



**SEAMARK**  
Asset Management Ltd.

INVESTMENT COUNSEL

# Proxy Voting Rights Policy

Proxy voting rights are valuable assets of voting shares. SEAMARK believes it is in the best interest of clients to ensure these rights are vigorously exercised.

As a professional investment management firm, SEAMARK is well positioned to evaluate the potential long-term impact on shareholder value of any given proxy vote. SEAMARK is also aware of current issues in corporate governance, and is therefore able to evaluate proposed measures in light of industry “best practices”.

SEAMARK therefore seeks to obtain discretionary authority to exercise voting rights on behalf of its clients. SEAMARK will always accede to a client’s wishes, however, in the event a client provides specific instructions on a particular vote.

SEAMARK is a member of the Canadian Coalition of Good Governance. The recommendations of the Coalition are considered when exercising voting rights on behalf of clients.

## **Exercise of voting rights**

SEAMARK’s voting decisions will be based on the best economic interest of its clients.

SEAMARK will vote for proposals that protect or enhance the investment value of a security and against proposals that reduce its investment value, including by unduly increasing its risk level without a corresponding increase in return potential.

SEAMARK believes it to be in the best economic interest of its clients to encourage companies to adopt “best practices” in corporate governance. This includes protecting the rights of minority shareholders, aligning the interests of management and all classes of shareholders, and empowering a strong and independent Board of Directors.

## **Routine Issues**

For routine issues, SEAMARK will generally support management. Examples of routine issues are the appointment of auditors (in the absence of conflicts of interest), reasonable indemnification of directors and officers, stock splits and changes to the corporate charter, such as fiscal year, jurisdiction of incorporation, or capital structure, so long as sound business reasons are given.

## **Non-Routine Issues**

For non-routine issues, SEAMARK will carefully review the unique terms of each proxy vote on its own merits.

## **Favoured Proposals**

While evaluating each vote according to its own merits, SEAMARK will tend to vote in favour of proposals that:

- Provide a representative and effective Board of Directors, including:
  - policies that require directors to resign if they fail to obtain a majority of votes cast during an election or fail to attend Board meetings;

- split the role of Chairperson and CEO with an independent director serving as Chair, except in small companies where it is appropriate to combine these roles or have a related director serve as Chair;
- promote gender and background diversity, especially for well-established businesses;
- limit outside activity of Directors and executives to ensure they have adequate time to devote to the business; under normal circumstances, a maximum of 2 corporate directorships for executives or 4 corporate directorships for retired members will be considered a maximum (excluding not-for-profit organizations); and,
- promote the independence of members of the compensation, audit and nominating committees.
- Promote shareholder-friendly compensation practices for executive and key employees, including:
  - profit sharing and equity compensation plans so long as the share dilution is not excessive; excessive will generally mean a maximum 10% dilution over 5 years for knowledge-intensive businesses where options are provided to a large number of employees, and 5% for traditional businesses where options are concentrated with senior executives; and,
  - providing shareholders with clarity on compensation matters, including non-binding “say-on-pay” provisions.
- Ensure the independence of external auditors and compensation consultants, including ensuring that a majority of their fees are directed by the Board and not by management.
- Require companies to provide corporate social responsibility reports to shareholders where such reports could improve the company’s long-term relationship with the community, except for small companies where the cost to prepare such reports would exceed the potential benefit.

## **Opposed Proposals**

While evaluating each vote according to its own merits, SEAMARK will tend to vote against proposals that:

- Allow for non-routine adjustments to the terms of stock options once granted, including re-pricing or changing the terms of vesting.
- Create staggered Boards where the directors serve terms greater than one year.
- Lock in shareholders’ rights plans for a term greater than one year or create “poison pills” that diminish the potential to realize shareholder value.
- Require more than a two-thirds shareholder vote to approve mergers and other corporate changes.
- Treat some shareholders differently than others, including:
  - dual-class share structures; and,
  - cumulative voting practices, except where required to offset super-majority voting rights.