Voting Policy

March 2017

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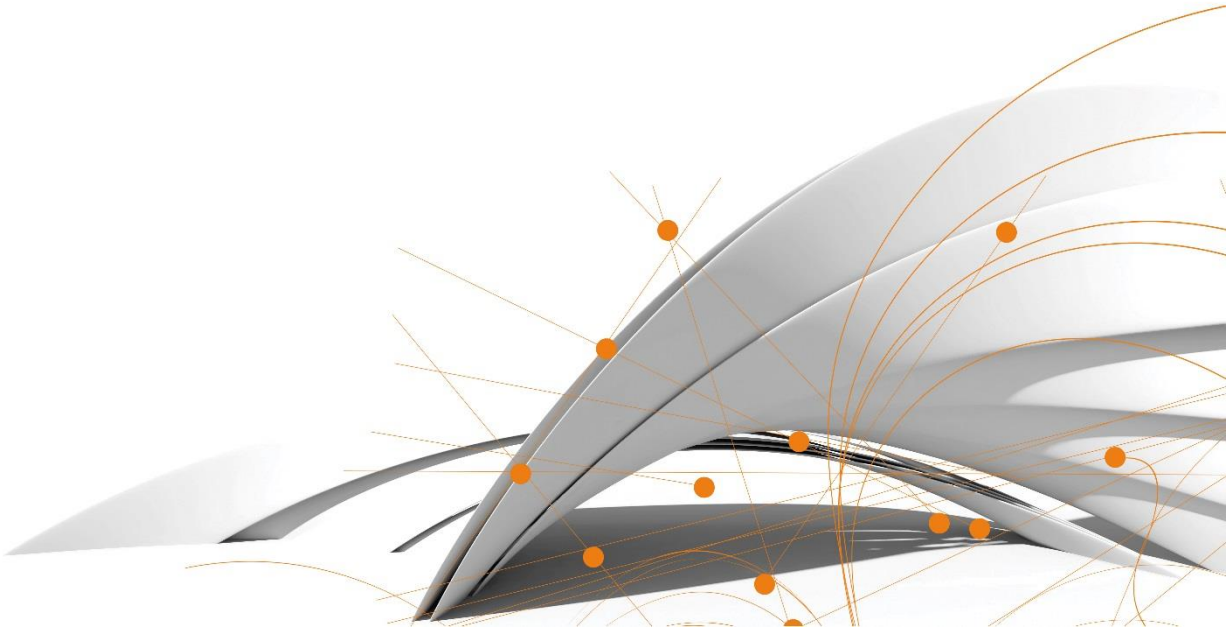


TOBAM defines corporate engagement as using its shareholder position on behalf of its client shareholders to influence company management decision making and further integration of ESG principles and good corporate governance in the companies in which it invests.

TOBAM uses Proxy Voting to further its commitment to socially responsible investing and to improve corporate governance. Proxy voting is conducted in the sole long term interests of clients.

I. General Voting Rights Exercise

1. Voting Scope

TOBAM votes for all open-ended funds managed by TOBAM. For mandates and closed-ended funds it will do so on specific request from the client.

TOBAM has not set up any minimum shareholding nor geographical restriction to exercise its voting rights.

Share Blocking Requirements
Some issuers require that shareholders who wish to vote must deposit their shares beforehand. The shares remain inaccessible for lengths of time that vary widely depending on the country, issuer, custodian and sub-custodian. TOBAM does not vote at meetings implying share blocking requirements.

Securities Lending Programme
TOBAM do not recall lent shares for voting purposes. Of note, TOBAM has requested service providers to keep at least one stock (which will not be lent) to be able to vote to the meeting.

2. Exercising Voting Rights

a. Automatic votes

The vote has been outsourced to ISS since 1st January 2012, under the supervision of the Risk Management team of TOBAM using "SRI International Proxy Voting Guidelines".

For each meeting and resolution, ISS suggests a voting decision and automatically votes on behalf of TOBAM. ISS proxy voting policy is reviewed and validated once a year by an audit committee.

Voting records are closely monitored via ISS website and internal procedure.

TOBAM records all voting decisions internally in its proprietary portfolio management system ("PILOT"). Votes are published annually on the annual voting report, and on the website. Further Details are also available on request.

b. Manual votes

In certain circumstances, such as French General Meetings in French funds, automatic votes are not technically possible. As a consequence, TOBAM votes manually, following ISS voting guidelines.
Votes manually instructed are recorded and filed by the Risk management department.

For mandates or dedicated funds, clients may request specific voting instructions. Voting requests and instructions are also recorded and filed by Risk Management department.

c. Exceptions – TOBAM Convictions

TOBAM has decided in 2016 to implement, on top of ISS voting policy, some voting guidelines on specific topics that might differ from ISS SRI Guidelines.

TOBAM's quantitative process does not imply analysis on the fundamentals of the firms nor on the management.

We do not intend to intervene on the day to day missions of the CEO or boards of the firms and trust ISS voting policy on these entirely as it fits with our beliefs.

We are relying on the management and boards of the companies we invest in to act in the shareholders and client's best interests.

However, as we consider sustainability to be in the client best interest, we still believe that it is our role as a shareholder to exercise our voting rights on behalf of our clients to improve the sustainable development of the firm in which we invest and, on a broader level of our society.

In that context, we believe that a diverse and independent composition of the board brings a range of longer term benefits including a real balance and more efficient countervailing power within the undertaking of a firm.

In that context the composition of corporate boards is key and is driven by the belief that independent directors and board diversity broaden skills and enhance governance drastically.

As a consequence, and in the exclusive interest of its clients, TOBAM has decided to enhance further its requirement by incorporating stricter requirements regarding boards diversity and independence in order to promote long-term visions and development.

TOBAM's position supporting the broadening and deepening of the director pool is applied to all countries disregarding local partiality, and this has been decided upon in an effort to avoid possible segregation and enhance better governance structure.

Please refer to the table below detailing TOBAM's specific voting instructions:

Voting Issue	Voting Instruction
Company Boards — Bundling of Elections	TOBAM will vote AGAINST bundled director elections in all the markets except Italy, where director elections take place through the *voto di lista* mechanism (slate system).

Company Boards — Voto di Lista (Italy)	TOBAM will vote in line with the SRI recommendation for both election of directors and statutory auditors taking place through the *voto di lista* mechanism. In cases where the *voto di lista* does not apply (because only a fraction of the board is up for approval), the normal TOBAM guidelines pertaining to director elections will apply.
Company Boards — Board Independence	TOBAM will require a minimum level of independence of 50% for the board or supervisory board at all companies in all countries. When calculating the board independence level, all directors will be included in the count (including employee representatives). If the level of board independence falls below this threshold, TOBAM will vote AGAINST the election of all the non-independent directors (except the CEO). TOBAM will use the SRI director independence classification.
Company Boards — Government Representative	TOBAM will vote AGAINST the election of a director that has been classified by ISS as 'Government Representative'.
Company Boards— Director Terms	TOBAM will vote AGAINST the election of directors (except the CEO), including bundled elections, if the proposed length of term exceeds 4 years.
*Company Boards— Combined CEO/Chairman**	TOBAM will vote FOR the election and re-election of a combined Chair/CEO in all the markets. TOBAM will vote FOR shareholder proposals to split the roles of Chairman and CEO and FOR shareholder proposals requiring an independent board Chairman.
Company Boards— Election of Former CEO as Chairman of the Board	TOBAM will not vote AGAINST the election or reelection of a former CEO as Chairman of the board or supervisory board only for this reason (however, TOBAM would vote AGAINST, should the director fail to meet other TOBAM criteria)
Company Boards— Gender Diversity	TOBAM requires a gender diversity level of at least 15%. If the level of gender diversity on the board is below this threshold, TOBAM will vote AGAINST: - The reelection of the Chairman of the Nomination Committee (except the CEO), and - The election of any new majority gender candidate (except the CEO).
Social/Environmental Shareholder Proposals	TOBAM will vote FOR shareholder proposals asking for more transparency and additional information and additional reporting on the following issues: • Board Diversity • ESG Board Committee • Improvement of Human Rights Standards or Policies • Internet Censorship If the shareholder proposal is a 'Call for Action' proposal TOBAM will vote in line with the ISS Benchmark Policy (on a case-by-case basis). ISS typically identifies "call to action proposals" as proposals where shareholders are calling for the board to do something more than merely reporting. Some examples would include proposals requesting the adoption of specific GHG

**: This rule will be modified in 2017 to fit with the US usual conventions where combined chairman/CEO position is the norm.*

	goals, requiring director nominees to have certain environmental qualifications, establishing a new E&S committee, or requiring the adoption of specific diversity requirements.
Items not addressed in this policy document	TOBAM will follow the ISS SRI policy recommendation.

II. Controls

The Risk Management department explicitly endeavours to avoid missing a vote. The Risk Management department has set up weekly check that are filed and stored in TOBAM's network.

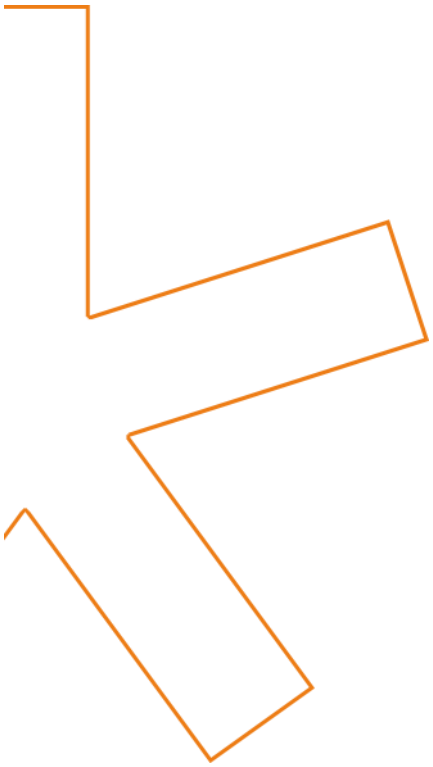
On a monthly basis, The Risk Management Department analyses proxy voting reports sent by ISS to identify votes that were not instructed or voted and determine the underlying reasons.
For traceability purpose, controls are stored on TOBAM's network.

The Risk department sends aggregated reports to the Compliance Department on a quarterly basis.

III. Conflicts of interest

TOBAM places the clients' best interest above any other consideration and maintains an organizational structure that helps manage conflicts of interest and has set up a conflict of interest procedure, detailing the key measures.

- Segregation of duties: reporting lines are separate to prevent or limit interest conflicts between research and fund management.
- Remuneration is designed to avoid incentives which could promote conflicts between its employees and its clients, to the extent reasonably possible.
- Soft dollars are not permissible.
- Where TOBAM funds will invest in other TOBAM funds, there will be neither subscription/redemption fees.
- Aggregation of orders will only be permitted where it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client, and allocated fairly subject to the company's allocation policy.



For more information

TOBAM is an asset management company offering innovative investment capabilities whose aim is to maximize diversification. TOBAM's Maximum Diversification® approach, supported by original, patented research and a mathematical definition of diversification, provides clients with diversified core exposure, in both the equity and fixed income markets. The company manages close to $9 billion (September 2016) via its Anti-Benchmark® strategies in Equities and Fixed Income. Its team includes 45 investment professionals.

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