MONTRUSCO BOLTON

Responsible Investment Policy

Last Revised: August 2022

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INTRODUCTION

At Montrusco Bolton, we are committed to targeting impressive results for our clients. We achieve this by developing in-depth knowledge of portfolio candidates before investing in them. This means deepening our understanding of the internal and external forces that impact their operations. An important part of this investment philosophy is analyzing the corporate governance practices as well as the environmental and social impacts of the companies in which we invest.

This policy describes how we integrate environmental, social, and corporate governance (ESG) considerations across our investment process.

GLOSSARY[1]

Active ownership or stewardship refers to the fact that investors can encourage the companies they are already invested in to improve their ESG risk management or develop more sustainable business practices.

Engagement consists in discussing ESG issues with companies to improve their handling, including disclosure, of such issues. It can be done individually, or in collaboration with other investors. Engagement consists in having interactions between an investor (or an engagement service provider) and current or potential investees (e.g. companies), conducted with the purpose of improving practice on an ESG issue, changing a sustainability outcome, or improving public disclosure.

ESG factors are environmental, social and governance issues that are identified or assessed in responsible investment processes.

- Environmental factors are issues relating to the quality and functioning of the natural environment and natural systems.
- Social factors are issues relating to the rights, well-being and interests of people and communities.
- Governance factors are issues relating to the governance of companies and other investee entities.

ESG integration refers to the process of including ESG factors in investment analysis and decisions to better manage risks and improve returns. It is often used in combination with screening and thematic investing.

ESG risks are, for an investor, an environmental, social or governance risk, a factor or issue that may expose a security, issuer, investment, or asset class to unexpected changes in its current and future financial, economic, reputational, and legal prospects. At a corporate or issuer level, the disclosure of an ESG risk would be reasonably expected by investors, as its omission would result in an incomplete understanding of current or future financial prospects.

ESG screening consists in the application of filters to lists of potential securities, issuers, investments or sectors to rule investments in or out based on an investor's preferences, such as ethics and values, and/or investment metrics, such as risk assessments. Screening covers screening conducted under a manager's policy and client-directed screening.

- **Positive screening** consists in investing in sectors, companies or projects selected for their positive ESG performance relative to industry peers.
- **Negative screening/exclusions** consists in excluding certain sectors, companies or projects for their poor ESG performance relative to industry peers or based on specific ESG criteria (e.g. avoiding particular products, services or business practices).
- **Norm-based screening** consists in screening investments against minimum standards of business practice based on international norms. Widely recognized frameworks for minimum standards of business practice include UN treaties, Security Council sanctions, UN Global Compact, Universal Declaration of Human Rights and OECD guidelines.

Proxy voting consists in formally expressing approval or disapproval through voting on resolutions and proposing shareholder resolutions on specific ESG issues. In practice, this includes taking responsibility for the way votes are cast on topics that management raises, as well as submitting resolutions as a shareholder for other shareholders to vote on (in jurisdictions where this is possible). Voting can be done in person, during an Annual General Meeting (AGM) or by proxy.

Responsible investment is a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership. It complements traditional financial analysis and portfolio construction techniques.

Stewardship refers to the use of influence by institutional investors to maximize overall long-term value, including the value of common economic, social and environmental assets, on which returns and client and beneficiary interests depend.

[1] For more information about Responsible Investment or the Principles for Responsible Investment (PRI), please visit the website https://www.unpri.org/ and/or download the brochure on responsible investment here: https://www.unpri.org/download?ac=10223

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RESPONSIBLE INVESTMENT BELIEFS

We believe that companies that implement strong governance practices and effectively manage the environmental and social impact of their business activities are more likely to achieve enhanced performance and long-term value for investors and society. We believe that integrating ESG considerations into the way we make investment decisions helps identify and manage risk while delivering long-term performance for our clients.

We believe that the integration of ESG factors into our investment process, combined with active engagement with companies we invest in, are effective ways to address ESG issues in our portfolio. The integration of ESG factors into asset selection complements our investment style, which utilizes a bottom-up, fundamental approach to evaluating portfolio candidates. Active engagement supports our philosophy of investing for the long term.

RESPONSIBLE INVESTMENT APPROACH

Montrusco Bolton is a signatory of the Principles for Responsible Investment (PRI), an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact (https://www.unpri.org/). The responsible investment approach outlined here is in line with the Principles for Responsible Investment (PRI). See Appendix 1 for the six principles that guide the PRI initiative.

ESG Integration

Our investment teams analyze ESG performance alongside our analysis of fundamental factors such as financial strength, industry dynamics, competitive differentiators, and management quality. They apply their own methodology to identify corporate governance red flags and use external research to critically assess the ESG performance of portfolio companies.

ESG Screening

Our investment teams exclude from their investable universe companies whose revenues are derived from adult entertainment, gambling, tobacco & alcohol, and weapons and/or their essential components.

They also exclude companies that are located in Major Sanctioned Countries[2] and they rely on norm-based exclusions anchored in sustainability scores derived from an ESG screening checklist.

[2] List of current sanctions imposed by Canada under the United Nations Act (UNA), the Special Economic Measures Act (SEMA) and the Justice for Victims of Corrupt Foreign Officials Act (JVCFOA).

Proxy Voting

We support business items, inclusive of the election of directors, that maximize the long-term value of our investments. We evaluate proxy proposals versus our Proxy Voting Guidelines, which include guidance on proposals related to companies' social and environmental responsibility. Proxy ballot issues addressing ESG issues are evaluated on a case-by-case basis and based on the international conventions to which Canada is party, including the United Nations Declaration of Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

Generally, we believe it is preferable for shareholders to have access to sufficient information on the social and environmental policies of companies so that they can make informed investment decisions.

Active Ownership and Engagement

We encourage the companies we invest in to develop policies on key ESG issues related to their business activities and to establish practices which comply with the following international standards:

- International Labour Organization Declaration on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises

In addition to these standards, we prioritize engagement with companies to improve their corporate governance performance in key areas that we have identified as priorities for long-term corporate performance.

We also consider opportunities to engage with companies where our analysis suggests that improvements in ESG performance are required. We may engage with companies individually or in collaboration with other investors.

Responsible Investment Leadership

We take a leadership role in promoting responsible investment in Canada, including promoting the Principles for Responsible Investment (PRI). We were a founding member of the Quebec Network of PRI signatories and of the Quebec PRI Network Steering Committee.

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RESPONSIBILITY

Primary oversight and accountability for this Responsible Investment Policy rest with Montrusco Bolton's respective Heads of Fixed Income, Canadian and Global Equities (Heads of Investment) with implementation support from portfolio managers. Montrusco Bolton's Responsible Investment Committee has also a supporting role to the Heads of Investment when it comes to firm-wide initiatives related to Responsible Investment and Corporate Social Responsibility.

REPORTING

Each year, we report to the public on our progress in terms of responsible investment, including a public transparency report that is available on our corporate website (https://www.montruscobolton.com/). We provide clients with quarterly responsible investment updates outlining our activities and achievements. Proxy votes cast can be reported to clients periodically and are updated and published on our corporate website annually.

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APPENDIX 1 – THE UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT

The Six Principles

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognize that applying these Principles may better align investors with broader objectives of society.

Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will report on our activities and progress towards implementing the Principles.

The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The United Nations Secretary-General convened the process. In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

We encourage other investors to adopt the Principles.

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APPENDIX 2 – INTERNATIONAL STANDARDS

OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards. The Guidelines are the only multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting.

The Guidelines' recommendations express the shared values of the governments of countries from which a large share of international direct investment originates, and which are home to many of the largest multinational enterprises. The Guidelines aim to promote positive contributions by enterprises to economic, environmental and social progress worldwide.
http://www.oecd.org/daf/inv/mne/48004323.pdf

International Labour Organization Declaration on Fundamental Principles and Rights at Work

Adopted in 1998, the Declaration commits Member States to respect and promote principles and rights in four categories, whether or not they have ratified the relevant Conventions. These categories are freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour, and the elimination of discrimination in respect of employment and occupation.
http://www.ilo.org/declaration/thedeclaration/lang--en/index.htm