

Proxy Voting Policy



AMP Capital

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Table of Contents

1: PURPOSE AND APPLICATION	2
2: OVERVIEW	2
3: PRINCIPLES	3
4: DISCLOSURE	4
5: POLICY OWNER	4
6: POLICY REVIEW	4
7: REFERENCES AND OTHER RELEVANT POLICIES	5

1. PURPOSE & APPLICATION

The AMP Capital Proxy Voting Policy (“the Policy”) sets out the standards that the AMP Capital Group of Companies (“AMP Capital”) uses to manage the proxy voting process. This Policy covers the proxy voting of AMP Capital portfolios holding publicly listed equities. Proxy voting is conducted for all countries where AMP Capital is able to vote, however while the policy remains the same the process may differ between regions.

This document is consistent with the Financial Services Council’s Standard 13 (Voting Policy, Voting Record and Disclosure).¹ The Policy has been approved by the Board of AMP Capital Investors Limited.

The Policy outlines that, except in special cases where AMP Capital feels abstention is required, we consider and vote all proxies for every resolution in respect of holdings owned by us in companies and other entities publicly listed in Australia, excepting entities for which we have no discretion to vote or in countries in which we are unable to vote.

2. OVERVIEW

The guiding principle of this Policy is that voting rights should be exercised and proxy instructions should be lodged in a way designed to ensure that proxies are voted in the best interests of clients². In some cases, which are determined by consideration of: the materiality of our holdings in the company, our assessment of the net benefit to fund members and the practicalities of voting, we may choose not to vote.

Voting decisions are made on a case-by-case basis by an assessment of the matter at hand and after taking into consideration the likely effect on the performance of the portfolio.

AMP Capital recognises the strong link between good corporate governance and investment value. Our objective is to increase the return on funds invested. Within these parameters, we aim to enhance shareholder returns by discouraging disadvantageous corporate policies through discussion with company management and the exercise of voting power. Similarly, there are opportunities to encourage effective management through the endorsement given by positive votes.

Corporate governance relates to the procedures and processes according to which an organisation is directed and controlled. It is our view that the most appropriate corporate governance is achieved by applying generally accepted best-practice such as those detailed in the ASX Corporate Governance Principles and Recommendations document³ and the Financial Services Council’s Standard 23: Principles of Internal Governance and Asset Stewardship⁴.

The phrase “corporate governance” describes “the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It also encompasses the mechanisms by which companies, and those in control, are held to account.”⁵ The directors of a company act as agents of shareholders. In turn, the board appoints management to run the operations of the company. Effective corporate management is concerned with the efficient and responsible utilisation of the resources of a corporation to provide satisfactory returns to the shareholders.

AMP Capital believes that by adopting high standards in relation to corporate governance and social responsibility (environmental, employment and community relationships) companies can avoid potential damage to trade or reputation and therefore enhance and protect the long-term wealth creation of their shareholders.

Our corporate governance activity not only seeks to monitor the integrity of companies in which we invest and reduce the risk of corporate mismanagement and failure, but also seeks to protect the rights of all shareholders. As such, it is in the interest of both the companies in which we invest and our clients that we exercise our right to vote.

3. PRINCIPLES

¹ For further details see Section 7: REFERENCES AND OTHER RELEVANT POLICIES

² Note: the term ‘clients’ refers also to ‘fund members’.

³ For further details see Section 7: REFERENCES AND OTHER RELEVANT POLICIES

⁴ For further details see Section 7: REFERENCES AND OTHER RELEVANT POLICIES

⁵ Justice Owen in the HIH Royal Commission, The Failure of HIH Insurance Volume 1: A Corporate Collapse and Its Lessons, Commonwealth of Australia, April 2003 at page xxxiv

AMP Capital is of the view that corporate governance and the exercise of voting rights are an important aspect of any investment decision process.

AMP Capital has an obligation to add value to the portfolios which clients have entrusted to AMP Capital to manage or advise upon. AMP Capital recognises that it can 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 guidelines in particular, we use that influence for the benefit of our clients.

When lodging voting instructions for Australian listed companies, AMP Capital takes into account a broad range of best-practice governance principles, these include:

- Votes are cast in the best long-term interests of our clients.
- AMP Capital will ensure voting instructions are lodged for all internally-managed portfolios unless clients of separately-managed portfolios have issued instructions to the contrary, or have specifically asked AMP Capital not to vote.
- In addition, AMP Capital authorises managers of externally managed portfolios of securities attracting voting rights to vote. AMP Capital retains the right of direction of voting and the manager is required to use its best endeavours to implement the direction.
- As representatives of shareholders, it is our preference to support and vote in favour of a board or management recommendation. However, where a recommendation is not consistent with shareholder interests and/or our policies, the board or management recommendation will not be supported.
- We will not vote where AMP Capital has been excluded from doing so by the Corporations Act, or other laws, or in cases of conflicts of interest or duty which cannot be resolved lawfully or appropriately.
- On occasions where AMP Capital considers it appropriate, for both governance reasons and for our clients' interests, we may specifically abstain from voting on a resolution. On these occasions we aim to communicate directly with the company in regard to the particular reason the resolution was not considered supportable.
- Resolutions put to shareholders will be voted upon in a manner that is deemed most likely to protect and enhance the long-term value of a security as an asset to the portfolio. If a resolution is divisive or raises contentious issues, we will be guided by what is in the best interests of our clients.

In respect to holdings in international companies, AMP Capital's aim is to review resolutions on a case by case basis.

For some international markets, there will be instances where we refrain from voting as the expected costs of voting exceeds the expected benefits of voting. In our decision, we will take into account, among other things, if our vote will make a material difference in the voting outcome, what percentage of free float shares we own and whether the issues presented in the resolutions are contentious.

The circumstances where AMP Capital may not exercise its voting rights include:

- Shares on loan: AMP Capital participates in a securities lending program for company shares held in its Australian and overseas portfolios. AMP Capital will recall all Australian shares from third parties to enable voting of company resolutions. In some circumstances, international shares may not be able to be recalled in time for voting. We may choose to recall international shares if AMP Capital has determined that the benefits are likely to outweigh the costs or where we have a material investment in a company.
- Share blocking markets: AMP Capital may not vote on company meetings in countries where there is 'share blocking'. Share blocking is a regulatory restriction on the sale of shares for a given period where the voting rights attached to the shares are executed. Share blocking limits the trading possibilities of the investment manager and may, therefore, harm the performance of the investment portfolio.
- Power of Attorney (PoA) markets: In some countries voting can only be carried out by an individual actually attending a company meeting. A PoA can be costly both in terms of financial and human resources. In line with our fiduciary duty, AMP Capital will only undertake voting in a country requiring a PoA where the benefits of voting outweigh the costs of putting a PoA in place. AMP Capital has determined that the benefits are likely to outweigh the costs where we have a material investment in a country.

In all proxy voting decisions, AMP Capital is making decisions which are in the client's best interests, from both a financial and governance point of view.

ESG:

AMP Capital's commitment to ESG (Environmental, Social and Governance) matters is evident through the work carried out by the ESG & Investment Stewardship Team on behalf of our clients.

The ESG & Investment Stewardship Team researches a broad range of ESG issues, lodges considered proxy voting instructions and, where considered appropriate, engages with companies and/or industry bodies in regard to ESG concerns that may arise.

External mandates:

While we believe it is the portfolio manager's fiduciary responsibility to exercise voting rights on all resolutions, the manner in which this responsibility is discharged by AMP Capital may vary depending on whether the portfolio is internally or externally managed, and/or whether the shares held are Australian or international shares.

As part of the investment mandate for AMP Capital's externally managed portfolios, we authorise our investment managers to exercise voting rights on our behalf. We monitor the manner in which our votes are cast and reserve the right to override the external manager's vote where we consider it to be in our clients' best interests to do so.

AMP Capital recognises that there are differences in corporate governance expectations in different jurisdictions and will incorporate those we see appropriate, while still aiming to protect shareholder value.

Proxy Advice:

AMP Capital engages the services of proxy advisors to assist in gathering the information used to formulate and support voting decisions. In general, AMP Capital engages 'Ownership Matters' for information on Australian listed companies and 'Glass Lewis' on International equities. In addition, we may occasionally request additional information from 'ISS' and/or 'CGI Glass Lewis'⁶

Voting guidelines published by our proxy advisers set out specific governance principles that guide their analysis and recommendations. Where we do engage these services, we will consider the information and recommendations we receive, however, AMP Capital is not bound to follow the recommendations supplied by any proxy advisor.

4. DISCLOSURE

As per FSC requirements, AMP Capital discloses voting on a "per scheme, per investment and per resolution" basis. This voting record is made publicly available on our website (www.ampcapital.com.au) within three months of the end of each financial year.

In addition, AMP Capital provides a comprehensive voting commentary via an annual corporate governance report (which is also publicly available on our website).

5. POLICY OWNER

The Global Head of Public Markets is the owner of this Policy. The ESG & Investment Stewardship team is responsible for implementation of this Policy.

6. POLICY REVIEW

This Policy will be reviewed and approved annually by the AMP Capital Investors Limited Board.

⁶ For further information regarding the proxy advisors referred to in 'Section 3' see:

- Ownership Matters: <http://www.ownershipmatters.com.au/about-us/>
- Glass Lewis: <http://www.glasslewis.com/>
- ISS: <http://www.issgovernance.com/>
- CGI Glass Lewis: <http://www.glasslewis.com/tag/cgi-glass-lewis/>

7. REFERENCES AND OTHER RELEVANT POLICIES

1. FSC Standard No 13: Proxy Voting Policy (issued 26 March 2013, updated 2020)

The main purposes of Standard 13 Voting Policy, Voting Record and Disclosure are:

- in relation to Australian investments (and international investments effective from 1 July 2021 with a one-year transition period, 2 years for multi-manager investment structures), to require the formulation of an Operator's voting policy (including proxy voting) for each Scheme it operates;
- whether or not an Operator engages the services of a voting or proxy consultant in exercising its voting rights; and
- to require disclosure of the above matters and details of the exercise of such voting rights by the Operator (on an "entity and resolution level" basis) in respect of each financial year for each Scheme it operates.

("Scheme" is defined in FSC Guidance Note 5 Industry Terms and Definitions, and includes REs of registered schemes and RSE licensees of superannuation funds.)

2. ASX Corporate Governance Principles and Recommendations (Fourth Edition).

The current version of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Fourth Edition) was released on 27 February 2019 and takes effect for a listed entity's first full financial year commencing on or after 1 January 2020.

3. FSC Standard 23: Principles of Internal Governance and Asset Stewardship

This Standard has been drafted to provide guidance to FSC Members who undertake the role of Asset Managers in setting and achieving best practice in fulfilling their fiduciary responsibility as custodians of one of the largest pools of managed funds in the world.