

AUSTRALIAN COUNCIL OF SUPERANNUATION INVESTORS

# ANNUAL REPORT 2018

ACSI ANNUAL REPORT FOR THE  
2017-2018 FINANCIAL YEAR

NOVEMBER 2018

acsi



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## ABOUT THIS REPORT

The ACSI Annual Report is our flagship corporate report. This report covers the 2017–2018 financial year (FY18). You may notice some changes in our annual report this year. That's because we've begun incorporating principles from the International Integrated Reporting <IR> Framework.

In year one, we're focusing on incorporating information about our strategy and the impact of our activities. We've also eliminated some 'static' information from the report – material that doesn't change much from year to year. This information is still readily available on our website: [www.acsi.org.au](http://www.acsi.org.au).

Our main objective is to provide more meaningful information about how we create value for our stakeholders.

Want to read more? This signpost will tell you where you can find additional information on our website about the topics mentioned in this report.

# PRESIDENT'S MESSAGE



As fiduciaries, ACSI members are required to maximise long-term investment returns to their beneficiaries. This means we must pursue value creation over periods which typically span many decades.

Unfortunately, the rules that govern markets and individual companies do not always prioritise the best interests of long-term investors. We face an ongoing battle to ensure companies and other market participants remain focussed on the long term.

As investors, we take the view that companies that are well governed and effectively manage their environmental and social impact make for higher value investments. We want companies to deliver strong annual profits, but not at the expense of sustainable investment returns over the long term.

Individually, investors have a variety of tools at their disposal to pursue improvements in ESG performance. For example, they can seek to influence company management or board composition by voting their shares. But even for the bigger among us, there is a limit to our ability to achieve positive change by ourselves.

Collective action has proven to be extremely effective at holding companies to account and ensuring the principles long-term investors value are supported in markets and regulatory settings. As a vehicle for collective action, ACSI combines its members' voices into a unified and influential statement of investor expectations and needs.

In the past year alone, ACSI's intervention has led directly to improved climate change reporting, increased board gender diversity, improvements in executive pay practices and a greater focus on supply chain management, among others – on behalf of its members.

ACSI's contribution goes well beyond the services it provides its members, however. We are a not-for-profit organisation which can justifiably be described as performing a public good. As ASIC Chair James Shipton said, ACSI's focus on corporate governance "has the benefit of enhancing the long-term value of investments by our community."<sup>1</sup>

Mr Shipton also acknowledged the role of ACSI in supplementing regulatory resources to monitor and uphold good corporate conduct:

*"[...] it is essential that investors and particularly organisations like ACSI that represent them, focus their efforts on also holding industry to account for malpractice, malfeasance or unacceptable harm to consumers."*<sup>2</sup>

It's clear that investors have a significant and systematic role to play in restoring Australia's corporate reputation and credibility, which has taken a significant hit in the past year.

A handwritten signature in black ink, appearing to read 'I Silk'.

Ian Silk  
President

<sup>1</sup> ASIC Chair James Shipton, 'The trust deficit and corporate Australia', (17 May 2018), <https://download.asic.gov.au/media/4744026/james-shipton-speech-the-trust-deficit-and-corporate-australia-17-may-2018.pdf>

<sup>2</sup> As Above



# CEO'S MESSAGE



During the HIH Royal Commission, Justice Neville Owen said, *"If shareholders as owners are unwilling or unable to exercise their powers or make themselves heard, directors and management will lack guidance or constraint from those whose interests they are supposed to serve."*

In the interceding years, Australian investors proved themselves to be increasingly willing to use their ownership rights to improve long-term investment outcomes. For example, by voting their shareholdings in greater numbers. ACSI's voting service has been instrumental in achieving this outcome.

This year, another Royal Commission has cast a long shadow over corporate Australia. Good governance goes to the heart of ACSI's mission and we share the community's dismay at the poor conduct by banks and financial service providers revealed in the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

In the fallout, there is a sense in the community that some organisations have lost or damaged their social licence to operate by acting unlawfully or unethically. People are asking 'how did it come to this?' and 'what can we do to ensure it never happens again?' Many commentators have proffered answers. But amid the cacophony, ACSI's focus on culture, ethics and accountability has resonated strongly.

Our approach is based on nearly two decades of experience in identifying environmental, social and governance (ESG) risks and opportunities. We accept that every company is different and should adopt policies and practices that best suit their circumstances. But there are certain fundamental standards that all must meet.

At its simplest, we create value for our members by influencing companies to change their behaviour in ways which protect and enhance long-term value. We advocate for changes to the financial system to ensure it provides policy settings that support long-term investment. Our voting recommendations alert members to companies whose practices pose a risk to the value of their investments.

We don't take our role or influence for granted. We know that we must continue to grow and evolve to stay relevant. Critically, we listen to our members to ensure we provide a service which delivers value to them, and through them to their beneficiaries.

The past year has seen us consulting closely with our members to develop a new three-year Strategic Plan, with a fresh vision and mission. Together with new priority initiatives, goals and measures, these provide a solid basis for us to enhance our contribution.

In his recently released interim report from the Royal Commission, the Honourable Kenneth Hayne AC QC articulated the nature of the duty to pursue profit, noting:

*"The duty is to pursue the long-term advantage of the enterprise. Pursuit of long term advantage (as distinct from short term gain) entails preserving and enhancing the reputation of the enterprise as engaging in the activities it pursues efficiently, honestly and fairly... But to preserve and enhance a reputation for engaging in...activities efficiently, honestly and fairly, the enterprise must do more than not break the law. It must seek to do 'the right thing.'"*

In the 12 months ahead, ACSI and our members will continue to hold corporate Australia to account for its conduct and to ensure it is focussed on long-term value and sustainability.

Finally, I want to thank ACSI's small but dedicated team for their hard work throughout the year and our members, Board and Member Council for their support.

A handwritten signature in black ink, which appears to read 'Louise Davidson'.

Louise Davidson  
Chief Executive Officer

# ABOUT ACSI

ACSI provides a strong, collective voice on environmental, social and governance (ESG) issues on behalf of our members.

Our members include 39 Australian and international asset owners and institutional investors. Collectively, they manage over \$2.2 trillion in assets and own on average 10 per cent of every ASX200 company.

Through ACSI, our members collaborate to achieve genuine, measurable and permanent improvements in the ESG practices and performance of the companies in which they invest.



## THE CHANGE WE WANT TO SEE

We are dedicated to building a future where there is a greater understanding of the link between ESG and long-term value creation. This understanding will drive strong ESG performance by companies and an increase in responsible corporate conduct – not just because it is the right thing to do, but because it enhances value.

Through our advocacy we aim to create a stronger financial system, with regulatory settings which cannot be easily evaded, and where companies are held accountable for poor conduct. By implementing these changes, we can help our members achieve better long-term outcomes for their beneficiaries.

A full list of ACSI members is available on our website, [here](#). Commitment to the 'ACSI Beliefs' is a pre-requisite for membership of ACSI. You can read more about our beliefs on our website, [here](#).

# OUR IMPACT

## EXAMPLES OF THE IMPACT OF OUR ACTIVITIES DURING FY18



Ninety-one per cent of the priority companies we sought improvements from made positive changes in 2017.



Eleven of the 13 companies we targeted on gender diversity appointed their first woman director in 2017.



We developed an Australian-first stewardship code for asset owners, which was launched in May at the ACSI Annual Conference.



Fourteen of the 16 companies we targeted on climate change adopted or committed to adopt the Taskforce for Climate-related Financial Disclosures framework.



Our calls for laws requiring companies to monitor and report slavery risks in their supply chains were heeded the introduction of the Modern Slavery Bill to Parliament.



Our company engagement helped to improve reporting and practices in fresh food and consumer goods supply chains at six priority companies.

# OUR STRATEGY

## ACSI STRATEGIC PLAN 2018 - 2021

We have developed a new strategic plan for 2018 to 2021. The Strategic Plan provides a detailed roadmap for staff, management and the Board to guide ACSI over the next three years.

The Strategic Plan was developed through extensive consultation with the Board, Member Council, staff and other stakeholders. It was approved by the Member Council in May 2018.

Delivering the Strategic Plan will require the commitment of the existing ACSI team. We will also require some additional capabilities and investments to deliver the strategy. The Board has acknowledged the importance of ACSI being appropriately resourced to implement the Strategic Plan.

## OUR VISION AND MISSION

The Strategic Plan includes a fresh vision and mission for ACSI that respects the past and also helps convey what needs to change for the organisation to continue to build its impact into the future.

### VISION

ACSI drives strong ESG performance in companies in which our members invest because ESG creates long-term value.

### MISSION

We use our collective impact to influence companies and financial markets in the interests of our members as long-term investors.

## KEY GOALS

To effectively deliver the Strategic Plan, we will focus our efforts on achieving three key goals between 2018 to 2021.



Develop policy and implement advocacy and engagement strategies from strong evidence-based research.



Engage with and provide proxy voting advice on domestic and international companies to improve ESG performance.



Be the leading organisation for ESG and active ownership supported by good governance and a sustainable financial model and operations.

## PRIORITY INITIATIVES

The Board and ACSI management have developed four new initiatives to drive the goals and corresponding measures and targets in the Strategic Plan.



Enhance policy and political advocacy



More support for members on international equity holdings



Develop fee for service options



Deepen research and engagement capabilities



# KEY STAKEHOLDERS

ACSI has a wide range of stakeholders, as represented in this graphic. At the bottom of this page are brief descriptions of our key stakeholders.



## BOARD

Made up of 14 full member representatives (currently six female and eight male), the Board charts ACSI's future direction and governance.



## MEMBER COUNCIL

The Member Council establishes ACSI's strategic direction, serves as its policy making body and provides advice to the Board. Each full member can appoint a representative (currently nine female and eleven male).



## MEMBERS

Our members are our primary stakeholders. We support them to exercise their ownership rights and, more broadly, drive changes that support the interests of long-term investors.



## ACSI STAFF

Our most valuable resource is our people and the collective knowledge they have built up over many years. We strive to maintain a healthy work environment and to ensure that their expertise is appropriately remunerated.

# WHAT WE DO

## OUR ACTIVITIES

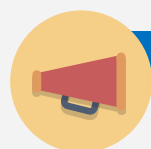
We undertake a year-round program of research, engagement, advocacy and voting advice. These activities provide the basis on which our members exercise their ownership rights. We also offer additional consulting services including: ESG and related policy development; analysis of service providers, fund managers and ESG data; and disclosure advice.

*Membership of ACSI is a key component of how we deliver on our stewardship program commitments. ACSI facilitates a collective and effective voice on ESG issues through its voting, engagement and advocacy work.*

Nicole Bradford – Portfolio Head, Responsible Investment, Cbus Super

## WHAT MAKES US DIFFERENT

ACSI is unique within the Australian ESG marketplace. Some of the benefits we provide our members include:



### Asset owner voice

We are a membership organisation, solely focused on outcomes for members, not on returning a profit to shareholders. Our members are intimately involved in our governance and set our priorities and strategy.



### Impact

Between them, our members own on average 10 per cent of every ASX200 company. This gives us a strong voice and makes us highly influential in our advocacy work with listed companies and government and regulators.



### Member involvement

We encourage the involvement of members in our work. For Full Members, this includes attendance at our engagement meetings with listed companies.



### Community of interest

We provide members with opportunities to collaborate on ESG issues and create an ESG 'community of interest' to enable members to share ideas and learn from each other.

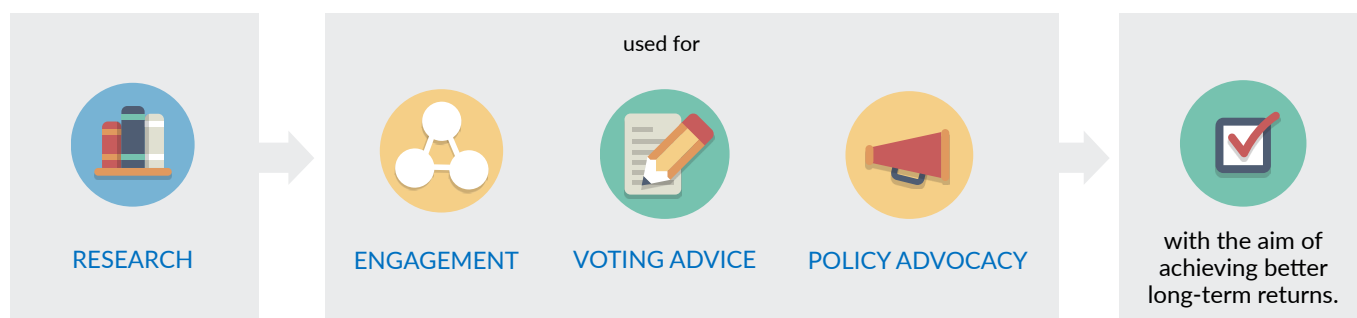
*Our ACSI membership is vital for the efficient and effective implementation of our active ownership program. ACSI's collaboration model allows us to get involved in setting the expectations on multiple ESG issues along with other like-minded investors. ACSI then implements these expectations on our behalf and reports back. It allows us to cover a lot of ESG territory.*

Bill Hartnett – Head of Responsible Investment, Local Government Super

More information about our activities is available on our website, [here](#).

# RESEARCH

ACSI's engagement activities are informed by evidence-based analysis and research. Our research also supports our advocacy work and underpins our voting advice to members.



## NEW RESEARCH

### Shareholder resolutions in Australia: Is there a better way?

In October 2017, we released a report examining shareholder resolutions in Australia.

Our research showed that the current Australian framework, where shareholders must either propose a constitutional amendment or vote against directors, makes it difficult for shareholders to hold listed companies to account on ESG issues.

We concluded that Australia needs regulatory change to introduce the ability to bring a non-binding shareholder resolution.

#### What did we do with this research?

→ Advocacy

Since this report was published, we have discussed our proposal with several key stakeholders. Stimulating a broad discussion within the community is the first step towards our goal of achieving legislative reform.



*A spokesman for financial services minister Kelly O'Dwyer said the government was aware of ACSI's report and would consider its recommendations in due course. This would include "whether further legislative reform is warranted". "Ensuring that public companies are accountable to their shareholders is crucial, and shareholders play a critical role as a check on good governance," he said.*

Ruth Williams, 'Shareholders want power to 'escalate issues'', The Sydney Morning Herald (online), 26 October 2017

The ACSI research reports mentioned in this section are available to download from our website, [here](#).

## Codes of conduct, whistleblowing and corporate culture

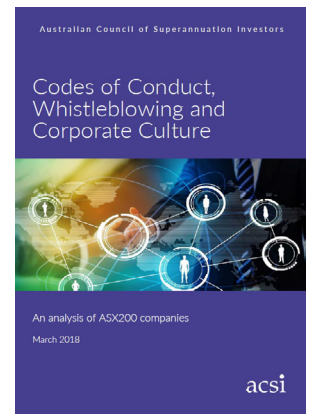
In March 2018, we released a report that compared codes of conduct and whistleblowing systems among ASX200 companies and identified gaps in their coverage and content.

We found that many companies are failing to address key risk topics in their codes of conduct, and that many whistleblowing systems lack critical features and do not adequately support or protect users.

What did we do with this research?

→ Engagement

This research identified seven companies with potential gaps in material aspects of their practices. We commenced engagements with these companies in 2018 to address these issues.



## ONGOING RESEARCH

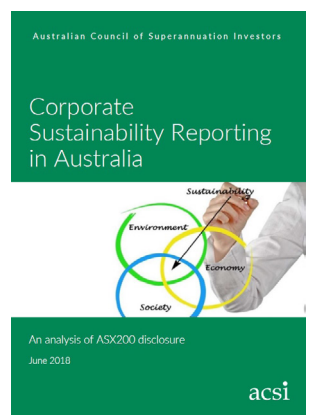
### Corporate sustainability reporting in Australia

This report assessed the level of sustainability disclosure by ASX200 companies for the 2017 reporting period. We identified a group of 'pacesetters' for good disclosure practices but found that other companies are demonstrating unacceptable complacency.

What did we do with this research?

→ Engagement

We wrote to each ASX200 informing them of their rating and inviting them to engage with us on this issue. We also fed the results of this research into our company engagement program.



### CEO pay in ASX200 companies

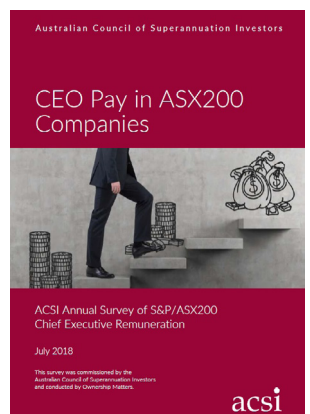
Our 17th annual survey of chief executive remuneration in ASX200 companies revealed that CEO pay is on the rise, with bonuses reaching the highest levels in the history of our survey. This may be a sign that boards have lost sight of the link between a company's social licence and the expectations of the community and investors.

What did we do with this research?

→ Engagement

→ Voting

This research continues to inform our engagement with companies on executive pay. In light of our research, we will also be looking closely at bonus outcomes in the upcoming reporting season. If they are not transparent and reflective of performance, we will recommend that our members vote against those remuneration reports.



# ADVOCACY

Public policy advocacy is an effective way of addressing systemic issues and complements our engagement work. ACSI actively contributes to government and parliamentary committees and other policy forums to promote improved legislation and regulation of ESG issues.

The following examples are illustrative of the impact of our advocacy work in FY18.

*As members of ACSI we also add our support to their advocacy efforts that are designed to influence public policy to ensure all companies are promoting a long-term sustainable industry.*

Liza McDonald – Head of Responsible Investments, First State Super

## ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

On 2 May 2018, the ASX Corporate Governance Council (Council) released the draft fourth edition of its Principles and Recommendations for consultation.

ACSI is a Council member and also a member of Council's Drafting Committee. A number of positive improvements have been proposed by the Council, which attracted significant engagement and commentary from a broad range of interests. The Council is currently reviewing submissions on the updated Principles and Recommendations and ACSI continues to advocate for positive change, in line with our key priorities.

## MODERN SLAVERY ACT

ACSI has been leading calls for companies to monitor and report on the actions they are taking to manage modern slavery risks in their operations and supply chains.

Legislation that requires disclosure from companies (and other entities) will help investors make more informed investment decisions and will facilitate more meaningful engagement on slavery risk mitigation. Public reporting will also lead to greater accountability for the management of slavery risks.

New South Wales is the first Australian jurisdiction to introduce specific legislation on modern slavery. Draft Federal legislation has now also been passed by the House of Representatives and we will continue to follow the progress of the Bill with interest.

## AUSTRALIAN ASSET OWNER STEWARDSHIP CODE

ACSI's advocacy work is not only focused on improving the practices and performance of listed companies. In FY18, we undertook a major project aimed at increasing the transparency and accountability of stewardship activities in Australia.

In consultation with our members and external stakeholders, we developed the Australian Asset Owner Stewardship Code – an Australian first. This work is especially timely given the increasing public interest in the management of our nation's retirement savings by superannuation funds.

The Code was launched by Professor Ian Ramsay at the ACSI Annual Conference in May 2018. Since the Code was launched, five funds – AustralianSuper, Cbus Super, Christian Super, HESTA and VicSuper – have become signatories, with many more expected over the coming year.

*I would like to congratulate ACSI on this important initiative. Australian asset owners play a fundamental role in our financial system and it's good to see them take the lead in setting best practice standards for the disclosure and management of stewardship activities.*

Professor Ian Ramsay – Harold Ford Professor of Commercial Law, Melbourne Law School, University of Melbourne.

Further information about the Code is available on our dedicated webpage, [here](#).

# ENGAGEMENT

Each year, ACSI holds more than 200 meetings with ASX300 companies aimed at encouraging them to improve their ESG practices and performance to enhance and maintain long-term shareholder value. Meetings are typically held in person with company directors.

In FY18, we focussed on five key issues in our engagement program. Here are some examples of outcomes we achieved:

*ACSI's program of constructive company engagement supports our ability to manage ESG risks and opportunities in our portfolio by providing valuable insights into company practices and positively influencing the way business is conducted.*

Julie Bignell - Deputy Chair, Member Director, CareSuper

Theme	Our aim	Outcome
Board diversity	Targeting companies that have poor gender representation on their boards, with the aim of lifting the proportion of female directors at ASX200 companies to at least 30 per cent.	Eleven of the 13 companies we targeted in 2017 appointed their first woman to the board. As of August 2018, there were only three companies remaining in the ASX200 without a woman director.
Climate change	Encouraging resources, energy, insurance and materials companies to disclose how they address climate change risks and opportunities. Encouraging adoption of the Task Force on Climate-related Financial Disclosures (TCFD) framework.	Fourteen of the 16 companies on our priority engagement list had adopted or made a commitment to adopt the TCFD framework. Five have already produced TCFD-aligned reports.
Corporate governance	Seeking improvements in company-specific issues including: executive pay, capital-raising, board composition (independence) and accountability.	We received commitments to board renewal from companies that had performed poorly on this issue, while others added more industry skills. Remuneration priority companies increased pay-for-performance alignment, set more challenging hurdles and improved transparency.
Labour and human rights	Ensuring companies adequately monitor their contractor, supplier and franchisee workforce arrangements.	Companies have continued to refine their practices and increase transparency (read more on page 16).
Corporate culture	Encouraging companies to implement best practice codes of conduct and whistleblowing systems and obtaining evidence of active oversight.	This is a new engagement theme this year, prompted by ongoing revelations of poor conduct in the financial services sector and our own research. Our discussions are focussed on improving the disclosure and implementation of codes of conduct and whistleblowing systems, which we regard as the foundations of good corporate culture.



# VOTING

ACSI's voting alert service, which provides voting recommendations for each ASX300 company, helps our members exercise their voting rights in an informed and commercial way.

## VOTING RECOMMENDATIONS

In FY18, we provided our members with 1179 voting recommendations involving 209 meetings of ASX200 companies (1734 recommendations for 316 meetings including the ASX300). On average, we opposed the company board's position in 9.5 per cent of cases.

*As a fund with a small investment team, ACSI's voting recommendations assist First Super exercising its voting rights.*

Bill Watson – CEO, First Super

## KEY TRENDS

### Director accountability

We are seeing increasing evidence of investors exercising their ownership rights to hold directors to account for conduct issues. For the first time in recent memory, investors effectively voted two directors off the board of an ASX20 company (AMP), amid widespread concerns about governance oversight. We joined with the majority of investors in opposing the election of these directors.

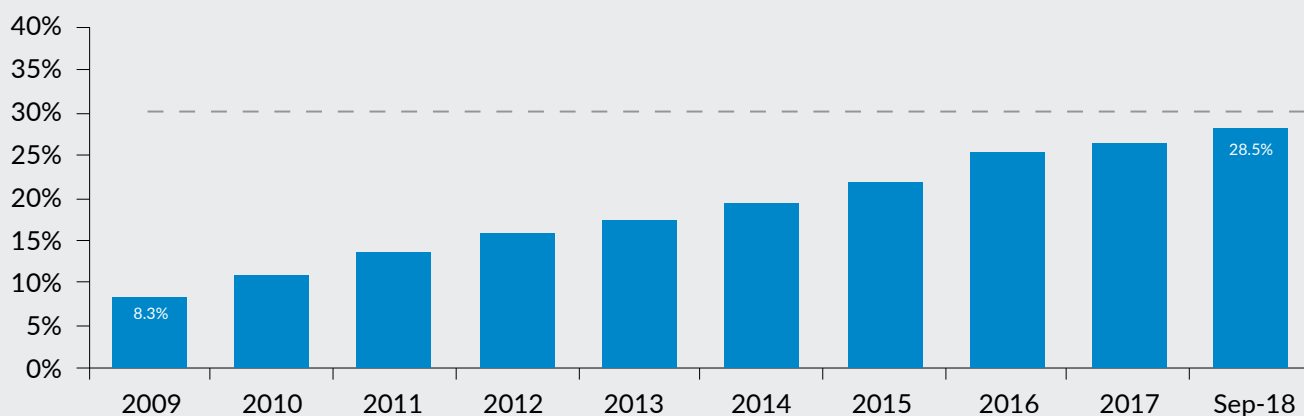
### Board diversity

In the 2017 AGM season, we saw clear signs that our Gender Diversity Voting Policy had focussed companies on the need to consider board gender diversity. Ultimately, we recommended an 'against' vote on gender diversity grounds at only a small number of companies, after others took action to appoint a woman.

As shown in the table below, our efforts are driving steady increases in gender diversity on ASX200 boards. Only three companies in the ASX200 still don't have a woman on their board – down from 34 in early 2015.

Despite progress, there is still much more to be done before a reasonable gender balance is achieved. Eliminating zero women boards from the ASX200 is only part of the job; there are many more companies with only one woman on their board. We plan to strengthen our voting activity to encourage further positive changes in the coming months.

Women on ASX200 company boards

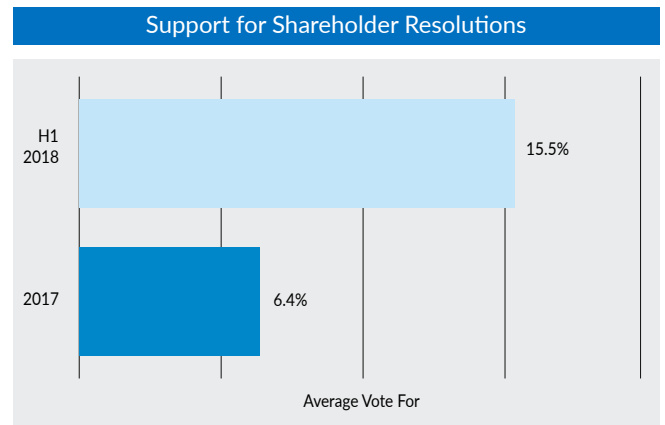


Source: ACSI/AICD

## Shareholder resolutions

The large upswing in shareholder resolutions on issues like climate change in 2017 persisted in 2018. Notably, some of these resolutions are now being sponsored by mainstream institutional investors.

We had many discussions with the companies involved and supported some shareholder resolutions in 2018, which contributed to the eventual outcomes. In sum, 15.5 per cent of investors supported shareholder resolutions in the first half of 2018 versus 6.4 per cent in 2017 on average (see graph).



## Executive pay

There were three 'first strikes' among ASX50 companies in the first half of 2018. ACSI and our members contributed to some of these outcomes.

Excessive pay outcomes despite poor performance and new, short-term unified incentive plans drove investor opposition. These votes seem to have prompted a re-think at other companies who appeared to be heading towards a unified incentive plan.

## Case study

Prominent failures in franchisee models, usually in the form of illegal underpayment of employees, prompted ACSI to begin engaging with listed companies that have an exposure to these issues.

Significant progress came in early 2018 when Caltex announced plans to buy back all its franchised stores – but not before establishing a \$20 million 'assistance fund' to remediate underpayment issues. While the buyback decision was principally strategic, in terms of Caltex's planning for a retail future, it did reflect the problems discovered within the group's franchising operations through an extensive independent auditing program.

We engaged with the company to seek greater transparency of its audit program, to better understand how the exit program will work, and what is being done to both address past treatment of some franchisee employees and to protect them in the transition.

*As an international investor, we find that ACSI's knowledge of local equities and company ESG performance supports our stewardship and voting activities in the Australian market.*

David Russell – Co-Head of Responsible Investment, USS Investment Management

# RISK MANAGEMENT

Risk management is embedded into ACSI's governance processes and incorporated in our new strategic plan. We regularly assess and review existing and potential risks to our business to ensure they are effectively managed. Our risk register records the significant strategic, operational, financial and governance risks that we face and the strategies and control mechanisms in place to ensure these risks are properly managed.

## KEY INPUTS



### BOARD

Overall responsibility for ensuring risks are managed and minimised and setting our risk appetite



### FINANCE, RISK AND AUDIT COMMITTEE

Reviews material risks and advises the Board on our risk management process

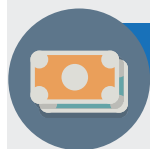


### MANAGEMENT

Responsible for day-to-day risk management and reporting to Board and FRAC

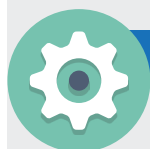
## STRATEGIC RISKS AND MITIGATION

Here are the main strategic risks that we have identified and actively manage:



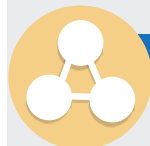
### Loss of funding

A material loss of member contributions could affect the longer-term execution of our strategy. Our member representative model and close and continuous consultation with members gives us opportunities to address this risk at an early stage. We also maintain a cash reserve to cover ACSI's operational costs in case of a significant decrease in revenue.



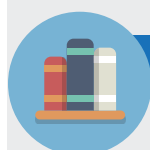
### Service delivery

We rely on our credibility with key stakeholders to drive positive change on behalf of our members. Our strong focus on stakeholder management and policy positions based on rigorous research and consultation is key to maintaining our credibility.



### Member cohesion

We must achieve and sustain cohesion across a growing and increasingly diverse group of members. Our member engagement and consultation framework has proven effective at achieving alignment on major policy and strategic decisions.



### Regulatory change

Changes to the existing regulatory environment could hinder ACSI's aim of delivering better ESG practices and performance at ASX listed companies. We address this risk through proactive engagement with regulators and policymakers.

# FINANCIAL INFORMATION

## FINANCIAL STATEMENTS

The table below is an extract from ACSI's financial statements for the past two years, taken from our audited accounts.

STATEMENT OF COMPREHENSIVE INCOME	2018 (\$)	2017 (\$)	BALANCE SHEET	2018 (\$)	2017 (\$)
Revenue from ordinary activities			Current assets		
Membership subscription fees	3,056,496	2,574,211	Cash and cash equivalents	7,396,710	5,844,658
Voting alert subscription fees	1,005,921	879,818	Receivables	77,060	2,016
Conference and events	300,924	272,086	Other assets	312,302	96,329
Research grants	-	50,000	Total current assets	7,786,072	5,943,003
Interest	105,432	92,554	Non-current assets		
Other income	48,413	43,812	Property, plant & equipment	65,540	13,977
Total revenue from ordinary activities	4,517,186	3,912,481	Total non-current assets	65,540	13,977
Expenses from ordinary activities			Total assets	7,851,612	5,956,980
Staff cost including superannuation	2,134,901	1,723,136	Current liabilities		
Finance and office expenses	359,187	334,746	Other creditors	683,231	404,839
Legal, compliance and consulting expenses	123,015	85,594	Employee benefit obligations	219,379	181,542
Research costs	188,802	244,252	Income received in advance	3,775,363	2,874,512
Events and communication	159,325	111,343	Total current liabilities	4,677,973	3,460,893
Travel expenses	81,602	108,178	Non-current liabilities		
Voting alert services	783,677	718,648	Employee benefit obligations	21,440	8,976
Promotion and development costs	21,589	26,550	Total non-current liabilities	21,440	8,976
Total expenses from ordinary activities	3,852,098	3,352,447	Total liabilities	4,699,413	3,469,869
Profit from ordinary activities before income tax	665,088	560,034	Net assets	3,152,199	2,487,111
Income tax expense	-	-	Equity		
Total comprehensive income	665,088	560,034	Retained earnings	3,152,199	2,487,111
Retained earnings at the start of the financial period	2,487,111	1,927,077	Total equity	3,152,199	2,487,111
Retained earnings at the end of the financial period	3,152,199	2,487,111			

## REMUNERATION

Our remuneration strategy is designed to achieve the following goals:

- support our strategic and cultural objectives
- ensure remuneration is equitable, transparent and consistent
- be competitive within the market in which ACSI operates
- balance the relationship between remuneration pressure and cost to our members
- enable employees to understand the basis for remuneration decisions.

ACSI's Remuneration Committee assists the Board with the oversight of our remuneration policy, framework and practices and the review of our CEO's Key Performance Indicators, performance and remuneration.

Members of the Board, Member Council and Board subcommittees are not paid for their services. Remuneration packages for ACSI executive staff are set out in the table below and include base salary and superannuation. Staff are also entitled to annual leave loading of 17.5 per cent of base salary, which is included in the total remuneration paid figure, below. ACSI does not pay bonuses to staff.

2017/2018		
Executive <sup>1</sup>	Total Remuneration Package <sup>2</sup> \$	Total remuneration paid \$
Louise Davidson	339,900	330,615
Ed John	231,000	234,893
Connie Howe	195,700	191,236
Jane Rennie	147,825	150,401

2016/2017		
Executive <sup>1</sup>	Total Remuneration Package <sup>2</sup> \$	Total remuneration paid \$
Louise Davidson	330,000	321,794
Ed John	210,000	213,262
Connie Howe	190,000	181,140
Jane Rennie <sup>3</sup>	147,825	12,635

<sup>1</sup> Former executives are not included in this table as their consent was not obtained at the time of their departure.

<sup>2</sup> Total remuneration package for part-time staff has been pro-rated to the hours they work. Connie Howe and Jane Rennie work part time at 0.9FTE.

<sup>3</sup> Jane Rennie joined ACSI on 30 May 2017.

Our full financial report is published on our website, [here](#).

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