

Proxy Voting Policy

September 2018



Pendal Fund Services Limited
ABN 13 161 249 332,
AFSL No 431426

Pendal Institutional Limited
ABN 17 126 390 627,
AFSL No 316455

Proxy Voting Policy

1. Objective and scope

This Policy applies to Pental entities that have voting rights in Australian listed securities. This currently includes Pental Fund Services Limited (PFSL) and Pental Institutional Limited (PIL) (referred to in this Policy as Pental Australia). PFSL acts as the Responsible Entity Trustee for registered and unregistered managed investment schemes; and PIL provides discretionary investment management services to institutional clients and other intermediaries (i.e. discrete client portfolio).

Pental Australia has a fiduciary obligation to act in the best interest of all clients and represent its clients in corporate governance matters through the proxy voting process.

This Policy sets out Pental Australia's approach to proxy voting in the context of exercising our fiduciary responsibilities, corporate governance principles and reporting responsibilities in relation to Australian listed securities held in Pental Australia managed investment schemes and discrete client portfolios.

In accordance with this Policy, Pental Australia will:

- Vote on behalf of all Pental Australia managed investment scheme members; and
- Only vote on behalf of a discrete client portfolio where it has been provided with the discretion to exercise voting rights on the client's behalf.

Scheme members and discrete clients will be collectively referred to as 'clients' in this Policy.

This Policy does not apply to situations where investment management of a fund has been delegated to an external manager, in which case, responsibility for proxy voting is retained by that delegated manager.

2. Who does this Policy apply to?

This Policy applies to all Pental Australia employees, secondees, consultants, contractors, and people on work experience (called 'employees and contractors' in this Policy). If this Policy applies to you, you should read it and make sure you understand it. If you need guidance speak to your People Leader or Risk & Compliance.

3. Overview

Pental Australia's overarching principle is that proxy votes should be cast in a way which is designed to ensure that proxies are voted in the best interests of clients.

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 on the portfolio or fund.

Pental Australia recognises the strong link between good corporate governance and investment value. There may be circumstances where Pental Australia believes it is in the best interests of clients to vote in a manner which may differ to the general consensus of the market or industry convention at the time.

Corporate governance is concerned with the way in which companies are directed and controlled. We believe that effective corporate governance is advanced through the application of corporate governance principles outlined in the ASX Corporate Governance Principles and Recommendations document.

4. Principles

Pendal Australia considers corporate governance and the exercise of voting rights as another aspect of the investment decision-making process. Pendal Australia recognises that it has the potential to influence investee company policy on matters of corporate governance by virtue of significant holdings in those investee companies, which are held on behalf of our clients.

Pendal Australia's policy is based on the following principles:

- Any votes cast will be cast in the best interests of clients.
- Pendal Australia's preference is to vote in favour of a Board or management recommendation. However, where Pendal Australia believes that a recommendation is not in the best interests of our clients, the recommendation will not be supported.
- Pendal Australia opposes different voting right share classes and any poison pill takeover defences.
- Resolutions involving contentious issues will be dealt with thoroughly and thoughtfully and in the best interests of clients. Contentious issues may be defined as:
 - Any issue where there is the likelihood of Pendal Australia voting against a Board sponsored resolution.
 - Any issue where there is a likelihood of Pendal Australia voting against a current Director standing for re-election.
 - Any issue involving a resolution that is not in line with ASX Corporate Governance Principles and Recommendations.
 - Any other issue or resolution which may be contentious taking into account industry conventions, relevant laws and media coverage.

There may be circumstances where Pendal Australia does not exercise a proxy vote. Circumstances surrounding the non-exercising of proxy votes are carefully considered by Pendal Australia. Such circumstances may include:

- Where exclusions may arise from the Corporations Act or any conflict of interest; and
- Where Pendal Australia has already made a decision to dispose of the securities.

Where a resolution is deemed to be contentious, the Analyst or Portfolio Manager responsible will consider all the relevant information, including external reports received from corporate governance advisers, and may contact the relevant company to obtain further details or clarification on the matter prior to making a final decision.

To assist in decision-making, Pendal Australia may conduct research internally and/or use the resources of an independent external proxy advisory service. Pendal Australia may also consider studies of corporate governance and other proxy voting issues and/or analyses of shareholder and management proposals from a number of different sources.

5. Disclosure and reporting

Pendal Australia publishes a summary of all Australian proxy voting records for the previous year on an annual basis in accordance with the Financial Service Council Standard No. 13 Voting Policy, Voting Record and Disclosure (26 March 2013). The record is published on Pendal Australia's website: www.pendalgroup.com. Copies of this Proxy Voting Policy are also available on the website.

For more information contact your key account manager or visit pendalgroup.com

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