

4th June 2021

Market Conduct Division
The Treasury
Langton Crescent
Parkes ACT 2600

By electronic lodgement to: mcdproxyadvice@treasury.gov.au

RE: Consultation Paper – Greater Transparency of Proxy Advice

Dear Sir/Madam

Thank you for providing Active Super the opportunity to respond to Treasury Consultation – Greater Transparency of Proxy Advice.

Background

Active Super is a superannuation fund with approximately 80,000 members and over \$13.0 billion in funds under management. The fund is a certified* responsible super fund with investments diversified across domestic and international equities, fixed income, private equity, infrastructure and property. It is based in Sydney with 106 employees and 7 regional offices. The fund has a focus on responsible investment and acting in the best interests of our members.

Active Ownership Policy / Australian Asset Owner Stewardship Statement

At Active Super we take our ownership responsibility seriously and believe that engaging with companies on ESG issues and voting at company meetings can address potential risks across our investment portfolio. This assists with our obligations to provide strong long-term returns for our members while also providing benefits to the community.

Our Active Ownership Policy is publicly disclosed on our website at ([active-ownership-policy.pdf](#)) We also have a published Australian Asset Owner Stewardship Statement at ([Active Super – Stewardship Statement](#)) which discloses our approach to stewardship activities.

Engagement on material ESG issues is done either directly by Active Super with companies, in collaboration with our advisers or via external fund managers. This collaborative model is an efficient model for company engagement and industry advocacy.

As a shareholder, Active Super is entitled to exercise proxy votes at the shareholder meetings of most of the ASX200 companies and the largest listed companies in the world.

We vote at shareholder meetings because we believe it is a key element of company engagement and that it is important to fulfil our ownership obligations and rights as a long-term shareholder. For this reason, wherever practicable, Active Super will take responsibility for voting shares from our external fund managers.

We use proxy advisers to guide our voting at shareholder meetings, being ACSI for our Australian investments, and CGI Glass Lewis for our international investments. Both groups have established voting guidelines based on corporate governance best practice. Active Super provides input to these guidelines on a regular basis. ACSI and CGI Glass Lewis analyse the financial and ESG performance of listed companies and make voting recommendations using these guidelines.

Voting Process

Active Super votes the ASX 200 after assessing company resolutions, provided advice and conducting our own research. Our share voting platforms enable us to view company recommendations made by both the company and our advisers for all AGM resolutions.

Information on company vote recommendations is obtained via ASX platforms or directly from company websites and we make decisions after utilising the following or a combination of the below inputs:

- i) investment team experience
- ii) reviewing company recommendations/engagement with the company
- iii) advice of the proxy adviser
- iv) engagement with the resolution filer
- v) the advice of our fund managers
- vi) broker analyst input
- vii) specialist ESG service provider data
- viii) other external research and/or
- ix) relevant press.

We do not always follow the recommendations of our proxy advisers and have not always voted in line with their recommendations, however, we generally vote in accordance with our proxy providers where there are non-contentious or routine AGM issues.

Disclosure

Active Super publishes regular Proxy Voting Reports on ([ProxyVoting_Report_December2020](#)), as well as our voting decisions prior to AGM's at ([Active Super - Proxy voting](#)). This increases transparency and accountability of voting decisions made on behalf of our members.

Benefits

Our proxy advisers provide necessary high-quality research and an engagement service. As a universal asset owner, we invest in most companies around the world. Without this service, Active Super would need to employ teams appropriately qualified and at greater cost to achieve the same results.

Proxy adviser analysts provide valuable insights from extensive engagement efforts and assist with our members' queries when they are specific to certain companies and ESG concerns. Collaborative meetings organised by our proxy advisers allow us to identify material ESG issues for consideration and further our own funds' independent research. The model also delivers time efficiencies given tight deadlines between notice of agenda and voting deadlines.

The work of proxy advisors has added benefits in providing funds like ours the opportunity for strengthened dialogue with investee companies in the areas of net zero, impact and diversity as well as assisting us to meet Australian regulatory requirements like those currently related to Modern Slavery.

Active Super believes that well informed voting decisions will lead to value creation and are in the best long-term financial interests of our members. We thank you for the opportunity to make this submission to Treasury Consultation – Greater Transparency of Proxy Advice.

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Your Sincerely,

A handwritten signature in black ink that reads "DM Heffernan". The signature is written in a cursive style and is placed on a light grey rectangular background.

Donna Heffernan
Deputy CEO and Company Secretary

*Superfund (whole of fund) certified by RIAA

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