

Responsible Investment Policy

OCTOBER 2024



Contents

1.	PURPOSE AND SCOPE	3
2.	INTRODUCTION	3
3.	FRAMEWORKS, GUIDELINES AND LEGISLATIVE CONSIDERATIONS	3
4.	WHAT IS RESPONSIBLE INVESTMENT?	4
5.	RESPONSIBLE INVESTMENT BELIEFS	4
6.	APPROACH TO RESPONSIBLE INVESTMENT	4
6.1	ESG INTEGRATION	4
6.1.1	STRATEGIC ASSET ALLOCATION	4
6.1.2	INVESTMENT OBJECTIVES	4
6.1.3	PORTFOLIO MONITORING	5
6.1.4	BREACH RESOLUTION	5
6.1.5	SENSITIVITY ANALYSIS	5
6.1.6	ENGAGEMENT	6
6.2	POSITIVE IMPACT FOR MEMBERS	6
7.	REVIEW AND REPORTING	6
7.1	POLICY REVIEW	6
7.2	REPORTING	6
8.	RESPONSIBILITIES	7

1. PURPOSE AND SCOPE

Futurity Investment Group Limited's (Futurity) Responsible Investment Policy (Policy) outlines the beliefs, principles and commitments that shape our approach to responsible investment.

This Policy applies to all funds under management and across all Investment Options offered by Futurity.

2. INTRODUCTION

Futurity believes that education is a transformative force for good, with the power to create a more equitable society and a more innovative, and prosperous world. Our vision is that everyone has education and lifelong learning opportunities needed to fulfill their aspirations.

Futurity supports this vision through the provision of financial products and services that assist members to save and plan for their own and their family's life-long education. We also actively advocate for solutions to reducing financial and geographic barriers to accessing education as well as enhanced teacher quality. Our philanthropic commitment includes the National Excellence in Teaching Awards, the longest community run teaching awards in Australia which recognize and celebrate excellence in teaching. In 2021 Futurity established the Futurity Education Foundation through which we currently fund two charities, the Smith Family and Yalari Ltd with a goal of reducing barriers to education for people facing disadvantage.

Our overall investment philosophy is based on taking a long-term approach with clarity around our mission and risk and return investment objectives. We believe that well-defined investment beliefs assist in anchoring long-term decision making, alongside focusing on diversification and strategic asset allocation. These traits are demonstrated within each of our internally managed investment portfolios and is also reflected by the broad investment choices available on the Education Bond's Investment Menu. This Investment Menu utilises a carefully selected mix of Underlying Managed Funds (UMFs).

The Investment Menu provides both diversified and sector-specific investment options along with active and passive styled managed investment options, whilst also incorporating a discrete set of Responsible Investment Options. This ensures our members have choice across the Investment Menu to assist them in meeting their individual long-term risk and return objectives.

As a long-term and future-focused investment manager, we understand the importance of considering Environmental, Social and Governance (ESG) factors, attendant risks and opportunities as part of our investment strategy.

3. FRAMEWORKS, GUIDELINES AND LEGISLATIVE CONSIDERATIONS

In developing this Policy, Futurity has taken into consideration (to varying degrees) these frameworks and guidelines:

- United Nations Principles of Responsible Investment (UNPRI)
- United Nations Global Compact Principles for Corporate Sustainability and Responsibility (UNGC)
- United Nations Sustainable Development Goals (SDG)
- IIGCC's Paris Aligned Investment Initiative (PAII)
- Global Reporting Initiative (GRI) standards
- Task Force on Climate-related Financial Disclosures (TCFD)
- APRA Prudential Practice Guide CPG 229 Climate Change Financial Risks

The Policy also considers relevant legislation, such as the Modern Slavery Act 2018 (see Futurity's Modern Slavery Statement) and other relevant regulatory regimes, industry codes and frameworks.

4. WHAT IS RESPONSIBLE INVESTMENT?

Responsible Investment is a broad-based approach to investing which factors in ESG considerations, along with financial performance when making and managing investments.

ESG covers a broad range of factors that typically includes:

Environmental	Social	Governance
<ul style="list-style-type: none"> ▪ Climate change ▪ Biodiversity ▪ Pollution & waste ▪ Land use ▪ Resource use ▪ Animal welfare 	<ul style="list-style-type: none"> ▪ Human rights ▪ Labour standards ▪ Modern slavery ▪ Health & safety ▪ First Nations Peoples ▪ Local communities ▪ Consumer protection 	<ul style="list-style-type: none"> ▪ Taxation ▪ Accountability & transparency ▪ Culture & ethics ▪ Executive remuneration ▪ Diversity & inclusion ▪ Risk management ▪ Member rights

5. RESPONSIBLE INVESTMENT BELIEFS

Central to the way in which we undertake our investing activity are our Responsible Investment Beliefs. These beliefs guide our approach to responsible investment and form a part of our wider investment approach:

- Adopting responsible investing practices, including identification and integration of ESG factors, leads to better managed risk and optimized investment outcomes for Members.
- ESG factors have the potential to be material to investment risk and return and may not be efficiently priced by markets. Considering ESG factors in our UMF selection and performance may lead to more complete analysis and better-informed investment decisions.
- As a long-term investor, we should carefully consider long-run investment risks. Climate change is an influential factor that will impact investment returns over time and should be taken into consideration in our investment process.
- Member choice in investment decision-making is maintained through our extensive, but focused, array of Investment Options available to Members across the Futurity Education Bond range. Futurity offers several Responsible Investment Options with exposure to portfolios screened for various ESG factors.

6. APPROACH TO RESPONSIBLE INVESTMENT

Our Responsible Investment Beliefs are implemented through an approach based on ESG integration and associated positive impacts for Members.

6.1. ESG INTEGRATION

6.1.1. Strategic asset allocation

ESG factors most relevant to our investment approach are considered as part of our strategic asset allocation process alongside a range of other potential contributors to investment risk. This level of risk analysis enables development of an investment approach that is well equipped to help deliver strong returns in a range of scenarios for the financial benefit of our members.

6.1.2. Investment objectives

ESG factors have the potential to impact future investment returns. As such, our long-term (extending out to 15-20 years or longer) investment objectives have been set taking into account the potential impact of ESG factors on expected portfolio risk and return. Futurity considers a number of important factors that may impact portfolio performance, of which ESG is one.

6.1.3. Portfolio monitoring

Futurity continually monitors the investment performance of both our underlying UMFs portfolios and our internally managed portfolios. We use external expert Asset Consultants and portfolio evaluation tools to analyse managers' exposure to ESG risks and opportunities. These are used to inform engagement with UMFs on their investment decisions.

We also request from our UMFs (on at least an annual basis) information relating to engagements with investee companies on ESG issues undertaken as well as examples of outcomes from this engagement work.

6.1.4. UMF Management

Futurity is a signatory to the UNGC. As such, we aim to select UMFs which are also signatories to the UNGC or the UNPRI. We do this by seeking information on an annual basis from UMFs on their approach to responsible investing and managing ESG risk and, including alignment with appropriate frameworks.

This information is consolidated and provided to Futurity's Investment Committee for review on an annual basis.

Where a UMF does not respond adequately to Futurity's enquiries, Futurity will raise the issue with the UMF and seek to rectify as far as practical.

Integration of ESG factors into UMF management takes place through:

- Due diligence preceding the decision to appoint or invest in UMFs and is focused on the identification and analysis of ESG risks and opportunities on an ongoing basis. Responsible Investment is one of Futurity's Ten Investment Manager Selection Factors. These are set out in the PDS for Futurity Education Bonds.
- How the UMF considers Responsible Investment and Stewardship in their investment process.
- Exercising our rights and responsibilities as an asset owner to achieve long-term returns, which may include decisions to sell assets or terminate UMF appointments.

6.1.5. Sensitivity analysis

Futurity invests globally in a range of different asset classes, using different investment strategies to invest in most business sectors, both directly and indirectly, and actively and passively. This means investments are exposed to many different parts of the global economy.

Futurity's Investment Policy relies heavily on using UMFs and provides those managers with broad investment guidelines recognising the impracticality of considering each and every investment decision made by UMFs. By investing into comingled asset pools with recognised investment managers, the ultimate investment and stock selection decisions rest with the UMF.

Futurity does invest into index tracking passively managed investment products. This is due to their low-cost structure, high levels of transparency, diversification, and ability to provide market-like returns. Given the nature of index funds, Futurity is exposed to the possibility that entities in the index may not always align with this Responsible Investment Policy.

Futurity offers these indexed Investment Options as a means of providing Members a choice between passively or actively managed investment options to assist them in meeting their investment objectives.

In the context of our broader investment approach, Futurity's Board requires that Futurity, either directly or through our appointed UMFs seeks to avoid investing in funds exposed to:

- Controversial and unethical military weapon manufacture and/or distribution
- The exploitation of labour perpetuating modern slavery

6.1.6. Engagement

Futurity understands our rights and responsibilities as an investment manager and asset owner. This includes communicating Members' long-term investment interests to UMFs and exercising rights (where applicable) in order to improve long-term investment value for Members.

6.2. POSITIVE IMPACT FOR MEMBERS

Futurity seeks to create positive impact for Members. We do this by providing savings and investment plans to help Members meet their and their families' lifelong education needs. Our Responsible Investment Policy helps to achieve this long-term positive impact for Members.

We also contribute to wider social impact initiatives undertaken on Members' behalf as a for-purpose education-focused, mutual organisation. We have three specific priorities:

- Furthering access, choice, affordability, and quality in education;
- Reducing financial and geographic barriers to accessing education; and
- Elevating teacher quality and development.

Futurity regularly surveys and conducts research to reflect our members' goals and interests. We share these detailed insights through different channels for the benefit of Members and the wider community. Member attitudes to potential ESG risks, and issues which they believe are material to their investment goals, are considered as part of our overall investment approach.

7. REVIEW AND REPORTING

7.1 POLICY REVIEW

Futurity acknowledges the potential for new risks and opportunities to arise. Our approach will be monitored and reviewed at appropriate intervals.

This Policy will be reviewed annually by Futurity's Investment Committee.

Any amendments to this Policy must be recommended by the Investment Committee to the Board for approval prior to adoption and publication.

7.2 REPORTING

The Investment Committee reports to the Board on the review and implementation of this Policy.

Futurity will report on our Responsible Investment activities through our Annual Report and via other means as appropriate.

This Policy will be made available to the public via the Futurity website.

8. RESPONSIBILITIES

ROLE	RESPONSIBILITIES
Board	<ul style="list-style-type: none"> ▪ Review and approve this Policy
Investment Committee	<ul style="list-style-type: none"> ▪ Review and oversee the implementation of this Policy ▪ Report progress on the implementation of this Policy to the Board ▪ Recommend amendments to this Policy to the Board
EGM – Financial Services	<ul style="list-style-type: none"> ▪ Monitor and report on the implementation of this Policy ▪ Communicate this policy to UMFs
Management	<ul style="list-style-type: none"> ▪ Implement this Policy ▪ Highlight relevant risks and opportunities relating to this Policy ▪ Communicate this Policy to wider stakeholder groups
Asset consultants, investment managers and service providers	<ul style="list-style-type: none"> ▪ Support the implementation and maintenance of this Policy through integration of ESG factors into investment analysis, ESG research and decision making.



FUTURITY
INVESTMENT GROUP

Level 15, 333 Collins Street
Melbourne VIC 3000

Phone: 1300 345 456

Email: investorcare@futuraityinvest.com

Website: futuraityinvest.com

Futuraity Investment Group Limited, ACN 087 648 879, AFSL 236665, ACL 236665.