Beutel Goodman Investment Counsel

PROXY VOTING GUIDELINES

INTRODUCTION

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

PROCESS

As part of our portfolio management responsibilities, we review each proxy item for all Canadian, U.S. and international equity holdings before casting our votes.

In support of the process, we subscribe to a proxy voting services firm, which provides a detailed analysis and comprehensive report relating to all proxy voting issues. The proxy interpretations reflect the corporate governance standards of the Pension Investment Association of Canada (PIAC). While we use the proxy voting services as research and consider their recommendations, we form our own views on all proxy items and vote accordingly. As responsible investors, we make informed voting decisions through thoughtful research; this includes direct dialogue with companies, which allows us to gather additional information and voice our concerns.

All upcoming proxies are reviewed regularly, and votes are cast by the deadline. This is typically two to three weeks before the meeting date. For international securities, there may be different proxy voting considerations because of share blocking or re-registration rules in other jurisdictions. We may choose a "do not vote" option in such cases rather than have securities blocked for sale for the period until a vote. Beutel Goodman will always act in the best interest of its clients.

As and when necessary, voting issues are discussed among equity team members. All final voting decisions are made by the primary analyst.

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 on the material ESG factors considered in our investment process. We also consider the steps that the company may already have taken to address the issues raised in the proposal.

Our research process strives to identify companies whose boards and management are aligned with shareholder interests and the creation of long-term shareholder value. We view ourselves as partners of the companies in which we invest. As such, we approach ownership as an ongoing collaboration in the creation of long-term shareholder value.

When we determine that a vote against management is in the best interests of our clients, we endeavour to routinely engage the issuer in advance of voting.

For clients who take part in securities lending programs, we generally do not recall shares for proxy voting unless there are ballot items that are deemed important. Situations in which we would typically recall shares include the case of the collapse of a dual-class share structure.

Proxy voting is less common in fixed income, and typically only occurs when a company is seeking to change its trust indentures. In these cases, we are guided by the same principles as for proxy voting in the equity context.

REPORTING AND DISCLOSURE

Given the importance of proxy voting, we provide a detailed proxy voting report for our clients with segregated mandates, which is offered as part of our standard quarterly report package. This report provides information on all issues voted during the quarter.

As part of our commitment to transparency, our proxy voting decisions and rationales (in the event of a vote against management or proxy voting provider) are publicly disclosed on an ongoing basis throughout the year in a database accessible on our website.

PROXY VOTING PRINCIPLES

We list below certain positive and negative attributes that we encourage or discourage in our proxy voting. Note that this list is not exhaustive and is intended as a general overview of factors we take into consideration when casting our votes. Each proxy item is reviewed on a case-by-case basis, with leniency considered in cases where companies are making progress on relevant issues.

Beutel Goodman generally favours:

- Boards of Directors that are aligned with the interests of shareholders and value creation; i.e., those that:
  - Are majority-independent boards
  - Have appropriate breadth, depth and diversity
  - Have a record of positive performance
  - Favour a majority of votes over plurality of votes in board member elections
  - Favour individual board member elections over board slates

    - Are accessible and responsive to institutional shareholders (with annual interactions, at a minimum, preferred)
    - Have oversight of ESG issues
    - Separate Board Chair and CEO roles
- Companies with thoughtful, multi-year succession plans
- Executive compensation tied to long-term shareholder value creation; e.g., companies with:
    - Transparent compensation directly linked to both short- and long-term strategic targets
    - Long-term incentives linked to return metrics rather than pure growth metrics to align capital allocation decisions with shareholder value creation
    - Continued share ownership by management and directors to match investors' risks and benefits
    - Companies that tie executive compensation to ESG metrics (or companies that are working towards such targets)
- Companies that have a clear, long-term climate strategy, including emissions targets that align with the Paris Agreement
- Companies that exhibit a focus on diversity and inclusion initiatives at all levels

Beutel Goodman is typically not in favour of:

- Company strategies that lead to poor outcomes for long-term shareholders, such as:
    - Poor capital allocation
    - Equity issuances that are not accretive to existing shareholders
- Dual-class share structures (i.e., multiple classes of shares with different voting rights)
- Excessive executive pay packages, including excessive stock option plans that may result in dilution of our ownership
- Boards not aligned with shareholders. This could include:
    - Overcommitted board members
    - Board members with conflicts of interest