

## SUPERANNUATION VOTING TRANSPARENCY REPORT

**1. Name of asset owner/ fund manager & fund name chosen to assist with queries below:**

Local Government Super

**2. Brief Description of Asset Owner:**

Industry super fund traditionally focused on NSW local government employees now public offer.

**3. Fund under Management:** \$11b as stated on website on 2<sup>nd</sup> of May 2018.

URL: <https://www.lgsuper.com.au/about-us/about-lgs/>

**4. Memberships**

Association	Membership
UNPRI	YES
FSC	NO
RIAA	YES
ACSI	YES

**5. Do they publically disclose a clear policy on how ESG issues are incorporated in all of their equity investment activities (i.e not just for SRI funds?) and do they screen any particular products or industries?**

Local Government Super has extensive documentation covering its ESG policies and the incorporation of ESG into investment decisions. It gives particular focus to environmental issues and its commitment to climate change and environmentally related investment is strong.

LGS applies extensive negative screening to its investment processes which exclude controversial weapons and tobacco as well as any companies which receive 10% or more of their revenues from armaments, gambling old growth logging and uranium mining/nuclear companies. Furthermore, the fund excludes investment into companies which receive 1/3 or more of their revenue from high carbon sensitive activities and companies which appear to have poor management of ESG risk (p 6). In the fund's "2 Degree Invest Award" document the fund discloses rationales for resolutions dealing with recent climate change related issues.

The fund appears to have an internal document dealing with Investment Governance issues - "Investment Governance Framework" but it is not publicly available. However, in the proxy voting policy LGS sets out its approach to common Governance issues (p 4).

In addition, this policy sets out LGS's procedures for lead and co-filing shareholder resolutions.

LGS also sets out specific lists under each E, S & G heading of risks considered during the investment process.

URL:

<https://www.lgsuper.com.au/assets/Documents/LGS-Sustainable-and-Responsible-Invest-Policy.pdf>

<https://www.lgsuper.com.au/assets/Documents/LGS-Proxy-Voting-Policy.pdf>

<https://www.lgsuper.com.au/investments/sustainable-investment/investment-risks/>

<https://www.lgsuper.com.au/assets/Documents/International-award-on-investor-climate-LGS-application.pdf>

Score (3 out of 3)

**6. Do they publicly disclose their voting record for either or both their ASX and international holdings?**

LGS provides an extensive range of proxy voting records, going back to 2014. Generally shareholder resolutions are provided with brief rationales, and the fund provides explanation for its choice of vote if it votes against the recommendation of management. The company, proposal description and voting instructions are all given for all votes for both domestic and international. LGS also produces a 6 monthly proxy voting and engagement report which describes its attitude to contentious issues, more detailed rationales than are available in the voting record for a sample of votes against management and in regard the way LGS voted on shareholder resolutions.

URL:

<https://viewpoint.glasslewis.net/GlassLewisWebDisclosure/webdisclosure/search.aspx?glpcustuserid=LOC109&WDFundGroupID=2669>

Score (5 out of 5)

## 7. DOMESTIC VOTING

July to December 2017 ASX						
	Theme of Proposal	For	Against	Abstain	Not Holding	Score
<b>BHP</b>	Amendment of Constitution item no.22	X				1
	Political Lobbying item no.23	X				1
<b>Woolworths</b>	Amendment of Constitution item no.7a		X			-1
	Human Rights item no.7b	X				1
<b>URL: (Max score 4)Total</b>						<b>2</b>

January to June 2017 ASX						
	Theme of Proposal	For	Against	Abstain	Not Holding	Score
<b>OilSearch</b>	Climate Change item no.7				X	0
	Human rights				X	0
<b>Santos</b>	Amendment of Constitution item no.5a.	X				1
	Climate Change item no.5b. (Strategic Resilience for 2035 and Beyond )	X				1
<b>URL: (Max score 4)Total</b>						<b>2</b>

<b>July to December 2015 ASX</b>						
		<b>For</b>	<b>Against</b>	<b>Abstain</b>	<b>Not Holding</b>	<b>Score</b>
<b>ANZ (Australia and New Zealand Bank)</b>	Corporate governance resolution no.6a	X				1
	Climate change resolution no.6b		X			-1
<b>Origin</b>	Climate change resolution no.11	X				1
<b>AGL</b>	Climate change resolution no.5				X	0
<b>URL: (Max score 4) Total</b>						<b>1</b>

## 8. INTERNATIONAL VOTING

International 2017 Resolutions						
	Theme of Proposal	For	Against	Abstain	Not Holding	Score
<b>AES</b>	Climate Change	X				1
<b>Ameren</b> (item 6.)	Climate Change				X	0
<b>Dominion</b> (item 8.)	Climate Change				X	0
<b>DTE</b> (item 5.)	Climate Change				X	0
<b>Duke</b> (item 7.)	Climate Change				X	0
<b>FirstEnergy</b> (item 10.)	Climate Change				X	0
<b>PNM</b>	Climate Change				X	0
<b>PPL</b> (item 6.)	Climate Change				X	0
<b>Southern</b> (item 6.)	Climate Change				X	0
<b>AT&amp;T</b> (item 5.)	Political Expenditure	X				1
<b>Alphabet Inc</b> (item 8.)	Political Expenditure	X				1
<b>Wells Fargo</b> (item 5.)	Consumer Rights (Retail Banking Sales Practices Report)		X			-1
<b>UK Royal Dutch Shell</b> (item 21.)	Climate Change (GHG Reduction Targets)	X				1
<b>UK Sports Direct</b> (item 19.)	Human Capital Management (2016)				X	0

<b>(Max score 14) Total</b>	<b>3</b>
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### 9. LAGGING

In accord with its Proxy Voting Policy LGS discloses its voting intentions prior to meetings.

DOMESTIC AND INTERNATIONAL RECORDS			
	Yes	No	Score
<b>2017 Records available within 2 months of 2017 financial/calendar year end</b>	X		2
<b>Records available for current year to date, no more than two months ago available</b>	X		2
<b>June 2016 Records are available</b>	X		2
<b>(Max score 6) Total</b>			<b>6</b>

### 10. Proxy Advisor used:

ACSI and CGI Glass Lewis

### 11. Since June 2015 has the Fund lead filed or co-filed any ESG related shareholder resolutions at ASX 100 listed companies?

Yes, LGS co-filed 2 resolutions filed for the 2018 Rio Tinto Ltd AGM on governance and climate change/political expenditure.

### 12. Prose:

LGS strong professed policy concern about climate change and other ESG issues is reflected in its voting record.

On the ASX, in 2017 LGS had the chance to vote on 6 shareholder ESG resolutions – all but one of which the fund supported. Two similar climate change proposals were available for the fund to vote on during July to December 2015 of which the fund supported one.

A range of international shareholder resolutions were also checked to assess the international proxy voting attitudes of Local Government Super. These resolutions were chosen as reflective because they attracted reasonable support.

TO THE KNOWLEDGE OF ACCR, THIS INFORMATION  
IS CORRECT AS AT: 02/05/2018



Of the 5 companies assessed held by LGS it supported all but one of the resolutions.