Proxy Voting Season Summary

2022

Proxy voting is a key element of Beutel Goodman's active ownership approach, as outlined in our Responsible Investment Policy Statement. We believe that voting proxies can encourage sound corporate governance and improve environmental and social policies, and that it is one essential way to seek to advance shareholder value. We assess all ballot items, based on whether they are consistent with long-term shareholder value creation.

Each proxy item is reviewed on a case-by-case basis and takes into consideration instances where companies are making progress on relevant issues. We monitor whether tangible and sustainable improvement is being made. If we believe sufficient progress is not shown, it will be reflected in our engagement efforts and subsequent proxy votes.

With the 2022 proxy season now for the most part behind us, we highlight several major themes along with notable voting decisions below.

Multi-Class Share Structures

One interesting development this year was Glass Lewis's recommendation for a vote *against* the head of the governance committee across all companies that have multi-voting share structures. As you may know, Canada has several of these structures in place and we hold some of them in our portfolios.

As an overview, dual-class share structures are legal and continue to be employed in new listings. While we support the idea of one share / one vote, a multi-class share structure will not automatically preclude us from investing because it does not, in our view, necessarily prevent the Board and management from acting in the best interest of shareholders. Proposals to collapse a multiple-voting share structure will be considered and supported if in the best interest of shareholders. However, resolutions to collapse such structures in the absence of a concrete proposal may lack meaning. We review these issues on a case-by-case basis and actively engage with our investee companies on governance issues.

For example, we own the Class B non-voting shares of **Rogers Communications Inc.** and the Class B non-voting shares of **CCL Industries Inc.** While unable to vote, we have frequently engaged with Rogers management and members of the board, and were supportive of the recent management changes, primarily because of the stock price underperformance under the former CEO's tenure. We also recently engaged with CCL on its business activities in Russia.

Canadian Tire Corporation Ltd. also has a dual-class share structure composed of voting shares and non-voting shares. We own the Class A non-voting shares with rights to vote for 3 of 16 directors in addition to the protection of coattail provisions. In the case of **Brookfield Asset Management Inc.,** we own the Class A limited voting shares with the right to elect half of the board members. Our ownership in **BRP Inc.** is in the subordinated voting shares. The company also has multiple voting shares resulting in a multi-class share structure. In each of these cases, we voted *for* the head of the governance committee, contrary to Glass Lewis's recommendation, as our view was that the companies have acted in the best interest of shareholders to grow business value, reflecting prudent decisions by the executive management team alongside the Board of Directors. Beutel Goodman has a long history of engaging with our holding companies to seek to ensure that the stewardship of the business and our clients' interests remain aligned.

Alignment with Shareholders

In our view, board and management alignment with shareholders is critical to create shareholder value. We believe that, among other factors, effective components of governance include:

- Management compensation structures that align strategic decisions and outcomes with the best interests of long-term shareholders and incentivize disciplined capital allocation decisions;
- Independence and diversity of thought at the board level; and
- Share ownership and voting structures that afford us the ability as shareholders to seek to effect change via engagement and proxy voting.

Capital Allocation

In the event that we are not in agreement with the board's corporate strategy, particularly regarding capital allocation, and have engaged with the company on the issues, we may use our votes to escalate our dissent.

For example, we *withheld* our votes from **Quebecor Inc.**'s Class B director nominees to express our disagreement with management's ambition to pursue a national wireless expansion. We believe the pursuit of such a strategy has distracted management and negatively impacted the valuation of the stock. We have actively engaged with management on this issue.

In the case of **Unilever plc**, we recently voted against all director elections as we believe Unilever's multiple failed bids for GlaxoSmithKline's consumer healthcare division, a pursuit we viewed as making little strategic or financial sense for Unilever, shows poor capital allocation discipline and board oversight. We also voted against the remuneration report, counter to management and Glass Lewis' recommendation.

Independent Chairs

Generally, an independent board chair is indicative of a sound governance structure. A combined CEO/Chair role can call into question the effectiveness and integrity of the board, particularly in areas such as oversight of management's execution of corporate strategy and its alignment with shareholder interests, and management compensation. We note, however, that we examine all shareholder proposals regarding an independent chair in the context of a company's overall governance structure, with particular consideration for management alignment, including compensation and track record of long-term shareholder value creation. We cast our votes according to this holistic assessment of a company's governance program. Such was the case with **American Express Co., Cummins Inc.,** and **Interpublic Group of Companies Inc.** Specifically, as regards American Express and Cummins, the shareholder proposals provided that ex-CEOs could not become Chair, a premise we do not generally agree with, and we voted against them. In the case of **Merck & Co**, on the other hand, we voted *for* the Shareholder Proposal Regarding Independent Chair, in line with Glass Lewis but counter to Management's recommendation to vote *against*. We agreed in that case with Glass Lewis that an independent chair should be better able to oversee the executives and set a pro-shareholder agenda.

We *withheld* votes in several companies in our Small Cap portfolio due to insufficient board independence, including at **Winpak Ltd., High Liner Foods Inc., GDI Integrated Facility Services, Birchcliff Energy Ltd.** and **Leon's Furniture Ltd.** In the case of **Linamar Corp.**, we *withheld* a vote for a director as in our view, corporate best practice requires non-controlled companies with an executive chair to have an independent lead director.

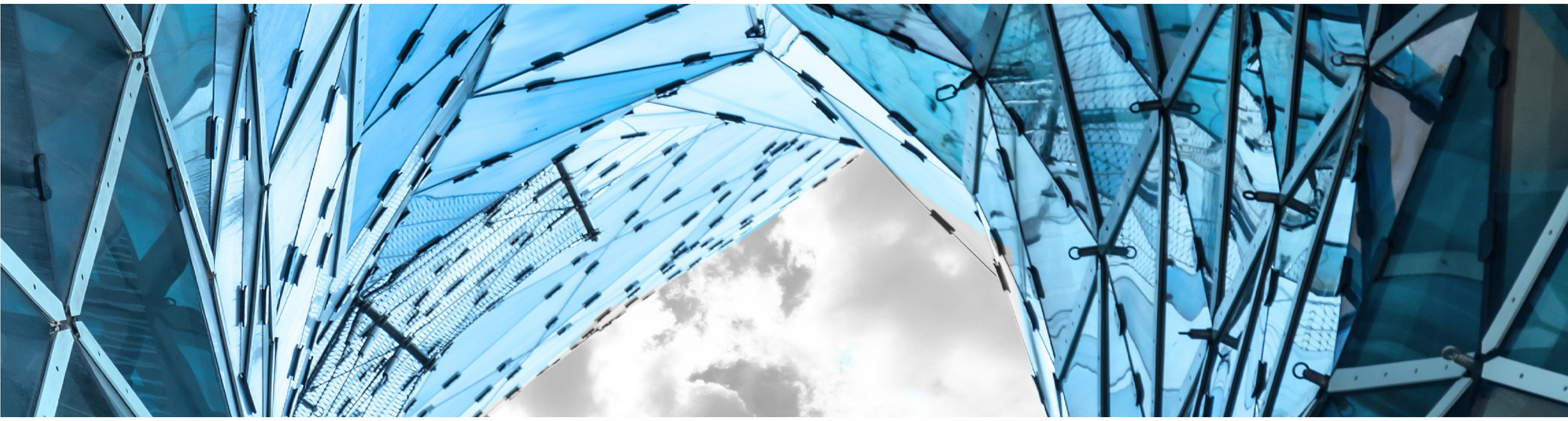
Executive Compensation

We favour companies where executive compensation aligns management with the interests of shareholders, is linked to performance, and attracts and retains top talent. We voted against management on the Advisory Vote on Executive Compensation for **Flowserve Corp.** We emphasized our concern that the one-time retention awards were both excessive and untimely, given the operating performance over the period in question (2021) and share price performance over the past few years. We believe this represents a significant misalignment between the executive team and shareholders. We also voted *against* management on compensation voting items for the following companies: **Akzo Nobel NV, Colliers International Group Inc., IMI plc, Onex Corp.** and **Unilever plc.**

In the case of **AmerisourceBergen Corp.**, we voted *for* the proposed executive pay package, acknowledging the company's actions in relation to litigation, which included a reduction in short-term bonus and the addition of a clawback provision, partly in response to shareholder outreach in which we actively participated. We note, however, that we voted *against* management with regard to a shareholder proposal prohibiting adjustments or exclusions of legal or compliance costs for incentive payouts. In line with Glass Lewis' rationale, we believe executives should generally not be insulated from expenses related to legal and compliance costs.

Equity Issuance

We generally do not favour equity issuance as part of a company's capital allocation plan, as it dilutes shareholder ownership and, in most cases, negatively impacts valuation. We voted *against* **Smith & Nephew plc**'s ballot item asking for Authority to Issue Shares with Pre-emptive Rights. We were concerned with the potential for current shareholder dilution given the outline of the proposal and did not see the need for it given the attractive capitalization structure the company currently maintains. We also voted *against* a similar ballot item for **ITV plc** as we deemed the request to potentially issue shares with pre-emptive rights with maximum potential issuance of up to 66% of ordinary share capital and the potential dilution of current shareholders as excessive.



Shareholder Proposals

We evaluate shareholder proposals based on whether the proposal aligns with the interests of shareholders, encourages value creation, and is consistent with our objective of advancing companies' performance, including on any material ESG factors identified in our investment process. We also consider the steps that the company may already have taken to address the issues raised in the proposal.

In some cases, we directly engage with our companies to gain a better understanding of a company's position on a proposal. These conversations give us more context and inform our decisions to seek to ensure alignment with shareholder interests.

Number of Proxy related Engagements (6 months ended June 30, 2022)

	Canadian Equities	U.S. Equities	EAFE Equities
# of engagements*	9	6	1

**Represent both email exchanges and conference calls / meetings*

Among the 58 shareholder proposals assessed in the 2022 proxy season, most proposals voted were aligned with management and Glass Lewis. Three noteworthy votes are described below where we voted *with* management and *against* Glass Lewis.

We voted *against* **ONEX**'s Shareholder Proposal Regarding a Report on Indigenous Diversity. In our view, Onex's commitment to address diversity & inclusion (D&I) issues and significant progress in ESG is supported by the addition of a recognized Canadian leader in responsible investing in 2021 as head of ESG, which indicates serious intent to advance diversity, equity, and inclusion. We believe it is premature to opine on specific issues as requested in the shareholder proposal until the company's responsible investment and D&I policies are finalized and disclosed.

We also voted *against* **Loblaw Companies Inc.**'s Shareholder Proposal Regarding a Report on Supplier Audits. Although we agree that supply-chain risks raised in the proxy are important and should be addressed, we prefer to take the approach of working with the company to address any gaps in the reporting of those risks. After engaging with Loblaw, we believe the company is thoughtfully taking the proposals into consideration and is actively addressing them.

On **Brookfield Asset Management Inc.**'s Shareholder Proposal Regarding Adoption of Targets Consistent with Paris-Aligned Climate Goals, we voted *against* the ballot, counter to Glass Lewis's recommendation. Brookfield committed to set interim targets and reach net zero in 100% of AUM by 2050, through joining the Net Zero Asset Manager ("NZAM") in 2021. The company is in the process of submitting its 2030 net zero interim target, which will be disclosed in Net Zero Asset Manager's next progress report. The company's climate strategy covers all subsidiaries, and we believe it is reasonable to give management the time necessary to fulfil its own commitments. We will monitor improvements in these areas throughout the company.

For a general overview of the factors we take into consideration when casting our votes, please follow the link to access our Proxy Voting Guidelines on our website.

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