

# Proxy Voting Policy

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## 1 Overview

A number of entities within IOOF are institutional investors who obtain voting rights in relation to the products issued throughout the group. Proxy Voting is the exercise of those voting rights over the assets of schemes that we manage on behalf of investors.

### 1.1 Purpose

This policy recognises that a vote is a valuable shareholder right that should be managed with the same care and diligence as any other asset. It also recognises our fiduciary responsibilities as beneficial owners of shares to act in the best interests of our clients and use best efforts to preserve and increase the long term value of the investments.

The Policy is designed to reflect the principals and guidelines to be used throughout the group in relation to Proxy voting and disclosure of voting activities.

### 1.2 Regulatory Requirements

There are very broad principles within the Corporations Act which are supplemented by the ASX Listing Rules. Whilst there are no specific laws dictating that we must vote at shareholder meetings, as a matter of good corporate governance, we believe that it is important to do so. We believe that companies and their Boards should be structured with appropriate checks and balances to ensure that they operate in the long-term interests of shareholders. This should, in turn, provide positive benefits to the economy as a whole.

Our fiduciary responsibilities are set out in trust law rules, the Superannuation Industry Supervision Act (1993) (**SIS Act**), the Corporations Act 2001 and the Life Insurance Act 1995.

Financial Services Council (FSC) (formerly IFSA) Standard 13 provides guidance on Proxy voting. As a member of FSC, IOOF is required to comply with FSC Standards.

Further guidance on corporate governance, voting and active share ownership is found in both ASFA Best Practise Paper 17 Active Share Ownership Guidelines for superannuation fund trustees, and FSC Guidance Note 2.00 (also known as the Blue Book).

### 1.3 Scope

The Policy applies to IOOF Holdings Ltd and all of its wholly-owned subsidiaries together referred to in this Policy as "IOOF", "us", "our", or "we", in circumstances where FSC Standard 13 applies and/or IOOF has authority to direct the voting of the Proxies.

FSC Standard 13 applies to superannuation funds, registered schemes and friendly society products where the operator has the ability to participate in the governance of underlying investments.

It does not apply to IDPS and IDPS-like arrangements where the client has the responsibility for investment selection, or to private client or discrete wholesale mandates. Where such products allow the client to provide proxy voting instructions, separate procedures should be in place to manage the proxy voting process and provide guidance on dealing with any requests by clients for direction on how they should vote.

'Manage the manager' or 'fund of funds' investment styles are also excluded from the scope of FSC Standard 13 unless the operator requires the fund manager to vote on company resolutions as directed by the operator, or the fund manager is a related body corporate.

Perennial companies are excluded from the scope as Perennial Investment Partners Limited has developed its own Proxy Voting Policy.

Entities subject to the Australian Executor Trustees Limited Proxy Voting Procedures where the investors/members direct the voting of Proxies are also excluded from the scope of this Policy.



## 1.4 Compliance, Monitoring and Consequences of Non-Compliance

This Policy has been adopted by the Board of IOOF Holdings Ltd on behalf of the IOOF Group. Matters of material non-compliance with this Policy will be reported to the Board where appropriate. Monitoring will be undertaken as part of the Investment Compliance Program. Non-compliance with this Policy will constitute non-compliance with the FSC Standard. The Board of IOOF Holdings Ltd must certify compliance with each FSC Standard annually. Therefore, non-compliance would have to be reported to the Compliance Department and the FSC as a breach.

## 2 Proxy Voting Principles and guidelines

As a matter of best practice we should contribute to improving and upholding the governance of entities and markets into which they invest. Voting is one way in which the interests of investors can be represented, as voting rights are central to the rights of ownership.

We support the principles contained in the FSC “Blue Book” on corporate governance which creates the framework within which a company can be managed in the long-term interest of shareholders. However, we must also be cognisant that a single set of rules will not be appropriate for all listed companies. The overarching rule should be that companies are managed with competence and integrity, and in the best long-term financial interests of shareholders. Therefore, we will analyse each company and situation individually.

### 2.1 General Requirements

The FSC Standard requires that we:

- disclose our Proxy Voting Policy;
- publish at least annually our Australian Proxy Voting records; and
- comply with standardised disclosure of the records.

A copy of this Policy may be obtained through our website or a hard copy provided to investors free of charge on request.

### 2.2 Approach to voting

On behalf of our investors, we will vote, or instruct the custodian of the scheme to vote on all Australian company resolutions where we have voting authority and responsibility to do so.

Any trading of IOOF securities must be in accordance with the Securities Trading Policy and trading in such securities should generally be avoided unless voting instructions and trading instructions are controlled by the client.

Each entity with direct share investments held on behalf of investors/members must document and maintain its own procedures for collating and casting proxy votes. Where considered appropriate, IOOF entities may seek advice to assist with decisions on how votes should be cast.

Each entity with direct share investments held on behalf of investors/members must publish a summary of its proxy voting records for each year on its website, within two months of the relevant year end. Where we do not cast a vote on a particular resolution, we will disclose this in our proxy voting reports.



In some situations we may choose to raise concerns with the management of a company prior to the holding of an annual meeting. We believe that voting against management should be a last resort, after other avenues of influence have been exhausted.

### 2.3 Proxy Voting Records

The aggregate summary of our Australian proxy voting activity will be summarised for each applicable entity as follows:

- the number of resolutions for which we have exercised voting discretion;
- the number of resolutions for which we voted in favour;
- the number of resolutions for which we voted against;
- the number of resolutions for which we abstained; and
- the number of resolutions for which we took no action.

The summary should be presented both as numbers and as percentages of the total number of resolutions considered at a general meeting of the Australian listed companies in which we have discretion to vote on interests held on behalf of investors.

The following table should be used to standardise disclosure, as required by the FSC Standard.

	Resolutions	For	Against	Abstain	No Action
Number					
%					

Additional information may be included at our discretion. This may include an explanation where we have voted on a contentious issue, where we have abstained from voting or where we have delegated the vote to the Chair or some other delegate. We must keep records of all documentation relating to the consideration of matters on which we are entitled to vote.

The Proxy Voting Records shall be retained by IOOF, published annually on the applicable websites and made available to investors upon request.



### 3 Proxy Voting Procedures

Each entity should develop and document its own proxy voting procedures. The following information may be used as a reference for framing those procedures.

#### 3.1 IOOF direct share investment platform options

IOOF has direct share investments offered through both IDPS and superannuation products. FSC Standard 13 does not apply to IDPS but does apply to the Superannuation products offered via the platform. For the direct shares registered in the name of IIML as Trustee, IIML must determine the voting action to be taken.

1. Fund Accounting will receive proxy voting documentation from either the Custodian where applicable or directly from the company in which shares are held.
2. Proxy Voting documentation is forwarded to the Product team for review and assessment of our proposed voting response.
3. Advice is sought on the proposed voting approach and reasons for that approach and the decision on how to vote is forwarded to the Platform Investment Committee for approval.
4. The Investment & Accounting Services team lodges the proxy voting instructions upon instruction by Product following approval by the Platform Investment Committee.
5. Product records the proxy voting behaviour in the Proxy voting table.
6. Product produces an annual report summarising all votes lodged on behalf of IOOF. The report will take the format set out in section 2.3 above.

#### 3.2 Questor / The Portfolio Service Proxy Voting

Questor has a long history of providing platform access to direct shares, it is a significant proportion of our business given Planners blend direct shares with Managed Funds. Over time significant holdings have been acquired in many ASX listed entities, predominantly the ASX 200. In some cases Questor is a substantial shareholder and lodges notices to this effect in line with ASX requirements.

1. Questor Investment Administration receives proxy forms directly from ASX listed entities.
2. Proxy forms are then forwarded to the Research Department for consideration.
3. The analyst for each ASX entity considers the resolutions to be voted on. The analyst then discusses any resolutions deemed contentious with the Head of Research, who has the final decision.
4. If required, the Head of Research will discuss contentious resolutions with the Chairman of the relevant entity, a director or a member of investor relations.
5. Following conclusion on how Questor will vote, proxy forms are completed and returned to Questor Investment Administration.
6. Proxy forms are then signed under Power of Attorney and returned by Questor Investment Administration to the relevant shares registries.
7. A copy/record is kept highlighting the date it was sent



## 4 Document release information

### File details

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1.	June 2011	Andrea Tanner	Document updated to incorporate requirements for the merged group.

### Approval

<b>Date</b>	<b>Approved By</b>	<b>Comments</b>
22 June 2011	Christopher Kelaher	Approved by Managing Director under standing delegation from the IOOF Holdings Ltd Board.