



RESPONSIBLE INVESTMENT POLICY

Global Alpha Capital Management Ltd.

March 2023

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PRINCIPLES FOR RESPONSIBLE INVESTMENT

As an investment manager and investor on behalf of its clients, Global Alpha Capital Management (GACM) has a duty to act in the best long-term interests of its clients. In this fiduciary role, GACM takes into account ESG factors to the extent we believe they have a potential impact on the risk and/or return profile of investment portfolios.

The Responsible Investment Policy of GACM follows the guidelines of the United Nations Principles for Responsible Investment (PRI). The PRI is a set of aspirational and voluntary guidelines for investment entities wishing to address ESG issues. In October 2012, GACM became a signatory to the PRI.

GACM believes that ESG issues may affect the performance of securities held in its investment portfolios and as such, when consistent with its fiduciary responsibilities, GACM commits to following the six Principles set out in the UN-backed PRI:

1. To incorporate ESG issues into investment analysis and decision-making processes.
2. To incorporate ESG issues into ownership responsibilities policies and practices.
3. To seek appropriate disclosure on ESG issues by the entities in which it invests.
4. To promote acceptance and implementation of the Principles with asset management participants.
5. To work together to enhance effectiveness in implementing the Principles.
6. To report on its activities and progress towards implementing the Principles.

GOVERNANCE

GACM's Board of Directors have ultimate oversight over the firm's responsible investing approach.

On a day-to-day basis, the internal oversight of ESG practices is done by the Investment Committee. GACM has a dedicated ESG Analyst who supports the investment teams by delivering ESG-related research and services.

In addition, all investment professionals integrate ESG considerations into their analysis of potential and existing investments where such information is available, along with traditional financial analysis to inform investment decisions. ESG integration is driven by taking into account material sustainability and/or ESG risks which could impact investment returns, rather than being driven by specific ethical principles or norms. The investment professionals may still invest in securities which present sustainability and/or ESG risks, including where the portfolio managers believe the potential compensation outweighs the risks identified.

ESG ISSUES AND OBJECTIVES

A definitive list of ESG issues does not exist. It would not be possible or desirable to produce a list, or a set of definitions, that claimed to be exhaustive or definitive.

Environmental issues relate to the quality and functioning of the natural environment and natural systems. Environmental issues include biodiversity loss; greenhouse gas (GHG) emissions; climate change; renewable energy; energy efficiency; air, water or resource depletion or pollution; waste management; stratospheric ozone depletion; changes in land use; ocean acidification; and changes to the nitrogen and phosphorus cycles.

Social issues relate to the rights, well-being, interests of people and communities and supply chain management. These include human rights; labour standards; child, slave and bonded labour; workplace health and safety; freedom of association; freedom of expression; human capital management and employee relations; diversity; relations with local communities; activities in conflict zones; health and access to medicine; consumer protection; and controversial weapons.

Governance issues relate to the governance of companies and other investee entities. In the listed equity context, these include board structure, size, diversity, skills and independence; executive pay; shareholder rights; stakeholder interaction; disclosure of information; business ethics; bribery and corruption; internal

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controls and risk management; and, in general, issues dealing with the relationship between a company's management, its board, shareholders and other stakeholders. This category may also include matters of business strategy, encompassing both the implications of business strategy for environmental and social issues and how the strategy is to be implemented throughout the organization.

ESG APPROACH

GACM uses a holistic ESG incorporation strategy as one input into of the overall investment decision making process. This includes using idea generation, investment theme selection, qualitative analysis and engagement.

Idea generation uses measures such as profitability, revenue growth and balance sheet strength to determine a company's suitability for inclusion in GACM portfolios.

Investment theme selection helps narrow the universe of companies for GACM portfolios GACM selects companies in the context of their five key investment themes which are consumer, demographics, sustainability, innovation and collaboration.

In qualitative analysis, GACM uses an internal ESG scoring methodology to evaluate potential and existing holdings. ESG data is gathered through various sources and company data is used to calculate an ESG score for any individual company. GACM evaluates companies by collecting raw data on a company's activities, products and various environmental and social initiatives through company websites, reports, meetings with management and on-site due diligence. For all GACM portfolio holdings, such information is held in centralized database and is accessible by the entire investment team.

The qualitative analysis on responsible investment ensures that the various criteria used by GACM are not breached. The GACM scoring methodology is reviewed on an annual basis or when material changes arise. If any portfolio company is found to be in breach of a criterion, the investment will be reevaluated and in cases of severe breaches, such a portfolio company will be sold or otherwise excluded from the relevant GACM portfolio.

The GACM ESG scores are updated annually or when new and relevant information and data is published. The quality of the research as well as metrics used for ESG evaluation is reviewed annually by the dedicated ESG Analyst.

ESG factors are systematically integrated into various aspects of GACM's investment analysis, including (macro) economic analysis, industry analysis, analysis of company strategy and quality of management, idea generation, valuation analysis, portfolio construction, proxy voting and engagement.

The integration of the GACM ESG scores is done through valuation tools and is mainly accomplished through adjustments to discount rates, it can also include adjustments to the terminal growth rate. GACM does not utilize exclusionary screens when incorporating ESG factors into the investment process and instead addresses ESG risks through its in-house research, engagement, and proxy voting activities.

ENGAGEMENT

"Engagement" refers to interactions that GACM may have with companies to exercise influence in relation to ESG issues. With respect to ESG issues, the GACM investment team regularly interacts with the management of companies in which it is, or may be, invested in on behalf of its clients. The purpose of this interaction is to support company research, to influence corporate practice (or identify the need to influence) on ESG issues and to encourage improved ESG disclosure.

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A comprehensive engagement on a particular ESG issue would include multiple, substantive, detailed discussions or interactions with a company (e.g., emails, meetings and calls) over a period of months or years.

In implementing a comprehensive engagement program with a company, GACM may engage in one or more of the following activities:

1. Direct corporate engagement
 - Communicate with the senior management of companies on ESG matters.
 - If ESG concerns or risks are identified in a company, establish a dialogue with the company to mitigate or eliminate these risks and track progress as this is being implemented.
2. Shareholder action
 - When needed, submit shareholder proposals at annual general meetings.
3. Voting rights exercise
 - Voting refers to voting on management and/or shareholder resolutions as well as filing shareholder resolutions.
 - GACM utilizes the global proxy research and voting services of Institutional Shareholder Services (ISS) to help assess and vote proxies in accordance with its custom voting policy. Taking into account GACM's custom guidelines, ISS prepares voting recommendations for all proposals on which GACM is entitled to vote. GACM believes that for its proxy voting process to be successful, some flexibility is required, and for that reason it uses guidelines rather than rules and may deviate from these guidelines to avoid voting decisions that it believes may be contrary to the long term interests of shareholders in the company. For further information, please see our Proxy Voting Policy.
4. Collaborative engagement
 - Collaborating with either industry participants and/or advocacy organizations on issues relating to ESG.

CONFLICTS OF INTEREST

We take proactive measures to anticipate reasonably foreseeable conflicts of interest and to assess the materiality of such conflicts. Actual or potential conflicts of interest, including those related to responsible investment, have been addressed by implementing appropriate controls and procedures. GACM's conflicts of interest policy has been documented in our Policies and Procedures Manual.

DISCLOSURE

UN PRI

As a signatory to the UN PRI, GACM is required to report annually on its responsible investing activities, in accordance with the PRI reporting framework.

Proxy Voting

Proxy records are reported to clients on a quarterly basis and additional information is available upon request.

Climate-Related Disclosure

Our TCFD-Aligned Report outlines how climate-related risks and opportunities are measured and managed in our investment process. In addition, GACM publishes the carbon footprint of its portfolios on its website on a quarterly basis.

Responsible Investing Report

GACM reports annually on the firm's ESG initiatives and provides highlights on our active ownership activities in our Responsible Investing Report. This report is made publicly available on our website.

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Responsible Investing Policies

Our responsible investing policies are publicly available to clients on our website.

INTERNAL INITIATIVES

GACM believes in implementing the same kind of actions as are expected of portfolio holdings. GACM has put into place initiatives which further its commitment of being a responsible investor.

GACM is governed by the Corporate Social Responsibility Policy of Connor, Clark, & Lunn Financial Group. This policy is managed and maintained by a centralized Socially Responsible Business Practices Working Group to help drive our business practices agenda regarding issues such as health and wellness, diversity and inclusion, and environmental sustainability.