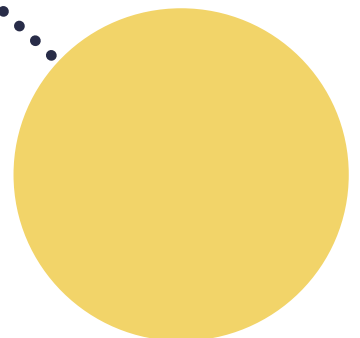




# Proxy Voting Report



# 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 2017:

- CSC exercised its vote on 944 proposals in respect of 168 Australian companies.
- As is common, the majority of proposals related to director elections and executive compensation structures, making up 46% and 42% of the total proposals put to shareholders, respectively.
- Within the board-related and compensation categories, CSC voted against approximately 4% and 5% of proposals, respectively. This represents an increase in the incidence of CSC voting against the recommendations of companies over prior periods.
- Compared to the prior corresponding period, the number of companies receiving second-strikes in respect of their remuneration reports increased by 4 to 11, representing board spills in relation to more than 1 in 20 companies.

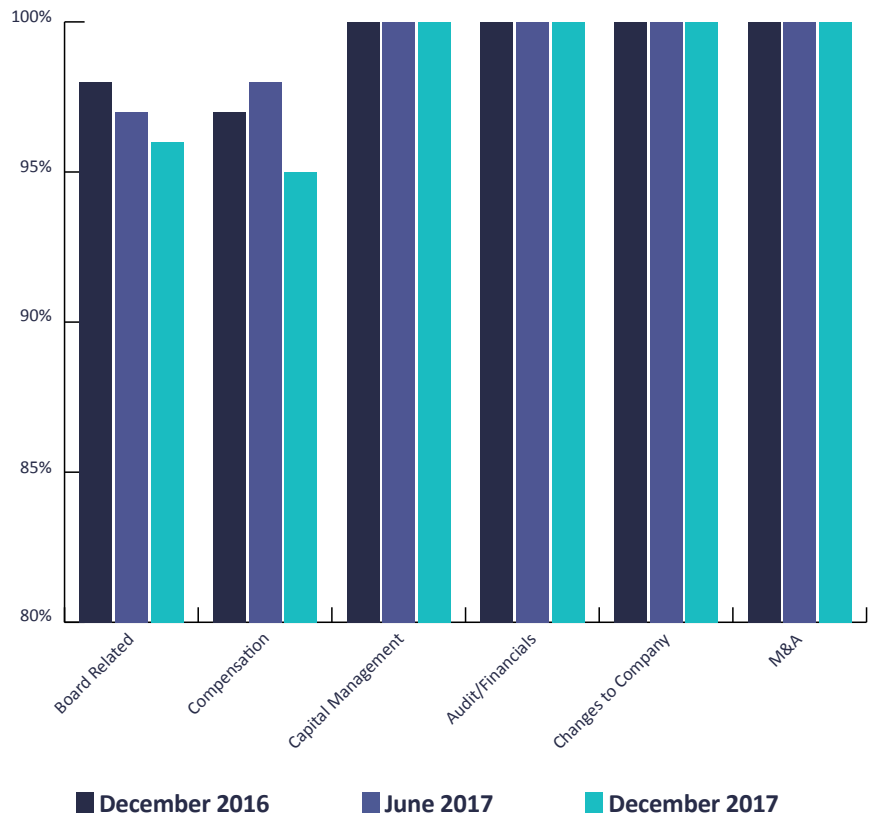
Figure A.1: CSC proxy voting activities in Australia

	6 month period to		
	December 16	June 17	December 17
Total number of companies	136	31	168
Total number of meetings	139	32	173
Total number of proposals	776	172	944
Board Related	44%	53%	46%
Compensation	43%	32%	42%
Capital Management	6%	2%	6%
Audit/Financials	2%	2%	1%
Changes to Company Statutes	5%	5%	3%
M&A	1%	4%	0%
Shareholder Proposals	0%	1%	1%
Other	0%	1%	0%
Total number of board spills*	7	2	11

\*Occurs when the company receives a second-strike in respect of its remuneration report.

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

**CSC Australia Proxy Voting:  
June 2016 – December 2017**  
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 2017, CSC's votes were exercised in respect of 396 resolutions seeking support for compensation reports. CSC voted against 19 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, 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 11 board spill resolutions during the period, supporting company recommendations against the resolution.



## 1.2 Director Election

- CSC considered 411 proposals for director elections, rejecting 18 proposals.

## 2. Proxy Voting in International Markets

CSC engages CGI Glass Lewis (CGL) to provide research and proxy voting advice for all of its unimpeded International Equities holdings. This relationship has increased CSC's voting transparency in international markets. Over the most recent six-month period to 31 December 2017:

- CSC exercised its vote on 3,354 proposals in respect of 298 international companies.
- Of these, 50% 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		
	December 16	June 17	December 17
Total number of companies	326	1647	298
Total number of meetings	374	1780	336
Total number of proposals	3481	24218	3354
Board Related	49%	58%	50%
Compensation	12%	13%	15%
Capital Management	10%	6%	10%
Audit/Financials	12%	13%	12%
Changes to Company Statutes	6%	3%	4%
M&A	3%	0%	2%
Shareholder Proposals	1%	3%	2%
Meeting Administration	5%	3%	3%
Other	2%	0%	2%



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

**International Proxy Voting:  
June 2016 – December 2017**  
Percentage of "FOR" votes

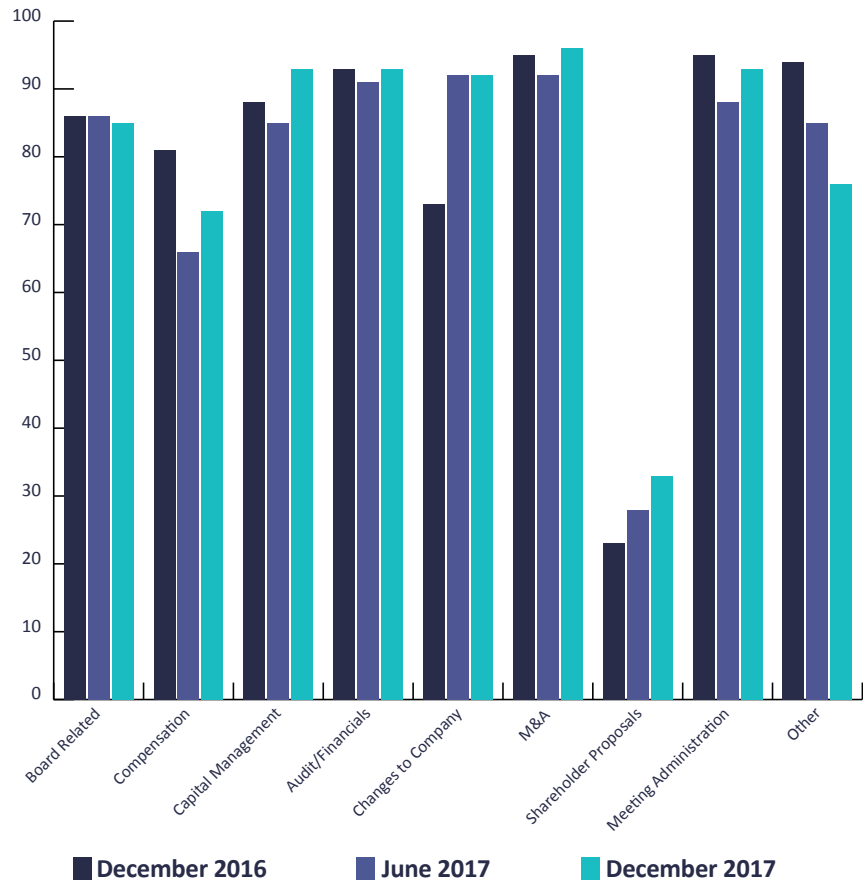
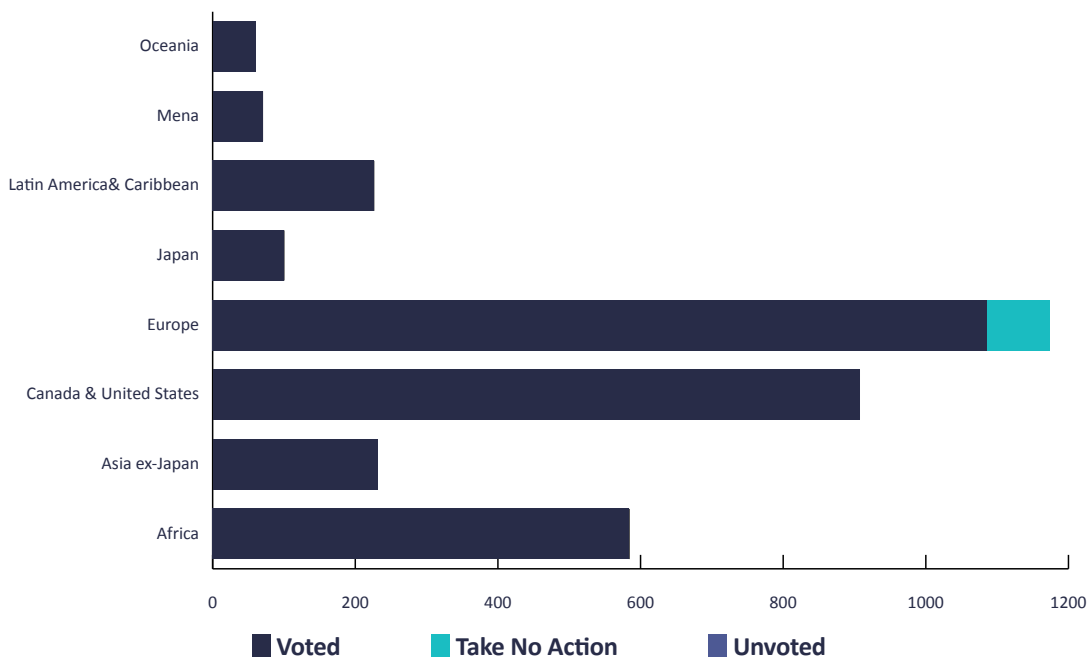


Figure A.5: CSC international voting by region.

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.





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