



RESPONSIBLE INVESTMENT POLICY

GLOBAL ALPHA CAPITAL MANAGEMENT LTD.

March 2024

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PRINCIPLES FOR RESPONSIBLE INVESTMENT

Global Alpha believes that environmental, social and governance (ESG) issues are risk factors that can have a material impact on investment performance. The firm supports the concept that companies can enhance value and long-term profitability by managing ESG risks within their organization. Therefore, in this fiduciary role, GACM takes into account ESG factors to the extent it believes these factors 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.

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.

In addition to being a member of the PRI, GACM is a member of the Responsible Investment Association (RIA) and an endorser of the Task Force for Climate Related Financial Disclosure (TCFD).

GOVERNANCE

GACM established an ESG Committee to oversee sustainability across the firm and its investment practices. This committee consists of 7 members, including 2 board members, who meet on a bi-annual basis to discuss trends, processes and developments related to corporate social responsibility and responsible investing. It aims to provide oversight and recommendations on ESG-related themes. The Board receives ESG updates on a quarterly basis and has ultimate oversight over the firm's responsible investing approach. Additional information on the ESG Committee is available upon request.

On a day-to-day basis, the internal oversight of ESG practices is done by the Investment Committee. GACM has two dedicated Sustainability Analysts who support 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.

The ESG Committee will review this policy at least annually and make recommendations for any changes in line with changing ESG priorities and advancements.

ESG APPROACH

GACM uses a holistic ESG integration framework as one part of the overall investment decision making process. This includes using idea generation, investment theme selection, qualitative and quantitative analysis, engagement and proxy voting.

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. ESG factors are analyzed based on issues that are deemed as financially material to a company, meaning those that may have short, medium or long-term impacts on the company's financial performance. Examples of such issues include those related to climate change, biodiversity, human capital and good governance, such as those outlined the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-Related Financial Disclosures (TCFD) and the Principles of the United Nations Global Compact (UNGC).

GACM uses an internal ESG scoring methodology to evaluate potential and existing holdings. The team collects raw ESG data on a company's activities and products through company websites, reports, meetings with management and third-party vendors. Each prospective holding is assigned a score in five areas: Sustainability Reporting, Environmental (E), Social (S) and Governance (G) and Business Model and Leadership. These individual scores are combined to establish an issuer's overall score, which must meet a minimum standard for inclusion in the portfolio. For all GACM portfolio holdings, such information is held in centralized database and is accessible by the entire investment team.

The ESG score is then incorporated into the valuation process via an adjustment of the discount rate. A high ESG score indicates lower ESG risk, thus companies with higher ESG scores are valued using a lower weighted average cost of capital (WACC). Companies with lower scores, and thus higher ESG risk, are valued using a higher WACC. In this way, ESG risks, including climate-related risk, are directly factored into GACM's valuation of each security.

The qualitative analysis on responsible investment ensures that the various criteria used by GACM are not breached. 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 reviewed 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 Analysts.

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.

SUSTAINABLE STRATEGY

For its Sustainable Global Small Cap Strategy, GACM uses the same process for integrating ESG factors into the fundamental research, in addition to incorporating sustainability themes and SDG-revenue alignment into the investment process. However, the minimum ESG scoring requirement for companies in the Sustainable Strategy is higher than for other strategies, as the Product's objective is to focus on companies with a product or service expected to deliver positive outcomes in addition to strong financial returns.

ENGAGEMENT AND PROXY VOTING

GACM believes that shareholder engagement and proxy voting is an effective way to influence companies to adopt sustainable practices, in order to enhance value and mitigate risks. “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. GACM’s engagement activities are directed to markets and companies where there is the greatest investment exposure and where the team believes ESG performance can be improved to enhance long-term value creation. It may also direct engagement to companies whose activities are likely to pose significant financial material risks.

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, working towards the achievement of specific engagement objectives defined at the beginning of the engagement process. Where the outcome of this dialogue is not deemed to be satisfactory, with ongoing failures by a company to address material ESG issues, various escalation steps may be considered including using GACM’s proxy voting rights in support of engagement goals. Escalation strategies are determined on a case-by-case basis and may include voting against directors, collaborating with other investors, and can lead to reducing exposure and complete divestment.

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 and advocacy
 - Collaborating with other industry participants and/or advocacy organizations to promote the integrity and sustainability of capital markets. GACM believes that certain ESG issues are best addressed through regulation and public policy and will advocate in areas where we believe

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we can assist or provide insight in the formulation of public policy. GACM's collaborative and advocacy activities are approved by the ESG Committee.

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.

DISCLOSURES

UN PRI

As a signatory to the UN PRI, GACM reports annually on its responsible investing activities, in accordance with the PRI reporting framework. This assessment is available upon request.

Proxy Voting

Proxy records are reported to clients quarterly and more 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.

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. The ESG Committee is tasked with overseeing and reviewing the implementation of CSR initiatives across the firm to ensure good corporate social responsibility and is guided 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.



Robert Beauregard, Chief Investment Officer