

# PROXY VOTING POLICY

April 2014

## 1. Objective

Advance Asset Management Limited ('Advance') seeks high levels of transparency, governance and social responsibility from the companies in which it invests. This is founded on the belief that good corporate governance and the exercise of voting power provide a structure likely to maximise returns to unit holders. Whilst not becoming involved in day-to-day management issues, Advance recognises that it can influence company policy on matters of corporate governance by virtue of shareholdings under its management. Such voting rights are exercised with the primary objective being to uphold the interests of the portfolio's beneficial owners by protecting and enhancing the value of the portfolio assets.

This policy sets out how Advance will exercise its voting power in relation to assets for which the ownership provides a voting right, both in Australia and globally. Procedures have been adopted to achieve consistent application of this policy and compliance with FSC Standard No. 13.00 – Proxy Voting. In addition, this policy and supporting procedures consider environmental, social and corporate governance ('ESG') issues when exercising voting rights, reflecting Advance's (as part of BT Financial Group) commitments as a signatory to the United Nations Principles of Responsible Investment.

Advance provides this voting policy (as amended from time to time) to appointed investment managers and seeks confirmation that their voting policy is in accordance with Advance's significant policy positions.

Whilst this policy relates to proxy voting specifically, depending on the style of the investment manager, Advance also expects that investment managers exercise their duty to use their influence as a shareholder in order to achieve stronger investment outcomes over the long term. Advance encourages investment managers, to directly engage companies on all matters, including ESG issues where appropriate, to facilitate a better understanding of the opportunities and risks associated with their investment.

## 2. Policy of Exercising Proxy Voting

Advance's policy in relation to Australian securities for which a voting right exists, is to vote on company resolutions where it has voting authority and responsibility to do so (consistent with FSC Standard No. 13.00 – Proxy Voting). Decisions on how to vote proxies will be made on a company-by-company and resolution basis, whilst preserving and increasing the value of the investment in the best interests of unit holders.

Advance generally provides authority to appointed investment managers to exercise any right to vote attached to a security but from time to time may direct investment managers about how to vote under certain circumstances or may restrict an investment manager from voting. In the absence of any direction or restriction from Advance, investment managers may elect to exercise, or not exercise, the right to vote as they see fit. However, Advance will seek to ensure that investment managers generally vote in accordance with the statement of corporate governance in this policy.

Resolutions involving contentious issues will be referred to the Advance Proxy Voting Committee to review the recommended vote. Its decision on voting practices are final. The members of the Advance Proxy Voting Committee include the Head of Advance Asset Management, Portfolio Manager – Australian Equities and the Sustainable Investments Manager or their delegates. To assist in decision-making, Advance will consider the views of appointed investment managers and may conduct research internally and use the resources of independent external proxy advisory services. In the event that Advance gives a direction to the investment managers in relation to the appointment of a proxy and the way in which the proxy should vote, the appointed investment manager must use its best endeavours to implement the direction.

Advance may also undertake investment in pooled vehicles. As such vehicles generally have their own Trustee or Responsible Entity which acts in the interests of the unit holders of the pooled vehicles, Advance cannot exercise voting rights in relation to the investments made by the pooled vehicles. In such cases, Advance promotes its voting policy to the Trustee or Responsible Entity responsible for these pooled vehicles.

As required by a relevant Australian Securities and Investments Commission exemption, Advance does not vote, nor permit appointed investment managers to vote, in respect of holdings of Westpac Banking Corporation (WBC) shares held by Advance trusts or schemes or WBC associated entities.

In relation to securities listed on Exchanges outside of Australia for which a voting right exists, and it is appropriate, Advance will encourage investment managers to exercise voting rights in accordance with this policy.

### 3. Statement of Significant Policy Positions

Advance as a member of the Westpac Group complies with the Corporations Act and supports the ASX Corporate Governance Principles and Recommendations, Financial Services Council Guidance Note 2 – Corporate Governance: A Guide for Fund Managers and Corporations, and commonly accepted good corporate governance practices.

All voting is decided on a case-by-case and resolution basis, although the following list outlines a summary of our views on items of significant importance. Advance will generally undertake to ensure votes are cast as follows.

- > For the separation of the Chairman and Chief Executive Officer roles.
- > For resolutions for the appointment of sufficient independent directors with appropriate skills to serve as a majority on Audit and Remuneration Committees.
- > For Employee share schemes, and Executive share schemes, which are structured to provide an incentive to improve upon current performance, and do not immediately translate into a benefit at the time of instigation, and which encourage long term shareholder value creation and, where appropriate are exposed to the same risks and opportunities as general shareholders.

- > For the re-election of directors where financial performance has been acceptable and holding directors to account where performance has not been acceptable.
- > For one share/one vote.
- > For executive remuneration which is reasonable and transparent.
- > For minimising the extent of conflicts of interest and for continuous and full disclosure.
- > For the formation of Nomination, Remuneration, and Audit committees comprised of Board members.
- > For proposals that we consider are appropriate which request increased disclosure regarding the environmental impact of a company's operations and strategies to manage these risks and/or take advantage of opportunities.
- > For votes concerning proposals requesting the issuance of corporate sustainability reports, as well as disclosure, where relevant, concerning the emission of greenhouse gasses and strategies to manage risks associated with climate change.

As indicated above, the overriding principle when voting on company resolutions is that votes will be cast in the best interests of our unit holders. There may be exceptional circumstances where we believe it is in the best interests of our unit holders to vote in a manner different to that outlined above or abstain from voting.

### 4. Reporting

Advance requires each appointed investment manager to provide a summary of their participation in corporate actions, and their voting instructions on a regular basis.

### 5. Further information

This policy will be maintained by the Manager Policy and Due Diligence Advance Asset Management. This policy (as amended from time to time) will be published on the website, [advance.com.au](http://advance.com.au). Please send any queries to the following address.

Advance Asset Management Limited  
Level 5  
182 George St  
Sydney NSW 2000

Telephone 1800 819 935

[advance.com.au](http://advance.com.au)

Advance Asset Management, GPO Box B87, Perth WA 6838

Contact Centre 1800 819 935 Adviser Services 1300 361 864 Fax (02) 9274 5211

[advance.com.au](http://advance.com.au)

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ASSET MANAGEMENT

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