

Two Steps Forward, One Step Back

How Australia's largest super funds
voted on shareholder proposals
2017-2019

Fiona Deutsch, Daniel Gocher and ACCR staff

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accr.org.au

 **ACCR**



Contact us:

office@accr.org.au

accr.org.au

ABOUT ACCR

The Australasian Centre for Corporate Responsibility (ACCR) is a not-for-profit association that promotes responsible investment through undertaking and publishing research to evaluate and improve the performance of Australian listed companies on environmental, social and governance (ESG) issues.

We have a small portfolio of shares that we hold for the purpose of engaging with listed companies, including through the filing of shareholder proposals.

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An online, accessible version of this report will be available at https://www.accr.org.au/research/two_steps_forward.

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Executive Summary

Prior to the significant declines in stock markets around the world in early 2020, the Australian superannuation industry controlled close to \$3 trillion (including self-managed super funds). Yet despite the sector's size and influence, the disclosure practices of the majority of funds remain inadequate.

Super funds are major shareholders in listed companies, and they are entitled to vote on all items on the agenda at company AGMs, including shareholder proposals. Shareholder proposals tend to address issues of broad public concern, such as climate change, workers' rights, human rights, and corporate political influence. These issues are relevant to super fund members and the society they live in and will retire into. Yet many of Australia's largest super funds do not disclose how they vote on such proposals, or if they bothered to vote at all, let alone their reasons for casting their vote in a certain way.

In recent years, super funds have used their influence to remove directors at listed companies including AMP and Westpac. They have also effectively exercised their rights - by voting against remuneration reports - to force change in boardrooms. However, it is usually months after the AGM headlines before the general public can learn how their super fund voted at a company meeting.

The Australasian Centre for Corporate Responsibility (ACCR) has analysed the proxy voting decisions of Australia's 50 largest superannuation funds on 686

shareholder proposals filed at companies in Australia, Canada, Norway, the United Kingdom (UK) and the United States (US) between 2017 and 2019. All of these proposals related to environmental, social and governance (ESG) issues. This report builds upon ACCR's 'Vote Like You Mean It Report'¹ in 2019, and Market Forces' proxy voting research² in 2018.

The purpose of this research is not to suggest that funds should support every shareholder proposal. Rather, it seeks to highlight the clear correlation between funds with responsible investment practices and support for shareholder proposals. Funds that are engaged on ESG issues are clearly more likely to vote for improved ESG outcomes.

This report highlights a number of critical issues. Firstly, the significant increase in support for shareholder proposals in 2018 was followed by a decline in support in 2019. The reasons for this decline warrant further research. Secondly, as we have previously observed, there is a vast gap between leaders and laggards, both in terms of voting disclosure and support for shareholder proposals. Thirdly, retail funds continue to disclose less information and support fewer shareholder proposals than the rest of the industry. Finally, while the disclosure of voting records improved overall in 2019, the disclosure of international voting records remains poor, and the majority of funds still do not disclose complete voting records.

For the first time, ACCR has also analysed the voting records of funds based on the outcome of each proposal – the results were striking. While it seems obvious that more funds supporting a proposal would contribute to a higher vote, 20 per cent stands out in the research as a tipping point; that is, many funds were far more likely to support a proposal where overall support was greater than 20 per cent. This suggests that there is a common understanding of materiality of issues raised by shareholder proposals.

The growth in funds marketing themselves as responsible or sustainable investors is well documented. While shareholder proposals make up just a small proportion of all votes cast by a fund in any given year, further research comparing funds' entire voting records to their sustainability claims is warranted.

Given the maturity and size of the Australian superannuation sector, greater transparency about how and why funds exercised their voting rights is warranted. Our recommendations for increasing fund transparency are presented on page 6 of this report.

In the interests of transparency, ACCR will publish the complete dataset underlying this report on its website: www.accr.org.au/research.

¹ Australasian Centre for Corporate Responsibility, "Vote Like You Mean It: A Study of the Proxy Voting Records of Australia's Largest Super Funds in 2018", <https://www.accr.org.au/downloads/accr-vote-like-you-mean-it-2019-final.pdf>

² Market Forces, "Voting against Climate Action - 2018 Data Update", <https://www.marketforces.org.au/campaigns/super/voting-against-climate-action/> [accessed 18 May 2020]

Key Findings

On overall voting trends:

- Aggregate support for all shareholder proposals jumped from 33% in 2017 to 53% in 2018, but declined to 48% in 2019.
- Seven funds supported a majority of proposals between 2017 and 2019: Local Government Super (82%), HESTA (66%), Vision Super (66%), Macquarie (62%), Cbus (59%), Mercer (58%) and Qantas Super (57%).
- Twelve funds supported more than 50% of proposals in 2019.
- Most funds supported a significantly higher proportion of proposals at US companies than at Australian companies between 2017 and 2019.

On disclosure:

- While disclosure improved in 2019 (from 11 to 18 funds now disclosing a complete record), the majority of funds still do not disclose a complete proxy voting record.
- The disclosure practices of Colonial First State, Russell Investments and Suncorp appear to be inconsistent with the Financial Services Council's Standard 13, due to a lack of any detailed proxy voting record.

On voting by industry association members:

- At least eight members of the Investor Group on Climate Change (IGCC) supported less than 50% of climate-related proposals (138 out of 686 proposals) between 2017 and 2019: Cbus, AustralianSuper, BT Financial Group, Media Super, Russell Investments, First State Super, UniSuper and AMP.
- Members of the Australian Council of Superannuation Investors (ACSI), the Investor Group on Climate Change (IGCC), the UN Principles for Responsible Investment (PRI) and/or the Responsible Investment Association of Australasia (RIAA) were more supportive of proposals between 2017 and 2019 than funds which are non-members.
- Relative to the rest of the industry, retail funds (mostly members of the Financial Services Council) supported fewer shareholder proposals, and had poorer voting disclosure records.

On thematic voting:

- Eight funds supported more than 50% of climate-related proposals between 2017 and 2019: Local Government Super (75%), HESTA (73%), Vision Super (71%), Mercer (61%), NGS Super (58%), Macquarie (57%), VicSuper (53%) and Qantas Super (53%).
- Seventeen funds supported more than 50% of lobbying-related proposals between 2017 and 2019.
- BT Financial Group and REST voted against shareholder proposals seeking greater disclosure on gender pay equity at companies whose employees are fund members (Adobe Systems and TJX Companies, respectively).

Recommendations

1. All funds should disclose their entire proxy voting record, for every proposal at every company meeting, across all jurisdictions.
2. Funds that delegate voting to fund managers should disclose the proxy voting record of those fund managers.
3. Voting disclosures should be easily accessible on fund websites. Best practice disclosure is made through an online portal (typically facilitated by proxy advisers), which can also enable timely disclosure.
4. Voting should be disclosed within a week of the company meeting. Best practice disclosure occurs, where practicable, ahead of company meetings.
5. Where funds describe themselves as “active owners,”³ they should publish information about their active ownership strategies. In addition to the complete and timely disclosure practices recommended above, funds could demonstrate active ownership by describing the expectations they have of companies or sectors during private engagement, publishing analysis of their own proxy voting record, and publishing voting bulletins or rationales explaining voting decisions on votes of public interest.
6. Funds with responsible investment and proxy voting policies should ensure their voting is consistent with those policies.
7. Funds should vote consistently across jurisdictions.
8. Funds should consider the interests of their members when voting for shareholder proposals, particularly when voting at companies that employ their own members.
9. Shareholder proposals are one option in the range of tools available to investors to improve company behaviour. Funds should consider filing or co-filing proposals when other forms of engagement fail to deliver change.

³ Active ownership is the use of shareholder rights to influence corporate behaviour through engagement and proxy voting.

Section 1: Introduction

1.1 SUPERANNUATION IN AUSTRALIA

Australian superannuation assets neared \$3 trillion at the end of the December 2019 quarter.⁴ According to figures from the Australian Prudential Regulation Authority (APRA), at 30 June 2019, the 50 largest Australian super funds were responsible for managing \$1.86 trillion.⁵ This accounts for approximately 96.5% of APRA-regulated funds⁶, and approximately 65% of all superannuation assets.⁷

Despite significant declines in funds’ assets under management (AUM) throughout the COVID-19 crisis, APRA only publishes fund-level data on an annual basis, as at 30 June. For this reason, all fund-level AUM data in this report refers to figures from 30 June 2019.

As at 31 December 2019, 51.4% of APRA-regulated funds were invested in equities, with 25.3% in international listed equities, 22% in Australian listed equities and 4.1% in unlisted equities.⁸ 30.8% of funds were invested in bonds and short-term “cash” instruments, 14.4% of funds were invested in property and infrastructure, and 3.3% were invested in other assets.⁹

FIGURE 1. AUSTRALIAN SUPERANNUATION INDUSTRY ASSET ALLOCATION AS AT 31 DECEMBER 2019.



Data source: APRA, Quarterly Superannuation Performance Statistics, December 2019.

⁴ Australian Prudential Regulation Authority, “Quarterly Superannuation Performance Statistics December 2019”, 25 February 2020, <https://www.apra.gov.au/sites/default/files/2020-02/Quarterly%20superannuation%20performance%20statistics%20-%20December%202019.xlsx> [accessed 18 May 2020]

⁵ Australian Prudential Regulation Authority, “Annual Fund-Level Superannuation Statistics June 2019”, 10 December 2019, <https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20June%202019.xlsx> [accessed 18 May 2020]

⁶ Super funds regulated by APRA are typically large funds with hundreds or thousands of members; excluding self-managed super funds (SMSFs).

⁷ Australian Prudential Regulation Authority, 2020.

⁸ Australian Prudential Regulation Authority, 2020.

⁹ Australian Prudential Regulation Authority, 2020.

1.2 WHAT IS PROXY VOTING?

Shareholders in listed companies are entitled to vote on proposals (or “resolutions”) put to company meetings. Usually, such proposals are considered at a company’s annual general meeting, but votes may also occur at extraordinary general meetings and proxy contests.

The opportunity for shareholders to vote on proposals at company meetings is, in theory, a form of ‘democracy’ within a company. Though there is a clear difference between insiders, institutional investors and retail shareholders, in most companies (in the jurisdictions relevant to our analysis) shareholders have legally equal voting rights. Proxy voting is thus an avenue for the entire spectrum of investor views to be represented.

The vast majority of proposals put to a vote at company meetings relate to the general business of the company, and are proposed by management. These include (but are not limited to) the election of company directors, remuneration reports, and amendments to the company’s constitution (such as provisions pertaining to takeovers, the issuance of shares and company name changes). In some jurisdictions, specific types of resolutions are mandated by regulators. In Australia, shareholders must vote to approve remuneration reports. In the UK, shareholders must approve political contributions by public companies.

Proposals put forward by shareholders, on the other hand, often address environmental, social or governance (ESG) issues, beyond the scope of ‘general business’. These proposals frequently include requests for further information about the conduct of the

TABLE 1. AUSTRALIAN SUPERANNUATION INDUSTRY ASSETS UNDER MANAGEMENT, BY FUND TYPE¹

Fund type	30 Jun 2019 (\$B)	31 Dec 2019 (\$B)
Corporate	58.7	60.5
Industry	718.7	771.4
Public sector	520.1	532.2
Retail	625.9	638.5
Small APRA funds	2.1	2.1
Total APRA-regulated funds	1,925.5	2,004.7
SMSFs	730.6	739.7
Other	206.2	207.1
Total	2,862.2	2,951.5

Source: APRA, Quarterly Superannuation Performance Statistics, December 2019.

company, and sometimes a specific policy that shareholders propose the company adopt. Often proposals on environmental and social issues reference company conduct in a specific location (such as mining in ecologically sensitive locations) or in a specific policy area (such as climate change or workers’ rights). Proposals on governance often seek to improve board diversity or link remuneration to sustainability outcomes.

In a company’s notice of meeting, the company’s board explains each proposal, and makes a recommendation to shareholders about how to vote on each proposal, along with its rationale.

Shareholder proposals rarely receive the support of company management. In cases where a board recommends support for a shareholder proposal, the proposal will typically receive near-unanimous support. For example, the board-endorsed proposal at BP in 2019 on climate risk disclosure, supported by the Climate Action 100+ initiative, was supported by 99.1% of shareholders.¹⁰

Levels of shareholder support for proposals varies between jurisdictions and institutions, and changes from year to year. But the potential power wielded by shareholders remains significant.

In Australia, share ownership is very concentrated: more than two thirds of the shares of listed companies are controlled by institutional investors.¹¹ In 2017, APRA-regulated super funds controlled approximately 27% of shares on issue, while households controlled just 12%.¹² For example, retail shareholders (<1000 shares) make up approximately 74% of the *number* of shareholders in the Commonwealth Bank of Australia, but together they control just 10.3% of the company’s shares on issue.¹³

In Australia, shareholder proposals remain relatively uncommon, and shareholder proposals led by institutional investors are rarer still. Institutional investors rely largely on private engagement to seek change within listed companies. While institutional investors and groups of

¹⁰ BP, “BP to Support Investor Group’s Call for Greater Reporting around Paris Goals,” BP, 1 February 2019, <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-to-support-investor-groups-call-for-greater-reporting-around-paris-goals.html> [accessed 18 May 2020]

¹¹ Citi, “Australian Share Ownership,” StillImage, ABC News, 7 October 2017, <https://www.abc.net.au/news/2017-10-07/australian-share-ownership/9023930> [accessed 18 May 2020]

¹² Citi.

¹³ Commonwealth Bank of Australia, “Annual Report 2019”, p286.

retail shareholders —such as the Australian Shareholders’ Association — do enjoy private access to senior executives and/or company board members, such engagement has its limitations. When an Australian company is failing to meet investor expectations, limited tools for escalation are available. Investors may vote against remuneration reports, or against the election of directors (though as Australian company directors serve three year terms, timelines for this kind of intervention may not align with immediate concerns). In 2019, for example, one director of Westpac Banking Corporation stood down before the Annual General Meeting,¹⁴ and the company’s remuneration report was opposed by 35.9% of shareholders.

While in many jurisdictions shareholder proposals are not binding, they can provide a useful ‘poll’ of shareholders’ opinions on a specific issue. For that reason, they are an important way to communicate concerns to company management, particularly where existing engagement is proving ineffective.

1.3 PROXY ADVISERS

Proxy advisers are independent firms that provide advice to shareholders on all proposals for consideration at a company meeting. The proxy advice industry is dominated globally by two firms: CGI Glass Lewis and Institutional Shareholder Services (ISS). In some jurisdictions, smaller firms and investor associations will also provide proxy

advice. In Australia, these include the Australian Council of Superannuation Investors (ACSI), Regnan and Ownership Matters.

Proxy advisers determine voting recommendations based on various factors: their own policy principles, principles set by the client, the voting ‘style’ option the client has chosen, and any information advisers have gathered through their direct engagement with companies. In the case of shareholder proposals, advisers may also engage with the filing individual or group.

Even if a shareholder proposal is consistent with the proxy adviser’s principles, they will not necessarily recommend voting in favour of it. If the proxy adviser considers that a) the company has made a commitment to improve or report on the issue, or b) if the proposal is novel, directive, onerous or ambiguous, proxy advisers may recommend voting against it.

Proxy advisers’ recommendations, and the reasoning behind these recommendations, are generally not made public. As a result, companies have often been critical of the role of proxy advisers, and in some cases have sought to limit their power.¹⁵

In the absence of public disclosures, data providers such as UK-based Proxy Insight estimate advisers’ voting recommendations, based on how the majority of their investor clients vote. But some investors receive advice from multiple advisers, and investors do not always vote in accordance with the advice they have received, rendering such estimations imprecise.

1.4 SHAREHOLDER PROPOSALS IN AUSTRALIA

In recent years in Australia, the number of shareholder proposals¹⁶ filed with Australian companies has steadily increased (see Table 2). Most proposals in recent years have been filed by civil society organisations, such as ACCR and Market Forces. In some cases, institutional investors have co-filed these proposals. For instance, ACTIAM (Netherlands), the Church of England Pensions Board (UK), Grok Ventures (Australia), MP Pension (Denmark) and Vision Super (Australia) co-filed proposals at BHP Group in 2019.

In Australia, shareholders filed 30 proposals in 2019, including 12 constitutional amendments (which are, under the accepted interpretation of Australian corporations law, currently a precondition for the filing of an ordinary proposal), and 18 substantive proposals. In the US, shareholders filed 460 proposals on environmental, social and sustainability issues in 2019, and a similar number in 2018.¹⁷ Just 41% of those went to a vote, the majority being withdrawn after agreement was reached between the proponent and the company.¹⁸

The number of shareholder proposals related to climate risk disclosure and emissions target setting have increased over recent years, alongside growing attention to companies’ climate risk profiles and public concern about climate change.

¹⁴ Clancy Yeates, “Westpac chief Brian Hartzler to step down in wake of scandal”, *Sydney Morning Herald*, 26 November 2019, <https://www.smh.com.au/business/banking-and-finance/westpac-chief-brian-hartzler-to-step-down-20191126-p53e2l.html> [accessed 18 May 2020]

¹⁵ Attracta Mooney, “Big Two Proxy Advisers Face Glare of SEC Scrutiny”, *Financial Times*, November 11, 2018, <https://www.ft.com/content/0fd4e07d-35c9-31bd-ad94-882c716120bf> [accessed 18 May 2020]

¹⁶ For clarity (because they are usually advisory), we have used the term ‘proposal’ rather than ‘resolution’ throughout this report.

¹⁷ Welsh, H. and Passoff, M., “Proxy Preview 2020”, *As You Sow*, 3 April 2020, p5, <https://www.asyousow.org/reports/proxy-preview-2020> [accessed 18 May 2020]

¹⁸ Welsh and Passoff.

1.5 PROXY VOTING DISCLOSURE IN AUSTRALIA

Proxy voting disclosure by US mutual funds has been mandatory since 2004. However, there is no regulatory equivalent mandating disclosure by Australian super funds.

Australian APRA-regulated super funds are required to disclose on their website a proxy voting policy and a summary of their proxy voting behaviour.¹⁹ Self-managed super funds (SMSFs) and exempt public-sector superannuation schemes are not required to make such disclosures.

Regulation 2.38 of the Superannuation Industry (Supervision) Act 1994 requires disclosure of proxy voting policies at 2(n) and a summary voting record at 2(o). 2(o) requires disclosure of “a summary of when, during the previous financial year, and how the entity has exercised its voting rights in relation to shares in listed companies”.

In July 2017, the Australian Securities and Investments Commission (ASIC) intervened in relation to 21 superannuation trustees, to improve ‘Transparency Information’ on their websites.²⁰ According to ASIC, transparency information should include “a summary of how the trustee voted in the last financial year in relation to listed shares held by the fund”. ASIC’s regulatory guide 252 specifies that such information must be published within 20 business days of

the fund’s financial year end.²¹ Commenting on the importance of super funds providing adequate information on their voting records, ASIC Deputy Chairman Peter Kell has noted that due to the economic significance of superannuation in Australia, this information should be properly disclosed not only for the benefit of super fund members, but also for the ‘gatekeepers’ of the super fund industry, including advisers, analysts, and the media.²²

Unfortunately, even when trustees provide a summary of how they have voted (in line with their obligations), they are not required to provide detailed information on how they voted on each proposal at each company throughout the financial year. Many instead choose to disclose aggregated voting behaviour only, for instance by disclosing the number of times the fund voted against management.

Some investor industry associations provide guidance to members on the disclosure of proxy voting records. These associations are discussed below.

The Australian Council of Superannuation Investors (ACSI) is a group of 41 asset owners and institutional investors which, together, manage over \$2.2 trillion in assets.²³ ACSI encourages members to focus on factors that may impact investment value over the long term, such as ESG risks and opportunities,²⁴ but does not require its members to disclose their

proxy voting records. In May 2018, ACSI published the Australian Asset Owner Stewardship Code,²⁵ which now has 16 super funds as signatories. Principle 2 of the Code states that “asset owners should publicly disclose their policy for voting at company meetings and voting activity”. The guidance provides examples of appropriate voting disclosures, but does not specify that each proposal at each company be disclosed. In practice, it appears to apply only to Australian shareholdings.

The Financial Services Council (FSC) is a peak body that sets standards and policies for over 100 members in the financial services sector.²⁶ Many retail super funds are members, and as a condition of membership, they must comply with its standards. FSC Standard 13 ‘Voting Policy, Voting Record and Disclosure’²⁷ requires members who operate investment schemes to have and make available to members a voting policy, and to publish an annual voting record, within 3 months after the end of the relevant financial year relating to listed Australian investments.²⁸ Paragraph 9.7 of Standard 13 outlines the information which must be included in members’ voting records, including the company name, a description of the proposal and how the member voted.²⁹

The Investor Group on Climate Change (IGCC) is a group of 74 institutional investors and other parties concerned about the impact of climate change on their investments.³⁰ IGCC members sign

¹⁹ Australian Government, “Superannuation Industry (Supervision) Regulations 1994”, accessed May 18, 2020, <http://www.legislation.gov.au/Details/F2019C00094> [accessed 18 May 2020]

²⁰ Australian Securities and Investments Commission, “17-222MR ASIC Acts to Improve Transparency of Super Websites”, Media Release, <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2017-releases/17-222mr-asic-acts-to-improve-transparency-of-super-websites/> [accessed 18 May 2020]

²¹ Australian Securities and Investments Commission, “Regulatory Guide 252 Keeping Superannuation Websites up to Date”, June 2014, p17.

²² Australian Securities and Investments Commission, 2014.

²³ Australian Council of Superannuation Investors, “What We Do”, <https://acsi.org.au/about/what-we-do/> [accessed 18 May 2020]

²⁴ Australian Council of Superannuation Investors.

²⁵ Australian Council of Superannuation Investors, “Australian Asset Owner Stewardship Code”, <https://acsi.org.au/members/australian-asset-owner-stewardship-code/> [accessed 18 May 2020]

²⁶ Financial Services Council, “About”, <https://www.fsc.org.au/about> [accessed 18 May 2020]

²⁷ Financial Services Council, “FSC Standard No.13: Voting Policy, Voting Record and Disclosure” <https://www.fsc.org.au/web-page-resources/fsc-standards/1518-13s-voting-policy-voting-record-and-disclosure-13> [accessed 18 May 2020]

²⁸ Financial Services Council.

²⁹ Financial Services Council.

³⁰ Investor Group on Climate Change, “Who Are We?”, <https://igcc.org.au/who-are-we/> [accessed 18 May 2020]

a Statement of Commitment, requiring them to demonstrate “progress incorporating the risks and opportunities associated with climate change into investment decisions... and into business operations”.³¹ IGCC does not appear to require its members to disclose their proxy voting records.

The Principles for Responsible Investment (PRI) is a global initiative that supports its members — asset owners, investment managers, and some organisations which service asset owners and investment managers — to incorporate ESG factors into their investment and ownership decisions.³² PRI members sign on to six principles. Principle 2 requires members to be “active owners”, including through “engagement with companies and exercise of voting rights”.³³ PRI does not require members to disclose their proxy voting records.

The Responsible Investment Association Australasia (RIAA) is a group of 270 institutional investors and other financial services actors (including ACCR) responsible for managing more than \$9 trillion in assets.³⁴ RIAA’s stated mission is to promote, advocate for, and support approaches to responsible investment.³⁵ In order to attain RIAA certification, super funds must implement “systematic corporate engagement activities and proxy voting”,³⁶ but RIAA does not require members to disclose their detailed proxy voting records.

³¹ Investor Group on Climate Change, “Membership”, <https://igcc.org.au/joining-igcc/> [accessed 18 May 2020]

³² Principles for Responsible Investment, “About the PRI”, <https://www.unpri.org/pri/about-the-pri> [accessed 18 May 2020]

³³ Principles for Responsible Investment, “A practical guide to active ownership in listed equity”, <https://www.unpri.org/listed-equity/a-practical-guide-to-active-ownership-in-listed-equity/2717.article> [accessed 18 May 2020]

³⁴ Responsible Investment Association Australasia, “About Us”, <https://responsibleinvestment.org/about-us/> [accessed 18 May 2020]

³⁵ Responsible Investment Association Australasia.

³⁶ Responsible Investment Association Australasia, “Responsible Investment Certification Program - Program Requirements by Category Guide V2.1”, August 2018, <https://responsibleinvestment.org/wp-content/uploads/2018/08/2-Program-Requirements-by-Category-Guide.pdf> [accessed 18 May 2020]

Section 2: Methodology

This report examines the publicly available proxy voting records of Australia's 50 largest super funds on 686 shareholder proposals relating to environmental, social and governance issues, put to companies between 2017 and 2019 across five jurisdictions. Data was collected during March and April 2020.

The 50 largest funds by assets under management (AUM), as reported by APRA,³⁷ were included in the analysis.

While several funds maintain many years' worth of proxy voting records on their websites, others remove older records after a certain period of time. For this reason, several funds that ordinarily disclose complete voting records on an annual basis no longer publish their 2017 proxy voting record.³⁸ However, these funds' voting records on climate-related shareholder proposals in 2017 were collected as part of ACCR's 2019 report, 'Vote Like You Mean It'.³⁹ While this is a smaller sample size (58 proposals), it does provide a fair representation of those funds' voting records.

Notably, many retail funds – including AMP, BT Financial Group and Macquarie – disclose their proxy voting records by fund or fund manager, rather than as an aggregated voting record for the entire super fund. This makes it difficult to determine whether the voting record is in fact complete.

TABLE 2. FUNDS INCLUDED IN THIS REPORT, BY AUM.

AUM	# Funds	Total AUM \$B	APRA-regulated AUM %
> \$100 billion	7	941.2	48.9%
\$50-100 billion	6	420.8	21.9%
\$20-50 billion	7	217.9	11.3%
\$10-20 billion	11	144.5	7.5%
< \$10 billion	19	133.4	6.9%
Total	50	1,857.8	96.5%

Source: APRA, Annual Fund-Level Superannuation Statistics June 2019.

TABLE 3. FUNDS INCLUDED IN THIS REPORT, BY FUND TYPE.

Fund type	# Funds	Total AUM \$B	APRA-regulated AUM %
Corporate	4	48.7	2.5%
Industry	23	695.9	36.1%
Public Sector	9	512.8	26.6%
Retail	14	600.4	31.2%
Total	50	1,857.8	96.5%

Source: APRA, Annual Fund-Level Superannuation Statistics June 2019.

Proxy voting records were collected from each fund's website, and a database was created to analyse the voting behaviours of each fund. As well as reporting on these voting behaviours at an individual fund level, data was further aggregated and analysed by AUM, fund type and industry association membership.

2.1 FUND CHARACTERISTICS

The 50 largest super funds included in this report control \$1,858 billion, or 65% of all superannuation assets, as at 31 December 2019. This makes up 96.5% of AUM at APRA-regulated funds – in other words, the vast majority of

³⁷ Australian Prudential Regulation Authority, 2019.

³⁸ These funds include BT Financial Group, REST, Sunsuper, Mine Wealth and Wellbeing, Mercer, equisuper, Energy Super, CommBank Group Super and TWU Super.

³⁹ ACCR, 2019.

the superannuation sector.⁴⁰ The largest seven funds collectively manage nearly half of APRA-regulated assets.

Funds were classified according to four fund types: corporate, industry, public sector and retail (see Table 3). Industry super funds were the most represented fund type, with \$695.9 billion in assets (36.1% of APRA-regulated AUM). These was followed by retail funds with \$600.4 billion in assets (31.2% of APRA-regulated AUM), then public sector funds with \$512.8 billion in assets (26.6% of APRA-regulated AUM), and corporate funds with \$48.7 billion in assets (2.5% of APRA-regulated AUM).

Funds were also classified according to their industry association membership (see Table 4). These included the Australian Council of Superannuation Investors (ACSI), the Financial Services Council (FSC), the Investor Group on Climate Change (IGCC), the UN Principles for Responsible Investment (PRI) and the Responsible Investment Association of Australasia (RIAA). Membership status was obtained from each industry association's website.

TABLE 4. FUNDS INCLUDED IN THIS REPORT, BY INDUSTRY ASSOCIATION.

Industry association	# Funds	Total AUM \$B	APRA-regulated AUM %
ACSI	28	940.5	48.8%
FSC	10	517.9	26.9%
IGCC	21	1,179.3	61.2%
PRI	32	1,444.6	75.0%
RIAA	23	730.2	37.9%

Source: APRA, Annual Fund-Level Superannuation Statistics June 2019.

2.2 SHAREHOLDER PROPOSALS

This report covers 686 shareholder proposals on environmental, social and governance (ESG) issues. Certain types of shareholder proposals on governance issues were excluded from the study sample, including proposals relating to the appointment of an independent chairperson and proposals related to proxy access (specifically in the US). These were excluded due to the lack of a primary source of information.⁴¹ However, shareholder proposals on governance issues relating to corporate lobbying, proposals seeking to link remuneration with ESG criteria, and proposals related to board diversity were all included. Shareholder proposals considered at extraordinary general meetings/proxy contests were also excluded.

This report covers shareholder proposals in Australia, Canada, Norway, the UK and the US. All known shareholder proposals relating to ESG issues in these jurisdictions in calendar years 2017-2019 were included in the study. In total, the report covers 686 shareholder proposals filed at 260 companies (Table 5).

While average support for all shareholder proposals by Australian super funds increased between 2017 and 2018, it declined slightly in 2019. For the United Kingdom, Norway and the United States, support for shareholder proposals increased each year between 2017 and 2019. However,

TABLE 5. NUMBER OF SHAREHOLDER PROPOSALS BY COUNTRY

Country	2017	2018	2019	Total Companies	Total Proposals
Australia	11	18	30	19	59
Canada	16	10	38	27	64
United Kingdom	2	1	3	3	6
Norway	2	2	3	1	7
United States	210	176	164	210	550
Total	241	207	238	260	686

⁴⁰ Australian Prudential Regulation Authority, 2019.

⁴¹ ACCR will look to include the full range of governance-related proposals in future research.

support for proposals at Australian and Canadian companies declined between 2018 and 2019 (Table 6).

The 686 shareholder proposals were classified into various ESG 'themes' (Tables 7 & 8), revealing aggregate trends in proxy voting behaviour across different issues.

Climate and lobbying-related proposals were more widely supported than proposals relating to any other theme between 2017 and 2019 (see Table 8).

In 2019, just ten of the 233 proposals filed across the five jurisdictions won majority support. Eight shareholder proposals attained majority support in the US, including requests for reporting on inmate/detainee policy at GEO Group and reporting on the opioid crisis at Walgreens Boots Alliance. In Canada, a resolution seeking greater disclosure on gender diversity passed at Waste Connections. In the UK, a board-endorsed proposal at BP plc on climate risk disclosure also received near unanimous support.

In Australia, the number of ESG-related shareholder proposals going to a vote has steadily increased, with climate-related proposals the largest category. Support for proposals relating to social issues at Australian companies has steadily increased, while support for amendments to company constitutions remains low (Table 10).

TABLE 6. AVERAGE VOTE OF SHAREHOLDER PROPOSALS BY COUNTRY

Country	2017	2018	2019
Australia	6.6%	12.7%	10.2%
Canada	11.8%	26.0%	11.5%
United Kingdom	7.1%	5.5%	45.7%
Norway	0.1%	0.3%	0.7%
United States	21.2%	25.5%	26.7%
All Countries	19.6%	24.0%	22.1%

TABLE 7. NUMBER OF SHAREHOLDER PROPOSALS BY THEME

Category	2017	2018	2019	Total
Environment-Climate	58	41	39	138
Environment-Other	13	11	8	32
Governance-Lobbying	66	60	58	184
Governance-Other	47	46	60	153
Social	57	49	68	174
Total	241	207	233	686

TABLE 8. AVERAGE VOTE OF SHAREHOLDER PROPOSALS BY THEME

Category	2017	2018	2019
Environment-Climate	25.7%	28.9%	20.3%
Environment-Other	20.9%	16.9%	22.3%
Governance-Lobbying	24.0%	27.5%	33.2%
Governance-Other	14.9%	20.1%	11.2%
Social	12.0%	21.0%	23.5%
All Themes	19.6%	24.0%	22.1%

TABLE 9. NUMBER OF AUSTRALIAN SHAREHOLDER PROPOSALS BY THEME

Category	2017	2018	2019	Total
Environment-Climate	7	8	15	30
Governance-Other	3	7	12	22
Social	1	3	3	7
Total	11	18	30	59

TABLE 10. AVERAGE VOTE OF AUSTRALIAN SHAREHOLDER PROPOSALS BY THEME

Category	2017	2018	2019
Environment-Climate	6.9%	19.0%	13.4%
Governance-Other	6.2%	6.9%	5.3%
Social	6.2%	9.7%	14.0%
All Themes (AU)	6.6%	12.7%	10.2%

Section 3: Findings

3.1 FINDINGS ON DISCLOSURE

Finding 1: *Less than half of all funds disclose a complete proxy voting record, including all Australian and international shareholdings.*

Disclosure of complete proxy voting records increased significantly between 2018 and 2019, with 18 funds disclosing a complete record (up from 11 in 2018). There was no improvement from funds with summary or no disclosure in 2018 (Table 11).

- Just 18 (36%) of the 50 largest super funds disclose a complete proxy voting record, including all Australian and international shareholdings. Together, these funds manage \$875.3 billion (45% of APRA-regulated AUM).
- Ten funds disclose their proxy voting record for Australian shareholdings only.
- Five funds disclose a proxy voting record that is incomplete in some other way (see Appendix 1).
- Six funds disclose only a summary of their proxy voting record (see Appendix 1).
- Eleven funds either do not vote, or do not disclose a proxy voting record.⁴²

TABLE 11. FUNDS' DISCLOSURE OF PROXY VOTING RECORDS IN 2019.

Level of disclosure	Funds #	Funds %	Total AUM \$B	% APRA-regulated AUM
Complete	18	36%	875.3	45%
Limited - AU only	10	20%	355.7	18%
Limited - Other	5	10%	62.0	3%
Summary only	6	12%	380.8	20%
No disclosure	11	22%	184.0	10%
Total	50	100%		

TABLE 12. FUNDS WITH COMPLETE VOTING RECORDS IN 2019, BY FUND SIZE (AUM).

AUM	Funds with complete voting record	Total funds	%
> \$100 billion	2	7	29%
\$50-100 billion	6	6	100%
\$20-50 billion	3	7	43%
\$10-20 billion	5	11	45%
< \$10 billion	2	19	11%

Finding 2: *Larger funds more often disclosed a complete proxy voting record. Funds managing more than \$10 billion were more likely, on average, to disclose a complete proxy voting record (Table 12).*

All six funds managing between \$50-100 billion disclose a complete voting record, and two funds managing more than \$100 billion disclose a complete proxy voting record.

Three of seven funds managing between \$20 billion and \$50 billion disclose a complete proxy voting record. Five of 11 funds managing between \$10 billion and \$20 billion disclose a complete proxy voting record. Only two out of 19 funds managing less than \$10 billion disclose a complete proxy voting record.

⁴² Catholic Super, a \$10.2 billion industry super fund, disclosed its 2019 proxy voting record for Australian shares only on 7 May 2020, after this report was written.

Finding 3: Public sector funds more often disclosed a complete proxy voting record, and on average retail funds had the most incomplete proxy voting records (Table 13).

- Five of nine public sector funds (as defined by APRA) disclose a complete proxy voting record.
- Ten of 23 industry funds disclose a complete proxy voting record.
- Two of 14 retail funds disclose a complete proxy voting record.
- One corporate fund disclosed a complete proxy voting record.

Finding 4: Members of some investment industry associations – ACSI, IGCC, PRI and/or RIAA – were more likely than non-members to disclose a complete proxy voting record; FSC members were less likely than non-FSC members to disclose a complete proxy voting record (Table 14).

- Fourteen of 28 (50%) ACSI members disclosed a complete proxy voting record; only four of 22 (18%) non-ACSI members disclosed a complete proxy voting record;
- Two of 10 (20%) FSC members disclosed a complete proxy voting record; 16 of 40 (40%) non-FSC members disclosed a complete proxy voting record;
- Nine of 21 (43%) IGCC members disclose a complete proxy voting record; only nine of 29 (31%) non-IGCC members disclosed a complete proxy voting record;
- Fifteen of 32 (47%) PRI signatories disclose a complete proxy voting record; only three of 18 (17%) non-PRI signatories disclosed a complete proxy voting record;

TABLE 13. FUNDS WITH COMPLETE VOTING RECORDS, BY FUND TYPE.

Fund type	Funds with complete voting record	Total funds	%
Corporate	1	4	25%
Industry	10	23	43%
Public sector	5	9	56%
Retail	2	14	14%

TABLE 14. FUNDS WITH COMPLETE VOTING RECORDS BY MEMBERSHIP OF INDUSTRY ASSOCIATION.

Industry Association	Members	Non-members
ACSI	50%	18%
FSC	20%	40%
IGCC	43%	31%
PRI	47%	17%
RIAA	57%	19%

- Thirteen of 23 (57%) RIAA members disclose a complete proxy voting record; only five of 27 (19%) non-RIAA members disclosed a complete proxy voting record.

Media Super, MTAA Super and TWU Super are signatories to ACSI's 'Asset Owner Stewardship Code', as discussed on page 11, but only disclose a proxy voting record for their Australian shareholdings. Each fund has a made statement to the effect that their international shareholdings are invested in pooled trusts,⁴³ and voting is delegated to the relevant investment managers. All other signatories to the code disclose a complete proxy voting record.

Russell Investments discloses only a summary voting record, while Colonial First State and Suncorp do not disclose any proxy voting record at all. The lack of disclosure by these three funds, all FSC members, appears to be in contravention of the FSC's Standard 13, as discussed on page 11.

⁴³ Australian Council of Superannuation Investors, 2019.

Finding 5: Only one fund – Local Government Super – discloses its votes before company meetings are held; another six funds disclose votes less than a week after the company meeting (Table 15).

- Six funds – BT Financial Group, Cbus, EquipSuper, Mercer, VicSuper and Vision Super – disclose their votes within a week of the relevant company meeting. All of these funds, plus Local Government Super, use an online portal to disclose their voting record, rather than a spreadsheet or document file.
- AustralianSuper discloses its proxy voting record on a quarterly basis.
- Seven funds disclose their proxy voting records on a semi-annual basis.
- Eighteen funds disclose their proxy voting records on an annual basis.
- Six funds disclose only a summary of their proxy voting records (see Appendix 1).
- Eleven funds either do not vote, or do not disclose a proxy voting record (see Appendix 1).

TABLE 15. FREQUENCY OF DISCLOSURE.

Frequency of disclosure	# Funds
Pre-disclosure	1
Within a week	6
Quarterly	1
Semi-Annually	7
Annually	18
Summary only	6
No disclosure	11

3.2 FINDINGS ON VOTING BEHAVIOUR, 2017-2019

Finding 6: Aggregate support for shareholder proposals⁴⁴ increased significantly between 2017 and 2018, but declined between 2018 and 2019 (Table 16).

TABLE 16. TREND IN AGGREGATE SUPPORT FOR PROPOSALS, 2017-2019.

2017	33%
2018	53%
2019	48%
3 years	46%
Supportive votes	3464
Total votes	7570

Finding 7: Local Government Super was by far the most supportive fund between 2017 and 2019 (82%); seven funds supported a majority of proposals between 2017 and 2019 (Table 17, Figures 3 & 4).

- Seven funds supported the majority of all proposals between 2017 and 2019: Local Government Super (82%), HESTA (66%), Vision Super (66%), Macquarie (62%), Cbus (59%), Mercer (58%) and Qantas Super (57%). These funds together manage \$191 billion, or just 9.9% of APRA-regulated AUM.
- Several funds showed dramatic increases in support for proposals over the three year period, including Cbus, NGS Super, UniSuper, VicSuper and Vision Super.
- Conversely, some funds' support for proposals declined between 2017 and 2019, including BT Financial Group, Local Government Super and MTAA Super.

FIGURE 3: FUNDS' SUPPORT FOR SHAREHOLDER PROPOSALS, 2017-19.

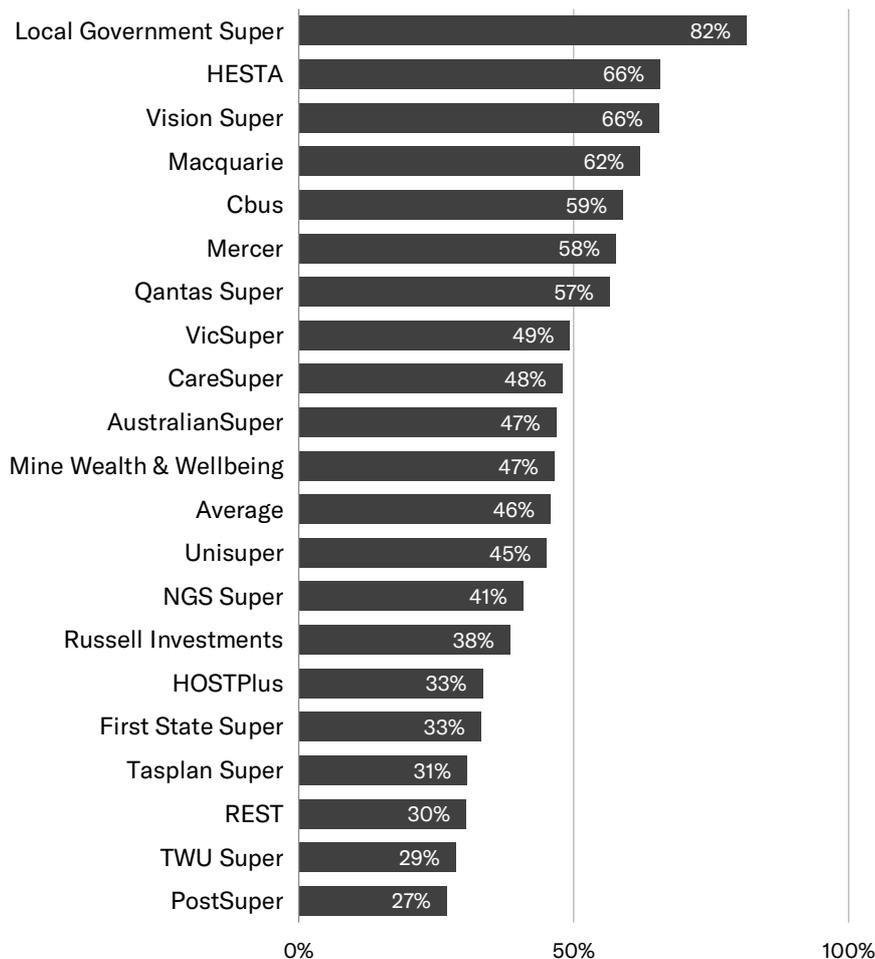
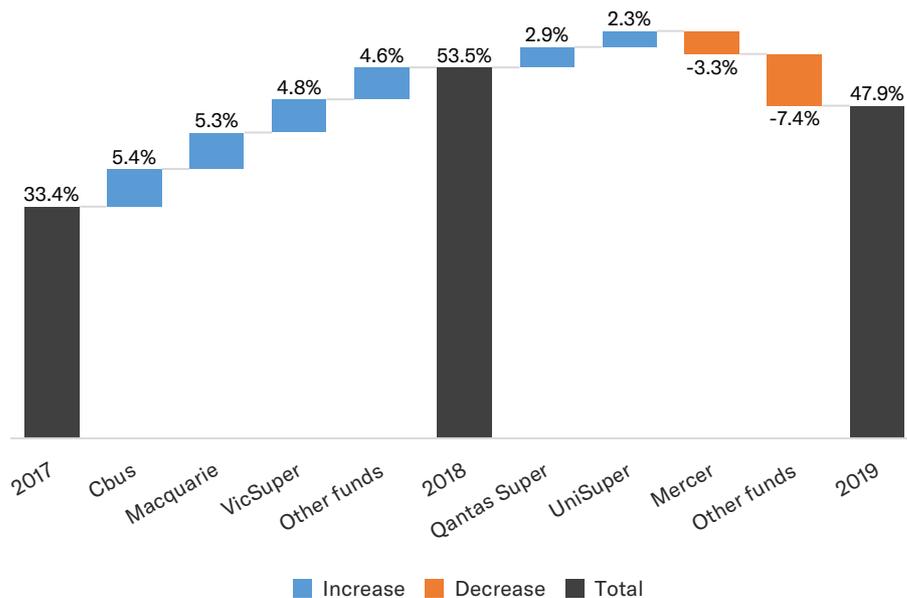


FIGURE 4: CONTRIBUTION TO AGGREGATE INCREASE IN SUPPORT FOR PROPOSALS, 2017-19.



Note: Macquarie and CareSuper significantly increased both their disclosure and support for proposals.

⁴⁴ Findings refer to all proposals unless otherwise stated, based on companies held.

TABLE 17. TREND IN FUNDS' SUPPORT FOR PROPOSALS, 2017-19.

Fund	2017	2018	2019	3 Years	Supportive votes	Total votes
Local Government Super	85%	92%	70%	82%	282	346
HESTA	59%	72%	68%	66%	405	616
Vision Super	42%	89%	71%	66%	287	438
Macquarie	0%	63%	65%	62%	241	388
Cbus	17%	87%	71%	59%	345	585
Mercer	67%	64%	46%	58%	214	371
Qantas Super	39%	0%	68%	57%	134	237
VicSuper	7%	74%	73%	49%	297	602
CareSuper	0%	19%	56%	48%	82	171
AustralianSuper	37%	64%	55%	47%	178	380
Mine Wealth and Wellbeing	46%	37%	56%	47%	153	329
Unisuper	7%	49%	54%	45%	144	319
NGS Super	11%	34%	51%	41%	60	147
Russell Investments	38%	0%	0%	38%	15	39
HOSTPlus	25%	37%	34%	33%	153	457
First State Super	27%	46%	33%	33%	114	344
Tasplan Super	0%	39%	0%	31%	19	62
REST	0%	24%	41%	30%	49	161
TWU Super	0%	20%	50%	29%	4	14
PostSuper	23%	31%	28%	27%	105	390
Sunsuper	0%	32%	20%	22%	59	273
BT Financial Group	50%	25%	16%	20%	58	295
Perpetual	0%	21%	23%	19%	8	42
MTAA Super	27%	28%	7%	17%	10	59
Media Super	0%	29%	0%	16%	5	32
Equisuper	9%	13%	19%	15%	16	106
CommBank Group Super	0%	24%	0%	14%	4	28
Catholic Super	0%	12%	0%	12%	2	17
EnergySuper	6%	18%	8%	12%	14	120
IOOF	10%	12%	0%	10%	3	31
Prime Super	0%	6%	5%	4%	2	51
AMP	0%	6%	4%	4%	2	55
ANZ OnePath	0%	0%	0%	0%	0	32
MLC	0%	0%	0%	0%	0	33

- Some funds' records improved significantly due to greater disclosure, including Macquarie, CareSuper, and REST.

Just a handful of funds were responsible for the majority of the increase in support for proposals across the sector: VicSuper, Macquarie, UniSuper, Cbus and CareSuper.

Finding 8: There was no strong correlation between fund size and

trend in support for proposals between 2017 and 2019 (Table 18).

Funds that manage between \$10-20 billion supported a majority of proposals between 2017 and 2019.

Finding 9: Corporate, industry and public sector funds significantly increased their support for proposals between 2017 and 2019 (Qantas Super accounted for all corporate funds' supportive votes). Retail funds remain the least supportive funds (Table 19).

Despite an increase in support for proposals between 2017 and 2018, retail funds support for proposals declined in 2019.

Finding 10: Aggregate support for proposals increased across members of all industry associations except for the FSC, between 2017 and 2019 (Table 20).

TABLE 18. AGGREGATE SUPPORT FOR PROPOSALS BY FUND SIZE (AUM), 2017-2019.

AUM	2017	2018	2019	3 Years
> \$100 billion	32%	44%	37%	36%
\$50-100 billion	35%	61%	45%	47%
\$20-50 billion	19%	57%	54%	48%
\$10-20 billion	49%	56%	56%	54%
< \$10 billion	26%	25%	39%	31%

TABLE 19. AGGREGATE SUPPORT FOR PROPOSALS BY FUND TYPE, 2017-2019.

Type	2017	2018	2019	3 Years
Corporate	36%	24%	66%	52%
Industry	33%	48%	46%	44%
Public sector	33%	69%	55%	51%
Retail	36%	49%	38%	42%

TABLE 20. AGGREGATE SUPPORT FOR PROPOSALS BY MEMBERSHIP OF INDUSTRY ASSOCIATION, 2017-2019.

Industry association		2017	2018	2019	3 Years
ACSI	Members	35%	59%	54%	50%
	Non Members	20%	37%	29%	30%
FSC	Members	38%	52%	38%	43%
	Non Members	33%	54%	50%	46%
IGCC	Members	36%	65%	52%	51%
	Non Members	30%	41%	43%	39%
PRI	Members	35%	60%	49%	49%
	Non Members	29%	24%	39%	32%
RIAA	Members	35%	62%	50%	49%
	Non Members	28%	38%	42%	38%

3.3 FINDINGS ON VOTING BEHAVIOUR IN 2019

Finding 11: Only four funds supported more than 70% of proposals in 2019, with a further eight funds supporting more than 50% of proposals (minimum 10 votes) (Table 21).

- Four funds supported more than 70% of proposals in 2019: VicSuper (73%), Cbus (71%), Vision Super (71%) and Local Government Super (70%). These funds together manage \$103.5 billion, just 5.2% of APRA-regulated AUM.
- A further eight funds supported more than 50% but less than 70% of proposals in 2019: Qantas Super (68%), HESTA (68%), Macquarie (65%), Care Super (56%), Mine Wealth and Wellbeing (56%), AustralianSuper (55%), UniSuper (54%), and NGS Super (51%). These funds together manage \$384 billion, or 19% of APRA-regulated AUM.
- Thirteen funds supported less than 50% of proposals in 2019. Seven of those 13 funds supported less than 20% of proposals in 2019.
- Seven funds voted on fewer than 10 proposals.
- Eighteen funds did not disclose sufficient data.

TABLE 21. FUNDS' VOTING BEHAVIOUR IN 2019 (MINIMUM 10 VOTES).

Fund	Supportive votes	Total votes	Support %
VicSuper	160	220	73%
Cbus	160	224	71%
Vision Super	113	159	71%
Local Government Super	89	127	70%
Qantas Super	98	144	68%
HESTA	146	215	68%
Macquarie	125	192	65%
CareSuper	78	139	56%
Mine Wealth and Wellbeing	56	100	56%
AustralianSuper	60	110	55%
UniSuper	116	213	54%
NGS Super	43	85	51%
Mercer	63	137	46%
REST	32	79	41%
HOSTPlus	73	216	34%
First State Super	67	205	33%
PostSuper	36	130	28%
Perpetual	5	22	23%
equipsuper	10	54	19%
BT Financial Group	36	220	16%

Finding 12: *There was no clear correlation between voting behaviour and fund size. Funds managing between \$10 billion and \$50 billion supported a majority of proposals in 2019 (Table 22).*

- Funds managing more than \$100 billion supported 37% of proposals in 2019.
- Funds managing between \$50 billion and \$100 billion supported 45% of proposals in 2019.
- Funds managing between \$20 billion and \$50 billion supported 54% of the proposals in 2019.
- Funds managing between \$10 billion and \$20 billion supported 56% of proposals in 2019.
- Funds managing less than \$10 billion supported 39% of proposals in 2019.

Finding 13: *Corporate and public sector funds supported a majority of proposals in 2019 (Qantas Super accounted for all corporate funds' supportive votes in 2019). Retail funds remain the least likely to support proposals (Table 23).*

- Public sector funds supported 55% of proposals in 2019.
- Industry funds supported 47% of proposals in 2019.
- Retail funds supported 38% of proposals in 2019.
- Corporate funds supported 66% of proposals in 2019. Qantas Super accounted for all 98 supportive votes in corporate funds.

TABLE 22. VOTING BEHAVIOUR IN 2019 BY FUND SIZE (AUM).

AUM	Supportive votes	Total votes	Support %
> \$100 billion	128	347	37%
\$50-100 billion	535	1176	45%
\$20-50 billion	421	773	54%
\$10-20 billion	391	702	56%
< \$10 billion	146	379	39%

TABLE 23. VOTING BEHAVIOUR IN 2019 ACCORDING TO FUND TYPE.

Type	Supportive votes	Total votes	Support %
Corporate	98	148	66%
Industry	828	1777	47%
Public sector	465	841	55%
Retail	230	611	38%

TABLE 24. VOTING BEHAVIOUR IN 2019 BASED ON INDUSTRY ASSOCIATION.

Industry Association	Member Support %	Non-member Support %
ACSI	54%	29%
FSC	38%	50%
IGCC	52%	43%
PRI	50%	39%
RIAA	50%	42%

Finding 14: *Members of ACSI, IGCC, PRI and RIAA were more supportive of proposals than non-members; non-FSC members were more supportive of proposals than FSC members in 2019 (Table 24).*

- ACSI members supported 54% of proposals in 2019; non-ACSI members supported 29% of proposals in 2019.
- FSC members supported 38% of proposals in 2019; non-FSC members supported 50% of proposals in 2019.
- IGCC members supported 52% of proposals in 2019; non-IGCC members supported 43% of proposals in 2019.
- PRI signatories supported 50% of proposals in 2019; non-PRI signatories supported 39% of proposals in 2019.
- RIAA members supported 50% of proposals in 2019; non-RIAA members supported 42% of proposals in 2019.

3.4 FINDINGS ON PROPOSALS WITH SIGNIFICANT SHAREHOLDER SUPPORT, 2017-2019

ACCR's previous analysis of funds' proxy voting records has prompted debate around what level of support for shareholder proposals is appropriate. It has been suggested by some in the industry that not all proposals are "credible," and therefore shareholders should not vote for them. The factors determining a proposal's "credibility" are not within the scope of this analysis. An indicator of credibility may be the level of support for a proposal by proxy advisers - but this is outside the scope of this analysis. Anecdotally speaking, proxy advisers are likely to recommend voting against proposals that are novel or not particularly well understood, irrespective of credibility considerations. Research shows that proxy advisers can each sway anywhere between 13-30% of shareholder votes.⁴⁵

For this reason, we examined the difference in funds' support for proposals where a proposal received 20% or more of shareholders' support. This threshold approximates the median vote on all proposals in each year between 2017 and 2019.

Finding 15: Aggregate support for proposals increased significantly more where proposals were supported by more than 20% of shareholders (Table 26).

Finding 16: Most funds were more supportive of proposals that were supported by more than 20% of shareholders (Table 27).

TABLE 25. MEDIAN VOTE ON PROPOSALS, 2017-19.

Year	2017	2018	2019	3 Years
Median vote %	18.0%	21.5%	22.0%	21.2%

TABLE 26. AGGREGATE SUPPORT FOR PROPOSALS BY FINAL VOTE, 2017-2019.

Support for proposal	2017	2018	2019	3 Years	Supportive votes	Total votes
Less than 20%	20.8%	34.6%	26.7%	27.4%	1122	4098
More than 20%	52.1%	77.7%	68.8%	67.4%	2342	3472

⁴⁵ Kevin Chuah, Isobel Mitchell, and Lily Tomson, "Another Link in the Chain: Uncovering the Role of Proxy Advisors in Investor Voting" (ShareAction for the Charities Responsible Investment Network, 10 February 2020, p4 https://shareaction.org/wp-content/uploads/2020/02/Another-Link-in-the-Chain_Uncovering-the-role-of-proxy-advisors-in-investor-voting.pdf [accessed 18 May 2020])

TABLE 27. FUNDS' SUPPORT FOR PROPOSALS BY FINAL VOTE, 2017-2019.

Fund	Support for proposals <20%	Support for proposals >20%	Supportive votes	Total votes
HESTA	38%	93%	405	616
Cbus	43%	74%	345	585
VicSuper	32%	67%	297	602
Vision Super	55%	79%	287	438
Local Government Super	73%	94%	282	346
Macquarie	22%	96%	241	388
Mercer	17%	95%	214	371
AustralianSuper	31%	66%	178	380
HOSTPlus	18%	50%	153	457
Mine Wealth and Wellbeing	28%	70%	153	329
Unisuper	25%	70%	144	319
Qantas Super	29%	82%	134	237
First State Super	19%	51%	114	344
PostSuper	14%	41%	105	390
CareSuper	25%	69%	82	171
NGS Super	38%	47%	60	147
Sunsuper	10%	33%	59	273
BT Financial Group	15%	24%	58	295
REST	17%	50%	49	161
Tasplan Super	12%	67%	19	62
Equisuper	3%	37%	16	106
Russell Investments	0%	52%	15	39
EnergySuper	0%	25%	14	120
MTAA Super	13%	60%	10	59
Perpetual	13%	33%	8	42
Media Super	10%	100%	5	32
CommBank Group Super	8%	100%	4	28
TWU Super	23%	100%	4	14
IOOF	10%	0%	3	31
AMP	0%	40%	2	55
Catholic Super	7%	50%	2	17
Prime Super	0%	50%	2	51

3.5 FINDINGS ON VOTING BEHAVIOUR BY JURISDICTION

Finding 17. Most funds supported a significantly higher proportion of proposals at US companies than at Australian companies between 2017 and 2019 (Table 28, Figure 5).

There are several possible explanations for this difference:

- the smaller sample of Australian proposals;
- the precondition in Australia of an amendment to a company's constitution in order to allow for an ordinary proposal;
- Funds' geographical distance from, and lack of access to boards and senior management at US companies, suggest a greater willingness to vote against board recommendations.
- The greater range of engagement tools available to funds when engaging with Australian companies.

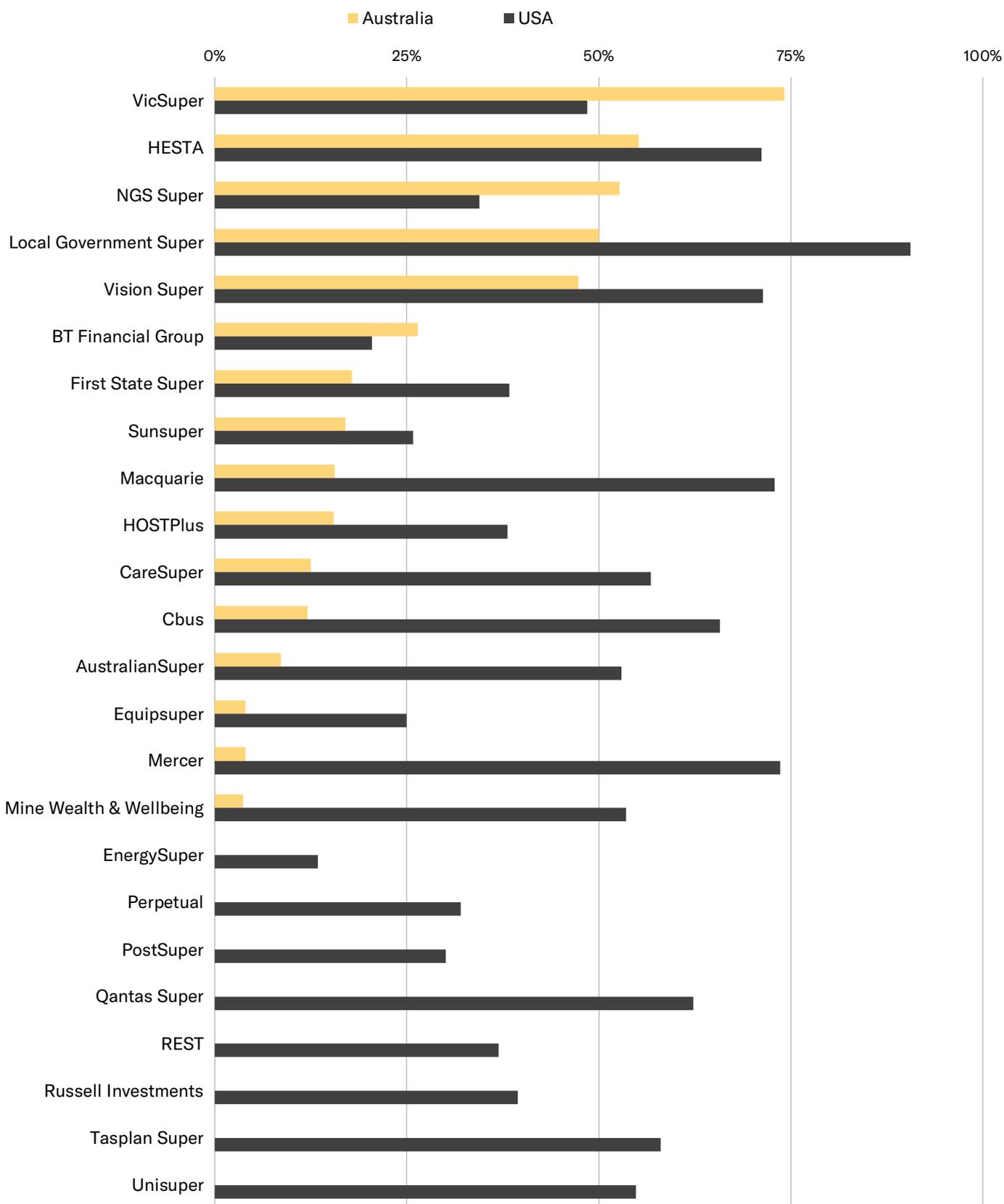
In addition:

- Just four funds supported more than 50% of proposals at Australian companies between 2017 and 2019: HESTA, Local Government Super, NGS Super and VicSuper.
- Twelve funds supported more than 50% of proposals at US companies between 2017 and 2019.
- Only three funds supported a higher proportion of proposals at Australian companies than US companies between 2017 and 2019: BT Financial Group, NGS Super and VicSuper.

TABLE 28. FUNDS' SUPPORT FOR PROPOSALS AT AUSTRALIAN AND US COMPANIES, 2017-19.

Fund	Supportive votes (AU)	Support % (AU)	Supportive votes (US)	Support % (US)
AustralianSuper	5	9%	161	53%
BT Financial Group	14	26%	41	21%
CareSuper	4	13%	71	57%
Cbus	7	12%	306	66%
EnergySuper	0	0%	13	13%
Equisuper	2	4%	14	25%
First State Super	10	18%	92	38%
HESTA	32	55%	351	71%
HOSTPlus	9	16%	135	38%
Local Government Super	26	50%	241	91%
Macquarie	5	16%	223	73%
Mercer	2	4%	201	74%
Mine Wealth and Wellbeing	1	4%	150	54%
NGS Super	29	53%	31	34%
Perpetual	0	0%	8	32%
PostSuper	0	0%	99	30%
Qantas Super	0	0%	129	62%
REST	0	0%	44	37%
Russell Investments	0	0%	15	39%
Sunsuper	8	17%	47	26%
Tasplan Super	0	0%	18	58%
Unisuper	0	0%	125	55%
VicSuper	43	74%	230	49%
Vision Super	27	47%	249	71%

FIGURE 5. FUNDS' SUPPORT FOR PROPOSALS AT AUSTRALIAN AND US COMPANIES, 2017-19



The dataset for this report is available at https://www.accr.org.au/research/two_steps_forward

Finding 18: Just four funds supported 50% or more of the proposals at Australian companies in 2019 (Table 29).

- The four funds supported 50% or more of the proposals at Australian companies in 2019 were VicSuper, NGS Super, HESTA and Vision Super.
- A further 11 funds supported at least one proposal at Australian companies in 2019.
- Seventeen funds did not support any of the proposals at Australian companies in 2019.

Finding 19: Twelve funds supported more than 50% of the proposals at US companies in 2019 (Table 29).

- Twelve funds supported more than 50% of proposals at US companies in 2019.
- A further six funds supported at least 10 proposals at US companies in 2019.
- Three funds supported at least one proposal at US companies in 2019.

Finding 20: Thirteen funds supported a higher proportion of proposals at US companies than they did at Australian companies in 2019 (Table 29).

Only two funds supported a higher proportion of proposals at Australian companies than US companies in 2019: NGS Super and VicSuper.

TABLE 29. FUNDS' SUPPORT FOR PROPOSALS AT AUSTRALIAN AND US COMPANIES, 2019.

Fund	Supportive votes (AU)	Support % (AU)	Supportive votes (US)	Support % (US)
AustralianSuper	0	0%	49	77%
BT Financial Group	7	25%	26	17%
CareSuper	0	0%	71	59%
Cbus	2	7%	137	88%
EnergySuper	0	0%	4	8%
equipsuper	2	8%	8	29%
First State Super	1	4%	56	40%
HESTA	15	50%	120	79%
HOSTPlus	3	10%	65	43%
Local Government Super	7	26%	76	89%
Mercer	1	4%	57	73%
NGS Super	27	90%	16	30%
PostSuper	0	0%	36	35%
SunSuper	1	3%	40	26%
Unisuper	0	0%	97	66%
VicSuper	28	93%	119	80%
Vision Super	15	50%	93	84%

3.6 FINDINGS ON CLIMATE-RELATED PROPOSALS

Finding 21: Aggregate support for climate-related proposals increased between 2017 and 2018, but declined in 2019 (Table 30).

- Aggregate support for climate-related proposals increased from 35% in 2017 to 55% in 2018, but declined to 42% in 2019.
- Aggregate support for climate-related proposals over the three year period 2017-2019 was 43%.

TABLE 30. AGGREGATE SUPPORT FOR CLIMATE-RELATED PROPOSALS, 2017-2019.

2017	35%
2018	55%
2019	42%
3 years	43%
Supportive votes	685
Total votes	1607

Finding 22: Almost all funds increased their support for climate-related proposals between 2017 and 2018, but for many, that support declined in 2019 (minimum 10 votes) (Table 31).

- Eight funds supported more than 50% of climate-related proposals between 2017 and 2019: Local Government Super (75%), HESTA (73%), Vision Super (71%), Mercer (61%), NGS Super (58%), Macquarie (57%), VicSuper (53%) and Qantas Super (53%).
- At least eight members of the Investor Group on Climate Change (IGCC) failed to support a majority of climate-related proposals between 2017 and 2019: Cbus, AustralianSuper, BT Financial Group, Media Super, Russell Investments, First State Super, UniSuper and AMP.

TABLE 31. FUNDS' SUPPORT FOR CLIMATE-RELATED PROPOSALS, 2017-2019 (MINIMUM 10 VOTES).

Fund	2017	2018	2019	3 Years
Local Government Super	81%	100%	50%	75%
HESTA	79%	81%	59%	73%
Vision Super	67%	94%	60%	71%
Mercer	68%	69%	41%	61%
NGS Super	13%	33%	88%	58%
Macquarie	0%	64%	63%	57%
VicSuper	11%	100%	76%	53%
Qantas Super	25%	0%	60%	53%
Cbus	13%	90%	61%	49%
AustralianSuper	41%	67%	36%	43%
BT Financial Group	50%	60%	35%	43%
Mine Wealth and Wellbeing	46%	21%	50%	40%
Russell Investments	39%	0%	0%	39%
First State Super	35%	67%	30%	38%
Unisuper	0%	0%	52%	36%
CareSuper	0%	43%	44%	33%
Sunsuper	0%	44%	23%	27%
CommBank Group Super	0%	57%	0%	25%
Media Super	0%	57%	0%	25%
MTAA Super	29%	50%	7%	23%
HOSTPlus	0%	41%	20%	23%
REST	0%	15%	50%	23%
PostSuper	21%	33%	7%	20%
EnergySuper	6%	33%	25%	17%
Tasplan Super	0%	18%	0%	11%
Equisuper	10%	0%	13%	9%
Prime Super	0%	13%	10%	8%
AMP	0%	13%	7%	7%
IOOF	0%	14%	0%	7%

- Ten funds' support for climate-related proposals declined by more than 25% between 2018 and 2019: Local Government Super, Vision Super, Mercer, Cbus, AustralianSuper, Media Super, First State Super, CommBank Group Super, MTAA Super and PostSuper.

Finding 23: Eight funds supported more than 50% of climate-related proposals in 2019 (minimum 10 votes) (Table 32).

- Eight funds supported more than 50% of climate-related shareholder proposals in 2019: NGS Super (88%), VicSuper (76%), Macquarie (63%), Cbus (61%), Vision Super (60%), HESTA (59%), UniSuper (52%).
- A further 16 funds supported at least one climate-related proposal in 2019.
- Seven funds did not support any climate-related proposals in 2019.

Finding 24: There was no clear correlation between voting behaviour on climate-related proposals and fund size (Table 33).

- Funds managing more than \$100 billion supported 27% of climate-related proposals in 2019.
- Funds managing between \$50 billion and \$100 billion supported 46% of climate-related proposals in 2019.
- Funds managing between \$20 billion and \$50 billion supported 48% of climate-related proposals in 2019.
- Funds managing between \$10 billion and \$20 billion supported 45% of climate-related proposals in 2019.
- Funds managing less than \$10 billion supported 28% of climate-related proposals in 2019.

TABLE 32. FUNDS' SUPPORT FOR CLIMATE-RELATED PROPOSALS IN 2019 (MINIMUM 10 VOTES).

Fund	Supportive votes	Total votes	Support %
NGS Super	15	17	88%
VicSuper	29	38	76%
Macquarie	15	24	63%
Cbus	22	36	61%
Qantas Super	9	15	60%
Vision Super	15	25	60%
HESTA	23	39	59%
UniSuper	17	33	52%
Local Government Super	11	22	50%
Mine Wealth and Wellbeing	5	10	50%
REST	5	10	50%
CareSuper	7	16	44%
Mercer	14	34	41%
AustralianSuper	9	25	36%
BT Financial Group	13	37	35%
First State Super	10	33	30%
Sunsuper	9	40	23%
HOSTPlus	7	35	20%
equisuper	2	15	13%
Prime Super	1	10	10%
AMP	1	14	7%
MTAA Super	1	15	7%
PostSuper	1	15	7%

TABLE 33. SUPPORT FOR CLIMATE-RELATED PROPOSALS BY FUND SIZE (AUM), 2019.

AUM	Supportive votes	Total votes	Support %
> \$100 billion	20	74	27%
\$50-100 billion	89	195	46%
\$20-50 billion	65	135	48%
\$10-20 billion	56	124	45%
< \$10 billion	14	50	28%

Finding 25: Corporate and public sector funds supported a majority of climate-related proposals in 2019 (Qantas Super accounted for all corporate funds' supportive votes in 2019). Retail funds remain the least supportive of climate-related proposals (Table 34).

- Corporate funds supported 53% of climate-related proposals in 2019.
- Public sector funds supported 50% of climate-related proposals in 2019.
- Industry funds supported 41% of climate-related proposals in 2019.
- Retail funds supported 37% of climate-related proposals in 2019.

Finding 26: Members of ACSI, IGCC, PRI and RIAA were more supportive of climate-related proposals than non-members in 2019; non-FSC members were more supportive of climate-related proposals than FSC members in 2019 (Table 35).

- ACSI members supported 48% of climate-related proposals in 2019; non-ACSI members supported 27% of climate-related proposals in 2019.
- FSC members supported 37% of climate-related proposals in 2019; non-FSC members supported 43% of climate-related proposals in 2019.
- IGCC members supported 49% of climate-related proposals in 2019; non-IGCC members supported 33% of climate-related proposals in 2019.
- PRI signatories supported 45% of climate-related proposals in 2019; non-PRI signatories supported 25% of climate-related proposals in 2019.
- RIAA members supported 47% of climate-related shareholder proposals in 2019; non-RIAA members supported 29% of climate-related proposals in 2019.

TABLE 34. SUPPORT FOR CLIMATE-RELATED PROPOSALS BY FUND TYPE, 2019.

Fund Type	Supportive votes	Total votes	Support %
Corporate	9	17	53%
Industry	126	311	41%
Public sector	66	133	50%
Retail	43	117	37%

TABLE 35. SUPPORT FOR CLIMATE-RELATED PROPOSALS BY INDUSTRY ASSOCIATION MEMBERSHIP, 2019.

Industry Association	Member Support %	Non-member Support %
ACSI	48%	27%
FSC	37%	43%
IGCC	49%	33%
PRI	45%	25%
RIAA	47%	29%

3.7 FINDINGS ON LOBBYING-RELATED PROPOSALS

Finding 27: Aggregate support for lobbying-related proposals increased between 2017 and 2018, then plateaued in 2019 (Table 36).

- Aggregate support for lobbying-related proposals increased from 45% in 2017 to 74% in 2018, then remained at 74% in 2019.
- Aggregate support for lobbying-related proposals over the three year period 2017-2019 was 66%.

TABLE 36. AGGREGATE SUPPORT FOR LOBBYING-RELATED PROPOSALS, 2017-2019.

2017	45%
2018	74%
2019	74%
3 Years	66%
Supportive votes	1252
Total votes	1890

Finding 28: Almost all funds increased their support for lobbying-related proposals between 2017 and 2019 (minimum 10 votes) (Table 37).

- Seventeen funds supported a majority of lobbying-related proposals between 2017 and 2019.
- Only five funds failed to support a majority of lobbying-related proposals between 2017 and 2019: REST, Post Super, Sunsuper, Energy Super and BT Financial Group.

TABLE 37. FUNDS' SUPPORT FOR LOBBYING PROPOSALS 2017-2019 (MINIMUM 10 VOTES).

Fund	2017	2018	2019	3 Years
Mercer	0%	91%	96%	93%
Local Government Super	87%	100%	92%	93%
Macquarie	0%	89%	95%	92%
HESTA	72%	89%	95%	85%
CareSuper	0%	0%	90%	84%
Qantas Super	54%	0%	93%	75%
Vision Super	47%	95%	93%	74%
Cbus	27%	95%	96%	74%
Tasplan Super	0%	71%	0%	71%
Unisuper	10%	93%	80%	66%
Mine Wealth and Wellbeing	60%	61%	83%	66%
AustralianSuper	53%	81%	80%	63%
NGS Super	0%	50%	75%	60%
HOSTPlus	33%	55%	73%	60%
VicSuper	6%	88%	94%	59%
equisuper	0%	60%	50%	55%
First State Super	36%	27%	66%	51%
REST	0%	47%	39%	43%
PostSuper	39%	35%	52%	41%
Sunsuper	0%	10%	29%	26%
EnergySuper	0%	27%	18%	23%
BT Financial Group	0%	40%	16%	21%

Finding 29: Fifteen funds supported a majority of lobbying-related proposals in 2019 (minimum 10 votes) (Table 38).

Lobbying-related proposals were consistently the most supported type of proposals between 2017 and 2019. These proposals relate to lobbying disclosure, political donations and election spending.

Finding 30: Funds managing less than \$50 billion were more supportive of lobbying-related proposals than those managing more than \$50 billion (Table 39).

- Funds managing more than \$100 billion supported 69% of lobbying-related proposals in 2019.
- Funds managing between \$50 billion and \$100 billion supported 61% of lobbying-related proposals in 2019.
- Funds managing between \$20 billion and \$50 billion supported 89% of lobbying-related proposals in 2019.
- Funds managing between \$10 billion and \$20 billion supported 87% of lobbying-related proposals in 2019.
- Funds managing less than \$10 billion supported 67% of lobbying-related proposals in 2019.

TABLE 38. FUNDS' SUPPORT FOR LOBBYING-RELATED PROPOSALS, 2019 (MINIMUM 10 VOTES).

Fund	Supportive votes	Total votes	Support %
Cbus	54	56	96%
Mercer	27	28	96%
HESTA	52	55	95%
Macquarie	52	55	95%
VicSuper	51	54	94%
Vision Super	28	30	93%
Qantas Super	39	42	93%
Local Government Super	23	25	92%
CareSuper	37	41	90%
Mine Wealth and Wellbeing	19	23	83%
AustralianSuper	12	15	80%
UniSuper	44	55	80%
HOSTPlus	40	55	73%
First State Super	31	47	66%
PostSuper	16	31	52%

TABLE 39. SUPPORT FOR LOBBYING-RELATED PROPOSALS BY FUND SIZE (AUM), 2019.

AUM	Supportive votes	Total votes	Support %
> \$100 billion	43	62	69%
\$50-100 billion	184	300	61%
\$20-50 billion	170	192	89%
\$10-20 billion	116	133	87%
< \$10 billion	58	86	67%

Finding 31: Corporate and Public sector funds supported a majority of lobbying-related proposals in 2019 (Qantas Super accounted for all corporate funds' supportive votes in 2019). Retail funds remain the least supportive of lobbying-related proposals (Table 40).

- Corporate funds supported 93% of lobbying-related proposals in 2019 (Qantas Super accounted for all Corporate funds' supportive votes in 2019).
- Industry funds supported 73% of lobbying-related proposals in 2019.
- Public sector funds supported 80% of lobbying-related proposals in 2019.
- Retail funds supported 64% of lobbying-related proposals in 2019.

Finding 32: Members of ACSI, IGCC, PRI and RIAA were more supportive of lobbying-related proposals than non-members in 2019; while non-FSC members were more supportive of lobbying-related proposals than FSC members in 2019 (Table 41).

- ACSI members supported 83% of lobbying-related proposals in 2019; non-ACSI members supported 47% of lobbying-related proposals in 2019.
- FSC members supported 64% of lobbying-related proposals in 2019; non-FSC members supported 76% of lobbying-related proposals in 2019.
- IGCC members supported 78% of lobbying-related proposals in 2019; non-IGCC members supported 70% of lobbying-related proposals in 2019.
- PRI signatories supported 75% of lobbying-related proposals in 2019; non-PRI signatories supported 70% of lobbying-related proposals in 2019.
- RIAA members supported 73% of lobbying-related proposals in 2019; non-RIAA members supported 77% of lobbying-related proposals in 2019.

TABLE 40. SUPPORT FOR LOBBYING-RELATED PROPOSALS BY FUND TYPE, 2019.

Fund Type	Supportive votes	Total votes	Support %
Corporate	39	42	93%
Industry	294	404	73%
Public sector	149	187	80%
Retail	89	140	64%

TABLE 41. SUPPORT FOR LOBBYING-RELATED PROPOSALS BY MEMBERSHIP OF INDUSTRY ASSOCIATION, 2019.

Industry Association	Member Support %	Non-member Support %
ACSI	83%	47%
FSC	64%	76%
IGCC	78%	70%
PRI	75%	70%
RIAA	73%	77%

3.8 OTHER FINDINGS

Finding 33: *Of the funds that disclose their international proxy voting record, all but one (EnergySuper) supported a proposal at ExxonMobil seeking greater disclosure of the company's lobbying record.*

A 2019 shareholder proposal to ExxonMobil on lobbying filed by the United Steelworkers of America, along with another shareholder proposal relating to an independent chair,⁴⁶ were widely regarded as a referendum on the company's approach to climate change.⁴⁷ The proposal on lobbying was supported by 37.3% of shareholders, including by 14 of the funds analysed.

Note that just 18 out of 50 funds disclose a complete voting record for their international shareholdings.

Finding 34: *Of the funds that disclose both their Australian and international proxy voting record, all but one – Hostplus – voted consistently on proposals at BHP Group Ltd (AU) and BHP Group plc (GB) on its membership of industry associations that oppose policies consistent with the Paris Agreement (Table 42).*

In 2019, a shareholder resolution was put to BHP by ACCR and a group of shareholders, relating to the company's funding of climate-related lobbying. The proposal was voted on at both BHP Group Ltd in Australia, and BHP Group plc in the UK.

Only one fund voted inconsistently on the same proposal in different jurisdictions – Hostplus.

Of the funds that disclose their international proxy voting record, only three opposed the proposal at both BHP Group Ltd and BHP Group plc: AustralianSuper, Mercer and UniSuper.

TABLE 42. FUND VOTING ON CLIMATE LOBBYING PROPOSALS AT BHP GROUP LTD AND BHP GROUP PLC, 2019.

Company – Proposal (Support %)	Vote	Funds
BHP Group Ltd (AU) - Lobbying inconsistent with the goals of the Paris Agreement (27.1%)	For (14)	AMP BT Financial Group Cbus Equipsuper First State Super HESTA HOSTPlus Local Government Super MTAA Super NGS Super Prime Super Sunsuper VicSuper Vision Super
	Against (3)	AustralianSuper Mercer UniSuper
BHP Group plc (UK) - Lobbying inconsistent with the goals of the Paris Agreement (22.2%)	For (7)	BT Financial Group Cbus First State Super HESTA Local Government Super Sunsuper VicSuper
	Against (4)	AustralianSuper HOSTPlus Mercer UniSuper
	Not disclosed (3)	AMP MTAA Super Prime Super
	Not held (3)	Equipsuper NGS Super Vision Super

⁴⁶ This proposal was filed by the The Kestrel Foundation of Maine, and not included in this study. It was supported by 40.7% of shareholders.

⁴⁷ Emily Chasan, "Exxon Directors Face Shareholder Revolt Over Climate Change," *Bloomberg*, 3 May 2019, <https://www.bloomberg.com/news/articles/2019-05-03/exxon-directors-face-shareholder-revolt-over-climate-change> [accessed 18 May 2020]

Finding 35: Four funds did not support proposals on the risks of coal pollution at Australian companies, despite supporting similar proposals in the United States (Table 43).

- Three funds supported a proposal at AGL Energy (Australia) in 2019, on the public health risks of coal operations, with 11 funds voting against.
- Three funds supported a proposal at Origin Energy (Australia) in 2019, on the public health risks of coal operations, with 12 funds voting against.
- However, at least four funds which voted against one or both of the above proposals supported very similar proposals at US companies.
- HESTA, which voted against the AGL Energy proposal (and supported the proposal put to Origin Energy), supported a similar proposal at PNM Resources (US).
- Cbus, Mercer and UniSuper, which all voted against both the AGL Energy and Origin Energy proposals, all supported a similar proposal at Duke Energy (US).

TABLE 43. FUNDS' VOTING ON PROPOSALS RELATED TO COAL POLLUTION AT AUSTRALIAN AND US COMPANIES, 2019.

Company – Proposal (Support %)	Vote	Funds
Duke Energy (US) - Report on coal risks (41.7%)	For (5)	Cbus Macquarie Mercer Qantas Super UniSuper
PNM Resources (US) - Report on coal risks (7.8%)	For (1)	HESTA
AGL Energy (AU) - Public Health Risks of Coal Operations (9.8%)	For (3)	NGS Super Vic Super Vision Super
	Against (11)	AMP AustralianSuper BT Financial Group Cbus equipsuper HESTA HOSTPlus Mercer MTAA Super Sunsuper UniSuper
Origin Energy (AU) - Public Health Risks of Coal Operations (6.6%)	For (3)	HESTA NGS Super Vic Super
	Against (12)	AMP AustralianSuper BT Financial Group Cbus First State Super HOSTPlus Local Government Super Mercer MTAA Super Sunsuper UniSuper Vision Super

Finding 36: Five funds voted against proposals in the US and Canada that were supported by a majority of shareholders (Table 44).

Of the 238 shareholder proposals put to companies in Australia, Canada, the UK, the US and Norway in 2019, ten were supported by more than 50% of shareholders. In six instances, Australian funds voted against these proposals, putting them in the minority of shareholders.

The funds which voted against one or more of the majority-supported proposals were: BT Financial Group, EnergySuper, Mercer, PostSuper and REST.

Finding 37: There was a significant increase in support for human rights-related proposals at Qantas Airways between 2018 and 2019 (Table 45).

- There was a significant increase in support for human rights-related proposals at Qantas Airways from 6.4% in 2018 to 23.6% in 2019.
- In 2018, only two out of 35 funds voted in favour of a proposal put to Qantas Airways relating to human rights due diligence: VicSuper and Vision Super.
- Three funds voted in support of similar proposals at Qantas Airways in 2019: NGS Super, VicSuper and Vision Super.

TABLE 44. FUNDS THAT FAILED TO SUPPORT PROPOSALS THAT WERE SUPPORTED BY MORE THAN 50% OF SHAREHOLDERS.

Company - Proposal (Support %)	Funds
Cognizant Technology Solutions (US) - Review/report on election spending (53.38%)	BT Financial Group
	EnergySuper
Macy's (US) - Review/report on election spending (53.14%)	BT Financial Group
Newell Brands (US) - Report on executive diversity (56.59%)	BT Financial Group
Travelers (US) - Report on EEO and affirmative action (50.91%)	BT Financial Group
Walgreens Boots Alliance (US) - Report on opioid crisis (60.50%)	EnergySuper
	Mercer
Waste Connections (CA) - Disclosure on gender diversity (64.50%)	BT Financial Group
	PostSuper

TABLE 45. FUND VOTING FOR HUMAN RIGHTS-RELATED PROPOSALS AT QANTAS AIRWAYS IN 2018 AND 2019.

Fund	2018 Vote	2019 Vote
AMP	Against	Against
ANZ OnePath	Abstain	Not disclosed
ANZ Staff Super	Not disclosed	Not disclosed
AustralianSuper	Against	Against
BT Financial Group	Against	Against
CareSuper	Against	Not disclosed
Catholic Super	Against	Not disclosed
Cbus	Abstain	Against
CommBank Group Super	Against	Not disclosed
EnergySuper	Against	Not disclosed
equisuper	Against	Not held
First State Super	Against	Against
HESTA	Abstain	Against
HOSTPlus	Against	Against
IOOF	Abstain	Not disclosed
Local Government Super	Against	Against
Macquarie	Against	Not disclosed
Media Super	Against	Not disclosed
Mercer	Against	Against
Mine Wealth and Wellbeing	Against	Not disclosed
MLC	Against	Not disclosed
MTAA Super	Against	Against
NGS Super	Against	For
Perpetual	Not held	Against
PostSuper	Abstain	Not disclosed
Prime Super	Against	Not disclosed
Qantas Super	Not disclosed	Not disclosed
REST	Against	Not disclosed
StatePlus Retirement Fund	Against	Not disclosed
Sunsuper	Against	Against
Tasplan Super	Against	Not disclosed
TWU Super	Against	Not disclosed
Unisuper	Against	Against
VicSuper	For	For
Vision Super	For	For

Finding 38: There was no correlation between the gender makeup of a funds' membership, and the voting behaviour of that fund on gender-related proposals (Table 46).

Between 2017 and 2019, there were 36 proposals seeking greater disclosure on gender pay equity at 23 different companies. All companies were in Canada or the US, but 16 of those companies have operations in Australia, including technology giants Alphabet and Facebook, and financial conglomerates Citigroup and JP Morgan.

- Two funds in which women form a significant majority of their membership⁴⁸ - First State Super and NGS Super - supported just 23% of shareholder proposals on gender pay equity.
- Conversely, Cbus (with just 9% of their membership identified as women) supported 82% of these proposals.
- BT Financial Group, which manages the superannuation for Adobe Systems employees in Australia, voted against a proposal at Adobe

Systems in 2019 seeking greater disclosure on gender pay equity.

- REST, which manages the superannuation for retail workers in Australia, voted against a proposal at TJX Companies (parent of TK-Maxx) in 2019 seeking greater disclosure on gender pay equity.
- Cbus, which manages the superannuation for offshore oil and gas workers, voted against a proposal at ExxonMobil in 2017, seeking greater disclosure on gender pay equity.

TABLE 46. FUNDS' SUPPORT FOR PROPOSALS ON GENDER PAY EQUITY, 2017-19 (MINIMUM 10 VOTES).

Fund	Female Members %	Supportive votes	Total votes	Support %
Local Government Super	45%	31	31	100%
Cbus	9%	27	33	82%
Vision Super	56%	28	35	80%
AustralianSuper	40%	21	27	78%
Qantas Super	41%	17	23	74%
Macquarie	47%	15	21	71%
Mercer	40%	9	13	69%
HESTA	80%	22	34	65%
VicSuper	65%	20	36	56%
Unisuper	57%	13	26	50%
REST	60%	8	17	47%
HOSTPlus	51%	12	30	40%
CareSuper	57%	5	15	33%
PostSuper	40%	9	27	33%
First State Super	65%	7	30	23%
NGS Super	71%	3	13	23%
Sunsuper	43%	4	18	22%
EnergySuper	18%	2	10	20%
BT Financial Group	45%	3	19	16%

⁴⁸ "Annual Fund-Level Superannuation Statistics June 2019"

Appendix

1. Funds with limited voting records in 2019:
 - a. **ANZ Staff Super:** voting record is for one investment manager only, responsible for small Australian companies.
 - b. **EnergySuper:** voting record does not cover numerous large US-listed companies which are included in its disclosed shareholdings, including Berkshire Hathaway, Johnson & Johnson and Microsoft.
 - c. **Equipsuper:** voting record does not include numerous large US-listed companies which are included in its disclosed shareholdings, including Alphabet and XPO Logistics.
 - d. **Mercer:** online voting record became inaccessible in early April. We contacted Mercer but the issue has not been addressed.
 - e. **Perpetual:** voting record is for internally managed funds only.
2. Funds that disclose a summary of their proxy record: ACSRF, Commonwealth Super Corporation, LUCRF Super, QSuper, Russell Investments, Telstra Super.
3. Funds that do not disclose a proxy voting record: AON, BUSSQ, Catholic Super (disclosed after this report was written), Colonial First State, Energy Industries Super, HUB24 Super, LGIASuper, Maritime Super, Netwealth Super, Statewide Super, Suncorp.

Abbreviations

ACCR	Australasian Centre for Corporate Responsibility
ACSI	Australian Council of Superannuation Investors
APRA	Australian Prudential Regulatory Authority
ASIC	Australian Securities and Investments Commission
AUM	Assets Under Management
ESG	Environmental, Social and Governance
FSC	Financial Services Council
IGCC	Investor Group on Climate Change
PRI	Principles for Responsible Investment
RIAA	Responsible Investment Association of Australasia