



# PROXY VOTING POLICY

## Document Control

### a. Version Control / Revision History

This document has been through the following revisions:

<b>Version</b>	<b>Date of Approval</b>	<b>Remarks / Key changes / Reason for Update</b>
1	May 2016	Initial Version
1.1	May 2017	Annual review
1.2	May 2018	Annual review
1.3	May 2019	Annual review
1.4	February 2020	Annual review
1.5	January 2022	Regular Review
1.6	April 2022	Updated to align with RI Policy

### b. Authorisation

This document requires the following approvals:

<b>Authorisation</b>	<b>Name</b>
Initial Version	Board
Revisions	Managing Directors

## 1. Introduction

This Policy is based on fiduciary responsibilities of Spheria Asset Management Pty Limited (Spheria) to act in the best interest of its clients as shareholders. It describes the approach taken by Spheria in relation to resolutions put forward at AGMs and EGMs.

This Proxy Voting Policy should be read in conjunction with Spheria's Responsible Investment Policy and ESG Reports, which are published on their website (<https://spheria.com.au/corporate-responsibility/>). Spheria's voting activity is disclosed (in aggregate) in its ESG Reports.

## 2. Policy Statement

It is the policy of Spheria to vote on all material issues. In the event that Spheria receives a direction from the client in relation to the appointment of a proxy and the way the proxy should be voted, Spheria will use its best endeavours to implement the direction. In the absence of any direction, Spheria will vote as it sees fit, having regards to any direction specified in the Investment Management Agreement with the client.

Spheria's main concern is to protect and maximise the value of its clients' investments. Spheria believes that best practice Governance and corporate transparency increase the value of its clients' investments by protecting shareholders' rights, reducing risk, and enhancing the perceived quality of investee companies. For these reasons, Spheria's voting supports Governance improvements and more granular disclosure (when that is not to the detriment of a company's commercial interests). We see appropriate Board composition (size, independence, skills, and diversity) as a key pillar of good Governance and healthy corporate culture.

Voting forms an integral part of Spheria's responsible investment activities and should be considered in conjunction with Spheria's ESG research, scoring and corporate engagement practices.

## 3. Process Overview and Procedures

1. Proposed resolutions with explanatory notes are prepared and forwarded from Spheria's proxy voting service or Pinnacle IMS (middle office)/custodian to Spheria.
2. The Portfolio Manager(s) will review each material resolution case by case on its merit
3. In arriving at a recommendation, the following three main principles are adhered to:
  - I. Any resolution should treat shareholders equally
  - II. Any material conflicts of interest are addressed appropriately
  - III. Resolutions should be individual and clearly stated. Composite resolutions are not regarded as optimal
4. To assist in their decision making, Spheria may subscribe to a proxy voting service which provides independent analysis and voting recommendations on key governance issues. Spheria considers these recommendations when arriving at a decision
5. Voting recommendations are prepared by the Portfolio Manager(s) and approved by the Managing Director(s)
6. Upon approval, votes are processed by Spheria on an electronic proxy voting system (ISS Risk Metrics).

7. Spheria will maintain a record of all voting on behalf of its clients and report these to the client, when requested

#### 4. Voting Practices

Spheria has a preference for voting with management and will do so on routine proposals that do not affect the structure, by laws, or operations of the corporation to the detriment of its shareholders. Whenever issues have the potential to impact on shareholder value and rights, appropriate scrutiny is applied.

Spheria will generally vote against any management proposals that have the effect of restricting the full potential of its clients' investments. These would include but are not limited to:

- Excessive senior executive and non-executive management remuneration;
- Golden handshakes;
- Special interest representation on the board;
- Share and Option schemes that do not reflect;
  - I. the responsibilities of the executive
  - II. comparability to market practice
  - III. appropriate performance hurdle benchmarks
  - IV. appropriate disclosure
- Unequal voting rights;
- Takeover Protection – e.g., Poison Pills which generally involves issuing preferred stock purchase rights or warrants unilaterally declared as a dividend without shareholder participation or approval. Poison pills can be used to insulate existing management against competitive bids

When asked for input, Spheria discusses resolutions with its clients, provides information and advice, and seeks voting guidance, if appropriate.

#### 5. Engagement with Companies

As part of its responsible investment practices, Spheria routinely engages with its investee companies. In addition to voting, Spheria will enter into dialogue with a company to voice concerns in relation to actions or directions a company is taking in relation to performance, corporate governance and other matters affecting shareholders' interests, with particular focus on Environmental Social and Governance (ESG) issues it believes to be material to the company, including climate change.

When Spheria believes it can make a difference, it will endeavour to reach out to its investee companies whenever a vote against management is planned, to explain its concerns and seek to further influence their leadership teams.

While Spheria's preferred influencing tool is corporate engagement, it may - in extreme cases – vote against remuneration reports and directors' re-election when it believe that the current strategic direction of an investee company is contrary to its shareholders' interests and Spheria's engagement efforts have not been met with an adequate response by the Board.

## 6. Conflicts of Interest

This section of the Proxy Voting Policy should be read in conjunction with Spheria's Conflicts of Interest Policy.

There may be instances where Spheria's interests conflict, or appear to conflict, with client interests. Spheria's duty is to vote proxies in the best interest of its clients and in accordance with this policy.

If Spheria staff detects a material conflict of interest in connection with voting on the resolutions, then the staff should escalate the matter to the Managing Director(s) and Pinnacle Risk & Compliance to determine the steps to managing the conflicts, or potential conflict, if required. Possible resolutions may include:

- Vote in accordance with the recommendations of a third-party research provider; or
- Abstain from voting if it is deemed to be in the client's best interest; or
- Disclose the conflict to the client and obtain the client's direction to vote the proxies.

## 7. Class Actions

Spheria does not direct clients' participation in class actions without the client's consent. The Portfolio Manager(s) will determine whether to return any documentation inadvertently received regarding clients' participation in class actions to the sender, or to forward such information to the appropriate clients.

## 8. Compliance

The Managing Director is responsible for managing compliance with this policy. Risk and Compliance is responsible for monitoring compliance with this policy.

## 9. Breaches of this policy

Breaches and incidents of this policy are required to be reported to Risk and Compliance.