

Cbus Stewardship Statement

– for the period ended 30 September 2018

Cbus has had a long history of active ownership, commencing with engagement and voting over 15 years ago. Cbus was one of the founding members of the Australian Council of Superannuation Investors (ACSI), a collaborative and collective 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.

For Cbus' Trustee United Super Pty Ltd (The Trustee), responsible investment means taking ESG risks and opportunities into account in the investment decision making process, exercising positive influence through Fund investments and the operations of the Fund itself.

In undertaking our stewardship activities, we obtain information from a range of sources, for example: through our due diligence program, asset manager/investment broker reports, ESG data providers, controversy reports and stakeholder views. Based on all the available information irrespective of its source, Cbus forms its own view based on the long-term interests of our members.

The Code is consistent with Cbus' desire to exercise a positive influence using its ownership rights.

This statement provides an overview of how Cbus protects and enhances long-term investment value on behalf of our members, by promoting sustainable value creation in the companies in which we invest through our stewardship activities.

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

The implementation of the Fund's stewardship approach is shaped by the Fund's investment strategy including outsourcing to investment managers to invest on its behalf and direct investment through internally managed investment portfolios.

Cbus' stewardship activities include voting, engaging with companies (directly, collaboratively and through service providers), consideration of stewardship capabilities of our external managers and advocacy. The purpose of these activities is to communicate and reflect the interests of the Fund with the aim of enhancing long term value creation and minimising risk.

Most of the Fund's stewardship activities relate to investments in listed equities and the Fund 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, the Fund is responsible for stewardship activities.

The Fund also exercises its ownership rights in relation to pooled unlisted investments where the Fund works with other investors in the pooled fund to provide a collective voice and participate on investment advisory committees.

So that the highest governance standards are maintained, the Fund 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 as a Fund including stewardship activities.

For more information see our [Responsible Investment Policy](#).

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

Voting at a company's annual general meeting is where the Fund can exercise its shareholder rights to influence and encourage better ESG practices among its investee companies. Cbus' [Responsible Investment Principles](#) provide guidance in determining what is important to us.

The Fund has internal voting guidelines setting a standard to allow consistent voting across global holdings. For further information regarding our approach to voting see our [Key Voting Positions](#).

When a contentious issue arises, to ensure an informed view, the Fund will actively seek a range of inputs from fund managers, service providers and other stakeholders (where applicable) and will consider engagement progress and outcomes.

There are limited circumstances where the Fund cannot vote, and the Fund has a policy regarding stock lending. For further information see our [Responsible Investment Policy](#).

[Australian and international voting records](#) are publicly available on the Cbus website 7 business days after the company meeting. A summary of our voting activity is also available on an annual basis.

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

The Fund engages with a broad range of stakeholders including its investment managers and listed and directly held unlisted companies to promote sustainable value creation in the companies in which we invest.

The Fund has a comprehensive engagement program which uses multiple mechanisms to protect and enhance the value of its member's equity holdings. Engagement can be undertaken directly (both on a strategic and ad hoc basis), in collaboration with other investors, or through external service providers.

See the website for more information regarding our [engagement program](#) here.

Listed 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. The Fund 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.

The Fund 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.

After an investment manager has been selected, the Fund actively engages with the manager and monitors the integration of responsible investment into their processes including their approach to stewardship activities such as voting and engagement. Where applicable the Fund formally requests reporting through its investment management agreements.

The same principles are applied to our direct equity 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

The Fund undertakes advocacy activities such as submissions to government and regulatory bodies with the aim of influencing the broader market and promoting a shift towards a sustainable financial system. The focus is primarily on influencing standards, guidelines and regulatory reform that support long term value creation.

The Fund has a preference to undertake advocacy through collaboration, for example through organisations such as Australian Council of Super Investors (ACSI), the Asian Corporate Governance Network (ACGA), Investor Group on Climate Change (IGCC), the Responsible Investment Associations Australia (RIAA) and the Principles for Responsible Investment (PRI).

See the [sustainability section of our website](#) for further information regarding our advocacy work and organisations with which we collaborate.

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 publicly report on our activities.

Information about our policies, practices and outcomes can be found on our [sustainability section of the website](#), in our [Corporate Responsibility Report](#) and in our [Annual Integrated Report](#).