

UniSuper Stewardship Statement (2018)

We believe that the stewardship activities of institutional investors can positively influence corporate behaviour and contribute to long-term shareholder value. Accordingly, UniSuper takes seriously the duties incumbent upon it as a long-term steward of its members' retirement savings.

In recognition of the importance of these stewardship responsibilities, UniSuper is a signatory to the Australian Asset Owner Stewardship Code (the Code). We support the principles outlined in the Code, which focus on enhancing the quality and transparency of Australian asset owners' disclosures regarding their company engagement and voting practices.

This Stewardship Statement seeks to demonstrate how our stewardship activities meet the requirements of six principles outlined in the Code.

Principle 1: Asset owners should publicly disclose how they approach their stewardship responsibilities

As a long-term investor and steward of members' capital, UniSuper seeks to be a responsible investor and considers environmental, social and governance (ESG) risks as part of its investment approach.

Central to this approach, UniSuper is an active owner. This means that we:

- Routinely engage with the companies in which we are invested, on a range of commercial, strategic and ESG-related matters
- Seek to exercise all proxy votes for listed Australian and international share holdings.

Being an active owner assists us in managing investment risks and seeks to protect and enhance long-term returns for our members.

More detail regarding our approach can be found here:

<https://www.unisuper.com.au/investments/responsible-investing/our-approach-to-responsible-investing>

<https://www.unisuper.com.au/investments/responsible-investing/responsible-investment-reports>

Principle 2: Asset owners should publicly disclose their policy for voting at company meetings and voting activity

As a large shareholder and active owner, voting on resolutions at company meetings is an important ownership right. Accordingly, we have a long-standing active voting approach in place. Where possible we seek to vote at all companies in which we own shares.

We are transparent regarding our voting activities and a record of how we voted (dating back to 2005) can be found here:

<https://www.unisuper.com.au/investments/responsible-investing/responsible-investment-reports>

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

UniSuper has a long-standing and extensive engagement program in place with the companies in which we are invested. We believe that engagement with companies is critical as it:

- Ensures that senior management and Boards understand us, our members and our approach to ESG and long-term value creation
- Provides us with an effective means by which to provide feedback to companies and promote good governance and corporate behaviours regarding a range of ESG-related matters.

When we engage with companies, it may be for one of three key reasons, namely to:

- Build and maintain a relationship to ensure effective two way dialogue and communication
- Focus on a key theme of interest / concern, e.g. climate risk management
- Address a specific issue that has arisen at a point in time (i.e. on an ad hoc basis).

In conducting our engagement activities, we do so both:

- Directly – That is, the UniSuper investment team and / or its external fund managers will meet with and engage with a company
- Indirectly – UniSuper is a member of the Australian Council of Super Investors (ACSI), which engages with companies on behalf of its members on a collective basis. This indirect collaborative engagement provides a strong unified voice on issues and widens the extent of our own direct engagement.

Greater detail regarding our engagement activities can be found in our Responsible Investment Reports, which are located here:

<https://www.unisuper.com.au/investments/responsible-investing/responsible-investment-reports>

Principle 4: Asset owners should monitor asset managers' stewardship activities

The UniSuper Investment Team manages a substantial component of its listed company investments, internally (and we vote this stock ourselves). However, we do still appoint specialist asset managers who are used for their in-depth knowledge of particular sectors and markets. With this expertise comes the expectation that the following stewardship activities will be performed and reported:

- Proxy voting – We have not fully internalised the voting function as we expect our asset managers to vote their portfolios on our behalf. However, we do retain (and exercise) the right to override a manager's voting intention. We monitor our fund managers' voting activities, and include these votes in our reports to members.
- Engagement – We maintain active dialogue with our fund managers regarding their engagement activities.

We formally review our asset managers' ESG approach every two years.

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

UniSuper believes that it is important to ensure that the broader policy and regulatory environment is compatible with the interests of long-term investors and their members. To this end, UniSuper is an active member of a number of collaborative investor groups that seek to guide and influence policy both domestically and internationally, e.g. via our membership of ACSI.

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

UniSuper seeks to ensure that its members remain well informed regarding our active ownership and stewardship activities. To do this, we:

- Prepare and publish on our website a Responsible Investment Report every six months (this includes our voting activities)
- Provide high level detail on the Responsible Investment section of our website, including our Sustainable Investment Policy
- Regularly include ESG and stewardship related articles in our newsletters to members
- Regularly conduct member podcasts and webinars regarding our ESG and stewardship activities.