

# **Stewardship Policy**

**Power Sustainable Investment Management Inc.**

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In this Policy, Power Sustainable Investment Management Inc. (“**PSIM**”) sets out the firms’ view of its stewardship obligations, principles and processes describing how the firm is guiding its sustainable investment and post-investment activities for the Funds and Accounts.

## **1. Definitions**

Board of Directors: the board of directors of PSIM.

CEO: PSIM’s chief executive officer.

CIO: PSIM’s chief investment officer.

COO: PSIM’s chief operating officer.

Engagement: when this term is used in this Policy, means PSIM’s discussions with company management on important ESG matters that could affect their value in order to influence the way in which that company is run and improve its ESG performance and its contribution to society.

Environmental: when this term is used in this Policy, means issues impacting the natural environment, including but not limited to climate change, greenhouse gas emissions, resource depletion and water scarcity, waste and pollution, biodiversity, and deforestation.

ESG: environmental, social and governance.

Governance: when this term is used in this Policy, means issues regarding how companies are ‘governed’ including but not limited to sound management structures, employee relations, remuneration of staff, tax compliance. board composition and skills, board diversity and structure, tax, accounting, and audit practices

Policy: means the Stewardship Policy.

Responsible Investment: is defined as an approach to investing that incorporates ESG factors into investment decisions, to better manage risk and generate sustainable, long-term returns.

Social: when this term is used in this Policy, means issues affecting employees, customers, suppliers, or society at large including but not limited to human rights, bribery and corruption, human capital management, diversity and inclusion, workplace health and safety, managing operations in conflict zones and community relations.

Stewardship: when this term is used in this Policy, refers to the processes and activities performed to monitor ESG practices and to influence current or potential investees/issuers, policymakers, service providers and other stakeholders to maximize overall long-term value.

Sustainable Development Goals or SDGs: The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.

## 2. Scope

This Policy applies to all investment activities by the investment funds (“**Funds**”) and separately managed accounts advised by PSIM (collectively the “**Accounts**”). This Policy is designed to be responsive to the wide range of subjects that can have a significant effect on the investment value of the securities held in the Accounts.

## 3. Governance

Stewardship activities are undertaken by PSIM and PSIM's Principals in Shanghai (the investment team) who provide support and guidance for sustainability-related topics. Engagement activities are conducted under the leadership of the CIO, who is responsible for the Policy implementation and compliance.

## 4. Principles

PSIM believes that stewardship aims at preserving or enhancing value on behalf of clients by promoting a deeper understanding of companies and the drivers of long-term value creation. By engaging with management, we can get a better sense of the quality of that management team, their understanding of material sustainability risks and opportunities affecting their company, and their roles and impact on society and the environment. We believe this will help PSIM mitigate risks, improve financial performance, and create positive environmental and social impact.

Stewardship helps to promote high standards of corporate governance which contributes to sustainable value creation. This also includes the consideration of wider ethical, environmental, and social factors and the consideration of relevant systemic risks.

PSIM believes stewardship practices will help us fulfill our fiduciary duty, acting in the best long-term interests of the Funds and Accounts.

PSIM believes that publicly disclosing its stewardship policies and reporting to clients on how it has been implemented, allows us to be fully accountable for the effective delivery of our duties.

## 5. Stewardship Policy

### 5.1. Sustainability in Investment process

Sustainability is taken into consideration throughout the entire investment process, using an internal proprietary ESG scoring methodology (“**ESG Scorecard**”). For more information on processes and PSIM's approach to investing that incorporates ESG factors into investment decisions, to better manage risk and generate sustainable, long-term returns, please refer to PSIM's Responsible Investment Policy (<https://www.waystone.com/funds/power-sustainable-opportunity-funds-icav/>) (the “**Responsible Investment Policy**”).

### 5.2. Monitoring of investee companies

PSIM will regularly monitor companies held in investment portfolios with the objective to identify

financial and ESG issues that can affect the long-term performance and sustainable success of a company. When an ESG issue is identified, the analyst will assess the level of severity and review the score accordingly. Should the level be severe, it will be escalated to the Head of research and may trigger an investment decision review. Changes in the ESG score (as determined by proprietary ESG Scorecard) can also trigger investment decision review.

Certain events will trigger a divestment, including but not limited to:

- Evidence that a company has breached its code of conduct
- Discrimination against minority shareholders
- Expansion into industries or activities that are excluded by PSIM
- ESG score falls below certain thresholds set by research team

### **5.3. Voting Stances**

PSIM will exercise its voting rights and make informed and independent voting decisions that support the protection and enhancement of the long-term value of investments for the Funds and Accounts.

PSIM will vote the securities of companies for which it has proxy voting authority in accordance with its fiduciary duty to act in the best interests of its clients and in a manner most consistent with the long-term economic interest of investors.

This section presents PSIM voting stances. These are designed to be responsive to the wide range of subjects that can have a significant effect on the investment value of the securities held in the Funds and Accounts.

#### 5.3.1. Voting Execution

PSIM has the authority to vote proxies under the management agreements for the Funds and Accounts.

Separately managed account clients advised by PSIM may, at their discretion, retain proxy voting authority relative to the securities held in their portfolio(s).

PSIM shall not delegate proxy voting decision-making to third parties, except this may be delegated by PSIM to sub-advisors acting on behalf of the Account and / or Fund ("**Sub-Advisors**").

Sub-Advisors to the Accounts (if any are appointed) shall have the authority to make all voting decisions concerning the securities held in the Accounts they sub-advise on a fully discretionary basis in accordance with the applicable sub-advisory agreement. Sub-Advisors should have in place their own proxy voting policies and guidelines as part of their own investment management processes. PSIM will obtain and retain copies of such policies. PSIM will also obtain, at least annually, a record of the voting activities of Sub-Advisors with respect to any sub-advised Accounts.

#### 5.3.2. Voting Practices

PSIM shall take reasonable steps to vote all proxies received.

PSIM will give due consideration to the investment objective and policy of any Fund or Account prior to exercising the voting rights associated with proxies or any other participation in a corporate event. Once a decision to vote or to participate in a corporate event has been made by PSIM, PSIM shall monitor the event through to completion of the relevant action.

PSIM may refrain from voting where administrative or other procedures result in the costs of voting outweighing the benefits, including circumstances where:

- Voting securities are part of a securities lending program and PSIM is unable to vote securities that are out on loan
- A meeting notice is delivered close to the meeting date and PSIM has insufficient time to process the vote
- Voting securities have been blocked from trading in order to be tendered for voting purposes and PSIM believes that preserving the ability to trade the security is in the best interest of the Accounts

PSIM may abstain or otherwise withhold his or her vote if, in PSIM's opinion, such abstention or withholding is in the best interests of the Accounts.

PSIM shall not be restricted from trading in a security due to an upcoming shareholder meeting.

#### 5.3.3. Disclosing Proxy Voting Information

In accordance with PSIM's code of conduct and related policies, employees of PSIM shall not respond to third-party requests for information or otherwise comment on how PSIM has or will vote individual proxies. Any third-party requests for information shall be referred to the CEO.

#### 5.3.4. Voting Guidelines

Below is a statement of principles that generally describe how PSIM, as investment advisor, may vote on some commonly raised or potentially contentious issues.

##### **Boards of directors**

PSIM generally votes in favor of recommendations that support:

- A majority of directors being independent from management
- Boards having an audit committee, nominating committee and compensation committee composed of directors who are independent from management
- All directors having the same term of office rather than staggered terms
- The election of directors individually rather than as a slate

PSIM will generally vote for the election of a director nominated by management unless:

- past performance of the nominee shows clear concerns, including repeated absence at board meetings, criminal behaviour, or breach of fiduciary responsibilities
- the board fails to show significant alignment with shareholder value creation
- a more suitable director nominated by shareholders is available for election
- the board repeatedly shows unwillingness to implement good governance standards, such as persistently unacceptable compensation practices
- the nominee adds to a sub-standard composition compared to local best practices in terms of tenure, diversity, skills, and external commitments

- the board fails to incorporate basic considerations for gender diversity. Boards should comply with best practices or legal requirements where these exist

PSIM will generally vote for the election of a director nominated by shareholders unless:

- past performance of the nominee shows clear concerns
- a more suitable director nominated by management is available for election

In cases where too little information is disclosed, PSIM will abstain from voting.

However, notwithstanding the foregoing list, PSIM will generally vote consistent with recognizing that where a shareholder controls at least 50% of the votes entitled to be cast on the election of the board, such controlling shareholder may have a legitimate interest in being actively involved in the board of the company, including through the membership of directors that are not independent of the controlling shareholder on board committees.

PSIM will vote for board directors nominated to an audit committee unless:

- the director lacks accounting knowledge or auditing experience, and the committee does not have at least one member with such relevant skills
- there is concern about the quality of the audit, and the level and/or timing of the verification of the audited accounts

PSIM will vote for a fixed board size, unless it allows for an excessive number of members.

PSIM will vote for declassification of the board.

PSIM will vote for discharge of board and management unless:

- there are clear concerns about performance of board and management in the period under review
- other shareholders take legal action against the board

PSIM will vote against indemnification of executive directors or auditors in cases where actions are brought against them.

## **Remuneration**

PSIM believes that company management and the compensation committee of the board of directors should, within reason, be given latitude to determine the types and mix of compensation and benefit awards offered. Pay practices should be designed to attract, retain, and appropriately motivate personnel to drive value creation over the long-term, rewarding performance that meets or exceeds financial and non-financial objectives aligned with the company's strategy, within an acceptable risk framework. All forms of executive compensation are reviewed on a case-by-case basis. The following are general guidelines:

1. PSIM will assess compensation plans for executives on a case-by-case basis. PSIM generally seeks alignment of management incentives with shareholder interests.
2. PSIM supports the inclusion of material, measurable, and clearly disclosed ESG performance metrics in executive remuneration.
3. PSIM will vote in favor for remuneration policy or its implementation unless:
  - the policy fails to align pay with performance

- the remuneration structure places excessive focus on short term performance
  - disclosure on remuneration practices is insufficient and there are concerns of board accountability
  - remuneration is deemed excessive and bears a significant cost for shareholders.
4. PSIM will vote against the remuneration policy or its implementation if any of the following occur:
- performance targets are changed retrospectively
  - substantial one-off payments are made without performance criteria
  - golden handshakes
  - golden parachutes with single trigger
  - sign-on arrangements and severance packages that exceed market best practice
  - pension arrangements significantly out of step with broader workforce

### **Options (and Share Units)**

#### Repricing:

The repricing of options will generally not be supported.

#### Dilution:

Total option plan potential dilution (together with all other share-based compensation plans of the company) should generally be no more than 10% of the issued and outstanding shares (with any share unit compensation plans providing aggregate potential dilution of no more than 5% of the issued and outstanding shares). Total options (and share units) include shares reserved for previously granted but unexercised options (and unsettled share units) and shares currently available for new option (and new share unit) grants.

#### Director Eligibility:

Options for non-employee directors are acceptable under clearly defined and reasonable terms that permit option compensation commensurate with the duties and liabilities undertaken by the directors. The plan should generally have a specific and objective formula for the award of director options.

#### Vesting Schedule:

Preferably, options will be tied to the achievement of annual corporate objectives. Options should generally not vest immediately when granted, but over a given number of years (3 to 10 years is a preferred duration).

#### Golden Parachutes:

All severance compensation agreements will be reviewed on a case-by-case basis. Golden parachutes deemed excessive will generally not be supported.

#### Director Compensation:

Compensation packages should encourage all directors to become shareholders, or to otherwise align their interests with those of the shareholders. Plans that call for a certain percentage of director's compensation to be in the form of common shares (or share units) will be generally supported. PSIM will generally vote for the proposed compensation of non-executive directors unless:

- the amount of compensation is excessive by country or industry standards



- the proposal includes retirement benefits
- remuneration includes inappropriate incentives which might compromise their independence

### **Capital Management**

PSIM will vote for the proposed allocation of income, unless:

- the payout is not reflective of the company's financial position
- there is a concern that the return policy is not in the interest of shareholders
- the company has a history of poor capital management

PSIM will assess proposals to approve debt issuance secured with company's assets, as well as proposals to increase debt or borrowing powers on case-by-case basis. PSIM will vote for debt issuance proposals, unless:

- the issuance is excessive given the company's financial position
- the issuance bears superior rights to common shares when converted

PSIM will vote for general issuance requests, unless:

- issuance exceeds 100% of currently issued capital
- issuance lacks a sufficient degree of pre-emptive rights
- Issuance exceeds market best practice guidelines without proper justification

PSIM will vote against issuance request of preferred stock with superior rights to common shares.

PSIM will vote for share repurchase and re-issuance plans, unless:

- the plan contains no safeguard against selective buybacks or re-issuance
- there are concerns of abuse of repurchase and (selective) re-issuance plans
- transactions are carried out under unfavorable conditions for shareholders

PSIM will vote for reduction of capital requests unless terms are unfavorable to shareholders.

### **Mergers and Acquisitions**

PSIM will vote for mergers and acquisitions unless:

- not enough information is available and/or provided to make an informed decision
- voting rights, earnings distribution or any other shareholder rights are altered disproportionately
- the structure following the merger or acquisition does not display good governance
- the merger appears not to be in the best interest of shareholders

PSIM will assess proposals for reorganization and/or restructuring on a case-by-case basis.

### **Shareholder Rights Plans**

PSIM will evaluate takeover protection proposals, policies and plans on a case-by-case basis. Takeover protection proposals must be designed to protect the company from detrimental

takeovers, rather than protecting the interests of the board of directors and management. PSIM will generally support shareholder rights plans with the following features:

- The plan is designed to provide the company's board of directors with sufficient time to undertake a fair and complete shareholder value maximization process and does not merely seek to entrench management or deter a public bidding process for the company's shares.
- The plan allows partial bids to all shareholders with identical consideration, provided that it is preferred to require that the bidder may only take-up tendered shares if at least 50% of the subject shares not held by the bidder and its joint actors are tendered to the bid.
- The plan will require prior shareholder approval of substantive amendments.
- The plan provides that the minimum bid period is no longer than 105 days or such shorter period that is otherwise consistent with market practice in the applicable jurisdiction.
- The plan requires regular shareholder ratification at least every three years.

The plan has a trigger threshold of at least 20% or another percentage that is otherwise consistent with market practice in the applicable jurisdiction.

Additionally, PSIM will assess amendments to the articles of associations or company's charter on a case-by-case basis. PSIM will vote against proposed changes that are not in the best interests of minority shareholders.

PSIM will assess amendment of quorum requirement case by case.

PSIM will vote for proposals to convert to a "one share, one vote" capital structure.

PSIM will vote against a change of disclosure threshold of stock ownership other than 5% (SEC standard).

PSIM will vote for resolutions to change a company's fiscal term, unless the motivation is to withhold shareholders' information or voting power for instance by postponing the AGM.

PSIM will vote against the introduction or renewal of all anti-takeover mechanisms, unless all of the following conditions are met:

- the mechanism is designed to create long term value and continuity for all stakeholders
- the mechanism is not permanent in nature
- the mechanism is not designed to facilitate management entrenchment
- the mechanism doesn't allow for significant dilution or conflicts with shareholder interest
- the company has a track record of good governance practices towards minority shareholders
- a fully independent entity determines or has a veto with regards to the execution of the mechanism
- the company doesn't have any other anti-takeover mechanism in place

PSIM will vote against approval of items proposed by management for which information has not been provided or disclosed to shareholders.

PSIM will vote against bundled resolutions if one or more of the items create(s) significant concern for shareholders.

## **Financial Statements**

PSIM will vote for approval of financial statements, director reports and auditor reports unless:

- there are concerns regarding the reliability of accounts or the procedures have been followed
- the company is unresponsive to shareholders' questions for information
- there are concerns on the company's performance and shareholders do not have the opportunity to express their dissatisfaction through voting against appropriate proposals as they are not included on the agenda.

PSIM will vote for the appointment of (statutory) auditors and associated compensation unless:

- the company is unresponsive to shareholders' requests for information
- the auditor is changed suddenly and without good reason
- Vote against when issues regarding the tenure, fees and independence of the audit are not in line with market best practice

## **Shareholder Proposals**

PSIM will evaluate shareholder proposals on a case-by-case basis. All proposals on financial matters will be given consideration. Generally, proposals that seek to limit the rights of shareholders or that place arbitrary or artificial constraints on the company, its board of directors or management, or that seek to impede on the role of the board of directors, will not be supported.

## **Creditor Voting**

PSIM may, from time to time, be required to participate in voting situations where it is voting as a creditor. The overriding consideration in these situations will be to maximize the recoverability of the claim.

## **Environmental and Social ("ES") Issues**

PSIM will seek to have an approach to proxy voting that is consistent with its Responsible Investment Policy. ES issues concerning a company are inherently important and can also have a material influence on investment risks and a long-term financial impact on shareholder value. Proposals relating to such issues will be considered on a case-by-case basis.

PSIM will generally not support proposals that are unduly burdensome or result in unnecessary and excessive costs to the company as compared to their long-term expected direct and indirect benefits to the company, including in respect of risk management. PSIM will generally vote for proposals that encourage responsible policies and practices, such as fully and timely disclosure of a company's practices and material risks arising from, and assessments of the impact of, ES issues. The ES issues are grouped into themes (e.g. Employee Wellbeing) and into sustainability objectives (e.g. Smart Society). The sustainability objectives (Decarbonization, Smart Society and Quality Growth) are further defined in the Responsible Investment Policy.

## **Decarbonization**

PSIM believes that companies actively positioning themselves to benefit from or reducing the cost of transitioning to a low-carbon economy as well as improving their resiliency to the impacts of

climate change will deliver superior risk-adjusted returns in the long term as further regulation, shifts in consumer preferences and the physical impacts of climate change intensifies.

#### Climate Change Mitigation & Adaptation

PSIM generally supports reasonable shareholder proposals that ask companies to prepare and plan for mitigating and adapting to climate change risks. This includes but is not limited to resolutions requesting:

- Improvements to energy efficiency
- Increases to the use of renewable energy in operations and through the supply chain
- Disclosure of energy consumption and carbon emission data
- Creation of “net-zero” plans with a clear roadmap and science-based targets
- Management of its suppliers’ climate-related issues
- Improvements to product design to minimize carbon footprint through the lifecycle
- Creation of new products accelerating the transition to and/or aligned with a low-carbon economy
- Improvements to the resiliency of company facilities against acute and chronic physical risks

#### **Smart Society**

PSIM believes that an inclusive culture as well as fair and equitable treatment of all employees fosters equity and wellbeing, and ultimately enhances corporate governance, talent attraction, human capital development, productivity, and engagement.

PSIM also believes that innovation can solve many sustainability issues, such as reducing inequality in society, generating decent work, and improving the resiliency and effectiveness of infrastructure.

The above material impacts (both within and outside of the company’s boundaries) are key ingredients for sustainable value creation that eventually trickles into financial performance.

#### Equity

PSIM usually supports reasonable shareholder resolutions that ask companies to transition towards a more inclusive and equitable culture. This includes but is not limited to resolutions requesting:

- Disclosure of diversity, equity, and inclusion (“**DE&I**”) metrics and other related data; including such indicators that help inform on compensation equity
- Creation of DE&I and anti-discrimination policies aligned with best practices
- Increasing gender diversity, and aiming for parity at management and executive levels
- Increasing the representation of local minorities
- Creation of new products enabling the equitable share of essential resources
- Protection of consumer interests

### Employee Wellbeing

PSIM usually supports reasonable shareholder resolutions on employee development and general wellbeing. This includes but is not limited to resolutions requesting:

- Creation of policies and compliance mechanisms aligned with international human rights standards and labor practices
- Disclosure of incident rate metrics and other related safety data
- Improvements to training, upward mobility and other professional development plans and initiatives
- Disclosure of training intensity and other related professional development data

### Innovation

PSIM encourages reasonable shareholder resolutions on capital expenditure (“**capex**”), research and development (“**R&D**”) investment, and new product initiatives that bring significant social benefits.

### Community Impact

PSIM usually supports reasonable shareholder resolutions that ask companies to engage materially with local communities, and to act in as a prudent and responsible corporate citizen. This includes but is not limited to resolutions requesting:

- Disclosure of community projects and philanthropic programs to the benefit of local communities
- Improvements to community projects and philanthropic programs to the benefit of local communities
- Creation of policies and compliance mechanisms for data privacy and security in line with best practice
- Creation of supplier conduct or other similar initiatives to promote corporate responsibility across the value chain
- Improvements to the resiliency of company data infrastructure to low probability but high impact (i.e. “black swan”) events
- Disclosure of company involvement in “harmful” products such as tobacco, weapons, and gambling; anywhere in the supply chain.

### **Quality Growth**

PSIM believes that companies who are strategically positioning their product or service offering to upgrade the consumer’s experience and long-term benefit while also supporting communities and the environment through the more efficient use of resources in a more domestic and distributed way, are setting the foundations for a strong economic moat, which should translate into more sustainable value creation.

### Strategy

PSIM generally supports reasonable shareholder proposals that ask companies to align with macro sustainability trends such as activities and operations aligned with the United

Nations Sustainable Development Goals or the EU taxonomy for sustainable activities, Regulation (EU) 2020/852 (“**EU Taxonomy**”) objectives. New product development with clear improvements to the quality, efficiency, or other similar attributes (including product safety features) that provides a net benefit to the end user over comparable alternatives is also generally supported.

#### Resource Efficiency

PSIM generally supports reasonable shareholder proposals that ask companies to align with a more resource-efficient, local, and circular economy. This includes but is not limited to resolutions requesting:

- Disclosure of resource usage and intensity data
- Reducing the use of virgin material inputs
- Reducing the use of energy
- Reducing the use of water
- Increasing use of local suppliers
- Increasing use of recycled or repurposed material inputs
- Expanding lifespan of products sold
- Improving repairability of products sold
- Collecting at end-of-life, remanufacture

#### Operational Footprint

PSIM generally supports reasonable shareholder proposals that ask companies to reduce their impact on biodiversity and put efforts towards a more regenerative business model by design. This includes but is not limited to resolutions requesting:

- Disclosure of waste generated by type (e.g. hazardous, biological) and by discharge location (e.g. landfill, water)
- Using non-toxic material inputs
- Reducing harmful toxic emissions
- Reducing physical footprint of operations
- Devoting human and financial resources to protect natural habitats (“natural capital”)
- Increasing activities/products with positive impact on natural capital (i.e. regenerative activities)

### **Sustainability Reporting**

Appropriate disclosure of significant ESG risk factors that a business is exposed to is crucial for investors. It provides information on matters that might have a present or future impact on companies’ value drivers, shareholder value creation, and on the society and the environment. PSIM supports sensible shareholder resolutions requesting companies to report on social and environmental policies that are material for their business.

### **Proxy Voting Conflict of Interest Procedures**

#### 5.3.5. Proxy Voting Conflicts of Interest

Circumstances may occur where PSIM has a potential conflict of interest relative to its proxy voting activities. Potential conflicts of interest could include business relationships with an issuer or a proponent of a proxy proposal, or personal or familial relationships with proponents of proxy proposals, participants in proxy contests, corporate directors, or candidates for directorships.

PSIM and all other parties involved in the administration of the Fund and Accounts are required to bring all potential proxy voting conflicts of interest to the attention of the CEO and COO. Should the CEO and COO conclude that a proxy voting conflict exists, the COO shall be responsible for documenting the nature of the proxy voting conflict, the individual subject to the proxy voting conflict and the name of the issuer company.

The COO shall maintain a proxy voting watch list (“**Watch List**”) that records the names of issuer companies that may be in a proxy voting conflict. The COO shall immediately notify the CEO of any meeting circulars and proxies received from an issuer on the Watch List. The CEO and COO shall discuss the voting matter(s) and ensure that the proxy voting decision is based on PSIM’s proxy voting policies and is in the best interests of the Accounts.

All voting decisions made under this section shall be documented and filed by the COO.

#### 5.3.6. Proxy Voting Compliance Reporting

The COO shall report any exceptions to the Policy to the Board of Directors at least quarterly. In addition, reporting on the Policy shall be provided to the Board of Directors at least annually.

#### 5.3.7. Proxy Voting Stance Review

The COO shall coordinate a review of the Policy each calendar year and submit the stances for approval to the PSIM Board of Directors.

### **5.4. Engagement with investee companies**

PSIM will actively engage with companies’ management to support the protection and enhancement of the long-term value of investments for its clients.

Various sustainability topics will be the subject of our dialogue activities for the purpose of risk mitigation and value enhancement as well as to gain a better understanding of material sustainability issues.

In terms of long-term value creation, PSIM seeks out companies playing a role in driving real world sustainability solutions aligned with PSIM’s three (3) sustainability objectives: Decarbonization, Smart Society and Quality Growth (defined in the Responsible Investment Policy).

PSIM’s intent is to offer suggestions to company management or board of directors with a view to promoting the long-term performance and sustainable success of the company in line with PSIM’s sustainability objectives.

Each year, for portfolio holdings, an engagement strategy involving ESG objectives will be determined and used to conduct engagement activities. PSIM will determine objectives based on analysis and identification of main ESG risks and opportunities. PSIM revises the results obtained on a regular basis.

Various methods can be used to engage issues: written, electronic or oral communications, in-person, or electronic meetings.

PSIM will exit the investment in a company where PSIM engagement activities with a company are unsuccessful or does not yield results (“unsatisfactory outcome”).

PSIM shall engage in the following activities where primary engagement activities fail to produce results in line with PSIM’s engagement objectives:

- Speak at a company’s annual or special general meeting
- Make a public statement about the company
- Submit a shareholder resolution
- Submit one or more nominees for election to the company’s board
- Seek improvements at the company through legal remedies

In the future, PSIM will consider undertaking engagement alongside other investors and stakeholders in some instances as appropriate.

## **5.5. Engagement with policymakers**

At the moment, PSIM does not foresee engagement activities with regulators and policymakers to promote sustainable development and the consideration of investor views. However, PSIM observes lots of positive changes on this front and remains open to meeting with officials if invited.

## **6. Conflict of Interest**

Conflicts of interest occur when the interests a client and those of PSIM and/or one of its representatives diverge and will inevitably arise from time to time during stewardship activities. PSIM has put in place a process to identify, assess and address potential or actual conflict of interests. PSIM’s aim is to minimise, control or avoid conflicts them. PSIM’s objective is to take reasonable steps to put its clients’ interests first. Conflicts of interest should be disclosed, along with the remedies to mitigate them pursuant to the processes in place at PSIM to address these events.

## **7. Disclosure/Reporting**

PSIM will make reports on its stewardship activities available to its clients and other stakeholders; any such reports are available upon request.

## **8. Policy Approval**

This Policy is approved by the Board of Directors as of the above mentioned date and is reviewed annually, or more frequently, as required.