

Super Votes

Australasian Centre for Corporate Responsibility | December 2022

This is ACCR's fourth annual report on the disclosure and voting practices of Australia's largest superannuation funds. It focuses on 518 environmental, social and governance ('ESG') proposals filed in 2021. It also considers trends between 2017-2021, when ACCR first began to collect this data.

The report highlights the disclosure and voting practices of the 30 largest super funds in Australia. It emphasises the importance of good disclosure as a measure of accountability to members, consistent voting as a measure of proper governance, and the consonance between how a fund positions itself in theory (for example, as an investor which is sensitive to issues such as sustainability) and how it votes in practice.

Key findings

- **Disclosure.** Of the 30 largest Australian super funds, 20 published complete¹ voting records in 2021. Of these 20 funds, eight have consistently published complete voting records since 2017, the year from which ACCR began tracking disclosures: Active Super, AustralianSuper, Cbus, HESTA, HOSTPlus, Mercer, Mine Super and Vision Super.

TABLE 14. FUNDS' DISCLOSURE OF PROXY VOTING RECORDS IN 2021.

Level of disclosure	Funds #	Funds %	Total AUM \$B	% APRA-regulated AUM
Complete	20	66.7%	1,420.0	59.8%
Limited - AU only	4	13.3%	277.5	11.7%
Limited - Other	2	6.7%	59.3	2.5%
Summary only	1	3.3%	244.8	10.3%
No disclosure	3	10.0%	59.4	2.5%
Total	30	100%		

- **Trends in Australian proxy voting.** The number of Australian shareholder proposals increased from 31 in 2020 to 38 in 2021 and the percentage of supportive votes also increased from 14.7% to 23.4%, which is consistent with the broader trends since the survey began in 2017. Of note was the increase in supportive votes for Environment-Climate proposals which increased substantially from 24.7% in 2020 to 46.2% in 2021.

¹ Complete records are those which record each individual vote cast at AGMs in the calendar year 2021.

TABLE 6. NUMBER OF SHAREHOLDER PROPOSALS BY COUNTRY

Country	2017	2018	2019	2020	2021	Total Companies	Total Proposals
Australia	11	18	30	31	38	41	128
Canada	16	10	38	32	26	42	122
United Kingdom	2	1	3	3	7	10	16
Norway	2	2	3	6	11	3	24
United States	210	176	164	199	436	509	1,185
Total	241	207	238	271	518	605	1,475

TABLE 7. AVERAGE VOTE OF SHAREHOLDER PROPOSALS BY COUNTRY

Country	2017	2018	2019	2020	2021
Australia	6.7%	12.7%	10.2%	14.7%	23.3%
Canada	11.7%	26.0%	11.5%	12.6%	15.6%
United Kingdom	7.1%	5.5%	45.7%	13.8%	28.7%
Norway	0.1%	0.3%	0.7%	0.6%	7.6%
United States	21.6%	25.5%	26.7%	25.8%	34.8%
All Countries	19.9%	24.0%	22.1%	22.2%	32.2%

TABLE 12. AVERAGE VOTE OF AUSTRALIAN SHAREHOLDER PROPOSALS BY THEME

Category	2017	2018	2019	2020	2021
Environment-Climate	6.9%	19.0%	13.4%	24.7%	46.2%
Governance-Other	6.2%	6.9%	5.3%	6.7%	7.4%
Social	6.2%	9.7%	14.0%	11.8%	11.1%
All Themes (AU)	6.7%	12.7%	10.2%	14.7%	21.6%

- Super funds' support for proposals and changes over time.** There continues to be a wide disparity between the supportive voting practices of Australia's largest super funds, with the top quartile of funds supporting on average 68% of proposals in 2021, relative to the bottom quartile of funds which supported on average only 14% of proposals. In 2021, nine funds' support for shareholder proposals was at least 20% higher than their historic average from 2017-2020. ACCR does not suggest that voting in favour of every shareholder proposal necessarily represents sensible or progressive voting behaviour, but rather every proposal should be considered on its merits.

Recommendations

- All funds should disclose their entire proxy voting record - meaning, for every vote cast across all jurisdictions, to allow members to monitor their stewardship performance and to help assess how a fund positions itself in theory and how it votes in practice.
- Funds that delegate voting to asset managers and proxy voting firms should disclose the proxy voting record of those managers/firms. Funds should retain the right to vote in a different way and exercise when external advice is inconsistent with their own voting policies.
- Voting disclosures should be easily accessible to fund members. Best practice disclosure is made through an online portal to enable timely disclosure, and promptly after the vote is cast.
- Funds which self-describe as "active owners" should clearly communicate their expectations for companies or sectors, as well as the strategies they will deploy if these expectations are not met. Central to this will be the timely release of proxy voting records, voting bulletins and/or rationales explaining voting decisions so that members can better understand how funds are escalating. With greenwashing risks escalating for asset owners, there are growing expectations that funds will demonstrate to their members how they are engaging and escalating with heavy emitting companies.
- Funds should publish their responsible investment and proxy voting policies and ensure their voting is consistent with those policies.
- As part of their voting records, funds should publish a brief rationale about their reasons for abstaining from a vote or voting against management.
- Funds should consider filing, co-filing or publicly supporting shareholder proposals when other forms of engagement are unsuccessful in delivering change.

DISCLAIMER

The contents of this document do not purport to provide any financial, investment or professional advice and shall not be deemed to constitute the provision of financial, investment or other professional advice in any way. The content of this document is offered for informational purposes only and is not a substitute for professional advice.