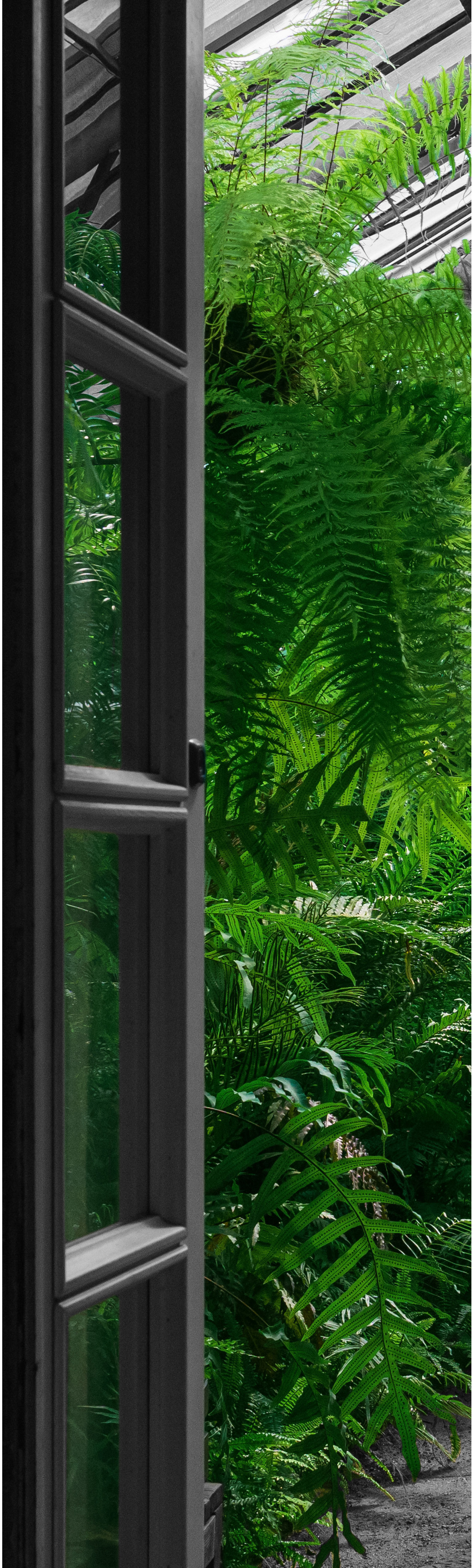
Proxy Voting Season Summary

2023

Beutel Goodman Investment Counsel



At Beutel Goodman, proxy voting serves as an essential tool in our active ownership approach, as outlined in our Responsible Investment Policy Statement. As shareholders, we exercise our voting power through voting proxies in the pursuit of long-term shareholder value generation.

Guided by the Proxy Voting Guidelines, we conduct a thorough analysis of each ballot item and seek alignment with long-term shareholder value creation. Our proxy service provider, Glass Lewis, provides recommendations that we consider in our research process. In addition, our investment teams assess steps that the company may have made in relation to proxy issues. We monitor progress over time and if sufficient progress is not shown over a reasonable timeframe, our views are reflected in our proxy votes or investment decision making.

Here we highlight several major themes along with notable voting decisions during the 2023 Proxy Voting season.

Key Topics: Alignment with Shareholders

Board and management alignment with shareholders is critical to shareholder value creation. We believe that, among other factors, effective components of governance generally include:

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

Votes AGAINST Directors

Corporate boards play a crucial role in overseeing a company's strategic activities, and their decisions can significantly impact a company's long-term value. We generally support well-run boards that are aligned with the interests of shareholders. In cases where we disagree or find misalignment, we will typically voice our concerns by voting against or withholding votes from directors. In 2023, we voted AGAINST or WITHHELD votes for 39 directors at the following AGMs:

- American Express
- Bank of Montreal
- Biogen
- Brookfield Asset Management
- Carlsberg
- Colliers International Group
- Comcast
- DBS Group Holdings
- Enghouse Systems
- GDI Integrated Facility Services
- Great-West Lifeco
- Hakuhodo DY Holdings
- High Liner Foods
- Leon's Furniture
- Linamar
- PPG Industries
- Restaurant Brands International
- Superior Plus and
- VerticalScope Holdings

These voting decisions were based on potential misalignments between management and shareholder interests. Key concerns include compensation issues, directors serving on an excessive number of boards (overboarded directors), lack of board gender diversity, concerns related to compensation and audit committee independence, insufficient board independence, multi-class share structure with unequal voting rights, low meeting participation, director experience, governance breaches and related party transactions.

Regarding **Biogen**, we ABSTAINED from three director votes, as these directors were no longer standing for re-election as the company decided to refresh its board. We voted FOR a new director put forward.

Executive Compensation

Our preference lies with companies that demonstrate alignment between executive compensation and shareholder interests, have suitable performance-based incentives, and are capable of attracting and retaining top talent. We voted AGAINST say-on-pay proposals due to a pay-performance disconnect and insufficient disclosure of elements in the compensation plan, in the cases of:

- Enghouse Systems
- Bank of Nova Scotia
- Colliers International Group
- Carlyle Group
- Superior Plus
- TGS
- Ag Growth International
- Manulife Financial
- Power Corp. of Canada
- Tempur Sealy
- Unilever

In the case of **Unilever**, we voted AGAINST its Remuneration Report, counter to management but in line with Glass Lewis recommendation due to concerns regarding excessive CEO fixed pay at appointment, which significantly exceeded the compensation of both predecessors and industry peers. This non-binding proposal was subsequently voted down by shareholders with 58.03% votes AGAINST. We wait with interest for the company's response to this advisory vote. In addition, we voted AGAINST the **Bank of Nova Scotia**'s Advisory Vote on Executive Compensation, counter to the recommendations of both management and Glass Lewis. We were not supportive of the outgoing CEO receiving a $1.5 million cash consulting fee for the three-month period immediately following their retirement. There is a long-held practice that a retiring CEO, particularly one receiving a generous pension and retaining substantial deferred compensation, owes a duty of care to the company to freely provide advice and counsel whenever called upon by the new CEO. The payment of this fee is contrary to this practice and sets a poor precedent for future executive transitions.

It is worth mentioning the distinction between voting against directors for election and voting against say-on-pay proposals. While director votes are binding, say-on-pay votes are advisory only. When warranted, we may also hold directors associated with the Remuneration or Compensation Committee accountable for compensation issues. In the case of **Unilever**, we did not vote against the election of the Chair of the Remuneration Committee, as we took into account the director's broader responsibilities on the board. The Chair of Remuneration Committee received 15.27% votes AGAINST during the same Annual General Meeting, significantly lower than the votes AGAINST the Remuneration Report. We also WITHHELD from directors at the following companies, due to ongoing compensation concerns:

- Colliers International Group
- Enghouse Systems

Independent Chairs and Board

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. 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 of 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. As we generally believe an independent chair enhances governance practices and provides effective oversight, we voted FOR the Shareholder Proposal Regarding Independent Chair at the Annual General Meetings (AGMs) of:

- Cummins
- Merck
- PPG Industries

However, in cases where we assess that a company has already demonstrated strong alignment with shareholders and utilises a well-designed incentive structure for senior management, the value-add from an independent chair may be diminished. Our votes AGAINST the proposals for an independent chair reflect our assessment of this matter at the following companies:

- Omnicom
- Interpublic Group of Companies

We also voted AGAINST or WITHHELD votes for directors at several companies across our equity portfolios due to our assessment of insufficient board independence, as well as insufficient governance, compensation or audit committee independence, including at:

- DBS Group
- GDI Integrated Facility Services
- Leon's Furniture
- Linamar
- PPG Industries
- Restaurant Brands International.

In the case of **Linamar**, we withheld our votes for two directors as in our view, corporate best practice for controlled companies with an executive chair is to have an independent lead director.

Board Diversity

Diversity of thought enhances decision making and thus having a diverse set of directors on a board is relevant to corporate governance. It is generally recognized by the market that at least 30% of female directors on a board represents best practice. We agree with this standard but will also consider a company's progress toward diversity, as well as other aspects of diversity and overall board quality.

We voted AGAINST or WITHHELD from directors due to board gender diversity concerns at:

- GDI Integrated Facility Services
- High Liner Foods
- Leon's Furniture
- PPG Industries
- VerticalScope Holdings

In the case of **Amdocs**, we voted FOR the Chair of Nominating Committee at its 2023 AGM, despite only 20% female representation on the proposed board. We have engaged with Amdocs on board diversity numerous times, including meeting with the CEO and Board Chair. They understand our view on board gender diversity and are actively looking at it as a core issue for the board to address. We made recommendations for the company to add new gender diverse management and independent members and were assured that this is under consideration. In our assessment, this is a well-managed company, with a Board that has historically done right by its shareholders. We will therefore continue to engage the company directly on gender diversity with a view to enhancing the long-term value for shareholders, rather than opting for a protest vote that may disrupt the board, as Glass Lewis proposed.

We also voted FOR directors, counter to Glass Lewis recommendations to WITHHOLD, taking into consideration company specific situations in the cases of:

- Brookfield Business Corp
- Copperleaf Technologies
- Flowserve
- Gentex
- Harley-Davidson
- Polaris
- Power Corp of Canada
- Real Matters
- SEI Investments
- Winpak

We highlight a few notable votes regarding board diversity and our rationale regarding our votes FOR directors: Although we agree with Glass Lewis' opinion that **Flowserve**'s disclosure on policies related to board diversity and current board gender diversity of 27% could be improved, we prefer to engage with the company to address these policy and diversity issues directly rather than voting against in the election of the Chair of the Governance and Nomination committees. At **Gentex** we thought WITHHOLDING a vote for a female director, one of two women on the board, would represent a step backwards in the company's diversity journey. Further, over the past six annual meetings (excluding 2023), we noted the addition of six board members, including four directors, improving the board's ethnic and gender diversity. In the case of **Harley-Davidson**, we noted that of the last three Board members to join, one is a visible minority. Glass Lewis recommended withholding vote for a director who is a visible minority in a protest against the company's relatively weak board diversity, which in our view would be a step backward. We also see gender diversity progress at the executive level, with a female CFO, CCO, Chief HR Officer, the Lead Art Director, and the SVP for Apparel & Licensing. At **SEI** our ongoing engagement with the board of directors has reinforced our view of the company's commitment to maximising shareholder value. A suitably constituted board is a major part of this, and we are satisfied that board diversity, including gender diversity, is actively considered when evaluating potential director nominees. SEI is also working towards providing the most relevant disclosure on board diversity policies and considerations. As such, we did not believe that voting against a female director with a proven track record as Lead Director was in the best interest of the company or shareholders.

Capital Allocation

We view capital allocation decisions as a key engagement topic and essential to long-term shareholder value creation. In the event of proposed transformational acquisitions, we conduct a complete company review. We review and assess the merits of the transaction and its potential impact on the risk/reward of the investment. We engage with stakeholders, typically including senior management, board members, industry experts and other shareholders. We thoroughly discuss issues to inform our research.

In the case of **RBA Global** (RBA, previously Ritchie Bros Auctioneers), a contested proposal to acquire IAA was presented at a special general meeting (SGM), where a large shareholder, Luxor Capital, publicly announced opposition to the acquisition. We conducted a thorough and independent review of both RBA and IAA, as standalone companies and as a combined entity. To inform our research, we conducted due diligence meetings with RBA management, RBA board members, IAA, a peer company, sell side analysts, industry experts, institutional investors including Luxor, in addition to proxy advisory firm Glass Lewis. Our analysis concluded that the risk/reward of RBA+IAA as a combined entity was superior to RBA standalone. We voted FOR the contested merger proxy with management, and counter to Glass Lewis's recommendation. We were part of the 53.9% of shareholders that supported the proposal and will continue to monitor the execution of the integration of businesses.

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 **ITV**'s ballot item asking for Authority to Issue Shares with Pre-emptive Rights, as we deemed the request with a maximum potential share issuance of up to 66% resulting in dilution of current shareholders as excessive. This proposal appeared in the company's 2022 AGM, when we also voted AGAINST, remaining consistent in our approach. We also voted AGAINST three other proposals to issue shares with pre-emptive rights at **Smith & Nephew**. We believe that there is enough room to finance investments in the business and acquisitions from the current capital structure, without the need for large deals that would require the issuance of equity.

Multi-Class Share Structures

Glass Lewis continues to recommend voting against the Head of the Governance Committee across all companies that have multi-class share structures with unequal voting rights. While we recognize that such structures limit shareholders influence on a company, multi-class share structures are legal and can provide controlling shareholders with the ability to make informed strategic decisions that serve the best interests of shareholders.

Similar to 2022, we do not necessarily vote against a director because of a multi-share class structure. Proposals to collapse a multiple-voting share structure will be evaluated together with the company's availability for shareholders to voice their opinions. Despite such ownership structures, we voted FOR the Chair of the Governance Committee at:

- Aritzia
- Brookfield Asset Management
- Brookfield Business Partners
- Brookfield
- BRP
- Canadian Tire
- CGI
- Power Corp. of Canada

However, we voted AGAINST the director at **GDI Integrated Facility Services** and WITHHELD for **VerticalScope Holdings**, due to our assessment of poor alignment of shareholder interests and the absence of a sunset clause in the shareholder agreement. 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.

Significant Governance Breach

Strong governance is the fundamental basis for a company's success and share value creation. A significant breach in governance could signal board level emphasis on short-term financial gains over long-term shareholder value creation. In such cases, we may use proxy voting to voice our concerns.

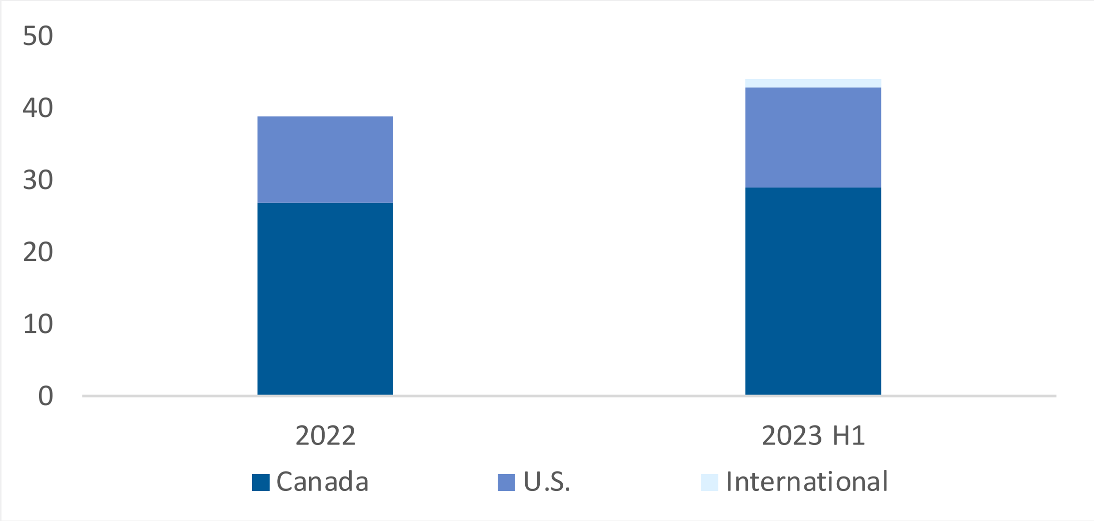
For **Hakuhodo DY Holdings**, we voted AGAINST all insider board members based on governance concerns around several issues: allegations of bid rigging and bribery in connection with the Tokyo Olympics, a majority non-independent board, cross-shareholdings in other public Japanese companies, and insufficient shareholder disclosure and communications.

Shareholder Proposals: Environmental and Social

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.

There has been an increase in the number of environmental and social shareholder proposals received for our portfolio companies, and we are actively engaging with stakeholders to address these proposals. We engage directly with our investee companies and at times, with the shareholders filing proposals. These conversations give us more context and inform our decisions to seek alignment with shareholder interests. In the first half of 2023, we conducted proxy-related engagements with 20 companies, a modest increase from 16 engagements across equity strategies in the same period in 2022.

Number of Shareholder Proposals for Investee Companies, by Geography



Of the 44 environmental and social shareholder proposals assessed in the 2023 proxy season, the majority of proposals voted on were in line with both management and Glass Lewis recommendations. However, there were a few instances where we voted differently based on our analysis of the specific circumstances.

In the case of the Shareholder Proposal Regarding Racial Equity Audit on the ballots of **Royal Bank of Canada (RBC)** and **Bank of Montreal (BMO)**, we voted FOR the proposal, contrary to management recommendations. We recognized the banking industry's historical issues with racial biases, racial profiling, and internal racial discrimination, which have posed reputational risks for companies. While RBC and BMO have made progress in providing equal access to racialized communities, we believe that an additional racial equity audit would serve as an important tool to further understand and mitigate the risks associated with these issues. The proposals received significant shareholder support, with 42% at RBC and 37% at BMO, the highest among all shareholder proposals received by the banks this year. We voted AGAINST similar proposals on racial equity at the AGMs of **CGI**, **Kellogg** and **Comcast**. For CGI, although we support increased disclosure and progress around racial disparities and inequalities, we also acknowledge that it can be a complex task for a global company like CGI, that operates in multiple geographic regions with different definitions of race. We engaged with the company on this matter and are comfortable with current practices and note that the company is working to increase its disclosure in this area. We voted AGAINST two proposals at Kellogg, in line with both management and Glass Lewis recommendations as we do not believe that the requested audit would necessarily benefit shareholders at this time. At Comcast, we voted AGAINST a proposal for a racial equity audit in line with management but against Glass Lewis's recommendation, given the extensive work that Comcast is doing on this.

Additionally, we voted FOR the Shareholder Proposal Regarding Report on the Company's Business Strategy Related to Human Capital Management at the **Restaurant Brands International** AGM. We consider human capital management to be a financially material topic for the company, directly aligned with the Executive Chair's goal of measuring and targeting franchisee profitability. Given the nature of the business model, which relies heavily on labour at the restaurant level, we believe that oversight and focus on human capital management with a directional improvement in the disclosure could contribute to better alignment with the goal of improved franchisee profitability, risk reduction, and potential value creation for shareholders.

In the instance of **Metro**, we voted AGAINST the Shareholder Proposal Regarding Adoption of Targets Consistent with Paris-Aligned Climate Goals, in line with management but counter to Glass Lewis's recommendation. While we acknowledge the importance of addressing climate-related risks and reducing emissions, adopting a net-zero target, including Scope 3 emissions, is complex. In our view, the timeline in the proposal is not reasonable and the company is not able to measure Scope 3 emissions given current technology, making the commitment not feasible for the company at this point. Metro has made considerable progress towards improving both its disclosure and commitment to emissions reduction targets across the company and is committed to doing more. After engaging with the company, we believe the company is thoughtfully taking the proposals into consideration and actively working towards improving the company's climate change plan. We will continue to monitor progress on this topic.

Likewise, we also voted AGAINST environmental and social shareholder proposals at:

- American Express
- Bank of Montreal
- Bank of Nova Scotia
- BlackRock
- Carlsberg
- CGI
- Comcast
- iA Financial
- Kellogg
- Merck
- Metro
- Restaurant Brands International
- Royal Bank of Canada
- Sun Life Financial
- Suncor Energy
- Toronto-Dominion Bank.

These votes were in line with management recommendations. In most cases, companies' disclosures and monitoring of the issues highlighted in shareholder proposals is sufficient in our view, and additional disclosure in accordance with the shareholder proposals would not provide additional benefit to shareholders.

Proxy voting remains a key focus in Beutel Goodman's active ownership approach. We share our voting decisions and rationales (when we vote against management or Glass Lewis, and on ESG proposals) on our website shortly following the AGM or SGM. For a general overview of the factors we consider when casting our votes, please see our Proxy Voting Guidelines.

BEUTEL GOODMAN
Investment Counsel