

# TAB K – PROXY VOTING GUIDELINES

## 1. Proxy Voting Guidelines

Global X Investments Canada Inc. (“Global X”) believes in taking an active role in the corporate governance of the underlying investments of our exchange traded funds (ETFs) and other investment products, through the corporate proxy and voting processes associated with such underlying investments.

When voting the proxies relating to the companies that are the underlying investments of our ETFs and other investment products, Global X will, among other things, be focused on supporting and promoting the options that, in our view, best meet the criteria described in detail below.

Global X will seek to defend and promote decisions or actions which meet generally accepted standards of Environmental, Social, and Governance (ESG) criteria, or are expected to move a company closer to these goals, where applicable.

ESG refers to the three central factors in measuring the sustainability and ethical impact of a company or business.

In pursuing this path, Global X looks for companies to engage in the following:

- 1) Activities or changes that can be expected to result in:
  - a) A decrease in their carbon footprint (or that of others),
  - b) A decrease in their water consumption and/or pollution (or that of others),
  - c) A decrease in their air pollution (or that of others),
  - d) Sustaining or improving biodiversity,
  - e) Improving waste disposal,
  - f) Protecting or improving forest management,
  - g) Effective land management
  
- 2) Employment practices and policies which, among other things:
  - a) Work towards promoting women in management and on Boards of Directors,
  - b) Promote equality and inclusion generally, and protect employees and members of the public, regardless of:

- (i) Age,
- (ii) Sex,
- (iii) Marital status,
- (iv) Colour,
- (v) Race,
- (vi) Ethnicity and Sexual orientation,
- (vii) Gender or gender identity,
- (viii) Religion, or
- (ix) Any disability of any nature

3) Practice 'Good Governance' through, amongst other things:

- a) Strict adherence to applicable laws,
- b) Promotion of fair and impartial rules and laws,
- c) Consensus-oriented management,
- d) Transparency in their activities and objectives,
- e) Accountability for their actions,
- f) Responsiveness to issues, investors and customers,
- g) Equitable and inclusive policies
- h) Effective risk management,
- i) Efficient management and processes.

Pursuant to the Proxy Voting Policy, Global X will generally cause an ETF or investment product to vote on these matters as follows:

- a) Board of Directors – Global X supports establishing a majority of independent directors and independent committee chairs. Boards are required to act in the best interests of all shareholders. This can be achieved by ensuring that the majority of directors are independent. Global will not normally vote against a slate of directors because they are not independent. Global X also supports the inclusion of women as directors and will promote and vote for women to be included. Global may elect to withhold support for a slate of directors which excludes women.
- b) Contested Director Elections – In the case of contested board elections, the nominees' qualifications and the performance of the incumbent board will be evaluated, as well as the rationale behind the dissidents' campaign, to determine the outcome that will maximize shareholder value. Global X will also consider the overall makeup of the Board in question and seek to support the directors we feel best reflect our overall ESG standards.

- c) Classified Boards – Proposals to declassify existing boards (whether proposed by management or shareholders) will generally be supported, and efforts by companies to adopt classified board structures, in which only part of the board is elected each year, will be resisted.
- d) Director/Officer Indemnification – Proposals to indemnify directors and officers will generally be supported to ensure the companies can recruit the most qualified individuals. Individuals may be reluctant to serve as directors or officers if they were to be personally liable for all lawsuits and legal costs.
- e) Director Ownership – Proposals that will require independent directors to hold a minimum amount of company stock as individuals will generally be opposed. Such a requirement raises questions about directors’ independence, and qualified candidates may be reluctant to accept directorships in the face of such a requirement.
- f) Director Qualifications – Global X supports establishing minimum standards for directors and disclosing the directors’ qualifications to shareholders. In addition, Global X supports boards that consist of experienced individuals with appropriate business and professional credentials. Elected directors should have general business acumen and company-specific knowledge and should make informed and independent judgments. Further, Global X supports qualified directors who advocate for and promote the ESG standards that Global X is committed to, as laid out herein.
- g) Independent Advisors – Global X supports empowering boards, board committees and individual directors to retain (at the subject company’s expense) outside legal counsel and other advisors to assist them with their responsibilities.
- h) Separation of Chair and Chief Executive Officer (“CEO”) – Global X supports, where possible, separating the chair and CEO roles. The board chair should be an independent executive director.
- i) Approval of Independent Auditors – The relationship between a company and its auditors should be limited primarily to the audit, although it may include certain closely related activities that do not, in the aggregate, raise any appearance of impaired independence. Management’s recommendation for the ratification of the auditors, except in instances where audit and audit-related fees make up less than 50% of the total fees paid by the company to the audit firm, will generally be supported.
- j) Executive Compensation – Global X supports establishing an independent compensation committee to ensure that executive compensation is competitive, fair, and equitable.
- k) Stock-Based Compensation Plans – An independent compensation committee should have significant latitude to deliver varied compensation to motivate

the company's employees. However, all compensation proposals will be evaluated in the context of several factors (a company's industry, market capitalization, competitors for talent, etc.) to determine whether a particular plan or proposal balances the perspectives of employees and the company's other shareholders, and is transparent, fair and equitable.

- l) Bonus Plans – Bonus plans, which must be periodically submitted for shareholder approval, should have clearly defined performance criteria and maximum awards expressed in dollars. Bonus plans with excessive awards in absolute terms and relative to a comparative group generally will not be supported.
- m) Employee Stock Purchase Plans – The use of employee stock purchase plans to increase company stock ownership by employees will generally be supported, provided that shares purchased under the plan are acquired for no less than 85% of their market value and that shares reserved under the plan comprise less than 10% of the outstanding shares.
- n) Executive Severance Agreements – While executives' incentives for continued employment should be more significant than severance benefits, there are instances, particularly when a change in control, in which severance arrangements may be appropriate. Global X will generally, without submission to shareholders, cause an ETF to vote in favour of approving severance benefits triggered by a change in control that does not exceed three times an executive's salary and bonus.
- o) Shareholder Rights Plans – In evaluating the approval of proposed shareholder rights plans, the following factors will be considered: the length of the plan; whether the plan requires shareholder approval for renewal; whether the plan incorporates review by a committee of independent directors at least every three years; whether the plan includes permitted bid/qualified offer features that mandate a shareholder vote in certain situations; whether the ownership trigger is reasonable; and the level of independence of the board that is proposing such plan.
- p) Crown Jewel Defence – The sale of assets to “friendly” companies to frustrate a takeover will generally be opposed as this action could impair shareholder value.
- q) Cumulative Voting – Cumulative voting will generally be opposed on the basis that it allows shareholders a voice in director elections that is disproportionate to their economic investment in the corporation.
- r) Supermajority Vote Requirements – Shareholders' ability to approve or reject matters presented for a vote based on a simple majority will be supported. Accordingly, proposals to remove supermajority requirements will be supported, and proposals to impose them will be opposed.
- s) Right to Call Meetings and Act by Written Consent – Shareholders' rights to

- call special meetings of the board (for good cause and with ample representation) and to act by written consent will generally be supported. Proposals to grant these rights to shareholders will be supported, and proposals to abridge these rights will be opposed.
- t) Confidential Voting – The integrity of the voting process is enhanced substantially when shareholders (both institutions and individuals) can vote without fear of coercion or retribution based on their votes. As such, proposals to provide confidential voting will be supported.
  - u) Dual Classes of Stock – Dual-class capitalization structures that provide disparate voting rights to different groups of shareholders with similar economic investments are objectionable. As such, the creation of separate classes with different voting rights will be opposed, and the dissolution of such classes will be supported.
  - v) Corporate and Social Policy Issues – Proposals in this category, initiated primarily by shareholders, typically request that the corporation disclose or amend certain business practices. Our policy identifies herein the standards by which such proposals to disclose or amend business practices will be judged or measured. Proposals will be measured on both the expected or potential ESG impact, if any, and on the anticipated impact on shareholder value, if any. Global X will seek to promote its stated ESG standards and shareholder value through its vote. Proposals which do not, or are not expected to, have any impact on a company’s current or future ESG standards or shareholder value, we consider to be “ordinary business matters” that are primarily the responsibility of management and should be evaluated and approved solely by the corporation’s board of directors. Global X will typically abstain from voting on proposals it deems to fall under this category.
  - w) Increase in Authorized Shares – Global X supports only issuing additional common shares for good business reasons.

Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on ESG standards and shareholder value.

This Proxy Voting Guideline is available on request, at no cost, by calling Global X toll-free at 1- 866-641-5739 or by email at [info@globalx.ca](mailto:info@globalx.ca)

An ETF’s proxy voting record for the annual period from July 1 to June 30 of the following year will be available free of charge to any investor of the ETF upon request at any time after August 31 following the end of that annual period. ETF’s proxy voting record will also be available on our website at [www.globalx.ca](http://www.globalx.ca).