GLC Asset Management Group Ltd.

Proxy Voting Guidelines

December 1, 2018

Introduction

Scope of the Guidelines

This document presents GLC Asset Management Group Ltd.'s (“GLC”) Proxy Voting Guidelines, herein referred to as the ‘guidelines’. The guidelines provide direction on the exercise of voting rights in equity portfolios under its management. The Chief Compliance Officer is ultimately responsible for the annual review of these guidelines.

Objective

GLC will generally support resolutions that, in its judgment, sustainably maximize shareholder value. It should be noted that as a UN PRI signatory, GLC will exercise its voting rights such that it seeks to improve the governance and sustainability of the business activities of companies held within its portfolios. GLC is committed to being active, engaged shareholders; as such, GLC will leverage voting rights as an extension and complementary tool to its overall engagement activities.

These guidelines are subject to change as needs and issues evolve. GLC recognizes each situation is unique and the guidelines are not intended to be a set of rigid rules; application of professional judgment is vital to the proxy voting process. These guidelines can be overridden by specific request by the client. GLC uses a third-party proxy voting service, Institutional Investor Services (ISS). ISS provides vote research and recommendations. GLC’s general policy is to follow ISS vote recommendations. GLC’s guidelines provided within this document supplement ISS’s voting guidelines.

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Environmental and Social Responsibility

ESG Voting Overview

As a UN PRI signatory, GLC is committed to the six guiding principles and believe that proxy voting is a valuable tool in propagating a focus on ESG factors and their importance in investment decisions. GLC recognizes the impact these factors have on investment performance and believe appropriate management of the related risks position firms positively compared to peers. As a result, GLC will generally vote for proposals that enhance sustainability, and by extension, the profitably, of companies while considering their relation to international standards like the UN Sustainable Development Goals, Coalition for Environmentally Responsible Economies and the Global Reporting Initiative Standards.

Guideline: **Vote FOR proposals seeking increased disclosure of ESG information – to better communicate company risks.**

Guideline: **Vote FOR proposals seeking the adoption of policies on ESG factors which are likely to improve performance or mitigate risks.**

Guideline: **Vote FOR proposals seeking the adoption of globally recognized sustainability-related codes of conduct or initiatives, with the goal of standardizing reporting to improve comparability and utility of the information provided.**

Guideline: **Vote AGAINST dissident shareholder ESG-related proposals unless they are beneficial to a majority of shareholders.**

Criteria evaluated for ESG Voting

- GLC will consider whether proposals seeking increased disclosure would reveal proprietary or confidential information that could undermine a firm's competitive position.
- GLC will consider the company's approach compared with industry best practices for the issue being raised.
- GLC will consider, if a proposal seeks increased disclosure, whether sufficient information is already disclosed by the company and/or available through public sources.
- GLC will consider whether the company has already responded to the issue, and whether the response sufficiently addressed the situation.
- GLC will review the proposal considering whether the outcome would be overly burdensome (in scope, timeframe or cost) or would create an excessively rigid framework that could hinder the firm's performance.
- GLC will consider whether legislation or government regulation would be more effective in handling the presented issue.

GLC's singular focus has been to provide its clients with strong, long-term investment performance to meet their investment goals. GLC believes engagement on governance, environment and social matters benefits all parties involved.

Source: GLC Asset Management Group Ltd.

Good Governance

Board of Directors Overview

When evaluating ballots concerned with the Board of Directors, four standards are considered: Accountability, Responsiveness, Independence and Composition.

The primary concern of boards is oversight of management; independence is therefore essential to effective boards. GLC will consider the best practices found in National Policy 58-201 – Corporate Governance Guideline. Boards should be responsive to shareholder direction, including considering the position of a majority of minority shareholders. Boards should be comprised of members who have value additive expertise while maintaining diversity and independence. Performance should be relevant to any discussion of the board, holding directors accountable through annual elections.

Guideline: **Vote FOR proposals designed to create or maintain a majority of independent directors.**

Guideline: **Vote FOR proposals designed to ensure the audit, nominating and compensation committees are comprised of only independent directors.**

Guideline: **Vote AGAINST any proposals seeking a full slate election of directors.**
GLC will support individual director election proposals considering:

- Director attendance – the standard is to attend at minimum 75% of meetings
- “Overboarding” of individual directors
- Diversity composition of the board
- Shareholder majority votes
- Performance of individual directors and/or any committees
- Overall expertise and skillset of the board

Guideline: **Vote FOR proposals maintaining a reasonable-sized board.**

Guideline: **Vote FOR proposals seeking annual director elections to ensure the board can be held accountable for poor performance.**

Shareholder Rights & Takeover Defences

Shareholders are afforded certain rights; GLC places significant value on these rights and will generally vote against proposals that seek to reduce, remove or otherwise negatively alter these rights.

Guideline: **Vote AGAINST proposals creating a dual-class share structure with differing voting rights unless:**

- The structure is required due to foreign ownership rules
- A sunset clause is included

Guideline: **Vote AGAINST proposals creating “Blank-Cheque” Preferred Shares.**

Guideline: **Vote AGAINST proposals to increase authorized capital unless:**

- Firm’s shares are at risk of being delisted
- Firm is uncertain of continuing as a going-concern

Guideline: **Vote AGAINST proposals seeking to increase supermajority vote requirements.**

Guideline: **Vote AGAINST proposals reducing Advanced Notice requirements for shareholders.**

Occasionally, firms will act defensively to avoid losing majority control to an outside bidder. These defensive tactics are not always in the best economic interests of shareholders. Generally, GLC will vote for proposals that will avoid economic loss to shareholders.

Guideline: **Vote AGAINST proposals looking to "Greenmail", the practice of paying a premium to a potential acquirer to maintain control.**

Guideline: **Vote FOR proposals asking a company to submit its "Poison Pill" plan.**

Guideline: **Vote FOR "Poison Pill" proposals that conform to best practices guidelines and the purpose of the plan is to:**

- Provide time to the board to find an economically viable alternative
- Seek equal treatment of all shareholders

Executive Compensation

GLC believes that shareholders should have a degree of influence over executive compensation and firms should disclose information allowing for accurate comparisons of the complete pay packages received by executives and directors to ensure transparency. When evaluating executive compensation proposals, GLC will generally seek to mitigate the principal-agent problem by voting for proposals that:

- Link performance and compensation with focus on long-term shareholder value
- Avoid excessive pay in the event of inadequate performance and/or dismissal
- Maintain an independent compensation committee
- Clearly and comprehensively disclose compensation figures
- Avoid excessive compensation to non-executive directors that could impair independence

Guideline: **Vote FOR proposals for shareholder ratification of "Golden Parachute" packages.**

Guideline: **Vote CASE-BY-CASE to ratify "Golden Parachute" proposals.**

Guideline: **Vote FOR proposals for shareholder ratification of stock option plans.**

Guideline: **Vote CASE-BY-CASE to ratify stock option plan proposals.**

Guideline: **Vote FOR proposals asking the company to expense stock options.**

Guideline: **Vote FOR proposals seeking improved or additional compensation disclosures.**

Guideline: **Vote FOR proposals with pay packages including share ownership by management and directors.**

Non-Routine Items

Other Business

Periodically, companies may list unspecified 'Other Business' in a proxy agenda prior to the meeting. The lack of disclosure on the item hinders a shareholder's ability to make an informed decision on the matter.

Guideline: **Vote AGAINST all unspecified 'other business' items.**

Non-Routine Matters

Non-routine matters are reviewed on a case-by-case basis and votes are cast in a manner consistent with the best economic interest of the fund that is voting. Contentious issues are reviewed with the Vice-President, Equities for the affected portfolio and the Chief Investment Officer. Legal counsel may also be consulted if deemed necessary. GLC may consider making the decision to refrain from voting, if the circumstances warrant such a reaction.

Shareholder/Stakeholder Proposals

Shareholder proposals are an essential tool for investors to effectively engage a firm. However, there are circumstances where proposals can become burdensome and/or immaterial to the operations of the company.

Guideline: **Vote AGAINST shareholder proposals where the proposal is deemed unnecessary, arbitrary or peripheral to the activities of the company.**

Proxy Administration

Proxy Voting Procedures

GLC currently outsources the proxy vote casting function with a proxy voting service, Institutional Shareholder Services, which also provides research and advice on upcoming meetings.

GLC's Chief Compliance Officer is responsible for proxy administration. Relevant documentation is disseminated to the applicable portfolio management team(s) and votes are logged by an administrator.

After collecting all required responses, the administrator will electronically submit votes pursuant to the portfolio management team's instructions.

Note: Proxy administration for externally managed assets are the responsibility of the external managers.

Record Retention

Portfolio management teams must separately record the rationale behind voting contrary to the established guidelines.

Voting records must be maintained on file and be available for any client to inspect them upon request. GLC will periodically release detailed information regarding its voting record over the previous year.

Compliance Monitoring

GLC reviews compliance with its Proxy Voting Guidelines annually; any material deviation is reported to the Chief Compliance Officer.

Ratification of Audit Committee Directors

NI 52-110 Audit Committees requires the Audit Committee to directly oversee external auditors, and must approve non-audit services. As a result, members of the Committee should be held accountable for issues related to external auditors.

Guideline: **Vote FOR proposals to ratify Audit Committee directors unless:**

- No audit fee information is disclosed in most recent fiscal year
- Non-audit fees are deemed to be excessive
- Persistent audit issues exist, including fraud, accounting errors or weak internal controls
- Director is a former CEO/CFO of the firm over the previous five years

Exceptions would be made considering the nature, extent and duration of the issues while reviewing company efforts to rectify any material issues.

Related to Audit

Ratification of Auditors

NI 52-110 Audit Committees states that “Audit Services” include the services provided by an issuer’s external auditor for the audit and review of financial statements or those services rendered relating to statutory and regulatory filings. Issuers must disclose auditor costs in four categories: Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees. When voting to ratify, independence from management is considered by reviewing the appropriateness of Non-Audit fees.

Guideline: **Vote FOR proposals to ratify auditors unless Non-Audit fees are greater than the sum of audit-related and tax fees. Exceptions for:**

- One-time capital restructuring events where an auditor provides advice
- Absent a restructuring event tax fees for advice, planning or consulting are added to non-audit fees

Appendix

Glossary of Terms

Greenmail – the practice of buying a significant enough position to threaten a takeover, forcing management to pay above market price for its shares to maintain control.

Poison Pill – a tactic used by a company threatened with an unfriendly takeover bid to make itself appear unattractive to the bidder.

Golden Parachute – an agreement between a firm and an executive specifying benefits, typically significant, received if employment is terminated.

Overboarded – a director serving on too many boards; typically defined as being:

- Non-CEO directors who serve on more than five public company boards
- CEOs serving on two or more public company boards external to their firm

Blank-Cheque Preferred Shares – preferred shares issued where common shareholders have limited authority to determine voting and conversion rights or dividend characteristics.

Sunset Clause – a provision that sets out the date at which a contract is no longer valid.

Source: GLC Asset Management Group Ltd.