

## **PROXY VOTING POLICY**

### **POLICY OF OWNERSHIP**

As capital custodians, it is our fiduciary duty to represent and protect the shareholding interests of our clients. By providing this service to them, we believe that we can enhance the long-term value of their savings.

We implement our clients' ownership responsibilities in two ways:

- Engagement with company management and directors where possible;
- Voting on their behalf at shareholder meetings, usually by proxy; or recommending to them how they should vote.

### **PROXY VOTING**

The below policy provides guidelines for our proxy voting, however each resolution is considered on a case-by-case basis. Where the decision on a resolution contravenes our policy, the justification will be brought to the investment committee for consideration and discussion. Should we decide to contest any items on the agenda and feel that our vote may influence the overall outcome, we will engage management prior to the AGM.

### **The Proxy Voting Process**

The Proxy Vote resolutions are received, recorded and tabled in the weekly investment committee meeting. The relevant analyst will review the resolutions and make a recommendation to the Portfolio Manager and complete the Proxy form. Any votes which contravene the Northstar Proxy Voting Policy, or are viewed as contentious will be discussed in the weekly investment committee meeting. A summary of the resolutions and votes are recorded and reviewed by the Responsible Investing (RI) Committee.

### **Monitoring of Proxy Votes and Disclosure**

Proxy votes and policies are reviewed by the RI Committee on a semi-annual basis to ensure adherence to the process and policy. A summary of votes is made available to the public on our website as per CRISA guidelines on a semi-annual basis.

In addition, a summary of our engagement with management is also reviewed on a semi-annual basis by the RI Committee.

### **Proxy Voting Guidelines**

#### **1. Board of Directors**

When considering voting in favour of an election or re-election of a Director, we consider:

- Relevant experience and whether it contributes to the Board's diversity of skills and knowledge;

- The appropriate mix of executive, non-executive and independent directors, placing greater importance on an Independent chairperson;
- Diversity of age, culture, race and gender of the Board;
- Length of tenure on the Board. If this is greater than ten years, further consideration will be given;
- Past attendance at Board meetings;
- Other Directorships held which may either add to knowledge and experience, or impede their ability to dedicate sufficient time to their role;
- Board Size and composition in relation to the size of the company, preferring smaller unbloated boards;
- Historic protection of shareholder rights;

We prefer staggered re-election of Board Members over a period sufficient to create a platform for longer-term strategy implementation.

We consider the board's succession planning which should include the identification, mentorship and development of future candidates.

## **2. Remuneration**

- Remuneration policies should be designed to attract, retain and encourage directors and key management and staff to create value for shareholders over time. We support policies that align long-term interests with shareholders, which are not based on short-term cyclical metrics with no asymmetrical risk.
- We encourage remuneration policies to be benchmarked to an industry median, with the magnitude of remuneration relevant to the size of the business.

## **3. Auditors**

- We believe that rotation of Auditors is good governance practice, however we acknowledge that the time it takes to understand companies of varying complexities may differ and therefore do not apply a hard rule for rotation;
- Remuneration should be reasonable and in line with industry standards;
- We place importance on the independence and reputation of the Auditors.

## **4. Capital Structure**

- We encourage equal voting rights and generally vote against resolutions which would create differing share structures resulting in unequal voting rights;
- We oppose resolutions to place unissued shares under the control of directors as further issuance of shares will dilute existing shareholders' value. Should the Board wish to take this action, it should be specifically brought to a shareholders' meeting;
- We prefer opportunistic share repurchase programs which take into account the impact on shareholder value, as opposed to a formulaic repurchase program;
- We support share splits if they will assist with tradability of the stock.

## **5. M&A and Special Transactions**

- Special Transactions and proposed M&A activity should be specifically motivated to shareholders in a shareholders' meeting.

## **6. Shareholder Protection**

- In exceptional circumstances, shareholders should have the opportunity to raise issues of substantial importance through the right to call a special meeting. A reasonably high proportion of shareholders (between 15% to 25%) should be in agreement to call such a meeting, in order to avoid the waste of corporate resources in addressing narrowly supported interests.