

Responsible Investment Charter

Purpose and motivation

Swinburne is a large and culturally diverse organisation. A desire to innovate and bring about positive impact motivates our students and staff. Our values include statements on both accountability and sustainability. The purpose of this charter is to guide us in considering how these core values are applied to investment practices.

Further, we apply a long-term horizon to our investment practices, and therefore expect that impacts on the environment and society are considered in the management of our financial resources.

Scope

This charter applies to all staff at the University. Anyone who acts for or on behalf of the University engaging in investment-related activities must adhere to these guidelines and associated procedures.

This Responsible Investment Charter covers the operation of:

- a. the University's Long Term Funds (investment of funds surplus to current operating requirements);
- b. the University's Short Term Funds (cash investments); and
- c. the University Foundation Fund (Foundation).

Context

The preservation and growth of the University's cash and investment portfolio is core to the sustainability of the University.

The Responsible Investment Charter should be read in the context of the broader Swinburne University of Technology investment guidelines set by Council. Our core investment purpose is to maximise the return on available capital for an agreed level of risk to enable the University to benefit current and future generations of students through well-funded learning and teaching and research. Investment choices must be appropriate as determined by our statutes, regulations and governing instruments and not require the University to act contrary to law or public policy.

The Responsible Investment Charter should also be read in the context of the University's 2025 Strategic Framework and our sustainability commitments, including our commitment to the UN Sustainable Development Goals. The University's 2025 Strategic Framework makes it clear that we aim to be a world class university creating social and economic impact through science, technology and innovation. We will achieve this in three ways: preparing **Future-Ready Learners**, undertaking **Research with Impact**, and endeavouring to be an **Innovative Enterprise** ourselves. One of the core values that underpins our work is a commitment to sustainability. We take seriously the imperative to mitigate and act on climate change and support our staff and students in their efforts to progress action in this regard.

We want to ensure that our graduates are well prepared as global citizens to address complex problems and offer courses focused on a sustainable future (e.g., innovative engineering programs that reduce effects of climate change, vocational courses in

sustainable landscape gardening, social policy and business courses aligned with the UN sustainable development goals). The research we undertake is focused on positive, innovative approaches to a sustainable future (e.g., Smart Cities Institute, research into new energy storage solutions, advances in green materials and manufacturing, low carbon transportation solutions, and research programs aimed at social inclusion and social impact). We recognise that through our investments, we have an opportunity to have a wider positive impact on the companies in which we invest, as well as the environment and communities in which those companies operate. Through our investments, we have an opportunity to invest in innovative products and businesses that will be aligned with a sustainable future and our long-term funding needs.

Role of Asset Consultants, investment managers

We make use of asset consultants and investment managers that guide us to make appropriate investment choices. We consider this Responsible Investment Charter a key input to those recommendations. Swinburne University has appointed Mercer as its asset consultant and delegated investment manager. Mercer's strong commitment to Responsible Investment (RI), as reflected in its participation in the UN Principles for Responsible Investment and its team of 17 global RI specialists, was key to this appointment. Mercer is responsible for implementing this RI Charter and reporting back to Council regularly.

Swinburne University's Responsible Investment approach

We are a long-term investor and believe that a responsible approach to our investment process plays a crucial role for the long-term success of our funds. The Council has decided that the University's investment objectives should take account of environmental and social impacts. The University will consult with its advisers, investment managers and the University community to implement these objectives, considering the development of appropriate approaches including:

- 2) **The integration of environmental, social and governance (ESG) factors** into investment decision-making. The University expects its investment managers to integrate ESG considerations into investment selection, portfolio construction and risk management decisions. This includes actively considering how systemic ESG factors such as climate change and the necessary transition to a low-carbon economy may impact future returns. The University will also consider climate change, given its portfolio-wide implications, in reviewing and updating its investment strategy and risk appetite. The University will leverage Mercer's intellectual capital in its approach to ESG integration. This includes reviewing ESG ratings of underlying investment managers, and periodic scenario testing of our portfolio for its resiliency to climate change, using Mercer's Climate Risk Analyser. We believe this approach will lead to more sustainable long-term risk adjusted returns.
- 3) **Using our influence to increase positive impacts and reduce negative ones.** Through our investments in public and private companies, the University has an indirect impact on the environment and communities worldwide. At the same time, it has an opportunity to influence those companies to create positive change. Working through Mercer and our underlying investment managers, the University actively engages with companies in its investment portfolios to manage their environmental and social impacts. Mercer, on our behalf, is responsible for voting our shares at company shareholder meetings, having dialogue with companies, and collaborating with other

like-minded investors to change industry standards to be more sustainable. Areas of focus where we aim to influence include:

- a. **Climate change:** Companies should take steps to reduce their greenhouse gas emissions and improve the resiliency of their businesses to the impacts of climate change, consistent with commitments under the Paris Agreement to limit global warming to no more than 2 degrees C, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As an active member of the Institutional Investor Group on Climate Change, the Transition Pathways Initiative and the CDP¹, Mercer represents the University in engaging with companies and standard setters around transitioning to a low carbon future.
 - b. **Human rights and modern slavery:** The University is committed to protecting human rights and preventing modern slavery in its investments. Companies should assess the risk of modern slavery and human rights abuses in their operations and supply chains and take active steps to address them. This is fundamental to our values and consistent with the requirements of Australia's Modern Slavery Act 2018.
 - c. **Sustainable Development:** The University is committed to the UN Sustainable Development Goals and encourages companies to review how their businesses are contributing positively to sustainable development globally and locally.
- 4) **Supporting innovation and sustainability.** Where possible, the University will seek to support innovation and sustainability within its investment portfolios where these investments are consistent with our risk and return objectives. We will actively seek to allocate capital to more sustainable companies and companies developing innovative solutions to sustainability challenges such as the 17 sustainable development goals and the metrics which underpin them. To date, the University has invested in three investment strategies targeting investments linked to sustainable development in Australian and International Shares.
- 5) **Excluding companies that are inconsistent with a sustainable future.** The University will avoid knowingly investing in companies that generate significant revenues from activities inconsistent with a sustainable future. Specifically, we will not knowingly invest in:
- a. **Tobacco Companies:** Companies involved in the manufacture and/or production of tobacco products (regardless of revenue), including subsidiaries and joint ventures, as well as any other company that derives 50% or more of revenue from other tobacco-related business activities such as packaging, distribution and retail of tobacco products.
 - b. **Controversial Weapons:** Companies that manufacture whole weapons systems, or delivery platforms, or components that were developed or are significantly modified for exclusive use in cluster munitions, anti-personnel landmines, biological or chemical weapons, as well as companies involved in the production and retailing of automatic and semi-automatic civilian firearms.

¹ CDP Global is an international non-profit organization that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

- c. **Carbon-intensive fossil fuels:** Companies that derive more than 20% of their revenue from thermal coal and tar sands, and that are not preparing for a transition to a low carbon future.² Swinburne will not invest in Companies who cannot adequately demonstrate their commitment to transitioning to a low carbon future.

The Resource Committee will monitor and review investments to determine if any are associated with breaching accepted international environmental and social norms such as those outlined in the UN Global Compact, with a specific focus on human rights norms and modern slavery. This will incorporate a process of review and engagement and may over time result in an individual company being excluded from portfolio holdings.

Transparency and reporting

Swinburne University is committed to transparency and disclosure and will report annually on how it has implemented this Responsible Investment Charter through the University's annual report.

Responsibility

The Resource Committee of the Council has oversight of the implementation of the Responsible Investment Charter. The Vice Chancellor is responsible for implementation of the Charter. The Chief Financial Officer has delegated authority in relation to the day to day management of the Charter and is supported in this task by the treasury team and external advisors. The University may employ external consultants specifically to assist in the monitoring and implementation of the Charter.

Review

It is important that we continue to develop this Charter and that it remains relevant and connected to our values. To this end, this Charter is to be reviewed regularly by the Resources Committee.

² This exclusion applies to our investments in stocks issued by companies listed on the Australian or other global stock exchanges.