

## **Australian Eagle Proxy Voting Policy**

**Last Updated: V5 July 2022**

**Approved by: CEO, CIO**

### **1. Background**

Australian Eagle will ascertain the client's wishes in regard to proxy voting at the time of negotiating each individual mandates management agreement.

In the event that any client assigns the right to vote proxies under the terms of an individual management agreement, or remains silent in regard to proxy voting then the following guidelines will be used to guide how proxy votes in Australian Eagle investee companies will be cast.

However, the CIO will have final responsibility for how proxy votes are cast in investee companies and the CIO is authorized to consider each voting situation on a case by case basis.

The CIO may delegate the right to cast proxy to investment team members.

### **2. Policy on voting**

Australian Eagle views the holding of the power to vote on corporate issues as an important asset to our clients. Accordingly, Australian Eagle will consider all issues on which its clients as shareholders are asked to vote, and will vote on all such issues; excepting when it is considered that abstaining from voting is in the best interests of our clients.

When considering what is in the best interests of our clients Australian Eagle will have primary regard to the goal of maximising the value of our clients share holdings.

However, Australian Eagle will also have regard to the likely effects of salient environmental, social or governance issues on the longer term value of the company.

### **3. Guiding principles on proxy voting decision**

#### **Effective Corporate Governance**

The Board of Directors for a listed company is elected to represent the company's shareholders. Having a Board that effectively implements good Corporate Governance

practices is critical in preventing agency problems. Effective governance requires boards to:

- Be comprised of a majority of strong, independent non-executives.
- Define clear policies authorizing and constraining executive action.
- Approve company strategy.
- Ensure there are effective controls to monitor executive and staff performance, including compliance with policy.
- Set suitably long-term and balanced incentives, bearing in mind the potential for agency problems.
- Adopt effective policies to deal with environmental, social and ethical issues appropriate to their business.

Most importantly perhaps, effective governance requires shareholders to ensure that the right people are appointed to the board in the first place.

## **A. Board Structure**

We believe that good corporate governance is reflected in a company when the following is reflected in the board structure of a company:

- Board should be comprised of a majority of independent directors.
- The roles of Company Chairperson and Chief Executive Officer should be separate individuals.  
Directors should also be independent of management, and free of any business or other relationship that could materially interfere with management's decision.
- The board should be of optimal size for the company and as a guideline only, should not have more than 10 directors.

Candidates for election as director must be able to devote adequate time and appropriate skills to the company and its affairs. As a guide:

- No person should hold more than 5 directorships. For this purpose, a position as chair is taken to be equivalent of 2 directorships.
- Any proposed director should not hold an executive position on another unrelated company.

## **B. Existence of Nomination and Audit Committees**

The Board should establish committees such as nomination and audit committees to maintain independence and accountability in the respective areas.

A majority of the members on these committees should be independent members.

The audit committee should consist of the following:

- Non-executive directors;



# Australian Eagle

## Asset Management

- Chairperson who is independent and not chairperson of the Board; and
- At least 3 members.

### **C. Election/Re-election**

When deciding on the re-election of the directors Australian Eagle will consider the following:

- Number of other positions they hold, in the context of whether they are able to dedicate sufficient time to performing the duties required of a committee member.
- Their existing attendance record at board and committee meetings.
- The background and track record of the nominee and their suitability for the position.
- We will withhold votes for nominees who serve on the remuneration committee if they approve excessive remuneration arrangements or propose equity based compensation plans that unduly dilute the ownership interest of shareholders.

### **D. Remuneration committee**

The Board should also establish a remuneration committee to overview executive remuneration payments. This will ensure that executives' remuneration is independently reviewed and approved by the committee. Executive remuneration should be in line with acceptable practice.

The following should be in place:

- Membership of the remuneration committee should be made publicly available and that committee should be comprised of a majority of independent directors.
- Full disclosure of the directors' remuneration, including share options, fringe benefits and retirement benefits; and
- Chairperson of the remuneration committee should provide reasons to shareholders for the level of directors' remuneration.

### **E. Remuneration**

Remuneration should:

- align executives with long-term sustainable growth, taking into account sound risk management;
- be approved by shareholders;
- Avoid reward for failure.

Equity based compensation plans should:

- be linked to appropriate performance targets;
- not substantially dilute investors and funds' ownership interest in the company;



## Australian Eagle Asset Management

- not provide participants with excessive awards;
- clearly explain, in plain English, any hurdles and benefits, and have reference to a fixed framework; with limited ability for the board to use discretion without further reference back to shareholders.

### **F. Corporate structure and shareholder rights**

Shareholders should have voting power equal to their equity interest in the company. For instance:

- We will support motions that shareholder votes are by poll; and
- We will vote against proposals for a separate class of securities which has disparate and/or inequitable voting rights.

### **G. Directors Fees**

When deciding on Directors Fees, Australian Eagle will consider the following:

- Directors fees should not be excessive in comparison with peer group companies.
- Increases in fee pool limits must be demonstrated to be reasonable and should, as a guideline, be accommodating increases of no greater than 5% per annum based on the last increase in the fee pool.
- In seeking an increase in the fee pool, companies should outline the intended use of pool funds, including the level of proposed director fees for the next financial year.

### **Reporting on the use of proxy votes to clients**

At least annually Australian Eagle will report to each client, upon request, at least the following information in regard to the use of proxy voting:

- The number of resolutions for which Australian Eagle exercised its voting discretion.
- The number of resolutions for which Australian Eagle voted in favour, or against, respectively.
- The number of resolutions for which Australian Eagle abstained.
- The number of resolutions for which Australian Eagle took no action.