

HOSTPLUS STEWARDSHIP STATEMENT

July 2024

Introduction

The primary responsibility of Hostplus (the Fund) is to act in its members' best financial interests. Consistent with that duty, the Fund recognises the importance of proactive management and disclosure of the stewardship activities it undertakes on behalf of its members.

The Fund is a signatory to the Australian Asset Owner Stewardship Code (the Code), which provides stewardship principles and guidance to assist asset owners in fulfilling their fiduciary obligations to their beneficiaries. The purpose of this statement is to outline how the Fund meets its stewardship commitments under the Principles of the Code.

Principle 1

Publicly disclose how the Fund approaches its stewardship responsibilities.

Hostplus undertakes stewardship activities in accordance with its investment governance framework and policies, and with the support of specialist third parties. These stewardship activities include voting, engaging with investee companies, advocating for public policy outcomes and the consideration of external manager ESG capabilities, all of which are undertaken to support the long-term financial returns of our members.

As a member of the investment strategy team, the Head of Responsible Investing is responsible for implementation of ESG integration and stewardship activities and is overseen by the Board.

The Fund discloses its approach to its stewardship responsibilities via its [Responsible Investment Policy – Super](#) which also contains links to other related policies. The Fund also outlines its approach to stewardship in [Our Investment Governance](#) page on the Hostplus website.



Principle 2

Publicly disclose the Fund's policy for voting at listed company meetings and voting activity.

Actively exercising voting rights at investee company meetings provides the Fund with the opportunity to interact with investee companies and to encourage positive ESG practices. This approach has the potential to enhance long-term value for the members of the Fund.

Except for the holdings in pooled trusts, and those via the Pooled Superannuation Trust which must be voted by the relevant investment managers, the policy of the Fund is to cast votes for all of the Fund's shares in alignment with its investment beliefs and its commitment to responsible investing, where practicable.

In forming its voting decisions, the Trustee may take into account non-binding voting suggestions from its investment managers, the opinions of its members, stakeholders, additional service providers, insights from engagement meetings, and other pertinent factors.

Additional details on the Fund's approach to voting for listed equities is disclosed in the [Responsible Investment Policy – Super](#) and proxy voting activity is disclosed in the [Proxy Voting](#) section of the [Our Investment Governance](#) page on the Hostplus website.

Principle 3

Engage with companies (either directly, indirectly or both).

Hostplus undertakes indirect engagement with investee companies through third parties in order to encourage improved practices on a range of matters, which can include ESG considerations.

The Fund's approach to engagement with investee companies is disclosed in the [Responsible Investment Policy – Super](#). The Fund primarily engages with Australian listed investee companies on material ESG matters as a member of the Australian Council of Superannuation Investors (ACSI). The ACSI governance guidelines set out its areas of focus when engaging with companies and the [ACSI annual engagement report](#) provides additional information on engagement priorities and outcomes to support long term financial returns.

As a client of Federated Hermes EOS (EOS), the Fund also indirectly engages with international listed investee companies. The EOS engagement plan sets out areas of focus when engaging with companies and the [Hermes EOS annual engagement report](#) provides additional information on engagement activities and outcomes to support long term financial returns.

The priority themes and objectives of the Fund's indirect engagement activities and outcomes, and of its third party providers, are disclosed in the [Engagement](#) section of the [Our Investment Governance](#) page on the Hostplus website.

The quality and outcomes of third party engagement services are reviewed periodically as part of an internal review of the Fund's overall approach to stewardship.

Principle 4

Monitor asset managers' stewardship activities.

The Fund invests through specialist external investment managers, and their activities will therefore play a key role in the Fund's stewardship activities. Managers are expected to take all material risks and opportunities, including those in relation to ESG, into account when making investment decisions.

As part of the investment manager appointment and review process, together with the Fund's external asset consultant, the Fund reviews managers' abilities to integrate ESG risks and opportunities into their investment – decision making processes.

Although the Fund's investment activities are outsourced to investment managers, stewardship activities are indirectly undertaken by the Fund through third party service providers.

The Fund's monitoring of asset managers' stewardship activities are outlined in the 'Responsible Investment Approach and Implementation' section of the [Responsible Investment Policy – Super](#).

Principle 5

Encourage better alignment of the operation of the financial system and regulatory policy with the financial interests of long-term investors.

The Fund is a member of ACSI, which directly undertakes advocacy activities with policy makers, and contributes to public policy development processes, including those conducted by governments, parliamentary committees, regulators and international organisations.

Through its membership with ACSI, the Fund participates in advocacy activities in order to represent the long-term financial interests of its beneficiaries.

ACSI's policy priorities include, but are not limited to:

- Engaging with policymakers to advocate for the appropriate recognition on stewardship in financial regulation.
- Advocating for public policy settings which will support the transition of the Australian economy to net zero emissions and to reverse the ongoing decline of nature.
- Encouraging the development of enhanced corporate disclosure frameworks and obligations, including related to climate change, nature and biodiversity, and modern slavery.

Information on the public policy advocacy activities ACSI has undertaken on behalf of its members can be found in the [Engagement](#) section of [Our Investment Governance](#) page on the Hostplus website.

Principle 6

Report to beneficiaries about the Fund's stewardship activities.

The Fund communicates its stewardship activities to its members in the following ways:

- The [Responsible Investment Policy – Super](#) provides an overview of the Fund's approach to stewardship.
- The Fund reports on its stewardship activities to its members in the Hostplus [Annual Report](#).
- Other member communications include the annual disclosure of priority engagement themes, objectives and outcomes of the Fund's third-party service providers. These updates are located in the [Engagement](#) section of [Our Investment Governance](#) page on the Hostplus website.
- Voting decisions for listed investee company meetings are disclosed in [Our Investment Governance](#) page on the Hostplus website in accordance with regulatory requirements.

Principle 7

Outline how the Fund utilises collaboration in its stewardship activities.

Collaborative engagement initiatives can be an effective form of engagement, that can enable an asset owner to reduce the workload and costs of stewardship activities and to improve the efficacy of stewardship efforts.

Therefore, Hostplus is a member/signatory/client of the following collaborative organisations:

[ACSI](#) provides research, voting recommendations, and undertakes engagement and advocacy activities to support member's efforts in exercising their shareholder rights in their beneficiaries best financial interests.

The [Investor Group on Climate Change \(IGCC\)](#) is a not-for-profit organisation focussed on collaborating and advocating on behalf of its members to responsibly manage climate risks and opportunities.

The [Principles for Responsible Investment \(PRI\)](#) is a United Nations backed not-for-profit organisation which supports its signatories' efforts to incorporate ESG considerations into investment processes and ownership practices with the aim of contributing to the development of a more sustainable global financial system.

[Federated Hermes EOS](#) is a third-party service provider which undertakes engagement, voting and advocacy activities in relation to global listed equities on behalf of its clients. The service aims to seek positive change for its clients, the companies and the societies in which they operate.