



13. STATEMENT OF POLICY ON PROXY VOTING

13.1 Purpose

Intact Investment Management Inc. (“IIM”) has the responsibility for making investment decisions which are in the best interest of its clients. As part of the investment management services it provides to clients, IIM may be instructed by clients to vote proxies related to the securities beneficially owned by the clients.

IIM believes that it has a duty to manage clients’ assets solely in the best interest of the clients and that the ability to vote by proxy is a client privilege. Accordingly, IIM has a duty to vote proxies on behalf of both investment fund and non-investment fund related client accounts in a manner in which it believes will add value to the client’s investment.

This Proxy Voting Policy (the “Policy”) outlines the procedures applicable to the proxy voting process, as well as the guidelines governing the exercise by IIM of its voting rights. This Policy also outlines the role of the Proxy Committee and the Compliance team in overseeing the proxy voting process and the implementation of the Policy.

Intact Investment Limited Partnership (“IILP”) has also adopted the Policy to govern the exercise of its voting rights in relation to securities beneficially owned by IILP.

13.2 Oversight – Proxy Committee and Compliance Team

The Executive Vice President & Managing Director of IIM, the Senior Vice President & Group Chief Investment Officer, the Chief Compliance Officer, the Manager, Legal Affairs and the Vice President Equities sit on the Proxy Committee. The Committee oversees the voting of proxies by IIM and IILP and is responsible for reviewing the Policy annually. It participates, when needed and on a case-by-case basis, in the resolution of issues or conflicts of interest arising from the proxy voting process.

IIM’s Compliance team is in charge of the proxy voting process and the related issues for class actions and conflicts of interest. The Compliance team ensures that the Policy, approved by the Proxy Committee, is respected and all of the client accounts are configured in the online system of the Service Provider (as defined below). In addition, the Compliance team is responsible for resolving issues and escalating them to appropriate people.



13.3 Proxy Voting Procedures

IIM uses an external proxy advisory service provider (the “**Service Provider**”) to help simplify the proxy voting process. As part of its services, the Service Provider will provide IIM with customized voting recommendations in accordance with this Policy. IIM’s Compliance team will review these voting recommendations and ultimately submit IIM’s and IILP’s voting decision in accordance with the procedures set out in IIM’s Rules of Internal Controls & Procedures.

13.4 Proxy Voting Guidelines

These Proxy Voting Guidelines are intended to govern the exercise (i) by IIM of voting rights of securities that are held in portfolios under its management, always aiming to protect the best interests of IIM’s clients and (ii) by IILP of its voting rights in relation to securities beneficially owned by IILP.

Pursuant to these guidelines, IIM and IILP will generally exercise their voting rights to protect shareholders’ value and maximise investments returns. While these financial factors are key elements to be considered in IIM’s and IILP’s voting decisions, IIM and IILP also acknowledge the importance of integrating environmental, social and governance (“ESG”) factors in the proxy voting process as they can have a material effect on the long-term financial performance of a company. Therefore, high standards of corporate governance, as well as social and environmental initiatives are promoted in these guidelines and taken into consideration by IIM and IILP when exercising their voting rights.

These guidelines are not absolute. IIM and IILP will evaluate each proposal separately and examine each company’s individual circumstances and characteristics before voting. In some instances, certain circumstances may call for a different vote than what is provided in these guidelines, to protect the best interests of shareholders.

These guidelines are presented in two (2) sections: Corporate Governance, and Social and Environmental responsibility.



A. CORPORATE GOVERNANCE

IIM and IILP will generally **support** a management-sponsored proposal unless it believes that the adoption of the proposal may have a negative impact on the economic interests of shareholders and the financial performance of the company, or if the proposal is against generally recognized corporate governance standards.

(i) Election of Directors

IIM and IILP will generally **support**:

- an annual election of directors and the declassification of boards (creating the same term length for all directors);
- the election of directors individually rather than as a slate;
- the adoption of a majority vote standard for the election of directors or the adoption of a majority voting policy when plurality voting is used;
- the adoption of advance notice policies which (i) prevent stealth proxy contests (ii) provide a reasonable framework for shareholders to nominate directors by allowing shareholders to submit director nominations within a reasonable timeframe and (iii) provide all shareholders with sufficient information about potential nominees in order for them to make informed voting decisions on such nominees.

IIM and IILP will generally **not support** :

- a staggered or classified election of directors (different classes of directors serving different terms in length);
- a limitation of shareholder rights to remove or nominate directors, including the adoption of advance notice policies that create unnecessarily burdensome or onerous requirements on shareholders seeking to nominate directors.

(ii) Director Independence

IIM and IILP will generally **support**:

- the election of a majority of independent directors; IIM and IILP will consider the application stock exchange listing requirements and applicable securities law in evaluating a director's independence;
- the creation and maintenance of audit, compensation and nominating/governance committees constituted exclusively of independent members.

IIM and IILP expect issuers to disclose interlocking board relationships among its board nominees and to explain how the independence of individual directors is preserved when directors jointly serve on two or more boards together (Director Interlock).



(iii) Separation of Chair and CEO roles

IIM and IILP will generally **support** the separation of the roles of Chair of the Board and CEO and the appointment of an independent director serving as the board Chair, or as an alternative, if one person is Chair and CEO, the nomination of a lead independent director.

(iv) Director Commitments

IIM and IILP will generally **not support**:

- the election of directors who attend less than 75% of all board and committee meetings consistently and without a valid reason;
- the appointment of directors that simultaneously sit on more than five (5) boards of publicly listed companies; if a director serves as an executive officer of a public company, IIM and IILP will generally not support the appointment of such director on an outside board if he/she serves on more than 3 boards of publicly listed companies. In making its decision, IIM and IILP may however consider certain factors such as the size and complexity of the companies where the directors serve on the board, as well as the role and the time commitment required of the directors;

(v) Board Diversity, Qualifications and Expertise

IIM and IILP will generally **support**:

- a board size that is large enough to provide a diversity of views, skills and expertise appropriate for the company's business, but small enough to avoid inhibiting the board's effectiveness;
- the appointment of directors that add to the diversity in skills, experience and background among the directors (including gender diversity and representation of visible minorities) and the adoption and disclosure of measures fostering such diversity (such as policies, targets, skills and diversity matrix, etc.);
- the adoption of a performance evaluation process for the Board and its committees to measure their effectiveness and the disclosure of such evaluation process.

IIM and IILP will generally **not support** a board composition that has no female representation and where the company has not adopted policies or disclosed a plan to address the lack of gender diversity on the board.

(vi) Appointment of auditors

IIM and IILP will generally **support**:

- the appointment of auditors recommended by the company's board of directors, unless more than 50% of the total fees paid to the auditors over the previous year were non-audit fees and/or the auditors' independence is otherwise compromised;
- the disclosure of all audit related, and non-audit related fees and services paid to auditors.



(vii) Executive and Director compensation

IIM and IILP believe that for companies to recruit, promote and retain competent personnel, companies must provide appropriate and competitive compensation plans. IIM and IILP also believe that, to protect the investors' interests, the compensation plans must attempt to align the long-term interests of shareholders with the interests of executives and directors. Therefore, IIM and IILP will generally **support** management-sponsored compensation plans (i) which are reasonable, industry competitive and not unduly burdensome to the company in order for the company to recruit, promote and retain competent personnel, (ii) which align the shareholders' long-term interests with the interests of executives and directors and (iii) which are linked to performance (Pay-for-Performance).

IIM and IILP will generally **support**:

- stock incentive plans linked to performance criteria;
- profit sharing, thrift or similar savings plans;
- minimum stock ownership requirements for directors and executives;
- a shareholder advisory vote on executive compensation (Say-on-Pay);
- proposals requesting the adoption of a Claw-Back Policy;
- double-trigger vesting acceleration in connection with a change of control;
- the review of the executive compensation plans by the company's board of directors on a yearly basis or, where such review is made on a less frequent basis, proposals seeking to increase the frequency of such review.

IIM and IILP will generally **not support**:

- stock option plans that permit issuance of loans to management or selected employees with authority to sell stock purchased by the loan without immediate repayment, or that are overly generous (below market price or with appreciation rights paying the difference between option price and the stock, or permit pyramiding or the directors to lower the purchase price of outstanding options without a simultaneous and proportionate reduction in the number of shares available);
- stock option plans that are considered excessively dilutive, namely where the number of shares reserved under the plan exceeds 10% of all shares outstanding and where the average annual burn rate is in excess of 1%;
- incentive plans that become effective in the event of hostile takeovers or mergers (golden and tin parachutes);
- proposals creating an unusually favourable compensation structure in advance of a sale of the company;
- proposals that fail to link executive compensation to management performance;
- proposals allowing executives and directors to hedge their economic risk or reduce their exposure to changes in share price with respect to any securities of the company;
- acceleration of stock options/awards if the majority of the board of directors' changes within a two-year period;



- grant of stock options to non-employee directors in lieu of their cash compensation at a price below 100% fair market value;
- adoption of a stock purchase plan at less than 85% of fair market value;
- proposal to reprice outstanding stock options.

(viii) Takeover defence and related actions

IIM and IILP will generally **support** a management sponsored anti-takeover proposal that (1) enhances management's bargaining position, (2) when combined with other anti-takeover provisions, does not discourage serious offers, and (3) protects and enhances long-term shareholder value for all shareholders. IIM and IILP believe that generally four or more anti-takeover measures, which can only be repealed by a super-majority vote, are considered sufficient to discourage serious offers and therefore should not be supported.

IIM and IILP will generally **support**:

- fair price provisions;
- certain increases in authorized shares and/or creation of new classes of common or preferred stock, except if these increases create unequal treatment between shareholders;
- proposals to eliminate greenmail (preferential offerings to selected shareholders) provisions;
- proposals to adopt a Shareholder Rights Plan ("Poison Pill") if such plan aims to ensure equal treatment for all shareholders and to give the board and management reasonable time to consider other options to maximize shareholder value;
- proposals to re-evaluate or eliminate in-place "shark repellents".

IIM and IILP will generally **not support**:

- proposals authorizing the company's board of directors to adopt, amend or repeal articles and by-laws without shareholders' approval;
- proposals authorizing the company's management or board of directors to buy back shares at premium prices without shareholders' approval.

(ix) Capital structure, Shareholders' Rights and Recapitalization

IIM and IILP will generally **support** a capital structure providing for equal voting rights for all shares issued by a company.

IIM and IILP recognize that from time to time companies must reorganize their capital structure to avail themselves of access to the capital markets and to restructure their financial position in order to raise capital and to be better capitalized. Generally, IIM and IILP will **support** such management-sponsored reorganization proposals if such proposals will help the company gain better access to the capital markets and to attain a better financial position. IIM and IILP will generally **not support** such proposals that appear to entrench management and do not provide shareholders with economic value.



IIM and IILP will generally **support**:

- the confidentiality of the voting process (secret ballots);
- the full disclosure of voting results;
- proposals to reincorporate or reorganize into a holding company;
- authorization of additional issuance of common or preferred shares to accommodate a stock split or other business purposes not related to anti-takeover measures as long as the increase is not excessive and a valid need has been proven.

IIM and IILP will generally **not support**:

- proposals designed to discourage mergers and acquisitions in advance;
- proposals to re-establish a company in a different legal jurisdiction (reincorporation) if they are made as part of an anti-takeover defence or to limit shareholder rights;
- creation of any class of shares having superior voting rights or having the potential to have superior voting rights;
- proposals attempting to subordinate or limit shareholders rights (e.g. a limitation of shareholder rights to amend articles and by-laws, call special meetings, or other actions to limit or abolish shareholder rights to act independently such as acting by written consent);
- proposals to vote unmarked proxies in favour of management.

B. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

IIM and IILP believe that the appropriate management of social and environmental risks can enhance the sustainability of a company's business as well as its long-term profitability. IIM and IILP will generally **support** the adoption of practices and policies related to environmental and social factors, or any proposed initiatives related to social and environmental responsibility, unless it believes that the company already has adequate policies and procedures in place and it should focus its efforts on enhancing shareholders value when the assets and resources involved could be put to better use in obtaining profits.

IIM and IILP will generally **support**:

- proposals requiring reasonable disclosure of information related to social and environmental initiatives allowing investors to better identify potential investment risks;
- the adoption of codes of conduct, policies and practices addressing social and environmental matters that are likely to enhance performance or mitigate risks, such as codes of conduct, policies and practices with respect to:
 - fair and equitable compensation;
 - respect of human rights;
 - diversity and inclusion in the workforce (at all levels, including executive positions) and in the workplace;



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- social and environmental involvement;
 - climate change adaptation or mitigation;
 - data use and privacy, and cyber security.
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- the adoption of international labour organization principles;
 - resolutions seeking basic labour protections and equal employment opportunity;
 - expanding equal employment opportunity/social responsibility reporting.