



Australian Ethical[®] Investment + Superannuation

Company Procedure

Title: **Proxy Voting Policy**
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Version: **1.1**

Overview

Australian Ethical Investment (AEI), as responsible entity for its managed investment schemes, is committed to voting on company resolutions where it has voting authority and responsibility to do so. This commitment is in line with the Investment and Financial Services Association's (IFSA) Standard No 13.00 - Proxy Voting.

This document sets out the principles and guidelines under which AEI will vote its proxies.

Stakeholders

Members in the managed investment schemes
AEI Board investment committee
AEI investment section
Investee companies
Custodian
AEI directors, management and shareholders
Potential AEI investors

Principles

AEI's policy is to vote (or make a considered decision to abstain) on investee company resolutions where it has voting authority and responsibility to do so. AEI's aim will be to vote all proxies for Australian investee companies. Over time, it expects to vote all proxies for international investee companies as well.

Decisions on how to vote proxies will be made on a company-by-company and resolution-by-resolution basis with regard to the following factors:

- the preservation and increase of the value of the investment in the best interests of members in the managed investment schemes;

- improving and upholding the governance of investee companies;
- the performance of the investee company;
- the application of the Australian Ethical Charter to the resolution under consideration.

Guidelines

From time to time, AEI will develop guidelines on issues likely to be the subject of company resolutions. As those guidelines are developed they will be incorporated into this policy statement. The guidelines are to be applied subject to the principles articulated above, and in particular, must be considered in the context of each company's circumstances and operations.

Corporate Governance

AEI broadly supports the principles of good corporate governance set out in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (ASX Principles). Where resolutions would preserve or enhance the ASX Principles then AEI would, in general, support the resolution.

Women on company Boards

Women remain heavily under-represented on Australian boards. AEI supports equality of employment opportunity where all people have equal access to board positions based on their knowledge, skills and abilities; selection is based on merit; and diversity is valued. AEI will generally support resolutions that increase Board diversity and, in particular, where the skills of candidates are similar, it will favour resolutions that achieve equality of representation between men and women on company Boards.

Remuneration

The ASX Corporate Governance Council recommends that companies provide disclosure in relation to their remuneration policies to enable investors to understand:

- the costs and benefits of those policies and;
- the link between remuneration paid to directors and key executives and corporate performance.

The Council also recommends that companies clearly distinguish the structure of non-executive directors' remuneration from that of executives.

AEI will support resolutions that improve disclosure in relation to remuneration policies.

In considering specific resolutions on director and executive remuneration, AEI will consider:

- company performance;
- industry norms for companies in similar circumstances.

Communication and reporting

This Proxy Voting Policy shall be made available on AEI's website and will also be made available to a member of AEI's managed investment schemes upon request.

The investment section shall report to the AEI Investment Committee at least once every 6 months on the implementation of this policy and on proxy voting by AEI.

AEI shall publish at least annually a summary of their proxy voting record for the previous year. This will likely take place in July of each year.

The proxy voting record will be in the form required by paragraph 10.3 of the IFSA Standard. AEI may provide additional information on proxy voting decisions where resolutions were considered contentious or where the resolution involved a matter relevant to AEI's Ethical Charter.

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