

> Proxy Voting Policy



// AMP Capital

20 FEBRUARY 2017

Table of Contents

| | |
|--|----------|
| 1: PURPOSE AND APPLICATION | 2 |
| 2: OVERVIEW | 2 |
| 3: PRINCIPLES | 3 |
| 4: DISCLOSURE | 4 |
| 5: POLICY OWNER | 4 |
| 6: POLICY REVIEW | 4 |
| 7: REFERENCES AND OTHER RELEVANT POLICIES | 5 |

1. PURPOSE & APPLICATION

The AMP Capital Proxy Voting Policy (“the Policy”) sets out the standards that the AMP Capital Group of Companies (“AMP Capital”) uses to manage the proxy voting process. This Policy covers the proxy voting of AMP Capital portfolios holding publicly listed equities. Proxy voting is conducted for all countries where AMP Capital is able to vote, however while the policy remains the same the process may differ between regions.

This document is consistent with the Financial Services Council’s Standard 13 (Voting Policy, Voting Record and Disclosure)¹. The Policy has been approved by the Board of AMP Capital Investors Limited.

The Policy outlines that, except in special cases where AMP Capital feels 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 or in countries in which we are unable to vote.

In some instances, we may determine after appropriate consideration that as a matter of governance, it is more effective 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 clients².

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 of the portfolio.

AMP Capital recognises the strong link between good corporate governance and investment value. Our objective is to increase the return on funds invested. Within these parameters, we aim to enhance shareholder returns by discouraging disadvantageous corporate policies through discussion with company management and the exercise of voting power. Similarly there are opportunities to encourage effective management through the endorsement given by positive votes.

Corporate governance relates to the procedures and processes according to which an organisation is directed and controlled. It is our view that the most appropriate corporate governance is achieved by applying generally accepted best-practice such as those detailed in the ASX Corporate Governance Principles and Recommendations document³ and the FSC Blue Book⁴.

The corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organisation – such as the board, managers, shareholders and other stakeholders – and lays down the rules and procedures for decision-making⁵.

The directors of a company act as agents of shareholders. In turn the board appoints management to run the operations of the company. Effective corporate management is concerned with the efficient utilisation of the resources of a corporation to provide satisfactory returns to the shareholders.

AMP Capital believes that by adopting high standards in relation to corporate governance and social responsibility (environmental, employment and community relationships) companies can avoid potential damage to trade or reputation and therefore enhance and protect the long-term wealth creation of their shareholders

¹ For further details see Section 7: REFERENCES AND OTHER RELEVANT POLICIES

² Note: the term ‘clients’ refers also to ‘fund members’.

³ For further details see Section 7: REFERENCES AND OTHER RELEVANT POLICIES

⁴ For further details see Section 7: REFERENCES AND OTHER RELEVANT POLICIES

⁵ Source: Definition European Central Bank, 2004, Annual Report: 2004, ECB, Frankfurt, Glossary

Our corporate governance activity not only seeks to monitor the integrity of companies in which we invest and reduce the risk of corporate mismanagement and failure, but also seeks to protect the rights of all shareholders. As such, it is in the interest of both the companies in which we invest and our clients that we exercise our right to vote.

3. PRINCIPLES

AMP Capital is of the view that corporate governance and the exercise of voting rights are an important aspect of any investment decision process.

AMP Capital has an obligation to add value to the portfolios which clients have entrusted to AMP Capital to manage or advise upon. AMP Capital recognises that it can influence company policy on matters of corporate governance by virtue of shareholdings under our management. In accordance with industry practice, and the Financial Services Council guidelines in particular, we use that influence for the benefit of our clients.

When lodging voting instructions AMP Capital takes into account a broad range of best-practice governance principles, these include:

- Votes are cast in the best interests of our clients.
- AMP Capital will ensure voting instructions are lodged for all internally managed portfolios unless clients of separately managed portfolios have issued instructions to the contrary or specifically asked AMP Capital not to vote.
- As representatives of shareholders it is our preference is to support and vote in favour of a board or management recommendation. However, where a recommendation is not consistent with shareholder interests and/or our policies, the board or management recommendation will not be supported.
- We will not vote where AMP Capital has been 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.
- On occasions where AMP Capital considers it appropriate for both governance reasons and for our clients' interests, we may specifically abstain from voting on a resolution. On these occasions we aim to communicate directly with the company with regard to the particular reason the resolution was not considered supportable.
- Resolutions put to shareholders will be voted upon in a manner that is deemed most likely to protect and enhance the long-term value of a security as an asset to the portfolio. If a resolution is divisive or raises contentious issues, we will be guided by what is in the best interests of our clients.

ESG:

AMP Capital's commitment to ESG (Environmental, Social and Governance) matters is evident through the work carried out by the ESG team on behalf of our clients.

The ESG team researches a broad range of ESG issues, lodges considered proxy voting instructions and, where considered appropriate, engages with companies and/or industry bodies with regard to ESG concerns that may arise.

External mandates:

While we believe it is the portfolio manager's fiduciary responsibility to exercise voting rights on all resolutions, the manner in which this responsibility is discharged by AMP Capital may vary depending on whether the portfolio is internally or externally managed and/or whether the shares held are Australian or international shares.

As part of the investment mandate for AMP Capital's externally managed portfolios, we authorise our investment managers to exercise voting rights on our behalf. We monitor the manner in which our votes are cast and reserve the right to override the external manager's vote where we consider it to be in our clients' best interests to do so.

AMP Capital recognizes there are differences in corporate governance expectations in different jurisdictions and will incorporate those we see appropriate, while still aiming to protect shareholder value.

Proxy Advice:

AMP Capital engages the services of proxy advisors to assist in gathering the information used to formulate and support voting decisions. Specifically, AMP Capital engages 'Ownership Matters' for information on Australian listed companies, 'ISS' for information on New Zealand companies and 'Glass Lewis' on International equities. In addition, we occasionally request further information from 'ISS' and/or 'CGI Glass Lewis'⁶

Where we do engage the services of a proxy advisor we will consider the information and recommendations we receive, however AMP Capital is not bound to follow the recommendations supplied by any proxy advisor.

4. DISCLOSURE

As per FSC requirements we disclose voting for Australian equity portfolios managed in-house. In addition voting statistics are summarised and published on our website at www.ampcapital.com.au, currently six-monthly but at least annually, within three months of the end of each financial year.

Since the end of the 2014/15 financial year additional disclosure has been made in accordance with the Financial Services Council's updated Standard No 13: Proxy Voting Policy (for more detail see below).

5. POLICY OWNER

The Chief Investment Officer, Global Equities & Fixed Income is the owner of this Policy. The Manager, Corporate Governance is responsible for implementation of this Policy.

6. POLICY REVIEW

This Policy will be reviewed and approved annually by the AMP Capital Investors Limited Board.

⁶ For further information regarding the proxy advisors referred to in 'Section 3' see:

- Ownership Matters: <http://www.ownershipmatters.com.au/about-us/>
- Glass Lewis: <http://www.glasslewis.com/>
- ISS: <http://www.issgovernance.com/>
- CGI Glass Lewis: <http://www.glasslewis.com/tag/cgi-glass-lewis/>

7. REFERENCES AND OTHER RELEVANT POLICIES

1. FSC Standard No 13: Proxy Voting Policy (issued 26 March 2013)

The main purposes of Standard 13 Voting Policy, Voting Record and Disclosure are:

- in relation to Australian investments, to require the formulation of an Operator's voting policy (including proxy voting) for each Scheme it operates;
- whether or not an Operator engages the services of a voting or proxy consultant in exercising its voting rights; and
- 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.

("Scheme" is defined in FSC Guidance Note 5 Industry Terms and Definitions, and includes REs of registered schemes and RSE licensees of superannuation funds.)

2. ASX Corporate Governance Principles and Recommendations (Third Edition).

The current version of the Council's Corporate Governance Principles and Recommendations (Third Edition) was released on 27 March 2014 and took effect for a listed entity's first full financial year commencing on or after 1 July 2014.

3. FSC Blue Book

Blue Book IFSA Guidance Note No. 2.00 (Sixth edition June 2009): Corporate Governance: A Guide for Fund Managers and Corporations.

The guidelines are published to assist Financial Services Council members to promote improved company performance by ensuring Australian companies have sound corporate governance structures.