



**THE LA RETIREMENT FUND  
(The Fund)**

**PROXY VOTING POLICY SUMMARY**

Last updated August 2024



## PROXY VOTING POLICY

### 1. Definition of Proxy Voting

Proxy voting is a form of voting whereby the Trustees of the Fund delegate their voting power and responsibilities to a representative (i.e. their selected investment managers) to enable a vote in their absence before or at a shareholder's meeting. Such proxy voting then formally expresses an approval or disapproval on relevant matters with regards to the Fund's investment in the company, particularly regarding corporate governance and responsible investment issues, recognizing that there is a strong link between good governance, responsible investing, and investment value.

### 2. Proxy Voting Policy

The Fund has implemented this Proxy Voting Policy in order to document the Fund's position with regards to voting practices to ensure that the selected investment managers understand the position of the Fund and thus can be held accountable for the decisions that are made in proxy.

This Proxy Voting Policy is not a standalone document but is supported by the Responsible Investment Policy (RI Policy) of the Fund. The Trustees recognise that Environmental, Social and Governance (ESG) factors that are material in nature may have a direct impact on the future revenues, costs, and sustainability of companies, and thereby the long-term risk adjusted rate of return of the investments of the Fund.

### 3. Key Principles

The Trustees believe that good governance practices, together with responsible corporate behaviour, contribute to the long-term performance of the Fund's investments. Strong corporate governance has proven to reduce investment risk and ensure that shareholder capital is used effectively, and ideally, sustainably.

As the Fund has fully outsourced its active ownership activities to its selected investment managers, the Trustees acknowledge the importance of following a robust selection process which incorporates an evaluation of the proxy voting process of each investment manager.

This Policy ensures that:

- the Fund's proxy voting requirements are clearly communicated to each appointed investment manager;
- the Fund's proxy voting and engagement approach follows international best practice and aligns with that of the investment managers; and
- the Trustees, via the Investment Consultant, are able to monitor the proxy voting and engagement activities of the investment managers on behalf of the Fund to ensure adherence to this Policy in



practice.

The Trustees believe that the following principles provide a framework for being a responsible investor:

- **Exercise rights responsibly**

The selected investment managers should exercise their rights responsibly to ensure that the companies in which they invest on behalf of the Fund are well-managed and positioned to drive long-term value. They should vote their shares diligently, recognising that their vote is a valuable asset, and an important means with which to communicate with the company and other shareholders. The selected investment managers should dedicate appropriate resources, including senior management, to proxy voting decisions.

- **Hold Boards accountable**

The investment managers should be willing to actively engage with a company when they believe the Board of that company has not adequately represented their shareholders' interests.

- **Monitor performance**

Once the investment manager has engaged with a company it should monitor the performance of that company with respect to the specific issue to which the engagement relates.

- **Report engagement activities proactively and transparently**

The investment manager should diligently report all engagement activities taken on behalf of the Fund in its capacity as proxy and steward of the investments.



## 4. Approach

The investment mandates that the Fund has implemented with each of its selected investment managers nominates the investment manager to exercise or cause to be exercised on behalf of the Fund any and all voting rights and powers which may accrue to the Fund in its capacity as a shareholder. In addition to requiring investment managers to have their own proxy voting policies and to engage with investee companies, the Fund contracted with Old Mutual Investment Group (OMIG) to provide a listed equity stewardship service by voting and engaging with investee companies on a consolidated basis.

Each investment manager has a fiduciary duty to use the proxy voting rights and powers in the best interests of the Fund. The specific approach of each investment manager is outlined in its proxy voting and responsible investment (ESG) policies. The nature and extent of engagement undertaken by each investment manager is driven by their internal policies and procedures. The Trustees will evaluate these internal voting policy and procedure guidelines as part of their investment manager selection process to ensure that they align with this Policy and will monitor engagement activities of the investment manager post selection to ensure that their policies and procedures are followed in practice.

The following sets out the Fund's approach:

- The Trustees encourage engagement by the Fund's investment managers with companies in which the Fund is invested to positively influence company behaviour and enhance shareholder value.

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- The Trustees encourage the Fund's investment managers to actively participate in collaborative engagements with other investment managers and organisations where this is deemed to be in the best interests of the Fund.
  - The Fund's investment managers are expected to take account of Environmental, Social and Governance (ESG) related risks and issues as part of their investment analysis and decision making and proxy voting process.
  - The Fund's investment managers are expected to incorporate reporting on ESG related issues into their regular proxy voting reporting. This includes information on voting and engagement, in addition to details on how they are assessing and managing ESG related risks in terms of their respective mandates.

## 5. Investment Manager Selection

As part of the investment manager selection process, the Trustees will evaluate each investment manager's:

- Engagement Policy;
- Capacity and governance;
- Engagement process and outcomes;
- Investment decision-making process; and
- Reporting capacity and prioritisation.

As part of the Fund's commitment to implementing the Principles for Responsible Investment, the Fund requires any potentially selected investment managers to demonstrate that they will actively engage on Environmental, Social and Governance (ESG) issues.

## 6. Conflict of Interest

Each selected investment manager will be required to have a Conflict of Interest Policy which sets out the standards in respect of avoiding or, where this is not possible, mitigating potential and actual conflict of interest.

## 7. Monitoring

The Trustees, in conjunction with the Fund's appointed Investment Consultant, evaluate each of the appointed investment managers on the following:

- Engagement Policy,
- Capacity and governance,
- Engagement process and outcomes,
- Reporting capacity.

An evaluation of the investment manager's active ownership practices can be made through regular reporting, meetings



and surveys/questionnaires.

The appointed investment managers provide the Fund with a quarterly summary of all engagements inclusive of the nature of the engagements and they specifically report on any material issues such as:

- Conflict of interest;
- Material ESG related issues;
- Where the investment manager has acted / voted in concert or garnered support from other shareholders to act; and
- Where their dialogue has led to them finally selling out of the share.

The selected investment managers are required to present a summary of their engagements to the Trustees at least annually.

The Fund's custodian provides a summary of engagement activity undertaken by the investment managers on a monthly basis.

The Fund has appointed Old Mutual Investment Group (OMIG) to provide quarterly independent consolidated proxy voting reports which are presented to the Trustees for review. These reports outline the number of votes cast on behalf of the Fund during the quarter, with charts detailing the specific sectors involved and issues of concern. In addition to this, the Fund appointed OMIG, with effect from 2023, to undertake all local listed equity stewardship activities on behalf of the Fund. This includes both voting and engagement.

The asset manager research team undertakes annual due diligence interactions with the investment managers during which time their ESG scores are documented.

## 8. Review of the Proxy Voting Policy

The Proxy Voting Policy will be reviewed at least annually to reflect lessons learnt from the active ownership process.

