JARISLOWSKY FRASER

GLOBAL INVESTMENT MANAGEMENT

PROXY VOTING GUIDELINES

Jarislowsky, Fraser Limited ("JFL") may vote securities on a client's behalf based on the following guidelines, provided the client has made such arrangements with its custodian. These guidelines provide a flexible overall framework and do not contemplate all possible scenarios. JFL and its portfolio managers have the discretion to vote differently based on the particular circumstances and other specific internal guidance from time to time, subject to certain conditions.

JFL generally operates from a model portfolio and a list of approved securities in the management of funds for our clients. We receive and vote proxies for each of the public companies included on this list in line with these voting guidelines. For approved securities in segregated or separately managed portfolios, these guidelines can be superseded by a client's guidelines or instructions if provided sufficiently in advance of a vote.

Our goal is to accrue and enhance economic value for our clients. We expect the board of directors to act in the best interest of the company and its stakeholders.

In cases where we believe that a certain proposal will unduly increase the risk level or reduce the economic value of the relevant security, and that value will be enhanced by voting against the recommendation of the company's board of directors, we will do so. If we believe that the voting of a particular proxy may reduce the economic value of the security, then we may elect not to participate in such a vote.

JFL generally votes <u>with</u> the Board's recommendation on the following issues:

- Election of directors, except where we believe there is a lack of independence, oversight or other significant issue
- Appointment of auditors, except where we believe the percent of non-audit-related fees is excessive

JFL generally votes as follows regarding the below matters:

- **Board Structure**: JFL generally votes to discourage the structuring of boards that: are not independent from management; lack a distinction between the CEO and the Chair; and, have key subcommittees, such as the nominating, audit, or executive compensation committees, dominated by management, a controlling shareholder or non-independent directors.
- **Diversity**: JFL values a board that is diverse in the form of background, expertise and other factors such as race, ethnicity, and gender. If JFL believes there is a lack of gender diversity and no clear plan to increase diversity on the board, Jarislowsky, Fraser Limited may withhold votes or vote against the chair of the nominating committee.
- **Poison Pills**: Otherwise known as shareholder rights plans, JFL generally votes against such proposals if the shareholder is not allowed or is severely restricted in his/her ability to vote on any takeover offer or any other significant issue.
- **Dual Capitalization**: JFL generally withholds votes or votes against proposals to create a two class common share structure from a single class, or consolidate a two class structure into a single class subordinated class (except where we believe the structure is designed to provide better stewardship and long-term value creation for existing public shareholders).
- **Blank Cheque Preferred Shares**: JFL generally withholds votes or votes against proposals to create any class of shares that are superior in voting or have the potential to be superior in voting to existing classes.
- **Excessive Compensation**: JFL generally withholds votes or votes against proposals regarding the granting of options and/or the creation or modification of incentive compensation plans that we believe are excessive and not aligned with best practices and performance. Sufficient disclosure should be provided.

JFL generally votes in favour of *reasonable competitive compensation* for company executives, officers and Board members. JFL agrees with the executive compensation principles of the Canadian Coalition for Good Governance (CCGG) and reviews proxy circulars for reasonableness and with the following guidelines in mind:

- "Pay for performance" should be a large component of executive compensation
- "Performance" should be based on measurable risk adjusted criteria, matched to the time horizon needed to ensure the criteria have been met
- Compensation should be simplified to focus on key measures of corporate performance
- Executives should build equity in their company to align their interests with shareholders
- Companies should limit pensions, benefits, severance and change of control entitlements
- Effective succession planning reduces paying for retention

JFL will only support Boards and members of the compensation committee when overall compensation is reasonable (generally, option dilution should not exceed 3%) and built with long-term sustainable growth in mind. The same criteria apply for an advisory vote on executive compensation, including executive severance agreements and one-time grants. JFL prefers annual advisory votes on compensation matters.

Capital Issuance: Companies need some financing flexibility to take advantage of growth opportunities but shareholders should have input into significant transactions; to that end, JFL will:

- Generally support proposals that allow capital issuance of up to 10% of issued capital, with or without preemptive rights, so long as it is the same class of shares and management has exhibited a responsible use of the proceeds.
- Generally vote against requests for approval to issue more than 10% of issued capital without pre-emptive rights.
- Generally assess requests for issuance of more than 10% of issued capital with pre-emptive rights on a case-by-case basis considering size of the issuance, duration of the approval, intended use of proceeds, past use of equity issuance proceeds, and quality of governance.

Reduced Special Meeting Thresholds: JFL generally votes in favour of proposals aimed at increasing shareholder rights.

Climate Change: In recognition of the emergence of climate-related risks and opportunities and the effect on the broader society, JFL generally votes in favour of climate-related proposals that are aligned with what JFL considers to be best practices. JFL encourages companies to publicly disclose their approach to climate change and any relevant data in line with the recommendations made by the Task-force on Climate-Related Financial Disclosures (TCFD) and CDP. The data should be complete, reliable and comparable.

Shareholder Proposals:

Jarislowsky, Fraser Limited reviews shareholder proposals in the context of enhancing long-term value. We generally use the following framework to assess each proposal:

1. **Goal:** Is the proposal focused on creating long-term value and supporting long-term resiliency?
2. **Risks and Opportunities:** Does it focus on the potential opportunities as well as potential risks to the company and its shareholders?
3. **Principles vs. Rules-Based:** We generally favour principles-based, rather than rules-based approaches. When assessing proposals, we consider the following: does it suggest potential ideas and focus on providing sufficient disclosure for investors to engage management and make investment decisions; and does the proposal presume specific outcomes about uncertain future events to dictate specific actions?

4. **Materiality:** We will assess whether the information requested is likely to be material to investment decisions and the long-term business outlook. Proposals that focus on operational and strategically meaningful initiatives, which do not ask for disclosure of proprietary or commercially sensitive information, are favoured.

Jarislowsky, Fraser Limited generally supports shareholder propositions that:

- Focus on increasing quality of disclosure and risk management frameworks, as we believe that transparency drives accountability.
- Ask for Proxy Access rights, with reasonable eligibility requirements.
- Encourage board independence.
- Propose separation of Chair and CEO functions.
- Ask for a non-binding “Say-on-Pay”.
- Allow minority shareholders who represent 10% or more of shareholding to call a meeting.
- Oppose the use of adjustments to set financial compensation metrics and/or the use of revenue enhancements (“gross-ups”) for the sole purpose of enhancing company executive compensation at the expense of shareholder funds and without merit.

Conflict of Interest:

There is the potential for a conflict of interest between the interests of the clients and the interests of JFL or its employees in connection with the exercise of voting rights of the accounts attached to the shares of Scotiabank or other related entities. There is also the potential for a conflict of interest in connection with the exercise of the clients’ voting rights attached to the shares of another issuer, where the outcome of the vote may directly impact the price of the shares of Scotiabank or other related entities.

Where proxy voting could give rise to a conflict of interest or perceived conflict of interest, in order to balance the interests of the clients in voting proxies with the desire to avoid the perception or actual occurrence of a conflict of interest, JFL has instituted procedures to help ensure that a client’s proxy is voted: uninfluenced by considerations other than the best interests of the client. The relevant research professionals will review the proxy ballot and determine if there are any items that present an actual, potential or perceived conflict of interest. If a potential conflict of interest is noted, all items on the proxy will be voted according to a third-party proxy research firm’s policy recommendations without alteration and with appropriate documentation for clients.

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