

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.

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.

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.

So that the highest governance standards are maintained, 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](#).



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 25,000 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.

Each year, we select a small number of proposals for internal review. 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 member 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. Engagement can be undertaken directly (both on a strategic and ad hoc basis), through participation with other investors, or through external service providers.

For further information on our [engagement program](#) see our website.

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 issues.
- 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.

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 or seek to influence the broader market, as appropriate for the investment strategy.

After an investment manager has been selected, Cbus 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, Cbus formally requests reporting through its investment management agreements.

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.

Cbus participates in advocacy, in 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 Climate-related 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 above, 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 [sustainability section of our website](#) for further information regarding our partners.



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. [Australian and international voting records](#) 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.
- 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 [PRI assessment report](#).



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