

# Active Ownership & Stewardship Policy

Owner	CIO
Approval	CIO
Relates to	Flagship Investments Limited
Date Last Updated	31-11-2022
Primary Rules/Rationale	To outline commitments of being an active owner and the incorporating of ESG issues into ownership policies and practices.

# Contents

## Policy

Introduction	3
Active Ownership Principles	4
Framework	4

## Appendices 6

# Policy

## Introduction

### Overview

This policy formally outlines Flagship Investments Limited (FSI) principles and commitments to being an active owner and incorporating Environmental, Social and Governance (ESG) issues into our ownership policies and practices including share voting, company engagement and advocacy activities.

The issues captured by the term 'ESG' are not necessarily static but may change over time as issues become more important or community values or sentiment changes. FSI believes that ESG factors can have a material impact on the long-term outcomes of investment portfolios and the assets in which we invest.

While FSI is committed to ensuring superior investment returns, we recognise the importance and effectiveness of active ownership in producing real-world outcomes at scale, as too sharp a focus on maximising returns while minimizing risks may undermine broader investment, economic and social goals.

Active ownership is our opportunity to improve sustainable corporate practices and is a key way to help deliver long-term value creation for our investors. We believe that focusing on common goals and outcomes, we can help drive responsible investment practices and support our community in sustainable activities, climate stability, and a financial system that supports the real economy.

### Objective

FSI's approach to active ownership and the incorporation of ESG issues into our ownership practices will differ depending on the underlying investment characteristics.

Where appropriate, FSI will seek to exert influence on the governance, policies, practices, and management of that entity.

### Application

This policy applies to FSI's Investment Manager.

FSI's Active Ownership & Stewardship Policy will be consistent with other FSI investment, strategic or operational policies and processes, including the Manager's Investment Policy.

# Policy Continued

## Active Ownership Principles

### Principles

We aim to improve the long-term investment outcomes of the asset through our active stewardship and voting policy by promoting:

1. Transparency;
2. Accountability;
3. Independence; and
4. Long-term value.

### Commitment to PRI

FSI supports the United Nations-backed Principles for Responsible Investment Initiative (PRI),

The principles for responsible investment provide guidance on how to integrate the consideration of ESG factors into our investment decision-making and ownership practices.

The Investment Manager is committed to applying the principles in our investment processes. In particular, this Policy represents FSI's commitment to PRI Principle 2 'we will be active owners and incorporate ESG issues into our ownership policies and practices'.

## Framework

### Application

The responsibility for the development, implementation and monitoring of this policy sits with the Manager.

### Implementation

FSI will be an active owner and incorporate ESG issues into our ownership policies and practices through share voting. The Investment Manager will be responsible for engagement and advocacy.

# Policy

## Continued

### Company Engagement

Company engagement means to have discussions with a company, usually at Board or at least senior management level within the company, on ESG issues. The aim of the engagement is to improve the ESG policies, practices and performance of the company and thereby protect or increase its economic value.

This will generally occur where identified ESG policies, practices or performance are deficient relative to standards established by government, regulators, industry, peers, or society at large, or that the company's conduct threatens its reputation and value. In general, these discussions will be conducted on a confidential basis to encourage trust and openness thereby increasing the likelihood of achieving the aim.

### Active Ownership Benefits

As a long-term shareholder, FSI has long recognised the important role that active ownership plays with respect to short-termism. The investment process places a material emphasis on ensuring a long-term approach is taken – a focus on short term returns can undermine long-term portfolio performance.

The use of ESG integration to help draw long-term risks into the investment view is now widely accepted. Short-termism is a fundamental issue of many investors and has been central to why we have always adopted a long-term approach that encompasses ESG-thinking and active ownership principles.

We believe that there is a material relationship between a company' and its stakeholders, which may (negatively) impact economic returns through time as their conduct trickles through over time. These may include externalising costs onto others, exploiting common ESG assets (and the greater harm to society), securing favourable regulation or exploiting loopholes, etc.

### Share Voting

Executing the voting rights attached to shares that FSI holds in listed companies is something we regard as being an integral element of active ownership. Share voting is an important tool for engaging with companies. A vote is a visible and concrete expression of what may have been expressed in private discussion with the company's Chair or Board, particularly in relation to a range of governance issues including board composition and executive remuneration. Voting is an effective way for FSI and other investors to publicly express our views on what a company is doing right, and what a company needs to improve.

# Appendices