Responsible Investment Policy

Public Summary

This document is current at 10 September, 2024]

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1 Introduction

1.1 Overview

Togethr Trustees Pty Ltd (the **Trustee, us, we,** or **our**) is committed to supporting our members to prepare for financial freedom in retirement. The Responsible Investment Policy (the **Policy**) establishes the standards of behaviour, analysis and review that is expected from all directors, employees, and contingent workers of the Trustee, as trustee of the Equipsuper superannuation fund (the **Fund**) with regard to responsible investment practices. Our commitment to excellence in governance is reflective of our intention to always act in the best financial interests of our members and to continue to build an innovative, responsive, and customer-led organisation.

This Policy forms part of the Trustee's Investment Governance Framework (the **IGF**) which deals with the Trustee's approach to compliance with APRA Prudential Standard SPS 530 Investment Governance (**SPS 530**) and should be read in conjunction with other policies forming the Framework.

1.2 Purpose

The purpose of this Policy is to outline the Trustee's commitment and approach to Responsible Investment, consistent with the Trustee's overall Investment Beliefs. This includes that:

> *"Incorporation of Environmental, Social and Governance (**ESG**) factors in Investment processes and decision-making is fundamental in achieving investment success. Climate change represents a material, foreseeable, actionable financial risk, that is far-reaching in its impacts."*

The Trustee recognises that ESG issues are factors which may influence whether the strategic objectives are met. The integration of ESG issues and the application of Responsible Investment (**RI**) practices into the management of our investment portfolios, seeks to enhance the risk adjusted returns for our members over the long term. This includes, but is not limited to, how the fund approaches the impacts of climate change.

1.3 Policy Application

This Policy applies to Togethr Asset Management Pty Ltd (**TAM**), otherwise referred to as the Investment Team , which undertakes the day-to-day management of all aspects of the Fund's investment activities.

TAM is a related entity of the Trustee; in this Policy they may be referred to as the 'Group' or as a 'Group Entity'.

2 Responsible Investment Approach

2.1 Responsible Investment considerations

Underscoring our approach to responsible investment is the conviction that, over the long term, companies and assets with sound management of ESG factors lead to better risk-adjusted returns.

Through our approach to Responsible Investment, Equip Super seeks to provide a framework through which ESG factors are considered in our investment process. Equip Super recognises that the incorporation of ESG factors into its investment decision making is an essential component in meeting fiduciary obligations to members. In adopting this Policy, the Trustee seeks to address both ESG risks and opportunities in order to achieve long term growth and better risk adjusted returns without detriment to a well-diversified portfolio.

Investment process

In most cases, the Fund does not invest in companies or assets directly, and appoints investment managers to invest across a range of portfolios on our behalf. This can include listed assets, such as listed equities (shares), or unlisted assets, such as property or infrastructure assets.

The Investment Team oversees and recommends specialist managers with the aim to deliver long-term outperformance across major asset classes for members.

The Investment Team looks for four key characteristics in assessing Managers for potential inclusion in the Fund's portfolio: Investment Philosophy, Investment Process, People and Performance (the 4 P's) these are explained further in the Manager Selection Policy. As outlined in this Policy, certain ESG considerations are included when selecting and monitoring managers appointed to the Fund.

The majority of investments are held either via segregated portfolios governed by Investment Management Agreements (IMAs) between the Trustee and the investment managers, or via commingled or pooled funds.[1]

Working with consultants

The Fund engages an Asset Consultant and from time to time may engage other advisers to provide investment advice and recommendations. This may include for example information and assessment of investment managers, advice regarding asset allocation and capital market assumptions, as well as portfolio analysis and reporting.

Approach and expertise in Responsible Investment and ESG are considered in the selection and appointment of asset consultants and reporting on responsible investment activities is included in reporting from the appointed asset consultant on a regular basis.

ESG factors

ESG factors cover a range of topics, when considering application to the investment process this may include:

Environmental – environmental factors can include topics like water, biodiversity, deforestation, greenhouse gas emissions, as well as waste management and rights and restrictions regarding air, water and land pollution. In addition, there is increasing recognition of the threat of climate change to the stability of the global economic and financial system. These risks need to be managed and new opportunities captured as the world transitions to a low carbon economy.

Social – the way in which companies and enterprises manage their operations with respect to labour market practices, work health and safety, product liability and supply chain management

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[1] In a small number of cases the Fund may invest directly in an asset via a Special Purpose Vehicle (SPV).

(including modern slavery) can pose investment risk. This may also include consideration of issues of social justice and community safety and how a company can effectively manage its social license to operate.

Governance – Governance risks are a long-term threat to investor value and consider such things as board composition, director incentives and general remuneration, diversity and inclusion, and ESG oversight. These risks can be present in nearly all asset classes, including equity, corporate debt, property and infrastructure investments.

ESG factors generally have one or more of the following characteristics:

- are a focus of public concern;
- have a medium to long-term horizon;
- may be qualitative and not readily quantifiable in monetary terms;
- reflect externalities not well captured by market mechanisms;
- are often the focus of policy and regulatory reform; and
- can arise throughout a company's supply chain as well as in the production process, marketing, and eventual use of the products and services produced by the company.

Materiality

Not all ESG factors will be relevant to all companies or assets, and similarly some ESG factors may not be relevant for the investment type or strategy being considered. When considering ESG factors, consideration is given to the *materiality* of information or an issue. In the context of investment decision, the Fund or its investment managers may assess how likely the relevant information or activity is to impact or influence the risk or return of an investment (over the investment horizon being considered) for example through its financial position, reputation, or future prospects. Materiality is used to determine whether something is relevant enough to influence decisions or disclosure requirements.

An ESG factor may be material to the investment decision making process for an individual company or assets, however a company's management of some ESG issues may also be material to the Fund as a whole.

Universal Ownership and systemic risk

The Fund is a *universal owner*, as we invest in a wide range of assets involved in almost every industry and across a number of markets and geographies. This means that the Fund can be considered representative of global capital markets, and our investment returns are dependent on the continuing good health of the overall economy. Issues like climate change, bio-diversity loss and human rights have the ability to impact beyond any individual company or asset, which can contribute to the stability of the economy as a whole.

These types of issues present *systemic risks* and cannot generally be addressed through active investment decisions. Systemic risks are particularly relevant to universal owners who own such a representative slice of the economy it makes it impossible to diversify away from their impact. By the same measure, universal owners benefit from sustainable economies and markets and actions (both individually and collectively) to reduce the economic risk presented by ESG challenges.

Actions taken to address ESG issues that have the potential to impact systemic risks beyond an individual company or industry, for example by influencing economic conditions or accepted standards of practice may also be considered material to a Fund.

<u>Climate Change</u>

Equip Super recognises that climate change is a material, systemic issue of investment markets that presents foreseeable and actionable financial risks and opportunities for investors. As such, the Trustee needs to manage implications for the Fund on behalf of members. By incorporating climate change into the Trustee's investment beliefs, the Trustee notes that these impacts warrant additional focus from the Investment Team and Investment Committee.

To further guide the application of this Policy in relation to climate change, the Trustee has established a set of climate change principles supported by agreed climate-related goals. You can read more about Equip Super's approach to climate change on our website.

2.2 Overview of Responsible Investment Approach

The following section describes the responsible investment practices adopted by the Fund to address ESG impacts across its portfolio. These include:

1. ESG integration;
2. Active Ownership;
3. ESG filters; and
4. Advocacy.

These pillars operate contemporaneously and allow the Funds and our investment managers to incorporate risk and opportunities across our investments, and advocate for changes in the best financial interests of our members, over the long term.

Our approach is supported by disclosure regarding responsible investment practices to help our members and other stakeholders access information to make an informed choice regarding their investments.

2.3 ESG Integration

What is ESG Integration?

ESG Integration refers to the practices of considering ESG factors when making investment decisions. This involves evaluating how these factors may impact financial performance and can also consider the broader impact and practices of companies or assets being considered. Examples include a company's carbon emissions, labour practices, approach to community engagement or board diversity.

In many cases in deciding if or how to evaluate the impact of ESG factors, the Fund or its investment managers will consider the materiality of an issue or criteria.

Unless otherwise stated, when considering ESG factors in the investment analysis and decision-making process the primary purpose is to enhance the ability to meet the long-term investment objectives of our fund and provide greater insight into investment risks across time.

How do we apply ESG Integration?

ESG information is included in our investment process in a range of methods, this includes how our Investment Team select and monitor investment managers and how these managers make investment decisions (for example at a company or asset level), as well as the inclusion of ESG information in the long-term strategic asset allocation process.

In selecting investment managers, the Trustee is mindful of the general risk characteristics of each asset class and of the investment styles or approaches of each of the managers that it appoints. As part of the manager appointment and review processes, we will assess information on manager approaches to ESG integration (including if and how material ESG factors are determined and used to make investment decisions) as well as active ownership (for example how they engage with investee companies).

Managers are provided with a copy of this Policy and requested to demonstrate a commitment to ESG integration and actively take ownership to invest in a manner that is consistent with this

Policy. Once appointed, and where relevant, specific terms regarding ESG practices are included in investment agreements.

Managers appointed to the Fund are subject to a formal evaluation within the annual asset class review program, as well as ongoing monitoring by both the Investment Team and Asset Consultant. Monitoring may include stewardship activities as well as how a manager integrates ESG and sustainability considerations across portfolio assets as appropriate for the strategy and asset class. The investment managers' role in engaging with investee companies is important and should cover areas such as review of company disclosures on ESG and climate change risks, and risk management actions. The Investment Team also seek feedback from managers on company engagements outcomes.

Where relevant, information regarding climate-related scenarios may also be included in long term risk and return expectations and other quantitative information that may be relevant to the Strategic Asset Allocation process.

2.4 Active Ownership (Asset Stewardship)

What is active ownership?

Active ownership (sometimes called asset stewardship) refers to the role large investors can have with investee companies and managers to encourage improvements to business practices and corporate governance. Active ownership refers to being an engaged and involved participant in the ownership of the investments in a portfolio. Active ownership activities can include investee company engagement, where investors communicate with the investee company board and management, as well as shareholder voting, which is the ability to cast a vote on investee company resolutions for example at an Annual General Meeting (AGM).

Active Ownership can focus on the ESG factors most material for an investee company or asset, seeking management to make changes or adopt policies aimed at improving long-term financial and ESG performance, either directly or by addressing or mitigating non-financial and reputation risks. In some cases, investors may also seek to influence investee companies to address ESG impacts that have a more systemic impact and possess the ability to impact beyond just the company, across the broader market and economy.

Our preference is to engage with investee companies rather than mandate that certain activities or companies cannot be held in our portfolio. When it comes to broad and systemic issues divestment and diversification will rarely address the risk to the Fund imposed by the broad market impact of these issues. Instead, we believe that by remaining invested in companies, investors can encourage and support change through active ownership practices.

When considering and prioritising engagement and voting activities the Fund may consider the Australian Council of Superannuation Investors (ACSI) Governance Guidelines as well as other relevant industry standards that provide an expectation of companies with regard to ESG factors. We also recognise the importance of disclosure by investee companies, as this allows investors to better understand, evaluate and assess potential risk and return, including the potential impact of ESG factors on an entity's performance. We support the use of widely accepted third party disclosure frameworks to guide company reporting and support comparability, such as the recommendations made by the Task Force on Climate-Related Financial Disclosures (TCFD).

How do we undertake engagement?

As active owners, we use our ownership rights to engage with and encourage governance, policies and management practices at investee companies that may improve investment outcomes. Any active ownership must be in accordance with legal and regulatory requirements, including the sole purpose test.

We engage with investee companies in a number of ways including:

- engagement via our fund managers;

- engagement via industry initiatives and service provider partners; and
- from time to time, we may undertake direct engagement with corporate entities in which the Fund has invested or may become invested.

As part of the asset manager appointment and due diligence processes, the Fund and our appointed asset consultant assess information on the active ownership and broader stewardship activities of our managers.

We also employ specialist engagement services, who have teams of professional engagement specialists who act for a collective of institutional investors. Currently the ACSI engages with selected Australian companies, while the Responsible Engagement Overlay service via Columbia Threadneedle Investments (REO) engages with international companies on behalf of the Fund and other clients.

From time to time we may also participate in industry-based collaborative engagement programs which seek to amplify the voice of investors in issues that can have system wide impacts. By engaging through specialist providers and collaborative initiatives, the Fund benefits from enhanced access, subject matter expertise and economies of scale. Furthermore, collaborative engagement may better leverage the influence that investors can have in achieving positive outcomes.

We monitor our engagement activities through:

- seeking feedback from investment managers for example, on how their company engagement activities are used in the integration of ESG and sustainability considerations across portfolio assets;
- reviewing regular reporting from specialist engagement providers against their key milestones and areas of focus and providing input into their strategic planning as requested;
- assessing progress of collaborative engagement activities against the purpose and intent of the initiative; and
- from time to time, participating in engagements with companies directly.

How does Equip Super undertake voting?

Exercising voting rights is an important tool for encouraging responsible corporate behaviour and expressing views regarding the investee company's strategy, leadership, remuneration, mergers, and acquisitions and its ESG practices and disclosure. We recognise that sound corporate governance can contribute to superior financial performance and result in positive long term investment outcomes.

Voting generally applies to listed equity investments where we, or our investment managers, have voting rights as company shareholders. The Fund invests in both Australian Equities and International Equities through a number of fund managers. Where investments are held via segregated portfolios (mandates), we are able to determine the way in which voting rights attached to company shares (equities) are exercised.

<u>For Australian Equities</u>

The Investment Team is responsible for exercising our voting rights on segregated Australian Equities portfolios. The Fund has developed its own internal Proxy Voting Guidelines, which sets out the Trustee's expectations and principles across key areas. These guidelines outline how the Investment Team is to approach voting decisions more broadly, whether to vote FOR, AGAINST or to ABSTAIN.

Application of these Guidelines will be monitored on an ongoing basis by the Investment Team, and any significant issue in the application of these principles or decisions that depart from the intention of the guidelines will be reported to the Investment Committee. Where new issues are identified that require further guidance, these will be considered for inclusion and formal adoption by the Trustee.

In formulating its voting decision, the Investment Team will consider the information contained in these guidelines as well as the investee company's disclosures, the effectiveness of any engagement held with the investee company, recommendations of ACSI[2], the view of the Fund's investment managers, and, if appropriate, the information from other ESG service providers and relevant stakeholders. In some cases, these views may differ.

For contentious issues for example where there are differences in the views of investment managers, ACSI and other stakeholders, the Responsible Investment Analyst (or alternatively, another member of the Investment Team) will provide a recommendation to the Head of Responsible Investment (or Head of Asset Management as alternative) for approval. In certain circumstances, for example where the Fund is voting against internal management recommendations at investee companies that have a close association to the Fund[3], approval is sought from the Chief Investment Officer or Chair of the Investment Committee prior to execution.

All votes are to be considered on a company-by company resolution-by-resolution basis, with the overarching consideration of the long term best financial interest of the Fund's members.

International Equities

For segregated international equities portfolios, investment managers are required to exercise voting rights on behalf of the Fund. The following requirements apply in this circumstance:

- the voting rights are exercised to protect and enhance the net asset value of the portfolio;
- the investment managers are to vote in the best financial interests of the Portfolio notwithstanding any other clients or relationships or other dealings that the investment manager may have in respect of the relevant matter; and in any event, the Trustee at all times reserves the right to exercise its votes on the international equities stockholdings or direct the investment manager in relation to the exercise of any voting rights.

On an annual basis, or more frequently as required, the Investment Team may review voting of international managers for example, by:

- reviewing the appropriateness of the voting policies and guidelines on corporate governance;
- evaluating the implementation of the policies and guidelines by each manager; or
- considering the outcomes of these reviews in the ongoing monitoring of the managers.

Investments in pooled vehicles

For investments through pooled funds in both Australian and International Equities, the underlying equities and voting rights are held in the name of the investment managers or the trustees of the pooled funds. The manager of a pooled vehicle has the legal capacity to exercise voting rights attached to ownership of the underlying equities.

The managers approach to shareholder voting is considered when selecting and reviewing listed equity investments made via pooled vehicles.

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[2] Recommendations from ACSI may be based on its engagement activities as well as the ACSI Corporate Governance Guidelines, of which we are involved in the periodic review.

[3] For example, where the Fund manages a company's corporate super plan, or a company has selected the Fund as its default superannuation provider.

For both Australian and International Equities, slight variances to the procedures outlined above may occur given possible developments in regulatory requirements and voting arrangements in the various jurisdictions.

Voting in asset classes other than Australian and International Equities

For asset classes other than equities, in particular for unlisted assets, we may invest through partnership arrangements in which the Fund is registered as a limited partner. Under this arrangement, the Fund holds the right to vote on a number of proposals presented at the meetings of the partnership. Voting rights for these arrangements are exercised either directly or through the Custodian of the assets, in a way that is aligned to the long-term best financial interest of the Fund's members.

2.5 Applying ESG Filters

Positive outcomes and thematic investing

Supporting the Trustee's investment beliefs is the following:

1. The Trustee's primary focus is on optimising members' long-term investment returns, and hence, retirement outcomes;
2. At the same time, the Trustee believes that the welfare of members in retirement will be influenced by the environmental and social aspects of the world in which they live.

Accordingly, all other things being equal, we will be inclined to favour investments which contribute to positive environmental and social outcomes and will be inclined to avoid investments which have the opposite impact.

Additionally, in some cases we may consider investment strategies that combine attractive risk return profiles with an intention to contribute to a specific environmental or social outcome. Such investments may seek to meet a minimum set of standards or to improve certain specific environmental or social criteria, in addition to existing investment considerations.

Currently these investments are assessed against their contribution to:

- Addressing Climate Change, including through supporting or financing companies to transition towards at Net Zero economy[4;] or
- Advancing the United Nations Sustainable Development Goals.

These criteria may change over time.

Negative Screening (Exclusions)

When considering the impact of ESG factors on the Fund, the Trustee's preference is to manage present and emerging ESG risks through ESG integration and active ownership, as well as through participation in industry and regulatory advocacy. In certain cases, however, this approach may not sufficiently address a material ESG risk and in those cases, the Trustee may consider exclusion of certain companies or activities.

For a company or activity to be considered for exclusions we consider:

- The Trustee's investment beliefs, strategy and philosophy regarding ESG. For example, does the activity being considered create a financial or reputational risk to the company or asset that may have an impact on investment performance (return) over the long run; or
- Alignment (or misalignment) of the activity with public policy positions and regulations in Australia and/or in the jurisdiction of the investee company or assets; and

[4] Net Zero economy refers to the point at which the carbon emissions emitted are equal to the carbon emissions sequestered across the global economy.

- The likelihood and consequence of social or environmental impact or harm (realised or potential); and
- The opportunities to mitigate and manage the negative impacts of the ESG risk or incident. This includes for example, if the negative impact or event is acute or ongoing and the steps taken by management to address risk and impact.

Exclusions will be considered only as a last resort and where it is not feasible to influence a company or where other escalation activities have not achieved a satisfactory result. Prior to exclusions being implemented the following criteria must be met:

1. Is the risk identified determined to be unable to be managed through asset stewardship?

   As outlined above this could include engagement with the board and/or management of companies determined to be exposed to the ESG risk.[5]

2. Will exclusion (through negative screening) address the risk?

   Is the impact of the risk to long-term best financial interest of members (for example through fund investment performance and/or sustainability of member outcomes) able to be substantially mitigated by divestment?

3. Are there any anticipated adverse impacts expected to the Fund or member outcomes?

   Based on available information, will exclusion of the activity or issuer/s bring undue risk to portfolio diversification and/or benchmark relative performance? This includes an assessment of:

   a. The relative weight of the of the activity or issuer proposed for exclusion in the benchmark; as well as

   b. The combined weight of all positions excluded to date (based on all activities and/or issuers approved for exclusion) (overall weight of excluded positions) in the applicable benchmark.

If all three criteria are met, the exclusion of the activity or issuer shall be proposed to the Investment Committee for addition to the **Excluded Activities List**[6].

Once the Fund's investment managers have been formally advised of activities listed for exclusion the managers are expected to sell down the relevant investments within a reasonable period and as market conditions allow. However, in limited circumstances, the Fund may continue to have exposure to a security that meets an exclusions criteria outlined, for example:

- where a manager is in the process of selling down a security, and/or is unable to do so due to a trading halt or other circumstances that impact disposal or liquidity; or
- where there is a change of data or calculation methodologies, including for example revenue over a reporting period.

<u>Application of screens to assets classes</u>

The approach to negative screens outlined in this Policy applies to Equip Super's investment holdings managed by external investment managers appointed under an IMA for the following asset classes:

- Publicly traded equities - Direct investment in Australian and overseas shares, including listed property; and

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[5] Equip Super may use a number of sources to determine involvement of a company or industry including (but not limited to) information from our ESG data provider and engagement service providers.

[6] The definition of activities currently listed for exclusion; the source of these definitions is outlined in the Excluded Activities List provided in appendix A.

- Publicly traded debt - Direct investment in Australian and international corporate fixed interest investments.

The approach to negative screening outlined here does not apply to:

- investments made through pooled vehicles where Equip Super does not directly own the underlying assets;
- other indirect investments in equity and debt issuances, for example through exchange traded funds (ETFs) or derivatives; and
- investments in asset classes other than those listed above.

This means that the exclusions outlined in this Policy do not apply to the cash investment option, and apply only to the publicly traded equities portion of the *Index Diversified* investment option (and do not apply to other asset classes in this option, including publicly traded fixed income).

The approach to exclusions outlined in this policy also does not apply to investments in the *Future Focus* option More information on this option is provided below.

Further, while the Fund does not typically have the ability to implement ESG exclusions in pooled vehicles, an investment manager's approach to negative screening may be considered in the selection and appointment of investment managers where investment in a pooled vehicle is being considered.[7]

In considering activities for exclusion we may consider a number of sources including the views of investment managers, ESG data providers, engagement providers, industry groups and any relevant collaborative engagement initiatives to which the Trustee is a signatory and other stakeholder where relevant.

Prior to excluding any activity or company, consideration is given to the impact of the exclusions on the Fund's ability to meet its investment objectives and on investment strategy risks such as diversification. The Trustee has an agreed limit for the overall weight of excluded positions by asset class.

Future Focus Investment Option

The Future Focus investment option has been developed in recognition that some members may wish to have higher exposure (when compared to the default MySuper option) to investments that have been selected based on their approach to sustainability issues, including consideration of ESG factors in the investment process.

This option seeks to provide members with a higher allocation (compared to the default MySuper option) to investments in activities, companies and assets that may contribute to improvements of certain environmental or social issues over the long term. To this end, minimum criteria (based on ESG factors) for each asset class allocated to Future Focus have been established. More information is available in the Future Focus Factsheet.

2.6 Advocacy

What is advocacy?

Some ESG issues that have the potential to impact investment performance may not be able to be adequately addressed by the Fund directly. This includes issues that may require policy or regulatory changes, or development of industry standards and best practice guidance. In many of these cases, working in collaboration with other investors, for example through industry groups,

[7] This requirement applies to new investments only, the approach to negative screening for investments in pooled vehicles made prior to the implementation of this policy have not been considered or reviewed.

can amplify the collective voice and encourage policies and practices that promote positive ESG outcomes in the broader economy.

The role of advocacy initiatives and the value that they provide, include:

- capacity building and raising awareness of ESG issues through such things as sector-related research and sharing best practice;
- building knowledge with regard to relevant emerging issues;
- supporting the development of ESG-related tools, metrics and analysis; and
- engagement with policymakers in support of regulatory or policy change that aligns with the financial interests of long-term investors as well as legislative requirements and/or regulator expectations that support the adoption of responsible investment practices across the industry.

We may engage with regulators and policy makers or work with other investors to advocate for policy, regulation and industry standards that benefit a more sustainable economy over the long-term as well as encourage best practice in responsible investment across our industry.

To benefit from a collective voice, the Fund will often seek to join with peers and other stakeholders to help achieve policy and regulatory objectives. This includes joining, sponsoring or partnering with like-minded organisations, utilising professional services, and participating in sector-based collaborative initiatives. In determining our involvement in such activities we consider:

- The relevance of the initiative to the Fund and our members;
- The impact the activity may have on the issues it focuses on, and the relevance of these issues to long term best financial interests of our members;
- The benefits derived by the Fund and/or our members, as a result of our involvement;
- The alignment of the relevant initiative with our position and policies; and
- The required commitment, including financial commitment.

3 Disclosure and reporting

3.1 Reporting

On at least a biannual basis, the Head of Responsible Investment will provide a report to the Investment Committee regarding implementation of the Policy.

3.2 Disclosure

Equip Super is committed to providing relevant disclosure regarding responsible investment practices where the Fund believes access to this information is relevant for our members and other stakeholders to make an informed choice regarding their investments.

As a minimum, the following information will be made available:

- A summary of this Policy, to include key commitments and processes;
- A summary of the Funds approach to climate change;
- Quarterly reporting of our voting record;
- Bi-annual disclosure of portfolio holdings;
- Annual reporting of engagement activities conducted by external engagement providers'; and
- Industry organisations and initiatives of which we are a member (within 6 months of joining).

4 Roles and Responsibilities

Ultimate responsibility for ensuring that the Trustee meets all legislative and regulatory requirements sits with the Trustee Board (**the Board**). The Board is also responsible for the establishment, implementation, and oversight of the Policy, including approval of the Climate Change Principles. The Board will review the Policy every two years.

The Board has delegated responsibility oversight of this Policy to the **Investment Committee**.

The **Investment Team** is responsible for implementation and monitoring of this Policy and performing their roles in compliance with the Policy and related processes and procedures. This includes identifying, reporting and escalating any issues or incidents immediately to the Investment Committee upon becoming aware of them.

The **Head of Responsible Investment** has oversight of process associated with this policy within the Investment Team and is required to report to the Investment Committee regarding responsible investment activities of the Fund.

The **Chief Investment Officer** (CIO) is responsible for monitoring day-to-day compliance with the Policy and reporting any issues to Equip Super Management, the Investment Committee and the Board as relevant, as well as overseeing the allocation of resources to support compliance with the Policy.

Performing control testing and second line assurance activities associated with the Policy and reporting outcomes to the Board, its Committees and Management is the responsibility of the Risk (2nd line) and Compliance Teams.

5 Document Review

The CIO with the support of Management, is responsible for undertaking reviews of this Policy. Following the review, changes to the Policy will be presented to the Investment Committee for consideration and recommendation to the Board for approval.

This Policy will be reviewed at least biennially (every two years), and will be reviewed more frequently in the event of one of the following triggers:

(a) at any time when there is a significant change in the business or in any significant part of it;

(b) any change to the relevant requirements of the SIS Act or the Corporations Act 2001 (Cth);

(c) any change to the relevant APRA prudential requirements and guidance;

(d) any change to relevant ASIC regulatory guides;

(e) any changes to the conditions of the AFS Licence;

(f) any changes to the conditions of RSE Licence;

(g) any material change to the business of any Group Entity, and, in particular, any change to the business which would, or might reasonably be expected to, affect the role, obligations or duties of Directors;

(h) any relevant change to a Group Entity's Constitution or the Constitution of Togethr Holdings Pty Limited; or

(i) any other time determined by the Investment Committee or Board.

Any revision to the Policy takes effect on the date on which the Board approves any variation to, or replaces a previous version of, the Policy, or such other date as the Investment Committee or the Board determines.

Appendix A

Excluded Activities

As outlined in section 3, the approach to negative screens outlined in this Policy applies to Equip Super's investment holdings managed by external investment managers appointed under an IMA for the following asset classes:

- Publicly traded equities - Direct investment in Australian and overseas shares, including listed property; and
- Publicly traded debt - Direct investment in Australian and international corporate fixed interest investments.

The approach to negative screening outlined here does not apply to:

- investments made through pooled vehicles where Equip Super does not directly own the underlying assets;
- other indirect investments in equity and debt issuances, for example through exchange traded funds (ETFs) or derivatives; and
- investments in asset classes other than those listed above.

This means that the exclusions outlined in this Policy do not apply to the *Cash* investment option, and apply only to the publicly traded equities portion of the *Index Diversified* investment option (these exclusions do not apply to other asset classes in this option, including publicly traded fixed income).

The approach to exclusions outlined in this policy also does not apply to investments in the *Future Focus* option. More information on this option is provided in section 2.5 above.

Activities current listed for exclusion

In the circumstances listed above, Equip Super currently seeks to exclude:

- Companies that derive greater than 5% of their revenue[8] from the production of tobacco products (for example cigarettes, cigars, tobacco);
- Companies that derive greater than 5% of their revenue[7] from the manufacture and/or production of the core weapon system, or components/services of the core weapon system, that are considered tailor-made, and essential, for the lethal use of chemical weapons, biological weapons, anti-personnel mines and cluster munitions. This does not include nuclear weapons; and
- Companies that derive greater than 10% of their revenue[7] from coal extraction for energy production (thermal coal mining).

[8] Revenue refers to the income derived by a company from the relevant activity in a fiscal year. A company's revenue-based involvement is assessed based on either: actual revenues or percentage of revenues derived from the relevant area of involvement reported by the company; or, where a company does not report this information, an estimate of the revenue based on, for example, a review of business segment revenues, sales data and/or quantity and quality of disclosed product information.