

ACTIVE SUPER PROXY VOTING AND ENGAGEMENT REPORT

June 2021

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ACTIVE  SUPER

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INTRODUCTION

Philosophy

At Active Super we take our ownership responsibility as a long-term shareholder seriously. We are committed to being an active owner of our investments and believe that engaging with companies on environmental, social and governance (ESG) issues can help mitigate potential risks across our investment portfolio.

Voting responsibly helps us fulfill our obligation to provide strong long-term returns for our members while also having a positive impact on the community.

The following report highlights our proxy voting activities for the six months from 1st January to 30th June 2021. Our complete proxy voting record including reasons for voting against resolutions and our Proxy Voting Policy are available on our website.

Voting Policy summary

Active Super uses proxy advisors to guide our voting at shareholder meetings. We work with the Australian Council of Superannuation Investors (ACSI) for our Australian investments and CGI Glass Lewis for our international investments. Active Super is a founding member and Board representative of ACSI.

ACSI and CGI Glass Lewis analyse the financial, environmental, social and governance performance of listed companies and make voting recommendations based on corporate governance best practice. Active Super uses the recommendations of ACSI and CGI Glass Lewis as well as company engagement outcomes to inform our proxy voting decisions.

Active Super may vote against our proxy advisors' recommendations when we believe significant ESG issues may impact our investment portfolio.

Active Super Australian Portfolio

Portfolio overview

100%

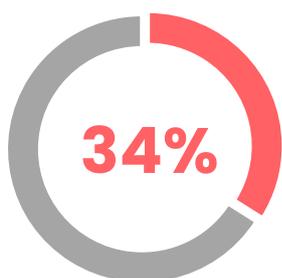
of meetings voted

38

Meetings

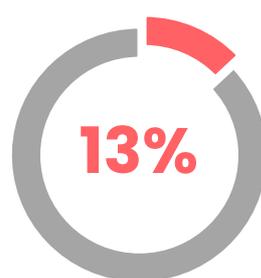
182

Resolutions voted



34%

of meetings with votes against



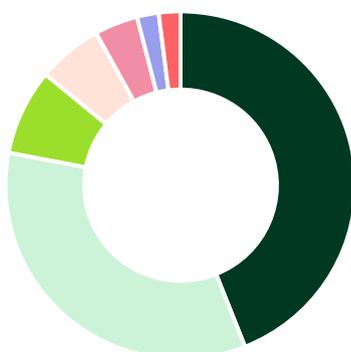
13%

of resolutions voted against

When determining voting recommendations, Active Super takes into account a broad range of factors including the materiality of the ESG issue, how long the issue has been a concern, previous dialogue with the company and improvements in company behaviour.

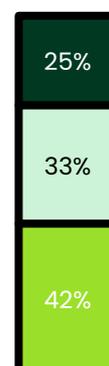
In the First-Half of 2021, we voted against 24 resolutions from 13 Australian companies for reasons including insufficient board independence, inappropriate remuneration and insufficient performance hurdles.

Meeting resolutions by category



■ Board Related	44%	■ Compensation	34%
■ Shareholder Proposals	8%	■ Capital Management	6%
■ M&A	4%	■ Company Statutes	2%
■ Audit/Financials	2%	■ Other	0%

Against votes by category



% Against Votes

■ Shareholder	42%
■ Board Related	33%
■ Compensation/Capital Mgmt.	25%

Say-on-pay resolutions

16%

of votes against compensation proposals

Active Super takes into consideration various factors when deciding on advisory votes relating to executive compensation. These considerations include, but are not limited to, business ethics, company performance, remuneration structure, remuneration practice and total shareholder return (TSR) over multiple reporting periods.

In the First-Half of 2021, we voted against 16% of pay resolutions for reasons including pay & performance disconnects, inappropriate compensation structures and insufficient disclosures.

Board independence

3

Votes to improve board independence

Active Super is committed to promoting greater board independence as we believe this leads to superior board quality and outcomes. Active Super will consider, on a case-by-case basis, voting against members of boards with poor board independence.

In the First-Half of 2021, we voted against 3 director appointments for Australian companies with a lack of majority board independence to signal a need for improvement.

Company engagement

To promote long-term shareholder value and mitigate risk, Active Super actively engages with the companies in which we invest via our fund managers and through our involvement with ACSI, CGI Glass Lewis, the Responsible Investment Association Australasia (RIAA) and the Investor Group on Climate Change (IGCC).

Through our engagement, we aim to increase climate change awareness, improve governance standards and encourage greater disclosure.

Case study

Ensuring appropriate remuneration during the COVID-19 pandemic

In the First-Half of 2021, Active Super voted against the remuneration report of a large-cap property management and development company. The pandemic had a major impact on the company, as it did for all retail landlords. Government shutdowns and restrictions beginning in March 2020 saw many tenants either forced to close or operate on a limited basis. Active Super voted against the remuneration report as we did not consider it appropriate for the board to simultaneously make retention payments in response to the extraordinary nature of the pandemic while effectively paying short-term bonuses on a 'business as usual' basis.

The company received a massive 51% vote 'Against' its remuneration report which constitutes a 'First Strike'. A 'Board Spill' resolution will be voted on if the company receives a 'Second Strike' against its remuneration report at the next AGM.

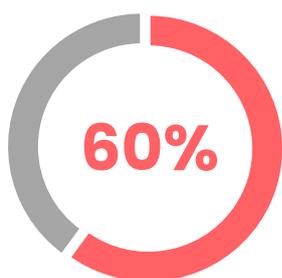
Active Super International Portfolio

Portfolio overview

100%
of meetings voted

510
meetings

7,306
resolutions voted



of meetings with
votes against

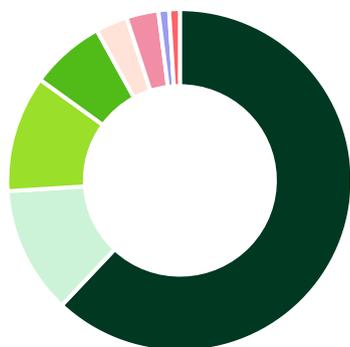


of resolutions voted
against

When determining voting recommendations, Active Super takes into account a broad range of factors including the materiality of the ESG issue, how long the issue has been a concern, previous dialogue with the company and improvements in company behaviour.

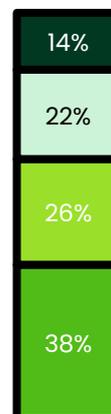
In the First-Half of 2021, we voted against 669 resolutions from 306 companies for reasons including insufficient board independence, inappropriate remuneration and pay/performance disconnect.

Meeting resolutions by category



■ Board Related	62%	■ Compensation	12%
■ Audit/Financials	11%	■ Capital Management	7%
■ Company Statutes	3%	■ Shareholder Proposals	3%
■ Meeting Administration	1%	■ Other	1%

Against votes by category



% Against Votes

■ Compensation	■ Audit/Financials
■ Shareholder/Other	■ Board Related

Say-on-pay resolutions

10%

of votes against compensation proposals

Active Super takes into consideration various factors when deciding on advisory votes relating to executive compensation. These considerations include, but are not limited to, ESG performance, company performance, remuneration structure, remuneration practice and total shareholder return (TSR) over multiple reporting periods.

In the First-Half of 2021, we voted against 10% of pay resolutions for reasons including pay & performance disconnects, inappropriate compensation structures and insufficient disclosures.

Board independence

138

Votes to improve board independence

Active Super is committed to promoting greater board independence as we believe this leads to superior board quality and outcomes. Active Super will consider, on a case-by-case basis, voting against members of boards with poor board independence.

In the First-Half of 2021, we voted against 138 director appointments for companies with a lack of majority board independence to signal a need for improvement.

Proxy voting highlights

The following table provides a snapshot of our 'against' votes that were a result of the presence of significant ESG issues in the Active Super International Portfolio.

Company	Resolution	Voting Rationale
Johnson & Johnson. Intel Corp. Micron Technology Inc. EBay Inc. Dell Technologies Inc Lvmh Moet Hennessy	Remuneration report and executive compensation packages.	We voted against these due to concerns there was a disconnect between pay & performance and concerning remuneration practices.
CK Hutchison Holdings Isuzu Motors Ltd Gap, Inc. Toyota Motor Corporation Crest Nicholson Holdings	Board of Directors re- election.	We voted against these as boards of these companies were not sufficiently independent or there was no independent lead or presiding director.
Daimler AG Target Corp HP Inc AT&T, Inc. Citigroup Inc Goldman Sachs Group	Ratification of Auditor	We voted against these due to concerns that excessively long auditor tenor could compromise auditor independence.