

FSC Standard No.13: VOTING POLICY, VOTING RECORD AND DISCLOSURE



VOTING POLICY, VOTING RECORD AND DISCLOSURE

FSC Membership this Standard is most relevant to:	This Standard is relevant to FSC Members broadly. However, it is of particular relevance for and binding upon FSC Members who are Operators of a Scheme, as those expressions are defined in the FSC's Guidance Note 5- <i>Industry Terms and Definitions (GN5)</i> , to the extent to which Operators are entitled to exercise voting rights in respect of Scheme assets or investments and subject to the exceptions set out in this Standard. In the case of an Operator which is subject to FSC Standard No. 20: <i>Superannuation Governance Policy</i> , the Operator is directed by Standard 20 to have regard to the provisions of this Standard 13 in relation to the matters addressed in this Standard.
Date of this version:	26 March 2013.
History (prior versions) of this Standard:	October 2004.
Main Purposes of this Standard:	The main purposes of this Standard are as follows: a) in relation to listed Australian investments (i) to require the formulation of an Operator's voting policy (including proxy voting) for each Scheme it operates; (ii) whether or not an Operator engages the services of a voting or proxy consultant in exercising its voting rights, and; (iii) to require disclosure of the above matters and details of the exercise of such voting rights by the Operator (on an 'entity and resolution level' basis) in respect of each financial year for each Scheme it operates;

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	<p>in accordance with the requirements of this Standard and;</p> <p>b) to provide for the reference of and to assist Operators, a model form for such disclosure, contained in the Appendix to this Standard.</p>
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1. Title

This Standard may be cited as **FSC Standard No 13: Proxy Voting Policy**.

2. Date of Issue (and history)

This Standard first was issued on 21 October 2004 and a revised Standard 13 was issued on 26 March 2013.

3. Effective Date

Compliance with this Standard from **1 July 2014** is mandatory. This effective date reflects the following factors:

- (a) all Operators will be impacted, to a lesser or greater extent, by the significant legislative changes currently in train, including:
 - (i) Stronger Super;
 - (ii) the exercise by APRA of a prudential standards-making power for prudentially regulated superannuation entities and the commencement of APRA's **SPS 510- Prudential Standard SPS 510 Governance** (generally, from 1 July 2013); and
 - (iii) Future of Financial Advice legislation, which, broadly, is scheduled to commence on 1 July 2013.
- (b) introduction of this Standard may necessitate system and operational changes for Operators at a time when those Operators may also need to address these and other issues.

Compliance with this Standard, however, from the date of this Standard is permitted and encouraged.

4. Summary of Standard

In summary, this Standard requires that

- (a) an Operator to formulate and maintain a Voting Policy, accessible to Scheme Members;
- (b) an Operator must disclose as part of that Voting Policy whether or not it engages the services of proxy advisors;
- (c) an Operator must vote in respect of all resolutions for its investments in Australian-listed entities **unless** the Operator for good reason is **abstaining** from exercising its voting rights, and;
- (d) an Operator must maintain and disclose to Scheme Members in respect of a financial year its voting record (including abstentions) in respect of the Scheme

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investments referred to in (c) on a “per Scheme, per investment and per resolution” basis.

More information and details concerning these requirements are set out in the following sections of this Standard.

5. Application

5.1 Subject to the exceptions mentioned below, this Standard applies to FSC members who are Operators of a Scheme and in that capacity have the ability to exercise voting rights in relation to investments and assets of a Scheme they operate, **to the extent to which** those assets or investments are listed on a financial market operated by an entity holding an Australian market licence issued under Part 7.2 of Chapter 7 of the *Corporations Act 2001* (**relevant investments**).

Thus, this Standard applies in respect of Australian-listed investments only. An Operator is free to the extent it thinks appropriate to extend and apply the requirements of this Standard to any other investments of the relevant Scheme (including ex-Australian investments).

5.2 This Standard also applies to an Operator who is subject to Standard 20: *Superannuation Governance Policy*. In terms of that Standard, such Operators are subject to the requirements of this Standard as to formulation and disclosure of voting policies and disclosure of exercise of voting rights and engagement or otherwise of proxy advisors.

5.3 This Standard **otherwise** is intended to apply only in respect of Schemes where the Operator has **direct voting rights** or the ability and power to participate in the governance of underlying investments. Accordingly, this Standard **does not** apply to IDPS and IDPS-like arrangements where the client has the responsibility for investment selection, and retains voting rights, or to private client or discrete wholesale mandates. Proxy Voting requirements are matters to be determined by the Scheme Operator and the client in such private client and wholesale mandate arrangements. Nor does this Standard apply to other “Platform” arrangements, such as a superannuation wrap or master trust. This is because platform products have particular characteristics. A platform essentially is a service offering which allows clients of the platform to choose from a large number of underlying financial products made available by or through the platform. The platform also will offer clients administration facilities in relation to the underlying products acquired by clients via the platform. There are significant practical, commercial and technological impediments in mandating that a proxy voting policy apply to platforms. Further, unlike pooled investment vehicles in which the relevant **Operator** exercises investment discretion (and thus has voting power in respect of

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investments), in the case of platforms, it is the *client* of the platform who selects the underlying financial product to invest in (via the platform). For these reasons, this Standard is not mandatory for platforms. However a platform Operator may choose to comply with this Standard to the extent it is willing and able to do so.

For the purposes of this Standard, FSC adopts a principles-based definition of a Platform. Reference should be made to the definition of *Platform* in 7 below.

- 5.3 This Standard does not apply to a 'manage the manager' (multi-manager funds) or 'fund of funds' investment products.

6. Statement of purpose

General

- 6.1 Since the introduction of FSC Standard 13 in October, 2004, there has been an increased and more targeted focus on governance in the context of corporations generally and the provision of financial products generally. Consistently with this focus, the FSC has introduced Standard 00 applicable to specified relevant RSE licensees in relation to superannuation fund governance. The application of this Standard ensures that governance is a priority for all FSC members. More detail, including information concerning a transitional period for full compliance with this Standard, is provided in the following paragraphs of this section.

- 6.2 The main purposes of this Standard are as follows:

- (a) in relation to relevant investments:
- (i) to require the formulation and disclosure of an Operator's voting policy, and its exercise (including proxy voting), both on an 'entity and resolution level' basis for each Scheme it operates in respect of each financial year and;
 - (ii) to require disclosure, in respect of each financial year as to whether an Operator engaged the services of a voting or proxy consultant in exercising its voting rights,
in accordance with the requirements of this Standard and;
- (b) to provide for the reference of and to assist Operators, a model form for such disclosure, contained in the Appendix to this Standard.¹

A two-year transition period applies from 1 July 2012. That is, the Standard which gives effect to the policy will be finalised by December 2012 and commence on 1 July 2013 on

¹ Refer to Section 9 below.

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- a voluntary compliance basis. The mandatory obligation for all Operators to comply with this Standard commences on and from 1 July 2014. This means that:
- (a) for the financial year commencing 1 July 2014 and ending on 30 June 2015, an Operator **must formulate** as required by this Standard a Voting Policy **and disclose** for that financial year on 1 July 2014 (or as near that date as is reasonably possible) that Policy (including whether or not it has engaged the services of a proxy advisor), and;
 - (b) within three months of the end of that financial year, an Operator must disclose, as required by this Standard, its voting record, and;
 - (c) the obligations set out in (a) and (b) above will apply as required in respect of each subsequent financial year following 30 June 2015.
- 6.3 Scheme Operators have fiduciary responsibilities to Scheme Members to act in their best interests and to prefer the interests of Scheme Members to their own interests.
- 6.4 In managing investments on behalf of Scheme Members, Operators must ensure that investments are managed exclusively in the financial interests of Scheme Members. As the trustees of investments, Scheme Operators have a general responsibility to use best efforts to preserve and increase the value of investments.
- 6.5 As a matter of best practice, the Scheme Operator should contribute to improving and upholding the governance of entities and markets in which they invest². Voting, by Scheme Operators, is one way in which the interests of Scheme Members can be represented. Other ways include open and constructive communication about governance issues with the board and management of entities in which the interests are held.
- 6.6 Scheme Operators may issue voting instructions where they do not hold the investment interests directly, but through a custodian. In addition, Proxy Voting agencies or other advisors may contract with the Scheme Operator, Investment Manager, custodian or beneficial owner of the interests to advise on voting and the issuing of voting instructions.
- 6.7 This Standard should be read in conjunction with the following Standards:
- (a) FSC Standard No.1 *Code of Ethics & Code of Conduct*, and;
 - (b) FSC Standard No. 20: *Superannuation Governance Policy*.

² International Corporate Governance Network, *Statement on Institutional Shareholder Responsibilities*, revised August 2007.

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- 6.8 In the case of any inconsistency between this Standard and any statutory obligation binding upon a Member, a Member must comply with that statutory obligation in priority to this Standard. In such a case, this Standard will be treated as being modified or varied to the extent of the inconsistency.

Transition

- 6.9 The processes and disclosures required by this Standard may necessitate significant changes to computer-based operating and record-keeping systems of Operators. This will have a flow-on effect in relation to reporting and disclosure to Scheme members. As with all significant financial services reforms, these changes will be implemented with a prospective application and a transitional period. As mentioned in paragraph 6.2, a two-year transition period applies with effect from 1 July 2012. Compliance with this Standard is mandatory from 1 July 2014. Earlier compliance with this Standard however is encouraged. The obligation to comply with this Standard commences on 1 July 2014. A timetable of the impacts for Operators is set out in paragraph 8.5.

Presentation and templates

- 6.10 It is important that this policy delivers a clearer picture for investors of voting policies and approaches by an Operator given that one of the key objectives is to increase transparency of the investment industry and, in that process, to achieve higher standards of governance.

Transparency as well as comparability of Scheme information will be vastly improved under this policy as standard templates for the new disclosures will be embedded in the Standard.

As disclosures of this nature have not previously been mandated, the industry should seek to communicate with Scheme members in a consistent and easy to understand format.

- 6.11 Accordingly, this Standard contains a template addressing the following matters:
- (a) an Operator's formulated Voting Policy;
 - (b) If applicable, whether an Operator engages the services of a proxy or voting adviser to assist it in the exercise of its voting rights, and;
 - (c) its voting record.

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- 6.12 A form of a model Voting Policy is set out in the Appendix (the **Model**). The circumstances of FSC members may well differ. Accordingly, mandatory use of the precise wording of the Model would be impractical and not achieve the aim of open and transparent disclosure of the matters set out in this Standard. Accordingly, although it is a requirement of this Standard that Operators must formulate a Voting Policy and make the disclosures mandated by this Standard; they are free to choose the precise form of wording which is suitable for them. An Operator for example may choose to adopt the text of the Model, modified or amended as might be appropriate or required having regard to an Operator's particular circumstances or any specific legislative obligations. Alternatively, an Operator may choose to make disclosure by reference to its own template. These approaches are acceptable **provided that** in all cases the actions and disclosures mandated by this Standard are undertaken and made and in the manner and within the timeframe set out in this Standard.
- 6.13 An Operator, if it wishes or thinks appropriate may provide further or more detailed information than that prescribed by this Standard or contained in the Model. For example, an Operator may disclose its voting record in relation to non-listed managed investment schemes in which it holds interests or in respect of ex-Australian listed or unlisted investments.
- 6.14 Subject to any relevant legislative requirements, Operators may choose to disclose this information in the Operator chooses. For example, an Operator may choose to make **all** of the information available on its website or alternatively, provide details of its Voting Policy in the annual report to members under a specific "Governance" section (with a reference to its website for details of the exercise of its Voting Policy, that is, its Voting Record for the relevant financial year). At a practical level, and depending on the volume of information to be disclosed, it is likely that most Operators will choose to rely on website disclosure of at least Voting Records.

7. Definitions

- 7.1 Unless otherwise defined in this Standard or this section, Terms defined in GN 5 *Industry Terms and Definitions* have the same meaning in this Standard unless the context otherwise requires.
- **ASIC** means the Australian Investments and Securities Commission;
 - **IDPS** means an Investor Directed Portfolio Service which is a managed investment scheme for holding and dealing with investments selected by clients and having the characteristics identified by ASIC in RG 148 and relevant Class Orders and other publications (such as CP 176 and CP 194).

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- **IDPS-like** means a registered managed investment scheme which operates in a similar fashion to an IDP and having the characteristics identified by ASIC in RG 148 and relevant Class Orders and other publications (such as CP 176 and CP 194).
- **Platform** means
 - (a) IDPSs and IDPS-like schemes;
 - (b) superannuation wraps or superannuation platforms (being a superannuation entity under which the trustee offers beneficiaries investment choice consistently with any relevant legislation), and;
 - (c) any other functionally equivalent services in which the investment choice or strategy (as a matter of substance) is at the direction of the member of such Scheme such that the member may give directions in that regard to the Operator.
- **Model** means the model or template forms of Voting Policy and Voting Record set out in the Appendix.
- **Proxy Voting** and any of its derivatives means the exercise by the Scheme Operator or its authorised agent or representative of voting rights in respect of Scheme assets.
- **Voting Policy** means a formal policy adopted by the Board of an Operator in relation to the exercise of voting rights attributable to the holding of relevant investments as Scheme assets by an Operator; which is to be disclosed to Scheme Members in accordance with this Standard.
- **Voting Record** means the Voting Record referred to in this Standard kept and maintained by an Operator and as a result of the Operator implementing its Voting Policy.

8 Voting Policy and Proxy Advisors -Disclosure

Voting Policy

- 8.1 **It is a requirement of this Standard** that Operators have a formal Voting Policy approved by the Board of the Operator annually and that sets out the principles and guidelines under which rights to vote are exercised and how these rights are exercised.
- 8.2 The Proxy Voting policy may form part of the written Corporate Governance policy of a Scheme Operator³. Scheme Members should be aware of the Proxy Voting policy and voting practices of the Scheme Operator.

³Blue Book – FSC Guidance Note No. 2: *Corporate Governance: A Guide for Fund Managers and Corporations* (June 2009) (**Blue Book**) Guideline 1 – Corporate Governance Policy and Procedures states

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- 8.3 For clarity, an Operator which operates more than one Scheme may adopt a Voting Policy in relation to the exercise of voting rights under all of those Schemes. This is on the understanding that in such cases, as it is obliged to do so consistent with its fiduciary duties, the Operator will have given due and appropriate consideration as to whether the Voting Policy is suitable for each of those Schemes.

Proxy Advisors, etc.

- 8.4 **It is a requirement of this Standard** that Operators address in the relevant Voting Policy the engagement or otherwise of proxy advisors in relation to the exercise of voting rights. This must be disclosed, along with other elements of the Voting Policy, as set out below.

Disclosure of Voting Policy to Scheme Members

- 8.5 **It is a requirement of this Standard** that Operators disclose to Scheme Members the relevant Voting Policy of the Scheme. In the first year of mandatory application of this Standard, disclosure of the Voting Policy must be made on 1 July 2014, or as close to that date as is reasonably possible in the circumstances of an Operator. The Voting Policy will provide members with information concerning the principles by which the Operator intends to exercise its voting rights in the financial year. The same requirement for disclosure then applies on 1 July 2015 and thereafter on each anniversary of that date.
- 8.6 The disclosure should take the form of a continuous disclosure. Thus, if there are **material changes** to the Voting Policy, these changes should be disclosed to members as soon as is reasonably practicable. If a change to the Policy is **not** material and its non-disclosure on a “continuous disclosure” basis has no adverse impact on members, and in particular on the making of a potential investment decision, disclosure of such a change may be deferred until the next 1 July.
- 8.7 Subject to any relevant legislative requirements, Operators may choose to disclose the Voting Policy (and other information required to be disclosed under this Standard such as voting records) in a manner that is most effective for the Operator, provided that the information is readily available and accessible to Scheme Members. For example, an Operator may choose to make **all** of the prescribed information under this Standard available on its website. Alternatively, Operators may choose to adopt a mix of annual

“Fund Managers should have a written Corporate Governance Policy which is made available on their website. The policy should be approved by the board of the Fund Manager and should note the general principles underpinning formal internal procedures to ensure that the policy is applied consistently....This policy should document processes regarding engagement with companies on Corporate Governance activities and ensuring that voting rights are managed with due care and diligence.”

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report and website disclosure- such as disclosing the Voting Policy in the annual report to members under a specific “Governance” section with the Voting Record disclosed on its website.

9 Voting and Disclosure of Voting Record

Voting of Proxies

- 9.1 Operators should vote on all resolutions attributable to the holding of relevant investments where they have voting authority and responsibility to do so⁴.
- 9.2 Consistent with the high governance standards expected of Scheme Operators, a Scheme Operator should vote on **all** resolutions considered at general meetings of an Australian listed company, regardless of the ‘materiality’ of a resolution. However, in some instances, an Operator after due consideration, may decide that it is more appropriate that it abstain from voting, i.e. neither support nor oppose the proposed resolution. In such a case, an Operator must retain evidence of its consideration of a resolution and the basis for the decision to abstain from voting. Abstention from voting (rather than a simple failure to vote) in the sense explained above is permissible under this Standard provided the Operator complies with the requirements mentioned above and otherwise acts consistently with its fiduciary and statutory obligations. An Operator however **must not** fail to take any action, i.e., the taking of a “no action” approach is **not** permitted under this Standard.

Reporting and Disclosure of Voting Record

- 9.3. **It is a requirement of this Standard that** an Operator publish, at least annually, a summary of its Voting Record for the previous financial year in relation to relevant investments for each Scheme it operates. Publication should be made as soon as practicable but within three months of the end of the relevant financial year for the Scheme. A discussion and further details of the form and content of disclosure are set out in the following sections.

Form and Content of Disclosure: Observations

- 9.4 The topic of corporate governance has been under increasing focus in both Australia and overseas jurisdictions since this Standard was first released⁵.

⁴ Blue Book (referred to in footnote 2 above) Guideline 3 – Voting on Company Resolutions refers to this Standard and its requirement that voting should occur on all resolutions regardless of materiality.

⁵ For example, *Super System Review*; Productivity Commission – *Inquiry into Executive Remuneration in Australia* (2009-10) and the Parliamentary Joint Committee on Corporations and Financial Services - *Better Shareholders – Better Company: shareholder engagement and participation in Australia (PJC Report)*.

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The PJC Report⁶ indicated that:

- (a) although it might be impractical for fund members to have a direct input on voting of company resolutions, it nevertheless remained important that institutional investors such as superannuation funds declare their voting policies to members upon which they can determine their choice of fund if so desired;
- (b) institutional shareholders should engage with companies by exercising their discretion on important votes. The committee was also of the view that institutional investors should seek to clarify, with company boards, the basis for adverse voting recommendations given by proxy advisory services.⁷

Disclosure Content

9.5 It is clear that the formulation and implementation by an Operator of a Voting Policy is consistent with best practice and good governance as is disclosure to Scheme Members of that Policy and its exercise. The question then becomes what form should that disclosure take?

9.6 There are a number of differing approaches which have been adopted in other jurisdictions.⁸ On balance, it is felt that consistent with currently accepted views of best practice and governance (and for that matter, legislative trends in the superannuation context) that this Standard should adopt in respect of each Scheme, an “entity and resolution level” approach as the substantive requirement mentioned in paragraph 9.3. Accordingly, **it is a requirement of this Standard** that an Operator must disclose its Voting Record in the manner and form or substantially in the manner and form of the requirements set out below. The Model reflects these requirements.

Voting Record

9.7 **An Operator must maintain a Voting Record**, for each Scheme it operates in respect of each notice of meeting or resolution it receives for a relevant investment; which includes the following details:

- (a) the name of the entity (and the Scheme if relevant);

⁶ See footnote 2 supra.

⁷ Page 57

⁸ For example; United States of America-Securities and Exchange Commission Final Rule - Disclosure of Proxy Voting Policies and Proxy Voting Records by Registered Management Investment Companies 2003; Canada- National Regulation agreed by the provincial regulators - National Instrument 81-106; India- Securities and Exchange Board of India– Master Circular for Mutual Funds and the Santiago Principles – Sovereign Wealth Fund Association- Generally Accepted Principles and Practices - GAPP 21.

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- (b) the ASX or equivalent code of the relevant interests or securities, unless these are not readily available to the Operator;
- (c) the meeting date;
- (d) a brief identification of the matter or matters to be voted on at the meeting;
- (e) if known, whether the matter or matters voted on were proposed by the issuer, its management or another person or company;
- (f) whether the Operator voted on the matter or matters;
- (g) if applicable, how the Operator voted on the matter or matters;
- (h) in the case of a decision to abstain, a record reflecting that the Operator abstained from voting;⁹ ;
- (i) whether votes cast by the Operator were for or against the recommendations of management of the entity.

For clarity, we note that in some instances an Operator may determine that it is in the best interests of members of all its Schemes to vote in respect of an identified matter in the same way for all Schemes. In this case, for reasons of practicality and convenience, it would be in order for the Operator to make that disclosure at the “Operator level” rather than at the level of each individual Scheme. This is in order **provided that** the relevant Schemes are identified and the other required aspects of disclosure set out above are identified in the aggregate. In this case, full disclosure of voting is being made in a fashion which is consistent with this Standard and in a form useful for Scheme members and which avoids unnecessary duplication.

However, if an Operator is to take this approach in any particular instance, its rationale for doing so must be clearly articulated in website disclosure of its Voting Policy and /or in the Annual Report to Scheme Members.

Preparation and Availability of Voting Record

9.8 The following requirements apply:

- (a) an Operator must prepare and finalise its proxy Voting Record, at least, on an annual basis for each financial year for each Scheme which it operates;
- (b) an Operator must post its final proxy Voting Record for such a financial year to its website on a date which is no later than three calendar months after the end of the financial year (**relevant date**); and
- (c) an Operator if it wishes may disclose information of the kind referred to in the preceding paragraphs on its website on an on-going or periodic basis **provided that** the requirements set out in paragraph 9.7 are satisfied on or before the

⁹ Refer to paragraph 9.2. In such a case, an Operator must retain evidence of the reasons why it was felt appropriate to abstain from voting. However, it is not necessary for the Operator to disclose those reasons in its Voting Record.

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relevant date. Similarly, an operator may choose to disclose on its website, its Voting Policy at the same time as it discloses its Voting Record on its website.

“Lost” votes etc.

9.9 An Operator must make best efforts and use its reasonable endeavours to ensure that votes are cast in a timely and efficient manner. The FSC acknowledges however that in some instances, the votes exercised by an Operator may not be “counted” by the issuing entity. This can occur for a variety of reasons, for example, if there is a mismatch between records kept by an entity’s registry services provider and the votes cast by an Operator or if the share registry currently is being updated. Alternatively, relevant proxy forms may simply be misplaced in the course of the voting process.

In addition, there may occasionally otherwise be minor discrepancies in records and administration aspects which lead to differences between eligible votes and those cast. An Operator should seek to minimise these discrepancies.

As a matter of prudence, Scheme Members should be advised that the scenarios noted above may occur. The Model contains appropriate wording which an Operator may choose to modify for its circumstances.

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APPENDIX

NOTE TO FSC MEMBERS: THIS MODEL IS AN EXAMPLE ONLY AND IS NOT INTENDED TO BE PRESCRIPTIVE. MEMBERS ARE FREE TO ADAPT THIS FORM OF DISCLOSURE OR USE A DIFFERENT FORM OF DISCLOSURE PROVIDED THE SUBSTANTIVE REQUIREMENTS OF THIS STANDARD ARE SATISFIED.

MODEL VOTING POLICY

1. Purpose & Application

This document is consistent with the Financial Services Council's Standard 13 *Voting Policy, Voting Record and Disclosure* and sets out <Operator's> policy in relation to proxy voting. It has been approved by the Board of <Operator>.

The Proxy Voting Policy outlines that, except in special cases where we feel abstention is required, we consider and vote all proxies for every resolution in respect of holdings beneficially owned by us in companies and other entities publicly listed in Australia, excepting entities for which we have no discretion to vote.

In some instances, we may determine after appropriate consideration that as a matter of governance, it is more effective and in Scheme Members' best interests for us to abstain from voting.

2. Overview

The guiding principle of this Policy is that voting rights should be exercised and proxy votes should be cast in a way designed to ensure that proxies are voted in the best interests of Scheme Members.

Voting decisions are made on a case by case basis by an assessment of the matter at hand and after taking into consideration the likely effect on the performance on the <Scheme e.g. portfolio or fund>.

<Operator> recognises the strong link between good corporate governance and investment value.

Corporate Governance deals with the way in which companies are directed and controlled. <Operator's> view is that the most appropriate Corporate Governance is achieved by applying recognised corporate governance principles (such as those detailed in the ASX Corporate Governance Principles and Recommendations document and the FSC Blue Book).

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3. Principles

We are of the view that corporate governance and the exercise of voting rights are an important aspect of any investment decision process.¹⁰ We appreciate that in some cases we may have the potential to influence corporate governance and policy by the exercise of our voting rights. Even if the matter is not material then consistent with good practice and FSC Standard 1 *Code of Ethics and Code of Conduct*, we **generally** will exercise voting and other similar rights. In exercising these rights, we take into account the following principles:

- a) any votes cast will be cast in the best interests of Scheme Members;
- b) we will not vote in favour of resolutions or actions imposing differential voting rights share classes or “poison pill” or other anti-takeover provisions which seek to deter appropriate takeover offers;
- c) our preference is to support and vote in favour of a Board or management recommendation. However, where a recommendation is not consistent with our policies, the recommendation will not be supported;
- d) we will not vote where we are excluded from so doing by the Corporations Act or other laws or in cases of conflicts of interest or duty which cannot be resolved lawfully or appropriately ;
- e) in some instances, we may determine that for governance reasons and that members’ best interests are served by us abstaining from voting, and;
- f) if a resolution is divisive or raises contentious issues, we will be guided by what is in the best interests of Members. Resolutions falling into this category include-
 - (i) those where there is a real likelihood that we will vote against a Board- sponsored resolution;
 - (ii) those where there is a real likelihood that we will vote against a current Director standing for re-election;
 - (iii) those which in our reasonable opinion are inconsistent with or contravene the FSC Blue Book or ASX Corporate Governance Principles and Recommendations;
 - (iv) any other issue or resolution which we consider on reasonable grounds to be contentious or divisive having regard to media coverage, industry conventions and relevant laws.

Implementing our Policy

Responsibility for Policy

The **<Chief Investment Officer/Head of Corporate Governance & Responsible Investment>** is responsible for implementation of this policy.¹¹

¹⁰ Operators may need to modify these comments as in some instances these factors may not as such have particular weight or influence on initial investment decisions. It may be for example that if the fund strategy is indexed, then effectively investment decisions are taken out of a fund manager’s hands. In such cases it may be more appropriate for a comment to be made that in the on-going management of a portfolio corporate governance matters and the exercise of voting rights are important factors.

¹¹ As noted previously, this document is an example only. Thus, there may be another appropriate officer or body performing this function. Operators using the Model are encouraged to make amendments to matters FSC Standard No 13: *Voting Policy, Voting Record and Disclosure* (March 2013)

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ESG

Our ESG Manager is involved in the review and implementation of our proxy and voting policies from the perspective of identifying proposals which are inconsistent with the ESG components of our risk management policy or otherwise give indications of systemic concern.

We apply our policy wherever possible in a flexible manner so as to accommodate the wide variety of circumstances which may arise.

Mandates

In some instances, as part of an investment mandate, we will authorise our investment managers to exercise our voting rights in accordance with the Voting Policy outlined above. Nevertheless, we at all times retain our voting and other rights in relation to Scheme investments and reserve the right to override a manager's ability to exercise such rights as it thinks fit.

Listed Australian Equities: We have provided mandates to our investment advisers and managers to notify us of voting recommendations whenever a recommendation is to vote **against** a Board or management recommendation. Our ESG Manager takes into account any advice received from investment managers and voting advisory services in the implementation of our proxy voting policy for listed Australian equities.

Further investigation may be required before exercising voting rights if a particular issue is not addressed by best practice guidance or the situation is unusual.

Collective investments and Interposed Entities: In a number of cases, we will not hold direct and immediate voting rights because of the interposition of a trust or other structure between it and the ultimate investments (e.g., an investment by us in a managed investment scheme which then invests pooled or collective moneys). In such cases, we will request that the interposed entity exercise its voting rights in a manner consistent with our Voting Policy and to report to us on the exercise of voting rights.

Disclosure

As required by FSC Standard 13 *Voting Policy, Voting Record and Disclosure*, no later than three months after the close of financial year, we publish a summary of our proxy voting activities on our website at <www.>. This disclosure is in a form consistent with FSC Standard 13.

such as this-however Operators should ensure that the mandatory requirements of the Standard are satisfied.

FSC Standard No 13: *Voting Policy, Voting Record and Disclosure* (March 2013)

FSC Standard No.13: VOTING POLICY, VOTING RECORD AND DISCLOSURE

MODEL VOTING RECORD

Utopia Balanced Fund –Blefuscu Limited Voting Record –AGM Proxy Voting Record

ASX Code:					
Meeting Date:					
Meeting Type AGM Record Date:					
Date of Resolution	Type of Resolution-General/Special	Management/Shareholder Proposed/	Details of Resolution	For/Against /Abstain Resolution	

Utopia Balanced Fund – Blefuscu Limited Voting Record –General Meeting Proxy Voting Record

ASX Code:					
Meeting Date:					:
Meeting Type GM Record Date:					
Date of Resolution	Type of Resolution-General/Special	Management/Shareholder Proposed	Details of Resolution	For/Against /Abstain /Resolution	

FSC Standard No.13: VOTING POLICY, VOTING RECORD AND DISCLOSURE

Utopia Growth Fund – Nonsuch Limited Voting Record –AGM Proxy Voting Record

ASX Code:					
Meeting Date:					
Meeting Type AGM Record Date:					
Date of Resolution	Type of Resolution-General/Special	Management/Shareholder Proposed	Details of Resolution	For/Against /Abstain Resolution /	

Notes:

In accordance with FSC Standard 13, the voting record disclosed to Scheme Members should include at least the following-

- (a) the name of the entity;*
- (b) the ASX or equivalent code of the relevant interests securities, unless not readily available to the Operator;*
- (c) the meeting date;*
- (d) a brief identification of the matter or matters to be voted on at the meeting;*
- (e) if known, whether the matter or matters voted on were proposed by the issuer, its management or another person or company;*

FSC Standard No 13: Voting Policy, Voting Record and Disclosure (March 2013)

FSC Standard No.13: VOTING POLICY, VOTING RECORD AND DISCLOSURE

- (f) whether the Operator voted on the matter or matters;*
- (g) if applicable in the case of abstentions, a note or record of the relevant abstention(s), and;*
- (h) whether votes cast by the Operator were for or against the recommendations of management of the entity.*