

Stewardship Statement

Australian Asset Owner Stewardship Code

May 2019





Effective stewardship for long-term value

TelstraSuper is committed to enhancing and protecting our members' long-term investment outcomes. This is achieved in a number of ways, including operating an effective stewardship approach, which also forms part of our Sustainable Investment Policy.

We believe effective stewardship on key environmental, social and governance (ESG) factors is vital to achieving sustainable returns. Therefore, TelstraSuper is proud to be a signatory to the Australian Asset Owner Stewardship Code.

In compliance with this Code we've developed this Statement to outline how we adopt each of the Code's Principles in our Stewardship activities.

Principle One – Asset owners should publicly disclose how they approach their stewardship responsibilities

TelstraSuper outlines our approach to responsible investment through two key policies: Sustainable Investment Policy and Proxy Voting Policy. These policies are reviewed on an ongoing basis.

We assess our investments against a range of ESG criteria as determined by our board of directors. These criteria are regularly reviewed and set the rules by which we will or won't invest in an asset, company or industry. Our firm belief is that by considering ESG-related risks when making investment decisions there is likely to be a positive impact on long term risk adjusted returns. Therefore we look for companies with strong ESG credentials that are focused on creating and maintain long-term value.

Our approach includes:

- Getting the right people (manager appointment process)
- Direct engagement to influence
- Collaborating to get better outcomes
- Investing in the future

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

TelstraSuper takes an active ownership position which means that we can engage with the companies we invest in and vote on decisions at their company meetings.

Being an active owner forms part of our overall strategy of being a responsible asset owner, regardless of whether we vote internally on our shareholdings or by requiring our external managers to vote on our behalf. We disclose how we vote across the total portfolio each year as part of our proxy voting report as well as outlining our voting approach in our Proxy Voting Policy.

Details on our voting policy and a summary of how we have voted are found on the Responsible Investment page of our website.



Principle Three – Asset owners should engage with companies (either directly, indirectly or both)

TelstraSuper understand the importance of engaging with a company on specific issues important to our Fund.

Typically, engagement with Australian companies in which we hold shares is undertaken in conjunction with the Australian Council of Superannuation Investors (ACSI). Collaborative engagement initiatives, such as ACSI, are a vital way in which can challenge companies on important ESG issues that we believe may impact long term returns for our members.

Details outlining our Australian engagement approach are found on the Responsible Investment page of our website.

Principle Four – Asset owners should monitor asset managers' stewardship activities

In accordance with our approach outlined in Principles Two & Three it is also critical to understand what our asset managers' views are on material ESG issues, including monitoring voting activity.

As part of our manager appointment process, whether in-house or external, there are provisions contained within the investment agreement which require each manager to have due regard to ESG factors as part of their investment processes. In our experience, when investments are made having considered ESG factors, these tend to be better investments, have less risk and often deliver better outcomes for our members.

Our asset manager appointment process includes thorough due diligence on their engagement approach, voting advice and voting services to ensure they are at a satisfactory standard. Terms of the asset manager agreement stipulate that ongoing reporting is required which our asset class team review.

Insights of our asset managers may be sought where we feel their perspective can help inform our approach to certain engagement issues. Conversely, where TelstraSuper believes an asset manager intends to vote in a manner which is inconsistent with our assessment of an issue then it is our prerogative to override their meeting vote. This ensures we are sending a consistent message to companies on behalf our members.



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

TelstraSuper recognises the power that collaboration can have in getting the best outcomes for investors. We have a number of strategic partnerships and regularly work with wider industry to build our influence.

Originally set up by the United Nations, the PRI develops and implements global principles for the incorporation of ESG issues into investment analysis and decision-making.

As a signatory since 2007, TelstraSuper is committed to seeking greater disclosure and incorporating ESG issues into our future investment decision-making.

We're also an active member of the Australian Council of Superannuation Investors (ACSI). As part of this partnership we have adopted the ACSI Governance Guidelines and also subscribe to the ACSI Australian Proxy Voting Alert Service. ACSI also provide guidance on key stakeholder issues such as climate risk, executive remuneration and the introduction of a Modern Slavery Act.

Furthermore, we are members of the Australian Super Fund Association (ASFA) and the Australian Institute of Superannuation Trustees (AIST) that provide extensive advocacy work on behalf of the Fund. This includes work on industry initiatives such as legislative changes to super, fund governance and executive remuneration.

Principle Six – Asset owners should report to beneficiaries about their stewardship activities

TelstraSuper members can read about our stewardship activities on our dedicated responsible investment page on the TelstraSuper website. This is regularly updated as processes change.

The results of our proxy voting statistics and Proxy Voting Policy are also provided to members via the TelstraSuper Responsible Investment website page as well as the publicly available UNPRI Transparency Assessment Report which is released each year.

We also produce videos and news articles for members on activities on an ad-hoc basis, with the intention to begin sharing a regular quarterly update through our member newsletter.

In accordance with best practice, we regularly look for ways to ensure our members receive all the necessary information they need and so these processes may change as and when required.