

Colonial First State Joint Modern Slavery Statement

1 July 2023 – 30 June 2024



Acknowledgement of Country

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



About this Artwork

A proud Aboriginal artist and Kalkadoon woman, Chern'ee Sutton, from the emu foot province around the Mount Isa area in North West Queensland has created an artwork to reflect the reconciliation journey of CFS.

The artwork includes symbols to represent CFS, our employees and our customers as well as the four areas of our Reconciliation Action Plan: Relationships, Respect, Opportunities and Governance.

The CFS purpose of 'Financial Freedom' was the main inspiration of the artwork – both the freedom to do what you love and the financial freedom to live a fulfilling life. These ideas are reflected through traditional Aboriginal designs and symbolise how CFS provides support and guidance to customers through connection, service and financial freedom.

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This Joint Modern Slavery Statement is prepared and issued by Colonial First State (CFS) to comply with the Australian Modern Slavery Act 2018 (the Act) for the financial year ending 30 June 2024. All dollar amounts are in AUD unless otherwise stated, and all metrics are aggregated at a Group level unless otherwise stated.

This Joint Modern Slavery Statement covers the following entities that meet the definition of reporting entities in the Act. Together, these entities may be described as 'Colonial First State' or 'the Group'.

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

A message from the Group CEO

I'm pleased to present Colonial First State's Joint Modern Slavery Statement for the 2024 financial year.

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

Since FY22 we have produced an annual Modern Slavery Statement in compliance with the Modern Slavery Act 2018, highlighting our approach to managing modern slavery risk across our value chain.

Key activities delivered in FY24 include:

- enhanced our modern slavery supplier risk assessment process, incorporating third party ESG data, including reviewing their modern slavery statements and broadening the range of risk questions to better identify higher risk suppliers;
- enhanced the ongoing monitoring of modern slavery in our supply chain by including modern slavery as a required embedded risk domain which is reviewed for all suppliers ;
- continued our relationship with our stewardship service provider EOS at Federated Hermes, which enables active ownership for our global equity investments, including a focus on modern slavery and human rights;
- continued to engage and share learnings with peers through collaborative groups, including the Responsible Investment Association Australasia's (RIAA) Human Rights Working Group and Investors Against Slavery and Trafficking APAC (IAST APAC); and
- revised our list of targeted suppliers and investments for FY25, with action plans developed to further analyse and monitor for instances of modern slavery. These targeted suppliers are industry rated as 'moderate-low' modern slavery risk on FairSupply, a modern slavery risk management platform that helps us identify, manage and mitigate risks within our supply chain.

I'm proud to lead an organisation that takes modern slavery seriously. We have taken important steps to manage modern slavery risk, and I look forward to building on this important work in the future.



Clive van Horen
Group Chief Executive Officer, Colonial First State



Our business and structure

CFS is a superannuation fund and wealth manager that has been helping Australians achieve financial freedom in retirement for over 35 years. We are one of the largest private pension payers in Australia after the Australian government.

We provide a spectrum of superannuation and investment products to assist our customers, ranging from relatively simple products with fewer investment options that are designed for younger members, such as our Essential Super product, through to more complex and sophisticated products that are designed for customers who receive financial advice from a financial adviser, such as our CFS Edge platform which provide access to hundreds of managed funds and listed securities.

Our flagship FirstChoice product is designed to provide members with a wide range of investment choice to enable them to choose an investment strategy that most suits their financial needs and objectives and which best aligns with their values. More than 190 investment options are available through FirstChoice, which are managed by leading domestic and international fund managers, who themselves have offices across the globe.

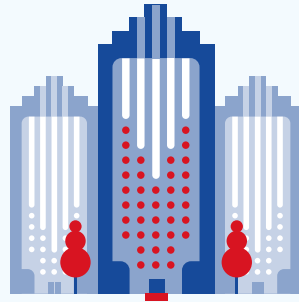
Through CFS's Edge platform, customers can make direct investments into over 550 managed funds and 1,600 securities, including listed securities, unlisted funds as well as CFS's FirstChoice products, all wrapped into a single account.

We have over 850,000 members who choose CFS for their superannuation or investment savings. Across Australia, we employ 1,281 people and 160 contractors either in our Head Office, which is located in Sydney, or in our smaller offices in Melbourne, Brisbane, Perth, Canberra and Adelaide.

We also engage over 400 service providers across information technology, professional services, business services and market data. While these suppliers are primarily located in Australia, some of our technology providers have resources located in India, the Philippines and New Zealand.

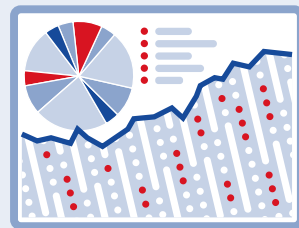
CFS's Edge platform is an administration service that offers an extensive menu of investments wrapped into a single account, enabling members to make direct investments in hundreds of listed and unlisted funds and securities. Due to the nature of the investment structure, CFS has limited visibility over the supply chains of these investments.

850,000
members



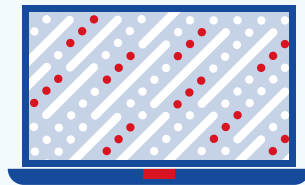
70+
investment
managers on
FirstChoice

190+
investment options
on FirstChoice



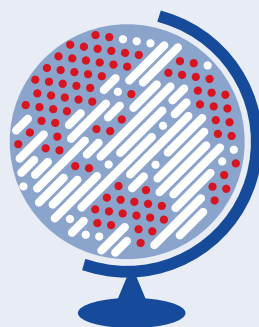
\$152 billion
funds under
administration (FUA)

160
contractors
in Australia



1,281
employees
in Australia

500+
offshore staff in
3 countries







444
suppliers in
13 countries

Note: all figures are as at 30 June 2024.

Our risks of modern slavery

CFS’s modern slavery risk assessment framework considers four modern slavery factors and CFS’s potential exposure to each factor. These factors are outlined in the table below.

| Factor | Description |
|--|---|
|  High risk geographies | Geographies where there is a weak rule of law, high levels of corruption or conflict, and other factors such as internal displacement of people, high cross-border migration and regional or remote areas. |
|  Vulnerable populations | People or groups whose personal characteristics may lead them to be more susceptible to harm or create barriers to reporting harm. For example, level of education and literacy, visa insecurity and language barriers. |
|  High risk sectors | Sectors where exploitative labour practices are more likely, and which are inherently more risky in terms of the known incidence of slavery in relation to certain business practices. High risk sectors can include raw materials and manufacturing. |
|  High risk business models | Risks are exacerbated in high-risk business models, such as offshore centres, contracting, subcontracting and use of third-party agents and business partners such as brokers, agents and dealers. |

Following consideration of these factors, four key modern slavery focus areas were identified within CFS’s supply chains. These are: investments; property and facilities services; corporate goods and services; and offshore services.

Investments

Risk factors present:



CFS’s holdings in high-risk geographies can extend beyond the country where the company or asset is headquartered. Investee companies in high-risk sectors with operations in multiple geographies can bring increased modern slavery risk exposure.

Investee companies’ exposure to modern slavery risk will be heightened at the intersection of two risk factors considered by CFS, for example, vulnerable populations and high-risk sectors. This exposure extends beyond an investees’ own operations and into its supply chains.

Detail about how CFS analyses its investment portfolios for modern slavery risk is included on pages 9 and 10.

Property and facilities services

Risk factors present:



Property and facilities management is often a source of exposure to various modern slavery risk factors in Australia. Services such as cleaning, maintenance and security are often outsourced to small service providers and often include third-party labour hire arrangements.

For example facilities management services may employ base-skilled workers from migrant backgrounds who present a higher risk of forced labour.



Corporate goods and services (IT hardware, marketing materials)

Risk factors present:



IT hardware manufacturing relies on sourcing metal components, often from high risk or conflict-prone geographies.

IT hardware manufacturing is also known to rely on base-skilled workers and the sector is prone to subcontracting and third-party arrangements that further increases CFS’s risk exposure.

Manufacturing of low-cost marketing and promotional items also typically happens in high-risk jurisdictions.

Offshore services

Risk factors present:



In delivering its Transformation Program, CFS has been required to increase the number of service providers operating with offshore teams. Some of the services provided by service providers offshore include business processing, administrative, and IT services.

Modern slavery risks in offshoring services may include exploitation of vulnerable workers, especially in low-wage countries and high-risk geographies. Factors such as poor labor conditions, lack of regulation, and inadequate oversight can lead to forced labor, human trafficking, and child labor.

Assessing and addressing modern slavery risk

Actions that we have taken to assess and address modern slavery risks focuses on four key areas: policies; systems and controls; grievance mechanisms and remediation; and employee training and awareness.

Policies

Below are the key policies that incorporate our management of modern slavery risk.

CFS Procurement and Outsourcing Policy and Third Party Code of Conduct

CFS relies upon third parties to provide products and services, including outsourced and offshored business functions, to meet a range of strategic and operational needs. CFS recognises that third parties introduce risk, and that CFS must remain accountable for managing this risk.

The CFS Procurement and Outsourcing Policy and Third Party Code of Conduct is designed to ensure that all third parties are appropriately and effectively sourced, contracted, managed and off-boarded through the third party lifecycle. Modern slavery is referenced as a specific area of focus, and the Policy and Code of Conduct require third parties to comply with applicable employment standards, labour, non- discrimination and human rights legislation.

Additionally, CFS third party contracts contain clauses that ensure suppliers adhere to modern slavery regulations and work to eliminate modern slavery risk within their operations and supply chains.

CFSIL Responsible Investment Policy and AIL Responsible Investment Policy

The CFSIL and AIL responsible investment policies guide the relevant trustees on their approach to managing environmental, social, governance and climate risks and opportunities. Modern slavery is specifically identified as an area of focus in our responsible investment policies, along with our Third Party Modern Slavery Risk Framework. The policies include guidance around how CFS approaches different sustainability issues.

Systems and controls

Investment portfolio analysis

Some of our investments present greater modern slavery risk relative to others. These include investments in listed equities (global and Australian) as well as fixed income, listed infrastructure, and listed property. Our approach to managing these risks is consistent with that in the Modern Slavery Act 2018 with the focus being on the most at-risk holdings where the risk is greatest to the individual – not solely by reference to the size of the investment.

Our Responsible Investment team have classified our investment managers as having a low risk of exposure to modern slavery as they are located in low-risk countries and are developing processes to manage modern slavery risks in their operations. A further analysis of how we identify and address risk in our investment holdings is outlined below.

Australian equities

Through using an external provider, FairSupply, CFS analysed the risk of modern slavery in our Australian equity holdings deep into their supply chain, down to tier 10 suppliers (i.e. 10 levels deep into our suppliers' supply chain). However, we discovered that the majority of our risk appears in the first three tiers¹ of the supply chain and so it is there that we focus our work.

The investment managers that held investments in the companies that CFS had identified as being at a higher risk of modern slavery were contacted to gain a greater understanding of their approach and processes to mitigate modern slavery risk. In response, these investment managers provided detailed insights and their own assessment of the respective companies' management systems and controls. CFS uses this information to inform its actions, such as engaging further with companies through relevant investment managers.

Global equities

In FY24, CFS expanded our analysis using FairSupply, deepening our analysis of global equity holdings.

As with our Australian equity holdings the majority of our risk lay in the first three tiers¹ of company supply chains, and so this is where CFS chose to focus our initial work. As this is closer to the operations of the portfolio holding company the transparency will be expected to be better than further down the supply chain.

Previous analysis had led us to consider thematic engagements, and CFS followed through with these themes during the reporting period. Our industries of focus continue to be food and beverage, communication services and energy.

Fixed income

Whilst the FairSupply analysis excluded our fixed income holdings, CFS has engaged with our external investment managers on the same themes. Some of our fixed income managers have engaged with the investee companies on the subject of modern slavery risks and shared with us any insights they discovered.

Engagement

In FY24, CFS continued to use the services of EOS at Federated Hermes, a leading global stewardship provider, to provide engagement and voting recommendations for its global equity investments.

During the year, EOS at Federated Hermes shared its experiences with the CFS Responsible Investment team regarding its human rights and human capital management engagement, while also engaging with companies on CFS's behalf.

¹ As per Fair Supply methodology – Tier 1 is investee company, Tier 2 supplies investee company, Tier 3 supplies Tier 2 company

Manager engagement

CFS's Responsible Investment team receives an annual update from the investment managers on their Modern Slavery policy (or similar) to understand how they identify, assess and mitigate modern slavery within their investments, operations and supply chains. The CFS team also receive updates throughout the year on any progress on engagements that investment managers are undertaking on our behalf. Through an investment manager survey and subsequent manager meetings, CFS confirmed that:

- all FirstChoice fund managers are aware of the Modern Slavery Act 2018; and
- while some are not required to disclose under the Act, they remain committed to the principles of the Act.

To advance awareness of modern slavery with our investment managers, our Responsible Investment team, as part of due diligence when assessing new investment managers, ensure that modern slavery is discussed and assessed. This is particularly important for those jurisdictions that are yet to pass legislation.

Despite not all fund managers being required to complete modern slavery statements, in FY24, over 90% of our managers had either officially lodged a statement or provided us with a copy of their human rights position.

Procurement and supplier governance

In FY24, CFS continued to improve its procurement and supplier governance processes to reduce Modern Slavery risk by implementing the following measures:

- Included specific further actions for any identified medium or high risk suppliers when monitoring or onboarding
- Enhanced the Modern Slavery questionnaire sent to suppliers, focusing on internal operations and supply chain entity risk
- Strengthened relationship with FairSupply to leverage their expertise in Modern Slavery. CFS will further incorporate the FairSupply platform into our supplier monitoring activities
- Changed the methodology on assessment of Modern Slavery risk, including removing the emphasis on 'spend'. This means all suppliers are equally assessed regardless of 'spend' or materiality to CFS to better capture modern slavery risks
- Embedded Modern Slavery as a required risk domain which is reviewed for all suppliers as part of our policy. For material service providers, Modern Slavery forms a component of the annual strategic review and is now included as a prerequisite for all tender activities.
- Revised CFS's list of targeted suppliers for FY25 identified through FairSupply analysis, with action plans developed to further analyse and monitor for instances of modern slavery. These targeted suppliers are industry rated as 'moderate-low' modern slavery risk on FairSupply.
- CFS will continue to monitor service providers who operate out of high-risk geographies and continue to assess relevant supply chains.

Grievance mechanisms and remediation

Grievance mechanisms provide a direct channel of communication between individuals adversely impacted, and CFS. They provide a way for CFS to monitor whether its activities are causing, contributing, or directly linked to worker exploitation, and to address such adverse impacts if they are identified. These mechanisms are available to employees in the event they were to identify modern slavery risk, or have concerns about the way CFS manages third party modern slavery risk.

CFS Workplace Grievance Review Procedure

CFS has a Workplace Grievance Review Procedure that is aligned to the CFS Values and Code of Conduct, and describes an internal mechanism for employees to raise workplace grievances, including those affecting their working conditions.

Whistleblower Policy

The CFS Whistleblower Policy, supported by the Code of Conduct, emphasises the importance of speaking up as a critical component of our culture. The Policy establishes a framework for how CFS complies with obligations regarding whistleblowers, including that all disclosures made through this channel are protected, assessed, investigated and reported. This Policy applies to employees, as well as contractors, consultants, suppliers and third parties.

Stopline Hotline

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

Training and employee awareness

CFS employees are trained on the CFS Values and Code of Conduct every year. The Code of Conduct educates employees on grievance processes and how to identify and report behaviour that is not consistent with CFS Values.

CFS communicates with people leaders and employees throughout the year using various communication channels and includes content to raise awareness of modern slavery risks and expectations of third parties. Information and tools related to modern slavery risks are also available to all employees via a readily accessible intranet site.

All new employees receive a compulsory playbook as part of their orientation program, which contains modern slavery risk awareness information.

CFS undertakes role/function specific training on modern slavery risks. In addition, as part of the procurement vendor onboarding process, employees receive just-in-time coaching on modern slavery requirements.

At CFS, we take the risk of modern slavery seriously. All employees are required to adhere to the CFS risk management framework as the management of risk is everyone's responsibility, including the consideration of modern slavery risks.

Assessing effectiveness

CFS assesses the effectiveness of its modern slavery risk controls in the following ways.

| Element | Metric | FY24 result |
|---|--|---|
| Employee learning and awareness | Number of employees engaging with modern slavery training | <ul style="list-style-type: none"> 100% of employees completed Code of Conduct training. Employee communications included content to build awareness of modern slavery risks and expectations of third parties, with a link on where to find additional resources. All new Supplier Governance team members trained and existing team members had training refreshed. |
| Supplier due diligence | Completion of modern slavery questionnaire | <ul style="list-style-type: none"> 100% of CFS suppliers completed the modern slavery questionnaire. |
| Investment manager engagement | Understanding the extent to which investment managers are aware of the Modern Slavery Act 2018, as well as how many investment managers completed modern slavery statements. | <ul style="list-style-type: none"> The number of CFS investment managers who produced a modern slavery statement rose from 66% last reporting period to 68%. As some of our managers are not obliged to report under Australian legislation, it is interesting to note that 90% of managers have disclosed a statement or policy describing their approach to modern slavery or human rights. 100% of new investment managers had a modern slavery discussion with CFS. |
| Portfolio analysis – Australian shares | Companies engaged with via investment managers, leveraging the FairSupply analysis. | <ul style="list-style-type: none"> CFS focused on the top three tiers of the supply chain in analysis of our holdings using FairSupply data. Analysis looking at the top 10 most ‘at risk’ companies for instances of modern slavery risk to the individual and the largest holdings in CFS portfolios, resulted in three companies. We engaged with our managers who held these companies. In concentrating on these companies, we are looking at holdings that are both high in modern slavery risk and large positions within our portfolio. |
| Portfolio analysis – global shares | Companies engaged with via investment managers leveraging the FairSupply analysis. | <ul style="list-style-type: none"> CFS focused on the top three tiers of the supply chain as that is where the majority of the risk was found in the analysis of global holdings. The top ten companies identified ‘at risk’ for modern slavery have been identified and active managers engaged with, who held these in their portfolios. These ten companies are viewed as being most ‘at risk’ to the individual and are large positions within our portfolio. Within these ten companies, four were in industries that are flagged as being high or moderate high risk and they formed our priority engagements with managers. As this analysis gave us some company names outside of our themes from last year we chose to continue the engagement with managers on these themes as well. The industries of focus remain food and beverage, communication services and energy. |
| Collaboration | Collaborating with investment managers, peers and industry associations to increase our knowledge and influence. | <ul style="list-style-type: none"> During discussions with investment managers, CFS helped to spread awareness and knowledge of collaborations with organisations such as IAST (Investors Against Slavery and Trafficking). We continued to encourage our investment managers to become involved in these collaborations. Continued involvement with RIAA through being a member of their Human Rights Working Group. We continue as an endorser of the PRI initiative, Advance, which aims to use stewardship by institutional investors to take action on human rights and social issues. The first phase is focusing on companies across the metals and mining industry and included several knowledge events throughout the year. |

Other relevant information and approval processes

Stakeholder engagement and collaboration

Collaboration with industry groups and associations continued to build a positive framework to mitigate modern slavery risks at CFS in FY24.

We continue to build on our membership of Investors Against Slavery and Trafficking (IAST), being members of both the knowledge sharing working group, and the collaborative engagement cohort.

We continue to engage with companies in the region to promote effective action to find, fix and prevent modern slavery, labour exploitation and human trafficking. Through this group, we are a supporting investor in a collaborative engagement with an ASX100 company in the food and beverage industry.

CFS has also been a member of RIAA's Human Rights Working Group since 2019, regularly attending and participating in working group meetings and education sessions.

Consultation

In implementing CFS's modern slavery program, CFS continued to consult with key internal business stakeholders, including procurement, responsible investment, legal, human resources, as well as other operational functions.

Members of the CFS Executive Leadership Team were also consulted, including reviewing, and approving this Statement.

Approval process

This Statement was reviewed and approved by the HoldCo Board which is the principal governing body of the higher entity of the CFSIL, AIL and ServiceCo entities. This approach to review and approve this Statement on an annual basis is expected to continue.



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