

Australian Asset Owner Stewardship Code Terms of Reference

Introduction

1. The Australian Asset Owner Stewardship Code (the Code) was developed by a group of Australian asset owners, with support from Australian Council of Superannuation Investors (ACSI), to promote good practice stewardship in their role as providers of capital. The Code aims to increase the transparency and accountability of stewardship activities in Australia.
2. Stewardship has been defined by industry groups as the 'use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social and environmental assets on which their interests depend.'¹
3. The Stewardship Code provides principles and guidance to assist with the implementation and transparency of asset owners' stewardship practices, in fulfilling their fiduciary obligations to their beneficiaries. The Code sets out seven principles which signatories agree to implement on an 'if not, why not' basis. These principles state asset owners should:
 - Publicly disclose how they approach their stewardship responsibilities.
 - Publicly disclose their policy for voting at company meetings and voting activity.
 - Engage with companies (either directly, indirectly or both).
 - Monitor asset managers' stewardship activities.
 - Encourage better alignment of the operation of the financial system and regulatory policy with the financial interests of long-term investors.
 - Report to beneficiaries about their stewardship activities.
 - Outline how they utilise collaboration in their stewardship activities.

A Stewardship Code Committee (Committee) has been established to oversee the Code. These Terms of Reference set out the role, membership and responsibilities of the Committee.

Role of the Committee

4. The role of the Committee is to oversee the governance of the Code to ensure the Code remains current and continues to promote transparency and accountability of asset owners' stewardship activities.

¹ UN PRI, CFA Institute and Global Sustainable Investment Alliance [Definitions for Responsible Investment Approaches](#) November 2023

Membership of the Committee

5. The Committee will comprise of representatives of signatories to the Stewardship Code, appointed in accordance with these Terms of Reference.
6. Each signatory to the Stewardship Code may nominate one member to the Committee. A signatory to the Stewardship Code is not obliged to nominate a member to the Committee.
7. The Committee must have at least four members.
8. ACSI may nominate one member to the Committee. The ACSI nominee to the Committee will be the Chief Executive Officer of ACSI, or as delegated by the Chief Executive Officer of ACSI. The ACSI nominee will be the inaugural Chair of the Committee.

Rights and responsibilities of the Committee

Disclosures made under the Code

9. The Committee will, every two years, engage a reviewer to assess the disclosures made by signatories in accordance with the Stewardship Code.
10. The purpose of the review of disclosures will be to provide observations on better practice disclosures and any other matters the Committee considers appropriate to ensure that disclosures are meaningful and promote the integrity of the Code. The Committee will determine the scope of the review and will set the fee payable to the reviewer such cost to be shared equally among signatories.
11. The reviewer will report to the Committee, with any recommendations made for consideration by the Committee. For the avoidance of doubt, the Committee has the authority to review a Signatory's membership where that Signatory does not comply with the requirements of the Code.

Review of the Code

12. The Committee will engage a reviewer periodically to assess whether updates or amendments are required. The Committee will determine the scope of the review and will set the fee payable to the reviewer, such cost to be shared equally among signatories.
13. The purpose of the review will be to ensure that the Stewardship Code remains current and continues to promote transparency and accountability over asset owners' stewardship activities, along with any other purpose the Committee sees fit.
14. The reviewer will report to the Committee and propose amendments (if any) to the Code for the Committee to consider for approval.
15. Signatories may also propose amendments to the Code at any time. Such proposals will be put to the Committee for consideration, and if thought fit, approval.

Operation of Committee

16. ACSI will provide Secretariat support to the Committee.
17. The Committee will meet at least once each year.
18. Any member of the Committee may call a meeting of the Committee through the Secretariat.
19. Each member of the Committee is entitled to attend a meeting of the Committee and to vote.
20. Meetings shall be convened via a notice sent to each Committee member setting out the date, time, venue and agenda. The Secretariat will email such notice at least 14 days in advance of the meeting to the email address advised by the signatory from time-to-time.
21. Committee meetings may be held in person, or by any means via which members can hear and participate in proceedings.
22. The Committee will aim to achieve consensus on decisions made. In the event this proves impossible, decisions will be made by simple majority, unless such decision involves a significant amendment to the Stewardship Code or these Terms of Reference, or a review of a Signatory's membership, in which case the proposal must be approved by at least 75 per cent of members of the Committee present (in person or by proxy) and voting. The Committee will determine whether an amendment is significant for the purpose of this provision. If there is doubt or disagreement among Committee members as to whether a proposed amendment to the Stewardship Code or these Terms of Reference is significant, such amendment shall be treated as significant.
23. A quorum for Committee business is two-thirds of the Committee membership. The Chair does not have a deciding vote.
24. Committee members may pass a resolution without a meeting being held if all members approve the resolution. A member's approval can be communicated via that member signing a document containing a statement that they are in favour of the resolution, or via email from the member that clearly conveys the member's intent and is sent to the Secretariat.
25. The Secretariat and Chair will ensure that decisions, advice and recommendations of the Committee are appropriately documented and circulated to all Committee members.
26. These Terms of Reference will be reviewed periodically, with recommendations for any amendment made to the Committee for consideration.