40 years of making hard work pay off

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Contents

Responsible investment reporting

The Responsible Investment Supplement reports on the activities that the Trustee undertakes to integrate the consideration of material[1] Environmental, Social and Governance (ESG) risks and opportunities into investment decision making processes, to actively steward investments, and to contribute to shaping the systems in which it operates and invests.

Our responsible investment approach is central in supporting sustainable long-term returns.

We aim to apply our responsible investment approach across our portfolio, incorporating the consideration of material ESG risks and opportunities across investment decisions rather than only applying them to a stand-alone ethical or socially responsible investment option. Our members, our key stakeholders and our governing bodies including the Australian Prudential Regulation Authority (APRA), expect us to invest, protect and grow our members' retirement savings and we believe a total portfolio approach is in our members' best financial interests.

As part of our commitment to clear and concise reporting, and transparency around our responsible investment approach, we have prepared this Responsible Investment Supplement with reference to the Task Force on Climate-related Financial Disclosures (TCFD) 2021 framework, and considered the Australian Securities & Investments Commission's Greenwashing Information Sheet (INFO 271).

We use the Principles for Responsible Investment (PRI), the Responsible Investment Association Australasia (RIAA) Scorecard and the Global Real Estate and Infrastructure Benchmarks (GRESB) to assess and inform our ESG practices and evaluate their robustness as well as consider the Australian Prudential Regulatory Authority (APRA) Prudential Practice Guides CPG 229 Climate Change Financial Risks and SPG 530 Investment Governance.

This Responsible Investment Supplement is a component of our reporting suite, expanding on our Annual Integrated Report and is subject to assurance.

The assurance report is presented on pages 88 to 89.

[1] Material ESG risks and opportunities are those that are likely to affect business or investment performance.

Online supplements

This report forms part of our reporting suite, that addresses the needs of our diverse stakeholders. The information we have provided reflects our commitment to operating with integrity and transparency. Our online supplements provide more detailed information on Responsible Investment, Governance, Stakeholder Engagement, and Financial Performance, and can be found here:

cbussuper.com.au/about-us/annual-report

Responsible Investment

Provides information about how we integrate the consideration of material Environmental, Social and Governance (ESG) risks and opportunities into investment decision making processes, actively steward investments and contribute to shaping the systems in which we operate and invest. Prepared with reference to the Task Force on Climate-related Financial Disclosures (TCFD) 2021 framework, and consideration of the Australian Securities & Investments Commission's Greenwashing information sheet (INFO 271).

Annual Financial Report

The Annual Financial Report is prepared in accordance with relevant legislative requirements, Australian Accounting Standards, and provisions of the Trust Deed.

Governance

Provides additional information about the governance framework at Cbus and Cbus Property.

Cbus Property Sustainability Report

This report prepared by Cbus Property provides information on Cbus Property's approach to sustainability performance.

Stakeholder Engagement and Materiality

Provides detail on our approach to engagement and how we determine what matters most to our stakeholders. The result of this engagement informs our value creation and assists in identifying the Fund's material issues.

KPMG

KPMG were engaged to provide limited assurance over the Responsible Investment Supplement in accordance with relevant internal policies and procedures developed by Cbus and the Task Force for Climate-related Financial Disclosures. The assurance report is presented on pages 88 to 89.

Executive summary

Cbus has a long history of leadership, recognition and continual improvement in responsible investment.

We were there when responsible investment began to emerge in Australia, leading the way as a founding member of the Australian Council of Superannuation Investors (ACSI) in 2001. As we increased resources, we took our listed equity voting rights in house and put them to the test in 2004 when we pursued and won litigation to enforce an agreement on various corporate governance issues with News Corp, along with ACSI and other Australian and international trustees of superannuation/pensions funds[2].

We were one of the first Australian super funds to acknowledge the UN Sustainable Development Goals (SDGs). We've partnered with others to share learnings, combine resources and be more effective in protecting our members' retirement savings. We have actively supported the industry through the establishment of ACSI, ASFI, IGCC, PRI[3] , holding board, committee and working group positions and supporting the development of thought leadership papers. Our stewardship program of company engagement, both directly and collaboratively through industry organisations, has been successful in helping to improve corporate governance and transparency.

We were early to announce our climate change policy, initially making climate commitments for our property and infrastructure portfolios and later extending to a portfolio wide goal. We developed climate roadmaps to guide our work programs, increased climate change investments and have been transparent about our progress. We also took an innovative approach to climate risk management within our quantitative equity strategies.

We have a long history of advocating for and investing in social and affordable housing and are currently one of the largest individual supporters of Housing Australia's bond issuances, having acquired just over $160m of the $2.6b of bonds issued since 2018[4] .

Our leadership role in transparency and disclosure includes being early adopters of Annual Integrated Reporting and our voluntarily reporting on climate change progress against the Taskforce for Climate-related Financial Disclosures (TCFD) since 2018. Our annual climate disclosures have been externally assured since 2020.

Veja Mate, Germany

Image supplied by Copenhagen Infrastructure Partners who is a partner in the Star of the South project

Responsible investing has come a long way since 2001 and is still developing, as systemic risks become more significant, science and data evolve and community expectations rise. Against this backdrop, we are constantly learning about our operating environment, growing and investing in our team, our capability and the tools required to meet the challenges ahead. We conduct in-depth research, advocate for change, support our partner organisations and strive to effectively use our stewardship and shareholder rights to improve corporate practices. Our activities continue to increase in sophistication and we seek to apply our portfolio wide responsible investment principles across the Fund.

While it is not possible to list all achievements and everyone (partner organisations included) involved in Cbus' responsible investment journey, our evolution would not have been possible without the foresight of current and past board members, CEOs, CIOs, Responsible Investment Team and broader Investment Team members.

[2] Unisuper Ltd vs News Corp, 2006 WL 207505 (Del.Ch.Jan.19, 2006).
[3] Australian Council of Superannuation Investors, Australian Sustainable Finance Institute, Investor Group on Climate Change, Principles for Responsible Investment.
[4] As at November 2023 when Housing Australia issued its most recent bond.

FY24 highlights

With our guiding principles of continuous improvement and leadership, we are proud to have made meaningful progress across a range of key responsible investment areas during FY24.

These achievements took place within an environment of increasing global economic and political uncertainty, and a rapid rate of domestic policy development and consultation across sustainable finance, climate change and transparency. Regulators are maintaining their focus on greenwashing and have been successful in bringing cases against several super funds and investment managers regarding the accuracy of their ESG ambitions and disclosures. 2023 also confirmed the energy transition continues to move too slowly[5] and marked the hottest year on record globally, with extreme weather events occurring across the world, including Australia.

Following on from FY23, our achievements again include a rise in the level of advocacy work we have undertaken or supported. A significant part of our advocacy work centres around climate change, with key initiatives including attending four roundtables with government to discuss barriers and possible solutions to investing in the net zero transition, and our submissions to government in support of forthcoming mandatory climate-related financial disclosures and associated standards.

We have developed an updated set of stewardship thematic focus areas for FY25 that seek to prioritise real world outcomes aimed at protecting and enhancing the value of our members' retirement savings. These include continuing to focus on climate change, modern slavery, workers' rights and workplace health and safety, along with two new priorities – human rights and nature and biodiversity loss.

Within our climate change work, we have closed out our third climate change roadmap and commenced work on a new Climate Action Plan. We enhanced our climate scenario analysis and reporting, and started working on nature and biodiversity as a new key focus area.

We have improved our monitoring of modern slavery across our external investment managers and rolled out fund-wide modern slavery training.

17 Spring St and 35 Spring St, Melbourne
Photo credit: Tom Roe. Cbus Property residential developments

[5] As per the Carbon Action Tracker Thermometer, the world is currently on track for 2.7°C of warming - The CAT Thermometer | Climate Action Tracker.

History of responsible investing at Cbus

By financial year

Commenced our focus on ESG risks and opportunities by joining national and global initiatives relevant to long-term investing

2001 – Founding member of Australian Council of Superannuation Investors (ACSI)

2002 – Began incorporating Environmental, Social and Governance (ESG) provisions in Investment Manager Agreements

2003 – Subscribed to ACSI's ASX100 voting alert service

2005 – ACSI and a group of Australian and international super funds (including Cbus) won a landmark shareholder-led corporate governance litigation case against News Corp

2006 – Signatory to the Principles for Responsible Investment (PRI)

Began focusing on environmental standards in building design since inception of Cbus Property

2008 – Became a member of the Investor Group on Climate Change (IGCC)

2009 – ESG manager appointed to the Investment Team

Increased focus on ESG risks and opportunities and introduced limited exclusions

2010 – Issued first stand-alone ESG Policy

2011 – Started using ACSI's international voting service

First exclusions applied to the portfolio

History of responsible investing at Cbus

By financial year

Developed our approach to climate change and acknowledged the SDGs

2015

First climate scenario analysis

2016

Issued our Climate Change Position Statement

Measured the carbon exposure in our equities portfolio

Acknowledged SDGs

Articulated climate activities and enhanced climate disclosure and leadership positions with partner organisations

2017

Commenced strategy development for targeting net zero carbon emissions at Cbus Property

2018

Committed to reporting against the TCFD framework and launched our first Climate Change Roadmap

Invested with DIF Capital Partners and Synergy to create Bright Energy Investments to build, own and operate utility scale renewable energy projects in WA

2019

Initial focus on net zero carbon emissions in our property portfolio by 2030 and net zero carbon emissions in infrastructure portfolio

1% of portfolio available for dedicated climate change investments

Subscribed to EOS at Federated Hermes Limited global engagement services

Cbus Director appointed Chair of the IGCC

Cbus CIO appointed to steering committee of the Australian Sustainability Finance Initiative (ASFI)

Started investing in National Housing Financing and Investment Corporation (NHFIC)[6] bonds via the inaugural issue

[6] NHFIC changed its name to Housing Australia in October 2023.

History of responsible investing at Cbus

By financial year

Policy execution and further enhanced our focus on ESG integration

2020

- Released our second Climate Change Roadmap
- Set climate goals targeting net zero by 2050 and 45% reduction in real world emissions by 2030
- Conducted member and employer research about responsible investment
- Cbus representatives co-chair an ACSI First Nations working group to develop a program of research, engagement and advocacy
- Provided funding and input into an SDG progress paper with ACSI and other super funds: *SDG Transforming Australia progress report*

2021

- Annual climate disclosures externally assured
- Published our first Modern Slavery Statement
- Contributed to the development of an IGCC research paper on equitable transition along with other super funds: *How investors can support an equitable transition to net zero*

Continued to increase sophistication across climate change risk management, integration and advocacy activity

2022

- Released our third Climate Change Roadmap
- Cbus CIO appointed as Chair of the Board of the Australian Sustainable Finance Institute (ASFI)
- Invested in Star of the South, Australia's most progressed offshore wind project

2023

- Expanded carbon analysis to include a subset of our credit portfolio
- Measured our portfolio-wide exposure to climate change investments

2024

- Supported a thought leadership piece on the benefits of detailed Sector Pathways - *Decarbonisation investment solutions for sectors and their importance to investors*
- Modern slavery training rolled out
- New Stewardship Framework and goals
- Closed out our third Climate Change Roadmap
- Enhanced our climate scenario analysis
- Conducted member research about responsible investment
- Nature and biodiversity work program commenced

Our progress summary

We are proud to have made meaningful progress across a range of key areas.

Areas of focus	Our progress	More information
Our commitment to responsible investing	We summarise how we approach responsible investment, along with a deep dive on our approach to climate change.	See page 11
Growing the team	We have collated detailed information on the key skills held by our Responsible Investment Team to demonstrate our experience and diversity across a range of ESG competencies.	See page 13
Our recognition	We have received several third-party acknowledgements and awards during the year, including 2024 Best Fund: Responsible Investment from Chant West[7].	See page 19
Advocacy	A significant part of our advocacy work is around climate change, with key initiatives including attending four roundtables with government to discuss barriers and possible solutions to investing in the net zero transition, and our submissions to government in support of forthcoming mandatory climate-related financial disclosures and associated standards.	See page 20
Integration	We are developing Asset Class Guidelines to systematise and deepen ESG integration across our internal portfolios and directly held assets. We also rolled out staff training on modern slavery and surveyed our external investment managers using a refreshed modern slavery due diligence questionnaire.	See page 27
Stewardship	Our revised Stewardship Framework and evolved stewardship thematic goals and priorities were approved by the Investment Committee during FY24, setting our program of work for FY25-FY26.	See page 33
Investing in the real economy	We continue to invest in the built environment in projects and businesses that are in members' best financial interests, are important to our members and that will make a difference in the real world. Examples include Cbus Property, renewable energy investments in our infrastructure portfolio and direct lending for social and affordable housing.	See page 52
Climate change	We closed out our third Climate Change Roadmap and commenced work on the development of a new Climate Action Plan. We also enhanced our approach to scenario analysis. We have replaced our 1% climate change investments goal with a focus on measuring climate change investments across the portfolio. As at 30 June 2024, $9.2 billion or 9.7% of funds under management (FUM) was invested in what we consider to be climate change investments.	See page 56
Nature and biodiversity loss	Nature and biodiversity loss is a new focus area this year in recognition of growing research on the risks it presents to our portfolio, our economy and society, and its close connection to climate change. We have developed an initial roadmap which contains strategic actions to guide our work over the next two years.	See page 71
Sustainable Development Goals	We have continued to indirectly contribute to a range of SDGs through acting in our members' best financial interests. Our contributions are made through our commitment to our members and the industries they work in, being an employer of choice, our investments, and engaging and advocating across our portfolio-wide ESG priorities.	See page 77

[7] Chant West - Zenith CW Pty Ltd ABN 20 639 121 403 AFSL 226872/AFS Rep No. 1280401 Chant West Awards issued 22 May 2024 are solely statements of opinion and not a recommendation in relation to making any investment decisions. Awards are current for 12 months and subject to change at any time. Awards for previous years are for historical purposes only. Full details on Chant West Awards at https://www.chantwest.com.au/fund-awards/about-the-awards/

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Our commitment to responsible investing

Why responsible investing is important and our approach

We believe well-governed companies that manage material ESG risks and opportunities in their operations and supply chains, such as those that impact employees, suppliers, customers, communities and the environment, will protect assets and grow our members' retirement savings over the long term.

Hornsdale Wind Farm, Jamestown, South Australia

A Cbus infrastructure investment

How we invest responsibly

Through integration
We seek to understand and consider material ESG risks and opportunities as part of our investment decision making process (e.g. when choosing to invest in a company, or asset, or with an external investment manager).

We are active stewards
- Through voting at annual meetings and through discussions with the company or manager, we aim to improve practices so that companies we invest in are better run and provide more sustainable long-term returns.
- We advocate for a shift towards a sustainable finance system by encouraging the development of standards, guidelines and regulatory reform. Either directly or alongside others, we support the development of policies and research, and make submissions to government and regulatory consultations.

We are evidence driven
We use a wide range of research and data to measure, support and evolve our evidence-based approach. Our strategies and approaches are underpinned by an assessment of best practice coupled with a view of what is fit for purpose for our portfolio.

We adapt
We work to ensure our priorities continue to align with our members' best financial interests through time and we scan the horizon so we are aware of issues that will become prominent in the future.

We are transparent
We measure our activities and report on our progress, so our members can be confident that we do what we say we do.

We partner
We recognise that through partnership and collaboration we can share knowledge and learnings and better protect our portfolio from systemic risks.

You can read our Responsible Investment Policy here

Our key beliefs

We act in our members' best financial interest

We aim to apply our responsible investing approach across our total portfolio

We advocate for a more sustainable future


Collins Arch, Melbourne
Photo Credit: Trevor Mein. A Cbus Property mixed-use development and commercial office investment

Growing our Responsible Investment Team

In the past year, the Responsible Investment Team has grown to 11 people, with the addition of new roles in the Research, ESG Integration and Stewardship teams.

In publishing our first skills disclosure, we acknowledge the value of having a diverse team operating at all levels. This range of backgrounds and experience fosters diversity in thought and action. Our team derives strength from a range of diversity characteristics – age, gender, ethnic, and cognitive diversity - that is complemented with varied experience at all levels.

We believe this is a strength of our team and it underpins our approach to responsible investing.

Notably, team members have worked across a range of industries at different levels that adds to a unique combination of experience across multiple areas – strategy, investment management, public policy and regulatory affairs, legal, science and public health, environment, finance, and risk management.

Through varied work experience our team has developed a range of complementary subject matter expertise and skills across ESG:

- Non-executive director experience
- Undertaking thematic ESG research and policy setting
- Developing and implementing standards, policies, and frameworks
- Financial and risk analysis
- Stewardship related subject matter expertise on ESG topics
- Stakeholder engagement and relations.

Our team members have also obtained a range of academic qualifications across a variety of disciplines and qualification levels (i.e. Bachelor, Masters and PhD):

- Science
- Arts
- Management
- Social Science
- Politics and Environment
- Law
- Commerce, Business, Finance, Economics and Accounting.

We are diverse thinkers and are united in our purpose to support Cbus in being a responsible steward of its members' retirement savings.

New research on member attitudes to responsible investing

We conducted a new round of responsible investment research with our members during the year[8], seeking their feedback on our approach to responsible investment and how important it is in the context of their super. This research helps inform our responsible investment approach and how we communicate.

Some key responses included:

75%

of members rated workplace health and safety as an appropriate issue to focus on; 67% sustainable property development, social and affordable housing and human and community rights; 63% the energy transition and 59% feel that climate change is extremely/very important.

88%

of members view cost of living as more important than 3-5 years ago.

80%

of members agreed that super funds should use their influence to encourage companies they invest in to change their practices where funds feel they pose a risk to members' retirement savings.

86%

of members agreed that companies that do the wrong thing by their customers, employees or the environment are presenting a risk to their value and to investors, like members of super funds.

We are still analysing all the member responses and will report in more detail on the findings in FY25.

[8] Based on a Responsible Investment survey undertaken by Empirica Research on behalf of Cbus in June/July 2024. In total, responses from 1363 members were included in the survey data.

Our Priorities

FY24 portfolio-wide priorities

At the portfolio level, we have a set of ESG priorities that are areas of focus for our Responsible Investment Team. These priorities also flow across the portfolio to protect and preserve member value and we also seek to apply them across the broader Fund.

These priorities generally represent a systemic risk to our portfolio, are the subject of regulation, or are closely linked to our members and the industries in which they work. Our priorities are regularly reviewed and are informed by research across emerging issues and regulation, materiality to our portfolio, and engagement with a broad range of stakeholders.

This year we have added Nature and Biodiversity Loss to our portfolio-wide priorities, based on the systemic nature of the risks this loss creates, the connection to climate change and the increasing speed of regulatory change.

Climate Change

We believe that climate change is one of the most significant challenges we face as a society today, and that tackling climate change needs to be done collaboratively with a focus on real world impact.

Climate change creates both risks and opportunities that we need to assess and understand to achieve the best financial outcomes for our members. We also need to consider how the balance of risks and opportunities may change depending on how the world responds to climate change, and how successful we are at limiting global warming.

Read more in our Advocacy, Stewardship and Climate Change Sections.

Investing in the Real Economy

We are committed to investing in projects and businesses that are important to our members, and that will make a difference in the real world and to our members' retirement savings.

Read more in our Investing in the Real Economy Section.

Nature and Biodiversity Loss

A new priority in FY24, we believe that nature and biodiversity loss present significant risks to our portfolio, our economy and society. The issue is also closely connected to climate change, meaning that efforts to protect and restore nature and biodiversity can support our efforts to mitigate climate change. This year, we have developed a roadmap to guide our strategic engagement with this priority over the next two years.

Read more in our Advocacy and Nature and Biodiversity Sections.

Modern Slavery

Modern Slavery is our key human rights issue of focus.

We report against the Modern Slavery Act, which aims to increase business awareness of the risks of modern slavery in the production and supply chains of Australian goods and services, and work to minimise the risk of modern slavery in our operations and supply chains. This includes engaging with and alongside like minded investors and companies about modern slavery risk management.

Read more in our Integration and Stewardship Sections.

Workplace Health and Safety

Workplace health and safety is our key labour rights issue of focus.

Safety disclosures and practices provide insights into a company's operational performance and culture. Serious safety incidents have a significant personal cost to employees and their families and financial costs to employers. They can impact productivity and performance and expose the company to compensation, litigation, and reputational damage.

Read more in our Stewardship Section.

FY24 stewardship priorities

Our stewardship work encompasses our advocacy, engagement and voting activities, largely focused on our listed equity portfolio.

Our stewardship priorities incorporate several of our portfolio-wide priorities, those of climate change, modern slavery and workplace health and safety. They also extend beyond our portfolio-wide priorities to include issues we believe are relevant to protecting members' best financial interests across our equities portfolio. This includes Corporate Governance, Workers' Rights, and Cultural Heritage and First Nations.

More detail on our stewardship priorities, the work we have done in each area, and how these priorities will evolve into the future is captured in our Stewardship Section.

Climate Change

Modern Slavery

Corporate Governance

Workplace Health and Safety

Cultural Heritage and First Nations

Workers' Rights

Our approach to responsible investing

Spotlight on climate change

Why is climate change important for super funds?

We believe that a fair and fast transition to a low carbon economy will generate the best opportunities for our members, through the protection and enhancement of investment returns, creation of new jobs, and lowering the cost of living. Achieving this will require collaboration and a focus on real world impact.

Uncontrolled climate change could negatively impact our members in multiple ways including:

- reducing their investment returns as they look to retire
- impacting their ability to live and work in certain locations
- increasing their energy, resilience, and insurance costs
- impacting their health and the social cohesion of the communities they live in.

Key pillars of our climate change strategy?

The key pillars of our climate change strategy are:

1. Advocate for policy settings that support a fair and fast transition to a low carbon economy
2. Aim to reduce real world emissions within our portfolio
3. Invest in companies whose activity supports climate change mitigation and/or adaptation.

Within our climate change strategy, we have a set of public climate change goals and climate change principles, and have used climate change roadmaps to identify key actions we aim to achieve within a set period of time.

We are now looking to develop a new Climate Action Plan to succeed our third Climate Change Roadmap. This plan will capture short, medium and long term actions that we believe will support our climate change strategy.

Why is climate change advocacy important?

The energy transition is a whole of economy transition and a level of coordination is required to prevent a disruptive or disorderly transition. A disruptive or disorderly transition may impact investment returns and our members retirement savings.

In addition, climate change presents a systemic risk – it cascades through the economy and society. Portfolio diversification can't protect against climate change, so we therefore have a role to play in engaging in systems level change.

Advocating for policy settings that support a fair and fast transition benefits our members in several ways:

- Improves and protects investment returns
- Increases energy security
- Reduces the risk of skills shortages
- Increases the likelihood that impacted workers and communities will be supported.

We see policy advocacy as a key pillar of our climate change response, and engage regularly with government, regulators and standards setters.

Our approach to climate change investments

We invest in climate change investments globally where the investment risk/return is attractive.

Given the ongoing development of methodologies and taxonomies for identifying climate change investments, we have developed an internal framework that identifies companies whose activities support climate change mitigation and/or adaptation. We refer to these as climate change investments and we aim to measure our exposure to climate change investments annually.

How do we reduce emissions within our portfolio?

While our advocacy work focuses on the systems level (policies and standards that apply across the economy), we also contribute to the move towards a low carbon economy by focusing on reducing the emissions of the companies we own. We do this by:

Integration

- One of the key climate change principles we are currently working to implement involves the consideration of climate change risk within investment decision making processes.

Use of climate change overlays

- A number of our quantitative equity strategies implement one or more climate overlays aimed at constraining carbon emissions and/or limiting exposure to potential stranded assets.

Engagement

- Identifying and engaging with a priority list of Australian companies on climate change
- Working with our service providers to engage with a broader set of Australian and global companies on climate change.

Voting

- We use our voting rights to communicate our support or otherwise of how companies are responding to climate change.

Our approach to responsible investing

Spotlight on climate change

What about divestment?

As the Trustee of a super fund, we are subject to a number of strict statutory and general law obligations in the way we administer the Fund and how we invest for our members. These obligations require us to invest for the purpose of maximising the retirement outcomes for all of our members and our members' best financial interests are the determinative factor when investing.

Given the long-time horizon of climate change, there is an ongoing tension between short term performance and managing climate change risk. We utilise company engagement and policy advocacy to reduce long term risk while protecting members' near-term investment returns.

Divestment is an option available to investors, but the research suggests it requires near total adoption from all investors to be truly effective[9]. Divestment by a small number of investors has been found to have minimal impact on a company's cost of capital and little real world impact[10].

In addition, the energy transition requires the global community to leave value in the ground. We believe that supportive policy settings are needed to allow this to happen, we don't believe investors alone can drive this change.

Why does it help to stay invested?

Arguments that support the need for investors to remain invested in companies or assets that risk being stranded during the energy transition include being present to support impacted workers and communities, and to engage with, support and encourage company transition. In doing so, our aim is to help ensure the transition is as orderly and fair as possible so that our members' benefits are maximised.

If done well, we believe the energy transition should include a fair transition for workers and communities and lead to job creation and nation building, which is positive for the economy and our members' investment returns.

Cbus has already been involved in situations where assets have been shut down and investors needed to advocate on behalf of impacted workers to ensure a fairer outcome. We believe such work helps foster ongoing support for the energy transition which helps to protect member returns.

[9] Johansmeyer (2022). How fossil fuel divestment falls short. Harvard Business Review. https://hbr.org/2022/11/how-fossil-fuel-divestment-falls-short
[10] Plantinga and Scholtens (2024), The finance perspective on fossil fuel divestment. Current Opinion in Environmental Sustainability, 66(101394) https://doi.org/10.1016/j.cosust.2023.101394.

Our recognition

While striving to achieve great financial outcomes for our members we have received the following third-party acknowledgments and awards during FY24

Chant West 2024

Cbus won the 2024 Best Fund: Responsible Investment from Chant West. This award recognises how we manage a meaningful proportion of our assets internally and include RI considerations as well as how we leverage our scale and influence to undertake advocacy work and engage with companies.

Lonsec 2024

All investment options rated by Lonsec retained a rating of 'Above peers' for ESG – the highest rating available.

Responsible Investment Association of Australasia (RIAA)

Cbus was one of 10 super funds to be named as a 2023 Responsible Super Fund Leader in the Responsible Investment Association Australasia's (RIAA) latest Responsible Investment Super Study.

Rainmaker

Cbus has been named an ESG Leader for 2024 by Rainmaker. The ESG Leader Rating is earned by Australia's best super funds that are implementing ESG principles to a high level, while having a track record of strong long term investment performance.

SuperRatings

Cbus is Sustainable Recognised by SuperRatings for 2024, which recognises super funds that are leading the industry in sustainable behaviour.

Chant West - Zenith CW Pty Ltd ABN 20 639 121 403 AFSL 226872/AFS Rep No. 1280401 Chant West Awards issued 22 May 2024 are solely statements of opinion and not a recommendation in relation to making any investment decisions. Awards are current for 12 months and subject to change at any time. Awards for previous years are for historical purposes only. Full details on Chant West Awards at www.chantwest.com.au/fund-awards/about-the-awards/

SuperRatings - The rating is issued by SuperRatings Pty Ltd (SuperRatings) ABN: 95 100 192 283 a Corporate Authorised Representative (CAR No.1309956) of Lonsec Research Pty Ltd ABN 11 151 658 561, AFSL No. 421445 (Lonsec Research). Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and SuperRatings assumes no obligation to update. SuperRatings use proprietary criteria to determine awards and ratings and may receive a fee for the use of its ratings and awards. Visit superratings.com.au for ratings information.

Lonsec - The ratings issued May 2024 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report.

Cbus Property sustainability credentials

Climate Active

Certified net zero carbon office portfolio by the Climate Active Carbon Neutral Buildings Standard

NABERS

Recognised once again as a leader in the NABERS Sustainable Portfolios Index 2024*

www.nabers.gov.au

GRESB

Named Regional Sector Leader for Investments (Oceania, Diversified - Office/Retail).

Placed 2nd for Developments (Asia-Pacific, Diversified - Office/Residential).

Cleaning Accountability Framework

Australia's first commercial portfolio certified by the Cleaning Accountability Framework (CAF), with nine offices and two shopping centres certified.

AFR Best Places to Work

Ranked fourth out of the top 10 businesses in the Property, Construction & Transport category.

WELL Precertification

121 Castlereagh, Sydney, achieved WELL Precertification and is targeting Platinum Certification upon completion.

Property Council of Australia

83 Pirie Street, Adelaide, named 2024 Rider Levett Bucknall State Development of the Year for South Australia, recognising its next-generation design of commercial office, wellness and hospitality functions.

AFR Sustainability Leaders

83 Pirie Street, Adelaide, named one of the Australian Financial Review's Sustainability Leaders for being one of the first all-electric, net-zero-designed office building in operation in Australia.

* Based on NABERS Sustainable Portfolios Index 2024
www.nabers.gov.au/data-gallery/spi-2024-offices-shopping-centres

2

Advocacy

Some of the biggest issues facing the world today, such as climate change and nature and biodiversity loss, cannot be solved by individual action alone.

While these issues pose both risks and opportunities to our investment portfolio, they are also more far reaching. They pose systemic risks beyond our portfolio, potentially negatively impacting the health and wellbeing of our members, the industries they work in, and the functioning of the broader financial system.

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.

Our advocacy efforts over the past 12 months focused largely on climate change and climate change policy, driven by the increased climate ambitions of the Australian Government. As the International Energy Agency notes in its most recent Net Zero Roadmap Update, strong government policies are a critical enabler to rapidly increase renewable energy capacity[11]. Given the importance of an enabling policy framework in combatting climate change, we have welcomed the Australian Government's Sustainable Finance Strategy and have contributed to its development and planned implementation.

Notable advocacy efforts achieved through multiple voices and initiatives advocating for the desired outcome include the following:

- **Treasurer Investor Roundtables –** we attended four roundtables to discuss with government barriers and possible solutions to investing in the transition to a net zero economy.

  The May 2024 Federal Budget contained a $22.7 billion Future Made in Australia package.

- **Mandatory climate disclosures –** we made submissions to government in support of forthcoming mandatory climate-related financial disclosures and associated standards.

  The Bill governing disclosures was enacted in September 2024.

- **Sector decarbonisation pathways –** we were one of three investors who funded a discussion paper by the IGCC on sector decarbonisation pathways, which are critical to guide investors as sectors of the Australian economy move to achieve net zero.

  The IGCC published its report in November 2023, and government is now consulting on sector plans.

- **Net Zero Economy Authority –** we made a submission in support of the Bill establishing the Authority, noting the important role the Authority will play in coordinating an orderly transition to a net zero economy.

  The Net Zero Economy Authority Bill was enacted in September 2024.

- **ASX Corporate Governance Principles and Recommendations –** we made a submission on the proposed fifth edition, calling for strengthened board oversight of human, community and labour rights and the need for entities to undertake ongoing stakeholder engagement.

  The ASX is considering submissions as it finalises the fifth edition for release in 2025.

As part of an initiative organised by the Australian Sustainable Finance Institute, Cbus participated in discussions with senior politicians and government officials in Canberra on issues relating to sustainable finance.

[11] IEA (2023). Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach. IEA. https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach/progress-in-the-clean-energy-transition.

Our advocacy efforts across FY24

Direct government engagement	
Climate and Social impact investing	We participated in the Treasurer's Investor roundtables and working groups across social impact investment, the net zero transformation and Australia's renewable energy superpower plan
Climate and sustainable finance	We participated in ASFI-convened roundtables and discussions in Canberra focused on the implementation of the sustainable finance strategy and on issues relating to sustainable finance and the net zero transition
Climate	We participated in an IGCC-convened meeting with government officials that covered investor perspectives on the development of sector transition pathways
Initiatives where we provided financial support in members' best financial interests or were represented on key committees	
Housing Australia	Member of the Housing Australia Future Fund Advisory Group until November 2023
Australian Sustainable Finance Institute (ASFI)	Taxonomy funding partner Member of Board
International Sustainable Standards Board (ISSB)	Member of ISSB Investor Advisory Group
Sector decarbonisation pathways	Financial support for IGCC Sector Decarbonisation Pathways discussion paper, published Nov 2023 (see case study on page 25)
Signatory	
Principles for Responsible Investment (PRI) ISSB Global Adoption Statement	Signatory to the PRI's Call to Action: ISSB Global Adoption statement
International Financial Reporting Standards (IFRS) COP28 Declaration of Support	Signatory to the IFRS's COP28 Declaration of Support for consistent, comparable climate-related disclosures at the global level
Tobacco Free Portfolios' 2023 Investor Statement on Tobacco	Signatory to Tobacco Free Portfolios' 2023 Investor Statement on Tobacco, calling on states to implement the WHO Framework Convention on Tobacco Control

Our advocacy efforts across FY24

Consultations where we provided feedback directly	
Climate	Federal Treasury consultation on the climate-related financial disclosure exposure draft legislation
Climate	Australian Accounting Standards Board consultation on Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information
Climate	Senate Finance and Public Administration Legislation Committee – Net Zero Economy Authority Bill
Sustainable finance	Federal Treasury consultation on the Annual Superannuation Performance Test – design options
Governance	Australian Securities Exchange (ASX) consultation on draft Corporate Governance Principles and Recommendations
Consultations where we provided feedback through one of our member organisations	
Climate	Federal Department of Climate Change, Energy, the Environment and Water (DCCEEW) consultation on the Australian Carbon Credit Unit (ACCU) Review
Climate	Federal Department of Industry, Science and Resources consultation on the Future Gas Strategy
Sustainable finance	Federal Treasury consultation on the Sustainable Finance Strategy
Climate	Federal DCCEEW consultation on the Electricity and Energy Sector Plan Discussion Paper
Climate	International Financial Reporting Standards (IFRS) survey on climate-related disclosures
Nature	Federal DCCEEW consultation on Australia's new Nature Positive laws
Climate	Climate Change Authority consultation on the Targets, Pathways and Progress issues paper
Climate	ASFI first round of consultation on the Australian Sustainable Finance Taxonomy

Please note, our member organisations provided feedback on additional consultations. We have only listed those where we provided input to shape the final response.

Alignment with our key advocacy partners and member organisations

We aim to partner with organisations whose purpose is aligned with our key areas of focus, as demonstrated below.

Across our member organisations we participate in working groups to share knowledge and develop best practice, we support and leverage research, and we engage and interact with government, international peers and standard setters. We monitor the advocacy activities of our member organisations through participation on committees, board representation and via reviews.

Partners	Member	Cbus Board and Committee Representation	Cbus involvement	Purpose	Alignment with Cbus portfolio wide and stewardship priorities
ACSI	Yes	Board member Member Advisory Council	International peer engagement Policy Advocacy Research **Working groups** Just Transition Climate Disclosures Social Factors	ACSI aims to advocate for improvements in the ESG performance of Australian listed companies and advocates for policies aligning markets with the interests of long-term investors and strengthen ESG outcomes[12].	
ASFI	Yes	Board member	Direct government engagement Policy Advocacy **Working groups** Sustainability Leaderships	ASFI was established to realign the Australian financial services system so that more money flows to activities that will create a sustainable, resilient and inclusive Australia[13].	
IGCC	Yes	Board member	Direct government engagement Policy Advocacy Research **Working groups** Climate Solutions (Co-chair) **Investor Initiatives** Climate Action 100+	IGCC is the leading network for Australian and New Zealand investors to understand and respond to the risks and opportunities of climate change[14].	
RIAA	Yes	–	Policy Advocacy **Working groups** Human Rights Nature	RIAA aims to promote, advocate for, and support approaches to responsible investment that align capital with achieving a healthy environment, economy and society[15].	
IAST APAC	Yes	–	**Working groups** Engagement ESG Data	The Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) initiative is an investor-led, multi stake-holder project. It was established in 2020 to engage with companies in the Asia-Pacific region to promote effective action in finding, fixing and preventing modern slavery in operations and supply chains[16].	
PRI	Yes	–	Policy Advocacy **Working groups** Sustainable Development Goals	The PRI believes that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment, and society as a whole[17].	

[12] https://acsi.org.au/
[13] https://www.asfi.org.au/
[14] https://igcc.org.au/about/
[15] https://responsibleinvestment.org/about-us/
[16] https://www.iastapac.org/
[17] https://www.unpri.org/

Case Study: IGCC sector pathways

The issue

We believe strong government policy signalling is required to achieve an orderly and equitable transition. Credible and detailed sector decarbonisation pathways are particularly important as they support investors to invest or remain more confidently invested in companies whose businesses are in transition.

Our contribution

To broaden the debate around sector pathways in Australia, Cbus (along with two other investors) supported the development of an IGCC discussion paper titled ***Decarbonisation investment solutions for sectors and their importance to investors.***

The aim of this paper was to enhance the IGCC's ability to articulate the rationale for sector pathways through its advocacy work.

Cbus supported this thought leadership paper given it was additive, aligned with Cbus' climate goals, and would help improve Government climate policy signalling, thereby aiding investment decision making for both investors and companies. For Cbus, sector pathways would enhance our ability to assess the credibility of decarbonisation and broader strategic plans developed by the companies (assets) in which we invest.

Through our involvement, we actively participated in consultative discussions with Australian Government departments and provided an investor perspective on how the pathways could be used in practice and how they would align with the Australian Government's broader climate policy goals.

Policy outcome

The Australian Government announced its commitment in September 2023 to develop detailed sector-by-sector policy plans to support an orderly and equitable transition. The sectors that will be analysed include electricity and energy, transport, industry and waste, agriculture/land, resources, and the built environment.

We view these pathways as an essential tool for increasing investor confidence in Australia's ability to decarbonise and directing capital into decarbonisation opportunities.

Case Study: Australia's transition to a net zero economy

The issue

The Australian Government has an ambitious policy reform agenda to support the country's transition to a net zero economy. We believe that policy momentum and public financing are critical signals that help facilitate private capital investment into low carbon solutions that protect our members' retirement savings. We know that there are many industries in which our members work that will be directly affected by the transition.

Our contribution

To amplify the impact of our advocacy, this year we made several visits to Canberra to meet in person with Australian Government members and officials on net zero policy issues. These visits reflect our belief that direct engagement in our members' best financial interests is crucial to contribute to government policy and the systems-level changes needed for a more sustainable financial system that supports the net zero transition.

We participated in four roundtables with Treasury to discuss the Australian Government's plans for Australia to become a renewable energy superpower, and to establish a Net Zero Economy Agency that will play a leading role in coordinating the transition and supporting affected workers. We also participated in meetings convened by the Australian Sustainable Finance Institute that enabled politicians and officials to hear investor perspectives on issues associated with the transition.

Issues discussed included the role that mandatory climate disclosures can play in providing investors with decision-useful information when evaluating investment opportunities. We also noted that an ambitious 2035 emissions reduction target and strong sector plans will provide additional policy signalling needed to give investors confidence to invest in and remain invested in companies and assets as the economy transitions to net zero.

Policy outcome

Our engagement (along with others) with the Australian Government may have assisted in informing the following public policy developments and funding announcements:

- Legislation to establish a Net Zero Economy Authority was enacted in September 2024. The Authority's proposed functions include facilitating private sector investment in net zero transformation initiatives and supporting workers in emissions-intensive industries who will be affected by the transition.
- Legislation to phase in new climate-related financial reporting requirements for certain entities, including superannuation funds, was enacted in September 2024. The legislation will require entities to include a sustainability report in their annual report, providing transparency of how entities are dealing with climate-related risks and opportunities.
- The May 2024 Commonwealth Budget allocated $22.7 billion of new government funding under the Future Made in Australia Agenda to scale the investment needed for the transition. This included production tax incentives to support critical minerals and hydrogen projects, and funding to accelerate renewable technology commercialisation.

IGCC Campaign: Strong 2035 climate targets supporting investors to invest in climate solutions and reduce climate risk

To inform key communities and encourage policy makers to legislate strong 2035 climate targets and policy, Cbus along with other investors are supporting an IGCC campaign that showcases stories about renewable energy and how Australia can seize and benefit from the new economic opportunities and ultimately improve the lives of all.

This cross-media campaign is focused on talking to local communities across the nation about:

- **The benefits to our nation:** how investment in our clean economy will deliver more jobs, reduce the cost of living, power new industries which will expand clean exports to the world and support our nation in reducing the impacts of climate change.
- **Our renewable success stories:** how Australia is leading the way in new clean technologies that are already creating new jobs and how they can reduce cost of living and power prices for everyone.

3

Integration

Integrating the consideration of material ESG risks and opportunities into our investment processes, alongside traditional financial analysis (such as revenues, expenditure, cashflows and cost of capital), enables more informed investment decision making and seeks to improve risk adjusted returns over time.

We do this by identifying and considering how material ESG risks and opportunities may impact individual investments and portfolios.

83 Pirie Street, Adelaide

Photo Credit: Trevor Mein. A Cbus Property commercial office investment

How we integrate material ESG risks and opportunities

Given the diverse nature of investing (e.g. asset class, sector, geography, investment style), there are several ways to incorporate the consideration of ESG risks and opportunities into investment analysis.

Consistent with this, Cbus adopts a nuanced approach to ESG integration given we:

- Utilise both external investment managers and internally managed investment strategies
- Invest globally across a range of asset classes such as listed equities, credit, infrastructure, property, and private equity.

Our approach to ESG integration is multi-pronged, and some of the central elements are outlined below.

External investment managers

In appointing external investment managers to manage funds for us, we rely on them to consider and manage ESG risks and opportunities on our behalf. Accordingly, ESG is considered in the selection, appointment, and ongoing monitoring of our external investment managers.

In doing so, ESG is addressed across three broad phases, outlined below.

Due diligence & pre-investment	Appointment	Post-investment
• Conducting ESG due diligence prior to any investment manager appointment. • Providing recommendations as part of investment approval papers (prior to any investment manager appointment and onboarding). - As part of this, ESG related actions may be recommended.	• Assigning an internal rating and/or utilising our investment consultant's rating of external strategies. • Utilising ESG clauses in investment management agreements.	• Periodic monitoring post appointment. • Ongoing ad hoc engagement and meetings with our external investment managers where we seek to learn more, raise issues and influence change.
Across all stages		
Through conducting subject matter deep dives (e.g. modern slavery).		

Internal strategies

A large focus over FY24 has been the development of Asset Class Guidelines to systematise and deepen ESG integration across our internal portfolios and directly held assets.

Many of the actions that have been identified are already done in practice, so this is an opportunity to formalise the approach and drive continuous improvement. As with our external investment managers, the focus of the Asset Class Guidelines spans investment selection, due diligence and ongoing monitoring.

Over the course of FY25, we plan to roll out these Asset Class Guidelines across our asset class teams.

Individual portfolio-specific investment restrictions

Some of our investment strategies (both external and internal) involve index-based portfolios where we have limited ability to engage and influence companies with very poor ESG practices. For these strategies, we seek to avoid investing in companies that have attracted Sustainalytics highest controversy rating of "Severe" (for a period of at least 12 months, reviewed annually).

Similarly, in some instances we apply investment restrictions on certain internal and external strategies to incorporate climate transition risk.

Note that these restrictions are not the same as our portfolio-wide investment exclusions (refer below for information regarding our portfolio-wide exclusions).

Portfolio-wide activities

Irrespective of whether an investment is externally or internally managed, there are some activities and actions that apply at a portfolio wide level. These include:

- **Governance:** The inclusion of ESG analysis in approval papers for the Chief Investment Officer and the Investment Committee (where appropriate) which recommend investment in a new investment managed by an external manager.
- **Portfolio monitoring:** Periodic review and monitoring of material ESG risks across the whole portfolio (internally and externally managed). This includes reviewing independent ESG analysis that covers our holdings (e.g. FairSupply, GRESB, Sustainalytics, MSCI, FactSet, Reprisk).
- **ESG data capabilities:** Ongoing development of our approach to utilising data, including ESG dashboards, and evaluating our future ESG data needs.
- **Investment exclusions:** Refer to page 30 for further detail.

Holistic approach to ESG integration

- Importantly, we seek to adopt an holistic approach to ESG integration. We do this coupled with our focus on Investment Stewardship.
- Supported by thematic research and programmes of work focused on portfolio-wide ESG priorities (e.g. climate change, modern slavery).
- Collaborative, with the Responsible Investment Team providing guidance and support to our Investment Team.
- Iteratively, with a focus on driving continuous improvement and evolving our practices.

Cbus' approach to ESG Integration is also underpinned by our broader approach to ESG risk management. This comprises:

- Board and management governance frameworks for oversight and progress tracking of ESG programs, including our stewardship and engagement programs and our climate change work.
- Incorporation of material ESG risks into the enterprise risk framework (including safety), with regular monitoring of key risk indicators and process controls across the portfolio, and the Fund's operations by board committees, and associated internal reporting.
- Regularly updating the Investment Committee and the Board through the CIO report and portfolio reviews.
- Holding training sessions for staff and the Board on a range of ESG risks and opportunities, including modern slavery and climate change.
- Specific requirements for responsible investment in our agreements with external investment managers, including reporting and monitoring requirements, subject to the type of asset class and investment strategy being employed.
- Exclusion monitoring through compliance systems for public market investments.
- An annual attestation process, managed by our Operational Due Diligence team. This applies to Cbus' external investment managers across all public and private markets asset classes. The annual attestation includes a set of ESG-related questions that our external investment managers are required to complete.

Our portfolio wide Investment Exclusions

Investment Exclusions

Our approach to responsible investment primarily centres around ESG integration, investment stewardship and advocacy. However, in limited circumstances, we also apply investment exclusions, which we set out below.

For Australian or International listed shares, when Cbus itself (either through its internal or external investment managers) invests directly in those shares, we exclude direct investments in the following (subject to the exceptions set out further below):

- **(Controversial Weapons)** companies which have direct involvement in:
  - the manufacturing of controversial weapons (specifically, cluster munitions, biological and chemical weapons, anti-personnel mines, depleted uranium, and white phosphorus weapons); or
  - the manufacturing of components or services of the above core weapon systems where those components or services are considered essential for the lethal use of the weapon;
- **(Tobacco)** companies that earn 5% or more of their revenue[18] from:
  - the manufacturing and/or production of tobacco products; or
  - the supply of tobacco-related products and services which includes electronic nicotine delivery systems, non-nicotine vaping products and e-liquids (excluding distribution and/or retail)[19].

These bracketed terms are known as the **Investment Exclusions.**

For the purposes of the Investment Exclusions, direct investment means investment in Australian or International listed shares whereby Cbus or its custodian (on behalf of Cbus) directly owns the relevant shares (and as a result, we can directly control what shares are and are not held).

For all other investments (including in the case of indirectly held Australian or International shares), we seek to apply equivalent investment exclusions where possible or relevant. This depends on the nature of the investment or the investment structure, for example:

- investments made by investment vehicles where the investment decision making sits with a non-Cbus entity (such as unit trusts, funds of funds, or other pooled vehicles);
- where Cbus does not directly own the underlying assets; and
- other indirect equity and debt investments, for example through exchange traded funds (ETFs) or derivatives.

How we apply the Investment Exclusions

We obtain a list of companies to which the Investment Exclusions apply through a third-party provider[20]. This list of excluded companies is reviewed and updated annually, and then provided to our internal and external investment managers who invest directly in Australian or International listed shares for Cbus, who must then:

- exclude new and existing direct investments in the shares in those companies; and/or
- provide investment instructions to external investment managers which are subject to that list (for example, in the case of transition or non-discretionary investment managers).

We rely on the data provided by the third-party provider to implement the Investment Exclusions. Implementation may be affected by the accessibility and accuracy of that data, or any potential error by the third-party provider or investment manager, or operational errors caused by their respective systems or controls.

Exceptions to the Investment Exclusions

There may be circumstances which result in holdings in companies which are subject to the Investment Exclusions. This may occur, for example:

- where a merger with another fund in the future results in the acquisition of, or exposure to, holdings covered by the Investment Exclusions; or
- where there is exposure to a newly listed company or an existing company's revenue exposure exceeds the exclusion threshold outside of the annual review cycle undertaken by our third-party provider.

Where we have holdings in excluded companies, we will seek to exit these holdings if possible and in a manner consistent with members' best financial interests, taking into account matters such as alternative available options, liquidity, market conditions and investment fund structure.

[18] Our third-party provider considers 'revenue' as being net revenues/external revenues/net sales/external sales (depending on how the companies report revenues), and does not include intersegmental revenue.
[19] This expansion to the Tobacco exclusion was introduced in July 2024, and managers have been instructed to exit any existing holdings in companies appearing on the annual list provided by our third-party provider.
[20] We currently use third-party provider, Morningstar Inc. Sustainalytics®, for identification of relevant listed companies.

Modern slavery

Modern slavery is one of our portfolio-wide ESG priorities. Cbus has long recognised the value of human capital within organisations. For some years, our focus has extended to understanding and mitigating the risk of modern slavery within our investment supply chain, whilst also seeking to safeguard labour rights and promote safe working environments for people.

It is estimated that ~50M people globally live in modern slavery, some of whom potentially work in the supply chains of global companies (that Australian investors could be exposed to). This is against a backdrop of rising inequality and an ever-increasing number of people being at risk of falling into modern slavery-like conditions.

Cbus has prepared four Modern Slavery Statements in accordance with the *Modern Slavery Act 2018 (Cth)*. These statements relate to both Cbus' operations and to Cbus' investments. Each year we seek to build on our approach and deepen our understanding of the issues at hand, whilst influencing positive change to reduce risk to people and de-risk our investments.

Work on modern slavery in FY24

Some of the work undertaken across FY24 in relation to modern slavery included:

Staff Training

- Developing and rolling out online staff training regarding modern slavery. This training is required of executives and the following teams: Investments, Legal, Compliance, Procurement, Risk Management and Assurance.

Engagement

- Engaging with investee companies (directly and via our partnerships with ACSI and EOS at Federated Hermes) to understand the issues and influence change
- Engaging with internal and external investment managers to understand the issues, obtain their perspectives and influence change
- Issuing a revised investor-led modern slavery questionnaire to our external investment managers (further detail ahead).

Involvement in investor initiatives:

- Participating in the Investors Against Slavery and Trafficking Asia Pacific initiative
- Participating in the RIAA Human Rights Working Group.

Assessing Supply chain risks:

- Using an external specialist advisor to assess modern slavery risk within our investment portfolio by tracing supply chain risks from Tier 1 to Tier 10.

Manager questionnaire on modern slavery

In 2021, we partnered with the Responsible Investment Association of Australasia (RIAA) and a small group of other asset owners to develop a standardised detailed modern slavery due diligence questionnaire to be used to uniformly assess external manager approaches to modern slavery.

We surveyed our external investment managers in FY21 using the standard questionnaire and we did so again with a revised survey in FY24. The questionnaire is broad based and covers:

- Governance processes and policies
- Training
- Oversight, roles and responsibilities
- Processes to identify modern slavery
- Manager exposure to high-risk geographies and/or high-risk sectors
- How a manager would respond if modern slavery was identified.

Based on an analysis of the survey responses, we will look to prioritise engagement with those investment managers that appear to either be at a higher risk of potential modern slavery exposure or have an opportunity to refine and enhance their processes and approach regarding modern slavery.

In addition to shaping our investment manager engagement, the survey further supports our modern slavery work by:

- Raising awareness of the positive impact of prudent modern slavery risk management on companies' risk/return profiles
- Demonstrating the importance we place on seeking to manage and mitigate modern slavery risk in our investment supply chain
- Raising investment manager awareness of the issues and driving continuous improvement. We strongly believe in creating awareness and driving change.

Case Study: ESG Data Warehouse

The issue

We rely on an ever-increasing number of data providers for the metrics needed to support our:

- internal Investment Teams in considering material ESG risks and opportunities within their investment processes,
- Stewardship Team as they develop engagement programs and voting positions, and
- portfolio-level analysis and reporting across our portfolio-wide ESG priorities.

Our contribution

We have commenced work on building an ESG 'data warehouse'. The data warehouse aims to bring several different data products, each related to a different ESG issue, into one system. The data warehouse will have data quality checks and an audit trail and will enable members of the Investment Team to access data from multiple sources in a single platform, supporting greater focus and analysis, and generating greater insights from the data.

To date, we have incorporated two of our key ESG data products into the data warehouse – our ESG risk ratings and climate change data, both relevant for our listed equities. This involved a highly collaborative effort between each data vendor and several Cbus teams across Operations and Investments. For each dataset, a number of regularly used reports have been automated to increase the utility of the data and support both internal and external reporting.

Outcome

The data warehouse has demonstrated the benefits of bringing disparate ESG datasets together and automating commonly used reports and outputs. The data warehouse has enabled us to begin to streamline our internal and external reporting. In time, our Investment Teams will be able to view their portfolios through multiple ESG lenses in a single location, and the inbuilt data quality checks and audit trail position us well for upcoming mandatory reporting.

We will continue to develop the data warehouse to increase its utility across the Investment Team and to identify additional ESG datasets of interest.

4

Stewardship

Stewardship involves using our influence as an institutional investor to maximise long-term value for our members. We take the responsibility of investing sustainably on behalf of our members very seriously and therefore stewardship is a core component of our responsible investing approach.

Our approach to stewardship

Our stewardship activities include advocacy, informed voting, engaging with companies we invest in (directly, through service providers, participating with industry partners as well as partnering with other investors) and consideration of the stewardship capabilities of our external investment managers.

As active stewards, we aim to improve practices so that companies we invest in are better run and provide more sustainable long-term returns for our members.

Through our advocacy we encourage the development of responsible investment standards, guidelines, and regulatory reform, and are actively promoting the shift towards a sustainable finance system. Please refer to Section 2 for more information.

The stewardship 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 also include the right to nominate and/or vote with respect to the nomination of directors who we believe represent our members' best financial interests. Other opportunities for influence also flow from these rights, such as direct communication with boards via engagement.

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

During FY24 our focus remained on corporate governance, climate change, modern slavery, workers' rights, workplace health and safety, and cultural heritage and First Nations through ACSI.

We have a governance structure for our stewardship activity which includes:

- 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 on company meetings of note during the voting seasons and on material stewardship developments.

Cbus is a signatory to the Australian Asset Owners Stewardship Code[22] that is designed to promote greater transparency and accountability in relation to stewardship activities.

You can read our Stewardship Statement which outlines how we meet the principles here

[22] https://acsi.org.au/wp-content/uploads/2024/05/Australian-Asset-Owners-Stewardship-Code.14.05.24.pdf

FY24 Highlights

Framework

Developed our thematic goals and priorities for FY25 and beyond (see page 51)

Engagement

124 dedicated ESG meetings with 48 companies.

52% of engagements were with 17 of our top 20 highest Australian equity emitters.

Engaged with 15 companies in relation to fatalities, safety performance and disclosure.

65% of Cbus' global investee companies were covered by EOS at Federated Hermes engagement.

Advocacy

Refer to Section 2.

Working with partners

51% of engagements were with partners.

We led engagement for two IAST APAC [23] priority companies.

We were the CA100+ [24] lead engager for Incitec Pivot.

Participated in the ACSI Governance Guideline review.

Participated in manager engagement with the Global Committee on Workers' Capital.

Voting[25]

Voted on over 22,000 resolutions.

Voted in line with company management on ~83% of Australian resolutions and ~80% of global resolutions.

Supported 79% of global environmental shareholder proposals, the majority of which were related to climate change.

Supported 70% of social-related global shareholder proposals.

[23] https://www.iastapac.org/
[24] https://www.climateaction100.org/whos-involved/investors/page/4/
[25] Voting data is sourced from CGI Glass Lewis

Voting

Voting at company meetings is a key lever we use to exercise our stewardship obligations. We vote at all company meetings in all markets globally where practical.

We take an active approach when voting on resolutions for Australian companies and our directly held global equities. The Trustee's voting practices domestically and internationally are guided by ACSI's Corporate Governance Guidelines which are reviewed by ACSI and member funds biennially.

During FY24, we participated in the ACSI Governance Guideline review.

The principles that underpin the guidelines, recent development and updated guidelines are available **here.**

As part of this exercise, we also aligned our international voting guidelines on gender diversity with our domestic guidelines.

The Trustee has a robust governance process for vote decision making which includes investment delegations, strategy reviews, and reporting to the Investment Committee and the Board. We consider voting recommendations from ACSI and CGI Glass Lewis, but to ensure an informed view, we also seek a range of inputs from external investment managers, service providers, and other stakeholders and consider engagement progress and outcomes, where applicable.

Set out below is further information on our:

- Australian Share Voting
  - Position on Say on Climate Advisory Votes
- Global Share Voting
  - Voting on Global Shareholder Proposals (incl. Australia)

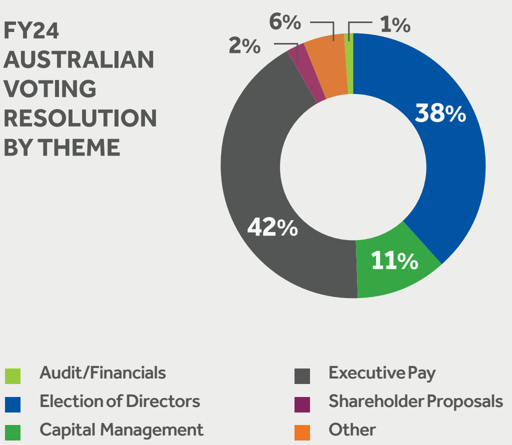
Across domestic and global markets, shareholder proposals (SHPs) are increasingly common, and the number of SHPs globally continues to increase. An enhancement to the stewardship framework in FY24 is to support non-binding SHPs to reinforce our position to directors, or to affirm the actions they have taken.

Australian share voting

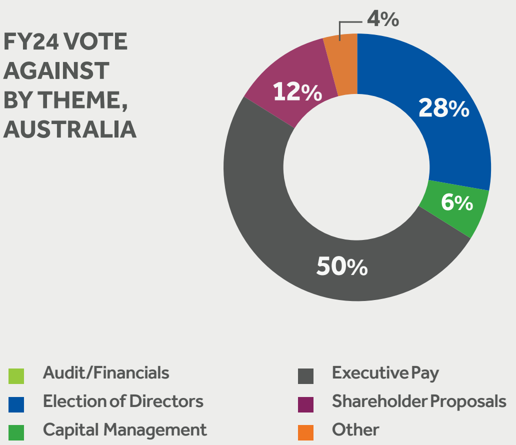
Proxy Voting outcomes for ASX holdings from 2020-2024

Financial Year	# of resolutions voted	For (%)	Against (%)	Abstain (%)
2024	2,598	84	14	2
2023	3,083	87	12	1
2022	2,605	87	12	1
2021	2,249	86	12	2
2020	2,206	87	12	1

FY24 AUSTRALIAN VOTING RESOLUTION BY THEME



FY24 VOTE AGAINST BY THEME, AUSTRALIA



Our Australian voting positions supported the following outcomes in FY24:

Workplace health and safety performance

- Noting numerous fatalities over a five-year period at a global mining services company, Cbus voted, along with other investors, against the board chair, the chair of the safety and sustainability committee, and against the company's remuneration report for a third consecutive year. The chair stepped down post the AGM.
- We withheld support for the remuneration report at a major retail company, due to misalignment between bonus outcomes and safety performance. Through follow up engagement we were encouraged to learn about enhancements made to systems and safety management practices.
- We withheld support for a director election at a global mining company due to concerns over safety controls and oversight post an acquisition. Since the AGM we have been encouraged by the appointment of a new director who will join the Safety and Sustainability Committee adding extensive mining sector and operations experience. We acknowledge new key executive appointments with responsibility for safety are driving renewed focus on asset management, expanding its Fatality Risk Management program and undertaking safety culture review at key sites.

Corporate governance

- Given poor performance and reputational damage at Qantas, Cbus did not support the re-election of the longest serving independent non-executive director and voted against the remuneration report. The company has announced changes to its board and reduced past remuneration payouts to executives. See case study on page 44.
- 50% of 'against' votes in the table on page 36 related to executive remuneration representing a record 35 companies in the ASX 300 receiving a remuneration strike vote from shareholders in the first half of FY24. The high level of shareholder dissent on executive remuneration can be attributed to the misalignment between company performance and/or safety outcomes and executive pay outcomes. In some cases it also reflected concerns with pay structures, board discretion and shareholder experience.
- In relation to board gender diversity by the end of FY24, nearly 38% of ASX 300 board seats were held by women directors and only six companies in the ASX 300 had zero women on their board.

Climate-related resolutions

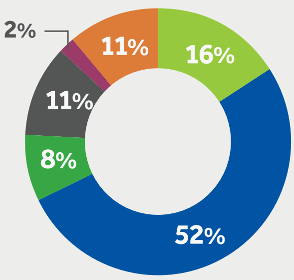
- We have been a strong supporter and advocate for the introduction in Australia of a 'Say on Climate' (SOC) advisory vote. The SOC provides shareholders with an opportunity to show our support for or raise concerns with a company's climate strategy, progress and disclosure.
- We voted on shareholder advisory SOC votes for three of our ASX listed portfolio companies. Cbus voted in support of two of these proposals due to demonstrable progress in incorporating decarbonisation technologies, setting decarbonisation and sustainable financing targets. However, we voted against one (which was the company's second SOC) due to concerns over the pace of the company's decarbonisation initiatives which received a 58% vote against. See Woodside case study below.

Global share voting

Proxy voting outcomes for global holdings from 2020-2024

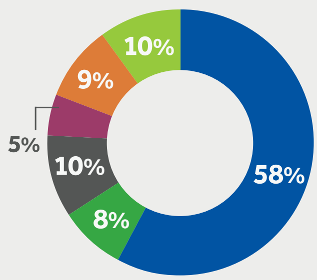
Financial Year	# of resolutions voted	For (%)	Against (%)	Abstain (%)
2024	19,699	82	16	2
2023	18,872	83	15	2
2022	21,150	82	16	2
2021	24,278	81	17	2
2020	31,694	84	15	1

FY24 GLOBAL VOTING RESOLUTION BY THEME



- Audit/Financials
- Election of Directors
- Capital Management
- Executive Pay
- Shareholder Proposals
- Other

FY24 VOTE AGAINST BY THEME, GLOBAL



- Audit/Financials
- Election of Directors
- Capital Management
- Executive Pay
- Shareholder Proposals
- Other

Voting on global shareholder proposals

Shareholder proposals (SHPs), put forward by shareholders rather than the company's board, are another tool we use to raise concerns with a company regarding management of material ESG risks and opportunities. We assess SHPs on a case-by-case basis, based on a range of inputs and our position is informed by a company's progress on an issue, among other factors. As part of our enhanced stewardship framework, our preference during FY24 was to support non-binding SHPs to reinforce our position to boards, or to affirm actions they have taken.

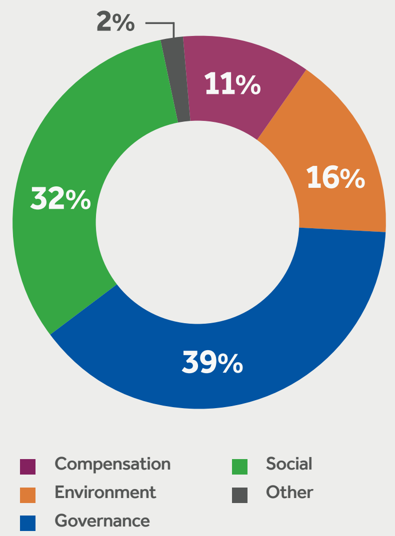
For our Australian holdings, there were 60 SHPs in FY24:

- Four were environmental resolutions, in the form of climate transition plans or alignment of capital expenditure with the Paris Agreement. Cbus supported three of these proposals
- There were 56 governance-related resolutions, the majority of which were at seven non-ASX 300 companies in relation to director election related proxy contests
- No constitutional amendments were passed that would require boards to act on the conditional shareholder proposals.

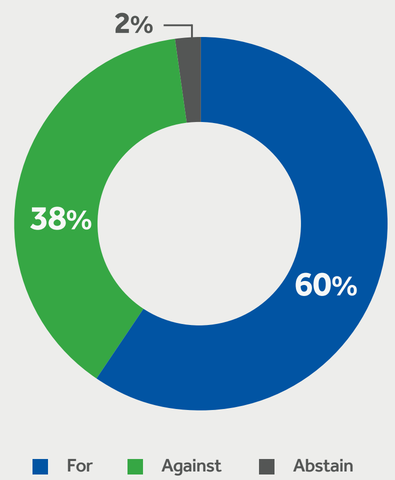
The number of SHPs globally continues to increase, with 545 SHPs globally (including Australia) at our investee companies in FY24 versus 500 in FY23. Resolutions covered a variety of topics, including diversity, climate, use of artificial intelligence, human rights and privacy, and worker rights.

We supported 79% of all global environmental SHPs during the year, the majority of which related to climate change. We also supported 70% of all social-related global shareholder proposals, such as reporting on racial equity audits, equal employment opportunities, and improving employment practices. We typically supported governance-related global shareholder proposals calling for an independent chair and separation of chair and CEO, race and/or gender pay equity reports, and proposals directed at eliminating supermajority voting provisions to improve minority shareholder rights.

FY24 GLOBAL SHAREHOLDER PROPOSALS BY THEME, INCLUDING AUSTRALIA



FY24 GLOBAL SHAREHOLDER PROPOSALS BY VOTE, INCLUDING AUSTRALIA



Engagement

We engage with a broad range of stakeholders, including the listed companies in which we invest and with our investment managers. Through engagement with companies, we gather information on material ESG risks and opportunities to inform our voting positions, understand a company's perspective, and advocate for improvement in practices to protect or enhance long-term value in support of our voting activity. In this section we showcase some of this work.

Often there are many investors and investor representative groups engaging with companies who have contributed to the outcomes that are illustrated in this section.

Our engagement approach

We undertake three types of engagement:

- **Direct -** meetings with individual companies on financially material ESG risks and opportunities
- **Service providers -** ACSI for Australian shareholdings and EOS at Federated Hermes for our global shareholdings
- **Collaborative -** with industry partners and other investors (e.g. Climate Action 100+ and IAST-APAC).

Our preference is to work alongside others where we can share knowledge and learnings, manage resources, and be more effective in our actions.

FY24 Cbus engagement statistics[25]

124 engagements

48 companies

61 direct

63 with partners

[23] There were significantly more engagements undertaken by our service providers, ACSI and EOS, as an extension of our stewardship capabilities. This number does not include the engagements by ACSI and EOS where Cbus was not present. Please refer to pp.47-48 for details.

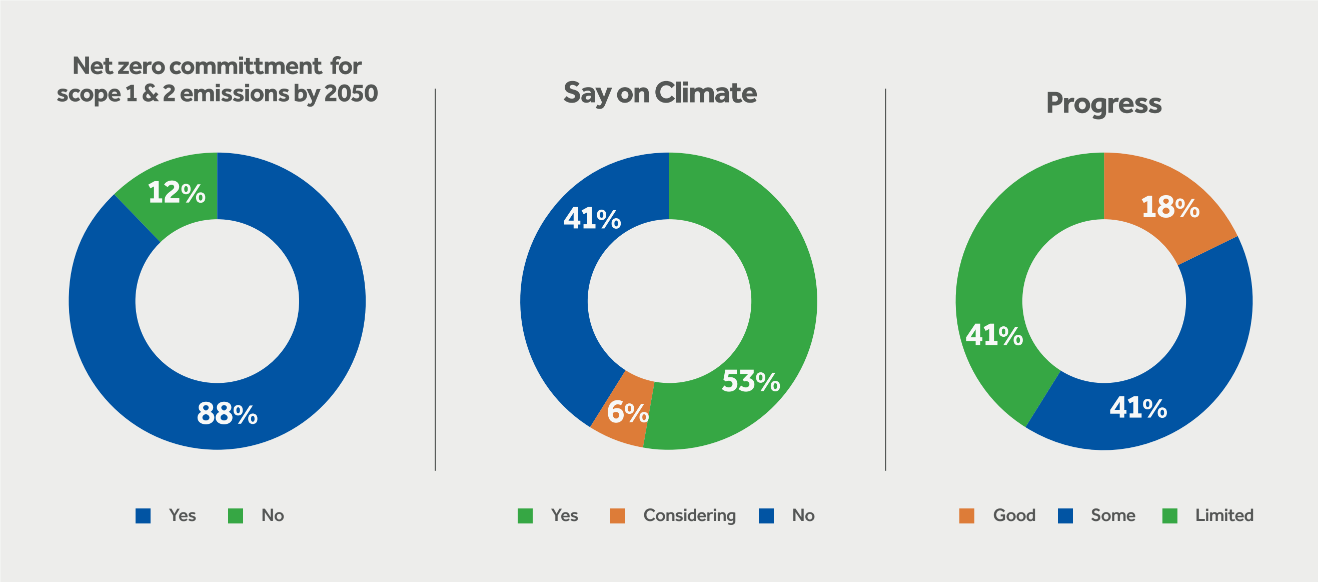
Direct engagement across thematic priorities

Our direct engagements are often multi-year. They typically cover more than one thematic priority, although one issue might drive the initial engagement. We often engage at board level. Set out below we provide further information on our direct engagement in FY24 in relation to climate change and workplace health and safety.

Direct engagement - climate change

In FY24, Cbus had a goal to engage with the 20 Australian companies that contribute most to our portfolio financed emissions. During the year, we engaged with 17 of these companies (we did not engage with three companies that were subject to acquisition).

Progress



- Of the 17 companies we engaged with in FY24, three were new to our highest emitters list. We assessed all three of these companies as having limited progress on climate. This has caused some of our metrics to drop compared to our progress in FY23.
  - 88% of the 17 companies assessed have set a net zero by 2050 target covering scope 1 & 2 emissions, compared to 100% in FY23.
  - 59% of the 17 companies assessed have either adopted or are considering an advisory 'Say on Climate' vote compared to 50% last year.
  - 18% of the 17 companies assessed made good progress during FY24 (FY23: 25%), 41% made partial progress (FY23: 15%), and 41% were assessed as having made limited progress (FY23: 60%).
- Consistent with FY23, 100% of companies have aligned or at least partially aligned with TCFD reporting recommendations.

Case Study: Woodside multi-year engagement

Background

Woodside (WDS) is a global energy company and was a top 20 Australian equity emitter within our portfolio.

We reported in 2023 our engagement objective to seek improvements to WDS's decarbonisation plan in line with the company's stated commitments, to preserve and protect member value. Following our vote against the 2022 advisory 'Say on Climate'(SOC) proposal given exposure to, and management of, climate change risks, we continued our engagement directly with the company and alongside ACSI in 2023. In response to concerns over the level of climate-related skills within the board and limited climate-related targets within executive remuneration, we voted against the remuneration report and a director re-election at the 2023 AGM to express these concerns.

FY24 mode of engagement and objectives

We met with the company seven times across climate, board oversight, and governance in the lead up to the 2024 AGM. Given prior feedback from Cbus and other investors, the company put its latest climate plan to a shareholder advisory vote at the 2024 AGM. Our engagement with WDS was a mix of direct and collaborative engagement with ACSI and Climate Action100+. Our engagement objectives were to evaluate WDS's climate progress and responsiveness to our prior year feedback to inform our vote decision.

Outcomes

Whilst noting some improved climate disclosures, we remained concerned about the climate strategy and pace of decarbonisation – specifically the alignment of capex with the Paris Agreement, continued reliance on offsets, and the lack of a scope 3 emissions milestone targets. 58% of shareholders, including Cbus, voted against the climate plan. We wrote to the company after the AGM to share our vote decision and to call for an orderly succession plan for the chair.

Looking ahead

WDS remains an engagement priority from a climate and governance perspective. Future engagement will focus on chair succession as well its response to the broader level of investor dissent from the 2024 AGM in relation to its SOC. The company recently announced that it has entered into an agreement to acquire NYSE-listed LNG company Tellurian, and its stake in Driftwood, and to acquire OCI's Clean Ammonia Project, which will be considered in our future engagement.

Case Study: Santos multi-year engagement

Background

Santos (STO) is a global energy company. During FY24 STO was a top 20 Australian equity emitter in our portfolio.

In our 2023 report we explained our engagement objective to improve STO' focus on management of climate-related risks in line with the company's stated commitments, to preserve and protect member value. At the 2022 AGM we voted against the advisory 'Say on Climate' (SOC) due to concerns related to climate risk management. After the 2022 AGM we continued to engage with STO to outline our requests for improvement. These meetings were both direct and in collaboration with ACSI and Climate Action 100+. Concerned with expansion of projects, the lack of disclosure about reduction targets and alignment to net zero commitments, and the company's response to these concerns, we voted against the remuneration report at the 2023 AGM and against relevant directors.

FY24 mode of engagement and objectives

We met with the company five times mostly with ACSI and Climate Action 100+. In relation to our climate engagement, our objectives were to understand the board's climate oversight and climate considerations for board refreshment, evaluate the progress of its decarbonisation initiatives, and scope 3 target setting, and the rationale for limited climate considerations in the remuneration structure. Our engagement would also inform our vote decision.

Outcomes

STO did not put forward a SOC vote at the 2024 AGM. Whilst we acknowledge that STO is progressing with its Carbon Capture and Storage ("CCS") decarbonisation strategy at Moomba, expected to come online in CY24, and will be a proof point of its capability going forward, we withheld support for the re-election of a Safety and Sustainability Committee director due to the pace of climate related progress and to encourage an annual SOC vote.

Looking ahead

We will continue our engagement with STO about its decarbonisation strategy, call for another Say-on-Climate, and for greater climate considerations in the remuneration plans.

Case Study: Equitable transition and climate change

Background

The company is a global miner and material company within our current top 20 Australian equity emitters. We engaged with the company following concerns over the equitable transition of workers at one of its operations.

FY24 mode of engagement and objectives

We directly engaged with the company twice in 2024, after being alerted to issues surrounding an early mine closure by one of our partners. Our engagement objective was to understand the impact on workers and communities, the level of employee and community consultation, the communication processes, and the timing of the worker transition. Noting that this site closure provides insights into the equitable transition approach that may be adopted for future site closures.

Outcomes

Following engagement with management, we wrote to the chairman outlining our concerns over how the mine closure and transition were being managed. We encouraged an improved equitable transition process with relevant impacted workers, First Nations' people, and communities. Following engagement, the consultation was completed and impacted worker concerns were resolved.

Looking ahead

The company remains a climate engagement priority. We will monitor its progress on equitable transition and broader decarbonisation efforts.

Direct engagement - workplace health and safety

During the financial year, Cbus engaged with 15 companies in relation to fatalities, safety performance and related disclosures. Sadly, this included fatalities at four companies. In these circumstances, our engagement explores family support and compensation, the status of investigation and how the learnings from these incidents have translated into systems improvement and, where applicable, accountability.

Our safety related engagement also focused on silicosis risks, and we engaged with two companies directly and alongside ACSI: a fibre-cement company and a major construction company – refer to our service provider and collaborative engagements on page 47.

Case Study: Perenti multi-year engagement

Background

Perenti (PRN) is a diversified global mining services company with interests in contract mining, mining support services and future technology solutions.

In our 2023 report, we noted seven employee fatalities between June 2020 and February 2023, three of which occurred in FY22. Engagement with PRN was held both directly and alongside ACSI about the poor safety record. Our engagement aimed to understand the implications of safety outcomes for executive remuneration, changes to safety practices, and the status of investigations. At the 2023 AGM we did not support the remuneration report due to alignment concerns over the fatalities and remuneration outcomes for management.

FY24 mode of engagement and objectives

During FY24, Cbus engaged with the company four times both directly and with ACSI, noting a further fatality in early 2024. Our objective was to evaluate the company's response to the latest fatality (now standing at eight fatalities in the past five years) to understand the systemic issues with PRN's safety systems and if so, how the company will address them. We also explored the implications of a historical transaction on safety systems and culture.

Outcomes

At the 2023 AGM, Cbus voted against the remuneration report, alongside 33% of shareholders handing down its first strike, due to concerns over misalignment between fatalities and remuneration outcomes. We also voted against relevant director re-elections on the grounds of accountability and note the directors up for re-election both received a 17% vote against reflecting a level of shareholder concern. As part of our engagement, we encouraged greater disclosure when exercising board discretion and to show a clear link between safety and remuneration outcomes.

Looking ahead

We will continue to monitor safety performance. initiatives, disclosure and FY24 remuneration outcomes.

Case Study: Acquisitions and changing safety profile

Background

We engaged with a global pure metals company, which experienced several fatalities following a major acquisition in late 2023.

FY24 mode of engagement and objectives

We engaged with the company directly after the company reported four fatalities in four months which raised strong concerns about safety standards, particularly considering the recent major acquisition. Our engagement objectives were to understand the company's response to the fatalities, the underlying systemic safety issues, and the company's initiatives to address them.

Outcomes

We learned the company is implementing a safety re-set across its managed operations, including the implementation of a company-wide fatality risk management system. Cbus voted against the Safety and Sustainability chair, reflecting our concerns over quality of safety systems and oversight.

Looking ahead

We are planning further engagement on the issue to monitor progress on its safety record and safety re-set.

Case Study: Cleaner and security guard safety at shopping centres

Background

In response to several incidents at Australian shopping centres in recent years, there has been a heightened focus on shopping centre safety, both for shoppers and employees. Cbus is invested in shopping centres via several unlisted funds. Cbus received a letter from a union raising concerns about the safety of cleaners and security guards at shopping centres owned by one of the unlisted funds we invest in.

FY24 mode of engagement and objectives

Cbus management met with the union to discuss their concerns. We also engaged with the Investment Manager (IM) of the unlisted fund on two occasions to better understand their contract procurement processes, and the monitoring of outsourced cleaner and security services.

Outcomes

Based on our engagement with the IM, we are satisfied with the governance and controls the company currently implements when managing cleaning and security contracts at its shopping centres. The IM directly informed their cleaning and security guard service providers of our concerns, and Cbus is satisfied with the responses obtained. The IM holds quarterly meetings with representatives from the Cleaning Accountability Framework (CAF)[25], the union and cleaning staff, where cleaner and security safety concerns can be raised with senior management. The IM also proactively participates in industry discussions about safety and market trends in cleaning and security.

Looking ahead

We will continue to monitor the IM oversight of cleaner and security guard contracting as part of our existing manager monitoring program. We have also encouraged the company to continue to increase coverage of CAF certification across its shopping centres, and to increase levels of CAF certification across its portfolio.

Direct Engagement - Governance

Case Study: Accountability for performance declines at Qantas

Background

Cbus was concerned about board oversight and culture at Qantas (QAN) given the company's conduct with customers and employees and share sales by management.
The 2023 AGM provided an opportunity to engage with the company and consider the board's response, in formulating our voting position.

FY24 mode of engagement and objectives

Cbus engaged on six occasions with QAN during FY24, both, directly (including via a letter to the board) and collaboratively alongside ACSI. Engagement focused on the company's response to the High Court ruling regarding baggage handlers, an ACCC investigation, Covid-19 flight credits, and former CEO's share sales noting timing of enquiries from the ACCC. Our engagement objective covered board oversight, board renewal, the scope of the independent review and use of negative discretion for executive remuneration outcomes.

Outcomes

QAN announced that the chair would retire prior to the 2024 AGM and the retirement of 2 other non-executive directors. The company also committed to complete an independent review into key governance matters and to making findings public, which were released on 8 August 2024. At QAN's 2023 AGM, Cbus voted against the re-election of an independent non-executive director and QAN's remuneration report (which received an 82.93% vote against).

Looking ahead

We will monitor the findings of the independent review which will inform future engagement plans and our vote position at the 2024 AGM.

[25] The Cleaning Accountability Framework (CAF) aims to improve labour practices in the cleaning industry. CAF works with cleaners, worker representatives, tenants, contractors, property owners, facility managers, and investors across the cleaning supply chain to ensure ethical labour practices through the promotion of decent work, ethical procurement and best practices. The CAF Certification Scheme provides a credible framework to measure social compliance within the cleaning industry.

Our service providers and partners' voting and engagement

In addition to our direct engagement with companies and voting, we work with several service providers and collaborative engagement organisations. Outlined below are key service providers along with our approach to oversight.

Service provider oversight summary

Service provider	Member survey	Board or Advisory Member	Participate in setting priorities	Working group membership
ACSI	✓	✓	✓	✓
CA100+	✓			✓
CGI	✓			
EOS at Federated Hermes	✓		✓	✓
IAST APAC				✓

ACSI

Cbus is a founding member of ACSI, an organisation owned exclusively by its members which exists to provide a strong, collective voice on financially material ESG issues.

Each year, ACSI and its members develop and agree a list of engagement priority themes and ASX 300 target companies with specific objectives. ACSI then implements these engagement plans.

Cbus is a representative on its member advisory council and board which provides an opportunity for oversight and feedback. ACSI also conducts annual member surveys where members have the opportunity to provide feedback on ACSI's services and areas for ongoing focus. Cbus actively contributes to the development of priority themes, voting guidelines, and participates in member surveys to provide structured feedback.

ACSI like other organisations and shareholders, engages with companies to improve practices and disclosures. In FY24, ACSI conducted 387 engagement meetings with 196 different ASX 300 listed companies. ACSI supports our work in understanding material ESG risks and in fulfilling our obligations as a responsible investor. ACSI's key engagement priorities during FY24 included:

- **Environment –** climate change, circular economy, biodiversity, and nature
- **Social –** workforce (including modern slavery, equitable transition, workplace safety and wage underpayments), cultural heritage and First Nations' issues, corporate culture (conduct, sexual harassment), and responsible gambling
- **Governance –** board diversity, independence and composition, accountability, and remuneration.

Improvements were made in nearly 80% of the priority areas identified by ACSI.

For further information visit acsi.org.au

CGI Glass Lewis

CGI Glass Lewis assists Cbus to vote its shares in public companies in a thoughtful, timely, and accurate manner. Core aspects of CGI's services include research, recommendations, data, and operational support. Glass Lewis also provides operational support to Cbus in the form of the systems that provide the infrastructure required to support the complexities of global voting and custom voting guidelines, as well as auditing, workflow, and reporting requirements. The service team provides oversight and support to clients.

The effectiveness of this service is provided through ongoing feedback and review meetings twice a year.

Cbus uses the data and analysis produced by CGI Glass Lewis as one input into reaching our vote decision.

For further information visit glasslewis.com

EOS at Federated Hermes Limited

EOS at Federated Hermes Limited undertakes engagement on our behalf covering approximately 65% of our total global equity holdings. In FY24, EOS at Federated Hermes engaged with 373 companies with clear engagement objectives to achieve positive outcomes. Progress was made on 77% of the global ex-Australia company universe.

EOS engagement objectives included:

- **Environment –** circular economy and zero pollution, climate change and natural resource stewardship
- **Social –** human and labour rights, human capital, and wider societal impacts
- **Governance –** board effectiveness, executive remuneration, investor protection and rights, and strategy, risk and communication (reflecting themes of corporate reporting, risk management, and purpose, strategy, and policies).

The EOS Client Advisory Council is a client-led, dedicated forum where clients are able to share feedback privately and where EOS can respond. A related forum provides an opportunity for clients to review progress against the plan and provide further feedback.

EOS also provides annual client surveys which Cbus participates in each year as a formal mechanism to provide feedback and assess year on year progress. Clients are also invited to give input to the engagement plans. In FY24 Cbus joined the Outcomes Based Reporting Client Working Group to provide feedback and help shape future reporting that aligns with the Cbus Stewardship Framework and focus on real world outcomes.

Federated Hermes EOS

For further information visit hermes-investment.com/au/

CA100+

Cbus is a signatory to Climate Action 100+ (CA100+) which leverages corporate engagement to ask the world's largest corporate greenhouse gas emitters to take the necessary action on climate change. Under the initiative, over 600+ investors engage with 170 focus companies. Cbus participates in CA100+ engagements as both a lead company investor and collaborating investor. Regular engagement with the regional CA100+ partner, the Investor Group on Climate Change (IGCC), together with other CA100+ signatories and completion of annual global surveys provide opportunities for ongoing feedback.

Climate Action 100+
Global Investors Driving Business Transition

For further information visit climateaction100.org/

IAST APAC

Cbus is a member of the Investors Against Slavery and Trafficking Asia Pacific (IAST APAC), which is an investor-led multi-stakeholder, collaborative project to engage with companies in the Asia-Pacific region to promote effective action in finding, fixing, and preventing modern slavery in operations and supply chains. IAST APAC comprises 49 investors with AUD 12 trillion in Assets Under Management (AUM) and 23 Asia Pacific focus companies as of 30 June 2024, together with ACSI, Walk Free and the Finance Against Slavery and Trafficking (FAST) initiative.

IAST APAC focus companies are selected from four initial sectors - consumer discretionary, consumer staples, technology and healthcare. Cbus is an engagement lead for two ASX 300 companies and a contributor for another. It participates in a workstream focused on advocacy, a workstream for engagement with companies in the Asia-Pacific region, and an ESG data workstream. Through these workstreams and regular dialogue Cbus is able to provide oversight and regular feedback.

IAST APAC

For further information visit www.iastapac.org/

Collaborative engagement across thematic priorities

Climate change

ACSI

In FY24, ACSI conducted 93 engagement meetings with ASX 300 companies on climate change, with progress made with 29 of 30 climate change priority companies[27].

- The Australian big four banks play a large role in the Australian economy, the banks' management of climate-related risks and opportunities is a priority area for ACSI's engagement program. Positively, FY24 saw an uplift in each of the banks' climate commitments with each bank setting additional financed emissions targets for emissions-intensive sectors and publishing plans to meet these targets. ACSI's engagement will continue to focus on the banks' expectations of customer transition plans and how this is incorporated into lending decisions.
- During FY24, ACSI engaged with a mining and consumer staples company as part of the Nature Action 100 collaborative initiative (NA100), alongside a group of global investors. These engagements are based on six key areas – the company's ambition on nature, assessment of risks, targets, implementation, governance and engagement with stakeholders. To date engagements have focused on companies' approach to assessing and managing nature-related risk and target setting.
- ACSI's ongoing engagement continues with leading Australian retailers on responsible packaging and waste. In FY24, the Soft Plastics Taskforce announced the restart of limited soft plastics collection points on a trial basis in Melbourne.

EOS at Federated Hermes

- Environmental topics comprised over half of all engagement objectives raised on Cbus' behalf, with climate change being the most dominant.
- A multinational chemicals company set a science-based target to reduce its scope 3 emissions by 30% by 2030 and announced increased ambitions for its 2030 scope 1 and 2 emissions reduction targets following engagement alongside Climate Action 100+.
- Following a multi-year engagement, an industrials company enhanced its global impact report with prominent and well-aligned TCFD recommendations.

Climate Action 100+

CA100+ published the key findings from the fourth round of Net Zero Company Benchmark assessments in October 2023. These results come after a series of unprecedented extreme weather events across the globe.

The latest assessment found that improved company disclosure on long-term targets were not supported by sufficient progress on short-term targets, decarbonisation strategy, and capital allocation.

You can read further information about the achievements of the CA100+ initiative at: climateaction100.org/

Workers' rights and workplace health and safety

ACSI

- ACSI and members (including Cbus) formed a 'Social Factors' working group during FY24 to establish a stronger set of workforce and human capital disclosure indicators for ASX-listed companies.
- Engagement on human capital development continued, with ACSI urging companies to improve disclosures highlighting the composition and quality of their workforce with some progress made in this area.
- On workplace safety, ACSI engaged with priority companies to provide more comprehensive reporting, including leading safety measures such as severity rates, near misses, and separate data on contractor safety. ACSI also engaged with companies that have been involved in severe incidents to understand the changes made to prevent future occurrences and the board's oversight of its safety culture. Improvements have been identified in 22 priority companies which demonstrated improved governance, safety practices and enhanced disclosures.

EOS at Federated Hermes

- Social topics featured in 28% of engagements on our behalf in FY24, with the most progress achieved on human capital management and labour rights.
- A financial services company recognised areas for improvement in its corporate culture and shared a response plan to improve business practice, including embedding a code of conduct that addresses societal expectations of financial institutions.
- A technology company published a conflict minerals report detailing its mineral sourcing monitoring system while engagement on the issue is ongoing.

[27] ACSI priority companies are part of its annual targeted engagement program on financially material ESG issues - further information is available here.

Modern slavery

ACSI

- In FY24, ACSI conducted 74 company engagements with 61 ASX 300 companies about modern slavery and broader supply chain management. ACSI's engagement focused on improvements in risk assessment, auditing practices, reporting, worker education, supply chain mapping, and resolution following allegations of modern slavery.
- In 2023, ACSI commissioned Pillar Two[26] to undertake detailed analysis of the third year of reporting of Modern Slavery Statements by ASX 200 companies to assess whether companies reported on areas of recommended practice beyond compliance. Using the findings, ACSI engaged with companies throughout FY24 on their approach to, and reporting of, modern slavery issues and improving risk management practices.
- While transparency over companies' management of modern slavery risks has increased, ACSI's research highlights that too few companies are able to clearly identify supply chain risks, incidents and remediation plans.
- ACSI found a fibre cement company improved its disclosure in the company's Modern Slavery Statement, particularly its findings from supplier audits in high-risk geographies. Upon review of the company's latest statement, ACSI noted that the company had elevated its disclosures and provided results for audits undertaken in several jurisdictions following its engagement.
- An infection prevention specialist significantly enhanced its transparency across a range of modern slavery risk and management areas following engagement with ACSI and other stakeholders. This included increased disclosure on operational risk, governance and policy settings, supplier risk outcomes, contract controls, and training.
- As an IAST APAC member, ACSI directly led and participated in five engagement meetings with ASX 300 companies as part of this initiative.
- In November 2023, ACSI was appointed to the Government's Modern Slavery Expert Advisory Group to provide expert advice to the Attorney-General's Department on the operation of the Modern Slavery Act.

EOS at Federated Hermes

During the reporting period, on behalf of Cbus, two notable modern slavery engagements included:

- Engaging with an APAC e-commerce company to establish a human capital management strategy and improve disclosures, including key metrics and targets. In response, the company highlighted additional benefits provided to employees in its ESG report, and improved disclosure of key metrics such as employee turnover rates by gender, age, and region.
- Engaging with a global contract food service company regarding the effectiveness of its policies and processes in uncovering modern slavery in its supply chain. In response, the company conducted an independent review to assess the recruitment and treatment of workers from seven source countries. The review found that the company was compliant with all International Labour Organisation forced labour indicators, with no serious breaches.

IAST APAC

- During FY24, IAST APAC engaged with 23 Australasian focus companies across the consumer discretionary, consumer staples, technology, and healthcare sectors. Due to the complexity of issues related to human rights in the supply chain, this will be a multi-year initiative.

[26] https://acsi.org.au/wp-content/uploads/2023/04/Modern-Slavery-Reporting-by-ASX200.Apr23f-1.pdf

Cultural heritage and First Nations

ACSI

ACSI and its members continued its ongoing engagement program with priority companies[27] whose operations materially impact First Nations communities. In FY24, this involved engaging with nine priority companies (among others) in the ASX 300 and seeking improved practices and transparency on their First Nations engagement.

ACSI's program draws on company expectations established in ACSI's Engagement with First Nations People position statement and **Policy on Company Engagement with First Nations People.**

Since the 2020 Juukan Gorge destruction, ACSI has seen some improved disclosure, discussion, and investment by priority companies in their Indigenous agreements and relationships. Importantly, several companies are implementing systems to better protect cultural heritage, and some are reviewing past agreements.

ACSI has also participated in cross-organisational initiatives to improve standards of rights and cultural heritage protection. This includes:

- The Principles for Responsible Investment's (PRI) Advance Initiative on Human Rights and Social Issues
- The ASFI First Nations Reference Group.

ACSI also engages, where possible, with First Nations groups that are impacted by company operations to better understand their perspectives.

Policy Advocacy:

In February 2024, ACSI made a submission on the Federal Government's First Nations Clean Energy Strategy. In March 2024, ACSI made a submission to the Federal Government's consultation on Offshore Oil and Gas regulatory approvals, which was focused on the requirements for companies to consult with affected stakeholders (including First Nations people). ACSI recommended the Government embed requirements that align with international standards and principles, including free, prior and informed consent (FPIC).

Company engagements:

In September 2023, Rio Tinto self-reported impact on a site of significance as an inadvertent effect of an August blasting in the Pilbara. Rio Tinto explained that the company had adopted a practice of using drones to photograph sites both before and after a blast to monitor for impacts and movement following blasting activities. ACSI engaged with the company to understand how its practices had changed since Juukan Gorge and what steps the company was intending to take following the incident.

In November 2023, Sandfire Resources announced and apologised for its damage to cultural heritage artefacts over several years. Sandfire has undertaken an investigation to understand how the damage occurred and how best to remediate it, with the company publicly releasing the independent investigation report in June 2024. ACSI has engaged with Sandfire following its announcement and its publication of the investigation report to discuss remediation plans and how it intends to rebuild its relationship with the Traditional Owner group, the Yugunga-Nya.

[27] ACSI priority companies are part of its annual targeted engagement program on financially material ESG issues - further information is **available here.**

Corporate governance

ACSI

- During FY24, 43 priority companies made progress to improve board composition in line with meeting (or have now met) ACSI's minimum expectation of a 30% female representation. Nearly 38% of ASX 300 board seats were held by women directors and only six companies had zero women on boards.
- Following reputational damage, operational, workforce and legal issues as well as engagement with investors, QAN announced significant board renewal including the appointment of a new chair and chair of Remuneration Committee, along with retirement of outgoing chair and two directors. See page 44 for details of our engagement with QAN.
- ACSI held 232 remuneration engagements with ASX 300 companies, with 14 priority companies[27] demonstrating improvement.

EOS at Federated Hermes

- Governance topics comprised 12% of total engagements in FY24, with progress made predominantly on board effectiveness and executive remuneration.
- Engagement with a chemicals company regarding improving board gender diversity. The company has improved disclosure in its annual proxy statement of director qualifications and skills including diversity and ESG experience and has increased overall board diversity to above 40% (including gender and ethnicity), in response.
- Engagement with a pharmaceuticals company encouraging review of compensation policy and improved disclosure. The company has since improved transparency of performance against qualitative elements of its bonus structure though engagement is continuing for the company to adopt best practice.

Alignment with external investment managers

Our external equity investment managers invest and engage with companies on our behalf. It is important that these investment managers understand our thematic priorities and why they are important to Cbus.

In August last year, our Responsible Investment Team held a session with our external Australian equity investment managers and any global investment managers with an Australian presence. The hybrid session was held concurrently across Melbourne and Sydney to allow as many to attend as possible.

We used this session to provide our external investment managers with a strategic perspective of our approach to responsible investment and went through several of our priority areas: modern slavery, safety, climate change and First Nations, discussing our approach to each.

The feedback from the session was very positive. We will look to hold further sessions in the future.

[27] ACSI priority companies are part of its annual targeted engagement program on financially material ESG issues - further information is **available here.**

Evolved Stewardship Framework

Investors such as Cbus, with long term and very diversified portfolios, are also known as 'universal investors' because they are exposed to the volatility and performance consequences of economy wide environmental and social impacts. These material risks can negatively affect the value of our members' investments.

Our Stewardship Framework aims to deploy our resources and influence as an investor to mitigate these risks, supporting real world outcomes that can protect and preserve value for our members.

An evolved future focus

Our evolved Stewardship Framework builds on our existing work but seeks to address new regulatory developments and best practice. It involves closer integration of advocacy, voting, and engagement and is designed to promote and prioritise real world outcomes that can protect and enhance the value of our members' retirement savings.

Our FY25 thematic priorities are illustrated below, and we will report our progress in FY 25.

Stewardship Thematic Priorties

E	S	G	Theme	Thematic Priority
✓	✓	✓		Climate change
		✓		Corporate governance
	✓	✓		Diversity, equity, and inclusion
	✓	✓		Human rights
	✓	✓		Inequality
	✓	✓		Modern slavery
✓	✓	✓		Nature and biodiversity loss
	✓	✓		Workers' rights
✓	✓	✓		Workplace health and safety

Forward Climate Engagement Priorities

To date we have focused on financed emissions when prioritising companies for engagement on climate and have engaged with the top 20 Australian companies that contributed most to our portfolio financed emissions (based on scope 1 and 2 emissions). Going forward we aim to include additional metrics within our prioritisation process, looking beyond financed emissions. Our updated prioritisation process may include considerations of:

- Absolute (or company) emissions to better connect with emissions in the real world
- Scope 3 emissions to broaden our assessment beyond scope 1 and 2
- Implied temperature to assess the adequacy of current targets and actions
- Companies that negatively contribute to SDG7 (Affordable and Clean Energy) based on our data provider, SDI-AOP.

We believe this updated approach will better align with our focus on materiality and real world outcomes. We expect this will lead to a shorter and more impactful list of companies.

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Investing in the real economy

As Australia's leading super fund for those that help to build, maintain and shape Australia, we are committed to investing in projects and businesses that are in members' best financial interests, are important to our members and will make a difference in the real world.

Pacific Fair Shopping Centre, Gold Coast

A Cbus Property retail investment

Cbus Property

With a long history in the building and construction industry and through national integrated property investor and developer Cbus Property[28], our focus on ESG principles is integral to Cbus Property and the business has been recognised for its efforts in setting new benchmarks for both environmental and social sustainability.

We continue to push boundaries with 83 Pirie Street, Adelaide's first all-electric office building, and 435 Bourke Street, Melbourne, one of the world's first solar-skin façades.

Embedding strong ESG practices in the built environment, including the development of sustainable construction practices, means we are building for the long term, future proofing our investments and safeguarding our members' returns.

185 Wharf St, Brisbane

Following the success of our iconic 443 Queen St development, Cbus Property was proud to launch our second residential venture in Brisbane, 185 Wharf St.

Designed by Brisbane-based firm Rothelowman, this $280 million tower will feature 125 large-format residences across 30 levels, complemented by wellness-focused resort-style amenity set in subtropical gardens.

185 Wharf St's design prioritises natural light and fresh air, focusing on indoor-outdoor living and abundant natural ventilation to reduce energy consumption and create a comfortable and healthy environment. The building's common areas will be powered by renewable energy from rooftop solar panels. All residences will feature induction cooktops to reduce indoor air pollutants and eliminate greenhouse gas emissions as part of Cbus Property's fully electric, net zero operational strategy.

185 Wharf St is targeting a 5 Star Green Star rating under Green Star Buildings. As a supporting partner of the Green Building Council of Australia's (GBCA) Future Homes program, Cbus Property is helping to shape the future of sustainable residential development. In FY2024, we collaborated with the GBCA to develop a tailored Green Star Buildings certification process for apartments. The Green Star Buildings – Apartments Pathway aims to set new standards for energy efficiency, air quality, access to natural daylight and thermal and acoustic comfort, while also enhancing urban resilience.

The Green Star Buildings – Apartments Pathway is set for launch in early 2025 and we are proud to be at the forefront of testing and refining industry best-practice benchmarks.

185 Wharf Street, Brisbane

Artist impression. A Cbus Property residential development

[28] Cbus Property Pty Ltd is a wholly-owned entity of United Super Pty Ltd Super and is responsible for the development and management of a portfolio of Cbus Super's property investments.

Infrastructure

Our continued investment in the energy transition

We've invested more than $750 million[29] in wind and solar energy opportunities in Australia and overseas.

We're also working with governments and our industry partners to identify further opportunities to invest in Australia's energy transition. And we have approximately $1.2 billion[29] invested in energy transmission and distribution assets locally that will play an integral role in Australia meeting its net zero emission targets.

As mentioned in last year's report, we acquired a 10% interest in Star of the South, Australia's most progressed offshore wind project. It is located 10 kilometres off the Gippsland coast, between Port Albert and Woodside Beach. If developed to its full potential, Star of the South would generate up to 2.2 GW of new capacity, powering around 1.2 million homes across Victoria.

In May this year, we welcomed the announcement from the Australian Government that Star of the South had secured one of the first feasibility licenses in the country for offshore wind. This was an important step in the development of the project with a feasibility license needed to start investigating and planning an offshore wind farm.

This project will play a critical role in our country's energy transition and will deliver thousands of jobs over the life of the project and it's yet another example of how we proudly invest in our members' best financial interests in the industries where our members work.

The bigger picture

Globally, we have been investing alongside a range of partners in wind, solar and battery projects both operating, and in development. In September 2023, we invested in PowerOn[30] that consists of two pure renewable energy platforms:

- Blue Elephant Energy, headquartered in Germany, is an independent power producer engaged in developing, owning and operating renewable energy assets primarily in Europe
- Opdenergy is an independent power producer located in Spain that focuses on OECD countries. The business operates as a vertically integrated developer, builder and operator of solar PV, wind and storage assets.

Looking forward

We are continuing to work with governments at federal, state and local levels both on the funding and policy models that will attract greater investment into the transition. This is because we and our members and stakeholders want us to do more. As always, these investments must meet our risk and return objectives.

Blue Elephant Energy

BEE's solar farm in Schiersfeld, Germany

Blue Elephant Energy (BEE) is a fast-growing renewable energy platform that focuses on developing, acquiring, and operating solar parks and wind farms. More than 70% of generation capacity comes from solar.

Since inception in 2016, BEE has expanded its platform to around 1.6 GW of generation capacity across eight countries, primarily in Europe. There is also 3.9 GW of capacity in development.

BEE's renewable energy assets contribute significantly to sustainable energy supply. By the end of 2023, BEE had saved 3,016,623 tons of CO^2 and had supplied 2,398,323 households with clean energy. BEE is also involved with social projects across education, the environment and health care that directly benefit the local population in which its assets and projects are located.

BLUE ELEPHANT ENERGY

[29] As at 31 March 2024.
[30] This investment in PowerOn is through Antin Infrastructure Partners Fund V.

Centinela and Arlington Valley solar farms

We are also invested in a portfolio of renewable solar assets in the US, comprising 427 MW of operating solar resources in strong solar resource regions.

The main assets in the portfolio are:

- Centinela Solar Energy (Imperial County, California) – a 252 MW solar PV power plant encompassing over 875,000 solar panels spread over a 1600 acre site.
- Arlington Valley Solar Energy (Maricopa County Arizona) – a 175 MW solar PV power plant encompassing 600,000 solar panels spread over a 1160 acre site.

Each solar plant uses commercially proven and efficient technology and is fully contracted under long-term power purchase agreements. The projects achieved commercial operations between 2011 and 2014. Together, these two solar plants are estimated to supply around 113,000 homes of equivalent electricity and align with our commitment to reducing emissions, while building on our investment strategy to deliver stronger returns for our members.

Direct debt

Lending to help tackle housing affordability

Cbus Super, a community housing provider, two property developers and Development Victoria joined forces to help tackle the housing crisis in Victoria.

In early 2021, we provided a debt facility to the property developers to finance the construction of a new high rise social and affordable apartment complex in Parkville, Melbourne. The structure, terms and conditions of the construction facility offered an attractive risk return for Cbus members.

Construction commenced in September 2021 and was completed in August 2023. The 16-storey (basement and ground level through to level 14) residential apartment block contains 96 one-bedroom and 55 two-bedroom units.

The property is now owned by a community housing provider who has advised that the apartments, which are intended to be operated in perpetuity as social housing, are already home to 210 adults and children. Residents benefit from strong links to public transport, parklands, employment precincts and a wide range of public and private services, including shops, schools, hospitals and places of worship.

This project is a great example of how government, the private sector, not-for-profit community housing sectors and superannuation funds can work together to address societal challenges and the housing crisis.

From left to right, Anne Moal, Linda Cunningham and Kester Felton from the Cbus Debt Team inspecting the Parkville development site.

6

Climate change

We believe that a fair and fast transition to a low carbon economy will generate the best opportunities for our members, through better investment returns, the creation of new jobs, and lowering the cost of living. Achieving this will require participation of governments, business, investors and industry and a focus on real world impact.

Cherry Tree Wind Farm, Seymour, Victoria

A Cbus infrastructure investment

Climate change outlook

Risks and opportunities

From an investment perspective, climate change creates both risks and opportunities that we need to assess and understand to achieve the best financial outcomes for our members. These risks will change depending on how the world responds to climate change, and how successful we are at limiting global warming.

2023 confirmed that the energy transition continues to move too slowly, with last year identified as the warmest year globally on record, averaging 1.45°C above the pre-industrial average[31]. In conjunction with this, global CO^2 emissions from the burning of fossil fuels rose 1.1% in 2023 to reach a new record high of 37.4 billion tonnes[32].

As temperatures and emissions both continue to rise, investors face increasing exposure to transition risk and opportunity, and physical and market risks. Transition risk and opportunity stemming from the global attempt to reduce emissions, physical risks from the increase in extreme weather events as temperatures rise, and market risk from investors reacting to climate change impacts.

Physical risks

2023 marked Australia's eighth hottest year on record, with a broad range of record-breaking extremes seen across the country: cyclones, heat waves, extreme rain and storms. Globally, we saw unprecedented wildfires in Canada, heatwaves in Europe and South America, and extreme flooding in Africa and India[33].

From an investment and business perspective, there was an estimated $300 billion in direct physical damage and business interruptions in 2023, with a record number of events causing over $1 billion in damages[34].

In a future where we don't successfully transition to a low carbon economy we will not only see a continued rise in extreme weather events, but these events will increasingly become compounding and make it difficult for businesses and communities to respond and recover. The impacts of these events will be systemic, meaning they will flow through the economy and society. They will increasingly impact our physical and mental health, our ability to work and live in certain locations, and our cost of living as food and water security decrease and insurance and adaptation costs increase[35].

Transition risks and opportunities

Transition risks and opportunities occur as the world transitions to a low carbon future; businesses may see changes in the value of their assets or their cost of doing business because of changes in policy, technology or consumer preferences. Businesses face increased transition risks when climate policy is uncertain or inconsistent, in situations where policy and technological developments happen at speed, or when the business' preparations for the transition are inadequate.

In Australia we have seen continued progress in terms of climate policy certainty during FY24. Key progress has included:

- **Future Made in Australia –** aimed at driving investment to support Australia's energy transition
- **National Interest Framework –** where the Australian Government has identified 5 key industries as being important to Australia's net zero transformation and economic resilience[36]
- **Sustainable Finance Roadmap –** identifies 10 policy priorities aimed at mobilising private capital to achieve net zero
- **Mandatory Climate Disclosures –** whereby Australian companies will have to disclose their exposure to climate risks and opportunities
- **Net Zero Economy Authority –** tasked with promoting an orderly and positive transition to net zero with a focus on regional communities and workers.

Globally, elections in Europe and the US have been a cause of policy uncertainty. Positively, in the US, the Inflation Reduction Act (IRA) is already having an impact with 3.4 million Americans benefiting from energy efficiency upgrades to their homes, 250,000 claiming the electric vehicle tax credit, and companies announcing $900 billion in clean energy and manufacturing investments[37]. In China, the roll out of renewables continues at speed with wind and solar capacity potentially surpassing coal for this first time within China's energy system in June this year[38].

Across the globe, the ability of politicians to develop climate policy that is fair for all remains key in fostering support for the energy transition.

31 World Meteorological Organization.
32 IEA (2024). CO2 Emissions in 2023. https://www.iea.org/reports/co2-emissions-in-2023.
33 Bui et al (2024). The State of Weather and Climate Extremes 2023. https://climateextremes.org.au/the-state-of-weather-and-climate-extremes-2023/.
34 Gallagher Re (2024). Natural catastrophe and climate report: 2023. https://www.ajg.com/gallagherre/news-and-insights/2024/january/2023-natural-catastrophe-and-climate-report/.
35 IPCC (2022). Summary for Policymakers. Cambridge University Press. https://www.ipcc.ch/report/ar6/wg2/chapter/summary-for-policymakers//.
36 The 5 key industries are: renewable hydrogen, green metals, clean energy manufacturing and supply chains, critical mineral processing, and low carbon liquid fuels.
37 White House Fact Sheet (2024). https://www.whitehouse.gov/briefing-room/statements-releases/2024/08/16/fact-sheet-two-years-in-the-inflation-reduction-act-is-lowering-costs-for-millions-of-americans-tackling-the-climate-crisis-and-creating-jobs/
38 https://www.rystadenergy.com/news/china-wind-solar-coal

Market risks

Market risk arises when investors overreact to real world climate change events; when a sudden extreme weather event or policy change causes a sudden change in investor behaviour (also known as sentiment shock). Investors also need to be aware of how climate risk is being priced into investment valuations, as a failure to price in future risk can result in a sudden negative correction in value as investors realise the extent of these risks.

Evidence suggests that investors are not yet adequately pricing in climate risks, particularly physical risks, which leaves investors exposed to both sentiment shock and pricing in events especially if extreme weather events continue to increase[39,40]. Cbus has been a strong supporter of the need for growth in climate disclosures, and increased granularity and sophistication of climate scenario analysis to help investors better assess and price in their exposure to climate risks.

Liability risks

Governments, companies and investors are also exposed to climate litigation. Cases can stem from perceived inaction on climate, perceived inadequate action on climate, or perceived misrepresentation of climate action. The annual report on global trends in climate change litigation found that over 200 new cases were filed in 2023, and that while the majority are in the US, climate litigation has spread to more countries around the world[41].

Our response to climate change

The companies and assets we invest in are exposed to climate change-related transition, physical, and liability risks. As an investor we are also exposed to climate change-related market risks. In addition, as a long-term investor with a very diversified portfolio, also known as a 'universal investor', we are exposed to climate change-related systemic risks - the volatility and performance consequences of economy wide environmental and social impacts brought on by climate change.

We also know that uncontrolled climate change would impact our members in multiple ways – reducing their investment returns as they look to retire, impacting their ability to work and live in certain locations, increasing their energy, resilience, and insurance costs, and impacting their health and the social cohesion of the communities they live in.

For these reasons climate change remains a key priority.

Hornsdale Wind Farm, Jamestown, South Australia
A Cbus infrastructure investment

[39] Faccini et al (2023). Dissecting climate risks: Are they reflected in stock prices? Journal of Banking & Finance, 155 (106948). https://doi.org/10.1016/j.jbankfin.2023.106948.
[40] DeNederlandscheBank (2022). Pricing of climate-related risks in financial markets. https://www.dnb.nl/media/dvpdrakl/pricing-of-climate-related-risks-in-financial-markets.pdf.
[41] Setzer and Higham (2024). Global Trends in Climate Change Litigation: 2024 Snapshot. Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science. https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2024/06/Global-trends-in-climate-change-litigation-2024-snapshot.pdf.

Climate change governance

Our Board

The Board is responsible for approving the Investment Objectives, Investment Strategy, and Investment Governance Framework. In this role, the Board approves our Risk Appetite and the Climate Change Position Statement and also has final approval on the climate change work program, including climate change roadmaps and other initiatives.

Our Investment Committee

The Investment Committee is responsible for monitoring our climate change work program, including actions within the climate change roadmaps. The Investment Committee also endorses key climate initiatives to the Board for approval.

Both the Board and Investment Committee attend an annual climate change strategy session, and members of the Board and Investment Committee attend various responsible investment and climate-related conferences. Progress on our Climate Change Roadmap actions are reported to Investment Committee every six months, progress towards carbon reduction goals is reported every 12 months.

Our Risk Committee

The Risk Committee is responsible for our Risk Appetite Statement, our appetite for climate-related risks is captured within the investment ESG material risk. At least annually, responsible investment risks, including climate change, are formally reviewed by the Risk Committee. Controls relating to progress towards carbon reduction goals are monitored by the Risk Committee and escalated to the Board if progress falls outside the agreed trajectory.

Chief Investment Officer (CIO) and Head of Responsible Investment

The CIO has delegation to commit to external advocacy that aligns with the Climate Change Position Statement and the Responsible Investment Policy. The CIO is ultimately accountable for climate change matters. The Head of Responsible Investment has delegation to approve voting positions, including those related to climate change, and is responsible for implementing the climate change strategy.

Climate Advisory Committee

The Climate Advisory Committee includes leaders from across the Investment Team and Fund to guide and shape the strategic direction of our response to climate change. This committee endorses key climate initiatives to the Investment Committee and is updated on the progress of the energy transition annually.

Forum for Investment Risk Management

The Forum for Investment Risk Management (FIRM) includes the CIO and key risk and operations staff from the Investment Team. The FIRM monitors and reviews the development of ESG-related key risk indicators, including indicators related to our climate goals.

Responsible Investment Forum

The Responsible Investment Forum includes the CIO and Head of Responsible Investment. The forum reviews and supports the development of ESG integration initiatives, including those related to climate.

Responsible Investment Team

The Responsible Investment Team is responsible for working with management to develop and execute the climate strategy. The team is also responsible for monitoring and reporting progress across the strategy and managing climate-related key risk indicators and controls.

The Investment Team

The Investment Teams are responsible for implementing key aspects of the climate strategy.

Climate change strategy

There are several pillars within our climate change strategy.

1. A Climate Change Position Statement that clearly articulates our view that a net zero transition is the best outcome for our members. This position underpins our policy advocacy work within the climate space.
2. A set of public goals that aim to support the transition of our global economy to a low carbon future and limit global warming. These goals focus on reducing emissions, investing in companies and assets that support climate change mitigation and adaptation, and engaging with companies to facilitate a fast and fair transition towards a low carbon future.
3. A set of climate change principles that capture our beliefs across a number of key areas and support our ability to manage climate change risks and opportunities as well as our ability to meet our climate change goals.
4. A Climate Change Roadmap that outlined specific actions we aimed to complete by 30 June 2024.

Our climate change goals

Net zero portfolio emissions by 2050*

Our net zero goal refers to financed scope 1 and 2 emissions; that is, the emissions we finance through our investment and lending activities. Our goal currently encompasses over 70% of our portfolio including listed equities, property, infrastructure, and a subset of our credit and private equity portfolios. These are the asset classes we are currently able to measure. As we become able to measure additional asset classes, they will then be included in our net zero goal.

Contribute to a 45% reduction in real world emissions by 2030*

(Compared to a 2019 baseline)

Our 2030 goal focuses on a connection to real world decarbonisation.

To track our progress against our 2030 scope 1 and 2 goal, we use carbon 'intensity' (rather than 'absolute' carbon emissions). This allows us to account for growth in our portfolio over time, however the challenge with measuring carbon intensity is that it constantly changes as investment markets fluctuate.

Given our commitment to transparency, and our desire to measure real world impact, we adjust for changes in asset valuations so our carbon intensity reductions are not overstated. This more conservative approach corrects the potential overstating or magnifying effect that growth in asset valuations can have on our reported carbon intensity reduction, and also gives us a clearer view of where we are in the journey towards net zero.

See our progress towards our 2030 goal on page 69.

Allocate capital to climate-related investments

This goal replaces our initial goal of allocating 1% of funds under management (FUM) to climate-related investments.

Our initial goal was, in part, established to encourage investment and knowledge sharing across our portfolio.

In 2023, we developed an internal framework to measure our exposure to climate change investments across the portfolio and identified that we had far exceeded our 1% goal.

This level of maturity in our exposure to climate change investments demonstrated that an evolution in our approach away from a standalone 1% allocation was warranted. The decision was made to absorb all investments within the 1% allocation back into their relevant asset classes, and to continue monitoring our exposure to climate change investments across the portfolio annually. As part of our Climate Action Plan, which is currently being developed, we will determine whether a portfolio-wide goal is appropriate.

See our climate change investment section on page 66.

Engage with our priority list of Australian listed equity companies

Our climate change engagement strategy has historically focused on the 20 Australian listed equity companies who contribute most to our portfolio carbon footprint, with the aim of improving their responses to climate change.

From FY25 onwards, we will use an evolved materiality assessment to focus on a shorter and more impactful list of priority companies. We aim to engage with these companies either directly or through participation with others. The aims of our engagement are unique to each company but typically seek improved governance practices, enhanced responses to climate risk and appropriate disclosures.

Our engagement progress across FY24 can be found on page 40.

* While we will work to expand the asset classes covered by our net zero goal, with a near-term focus on increasing coverage across our external credit portfolio and private equity, certain asset classes are currently excluded:

Cash and cash-like investments due to a lack of suitable methodology

Sovereign Bonds are excluded due to both a lack of standard methodology and the defensive role this asset class plays within the portfolio, balancing our equities exposure.

Climate change principles

Last year we developed a cohesive set of climate change principles to support our ability to manage climate change risks and opportunities as well as our ability to meet our climate change goals.

These principles capture our beliefs across several key areas and are outlined at a high level in the table below. Work has begun on implementing these principles with examples provided across this report. Additional work will be done over the next 12 months to implement the remaining principles.

Our Climate Change Principles	Status	Read more
We will set long term (2050) and interim (2030) carbon reduction goals.	✓	
We will advocate for an orderly and equitable transition to a low carbon economy.	✓	Advocacy
Our strategies for reducing greenhouse gas (GHG) emissions will remain connected to a real world impact.	✓	2030 progress
We will invest in climate change mitigation and adaptation.	✓	Climate change investments
We will invest in the transition.	✓	Stewardship
We will consider the consequences of climate change within our investment strategy and portfolio construction processes.	✓	Climate scenario analysis
We will incorporate climate change into our Stewardship Strategy.	✓	Stewardship
We will focus our engagement efforts where risks are material, and we have the ability to influence.	✓	Stewardship
We will assess the exposure of our investments and their supply chains to climate-related risks and opportunities.	✓	
Transition plans should incorporate a fair transition for workers and communities.	✓	
We will uplift reporting to align with reporting standards.	✓	
We will measure the alignment of our holdings with a 1.5°C future.	✓	
Transition plans should prioritise real emission reductions.	✓	
We will develop a decarbonisation strategy for our operational emissions.	✓	

✓ A green tick indicates the principle has been implemented.

✓ An orange tick indicates work is in progress but the principle is not yet fully implemented.

Two areas of recent uplift have been in our advocacy and our climate scenario analysis. We have increased our focus on policy advocacy, as outlined in Section 2 of this report, as we believe that strong and coordinated policy settings are needed to support an energy transition that is smooth and fair for all Australians. The uplift in our scenario analysis, outlined on pages 63-64, also supports our advocacy work. Our scenario analysis is key to our understanding of the costs we face in a world that doesn't transition to net zero, costs we believe will be avoided by a fast and fair transition.

Our climate change principles will be reviewed regularly so they remain appropriate and continue to support the transition of our portfolio and the economy at large. They are underpinned by a number of assumptions, namely that the economy will decarbonise, that companies will successfully meet their climate change targets and that policy will support a coordinated and fair transition to net zero.

Evolution - climate change roadmaps to climate action plan

Cbus has traditionally used climate change roadmaps to identify key actions that we aim to achieve over a 2-year period within our climate work. We released our first climate change roadmap back in 2018, and this year sees the completion of our third roadmap – the 2022 Action and Measurement Roadmap.

Within the 2022 roadmap we achieved a significant uplift in several areas of our climate work:

- Increase in engagement with investment managers and assets across equities, infrastructure, property and private equity
- Rise in climate-related policy advocacy
- Increased transparency of reporting against Cbus climate change goals.
- Continued improvement in breadth and depth of climate metrics; financed emissions coverage of the portfolio, measurement of climate change investments across the portfolio, investigation into transition and physical risk metrics
- Increased sophistication of climate scenario analysis.

The full list of actions against this roadmap can be found on page 82.

We are now at the stage where the work we are doing within the climate space is often long running and cannot be achieved within a 2-year period. To reflect this, we are evolving our approach and developing a Climate Action Plan. This plan will capture short term actions, ongoing actions that become part of our business as usual (BAU), and longer-term risks and opportunities that require research and engagement with key stakeholders to develop an appropriate approach.

Once developed, our Climate Action Plan will be a living document which we will update and refresh as needed.

Climate scenario analysis

Climate scenario analysis helps investors assess financial and societal risks and opportunities that arise under different possible futures. During FY24 we continued to develop our climate scenario analysis, focusing on a quantitative approach while also refreshing our narrative scenarios.

At this stage we are using our scenario analysis, both quantitative and narrative, to support our policy advocacy work, to underpin Board and Investment Team training, and to feed into the development of our Climate Action Plan.

Working with Ortec Finance

In FY24, Cbus began working with Ortec Finance, a global provider of technology and solutions for risk and return management. This was driven by our desire to expand our climate scenario analysis and to enhance our understanding of possible climate futures. At this stage, we have worked with the five climate scenarios developed by Ortec Finance, shown below. These scenarios utilise the Cambridge Econometrics E3ME model, a model that is widely used by policy makers and international institutions to assess the economic impacts of energy and climate-related policies.

Net zero
1.5˚C
An urgent transition that has minimal negative impact in the short term and avoids physical risks in the long term.
Short term
Moderate transition risk
low physical risk

Disorderly net zero
1.5˚C
An urgent and sudden transition that avoids physical risks in the long term but has high transition risk in the near term.
Short term
Severe transition risk
low physical risk

Delayed net zero
2.0˚C
A belated step up in policy action limits exposure to physical risks.
Medium term
Moderate transition risk
moderate physical risk

Limited action
2.6˚C
Limited action means the world falls short of meeting emission targets.
Medium term
Low transition risk
high physical risk

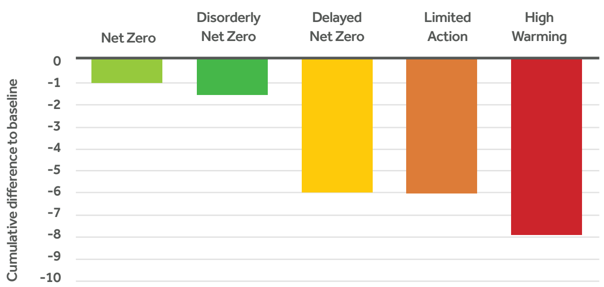
High warming
3.7˚C
No further action is taken to limit climate change, leading to severe physical risks.
Long term
Low transition risk
severe physical risk

Temperature indicates change in temperature by 2100 relative to pre-industrial period.

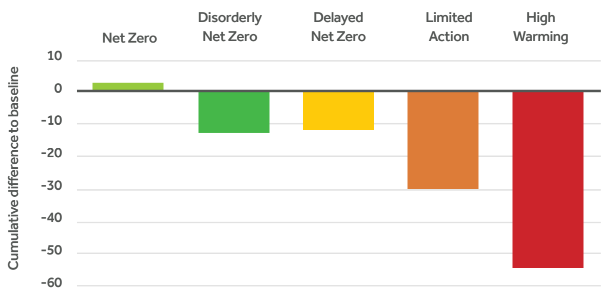
We have used the Ortec Finance climate scenarios to understand the impact of different climate futures on key economic and financial metrics, as demonstrated in the graphs below. The graphs show the cumulative impact of different climate futures on US Gross Domestic Product (GDP) and global equity returns out to 2050*, as compared to a baseline where climate change has minimal impacts on the economy.

Under a net zero transition, both US GDP and global equity returns are largely in line with baseline expectations. In contrast, in a high warming future US GDP and global equity returns are both substantially reduced compared to the baseline, with cumulative global equity returns over 50% lower by 2050.

US GDP - 2050



GLOBAL EQUITY RETURNS - 2050



Note that both measures show the cumulative difference between 2024 and 2050, compared to a baseline that has 2-3°C of warming (the world's current trajectory) with low transition and physical risks, reflective of a world where climate change and climate policy have minimal impacts on the economy. Results were obtained using the Ortec Finance Climate Scenarios 2024, Version 1.0.

* We have shown US GDP here as the US is the largest contributor to global GDP. We recognise that GDP is not a good measure of human and environmental wellbeing but have used it here for ease of recognition and understanding to demonstrate financial impact to the economy at large. We have shown global equity returns to demonstrate the impact to global investors, as most are exposed to global equities within their portfolio.

The analysis demonstrates that an orderly transition to net zero would enable investors to navigate their exposure to transition risk with minimal impact to their long-term returns. Under a high warming or even a limited action scenario, investors would be increasingly exposed to physical impacts that would have a more significant impact on their ability to generate long-term returns.

These findings demonstrate that an orderly transition to net zero remains the best outcome for global investors. Universal Investors such as Cbus, who invest across the globe, would be better placed to provide strong, long-term returns to members under a net zero transition.

This work supports our policy advocacy, where we have engaged with government to establish policy settings that support a fast and fair transition to net zero, and also underpins the climate change goals we have set which are aimed at supporting this transition.

We have also worked with Ortec Finance to complete an initial analysis of our portfolio, to understand how different asset classes and geographic exposures perform under different climate futures. We plan to socialise this work with our Investment Committee and Investment Team, and use our Climate Action Plan to develop this work further by potentially developing Australia-specific scenarios. The analysis will help inform our understanding of climate risks across our portfolio.

As with all scenario work, this work is based on the underlying assumptions built into Ortec Finance's climate scenario modelling framework. We believe these models align well with our narrative scenarios, and better reflect the systemic impacts of climate change than our previous work. A summary of assumptions and limitations can be found in our **2024 Responsible Investment Data Pack.**

At this stage we have continued to incorporate climate change into our investment return assumptions using our existing approach which leverages NGFS[42] scenarios.

205 North Quay, Brisbane
Artists impression. A Cbus Property commercial office development

[42] NGFS = Network for Greening the Financial System, further detail on our approach can be found in our 2023 Responsible Investment Supplement.

Cbus narrative scenario analysis

We continue to also use a narrative approach to scenario analysis to better understand the systemic impacts of climate change, to help us consider the impacts to our members under different possible futures, and to enhance our understanding of the interplay between climate change and nature and biodiversity loss.

This year we have tried to align our narrative analysis with the scenarios used in our work with Ortec Finance above.

<table>
<tr><th></th><th>Net zero</th><th>Delayed net zero</th><th>Disorderly net zero</th><th>Limited action</th><th>High warming</th></tr>
<tr><td></td><td colspan="3">1.5–2°C</td><td>2–3°C</td><td>3–4°C</td></tr>
<tr><td>Extreme events [43]</td><td colspan="5">As temperatures rise, we will see an increase in severity and regularity of extreme weather events.
We also see an increase in compound events – when multiple events combine – increasing damage and reducing our capacity to respond.
If global warming stabilises, some climate impacts will be stopped, some will be slowed, but some are irreversible for centuries to come.</td></tr>
<tr><td>Tipping points [44,45]</td><td colspan="5">As temperatures rise above 1.5˚C and then 2˚C of warming and beyond, the world is likely to pass several climate tipping points; doing so causes unstoppable change in the climate system even if global warming is subsequently stabilised.</td></tr>
<tr><td>Nature and Biodiversity [46,47]</td><td colspan="3">Limiting global warming to 1.5°C brings co-benefits through increased protection of biodiversity, reduced pollution and a broader range of viable adaptation solutions.</td><td colspan="2">Adaptive ability of ecosystems is exceeded at 2°C, ability of biodiversity to protect against climate change is reduced.</td></tr>
<tr><td>Health [48,49]</td><td colspan="3">Reduced pollution leads to improved health outcomes and reduced mortality.
Negative health impacts of increased global warming are avoided.</td><td colspan="2">Increased heat-related mortality.
Increasing pollution leads to increased morbidity (asthma, dementia, cardio-respiratory).
Increased injury/mortality from extreme weather events.
Increased water-borne and vector-borne diseases.
Increased mental health issues, both near-term (anxiety, post-traumatic stress) and long-term (linked to displacement and disrupted social cohesion).</td></tr>
<tr><td>Workers and Communities [50,51]</td><td colspan="2">New jobs are created.
Impacted workers and communities are supported.</td><td>Increased risk of an unfair transition for workers.
Potential for skills shortages.</td><td colspan="2">Worker safety and productivity impacted by increasing extreme weather.
Consumers face increasing insurance and resilience costs.
Areas become uninsurable and uninhabitable, migration and relocation increases.</td></tr>
</table>

43 IPCC (2023). Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_FullVolume.pdf
44 IPCC (2023).
45 McKay et al (2022). Exceeding 1.5°C global warming could trigger multiple climate tipping points. Science, 377 (6611).
46 IPCC (2023).
47 Pörtner et al (2021). IPBES-IPCC co-sponsored workshop report on biodiversity and climate change. IPBES and IPCC. DOI:10.5281/zenodo.4782538.
48 Shindell et al (2021). Temporal and spatial distribution of health, labor, and crop benefits of climate change mitigation in the United States. PNAS 19(46).
49 IPCC (2023).
50 International Labour Office (2019), Working on a warmer planet: The impact of heat stress on labour productivity and decent work. https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_711919.pdf
51 IEA (2023), Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach, IEA, Paris https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach.

Climate change investments

Key to facilitating the energy transition is increasing investment in activities that support climate mitigation and adaptation, and supporting those companies actively transitioning towards a low carbon state.

Evolution – from a 1% allocation to measurement across the portfolio

In 2018, Cbus introduced a goal of allocating 1% of FUM to climate change investments. The aim was to create a multi-asset class allocation that would have its own return objective and would be managed as standalone sub-asset class. A secondary aim of this allocation was to share learnings from the 1% allocation across our Investment Team, so that in time we would see climate change investments increase across the portfolio.

In FY23, in an effort to increase the robustness of our 1% climate allocation, we developed an internal framework to assess the credibility of investments that sat within this allocation. The framework established a list of activities we believe contribute to climate change mitigation and adaptation, and defined a climate change investment as a company or asset where at least 50% of revenue is aligned to one of these activities. In addition, to qualify as a climate change investment, the company or asset must have no involvement in new (greenfield) coal, oil or gas exploration and/or extraction projects.

In last year's report, we used this framework to assess the investments within our 1% allocation. We also used the framework to consider our exposure to climate change investments across the portfolio, finding that $8.9 billion or 10.5% of FUM was invested in what we considered to be climate change investments as at 30 June 2023.

This finding has resulted in an evolution in our approach to climate change investments within our portfolio. Having achieved the aim of our 1% allocation, this year the decision was made to move away from our 1% goal and focus on measuring climate change investments across the portfolio. The investments that had previously sat within our multi-asset class 1% climate allocation were absorbed back into their relevant asset classes.

We continue to monitor our exposure to climate change investments, and will determine whether a portfolio-wide goal is appropriate as we develop our Climate Action Plan. We will continue to adapt our approach as methodologies and taxonomies evolve. Within Australia, the sustainable finance taxonomy is being developed but is not yet available for use.

Climate change investments across our portfolio

$9.2b
(9.7% of FUM)

Using our internal framework we have measured climate change investments across our portfolio as at 30 June 2024, finding that $9.2 billion or 9.7% of FUM was invested in what we consider to be climate change investments.

As with last year, the majority of these investments sit within our property portfolio, with investment managers in this sector actively transitioning their buildings towards net zero carbon emissions by 2030, leading the way in an asset class where technology exists to enable net zero emissions ahead of 2050.

This year we also saw increased exposure within our infrastructure portfolio, largely due to increased data availability which enabled us to identify a broader set of investments aligned with our internal framework.

While our dollar amount invested in climate change investments increased over the past 12 months, our % FUM in FY24 was slightly reduced compared to FY23 (9.7% in FY24 compared to 10.5% in FY23). This was largely due to increased data availability across our property managers which allowed us to be more robust in our assessment.

The list of qualifying activities and our methodology for assessing investments can be found in our **2024 Responsible Investment Data Pack.**

Climate overlays within our portfolio

In addition to climate change investments across the portfolio, a number of our quantitative equity strategies implement one or more climate overlays aimed at constraining carbon emissions and/or limiting exposure to potential stranded assets.

As at 30 June 2024, this included five quantitative strategies within our portfolio, representing 15% of our equities portfolio, and 8% of the total portfolio. Where applied, stranded asset exclusions consist of either an exclusion utilising the MSCI Low Carbon Transition Methodology, or exclusion of companies generating 10% or more of revenue from thermal coal mining. Constraints or adjustments for carbon emissions or the MSCI Low Carbon Transition Score may also be applied as relevant to each strategy.

Going forward, as additional internal quantitative strategies are developed, we plan to use a similar approach to implement climate overlays appropriate to each strategy.

Carbon metrics and goals

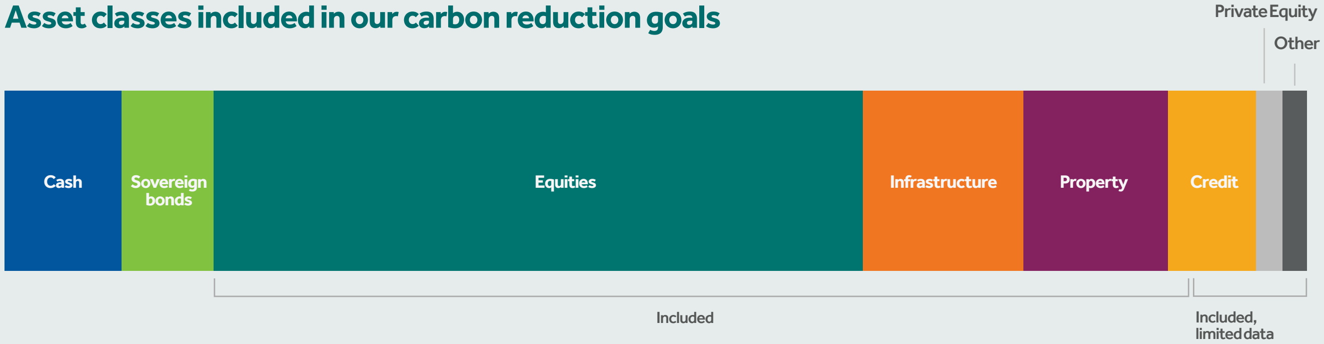
We have two climate change goals focused on reducing carbon emissions.

Net zero portfolio carbon emissions by 2050

Contribute to a 45% reduction in real world emissions by 2030

(Compared to a 2019 baseline)*

Asset classes included in our carbon reduction goals



* Represents total Cbus portfolio, indicative only

Our net zero goal includes those asset classes where we can measure our carbon footprint. Currently this includes equities, infrastructure, property and a subset of our credit and private equity portfolio. We have worked this year to expand the subset of credit instruments held by our external credit investment managers that we have included in our carbon footprint analysis, we have also worked to include some private equity data as a pilot for expanding our coverage into the future.

We aim to continue to expand our coverage of credit instruments and private equity over the next 12 months.

Carbon metrics

Metrics are an important component of our responsible investment approach, helping us to understand our progress, and improve transparency and accountability. We currently report on a range of metrics across our portfolio relating to our carbon footprint, adopting best practice principles and methodologies wherever possible. We also note that this is an area of significant evolution, with global standards and guidelines rapidly changing and improving, as they increase in sophistication and quality. We are committed to evolving our approach over time, in line with these developments including Australia's recently approved mandatory climate related financial disclosures.

As carbon emissions data lags by 12-18 months, the latest data available is for FY23.

Metrics summary

Financial year	2023	2022*	2021*	2020*	2019*
Financed scope 1 and 2 emissions - net zero and 2030 goal					
Asset classes included in financed scope 1 and 2 emissions	Equities Property Infrastructure Credit Private Equity	Equities Property Infrastructure Credit	Equities Property Infrastructure Credit	Equities Property Infrastructure Credit	Equities Property Infrastructure Credit
% total portfolio included in financed scope 1 and 2 emissions	72.11%	71.33%	72.42%	65.33%	66.24%
Total financed scope 1 and 2 emissions (tCO_2e) *(across equities, infrastructure, property, and a subset of private equity and instruments in external credit portfolio)*	2,376,786	1,927,233	1,770,036	1,597,505	2,035,649
$M invested *(across equities, infrastructure, property, and a subset of private equity and instruments in external credit portfolio)*	$61,442	$50,536	$47,492	$35,395	$34,836
Coverage of asset classes include in carbon metrics**	95.67%	94.35%	95.57%	95.75%	94.22%
Financed scope 1 and 2 emissions intensity (tCO_2e/$M invested) *(across equities, infrastructure, property, and a subset of private equity and instruments in external credit portfolio; equivalent to EVIC weighted average carbon intensity)*	38.68	38.14	37.27	45.13	58.43
Emissions intensity change compared to baseline (2019)	**-33.80%**	**-34.74%**	**-36.22%**	**-22.76%**	**-**
Adjusted financed scope 1 and 2 emissions intensity (tCO_2e/$M invested) *(across equities, infrastructure, property, and a subset of private equity and instruments in external credit portfolio; financed emissions intensity adjusted for movements in asset valuations, more representative of our real world decarbonisation)*	47.76	44.17	49.58	54.41	58.43
Adjusted emissions intensity change compared to baseline (2019)	**-18.26%**	**-24.42%**	**-15.15%**	**-6.89%**	**-**
Annual guiderail for 2030 progress *(based on a linear trajectory to a 45% reduction by 2030 with 2019 baseline)*	-19.54%	-15.04%	-10.30%	-5.29%	
Financed scope 3 emissions					
Listed equities - financed scope 3 emissions (tCO_2e)	13,569,316	13,303,729	12,969,871	8,119,470	11,159,429
Coverage (%)	97.75%	95.32%	96.95%	96.14%	96.51%
Estimated (%)	18.24%	15.57%	17.87%	21.37%	25.21%
Unlisted property - financed scope 3 emissions (tCO_2e)	41,696	33,772	Unavailable (no property managers provided scope 3 emissions data for this period)		
Coverage (%)	97.41%	100%			
Estimated (%)	unknown	unknown			
Infrastructure, credit and private equity - financed scope 3 emissions (tCO_2e)	Unavailable				
Unlisted property managers					
Scope 1 and 2 carbon intensity ($kgCO_2e/m^2$) *Targeting net zero 2030*	21.14	31.59	24.68	33.69	45.75

Equities weighted average carbon intensity (WACI) - revenue (in USD terms)

Financial year	2024	2023*	2022*	2021	2020	2019
Scope 1 and 2 carbon intensity by revenue of equities portfolio *(Revenue weighted average carbon intensity)*	136.97	140.44	133.78	134.07	181.10	223.94
Scope 1 and 2 carbon intensity by revenue of equities portfolio blended benchmark *(Revenue weighted average carbon intensity)*	145.78	157.70	171.90	172.91	215.17	229.88

* Data restated as data completeness continues to increase across previous reporting years, and we expand coverage into new asset classes.

** An asset is excluded from the analysis if carbon or financial data is unavailable for the year of analysis and 2 previous years, cash and derivatives are excluded. Please see our 2024 methodology document for more details, information on our EVIC adjustment factors can be found in our 2024 Responsible Investment Supplement Data Pack.

Tracking progress towards our 2030 goal

Each year we report our portfolio carbon intensity (tCO_2e/$M invested) to track our progress towards our 2030 carbon reduction goal. We use carbon 'intensity' to track our progress (rather than 'absolute' carbon emissions) because this allows us to account for growth in our portfolio over time. However, as recognised by the Partnership for Carbon Accounting Financials (PCAF), the challenge with targeting a reduction in carbon intensity is that it constantly changes as investment markets and the value of the assets we invest in fluctuate[52].

We remain committed to transparently measuring and reporting our real world impact. We adjust for changes in asset enterprise values when assessing our progress towards our 2030 goal[53]. This is a conservative approach that helps correct the potential overstating effect that asset valuations can have on our reported carbon intensity reduction. Using the adjusted carbon intensity reduction figures provides us with a clearer indication as to where we are on our journey towards our 2030 and 2050 climate goals.

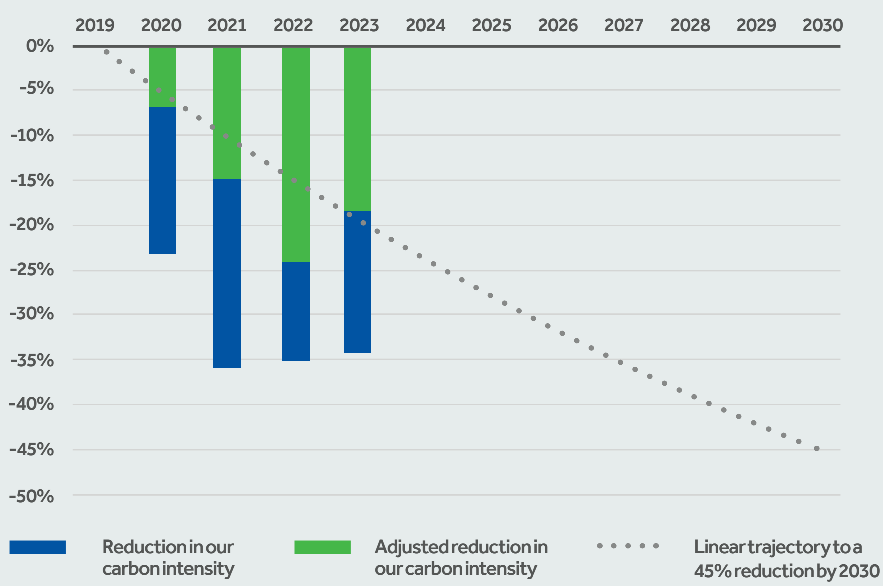
Our carbon intensity in FY23 across equities, infrastructure, property, and a subset of credit and private equity was 38.68 tCO_2e/$M invested. This represented a ~34% reduction compared to our 2019 baseline. When we adjusted for growth in asset enterprise values between FY19 and FY23, our reduction in carbon intensity for FY23 was 18%. We believe this is a better representation of our real world impact - the actual reduction in emissions achieved by the assets in which we invest.

To assess our progress towards our 2030 goal we use a linear trajectory to a 45% reduction by 2030 as our guiderail. This trajectory aims for a 5.3% reduction each year, and while we know our decarbonisation won't be linear as assets move in and out of our portfolio and decarbonise at different speeds, we believe this is a useful point of comparison.

While we continued to make progress in FY23, we fell just short of our guiderail trajectory. A linear progression towards our 45% goal would have produced a 19.5% emissions reduction, while our actual emissions reduction was 18.3%. The 18.3% achieved in FY23 was also less than the 24.4% achieved in FY22. There were several drivers of this result, including changes in asset emissions, our portfolio positioning and our data coverage. We note that a subset our credit and private equity strategies, which are more emissions-intensive, were included in FY23 but not wholly measured in previous years due to gaps in our data. In addition, we note that up-to-date emissions and EVIC[54] data for our listed equities has been a challenge this year. We will continue to restate our carbon metrics as we receive more up-to-date information (as we have done in previous years)[55]. We will look to undertake further work to understand the drivers of our FY23 result and identify if there are any mitigating actions that we can take in future.

To support our ability to meet our 2030 goal we will continue to implement our climate strategy. This will include continued focus on advocacy, the development of a new Climate Action Plan (page 62), implementation of our climate change principles (page 61), and the move to a more focused list of climate engagement priorities going forward (page 51).

Progress towards 2030 carbon reduction goal



*The chart shows the linear guiderail to reach a 45% reduction by 2030 (dotted line). Our actual reduction in financed scope 1 and 2 emissions intensity compared to baseline (2019) is shown in blue, our adjusted reduction in financed scope 1 and 2 emissions intensity compared to baseline (2019) is shown in green. We believe the adjusted reduction more closely represents our real world reduction in emissions (actual reduction in emissions by the assets we invest in). Data represents equities, property, infrastructure portfolios and a subset of credit and private equity instruments at 30 June 2019, 2020, 2021, 2022 and 2023. One of our methodology's limitations is the completeness of the available data, in FY23 only ~72% of our portfolio has the available data to inform this calculation. Data sourced from MSCI, investment managers and individual assets. Further information on our financed emissions and EVIC adjustment methodology can be found in our **2024 methodology document**, information on our EVIC adjustment factors can be found in our **2024 Responsible Investment Supplement Data Pack.** MSCI's analytics and data were used in the preparation of this report. Copyright 2024 MSCI. All Rights Reserved.*

52 PCAF (2022). Financed Emissions 2nd Edition. https://carbonaccountingfinancials.com/standard.

53 A review of the available enterprise value adjustment methodologies was undertaken this year as new approaches have been developed since we first implemented our approach, including an approach from PCAF. We have continued utilising our existing methodology, of which is built upon the European Union (EU) minimum standards for EU Climate Transition Benchmarks and EU Paris-Aligned Benchmarks. Further details on our methodology and its limitations are detailed in our 2024 methodology document.

54 EVIC = Enterprise value including cash.

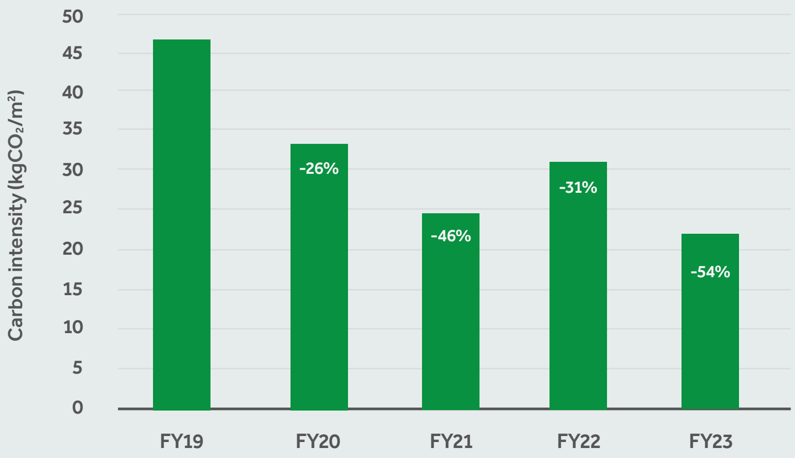
55 We note that our FY22 adjusted reduction was 20% when calculated for our FY23 Responsible Investment Supplement, whereas it is now 24% as we have incorporated more up-to-date data. We expect our FY23 reduction figure will change as we receive data updates from our external provider.

Tracking progress towards property net zero 2030 goal

We continue to track the progress of our unlisted property portfolio towards net zero by 2030. In FY23 the carbon intensity of our unlisted property portfolio reduced by 54%, as compared to our FY19 baseline.

Cbus Property, a wholly owned entity of Cbus and our largest exposure within our unlisted property portfolio, halved their emissions intensity in FY23 and was a significant contributor to our overall 54% reduction. In addition, several new investment managers were added to our unlisted property portfolio in FY23, all with low carbon intensity.

Carbon intensity of our unlisted property investment managers

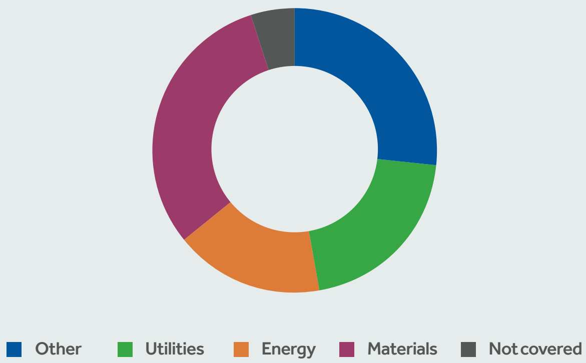


Data sourced from our property investment managers and reflects the scope 1 and 2 carbon intensity where investment managers have operational control from FY19 to FY23. Where available, market-based scope 2 emissions have been used to reflect the choice being made by managers to purchase renewable electricity. Further information on our methodology can be found in our ***2024 methodology document.***

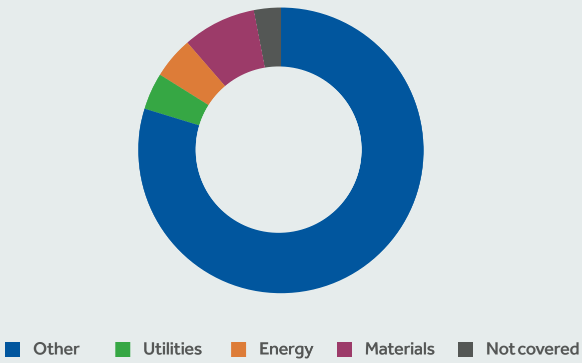
Sector emissions exposure

We know that transition risk tends to be most concentrated across the energy, materials and utilities sectors; those sectors directly involved in the use of fossil fuels. While transition risk does not stem solely from carbon emissions, the following charts show that our financed scope 1 and 2 emissions are likewise concentrated across the energy, materials and utilities sectors. These sectors contribute 68% of our financed scope 1 and 2 emissions while making up just 17% of the measured portfolio (listed equities, property, infrastructure and a subset of credit and private equity securities). Our measured FY23 exposure to the materials, utilities and energy sectors was in line with FY22, however their contribution to our financed emissions footprint fell from 77% (we note that some of this reduction may be due to data limitations, as there was a small proportion of our portfolio that did not have sector information).

Contribution to financed emissions



Market value



Data represents equities, property, infrastructure portfolios and a subset of credit instruments held by external credit investment managers at 30 June 2023. The "other" category includes real estate, information technology, industrials, healthcare, financials, consumer staples, consumer discretionary, communication services. One of our methodology's limitations is the completeness of the available data, only ~72% of our portfolio has the available data to inform this calculation. Data sourced from MSCI, investment managers and individual assets. Further information on our financed emissions calculations and methodology can be found in our ***2024 Responsible Investment Supplement Data Pack.*** *MSCI's analytics and data were used in the preparation of this report.*

7

Nature and biodiversity

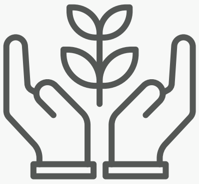
Nature and biodiversity loss has been a new focus area for us this year in recognition of growing research on the risks it presents to our portfolio, our economy and society, and its close connection to climate change.

We believe that developing our understanding and capabilities on this issue will help us protect members' investment returns by addressing these risks and strengthening our response to climate change. We expect nature and biodiversity loss to remain a key issue for our ongoing focus.

Granville Harbour Wind Farm, Tasmania

A Cbus infrastructure investment

The current state of nature and biodiversity loss

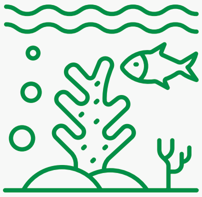


Nature

refers to the entire natural world, including land, freshwater, ocean and atmosphere[56].

Ecosystems

are areas where plants, animals and other organisms work together with non-living elements such as rocks and the climate to support ongoing life[57].



Biodiversity

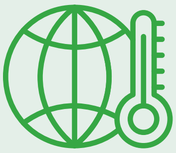
is an important part of nature, referring to the variety among living organisms across nature's domains. Biodiversity leads to higher performing, more resilient ecosystems[58].

In 2024, the World Economic Forum ranked biodiversity loss and ecosystem collapse as the third most severe global risk over the next 10 years, with the other three risks in the top four all environmental in nature[59]. This risk is driven by nature and biodiversity loss currently occurring at rates never seen before in human history. Between 1990 and 2020, 420 million hectares of forest globally was lost through deforestation, mostly due to agricultural expansion[60]. Since 1970, there has been an average 69% decrease in wildlife populations[61]. This concerning trend continues, with 25% of animal and plant species currently threatened worldwide, and the global extinction rate tens to hundreds of times higher than over the past 10 million years[62].

The five main drivers of biodiversity loss are a result of human activity:

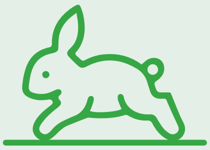
How we use our land and our oceans

How we use plants and animals in producing goods



Climate change

Pollution



Humans introducing new species into ecosystems that then have negative impacts[63]

56 TNFD (2023). Recommendations of the Taskforce on Nature-Related Financial Disclosures. https://tnfd.global/wp-content/uploads/2023/08/Recommendations_of_the_Taskforce_on_Nature-related_Financial_Disclosures_September_2023.pdf?v=1695118661.
57 National Geographic (2024). Encyclopedic entry - ecosystem. https://education.nationalgeographic.org/resource/ecosystem/
58 Convention on Biological Diversity (2022). Kunming-Montreal Global Biodiversity Framework. https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-04-en.pdf
59 World Economic Forum (2024). The Global Risks Report. https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf
60 UN Food and Agriculture Organisation (2020). The State of the World's Forests. https://openknowledge.fao.org/server/api/core/bitstreams/dfb12960-44ee-4ddc-95f7-bec93fbb141e/content
61 WWF (2022). Living Planet Report. https://wwflpr.awsassets.panda.org/downloads/lpr_2022_full_report_1.pdf
62 IPBES (2019). The global assessment report on biodiversity and ecosystem services: summary for policymakers. https://files.ipbes.net/ipbes-web-prod-public-files/inline/files/ipbes_global_assessment_report_summary_for_policymakers.pdf
63 IPBES (2019).

Relevance of nature and biodiversity loss to investment returns

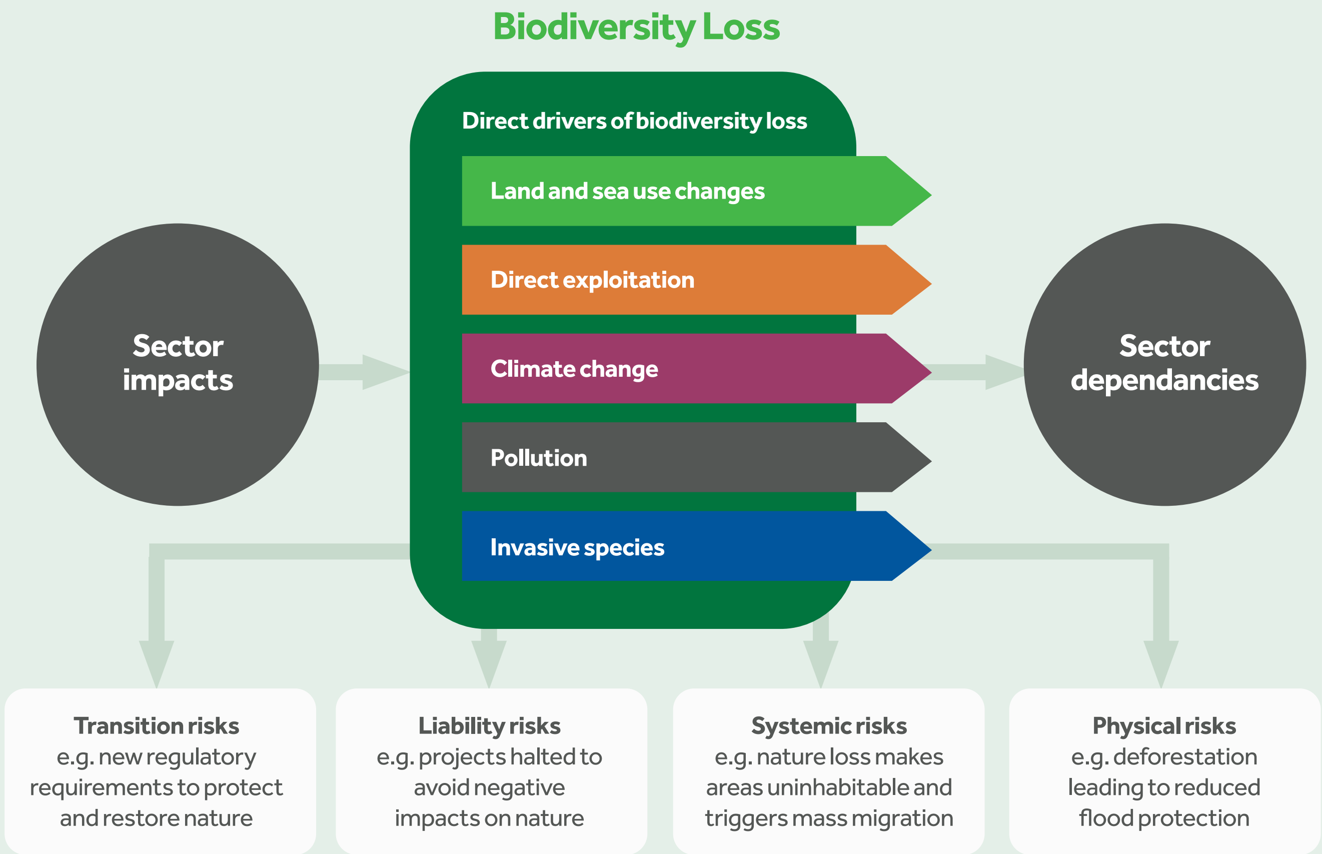
As an investor, loss of nature and biodiversity concerns us because all economic activity relies on and impacts the natural environment in some way. It is estimated that more than half of the world's total GDP is moderately or highly dependent on nature and its services[64]. High levels of biodiversity support healthy ecosystems on which the economy relies, providing services such as raw materials, clean water, flood protection, and tourism and cultural benefits[65].

We are concerned at growing evidence that nature and biodiversity loss would have spillover negative impacts to global food security, supply chains, societies and the financial system[66]. In this way, nature and biodiversity loss – like climate change – presents systemic risk.

Nature and biodiversity loss is connected to member returns in three ways:

1. **Direct risk to companies we invest in –** both through the availability of natural resources on which companies rely, and through growing regulatory and consumer pressure to respond to the issue.
2. **Systemic risk to all companies within our portfolio –** including companies that are not directly dependent on nature and biodiversity but will nonetheless be impacted by the behaviour of others.
3. **Its close connection to climate change –** nature and biodiversity is a key defence against the impacts of climate change, so we need to address its loss as one way to protect member returns in the face of a changing climate.

Nature and biodiversity loss generates different kinds of risk for sectors of the economy, based on the ways in which these sectors depend on, and impact, nature and biodiversity. For example, a beverage company may depend on a reliable supply of fresh water, while a nearby factory may release waste that impacts the quality of this fresh water source. The following diagram highlights the relationships between nature-related dependencies, impacts and risk[67].



64 World Economic Forum (2020). Nature Risk Rising. https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf.
65 Dasgupta and Levin (2023). Economic Factors Underlying Biodiversity Loss. https://royalsocietypublishing.org/doi/epdf/10.1098/rstb.2022.0197.
66 Ranger et al (2024). The Green Scorpion: the Macro-Criticality of Nature for Finance – Foundations for scenario-based analysis of complex and cascading physical nature-related risks. https://www.ngfs.net/sites/default/files/medias/documents/ngfs_occasional_paper_green-scorpion_macrocriticality_nature_for_finance.pdf.
67 Adapted from UN Principles for Responsible Investment (2020). Investor Action on Biodiversity: Discussion Paper. https://www.unpri.org/download?ac=11357.

2024 Nature and Biodiversity Roadmap

We are working to better understand our exposure to nature-related risks and take action to ensure we achieve the best financial outcomes for our members.

Our starting point has been to develop a Nature and Biodiversity Roadmap which contains strategic actions to guide our work on nature and biodiversity over the next two years. Our roadmap actions have been developed with reference to leading guidance and frameworks, such as the Taskforce on Nature-related Financial Disclosures (TNFD). We will report our progress annually against the roadmap.

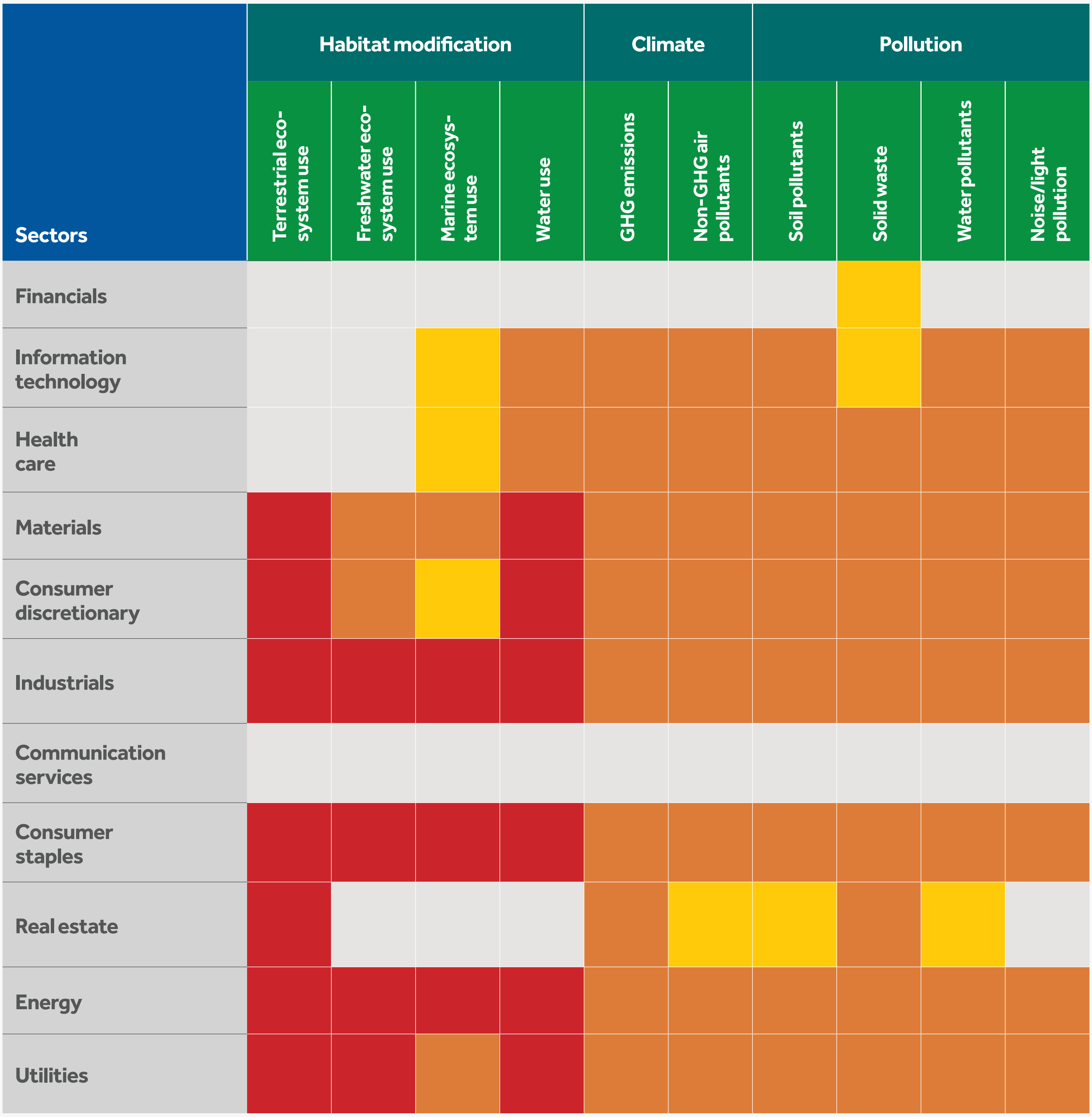
The roadmap will help us better understand nature-related risks, engage with companies in which we invest about how they are identifying and managing these risks, and be responsive to regulatory expectations. Actions are set out in the following table and have been organised into thematic areas:

Thematic area	Action	Timing
Policy Advocacy	Develop and publish a position statement on nature and biodiversity	June 2025
	Identify opportunities to engage on nature-related public policy	Ongoing
	Identify and potentially join nature-related collaborative investor/industry initiatives	June 2026, then ongoing
Governance and Strategy	Expand internal climate governance to include nature and biodiversity	Dec 2024
	Review internal ESG risk management policies given nature and biodiversity a key focus area	Dec 2025
	Establish connection between nature and biodiversity and climate strategy	Dec 2025, then ongoing
Exposure Analysis	Undertake sector analysis to determine material nature-related dependencies and impacts	Dec 2024
	Undertake location and supply chain analysis for listed equities to determine material nature-related dependencies and impacts (as feasible with available data tools)	Dec 2025
	Select material natural asset(s) for initial focus	Dec 2025
Engagement and Voting	Join investor engagement initiative on nature and biodiversity	June 2025
	Identify priority managers and companies and develop program of engagement for listed equities	Dec 2025, then ongoing
Education and Capacity Building	Nature and biodiversity education – board and management training	Ongoing
	Build understanding of nature-based investment opportunities	Ongoing
Transparency	Ongoing uplift of nature-related disclosures	Annually

Initial sector analysis

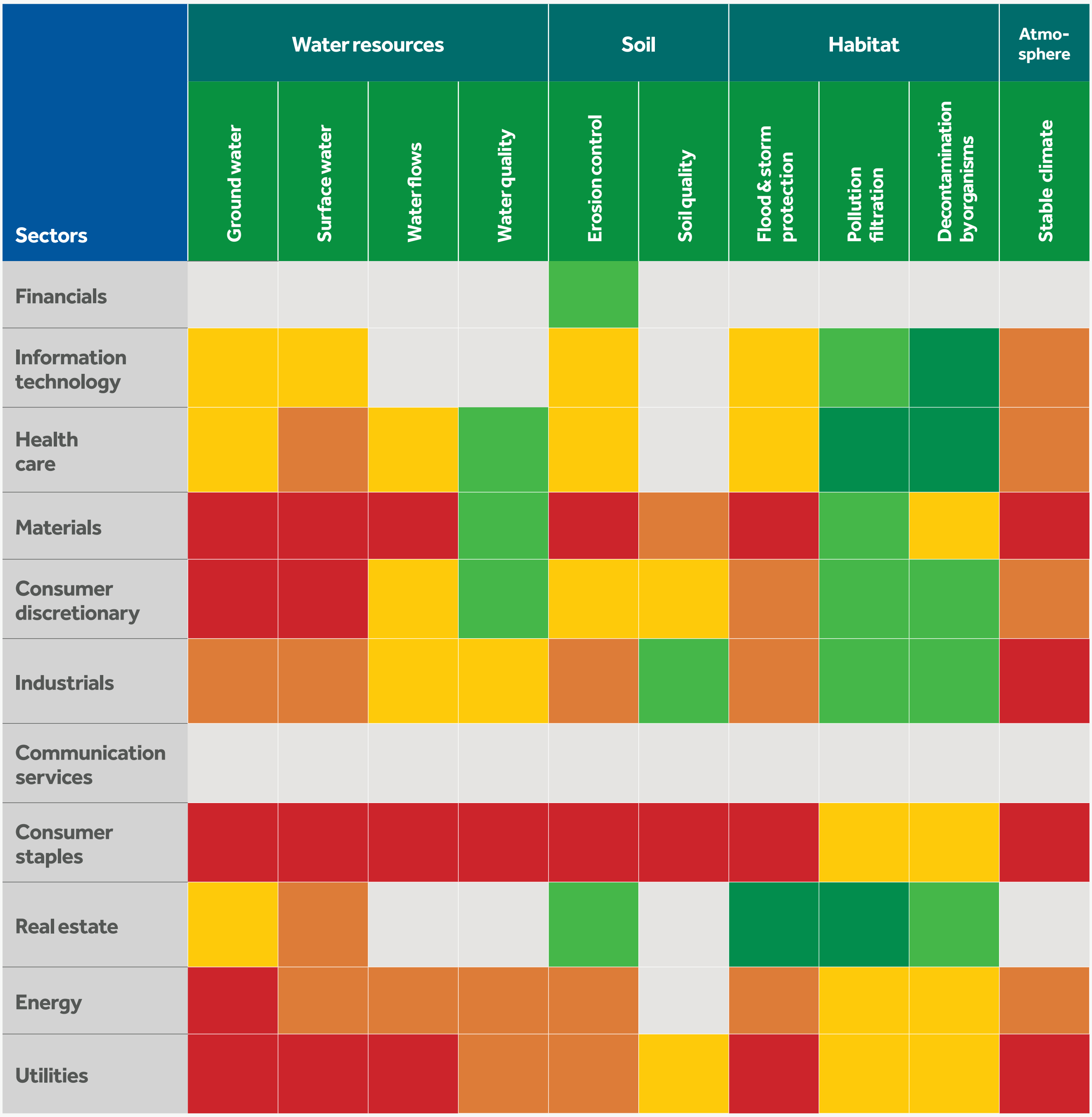
We have undertaken initial analysis to understand which economic sectors have the most significant impacts and dependencies on nature, leveraging the ENCORE dataset[68]. The analysis produced two heatmaps that indicate which part of nature and biodiversity different sectors impact or depend on.

Sector-level impact heatmap



[68] ENCORE (2024), https://www.encorenature.org/en.

Sector-level dependency heatmap



Heatmaps generated using ENCORE, a publicly available dataset recommended by the TNFD that helps organisations analyse their nature-related dependencies and impacts. The ENCORE dataset provides impact and dependency materiality scores for production processes that underpin different sectors of the economy. The heatmaps identify the sectors with the highest exposure to impacts on nature and dependencies on ecosystem services. Red and orange represent very high and high materiality respectively, yellow represents medium materiality, green and dark green represent low and very low materiality respectively. Where there is no data coverage from ENCORE, cells have been greyed out. The impacts heatmap shows the different ways in which sectors negatively impact nature (such as through various forms of habitat modification and pollution), while the dependencies heatmap shows how sectors are dependent on ecosystem services that are grouped according to natural asset. This analysis is current as at 1 June 2024.

The heatmaps identified industrials, consumer staples, and energy as the sectors with the highest potential impacts on nature, with land and water use the most common avenues for impact. Materials, consumer staples and utilities were the sectors found to be most dependent on nature, with water use and a stable climate the most common dependencies. The analysis does not include consideration of the extent to which Cbus is exposed to each sector, nor the location of these investments – these factors will be investigated in subsequent analysis under our roadmap.

8

Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) were launched in 2015 and are focused on creating a world with peace and prosperity for people and the planet, both now and in the future. The 17 SDGs can be expanded to 169 underlying targets, all aimed at reducing poverty or addressing the barriers that prevent the creation of a sustainable world without poverty.

Information on the SDGs can be found here: sdgs.un.org/goals

435 Bourke Street, Melbourne

Artist impression. Cbus Property office development

Our contributions to SDGs via our behaviour

Given the scale of global action and cross-sector collaboration needed to achieve the SDGs, we don't seek to deliver on the SDGs as a standalone objective. However, each year we indirectly contribute to a range of SDGs through acting in our members' best financial interests. Our contributions are made through our commitment to our members and the industries they work in, being an employer of choice, through our investments, and engaging and advocating across our portfolio-wide ESG priorities.

SDG	SDG target	Our actions during FY24
5 GENDER EQUALITY	**5.4** Recognise and value unpaid care and domestic work	Our workplace policies: gender equal parental leave, superannuation on unpaid parental leave, flexible working arrangements. Our advocacy to reduce inequities in the superannuation system: super on Commonwealth paid parental leave, adjusting Low Income Super Tax Offset thresholds, removal of the exemption from mandatory super for workers aged under 18 years.
	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels	Our gender targets for all employee and leadership levels. Our 2024 Workplace Gender Equality Agency report showed a gender pay gap of 13.7%, lower than the industry average. Our workplace policies: equal remuneration, flexible work arrangements, menopause and menstruation leave. Engagement on board diversity via ACSI and EOS at Federated Hermes.
7 AFFORDABLE AND CLEAN ENERGY	**7.2** By 2030, increase substantially the share of renewable energy in the global energy mix	Our net zero and 2030 carbon reduction goals. Cbus Property investment portfolio – both office and shopping centres are powered by 100% renewable electricity. Our advocacy on the Future Gas Strategy and sector decarbonisation plans. Our investment in renewable energy projects such as Star of the South. Engagement on clean energy via EOS at Federated Hermes.
	7.3 By 2030, double the global rate of improvement in energy efficiency	Our advocacy on home energy efficiency. Cbus Property minimum energy rating targets – NABERS Energy 5.5 stars for new commercial, NatHERS 7.5 stars for residential.
8 DECENT WORK AND ECONOMIC GROWTH	**8.7** Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking	Engagement on modern slavery via ACSI and EOS at Federated Hermes. Engagement on modern slavery as a member of the IAST APAC initiative.
	8.8 Protect labour rights and promote safe and secure working environments for all workers	Our workplace policies: workplace health and safety, family violence, bullying and discrimination, gender affirmation, whistleblower. Our advocacy on the issues of unpaid super and support for workers throughout the net zero transition. Our engagement on workplace health and safety, directly and via ACSI and EOS at Federated Hermes. Cbus Property is a member of the Cleaning Accountability Framework (CAF), and investment portfolio was fully CAF certified in FY24.

SDG	SDG target	Our actions during FY24
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable	Our advocacy on climate change via the IGCC, ACSI and ASFI on sector pathways, the Future Gas Strategy and Sustainable Finance Strategy. Our engagement on emissions reduction, directly and via CA100+. Lead investor for CA100+ engagement with Incitec Pivot. Our voting on 'Say on Climate' votes.
10 REDUCED INEQUALITIES	**10.3** Ensure equal opportunity and reduce inequalities of outcome	Our advocacy to reduce inequities in the superannuation system: sharing experiences of members with low balances at retirement, application of the performance test to all funds, legislating an objective for superannuation that reflects its role in supporting a dignified retirement. Our advocacy on ASX Corporate Governance Principles and Recommendations, calling for strengthened board oversight of human, community and labour rights. Our engagement on diversity, equity and inclusion and reducing inequalities (including remuneration), both directly and via ACSI and EOS at Federated Hermes.
11 SUSTAINABLE CITIES AND COMMUNITIES	**11.1** By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	Our advocacy for investment in social and affordable housing. Our investments in social and affordable housing, including via Housing Australia.
	11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage	Our engagement on First Nations issues, both directly and via ACSI.
	11.6 By 2030, reduce the adverse per capita environmental impact of cities	Cbus Property's sustainability targets and action, including ranking first in the 2023 NABERS Sustainable Portfolios Index for office waste with a 4.1 star rating.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Cbus Property portfolio 75% recycling target and 90% construction and demolition waste recycling target. Our engagement on circular economy and responsible consumption via ACSI and EOS at Federated Hermes.
	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Our advocacy on mandatory climate disclosures legislation and associated standards, both directly and via ASFI and ACSI. Our engagement on corporate sustainability reporting via ACSI, EOS at Federated Hermes and IAST APAC. We engaged with 85% of top 20 Australian listed emitters in FY24. Our voting on 'Say on Climate' votes.
13 CLIMATE ACTION	**13.2** Integrate climate change measures into national policies, strategies and planning	Our advocacy on climate policy both directly and via partner organisations such as ACSI, IGCC and ASFI: ACCU Review implementation, Net Zero Economy Authority Bill, 2035 emissions reduction target, sustainable finance taxonomy. Financial partner of IGCC discussion paper on Decarbonisation Investment Solutions for Sectors. Representation on the ASFI Board. Our engagement on emissions reductions directly and via ACSI, CA100+ and EOS at Federated Hermes.

Case Study: Advocating for a fairer superannuation system

The issue

Our members often face lower average superannuation balances, insecure work patterns and a complex system. This means a one-size-fits-all approach simply won't do. While Australia's superannuation system has delivered significant benefits, we cannot overlook the inequalities that persist. If every worker is to retire with dignity we must address gaps in the system.

Cbus advocates for members - both directly and through our peak bodies - on the issues that matter most. We're pushing for a fairer superannuation system that works for everyone, because every worker deserves a retirement that reflects the hard work they've put in.

Our contribution

In FY24, our efforts in superannuation policy focused on several key areas:

- **Superannuation in Retirement:** We contributed a submission to the Australian Government's superannuation in retirement consultation, sharing insights from low balance members and advocating for policy settings that maximise their superannuation for a dignified retirement. The Australian Government is now considering submissions and next steps
- **Superannuation on Parental Leave:** Partnering with Women in Super (who are a not for profit organisation aiming to improve womens retirement outcomes) to advocate through peak bodies to include super payments in the Commonwealth Parental Leave Pay scheme
- **Low Income Super Tax Offset (LISTO):** We pushed for adjustments to the LISTO thresholds so that low-income earners receive a fairer deal. Advocacy on this will continue in the lead up to the 2025-26 Federal Budget
- **Addressing Unpaid Super:** Unpaid super remains a major concern, particularly in the building and construction industry, where it's estimated to affect 1 in 3 workers[69]. We advocated for payday super and stronger measures to improve employer compliance with compulsory super legislation
- **Legislated Objective for Superannuation:** Through our work with peak bodies, we continued to push for a legislated objective for superannuation, one that clearly states the system's core purpose: to provide an adequate income so that all Australians can achieve a dignified standard of living in retirement.

Policy outcomes

Whilst advocacy can take time to impact policy, recent developments around these focus areas were as follows:

- **Superannuation on Parental Leave:** In the 2024-25 Federal Budget, the Australian Government announced that it will start paying super on the Commonwealth Parental Leave Pay scheme. This policy should make a difference to the retirement outcomes for our members and their families, with the accumulation of super no longer being interrupted whilst on parental leave
- **Addressing Unpaid Super:** The Australian Government announced that from 1 July 2026, employers will be required to pay their employees' super at the same time as their salary and wages
- **Legislated Objective for Superannuation:** Parliament is currently debating government legislation that will enshrine an objective of superannuation, as a guide for future governments, regulators, industry, and the wider community, instilling greater confidence in the system.

Whilst these are all welcome developments, inequalities remain and we will continue to advocate on behalf of our members for a fairer superannuation system in the year ahead.

[69] Research estimates by the McKell Institute using the ATO 2% sample file for 2018-2019 and commissioned by Cbus in 2021.

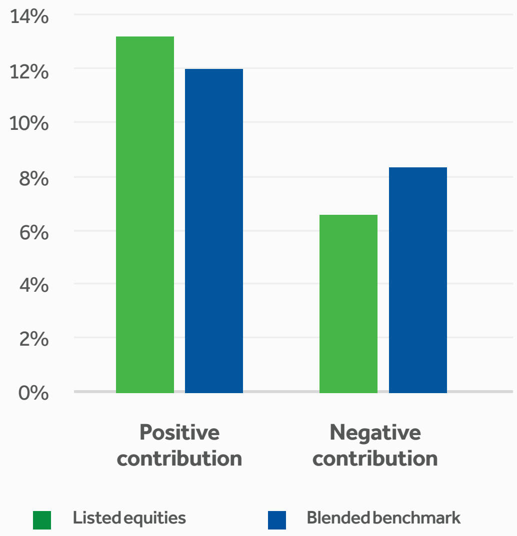
Measuring our contributions to the SDGs via SDI-AOP

We review the contribution of our listed equity portfolio to the SDGs via the Sustainable Development Investments Asset Owner Platform (SDI-AOP). This platform has developed a taxonomy (or criteria) that is used to identify the percentage of a company's revenue that either contributes to or detracts from the SDG targets and can be used to assess alignment of listed and unlisted investments to the SDGs.

We currently use the SDI-AOP analysis in three ways. Firstly, we review the positive and negative contribution of our equities portfolio to the SDGs, as compared to its relevant benchmark. In the bar graph, we have weighted each company's positive and negative SDG-aligned revenues by the holding amount (%) in our listed equity portfolio and its relevant benchmark, as at 30 June 2024. The overall results are similar to our findings in FY23, with the analysis showing that our listed equities portfolio had a higher positive contribution and lower negative contribution when compared with the benchmark. The key SDG where a positive contribution was identified was SDG 3 (Good Health and Wellbeing), while the key SDG where a negative contribution was identified was SDG 7 (Affordable and Clean Energy). The contribution of the other measured SDGs was largely immaterial when compared to our contributions toward SDGs 3 and 7.

Portfolio contributions to SDGs:

Our listed equities portfolio and blended benchmark



Data represents our listed equities portfolio and its relevant benchmark as at 30 June 2024 with 97% of the equities portfolio being covered in the analysis (excluding cash and derivatives). SDG contribution data is sourced from the SDI-AOP. Contribution is calculated as the sum of each individual company's total SDG-aligned revenue (%) multiplied by the weight (%) within our portfolio and benchmark for that company. The measured SDGs include 1, 2, 3, 4, 6, 7, 9, 11, 12, 13, 14, 15. Contributions to SDGs 5, 8, 10, 16 and 17 are not currently covered by the SDI AOP, where contribution to these SDGs is based on company conduct rather than a revenue measurement. Only companies that are rated by the SDI AOP as material contributors toward the SDGs (> +/- 10% SDG-aligned revenues) are included in the analysis.

The second way we use the SDI-AOP data is as a sense check for our climate engagement priorities. SDG 7 (Affordable and Clean Energy) was where we saw the bulk of our negative contributors in our FY24 analysis. As we develop our FY25 climate engagement priorities, this analysis will be used as an input into our prioritisation process (outlined in more detail in our Stewardship section).

Finally, we use our analysis of those companies contributing positively to SDG 7 (Affordable and Clean Energy) to feed into our assessment of climate change investments across the portfolio (see our Climate Change Investments Section on page 66 for more details).

2022 Climate Change Roadmap

Action and measurement

Below outlines the progress made to close our 2022 Climate Change Roadmap.

Many actions within this roadmap will take time to achieve. We have listed some actions below as 'progressing in line with expectations', indicating that sufficient progress has been made and that these actions will continue beyond the life of the roadmap.

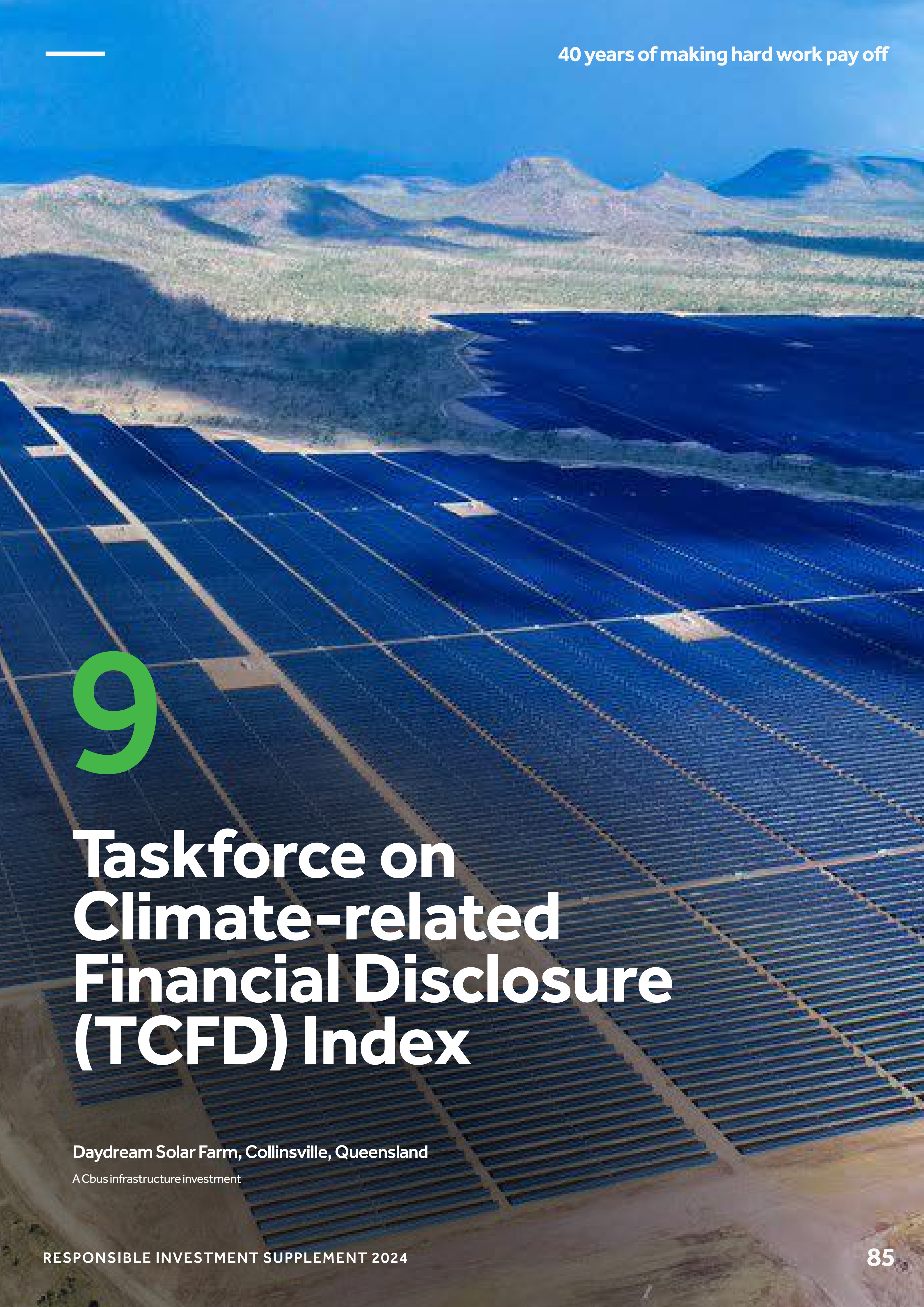
As we look to develop our Climate Action Plan some actions will be transitioned into ongoing, business as usual activities.

FY23-FY24 key performance indicators		Progress
Targets, pathways and measurement		
Develop interim 2040 goal in line with Paris Agreement		**Progressing in line with expectations** *Modelling has been completed to develop both a 2035 and 2040 goal. Awaiting the announcement of Australia's national 2035 targets.*
Expand scenario analysis (3 degrees warming / disorderly transition)		**Completed**
Incorporate climate change into asset allocation review of Capital Market Assumptions		**Completed**
Develop decarbonisation strategy		**In development** *This will be achieved with the development of our Climate Action Plan later this year.*
Develop climate change principles		**Completed**
Develop internal carbon price		**Progressing in line with expectations** *Decision made to incorporate climate risk within climate principles in place of an internal carbon price.*
Extend measurement	Measure beyond emissions (alignment/solutions/transition risk)	**Progressing in line with expectations**
	Measure scope 3 emissions	**Progressing in line with expectations**
	Measure physical risk across key asset classes	**Completed**
Enhance transparency against interim 2030 goal		**Completed**
Expand 1% of capital allocated to climate change solutions coverage to include transition financing		**Completed** *
Develop and implement a framework for financing the transition (within the 1% climate allocation)		**Completed** *

* We have replaced our 1% climate change investments goal with a focus on measuring climate change investments across the portfolio. Investments within the 1% climate investment allocation were absorbed back into their relevant asset classes.

FY23-FY24 key performance indicators		Progress
Property		
Unlisted investment managers (Australian and International)	Demonstrate progress towards net zero 2030 commitments	Progressing in line with expectations
	Consistent with the World Green Building Council and Green Building Council of Australia, investment managers commit to all new buildings and renovations having at least 40% less embodied carbon by 2030 - net zero embodied carbon by 2050	Progressing in line with expectations
	Investment manager engagement - develop and implement Tenant Emissions engagement strategy	Progressing in line with expectations
Listed property investment managers	Investment manager engagement - demonstrating climate engagement progress with holdings	Progressing in line with expectations
Resilience	Identification of assets subject to high risk of physical impacts of climate change and resilience plan development for these high-risk assets	Progressing in line with expectations
Infrastructure		
Investment managers	Demonstrate progress towards commitments	Progressing in line with expectations
Unlisted investment managers/assets	Develop and implement engagement strategy (progress against commitments, estimation and measurement of embodied carbon and resilience planning)	Progressing in line with expectations
Debt		
External credit investment managers	Establish methods for measuring emissions across portfolio holdings	Progressing in line with expectations
Private Equity		
Investment managers	Develop and implement engagement strategy (raise awareness, measure exposure, how adapting and mitigating, how accessing new markets and other opportunities)	Progressing in line with expectations
	Understand investment manager methods for measuring emissions	Progressing in line with expectations

FY23-FY24 key performance indicators		Progress
Equities		
Factor strategies	Review transition risk approach	**Progressing in line with expectations**
Global and emerging market investment managers	Identify and implement strategies to increase alignment/climate awareness	**Progressing in line with expectations**
Active investment managers	Equity Manager Selection & Portfolio Construction Team to evaluate, develop and implement engagement strategy with active investment managers on climate change	**Progressing in line with expectations**
	EMRPC team to engage with investment managers on developing and implementing a climate engagement strategy with individual holdings	
Stewardship	Extend engagement to top 20 highest ASX emitters as per September 2021 Stewardship Strategy	**Progressing in line with expectations**
Stewardship	Actively consider all ASX climate related resolutions	**Completed**
Advocacy, Governance and Transparency		
Risk	Review ESG Risk Appetite Statement and Key Risk Indicators	**Completed**
Operational emissions	Develop and implement decarbonisation plan	**In progress** *A proposal to develop a decarbonisation plan for Cbus operational emissions has been approved*
Training	Incorporate climate change training into Board induction and no less than an annual climate strategy training session for the Board and relevant committees	**Completed**
Reporting	Enhance Task Force on Climate-related Financial Disclosure (TCFD) reporting	**Completed**
Actively support peak bodies	Including participation in IGCC, PRI and ASFI	**Completed**
	Participate in key advocacy activities	**Completed**



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Taskforce on Climate-related Financial Disclosure (TCFD) Index

Daydream Solar Farm, Collinsville, Queensland

A Cbus infrastructure investment

The table below summarises our reporting against the recommended TCFD. This is our sixth year of reporting, and we recognise our disclosures will continue to evolve over time as we develop our Climate Action Plan. We have reported against the 2021 TCFD guidance - both the supplemental guidance for asset owners and the cross-industry metrics, and we will continue to expand our disclosures and align with the updated guidance.

TCFD Pillar[70]	Disclosure	Reference to activities
Governance	Describe the Board's oversight of climate-related risks and opportunities	Refer to the **Climate Change Governance** section on page 59.
	Describe management's role in assessing and managing climate-related risks and opportunities	
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Refer to the **Climate Change Outlook section** section on pages 57-58. Refer to the **Climate Change Scenario Analysis** section on pages 63-65. Refer to the **Climate Change Investments** section on page 66. Refer to the case study: **Infrastructure – our continued investment in the energy transition** on pages 54-55.
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Refer to **Climate Change Scenario Analysis** section on page 63 for the impact of climate change on investment returns. Refer to the **Climate Change Strategy** section on pages 60-62, specifically climate change principles, Climate Action Plan and climate change roadmap sections. Refer to the **2022 Climate Change Roadmap** on pages 82-84. Refer to the **Climate Change Investments** section and the use of climate overlays within investment strategies described on pages 66. Refer to our **Climate Change Goals** on page 60.
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario Asset owners that perform scenario analysis should consider providing a discussion of how climate-related scenarios are used	Refer to the **Climate Change Scenario Analysis** section on page 63-65. Refer to the **Climate Change Principles** on page 61, with reference to their focus on alignment with a low carbon transition. Refer to physical risk and resilience action items within the **2022 Climate Change Roadmap** on pages 82-84.
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks Asset owners should describe engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks	Refer to the **Climate Change Principles** section on page 61. Refer to the **Climate Change Engagement** section on pages 40-42 and 47. Refer to the **Advocacy** section on pages 20-26. Refer to the **Climate Change Scenario Analysis** section on pages 63-65. Refer to asset class action items within the **2022 Climate Change Roadmap** on pages 82-84.
	Describe the organisation's processes for managing climate-related risks Asset owners should describe how they consider the positioning of their total portfolio with respect to the transition	Refer to the **Spotlight on Climate Change** section on pages 17-18. Refer to our definition of a **Material risk** on page 3. Refer to the **Integration** section on page 27-32. Refer to the **Climate Change Investments** section on page 66.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Refer to the **Climate Change Governance** section on page 59. Refer to the **Integration section** on pages 27-32. Refer to the risk action within the **2022 Climate Change Roadmap** on pages 82-84.

[70] TCFD, October 2021.

TCFD Pillar	Disclosure	Reference to activities
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Refer to the **Climate Change Investments** section on page 66. Refer to the **Climate Change Scenario Analysis** section on pages 63-65. Refer to **Carbon metrics** table on page 68. Refer to the **Tracking Progress towards our 2030 goal** section on pages 69-70. Refer to our **Climate Change Engagement** section on pages 40-42 and 47.
	Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks	Refer to **Carbon metrics table** on page 68. Please note, we note that our operational scope 1 and 2 emissions are not currently disclosed. Operational emissions are immaterial as compared with financed emissions. As per the Climate Change Principles on page 61 we propose to develop a decarbonisation strategy for our operational emissions, this will include measurement and disclosure of scope 1 and 2 emissions. As per the 2022 Climate Change Roadmap, this proposal has been approved by the Cbus Executive Committee.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Refer to our **Climate Change Goals** on page 60. Refer to our **Climate Change Engagement** section on pages 40-42 and 47. Refer to the **Climate Change Investments** section on page 66. Refer to **Carbon metrics table** on page 68. Refer to the **Progress against our 2030 goal** section on page 69. Refer to the **Tracking progress towards property net zero 2030 goal** section on page 70.

TCFD 2021 Cross-industry metrics	
GHG emissions – absolute scope 1, scope 2, scope 3; emissions intensity	Refer to **Carbon metrics** table on page 68. Please see previous note in relation to operational emissions. Also note that within our financed emissions we are unable to disaggregate scope 1 and 2 emissions due to the format data is provided to us by external investment managers.
Amount and extent of assets vulnerable to transition risk	Refer to **Climate Change Scenario Analysis** on pages 63-65. Please note that our portfolio-specific analysis is currently internal.
Amount and extent of assets vulnerable to physical risk	Refer to **Climate Change Scenario Analysis** on pages 63-65. Please note that our portfolio-specific analysis is currently internal.
Proportion of assets aligned with climate-related opportunities	Refer to the **Climate Change Investments** section on pages 66.
Amount of financing or investment deployed toward climate-related risks and opportunities	Refer to the **Climate Change Investments** section on pages 66.
Internal carbon price	Refer to the carbon price action within the **2022 Climate Change Roadmap** on pages 82-84, and the **Climate Principles** on page 61.
Proportion of executive management remuneration linked to climate considerations	Refer to the **Remuneration** section regarding remuneration and ESG considerations in the Annual Financial Report on pages 5-8.

Independent Limited Assurance Report to the Directors of United Super Pty Ltd as trustee for Construction and Building Unions Super Fund (Cbus)

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Cbus Responsible Investment Supplement 2024 for the year ended 30 June 2024 (the Responsible Investment Supplement), which has been prepared by Cbus in accordance with the relevant internal policies, procedures and methodologies developed by Cbus and with reference to the Recommendations of the Task Force on Climate-related Financial Disclosures 2021, as disclosed in the Responsible Investment Supplement.

Information Subject to Assurance

Cbus engaged KPMG to perform a limited assurance engagement in relation to the information subject to assurance as presented in the Cbus Responsible Investment Supplement 2024 for the year ended 30 June 2024.

Criteria used as the Basis of Reporting

We assessed the Cbus Responsible Investment Supplement against the criteria. The Cbus Responsible Investment Supplement needs to be read and understood together with the criteria, being the relevant internal policies, procedures and methodologies developed by Cbus and selected specific Recommendations of the Task Force on Climate-related Financial Disclosures 2021 (TCFD Recommendations), as disclosed in the Responsible Investment Supplement ("the Criteria").

Basis for Conclusion

We conducted our work in accordance with Australian Standard on *Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ASAE 3000). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3000 we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Cbus Responsible Investment Supplement to assurance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- Interviews with relevant Cbus personnel to understand the internal controls, governance structure and reporting process relevant to the preparation of the Responsible Investment Supplement;
- Analytical procedures over the key metrics in the Responsible Investment Supplement;
- Reviewing Board minutes to check consistency with the Responsible Investment Supplement disclosures;
- Agreeing the Responsible Investment Supplement to the relevant underlying documentation on a sample basis;
- Assessment of the suitability and application of the Criteria, the extent of disclosure of the relevant internal policies, procedures and methodologies developed by Cbus and the disclosure outlining the extent of alignment with the TCFD Recommendations with respect to the Responsible Investment Supplement; and
- Review of the Responsible Investment Supplement in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.

KPMG

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or material misstatement in the Cbus Responsible Investment Supplement may occur and not be detected. Non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating, and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Cbus.

Use of this Assurance Report

This report has been prepared solely for the Directors of Cbus for the purpose of providing an assurance conclusion on the Cbus Responsible Investment Supplement and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Cbus or for any other purpose than that for which it was prepared.

Management's Responsibility

Management are responsible for:

- determining that the Criteria is appropriate to meet their needs, and the needs of the Directors;
- preparing and presenting the Cbus Responsible Investment Supplement in accordance with the Criteria;
- ensuring that those Criteria are relevant and appropriate to Cbus and the intended users; and
- establishing and maintaining systems, processes and internal controls that enable the preparation and presentation of the Cbus Responsible Investment Supplement that is free from material misstatement, whether due to fraud or error..

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Cbus Responsible Investment Supplement 2024 for the year ended 30 June 2024, and to issue an assurance report that includes our conclusion based on the procedures we have performed and evidence we have obtained.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board, and complied with the applicable requirements of Auditing Standard on Quality Management 1 to design, implement and operate a system of quality management.

KPMG

KPMG
Melbourne

Julia Bilyanska

Julia Bilyanska
Partner, KPMG
Melbourne
31 October 2024

cbussuper.com.au