



## **Proxy Voting Policy**

It is the Policy of Genus Capital Management that proxies should be voted in the best long term interest of our clients.

Genus has engaged SHARE based in Vancouver to handle research, recommendation and implementation of the proxy voting. Share is the leading independent provider of global proxy research and voting recommendations. As an independent firm that does not provide consulting services to issuers, SHARE fulfills requirements for serving as an independent provider of third-party proxy services.

In the case, where we engaged sub-advisors to manage the funds, we have delegated the proxy voting process to the sub-advisors. Sub-Advisors are required to provide us with their proxy voting policies to be reviewed for compliance with our guidelines.

The Director of Equity Investments is generally responsible for overseeing the proxy voting process.

## **Proxy Voting Guidelines**

### 1. Board of Directors

The board of directors is responsible for overseeing management's performance in a way that ensures the long-term, sustainable growth of the company. The board is accountable to the shareholders as owners of the corporation.

Directors have a legal obligation to act in the best interests of the company. However, it is difficult for anyone to avoid being influenced by conflicts of interest. This is why boards of directors must as a whole be independent of the company's management. Directors are not in a good position to hold management accountable if they have a relationship to the company other than as shareholders and directors.

- We will vote for proposals to add directors to corporate boards who have expertise in areas that the board needs and/or lacks, such as environmental expertise, provided that the proposal is reasonable and directors who are nominated are well-qualified to be corporate directors.
- We will vote for proposals to require the chair of the board to be an independent director.
- We will vote for proposals to require two-thirds of directors to be independent.



- We will vote for proposals that increase the number of independent directors on the board, unless two-thirds of the directors are already independent. If two-thirds of the directors are already independent, [the fund] will determine how to vote on each case individually, based on how the proposal will affect the company in the long term.
- If less than two-thirds of directors are independent, we will vote against the directors who are not independent.
- We will vote for proposals to require annual disclosure of which directors are independent and the basis on which the assessment was made.
- We will vote against a director if the company does not provide enough information for shareholders to determine whether or not that director is independent.

## 2. Board Committees

All boards of directors should have audit, compensation, and nominating committees made up entirely of independent directors. These committees are essential in overseeing a company.

### a) Audit Committee

A board of directors should have an audit committee that is responsible for oversight of the annual external audit of the corporation. This is required by American and Canadian securities law. All members of the audit committee should be independent directors. The committee members should be free of ties to the company's auditor, including employment with the audit firm within the last three years.

Members of the audit committee need to be financially literate in order to oversee the complexities of the annual audit and to deal with the technical aspects of financial information.

- We will vote for proposals to create audit committees in which all of the members are independent.
- We will withhold its votes from individual directors who are not independent and who sit on the audit committee.



## b) Compensation Committee

Every board should have a compensation committee that is responsible for the direction and oversight of the company's executive compensation program and for regularly evaluating the performance of senior management. In order to be effective and avoid conflicts of interest, this committee must be made up entirely of independent directors. Directors who are executive officers of other companies should not sit on the committee unless those companies are privately held and very small, such as a company with no more than two or three employees. Members of this committee should not be nominated or selected by management.

If a company's compensation committee includes members who are not independent, we will give special scrutiny to the company's compensation plans. We may vote against the plans if

we believe the committee's lack of independence is influencing the company's executive compensation.

- We will vote for proposals to create independent compensation committees.
- We will withhold votes for individual directors who sit on the compensation committee and are not independent of management.
- We will withhold votes for individual directors who sit on the compensation committee if they are executive officers of other companies, unless those companies are privately held and very small.
- We may vote against a compensation plan if the compensation committee includes directors who are not independent.

## c) Nominating Committee

Boards should have a nominating committee to identify the need for directors and to recruit, nominate, and orient new directors. In order for the board to function independently of management, the nominating committee must be made up entirely of independent directors.

- We will vote for proposals to create nominating committees made up entirely of independent directors.
- We will withhold votes from directors who sit on the nominating committee and are not independent.



#### d) Corporate Governance Committee

A large board of directors should have a corporate governance committee responsible for overseeing the governance of the corporation. This committee should be able to function independently of management. A majority of the members should be independent directors.

- We will vote for the creation of an independent corporate governance committee.

### 3. Executive Compensation

We support executive compensation plans that are fair and are linked to individual and corporate performance.

- We will vote for executive compensation plans that we believe are fair, and will oppose those we believe are excessive. Compensation plans are fair if
  - they are linked to objective measures of the company's performance;
  - they are affordable given the company's overall financial position;
  - they provide an incentive for excellent performance over the long term and do not reward below-average performance; and
  - the total compensation for each executive is understandable and reasonable compared with pay levels for comparable positions in the industry and compared with all pay levels within the company.
- We will vote for proposals to link executive compensation to well-considered, objective measures of performance on social and environmental issues, as well as to measures of financial performance.

### 4. Takeover protection

Mergers, acquisitions and takeovers are common. Shareholders must be vigilant about protecting their interests in these transactions. These transactions may pay a premium to shareholders and improve a company's performance, but they can also injure the company's long-term profitability and have adverse effects on its stakeholders, including local communities, tax payers, suppliers, and the environment. Decisions about whether or not to accept a merger or acquisition must be based on what will best serve the company and shareholders in the long term.

Measures designed to protect companies from takeovers must also be evaluated carefully. Takeover defences often depress the price of a company's shares, and may protect the interests of directors and executives more than they protect the company or its other stakeholders.



- We will withhold votes for or vote against all of the directors of a board that adopts a takeover defence without shareholders' approval.
- We will vote for proposals to require shareholders' approval before the company adopts a takeover defence.
- We will vote against the issuance of new share subscription rights or stock warrants when they could or will be used as takeover defences.
- We will vote on other poison pill takeover defences case by case. We will vote against plans that allow the board to reject, without shareholder input, offers to acquire the company that do not trigger the plan; are likely to discourage takeovers that could benefit the company; or do not require the board to give equal treatment to all offers that comply with the rules of the plan.
- We will assess votes on other takeover defences individually, based on how they will affect the company and its stakeholders in the long term.

## 5. Shareholders rights

Shareholders should be protected. We will vote for proposals that defend the rights of shareholders.

- We will vote against proposals to limit the jurisdictions where shareholders can file suit against the company.
- We will vote for proposals to adopt confidential proxy voting.
- We will vote against proposals that would set the quorum requirement at less than 25% of voting shares.
- We will vote against proposals to limit or deny shareholders' right to call special meetings.
- We will vote against proposals to shorten the notice period for shareholders' meetings if the period would be less than 15 days.
- We will vote against proposals if the company does not make sufficient information about those proposals readily available to shareholders before the meeting.



- We will vote against proposals that would limit or change shareholders' rights to vote their shares.
- We will vote for proposals to protect shareholders' voting rights.

## 6. Auditor Independence

Auditor independence is vital to shareholders. A company's annual financial statement is usually the only independently verified information shareholders have about the company's performance and financial condition.

From time to time, companies hire their outside auditors to provide them with tax advice or other services. We believe that hiring the outside auditor to perform other work has the potential to compromise the independence of those auditors. We strongly prefer auditors that have not performed other services for a corporation and do not hold contracts to perform services other than the annual audit.

- We will vote for proposals to prevent the outside auditor from doing any work for the company other than work related to the annual audit, unless the company makes a compelling case that the number of accounting firms it can work with is too limited for this to be feasible.
- We will vote against auditors if more than one-third of the fees paid to the auditors in the previous year were for services other than the annual audit.
- We will vote against auditors if the company does not disclose the fees it paid its auditor for the annual audit, audit-related services, and non-audit services in the previous year.
- We will vote for proposals to require companies to disclose the fees paid its auditor for the audit and for non-audit services.
- We will vote against proposals to indemnify external auditors or release them from liability

## 7. Corporate Social Responsibility

Environmental and social concerns were once seen as superfluous to business at best, and often as impediments to maximizing corporate profitability. But the investment community now recognizes that environmental and social issues have financial consequences and are part of the value of a company.



- In general, we will vote for shareholder proposals that call on companies to adhere to principles established in these international standards.
- The UN Universal Declaration of Human Rights (<http://www.un.org/Overview/rights.html>)
- The International Labour Organization's Fundamental Principles and Rights at Work (<http://www.ilo.org/public/english/standards/index.htm>)
- The International Labour Organization's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy ([http://www.ilo.org/empent/Publications/WCMS\\_094386/lang--en/index.htm](http://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm))
- The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (<http://www.oecd.org/corporate/mne/>)
- The UN Declaration on the Rights of Indigenous Peoples ([http://www.un.org/esa/socdev/unpfii/documents/DRIPS\\_en.pdf](http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf))
- The International Finance Corporation Performance Standards on Environmental and Social Sustainability [http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/publications/publications\\_handbook\\_pps](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_handbook_pps)
- The UN Global Compact (<http://www.unglobalcompact.org/>)
- The Global Reporting Initiative Standards (<https://www.globalreporting.org/standards>)
- UN Guiding Principles on Business and Human Rights (<http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf>)
- The Voluntary Principles on Security and Human Rights (<http://www.voluntaryprinciples.org>)
- The Equator Principles (<http://www.equator-principles.com/>)
- We will vote for proposals to provide shareholders with sustainability reports.
- We will vote for proposals for companies to issue integrated sustainability and financial reports, as long as the integrated reports can be understood and provide as much information as separate sustainability and financial reports would provide.



- We will vote for proposals that ask companies to report to shareholders using the Global Reporting Initiative Guidelines.