

# Your guide to responsible investing



Whether positive or negative, all businesses – and therefore, all investments – can have an impact on the world around them. That’s where responsible investing comes in. There are many names for, and approaches to, responsible investing – but all generally aim to minimise the negative impacts of investing to deliver positive social, economic and environmental impact and financial returns over the long term.

## Contents

<b>1</b> Responsible investment philosophies	3
<b>2</b> What are ESG factors?	4
<b>3</b> What is active ownership?	5
<b>4</b> Further reading on responsible investing	6
<b>5</b> How is your CFS super invested?	7
<b>6</b> What are my investment options?	8



# 1 Responsible investment philosophies



## Impact investing

**Make a positive difference to people or the planet**

Targeting investments into opportunities that aim to generate positive and measurable social and environmental impacts alongside financial returns.



## Ethical investing

**Exclude certain investments due to ethics**

Ethical Investing involves taking an ethical view when making investment decisions. For example alcohol, contraception and animal testing are some areas investors may consider with an ethical lens.



## ESG integration

**Avoid risk and seek opportunities to deliver best possible returns**

ESG Integration considers a range of Environmental, Social and Governance (ESG) factors in conjunction with normal financial analysis when making investment decisions.

Some investment managers (including super funds) follow a process of ESG integration and active ownership rather than choosing or excluding particular industries or companies based on ethical grounds (like with impact and ethical investing). That's because investment managers manage billions of dollars on behalf of diverse investors whose morals and values will be vastly different – making it difficult to pick and choose investments to suit all members.

## 2 What are ESG factors?

There are a range of important ESG factors that have the potential to change the value of investments. For example, weather events driven by climate change and global warming could impact a company's production and operations. This could impact its revenue and, in turn, reduce the value of its shares. Other ESG factors to consider include:

<b>Environmental</b>	 Water supply	 Climate change	 Energy use	 Waste and pollution	 Animal welfare
<b>Social</b>	 Health and safety	 Community	 Human rights	 Labour standards	 Modern slavery
<b>Governance</b>	 Bribery and corruption	 Transparency and accountability	 Board diversity and Director nominations	 Executive pay	

# 3 What is active ownership?

Active ownership involves engagement with, and voting on, how a company operates its business. Sometimes the process of engagement and voting is not enough to achieve satisfactory change and, in some instances, an investment manager may decide to divest from the investment altogether.



## Engagement

The purpose of engagement is to provide feedback and signal concerns to companies about issues that will affect the long term performance of a company. Engagement may involve discussions regarding 'how' the company is operating, 'why' it chooses to operate in that way and 'what', if anything, it can change to satisfy the concerns of its investors.



## Proxy voting

Proxy voting is an important shareholder activity as it enables investors to have a say in the key strategic decisions of a company. At Annual General Meetings (AGMs) companies will seek shareholder approval on a variety of issues. Shareholders will then vote 'For', 'Against' or 'Abstain' for each resolution.



## Exclusion

Exclusion is when an investor chooses to divest from a company or industry (sell its shares) or to not include a particular company or industry in their portfolio in the first place. Exclusion by major investors, like super funds, usually happens after an extensive risk analysis that includes the consideration of ESG factors.

# 4 Learn more about responsible investing



▶ Visit the Responsible Investment Association of Australasia (RIAA)



▶ Read more about Colonial First State's philosophy



▶ Brush up on your Responsible Investing terminology



▶ See why investing responsibly doesn't mean giving up returns

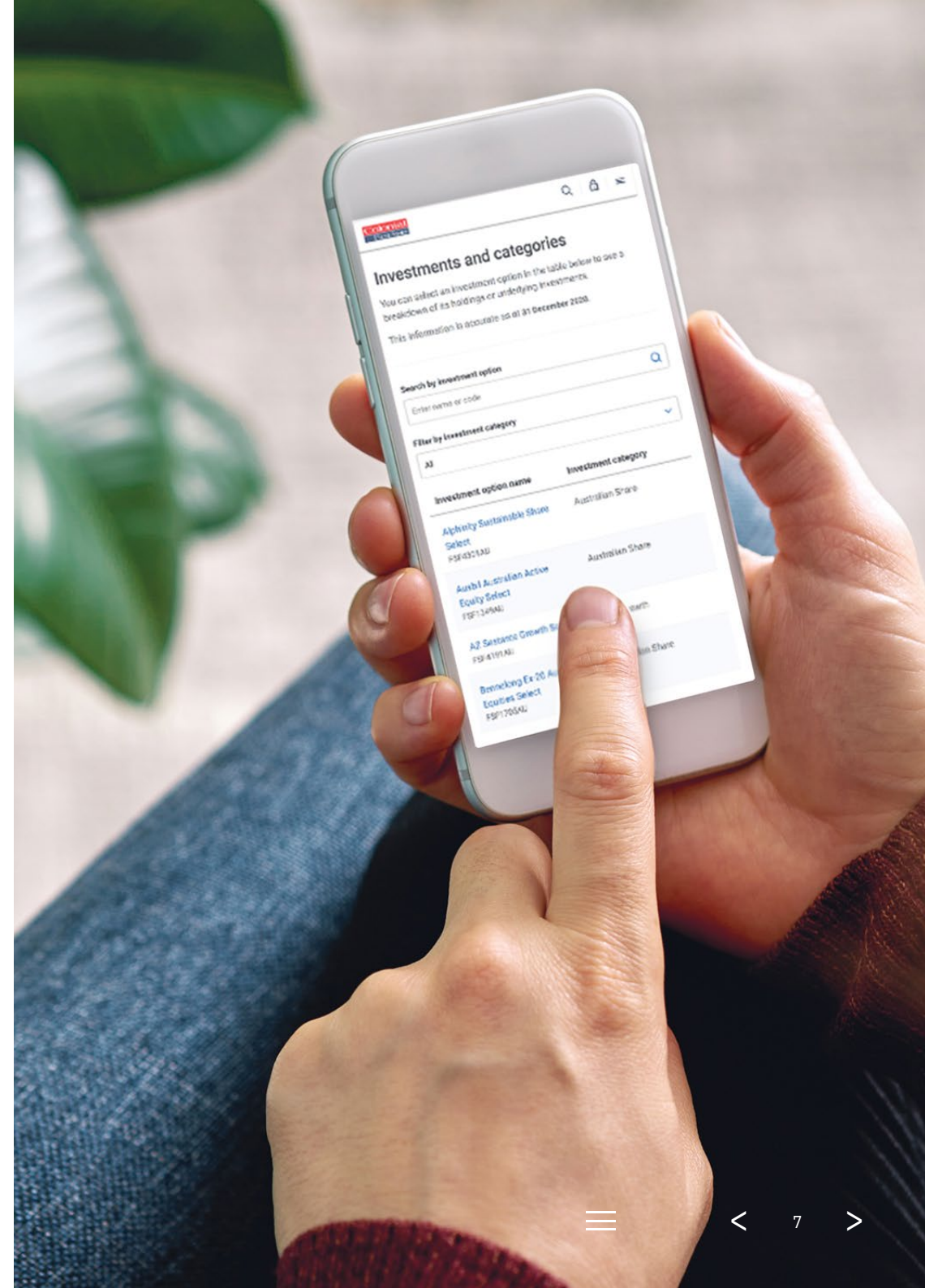
▶ Watch our video to learn more

# 5 How is your CFS super invested?

To find out exactly what your super is invested in, click on the link below and then follow these steps:

- 1 Scroll down and select your FirstChoice Lifestage
- 2 Browse investments or search for a specific company or investment
- 3 Here you will be able to see the percentage value of an investment in your portfolio

▶ See what your super is invested in



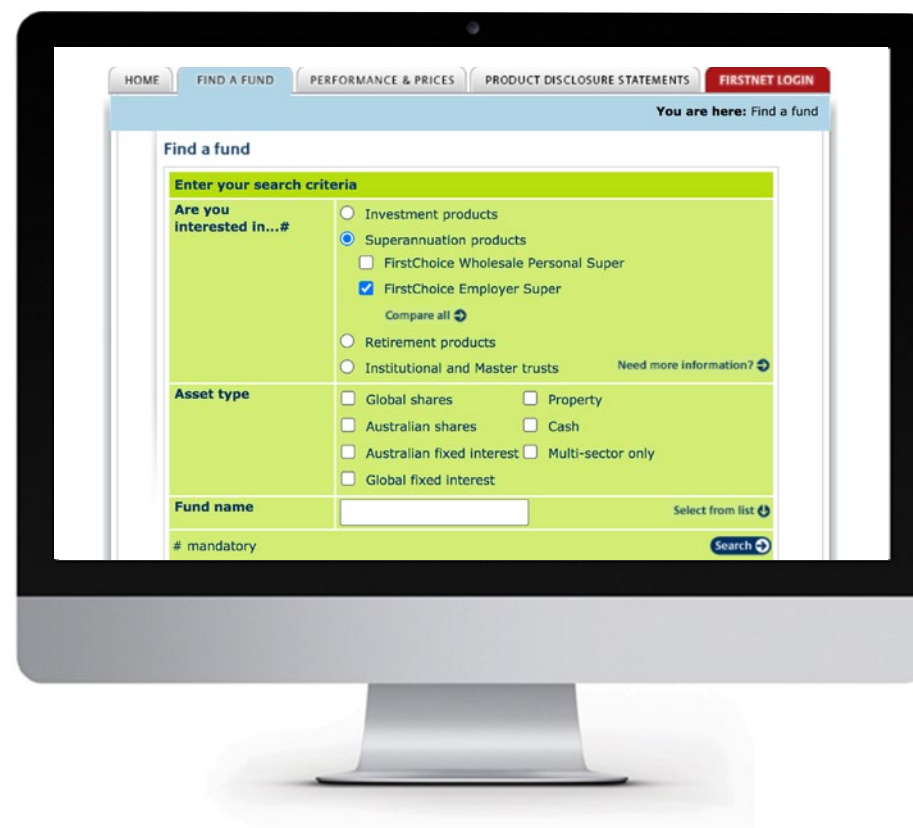
## 6 What are my investment options?

To see the wide range of Australian and International investment options available to FirstChoice Employer Super members, click below and follow these steps:

- 1 Click 'View available funds'
- 2 Browse the list, or click 'New Search', then select:
  - Superannuation products, and
  - FirstChoice Employer Super

▶ Explore FirstChoice Investment options.

▶ To find out what investments Colonial First State has excluded on the basis of Responsible Investing principles, view our current exclusions list.







**For more information, please contact us on 1300 654 666, 8am–7pm, Monday to Friday (Sydney time) or speak with your financial adviser. If you don't have a financial adviser, click [here](#) to find one.**

Avanteos Investments Limited ABN 20 096 259 979, AFSL 245531 (AIL) is the trustee of the Colonial First State FirstChoice Superannuation Trust ABN 26 458 298 557 and issuer of FirstChoice range of super and pension products. Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 (CFSIL) is the responsible entity and issuer of products made available under FirstChoice Investments and FirstChoice Wholesale Investments.

This document may include general advice but does not take into account your individual objectives, financial situation, needs or tax circumstances. The Target Market Determinations (TMD) for our financial products can be found at [www.cfs.com.au/tmd](http://www.cfs.com.au/tmd), which include a description of who a financial product might suit. You should read the relevant Product Disclosure Statement (PDS) and Financial Services Guide (FSG) carefully, assess whether the information is appropriate for you, and consider talking to a financial adviser before making an investment decision. You can get the PDS and FSG at [www.cfs.com.au](http://www.cfs.com.au) or by calling us on 1300 654 666. 28432/FS7801/0422