



2025 Responsible Investing Update

ENHANCING PERSPECTIVES & DECISION-MAKING

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Introduction

We are pleased to share our fifth Annual Responsible Investing (RI) Update.

Responsible investors may have varying objectives. In our view, ESG-related risks are business risks. Understanding exposures to material ESG factors and how they relate to corporate strategy are fundamental considerations over the long term. Our fully integrated approach to RI complements our bottom-up analysis and contributes to more informed decision-making.

We continue to build on our efforts, with the key objective of supporting strong risk-adjusted returns for clients.

Highlights from the past year include:

- Continued utilization of our proprietary ESG scorecard, with ongoing evaluations providing further context on companies' positioning and progress
- Maintaining our fully independent proxy voting efforts
- Strengthening relationships and promoting continuous improvement through ongoing company engagements
- Completing our fourth iteration of reporting under the Principles for Responsible Investment (PRI) framework
- Renewed membership in the Canadian Coalition for Good Governance (CCGG)

Continue reading for more information about our RI activities in 2025.

"An assessment of ESG factors provides important context as we evaluate opportunities for long-term value creation."

— Mathew Hermary, Chief Investment Officer



Our Approach

Fully Integrated

Our comprehensive investment process includes an assessment of strategically material environmental, social & governance (ESG) factors. We integrate these considerations to inform our decision-making and support strong risk-adjusted returns for clients.

Every member of our investment team is tasked with considering ESG risks and opportunities. We do not have a dedicated individual focused exclusively on ESG factors, as we believe better investment outcomes can be achieved when the same people are evaluating all risks and opportunities in context.

Our philosophy and process are consistent across the firm. None of our products are explicitly branded as ESG strategies. We feel active ownership and prudent consideration of ESG factors are key components of any strategy seeking to invest in enduring businesses over the long term.

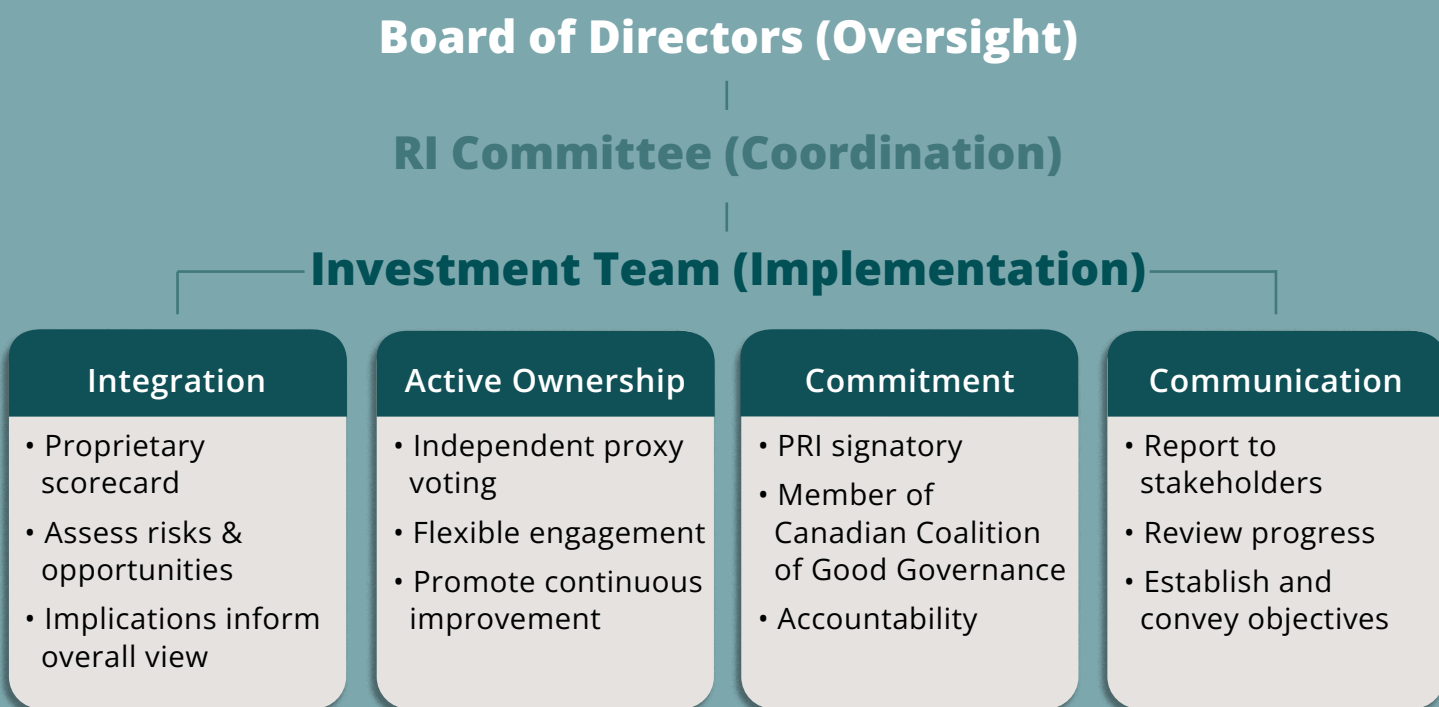
We don't use ESG factors in isolation to select or exclude assets. We use a bottom-up approach to evaluate material issues and their impact on a specific investment case. While companies in high-risk and/or controversial industries are not explicitly excluded from consideration on a policy basis, these types of companies are less likely to meet our investment criteria.

We strive to be active long-term owners. We express views on ESG issues and promote continuous improvement through our proxy voting and engagement efforts, which are carried out by our investment teams directly.

Oversight

Our RI Committee coordinates efforts across the investment team. The Committee meets periodically to collaborate on initiatives, identify areas of focus and discuss topics of relevance. The RI Committee reports directly to our Board of Directors, which helps set priorities and oversee initiatives.

For more information about our approach to Responsible Investing, please refer to our RI Policy (available at <https://qvinvestors.com/responsible-investing/>).



Integration

We believe good stewardship of ESG risks and opportunities strengthens a business franchise over time, often bolstering an investment thesis. Our ESG assessment is not siloed as a separate consideration but rather informs our long-standing investment process.

True to our investment philosophy, we employ a bottom-up approach to ESG assessments. Our investment process begins with company-level analysis, where we seek to uncover quality franchises trading at attractive valuation levels. We identify companies' exposure to ESG risks and opportunities at this stage, recognizing that today's high-quality businesses aren't immune to current and emerging ESG factors.

Our ESG Scorecard

We use our proprietary ESG scorecard to identify and monitor material ESG factors unique to each investment. We consider how companies manage risks or benefit from opportunities, where improvements are needed, and potential impacts on financial performance. We prioritize our analysis in areas of high materiality, with the overarching goal of understanding how significant ESG factors may impact risk-adjusted returns over time.

While we may use third-party research to bolster our independent analysis, we do not rely on external ESG ratings in our process.

Our ESG analysis and its outcomes are not formulaic. Often more qualitative than quantitative, summary conclusions from our scorecards provide clarity in areas that may be relevant to our long-term investment theses. The identification of ESG risks and opportunities may positively or negatively impact our evaluation of a franchise, including our expectations around its long-term outlook and valuation. These judgements help inform our overall view of a company within the context of our long-standing security selection criteria and may ultimately impact portfolio construction decisions. The process also sparks thoughtful and deliberate discussions, internally and with companies directly, about strategic priorities, risk exposures and opportunities for improvement. Our engagement efforts are discussed in more detail later in this report.

Scorecard Objectives:

Inform overall
assessment.

Consider potential
impacts on financial
performance.

Identify opportunities
for engagement.

Inside the Funds

Growth of Artificial Intelligence (AI) and Related Risks

Last year, we discussed ESG implications of the rising prevalence of AI-driven investments – challenging previously established greenhouse gas (GHG) reduction targets given the relatively high-energy intensity of these technologies. However, the AI ESG debate has evolved into a much broader discussion, with some noting that AI could partially offset surging data center energy demand through the optimization of energy usage and resource consumption in sectors

such as manufacturing and transportation. Nonetheless, social concerns have captured a greater share of the discussion – with critics noting that rapid AI adoption introduces risks of algorithmic bias and data privacy issues.

The 2025 Annual General Meeting of Global Large Cap holding **Alphabet** featured several shareholder proposals that highlighted burgeoning governance risks tied to the company's rapid deployment of generative AI tools. Shareholders were asked to consider a variety of issues including potential biases against political or religious viewpoints within Alphabet's generative AI systems, operational and financial risks related to the use of improper or unethical external data in the development of AI products, and the implementation of an independent human rights impact assessment of AI-driven targeted advertising practices, given that advertising accounts for about 75% of total company revenues. While we believe the company's existing governance framework effectively addresses these concerns, the proposals illustrate increased investor scrutiny of AI-related risks as industry regulators and societal concerns continue to evolve.

>>Impact: Positive for franchise outlook

Rise of Anti-ESG sentiment

In last year's update, we also highlighted the rise in "anti-ESG" proposals that sought to roll back previously established targets. This theme continued in 2025, with a particular surge in proposals seeking to reverse initiatives relating to diversity, equity and inclusion (DEI). These proposals sought to extend the action that many companies have independently taken in retreating from their DEI programs due to increased scrutiny over the legality of their policies. QV holdings, **Alphabet, American Express, Starbucks** and **Amazon**, witnessed such proposals among others. For these holdings, we believe that ESG risks are appropriately managed, and, in all cases, the proposals were overwhelmingly rejected. More broadly, while the rise in anti-ESG is simply evidence of a natural variance in stakeholder perspectives, it is also representative of investors increasingly taking a more case-by-case, qualitative and non-formulaic approach to voting. This aligns with QV's preferred approach and supports our core view that pragmatic and adaptable stewardship of ESG risks and opportunities strengthens a business franchise over time.

>>Impact: Positive for franchise outlook

Sensible Environmental Stewardship

Canadian Small Cap holding, **SECURE Waste Infrastructure**, has continued its journey of "extracting value from waste" to support customers and further the circular economy of metals. SECURE enables customers to replace road transport of fluids by utilizing its existing and incremental pipeline infrastructure, which is reducing emissions, improving safety and procuring profitable volumes for SECURE's network. More recently, SECURE deployed nearly \$200 million

in acquisition capital to grow its metals recycling capability. These services reduce landfill usage, lower energy usage and reduce reliance on newly mined metals. In addition, they create a new growth avenue for the company that can support their cash flow resiliency and valuations over time.

>>Impact: Reinforces favourable investment thesis

Founder-Led Governance Considerations

QV's Canadian Large Cap strategy evaluated numerous director nominees across several founder-led businesses – using both the founding family's current ownership stake and their active involvement with the company's senior management as key factors in assessing support for these nominees. In one case, for a portfolio holding founded by three families, we supported a board nominee from one of the founding families that remained actively involved and held a large ownership stake in the business. Conversely, we voted against nominees from the other two families who were no longer significantly invested or involved in management. In another case, we supported board nominees which comprised a high proportion of insiders – a practice that we usually oppose. However, this exception was made because the founding family owned a large portion of the business, was actively involved and had a proven record of treating all shareholders fairly. In our view, this strategy allows us to support insider board representation when it is demonstrably aligned with long-term shareholder value.

>>Impact: Additive to strong governance and value creation

Impactful Market Leadership

Global Small Cap holding **Axfood** is the second-largest grocer in Sweden and is an essential component of the food retail value chain in that country. Axfood also has a robust private label offering, with ~33% of sales coming from private label products. Through these products, the company can offer and promote innovative, sustainable and healthy food selections, which have a lower carbon footprint and reduce food waste, but also help in improving the health of consumers. Axfood is also investing considerably in its logistics operations, which are a major component of the food retail supply chain and corresponding emissions. The company has converted its owned transport fleet to renewable fuels, resulting in a reduction of over 50% in carbon footprint per tonne of product transported since 2021. Axfood has also invested in commissioning Sweden's largest solar park, which will help to secure the company's supply of electricity but also contribute to the increasing amount of renewable electricity in the power grid. Axfood has been a leader in this space, purchasing exclusively renewable electricity since 2008.

>>Impact: Reinforces favourable investment thesis

Active Ownership

Through active ownership, we promote continuous improvement and communicate our expectations as long-term investors. We express our views on ESG issues through our proxy voting and engagement efforts, which are carried out by our investment teams directly.

Proxy Voting

Proxy voting is an important tool that allows us to voice our views on important governance matters, such as board composition and compensation practices. We aim to exercise our right to vote at every shareholder meeting held.

We independently review and evaluate all ballot items in-house, using the guiding principles and evaluation framework as outlined in our Proxy Voting Guidelines (available at <https://qvinvestors.com/responsible-investing/>). The structure of these guidelines shows that we prefer to consider a balance of factors rather than ascribe to strict and potentially arbitrary rules.

Our decision to invest in a company is generally an endorsement of management. In the absence of material concerns, we therefore generally vote alongside management for most routine matters. However, we may vote against management recommendations when our independent reviews identify a material concern, an opportunity for improved practices or when we believe doing so best serves the interests of long-term shareholders.

Proxy Voting:

Part of our fully
integrated approach.

Independent, in-house
assessments.

Express views
and spark thoughtful
discussions.

Shareholder Proposals

Shareholder proposals represent a relatively small percentage of overall ballot items but may serve as a useful mechanism for shareholders to request action on specific issues. The number of shareholder proposals has continued to increase over time. We've also noticed them becoming more specific, more demanding, and in some cases, less relevant to long-term fundamental value drivers. We consider all shareholder proposals on a case-by-case basis to acknowledge companies' current practices, risk exposures and progress trajectories. Even in cases where we support the underlying goal of the resolution, we may withhold support when we feel the proposal amounts to micromanaging or is too prescriptive in its ask.

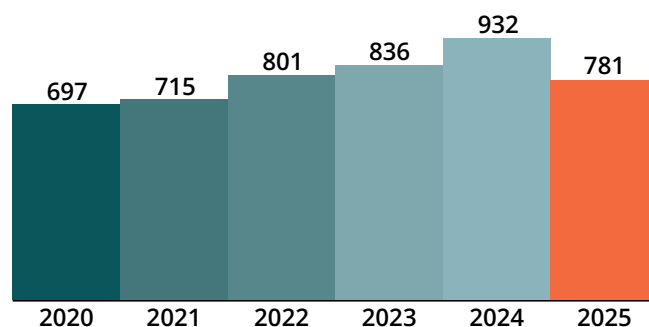
We Generally Support	We Generally Do Not Support
 Requests for disclosure about a material ESG risk that the company has not yet provided	 Proposals regarding existing policies or disclosure with which we are satisfied
 Requests for better governance practices, such as separation of the Chair and CEO roles	 Issues that lack relevancy or materiality to our long-term investment case
 Requests deemed reasonable in scope and additive to overall ESG risk management practices	 Proposals that are impractical or overly prescriptive
 Plans to manage climate risk if we feel the company's current disclosures, targets or strategic plans are inadequate	 Proposals that duplicate or fail to acknowledge reasonable progress on the issue

2025 Proxy Themes

A notable theme for 2025 was the double-digit decline in the number of shareholder proposals relative to the record levels observed in 2024.

In fact, total submissions dropped by 16%, with particularly strong declines across environmental, social and human capital management areas – collectively down over 25% relative to the prior year. This trend was driven by several factors, including new SEC guidance (SLB 14M), which made it easier for companies to omit proposals they viewed as overly prescriptive or not central to their business. This led to a record number of no-action requests filed by

Number of Shareholder Proposals Dropped in 2025 Following a 2024 Peak
Shareholder proposals filed, 2020–2025 (Russell 3000)

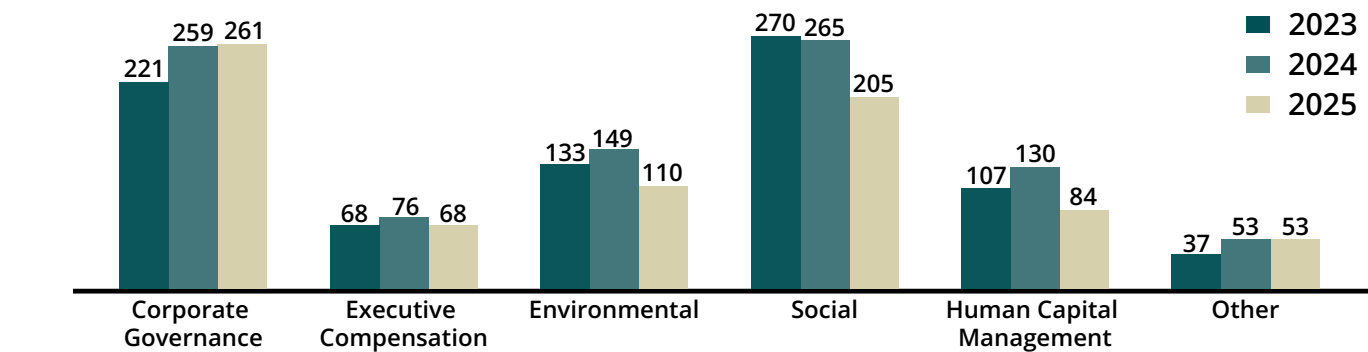


Note: Data for all years reflects the Jan. 1 to June 30 period.
Source: The Conference Board; ESGAUCE; QV Investors, 2025

companies and a significant increase in the number of proposals excluded from this year’s proxy ballots. From an investor standpoint, there was also growing fatigue regarding proposals that were deemed duplicative, overly prescriptive or lacking a clear connection to company-specific risks.

The Decline in Proposal Volume Varied by Focus Area

Shareholder Proposals filed by topic, 2023-2025 (Russell 3000)

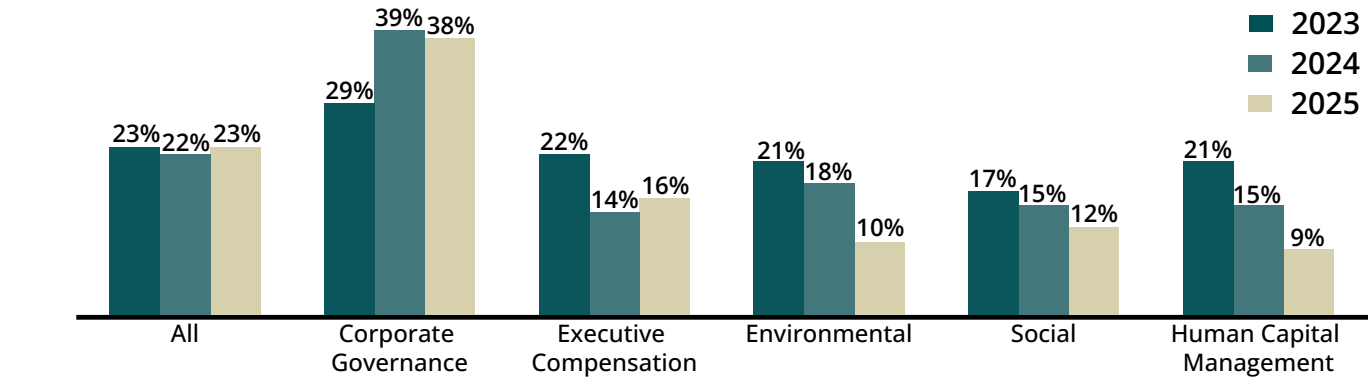


Note: Data for all years reflects the January 1 to June 30 period.
Source: The Conference Board; ESGAUGE; QV Investors, 2025

Not unlike prior years, shareholder proposals that were focused on corporate governance garnered the most support from investors by a wide margin. These proposals regularly received the strongest average support of any category, at nearly 40%, and accounted for most of the total resolutions that passed. The most successful types of governance proposals were those centred on strengthening shareholder rights and board accountability.

Support Levels Hold Steady for Governance & Executive Compensation

Average Support as a Percentage of Votes Cast, 2023-2025 (Russell 3000)



Note: Data for all years reflects the January 1 to June 30 period.
Source: The Conference Board; ESGAUGE; QV Investors, 2025

Examples of successful proposals which received significant support included eliminating supermajority vote requirements, board declassification (eliminating staggered boards) and the right to call special meetings (with lower ownership thresholds).

Conversely, “anti-ESG” proposals and certain types of environmental and social (E&S) proposals received the least support from investors. Anti-ESG proposals generally sought to restrict or

reverse corporate programs related to sustainability, social impact and DEI initiatives. However, these proposals failed to gain any meaningful traction, with none passing. Despite the seemingly growing anti-ESG sentiment, investors still expect companies to manage material climate and human capital risks, and they are rejecting efforts to curtail those initiatives. However, E&S proposals also saw a significant decline in support, continuing a multi-year trend. The proposals with the lowest support levels were often those focused on specific social and environmental topics. Human capital management, DEI and environmental proposals achieved record-low support levels. Again, growing investor fatigue for proposals deemed overly prescriptive, duplicative of existing corporate disclosures, or lacking a clear, company-specific link to material financial risk, was an important factor in explaining the low support. An evolving and politically charged regulatory landscape also caused some investors to adopt a more cautious approach about backing such proposals.

Lastly, the proliferation of AI continued to impact proxy ballots this year, with emphasis shifting from transparency and reporting, toward demanding stronger board-level governance of AI and related risks.

2025 Voting Summary

In 2025, we independently assessed and voted on over 2,050 proposals, including 180 shareholder proposals. The number of shareholder proposals we assessed declined by almost 20% compared to last year – effectively mirroring the decline in proposals observed by the Conference Board across US equity markets.

As of October 31, 2025, we voted contrary to management recommendations in approximately 31 instances. As in prior years, most of these cases were related to executive compensation and individual director elections. Similar to prior years, we voted against compensation plans in instances of excessive pay, lack of disclosure and concern about the usage of one-time awards. The most common reason we voted against certain directors can generally be summarized as matters relating to independence.

Engagement

Engaging with investee companies is an integrated part of our investment process. Through regular dialogue, we believe our flexible approach lends itself to building long-term relationships and ultimately influencing ESG best practices. We acknowledge progress and promote continuous improvement for the benefit of all stakeholders.

We identify opportunities for engagement through our ongoing integration and proxy voting activities. ESG discussions may be conducted alongside other strategy and investment-related discussions or serve as the primary topic of conversation. We generally focus on company-specific issues. In prioritizing resources, we may consider factors such as the size of the holding and the materiality of the ESG issue to our long-term investment case.

We initiate conversations with companies, and they also seek out our feedback as long-term investors. Given our concentrated ownership positions and long-term focus, our viewpoints on these topics have historically been well-received and well-respected by management teams. In addition to our regular discussions with companies, we will also engage directly with board members when appropriate.

A company's responsiveness to ESG concerns may materially impact our overall assessment for investment. Escalation of a material concern may include voting action, further engagement with the board, a reduction in exposure or divestment.

Engagement Objectives:

Build long-term
relationships.

Acknowledge
progress.

Promote continuous
improvement.

2025 Engagement Summary

We continued active discussions throughout 2025. True to our approach, topics ranged widely across areas of importance for specific businesses. We continue to encourage companies to adopt a continuous improvement mindset and to focus on both the medium and long-term.

Examples of select recent engagements:

>> We engaged **Major Drilling**'s management to discuss the recent acquisition of a Peru-based company. The discussion improved our understanding of how management evaluates operating and customer risk in jurisdictions with differing business practices and a history of asset nationalization. Management noted their long-standing history of business experience in South America and the extensive due diligence undertaken prior to the transaction, including on-site visits and employee interviews. They also highlighted that the acquired company primarily conducts business with senior mining firms known for their high ethical standards and operational discipline.

>> In prior years, **Warrior Met Coal** experienced strained relations with the United Mine Workers Union of America, which included a prolonged strike. Our discussion with their chief financial officer sought transparency on the current situation, particularly initiatives to improve worker conditions and the likelihood of future industrial relations issues. We voiced a desire for the company to continue fostering positive relations with its employees. Management noted that worker engagement and alignment have improved significantly and that union membership has fallen to only 25% vs. 85-90% in prior years. We believe the company continues to take proactive steps toward improving worker conditions and the risk of future disputes has materially declined. That said, we view the 2021-2023 strike and resulting fall-out as a blemish on corporate governance and we will continue to monitor that relations remain on an improving trajectory.

As further discussed below, we continued to support additional engagement efforts indirectly through our membership in the Canadian Coalition for Good Governance.

Commitment

Principles for Responsible Investment

We have been a signatory to the Principles for Responsible Investment (PRI) since 2021. These voluntary and aspirational principles formalize our commitment to the ongoing advancement of our ESG activities.

We report and receive feedback on our ESG activities annually. We use this process to assess ways to improve our policies and disclosures each year. Further details on the PRI can be found at www.unpri.org.

Principles for Responsible Investment

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the principles.
6. We will report on our activities and progress towards implementing the principles.

Canadian Coalition for Good Governance

We have been a member of the Canadian Coalition for Good Governance (CCGG) since 2018. CCGG represents the collective voice of its Canadian institutional members (representing a total of \$5.5 trillion in assets) as it promotes good governance practices at Canadian public companies.

Our membership extends our impact and amplifies our internal engagement efforts.

We continue to publicly endorse CCGG's Stewardship Principles, further formalizing our commitment to being active and effective stewards of our investments.

CCGG's Stewardship Principles

1. Develop an approach to stewardship.
2. Monitor companies.
3. Report on voting activities.
4. Engage with companies.
5. Collaborate with other institutional investors.
6. Work with policy makers.
7. Focus on long-term sustainable value.

Communication

This report is part of our commitment to communicate regularly with stakeholders. Within our well-established investment process, we continue to build upon the RI initiatives that have helped to better define risks and opportunities within our funds. These efforts support our ultimate objective of building resilient portfolios that will provide strong risk-adjusted returns for our clients.

As regulatory requirements and investor priorities evolve, ESG remains a relevant lens through which long-term investment opportunities must be considered. As we strive to provide excellence in investment management and client service, we will continue to build on these efforts in the periods ahead.

For more information on our approach to RI, please visit <https://qvinvestors.com/investing/esg>.





Learn more at:
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