Cbus' Key Voting Positions

Cbus has an internal Voting Policy that it applies globally to ensure consistency of its voting process across its shareholdings. This policy is underpinned by the Australian Council of Super Investors (ACSI) International Voting Policy which has been customised by Cbus to reflect additional key focus areas in relation to tenure and capacity of directors and diversity on boards.

Cbus' voting positions are not considered in isolation, Cbus will consider engagement with companies, our managers and broader stakeholder views (where applicable). In all cases the Fund will make its voting decision based on the best long-term interests of members.

An overview of our key voting positions is provided below.

Election of Directors

Cbus promotes:

- Accountability of company directors for the performance of the company
- Capacity of directors to undertake their role. For example, Cbus will vote against directors who serve on a total of five or more publicly listed companies, and against directors who serve on more than two boards where they also are an executive of a public company
- Board renewal. For example, Cbus will vote against members of the nomination committee where the board's average tenure is greater than twelve years and there have been no new independent nominees appointed to the board in five years
- Board gender diversity:
  - If there are no women currently sitting on an ASX300 board, Cbus will vote against all members of the nominating committee
  - Cbus may also vote against newly-appointed male directors on boards with zero women directors
- Environmental, social and governance oversight
- Majority voting for director elections

Shareholder rights

Cbus will vote against the constitution/articles of association where proposed amendments include changes that may diminish or impinge upon the rights of shareholders.

Remuneration

Cbus recognises that Environmental, Social and Governance (ESG) performance factors should be an important component of the overall consideration of proper levels of executive performance and remuneration.

Cbus will usually vote against approval of the remuneration report or policy when the following occur:

- A significant disconnect between pay and performance
- Financial and non-financial performance goals and metrics are inappropriate or insufficiently challenging
- Lack of disclosure regarding performance metrics and goals as well as the extent to which they are implemented
- Excessive discretion available to determine outcomes
- Ex gratia or other non-contractual payments have been made without sufficient justification
- Guaranteed bonuses
- There is no clawback policy for unearned equity awards or unearned bonuses
- Where bonuses, equity awards or severance payments appear unfair and unreasonable given the company's circumstances

Capital raisings

Where a company has not disclosed a detailed plan for use of the proposed shares, or where the number of shares requested are excessive, Cbus typically votes against the issuance.

In the case of a private placement or non-pro-rata raising, Cbus will also consider the:

- Board's oversight of the capital-raising process
- Context and reason for the capital raising
- Ability for existing shareholders to participate in the raising process
- Price paid by subscribers
- Dilution caused by the capital-raising process

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Shareholder proposals

Shareholder proposals are often categorised as 'non-financial' resolutions and relate typically to ESG factors.

Cbus will assess shareholder resolutions on a case-by-case basis, in the context of whether the proposal protects or increases long-term shareholder value; increases shareholder rights; addresses a material issue; how the company has responded and how the company's approach compares to its peers and industry practice and whether the issue could be more effectively dealt with through legislation or regulation. Where a proposal specifically relates to disclosure or transparency Cbus will consider the adequacy of publicly available information and whether the information being requested is commercially sensitive.

A range of inputs are sought to inform our view including an engagement progress and outcomes. Our approach also recognises that shareholder rights differ in each jurisdiction and this will be reflected in our voting positions.

Cbus generally supports proposals:

- Seeking improved sustainability reporting and disclosure about company practices which impact the environment
- Requesting companies develop greenhouse gas emissions reduction goals, comprehensive recycling programs, and other proactive means to mitigate a company's environmental footprint
- Requesting companies to report in accordance with the recommendations of the Financial Stability Board's Taskforce on Climate Related Financial Disclosures (TCFD)
- Seeking to tie executive remuneration to performance measures such as compliance with environmental regulations, health and safety regulations, non-discrimination laws and compliance with international human rights standards
- Seeking to evaluate overall director performance based on environmental and social criteria
- Requesting disclosure from companies regarding gender pay inequity and company initiatives to reduce the gap in remuneration between women and men
- Requesting that companies provide greater disclosure regarding impact on local stakeholders, workers' rights and human rights in general
- For companies to adopt or comply with certain codes of conduct relating to labour standards, human rights conventions and corporate responsibility
- Seeking increased disclosure regarding public health and safety issues
- Seeking to increase disclosure of a company's business ethics and code of conduct, as well as disclosure of its activities and policies that relate to social welfare
- Seeking increased shareholder participation and access to a company and its board of directors