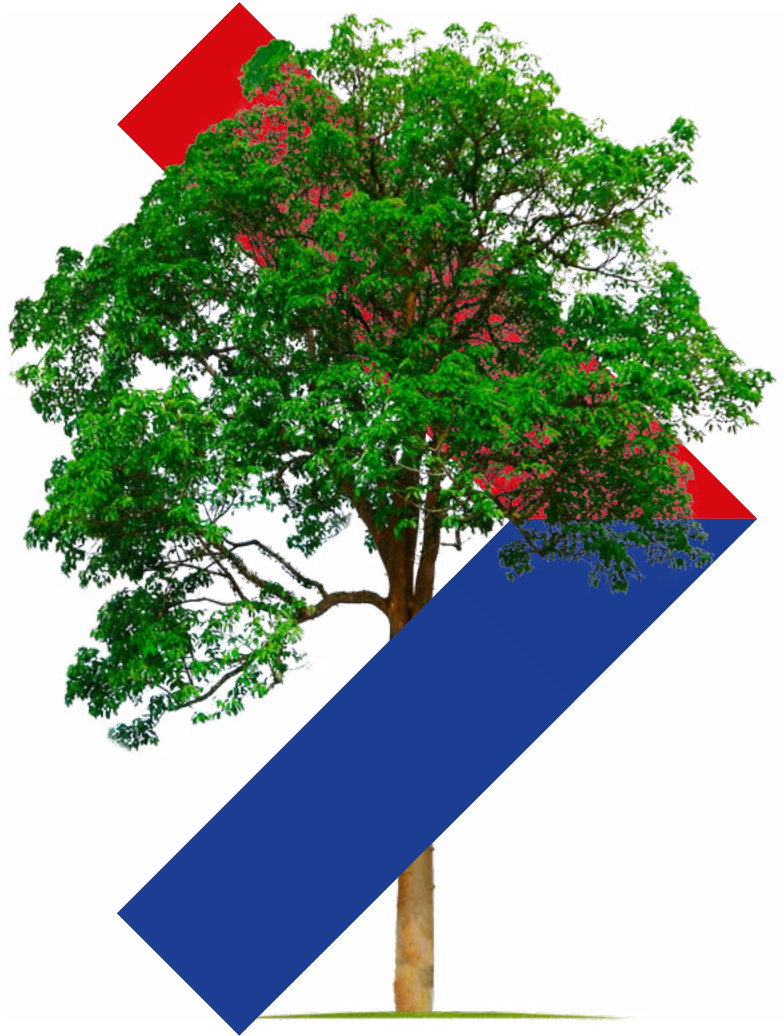


# Thrive+

## Sustainable Investment Charter



**Dated 18 November 2023**

Issued by: Avanteos Investments Limited ABN 20 096 259 979 AFSL 245531 and  
Colonial First State Investments Limited ABN 98 002 348 352 AFSL 232468.

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This Charter contains statements and information incorporated by reference and must be read in conjunction with the relevant Product Disclosure Statement (PDS) and all other statements and information incorporated by reference as described and listed in the relevant PDS for the product you wish to apply for. You should read all parts of the PDS. If you would like a paper copy to be sent to you, free of charge, contact Colonial First State on 13 13 36 or email us at [contactus@cfs.com.au](mailto:contactus@cfs.com.au)

Colonial First State Investments Limited ABN 98 002 348 352 AFSL 232468 ('CFSIL', 'the Responsible Entity' (RE)) is the responsible entity and issuer of products made available under FirstChoice Investments and FirstChoice Wholesale Investments and other managed investment schemes including CFS Thrive+ Sustainable Growth – Class A.

Avanteos Investments Limited ABN 20 096 259 979 AFSL 245531 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. AIL is the trustee of Commonwealth Essential Super ABN 56 601 925 435.

Colonial First State (CFS) refers to Superannuation and Investments HoldCo Pty Limited ABN 64 644 660 882 and its subsidiaries which include CFSIL and AIL. CFS is majority owned by an affiliate of Kohlberg Kravis Roberts & Co. L.P. (KKR), with the Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 (CBA) holding a significant minority interest. The investment performance and the repayment of capital of CFSIL and/or AIL products is not guaranteed.

Apart from FirstRate products, investments in FirstChoice products are not deposits or other liabilities of CBA or CFS entities. Investment-type products are subject to investment risk including loss of income and capital invested.

The RE may change any of the terms and conditions contained or referred to in the relevant offer document and, where a change is material, the RE will notify you in writing within the timeframes provided for in the relevant legislation. You should note that unless an investment fund is suspended, restricted or unavailable, you may withdraw from an investment fund in accordance with our normal processes.

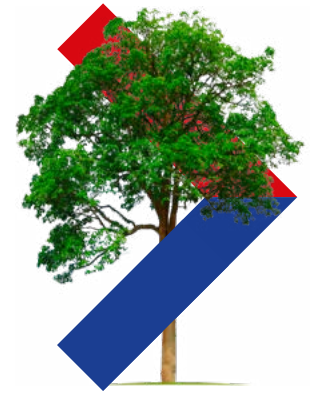
The information contained in this Investment Charter is general information only and does not take into account your personal financial situation or needs. You should consider obtaining financial advice relevant to your personal circumstances before investing.

This information is current as at 18 November 2023 and may be updated from time to time. Please refer to our website or call us for the most up to date information.

The Target Market Determinations (TMD) for our financial products can be found at [www.cfs.com.au/tmd](http://www.cfs.com.au/tmd) and include a description of who the financial product is appropriate for.

# Our investment approach

Society faces significant challenges to achieve a sustainable, thriving future for everyone. Thrive+ isn't just a good fund, it aims to do good for people, planet and policy so together we can become a force for positive change, for today and tomorrow.



We believe how an organisation manages its environmental and social issues, the quality of its corporate governance (ESG factors), directly influences its ability to sustain returns over the longer term. We refer to this as the three Ps – people, planet and policy and, as signatories to the Principles of Responsible Investment (PRI), we have placed these at the heart of every investment decision for this fund.

But allocating investment capital or money isn't enough. We work closely with our appointed investment managers to ensure the companies we invest in implement better environmental and social policies and practices.

We also believe it's important to understand our members' concerns and what is important to focus on, not just what we think is important. That's why we will engage with our members on a regular basis to ensure we are investing with their values and concerns in mind.

This enables us to use investment capital, active engagement and proxy voting to create the change that you want to see in the world, while still seeking to generate competitive returns over the longer term.



## People

- Workplace health and safety
- Diversity and inclusion
- Modern slavery
- Healthcare



## Planet

- Fossil fuels
- Waste and pollution
- Water
- Biodiversity



## Policy

- Board composition
- Remuneration and alignment
- Transparency and reporting
- Conduct and culture

Signatory of:



## Invest your money in what you care about

Member surveys and discussions with our investment managers have guided our choices in which industries Thrive+ support or exclude. The sustainable investment criteria and gross revenue thresholds may change over time.

We seek out companies that unleash positive change in the world by supporting people, planet and policy.



### Climate change

Addressing climate change, delivering climate change solutions and benefit from the transition to net zero emissions.



### Resource efficiency

Addressing the need to use/protect scarce natural resources wisely and manage waste sustainably.



### Sustainable communities

Addressing the need for affordable housing and encouraging inclusive and sustainable communities.



### Healthcare

Addressing healthcare challenges and focussing on wellbeing and nutrition.



### Diversity & Inclusion

Addressing gender and racial/ethnic diversity and inclusive challenges at all levels of the workforce.

We seek to avoid companies that have a highly adverse effect on people and planet<sup>1</sup>.



### Certain fossil fuels<sup>2</sup>

Derive more than 5% of gross revenues<sup>3</sup> from:

- **Thermal Coal:** Thermal coal mining, extraction, production, refining or processing.
- **Oil & Gas – Conventional/Unconventional:** Oil and gas exploration, production and refining. Oil includes oil sands, tar sands, shale oil. Gas includes Coal Seam Gas and shale gas.
- **Fossil Fuel Utilities:** Thermal coal power generation.



### Weapons & firearms

- **Weapons – Nuclear:** Manufacture and/or store fissile materials used in/for nuclear weapons. Manufacture nuclear warheads and/or missiles. Produce uranium for nuclear weapons.
- **Weapons – Controversial:** Manufacture including chemical and biological weapons, cluster munitions, antipersonnel landmines, and blinding lasers.
- **Weapons/Firearms – Conventional:** Manufacture conventional weapons.



### Pornography

Produce X-rated films, sexually explicit video games, magazines or adults-only internet material.



### Gambling

Own or operate gambling facilities, online gambling or mobile gambling.



### Tobacco & nicotine alternatives

Producers that grow/process or manufacture including cigars, cigarettes, e-cigarettes, inhalers, snuff and chewing tobacco.



### Alcohol

Manufacture including brewers, distillers, and vintners.



### Predatory lending

Unscrupulous lending practices that provide credit that incorporates interest rates, fees and/or contractual terms that do not reflect appropriate risk-based pricing and are unfair on borrowers.

Individual portfolio holdings will be disclosed regularly allowing members to monitor their investments in Thrive+.

Exclusions form part of the investment management agreements with our appointed managers. From time to time, due to timing differences between activities of a company (for example where there has been an acquisition or divestment), the reporting of a company's activities or an error by an external service provider, some companies may temporarily fall outside this screen. If we discover an investment no longer meets our criteria, we will endeavour to divest the holding as soon as practicable.

1 An exemption applies to some fixed income investments 'use of proceeds' securities such as green, social, and sustainability bonds issued by companies, that may have otherwise been screened out, to fund projects with dedicated environmental and/or social benefits and to government, government related/supranationals. Exemptions do not apply to sustainability-linked bonds.

2 In certain circumstances, there may be an exception to the less than 5% revenue threshold if a company has publically reported, in line with the Task Force on Climate-related Financial Disclosures (TCFD), on its progress to net zero by 2050 with a clear transition plan that also addresses the decommissioning, rehabilitation and social impacts of the transition. This will only be considered for a company where the excluded fossil fuel revenues remain a small part of their overall revenue.

3 We use a third party data provider to supply threshold data and they will generally provide this for total or gross revenue. However, where this is not available they will consider net sales or operating revenue as reported by the company in its financial statements for the purpose of revenue estimations.

## Our investment process

To align our approach with this mission, we believe a fund like this requires active management to effectively manage inclusions, exclusions and active ownership. To manage the screening process, we've partnered with specialist external managers, who are aligned to our sustainable investment criteria and have robust frameworks in place for selecting, retaining and selling investments.

We also believe active engagement and proxy voting leads to better long term sustainable returns. We therefore choose to work with investment managers who engage with companies to influence people, planet and policy practices. We also leverage our influence via our engagement provider, EOS at Federated Hermes who use the power of investor capital to influence companies for good, from within.

### Value alignment

Member engagement via survey to understand concerns and areas of focus.

### People, planet and policy + performance

Incorporate both risks and opportunities of the three Ps in investment decision making to ensure sustainable returns over longer term.

### Active engagement and vote

Engage with companies and management and vote to influence for a sustainable future.

## Manager alignment

Along with a sustainability criteria, we use a robust and consistent process to select investment managers to ensure that the fund achieves its financial objective. This includes investment and operational due diligence to assess the business, people and incentive structure, investment process, ability to implement exclusions, performance and additional quantitative metrics to ensure alignment of process, performance and portfolio characteristics. The manager research process also involves a series of manager meetings and is supplemented by quantitative assessment using specialist third party providers. Please refer to the Manager Profile for a list of the specialist managers we have appointed.

## Monitoring

Our in-house investment team regularly monitor the investment managers including any change to their investment process, performance and characteristics of the portfolio. We also review the people, planet and policy (ESG) factors and the climate metrics using a third party data provider and methodology. This ensures investments are aligned to the Charter with ESG practices and carbon metrics better than their respective benchmarks. We want our investments to encourage contribution to creating a better world.

## Governance

Compliance with the Charter is overseen by the Sustainable Investment Governance Committee. The Committee is responsible for reviewing portfolios' holdings, the people, planet, policy (ESG) and carbon metrics and the exclusion list to ensure alignment with the Charter. The committee also oversees engagement activities. The Committee includes an independent representative and aims to meet three times per year.

### Find out more

Learn more about investing for positive social and environmental change at:

[Responsible Investment \(cfs.com.au\)](https://www.cfs.com.au)

