Responsible investment policy

11 June 2025

Vision Super Pty Ltd ABN 50 082 924 561 AFSL 225054 RSE licence number L0000239 is the Trustee of the Local Authorities Superannuation Fund ABN: 24 496 637 884. Level 15, 360 Collins Street, Melbourne. PO Box 18041, Collins Street East, Victoria 8003. **visionsuper.com.au**.
Member hotline 1300 300 820, Employer hotline 1300 304 947, Retirement hotline 1300 017 589.

Statement of policy

Vision Super recognises that our responsibilities are long-term in nature, and that the long-term prosperity of the economy and the wellbeing of members is promoted by a healthy environment, social cohesion and good governance within our operations and the companies in which we invest.

This is reflected in our core investment belief that environmental, social and governance (ESG) considerations are important in the context of optimising net long-term risk-adjusted returns.

As a corporate entity, Vision Super must also meet the high standards expected of any corporate citizen and seeks to operate in a way that reflects community expectations (where consistent with members' best financial interest and consistent with our obligations as a superannuation trustee).

This Responsible Investment Policy (RI Policy) documents the RI principles by which Vision Super is managed, including to ensure that our investment decisions are in the best financial interests of our members.

Preamble

Vision Super Pty Ltd – RSE, L0000239, ABN 50082924561 is the trustee of the Local Authorities Superannuation Fund (LASF).

In this Policy, unless the context otherwise requires or specifies, a reference to the:

> Board is a reference to the board of Directors of Vision Super
> Directors is a reference to the directors of Vision Super
> Trustee is a reference to Vision Super
> LASF is a reference to the Local Authorities Superannuation Fund
> Fund is a reference to the Local Authorities Superannuation Fund
> Constitution is a reference to the constitution of Vision Super
> RIT is a reference to the RI Team.
> The RI Policy also documents how RI considerations are considered in Vision Super operations.

Relationship to other documents

This Policy is consistent with our long-term investment objectives and risk tolerances and should be read in conjunction with other internal documentation, strategies or policies relating to the Fund's operations and investments including the following which are publicly available on our website:

> Proxy voting policy
> The Modern slavery statement.

Roles and responsibilities

The Board is responsible for ensuring the appropriateness of the RI framework.

The Chief Investment Officer (CIO) is responsible for ensuring that Vision Super's processes meet the requirements of this Policy.

The RI Manager is responsible for co-ordinating the activities of the RIT and setting agendas, documenting actions, recording file notes and action points from the RIT meetings.

RI monitoring and oversight

RI Team (RIT)

Vision Super's RIT oversees the Fund's day to day RI activities and reviews new and existing initiatives for review by the Investment Committee (IC) and decision by the Board.

The RIT consists of:

> RI Manager (RIM) – Chair
> The Chief Executive Officer (CEO)
> The Chief Investment Officer (CIO)
> Up to two other Vision Super staff members as determined by the RIM.

The RIT meets on a regular basis, generally every six weeks, and supports the Vision Super executives in conjunction with the Investment Team to consider RI issues, which includes the following:

> Reviewing this Policy on an annual basis or more frequently if required
> Oversight and implementation of this Policy
> Oversight of the process for reviewing contentious voting decisions ahead of company annual meetings
> Oversight of any existing or proposed class action against a company or in relation to other investments
> Oversight of the implementation and updating of the exclusions list
> Carbon exposure at a listed equities portfolio level
> Oversight of stewardship, targeted engagement with companies, and other RI collaborative initiatives and matters
> Overseeing and reviewing RI memberships, associations, RI data and engagement/proxy voting service providers:

- For quality of service and benefits of membership
- To ensure each membership or service is in the members' best financial interests.

RI guidelines

Principles

Our approach is based on applying a set of principles (RI principles) for guiding the investment practices of the Fund with a view to ensuring the RI related considerations set out in this Policy are applied to the Fund's decision-making processes.

The Vision Super RI Principles are as follows:

1. We aim to always act in members' best financial interests in pursuing our RI activities
2. We seek to integrate RI issues in our investment processes
3. We seek that companies, in which we directly invest, make appropriate RI disclosures
4. We aim to consider each company resolution and vote all our listed equity shareholdings
5. We seek to promote appropriate recognition of RI issues within the investment industry
6. We aim to collaborate with other investors and support suitable regulatory change
7. We are committed to transparency and reporting to members on our RI policies, principles and activities in an appropriate manner
8. We may exclude certain categories of investment where they are not aligned with this policy or where, based on expert analysis, we believe they pose a risk to returns and are not in members' best financial interests.

Manager selection and monitoring

When appointing new (or reviewing existing) investment managers across a particular asset class, our due diligence includes an assessment of how RI risks are incorporated into their investment processes.

These investment managers are asked to specify the resources they have available to analyse RI risks, including personnel and their expertise, and engagement with companies and external research services. Where practicable, we incorporate specific guidelines and constraints in our contracts with our investment managers. Our investment managers are disclosed in our annual report each year.

Our managers investing in listed equity and debt are expected to undertake a reasonable assessment and price risks to the value of an investment in companies that have a high RI risk profile and/or appear to be managing RI risks poorly. We aim to incorporate the RI evaluation process across all our asset classes for listed securities (equity & debt) and unlisted assets.

All investment managers will be encouraged to discuss RI and other risks in their investment reports to Vision Super. Our internal Investment team monitors the investment portfolios of our investment managers and analyses exposure to significant specific risks, such as climate change risk.

Collaboration and engagement

Vision Super is involved with industry groups that aim to improve RI practices and who provide a policy and advocacy platform for common issues facing long-term responsible investors.

Vision Super is a signatory to, a member of, or has affiliations with, a number of RI organisations. Details on these organisations can be found in our annual report.

Where practicable, we seek to engage with companies to communicate our concerns and position on RI issues. Company engagements are conducted on a case-by-case basis bearing in mind available resources and the significance of our holdings. In engaging with a company, we assess the likely impact of the engagement and the ultimate benefit to the value of our holdings.

We encourage our investment managers and other RI service providers to undertake company-specific engagements where we believe it is in our members' best financial interests.

Engagements may involve meetings with company directors and executives, participation in collaborative investor initiatives and voting our shares at company annual general or special meetings.

Class actions

On a case-by-case basis, Vision Super will review, from a cost benefit perspective, whether to participate in a securities class action event. We will participate in class actions against companies where this is expected to be in the best financial interests of members and consistent with this Policy and the values of the Fund.

We will ensure that we can elect to participate in class actions on an opt-out basis and that we have a right to veto specific class actions that are not in line with this Policy or the Fund's values.

Investment exclusions and framework – direct equities investments

The Board may determine we will not invest in particular categories of investment. The Board will only operate the exclusions process for listed equities directly held by Vision Super given it is impractical to effect this for pooled funds, derivatives or listed pooled vehicles (such as Exchange Traded Funds (ETFs)). The Board will only exclude listed companies where we believe there is risk to member's money, and engagement is either impracticable or we do not believe the engagement can reduce financial harm. In considering whether to exclude certain investments, we will:

1. Clearly define what is being proposed for exclusion.
2. Assess materiality including impact on portfolio performance.
3. Define why the category of assets is being proposed for exclusion. This will take into account this Policy and the values of the Fund.
4. Assess the practicality of excluding a category of investments from the Fund.
5. Determine under what circumstances the Fund would stop excluding a category of investments.

The Board has currently determined that the Fund will not invest in the categories listed in **Appendix 1 Investment Exclusions**.

Where practical, the Fund may extend exclusions to directly held debt portfolios.

If we identify that existing investments are or will become excluded, they will be redeemed in accordance with our exclusion guidelines.

Climate change and carbon budget

Climate change risk is a primary environmental risk. There are also related investment opportunities in investment portfolios that may provide favourable returns while at the same time helping to mitigate climate change risk.

Climate change is one of the greatest environmental and financial risks that our investment portfolio faces. We are committed to:

> managing the risks and taking advantage of suitable opportunities associated with climate change, where practicable

> monitoring the carbon metrics of the listed equities portfolio and aiming for improvements

> encouraging our asset consultant advisers and managers investing in listed and unlisted investments to consider climate change risks and opportunities, including proper assessment of the data available.

> participating in climate change related collaborative initiatives which may include co filed shareholder resolutions and member statements at company AGMs.

> disclosing climate change performance of the portfolio to members in line with regulatory reporting requirements.

The Board notes that climate change is occurring and adapting to severe climate change scenarios is not possible. Therefore, the focus is on practicable RI actions within the context of the Fund's investments. The Board has determined that the investment case for any material directly managed and controlled investment must include a reasonable assessment of the impact on the investment of phasing out fossil fuel usage consistent with limiting global warming to as close as possible to 1.5 degrees and under 2 degrees above the pre-industrial global mean temperature.

The Board has mandated that its investment managers invested in listed equities will manage their portfolios subject to an annual carbon budget. Further details are provided in **Appendix 2**.

Voting

Vision Super aims to vote all resolutions at general, special or extraordinary meetings at which we are entitled to vote our shareholdings. Our voting record is published on our website.

Reporting

We are committed to regularly communicating our RI strategy and activities to our members through:

> Commentary in the annual report

> Making information available on the Vision Super website.

Member focus

We are mindful of our fiduciary obligation to act in the best financial interests of our members, and the requirement under the sole purpose test to maintain the Fund for the purpose of providing benefits to our members.

We seek to undertake actions that will reflect the expectations we have of the companies into which we invest. We will also ensure we have the policies and procedures in place to promote good governance and an open, transparent culture.

Workplace conditions

We understand the connection between a listed equity company's workplace practice and its long-term success. At the core of this success is the concept of freedom of association, a positive approach to labour relations and collective bargaining, the elimination of forced and child labour, and the elimination of discrimination and promotion of diversity.

Modern slavery

Vision Super supports efforts to end modern slavery and believes that businesses and companies have a key role to play in tackling this issue by strengthening protections in their own operations and supply chains. A Vision Super working group considers and monitors these issues for the Fund.

Our annual due diligence assessments aim to identify modern slavery risk factors, improve transparency and identify areas for further due diligence. This includes our investments and their supply chains across all asset classes, and other external service providers' associated activities.

Our Modern slavery statement is available here:
visionsuper.com.au/wp-content/uploads/Modern-slavery-December-2024.pdf

Policy review

This Policy must be reviewed by the Investment Committee and Board from time to time (as required) and, in any event, every two years to ensure that it continues to be appropriate. A record of all amendments will be retained.

Approved by resolution of the Board at the meeting held on 11 June 2025.

Appendix 1 – Investment exclusions

For investment managers where we have listed equity Investment Management Agreements, the Board has determined exclusion investment categories.

The investment universes that are used to define the specific stocks for exclusion are the MSCI ACWI Investable Market Index (for International Equities) and the ASX 300 index (for Australian Equities).

Transition period for implementation of exclusions

When we determine updated exclusions lists, we allow a short period of time (typically up to 30 days) to exit the holdings to ensure alignment with our policy is made in a low cost and efficient way.

From time to time, it will be necessary for our investment managers to transition the portfolios they manage for the agreed exclusions list, for example where a portfolio has been transferred into Vision Super as part of a merger, or where there is a material change in our approach to exclusions.

In these circumstances, we will instruct our managers that they must comply with the new exclusion list within a nominated transition period. This allows managers time to adjust their portfolios to the new approach and to limit transaction costs. The CIO has the delegation to determine a transition period up to a term of 6 months. Any longer transition period needs to be approved by the Board. Where we have agreed a transition period with our managers, we will disclose this on the Vision Super website at: **visionsuper.com.au/esl-carbon-budget-transition/**

Our exclusion implementation relates to directly owned equity investments. There may also be times where derivatives or listed pooled vehicles (such as index ETFs) are used to manage broad market exposure. At such times, there may be small indirect or implicit economic exposures to companies on our exclusions list.

The two categories of exclusions are: tobacco producers and producers of alternative smoking products; and controversial weapons (including a nuclear weapons threshold for company exclusion of 5% of revenue or more). Companies identified as falling within the categories of exclusion are based on the methodologies and definitions of our RI data service provider and are available to Vision Super members with positive account balances by contacting Member Services.

For the purposes of this Policy:

> ‘**Investing directly in direct shares in a company**’ includes:
  - investment by the Fund directly; and
  - investment in a portfolio managed by an external investment manager under a mandate;

  but does not include investment by an externally-managed fund that Vision Super has invested in but does not control.

> ‘**Revenue**’ means gross revenue.

> ‘**Deriving revenue directly**’ from a particular activity does not include revenue from the supply of goods, services or materials to companies involved in that activity.

Implementation of investment exclusions

Listed equity investments

a. The investment exclusions apply to direct investments in listed equities as follows:
- For Australian equities, these screens cover the ASX 300 universe.
- For international equities where Vision Super invests via separate managed accounts, this covers the MSCI ACWI IMI benchmark.

Investment management agreements with external managers

b. Vision Super’s direct exposures to listed equities generally are from external investment managers who have investment management agreements (IMAs) with Vision Super in place. IMAs require the managers to avoid investments in excluded companies nominated by Vision Super.

Investment exclusions list

c. The Investment Exclusions List is the primary means by which external investment managers are informed of the excluded companies to avoid investing in.

d. Vision Super uses a reputable and experienced external RI data provider to source the list of companies to be placed on the Investment Exclusions List.

e. Vision Super’s RI team sources the data to produce the Investment Exclusions List from the RI data provider at least bi-annually.

f. The RIM is responsible for updating and maintaining the Investment Exclusions List as approved by the CIO & Deputy CEO.

Monitoring and rectification

g. The compliance of the mandates with exclusions lists is part of regular compliance monitoring. Any divergence from this policy would be assessed by Vision Super and rectified as soon as practicable taking into account members’ best financial interests.

Other exposures

The investment exclusions above only cover investments in listed equity investments. However, where reasonable and practical and in the best financial interests of the Fund’s members, the Fund will endeavour to extend them across other asset classes.

Appendix 2 – Carbon budget (direct equities)

Our exposure to fossil fuels in our direct equity investment portfolio is managed through carbon intensity limits under our carbon budget framework. Carbon intensity is a measure of the amount of carbon (usually in the form of CO_2 emissions) emitted per unit of economic activity or output. The key aspects of this approach are detailed below:

> The Investment Committee approves the carbon budgets for the international equities and Australian equities asset classes.

> Each manager is designated a carbon budget, and their portfolios need to be consistent with their respective budget.

> The carbon budget is defined with respect to carbon intensity (Scope 1 and 2), which is measured as emissions scaled to sales.

- Scope 1 emissions refer to all direct Green House Gas (GHG) emissions, or in other words, emissions from sources that are owned or controlled by the operating company.
- Scope 2 emissions refer to all indirect GHG emissions stemming from the consumption of purchases of electricity, heat or steam.

> For each manager, the budget is expressed as a discount to the carbon intensity of the manager's benchmark. This is the maximum level of carbon intensity for the manager's portfolio. This means that managers can still look for opportunities for mispriced stocks across the relevant investment universe, and all stocks can compete for a place in the portfolio, but there is an additional hurdle for high carbon intensity companies.

> For each manager, the carbon budget involves a meaningfully lower level of carbon intensity than the respective benchmark. The budget for each manager should be set with recognition of the relevant strategy's stock universe. For example, the discount is likely to be higher for international equities as it is easier to construct a portfolio that has lower emissions and limited tracking error as the stock concentration is low relative to Australian equities.

> Where a manager can make a sufficiently strong argument that its portfolio could breach its carbon budget and still be consistent with the transition to net zero, the Internal Investment Committee can approve a temporary breach of the budget.

> The Internal Investment Committee approves changes in the manager carbon budgets, as well as budgets for new managers. It reviews the carbon budgets annually or more frequently if required.

> The carbon budget for each manager is monitored quarterly for compliance. Managers can use any reputable service provider to determine their emissions levels.

Transition period for implementation of carbon budget

From time to time, it will be necessary for our investment managers to transition the portfolios they manage to the agreed carbon budget, for example where a portfolio has been transferred into Vision Super as part of a merger, or where there is a change in our approach to managing carbon risk.

In these circumstances, we will instruct our managers that they must comply with the carbon budget within a nominated transition period. This allows managers time to adjust their portfolios to the carbon budget approach and to limit the transaction costs. The CIO has the delegation to determine a transition period up to a term of 6 months. Any longer transition period needs to be approved by the Board.

Where we have agreed a transition period with our managers, we will disclose this on the Vision Super website at **visionsuper.com.au/esl-carbon-budget-transition/**.

Here to help

Telephone
1300 300 820 (8:30am to 6:00pm)

Monday – Friday
(not including Victorian public holidays)

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