INVESTORS MUTUAL LTD (IML)
ENVIRONMENTAL, SOCIAL, GOVERNANCE
AND PROXY VOTING POLICY

Purpose
To provide guidelines for IML to pursue an active role in monitoring environmental, social and corporate governance (ESG) practices adopted by the companies that IML’s clients are invested in.

Application
This policy is relevant to the following areas:
- Investment
- Investment administration
- Risk and Compliance

Policy
IML believes that corporate governance is an important aspect of share ownership and that as a professional investment manager, IML has a responsibility to act in this regard with the best interests of its clients in mind. IML is an active participant in corporate governance matters that arise as a result of investments in securities.

IML believes that environmental, social and corporate governance (ESG) is an important aspect of share ownership and that as a professional investment Manager, IML has a responsibility to act in this regard with the best interests of its clients in mind. IML incorporates ESG factors increasingly as part of IML’s overall investment analysis and in particular when they are expected to have a material financial impact on an individual investment. In this way, IML does not have a pre-determined view on ESG factors when considering investments.

This policy broadly follows FSC Guidance Note No.2 Corporate Governance: A guide for fund managers and corporations and FSC Standard No. 13 Proxy Voting.

Obligations
Corporate governance and proxy voting must comply with the guidelines set out in Attachment 2.

Procedures / Guidelines / Checklists
- Definitions (Attachment 1)
- Guidelines (Attachment 2)

Breaches
Any breach of this policy or any associated procedure must be immediately reported to Risk and Compliance Service.
| Maintenance and Amendment | Responsibility for maintaining this policy: Risk & Compliance  
|                          | Authority to update policy: Chief Operating Officer  
| History                  | Reviewed by Risk & Compliance in June 2017  
|                          | Approved by the IML Chief Operating Officer in June 2017 |
## ATTACHMENT 1: DEFINITIONS

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<th>Term</th>
<th>Definition</th>
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<td><strong>Corporate Governance</strong></td>
<td>concerns the conduct of the board of directors and the relationships between the board, management, shareholders and other key stakeholders such as creditors and auditors. The transparency of major corporate decisions and accountability to shareholders is at the core of governance issues.</td>
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| **Environmental, Social and Corporate Governance (ESG)** | Environmental, social and governance, also known as ESG, collectively describe the main areas of concern that have developed as the central factors in measuring the sustainability and ethical impact of an investment in a company or business. Within these three areas are a broad set of concerns that are increasingly being included in the non-financial factors that figure in the valuation of equity, real estate, corporations and all fixed-income investments. ESG is the term for the criteria used in what has become known as Socially Responsible Investment. Examples of the three factors include: Environmental  
• the physical impact of climate change  
• Planning and mitigation  
• Ongoing supply of natural resources  
Social  
• Human Capital  
• Health and safety  
• Community relations  
Corporate Governance  
• Accounting/Reporting and transparency of corporate decisions  
• Audit  
• Remuneration  
• Board composition and skills, and the conduct of directors  
• Management  
• Relationships between key personnel and stakeholders  
Proxy Voting | Proxy Voting means the exercise of voting rights by IML or its authorised agents in relation to the securities in its clients’ portfolios. |
ATTACHMENT 2: GUIDELINES

IML’s ESG and Proxy Voting Procedures are divided into 4 sections:

- Philosophy and methodology of investment process;
- Communication;
- Voting at company meetings; and
- Reporting to clients

PHILOSOPHY AND METHODOLOGY OF INVESTMENT PROCESS

IML believes that awareness in environmental, social and corporate governance (ESG) is an important aspect of share ownership and that as a professional investment Manager, IML has a responsibility to act in this regard with the best interests of its clients in mind. IML believes that good governance and sustainable practices are more likely to generate better long term returns. IML’s primary responsibility to clients is to maximise their investment returns and we consider ESG issues to play an important role in our investment decision making process.

IML does not adopt a screening approach, as limiting the investment universe decreases breadth and consequently opportunities to generate excess returns. ESG and sustainability factors form a part of the initial research process and are considered in the same manner as traditional financial issues in terms of their impact on current earnings and liabilities, long term growth, profitability and risk. These characteristics directly impact IML’s valuations and, consequently, positions. IML combines its own experience and research with data collected from an external party to assess a company’s corporate governance. Observations directly impact the level of risk used to value a stock.

IML actively manages investments and engages with companies outside of formal company meetings, by writing letters to the board of directors and senior management and meeting with company representatives on a regular basis.
COMMUNICATION

IML may seek to influence company policy by forwarding its views to senior management and board members in writing or by arranging to speak to those persons directly.

VOTING AT COMPANY MEETINGS

For all securities in IML’s client portfolios for which IML is authorised to vote and upon receipt of notice of a meeting where IML may vote, the investment team will review the resolutions to be put to the meeting and determine IML’s position. The IML view will be reflected in any proxy record lodged on behalf of an IML client, where voting discretion is left to IML.

Copies of all proxy records will be retained in a voting system that is maintained by IML.

REPORTING TO CLIENTS

IML will provide its clients annual reports on IML’s voting activities on request. The annual report may include:

- material corporate governance issues IML decided to correspond with a company on before an AGM with a view to amending or withdrawing a proposed resolution; and
- comments on resolutions where IML abstained or voted against the board’s recommendations.

Voting information can be obtained more frequently on request.