

The background features a large, abstract graphic consisting of concentric circles. The outermost circle is composed of small, light green dots. Inside this, there are several more solid, concentric circles in a darker shade of green. The text 'Stewardship Statement' is centered over these circles.

Stewardship Statement

Introduction

NGS Super is a member of the Australian Council of Superannuation Investors (ACSI). In May 2018, ACSI along with a dedicated working group, developed the Australian Asset Owner Stewardship Code ('the Code') which is primarily concerned with stewardship of Australian shares (also referred to as Australian Equities). Following the development of the Code, there was a call for all asset owners to adopt the Code. For more information on the Code, a copy can be accessed [here](#).

NGS Super is a signatory to the Code and support the seven principles outlined in the Code. We believe we can exercise our ownership rights to further protect and enhance long-term value for members, promoting sustainable value-creation in the Australian companies in which we invest. We think this approach is complimentary to the nature, objective and purpose of superannuation. In compliance with the Code, below is the Fund's Stewardship Statement which illustrates how the Fund complies with each principle outlined in the Code, to promote long-term value-creation in the Fund's Australian share holdings.

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

We believe that to give members the best retirement outcome, our investment approach needs to be one that is focused on sustainable long-term investment outcomes in members' best financial interests. We are of the view that environmental, social and governance (ESG) issues can be financially material for long-term investors. As such, our commitment to responsible investment is set out in the following policies:

- NGS Super Responsible Investment Policy, and
- NGS Super Active Ownership and Engagement Policy.

These policies are publicly available [here](#) and read together outline how NGS Super considers ESG issues within our investment process and how we approach our stewardship activities.

NGS Super has dedicated Responsible Investment staff that sit within the Fund's Investment Team. That said, all front office investment team members¹ have ESG and responsible investment responsibilities. The dedicated Responsible Investment team members are responsible for:

1. setting and reviewing responsible investment policy and frameworks
2. setting and driving the Fund's ESG strategy, and
3. supporting the wider investment team as they integrate ESG considerations into their day-to-day management of the investment portfolio.

Both the Responsible Investment team and wider Investment Team have oversight provided by the Chief Investment Officer (CIO) and ultimately report through to the Investment Committee.

The Responsible Investment team oversee the Fund's stewardship activities, that is, engagement and proxy voting and escalate any issues as needed to the wider Investment Team, CIO and/or Investment Committee.

In discharging the Fund's stewardship responsibilities, the Fund has a hybrid approach whereby some activities are undertaken in house and others by third parties. Third parties include specialist engagement and advocacy groups like ACSI and Hermes EOS; Glass Lewis and our

¹ Staff responsible for managing an asset class or sector. e.g. Australian Equities.

investment managers. This approach allows us both to voice and monitor specific stewardship priorities and to contribute to well-connected and resourced investor groups which express common concerns to companies and policymakers. More information on how and to the extent we rely on third parties for stewardship activities can be found in the Fund's Responsible Investment Policy and Active Ownership and Engagement Policy.

The Fund sources information from third party ESG data providers to allow us to form views on ESG issues relating to the companies within our portfolio. Types of information sourced includes but are not limited to ESG risk rating information, controversy screening, climate information and other ESG reporting capabilities. This information assists the Fund in assessing the material ESG issues relating to companies under review. While we have specific ESG data providers, the Fund uses other sources of data and information when needed from investment managers and independent research.

The Fund's data providers are reviewed from time to time to ensure that they remain fit for purpose.

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

The utilisation of voting rights as a shareholder in listed companies is essential to being an active share owner. Exercising voting rights is an important engagement tool to send a message to management of listed companies, indicating what we think they are doing right, wrong and where there are areas for improvement.

NGS Super will, where possible, vote on all voting matters for their shareholdings. There are circumstances where we will not vote and these are outlined in the Fund's Active Ownership and Engagement policy which can be found [here](#).

We annually disclose our proxy voting activity [here](#).

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

We believe that engagement is valuable to:

- influence change and encourage positive behavior that ultimately strengthens long term investment outcomes
- understand strategic issues and other views of various ESG matters
- support decisions in relation to proxy voting matters.

We engage with companies both directly and by partnering with other investors like our investment managers and specialist organisations such as ACSI, Federated Hermes International and Glass Lewis (our specialist proxy voting provider).

Our engagement is governed by our Active Ownership and Engagement Policy which can be accessed [here](#). This policy outlines the ways in which NGS Super can engage, our engagement priorities, escalation strategies and how we prioritize engagements.

In summary, we can undertake four forms of engagement:

1. **Direct engagement:** where we directly engage on an issue or matter with either our investment managers or specific companies in which we are invested. NGS Super identifies target companies through ongoing portfolio monitoring and media feeds. Once a company is identified, it is considered in the Listed Assets Engagement

Committee for engagement. Items considered include: the size of investment exposure, the seriousness of the issues and the investment principles outlined in our Responsible Investment Policy. Once engagement is approved it is monitored by the Investment Governance, Responsible Investment and Legal Team on a regular basis. A record of outcomes is kept internally.

2. **Collaborative engagement:** where we align with other likeminded investors and/or stakeholders on an issue/matter.
3. **Investment manager engagement:** where we empower our investment managers to engage with companies on our behalf.
4. **Specialist external engagement:** where specialist service providers like [ACSI](#), Federated Hermes International or Glass Lewis² undertake engagement activities on our behalf. We have a seat on ACSI's Member Advisory Council, which allows us to stay abreast of the engagement themes and investee companies that are the focus for their engagement.

Our **primary methods** of engagement in order are specialist external engagement, direct engagement and investment manager engagement.

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

We expect our investment managers to demonstrate an alignment of interests with the Fund with regard to ESG and responsible investment. Our due diligence process for new investment managers includes an assessment of the investment manager's ability and stance on ESG integration within their investment process. New and existing managers are expected to demonstrate alignment with our stewardship principles on an ongoing basis.

In terms of ongoing monitoring, our team regularly meet with our investment managers to monitor performance and risk metrics. We also formally engage with our investment managers at least annually to monitor matters relating to ESG integration and stewardship. For example, we ask questions on topics such as:

- human rights and supply chain assessment
- gender equality and diversity
- United Nations Principles of Responsible Investment membership status
- engagement activities and results
- how ESG assessments have been integrated into the portfolio and to what extent they have impacted valuations of companies
- carbon emissions of the portfolio of investments
- issues surrounding stranded asset³ and climate change risk.

We review all responses from these managers and highlight to the portfolio managers if there appears to be any misalignment of interests.

Finally, the Fund will regularly run the share portfolio holdings through a third party platform and obtain a list of companies with high ESG risk ratings and also those which have had controversies

² Glass Lewis only engage on the Fund's behalf in relation to proxy voting advice.

³ Stranded assets are assets that are at risk of unanticipated or premature write-downs, devaluations or conversion to liabilities. For example, coal and other hydrocarbon resources may have the potential to become stranded as the world seeks more sustainable and environmentally friendly energy sources.

reported. These results are used to engage with our investment managers to understand their rationale for holding the shares and how ESG factors are integrated into their investment process. This allows the Fund to independently test and assess our investment managers' ESG integration process and philosophy.

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

We believe that better alignment of the operation of the financial system and regulatory policy with the financial interests of long-term investors is important. This will enable us to meet our stewardship obligations in a way that ensures members' best financial interests are prioritised.

We hold a seat on the ACSI Member Advisory Council and actively attend and participate in these meetings ensuring we are keeping abreast and contributing to ACSI's work in this area.

We believe we are best able to influence the operation of the financial system and regulatory policy by engaging with other like-minded stakeholders with the assistance of ACSI. However, this does not preclude the Fund from making a submission or to facilitate an enquiry independently of ACSI.

You can view the initiatives that we have supported on the ACSI website [here](#).

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

We are committed to being a responsible investor and as a result, provide transparency to our members via making the following documents/information [publicly available](#):

- detailed proxy voting decisions
- Responsible Investment Policy
- Statement on Climate Change
- Active Ownership and Engagement Policy
- engagement reports relating to Australian and international equities engagement from our specialist external engagement partners, ACSI and Hermes EOS outlining key statistics relating to the engagement activity undertaken on the Fund's behalf
- investment holding information in the Fund's website
- other topical ESG or responsible investment information from time to time.

These disclosures are regularly reviewed and updated as per internal policies and regulatory requirements. Where possible, the engagement reports provided by ACSI and Hermes EOS include examples of engagement along with resulting outcomes. We welcome member feedback and enquiries on our approach to ESG and responsible investment.

For further information, please contact responsibleinvestment@ngssuper.com.au.

Principle Seven – Asset owners should outline how they use collaboration in their engagement strategies

NGS Super uses collaborative engagement with other like minded investors and/or stakeholders to enable more effective communication on particular issues or matters. This approach increases the probability of achieving more positive outcomes had we engaged on an individual basis. Details can be found in the Active Ownership and Engagement Policy [here](#). NGS Super is

currently a signatory to the United Nations Principles for Responsible Investments which provides guidance on our responsible investment principles. We have also aligned our active engagement approach with the UN Sustainable Development Goals.

As mentioned throughout this statement, NGS Super use collaborative engagement with assistance from ACSI and Hermes EOS. ACSI focuses on engagement in Australian listed companies and Hermes EOS focuses on international equities. *Note, the percentage of NGS Super's holdings covered via these engagement activities will change over time and will not cover all of NGS Super's holdings.*

We welcome member feedback and enquiries on our approach to ESG and responsible investment. For further information, please contact responsibleinvestment@ngssuper.com.au



Talk to us – we're here to help

You can contact us at ngssuper.com.au/contactus

Call us on **1300 133 177**, Monday to Friday, 8am–8pm (AEST/AEDT)

Postal address: **GPO Box 4303 Melbourne VIC 3001**

ngssuper.com.au

This is general information only and does not take into account your objectives, financial situation or needs. Before acting on this information, or making an investment decision, consider whether it is appropriate to you and read our Product Disclosure Statements and Target Market Determinations. You should also consider obtaining financial, taxation and/or legal advice tailored to your personal circumstances before making a decision.

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