



Proxy Voting Policy

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Table of Contents

1.	Introduction	3
2.	Objectives	3
3.	Proxy Voting Process	4
4.	Proxy Voting Guidelines	4

1. Introduction

Addenda Capital is committed to being a Canadian leader in sustainable investing and the [Sustainable Investment Policy](#) highlights the principles that underscore this commitment and provides a framework for implementation. Stewardship is a core component of our effort to enhance long-term investment and positive sustainability outcomes for our clients. We define Stewardship as active engagement with public policy and standard setters to promote sustainable financial markets, as well as engagement with investee companies and exercising proxy voting rights. Our Proxy Voting Policy provides the process and guidelines for how we exercise our proxy voting rights in alignment with our sustainability and stewardship commitments as a firm.¹

Shareholders of public companies have a right to vote on proposals brought before them at annual and special meetings. The right to vote is one of the most important rights a shareholder has, and with that right comes the responsibility for Addenda to cast votes in a manner that will support the protection and enhancement of the long-term value of investments for our clients and other stakeholders.

Active stewardship is a key component of our [Sustainable Investment Policy](#), with voting at shareholder meetings as one of the most important stewardship approaches by which we leadership, strategy, management and oversight. Our emphasis on voting is based on the evidence that companies that have good corporate governance, strong strategic oversight of environmental and social issues, along with greater transparency are likely to generate more long-term sustainable value for their shareholders versus those companies with poor performance in these areas.

Addenda votes “by proxy” on behalf of our clients in accordance with our instructions which are based on the guidelines outlined below. We will, if necessary, attend a meeting to vote in person.

2. Objectives

The objective of this policy is to inform companies, our clients and other stakeholders of the sustainable practices we favour. It is a key communication instrument between Addenda, its portfolio companies and other stakeholders. Beyond protecting shareholders’ rights, it provides information on our voting positions and Addenda’s sustainable investing priorities such as climate change, the promotion of diversity and better management of human rights issues within our portfolio companies. Addenda is a member of the Net Zero Asset Manager (NZAM) Initiative, and we support the goal of net zero greenhouse gas emissions by 2050 (1.5 degree Celsius) or sooner through our investment activities². Aligning our proxy voting with this commitment is an important part of our efforts to support the systemic changes needed for the transition to a low carbon economy.

This policy allows us to be transparent with our portfolio companies on the main guidelines governing our voting process. It is updated regularly to reflect changes in best environmental, social and governance practices and our stewardship priorities³.

Voting decisions for shareholder proposals consider what is relevant and practical for the company in question including for example, its regional context, progress made to date on the issue and company disclosures. We will support proposals that are aligned with our sustainable investing and stewardship priorities, even if the proposal language is not optimal. We believe that these types of proposals are valuable to communicate to the board and management to improve their understanding and practices on key issues.

We will oppose the election of directors that fail to implement measures to address shareholder proposals that won majority approval.

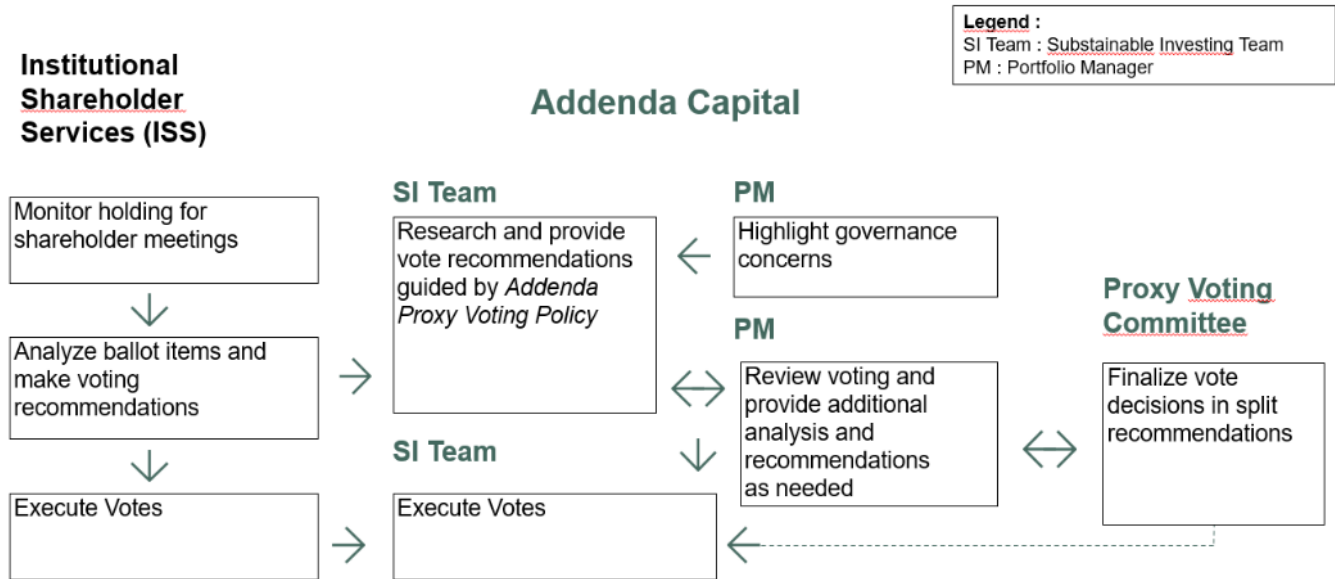
¹ [Sustainable Investment Policy](#) and [Stewardship Policy](#)

² [Link to Net Zero Asset Managers Initiative \(NZAM\)](#)

³ See our [Stewardship Policy](#) for more information

3. Proxy Voting Process

Our proxy voting process is focused on promoting the long-term performance and sustainable success of companies for shareholders and other stakeholders. We consider each ballot item, with the help of Institutional Shareholder Services (ISS) and determine how to vote in a manner consistent with the guidelines outlined below. The Sustainable Investment Team provides the research and voting intention to the appropriate portfolio managers who review and suggest changes if necessary.⁴ In cases where there is differing voting recommendations between the teams, the vote recommendations will be elevated to the Proxy Voting Committee for a final decision. The vote is then cast by the Sustainable Investing Team and executed by ISS.



4. Proxy Voting Guidelines

The voting guidelines set out below are general in nature. Each ballot item will be considered individually and assessed on its merits. There could be aspects of any given ballot item that could cause us to vote differently than the guideline. In each case, our vote will be intending to enhance the best long-term interests of our clients with consideration of the interests of other stakeholders. The guidelines establish how we intend to vote on some commonly raised or contentious issues. They do not cover all situations. In situations not covered by the proxy voting policy, we will make a judgement call keeping in alignment with our sustainable investment and stewardship policies, voting guidelines and how our clients would expect us to vote given our firm commitments. We recognize that there are regional differences in governance practices and regulatory policies to protect shareholder rights. Our policies generally apply to large and small cap companies domiciled in developed countries. Further adjustments to our policies will be required as needed to extend into developing markets.

Some of Addenda’s segregated accounts and pooled funds may, subject to their respective investment policy, participate in securities lending which results in the inability to vote shares that are out on loan on the record date. We will seek to recall all securities to cast our vote on all matters in which we are eligible to vote. In addition, in some countries there are share-blocking practices, where proxy votes may not occur depending on timing of trades. These practices vary by issuer, country, and type of share.

⁴ ISS analysis is used to inform our vote decisions, but we determine our final vote decisions and do vote differently than the ISS recommendation on a case-by-case basis.

Boards of Directors

Boards should be composed of effective directors who contribute a full range of skills, education and expertise as needed by the business. A majority of directors should be independent from the company. Addenda will vote for directors on a case-by-case basis, taking into consideration these guidelines and the long-term performance of the company and the directors.

1. Director Independence

Voting guidelines:

A director is independent if they have no direct or indirect material financial or familial connections with the company, its executives, its auditor or other board members, except for service on the board and the standard fees paid for that service. Any material relationships within the past three years are considered to be current.

In evaluating the degree of independence of a member, we also consider the appointment date of the board member deemed independent by the company. We may call into question the independence of a member who has been on the board for more than twelve (12) years. It is especially important in this context for the company to fully disclose the reasons the member should continue to be considered independent.

Board members with tenure of 12 years or more should make up less than one third of the Board. Where this is not the case, we will consider voting against all of the long tenured board members and the Chair of the Nominating and Governance Committee.

2. Board Independence

Voting guidelines:

If the board is not comprised of at least 2/3rds independent directors, we will oppose the election of non-independent directors, with the exception of the Chief Executive Officer (CEO).

As an exception to the general principle stated above and solely where appropriate mechanisms are in place to manage any potential conflict of interest between a shareholder holding a large block of shares and the company, we consider the level of independence of the board to be sufficient when there is a shareholder with a large block of shares on the condition that at least:

- The majority of the members are independent of the company;
- The majority of the members are independent of the shareholder with the large block of shares; and
- One-third of the members are independent of both the company and the shareholder with the large block of shares.

3. Board Committees

Voting guidelines:

The nomination, compensation and audit committees or their equivalents must be made up entirely of independent members.

If there are non-independent directors on the audit, compensation, nominating or governance committee, we will oppose the election of the non-independent directors.

When a shareholder holds a large block of shares:

- the nomination and compensation committees or their equivalents must be made up entirely of members who are independent of the company, with the majority of these members also independent of the shareholder with the large block of shares,
- the audit committee, however, must be made up entirely of members who are independent of both the company and the shareholder with the large block of shares.

4. Election of directors

Voting guidelines:

Support majority voting standard for the election of directors.

Support annual election standard for the election of directors.

5. Board renewal

Voting guidelines:

We strongly encourage portfolio companies to ensure appropriate renewal of the board, by adopting a policy on maximum term length or other mechanisms of board renewal. This creates a healthy balance between maintaining the existing institutional structures and culture while also bringing in new perspectives on current strategies and business model.

This balance should be sufficient to allow for a critical review of the company's strategies and ensure appropriate counterbalance and oversight of management.

We attach great importance to putting in place appropriate mechanisms for board renewal, including encouraging greater diversity, which we view as leading to better decision-making and outcomes.

6. Independent chair

Voting guidelines:

Support proposals for the separation of Chair and Chief Executive Officer roles.

Oppose the election of the chair of the board if they are not independent and the board does not have a lead independent director.

If there is a Lead Independent Director, they must demonstrate real independence in terms of tenure and relationship with the company. If this is not the case, then we will consider voting against them when the board is not at least 2/3 independent⁵.

7. Board committee accountability

Voting guidelines:

Support committee chairs reporting personally to shareholders.

8. Directors' insurance indemnification

Voting guidelines:

Support adequate insurance and indemnification subject to actions being taken in good faith.

9. Size of board

Voting guidelines:

Support board size of 7 to 15 members for optimum effectiveness.

10. Director attendance at meetings

Voting guidelines:

Support disclosure of attendance record for each director at board and committee meetings.

Oppose election of directors who attend less than 75% of their board and committee meetings without a reasonable explanation.

11. Independent auditors

Voting guidelines:

Oppose auditor ratification if non audit fees exceed 25% of total fees paid to the audit firm.

⁵ [ICGN Global Governance Principles 2021](#)

We will vote against the election of the external auditor, on a case-by case basis if they have served for more than 20 years.

Audit firm rotation is intended to improve independence, audit quality by limiting risks of repeated inaccuracies, encouraging fresh thinking and strengthening skepticism.

Support the inclusion of climate expertise in the selection and contract with the auditor, including reporting by the auditor on how they considered the impacts of material climate-related matters.

12. Effective boards

Voting guidelines:

Oppose election of directors who appear to have too many commitments to fulfill their duties as directors by:

- serving as an executive of a public company while serving on more than one external widely held public company board (except on the board of the company for which they serve as an executive); or
- serving on more than three widely held public company boards; unless the company provides sufficient rationale for their service on the board. Subsidiaries will be counted as separate boards, but the exception for executives will also apply for subsidiaries that are more than 50% controlled by the company on which the director is an executive.

13. Diversity

Voting guidelines:

Support director recruitment processes and director nominations that enhance board effectiveness by inducing adequately diverse boards. Aspects of diversity to be considered include, but not limited to, gender, sexual orientation, ethnicity, visible minorities, abilities, and Indigenous identity.

We encourage companies to adopt policies and targets, at minimum, for the representation of gender diverse or visible minorities on the board of directors and to consider the level of diversity when they recruit candidates, train staff and develop policies. In addition to disclosing statistics on the composition of the board and senior management, we encourage companies to provide information on their policies, targets and processes for increasing the level of diversity throughout the organization.

Oppose the election of the chair of the board committee responsible for director nominations when:

- The board does not meet a threshold of 40% who identify as female and 40% who identify as male board members;
- Only for the Canadian market, the company has not publicly disclosed a board diversity policy that includes a measurable goal or target to reach this threshold within a reasonable period of time;

Oppose the Chair of the Nominating Committee and all members of the Nominating Committee if there are no directors identified from traditionally under-represented groups⁶ on the board;

Oppose the Chair of the Nominating Committee when a board does not have more than one director identifying as from a traditionally under-represented group.

14. Climate Oversight

Voting guidelines:

Boards are accountable for material climate risks and opportunities:

Support director nominations which increase board oversight on climate.

⁶ In North America, Australia and the UK traditionally under-represented groups include Indigenous peoples, members of visible minorities, persons with disabilities, age and people who are part of LGBTQ2+ communities.

Support enhancing board expertise of climate issues including regular board training on material and sector relevant climate issues such as regulations and standards, accounting, risk management, transition plans, resilience plans, performance metrics and management and other topics.

Support inclusion in remuneration plans specific climate goals, targets, transition plans and performance aligned with 1.5 degrees.

Where companies come from a high impact material sectors⁷, we will consider opposing the Chairs of relevant committees when directors have not made sufficient progress on developing and implementing climate transition and resilience plans and managing climate-related risks.⁸

Executive and director compensation

Executive and director compensation should be tied with performance in a manner that aligns with the long-term interests of the company. Addenda will vote on compensation on a case-by-case basis, taking into consideration these guidelines and the relationship between pay and company performance.

15. Executive compensation design

Voting guidelines:

Support executive compensation that is linked to specific objective measures of the company's operational and financial performance that is disclosed and is in the long-term best interests of the company.

Support linking executive compensation to reasonable measures of performance on social and environmental issues that, to the extent that they are aligned with the company's strategy, are likely to enhance long-term value creation in addition to traditional measures of financial performance.

Oppose the election of members of a compensation committee that failed to initiate changes to executive compensation design when the prior advisory vote on executive compensation did not win majority approval.

16. Equity-based compensation

Voting guidelines:

Support compensation through shares and deferred shares that aligns shareholder interests with executive and director interests.

Change in exercise price of securities:

We are opposed to repricing stock options or reissuing underwater options.

Price:

- We are opposed to securities that are issued at less than 100% of the current fair market value.

Dilution:

- We are opposed to total potential dilution above 10% from total equity compensation plans.
- We are opposed to an absorption rate of more than 2% of outstanding shares.

⁷ Net Zero Asset Owners Alliance (NZAOA) Target Setting Framework 4th Edition, defines 'high impact material sectors.

⁸ Minimum steps include as referenced in the Transition Plan Taskforce Framework -detailed disclosure of climate-related risks; a declared target of Net Zero by 2050 or sooner that includes scope 1, 2, and relevant scope 3 emissions; short and medium-term targets; a decarbonization strategy that demonstrates how they will meet their short, mid and net zero by 2050 targets as well as emission disclosures demonstrating decreasing absolute GHGs; a commitment to a just transition for workers and communities; and independent auditing of emissions.

Performance alignment:

- We are opposed to plans when less than a majority of incentive compensation is based on performance rather than simply the passing of time.
- We are opposed to long term incentive plans when the performance period is not measured over three consecutive years and over.

Vesting schedule:

- We are opposed to plans that are 100% vested when granted.
- We are opposed to long term incentive plans when the overall vesting period is less than three (3) years.

Non-executive directors:

- We are opposed to stock options plans or performance-based awards for non-executive directors.
- We are opposed to the awarding of stock options, incentive share units or bonuses to non-executive directors in cases involving a change in control.

Concentration:

- We are opposed to plans that authorize the issuance of 20% or more of available securities to a single individual over the course of the same year.

17. Loans to management and directors

Voting guidelines:

Oppose preferential loans or loans secured by or granted for company shares.

18. One-off Payment

Voting guidelines:

Off-cycle or one-off payments should be underpinned by sound business reasons (e.g., retention, sign-on or the successful completion of a transaction). We expect companies to fully disclose these payments as well as the reasons for these payments.

We will oppose these one-off payments if:

- they are deemed excessive or recurrent
- the company does not disclose properly the rationale for these grants

19. Severance benefits

Voting guidelines:

Oppose excessive severance benefits.

Oppose “single trigger” severance benefits.

20. Clawback

Voting guidelines:

Support any measure that will allow for the recovery of incentive compensation paid to executive officers in cases of accounting restatements, fraudulent acts, negligence or willful misconduct.

21. Share ownership

Voting guidelines:

Support share ownership requirements for directors and executives.

22. Quantum of compensation

Voting guidelines:

Oppose compensation plans where the amount of compensation awarded to the CEO or other senior executives is excessive in light of all the relevant circumstances.

Excessive compensation will be determined based on factors such as the issuer financial and operational performance, peers' analysis, sector of activity and geography.

Oppose disproportionate compensation paid to the CEO relative to other senior executives.

23. Frequency of Say-on-Pay Vote

Voting guidelines:

Support annual Say-on-Pay votes

Shareholder Rights

Wherever possible, Addenda will vote for proposals that defend rights of shareholders and against proposals that may hinder them.

24. Disclosure of shareholder vote results

Voting guidelines:

Support disclosure of results of all shareholder votes within a reasonable time.

25. Super-majority voting

Voting guidelines:

Oppose super majority voting requirement which can have the impact of making it impossible to achieve sufficient votes under usual shareholder meeting conditions.

26. Dual-class shares

Voting guidelines:

Oppose dual-class share structures.

27. Linked proposals

Voting guidelines:

Oppose proposals that link more than one issue together if at least one of the issues would be opposed according to these guidelines except if the overall effect of the proposals would benefit the long-term performance of the company.

28. Confidential shareholder voting

Voting guidelines:

Support proposals to adopt confidential voting.

29. Other business proxies

Voting guidelines:

Oppose approval of unspecified "other business," requests for open-ended proxies to management for other business.

30. Acting by written consent

Voting guidelines:

Support taking action by written consent in place of a meeting as it is a means for shareholders to raise important matters outside the normal annual meeting cycle.

31. Right to call a special meeting

Voting guidelines:

Support this proposal when the aggregate required ownership to call a meeting is more than 10%.

32. Proxy access

Voting guidelines:

Support binding proposals with reasonable ownership thresholds and caps on the number of shareholder-nominated seats at 25%.

Takeover Protection

Takeover protection can take various forms including poison pills, increasing authorized shares, blank cheque preferred shares, crown jewel defence and greenmail. Addenda will review transactions on a case-by-case basis.

33. Takeover protection

Voting guidelines:

Oppose those that entrench management.

Support those that are in the best interests of minority shareholders.

Environmental and Social Issues

Companies face significant financial, legal and reputational risks resulting from poor environmental and social practices, or negligent oversight thereof. Addenda views the identification, mitigation and management of environmental and social risks as integral components when evaluating a company's overall risk exposure. We encourage companies to have governance, strategic oversight, and transparency related to natural and human capital and to be addressing critical stakeholder issues related to their businesses. We believe by driving stronger performance in these areas we can create long-term value. We vote on a case-by-case basis on proposals however, where companies are not demonstrating actions to address material sustainability risks and opportunities; we are inclined to support proposals which have merit and request improved transparency and implementation.

34. Disclosure of risks and management practices

Voting guidelines:

Support greater transparency and increased disclosure of risks and management practices related to or arising from social, environmental and ethical issues. Support for alignment with disclosure standards such as the International Sustainability Standards Board (ISSB), the Canadian Sustainability Standards Board (CSSB), the Taskforce on Nature-related Financial Disclosures amongst others.

Support third-party verification and assurance of social, environmental disclosures.

35. Standards and business practices

Voting guidelines:

Support adherence to internationally recognized norms and conventions and the adoption of policies and practices regarding environmental and social issues that are likely to enhance long-term corporate financial performance⁹. This includes but not limited to human rights, labour rights, racial equity, pay equity, workplace healthy and safety issues.

⁹ These internationally recognized norms and conventions include amongst others: the International Labour Organization (ILO), the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the United

Support requests for improved board oversight, management practices and disclosure of social and environmental risks of AI. Consideration of the responsible use of artificial intelligence (AI) should be part of business practices, codes and transparency¹⁰.

36. Climate change

Voting guidelines:

Support proposals that:

- Ask for greater disclosure of the governance, strategy, measures and management practices adopted by a company on climate change mitigation and resilience, including practices to address those risks or seek climate opportunities.
- Ask for companies to adopt greenhouse gas emissions reduction targets and strategies that are in-line with the Paris Accord and limiting global temperature risk to no more than 1.5 C above pre-industrial levels with accountability for achieving them.
- Ask for disclosure of scope 1, 2, and material scope 3 emissions.
- Ask for the implementation and disclosure of key findings from scenario analysis, including how this impacts business strategy and practices.
- Ask for clear disclosure of financial alignment (i.e., capex, green revenue, mergers and acquisition diligence, etc.) with climate commitments and aligned with 1.5 °C.
- Ask to end lobbying against (or otherwise obstructing) policy supportive of limiting the global temperature rise to 1.5°C, along with greater transparency on lobbying activities.
- Ask for disclosure of Climate Transition Plans that are aligned with limiting global temperature rise to 1.5°C including scope 1, 2 and material scope 3 emissions, financial and lobbying alignment and other components that are recommended in the [Transition Taskforce Framework](#) (now part of ISSB).

37. Political contributions and lobbying

Voting guidelines:

Support reasonable requests to improve disclosure of political contributions and trade association spending and the company's related policies and practices.

Support reasonable requests to improve disclosure of lobbying activities, especially on climate lobbying carried out by companies and their professional associations.

38. Nature

Voting guidelines:

Biodiversity loss presents a major global systemic risk. We support strategic oversight, monitoring, disclosure, for nature-related dependencies¹¹, impacts and risks as recommended by the Taskforce on Nature-related Financial Disclosures (TNFD).

39. Diversity and inclusion policies

Voting guidelines:

Support implementation and disclosure of diversity and inclusion policies and practices.

Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the United Nations Sustainable Development Goals.

¹⁰ AI frameworks and guidelines include Innovation, Science and Economic Development (ISED), Sept 2023, Voluntary Code of Conduct on the Responsible Development and Management of Advanced Generative AI Systems; National Institute of Standards and Technology (NIST) April 2024, AI Risk Management Framework; and White House Office of Science and Technology Policy, "Blueprint for an AI Bill of Rights: Making Automated Systems Work for the American People," October 2022.

¹¹ [TNFD definition of Dependencies on Nature](#) – "Dependencies are aspects of environmental assets and ecosystem services that a person or an organization relies on to function." This can include dependencies on freshwater, soils, forests, oceans or other habitats.

40. Human rights policies and Indigenous People's Rights and Reconciliation

Voting guidelines:

Support implementation and disclosure of human and indigenous rights policies, including but not limited to and policies and practices regarding community relations, recruitment, hiring and retention practices, training on Indigenous Reconciliation, procurement, economic partnerships, adherence to global norms (such as the UN Global Compact, UN Declaration on the Rights of Indigenous Peoples[UNDRIP] including obtaining Free, Prior, Informed Consent [FPIC]) consultation on traditional ecological knowledge and/or the verification of such policies and practices by a credible third party where appropriate.

41. Environmental expertise on boards

Voting guidelines:

Support the nomination of directors with environmental expertise to boards of companies in industries with significant environmental issues associated with their operations.

42. Board oversight of environmental and social risks and opportunities

Voting guidelines:

Oppose the chair of the board if there is no evidence of board oversight of environmental and social risks.

