

Responsible Investment Policy

At Origin, we will always seek to empower our clients by offering choice, confidence and flexibility.

Our investment process is built upon our seeking to identify companies able to generate high levels of cash flow return sustainably into the future. Any risk to the future path of returns or the cost of capital associated with an individual company are of the greatest importance to us. When considering risks associated with ESG themes, we are always asking the question, “are these trends likely to impinge on the future return path or cost of capital of the business under consideration.

The responsibility for all investment process matters sits with our investment management team. This policy here described applies to all assets under management and can be viewed in conjunction with Origin’s Engagement Policy which guide our fiduciary responsibilities as an organisation.

Origin’s Approach

Origins commitment to responsible investing and ESG issues revolves around a key factor – the fiduciary responsibility toward clients. Acting in their best financial interest comes first and foremost. The approach we have to responsible investing is at all times driven by that priority.

Origin’s Commitment

Origin is a signatory to the United Nations Principles for Responsible Investment (UNPRI), highlighting our dedication to the consideration of the risks associated with ESG issues.

UNPRI works to promote a sustainable global financial system by encouraging its signatories to adopt its six principles and collaborate with others on their implementation; by fostering good governance, integrity and accountability and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation. Origin endorses this laudable aim and commits to playing its part in the principles’ promotion.

The Principles for Responsible Investing are based on the premise that ESG issues can affect the performance of investment portfolios and investors should give them appropriate consideration to fulfil their fiduciary duty. In signing these Principles, Origin publicly commits, where consistent with fiduciary responsibilities, to the following:

- To incorporate ESG issues into our investment analysis and decision-making processes
- To seek appropriate disclosure ESG issues from the entities we invest in
- To be active owners and incorporate ESG issues into our ownership policies and practices
- To promote acceptance and implementation of the principles within the investment industry
- To work with other signatories to enhance effectiveness in implementing the principles
- To report on our activities and progress towards implementing the principles.

Integration

As a fiduciary manager, Origin welcomes the broader investment prism that the principles represent. Furthermore, Origin value the voice that the status as a UNPRI signatory gives in defining and shaping the ESG discussion, the development of best practices and ultimately the potential to enhance the risk-adjusted returns we deliver to clients.

Of the multiple themes at play in the ESG world, right now we have identified the potential financial liability associated with carbon emissions to be a tangible, measurable and present risk to the financial performance of all companies in direct proportion to their current level of emissions. Our data suggests

both a measurable financial impact on current return levels and an increase in the cost of capital associated with highly emitting companies. We therefore build into our processes, measures to tilt our portfolios away from such businesses

Specifically,

- Our investment team has built a proprietary scoring system allowing us to decile ranks all companies in our investment universe based on their financial sensitivity to carbon emissions. In doing this work we combine proprietary metrics with multiple other ESG data sources from external providers.
- Our flexible portfolio construction framework allows to ‘turn the dial’ on bespoke metrics increasing their importance relative to traditional stock selection criteria.
- We anticipate that this focus on ESG metrics should enhance our ability to generate alpha rather than compromise our investment returns.

As a result of this work, Origin anticipates that our portfolio’s exposure to companies scoring poorly on our proprietary carbon risk metric will be held below benchmark average levels over time.

Client driven mandates

As well as the above described, ESG considerations being fully integrated into Origin’s investment process, Origin also currently manages clients mandates with specific ESG exclusions and other ESG requirements. In addition to integration these mandates may require negative screening. The exclusions are noted in the clients’ directed guidelines and, when possible, are applied through rules within our Compliance and Order Management System.

Reporting

The sixth Principle for Responsible Investment states that the signatory will report on activities and progress towards implementing the principles. To this end, Origin has committed to fulfil the annual signatory reporting requirement. The principles and reporting tools will allow Origin to be held accountable and offer a framework in order to strike for improvement year on year through the lens of responsible investment.

Firm wide initiatives

Outside of the investment process, the Firm and its business partners, actively promote and engage in ESG activities. Initiatives include, but are not limited, a proactive recycling policy, volunteering at local foodbanks and engaging in charitable programmes such as the Access Project. Where possible, the Firm also participates in activities advertised by its parent company Principal Asset Management (PGI), this currently includes membership on the Diversity and Inclusion and ESG Committees, both of which assist in shaping PGI’s and its subsidiary’s strategy in these areas. As a business we support and will continue to support ESG focussed initiatives in the short, medium and long term.