

Stewardship Policy

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Policy Owner

Director, Responsible Investments

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Compliance Officer

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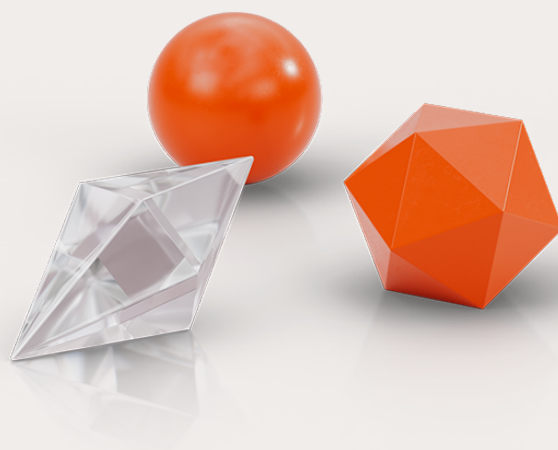
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Betashares Capital Ltd ABN 78 139 566 868



Contents

Introduction	3
Purpose	3
Stewardship Philosophy and Guiding Principles	4
Philosophy	4
Guiding Principles	4
Scope and Application	6
Governance	6
Engagement	7
Objectives	8
Approach	8
Prioritisation of engagement activities	8
Engagement process	8
Engagement themes and focus areas	9
Engagement outcomes	9
Proxy Voting	10
Principles	10
Voting guidelines	10
Voting process	11
Collaboration and Advocacy	11
Risk and Compliance	12





Introduction

This Stewardship Policy outlines Betashares Capital Limited's ('Betashares') comprehensive approach to stewardship and responsible investment.

As a leading provider of exchange traded funds (ETFs) in Australia, we recognise our fiduciary duty to be responsible stewards of our clients' assets and to promote sustainable, long-term value creation in the companies we invest in.

Effective stewardship is integral to protecting and enhancing the long-term value of our investments on behalf of our clients. Through thoughtful engagement, voting, and investment practices, we aim to encourage strong corporate governance, sustainable business practices, and appropriate management of environmental and social risks and opportunities.

Purpose

The investment landscape is evolving rapidly, with increasing recognition of the impact that environmental, social, and governance (ESG) factors can have on long-term financial performance and risk management.

As stewards of our clients' capital, we have a responsibility to consider these factors in our investment processes and to use our influence to promote sustainable business practices.

This policy has been developed in response to growing client demand for responsible investment solutions, evolving regulatory requirements, and our own commitment to contributing to a more sustainable financial system.



Stewardship philosophy and guiding principles

Philosophy

At Betashares, we believe that:

- A Effective stewardship is essential for creating long-term value for our clients and beneficiaries.
- A Companies with strong ESG practices are better positioned to generate sustainable returns and manage risks.
- A Active ownership through engagement and voting is a powerful tool to protect and enhance shareholder value.
- A Collaboration with other investors and stakeholders can amplify our voice and increase our influence on key issues.
- A Transparency and disclosure are critical to building trust with our clients and holding ourselves accountable.

Guiding principles

As signatories to the United Nations-supported Principles for Responsible Investment (PRI), we are committed to incorporating ESG issues into our investment analysis, decision-making processes, and ownership practices.

Our approach to stewardship is guided by the PRI definition:

“The use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients’ and beneficiaries’ interests depend.”

We believe effective stewardship is essential to protecting and enhancing long-term value for our clients and beneficiaries. Our stewardship activities aim to promote sustainable business practices, mitigate risks, and drive positive outcomes for investors, society and the environment. Our approach is also informed by other relevant frameworks and standards, including the Financial Services Council Standards, The UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises.

Our stewardship activities are guided by the following principles:

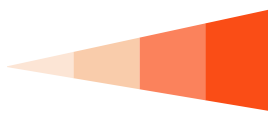
Client-centric approach:

We act in the best long-term interests of our clients and beneficiaries.



Long-term perspective:

We focus on creating sustainable value over the long term, rather than short-term gains.



Materiality:

We prioritise ESG issues that have the most significant impact on long-term value creation.



Active ownership:

We actively exercise our rights and responsibilities as shareholders and owners of debt securities.



Constructive engagement:

We seek to build constructive, long-term relationships with investee companies.



Collaboration:

We collaborate with other investors and stakeholders where appropriate to enhance our impact.



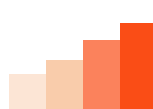
Transparency:

We are committed to clear and regular reporting on our stewardship activities and outcomes.



Continuous improvement:

We strive to continuously enhance our stewardship practices and capabilities.



Scope and application



This policy primarily applies to our listed equity holdings across Betashares' ETF product range.

However, the principles outlined in this policy inform our approach across all asset classes, including fixed income to the extent practicable.

As an Australian-based asset manager with a global investment universe, this policy applies to our

investments in both domestic and international markets. We recognise that stewardship practices and ESG standards may vary across different regions, and we adapt our approach as necessary while maintaining consistency with our core principles.

Governance

Betashares has established a Responsible Investment (RI) Committee to provide oversight and guidance on ESG-related issues for our ethical products, including provision of expert advice in relation to stewardship (active ownership) activities including proxy voting and company engagement.

The RI Committee operates under a formal Charter. Members of the RI Committee have suitable experience, expertise, and background in responsible investing. The RI Committee along with the Responsible Investments team is responsible for the overall governance of the Stewardship Policy.

Engagement

Betashares believes that being an engaged owner is one of the most effective ways to effect positive change in our investee companies, to avoid value destruction and to engender long term value creation.

Our approach to engagement seeks to prioritise issues which are of importance to our clients and aligned with the objectives of our funds.

Our ethical funds apply strict ethical screens to ensure that we are only investing in companies whose business operations align with the fund's values. To ensure our investees stay aligned with these values, we complement our screening with consistent monitoring of all investee companies on ESG-related issues.

Engagement activity can generally be classified as norms-based or thematic. Norms-based engagement is generally reactive to issues which are company specific. If an issue arises that is flagged by the RI Committee as potentially contradictory to a fund's ethical values, or where the RI Committee believes a company could improve its ESG performance, it engages with the investee company to understand the situation in more detail and advocate for improved corporate behaviour. Potential issues that may warrant engagement include:

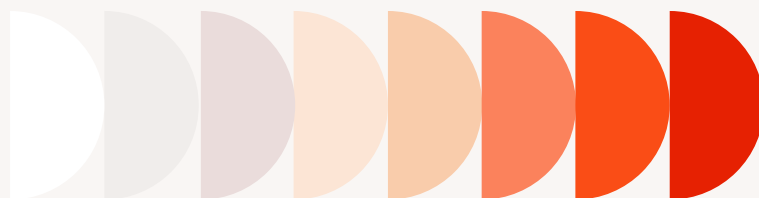
- A bribery and corruption
- A consumer and public health
- A corporate governance
- A cyber security
- A diversity
- A environmental damage
- A executive remuneration
- A harassment and discrimination
- A health and safety
- A human rights
- A privacy
- A social impact of corporate activity
- A supply chain management
- A transparency and disclosure



Objectives

The primary objectives of our engagement activities are to:

- A Encourage improved ESG practices and disclosures
- A Gain insights into companies' strategies, governance, and management of material ESG risks
- A Communicate our expectations on key issues
- A Inform our proxy voting decisions



Approach

Our engagement activities may include:

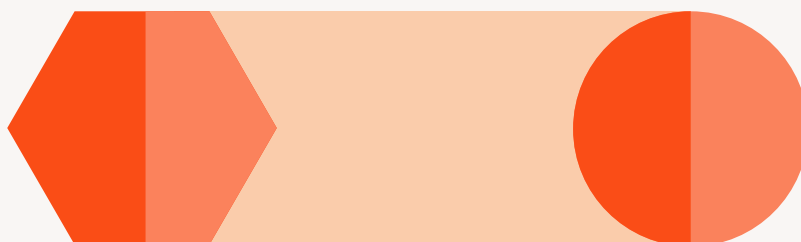
- A One-on-one meetings with company management or board members
- A Written correspondence
- A Participation in collaborative engagement initiatives
- A Attending annual general meetings and company organised investor days/events
- A Submitting shareholder proposals (in rare cases)

We take a constructive approach focused on building long-term relationships with companies. However, we may escalate our engagement approach if we do not see adequate progress over time.

Prioritisation of engagement activities

Given the size and diversity of our investment universe, we take a risk-based approach to prioritising our engagement activities. We focus our efforts on:

- A Companies where we have significant holdings or influence
- A Companies with high ESG risks or opportunities
- A Thematic issues we have identified as priorities (e.g. climate change, diversity & inclusion, human rights)
- A Sectors with outsized environmental or social impacts



Engagement themes and focus areas

While engagement topics will vary based on company-specific factors, some key focus areas include:

- A Climate change strategy and TCFD-aligned disclosures
- A Board composition, diversity, and effectiveness
- A Executive remuneration and alignment with long-term value creation
- A Human capital management and labour practices
- A Supply chain sustainability
- A Product safety and quality
- A Data privacy and cybersecurity
- A Biodiversity and natural capital management
- A Circular economy and waste reduction
- A Human rights and community relations

Engagement outcomes

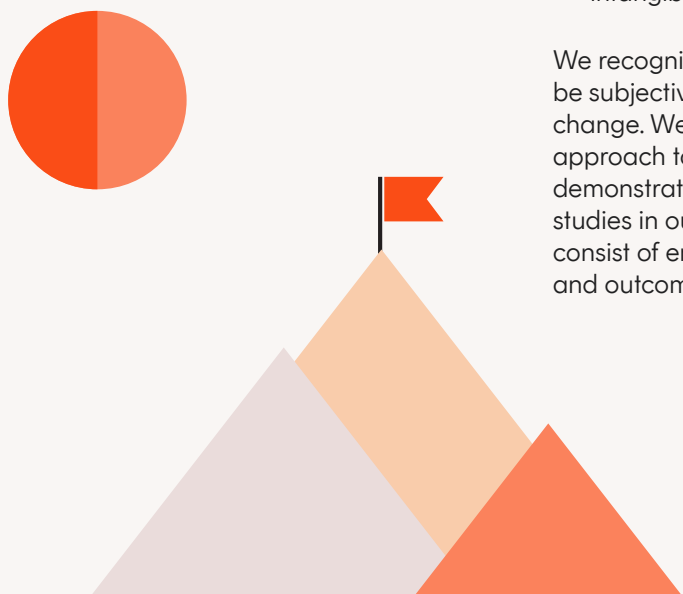
Engagement with companies, industry bodies and regulators is a vital component of the investment stewardship process.

Increasingly voluntary frameworks and regulation are driving investment managers to provide robust disclosures on their stewardship activities. However, the measurement and attribution of outcomes is challenging, even as the importance of measuring and disclosing such outcomes comes into sharper focus.

Depending on the objectives of each engagement, we could see a range of outcomes. These can be split into tangible and intangible outcomes.

- A Tangible outcomes are measurable and usually focus on shorter timeframes. These could include voting proxies and the passing or failing of resolutions, an uplift in disclosures and target-setting, improved remuneration practices, and other outcomes related to specific objectives.
- A Intangible outcomes are wider in scope and are also typical of longer periods of sustained engagement, in which the attribution of our engagement efforts is difficult to isolate from a company's operational and strategic improvements, and broader changes in the investment or regulatory landscape. Nevertheless, we see intangible outcomes as no less meaningful than tangible outcomes.

We recognise that measuring the effectiveness of an engagement may be subjective and that our influence is rarely the sole factor driving change. We have therefore adopted a company and engagement specific approach to measuring outcomes. We aim to provide concrete examples demonstrating how our stewardship works in practice by including case studies in our annual Stewardship Report. These case studies typically consist of engagement objectives, background information, action items and outcomes.



Proxy voting

Principles

Proxy voting is a key tool for communicating our views to companies and holding boards and management accountable.

Our voting decisions are guided by the following principles:

- A Protecting long-term shareholder value
- A Promoting strong corporate governance practices
- A Encouraging appropriate management of material ESG risks and opportunities
- A Supporting transparency and disclosure
- A Aligning executive compensation with long-term performance

Voting guidelines

We use the services of a proxy adviser that provides us with governance research and voting recommendations. Proxies are voted according to a specific set of proxy voting guidelines formulated by the adviser with a stronger focus on incorporating ESG considerations (relative to more mainstream benchmark voting policies).

The guidelines focus on economic value preservation and enhancement through promotion of corporate governance best practices that mitigate risks to shareowners, but also reflect the recognition that ESG factors can present material risks to portfolio investments. The policy was specifically formulated to be aligned with the stewardship principles of the PRI.

The proxy voting policy we apply is generally more progressive on proposals of ESG concern that seek standardised reporting, or that request information regarding an issuer's adoption of, or adherence to, relevant norms, standards, codes of conduct, or universally recognised international initiatives to promote disclosure and transparency.

For example, the guidelines are generally supportive of proposals that promote:

- A Greater disclosure of corporate environmental policies relating to climate change and greenhouse gas or toxic emissions.
- A Greater transparency of social policies such as those concerning workplace discrimination and corporate board diversification efforts, human rights, and compliance with human/labour rights/norms/codes of conduct.
- A Reporting on sustainable business practices including recycling, wood procurement, water use, operations in sensitive or protected areas, energy efficiency/renewable energy, and incorporation of sustainability related performance metrics when setting executive compensation.

We have the option to override the proxy recommendation should we deem the recommendation as not in the best interest of investors. In our ethical funds, we take an additional series of steps in relation to proxy voting. By investing in our ethical ETFs, investors demonstrate that they trust us with the job of managing their capital in a way that aligns with their values. These investors have a right to expect that we will use our influence as a shareholder in a way that promotes the values embedded in our ethical ETFs. Accordingly, in our ethical funds the RI Committee independently reviews and advises on any shareholder resolutions that touch on matters of ESG concern. We take this extra step because we believe investors in our ethical funds have different expectations as to how these specific funds should exercise their votes, relative to investors in our other funds.

Voting process

Our Responsible Investments team is responsible for voting all proxies according to our guidelines. We utilise proxy advisory research as an input but make independent voting decisions.

The voting process includes:

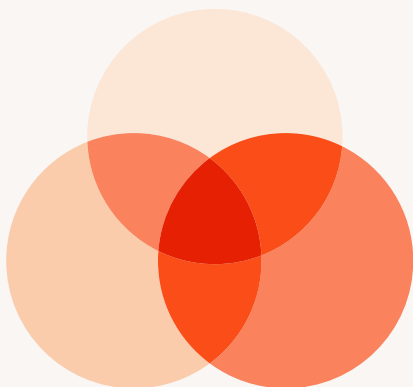
- A Receipt of proxy materials
- A Research and analysis of ballot items
- A Application of voting guidelines
- A Review and decision-making by stewardship team
- A Execution of votes
- A Disclosure and reporting - we are committed to transparency in our voting activities. We publish our detailed voting records on our website

Collaboration and advocacy

We recognise the value of collaboration in amplifying our impact and driving systemic change.

Our collaborative efforts include:

- A Industry Initiatives: We actively participate in various industry initiatives, including:
 - Principles for Responsible Investment (PRI)
 - Responsible Investment Association Australasia (RIAA)
- A Collaborative Engagements: we participate in collaborative engagement initiatives on key ESG issues on a case-by-case basis.
- A Public Policy Advocacy: We engage with policymakers and regulators to promote sustainable finance and responsible investment practices. This includes:
 - Responding to relevant policy consultations
 - Participating in industry working groups
 - Supporting investor statements on key ESG issues
- A Knowledge Sharing: We actively contribute to the development and sharing of best practices in stewardship and responsible investment through:
 - Speaking at industry conferences and events
 - Contributing to research and thought leadership through publications



Risk and Compliance

Our Risk and Compliance team ensures that:

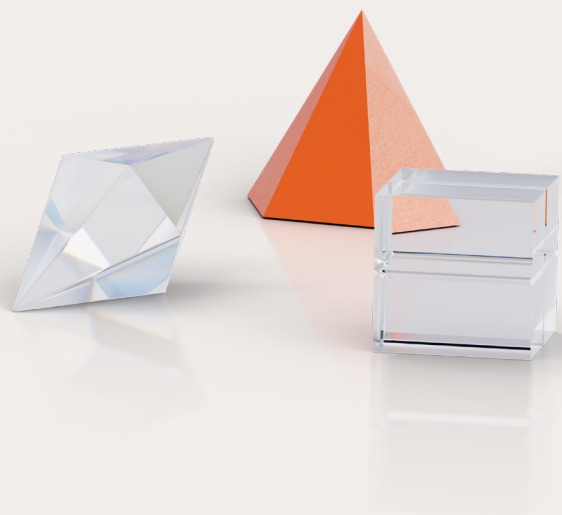
- A Stewardship activities align with regulatory requirements
- A Conflicts of interest are appropriately managed
- A Stewardship processes are consistently applied

Policy review

This policy will be reviewed annually and updated as needed to reflect changes in our approach or evolving market practices.

Version Control	
Date	Version
1 October 2024	V1.0 Original Document







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