



Responsible Investment Policy

INTRODUCTION

Montrusco Bolton Investments Inc. (MBII) is committed to delivering exceptional 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 MBII integrates environmental, social and corporate governance (ESG) considerations across our investment process in support of our mission of generating exceptional results for our clients.

KEY TERMINOLOGY¹

Responsible investment is an approach to investment that incorporates environmental, social and corporate governance (ESG) factors into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance.

Integration involves the proactive consideration of ESG factors in investment research and decision-making.

Active ownership involves investors using their formal rights (e.g. the ability to vote shareholdings) and informal influence (e.g. their ability to engage) to encourage companies to improve their management systems, ESG performance or their reporting.

Negative screening involves excluding companies from the investment universe on the basis of criteria relating to their products, activities, policies or performance.

¹ (Definitions adapted from the Principles for Responsible Investment at <https://www.unpri.org/about>)

RESPONSIBLE INVESTMENT BELIEFS

MBII believes that companies that have strong corporate governance practices and that effectively manage the environmental and social impacts of their business activities are more likely to achieve enhanced performance and to generate long-term value for both shareholders and society as a whole.

MBII believes that integrating ESG considerations into the way we make investment decisions helps us identify and manage risk while delivering long-term performance for our clients.

MBII believes that active ownership strategies and the integration of ESG factors into asset selection 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 ownership strategies support our philosophy of investing for the long term.

RESPONSIBLE INVESTMENT APPROACHES

MBII is a signatory to the United Nations-backed Principles for Responsible Investment (www.unpri.org). The responsible investment approaches outlined here are in line with the general approaches espoused by the PRI. See Appendix 1 for the six principles that guide the PRI initiative.

Integration

MBII analyzes ESG performance alongside our analysis of fundamental factors such as financial strength, industry dynamics, competitive differentiators and management quality. MBII utilizes our own methodology for identifying corporate governance “red flags” along with third-party research to critically assess the ESG performance of our portfolio companies.

Screening

MBII does not invest in companies involved in the following industries:

- Tobacco
- Gambling
- Weapons
- Adult entertainment

In addition, MBII does not invest in high-risk countries that do not foster an environment of economic freedom.

Proxy Voting

MBII supports business items, including election of directors that, in our view, maximize the value of our clients' investments over the long term. MBII evaluates proxy proposals against 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 to including the United Nations Declaration of Human Rights and the International Labour Organization's Fundamental Principles and Rights at Work. Generally, MBII believes 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.

Shareholder Engagement

MBII encourages the companies in which we invest to develop policies on key ESG issues related to their business activities and to establish practices, which comply with these international standards:

- The International Labour Organization Fundamental Principles and Rights at Work
- The OECD Guidelines on Multi-National Enterprises

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

MBII also considers 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

MBII takes a leadership role in promoting responsible investment in Canada including by promoting the Principles for Responsible Investment (PRI). MBII is an original member of the Quebec Network of PRI signatories and an original member of the Quebec PRI Network steering committee. In addition, MBII is an original member of the Quebec PRI Network's recruitment committee, which is a sub-committee of the steering committee, whose role is to identify organizations in Quebec that could be potential signatories and proactively reaches out to these organizations about the PRI.

RESPONSIBILITY

Primary oversight and accountability for this responsible investment policy rests with MBI's Head of Equities with implementation support from MBI's portfolio managers.

REPORTING

MBII reports annually its progress against the PRI including a public report that is available on the PRI website. MBI also provides its clients with quarterly responsible investment updates outlining our activities and achievements. All proxy votes cast can be reported to clients on a quarterly basis and are updated on the MBI website annually.

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 recognise 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 each 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.

APPENDIX 2 – INTERNATIONAL STANDARDS

The 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 recognised 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>

The International Labour Organization 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>