



Responsible Investment Policy – Super

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THAT'S A PLUS+

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1. Introduction

Host-Plus Pty Ltd (Trustee) is the Trustee of the Hostplus Superannuation Fund (Fund) and the Hostplus Pooled Superannuation Trust (PST) (collectively referred to as 'Hostplus').

This Responsible Investment Policy (Policy) applies to HOSTPLUS Pty Ltd (Trustee) as the trustee for the Superannuation Fund (Fund).

1.1 Purpose and scope

This Policy which forms part of the Fund's Investment Governance Framework outlines the Trustee's commitment and approach to responsible investment.

The main purpose of this Policy is to effectively incorporate the Trustee's commitment to responsible investment into the Fund's investment decision-making and implementation procedures. This ensures that Environmental, Social and Governance (ESG) factors are adequately managed to protect and enhance investments for the financial benefit of its members.

The policy applies to all of the Fund's investments and therefore across all of the Fund's investment options, both via the Pooled Superannuation Trust (PST) and also via the ChoicePlus platform. The Fund's ChoicePlus platform allows members to independently hold listed stocks, cash, and term deposits. Since these investment decisions are made and overseen by individual members without Trustee involvement, they fall outside the scope of this policy with the exception of proxy voting, as outlined in Section 3.2. The Trustee has predominantly chosen to invest via the Hostplus Pooled Superannuation Trust (PST) platform, which is within the scope of this policy.

1.2 Governance and regulation

As set out under the Superannuation Industry (Supervision) Act 1993 and its associated regulations (SIS), the Trustee must comply with the 'sole purpose test' and has a duty to act in its members' 'best financial interests'. These responsibilities guide every decision made by the Fund, and great care is taken to ensure each action fulfils these duties.

Furthermore, APRA's Prudential Standard SPS 530 and related guidance provides that the Trustee must maintain a sound investment governance framework, which amongst other things, appropriately manages risk.

The Trustee acknowledges that factoring in ESG issues, risks and opportunities, while also incorporating responsible investment practices into the Fund's investment decisions, investment implementation, and investment governance framework, constitutes a fundamental aspect of the Trustee's overall adherence to the duties and obligations outlined above.

1.3 Responsible investment definitions

Responsible investment is defined under the Principles of Responsible Investment (PRI), as supported by the United Nations, as being a strategy and practice to incorporate environmental, social and governance factors in investment decisions and active ownership. The term 'ESG factors' is used to describe a range of environmental, social and governance issues which may include, but not be limited to the following examples:

Environmental	Social	Governance
<ul style="list-style-type: none"> • Climate change • Pollution and waste • Resource depletion • Biodiversity • Land use changes 	<ul style="list-style-type: none"> • Human rights • Labour rights • Health & safety • Employee relations • Human capital management • Indigenous and First Nations People rights and relations • Local communities' relations • Consumer protection • Animal welfare 	<ul style="list-style-type: none"> • Board structure, size, diversity, skills and independence • Executive remuneration • Shareholder rights • Corporate culture and ethics • Bribery and corruption • Risk management • Lobbying • Tax strategy

1.4 Roles and Responsibilities

The Trustee is responsible for the Fund's investments. The following responsibilities apply to the implementation of this Policy:

Role	Responsibilities
Trustee	Review and approve this policy
Chief Investment Officer	Oversight of this policy Report to the Trustee on ESG issues that may impact the Fund Final decisions on all voting matters
Head of Responsible Investment	Implementation of this policy
Investment Strategy team	Support the implementation of this policy

2. Responsible investment approach and implementation

2.1 Responsible Investment Beliefs

The Trustee's approach to responsible investment is underpinned by its investment beliefs which are periodically reviewed as part of its mandated investment governance framework and may be amended over time.

The Trustee holds the following investment beliefs in relation to responsible investment:

- The Trustee believes that risks are better managed, and investment outcomes optimised, when a holistic investment approach is adopted. That approach includes identifying and integrating ESG risks and opportunities, and active ownership of investee companies and assets.
- The Trustee recognises that climate change may influence the performance of the Fund's investments over time and that the impact will be dependent on the extent of physical, social and regulatory changes. The Trustee recognises that it must, in the best financial interests of members, manage the financial risk due to climate change in our portfolio by incorporating climate change into the investment process.
- ESG factors have the potential to be material to investment risk and return and may not be efficiently priced by markets. Considering ESG factors may lead to more complete analysis and better-informed investment decisions.

- Active ownership (through engagement and proxy voting) is critical to the governance of investments over the long-term. It is also an effective strategy for positively influencing company behaviour and performance and can therefore contribute positively to long-term returns.
- Conversely, divestment from a company or sector means losing influence and, if done for non-financial reasons, may impede the Fund's ability to deliver the highest possible return to members while assessing and effectively managing all foreseeable risks.

2.2 Guiding principles and commitments

As part of implementing and maintaining the Trustees' commitment to responsible investing, the Trustee will give due regard to:

- [ACSI Governance Guidelines](#);
- [ACSI Australian Asset Owners Stewardship Code](#);
- [Principles for Responsible Investment](#)

The Trustee may also have regard to other industry recognised agreements, conventions, principles and/or practices developed from time to time relevant to responsible investment and/or ESG.

The Trustee publicly supports the objectives of the 2015 Paris Agreement and acknowledges that members' best financial interests are best served by an orderly transition to a low carbon economy. For this reason, the Fund has made a commitment to transition the investment portfolio to net zero carbon emissions by 2050.

2.3. ESG integration

The Trustee recognises that failing to adequately manage the long term ESG risks and opportunities may impact the value of the Fund's investments. To reduce such ESG related risks, the Trustee will seek to integrate ESG considerations into the Fund's investment decision making and investment implementation processes where appropriate.

To ensure adherence to the 'sole purpose test' and the obligation to act in the "best financial interests" of members, as outlined in the Superannuation Industry (Supervision) Act (SIS), the Trustee will apply a values-based¹ ESG integration approach across all asset classes, where practicable.

2.4 Responsible investment internal frameworks

The Trustee's commitment outlined in this Policy will be supported by actively incorporating responsible investment practices and effectively addressing ESG matters. This will be achieved by continuously developing, upkeeping, and periodically evaluating the Fund's strategies for responsible investment, stewardship, and ESG concerns, along with associated sub-policies, internal implementation plans, procedures, and initiatives, as necessary.

¹ A values-based ESG integration approach refers to incorporating Environmental, Social, and Governance (ESG) factors into investment decisions in a way that aligns with the fundamental values and principles of the organization or investor. In this context, the approach takes into account not only the potential financial returns of an investment but also its impact on environmental and social issues, as well as its adherence to good governance practices.

This approach emphasizes investing in companies or projects that not only offer attractive financial prospects but also demonstrate responsible behaviour in areas such as environmental sustainability, social impact, and ethical business practices. The values-based ESG integration approach aims to create a positive alignment between financial goals and broader societal and ethical considerations, allowing investors to support and promote sustainable and responsible practices while seeking competitive returns.

2.5 Investment strategy and objectives

As part of the Fund's strategic asset allocation process, the Trustee will consider ESG factors when assessing a range of other investment risks.

The Trustee recognises that investment returns may be impacted by ESG factors. As a result, the Trustee may consider integrating appropriately modelled ESG risks when formulating the Fund's long term investment objectives.

2.6 Investment managers and investment platforms

The Trustee selects and engages with investment managers and investment platforms (such as the PST) who, to the greatest extent possible, demonstrate an alignment with the Trustee's approach to responsible investment.

Material aspects of the Trustee's investment function are delegated to specialist external investment managers and platforms. These managers may oversee distinct portfolios either through individual investment management agreements or as managers appointed for the Fund's participation in collective investment vehicles. The investment platforms may oversee a variety of managers under similar arrangements.

As a component of the investment manager selection process, the Trustee will ensure that dedicated due diligence is carried out concerning the specific investment manager's commitment and methodologies regarding ESG matters, responsible investment, and stewardship. Similar arrangements and requirements would apply to the investment platform selection process. The Fund predominantly invests through the PST though some assets are also held on the ChoicePlus platform. Accordingly, the PST's activities will therefore play a key role in implementing this Policy. The PST is expected to take into account all material risks and opportunities, including those relating to ESG factors, when making investment decisions.

2.7 Portfolio monitoring

Investment managers and investment platforms appointed by the Trustee are expected to monitor material ESG issues within the Fund's investments and provide the Trustee with ESG analysis and reporting.

The Trustee and/or its external Asset Consultant will periodically review the Fund's investment portfolios for material ESG issues.

The Trustee or its external Asset Consultant will undertake regular reviews of the Fund's investment managers and/or investment platforms to assess the effectiveness of their management of integrating ESG issues within the relevant investment portfolios. The Trustee will then seek to engage those investment managers or investment platforms assessed as having material ESG implementation deficiencies and will monitor their progress.

3. Stewardship

3.1 Active Ownership

The Trustee undertakes active ownership by exerting influence through the voting process, investee company engagement, collaboration and advocacy with the aim of ensuring that the assets in which it invests are governed and operated in a manner which produces the best possible long term financial benefit for its members.

When undertaking these activities, the Trustee will, in accordance with its fiduciary and statutory duties, base its decisions on what it believes is in the best financial interests of its members. In doing so, the Trustee will also, where appropriate, aim to support investee companies which promote the objectives and interests of the sectors in which the Fund's members work.

In determining what actions are in the Fund's members' long term best financial interests, the Fund will take a holistic approach, balancing all relevant factors on a case-by-case basis.

3.2 Proxy voting

The Trustee acknowledges the significance of actively exercising its ownership rights by participating in the voting process. Voting provides the Trustee with the opportunity to interact with investee companies, fostering responsible investment objectives and encouraging positive ESG practices. This approach has the potential to enhance the long-term value for the members of the Fund. However, the exact impact of voting activity on long-term value may vary depending on a variety of factors including the specific companies involved, market conditions, and the outcomes of engagement efforts.

Except for the holdings in pooled trusts and those via the PST, which must be voted by the relevant investment managers, the policy of the Trustee is to cast votes for all of the Fund's shares in alignment with its investment beliefs and commitment to responsible investing, where practicable. The external investment managers do not have the authority to vote the Fund's shares under their management. However, periodically, the Trustee might take into account non-binding voting suggestions from its investment managers. Moreover, the Trustee could factor in the opinions of its members, stakeholders, additional service providers, insights from engagement meetings, and other pertinent factors to inform its voting decisions.

The Trustee has the authority to appoint independent proxy voting service providers to deliver voting recommendations, guidance, advice and/or act as the Trustee's proxy with respect to the voting of the Fund's shares.

When making such appointments, the Trustee will take into consideration any independent proxy voting service provider's commitment to responsible investment, stewardship and the alignment of the underlying voting guidelines or principles with the Trustee's position on Responsible Investment. The performance of any appointed independent proxy voting advisor or service provider will be periodically monitored by the Board.

However, notwithstanding the foregoing, the Trustee acknowledges that it is ultimately responsible for the voting decisions of the Fund and when appropriate will seek to retain the right to direct votes itself and instruct its voting service provider to vote in accordance with those directions.

3.2.1. Securities lending

The Fund undertakes securities lending as part of its investment program. In circumstances where the securities lending program limits the Fund's voting entitlements on contentious matters, the Fund may seek to recall the securities.

3.3 Engagement, collaboration and advocacy

The Trustee may engage with investee companies and assets directly, through specialist service providers, through its investment platform providers and through its investment managers. The Trustee expects its appointed investment managers and specialist engagement service providers to canvass material ESG issues and promote stewardship and responsible investment objectives in their engagements on the Trustee's behalf.

In addition, the Trustee may seek to take part in joint engagement activities on responsible investment issues with other like-minded institutional investors through its participation or membership in relevant industry/investor groups, councils, conventions and/or other similar associations.

Where appropriate, the Trustee will seek to participate in policy advocacy initiatives which support the development of regulatory reform, industry standards and guidelines relating to responsible investment issues that protect the Fund's members financial interests.

3.4 Escalation, divestment and exclusions

Where voting and engagement proves ineffective at changing company behaviour, the Trustee may consider escalation activities. Escalation decisions will be made in accordance with the best financial interests of the Fund's members on a case-by-case basis, taking into account all relevant facts and circumstances including the materiality of the issue.

The Fund's policy is to retain exposure to a broad range of sectors and where possible, seek to exert influence through active ownership which may result in a more constructive way forward, rather than extensive divestment from particular companies or industries.

Notwithstanding the above, to comply with Australia's laws, or to satisfy international treaties, the Trustee has decided to not invest in particular companies and/or sectors. Such is the case with controversial weapons, whereby the Trustee has, where practicable, implemented an investment restriction for its investment managers so that it does not intentionally invest in companies which are directly or indirectly involved in the development, production, maintenance or sale of controversial weapons. Refer to the [Controversial Weapons Divestment Policy](#) for further details.

4. Conflicts management

The Fund will ensure that its ownership rights are exercised in members' best financial interests. Where there is a real or perceived conflict between the financial interests of members and any other interest, factor or duty, appropriate mitigation actions in accordance with the Fund's Conflicts Management Policy will be taken where possible. However, the financial interests of members must be given priority and will be determinative in the Fund's decision making.

Where the Fund is the default super fund of an employer and that employer represents a material portion of the Fund's funds under management, the Fund will have regard to this Policy and its [Conflicts Management Policy](#) in seeking to manage any actual or perceived conflict of interest in the exercise of its shareholder votes, whilst at all times acting in the best financial interests of its members in accordance with the Fund's paramount statutory and fiduciary duties.

Depending on the specific circumstances, which must be assessed on a case-by-case basis, a possible option may be for the Fund to record a decision of "Abstain" or "Take No Action" in relation to the public company resolution or meeting and, if considered necessary to address the Fund's concerns, and in the best financial

interests of members engage in active engagement through private communication or other engagement with the company.

5. Monitoring and disclosure

5.1. Internal monitoring and reporting

Management and the Asset Consultant will monitor implementation of the Policy and review and report their findings to the Trustee Board annually.

5.2. External reporting

The Fund will report on its responsible investment activities in the Fund's [annual report](#). Other member communications may be made available periodically on the Fund's website or via other communication methods. This includes the annual disclosure of [priority engagement themes](#), objectives and outcomes and [bi-annual disclosure](#) of how the Fund has exercised its voting rights for mandated Australian and International equity investments.

The Trustee also reports on its responsible investment implementation progress through the annual [PRI Transparency Report](#) which is made available on the Fund's website.

6. Policy Non-Compliance

Non-compliance with this Policy should be reported to the Policy Owner and managed in accordance with the [Incident and Breach Management Policy](#).

Exemptions to this Policy may be granted on an exceptional basis. All exemption requests must be made in writing and provided to the Policy Owner for their review and approval, prior to the exemption taking effect.

7. Policy Review

This Policy must be reviewed and approved at least every year by the Policy's Highest Approval Authority.

All changes to this Policy must be made in writing and summarised within the Document Control Information section of this Policy.

Material changes to this Policy can only be made by the Policy Owner, with the written approval of the Highest Approval Authority.

Non-material changes to this Policy may be made at any time with the written approval of the Policy Owner. Non-material changes include:

- Minor wording, numbering or grammatical changes for clarity/syntax.
- Changes in role titles to reflect organisational changes.
- Changes to names or references (policy, process, committee name changes).

This Policy is made available on the Fund's website.

8. Related documents

This Policy should be read in conjunction with the following:

- [Controversial Weapons Divestment Policy](#);
- [Modern Slavery Statement](#);
- [Conflicts Management Policy](#)