



Australian Government

Commonwealth Superannuation Corporation

# Proxy Voting by CSC

1 January 2023 to 30 June 2023



Commonwealth  
Superannuation  
Corporation

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## 1 January 2023 to 30 June 2023

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 six-month periods in Australia. Over the most recent six-month period to 30 June 2023:

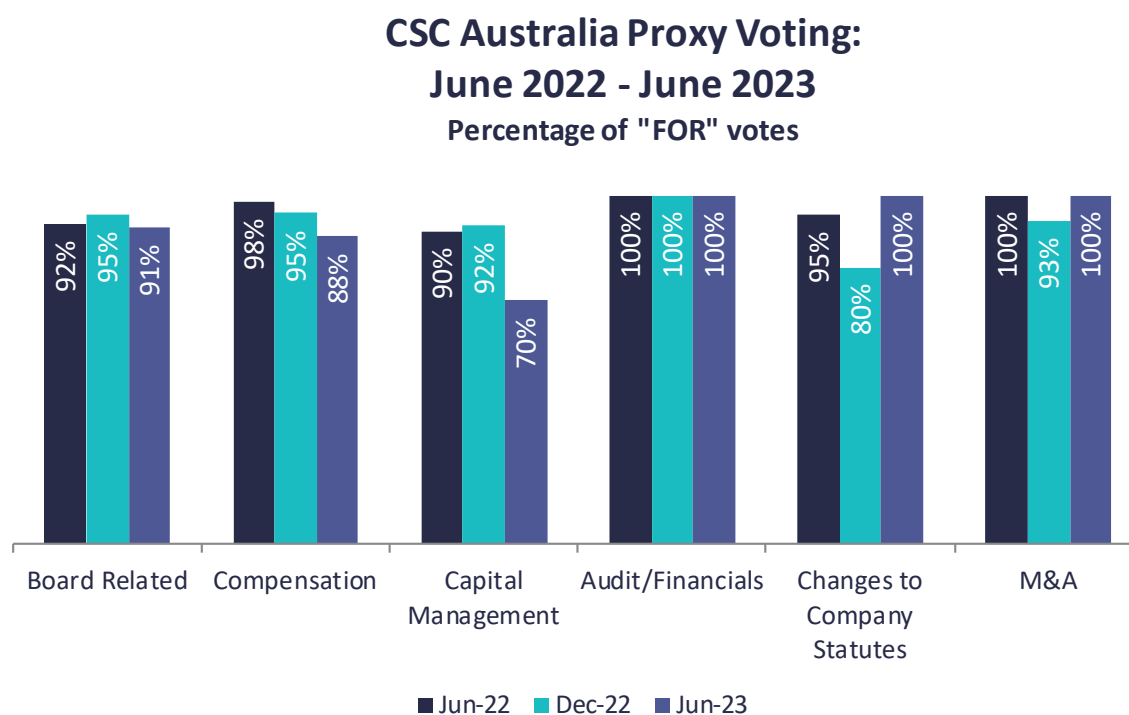
- CSC exercised its vote on 317 proposals in respect of 53 Australian companies.
- As is common, the majority of proposals related to Director elections and Executive compensation structures, making up 41% and 44% of the total proposals put to shareholders, respectively.
- Within the Board-related and compensation categories, CSC voted against approximately 9% and 12% 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 13 to 1.

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

	Six-month period to		
	Jun-22	Dec-22	Jun-23
<b>Total number of companies</b>	57	219	53
<b>Total number of meetings</b>	63	228	53
<b>Total number of proposals</b>	347	1307	317
Board related	36%	41%	41%
Compensation	37%	44%	44%
Capital management	9%	5%	6%
Audit/financials	3%	1%	2%
Changes to company statuses	5%	4%	2%
M&A	4%	1%	1%
Shareholder proposal	3%	1%	1%
Other	3%	3%	2%
<b>Total number of Board spills resolution*</b>	5	13	1

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

Figure A.2: Summary statistics of CSC's exercised 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 2023, CSC's votes were exercised in respect of 139 resolutions seeking support for compensation reports. CSC voted against 16 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 one (1) Board spill resolution during the period, supporting company recommendations against the resolution.

## 1.2 Director Election

- CSC considered 116 proposals for Director elections, rejecting eight (8) proposals.

## 2. Proxy voting in international markets

Over the most recent six-month period to 30 June 2023:

- CSC exercised its vote on 22,702 proposals in respect of 1,452 international companies.
- Of these, 56% 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 six-month periods in international markets.

**Figure A.3: CSC proxy voting activities in international markets.**

	Six-month period to		
	Jun-22	Dec-22	Jun-23
<b>Total number of companies</b>	1386	301	1452
<b>Total number of meetings</b>	1593	322	1565
<b>Total number of proposals</b>	22896	3204	22702
Board related	58%	53%	56%
Compensation	12%	13%	13%
Capital management	5%	8%	6%
Audit/financials	12%	11%	13%
Changes to company statues	4%	4%	4%
M&A	1%	2%	0%
Shareholder proposal	3%	2%	3%
Meeting Administration	2%	4%	3%
Other	2%	3%	2%

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

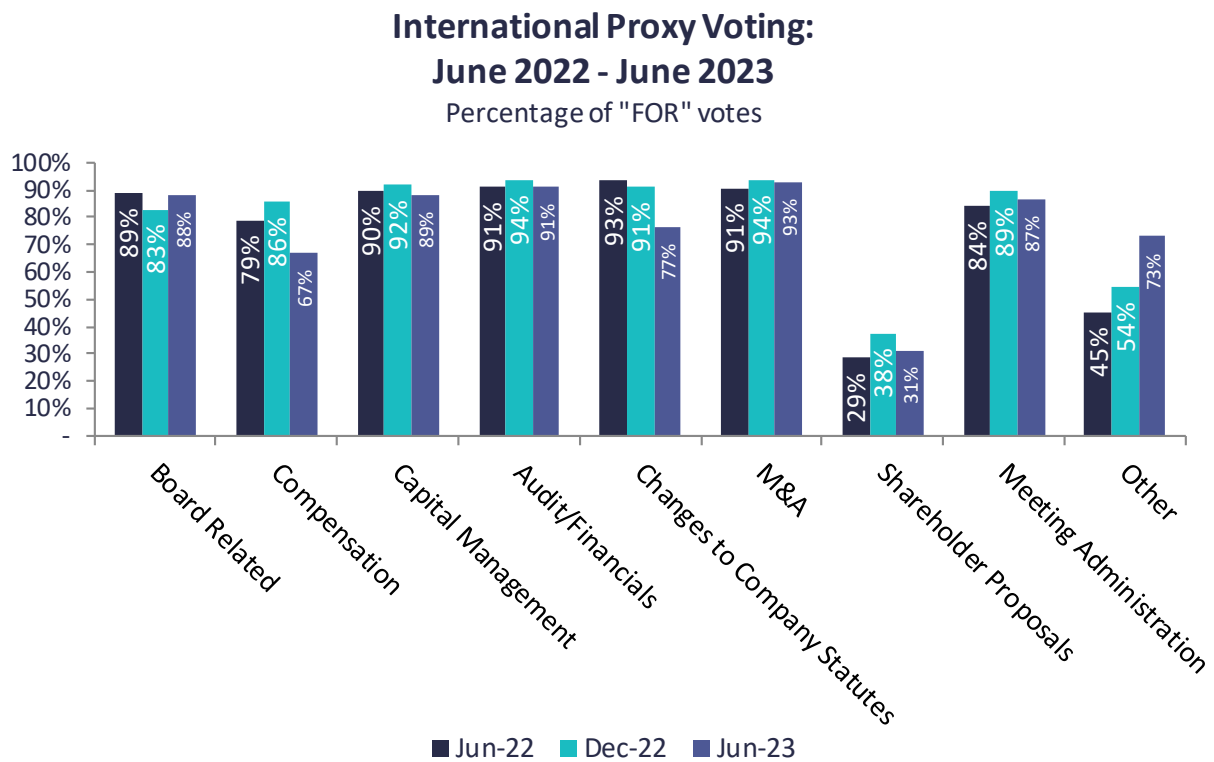


Figure A.5: CSC international voting by region.

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.

