

ACTIVE SUPER PROXY VOTING AND ENGAGEMENT REPORT

June 2022

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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 2022. 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%

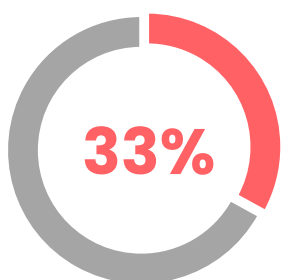
of meetings voted

42

Meetings

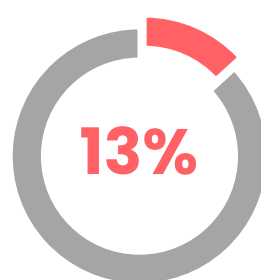
265

Resolutions voted



33%

of meetings with votes against



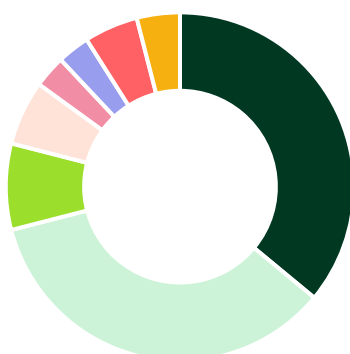
13%

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.

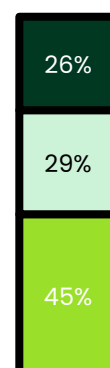
In the First-Half of 2022, we voted against 35 resolutions from 14 Australian companies for reasons including insufficient board independence and inappropriate remuneration.

Meeting resolutions by category



■ Compensation	36%	■ Board Related	35%
■ Capital Management	8%	■ Company Statutes	6%
■ Other	3%	■ Audit/Financials	3%
■ M&A	5%	■ Shareholder Proposals	4%

Against votes by category



% Against Votes

■ Shareholder/Other	26%
■ Board Related	29%
■ Compensation/Capital Mgmt/Statutes	45%

Say-on-pay resolutions

14%

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 2022, we voted against 14% of pay resolutions for reasons including excessive compensation and insufficient disclosures.

Board independence

2

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 2022, we voted against 2 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

Supporting Shareholder Resolution on Climate-Related Lobbying

In the First-Half of 2022, Active Super voted 'For' the climate-related shareholder resolution of a large-cap insurance company. The resolution requested that the company disclose, in subsequent annual reporting, short, medium and long-term targets and plans to reduce investment and underwriting exposure to oil and gas assets, along with progress against the targets set. The targets should be consistent with the climate goals of the Paris Agreement.

The resolution noted that the company has significant, costly and growing physical climate risk exposures from increasingly extreme weather events reflected in growing catastrophe claims. Active Super also engaged with our fund managers regarding the company's inadequate climate change risk management and disclosure.

The company received 19.2% votes 'For' its the climate-related shareholder resolution at the 2022 AGM.

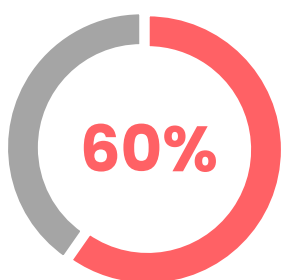
Active Super International Portfolio

Portfolio overview

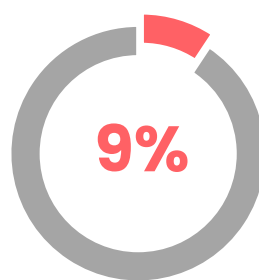
100%
of meetings voted

479
meetings

7005
resolutions voted



of meetings with
votes against

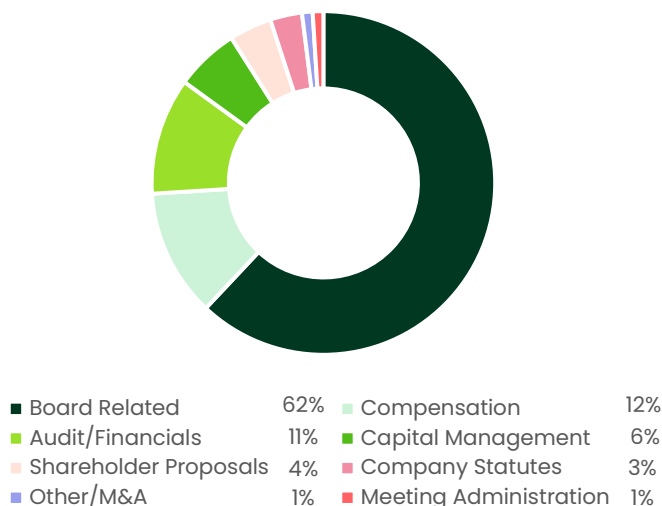


of resolutions voted
against

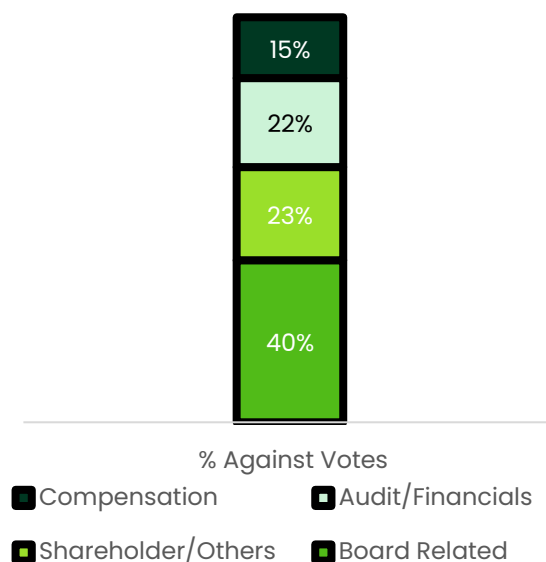
When determining voting recommendations, Active Super takes into account a broad range of factors including the materiality of the ESG issue, how long the issue has been a concern, previous dialogue with the company and improvements in company behaviour.

In the First-Half of 2022, we voted against 652 resolutions from 286 companies for reasons including insufficient board independence, inappropriate remuneration and pay/performance disconnect.

Meeting resolutions by category



Against votes by category



Say-on-pay resolutions

12%

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 2022, we voted against 12% of pay resolutions for reasons including pay & performance disconnects, inappropriate compensation structures and insufficient disclosures.

Board independence

129

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 2022, we voted against 129 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 Dell Technologies Inc JPMorgan Chase & Co. Heico Corp.	Remuneration report and executive compensation packages.	We voted against these due to concerns there was a disconnect between pay & performance and concerning remuneration practices.
Kraft Heinz Co Ford Motor Co. CK Hutchison Holdings Limited Toyota Motor Corporation	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.
Citigroup Inc Mercedes-Benz Group AG AT&T, Inc. Target Corp	Ratification of Auditor	We voted against these due to concerns that excessively long auditor tenor could compromise auditor independence.