
Corporate Governance

We define corporate governance as the group of policies, processes and rules that controls the role and operation of the board of directors. The relationships between the board, management and shareholders are a fundamental element of any discussion of corporate governance. We believe that every company should strive for transparency, consistency and good corporate behaviour.

We believe that good corporate governance is a prerequisite for sound corporate performance and greater investor confidence. As shareholders, we therefore encourage the adoption of appropriate policies and practices in the companies in which we invest.

The board, management, and shareholders each have different roles with respect to the affairs of a company. However, it is important that their overriding objectives and interests are aligned to maximise the company's performance and value.

As a shareholder, and as a fiduciary acting on behalf of our clients, we will actively seek to influence corporate governance policy in cases where the best interests of shareholders are not being served. This will be done through either communication with the board and management or through the exercise of our voting rights.

Sound corporate governance should evolve as conditions change. We recognise that our interests as shareholders will be best served by avoiding entrenched thinking in this dynamic area. We are committed to reviewing our actions and policies with respect to corporate governance and proxy voting at least once per year.

Proxy Voting Guidelines

These guidelines are not intended to operate as a prescriptive set of rules. They have been designed to provide a general framework for clients and investee companies to understand our views on corporate governance matters and our likely response when asked to vote. Naturally, they will evolve as time passes and circumstances change. It is inevitable that we will be presented with situations in future that deviate from those outlined here, but we hope that readers will understand our general way of thinking after reading through these guidelines.

The overriding influence on our views in this area is our fiduciary duty to act in the best interests of our clients. We take our responsibilities seriously and acknowledge the importance of our right to vote as shareholders of Australian companies.

We consider every issue to be discussed at a meeting of shareholders. This takes place well in advance of the date of meeting. Contentious issues are noted and then reviewed in detail according to our guidelines. Discussions involve our analysts and senior executive personnel. In some cases, we will establish contact with the company in question to discuss a proposal, which may involve making a request to modify or withdraw the proposal.

In the event that we vote against recommendations of the board, we always write to the company to explain our position. We also notify our clients in such instances.

Our guidelines are substantially in accordance with the recommendations contained in *Principles of Good Corporate Governance and Best Practice Recommendations* by the ASX Corporate Governance Council, and *Corporate Governance: A Guide for Fund Managers and Corporations* by the Investment and Financial Services Association Limited. In many areas, our guidelines have enhanced the recommendations contained in those two documents.

Corporate Governance Issues Covered by Tyndall Voting Guidelines

1. Board of Directors
 - 1.1 Independence
 - 1.2 Competence
 - 1.3 Diversity
 - 1.4 Commitment
 - 1.5 Board Size
 - 1.6 Chairman - Independent
 - 1.7 Board Terms
 - 1.8 Communication with Shareholders
 - 1.9 Share Ownership
 - 1.10 Related Party Transactions
 - 1.11 Performance Evaluation
 - 1.12 Nomination Committee
 - 1.13 Risk Management
 - 1.14 Code of Conduct
 - 1.15 "Whistle-Blowing"
 - 1.16 Financial Statements: Sign-Off by CEO and CFO
 - 1.17 Risk Management Policy: Sign-Off by CEO and CFO
2. Remuneration
 - 2.1 General Policy
 - 2.2 Compensation Committee
 - 2.3 Incentive Plans
 - 2.3.1 Long Term vs. Short Term
 - 2.3.2 Favourable Loans to Executives
 - 2.3.3 Stock Options
3. Audit Function
 - 3.1 Audit Committee
 - 3.2 Outside Auditors
4. Takeover Protection
5. Shareholder Rights
 - 5.1 Shareholder Proposals
 - 5.2 Linked Proposals
 - 5.3 Plain English
 - 5.4 Disclosure of Voting Results
 - 5.5 Access to Minutes of Shareholder Meetings
6. Share Capital
 - 6.1 Multiple Class Capital & Preferential Voting Rights