

Proxy Voting Policy



November 2023

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Title of document	Proxy Voting Policy
Description	This policy provides guidance in relation to voting on resolutions put to annual general meetings and extraordinary general meetings related to Kestrel's investment business.
Scope	All officers and employees of Kestrel Capital and its subsidiaries
Policy Owner	Compliance Officer or Board delegate
Policy Approver	Kestrel Capital Board
Effective Date	November 2023
Review Date	November 2026 or on material change
Related documents	<ul style="list-style-type: none"> Environmental, Social and Governance Policy

Version	Date of Approval	Notes
1	November 2018	Initial version
1.1	November 2021	Review
1.2	November 2023	Review

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1. Definitions

Investment Committee means the committee established by the Company to make investment decisions in relation to a particular fund or client. The Company discloses the composition of its investment committee in the relevant fund information memorandum and on its website.

Kestrel Capital, KC or the Company means Kestrel Capital Pty Limited ACN 061 515 062

2. Introduction

2. As part of the Company's process to ensure that it continues to maintain the highest levels of professional integrity and ethical conduct, the Company has adopted this Proxy Voting Policy ("**Policy**") to manage its fiduciary responsibilities to act in the best interests of its clients and shareholder in an open and transparent manner.
2. The provisions of this Policy will assist the Company in relation to resolutions put forward at Annual General Meetings (**AGMs**) and Extraordinary General Meetings (**EGMs**) related to its investment business.

3. When Does This Policy Apply?

3. This Policy applies to all representatives and employees of the Company at all times and the requirements remain in force on an ongoing basis.

4. Policy Statement

4. It is the Company's policy to vote on all material issues.
4. If the Company receives a direction from the client in relation to the appointment of a proxy and the way the proxy should be voted, the Company will use its best endeavours to implement the direction.
4. In the absence of any direction, the Company may exercise or not exercise the right to vote as it sees fit, having regards to any direction specified in the Investment Management Agreement with the client concerned.

5. Process and Procedures

5. Proposed resolutions with explanatory notes are prepared and forwarded from the fund's registrar or administrator to the Company's investment team.
5. The Managing Director(s) will review each material resolution on a case by case basis. In arriving at a recommendation, the following three main principles are considered:
 - (a) Any resolution should treat shareholders equally
 - (b) Any material conflicts of interest are addressed appropriately
 - (c) Resolutions should be individual and clearly stated. Composite resolutions are not regarded as optimal.
5. To assist in its decision making, the Company may subscribe to a proxy voting service which provides independent analysis and voting recommendations on key governance issues. The Company considers these recommendations when arriving at a decision.
5. The Company may raise issues with company management concerned prior to voting in an attempt to resolve issues.

5. Voting recommendations are approved by the investment team. Justification is provided for voting that differs from the board or the Company's subscribed proxy voting service recommendations.
5. On approval, votes are processed by the Company.
5. The Company will maintain a record of all voting on behalf of its clients and report these to the client, when requested.
- 6. Routine Proposals**
 6. Proposals that do not affect the structure, by laws, or operations of the corporation to the detriment of their shareholders are considered routine proposals (**Routine Proposals**). Given the routine nature of these proposals, proxies will nearly always be voted with management. Examples of Routine Proposals include:
 - (a) Approval of independent auditors
 - (b) Name changes
 - (c) Election of directors (subject to competency, independence and limited number of board positions)
 - (d) Coupling executive compensation with financial performance.
 6. The board will decide if a proposal is a Routine Proposal based on a recommendation from the Company's relevant Investment Committee.
- 7. Non-Routine Proposals**
 7. Any proposal not considered a routine proposal is considered a non-routine proposal (**Non-Routine Proposal**). Typically, proposals in this category are considered to have greater risk or impact on shareholder value.
 7. The Company's main concern in relation to Non-Routine Proposals is the potential or actual impact on value of its clients' investments and the associated risk profile of those investments. Hence, Non-Routine Proposals are subject to scrutiny on case by case basis. Examples of Non-Routine Proposals include:
 - (a) mergers and acquisitions;
 - (b) restructuring; and
 - (c) employee share purchase plans.
- 8. Corporate Governance Proposals**
 8. The Company will generally vote against any management proposals that have the effect of restricting the full potential of its clients' investments, subject to a recommendation by the Company's relevant Investment Committee. Examples of such proposals may include:
 - (a) excessive senior executive and non-executive management remuneration
 - (b) 'golden handshakes'
 - (c) special interest representation on the board
 - (d) share and option schemes that do not reflect:
 - (i) the responsibilities of the executive;

- (ii) comparability to market practice;
 - (iii) appropriate performance hurdle benchmarks; or
 - (iv) appropriate disclosure.
- (e) Unequal voting rights
- (f) takeover protection granted unilaterally or without shareholder approval

9. Engagement

9. In addition to voting, the Company may enter into dialogue with a company to voice concerns in relation to actions or directions a company is taking in relation to performance, corporate governance and other matters affecting shareholders' interests.

10. Environmental, Social and Governance Issues

10. The Company is committed to developing a dynamic understanding the actual and potential impact of environmental, social and governance (**ESG**) issues on the risk profile and value of its investments.
10. Generally, the Company does not apply ESG investment or methodology screens, unless specifically agreed with its client.

11. Litigation and Class Actions

11. The Managing Directors will consider all legal action on a case by case basis, based on a recommendation of the relevant Investment Committee.
11. The Company will not direct a client's participation in litigation or class actions without the client's consent.

Issued by Kestrel Capital Pty Limited

November 2023