

Proxy Voting Policy



1. Policy Statement

Macquarie Private Portfolio Management Limited (“MPPM”) recognises that investors have entrusted their investments to us. MPPM has a fiduciary obligation to act in the best interest of all clients and represents its clients in corporate governance matters through the proxy voting process.

This Policy sets out MPPM’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.

2. Corporate Governance

Corporate Governance is concerned with the way corporations are governed as distinct from the management of operational business. It is concerned with board structures and composition; relationships between the board and shareholders, management and other stakeholders; and director incentives. MPPM believes that sound corporate governance principles contribute to superior financial performance. MPPM is in a position to potentially influence the corporate governance of companies via discussion with management or the board of directors and through exercising of proxy votes. MPPM applies the Financial Service Council (“FSC”) Standard and Guidelines on proxy voting to its operations, where applicable.

4. Voting

The guiding principle when MPPM votes on a resolution is that our voting decision must be in the best interests of our investors

The direction of our vote is determined by our assessment of the interest of the fund that is entitled to vote;

- We will vote against, abstain or vote in favour of a resolution depending on its merits;
- To vote against a board proposal, our Portfolio Manager will propose the position and this must be endorsed by the head of MPPM;
- Except as permitted by the Corporations Act, we will not vote in relation to related party securities, on proposals in which we have an interest other than as an investor; and
- Generally, we will not vote on proposals that confer a financial benefit on our parent company, Macquarie Group Limited (“MGL”) or on entities controlled by MGL.

Votes are recorded in our internal voting register and updated on a quarterly basis.

5. MPPM’s statement on major proxy voting positions

Voting rights

- We believe in the principle of one share one vote; and
- We believe that voting rights should be equal across equivalent classes of securities.

Executive equity

- We endorse the principle of motivating staff through equity participation schemes;
- We do require that the scheme represents a reward and not a gift and therefore should have performance hurdles;
- The participation should be wider rather than narrower and there should be a cap on total equity that can be issued; and
- At the time of issue, the strike price of options should not be below the current share price.

Non-executive director equity participation in executive equity schemes

- We are in favour of directors holding equity. However, because non-executive directors must monitor executives, we are against their participation in executive equity schemes.

Board structure

- We firmly believe that there should be an independent chairman and that the role of CEO and chairman should not be merged;

- We expect boards to meet regularly throughout each year;
- We are in favour of companies having a higher number, ideally a majority, of external directors;
- We favour the formation of audit and remuneration sub-committees; and
- We favour audit and remuneration committees with independent members and regular meetings.

Anti-takeover provisions

- We are against any artificial legal or financial device that acts as a takeover defence believing that the best takeover defence is performance. We are against any artificial device that limits the liquidity of a security.

Disclosure

- We endorse and encourage companies to provide meaningful disclosure on a timely basis to financial markets. We believe in open communication between companies and investors.

Ethical Standards

- We support companies that issue, as part of their corporate governance policy:
 - A set of ethical standards;
 - A code of conduct; and
 - A policy on share trading.