FUTURE GROUP

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Future Group - Screening Approach and Product Mapping

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The investment options available to you in the Verve Super product are invested in unit trusts managed by Future Group Investment Management Pty Ltd (FGIM or the Investment Manager). Verve Super is a product in the Smart Future Trust (ABN 68 964 712 340)). FGIM uses responsible investment tools such as negative screening, positive screening, thematic and impact investing, and stewardship in the design and delivery of its investment strategy for each investment option and the underlying unit trusts.

This screening matrix has been prepared by FGIM to help members of Verve Super understand the screening criteria applied to all of Verve Super's available investment options. These criteria sit alongside the Trustee's mandate to invest in the best financial interests of members, which all super funds share.

This document explains how FGIM applies negative and positive screening processes to the underlying investments Verve Super's investment options are invested into to achieve its ethical mandate. All investments whether held directly by the investment option, by an investment vehicle controlled by FGIM, or via an externally managed investment fund or Exchange Traded Fund (ETF) must meet the screening criteria set out in this document to be considered part of the investable universe for Verve Super. This document also explains FGIM's approach to thematic investing and impact investments.

The information in this document is prepared by FGIM and is up-to-date at the date of preparation, however it is subject to change from time to time. If a change is made to information that is not materially adverse, the Screening Approach and Product Mapping document will be updated and published on www.vervesuper.com.au. Any significant changes to the screening methodology will be separately notified to members.

Term	Definition
Negative screening	Negative screening excludes a company or security from a portfolio based on set criteria. Investors use negative screening in slightly different ways, but FGIM uses a 'one strike and you're out' approach to negative screens, which means that failure on any relevant negative screen means that company or security will not be invested in within that portfolio.
Positive screening	Positive screening is used to increase investment exposure to a defined attribute (like gender equality on boards) or activity (like projects that deliver environmental benefits). Through positive screening, an investor can extend their sustainable investment mandate from reducing harm to promoting positive outcomes.
Thematic investing	Thematic investing is a strategy used to increase exposure to growth opportunities driven by long-term economic, technological, social and environmental trends (e.g. global decarbonisation, digital transformation).
Impact investments	Impact investments generate positive and measurable social or environmental outcomes in addition to financial returns. FGIM defines impact investments by the following criteria: the positive outcomes are meaningful, additional, and achieved by design; and appropriate metrics and data are used to effectively measure, manage and report the positive outcomes (*note: not all investments that support positive outcomes will meet these criteria: see 'climate solutions' and 'social equity and wellbeing' investments).*
Climate solutions investments	FGIM defines climate solutions investments as investments that mitigate climate-related risks by reducing greenhouse gas (GHG) emissions or improving climate adaptation and resilience outcomes. FGIM draws on recognised frameworks which highlight scalable technologies and practices capable of delivering meaningful emissions reductions, including renewable energy, clean technology and regenerative agriculture. Through investing in climate solutions, FGIM seeks to capture long-term investment opportunities arising from global decarbonisation trends while supporting the mitigation of systemic financial risks associated with climate change.
Social equity and wellbeing investments	FGIM seeks investments that reduce inequality and improve social wellbeing. This includes investments that improve equitable access to, and/or the sustainability of, essential social infrastructure and services (e.g., aged care, healthcare, childcare, education, housing, connectivity). FGIM invests in social equity and wellbeing to gain exposure to long-term growth opportunities driven by global demographic trends, and help reduce systemic financial risks exacerbated by inequality, poor health and wellbeing.
Sustainable super	FGIM defines sustainable super as an approach to superannuation investing that seeks to act in members' best financial interests by considering sustainability-related risks and opportunities that may affect investment outcomes and the resilience of critical environmental, social and economic systems over time.

Screening approach

Throughout this document, the investable universe refers to the universe of assets that pass the screens and could be invested in.

FGIM considers the risk to members from being exposed to an excluded (negatively screened) activity. It also considers the opportunities generated from gaining exposure to positively screened activity, thematic, and impact investments. FGIM's screening processes combine external research and data, internal analysis, and the application of investment discretion, drawing on in-house expertise, external data providers, and third-party resources.

These risks and opportunities can be assessed in three categories: the nature of the activity, whether the exposure to the activity is direct or indirect, and the nature of the investment exposure.

The nature of the activity:

1. **Revenue generating activities:** occur as a result of the commodities, products, or services that make money for the company. The Investment Manager utilises a quantitative revenue threshold (as a % of total revenue of the company) to determine whether a company should be excluded from the investable universe. For example, a coal mining company generates revenue from the sale of coal. Coal is a fossil fuel, and the revenue threshold is 0%, so the coal mining company would fail that screen and be excluded from the investable universe.

2. **Business processes, attributes, and governance standards:** these are exposures that occur as a result of how a business goes about its revenue generation. For example, choosing to only elect men to its Board of Directors, or not appropriately managing modern slavery risks within its supply chain. In these instances, evidence of these unwanted processes or attributes (such as having an all-male board) are used to assess whether a company is failing to meet best practice or ethical standards and thus should be excluded from the investable universe.

Whether the exposure is direct or indirect:

Sometimes companies indirectly participate in an excluded activity. For example, a company called MMA Offshore was considered in FGIM's screening process. MMA Offshore is not directly involved in the fossil fuel industry; however, it provides vessel, subsea and project logistics services to the oil and gas industry. MMA Offshore's work for the oil and gas industry is a significant source of revenue. MMA Offshore is an example of a company that passes direct screening criteria but fails the indirect screening criteria.

The nature of the investment exposure:

This refers to the type of asset and how we invest in it. This can be split into two main categories.:

1. **Equity (shares):** Screening of shares focuses on the activities and attributes of that company, because purchasing shares means the investment option owns a small portion of that business and is exposed to all its attributes and activities.

2. **Fixed Interest (debt):** Investing in debt means the investor gains exposure to what that debt is funding. For conventional bonds, this debt can be used to fund any activities that the issuer is exposed to, so screening focuses on the issuer exposures. For bonds with use of proceeds guardrails, such as green bonds, we consider what type of activities that bond gives exposure to.

Circumstances where investments may be inconsistent with our screens

- We regularly review our portfolio to ensure compliance to our screening criteria. Where we identify that an asset we hold, directly or indirectly, no longer complies with our screens, we will take steps to realign our portfolio with our screens. This may be achieved by divesting or transforming the asset. As the process of selling or transforming an asset may take some time, we cannot guarantee that the product's underlying investments will be consistent with the investment strategy and screening processes at all times. Exposure to investments engaged in or connected with excluded activities, industries or companies may occur from time to time or in an insignificant way, notwithstanding reasonable endeavours to ensure the product's investments are compatible with the investment strategy and screens.

- Cash held with or through custodians or sub-custodians may be held with financial institutions which have not been screened.

Attributes by asset class

The below table summarises the attributes and screening application in the assets Verve Super is exposed to, broken down by asset class. Screens apply across the product, but minor differences in screening execution across investment options and classes have been disclosed. Endnotes appear at the end of the document.

Attribute	Australian Listed Equities	International Listed Equities	Growth Alternatives	Defensive Alternatives	Australian Fixed Interest	International Fixed Interest	Cash
Strategy	We implement a primarily quantitative methodology to construct a portfolio of listed shares and Exchange Traded Funds (ETFs) having very limited to no exposure to smaller companies.		We actively manage a multi-year investment program to purchase a range of investments (equity and debt securities) that we believe can offer diversification compared to the option's equity and fixed interest investments.		We actively manage a portfolio of securities to achieve an attractive yield and low risk of capital loss. We select bonds, funds and ETFs taking into account their maturity, creditworthiness and favour covenants that direct the use of proceeds.		We deposit and invest in money market accounts.
Negative screens	Screen type A (applies to all options)	Screen type B (applies to all options that hold this asset class)	Screen type C (applies to all options that hold this asset class)		Screen type D (applies to all options that hold this asset class)		No negative screens apply to this asset class
Positive screens applied to part or all of the asset class	Sustainability Leaders (applies to all options), Gender Equity (applies to the Gender Equity Australian Shares option)	Carbon Leaders (applies to all options that hold this asset class)	No positive screens apply to this asset class		No positive screens apply to this asset class	Green Bonds[i] (applies to all options that hold this asset class)	No positive screens apply to this asset class
Thematic and impact investing	Thematic and impact investing do not apply to this asset class	Thematic and impact investing do not apply to this asset class	All options that hold this asset class may have exposure to: • Climate solutions investments • Social equity and wellbeing investments • Impact investments		Thematic and impact investing do not apply to this asset class	Green Bonds are considered climate solutions investments.	Thematic and impact investing do not apply to this asset class

Appendix

Negative screens:

The below tables provide a description of the screens and thresholds applied[ii], including indications of how these vary between investment options and asset classes. Endnotes appear at the end of the document.

Negative Screen	**Description of what this screen excludes**	**Screen type A (Australian Equities)**		**Screen type B (International Equities)**		**Screen type C (Growth Alternatives, Defensive Alternatives)**		**Screen type D (Fixed Interest)[iii]**		
Baseline Screens		Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold (Conventional Bonds)	Revenue Threshold (Green Bonds[iv])
Fossil Fuels	Owning fossil fuel reserves, and the mining, extraction or burning of fossil fuels. Fossil fuels are viewed as all kinds of coal, oil and gas.	Yes	0%	Yes	0%	Yes	0%	Yes	0%	5%
Gambling	Operation of casinos and gambling facilities or production of gambling products, including pokers machines.	Yes	0%	Yes	0%	Yes	0%	Yes	0%	0%
Nuclear	Operation of nuclear energy plants or the mining, extraction and/or exploration of uranium.	Yes	0%	Yes	0%	Yes	0%	Yes	0%	5%

Negative Screen	**Description of what this screen excludes**	**Screen type A (Australian Equities)**		**Screen type B (International Equities)**		**Screen type C (Growth Alternatives, Defensive Alternatives)**		**Screen type D (Fixed Interest)[iii]**		
Baseline Screens		Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold (Conventional Bonds)	Revenue Threshold (Green Bonds[iv])
Tobacco	Production or manufacturing of tobacco products, including e-cigarettes and vapes[v].	Yes	0%	Yes	0%	Yes	0%	Yes	0%	0%
Weapons (a.k.a., armaments & militarism)	Manufacturing, production, engineering or sale of armaments and weaponry.	Yes	0%	Yes	0%	Yes	0%	0%	0%	0%

Negative Screen	**Description of what this screen excludes**	**Screen type A (Australian Equities)**		**Screen type B (International Equities)**		**Screen type C (Growth Alternatives, Defensive Alternatives)**		**Screen type D (Fixed Interest)**	
Supplementary screens		Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold
Indirect exposure to baseline screens	Assessed as the delivery of products and services that are specific (designed specifically for activities linked to baseline exclusions) or significant (i.e., without these services the activities would not be possible).	Yes	5%	Yes	5%	Yes	5%	Yes	5%
Alcohol	Revenue exposure to production of alcohol ("production"). Also considers indirect exposure of sales and distribution ("sales").	Yes	Production 5% Sales 20%	Yes	Production 5% Sales 20%	Yes	Production 5% Sales 20%	Yes	Production 5% Sales 20%
Animal Cruelty	Live animal export, animal testing for cosmetic purposes, owning or operating factory farms or abattoirs, and production of controversial animal products such as ivory, foie gras, furs and exotic leathers.	Yes	0%	Yes	0%	Yes	0%	Yes	0%

Negative Screen	**Description of what this screen excludes**	**Screen type A (Australian Equities)**		**Screen type B (International Equities)**		**Screen type C (Growth Alternatives, Defensive Alternatives)**		**Screen type D (Fixed Interest)**	
Supplementary screens		Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold
Board gender diversity	Removing listed companies with Board of Directors where all board members are men.	Yes	N/A	Yes	N/A	Yes	N/A	Yes[vi]	N/A
Chemicals of concern	Production or manufacturing of controversial agricultural chemicals, or contamination of environments with harmful chemicals such as arsenic.	Yes	0%	Yes	0%	Yes	0%	Yes	0%
Destruction of Valuable Environments	Activities which have a direct negative impact on recognised UNESCO World Heritage or High Conservation Value areas.	Yes	N/A	Yes	N/A	Yes	N/A	Yes	N/A
Human & labour rights	Evidence of direct, repeated and systemic labour rights violations, including child labour, forced labour, sweatshops, and significant harm to communities without adequate remediation or redress.	Yes	N/A	Yes	N/A	Yes	N/A	Yes	N/A

Negative Screen	**Description of what this screen excludes**	**Screen type A (Australian Equities)**		**Screen type B (International Equities)**		**Screen type C (Growth Alternatives, Defensive Alternatives)**		**Screen type D (Fixed Interest)**	
Supplementary screens		Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold	Does the screen apply	Revenue threshold
Junk foods	Production or sale of foods determined to have low nutritional value or possessing addictive properties such as through high sugar content or additives.	Yes	33%	Yes	33%	Yes	33%	Yes	33%
Detention of Asylum Seekers & for-profit prisons	Evidence of activities that directly enable the detention of Asylum Seekers, or the operation of for-profit prisons.	Yes	0%	Yes	0%	No	N/A	No	N/A
Pornography	Production of materials determined to be pornographic in nature.	Yes	0%	Yes	0%	Yes	0%	Yes	0%
Payday or Predatory lending	Lending products and services with unfair or exploitative terms that target vulnerable communities, including 'payday loan' schemes.	Yes	0%	Yes	0%	No	N/A	No	N/A

Positive screens:
The below tables provide a description of the positive screens applied, including indications of how these vary between asset classes.
Endnotes appear at the end of the document.

Positive Screen	Description of this positive screen	Positive screening outcome	Relevant asset class	Investment Options impacted
Carbon Leaders	Companies that have a 'carbon efficiency' that places them in the top one-third of companies in their industry or are otherwise superior performers in relation to avoided emissions. • Carbon efficiency: Carbon efficiency is determined by calculating the greenhouse gas emissions from a company's operations, fuel use and supply chain, divided by its annual revenue. • Avoided carbon emissions: Superior performers in relation to Scope 4 carbon emissions are those companies involved in commercialising technologies that have net positive climate benefits through substantial greenhouse gas emissions reductions or sequestration. Companies in this category typically include those with primary business activities in renewable energy, energy efficiency, sustainable agriculture and land use, and carbon sequestration.	All securities must pass this positive screen to be eligible for investment.	International equity (all)	All investment options
Employers of Choice for Gender Equality	Companies that are current holders (at time of analysis) of the Workplace Gender Equality Agency's (WGEA) Employer of Choice for Gender Equality citation.	Creates a portfolio bias toward identified securities.	Domestic equity (partial)	Gender Equity Australian Shares
Green Bonds	Green bonds are issued to fund projects that have been identified as contributing positive environmental and/or climate benefits, such as those designed to prevent or reduce pollution, improve the sustainable use of natural resources, or help in the transition to non-fossil fuel-based technologies. We look to the internationally recognised Climate Bond Initiative (CBI) criteria to identify green bonds that are eligible for inclusion, based on their alignment to key standards.	All securities must pass this positive screen to be included in the dedicated portion of the portfolio.	Fixed interest (partial)	All investment options

Positive Screen	Description of this positive screen	Positive screening outcome	Relevant asset class	Investment Options impacted
Sustainability Leaders	A company identified as having significant business activities or attributes within one of the below categories. These categories have been identified as bringing companies into alignment with the UN Sustainable Development Goals (SDGs), though there can be no guarantee that these activities contribute to the achievement of the SDGs. • Climate adaptation • Nutrition, agriculture and land us • Improved industrial processes, materials, and pollution reduction • Healthcare • Transportation solutions • Education • Water efficiency • Renewable energy and energy efficiency • Green buildings • Sustainable tourism • Sustainable and regional infrastructure • Social and community housing • Worker and consumer protection • Regional and community banking • Or possession of key certification such as B Corporations, Supply Nation, RAP Elevates, etc.	Creates a portfolio bias toward identified securities. Sustainability Leaders are first preference for inclusion, but other index methodology rules (including sector caps) apply.	Domestic equity (partial)	All investment options

Thematic and impact investing

Thematic and impact investing are distinct but related strategies that FGIM uses to support its objective of investing in members' best financial interests. These strategies aim to benefit from, and contribute to, a future less exposed to the risks driven by climate change and inequality.

For example, FGIM may expect structural social trends, including changing demographics and growing demand for essential services and infrastructure, to create long-term investment opportunities linked to improved social outcomes. Considering this, FGIM may seek to increase exposure to the development of housing supply (including aged care, social housing, and Specialist Disability Accommodation) because those investments are expected to benefit from the structural growth opportunity.

FGIM may also seek high-quality impact investments that are designed to deliver social infrastructure *and* meaningfully improve social inclusion and wellbeing outcomes. In this case, impact investments would be expected to benefit from the structural trend and to deliver positive social outcomes that may help reduce the systemic financial risks expected of an economy strained by poor health and inequality. In this way, FGIM believes that impact investments can contribute to the long-term performance of members' retirement savings as well as a more sustainable future.

FGIM believes thematic and impact investing deliver three key benefits to members:

- FGIM seeks high-quality assets with a focus on long-term financial performance, ensuring all investments work in members' best financial interests – even when they deliver broader social and environmental benefits.
- Superannuation is a long-term investment. FGIM analyses structural changes in the environment, society and the economy and uses thematic investing to increase exposure to the long-term growth opportunities driven by these megatrends.
- FGIM believes that investing in climate solutions, equality and social wellbeing helps reduce systemic financial risks. FGIM seeks investments that contribute to long-term stability, resilience and prosperity in the social, planetary and financial systems that a good retirement depends on.

By focusing on long-term financial performance – including by ensuring investment decisions consider the systemic risks and opportunities presented by a changing climate, society and global economy – FGIM seeks to invest in the best financial interests of Verve Super members.

This document sets out the Investment Manager's screening criteria. It is not intended to provide financial advice and should not be considered as such. Please read the Verve Super Product Disclosure Statement including any incorporated information and Target Market Determination available at www.vervesuper.com.au and consider speaking with a financial advisor, before making a decision to acquire, hold or continue to hold an interest in Verve Super. Investments may be held indirectly via an Exchange Traded Fund (ETF) or Managed Fund. See www.vervesuper.com.au/ethical-investing for more information about our screening and investment processes, and what we mean by fossil fuel companies and investments.

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Verve Super is a product in the Smart Future Trust (ABN 68 964 712 340) (the Fund). The Trustee of the Fund is Stewarda Pty Ltd ABN 56 098 527 256, AFSL 236049, RSE Licence L0000185.

[i] As defined by the Climate Bonds Initiative.
[ii] N/A revenue thresholds: Where a revenue threshold is referred to as 'N/A' this indicates that the nature of the activity assessed is a business attribute rather than a revenue generating activity as described in the 'screening approach' section above.
[iii] For all bond issuers other than sovereign issuers.
[iv] As defined by the Climate Bonds Initiative.
[v] Does not apply to the manufacture of nicotine replacement therapies (NRT) and medication for the treatment of nicotine addiction
[vi] Note that where issuers are government bodies or do not have boards of directors this screen cannot be applied.