



Australian Government
Commonwealth Superannuation Corporation

Proxy voting report

This report summarises the execution of CSC's Proxy Voting Policy for the six-month period ending 30 June 2022.



Commonwealth
Superannuation
Corporation

Executive Summary

In line with CSC's Proxy Voting Policy (Minute No 1535, Agenda Item 16, 23 Nov 2017), proxy voting activity in summary form is to be reported to members via the CSC website on at least a semi-annual basis.

This report summarises CSC's proxy voting activity for the six-month period ending 30 June 2022 and forms the basis of member communications. The report excludes any reference to company-specific or manager-specific details that are reported to Directors at each Board meeting. Such detailed exceptions-based reporting is provided in the CIO Narrative through the Board Portal.

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 2022:

- CSC exercised its vote on 347 proposals in respect of 57 Australian companies.
- As is common, the majority of proposals related to director elections and executive compensation structures, making up 36% and 37% of the total proposals put to shareholders, respectively.
- Within the board-related and compensation categories, CSC voted against approximately 8% and 2% 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 5.

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

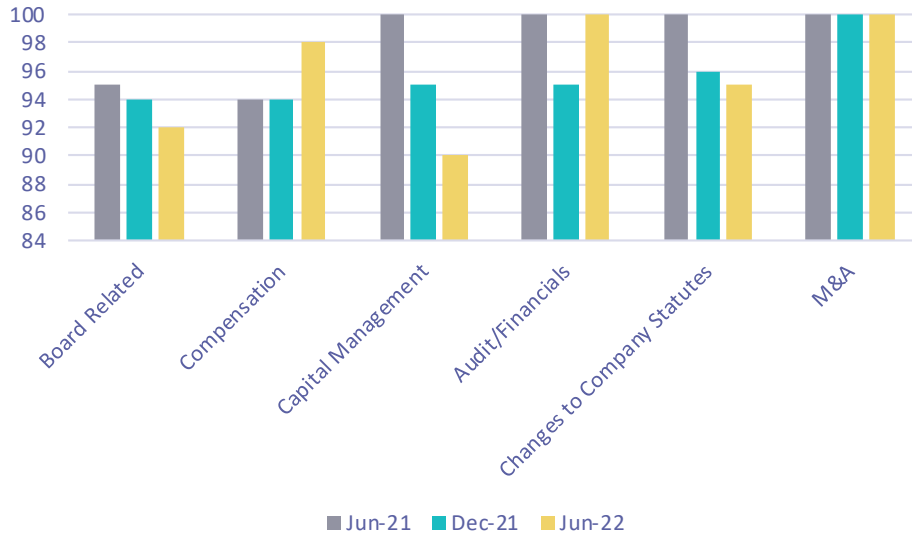
	6-month period to		
	Jun-21	Dec-21	Jun-22
Total number of companies	57	230	57
Total number of meetings	59	238	63
Total number of proposals	268	1390	347
Board related	43%	41%	36%
Compensation	37%	43%	37%
Capital Management	7%	6%	9%
Audit/Financials	2%	2%	3%
Changes to Company Statutes	3%	3%	5%
M&A	3%	1%	4%
Shareholder Proposals	3%	2%	3%
Other	2%	2%	3%
Total number of board spills resolutions*	3	17	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.

CSC Australia Proxy Voting: June 2021 – June 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 January and June 2022, CSC’s votes were exercised in respect of 129 resolutions seeking support for compensation reports. CSC voted against 2 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 5 board spill resolutions during the period, supporting company recommendations against the resolution.

1.2 Director Election

- CSC considered 117 proposals for director elections, rejecting 5 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 2022:

- CSC exercised its vote on 20,264 proposals in respect of 1,336 international companies.
- Of these, 58% 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-21	Dec-21	Jun-22
Total number of companies	1461	328	1336
Total number of meetings	1591	360	1421
Total number of proposals	21875	3497	20264
Board related	58%	52%	58%
Compensation	12%	14%	11%
Capital Management	6%	7%	5%
Audit/Financials	13%	12%	13%
Changes to Company Statutes	4%	6%	4%
M&A	1%	2%	1%
Shareholder Proposals	2%	1%	3%
Meeting Administration	2%	3%	2%
Other	2%	2%	2%

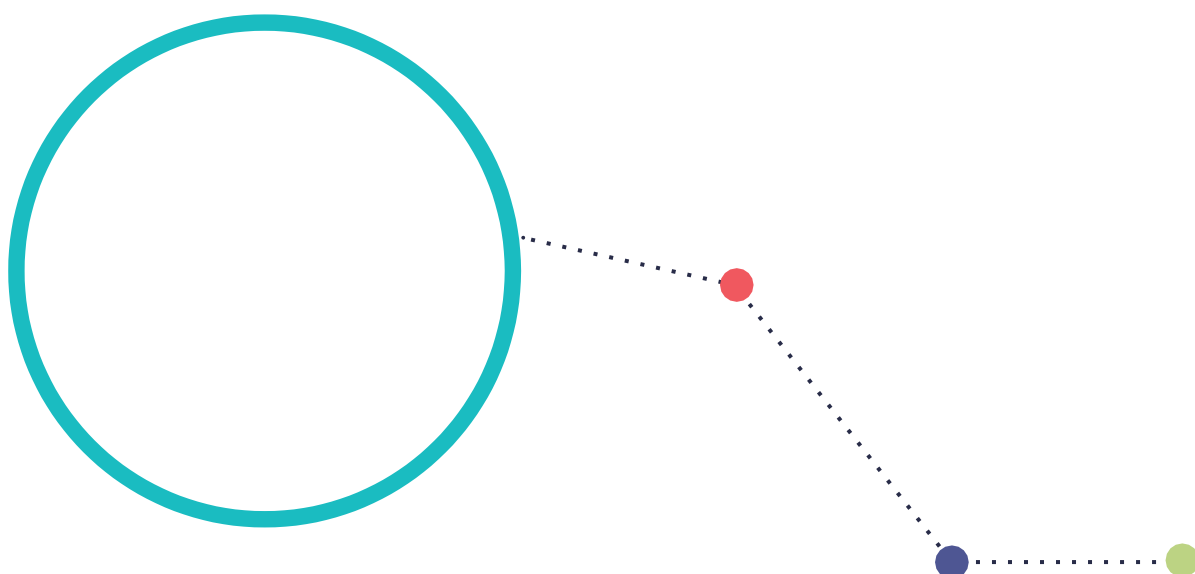


Figure A.4: Summary statistics of CSC’s exercised votes.

International Proxy Voting: June 2021 – June 2022

Percentage of “FOR” votes

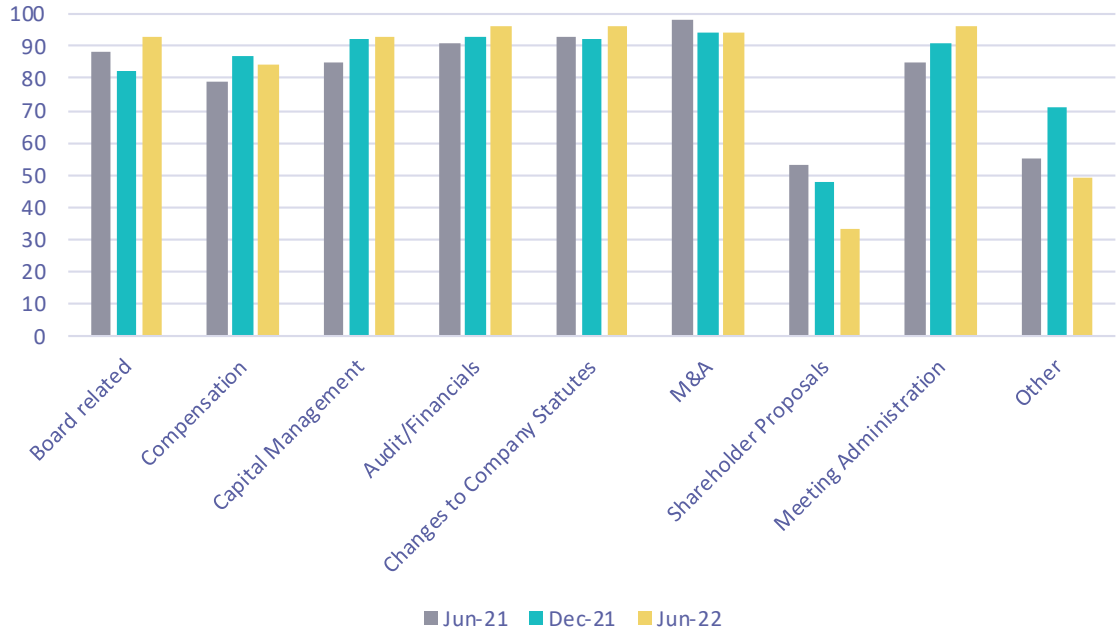


Figure A.5: CSC international voting by region.

Figure A.5 below presents the number of proposals CSC voted in each international region.

International Proxy Voting: Proxy Proposals by Region and Vote Status

