



Australian Government

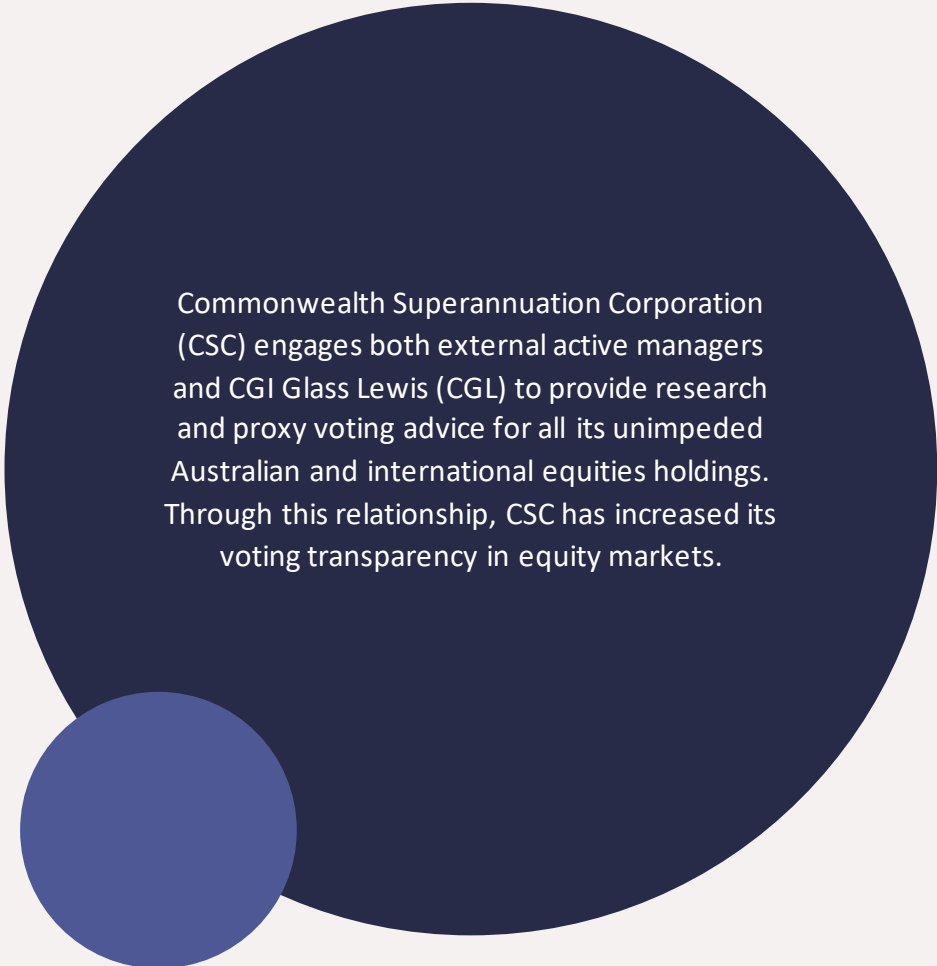
Commonwealth Superannuation Corporation

Proxy Voting by CSC

1 July 2023 to 31 Dec 2023



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 its unimpeded Australian and international equities holdings. Through this relationship, CSC has increased its 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 which ended on 31 December 2023:

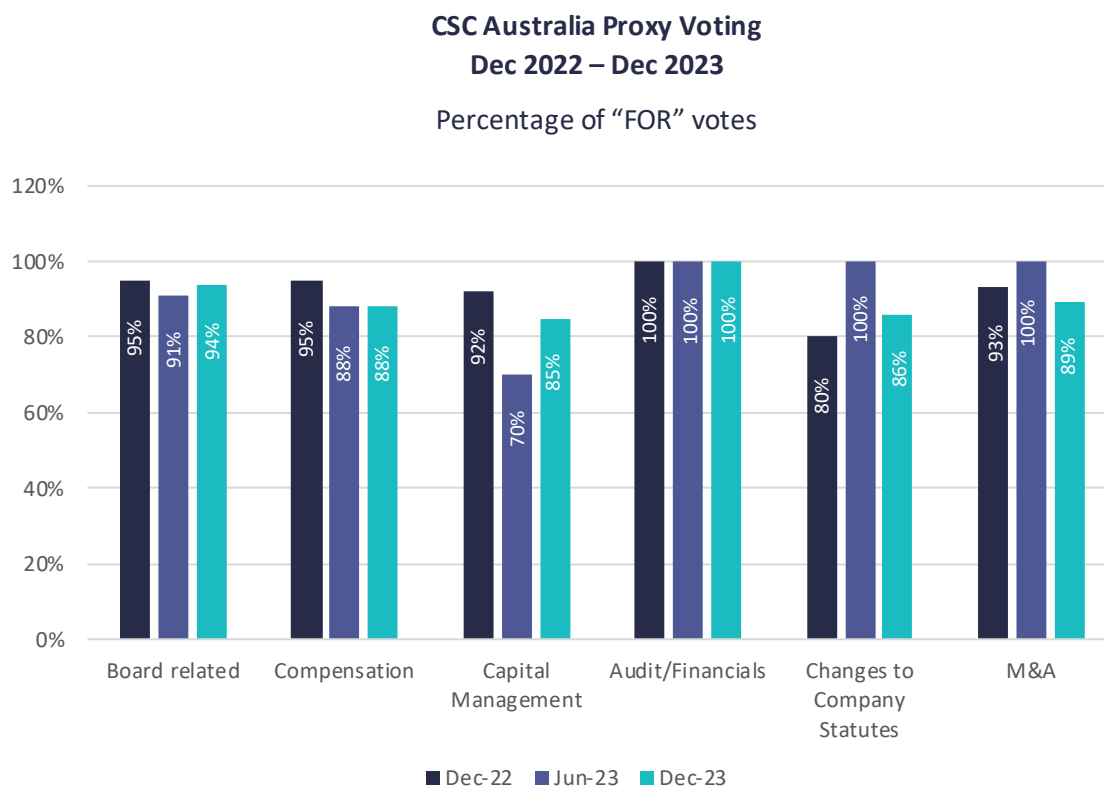
- CSC exercised its vote on 1,297 proposals in respect of 223 Australian companies.
- As is common, the majority of proposals related to director elections and executive compensation structures, making up 42% and 43% of the total proposals put to shareholders, respectively.
- Within the board-related and compensation categories, CSC voted against approximately 6% and 12% of proposals, respectively.
- Compared to the prior corresponding period, the number of companies receiving multiple remuneration report strikes decreased from 13 to 10.

Figure A.1: CSC proxy voting activities in Australia

	6-month period to		
	Dec-22	Jun-23	Dec-23
Total number of companies	219	53	223
Total number of meetings	228	53	234
Total number of proposals	1,307	317	1,297
Board Related	41%	41%	42%
Compensation	44%	44%	43%
Capital Management	5%	6%	6%
Audit/Financials	1%	2%	1%
Changes to Company Statutes	4%	2%	2%
M&A	1%	1%	1%
Shareholder Proposals	1%	1%	3%
Other	3%	2%	2%
Total number of board spills resolutions*	13	1	10

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

Figure A.2: Statistical summary of votes exercised by CSC



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 2023, we CSC exercised its votes in respect of 556 resolutions seeking support for compensation reports. We voted against 68 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 its investment-manager’s recommendations, CSC voted on 10 board spill resolutions during the period, supporting company recommendations against the resolution.

1.2 Director Election

- CSC considered 509 proposals for director elections, rejecting 18 proposals.

2. Proxy Voting in International Markets

Over the most recent six-month period which ended on 31 December 2023:

- CSC exercised its vote on 3,120 proposals in respect of 265 international companies.
- Of these proposals, 49% were board-related director elections, followed by compensation, audit/financials, and capital management.

Figures A.3 and A.4 below summarise the proxy voting activity of CSC 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-22	Jun-23	Dec-23
Total number of companies	301	1452	265
Total number of meetings	322	1565	279
Total number of proposals	3204	22702	3120
Board Related	53%	56%	49%
Compensation	13%	13%	15%
Capital Management	8%	6%	9%
Audit/Financials	11%	13%	11%
Changes to Company Statutes	4%	4%	7%
M&A	2%	0%	2%
Shareholder Proposals	2%	3%	1%
Meeting Administration	4%	3%	4%
Other	3%	2%	1%

Figure A.4: Statistical summary of votes exercised by CSC.

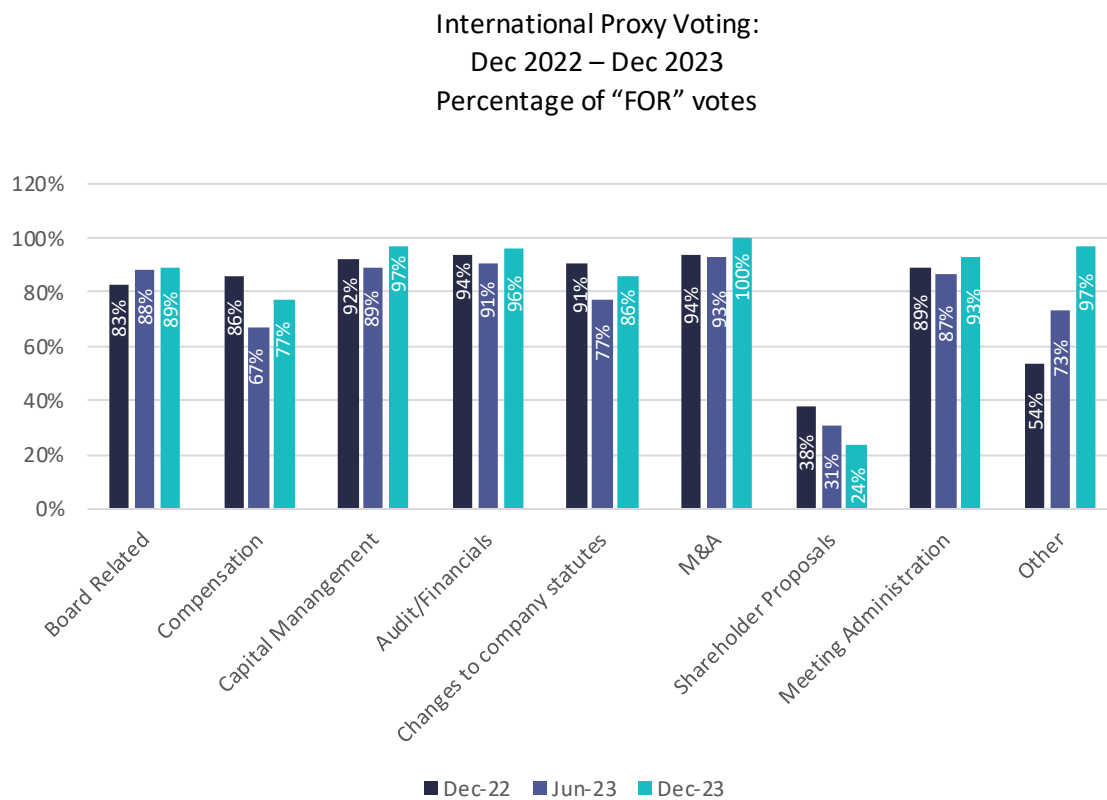


Figure A.5: CSC international voting by region.

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 the voting policy of CSC is to vote ‘Take No Action’ in such cases.

