

SIMAL Information Handbook

Section 4.10 Corporate Governance & Proxy Voting

August 2020

1. Introduction

This document sets out Corporate Governance and Proxy Voting Policy of Schroder Investment Management Australia Limited (“SIMAL”). This document applies to all portfolios where SIMAL acts as responsible entity and or provides investment management services and has been delegated voting responsibilities.

This Policy has been prepared by SIMAL. The effective date of this Policy is 27 August 2020. The SIMAL Board approved this Policy on 27 August 2020.

This Policy applies to investments in publicly listed or quoted Australian and international securities with voting rights attached and where SIMAL has the ability and authority to vote.

2. Corporate Governance

Effective corporate management is concerned with the efficient utilisation of the resources of a corporation to maximise the return to the shareholders. Corporate Governance is the system by which companies are controlled. The Directors of a company act as the agents of shareholders, therefore it follows that shareholders must monitor, and as necessary, reward and reprimand the Board. In turn the Board appoints management to run the operations of the company.

SIMAL seeks to add value to the portfolios which clients have entrusted to them to manage or advise upon. SIMAL recognises that it can seek to influence company policy on matters of Corporate Governance by virtue of shareholdings under our management. In accordance with industry practice, and the Financial Services Council’s guidelines in particular, we use that influence for the benefit of our clients.

Within these parameters we aim to enhance shareholder returns by encouraging advantageous and discouraging disadvantageous corporate policies, through discussion with company Boards and management, and the exercise of voting power. With respect to Australian Equity portfolios, we align our views on corporate policies with our investment philosophy, by assessing the growth in net tangible assets per share, adjusted for dividends and capital transactions, through a cycle. For the worst performers, we may seek to engage company Boards and management in an endeavour to encourage improved performance. Where poor performance is coupled with a resistance to change, we may seek to use our vote to protect and enhance the long-term value of the security as an asset to the portfolio.

We believe that it is our fiduciary responsibility to exercise our vote on all significant issues for companies in which our portfolios are invested. We will exercise our vote for or against if possible, but we do consider abstention a viable alternative in certain circumstances.

SIMAL sets out further details on our corporate governance framework in our “Principles of Internal Governance and Asset Stewardship”, which is available on our website: www.schroders.com.au.

3. Proxy Voting Policy

- 1) SIMAL does engage the services of proxy advisers, Institutional Shareholder Services Inc (ISS).
- 2) Whilst recommendations are received from proxy advisers, responsibility for making proxy voting decisions on all Australian securities remains with the relevant Portfolio Manager. For delegated mandates, where management of international securities has been delegated, the proxy voting responsibility is also delegated.
- 3) Given responsibility for proxy voting rests with the relevant Portfolio Manager, there will be variations to the approach and how active each asset class and jurisdiction may be. Australian Equities is the most active, relying the least on proxy advisers, and instead aligning voting with their investment philosophy. Whereas by their very

nature, more quantitative strategies such as some of the international equities, and multi-asset strategies which focus more on the relative valuations of the asset classes, will be less active.

- 4) Where SIMAL has the power and authority to vote SIMAL will evaluate and vote for or against or where deemed appropriate will actively abstain from voting on all investments in Australian and international listed entities, unless instructions to the contrary have been received from the client.
- 5) Proxy requests will be voted in a manner that is deemed most likely to protect and enhance the long-term value of the security as an asset to the portfolio.
- 6) Any conflict of interest identified will be escalated to Compliance to be handled in accordance with SIMAL's Conflict of Interest Policy.
- 7) SIMAL will not vote where we are excluded from so doing by the Corporations Act or other laws, or in cases of conflicts of interest or duty which cannot be resolved lawfully or appropriately.

SIMAL will publish on the website, at least annually within three months of the end of the financial year, a summary of the Proxy Voting records for the previous year, highlighting differences to this Policy, including any instances of non-compliance.

This policy meets the Financial Services Council ("FSC") principles as set out in the FSC Standard No. 13: Voting Policy, Voting Record and Disclosure.

4. Class Actions

In its capacity as responsible entity and investment manager, SIMAL will be approached from time to time to participate in class actions, also referred to as representative proceedings, whereby a single law firm represents a group of shareholders, referred to as applicants or plaintiffs.

SIMAL's policy in relation to class actions is to allow each fund manager to make the decision to proceed or not on behalf of the funds and mandates that they are responsible for. Where any discrete client issues instructions to participate, SIMAL will comply with those instructions. Where any discrete client seeks advice, SIMAL policy is to not provide advice, however we can articulate our rationale for our decision to participate or not.

If the fund manager decides to proceed, the legal documentation will be reviewed by Legal.

SIMAL's policy is that all proceeds from any class actions are passed back to the specific funds and/or mandates. SIMAL retains no portion of the proceeds.

5. Related Policies

- Principles of Internal Governance and Asset Stewardship
- FSC Standard No. 13 Voting Policy, Voting Record and Disclosure

6. Investor contact

If you have queries with respect to this Policy or our voting records, you can contact SIMAL on the following:

Email: info.au@schroders.com

Client services telephone: +61 1300 136 471

General enquiries telephone: +61 2 9210 9200