

**MINUTES – ANNUAL MEMBER MEETING
UNITED SUPER PTY LTD
ATFT CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND
HELD VIA VIDEOCONFERENCE
4 November 2021 - COMMENCING 6.00PM**

DIRECTORS Steve Bracks (Chair)
Anne Donnellan
John Edwards
Anthony McDonald
Rita Mallia
Dave Noonan (proxy for Earl Setches)
Frank O’Grady
Ray Sputore
Denita Wawn (proxy for Anne Milner)

OTHERS PRESENT Justin Arter, Chief Executive Officer
(for all, or part thereof) Keith Wells-Jansz, Chief Financial Officer
Nick Vamvakas, Group Executive – Strategy & Growth
Robbie Campo, Group Executive – Brand, Engagement, Advocacy & Product
Marianne Walker, Group Executive – Member & Employer Experience
Kristian Fok, Chief Investment Officer
Mirella Robinson, Chief Information & Technology Officer
Kristin Miller, Group Executive – People & Culture
Luke Slater – Ernst & Young

MINUTES Amy Cooper, Governance Officer

APOLOGIES Hedley Davis
Stephen Dunne
Anne Milner
Earl Setches
Misha Zelinsky
Wade Martin, Chief Risk Officer

Annual Member Meeting Presentation

Cbus welcomed attendees, Directors and sponsoring organisations to the Cbus Annual Member Meeting for 2021. Cbus advised that hearing from members every year was important and that suggestions from previous meetings have been implemented. This has brought about positive changes for members. Cbus advised they would attempt to answer all questions in the forum, but if they were unable to, members would be contacted via email. A recording of the meeting would be made available on the Cbus’ website.

Cbus’ History

Cbus advised that members are at the heart of everything we do. For 37 years Cbus has been creating value by:

- Making sound long-term investments;
- Returning all profits to members;
- Providing solutions for a dignified retirement and providing advice services to help make informed financial decisions to support members retirement;
- Committing to the industries where members work;

- Advocating on behalf of member's interests;
- Providing tailored insurance at an affordable price;
- Investing in our local economy supporting businesses and job creation; and
- Supporting the building and construction industry.

Member's Feedback

Because Cbus cares about what matters to our members and stakeholders, we seek feedback to deliver:

- Members having enough income in retirement;
- A strong, reliable and trusted fund contributing to an effective super system;
- Long-term, responsible and innovative investments;
- Meeting member and employer products and service needs; and
- Getting the right help at the right time to make sound decisions.

Snapshot of 2021

Cbus provided a snapshot of the year.

- Cbus delivered the biggest return in the Fund's history, a 19.34% return for its Growth and My Super options. This was built on the great result of 2019/20 financial year which saw Cbus as one of a small number of funds to achieve a positive result despite the challenges of the pandemic.
- In 2022, Cbus plans to merge with Media Super which will enable the Fund to move further into the print, media and entertainment sectors. The merged fund will be launched in the second half of the financial year in 2022 and will manage over \$70 billion in funds for approximately 850,000 members.
- Cbus Property continued its strong performance during the pandemic, due to long-term leases and secure tenants, including 40% Government occupancy and contributing to the economy with an estimated 100,000 jobs created between 2006 and July 2021.
- Cbus has committed and invested over \$1.5 billion in new direct funding for Australian businesses and projects through the COVID crisis and into the recovery. The Cbus Investment Committee has approved over \$1 billion in funding for future opportunities.
- Cbus has also made considerable investments in social and affordable housing, an issue our members raised at our 2020 Annual Member Meeting and asked us to follow up. This includes a game changing pilot program in NSW that will get even more social and affordable housing into the market, as well as generate construction jobs in our industry.
- The legislated increases to the superannuation guarantee commenced this year with an increase to 10% on 1 July, with further increases to 12% by 1 July 2025.
- The Federal Governments reform package Your Future, Your Super was passed into legislation, with the proposed changed default rules implemented from 1 November 2021; meaning workers will stay in the fund they first join.
- Cbus has \$65.6 billion in funds under management (FUM) which is an increase of 21% on last year.
- Members numbers are up by around 0.5% from last year to just under 761,000 and Employer number are up by 8.6% to almost 171,000.

Farewells and welcome to the new Chair

Cbus farewelled outgoing Chair, Mr Steve Bracks and thanked him for his valuable contribution during his tenure as Chair which commenced in 2009. Under his leadership. he has provided enormous assistance to Management and will be great missed by the Board and all the staff at Cbus.

Mr Bracks acknowledged his fellow directors during this time at the Fund and thanked them for the

important contributions each have made and wished them well in the future. Mr Bracks also thanked the dedication the CEO, Executive team and all staff bring to work each day to maximise members outcomes.

Cbus farewelled Deputy Chair, Mr Dave Noonan who will be stepping down in December after more than 12 years on the Board. Mr Noonan has made a significant contribution to the Funds members and team during this time.

Cbus also farewelled Mr Anthony McDonald who will be stepping down in December and Mr Scott Beynon and Ms Kara Keys whose tenures ceased in August. Cbus thanked each of these Directors for their dedication to make Cbus a great member focused fund.

Cbus introduced new Chair, Mr Wayne Swan who will officially join the Board as Chair on 1 January 2022. Mr Swan brings a wealth of experience to Cbus, from being Deputy Prime Minister and Treasurer and is credited with steering Australia out of the global financial crisis in the late 2000s.

Growth – My Super product:

Cbus advised that 2021 has been dominated by markets recovering from the impacts of COVID-19, with Cbus again performing above the benchmark returning great results for members. The Investments team did an amazing job and it's a credit to the strength of the team and their capability built over the last few years. A comparative view on Cbus' return on the Growth – My Super product compared to other broader funds shows that Cbus growth figures are nearly 30% higher.

Cbus Retirement Campaign

Cbus was awarded Money Magazines Pension Fund of the Year for 2021 as well as the recipient of Canstar's five star rating for outstanding value account based pension for the second year running.

In year 2021 Cbus ran a campaign educating members nearing retirement on how the pension can support them during the final years of work and into retirement, giving them financial security. The campaign redefined the entry balance required and reflects the Cbus Member retirement reality and emphasises the feature of having a steady and reliable paycheck in retirement.

The campaign exceeded expectations with 1121 new SIS accounts acquired between April to August 2021, accumulating \$592 million in FUM since January.

Responsible Investment & Climate Roadmap

Cbus' responsible investment approach is important to protect and grow our member's retirement savings. Issues considered include decent employment and labour rights, occupational health safety and mitigating climate change. We are guarding the value of their investment against such risks.

In 2020 our comprehensive Climate Change Roadmap was launched to guide our action over the next two years and in August 2021 Cbus announced its commitment to a 45% reduction in portfolio emissions by 2030 and a commitment to net zero greenhouse gases from the portfolio by 2050. We are filtering out potential fossil fuel stranded assets and companies whilst still providing capital to companies that are moving towards net zero emissions by 2050.

Cbus Property Highlights

Cbus Property continues to be a success story for Cbus, highlights include:

- Cbus Property's portfolio has grown from \$0.5 billion in 2006 to \$5.0 billion in 2021.
- Cbus Property returned 11.4% for 2020/21 with an average annual return of 15.01%.
- Since 2006, more than 100,000 direct jobs have been created from Cbus Property developments via developments in different sectors including office buildings, residential apartment and townhouses, hotels and retail.

Putting Members first

Providing relevant and timely services to Cbus Members is critical to ensuring Members are well prepared for retirement. The strength of Cbus' Member Service Model is that it is flexible to ensure the member queries can be dealt with in a timely way. For example, the ongoing changes to COVID restriction meant that Coordinator visits were sometimes on site or sometimes virtual via zoom meetings. Other key member initiatives include:

Face to Face servicing – the Cbus point of difference

- During the year, our Coordinators conducted 3,042 workplace visits, over 16,688 member appointments and reached over 1,500 delegates at monthly meetings.
- Cbus' seminars and support team engaged with 6,700 members through education sessions.
- We held 86 superannuation education sessions on topics such as investment, insurance, boosting your super and a Federal Budget update, along with 67 retirement planning webinars.

Affordable Insurance

Cbus provides Members with affordable insurance enabling financial protection for them and their families during their working lives. In 2021 2,555 claims were paid, resulting in total benefits of \$259 million. Claim acceptance rates at Cbus are at 97% of all insurance claims accepted over the last three years (to 30 June 2021).

Strong advocacy from Cbus has seen 93,000 members retain automatic insurance cover in April 2020 and a further 45,000 member who have joined since April 2020 be provided automatic insurance cover.

Advice – getting ready for your retirement

Cbus provides advice and education for members throughout their working life and then in retirement. Cbus' team of advisers aim to assist members so they can manage their super and maximise their retirement outcomes. To give our members the best chance in retirement, we encourage them to seek advice through our team, make additional contributions, and choose an investment option that's appropriate for them.

Employer Services

Cbus works as a trusted partner to help our Employers with the level of support and service they need, offering a voice, email and chat channel alternative. The chatbot is open 24/7 and extended hours of operation have been introduced with team members across different states.

Your Future Your Super

Changes announced in the 2020 Federal Budget came into effect in July this year, with the exception of stapling, which came into effect on 1 November 2021. Stapling workers to their first fund may mean Certain people will be paying for insurance that does not cover them or their families as most funds exclude hazardous workplace conditions (such as building and construction). Cbus encourages members to check they have the correct insurance cover and check with colleagues onsite.

Competition & Growth

The other changes announced by the Federal Government are meant to tackle the issue of underperforming funds which will lead to consolidation in the superannuation sector. Cbus is in a strong position, but growth remains a strategic imperative in order to continue to deliver better outcomes for our members including lower costs. Members remain at the heart of everything we do.

- We are committed to not losing sight of our heritage and strong building and construction connections.
- Cbus and Media Super will merge in the second half of 2022. Cbus will manage over \$70,000 billion in funds for approximately 150,000 members.
- We are looking at other opportunities to grow the fund and maintain our strength.
- Our focus in the year and indeed years ahead, will be to continue to improve our service to you:
 - by strong long term returns to grow your retirement savings
 - Advice that is easy to access and helps you make the best decisions
 - Tailored good value insurance
 - A commitment to our industry
 - Contributing to our economy and community through investments and supporting jobs.

Questions and Answers

Question: *What is the future of super in Australia for the next 5 to 10 years due to the COVID pandemic, climate change and potential for future war to break out?*

Answer: The Australian superannuation system is a key pillar in supporting Australians in their retirement and to secure their future – it supports financial independence and choice in retirement. In the decade ahead, the environment we operate in will continue to evolve and, as with previous decades, we will face varying opportunities and risks. Specifically:

- we entered the beginning of this decade facing a global pandemic. From an investment perspective, our default superannuation portfolio remains well diversified and continues to deliver strong returns. More broadly, superannuation funds have been able to provide capital to businesses to support growth opportunities as they have emerged from the pandemic;
- on climate change, Cbus has already committed to net zero carbon emissions across the whole investment portfolio by 2050. We have developed a climate change roadmap that outlines our targets and actions. We have undertaken significant research and analysis of our portfolios and pathways to achieve our targets. More broadly, for the superannuation system, we will continue to be providers of funding for investment opportunities that contribute to transition risk mitigation and are aligned to delivering a strong retirement for members;
- in terms of our portfolio construction and investment decisions, we consider a number of risks, of which the geopolitical environment is one consideration.

Cbus' strong long term investment performance is indicative of our track record of managing the range of challenges which impact financial markets.

Question: *What will be the likely impact on my Super associated with the merger between CBUS and Media Super?*

Answer: The fundamental purpose of a merger is to hopefully take all Members to a better place of higher sustained investment returns at a lower cost. We strongly believe the merger of Cbus and Media Super will result in continued high returns and lowering of fees as we grow our assets under management.

Question: *What is the future direction of the super fund with Wayne Swan taking over as the Chair of the Board of Directors?*

Answer: Wayne Swan comes well credentialed into this new role. He is a former treasurer of Australia

and Deputy Prime Minister and was around when the global financial downturn occurred and steered Australia through that. He has a long-standing commitment to superannuation and industry superannuation and will bring that commitment to the Fund. He will encounter a fund which is strong, robust and delivering well to its members and continuing that into the future; but also an environment which will see further consolidation of the superannuation industry. We will see more merger opportunities going forward, so growth in Cbus and increasing our funds under management and members will be the landscape going into next year and I am sure he is up to the task.

Question: *Is the need to meet the work requirement for members over 67 to deposit a lump sum of money into their super account going to be removed?*

Answer: Under existing rules once a member is between the age of 67 and 75, they must first meet a work test before they can contribute to super. In this year's Federal Budget there is a proposal to remove the work test. On 27 October 2021 the budget proposals were tabled in parliament for consideration. Should the proposal become law then a member age 67 to 74 would be able to make contributions. However, making a personal contribution and claiming a tax deduction would not be allowed. Members should call the Cbus Advice Services for more information about this.

Question: *Could you tell us and about the year that Cbus Property has had and what properties is Cbus Property investing our super in?*

Answer: Cbus Property has been a standout performer and its delivered better than any other property company in Australia. It has delivered superior returns to our members by investing in properties particularly in office accommodation and residential predominately on the eastern seaboard of Australia with some investments in South Australia.

These are high quality property investments with major companies in Australia as tenants. Around 40% of the properties that have been developed are tenanted by Government tenants which provides a great sense of security.

Cbus Property has a strong book of properties with large CBD offices such as 447 Collins Street, Melbourne, one of the largest property developments in Australia. 1 William Street, Brisbane which is tenanted by the majority of the Queensland State Government. Development of high quality properties at 313 Spencer Street, Melbourne and 171 Collins St, Melbourne, each with long and secure tenant leases.

Question: *Is Cbus still positive about commercial real estate because of the impact of COVID or is it a good time to invest in office real estate while the market is a bit depressed because of COVID?*

Answer: Yes, we have great confidence in office accommodation around the country, but in quality office accommodation. If you have the right quality in the right place it will go well and that is really what Cbus Property's mandate is and are looking for. As mentioned previously we have governments who are tenants of these Cbus Property office spaces which accumulate to 40% of tenancy numbers and we see that increasing in the future which gives us great security.

We are looking at the higher end of quality and are confident that there will still be a market for this, and it will be very robust and strong in the future.

Question: *Blue collar super fund members receive lower cover for death and disability than people in other funds. Can Industry Super Funds look at banding together for insurance procurement to achieve equality for all workers?*

Answer: Insurance is an issue we think about all the time including the levels of protection and cost.

Unfortunately, blue collar workers do incur more injury on the job than white collar workers who are typically working in office or safer locations. This is inevitably reflected in the price of the insurance policy.

Cbus's pool of workers that we insure sits around half a million people, which would be one of the largest cohorts in Australia of workers in such occupations which allows us to get a much better price than a group that is insuring 25 or 50,000 workers. We can assure our members that we are working actively at all times to keep our insurance costs as low as possible and believe that our insurance offered particularly in reference to TPD is a key differentiator between Cbus and other funds that offer high returns.

Question: *Has Cbus expanded the investment options available within super to be available for investment for monies that are outside the super system. Mirroring what we do inside super for outside investment?*

Answer: Cbus continues to focus on delivering strong retirement outcomes to members. Our focus currently remains on offering Superannuation product solutions. In the future it is possible that the Fund could offer non-superannuation products., However this is not currently under consideration and would require a range of changes including in regard to our licensing and operational model.

Question: *Is our Fund safe now the Government has crippled unions?*

Answer: Yes, our fund is safe. If you recall the Hayne Royal Commission into Financial Services in Australia gave an enormous tick to superannuation and industry superannuation and the equal representation model which industry superannuation follows. This has stood us in good stead ever since and has seen significant flows of members who have come into our fund as a result.

We are now seen as one of the strongest parts of the superannuation industry so believe that we are strong, safe and secure and are strong enough to resist any attempts from the Federal Government to weaken industry superannuation.

Question: *Why are Cbus service fees higher when compared with Australian Super who claim to charge less fees but have returns that are comparative to Cbus?*

Answer: This is true, Australian Super is a very large generalist fund with lower fees. Think it is important to note that we are more in the range of a specialist fund which means we offer more enhanced services, particularly on the ground services to members, and a higher touch model which we are proud of which has put us in good stead.

What comes with that is a very modest increase in fees relative to very large generalist fund that does not offer those sorts of services and doesn't intend to offer those sorts of services.

Question: *With inflation creeping up all investors are anxious about the situation after the market crash, and while we know that markets when they fall do come back up, if there is an extended period of volatility, how are Investment team is prepared for any future circumstance of this? This question particularly relates to retirees in this circumstance who are drawing set amounts that the Federal Government requires them to withdraw.*

Answer: This is considered constantly and discussed at our Investment Committee meetings. Due to portfolio construction and the investment team contemplating this issue we just need to look at the last year where we were one of only handful of funds to have a positive return to see the work the team puts into contemplating and planning for these events to build a portfolio to accommodate for this.

We have several investment options and if a member is less risk tolerant than a normal or regular member might be, we can accommodate that more conservative desire within one of these options.

Question: *what Media Super's investment performance has been over the last two and five years?*

Answer: We have one and five year figures which are indicative of the return. Media Super's one year return was 17.17% that compares to Cbus's at 19.34%. Their five year returns are at 8.96% and that compares with Cbus at 9.81%.

While these are respectable returns for Media Super, we anticipate that once Media Super merge with us they will be able to have the benefits of our internal Investments Team and the benefits of lower costs through the internalisation of the investment program which will leave us looking at a very good future for both group in terms of return and costs.

Question: *Can we have some information on the performance of Cbus options for fully retired members?*

Answer: The performance of our options for fully retired Cbus members remains strong with the default Conservative Growth option returning 13.98% in FY21.

The SIS Growth option returned 21.00% last year and the asset allocation in these options largely mirror the allocation in our accumulation options. However, the fully retired options have a distinct tax regime, and this results in moderately different targeted mix across the equities sector.

More broadly, the Fund is focussed on developing a suite of retirement products and services over the coming years that are aimed at assisting more members enjoy a better retirement by staying with the Fund.

Question: *Will tax laws be changed when retirement comes, so members don't have to pay tax on this?*

Answer: Taxation is the remit of the Federal Government, and it is fair to say that there doesn't seem to be plans to change their tax arrangements in relation to super, so the tax free arrangement after 60 is still the case. If we see any change to that we will inform members and make the adjustments if required.

There is wealth on information available on the Cbus website for members who are approaching retirement that helps members understand what options are available.

Question: *Can my 87-year old mum open up a super retirement account? She has sold her home and having the money in the bank is pretty pointless. How do I go about setting it up?*

Answer: Under existing rules once a member is between the age of 67 and 75, they must first meet a work test before they can contribute to super. In this year's Federal Budget there is a proposal to remove the work test. On 27 October 2021 the Budget proposals were tabled in Parliament for consideration. Should the proposal become law then a member age 67 to 74 would be able to make contributions however making a personal contribution and claiming a tax deduction would not be allowed. You could call the Cbus Advice Services for more information about this.

Question: *Why am I charged two sets of monthly fees?*

Answer: Members are charged a monthly administration fee which is deducted directly from accounts at the end of each month. The fee is broken down into two components, a fixed dollar amount and a percentage-based amount. The fixed dollar administration fee is \$2 per week whilst the percentage-based fee represents 0.19% of the members account balance. The percentage-based fee is capped at a maximum of \$1,000 per annum.

Question: *What is the fund doing to grow and attract the best possible financial talent?*

Answer: The People, Culture and Remuneration Committee (PCRC), a committee of the Board, works closely with Management to ensure that Cbus continues to attract and retain high calibre talent through our Employee Value Proposition, which includes a highly flexible working environment, a range of

attractive terms and conditions and talent development framework encompassing several programs aimed at growing and developing our people. There is no doubt that one of the key things that draws talented people to work at Cbus is the fact that we have a strong member focus and culture.

Closing

Cbus advised that it was a pleasure to speak to members and the engagement with members continues to remain very important. Cbus thanked members for joining the meeting.

The Annual Member Meeting closed at 7.08pm.