

ILIM Global Proxy Voting Guidelines

February 2022

INTRODUCTION

ILIM is committed to delivering market leading investment solutions to clients to meet their long-term investment needs. In developing these solutions, ILIM believes that environmental, social and governance (ESG) factors can protect and enhance the long-term value and sustainability of its clients' investments through more informed decision making and better management of overall portfolio risk.

Central to this belief is that stewardship of clients' assets is a core element of ILIM's fiduciary duty. ILIM's Voting Policy and Guidelines sets out its commitment to act as active owners of assets held and managed on behalf of our clients.

ILIM seeks to influence investee companies through a systemic approach to Active Ownership, underpinned by ILIM Global Proxy Voting Guidelines that are framed in terms of ILIM's four thematic priority areas that ILIM considers as financially material from an ESG perspective.

The exercise of voting rights focuses on the governance of a company and its management and oversight of material sustainability and ESG issues.

ILIM ACTIVE OWNERSHIP PILLARS

ILIM believes that investors, whether working individually or collectively, have the ability to influence the behaviour of investee companies. This helps to reduce portfolio risk and deliver more sustainable long-term outcomes for clients. ILIM recognise and adhere to the principles of active ownership, believing in constructive engagement and exercising voting rights to promote stronger corporate governance in investee companies.



- > Acting on our clients' behalf, ILIM is a long term and active steward of its clients' capital.
- > ILIM takes a strategic and systemic approach to active ownership to deliver the greatest impact for clients across ILIM's portfolios.
- > ILIM will utilise its clients' rights as equity shareholders and other rights that flow to providers of capital to address issues and advocate for change. This involves a combination of individual company engagements and investor collaborative initiatives that seek to address systemic risks.
- > ILIM believes that engagement with public policy makers and regulators is a vital component of active ownership, especially in addressing systemic issues.
- > Through such a targeted and strategic approach, ILIM believes that active ownership is key to harnessing the opportunities in the management of company specific and market wide risks, especially in relation to environmental, social and governance (ESG) issues.

OPERATIONAL MATTERS IN RELATION TO VOTING

ILIM's Use of Independent External Proxy Advisors

ILIM takes guidance from an independent external proxy advisor and seeks to incorporate progressive voting guidelines on key ESG issues and wider corporate governance voting matters globally. ILIM has adopted ILIM Global Proxy Voting Guidelines, detailing ILIM's considerations and expectations in relation to ESG matters and related voting decisions. These guidelines set out the criteria by which ILIM's proxy voting advisor, currently Institutional Shareholder Services (ISS), will consider resolutions and make voting recommendations on ILIM's behalf. These guidelines build on the ISS SRI and Climate Change Proxy Voting Guidelines, which are considered progressive from a voting perspective.

ILIM Global Proxy Voting Guidelines apply to investee companies in all markets and, in general, ILIM votes in line with ISS' policy recommendations given that ISS' SRI and Climate Proxy Voting Guidelines present progressive voting



positions on a range of ESG issues. There are areas where ILIM has bespoke considerations or expectations which are different from the standard recommendations of ISS' SRI and Climate Proxy Voting Guidelines, including in relation to board accountability for climate change and board diversity.

ILIM Global Proxy Voting Guidelines is structured around its Responsible Investment Framework, composed to two sustainability megatrends and four related priority themes:

MEGATRENDS

Megatrends influence our society and economy; companies need to respond to them and adapt their strategies. ILIM's Responsible Investment approach is driven by two overarching sustainability megatrends, identified to be closely linked to our core investment activities: **decarbonisation** and a **stakeholder-centric business model**.

- > **Decarbonisation:** As climate change poses a significant risk to the value of all assets, ILIM is actively reducing its investment exposure to climate risk, as set out by the Paris Agreement.
- > **Stakeholder-centric Business Model:** In the stakeholder model, economies, societies, and the environment are closely linked to each other. In this context, the trend towards a more stakeholder-centric business model reflects the increasing demands on companies to act responsibly for all stakeholders (i.e., employees, communities, supply chain as well as shareholders.)

PRIORITY THEMES

Within the core sustainability megatrends identified, ILIM structures its activities around four priority themes:

- > **Corporate Governance**
- > **Climate Change**
- > **Natural Capital**
- > **Human Rights**

Climate Change as a priority theme sits under the decarbonisation megatrend.

Corporate Governance, Natural Capital and Human Rights as priority themes sit under the Stakeholder-centric Business Model megatrend.

Each priority theme covers multiple topics, including but not limited to:

- > **Corporate Governance:** bribery and corruption, board composition and diversity, remuneration, ESG risk oversight.
- > **Climate Change:** management of GHG emissions, climate transition alignment, renewable/alternative energy strategy, fossil fuel involvement, physical climate risks.
- > **Natural Capital:** biodiversity, water (consumption and pollution), waste.
- > **Human Rights:** worker's rights, gender equality in the workplace, supply chain labour standards, prevention of modern slavery.

ILIM seeks to incorporate progressive voting guidelines on key corporate governance and ESG issues in relation to voting matters globally. Voting is supported by guidance from an independent external proxy advisor, currently Institutional Shareholder Services (ISS). More information in relation to ILIM's use of external proxy advisors is set out in ILIM's Voting Policy document.

ILIM's approach is informed by the UN Sustainable Development Goals (SDGs) and the four thematic priority areas are mapped to specific SDGs. Supporting the achievement of the SDGs is generally considered as part of ILIM's over-arching approach to voting.

When making voting decisions, ILIM will consider the inter-relation of risks and opportunities within one thematic priority to the management of other thematic priorities (for example, the interplay of natural capital risks with the transition to a low carbon economy).

ILIM's considerations in terms of voting with respect to its four priority themes are set out below.

1. CORPORATE GOVERNANCE

The Organisation for Economic Co-operation and Development (OECD) defines corporate governance as:

Procedures and processes according to which an organisation is directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the organisation – such as the board, managers, shareholders and other stakeholders – and lays down the rules and procedures for decision-making.

ILIM considers that strong and robust corporate governance structures within investee companies are paramount in reducing agency risk and in aligning the interests of investors, company executives and board directors and other stakeholders over the longer term.

Through voting on a range of corporate governance issues at investee companies, ILIM seeks to hold company management, and boards of directors, accountable for strategy and sustainability performance.

In assessing global investee companies, ILIM will also consider guidance of organisations such as the International Corporate Governance Network.

1.1 Board Governance

ILIM believes that governance is the cornerstone of effective stewardship by a board of directors.

ILIM assesses board governance in terms of critical criteria such as board independence, diversity, time commitments of directors, the collective board skill set and the decisions boards make.

ILIM expects decision-making by boards to be in the long-term interests of shareholders and other stakeholders and for there to be transparency in how boards make decisions. Oversight of the management of material risks and opportunities and holding executive management accountable for the delivery of strategy are key elements of the board's function.



1.2 Independent Board Leadership

ILIM believes that, in order to fulfill its duties effectively, a board of directors should have independent leadership. This is because the role of the Board Chair is fundamental to the effectiveness of the board and should be undertaken by an independent non-executive director.

Independence of board leadership will be compromised in situations such as where (i) the roles of CEO and Chair are exercised by the same individual and (ii) the Board Chair role is undertaken by an individual not deemed to meet independence criteria at the time of appointment.

In such circumstances, ILIM will generally vote against the (re)election of Board Chairs where the individual is not independent and the (re)election of individuals holding the roles of both Board Chair and CEO, unless there are reasonable explanations as to the necessity of the situation and where it will be for a short period of time or an interim appointment.

ILIM will generally support shareholder resolutions seeking to promote independent board leadership.

The following are areas that ILIM will consider in its assessment of board governance and competency:

- > Independent board leadership
- > Succession planning
- > Independence of the directors, the board as a whole and board committees
- > Issues at other companies where board members serve
- > Skills and qualifications of each director
- > Outcomes of board decision-making
- > Collective skill set of the board as a whole
- > Responsiveness to shareholder feedback, engagement and voting results on resolutions
- > Attendance at board meetings by directors
- > Competence of the board to oversee systemic issues related to climate change, inequalities, civil rights and social justice issues
- > Time commitments of board members
- > Respect for shareholder rights
- > Cognitive and identity diversity of the board, including disclosed time bound targets and a published board diversity policy
- > Workforce representation on the board
- > Oversight of corporate culture
- > Outcomes of board effectiveness reviews
- > Management ESG and sustainability risks including in relation to the company's sustainable investment strategy, including climate change, diversity and inclusion
- > Management of conflicts of interest.
- > Oversight of management and strategy
- > Oversight of risk management

Set out below is more detail regarding ILIM's expectations on areas related to board governance.

1.3 Independence Criteria

When assessing the independence of a board director, ILIM follows the independence criteria set out by its independent external proxy advisor, which includes considerations of:

- > length of service of the director
- > material connections to the company, its advisers, directors and senior employees, including close family ties
- > whether they are a past employee or otherwise connected with the company through material relationships,
- > whether they are connected with other directors through cross-directorships or involvement in other companies or bodies,
- > whether they represent a controlling or significant shareholder and
- > whether the company classifies them as independent.

1.4 Board Independence

ILIM considers the overall independence of the board of directors to be critical to board effectiveness. In general, ILIM expects that a board of directors will be constituted with at least a majority of independent directors.

In major markets such as the UK, Canada and in continental Europe (non-controlled companies), ILIM will vote against non-independent directors where the board is made up of less than a majority of independent directors.

For US companies, ILIM will vote against the entire board in such circumstances.

For UK companies subject to the 2018 UK Corporate Governance Code, ILIM expects there to be a majority of independent directors, excluding the Board Chair.

1.5 Board Committees

ILIM expects board committees to have a strong representation of independent directors and does not expect any executives to serve on such committees. ILIM will vote against the (re)election of executives where they serve on board committees.

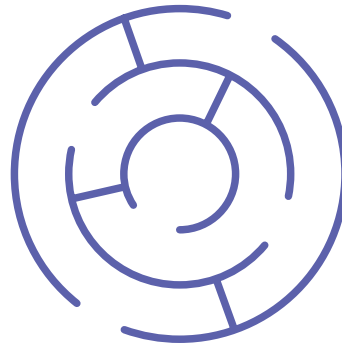
For continental Europe widely-held companies:

- > ILIM will vote against the (re)election of non-independent directors if there is not at least one third of the Audit Committee and Remuneration Committees being independent directors or if there is less than 50% of the Audit Committee members elected by shareholders as independent directors.
- > ILIM will vote against the Chair of the Audit Committee where the individual is not independent.

For UK companies subject to the UK Corporate Governance Code, ILIM expects:

- > The Audit and Remuneration Committees to be made up of independent directors.
- > The Nomination Committee to be made up of a majority of independent directors.

In circumstances where this is not the case, ILIM will vote against the re-election of incumbent non-independent directors and new non-independent directors who serve on these Committees.



1.6 Senior Independent Director / Lead Independent Director

Where it is market practice, ILIM expects boards to appoint a Senior Independent Director or Lead Independent Director. These roles are critical to enhance

board accountability. This is especially the case at US companies where the roles of Board Chair and CEO are exercised by the same individual, and the Lead Independent Director acts as a counterbalance to the concentration of power in one individual.

The duties of the Senior Independent Director / Lead Independent Director should be clearly set out in the company's annual reporting.

A critical function of such roles is to evaluate the performance of the Board Chair (and Board Chair/CEO where this is the case). The Senior Independent Director / Lead Independent Director should meet with the other non-executive directors without the Board Chair being present to undertake the performance evaluation.

1.7 Attendance by Board Directors

ILIM believes that, in order for directors to fulfill their duties effectively, they should attend sufficient meetings of the board and board committees of which they are members. Poor attendance rates, unless there is reasonable explanation, and which are persistent over time, will be of concern and will call into question the individual director's ability to execute their role.

In general, ILIM will generally vote against the re-election of directors where attendance rates are less than 75% of the total board and committee meetings for the period served.

1.8 Annual Director Elections

ILIM believes that shareholders should have the opportunity to vote on the election of directors on a regular basis. In markets where the annual election of the board of directors is standard practice, it is expected that shareholders should be given the opportunity to vote on all directors being elected on an annual basis.

1.9 Board Effectiveness Reviews

ILIM considers that board effectiveness reviews are key for investor understanding of the workings of a board. The board's performance should be reviewed on at least an annual basis and ILIM expects external evaluations to be undertaken by an independent third party at least every three years. ILIM would expect the outcomes of board effectiveness reviews to be published.

1.10 Director Fees

ILIM expects fees for board directors to be fair and proportionate and to reflect the roles that the individual director is undertaking. Any increase in fees should be transparent in company reporting and the fee structures for independent board members should not compromise their independence.

1.11 Diversity and Inclusion

ILIM considers cognitive diversity to be fundamental to the effectiveness of a board. The benefits of different perspectives to collective decision-making and in reducing groupthink and affirmation bias are well documented.

ILIM considers diversity across the organisation and seeks to encourage a diverse and inclusive culture within its investee companies.

Diversity takes many forms, including considerations of identity diversity (gender, race, ethnicity, disability, sexuality, neurodiversity, social backgrounds and demographics, etc.). ILIM believes that progress on identity diversity is key to achieving cognitive diversity in the boardroom, in executive teams and across organisations.

Diversity is critical to how a board and organisation understand and respond to the various stakeholders of a company, including shareholders, employees and customers.

ILIM believes a diverse board tends to be a more stakeholder-oriented board.

1.11(a) Gender, racial and ethnic diversity

ILIM's approach to voting in relation to minimum expectations of gender, racial and ethnic representation on boards is set out below.

In general, in developed markets, such as Canada, USA, Australia, UK for large and medium cap index companies, and where data is available, ILIM will expect a board to have:

- > at least 30% of the board comprised of female directors or directors who identify as female

and

- > at least 20% of the board comprised of racially or ethnically diverse directors.

If these minimum thresholds are not met, ILIM will generally vote against the incumbent members of the Board's Nomination Committee.

In addition, for specific markets, ILIM expects the following increased minimum thresholds on gender diversity for large and medium sized companies:

- > UK: 36% female board representation for FTSE 350 index companies.
- > Ireland: 30% female board representation at large Irish companies.
- > Australia (ASX200 companies): 33% female board representation.
- > Continental Europe, for widely held companies: in general, 33% female board representation or ILIM will apply the higher domestic threshold.

If these minimum thresholds are not achieved, ILIM will vote against the incumbent Chair of the Nomination Committee.

ILIM believes that a time-bound and measurable approach to diverse board representation over time will deliver sustainable change. As noted above, ILIM considers it of paramount importance that a board sets out, in annual reporting documentation, targets on board diversity and over what timescale such targets are expected to be met. A robust board diversity policy, which sets out the board's approach to diversity at board level should be publicly available on the company's website.



1.11(b) Diverse and inclusive culture across organisations

ILIM believes that, while diversity at board level is paramount, a diverse and inclusive culture must be promoted across the entire organisation and that an inclusive culture is one that drives long-term sustainable value.

Disclosure of the company-wide approach to diversity, equity and inclusion should be publicly available.

Where it is market practice or legally required, disclosures of CEO, gender, race and ethnic pay gaps are expected, together with the company's remedies and action plan to address such gaps. For all companies and in all markets, disclosure of pay gaps is encouraged where not legally required.

ILIM will generally vote in support of shareholder proposals that seek to promote an inclusive culture, including proposals requesting disclosure of: (i) diversity and inclusion policies; (ii) disclosure of CEO, gender, race and ethnic pay gaps and equity audits; and (iii) disclosure of policies related to anti-discrimination and anti-harassment. This list is not exhaustive.



1.12 Remuneration

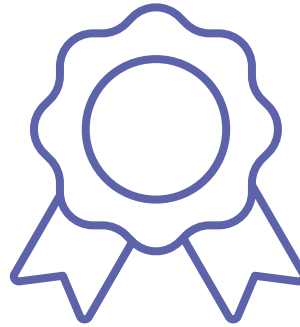
ILIM believes that remuneration should be fair, appropriate, competitive and aligned with the long term interests of shareholders and other providers of capital. Adherence with local market best practices is expected.

ILIM will generally support remuneration plans and policies that are well structured, transparent and aligned with the longer term. One-off and exceptional awards are strongly discouraged and excessive or inappropriate risk taking should not be incentivised. Payments for the failure of executives to undertake their roles will not be supported.

ILIM encourages transparency and disclosure of pay ratios, including CEO pay ratios, gender pay gap ratios and ethnic pay gap ratios.

The following criteria will be considered when assessing resolutions related to remuneration:

Elements of Remuneration Plans	Other Considerations
Fixed pay: salary and other elements in cash	Exceptional / one-off awards including in relation to corporate transactions, change-in-control or for retention purposes
Variable pay: annual bonus, long term incentive plans, share options, restricted shares etc	Pay equity and the overall quantum of take-home pay
Performance targets: including inclusion of ESG metrics and targets that align over with long term performance	Peer and Sector Benchmarking
Shareholding guidelines for executives	Transparency and Disclosure
Recruitment and retention mechanisms	Simplicity
Malus and clawback	Pay ratios: CEO pay ratios, gender pay gap reporting, ethnic pay gap reporting
Recruitment and retention mechanisms	Decision-making by the Remuneration Committee including responsiveness to high level of votes against on remuneration related matters in previous years
Malus and clawback	Frequency of shareholder votes on the implementation of remuneration policies



ILIM will hold Remuneration Committees accountable for the outcomes of pay plans. ILIM will vote against members of Remuneration Committee where it is considered that the interests of executives have been given priority over the interests of shareholders.

ILIM encourages clear transparency in the decision-

making of Remuneration Committees, especially where discretion has been exercised.

When assessing the performance of the Remuneration Committee, ILIM will consider the responsiveness of the Committee to shareholder feedback and engagement, especially where there has been a high level of vote against remuneration related resolutions in previous years. In circumstances where the Remuneration Committee is deemed to have been unresponsiveness, ILIM will generally vote against the incumbent Chair of the Remuneration Committee.

Where Remuneration Consultants have been used, ILIM considers that companies should be transparent in their role and the input they have had into remuneration structures and decision-making processes.

In terms of the frequency of the ability of shareholders to vote on the implementation of remuneration policies (so-called 'Say on Pay' votes), ILIM considers that such votes should be on an annual basis.

Where ILIM is dissatisfied with the structure of remuneration plans, it will vote against the resolution to approve the individual plan.

Where ILIM is concerned about the structure of the overall remuneration policy, it will vote against the prospective remuneration policy resolution, in markets where such resolutions are available.

Where ILIM is concerned about the implementation of a remuneration policy, it will vote against the retrospective remuneration report resolution, in markets where such resolutions are available.

In addition, where ILIM is concerned with the performance of the Remuneration Committee, it will vote against appropriate members, starting with the incumbent Chair of the Remuneration Committee and will elevate their sanctions to voting against all members of the Remuneration Committee if appropriate.

ILIM will generally support shareholder proposals that (i) seek more rights for shareholders on remuneration structures and plans and (ii) seek better disclosure and transparency of pay plans.

1.13 Shareholder Rights and Anti-Takeover Mechanisms

ILIM believes in the fundamental principle of one share-one vote. This presents the most equitable capital structure and ILIM will vote to create or maintain this principle.

ILIM will vote against the creation or continuation of capital structures that have dual-classes shares or additional shares with superior voting rights.

In any markets and at any company where there is a derogation of shareholder rights, ILIM will vote to maintain the current standard.

In general, ILIM will support resolutions that remove supermajority vote requirements and which seek the right to act by written consent and other such provisions which improve the rights of shareholders.

ILIM will, generally, not support mechanisms that diminish the rights of shareholders to vote on takeover proposals and which seek to insulate executives from external offers that may be in the long term interests of shareholders. Such structures include poison pills / shareholder rights plans as well as related charter amendments that seek to insulate the board and management team further from accountability to shareholders.

1.14 Proxy Access

ILIM believes it is a fundamental right of shareholders to nominate candidates to the board of directors. Where such a provision is not available, ILIM will generally vote in support of management and shareholder proposals that seek this shareholder right.

1.15 Capital Allocation, Corporate Transactions and Related Matters

ILIM considers capital allocation decisions are critical to the long term success of a company. Shareholders, as providers of capital, should have the opportunity to vote on capital allocation decisions that impact their shareholding in a company.

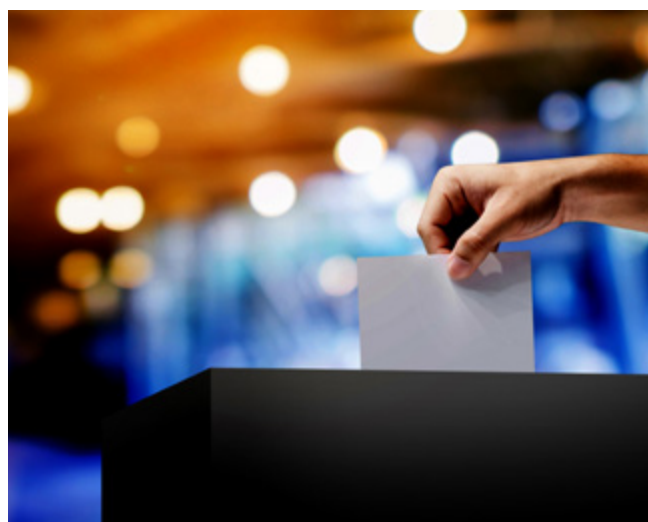
On routine matters relating to share issuances and share buybacks/repurchases where local market limits and standards are adhered to, ILIM will generally vote in support.

In markets where pre-emption rights are upheld, ILIM will expect these to be respected and will vote accordingly if they are not.

ILIM believes that any changes to corporate structure, including any changes to company's articles of association, charter and bylaws, should be put to a shareholder vote.

In terms of corporate transactions, ILIM uses its independent external proxy advisor for guidance on voting in relation to mergers, acquisitions and other corporate transactions. In general, ILIM's over-arching decision will be based on whether the transaction is in the long term interests of shareholders.

In relation to related party transactions, ILIM expects full and transparent disclosure on such transactions and expects the independent board members to recommend the transaction to shareholders. ILIM will hold boards to account should the interests of the related party be prioritized over the interest of shareholders.



1.16 Audit

ILIM believes that the role of the audit is fundamental to good governance, especially in the maintenance and protection of shareholder capital.

The following matters will be taken into account when voting on audit related matters:

- > Independence of the incumbent auditors, including considerations in relation to length of service (for example, an excessively long tenure would be a concern) and other ways in which the independence of the auditors could be compromised (for example, the lead audit partner being a previous employee of the company)
- > Ratio of non-audit to audit fees
- > Frequency of audit partner rotation
- > Reputational issues in relation to the incumbent auditor
- > Integrity of audit process
- > Reliability of financial and accounting information
- > Management of conflicts of interest by the auditor
- > Governance of audit matters:
 - > Oversight by, and accountability of, the Audit Committee
 - > Independence of the Audit Committee

ILIM believes that shareholders should be given the opportunity to ratify / approve the appointment of the external auditors on an annual basis.

ILIM will generally vote to support the independence and integrity of the audit process and the oversight of that process by the Audit Committee. Where this is not the case, ILIM will not support resolutions seeing approval of:

- (i) the (re)appointment of audit firms and
- (ii) the (re)election of Audit Committee members.

ILIM will, generally, vote in support of shareholder resolutions that seek improved oversight and disclosure of the audit and related matters and which seek to improve the integrity of the audit process. For example, ILIM will generally support shareholder proposals seeking a shareholder vote on the ratification of auditors, a policy on auditor independence and a policy seeking to limit the non-audit services provided to the company.

1.17 Governance of Sustainability and Management of ESG issues

ILIM believes that stewardship of material sustainability and ESG issues is a key competency of boards and management teams and an important ingredient in long-term value creation for shareholders.

When assessing corporate governance structures, ILIM will look for the robust management of ESG risks and opportunities, including:

- > A review of company-wide ESG issues and relevant disclosures in relation to this
- > Director training on ESG issues
- > Pay and incentives for directors and / or senior managers linked to companywide ESG performance.

Where ILIM identifies weaknesses in the management and oversight of sustainability and ESG issues, it will vote accordingly, including taking action at board level to target under-performing board directors.

1.18 Disclosure & Transparency in Corporate Reporting

ILIM believes that investee companies should provide transparent, relevant, timely and sufficient disclosures on (financially) material ESG risks.

ILIM believes that shareholders should have the right to vote on approving the report and accounts/financial statements on an annual basis. ILIM will consider the following in relation to voting on the annual report and accounts resolution:

- > Accuracy and timeliness of reporting
- > Material ESG risks and opportunities identified
- > In relation to climate change specifically:
 - > Disclosure of appropriate transition plans aligned with 1.5 degree scenario
 - > Disclosure of physical and transition risks
 - > Disclosure of science based targets in the short, medium and longer term in relation to the climate transition
 - > Reporting in line with the Taskforce for Climate-Related Financial Disclosures (TCFD)
- > Any other material concern with regards to corporate reporting where it is deemed appropriate to sanction via the resolution to receive the report and accounts / financial statements

1.19 Bribery & Corruption

ILIM considers that all investee companies have a responsibility to combat corruption in all its forms. Compliance, training and corporate culture all play a part in a company's approach to this, with board level oversight also being key.

ILIM pays particular attention to the quality of codified policies within investee companies and the management and mitigation of corruption risks.

ILIM is supportive of sector specific initiatives where bribery and corruption risk are high, such as the Extractive Industries Transparency Initiative (the global standard for the good governance of oil, gas and mineral resources).

Where ILIM considers that there has been negligence on the part of a board and executive team to counter and mitigate corruption risks, it will take appropriate voting sanctions including voting against relevant directors, executives, report and accounts/ financial statements and on the sustainability report (if such a resolution is presented).





1.20 Bundled Proposals

ILIM expects substantive items to be subject to separate resolutions and will not support resolutions which bundle two or more substantive items into one resolution.

This is especially applicable in relation to any remuneration related outcomes included in a vote to approve a merger or any other type of corporate transactions.

ILIM considers that shareholders should be given the opportunity to vote on the (re)election of each board director individually and will not support the bundling of director elections into one resolution.

1.21 Political Donations & Corporate Lobbying

ILIM considers that it is a misuse of shareholder funds by investee companies to make political donations of any sort. Therefore, ILIM will, generally, vote against resolutions seeking the authority to do so.

ILIM considers that it is inappropriate for corporate lobbying to be undertaken that works against the fundamental rights of shareholders and where the outcome of such lobbying would not be in the long term interests of shareholders. In addition, such lobbying that works against the rights of under-represented and marginalised groups will not be supported.

ILIM expects transparency of the use of shareholder funds for such activities and will generally support shareholder resolutions that seek greater disclosures in relation to corporate lobbying and political donations, and the related company policies which oversee such donations.

1.22 Amendments to Articles of Association/ Bylaws and Charter

ILIM believes that shareholder consent should be sought for any changes to an investee company's articles of association/ incorporation and bylaws/charters. Rules included in such documents determine how the company is run and should be agreed by the shareholders.

ILIM will, generally, support amendments to these documents which are of a housekeeping nature.

ILIM will, generally, vote against management resolutions that give the board of directors exclusive authority to amend these documents and will generally support resolutions that allow both the board of directors and shareholders the ability to make amendments.

ILIM will, generally, vote against management resolutions that seek to ratify provisions of the company's existing articles, bylaws or charter unless the governance provisions being considered represent best practices.

If considered appropriate, ILIM will elevate concerns to the relevant incumbent board directors including through voting against their re-elections.

1.23 Participation by shareholders in general meetings

ILIM believes that shareholders should be given the opportunity to actively participate in the general meetings of companies in which they invest. In addition to voting on the agenda and items to be considered at the general meeting, shareholders should have the opportunity to engage with the board of directors and to ask questions, in exercising their rights as shareholders.

Whilst technology can aid the operational aspects of a general meeting, ILIM does not support the replacement of the in-person/physical general meeting with a virtual online alternative forum. This represents a diminution in the ability of shareholders to hold companies, and the board of directors, accountable and presents challenges in how shareholder exercise all of the rights and responsibilities they have as equity owners of investee companies. Only in exceptional circumstances will a virtual online forum for conducting the business of general meetings be considered acceptable.



2. CLIMATE CHANGE

As part of its [Climate Action Pledge](#), ILIM commits to continue its engagement and voting activities to ensure companies are mitigating climate risks and embracing the opportunities of the transition. The Climate Action Pledge is focused on six key areas including the use of stewardship to accelerate the climate agenda at the companies in which ILIM invests.

ILIM seeks to use its voting power and align its voting policy to support the just transition to a low carbon economy in the most impactful way. One of the key areas of focus is the setting of climate related targets by investee companies.

ILIM believes that investee companies should demonstrate a progressive and achievable approach to managing climate change risk. This includes board oversight, board and management climate competency, visible and transparent targets and credible transition plans aligned with limiting global warming to 1.5 degrees.

The following criteria are considered in relation to the management of climate change risks by investee companies:

- > Commitment to climate change mitigation
- > Management of GHG emissions
- > Transition alignment
- > Renewable / Alternative energy strategy
- > Coal involvement (extraction & generation)

ILIM expects companies to demonstrate the resilience of their transition plans. ILIM seeks disclosures on the physical and transition risks identified by companies and the setting of science based targets in the short, medium and long term.

ILIM expects investee companies to report in line with the recommendations of TCFD. The TCFD framework is holistic in its expectations and identifies four thematic areas - governance, strategy, risk management and the disclosure of metrics and targets - that represent the key areas that an organisation needs to manage in the transition to a low carbon economy.

ILIM's voting sanctions will be focused on the highest risk, high carbon emitting sectors and will be targeted at the following resolutions:

- > Re-election of incumbent board members
- > Approval of report and accounts / financial statements
- > Approval of climate transition plans
- > Shareholder resolutions seeking approval of climate transition plans
- > Shareholder proposals seeking better disclosure of climate transition plans and/or the management of climate risks

While ILIM's focus on voting sanctions will be on the most material sectors and companies, its expectations on supporting the transition to a low carbon economy applies across all of ILIM's investee companies.

Voting will be supported by engagement in a targeted approach. ILIM participates in a number of global initiatives, including the Carbon Disclosure Project (CDP), The Institutional Investors Group on Climate Change (IIGCC) and Climate Action 100+ (CA100+) which are supporting action towards the net zero target. ILIM commits to increase actions in terms of collaborating with other investors to request improved disclosure disclosures and targets from investee companies.



Where appropriate, ILIM will escalate its Active Ownership approach, including through collaborative initiatives such as utilizing ILIM's membership of CA100+ and IIGCC. The target companies identified by CA100+ will also inform how ILIM identifies under-performing companies in high-risk sectors in terms of the climate transition.

ILIM's targeted approach to voting is set out below.

(1) For companies where ILIM has holdings in non-discretionary funds that constitute exclusions based on ILIM's exclusion policy and

For companies identified by ILIM's proxy advisor as high risk (50% of worst performers in high-risk sectors) and medium risk (20% of worst performers in medium risk sectors);

ILIM will generally vote against the re-election of the incumbent Board Chair and the resolution to receive the report and accounts/financial statements to signal concerns on the inadequacy of the company's climate transition plans and the Board oversight of the transition strategy.

If the Board Chair is not up for re-election or is not the incumbent Chair, ILIM will target other directors considered accountable, such as the incumbent Chair of the Audit Committee or the incumbent members of the Sustainability Committee.

For companies in markets where approval of the company's Sustainability Report appears as a voting item, ILIM will vote against the approval of the Sustainability Report in addition to the above actions.

(2) For companies deemed by ILIM to be in low risk sectors and where ILIM is concerned as to the adequacy of their climate transition plans;

ILIM will target directors considered responsible such as incumbent members of the Sustainability Committee and incumbent members of the Audit Committee. If deemed appropriate, a vote against the incumbent Board Chair or the resolution to discharge the directors may be lodged.

For companies in markets where approval of the company's Sustainability Report appears as a voting item, ILIM will vote against in addition to the above actions.

If no resolutions in relation to directors, discharge, or Sustainability Report appear on the ballot, ILIM will vote against the resolution to receive the report and accounts/financial statements (if available).

2.1 Board Accountability for Climate Change

Competency by a board of directors in the oversight of the management of climate change is a key board governance consideration. Through a targeted voting approach, aimed at the highest risk, highest carbon emitting sectors, ILIM seeks to elevate its concerns on climate change to the board of directors as the decision-making body accountable for the company's sustainable investment strategy, which includes climate change. The board of directors is where the ultimate responsibility lies for the oversight of a company's climate transition plan and the management of climate risks and opportunities.

2.2 Approval of Climate Transition Plans

Generally, ILIM's expectations, as set out in this document with respect to disclosures, efficacy of transition plans and governance of climate change management, including at board level, will be taken into account when making voting decisions on climate transition plans ("Say-on-Climate").

2.3 Shareholder Proposals in relation to Climate Change

ILIM will, generally, support shareholder resolutions that seek a management resolution giving shareholders the opportunity to approve climate transition plans.

ILIM will, generally, support shareholder resolutions that seek more transparency and disclosure on the following key areas:

- > information on the climate change related risks that investee companies face in relation to operations and investments or on how the company identifies, measures and manages such risks
- > reports on responses to regulatory and public pressures surrounding climate change
- > research used to set company policies in relation to climate change
- > reports on goals on GHG emissions from company operations and products.

ILIM will, generally, support shareholder proposals which seek the reduction of investee companies' GHG emissions.

3. NATURAL CAPITAL

This is a key emerging ESG theme for many investors. ILIM will seek to exercise its voting rights to ensure the long term management of biodiversity risk and the preservation of natural capital.

ILIM will, generally, support shareholder resolutions that seek to manage the long term impact of negative social and economic externalities of biodiversity loss and the degradation of natural capital.

Issues that ILIM will consider include, but are not limited to, the impacts of deforestation and biodiversity degradation, the disposal of waste, the sustainable consumption of water and the generation of effluents, including water emissions reduction and prevention of water pollution, and the negative impacts of business on nature's ecosystem. Related matters around the impact of litigation risks, physical risks and transition risks will also be considered.

ILIM will expect transparency from investee companies in how they are managing and limiting biodiversity loss and degradation of natural capital in their operations, including across supply chains and in their engagement with local communities. Human rights, including indigenous rights, and respect for local communities will also be taken into account and ILIM's general approach to the consideration of Human Rights as one of its four priority themes is set out below. Where ILIM considers that the responsibility for the mismanagement of such issues and relationships with wider stakeholders is at board level, voting action will be taken against the board directors ILIM considers responsible, which, in most cases, will start with the Chair of the Sustainability Committee (if it exists) and/or the Board Chair.



4. HUMAN RIGHTS

ILIM expects investee companies to respect and adopt the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises that recognize the responsibility of companies to respect and uphold human rights. Human rights extend to upholding labour rights and considerations of diversity and inclusion across the workforce.

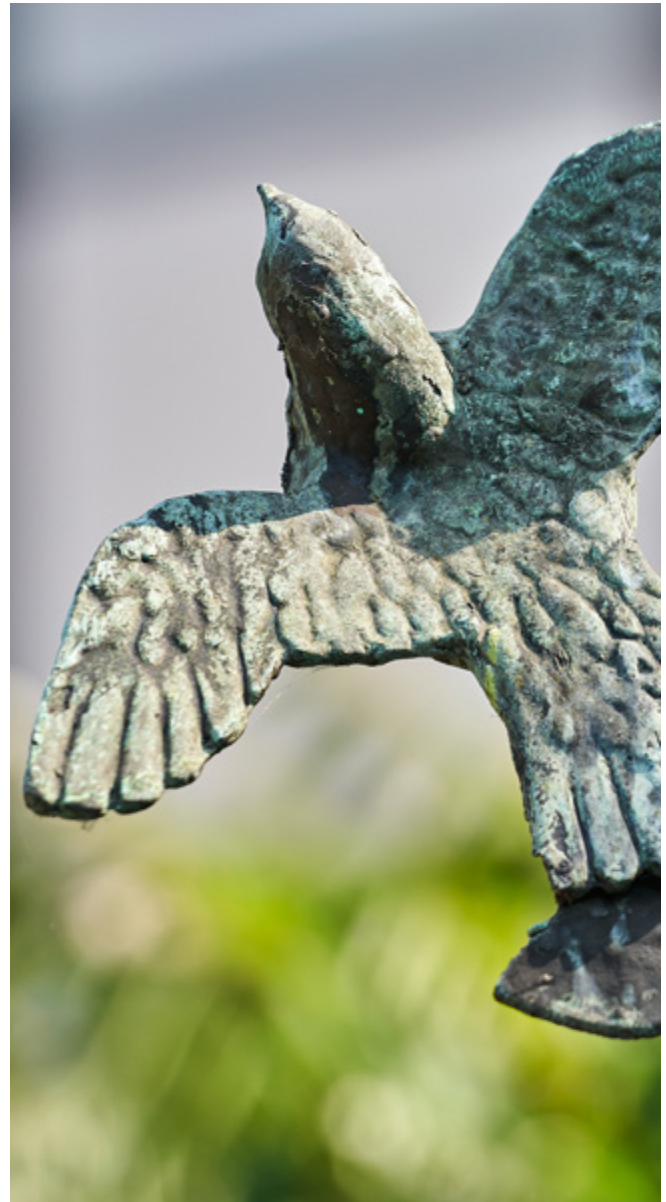
In general, ILIM's approach to voting on issues related to human rights at investee companies will involve consideration of evidence that there is:

- > Respect for, support and protection of fundamental human rights
- > Upholding fundamental labour rights, including supporting employee representation on boards
- > Diversity considerations, including those in relation to anti-discrimination and anti-harassment policies and the promotion of an inclusive culture recognizing the rights of all
- > Protection of indigenous rights and respect for cultural heritage and long term supportive relationships with local communities
- > Health and safety standards within organisations and within their supply chain management systems
- > Adherence to the Modern Slavery Act and the management of risks related to this

ILIM expects board level responsibility for human rights. If the board has a Sustainability Committee, human rights should be a key area that is monitored by the Committee.

ILIM supports the principles of a just transition, to secure and uphold workers' rights and livelihoods in the shift to combating climate change and protecting biodiversity. ILIM will seek to vote in support of resolutions related to the protection of employees' rights and the protection of fundamental human rights in the shift to a low carbon economy and in the limitation of biodiversity loss.

ILIM will not support corporate lobbying activity that seeks to work against the rights of under-represented and minority groups or that in any way seeks to reduce human and labour rights.



ILIM'S APPROACH TO VOTING AND ESCALATION

1. Voting on Shareholder Proposals

ILIM, generally, votes in favour of shareholder proposals that seek to manage risks related to ESG issues and which promote good corporate citizenship.

In particular, ILIM will seek to vote in a way that supports the long term management of ESG risks related to ILIM's four priority themes and two mega trends.

Generally, the following criteria will be used to determine support for a shareholder proposal:

- > Where the proposal is well framed and reasonable
- > Engagement with the proponent(s) of the resolution
- > Engagement with the company in response to the resolution
- > Whether ILIM considers the issue relates to a material and/or systemic risk to their portfolios
- > Where the proposal seeks better disclosure of areas pertinent to shareholders in the management of material risks and opportunities, and where existing reporting is deemed inadequate
- > Where the adoption of the proposal would have a positive or negative impact on the company's short-term or long-term value
- > Where the adoption of the proposal is in the best interests of shareholders



2. Voting at Companies undergoing Targeted Engagement

ILIM will apply a bespoke voting approach to investee companies where ILIM has been undertaking targeted engagement on the four thematic priorities, as follows:

- > where companies are considered to have been unresponsive after three years of engagement, ILIM will generally vote against the report and accounts resolutions and against the re-election of the incumbent Board Chair.
- > where engagement remains ongoing for the following calendar year, ILIM will vote on a case-by-case basis but will generally take into account the responsiveness of the company and the board of directors when making voting decisions.

ILIM has developed a proprietary ESG integration model to incorporate an exclusions policy as well as integrate ESG factors and climate metrics as a standard process across liquid asset portfolios:

The ESG integration model has a number of components:

1. Application of ILIM's Exclusion policy: incorporates climate specific screens in addition to companies in violations of global standards and norms (details below)
2. Application of an ESG Best-in-Class Tilt: ILIM excludes ESG Laggards and re-assigns capital to companies with higher ESG ratings scores
3. Application of a decarbonisation tilt incorporating both forward- and backward-looking climate metrics.

ILIM's exclusion policy is constructed within the following categories:

- > UN Global Compact Violators (breach of any of the 10 principles)
- > Involvement in Severe Controversies (covering a broad range of ESG issues)
- > Companies involved in the production and sale of Controversial Weapons (Nuclear, cluster, anti-personnel mines, biological, chemical, depleted uranium, and white phosphorus)
- > Thermal Coal: Extractors and Power Generators
- > Companies involved in Arctic Oil and Oil Sands
- > Tobacco: Producers (all involvement) and Distributors

In client-directed portfolios where ILIM has no discretion, holdings that would be included in ILIM's exclusion list are targeted on an escalated voting approach.

Irish Life Investment Managers (ILIM) is an appointed investment manager to Irish Life Assurance plc
Irish Life Investment Managers Ltd is regulated by the Central Bank of Ireland
Irish Life Assurance plc is regulated by the Central Bank of Ireland