Stewardship Statement



Cbus has had a long history of advocating, voting and engaging with companies in the best financial interest of our members - Stewardship. Cbus was one of the founding members of the Australian Council of Superannuation Investors (ACSI), a strong voice on Environmental, Social and Governance (ESG) issues.

As a signatory to the Australian Asset Owners Stewardship Code (the Code), Cbus supports the principles and guidance outlined in the Code which are designed to promote greater transparency and accountability in relation to stewardship activities.

Consistent with our duty to act in members' best financial interests, for Cbus' trustee, United Super Pty Ltd (the Trustee), responsible investment means incorporating material ESG risks and opportunities* into the investment decision making process and exercising positive influence through Cbus' investments and the operations of Cbus itself.



Principle 1: Asset owners should publicly disclose how they approach their stewardship responsibilities.

Investors such as Cbus, with long term investment horizons and diversified portfolios, also known as universal investors, are 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 assets 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 a 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 – for example, direct communication with Boards via engagement.

Accordingly, the objectives of our Stewardship activities are to:

- Secure shareholder rights such as the right to elect, appoint or nominate directors.
- Vote on the election, appointment and nomination of directors that have the capability, capacity and integrity to:
 - Pursue value-creating corporate strategies.
 - Ensure the sound management of material risks.
 - Monitor, assess, disclose, and remain accountable for the company's performance, including its impact on employees, suppliers, customers, communities, and the environment.
- Elicit information necessary to form a view on the above.
- Advocate for the systemic changes required to protect our members retirement savings from environmental and social impacts.

^{*} Material ESG risks and opportunities are those that are considered as likely to affect business or investment performance

[†] Real world outcomes refer to changes that affect the systems in which our investee companies operate, and in terms of our ESG 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.

Stewardship Statement

The following guiding principles will be used to help determine alignment with real world outcomes in our members' best financial interest, guide prioritisation, optimise cost-effectiveness of stewardship activities, and support evaluation and adaptation of the Stewardship Strategy over time.

- Significance for member best financial outcomes.
- The extent of improvement that could feasibly be achieved.
- The additionality of Cbus contribution to improvements.
- Reputational/regulatory implications.

The implementation of the Stewardship Framework is shaped by Cbus' investment strategy including outsourcing to investment managers to invest on its behalf and direct investment through internally managed investment portfolios.

Cbus' stewardship activities include advocacy, voting, engaging with companies (directly, through service providers and participating with industry partners and other investors) and consideration of stewardship capabilities of our external managers.

Most of Cbus' stewardship activities relate to investments in listed equities and Cbus acknowledges the additional responsibility and influence in the Australian market reflecting the size and ownership in Australian companies.

However, irrespective of whether an equity investment is held directly or by an external active manager, Cbus remains responsible for stewardship activities.

The Fund also exercises its ownership rights in relation to pooled unlisted investments where possible and participates on investment advisory committees where applicable.

Governance

Cbus' Stewardship Framework is approved and overseen by the Investment Committee and is reviewed every two years.

Cbus maintains a governance structure for stewardship including:

- Investment delegations.
- Risk management indicators and controls.
- Monitoring of third-party service providers.
- Annual reporting to the Investment Committee and regular reporting to the Board.

The stewardship activities are managed by the Responsible Investment Team.

Cbus also has a Conflicts Management Policy (a summary is available on our website) and a Personal Securities Trading Policy, supported by a management system that applies to all our activities, including stewardship activities.

For more information see our Responsible Investment Policy and Responsible Investment Supplement and Stewardship Process.



Principle 2: Asset owners should publicly disclose their policy for voting at company meetings and voting activity.

Cbus votes on all proposals, at all company meetings, in all markets globally, unless impracticable. There are limited circumstances where Cbus cannot vote, and Cbus has a policy regarding stock lending.

For further information see our Responsible Investment Policy.

We value non-binding votes as a mechanism that provides transparent, concrete feedback to directors, enabling subsequent director elections, appointments or nominations to be more informed.

We rely on external analysis and recommendations to support us in casting informed votes on approximately ~22,0001 resolutions globally per year.

Cbus takes an active approach when voting on resolutions for Australian companies and for our directly held global equities.

For ASX 300 and global companies, our voting is guided by the ACSI Corporate Governance Guidelines. These are developed in consultation with ACSI members (including Cbus) and a broad group of stakeholders. We apply criteria to identify meetings / proposals for internal review agreed with the Investment

Committee through the Stewardship Strategy review every two years. As part of this review, we consider a range of inputs from fund managers, service providers, other stakeholders (where applicable) and engagement with the company.

We support proposals that, if successful, would serve our members' best financial interests. We oppose proposals that, if successful, would be contrary to our members' best financial interests. We use our right to cast abstention votes where we are not eligible to vote or when neither a vote for nor a vote against is in members' best financial interests.

Cbus has a governance process for vote decision making which includes investment delegations to the Head of Responsible Investment, strategy reviews, and reporting to the Investment Committee and Board.



Principle 3: Asset owners should engage with companies (either directly, indirectly or both).

Cbus engages with a broad range of stakeholders including its investment managers, listed companies, and directly held unlisted companies.

Cbus' engagement program uses multiple mechanisms to protect assets and preserve the value of its member's equity holdings. This includes engagement that can be undertaken directly (both on a strategic and ad hoc basis), through participation for example with other investors, or through external service providers on a range of material ESG matters. For further information about ACSI and EOS at Federated Hermes breadth of our engagement visit https://www.acsi.org.au/ and https://www.hermes-investment.com/au/en/professional/

Further information on our engagement program is available on the Cbus website (https://www.cbussuper.com.au/about-us/ sustainability).

Engagement

The Cbus Stewardship team communicates directly with relevant parties where we see it as beneficial to improve our confidence in director suitability. This dialogue commonly aims to:

- Inform effective approaches to emerging and evolving
- Test director alignment with our expectations as a universal investor and clarify any apparent misalignment.
- Inform our advocacy activities, by identifying any structural impediments that prevent directors from meeting our expectations.
- Inform our voting decision.

Engagement also provides the opportunity to inform investee companies about who Cbus Super is, and our areas of focus that are important to our members' best financial interests.

Companies wishing to engage with Cbus should contact cbussustainability@cbussuper.com.au.



Principle 4: Asset owners should monitor asset manager's stewardship activities.

Responsible investment and stewardship practices are a component of the investment manager selection and appointment process. Cbus prefers investment managers that have sound ESG practices or are actively developing their approach, which allows the Trustee to appoint managers at different stages in their responsible investment journey.

Cbus expects that the investment managers that it appoints will engage on responsible investment issues, with listed and unlisted companies and / or seek to influence the broader market, as appropriate for the investment strategy.

After an investment manager has been selected, Cbus engages with investment managers 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). This includes monitoring their approach to stewardship activities such as voting and engagement. Where applicable, Cbus formally requests reporting through its investment management agreements and seeks active manager views as an input to voting decisions.

The same principles are applied to our directly held investments.



Principle 5: Asset owners should encourage better alignment of the operation of the financial system and regulatory policy with the interests of long-term investors.

As stewards of our members' money, we have a role to play in shaping the systems in which we operate and invest, driving better outcomes for our members and the world in which they will retire. We consider public policy advocacy to be a key tool through which we can contribute to the shaping of policy, regulation and standards that are needed to reduce systemic risks.

Cbus participates in several initiatives that advocate for standard and regulations consistent with our members' best financial interests with the aim of:

- Encouraging systemic changes.
- Improving standards, guidelines or regulations that would better enable directors to meet our needs as a universal investor.
- Promoting a shift towards a sustainable financial system.

Such activities include:

- Securing shareholder rights.
- Guidelines that communicate best practice (e.g., ACSI Corporate Governance Guidelines).

- Standardisation frameworks (e.g., Task Force on Climaterelated Financial Disclosures [TCFD], Australian Sustainable Finance Institute [ASFI] Sustainability Finance Taxonomy).
- Regulation applying to all relevant companies and director decisions.

We know that ambitious goals require partnering with others, so we work with a range of stakeholders (including our peers and key bodies) to achieve the goals described earlier, for example through organisations such as ACSI, ASFI, Investor Group on Climate Change (IGCC), the Responsible Investment Associations Australia (RIAA) and the Principles for Responsible Investment (PRI). This allows us to share knowledge and learnings, manage our resources for greatest impact, and be more effective in our actions.

See the <u>Responsible Investment Supplement</u> and <u>sustainability</u> section of our website for further information regarding our



Principle 6: Asset owners should report to beneficiaries about their stewardship activities.

To ensure accountability for our stewardship practices, we make our stewardship related policies public and we publicly report on our activities.

- We disclose all voting positions as soon as practical after the relevant meeting. <u>Australian and international voting</u> <u>records</u> are publicly available on the Cbus website one day after a company meeting. A summary of our voting activity is also available on an annual basis through the Responsible Investment Supplement.
- If we have cast a vote contrary to recommendations made by company management, voting service providers, our investment managers or peers, we will explain our reasons to them on request.

To ensure accountability for our stewardship practices, we make our stewardship related policies public, and will publicly report our advocacy work and outcomes against our activities annually.

Information about our policies, practices and outcomes can be found on the sustainability section of our website, in our most recent Responsible Investment Supplement, Annual Integrated Report and in our <u>PRI assessment</u> report. As described above, further information is available at https://www.acsi.org.au/ and https://www.hermesinvestment.com/au/en/professional/



Principle 7: Asset owners should outline how they utilise collaboration in their stewardship activities.

We recognise that to meet our stewardship priorities and goals requires partnering with a range of stakeholders. Through partnership and collaboration, we can share knowledge and learnings and better protect our portfolio from systemic risks.

Cbus works with peers and industry groups including organisations such as ACSI, EOS at Federated Hermes, the International Corporate Governance Network (ICGN), the

Principles of Responsible Investment (PRI), and Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) among others to achieve its stewardship goals. Through these partnerships, Cbus seeks to amplify the effectiveness of its stewardship. Whilst Cbus partners with a range of stakeholders across its stewardship activities, it retains full discretion over these activities.



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