2020 Corporate Responsibility Report
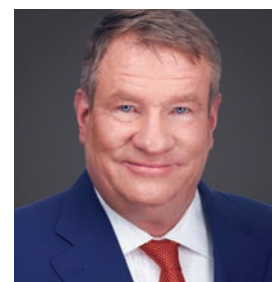
Our Purpose. Our People. Our Community.

CUBIC

Contents

A Message from
Our Chairman, President & CEO

Dear customers, partners, employees and community members,

This year brought unprecedented changes with the COVID-19 pandemic and social justice issues that touched our people and our communities around the world. Now more than ever, we recognize the need for sustainable, conscious business conduct that considers our impact on the world. Guided by our Purpose – our TEAMS innovate to make a positive difference in people's lives – Cubic's technology-driven, market-leading businesses are committed to efficiently delivering innovative solutions that create sustainable value.

To further our commitment to corporate responsibility, we have proudly launched a comprehensive Environmental, Social and Governance (ESG) strategy designed to improve our practices across environmental, social capital, human capital, supply chain and corporate governance priorities. Our supporting ESG framework will help us better understand and disclose social and operational exposures while driving meaningful, timely improvements. In fiscal year 2019, we established baselines and set ambitious improvement targets to achieve a "best-in class" status among our peer groups by fiscal year 2025. To ensure we address internationally accepted standards, we joined the globally recognized United Nations Global Compact (UNGC), the oldest and largest sustainability framework in the world.

ENVIRONMENTAL

While Cubic has limited exposure to environmental risks due to the nature of our business, we have self-imposed goals related to the reduction of greenhouse gas emissions, energy conservation and other initiatives that directly impact the people and communities where we live and operate. We set an initial goal to reduce CO^2 intensity 20% from our 2019 baseline by fiscal year 2025. In fiscal year 2020, we recorded a CO^2 intensity reduction of 17% and expect to meet or exceed this initial target by the end of fiscal year 2021 due to consolidation and reduction of our global real estate footprint. As such, we have set an additional 25% CO^2 intensity reduction target for fiscal year 2022 through 2025.

SOCIAL

Our TEAMS values of excellence, absolute customer focus, innovation, strategic collaboration and impeccable ethics foster our culture of caring for our people, customers and communities.

Cubic is committed to a globally inclusive workplace where everyone is respected, empowered and supported. We continue to deliver on our human resources strategic plan, including our Diversity and Inclusion strategy, which drives innovation across the organization with clear priorities related to recruiting diverse talent, expanding unconscious bias education, engaging an inclusive workforce, strengthening community outreach and supporting supplier diversity.

We recognize that it is our diverse, engaged people that will lead Cubic to achieve new financial and operational highs. Because of our people, Cubic was recognized as a San Diego Union Tribune Top Workplace in 2020 and received the San Diego Business Journal's Corporate & Social Responsibility Diversity, Equity & Inclusion 2020 Award in the large public company category for Corporate & Social Responsibility

GOVERNANCE

Our independent, diverse, qualified and highly engaged Board of Directors and their committees play an important role in overseeing our ESG strategy, which includes documented guidelines for Cubic's corporate governance. Adherence to these guidelines promotes responsible business practices and leads to good corporate citizenship in our communities. The Nominating, Governing, Ethics and Corporate Responsibility Committee of the Board is responsible for reviewing these guidelines and suggesting improvements to the Board. Additionally, every quarter, our Enterprise Risk Management team reports directly to the Board on material risks and maintains mitigation plans that evolve as our industry and operating environment change.

I am proud to publish our inaugural ESG report as a formal commitment to Cubic's ESG responsibility. Through our purpose-driven commitment to improving people's lives, we will drive sustainable value for our people, customers and communities around the world.

Sincerely,

Bradley H. Feldmann
Cubic Chairman, President & CEO

About Cubic

Cubic is a technology-driven, market-leading global provider of innovative, mission-critical solutions that reduce congestion and increase operational effectiveness and readiness through superior situational understanding.

(As of September 30, 2020)

Cubic at a Glance

$1.5 billion
SALES

$3.7 billion
BACKLOG
$1.3 BILLION IN SOLE SOURCE IDIQS
(INDEFINITE DELIVERY INDEFINITE
QUANTITY CONTRACT VEHICLES)

17
COUNTRIES

Every weekend, Cubic employee Kiran Singagari cooks and distributes food to migrant workers and their families who have lost work due to COVID-19 impacts.

ESG Highlights

ENVIRONMENTAL

Reduced Scope 2 CO_2 emissions by 18%

Reduced CO_2 intensity by 17%

SOCIAL

6,100 employees

Reduced injury rate by 10%

1 million face coverings manufactured to support COVID-19

262 community engagements and charitable organization supported in last 4 years

GOVERNANCE

75 year history of ethics and compliance

44% female Board of Directors representation

Awards & Recognition

Cubic chosen **Top Workplaces 2020**

Winner, **Large Public Company Category, Corporate & Social Responsibility 2020**

Cubic named 2021 **Bronze Military Friendly Employer**

Cubic recognized by **2020 Women on Boards as a Winning 'W' Company**

For the third consecutive year, Cubic wins the 2020 **Cigna Well-Being Award**

2020 Director of the Year Honoree
Maureen Breakiron-Evans, Cubic Board Member

2020 Top 50 Chief Diversity Officer, National Diversity Council
Grace G. Lee, Chief Human Resources & Diversity Officer

2020 SD500 • Most Influential People in San Diego

Leading Industries
Bradley H. Feldmann, Chairman, President & Chief Executive Officer

Technology
Michael Knowles, Senior Vice President, President of Cubic Mission & Performance Solutions

Technology
Jeffrey B. Lowinger, Senior Vice President, President of Cubic Transportation Systems

Winner, **Digital Technology Award**, North East Business Awards (2020)

Co-Shortlist Winner, **Most Innovative Campaign for the Cubic Interactive Superbowl & Beyond**, US Search Awards (2020)

Winner, **Innovative Transportation Solutions Award for One Metro New York (OMNY), Women in Transportation Greater New York Chapter (WTS-GNY)** (2020)

Won third place for mission payload solution for **US Marine Corp Air/Ground Task Force Unmanned Expeditionary Program**

Cubic's Nuvotronics business received certifications from the Defense Microelectronics Activity as a **Trusted Source for Post Processing and Package/Assembly Services**

2020 Inaugural ESG Report

This is Cubic's inaugural environmental, social and governance (ESG) report.

This report includes data and activities for fiscal year 2020, ending Sept. 30, 2020, unless noted. Cubic's submission and this report have been prepared with reference to the Sustainability Accountability Standards Board (SASB) and United Nations Global Compact (UNGC) standards. The SASB and UNGC Key Performance Indicator (KPI) Content Index is available in the appendix of this report.

Cubic has set annual targets in alignment with our NextCUBIC FY2025 strategic plan that drive performance improvements against fiscal year 2019 baselines in areas across environmental, social capital, human capital, supply chain and corporate governance.

Cubic's priorities are based on material items that are of interest to our stakeholders and represent areas where existing work has been accomplished and where opportunity for improvement exists.

You can learn more about Cubic at www.cubic.com ⤴.

Cubic ESG Priorities

Element	KPI	Why is this a priority	Target

Environment	• CO_2 intensity
	• CO_2 Emissions
		As a leader in our sector we are committed to reduce CO_2 emissions and do our part in combating climate change.	• By 2025, we aim to reduce our CO_2 intensity footprint by 45% through multiple initiatives and projects including:
			  • Real Estate footprint consolidation
			  • Alternative sources of energy (i.e. solar)
			  • Other energy efficiency projects

Social Capital	• Human Rights • Community Relations	We aim to ensure that we align with the UNGC Human Rights requirements.	• By 2025 we aspire to achieve best place to work status or equivalent around the globe. • By 2025 we aim to have locations contributing to community activities and/or services.
Human Capital	• Employee Engagement • Diversity & Inclusion • Health & Safety	We aim to grow our culture of inclusiveness and ethical behavior. Our TEAM core values define how each employee can reach their potential in a safe work environment.	• By 2025 achieve an employee engagement score of 85%. • By 2025, our D&I action plan will be fully implemented. • By 2025, Cubic commits to achieving a best-in-class total recordable incident rate of 0.30.
Business Model & Innovation	• Supply Chain Mgmt.	We aim to ensure that trust is built within our supply chain and ensure fair practices with our suppliers and customers.	• Supplier active base reduced to 1,000 or less by 2023.
Leadership & Governance	• Business ethics • Cybersecurity • Privacy	We aim to ensure that our Code of Business Conduct continues to underpin the way we do business, the way we operate, the way we behave.	• Affected employees trained • Program fully implemented • Program fully implemented

Environment

Cubic is innovating the design and delivery of products and services while simultaneously mitigating adverse environmental impacts.

ENVIRONMENT

Environmental Management at Cubic

Cubic is purpose-driven to make a positive difference in the lives of our people, customers and communities. We are innovating the design and delivery of our products and services, while simultaneously mitigating adverse environmental impacts.

Examples in each of our businesses include:

- **Transportation:** Cubic provides a suite of tools which help cities achieve a broad range of social and environmental policy goals. Through innovative incentive solutions we enable cities to encourage and reward travelers for modal shift in an equitable way. Our results-driven ethos allows us to hit specific targets customers give us in terms of modal shift, equity, carbon emissions and health.

- **Defense Systems:** Our inflatable satellite communications terminal, GATR, provides up to 80% less weight than competing solutions with four times the performance, while dramatically reducing the ecological footprint of the operation compared to competing solutions.

- **Defense Training:** Game-Based Training solutions recreate physical training conditions in a high-fidelity virtual environment, reducing the number of air-, water- or land- craft used in global training exercises while fostering high-transfer learning and operational readiness to end-users.

CTS' touchless payment options are helping to protect the health and safety of transit riders.

CMPS GATR inflatable satellite terminal and suite of mobile modular micro communications hardware provide customers with dramatically lower size, weight and power requirements.

ENVIRONMENT

Environmental Management at Cubic

Managing Environmental Impacts - Highlights

- We have reduced our environmental footprint at manufacturing locations by consolidating processes and centralizing facilities. Based on our real estate management plans and the impacts of COVID-19 on the global commercial real estate market, we are planning to reduce our overall footprint between 20-30% by fiscal year 2025.

- In 2019, we retired seven environmental permits with the air pollution control district and the industrial wastewater district in our San Diego operations.

- In all areas in which we operate we are considered a small quantity generator, meaning we use and

dispose of small amounts of chemicals and create small amounts of hazardous waste.

- In our manufacturing facilities in Tullahoma, Huntsville and Mexico, we have zero permits granted for air or industrial wastewater pollution because we do not have processes that require these permits.

- We comply with storm water prevention programs in California and North Carolina. Two of our three manufacturing locations have a 'notice of no exposure' because we do not have processes that could potentially contaminate local waters.

- We have processes in place to ensure that our global facilities are always in compliance with local, federal and international environmental laws and strive to develop and sustain environmental excellence.

- Our approach to environmental management closely follows standards set by the International Organization for Standardization (ISO).

- In 2020, ISO 14001 certifications were achieved at key locations including Australia CTS and UK CTS.

ENVIRONMENTAL OVERSIGHT

As we continue our ESG journey, our approach to sustainability includes engaging with our people, customers and communities on areas with the most material impact to our business and the environment – including energy, greenhouse gases, water and waste.

Cubic consistently examines ways to optimize our technologies and engage our people to improve the environmental performance of daily operations. We know that with lower energy consumption, reduced emissions and reduced waste generation, we are more competitive, environmentally conscious and able to create sustainable value.

Cubic's internal Health, Safety & Environment (HS&E) group drives our overall approach to environmental matters and establishes company-wide processes and goals, including implementing best management practices. HS&E team members monitor and help ensure global regulatory health, safety and environmental requirements are being met, per region.

**Trafficware Helps Cities
Reduce Traffic Congestion!**

SynchroGreen.
by CUBIC. | Trafficware.

- Improve travel time and reduce delays
- Improve safety
- Reduce harmful emissions
- Save fuel with real-time signal timing adjustments

Case Study: Brevard County, FL
Case Study: Chula Vista, CA

ENVIRONMENT

Environmental Management at Cubic

GREENHOUSE GAS EMISSIONS

In 2020, Cubic sites consumed approximately 20,276 MWh of electricity globally, generating 9,361 mTCO$_2$(e) (these totals include leased spaces where energy use may not be separately tracked but has been estimated on a CO_2 per square foot basis).

Our greenhouse gas emissions (GHG) are focused on Scope 2 emissions (purchased electricity) and tracked against the baseline year 2019. We are beginning to develop the tracking mechanisms to capture and report on Scope 1 and Scope 3 emissions in the future. Our indirect energy sources include purchased electricity, and we will report on renewable sources in fiscal year 2021.

Further detail on Cubic's GHG emissions can be found in our FY20 ESG Performance Report at **www.cubic.com/ESG** ⤢

ENERGY EFFICIENCY

We are driving energy efficiencies to reduce greenhouse gas emissions by consolidating leased properties in our global real estate footprint and evaluating opportunities for energy reduction within our operations.

In 2020, we reduced our global footprint by 58,790 ft^2.

Our overall energy intensity, which measures the quantity of energy normalized by million dollars of revenue (USD) was reduced by 17% from our baseline year 2019 and closer to meeting our 45% reduction target by 2025. This decrease can be attributed to a reduction in our global real estate footprint (leased facilities) as well as a reduction in the USA EPA CO_2 emission factor for the same reporting period.

WATER CONSUMPTION

Cubic has not collected data associated with our industrial water uses as we believe this represents a low material risk to the organization. Our global operations do not rely on industrial water utilization to manufacture or deliver services. However, to better understand and improve our general industrial water usage, we will complete a water consumption baseline assessment in fiscal year 2021; these results will determine future actions in this area.

WASTE MINIMIZATION

Cubic facilities are considered small quantity generators and represent a low material risk to the organization. We have a limited number of manufacturing locations, some of which are zero-emission facilities. To better understand and improve our general waste impacts, we will complete a waste sources and volume baseline assessment in fiscal year 2021; these results will inform future goals in this area.

CHEMICAL MATERIALS MANAGEMENT

Cubic is committed protecting our people, customers and communities from exposure to potentially harmful substances. Cubic is designated as a small quantity user and generator which means that we use very small amounts of hazardous chemicals in our manufacturing and assembly operations. We follow a stringent chemical management approach regarding the use and disposal of these small quantities of chemicals required to manufacture and/or assemble our products. The small amount of waste generated is managed and disposed in compliance with applicable regulatory requirements. Site operations managers are responsible for the day-to-day handling of these chemicals, while our facilities and HS&E teams oversee the sourcing, storage, use and disposal procedures implemented at each applicable location.

In early 2021 we will open a new, Silver LEED certified headquarters in San Diego, CA U.S.A. These new buildings include a solar panel farm with an estimated energy savings of 10% from our 2020 performance for this location.

Allison Gerrity & Ray Higgins of Cubic have been the key project managers to deliver this project on-time and meet performance expectations.

Sustainability Highlights

906 kW
Solar annual power generation efforts

1,135 Metric Tons
Of greenhouse gas offsets

50EV
- Charging stations for employees
- Ability to increase to over 180 EVs

LEED Silver Certified Buildings
- 30% more efficient than comparable buildings
- Energy efficient lighting
- Variable refrigerant volume system

COMPLIANCE AND CONTINUOUS IMPROVEMENT

Cubic strives to improve environmental performance in our daily operations by optimizing technology and enabling our people. Some improvements that we have driven in 2020 include:

- **HS&E Assessments:** North American facilities completed their first annual self-assessment of internal HS&E programs to align this region with the rest of Cubic and to meet our internal HS&E Management System requirements.

- **HS&E Reporting Tool:** We introduced an internal global incident reporting tool to systematically track and provide early notice of incidents and/or regulatory issues. As of 2020, we have not received reports of any regulatory citation for environmental non-compliance in any of the areas we operate.

- **Electronic Inventories:** We rolled out a centralized HS&E electronic inventory tool and quarterly reporting process to capture global HS&E data required for internal and external reporting purposes.

Social

Cubic has a long history of
supporting and engaging
the communities where our
people live and work.

SOCIAL

COVID-19 and Social Justice Response

Since the onset of the COVID-19 pandemic and through the events that brought social justice onto the global stage in 2020, caring for our people, customers and communities has been our top priority.

To care for our people through the COVID-19 pandemic, we closely follow recommendations from the World Health Organization (WHO), the U.S. Centers for Disease Control (CDC) and Foreign Ministries in countries where we operate. We established a COVID-19 Working Group made up of functional leaders from across Cubic to provide guidance on evolving conditions and recommended protocols and actions. We transitioned approximately 75% of our workforce to full-time remote, providing IT tools and infrastructure to enable productivity from home, with 91% of a remote population survey sample suggesting their productivity remained the same or better than pre-COVID.

As essential service providers for the critical Defense and Transportation industries, we established contact tracing, sanitation, social distancing, temperature check and face covering protocols for our field and site staff who support the uninterrupted delivery of our services to customers. We repurposed our manufacturing capabilities and supply-chain resources, shifting production to make general purpose face coverings and face shields for our customers and employees. Additionally, our businesses rapidly developed virtual, Game-based Training for ventilators to serve point of need healthcare providers and re-engineered existing inflator technology to participate in the U.S. Army's COVID-19 ventilator challenge.

Our Executive Management Committee communicates with all of our people weekly via virtual town halls or written communication to answer questions and provide updates on cases and protocols.

Cubic is committed to a globally inclusive workplace where everyone is respected, empowered and supported.

As we witnessed news reports of the pandemic and deeply troubling events of police brutality, civil unrest and racial injustice around the world, we were reminded of the inequality and discrimination that continue to threaten our global communities. At Cubic, we are brought together by our shared values and respect for each other, strengthened by the diversity and inclusiveness of our culture, committed always to the equality and well-being of every employee. Our commitment to a culture where everyone is treated fairly is reflected in our quarterly engagement scores where our people consistently rank "Where I work, I am treated with respect and dignity" as one of Cubic's top strengths.

In June, we held global virtual events with Cubic leaders and employees to provide a listening and learning forum that encourages open dialogue about social justice issues

that have impacted our people. These powerful discussions highlighted the importance of education and awareness, and the need for us to recognize our unconscious biases.

Following those discussions, we launched a new training course – Global Inclusion for a Diverse Workforce – for all our employees worldwide, intended to make us better at recognizing and mitigating our unconscious biases. Additionally, we rolled out a Diversity and Inclusion toolkit; made a monetary donation to NAACP Legal Defense and Educational Fund; and created a GoFundMe campaign to enable donations from our people. There is much more to be done and we are committed to listening, learning and improving together as we foster a diverse culture of inclusivity and respect.

SOCIAL

Our Culture
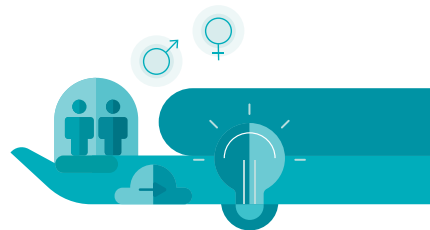
Cubic is committed to shaping and enabling an inclusive, high performing culture, underpinned by impeccable ethics and a *Winning the Customer Obsession.*

Our talented, global workforce is our greatest strategic asset. We are focused on attracting, developing and retaining the best talent, creating memorable employee experiences and maximizing the potential contribution of every individual. In support of our human capital management strategy and its significance in driving long-term, sustainable value, we have improved our assessment of risk and opportunity associated with key human capital issues,

including diversity, culture, employee well-being and employee development. Additionally, we are focused on improving our data and ability to assess key human capital metrics designed to provide actionable insights that drive progress against our strategic growth priorities.

Some of the ways we are embedding our TEAMS values in the full spectrum of the candidate and employee journey include:

- Enhancing the onboarding experience with the debut of a new global program in 2021 designed to effectively equip our new talent, hiring managers, buddies and onboarding champions.

- Evolving our performance management process to align with our values and reward employees for "how" they achieve results as well as "what" they achieve.

WHY WE ARE HERE

Our TEAMS innovate to make a positive difference in people's lives

TEAMS

Who We Are

T **ogether We Create Excellence**
We collaborate and share information and discoveries to reach our highest potential. We celebrate each other's successes and learn together from our mistakes.

E **thics are the Foundation**
We care for and respect each other and our communities. We value diverse backgrounds and ideas of others. We do the right thing and act with integrity, transparency and kindness.

A **bsolute Customer Focus**
We look ahead and anticipate our customers' needs. We listen and empathize so we may guide and advise effectively. We win together by creating mutually beneficial partnerships.

M **eet Our Commitments**
We make informed commitments and take ownership of results. We plan effectively and communicate clearly. We are relentlessly responsive.

S **uccess Through Innovation**
We innovate with each other and with our customers. We challenge the status quo to deliver the "Next" and continuously improve.

BECAUSE WE

Leadership Anchors

Build Elite Teams
- Energizes engagement
- Builds followership and networks
- Grows diverse talent

Lead with Integrity and Respect
- Embodies inclusiveness and transparency
- Demonstrates self-awareness and authenticity
- Communicate with care

Think Boldly
- Applies a strategic mindset
- Employs insight and critical thinking
- Inspires excellence and continuous improvement

Deliver Winning the Customer Obsession
- Anticipates and adapts to customer needs
- Delivers higher quality earlier
- Drives execution and delights customers

Innovate Fearlessly
- Entrepreneurially innovates
- Acts with a global mindset
- Courageously influences

How We Do What We Do

SOCIAL
Our Culture

- Debuting several customized learning and development programs available to all employees to fuel continuous learning. Employees at all levels of the organization (from individual contributors to senior leaders) will have an opportunity to tap into these programs.

- Re-engineering select recognition programs to celebrate successes that make a significant impact and reflect our values.

As we further embed our values into our culture, every level of our organization is demonstrating the link between culture and our business strategy, which is intensely focused on execution, innovation and growth. That is the true power of this work – creating an environment where all employees are engaged by a purpose and vision for where we can go together. Building a culture starts with bringing in and supporting people who embody our TEAMS values.

In 2020, the San Diego Union Tribune named Cubic a Top Workplace and the San Diego Business Journal recognized Cubic with a 2020 Corporate & Social Responsibility Diversity, Equity & Inclusion Award in their large public company category for Corporate & Social Responsibility. Our many achievements would not have been possible without Cubic's people.

Our Q3 FY20 engagement survey reflected the highest quarterly engagement score since the survey launch in 2016, improving 3% points from the previous quarter to 82%. We will continue building on that momentum, providing employees with the essentials to learn and grow, build a career, be empowered and be inspired by our purpose and values.

DIVERSITY & INCLUSION

Innovation is the lifeblood of Cubic and can only flourish with diverse perspectives and inclusive, highly engaged teams.

Cubic is committed to a globally inclusive workplace where people of all backgrounds can contribute and thrive knowing they are respected, empowered and supported. A diverse and engaged workforce positions Cubic for continued growth by enabling diversity of thought and collaboration, accelerating our ability to innovate and problem solve.

To deliver on this commitment, the Cubic Diversity & Inclusion Committee was established under the leadership of Cubic's senior vice president and chief human resources & diversity officer. Cubic's Nominating, Governance, Ethics and Corporate Responsibility Committee regularly receives briefings on human capital initiatives, including Diversity & Inclusion (D&I), and the full Board receives a briefing at least annually.

C-Green
Cubic Green
Furthering Cubic's environmentally sustainable culture and supporting the reduction of our environmental footprint through awareness and action.

C-YoPro
Cubic Young Professionals
Empowering our employees as they begin their career to maximize their potential.

CAN
Cubic Abilities Network
Creating a community to raise awareness and support around physical and mental well-being, disabilities or personal struggles through education, advocacy and networking.

CAPA
Cubic Asian Pacific Alliance
Positively impacting the Asian employee experience through recruitment, development and talent retention.

CVET
Cubic Veteran Engagement Team
Advocating for veterans and current military reserve members.

CWIN
Cubic Women's Network
Accelerating a cultural shift by empowering women and promoting gender equality.

FUSION
Fusion
Providing an inclusive environment that supports our diverse employees and clients across all ethnicities and cultures.

HOLA
Cubic Hispanic and Latin Alliance
Positively impacting the Hispanic and Latin employee experience.

Maana
Cubic Maana Alliance
Maana translates to "meaningful" in Swahili: Positively impacting the black employee experience.

OPEN
Cubic Out and Proud Employee Network
Creating an environment where our LGBTQ+ community and allies feel able and empowered to bring their authentic selves to work.

SOCIAL
Our Culture

The Diversity & Inclusion Committee's recent progress included establishing a strategic plan focused on learning from industry best practices, enhancing diverse recruiting outreach and driving engagement. Ten Employee Resource Groups (ERGs) were launched to promote a culture of inclusion, working together effectively to help employees maximize their own potential and support our business objectives.

The strategy includes training resources to enable cultural transformation. Global Inclusion for a Diverse Workforce, a new training course with relevant workplace scenarios was launched to employees worldwide, intended to make us better at recognizing and mitigating our unconscious biases. We also initiated a global D&I Toolkit with shorter learning modules to reinforce formal training. For opportunities to learn from thought leaders, the D&I committee introduced Cube Talks, a conversation series sponsored by our ERGs covering topics that connect our strategy to our goals. Recent Cube Talks topics included creating a brave space for our LGBTQ+ employees, balancing work from home with children and focusing on career development for underrepresented groups.

We recognize that in addition to training, unconscious bias requires mitigation. Over the last year, we launched initiatives to better understand our diverse workforce, tailored our programs to their needs and updated our processes and procedures to be more inclusive. We updated our data collection process for our U.S. and Canadian employees to include veteran, LGTBQ+ and disability status. Options to include preferred pronoun in our standard email signatures were made available and we updated our policies to better protect our diverse employees.

Top: OPEN San Diego, CA chapter participated in a socially distanced Pride 5K Run + Walk in July 2020.
Bottom: C-Green San Diego, CA chapter participating in the 36th Annual Coast Cleanup Day in September 2020.

To gain greater visibility of our workforce diversity, we introduced self-identification, a voluntary and confidential process where employees provide information about diversity dimensions like race/ethnicity, LGBTQ+, veteran or disability status. By listening to our team members, we learned about concerns of being stigmatized in the workplace. We responded to the feedback by publishing Frequently Asked Questions (FAQ), communicating the purpose of collecting this information in town hall meetings and sharing employee testimonials. By participating in the self-identification process, we can collectively change negative perceptions.

Our employees can feel secure that we are committed to non-discrimination and by participating in the self-identification process, we can collectively change negative perceptions.

We regularly collect employee feedback on our culture and organizational practices through our annual engagement survey; these results are also measured against industry benchmarks. In addition to other factors, we specifically measure diversity and inclusion performance. In the most recent survey, the results indicate we scored well above industry benchmark.

SOCIAL

Corporate Citizenship & Community Engagement
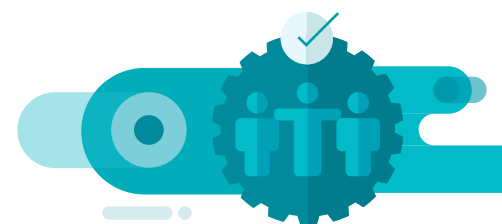
Cubic has a long history of supporting and engaging the communities where our people live and work, and we remain committed to being a trusted partner in the communities where we operate.

AT THE LOCAL LEVEL

Cubic employees and businesses donate their time and resources to local organizations that support military veteran organizations; Science, Technology, Engineering & Math (STEM); health and human services; and local civic affairs such as community clean-ups, tree planting, charitable 5Ks and other events.

All these activities are part of a broader approach led by our Charitable Donations Committee, established in 2019. From 2019 to 2020, we donated over $1 Million USD to support over 100 local charitable organizations and community engagements. While COVID-19 limited our ability to participate in community activities, our involvement has continued in imaginative ways. Examples of these additional activities include:

- In Tijuana, Mexico we repurposed our manufacturing operations to produce face coverings that we distributed to every Cubic employee and their immediate family members, to key customers and to the Mexican Red Cross.

- HOLA Employee Resource Group collected a pallet and a half of used computers for Computers2Kids for distribution among children in the South Bay Latin community for distance learning.

- C-YoPro Employee Resource Group hosted a virtual food drive in partnership with Jacobs & Cushman San Diego Food Bank to help families in need, raising more than $5,000.

- OPEN Employee Resource Group participated in a virtual 5K for San Diego Pride, creating awareness around #TogetherWeRise.

- Maana Employee Resource Group held a virtual Back-to-School drive supporting the homeless students of San Diego's Monarch School.

- C-Green Employee Group participated in a Coastal Clean Up, removing trash from local beaches.

AT THE GLOBAL LEVEL

We have responded to global events that impact the communities our people and customers belong to through financial contributions, employee donations or the donation of our relevant products and services:

- Hurricanes in Haiti and the United States

- Australian wildfires in January 2020

- Beirut, Lebanon explosion in August 2020

Cubic partnered with nongovernmental organization Help. NGO to deploy its GATR satellite communication (SATCOM) antennas and DTECH hardware solutions, including Vocality Radio over IP (RoIP) products, to assist in Hurricane Dorian disaster recovery efforts in the Bahamas in September 2019.

Cubic and Help.NGO were able to establish five SATCOM links to restore connectivity within 72 hours of arrival. These networks provided connectivity to over 2,000 survivors from affected communities as well as first responders during the rescue response and early recovery phase of operations.

SOCIAL

Corporate Citizenship & Community Engagement

ATTRACTING THE RIGHT TALENT

Cubic is focused on hiring the right talent to strengthen our competitive advantages and to position Cubic as a technology-driven, market-leading company. We look for bright, innovative minds from a variety of backgrounds and experiences. At Cubic, we know that a diverse, engaged workforce drives innovation and delights our customers. Because of this, we focus talent attraction efforts on individuals and groups who work hard, collaborate well and want to make a positive difference in people's lives.

We engage with organizations and sites that bring people of differing backgrounds together to advertise our jobs, build relationships and partner to help members reach their potential, hopefully as future Cubic employees. Our Employee Resource Groups are active in and passionate about assisting our talent attraction efforts. We are committed to increasing women in our workforce from our 2020 baseline of 24.4% to 30% by fiscal year 2025.

KEEPING AND GROWING OUR TALENT

At Cubic, we foster and cultivate an environment of continuous learning and promote opportunities to help our employees take their career as far as they want to go, whether it be leveraging online learning; on-demand training; virtual, live interactions and networking; experiential opportunities; job shadowing; and mentorship. We are continuously evolving our portfolio of learning and development opportunities to meet the needs and conditions of our dynamic, diverse workforce.

The programs we currently have in place to support employee growth and development include (but are not limited to):

- **Leadership Essentials:** This training enables new and existing managers to lead and develop their teams. Participants develop communication skills that promote better feedback and coaching conversations, all aimed at enhancing personal performance and driving business success.

- **High Potential Program:** This program is designed to equip our top talent with focused development plans and activities to align with their career path and related talent funnel.

- **LinkedIn Learning:** Licenses are made available to those actively looking to enhance their skills in a multitude of genres as well as focused learning activities.

- **Mentorship:** Mentoring opportunities promote cross pollination and enable skill building through meaningful relationships with employees at different levels, across different parts of the organization.

- **Experiential Opportunities:** Employees identify growth opportunities within annual Individual Development Plans (IDPs). Managers can then facilitate opportunities to expand an employee's experience into other functional areas of the business or support the targeted enhancement of one's skills in their current field.

CTS Australia interns.

Cubic De Mexico Tijuana Employees led the production of Cubic face coverings which were provided to 100% of Cubic employees and their immediate family members at the outset of the COVID-19 pandemic in 2020.

SOCIAL

Corporate Citizenship & Community Engagement

EMPLOYEE RELATIONS

Cubic has a longstanding policy of equal opportunity employment for all individuals regardless of race, creed, color, religion, national origin, gender, sexual orientation, gender identity and expression, age, marital status, and veteran status and mental, sensory or physical disability. In adherence to the labor standards outlined in the United Nations Global Compact (UNGC), Cubic upholds the elimination of all forms of forced and compulsory labor, the abolition of child labor and maintains a zero-tolerance policy for any discrimination, harassment or retaliatory behavior.

In our Human Rights Policy, we pledge to serve as a positive influence on our people, our customers and in the communities where we operate, demonstrating by our actions our belief that human rights violations are both avoidable and unacceptable. Our alignment with the UNGC's stand against human rights abuses is stated clearly in our Human Rights Policy: "Cubic is committed to respecting all human rights and will not tolerate human rights abuses." Our Code of Conduct states our commitment to seeking business partners who share these commitments.

EQUAL EMPLOYMENT OPPORTUNITY STATEMENT

We believe in treating employees and applicants with dignity, decency and respect, and strive to have a diverse workplace where employees work together in a positive and fulfilling environment that facilitates our culture of inclusion. Our employment decisions are based on merit, experience, and talent potential, without regard to race, color, sex (including sexual orientation and gender identity expression), religion, national origin, ancestry, age, mental or physical disability, marital or family status, pregnancy,

childbirth or related medical conditions, military or veteran status, genetic information, compensation, or any other characteristic protected by federal, state, or local laws. Our goal is to continue to build a talented workforce reflective of the communities in which we live. As a result, we take affirmative actions in our local communities to ensure equal employment opportunity for minorities, women, disabled individuals, and covered veterans.

Our commitment to equality in the workplace spans across all employment-related decisions, from hiring and promotions, to transfers and compensation, as well as career development programs. We also follow best practice decision-making processes globally to ensure that employment decisions are free from unfair, unethical, or unlawful biases. If ever you feel that you or another employee have been treated unfairly, you are urged to immediately report such behaviors to your manager, Human Resources Business Partner, and/or helpline.

LIVING WAGE STATEMENT

In October 2020, we published our "Living Wage" statement, which reflects a commitment to ensuring an adequate standard of living for employees and paying fair wages that meet or exceed the amount for basic living needs, while complying with applicable laws. Cubic is taking a leading position within our peer group to disclose and commit to paying a living wage to all of our people by fiscal year 2025. In 2020, we completed a global Living Wage assessment in 14 countries where we operate to identify any regions where our pay may have been below the Living Wage. Where gaps were identified, we made necessary adjustments and are committed to the annual review of our global wages to ensure the Living Wage levels are met by fiscal year 2025.

Cubic celebrates the ground-breaking of our LEED certified San Diego, CA U.S.A. corporate headquarters.

OCCUPATIONAL HEALTH AND SAFETY

Continuously improving our performance in health and safety has been a key focus of our ESG strategy. Our platform businesses in Europe, Middle East, Africa and Asia Pacific regions deliver appropriate communications on safety including organizing frequent safety topics, elevating the discussion of safety issues at management meetings and improving the visual boards around the facilities to help re-enforce key messages, showcase data and provide feedback to our people.

Having a world class approach to health and safety not only makes the business more attractive to new talent but also helps increase efficiency and stimulate ideas for new safer products and processes. To better enable health and safety at our global sites, we introduced the Cubic Global Health, Safety and Environment Management System in 2020. This system helps us align our global operations and provide a safe and secure work environment.
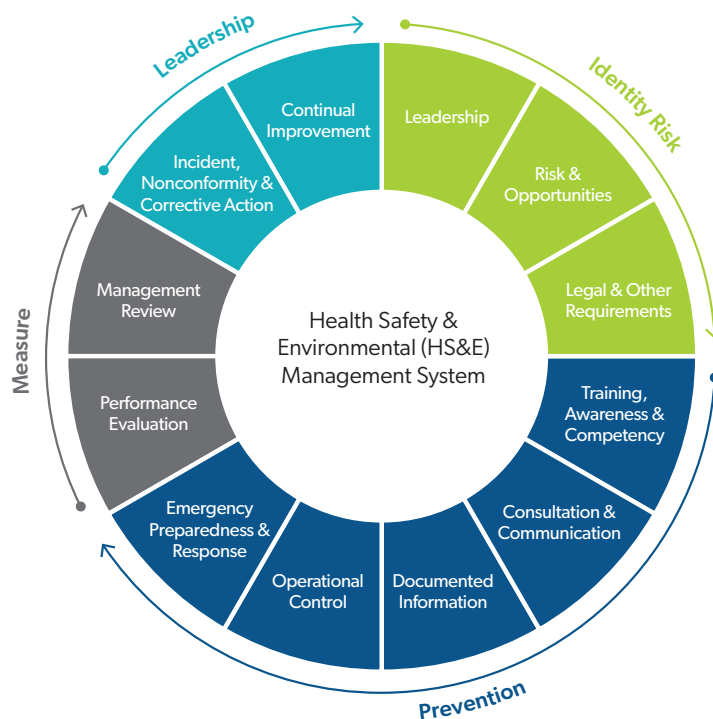
SOCIAL
Corporate Citizenship & Community Engagement

HS&E CERTIFICATIONS

Our business segments have received the following ISO certifications, which demonstrate our ability to address various aspects of HS&E management:

- ISO 14001:2004 - United Kingdom (CTS)
- ISO 14001:2004 – Germany (CTS)
- ISO 45001 – New Zealand (CTS)
- ISO 45001 – UK (CTS)
- ISO 45001 – Australia (CMPS)

Examples of key health and safety accomplishments for 2020 include:

- Employees completed more than 5,000 hours of safety training in 2020. This includes virtual workshops, training and developmental opportunities made available to all employees through an extensive eLearning library on Workday. Topics include a range of occupational safety and health topics, including chemical hazard communication; emergency response, machine guarding; industrial hygiene; personal protective equipment; safety and hazards controls; ergonomics; powered industrial trucks and job safety analysis.

- The MyService HS&E incident reporting tool enables our employees to report safety observations, near-misses and

environmental incidents in real-time. This aligns with our culture of ownership and accountability where employees feel responsible for their safety and that of their co-workers. These programs also promote open discussions with management about work-related hazards and safety issues

- Our incident rates in 2020 improved by:
  - Total Recordable Incident Rate by 10%
  - Medical Only Incident Rate by 27
  - Lost Time Incident Rate by 15%

- We deployed training for front-line leaders on how to recognize and report safety hazards.

- North America completed a regional HS&E Training Matrix identifying required training for employees and supervisors.

SOCIAL

Corporate Citizenship & Community Engagement

In 2020, our Total Injury Frequency Rate met the industry average and we incurred zero work-related fatalities.

We know there is more that can be done and have set a best-in-class injury frequency rate target of 0.30 by 2025. We will continue to improve on this metric and are working on developing and implementing a Destination Zero campaign to achieve zero lost time injuries for all our sites, around the world.

While accountability for safety starts at the top of the organization with our CEO and Business Presidents, the site managers play a vital role by working with their regional HS&E leaders to implement and maintain necessary safety processes including:

- Assessing risks and identifying hazards.

- Taking reasonable and practical steps to manage and reduce safety risks.

- Assuring the effectiveness of safety risk controls.

- Promoting safety awareness.

- Complying with all applicable regulatory requirements.

- Advising the senior leaders of improvement needs.

- Striving to continually improve safety.

We communicate our safety expectations, raise awareness of safety compliance issues and provide our employees with opportunities to share best practices through a number of channels including:

- Monthly town hall meetings with all Cubic employees.

- Ad-hoc site-specific HS&E meetings.
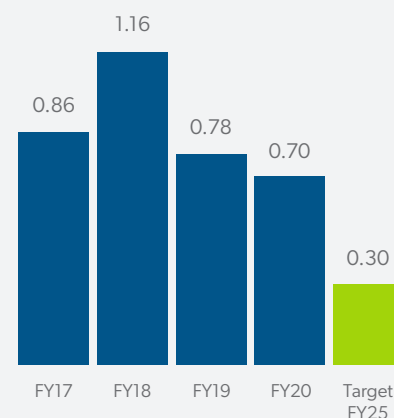
- Ad-hoc email and intranet communications.

Cubic's *Destination Zero* goal ensures that safety programs and practices enable every Cube across the organization to return home safely, every day.

Total Injury Frequency Rate

Recordable Incidents

● FY19   ● FY20

General Incidents

● FY19   ● FY20

Global Health & Safety Performance: FY19 vs. FY20
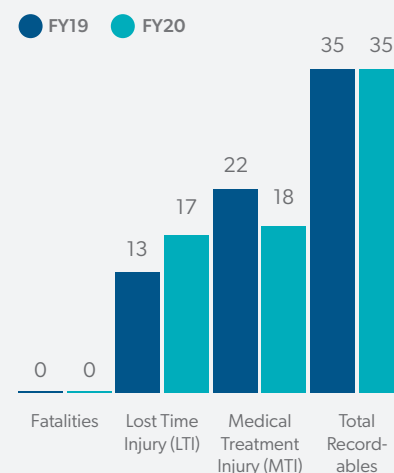
Health & Safety Factor	Target	FY20	FY19
Total Recordable Injury Frequency Rate (TRIR)	1.0	0.70	0.78
Lost Time Injury Frequency Rate (LTIR)	0.40	0.34	0.29
Medical Injury Frequency Rate (MTIR)	0.90	0.36	0.49
First Aid Frequency Rate	N/A	1.03	1.54
Total Exposure Hours Worked	N/A	10.0M	8.9M

Total injury frequency rates are calculated as follows: Number of incidents YTD X 200,000 hours annually, then divided by annual exposure hours worked.
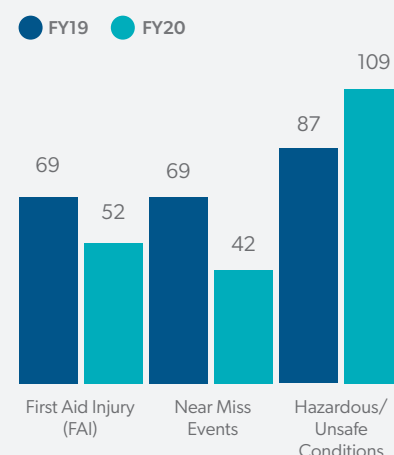
SOCIAL

Innovation and Product Stewardship

Since 1951 our global innovators have been creating breakthroughs that bring the next generation of technology to our industries.

Innovation is fundamental to Cubic's purpose – Our TEAMS innovate to make a positive difference in people's lives – and it is how we are creating best-in-class, sustainable solutions for our customers.

Cubic employees get hands-on exposure to innovation projects across the company at our annual Innovation Day.
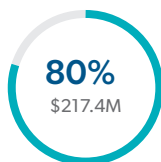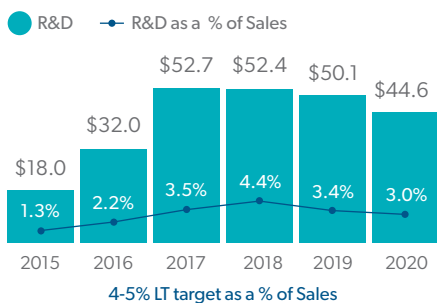
CUBIC'S INNOVATION SOCIAL SYSTEM

Sustainable innovation at Cubic leverages our formalized, closed-loop Innovation Social System that enables our people and teams to work together to rapidly transform "big ideas" into differentiated, user-centric products and services that solve our customer's most difficult problems.
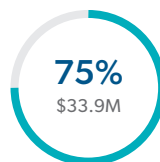
The Cubic Innovation Social System (CISS) has strategic objectives, from idea collection to creating new revenue streams, tracking output to refine activities as we learn. It includes a portfolio of internal research and development projects aligned with our business unit strategies and is complemented by the Corporate sponsored Innovation program. The Corporate sponsored Innovation program is responsible for facilitating activities such as ideation via hackathons and bounty challenges, as well as developing Cubic Integrators, which are entrepreneurs who lead innovation teams to generate new revenue streams and develop talent pipelines throughout Cubic.

IdeaSpark

IdeaSpark provides a highly collaborative environment for the Cubic community to connect with internal technology teams and experts across global Cubic locations. IdeaSpark allows employees to work together to create new products.

Bounties

A Bounty is a feature within IdeaSpark where Cubic Leadership or Business Development can request the help of the Cubic community for a solution to a specific problem. It can be anything that helps find innovative solutions for a customer or product; the winning proposed solution receives a monetary reward.

Hackathons

Hackathons are events which allow for diversely skilled employees to participate in the creation of a prototype or to accelerate an innovation program. Hackathon topics are directly tied to business development opportunities or customer needs.

Research & Development Investments ($M)

R&D — R&D as a % of Sales

2015	2016	2017	2018	2019	2020
$18.0	$32.0	$52.7	$52.4	$50.1	$44.6
1.3%	2.2%	3.5%	4.4%	3.4%	3.0%

4-5% LT target as a % of Sales

80% $217.4M
% of New Revenue due to Innovation in 2020 (76% in 2019)

75% $33.9M
Customer Co-development in 2020 (67% in 2019)

SOCIAL

Innovation and Product Stewardship

CTS Mobile Pay options simplify travel.

CMPS Game Based Training System for U.S. military maritime applications.

CTS Products and Services - How Product Innovation Supports our ESG strategy

The public transportation sector has faced unprecedented challenges in 2020 as it continues to deliver an essential service, providing safe mobility options for travelers, but with greatly reduced operating revenues. Cubic is building confidence in public transportation with customer-centric solutions that improve the safety and accessibility of public transit for the communities where our customers operate, around the world.

CONTACTLESS, OPEN PAYMENTS

This year, we continued our roll out of the One Metro New York (OMNY) system across New York City, successfully reaching the MTA's goal to bring OMNY to all subway stations and buses by the end of 2020. With OMNY, New Yorkers now have:

- A faster, more convenient and personalized way to pay for transit with proven, next generation technologies.

- A variety of payment options including contactless-enabled debit/credit cards, mobile phones (including digital wallets) and wearable devices.

- A more intuitive and seamless commuting experience.

CMPS Products and Services – How Product Innovation Supports our ESG Strategy

Global security challenges are accelerating faster than ever with the rising threat of adaptive, near-peer adversaries. Operators at the edge must leverage command and control systems to enhance decision making and mission effectiveness, to ensure all operators return home safely from their missions.

TRAINING

In fiscal 2020, Cubic was awarded the highly competitive Surface Training Immersive Gaming and Simulations program, known as STIGS. This is a single award, five-year IDIQ contract worth $99 million and, under this program, we will provide a new virtual environment training system for the U.S. Navy. We are pursuing another opportunity with the U.S. Navy in support of its 2021 Ready Relevant Learning Content Conversion program, with the goal of improving Sailors' transfer of virtual training to the operational work environment.

SOCIAL

Supply Chain
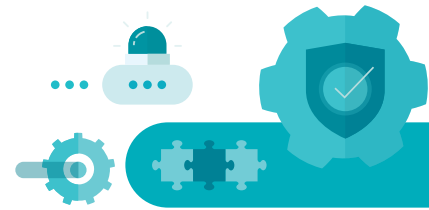
Cubic has over 2,000 suppliers who provide services, materials and products that are utilized across our businesses with the goal of a 50% supplier reduction by fiscal year 2023.

We have developed the necessary policies and programs to ensure that our suppliers around the world meet laws and industry regulations, treat their workers fairly, deliver quality goods at a fair price and adhere to ethical conduct. We want our suppliers to share our commitment to environment, social and governance priorities – as well as our commitment to strong performance and continuous improvement.

SUPPLY CHAIN DUE DILIGENCE

To aid in the fight against human rights abuses, Cubic has developed diligence frameworks around guidance from the Organization for Economic Cooperation and Development (OECD) to perform diligence on the origin of conflict minerals and human rights risks in our supply chain. These frameworks are designed to prevent funding of non-state armed groups, as well as human trafficking in our supply chain worldwide and are unique to each program. Our programs involve supplier audits and certifications; risk analysis, verification and mitigation; diligence; training (both internal and external); public reporting; programs to assist suppliers in improving their own capacities; and formal annual process review meetings involving stakeholder consultation and engagement. Supplier cooperation in our diligence processes and correction of any immediate risks or human rights abuse in their supply chain is required in order to do business with Cubic.

Our supply chain diligence program also includes supplier requirements to refrain from specific actions that contribute to increased risk of human rights abuses worldwide. These expectations are provided in Cubic's Third-Party Code of Conduct and included in our contracts with suppliers.

Cubic has undertaken a supplier rationalization project with the goal of strategically reducing the number of suppliers to less than 1,000 by 2023. While COVID-19 has impacted our ability to perform onsite supplier assessments, we have implemented a modified electronic assessment protocol. This new assessment includes supply chain sustainability elements such as human rights, conflict minerals, HS&E and labor standards. During fiscal year 2020 we further reduced and consolidated our supplier base by 34% toward our 2023 target.

SOCIAL

Supply Chain

SUPPLIER DIVERSITY

At Cubic, we are committed to building a workforce that mirrors the world in which we do business. In support of this commitment to diversity and inclusion, Cubic sources materials and services from a diverse base of global suppliers. While we are tightening our supply chain to achieve maximum efficiencies with world-class suppliers who can serve multiple Cubic businesses, we also realize that supplier diversity will help us remain competitive in the global marketplace.

Cubic is committed to Supplier Diversity in our contractual relationships with our Transportation and Defense customers. Cubic supports the growth and prosperity of the Small Business (SB), Minority Business Enterprise (MBE), Woman-Owned Business Enterprise (WBE) and Disadvantage Business Enterprise (DBE) and is working to include an LGBTQ minority business designation in 2021.

Cubic's supplier diversity officer and the buyers within Cubic's Manufacturing and Procurement (CMP) segment research and engage non- traditional businesses that meet the quality and specifications required by Cubic, for our customers. Cubic attends tradeshows and networking events to stay up to date on the latest Supplier Diversity standards as exemplified by the U.S. Federal Government and industries in which we operate. Cubic also participates in panel discussions on Supplier Diversity and provides internal training on the rules and regulations that govern participation in Supplier Diversity. Cubic provides monthly and bi-annual reports to the U.S. Federal Government and our transportation customers on the use of diverse suppliers that support our contracts.

GLOBAL SUPPLY CHAIN IMPROVEMENTS

Cubic's suppliers must commit to continuous improvement in their quality and delivery performance. We have implemented a Supplier Qualification process that provides a risk-based approach for selecting critical suppliers. Utilizing audits and score cards, this tool ensures that suppliers meet or exceed quality standards, technical requirements, commodities requirements and compliance with applicable laws in addition to meeting our internal ESG expectations.

Total Spend by Supplier Classification

Supplier Classification	Number of Suppliers (Active)	Total 2020 Spend (%)
Minority Business Enterprises (MBE)	74	3.33%
Woman-Owned Business Enterprise (WBE)	64	2.88%
Disadvantaged Business Enterprise (DBE)	24	1.08%
Small Business (SB)	707	31.90%
Other than Small Business (Large Business [LB])	1,347	60.78%

SOCIAL

Supply Chain

CONFLICT MINERALS

Our Corporate Social Responsibility in Supply Chain Management Policy highlights Cubic's commitment to the promotion of human rights and the prevention of human rights abuses within our supply chain. Cubic's Conflict Minerals diligence framework incorporates the standards contained in the Organization for Economic Cooperation and Development (OECD) guidance, the first internationally recognized due diligence framework for the responsible sourcing of minerals from conflict-affected and high-risk areas. The OECD is a unique forum where the governments of 37 democracies with market economies work with each other and with more than 70 non-member economies to promote economic growth, prosperity and sustainable development.

Our due diligence process includes the restriction of the use of products that contain conflict minerals (tin, tantalum, titanium or gold) that are sourced from, and may finance, conflict in the Democratic Republic of the Congo or an adjoining country.

As part of these diligence processes, we review annually the mineral origin of the products provided by our suppliers and the diligence processes they undertake. The findings of these efforts are reported annually to the SEC. Our most recent annual report and all performance metrics are publicly available. In 2018, Cubic received a 97% compliance and best practice score from an independent review performed by the not-for-profit organization, Development International.

LABOR

Highlighted in our Corporate Social Responsibility in Supply Chain Management and Human Rights Policy, Cubic's commitment to preserving human rights and fair labor practices extends into our Combatting Human Trafficking program. Cubic's Combatting Human Trafficking Framework was developed in close collaboration with responsible stakeholders worldwide and closely reflects the best practices highlighted in the OECD Due Diligence Guidance for Responsible Business Conduct.

The term "human trafficking" is a broad term that encompasses a spectrum of practices that endanger a person's fundamental human rights and is generally understood to be a synonym of the term "modern slavery," as it is known in the international community.

Cubic's due diligence processes include supplier process evaluations; announced, on-site inspections; supplier corrective action processes; and annual evaluations of our suppliers' industries and locations against government produced reports of high-risk industries and locations for human trafficking.

We train our employees who are responsible for supplier/subcontractor selection on Cubic's and the U.S. government's Human Rights policies, risks specific to Cubic's product-base and key indicators of illegal labor practices worldwide to empower our employees to ensure everything we purchase is produced in adherence with the most ethical labor practices. We maintain internal accountability standards that every employee and contractor must meet and report annually on the organization and operation of our Combatting Human Trafficking program, the effectiveness of our program and how we evaluate its effectiveness. This report can be found on Modern Slavery registries in the United Kingdom, Australia and via the "Modern Slavery Statement" link featured prominently on the Cubic.com homepage (in accordance with the U.K. Modern Slavery Act, California Transparency in Supply Chains Act and Australia Modern Slavery Act).
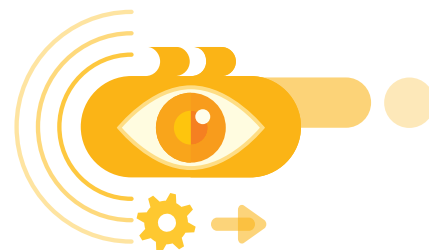
Governance

Cubic believes that strong governance helps ensure the sustainable success of our company through oversight, transparency and accountability.

GOVERNANCE

Corporate & ESG Governance

Cubic's Board of Directors believes that strong governance helps ensure the sustainable success of our company.

The Board has five committees in total: Audit & Compliance; Executive Compensation; Nominating, Governance, Ethics & Corporate Responsibility (Nominating Governance); Classified Business Oversight; and Technology Strategy. The Audit & Compliance, Executive Compensation, and Nominating Governance committees specifically oversee risk management efforts at Cubic. The charters for each committee set forth the members' responsibilities and are reviewed annually to ensure that the committees continue to meet regulatory requirements, best practices and the needs of Cubic.

To support the Board of Directors, as well as our executive leadership team, Cubic has established various business processes to ensure that key risks and market trends are well understood and that our resources are deployed appropriately to meet current and future needs. These include our ethics and compliance program and enterprise risk management program.

ESG GOVERNANCE

We believe that corporate responsibility and sustainability should play an important role in our business and operating strategies and create long-term value for our people, customers, communities and shareholders.

Cubic's Board governance processes are designed to keep Board members informed about significant ESG issues impacting our company. Two Board committees have primary responsibility for ESG-related topics:

- The Nominating, Governance, Ethics & Corporate Responsibility committee fulfills its oversight responsibilities by maintaining an informed status and advising on ESG in general, with a strong focus on assessing the effectiveness of Cubic's ESG program; Environment, Health and Safety; the Ethics and Compliance program; Enterprise Risk Management; Human Capital; and Social Capital activities.

- The Executive Compensation Committee has oversight responsibilities relating to the compensation and benefits of Cubic's executive officers and oversees the recruitment, development and retention of diverse executive talent necessary to ensure Cubic's continued growth.

- We strive to provide a total compensation package that fairly and equitably rewards our leadership - as a team and as individuals - from each of whom we expect superior performance. Our total direct compensation program is designed so that majority of pay is variable with emphasis on long-term performance.

BOARD INDEPENDENCE, DIVERSITY AND ENGAGEMENT

Cubic's Board of Directors consists of diverse, engaged leaders who possess the skills and experience to expertly advise on the strategic, sustainable growth of Cubic.

- All directors are independent, except the CEO.

- Five Board committees (four fully independent).

- Robust succession planning process.

- In fiscal year 2020, four out of nine directors were women.

- Two directors were racially diverse (one male, one female).

- Guidelines limiting director age and tenure.

- Active Board oversight of strategy development.

- Directors attended 100% of all required Board and committee meetings in fiscal year 2020.

- Board policy limits director service on other public company boards.

- Significant Board interaction with senior leaders and access to other employees.

- Regular visits to site operations.

GOVERNANCE

Corporate and ESG Governance

BOARD SELF-EVALUATION

Regular assessments of Board structure, roles and performance create accountability and present opportunity for continued improvement.

- Annual assessment and evaluation of Board leadership structure.
- Strong Lead Independent Director with clear roles and responsibilities.
- Annual Board and committee self-evaluations.
- Both CEO and Lead Independent Director performance are assessed on a regular basis (scheduled at least annually).

**OVERSIGHT OF RISK, ESG AND STAKEHOLDER ALIGNMENT**

Our Board is responsible for the oversight of risk management and allocates oversight of specific risks to the appropriate Board committee to ensure we are prepared to act swiftly in the interest of our business, people, communities and customers.

- Nominating, Governance, Ethics & Corporate Responsibility Committee has oversight responsibility for Cubic's ESG strategy.
- Robust Enterprise Risk Management program.
- All Board members take Cubic's mandatory annual Code of Business Conduct training.
- Nominating, Governance, Ethics & Corporate Responsibility Committee regularly receives briefings on human capital initiatives as well as the corporate compliance program.
- Claw-back and anti-hedging policies.
- Track record of improving Board accountability and stakeholder alignment.
- Robust investor engagement program
- Stock ownership guidelines for CEO and directors (5X base salary or annual retainer).

- Majority of executive compensation is variable and tied to achievement with emphasis on long-term performance.
- 2020 signatory acceptance to the United Nations Global Compact.
- Member of Social Responsibility Alliance and the Responsible Mineral initiative.
- Commitment to continuous improvement and enhancing ESG strategy and key disclosures.

GOVERNANCE

Ethics and Compliance
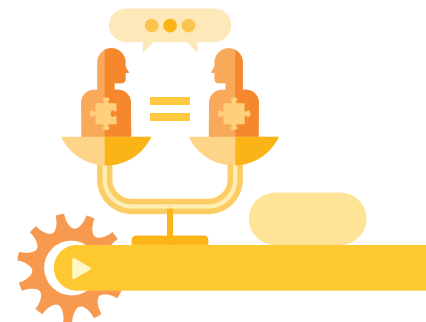
Ethics are the foundation of our TEAMS values and our Code of Conduct.

Overseen by the chief compliance officer and managed by the Ethics and Compliance function, the program demonstrates Cubic's commitment to focusing on ethical issues from the top down.

Cubic provides a variety of ways for any employee to raise questions and concerns, including a toll-free helpline operated by a third-party administrator, Convercent. Employees can also reach out to our human resources business partners across the globe to confidentially discuss any ethics or compliance issues that may arise. The Convercent helpline and our compliance champions network is an important part of our corporate governance.

Our dedication to ethics and compliance integrity is strengthened by a comprehensive suite of governance policies. These include policies on global trade practices, dealings with the U.S. government, stock trading, anti-corruption, anti-trust and fair competition compliance – topics that complement Cubic's Code of Conduct and ensure that business is being conducted with integrity and transparency. Employees are required to complete annual Code of Conduct training upon onboarding and at the anniversary of their hire date.

In addition, in March 2020 we became a signatory member of the United Nations Global Compact (UNGC), with its framework of 10 principles in the areas of anti-corruption, environment, human rights and labor. As part of this commitment, Cubic supports and aligns our operations against corruption in all of its forms, including extortion and bribery.

Shareholder Engagement

We actively engage with our shareholders on a year-round basis to discuss Cubic's strategy, financial performance and key business developments.
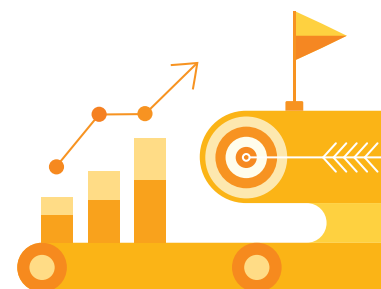
We participate in numerous investor conferences, hold our own shareholder engagement events and meet one-on-one with current and prospective shareholders in a variety of forums.

After our annual shareholder meeting, the Board reviews the voting results and any shareholder feedback. We implement a governance-focused outreach plan designed to solicit our shareholders' input on matters such as corporate governance, executive compensation, sustainability and social responsibility.

Our engagement team includes our chairman, president and chief executive officer; chief financial officer; general counsel; vice president of investor relations; senior director of responsible business; and may include our lead independent director and other Board members and executives, as appropriate. The Board carefully reviews the shareholder feedback from these discussions and implements appropriate changes.

In fiscal year 2020, we extended invitations to shareholders representing approximately 60% of our common shares outstanding, including both U.S. and international shareholders. Our discussions focused on topics including COVID-19, Board composition, culture, diversity initiatives and our Environmental, Social & Governance (ESG) strategy. Shareholders also shared

perspectives on various ESG reporting frameworks. From these discussions, it is clear that topics relating to environmental and social matters, are becoming increasingly important to our shareholders as part of their assessment of the Company's risks and opportunities.

GOVERNANCE

Enterprise Risk Management

Cubic's senior management and our Board of Directors recognize their responsibility to protect shareholder value by ensuring that we adequately address significant risks that could have a material impact on our ability to meet business objectives.

Cubic has developed an Enterprise Risk Management (ERM) program. As part of this program, the Board reviews and approves the procedures adopted, and conclusions reached, by our Executive Management Committee (EMC) with reference to such enterprise risks. The Board also discusses major enterprise risks and appropriate mitigation measures with the CEO and the general counsel. The general counsel also functions as the chief risk officer of the company.

Our ERM committee (ERMC) – which is comprised of members of senior management – works with the CEO, committees of the Board and the full Board to establish overall enterprise risk strategies and oversight of policies, systems and processes related to enterprise risk.

The ERMC reports quarterly to the Audit Committee and annually to the full Board on its activities and findings, highlighting the key enterprise risks we face and management's actions for managing those risks. The Board's focus is to identify, and ensure we have a plan to respond to, those enterprise risks that could seriously impact our short- or long-term ability to continue normal operations. The ERMC directs and engages in risk management practices for all Cubic business segments. We conduct an annual survey of functional leaders and all Board members to obtain data used to identify our top enterprise risks. In

addition, senior officers meet periodically with the ERMC to identify, assess and rank the perceived severity of enterprise risks related to their businesses. Appropriate mitigation plans are implemented and tracked by the ERMC.

As part of its oversight function, the Board and its committees monitor enterprise risk as part of their regular deliberations throughout the year. When granting authority to management, approving strategies, making decisions and receiving management reports, the Board considers the enterprise risks facing the Company, among other things.

Cubic Board & Executive Committees

Audit Committee	Evaluates the Company's guidelines and policies regarding risk assessment and risk management, including risks related to internal control over financial reporting, the Company's major financial risk exposures and the procedures to monitor and control those exposures.
Executive Compensation Committee	Assesses risks potentially arising from the Company's human resources and compensation policies and practices.
Nominating, Governance, Ethics & Corporate Responsibility	Oversees risks associated with unethical conduct and political, social, environmental and reputational risks.
Classified Business Oversight Committee	Oversees risk review activities applicable to the Company's classified business activities and receives reports from management on particular classified projects involving significant performance, financial or reputational risks.
Technology Strategy Committee	Oversees risks associated with the Company's technology initiatives and capabilities in support of business growth, as well as cyber security.
Enterprise Risk Management Committee (ERMC)	The ERMC is comprised of members of senior management. The ERMC establishes the Company's overall enterprise risk strategies and oversees policies, systems, processes and training related to the Company's enterprise risk across business segments.

Appendix

Sustainability Indices

SASB AND UNGC

Our 2020 ESG Report marks the first time Cubic has provided metrics in accordance with the Sustainability Accounting Standards Board (SASB) framework. This report also marks the first time we have measured our progress against the United Nations Global Compact (UNGC), which is the world's largest corporate sustainability framework.

This non-binding United Nations pact encourages businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation. The information listed on these indices is based on fiscal year 2020 information, except where otherwise indicated.

SASB INDEX

Cubic supports the mission of the Sustainability Accounting Standards Board (SASB), which creates industry-specific sustainability accounting standards that help companies disclose financially material, decision-useful environmental, social and governance information to shareholders and potential investors.

Given Cubic's mix of businesses, SASB recommended that we consider reporting under its Technology & Communication sector and its Software & IT Services industry categories. We have included metrics that we currently track for these two standards that are applicable to Cubic businesses. We plan to include more data in the future as it is made available.

Cubic FY20 SASB Performance

Topic	Accounting Metric	Category	Unit of Measure	Code	Cubic Response (FY20)
Environment & Energy Management	(1) total energy consumed	Quantitative	Gigajoules (GJ)	TC-SI-130a.1	72,994
		Quantitative	MWh		20,276
	(2) percentage grid electricity	Quantitative	Percentage (%)		100%
	(3) percentage renewable	Quantitative	Percentage (%)		0%
	(1) total water withdrawn	Quantitative	Thousand cubic meters (m³)	TC-SI-130a.2	24,768
	(2) total water consumed, percentage of each in regions with high or extremely high baseline water stress.	Quantitative	Percentage (%)		0%
	Discussion of the integration of environmental considerations into strategic planning for data center needs.	Discussion and Analysis	n/a	TC-SI-130a.3	N/A

Table continued on next page.

Sustainability Indices

Topic	Accounting Metric	Category	Unit of Measure	Code	Cubic Response (FY20)
Data Privacy & Freedom of Expression	Description of policies and practices relating to discussion analysis on behavioral advertising and user privacy.	Discussion and Analysis	n/a	TC-SI-2 0a.1	N/A
	Number of users whose information is used for secondary purposes.	Quantitative	Number	TC-SI-2 0a.2	0
	Total amount of monetary losses as a result of legal proceedings associated with user privacy (USD.)	Quantitative	Reporting currency	TC-SI-2 0a.3	$0
	(1) number of law enforcement requests for user information.	Quantitative	Number	TC-SI-2 0a.4	0
	(2) number of users whose information was requested.	Quantitative	Number		0
	(3) percentage resulting in disclosure.	Quantitative	Percentage (%)		0%
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring.	Discussion and Analysis	n/a	TC-SI-2 0a.5	None
Data Security	(1) number of data breaches.	Quantitative	Number	TC-SI-230a.1	0
	(2) percentage involving personally identifiable information (PI)	Quantitative	Percentage (%)		0
	(3) number of users affected	Quantitative	Number		0
	Description of approach to identifying and addressing data security risks, including use of third-party cyber security standards	Discussion and Analysis	n/a	TC-SI-230a.2	ISO 27001 NIST 800-171 PCI-DSS
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of employees that are (1) foreign nationals	Quantitative	Percentage (%)	TC-SI-3 0a.1	1.50%
	(2) located offshore	Quantitative	Percentage (%)		0.87%
	Employee engagement as a percentage	Quantitative	Percentage (%)	TC-SI-3 0a.2	82%
	Percentage of gender and racial/ethnic group representation for (1) management	Quantitative	Percentage (%)	TC-SI-3 0a.3	21% 26%
	(2) technical staff	Quantitative	Percentage (%)		27% 31%
	(3) all other employees	Quantitative	Percentage (%)		52% 43%

APPENDIX

United Nations Global Compact

Cubic is a signatory and supports the United Nations Global Compact (UNGC), which is a framework of principles in the areas of human rights, labor, the environment and anti-corruption. We are committed to these principles and are implementing them as detailed throughout this report.

In 2020 we gained signatory acceptance to the United Nations Global Compact and we are excited to work with the UNGC to further improve Cubic's global initiatives in support of the UNGC's Ten Principles and key Sustainable Development Goals.

WE SUPPORT

UN GLOBAL COMPACT

MSCI ESG RATINGS   **AA**

| CCC | B | BB | BBB | A | AA | AAA |

Disclaimer Statement: The use by Cubic of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of cubic by MSCI. MSCI services and data are the property of msci or its information providers and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

UNGC Principles & Associated Cubic Policies

HUMAN RIGHTS	REPORT LINKS
1. Business should support and respect the protection of internationally proclaimed human rights.	**Human Rights Policy** ⬀
2. Business should make sure that they are not complicit in human rights abuses.	**Third Party Code of Conduct** ⬀
	Ethics & Compliance ⬀

LABOR STANDARDS	REPORT LINKS
3. Businesses should uphold the freedom of association and recognition of the right to collective bargaining.	**Employee Relations**
4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	**Human Rights Policy** ⬀
5. Businesses should uphold the effective ability of child labor.	**Human Rights Policy** ⬀
6. Businesses uphold the elimination of discrimination in respect of employment and occupation.	**Equal Employment Opportunity Statement**

ENVIRONMENT	REPORT LINKS
7. Businesses should support a precautionary approach to environmental challenges.	**Environmental Policy** ⬀
8. Businesses should undertake initiatives to promote greater environmental responsibility.	**Environmental Policy** ⬀
9. Business should encourage the development and diffusion of environmentally friendly technologies.	**Environmental Policy** ⬀
	Innovation & Technology ⬀

ANTI-CORRUPTION	REPORT LINKS
10. Businesses should work against corruption in all forms, including extortion and bribery.	**Ethics & Compliance** ⬀
	Third Party Code of Conduct ⬀

APPENDIX

Data Integrity

ESG data is shaped by a landscape of evolving methodologies, advancing standards and expansions in data accessibility over time. We understand that we must be agile to keep pace with broadening data sets and emerging global standards. A key part of our ESG strategy includes identifying and ensuring that we can accurately capture the applicable information needed to report on ESG issues that have the most material impact on our business and that are of the most interest to our people, our communities and shareholders.

The ESG data presented in this report has been collected, reviewed and internally validated; it is the most complete and correct information that we have at the time of publication. In some cases, estimates have been supplied using best practices for ESG reporting. This data has not been subjected to any internal or external audit procedures.

FORWARD-LOOKING STATEMENTS

In this report, "Cubic," "we," "our," and "us" refer to Cubic Corporation, a Delaware corporation and its wholly owned subsidiaries, except as otherwise indicated or as the context otherwise requires. In addition, this report contains "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our business, future financial results and the industry in which we operate, and other legal, regulatory and economic developments. These forward-looking statements include, but are not limited to, future strategic plans and other statements that describe the company's business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future operating or financial performance.

We use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "future," "may," "will," "could," "should," "potential," "continue," "guidance" and other similar expressions to identify such forward-looking statements. Forward-looking statements are uncertain and to some extent unpredictable, and involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such forward-looking statements.

Where in any forward-looking statement we express an expectation or belief as to future results or events, such expectation or belief is based on current plans and expectations of our management, expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that the expectation or belief will occur or that anticipated results will be achieved or accomplished. More information on factors that could cause actual results or events to differ materially from those anticipated is included in the Risk Factors section of the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed from time to time with the Securities and Exchange Commission. The forward-looking statements included in this report speak only as of the date hereof. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.