

Corporate governance philosophy

Corporate governance, engagement and proxy votes

Corporate governance and proxy votes

Investors in equity markets quite literally own the companies in which they purchase shares. One of the rights of an owner is the right to determine how the company is run by voting for the board of directors and on various resolutions at the Annual General Meeting (AGM). This is a privilege of ownership and one that Booster takes seriously on your behalf for all shares held in the Managed Investment and Income Focus Accounts.

What is a proxy vote?

Often, it is not practical to attend the AGM of a company in person. Using proxy votes, Booster can instruct the chairman of the meeting on how to vote the shares in their absence.

By using proxies, Booster can cast votes on investors' behalf with the ultimate goal of having better run companies, which should lead to stronger returns.

Booster's voting philosophy

All proxy ballots contain recommendations from the board on how to vote. Some shareholders follow these recommendations without exception and others simply don't vote at all. Booster's philosophy is to review every resolution and nominee for the board of directors, and then

vote every proxy in accordance with Booster's opinion regarding what is in the best interests of client shareholders.

From a practical perspective, Booster will take the recommendation of the board of directors under advisement but will make the final determination as to what it feels is best in the name of good, transparent corporate governance.

Often, companies have very good boards and their recommendations are sound. In those cases, voting along with the board is perfectly acceptable. The key is that this philosophy allows for the flexibility to vote against a resolution that Booster feels is bad, even if the board does not agree.

Engagement with companies

Booster communicates directly with companies with the primary goal of driving better environment, social and governance (ESG) outcomes. We also actively participate in collaborative forms of engagement where we act in concert with other investors to drive wide level change. This form of engagement is generally seen to provide more traction in regard to ESG issues within companies and results in higher quality outcomes.

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Booster trading policy

Trade execution

Putting the needs of clients first is central to Booster and this flows through to trade execution.

When executing trades for managed portfolios Booster follows globally accepted best execution principles, which consider, but are not limited to, price, cost, speed, and underlying liquidity.

Trade allocation

When trading on behalf of multiple portfolios, Booster will ensure that all portfolios are treated equitably. If an order is partially executed, the participating portfolios will receive a pro-rata portion, in line with each portfolio's original order.

This pro-rata allocation relates to all secondary market trading, Initial Public Offerings, placements, and corporate actions.

Internal trades

From time to time, client deposits, withdrawals or portfolio re-allocations may create a need for different managed portfolios that own the same security to trade in the opposite direction to each other.

Where appropriate, and to avoid unnecessary trading costs, Booster allows portfolios to transact between each other. When an internal trade does occur, Booster will ensure all portfolios are treated in line with our execution and allocation policies and that the transaction is conducted at a fair market price.

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Appendix

Proxy Voting Actions

In the last two years, Booster voted against the board recommendations on the following matters:

National Australia Bank – 18 December 2020

| Resolution | Board Recommendation | Vote | Notes |
|--|----------------------|------|---|
| Shareholder proposal: Amendment to Constitution | Against | For | The resolution would grant shareholders a right already enjoyed by shareholders of UK, NZ and Canadian companies. Outcome: 93.1% Against |
| Shareholder proposal: Transition planning disclosure | Against | For | Contingent resolution was not put to meeting |

ANZ Banking Group – 16 December 2020

| Resolution | Board Recommendation | Vote | Notes |
|--|----------------------|------|---|
| Shareholder proposal: Amendment to Constitution | Against | For | The resolution would grant shareholders a right already enjoyed by shareholders of UK, NZ and Canadian companies. Outcome: 92% Against |
| Shareholder proposal: Transition planning disclosure | Against | For | Contingent resolution was not put to meeting |

Origin Energy – 20 October 2020

| Resolution | Board Recommendation | Vote | Notes |
|---|----------------------|---------|---|
| Adoption of Remuneration Report | For | Against | Outcome: 83.8% For |
| Shareholder proposal: Amendment to the constitution | Against | For | The resolution would grant shareholders a right already enjoyed by shareholders of UK, NZ and Canadian companies. Outcome: 90.8% Against |
| Shareholder proposal: Consent and fracking | Against | For | Origin maintains that the project has had, and continues to have, the consent of Aboriginal Native Title holders. However there have been recent protests against the project by Aboriginal residents of Beetaloo basin. If Origin does stand by its comments that it has Native Title holders consent, then an independent report to reaffirm this fact should not be an issue. Outcome: 88.2% Against |

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AGL Energy Ltd – 7 October 2020

| Resolution | Board Recommendation | Vote | Notes |
|---|----------------------|---------|---|
| Adoption of Remuneration Report | For | Against | Proposed changes to remuneration would reduce alignment with shareholder interests and reduce accountability for underlying company performance Outcome: 53.5% For |
| Grant of Performance Rights to Brett Redman | For | Against | Outcome: 69.9% For |
| Amendment to Constitution | Against | For | The resolution would grant shareholders a right already enjoyed by shareholders of UK, NZ and Canadian companies Outcome: 94.4% Against |
| Coal Closure Dates | Against | For | Contingent resolution was not put to meeting |

Proctor & Gamble – 13 October 2020

| Resolution | Board Recommendation | Vote | Notes |
|--|----------------------|------|--|
| Report on efforts to eliminate deforestation | Against | For | P&G has reneged on a commitment to reduce deforestation in their supply chain by 2020; especially in relation to palm oil. Outcome: 66% For |

Ryman Healthcare Limited – 13 August 2020

| Resolution | Board Recommendation | Vote | Notes |
|---|----------------------|---------|--|
| Approve maximum directors fees to \$1,400,000 | For | Against | Proposed Director fee pool was excessive relative to peer companies. Additionally, given the economic environment resulting from Covid lockdown restrictions, it is not an appropriate time to increase costs within the business. Resolution ended up being pulled ahead of the AGM. |

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Walmart – 3 June 2020

| Resolution | Board Recommendation | Vote | Notes |
|---|----------------------|------|--|
| Report on Impacts of Single-Use Plastic Bags | Against | For | Company has goals relating to packaging but not bagging Outcome: 76% Against |
| Report on Supplier Antibiotics Use Standards | Against | For | Antibiotic resistant bacteria found in pork Antibiotic use in NZ is <20mg/kg, in the US it is >175mg/kg Outcome: 88% Against |
| Report on Strengthening Prevention of Workplace Sexual Harassment | Against | For | Outcome: 79% Against |

Facebook – 27 May 2020

| Resolution | Board Recommendation | Vote | Notes |
|--|----------------------|------|----------------------|
| Change in Stockholder Voting - Equal Voting Rights | Against | For | Outcome: 69% Against |
| Independent Chair | Against | For | Outcome: 77% Against |
| Shift from Plurality to Majority voting | Against | For | Outcome: 71% Against |

Vital Healthcare Property Trust – 31 March 2020

| Resolution | Board Recommendation | Vote | Notes |
|--|----------------------|---------|--|
| Approve the Proposal set out the Notice of Special Meeting | For | Against | Proposal was not financially favourable for investors who have a PIR rate of 28%, which the majority of our investors are. |

ASX Limited – 24 September 2019

| Resolution | Board Recommendation | Vote | Notes |
|--|----------------------|---------|--|
| Resolution 3b: re-elect Dr Ken Henry AC as director of ASX | For | Against | Henry was Chairman of NAB leading up to and during the Royal Commission into Banking which highlighted the lack of oversight and governance of the NAB Board. Henry was also reluctant to accept any responsibility for the wrongdoings. |

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Vector Limited – 23 September 2019

| Resolution | Board Recommendation | Vote | Notes |
|--|----------------------|---------|--|
| Resolution 7: Amend Vector's constitution in the form and manner described in the explanatory notes, with effect from the close of the Annual Meeting. | For | Against | Amendment of constitution reduces the effective representation of minority shareholders on the Board by requiring Entrust (majority shareholder) to approve directors before being presented to the remaining shareholders |

Facebook – 30 May 2019

| Resolution | Board Recommendation | Vote | Notes |
|--|----------------------|------|---|
| Change in Stockholder Voting - Equal Voting Rights | Against | For | Outcome: 70% Against |
| Independent Chair | Against | For | Outcome: 70% of external shareholders backed this proposal; but 75% overall against |
| Shift from Plurality to Majority voting | Against | For | Outcome: 70% Against |

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Engagement actions

Below are several examples of our engagement activities over the past 24 months:

| Date | Initiative | Details | Status | Outcome |
|----------|---|--|-----------|--|
| March 21 | Confirmation by Amcor that they now meet our SRI criteria | Engagement with packaging company Amcor regarding their revenue from production of tobacco product packaging. | Concluded | Amcor confirmed that their revenues from tobacco product packaging are below Booster's exclusion threshold and as a result, Amcor can be added to the Australian SRI Shares portfolio. |
| June 19 | Engagement with New Zealand companies regarding disclosure of ESG metrics | <p>We regularly meet with companies in New Zealand to discuss recent performance and business strategies going forward. These forums enable us to provide feedback and suggestions relating to their future direction in order to ensure the investments in the Booster portfolios are performing as best they can.</p> <p>We encourage companies across a range of industries including financials, utilities, healthcare, communication services, and industrials, to improve disclosure of ESG metrics which includes greenhouse gas emissions, energy consumption, waste production and workforce diversity.</p> | Ongoing | To date, the responses have been positive, with a number of companies providing the required data and/or putting processes in place to be able to disclose the missing data. |
| April 19 | Collaborative engagement with social media companies | <p>As a result of the tragic shootings in Christchurch on 15 March 2019, this initiative aims to prevent the live streaming and distribution of objectionable content on social media.</p> <p>It is supported by the New Zealand Crown-owned investors, along with another 76 New Zealand and international investment organisations.</p> | Ongoing | As a direct response to our engagement efforts, Facebook has updated the charter of its Audit & Risk Oversight Committee to explicitly include review of content-related risks that violate its policies, and it will move not just to monitor or mitigate such abuse, but prevent it. |
| Jan 19 | Swiss Sustainable Finance open letter to index providers | <p>Initiative supports the idea that index providers should remove companies involved in controversial weapons from mainstream indices.</p> <p>The open letter was sent through registered mail to the CEOs and Chairmen of FTSE Russell, Morningstar, MSCI, S&P Dow Jones Indices and STOXX, as well as to the Index Industry Association.</p> <p>Currently there are 176 signatories with USD 9.7 trillion of assets under management.</p> | Ongoing | DWS has excluded controversial weapons from their ETFs. |

A full list of Booster's proxy voting record is [available here](#).