

Responsible Investment Guidelines

Section 1 - Purpose

(1) The University's [Investment Policy](#) provides as part of its objectives to "adhere to Responsible Investment Guidelines" (Section 3, Part A) and within this, that "investment decisions should reflect the character and values the University upholds for itself."

(2) The Responsible Investment Guidelines has therefore been developed, which will allow the University to pursue an ethical approach, whilst minimising any negative impact on its investment returns.

(3) The values of the University are best expressed by the University motto of being "for the public good" and within the [University Strategy](#) with the Wiradjuri phrase, "yindyamarra winhanga-nha", translated as "the wisdom of respectfully knowing how to live well in a world worth living in".

Section 2 - Glossary

(4) The University - means Charles Sturt University.

Section 3 - Policy

(5) Refer to the [Investment Policy](#).

Section 4 - Procedures

(6) Nil.

Section 5 - Guidelines

Responsible Investment

(7) Responsible Investment is defined by the Responsible Investment Association Australia (RIAA) as "an umbrella term to describe an investment process which takes environmental, social, governance (ESG) or ethical considerations into account.

(8) This process stands in addition to, or is incorporated into the usual fundamental investment selection and management process". Australian Ethical, a Fund Manager certified under RIAA define it simply as "gaining financially from choices that reflect our values."

(9) Guidelines on Responsible Investment should integrate ESG principles into the investment methodology in such a manner that ESG is simply part of good investment practise.

(10) While the University has a fiduciary responsibility to maximise returns under its control, to diversify risk and to

ensure the funds are efficiently managed, the Responsible Investment Guidelines also incorporate the need to assess and consider any social harm or benefit that might arise through these investment activities.

Application of Responsible Investment Guidelines

(11) Responsible Investment methodologies may take the following forms:

- a. Negative Screening Avoiding - investment in organisation or industries which have a negative impact on society and the environment;
- b. Positive Screening Proactive - search for investments that contribute positively to society and the environment; and
- c. Corporate Engagement Dialogue - with companies invested in for the purpose of raising issues of concern and advocating positive change to company practices.

(12) The University may apply any of these screens however recognises that given its relative investment size and influence in the financial market that negative screening will be the main approach adopted.

(13) The University operates a diversified investment portfolio involving a mix of fixed income securities, Equities and a blend of Individually Managed Mandates and Managed Funds.

(14) Whilst the Responsible Investment Guidelines should apply to all funds under management, the University will in particular endeavour to apply the Guidelines to Australian equity investments managed under Individually Managed Mandates.

Methodology

(15) It is acknowledged that investment selection incorporating Environment, Social and Governance (ESG) makes the process immensely more complex.

(16) It should fairly weight the various aspects of ESG, to encompass attributes of the company itself, materiality (i.e. scale) as well as the industry in which it may operate.

(17) With individual stock selections a reputable, comprehensive and balanced index such as Macquarie Bank's ESG ratings index or the MSCI Australian ESG Index should be consulted with regards to the selection of equities and to avoid stocks that rank low with regards to environment, social and governance and to rank higher those that are well regarded against the appropriate index.

(18) In regards to industries, the following will be considered as areas that the University would see as being in conflict with its values;

- a. manufacture of tobacco;
- b. gambling;
- c. pornography and prostitution;
- d. manufacture and distribution of armaments; and
- e. coal seam gas.

(19) Where this constitutes a material portion of the business and it is known to the University, then investment in these industries is to be avoided.

Monitoring, Transition and Reporting

(20) These Guidelines should be provided in conjunction with the [Investment Policy](#) to Fund Managers, Advisors and

Individually Managed Mandate Managers as part of any engagement and selection process.

(21) The Investment Committee should assess stocks held and appraise their alignment with the Guidelines.

(22) Guidelines are not mandatory, however, where the University is consciously aware that an investment may not comply, then it should exercise judgement and have a clear rationale for why it continues with the investment.

(23) Where the University determines to reduce its investment in an existing stock, then the liquidation of that asset should be managed taking into account the financial and reputational aspects associated with the decision and may as a result hold temporarily or phase out over a period of time.

(24) Following each financial year (i.e. December year-end), a report will be prepared for the Investment Committee advising adherence to the Responsible Investment Guidelines and any actions in respect to stocks that may not satisfy the Guidelines.

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Unit Head	Paul Dowler Chief Financial Officer +61 2 69332255
Author	Paul Dowler Chief Financial Officer +61 2 69332255
Enquiries Contact	Paul Dowler Chief Financial Officer +61 2 69332255