CIRCA5000

VOTING POLICY 2023

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CIRCA5000

Policy Summary

The CIRCA5000 Voting Policy is designed to support companies that are committed to making a positive impact on people and the planet, while also promoting long-term value creation for our investors.

Through our voting CIRCA5000 looks to advocate for and drive positive change, ensuring that the best interests of all stakeholders are adequately represented. Where we feel that the direction of travel is no longer supportive of these best interests we will use our votes to try to get companies back on the right path.

At times we must recognise that voting alone is insufficient to ensure that we achieve our financial and impact objectives. When necessary and where we feel that we have a reasonable chance of success, CIRCA5000 will endeavour to engage with companies on the above five objectives.

Specifically, the CIRCA5000 Voting Policy aims to:

1) **Promote long-term value creation:** We will support proposals that align with our belief that long-term value creation is best achieved through sustainable business practices. Where we feel that proposals will not lead to long-term value creation, we will use our votes to try to block changes.
2) **Drive positive impact:** As a key part of our investment objective, maximising positive impact has a large influence on how we vote. CIRCA5000 looks to encourage companies to align their strategies to achieve the targets identified by the United Nations Sustainable Development Goals. Through our voting, we will support initiatives that contribute to solutions that benefit people and the planet in a measurable way.
3) **Mitigate negative impact:** Through their very existence, most companies will have a negative environmental footprint and potentially a negative social impact. How they identify and take steps to mitigate these negative impacts is critical to ensuring sustainable business models. Through our voting, CIRCA5000 looks to hold companies accountable for their negative impacts.
4) **Support effective governance practices:** CIRCA5000 will vote to create a strong and aligned corporate governance structure. Ensuring diversity of thought, robust controls and KPI-led incentive structures is critical.
5) **Improve reporting:** Adequate reporting by companies is fundamental to determining both expected impact and financial returns going forward. Clarity of thought also underpins effective strategic decision making and mission alignment. The quality of reporting produced by companies is therefore a core focus of our stewardship activities and CIRCA5000 will vote to ensure that companies are measuring and reporting impacts effectively.

Election of Directors

Board of Directors

Boards are established in order to represent shareholders and protect their interests. CIRCA5000 seeks boards that have a record for protecting shareholders and delivering value over the medium- and long-term. For boards that wish to protect and enhance the interests of shareholders they must have sufficient levels of independence (the percentage varies by local market practice and regulations), boast a record of positive performance, have directors with diverse backgrounds, and appoint new directors that have a depth of relevant experience.

Board of Directors

CIRCA5000 examines a variety of elements to the board when voting on director elections. In terms of the directors, CIRCA5000 looks at each individual on the board and explores their relationship with the company, the company's executives and with other board members. This is to ensure and determine whether a director has an existing relationship with the company that is likely to impact any decision processes of that board member. The biographical information provided by the company on the individual director is essential for investors to understand the background and skills of the directors of the board. This information should be provided in the company's documents well in advance of the shareholder meeting, in order to give shareholders sufficient time to analyse the information. In cases where the company fails to disclose the names or backgrounds of director nominees, CIRCA5000 may vote against or abstain from voting on the directors' elections. CIRCA5000 will vote in favour of governance structures that will drive positive performance and enhance shareholder value.

The most crucial test of a board's commitment to the company and to its shareholders is the performance of the board and its members. The performance of directors in their capacity as board members and as executives of the company, when applicable, and in their roles at other companies where they serve is critical to this evaluation. Directors are formed into three categories based on an examination of the type of relationship they have with the company. The table below includes a breakdown of how CIRCA5000 classifies these director relationships with the company.

Insider	Affiliate	Independent
Someone who serves as a director and as an employee of the Company	A director who has a material financial, familial or other relationship with the company, or its executives, but is NOT an employee of the company	Financial, familial or other relationship with the company, or its executives, but is NOT an employee of the company >No material financial, familial or other current relationships with the company, it's executives or other board members except for service
May also include executive chairs (who act as an employee of the company or is paid as an employee of the company)	A director who owns or controls, directly or indirectly 20% or more of the company's voting stock (except where local regulations or best practices set a different threshold).	A director who owns, directly or indirectly less than 10% of the company's voting stock (local regulations and best practices may set a different threshold)
	A director who has been employed by the company within the past 5 calendar years	A director who has not been employed by the company for a minimum of 5 calendar years
	A director who performs material consulting, legal, advisory, accounting or other professional services for the company	A director who is not involved in any Related Party Transactions (RPT) with the company (most common RPT's - Consulting, Legal, and Accounting/Advisory services)
	A director who is involved in an "Interlocking Directorship"	

Common other reasons CIRCA5000 will vote against a director:

I. A director who attends less than 75% of the board and applicable committee meetings.

II. A director who is also the CEO of a company where a serious restatement has occurred after the CEO certified the pre-restatement financial statements.

III. An affiliated director when the board is not sufficiently independent in accordance with market best practice standards.

IV. An affiliate or insider on any of the key committees (audit, compensation, nominating) or an affiliate or insider on any of the key committees and there is insufficient independence on that committee, both of the above can vary in accordance with the market's best practice standards.

The following conflicts of interests may hinder a director's performance and may result in a vote against:

I. A director who presently sits on an excessive number of public company boards (see the relevant market guidelines for confirmation of the excessive amount).

II. Director, or a director whose immediate family member, or the firm at which the director is employed, provides material professional services to the company at any time during the past five years.

III. Director, or a director whose immediate family member, engages in aeroplane, real estate or other similar deals, including perquisite type grants from the company.

IV. Director with an interlocking directorship

V. All board members who served at a time when a poison pill with a term of longer than one year was adopted without shareholder approval within the prior twelve months.

VI. A director who has received two against recommendations for identical reasons within the prior year at different companies.

Board Independence

A board composed of at least two-thirds independent is most effective in protecting shareholders' interests. Generally, CIRCA5000 will vote against responsible directors if the board is less than two-thirds independent, however, this is also dependent on the market best practice standards.

Board Committee Composition

It is best practice to have independent directors serving on the audit, compensation, nominating and governance committees. As such, CIRCA5000 will support boards with this structure and encourage change when this is not the case. However, board committee independence thresholds may vary depending on the market.

With respect to the creation of board committees and the composition thereof, CIRCA5000 will generally support shareholder proposals requesting that companies create a committee to oversee climate-related issues or the appointment of climate experts to the board. CIRCA5000 will also support shareholder proposals requesting the establishment of other environmental or social committees or the appointment of individuals with specific expertise (such as human rights or public policy) if the issue is deemed material to the company or if it is evident that the company has provided insufficient oversight of the issue in question.

Board Oversight of Environmental and Social Issues

CIRCA5000 is strongly focused on the governance that companies establish around material environmental and social risks. CIRCA5000 looks to companies to provide some level of board oversight of these risks. Depending on a company's governance structure and that market in which it is domiciled, CIRCA5000 will vote against the board chair or the chair of the audit committee if a company has not established proper risk oversight of material environmental and social risks, including those related to climate change. In executing these votes, CIRCA5000 will take into account the company's exposure to climate-related risks when determining whether a company has established appropriate governance mechanisms to oversee these issues.

Board Diversity, Tenure and Refreshment

CIRCA5000 acknowledges the importance of ensuring that the board is composed of directors who have a diversity of skills, backgrounds, thoughts, and experiences. As such, having diverse boards benefits companies greatly by encompassing an array of different perspectives and insights. CIRCA5000 may vote against the chair of the nominating committee when the board has failed to address the lack of diverse skills, and experience of the board members or when it fails to meet legal requirements or relevant market best practice standards, and when the company has not disclosed any explanation or plan regarding its approach to board diversity.

In terms of board tenure and refreshment, CIRCA5000 strongly supports routine director evaluations, including independent external reviews, and periodic board refreshment in order to enable the company to maintain a fresh set of ideas and business strategies in an ever-changing world and market. Having directors with diverse experiences and skills can strengthen the position of a company within the market. Therefore, CIRCA5000 promotes refreshment within boards, as a lack of refreshment can lead to poor company performance. Thus, CIRCA5000 may consider voting against directors with a lengthy tenure (e.g. over 12 years) when significant performance or governance concerns are identified that indicate a fresh perspective would be beneficial and there is no evidence of any plans of future board refreshment.

CIRCA5000 will also evaluate a company's policies and actions with respect to board refreshment and diversity. As a part of this evaluation, we will review the diversity of board members and support shareholder proposals to report on or increase board diversity. The nominating and governance committee, as an agent for the shareholders, is responsible for the governance by the board of the company and its executives. In performing this role, the committee is responsible and accountable for selection of objective and competent board members. To that end, CIRCA5000 will: (i) vote against members of the nominating committee in the event that the board has an average tenure of over ten years and the board has not appointed a new nominee to the board in at least five years; (ii) vote the nominating committee in instances where the board of a large- or mid-cap company is comprised of fewer than 30% female directors; or (iii) vote against the male members of the nominating committee where there is not at least one woman on the board of a small-cap company.

CIRCA5000 conducts a further level of analysis for U.S. companies included in the Russel 1000 index. For these companies, CIRCA5000 will vote against members of the nominating and governance committee when they do not have sufficient diversity disclosure.

Director Overboarding

CIRCA5000 will closely review director board commitments and will vote against directors deemed to have excessive outside commitments that preclude them from dedicating the time necessary to their board seat. For example, in the United States, CIRCA5000 will generally vote against non-executive directors serving on more than five total boards; and against directors that are public company executives serving more than two total boards.

Board Size

Although there is not a universally acceptable optimum board size, boards should have a minimum of five directors to ensure sufficient diversity in decision making and to enable the establishment of key committees with independent directors. Further, boards should not be composed of more than 20 directors as the board may suffer as a result of too many voices to be heard and have difficulty reaching consensus on issues with this number of members. As a result, CIRCA5000 will generally vote against the chair of the nominating committee at a board with fewer than five directors or more than 20 directors.

Classified Boards

CIRCA5000 favours the repeal of staggered boards in favour of the annual election of directors. Staggered boards are generally less accountable to shareholders than annually elected directors to the board. In addition, the annual election of directors encourages board members to focus on protecting the interests of shareholders. Further to this, if shareholders are unsatisfied with board members the annual election of directors allows them to voice these concerns.

Controlled Companies

CIRCA5000 allows certain exceptions to the independence standards at controlled companies. The board's main function is to protect shareholder interests, however, when an individual, entity, or group owns more than 50% of the voting shares, the interests of majority shareholders are the interests of that entity or individual. As a result, CIRCA5000 does not apply the usual two-thirds independence threshold on controlled companies instead it includes the following guidelines:

I. As long as insiders and/or affiliates are connected to the controlling entity, the CIRCA5000 will accept the presence of non-independent board members.

II. The compensation, nominating, and governance committees do not need to consist solely of independent directors. However, the compensation committee should not have any insider members, but affiliates are accepted.

III. The board does not need an independent chair or an independent lead or presiding director.

IV. The audit committee should consist solely of independent directors, regardless of the controlled status of the company.

Director Performance and Oversight

Board members' performance and their actions in regard to performance of the board is an essential element to understanding the board's commitment to the company and to shareholders. CIRCA5000 will look at the performance of individuals as directors and executives of the company and of other companies where they have served. Often a director's past conduct is indicative of future conduct and performance.

CIRCA5000 will typically vote against directors who have served on boards or as executives of companies with records of poor performance, inadequate risk oversight, excessive compensation, audit or accounting-related issues, and other actions or indicators of mismanagement. However, CIRCA5000 will also re-evaluate the directors based on factors such as the length of time that has passed since the incident, the director's role, and the severity of the issue.

Environmental and Social Oversight and Performance

CIRCA5000 considers the oversight afforded to environmental and social issues. CIRCA5000 looks to ensure that companies maintain appropriate board-level oversight of material risks to their operations, including those that are environmental and social in nature. When it is clear that these risks have not been properly managed or mitigated, CIRCA5000 may vote against members of the board who are responsible for the oversight of environmental and social risks. In the absence of explicit board oversight of environmental and social issues, CIRCA5000 may vote against members of the audit committee. In making these determinations, CIRCA5000 will take into account the situation at hand, its effect on shareholder value, as well as any corrective action or other response made by the company.

Disclosure

CIRCA5000 expects companies to provide a sufficient level of disclosure to shareholders to allow them to understand what environmental and social risks face the company and what steps the company is taking to mitigate those risks. Shareholders require that companies provide disclosure of financially-material environmental and social risks, such as that recommended by the TCFD or SASB, in order to track a company's performance against these risks as well as how the company's strategies help to reduce a company's exposure to these risks. Accordingly, CIRCA5000 will vote against relevant directors when a company has not provided such disclosure. Specifically, CIRCA5000 will vote against directors charged with oversight of environmental and social issues at companies that do not provide robust sustainability information. For companies more exposed to climate-related risks, CIRCA5000 will vote against directors responsible for overseeing environmental and social issues if they do not provide reporting that is aligned with the recommendations of the TCFD or SASB. However, for Climate Action 100+ focus list companies, CIRCA5000 expects to see TCFD reporting and will vote against directors that oversee environmental and social issues if such reporting has not been produced by the company.

Target Setting

While appropriate disclosure of environmental and social risks is very important to shareholders' understanding of their portfolio companies and how they are managing attendant risks, it is also important that companies have outlined a strategy to mitigate climate impacts, particularly when they operate in heavily-emitting industries or industries with significant exposure to climate-related risks. When companies have such exposure, CIRCA5000 will evaluate whether the companies have established greenhouse gas emissions reduction goals, and whether those goals are aligned with those set forth by the Paris Agreement. Specifically, CIRCA5000 looks to companies in emissions-intensive industries or those that are highly exposed to climate-related risks to set a net zero target or ambition. For companies with less exposure to emissions-related risks, CIRCA5000 will evaluate whether or not they have established any forward-looking GHG emissions reductions targets. In instances where companies have failed to establish such goals, CIRCA5000 will vote against board members responsible for oversight of environmental and social issues. In instances where such oversight is not provided, CIRCA5000 will vote against the chair of the board. If the chair is combined with the CEO, CIRCA5000 will vote against the audit committee chair.

Board-Level Oversight of Environmental and Social Risks

The insufficient oversight of environmental and social issues can present direct legal, financial, regulatory and reputational risks that could serve to harm shareholder interests. As a result, CIRCA5000 promotes oversight structures that ensure that companies are mitigating attendant risks and capitalising on related opportunities to the best extent possible.

To that end, CIRCA5000 looks to boards to maintain clear oversight of material risks to their operations, including those that are environmental and social in nature. These risks could include, but are not limited to, matters related to climate change, human capital management, diversity, stakeholder relations, and health, safety & environment.

CIRCA5000 will review a company's overall governance practices to identify which directors or board-level committees have been charged with oversight of environmental and/or social issues. Given the importance of the board's role in overseeing environmental and social risks, CIRCA5000 will vote against members of the governance committee that fails to provide explicit disclosure concerning the board's role in overseeing these issues.

Climate Risk

Given the importance of companies mitigation and management of climate-related risks, CIRCA5000 includes specific consideration for companies' disclosure of and policies concerning climate change. For companies included in the Climate Action 100+ focus list and those that operate in industries where the Sustainability Accounting Standards Board (SASB) has determined that greenhouse gas (GHG) emissions represent a financially material risk, CIRCA5000 will vote against the chair of the board in instances where a company has not adopted a net zero emissions target or ambition. For all other companies, CIRCA5000 will vote against the chair of the board in instances where companies have not established any forward-looking GHG emissions reduction targets. In both instances, if the chair of the board is also the company's CEO, CIRCA5000 will vote against the chair of the audit committee.

CIRCA5000 also takes into consideration investors' growing expectation for robust climate and sustainability disclosures. For Climate Action 100+ focus list companies, as well as those where SASB has determined that GHG emissions represent a material risk, CIRCA5000 will vote against the chair of the board when the company has failed to produce reporting that is aligned with the recommendations of the Task force on Climate-related Financial Disclosures (TCFD). For all other companies, CIRCA5000 will vote against the chair of the board when they have not produced reporting that is aligned with SASB or if they have not responded to the CDP's climate survey.

Stakeholder Considerations

In order to drive long-term shareholder value, companies require a social licence to operate. A lack of consideration for stakeholders can present legal, regulatory, and reputational risks. With this view, CIRCA5000 will vote against the chair of the board in instances where companies who are not signatories or participants in the United Nations Global Compact (UNGC) or that have not adopted a human rights policy that is aligned with the standards set forth by the International Labour Organization (ILO) or the Universal Declaration on Human Rights (UDHR).

For U.S. companies listed in the S&P 500 index, CIRCA5000 will also evaluate whether companies have provided sufficient disclosure concerning their workforce diversity. In instances where these companies have not disclosed their full EEO-1 reports, CIRCA5000 will vote against the nominating and governance chair.

Review of Risk Management Controls

CIRCA5000 evaluates the risk management function of a public company on a case-by-case basis. Companies, particularly financial firms, should have a dedicated risk committee, or a committee on the board in charge of risk oversight, as well as a chief risk officer who reports directly to that committee, not to the CEO or another executive of the company. When analysing the risk management practices of public companies CIRCA5000 takes note of any significant losses or write-downs on financial assets and/or structured transactions. In cases where a company has disclosed a sizable loss or write-down, and where the company's board-level risk committee's poor oversight contributed to the loss, CIRCA5000 will recommend that shareholders vote against such committee members on that basis. In addition, in cases where a company maintains a significant level of financial risk exposure but fails to disclose any explicit form of board-level risk oversight (committee or otherwise), CIRCA5000 may vote against the chair of the board on that basis.

Separation of the Roles of CEO and Chair

The separation of the positions of CEO and chair creates a better and more independent governance structure than a combined CEO/chair position. The role of executives is to manage the business based on the course charted by the board. Executives should be in the position of reporting and answering to the board for their performance in achieving their goals as set out by the board. This would become more complicated if they too held the position of chair as it would be difficult for them to fulfil the duty of being both the overseer and policy setter when they, the CEO/chair control both the agenda and boardroom.

CIRCA5000 views an independent chair as better able to oversee the executives of the company and set a pro-shareholder agenda without the management conflicts that a CEO and other executive insiders often face. Such oversight and concern for shareholders allows for a more proactive and effective board of directors that is better able to look out for the interests of shareholders.

Furthermore, it is the board's responsibility to select a chief executive to best serve the company and its shareholders and to replace this person when his or her duties have not been appropriately fulfilled. Such a replacement becomes more difficult and happens less frequently when the chief executive is also in the position of overseeing the board.

However, even considering the above, CIRCA5000 will not vote against CEOs who also chair the board. CIRCA5000 will generally support separating the positions of CEO and chair whenever the question is posed in a proxy, as in the long-term it is in the best interests of the company.

In the absence of an independent chair, CIRCA5000 will support the appointment of a presiding or lead independent director with authority to set the agenda for the meeting and to lead sessions. In the case where the company has neither an independent chair nor independent lead director, CIRCA5000 may vote against the chair of the governance committee.

Governance Following an IPO or Spin-Off

Companies that have recently completed an initial public offering (IPO), or spin-off should be given adequate time to fully adjust and comply with marketplace listing requirements and meet basic corporate governance standards. CIRCA5000 generally allows the company a one-year period following the IPO to comply with these requirements and as such refrains from voting based on governance standards (e.g., board independence, committee membership and structure, meeting attendance, etc.).

However, there are some cases that warrant shareholder action against the board of a company that have completed an IPO or spin-off in the past year. CIRCA5000 will evaluate the terms of applicable governing documents when determining the recommendations and whether the shareholders rights will be severely restricted. In order to come to a conclusion the following points will be considered:

1) The adoption of anti-takeover provisions such as a poison pill or classified board;
2) Supermajority vote requirements to amend governing documents;
3) The presence of exclusive forum or fee-shifting provisions;
4) Whether shareholders can call special meetings or act by written consent;
5) The voting standard provided for the election of directors;
6) The ability of shareholders to remove directors without cause;
7) The presence of evergreen provisions in the company's equity compensation arrangements; and
8) The presence of a dual-class share structure which does not afford common shareholders voting power that is aligned with their economic interest.

Anti-takeover provisions can negatively impact future shareholders who (except for electing to buy or sell the stock) are unable to weigh in on matters that might negatively impact their ownership interest. In cases where the anti-takeover provision was adopted prior to the IPO, CIRCA5000 may against the members of the board who served when it was adopted if the board:

I. Did not also commit to submit the anti-takeover provision to a shareholder vote at the company's next shareholder meeting following the IPO; or
II. Did not provide a sound rationale or sunset provision for adopting the anti-takeover provision.

Financial Reporting

Accounts and Reports

Excluding situations where there are concerns surrounding the integrity of the statements/reports, CIRCA5000 will generally vote for Accounts and Reports proposals.

Where the required documents have not been published at the time that the vote is cast, CIRCA5000 will abstain from voting on this proposal.

Income Allocation (Distribution of Dividends)

CIRCA5000 will generally vote for proposals concerning companies' distribution of dividends. However, particular scrutiny will be given to cases where the company's dividend payout ratio is exceptionally low or excessively high relative to its peers, and where the company has not provided a satisfactory explanation for this disparity.

Appointment of Auditors and Authority to Set Fees

The role of the auditor is crucial in protecting shareholder value. Like directors, auditors should be free from conflicts of interest and should assiduously avoid situations that require them to make choices between their own interests and the interests of the shareholders. Because of the importance of the role of the auditor, rotating auditors is an important safeguard against the relationship between the auditor and the company becoming too close, resulting in a lack of oversight due to complacency or conflicts of interest. Accordingly, CIRCA5000 will vote against auditor ratification proposals in instances where it is clear that a company's auditor has not been changed for 20 or more years.

In instances where a company has retained an auditor for fewer than 20 years, CIRCA5000 will generally support management's recommendation for the selection of an auditor, as well as the board's authority to fix auditor fees. However, there are a number of exceptions to this policy, and CIRCA5000 will vote against the appointment of the auditor and/or the authorisation of the board to set auditor fees in the following scenarios:

- The independence of an incumbent auditor or the integrity of the audit has been compromised.
- Audit fees combined with audit-related fees total less than one-half of total fees.
- There have been any recent restatements or late filings by the company and responsibility for such can be attributed to the auditor (e.g., a restatement due to a reporting error).
- The company has aggressive accounting policies.
- The company has poor disclosure or lack of transparency in financial statements.
- There are other relationships, or issues of concern, with the auditor that might suggest a conflict of interest.
- The company is changing auditors as a result of a disagreement between the company and the auditor on a matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures.

Compensation

Compensation Reports and Compensation Policies

Depending on the market, Compensation Report and Policy vote proposals may be either advisory or binding, e.g. in the UK a non-binding Compensation Report based upon the most recent fiscal year is voted upon annually, and a forward-looking Compensation Policy will be subject to a binding vote every three years.

In all markets company filings are evaluated closely to determine how well information pertinent to Compensation practices has been disclosed, the extent to which overall compensation is tied to performance, which performance metrics have been employed, as well as how the company's remuneration practices compare to that of its peers.
CIRCA5000 will vote against the approval of the Compensation Report or Policy in the following scenarios:

- There is a significant disconnect between pay and performance;
- Performance goals and metrics are inappropriate or insufficiently challenging;
- There is a lack of disclosure regarding performance metrics as well as a lack of clarity surrounding the implementation of these metrics.
- Short-term (e.g., generally less than three year) performance measurement is weighted excessively in incentive plans;
- Excessive discretion is afforded to, or exercised by, management or the Compensation Committee to deviate from defined performance metrics and goals in determining awards;
- Ex gratia or other non-contractual payments have been made and the reasoning for this is inadequate.
- Guaranteed bonuses are established;
- Egregious or excessive bonuses, equity awards or severance payments have been granted;
- Excessive increases (e.g. over 10%) in fixed payments, such as salary or pension entitlements, that are not adequately justified
- Where there is an absence of structural safeguarding mechanisms such as clawback and malus policies included in the Incentive plan.

CIRCA5000 also conducts a further level of analysis by looking at compensation issues as they relate to environmental and social criteria. CIRCA5000 will evaluate if, and to what extent, a company has provided a link between compensation and environmental and social criteria. In most markets, should a company not provide any environmental or social considerations in its remuneration scheme, CIRCA5000 will vote against the proposed plan. For companies with a greater degree of exposure to environmental and climate-related issues, CIRCA5000 will vote against compensation proposals if the company has not adequately incentivized executives to act in ways that mitigate a company's climate impact.

Linking Compensation to Environmental and Social Issues

CIRCA5000 will evaluate if, and to what extent, a company has provided a link between compensation and environmental and social criteria. In most markets, should a company not provide any environmental or social considerations in its remuneration scheme, CIRCA5000 will vote against the proposed plan. For companies with a greater degree of exposure to environmental and climate-related issues (i.e., Climate Action 100+ focus list companies and those where SASB has deemed GHG emissions to be financially material), CIRCA5000 will vote against compensation proposals if the company has not adequately incentivised executives to act in ways that mitigate a company's climate impact. CIRCA5000 will also support shareholder resolutions requesting the inclusion of sustainability metrics in executive compensation plans.

Long-Term Incentive Plans

CIRCA5000 recognises the value of equity-based incentive programs. When used appropriately, they provide a means of linking an employee's pay to a company's performance, thereby aligning their interests with those of shareholders. In addition, equity-based compensation is an effective way to attract, retain and motivate key employees.

In order to allow for meaningful shareholder review, incentive programs should generally include:

I. specific and appropriate performance goals;
II. a maximum award pool; and
III. a maximum award amount per employee.

In addition, the payments made should be reasonable relative to the performance of the business and total compensation paid to those included under the plan should be in line with compensation paid by the company's peers.

Performance-Based Equity Compensation

CIRCA5000 supports performance-based equity compensation plans for senior executives; where it is warranted by both their performance, and that of the company. While it is unnecessary to base equity-based compensation for all employees to company performance, placing such limitations on grants to senior executives is considered advisable (although in specific scenarios equity-based compensation granted to senior executives without performance criteria is acceptable under CIRCA5000 guidelines, such as in the case of moderate incentive grants made in an initial offer of employment). While it is not uncommon for a board to state that tying equity compensation to performance goals may hinder them in attracting, and retaining, talented executives, CIRCA5000 takes the stance that performance – based compensation aids in aligning executive interests to that of shareholders, and as such will support the company in achieving its objectives.

CIRCA5000 will generally vote in favour of all performance-based option or share schemes; with the exception of plans that include a provision to allow for the re-testing of performance conditions; for which a vote against is recommended.

Director Compensation

CIRCA5000 supports non-employee directors receiving an appropriate form, and level, of compensation for the time and effort they spend serving on the board and its committees; and director fees being at a level that allows a company to retain and attract qualified individuals. CIRCA5000 compares the cost of director compensation to that of peer companies with similar market capitalizations in the same country so that compensation plans may be evaluated thoroughly, and a fair vote outcome reached.

Retirement Benefits for Directors

CIRCA5000 will typically vote against the granting of retirement benefits to non-executive directors. Such extended payments can impair the objectivity and independence of these board members. Initial, and annual fees should be of a level that provides appropriate compensation to directors throughout their service to the company.

Limits on Executive Compensation

As a general rule, shareholders should not seek to micromanage executive compensation programs. Such matters should be left to the board's compensation committee. The election of directors, and specifically those who sit on the compensation committee, is viewed as an appropriate mechanism for shareholders to express their support, or disapproval, of board policy on this issue. Further, companies whose pay-for-performance is in line with their peers should be granted the flexibility to compensate their executives in a manner that drives sustainable growth. However, CIRCA5000 favours performance-based compensation as an effective means of motivating executives to act in the best interests of shareholders. Performance-based compensation may be limited if a chief executive's pay is capped at a low level rather than flexibly tied to the performance of the company.

Governance Structure

Amendments to the Articles of Association

CIRCA5000 will evaluate proposed amendments to a company's articles of association on a case-by-case basis. CIRCA5000 is generally opposed to bundling several amendments under a single proposal as it prevents shareholders from evaluating each amendment on its own merits. In cases where it is a bundled amendment, CIRCA5000 will evaluate each amendment individually and only support the proposal if, in the aggregate, the amendments are in the best interests of shareholders.

Anti-Takeover Measures

Multi-Class Share Structures

CIRCA5000 views multi-class share structures as not in the best interests of shareholders and instead is in favour of one vote per share. This structure operates as a safeguard for common shareholders by ensuring that those who hold a significant minority of shares are still able to weigh in on issues set forth by the board. The economic stake of each shareholder should match their voting power and that no small group of shareholders, family or otherwise, should have differing voting rights from those of all other shareholders.

CIRCA5000 considers a multi-class share structure as having the potential to negatively impact the overall corporate governance of a company. Companies should have share class structures that protect the interests of non-controlling shareholders as well as any controlling entity. Therefore, CIRCA5000 will generally vote in favour of recapitalisation proposals to eliminate multi-class share structures. Similarly, CIRCA5000 will typically vote against proposals to adopt a new class of common stock.

Cumulative Voting

When voting on cumulative voting proposals, CIRCA5000 will factor in the independence of the board and the company's governance structure. Cumulative voting is often found on ballots at companies where independence is lacking and where the appropriate balances favouring the interests of shareholders are not in place. However, cumulative voting increases the ability of minority shareholders to elect a director by allowing shareholders to cast as many shares of stock they own multiplied by the number of directors to be elected. Cumulative voting allows shareholders to cast all their votes for one single nominee, or a smaller number of nominees than up for election, thereby raising the likelihood of electing one or more of their preferred nominees to the board. Accordingly, cumulative voting generally acts as a safeguard for shareholders by ensuring that those who hold a significant minority of shares can elect a candidate of their choosing to the board. As a result, CIRCA5000 will typically vote in favour of proposals concerning cumulative voting.

In the case, where the company has adopted a true majority vote standard (i.e., where a director must receive a majority of votes cast to be elected, as opposed to a modified policy indicated by a resignation policy only), CIRCA5000 will vote against cumulative voting proposals due to the incompatibility of the two election methods. For companies that have not adopted the true majority vote standard but have some form of majority voting, CIRCA5000 will also recommend voting against cumulative voting proposals if the company has also not adopted anti-takeover provisions and has been responsive to shareholders.

In instances where a company has not adopted majority voting standards and is facing both an election on the adoption of majority voting and a proposal to adopt cumulative voting, CIRCA5000 will support only the majority voting proposal.

Supermajority Vote Requirements

CIRCA5000 favours a simple majority voting structure except where a supermajority voting requirement is explicitly intended to protect the rights of minority shareholders in a controlled company. In the case of non controlled companies, supermajority vote requirements act as impediments to shareholder action on ballot items that are critical to their interests. For example, supermajority vote requirements can strongly limit the voice of shareholders in making decisions on critical matters such as the selling of the business. Supermajority vote requirements can also allow small groups of shareholders to overrule and dictate the will of the majority of shareholders. Thus, having a simple majority is appropriate for protecting the rights of all shareholders.

Poison Pills (Shareholder Rights Plan)

CIRCA5000 will generally oppose companies' adoption of poison pills, as they can reduce management accountability by substantially limiting opportunities for corporate takeovers. As a result, rights plans can prevent shareholders from receiving a buy-out premium for their stock. Generally, CIRCA5000 will vote against these plans to protect their financial interests. While boards should be given wide latitude in directing the activities of the company and charting the company's course, on an issue such as this where the link between the financial interests of shareholders and their right to consider and accept buyout offers is so substantial, shareholders should be allowed to vote on whether or not they support such a plan's implementation. In certain limited circumstances, CIRCA5000 will support a limited poison pill to accomplish a particular objective, such as the closing of an important merger, or a pill that contains what we believe to be a reasonable 'qualifying offer' clause.

Increase in Authorised Shares

Adequate capital stock is important to a company's operation. When analysing a request for additional shares, CIRCA5000 will typically review four common reasons why a company may need additional capital stock:

1. Stock Split	Three Metrics: (a) Historical stock pre-split price (if any) (b) Current price relative to the company's most common trading price over the past 52 weeks (c) Some absolute limits on stock price (that will either make the split appropriate or would produce an unreasonable price)
2. Shareholder Defences	Additional authorised shares could be used to bolster takeover defences such as a poison pill. The proxy filings often discuss the usefulness of additional shares in defending against a hostile takeover.
3. Financing for Acquisitions	Examine whether the company has a history of using stock for acquisitions and attempts to determine what levels of stock have generally been required to accomplish such transactions.
4. Financing for Operations	Review the company's cash position and its ability to secure financing through borrowing or other means.

CIRCA5000 will generally support proposals when a company could reasonably use the requested shares for financing, stock splits and stock dividends, as having adequate shares to allow management to make quick decisions and effectively operate the business is critical. CIRCA5000 favours that, when a company is undertaking significant transactions, management will justify its use of additional shares rather than providing a blank check in the form of large pools of unallocated shares available for any purpose.

Generally, CIRCA5000 will support proposals to increase authorised shares up to 100% of the number of shares currently authorised unless, after the increase the company would be left with less than 30% of its authorised shares outstanding. In markets where such authorities typically also authorise the board to issue new shares without separate shareholder approval, CIRCA5000 applies the policy described below on the issuance of shares.

Issuance of Shares

The issuance of additional shares generally dilutes existing shareholders in most circumstances. Further, the availability of additional shares, where the board has discretion to implement a poison pill, can often serve as a deterrent to interested suitors. In cases where a company has not detailed a plan for use of the proposed shares, or where the number of shares far exceeds those needed to accomplish a detailed plan, CIRCA5000 will typically vote against the authorisation of additional shares. In the case of a private placement, CIRCA5000 will also factor in whether the company is offering a discount to its share price.

Generally, CIRCA5000 will support proposals to authorise the board to issue shares (with pre-emptive rights) when the requested increase is equal to or less than the current issued share capital. The authority of these shares should not exceed five years unless that is the market best practice. In accordance with the different market practices, the specific thresholds for share issuance can vary. And, as a result, CIRCA5000 will vote on these proposals on a case-by-case basis.

CIRCA5000 will also generally support proposals to suspend pre-emption rights for a maximum of 5-20% of the issued ordinary share capital of the company, depending on best practice in the country in which the company is located. This authority should not exceed five years, or less for some countries.

Repurchase of Shares

CIRCA5000 typically supports proposals to repurchase shares when the plan includes the following provisions:

I. A maximum number of shares which may be purchased (typically not more than 10-15% of the issued share capital); and

II. A maximum price which may be paid for each share (as a percentage of the market price).

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Reincorporation

A company is in the best position to determine the appropriate jurisdiction of incorporation. CIRCA5000 will factor in several elements when a management proposal to reincorporate the company is put to vote. These elements include reviewing the relevant financial benefits, generally related to corporate tax treatment, as well as changes in corporate governance provisions, especially those related to shareholder rights, resulting from the change in domicile. In cases where the financial benefits are too small to be meaningful and there is a decrease in shareholder rights, CIRCA5000 will vote against the transaction.

Advance Notice Requirements

Typically, CIRCA5000 will vote against provisions that would require advance notice of shareholder proposals or of director nominees. Advance notice requirements typically range between three to six months prior to the annual meeting. These requirements often make it impossible for a shareholder who misses the deadline to present a shareholder proposal or director nominee that may be in the best interests of the company. Shareholders should be able to review and vote on all proposals and director nominees and are able to vote against proposals that appear with little prior notice. Therefore, by setting advance notice requirements it limits the opportunity for shareholders to raise issues that may arise after the window closes.

Virtual-Only Shareholder Meetings

A growing number of companies have elected to hold shareholder meetings by virtual means only. CIRCA5000 supports companies allowing a virtual option alongside an in-person meeting, so long as the shareholder interests are not compromised. Without proper controls, conducting a virtual-only meeting of shareholders could eliminate or significantly limit the rights of shareholders to confront, and ask management on any concerns they may have. When companies decide to only hold virtual-only meetings, CIRCA5000 will examine the level of disclosure provided by the company on the virtual meeting procedures and base the voting outcome on that level of disclosure.

Mergers, Acquisitions & Contested Meetings

For merger and acquisition proposals, CIRCA5000 undertakes a thorough examination of all elements of the transactions and determines the transaction's likelihood of maximising shareholder return. In order to make a voting recommendation, CIRCA5000 will examine the process conducted, the specific parties and individuals involved in negotiating an agreement, as well as the economic and governance terms of the proposal.

In the case of contested merger situations, or board proxy fights, CIRCA5000 will evaluate the plan presented by the dissident party and how, if elected, it plans to enhance or protect shareholder value. CIRCA5000 will also consider any concerns presented by the board, including any plans for improving the performance of the company, when making the ultimate recommendation.

Shareholder Proposals

CIRCA5000 has a strong emphasis on mitigating climate-related risks and promoting climate-related accountability. At the same time, CIRCA5000 places significant focus on materiality and the protection and enhancement of shareholder value. Because not all shareholder proposals, particularly those that deal with environmental and social issues, make sense in the context of a company's unique operations and circumstances, CIRCA5000 will carefully examine the request of each proposal to ensure that it promotes a company's environmental and financial sustainability. With the exception of shareholder proposals addressed below, CIRCA5000 will generally only support proposals that have been determined to be financially material for the company. Specifically, for most environmental and social proposals, CIRCA5000 will support such proposals when the proposal is deemed to address a material topic for the Company and its industry, as determined by SASB. In addition, in extraordinary cases, when companies have failed to adequately mitigate risks stemming from environmental or social practices, CIRCA5000 may vote against:

I. Ratification of board and/or management acts;

II. Approving a company's accounts and reports; and/or

III. Relevant Directors

Governance Proposals

CIRCA5000 supports increased shareholder participation and access to a company and its board of directors. Accordingly, CIRCA5000 will vote in favour of initiatives that seek to enhance shareholder rights, such as the introduction of majority voting to elect directors, the adoption and amendment of proxy access bylaws, the elimination/reduction of supermajority provisions, the declassification of the board, the submission of shareholder rights' plans to a shareholder vote, and the principle of one share, one vote.

CIRCA5000 will also support proposals aimed at increasing the diversity of boards or management as well as those requesting additional information concerning workforce diversity and the adoption of more inclusive non-discrimination policies. Further, CIRCA5000 will support enhanced oversight of environmental and social issues at the board level by supporting resolutions calling for the creation of a climate-related committee of the board or proposals requesting that the board adopt a subject-matter expert, such as one with deep knowledge and experience in climate change-related issues. CIRCA5000 will also generally vote for proposals seeking to increase disclosure of a company's business ethics and code of conduct, as well as of its activities that relate to social welfare.

Environmental and Climate-Related Proposals

CIRCA5000 will generally support proposals regarding the environment, in particular, those seeking improved sustainability reporting and disclosure about company practices which impact the environment. CIRCA5000 will vote in favour of increased disclosure of a company's environmental risk through company specific disclosure as well as compliance with international environmental conventions and adherence to environmental principles. Similarly, CIRCA5000 will support proposals requesting companies develop greenhouse gas emissions reduction goals, comprehensive recycling programs, and other proactive means to mitigate a company's environmental footprint.

CIRCA5000 will also support proposals requesting that companies provide certain disclosures or adopt certain policies related to mitigating their climate change-related risks. For example, regardless of industry, CIRCA5000 will support proposals requesting that companies disclose information concerning their scenario analyses or that request the company provide disclosure in line with certain reporting recommendations, such as those promulgated by the TCFD. Further, CIRCA5000 will support proposals requesting that a company consider energy efficiency and renewable energy sources in its project development and overall business strategy.

With respect to issues related to bioengineering and nanotechnology, CIRCA5000 will carefully scrutinise any proposals requesting that a company adopt a policy concerning these matters. In general, CIRCA5000 supports proposals that seek additional reporting on these topics, as well as the development of safety standards to regulate their use.
CIRCA5000 will evaluate a company's impact on the environment, in addition to the regulatory risk a company may face by not adopting environmentally responsible policies. Further, CIRCA5000 will consider voting against directors for not appropriately overseeing environmental risk.

CIRCA5000 will also support proposals seeking to tie executive compensation to climate mitigation activities or those that request that companies adjust their compensation practices to ensure that they are more aligned with a transition to a low-carbon economy.

Say on Climate

Shareholder Proposals

Beginning in 2021, companies began placing management proposals on their ballots that ask shareholders to vote on their climate transition plans, or a Say on Climate vote. CIRCA5000 will generally recommend in favour of shareholder proposals requesting that companies adopt a Say on Climate vote.

Management Proposals

When evaluating management-sponsored votes seeking approval of climate transition plans CIRCA5000 looks to the board to provide information concerning the governance of the Say on Climate vote. Specifically, CIRCA5000 evaluates whether companies provide sufficient disclosure concerning the board's role in setting strategy in light of this vote, and how the board intends to interpret the vote results for the proposal. In instances where disclosure concerning the governance of the Say on Climate vote is not present, CIRCA5000 will either abstain, or, depending on the quality of the plan presented, will vote against the proposal.

CIRCA5000 also looks to companies to clearly articulate their climate plans in a distinct and easily understandable document, which, as a best practice, should generally be aligned with the recommendations of the TCFD. In this disclosure, it is important that companies clearly explain their goals, how their GHG emissions targets support achievement of broader goals (i.e. net zero emissions goals), and any foreseeable obstacles that could hinder their progress on these initiatives.

When evaluating these proposals, CIRCA5000 will take into account a variety of factors, including: (i) the request of the resolution (e.g., whether companies are asking shareholders to approve its disclosure or its strategy); (ii) the board's role in overseeing the company's climate strategy; (iii) the company's industry and size; (iv) whether the company's GHG emissions targets and the disclosure of these targets appear reasonable in light of its operations and risk profile; and (iv) where the company is on its climate reporting journey (e.g., whether the company has been reporting and engaging with shareholders on climate risk for a number of years or if this is a relatively new initiative). In addition, CIRCA5000 will determine if sufficient disclosure has been made concerning a company's capital allocations and expenditures in the context of its strategy and will also evaluate any stated net zero ambitions or targets. If either of these are absent, CIRCA5000 will generally vote against management Say on Climate proposals.

Social Proposals

CIRCA5000 will support proposals requesting that a company develop sustainable business practices, such as animal welfare policies, human rights policies, and fair lending policies. Furthermore, CIRCA5000 will support reporting and reviewing a company's political and charitable spending as well as its lobbying practices. In addition, CIRCA5000 will support proposals requesting that companies cease political spending or associated activities.

CIRCA5000 will also generally support enhancing the rights of workers, as well as considering the communities and broader constituents in the areas in which companies do business. Accordingly, CIRCA5000 will generally vote for proposals requesting that companies provide greater disclosure regarding impact on local stakeholders, workers' rights and human rights in general. In addition, CIRCA5000 will support proposals for companies to adopt or comply with certain codes of conduct relating to labour standards, human rights conventions, and corporate responsibility at large. CIRCA5000 will also support proposals requesting independent verification of a company's contractors' compliance with labour and human rights standards. In addition, CIRCA5000 supports the International Labour Organization standards and encourages companies to adopt such standards in its business operations.

CIRCA5000 will provide for a review of the performance and oversight of certain directors in instances in which a company is found to have violated international human rights standards. Pursuant to CIRCA5000, if directors have not adequately overseen the overall business strategy of the company to ensure that basic human rights standards are met or if a company is subject to regulatory or legal action with a foreign government or entity due to human rights violations, the Policy may vote against directors taking into account the severity of the violations and the outcome of the claims.

CIRCA5000 also generally votes in favour of proposals seeking increased disclosure regarding public health and safety issues, including those related to product responsibility. In particular, CIRCA5000 supports proposals calling for the labelling of the use of genetically modified organisms (GMOs), the elimination or reduction of toxic emissions and use of toxic chemicals in manufacturing, and the prohibition of tobacco sales to minors. CIRCA5000 also supports proposals seeking a report on a company's drug reimportation guidelines, as well as on a company's ethical responsibility as it relates to drug distribution and manufacture. CIRCA5000 further supports proposals related to worker safety and companies' compliance with internationally recognized human rights or safety standards.

Compensation Proposals

CIRCA5000 recognizes that ESG performance factors should be an important component of the overall consideration of proper levels of executive performance and compensation. Therefore, CIRCA5000 generally votes in favour of proposals seeking to tie executive compensation to performance measures such as compliance with environmental regulations, health and safety regulations, non-discrimination laws and compliance with international human rights standards. Furthermore, CIRCA5000 will generally support proposals that seek to evaluate overall director performance based on environmental and social criteria.

CIRCA5000 will support proposals seeking to prohibit or require more disclosure about stock hedging and pledging by executives. CIRCA5000 will also generally support proposals requesting that companies adopt executive stock retention policies and prohibiting the accelerated vesting of equity awards. Furthermore, CIRCA5000 will vote in favour of shareholder proposals to link pay with performance, to eliminate or require shareholder approval of golden coffins, and to clawback unearned bonuses.

Finally, CIRCA5000 will support proposals requesting disclosure from companies regarding gender pay inequity and company initiatives to reduce the gap in compensation paid to women compared to men.

Lobbying and Political Spending Proposals

For many years, there has been an attempt by many shareholders to promote accountability in companies' political spending and lobbying activities by requesting that companies provide additional information concerning their attendant expenditures and the oversight provided to these issues. More recently, companies have received these proposals largely on account of how they were using corporate resources to influence public policy concerning climate change. This focus extends beyond companies' direct political and lobbying expenditures to the funds that companies are providing to the trade associations of which they are members in order to effect changes to climate policy. It is particularly important that companies reconcile any divergence between their own public stances on important issues, such as climate change, and the views held by their trade associations. Accordingly, CIRCA5000 will not only broadly support proposals aimed at enhancing the transparency of companies' political contributions and lobbying expenditures, but it will also broadly support proposals requesting that companies provide additional disclosure concerning how they are engaging with trade associations on issues of climate change and whether they have identified any differences between their own positions climate change and those held by their trade associations.

Trojan Horse Proposals

CIRCA5000 will carefully examine each proposal's merits in order to ensure it seeks enhanced environmental disclosure and/or practices, and is not conversely aimed at limiting environmental or social disclosure or consideration. Accordingly, CIRCA5000 will not support such proposals, which are often referred to as "Trojan Horse" proposals.

Vote-No Campaigns

CIRCA5000 will carefully review any "vote-no" campaigns launched by shareholders as a result of their concerns regarding a company's failure to adequately oversee environmental and social risks or those related to poor compensation or governance practices. When it is determined that such campaigns either address a failure of oversight on behalf of the company or that broadly seek to promote more responsible corporate behaviour, CIRCA5000 may vote in line with the recommendations of the shareholder(s) running the vote-no campaign.