

Morphic Proxy Voting Policy (MPVP)

March 2019

The Morphic Mission

Our mission is to deliver risk-adjusted returns over the long term, in a responsible way that doesn't harm the environment, society and doesn't make the world a poorer place.

We will have a positive impact both as investors and as a business.

We will invest in those companies whose products and services have positive impacts. We will engage with those companies that need further change for the better and seek to persuade them to change.

As a business we will support charities via donating a proportion of our revenue and by managing assets on their behalf on concessional terms.

We will promote the adoption of the principles of Responsible Investment throughout the broad investment community.

Finally, our behaviour as individuals and collectively as a business will reflect the values that are fundamental to our Responsible Investment philosophy.

Introduction

Morphic Asset Management Pty Ltd (“Morphic”) believes that incorporating Environmental, Social & Governance (“ESG”) considerations into the investment process can lead to more informed and holistic investment decision-making and better investment outcomes for our investors.

Morphic’s Responsible Investment Policy outlines our approach to practising responsible investing which comprises of four key components:

1. Screening – Negative & Positive
2. Integration of ESG considerations in our investment process – research, analysis & investment decision making
3. Engagement – with portfolio companies & all relevant stakeholders, & voting appropriately
4. Transparency – full disclosure

Morphic recognises its fiduciary obligation to act in the best interests of all clients. One way Morphic represents its clients in matters of corporate governance is through the proxy voting process. Morphic Proxy Voting Policy (“Policy”) sets out our approach to proxy voting in the context of portfolio management, client service responsibilities and corporate governance principles.

Implementing the Policy

The Joint Chief Investment Officers are responsible for the implementation of this Policy.

Responsible Investment Principles

Morphic is a signatory of the Principles for Responsible Investment (PRI) which entails an explicit commitment and the adoption of six principles which we believe will improve our ability to meet commitments to our investors as well as better align our investment activities with the broader interests of society.

These six principles are as follows:

Principle 1 - We will incorporate ESG issues into investment analysis and decision-making processes

Principle 2 - We will be active owners and incorporate ESG issues into our ownership policies and practices

Principle 3 - We will seek appropriate disclosure on ESG issues by the entities in which we invest

Principle 4 - We will promote acceptance and implementation of the principles within the investment management industry

Principle 5 - We will work together to enhance our effectiveness in implementing the principles

Principle 6 - We will report on our activities and progress towards implementing the principles

Voting Guidelines

As a Responsible Investor, we believe that Environmental, Social and Governance (ESG) issues impact the value of entities in which we invest. We are committed to incorporate ESG standards into our voting criteria to act in the long-term interests of our clients as per our guidelines below:

1. Act in the long-term interests of shareholders.
2. Protect shareholders' rights.
3. Ensure independent, diverse and efficient board structure.
4. Align incentive structures with long-term interests of stakeholders.
5. Disclose accurate, adequate, and timely information.
6. Ensure good environmental and social performance.

Voting decisions are based on the following considerations:

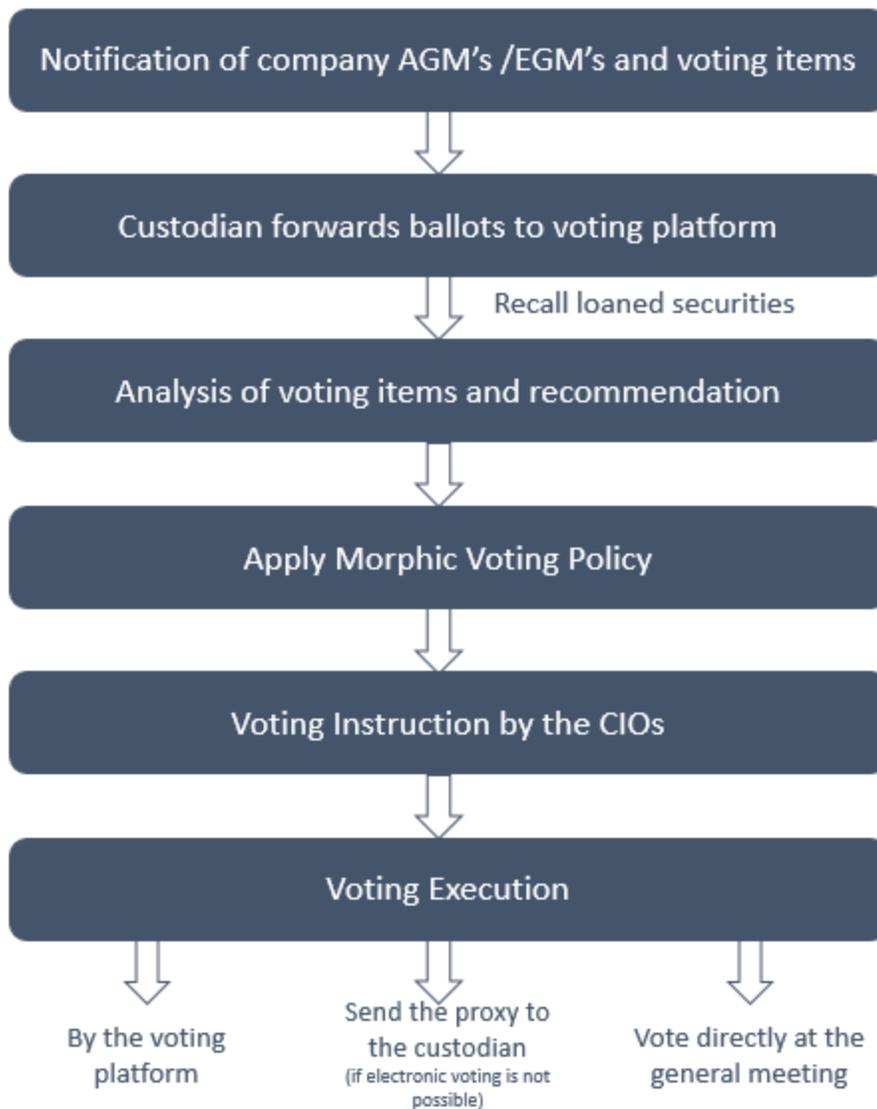
For: The proposed resolution reflects good practice and is in the stakeholders' long-term interest

Abstain: The proposal raises issues of concern for shareholders or lacks sufficient information

Against: The proposal is not acceptable and is not in the shareholders' long-term interest

Proxy Voting Process

Morphic receives notices of general meetings from its portfolio companies through its custodians or the companies themselves. Voting decisions are made on a case by case basis based on the guidelines above. The following schematic outlines the key steps of the proxy voting process from the notification of voting agendas in the context of Annual General Meetings (AGM) or Extraordinary General Meetings (EGM) to actual voting execution:



Disclosure & Transparency

Consistent with our commitment and responsibilities related to RIAA, PRI and with this Policy document we provide full transparency on our voting on an annual basis.

No later than three months after the close of each financial year, Morphic will publish a summary of its proxy voting activities for the previous financial year on its website providing the details below:

- The name of the entity and the country it is listed.
- The Stock Exchange code of the relevant interests or securities
- The meeting date and meeting type
- A brief identification of the matter or matters (proposals) to be voted on at the meeting

- Whether the matter or matters voted on were proposed by the issuer, its management or another person or company
- The Management Recommendation
- Whether Morpnic voted on the matter or matters
- How Morpnic voted on the matter or matters
- In the case of a decision to vote against any matter, a record reflecting the reason for that decision

Other Issues

Shorting

Morpnic may from time to time sell short securities of companies it would be excluded from investing in, where it believes this will generate good investment returns for our clients. We believe shorting excluded stocks and sectors can be a part of our ethical investing as it may increase the cost of capital for excluded companies or sectors and publicise the shortcomings of these companies.

Morpnic cannot vote on securities that are short sold; the buyer is entitled to vote instead.

Securities lending

The holdings of Morpnic's funds may be loaned out by our custodians in order to generate securities lending revenues and facilitate market liquidity. In the event that holdings are loaned out, in order to vote at forthcoming shareholder meetings, we will attempt to have the shares recalled.

Glossary

ESG

Environmental, Social and Governance.

PRI

Principles for Responsible Investment.

RIAA

Responsible Investment Association of Australasia.

Short Selling or “Shorting”

A transaction utilised to generate a profit from the fall in price of a financial security such as shares, indices, commodities or other financial assets. Short selling is the sale of a security that is not owned by the seller or that the seller has borrowed. It may be prompted by the desire to hedge the downside risk of a long position in the same security or a related one.