CORPORATE GOVERNANCE AND PROXY VOTING POLICY

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Table of Contents

1. Introduction

This document details First Sentier Investors Realindex Investments' ('Realindex') policy in relation to Corporate Governance and Proxy Voting.

Realindex Investments was established in 2008 as a manager providing systematic equity solutions, and manages portfolios across Australian, Australian Small, Global Large and Small and Emerging Market strategies. It is a fully-owned subsidiary of First Sentier Investors and ultimately Mitsubishi UFJ Financial Group (MUFG). Realindex is an autonomous business with its own board, brand, and AFSL license, which provides institutional clients[1] with end-to-end solutions whilst leveraging the support services of First Sentier Investors (FSI).

Broadly-speaking this policy addresses three topics:

- how Realindex assesses corporate governance and responsible investment (RI) practices by investee firms;
- how Realindex engages with investee firms to gain further information on their governance and RI activities and to promote good practice;
- how Realindex casts proxy votes at shareholder meetings.

2. Purpose of the Policy

The purpose of this policy is to ensure that Realindex fulfils its stewardship responsibilities to unit holders and clients in managing their investments as an active owner in accordance with their stated investment objectives.

The focus of this policy is to describe how Realindex promotes both effective governance and responsible investment practice by investee firms, to maximise long-term shareholder value for our clients and unit holders. In doing so we recognise the important role of environmental, social, and governance practices in shaping long-term outcomes, both positive and negative. Company engagement and shareholder (proxy) voting are the two main interventions available for influencing these practices, and each is detailed in subsequent sections.

Furthermore, Realindex is committed to the United Nations Principles of Responsible Investment[2] (UNPRI), and this policy describes how Realindex addresses the second and third of those six principles.

UN PRI Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

UN PRI Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

[1] For the purposes of section 761G of the Corporations Act 2001, the clients of Realindex are considered to be "wholesale clients".
[2] See https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment

3. Corporate Governance Principles

This section sets out activities that define effective corporate governance and which therefore inform Realindex's assessment of individual firms in this regard.

Corporate governance refers to the procedures and processes according to which an organisation is directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organisation – such as the board, managers, shareholders and other stakeholders – and lays down the rules and procedures for decision-making[3].

Consistent with the ASX Corporate Governance Principles, good corporate governance practices allow the board and management to effectively operate the company, while managing conflicts of interest and addressing arising issues, by:

- Setting and monitoring strategy, financial policies, disclosure, legal issues, corporate standards and conduct;

- Appointing and monitoring the CEO, and providing oversight of corporate and senior management performance, corporate culture and conduct (including a company's risk culture);

- Proactively managing relationships with shareholders and other stakeholders interested in the affairs of the company (such as employees, communities, customers, suppliers, creditors, debt financiers, analysts, auditors, and regulators); and

- Identifying the company's material risks (both financial and non-financial) and maintaining oversight of the company's risk management framework to ensure material risks are being monitored, disclosed, managed and controlled in the interests of the company and other stakeholders.

4. Company engagement

Realindex primarily invests through a range of systematic strategies, which use rules-based or quantitative approaches to construct portfolios.

Whilst engaging with the management of the companies that it invests in is not central to the investment process, engagement with company management on material or contentious ESG issues is an important overlay to this process.

In addition, Realindex may participate in collaborative engagement initiatives with companies co-ordinated by the FSI Responsible Investment team and/or other investment teams within FSI, where such initiatives are considered to be in the best interest of Realindex's clients.

[3] Taken from the OECD definition: http://stats.oecd.org/glossary/detail.asp?ID=6778

5. Voting on Company Resolutions

Voting on company resolutions is an important part of the stewardship responsibility in managing client shareholdings, and Realindex's fiduciary duties naturally include acting in the best interests of clients when voting client proxies.

Realindex will generally vote its proxies in accordance with predetermined proxy voting guidelines. Realindex has elected to adopt Glass Lewis' ESG voting policy (Appendix 1) as its voting criteria. This policy includes consideration of ESG-related issues in addition to the standard Glass Lewis guidelines for each market (Appendix 2). This ESG policy was selected in order to promote high standards of corporate governance and disclosure which are aligned with client's interests.

An additional review of proxy voting is undertaken when a shareholder meeting includes a contentious issue. This review is undertaken using input from leading proxy voting advisors such as Glass Lewis and Ownership Matters, ESG research from providers such as Reprisk, Sustainalytics or MSCI, advocacy groups, the FSI Responsible Investment team, other active investment teams within FSI, and other sources as appropriate. The conclusions of this additional review are documented, and considered by a Peer Review Committee comprising the Realindex portfolio managers. The Peer Review Committee then determines how the proxies are voted by considering the best interests of clients.

Contentious meetings are identified through numerous sources including, but not limited to, proxy advisers such as Glass Lewis and Ownership Matters, ESG research providers, shareholder proposals, and internal research from FSI's Responsible Investment team. The following issues may indicate that a meeting is contentious:

- Re-election of a director subject to recent scandal/media interest;
- Re-election of a director subject to significant protest vote at recent other meetings;
- Activist/major shareholders publicly announcing protest votes;
- Shareholder resolution/non-management sponsored resolution on ballot;
- Known controversy at company;
- Significant market disappointments, such as large guidance downgrades and surprise write-downs;
- Highly controversial companies;[4]
- Climate change proposals;[5]
- Say on climate proposals;[6]
- Modern slavery concerns;
- Gender diversity.

[4] Highly controversial companies are identified using Sustainalytics ratings. An additional review of proxy voting is undertaken for all companies rated as category 5 ('worst of the worst'). A Category 5 controversy can either be the result of a series of smaller incidents or as a result of one serious incident.
[5] Climate change proposals are flagged when there is a shareholder proposal seeking the company provide certain disclosures or adopt certain policies related to mitigating their climate change-related risks. In accordance with Taskforce on Climate-related Financial Disclosures (TCFD), Realindex will review these proposals and will vote to improve the disclosure of material impacts of climate change on the company.
[6] A theme is emerging whereby companies are proposing resolutions seeking to have shareholders approve their climate action plans.

Realindex reserves the right to override Glass Lewis' vote recommendations when it considers doing so to be in the best interests of clients. All overrides and reviews are documented by the Peer Review Committee together with the reasons for voting against the Glass Lewis' recommendation.

6. Non-Voting Situations

All company meetings are voted upon with the following exceptions:

a. **Client's best interest**. There may be occasions when Realindex determines that not voting a proxy may be in the best interests of a client; for example, when the cost of voting the proxy exceeds the expected benefit to the client. In such cases votes will not be cast.

b. **Mandate clients** where other written instructions exist (see section 9 below)

c. **Share blocking** at the country or company level applies. Company-level blocking generally arises due to wider client or FSI activity that precludes voting for regulatory reasons.

d. **Conflict of interest** situations are managed and voted as detailed in section 8 below.

e. **Morgan Stanley** restriction. The principles set out in this policy are subject to a restriction in relation to Morgan Stanley securities, which prevents Realindex from exercising any discretionary authority to vote attached to a Morgan Stanley security which forms part of investment portfolios that it manages in a fiduciary capacity. The purpose of this restriction is to enable portfolios managed by Realindex to hold Morgan Stanley securities in a manner that complies with the Bank Holding Company Act of 1956 (US).

7. Proxy Voting Record and Client Reporting

Realindex provides an online and 'Live' proxy voting record which can be accessed on the FSI website at:

https://www.firstsentierinvestors.com.au/au/en/institutional/responsible-investment/responsible-investment-proxy-voting.html

The record published there is at an aggregate level across the portfolios managed by Realindex.

Clients can request the voting record for a particular fund and it will be sent within 10 working days.

8. Conflicts of Interest

Occasions may arise during the voting process in which the best interests of clients conflicts with Realindex's interests. Any conflicts of interests will be managed in accordance with FSI's Global Responsible Investment and Stewardship Policy and Principles, and Conflicts of Interest Policy. In all cases, Realindex will put the client's interests before its own.

Conflicts of interest generally include:

- business relationships where Realindex has a substantial business relationship with, or is actively soliciting business from, a company soliciting proxies, or

- personal or family relationships whereby an employee of Realindex has a family member or other personal relationship that is affiliated with a company soliciting proxies, such as a spouse who serves as a director of a public company. A conflict could also exist if a substantial business relationship exists with a proponent or opponent of a particular initiative.

We utilise the services of professional proxy voting advisors to independently inform the proxy voting decisions which we take on behalf of our clients. In the event that a material conflict of interest is identified in connection with voting a proxy, we will either vote in accordance with the recommendation of the independent proxy or abstain from voting (for example, where two providers are in disagreement).

9. Mandate Clients

The authority and responsibility for exercising proxy votes is defined within the Investment Management Agreement (IMA) executed between Realindex and each discrete mandate client. The frequency and content of any reporting to the client is also provided for in the IMA.

Written instructions from mandate clients with respect to proxy votes, whether in IMAs or otherwise supplied, will generally take precedence over the contents of this policy.

Wherever a mandate client delegates responsibility for exercising proxy votes, Realindex will report back to the client how votes were cast on their behalf if requested by the client.

10. Review and Approval Schedule

This policy is to be reviewed annually. It should be approved by the Chief Executive of Realindex and the CIO of First Sentier Investors.

Appendix 1 – Glass Lewis ESG Policy (an addendum to the Proxy Paper Policy guidelines)

Glass Lewis evaluates the ESG guidelines on an ongoing basis and formally updates them on an annual basis.

Management Proposals

Election of Directors

In addition to the standard level of analysis Glass Lewis conducts of directors and their performance, the ESG guidelines provide an additional level of review to determine if directors are providing adequate oversight of ESG issues including whether the company provides sufficient disclosure concerning ESG risks. Pursuant to this, the ESG guidelines evaluate directors' commitment to establishing broad sustainable business practices in evaluating shareholder proposals to report on and mitigate environmental, social and governance risks.

Director Overboarding

In the majority of markets, Glass Lewis will closely review director board commitments and will vote against directors serving on more than five total boards, for directors who are not also executives; and against directors serving more than two total boards, for a director who serves as an executive of a public company.

Board Diversity, Tenure and Refreshment

Glass Lewis' ESG guidelines will evaluate a company's policies and actions with respect to board refreshment and diversity. As a part of this evaluation, we will review the diversity of board members and support proposals to report on or increase board diversity. Glass Lewis believes that the nominating and governance committee, as an agent for the shareholders, is responsible for the governance by the board of the company and its executives. In performing this role, the committee is responsible and accountable for selection of objective and competent board members. To that end, Glass Lewis will: (i) vote against members of the nominating committee in the event that the board has an average tenure of over ten years and the board has not appointed a new nominee to the board in at least five years; or (ii) vote against the male members of the nominating committee in instances where the board is comprised of fewer than 30% female directors for large-cap companies, or against the nominating committee when there is not at least one woman on the board at mid- and small-cap companies.

Virtual-only Shareholder Meetings

In recent years, an increasing number of companies have adopted virtual-only shareholder meetings, wherein shareholders are unable to speak face-to-face with a company's management. Although we support companies allowing a virtual option alongside participation in an in-person meeting, we view stripping shareholders' ability to attend a physical meeting as not conducive to productive discussions between companies and their investors. We believe that, without proper controls, conducting a virtual-only meeting of shareholders could eliminate or significantly limit a fundamental right of shareholders to confront and ask questions of management. As such, when companies have elected to hold a virtual-only shareholder meeting, Glass Lewis will examine the level of disclosure provided regarding virtual meeting procedures. The ESG policy may vote against members of the nominating and governance committee if the company does not provide disclosure assuring that shareholders will be afforded the same rights and opportunities to participate as they would at an in-person meeting.

Tax Havens

Glass Lewis believes that it is prudent for management to assess its potential exposure to risks relating to a company's tax haven policies. More specifically, we believe a company should consider its exposure to regulatory, legal and reputational risk due to its policies and practices regarding operations in tax havens. Accordingly, the ESG guidelines will support shareholder proposals requesting that companies report on the risks associated with their use of tax havens. In addition, the ESG policy will support proposals requesting that companies adopt policies to discontinue operations or withdraw from tax havens. Further, in instances where companies have proposed to redomicile in known tax havens, the ESG guidelines will vote against such a reincorporation.

Ratification of Auditor

The auditor's role is crucial in ensuring the integrity and transparency of the financial information necessary for protecting shareholder value. Because of the importance of the role of the auditor, rotating auditors is an important safeguard against the relationship between the auditor and the company becoming too close, resulting in a lack of oversight due to complacency or conflicts of interest. Accordingly, in addition to our standard analysis on auditor ratification proposals, the ESG guidelines will vote against auditor ratification proposals in instances where it is clear that a company's auditor has not been changed for 20 or more years.

Executive Compensation

Glass Lewis recognizes the importance in designing appropriate executive compensation plans that truly reward pay for performance. Under the Glass Lewis ESG guidelines, Glass Lewis also conducts a further level of analysis by looking at compensation issues as they relate to environmental and social criteria as well as other issues relevant to good corporate governance practices. In its standard analysis, Glass Lewis engages in an exhaustive examination of the methods and levels of compensation paid to executives to determine if pay and performance are properly aligned. However, the ESG guidelines support the inclusion of sustainability metrics in executive compensation plans. In instances where a company has received a Pay-for-Performance grade of “D” or “F” and Glass Lewis' standard policy has recommended in favour of the plan, the ESG guidelines will vote against say-on-pay proposals where sustainability is not an explicit consideration for companies when awarding executive compensation.

Beginning in 2018, U.S. companies are required to disclose the ratio between the compensation awarded to the median employee relative to that awarded to the CEO. Although the ESG guidelines will not currently incorporate this pay ratio in its voting policies, Glass Lewis will continue to evaluate this issue and may incorporate this disclosure in future compensation-related votes.

In general, under the Glass Lewis ESG guidelines, we will evaluate director compensation based on the same criteria as executive compensation but will favour the ability to approve director compensation separate and apart from executive compensation.

The Glass Lewis ESG guidelines will follow the general Glass Lewis recommendation when voting on executive compensation arrangements in connection with merger transactions (i.e., golden parachutes). Further, the ESG Guidelines will support annual advisory compensation votes.

Mergers, Acquisitions and Contested Meetings

Glass Lewis undertakes a thorough examination of the implications of a proposed merger or acquisition to determine the transaction's likelihood of maximizing shareholder return. In making our voting recommendation, we examine the process conducted, the specific parties and individuals involved in negotiating an agreement, as well as the economic and governance terms of the proposal. In contested merger situations, or board proxy fights, Glass Lewis considers the plan presented by the dissident party and how, if elected, it plans to enhance or protect shareholder value. We also consider the arguments presented by the board, including any plans for improving the performance of the company, when making our ultimate recommendations.

The Glass Lewis ESG guidelines will vote in accordance with the standard Glass Lewis policy recommendations on contested meetings, mergers, acquisitions, and other financing transactions. In addition, the ESG guidelines will support shareholder proposals asking the company to consider the effects of the transaction on the company's stakeholders.

Shareholder Proposals

Compensation

The Glass Lewis ESG guidelines recognize that ESG performance factors should be an important component of the overall consideration of proper levels of executive performance and compensation. Therefore, the ESG guidelines generally vote in favour of proposals seeking to tie executive compensation to performance measures such as compliance with environmental regulations, health and safety regulations, anti-discrimination laws and compliance with international human rights standards. Furthermore, the Glass Lewis ESG guidelines will generally support proposals that seek to evaluate overall director performance based on environmental and social criteria.

The Glass Lewis ESG guidelines will support proposals seeking to prohibit or require more disclosure about stock hedging and pledging by executives. The Glass Lewis ESG guidelines will also support proposals requesting that companies adopt executive stock retention policies and prohibiting the accelerated vesting of equity awards. Furthermore, the Glass Lewis ESG guidelines will vote in favour of shareholder proposals to link pay with performance, to eliminate or require shareholder approval of golden coffins, and to clawback unearned bonuses. Furthermore, the ESG guidelines will support proposals requesting disclosure from companies regarding gender pay inequity and company initiatives to reduce the gap in compensation paid to women compared to men.

Corporate Governance

Similar to Glass Lewis' general guidelines, the ESG guidelines support increased shareholder participation and access to a company and its board of directors. Accordingly, the Glass Lewis ESG guidelines will vote in favour of initiatives that seek to enhance shareholder rights, such as the introduction of majority voting to elect directors, the adoption and amendment of proxy access bylaws, the elimination/reduction of supermajority provisions, the declassification of the board, the submission of shareholder rights' plans to a shareholder vote, and the principle of one share, one vote. The ESG guidelines will also support proposals aimed at increasing the diversity of boards or management as well as those requesting additional information concerning workforce diversity and the adoption of more inclusive anti-discrimination policies.

Environment

Glass Lewis' ESG guidelines generally support proposals regarding the environment, in particular, those seeking improved sustainability reporting and disclosure about company practices which impact the environment. Glass Lewis' ESG guidelines will vote in favour of increased disclosure of a company's environmental risk through company-specific disclosure as well as compliance with international environmental conventions and adherence to environmental principles. Similarly, Glass Lewis' ESG guidelines support proposals requesting companies develop greenhouse gas emissions reduction goals, comprehensive recycling programs, and other proactive means to mitigate a company's environmental footprint.

The Glass Lewis ESG guidelines will also vote for proposals seeking that companies provide certain disclosures or adopt certain policies related to mitigating their climate change-related risks. For example, regardless of industry, the ESG guidelines will support proposals requesting that companies disclose information concerning their scenario analyses or that request the company provide disclosure in line with certain reporting recommendations, such as those promulgated by the Financial Stability Board's Task Force on Climate-related Financial Disclosure ("TCFD"). Similarly, the Glass Lewis ESG guidelines support proposals requesting that a company consider energy efficiency and renewable energy sources in its project development and overall business strategy.

With respect to issues related to bioengineering and nanotechnology, the ESG guidelines will carefully scrutinize any proposals requesting that a company adopt a policy concerning these matters. In general, the Glass Lewis ESG guidelines support proposals that seek additional reporting on these topics, as well as the development of safety standards to regulate their use.

Glass Lewis' ESG guidelines evaluate a company's impact on the environment, in addition to the regulatory risk a company may face by not adopting environmentally responsible policies. The Glass Lewis ESG guidelines will consider voting against certain directors for not exercising their fiduciary duty as it relates to environmental risk.

Labour and Human Rights

Glass Lewis' ESG guidelines generally support enhancing the rights of workers, as well as considering the communities and broader constituents in the areas in which companies do business. Accordingly, the ESG guidelines will generally vote for proposals requesting that companies provide greater disclosure regarding impact on local stakeholders, workers' rights and human rights in general. In addition, Glass Lewis' ESG guidelines support proposals for companies to adopt or comply with certain codes of conduct relating to labour standards, human rights conventions, and corporate responsibility at large. The Glass Lewis ESG guidelines will also support proposals requesting independent verification of a company's contractors' compliance with labour and human rights standards. In addition, the ESG guidelines support the International Labour Organisation standards and encourage companies to adopt such standards in its business operations.

Glass Lewis' ESG guidelines provide for a review of the performance and oversight of certain directors in instances in which a company is found to have violated international human rights standards. Pursuant to the ESG guidelines, if directors have not adequately overseen the overall business strategy of the company to ensure that basic human rights standards are met or if a company is subject to regulatory or legal action with a foreign government or entity due to human rights violations, we will consider voting against directors taking into account the severity of the violations and the outcome of the claims.

Health and Safety

Glass Lewis' ESG guidelines generally vote in favour of proposals seeking increased disclosure regarding public health and safety issues, including those related to product responsibility. In particular, Glass Lewis' ESG guidelines support proposals calling for the labelling of the use of genetically modified organisms ("GMOs"), the elimination or reduction of toxic emissions and use of toxic chemicals in manufacturing, and the prohibition of tobacco sales to minors. Glass Lewis' ESG guidelines also support proposals seeking a report on a company's drug re-importation guidelines, as well as on a company's ethical responsibility as it relates to drug distribution and manufacture. The ESG guidelines will also support proposals related to worker safety and companies' compliance with internationally recognized human rights or safety standards.

Business Ethics

Glass Lewis' ESG guidelines generally vote for proposals seeking to increase disclosure of a company's business ethics and code of conduct, as well as of its activities that relate to social welfare. The Glass Lewis ESG guidelines support proposals requesting that a company develop sustainable business practices, such as animal welfare policies, human rights policies, and fair lending policies. Furthermore, the Glass Lewis ESG guidelines support reporting and reviewing a company's political and charitable spending as well as its lobbying practices. The policy will also support well-crafted proposals requesting that companies cease political spending or associated activities.

Trojan Horse Proposals

Under the Glass Lewis' ESG guidelines, we carefully examine each proposal's merits in order to ensure it seeks enhanced environmental disclosure and/or practices, and is not conversely aimed at limiting environmental disclosure or consideration. Accordingly, the ESG guidelines will not support such proposals, which are often referred to as "Trojan Horse" proposals.

Appendix 2 – Glass Lewis Policy Guidelines in each market

http://www.glasslewis.com/guidelines/