



Mutual Limited

**Security with Performance**

**ESG Policy Principles**

**Updated 14 November 2022**

### **WHO WE ARE**

Mutual Limited specialise in managing funds for investors who are conservative, prudentially supervised or operate subject to APRA regulated investment regimes. The firm acts as Responsible Entity and Investment Manager for registered managed investment schemes which we have established, specialising in cash, enhanced cash, credit and enhanced credit.

### **OUR AIM**

Our aim is to deliver a sustainable and predictable investment benefit to all our stakeholders and we strive to be a leader within the fixed interest investment space. We aim to improve investment performance and grow assets under management for our clients and we endeavour to do this in a sustainable and responsible way.

Mutual's core principles around Environmental, Social and Governance (ESG) issues:

- **Our corporate values**
  - We are focused on behaving in a sustainable and appropriate manner, and are continually striving to improve our corporate citizenship. We maintain a willingness to adopt and adapt to the changing global environment.
  
- **Making investment decisions (responsible investing):**
  - We strive to invest for the greater good; positively contributing to the greater future good of the world and its resources, while reducing investments in areas which can cause harm to the world or its people.

## **OUR CORPORATE VALUES**

Mutual's view, and commitment to recognising and considering ESG considerations are as follows:

### ***Environmental Issues***

We strongly encourage the use of environmentally friendly practices. We believe that Climate Change can have a long-term impact and we believe in practices that minimise the impact on Climate Change (such as the Paris Agreement). We recognize that human contribution is a major factor in global climate change and we accept that people and businesses need to adopt more eco-friendly practices to decrease their footprint on the global environment. We are committed to reviewing our footprint and creating practical actions to decreasing this and engaging with stakeholders to ensure mutual agreement on these matters.

At Mutual we seek to improve on current water usage. We recognise that water is arguably the most important resources for the planet and we can see access to clean water as a growing global problem. We recognise water management and security is a relevant and important issue that is being combatted globally. We encourage businesses to take steps in securing sustainable water and minimizing water usage both clean and grey. Our building currently has a grade 6-star Greenstar accreditation.

Mutual seeks to reduce pollution and are currently achieving a 5 NABERS energy rating as well as a 6-star Greenstar accreditation. Pollution and waste are managed with a 3-tier disposal system segregating specific goods for recycling and waste purposes.

We strive to decrease our material and resource consumption by prioritising economically and sustainably friendly materials for the workplace and the community. Our aim is to better and always improve upon using resources responsibly.

Specifically, we:

1. will adhere to ESG guidelines and government regulations.
2. seek to understand and reduce our output of pollution, and improve and reduce our disposal of waste.
3. aim to understand and minimise the impact of our company operations on the environment.
4. seek to consume the resources available to us responsibly.

### **Social Issues**

We respect human rights in the way we operate. The basic human rights are outlined in the International Bill of Human Rights, International Labour Organisation Declaration on Fundamental Principles and Rights at work and we respect the Australian Governments outlined Human Rights initiative. We are guided by The United Nations Guiding Principles on Business and Human Rights and support fair and safe working conditions globally. We will assess a company and their reputation and performance and look for any of the following issues: workplace safety, freedom of association, forced labour, child labour, discrimination, harassment and other similar activities and we will not support these activities.

Specifically:

1. respect human rights in the way we operate
2. encourage the diversity of labour standards and will not knowingly engage in business where we could be complicit in human rights abuse.

3. interact and improve upon our relationship within our community and provide safety for the workforce.

### **Governance Issues**

We will:

1. conduct our business practices with honesty and within the confines of the Law.
2. actively work against bribery, corruption, extortion, money laundering and other financial crimes.
3. comply with regulatory requirements in which we operate and comply with all guidelines set by the PDS and client mandates.
4. not consciously work with any company/individual/organisation with criminal links

## **MAKING INVESTMENT DECISIONS (RESPONSIBLE INVESTING)**

Responsible Investing (RI) is the consideration of ESG in investing and decision making. We believe that some ESG fundamentals should be built into our decision-making process. We are constantly reviewing and enhancing our own approach, and how we tailor these policies to the desired ESG outcomes of our clients.

Mutual's investment position on key ESG issues follows:

### **Material / Resource scarcity**

Within our investment funds we screen out any companies/financial instruments active in exploring or extracting fossil fuels, or those that generate more than 10% of revenue from these activities.

### **Gambling**

We recognise that although gambling in Australia is legalised and permitting per appropriate regulatory regimes it can be addictive with unhealthy and negative personal and social consequences. Consequently, through its investment processes, Mutual currently chooses to filter out any company/financial instrument that earns more than 10% of their revenue through gambling activities.

### **Alcohol & Tobacco**

We recognise the consumption of alcohol and tobacco is legal subject to age restrictions but realise that the consumption of these items if not appropriately managed can lead to adverse health, social and community side-effects. Accordingly, through its investment filtering processes Mutual currently excludes producers of tobacco products from its approved investment universe. Mutual currently chooses to filter out any company/financial instrument that generates more than 10% of its annual revenues from alcohol related activities.

### **Modern Slavery**

Right now, as many as 40 million people are thought to be subject to modern slavery. The illegality of these practices means that these people are often hidden from sight, and the victims' vulnerability means they rarely have a voice. Australian companies that are prepared to investigate their supply chains deeply and thoroughly enough are likely to find instances of modern slavery. Thanks to Australia's new Modern Slavery Act (2018), all Australian-domiciled companies earning revenue of over \$100 million a year are required to start mapping the human risks in their supply chains and publicly report on their efforts. Mutual Limited supports issuers that have clearly articulate their position on modern slavery over issuers that do not.

### **Climate Change**

We believe considering environmental, social and governance issues in investment decisions can lead to better investment outcomes. This is because ESG issues can materially impact reputation, earnings and credit quality in companies and across sectors. An important ESG issue is climate change. Investors are exposed to two broad categories of risks, both of which we considered when making investment decisions: the physical impact of climate change and the financial impact from transitioning to a lower carbon economy. Mutual Limited supports issuers that have clearly articulated their climate change policies over issuers that do not.