

INTACT INVESTMENT MANAGEMENT INC.

STATEMENT OF POLICY ON PROXY VOTING

Reviewed & Updated October 2019

Table of Contents

1. STATEMENT OF POLICY ON PROXY VOTING	3
1.1 Purpose	3
1.2 Oversight – Proxy Committee and Compliance team	3
1.3 Proxy Voting Procedures	4
1.4 Proxy Voting Guidelines	4
A. CORPORATE GOVERNANCE	4
B. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY	8

1. STATEMENT OF POLICY ON PROXY VOTING

1.1 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 shares for which the clients are beneficial owners.

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 mutual fund and non-mutual 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.

1.2 Oversight – Proxy Committee and Compliance team

The Senior Vice President & Managing Director of IIM, the Deputy Senior Vice President & 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 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 corporate actions, 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.

1.3 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 voting decision in accordance with the procedures set out in IIM’s Rules of Internal Controls & Procedures.

1.4 Proxy Voting Guidelines

These Proxy Voting Guidelines are intended to govern the exercise by IIM of voting rights of shares that are held in equity portfolios under its management, always aiming to protect the best interests of IIM’s clients.

Pursuant to these guidelines, IIM will generally exercise its voting rights to protect shareholders’ value and maximise investments returns. While these financial factors are key elements to be considered in IIM’s voting decisions, IIM also acknowledges 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 when exercising its voting rights.

These guidelines are not absolute. IIM 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 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) Board of directors

IIM will generally vote FOR:

- the annual election of directors, provided that the nominations are in line with the principles set out in these guidelines;
- the nomination of a majority of independent directors;
- the creation and maintenance of board committees with exclusively independent members;
- the separation of the roles of Chair of the Board and CEO, or as an alternative, the nomination of a lead independent director;
- the declassification of Boards (same term length for all directors);
- the appointment of directors that add to the diversity in skills, experience and background among the directors (including gender diversity) and the adoption 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 will generally vote AGAINST:

- a staggered or classified election of directors (different classes of directors serving different terms in length);
- the appointment of directors that sit on more than one board of publicly listed companies together (Director Interlock);
- the appointment of directors that simultaneously sit on more than five (5) boards of publicly listed companies (Overboarding);
- a limitation of shareholder rights to remove or nominate directors.

(ii) Appointment of auditors

IIM will generally vote FOR :

- the appointment of auditors, unless the auditors' independence is compromised;
- the disclosure of all audit related, and non-audit related fees and services paid to auditors.

(iii) Executive and Director compensation

IIM believes that for companies to recruit, promote and retain competent personnel, companies must provide appropriate and competitive compensation plans. IIM also believes 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 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 will generally vote FOR:

- 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.

IIM will generally vote AGAINST:

- 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 would increase dilution;
- 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.

(iv) Takeover defence and related actions

IIM 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 believes 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 be voted AGAINST.

IIM will generally vote FOR :

- 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 will generally vote AGAINST:

- 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.

(v) Capital structure, Shareholders' Rights and Recapitalization

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

IIM recognizes 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 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 will generally not support such proposals that appear to entrench management and do not provide shareholders with economic value.

IIM will generally vote FOR:

- 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 will generally vote AGAINST :

- proposals designed to discourage mergers and acquisitions in advance;
- proposals to change jurisdiction of incorporation to a jurisdiction less favourable to shareholders' interests;
- reincorporating in another jurisdiction to implement anti-takeover measures;
- 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;
- proposals to eliminate existing pre-emptive rights.

B. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

IIM believes 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 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 will generally vote FOR:

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