

Responsible Investment Charter

Purpose and motivation

At Swinburne, we are committed to people and technology working together to build a better world. This commitment is central to our Horizon 2025 strategy. Building a better world means taking a responsible approach to how our funds are invested and taking opportunities to influence companies to create positive change (including addressing human rights issues and modern slavery, climate change and sustainable development) through our investments.

A desire to innovate and bring about positive impact motivates our students and staff. Our values include statements on both accountability and sustainability. We are accountable for our contributions to Swinburne's success and sustainability, the ways we work together, and for the outcomes that we deliver for students, partners and society. We strive to amplify our impact and support a future ready focus through our broader engagement in Australia and globally.

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 Horizon 2025 strategy and our sustainability commitments, including our commitment to the UN Sustainable Development Goals and to be Net Zero Carbon by 2025.

The Horizon 2025 strategy makes it clear that we choose to build Swinburne as the prototype of a new and different university – one that is truly of Technology, of Innovation and of Entrepreneurship. We will play a distinct role in contributing to society's increasing need for transformative technology and for the human capital and talent to leverage it. We recognise technology's capacity to enable social, environmental, economic, and cultural good that is intrinsically valuable. The critical need of industries, many yet to be created is behind our purpose: to create tomorrow's technology and the human capital and talent required for a digital, tech rich future. Our flagship research areas include Space and Aerospace Technology, Innovative Planet and Medical Technology.

Our research community is dedicated to decoupling economic growth from the accelerated use of materials. Our Smart Cities research institute will be focused on smart and sustainable cities and will bring together research focused smart energy management, clean energy, low carbon mobility and design. In partnership with CSIRO, Swinburne developed a Hydrogen Refuelling Research Facility in 2021. This facility is connected to a matching facility to be built by Germany's ARENA 2036, a research facility that brings industry on campus at the University of Stuttgart and partners with the giants of industry in Germany including Siemens, Bosch, Mercedes, Porsche and BMW. Through this partnership, Swinburne will showcase Australian innovations by our researchers who are exploring the efficient use of solar energy to power hydrolysers to produce hydrogen to Original Equipment Manufacturers (OEMs) in Europe. A fleet of hydrogen powered Toyota Mirai will be fuelled by this facility in Clayton, Victoria.

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).

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 and 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 demonstrated strong track record as a leader in Responsible Investment (RI), was key to this appointment. Mercer is responsible for implementing this Responsible Investment Charter and reporting back to Council regularly. To find more detailed information on the approach Mercer takes with its managed funds, please refer to the [Mercer Sustainable Investment Policy](#).

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 in the 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:

- 1) **The integration of environmental, social and governance (ESG) factors** throughout the investment process. We expect Mercer as our advisor and investment manager to integrate ESG considerations into its portfolio construction, investment selection, and monitoring and disclosure processes. We also expect Mercer to be actively taking steps to manage any significant ESG risks, appropriate to the asset class and materiality of the portfolio holding.
 - 2) **Recognising climate change as an area which requires explicit consideration** in the investment process given the potential risk and return implications at a systemic level of the increasing likelihood of physical damages and the associated transition to a low-carbon economy. We expect Mercer to be explicitly considering and managing both the risks and opportunities that are arising from the climate transition, as it relates to the University's investment portfolio. This includes the integration of climate scenario analysis in Strategic Asset Allocation reviews and a forward-looking assessment of climate transition risk and opportunity across the portfolio.
 - 3) **Active ownership of our investments and using our investor voice to influence and create positive change** at the companies in which we invest. Through Mercer and its 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 raise the bar on sustainability across the industry. 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°C, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As an active member of the Investor Group on Climate Change, Climate Action 100+, the Responsible Investment Association Australasia, and the Australian Sustainable Finance Institute, Mercer represents the University in engaging with companies and policymakers around transitioning to a low carbon future. For more information, please refer to [Mercer's Investment Approach to Climate Change](#).
 - 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.
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Modern slavery is one of the key ESG engagement priorities at Mercer in line with its commitment to addressing modern slavery risks across its investments. For more information, please refer to [MarshMcLennan's Modern Slavery Statement](#) and [Mercer's Investment Approach to Modern Slavery](#).

- c. **Sustainable Development:** The University is committed to the UN Sustainable Development Goals (SGD) and encourages companies to review how their businesses are contributing positively to sustainable development globally and locally. Mercer regularly reviews the SDG alignment of portfolios and, through Mercer's engagement framework, the University will focus its engagement on companies whose activities severely detract from the achievement of these important environmental and social sustainability goals.
- 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 that 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.
 - c. **Carbon-intensive fossil fuels:** Companies that derive revenue from thermal coal and tar sands, with the revenue threshold set by Mercer.¹ Swinburne does not expect its investment manager to invest in companies who cannot adequately demonstrate, over a reasonable timeframe, their commitment to transitioning to a low carbon future.

The Finance and Operations Committee will monitor and review investments to determine if any are 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

¹ This exclusion applies to our investments in stocks issued by companies listed on the Australian or other global stock exchanges.

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 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 Finance and Operations Committee, a sub-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 Operating Officer and Chief Financial Officer have 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 Finance and Operations Committee.
