PRI
(principles for responsible investment) proxy voting policy

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Preamble

The following is a summary of the PRI Proxy Voting Policy applied by our supplier, Institutional Shareholder Services Inc. (ISS). The full version of this Policy is available on ISS's website.

Professionals' Financial – Mutual Funds Inc. and Professionals' Financial – Private Management Inc. (hereinafter "Professionals' Financial") have adopted a proxy voting policy (hereinafter the "Policy") with respect to securities portfolios for funds managed by Professionals' Financial and for proxies received from Private Management clients.

The Policy was developed in collaboration with the board of directors of Professionals' Financial and its governance committee. The Policy reflects the values of Professionals' Financial, which believes that every company has a duty to act responsibly in terms of respect for human rights, respect for labour rights, and protection of the environment. In addition, the Policy adopted by Professionals' Financial complies in all respects with the UN Principles for Responsible Investment with regard to voting rights policies.

Professionals' Financial believes that environmental, social and governance (ESG) issues are key factors in creating long-term stock market value and must be considered in investment decisions because of the significant impact they can have on society and the environment.

By adopting a reasonable policy, Professionals' Financial puts in place a method that encourages companies to adopt stricter codes of conduct with regard to ESG considerations.

Delegation

To complete its internal process, Professionals' Financial has retained the services of Institutional Shareholder Service (hereinafter "ISS"), a subsidiary of MSCI Inc. and an independent company with a worldwide reputation in the areas of proxy voting and corporate governance. Professionals' Financial has established proxy voting directives in compliance with the UN directives and in collaboration with ISS.

Generally, Professionals' Financial will comply with the proxy voting directives. However, Professionals' Financial reserves the right to depart from these directives when a contrary vote would best serve the interests of investors.

Considering the volume and diversity of the securities for which Professionals' Financial must vote, Professionals' Financial has asked ISS to provide it with administrative services, by entrusting it with the mandate of proxy voting agent. The Chief Investment Officer of Professionals' Financial supervises ISS's application of the proxy voting procedures.

Conflicts of interest

Professionals' Financial currently has no knowledge of any significant conflict of interest. However, should such a situation arise, Professionals' Financial will take the necessary measures to identify conflicts of interest that could occur between its financial interests and those of its clients. In addition, if ISS identifies a serious conflict of interest with respect to a vote, Professionals' Financial will be notified. Professionals' Financial will document any conflict and will exclude from the decision any person who has a personal conflict of interest.

Sub-manager voting rights policy

In the event that Professionals' Financial has entrusted a management mandate to an external manager, the latter will vote according to its own voting rights policy. Professionals' Financial encourages its external managers to adopt a responsible policy in compliance with the UN directives, such as that of the proxy advisors. However, FDP reserves the right to ask the external managers to vote according to its own directives.

Policy Directives

Introduction

These directives were developed in order to establish a responsible voting rights policy or one that takes into account environmental, social and governance (ESG) factors in the assessment of investment portfolio risks. Whereas investment managers have traditionally analyzed topics such as board accountability and executive compensation to mitigate risk, greater numbers are incorporating ESG performance into their investment making decisions in order to have a more comprehensive understanding of the overall risk profile of the companies in which they invest to ensure sustainable long-term profitability for their beneficiaries.

Investors concerned with portfolio value preservation and enhancement through the incorporation of sustainability factors can also carry out this active ownership approach through their proxy voting activity. In voting their shares, sustainability-minded investors are concerned not only with economic returns to shareholders and good corporate governance, but also with ensuring corporate activities and practices are aligned with the broader objectives of society.
These investors seek standardized reporting on ESG issues, request information regarding an issuer's adoption of, or adherence to, relevant norms, standards, codes of conduct or universally recognized international initiatives including affirmative support for related shareholder resolutions advocating enhanced disclosure and transparency.

On matters of corporate governance, executive compensation, and corporate structure, the Sustainability Policy guidelines are based on a commitment to create and preserve economic value and to advance principles of good corporate governance.

The following directives outline the manner in which Professionals' Financial responsibly manages proxy voting. Note that voting is assessed on a case by case basis, and since each case may have its own particularities, voting may differ from this Policy.

Operational items

Financial Results/Director and Auditor Reports

Sustainability Policy Recommendation: Vote for approval of financial statements and director and auditor reports, unless:

- There are concerns about the accounts presented or audit procedures used; or
- The company is not responsive to shareholder questions about specific items that should be publicly disclosed.

Appointment of Auditors and Auditor Fees

Sustainability Policy Recommendation: Vote for the re-election of auditors and proposals authorizing the board to fix auditor fees, unless:

- There are serious concerns about the accounts presented or the audit procedures used;
- There is a reason to believe that the auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position;
- External auditors have previously served the company in an executive capacity or can otherwise be considered affiliated with the company;
- Name of the proposed auditors has not been published;
- The auditors are being changed without explanation; or
- For companies on the local main index or MSCI-EAFE index, fees for non-audit services exceed either 100 percent of standard audit-related fees or any stricter limit set in local best practice recommendations or law.

Appointment of Internal Statutory Auditors

Sustainability Policy Recommendation: Vote for the appointment or re-election of statutory auditors, unless:

- There are serious concerns about the statutory reports presented or the audit procedures used;
- Questions exist concerning any of the statutory auditors being appointed; or

- The auditors have previously served the company in an executive capacity or can otherwise be considered affiliated with the company.

Allocation of Income

Sustainability Policy Recommendation: Vote for approval of the allocation of income, unless:

- The dividend payout ratio has been consistently below 30 percent without adequate explanation; or
- The payout is excessive given the company's financial position.

Stock (Scrip) Dividend Alternative

Sustainability Policy Recommendation: Vote for most stock (scrip) dividend proposals.

Amendments to Articles of Association

Sustainability Policy Recommendation: Vote amendments to the articles of association on a case-by-case basis.

Change in Company Fiscal Term

Sustainability Policy Recommendation: Vote for resolutions to change a company's fiscal term unless a company's motivation for the change is to postpone its AGM.

Lower Disclosure Threshold for Stock Ownership

Sustainability Policy Recommendation: Vote against resolutions to lower the stock ownership disclosure threshold below 5 percent unless specific reasons exist to implement a lower threshold.

Amend Quorum Requirements

Sustainability Policy Recommendation: Vote proposals to amend quorum requirements for shareholder meetings on a case-by-case basis.

Transact Other Business

Sustainability Policy Recommendation: Vote against other business when it appears as a voting item.

Board of Directors

Director of Elections

Sustainability Policy Recommendation: Vote for management nominees in the election of directors, unless:

- Adequate disclosure has not been provided in a timely manner;
- There are clear concerns over questionable finances or restatements;
- There have been questionable transactions with conflicts of interest;
- There are any records of abuses against minority shareholder interests; or
- The board fails to meet minimum corporate governance standards, including board independence standards.

Vote against or withhold from directors individually, on a committee, or potentially the entire board due to:

- Material failures of governance, stewardship, risk oversight, or fiduciary responsibilities at the company, including failure to adequately manage or mitigate environmental, social and governance (ESG) risks;
- Failure to replace management as appropriate;
- Egregious actions related to the director(s)' service on the boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

Contested Director Elections

Sustainability Policy Recommendation: For contested elections of directors, e.g. the election of shareholder nominees or the dismissal of incumbent directors, the Sustainability policy will make its recommendation on a case-by-case basis, determining which directors are considered best suited to add value for shareholders.

The analysis will generally be based on, but not limited to, the following major decision factors:

- Company performance relative to its peers;
- Strategy of the incumbents versus the dissidents;
- Independence of directors/nominees;
- Experience and skills of board candidates;
- Governance profile of the company;
- Evidence of management entrenchment;
- Responsiveness to shareholders;
- Whether a takeover offer has been rebuffed;
- Whether minority or majority representation is being sought.

Discharge of Board and Management

Sustainability Policy Recommendation: Generally vote for discharge of directors, including members of the management board and/or supervisory board, unless there is reliable information about significant and compelling controversies that the board is not fulfilling its fiduciary duties such as:

- A lack of oversight or actions by board members which invoke shareholder distrust related to malfeasance or poor supervision, such as operating in private or company interest rather than in shareholder interest;
- Any legal issues (e.g. civil/criminal) aiming to hold the board responsible for breach of trust in the past or related to currently alleged actions yet to be confirmed (and not only for the fiscal year in question), such as price fixing, insider trading, bribery, fraud, and other illegal actions; or
- Other egregious governance issues where shareholders will bring legal action against the company or its directors.

Director, Officer, and Auditor Indemnification and Liability Provisions

Sustainability Policy Recommendation:

- Vote for proposals seeking indemnification and liability protection for directors and officers on a case-by-case basis.
- Vote against proposals to indemnify auditors.

Board Structure

Sustainability Policy Recommendation:

- Vote for proposals to fix board size.
- Vote against the introduction of classified boards and mandatory retirement ages for directors.
- Vote against proposals to alter board structure or size in the context of a fight for control of the company or the board.

Capital Structure

Share Issuance Requests - General Issuances

Sustainability Policy Recommendation: Vote for issuance authorities with pre-emptive rights to a maximum of 100 percent over currently issued capital and as long as the share issuance authorities' periods are clearly disclosed (or implied by the application of a legal maximum duration) and in line with market-specific practices and/or recommended guidelines (e.g. issuance periods limited to 18 months for the Netherlands).

Increases in Authorized Capital

Sustainability Policy Recommendation: Vote for non-specific proposals to increase authorized capital up to 100 percent over the current authorization unless the increase would leave the company with less than 30 percent of its new authorization outstanding.

Vote for specific proposals to increase authorized capital to any amount, unless:

- The specific purpose of the increase (such as a share-based acquisition or merger) does not meet Sustainability guidelines for the purpose being proposed; or
- The increase would leave the company with less than 30 percent of its new authorization outstanding after adjusting for all proposed issuances

Reduction of Capital

Sustainability Policy Recommendation: Vote for proposals to reduce capital for routine accounting purposes unless the terms are unfavorable to shareholders.

Capital Structures

Sustainability Policy Recommendation: Vote for resolutions that seek to maintain or convert to a one-share, one-vote capital structure.

Preferred Stock

Sustainability Policy Recommendation:

- Vote for the creation of a new class of preferred stock or for issuances of preferred stock up to 50 percent of issued capital unless the terms of the preferred stock would adversely affect the rights of existing shareholders.
- Vote for the creation/issuance of convertible preferred stock as long as the maximum number of common shares that could be issued upon conversion meets the guidelines on equity issuance requests.
- Vote against the creation of a new class of preference shares that would carry superior voting rights to the common shares.
- Vote against the creation of blank check preferred stock unless the board clearly states that the authorization will not be used to thwart a takeover bid.
- Vote proposals to increase blank check preferred authorizations on a case-by-case basis.

Debt Issuance Requests

Sustainability Policy Recommendation: Vote non-convertible debt issuance requests on a case-by-case basis, with or without pre-emptive rights.

Vote for the creation/issuance of convertible debt instruments as long as the maximum number of common shares that could be issued upon conversion meets the guidelines on equity issuance requests.

Vote for proposals to restructure existing debt arrangements unless the terms of the restructuring would adversely affect the rights of shareholders.

Pledging of Assets for Debt

Sustainability Policy Recommendation: Vote proposals to approve the pledging of assets for debt on a case-by-case basis.

Increase in Borrowing Powers

Sustainability Policy Recommendation: Vote proposals to approve increases in a company's borrowing powers on a case-by-case basis.

Share Repurchase Plans

Sustainability Policy Recommendation: Generally vote for market repurchase authorities (share repurchase programs) if the terms comply with the following criteria:

- A repurchase limit of up to 10 percent of outstanding issued share capital;
- A holding limit of up to 10 percent of a company’s issued share capital in treasury (“on the shelf”); and
- Duration of no more than 5 years, or such lower threshold as may be set by applicable law, regulation, or code of governance best practice.

In addition, the Sustainability policy will recommend against any proposal where:

- The repurchase can be used for takeover defenses;

- There is clear evidence of abuse;
- There is no safeguard against selective buybacks;
- Pricing provisions and safeguards are deemed to be unreasonable in light of market practice.

Reissuance of Shares Repurchased

Sustainability Policy Recommendation: Vote for requests to re-issue any repurchased shares unless there is clear evidence of abuse of this authority in the past.

Capitalization of Reserves for Bonus Issues/Increase in Par Value

Sustainability Policy Recommendation: Vote for requests to capitalize reserves for bonus issues of shares or to increase par value.

Private Placement

Sustainability Policy Recommendation: For Canadian companies, vote case-by-case on private placement issuances taking into account:

- Whether other resolutions are bundled with the issuance;
- Whether the rationale for the private placement issuance is disclosed;
- Dilution to existing shareholders' position:
    - issuance that represents no more than 30 percent of the company's outstanding shares on a non-diluted basis is considered generally acceptable;
- Discount/premium in issuance price to the unaffected share price before the announcement of the private placement;
- Market reaction: The market's response to the proposed private placement since announcement; and
- Other applicable factors, including conflict of interest, change in control/management, evaluation of other alternatives.

Compensation

Preamble

The assessment of compensation follows the Sustainability Global Principles on Executive and Director Compensation which are detailed below. These principles take into account global corporate governance best practice.

The Global Principles on Compensation underlie market-specific policies in all markets:

- Provide shareholders with clear, comprehensive compensation disclosures;
- Maintain appropriate pay-for-performance alignment with emphasis on long-term shareholder value;
- Avoid arrangements that risk "pay for failure;"
- Maintain an independent and effective compensation committee;
- Avoid inappropriate pay to non-executive directors.

Sustainability Policy Recommendation: Evaluate executive pay and practices, as well as certain aspects of outside director compensation on a case-by-case basis.

Vote against management say on pay (MSOP) proposals, withhold from compensation committee members (or in rare cases where the full board is deemed responsible, all directors including the CEO), and/or against an equity-based incentive plan proposal if:

- There is a misalignment between CEO pay and company performance (pay for performance);
- The company maintains problematic pay practices; or
- The board exhibits poor communication and responsiveness to shareholders.
- Rationale for determining compensation (e.g., why certain elements and pay targets are used, how they are used in relation to the company's business strategy, and specific incentive plan goals, especially retrospective goals) and linkage of compensation to long-term performance;
- Evaluation of peer group benchmarking used to set target pay or award opportunities;
- Analysis of company performance and executive pay trends over time, taking into account our Pay-for- Performance policy;

- Mix of fixed versus variable and performance versus non-performance-based pay.

Advisory Vote on Executive Compensation (Say-on-Pay) Management Proposals

Sustainability Policy Recommendation: Vote case-by-case on management proposals for an advisory shareholder vote on executive compensation. Vote against these resolutions in cases where boards have failed to demonstrate good stewardship of investors' interests regarding executive compensation practices.

Equity Compensation Plans

Sustainability Policy Recommendation: Vote case-by-case on equity-based compensation plans. Vote against the plan if any of the following factors applies:

- *Cost of Equity Plans:* The total cost of the company's equity plans is unreasonable;
- *Dilution and Burn Rate:* Dilution and burn rate are unreasonable, where the cost of the plan cannot be calculated due to lack of relevant historical data;
- *Plan Amendment Provisions:* The provisions do not meet our guidelines as set out in this section;
- *Non-Employee Director Participation:* Participation of directors is discretionary or unreasonable;
- *Pay for performance:* There is a disconnect between CEO pay and the company's performance;
- *Repricing Stock Options:* The plan expressly permits the repricing of stock options without shareholder approval and the company has repriced options within the past three years; or
- *Problematic Pay Practices:* The plan is a vehicle for problematic pay practices.

Other Compensation Plans

Employee Stock Purchase Plans (ESPPs, ESOPs)

Sustainability Policy Recommendation: Generally vote for broadly based (preferably all employees of the company with the exclusion of individuals with 5 percent or more beneficial ownership of the company) employee stock purchase plans where the following apply:

- Reasonable limit on employee contribution (may be expressed as a fixed dollar amount or as a percentage of base salary excluding bonus, commissions and special compensation);
- Employer contribution of up to 25 percent of employee contribution and no purchase price discount or employer contribution of more than 25 percent of employee contribution and SVT cost of the company's equity plans is within the allowable cap for the company;
- Purchase price is at least 80 percent of fair market value with no employer contribution;
- Potential dilution together with all other equity-based plans is 10 percent of outstanding common shares or less; and
- The Plan Amendment Provision requires shareholder approval for amendments to:
    - The number of shares reserved for the plan;
    - The allowable purchase price discount;
    - The employer matching contribution amount.

Deferred Share Unit Plans

Sustainability Policy Recommendation: Generally vote for Deferred Compensation Plans if:

- Potential dilution together with all other equity-based compensation is ten percent of the outstanding common shares or less.

Other elements of director compensation to evaluate in conjunction with deferred share units include:

- Director stock ownership guidelines of a minimum of three times annual cash retainer;
- Vesting schedule or mandatory deferral period which requires that shares in payment of deferred units may not be paid out until the end of three years;
- The mix of remuneration between cash and equity;
- Other forms of equity-based compensation, i.e. stock options, restricted stock.

Other items

Reorganizations/Restructurings

Sustainability Policy Recommendation: Vote reorganizations and restructurings on a case-by-case basis.

Mergers and Acquisitions

Sustainability Policy Recommendation: Vote case-by-case on mergers and acquisitions taking into account the following:

For every M&A analysis, the Sustainability policy reviews publicly available information as of the date of the report and evaluates the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors including:

- *Valuation* - Is the value to be received by the target shareholders (or paid by the acquirer) reasonable? While the fairness opinion may provide an initial starting point for assessing valuation reasonableness, Sustainability places emphasis on the offer premium, market reaction, and strategic rationale;
- *Market reaction* - How has the market responded to the proposed deal? A negative market reaction will cause Sustainability to scrutinize a deal more closely;
- *Strategic rationale* - Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favorable track record of successful integration of historical acquisitions;
- *Conflicts of interest* - Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders? Sustainability will consider whether any special interests may have influenced these directors and officers to support or recommend the merger;
- *Governance* - Will the combined company have a better or worse governance profile than the current governance profiles of the respective parties to the transaction? If the governance profile is to change for the worse, the burden is on the company to prove that other issues (such as valuation) outweigh any deterioration in governance;

- *Stakeholder impact* - Impact on community stakeholders including impact on workforce, environment, etc.

Mandatory Takeover Bid Waivers

Sustainability Policy Recommendation: Vote proposals to waive mandatory takeover bid requirements on a case-by-case basis.

Reincorporation Proposals

Sustainability Policy Recommendation: Vote reincorporation proposals on a case-by-case basis.

Expansion of Business Activities

Sustainability Policy Recommendation: Vote for resolutions to expand business activities unless the new business takes the company into risky areas.

Related-Party Transactions

Sustainability Policy Recommendation: Vote related-party transactions on a case-by-case basis considering factors including, but not limited to, the following:

- The parties on either side of the transaction;
- The nature of the asset to be transferred/service to be provided;
- The pricing of the transaction (and any associated professional valuation);
- The views of independent directors (where provided);
- The views of an independent financial advisor (where appointed);
- Whether any entities party to the transaction (including advisors) is conflicted; and
- The stated rationale for the transaction, including discussions of timing.

Antitakeover Mechanisms

Sustainability Policy Recommendation: Vote against all antitakeover proposals unless they are structured in such a way that they give shareholders the ultimate decision on any proposal or offer.

Social and Environmental Proposals

Sustainability Policy Recommendation: Generally vote in favor of social and environmental proposals that seek to promote good corporate citizenship while enhancing long-term shareholder and stakeholder value. In determining votes on shareholder social and environmental proposals, the following factors are considered:

- Whether the proposal itself is well framed and reasonable;
- Whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value;
- The percentage of sales, assets and earnings affected;
- Whether the company has already responded in some appropriate manner to the request embodied in a proposal;
- Whether the company's analysis and voting recommendation to shareholders is persuasive;
- What other companies have done in response to the issue;
- Whether implementation of the proposal would achieve the objectives sought in the proposal.