



Voting Policy

**CSF Pty Limited
(ABN 30 006 169 286) (AFSL 246664)**

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1. Background

In this Voting Policy (“Policy”), the approach adopted by CSF Pty Limited (“the Trustee”) in relation to voting on resolutions put to shareholder meetings of its investee companies is set out.

The large majority of the Trustee’s investment in Australian Equities is held via segregated portfolios governed by Investment Management Agreements between the Trustee and investment managers appointed to manage the portfolios including stock selection and trading. The underlying shares are held by the Trustee’s custodian, NAB Asset Servicing. NAB Asset Servicing provides a facility allowing the Trustee to lodge its voting directions which are then submitted to the relevant company meeting. Under these arrangements, the Trustee is able to determine the way in which voting rights attached to company shares are exercised.

All investment in global equities is undertaken via investment in commingled or pooled funds on the other hand. The manager of the pooled vehicle invariably has the legal capacity to exercise voting rights attached to ownership of the underlying shares, not the Trustee and other investors.

In addition, the percentage of an individual company’s shares owned by the Trustee, directly or indirectly, is typically much larger in the case of Australian shares. Further, the Trustee is better-placed to make informed decisions in relation to resolutions coming before shareholder meetings of Australian companies.

For these reasons, voting activity is focussed on Australian equities.

2. Principles and Guidelines

Votes will be exercised in a way that it is expected to enhance members’ long term financial interests, consistent with the Trustee’s responsibilities under the *Superannuation Industry (Supervision) Act 1993 (Cth)* (“the SIS Act”) and common law.

The Trustee will refer to accepted corporate governance industry standards including:

- (a) IFSA’s *Guidance Note No. 2.00: Corporate Governance: A Guide for Fund Managers and Corporations (June 2009)*;
- (b) The *ASX Corporate Governance Principles and Recommendations with 2010 Amendments (2nd edition)* and
- (c) ACSI’s *Corporate Governance Guidelines (July 2011)*.

The Trustee, as a member of ACSI, will contribute to the continuing development of ACSI’s corporate governance guidelines, which have been developed as a reference to what constitutes good corporate governance practice in listed companies from the point of view of a superannuation fund, and are a reference for fund managers when applying this Policy.

In addition to corporate governance industry standards, the Trustee will consider issues across environmental and social issues as set out in the UN Principles for Responsible Investment (UNPRI) to which the Fund is a signatory. Catholic Super’s Responsible Investment policy sets out the major issues related to ESG factors and the Trustee will take these into account in considering the exercise of the Fund’s voting rights.

3. Australian Equities

3.1 Mandated Australian equity fund managers

With one exception, the fund managers have been instructed that all resolutions issued by the companies included in their respective portfolios will be voted on by the Trustee. The Trustee exercises the voting rights in the vast majority of cases.

The Trustee receives proxy voting advice from the Australian Council of Superannuation Investors (“**ACSI**”) and from the managers. ACSI’s advice covers approximately the largest 200 companies in the Australian market. These companies comprise the large majority of the Trustee’s Australian shares portfolio.

One manager has been given responsibility to exercise voting rights in respect of shares in its portfolio. This manager manages a microcap portfolio. ACSI does not normally provide advice in respect of microcaps and the manager concerned is in the best position to exercise voting rights effectively. The manager has been provided with guidance regarding the principles which should be considered when making its decisions and reports its voting activity on a quarterly basis.

3.2 Process

The Trustee’s internal investment team will consider the appropriate voting position following receipt of recommendations and/or advice from the Governance Adviser of ACSI and/or from the managers when they intend to vote against a resolution. Where the position being adopted by ACSI and the managers is consistent, votes will generally be exercised in line with that position. Where the position adopted by ACSI and one or more managers differs, the vote will be exercised after consideration of the reasoning provided by the various parties. Views of other shareholders may also be taken into account.

3.3 Pooled vehicles

Fund managers are to report to the Trustee once each year (with timing to be advised) or more frequently if requested. The report should deal with the following:

- (a) Current policy and guidelines on corporate governance;
- (b) The extent to which the fund manager has adopted ACSI’s guidelines on corporate governance; and
- (c) Cases where the fund manager voted against the relevant company directors’ recommendation and the outcome, with a brief discussion of the issues.

The Trustee will encourage fund managers to incorporate formal corporate governance standards that are to be applied in the investment selection and monitoring of companies on behalf of the Fund. Moreover, managers’ records on voting on corporate governance, environmental and social issues will be considered when manager appointments are being reviewed.

4. Global Equities

Fund managers (currently all invested through unit trusts) are to report to the Trustee once each year (with timing to be advised) or more frequently if requested. The report should deal with the following:

- a) Current policy and guidelines on voting;
- b) Summary of all votes submitted, including cases where the manager submitted a vote against the relevant company directors' recommendation with a brief reason for this.

5. Reporting

The Chief Investment Officer will report on the Trustee's voting record as follows:

- To the Investment Management Group on a six-monthly basis (ideally after each major reporting season being April and October); and
- To the Trustee Board on an annual basis.