

# DEANS KNIGHT INCOME CORPORATION

## PROXY VOTING POLICIES AND PROCEDURES

These policies and guidelines set out the policies and procedures that we generally follow to determine whether and how, to vote on any matter for which Deans Knight Income Corporation (the “Company”, as securityholder, receives proxy materials for a meeting of securityholders of an issuer.

### PROXY VOTING POLICY

Our policy is to vote all proxies in a manner that we determine is in the Company’s best interests and that is consistent with the Company’s stated investment strategies and mandate. In most circumstances, we will vote proxies in accordance with the general guidelines set out below. However, these guidelines serve as a framework only and we may vote contrary to these guidelines in circumstances where we determine that it is in the Company’s best interests to do so. To the extent that these guidelines do not address a potential voting issue, we will vote on such an issue in a manner that we determine is consistent with the spirit of these guidelines and that we determine would be in the best interests of the Company.

### PROXY VOTING GUIDELINES

#### I) Board of Directors

We will generally vote FOR management’s nominees when the:

- Nominated slate is comprised of a majority of independent directors.
- Members of audit, nominating and compensation committees are independent.
- Independent directors hold company stock.

We will generally vote AGAINST management’s nominees when the:

- Nominated slate would result in a board of directors comprised of a majority of non-independent directors.

#### II) Approval of Auditors

We will generally vote FOR management’s recommendation for the appointment or reappointment of auditors.

### **III) Compensation Issues**

The independent compensation committee should have the latitude to design and implement a compensation system to motivate employees. We will generally vote FOR a compensation-related proposal when:

- We determine that it is aligned with shareholder interests.
- The potential dilution from options being granted is less than 10% of the outstanding shares.

We will consider voting AGAINST a compensation-related proposal when:

- Potential dilution exceeds 10% of shares outstanding.
- Plan permits repricing or replacement of options without shareholder approval.

### **IV) Corporate Structure & Shareholder Rights**

a) Shareholder rights plans (poison pills) and other takeover defenses may serve to entrench management or conversely allow the board to negotiate the payment of a higher acquisition premium.

- We will generally vote FOR such a plan when the plan is of a short term (i.e., 3 – 5 years) and requires shareholder approval for renewal.
- We will generally vote AGAINST such a plan when the plan is permanent or for greater than a 5 year term, or when renewal is automatic and does not require shareholder approval.

b) We will generally vote AGAINST proposals to implement cumulative or super voting shares.

### **PROXY VOTING PROCEDURES**

We have adopted the following procedures to ensure that securities held on behalf of our clients are voted in accordance with our instructions.

1. All proxy voting material is collected by our administration staff.
2. The portfolio manager reviews all proxy issues and determines the voting strategy in line with our proxy voting policies and guidelines.
3. The portfolio manager determines whether any other communication with the issuer is necessary.

4. The portfolio manager communicates the voting strategy to our administration staff, and our administration staff ensure that the proxies are completed and returned in accordance with the instructions that accompany the proxy materials.

## **PROXY VOTING RECORD**

We maintain a record that includes the details of the manner in which we vote proxies received with respect to securities held.