



Hostplus stewardship statement.

December 2018



Hostplus is a signatory to the Australian Asset Owner Stewardship Code (the Stewardship Code) and is pleased to have adopted all its six principles.

Being a signatory allows us to continue to proactively manage and disclose the stewardship activities we undertake on behalf of our members.

These activities are consistent with our desire to create value for members by influencing companies to change their behaviour in ways which protect and enhance long-term, sustainable value.

How we implement the six principles.

Principle 1: Publicly disclose how the Fund approaches its stewardship responsibilities.

We disclose our approach to our stewardship responsibilities via our ESG Policy. Our ESG Policy has recently been revised specifically to align with the Stewardship Code.

We also disclose our approach to stewardship on our website: hostplus.com.au/super/about-us/investment-governance.

Principle 2: Publicly disclose the Fund's policy for voting at company meetings and voting activity.

In exercising our voting rights, Hostplus favours a pragmatic and commercial approach that considers the specific circumstances of each company on a case-by-case basis.

Our key voting beliefs are:

Board oversight: Boards should be composed of highly skilled, experienced and diverse directors who can provide oversight of management on behalf of shareholders. Together with management, boards should be accountable to shareholders for the company's performance over the long-term.

Shareholder rights: Companies must not implement structures that infringe shareholder rights or that transfer value from shareholders to management or others.

Major transactions: Companies must ensure that major transactions (like capital raisings, mergers and acquisitions) are conducted with proper regard to existing shareholders' interests.

Further details of our voting policy and its implementation for Australian and international equities are disclosed in Sections 2.1 to 2.3 of the ESG Policy.

Our voting activity is disclosed on our website under the 'Proxy Voting' section at hostplus.com.au/super/about-us/investment-governance.



Principle 3: Engage with companies (either directly, indirectly or both).

In this context, engagement means two-way constructive communication between Hostplus and investee companies (board members and/or senior management) on matters such as the company's performance, strategy, ESG issues, leadership, quality and level of reporting.

Given resource constraints, we primarily engage with companies collectively through the Australian Council of Superannuation Investors (ACSI) or via external investment managers. Collective engagement allows us to exert a greater influence (beyond our own shareholding in the company) and to manage resources more effectively.

Further details of engagement with companies are disclosed in Sections 2.6 to 2.10 of the ESG Policy.

Going forward, we have committed to annually disclose the priority themes and objectives of our collaborative engagement, and aggregate outcomes, on our website at hostplus.com.au/super/about-us/investment-governance.

Principle 4: Monitor asset managers' stewardship activities.

Hostplus invests through specialist external investment managers, and their activities will therefore play a key role in our stewardship activities. Managers are expected to take all material risks and opportunities, including regarding ESG, into account when making investment decisions.

As part of the investment manager appointment and review process, together with our investment consultant, we review our managers' ability to integrate ESG risks and opportunities into their investment-decision making processes.

Further details of our monitoring of asset managers' stewardship activities are disclosed in Section 1 of the ESG Policy.

Principle 5: Encourage better alignment of the operation of the financial system and regulatory policy with the financial interests of long-term investors.

The rules governing the operation of financial markets and regulatory policy may not always be aligned to our members' long-term interests. When this is the case, and where appropriate, we will engage policy makers (directly or via collaborative initiatives) and seek to address these issues.

Principle 6: Report to beneficiaries about the Fund's stewardship activities.

Our ESG Policy is available to Hostplus members, employers, employees, service providers, investment managers and other interested parties on our website.

We report on our ESG activities and outcomes on an annual basis, including on voting and engagement activities outlined above, via our website and the Hostplus annual report.