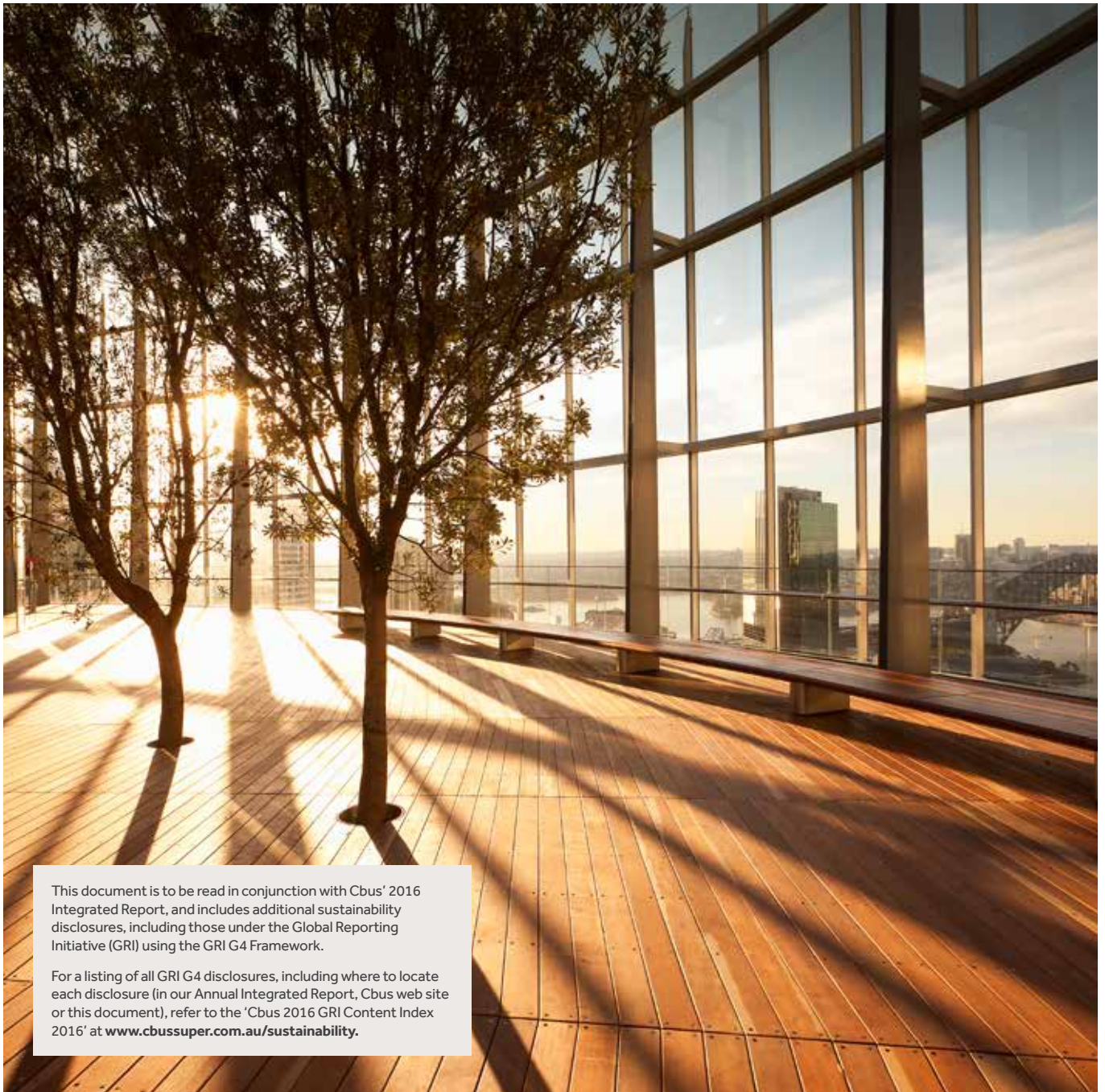


Additional sustainability disclosures 2016



This document is to be read in conjunction with Cbus' 2016 Integrated Report, and includes additional sustainability disclosures, including those under the Global Reporting Initiative (GRI) using the GRI G4 Framework.

For a listing of all GRI G4 disclosures, including where to locate each disclosure (in our Annual Integrated Report, Cbus web site or this document), refer to the 'Cbus 2016 GRI Content Index 2016' at www.cbussuper.com.au/sustainability.

“Our sole purpose is to serve our members. Sustainability for Cbus is about ensuring that Cbus can continue to provide superannuation services to current and future generations of members.”
- David Atkin, CEO Cbus

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Engaging with our stakeholders

Identifying stakeholders

Cbus reviews its stakeholder engagement over the financial year and reports on the material topics or matters identified for the fund for the Annual Integrated Report and its sustainability reporting. Our focus is to report on topics stakeholders believe are most important.

Cbus first identified its stakeholders in 2012, through a facilitated stakeholder mapping workshop with the Executive. The stakeholder listing was reviewed by the Executive and remains current for the 2016 financial year. Major stakeholders were identified as members, employers and their associations and construction and building unions.

Cbus stakeholders:

- Members (and their families)
- Potential members
- Employers
- Employer associations
- Construction and building unions
- Board/Management/Staff
- Business Partners (service providers including administrator, investment managers and consultants)
- Regulators and Government
- Community, and NGO's
- Influencers – rating agencies, media
- Superannuation industry (other funds, peak organisations)
- Construction industry
- Companies in which Cbus invests

Cbus Property's stakeholders:

Cbus Property's identification and selection of stakeholders has regard to the annual Cbus Property Strategic Business Plan and relevant policies and procedures. Identified stakeholders are:

- Cbus (and its members)
- Tenants
- Purchasers of completed apartments
- Employees
- Contractors and other service providers
- Community and associations
- Statutory and Government bodies (ie planning and building, corporate regulators, taxation, OH&S)

Engaging with our stakeholders

Engagement activity

Cbus' stakeholder engagement conducted over the financial year 2015-16 is shown in Table One. Table Two shows Cbus Property stakeholder engagement activity. Stakeholder engagement is not undertaken specifically for sustainability reporting, but is undertaken as part of our broader activities.

Table One – Cbus Stakeholder Engagement for FY 2015-16

Stakeholder	Engagement Channel	Frequency
Members, Potential members	• Member Surveys: investment trends; advice research; brand research, Voice of Customer research (incorporating satisfaction research)	Annual/bi-annual
	• Annual Member Briefing	Annual
	• Meetings and conversations with coordinators	Daily
	• Conversations with Call Centre and Advice Team	Daily
	• Sponsoring organisations	Daily
	• Cbus Website	Daily
	• Social media	Daily
	• Member newsletter	6 monthly
	• Advertising	Ongoing
Employers	• Surveys: investment trends; brand research, other research	Annual
	• Meetings and conversations with Business Development Team and Employer Relationship Managers	Daily
	• Newsletters	Quarterly
	• Cbus Website	Daily
	• Service centre	Daily
Sponsoring organisations	• Board membership – contribution through Board meetings	2 monthly (some monthly)
	• Partnership program	Ongoing
	• Meetings and conversations held with industry partners (input through Member and Employer teams)	Ongoing
	• Research with sponsoring organisations	Bi-annually
Board & Management	• Meetings; offsite strategy and planning	Ongoing
Employees	• Great places to work and Pulse surveys	Annual and ad hoc
	• Cbus Intranet	Daily
	• Cbus offsite	Annual
	• Team meetings	Weekly
Potential employees	• Meetings (interviews)	Ad hoc
	• Linked in and social media	Ad hoc
	• Website	Ongoing
	• Annual Integrated Report	Annual
Business partners	• Meetings	Ongoing
	• Annual Integrated Report	Annual
	• Cbus Website	Daily
	• Surveys	Ad hoc
Regulators/Government	• Workshops, Submissions, Guidance Information, Reviews	Ad hoc
Community and NGOs	• Forums, conferences, workshops	Ongoing
	• Media	Ongoing
	• Meetings	Ongoing
	• Review of information requests	Ad hoc
Influencers – rating agencies and media	• Rating agency reviews	Annual
	• Media articles (review of media)	Ad hoc
Superannuation industry (other funds, peak organisations)	• Discussions/meetings	Ongoing
	• Reports	Ad hoc
	• Submissions	Ad hoc
	• Conferences	Ongoing
Construction industry	• Conferences, forums, Government and industry initiatives	Ongoing
Companies Cbus invests in	• Meetings	Ongoing
	• Participation on Committees/Boards (where significant ownership)	Ongoing
	• Australian Council of Superannuation Investors (ACSI) engagement	Ongoing

Engaging with our stakeholders

Table Two – Cbus Property stakeholder engagement for FY 2016

Cbus Property Stakeholder	Engagement Channel	Frequency
Cbus (and its members)	• Annual Briefing to Cbus Investment Team	Annual
	• Annual Strategy Update	Annual
	• Written reports to the Cbus Investment Committee	Monthly
	• Meetings with Cbus CEO	Fortnightly
	• Meetings (ad-hoc) with Executive Team Members	Ongoing
	• Meetings with Stakeholders (Sponsoring organisations)	Ongoing
	• Cbus Property Website	Ongoing
	• Newspaper articles, magazines, advertising	Ongoing
Tenants	• Compliance Reporting	Monthly
	• Annual Meetings	Annual
	• Meetings (ad-hoc)	Ongoing
	• Functions	Ongoing
	• Cbus Property Website	Ongoing
Purchasers of Completed Apartments	• Media, Newspaper Articles, Magazines, Advertising	Ongoing
	• Newsletters (during Development) – Regular Updates	Ongoing
	• Purchaser events	Ongoing
	• Meetings (during development)	Ongoing
	• Cbus Property Website	Ongoing
Employees	• Media, Newspaper Articles, Magazines, Advertising	Ongoing
	• Cbus Property Intranet	Ongoing
	• Cbus Property Website	Ongoing
	• Cbus Property Off-Site	Annual
	• Company Meetings	Monthly
Contractors and Other Service Suppliers	• Team Meetings	Fortnightly, Ad-hoc
	• Meetings	Ongoing
	• Conferences, seminars and functions	Ongoing
	• Cbus Property Website	Ongoing
Community and Associations	• Media, newspaper articles, magazines, advertising	Ongoing
	• Participation on Committees, meetings	Ongoing
	• Conferences, workshops, functions	Ongoing
Statutory and Government Bodies	• Submissions	Ongoing
	• Conferences, Forums & Initiatives	Ongoing

Issues that matter to our stakeholders

Table three identifies the issues that were raised by our stakeholders, grouped into six major themes. Our responses to these issues are found both in our 2016 Annual Integrated Report and in this document.

Table Three: Stakeholder Issues FY2016

Issues	Stakeholder	Location of Cbus' Response
Having enough income in retirement <ul style="list-style-type: none"> • Adequacy: Able to cover my essentials, extras, medical costs and aged care, not financially burdening family • Longevity: Savings last through lifetime • Advice that helps my outcomes (accessible, inexpensive, varied, easy to implement, followed up) • Having products that meet income and risk needs • Investment performance 	Members, sponsors, media, rating agencies, Federal Government	FY2016 Annual Integrated Report: Pages 12, 14, 18-19, 21, 28-29, 42-43
Member and employer service needs - "Help me, make it easy, make it quick" <ul style="list-style-type: none"> • Access to Cbus / accounts and ease of transaction (including Digital/mobile applications for members, and making it easy for employers to make contributions and meet SuperStream obligations) • Service Members: <ul style="list-style-type: none"> - Front counter presence - More workplace visits, field staff - Resolving problems/queries and insurance claims • Service Employers: <ul style="list-style-type: none"> - Workplace visits - Account manager relationships - Resolving problems and queries 	Members, potential members, employers, sponsors, third party supplier, AAS, TAL, FPA, governments, SCT, ASIC	FY2016 Annual Integrated Report: Pages 14-15, 28-33
Strong, reliable, innovative fund <ul style="list-style-type: none"> • Integrity and competence of the fund's governance, including <ul style="list-style-type: none"> - Fair and transparent products and practices - Fair marketing and advertising • Arrears compliance <ul style="list-style-type: none"> - Digital and technological solutions - SG penalties proposal (to reduce) • Privacy and data security obligations • Transparency • Capability • Inclusion and equality 	Members, employers, regulators, staff, sponsors, media, rating agencies, industry community, broader community	FY2016 Annual Integrated Report: Pages 8-9, 13, 15-16, 34-41 This document: Pages 10-14

Issues	Stakeholder	Location of Cbus' Response
<p>Government Policy concerns</p> <ul style="list-style-type: none"> • Informing stakeholders about industry and legislation updates/changes, including budget announcements on Super • SG Rate (adequacy refer above) • Pension – rate, access age, means testing • Distribution of super through awards • Uncertainty over changes recommended by the Financial Services Inquiry • Taxation of superannuation • Objective of superannuation • Representational model 	<p>Members, employers, sponsors, investment community, Federal Government, political parties</p>	<p>FY2016 Annual Integrated Report: Pages 13</p> <p>This document: Pages 21-22</p>
<p>Supporting our community</p> <ul style="list-style-type: none"> • Nation building <ul style="list-style-type: none"> - Built environment - Need for more infrastructure - Supporting jobs in the building and construction industry - Impact on national budget – tax and social security • Social contribution <ul style="list-style-type: none"> - Access and affordability - Men's health - Future of Building and Construction - Customer welfare - wellbeing and health in retirement 	<p>Members, Cbus Property, governments, investment community</p>	<p>FY2016 Annual Integrated Report: Page 13</p> <p>This document: Pages 8-9, 22</p>
<p>How we invest and ESG issues</p> <ul style="list-style-type: none"> • ESG and whole of fund approach: <ul style="list-style-type: none"> - Environmental impacts, including climate change and carbon footprint - Social and governance - Sustainable development goals • Cbus Property <ul style="list-style-type: none"> - Environmental (eg. water, energy use in Cbus Property buildings) - OH&S - Labour Standards and right of association - local supplier - local product - supply chain 	<p>Members, sponsors, governments, community</p>	<p>FY2016 Annual Integrated Report: Pages 2, 8, 12, 17, 18-27</p> <p>This document: Pages 15-20</p>

Our economic impact

As an “all profit to members” Fund, economic performance is material to members, as the Fund’s economic performance directly and indirectly impacts their income in retirement.

Direct Economic Performance

Our direct economic performance is measured by our returns to members. Cbus’ 2016 Annual Integrated Report and Annual Financial Report provide information on the Fund’s financials. These are available at



<https://www.cbussuper.com.au/about-us/annual-report>

The Annual Integrated Report provides performance outcomes for Cbus’ standard investment options.

To manage corporate, operational, regulatory and strategic risk that might impact financial performance, Cbus and Cbus Property have in place a Risk Management Framework, with associated risk reporting conducted regularly.

Infrastructure investment

Investment in infrastructure is a critical driver of productivity, economic growth and social cohesion. Globally, Cbus invests over \$3.6 billion in roads, rails, ports, airports, utilities including water, energy, telecommunications and social infrastructure. These investments are commercial in nature.

Through its investment in some of Australia’s largest infrastructure projects, Cbus is generating returns and creating jobs. For example, Cbus invested through IFM Investors in the expansion of the Brisbane and Melbourne Airports which are expected to create thousands of jobs over the next five years (IFM Investors, 2015).

Through its investment in property, Cbus is expanding the national pool of commercial and residential dwellings. During the reporting period, Cbus Property was involved in the ongoing construction or delivery of approximately 127,000 square metres of office accommodation and 740 dwellings.

Significant indirect impacts

Cbus indirectly impacts the economy in a number of ways:

Superannuation provides broad economic benefits

“Superannuation plays, and will continue to play, an important role in providing the foundations for economic activity and prosperity. It currently lifts household savings by around 2 percentage points of GDP or nearly \$40 billion a year ... Higher levels of domestic savings reduce the cost of capital in Australia, increasing investment by Australian businesses, which drives stronger economic growth.” (ASFA 2015)



<http://www.superannuation.asn.au/media-release-1-October-2015>

Lowering reliance on the full age pension

Superannuation saves the government about \$7 billion in Age Pension expenditure each year, and these savings are expected to increase as the system matures (ASFA 2015). “Superannuation is boosting incomes and providing a lifestyle in retirement that is better than that which can be sustained on the Age Pension alone. Around 32 per cent of those aged 65 in 2013 were fully self-funded in retirement, up from 22 per cent in 2000. We project this number will rise to 40 per cent by 2023.” (ASFA 2015)



<http://www.superannuation.asn.au/media-release-1-October-2015>

Our economic impact

Creation of employment

Cbus' investment in Property development through Cbus Property has created over 70,000 direct jobs and over 55,000 indirect jobs for building, construction and allied workers since inception in 2006. It has also created employment for associated ongoing management of investment properties. Investment in other types of investment, such as infrastructure has also contributed to indirect employment.

Creation of housing and commercial buildings

Cbus Property creates new stock of quality housing and workplaces.

Building with lower environmental impact

Positive economic impact on local economy through better management of pollution, energy use, and water use in Cbus Property commercial buildings.

Facilitating affordable housing

In a submission to Federal Treasury, Cbus encouraged the Government to help establish structures to facilitate affordable housing bonds that could be used to help finance much needed housing stock. Cbus recommends a large intermediary aggregator that would issue bonds to investors and finance large-scale affordable housing providers. See the media release:



<https://www.cbussuper.com.au/about-us/news/media-release/cbus-calls-on-government-to-build-investment-structures-for-affordable-housing>

Supporting members facing challenging circumstances

We have an 80 per cent acceptance rate for FY2016 of member claims for members who have insurance cover and are eligible to make a claim.

Enhancing financial skills and knowledge

Cbus coordinators visit worksites to provide assistance to members, and we have a range of advice options available to members to suit their needs, including seminars, advice services over the phone and face to face advice.

Public access to low cost super services

Cbus is a public offer fund and its standard investment options are available regardless of members' balance, at a low cost.

Supporting better corporate governance

We actively support better corporate governance and understanding of ESG issues in the companies in which we invest. We do this through our active proxy voting at company meetings, and our engagement with companies.

Technology transfer and R&D

Cbus Property enables industry-wide innovation and increased productivity in the medium- to long-term, through technology transfer and research and development. For example: creating opportunities for new technologies and materials; enhancing skills/knowledge in the industry through construction of sustainable buildings, and driving high Green Star - As Built outcomes.

Our employees

Our employees are vital to the delivery of our products and services to our customers. The capability of our people contributes to Cbus being a strong, reliable and innovative fund.

Cbus

Information about our employees, including diversity, professional development, remuneration and occupational health and safety, is provided in Cbus' 2016 Annual Integrated Report (pages 34 to 37). Diversity information is also found in the Workplace Gender Equality Agency (WGEA) report, for the period ending March 2016, on the Cbus website.



www.cbussuper.com.au/careers

Cbus had 194 employees in Australia for the reporting year ending 30 June 2016. Of the 13 contractors, 5 were self-employed.

Table 4: Cbus employees by employee type and gender

	30/6/2015		30/6/2016	
	Male	Female	Male	Female
Employees	75	68	105	90
- Full-time	72	40	100	65
- Part-time	3	27	4	24
- Casual	0	1	0	1
Contractors	23	9	13	5

Cbus continues to grow as the organisation grows in size, sophistication and complexity. Further plans to deliver enhanced services to our members and employers and the internalisation of some of our investment portfolio are some of the reasons driving this growth. As the enhanced services are implemented, we expect to see a stabilisation of the permanent workforce and a stabilisation in the size of the contract workforce.

New employees

Cbus hired 77 new employees during the reporting period.

Table 5: Cbus new employees by age grouping

	30/6/2015		30/6/2016	
	Male	Female	Male	Female
New Employees	28	16	42	35
- Under 30	0	1	3	5
- 30-50	24	12	27	28
- Over 50	4	3	10	4

Employee turnover

Cbus' voluntary employee turnover was 4 employees during the reporting period. This is a turnover rate of 2%, and compares to a turnover rate of 5% for FY2015

Total voluntary and involuntary turnover equalled 6.6% which consists of resignations and retirements, compared to 8.7% in FY2015.

Table 6: Cbus employee departures

	30/6/2015		30/6/2016	
	Male	Female	Male	Female
Departures	3	9	8	5
- Under 30	0	0	0	1
- 30-50	1	6	5	3
- Over 50	2	3	3	1

Our employees

Entitlements for staff

There are no differences in entitlements between full-time and part-time employees, with entitlements pro-rated for part-time employees. Further details of the range of entitlements can be found at:

 <http://www.cbussuper.com.au/about-cbus/careers/working-at-cbus>

Over the reporting period, the primary caring (maternity) leave benefit has been expanded to all staff regardless of gender and is 16 weeks paid leave (which can also be taken as 32 weeks at half pay). Cbus also pays 9.5% super on up to 18 weeks of unpaid leave taken after the paid leave period is completed.

Over the reporting period, 8 females went on maternity leave. 5 males took paternity leave (all took 2 weeks) over the reporting period. There was 92.5% retention of employees who took maternity / parental leave. (1 employee, with 13 years' service, decided not to return to work after taking 2 extensions of parental leave).

Training and education

Table 7: Average training hours by gender

Average Training Hours	2016	2015
Males	86	56
Females	28	23

The considerable increase to training hours this year has been due to a key project of the Fund around technology and also the transition to a new administration platform through our service provider, Link Group and the training required for internal staff to utilise these new systems. The disparity between males and females is largely due to the higher proportion of males in the teams undertaking training required for the Link Group transition. Cbus staff who hold 'Representative' status under our AFSL licence are required to maintain a minimum of 30 hours a year of training. There are a higher number of male staff representatives (in particular in the Cbus Coordinator team), which also contributes to a higher average training hours for males compared to females.

Diversity and equal opportunity

Cbus is committed to diversity, delivering an inclusive culture and a gender equal workforce, along with increasing its proportion of female directors (the Board has set a 30% target). Sponsoring organisations are asked to consider this target when nominating Director replacements.

Cbus promotes a fair and flexible working environment that encourages personal and professional growth and capitalises on the capability and leadership of a gender-diverse and inclusive culture.

As part of our overall commitment to Inclusion, during the reporting period Cbus launched our inaugural Diversity and Inclusion Policy. This policy sets out the three priority areas for the Fund over the coming year:

- Gender and Gender related matters
- Workplace flexibility
- Cultural diversity

Cbus continues to build a suite of benefits that supports working families to:

- Continue managing their career while pregnant and becoming a parent;
- An online coaching program to support female staff prior to becoming a parent for the first time;
- Take leave to prepare for and care for a newborn child (prenatal leave)
- Return to work after leave with confidence (face to face coaching)
- Achieve an ongoing balance between work and family (commitment to flexibility and inclusive work practices)

Currently Cbus offer the following support to parents in managing their work and family commitments:

- Grace Papers on-line program - support strategies to navigate through pregnancy and parental leave and ultimately to return to work confident and focused
- Pre-natal and parental leave – maternity and paternity
- Quarterly CEO 'keeping in touch' newsletters to staff on parental leave
- "Return to work with confidence" one-on-one coaching program
- Flexible working arrangement policy and practices (please note, all employees can request flexible working arrangements)

Grace Papers is a six step program aimed at supporting expectant and new mothers in having the right conversations at the right time in an effort to transition in and out of maternity leave whilst keeping their careers on track. This program coupled with the support already offered to Cbus staff allows us to provide working mothers with the best possible support to ensure they are contributing to their full potential.

The gender composition of Cbus' governance body can be found at:

 www.cbussuper.com.au/about-cbus/careers/gender-diversity

Our employees

Table 8: Gender composition of Cbus employees, by age group, as at 30 June 2016

Age group	Number of employees	Percentage of employees	Male – number (%)	Female – number (%)
< 30	13	6.7%	4 (30.8%)	9 (69.2%)
30-50	137	70.6%	69 (50.4%)	68 (49.6%)
50 +	44	22.7%	31 (70.5%)	13 (29.5%)

Table 9: Gender composition of Cbus employees, by position level, as at 30 June 2016

Age group	Number of employees	Male – number	Female – number
Executive Team	9	5	4
General Management Team	30	21	9
Investment Team (Management and Strategy)	34	20	14
Main staff group	121	59	62

Cbus Property

Cbus Property has 33 employees.

All direct Cbus Property employees are managed in accordance with the Cbus Property Employment Policy and associated policies and procedures.

Diversity

Information on Cbus Property's gender diversity and employment numbers is found for the year ending March 2016 at



[http://www.cbusproperty.com.au/About-Us#Professional-39 in the Cbus Property WGEA Report 2016](http://www.cbusproperty.com.au/About-Us#Professional-39%20in%20the%20Cbus%20Property%20WGEA%20Report%202016)

Training and Education

Cbus Property places significant value on employee training. Cbus Property expects and requires employees to undertake training in accordance with the Cbus Property Training Guideline.

Each financial year each employee, their manager and the Office Manager prepare and agree an annual Training Plan. The Training Plan addresses gaps in the employee's knowledge, skills & experience and facilitates their development.

Turnover

There were three voluntary resignations. The turnover rate for the financial year is 9%.

Coverage of bargaining agreements

Cbus Property employees are not covered by an enterprise bargaining agreement.

Product and services compliance, including customer privacy

Our strong risk management culture and framework contributes to the strength and reliability of the Fund. Thorough processes are in place to ensure that we comply with Australian company and superannuation regulations.

To ensure no material breaches with regulations and voluntary codes, Cbus implements a rigorous sign off process. There were no material incidents over the FY2016 year. This includes regulatory and voluntary codes concerning marketing communications, advertising, promotion and sponsorships, and customer privacy.

Cbus' management approach to privacy has been strengthened following the independent privacy governance review by Professor Graeme Samuel and Robert Van Woerkom. The review brought forward 17 recommendations to the Cbus Board, and these have been implemented or are in the process of being fully implemented. The implementation of the recommendations are outlined in Table 10. Refer also to the 2016 Annual Integrated Report page 41.

Table 10: Cbus Privacy Governance Review's recommendations and implementation

Recommendation	Implementation
Employ a Data and Privacy Manager.	Manager appointed on 7 September 2015.
Individual at senior management level responsible for education, training and enforcement of privacy protocols.	Data and Privacy Manager responsible and ensuring education and enforcement.
Legal advice to be obtained to clarify the scope of the trustee's duty and power in making reasonable endeavours to obtain contributions and to disclose personal information.	Legal advice obtained and has informed revised Privacy Policy.
Conduct an internal audit review of data and privacy management.	Standing item of the internal audit plan with reports provided to the Audit and Risk Committee.
Conduct a Privacy Impact Assessment across the activities of the fund.	Privacy Risk Assessment conducted by the Fund's internal auditor (KPMG) and findings incorporated into Privacy Compliance Program.
Revise the Privacy Policy.	Privacy Policy revised and Privacy Compliance Program implemented.
Develop legally compliant consent forms for the disclosure of personal information.	Forms have been developed and deployed.
Strict controls agreed in writing governing the purpose, security and use of personal information by third parties.	Limited information will only be made available with member consent and subject to binding agreement over the use and security of the information.

Product and services compliance, including customer privacy

Recommendation	Implementation
Standard operating procedures for on-site visits to ensure security of private member details.	Privacy Procedure - Handling Customer Details on work sites prepared.
Establish a separate arrears function in the fund to deliver responsive and proactive arrears management service.	Separate arrears function established in the Finance team – Superannuation Arrears Manager appointed 10 August 2015.
Insource the Compliance Line service.	Compliance Line service transitioned into the Trustee Office. Calls recorded and subject to internal audit.
Notify members via text or emails on production of first arrears letter being sent to employer.	Included in the Arrears Management program of work FY2016.
Develop an Arrears Management Framework.	Arrears Management Framework and Arrears Policy endorsed by Board December 2015.
Arrears Management Reporting monitoring employer payment patterns.	Ongoing development of reporting captured in Arrears Management Program – Cbus Business Intelligence team supporting.
Encourage direct phone contact with employers to assist resolving outstanding payment issues.	Employer Relationship Managers providing this service.
Better reporting to sponsoring organisations on compliance and arrears management performance.	Proactive reporting on superannuation payments has been established.
Enhance Conflicts Management Framework and commencement of triennial independent review of conflicts management under APRA's Prudential Standard SPS 521.	Triennial Review conducted and finding reported to the Board in June 2015. Conflicts Management training and completion of Interest and Duties registers by all staff completed.
Restructure the Coordinator function to increase member relationship management focus; increase qualifications and diversity across the group.	Minimum education standard increased to Diploma of Superannuation; All new positions publicly advertised and all applicants benchmarked against key criteria; Age, gender, ethnicity will be looked at to ensure diversity.
Advocacy both directly by the fund and through representative peak bodies to strengthen compliance with superannuation and protection of superannuation in insolvency.	Engagement ongoing with ATO, ASIC, Treasury, Government and Opposition with and independent of peak bodies. Commissioned research to gauge size of problem; media to highlight the ongoing problem.
Consider the advantages of appointing more independent or non-associated directors to the Board.	Appointment of Stephen Dunne to the Board and Chair of Investment Committee who has no association with any of the sponsoring organisations. Independent Board Triennial Governance Review completed which incorporated skill requirements to be considered in any further changes.

ESG and our investments

A key theme for our stakeholders is how we invest – particularly in relation to ESG issues.

Governance of ESG, ESG Policy

The Investment Committee (of the Board) has oversight for decision making around ESG matters for the investment portfolio, and is responsible for the ESG Policy.

The Investment Strategy team and the Investment Manager, ESG are responsible for monitoring ESG risks.

Cbus' ESG Policy is found on our website under:



<https://www.cbussuper.com.au/about-us/how-were-run/investment-policies>

Charters and principles

Cbus endorses the following externally developed economic, environmental and social charters and principles:

- Cbus is a signatory to the Principles of Responsible Investment (PRI).
- Cbus signed the Global Statement on Investor Obligations and Duties which calls on international, supranational and national policymakers to clarify and give effect to ESG obligations for investors.

Further information can be found at:



<https://www.cbussuper.com.au/about-us/sustainability>

Details of positions held by Cbus employees on associations can be found in the Register of Relevant Duties and Relevant Interests:



www.cbussuper.com.au/about-cbus/fund-governance

Industry associations

Associations supported by Cbus include:

- Industry Super Australia (ISA)
- Investor Group on Climate Change (IGCC)
- ESG Research Australia
- Australian Council of Superannuation Investors (ACSI). Cbus' Executive Manager, Investment Management, Trish Donohue is a Board member of ACSI.
- The Australian Institute of Superannuation Trustees (AIST).
- The Association of Superannuation Funds of Australia (ASFA)
- SuperFriend (a nationwide health promotion foundation).

Working with our fund managers

As part of the manager selection process, Cbus considers the fund manager's ESG Policy and approach to managing ESG risks such as climate change risk. All else being equal, Cbus prefers to invest in fund managers that demonstrate sound ESG practices.

Where a significant risk is identified, Cbus engages with the fund manager to understand how the manager intends to mitigate that risk.

Cbus actively encourages, engages with and monitors its active investment managers in the integration of ESG issues into their processes. Cbus conducts formal quarterly meetings with fund managers, annual onsite reviews and informal regular meetings with managers where questions may be asked on ESG issues.

Engagement with companies

Cbus' main approach is to engage with companies on ESG issues.

Cbus' Investment Manager, ESG, is responsible for interactions with companies on environmental or social issues. Cbus' main method of engagement throughout the financial year was through the Australian Council of Superannuation Investors (ACSI). ACSI is a collaboration of long-term investors including Cbus.

ESG and our investments

Cbus engaged with a total of 135 companies over the financial year ending 30/06/2016, through our service provider ACSI. This represented about 34% of the companies in our Australian Equities portfolio. We do not engage directly with companies in our international portfolio. Engagements generally will cover a number of ESG issues with companies, including corporate governance, climate change risk management and reporting, board diversity and labour and human rights risks.

This comment adds to the disclosures made in Cbus' Corporate Engagement Report,



<https://www.cbussuper.com.au/content/dam/cbus/files/governance/reporting/Corporate-Engagement-Report-Dec-2015.pdf>

Voting at company meetings

We also seek to influence company behaviour by exercising our voting rights at company meetings.

To read about our proxy voting activities throughout the year see the Corporate Governance Report under



<https://www.cbussuper.com.au/about-us/sustainability>

Screening of the portfolio

While our main approach is to engage with companies, we do use negative screening to exclude investment in tobacco and the manufacture of controversial weapons (in-line with the Convention on Cluster Munitions and the UN Anti-Personnel Mine Ban Treaty) in our mandated portfolios (where we have direct ownership). For the emerging markets indexed portfolio, Cbus excludes companies with particularly poor ESG practices.

Cbus Trustee Office Environmental Disclosures

Environmental impacts from running the Trustee office are not considered material in the context of GRI sustainability reporting. However, we have included this information for transparency purposes.

The Trustee office has grown significantly in the 2015/16 financial year. With more floor space across our national office network, more people in our space, more cars and more travel, our report this year indicates generally higher rates of emissions of a result.

Travel

Motor Vehicle

Our motor vehicle fleet has grown in the past year to 28. It has some of diesel powered 4 and 6 cylinder vehicles. Our growing presence in every State will continue to create more kilometres covered to continue to meet our members and employer's needs. Whilst the number of vehicles this year has grown, we have not experienced a full year of use with the expanded fleet. Consequently, our travel has actually been reduced slightly from 538,750 km's last reporting period, to 505,812 kilometres and resulted in CO2 emissions of 114.63 tonnes down very slightly from 122.09 tonnes. We are reviewing our opportunities to offset our carbon emissions as our fleet continues to expand.

Air Travel

All numbers this year are increasing. Our Interstate and International air travel this period is significantly higher at just under 2.8 million kilometres travelled (up from 1.6 million kilometres last report) and resulted in 729.88 tonnes of CO2e (445.83 in the 2014/15 financial year).

The Trustee Office remains committed to reducing our environmental impact through both motor vehicle and airline travel. A new computer hardware and operating system installed throughout our National Office is now complete and video conferencing capabilities are available to all staff. There will be a more determined approach to using this technology to maintain communications with our interstate and international contacts and we will monitor closely the overall reduction of our travel impact.

Environmental impacts – Melbourne Trustee Office

Our growth has not resulted in any additional floor space in our Head Office building in Melbourne (the basis of our reporting) this period. We currently occupy nearly 3,000 square metres over 2 floors. The inconsistencies in our supply metering systems last year have been resolved and we can report the usage more accurately for this period. Our overall usage was 138,350 kWh for the year – on average 11,529 kWh per month; just a little bit up on last year's estimated use of 11,000 kWh. This results in 140,209 kg of CO2 e.p.a. This year we were independently assessed by NABERS and achieved an energy star rating of 5.5 stars. Their comments were: "Excellent performance. Your office demonstrates excellent greenhouse performance and reflects excellent design and management practices, high efficiency systems and equipment and/or energy sources with low emissions".

ESG and our investments

Water

The commissioning of a black water treatment plant by our property owner in 2014 had resulted in the delivery of approximately 7,900 kL of treated water to our building in that first year. There have been a number of issues associated with this plant which have resulted in it being off line for most of the year. The average water use for our building for 2013/14 is 96 kL/day with the average usage for the last 5 financial years at 92.4 kL/day. This reporting period the average use has increased to 97.4 kL/day. A number of projects are being developed by the building owner to reduce the reliance on this valuable resources and include; rectification and re-commissioning of the black water treatment plant, flow reduction to building toilet cisterns (from 12 litres per flush to 6) and the removal of some of the air-conditioning systems with more water efficient units.

Waste

Our building manager has not yet resolved some of the commercial terms with a cleaning contractor. As a result, we are still only getting generic averages of a landfill diversion rate of 55% (about average for a building of this size in the Melbourne CBD).

A waste management strategy is currently being refined with education and rollout expected to be part of the permanent cleaning contractors key performance indicators. The reduction of waste to landfill target is 60%

Future developments

The National Office building continues to maintains its 4.5 star NABERS Energy base building rating and 5 star Green Star rating for Office Design V3. The target NABERS water certificate is 4.5 but this year with the black water treatment operation continually offline for significant periods it has slipped to 3.5.

The building owner continues to be motivated by projects that will enhance and improve the buildings sustainability credentials. Last year's capital projects; replacement of low energy lamps; A/C unit shut off valves and the heating hot water boilers have been replaced with more efficient equipment which has reduced gas and energy use.

In the coming year the projects include; new generator controls and main circuit breaker upgrades and a new building management control system which will give us a greater level of metering and access to improved reporting tools.

Cbus Property

Charter of selection and conduct criteria

Cbus Property expects each of its major suppliers to adhere to the Charter of Selection and Conduct Criteria for Consultants and Principal Contractors. The Charter encourages high ethical standards on Cbus Property projects and investments in order to achieve better procurement practices, high-quality construction work, safer construction sites, better working conditions and the elimination of malpractice with significant benefits to Cbus stakeholders. Contractor performance is monitored via an extensive monthly reporting regime, addressing issues such as OH&S and environmental issues.



http://www.cbusproperty.com.au/Portals/0/Documents/150601_Approved_Charter_of_Selection_and_Conduct_%20Criteria_for_Consultants_and_Principal_Contractors.pdf

All major principal contractor appointments are subject to the Charter.

When appointing major contractors, Cbus Property routinely undertakes the following:

- Ensures all consultants, contractors and suppliers are assessed and approved prior to engagement. Consideration is given to factors including the following:
 - Capacity to deliver the services in a safe manner and in accordance with relevant regulations;
 - Consultants and contractors have appropriate levels of insurance and OH&S systems in place;
 - Capacity to provide the services required within the time and standard specified and required;
 - Capacity to provide the services required at a cost commensurate with the service;
 - Relevant experience of key personnel nominated and committed to perform the services;
 - Reputation in the industry of both contractor and nominated personnel;
 - Acceptance of Cbus Property's applicable form of Contract (or other form acceptable to Cbus Property). This includes a requirement of the contractor to adhere to the Charter of Selection and Conduct Criteria for Consultants and Principal Contractors
- Ensures all major appointments are documented in an acceptable form. Independent legal reviews of documents are regularly undertaken;
- Ensures appropriate contractor performance reporting is provided on a regular basis

ESG and our investments

Cbus Property assesses supplier risk performance, labour practices and potential supply chain issues. During the reporting period no supplier agreements were terminated as a result of actual or potential issues.

Cbus Property values, principles, standards and norms of behaviour

Key documents, in addition to the charter, include:

- Environmental, Social and Governance (ESG) Policy
- Conflict Management Policy
- Fraud Control Policy
- Employee Policy/Handbook
- Asset Management Policy
- Development Management Policy

Cbus Property ESG Policy

In relation to its development and management activities, Cbus Property aims to:

1. Maintain awareness and monitor, where appropriate, the key ESG issues. To that end, Cbus Property will:
 - i) Receive regular briefings and training on broad ESG issues and asset class specific ESG issues;
 - ii) Liaise regularly with Cbus to understand its ESG collaborations and activities;
2. Consider the extent our major external service providers incorporate ESG issues into their policies, operational processes and reporting. More particularly Cbus Property will, where appropriate, consider a new appointee's ESG credentials and procedures and request a proposed appointee meet Cbus Property's ESG expectations prior to the following:
 - i) Builder and major Consultant selection appointments on major development projects; and/or
 - ii) External property manager appointments to manage an income producing investment;
3. Incorporate ESG issues alongside more traditional investment factors when making investment decisions. This analysis is documented (where appropriate) within the investment proposals submitted to the Cbus Property Board.
4. Support collaborative initiatives with service providers and joint venture partners on their ESG disclosure practices and performance. The rationale for this collaboration is the belief that engaging collectively increases the likelihood that as a group we are more likely to be 'heard' compared to acting alone.

Cbus Property's Asset Management Policy requires that Cbus Property, in order to deliver upon its sustainability goals, will:

1. Monitor the environmental performance in the areas of:
 - a. NABERS ratings
 - b. Greenstar ratings
 - c. Electricity consumption;
 - d. Gas consumption;
 - e. Water consumption;
 - f. Landfill rates (where available)
2. Establish and subsequently measure annual environmental targets approved by the General Manager Investments and Commercial and the CEO;
3. Meet or exceed the NABERS design ratings for each property.

Memberships

Cbus Property is a member of the following organisations:

- Property Council of Australia
- Committee for Melbourne
- Green Building Council

Materials use

Cbus Property uses local (Australian) builders and it is the company's preference that these builders use local materials in accordance with the Charter of Selection and Conduct.

Green Star and NABERS Ratings

Cbus Property, where appropriate, strives to achieve a minimum 5 Star Design and 'As-Built' rating under the Green Star system for its office developments.

It is also committed to progressively improving the sustainability of its existing properties, while any new properties are subject to stringent environmental criteria.

ESG and our investments

Table 11: Star Rating on Cbus Property Commercial Properties at 30 June 2016

Commercial Building	Green Star		NABERS	
	Certified	Designed	Certified	Designed
171 Collins Street, Melbourne	6 Star	6 Star	5 Star, tracking 5.5 Star*	5 Star
313 Spencer Street, Melbourne	5 Star	5 Star	Awaiting certification	4.5 Star
720 Bourke Street, Melbourne	6 Star	6 Star	Awaiting certification	5 Star
1 Bligh Street, Sydney	6 Star	6 Star	5 Star, tracking 5.2 Star	5 Star
5 Martin Place, Sydney	5 Star – Design	5 Star – Design	Awaiting certification	5 Star
50 Flinders Street, Adelaide	5 Star – Design 6 Star – As Built	5 Star – Design 6 Star – As Built	Awaiting certification	5 Star
140 William Street, Perth	5 Star	5 Star	5 Star, tracking 5.2 Star	5 Star

*Post reporting date, in July 2016, this property was certified 6 star NABERS, making it only the second office building in Australia to achieve this rating.

Cbus Property Commercial Portfolio Environmental Performance

Cbus Property adopt a number of “best practice” measures to optimise the environmental performance of each investment property. For example, 171 Collins Street features an Australian-first ceiling tile system that absorbs office pollutants and creates a healthier office environment for workers. Meanwhile, its innovative greywater treatment program collects used water from the cyclist shower facilities and recycles it through the building’s cooling towers and toilets, offsetting more than 90 per cent of the cooling towers’ water consumption. The outside of the building is also a significant contributor to environmental performance with a façade that folds light from the sky into the building. A radiant cooling and heating system and an under-floor air distribution network provides energy efficient thermal comfort for occupants, while the air conditioning system allows large quantities of outside air to be brought into the office space at a low velocity and distributed using natural stratification.

Cbus Property monitors environmental performance data at an individual property level for both ongoing NABERS certification and for review at Cbus Property’s internal sustainability Performance Committee.

As a first step towards more comprehensive portfolio sustainability reporting, Cbus Property prepared a report on the environmental performance of its Commercial Portfolio for the twelve months ending December 2015. The report includes sustainability targets that are being reviewed over the coming year.

Table 12 shows the standardised performance of three commercial buildings that are past the ‘tuning stage’ of new developments. The properties are 171 Collins Street Melbourne, 140 William Street Perth and 1 Bligh Street Sydney.

Table 12: Cbus Property commercial - performance based on standardised consumption

Category	Standardised Performance
Electricity ¹	3.9 KWh/sqm.occp.mnth
Gas ²	14.1 MJ/sqm.occp.mnth
Emissions ³	4.7 kg CO ₂ -e/sqm.occp.mnth
Water ⁴	42.5 L/sqm.occp.mnth
Waste – General Waste ⁵	0.57 kg/sqm.occp.mnth
Waste – Diverted Waste ⁵	0.33 kg/sqm.occp.mnth

1. Electricity consumption relates to base building usage from the grid electricity. It is defined as energy used in supplying central services to NLA and common spaces, including common area lighting, power, lifts, air conditioning, ventilation, exterior lighting and signage. Data is sourced from utility meters.
2. Gas consumption relates to base building usage from the combustion of natural gas. It is defined as energy used in supplying central services to NLA and common spaces, including common area and base building supply of heating and domestic hot water use. Data is sourced from utility meters.
3. Emissions are considered according to Scope 1, 2 and 3 of the GHG Protocol, and referenced from NABERS guidelines and the National Greenhouse Accounts Factors issued in August 2015 by the Department of the Environment, Australian Government.
4. Water consumption relates to base building usage of potable water. It is defined as water used to support office space and includes taps, sinks, air conditioning, toilets and washing facilities etc. Data is sourced from utility meters.
5. Waste relates to general waste and waste diverted by all properties within Cbus Property’s commercial portfolio. General waste includes waste to landfill and incineration. Waste diverted encompasses paper and cardboard recycling, e-waste, organic recycling and co-mingled recycling. Waste collection methods are broadly consistent with each building but vary between properties such as the number of different types of bins.

ESG and our investments

In comparison with the previous 12-month period, performance has improved for Electricity, Emissions and Water categories. Gas consumption however experienced an increase largely due to the activation of the cogeneration plant at 171 Collins Street, the operation of which reduces electricity and emissions, and has a positive impact on the NABERS rating of the property. The Waste category also experienced an increase primarily due to the redevelopment of 140 William Street retail precinct, which had a number of new food and beverage outlets commence trading in 2015.

Labour – collective bargaining and freedom of association

Cbus Property's Charter of selection and conduct criteria supports adherence to the fundamental rights articulated by the International Labour Organisation, which include freedom of association and the effective recognition of the right to collective bargaining.

Contributing to society

Government policy concerns and supporting our community are two of the stakeholder themes we identified. Government policy on superannuation impacts our members on another theme – having enough income in retirement.

Public Policy

Cbus creates value for members through its policy and advocacy work promoting the best long term interests of members, strengthening the superannuation system, retirement policy and the future of the construction, building and allied industry.

This involves direct engagement with Government, regulators, media, our sponsors and other stakeholders as well as providing input into the relevant policy formation and advocacy work of industry bodies such as Industry Super Australia, Australian Institute of Superannuation Trustees and the Association of Superannuation Funds of Australia.

Our advocacy is wide ranging – including the impact on the retirement savings capacity and outcomes for members, the compliance ease and understanding of obligations for employers, the general confidence in the superannuation system by the public, the future employment opportunities in the construction industry and the fitness and functionality of our built environment.

Cbus actively responds to Government and regulators calls for submissions on policies or inquiries in relation to superannuation, the financial system, infrastructure investment and the construction and building industry.

During the FY15/16 year Cbus made the following submissions:

- **APRA:** Governance requirements for RSE licensees: proposed amendments
- **Treasury:** Affordable Housing Working Group – Issues Paper
- **Treasury:** Objective of Superannuation – Discussion Paper
- **APRA:** Improved Superannuation Transparency – Choice Product Dashboards and Portfolio Holdings Disclosure
- **Inspector General of Taxation:** Review into the ATO's employer obligation compliance activities

Such submissions and policy positions are publicly advocated in media releases and commentary.

Cbus also directly engages with regulators, Governments both state and federal, parliamentarians and departmental heads on public policy matters. An example of such is Cbus' engagement with the Australian Taxation Office on its Superannuation Industry Advisory Group where matters such as Superannuation Guarantee compliance are discussed. Another is our engagement with ASIC on changes to investment fees and costs disclosure.

Cbus does not make contributions to political parties.

Policy impacting superannuation adequacy

The issue of adequacy in superannuation retirement savings continues to be a priority for Cbus members and for Cbus in its policy and advocacy – and in the way it administers the fund. Our aim is to assist members realise a dignified retirement, including helping them achieve a comfortable retirement income.

Contributing to society

In order to do this effectively for construction and building workers who often experience broken work patterns throughout their working lives, we advocate for both adequacy of contribution levels, quality of outcomes for people who don't or are not in a position to choose their superannuation fund, and for a strong compliance regime to ensure that their superannuation is paid on time and in full.

Unpaid superannuation guarantee contributions is an example where Cbus has actively participated in the public debate. Unpaid superannuation, despite its legislatively mandated status, is an ongoing and widespread issue, particularly in the construction and building industry. Cbus has developed a rigorous internal process for dealing with unpaid super. But a broader response is required by policy makers.

We commissioned Tria Investment Partners to undertake research that would assist in quantifying and understanding the problem. The Tria research found that the level of non-compliance with payment of the superannuation guarantee, is around \$2.6 billion annually, affecting an estimated 690,000 working Australians across the economy.

This was the second iteration of the Tria research which shows the trend in non-payment growing at around 5% per annum. At this growth rate, total losses to the superannuation system resulting from SG non-compliance will be \$44 billion over the ten years to 2023. This also potentially equates to \$6.6 billion in lost taxation revenue over the same period.

Cbus highlighted this issue through submissions to government and through the media gaining widespread coverage and was acknowledged as a leading authority on the extent of the problem and a thought leader in defining policy solutions.

In November 2015 an omnibus Bill was introduced that contained a provision to lower penalties for late SG payments claiming that it would make the "penalty more proportionate to the non-compliance". Cbus and many other stakeholders expressed deep concerns with this approach given the serious problem with SG arrears and the significant impact it can have on members' retirement outcomes and on the terms which employers who do the right thing compete for business.

In March 2016 the relevant section of the Bill was withdrawn. We now are working with relevant policy makers and regulators to explore what further can be done to ensure strict compliance with the payment of superannuation.

Community engagement

We recognise that we have a role to play in the Australian community. Beyond our involvement in superannuation policy, two areas in which we engaged over the year were supporting superannuation initiatives for indigenous Australians and initiatives that relate to men's health.

Indigenous Super

Recognising that superannuation hasn't always delivered for Aboriginal and Torres Strait Islander people, Cbus supported a community event called the Big Super Day Out, held on 24 June in Sydney.

The event, organised by First Nations Foundation and supported by Cbus, was designed to encourage First Australians to engage with their super, think about their future and plan for their retirement.

Attendees were able to obtain general advice and support about superannuation, consolidate their super and check for unclaimed super. They also enjoyed live music and a barbecue.

A Melbourne event is planned for 2017.

Men's health

Our focus is on our members' best interests which extends beyond helping them save for retirement to the issues that they face during their working life. This includes our members' wellbeing and mental health.

Devastatingly, the incidence of suicide is high throughout the construction and building industry representing 10% of Cbus' life insurance claims. It is why since 2006 we have actively supported programs aimed at producing better health outcomes across the sector, with a focus on reducing the likelihood of suicide.

We partner with Mates In Construction, Incolink, OzHelp and SuperFriend who's suicide prevention work and broader mental health promotion within the construction industry makes a significant contribution to helping reduce the incidence of suicide and delivering better health outcomes for members.

The Incolink Life Care program, aims to prevent suicide amongst young people in the industry. The program, delivered by the Apprentice Support Workers, raises awareness of suicide and its risk factors.

We support the Mates In Construction program which promotes awareness of mental health issues within the industry. This year we have joined in partnership with Mates in Construction and Deakin University to develop a mobile app designed to assist members stay in touch with the Mates program.

We have also developed, with support from the Australian Psychological Society and in conjunction with SuperFriend, the free online "Reconnect" program. The program is designed to support members who may be facing or have lost their job.



Additional Information for GRI Disclosures

Determining what we disclose for GRI reporting

The process used to determine Cbus' disclosures under the G4 Framework commenced with a review of the key issues raised by stakeholders for alignment with the GRI G4 Aspects.

Aspects that dealt with issues raised outside the boundary of the report, and Aspects that did not match with any stakeholder issues and which were considered non-material for Cbus, were ruled out.

Material Aspects were selected after a review of the broader list, including the significance on our economic, social and environmental impacts and influence on stakeholders' assessment of Cbus.

The main process used to identify Material Aspects was to review each of the G4 Aspects against whether it connects with material stakeholder topics (which were prepared for the purposes of Cbus' sustainability disclosures and the Annual Integrated Report). The Cbus Executive validated the chosen Material Aspects and boundaries.

The internal boundary was confined to the Cbus Trustee National Office and Cbus Property, Cbus' wholly owned property developer. External boundaries in some cases are broad (for example, our Indirect Economic Impacts are applicable to Australian Society, as these indirect impacts benefit a wide range of Australians, not only Cbus members.) In others, they are narrowed to the impacts for Cbus members, other key stakeholders, or to Cbus itself.

As a further note, Aspects that are considered material for the FY 2016 disclosures, using the G4 framework, are not common with all previously reported Aspects. This year we are disclosing against material indicators within the Environmental Aspect for the first time, where relevant to Cbus Property activities.

We will review the appropriateness of this year's material aspects in preparation for the next year's reporting. We will do this after further engagement with stakeholders to assess and prioritise the sustainability issues raised through FY2016.

We recognise that the GRI G4 Framework does not address a number of stakeholder concerns, in particular around member and employer service needs (beyond compliance measures). We have disclosed information in relation to these in the Annual Integrated Report.

Table 13 shows GRI material aspects and their boundaries that were identified as aligned with our key stakeholder topics from the GRI G4 Framework.

The boundary of the material aspect specifies where the impacts occur: whether within Cbus or outside of Cbus.

Additional Information for GRI disclosures

Table 13 - Selected Material Aspects

Stakeholder topics from engagement ¹	Material Aspects	Boundary
Having enough income in retirement	Economic performance	Internal – Cbus Trustee (ability to operate) External – Cbus’ members (return on their investment)
Member and employer service needs - “Help me, make it easy, make it quick”	No specific GRI indicators. We provide disclosures in our 2016 Annual Integrated Report, pages 28-33, on our services to members and employers.	
Strong, reliable, innovative fund	<ul style="list-style-type: none"> Labor Practices and Decent Work – Employment; Labor/Management Relations Training and Education Diversity and Equal Opportunity Customer Privacy Compliance – General, and also Marketing Communications and Product Responsibility 	Internal - Cbus Trustee, Cbus Property Internal - Cbus Trustee (impacts our social licence to operate) External – Members, Employers
Government Policy concerns	<ul style="list-style-type: none"> Society – Public Policy 	Internal - Cbus Trustee (impact on operations, services). External – all working and retired Australians, including our members (superannuation/pension impacts)
Supporting our community	<ul style="list-style-type: none"> Indirect Economic Impacts Local Communities Initiatives (FS²) Financial literacy initiatives (FS²) 	External – impact on the Building and Construction industry, and broader Australian society through impact on Property and Infrastructure development and investment. Australian building and construction workers (health and financial education initiatives).
How we invest and ESG issues	<ul style="list-style-type: none"> Product Portfolio (FS2) Active Ownership (FS2) Energy Emissions Waste 	Internal - Cbus Trustee External – companies/ investments Internal – Cbus property External – local community (environmental impacts)

¹ Refer to “Issues that matter to our stakeholders”, page 6 of this report.

² FS – Aspects/indicators from Financial Services Sector Supplement to the GRI G4

We are delineating the activity of the Trustee from the activity of the companies in which we invest. In relation to Cbus’ investments, we make disclosures using the Financial Services Sector Supplement Aspects, and we also separately make a number of disclosures around our ESG activity within the Investment portfolio. This year we have included Cbus Property in the scope, and have selected aspects which are material to their activity as a developer and investor.

Reporting parameters

Cbus reports on sustainability on an annual basis.

The sustainability disclosures are reported for the financial year ending June 2016, with the exception of our reporting on engagement with companies (for the Active Ownership Aspect), which is reported on a calendar year basis, some of the reporting on environmental outcomes for Cbus Property, which are also on a calendar year basis and reporting on staff numbers and turnover for Cbus Property, which is based on data prepared for the legislated WGEA report. Prior to the FY 2016 report, our most recent sustainability reporting was for the financial year ending June 2015.

Cbus has not restated information from the 2015 financial year’s disclosures.

For the first time, this year Cbus has incorporated Cbus Property into the scope of our sustainability disclosures.

Additional Information for GRI disclosures

Organisational structure

Cbus operates on a 'profits for members' basis.

Cbus is governed by a Trustee Board comprising a chair nominated by the Australian Council of Trade Unions and confirmed by at least two-thirds of the Board, an independent director and equal numbers of directors nominated by trade union and employer organisations from the building and construction industry. The Trustee has management and control of all matters related to Cbus, including a wholly owned subsidiary company, Cbus Property, which manages Cbus' direct property investment portfolio. Under the guidance of the Trustee Board, the CEO, Executive and Fund staff are responsible for the day-to-day management of Cbus.

Cbus Property is governed by a Board comprising eight Directors, four of whom are Cbus Directors. Details of Cbus Property's Directors are found on their website www.cbustproperty.com.au.

As at 30 June 2016, Cbus Property has approximately 200,000sqm of office accommodation under management. The portfolio currently exceeds \$3.2 billion, with a further \$5.0 billion of development work 'in hand'.

Cbus Property has responsibility for the strategic performance & management of all aspects of the Cbus direct property investment business which includes major investments and developments in the commercial and residential property sectors.

The company has extensive experience as an owner, manager and developer of high quality properties in Australia and is committed to environmental sustainability.

Refer to the approach to sustainable property development at:

 <http://www.cbustproperty.com.au/About-Us#Sustainability-46>

Our suppliers

Cbus

Cbus provides superannuation, retirement income stream and allied financial services (such as insurance and financial advice) to Australian members, member associations and employer associations of the building, construction and allied industries. Cbus' suppliers are principally service providers. A list of Cbus' key service providers is available under 'further reading' at

 <https://www.cbussuper.com.au/about-us/how-were-run/governance>.

Our providers include:

- Australian and international fund managers, refer to  <https://www.cbussuper.com.au/super/my-investment-options/cbus-investment-managers>
- Master custodian, JP Morgan Chase Bank
- Administration, AAS Pty Limited, part of the Link Group (previously Superpartners, which was acquired by Link Group in December 2014)
- Insurer, TAL Life Limited (from 1 November 2015, previously Hannover Life Re of Australasia)
- Industry Fund Services (IFS) for a range of pooled financial services such as arrears collection, and insurance consulting.
- Participating FPA Professional Practices (from September 2014)
- Westpac Banking Corporation clearing house facility QuickSuper
 - CSM platform implementer, UBS Securities Australia
 - Specialist investment adviser, Frontier Advisors
 - Tax adviser, Ernst & Young
 - External auditor, Price Waterhouse Cooper
 - Internal auditor, KPMG
 - Other ad hoc advisors and consultants as required

Changes in the supply chain over the 2016 financial year included the migration of Cbus' administration onto a new operating system (this was facilitated in 2014 with the sale of Superpartners to Link Group); the appointment of TAL as insurer; and the appointment and termination of investment managers.

Table 14: Investment manager appointments and terminations in FY2016

Investment managers appointed	Investment managers terminated
Vanguard Investments Australia Limited	Blackrock Investment Management Australia
	State Street Global Advisors, Australia

Cbus Property

Key suppliers for Cbus Property include a number of architects, consultants, property managers and builders (different suppliers are contracted across Cbus Property developments and investments). Their performance, delivery and management is subject to rigorous ongoing scrutiny.

The information contained in this document has been prepared specifically for the purpose of communicating matters of interest about how the Fund's resources create value for stakeholders, align with our business strategy and provides transparency in how we operate. Before taking any action to acquire a Cbus product read the relevant Cbus Product Disclosure Document to decide if it is right for you. Contact **1300 361 748** or visit www.cbussuper.com.au for a copy.

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