

## SUPERANNUATION VOTING TRANSPARENCY REPORT

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

Macquarie Asset Management(MAM) is an operating group of listed Macquarie Group Ltd (ticker MQG). Macquarie Investment Management (MIM) is a division of Macquarie Asset Management. For fund voting the records of Macquarie Investment Management Global Limited (MIMGL) and various Delaware Funds were used. MIM is also the trustee of a for-profit superfund.<sup>1</sup>

### 2. Brief Description of Asset Owner:

Top 50 global asset manager.

### 3. Funds Under Management:

\$491b as at end Sept 2016 - total managed by MAM. The super fund had \$18b assets as at 30<sup>th</sup> of June 2017.

URL: UNPRI transparency report – see above &

<http://www.apra.gov.au/Super/Publications/Pages/superannuation-fund-level-publications.aspx>

### 4. Memberships

Association	Membership
UNPRI	Yes
FSC	Yes
RIAA	No
ACSI	No

### 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 industry?

Yes, MQG has an Environmental & Social Risk and ESG governance policy applicable across all operating groups including MAM. It includes specific reference to Human Rights issues but minimal reference to other Environmental or Social issues. It also has a specific Climate Change approach document which includes reference to its recognition of the need to keep global temperature rise to below 2° C and its commitment to the TCFD. Macquarie Investment management Australia Ltd, Macquarie Life Limited and Delaware Funds all have a proxy voting policy. All these policies contain a similar description of MQG's attitude to voting on various corporate governance issues at investee companies.

<sup>1</sup> See 1.2 of UNPRI Transparency Report at <https://reporting.unpri.org/surveys/PRI-reporting-framework-2017/13B6ED53-A84F-4819-8BD6-ACC7155175EF/79894dbc337a40828d895f9402aa63de/html/2/?lang=English&a=1> .

<sup>2</sup> None contains any reference to voting attitude to environmental or social issues.<sup>3</sup> There is a URL for a policy for Macquarie Investment Management Global Limited (MIMGL) but it links to a voting record not a policy, however a 2014 version can be found after searching.

URL:

[http://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/company-profile/esg/esr-policy-summary\\_97\\_2003.pdf?v=6](http://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/company-profile/esg/esr-policy-summary_97_2003.pdf?v=6)

<http://static.macquarie.com/dafiles/Internet/mgl/global/shared/sf/pdf/climate-change-approach.pdf?v=2>

<https://www.macquarie.com.au/mgl/au/mfg/mim/proxy>

<http://vds.issproxy.com/59/policies/Proxy%20Voting%20Summaries%20-%20Delaware%20Funds%20by%20Macquarie%202017.pdf>

<https://www.macquarie.com.au/dafiles/Internet/mgl/au/mfg/docs/legal-compliance/miml-proxy-voting-policy.pdf>

Score (2.5 out of 3)

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

Yes, both, by company and proposal but no rationale or summary provided.

URL: <http://vds.issproxy.com/Policy.php?CustomerID=59>

<https://www.macquarie.com.au/mgl/au/mfg/mim/proxy>

Score (3 out of 5)

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<sup>2</sup> Note that in the UNPRI transparency report a box is ticked at question 1.2 claiming MAM has formalised guidelines on corporate governance factors in its investment policies but the link provided is to the group's own corporate governance arrangements not those that investee companies.

<sup>3</sup> Contrary to the fact that these boxes are ticked at item 17. 2 of the UNPRI report.

## 7. DOMESTIC VOTING<sup>4</sup>

January to June 2017 ASX						
	Theme of Proposal	For	Against	Abstain	Not Holding	Score
<b>Oil Search</b>	Climate Change item no.7		X			-1
	Human rights		X			-1
<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>-4</b>

## 8. INTERNATIONAL VOTING<sup>5</sup>

International 2017 Resolutions						
	Theme of Proposal	For	Against	Abstain	Not Holding	Score
<b>The AES Corporation</b>	Climate Change				X	0
<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 Energy Corporation</b> (item 7.)	Climate Change				X	0
<b>FirstEnergy</b> (item 10.)	Climate Change				X	0

<sup>4</sup> July to December 2017 likely to be available late July 2018

<sup>5</sup> Delaware operates a large number of high conviction, actively managed funds. For this purpose the US VIP Growth (31 meetings voted at in 16/17) , VIP Value (34 meetings voted at) and VIP Global Value funds were used.

<b>PNM</b>	Climate Change				X	0
<b>PPL</b> (item 6.)	Climate Change				X	0
<b>The Southern Company</b> (item 6.)	Climate Change				X	0
<b>AT&amp;T</b> (item 5)	Political Expenditure	X <sup>6</sup>				1
<b>Alphabet Inc</b> (item 8)	Political Expenditure		X <sup>7</sup>			-1
<b>Wells Fargo</b> (item 5)	Consumer Rights (Retail Banking Sales Practices Report)	X <sup>8</sup>				1
<b>UK Royal Dutch Shell</b> (item 21)	Climate Change (GHG Reduction Targets)				X	0
<b>UK Sports Direct</b> (item 19)	Human Capital Management (2016)				X	0
<b>(Max score 14) Total</b>						<b>1</b>

<sup>6</sup> VIP Value

<sup>7</sup> VIP US Growth fund

<sup>8</sup> Global Value Fund

## 9. LAGGING

DOMESTIC RECORDS			
	Yes	No	Score
<b>2017 Records available within 2 months of 2017 financial/calendar year end</b>	X		
<b>Records available for current year to date, no more than two months ago available</b>		X	
<b>June 2016 Records are available</b>		X	
<b>(Max score 3) Total</b>			<b>1</b>

INTERNATIONAL RECORDS			
	Yes	No	Score
<b>2017 Records available within 2 months of 2017 financial/calendar year end</b>	X		
<b>Records available for current year to date, no more than two months ago available</b>		X	
<b>June 2016 Records are available</b>		X	
<b>(Max score 3) Total</b>			<b>1</b>

## 10. Proxy Advisor used:

For international ISS.

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

Not to the knowledge of ACCR.

## **12. Prose:**

MQG has an environmental and social risk policy which explicitly refers to its recognition that it is the responsibility of businesses to protect human rights. In Australia in 2016/17 Macquarie had the opportunity to vote in support of a human rights resolution at the Oil Search AGM. It did not. It also has a climate change policy which explicitly refers to its recognition of the need to keep global temperature rise to below 2° C and its own commitment to the TCFD<sup>9</sup>. In Australia in 2016/17 Macquarie had the opportunity to vote in support of a TCFD resolution at the Santos AGM, it did not. MQG would appear, on the basis of this small sample, to be more prepared to support shareholder resolutions in the US. The Macquarie policy documents dealing with environmental and social risk and climate change are not congruent with the proxy voting policy. The proxy voting policy contains no reference to climate change nor E& S risks. ACCR was unable to find any disclosure of the proxy voting record of the super fund for which MIM is the trustee.

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<sup>9</sup> TCFD is the Task force on Climate related Financial Disclosure.