

Lakehouse Capital

Proxy Voting Policy

DOCUMENT CONTROL

Owner	Lakehouse Capital
Relates to	ESG
Rationale	Enhanced investor returns from active engagement with investee entities
Last Updated	1 October 2020
Attachment	Nil

Audience

Employees, investors, clients, investee companies and other parties external to Lakehouse Capital (including asset consultants, fund rating houses, financial planning and advisory firms etc.)

Purpose

To outline what Lakehouse Capital considers constitutes good corporate governance for investee entities, and how it will vote in respect of resolutions considered at Annual General Meetings (AGMs), Extraordinary General Meetings (EGMs) and any other stakeholder engagement opportunities offered by an investee entity.

Principles

Lakehouse Capital believes long-term shareholder returns may be enhanced through engaging with senior management and the Boards of Directors of investee entities. The votes attached to investee entities are assets of the investors in Lakehouse's funds. Lakehouse will always place the interests of investors in its funds ahead of its own interests or the interests of its personnel.

Lakehouse seeks to be transparent in all actions it takes and this policy describes Lakehouse's approach to voting decisions. The guidelines contained herein are intended to describe Lakehouse's thought process and actions but are not intended to be prescriptive.

Lakehouse's Chief Investment Officer (CIO) is responsible for ensuring voting recommendations are provided in respect of all resolutions in a timely manner.

General Guidelines relevant to all resolutions

Lakehouse Capital believes best practice corporate governance includes the following aims, among others, and will vote in favour of resolutions it considers supportive of these concepts:

- Appropriate levels of executive remuneration and investor-aligned incentives;
- A share trading policy that regulates the trading of investee entity executives and Boards which is in line with best practice in the relevant market;
- Transparency around conflicts of interest -- how conflicts are identified, managed and avoided; and
- An investee entity's Board should be of a reasonable size and allow for diversity in its composition.

Lakehouse considers resolutions investee entities put to their stakeholders should:

- Aim to treat shareholders equitably;
- Disclose all relevant conflicts of interest and explain how they have been addressed; and
- Be stated clearly and individually. Composite resolutions are not optimal.

Specific Guidelines relevant to specific types of resolutions

Type of resolution	Voting recommendations
Routine Resolution Voting Decisions These include decisions which do not materially impact the structure, constitutive documents (e.g. constitution, by-laws, memorandum or articles) or	The voting recommendation will generally be in accordance with the recommendations of the investee entity's Board, unless the CIO determines that the relevant fund's interests

<p>overall operations of an investee entity and shareholders are not generally disadvantaged as a result of the resolution. It does not include resolutions identified below as “non-routine”.</p>	<p>dictate otherwise.</p>
<p>Non-Routine Resolution Voting Decisions These include voting decisions which are likely to have a material impact on shareholder interests and the value of clients’ investments over the medium- to long-term.</p> <p>Non-routine proposals include but are not limited to: Approval of independent auditors <i>Many countries require entities to rotate auditors or the relevant responsible partner at specified intervals (see, for example, in Australia under the Corporations Act 2001).</i></p>	<p>Lakehouse’s Proxy Committee will provide a voting recommendation consistent with the principles and general guidelines identified above. Non-routine proxies are usually subject to greater scrutiny by the Proxy Committee.</p> <p>The independence of the auditors appointed to an investee entity is a cornerstone to sound corporate governance and risk management. The Proxy Committee’s voting recommendations should endeavour to ensure that auditors are rotated for good reasons and auditors appointed are appropriately qualified. Generally, the Proxy Committee will vote against auditor reappointments beyond a seven year period.</p>
<p>Approval of the election or re-election of directors to a company’s Board <i>Many countries require directors to retire at specified intervals and offer themselves for re-election.</i></p>	<p>The Proxy Committee’s voting recommendation will be based on, among other factors, its evaluation of:</p> <ul style="list-style-type: none"> • The proposed director’s track record, competence, independence, commitments on other company Boards, security ownership in the investee company and, • The overall Board diversity. <p>Generally, the Proxy Committee will vote against independent directors who have exceeded a ten year tenure on the Board.</p>
<p>Separation of Chairman and CEO roles</p>	<p>Generally, the Proxy Committee will vote to separate the Chairman and CEO roles at investee entities, except in cases where the founder is the Board Chair and also the CEO of the company.</p>
<p>Executive compensation</p>	<p>The Proxy Committee will scrutinise the absolute and relative (to peers within a similar industry) levels of executive remuneration, and evaluate incentive structures and securities-based payment targets linked to the financial performance and return ratios of the investee entity.</p>
<p>Mergers, acquisitions, dual share-class structures,</p>	<p>The Proxy Committee will likely appoint an advisor</p>

and company-wide restructuring / reorganisation	if it considers the proposed resolutions / transactions to be complex in nature.
A company's securities trading policy, aimed at ensuring said policy is fair and does not serve to favour one group of shareholders over another	
Resolutions centred around Environmental, Social, and Governance (ESG) issues	
Resolutions to expand an investee entity's share placement capacity <i>Many countries specify the circumstances in which entities must seek securityholder consent before issuing new securities. For example, in Australia, entities must obtain consent before issuing more than 15% within a 12-month period and under the ASX Listing Rules, Chapter 7: Changes in capital and new issues, rule 7.4 allows companies to retrospectively ratify placements of up to 10% of securities on issue, thereby refreshing the 15% issuance capacity - in addition to prior placements of up to 10%.</i>	Lakehouse is sensitive to dilutive share placements and the Proxy Committee will consider its stance on such resolutions on a case by case basis.
A preference for renounceable rights in capital raises on principle of equity	
Any other resolution that could be considered to be material and possibly disadvantageous to the interests of shareholders.	

General Procedure

- Lakehouse Capital's Chief Investment Officer along with two senior members of the investment team (together the "Proxy Committee") examine the proposed resolutions of the investee entity on Broadridge's ProxyEdge portal. The Proxy Committee will decide the voting recommendation to be provided to ProxyEdge.
- The Proxy Committee will determine, based on the Guidelines below, whether a resolution is for a "routine" matter or not.
- The CIO may make a voting recommendation in respect of a "routine resolution" in accordance with the relevant Guidelines above.
- The Proxy Committee will review each non-routine resolution on a case-by-case basis, applying the Guidelines above that are relevant to that resolution. Decisions of the Proxy Committee must be unanimous.
- In the event the Proxy Committee determines that the advice of an independent third party should be obtained in respect of the non-routine resolution, the Proxy Committee will select the independent third party advisor and must provide a voting recommendation in line with the advice received.
- The Proxy Committee shall utilise the research and voting recommendations advice of Egan Jones in respect of routine and non-routine resolutions. However, the Proxy Committee will consider each resolution independently and vote counter to Egan Jones' advice if the Committee

believes doing so is in the best interest of the unitholders in Lakehouse's funds and the long-term shareholders of the investee entity.

- Once the CIO or Proxy Committee (as applicable) has made its decision, the voting recommendation will be provided to ProxyEdge, along with the rationale for voting.
- Lakehouse Capital will document key resolutions relating to an investee entity under its proprietary Proxy Voting database, along with the voting rationale. Where Lakehouse considers it appropriate to do so, it will publish its proxy voting record on the company website.

Conflicts of Interest

At times, conflicts may arise between the interests of Lakehouse Capital's funds and their investors, on the one hand, and the interests of Lakehouse or its affiliates, on the other hand. If the Proxy Committee determines that Lakehouse has, or may be perceived to have, a conflict of interest when voting a proxy, Lakehouse will address matters involving such conflicts of interest as follows:

- a. If a proposal is addressed by the Guidelines herein, Lakehouse will vote in accordance with such Guidelines;
- b. If the Proxy Committee believes it is in the best interest of Lakehouse's funds to depart from the Guidelines provided for herein, Lakehouse will be subject to the requirements of c., d., or e. below, as applicable;
- c. If the proxy proposal is (1) not addressed by the Guidelines or (2) requires a case-by-case determination by the Proxy Committee, Lakehouse may vote such proxy as it determines to be in the best interest of its funds, without taking any action described in d. below (except to the extent that e. below applies), provided that such vote would be against Lakehouse's own interests in the matter (i.e., against the perceived or actual conflict). The Proxy Committee will memorialize the rationale of such vote in writing;
- d. If the proxy proposal is (1) not addressed by the Guidelines or (2) requires a case-by-case determination by Lakehouse, and Lakehouse believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then Lakehouse must take one of the following actions in voting such proxy: (a) delegate the voting decision for such proxy proposal to an independent third party; (b) delegate the voting decision to an independent committee of partners, members, directors or other representatives of its funds, as applicable; (c) inform the investors in the applicable fund of the conflict of interest and obtain the consent of a majority in interest to vote the proxy as recommended by Lakehouse; or (d) obtain approval of the decision from Lakehouse's third party legal advisors; and
- e. If the proxy proposal involves a security of a company of which a person associated with Lakehouse, a fund it manages, or their affiliates is a member of the Board of Directors, and the proxy proposal is (1) not addressed by the Guidelines or (2) requires a case-by-case determination by Lakehouse, then Lakehouse shall abstain from voting that proxy.