

# Responsible Investment Statement



## 1. Purpose

Responsible Investment (**RI**) is a commonly used term to describe the practice of incorporating Environmental, Social and Governance (**ESG**) factors into the research, analysis, and selection of investments (known as ESG Integration) and includes engaging with companies and exercising ownership rights such as via proxy voting (known as Active Stewardship), to improve investment outcomes.

This statement outlines the Oasis Fund Management Limited (OFM) approach to responsible investment. The statement is designed:

- To provide our guidelines for responsible investing;
- To support our strategic objectives and priorities;
- To demonstrate compliance with regulatory obligations and legislative requirements;
- To provide clear responsibilities and accountabilities that apply to the RI approach; and
- To manage risks efficiently and effectively.

This statement is part of the Investment Governance Framework. The Investment Governance Framework is the totality of systems, structures, policies, processes and people that enable us to meet our investment governance responsibilities and duties to our Members.

## 2. Responsible Investment

OFM believes it is in Members' best financial interests to consider ESG Factors in investment decisions, where possible and practicable. This belief is consistent with the objective of helping Members' meet their retirement goals by seeking competitive and strong long-term investment returns whilst managing risk.

### *An example of how ESG Factors impact the risk and return characteristics of an investment*

*If a company isn't taking into account pollution risks (E), underpays its workers (S), or has weak oversight of key business functions (G), there is a risk that it will experience adverse consequences at some point, which in turn will negatively impact its operations, financial performance and value.*

## 3. The consideration of ESG Factors assists in meeting long-term performance objectives as they can be a source of opportunity and managing risk for Investment Options

- ESG Factors, as illustrated in the example above, can influence the risk profile and investment returns of Investment Options over the long-term. The inclusion of ESG Factors, such as climate change, into the investment decision-making process, requires a long-term focus. The long-term focus and impacts of ESG Factors are consistent with core aspects of our overall investment philosophy that emphasises taking a long-term view when investing.
- Good outcomes for Members are best achieved through considering ESG Factors.
- We will assess an Investment Manager's approach to RI as one of many factors considered as part of the analysis and selection of Investment Options.
- Assessment of ESG Factors is not uniform across all Investment Options, or asset classes within Investment Options. Assessments of ESG Factors may be applied to a limited extent because of the nature of those asset classes, the amount invested, or the way investments are held in those asset classes. Where it is possible to consider the impacts of ESG Factors on investment outcomes, those factors will be considered.

### *Examples of limitations and constraints to applying ESG Integration*

- *In certain asset classes the ability to apply ESG Integration is either constrained or not possible, for example, in Derivatives and Cash.*
- *Investment Options which are largely managed by index or passive Managers may be limited in how they can apply ESG Integration. This is because these Managers essentially track an index and therefore are generally constrained to investing in companies in the index, even where companies demonstrate poor ESG characteristics. However, these Managers may be able to use other RI approaches such as proxy voting and engagement.*

## 4. Active Stewardship can positively influence corporate behaviour and investment outcomes

- Active Stewardship involves engagement (where possible) with entities on their management of ESG Factors. An engagement example is exercising ownership rights, such as via proxy voting.
- Active Stewardship can result in improved practices and strategic decisions, creating the opportunity for enhanced investment outcomes for Members. The Investment Options are invested in funds managed by Investment Managers that (if applicable) undertake Active Stewardship activities in accordance with their own policies and procedures. [Our Proxy Voting Policy](#) explains in more detail the limited circumstances where we may vote on behalf of Members and the approach to voting on Listed Securities.

## 5. Climate change creates significant long-term risks and opportunities that require special attention

- Climate change refers to long-term shifts in temperatures and weather patterns. Climate change carries significant risks to human health, economies and ecosystems. Climate change risks are categorised as:
  - Physical risks – such as extreme weather events.
  - Transition risks – the risks related to the measures required to address climate change such as changes to policy and regulation.
  - Liability risks – stem from potential litigation in relation to non-compliance with policy and regulation in relation to climate change.
- Effective responses to climate change will involve a combination of climate mitigation and adaption measures. Therefore, Investment Managers who consider the climate risks of their portfolios and securities can enhance risk-adjusted returns relative to those who do not.
- Since the 2015 Paris Agreement was signed, it is recognised that reaching net zero greenhouse gas emissions by around 2050 is required to turn the goals outlined in the Agreement into reality.
- The adjustments required to combat climate change are expected to foster attractive investment opportunities across multiple sectors including renewable energy, green infrastructure, carbon markets, water management, agriculture, forestry and climate adaptation.
- When an Investment Option is considered for inclusion on our investment menus, and when we conduct periodic Operational Due Diligence reviews on the Investment Manager, it includes, where possible, consideration of their position on climate change.
- Climate change scenario analysis is used to understand the potential impact of climate change on performance of the Investment Options. The results of scenario analysis are presented to the Superannuation Trustee Investment Committee. The metrics and commentary from the scenario analysis are considered in investment decision-making.

## 6. Exposure to Modern Slavery and Controversial Holdings pose financial risks.

Exposure to Modern Slavery practices and Controversial Holdings poses financial risks that can significantly impact the performance of Investment Options.

### Modern Slavery

- We recognise the “social” component of ESG includes the importance of human capital management, working conditions and labour standards as potential risks in investment entities and their supply chains.
- When an Investment Option is considered for inclusion on our investment menus, and when we conduct periodic reviews on the Investment Managers, it includes, where possible, consideration of their approach to Modern Slavery risks.
- We are also subject to the [Insignia Financial Modern Slavery Statement](#).

### Controversial Holdings

- Controversial Holdings refer to investments in companies or industries that are involved in activities or practices that are generally considered to be unethical, harmful, or socially unacceptable. While there is no universal definition of a controversial holding, examples of investments that may be regarded as controversial holdings include gambling, alcohol, tobacco, and controversial weapons. Investments in Controversial Holdings increase the risks to the long-term performance of our Investment Options.
- To manage Controversial Holdings, Investment Managers may use ESG Integration, Active Stewardship or apply one or more Negative Screens in order to entirely, or partially, restrict exposure to certain Controversial Holdings. As a result, when an Investment Option is considered for inclusion on our investment menu, and when we conduct periodic reviews on the Investment Managers, it includes, where possible, consideration of their approach to RI and any Negative Screens they apply.

## 7. Some Members want access to ESG-labelled Investment Options

- We provide investment choice to Members, including ESG-labelled Investment Options. ESG-labelled Investment Options can be selected by Members wanting to align their investments with their moral or ethical values.
- ESG-labelled Investment Options may include a range of additional investing approaches (above and beyond the application of RI as defined in this policy) including, Socially Responsible or Ethical Investing, Sustainable Investing, Negative Screening, Positive Screening or Thematic Investing and Impact Investing.
- Where an Investment Option is ESG-labelled we will do an additional level of due diligence on the Investment Manager's approach to RI (including, but not limited to, assessing their approach to negative screening, controversial holdings and modern slavery) and any additional investing approaches they are using to support their ESG-label. Additionally, the review aims to ensure the Investment Option is “true to label” in the sense that the branding of the Investment Option aligns with its underlying Investment Strategy.

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