

# Responsible Investment Policy

**Date of this Policy:**  
**13 November 2024**

Issued by United Super Pty Ltd  
ABN 46 006 261 623 AFSL 233792 as  
Trustee for Construction and Building  
Unions Superannuation Fund  
ABN 75 493 363 262 (also referred to  
as **Cbus Super / Cbus**) offering Cbus  
and Media Super products. Use of 'us',  
'we', 'our' or 'the Trustee' is a reference  
to United Super Pty Ltd. Use of 'Fund'  
refers to Cbus Super.  
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## 1 Introduction

### 1.1 Purpose and objectives of the policy

Cbus Super is the leading industry super fund representing those that help build, maintain, and shape Australia. The Trustee is committed to its long term goal of members retiring with dignity and has a fiduciary duty to always act in members' best financial interests (i.e., BFID<sup>1</sup>). One of the Trustee's fundamental investment beliefs is that our responsible investment approach helps support long-term returns; the Trustee believes that consideration of Material ESG risks and opportunities is entirely consistent with our duty to act in members' best financial interests. It is this belief that underpins the Responsible Investment Policy (**the Policy**).

The Policy sets out the Trustee's approach to responsible investment.

The Policy is a component of the Construction and Building Unions Superannuation Fund's (the Fund) Investment Governance Framework (IGF) and supports the execution of the Fund's investment strategies. The Policy applies across all of the Fund's investments and investment options, unless explicitly stated otherwise.<sup>2</sup>

The Policy is approved by the Investment Committee (IC) and will be reviewed every three years, or more frequently, if appropriate. Minor amendments can be approved by the Fund's Management (Management).

The Trustee aims to apply best practice approaches for responsible investment to the Fund's investments and within the organisation.

### 1.2 What is not covered by this Policy

This document sets out the general approach to incorporating responsible investment into the Fund's investment decision making; it does not provide in-depth details of the processes applied to implementation.

### 1.3 Application

This Policy applies to all Trustee Directors, all Cbus Group Executives, and all members of the Fund's Investment team.

### 1.4 Accountability

The Trustee is always responsible for the Trustee's investments. The Trustee has delegated decision making responsibilities for responsible investment to Board Committees (primarily the IC) and management.

The Responsible Investment team is accountable for guiding the strategic direction for responsible investment, across integration, stewardship, advocacy, research and transparency.

The Investment team has accountability for supporting the implementation within the Fund's investments activities.

### 1.5 Governing legislation and regulatory requirements

In drafting this Policy, the Trustee has referred to its duty to comply with laws and regulations that apply to a RSE licensee and considered (among other things) the following:

- APRA Prudential Practice Guide, SPG 530 Investment Governance, July 2023;
- APRA Prudential Performance Practice Guide, CPG 229 Climate Change Financial Risk, November 2021

<sup>1</sup> BFID = Best Financial Interest Duty

<sup>2</sup> It is Cbus' aim to apply our approach across our total portfolio, however the Policy does not currently apply to cash, derivatives or overlays.

- *Modern Slavery Act 2018* (Cth)
- *Superannuation Industry (Supervision) Act 1993* (Cth) and *Superannuation Industry (Supervision) Regulations 1994* (Cth)
- *Corporations Act 2001* (Cth)
- Australian Asset Owner Stewardship Code
- ACSI Governance Guidelines
- Principles for Responsible Investment
- SEC, Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers (rule adopted 22 December 2022)

## 2 Why is Responsible Investment important

### 2.1 What is ESG?

The Trustee believes Material environmental, social and governance (ESG) risks and opportunities, those that are likely to affect business or investment performance, should be incorporated into investment decision making processes.

Examples of ESG risks and opportunities for investors are shown below, noting some risks and opportunities apply across categories:

Environmental
Climate change Nature and biodiversity loss
Social
Diversity, equity and inclusion Human rights Inequality Modern slavery Workplace health and safety Worker's rights
Governance
Corporate governance Executive remuneration Shareholder rights

### 2.2 Responsible investment philosophy and beliefs

The Trustee believes that responsible investment is necessary to support sustainable long-term returns, and that responsible investment practices are entirely consistent with acting in the best financial interests of the Fund's members under its fiduciary duties and the sole purpose test.

One of the Trustee's fundamental investment beliefs is that companies that are well-governed and manage Material ESG risks and opportunities in their operations and supply chains such as those that impact employees, suppliers, customers, communities and the environment, will protect assets and grow our members retirement savings over the long term.

For the Trustee, responsible investment means considering Material ESG risks and opportunities as one input in the investment decision making process; exercising positive influence through the Fund's investments and the operations of the Fund; advocating for better outcomes for Fund members' retirement savings through being active stewards; and playing a role in shaping the systems in which we operate and invest through policy and regulatory advocacy.

### 2.3 Principles for responsible investment

The Trustee articulates these beliefs through its adoption of the PRI framework which guides the Trustee's implementation of responsible investment. As a signatory of the PRI, the Trustee commits to the following PRI principles where consistent with its fiduciary responsibilities, we will:

1. Incorporate ESG issues into investment analysis and decision making processes.
2. Be active owners and incorporate ESG issues into our ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which we invest.

4. Promote acceptance and implementation of the Principles within the investment industry.
5. Work together to enhance our effectiveness in implementing the Principles.
6. Report on our activities and progress towards implementing the Principles.

A variety of internal guidelines and processes support the implementation of responsible investment. The Trustee may provide support to or endorse other external organisations and commitments that further enhance its approach to responsible investment in the best long-term financial interests of members.

## 3 Responsible Investment priorities

Every company or asset is exposed to a different set of Material ESG risks and opportunities. The Fund's responsible investment approach expects Investment Managers to consider those risks and opportunities Material to their investments and portfolios within their decision-making process.

At a Fund level, we identify a set of portfolio-wide ESG priorities for increased focus across our integration, stewardship and research work in order to protect and preserve member value. These priorities generally represent a systemic risk to our portfolio, are the subject of regulation, or are closely linked to our members and the industries they work in. Our priorities are informed by research, materiality, regulation, ongoing review of emerging issues, and engagement with a broad range of stakeholders.

### Portfolio-wide ESG priorities:

Our ESG thematic priorities are outlined below, with detail on our activity within each area explained via our website and through our annual reporting.

- **Climate change**

The Trustee believes that climate change is one of the most significant challenges we face as a society today, and that tackling climate change needs to be done in partnership with a focus on real world outcomes. The Trustee has developed a Climate Change Position Statement, a set of climate goals and a set of climate principles to help guide the integration of climate change risks and opportunities across our portfolio. The Climate Change Position Statement, goals and principles are approved by the Trustee's Board and are reviewed as required.

- **Nature and biodiversity loss**

The Trustee believes that nature and biodiversity loss present significant risks to our portfolio, our economy and society. It is also closely connected to climate change, meaning that efforts to protect and restore nature and biodiversity can help us address this other substantial source of risk.

- **Modern slavery**

An internal Modern Slavery Risk Framework outlines our approach to the management of modern slavery risk.

- **Workplace health and safety**

Serious safety incidents have a significant personal cost to employees and their families, and financial costs to employers. Safety considerations form part of the due diligence process for relevant assets, risk committee reporting, and our engagement with companies, which helps inform our voting.

- **Investing in the real economy**

The Trustee believes it has a responsibility to take a leadership role in the built environment and is committed to investing in projects

and businesses that are important to our members, and that will seek to make a difference in the real world and to our members' retirement savings. The Fund will seek opportunities to incorporate responsible investment within the built environment including the development of sustainable building and construction practices, where this is in the best financial interests of members.

### Fund-wide areas of interest

Beyond our portfolio-wide ESG priorities, there are additional areas related to responsible investment that the Trustee believes are relevant to the Fund as a whole.

- **Sustainable Development Goals**

The Trustee believes that responsible investment extends to playing a role in shaping the systems in which we operate and invest, with the aim to drive better outcomes for our members and the world in which they will retire, and has articulated this, in part, through its recognition of the UN Sustainable Development Goals (SDGs).

The achievement of the SDGs is expected to improve long term financial returns by reducing the volatility in financial markets brought about by climate change, social and economic inequality and unequal access to resources. The Trustee believes it can meaningfully contribute to the SDGs through our commitment to our members and the industries they work in, by being an employer of choice, through our investments, and engaging and advocating across our portfolio-wide ESG priorities.

- **The Trustee**

The Trustee believes the Fund should operate in a manner that is consistent with its approach to responsible investment. As such, the Trustee will seek to identify opportunities to incorporate responsible investment across the organisation and influence the entities and stakeholders with whom the Trustee undertakes business.

## 4 Responsible Investment approach

As a long-term investor with a very diversified portfolio, also known as a "Universal Owner", the Trustee seeks to integrate the consideration of Material ESG risks and opportunities in its investment decision making processes and implements stewardship (including advocacy) in its responsible investment approach. This approach is underpinned by evidence-based research and analysis.

The Fund invests members' funds globally across most business sectors both directly and indirectly through a range of different asset classes and via a range of different investment strategies. This means the Fund's investments are exposed to many different parts of the global economy.

The Trustee aims to apply its responsible investment approach to all of the Fund's investment activities including:

- all geographic locations;
- all major asset classes\*;
- internal investment strategies;
- mandated and pooled funds; and
- all investment styles.

### 4.1 Implementation

The approach to responsible investment implementation is shaped by the Fund's investment strategy which includes both direct and co-investment arrangements through internally managed investment strategies and outsourcing to Investment Managers that invest on its behalf.

Hence, the way in which responsible investment is incorporated into investment decisions is nuanced and differs depending on the investment strategy. This means the implementation of responsible investment may require a tailored approach within and between asset classes and investment strategies.

\* As mentioned earlier, the Policy applies across most of the Fund's investments and investment options other than cash, derivatives or overlay products.

### Internally managed investment strategies

The Trustee has implemented an asset class specific internalisation model. The Fund implements responsible investment processes or procedures as internal capability is built for each asset class and is focused on driving continuous improvement in its approach to responsible investment.

### External Investment Managers

Agreements with external Investment Managers detail the specific requirements for responsible investment, including reporting and monitoring requirements, subject to the type of asset class and investment strategy being employed.

- **Mandates**

Mandates afford the Trustee a greater level of control. They provide greater transparency and the ability to actively engage with both Investment Managers and the underlying companies on responsible investment.

- **Pooled trusts**

Some investments can only be accommodated in pooled arrangements. This means that funds from multiple investors are combined (pooled) together for investment purposes, achieving economies of scale. However, where this occurs, the individual investors have limited ability to influence the approach in place. Notwithstanding, the Trustee (where possible) will use its influence to ensure the terms of the pooled vehicles are aligned to its needs and will seek to incorporate the Trustee's approach to responsible investment in the governing documents. This may include side letter agreements to augment the pooled trust arrangements where possible.

### Risk management

The Trustee has identified investment ESG as a material risk for the Fund. As such, it is identified, assessed, managed, monitored and reported in line with the Risk Management Strategy.

### Remuneration

Responsible investment is incorporated into annual qualitative KPIs, with investment staff generally having a priority or performance measure related to responsible investment as relevant.

### Training

The Trustee requires the Investment team undertake training on responsible investment. Examples include formal training on modern slavery and completion of the Principles of Responsible Investment (PRI) approved education modules.

## 4.2 ESG integration

Our responsible investment approach aims to systematically integrate consideration of Material ESG risks and opportunities within investment decision making processes.

We do not offer stand-alone ethical or socially responsible investment options. We seek to focus on those ESG risks and opportunities that are likely to impact our members' savings, or where they have the potential to affect investment returns.

Our integration approach is iterative and underpinned by continuous improvement.

### Internal investment strategies

- **Selection**

While there are nuances in practice across asset classes, there is an overarching focus on driving continuous improvement regarding the way in which Material ESG risks and opportunities are considered as part of the investment decision making process and ongoing investment management.

- **Monitoring**

The internal portfolios are periodically monitored from an ESG risk perspective, and this approach will continue to evolve.

### External Investment Managers

- **Selection**

Responsible investment is a component of the Investment Manager selection and appointment process. The Trustee prefers

Investment Managers that have sound ESG practices or are actively developing their approach, which allows the Trustee to accommodate for Investment Managers at different stages in their responsible investment journey.

Investment Managers are only appointed after a selection process in accordance with the Due Diligence Policy, Responsible Investment - Manager Monitoring and Due Diligence Framework, and, where appropriate, the Trustee's Outsourcing Policy.

- **Monitoring**

After an Investment Manager has been selected, the Trustee actively engages with the Investment Manager and seeks to monitor the integration of responsible investment into their processes (both formally via a periodic review process and on an informal ad hoc basis).

### Exclusions

While the Trustee does not typically exclude particular companies, sectors or asset types, there are circumstances where it is appropriate to consider exclusion of a sector or a specific stock from the Fund's portfolio. All proposed exclusions are assessed against our members best financial interests, with category exclusions (e.g., sectors or asset types) approved by the IC, and approval of individual security exclusions delegated to the CIO.

## 4.3 Stewardship

The Trustee is a universal owner with a long-term investment horizon and a very diversified portfolio, which is exposed to the volatility and performance consequences of economy wide environmental and social impacts.

Our Stewardship Framework aims to deploy our resources and influence as an investor with the aim of supporting real world outcomes that have the potential to protect and preserve value for our members.

Levers available include advocacy and the suite of rights attached to our shareholdings. These include the



right to vote at companies' general meetings and may include the right to nominate or vote with respect to the nomination of directors we believe best represent our members' interests. Other opportunities for influence also flow from these rights – such as direct communication with Boards via engagement.

The Trustee will apply guiding principles to help determine alignment with real world outcomes in our members' best financial interest. These principles will guide prioritisation, optimise cost-effectiveness of stewardship activities, and support evaluation and adaptation of the Stewardship Strategy over time. Real world outcomes refer to changes that affect the systems in which the Fund and our investee companies operate, and in terms of our responsible investment approach refer to identifying stewardship priorities that are aimed at promoting a shift towards a sustainable finance system, and supporting development or enhancement of standards, guidelines and regulatory reform.

The Trustee maintains governance structures for Stewardship through investment delegations, risk management controls, monitoring of third-party providers and reporting to the IC and Board.

Our Stewardship Statement provides an overview of the Fund's stewardship activities in accordance with the Australian Asset Owner Stewardship Code.

The Trustee acknowledges the additional responsibility of its influence in the Australian market. This reflects the size and ownership in Australian companies and assets and the location of Fund members.

### Proxy voting

The Trustee votes at all company meetings in all markets globally unless impracticable. The Trustee has a governance process for vote decision making through investment delegations, strategy reviews and reporting. The Trustee takes an active approach when voting on resolutions for Australian companies and directly held global equities. In determining voting decisions, a variety of inputs are

sought. In all cases, the Trustee forms its voting decision based on the best financial interests of members.

There are limited circumstances where the Trustee may not be able to exercise its voting rights such as when companies are held through pooled trusts, or are on loan through the securities lending program, share blocking markets and power of attorney markets. The Trustee takes a practical approach where the solution cost is reflective of the likely level of influence on the voting outcome.

### Pooled trusts

In pooled trusts, the Investment Manager is responsible for the voting rights to the shareholding of the company. Therefore, the Trustee does not have the opportunity to exercise voting rights for companies in pooled investments but will seek to influence voting through engagement with the Investment Manager, where appropriate.

### Securities lending

The Trustee's securities lending program is administered by an approved external service provider, with oversight provided by the Investments team. The securities lending program is permitted to lend the Fund's domestic and international fixed interest securities and equities securities.

The Trustee has a process that enables the Investment team to recall shares from a loan for voting purposes.

### Engagement

The Trustee participates in a number of initiatives and engages with a broad range of stakeholders including its Investment Managers and listed and unlisted companies in which it invests with the goal of protecting and preserving value for members' retirement savings.

We use prioritisation principles to define a set of thematic priorities that inform our engagement program.

The Trustee employs a flexible approach to stakeholder dialogue. Engagement can be undertaken directly, in partnership with other investors, or through external service providers.

The Trustee expects that its Investment Managers will engage on responsible investment issues, with listed and unlisted companies or seek to influence the broader market, as appropriate for the investment strategy.

### Advocacy

The Trustee undertakes advocacy in our members best financial interest, with the aim of:

- encouraging policy settings that drive system-level change and protect our members' retirement savings from environmental and social impacts and support long term value creation;
- improving standards, guidelines or regulations that would better enable company directors to meet our needs as a universal owner; and
- promoting a shift towards a sustainable financial system.

The Trustee has a preference to undertake advocacy through partnering with other stakeholders, as the Trustee considers this to be the most effective. The Trustee monitors the advocacy activities of its member organisations through participation on committees, Board representation and through reviews. Management has delegation to approve activities that align with the strategic objectives of the Fund.

### 4.4 Class actions

The Fund invests directly or indirectly in investment entities including in internally and externally managed portfolios. Our Litigation Policy outlines the general principles for participating in any legal proceedings against these investee entities.

### 4.5 Conflicts management

The Conflicts Management Policy sets out and explains how actual, potential, and perceived conflicts are identified and managed.

The Personal Securities Trading Policy outlines our approach to managing insider information.

## 5 Partnering

The Trustee recognises that through partnering with others, the Fund can share knowledge and learnings and manage resources more effectively. The Fund actively partners with a wide range of stakeholders and market participants to improve management of systemic ESG risks and opportunities and complex market transformations. The Fund plays an active role in various initiatives, networks, and groups of like-minded investors.

Information about our partner organisations and initiatives can be found on our website.

## 6 Reporting and disclosure

### Reporting

Where appropriate, the Fund will incorporate responsible investment within investment monitoring and enterprise risk reporting. In accordance with governance and investment delegations, reporting occurs through internal management forums and Board investment and risk committees.

### Disclosure

The Trustee seeks to take a leadership role in transparency and disclosure and will report its responsible investment

activities, progress, and outcomes to all stakeholders through the Fund's website and annual report. This includes information associated with the Fund's responsible investment regulatory compliance obligations, proxy voting, exclusions, and key focus areas.

Where practical, the Fund will participate in the PRI Reporting Framework and publicly disclose the Fund PRI Assessment Report. The PRI Assessment Report results will be used as an indicator to measure the outcomes of the Fund's responsible investment activities.

Where possible or as required by law our public disclosures will be assured.

## 7 Glossary

Term	Definition
ACSI	Australian Council of Superannuation Investors
APRA	Australian Prudential Regulation Authority
Board	The Trustee board of United Super Pty Ltd ABN 75 493 363 262
CIO	Chief Investment Officer
ESG	Environmental, Social and Governance
Fund, Cbus Super or Cbus	Construction and Building Unions Superannuation Fund
IC or Investment Committee	The Trustee's Investment Committee
Investment Manager	An appointed third party or internal team that invests the Fund's assets
Material	ESG risks and opportunities that are likely to affect business or investment performance
PRI	Principles for Responsible Investment
Prudential Standard	A prudential standard determined by APRA under subsection 34C(1) of the SIS Act
RSE licensee	Has the same meaning as given in the SIS Act
SDG	United Nations Sustainable Development Goals. A universal set of 17 goals adopted by 193 countries that support the 2030 Agenda for Sustainable Development. The aim of the SDGs is to promote prosperity by protecting people and planet. To be realised, they require significant investment from both public and private sectors
SIS Act	The <i>Superannuation Industry (Supervision) Act 1993</i> (Cth)
Trustee	United Super Pty Ltd ABN 46 006 261 623 AFSL 233792, as trustee for the Fund