



Proxy voting guidelines, As of October 2020

These guidelines are based on Anchor Capital's fiduciary obligation to act in the best economic interest of its clients as shareholders. Anchor understands that proxy voting is an integral aspect of security ownership. Accordingly, in cases where Anchor has been delegated authority to vote proxies, that function must be conducted with the same degree of prudence and loyalty accorded any fiduciary or other obligation of an investment manager.

Each proposal is evaluated on its merits, taking into account its effects on the specific company in question and on the company within its industry. It should be noted that the following are guidelines, not rigid rules, and Anchor Capital reserves the right in all cases to vote contrary to guidelines where doing so is judged to represent the best economic interest of our clients.

Anchor believes that the following policies and procedures are reasonably designed to ensure that proxy matters are conducted in the best interest of its clients, in accordance with Anchor's fiduciary duties and applicable rules and laws.

Voting Guidelines

Composition and Accountability of the Board of Directors

Elect directors

Case by case

We believe that shareholders' ability to elect directors annually is the most important right shareholders have. We generally support management nominees, but will withhold votes from any director who is demonstrated to have acted contrary to the best economic interest of shareholders. We believe that a diverse board is in the best interest of shareholders, so we consider board diversity as part of our assessment.

Declassify board of directors

For

Adopt director tenure/retirement age

Against

Adopt director and officer indemnification

For

We generally support director and officer indemnification as critical to the attraction and retention of qualified candidates to the board. Such proposals must incorporate the duty of care.

Allow special interest representation to board

Against

Require board independence

For

We believe that boards are best-positioned to represent shareholders' interests when they have a sufficient quantity of independent directors in the boardroom. We believe that, in the absence of a compelling counterargument or prevailing market norms, at least half of a board should be composed of independent directors.

Require key board committees to be independent

For

Key board committees are the nominating, audit, and compensation committees.

Require a separation of chair and CEO or require a lead director

For

Approve directors' fees

Case by case

Approve bonuses for retiring directors

Case by case

Approve board size

Case by case

Elect supervisory board/corporate assembly/statutory auditors

Case by case

Companies in certain markets are governed by multi-tiered boards, with each tier having different powers and responsibilities. We hold supervisory board members to similar standards described above under "Elect directors", subject to prevailing local governance best practices.

Majority vote on election of directors**For**

We believe that the election of directors by a majority of votes cast is the appropriate standard for companies to adopt and therefore generally will support those proposals that seek to adopt such a standard.

Adopt proxy access**Case by case**

We generally support proposals that allow significant and long-term shareholders the right to nominate director candidates on management's proxy card. That being said, we may vote against a proxy access proposal if it is shareholder-sponsored and it requests that the company adopt proxy access without reasonable constraints or in a way that markedly differs from prevailing market norms.

Contested director election

Case by case**Compensation****Adopt/amend stock option plans****Case by case**

While we believe equity compensation helps align plan participants' and shareholders' interests, we will vote against plans that we find excessively dilutive or costly.

Adopt/amend employee stock purchase plans**Case by case**

We generally support employee stock purchase plans, as they may align employees' interests with the interests of shareholders. That being said, we typically vote against plans that do not offer shares to a broad group of employees (i.e., only executives are allowed to participate) or plans that offer shares at a significant discount.

Approve/amend bonus plans**Case by case**

We will vote against these proposals where the grant portion of the proposal fails our guidelines for the evaluation of stock option plans.

Approve remuneration policy

Case by case

Approve compensation packages for named executive officers

Case by case

Determine whether the compensation vote will occur every one, two, or three years

One year**Exchange underwater options****Case by case**

We may support value-neutral exchanges in which senior management is ineligible to participate.

Eliminate or limit severance agreements (golden parachutes)**Case by case**

We will oppose excessively generous arrangements, but may support agreements structured to encourage management to negotiate in shareholders' best economic interest.

Approve golden parachute arrangements in connection with certain corporate transactions **Case by case**

Shareholder approval of future severance agreements covering senior executives **Case by case**

We believe that severance arrangements require special scrutiny, and are generally supportive of proposals that call for shareholder ratification thereof. But we are also mindful of the board's need for flexibility in recruitment and retention and will therefore oppose placing additional limitations on compensation where we feel the board as already demonstrated reasonable respect for industry practice and overall levels of compensation have historically been sensible.

Adopt a clawback policy (SP) **Case by case**

We believe that companies should have the ability to recoup incentive compensation from members of management who received awards based on fraudulent activities or an accounting misstatement. Consequently, we may support shareholder proposals requesting that a company establish a clawback provision if the company's existing policies do not cover these circumstances.

Reporting of results

Approve financial statements **For**

Set dividends and allocate profits **For**

Limit non-audit services provided by auditors **Case by case**

We follow the guidelines established by the public company accounting oversight board regarding permissible levels of non-audit fees payable to auditors.

Ratify selection of auditors and approve their fees **Case by case**

We will generally support management's choice of auditors, unless the auditors have demonstrated failure to act in shareholders' best economic interest.

Shareholder approval of auditors **For**

Shareholder voting rights

Adopt cumulative voting **Against**

Shareholder rights plans **Case by case**

Also known as poison pills, we believe these plans do not encourage strong corporate governance, since they can entrench management and restrict opportunities for takeovers. That being said, we recognize that limited poison pills can enable boards of directors to negotiate higher takeover prices on behalf of shareholders. Consequently, we may support plans that include:

- Shareholder approval requirement
- Sunset provision
- Permitted bid feature (i.e., bids that are made for all shares and demonstrate evidence of financing must be submitted to a shareholder vote)

Because boards generally have the authority to adopt shareholder rights plans without shareholder approval, we are equally vigilant in our assessment of requests for authorization of blank check preferred shares (see below).

Authorize blank check preferred stock	Case by case
We may support authorization requests that specifically proscribe the use of such shares for anti-takeover purposes.	
Establish right to call a special meeting	For
A reasonably high ownership threshold should be required to convene special meetings in order to ensure that they address broadly-supported shareholder interests.	
Establish the right to act by written consent	Case by case
We will generally oppose written consent proposals when the company already offers the shareholders the right to call a special meeting.	
Increase supermajority vote requirement	Against
We likely will support shareholder and management proposals to remove existing supermajority vote requirements.	
Adopt anti-greenmail provision	For
Adopt confidential voting	Case by case
Increase authorized common stock	Case by case
Approve merger or acquisition	Case by case
Approve technical amendments to charter	Case by case
Opt out of state takeover statutes	For
Eliminate multiclass voting structure	For
We believe that shareholders' voting power should be reflected by their economic stake in a company.	
Capital structure	
Authorize share repurchase	Case by case

Approve stock splits	Case by case
We approve stock splits and reverse stock splits that preserve the level of authorized but unissued shares.	
Approve recapitalization/restructuring	Case by case
Issue stock with or without preemptive rights	Case by case
Issue debt instruments	Case by case
Environmental and Social issues	
Environmental and social issues typically appear on ballots as shareholder-sponsored proposals. For most cases, we approve these measures as we believe that doing so will improve the prospects for long-term success of a company. For example, we generally support proposals focused on improved assessment and disclosure of climate risks when we believe they may be material to a company's long-term performance and management has not sufficiently addressed them.	Case by case
Add women and minorities to Board	For
Request for reports on Gender pay gap	For
Shareholder proposals to implement human rights standards and workplace code of conduct	For
Shareholder proposals seeing great disclosure on company's environmental practices	For
Miscellaneous	
Approve other business	Against
Approve re-incorporation	Case by case
Approve third-party transactions	Case by case