



Australian Government

Commonwealth Superannuation Corporation

Proxy voting report

July–December 2022



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.

1. Proxy Voting in Australia

Figures A.1 and A.2 below summarise CSC's proxy voting activity over the last three consecutive 6-month periods in Australia. Over the most recent six-month period to 31 December 2022:

- CSC exercised its vote on 1,307 proposals in respect of 219 Australian companies.
- As is common, the majority of proposals related to director elections and executive compensation structures, making up 41% and 44% of the total proposals put to shareholders, respectively.
- Within the board-related and compensation categories, CSC voted against approximately 5% and 5% of proposals, respectively.
- Compared to the prior corresponding period, the number of companies receiving second-strikes or more in respect of their remuneration reports decreased from 17 to 13.

Figure A.1: CSC proxy voting activities in Australia.

	6-month period to		
	Dec-21	Jun-22	Dec-22
Total number of companies	230	57	219
Total number of meetings	238	63	228
Total number of proposals	1390	347	1307
Board related	41%	36%	41%
Compensation	43%	37%	44%
Capital Management	6%	9%	5%
Audit/Financials	2%	3%	1%
Changes to Company Statutes	3%	5%	4%
M&A	1%	4%	1%
Shareholder Proposals	2%	3%	1%
Other	2%	3%	3%
Total number of board spills resolutions*	17	5	13

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

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

CSC Australia Proxy Voting: December 2021 – December 2022

Percentage of “FOR” votes



1.1 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 July and December 2022, CSC’s votes were exercised in respect of 579 resolutions seeking support for compensation reports. CSC voted against 29 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 13 board spill resolutions during the period, supporting company recommendations against the resolution.

1.2 Director Election

- CSC considered 494 proposals for director elections, rejecting 12 proposals.

2. Proxy Voting in International Markets

Over the most recent six-month period to 31 December 2022:

- CSC exercised its vote on 3,204 proposals in respect of 301 international companies.
- Of these, 53% 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		
	Dec-21	Jun-22	Dec-22
Total number of companies	328	1386	301
Total number of meetings	360	1593	322
Total number of proposals	3497	22896	3204
Board related	52%	58%	53%
Compensation	14%	12%	13%
Capital Management	7%	5%	8%
Audit/Financials	12%	12%	11%
Changes to Company Statutes	6%	4%	4%
M&A	2%	1%	2%
Shareholder Proposals	1%	3%	2%
Meeting Administration	3%	2%	4%
Other	2%	2%	3%

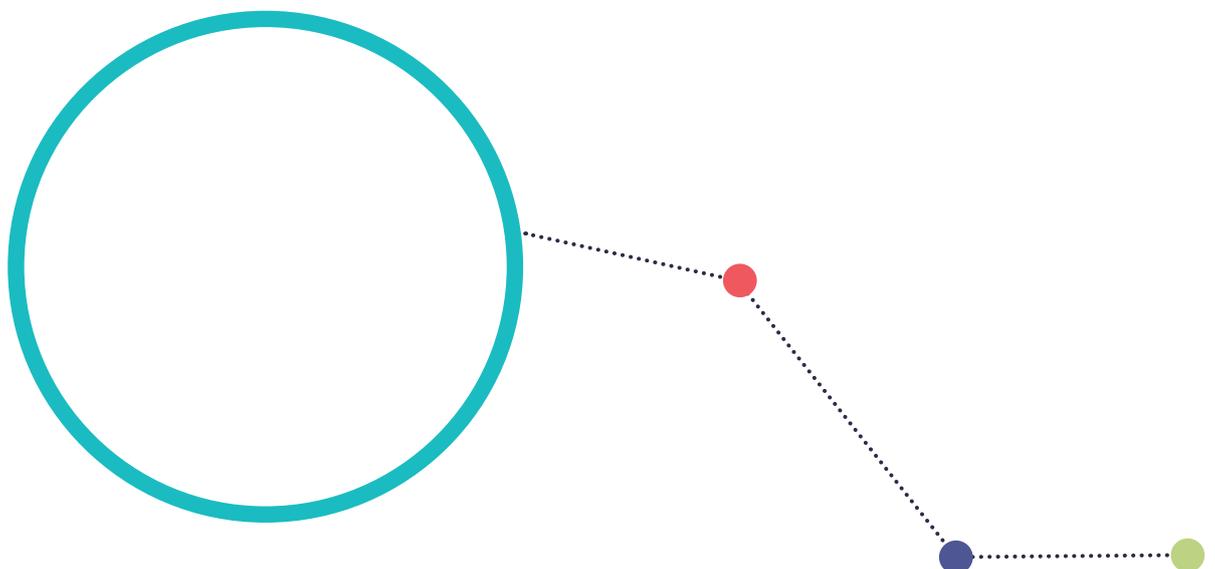


Figure A.4: Summary statistics of CSC’s exercised votes.

International Proxy Voting: December 2021 – December 2022

Percentage of “FOR” votes

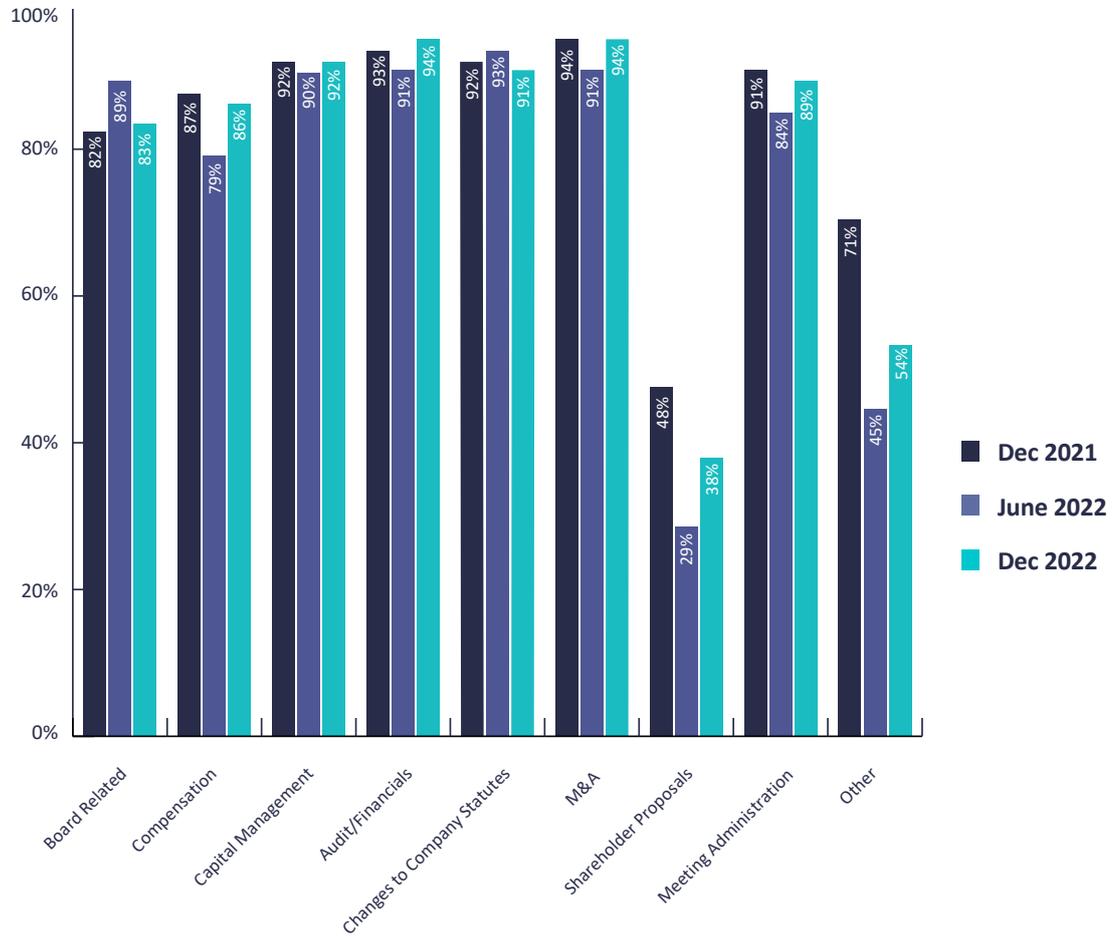


Figure A.5: CSC international voting by region.

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.

International Proxy Voting: Proxy Proposals by Region and Vote Status

