



## Responsible Investment Framework

### Introduction

The *University of New South Wales Act 1989* (NSW) grants the authority to invest any funds belonging to or vested in the University to the University Council (UNSW Council). The Finance and Business Committee of UNSW Council (F&BC) oversees investment activities, and delegates management of the investments to the Investment Sub-committee of the F&BC (ISC). Operational support is provided to the ISC by Treasury and Investment Services, a work unit of Finance in the Division of Operations.

This framework is for the responsible investment of funds donated to the University of New South Wales (UNSW) and of operating funds and financial reserves not immediately required to meet the liquidity and transactional needs of UNSW. It applies to all investable donated funds and funds not immediately required to meet the liquidity and transactional needs of UNSW.

UNSW manages its investments prudently to protect capital and earn an acceptable return at an appropriate level of risk. UNSW's organisational strategy, research objectives and ethical position must be reflected when undertaking investment activities.

UNSW believes environmental, social, and corporate governance (ESG) factors impact investment risk and returns and contribute to sustainable growth, and recognises that climate change is impacting the environment, communities, and the economy. It expects the organisations it invests in to operate responsibly and be good corporate citizens. As well UNSW has legislative compliance obligations that impact its investment activities.

### Legislative Compliance

The Compliance Unit of the UNSW Legal Office is responsible for the Legislative Compliance Framework, a framework for the University achieving demonstrable compliance with its legislative obligations. The Compliance Unit designates University Compliance Owners (UCO) to be responsible for ensuring the area/s for which they are the UCO develop and implement effective protocols, processes, and procedures to attain and maintain legislative compliance.

#### Modern Slavery Act 2018 (Cth)

UNSW is required by the Act to publish an annual Modern Slavery Statement approved by UNSW Council describing its actions to assess and address modern slavery risks across all its operations.

The Director of Treasury and Investment Services is the designated UCO for investment activities within the scope of the UNSW [Investment Policy](#). The UNSW [Modern Slavery Prevention Policy](#) requires the UCO to report each year on the effectiveness of protocols, processes, and procedures to identify and address modern slavery risks.

## UNSW Council

UNSW Council determines the organisational strategy, research objectives, and ethical positions of the University. Relevant determinations of UNSW Council may address specific investment matters or relate to broader University-wide objectives that impact investment activities.

### Exclusions

UNSW Council has determined that UNSW will not invest, directly or indirectly, in:

1. The manufacturers of cluster munitions
2. The manufacturers of tobacco products
3. By 2025, the public equities and corporate bonds of companies whose primary business is the ownership and exploitation of fossil fuel reserves.

## Environmental Sustainability Plan 2019-21

UNSW Council approved the [Environmental Sustainability Plan 2019-21](#) (ESP) in February 2019. The ESP outlines a roadmap towards best practice in environmental sustainability in the higher education sector. The plan builds on past achievements, while raising ambition levels to meet the environmental challenges of today. It defines commitments, targets, and activities across 10 key focus areas, including investment activities.

The ESP outlines the following objectives for investment activities:

- **Target:** Align investment portfolio emission intensity with Paris Agreement commitments<sup>1</sup>
- **Activities:**
  - Undertake a climate risk assessment consistent with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD)
  - Establish a Responsible Investment Framework consistent with the *Investment Policy* and UN Principles for Responsible Investment.
  - Set an investment portfolio emission intensity target and report annually in line with TCFD recommendations.

## UNSW Greenhouse Gas Net Zero Emissions Target

In June 2020 UNSW Council adopted a science-based target<sup>2</sup> to reduce total scope 1, 2 and 3 greenhouse gas (GHG) emissions in line with efforts to limit global temperature increase to no more than 1.5°C above pre-industrial levels.

### **Target:**

- Reduce UNSW's total scope 1, 2 and 3 greenhouse gas (GHG) emissions annually by 4.2% per annum, measured in absolute tonnes of CO<sub>2</sub> emission (tCO<sub>2</sub>e) and tCO<sub>2</sub>e per \$m revenue, to achieve the following compared to the 2018 baseline:
  - a 30% reduction in GHG by 2025
  - a 50% reduction in GHG by 2030
  - net zero GHG emissions by 2050

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<sup>1</sup> Superseded by the science-based target, see *UNSW Greenhouse Gas Net Zero Emissions Target*

<sup>2</sup> The recognised method for aligning emission reduction pathways with climate science is developed by the Science Based Targets Initiative (SBTi). The SBTi (<https://sciencebasedtargets.org/>) is a collaboration of the Carbon Disclosure Project, UN Global Compact, World Resources Institute and WWF.

## **Investment Policy**

The [Investment Policy](#) (Policy) sets out the principles for the responsible investment of funds donated to UNSW and of operating funds and financial reserves not immediately required to meet the liquidity and transactional needs of UNSW. The ISC makes investment decisions in accordance with the Policy.

The Policy is supported by the Investment Procedure (Procedure), which describes the processes put in place to ensure UNSW prudently manages its investments in accordance with the Responsible Investment Framework and the Policy. Legislative compliance obligations and decisions of UNSW Council that impact the investment activities are recorded in the Procedure.