

## **IIML, OPC & OFM Responsible Investment Policy**

**IOOF Investment Management Limited (IIML)  
OnePath Custodians Pty Limited (OPC)  
Oasis Fund Management Limited (OFM)**

**Effective Date: 22/01/2025  
Last Review Date: 27/10/2024**

## Table of contents

<b>1. Overview</b>	<b>2</b>
<b>2. Responsible Investment</b>	<b>3</b>
<b>3. Roles and Responsibilities</b>	<b>6</b>
<b>4. Policy Breaches</b>	<b>8</b>
<b>5. Policy Management Information</b>	<b>8</b>
<b>6. Appendices</b>	<b>9</b>

Issued by IOOF Investment Management Limited ABN 53 006 695 021, AFSL 230524 (IIML) as trustee for the IOOF Portfolio Service Superannuation Fund ABN 70 815 369 818 and AvWrap Retirement Service ABN 82 004 832 237, OnePath Custodians Pty Limited ABN 12 008 508 496, AFSL 238346 (OPC) as trustee for the Retirement Portfolio Service 61 808 189 263 and Oasis Fund Management Limited ABN 38 106 045 050, AFSL 274331 (OFM) as trustee for Oasis Superannuation Master Trust ABN 81 154 851 339. IIML, OPC and OFM are part of the Insignia Financial group of companies comprising Insignia Financial Limited ABN 49 100 103 722 and its related bodies corporate (Insignia Financial Group). While all reasonable care has been taken in the production of this document, IIML, OPC and OFM make no representations in respect of the accuracy or completeness of the information in this document and to the extent permitted by law, IIML, OPC, OFM and each other entity in the Insignia Financial Group exclude all liability for any loss or damage arising out of reliance, in whole or in part, on this document. The information in this document is general in nature and you should consider the relevant Product Disclosure Statement before you make any decisions. You should also consider obtaining independent advice before you make any decisions based on the information in this document.

## 1. Overview

### 1.1 Purpose and Objectives

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 policy (**RI Policy**) outlines IIML, OPC & OFM's approach to responsible investment.

A reference in this RI Policy to "we", "our" or "us" is to IIML, OPC & OFM.

The objectives of the RI Policy are:

- 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.

### 1.2 Policy Framework

The RI Policy 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.

### 1.3 Scope and Application

#### Scope

The RI Policy applies to the following Registrable Superannuation Entity (**RSE**) Licensees:

- IOOF Investment Management Limited (**IIML**) in its capacity as trustee for the IOOF Portfolio Service Superannuation Fund and AvWrap Retirement Service;
- OnePath Custodians Pty Limited (**OPC**) in its capacity as trustee for the Retirement Portfolio Service; and
- Oasis Fund Management Limited (**OFM**) in its capacity as trustee for the Oasis Superannuation Master Trust.

This Policy does not apply to Listed Securities available through the above products, unless otherwise specified.

## Application

This Policy applies to **Our People** who are involved in investment decisions.

**Our People** refers to all employees, including casual, temporary, and contracted employees, as well as executives and non-executive directors, any Board independent committee members that are not directors, and any third parties acting on behalf of the Group in respect of investment related services that are provided to or for IIML, OPC or OFM in respect of the respective RSEs for which they are respectively, the trustee.

## 2. Responsible Investment

We believe 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 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.

---

Our views on, and approach to, RI are outlined in this section of the policy.

Section 3 'Roles and Responsibilities' outlines more detail on how we implement our RI approach.

We understand that approaches to RI are evolving. Therefore, this RI Policy will be reviewed annually.

### **2.1. 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, 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 the Investment Manager's approach to RI as one of many factors considered as part of the analysis and selection of Investment Options.

- For some Investment Options, or asset classes within an Investment Option, it is either not possible to consider ESG Factors or they can only 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 (examples of these limitations and constraints are provided in the callout box below).

---

### 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 (an example from one of our investment menus would be the ANZ Smart Choice branded options and the Smart Choice Lifestage Investment Options) 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 (see section 2.2).
- 

## 2.2. 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 we make available to our Members are accessed through holdings in the respective Investment Managers' funds and therefore they generally conduct any Active Stewardship activities in accordance with their own policies and procedures. Our Proxy Voting Policies for IIML, OPC and OFM explains in more detail the limited circumstances where we may vote on behalf of Members and the approach to voting on Listed Securities.

## 2.3. 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 adaptation 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 carbon dioxide emissions 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 stress testing scenarios are used to understand the potential impact of climate change on performance and liquidity of the Investment Options. The results of stress testing are presented to the Superannuation Trustee Investment Committee. The metrics and commentary from the stress testing are used in investment decision-making.

#### **2.4. 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 Manager, it includes, where possible, consideration of their approach to Modern Slavery risks.
- We are also subject to the Insignia Financial Modern Slavery Policy. For more information on Modern Slavery refer to our [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. Examples of investments that are regarded as Controversial Holdings

include gambling, alcohol, tobacco, and 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, exclude 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 Manager, it includes, where possible, consideration of their approach to RI and any negative screens.

### 2.5. 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.

## 3. Roles and Responsibilities

The table below outlines how our RI approach is applied to various roles.

Role	Responsibilities
<p><b>IIML, OPC &amp; OFM Board and Superannuation Trustee Investment Committee</b></p>	<p>We ensure the application of our RI Policy by:</p> <ul style="list-style-type: none"> <li>• Reviewing and approving the RI Policy annually.</li> <li>• Reviewing and providing feedback on the annual RI Strategy which is a document outlining key activities related to RI which are planned for the year ahead, including addressing regulatory changes and/or activities which enhance our approach to RI.</li> <li>• Assessing new Investment Options, including consideration of the Investment Manager’s approach to RI.</li> <li>• Periodically we conduct an Operational Due Diligence review as part of the ongoing monitoring of the Investment Options, including consideration of any issues in relation to RI.</li> </ul>

<p><b>Investment Governance and Product Teams</b></p>	<p>On our behalf the Investment Governance Team and the Product Team are responsible for the following activities in relation to RI:</p> <ul style="list-style-type: none"> <li>• Developing, maintaining and reviewing the RI Policy on at least an annual basis.</li> <li>• Ensuring all employees with a designated role in relation to RI are made aware of, and trained for their role, responsibilities and accountabilities with respect to this policy.</li> <li>• The selection process, for adding new Investment Options to the investment menu, involves research and due diligence (including at a minimum looking at the Investment Manager’s RI Rating as assessed by external research houses). This includes the assessment of the Investment Manager’s approach to RI. The assessment of RI forms part of the approval paper which is provided to the Superannuation Trustee Investment Committee.</li> <li>• The ongoing Operational Due Diligence (ODD) review is performed on a risk-based frequency, based on the overall risk assessment of each Investment Manager and with consideration to complexity and whether the Investment Option is ESG-labelled. At a minimum the ODD review must be undertaken:             <ul style="list-style-type: none"> <li>○ Every 3 years for “low” risk rated Managers;</li> <li>○ Every 2 years for “medium” risk rated Managers; and</li> <li>○ Annually for “high” risk rated Managers (this includes any Investment Options which are managed by a Related Party).</li> </ul> <p>The “low”, “medium” and “high” ratings are based on a range of risk factors, including responses to risk-related questions contained within the ODD review, including but not limited to RI/ESG related questions. For example, Investment Managers with ESG-labelled Investment Options are more likely to be considered a higher risk rated Investment Manager because of the complex nature of accurately reflecting the ESG characteristics of these investment options.</p> </li> <li>• Investment Options are stress-tested annually using our approved climate change scenarios and the outcomes of the testing are presented to the Superannuation Trustee Investment Committee for their consideration of any recommended actions.</li> <li>• Developing the RI Strategy.</li> </ul>
<p><b>Member Office</b></p>	<ul style="list-style-type: none"> <li>• Consult on and review any changes to this policy, specifically to ensure our fiduciary obligations are complied with, specifically Members’ Best Financial Interests and Member Outcomes and any other regulatory and legislative obligations are appropriately considered.</li> <li>• Endorse any non-material changes to this policy.</li> <li>• Conduct annual Operational Due Diligence on Investment Options which are managed by a Related Party, including review of their RI and Proxy Voting policies and practices.</li> </ul>
<p><b>Asset Consultant</b></p>	<p>We appoint an Asset Consultant to:</p> <ul style="list-style-type: none"> <li>• Conduct climate change stress-testing of the Investment Options (see section 2.3 above).</li> </ul>



## 4. Policy Breaches

### 4.1. Consequences of Non-Compliance

Non-compliance with this policy may result in disciplinary action in line with the Code of Conduct and Consequence Management Framework. A breach of this policy may be a breach of legislation or regulatory obligation. All breaches will be managed in accordance with the Incidents and Breaches Policy.

## 5. Policy Management Information

### 5.1. Relevant Legislative and Regulatory Requirements

This policy supports compliance with:

- APRA Prudential Standard 530 Investment Governance
- APRA Prudential Practice Guide – SPG 530 Investment Governance
- APRA Prudential Practice Guide CPG 229 – Climate Change Financial Risks
- Superannuation Industry (Supervision) Act 1993 (Cth)
- ASIC (Information sheet 271)

### 5.2. Policy Management Details

The key policy management details for this policy are provided below:

Document Title	<b>IIML, OPC, OFM Responsible Investment Policy</b>
Document Level	Level 2 - Policy
Document Owner	General Manager, Investment Governance
Document Approver(s) and Approval* Date(s) *Material changes – the Document Approver will be the Board, Non-material changes – the Document Approver will be the Document Owner and Approving Authority	IIML, OPC and OFM Boards approved the Policy on 02/12/2024.
Approving Authorities and Approval Date(s)* *Only relevant for non-material changes	N/A
Document Review Frequency	Annual
Effective Date	22/01/2025
Published/ Released Date	22/01/2025
Last Reviewed Date	27/10/2024
Next Scheduled Review Due Date	27/10/2025
Document Author/ Contact	Meredith Buchanan
Document location	<a href="https://hq.ioof.com.au/display/policy/Distribution+Policies">https://hq.ioof.com.au/display/policy/Distribution+Policies</a>
Version	4.0

Document Repository ID	1045740
------------------------	---------

### 5.3. Policy Revision History

Version	Date Released	Author(s)	Description
1.0	1 December 2022	Orla Cowan & Meredith Buchanan	Annual review
2.0	1 December 2023	Orla Cowan & Meredith Buchanan	Annual review
3.0	15 May 2024	Orla Cowan & Meredith Buchanan	Out of Cycle Update
4.0	22 January 2025	Orla Cowan & Meredith Buchanan	Annual review

### 5.4. Related documents

Related document	Explanation
Investment Governance Framework – Superannuation	This document is the overarching policy for investment governance activities.
Insignia Financial Modern Slavery Policy	The Modern Slavery Policy outlines Insignia Financial Limited’s approach to meeting the requirements of the Commonwealth Modern Slavery Act 2018 (The Act).
IIML Proxy Voting Policy OPC Proxy Voting Policy OFM Proxy Voting Policy	The Proxy Voting Policies outlines how IIML, OPC & OFM represents members through Proxy Voting in matters of corporate governance.

## 6. Appendices

### 6.1. Key Terms and Definitions

For the purposes of this Policy and related documents, the following definitions apply:

Term	Definition
<b>ESG Factors</b>	<p>RI involves considering a broad range of ESG Factors that may of themselves, or in combination, impact the risk profile and return characteristics of an investment. The following are examples of areas covered by (but not limited to) the broad headings of Environment, Social and Governance:</p> <p>Environmental</p> <ul style="list-style-type: none"> <li>Contribution to climate change initiatives through reduction in greenhouse gas emissions,</li> </ul>

	<ul style="list-style-type: none"> <li>• Waste management</li> <li>• Energy efficiency</li> <li>• Water supply</li> <li>• Pollution</li> <li>• Biodiversity</li> </ul> <p>Social</p> <ul style="list-style-type: none"> <li>• Human capital management</li> <li>• Labour standards</li> <li>• Modern slavery</li> <li>• Diversity, Equity and Inclusion</li> <li>• Workplace health and safety</li> <li>• Integration with local community and earning a social licence to operate</li> <li>• Indigenous rights</li> <li>• Employee engagement</li> </ul> <p>Governance</p> <ul style="list-style-type: none"> <li>• Rights, responsibilities and expectations across all stakeholders</li> <li>• Board structure, diversity and independence</li> <li>• Executive remuneration (short and long-term incentives)</li> <li>• Bribery and corruption</li> <li>• Anti-competitive behaviour</li> <li>• Political lobbying and donations</li> <li>• Shareholder rights</li> <li>• Tax strategy</li> </ul>
<b>ESG Integration</b>	Identifying and considering ESG Factors in the investment decision-making process to improve investment outcomes.
<b>Group</b>	Insignia Financial Limited and its subsidiaries and related bodies corporate.
<b>Impact investing</b>	Explicitly acknowledges that investment returns are made up of both financial returns and measurable societal benefits, representing an investment outcome that would not be achievable in the absence of the long-term commitment of Members' capital (known as additionality), and which is intentionally targeted by the Investment Strategy.
<b>Investment Manager</b>	An entity that is responsible for the execution and management of an investment portfolio which forms part of or comprises an Investment Option offered to Members. A reference to an Investment Manager in this RI Policy includes a Responsible Entity or trustee for a managed investment scheme, the general partner of a limited partnership or a person who manages a portfolio of investments under an investment mandate.
<b>Investment Option</b>	An 'investment option' offered by each of IIML, OPC and OFM to Members under the terms of a product disclosure statement issued by each of them respectively in respect of the RSE for which they are each, the respective trustee.
<b>Listed Securities</b>	Directly held ASX listed shares.
<b>Member</b>	As the context requires, a member of either one or more of the: <ul style="list-style-type: none"> <li>• IOOF Portfolio Service Superannuation Fund</li> <li>• AvWrap Retirement Service</li> <li>• Retirement Portfolio Service</li> </ul>

	<ul style="list-style-type: none"> <li>• Oasis Superannuation Master Trust.</li> </ul>
<b>Negative Screening</b>	The Investment Strategy excludes particular companies from an investment portfolio because of their particular business activity e.g., tobacco manufacturers.
<b>Operational Due Diligence</b>	This is a review undertaken to determine whether a party is operating in accordance with our policies, including this policy.
<b>Out of Cycle Update</b>	An update to the policy that occurs outside of the review cycle, triggered by internal and/or external events such as updates to regulations, internal feedback or improvements identified by audits.
<b>Positive Screening or Thematic investing</b>	The Investment Strategy limits an investment portfolio to companies that undertake specific activities e.g., renewable energy-related companies.
<b>Socially Responsible' or 'Ethical' investing</b>	The Investment Strategy emphasises moral or ethical considerations and values over other information that may be relevant to investment outcomes.
<b>Superannuation Trustee Investment Committee</b>	A committee of the Board. The Superannuation Trustee Investment Committee is responsible for supporting the Board in relation to investment matters.
<b>Sustainable Investing</b>	The Investment Strategy explicitly targets companies that have a measurable and specific benefit to society such as being aligned to one of the United Nations Sustainable Development Goals (SDGs).