

Stewardship Statement

November 2024

Actions we take today should not compromise the outcomes received by our members tomorrow.

Aware Super is a signatory to the Australian Asset Owner Stewardship Code (the Code). The Code consists of seven Principles and as a signatory to the Code we have developed this Stewardship Statement to provide an overview of how we apply these principles.

As stewards of our members' retirement savings, we have a duty to act in their best financial interests.

A critical part of this is integrating environmental, social and governance (ESG) considerations into our investment processes. Known as Responsible Ownership, this approach helps us better manage risk and generate strong long-term returns for our members.

Stewardship is a key part of our Responsible Ownership approach. This means we monitor ESG risks and engage with companies in which we invest. We do this in a variety of ways including: directly, through our internal Responsible Investments function; indirectly through our investment managers and in collaboration with our appointed voting service providers, such as the Australian Council of Superannuation Investors (ACSI). We also participate in collaborative engagement initiatives.

We use our voting rights to support resolutions that seek to enhance value for our members across a range of areas such as board composition, executive remuneration, and climate-related disclosure and action.

Principles

1. Asset Owners should publicly disclose how they approach their stewardship responsibilities.

We believe that poor management of long term ESG related risks by a company may not only impact our investments but can potentially impact the broader community and environment. We require management to be focused on long-term and sustainable value creation.

We publicly disclose how we approach our stewardship responsibilities and activities in our Responsible Investment: Environmental, Social and Corporate Governance Policy (Responsible Investment Policy) as well as in our Annual Report and our Annual Responsible Investment Report.

You can view our Responsible Investment **Policy** and our Annual **Reporting** suite on our website.

2. Publicly disclose their policy for voting at company meetings and voting activity.

As an asset owner, we believe that we have an obligation to seek to ensure that the companies we invest in are governed and managed in a manner which enhances performance over the longer term, and thereby produces the best financial outcome for members. For this reason, Aware Super takes an active interest in the ESG practices of the companies in which we invest, with the objective to positively influence their governance, policies, practices and management through share voting.

We have a significant exposure to listed share investments and we view the exercise of voting rights attached to these shares as integral to active ownership. We consider share voting to be an important tool to engage with companies and may allow the Trustee and other investors to publicly signal to a company where they may have fallen short of expectations.

Where we intend to vote against or abstain from a proposal, we may notify the company ahead of the resolution. This provides an opportunity for engagement with the relevant company, to discuss issues and exchange views. We may do this directly with the company ourselves, or where we are aligned with the recommendations of a service provider, indirectly through that service provider.

We retain voting rights for all holdings of listed company shares, whether managed internally or externally.

Australian shares

When voting on resolutions for Australian-listed companies, we typically consider recommendations from our voting service provider, ACSI, as well as the recommendations of our active investment managers. In the case of shareholder proposals, we also endeavour to engage with the proponents before voting. Before making our final decision, we will consider a company's response to any engagements we have had with them.

International shares

When voting on resolutions for international-listed companies, we consider recommendations from CGI Glass Lewis which are based on their guidelines and an overlay based on the guidelines of ACSI for consistency. Several of our international investment managers vote directly, however we still reserve the right to the final voting decision.

We publicly disclose our policy for voting at company meetings in our Responsible Investment Policy and we publish our voting activity on our website.

You can view our [policy for voting and voting activity](#) on our website.

3. Engage with companies either directly, indirectly (for example, via collective action or third-party providers) or both.

Aware Super has an active engagement program, we monitor ESG considerations and when we identify a material risk or issue, we will often use our ownership rights to engage with the company. The objective of engagement is to encourage the company to improve its ESG policies and practices, and thereby protect or increase its economic value. We believe that engagement can be an effective way to influence a company's corporate governance practices and approach to ESG related issues.

Engagement can also be an effective way to influence and advocate for public policy change.

We have established and implemented an internal Engagement Strategy which outlines our principles, approach and focus including the methods (i.e. direct, indirect, or collaborative) and prioritisation framework. Engagement will take several forms and will be contingent upon resourcing, prioritisation and availability of skills.

We undertake active engagement via a combination of the following methods:

- direct corporate engagement where we will meet or communicate with companies and our fund managers to address ESG related policies,

issues, practices, disclosure and performance. Our direct engagement program relates to Australian listed companies.

- third party engagement partners who engage with domestic and international companies on our behalf to expand the breadth of our direct engagement program and strengthen our voice and influence, and
- collaborative initiatives and investor organisations such as Investor Group on Climate Change (IGCC), the Responsible Investment Association Australasia (RIAA), the Principles of Responsible Investors (PRI), Investors Against Slavery and Trafficking (IAST) APAC, 40:40 Vision and Climate Action 100+. Via working groups, we participate in group engagement with target companies.

If our engagement does not produce a favourable outcome within a reasonable timeframe, we may consider other actions such as voting against directors or raising a shareholder proposal. However, we cannot guarantee that action taken by us in connection with any ESG issues will result in the desired change, and we may continue to hold the relevant investment.

4. Monitor asset managers' stewardship activities.

As part of our investment manager due diligence and appointment process, we assess how our investment managers incorporate ESG factors and sustainability concerns across their portfolios, including an assessment of their stewardship activities. We monitor our investment manager's stewardship activities by (i) gathering feedback (including through meetings) (ii) reviewing manager reporting on their voting and engagement and (iii) undertaking periodic reviews of their ESG integration approach.

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

As a long-term investor, with our members' best financial interests at the fore, we participate in advocacy and policy collaborative initiatives, partnering with ACSI, Federated Hermes EOS, PRI, RIAA, IGCC and ASFI. We believe these collaborative initiatives and industry bodies are a valuable tool to help drive change across the economy and influence public policy to ensure company practices support long-term sustainability.

Our advocacy activities may include submissions as part of industry consultations with regulators, participation in regulator and government department consultation processes and

collaborating with other market participants on policy issues. Via participation in these activities, we have advocated for policy settings that better manage the long-term risks related to climate change including mandatory climate reporting; updates to the ASX Corporate Governance Principles to guide on contemporary governance practices; implementation and update to the Modern Slavery Act; and alignment across APRA prudential standards, all in support of promoting long-term returns for our members.

Our engagement may also include communication with government regulators to advocate for improved standards that apply to all companies, where we may believe they are insufficient or may create investment risk within sectors or market wide – for instance in taxation law, and the law affecting directors’ duties and financial reporting.

6. Report to beneficiaries about their stewardship activities.

Aware Super reports to beneficiaries using the following channels:

- **our website**
- **Annual Reporting suite**
- **PRI Transparency and Assessment reports**
- **Proxy voting policy and voting outcomes**

7. Outline how they utilise collaboration in their stewardship activities.

Advocacy and collaboration are a focus area of our Fund’s overall Responsible Ownership approach. We believe that collaboration can be an effective tool to increase asset owners’ influence. It can also provide a more resource and cost-efficient approach to our stewardship activities.

We will ensure our involvement in initiatives aligns with our strategy’s thematic focus.

In participating in collaborative initiatives, our objective is to enhance our understanding of the risks and opportunities that companies may face and monitor corporate practices with a view to advocating for positive change.

While there are times where it may be appropriate to collaborate with other like-minded investors and industry associations, we do not rely on those other investors and associations to make investment decisions for us.

We will disclose our memberships and information on our collaborative involvements (including select outcomes, case studies, or other relevant details) in our Annual Responsible Investment Report which forms part of our Annual Reporting suite.

We’re here to help

Contact us

-  **1300 650 873**
-  **aware.com.au/contact**
-  **Company reports and audits**

This document has been prepared and issued by Aware Super Pty Ltd (ABN 11 118 202 672, AFSL 293340) trustee of Aware Super (ABN 53 226 460 365). This document is effective November 2024. AS219 01/25