

Version	1
Approved by	CFM Board 15 Nov 2024
Date	8 Nov 2024
Endorsed by	

Diogenes Funds Management Ltd Environmental, Social and Governance (ESG) Policy

1. Introduction

Diogenes Funds Management Limited (DFM) is the Responsible Entity (RE) of registered managed investment schemes.

This Policy provides guidance on the integration of Environmental, Social, and Governance (ESG) considerations into all aspects of the operation of DFM's managed investment schemes (Funds). As a Responsible Entity of managed investment schemes, DFM seeks to align its operations with sustainable and ethical practices that generate long-term value for investors while promoting positive environmental and social outcomes.

2. Scope

This policy covers all investment activities undertaken by or for DFM in relation to its retail managed investment schemes (Funds).

This Policy has been developed to ensure compliance with the Constitution and its Compliance Plan of each Fund, along with the relevant state and federal legislation.

3. Objectives

The objectives of the ESG Policy are to ensure that:

- ESG factors are incorporated into the investment decision-making process and ongoing management practices.
- ESG-related risks are mitigated to protect long-term value for investors.
- Investments contribute positively to Diogenes Funds Management's social license.
- Governance practices reflect transparency and accountability.

4. Adoption and Review

This ESG Policy is to be reviewed by the Compliance Officer and the CEO or their assigned delegate, not less than once every 12 months, to ensure that it remains relevant and effective in addressing ESG risks and opportunities. A report on the annual review of this Policy and any recommendations must be provided to the Board.

Any changes to this policy approved by the Board will be communicated to stakeholders through the appropriate channels.

5. Environmental Considerations

Environmental Impact of Investments

DFM is committed to managing the environmental impacts of its investments. Key considerations include:

- Energy efficiency - ensuring that developments incorporate energy-efficient designs, reducing greenhouse gas emissions and operational costs.
- Sustainable materials - encouraging the use of sustainable and eco-friendly materials in construction and renovation projects.
- Water management - implementing water conservation measures and efficient systems in developments to reduce water consumption and waste.
- Waste reduction - promoting waste management strategies, including recycling and the reduction of construction and operational waste.
- Embrace new initiatives to contribute to environmental and social goals.

Climate Change

DFM recognises the risks posed by climate change and aims to minimise its contribution to climate-related risks by:

- Encouraging climate-resilient construction methods that account for extreme weather events and changing environmental conditions.
- Supporting renewable energy solutions where feasible.

6. Social Considerations

Disability Housing and Social Responsibility

DFM's investment in disability housing is aligned with its commitment to social impact. The following social factors are prioritised:

- Accessibility - ensuring that all of DFM's disability housing developments meet or exceed accessibility standards and provide safe and comfortable living environments for people with disabilities.
- Community engagement - engaging with SDA and SIL providers, disability advocates and stakeholders to understand the needs and preferences of future residents.
- Tenant wellbeing - promoting tenant health and wellbeing through the design of housing that fosters independence, dignity, and quality of life.
- Affordable housing - supporting the development of affordable disability housing options, ensuring accessibility to individuals and families from diverse socio-economic backgrounds.

Human Rights

DFM is committed to upholding human rights across its investment activities, including:

- Seeking to ensure that all business partners, contractors, and suppliers involved in disability housing developments adhere to fair labour practices and uphold human rights.
- Promoting diversity and inclusion in the workforce, both within DFM and across its partners and service providers.
- Complying with all relevant legislation.

7. Governance Considerations

Governance Structures

Good governance is central to DFM's operations. The governance principles include:

- Board Oversight - the Board of Directors is responsible for overseeing ESG integration into the investment process and ensuring accountability.
- Compliance Committee Oversight - DFM complies with all relevant Australian laws and regulations, including the Corporations Act 2001 (Cth), and adheres to the governance standards set by the Australian Securities and Investments Commission (ASIC).
- Risk Management - ESG risks are incorporated into the overall risk management framework, ensuring that environmental, social, and governance factors are considered in investment decisions and ongoing management.

Transparency and Reporting

DFM is committed to transparency in its ESG practices by:

- Providing updates on ESG initiatives and progress in disability housing developments.
- Publishing an annual ESG report within the Fund's Annual Report that outlines the steps taken to address environmental, social, and governance risks and opportunities.

8. ESG Risk Management

ESG Due Diligence

DFM conducts ESG due diligence as part of its investment process to identify and assess any potential ESG risks associated with its disability housing projects. These may include environmental impact assessments, social risk evaluations related to tenant welfare and community impact, and audits to ensure compliance with best practices and regulations.

Ongoing Monitoring

DFM, through its Compliance Officer and the Board, will continuously monitor the ESG performance of its investments. This includes regular reviews of disability housing projects to ensure adherence to ESG standards and the identification of any emerging risks.

Stakeholder Engagement

DFM values open communication with stakeholders, including investors, tenants, disability advocates, and regulators. Feedback is actively sought to enhance the ESG outcomes of DFM's investment activities.
