

UniSuper Proxy Voting and Corporate Engagement Report

September Quarter, 2008

How we voted our Australian and UK, US and European international equities

This report covers the 1 July 2008 – 30 September 2008 quarter. Over this period, UniSuper voted on 1364 corporate governance resolutions, which were put forward by companies in the S&P/ASX 200 (Australia), FTSE 350 (UK), S&P 500 (US) and FTSE Eurofirst 300 Index and across its Asian stock holdings. UniSuper had a total of 12 Australian and 8 international equity managers that have segregated mandates.

The Fund's Australian and international specialist proxy voting advisors provide 'how to vote' recommendations to UniSuper and UniSuper's fund managers. All UniSuper Australian and fund managers must vote 'FOR' or 'AGAINST' and are not entitled to 'ABSTAIN' unless there is a conflict of interest. Votes are cast in accordance with the Australian Council of Superannuation Investors (ACSI) Corporate Governance Guidelines (www.acsi.org.au), which have been adopted by UniSuper. UniSuper also obtains specialist voting advice on corporate governance best practice in ex-Australian markets from Pension Investment Research Consultants (PIRC), who vote on behalf of UniSuper's international fund managers, except Asian in which instance the fund managers vote. It is important to note that there are specific differences between Australian proxy voting and international proxy voting in the US. In particular:

- » Votes pertaining to individual Directors are not cast as 'AGAINST' votes, rather they are recorded as 'WITHHOLD';
- » UniSuper may use the 'ABSTAIN' vote in accordance with PIRC's advice to UniSuper; and
- » Shareholder resolutions are lodged more frequently in the US.

Summary of Australian (S&P/ASX 200) Proxy Voting (1 July 2008 – 30 September 2008)

	Number	%
Number of corporate governance related resolutions	46	
Voted 'FOR' in line with UniSuper recommendation (more than half of the total shares voted)	35	76
Voted 'AGAINST' in line with UniSuper recommendation (more than half of the total shares voted)	9	20
Number of instances where the majority of votes lodged were contrary to UniSuper recommendations	2	4
Total Instances where votes split 'FOR' and 'AGAINST'	3	7

Please note that the above table may not sum to 100% because the rows in the table are not mutually exclusive

Summary of International Proxy Voting (1 July 2008 – 30 September 2008)

	Number	%
Total number of corporate governance related resolutions	763	
FTSE 350 (UK)		
Number of corporate governance related resolutions	360	
Voted For in line with UniSuper's recommendation	280	78
Voted Against in line with UniSuper's recommendation	80	22
S & P 500 (US)		
Number of corporate governance related resolutions	275	
Voted For in line with UniSuper's recommendation	186	68
Voted Against in line with UniSuper's recommendation	26	9
Vote Withhold in line with UniSuper's recommendation	63	23
FTSE Eurofirst 300		
Number of corporate governance related resolutions	128	
Voted For in line with UniSuper's recommendation	79	62
Voted Against in line with UniSuper's recommendation	49	38

Overview of Australian Voting

Voting in the S&P/ASX 200 (Australia)

UniSuper voted on 46 corporate governance resolutions put forward by companies in the S&P/ASX 200. The highest number of AGAINST votes were in relation to company resolutions at the shareholder meeting of Nexus Energy Limited, regarding the election of directors.

The most frequent AGAINST votes lodged by UniSuper pertained to:

- » The grant of options to directors;
- » The election of directors; and
- » The approval of remuneration reports.

The most frequent FOR votes lodged by UniSuper pertained to the election of directors and the approval of remuneration reports.

Overview of International Voting

Voting in the FTSE 350 (UK)

UniSuper voted on 360 corporate governance resolutions, put forward by companies in the FTSE 350 (UK). The highest number of votes AGAINST were in relation to company resolutions at the shareholder meetings of ACE Limited, SAB Miller PLC and Investec PLC.

The most frequent AGAINST votes lodged by UniSuper pertained to:

- » Approval of remuneration reports;
- » Appointment of certain directors; and
- » Appointment of Auditors.

The most frequent FOR votes lodged by UniSuper pertained to the election of directors.

Voting in the S&P 500 (US)

UniSuper voted on 275 corporate governance resolutions, put forward by companies in the S&P 500 (US). The highest numbers of votes AGAINST were in relation to company resolutions at the shareholder meetings of Fedex Corporation, DELL and Clear Channel Communications.

The most frequent AGAINST votes lodged by UniSuper pertained to the appointment of certain directors.

The highest WITHHOLD votes lodged by UniSuper regarding the election of certain Directors were in relation to InterActive Corp, Forest Laboratories and Xilinx Inc. as they did not meet ACSI guidelines on independence and composition of the Board.

The most frequent FOR votes lodged on shareholder resolutions pertained to the election of certain directors.

Voting in the FTSE Eurofirst 300 (Europe)

UniSuper voted on 128 corporate governance resolutions, put forward by companies in the FTSE Eurofirst 300. The highest votes recorded AGAINST were in relation to company resolutions at shareholder meetings of Carrefour, Gaz De France and Richemont.

The most frequent AGAINST votes recorded by UniSuper pertained to the appointment of certain directors.

The most frequent FOR votes recorded by UniSuper pertained to election of certain directors.

Asian Proxy Voting

UniSuper voted on 555 corporate governance resolutions put forward by companies across its Asian stock holdings.

The most frequent AGAINST votes recorded by UniSuper pertained to:

- » The appointment of directors; and
- » The issuance of equity linked securities without pre-emptive rights.

The most frequent FOR votes recorded by UniSuper pertained to:

- » Accepting company financial statements and statutory reports; and
- » The election of directors.

Private Equity Corporate Actions (Domestic and International)

UniSuper votes on a number of corporate actions across its unlisted assets, including private equity (PE).

Over the September 2008 quarter, UniSuper voted on three domestic PE corporate actions. In all instances UniSuper supported the resolutions that were proposed, which included:

- » Amending the trust deed of a PE fund to extend the term limit of borrowings;
- » Amending the Limited Partnership Deed to provide a Special Limited Partner with discretion to make capital contributions to a Limited Partnership or co-invest alongside the Limited Partnership; and
- » Waiving a requirement of a Limited Partnership Deed regarding contribution arrears and other defaults.

Internationally, over the same quarter, UniSuper voted on two PE corporate actions. In both instances UniSuper supported the resolutions that were proposed, which included:

- » Limiting a PE fund's aggregate investment commitments; and
- » Amending a key man clause.

Disclaimer

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