Proxy Voting Policy

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Investing for Victoria's future

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1 Introduction

VFMC regards proxy voting as an important ownership right and a key mechanism for promoting good governance, accountability and the protection of long-term shareholder value. This policy sets out VFMC's approach to exercising voting rights on behalf of clients, including the principles, responsibilities and decision-making processes that guide proxy voting across domestic and international listed equities.

All votes are lodged electronically, and an annual voting report is provided to VFMC's Board and its clients. Aggregate voting statistics are also disclosed on the VFMC website.

This policy will be reviewed periodically as appropriate.

1.1 Proxy Voting Responsibilities

1.1.1 Domestic proxy voting implementation

VFMC votes on Australian listed companies included in the S&P/ASX300 and the MSCI All Country World Index (MSCI ACWI). Voting on Australian listed companies outside the S&P/ASX300 index is undertaken by exception when such companies are held by internal portfolios.

The VFMC Head of Investment Stewardship is responsible for all voting decisions in the S&P/ASX300, with input from the VFMC Equities team primarily on investment-related resolutions, including, but not limited to, acquisitions, buy-backs and ratification of placements.

Where a company meeting involves a contentious resolution, the matter is escalated by the Head of Investment Stewardship to the Chief Investment Officer and Chief Executive Officer for direction on VFMC's approach. Examples of contentious issues may include the election of directors who are also directors of VFMC or of VFMC clients, non-investment related resolutions with a high media profile, or a spill resolution.

In making proxy voting decisions, VFMC considers the views of membership-based research providers such as the Australian Council of Superannuation Investors (ACSI), Glass Lewis, external fund managers, and the outcomes of engagements undertaken either directly, collaboratively or through specialist service providers.

Sections 3 and 4 of this policy outline VFMC's domestic proxy voting principles and their intended application in further detail.

For externally managed funds, invested via pooled trusts, VFMC delegates voting discretion and execution to the appointed fund manager.

1.1.2 International proxy voting implementation

For international markets, VFMC applies a two-part voting process. Developed market companies within the MSCI ACWI are voted by VFMC's external proxy voting service provider, Glass Lewis. Glass Lewis votes on VFMC's behalf in accordance with its own policy, while having regard to VFMC's Proxy Voting Policy. Voting activity is monitored by VFMC, and VFMC maintains authority to override these arrangements.

With respect to emerging market companies within the MSCI ACWI, VFMC generally delegates voting responsibility to its external fund managers.

VFMC recognises that while Glass Lewis and appointed external managers apply their own proxy voting policies and governance principles when exercising voting rights on VFMC's behalf, they are broadly aligned with VFMC's core investment beliefs, including the importance of good governance, board accountability, shareholder rights and the protection of long-term shareholder value.

2 Domestic Proxy Voting Principles

VFMC votes on all resolutions at annual and extraordinary general meetings held by companies in the S&P/ASX300 in a manner that seeks to protect and enhance long-term shareholder value.

VFMC's approach to exercising voting rights on behalf of clients is guided by the following principles:

- *The Board is the representative of shareholders and is accountable to shareholders for the company's performance.*

The Board should comprise a majority of independent non-executive directors. The Board should also, as a collective, possess the necessary capacity, experience, and skill set to effectively discharge its governance responsibilities. In addition, the Board should reflect broad diversity in its composition, including but not limited to gender, age, and ethnicity.

- *In relation to changes to constitutions and capital structures, shareholders (and not the directors) should retain overall control of the company's capital structure.*

This includes authority to approve any division of that structure into different classes of shares (for example, the introduction of dual-class share structures or preferential rights). Shareholders should be treated equitably, with dilution of existing shareholders limited (for example, through pre-emptive rights, pro rata capital raisings, or requiring shareholder approval for material placements).

Any valuations underpinning such changes should be independently assessed as fair and reasonable (for example, through external expert reports or independent fairness opinions).

- *Remuneration should align management incentives with shareholder outcomes and support the creation of long-term value.*

Remuneration frameworks should be designed to minimise agency risk by ensuring that executive rewards are contingent on performance that is demonstrably in the interests of shareholders.

VFMC will apply these underlying principles on a case-by-case basis to each proxy voting decision, taking into account the circumstances of the company and the commercial realities of voting outcomes.

3 Domestic Proxy Voting Application

This section provides further detail on how VFMC will, in general, apply the principles identified in Section 2 to proxy voting within the S&P/ASX300. Where an issue arises outside VFMC's stated principles, VFMC's overriding consideration is to ensure that shareholder rights and value are protected in a pragmatic manner.

3.1 Appointment of Directors

The Board acts in the interests of shareholders and is accountable for the company's long-term performance through its oversight of a company's strategic direction. Director elections and re-elections are a key governance mechanism for ensuring this accountability is maintained.

When considering the election or re-election of directors, VFMC will consider:

- **Board and company performance**, including the company's long-term performance, strategic execution and overall governance outcomes;
- **Director independence**, including whether individual directors are free from relationships, interests or circumstances that may materially compromise, or reasonably be perceived to compromise, independent judgement;
- **Board composition and skill**s, including whether the board, as a whole, has the appropriate mix of skills, experience and expertise to oversee the company's strategy, operations and material risks;
- **Board diversity**, including gender, age, ethnicity, professional background, skills, experience and diversity of thought and perspective;
- **Board renewal and succession planning**, including director tenure, board refreshment, succession planning and the effectiveness of nomination and appointment processes;
- **The capacity and commitment of individual directors**, having regard to their other board, executive and professional roles and responsibilities;
- **Historical performance of individual directors**, including their track record across current and prior board roles;
- **Governance practices and board oversigh**t, including the effectiveness of key committees, such as audit, risk and remuneration committees, and the board's oversight of material risks, including ESG risks;
- **Responsiveness to shareholders**, including how the board has addressed prior shareholder concerns, voting outcomes and matters raised through engagement;
- **Remuneration practices,** including the alignment of remuneration outcomes with shareholder outcomes and the creation of long-term value; and
- **Audit quality and independence**, including the ratio of audit to non-audit fees and broader considerations relevant to auditor independence.

3.2 Remuneration

VFMC assesses remuneration-related resolutions on a case-by-case basis, with a focus on whether pay structures and outcomes are aligned with shareholder interests and the creation of long-term value.

In assessing executive pay, VFMC considers the quantum and structure of remuneration, company performance relative to peers, the size and complexity of the business, and whether incentive outcomes are supported by transparent, appropriately challenging performance measures.

VFMC expects long-term incentives to be genuinely long term, aligned with strategy and shareholder value, and subject to robust performance hurdles, clear disclosure and appropriate governance safeguards.

VFMC will generally not support incentive arrangements that have short vesting periods, insufficiently demanding hurdles, excessive rewards or dilution, cliff vesting, or inappropriate participation by non-executive directors. VFMC also scrutinises termination payments, retention awards, one-off bonuses, fixed pay increases, NED fee increases and remuneration reports as a whole, and may vote against remuneration resolutions, remuneration committee members or spill resolutions where pay practices are not in shareholders' best interests or where boards fail to respond meaningfully to shareholder concerns.

The Appendix provides additional guidance relevant to director election and remuneration resolutions. It should be read together with, and does not limit, the broader factors VFMC may consider when determining its voting approach.

3.3 Changes to Capital Structure

Changes to the capital structure include company share buy-backs, schemes, mergers and acquisitions and other related issues.

In considering whether to support management proposals, VFMC will consider whether shareholders (rather than directors) retain overall control of the capital structure of the company, including the authority to approve any division of that structure into different classes of shares, the amount of dilution and whether any valuation is fair and reasonable.

In the absence of a compelling reason, VFMC will vote against approval of placements where dilution would exceed 15% in a year. VFMC prefers capital raisings to be conducted on a pro rata basis. In evaluating proposed placements, VFMC will consider all relevant factors, including but not limited to:

- the amount of dilution;
- the amount being raised;
- the cost efficiency and method of the raising;
- whether the placement is at a discount, and how significant that discount is;
- the purpose of the placement;
- if the company could have foreseen the need for this capital raising; and
- to whom the placement is proposed to be made.

VFMC will cast a 'Take No Action' vote where it is ineligible to vote due to participation in a placement.

3.4 Accounts

Companies are required to submit their financial statements, directors' reports and auditor reports to shareholders. Where shareholder approval is sought, VFMC will rely on the independent auditor's assessment of the company's financial statements and whether the auditor's report has been qualified.

VFMC will vote in favour of such resolutions in the absence of a qualified audit report or other compelling reasons.

3.5 Auditor (reappointment and new)

In considering the reappointment or appointment of an auditor, VFMC will have regard to:

- the ratio of audit to non-audit fees paid by the company to the audit firm;
- tenure and rotation of lead auditors; and
- where relevant, the rationale for changing auditors.

In the absence of a compelling reason, VFMC will vote in favour of these resolutions.

3.6 Constitution

These resolutions are special resolutions requiring support from 75 per cent of votes cast. Issues considered include:

- Do the shareholders (and not the directors) approve any division of that structure into different classes of shares?
- Does the proposal distort the one-share, one-vote principle?
- Does the company propose to exercise the right to direct profits or allocate company assets in a non-uniform manner without shareholder consent?
- Is the company seeking to alter the constitution to:
    - Create barriers to takeover bids to protect the position of management or specific shareholders
    - Reduce shareholder rights in other ways
    - Renew the “proportional takeover” clause.

Where the amendments do not unduly limit shareholder rights, VFMC will generally vote in favour of constitutional amendments.

3.7 Shareholder Proposals

These resolutions often seek to mandate additional disclosure by companies regarding environmental, social, and governance aspects of a company’s activities. VFMC will consider proposals of this nature on a case-by-case basis.

It is VFMC’s view that day-to-day management and policy decisions are the responsibility of management and the board, respectively. Accordingly, VFMC will vote in favour of shareholder proposals that do not involve shareholders impinging upon management prerogative and:

- are likely to increase or protect shareholder value;
- promote the furtherance of appropriate shareholder rights;
- seek to promote director accountability; and
- promote ESG risk management and accountability (for example, but not limited to, human rights and climate change), where VFMC believes that the issue to which the shareholder resolution relates:
    - is relevant to the company in question; and
    - needs to be addressed.

Separately, VFMC supports the provision of a ‘Say on Climate’ vote, whereby companies provide shareholders with an advisory vote and progress update on the company’s management of climate-related risks and opportunities (using the indicators outlined above). VFMC will assess the merits of companies’ Say on Climate resolutions on a case-by-case basis.

3.8 Annual General Meetings

VFMC endorses the use of Hybrid Annual General Meetings (AGM) and will typically vote against resolutions proposing the adoption of “Virtual Only” AGM’s.

The Annual General Meeting provides shareholders with an opportunity to interact with the Board and supports accountability and transparency. VFMC recognises that virtual meetings can broaden shareholder accessibility, but considers hybrid AGMs preferable because they preserve in-person engagement, broader access to the Board and an unvetted opportunity to ask questions. VFMC will generally vote against resolutions proposing the adoption of virtual-only AGMs, except where public orders or safety considerations do not support an in-person meeting.

3.9 Escalation of ESG issues

VFMC prioritises company engagement to communicate questions and concerns. Where engagement has not led to the achievement of communicated objectives, VFMC may choose to escalate the issues using ownership rights such as voting. For example:

- voting against a director/s, and/or a remuneration report resolution; and
- supporting a shareholder requisitioned resolution.

VFMC's escalation strategy is outlined in the VFMC Investment Stewardship Policy.

3.10 Proxy Voting on Embargoed Securities

From time to time, VFMC employees may come into possession of Inside Information for the purposes of the insider trading provisions of the Corporations Act. In such instances, VFMC may be provided with material non-public information relating to financial products and individual securities (i.e. Inside Information), for example during the course of due diligence for a transaction and, in some cases, the existence of the potential transaction may itself be materially price sensitive.

In addition, companies may be restricted from trading due to compliance requirements, conflicts of interest or sanctions. Where such restrictions apply, the relevant companies are placed on the VFMC Embargo List. It is therefore VFMC's position that the Investment Stewardship team also vote “Take No Action” in these circumstances.

4 Appendix: Proxy Voting Policy – Application Guidance

4.1 Director Independence

In general, VFMC's view is that an independent non-executive director is a director who is not a member of management, and who:

- Is not a substantial shareholder of the company (i.e. a shareholding of 5% or more of total shares in the company) or an officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the company;
- Is not currently and has not within the last three years been employed in an executive capacity by the company or another company group member;
- Has not within the last three years been a principal or employee of a material professional adviser or a material consultant to the company, or another company group member;
- Has no material contractual or related party relationship with the company or another company group member, other than as a director of the company; and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company;
- Does not participate in any share option or performance-related remuneration schemes that apply to executives within the company;
- Does not hold other directorships that potentially give rise to a material conflict of interest or otherwise impede the proper discharge of their director responsibilities;
- Does not receive fees for services to the company that may imply significant involvement in the company's affairs or impede independence;
- Is not a spouse, de-facto spouse, parent, or child of other directors, senior executives or advisers to the company or an affiliate;
- VFMC will also consider connectivity among directors as a measure of independence. Board members may not be independent where a board member sits on multiple listed boards with fellow directors, past or current, or where the director has held senior executive roles at the same time and in the same organisation as fellow directors.

Board tenures greater than or equal to 10 years will also be assessed for independence on a case-by-case basis.

4.2 Board Capacity

In considering a director's appointment or re-election, VFMC assesses whether the director has the capacity and commitment necessary to effectively discharge their responsibilities, including during periods of heightened pressure or crisis. This assessment is not limited to a director's ability to manage ordinary-course board responsibilities but also considers their ability to respond appropriately where one or more companies on whose boards they serve faces a significant issue or crisis.

Where a director holds five or more listed board positions, VFMC will undertake further analysis and investigation, ideally including board engagement on this issue, to form a view about whether the director appears capacity constrained. It is VFMC's view, following extensive discussions with a wide range of directors, that a directorship warrants a minimum commitment of one day per week.

In determining the potential workload of a director, consideration will be given to the following factors, amongst other things:

- the number of board positions held;
- if the director is the Chair of a listed company (VFMC generally consider Chair roles as the equivalent of two director positions);

- any committees the director chairs (e.g., an audit committee role for an APRA regulated firm or a large/complex company that is likely to require additional time commitments);
- the size and complexity of the companies, including where they are located geographically (e.g. a directorship of a small listed investment trust is likely to be viewed as requiring less time commitment than for a large or complex company);
- how frequently the board meets;
- level of attendance at board meetings;
- whether the director is likely to step down from any positions in the near future;
- other non-listed board positions; and
- whether the company has any contingency plans in place if a particular director is absent for a period of time.

In addition, VFMC may not support the election of a director where:

- That individual has an executive position with another listed entity (exceptions could apply where the directorship is related to the executive position or if the director was likely to step down from their executive role in the near future).
- More than two executives sit on the board. This reflects the importance of maintaining appropriate separation between management and board oversight. Exceptions may be considered on a case-by-case basis, including where the director is the CEO or founder, and their continued board presence is considered important to the company's governance, strategy or long-term value creation.

Voting Example: Director Capacity

A company is seeking shareholder approval for the election or re-election of a director in circumstances where there are potential capacity concerns. This may include an executive director, other than the CEO or founder, or a non-executive director who is also an executive of another listed or large complex company, or who holds five or more board positions.

VFMC will consider whether the director has sufficient capacity and commitment to effectively discharge their responsibilities, including the nature, number and complexity of their other roles and any relevant mitigating factors.

Where capacity concerns remain, VFMC will generally vote **against** the election or re-election of the director.

4.3 Board Diversity

VFMC is of the view that companies should adopt board diversity policies and include the related disclosures in their annual reports or other prominent public disclosures. While VFMC recognises that there are many aspects to board diversity, VFMC views gender diversity as notably material to effective governance, social licence and shareholder value. Further, it is VFMC's expectation that companies should have no less than 30% representation of each gender on the board.

In cases where a board falls short of the targeted gender board representation and has no plans in place to address this, VFMC will consider voting against new board director appointments, the Chair or other board members where these appointments do not support the board moving closer to the relevant minimum representation. In applying this policy, VFMC will take into account any company commitments to improve diversity, board size, board succession plans and the status of new entrants to the index.

4.4 Remuneration

VFMC will consider each remuneration-related resolution having regard to the company's individual circumstances, the structure and quantum of pay, and the extent to which remuneration outcomes are aligned with shareholder interests and long-term value creation.

4.4.1 Executive Remuneration

Executive remuneration typically comprises fixed pay, short-term incentives and long-term incentive arrangements. Remuneration frameworks should be designed to attract, motivate and retain executives with the capability to deliver sustainable performance, while ensuring that incentive outcomes are appropriately linked to performance and shareholder outcomes. VFMC expects remuneration arrangements to reward genuine outperformance, avoid rewarding poor performance or failure, and support the creation of long-term shareholder value.

When considering the overall quantum of executive pay, VFMC will consider the company's performance (including peer comparison), the size and complexity of the company, and its operations.

4.4.2 Executive Fixed Pay

VFMC will consider whether fixed pay is excessive relative to peers. VFMC will also consider the rationale for any fixed pay increase. VFMC is cognisant of the compounding impact of fixed pay on other variable components of executive compensation.

4.4.3 Executive Short-Term Incentives (STI)

VFMC expects STI plans to relate to the key drivers of the business, and prefers a material component to be in the form of equity, therefore aligning performance incentives with shareholder value. VFMC will consider:

- whether STI payments are consistent with the company's performance, share price, and other financial or non-financial hurdles applied; and

- in respect of the key performance indicators (KPIs) for the STI, VFMC will consider, in particular, the materiality of the occupational health and safety component of the bonus where there have been poor safety outcomes. Where a company has reported a fatality, VFMC will consider, on a case-by-case basis, whether an STI should be paid at all. Factors such as historical safety outcomes, safety reporting and the company response will be taken into consideration.

Some companies resist disclosing KPIs for determining STIs on the basis that they are confidential. In these cases, VFMC believes that KPIs should be disclosed retrospectively and in a manner that does not affect commercial sensitivities.

4.4.4 Executive Long-Term Incentive Schemes

One of the key aims of executive incentive arrangements is to limit the agency risks associated with the separation of shareholders as owners of listed companies from those delegated the authority to run the company. VFMC believes this is best achieved by aligning executives' interests with shareholders.

- Consistent with Australian standards, VFMC believes that granting incentives under a long-term incentive plan (LTIP) with a vesting period shorter than three years is inappropriate.
- VFMC does not have a preference for particular performance metrics; it is up to each board to determine the appropriate performance metrics in light of its business operations, business plan and other relevant factors.
- Performance criteria, established for the award of shares and/or options, should be consistent with the company's strategy and the objective of maximising shareholder value.

- VFMC does not support cliff vesting where 100% of incentives vest based on one or more cliff-related hurdles.
- VFMC supports transparent disclosure of incentive methodologies, including, where appropriate, retrospective disclosures of treatment and outcomes relating to any incentive and/or remuneration linked matters.

VFMC recognises that employee equity plans may assist in aligning employee and shareholder interests. However, where shareholder approval is sought to exclude securities issued under such plans from the ASX Listing Rule 7.1 dilution limit (i.e. 15% in 12 months), VFMC expects clear disclosure of the plan's purpose, scope, expected dilution and governance safeguards. VFMC also expects shareholder approval to be sought for any equity grant to directors, given the importance of shareholder oversight of director remuneration and potential conflicts of interest.

4.4.5 Retention payments and other one-off "bonus" awards

VFMC will consider the rationale for retention payments including whether the payment is in cash or equity, the company's performance, the executive's total pay compared to peers and whether these payments are subject to holding locks.

As a matter of principle, VFMC generally does not favour other one-off "bonus" or incentive payments. For example, the payment of a bonus on completion of a transaction. VFMC will closely scrutinise the reason for one-off payments and how it is being paid in accordance with broader remuneration and retention frameworks.

Voting Example: Incentive Schemes and Plans

A company is seeking shareholder approval for an employee equity plan, executive incentive grant or long-term incentive arrangement that may affect shareholder dilution, executive reward outcomes or alignment between management and shareholders.

VFMC will consider whether the plan supports alignment between employees, executives and shareholders, including the breadth of participation, expected dilution, vesting period, performance hurdles, size of the award, disclosure quality and whether directors or KMP participate on appropriate terms.

VFMC will generally vote **in favour** where the plan is broadly available, has appropriate limits on dilution and includes separate shareholder approval for director grants. VFMC may **abstain** where concerns are present but not sufficient to warrant opposition, and will generally vote **against** where vesting periods are too short, hurdles are insufficiently demanding, rewards or dilution are excessive, performance does not justify the grant, NEDs participate inappropriately, or KMP employee share plans lack relevant hurdles.

4.4.6 Termination Payments

VFMC believes termination packages for executives of greater than 12 months' salary are inappropriate. VFMC will consider the treatment of equity incentives on termination and the link to performance and the level of board discretion applicable to such benefits.

Accordingly, VFMC will vote **against** termination payment resolutions in excess of 12 months' salary, which do not appear to provide any benefit to shareholders and/or provide the board with significant discretion or appear larger than the previously disclosed entitlement.

4.4.7 Non-Executive Director (NED) Remuneration

Shareholders have the right to vote on proposed increases in the aggregate NED fee pool or to approve proposals for NEDs to receive fees in the form of securities.

Remuneration for NEDs of a listed company should reflect the role that NEDs perform during the year, including board and committee participation.

It is VFMC's preference that companies:

- Do not provide retirement benefits to NEDs, other than statutory superannuation, as such benefits may compromise independence or misalign directors with shareholders;
- Do not offer options to NEDs. The board is entrusted to put in place remuneration arrangements to attract, retain and motivate executives; however, this would be difficult if their remuneration is on a similar basis to those they are meant to oversee
- Disclose the size of any proposed aggregate NED fee cap, how much of it will be used in the subsequent year(s) and how it will be allocated to NEDs

Voting Example: Aggregate NED Fee Increase

A company is seeking shareholder approval to increase the aggregate NED fee pool or to allow NEDs to receive fees in the form of shares.

VFMC will consider whether the proposal is reasonable having regard to the company's size, board and committee requirements, board renewal needs, performance, existing fee capacity and whether the structure of NED remuneration preserves director independence.

VFMC will generally vote **in favour** of proposals for NEDs to receive fees in the form of shares. VFMC will generally vote **against** NED fee increases where the company provides retirement benefits to NEDs, grants options or executive-like incentives to NEDs, seeks an excessive fee cap increase, or where company performance and lack of board renewal do not support the increase.

4.4.8 Remuneration Reports

This section refers to remuneration-related issues that are not covered elsewhere in this policy.

Companies are required to submit a remuneration report to shareholders at the AGM. The remuneration report details the fixed pay and benefits, including short and long-term incentives payable to directors and senior management and remuneration of non-executive directors. The vote on the remuneration report resolution is advisory only and not binding on the board.

In considering a company's remuneration report, VFMC will evaluate the report as a whole. VFMC believes that remuneration plans should reflect what is needed to attract, motivate and retain the right people. VFMC encourages companies to ensure that their remuneration disclosures clearly articulate what is being paid, why, how, and over what timeframes.

Voting Example: Remuneration Report

A company is seeking shareholder approval for its remuneration report in circumstances where executive pay outcomes, incentive payments or fixed pay increases may not appear aligned with company performance or shareholder outcomes.

VFMC will consider the remuneration report as a whole, including whether pay outcomes are aligned with shareholder interests, supported by clear disclosure and justified by company performance.

VFMC will generally vote **against** the remuneration report where, after balancing the positive and negative features, the remuneration arrangements do not appear to be in shareholders' best interests. VFMC may **abstain** where concerns exist but are not sufficient to warrant voting against the whole remuneration report.

4.5 Two Strikes

Companies holding AGMs since 1 July 2011 have been subject to the 'two strikes' rule. The rule aims to strengthen the non-binding vote on remuneration by allowing shareholders to remove all directors if the company's remuneration report has received a 'no' vote of 25 per cent or more (known as a 'strike') at two consecutive AGMs. VFMC approaches this rule and the resolutions attaching to it on a case-by-case basis.

If a company has received a first strike, at the next AGM, the company must include in its agenda a contingent resolution to be put to shareholders if the remuneration report receives a second strike. If put, the contingent resolution permits shareholders to call an EGM to consider the removal of directors (i.e., a 'spill resolution').

In considering whether to support a spill resolution at an EGM, VFMC will consider the company's remuneration practices, any improvements to remuneration structures since the first strike and the destabilising impact if all the directors concerned were removed.

Voting Example: Two Strikes

A company has received a first strike against its remuneration report and is now facing a second strike, with a contingent spill resolution to be put to shareholders if the remuneration report receives another significant vote against.

VFMC will consider whether it opposed the remuneration report that received the first strike, whether it intends to oppose the current remuneration report, and whether the company has made meaningful improvements to its remuneration structures, processes or disclosure following engagement.

VFMC may vote **in favour** of the spill resolution where concerns remain unresolved. Where VFMC has engaged with the company on at least two occasions and no meaningful change has been made, VFMC may also vote **against** the Chair of the remuneration committee, other remuneration committee members, or, in the most egregious cases, the Chair of the board.