

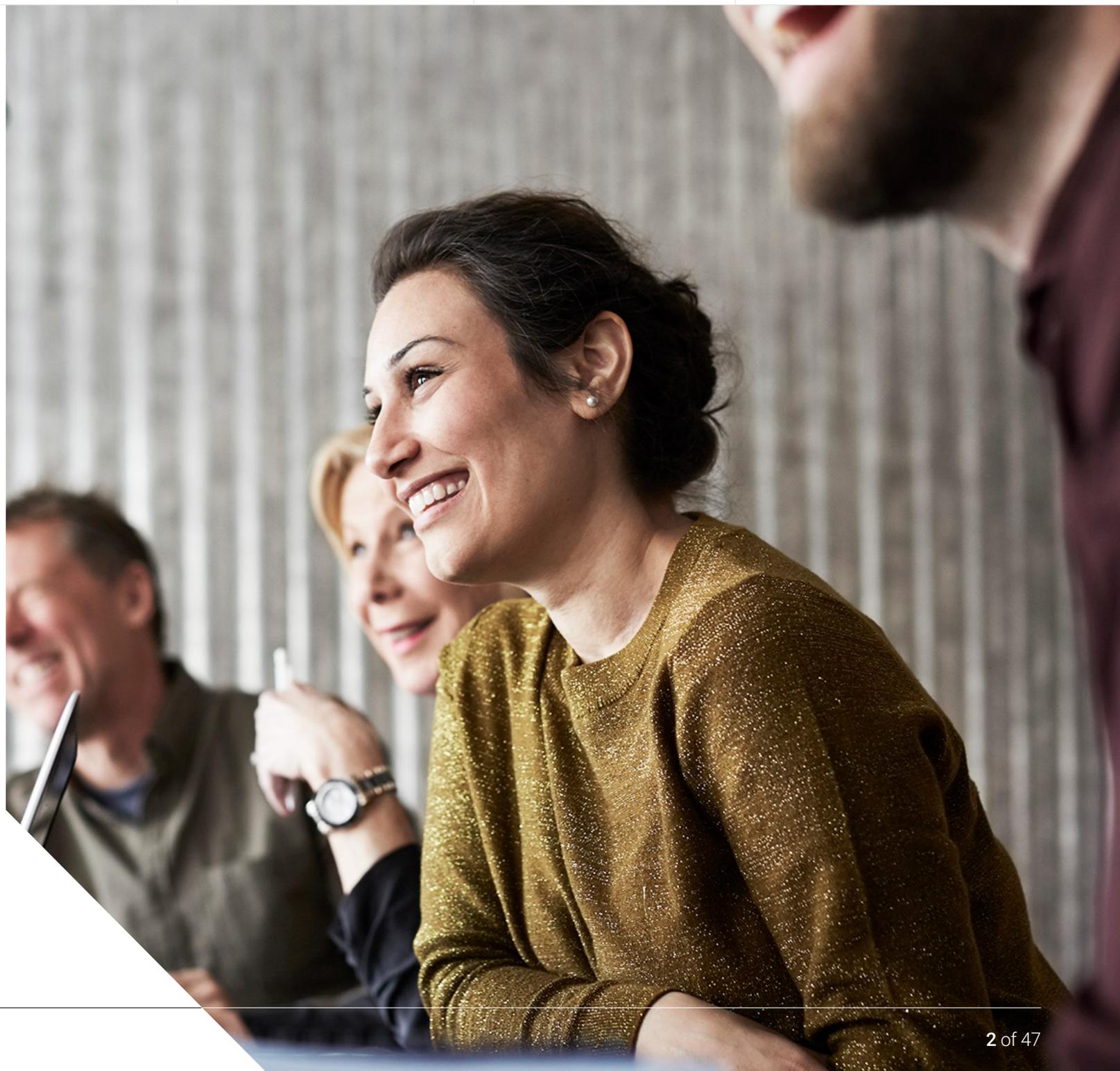
CFS Group Sustainability Report

1 July 2023 to 30 June 2024 (FY24)



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Introduction

About this document

This report provides an overview of CFS's sustainability priorities and performance.

The scope of this report covers CFS's operations from the period commencing 1 July 2023 to 30 June 2024 (FY24). All dollar amounts are in AUD unless otherwise stated, and all metrics are aggregated at a Group level unless otherwise stated. Some data may reference the FY23 financial year (1 July 2022 to 30 June 2023), where this is the case, it has been clearly indicated.

CFS has prepared this report with reference to the Global Reporting Initiative (GRI) 2021 Standards on a best endeavours basis. A GRI disclosure table can be found in the appendix. The materiality assessment informing CFS's sustainability framework was informed by GRI and the Sustainability Accounting Standards Board (SASB) Standards.

All questions relating to this report should be directed to the CFS Group Sustainability Team: sustainability@cfs.com.au

Relevant entities included in this report

- Superannuation and Investments Services Pty Ltd (ServicesCo) (ABN: 90 646 698 160)
- Avanteos Investments Ltd (AIL) (ABN: 20 096 259 979)
- Colonial First State Investments Ltd (CFSIL) (ABN: 98 002 348 352)

CFS sustainability reporting suite

- [Financed emissions report](#)
- [Modern Slavery Statement](#)
- [Reconciliation Action Plan](#)

This report was published on 27 November 2024.



Acknowledgement of Country

CFS acknowledges the Traditional Owners of Country throughout Australia and respects the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples. We pay our respects to Elders past and present.

We thank our Aboriginal and Torres Strait Islander employees, external advisers, communities and partner organisations that guide us through achieving meaningful reconciliation outcomes.

Our sustainability framework

1

Financial freedom

Helping Australians feel more confident about their financial future, more in control of their finances, and being able to make the best choices so they can pursue life goals.

2

People, culture and conduct

Ensuring our people are engaged, healthy, driven to succeed and maintain a customer and risk-focused mindset in everything they do.

3

Climate and community

Supporting sustainable and resilient communities.

4

Strong governance

Maintaining resilient and customer-focused operations to ensure our products and services are delivered efficiently, honestly and fairly.

A message from Clive van Horen

CFS Group Chief Executive Officer

We are pleased to release our inaugural Group Sustainability Framework and Report for FY24, which details how CFS is creating value for its stakeholders and addressing its most material environmental, social and governance risks.

Since CFS was established in 1988, we've helped more than three million Australians on their journey to financial freedom. Today, with high interest rates, rising geopolitical instability and supply chain issues putting pressure on the cost of living, for many Australians, achieving financial freedom has never felt more challenging.

Whether it's growing the value of super balances, helping our customers navigate the complexities of the super and pension environment, helping financial advisers run their businesses more efficiently, or investing in our people, we recognise the important role we can play in helping Australians create a better future for themselves.

That's why our sustainability strategy is centred around our purpose of financial freedom - focusing on maintaining strong governance and compliance to ensure customer outcomes are always front of mind, providing the best financial products and services, empowering our people so they can succeed and supporting sustainable and resilient communities.



A message from the Group Chief Executive Officer

Maintaining strong governance

With \$152 billion in funds under management and administration¹, strong governance and risk management is essential to maintaining resilient and customer-focused operations, and ensuring our products and services are delivered efficiently, honestly and fairly.

We have a number of policies, frameworks and systems in place to ensure strong governance standards are maintained and we regularly assess emerging risks and evolving regulatory expectations to ensure we are able to respond appropriately.

We took several steps to improve our risk management capability in FY24, including embedding our new governance, risk and compliance system, uplifting risk frameworks, tools and resources and improving risk capabilities through targeted training and recruitment.

Managing emerging risks, such as cybersecurity, remains an important priority for CFS, and we have taken a number of steps to continue to strengthen our approach, including refreshing the CFS Security Strategy and continuing employee training and communication to support cyber awareness.

We also remain focused on managing environmental, social and governance risks within our investment portfolio and believe that the effective management of these risks will improve sustainable investment outcomes for our members. Our responsible investment policies guide our approach, and we will continue to give consideration to ESG risks in line with other risks we manage in our portfolio.

Engagement with companies remains a key pillar of our approach, and we believe that the purpose of engagement is to provide feedback and signal concerns to companies about issues that will affect long-term company performance. To assist us with our engagement of global investee companies, CFS has appointed a stewardship provider, EOS at Federated Hermes. With our engagement framework in mind, EOS will engage with companies on our behalf and keep us informed of their progress. In FY24 EOS at Federated Hermes engaged with approximately 840 companies from our global equity portfolio.

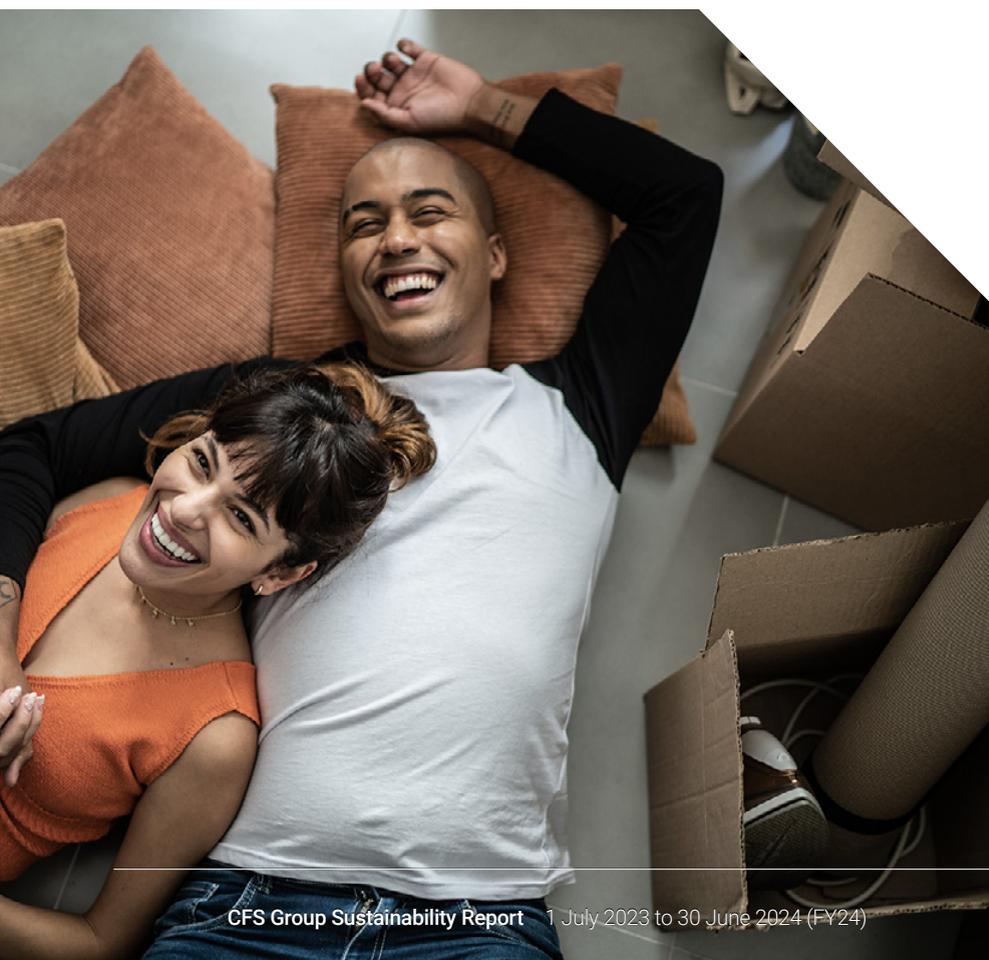
¹ As at 30 June 2024



A message from the Group Chief Executive Officer

Financial freedom

To CFS, helping Australians achieve financial freedom means more than just providing great products with great returns, it means helping Australians feel more confident about their financial future, more in control of their finances, and being able to make the best choices so they can pursue life goals.



We have taken numerous steps in recent years to improve outcomes for our customers so that they can achieve financial freedom. This includes the transformation of our investment capability, significantly improved performance with the appointment of a new Chief Investment Officer, fee reductions to be among the lowest in the market², accelerated investment in digital channels to modernise and simplify the customer journey, better access to self-education and self-service tools, and modernising our technology systems so we can better serve our customers. To further enhance the services we provide, we were pleased to launch a new contact service to support members approaching retirement in FY24, with 1,800 conversations conducted.

Access to quality financial advice is vitally important to help Australians navigate the complexities of the superannuation and pension system. Our research clearly shows that Australians who receive some form of advice feel better about their financial position and are more confident about their retirement than those who are unadvised. That is why we are expanding the advice services that our members can access and were pleased to launch a digital advice offering in FY24.

We have also been transforming our products and services in recent years to provide greater range, efficiency and service capability to financial advisers so that they can grow their businesses and, in turn, help more clients achieve financial freedom. To support this objective, we were incredibly proud to launch our new choice-based investment platform, CFS Edge, in August 2023,

with more than 2,100 advisers and 3,540 clients on the platform at the end of FY24. We also continue to make improvements to our award-winning FirstChoice platform, including implementing a new integration with Xplan in FY24.

Supporting the next generation of potential advisers remains critical in driving the sustainability of the industry by boosting adviser numbers. That's why we were very proud to launch our 10x program in 2024, designed to help financial advice practices grow their businesses through educational resources, events and webinars, and we also continued to support new financial advisers during their professional year through an online CFS community of 810 advice professionals³ in FY24.

We are committed to offering a wide range of investment choice so that Australians can tailor their investments to their unique needs and objectives. Our range of 190+ multi-manager and single manager investment options on FirstChoice from 70+ of the world's leading investment managers remains a key differentiator. We continue to expand this range in line with evolving customer needs and demand and added 10 new investment options in FY24 across asset classes including global and Australian equities. Our CFS Edge platform also offers more than 550 managed funds and over 1,600 securities, enabling financial advisers to tailor highly bespoke portfolios to meet the unique goals and objectives of their clients.

² FirstChoice Wholesale Personal Super has an average admin fee of just 0.2% p.a. on a super balance of \$50,000, compared to the super fund average of 0.46%.

³ Includes total number of advice professionals that have been part of the community since it launched in October 2022

A message from the Group Chief Executive Officer

People, culture and conduct

Our people are the heart of our organisation, and we are committed to ensuring they're engaged, healthy, driven to succeed, and maintain a customer and risk-focused mindset in everything they do.

We have implemented a range of programs since 2021 to embed our culture. This includes the establishment of a leadership development framework shaped by five flagship programs targeted to people-leaders, emerging leaders and our younger cohort of future leaders. We also established a Diversity, Equity, Inclusion and Wellbeing Council in 2022 supported by four employee action groups across key diversity populations. The Council has delivered a range of initiatives to improve diversity and wellness at CFS, including improving gender diversity and building greater cultural awareness and connection to each other and to the local community. As a result of these and other activities, employee engagement continues to improve, evidenced by an employee engagement score of 7.9 at end June 2024.

It is vital that our employees understand their responsibility to manage risk and behave ethically. Our focus is to empower our people to speak up and do the right thing while we safely deliver our growth and transformation plans. We were pleased to observe a significant improvement in our risk culture survey results in FY24, driven by activity to further clarify roles and responsibilities, uplift risk capability through training and greater recognition of good risk behaviours.

Climate change and community

We know that financial freedom is not possible without sustainable and resilient communities, and we are proud to have made commitments to climate change and to reconciliation with First Nations Australians.

Our climate commitments include a target to achieve net zero greenhouse gas emissions by 2030 for our Scope 1 and 2 operational emissions. We have also committed to achieving net zero by 2050 for the FirstChoice investment portfolio, with a 30% reduction in financed emissions intensity by 2030 on a 2019 baseline (both commitments include only Scope 1 and 2 emissions of investee companies). While the decarbonisation of our portfolio will not be linear, we were pleased to observe a material reduction in our financed emissions and financed emissions intensity in FY23, which we reported in our inaugural climate report earlier this year.

We have remained focused on supporting reconciliation with First Nations Australians through our Innovate Reconciliation Action Plan for November 2022-2024. As we near the completion of our plan, we have been pleased to deliver on a number of important commitments, including conducting cultural awareness training and preparing Indigenous procurement and employment strategies.

As we look to the future, we see CFS playing an important role in supporting local communities and charitable causes that can bring financial freedom to more Australians. We were pleased to be a silver sponsor of Can4Cancer in 2024, and we will look to develop a broader community program in FY25.

Finally, we thank you for reading our inaugural Sustainability Report for the CFS Group. We recognise the importance of providing transparency about our sustainability performance on topics that are important to our stakeholders and material to our business. We will endeavour to improve the quality of our disclosures in future reporting periods.



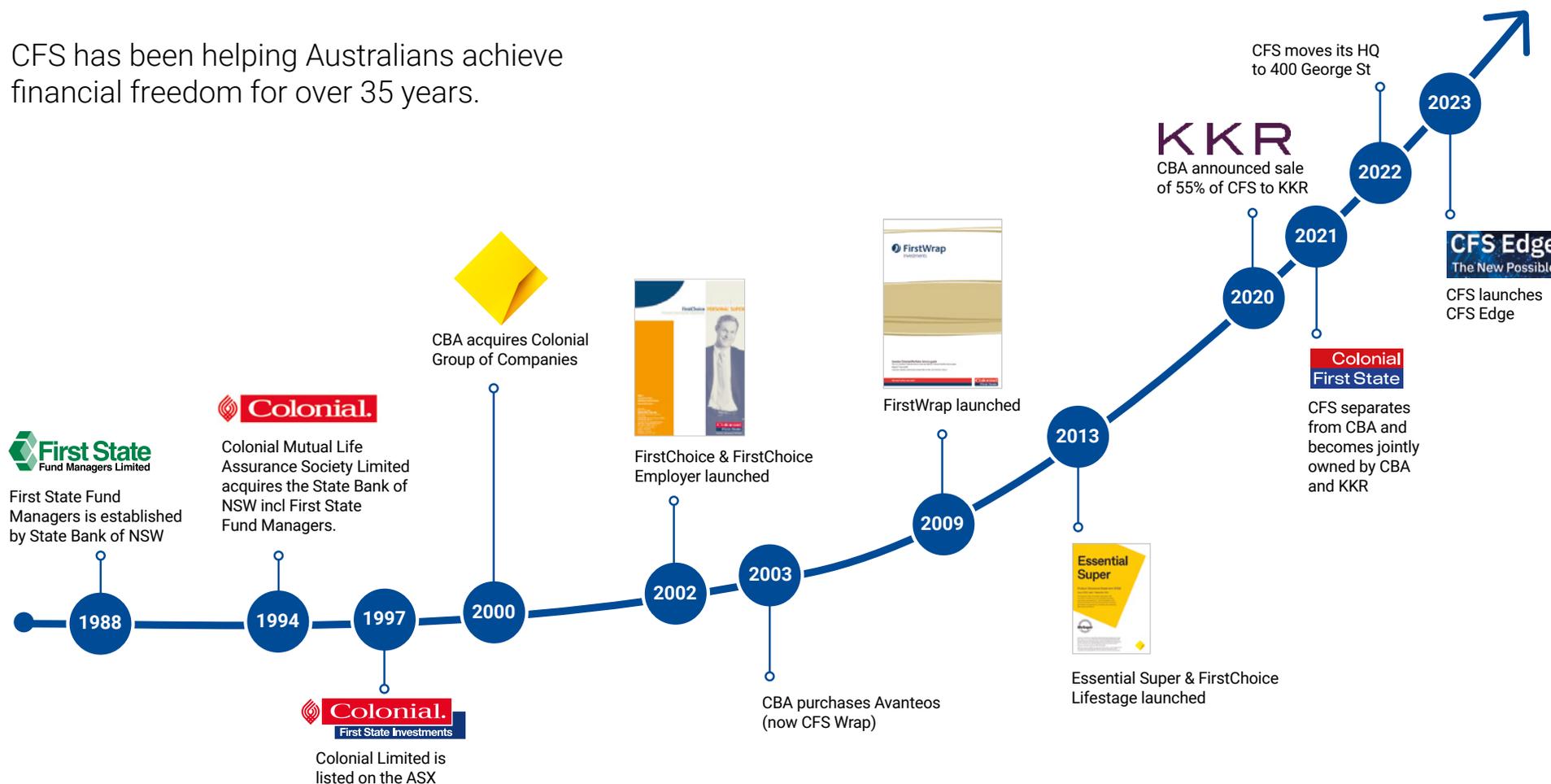
Clive van Horen

CFS Group Chief Executive Officer

Our business and approach to sustainability

About CFS

CFS has been helping Australians achieve financial freedom for over 35 years.



\$152bn
fund under management
and administration

850,000+
members

Supports
8,400+
advisers

1,200+
employees

70+
leading investment
managers

All numbers are as at 30 June 2024

About CFS

Our key products and platforms



CFS is a diverse superannuation and wealth management business that manages and administers \$152 billion⁴ for more than 850,000 Australians.

⁴ As at 30 June 2024

CFS helps Australians achieve financial freedom by managing their superannuation and investments, and eventually converting their super savings into a pension or annuity. Approximately half of our members receive advice from a financial adviser. What makes us unique is our wide range of investment choice offered to members and investors, supporting greater personalisation and the ability to tailor portfolios to meet unique needs, goals and objectives. Across our FirstChoice platform, members can access more than 190 investment options from over 70 leading investment managers who are based right across the globe.

Members can access our investment options through three superannuation products, a pension product or directly as an investor through FirstChoice Investments. Our super products include an employer super product (FirstChoice Employer Super), a personal super product (FirstChoice Wholesale Personal Super) and Essential Super in partnership with the Commonwealth Bank of Australia. Through our FirstChoice Pension product, we are one of the largest payers of pensions after the Australian Government.

About CFS

An important part of our business is the products and services we provide to financial advisers through our choice-based investment platforms, which includes FirstChoice, FirstWrap and CFS Edge. These platforms give financial advisers access to a wide range of securities, funds, managed accounts, term deposits and cash, all wrapped into one account, to help them tailor portfolios that meet the unique needs of their clients. We have more than 550 managed funds and over 1,600 securities available on CFS Edge.

CFS also partners with institutional-grade investment managers to distribute and provide Australians with direct access to global expertise. These Alliance Partners are Aspect Capital, Baillie Gifford, Generation Investment Management, Fortlake Asset Management and Cohen & Steers.

CFS would not be able to deliver great outcomes for members, investors and advisers without its more than 1,200 dedicated employees who are located at our Sydney Head Office, our Melbourne offices or in smaller offices across Brisbane, Perth and Adelaide.

CFS is a private company that is owned by the Commonwealth Bank of Australia (45%) and KKR (55%). KKR purchased a controlling interest in CFS in 2021.



CFS FirstChoice platform

Master Trust for the provision of superannuation, pension and investment services.

\$126bn

funds under management

190+

investment strategies

CFS Wrap platform

Choice-based wrap platform for the provision of Investor Directed Portfolio Services (IDPS), superannuation and pension.

\$26bn

funds under administration

1,000+

investment options, including managed funds and listed securities

Numbers are as at 30 June 2024.

Our material sustainability topics

We are committed to reviewing our most significant sustainability topics and to undertake a materiality review in accordance with the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards.

In 2023 we completed our inaugural materiality assessment and reported the findings to the CFS Leadership Team and Board. This assessment included stakeholder interviews, surveys, a focus group and desktop analysis to understand the topics of most concern to our stakeholders.

Our assessment of materiality is focused on understanding the external impacts that CFS creates, or has the potential to create, on people, customers, community and environment. Our assessment also considers the internal impacts these topics have on CFS. The output of the materiality assessment informed our sustainability framework and the contents of this report. Our highest impact materiality findings have been highlighted on this page.

CFS will review its materiality assessment in FY25.

Financial freedom

- Access to affordable financial advice
- Complaint resolution
- Digitisation
- Financial education
- Gender super gap
- Products that meet customer needs
- Vulnerable customers

People, culture and conduct

- Business ethics and conduct
- Diversity, equity and inclusion
- Employee health and wellbeing
- Gender pay gap

Climate and community

- Climate resilience and net zero transition
- Reconciliation with First Nations Australians

Strong governance

- Board diversity and independence
- Cybersecurity, data and privacy
- Embracing regulatory change
- Responsible investing
- Risk management
- Transparent communication

Sustainability governance

The CFS HoldCo Board is responsible for overseeing the CFS Group Sustainability Strategy and performance.

Sustainability-related risks are reported to the Risk Management Committee (RMC) and are managed in line with the broader Risk Management Framework (RMF).

The ESG Oversight Committee is a management committee which oversees key ESG-related risk matters across the broader CFS Group. Chaired by the Group Executive of Strategy, Risk and Corporate Affairs, the Committee monitors progress towards CFS's net zero commitments and oversees the control framework for managing ESG-related risk. The ESG Oversight Committee's activity and monitoring forms part of reporting provided to the RMC.

CFS also has a Sustainable Investment Governance Committee, which oversees compliance of the Thrive+ Sustainable Investment Charter.

At a management level, CFS has an integrated sustainability model, whereby the responsibility to deliver sustainability initiatives is embedded in the relevant teams and business units. To support the cross-functional delivery of the various CFS sustainability programs, there is a range of working groups that include representatives from across the organisation. These include the following.

- 1 ESG Risk Working Group
- 2 Modern Slavery Risk Working Group
- 3 Reconciliation Action Plan (RAP) Working Group
- 4 Diversity, Equity, Inclusion and Wellness (DEI&W) Committee

Our sustainability journey

2016

- CFS implements a Responsible Investment Framework

2017

- CFS signs the UN Principles of Responsible Investment

2018

- CFS signs the Tobacco-Free Finance Pledge

2019

- CFS FirstChoice divests from tobacco producers and controversial weapons manufacturers⁵

2020

- CFS becomes a member of the Investor Group on Climate Change
- CFS signs the Investors Against Slavery and Trafficking Statement (IAST APAC) and becomes a member of IAST APAC working groups

2021

- CFS appoints stewardship provider, EOS at Federated Hermes, to engage with and provide voting recommendations on CFS global equity investments
- CFS commits to net zero greenhouse gas emissions by 2050 for the FirstChoice portfolio, and a 30% reduction in financed emissions intensity by 2030 on a 2019 baseline (down to Scope 1 and 2 emissions of investee companies)
- CFS becomes a member of Climate Action 100+
- CFS becomes a standalone business

2022

- Inaugural Innovate Reconciliation Action Plan for November 2022-24 launched
- Inaugural Modern Slavery Statement for FY22 published as a standalone business
- Committed to net zero Scope 1 and 2 operational emissions by 2030
- Implemented a Diversity, Equity, Inclusion and Wellness (DEI&W) Strategy and Committee
- New employee learning and development program launched
- Thrive+ Sustainable Growth Fund launched

⁵ CFSIL as a Responsible Entity has instructed Investment managers to NOT purchase or hold a short position in equity or debt securities (or single name derivatives that would otherwise provide effective exposure to the excluded securities) issued by companies defined in the CFS exclusion list. If CFSIL discovers it is holding an excluded security, they will instruct the manager to sell down in an orderly manner. Whilst we make every endeavour to exclude these companies, there may, from time to time, be a small level of unintended exposure due to lack of data, corporate activity, indirect exposure or exposure through index derivatives or third party managed pooled unit trust. Tobacco Producers are defined as any company that is engaged in the production or manufacture of tobacco and tobacco related products. This includes but is not limited to companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves. Controversial Weapons Manufacturers are defined as any company engaged in the manufacture of chemical and biological weapons, cluster munitions, antipersonnel landmines, depleted uranium ammunition, non-detectable fragments, incendiary weapons, and blinding lasers. Cluster Munitions Manufacturers definition excludes 'Delivery Platforms', and Incendiary Weapons are defined as per 'The Convention on Certain Conventional Weapons of 1980 under Protocol 3.'

Our sustainability journey

2023

- ▶ Committed investment in the Climate Asset Fund, managed by Just Climate, subsidiary of Generation Investment Management
- ▶ Launched new employee engagement platform, Officevibe
- ▶ Launched new health and wellbeing provider, Sonder
- ▶ CFS Edge launched
- ▶ Digital advice platform launched

2024

- ▶ Inaugural climate report for the FirstChoice portfolio for FY23 published
- ▶ CFS 10x launched to advisers
- ▶ Inaugural Rethinking Retirement Report published
- ▶ Inaugural Thrive+ Sustainability Report published
- ▶ New women's development program, Elevate, launched
- ▶ Achieved Work 180 accreditation
- ▶ Re-signed as a member of Climate Action 100+ for Phase 2
- ▶ CFS launches EmpowerHer, a community for experienced female financial advisers

Our memberships, certifications and partnerships



FY24 sustainability highlights

Financial freedom

\$3.44 billion

Total pension payments⁶

3,800+

Australians supported to access **\$56 million in superannuation** on compassionate or financial hardship grounds

14.4%

return on the **Essential Super growth option** (MySuper Lifestage 1975–79). Best performing MySuper Lifecycle option in FY24.

⁶ Excluding Edge and label exits

Lowest number of complaints among all major super funds in FY24⁷

190+

investment options on FirstChoice providing access to 70+ leading global investment managers

550+

managed funds and **1,600+ securities** available on CFS Edge

810

advice professionals participating in the CFS professional year community since launching in October 2022

⁷ As measured by the top 20 superannuation funds by number of members



FY24 sustainability highlights

People, culture and conduct

98% mandatory **training completion**

44% **women** in extended leadership⁸

45% **women** on CFS boards⁹

7.9 **employee engagement score**
at end June 2024

420 **employees participating** in
development programs

15,689 **GoodVibes** shared across
the organisation

⁸ Women in leadership is defined as Directors, Executive Directors and Group Executives

⁹ CFS boards includes the Holding Company Board (HoldCo), Superannuation Board (AIL) and Responsible Entity Board (CFSIL)



Climate and community

20 tCO₂e

Scope 2 market-based emissions and
950 tCO₂e Scope 2 location-based emissions¹⁰

3.98m tCO₂e

Financed Emissions for the FirstChoice portfolio
at June 2023

(Note: approx. 71% of FirstChoice portfolio measured)



Committed investment in the
Climate Asset Fund, managed by
Just Climate, in FY23



Innovate Reconciliation Action Plan
on track to complete by
November 2024

¹⁰ The market-based calculation includes the retrospective purchase of renewable energy certificates for 400 George Street and Hawthorn for the FY24 financial year. At the time of publication, an agreement had been signed and arrangements were being put in place for the purchase and surrender of these certificates.

Strong governance



Strong governance

Upholding strong governance practices and risk management frameworks is essential to maintaining compliant, resilient and member-focused operations.

Trustee and responsible entity offices

Both Trustee boards are supported by independent offices that perform an important function in helping the boards satisfy themselves that members' best interests are being served through appropriate supervision and monitoring of key aspects of the business. These offices have full authority to obtain all information necessary to assist each board in meeting their fiduciary obligations and have direct and unfettered access to the Chair and the Directors of these boards.

CFS HoldCo Board

Including directors representing Commonwealth Bank and KKR, as well as an independent director and a non-executive chair.

Oversees the management of CFS and approves the strategic plan

Operating Committee

A committee created for consultation between representatives from HoldCo and the Independent Fiduciary Boards

People, Remuneration and Nomination Committee

Oversees key remuneration and people policies and practices

Independent Fiduciary Boards

The Fiduciary Boards operate independently of HoldCo. The boards do not share directors and have majority non-executive directors.

The Fiduciary Boards oversee everything relevant to the investment and superannuation business including investment governance, strategy and performance, risk and audit, material outsourced service providers and business continuity.

Superannuation Trustee Board

Avanteos Investments Limited (AIL)
Independent Board responsible for the governance of CFS superannuation funds

Responsible Entity Board

Colonial First State Investments Ltd (CFSIL)
Responsible for the governance of CFS managed investment schemes

CFS Leadership Team

Risk management strategy

We recognise that effective governance, risk management and disclosure is essential for safeguarding our customers' interests and ensuring long-term financial stability.

CFS operates a Three Lines of Accountability model which provides a robust framework for governance and risk management, enhancing CFS's organisational resilience and effectiveness. Our model fosters greater transparency and accountability and clearly delineates roles and responsibilities across three distinct lines – business management, risk and compliance and independent assurance.

The first line ensures that risks are managed at the business level, the second line provides oversight and guidance on risk management practices, while the third line offers independent assurance through an internal audit function. This approach improves decision-making and operational efficiency and strengthens stakeholder confidence by promoting a culture of risk awareness and proactive management throughout CFS.

CFS has a central governance, risk and compliance (GRC) system used for risk and compliance management, internal audit processes, business continuity planning and crisis management, further supporting accountability and efficiency.

Information and cyber security

We have an obligation to responsibly use and protect our organisation and customer data, and to ensure our underlying digital platforms are resilient against cyber threats. We aim to continually improve our capabilities in order to meet our regulatory obligations while addressing the evolving threat environment.

To support our approach, we have aligned our cyber security capability with the NIST Cyber Security Framework and ISO27001, taking guidance from the AICD Governance Principles and ACSC Essential Eight.

Key activities delivered in FY24 to improve our cyber capabilities and controls included the appointment of a Chief Information Security Officer, as well as:

- refreshing the CFS Security Strategy;
- improving our cyber and data security measures and reporting;
- implementing new capabilities to further strengthen our cyber maturity and posture;
- uplifting data governance practices and processes;
- supporting the CFS transformation program; and
- continuing employee training and communication to support cyber awareness.

Our employee training and communication program included regular phishing simulations, as well as e-learning modules, assessments, interactive sessions and real-time teachable feedback, ensuring our employees are well equipped to protect sensitive information and maintain operational integrity.

As custodians of sensitive customer and business data in an increasingly challenging cyber environment, we have implemented Multi-Factor Authentication (MFA) for all employees accessing the CFS network. This additional layer of security ensures access to information is protected, significantly reducing the risk of unauthorised access.





Customer privacy and data protection

CFS recognises the importance of ensuring the confidentiality and security of personal information. We handle customer personal information in accordance with the *Privacy Act 1988*, the Australian Privacy Principles and relevant industry codes. The privacy team is accountable for, but not limited to, the management of our privacy framework and program, setting policies and standards, advising CFS teams on privacy risks, maintaining privacy awareness, and monitoring compliance. The CFS Privacy Policy is [available on the CFS website](#).

In addition, CFS has a comprehensive and established Data Breach Incident Response Plan, which ensures a proactive approach to loss, unauthorised access or disclosure of personal information.

CFS considers privacy, data security, and our obligations to report and notify customers, employees, and other stakeholders of the utmost importance. CFS has not had any notifiable incidents involving leaks, theft or losses of personal information in FY24.

Managing modern slavery risk across our value chain

CFS recognises the seriousness and scale of modern slavery and human trafficking in Australia and across the globe, and in particular its impact on women and children. We recognise the need to report, identify and manage modern slavery risk within our direct business operations, supply chains and investments.

Since FY22 we have produced an annual Modern Slavery Statement in compliance with the *Modern Slavery Act 2018*, highlighting our approach to managing modern slavery risk across our value chain. Our FY23 report can be found [here](#).

Key activities delivered in FY24 include:

- enhancing our modern slavery supplier risk assessment process for greater alignment to legislation, incorporating third party ESG data, including reviewing supplier modern slavery statements and broadening the range of risk questions to better identify higher risk suppliers;
- enhancing the ongoing monitoring of modern slavery in our supply chain by including modern slavery as an agenda item in supplier governance meetings;
- continuing our relationship with our stewardship service provider EOS at Federated Hermes, which enables active ownership amongst our global equity investments, including a focus on modern slavery and human rights;
- continuing to engage and share learnings with peers through collaborative groups, including the Responsible Investment Association Australasia's (RIAA) Human Rights Working Group and Investors Against Slavery and Trafficking APAC (IAST APAC); and
- revising our list of high-risk suppliers and investments for FY25, with action plans developed.

Marketing and disclosure governance

CFS has a number of processes in place to ensure that communication to customers about its products and services, including risk and suitability, is clear and transparent.

A robust due diligence process is undertaken to produce our product disclosures, with final approval to issue Product Disclosure Statements and other key documents being governed by the Due Diligence Committee (DDC).

We also have controls and processes in place to adhere to design and distribution obligations (DDO), which require product issuers and distributors to consider a range of factors when designing products and setting distribution strategies.

Responsible investment of the FirstChoice portfolio

CFS's approach to responsible investment is outlined in superannuation and non-superannuation responsible investment policies which are available on the CFS [website](#). These policies highlight CFS's approach to responsible investment for the FirstChoice portfolio, which includes:

- **ESG integration:** CFS integrates ESG risk considerations into the investment manager selection process, including conducting ESG due diligence.
- **Engagement and voting:** For Australian equity investments, investment managers may engage with and vote on investee companies on our behalf. For global equity investments, we have appointed a stewardship provider, EOS at Federated Hermes, to engage with investee companies and provide CFS with voting recommendations.

- **Exclusions:** CFS has two exclusions in place that apply to the FirstChoice portfolio¹¹ – controversial weapons manufacturers¹² and tobacco producers. CFS's list of excluded companies can be found [here](#). CFS also offers sustainable investment options that may have additional exclusions in place (for example, the Thrive+ Sustainable Growth Fund). Further information about these options can be found in the CFS Sustainable Funds Reference Guide [here](#).

EOS at Federated Hermes engagement with global equity investments

CFS has an agreement with a global stewardship provider, EOS at Federated Hermes (EOS), to provide engagement, voting and public policy support for our global equity investments.

EOS advises on more than \$1.8 trillion in assets to deliver corporate engagement and proxy voting services. The scale of the assets EOS advises on allows them to gain access to build constructive relationships with investee companies on our behalf. Through our own engagement with EOS,

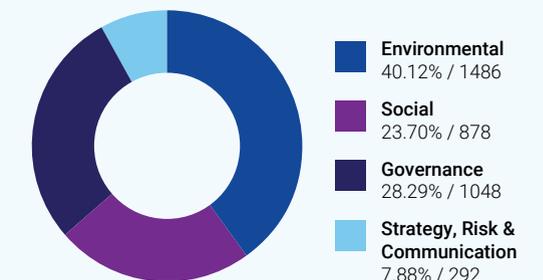
we provide input into the engagement program along with other investors.

EOS uses a proprietary milestone system that allows it to track progress on engagements relative to the objectives set at the beginning of an engagement. The specific milestones used to measure progress in an engagement will vary depending on each concern and its related objective.

EOS will make a recommendation on how to vote on resolutions, and CFS uses this to vote on non-Australian equity investments.

In FY24, EOS at Federated Hermes engaged with approximately 840 global investee companies on CFS's behalf on a range of topics. A breakdown of these engagements and the themes can be found below.

Total EOS interactions



¹¹ CFSIL as a Responsible Entity has instructed Investment managers to NOT purchase or hold a short position in equity or debt securities (or single name derivatives that would otherwise provide effective exposure to the excluded securities) issued by companies defined in the CFS exclusion list. If CFSIL discovers it is holding an excluded security, they will instruct the manager to sell down in an orderly manner. Whilst we make every endeavour to exclude these companies, there may, from time to time, be a small level of unintended exposure due to lack of data, corporate activity, indirect exposure or exposure through index derivatives or third party managed pooled unit trust. Tobacco Producers are defined as any company that is engaged in the production or manufacture of tobacco and tobacco related products. This includes but is not limited to companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves.

¹² Controversial Weapons Manufacturers are defined as any company engaged in the manufacture of chemical and biological weapons, cluster munitions, antipersonnel landmines, depleted uranium ammunition, non-detectable fragments, incendiary weapons, and blinding lasers. Cluster Munitions Manufacturers definition excludes 'Delivery Platforms', and Incendiary Weapons are defined as per 'The Convention on Certain Conventional Weapons of 1980 under Protocol 3.'

Financial freedom



Financial freedom

We are committed to providing greater confidence, control and choice to our members, and helping them when they need it.

Our purpose is to help Australians achieve financial freedom. We see our role in bringing this to life as:

- 1 Helping members feel more **confident** through strong performance and affordable financial advice.
- 2 Helping members feel more **in control** of their finances by making it easier to engage with their super and investments.
- 3 Providing high-quality **choices** to suit their unique needs through our range of investment options from the world's leading investment managers.

Understanding our customers

To better service customer needs, we continue to deepen our understanding of their goals and objectives, including their financial behaviours, financial knowledge and attitudes towards finance and financial advice.

In late 2023 we conducted research with more than 6,000 Australians and customers to help inform our strategy, including across products, services and the digital experience.

Each year, we continue to build our knowledge and understanding of our customers by conducting research with more than 9,000 Australians across a range of topic areas relevant to the products and services we offer.

Our member base

- The average age of CFS members is **54**
- Average balance is **\$193,908**
- **90%** are in Choice products
- **50.1%** of CFS members are advised and **49.9%** are unadvised
- **53%** of CFS members are over the age of 50 (43% of these members are unadvised)
- **19%** of CFS members are in the pension phase (31% are unadvised)

Data as at 31/07/2024

How Australians feel about their finances

79% have made plans for their financial future

70% have set clear financial goals

56% feel positive about their current financial situation

55% don't feel confident to make decisions about their superannuation

53% feel positive about their financial future

35% feel very worried about their financial future

28% feel very worried about their current financial situation

20% feel guilty that they're not doing enough to manage their finances

Data source: March 2023 survey with 2,400+ CFS customers and 2,900+ Australians



Affordable and accessible financial advice

Advice plays a vital role in achieving financial freedom

CFS research conducted with approximately 2,250 Australians between July and December 2023 found a stark difference between advised and unadvised Australians.

- 1 68% of advised Australians have a financial strategy in place, compared to 27% of unadvised Australians.
- 2 77% of advised retirees are enjoying retirement, compared to 52% of unadvised Australians
- 3 Advised Australians are twice as likely as unadvised Australians to retire at a time of their choosing
- 4 65% of advised Australians are confident they will have enough money to retire, compared to 44% of unadvised Australians.

CFS supports a growing and vibrant financial advice sector. Our research clearly shows that Australians who receive some form of advice feel better about their financial position and are more confident about their retirement than those who are unadvised.

In FY24, CFS offered members of FirstChoice Wholesale Super/Pension and FirstChoice Employer access to a digital advice platform through Otivo, providing personal advice on three advice topics:

- Investment options (FirstChoice Wholesale Super/Pension only)
- Super Contributions
- Insurance

The digital advice offering forms part of the uplifted services available through the CFS Guidance Centre, which includes outbound guidance calls with members in retirement to help them make decisions about their accounts.

CFS is further expanding its advice offering in FY25 as part of its objective to provide additional support and guidance to unadvised members. This includes an arrangement with a leading national advice firm, [Viridian Advisory](#), to provide one-off advice under their Australian financial advice license to CFS members.

The arrangement with Viridian will allow members to consult with a financial adviser on a topic or issue that is tailored to a specific need or decision at a point in time. Topics of advice could include personal investments or debt, superannuation and pension, or insurance and estate planning.

With an array of advice services including digital advice, one-off advice and comprehensive ongoing advice solutions through our network of third-party financial advisers, CFS is able to direct customers to a range of helpful advice solutions.

Retirement

To improve how CFS supports its members approaching retirement, we launched a number of new initiatives in FY24. This included expanding our phone-based guidance service to retirees to better educate them on their retirement options. Approximately 1,800 conversations were conducted through this service in FY24. We have also streamlined our online retirement education content, introduced newsletters specific to our members' life stage and launched a retirement calculator to help members determine how much money they will need for when they retire, or the lifestyle they aspire to have in retirement.

CFS was also pleased to launch a partnership with Retirement Essentials to provide access to the free Age Pension Eligibility Calculator to help them work out if they're eligible for the Age Pension (or the Commonwealth Seniors Health Card), and how much they could receive. Finally, we've made it easier for some of our unadvised members to transition from super to pension through a simple guided digital journey and have made similar improvements to support advisers in transitioning their clients into a pension.

In FY25, CFS will continue to expand the services available to members approaching or in retirement, including expanding educational content, resources and events, with the aim of improving our members' retirement confidence and outcomes.



CFS's inaugural Rethinking Retirement Report

Based on a national survey of approximately 2,250 Australians, including 430 retirees, the [Rethinking Retirement](#) report found that 83% of Australians want flexible access to their money in retirement if and when they need it.

The report found that seven in ten retirees say they are currently able to enjoy a comfortable retirement with the amount of money they have saved. However, when asked what a comfortable retirement looked like to them, there was a wide variety of responses.

CFS Superannuation CEO Kelly Power said the findings emphasise that everyone has a different picture of how they want their retirement to be.

"Whether your retirement plans include travelling the world, staying close to home or pursuing a passion project, it is clear that retirement is personal, and choice and flexibility are key," Ms Power said.

"It is also clear that attitudes towards retirement are shifting. Most Australians plan to continue working into their later years. Less than a third plan to stop working completely once they reach the retirement age," she said.

The most popular work preferences beyond retirement age are reduced working hours, followed by a desire to continue working the same hours and pursuing a passion project with less pay and fewer hours.

However, the research found that only one in three retirees retired at a time of their choosing. The remaining two-thirds retired due to health, redundancy and other factors beyond their control.

In contrast, the report found that advised Australians are twice as likely as unadvised Australians to retire at a time of their choosing.

"The way people think about retirement is changing. The traditional idea of retirement as a point in time or a specific date when we stop working is becoming less prevalent," Ms Power said.

"With flexible access to super and flexible employment to play a larger role in people's retirement plans, the need for financial advice becomes even more important," she said.

"Those looking to work beyond the age of 67 need to consider the tax implications and how their choices could impact their eligibility for the Age Pension. Planning early and seeking advice will put you in a better position to retire with confidence."

The report also found that advised Australians are more likely to be enjoying their retirement, with over three-quarters of advised retirees (77%) saying they are currently enjoying retirement compared to just half of those who have never received advice (52%).



High-quality investment choices

CFS is committed to bringing investment choice to more Australians. It's our belief that portfolios tailored to the unique needs of customers, leveraging the investment capability of world-leading investment managers, leads to better performance outcomes over the long term.

Across the FirstChoice platform, members can select from CFS's professionally constructed multi-manager portfolios, or tailor their own portfolios by selecting from our multi-sector and single manager options. The 190+ options available on FirstChoice have been selected due to their popularity among investors and their financial advisers and provides range and flexibility for members to adjust their portfolios as their needs evolve over time.

CFS has a dedicated team of investment professionals to construct the multi-manager portfolios, where specialist investment managers are selected for each asset class to capture the competitive strengths of each manager to deliver more consistent returns and performance. We regularly monitor the multi-manager portfolios and, when needed, make changes to seek improved performance and manage risk.

Our flagship multi-manager series, CFS Lifestage, automatically adjusts the asset allocation as members get older. This recognises that when members are younger, they have more time to ride out the ups and downs of investment markets and can therefore be invested in mostly growth assets, such as shares, property and infrastructure. This can lead to higher volatility of performance year-to-year but also increases the potential to achieve a higher return over the long term. As members approach retirement and have less time to recover from any short-term losses, the investment in growth assets is gradually reduced and the investment in defensive assets, such as cash and fixed interest, is increased. This aims to reduce the volatility of performance for older members.

More broadly, we have significantly increased the range of investment options in recent years on FirstChoice across both multi-manager and single manager options to adapt to changing consumer preferences and expectations. Over the past three financial years, we've added 46 investment options to the menu, giving members access to some of the most in-demand investment professionals globally. This included 10 new investment options added in FY24 across asset classes such as global equities, Australian equities and US dollar exposure.

Our investment options continue to be recognised as industry-leading. In 2024, three CFS investment options were awarded Money Magazine's Best of the Best. CFS was also awarded Canstar's Provider of the Year for Managed Funds and Multi-sector Funds.

Sustainable investment choices

At CFS, our mission is to help our members achieve financial freedom. In doing so, we recognise that our members have different objectives, values and preferences when it comes to how they invest their retirement savings. That is why we offer a wide range of investment options, so that members can invest their savings in a way that is most aligned to their personal preferences.

Our own Thrive+ Sustainable Growth fund is managed in line with sustainable investment criteria that encourages investment in companies with strong environmental, social and governance characteristics, whilst not investing in others, that in the view of CFS and the Thrive+ investment managers, will have an adverse effect on the environment or society.

In addition to Thrive+, members can also access a choice of 11 other sustainable investment options.

Find out more about CFS's range of sustainable investment choice on the [CFS website](#).



Improving the digital experience

To help our customers feel more in control, we are making improvements to our website and mobile applications to make it easier for members to engage with CFS, find what they need, and make informed decisions through new tools and educational content.

New tools have included a retirement calculator and a super comparison tool on the CFS website which helps members quickly identify how they are tracking compared with other people their age. On our mobile app, we are introducing a new personalised performance graph, push notifications and enhanced communication preferences to improve the ability to understand and engage with their investments. These improvements have contributed to a 13% improvement in our digital adoption rate to 26.8% at end June 2024.

Educating our members

CFS has an internal member education team dedicated to providing members with the knowledge and resources needed to manage and understand their super and investments. In FY24, the team held quarterly education sessions attended by nearly 600 members, addressing topics such as boosting your super, responsible investing, women and super, and changes to income tax.

The member education team also provides free educational services to employer partners to help them engage their staff with their super. This initiative includes hosting and participating in on-site seminars, wellbeing initiatives and orientation days. In FY24, the team participated in more than 50 employer education sessions.

CFS also makes a range of educational content and videos available on the website to help members better understand their super and investments.

Customer guidance and compassionate grounds

CFS has a customer guidance team in place to support members with general guidance and education to ensure they are equipped with relevant information to assist with their superannuation, investments and pension needs during moments that matter.

CFS also has a specialised team that is focused on supporting customers who face hardship or require access to funds on compassionate grounds. This includes those impacted by rising interest rates, cost of living pressures, domestic violence and financial vulnerability.

In FY24, CFS processed 1,328 withdrawals for a total of \$34 million for members on compassionate grounds. CFS also processed 2,490 withdrawals for a total of \$22 million for members facing financial hardship.

Resolving customer complaints

CFS is committed to improving its products and services to reduce the number of complaints. When we receive complaints from customers, we are committed to resolving them as quickly as possible and achieving a fair outcome for the customer.

The latest AFCA data for FY24 showed that CFS has achieved the lowest number of complaints (adjusted for scale) among all major super funds (top 20 funds). This is only possible because the overwhelming majority of customer complaints are resolved on the spot or within five days to the satisfaction of our customers.

We will continue to foster a culture that welcomes complaints and focuses on early and comprehensive resolution. We are also leveraging artificial intelligence across complaint analysis and categorisation to support actionable insights and meaningful improvement in dealing with the root cause of complaints.

Helping advisers become more efficient

We have been transforming our products and services in recent years to provide greater range, efficiency and service capability to financial advisers so that they can grow their businesses and, in turn, help more clients achieve financial freedom.

To support this objective, we were proud to launch our new choice-based investment platform, CFS Edge, in August 2023. Designed in partnership with advisers and leveraging our global partner FNZ, CFS Edge is an integrated advice platform that provides advanced portfolio management and modelling tools, system integrations and a range of more than 2,000 managed accounts and securities. In FY24, there were more than 2,100 registered advisers and 3,540 clients on the platform.

Our FirstChoice platform also continues to maintain its market-leading position, recognised by Wealth Insights as the best value for money platform for 10 years in a row in 2024, in addition to being rated first for ease of doing business and administrative support. We have continued to make improvements to FirstChoice, including launching a new functionality with Elemnta on an integration with Xplan that reduces set-up time for new and existing accounts by up to 80%.

CFS Edge ESG profiler

In July 2024 CFS released the ESG profiler tool on CFS Edge, designed to help advisers engage clients by reporting on the ESG-related issues that may be important to them.

Leveraging data sourced from Morningstar and Sustainalytics, the tool allows advisers to discuss and confirm their client's ESG preferences, articulate the sustainability metrics of their investments and create tailored client reporting.



2024 Adviser Technology Needs Report

Adviser satisfaction with Mobile access for clients: Master Trust

CFS FirstChoice



2024 Adviser Technology Needs Report

Overall satisfaction: Master Trust

CFS FirstChoice



2024 Adviser Technology Needs Report

Value for money: Master Trust

CFS FirstChoice

To help advisers better service their clients, we have an award-winning FirstTech team who are experts in complex superannuation legislation. This team has been recognised by Wealth Insights as #1 in Technical Support every year since 2013.



Growing advice practices

In February 2024, CFS launched 10x, a new offering designed to help financial advice practices grow their business. CFS 10x connects advisers with education, insights, community and opportunities to help solve their challenges and drive business growth.

The offer includes national webinars and state-based events across four key pillars: Your Business, Your People, Your Clients and Your Expertise.

Key initiatives delivered through 10x in FY24 included a national research study with 720 advisers to uncover what top-performing advice practices are doing to drive productivity through back-office and operational strategies. Conducted in partnership with Elixir Consulting, these insights showcase best-practices from leading firms to help others reach their full potential.

The program also delivered 24 national and state-based events, with over 2,300 advisers in attendance. Topics covered included advice technology and AI, preparing your business for a purchase, sale or merger, as well as CPD opportunities.

Supporting new advisers during their Professional Year

Supporting the next generation of potential advisers is key to driving the sustainability of the industry, including boosting adviser numbers and addressing advice affordability and accessibility concerns.

To support this objective, CFS has partnered with Ensombl to help provide advice firms a clear, easy pathway for Professional Year (PY) advisers.

Since launching in October 2022, 810 PY advisers, advisers and other advice professionals have joined the CFS community.

Through the CFS PY platform, PY advisers can connect with their peers and experienced financial advisers to help them build their community and support network. It gives them a forum to collaborate, share ideas and insights, and provide encouragement to others on the same career path.

The program also provides an education library, which includes access to CFS FirstTech and contributes towards the requirement to complete 100 hours of structured training. Resources include:

- training in technical competence, client care and practice, professionalism and ethics;
- monthly live webinars by FirstTech;
- on-demand videos and podcasts;
- professional development guides;
- helpful articles and tools; and
- special education and networking events.

Improving member and adviser service through AI

We believe AI and cloud technologies will be pivotal in our mission to help Australians achieve financial freedom.

Our AI strategy is centred around the application of traditional AI and Generative AI capabilities, rather than finetuning our own Large Language Models (LLMs) and leveraging external expertise for the benefit of our customers. We have created an AI Centre of Excellence to support this approach.

In May 2024 we announced a strategic partnership with Microsoft to expand our use of cloud and generative AI technologies and drive innovation. The partnership will enable our people to work more productively, identify new and innovative ways to deliver enhanced services for our members and further assist the financial advisers we support.

For example, we are exploring how AI can assist our customer-facing teams to identify trends in member feedback and use these insights to enhance our services and the overall member experience. We're also exploring how AI could support our contact centre agents by supporting them with faster access to information and improving the service we provide.

We also believe that the appropriate use of AI can improve the efficiency of the services we provide to financial advisers so that they can focus on supporting their clients to achieve financial freedom.

The security and privacy of our clients' data remains critical as we bring new technology into our business. We have invested heavily in security which has set us up to embrace AI securely and responsibly, and we will continue to explore new uses of AI for the benefit of our customers.



Creating a community of women in finance through EmpowerHer

In April 2024 CFS launched EmpowerHer, a community for experienced female financial advisers to network, share best practice and enhance their businesses, so that they can help more clients achieve financial freedom.

Key features of the program include:

- **Networking:** Supporting female financial advisers to connect with peers and grow their circle.
- **Knowledge:** Curated roundtables throughout the year featuring local talent on topical subjects. In 2024 this included a panel discussion with Australian entrepreneur and CFS Director, Naomi Simson.
- **International experience:** an annual Study Tour to be exposed to global best practice.
- **Cultural moments:** Experience some of the best cultural moments in the calendar.

Since launching the program, CFS has hosted seven industry events, with more than 80 female financial advisers now part of the EmpowerHer community.

The cornerstone event for the program is an overseas study tour to the United States to meet with female leaders and financial advisers to inspire innovation for their own businesses back home. The first female-led study tour was held in September 2024 and included 15 female business leaders from financial advice practices across Australia. The packed agenda included meetings with fund managers and business leaders in New York, before travelling to California for a wealth management conference, the Future Proof Festival.

"I was honoured to join in and take part in one of the most inspiring weeks I have experienced in my career to date. Memories that I will hold in my heart forever," said Sacha Burchgart, Founder and Managing Director of Burchart.

People, culture and conduct



People, culture and conduct

We are committed to ensuring our people are engaged, healthy, driven to succeed, and maintain a member and risk-focused mindset in everything they do.

Code of Conduct

At CFS, our Code of Conduct emphasises the importance of speaking up as a critical component of our values expectations.

The Code of Conduct sets out what is expected of employees in their interactions with our customers, colleagues and stakeholders. Key expectations include:

- complying with CFS values;
- doing the right thing;
- raising concerns and welcoming curious and constructive challenge;
- escalating early if something doesn't seem right, or doesn't reflect our values;
- regularly taking time to reflect on how our people are contributing to the outcomes we expect.

In FY24, 98% of employees completed mandatory training, including Code of Conduct training.



Whistleblowing and grievance mechanisms

Grievance mechanisms provide a direct channel of communication between individuals, and CFS.

The CFS Whistleblower Policy establishes a framework for how CFS complies with obligations regarding whistleblowers, including that all disclosures made through this channel are protected, assessed, investigated and reported. This Policy applies to employees, as well as contractors, consultants, suppliers and third parties.

The Stopline Service is an externally managed telephone and email service that enables employees and third parties to raise issues impacting their roles, wellbeing at work or CFS more broadly. It exists to provide a safe mechanism to raise issues without a fear of reprisal.

Anti-bribery, corruption, fraud and insider trading

CFS has a zero-risk appetite for bribery and corruption. CFS has an Anti-bribery and Corruption Policy which is approved by the Board. It covers any activity or behaviour undertaken during the course of, or in connection with, employment or acting on behalf of CFS and complies with relevant legislation in all jurisdictions in which we operate or have an active registration or license.

Other key policies addressing fraud and insider trading includes the CFS Financial Crime Risk Management Policy and the CFS Personal Trading Policy.

Risk culture

Managing risk is core to CFS's values and is everyone's responsibility. Our belief is that the CFS culture should empower people to speak up, do the right thing for investors and safely deliver our growth and transformation plans, keeping member outcomes top of mind.

Our risk management framework and risk culture ensure we earn and retain the trust of all of our members by:

- assisting us to identify and manage risks and sustainably fix problems when they arise;
- creating an environment of openness, transparency and constructive challenge where diverse views are valued; and
- believing that owning mistakes as well as learning from them helps us to continuously improve and grow for our customers.

In FY24, CFS delivered a number of initiatives to further embed a risk and 'speak up' culture, which resulted in a significant improvement in CFS's annual risk culture survey results.

Key activities supporting this result included:

- demonstrating risk leadership from the top through internal engagement and education led by CFS Leadership Team members;
- clarifying roles and responsibilities under the three lines of accountability model;
- uplifting risk frameworks, tools and resources; and
- supporting good risk behaviours through the CFS awards program.

Financial Accountability Regime (FAR) and CPS511

FAR is designed to increase transparency and accountability across the financial services industry, by introducing additional obligations for entities and senior executives regarding the operating culture of organisations. The FAR also imposes consequences for both entities and senior executives where FAR obligations are not complied with, reinforcing the standards of conduct expected by the Australian community. The regime commences on 15 March 2025 and will be jointly administered by APRA and ASIC.

CFS has established a project to manage implementation and ensure that a robust and compliant framework is embedded within CFS's business.

We have also undertaken a rigorous review of our remuneration framework and structures to ensure compliance with the requirements in APRA Prudential Standard CPS511. CPS511 aims to ensure clearer connections between risk accountabilities, performance, and remuneration outcomes. CFS supports this goal, and it reflects our commitment to strengthening our remuneration arrangements. Notably, we have enhanced and restructured our consequence management framework to develop a methodology for adjustment of employee remuneration outcomes in the event of serious conduct issues and risk events.



Political engagement

CFS engages on relevant policy and regulatory issues on behalf of customers and stakeholders. CFS does not make direct political donations.

Employee engagement

At CFS, we are committed to understanding the needs and experiences of our people to enhance the overall employee experience. To achieve this, we consistently collect feedback through short and frequent surveys. These 10-question pulse surveys are deployed automatically every fortnight using a tool called Officevibe, allowing us to gather timely insights from our employees.

Engagement is measured across 10 dimensions that encompass all aspects of our work lives, including recognition, feedback, happiness, personal growth, satisfaction, wellness, ambassadorship, relationship with manager and peers, and alignment. The tool also allows for anonymous verbatim feedback, ensuring that employees can share their thoughts openly.

To maintain an up-to-date understanding of organisational and team engagement, we use responses from the past 90 days to calculate the most current engagement scores. CFS's employee engagement score was 7.9 out of a score of 10 at end June 2024. Specific, real-time results and feedback are provided to leaders, enabling them to take immediate action based on feedback. Additionally, we track loyalty and pride within CFS using the eNPS score.

To foster a positive work environment, teams can recognise each other by sending "Good Vibes," a fun and instant way to highlight achievements and celebrate successes. Since launching in FY24, 15,689 GoodVibes have been shared across CFS.

Learning and development

CFS offers a range of development programs designed to build capability and foster talent across the organisation.

CFS First

For Directors or Executive Directors

The CFS First Program is our preeminent development program for a select group of individuals from the Director and Executive Director cohorts.

The program provides a once-in-a-career opportunity to participate in a range of diverse activities aimed at developing purpose-led leaders, increasing self-awareness, building problem solving capability through a real business project, and expanding networks.

Core elements of the program include ethics training, a remote trek, a strategic project anchored to a study tour, high performance education and executive mentoring. The program is 10 months in duration.

LEAD+

For people leaders

LEAD+ is a three-month program designed specifically for people leaders to help them confidently lead their teams and build on their ability to engage, motivate and inspire high-performing employees.

The program includes 1:1 coaching, workshops and self-paced learning across topics such as role modelling, strategy execution, drivers of engagement, leading with empathy, coaching and mentoring, delegation and influencing and building relationships.

Aspire

For employees under the age of 35

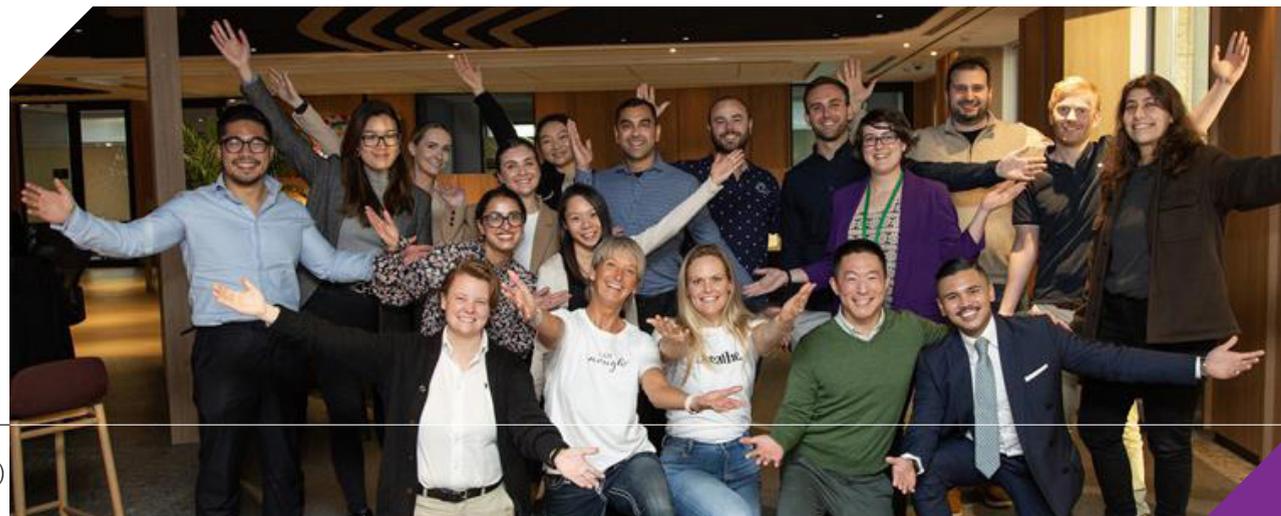
Aspire is designed to engage our young (35 years and under) talented, high potential people and leaders to accelerate their careers within CFS, enabling them to succeed in increasingly complex roles and successfully lead the organisation into the future. The program provides a unique opportunity that seeks to stretch and challenge participants by exposing them to varying experiences over a six-month period.

Core elements of the program include self-awareness and communication workshops, a strategic project and reverse mentoring.

“The Aspire program has been instrumental in advancing both my professional and personal growth. Aspire is a unique development program and I’m privileged to have had the opportunity to take part in a range of unique experiences designed to stretch and challenge me. I have developed a better appreciation of self-awareness and confidence. The other rewarding aspect of the program was the opportunity to be part of a group of really talented people and the ability to forge new and deeper connections across different parts of the business.”

Chetan Soorkea

2023 Aspire participant and Senior Investment Analyst



● Elevate

For female leaders

In May 2024, CFS launched its inaugural women's leadership program – Elevate. Elevate is designed to empower female leaders by enabling them to communicate with influence, lead their teams, lead others, and work together to achieve success.

Throughout the six-month program, 20 female leaders will participate in 1:1 coaching sessions, workshops and assessments designed to support their personal and professional growth, communicate more effectively, learn from female CFS group executives and build their career development plans.

● Mentoring on the move

In May 2024 CFS launched a new mentoring initiative, mentoring on the move, to connect employees with members of CFS's extended leadership team. Aligned to both CFS's development and wellbeing strategies, the program is designed to benefit both mentors and mentees by expanding professional networks, supporting self-development, increasing job satisfaction and career opportunities.

In FY24, 95 employees participated in the initiative, with 127 mentoring hours conducted.

Diversity, equity and inclusion

At CFS, we believe that a diverse and inclusive workplace brings immense benefits to our people and culture, fostering stronger connections with each other and our communities.

To support this, we have established a Diversity, Equity, Inclusion and Wellbeing (DEI&W) Charter and Council to set goals and prioritise DEI&W initiatives across CFS. The DEI&W Council includes representatives from CFS employee action groups (EAGs) which represent key diversity populations.

● Amplify

Amplify represents CFS's LGBTQIA+ community and is made up of LGBTQIA+ employees and allies who are passionate about creating awareness, promoting acceptance, and encouraging a diverse and inclusive workplace. Key initiatives delivered in FY24 included acknowledging and celebrating Wear it Purple Day, IDAHOBIT Day, International Pronoun Day and World Aids Day.

● The Culture Club

The Culture Club EAG is represented by employees from diverse cultural heritage and their communities, aiming to promote a culture of diversity, equity, and inclusion. Their mission is to foster an environment where everyone, regardless of cultural background, feels safe and ready to grow their career to the fullest at CFS. Key initiatives delivered in FY24 included acknowledging and celebrating Diwali, Lunar New Year and Taste of Harmony.

● Empower

Empower is CFS's gender equity employee action group. Their purpose is to empower women at CFS to be their confident selves through coaching, networking and building a community of allies. Key initiatives delivered in FY24 included International Women's Day celebrations and a personal brand workshop.

● Evolve

With almost one third of CFS's workforce under the age of 35, the Evolve EAG's mission is to promote a culture of diversity, equity and inclusion by enabling the youth of CFS to connect, grow and learn. Key initiatives delivered in FY24 included social networking events, a Dry July fundraising initiative and lunch and learn events on key educational topics, including financial wellbeing.

● Wellbeing

The CFS Wellbeing EAG's purpose is to promote a safe, healthy, and happy workplace, and to support our people's wellbeing goals. It is dedicated to supporting wellbeing by deepening an understanding of all elements of wellbeing, organising practical and sustainable activities and initiatives, and promoting a sense of trying new things.

Gender pay equity

CFS takes a number of steps to ensure remuneration is fair and equitable across genders. This includes analysing pay and performance ratings to ensure there is no gender bias (including unconscious bias), training people managers to address unconscious bias, and correcting gender pay gaps on a like-for-like role basis.

In May 2024 CFS lodged its Annual Workplace Gender Equality (WGEA) report. The Workplace Gender Equality Agency is an Australian government statutory agency created by the Workplace Gender Equality Act 2012. Our participation contributes to the Agency's dataset on gender equality in Australian workplaces and ensures we meet our compliance obligations. In addition, it helps us identify gender equality issues and put action plans in place where required. A copy of our report can be found [here](#).

In FY24, CFS achieved a [Work 180 accreditation](#), further demonstrating its commitment to advancing women's careers.

Employee benefits

CFS offers a range of benefits designed to support employee wellbeing and recognise their contributions to the company's success. These benefits include offers and discounts on financial, lifestyle, health, and wellbeing services, such as corporate health insurance, study assistance, workplace banking, and discounts on Microsoft and Qantas Club memberships.

Employees are entitled to various leave benefits, including three days of life leave, one day of birthday leave, two days of volunteering leave, and 16 weeks of fully paid parental leave for primary or secondary carers. Additional parental leave benefits include superannuation paid during the unpaid portion of leave for primary carers and a \$1,500 return-to-work bonus per child.

CFS also provides competitive investment and administration pricing, options to salary sacrifice super, short term variable remuneration, or purchased leave, and up to two leased motor vehicles through a fleet management company, SG Fleet. Employees can access banking, credit, and home loan discounts from Commonwealth Bank, and enjoy corporate rates on insurance premiums through BUPA.

A 30% discount is also offered for Qantas Club membership fees, as well as Microsoft 365 annual subscriptions. Employees can also access exclusive lifestyle offers through Commonwealth Bank's Workplace Banking program on travel, health, sports, entertainment, retail, and gifts.

Affordable financial advice for employees

At CFS, we recognise that financial wellbeing plays an important role in the overall health and happiness of our employees. From October 2024 CFS will subsidise the cost of financial advice for CFS employees, up to \$500. Permanent employees will be able to access this benefit every two years they stay with CFS.

Reward and recognition

At CFS, we recognise, celebrate and reward people and teams who help our customers achieve financial freedom and those who reach significant service milestones.

Spotlight Awards are business unit-based awards conducted every quarter, and which recognise, celebrate and reward individuals and teams who have delivered outstanding outcomes for customers, people and CFS. Anyone can nominate individuals and teams for a Spotlight Award where they have:

- exemplified CFS values and gone above and beyond for customers, people and our business;
- role-modelled managing risk at CFS; and
- delivered exceptional performance.

CFS also hosts an annual CEO Award event, where Spotlight Award winners and high performers are considered for nomination. Winners are selected by the CFS Leadership Team for awards including Employee of the Year, Team of the Year, Annual Risk Excellence Award, CFS Values Award and Living the Purpose Award.

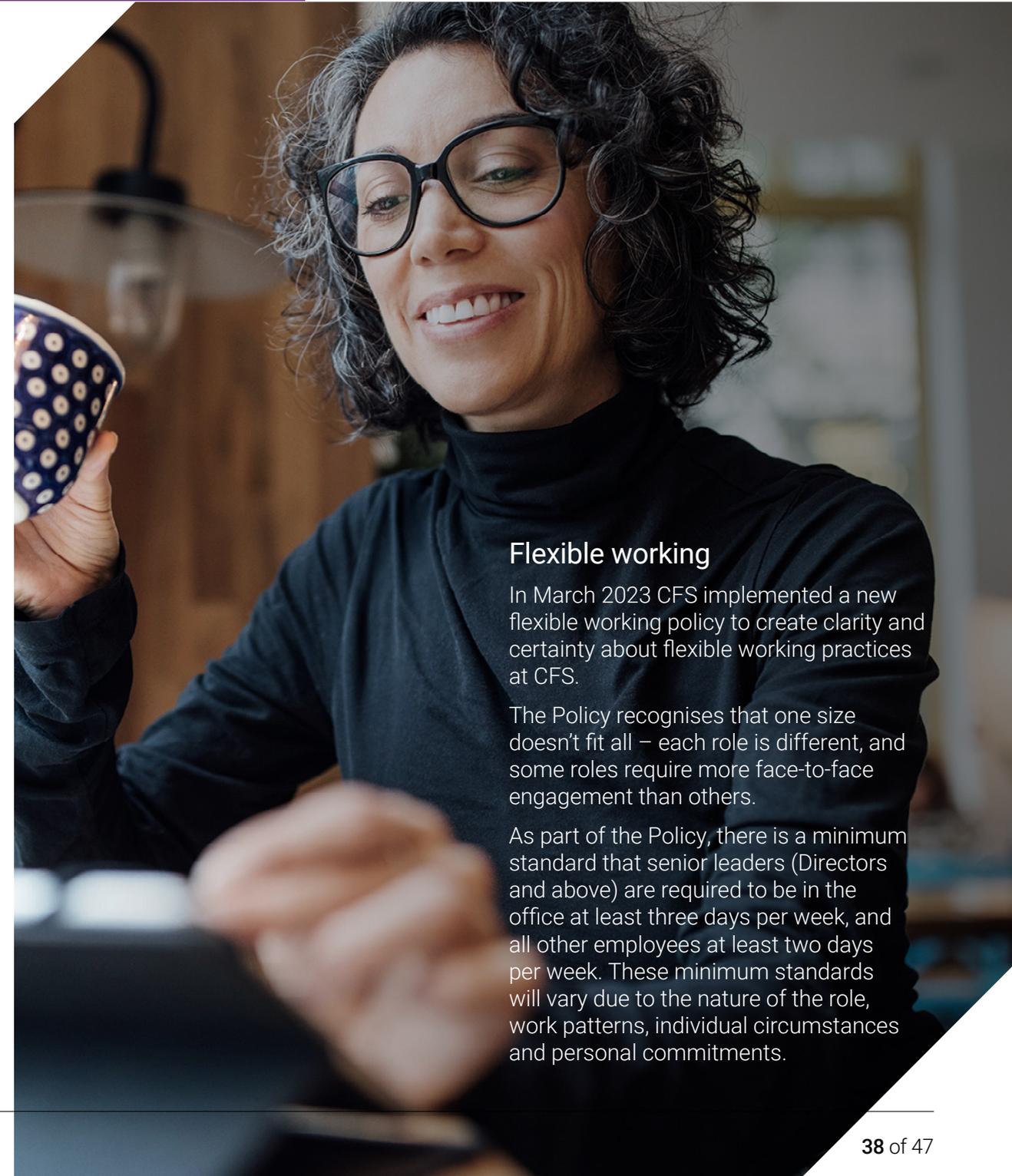
Health and wellbeing

CFS offers a range of wellbeing benefits to employees including:

- weekly walk and run clubs;
- monthly meditation sessions;
- annual flu shots; and
- 24/7 access to healthcare professionals through Sonder.

Sonder, our safety and wellbeing provider, gives employees and family members unlimited and free access to Sonder's safety and wellbeing app, which provides confidential access to healthcare experts such as certified doctors, nurses and psychologists 24/7, as well as safety features including real-time notifications about local dangers such as bushfires and floods. Sonder provides mental health support and medical support, as well as assisting with safety concerns, relationship issues, family life stress, anxiety and fatigue.

80 employees from the Wellbeing EAG help coordinate this activity.



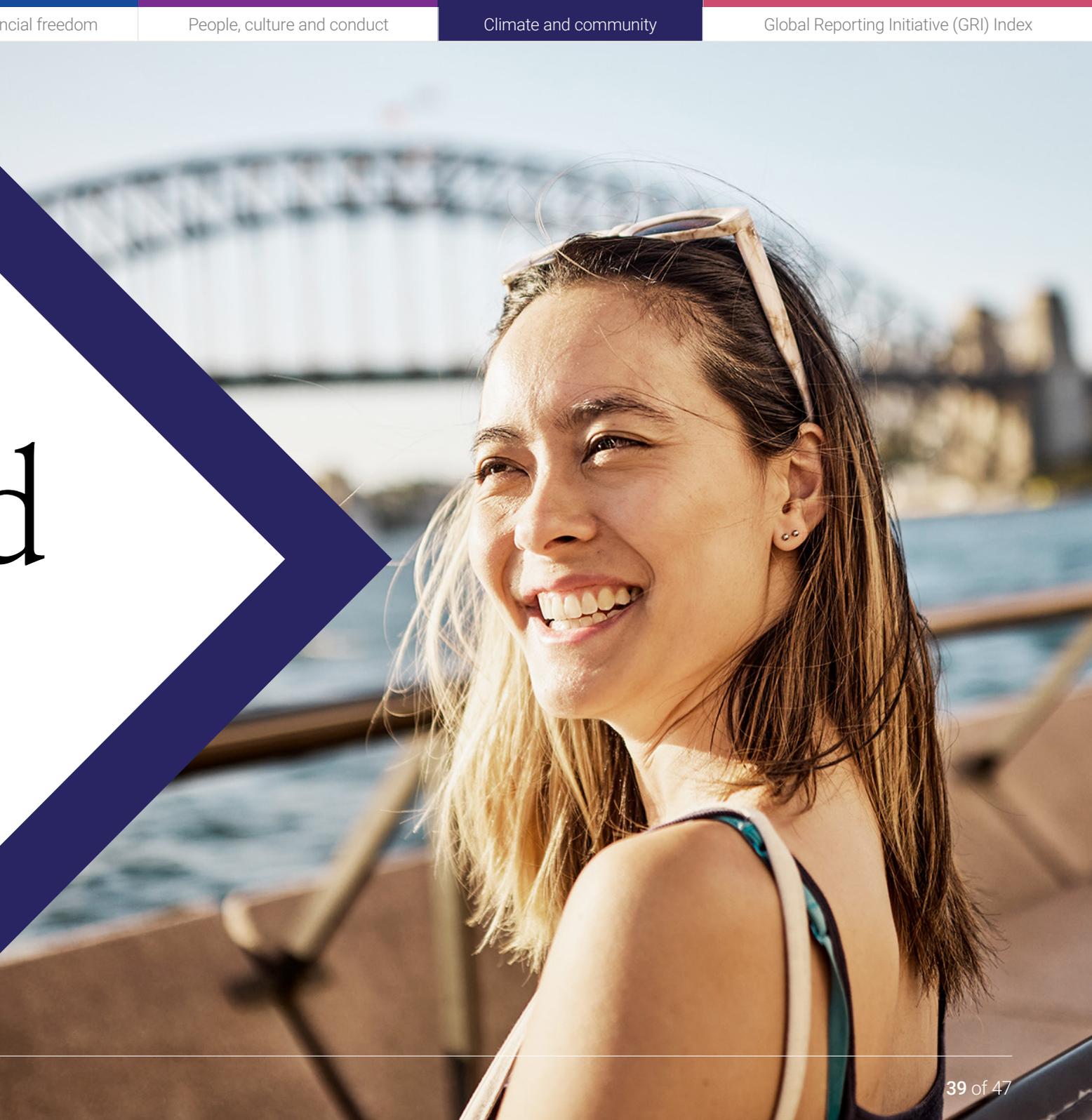
Flexible working

In March 2023 CFS implemented a new flexible working policy to create clarity and certainty about flexible working practices at CFS.

The Policy recognises that one size doesn't fit all – each role is different, and some roles require more face-to-face engagement than others.

As part of the Policy, there is a minimum standard that senior leaders (Directors and above) are required to be in the office at least three days per week, and all other employees at least two days per week. These minimum standards will vary due to the nature of the role, work patterns, individual circumstances and personal commitments.

Climate and community



Climate and community

Financial freedom is not possible without sustainable and resilient communities.

Our commitments to climate change

CFS has made the following climate commitments:

Operations

- Net zero by 2030 for Scope 1 and 2 corporate operational emissions (market-based)

FirstChoice portfolio

- Net zero greenhouse gas emissions by 2050
- 30% reduction in emissions intensity by 2030 on a 2019 baseline
- (Both commitments cover only Scope 1 and 2 emissions of investee companies)

Our position on climate change

We have an important role to play as a corporate group and investor of members' funds in responding to the risks and opportunities presented by climate change. Our position on climate change is shaped by three factors: risks, opportunities and choice.

1

Risks

CFS acknowledges climate change as a financial risk that will have economic and social impacts and needs to be managed.

We have been progressing our climate action plans to mitigate climate risks, including appointing a stewardship provider, EOS at Federated Hermes, collaborating with other investors and working in partnership with our managers.

2

Opportunities

The energy transition will present opportunities for strong risk-adjusted returns.

CFS was responsible for introducing Generation Investment Management's sustainable fund into the Australian market in 2007. In FY23, we expanded on that partnership through an investment in the Climate Asset Fund – managed by Just Climate, a subsidiary of Generation – which focuses on investing in solutions for the highest emitting, hard-to-abate industries, such as steel making.

3

Choice

We believe in providing our members with diverse investment choices to empower them to invest in line with their personal values, objectives and preferences.

While we have made commitments to decarbonise the FirstChoice portfolio, we also believe in investment choice and understand that our customers have different values, objectives and preferences when it comes to how they invest their savings. Our managers will have their own approach towards climate change, and that's why we're pleased to offer 12 sustainable investment options from the world's leading investment managers, including our own sustainable growth fund, Thrive+.

Addressing our financed emissions

CFS can be described as a “universal owner”, which is defined as an investor with a substantial level of assets under management that invests in assets and securities in Australia and globally.

We acknowledge climate change as a financial risk that will have social and economic impact, and which therefore needs to be managed. Managing climate change risk in our investments is an important part of our fiduciary duty. For CFS, just as for the Australian economy, managing climate risk requires achieving a careful balance between lowering our emissions and ensuring we are delivering strong returns for our members.

To support these objectives, we select the world’s leading investment managers to manage our members’ and investors’ money on our behalf. We encourage our investment managers to pursue constructive dialogue with investee companies and have also appointed a stewardship provider to engage with our global equity investments on our behalf (EOS at Federated Hermes).

At the end of FY23, we had measured approximately 98% of the listed equity asset class, which represented approximately 71% of our total funds under management in FirstChoice.

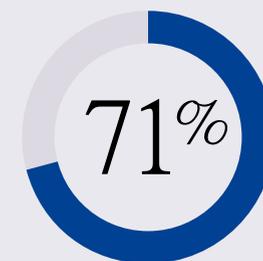
Additional asset classes will be measured as disclosure and data improves. For the portion of our portfolio that we measured, we observed a material reduction in both financed emissions and financed emissions intensity in FY23.

This decarbonisation was largely the result of high-emitting sectors reducing their weightings within key equity indices, as well as the decarbonisation of individual companies. Decarbonisation across global markets will not be linear, and we acknowledge significant data challenges and the reliance on estimates when measuring emissions in our portfolio.

We expect that data quality will continue to improve over time as mandatory climate reporting is adopted by jurisdictions across the globe. Increasing the scope of our measurement and analysis and completing scenario analysis will help us further understand the climate risks and opportunities in our portfolio and inform future priorities and actions. We are also committed to reviewing and investing in opportunities being provided by the energy transition that meet our portfolio risk-return objectives.

To find out more about our FY23 progress, read our FirstChoice Climate Report [here](#).

FY23 Highlights



Approximately **71%** of CFS’s FirstChoice portfolio **measured and evaluated** as at 30 June 2023¹¹

**Federated
Hermes**
Limited

EOS at Federated Hermes (EOS) engaged with **506** companies on environmental issues, including climate change, in FY23.

37%

37% reduction in Financed Emissions Intensity (in USD) for CFS FirstChoice listed equities, from Dec 2019 to June 2023

**JUST
CLIMATE**
by generation__

Committed investment in the Climate Asset fund, managed by Just Climate

¹¹ This includes approximately 98% of listed equities.

Addressing our operational emissions

CFS engaged a third-party specialist provider to calculate its Scope 1 and 2 emissions in FY24. Frameworks including the National Greenhouse and Energy Reporting (NGER) scheme and the Greenhouse Gas (GHG) Protocol were referenced in preparing the calculation. As part of this process, CFS considered its range of potential emissions sources and activities to include within its emissions reporting boundary for Scope 1 and 2. It was found that CFS had two potential sources of Scope 1 and 2 emissions – refrigerants used for office cooling purposes and purchased electricity. However, CFS's use of refrigerants were deemed to be immaterial and therefore not included in the calculation. Furthermore, CFS does not have company vehicles or onsite electricity generation. As a result, CFS reported nil Scope 1 emissions in FY24.

Our FY24 Scope 1 and 2 emissions are therefore derived only from the electricity associated with our operational footprint (Scope 2 only), which includes two major offices in Sydney and Melbourne, and smaller offices in the Melbourne CBD, as well as Adelaide, Brisbane and Perth. As of 1 October 2024, CFS has an agreement in place to purchase renewable energy certificates for the electricity consumption associated with its Sydney and Hawthorn offices. At the time of publication, CFS had also signed an agreement for the purchase of renewable energy certificates for its Sydney and Hawthorn sites going back to January 2022.

CFS's location-based Scope 2 emissions in FY24 was 950 tCO₂e and its market-based emissions was 20 tCO₂e¹³.

As a future focus, CFS will explore solutions to address the small balance of market-based emissions associated with its smaller offices in Melbourne CBD, Perth, Brisbane and Adelaide.

Climate-related disclosures

CFS commenced climate-related reporting on a voluntary basis with its [inaugural climate report](#) for the FirstChoice portfolio, reporting the progress it had made against its portfolio-related climate commitments for FY23. The report was prepared in line with the reporting framework and recommendations on climate-related financial disclosures issued by the Task Force on Climate-Related Financial Disclosures (TCFD).

CFS acknowledges the release of the International Financial Reporting Standards (IFRS) S1 General Requirements for Disclosure of Sustainability-related Financial Information and S2 Climate-related Disclosures. From an Australian perspective, the newly proposed Australian Sustainability Reporting Standards ASRS 1 and ASRS 2 have also been acknowledged.

CFS is a Group 1 entity captured by the climate reporting legislation and will commence reporting in line with the regime from FY26, producing our first mandatory sustainability report in September 2026.

¹³ The market-based calculation includes the retrospective purchase of renewable energy certificates for 400 George Street and Hawthorn for the FY24 financial year. At the time of publication, an agreement had been signed and arrangements were being put in place for the purchase and surrender of these certificates.





Reconciliation with First Nations Australians

We are passionate about working towards building a better financial future for our Aboriginal and Torres Strait Islander colleagues, customers and partners.

To guide our approach, in November 2022 we launched our inaugural Innovate Reconciliation Action Plan (RAP) which outlined 65 actions to help lay the foundations to improve the economic prosperity for Aboriginal and Torres Strait Islander Peoples, especially related to their experience with superannuation.

With our RAP due for completion in November 2024, we have been proud to deliver on our commitments, including:

- improving cultural awareness through targeted employee training;
- acknowledging and celebrating National Reconciliation Week and NAIDOC Week in 2023 and 2024;
- updating our procurement practices to make it easier to purchase goods and services from Aboriginal and Torres Strait Islander businesses; and
- developing an Indigenous Employment Strategy.

Supporting local artists with ColourSpace

We are very proud of our partnership with ColourSpace, a social enterprise that provides local Australian artists with a platform to get their art out and in front of people, and have their voices heard.

Since our partnership began, 95 artworks have been displayed across our Sydney head office from 23 local artists.

For each artwork on display, 25% is paid to the artist helping fund their creative practice. The artwork is also made available for purchase by CFS employees.

FUTURE FOCUS: CFS in the community

Our purpose is to help Australians achieve financial freedom. To help bring this to life, CFS will establish a community program that will focus on engaging employees and making a positive contribution to local communities and charitable causes. This will build on employee-led activity delivered during FY24, including supporting The Smith Family's Winter Appeal, sponsoring the Financial Industry Community Aid Program (FICAP) RockStar event and sponsoring Can4Cancer. CFS will disclose its progress in future reporting periods.

Global Reporting Initiative (GRI) Index

This document outlines how CFS has reported with reference to the Global Reporting Initiative (GRI) 2021 Standards. CFS has reported with reference to these disclosures on a best endeavours basis only.

Reporting with reference to the GRI Standards is permitted where an organisation cannot fulfill some of the requirements to report in accordance with the GRI Standards, or only reports specific information for specific purposes.

The data and information included in the CFS Group Sustainability Report, including GRI-related disclosures and this appendix, has not been assured or reviewed by a third party.

Effort has been made to ensure the accuracy and integrity of the data and information. Any data errors or information inaccuracies will be restated in future reports.

General Disclosures

| Reference | Disclosure | Location of disclosure |
|-------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The organisation and reporting practices | | |
| 2-1 | Organizational details | Page 3 'About this document' and pages 9-11 'About CFS' |
| 2-2 | Entities included in the organization's sustainability reporting | Page 3 'About this document' |
| 2-3 | Reporting period, frequency and contact point | Page 3 'About this document' |
| 2-4 | Restatements of information | As this is CFS's inaugural report, this disclosure is not applicable. |
| 2-5 | External assurance | CFS did not seek assurance on any information or data included in this report. |
| Activities and workers | | |
| 2-6 | Activities, value chain and other business relationships | Pages 9-11 'About CFS' |
| 2-7 | Employees | Permanent full-time employees broken down by gender are as follows. <ul style="list-style-type: none"> • Male: 682 • Female: 630 All employees are based in Australia. |
| 2-8 | Workers who are not employees | Not disclosed. |
| Governance | | |
| 2-9 | Governance structure and composition | Partially disclosed on page 18. |
| 2-10 | Nomination and selection of the highest governance body | Not disclosed. |
| 2-11 | Chair of the highest governance body | Not disclosed. |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | Partially disclosed on pages 12 and 18. |
| 2-13 | Delegation of responsibility for managing impacts | Partially disclosed on page 12 'sustainability governance'. |
| 2-14 | Role of the highest governance body in sustainability reporting | Partially disclosed on page 12. |



| Reference | Disclosure | Location of disclosure |
|-----------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2-15 | Conflicts of interest | CFS Conflicts Management Policy |
| 2-16 | Communication of critical concerns | Partially disclosed on page 12. |
| 2-17 | Collective knowledge of the highest governance body | Not disclosed. |
| 2-18 | Evaluation of the performance of the highest governance body | Not disclosed. |
| 2-19 | Remuneration policies | Not disclosed. |
| 2-20 | Process to determine remuneration | Not disclosed. |
| 2-21 | Annual total compensation ratio | Not disclosed. |
| Strategy, policies and practices | | |
| 2-22 | Statement on sustainable development strategy | Partially disclosed on pages 4, 12 and throughout the document. |
| 2-23 | Policy commitments | Partially disclosed throughout the Group Sustainability Report and also in the following documents. CFS Third Party Code of Conduct CFS Modern Slavery Statement |
| 2-24 | Embedding policy commitments | Partially disclosed on page 12. |
| 2-25 | Processes to remediate negative impacts | CFS Whistleblower Policy |
| 2-26 | Mechanisms for seeking advice and raising concerns | CFS Whistleblower Policy |
| 2-27 | Compliance with laws and regulations | Not applicable. |
| 2-28 | Membership associations | Page 14, 'Our memberships, certifications and partnerships' |
| 2-29 | Approach to stakeholder engagement | Partially disclosed on Page 12, 'Our material sustainability issues'. |
| 2-30 | Collective bargaining agreements | Not disclosed. |



Topic-specific Disclosures

| Reference | Disclosure | Location of disclosure |
|--------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CFS-specific indicators | | |
| Financial freedom | Total pension payments | Page 15, 'FY24 Highlights' |
| | Members accessing superannuation on hardship or compassionate grounds | |
| GRI 418: customer privacy | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Partially disclosed on page 20 'Customer privacy and data protection.' CFS received 10,206 total customer complaints in 2024. Due to data and resourcing limitations, it is currently not possible to determine the number of substantiated privacy complaints from overall complaints. |
| GRI 409: forced or compulsory labor | | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | CFS Modern Slavery Statement |
| GRI 417: marketing and labeling | | |
| 417-1 | Requirements for product and service information and labelling | Partially disclosed on Page 21. |
| GRI 305: emissions | | |
| 305-1 | Direct (Scope 1) GHG emissions | Page 42, 'Addressing our operational emissions' |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Page 42, 'Addressing our operational emissions' |
| 305-3 | Other indirect (Scope 3) GHG emissions | Page 41, 'Addressing our financed emissions' CFS has not measured its operational Scope 3 emissions. |
| 305-4 | GHG emissions intensity | Not disclosed for CFS's operations. However, CFS has disclosed the emissions intensity of its FirstChoice portfolio in its FirstChoice Financed Emissions Climate Report. |
| 305-5 | Reduction of GHG emissions | Disclosed only for financed emissions on page 41. |
| 305-6 | Emissions of ozone-depleting substances (ODS) | Not disclosed. |

Colonial
First State