. We believe that the investment decision makers must do their own ESG research for ESG to be genuinely integrated into the investment process.

The primary way that our investment team identifies and evaluates material ESG factors is through our core investment process. It is a rigorous bottom-up process that typically includes a detailed analysis of the company's current and historical financial results, an assessment of qualitative business characteristics, as well as interactions with company management, customers, competitors, suppliers, and former employees.

Our sustainability team supports the investment team by conducting ESG-specific research on companies, assisting them in engagement with company managements on ESG-specific issues, and providing training to our investment professionals on relevant ESG topics.

Please refer to our annual ESG report, available on our website [here](#), for examples on how ESG factors have influenced security selection.

## **2.3 How are ESG screens applied to this strategy?**

*Mention any positive, norms-based or exclusionary screens that are applied, including why and how they are used in combination with other responsible investment activities (such as stewardship). Specify whether your organization can apply client-directed screens to the strategy.*

Burgundy adheres to any sanction restrictions imposed by applicable law across all our funds. Burgundy sources and relies on the Government of Canada, the Office of Foreign Assets Control (OFAC), the

United Nations Security Council, and the United States Department of State for current sanctions data. As part of our detailed bottom-up analysis when researching companies, before we buy and while we own equity in a company, we ensure that companies in which we invest are not located in or otherwise materially connected with a sanctioned country or person.

Negative screening is used in Burgundy's SRI and Foundation Funds and excludes securities in predefined industries -- namely, tobacco, cannabis, armament, and gambling.

Burgundy can apply client-directed screens on separately managed accounts.

#### **2.4 How are ESG incidents involving investee companies managed?**

*Mention how ESG incidents/controversies are monitored for investee involvement, any actions taken in response to their involvement (e.g. reducing exposure to the company) and how their involvement is communicated to clients.*

Our investment and sustainability teams regularly monitor our portfolio companies and keep track of ESG incidents and controversies. Our sustainability team also provides controversy alerts to our investment team on a biweekly basis. The investment team assesses the materiality of the controversy and the potential impact it could have on the intrinsic value of the company. The investment team would engage with company management on material controversial incidents to get a better understanding of the risk and how the company is managing it. This informs our investment decision making.

### **3. STEWARDSHIP**

#### **3.1 Does your organization have a stewardship/engagement policy?**

*If so, provide a copy. State whether the policy is publicly available and specify the proportion of assets it applies to. Specify whether your organization is willing to vote in line with a client's voting policy, as opposed to its own, upon request.*

Yes, Burgundy has a Stewardship Policy. The Policy is publicly available on our website [here](#). The policy applies to all our assets under management.

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. Clients with separately managed accounts with Burgundy can vote in line with their own voting policies.

#### **3.2 How does your organization determine its stewardship priorities?**

*Mention how your organization approaches selecting ESG issues and entities to engage with.*

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.

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.

### **3.3 What stewardship methods does your organization use?**

*Mention if/how your organization escalates stewardship activities when initial efforts are deemed unsuccessful (e.g. publicly engaging with the entity via open letters), the approach taken to collaborative stewardship initiatives (such as collaborative engagements) and how often/to what extent specific escalation methods have been used over the past twelve months.*

We carry out our stewardship activities through tools such as engagement with issuers, proxy voting, escalation, public policy submissions, and collaboration.

#### 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 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.

## 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.

## 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.

## 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.

### **3.4 What is your organization's approach to (proxy) voting?**

*Mention i) how responsibility for (proxy) voting decision making is structured (e.g. are voting principles decided at an organization level? Is decision making delegated to portfolio managers?) ii) whether and in what circumstances voting is delegated to service providers iii) how your organization assesses whether*



to support ESG resolutions iv) whether your organization publishes voting decisions and vote justifications pre and/or post AGMs/EGMs.

We view proxy voting to be an important governance tool.

We vote all proxies over which we have authority in the best interests of our clients. All proxy voting is done in-house, and the Portfolio Manager is responsible for determining how to vote on each and every proxy proposal.

Burgundy has established a [proxy voting policy](#) and a set of guidelines, which incorporate environmental and social issues, to steer our Portfolio Managers in their voting decisions.

Burgundy uses Institutional Shareholder Services (ISS) only to carry out proxy voting research and consolidation.

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 do not publish voting records publicly but provide voting records to clients upon request.

### **3.5 What is your organization's (proxy) voting record?**

*What proportion of time do you vote with or against management on shareholder resolutions, board appointments, and auditor appointments? What proportion of time do you vote with or against management on ESG issues? How does this break down for climate, diversity, and remuneration issues?*

For the calendar year ending December 31, 2022, Burgundy's proxy voting breakdown is shown in the table below:

	<b>% With Management</b>	<b>% Against Management</b>
Shareholder Resolutions	58	42
Board Appointments	96	4
Auditor Appointments	98	2
E&S Issues	65	35
Climate	69	31
Diversity	67	33
Remuneration	88	12

### **3.6 How does your organization assess the effectiveness of its stewardship activities?**

*Mention any key performance indicators used to measure the effectiveness of engagement efforts and whether any of these relate to real-world outcomes (such as SDGs). Provide any examples of*

*engagements your organization has conducted in the past 12 months and provide an assessment of the effectiveness of these engagements to date.*

Our Sustainability Advisory Council reviews the effectiveness of our sustainable investment activities. The council meets on a quarterly basis.

Please see below for an example of an engagement we conducted over the past year:

Company Name	Brenntag
Sector	Industrials
Engagement Topic	Merger with Univar
Engagement Rationale	Brenntag announced that it had begun merger talks with Univar. We had reservations over the relative valuation of Brenntag vs. Univar, the risks associated with integrating two very large sales forces, and potential dis-synergies from customer/supplier conflict. We engaged with the company by sending two letters to the Management and the Supervisory Board highlighting our concerns as shareholders
Start Date	December 2022
Methodology/Process	We sent two letters to the Management and Supervisory Board
Responsible Personnel	Ken Broekaert – SVP, Portfolio Manager and Kyle Stolys – Investment Analyst
Progress	In January 2023, Brenntag called off the merger with Univar

Please refer to our annual ESG report [here](#) for more examples of our stewardship activities.

## 4. CLIMATE CHANGE

### 4.1 Does your organization have a process to identify, assess, and manage climate related risks as they relate to the investment portfolio?

*If so, please describe the process and how it is managed.*

Yes. Our strategy and process to identify and manage climate change risks is encompassed within our overall approach to ESG, which is applied consistently across all of our mandates. Our regional investment teams are the sole decision makers, and it is their responsibility to integrate ESG factors, including those related to climate change into their research. These include both physical risks (including acute, chronic, and indirect risks of climate change) and transition risks (including policy & legal, technology, market, and reputation risks resulting from the transition to a low-carbon economy) where they are material to the company that we are evaluating. We also measure and monitor carbon emissions of our holdings on an annual basis. Our primary source for this data is Sustainalytics, which provides us with absolute carbon emissions data as well as carbon intensity metrics.

**4.2 Does your organization prepare climate change disclosure statement or report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)?**

*Please provide a copy or link to the most recent report.*

Burgundy does not currently prepare climate change disclosure statements or reports in line with TCFD.

**4.3 Is your organization a signatory/member of any climate- or biodiversity-related initiatives?**

*Please describe.*

Burgundy is a signatory to the UN PRI and CCGG. We have not signed on to specific climate or biodiversity related initiatives.

**4.4 Does your organization measure the carbon footprint of its portfolio holdings, and set targets for meaningful reduction?**

*Describe the methodology, metrics, and data sources used. Please include the current footprint of the portfolio(s) and list the targets and timelines for reductions.*

Burgundy’s strategies have historically had significantly lower carbon footprints than their respective benchmarks. This is a product of our investment approach that focuses on investing in high quality businesses. Companies in high carbon emitting sectors such as energy, materials and utilities often don't meet our quality criteria and therefore don't make it into our portfolios. We do not follow a specific decarbonization framework but track climate related metrics on companies where we believe they are material to the outlook and intrinsic value of the company.

The Weighted Average Carbon Intensity (WACI) of the Burgundy EAFE portfolio is 35.77 tCO2/mil USD revenue compared to 141.68 tCO2/mil USD revenue for the benchmark (MSCI EAFE). All metrics based on FY2021 data and sourced from Sustainalytics.

**5. DIVERSITY, HUMAN RIGHTS AND DECENT WORK**

**5.1 Please provide the composition of your senior leadership team and board of directors, including women and visible minorities. How do you encourage diversity of perspectives and experience?**

	Senior Leadership Team	Board of Directors
Male	57%	78%
Female	42%	22%
Visible minorities	0	0

Burgundy is focused on creating a diverse, equitable and inclusive work culture. We attract, hire, and provide fulfilling careers for highly talented individuals with diverse backgrounds, skills, perspectives, and experiences. We are committed to fostering an inclusive environment to which our employees can bring a diversity of knowledge, ideas, and approaches. We respect that everyone is unique, and we welcome and



celebrate these differences. Please refer to Burgundy's Corporate Sustainability Report [here](#) for more information on our diversity initiatives.

**5.2 Does your organization perform any human rights due diligence processes which: a) identifies actual and potential adverse human rights impacts in pre-investment and post-investment phases; b) seeks to prevent or mitigate adverse human rights impacts through its stewardship practices; and c) track results?**

*Provide links or attach documents outlining this process.*

Our strategy and process to identify and manage human rights risks is encompassed within our approach to social factors which are part of our overall ESG approach applied consistently across all of our mandates. We believe that companies should respect fundamental human rights within their operations and supply chains, and we will oppose exploitative labour practices. Please refer to our Responsible Investing Policy [here](#) for our specific guidelines on human rights and social considerations.

**5.3 Does your organization have a mechanism to receive, assess, and address complaints about the human rights impacts of its operations and investments?**

*If so, please discuss.*

Our investment and sustainability teams regularly monitor our portfolio companies and keep track of ESG incidents and controversies, including those related to human rights. Our investment teams engage with company management on material controversial incidents, including those related to human rights.

## **6. INDIGENOUS RIGHTS**

**6.1 Does your organization recognize the articles of the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), and more specifically, how do you ensure the companies in your portfolios follow the principles of free, prior and informed consent?**

Our approach to Indigenous rights is encompassed within our approach to social considerations (as part of our over ESG approach) in our investments. We seek companies that exhibit a culture of due process, honest dealing and fairness, and an awareness of their social obligations in the communities in which they operate. This includes Indigenous communities. We believe that companies should respect fundamental human rights, including Indigenous rights, within their operations and supply chains.

We regularly monitor our investee companies and keep track of ESG incidents and controversies, including those related to Indigenous rights. Our investment teams would engage with company management on material controversial incidents. We also vote all proxies over which we have authority in the best interests of our clients. In the past year, we have voted for both shareholder resolutions seeking our investee companies in Canada (Onex and Toromont) to "Report on Indigenous Community with Certified External Indigenous-Led Standards of Practice." These proposals requested the companies to report on how their programs or policies on Indigenous relations compared to or are certified by external Indigenous-led standards of practice.

We recognize the articles of the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and, as an organization, have sought to gain a better understanding of the efforts of Indigenous people to bring back self-governance, self-reliance, and self-determination. In October 2022 we hosted Chief Marvin Yellowbird of Samson Cree Nation and Terry Munro of Munro & Associates. They represent the Neyaskweyahk Fund Trust, with whom we have had a partnership for over 10 years. We have featured this conversation on our Corporate Sustainability report available on our website [here](#).

**6.2 How would your organization react to companies in your portfolio that violate one or more of the principles of UNDRIP? Are these violations reported to investment clients?**

We regularly monitor our investee companies and would engage with them should they be involved in controversial incidents, including those involving violating the rights of Indigenous people. Our goal is to own companies that will remain appealing to their investors, customers, employees, suppliers, and communities because we believe this maximizes shareholder value over the long term. Within the International Equities portfolio, we have limited exposure to companies in the mining, quarrying, and oil and gas extraction sector that are at higher risk of violating Indigenous rights and as a result have not witnessed such violations.

**THE FOLLOWING FOUR QUESTIONS ARE FOR CANADIAN INVESTMENT MANDATES ONLY:**

**6.3 Does your organization have any investment policies that are specifically related to Indigenous Rights and Reconciliation in Canada?**

**6.4 How does your organization recognize the principles of the Truth and Reconciliation Commission's Call to Action 92?**

**6.5 Does your organization recognize the Call for Justice 13 from the National Inquiry into Missing and Murdered Indigenous Women and Girls with respect to investments in the natural resource extraction and development companies, and the implications those projects have on the safety of Indigenous women and girls in neighbouring Indigenous communities? If so, how does your organization seek to mitigate this risk?**

**6.6 Do you have any proxy voting policies specific to Indigenous Rights and Reconciliation in Canada?**

## **7. ADDITIONAL INFORMATION**

**7.1 Does your organization identify and manage the ESG risks, opportunities and impacts connected to its internal operations?**

*Is so, please provide a brief overview. Examples might include initiatives to reduce its carbon footprint and to enhance the diversity of its investment team.*

Yes. Burgundy has several corporate sustainability initiatives. These are highlighted in our corporate sustainability report [here](#).

For instance, we have implemented several initiatives to support diversity at Burgundy. These include considering candidates from a wide range of backgrounds and experiences in our recruiting process, providing training and resources to support the development of our diverse workforce, and implementing practices that support a more inclusive culture. We are also committed to supporting diversity in the communities in which we operate by supporting organizations and initiatives that promote diversity, including those that are supported by our clients. We have elaborated our work and progress in this area in our corporate sustainability report.

We are committed to giving back to society through philanthropy and community involvement. Inspired by the generosity of our clients and Burgundy's Co-Founders, this idea has become deeply entrenched at Burgundy. As a company, we believe in the importance of supporting the communities in which we operate and the causes important to our clients and our own people. Over the years, we have implemented several philanthropic initiatives to support this goal, including charitable giving and volunteering. We have highlighted this in our corporate sustainability report.

We are also committed to environmental sustainability. In our corporate sustainability report, we have highlighted the work our Green Team has done in promoting eco-friendly action, both at home and at the office as we continue to develop goals and strategies around measuring and reducing our carbon footprint.

**7.2 Is there any information on your organization's responsible investment approach, not otherwise covered in this questionnaire, that you would like to share?**

*You could, for example, choose to expand upon your organization's approach to specific ESG issues, such as human rights or climate change, highlight any responsible investment challenges your organization faces, or provide an overview of your organization's policy engagement activities.*

For more information on Burgundy's ESG approach, our policies, and initiatives, please refer to our ESG page on the Burgundy website [here](#).