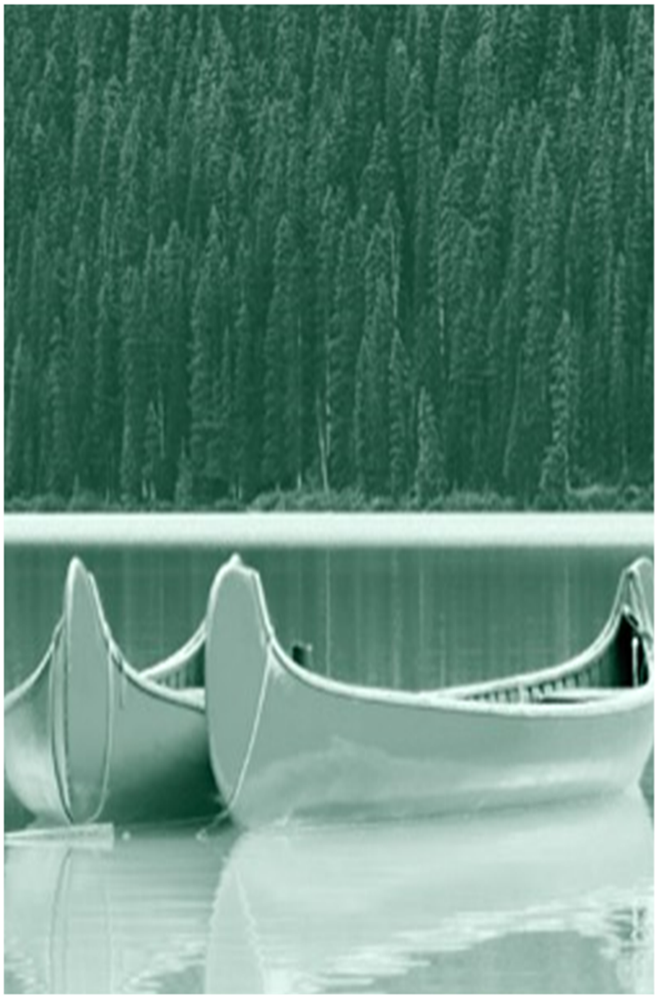

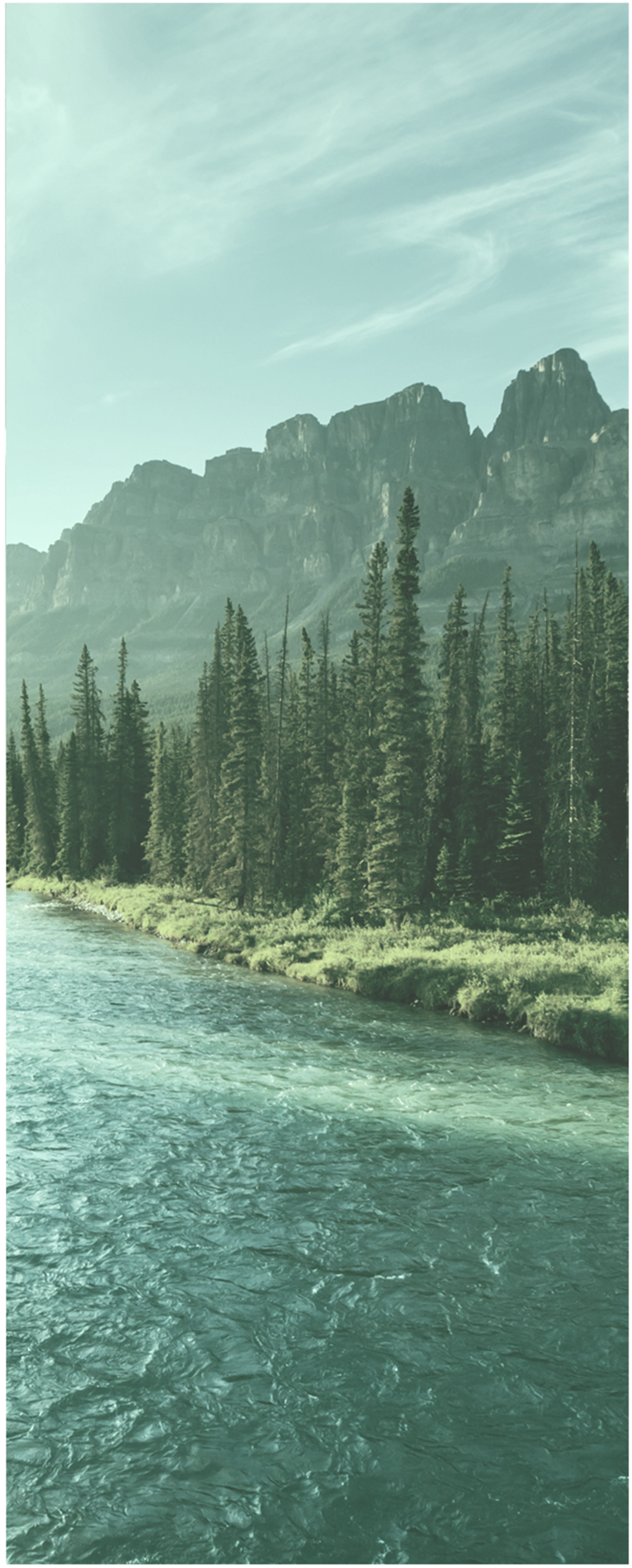

2022

ESG

ANNUAL UPDATE

How We Integrate ESG Into Our Investment Process

QV
Investors

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I. INTRODUCTION

"Long-term ownership in quality businesses requires thoughtful consideration of the risk and opportunities posed by ESG factors. An integrated assessment of ESG issues within QV's investment process helps to inform decision making, engagement and our commitment to acting in client's best long-term interests."

Mathew Hermary, Chief Investment Officer

We are pleased to share our second Annual ESG Update. While the consideration of material environmental, social and governance (ESG) factors has always been inherent in our investment philosophy and bottom-up process, we continue to formalize and enhance our approach to ESG. Highlights from the past year include:

- Continued improvement and updates to our proprietary ESG scorecard for all portfolio companies
- Receiving our first provisional score and assessment as a Principles for Responsible Investment (PRI) signatory
- Renewed membership in the Canadian Coalition for Good Governance (CCGG)
- Publishing our proxy voting guidelines related to shareholder proposals and oversight of ESG issues on our website

We believe these initiatives and commitments support our objective to create long-term value for clients while managing identifiable sources of risk. Continue reading for more information about our ESG activities in 2022.

II. OUR APPROACH

Investment Process	Company Analysis	Investment Committee	Risk Management	Performance
	Guided by QV's ESG scorecard			
	• *All* risks & opportunities (including ESG) identified at this stage • ESG risks & opportunities are **integrated** in our assessment of QV's investment tests • ESG risks & opportunities influence our view on **forward valuation levels**	• **ESG analysis** partially informs the assessment of our seven tests • **ESG scorecard is completed** for all proposed investments, summarizing our view on ESG risks & opportunities	• ESG scorecards are **updated as needed** for all companies under investment • Engagement conducted as needed, and as part of our philosophy of **Active Ownership**	• Report yearly as a **UNPRI signatory** • Publicly disclose **proxy voting guidelines** • Annual ESG Report to stakeholders
ESG Principle	***Integration***		***Integration & Active Ownership***	***Commitment & Communication***

A Fully Integrated Approach

Our approach is fully integrated, with ESG factors assessed by each investment team as part of their initial and ongoing due diligence. ESG factors inform our tests for security selection and, in turn, may have an impact on portfolio construction decisions.

Our investment approach begins with company-level analysis, where we seek to uncover quality franchises trading at attractive valuation levels. ESG risks and opportunities are identified at this stage and our approach is not values-based or exclusionary in nature.

We continue to seek out businesses that rank strongly within our bottom-up seven test framework, which considers factors such as quality of management, quality of franchise and outlook, and shareholder friendly capital allocation practices, to name a few. Within this framework, we assess ESG risks and opportunities on a case-by-case basis, recognizing that today's high-quality businesses aren't immune to current and emerging ESG factors. 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.

Our ESG Scorecard

Formal analysis and assessment of ESG factors is facilitated by our proprietary ESG scorecard, which is completed for all companies under investment and updated as required. Our scorecard seeks to identify all relevant ESG factors while determining exposure to these factors from a materiality perspective. ESG assessments consider both degree of materiality and a company's progress towards best-in-class ESG stewardship. We consider how companies are managing risks or benefitting from opportunities, where improvements are needed, and the potential impacts on financial performance. Our goal is to ensure that significant ESG risks do not hinder our ability to achieve attractive risk-adjusted returns.

Oversight

Our ESG Committee oversees and coordinates all ESG activities. The ESG Committee meets at least quarterly to collaborate on initiatives, identify areas of focus and discuss topics of relevance.

For more information about our approach to ESG, please refer to our ESG Policy (available at https://qvinvestors.com/investing/esg).

II(a). INTEGRATION

Integration
Active Ownership
Commitment
Communication

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

Long-term investment in enduring businesses has been a core element of the QV investment philosophy since inception and will continue to be in the future. This long-term and sustainable focus is an important differentiator from the increasing short-termism in the markets today.

Although sustainability and long-term investing are closely linked, our journey to more formally integrate ESG considerations into the investment process began several years ago. The process started by subscribing to third-party ESG research and incorporating ESG-dedicated sections within the investment team's due diligence reports covering the QV investment tests. In 2021, we developed and implemented a proprietary ESG scorecard that further enhances the integration and monitoring of ESG risks and opportunities within our bottom-up investing framework. In 2022, we continued to build on our prior work, with another year of evaluation providing further context on incremental changes and relative comparisons to other holdings. This enabled a sense of each holding's progress or lack thereof.

These enhanced perspectives have sharpened our thinking on risk mitigation and opportunities while guiding portfolio weighting decisions which focus on risk and reward within individual opportunities.

2022 Update

This year the investment team built on the proprietary ESG scorecard implemented in prior years, with assessments supported by additional context from year over year changes within holdings and trends across the strategies.

Long-term investing or fractional ownership of businesses requires contemplation of risks and opportunities not only in the upcoming quarter or next twelve months but well past QV's average three to five year holding period. The sustainability of an asset base and cash generation from existing and prospective holdings is an important aspect of the investment evaluation process which supports decision making.

One theme is that the evaluation of management can be supported by the ESG review process. A management team's fulsome and long-term contemplation of risks and opportunities is a key line of defense that aligns with QV's goal of preserving capital.

The following case study is an example of how ESG considerations are integrated within the QV investment philosophy and decision-making process. The review highlights some key analysis prior to investment and how forward-thinking management teams can enhance the long-term outlook by managing franchise risks.

ESG Integration: PrairieSky Royalty Ltd (PSK)

One of Canada's largest independent owners of royalty properties which generates significant excess cash primarily from oil and gas royalties with minimal ongoing costs. While the pre-investment case was sound, the proactive board and management continue to further enhance the sustainability of the franchise by surfacing additional opportunities and mitigating risks. These attributes support portfolio weighting decisions, which emphasize risks and opportunities over a long-term investment horizon

Prior to QV Investment

Lower Risk Business Model

- Not responsible for operating costs, capital expenditures or environmental liabilities

Future Flexibility

- No long-term debt at time of investment
- No environmental liabilities for reclamation or abandonment obligations
- Significant current and future excess cash generation

Opportunistic Entry

- Out of favor space with business and industry concerns compensated for by low expectations and reasonable valuations

Since QV Investment

Subsequent Capital Deployment Enhances Franchise

- PrairieSky deployed incremental capital into a new royalty in the Clearwater play. The overall play will eventually become a material contributor for the firm. The Clearwater is amongst the lowest cost areas in North America and producers report environmental attributes such as low fresh water usage and lower emissions intensity due to highly productive assets

Sound Governance

- Board and management have shown a willingness to be progressive, through sound disclosure levels, board composition, and accountability for ESG considerations

Optionality On Participating In The Energy Transition

- PrairieSky lands are well positioned to participate in energy transition opportunities such as carbon capture initiatives. As the industry evolves this may develop into a significant organic opportunity for shareholders, importantly with no capital required.

II(b). ACTIVE OWNERSHIP

Integration
Active Ownership
Commitment
Communication

Active ownership is the encouragement of continuous improvement. We actively 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 and philosophies on important governance matters, such as board composition and compensation. As such, QV exercises 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/investing/esg). 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.

The below are some of the items we generally look for:

- **Accountability for ESG Management** – we may choose not to support individual directors or committees of the board when a company has failed to demonstrate adequate management and oversight of ESG issues
- **ESG Proposals -** we encourage all investee firms to disclose material environmental, social and governance risks and report on measures taken to appropriately address these risks. Our voting decisions on ESG proposals will consider the company's unique circumstances and current approach to the issue. Generally, we will take opportunities to advocate for positive change and improve the ESG standing of a portfolio holding when the proposal is relevant, reasonable in the specific context and not overly prescriptive
- **Pay for Performance –** We believe that most of executives' compensation should be linked to the achievement of performance criteria that are consistent with corporate strategy and long-term shareholder value creation. Total compensation should serve to motivate and retain qualified individuals without being excessive

Approach to 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. We consider all shareholder proposals on a case-by-case basis and outline general guidelines for when we would or would not support these proposals.

A relatively new type of shareholder proposal dubbed the "Say on Climate" increased in frequency this year. These shareholder proposals seek shareholder approval for companies' approach to and progress toward climate-related goals. QV encourages policies and procedures to ensure appropriate management of all ESG risks, including climate risks. However, we remain of the view that approving or overseeing climate risk strategy should not be the responsibility of shareholders.

Shareholder Proposals We Generally Support	Shareholder Proposals We Do Not Support
✓ Requests for disclosure and reporting on a material and relevant ESG risk if the company has not done so already	✗ Requests for a different approach if we are satisfied with the current approach or management of the issue
✓ Requests for better governance practices, such as separation of the Chair and the CEO	✗ Issue lacks relevancy or materiality to our long-term investment case
✓ Requests we deem reasonable in scope, and additive to overall ESG risk management practices	✗ Proposal is impractical or overly prescriptive
✓ Plans to manage climate risk if we feel the company's current disclosures, targets or plans are inadequate	✗ Proposal duplicates or fails to acknowledge reasonable progress on the issue
	✗ Proposals for shareholders to monitor or assess the sufficiency or merits of plans that are strategic in nature

2022 Proxy Voting Summary

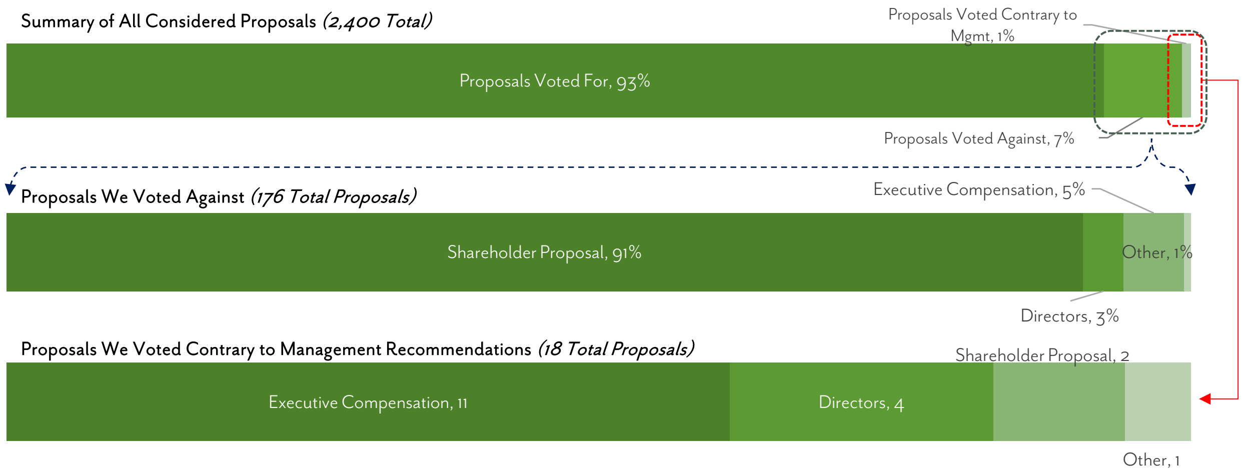
As of November 30, 2022, we independently assessed over 2,000 proposals in 2022, which includes 165 shareholder proposals.

In 2022, we voted contrary to management recommendations on 18 occasions. Most of these instances were related to executive compensation. Our reasons for voting against compensation plans this year can generally be summarized as:

- Inappropriate use of discretion and/or excessive overall magnitude of pay
- Issues of short or long-term performance alignment
- Lack of disclosure

Our votes against six individual directors were due to issues of: independence on key committees, accountability for lack of ESG progress and poor attendance without justification.

In 2022, we supported two shareholder proposals both concerning the separation of Chair and CEO roles. As a matter of good governance, this practice facilitates the board's effective oversight of company performance. In cases where the positions are held by one individual, we assess the appropriateness of the combined role and its impact on board effectiveness.



Engagement

Engaging with investee companies is a critical 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. Our ongoing integration and proxy voting activities help to identify potential opportunities for engagement.

ESG discussions can be conducted in conjunction with other strategy and investment related discussions or may be the sole topic of conversation. Most of our engagement efforts to date have come in the form of informal discussions with management teams on items such as proxy-related issues and disclosure practices. We initiate conversations with companies in some cases, and in others they 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 management teams, we will also engage directly with board members when appropriate.

A company's responsiveness (or lack thereof) 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.

2022 Engagement Summary

Active discussions continued throughout 2022 and, true to our approach, topics ranged widely depending on what we felt were items of importance. We continue to encourage companies to adopt a continuous improvement mindset and a focus on both the medium and long term.

Examples of select engagements are below:

ESG Area	Engagement Example(s)
Environmental	▪ We engaged with a company under investment to discuss and encourage ways in which the company can increase the recyclability of its products for the end customer ▪ We had multiple discussions with different companies around long-term emissions targets, investments needed to achieve those goals, and expected rate of progress over the *medium term* as well as the long term.
Social	▪ We directly engaged the board of directors of a company under investment to emphasize the importance of creating and maintaining a safer workplace
Governance	▪ We discussed concerns with a number of companies under investment over less-than-ideal transparency over pay-for-performance policies ▪ We recommended to a Board of Directors the establishment of a lead Independent Director, the formation of a Governance Committee and the enhancement of proxy circular disclosures

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

II(C). COMMITMENT

Principles for Responsible Investment

We have been a signatory of Principles for Responsible Investment (PRI) since 2021, a voluntary and aspirational set of principles reflecting the increasing relevancy of ESG issues. In addition to the initiatives discussed above, this action formalizes our commitment to the ongoing advancement of our ESG activities. Further details on the PRI can be found at www.unpri.org. We received our initial assessment score in late 2022 and intend to assess ways to improve our policies and disclosures in the upcoming year.

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 (that together manage a total of $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, 2021 being the first year we have done so. We believe this further formalizes our commitment to be active and effective stewards of our investments.

CCGG's Stewardship Principles

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

III. ESG IN ACTION

Using the scorecard framework that we apply to individual companies, we reviewed the ESG factors most relevant to our own operations and corporate strategy:

- **People & Culture** - People are our greatest asset. The health and well-being of our employees is therefore paramount to our long-term success. Recognizing that commitment to work and personal wellness are complementary, QV strives to provide a supportive work environment so that individuals have the flexibility to balance professional, personal, and family obligations. We recognize the advantages of diversity in many forms, including but not limited to diversity of gender, race/ethnicity, educational/professional background, lived experience and age/tenure.

  We aim to foster an environment that supports personal excellence and continuous improvement. This includes financial support for every QV employee as it relates to personal and professional development alongside ongoing performance feedback. Communication and team building support our common values and pursuit of shared goals.

- **Alignment of Interests** - One of QV's strongest differentiators is that it is entirely employee owned. Employee ownership contributes to the structural alignment of interests with our clients, improves outcomes and reduces employee turnover. As owners, employees share in the economic rewards of our efforts and results. To reflect our belief in our offering while demonstrating alignment with clients, we expect employees and their immediate family members to hold personal investable assets, where possible, in QV pooled funds.

- **Commitment to Privacy & Security** - QV's Chief Compliance Officer is responsible for the safeguarding of all personal stakeholder information. Our cybersecurity compliance program aims to protect the personal information stored on our computer networks and minimize potential disruptions to our daily operations. Employees are required to participate in regular cybersecurity training and sign-off annually, as outlined in the QV Policies and Procedures Manual.

- **Community Impact** - Since inception, QV has been committed to giving back. The Donations Committee is responsible for allocating a portion of our revenue across several charitable organizations and initiatives each year. QV strives to support employee beliefs in its donation activities, with employee-recommended charities representing a significant subset of annual donations. The Donations Committee also organizes lunch & learn and team building volunteer opportunities. Over 15 years, QV has donated over $2 million to causes important to QV'ers and our communities. The following not-for-profit organizations that QV has supported in the last 12 months include:

- QV employees have also actively invested time in helping to shape the future of the investment industry through mentorship with the Haskayne School of Business Calgary Portfolio Management Trust, the Mount Royal University Student Fund and participation in the CFA Institute Research Challenge.

IV. LOOKING AHEAD

Investors' focus on ESG issues continues to accelerate. It is clear these trends are not transitory, but rather an increasingly relevant lens through which long-term risks and opportunities must be considered. The pandemic served to intensify this focus, confirming that ESG issues are highly relevant to resilience in both the short and long term.

As regulatory requirements and investor priorities evolve, meaningful ESG reporting will continue to improve. We view global efforts to standardize sustainability reporting as a positive. But even once a standardized framework has been implemented, it will be up to individual companies to provide an accurate and comprehensive narrative about the risks and opportunities unique to their own businesses.

We continue to build upon and improve on our ESG initiatives and priorities. Within our well-established investment process, these initiatives have helped to better define risks and opportunities within our portfolios. As we strive to provide excellence in investment management and client service, we will continue to build on these efforts in the periods ahead.