

Australian Council of Superannuation Investors

2019 ANNUAL REPORT

ACSI Annual Report for the
2018-2019 Financial Year

acsi



Did you know? ACSI has taken the Panel Pledge. This commits us to only participating in events which are gender balanced (read more [here](#)).



2019 ACSI Conference

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ABOUT THIS REPORT

Publicly reporting our results is one way we demonstrate accountability to our stakeholders. Trustworthiness is one of ACSI's core values and we believe that being open about what we do is crucial to building trust. The ACSI Annual Report is our flagship corporate report. This report covers the 2018 – 2019 financial year (FY19).

In 2018, we began incorporating principles from the *International Integrated Reporting <IR> Framework* into our annual report. We think this approach provides the best explanation of how we use resources to create value for our members and stakeholders.

Last year, we focussed on articulating our strategy and the results of our activities. This year we're building on this by incorporating the concept of board accountability, the identification of our 'capitals', factors that influence our business environment and describing how we measure our success. Our goal is to transition to a full integrated annual report within the next two years.

BOARD ACKNOWLEDGMENT

As the *Board* of ACSI, we acknowledge our responsibility for the preparation of this report. We have reviewed the contents of the report and taken action to ensure the integrity and accuracy of its contents. We recognise that although this report incorporates principles from the <IR> framework, it is not yet a full integrated report. We will continue to monitor ACSI's progress towards implementing the <IR> Framework.

ACSI BOARD

Julie Bignell, Debby Blakey, Candy Broad, Lou Capparelli, Brendan Casey, David Elia, Donna Heffernan, Joshua Lim, John Livanas, Liza McDonald, Dave Noonan, Michael Pennisi, Ian Silk (President), Antony Thow (Deputy President)

ACSI ADVISORY COUNCIL

Julie Bignell, Nicole Bradford, Dmitry Capel, Lou Capparelli, Mary Delahunty, Andrew Gray, Skye King, Jerom Lotscher, Liza McDonald, Alice Martin, Chris Newton, Gerard Noonan, Shaun O'Malley, Chris Parks, Anna Shelley, BT Toh, Antony Thow, Bill Watson, Moya Yip.



Did you know? Additional information about ACSI and our activities is available on our website at www.acsi.org.au. Can't find what you're looking for? Email info@acsi.org.au and we'll do our best to help you locate it.

CEO AND PRESIDENT'S MESSAGE



Louise Davidson
Chief Executive Officer



Ian Silk
President

Royal Commission Justice Kenneth Hayne concluded in the Final Report of the Banking and Financial Services Royal Commission that "Culture, governance and remuneration march together. Improvements in one area will reinforce improvements in others; inaction in one area will undermine progress in others"

The striking words of Commissioner Hayne encapsulate the challenges for investors in 2019.

The Royal Commission revealed widespread misconduct at some of Australia's largest listed companies, and sent a message to Corporate Australia - good governance is not negotiable.

ACSI has been a standard-bearer of this message for some time, highlighting the importance of corporate governance and appropriate management of ESG issues - to reputation, profitability, sustainability and social licence to operate.

While much of the public attention on the Royal Commission has subsided its impact is enduring. Policy makers are working through the implementation of recommendations, companies are responding to the shocking findings and public trust in business has been shaken.

For investors, we are currently witnessing the emergence of a new phase of active ownership.

The closing weeks of 2018 were characterised by record shareholder votes against remuneration reports and other board recommendations at annual general meetings. Certainly, this was an expression of frustration with lack of accountability for poor corporate conduct.

Having been the collective voice for change for years, investors are now becoming a collective force for change. Where companies refuse to accept responsibility, investors are holding them to account. And it's working. This report describes many such outcomes that ACSI and our members have contributed to over the past year.

This is the 'new (post-Royal Commission) normal'. Investors are leading with their ownership rights to deliver real consequences, such as 'first strikes', when expectations are not met.

Active ownership has never been more important. We remain doggedly focused on material environmental, social and governance risks and opportunities. And, this includes so-called 'non-financial risks' such as climate change and board gender diversity. The reality is that these risks have significant financial implications, and must be responsibly managed.

ACSI is committed to continuing to lead investor momentum to influence companies and financial markets in the interests of our members, because strong ESG performance creates long-term value.

We hope you enjoy reading more about our contribution in the pages of this report. We think integrated reports are an effective way for ACSI to communicate our story, and that's why we've continued embedding <IR> principles here.

Louise Davidson
Chief Executive Officer

Ian Silk
President

WHO WE ARE

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 11 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.

"As a member, QSuper highly values ACSI's stewardship program. It provides a strong voice for superannuation investors to lift ESG practices across listed Australian corporate entities."

Michael Pennisi – CEO, QSuper



THE CHANGE WE WANT TO SEE

We are dedicated to building a future where there is a greater understanding of the link between ESG management and long-term value creation. This understanding will drive strong ESG performance by companies and an increase in responsible corporate conduct - because it enhances value.

Through our advocacy we aim to create a stronger financial system, with regulatory settings that promote strong ESG performance, 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.

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 interest of our members as long-term investors.

WHAT MAKES US DIFFERENT

We prioritise ESG issues with the greatest material financial impact over the long term.



Between them, our members own on average 11 per cent of every ASX company, which gives us a powerful voice to call for change.



We have nearly two decades of experience in identifying and managing ESG risks and opportunities.



We are a membership organisation, solely focused on outcomes for members, not on returning a profit to shareholders.



It's important to distinguish what we do from ethical investing. Ethical investing applies ethical or social principles as the primary filter by which investments are selected. It is not the same as investing with an ESG lens.



Active ownership is the mechanism by which ACSI members undertake ESG integration.



Our members are intimately involved in setting our strategy and priorities. We encourage active member involvement in our activities.



We focus on investor collaboration to improve ESG practices and performance in listed companies.



Our directors are among the most experienced, respected and influential leaders in the superannuation industry, and provide advice and oversee ACSI management.

ESG integration is our lane and we're not pulling over, because we're needed more than ever now to help safeguard the long-term value of investments on behalf of our members.

ACSI President Ian Silk, 2019 ACSI Annual Conference

HOW WE CREATE VALUE

OUR CAPITALS

We use a range of capitals to create value for our members and the community.



Human capital

ACSI staff, our Board and Member Council, external service providers and partners



Intellectual capital

Research, analysis, guidance, expertise, leadership



Social and relationship capital

ACSI members, industry collaborations, regulators, ASX300 companies, public profile



Financial capital

Membership fees, service fees and event revenue

VALUE CREATION

We transform our capitals into a range of products and services for our members.



Provide leadership on ESG integration and active ownership by developing recommendations, guidance, policy positions and providing support to our members.



Provide sound evidence basis for company engagement and voting recommendations through the broad use of our proprietary information.



Leverage credibility and reputation to engage key decision makers to pursue positive policy development. Our collaborative structure amplifies our influence and ability to pursue improvements in ESG practices and performance.



Deliver sustainable products and services through sound financial management, backed by strong risk and governance processes.

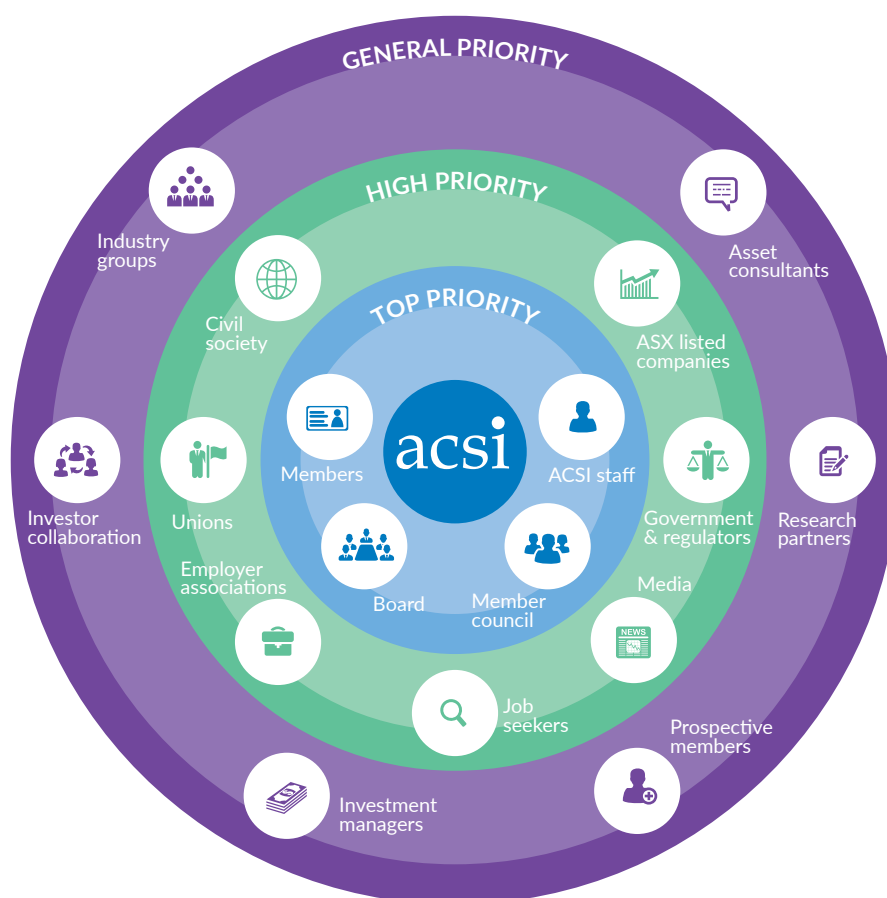


Did you know? Throughout this report we display the icons on this page to show what capitals we used in our activities to create different outcomes.

"We believe there is power in collaborating with like-minded investors. Our ACSI membership provides access to a unified, efficient and effective approach to advancing systemic change to markets."

Chris Newton – Executive Director, Responsible Investment, IFM Investors.

OUR STAKEHOLDERS



WHAT MATTERS TO OUR MEMBERS?

Our highest priority stakeholders are our members. Each year, we consult members to identify our priorities. The focus is on issues that have the most material financial impact over the long term and companies where our members have the largest holdings.

Our current priorities are:

1. Climate change ('E')
2. Workforce ('S')
 - Supply chains and human rights
 - Franchising
 - Safety
 - Corporate reporting
3. Corporate governance ('G')
 - Board diversity
 - Board accountability and independence
 - Remuneration
 - Royal Commission
 - Codes of conduct and whistleblowing systems.







We also consult with our members about the content of our research program. For example, during FY19 we asked members about their priorities for ESG reporting. The answer – safety and workforce metrics – became the focus of two new sections in our report on '[ESG reporting by the ASX200](#)'.

OUR WAY OF INTERACTING

We actively interact with a range of stakeholders, using different strategies and activities depending on the nature of the relationship. Here is a high level illustration of the sorts of interactions we have with some of our stakeholders.



Did you know? A full list of ACSI members is available [here](#). Commitment to the ACSI beliefs is a pre-requisite for ACSI membership.

STAKEHOLDER	HOW WE INTERACT
 ACSI members	<p>We encourage a high level of member participation in all our activities, including our governance structures. Full members can attend our engagement meetings, and we arrange additional briefings for all members. We regularly update members on our activities through a mix of member visits, newsletters and emails (among other activities). Recently, we began measuring member engagement through an annual survey.</p>
 Employees	<p>We have a highly collaborative workplace and staff have many informal interactions with each other every day. In addition, we have a structured program of all-staff meetings, management meetings, one-on-one meetings and regular performance feedback. Generous provision for staff training is another way we ensure staff remain engaged and stimulated.</p>
 ASX companies	<p>Being transparent about our expectations is critical to driving change, and remaining highly accessible to companies. We utilise numerous channels, including engagement meetings, written reports, phone calls, email notifications regarding our research or policy announcements, our annual conference and public engagement.</p>
 Government and regulators	<p>We engage with key decision makers to advocate for changes that align financial and market settings with the interests of long-term investors. Through regular submissions to public consultations and direct discussions decision-makers are informed of our policy positions and research findings.</p>
 Investor collaborations and industry groups	<p>We look for opportunities to cultivate relationships with investor and industry groups in Australia and overseas (read more here). Our collaborative approach takes into account a range of views and opinions strengthening our position for positive change. This could take the form of sharing resources, developing co-branded guidance and providing training opportunities to each others' staff and members.</p>
 Non-government organisations	<p>We maintain relationships with various NGOs to ensure we are aware of upcoming campaigns and so that these groups are also aware of the work we are doing. A sharp rise in the number of shareholder resolutions by NGOs has increased the frequency of these interactions. Our discussions allow for a constructive exchange of information without interfering with members' operating in the best interests of their beneficiaries.</p>

OUR EXTERNAL ENVIRONMENT

ACSI operates in a complex external environment and must respond to changes and developments to maximise our success. Here are some of the forces that influenced our organisation, priorities and activities in FY19.

1. The **low-trust environment for business** persisted, with the public increasingly impatient with corporate behaviour that doesn't meet community expectations.
2. The **Financial Services Royal Commission** was a significant focus for ACSI and highlighted the importance of strong ESG performance.
3. Investors actively **voted to hold companies to account**, with larger than usual votes against board recommendations and record 'first strikes'.
4. **Shareholder resolutions increased** sharply, many focused on climate change and human rights, and often seeking greater disclosure.
5. APRA, ASIC and the RBA publicly and repeatedly **recognised the materiality of climate risk** for business and investors and have begun incorporating it into their guidance and surveillance activity.
6. A **paucity of energy and climate policy and regulation** continued to delay much needed investment in projects to support the transition to a low carbon economy.
7. ESG integration and regulation continued to **progress rapidly overseas**, with significant developments in Europe and a growing global desire to strengthen financial system sustainability.
8. Investors faced increasing pressures to **incorporate ESG considerations** into their investment decisions. Investors need access to a growing range of ESG data.
9. Following the Productivity Commission's review of Australia's superannuation system the **pace of super fund mergers** began to accelerate.

OPPORTUNITIES

1. The growth of super funds' **international equities portfolios** is driving demand for stewardship and active ownership in international markets.
2. With **fewer in-house ESG resources**, small to mid-sized funds may need to seek external assistance to meet expected levels of ESG policy development and transparency.
3. The **post-Royal Commission environment** has created favourable conditions to pursue public policy development and advocacy.

"HESTA is incredibly proud to be a founding member of ACSI, who represent a collective voice that is vital in amplifying how we engage with companies and deliver on our responsible investment activities. This is a crucial component of how we work to achieve strong, sustainable investment returns for our members while also contributing to a healthier planet and society."

Debby Blakey – CEO, HESTA

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.



RESEARCH

We produce extensive research on ESG issues, providing our members with detailed insights into material investment issues, market practices and ASX300 companies.



ENGAGEMENT

Each year we hold more than 200 meetings with ASX300 companies. Our integrated approach to engagement means that we can move the dialogue beyond narrow AGM agendas to deal with the specific ESG issues that are material to each company.



VOTING ADVICE

Exercising voting rights is an important way for investors to exercise their rights and manage risks. ACSI's voting alert service gives our members a unique opportunity to align our engagement work with their proxy voting activities.



ADVOCACY

We engage with government, regulators and other intermediaries in the financial services sector to promote a regulatory system that is equitable and effective for long-term investors.

"ACSI plays a key role within Hostplus' stewardship framework by engaging in a constructive dialogue with our investee companies on issues which are closely aligned to our fiduciary duties. Along with voting, advocacy and research, these activities make ACSI an important contributor to the long-term financial security of our members."

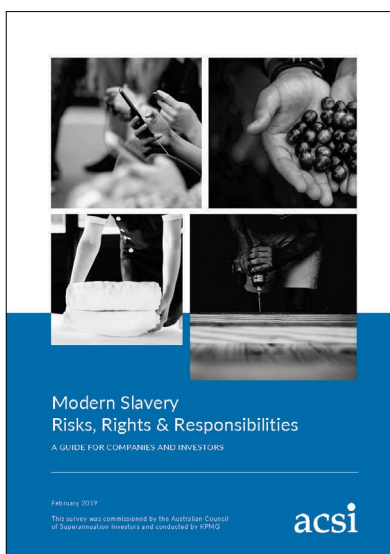
David Elia – CEO, Hostplus

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. The Member Council approves new research projects and has oversight of the entire research program.

WHAT WE DO WITH OUR RESEARCH



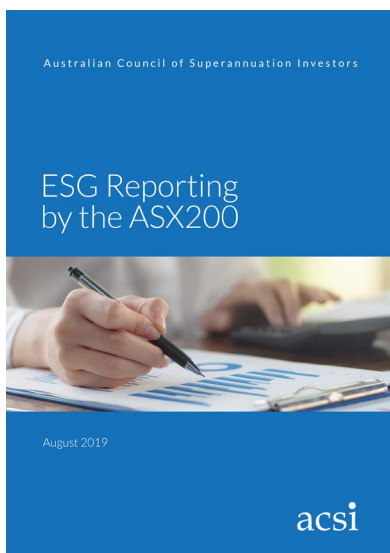
MODERN SLAVERY

Engagement

- We use this research to identify and engage with companies at high risk of modern slavery
- We worked with members to identify modern slavery risks in their portfolios

Advocacy

- We developed commentary and articles on meeting the modern slavery reporting requirements
- We hosted member education workshop and spoke at public events to raise awareness
- In collaboration with an industry organisation, we developed a guide on the treatment of investments under the Modern Slavery Act



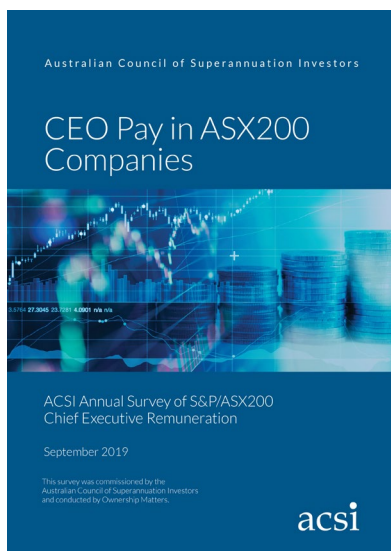
ESG REPORTING

Engagement

- We wrote to every ASX200 company to inform them of their ESG reporting rating
- We sought a commitment from poor performers to improve
- We use this research to provide companies with targeted feedback on ESG reporting

Advocacy

- We are using the data we collected to develop a best practice guide on safety reporting in the ASX200
- We are calling for companies to be required to disclose workplace safety incidents and fatalities to the market



CEO PAY

Engagement

- We refer to this research in discussions with companies about executive remuneration
- This research has allowed us to benchmark companies against their sector and the ASX200

Advocacy

- We use this research to inform our governance guidelines
- We are calling for the introduction of a binding vote on remuneration policy and CEO pay ratio disclosure

"The fact that ACSI members are prepared to work collectively has delivered world class research that continues to improve investor understanding of the material risks in their portfolios. Being a member of ACSI has provided LUCRF Super with the opportunity to work with other funds to help identify these new areas of ESG risk which we could not have achieved on our own."

Antony Thow – Deputy CEO and Chief Operating Officer, LUCRF Super

ENGAGEMENT



In FY19, ACSI held 267 engagement meetings with 192 ASX300 companies. We typically discuss a wide range of issues during these meetings. We target companies for enhanced engagement on specific issues if we perceive their risk exposure is greater. The Member Council approves our priority engagement themes and target companies each year. The table below give examples of outcomes achieved through our engagement program.

ISSUE	ACTION	OUTCOME
Climate change	Ensuring that companies are addressing climate risks and encouraging them to improve their climate-related reporting.	<ul style="list-style-type: none"> ▪ All 20 of our climate change priority companies have increased the level of climate-related information they provide to investors over the last year. ▪ 18 of those 20 companies, which range across the mining, oil and gas, energy and utilities, transport and building materials industries, have adopted the TCFD framework in the past 18 months. ▪ All 18 companies have either begun disclosing, or committed to, scenario analysis, with several disclosing against a 2-degree Celsius or below scenario.
Financial Services Royal Commission	Addressing behaviours that are not consistent with stakeholder expectations, through frequent and focused engagement.	<ul style="list-style-type: none"> ▪ ACSI has engaged extensively with financial services companies during the Royal Commission, and following Commissioner Hayne's final report. ▪ As a result, many priority companies have either made, or proposed, improvements to board composition, accountability, remuneration and culture to bring them closer to investor and community expectations. ▪ ACSI is also submitting a response to APRA's recently-released discussion paper on setting new prudential standards for remuneration at regulated entities.
Labour and human rights	Monitoring workforce (contractor, supplier and franchisee) arrangements, and company preparedness to meet the new Modern Slavery Act reporting requirements.	<ul style="list-style-type: none"> ▪ Priority companies continued to refine their practices, increase transparency and take responsibility for their supply chains. ▪ Awareness of modern slavery laws is growing, and more companies are developing a reporting strategy. ▪ Target companies are moving from reporting high-level policies to demonstrating performance in key areas.

Board diversity	Implementing our Member-driven voting policy on director elections at companies yet to meet the 30 per cent board gender diversity target.	<ul style="list-style-type: none"> ▪ Six of the seven 'zero women boards' we targeted appointed their first woman director. ▪ In the first half of 2019, 12 women directors were appointed to diversity target companies. ▪ 66 of the more than 80 companies we wrote to in June 2019, seeking discussions on how they plan to achieve the 30 per cent board gender diversity target, responded by organising meetings or appointing women directors.
Corporate governance	Seeking company-specific improvements in board independence, accountability and renewal, executive pay and capital raisings.	<ul style="list-style-type: none"> ▪ 80 per cent of the companies engaged with in these areas made at least some improvements. ▪ Improvements included commitments on board renewal by companies with poor track records, while others added more industry-relevant skills. ▪ Companies targeted for remuneration issues increased their pay-for-performance alignment, set more challenging hurdles and improved transparency.
Corporate culture	Asking companies to implement best practice codes of conduct and whistleblowing systems.	<ul style="list-style-type: none"> ▪ Prompted by ongoing revelations of poor conduct in the financial services sector and our own research, ACSI continued our discussions with seven companies on improving disclosure and/or implementing codes of conduct and whistleblowing systems ▪ Over half of these updated, or are updating, their codes of conduct and improved whistleblowing systems after we raised our concerns.

"ACSI's comprehensive engagement program is a key pillar of State Super's approach to effective active ownership. The engagement undertaken by ACSI on behalf of its members ensures that companies are managing material ESG issues appropriately and maximising long-term performance."

Gary Gabriel – Chief Investment Officer, State Super

VOTING



In FY19, we provided our members with 1711 voting recommendations on resolutions involving 324 meetings across the ASX300.

KEY OUTCOMES

Royal Commission

The Financial Services Royal Commission revealed widespread unethical behaviour by major banks and other financial services companies. These failings not only cost their customers, but also ACSI members as long-term investors.

ACSI members used their votes to send a strong signal to companies about the need to hold directors and executives accountable for their performance and behaviours. This contributed to three of the four major banks receiving a 'first strike' on remuneration.

We also opposed the re-election of directors where their past roles called into question their ability to hold executives accountable for cultural and customer outcomes.

Board gender diversity

In 2015, we adopted a target of 30 per cent women directors on listed company boards. In 2017, we implemented a policy of recommending 'against' the election of directors on companies with poor gender diversity. These initiatives have been very successful in improving the gender diversity of ASX200 boards.

In March 2019, we launched our [gender diversity voting policy](#) aimed at increasing the appointment of women directors. The updated policy now applies to ASX200 boards with one woman director and ASX201-300 boards for the first time. ACSI members endorsed the change and are committed to using their votes to support its implementation.

We have engaged extensively with companies who are affected by the changes. In the first half of 2019, we only had to make one recommendation against a sitting director of an ASX300 company. We are confident that many other companies will soon announce the appointment of women directors, taking away the need to vote against them in the upcoming AGM season.

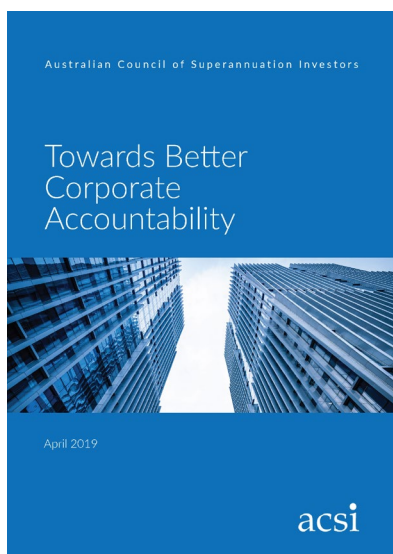
"The reach and financial power of its membership gives ACSI, under chief executive Louise Davidson, enormous sway when it comes to voting on resolutions put to annual meetings. It is undoubtedly the biggest voting block in the Australian market."

Tony Boyd, 'Power in AGM voting clearly rests with industry super funds', Australian Financial Review, 21 December 2018



Policy advocacy is an effective way of addressing systemic issues and complements our engagement work. During the year we expanded our advocacy capabilities and released a number of new and expanded policy positions. We work with the Member Council in developing our policy positions.

HOW DOES OUR ADVOCACY DRIVE CHANGE?

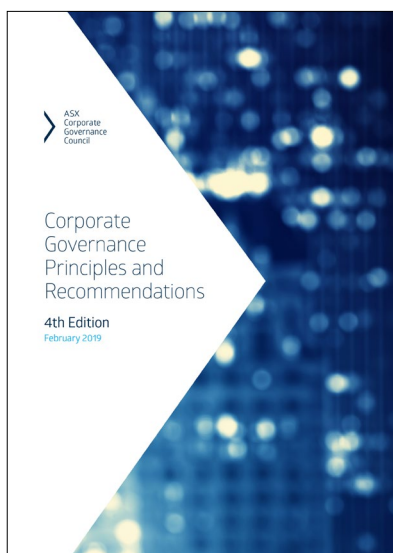


CORPORATE STANDARDS

We developed a suite of policy proposals designed to strengthen corporate, accountability, culture and diversity, and investment stewardship. We have been engaging with key stakeholders about our proposals.

What are we calling for?

- non-binding shareholder resolutions
- annual director elections
- binding vote on pay policy
- regular culture assessments
- time frame for gender balanced boards

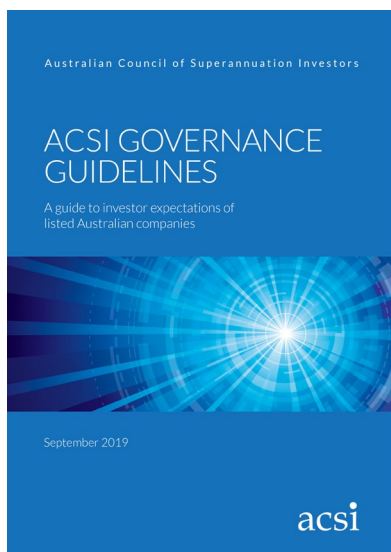


MARKET SETTINGS

In February, the ASX released revised Corporate Governance Principles and Recommendations. ACSI advocated strongly for an increased emphasis on values, ethics and stakeholder accountability.

How were our views reflected in the changes?

- references to culture and values
- alignment of remuneration to purpose, values, culture, strategic objectives and risk appetite
- recommendations on gender diversity
- disclosure of exposure to environmental and social risks

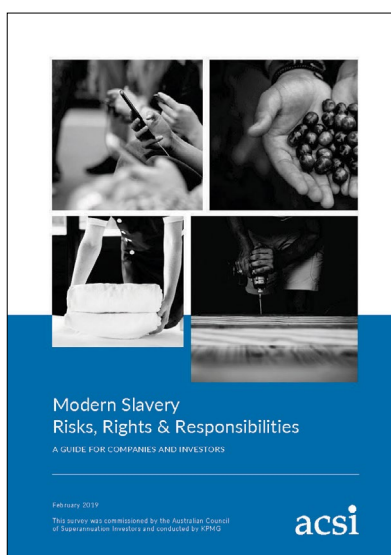


CORPORATE GOVERNANCE

Our recently released 2019 ACSI Governance Guidelines set out investor expectations of listed companies on material ESG issues and underpin our engagement program and voting recommendations.

What's new in this edition?

- updates to address recommendations from the Financial Services Royal Commission
- increased emphasis on 'reasonableness' of remuneration
- updates to reinforce the importance of accountability, corporate culture and social licence to operate
- focus on incorporating ESG into risk frameworks



HUMAN RIGHTS

We have been clear about the importance of companies to building the capacity to identify, manage, address and remediate modern slavery risks.

Where are we focussing our efforts?

- we made multiple submissions on the content of the Modern Slavery Act and Draft Guidance for Reporting Entities
- we are calling for companies to comply with the spirit of the new Act

"ACSI's efforts assist us to stay meaningfully abreast of ESG issues by providing a platform for leading, collaboration, advocacy and engagement. This results in our team being able to better identify and manage ESG risks within the investment portfolio."

Ben Squires – Chief Investment Officer, NGS Super

IDENTIFYING AND MANAGING RISK

Risk management is embedded into ACSI's governance processes and incorporated in our strategic and business plans. We regularly assess and review existing and potential risks to our business to ensure they are effectively managed.

During FY19, we streamlined our risk reporting to the Finance Risk and Audit Committee (FRAC) and the Board.

As part of this process, we reviewed the inherent and residual (after controls have been applied) risk profile of each risk.

Our risk reporting framework lists material risk scenarios which have the potential to affect ACSI's strategic objectives, compliance obligations, reputation or operational stability.

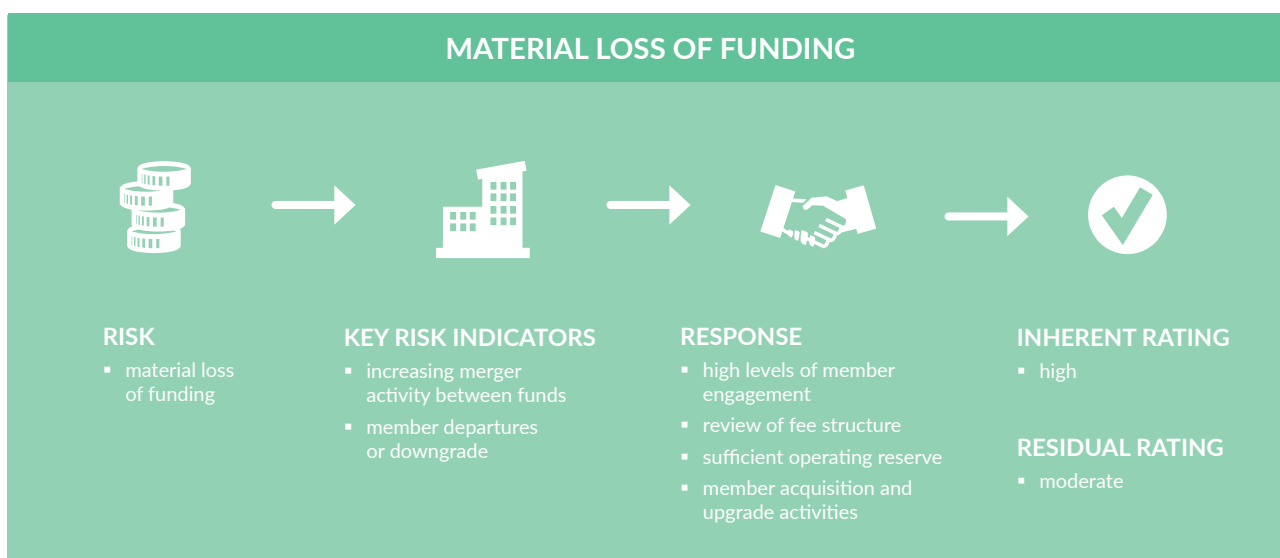


STRATEGIC RISK EXAMPLE

Our most significant risk is a material loss of funding and the impact of that on our ability to maintain operational stability and focus on our strategic intent. Below is a sample map for this risk.

NON STRATEGIC RISKS

All of our non-strategic risks fall within the categories of operational stability in services, communication and relationship management, financial management, governance, HR or IT. Most have a low risk rating, and all can be managed with our existing mitigation controls.



MEASURING OUR SUCCESS

STRATEGIC AND BUSINESS PLANS

We operate on a three year cycle for strategic planning. Our current Strategic Plan was updated last year and approved by the Member Council. It covers the period 2018 to 2021.

In addition, each year we prepare a detailed 12 month Business Plan. Our Business Plan focuses on the actions and projects we must achieve to deliver the Strategic Plan. The Board and Member Council monitor our progress towards achieving our strategic and business goals.

KEY PERFORMANCE INDICATORS

We set detailed key performance indicators (KPIs) for our main activities. Pleasingly, we are making good progress against our Strategic Plan and Business Plan and are on track to achieve our key performance indicators.

"I find ACSI's research forums helpful in discussing key focus areas on topical and emerging ESG issues such as modern slavery."

Lou Capparelli – Manager, Sustainable Portfolios and Governance, UniSuper

EXAMPLES OF OUTCOMES



Eighty per cent of the companies we targeted on priority issues made positive improvements.



Since its launch in May 2018, fourteen ACSI member funds have become signatories to the [Australian Asset Owner Stewardship Code](#) and another seven are preparing to sign.



In June, the ASX200 reached 30 per cent women on boards following years of advocacy and engagement by ACSI and others. Read more [here](#).



The AHRC nominated ACSI as a finalist for the 2018 Australian Human Rights (Business) Awards, saying "ACSI is making an important contribution by educating the business community about the importance of having a human rights lens." Read more [here](#).



The Modern Slavery Act (Cth) became law in January 2019, requiring companies to monitor and report on their exposure, representing the culmination of years of advocacy by ACSI.



ACSI and Hermes EOS agreed to share engagement insights about Australian and global companies with their members and clients. Read more [here](#).



ACSI members contributed strongly to multiple 'first strikes' on remuneration outcomes, sending a strong message about the need for change in remuneration practice in corporate Australia.

"Membership of ACSI is important for Rest as it leverages our ability to influence positive change in our investments with respect to environmental, social and governance considerations that have significant impact on the long-term sustainability of our investments and their financial returns."

Brendan Casey – General Manager, Investments, Rest



Did you know?

ACSI has been shortlisted for the 2019 *International Corporate Governance Network Global Stewardship Awards* (Stewardship Champion category). This award recognises those whose actions have contributed significantly to making effective stewardship a reality in the markets in which they operate.

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. Our full financial statement is available on our website, [here](#).

STATEMENT OF COMPREHENSIVE INCOME	2019 (\$)	2018 (\$)
Revenue from ordinary activities		
Membership subscription fees	3,866,284	3,056,496
Voting alert subscription fees	1,109,230	1,005,921
Conference and events	417,487	300,924
Interest	140,676	105,432
Other income	33,397	48,413
Total revenue from ordinary activities	5,567,074	4,517,186
Expenses from ordinary activities		
Staff cost including superannuation	2,465,392	2,134,901
Finance and office expenses	427,855	359,187
Legal, compliance and consulting expenses	98,140	123,015
Research costs	270,785	188,802
Events and communication	262,050	159,325
Travel expenses	127,162	81,602
Voting alert services	839,389	783,677
Promotion and development costs	27,563	21,589
Total expenses from ordinary activities	4,518,336	3,852,098
Profit from ordinary activities before income tax	1,048,738	665,088
Income tax expense	-	-
Total comprehensive income	1,048,738	665,088

BALANCE SHEET	2019 (\$)	2018 (\$)
Current assets		
Cash and cash equivalents	8,857,877	7,396,710
Receivables	85,895	77,060
Other assets	323,335	312,302
Total current assets	9,267,107	7,786,072
Non-current assets		
Property, plant & equipment	86,419	65,540
Intangible assets	103,360	-
Total non-current assets	189,779	65,540
Total assets	9,456,886	7,851,612
Current liabilities		
Other creditors	796,114	683,231
Employee benefit obligations	296,405	219,379
Income received in advance	4,110,715	3,775,363
Total current liabilities	5,203,234	4,677,973
Non-current liabilities		
Employee benefit obligations	52,715	21,440
Total non-current liabilities	52,715	21,440
Total liabilities	5,255,949	4,699,413
Net assets	4,200,937	3,152,199
Equity		
Reserves	1,776,640	-
Retained earnings	2,424,297	3,152,199
Total equity	4,200,937	3,152,199



Did you know?

Charitable organisations may own shares as part of their investment program. Under our *Philanthropic Policy*, ACSI may provide our voting services free of charge to assist them with demonstrating good stewardship and voting their shares.

REMUNERATION

All our capitals are vital to creating value, however, our staff (our 'human capital') arguably play the greatest role in achieving our mission and vision. Therefore, getting our staff remuneration right is extremely important. As part of its commitment to its dedicated people, ACSI focuses on remuneration within its capacity to pay in accordance with staff responsibilities, while also ensuring that ACSI staff have the right training and development opportunities.

Our remuneration policy 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 ACSI's Remuneration Policy and practices.

2018/19			
Executive	Employment Category	Total Remuneration Package (\$)	Total remuneration paid (\$)
Louise Davidson	Full-time	356,895	347,638
Ed John	Full-time	250,000	253,655
Kate Griffiths	Full-time from 24/09/2018	250,000	177,959
Connie Howe	Part-time 0.9 FTE to 23/09/2018	201,571	152,535
	0.6 FTE from 24/09/2018	134,381	
Jane Rennie	Part-time 0.9 FTE	152,260	153,924
Carole Alt	Part-time 0.5 FTE from 19/09/2018	87,500	62,528

2017/18			
Executive	Employment Category	Total Remuneration Package (\$)	Total remuneration paid (\$)
Louise Davidson	Full-time	339,900	330,615
Ed John	Full-time	231,000	234,893
Connie Howe	Part-time 0.9 FTE	195,700	191,236
Jane Rennie	Part-time 0.9 FTE	147,825	150,401

Remuneration packages for ACSI executive staff are set out in the table above 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. ACSI does not pay bonuses to staff. Total remuneration for part-time staff has been pro-rated to the hours they work. Members of the Board, Member Council and Board subcommittees are not paid for their services.

