

Summary of CFS Wrap Responsible Investment Policy

The Summary of CFS Wrap Responsible Investment Policy highlights Colonial First State’s approach to being a responsible investor, as well as the environmental, social and governance (ESG) risks and opportunities of investing. It is reviewed periodically to ensure it remains current and complies with all prudential and legal requirements.

Colonial First State Investments Limited (CFSIL) is the IDPS Operator including custody and administration of the IDPS and Super Wrap products. Avanteos Investments Limited (AIL) is the RSE Trustee in respect of the Superannuation Funds.

What is ‘responsible investment’?

CFS defines responsible investment as a strategy and practice that incorporates a range of ESG and climate related factors in investment decision making.

ESG and climate risk

ESG and Climate change risks are foreseeable risks of importance and materiality that have the potential to impact the value of investments stemming from issues grouped under the following categories.

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|  <p>Environmental</p> <ul style="list-style-type: none"> Climate change Water supply Energy use Pollution Biodiversity |  <p>Social</p> <ul style="list-style-type: none"> Human rights Modern slavery Supply chains Health & safety Indigenous rights |  <p>Governance</p> <ul style="list-style-type: none"> Board Independence Remuneration Bribery & Corruption Shareholder rights |
|  <p>Climate risk</p> <p>Climate change and global warming may have an impact on the valuation of an investment. For example, weather events could impact a company’s production and operations. This could impact its revenue and, in turn, reduce the value of its shares.</p> | | |

Poor management of ESG and Climate Risks can result in financial losses, litigation liabilities and the devaluation of tangible and intangible assets, potentially impacting unitholders, shareholder value and increasing the volatility of returns.

CFS Responsible Investment beliefs

CFS believes that:

- Good investment management of ESG and climate risks improves potential long-term performance of companies and as a result will improve the risk-adjusted returns for investors in company securities and physical assets;
- Climate is a financial risk that will have economic and social impact and needs to be managed; and
- Active ownership leads to better long term returns for shareholders.

Guiding Principles

In 2017, CFS became a signatory to the United Nations supported Principles of Responsible Investment, and as a member will:

- incorporate ESG issues into investment analysis and decision-making processes.
- be active owners and incorporate ESG issues into our ownership policies and practices.
- seek appropriate disclosure on ESG issues by the entities in which we invest.
- promote acceptance and implementation of the Principles within the investment industry.
- work together to enhance our effectiveness in implementing the Principles.
- report on our activities and progress towards implementing the Principles.”

CFS in its IDPS Operator capacity is not a signatory to the PRI. However, it supports the above stated PRI Principles, where possible to implement.

ESG Approach

The risk management approach enables the RSE trustee and/or IDPS operator to give adequate consideration to ESG and climate risks alongside other risks such as market, inflation, legal, liquidity risks. It also ensures disclosure and transparency of these risks to members. The approach acknowledges that many members have different values and consider it's important to understand these preferences and offer "Ethical Options" for those members. Ethical options are designed to improve overall diversity of the Wrap investment option menu and help members and their advisers with an ESG focus.

Where ESG and Climate Risk metrics are available, CFS approaches the management of ESG and Climate Risks prior to appointing any investment manager and on an ongoing basis.

CFS may choose to manage or mitigate the ESG and Climate Risks found in a portfolio in a number of ways, over various time periods. Such management and mitigation actions may include, but are not limited to:

- Engaging with the relevant appointed investment manager;
- Engaging with the investee company (through PRI Collaboration Platform, investment manager or third-party service provider);
- Advocating for change through various ESG and climate-related associations and industry bodies.

Voting Policy for CFS Wrap

As Registrable Superannuation Entity (RSE) Trustee

Voting practices on MIS resolutions

In the instance that the RSE Trustee decides to participate in a resolution, the RSE Trustee can vote only where it has determined that participation is in compliance with Foreign Investment Laws or it has obtained approval from the Foreign Investment Review Board (FIRB). The RSE Licensee must confirm in writing to the Custodian that the entitlement to participate has been approved by FIRB or is otherwise in compliance with Foreign Investment Laws.

Voting practices on listed securities

ALL does not participate in voting resolutions of listed securities.

As IDPS operator

CFSIL falls under two categories under FSC Standard 13:

1. Unitholder has the responsibility for investment selection and retains voting rights; and
2. 'Fund of funds' investment products.

The above categories are exempt from the requirements of the standard. Under category (2) voting rights are held by the underlying investment managers and are exercised in accordance with the investment manager's proxy voting policy.

CFSIL as an IDPS operator complies with ASIC RG 148 obligations by having the following voting procedures and practices:

a) IDPS operator's voting practices on MIS resolutions:

The IDPS voting procedures for MIS are as follows:

- CFSIL will not participate in voting unless instructed by the investor or the adviser (on behalf of the investor) in writing or by email;
- If CFSIL has received a valid instruction to vote, CFSIL will complete the documentation and vote on the holding for which instructions have been received;
- CFSIL will only provide information on voting resolutions to advisers and/or investors who have requested that information;
- CFSIL will provide all relevant information on the vote to the adviser and/or investor at no cost; and
- Standing instructions will not be accepted.

No fee will be charged to investors who exercise voting rights.

b) IDPS operator's voting practices on listed securities:

Elections on voting resolutions are not accepted or administered by CFSIL in its capacity as IDPS operator for ASX listed securities except where the investor is a director of the company.

There are situations where CFSIL will be unable to vote as it cannot administer the instruction. This may include instances where elections cannot be made for individual accounts within pooled holdings.

Exclusions

The Exclusions framework is not applicable for CFS Wrap products. CFS wrap products include Managed Investment schemes (MIS) that are held externally and do not have a mandate structure. CFSIL as IDPS operator buys units in each scheme and hence does not have the transparency and the ability to exclude securities in the MIS to apply the Exclusion framework.

Modern Slavery

Modern slavery covers a range of exploitative practices occurring in various forms such as slavery, child labour, servitude, forced and compulsory labour and human trafficking. It is any instance where the worker does not have the ability to walk away from the situation.

CFS opposes any form of slavery and is committed to minimising the risk of it occurring in its own business operations and supply chain.

CFS Group will submit an annual Modern Slavery report to the Department of Home Affairs. This will include risk in some Investments (Investment manager operations and portfolio holdings) along with modern slavery risks in CFS operations and supply chains and proposed actions to mitigate these risks.