

Proxy Voting Policy

Australian Reward Investment Alliance (ARIA) values good governance in its own operations, in its service providers and in the companies in which it invests. Reflecting this principle, ARIA has set down specific policies applying to the exercise of its voting rights and responsibilities.

ARIA regards the right to vote as an asset to be managed and exercised in the discharge of its Trustee duties. ARIA regards its voting rights as an important tool for communication with the boards of investee companies and requires that its investment managers protect its shareholder entitlements and actively resist proposals and practices that disenfranchise shareholders. The fairness of proposals affecting shareholder rights are judged:

- In the context of the organisation's legitimate obligations to all parties, including
- In the likelihood of the proposal generating a reasonable return to shareholders; and
- With regard to best practice standards as described, for example, by
 - ACSI Governance Guidelines;
 - CGI Glass Lewis Proxy Voting Guidelines for Australia
 - ASX Corporate Governance Principles and Recommendations
 - ASFA Best Practice Guidelines for Superannuation Fund Trustees
 - The IFSA Corporate Governance Guide for Fund Managers and Corporations (the 'Blue Book').
 - ICGN Principles

Specific Concerns

ARIA expects companies to maintain appropriate levels of transparency and disclosure such that issues associated with risks to investments are visible and open to proper consideration. ARIA considers that the following activities require particular attention:

1. Changes to Capital Structure

Shareholders should be entitled to receive the profits of the business in compensation for the risk capital they have provided. Changes to, or current arrangements in capital structures that interfere with the proper flow of profits to shareholders should be resisted. Poison pill or other actions that restrict the sale value of shares fall into this category of undesirable arrangements.

2. Voting Rights

Shareholders should be entitled to exercise control over the composition of the board of directors of an investee organisation and to exercise control over those capital transactions as stipulated by relevant companies' legislation. Changes to, or current arrangements in voting rights that restrict shareholders' control over the board and over major capital transactions should be resisted.

3. Management and Board Compensation

Compensation arrangements for management and directors should be reasonable, aligned with shareholder interests and tied to appropriate performance goals. ARIA expects to see remuneration governance reported in both the form and spirit indicated by relevant supervisory and regulatory bodies, particularly providing adequate discussion of how remuneration is related to company performance over the longer term. ARIA also expects that remuneration levels and policy are reported in a form that is easily understood by investors and with a level of detail that affords investors the opportunity to properly assess their suitability

4. Appointment of Directors

Shareholders are entitled to expect that directors will bring reasonable skills, experience and commitment to their roles, and that over time directors will see that management performs satisfactorily. New directors should have reasonable experience for their role. They should not have conflicts of interest precluding them from the proper performance of their duties.

Current directors should demonstrate continued relevance to and competence in their roles and commitment to their duties as measured, for example, in regularity of attendance at board and committee meetings. The directors of long term poorly performing companies should not be supported.

ARIA expects to see evidence of active policies designed to access the full pool of available talent, skill and experience in board and executive appointments and in succession planning. This evidence includes disclosure of strategy, policy and progress in implementation.

5. Corporate Conflicts of Interest

Organisations should maintain commercial terms and proper levels of disclosure in all dealings with customers and suppliers.

Implementation of ARIA Voting Policy

ARIA's Chief Investment Officer has overall responsibility for the implementation of voting and engagement activities. ARIA employs a dedicated full time ESG manager whose duties include active engagement with other superannuation funds and ESG focussed bodies including the United Nations Principles for Responsible Investment (UNPRI) Secretariat and investment managers.

ARIA generally prefers to support the boards of investee companies by voting with their recommendations at company meetings. Where such recommendations are not

consistent with ARIA policy ARIA will vote against the recommendations of company management.

In some circumstances ARIA will mandate managers to vote ARIA's interests in accordance with best practice standards, however at all times ARIA retains the rights and accepts the responsibilities attached to its voting entitlements and maintains the ability to override manager voting directions as indicated.

1. Listed Australian Equities

ARIA's Australian equity managers are mandated to provide ARIA with their recommendations for voting whenever they recommend voting against any recommendation of the boards of investee companies. ARIA's ESG Manager considers advice from investment managers and voting advisory services in the implementation of ARIA's proxy voting policy for listed Australian equities. Where a matter is not addressed in relevant best practice standards or where other extraordinary circumstances exist, further investigation will be undertaken before voting.

Where relevant, information flowing from company engagement activities undertaken by advisors and through investor collaborative initiatives is also considered within the context of resolutions proposed at company meetings.

2. Listed International Equities

ARIA investment managers are mandated to vote international equities holdings wherever possible and consistent with best practice standards. ARIA monitors these activities and retains the ability to override manager instructions delivered to the custodian.

3. Pooled investments

Where ARIA does not hold direct voting rights as a result of a secondary trusteeship structure such as in pooled vehicles, ARIA encourages the relevant investment managers to act in a manner consistent with ARIA voting policy and to report to ARIA on voting rights exercised in ARIA's interests.

Broader shareholder rights and responsibilities

Collaborative activities may be undertaken in association with peer investors, including PRI signatories, from time to time and include activities such as communications with companies on matters of broad concern, submissions to regulatory or policy making bodies and drafting engagement materials.

ARIA does not intend for this policy to be applied in a rigid manner, but to allow for sufficient flexibility to consider all the available information in each particular circumstance.

Reporting

On at least a semi-annual basis, ARIA will disclose in summary form proxy voting activities on the Trustee's website.