

Stewardship Statement

March 2023

Introduction

TWUSUPER is a signatory to the Australian Asset Owner Stewardship Code (the Code) and supports its six principles.¹

This Stewardship Statement outlines our approach to our stewardship responsibilities for the long-term benefit of our members and describes how we apply each of the six principles in the Code.

We are a profit-for-member fund run for the long-term benefit of our members. Responsible investment is an important part of our long-term investment approach and is one of our investment beliefs that guides our overall investment strategy.

We believe that companies that properly manage Environmental, Social and Governance (ESG) risks and opportunities are likely to be more financially sustainable and, therefore, perform better over the long-term. Therefore, we recognise the need to go beyond traditional financial measures in order to fully understand the potential risks associated with existing and prospective investments.

We also recognise that encouraging better ESG practices helps support a more sustainable financial system and can also contribute to positive impacts on the environment and society.

Principle 1.

Asset owners should publicly disclose how they approach their stewardship responsibilities

Along with this Statement, we disclose our approach to our stewardship responsibilities in our Responsible Investment Policy (RI Policy), available at www.twusuper.com.au/ri-policy. This policy outlines how we integrate ESG risks and opportunities into our investment processes.

We also disclose on our website TWUSUPER's Climate Change Position Statement which goes into further detail with respect to our approach to managing climate change risks.

Principle 2.

Asset owners should publicly disclose their policy for voting at company meetings and voting activity

We actively exercise our ownership rights to try to ensure that company executives and directors run companies in the best long-term interests of shareholders. In exercising our ownership rights, we have regard to the following key voting principles.

- › **Shareholder rights:** Entities should respect shareholders' voting rights, ensure all shareholders are treated equally, and have appropriate regard for shareholder views.
- › **Remuneration:** Executive remuneration should be aligned to corporate strategy and long-term company performance, reflective of the shareholder experience. Directors should receive a fixed fee and not participate in any at-risk remuneration.
- › **Board:** Boards should comprise an appropriate and diverse mix of independent, skilled and experienced directors who are able to exercise appropriate diligence and oversight.
- › **Major transactions:** Boards are responsible for ensuring any transaction is undertaken in the best interests of shareholders, that there is a compelling commercial rationale supporting corporate activities, and that management is aligned with long-term shareholder outcomes, while preserving existing shareholder rights.

Further details of our voting principles and their implementation for Australian and international equities are disclosed in Sections 3.2 to 3.3 of our RI Policy.

Our voting activity in relation to directly held Australian and International listed companies is disclosed on our website at www.twusuper.com.au/voting.

¹ The Code is available here: www.acsi.org.au

Principle 3. **Asset owners should engage with companies (either directly, indirectly or both)**

Our investment managers are principally responsible for engagement activities as part of their role.

We also engage collaboratively with Australian listed companies via the Australian Council of Superannuation Investors (**ACSI**). Through ACSI, we engage to improve standards of governance and raise material ESG issues with the objectives of promoting long term shareholder value and minimising risk.

For a set of key Australian equities holdings, we take a more active role by directly participating and contributing to engagements, as well as monitoring their outcomes.

Further details of engagement with companies are disclosed in Sections 2.2 and 3.5 of our RI Policy.

Principle 4. **Asset owners should monitor asset managers' stewardship activities**

We encourage our managers to integrate ESG risks and opportunities into their investment processes, to engage proactively with companies, and to exercise their proxy voting rights, where applicable.

We prefer managers with solid ESG capabilities, and will not appoint a manager where their ESG capabilities are below a minimum, peer-relative standard. With the support of our investment adviser, we perform a detailed due diligence of every manager that we appoint, which includes an evaluation on their performance and integration of ESG factors.

Further details of our monitoring of our managers' stewardship activities are disclosed in Section 2 of our RI Policy.

Principle 5. **Asset owners should encourage better alignment of the operation of the financial system and regulatory policy with the interests of long-term investors**

We engage with policy makers through ACSI as part of a collaborative group focused on the long-term outcomes for members.

Where appropriate, through our membership of ACSI, we actively encourage policy makers to consider the interests of long-term investors.

For selected issues, we may engage directly with policy makers, for example by making a submission in response to industry consultations.

Principle 6. **Asset owners should report to beneficiaries about their stewardship activities**

We publish this Statement, our RI Policy and our Climate Change Position Statement on our website.

We report on our ongoing stewardship activities in our Annual Report, on our website and in the annual assessment submitted to the UN-backed Principles for Responsible Investment (www.unpri.org).

Contact

For further information please contact us via www.twusuper.com.au/contact.



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