



Australian Government

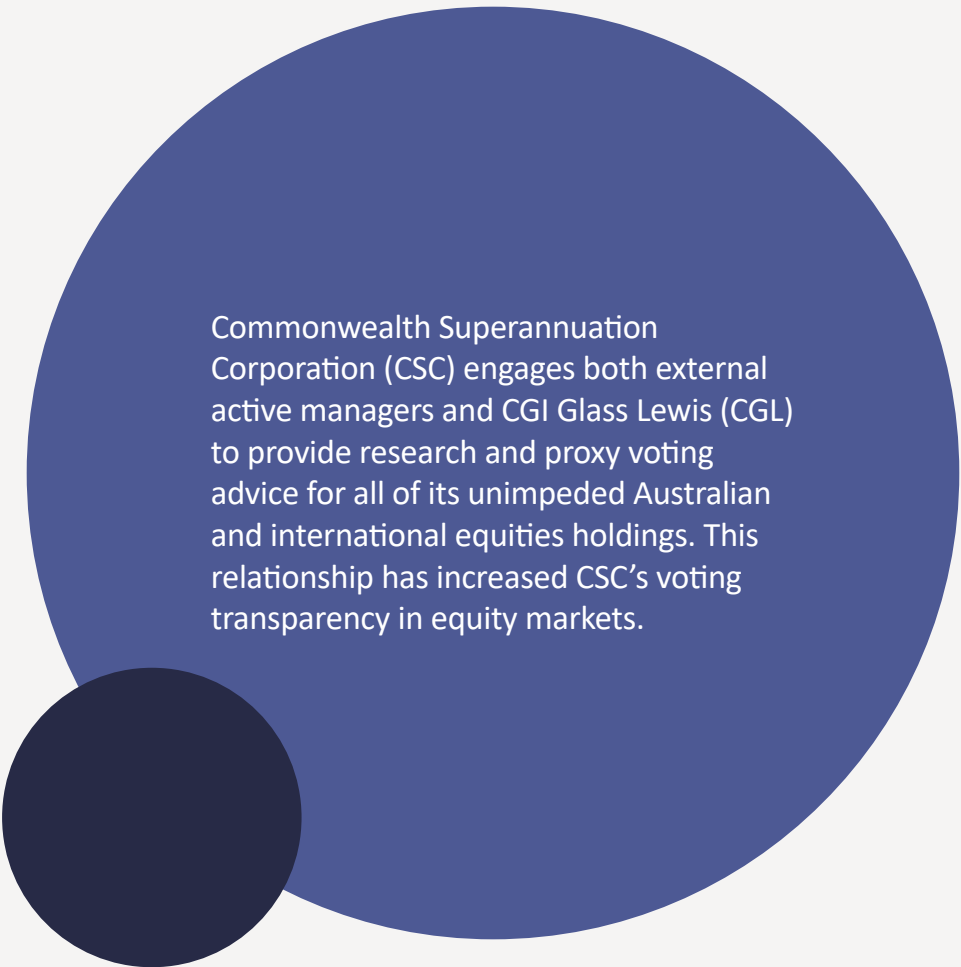
Commonwealth Superannuation Corporation

Proxy Voting by CSC

31 Dec 2023 to 30 Jun 2024



Commonwealth
Superannuation
Corporation



Commonwealth Superannuation Corporation (CSC) engages both external active managers and CGI Glass Lewis (CGL) to provide research and proxy voting advice for all of its unimpeded Australian and international equities holdings. This relationship has increased CSC's voting transparency in equity markets.

Proxy Voting in Australia

Figures A.1 and A.2 below summarise CSC’s proxy voting activity over the last three consecutive six-month periods in Australia. Over the most recent six-month period to 30 June 2024:

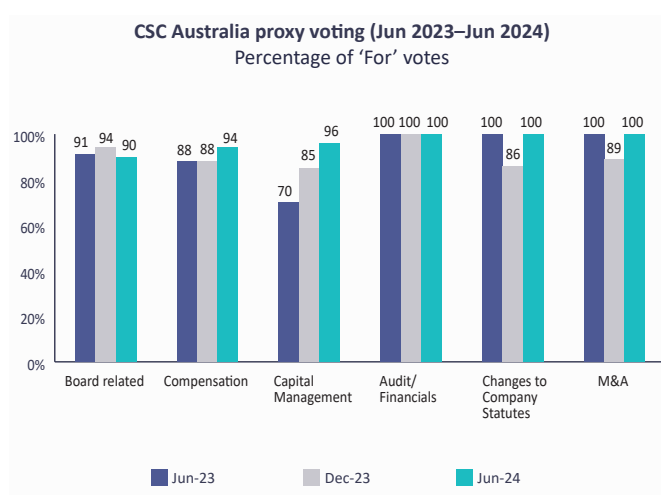
- CSC exercised its vote on 277 proposals in respect of 49 Australian companies.
- As is common, the majority of proposals related to director elections and executive compensation structures, making up 39% and 40% of the total proposals put to shareholders, respectively.
- Within the board-related and compensation categories, CSC voted against approximately 10% and 6% of proposals, respectively.
- Compared to the prior period, the number of companies receiving second-strikes or more in respect of their remuneration reports decreased from 10 to five.

Figure A.1
CSC proxy voting activities in Australia.

	6-month period to		
	Jun-23	Dec-23	Jun-24
Total number of companies	53	223	49
Total number of meetings	53	234	52
Total number of proposals	317	1297	277
Board Related	41%	42%	39%
Compensation	44%	43%	40%
Capital Management	6%	6%	10%
Audit/Financials	2%	1%	3%
Changes to Company Statutes	2%	2%	3%
M&A	1%	1%	2%
Shareholder Proposals	1%	3%	0%
Other	2%	2%	3%
Total number of board spills resolutions*	1	10	5

*Occurs when the company receives a second-strike or more on its remuneration report.

Figure A.2
Summary statistics of CSC’s exercised votes.



Compensation

- CSC supports compensation arrangements for management and directors that are reasonable and fit for the purpose of attracting and rewarding talent. In assessing non-binding resolutions to adopt compensation reports, CSC expects to see clear and concise compensation reports that disclose all relevant information, facilitate understanding of the company’s compensation policy and are aligned with shareholder interests.
- Between January and June 2024, CSC’s votes were exercised in respect of 112 resolutions seeking support for compensation reports. CSC voted against seven of those reports for failure to meet the expectations outlined above.
- Where a company receives more than 25% of votes against its remuneration report in two consecutive years or more, the Corporations Act grants shareholders the right to vote on whether the entire board should be re-elected. These reforms also prohibit key management personnel from voting on: (1) the remuneration report; (2) any two-strike board spill; and (3) from hedging incentive remuneration. It effectively removes the ability for executives to vote and approve their own pay. Shareholder approval is now also required for a declaration of ‘no vacancy’ (previously used by boards to limit board size).
- In line with our investment-manager recommendations, CSC voted on five board spill resolutions during the period, supporting company recommendations against the resolution.

Director Election

- CSC considered 100 proposals for director elections, rejecting six proposals.

Proxy Voting in International Markets

Over the most recent six-month period to 30 June 2024:

- CSC exercised its vote on 22,278 proposals in respect of 1,395 international companies.
- Of these, 57% were board-related director elections, followed by compensation, audit/financials and capital management.

Figures A.3 and A.4 below summarise CSC’s proxy voting activity over the last three consecutive 6-month periods in international markets.

Figure A.3
CSC proxy voting activities in international markets.

	6-month period to		
	Jun-23	Dec-23	Jun-24
Total number of companies	1452	265	1395
Total number of meetings	1565	279	1503
Total number of proposals	22702	3120	22278
Board Related	56%	49%	57%
Compensation	13%	15%	12%
Capital Management	6%	9%	6%
Audit/Financials	13%	11%	13%
Changes to Company Statutes	4%	7%	4%
M&A	0%	2%	0%
Shareholder Proposals	3%	1%	3%
Meeting Administration	3%	4%	3%
Other	2%	1%	2%

Figure A.5 below presents the number of proposals CSC voted in each international region. As is common, the high proportion of ‘Take No Action’ in Europe was concentrated in Switzerland. Switzerland allows share blocking (i.e. blocking shares from trading for a period prior to the shareholder meeting) and CSC’s voting policy is to vote ‘Take No Action’ in such cases.

Figure A.5
CSC international voting by region.

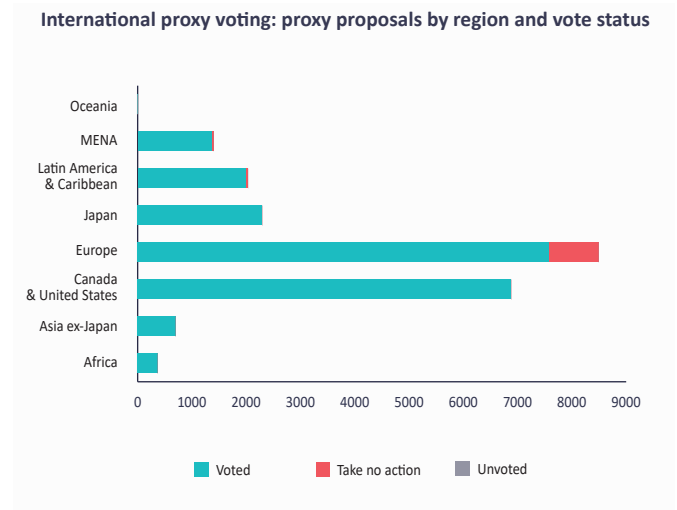
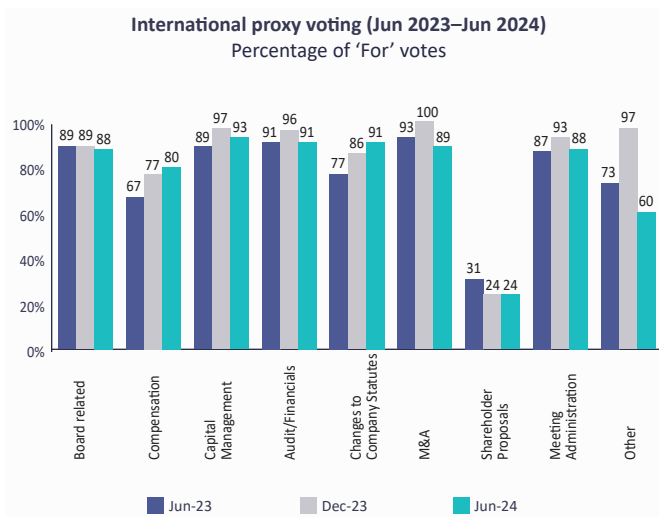


Figure A.4
Summary statistics of CSC’s exercised votes.



More detailed information about the implementation of [CSC’s Proxy Voting Policy](#) is provided to members on this website on a six-monthly basis.