

Proxy Voting and Related Matters

Business Owner: Director of Research

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Introduction

Mawer's primary objective is to maximize long-term, risk-adjusted returns. Corporate governance is widely recognized by regulators, advisors, investors, and academics as a crucial element of long-term company performance. Mawer shares this view and feels that the voting rights which accrue to shareholders are an important tool in promoting proper governance practices.

Voting rights will be exercised in the best interests of our clients and managed to maximize their potential to influence corporate behaviour. Voting in a manner that is consistent with the long-term interests of a company's shareholders is one of Mawer's fiduciary responsibilities. Shareholder voting is one of the most effective methods for promoting good corporate governance and this policy has been created to achieve these ends and to comply with applicable securities regulations.

Mawer's objective is to vote every share of every company owned at every shareholder meeting. Proxies will be voted in a prudent and diligent manner after careful review of each company's proxy statement. Proxy voting decisions and documenting the rationale underlying a vote is the responsibility of the relevant Asset Class Manager for all model holdings. Proxy voting for non-model holdings is the responsibility of the relevant Institutional Portfolio Manager or Investment Counsellor and must be voted with each client's best interest and investment objectives in mind.

Voting decisions are made internally and based on Mawer's Statement of Guidelines and Procedures on Proxy Voting ("Guidelines") outlined below and/or a reasonable judgment of what will serve the best interests of shareholders. Mawer subscribes to a third-party service provider to provide additional research and context on proxy voting, but ultimately, our own judgment is used when deciding how to vote.

If there is a client directive for voting, this is managed between the client's Institutional Portfolio Manager/Investment Counsellor and the respective Asset Class Manager. Copies of the proxy forms and our voting recommendations are retained by Investment Operations. Historical proxy voting records can be obtained upon request.

Statement of Guidelines and Procedures on Proxy Voting

This Statement of Guidelines and Procedures on Proxy Voting ("Guidelines") is focused on matters put forward to shareholders on a recurring basis. As proxy voting is dynamic, this document does not cover all potential topics.

Mawer's current Guidelines are divided into five sections: Boards of Directors, Executive Compensation, Takeover Protection, Shareholders' Rights, and Environmental and Social Factors.

Boards of Directors

Independence of Board of Directors

It is Mawer's opinion that a board of directors should have a majority of unrelated directors. Independence is best maintained if the majority of the board members have no direct material relationship with the company other than board membership. An unrelated director is a director who is independent of management and is free from any interest or business relationship that could materially interfere with the director's ability to act in the best interests of the corporation.

A related director would include retired executives of the company, relatives of management, and directors receiving consulting fees from the company such as legal counsel and investment bankers. Those companies that have interlocking directorships would also be deemed to employ related directors.

Mawer's opinion is that a board of directors should include a number of committees that should be staffed, at a minimum, with a majority of unrelated directors. These should include a nominating committee, an audit committee, and a compensation committee.

Voting Guideline:

Mawer prefers that a board of directors have a majority of unrelated directors. However, it is felt that the overall skill and experience contained within a slate of directors is of greater importance than simple independence. As a result, Mawer will not withhold votes or vote against a slate of directors simply because it fails to meet the independence standard unless corporate performance, over a reasonable period of time, is unsatisfactory.

Nominating committee

The nominating committee sets the policy for selecting qualified candidates, proposes new nominees to a board, and assesses directors on an ongoing basis.

Each board should have an independent nominating committee to ensure the quality of nominees for directorships. An independent nominating committee provides on-going monitoring of board effectiveness. The nominating committee must be comprised of outside directors, the majority of whom are unrelated directors.

Voting Guideline:

Mawer prefers the existence of an independent nominating committee. However, it is felt that the quality of nominees for directorships is of greater importance than nominating committee independence. As a result, Mawer will not withhold votes or vote against a slate of directors simply because the board lacks a properly constituted nominating committee unless corporate performance, over a reasonable period of time, is unsatisfactory.

Audit Committee

Each board should have an independent audit committee composed of outside directors, the majority of whom are unrelated directors.

Mawer's preference is that the audit committee retains the services of a well-known and reputable accounting firm. It is preferred that all, or a significant majority of the revenues generated by the accounting firm through its relationship with the company, come from the audit function. A concern arises where the same firm and, in particular the same partner of any firm, has audited a company for excessively long periods of time.

Voting Guideline:

Mawer generally supports the choice of auditors recommended by the corporation's directors, specifically by the audit committee of these directors. Any sudden and unanticipated changes in auditors are reviewed on a case-by-case basis.

Compensation Committee

The compensation committee should evaluate whether the company's compensation program is properly structured to enhance shareholder value.

Boards should have a compensation committee composed of outside directors, the majority of whom are unrelated directors. This committee should not be nominated or selected by the CEO.

Voting Guideline:

Mawer prefers the existence of an independent compensation committee. However, it is felt that the quality of nominees for directorships is of greater importance than compensation committee independence. As a result, Mawer will not withhold votes or vote against a slate of directors simply because the board lacks a properly constituted compensation committee unless corporate performance, over a reasonable period of time, is unsatisfactory.

Size of Boards of Directors

Adding board members could dilute the voting power of individual members and may reduce the effectiveness of a board. On the other hand, a board that is too small may also not be able to adequately fulfil its responsibilities and will affect overall corporate performance.

There must be a sufficient number of board participants to enable the board to function efficiently and effectively. Key areas that must be examined in conjunction with the size of a board in order to ensure board effectiveness include sufficient composition to ensure that management will not exert undue influence, and diversity in experience, education, views, and background.

Mawer prefers a board of no more than 12 to 16 members depending on the type of corporation. However, the highest priority should be to ensure that the board has a sufficient number of competent and independent members. Should the size of a board be changed, the reason needs to be examined and justified. The size of a board should be changed only in the interest of benefiting shareholders.

Voting Guideline:

Mawer prefers a board of no more than 12 to 16 members. However, it is felt that the overall skill and experience contained within a slate of directors is of greater importance than simple board size. As a result, Mawer will not withhold votes or vote against a slate of directors simply because the size of the board is outside the guideline unless corporate performance, over a reasonable period of time, is unsatisfactory.

Cumulative Voting for Directors

Cumulative voting allows shareholders to cast all their votes for a single candidate or any two or more candidates. The result is that a minority block of shares can be represented on a board ensuring an independent voice with a potentially positive impact but also allows for the possibility that a minority of shareholders could unduly influence the company.

Opponents to cumulative voting are concerned that directors who gain office as a result of cumulative voting might be preoccupied with their own agenda or the agenda of special interest groups rather than the welfare of all shareholders. Proponents of cumulative voting see it as an effective method of gaining minority representation on the board and of ensuring that the board is somewhat independent of management.

Voting Guideline:

Mawer will review cumulative voting proposals on a case-by-case basis, voting for such proposals when they ensure an independent voice on an otherwise unresponsive board of directors.

Classified or Staggered Boards

In a classified or staggered board, directors are typically elected in two or more classes, serving terms greater than one year. Proponents of classified boards argue that by staggering the election of directors, a certain level of continuity and skill is maintained.

There are many disadvantages with a classified system. Staggered terms for board members make it more difficult for shareholders to make fundamental changes to the composition and behaviour of boards by making it extremely difficult for any challenge to, or change in, board control. In circumstances of deteriorating corporate performance, this difficulty could result in a permanent impairment of long-term shareholder value.

Voting Guideline:

Mawer prefers proposals that provide for the annual election of directors as opposed to staggered terms or "classified boards". Classified boards may be supported if the terms do not exceed three years and the proxy allows a separate vote for each director.

Director Liability and Indemnification

Many individuals may be reluctant to serve as corporate directors if they could be held personally liable for legal claims and costs. Limitations on directors' liability can benefit the corporation and its shareholders by facilitating the attraction and retention of qualified directors and officers while affording recourse to shareholders on areas of misconduct by directors.

In order to encourage the nomination of skilled directors, Mawer believes that an appropriate indemnification policy is warranted. However, these policies should be generally limited to the director acting honestly and in good faith with a view to the best interests of the corporation and, in criminal matters, limited to the director having reasonable grounds for believing the conduct was lawful.

Voting Guideline:

Mawer generally supports proposals that limit directors' liability and provide standard indemnification.

Separation of Board and Management Roles

Mawer believes that a combined Chair/CEO is put in the very difficult position of coordinating the body (the board) that is responsible for evaluating his or her own performance. In order to avoid having too much power or control residing in one individual, it is advantageous to the corporation, the CEO, and the directors to have a separate Chair. The Chair may more clearly deal with matters from the board's perspective and can provide a greater measure of independence to the board's oversight role.

Voting Guideline:

Mawer generally prefers separation of the Chair and CEO roles to strengthen board independence but will assess each arrangement on a case-by-case basis.

Executive Compensation

Stock Option Plans

Mawer believes in compensation and option packages that induce management and board members to own sufficient stock to ensure that managers' and directors' interests are closely aligned with those of the shareholders. Generally speaking, we do not support stock option plans, preferring instead direct share ownership. We feel the latter promotes better alignment (both upside and downside) between management, board members, and shareholders.

To determine whether a stock option plan is in the best interests of the shareholders requires a careful review of the plan's details. Proposals are reviewed on a case-by-case basis. The features of the plan are reviewed together with other aspects of total compensation. After considering each of the issues, a determination is made as to whether the plan as a whole is reasonable.

Voting Guideline:

The following are specific guidelines dealing with the more common features of stock option plans:

Price: Stock options should be issued at no less than 100% of the current fair market value.

Term: Stock options should expire within five years.

Performance metrics: Stock option exercisability should be tied to important business fundamentals like Return on Equity (ROE), Return on Invested Capital (ROIC) and Earnings per Share (EPS) growth rather than simple stock price changes.

Dilution: Mawer generally does not support stock option plan amendments if the total dilution exceeds 10% of the outstanding common shares. Exceptions will be analyzed based on the size of the company, industry, competitiveness of labour markets, a below average level of total compensation including benefits, and other relevant factors as are appropriate.

Repricing: Mawer does not support stock option plans that allow the board of directors to lower the purchase price of options already granted.

Change in control: Mawer does not support stock option plans with change in control provisions if such provisions allow option holders to receive more for their options than shareholders would receive for their shares. Change in control arrangements developed in the midst of a takeover that specifically entrench management are also not supported. Granting of options or bonuses to outside directors in the event of a change of control is not supported as the independence of outside directors may be compromised if they are eligible for additional severance benefits.

Method of payment: Mawer does not generally support the corporation making loans to employees to pay for stock or the exercise of stock options. Loans engender risk to the company as a result of uncollectible debt and may inhibit the termination of employees who are in debt to the company. Employees, including executives, seeking to buy stock or exercise options should be encouraged to obtain credit from conventional, market-rate sources such as banks.

Share Unit Plans

Mawer recognizes that it is good practice for variable executive compensation to be linked to long-term shareholder returns in order to align executives with shareholders, and that there has been a movement towards unit compensation plans. However, Mawer is cautious toward these types of compensation plans given some inherent flaws of these plans or their usage. For example, many unit plans are settled with cash, which end shareholder alignment when units are settled, or with treasury shares, which creates dilution; some plans include

a measurement of total shareholder return over a period of time, a variable external to the control of management; and many plans are excessively used as they are replacements for, or extensions of, a stock option plan and continue to use the 10% threshold of shares outstanding as a maximum benchmark while not recognizing that unit plans are inherently more expensive for shareholders because of the lack of an exercise price.

Director Compensation and Share Ownership

Mawer encourages director share ownership requirements due to the importance of aligning the board's activities with shareholders' interests. Individual directors should be appropriately compensated and should be motivated to act in the best interests of shareholders. It is felt that meaningful share ownership by directors is in the best interest of the company.

The degree of ownership should be determined in reference to the director's compensation for serving on the board.

Mawer also encourages boards to adopt a policy of paying a percentage of directors' compensation in the form of common stock, which the directors undertake to hold so long as they remain directors of the company.

Voting Guideline:

Proposals that call for a certain percentage of a director's compensation to be in the form of common stock are supported. Mawer will not withhold votes or vote against a slate of directors where there does not exist a practice of paying some percentage of director compensation in common stock unless corporate performance, over a reasonable period of time, is unsatisfactory.

"Golden Parachutes"

"Golden parachutes" are severance payments to top executives who are terminated or demoted after a takeover.

Mawer recognizes the need for competitive severance arrangements, particularly to enable management to continue making decisions in the best interest of a company and its shareholders regardless of their own welfare in the event of a successful takeover. Excessive compensation ("golden parachutes") to be paid to any director, officer, or employee which is contingent upon a merger or acquisition of the corporation with a resulting change in control is not supported.

Voting Guideline:

Mawer will review severance compensation arrangements on a case-by-case basis and vote against "golden parachutes" that are felt to be excessive.

Dividend Policy and Share Buybacks

Common share buybacks can often enhance long-term shareholder value relative to making acquisitions and can be beneficial to shareholders. During periods of general market exuberance, however, they are of less long-term merit and can inflate option-driven compensation materially. The use of surplus cash to make large share buybacks can also add to share price volatility. Unlike regular dividend increases, share buybacks do not provide enduring cash flow increases to shareholders and can destabilize pension fund reserves.

Voting Guideline:

Mawer will review share buybacks on a case-by-case basis and may be opposed.

Executive Compensation Practices: "Say on Pay"

Mawer believes in compensation packages that are competitive enough to attract talent, promote alignment with shareholders, and are tied to performance metrics such as Return on Invested Capital (ROIC), Return on Equity (ROE) and EPS growth that create wealth for shareholders over the long term. We are not in support of programs that do not exhibit these characteristics, appear too high for the value that is created for shareholders by any single individual, and are based on what we believe to be a flawed model of comparing compensation to others in similar roles. We believe that this last point has only produced a ratchet effect upward over time as it appears to have no downside in practice. We are unmoved by the argument that these are the rates necessary to attract and motivate management talent and we are unconvinced that senior executive compensation currently bears a meaningful relationship to the capital risk assumed by shareholders.

To determine whether a compensation program is in the best interests of the shareholders requires a careful review of the program's details. "Say on Pay" votes are reviewed on a case-by-case basis. The features of the approach to executive compensation are reviewed together with other aspects of total compensation. After considering each of the issues, a determination is made as to whether the program as a whole is reasonable.

Voting Guideline:

Mawer will review executive compensation on a case-by-case basis and may oppose a company's approach to executive compensation.

Takeover Protection

Shareholder Rights Plans

Shareholder rights plans (also referred to as "poison pills") provide the shareholders of the target company with rights to purchase additional shares or to sell shares at very attractive prices when triggered by an event such as a hostile tender offer or the accumulation of a specified percentage of shares by the acquirer.

Shareholder rights plans should be designed to provide a reasonable period to review such bids. The plans should allow for other competing bids and give equal treatment in the context of control transactions. These rights, when triggered, impose significant economic penalties on a hostile acquirer.

Shareholder rights plans are considered among the most potent anti-takeover measures a company can adopt.

There are two legitimate purposes of a shareholder rights plan: 1) ensuring that all shareholders are treated equally in connection with a change of control of the company; and 2) allowing the board of the target company sufficient time to determine whether there is a course of action that will provide shareholders with a better alternative to the offer.

Opponents of shareholder rights plans point to studies which indicate that these plans have an adverse impact on share prices because they make companies more insulated from takeovers and put too much power in the hands of the board in determining what is a desirable takeover offer.

Voting Guideline:

Shareholder rights plans will be reviewed on a case-by-case basis and will only be approved if they genuinely protect shareholders' rights without disempowering the shareholders.

"Crown Jewel" Defenses

"Crown jewel" defenses involve selling attractive assets to a friendly third party to frustrate a takeover. Such

actions may undermine shareholders' rights to determine the company's future course and may devalue the shares. Such transactions usually require the approval of a majority of the minority shareholders. In addition, if a crown jewel transaction includes "substantially all the assets of a corporation" or if the transaction "would change the essential nature of a corporation's business", dissenting shareholders may seek the fair value of their shares from the acquirer. This appraisal remedy has been invoked on occasion.

Voting Guideline:

Mawer reviews "crown jewel" transactions on a case-by-case basis. Generally, "crown jewel" defenses are voted against unless they are clearly in the interests of all shareholders.

Going Private Transactions and Leveraged Buyouts

Going private transactions involve minority shareholders selling their equity interest in the corporation at a price offered by the controlling shareholder who will assume control.

A leveraged buyout is most often a proposal to buy a company by a group of financial buyers that includes and is supported by the management of the company.

These transactions are complicated by the fact that the offering party is usually an insider, either the controlling shareholder or the management of the company. Both parties may have an informational advantage over minority shareholders. Opposition to going private transactions focuses on the fairness of the consideration offered for the shares rather than the principle. Where the price is considered to be inadequate, minority shareholders tend to oppose a going private transaction.

Voting Guideline:

Mawer will carefully evaluate going private transactions and leveraged buyouts on a case-by-case basis to determine whether the transaction is in the best long-term economic interests of shareholders or whether it is designed mainly to further the interests of one group of stakeholders at the expense of other shareholders. Attention will be paid to the process by which the proposal was received including whether other potential bidders have had an opportunity to investigate the company and make competing bids. Mawer will vote against transactions that do not adequately compensate minority shareholders.

Lock-Up Agreements

Lock-up agreements are entered into between certain shareholders to sell their shares to a target company or to a third party. The sale generally takes place by private, mutual agreement. No vote by shareholders is required and there is no recourse to determine the fair value of the shares.

Potential acquirers seek lock-up arrangements because these arrangements ensure that a minimum number of shares will be acquired under an offer and they often serve to discourage other potential bidders. The process also allows a potential acquirer to negotiate a price with a small group of shareholders, which would then presumably establish an offer price for all other shares.

Voting Guideline:

Mawer will review lock-up agreements on a case-by-case basis. This review will focus on whether the agreement permits the shareholder-party the opportunity to entertain another takeover bid and whether the agreement is structured to be too easily terminated and therefore prevent the takeover bid the shareholder-party might otherwise support. Lastly, a "lock-up" agreement should not trigger a rights plan.

Continuance

A continuance involves a proposal to re-establish the company in a different legal jurisdiction. There are a number of legitimate reasons why a company may want to continue into another jurisdiction, but it may be a tactic by management to frustrate a potential takeover or to limit director liability.

Voting Guideline:

Mawer will vote in favour of continuance proposals provided management can demonstrate sound financial or business reasons for the move. However, proposals based on an anti-takeover defense or solely to limit directors' liability will be voted against.

Payment of "Greenmail"

"Greenmail" is the payment from corporate funds of a premium price to selected shareholders (i.e., an unwanted purchaser of the company) without the opportunity for all shareholders to participate in such a purchase program.

The "greenmail" payment is usually a premium above the market price of the shares so that it discriminates against the other stockholders.

Anti-greenmail resolutions generally require shareholder approval of a major share repurchase at prices that exceed the market, unless the same purchase price is offered to all of the corporation's owners.

Voting Guideline:

Mawer will vote against proposals that support the payment of "greenmail" because they prevent potentially beneficial takeover bids and do not treat shareholders equally.

Linked Proposals

Linked proposals are proposals that link two elements of an issue together into one. This linkage tends to create confusion amongst shareholders. Examples include a fair price amendment linked to a supermajority amendment or the linking of corporate governance issues with the payment of a dividend.

Although linked proposals may occasionally provide for the combination of logically interrelated issues, they are more often used as a smokescreen or as a form of coercion. Mawer feels that this type of resolution should generally be discouraged, particularly when one of the linked proposals will have a negative impact on the shareholders.

Voting Guideline:

Mawer will vote against linked proposals (unless the two issues being linked are both beneficial to shareholders).

Fair Price Amendments

Fair price amendments were designed to help guard against two-tiered tender offers in which a raider offers a substantially higher cash bid for an initial position and often controlling stake in a company and then offers a lower price for the remaining shares.

In certain jurisdictions, two-tiered tender offers are effectively prohibited, making fair price provisions unnecessary, but the same protections do not exist in all jurisdictions.

Voting Guideline:

Mawer will vote against proposals where a bidder for a corporation does not pay every shareholder a fair price where a "fair" price is defined as the highest price paid to any shareholder under the offer.

Shareholders' Rights**Confidential Voting by Shareholders**

Mawer believes that voting at annual, general, and special meetings should be subject to the same safeguards as voting in elections. Confidential voting procedures promote freedom and have not been particularly expensive or difficult to implement where companies have adopted them. Open balloting, on the other hand, creates the opportunity for coercion or re-solicitation.

Voting Guideline:

Mawer will vote for resolutions to introduce confidential voting by shareholders on the basis that proxy voting should be subject to the same safeguards as voting in any other election and be free of any potential for coercion.

Unequal or Subordinate Voting Shares

Unequal or subordinate voting shares involve the creation of a second class of common stock with either superior or inferior voting rights to those of the existing class of stock. The shares that have inferior voting rights usually pay a greater dividend and can be transferred more readily than the shares that have superior voting rights. To the extent that shareholders opt for the higher paying but lower voting shares, management maintains effective control of the corporation by keeping for itself the shares that have superior voting rights. Dual classifications with unequal rights violate the principle of "one share, one vote."

The concern with unequal or subordinate voting shares are that they 1) can create a second class of common shares with superior voting rights to those of the existing class of shares, 2) could dilute the power of the initial shares issued, thus depriving shareholders of certain rights and control, and 3) are basically a defensive tactic to retain control of the corporation by a selected few investors.

Voting Guideline:

Mawer will vote against the creation or extension of unequal or subordinate voting shares and will support motions to eliminate them.

Supermajority Approval of Business Transactions

Supermajority amendments are generally designed to deter hostile takeovers by imposing voting barriers. They typically require the approval of 75-95% of shareholders to approve a particular transaction. Mawer feels that a two-thirds (66.7%) approval level is sufficient in those instances where a supermajority approval is appropriate. A two-thirds requirement is reasonable and provides sufficient protection against unwarranted invasions on the corporation.

Voting Guideline:

Mawer will vote against proposals in which management seeks to increase the number of votes required to approve a matter above two-thirds (66.7%) of the outstanding shares.

Increase in Authorized Shares

An increase in the number of authorized but unissued shares provides a company's board of directors with flexibility to meet changing financial conditions. It is felt that control should be exercised over authorized shares and the issuance thereof to allow shareholders to have input on major decisions that affect the company.

Voting Guideline:

Mawer will vote for proposals for the authorization of additional common shares provided management can demonstrate sound financial or business reasons for the move.

"Blank Cheque" Preferred Shares

"Blank cheque" preferred shares usually carry a preference as to dividends, rank ahead of common shares upon liquidation, and give a board broad discretion (a "blank cheque") to establish voting, dividend, conversion, and other rights in respect of these shares.

Blank cheque preferred shares may provide corporations with the flexibility needed to meet changing financial conditions. They may also be used as a vehicle for a defence against hostile suitors or may be placed in friendly hands to help block a potential takeover bid. A concern for many shareholders is that once these shares have been authorized, shareholders have no further power to determine how or when the shares will be allocated.

Voting Guideline:

Mawer will vote against the authorization of, or an increase in, blank cheque preferred shares.

Shareholder Proposals

Shareholder proposals may take a number of forms but are often introduced to place specific constraints on the board, the management, or the company.

Mawer believes that the board and the company must maintain sufficient flexibility to organize itself in a fashion that is most appropriate for that company at that time and that the company should be free to compete in its marketplace.

Voting Guideline:

Mawer will evaluate shareholder proposals on a case-by-case basis.

Stakeholder Proposals

To effectively manage a corporation, directors and management must consider not only the interests of shareholders, but also the interests of other stakeholders (i.e., employees, customers, suppliers, creditors of the corporation, and the community in which it operates). However, corporate officers and directors must fulfill their fiduciary duty and recognize their first priority is to the corporation.

Stakeholder proposals demanding that directors consider the effects of their decisions on numerous other corporate constituencies may serve to undermine the long-term value of the company.

Voting Guideline:

Mawer will review stakeholder proposals on a case-by-case basis.

Environmental and Social Factors

Corporate governance includes taking into account environmental and social considerations, known collectively as ESG (environmental, social, governance). Mawer believes that by assessing the relevance and materiality of ESG factors as part of our investment process, we can better identify and evaluate the quality of sustainable business practices, which supports our focus on long-term responsible investing. Funds managed by Mawer do not have an explicit focus on ESG as part of their fundamental investment objectives or principal investment strategies.

Environment

Mawer recognizes that sustainable environmental practices may be vital to long-term investing. Environmental liabilities (negative externalities) such as, but not limited to, greenhouse gas emissions, water scarcity, air pollution, waste management, biodiversity loss and resource depletion may accumulate “off-balance sheet” if not properly managed. Mawer generally supports initiatives that seek to mitigate and manage the risk of environmental liabilities in the context of the specific industry.

Voting Guideline:

Shareholder proposals relating to environmental matters are reviewed on a case-by-case basis and are evaluated on the materiality and reasonableness of the proposal in the context of the specific industry.

Climate Change

Mawer acknowledges that climate change may present long-term risks and opportunities that could materially impact certain business models. Mawer generally supports initiatives, processes, and disclosures designed for companies as part of their overall risk management process.

Mawer recognizes that climate change is a complex topic and transitioning the economy takes time. Except for special circumstances, Mawer is generally in favour of supporting proposals that improve disclosure and manage risk of climate change.

Voting Guideline:

Mawer will review climate change proposals on a case-by-case basis, considering the economic/environmental materiality and the reasonableness of the initiative in the context of the specific industry.

Social Responsibility

Mawer recognizes that corporate cultures and business practices that emphasize the well-being of stakeholders, most notably employees, customers and local communities, may be essential for long-term value creation and risk management. As such, matters related to (but not limited to) corporate culture, workplace safety, labour rights, human rights, relationships with local communities (e.g., Indigenous communities), and cyber security are considered when making investment decisions. Except for certain circumstances, Mawer is generally in favour of supporting proposals to improve corporate culture, safety, privacy, and meritocracy.

Voting Guideline:

Shareholder proposals are reviewed on a case-by-case basis and are evaluated on materiality and reasonableness in the context of the specific industry.

Disclosure

Mawer recognizes it is a good practice for companies to disclose information to provide shareholders with the means to evaluate risk and opportunities. This includes information on ESG, which can impact the sustainability of corporations. Mawer acknowledges that there are costs to provide such information. Mawer is generally in favour of supporting proposals that improve ESG disclosure.

Voting Guideline:

Proposals are reviewed on a case-by-case basis, considering the cost to provide such information and the materiality and reasonableness of the proposal in the context of the specific industry.

Conflicts of Interest

A conflict of interest may arise when Mawer votes a proxy solicited by an issuer with whom Mawer has a material business or personal relationship that may affect the vote. In particular, a conflict of interest is a situation where a reasonable person would consider Mawer, or an entity related to Mawer, to have an interest that may conflict with its ability to act in good faith and in the best interests of our clients, including investment funds.

To avoid conflicts of interest Mawer adheres to the following procedures:

- Adherence to the Guidelines
 - All votes will be cast according to this written policy in the best interests of shareholders. If votes are cast otherwise than in accordance with the Guidelines, they will be documented.
- Disclosure of Conflicts
 - Anyone involved in the process for deciding how a proxy should be voted must disclose any real or potential conflicts. Vote recommendations must be made solely on merit and in accordance with any standing instructions from Mawer's Independent Review Committee.
- Potential Conflicts
 - Mawer has established procedures to identify material relationships that could result in real or potential conflicts.
 - When a possible conflict of interest is encountered it will be reviewed in accordance with Mawer's Conflicts of Interest Policy.

Abstaining from Voting or Not Voting Proxies

Asset Class Managers will notify Investment Operations if they determine that abstaining or not voting a proxy is in the best interests of shareholders. Investment Operations is required to submit an abstain vote in these cases. In making such a determination, the Asset Class Manager will consider various factors, including, but not limited to:

1. the costs associated with exercising the proxy (e.g. translation or travel costs);
2. any legal restrictions on trading resulting from the exercise of a proxy; and
3. the conflicts presented by voting a proxy in a certain manner.

The reason for any abstention will be documented similar to the way other proxy voting decisions are documented and retained by Investment Operations. Mawer will not abstain from voting or affirmatively decide not to vote a proxy if an investment fund is a plan asset fund subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended. (ERISA).

Reporting

Investment Operations is responsible for maintaining accurate proxy voting records, including:

- Preparing the proxy voting records for each Mawer Mutual Fund on an annual basis for the period ending June 30 of each year and posting the records on Mawer's website by no later than August 31 of each year; and
- Preparing and delivering proxy voting records to clients in accordance with client requirements.

The Director of Research is responsible for maintaining the Guidelines and will work with Legal, Risk and Compliance on maintaining up-to-date disclosures of proxy voting policies and procedures as required under Mawer's regulatory obligations.

Records Retention

All records related to this policy will be retained in an easily accessible place for a period of not less than seven years in a manner that permits it to be provided to the regulator or, in Québec, the securities regulatory authority in a reasonable period of time. For the first two years, the records will be located in one of Mawer's offices.

Relevant Laws, Regulations or Rules:

- National Instrument 81-106
- National Instrument 81-101
- National Instrument 81-102
- PIAC, Corporate Governance Principles and Guidelines, Revised December 2020 Rule 206(4)-6 of the Investment Advisers Act of 1940