



EFFECTIVE: JANUARY 1, 2025

PROXY VOTING GUIDELINE

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1. INTRODUCTION AND PURPOSE

The purpose of the Proxy Voting Guideline (the “Guideline”) is to outline the underlying corporate governance principles to which we subscribe and provide a general indication of how IMCO will vote on proxy issues. The Guideline is prepared to support IMCO’s Sustainable Investing Policy and considers best practice guidance issued by various organizations, most notably the following:

- United Nations-backed Principles for Responsible Investment (“PRI”)
- Canadian Coalition for Good Governance (“CCGG”)
- Pension Investment Association of Canada (“PIAC”)

IMCO recognizes that sustainability-related factors can directly impact a company’s financial performance. We believe companies that effectively manage Environmental, Social and Governance (“ESG”) risks and opportunities—such as climate change, biodiversity, human rights, and human capital—are better positioned to create long-term value. Consistent with our fiduciary duty and focus on long-term value creation, IMCO considers ESG factors in investment processes and actively promotes the adoption of sound governance practices at companies in which we invest. Proxy voting enables shareholders to express their views on a variety of issues and is a key element in our approach to sustainable investing.

IMCO respects the capabilities of company directors and management and does not seek to interfere in day-to-day management functions, undermine board authority, duplicate existing initiatives, or threaten long-term shareholder value.

We acknowledge that corporate governance practices may vary across jurisdictions due to legal, regulatory, and cultural differences. While this Guideline applies globally, we encourage companies to align with relevant governance frameworks.

2. SCOPE

This Guideline is intended to provide guidance as to how proxy votes will be cast on various types of management and shareholder proposals. This Guideline serves as a guide only, as circumstances may vary beyond what is described herein. As such, issues will be examined on a case-by-case basis with consideration of all factors involved. This Guideline is not intended to provide an exhaustive list of every proxy issue. New issues can and will arise, and these new issues will be examined and voted on in accordance with IMCO’s Sustainable Investing principles.

The Guideline is generally intended to apply to publicly listed companies. Privately held companies differ from public companies in terms of protective measures available to shareholders and other governance features.

3. PROXY VOTING GUIDELINE

3.1. BOARD OF DIRECTORS

IMCO believes that the board of directors should act in the best interest of the corporation. Directors should consider the interests of shareholders as well as the interests of relevant stakeholders. To effectively perform these critical functions, a board should be independent, have directors with diverse backgrounds, and have directors with relevant skills and experience.

A. Independence

An independent director is generally, except in very limited circumstances, a director who is free from any material interest or relationship that could otherwise deter their ability to act in the best interests of the corporation and its shareholders. In assessing the independence of directors, we will look at each nominee’s current and former relationships with the company, its associated entities, other board members, and senior management or controlling shareholders. We believe that:

- Board tenure could potentially compromise the independence and objectivity of board members. In regions where there are no individual tenure thresholds and where IMCO concludes that tenure has had a negative impact on board effectiveness, we would consider the director to be non-independent.
- Board independence may also be impeded through interlocking directorships, where CEOs sit on each other’s boards. We do not believe such interlocking directorships are appropriate.

We recognize that certain markets in Europe require companies to have employee or labour representatives on the board. For these companies, IMCO expects the majority of the board members elected by shareholders to be independent.

For equity-controlled companies, we view it as reasonable for a controlling shareholder to have representation on the board proportionate to its economic interest.

IMCO will generally vote against or withhold from all non-independent nominees (except the CEO) if the board is less than majority independent in non-controlled companies. IMCO will generally vote against or withhold from all non-independent members serving on key board committees, including the Audit Committee, Nominating and Governance Committee, and the Compensation Committee.

B. Separation of Board and Management

The board Chair's principal duty to oversee management may be compromised when they are connected to or are part of the management team.

IMCO will generally vote for proposals to appoint an independent director as a lead director in cases where separation does not currently exist. IMCO will generally vote against or withhold on proposals that combine the role of Chair and CEO.

Where the Chair and CEO roles are combined, IMCO will generally vote against or withhold from the Chair or members of the Nominating Committee if a lead independent director has not been appointed. If the Chair of the Nominating Committee is not up for election, IMCO will generally vote withhold from all incumbent members of the Nominating Committee.

C. Effectiveness and Accountability

Boards should be of a reasonable size, reflecting the size and complexity of the business, to be effective and provide diversity of thought.

Directors must be diligent in devoting sufficient time and energy to attend to their duties and other commitments. When directors serve on an excessive number of boards, they are considered over-boarded and may not be fulfilling all duties.

Directors, individually and as a board, should possess the relevant skills, capacity, as well as diversity of experience and background to successfully guide the company. Boards require many different skills sets to effectively perform their oversight duties, including expertise in the company's industry, financial statements and accounting, risk management, legal and compliance, climate change and other sustainability issues.

We will consider the appropriateness of the number of directors, their experience and knowledge and their effectiveness when deciding whether to vote for boards of directors.

IMCO will generally vote against or withhold from individual directors who:

- Attend less than 75% of the board and committee meetings without a valid reason;
- Serve on more than five public company boards; or
- Are executive directors who serve on more than two public company boards besides their own company.

IMCO will generally vote against or withhold from the Chair and/or members of a key committee or another relevant board director where we determine that the company does not properly address material environmental and/or social controversies.

IMCO will generally vote for shareholder proposals seeking disclosure of information setting out the skill competencies of company boards.

D. Majority Vote

IMCO will generally vote for resolutions requesting the board to adopt a majority voting policy for director elections or to amend the company bylaws to provide for majority voting, whereby each nominee is elected by an affirmative vote of at least a majority of shareholder votes cast in an uncontested election. IMCO will generally vote against or withhold from the Chair of the Nominating and Governance Committee where there is no majority vote standard or there is no director resignation policy requiring nominees who do not receive support of a majority of the votes cast to resign. In situations where cumulative voting is in place, we will generally allocate votes in a manner that we believe is in the best interests of shareholders.

E. Slate Voting

IMCO believes that shareholders should have the opportunity to assess and vote on the qualification and performance of each individual director, rather than being presented with a vote on a “slate” of directors. Slate voting can serve to insulate directors with unsatisfactory records from being held accountable to shareholders.

IMCO will generally vote against the election or re-election of any directors if the board is presented as a slate.

F. Staggered or Classified Boards

IMCO believes that a staggered or classified board unduly protects it from shareholders, thus diminishing the board’s accountability to shareholders.

IMCO will generally vote for proposals to eliminate staggered or classified boards and institute annual elections of all directors. IMCO will generally vote against proposals to classify or stagger the board.

G. Diversity, Equity and Inclusion (“DEI”)

IMCO believes that diversity contributes to long-term sustainable performance. Having diverse boards can foster an environment that supports a range of perspectives and competencies, which can ultimately lead to better decision-making. IMCO will consider diversity more broadly, with regard to the Responsible Investing Association’s Canadian Investor Statement on Diversity and Inclusion and the most up-to-date Statement of Intent by the Canadian chapter of the 30% Club.

We also encourage companies, where permitted under legal and regulatory requirements, to be transparent and disclose information about the composition of their board and senior management team, as well as their policies, strategies, targets and processes aimed at advancing DEI across the organization. We encourage companies to adopt policies and targets, including but not limited to a minimum of 30% of the board to be represented by women, that address the representation of underrepresented groups on their board and to make diversity an important consideration when they recruit new board members.

IMCO will generally vote against or withhold from the Chair and/or members of the Nominating Committee (or Chair of the board, in the absence of such a committee) when women represent less than 30% of the board. We will consider mitigating factors such as a policy with targets and timelines, where practical. Depending on other factors such as the size of the company and the overall governance profile of the company, we may decline to make recommendations on this basis.

IMCO will generally vote for shareholder proposals requesting that a company conduct an independent racial equity and/or civil rights audit, considering company disclosures, policies, actions, and engagements.

H. Contested Elections / Proxy Contests

For contested director elections, we will consider factors such as long-term financial performance of the target company relative to its industry, management’s track record, background to the proxy contest, nominee qualifications and compensatory arrangements, the strategic plan of the dissident’s slate and quality and critique against management, board performance and responsiveness to shareholder concerns, and the likelihood that the proposed goals and objectives can be achieved by both slates to determine which directors are best suited to add value for shareholders.

IMCO will review dissident shareholder proposals on a case-by-case basis with a view to effecting positive change or maximizing shareholder value.

I. Auditor Independence

IMCO believes that a company’s external auditor must be free from conflicts of interest. Accordingly, when we assess the independence of the auditor, we will consider the non-audit fees versus audit-related fees paid and length of the auditor’s tenure, which could potentially impact independence. We believe that personal ties developed over time between auditors and management can potentially compromise an auditor’s independence. IMCO will generally vote against the ratification of auditors if:

- The audit firm’s tenure exceeds 20 years in instances where the lead audit partner has not been rotated periodically or if the tenure is not disclosed;
- Fees for non-audit services exceed 100% of standard audit-related fees or stricter limit set in local best practice recommendations or law;
- The lead audit partner(s) has/have previously served the company in an executive capacity or can otherwise be considered affiliated with the company.

3.2. EXECUTIVE AND DIRECTOR COMPENSATION

Establishing a sound executive compensation program that both attracts and retains executive talent and delivers outcomes aligned with long-term shareholder interests is one of the critical responsibilities of the board. When determining executive compensation programs, we expect the board to establish a compensation philosophy and peer group, review current executive compensation against market practices, assess the impact on the business prior to making final approvals, and finally report the process and results to its shareholders.

A. Advisory Vote on Executive Compensation (Say-on-Pay)

Say-on-Pay proposals submitted annually provide shareholders with transparency relating to setting executive pay, the link between pay and performance, and improve accountability to shareholders. Although the say-on-pay vote may be a non-binding advisory vote in some markets, we believe that it provides a formal opportunity for shareholders to express their views on the board's approach to executive compensation.

IMCO will consider the company's industry, size, financial condition, historical pay practices, compensation philosophy and disclosure. IMCO will generally vote for shareholder proposals requesting an annual advisory vote on executive compensation and vote against management say-on-pay proposals if the following problematic pay practices are identified (the list is not exhaustive):

- Misalignment between CEO pay and long-term company performance;
- The board has remained unresponsive to shareholder opposition and concerns raised at the previous say-on-pay vote, particularly for management say-on-pay proposals that received less than 70% shareholder support at the previous meeting;
- Rationale for determining compensation (e.g., why certain elements and pay targets are used, how they are used in relation to the company's business strategy, and specific incentive plan goals, especially retrospective goals) and linkage of compensation to long-term performance has not been explained;
- The company has not provided timely, accurate, and clear information about compensation practices;
- Compensation levels are targeted at higher than median without a reasonable justification;
- Discretionary bonus payments are made when compensation targets are not met;
- Bonuses guaranteed by contract;
- Performance targets are adjusted during the performance period without justification;
- Excessive severance and/or change-in-control provisions; or
- Absence of pay practices that discourage excessive risk taking.

In the absence of a say-on-pay vote on the ballot, IMCO will generally express its dissatisfaction with compensation practices by voting against or withhold from the members of the Compensation Committee. In the event a problematic pay practice is identified and the board fails to respond to concerns raised by a prior say-on-pay vote, then IMCO will generally vote against or withhold from the members of the Compensation Committee or the entire board (if IMCO determines the entire board should be held accountable).

B. Equity-Based Compensation Plans

We support reasonably structured equity compensation plans that are clearly mapped to long-term shareholder value creation. We will assess certain features and practices of the plan, including the cost of the plan and grant practices, in conjunction with the other aspects of total compensation.

IMCO will generally vote against a plan if any of the following negative overriding factors are identified:

- The plan is discretionary or insufficiently limited to non-employee director participation;
- The plan allows the company to make amendments without shareholder approval;
- The plan allows the company to reprice stock options without shareholder approval or the company has repriced stock options in the past three years without shareholder approval;
- The plan is a vehicle for poor pay practices, or a significant pay-for-performance disconnect under certain circumstances; and
- The plan contains features that are not aligned with shareholder interests.

C. Compensation Recoupment or “Clawbacks”

IMCO believes that risk-mitigating pay practices such as compensation recoupment or “clawback” policies encourage executives to take a more comprehensive view of risk when making decisions. They also ensure that executives do not benefit from material misrepresentations resulting in the restatement of financial statements due to wrongdoing.

IMCO will generally vote for proposals requesting that boards adopt a policy to recoup any part of an executive’s incentive compensation in the event of a material restatement of financial statements due to wrongdoing as determined by the board.

D. Executive Share Ownership

IMCO believes that executives should maintain a substantive level of ownership in the company by a certain time after appointment to better align their interests with those of shareholders. IMCO also supports ownership requirements that require executives to maintain their minimum level of ownership for at least one year after departure from the company to support executives making good long-term decisions prior to departure.

IMCO will generally vote for proposals that set substantive share ownership requirements by an appropriate time for executives. IMCO will generally vote for proposals seeking to adopt or amend existing executive share ownership requirements to include a mandatory holding requirement for at least one year post-departure.

E. Contractual Payments and Arrangements

IMCO will generally vote against proposals that go beyond the quantum of contractual payments, including but not limited to the list of problematic arrangements noted below.

- Inappropriate and excessive change-in-control or severance payments;
- Golden parachutes that we deem as excessive on a case-by-case basis, or such arrangements that are triggered by a single-trigger change-in-control provision;
- Guaranteed bonuses;
- Excessive sign-on arrangements;
- Interest free, low-interest or forgivable loans;
- Egregious pension plan payouts; and
- Excessive perks.

F. Director Compensation

We believe that directors must be compensated adequately for the time and energy required to fulfill their responsibilities. However, the compensation structure for directors must be designed in a way that will not compromise the independence of the board. IMCO also believes that directors should maintain a meaningful level of ownership in the company by a certain time after appointment to better align their interests with those of shareholders.

IMCO will generally vote for proposals that include director compensation levels commensurate with their responsibilities as a director, including equity-based awards as a portion of director compensation. However, we do not believe that directors should be incentivized in the same manner as executives. IMCO will generally vote against proposals that include non-executive directors participating in the company’s stock option plan or performance-based incentive plans.

3.3. SHAREHOLDER RIGHTS AND DEFENSES

The proxy system is a fundamental tenet of shareholder rights and is the principle means by which shareholders exercise their voice, regardless of whether a shareholder is a majority or minority shareholder.

A. One Share, One Vote

In general, one vote per share is a basic principle of good corporate governance. Dual-class (or multi-class) share structures (with a class or classes of shares with more than one vote per share) may negatively impact shareholder rights, as they can provide a mechanism for certain shareholders to maintain control of the corporation without holding an equivalent amount of equity.

IMCO will generally vote for proposals to eliminate or unify multiple classes of shares and to ask for the disclosure of voting results broken down by share class. IMCO will generally vote for the creation or extension of multiple share class structures with unequal voting rights.

B. Supermajority Approval

In a public company context, shareholders should have the right to approve matters submitted for their consideration with a simple majority of the shares voted. Companies should not impose supermajority voting requirements. Supermajority vote requirements impede shareholder action on ballot items critical to shareholder interests.

IMCO will generally vote against proposals to require a supermajority shareholder vote in public company context, except if necessary under corporate law.

C. Advance Notice Requirements

Many companies have advance notice requirements that set out time limits for submitting director nominations to the company, and other rules for shareholders who wish to nominate directors. These requirements are acceptable as long as they do not unnecessarily limit shareholders' rights to nominate directors.

IMCO will generally vote for proposals that allow shareholders to submit proposals/nominations as close to the meeting date as reasonably possible and within the broadest window possible, recognizing the need to allow sufficient notice for company, regulatory, and shareholder review.

D. Article / By-law Amendments

IMCO will generally vote for proposals to adopt or amend a company's articles/by-laws unless the resulting document contains any of the following:

- The quorum for a meeting of shareholders is set below two persons holding 25% of the eligible vote (this may be reduced to no less than 10% in the case of a small company that can demonstrate, based on publicly disclosed voting results, that it is unable to achieve a higher quorum and where there is no controlling shareholder);
- The quorum for a meeting of directors is less than 50% of the number of directors;
- The Chair of the board has a casting vote in the event of a deadlock at a meeting of directors;
- An alternate director provision that permits a director to appoint another person to serve as an alternate director to attend board or committee meetings in place of the duly elected director;
- An advance notice requirement that includes one or more provisions which could have a negative impact on shareholders' interests and which are deemed outside the purview of the stated purpose of the requirement;
- An exclusive forum provision without compelling rationale and without evidence of past harm due to shareholder legal proceedings outside of the jurisdiction of incorporation;
- Authority is granted to the board with regard to altering future capital authorizations or alteration of the capital structure without further shareholder approval; or
- Any other provisions that may adversely impact shareholders' rights or diminish independent effective board oversight.

E. Shareholder Rights Plans

Shareholder Rights Plans (also known as "Poison Pills") and other takeover protection measures are generally used to ensure that boards of a company subject to a takeover bid have additional time to maximize shareholder value by developing an alternative transaction or soliciting a competing takeover bid.

IMCO will generally vote for proposals that strengthen the capacity of a board and management to respond to takeover offers in a manner that enhances long-term shareholder value. However, we will vote against proposals to implement lock-up arrangements, crown jewel defenses, and to pay greenmail and excessive break-up fees or other measures that reduce shareholder value. IMCO will generally vote against or withhold from director nominees seeking re-election if they have implemented anti-takeover measures that are not in the best interests of shareholders.

F. Reincorporation

IMCO will generally vote for reincorporation proposals if there are sound financial or business reasons for the move. IMCO will generally vote against reincorporation proposals that are part of an anti-takeover defense and/or aim to take advantage of more relaxed local corporate governance, environmental and social standards or would weaken shareholder rights and interests.

3.4. CAPITAL / RESTRUCTURING

A. Mergers and Acquisitions

Proposed mergers, acquisitions and corporate restructurings should be structured to maximize shareholder value without compromising the rights of shareholders.

IMCO will assess and vote on merger and acquisition proposals on a case-by-case basis based on features such as: (i) appropriate valuation assessments with emphasis on commensurate offer premium; (ii) strategic rationale; (iii) negotiating process; (iv) changes in corporate governance; (v) conflicts of interest; (vi) impact on shareholder value; and (vii) shareholders' rights.

B. Authorized Shares

Access to sufficient amounts of share capital is critical for a publicly traded company as it allows for quick decision-making and effective operations. IMCO believes that shareholders should have the opportunity to approve the issuance of common shares as well as the rights and attributes attached to preferred shares prior to their issuance.

IMCO will generally vote for proposals to increase authorized shares provided the amount requested is reasonable and there are sound business reasons. IMCO will generally vote against proposals to create blank cheque preferred shares unless the company has stated in writing and publicly disclosed that the shares will not be used for anti-takeover purposes.

3.5. CLIMATE CHANGE

Climate change presents significant physical, regulatory, and liability risks for investors while climate change preparedness can also be a source of competitive advantage for companies. As a long-term investor, we recognize climate change as a systemic risk that requires companies to adopt mitigation and/or adaptation initiatives to ensure their long-term viability and sustainability of their performance. We expect companies to understand and manage these climate-related risks and opportunities.

IMCO will generally vote for shareholder proposals that require companies to disclose climate-related information in line with the recommendations of the International Sustainability Standards Board ("ISSB") IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures standards. This includes reporting on progress to shareholders periodically, including, where material, reporting on climate governance or oversight, scenario analysis, metrics and targets. While policies and disclosures are important, we ask that companies also explain why they have identified these material environmental and social factors, how they manage them and their performance and targets to improve them.

IMCO will generally vote for shareholder proposals that require the significant Greenhouse Gas ("GHG") emitters in our portfolio to:

- Commit to science-based initiatives and/or targets aligned with the goals of the Paris Agreement; and
- Disclose forward-looking climate transition action plans that rely on science-based GHG emission reduction targets for their scope 1, 2 and 3 emissions, as well as how the board monitors the company's annual progress towards meeting its short-, medium- and long-term targets.

IMCO will generally vote against or abstain from management proposals if a company does not meet our expectations as set out above. Additionally, for companies in a high-emitting sector, we will generally vote against or withhold from the Chair of the relevant committee, its members, or the Chair of the board where a company has been engaged by investors but failed to be responsive by not meeting our expectations as set out above.

3.6. HUMAN RIGHTS

We encourage companies to adopt policies and practices consistent with human rights standards including the Organization for Economic Cooperation and Development ("OECD") Guidelines for multinational enterprises and the UN Guiding Principles on Business and Human Rights.

We will generally vote for proposals requesting, where material, due diligence and disclosure of human rights risks and impacts of operations and supply chains on communities, including the use of forced labour, child labour, public safety and other egregious practices.

3.7. LABOUR ISSUES

Effective management of human capital affects how companies can attract, retain and engage their workforce and mismanagement of these issues can expose companies to regulatory, legal or reputational risks. We encourage companies to publicly disclose efforts and metrics around human capital management practices and expect appropriate board oversight of human-capital related risks.

IMCO will generally vote for shareholder proposals calling for, where material, disclosures of activities and metrics related to DEI, employee health, safety and well-being, and labour and pay practices.

3.8. EMPLOYEE STOCK OPTION PLAN (“ESOP”)

Employee stock option plans serve to align the interests of employees with shareholders. If the share purchase is subsidized by the firm, employees should hold shares for an appropriate period of time.

IMCO will generally vote for proposals seeking ESOPs.

3.9. POLITICAL ACTIVITIES

Where companies are legally allowed to contribute to political parties, companies should publicly disclose the full amounts spent, as well as the nature and intent of any lobbying activities. Relevant policies should ensure board oversight of company political donations and lobbying.

IMCO will generally vote for shareholder proposals calling for disclosure of political contributions and lobbying practices, as well as oversight related to these activities carried out by companies and their professional associations.

4. IMPLEMENTATION AND DISCLOSURE

In applying this Guideline, IMCO reviews company filings, such as the proxy statement or information circular, and uses research reports from an external proxy voting service provider to assist in our voting process. We apply this Guideline on a global basis while also recognizing that practices can differ in different markets. These differences will sometimes influence actual voting decisions.

Exercising our proxy vote, in accordance with this Guideline, acknowledges both our rights as shareholders and our responsibilities to our clients and we will use best efforts in exercising this right. However, we recognize that certain markets may have additional administrative hurdles that could preclude us from being able to vote. Securities on loan may need to be recalled for proxy voting purposes, in which case loaned securities will be recalled on a best-efforts basis.

IMCO is transparent about our proxy voting activity and makes proxy voting records available on our website. We may communicate to companies to explain votes against management and abstentions when considered appropriate.