

Montrusco Bolton's Commitment to Japan's Stewardship Code

Overview of Montrusco Bolton Investments Inc.

Montrusco Bolton Investments Inc. ("Montrusco Bolton") is an independent Canadian asset management firm dedicated to delivering long-term, risk-adjusted performance with quality service and governance. Montrusco Bolton was formed in 1999 following the merger of two well-established asset managers, Montrusco Associates and Bolton Tremblay, with a legacy dating back to 1946. Headquartered in Montreal, the firm has an entrepreneurial culture with long-term strategic partners, a robust infrastructure, and sound governance, as well as a diversified investment offering. The company is privately owned and serves institutional clients in Canada, the United States, Europe, Asia and Australia.

We are committed to delivering financial performance for our clients through 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. We also consider that companies which implement strong governance practices and effectively manage the material environmental and social impacts of their business activities are more likely to stay competitive and generate long-term value for investors and our society.

We believe that the incorporation of material environmental, social and corporate governance ("ESG") factors into our investment process is part of our fiduciary duty and essential to assessing financially material risks and opportunities, contributing to our ability to deliver long-term performance to our clients.

Montrusco Bolton became a signatory of the Principles for Responsible Investment (PRI)¹ in 2011, an investor initiative in partnership with the United Nations Environment Programme (UNEP) Finance Initiative and the UN Global Compact² (<https://www.unpri.org/>).

¹ The six UN Principles for Responsible Investment are detailed here: <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>.

² For more information about the UN Global Compact Principles, visit: <https://unglobalcompact.org/what-is-gc/mission/principles>.

Principle 1:

Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

Montrusco Bolton's philosophy when it comes to responsible investing and corporate responsibility:

Good corporate governance starts within our firm. We have strong corporate policies and processes in place to guide us. Our unique approach and our culture create a collaborative environment where our people feel included and empowered, within a value system based on openness and authenticity.

We believe that companies with strong governance practices that effectively manage the environmental and social impact of their activities are more likely to remain competitive and create long-term value for investors and our society.

Our investment team develops an in-depth knowledge of portfolio candidates before investing. We integrated in 2004 responsible investment practices with the publication of our Proxy Voting Policy, the implementation of value-based exclusions and shareholder activism, which were applied to all investment strategies. Today, in addition to exclusions, our objective is to reduce risk by identifying management opportunities and engaging actively as shareholders.

Our firm's strategy has been aligned with the Principles for Responsible Investment (PRI) for more than a decade.

Montrusco Bolton supports the Code by seeking to achieve stakeholder alignment and measurable outcomes through regular engagement with management teams of portfolio holdings as well as through independent proxy voting.

Our Responsible Investment Policy describes how we integrate ESG considerations across our investment process, from screening to active ownership and reporting. 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 the United Nations Principles for Responsible Investment (PRI) may better align investors with broader objectives of society. We encourage other investors to adopt the Principles.

Please refer to Montrusco Bolton's Responsible Investment Policy for more details at <https://www.montruscobolton.com/resources/important-documents/>.

Principle 2:

Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

Montrusco Bolton aims to provide the highest quality portfolio management services to its clients.

In general terms, officers and employees of Montrusco Bolton shall perform the duties of their office or position honestly, in good faith, and in the best interests of Montrusco Bolton's clients. They must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition to complying with all applicable legislation and governing portfolio management firms, employees should respect the standards of ethics and conduct pertinent to their individual profession. Employees are reminded that trust is central to our business. Employees are expected to conduct themselves with honesty and integrity. This includes ensuring the accuracy and truthfulness of their words and transactions.

Our conflict-of-interest policies cover all potential conflicts that may arise, including conflicts relating to a personal interest in a proposed business transaction involving Montrusco Bolton, related-party transactions, professional activities carried out with listed companies and insider trading, payments, gifts and entertainment, external directorships/outside activities, proxy voting and engagement. Our policies recognize that a conflict of interest arises when the interests of an individual or the firm are inconsistent with the interests of a client, including an investment fund unitholder, or when there is a conflict between the interests of different clients. We consider conflicts of interest to include actual conflicts, potential conflicts where there is a reasonable probability that an actual conflict will arise, and perceived conflicts where the perceived.

Principle 3:

Institutional investors should monitor investee companies so that they can appropriately fulfill their responsibilities with an orientation towards the sustainable growth of the companies.

As stewards of our client's assets and as part of our engagement and monitoring process, we believe that active engagement with issuers is an essential part of this goal and allows us to better evaluate risks and opportunities relative to ESG issues. Integrating ESG factors in our active engagement activities is part of a sound investment process.

We take an active approach when engaging with companies in which we invest to deepen our understanding of material ESG issues, identify and monitor risks, and to influence management teams to adopt ESG best practices and reporting. Engagement per sector is led by an analyst, who is better positioned to evaluate management quality, competitive advantages, capital allocation, and sustainable practices. Ongoing discussions with management teams are aligned with the

SASB Materiality Map to focus on important factors for the related industry, as well as the Ten Principles of the UN's Global Compact and the 17 UN Sustainable Development Goals (SDGs).

Principle 4:

Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

Our investment teams strive to develop long-term relationships with company management teams and to have consistent dialogue that is respectful, and which creates mutual trust.

We aim to engage with management teams of portfolio holdings on a regular basis, particularly with those companies that, according to our analysis, require improvements in ESG performance, to maintain an open dialogue and track progress on engagement topics and outcomes.

At Montrusco Bolton, every interaction with management teams includes questions and suggestions related to our values and our firm's own focus on SDG areas such as promoting gender equality, decent work for all, responsible consumption and production practices, clean and affordable energy, and taking urgent action on climate change.

In addition, we encourage our investee companies 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 Work³;
- OECD Guidelines for Multinational Enterprises⁴.

Principle 5:

Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of mechanical checklists: it should be designed to contribute to sustainable growth of investee companies.

Exercising our shareholder voting rights is a fundamental part of our active ownership strategy, essential to maximize the long-term value of our investments. We evaluate proxy proposals versus our Proxy Voting Guidelines, which include guidance 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 part of, including the United Nations Declaration of

³ <https://www.ilo.org/declaration/lang--en/index.htm>

⁴ <https://www.oecd.org/corporate/mne/>

Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

Montrusco Bolton retains the services of Institutional Shareholder Services (ISS) to facilitate the proxy voting process. All shareholder proposals are voted on independently of both management and ISS recommendations by our investment teams. This approach has resulted in a much higher support level on votes related to ESG issues.

Please refer to Montrusco Bolton Investments Inc.'s Proxy Voting Policy for more details on the firm's proxy voting guidelines.

Principle 6:

Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

Each year, we provide clients report on our progress in terms of responsible investment, including a public transparency report that is available on our corporate website (www.montruscobolton.com). We also provide clients with 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.

Principle 7:

To contribute positively to the sustainable growth of investee companies, institutional investors should have in-depth knowledge of the investee companies and their business environment and skills and resources needed to appropriately engage with the companies and make proper judgements in fulfilling their stewardship activities.

Our investment teams take its investing responsibilities very seriously and strive to develop long-term relationships with company management teams and to have consistent dialogue that is respectful, and which creates mutual trust. As expressed above, we believe that companies with strong governance practices that effectively manage the environmental and social impact of their activities are more likely to remain competitive and create long-term value for investors and our society.

Principle 8:

Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.

Montrusco Bolton retains the services of Institutional Shareholder Services (ISS) to manage and execute proxy votes. As mentioned above, we vote all our shares independently and in accordance with the Montrusco Bolton Proxy Voting Guidelines (<https://www.montruscobolton.com/resources/important-documents/>). Each vote is voted independently of both management and ISS recommendations by our investment teams.

Sincerely,

Sylvain Boulé
President and Chief Executive Officer