

DOMESTIC EQUITIES PROXY VOTING POLICY

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New Zealand Limited

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A. Introduction and purpose

Nikko Asset Management New Zealand Limited (“Nikko AM NZ”) is the licensed manager of the Nikko AM NZ Investment Scheme, a registered scheme making regulated offers of financial products (“retail funds”) and the manager of the Nikko AM NZ Wholesale Investment Scheme, an unregistered scheme offering wholesale financial products (“wholesale funds”) (together, “the Funds”). Public Trust is the independent trustee and supervisor. These Funds are governed by the Trust Deed effective 1 July 2016 by Nikko AM NZ and Public Trust.

This policy concerns the proxy voting relating to companies invested in for funds managed by Nikko AM NZ. It establishes guidelines through which Nikko AM NZ controls its power to influence the management of its funds’ investee companies. The aims of the policy are to ensure that Nikko AM NZ:

1. adheres to its fiduciary responsibility to act in the best interests of its clients; and
2. exercises its voting powers to promote good corporate governance of investee companies;

To this end, the policy establishes the following:

1. a formal set of corporate governance guidelines and principles;
2. rules governing the voting of proxies; and
3. rules governing direct communication with investee companies.

This Policy does not apply to voting where the management of the relevant Fund is outsourced.

Governance Guidelines and Principles

The set of guidelines and principles below assists Nikko AM NZ in the exercise of its proxy voting obligations in respect of investee companies. Nikko AM NZ must endeavour to conform to the spirit of the guidelines and principles. The guidelines and principles are not intended to provide a set of rigid rules.

B. Board of directors

Independent Directors

The majority of the board of directors should be independent. An independent director is a director with no current affiliations to the company, or any affiliation during a “cooling off” period such as the previous five years. It will usually be sufficient to limit management representation on the board to the Chief Executive Officer and the Chief Financial Officer. The Chairperson should be independent.

Requirements for Appointment

Directors must be competent. They should be chosen for their expertise in a field, which is related to the normal operations of the company.

Diversity on the Board

Ideally, directors should come from a variety of backgrounds, so that the board benefits from a range of perspectives.

Board Committees

The board should have a nominations committee, an audit committee and a compensation committee. The compensation committee should have a majority of independent directors. The audit committee should consist exclusively of independent directors.

Board Size

The maximum size of the board must be determined on a case-by-case basis. Nikko AM NZ is not generally supportive of increasing board size. The board size should not be increased during proxy fights or other contests for company control.

Remuneration of Directors

Directorial remuneration schemes should be disclosed to a reasonable extent.

C. Proxy voting

Prior to Voting

Nikko AM NZ should consider all the resolutions on which it is required to vote well before the date of voting. Nikko AM NZ staff should discuss in some depth those resolutions, which are considered important, unusual or contentious. Where appropriate, Nikko AM NZ must discuss resolutions with the senior management and/or the Board of the investee company.

Mandatory Voting

Nikko AM NZ must vote on all investee company resolutions if Nikko AM NZ has the authority and the responsibility to do so, regardless of the materiality of the resolution. If Nikko AM NZ votes against a particular resolution, it must write a letter to the investee company to explain its position.

Register and Records

A register must be kept in which all proxy voting is recorded. Nikko AM NZ will record explanations of its voting decisions on matters it deems unusual or contentious.

Disclosure of Proxy Voting Record

It is important that Nikko AM NZ exercise its proxy voting responsibility in a transparent manner. Nikko AM NZ will make its proxy voting record available to clients on request. The record will include the numbers of resolutions on which Nikko AM NZ voted in favour of, or against, or abstained from, or failed to vote on. The record will also express these figures as percentages of the total number of votes cast. A breakdown of voting on each of the common corporate governance issues voted on will be provided on request.

D. Communication with investee companies

Nikko AM NZ recognizes that the good corporate governance of its investee companies requires it to assume an active role in decision-making. The domestic equity managers are encouraged to communicate directly with the directors and senior managers of investee companies in relation to common corporate governance issues.

E. Policy maintenance and review

Nikko AM NZ's Head of Equities is responsible for the maintenance of this policy and will conduct ad-hoc reviews as necessary. The policy will be formally reviewed triennially by the Compliance, Risk and Disclosure (CRD) committee.

Version Control	Reasons for Change	Author/Editor	Date
Updated	Approval of revision	Nikko AM NZ Board of directors	7 June 2016
Updated	Revision and update	CRD Committee	6 May 2016
Updated	Updated for correctness	Project Team	March 2016
Updated	Minor update	Domestic Equities	June 2014
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