



Lingohr & Partner

ASSET MANAGEMENT GMBH

Sustainability Policy

*Integration of Environmental, Social and Governance (ESG) criteria
into our investment process*

ESG Philosophy

The interplay of economic, ecological and social goals is crucial for a healthy economy and the generation of long-term, attractive investment returns. We are convinced that the consideration of sustainability criteria (ESG criteria) for investments contributes to a solid and transparent market environment while being beneficial to society as a whole. Simultaneously, we believe that incorporating ESG criteria provides additional information about companies and therefore has the potential to mitigate risks and enhance investor's investment returns by increasing long-term shareholder value.

For clients who delegate voting authority to us, Lingohr & Partner exercises the rights coming along with share ownership through proxy voting and thereby manages and protects the long-term interest of our clients. From our perspective, every company, including Lingohr & Partner, should have a sustainable long-term focus on its business and its impact on the economy, environment and overall society.

All employees of Lingohr & Partner are committed to responsible investing and encouraged to share our principles and beliefs with existing and potential clients, business partners and the global investment industry.

ESG Data and Research with regards to systematic value investing

ESG factors expand the amount of information available about a company and enable investors to make ethical and financial decisions based thereupon. Our vision is to reflect the interests of our investors with additional factors from the realm of ESG and to create added value for our investment strategy across all portfolios.

The amount of ESG data and quality has increased significantly in recent years. Since 2014 we have been working with MSCI ESG Research as a data provider whose data and analyst reports support us in both the quantitative and qualitative analysis of companies. In addition, data from Credit Suisse HOLT, Bloomberg and proprietary scores are used to form a holistic picture of companies.

Our fundamentally-based and disciplined research is the cornerstone to our idea creation and investment process. Fundamental concepts and ideas are researched and validated by careful data management and tested with our proprietary back-testing engine, fueled by curiosity and know-how of our team in order to succeed in a competitive market. We are continuously refining our current ESG process and exploring potential approaches how ESG factors can be incorporated into our value-oriented systematic process. We constantly strive to deepen our research concerning implications of ESG on our investment process in order to receive a deeper understanding of its impact as well as their fundamental reasoning.

Lingohr & Partner's way of ESG implementation – Different concepts for individual needs

As our client base is heterogeneous across domicile and client groups, their specific needs regarding sustainability varies. As a result, we have developed different approaches regarding ESG integration which differentiate in the depth of commitment to ESG.

On a company level, our ESG investment process has core elements which will be reflected in every client portfolio. Overall, we aim to avoid companies which are not in compliance with international norms such as certain pillars of UN Global Compact, International Labor Organization (ILO) as well as cluster bombs and anti-personnel mines. In particular, we exclude companies with severe controversies related to climate change and energy practices, landmine and cluster bomb manufacturers, and companies violating child labor norms.

In addition these top-down measures, ESG is also a firm part of our stock selection and analysis. All companies are flagged based on a set of ESG criteria, including overall ESG scores, controversies, carbon impact and governance. According to the result of this "traffic light" system, portfolio managers assess critical topics and their materiality and decide if the ESG criteria outweigh the quantitative investment signal or impact the investment case for the company.

Customized & dedicated ESG mandates: In addition to the company-wide ESG integration, Lingohr & Partner also offers tailor-made solutions. This includes positive or negative lists (black- / whitelists) with which investors can exclude companies they do not want to invest in. Clients can also define their own criteria for normative exclusions - this includes industry exclusions, exclusions from various business participations (e.g. alcohol,

armaments, tobacco) or significant controversies to name a few. On the portfolio level, targeted ESG optimization can be applied using more complex data-driven solutions.

Risk monitoring & management

Sustainability can also be thought of as an extension of our risk management in place on a portfolio level. Through constant monitoring of portfolios and single stocks, we ensure that our holdings don't diverge from their initial investment case. At portfolio rebalancings, we further analyze and assess our exposures to clusters and aggregated ESG risks. As a consequence, this enables us to act upon conspicuities of single stocks as well as divergences on the portfolio level.

Active Ownership

For clients who delegate voting authority to us, Lingohr & Partner exercises the rights coming along with share ownership through proxy voting and thereby manages and protects the long-term interest of our clients. In these cases, we retain the services of Glass Lewis & Co. for voting recommendations and use ProxyEdge to manage and administer voting procedures. A detailed description of our Proxy Voting policy can be found on our website (www.lingohr.com).

While engagement was never part of Lingohr & Partner's systematic investment approach since its foundation in 1993, we are open to a direct dialogue with company representatives in acute cases in order to bring about transparency and contribute to an improvement of the situation. Furthermore, we may use the services and a potential cooperation with third-party suppliers to systematically take advantage of the multiplicative power of engagement with companies.

Resources & Commitment:

The oversight and development of all ESG matters lies with our Head of ESG, a Portfolio Manager who directly reports to the CIO. Next to the integration of ESG into the investment process, this also includes strategic and general topics in the realm of ESG.

In addition to the daily application of and working with ESG criteria, all employees are continuously encouraged to further develop themselves in this area. This includes attending conferences as well as targeted trainings and seminars. Our investment team now also includes 4 EFFAS Certified ESG analysts (CESGA).

Sincerely,

A handwritten signature in black ink, appearing to be 'GA' with a long horizontal stroke extending to the right.

(Goran Vasiljevic & Team)

Erkrath, March 10th, 2021