



Australian Government

Commonwealth Superannuation Corporation

Proxy voting report

January–June 2021



Commonwealth
Superannuation
Corporation

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 30 June 2021:

- CSC exercised its vote on 268 proposals in respect of 57 Australian companies.
- As is common, the majority of proposals related to director elections and executive compensation structures, making up 43% and 37% of the total proposals put to shareholders, respectively.
- Within the board-related and compensation categories, CSC voted against approximately 5% and 6% 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 11 to 3.

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

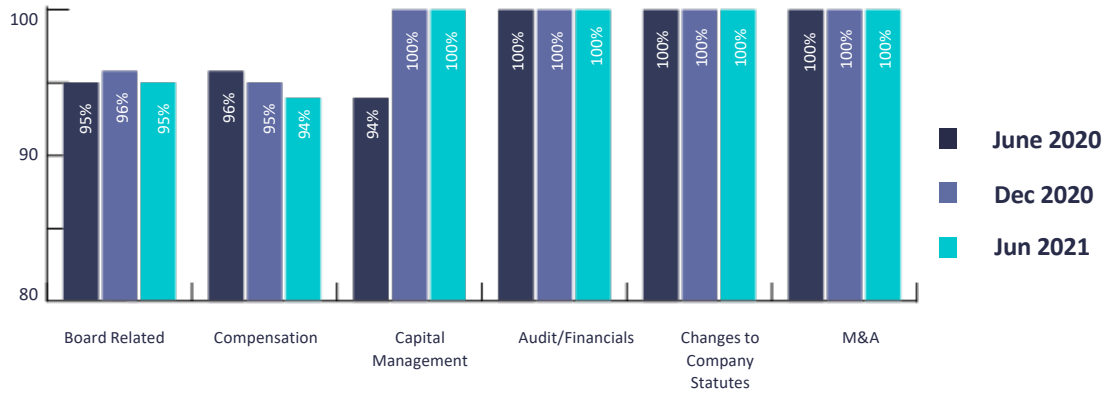
	6-month period to		
	Jun-20	Dec-20	Jun-21
Total number of companies	47	191	57
Total number of meetings	50	196	59
Total number of proposals	283	1103	268
Board related	42%	44%	43%
Compensation	29%	40%	37%
Capital Management	12%	6%	7%
Audit/Financials	3%	1%	2%
Changes to Company Statutes	5%	5%	3%
M&A	2%	0%	3%
Shareholder Proposals	5%	2%	3%
Other	2%	2%	2%
Total number of board spills resolutions*	3	11	3

*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: June 2020 – June 2021

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 January and July 2021, CSC’s votes were exercised in respect of 99 resolutions seeking support for compensation reports. CSC voted against 6 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 3 board spill resolutions during the period, supporting company recommendations against the resolution.

1.2 Director Election

- CSC considered 114 proposals for director elections, rejecting 6 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 30 June 2021:

- CSC exercised its vote on 21,875 proposals in respect of 1,461 international companies.
- Of these, 58% were board-related director elections, followed by audit/financials, compensation, 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-20	Dec-20	Jun-21
Total number of companies	1562	394	1461
Total number of meetings	1656	436	1591
Total number of proposals	22944	4512	21875
Board related	59%	49%	58%
Compensation	12%	14%	12%
Capital Management	6%	8%	6%
Audit/Financials	13%	12%	13%
Changes to Company Statutes	4%	7%	4%
M&A	0%	2%	1%
Shareholder Proposals	2%	1%	2%
Meeting Administration	2%	4%	2%
Other	1%	4%	2%

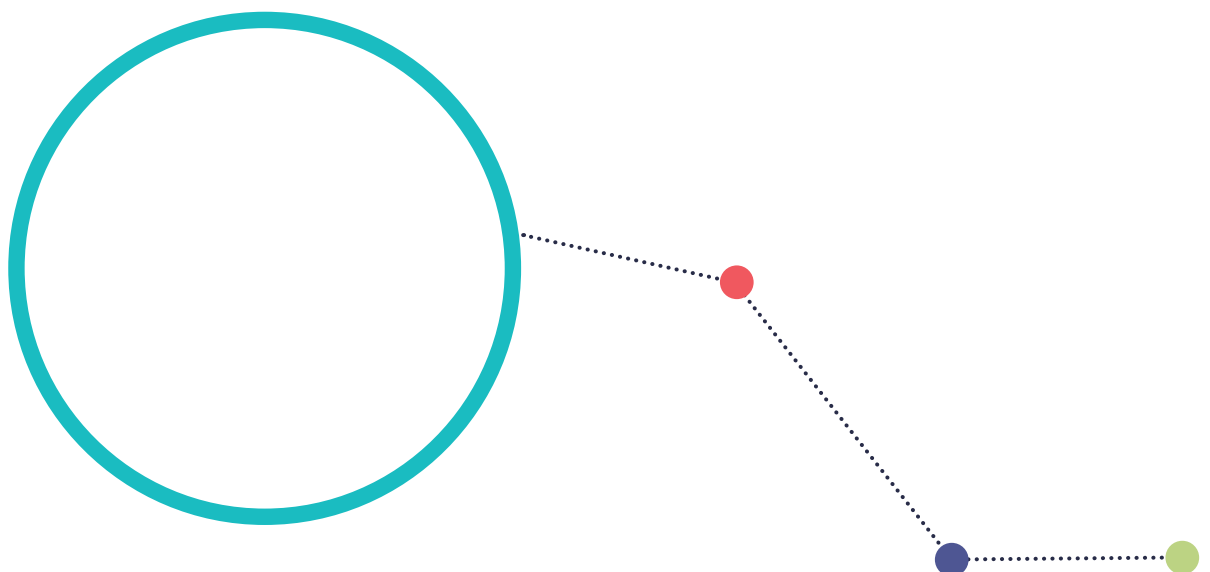


Figure A.4: Summary statistics of CSC's exercised votes.

International Proxy Voting: June 2020 – June 2021

Percentage of "FOR" votes

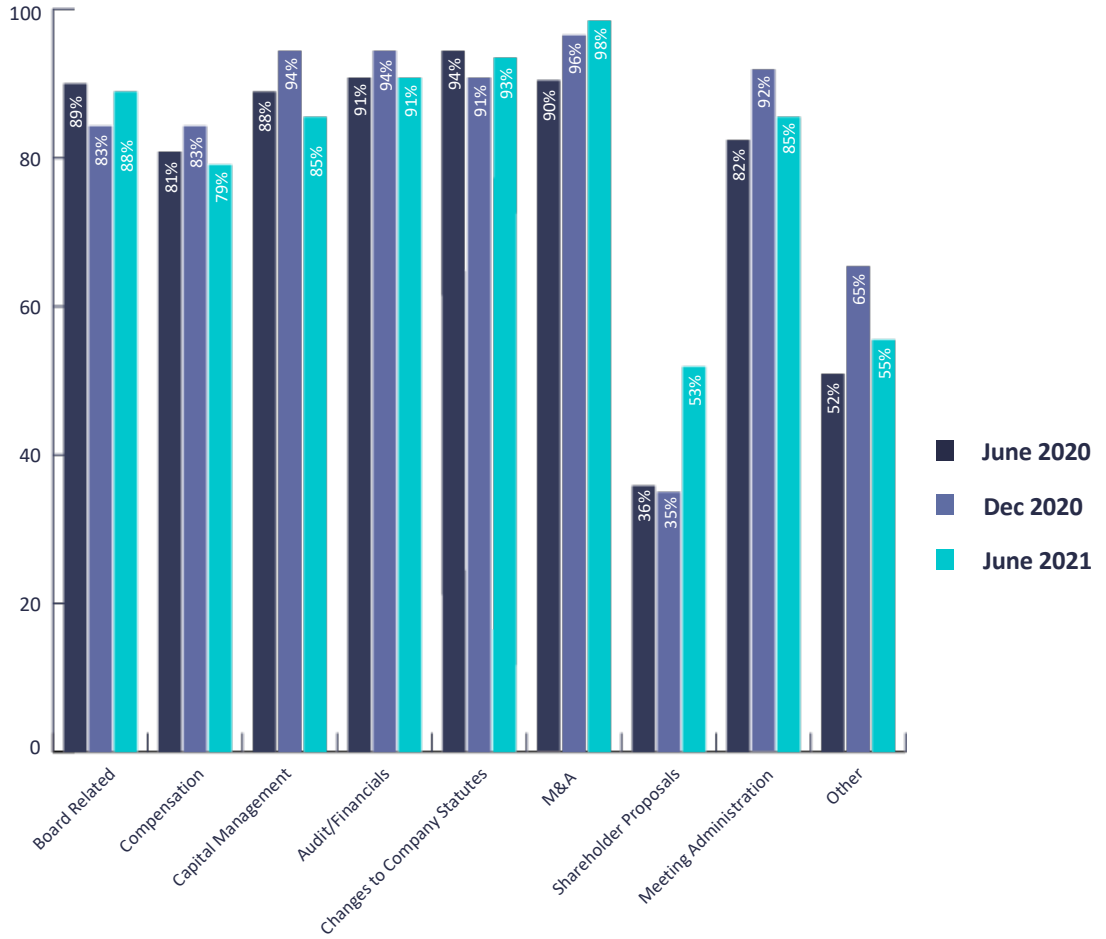


Figure A.5: CSC international voting by region.

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

