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IOOF Proxy Voting Policy

This Policy applies to IOOF Holdings Limited, its subsidiaries and related bodies corporate (as defined in the *Corporations Act 2001*) (**IOOF**)

22 March 2018

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1 Overview

1.1 Introduction

A number of entities within the IOOF group obtain voting rights in relation to listed securities held within the various IOOF products.

The IOOF Proxy Voting Policy (**Policy**) sets out the rules IOOF applies in relation to proxy voting and the disclosure of voting activities.

1.2 Policy statement

Institutional shareholder voting is a valuable corporate governance mechanism. Fund managers and trustees have a responsibility in particular to make boards accountable for the decisions they make on behalf of shareholders.

As the holder of shares for the benefit of its clients, IOOF has a fiduciary obligation to act in the best interests of the beneficiaries of those shares and use best efforts to preserve and increase the long term value of the investments.

Where voting is delegated to a fund manager, IOOF must also ensure that the fund manager will vote in a manner consistent with these principles and in the best interests of IOOF's clients.

1.3 Scope and application of the Policy

The Policy applies to IOOF entities that have voting rights in publicly listed Australian equities. This currently includes IOOF Investment Management Limited (**IIML**) as trustee of the IOOF Portfolio Service Superannuation Fund.

It also extends to arrangements where IIML is the responsible entity of a managed investment scheme that invests in listed equities, and has empowered a fund manager to vote on behalf of IIML via an investment mandate.

The Policy does not cover: IDPS or IDPS-like arrangements; friendly society products; private client or discrete wholesale mandates; 'fund of funds' or 'manage the manager' arrangements; or Australian Executor Trustees Limited (where investors/members are able to direct voting as covered by the AET Proxy Voting Procedures).

2. General obligations

2.1 How and when we will vote

Every resolution is considered and voted upon according to this Policy except in circumstances where:

- we do not have authority to vote;
- we are precluded by law or in cases of conflicts of interest or duty which cannot be resolved lawfully or appropriately:

- the equity has not been placed on the current IOOF Research List¹ or we do not have an
 in-depth knowledge of the management, financial strategy or business operations of a
 particular company, in which case we will abstain from voting;
- a resolution is considered contentious see 2.2 below; or
- we have authorised a fund manager to act as our proxy for voting purposes (in which case
 the fund manager's proxy voting policy will generally apply see 2.3 below (subject to our
 power to override a vote).

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

Our principles for voting are as follows:

- Votes must be cast in the best interest of our clients.
- For non-contentious items, our general rule is to vote For management/board and Against shareholder proposals, except where it is inconsistent with our clients' interests and/or our policies.
- Resolutions will be voted upon in a manner that is most likely to protect and enhance the long-term value of a security as an asset to the portfolio.
- We are committed to environmental, social and governance (ESG) matters and consider these important to our clients and the community, so we will vote in a manner that supports good ESG practices.

2.2 Contentious resolutions

Where there is a contentious resolution, we will take one or more of the following actions, as appropriate:

- Abstain from voting;
- Engage with the management of a company prior to the holding of an annual meeting and prior to casting a vote;
- Refer the matter to the Product and Investment Research Divisions further analysis and recommendation; or
- Vote for or against the resolution after making an assessment.

Contentious resolutions may include any of the following:

- Executive remuneration, including performance hurdles and financial incentives for executives.
- Option issue resolutions where the hurdles are not relative (absolute share price only), or hurdles not clearly stipulated, or measurable.
- Option issues for non-executive directors.
- Changes to the voting rights of ordinary shareholders.

¹ The Research List is the list of equities upon which the IOOF Research Division will conduct analysis and research during a 12-month period. The IOOF Research Division may make voting recommendations on equities outside the Research List where it determines it's in beneficiaries' best interests to do so.

- New share issues or placements if the rights or standing of existing shareholders are impacted.
- Takeovers, schemes of arrangement and business restructures.
- Share buy-backs, if preference is given to any shareholder or group of shareholders over others.
- Group shareholder action.

2.3 Investment mandates

As part of the investment mandate for IIML's managed funds, 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.

All external investment managers appointed to our schemes must provide us with a copy of their proxy voting policy and are required to inform us of any changes to the policy. The investment managers must inform us in writing if they exercise a vote in a manner that is inconsistent with their policies.

IIML authorises the investment managers to exercise any right to vote attached to a share or unit forming part of the portfolio and to direct the custodian to complete the voting process. As per the investment management agreements, IIML as responsible entity has the discretion to override a manager's intended vote. If given a direction from IIML, the manager must use its best endeavours to implement the direction.

2.4 Disclosure

We publish a summary of our proxy voting records on the IOOF website, within two months of each year-end. Where we do not cast a vote on a particular resolution, we will disclose this in our proxy voting reports.

We must:

- disclose our Proxy Voting Policy;
- publish our Australian proxy voting records, at least annually; and
- comply with standardised disclosure of the records.

The aggregate summary of our Australian proxy voting activity will be summarised for each applicable entity and includes the number of resolutions for which we:

- have exercised voting discretion;
- voted in favour:
- voted against;
- abstained from voting; or
- took no action.

The summary should be presented both as numbers and as percentages of the total number of resolutions considered at a general meeting of the Australian listed companies in which we have discretion to vote on interests held on behalf of investors.

The following table should be used to standardise disclosure, as required by the FSC Standard.

	Resolutions	For	Against	Abstain	No Action
Number					
%					

Additional information may be included at our discretion. This may include an explanation where we have voted on a contentious issue, where we have abstained from voting or where we have delegated the vote to the Chair or some other delegate. We must keep records of all documentation relating to the consideration of matters on which we are entitled to vote.

The proxy voting records shall be retained by IOOF, published annually on the applicable websites and made available to investors upon request.

3 Roles and responsibilities

3.1 IOOF Investment Research Division

The IOOF Investment Research Division (**IOOF Research**) will make voting recommendations to IIML (via the Product Investment Committee) on companies that are listed on its Investment Research List (and additional companies at the discretion of IOOF Research).

IOOF Research will provide only one recommendation on each resolution for each company it advises on.

3.2 Product Investment Committee

The Product Investment Committee is a delegate of IIML and will consider and endorse the recommendation received from the IOOF Research.

A delegate from the Finance- Corporation Actions team will exercise the vote as endorsed by the PIC.

3.3 IOOF Investment Division

The IOOF Investment Division manages the schemes for which IIML is the responsible entity, and will liaise with the custodian on corporate actions that have been delegated to the schemes' underlying fund managers.

4 Policy governance

4.1 Review and approval

This Policy must be approved by the IIML Board. Non-material changes can be approved by the Managing Director.

4.2 Interaction with other policies

The Head of Legal and Compliance and a member of IOOF Research will review this Policy every two years and recommend changes to the Board for consideration and approval.

Non-material changes may be approved by the Managing Director.

5 Document release information

5.1 File details

File name	
Description	IOOF Proxy Voting Policy
Original author(s)	Andrea Tanner
Creation date	December 2004
Current revision author(s)	Julie O'Neil
Document owner	Julie O'Neil

5.2 Revision history

Version	Revision date	Author (s)	Revision notes
1.	June 2011	Andrea Tanner	Document updated to incorporate requirements for the merged group.
2.	March 2018	Julie O'Neil & Erica Clark	Re-worded and re-formatted according to board-approved policy template.

5.3 Approval

Approval date	Approved by	Notes
22 June 2011	Christopher Kelaher	Approved by the MD under delegation from the IOOF Holdings Ltd Board.
22 March 2018	IIML Board	Approved by IIML Board.