

# Cbus Responsible Investment Principles

## Purpose

Cbus has developed a set of Responsible Investment Principles to communicate to our fund managers the Environmental, Social and Governance (ESG) issues that are important to us as a Fund. This approach will enable us to focus our interactions with our fund managers and, their engagement and voting with companies, leading to better long-term retirement outcomes for our members. Further, we recognise that as a large investor, our actions can have a flow on benefit to shaping the society of the future and the broader economy where our members will continue to live.

## Sustainable, long term value creation.

For over a decade, Cbus has been at the forefront of encouraging companies in which we invest to operate in a way that is sustainable, transparent and with strong corporate governance culture. These considerations are the foundation of good company.

Cbus expects companies to operate in compliance with relevant regulatory and corporate laws and good practice within their jurisdictions. In Australia, this includes the ASX Corporate Governance Council's *Principles and Recommendations*. The ACSI Governance Guidelines 2017 also outline our expectations in detail for the Australian market.

Clear and transparent disclosure of material ESG issues underpins investor confidence and increases the ability for a company to attract long-term capital. Cbus strives to lead by example on best practice disclosure and will advocate for companies to undertake Integrated Reporting and broader sustainability reporting.

Cbus has also made a commitment to meaningfully contribute to the UN Sustainable Development Goals (SDGs). We expect that companies over time will also consider their ability to create long-term value whilst also having a positive impact on society and the global economy through the SDGs.

## Core Principles

- **Climate change** is a material financial risk and opportunity. Companies and fund managers should consider disclosure in accordance with the recommendations of the Taskforce on Climate Related Financial Disclosures. Cbus developed a Climate Change Position Statement that will continue to guide our approach.
- **Cognitive diversity** has shown to increase returns, attract talent and improve reputation. Cbus encourages fund managers and companies to employ strategies to increase gender diversity, and collective intelligence in general, and be transparent about their efforts. We are supporting an effort to target 30% of Board positions in ASX200 to be held by women. Cbus encourages companies, in general, to do the same. Cbus also recognises that gender equality and absence from discrimination are fundamental human rights which companies should respect.
- **Health and Safety** is a fundamental right for workers in performing their jobs. Companies are required to have due regard for workers and provide a safe work environment and operate in compliance with relevant laws. In pursuit of zero injuries and zero fatalities, companies should demonstrate continual improvement of health and safety through corporate culture and disclosure of statistics.
- **Labour and human rights** can materialise in a company's direct operations and their supply chains. Companies have a responsibility to ensure they do not infringe on human rights and address issues in their supply chain. Companies should refer to *United Nations Guiding Principles on Business and Human Rights* for guidance. We also expect that companies eliminate modern slavery from their supply chains.
- **Product supply chains** are key inputs of an effective business. Companies should understand the origin of materials in the supply chain and work towards implementing sustainable procurement practices.