



# ETERNA INVESTMENT MANAGEMENT

## **Proxy Voting Policy**

**July 2024**

## Introduction

Eterna Investment Management (EIM) is a Québec-based portfolio manager. Its diverse clientele, comprising pension funds, religious congregations, foundations and leading private clients, benefits from a diversified product offering of equities, bonds and internal and external alternative products. As a long-term fundamental investor, EIM aims to generate considerable added value relative to its benchmarks, while remaining among the best of its peers, regardless of economic cycles.

Voting rights are an essential part of fiduciary responsibilities, and an undeniable tool for achieving this ambition. EIM believes that companies with good corporate governance practices, robust strategic management of environmental and social factors, and greater transparency are ultimately more likely to create long-term sustainable value for their shareholders, compared with those that perform poorly in these areas.

## Objectives

The purpose of this proxy voting policy is to ensure that the voting rights associated with the shares held are exercised in such a way as to maximize long-term value for customers, by promoting good governance practices and integrating environmental, social and governance (ESG) criteria.

It also enables EIM to demonstrate transparency and inform its customers, partners, other stakeholders and portfolio companies of the main guidelines governing its voting process.

## Scope

This proxy voting policy applies to all of EIM's investment strategies and client assets where it is mandated to exercise voting rights. Please note that **EIM does not engage in securities lending** and is therefore prepared to vote all securities in its possession as trustee.

This Policy aims to provide a transparent framework for investors to better understand the voting strategy and the principles behind it. It complements Eterna Investment Management's Responsible Investment Policy, which provides a framework for the responsible investment approach and the integration of ESG factors into the investment process.

The Policy is reviewed regularly to reflect the evolution of best practices, as well as EIM's stewardship priorities.

## Approach and guidelines

### Approach

EIM's proxy voting process is designed to enhance long-term corporate performance and sustainability, benefiting its clients and other stakeholders. EIM believes that responsibly exercising its voting rights is crucial for fostering strong corporate governance practices. By endorsing proposals that promote transparency and accountability, EIM aims to create sustainable value and bolster investor confidence.

**In practice, EIM rarely votes against management in proxy votes, as it typically invests in leading, well-managed companies that are less susceptible to contentious votes. Additionally, EIM maintains a constructive and positive relationship with the companies it invests in, clearly defining its expectations.**

Nevertheless, EIM believes that voting against management is a powerful tool for promoting initiatives and practices that EIM believes enhance the long-term value of its portfolios. If management proposals conflict with this Policy, EIM will not hesitate to abstain, oppose, or support shareholder proposals aligned with this Policy, aiming to promote the long-term interests of its clients.

### Guidelines

Eterna Investment Management's approach to proxy voting is based on three key pillars: fiduciary responsibility, transparent management and responsible engagement.

#### Fiduciary liability

EIM is dedicated to exercising its voting rights in the best interests of its clients by carefully evaluating proposals to ensure they aim to maximize long-term investment value and corporate sustainability while upholding sound governance principles.

#### Transparent management

EIM is committed to voting in favor of proposals that enhance the transparency of corporate governance practices. Supporting companies that clearly disclose their governance practices and financial performance encourages responsible and effective corporate management, allowing investors to make informed decisions based on reliable and comprehensive information. This approach also helps build stakeholder confidence, promotes high standards of corporate governance, and ensures accountability of boards and management to shareholders.

#### Responsible commitment

EIM is committed to promoting sustainable business practices that consider environmental and social impacts by integrating environmental, social and governance (ESG) criteria into its voting decision-making process. By considering ESG impacts into account, EIM

identifies and mitigates significant financial, regulatory, reputational and resource risks.

By adhering to these guidelines, EIM will not hesitate to oppose actions such as holding virtual meetings that do not facilitate dialogue, re-electing a board member with less than 75% attendance over the past year, electing a non-independent Chairman of the Board, or granting an excessive number of options to a management member. This list is not exhaustive and is subject to change over time.

## Voting process

### 1. Research & Analysis

EIM uses the above guidelines to shape its proxy voting research. Each element is individually examined and assessed by the portfolio manager of the respective strategy, with the long-term interests of clients in mind. EIM recognizes that every company and vote is unique, and specific circumstances may lead to different voting decisions in different situations. Certain factors may cause EIM to deviate from its established guidelines when exercising voting rights.

### 2. Conflict of interest

EIM is dedicated to identifying and managing potential conflicts of interest. If a conflict is identified, EIM will take measures to ensure that votes are cast in the best interest of its customers.

### 3. Voting decisions

EIM establishes its voting intentions in accordance with the guidelines outlined above. EIM's portfolio managers have full authority over all votes related to the securities in their respective portfolios.

### 4. Disclosure of votes

Upon request, EIM provides a detailed annual report that outlines the proxy votes conducted, including explanations for votes on significant or controversial resolutions.