



LEA 02	Disclosures: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
<p><b>Type of engagement</b></p> <p>Individual/ internal staff engagements</p>	<p><b>Reason for Interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage internal ESG decision-makers</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage with internal staff</li> </ul>		
<p><b>Type of engagement</b></p> <p>Collaborative engagements</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input type="checkbox"/> To influence corporate transition or identify the need for additional or enhanced information</li> <li><input type="checkbox"/> To engage internal ESG decision-makers</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage with collaborative engagements</li> </ul>		
<p><b>Type of engagement</b></p> <p>Service provider engagements</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input type="checkbox"/> To influence corporate transition or identify the need for additional or enhanced information</li> <li><input type="checkbox"/> To engage internal ESG decision-makers</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage with service providers</li> </ul>		

# RI TRANSPARENCY REPORT

## 2020

### Colonial First State

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2020 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		🔒	n/a							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	✓	Private							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	🔒	n/a							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	🔒	n/a							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	🔒	n/a							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	✓	Private							✓
OO PE 01	Breakdown of private equity investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership in private equity investments	🔒	n/a							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Private							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Private							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	✓	Private	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		✓	Private							✓
SG 14	Long term investment risks and opportunity	✓	Private	✓						
SG 14 CC		✓	Private							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 18	Innovative features of approach to RI	✓	Private							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	ESG incorporation strategies	✓	Public	✓						
SAM 02	Selection processes (LE and FI)	✓	Public	✓						
SAM 03	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	✓	Public		✓					
SAM 04	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 05	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 06	Monitoring on active ownership (listed equity/fixed income)	✓	Public	✓						
SAM 07	Percentage of (proxy) votes	✓	Public		✓					
SAM 08	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓						
SAM 09	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public	✓						✓
SAM End	Module confirmation page	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year`s PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year`s PRI data	✓	Public							✓
CM1 05	External assurance	🔒	n/a							✓
CM1 06	Assurance or internal audit	🔒	n/a							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 End	Module confirmation page	✓	-							

# Colonial First State

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2

Additional information. [Optional]

Colonial First State Investments Limited (CFSIL) is an Australian Registrable Superannuation Entity Trustee (RSE Trustee) and Responsible Entity (RE) that provides a range of investment, superannuation and retirement products to individuals and corporate superannuation solutions to employers in Australia. We have over 1 million members, administer over AUD\$116 billion and are the largest provider of private pensions in Australia.

CFSIL as a RSE and RE offers investment, superannuation and retirement products. These products have a range of investment options to offer choice and to cater to the needs of individuals. The time horizon of the investment options are aligned to the risk return objectives of the individual options. However, with the purpose of superannuation in Australia being to invest and generate income for retirement, the time horizon is long term.

The different investment options provided by CFSIL ensure that they incorporate the needs of members of various risk profiles. The governance structure ensures that options are managed in member's best interest, considering investment returns and risk as well as the fees and other costs incurred by the member. CFSIL is not an Investment Manager and does not manage any monies internally. It has a sub advisory relationship with Investment managers, each governed through a bilateral Investment Management Agreement with CFSIL.

CFSIL employs a specialist investment team that is responsible for the investment decisions of the default investment option offered by CFSIL under the APRA regulated MySuper regime. These decisions include the



determination of strategic asset allocation, sector strategy and investment manager selection. The investment decisions are governed by the Board delegated Investment Committee that has an Independent non-Executive Chair and two other Independent non-Executive directors

CFSIL has a majority-independent board. The CFSIL Board comprises of an Independent Non-Executive Chair, three Independent Non-Executive Directors, and one non-Independent Non-Executive Director. The Board operates three Independent Non-Executive Director-chaired sub-committees: the Board Investment Committee, the Member Outcomes Committee, and the Board Audit and Risk Committee, to whom management presents various strategic, product, risk and investment recommendations. The Board and associated Committees have oversight of and approval rights for all strategic, risk, product, investment and outsourcing decisions as well as executive management appointment.

OO 02	Mandatory	Public	Peering	General
-------	-----------	--------	---------	---------

OO 02.1	Select the location of your organisation's headquarters.
---------	--

Australia

OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).
---------	---

- 1
- 2-5
- 6-10
- >10

OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
---------	---

FTE
-----

1244

OO 02.4	Additional information. [Optional]
---------	------------------------------------

OO 03	Mandatory	Public	Descriptive	General
-------	-----------	--------	-------------	---------

OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
---------	---

- Yes
- No

OO 03.3	Additional information. [Optional]
---------	------------------------------------

Colonial First State Investments Limited, this signatory, is a subsidiary of the Commonwealth Bank of Australia. .

Colonial First State Investments Limited has distribution partnerships with Acadian, Milliman, Generation, Aspect, Baillie Gifford and Affirmative Investment Management but these are not subsidiaries of CFSIL. All except for Milliman are signatories to PRI.

Across all of our funds over 3/4 of our managers are PRI signatories.

OO 04	Mandatory	Public	Gateway/Peering	General
-------	-----------	--------	-----------------	---------

**OO 04.1** Indicate the year end date for your reporting year.

31/12/2019

**OO 04.2** Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		116	417	393	140
Currency	AUD				
Assets in USD		78	861	096	715

Not applicable as we are in the fund-raising process

**OO 04.4** Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year

Not applicable as we do not have any assets under execution and/or advisory approach

**OO 04.5** Additional information. [Optional]

We have expanded our reporting from last year so that it now covers all assets for which CFSIL is Responsible Entity. Please note another change from last year's report is the absence of any internally managed funds. Previously we reported Colonial First State Global Asset Management FUM as 'internal' due to them being a subsidiary of the Commonwealth Bank of Australia Group (as are we). However, in August 2019 they left the Group and rebranded as First Sentier Investments (a subsidiary of Mitsubishi UFJ Trust and Banking Corporation (MUTB)).

OO 06	Mandatory	Public	Descriptive	General
-------	-----------	--------	-------------	---------

**OO 06.1** Select how you would like to disclose your asset class mix.

as percentage breakdown

as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	0	>50%

Fixed income	0	10-50%
Private equity	0	0
Property	0	0
Infrastructure	0	<10%
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	<10%
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	<10%
Money market instruments	0	0
Other (1), specify	0	<10%
Other (2), specify	0	0

**OO 06.2** Publish asset class mix as per attached image [Optional].

**OO 06.3** Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes  
 No

**OO 06.5** Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.  
 No, we do not use fiduciary managers.

**OO 06.6** Provide contextual information on your AUM asset class split. [Optional]

Our allocation to direct infrastructure is within our MySuper product and within the younger cohorts only. A small allocation in percentage terms it has grown to AUD\$397.3 M since 2017 .

Within our listed equity allocation we include Australian and global equities, listed property securities and listed infrastructure securities.

OO 09	Mandatory	Public	Peering	General
-------	-----------	--------	---------	---------

**OO 09.1** Indicate the breakdown of your organisation's AUM by market.

94	Developed Markets
6	Emerging Markets
0	Frontier Markets
0	Other Markets
100%	Total 100%

**OO 09.2** Additional information. [Optional]

### Asset class implementation gateway indicators

OO 10	Mandatory	Public	Gateway	General
-------	-----------	--------	---------	---------

**OO 10.1** Select the active ownership activities your organisation implemented in the reporting year.

- Listed equity – engagement
- We engage with companies on ESG factors via our staff, collaborations or service providers.
  - We require our external managers to engage with companies on ESG factors on our behalf.
  - We do not engage directly and do not require external managers to engage with companies on ESG factors.

#### Listed equity – voting

- We cast our (proxy) votes directly or via dedicated voting providers
- We require our external managers to vote on our behalf.
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

#### Fixed income SSA – engagement

- We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with SSA bond issuers on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

We require our managers to have considered ESG risks before making their investment. The credit managers all have ESG overlay of some type, using either internal or external providers. The ESG teams will have differing levels of engagement with the issuers.

We are investigating the possibility of employing an external provider to engage on our behalf.

During the calendar year 2019, CFSIL began the process of identifying suitable third parties for the purposes of proxy voting and engagement. The initial focus is to have a consolidated report for CFSIL on equity voting across all managers. Further, we will review the process of engagement with the investee companies (across equity and fixed income), as we believe this is part of us being an active owner.

We are currently participating in the PRI collaboration to engage with index providers in order to encourage them to exclude controversial weapons from their indices.

#### Fixed income Corporate (financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

We require our managers to have considered ESG risks before making their investment. The credit managers all have ESG overlay of some type, using either internal or external providers. The ESG teams will have differing levels of engagement with the issuers.

We are investigating the possibility of employing an external provider to engage on our behalf.

During the calendar year 2019, CFSIL began the process of identifying suitable third parties for the purposes of proxy voting and engagement. The initial focus is to have a consolidated report for CFSIL on equity voting across all managers. Further, we will review the process of engagement with the investee companies (across equity and fixed income), as we believe this is part of us being an active owner.

We are currently participating in the PRI collaboration to engage with index providers in order to encourage them to exclude controversial weapons from their indices.

#### Fixed income Corporate (non-financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

We require our managers to have considered ESG risks before making their investment. The credit managers all have ESG overlay of some type, using either internal or external providers. The ESG teams will have differing levels of engagement with the issuers.

We are investigating the possibility of employing an external provider to engage on our behalf.

During the calendar year 2019, CFSIL began the process of identifying suitable third parties for the purposes of proxy voting and engagement. The initial focus is to have a consolidated report for CFSIL on equity voting across all managers. Further, we will review the process of engagement with the investee companies (across equity and fixed income), as we believe this is part of us being an active owner.

We are currently participating in the PRI collaboration to engage with index providers in order to encourage them to exclude controversial weapons from their indices.

#### Fixed income Corporate (securitised) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

We require our managers to have considered ESG risks before making their investment. The credit managers all have ESG overlay of some type, using either internal or external providers. The ESG teams will have differing levels of engagement with the issuers.

We are investigating the possibility of employing an external provider to engage on our behalf.

During the calendar year 2019, CFSIL began the process of identifying suitable third parties for the purposes of proxy voting and engagement. The initial focus is to have a consolidated report for CFSIL on equity voting across all managers. Further, we will review the process of engagement with the investee companies (across equity and fixed income), as we believe this is part of us being an active owner.

We are currently participating in the PRI collaboration to engage with index providers in order to encourage them to exclude controversial weapons from their indices.

OO 11	Mandatory	Public	Gateway	General
-------	-----------	--------	---------	---------

OO 11.2	Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.
---------	---

Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
Listed equity	<p data-bbox="571 342 1474 423">Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="571 439 1334 595"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process  <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process  <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process  <input type="checkbox"/> We do not do ESG incorporation         </p>
Fixed income - SSA	<p data-bbox="571 656 1474 736">Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="571 752 1334 909"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process  <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process  <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process  <input type="checkbox"/> We do not do ESG incorporation         </p>
Fixed income - corporate (financial)	<p data-bbox="571 969 1474 1072">Fixed income - corporate (financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="571 1088 1334 1245"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process  <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process  <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process  <input type="checkbox"/> We do not do ESG incorporation         </p>
Fixed income - corporate (non-financial)	<p data-bbox="571 1312 1474 1415">Fixed income - corporate (non-financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="571 1431 1334 1588"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process  <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process  <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process  <input type="checkbox"/> We do not do ESG incorporation         </p>
Fixed income - securitised	<p data-bbox="571 1655 1474 1736">Fixed income - securitised - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="571 1751 1334 1908"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process  <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process  <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process  <input type="checkbox"/> We do not do ESG incorporation         </p>
Infrastructure	

	<p><b>Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Fund of hedge funds	<p><b>Fund of hedge funds - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Cash	<p><b>Cash - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <p><input type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input checked="" type="checkbox"/> We do not do ESG incorporation</p>
Other (1)	<p><b>Other (1) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b></p> <p><input type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input checked="" type="checkbox"/> We do not do ESG incorporation</p>

**OO 11.3b**

If your organisation does not integrate ESG factors into investment decisions on your externally managed assets, explain why not.

Within alternatives we incorporate ESG factors in our review of long short equity managers and Multi strategy credit managers. We have not incorporated the process in Macro strategies due to the extensive use of derivatives.

Within Cash and Bank Deposits we do not incorporate ESG factors into investment decisions.

**OO 11.4**

Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

Our ESG and Climate Risk Management policy requires that a manager's ESG integration, voting and engagement process is considered as part of the manager selection and monitoring processes for all assets.

During the year, we changed our process to conduct ESG and climate risk analysis on managers much earlier in the selection process. It is now conducted on the shortlist of new managers. This allows for a more informed strategic allocation of funds and portfolio construction within asset classes with respect to ESG and climate risks of manager strategies.



Equity managers are required to report on their voting as part of their appointment process, and we plan to extend this to engagement and climate risk reporting.

We do not make separate allocations to FI - Corporate (Financials) and FI - Corporate (Non Financials), and see this as one allocation FI-Corporate.

OO 12	Mandatory	Public	Gateway	General
-------	-----------	--------	---------	---------

OO 12.1	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.
---------	---

Core modules
--------------

- Organisational Overview
- Strategy and Governance

RI implementation via external managers
---

Indirect - Selection, Appointment and Monitoring of External Managers
---

- Listed Equities
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Infrastructure

Closing module
----------------

- Closing module

OO 12.2	Additional information. [Optional]
---------	------------------------------------

The process for Fixed income - SSA, Corporate (financial), Corporate (non-financial) and Securitised is the same so the same process applies across all 4 FI categories.

# Colonial First State

## Reported Information

## Public version

## Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 01.1**

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

**SG 01.2**

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

CFSIL has an in-house investment management function (Investments Team) which constructs and manages multi-manager portfolios for which CFSIL is RE and RSE. The Funds offer single sector and multi sector investment options to members which invest into these Schemes. The team uses an external investment consultant, Mercer, who provides advice on strategic asset allocation, manager selection and portfolio construction.

The Investments Team capability is also used to construct the portfolios for the MySuper products. The investment strategy used for the default is known as Lifestage, which utilises a lifecycle approach. We believe that the lifecycle philosophy (with asset allocation that changes with the age of the member) is a superior approach to manage the superannuation assets of members who do not select their own strategy, than a default that has a single asset allocation for all members (making it necessary for the member to change options with age or when circumstances change).

CFSIL recognises that ESG factors can have a material impact on investments as disclosed in our Responsible Investment Framework on our public website.

A CFSIL wide exclusions policy applies to the producers of tobacco and manufacturers of controversial weapons across our equity and bond holdings.

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

The RSE Trustee considers the best interests of Fund members in making investment related decisions. CFSIL recognises that ESG factors can have a material impact on the risk and returns of investments over the long term, and as such, the CFS Responsible Investing Framework is made available on the CFS website. <https://www3.colonialfirststate.com.au/content/dam/colonial-first-state/docs/about-us/trustee-documents/CFS%20Responsible%20Investing%20Framework.pdf>

The relevance of ESG factors to investment decision making is subject to the Responsible Investing Framework, which aims to integrate ESG considerations into investment processes and support the pursuit of sustainable long term investment outcomes for members. For CFSIL, including its MySuper offering, ESG risks are addressed under the Environmental, Social & Governance Risk Management and Voting Policy, and a CFSIL wide exclusions policy applies to the producers of tobacco and manufacturers of controversial weapons, for all equity and bond holdings.

The RSE Trustee aims to provide transparency to members regarding its approach to ESG factors. For that reason, product-specific approaches to ESG factors are outlined in relevant product disclosure documents.

Furthermore, the investment manager of an Investment Option may take into account ESG factors when making investment decisions.

More information on our responsible investment approach is available on our public website at:  
<https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment/our-beliefs-lead-to-our-approach.html>

No

SG 02	Mandatory	Public	Core Assessed	PRI 6
-------	-----------	--------	---------------	-------

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
---------	--

Policy setting out your overall approach

	URL/Attachment
--	----------------

URL

	URL
--	-----

<https://www3.colonialfirststate.com.au/about-us/corporate-governance/trustee-and-fund-documents/labour-standards-and-ESG-considerations.html>

Attachment (will be made public)

Screening / exclusions policy

	URL/Attachment
--	----------------

URL

	URL
--	-----

<https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment/active-ownership.html#exclusions>

Attachment (will be made public)

Engagement policy

(Proxy) voting policy

	URL/Attachment
--	----------------

URL

URL

<https://www3.colonialfirststate.com.au/about-us/corporate-governance/proxy-voting.html>

Attachment (will be made public)

We do not publicly disclose our investment policy documents

**SG 02.2**

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

<https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment.html#environmental>

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

<https://www3.colonialfirststate.com.au/about-us/corporate-profile/our-approach.html>

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

<https://www3.colonialfirststate.com.au/about-us/corporate-governance/trustee-and-fund-documents.html>

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

<https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment/our-beliefs-lead-to-our-approach.html>

Attachment

Active ownership approaches

URL/Attachment

URL

URL

<https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment/active-ownership.html>

Attachment

Reporting

Climate change

URL/Attachment

URL

URL

<https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment/climate-change.html>

Attachment

We do not publicly disclose any investment policy components

**SG 02.3** Additional information [Optional].

In order to understand and incorporate member sustainability preferences we are updating our Member survey in 2020. Results from previous survey have been disclosed on our public website.

<https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment/our-responsible-investing-journey.html>

Our Modern Slavery approach will be disclosed as it continues to evolve

<https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment/modern-slavery.html>

Our climate change approach will be disclosed as it continues to evolve

<https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment/climate-change.html>

Because the nature of CFSIL's investment platforms, products and strategy differ across platform. There is no one set of investment principles or overall investment strategy applied.

Product Disclosure Statements (PDS) are linked below and describe the additional investment philosophies and approaches of the various platforms, products and investment strategies offered within.

FirstChoice Investment

<https://www3.colonialfirststate.com.au/content/dam/prospects/fs/1/4/fs1492.pdf?8>

FirstChoice Wholesale Super and Pension

<https://www3.colonialfirststate.com.au/content/dam/prospects/fs/5/7/fs5735.pdf?8>

<https://www3.colonialfirststate.com.au/content/dam/prospects/fs/6/0/fs6080.pdf?6>

SG 03	Mandatory	Public	Core Assessed	General
-------	-----------	--------	---------------	---------

<b>SG 03.1</b>	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
----------------	---

Yes

<b>SG 03.2</b>	Describe your policy on managing potential conflicts of interest in the investment process.
----------------	---

All Board and executive leadership team members are required to declare all conflicts of interest at all meetings, and conflicts of interest between business units or parties are required to be declared in all recommendations as per the CFSIL Conflicts of Interest Policy and regulatory requirements.

In practice, where perceived conflicts of interest exist between the parent company (Commonwealth Bank of Australia) and other internal business entities, the Non-Independent Non-Executive Director and any relevant members of the management team excuse themselves from supporting management recommendations to ensure decision making is led by the business area of expertise and the Independent Non-Executive Directors.

As a limited liability company, CFSIL is required to comply with laws outlined in the Australian Corporations Act 2001 issued by the Australian Government. As a RE and scheme operator, CFSIL is required to hold an Australian Financial Services license (AFSL) issued by the Australian Securities and Investment Commission (ASIC) which allows the business to operate, market-make and deal financial products, issue managed investment schemes, administer our products and funds, and transact on behalf of our members. CFSIL as an RE is required to comply with all ASIC issued regulation applicable to AFSL holders.

No

<b>SG 03.3</b>	Additional information. [Optional]
----------------	------------------------------------

In addition to complying with both the Corporations Act 2001, AFSL licensee and ASIC regulations, as a superannuation provider and thus an RSE Trustee, CFSIL is also required to hold an RSE License and comply with all Australian superannuation regulation, prudential and reporting standards issued by the Australian Prudential Regulatory Authority (APRA). This licensing requirement and set of regulations only applies to Australian superannuation funds (i.e. asset owners) and provides strict guidance on superannuation fund governance, business structure, remuneration, strategic planning, member outcomes, managing conflicts of interest, investment governance and operational and investment risk management.

In relation to investments or other arrangements through related parties, the CBA Group implements governance procedures that are designed to ensure that the RSE Trustee and each other entity involved has identified the relevant considerations (e.g. acting in the best interests of relevant members), and makes the required decision in the correct capacity, having regard to these considerations.

CFSIL has operated as an RSE Licensee and superannuation fund for over 20 years. We believe we are compliant with all the legal and regulatory requirements of an asset owner including those relating to board and investment governance, business structuring, remuneration and managing conflicts of interest. We recognise that, like any asset owner, there are processes that can be improved, and we are working to make these improvements to ensure better member outcomes.



## Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
-------	-----------	--------	-----------------------	---------

**SG 05.1** Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

**SG 05.2** Additional information. [Optional]

CFSIL has a three year Responsible Investment strategy which outlines the objectives for annual and overall activities.

While this is a three year strategy, it is reviewed each year as we progress the implementation of our Responsible Investment Framework and to identify industry / regulatory changes which impact the way in which we can implement the Responsible Investment Framework.

Our ESG Risk Management and Proxy Voting Policy is also reviewed on an annual basis, and activities are reported to the CFSIL Board and Board Investment Committee on a regular basis.

## Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
-------	-----------	--------	---------------	---------

**SG 07.1** Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - General Manager Investments**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Portfolio managers
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Investment analysts
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Dedicated responsible investment staff
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Investor relations
  - Other role, specify (1)
  - Other role, specify (2)
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment

**SG 07.2**

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

The General Manager, Investments has oversight from a monitoring perspective to ensure CFSIL meets and delivers its Responsible Investment commitments (as outlined in our RI Framework), manages and mitigates ESG risks according to the ESG Risk Management and Proxy Voting Policy, and invests according to the PRI Principles as stated in our ESG and Climate Risk Management Policy.

They receive regular reporting on the ESG and climate risks of the MySuper and FirstChoice multi manager options, ad-hoc reports for approval and/or noting in relation to policy updates, various pieces of analysis, and a semi-annual update on the progress of the RI strategy and delivery of commitments. At these updates they are given the opportunity to provide feedback and reflect on the direction and delivery of the RI strategy.

The General Manager Investments and Responsible Investment team are responsible for the implementation of the RI strategy, ensuring RI commitments and ESG risk management processes are embedded and followed by the investment management team and by appointed fund managers. Where policies and IMAs need to be updated, reports written, analysis undertaken, service providers hired, and surveys filled - we are responsible for executing these pieces of work, reporting at an appropriate level of detail to the CEO, Investment Committee and Board, and

attesting that relevant policies and processes are being followed, our commitments met, and the general RI agenda is being progressed.

Actual ESG integration, engagement and voting activities are all currently outsourced to our fund managers.

**SG 07.3** Indicate the number of dedicated responsible investment staff your organisation has.

Number

3

## Promoting responsible investment

**SG 09** **Mandatory** **Public** **Core Assessed** **PRI 4,5**

**SG 09.1** Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We were one of only two Australian members to participate in a collaboration when CFS co-signed the Sustainable Finance Geneva 'open letter to global index providers' to exclude controversial weapons from global indices

Also we extended our promotion of the Tobacco Free Finance Pledge by completing our divestment of tobacco producers from our portfolios.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AVCA: Sustainability Committee
- France Invest – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

As part of the CBA Group we participate in annual reporting ( providing details of the investment strategy and approach to managing environmental and climate change risk, and carbon foot printing).

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Climate Action 100+
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- HKVCA: ESG Committee
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify RIAA

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are a member, attended the annual conference and participated in webinars and collaborative engagement opportunities throughout 2019.

- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
-------	-----------	--------	---------------	-------

SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
---------	--

Yes

SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
---------	--

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)
- Provided financial support for academic or industry research on responsible investment
- Provided input and/or collaborated with academia on RI related work

	Description
--	-------------

Provided input into Financial Services Council (FSC) guidance for creating exclusions

	Frequency of contribution
--	---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify

	Description
--	-------------

PRI Plastics Working Group

Frequency of contribution

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad hoc
  - Other
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description

Joint RIAA and FSC Modern Slavery Working Group

Frequency of contribution

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad hoc
  - Other
- Other, specify
- No

**SG 10.3** Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

We have built responsible investment pages within our public website to educate and promote responsible investment to our members, We are also building a responsible investment education module to be used by our Corporate Super staff when presenting to employees at our member companies. We expect this to be rolled out in the first half of CY2020.

**Outsourcing to fiduciary managers and investment consultants**

<b>SG 12</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4</b>
--------------	------------------	---------------	----------------------	--------------

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 12.1** Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants

**SG 12.2**

Indicate how your organisation uses investment consultants in the selection, appointment and/or monitoring of external managers.

- We use investment consultants in our selection and appointment of external managers

Asset class
-------------

- |  |
|--|
| <input checked="" type="checkbox"/> Listed Equity (LE)                       |
| <input checked="" type="checkbox"/> Fixed income - SSA                       |
| <input checked="" type="checkbox"/> Fixed income - Corporate (financial)     |
| <input checked="" type="checkbox"/> Fixed income - Corporate (non-financial) |
| <input checked="" type="checkbox"/> Fixed income - Securitised               |
| <input checked="" type="checkbox"/> Infrastructure (INF)                     |
| <input checked="" type="checkbox"/> Other asset classes                      |

- We use investment consultants in our monitoring of external managers

Asset class
-------------

- |  |
|--|
| <input checked="" type="checkbox"/> Listed Equity (LE)                       |
| <input checked="" type="checkbox"/> Fixed income - SSA                       |
| <input checked="" type="checkbox"/> Fixed income - Corporate (financial)     |
| <input checked="" type="checkbox"/> Fixed income - Corporate (non-financial) |
| <input checked="" type="checkbox"/> Fixed income - Securitised               |
| <input checked="" type="checkbox"/> Infrastructure (INF)                     |
| <input checked="" type="checkbox"/> Other asset classes                      |

- We do not use investment consultants for selection, appointment and monitoring of external managers.

**SG 12.3**

Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants.

- Responsible investment is considered when evaluating investment consultants' investment beliefs, strategies and policies in the selection process.
- Responsible investment is considered when evaluating investment consultants' public commitment to, and promotion of, responsible investment in the selection process.
- Responsible investment is considered when reviewing investment consultants' approach to investment manager ratings, research and recommendations in the monitoring process.
- Consultants' responsibilities in terms of responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with the investment consultants.
- We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

**SG 12.4**

Indicate whether you use investment consultants for any the following services. Describe the responsible investment components of these services.

- Custodial services
- Investment policy development



Describe how responsible investment is incorporated

We expect our investment consultant, Mercer, to take our Responsible Investing Framework into consideration when advising on investment policy development.

- Strategic asset allocation

Describe how responsible investment is incorporated

We expect our investment consultant, Mercer, to take our Responsible Investing Framework into consideration when advising on strategic asset allocation. The investment consultant conducts climate scenario analysis on the proposed strategic asset allocation annually. Mercer conducted a stress test for sudden change in scenario expectations using their methodology and systems for the MySuper lifestage options . This analysis was used in the annual review of strategic asset allocation process.

- Investment research

Describe how responsible investment is incorporated

We expect the investment consultant to take our Responsible Investing Framework into consideration when advising on investment research. The investment consultant provides top down external manager ESG scores on associated strategies.

Over the years, the consultant has built extensive resources to conduct ESG research on managers and provide clients with a separate ESG score to assess managers on ESG risks along side investment research.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

- No, we do not use investment consultants.

**SG 12.7** Additional information [Optional].

Through a third party ESG service provider we monitor our managers' ESG ratings and the direction of their rating over time as well as using the ESG ratings from our investment consultant.

Due to the complexity of our investment offerings across our portfolios we rely on this external research to add value to our own (non ESG) manager research to inform our view on managers.

**ESG issues in asset allocation**

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
--------------	------------------	---------------	--------------------	--------------

**SG 13.1** Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

**Describe**

As part of the annual strategic asset allocation review by our internal strategic asset allocation team, we require our investment consultant to provide climate scenario analysis as an added measure for risk and opportunity identification,

No, our organisation does not currently carry out scenario analysis and/or modelling

**SG 13.2** Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

**We do the following**

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

**Asset class implementation not reported in other modules**

**SG 17** **Mandatory** **Public** **Descriptive** **General**

**SG 17.1** Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Hedge funds - DDQ (Fund of Hedge Funds)	<div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 5px;">Select whether you use the PRI Hedge Fund DDQ</div> <input type="radio"/> Yes <input checked="" type="radio"/> No
Fund of hedge funds	We incorporate ESG factors in our review of long short equity managers and Multi strategy credit managers. We have not incorporated the process in Macro strategies due to the extensive use of derivatives.

**Communication**

**SG 19** **Mandatory** **Public** **Core Assessed** **PRI 2, 6**

**SG 19.1**

Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Selection, Appointment and Monitoring

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

<b>Disclosure to public and URL</b>	
Disclosure to public and URL	<input checked="" type="checkbox"/> How responsible investment considerations are included in manager selection, appointment and monitoring processes <input checked="" type="checkbox"/> Details of the responsible investment activities carried out by managers on your behalf <input checked="" type="checkbox"/> E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership <input type="checkbox"/> Other
Frequency	<input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested
URL	<a href="https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment/our-beliefs-lead-to-our-approach.html">https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment/our-beliefs-lead-to-our-approach.html</a>

**SG 19.2**

## Additional information [Optional]

We publish our full exclusion list on our public website and update it as necessary (at least annually).  
<https://www3.colonialfirststate.com.au/content/dam/prospects/fs/7/2/fs7278.pdf>

We disclose some of the voting activity of our managers and intend to evolve this as we bring on board a third party service provider.

<https://www3.colonialfirststate.com.au/about-us/corporate-profile/responsible-investment/active-ownership.html>

## Colonial First State

### Reported Information

#### Public version

#### Indirect – Manager Selection, Appointment and Monitoring

### PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Listed Equity and Fixed Income Strategies

SAM 01

Mandatory

Public

Gateway

PRI 1

**SAM 01.1**

Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf for all your listed equity and/or fixed income assets:

### Active investment strategies

Active investment strategies	Listed Equity	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Passive investment strategies

Passive investment strategies	Listed Equity	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Fixed income - Securitised
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 01.2**

Additional information. [Optional]

Our approach is specified in our ESG Risk Management and Proxy Voting Policy.

In conducting manager research, CFSIL determines whether, and if so, how, investment managers take into account ESG and climate risk factors and opportunities when constructing investment portfolios, conducting stewardship activities and managing investment risk.

When monitoring existing, selecting new, and reviewing incumbent investment managers, CFSIL assesses the manager's approach to ESG and climate risk management in the investment due diligence process (where appropriate to the investment strategy and/or asset class). This assessment may include the collection of the ESG rating of the investment strategy from the investment consultant, review of the stewardship activities as they relate to ESG and climate risk management, and understanding the ESG and climate risk ratings and analysis from other third-party specialist service providers (where available).

Papers presented to the Board recommending the appointment of an investment manager will include the ESG ratings and carbon foot print of the strategy being proposed, (using the proposed manager holdings), as well as, the investment consultant's ESG rating.

In 2019 we established a 'screen' for all our investment strategies through our divestment from tobacco and controversial weapons. This will be an ongoing screening process.

## Selection

<b>SAM 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
---------------	------------------	---------------	----------------------	--------------

<b>SAM 02.1</b>	Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers
-----------------	---

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised			Infrastructure
Your organisation's investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
ESG incorporation requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Other	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
No RI information covered in the selection documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>

	You selected an `Other` option in table SAM 02.1 above, please specify
--	--

Our exclusion list.

<b>SAM 02.2</b>	Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach
-----------------	--

	Strategy
--	----------

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised		Infrastructure
Assess the time horizon of the investment manager's offering vs. your/beneficiaries' requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Assess the investment approach and how ESG objectives are implemented in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review the manager's firm-level vs. product-level approach to RI	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Assess the ESG definitions to be used	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Other	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

ESG people/oversight



	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitized			Infrastructure
Assess ESG expertise of investment teams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Review the oversight and responsibilities of ESG implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Review how is ESG implementation enforced /ensured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Review the manager's RI-promotion efforts and engagement with the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Other	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>

Process/portfolio construction/investment valuation

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitized		Infrastructure
Review the process for ensuring the quality of the ESG data used	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Review and agree the use of ESG data in the investment decision making process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Review and agree the impact of ESG analysis on investment decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Review and agree manager's ESG risk framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Review how ESG materiality is evaluated by the manager	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Review process for defining and communicating on ESG incidents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Review and agree ESG reporting frequency and detail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Other, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

If you select any `Other` option(s), specify

For 'strategy' we need to assess the ability of the manager to satisfy our exclusion list.

For 'people' we need to review our consultant's view of the manager for ESG risks.

For 'process' we need the manager to review and agree compliance with our exclusion list.

**SAM 02.3** Indicate the selection process and its ESG/RI components

- Review ESG/RI responses to RfP, RfI, DDQ etc.
- Review responses to PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (LP DDQ)
- Review publicly available information on ESG/RI
- Review assurance process on ESG/RI data and processes
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers covering ESG/RI themes
- Site visits to potential managers offices
- Other, specify

Review manager ESG ratings from external providers as well as our consultant. Discuss ESG integration process in manager research and due diligence meetings

**SAM 02.4** When selecting external managers does your organisation set any of the following:

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised			Infrastructure
ESG performance development targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>

You selected an 'Other' option in table SAM 02.4 above, please specify

Carbon related metrics

<b>SAM 02.5</b>	Describe how the ESG information reviewed and discussed affects the selection decision making process.[OPTIONAL]
-----------------	--

The ESG information will be reviewed and discussed as part of the short list process with the relevant investment manager. Selected external manager ESG information will be then discussed with the investment team and be presented in the Board paper as part of the overall selection decision making process. All other things being equal the manager with the better ESG rating will be preferred.

<b>SAM 03</b>	<b>Mandatory</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
---------------	------------------	---------------	----------------------------	--------------

<b>SAM 03.1</b>	Indicate how your organisation typically evaluates the manager’s active ownership practices in the majority of the manager selection process.
-----------------	---

	Engagement
--	------------

	LE				
Review the manager’s engagement policy	<input type="checkbox"/>				
Review the manager’s engagement process (with examples and outcomes)	<input type="checkbox"/>				
Ensure whether engagement outcomes feed back into the investment decision-making process	<input type="checkbox"/>				
Other engagement issues in your selection process specify	<input checked="" type="checkbox"/>				

	If you select `Other` option, specify
--	---------------------------------------

We currently do not review our managers' engagement policy, but this is something that is forming part of our project to engage an external provider.

	(Proxy) voting
--	----------------

	LE
Review the manager’s voting policy	<input checked="" type="checkbox"/>
Review the manager’s ability to align voting activities with clients’ specific voting policies	<input type="checkbox"/>
Review the manager’s process for informing clients about voting decisions	<input type="checkbox"/>
Ensure whether voting outcomes feed back into the investment decision-making process	<input type="checkbox"/>
Review the number of votes cast as a percentage of ballots/AGMs or holdings and available rationale	<input type="checkbox"/>
Other active ownership voting issues in your selection process; specify	<input type="checkbox"/>

**SAM 03.2**

Describe how you assess if the manager’s engagement approach is effective.

- Impact on investment decisions
- Financial impact on target company or asset class
- Impact on ESG profile of company or the portfolio
- Evidence of changes in corporate practices(i.e. ESG policies and implementation activities)
- Other, specify
- None of the above

**SAM 03.3**

Describe how you assess if the manager’s voting approach is effective/appropriate

- Impact on investment decisions
- Impact on ESG profile of company or the portfolio
- Evidence of changes in corporate practices(i.e. ESG policies and implementation activities)
- Other, specify
- None of the above

**SAM 03.4**

Additional information [OPTIONAL]

We are currently in the process of defining a proxy voting and engagement project to roll out in 2020, due to the scale of our portfolio and the number of external managers / systems in use this is an extensive project This will enable us to have visibility of votes across managers and across separate issues. Once this is in place we can have more effective conversations with managers around their investment decision making and active ownership.

Once the demerger from the CBA group is completed there will no longer be an impediment to us voting across our portfolios, should we choose to take this responsibility from our managers. It is envisaged that we would utilise an external provider to do this on our behalf.

**Appointment****SAM 04****Mandatory****Public****Core Assessed****PRI 1****SAM 04.1**

Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment and/or commitment process

- Sets standard benchmarks or ESG benchmarks
- Defines ESG objectives and/ or ESG related exclusions/restrictions
- Sets incentives and controls linked to the ESG objectives
- Requires reporting on ESG objectives
- Requires the investment manager to adhere to ESG guidelines, regulations, principles or standards
- Other, specify (1)
- Other, specify (2)
- None of the above

**SAM 04.2**

Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers’ appointment.

## Asset class

- Listed equity (LE)

### Benchmark

- Standard benchmark  
 ESG benchmark, specify

### ESG Objectives

- ESG related strategy, specify  
 ESG related investment restrictions, specify  
    **Tobacco producers**  
    **Controversial weapons producers**  
 ESG integration, specify  
 Engagement, specify  
 Voting, specify  
    **Voting records disclosed annually**  
 Promoting responsible investment  
 ESG specific improvements  
 Other, specify  
 ESG guidelines/regulation, principles/standards, specify

### Incentives and controls

- We do not set incentives and controls

### Reporting requirements

- We do not require the reporting on ESG objectives  
 Fixed income - SSA (SSA)

### Benchmark

- Standard benchmark, specify  
    **Various depending on strategy and manager.**  
 ESG benchmark, specify

### ESG Objectives

- ESG related strategy, specify  
 ESG related investment restrictions, specify  
    **Tobacco producers**  
    **Controversial weapons producers**

- ESG integration, specify
- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

#### Incentives and controls

- We do not set incentives and controls

#### Reporting requirements

- We do not require the reporting on ESG objectives
- Fixed income - Corporate (financial)

#### Benchmark

- Standard benchmark, specify  
Various depending on strategy and manager
- ESG benchmark, specify

#### ESG Objectives

- Other, specify
- ESG related strategy, specify
- ESG related investment restrictions, specify  
Tobacco producers  
Controversial weapons producers
- ESG integration, specify
- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

#### Incentives and controls

- We do not set incentives and controls

#### Reporting requirements

- We do not require the reporting on ESG objectives
- Fixed income - Corporate (non-financial)

### Benchmark

- Standard benchmark, specify  
Various depending on strategy and manager
- ESG benchmark, specify

### ESG Objectives

- Other, specify
- ESG related strategy, specify
- ESG related investment restrictions, specify  
Tobacco producers  
Controversial weapons producers
- ESG integration, specify
- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

### Incentives and controls

- We do not set incentives and controls

### Reporting requirements

- We do not require the reporting on ESG objectives
- Fixed income - Securitised

### Benchmark

- Standard benchmark, specify  
Various depending on strategy and manager
- ESG benchmark, specify

### ESG Objectives

- ESG related strategy, specify
- ESG related investment restrictions, specify  
Tobacco producers  
Controversial weapons producers



- ESG integration, specify
- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

#### Incentives and controls

- We do not set incentives and controls

#### Reporting requirements

- We do not require the reporting on ESG objectives
- Infrastructure

#### Benchmark

- Standard benchmark, specify  
**CPI +**
- ESG benchmark, specify

#### ESG Objectives

- ESG related strategy, specify
- ESG related investment restrictions, specify  
**Tobacco producers**  
**Controversial weapons producers**
- ESG integration, specify
- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

#### Incentives and controls

- We do not set incentives and controls

#### Reporting requirements

- We do not require the reporting on ESG objectives

**SAM 04.3**

Indicate which of these actions your organisation might take if any of the requirements are not met

- Discuss requirements not met and set project plan to rectify
- Place investment manager on a “watch list”
- Track and investigate reason for non-compliance
- Re-negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify
- No actions are taken if any of the ESG requirements are not met

**SAM 04.4**

Provide additional information relevant to your organisation`s appointment processes of external managers. [OPTIONAL]

As part of our Investment Management Agreement with each manager we require them to have a voting policy and to report their voting records to us annually. We can also request voting records via our custodians at any time.

**Monitoring****SAM 05****Mandatory****Public****Core Assessed****PRI 1****SAM 05.1**

When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised			Infrastructure
ESG objectives linked to investment strategy (with examples)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Compliance with investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
ESG portfolio characteristics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
How ESG materiality has been evaluated by the manager in the monitored period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Information on any ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Metrics on the real economy influence of the investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
PRI Transparency Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
PRI Assessment Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
RI-promotion and engagement with the industry to enhance RI implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Changes to the oversight and responsibilities of ESG implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Other general RI considerations in investment management agreements; specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

If you select any `Other` option(s), specify

We require our managers to provide us with their ESG policy and on an annual basis, their voting record.

**SAM 05.2** When monitoring external managers, does your organisation set any of the following to measure compliance/progress

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised			Infrastructure
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
ESG performance minimum threshold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>

If you select any `Other` option(s), specify

We regularly report on holdings of MSCI CCC rating and initiate conversations with the manager to understand why they have invested in these companies.

<b>SAM 06</b>	<b>Mandatory</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
---------------	------------------	---------------	----------------------------	--------------

**SAM 06.1** When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls

Engagement

	LE				
Report on engagements undertaken (summary with metrics, themes, issues, sectors or similar)	<input type="checkbox"/>				
Report on engagement ESG impacts (outcomes, progress made against objectives and examples)	<input type="checkbox"/>				
Information on any escalation strategy taken after initial unsuccessful dialogue	<input type="checkbox"/>				
Alignment with any eventual engagement programme done internally	<input type="checkbox"/>				
Information on the engagement activities' impact on investment decisions	<input type="checkbox"/>				
Other RI considerations relating to engagement in investment management agreements; specify	<input checked="" type="checkbox"/>				
None of the above	<input type="checkbox"/>				

If you select any `Other` option(s), specify

At present there is no formal process for monitoring and reviewing manager engagements. However, during our quarterly manager updates this can be a topic of discussion on an adhoc basis.

(Proxy) voting

	LE
Report on voting undertaken (with outcomes and examples)	<input checked="" type="checkbox"/>
Report on voting decisions taken	<input type="checkbox"/>
Adherence with the agreed upon voting policy	<input checked="" type="checkbox"/>
Other RI considerations relating to (proxy) voting in investment management agreements; specify	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

SAM 07

Mandatory

Public

Core Assessed

PRI 2

SAM 07.1

For the listed equities for which you have given your external managers a (proxy) voting mandate, indicate the approximate percentage (+/- 5%) of votes that were cast during the reporting year.

Votes cast (to the nearest 5%)

60 %

60

Specify the basis on which this percentage is calculated.

- Of the total number of ballot items on which they could have issued instructions
- Of the total number of company meetings at which they could have voted
- Of the total value of your listed equity holdings on which they could have voted
- We do not collect this information.

**SAM 07.3** Additional information [OPTIONAL]

We have voting reporting for our managers from July 2018 – June 2019 (not the December to December of this report).

We do not require our managers to engage on our behalf but encourage them when they do. We do not at present record these engagements, but this will form part of our proxy voting project in 2020.

**Outputs and outcomes**

<b>SAM 09</b>	<b>Mandatory</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,6</b>
---------------	------------------	---------------	----------------------------	----------------

**SAM 09.1** Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

- Add Example 1

Topic or issue	Environment and climate change
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Fixed income – securitised <input type="checkbox"/> Infrastructure
Scope and process	A listed infrastructure manager had continued underperformance and maintained a hold rating on a specific stock which was seeing significant share value depreciation from environmental and climate change factors which the internal investment team was not in agreement on.
Outcomes	Deciding factor in the assessment to remove existing manager and replace with a manager that took a long term approach to environmental and climate change factors.

Add Example 2

Topic or issue	Diversity & inclusion
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Fixed income – securitised <input type="checkbox"/> Infrastructure
Scope and process	An external manager received significant negative press with respect to Diversity & Inclusion issues.
Outcomes	Internal consultation with investment manager and leadership on how to proceed. A subsequent downgrade provided by our investment consultant has triggered a review of the appropriateness of continuing the existing relationship for potential replacement.

- Add Example 3
- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- We are not able to provide examples



## Colonial First State

### Reported Information

### Public version

### Confidence building measures

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
--------	-----------	--------	---------------------	---------

**CM1 01.1** Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
  - Whole PRI Transparency Report has been internally verified
  - Selected data has been internally verified
- Other, specify  
Reviewed by General Manager, Investments
- None of the above

**CM1 01.2** Additional information [OPTIONAL]

The PRI report has been compiled by the responsible investment team and reviewed by the lead portfolio manager for each asset class as well as a review by the General Manager Investments. Some data within this report has also been verified independently by the CFSIL Board members.

CM1 02	Mandatory	Public	Descriptive	General
--------	-----------	--------	-------------	---------

**CM1 02.1** We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

CM1 03	Mandatory	Public	Descriptive	General
--------	-----------	--------	-------------	---------

**CM1 03.1** We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme

**CM1 03.2** Which scheme?

- National SRI label based on the EUROSIF Transparency guidelines
- B-corporation
- UK Stewardship code
- GRESB
- Commodity type label (e.g. BCI)
- Social label
- Climate label
- RIAA

**% of total AUM the scheme applies**

- < 25%
  - 25-50 %
  - 50-70 %
  - >75 %
  - Other
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ESG audit of holdings
- Other, specify
- ESG audit of our managers through our internal manager survey, (being updated in 2020).  
Our impact manager, Affirmative Investment Management is RIAA certified.
- None of the above

**CM1 04**

**Mandatory**

**Public**

**Descriptive**

**General**

**CM1 04.1** Do you plan to conduct third party assurance of this year's PRI Transparency report?

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

**CM1 07**

**Mandatory**

**Public**

**Descriptive**

**General**

**CM1 07.1** Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed

**Who has conducted the verification**

- CEO or other Chief-Level staff
- The Board
- Investment Committee
- Compliance Function
- RI/ESG Team

#### What data has been verified

- Policies
- Overarching strategy and processes
- Asset class specific processes
- Quantitative data related to RI processes
- Other

#### Relevant modules

- Organisational Overview
  - Strategy and Governance
  - Indirect – Manager Selection, Appointment and Monitoring
- Investment Teams

#### What data has been verified

- Policies
- Overarching strategy and processes
- Asset class specific processes
- Quantitative data related to RI processes
- Other

#### Relevant modules

- Organisational Overview
  - Strategy and Governance
  - Indirect – Manager Selection, Appointment and Monitoring
- Legal Department
- Other (specify)

specify

#### General Manager Investments

#### What data has been verified

- Policies
- Overarching strategy and processes
- Asset class specific processes
- Quantitative data related to RI processes
- Other

## Relevant modules

- Organisational Overview
- Strategy and Governance
- Indirect – Manager Selection, Appointment and Monitoring