Proxy Voting Policy

Phoenix Portfolios

Overview

As an investment manager, Phoenix Portfolios always acts as a fiduciary, focusing exclusively on the interests of clients. This includes taking an active role in voting proxies and making unpopular decisions when they are in the best interests of our clients.

Each vote will be considered on its individual merit and may take into account unique circumstances that are relevant, however this document provides the key guidelines, principles and objectives Phoenix Portfolios considers when assessing proxy voting.

Use of External Proxy Advisers

Phoenix Portfolios does not engage external proxy advisors. As investment managers we believe we are best placed to assess what is in the best interests of our clients. Whilst external sources may be used for informative purposes, all proxy voting decisions will be made internally by Phoenix Portfolios investment staff.

General Principles

Exercising voting rights is an important component of the investment decision making process. As a result we seek to vote all proxies, where it is reasonable to do so. In certain cases the result of resolutions may have a quantifiable and distinct impact on the value of an investment. In other instances the result of resolutions could more broadly impact on the quality of corporate governance. In all cases we seek to promote best practise corporate governance and will vote proxies accordingly. More specifically when exercising our right to vote on behalf of clients, we commonly abide by the following principles:

- All votes must be cast in the best interests of clients
- We will vote in line with a board or management recommendation where there is no evidence to suggest it is not in the best interest of clients, or does not breach any principle outlined in this document
- We seek to minimise conflicts of interest inherent in any investment. In particular, we support the minimisation of agency conflicts between management and investors
- In the extremely rare event that Phoenix Portfolios may have a conflict of interest with regard to any vote, we will abstain from voting
- In certain rare cases we may actively abstain from voting proxies, when we believe it is appropriate
- We will seek to vote in line with environmental, social and governance best practise, where any such vote does not have a detrimental impact on investment value
- We will vote for expanding investor rights wherever possible

Board and Structure

The board of directors is in place to represent interests of investors and minimise agency conflicts between management and investors. As such, Phoenix Portfolios supports structures that promote shareholder interests and directors who demonstrate both the skills and track records to be able to do so effectively. More specifically when voting we will commonly abide by the following principles:

- The board should have a majority of entirely independent directors. Phoenix Portfolios in some cases may deem a director to be non-independent despite a claim of independence where there is evidence to suggest this is the case
- The chairman of a board should be entirely independent
- Remuneration, audit and nomination committees should maintain a majority of independent directors and be chaired by independent directors

- We support audit firm rotation over time. An incumbent audit firm has the capacity to become complacent and not offer best services for shareholders
- Audit fees should represent the majority of fees (of all kinds) paid by any company to the audit service firm
- Directors should maintain a reasonable level of equity ownership, which should be prescribed as a requirement for any director. As a guide, a reasonable quantity is generally considered to be approximately a dollar amount at least equivalent to one year's director's fees
- Directors should demonstrate a track record of acting in the interests of minority shareholders. Where there is evidence that a director has previously taken action against the interests of minority shareholders, we will likely vote against their election
- A board should have diverse skill sets not limited to, financial, accounting, technical, corporate finance, management and other skills. Each director should have a skill set that is of value to the board on which they sit
- A director should maintain a number of directorships that allows him/her to apply ample time and effort to effectively manage all duties
- Directors should be responsible for establishing and overseeing a strong, ethical culture with a focus on achieving fair outcomes for all stakeholders. This includes setting a code of conduct and appropriate whistle-blower policies.

Remuneration

An effective remuneration policy should seek to align the interests of management with shareholders and reduce the agency conflict inherent in the shareholder-management relationship. In creating an effective remuneration structure, both the quantum and structure should be considered. More specifically when voting we will commonly abide by the following principles:

- A detailed remuneration report should be published annually. This should clearly articulate the quantum and structure of remuneration for all key management personnel
- All remuneration measures should be clearly laid out and calculable using information made available within other components of the annual report
- An appropriate proportion of remuneration should be genuinely "at risk". As a general guideline, this should be greater than 50% of potential remuneration
- "At risk" remuneration should be mostly paid in deferred equity of some form. This should be reported at market value and be reflected as an expense in all earnings measures
- Any changes to remuneration quantum or structure should be clearly communicated in the remuneration report
- Any performance hurdles should be measured against reasonable benchmarks. This includes statutory metrics, without the use of addbacks, or relative total shareholder return metrics that are readily calculable
- A relative total shareholder return measure should be a substantial part of "at risk" remuneration as this is a clear indication of alignment between existing shareholders and management
- The absolute level of remuneration should not be excessive. Phoenix Portfolios advocates for reasonable remuneration quantum. In general, total management compensation that equates to more than 50 times the average Australian full time employee will not be considered reasonable, unless a substantial portion has been delivered through "at risk" components and shareholders have enjoyed significant alignment. The quantum of remuneration should reflect the specialisation and skills required for the role
- The relative level of remuneration should be reasonable when considered against industry peers

Shareholder and Voting Rights

Generally Phoenix Portfolios will abide by the following principles when voting in regards to shareholder rights:

- Investors should be assigned voting rights in proportion to their equity ownership
- There should not be different classes of voting rights with respect to equity owners
- Phoenix Portfolios may invest in externally managed vehicles. In these cases, the board should remain majority genuinely independent. Access should be provided with reasonable frequency to directors and/or auditors.

Proxy Solicitation

Generally, Phoenix Portfolios will not engage with proxy solicitation firms seeking to influence our vote or requesting an indication of how we intend to vote. Where further information is required for us to make a decision, we will actively engage with the company and encourage any relevant information to be publicly released if necessary.