

## **Panarchy Stewardship and Proxy Voting Policy Document**

We invest in companies with strategies to explicitly develop all (pan) forms of capital - financial, human, environmental and social - since we believe these companies are better positioned to deliver sustainable growth and returns over the long term.

There is increasing recognition, as evidenced by the ever-growing focus on ESG (environmental, social and governance) factors, that we cannot continue to strip our world's resources, abuse human capital and ignore social contracts. Likewise, we cannot continue to ignore the negative impact of the investment industry's conventional approach to social and human capital by blindly pursuing only financial wealth, shareholder value and economic growth.

We carefully assess the idiosyncratic risks associated with these four forms of capital and require a sincere focus on each by the management teams of the companies we invest in.

As shareholders we actively exercise our proxy voting rights to ensure good stewardship along with active engagement with a company. We believe in full transparency and will release our voting decisions annually to our Panvestors and on a request-by-request basis for other stakeholders.

As long-term investors this is what we look for:

### **Executive Management Team KPIs**

When it comes to executive management teams, we look for ones that are:

- supervised by a credible board
- appropriately incentivized for the long term to deliver on all forms of capital
- and have conducted stakeholder engagement and are held accountable to stakeholders for their actions

We encourage the Board to give executive management teams longer term targets along with longer term incentive schemes and KPIs on all 4 forms of capital. We will also pro-actively engage with companies to ensure that non-financial KPIs are brought into the incentive schemes of C-suite.

We discourage KPIs related to short-term profitability and share-price performance. We will engage with a company to recommend instituting longer term targets.

### **Remuneration**

Aligning executive management pay for long-term value creation and ensuring that financial and non-financial capital are respected is our aim when it comes to remuneration.

We encourage companies to have complete transparency when it comes to remuneration policies and disclosure of pay for Executive Management teams. We encourage companies to approve executive compensation in line with longer-term targets and incentives that are deferred over several years.

We engage with companies who have remuneration policies that are not clear, unfair or do not reflect the financial or non-financial performance of the company. We will discourage the payment of

incentive schemes during periods of financial underperformance or when non-financial metrics are not met or disregarded.

### **The Board & Governance**

The board is responsible for approving the direction of Executive Management teams, ensuring that all stakeholders interests including shareholders are considered by executive management and that there is adequate due care taken with respect to all four forms of capital.

#### **Independence of Board**

We encourage boards to have greater than 40% independent directors.

#### **Diversity of Board**

We encourage boards to have gender diversity with greater than 30% female board members.

#### **Tenure**

The average board tenure should ideally be between 3 and 12 years.

#### **Chairman Independence**

We advocate that the Executive Chairman and CEO roles are separated.

#### **Board Accountability**

When looking at the motivation for Directors to be on a board we look at how many boards they are a member of and the experience they bring to the company. We also encourage all board members to attend the majority of meetings.

### **Dual Class Shares**

In general, we encourage fair voting rights to be given to all shareholders so that founders cannot use preferential voting rights to their advantage. We examine this on a case-by-case basis. We generally discourage multiple share class structures from majority shareholders who wish to exert influence on the company.

## PROXY VOTING

Proxy voting is an important part of Panarchy Partner's stewardship and governance as a long-term shareholder of a company on behalf of our clients. We perform our voting based on our fiduciary duty to our clients ensuring that our Panvestments create a sustainable future for all. We ensure that all our votes are in adherence to our Panvest Philosophy and framework on the four forms of capital. We also vote to ensure that good governance is maintained at the board level and ensure that boards remain accountable on a wide variety of measures such as diversity, transparency, alignment of interests, compensation structures, financial, social, human and environmental metrics, policies and disclosures.

We carefully consider and review our voting for each of our Panvestments.

In general, we look for the following in making the decision on each vote:

### Board Quality

- Independence & Diversity
- Qualifications & Tenure of each board member
- Transparency
- Appropriate remuneration for role

### Executive Compensation

- Full disclosure and transparency of executive compensation policies both long and short-term
- Compensation policies in line with peers
- Preference for long-term compensation policies >3 years with clear performance targets
- KPIs that include non-financial capital for senior management
- Restricted equity compensation that is long-term with holding requirements
- Clawbacks for malfeasance

### Capital Allocation

- Decision-making that ensures a long-term high-return on capital
- Avoids negative externalities for stakeholders

### Environmental Risks

- Adequate Consideration, Reporting and Disclosures that ensure the sustainable health and growth of the company and safe-guard the health of the planet

### Human Capital

- Support policies that support human capital industry specific metrics such as diversity and inclusion, health and wellbeing and safety and treat human capital as an asset rather than expense

### Social Capital

- Maintaining and safe-guarding the company's license to operate and reputation