

RQI Investors Corporate Governance and Proxy Voting Policy

May 2026 vs. May 2024: off the ESG voting policy, onto the benchmark one

RQI Investors, part of First Sentier Group (formerly First Sentier Investors)
Corporate Governance and Proxy Voting Policy
The May 2024 edition compared with the May 2026 edition

RQI has stopped voting its proxies under Glass Lewis's ESG Thematic Policy and moved to the Glass Lewis Benchmark Policy. Around nine thousand words of ESG voting rules - net zero targets, TCFD reporting, EEO-1 disclosure, human rights policies - were deleted and replaced by three lines.

Source: the two published policy documents, read in full, including the Glass Lewis guidelines reproduced as appendices. The current document is dated May 2026 on its cover; the earlier one is copyright 2024 and file-dated May 2024. Every quotation below is verbatim.
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The short version

RQI Investors - a systematic equity manager inside First Sentier, formerly Realindex Investments - does not write its own voting guidelines. It adopts a Glass Lewis policy and applies a short list of its own overrides. In May 2026 it changed which Glass Lewis policy it adopts, and that single decision is the whole of this report.

The policy RQI votes under

May 2024:

"RQI will generally vote its proxies in accordance with Glass Lewis' ESG voting policy (Appendix 2). This policy includes consideration of ESG-related issues in addition to the standard Glass Lewis guidelines for each market (Appendix 1). This ESG policy was selected in order to promote high standards of corporate governance and disclosure which are aligned with client's interests. However, in certain situations we may choose to vote according to the Standard Glass Lewis guidelines for each market."

May 2026:

"RQI will generally vote its proxies in accordance with Glass Lewis Benchmark Policy Guidelines in each market (Appendix 1). In the following situations, we wish to apply a higher level of corporate governance than is afforded in the standard policy and so will direct our votes as follows ..."

The relationship between the two policies has been inverted. In 2024 the standard market guidelines were the fallback and the ESG policy was the default; in 2026 the standard guidelines are the default and there is no ESG policy at all. Appendix 2, which reproduced the Glass Lewis ESG Thematic Voting Policy in full across roughly nine thousand words, has been deleted from the document. The policy shrank from 30 pages to 11.

Direction of travel

Decisively more permissive towards management on environmental, social and climate resolutions. Three specific overrides survive, one of them a genuine diversity standard that is stricter than most of the industry. Everything else that distinguished RQI's voting from a mainstream governance policy is gone.

1. What was in the deleted appendix

Because the deleted material was reproduced in full in the 2024 document, we can say precisely what RQI has stopped applying. These are its own published words - the appendix was part of the policy, not a reference to an external document.

Climate: three separate grounds for voting against a chair

2024, deleted:

"For companies included in the Climate Action 100 focus list and those that operate in industries where the Sustainability Accounting Standards Board (SASB) has determined that greenhouse gas (GHG) emissions represent a financially material risk, the ESG policy will vote against the chair of the board in instances where a company has not adopted a net zero emissions target or ambition."

2024, deleted:

"For all other companies, the ESG policy will vote against the chair of the board in instances where companies have not established any forward-looking GHG emissions reduction targets."

A third rule applied the same escalation to reporting: for Climate Action 100+ and SASB-material companies, a vote against the chair "when the company has failed to produce reporting that is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)," and for all other companies a possible vote against the chair for insufficient sustainability reporting. Where the chair was also the CEO, the vote fell on the audit committee chair instead.

Human rights and workforce disclosure

2024, deleted:

"the ESG policy will vote against the chair of the board in instances where companies in major blue chip indices are not signatories or participants in the United Nations Global Compact ('UNGC') or have not adopted a human rights policy that is aligned with the standards set forth by the International Labour Organization ('ILO') or the Universal Declaration on Human Rights ('UDHR')"

2024, deleted:

"For U.S. companies listed in the S&P 500 index, the ESG policy will also evaluate whether companies have provided sufficient disclosure concerning their workforce diversity. In instances where these companies have not disclosed their full EEO-1 reports, the ESG policy will vote against the nominating and governance chair."

Pay linked to environmental and social performance

2024, deleted:

"In most markets, should a company not provide any environmental or social considerations in its remuneration scheme, the ESG policy will vote against the proposed plan."

The same appendix also voted against compensation proposals at climate-exposed companies where executives had not been "adequately incentivized ... to act in ways that mitigate a company's climate impact," and supported shareholder resolutions requesting sustainability metrics in pay.

A general presumption in favour of E&S shareholder proposals

2024, deleted:

"The ESG policy has a strong emphasis on enhancing the environmental, social and governance performance of companies. Accordingly, the ESG policy will be broadly supportive of environmental and social shareholder proposals aimed at enhancing a company's policies and performance with respect to such issues."

Below it sat several pages of specific commitments - supporting proposals on greenhouse gas reduction goals, scenario analysis, TCFD-aligned disclosure, tax haven reporting, animal welfare, human rights and fair lending policies, political and charitable spending disclosure, gender pay disclosure, stock hedging and pledging limits, and independent verification of contractors' labour and human rights compliance - plus a board-level test that "the ESG policy will vote against members of the

governance committee that fails to provide explicit disclosure concerning the board's role in overseeing these issues." All of this has gone.

Why this matters

These were not aspirations; they were mechanical rules tied to named indices, named frameworks and named disclosures. A company in the Climate Action 100+ focus list without a net-zero target received a vote against its chair from RQI, automatically. As of May 2026 it does not. Glass Lewis's Benchmark policy does address climate governance, but at a materially lower threshold and without the index-linked triggers. For an investor in an RQI strategy, this is the largest single change in stated voting behaviour among the managers reviewed on this site.

2. What RQI kept: three overrides

The 2026 policy does not simply adopt Glass Lewis Benchmark wholesale. It names three places where RQI votes more strictly, and one of them is genuinely demanding.

May 2026:

"Require a higher standard in relation to board diversity, requiring at least 30% female representation in mid and large cap companies and require at least one woman on the board for small cap companies; Oppose reincorporation of the company in a tax haven; Oppose election of nominees if there is excessive board tenure and no board renewal in the last 5 years."

All three are salvaged from the deleted appendix, in reduced form.

- Board diversity. The deleted policy said the ESG policy would "vote the incumbent male nominating committee members in instances where the board of a large- or mid-cap company is comprised of fewer than 30% female directors, or the local market requirement for gender diversity where higher" and "vote against the male members of the nominating committee where there is not at least one woman on the board of a small-cap company." The 30% and one-woman thresholds survive intact. What was lost is the local-market escalator, the precise targeting of male nominating committee members, and a further rule applying Glass Lewis's diversity disclosure assessment to Russell 1000 companies.
- Tax havens. The deleted policy would "vote against reincorporation proposals when companies have proposed to re-domicile in known tax havens" and support shareholder proposals asking companies to report on or withdraw from tax havens. The reincorporation half survives; the shareholder-proposal half does not.
- Board tenure and refreshment. The deleted policy voted against nominating committee members "in the event that the board has an average tenure of over ten years and the board has not appointed a new nominee to the board in at least five years," and might vote against individual directors with tenure over twelve years. The five-year renewal test survives; the ten and twelve year numbers do not, replaced by the undefined "excessive board tenure."

Notably, the three retained overrides are all board-composition or domicile items. Not one of the climate, human rights, workforce-disclosure or pay-linkage rules was retained in any form.

3. Smaller changes, all pointing the same way

The public voting record became a client-request file

How anyone can see how RQI voted

May 2024:

"RQI provides an online and 'Live' proxy voting record which can be accessed on the FSI website at: <https://www.firstsentierinvestors.com.au/au/en/individual/our-funds/rqi-investors/responsible-investment.html>. The record published there is at an aggregate level across the portfolios managed by RQI. Clients can request the voting record for a particular fund and it will be sent within 10 working days."

May 2026:

"RQI can provide clients a proxy voting record file at an aggregate level across the portfolios managed by RQI. Clients can also request and schedule the voting record for a particular fund and it will be sent within 10 working days."

A live, publicly accessible voting record became a file available to clients. The URL is gone and so is the word "online." This is the second-most consequential change in the document: it removes the ability of anyone who is not a client - including anyone reading this report - to check whether the new policy is producing the votes it implies.

Fewer external inputs, reviewed half as often

- Proxy advisers consulted on contentious meetings: "Glass Lewis and Ownership Matters" became "Glass Lewis." Ownership Matters, an Australian specialist, was dropped from both places it appeared.
- ESG research providers: "Reprisk, Sustainalytics, ISS or MSCI" became "Sustainalytics, ISS." Two of four dropped.
- Review cycle: "This policy is to be reviewed annually" became "This policy is to be reviewed every two years." An annually reviewed voting policy is now a biennial one.

One addition, running the other way

The list of issues that may flag a shareholder meeting as contentious - triggering an additional human review by RQI's Peer Review Committee - gained one item: "Lack of climate targets and disclosures by the company." Climate targets therefore survive as a reason to look more closely, even though they are no longer a reason to vote against anyone automatically. The rest of the list, including climate-related shareholder proposals, say-on-climate management proposals, modern slavery concerns and gender diversity, is unchanged.

Rebranding

"First Sentier Investors (FSI)" became "First Sentier Group (FSG)" throughout, and the policy's second approver changed from "David Allen, Chief Investment Officer, First Sentier Investors" to "David Walsh, Head of Investments, RQI Investors." Sign-off moved from group level into the boutique. The MUFG ownership chain and the Chief Executive's approval are unchanged.

4. What did not change

The surrounding framework is carried across almost verbatim, which makes the substitution at the centre of the document easier to see.

- The commitment to UN PRI Principles 2 and 3 - being an active owner and seeking appropriate ESG disclosure - is unchanged, and is still stated as the reason the policy exists.
- The corporate governance principles section, based on the ASX Corporate Governance Principles and the OECD definition, is unchanged, including the expectation that boards identify "material risks (both financial and non-financial)" and manage them "in the interests of the company and other stakeholders."
- Engagement: unchanged, including the acknowledgement that for a systematic manager "engaging with the management of the companies that it invests in is not central to the investment process."
- The Peer Review Committee process for contentious meetings, and RQI's reserved right "to override Glass Lewis' vote recommendations when it considers doing so to be in the best interests of clients," are unchanged.
- Non-voting situations are unchanged: cost exceeding benefit, mandate client instructions, share blocking, conflicts, securities lending, and the Morgan Stanley restriction under the US Bank Holding Company Act.
- Conflicts of interest, mandate client precedence and client reporting obligations are unchanged in substance.

The bottom line

This is a clean, documented switch from an ESG-overlay voting policy to a mainstream one, with three board-composition carve-outs retained. Read the 2026 policy on its own and it looks like a reasonable governance document with an unusually strong gender-diversity rule. Read it against 2024 and the scale of what was removed is unmistakable - and it was removed at the same time as the public voting record and half the external research inputs. The one thing that would settle whether behaviour has followed the policy, the live voting record, is the thing that is no longer published.