

# Built to last





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We acknowledge that we have an important role to play in helping the Australian Government fulfill its responsibilities to achieve the Sustainable Development Goals (SDGs)- see the Annual Integrated Report for more information. Throughout this report we use the SDG icons to show how our work contributes to the achievement of these goals.

## SDGs that Cbus contributes to are:

	5. Achieve gender equality and empower all women and girls.
	7. Ensure access to affordable, reliable, sustainable and modern energy for all.
	8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.
	9. Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.
	11. Make cities and human settlements inclusive, safe, resilient and sustainable.
	13. Take urgent action to combat climate change and its impact.
	17. Strengthen the means of implementation and revitalise the global partnership for sustainable development.



**Our purpose as an industry fund is to create value for over 770,000 members and to provide them with the confidence, financial security and dignity in retirement. As we do this, we put our members at the heart of everything we do.**

# Message from the CEO



At a time where many financial institutions are undergoing a crisis in trust, Cbus continues to enjoy high member satisfaction ratings at 86%, well above the industry average of 70%. Trust is critical to Cbus. Our goal is to be the leading fund for those working in the built environment. Trust is built through meeting the service needs of our members and employers, delivering on strong long term returns and through the way we conduct our business, including the way we invest.

As a superannuation fund, our members may invest with us for decades. We are focused on investing in an economically, socially and environmentally responsible way to maximise our long term returns. We take this a step further in considering the contribution we make to the benefit of our economy and our society, which in turn positively impacts our members. We are proud of our involvement with the Principles for Responsible Investment (PRI) and we have a strategy in place to contribute to the SDGs.

This year we are introducing our first Corporate Responsibility Report, to disclose information relating to Cbus and Cbus Property's sustainability impacts for the Fund. The report's primary focus is on sustainability disclosures related to the four major themes we have identified as material to Cbus' stakeholders, with a focus on responsible investment.

This report is to be read in conjunction with our Annual Integrated Report, and you will find references to the Annual Integrated Report to avoid repetition of content. Sustainability performance information is also disclosed on the [Cbus website](#) and the [Cbus Property website](#). We are reporting in accordance with two major reporting frameworks – the Global Reporting Initiative's (GRI) Standards (we are reporting in accordance with the GRI Standards: Core option) and the Recommendations of the Financial Stability Board's Task Force on Climate Related Financial Disclosures (TCFD). The GRI Standards content index is appended, as is an index for our TCFD disclosures.

Our strategy incorporates our considered response to the challenges posed by sustainability and as this is an area that is evolving rapidly, we expect the way we measure, respond and report will change significantly over time.

A handwritten signature in black ink, appearing to read 'David Atkin', with a stylized flourish at the end.

**David Atkin**  
Chief Executive Officer, Cbus

**Cbus reviews its stakeholder engagement over the financial year and reports on the material topics or matters identified for the Annual Integrated Report and its sustainability reporting.**

# Engaging with our stakeholders

Our focus is to report on topics stakeholders believe are most important.

Over the 2017/18 year we engaged with a wide range of stakeholders on the key issues for the Fund. Generally, stakeholder engagement is not undertaken specifically for sustainability reporting, but is undertaken as part of our broader business activities. However, in the 2016/17 year we conducted focus groups on sustainability and in May 2018 we conducted an employee survey on attitudes to sustainability. Appendix 1 outlines our stakeholder engagement activity across the year.

Cbus first identified its stakeholders in 2012, through a facilitated stakeholder mapping workshop with the Cbus Executive team. The stakeholder listing was reviewed by the Executive team in 2018 and remains current. Major stakeholders were identified as members, employers and their associations and construction and building unions.

## Cbus stakeholders

- Members (and their families)
- Potential members
- Employers
- Potential employers
- Employer associations
- Construction and building unions
- Board / Management / Cbus employees
- Service Providers and business partners, including TAL, Link Group, investment managers and consultants
- Australian Government and regulators
- Community and Non-Governmental Organisations (NGOs)
- Influencers – rating agencies, media
- Superannuation industry (other funds, peak bodies)
- Construction industry
- Companies that Cbus invests in

While this report focuses primarily on Cbus' stakeholders, we also report on Cbus Property - fully owned by Cbus and an important contributor to the Fund's sustainability activity.

## Cbus Property's stakeholders

Cbus Property's stakeholders are reviewed as part of the Cbus Property Strategic Business Plan and identified stakeholders were:

- Cbus
- Tenants
- Purchasers of apartments
- Employees
- Contractors and other service providers
- Community and associations
- Statutory and Government bodies (i.e. planning and building, corporate regulators, taxation and workplace health and safety (WHS))

# Materiality – the issues that matter to our stakeholders

The most material concern raised through our engagement was about members having enough income in retirement. With over 770,000 members, this has significant bearing on social and economic sustainability impacts. There were many topics that are closely related to this concern, such as adequacy of superannuation and how long our members are likely to live in retirement.

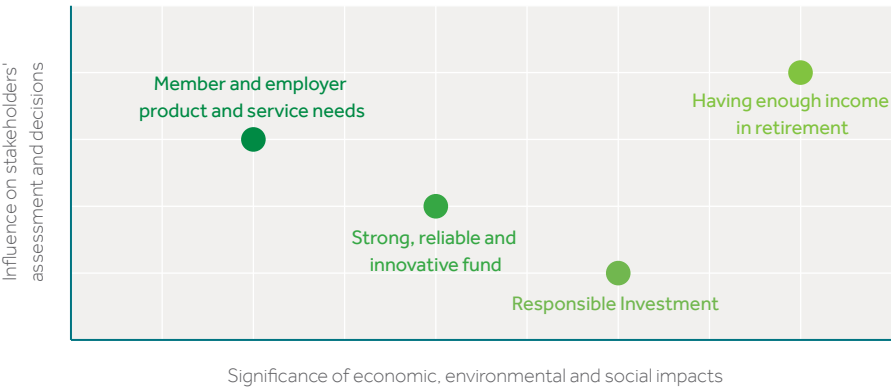
Across our engagement we grouped key stakeholder issues into four themes and these are the focus of this report. They are:

- Having enough income in retirement
- Responsible investment
- Meeting member and employer product and service needs
- Being a strong, reliable and innovative fund.

We rated each theme against two dimensions, noting that a theme can be material even if it rates highly on only one dimension, the dimensions are:

- Significance of an organisation's economic, environmental and social impacts
- Influence on stakeholders' assessment and decisions.

Materiality matrix of key themes



Overall, the most material theme for our stakeholders was about having enough income in retirement. The other three material themes are recognised as drivers that impact on members' having enough income in retirement.

The stakeholder issues we associated with each theme and the GRI reporting standards matched to these issues are shown in Appendix 3, along with the boundaries we applied.

Cbus' Executive team formally approved the approach to stakeholder engagement and the identification and grouping of the organisation's material issues. The Executive team also provided input as a stakeholder and validated the chosen material themes and boundaries. The Executive team review of the material themes is conducted on an annual basis.

**“Compulsory superannuation makes a substantial difference to the adequacy of retirement income.”<sup>1</sup>**



# Having enough income in retirement

Our members primary concern is having enough income to support them through retirement. The average lifespan for Australian men after retirement at age 65 is 19.6 years and for women it is 22.3 years<sup>2</sup>. To build up their super to support their income needs, members need their super to be paid across their working life with consistent superannuation policy and regulatory settings and strong long term investment performance. Our members worry about interruptions to their working life impacting their retirement savings, including early retirement and downturns in the construction industry.

Our Annual Integrated Report discusses the impacts of an ageing population, increasing longevity, the changing nature of work and the impact of the regulatory environment on superannuation in the external environment (pages 61-63). It also provides our response to the regulatory issues through advocacy and engagement with members on pages 61- 63.

The economic benefit of superannuation for Australians is a lower reliance on the Age Pension resulting in, over time, a reduced cost to the Australian Government. It also increases domestic savings, reducing reliance on foreign capital<sup>3</sup>. This pool of savings in turn contributes to long term investment in Australian companies and infrastructure. Contributing to our economy, members' savings with Cbus at 30 June 2018 was \$46.7 billion in assets under management. This compared to \$40 billion at 30 June 2017.

## Measuring our performance

### Retirement Readiness

In the 2017 financial year, our Board approved the development of the Retirement Readiness Index, where we utilise actuarial advice to measure how effective we are at moving members to a retirement readiness measure.

The index tracks the number of active members reaching a target income of \$27,800 a year in retirement; including age pension entitlements. The target income is calculated through a combination of researching our members' needs and the 'comfortable' benchmark target of Association of Superannuation Funds of Australia (ASFA).

We are continuing to see a positive trend in overall retirement readiness and the latest measure, at June 2017, is that 69.8% of our members are expected to reach the target income, up 1.5% above the previous year, and only marginally below our target of 70.0%.

	June 2016	June 2017	Target
<b>Retirement Readiness Index (RRI) for active members</b>	68.3%	69.8%	>70.0% by 2021

1 ASFA, May 2018: "Myths that a 12% SG is not needed"

2 Source: Australian Institute of Health and Welfare, statistics for men and women aged 65 in 2014-2016.

3 ASFA, June 2015 "Superannuation and the economy" [https://www.superannuation.asn.au/ArticleDocuments/359/1506-Super\\_tax\\_concessions\\_and\\_economy.pdf.aspx?Embed=Y](https://www.superannuation.asn.au/ArticleDocuments/359/1506-Super_tax_concessions_and_economy.pdf.aspx?Embed=Y). Risk measure comparisons are not available beyond 10 years.

### Our long term risk adjusted investment performance and net benefit to members

As an all profit to members fund, our focus is on delivering strong long term risk adjusted returns and on reducing fees. These contribute to our member adequacy outcomes.

For our Growth (Cbus MySuper) investment superannuation option, where over 90% of our members are invested, Cbus has a long record of relative strong performance against comparable balanced funds. These return outcomes have been achieved with a lower level of risk than the median fund over the ten year period.

Growth (Cbus MySuper)	1 year	5 years	10 years	15 years	20 years
<b>Return</b>					
Return (% p.a.) <sup>1</sup>	10.95	10.41	7.23	8.54	7.64
Ranking in the SR50 Balanced Survey <sup>2</sup>	4 <sup>th</sup> of 49	3 <sup>rd</sup> of 49	7 <sup>th</sup> of 45	3 <sup>rd</sup> of 38	7 <sup>th</sup> of 20
<b>Risk</b>					
Standard Deviation <sup>3</sup>					
Ranking in the SR50 Balanced Survey	7 <sup>th</sup> of 49	8 <sup>th</sup> of 49	4 <sup>th</sup> of 44		
Sharpe Ratio <sup>4</sup>					
Ranking in the SR50 Balanced Survey	1 <sup>st</sup> of 49	3 <sup>rd</sup> of 49	3 <sup>rd</sup> of 44		

1 Based on the crediting rate to 30 June 2018, which is the return minus investment fees, the Trustee Operating Cost and taxes. Excludes account keeping administration fees. Past performance is not a reliable indicator of future performance.

2 The SuperRatings Fund Crediting Rate Survey SR 50 Balanced Survey includes investment options that are broadly similar to the Growth (Cbus MySuper) option, as these funds are all diversified with an allocation to growth assets of between 60% and 76%. SuperRatings SR50 Balanced Survey, June 2018. Survey data as at 18 July 2018.

3 The standard deviation is a measure of variability of returns, the lower the standard deviation, the lower the variability (and the superior ranking relative to peers).

4 The Sharpe ratio is a measure of risk adjusted return – it shows how much additional return an investor earns by taking additional risk. A higher Sharpe ratio is considered superior relative to its peers.

Over the past year there has been significant focus by the Government and regulators (including the Productivity Commission, the Royal Commission into Banking and Superannuation and ASIC's review of fee disclosure) on the impact of fees on member outcomes.

Cbus targets a below median fee outcome for the Growth (Cbus MySuper) option against other MySuper funds. Our 2017 total fee of \$583 based on a \$50,000 account balance is below the median when

compared to the universe of MySuper funds in the SuperRatings MySuper Fee Survey<sup>4</sup>. This placed Cbus 36<sup>th</sup> out of 80 funds in the survey. We expect our fees to fall further by up to 0.15% by financial year 2021, given lower expected investment fees and costs due to growth in the Fund and fee savings generated through investing internally.

Low fees alone will not meet our member needs. Our focus is on the return to their account after all fees. On a net of all fees return basis, Cbus' Growth

(MySuper) option is market leading when benchmarked against comparable funds on a \$50,000 member account balance.<sup>5</sup> Over the past decade, for a member with a starting balance and salary of \$50,000 who is invested in the Growth option, Cbus added an extra \$14,896 relative to the average fund.

4 At time of printing 2018 data is not available. Risk measure comparisons are not available beyond 10 years.

5 Source: SuperRatings Benchmarking Survey 2018, comparison against the average balanced fund.

**Our stakeholders care about the way we invest members' savings. There is an expectation that Cbus actively manages its ownership responsibilities, and takes environmental, social and governance (ESG) impacts into account.**



# Responsible investment – how we invest

## Message from the Chair of the Investment Committee



We invest our members' money responsibly. To deliver sustainable long term value creation for our members we must in our investment efforts address climate change transition and human rights issues such as modern slavery, occupational health and safety, corruption and underpayment of wages.

With Cbus' background in the building and construction industry, there is stakeholder interest in how we contribute to society through nation building (job creation and investing in the built environment), affordable housing and green buildings.

During 2017/18 we continued to strengthen our approach to responsible investment. This recognises the changes we're seeing globally, and how ESG is now viewed as part of a wider ranging approach that is responsible investment. It also reflects how organisations like Cbus are taking into consideration how we can play a role, both as a Fund and as a large institutional investor, in achieving global agendas like the SDGs. We recognise that great retirement outcomes requires not only generating strong long term investment returns but also contributing positively to the society and environment we retire in. This resulted in the development of a more comprehensive

Responsible Investment Policy.

The Cbus Board recognises responsible investment issues can flag systemic investment risks we need to capture and integrate into our investment decision-making processes. We include these in our Risk Management Framework.

We operate in a rapidly changing external landscape, where the focus is now forward facing around the risks, challenges and opportunities from climate change and how asset owners can use their influence to effect positive change. Issues that are particularly relevant for Cbus include an orderly transition towards a lower carbon world and the investment opportunities in this transition. We are also considering the future state and role of the built environment and the construction industry in innovation and climate resilience.

The way Cbus benchmarks and measures our responsible investment approach is also evolving. We have an established history of reporting to the PRI Survey on an annual basis. We are engaging more directly with companies on ESG issues through our Active Ownership Programme and are contributing to wider industry initiatives.

This year's Corporate Responsibility Report includes our baseline for addressing the Taskforce for Climate-related Financial Disclosures. This will be a multi-year process that we also seek to see adopted more broadly by asset owners, managers and the companies we invest in. We are also working through how to incorporate the aspirational SDGs.

To provide clear guidance for our external investment managers and growing internal

investment team, and for active ownership, the Cbus Responsible Investment Principles were created during the year and endorsed by the Board. The principles clearly state the ESG issues that are important to Cbus, that we believe contribute to sustainable value creation over a longer-term horizon. The core principles identified are:

- Climate change
- Cognitive diversity
- Health and safety
- Labour and human rights
- Product supply chains.

During the year we undertook a carbon risk analysis for our equity holdings and insights from this are driving further work and action.

We have also developed a climate change roadmap that will support future decision making responding to climate related investment risks and opportunities.

Being a responsible investor is something that is fundamental to the whole of Cbus and especially within the Investments team. Our mission is to generate the best retirement outcomes for our members, generate great investment returns and contribute positively to the society and environment we retire in. This comprehensive report provides the detail to support Cbus' Annual Integrated Report.

**Stephen Dunne**

Director and Chair, Cbus Investment Committee



## Responsible investment achievements over the year

### 1 Set strategic policy and direction

- Major revision of Responsible Investment Policy
- Developed Responsible Investment Principles
- Developed Climate Change Roadmap

### 3 Influence companies

- Directly engaged 14 of top 20 ASX holdings
- Joined Climate Action 100
- Increased number of against votes globally

### 5 Drive appropriate monitoring

- PRI reporting
- ESG incorporated into Cbus risk appetite framework

### 2 Integration

- Fund manager review of responsible investment practices
- Quarterly training for new investment team starters

### 4 Advocate for change

- Key contributor to Investor Group on Climate Change (IGCC) report on just transition
- Tobacco Free Portfolio Supporter 2018
- Supported submissions to government on market transparency and shift towards sustainable financial system

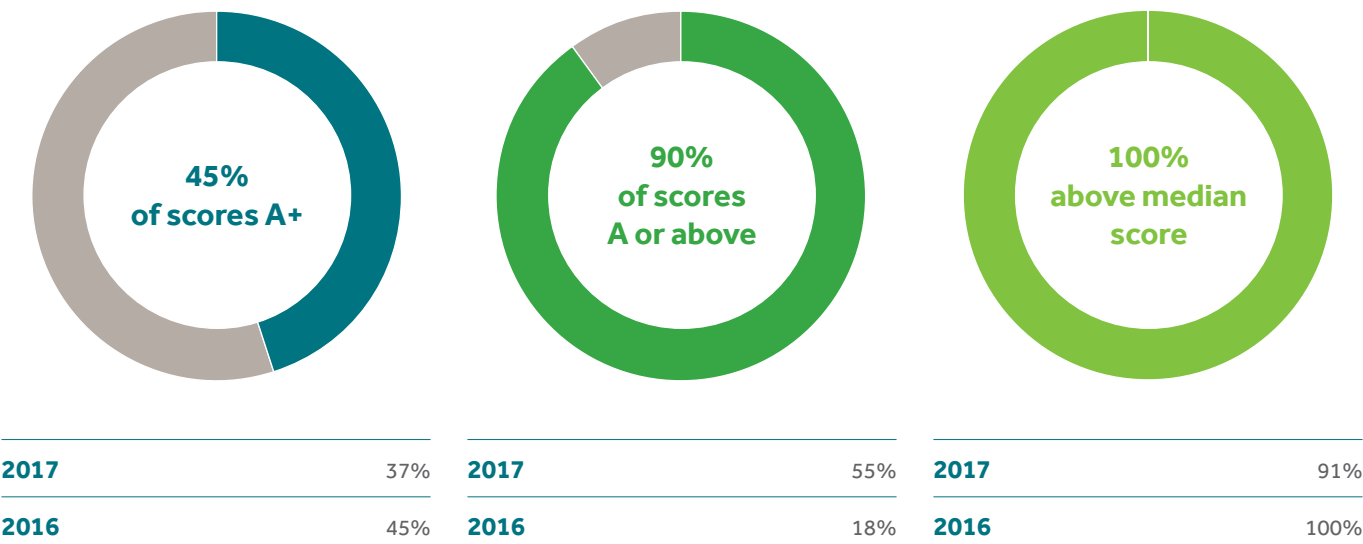


# Responsible investment – how we invest continued

## PRI Assessment Report

Cbus has been a signatory to the PRI since 2006. The principles were developed to provide a reporting and accountability framework for the investment community to achieve better long-term returns and more sustainable markets by considering ESG issues in their investment decision-making. Cbus performed well above the median fund and delivered A to A+ results across all assessment categories in the PRI Survey for the financial year ending 30 June 2017. The exception being our fixed interest portfolio which is predominantly invested through pooled vehicles and is an area identified for improvement. We aspire to achieve an A+ result across all categories of the PRI Survey by 2020. Cbus' PRI assessment and transparency reports can be found on our [website](#).

### 2018



## Our Responsible Investment Framework

Cbus considers responsible investment as one of its fundamental beliefs to achieve our investment risk adjusted return objectives for our members.

Our staff strongly believe that investing responsibly in terms of ESG considerations is important, with 84% of staff classifying this as important or very important.

Our vision is for Cbus to be a leader in responsible investment.



# Responsible investment – how we invest continued

## Guiding our approach

Our investment decision making is guided by governance frameworks that are detailed below. These frameworks ensure we incorporate ESG risks and opportunities, including climate change, into the investment decision-making process.

The SDGs are important to us as a component of the responsible investment framework – see the Annual Integrated report for more detail. Staff also indicated their support with the SDGs through the Staff Survey on responsible investment in May 2018, with 83% noting it was very important that we should consider the benefits and impacts to the society in which members will retire when making investment decisions.

The Investment Governance Framework Policy states, amongst other things that:

- The Trustee can improve long term returns through active involvement in ESG issues
- A long term investment horizon increases the likelihood of meeting the investment objectives.

The Board governance framework that guides decision making in relation to responsible investment, including climate change, has been approved by the Investment Committee over the year as part of the Climate Change Roadmap.

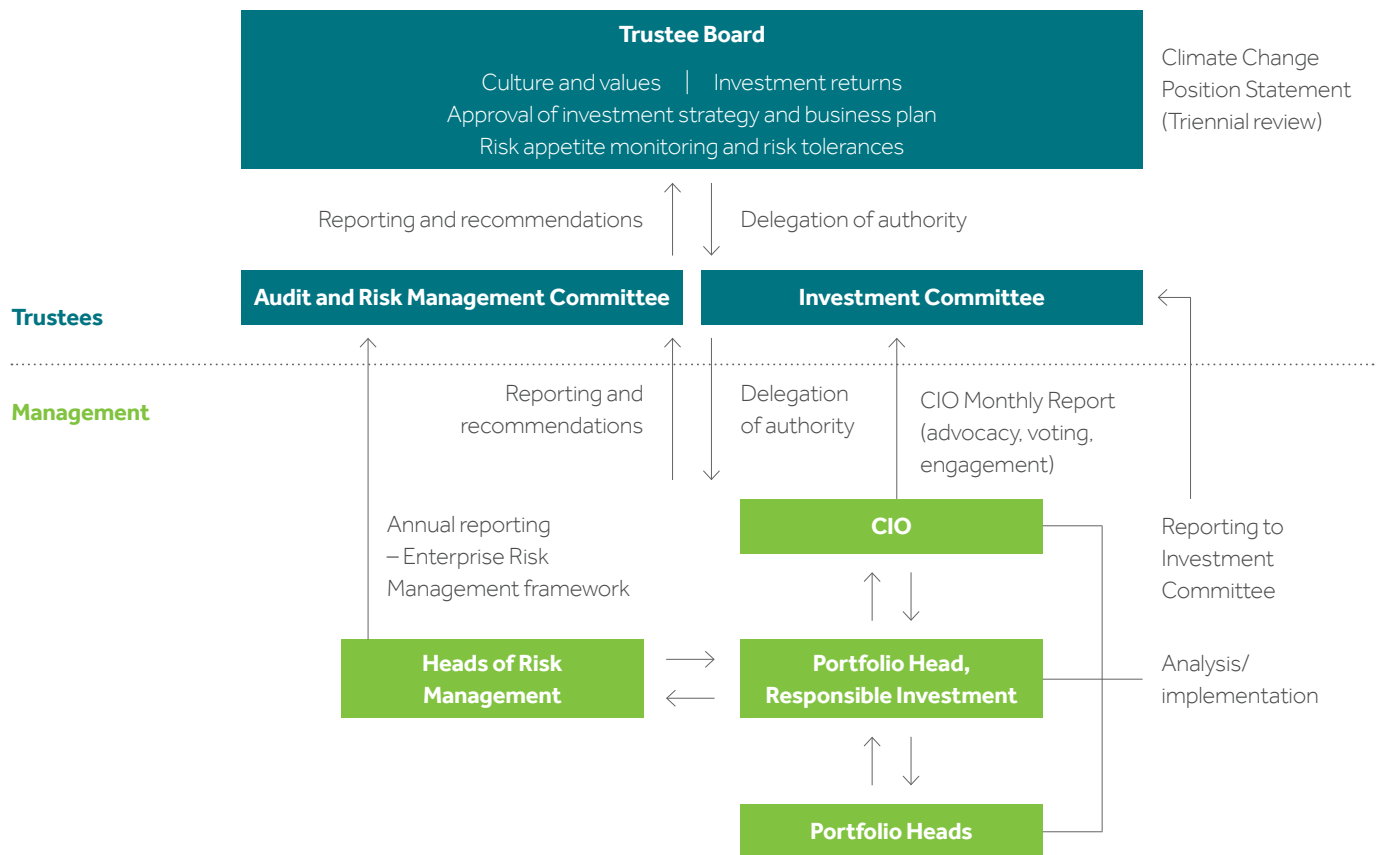
The **Board governance framework** for responsible investment, is outlined on page 11. A key component is the measurement and monitoring of the effectiveness of the risk measures by the Audit & Risk Management Committee. We note the following in terms of Board governance:

- The Investment Committee (IC) and Audit and Risk Management Committee (A&RM) have delegation from the Board to deal with responsible investment matters, including climate change.
- At least annually, responsible investment risks, including climate change, will be formally reviewed and presented to A&RM. This occurs in conjunction with the revision of the Cbus Risk Appetite Statement.
- Formal reporting to the IC on progress against the climate change roadmap will occur on a quarterly basis. The CIO Monthly Report to the Investment Committee also outlines any other responsible investment matters in respect of climate change such as company engagement, voting and advocacy related work.

- The CIO has delegation to commit Cbus to external advocacy, engagement and voting positions that align with the Climate Change Position Statement and the Responsible Investment Policy.
- The Board is highly engaged and attends various training and conferences to increase their knowledge of responsible investment issues.
  - Internal climate change training
  - Board offsite session on responsible investment
  - 5 directors attended the Australian Council of Superannuation Investors (ACSI) conference
  - 2 directors attended the PRI conference



## Board governance framework



A management governance framework has also been established to coordinate climate change work being undertaken across the portfolio. Within management, the CIO and Portfolio Head, Responsible Investment are ultimately accountable for climate change matters.

Over the 2017/18 financial year the existing ESG Policy was reworked into a new [Responsible Investment Policy](#). In addition to renaming the policy, the following changes were made:

- alignment with the new Investment Governance Framework
- inclusion and recognition of the UN SDGs
- inclusion of direct investments
- Fund wide alignment.

We also are further developing manuals and guidelines that are used internally to guide the implementation of our responsible investment approach.

# Responsible investment – how we invest continued

## Our areas of focus

The September 2017 Investment Committee meeting endorsed Responsible Investment Principles. The intention of these Principles is to communicate to our managers the ESG issues important to us as a Fund. These Principles will also be reflected in our active ownership where applicable. We expect that companies over time will also consider their ability to create long-term value whilst also having a positive impact on society and the global economy through the SDGs. Our key focus areas are:

### Climate change

### Cognitive diversity

### Health and safety

### Labour and human rights in direct operations and supply chains

### Product supply chains

**Climate change** is a material financial risk and opportunity. Companies and fund managers should consider disclosure in accordance with the recommendations of the Taskforce on Climate Related Financial Disclosures. Cbus developed a Climate Change Position Statement approved by the Cbus Board in August 2016 that guides our approach.

**Cognitive diversity** has shown to increase returns, attract talent and improve reputation. Cbus encourages fund managers and companies to employ strategies to increase gender diversity, and collective intelligence in general, and be transparent about their efforts. We are supporting an effort to target 30% of Board

positions in ASX300 companies to be held by women. Cbus encourages companies, in general, to do the same.

**Health and Safety** is a fundamental right for workers in performing their jobs. Companies are required to have due regard for workers and provide a safe work environment and operate in compliance with relevant laws. In pursuit of zero injuries and zero fatalities, companies should demonstrate continual improvement of health and safety through corporate culture and disclosure of statistics.

**Labour and human rights** can materialise in a company's direct operations and their supply chains. Companies have a responsibility to ensure they do not infringe on human rights and address issues in their supply chain. Companies should refer to *United Nations Guiding Principles on Business and Human Rights* for guidance. We also expect that companies eliminate modern slavery from their supply chains.

**Product supply chains** are key inputs of an effective business. Companies should understand the origin of materials in the supply chain and work towards implementing sustainable procurement practices.

## ESG integration

Our Responsible Investment Policy details how we integrate ESG risks and opportunities into our investment decision-making framework. The approach to implementation is shaped by the Fund's investment strategy including outsourcing to investment managers to invest on its behalf and direct investment through internally managed investment portfolios.

For our mandates with external managers which makes up 88% of the portfolio at 30 June 2018, ESG risks are taken into account when we select, appoint and monitor managers. This year, as part of our

approach to monitoring, we conducted a fund manager survey to assess the integration of ESG into their portfolios. The purpose of this process was to identify key areas for engagement. The survey confirmed that all our managers integrate ESG to some extent and are at various stages in their evolution. Through this process we also sought manager's long term thinking on climate change and the SDGs. While their approach is in its infancy, we expect it and our managers practices to develop over time.

As we internalise some investment management we are also building ESG considerations into our direct investment strategies and analysis.

Kristian Fok, Chief Investment Officer notes that:

*"Responsible investment is fundamental to the delivery of strong risk adjusted returns. We consider ESG risks and opportunities in our investment decision making across our portfolio, with the same principles applied whether an investment is held directly or managed externally."*

## Exclusions

Cbus does not invest in shares of companies that are viewed as unsuitable for the Fund to invest in on behalf of members and their long-term investment returns.

These include companies involved in the manufacturing of controversial weapons, tobacco products and companies identified in emerging market mandates as having particularly poor ESG practices.

We have negative screening for 100% of Australian shares in relation to tobacco and controversial weapons.

100%<sup>6</sup> of our international shares portfolio is tobacco and controversial weapons free.

<sup>6</sup> 95% of our international shares portfolio has a negative screen. Tobacco and controversial weapons stocks are not held in the remaining 5% due to the investment approach of these pooled trust managers.

## Our external fund property managers ISPT and AMP Capital both performed above average on the GRESB survey, receiving 85 and 83 out of 100 respectively.

### Cbus Property and ESG Integration

Cbus Property assesses its ESG performance against peers in the Global Real Estate Sustainability Benchmark (GRESB). GRESB outcomes for Cbus Property:

	2017 <sup>^</sup>	2018 <sup>^</sup>
<b>Overall GRESB Score</b>	<b>92/100</b>	<b>97/100</b>
<b>Environmental score</b>	<b>86/100</b>	<b>96/100</b>
<b>Social score</b>	<b>100/100</b>	<b>98/100</b>
<b>Governance score</b>	<b>99/100</b>	<b>98/100</b>
Rank in Australia for office/non-listed	3rd of 19	3rd out of 22
Rank globally for global/office/non-listed	4 <sup>th</sup> of 131	3 <sup>rd</sup> of 189
Rank globally out of all GRESB categories.	19 <sup>th</sup> of 823	3 <sup>rd</sup> of 874

<sup>^</sup>Year results announced

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.

In October 2017, it launched its Green By Design mandate which puts sustainability at the core of its design and development approach. It specifies 10 guiding principles that boost sustainable performance of new and existing commercial office buildings.

As at 30 June 2018<sup>7</sup>, Cbus Property manages on behalf of Cbus 220,000 square meters of office accommodation and has a development pipeline of over 2,200 dwellings. Cbus Property has achieved strong sustainability ratings across its managed commercial office portfolio:

Commercial Building	Green Star		NABERS	
	Certified	Design	Certified	Design
171 Collins Street, Melbourne	6 star	6 star	6 star	5 star
313 Spencer Street, Melbourne	5 star	5 star	5.5 star	4.5 star
720 Bourke Street, Melbourne	6 star	6 star	5 star	5 star
1 Bligh Street, Sydney	6 star	6 star	5 star	5 star
5 Martin Place, Sydney	5 star	5 star	5 star	5 star
50 Flinders Street, Adelaide	5 star- Design 6 star - As Built	5 star- Design 6 star - As Built	5.5 star	5 star
140 William Street, Perth	5 star	5 star	5.5 star	5 star
1 William Street, Brisbane	6 star - As Built	5 star	5.5 star	5 star
447 Collins Street, Melbourne	Targeting 5 star	Targeting 5 star	Targeting 5.5 star	Targeting 5.5 star
311 Spencer Street, Melbourne	Targeting 5 star - Design	Targeting 5 star - Design	Targeting 4.5 star	Targeting 4.5 star

<sup>7</sup> Currently this includes properties held in Cbus portfolio. This excludes properties that Cbus Property has developed and later sold.

# Responsible investment – how we invest continued

## Influence through companies in which we invest

The Fund seeks to influence the companies and assets in which it invests through engagement and proxy voting. The purpose is to communicate the interests of members of the Fund with the aim of enhancing long term value creation and minimising ESG risks.

Cbus acknowledges the additional responsibility of its influence in the Australian market. This reflects the size and ownership in Australian companies and assets and the location of Fund members.

In June 2017, the Investment Committee approved the next evolution of our engagement and proxy voting approach.

### Engagement

We define our engagements as direct (when we attend company meetings), collaborative (e.g. with Climate Action 100) or service provider (with ACSI). Our engagement can help inform our proxy voting decisions and drive our future engagement focus. The primary purpose of engagement is either to influence or develop a deeper understanding of the companies, and their approach to major

ESG issues. Engagement is a multi-year process and there are times when it does not work. We have developed an escalation process for times when engagement and voting has not been successful.

In the 2017-18 year, Cbus built on its existing approach to engagement.

Direct - We directly engaged<sup>8</sup>, alongside ACSI, with 14 of the top 20 companies (47% of the portfolio). We also met with other companies where we believed engagement would improve member outcomes.

Collaboration - We have supported the 'Climate Action 100' initiative, see the Advocating for change section.

Service Provider - We engaged with companies through our service provider ACSI, who conducts most of our engagement program. In consultation with Cbus and other ACSI members, ACSI targeted 5 themes for engagement over the year:

**1. Corporate Governance:** Company-specific issues, covering director elections, executive pay, capital-raising practices, as well as seeking to improve board composition (independence) and accountability.

## 2. Climate Change:

Encouraging:

- resources and energy
- insurance and materials
- building companies

to disclose and discuss more fully how they assess and address the risks and opportunities relating to climate change (including regulatory, physical and technological impacts).

**3. Board Diversity:** Targeting companies that have poor gender representation on their boards, with the aim of lifting to at least 30% the proportion of female directors at ASX200 companies.

### Active ownership in practice

Over the year, the Commonwealth Bank of Australia was fined by federal financial intelligence agency AUSTRAC for multiple breaches of its anti-money laundering obligations raising serious concerns regarding corporate culture. Of further concern to Cbus was the Board's level of responsiveness and accountability for the breaches. As an active owner, we engaged directly with CBA, and after careful consideration, voted against the CBA remuneration report and in favour of a board spill at

their Annual General Meeting. CBA is one of our largest Australian share holdings, making up 5.23% of the Australian shares portfolio as at 30 June 2018. We continue to engage with the company on a range of corporate cultural issues.

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry revealed serious allegations of misleading and deceptive behavior from AMP over charging fees for services that were not provided. In this case, we voted against

the re-election of directors to the Board and against the remuneration report at the AMP Annual General Meeting. Three directors resigned prior to the AGM because of the votes against them. At 30 June 2018, AMP was 0.67% of our Australian shares portfolio.

Whilst in both examples the resolutions that were put to the meeting were passed, we sent a clear message to both companies that boards, and their executive, need to be held accountable.

<sup>8</sup> We were directly involved in the meeting alongside ACSI.



**4. Labour & Human Rights:** Born out of growing community concern about the sustainability of franchise business models, ACSI aims to understand each company's model and behavioural culture, how this affects the franchisee behaviours and an understanding of the company's systems, policies and internal controls to ensure compliance.

**5. Corporate Culture:** Encouraging companies to implement best practice Codes of Conduct and Whistleblowing systems, and obtaining evidence that directors actively monitor corporate culture and executives are held accountable for poor practices. This commenced from the start of 2018.

#### ACSI Priority Company Engagement Outcomes FY18

	Corporate governance	Climate change	Diversity	Labour and Human Rights	Culture
<b>Fully resolved</b>	8	6	11	1	2
<b>Partly resolved<sup>^</sup></b>	10	7	1	6	4
<b>Unresolved<sup>^</sup></b>	21	3	6	5	6
<b>Total</b>	<b>39</b>	<b>16</b>	<b>18</b>	<b>12</b>	<b>12</b>

Source: ACSI 20 July 2018.

<sup>^</sup>Engagement activity is continuing on these matters.

#### Proxy Voting

As a large super fund, we believe we have an obligation to ensure companies are governed in an appropriate way. Through voting, the Fund can exercise its shareholder rights to influence and encourage better ESG practices among its investee companies.

In June 2017, the Investment Committee approved an improved approach to proxy voting in relation to international shares. This included implementing ACSI's international voting guidelines.

This streamlined the process, enhanced efficiency and consistency and most importantly provided a more stringent approach to voting. The statistics under Australian voting outcomes shows that we voted on more and against more resolutions over the year.

During the financial year we improved our transparency on how we are reporting voting decisions on the Cbus website, providing a direct link to the proxy service provider which enables review of votes cast seven days after each company meeting on a rolling 12-month basis.

#### Australian Share Voting

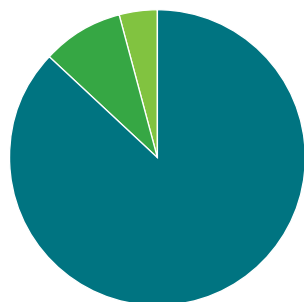
Our Australian shares are voted by our fund managers. When issues arise, we actively consider how we will vote.

Financial year	Number resolutions voted	FOR (%)	AGAINST (%)	ABSTAIN (%)	% votes against management
<b>2018</b>	<b>2,133</b>	<b>87</b>	<b>12</b>	<b>1</b>	<b>10</b>
2017	1,952	87	9	4	-
2016	1,957	89	10	1	-

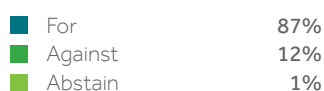
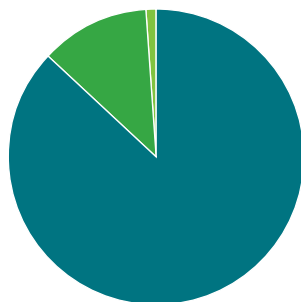
# Responsible investment – how we invest continued

## Australian voting outcomes

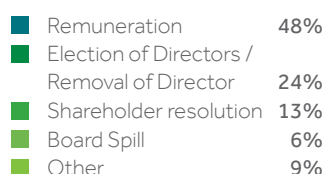
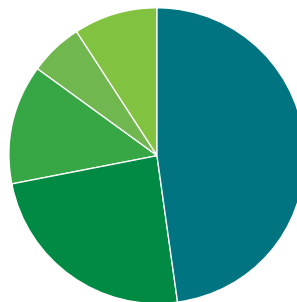
FY2017 Resolutions



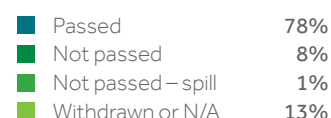
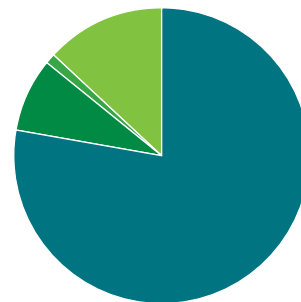
FY2018 Resolutions



Issues Cbus voted 'against' FY2018



Voting outcomes for all the 'against' votes



### Case Study - Origin Energy Limited

At Origin Energy Limited's Annual General Meeting (AGM) in October 2017, a group of shareholders put forward proposals on climate risk disclosure, transition planning and climate pollutants. When considering these proposals, Cbus sought a range of inputs including from our managers and ACSI (who had multiple engagements at both Board and Executive level with Origin).

Cbus reflected on the company's existing disclosure and through engagement efforts gained sufficient comfort about Origin's commitment to climate related disclosures.

This view was well founded when on the morning of the AGM, Origin released analysis of the potential impact of emission reduction scenarios on its wholesale electricity generation portfolio. And, later committed to a company-wide 50 per cent reduction in absolute scope 1 and 2 carbon emissions by 2032.

In Australia these types of resolutions are contingent on shareholders supporting a constitutional amendment requiring a 75% vote in favour to pass (this resolution achieved 4.67% in favour). Cbus did not support the constitutional amendment.

Cbus welcomes the debate fostered by ACSI, for the introduction of non-binding shareholder resolutions in Australia, an approach that would apply to all companies.

About half of the resolutions related to remuneration i.e. executive pay, including salary, bonuses and shares. We voted against remuneration-related resolutions where they were not in our members' best interest. A further 24% of resolutions we voted against involved the election of Directors, for reasons including a lack of independence, high workload or poor performance.

We voted 'against' 250 resolutions. About 8% of resolutions we voted against had a high enough vote against them that they did not pass. A further 13% of resolutions were not put to the meeting. It is worth noting that withdrawn or N/A votes could have been a consequence of voting and / or engagement ahead of the meeting and can indicate a successful outcome from a member perspective as was illustrated in the earlier AMP example.

### International Share Voting

At an international level, we use a third party service provider to execute proxy voting based on the ACSI international voting guidelines<sup>9</sup>. We track voting outcomes based on the criteria set by Cbus. We use the ACSI International Voting Guidelines as an overlay to ensure consistency.

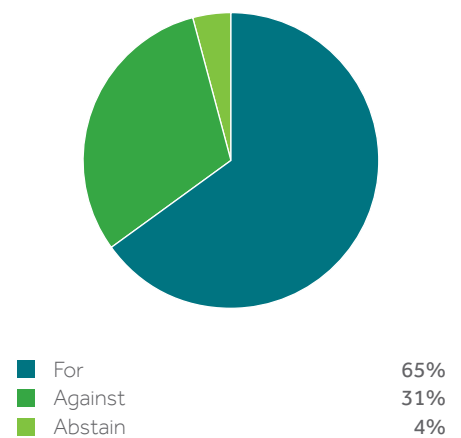
FY	No. resolutions voted	FOR (%)	AGAINST (%)	ABSTAIN (%)	% Votes against management
2018	31,754	73	22	2	24
2017	35,850	95	5	-	-
2016	18,660	89	8	1	-

As we changed proxy voting service providers over the year, there were some changes in the availability of data. As you can see, there was significant uplift in our 'against' votes over FY18.

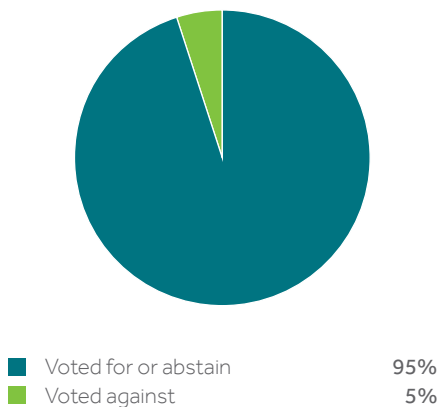
### Global Shareholder Proposals

Across Australia and internationally, we voted on 641 shareholder proposals, which was almost 2% of all resolutions.

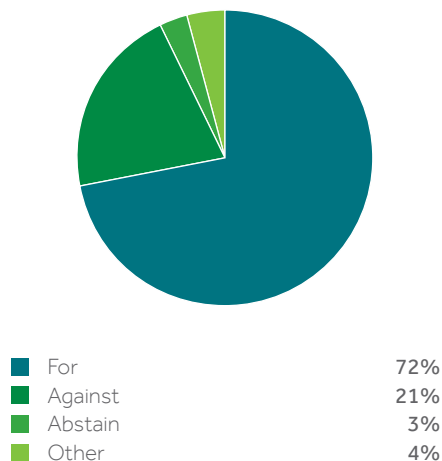
#### Global shareholder resolutions



### FY2017 Resolutions



### FY2018 Resolutions



We voted against these where:

- They were considered not to be in the interest of members
- There was a lack of transparency or disclosure in the resolution
- The resolution was too prescriptive
- The company already had policies or practices in place to address the issues.

We also voted against some shareholder proposals calling for reporting on environmental standards and employment diversity where the issues identified would be more appropriately dealt through uniform government regulations.

<sup>9</sup> At the end of June 2018, pooled trusts accounted for approximately 16.5% of the international shares portfolio. We note that pooled trust managers vote according to their own proxy voting policy and their voting statistics are not included below.

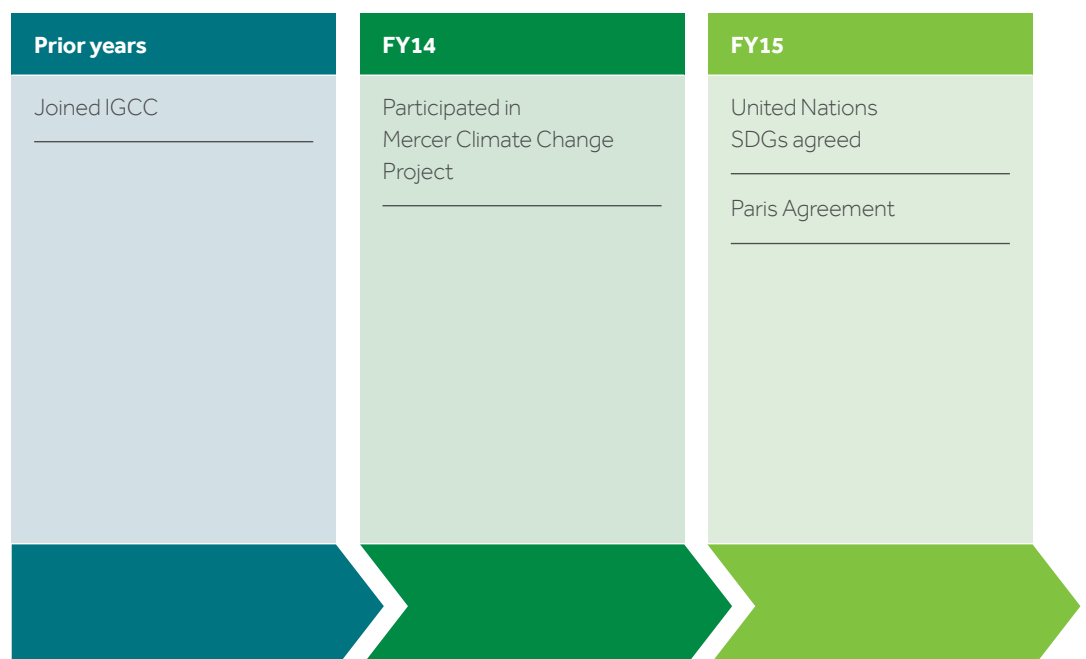
# Responsible investment – how we invest continued

## Advocating for change

We advocate for change through submissions to Government or regulators, or supporting submissions made by membership organisations such as ACSI and IGCC. We regularly present on panels and at seminars in relation to responsible investment.

During the year we made a submission to the Senate Inquiry on the SDGs. We supported the development of the Sustainable Development Investment taxonomy developed by leading Dutch funds APG and PGGM and we were one of the first investors to sign the PRI-led investor statement in support of a Modern Slavery Act in Australia. Read our Annual Integrated Report for more information on how we advocated for change.

## Timeline of our Climate Change pathway





## Climate change

We recognise that climate change is a complex environmental and social issue that will increasingly impact the global economy over time.

It is a growing concern for our stakeholders, including members, sponsoring organisations, NGOs and staff. In the financial year 2017, we conducted member focus groups on sustainability. A member noted that:

*"...in 30 years' time when we want to retire we want to be able to breathe and I wouldn't want to be a part of a company that contributed to the demise of the environment."*

In our staff survey from May 2018, staff recognised climate change as the most important sustainability issue to them.

## Climate change and our strategy

The Cbus Strategy and Business Plan identifies emerging trends in the external environment. Emerging themes include ESG and climate change considerations.

Climate change risks are prioritised relative to other risks based on their materiality and Cbus' exposure. Existing and emerging regulatory requirements related to climate change are also considered as part of the risk analysis.

Key short and medium term climate risks arise from structural change during the transition to a low carbon economy, through rapid policy and technology shifts, these could result in impacts on the Fund's investments. Long term risks may also arise associated with a failure to transition with consequences of higher physical damages from an increase in global temperatures.

While there are many risks that we consider, physical risks are also particularly relevant for Cbus and our property and infrastructure assets. The risks are both chronic and acute. They can include the

increase and intensity of extreme weather events (impacts on supply chain security and insured and uninsured impacts to property and infrastructure) and sea-level rise (impacts to coastal assets such as ports).

To understand the physical risks to our investments over the next 18 months, we will undertake assessments of our relevant portfolios.

We will also proactively seek opportunities to invest in the transition and to improve portfolio resilience to climate change by mitigating exposure to risk. For example, our 100% owned direct property construction and development manager, Cbus Property, provides a great opportunity to invest in a transition to a climate resilient economy and targets minimum 5 star NABERS energy and Green Star ratings for commercial properties. You can read more about Cbus Property's sustainability in their latest report on their website.



[www.cbusproperty.com.au/sustainability/results](http://www.cbusproperty.com.au/sustainability/results)

FY16	FY17	FY18	Looking Forward
<p>Issued our Climate Change Position Statement</p> <hr/> <p>Measured carbon exposure in our shared portfolio</p> <hr/>	<p>Signed a letter of support for the TCFD recommendations</p> <hr/> <p>Expanded active ownership strategies</p> <hr/>	<p>Developed a Climate Change Road Map including TCFD metrics and targets</p> <hr/> <p>Commitment to property portfolio net zero emissions</p> <hr/>	<p>Implementing Climate Change Road Map and reporting against TCFD metrics and targets</p> <hr/> <p>Review and continuous improvement of activities</p> <hr/>

# Responsible investment – how we invest continued



## Climate change position statement

Recognising that climate change poses risks and opportunities to the portfolio and with the support of the Board, Cbus developed a Climate Change Position Statement in August 2016. This helps guide the integration of climate change considerations within the broader investment framework. This approach enables us to focus on making decisions that will lead to better long term retirement outcomes for our members.

Our work on climate change continues to evolve.

## Mercer scenario analysis

In 2015, Cbus participated in the Mercer Climate Change Project. The output provided expected returns for various asset classes under different climate change scenarios.

The charts show the impact of a 2-degree scenario reached by 2025 or by 2050. The circles reflect our asset allocation and the depth of each slice (ie. how far it goes in or out of the circle) depicts the impact from climate change on that asset class' returns. For example, the impact of a 2-degree scenario by 2025 on regional equity is a bigger negative impact on this asset class than if we reach 2-degrees by 2050. Infrastructure, real estate and emerging market global equity are all positively impacted under a 2-degree scenario.

You can see our Mercer Report on our [website](#).

## Transition to a climate resilient future

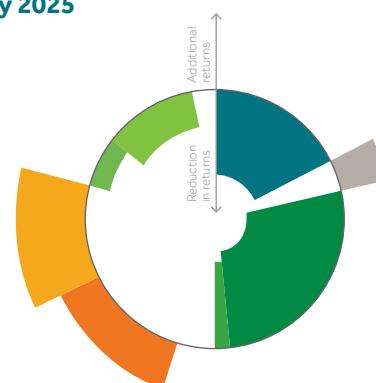
Increasing recognition of the impact climate related issues are having on the energy sector is driving change.

The global energy sector is facing challenges across developed and emerging economies, particularly in the coal sector. We need to be mindful of these impacts on our members and understand the drivers of change. Climate change impacts not only company business models but also the workers and communities in which companies operate. As an investor, we support an orderly transition, and we encourage companies to take these broader financial impacts into account in their assessment and management of risk. We have a role to play in managing financial risks and coming up with opportunities to invest in climate related solutions. In terms of the positive role that Cbus can play, during the year Cbus contributed to the

the IGCC Report: *Coal, Carbon and the Community, investing in a just transition*. Our Portfolio Head, Responsible Investment, is also Chair of the IGCC Low Carbon Working Group.

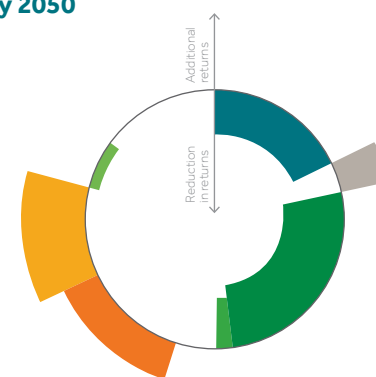
Currently we do not exclude companies based on their fossil fuel exposure, and that includes coal companies. A key issue with complete divestment from coal and carbon-asset exposed companies is it would rule out exposure to a number of large diversified companies which may only have a small proportion of their overall business involved in fossil fuel-exposed activities, or which may be actively transitioning away from reliance on fossil fuels. Divestment also removes our key source of influence as actual owners of assets – through engagement, which is only possible when you have a shareholding. Divestment is something that we assess on an ongoing basis.

## Growth (Cbus MySuper) Option By 2025



Developed Market Global Equity	-0.82%
Regional Equity (AUD)	-0.94%
Private Equity	-0.83%
Multi Asset Credit	-0.14%
Developed Market Sovereign Bonds	-0.34%
Real Estate (AUD)	+0.45%
Infrastructure	+0.76%
Emerging Market Global Equity	+0.43%
Hedge Funds	0.00%
Cash	0.00%

## Growth (Cbus MySuper) Option By 2050



Developed Market Global Equity	-0.42%
Regional Equity (AUD)	-0.60%
Private Equity	-0.48%
Multi Asset Credit	-0.08%
Developed Market Sovereign Bonds	0.00%
Real Estate (AUD)	+0.35%
Infrastructure	+0.62%
Emerging Market Global Equity	+0.43%
Hedge Funds	0.00%
Cash	0.00%

Source: Climate Change Scenario Analysis, Mercer 2016.

In 2016, Cbus used this analysis, to undertake additional modelling to better understand the portfolio return impact if global warming was limited to only 2-degrees.

The results from the modelling showed that the expected return of the portfolio over the long term would fall, resulting in a lower probability of meeting the Fund's investment objective. We then modelled increasing the Fund's long-term allocation to Emerging Market equity. These results showed that the Fund would need to significantly increase its Emerging Market equity exposure to offset the return impact under the 2-degree scenario. However, due to volatility of Emerging Market equities, the required increase would result in an overall riskier portfolio.

Our work will continue in other asset classes to determine the likely impact from climate change.

These actions will also support our commitment to SDG 13: Climate Action.

### Carbon footprint

This is the third year where we have analysed our equities carbon footprint. You can see this in our Annual Integrated Report.

Through this analysis we have gained initial risk insights into the equities portfolio through measuring and comparing our carbon footprint with a global benchmark. It has provided a starting point for us to examine our investment portfolio in more detail, including identification of specific sectors and companies and their contribution to emissions.

The asset allocation team also used the carbon footprint to compare shifting the portfolio allocation with a greater weight to international equities. Whilst the asset allocation decision was not based on this analysis, it did support the recommendation of a recent asset allocation decision.

Work in this area is ongoing and we will

### Climate Action 100

In December 2017, the CIO approved Cbus joining the 'Climate Action 100' initiative. Climate Action 100+ is a five-year initiative led by investors to engage systemically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement. Investors are calling on companies to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

The purpose is to secure climate change commitments (related to governance, carbon reduction and

disclosures) from the boards and senior management of target companies.

The top 100 companies comprise oil and gas, utilities, mining, transportation and industrials sectors, and are mostly located in Europe, North America and Asia. They account for US\$5.5 trillion in market capitalisation, equivalent to the approximately 11% of the MSCI All Cap World Index (14,000 stocks). Their scope 1 (direct) emissions are equal to around 15% of global annual greenhouse gas emissions from fossil fuel combustion.

Cbus holds 93 of the companies on the top 100 list. These represent 6.7% of our total listed equities portfolio.

examine more appropriate methodologies for use in investment decision making.

### Climate Change Road Map

Portfolio Head, Responsible Investment, Nicole Bradford noted that:

*"we have recently developed a Climate Change Road Map which aims to improve portfolio resilience, mitigate exposure to risk and contribute through investing and advocating for change to generate sustainable long-term returns for members."*

During the year our Investment Committee approved a Climate Change Road Map, which sits alongside the Climate Change Position Statement to support making decisions that will lead to better long-term return outcomes for our members. It also provides a consistent approach to considering climate related impacts of risks and opportunities. The Road Map will direct

our activities with respect to climate change over the next 2 years.

The Road Map includes our commitment to reporting under the TCFD. The TCFD is a voluntary disclosure framework for companies and investors to disclose climate-related financial information in a consistent, comparable, reliable, clear, and efficient way.

We also believe the built environment is a key enabler in the transition to a climate resilient economy and there is an opportunity for Cbus to use its leadership to continue to raise the standards of the built environment. As such we have also set targets in this area.

Going forward we will report our outcomes against these targets.

# Responsible investment – how we invest continued

## Climate Change Road Map – Metrics and Targets

Action	2018–2020 Performance indicators	Target
<b>1. Investment</b>		
Increase investment in climate change related opportunities	% of climate related investments in property and infrastructure <sup>10</sup>	Identification of targets by December 2018  Assess high impact strategies of existing portfolio and identify opportunities outside portfolio
<b>2. Integration</b>		
Asset allocation	Climate scenarios incorporated into asset allocation annual review	Incorporated by June 2019
Fund managers	% relevant fund managers reporting against TCFD	65% or more reporting by June 2020
Portfolio physical risk assessment	% of relevant portfolio undertaken physical risk assessment	100% assessed by December 2019
Risk management	Enterprise risk management metrics identified (annual reporting to Audit and People, Culture and Remuneration Committee)	June 2019
<b>3. Active ownership</b>		
Engaging priority companies	Annual meetings (directly or in partnership with ACSI or Climate 100 initiative)	Engaging with 100% of priority companies by June 2019, 70% of these meeting our objectives by June 2020
Shareholder proposals	Actively consider all climate change shareholder proposals	Ongoing
<b>4. Advocacy on climate change</b>		
Supporting peak industry climate change bodies	Contribution to research reports and support for public submissions	Various targets apply
<b>5. Built environment</b>		
Fund manager engagement	% Australian property fund managers that have introduced science based targets to commit to net zero emissions by a specific date	100% by June 2020
	% property fund managers reporting against GRESB	Ongoing
<b>6. Transparency and disclosure</b>		
Cbus disclosure against TCFD recommendations	% Cbus portfolio compliance against TCFD recommendations, including direct investments	100% by June 2020
	% portfolio undertaken carbon footprint	70% by June 2019
<b>7. Trustee office alignment</b>		
Trustee office carbon neutral	Cbus carbon neutral certified by Federal Government	Certified by 2019

<sup>10</sup> As measured by IGCC Low Carbon Registry, or NABERS ratings 4 or over



## Cbus Property and responsible investment

Cbus Property has responsibility for the strategic performance and 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.

The responsibilities of the Cbus Property Management team include ESG factors.

### Sustainability Report

Cbus Property's sustainability report can be found on the Cbus Property website. Cbus Property's sustainability performance metrics are provided for carbon emissions (scope 1 and 2), electricity, gas, water and waste efficiency of its buildings over the calendar year 2017.

### Charter of Selection and Conduct

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 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 WHS and environmental issues.

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 WHS 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 also undertaken;
- Ensures appropriate contractor performance reporting is provided on a regular basis 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.

# Responsible investment – how we invest continued

## Workplace health and safety

Cbus' members are mainly from the building and construction and allied industries. Given the nature of construction work, workplace safety is extremely important for our members and sponsoring organisations (unions and employer associations).

Cbus Property is committed to ensuring the health and safety of workers including employees, contractors and others including tenants.

Cbus Property's vision is to foster a culture across its operations where WHS is considered a core value, safe behaviour is encouraged and respected and continual improvement is considered to be part of the Cbus Property work ethic.

Cbus Property employees experienced no workplace fatalities, lost time injuries, near misses, first aid injuries or medical treatment injuries over the financial year.

The below table provides information for workers (who are not Cbus Property employees) on Cbus Property developments:

The Cbus Property rolling 12-month Lost Time Injury frequency is 3.58, which compares to an Industry Average of:

- Residential Construction 4.0\*
- Non-Residential Construction 10.8\*

\*Source: Safe Work Australia August 2017

Cbus Property maintains a comprehensive WHS risk framework as prescribed by *The WHS Handbook, WHS Governance within*

*Cbus Property*. This document summarises the structure and processes through which WHS information is gathered, considered and reported within Cbus Property and to the Board of Cbus Property. The arrangements and processes described in the document are key to enabling compliance with obligations for the proper and effective governance of WHS within Cbus Property, through making informed decisions and monitoring performance.

Every person working for Cbus Property is expected to understand and meet their role and requirements placed on them.

Cbus Property's WHS risk framework includes a Workplace Health and Safety Management Oversight Committee comprising five Cbus Property employees (the General Manager Development, General Manager Investments and Commercial, Executive Manager – Asset Management, Operations Manager and the Senior Liaison Manager). This committee serves as a forum for communicating and sharing WHS information. Its responsibilities include:

- Meeting on a regular basis (quarterly with interim meetings convened upon the request of a Committee member, CEO or Director)
- Recommending relevant training and education opportunities to enhance the skill levels and WHS awareness of all workers
- Reviewing WHS trends on Cbus Property sites, reviewing near misses and lost time injuries.

The Cbus Property Chief Executive Officer receives reports and minutes of the meetings.

Workers are covered under WHS/OH&S legislation that applies in each Australian state or territory. 100% of workers on Cbus Property development sites have representation. Workers appoint or elect a delegate(s) as their WHS representative. Health and safety meetings are held onsite. Safety walks are conducted on site by representatives, and any issues are raised with the contracting builder's management. The builder contracted for the development also conducts safety walks, which include a Cbus Property employee. Additionally, an independent safety audit may be conducted.

## Participation in external initiatives and memberships

Cbus Property subscribes to several external initiatives including:

- GRESB
- NABERS
- Green Building Council of Australia (GBCA) Green Star Portfolio
- WELL Building Standard Certification

Cbus Property is a member of the following organisations:

- Property Council of Australia
- Committee for Melbourne
- Green Building Council of Australia — Cbus Property's CEO Adrian Pozzo is on the Board.

Cbus Property Developments	FY 2018	FY 2017
Fatalities	0	0
- Total Hours Worked	1,675,426	1,821,750
- Total Lost Time Injuries	6	4
- Lost Time Injury Conversion (per 1,000,000 hours)	6,000,000	4,000,000
- Lost Time Injury Rate (based on per 1,000,000 hours)	3.58	2.20
Near Misses	13	13
First Aid Injuries	251	107
Medical Treatment Injuries	40	41



## Our stakeholders expect Cbus to be:

- Clear and transparent
- Be on the lookout for me
- Unburden me
- Show me you care

# Member and employer product and service needs

Our Annual Integrated Report provides detailed information relating to our member and employer product and service needs. These include: member and employer satisfaction with Cbus' services (pages 17), insurance coverage and claims payment (pages 20-21); accessible advice and retirement planning (page 16); a seamless service and administration process (including our major project Accelerate, on page 60) and a single point of contact for members/employers (page 16).

The issues covered in this report include products that are fit for purpose; how we market our products, education, training and informing stakeholders about regulatory updates / changes and impacts and social contribution.

## Products and services that are fit for purpose

We have ensured that our products are suitable for our members' needs, considering the demographic and savings profile of our members and the nature of the industry in which they work.

Cbus has two investment products – Superannuation options and Super Income Stream options for members who are transitioning to retirement or have fully retired. Both have a default that members are allocated to if they don't make a choice. Each has five options ranging from lower risk/lower return options through to Cbus Self Managed which enables members to

directly access term deposits, shares and Exchange Traded Funds (ETFs), Cbus Managed Property and Cbus Managed Infrastructure. We offer advice services and we offer group death and TPD insurance cover that is uniquely structured for those who work in the building and construction and related industries, enabling cover which members might otherwise not be able to obtain or which may cost significantly more to do so.

Our investment options are designed to offer several clearly defined risk and return choices rather than a confusingly large range of choice. APRA's Helen Rowell noted in a speech in November 2017 "Enhancing Australia's superannuation system: A vision for a sustainable future" that less (choice) is more. At Cbus, over 90% of our superannuation members are in the Growth (Cbus MySuper) option.

We continue to seek solutions that will support members in relation to longevity risk, particularly for those members nearing and in retirement.

This financial year, Cbus offered new Transition to Retirement options and expanded the insurance product offering by reducing the Total Permanent Disablement premiums, reducing the Income Protection premiums for Sole Traders, changing the default units for manual members under 21 and increasing the TPD cover for manual members.

## Marketing our products

Cbus issues Product Disclosure Statements (PDSs) that provide an outline of the key features and benefits of Cbus superannuation and income stream products. Members are also provided

with an Investment Handbook which outlines the relevant investment options including the strategic asset allocation. We also conduct advertising campaigns and sponsorships to promote the Cbus brand.

Marketing material, including the PDSs and Investment Handbook, are subject to an internal due diligence process to confirm the information is compliant with relevant legislation and industry standards. There were no material incidents relating to regulatory and voluntary codes concerning marketing communications, advertising, promotion and sponsorships over the 2018 financial year.

Cbus' investment options are rated independently by rating agencies, including SuperRatings, Chant West and Lonsec. For more information, visit the Cbus [website](#).

## Education and training

Financial literacy can contribute to our members having better retirement outcomes. Cbus' focus is on helping members to understand how they can positively impact their future retirement benefits. We also inform members about regulatory changes that impact their superannuation or insurance cover through our twice yearly Cbus News newsletter.

Cbus financial literacy initiatives include:

- Worksite visits by Cbus coordinators to help members
- Advice available to members to suit their needs, whether general information or limited advice by phone through our Call Centre or Cbus Advice Team, or full advice through an external financial planner (refer to Annual Integrated Report for more information.)

# Member and employer product and service needs continued

- Retirement income estimates in member statements, aimed at helping members to engage with their super and take next steps to improve their outcomes
- Seminars for members close to retirement and retirees
- Member newsletters which include financial education information, targeted across four demographic groups of members
- Website tools that enable all members to understand the impact of additional contributions, budget planning, insurance needs, retirement spending and income needs



[www.cbussuper.com.au/  
tools-resources/calculators](http://www.cbussuper.com.au/tools-resources/calculators)

- 'First year on the Books' initiative, designed to promote to new members the benefits of consolidating superannuation to avoid unnecessary fees and insurance costs which can erode retirement savings.

## Reconciliation, indigenous issues and community partnerships

Cbus believes in the cause of reconciliation and is committed to contributing to social change and economic opportunities for Aboriginal and Torres Strait Islander people.



### Cbus Reconciliation Action Plan (RAP)

Cbus, together with Cbus Property, launched our first Reconciliation Action Plan (RAP) for 2017-2018 in December 2017.

Developing a RAP is part of trying to understand and meet the needs of our members and employees. We estimate that around 3.3% (over 24,000<sup>11</sup>) Cbus members are Aboriginal and Torres Strait Islander peoples. In addition, we recognise the potential benefits of Aboriginal and Torres Strait Islander supplier diversity and employment strategies.

The Cbus RAP is a Reflect RAP which is largely targeted at raising awareness internally and developing structures and processes to develop a more detailed RAP in the future.

The action plan builds on existing community partnerships and is our first step along the road towards reconciliation. The actions align with our aspirations by promoting cultural awareness, capacity building, employment, economic participation and financial security for First Australians.

The Cbus RAP has been championed by the Chair of our Board and our CEO. Members of the Indigenous Working Group (IWG) are responsible for developing, monitoring and renewing the RAP. The group also has a role in monitoring other Indigenous initiatives across the Fund.

Aboriginal and Torres Strait Islander representation and advice was provided during the development of the RAP by RAW Recruitment.

### Community partnerships

In partnership with the First Nation's Foundation, Cbus supports the Big Super Day Out. The Big Super Day Out is a community event designed to encourage First Australians to engage with their superannuation, think about their future and plan for their retirement. An event was held Brisbane in July 2017 at NAIDOC Family Fun Day in Musgrave Park.

In May 2018 Cbus sponsored the Aboriginal and Torres Strait Island Conference, the first of its kind for the newly merged union, CFMMEU. The conference was attended by more than 100 Aboriginal and Torres Strait Island CFMEU members, some of whom also included Cbus members.

A Cbus booth and branding featured at the event and allowed the Fund to raise awareness of superannuation with Aboriginal and Torres Strait Island members.

Cbus is also a member of the Indigenous Super Working Group which is convened by the Australian Institute of Superannuation Trustees (AIST). The Working Group features members from the Financial Services Council, the Association of Superannuation Funds of Australia, Industry Super Australia, Women in Super and several superannuation funds.

The working group aims to provide a forum for the superannuation industry to develop and implement strategies that address issues faced by Aboriginal and Torres Strait Islander peoples in relation to their superannuation.

In 2017, Cbus joined the RECOGNISE Network of Organisations that support the recognition of Aboriginal and Torres Strait Islander peoples in the Constitution.

<sup>11</sup> Internal calculation based on estimate of Aboriginal and Torres Strait Islanders working in building and construction.  
[www.abs.gov.au/ausstats/abs@.nsf/Lookup/2075.0main+features52011](http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/2075.0main+features52011)

**Our stakeholders expect Cbus to be a strong, reliable and innovative fund.**



# Strong, reliable and innovative fund

Our governance structure and processes are important contributors, including the Funds' structure, Board selection, training and oversight of the Fund's operations. Our employees are vital to the delivery of our products and services to our customers. The capability of our people and our corporate culture and values matter to stakeholders, and a workplace of inclusion and diversity contributes to Cbus being a strong, reliable and innovative fund.

Conflict management, how we deal with related parties and how we meet our privacy and data security obligations, including cybersecurity, are also included in this theme. Additionally, our stakeholders want to ensure that we have the scale and capacity to provide long term outcomes to members, and that we are financially stable.

The Annual Integrated Report provides detailed information on Governance (pages 51-54), and culture (pages 10-11). The Cbus website also provides substantial detail on Governance, including our Governance Framework, our Board and how they are nominated and selected, tenure, stakeholder representation, sub committees and their charters and activity over the year at:

 [www.cbussuper.com.au/about-us/how-were-run](http://www.cbussuper.com.au/about-us/how-were-run)

More detailed disclosures follow in this report on governance related to decision making on economic, environmental and social topics for Cbus and Cbus Property, providing additional detail on Cbus Property governance (including committees and policies), information on employees and culture for Cbus and Cbus Property, and scale of the organization.

## Governance

### Governance at Cbus

Cbus is an all profit-to-members superannuation fund that is open offer, with a focus on construction and building allied workers. All directors are non-executive and the Chair of Cbus is the Hon. Steve Bracks AC.

The committees responsible for decision-making on economic, environmental and social topics are the Investment Committee and the Audit and Risk Management Committee. The Board has access to training on responsible investment integration specifically designed for Trustees. Over the 2018 financial year, the Board received training on climate change risks. For more information on governance on responsible investment, refer to pages 10 to 11 of this report.

Cbus governance related policies can be found on the Cbus website at:

 [www.cbussuper.com.au/about-us/how-were-run/governance](http://www.cbussuper.com.au/about-us/how-were-run/governance)

Policies are reviewed annually.

Of note in relation to our material disclosures are Cbus' Anti Money Laundering / Counter Terrorism (AML/CTF) program and Cbus' conflicts of interest policy. Whilst anticorruption is not specifically mentioned, the requirement of Trustee Staff is to record any conflicts of interests including how the conflict is to be managed. Conflicts recorded include those that need to be avoided.


Annual training is provided to all Trustee staff on the specific requirements of the AML/CTF program and conflicts of interest. Training records are maintained in a central training database

Cbus has in place a Reporting Sensitive Information (Whistle-blowing) Policy. One of the purposes of the policy is to encourage reporting of suspected instances of serious misconduct. The policy is applicable to directors, officers, employees and contractors of the Trustee. There is an internal and external channel for whistle blowing.

### Governance at Cbus Property

Cbus Property is a wholly owned subsidiary of Cbus that directly invests in commercial and residential property development across the nation, creating strong returns, jobs and eco-efficient buildings.

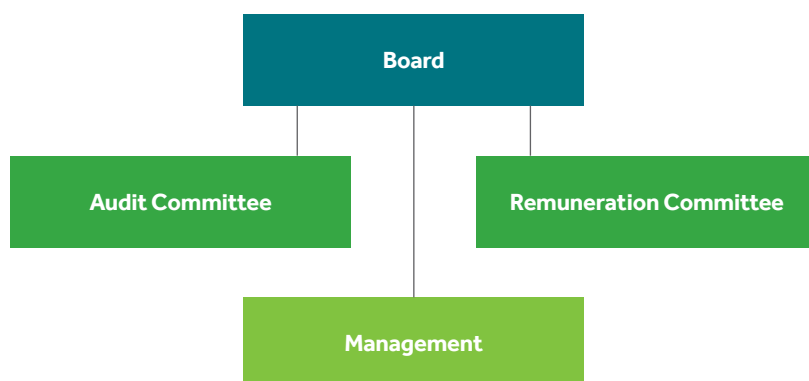
Details of members of the Cbus Property Board and staff are on the Cbus Property website:

 [www.cbustproperty.com.au/about/our-team](http://www.cbustproperty.com.au/about/our-team)

Cbus Property Directors receive regular governance briefings from management and external advisers.

# Strong, reliable and innovative fund continued

## Cbus Property Governance Structure:



The Cbus Property Board is responsible for the governance, risk management, financial and strategic performance of the company. In discharging these responsibilities, the Board may delegate appropriate matters to Board Committees and management within defined and documented parameters.

The Audit Committee assists the Board in fulfilling its governance and oversight responsibilities in relation to Cbus Property's financial reporting. It is comprised of three directors, (two independent directors and one other director) and the Chair of the Board in an ex-officio capacity (non-voting) if the Chair is not one of the appointed members, noting that the Chair of the Board cannot be Chair of the Audit Committee.

The Audit Committee meets at least once annually to consider the Annual reports of the Company and the Owner Entities managed by the Company. The external and internal auditors attend these meetings.

The Cbus People, Culture and Remuneration Committee assists the Cbus Property Board with regard to developing, maintaining and implementing remuneration policies and strategy, ensuring that it reflects the needs of stakeholders and is equitable and consistent with the principles of good corporate governance. It will, amongst other matters:

- Review the Key Performance Indicators (KPIs) set by the Chief Executive Officer and the Executive Management team for the assessment and setting of remuneration (Total Salary Package), the Short Term Incentive (STI) scheme and similar matters for all employees of the Company
- Set KPIs for the Chief Executive Officer.
- Make recommendations regarding the appointment of the Chief Executive Officer and report succession plans for senior executives to the Board;
- Review and make recommendations to the Board on the proposed remuneration strategy and package for the Chief Executive Officer, the Chief Executive Officer's direct reports and other senior executives;
- Review and make recommendations to the Board concerning general remuneration and recruitment principles for Cbus Property (including STI schemes and similar matters); and
- Monitor the company's obligations on matters such as superannuation and other employment benefits and entitlements.

The responsibilities of the Cbus Property Management team include economic, environmental and social factors. The Management Team includes the CEO who reports directly to the Cbus Property Board.

Employees with specific sustainability governance responsibilities include the Sustainability Manager who reports to the Executive Manager – Asset Management, and the Compliance & Commercial Manager who reports to the General Manager – Investments & Commercial.

Cbus Property has a Fraud and Whistle-blower Policy which is currently being refreshed. All Cbus Property policies are scheduled for review by the Board every two years and by Management annually. Cbus Property Directors and management undertake an annual business planning and strategy review process.

Cbus Property's process for handling Conflicts of Interest is set out in the Conflicts Management Policy. Cbus receives a copy of Board papers where conflicts are raised. Director and CEO conflicts are recorded in the Cbus conflict register.

Cbus Property's approach to managing ethical behaviour is governed by its Risk Framework (including a Risk Appetite Statement) and a comprehensive range of governance policies. Regular oversight is maintained by Management and the Board with the assistance of both Internal and External Auditors.

## Organisational Culture

### Cbus Staff and culture

Cbus' inclusive culture, defined and underpinned by Cbus' values is a key differentiator of the Fund. We believe that if we create alignment around our values we will deliver a supportive workplace that encourages accountability, creativity and diversity of thought. We believe this will deliver the best outcomes for our members and our employers.

Cbus' values are that: members are at the heart of everything we do; we act with integrity and respect; we lead by seeking new ideas and innovating to continuously improve; we are accountable for our



own performance and as a team and we collaborate to achieve a better outcome.

Cbus conducts a comprehensive employee engagement survey annually. Cbus received an employee engagement score of 73% in FY18. This was down from FY17, when it was 77% but sits slightly above the financial industry average engagement score of 72%.

### Cbus Property Staff and culture

Conducting business with honesty and integrity defines the operations of Cbus Property. Cbus Property's principles and corporate values include:

- To conduct and grow all business and relationship dealings with integrity, openness, responsibility and accountability
- To promote a culture that is professional, respects the individual and empowers Employees
- To provide a working environment that:
  - is flexible and fosters diversity, and
  - actively builds skills and keeps Employees refreshed
- To achieve best practice in effective Workplace Health & Safety and
- To commit to sustainable and responsible business activities.

As individual representatives of Cbus Property, employees are expected to:

- Foster an environment of respect and fairness at all times, with zero tolerance of discriminatory behaviour in all our activities
- Promote an environment of responsibility and accountability for our actions
- Build long term relationships with stakeholders based on mutual respect, trust, open communication and cooperation
- Commit to effective workplace health and safety management in all workplaces associated with the Company
- Comply with all laws and regulations in the areas in which we operate
- Undertake all of our business dealings with honesty and integrity

- Avoid situations that result in divided loyalties or conflicts of interest
- Refrain from using any information not generally available to the public for personal gain
- Comply with our contractual obligations to third parties
- Respect the physical and cultural environments within which we operate
- Commit to effective environmental management
- Maintain confidentiality at all times.

### Code of Conduct

All employees and contractors are expected to familiarise themselves with all Cbus Property Policies and Procedures relevant to their position and responsibilities and to conduct themselves in accordance with these policies and procedures at all times.

## Employee Remuneration

### Cbus Remuneration

Cbus' remuneration practices are designed to reflect our values placing our members at the centre of all that we do. We also recognise that as we continue to transform to meet an ever increasingly competitive environment, we need to resource the Fund appropriately to provide quality benefits and services to our members and employers. Our commitment is to provide remuneration that aligns with the Fund's strategic objectives, will be equitable, based on merit, competitive, and underpinned by a transparent and consistent methodology. We want to facilitate the attraction and retention of key talent and provide flexibility necessary to access future business opportunities. For information about our remuneration, see our Remuneration Policy.



[www.cbussuper.com.au/content/dam/cbus/files/governance/policies/Remuneration-Policy-Summary.pdf](http://www.cbussuper.com.au/content/dam/cbus/files/governance/policies/Remuneration-Policy-Summary.pdf)

Collective Bargaining agreements, covered 98% of employees as at 30 June 2018 (not including the Group Executive team).

All employees at Cbus receive fixed remuneration, which includes a cash salary, superannuation and for some employees, leave loading.

In determining an employee's fixed remuneration, external benchmarking is performed to ensure that remuneration is comparable and competitive within the markets in which the Fund operates. All roles are benchmarked against a peer group of other similar sized profit-for-members funds based on a combination of funds under management (FUM) and membership numbers (and in some cases, location). The Fund receives remuneration data through membership of FIRG (the Financial Institutions Remuneration Group) and other appropriate surveys.

Executive roles are benchmarked using this method and data is also sought against industry peer groups that seek to gather data from the larger profit-for-member funds and the broader financial services sector.

Individual performance, skills, and experience are also used to determine where the employee's fixed remuneration should sit within a market range.

The People, Culture and Remuneration Committee has the responsibility to make decisions based on benchmark and industry data along with performance feedback from within the business.

Once a benchmark is determined (usually around the 62<sup>nd</sup> percentile), a range is generally set 20% on either side (eg: from 80% to 120% of the position).

In some cases, individual employees will be either above or below the range set for a number of reasons including:

- a) The employee is still developing in that role
- b) Year on year progression (of a long serving employee) may have moved fixed remuneration above the market

## Strong, reliable and innovative fund continued

- c) The Fund may pay at a certain level above the range to secure particular skills or expertise.

Remuneration Consultants are called on from time to time to provide specific responses to requests for data or analysis that help inform the internal decision making process for determining remuneration at Cbus. They are completely independent of management.

The standard superannuation rate at Cbus for all employees is the SGC + 7%. There is a focus on ensuring that the level of salary is correctly positioned when the job is designed and recruited, enabling the Fund to better keep the fixed remuneration of the role aligned with the pay position in the market through the lifetime of the role (if appropriate).

Executives and some investment team staff at Cbus participate in a variable pay program based on performance at an opportunity of up to 30% of salary package. Performance is assessed annually (commencing with the financial year 2018) and remuneration is paid over a three-year period. A component of the performance remuneration is based on alignment with Cbus values and for investment staff participating, a component is based on the annual PRI assessment report outcomes.

Any performance-based components of remuneration is designed to align with prudent risk-taking and incorporates the following hurdles:

- The delivery of the Cbus business objectives as set out in the Cbus Business Plan; team performance indicators; and individual performance indicators;
- The delivery of these objectives within the parameters of the Trustee's risk appetite.

Other benefits for employees include a Health and Well Being Allowance and Salary

Continuance Insurance (up to an automatic acceptance level as outlined in the Employee Salary Continuance Insurance Plan Member Booklet).

Part time employees receive the same benefits as full time employees, noting that some benefits are pro-rata.

The annual compensation ratio for Cbus' highest-paid individual to the median annual total compensation of all Cbus employees (ex-the highest paid individual) was 1:4.69 at 30 June 2018. This has increased from 1:4.15 at 30 June 2017, although compares extremely favourably to the finance industry median<sup>12</sup> of 1:9.9 at 30 June 2018.

### Cbus Property Remuneration

Cbus Property employees are not covered by Collective Bargaining Agreements.

Remuneration matters are delegated to Cbus' People, Culture and Remuneration Committee. The Employment Policy and STI Plan apply to all employees, including those employed on a part-time basis.

### Employment Policy

Cbus Property has adopted four key guiding principles which underpin the Total Salary Package (TSP) structure of the Company:

- TSP should result in an alignment of interests of all employees with the interests of the Parent Company United Super Pty Ltd (Cbus) through the creation of value for the stakeholders
- TSP levels take account of both external market practice and internal relativities
- TSP must be sufficiently competitive to ensure that the Company can attract and retain talented people and reward performance in line with returns delivered to the stakeholders depending on individual performance and contribution to the Company's results
- TSP structures must be transparent and readily understood.

The TSP and other benefits to be received by employees shall be determined by the Chief Executive Officer and the Cbus People, Culture and Remuneration Committee and approved by the Board having regard to:

- Statutory Requirements (Awards, Enterprise Agreements, etc., where applicable)
- Industry standards and conditions
- Current market conditions for like positions and internal relativities
- Benchmarking against comparable companies
- Advice taken periodically from leading independent remuneration consultants and
- Terms and conditions set out in the Letter of Appointment.

Recommendations for all TSP's, salary reviews and discretionary bonuses are submitted to the People, Culture and Remuneration Committee for review. The People, Culture and Remuneration Committee then provides recommendations to the Cbus Property Board for approval.

### STI Plan

Deloitte Touche Tohmatsu (Deloitte) was commissioned to review the overall merit of Cbus Property's new STI Plan, comparing it with other Plans operated by Cbus Property's industry peers. In particular, Deloitte was asked to comment on the key performance metrics that were likely to be introduced in the new STI Plan. Deloitte found the new STI Plan was:

- Supportive of the 'whole of company' approach, where many competitors do not
- Quantum of the Pool is around the mid-point of the current market
- Cap of 50% of the Total Company TSP (for the Pool) is prudent & consistent with some industry peers

<sup>12</sup> Source: AON Hewitt Finance Industry Remuneration Report 2018.

4. Allocation & mix of components is balanced and in line with comparable STI Plans
5. Not complex compared to others
6. Encouraged very clear, compelling and careful implementation and
7. Found to be: *'structurally sound, focused, fair and defensible when scrutinised against peer plans within and beyond the Australian market'*.

Deloitte also noted that the Company does not pay Long Term Incentives which in the main comprise of performance rights, employee share acquisition plans, deferred share purchase agreements and loans.

The Cbus Property Board and Cbus People, Culture and Remuneration Committee recommend the STI Plan to the Cbus People, Culture and Remuneration Committee.

The annual compensation ratio for Cbus Property's highest-paid individual to the median annual total compensation of all Cbus Property employees (ex-the highest paid individual) was 1:4.34 at 30 June 2018. This compares favourably to the property industry median of 1:6.00 at 30 June 2018<sup>13</sup>.

## Inclusion and equality / diversity

### Inclusion at Cbus

At Cbus we take equity seriously and are committed to building and maintaining a workplace that supports inclusion and equality. Pay equity is achieved when women and men receive equal pay for work of comparable performance or equal value. At Cbus we have strived to address like-for-like gender pay gaps by eliminating gender bias in the way we address remuneration decisions. We believe that remaining diligent allows us to attract and retain the best people and reflects our strategic vision to be recognised as an employer of choice.

We are targeting a 0% pay gap, where women and men receive equal pay for work of comparable performance or equal value. We reported our gender pay gap (as at March 2018) at 18% to the Workplace Gender Equity Agency (WGEA). This is a slight improvement from last years' March 2017 figure of 18.2% and we continue to work towards reducing the disparity, which is significantly less at Cbus than the 31.9% gap in the broader finance and services industry. We complete these studies every two years.

At 30 June 2018, the ratio of basic salary and remuneration for women to men across the Fund is 1:1.23 (excluding the CEO). This ratio is lower than the 1:1.26 in June 2017 (an improvement).

Age	Ratio of salaries of women to men
Under 30	1:1.13
30-50	1:1.24
Over 50	1:1.18

The Board has set a 30% target for female director representation on the Board. Sponsoring organisations are asked to consider this target when nominating Director replacements. At 30 June 2018, female directors comprised 28% of the Board, up from 22% at 30 June 2017.

### Gender composition of Cbus employees and governing body, by position level, as at 30/6/2018

	FYE30/6/2017		FYE30/6/2018*	
	Male	Female	Male	Female
Board^	14	4 (22%)	13	5 (28%)
Executive team	5	4 (44%)	5	3 (38%)
Heads of	17	8 (32%)	24	18 (43%)
All staff (which includes Heads of and Executive team)	147	133 (48%)	182	183 (50%)
Investment Team^^	31	23 (43%)	45	29 (39%)

^A 30% female gender diversity target has been set.

^^ A 40% female gender diversity target has been set.

\*Board statistics for FY2018 are for July 2018.

13 Source: AON Hewitt Property Industry Remuneration Report.

## Strong, reliable and innovative fund continued

The investment management industry has a poor diversity record. Despite strong representation of women in commerce and finance related studies, a Frontier Advisors survey of 40 Australian fund managers in 2018 found that women represent only around 14% of investment teams (and close to half of the 40 managers had no women in their investment team at all). Yet studies<sup>14</sup> have linked greater participation rates to higher economic benefits, better decision making and problem solving and greater profitability for companies.

Cbus' Investments team has set a 40% target for female employees. As at 30 June 2018, the Investment team had 39% females (slightly down from the prior year, but on track for the target).

Cbus has a Diversity and Inclusion Policy which sets out three priority areas for the Fund:

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

Staff training includes training on:

- Discrimination and Equal Employment Opportunity
- Mental Health for Managers
- Engage to Change: Family and Domestic Violence Awareness
- Flexible Working Arrangements.

Over the financial year 2018, there were no reported incidents of discrimination at Cbus.

### Inclusion at Cbus Property

Cbus Property staff gender information is tabled below.

#### Gender composition of Cbus Property employees and governing body, by position level, as at 30/6/2018

	FYE30/6/2017		FYE30/6/2018	
	Male	Female	Male	Female
Board	7	1 (13%)	6	1 (14%)
Staff	24	11 (31%)	25	14 (36%)

There were no reported incidents of discrimination over the financial year.

### Parental leave at Cbus

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

- Continue managing their career while pregnant or 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)
- Aim to achieve balance between work and family (commitment to flexibility and inclusive work practices)

Primary caring benefits include all staff regardless of gender. Currently Cbus offers the following support to parents in managing their work and family commitments:

- Paid parental leave (16 weeks) is available to all new parents that meet the eligibility criteria (both primary and secondary carers). Paid parental leave can be taken at any time within 24 months of the child's birth or adoption.
- We also pay 16.5% superannuation on paid leave and Superannuation Guarantee Charge (SGC) for all unpaid leave in the first 52 weeks of leave. Paid parental leave is available to all new parents that meet

the eligibility criteria (both primary and secondary carers). Paid parental leave can be taken at any time within 24 months of the child's birth or adoption.

- Grace Papers program
- A Just For Dads program – so that Cbus can empower men as well in managing their career and family responsibilities
- 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

<sup>14</sup> Source: Frontier Advisors' Frontier Line, issue 138, July 2018, The power of gender diversity in the workplace – The investment Industry Experience

Grace Papers is a six step online 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.

Over the 2018 financial year, 13 females and 11 males took parental leave, which was 11.16% of the 215 full time and part time employees entitled to parental leave. Over the reporting period, 11 males and 6 females returned to work after parental leave ended. Employees that returned to work after parental leave ended that were still employed 12 months after their return to work by gender was 100% of males and females.

#### Parental leave at Cbus Property

Employees are entitled to take Parental Leave in association with the birth or adoption of a child in accordance with the Fair Work Act. Each employee who has completed 12 months of continuous service and who is or will be the primary care giver is entitled up to 52 weeks of Parental Leave.

Over FY18, Cbus Property had 3 females entitled to parental leave and 1 male entitled to partner leave. The 3 females took maternity leave and the male took parental leave for 2 weeks. 2 females returned to work over the period, with the other still on maternity leave.

## New employees and turnover

### Cbus new employees and turnover

As we continue to insource activities at Cbus, Financial Year 2017/18 saw total employee headcount rise by 85, from 280 to 365 (including contractors).

Voluntary employee turnover was 22 employees during the reporting period. This is a turnover rate of 5.90% and compares to a turnover rate of 3.93% for FY2017 Cbus' voluntary turnover.

Total voluntary and involuntary turnover equalled 9.92%, which consists of 22 voluntary and 15 involuntary departures, compared to 7.5% total turnover in FY2017. This is low compared to the industry average of 15%.

### Cbus Property new employees and turnover

At Cbus Property there were 2 staff and 2 Board member resignations, and 7 new staff hires and 2 new Board members over the financial year.

## Employee Training and Education

### Cbus training and education

Cbus is committed to continuously developing the skills, knowledge and capability of our employees.

The average training hours have fallen since FY2017, and that there is a gender difference in training hours. In the FY2017 year, training hours were higher as staff required training as part of the transition to the new administration platform

managed by Link. The gender difference reflects the higher number of male staff 'representatives'. Cbus staff who hold 'Representative' status under our AFSL licence are required to maintain a minimum of 30 hours a year of training.

Employee skills are upgraded through the following avenues:

1. Continuing Professional Development (CPD) – employees are provided with opportunities to maintain their professional qualification through professional development training
2. Decentralised personal and professional growth training budget – employees agree on a plan for personal and professional growth in conjunction with their line manager
3. Diversity and inclusion activity – training implemented centrally to all employees as part of the diversity and inclusion plan.

Cbus provides outplacement and transition services through an outsourced provider – SHK:



[www.shk.com.au/about-shk](http://www.shk.com.au/about-shk)

All Cbus employees received half yearly and annual performance career development reviews.

### Cbus employees average training hours by gender

	FYE30/06/16	FYE30/06/17	FYE30/06/18
Males	36	86	48
Females	25	28	26

# Strong, reliable and innovative fund continued

## Cbus Property training and education

Cbus Property values employee training and encourages employees to undertake training in accordance with the Cbus Property Training Guideline.

Cbus Property employees average training hours by gender and team

	Corporate	Investments	Development
Female	20 Hours	174 Hours	16 hours
Male	0 hours	36 hours	192 hours

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 and experience and facilitates their development.

Cbus Property has a budgeted allowance per full time employee per annum (based on a financial year commencing 1 July and concluding 30 June).

Training is a crucial part of an Employees' work and as such, Cbus Property encourages each Employee to expend a minimum 50% of the budgeted amount each financial year.

All Cbus Property employees received half yearly and annual performance career development reviews.

## Privacy and Cybersecurity

Information Security (Cybersecurity) can be described as a framework of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorised access.

Cbus increasingly uses information in new and changing ways, particularly with additional functions being in-sourced. These increased demands, volumes and diversity of information has led to a shift in the pace in which we are maturing our Cybersecurity capability.

At all levels of the Fund, Cbus is committed to keeping our members' and Fund information safe. Cbus does this by applying appropriate controls across three main areas: people, process and technology. Cbus focuses on confidentiality, to control access to information; integrity, to assure the information is trustworthy and accurate and availability, to guarantee reliable access to the information by authorised people.

In relation to Cybersecurity we focus on:

- managing technology risks
- protecting our data
- monitoring our activities
- knowing and managing our vulnerabilities
- forming and implementing a comprehensive Cybersecurity strategy.

We received a total of 6 privacy complaints from our members over the year, of which two were substantiated as privacy breaches. We remediated the first issue with the (one) impacted member and additional measures have been taken to prevent any fraudulent activity with regards to the second issue.

## Financial stability and scale (size of Cbus relative to other funds)

### Cbus financial stability

As part of the Stronger Super requirements, Cbus evaluates its scale and capacity to deliver on its obligations to members every year. Cbus is the 14th largest Australian superannuation fund and the 6th largest industry fund and continues to enjoy growth.

Our scale and capacity is measured independently by SuperRatings in their *Cbus SuperRatings 2018 Benchmarking report*, data at September 2017. SuperRatings noted that Cbus was 'leading' across most growth metrics such as member growth, net outflow ratio and net cash flow (% of assets) and lagging only in terms of the active member ratio.

### Cbus Property scale

Cbus Property also has significant scale and is expanding the national pool of quality commercial workplaces and residential dwellings. Over the year, Cbus Property was involved in the ongoing construction or delivery of approximately 220,000 square meters of office accommodation and more than 2,200 dwellings.



## Our Supply Chain

### Cbus supply chain

Cbus Super supply chain providers included over FY18:

- Australian and global fund managers, refer to:



[www.cbussuper.com.au/super/my-investment-options/cbus-investment-managers](http://www.cbussuper.com.au/super/my-investment-options/cbus-investment-managers)

- Master custodian, J.P. Morgan Chase bank
- Administration, AAS Pty Ltd, part of the Link Group
- Insurer, TAL Life Limited
- Industry Fund Services (IFS) for a range of pooled financial services such as arrears collection, and insurance consulting
- Participating FPA Professional Practices (financial advice)
- Westpac Banking Corporation clearing house facility QuickSuper
- CSM platform implementer, UBS Securities Australia
- Specialist investment adviser, Frontier Advisors
- Tax advisor, Ernst & Young
- External auditor, Price Waterhouse Cooper
- Internal auditor, KPMG
- Other ad hoc advisors and consultants as required
- Companies in which we invest

Changes in the supply chain over the 2018 financial year included the appointment and termination of investment managers:

#### Investment managers appointed in 2018

- Heitman American Real Estate Trust
- Invesco Emerging Market Mandate
- JP Morgan Asset Management USD Liquidity Trust
- Internally managed Global Quality Equities portfolio

#### Investment managers terminated in 2018

- Vanguard Emerging Market Mandate (1 mandate only, still used for other mandates)
- Bridgewater Alternative Growth (1 mandate only, still used for other mandates)

Cbus together with other investors in UTA resolved to remove Hastings as manager and replace with Morrison & Co (pooled infrastructure fund).

### Procurement policy

Cbus recognises that it should operate in the same manner as it expects of the companies in which it invests. As such, Cbus seeks to conduct business with Suppliers that align with our approach to responsible investment. Over time, this will include consideration of Suppliers that also positively contribute to society and economy through the SDGs.

This year Cbus formed its first centralised procurement team which has developed a Cbus Procurement Policy. In collaboration with the Responsible Investment team, ESG due diligence requirements for suppliers have been incorporated into the policy. These requirements will be rolled out across the organisation progressively for new contracts, and to existing contracts as they come up for renewal.

ESG issues – our procurement focus:

<b>Social</b>	Preference for local employment, diversity, human rights, fair and safe labour practices and commitment to reconciliation
<b>Environmental</b>	Management of issues including climate change, water use, pollution, waste, land clearing and chemical use incorporating the whole of life economic cost
<b>Governance</b>	Accountability and transparency of supply chain impacts, strong leadership of boards and senior management in accordance with governance guidelines such as those published by the ACSI.

### Cbus Property supply chain

Cbus Property's suppliers include 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. See the Charter of Selection and Conduct Criteria for Cbus Property on the Cbus Property web site.

There were no significant changes to Cbus Property's supply chain over the financial year.

# Appendix 1

## Engagement with Stakeholders

Who did we engage with?	How did we engage with the stakeholder(s)?
<b>Members, potential members and the construction industry</b>	Focus groups from the previous financial year (on sustainability, the Annual Integrated Report and organisational values); research (investment trends, super brand research report, member sentiments report, Cbus News research, defection research), internal discussions with the Manager of Advice and Retirement Services; discussions with Cbus Operations Manager and Consultant for the Call Centre and Coordinator Managers; Annual Member Briefing 2017
<b>Employers and potential employers and the construction industry</b>	Research (Employer Satisfaction Report); internal discussion with Senior Commercial Strategy Analyst
<b>NGOs</b>	Websites; Member queries related to NGO campaigns; direct engagement
<b>Regulators and Government</b>	APRA, ASIC, ATO and Treasury and Government Media Releases
<b>Media</b>	Various articles reviewed for key issues
<b>Super Industry</b>	Newsletters and Media Releases from Industry Super Australia (ISA) and ACSI; Australian Institute of Superannuation Trustees (AIST); Association of Superannuation Funds of Australia (ASFA) and other funds
<b>Sponsoring organisations</b>	Internal discussion with Senior Manager and Consultant of Industry Partnerships
<b>Cbus Property</b>	Discussion with Cbus Property.
<b>Business Partners</b>	Responsible investment survey of fund managers, internal discussion with Portfolio Head, Responsible Investment
<b>Employees and management</b>	Staff Pulse Survey and Engagement Survey; Staff Responsible Investment Survey; employees; Discussion with Executive.

## Appendix 2











# Stakeholder issues grouped by theme

The following table shows the grouping of issues for each theme. Some detail of issues that were raised last year have been captured under more general issues this year; for example, financial literacy initiatives are included under education.

Material themes and issues	SDG impact	Stakeholders
<b>Having enough income in retirement</b>		
<ul style="list-style-type: none"> <li>adequacy and longevity</li> <li>investment performance, net benefit and fees (including insurance premiums)</li> <li>universality* (gender gap, contractors, unpaid super, arrears compliance)</li> <li>government policy, including selection of Default Funds</li> <li>multiple accounts and how that impacts final outcomes*</li> <li>concerns about having to retire early from construction</li> <li>concerns about a downturn in the construction cycle</li> <li>concerns about the economy (lower wages and lower return environment)</li> </ul>	  	<ul style="list-style-type: none"> <li>members</li> <li>potential members</li> <li>employers</li> <li>potential employers</li> <li>sponsors</li> <li>media</li> <li>rating agencies</li> <li>Australian Government and regulators</li> <li>industry</li> </ul>
<b>Member and employer product and service needs</b>		
<p><i>"Clear and transparent. Be on the lookout for me. Unburden me. Show me you care."</i></p> <ul style="list-style-type: none"> <li>products that are fit for purpose, a suitable number of options, accessible, and affordable (e.g. advice, insurance, products to address longevity risk)</li> <li>insurance in super (claims payment, coverage and education)</li> <li>advice (accessible, guidance and education, retirement planning)</li> <li>seamless service and a simple administration process, including resolving problems, queries and claims</li> <li>helping members transition to become employers*</li> <li>member and employer visits, a single point of contact / face-to-face contact (e.g. Front Office, Coordinators, Employer Relationship Managers)</li> <li>education, training and informing stakeholders about regulatory updates / changes and impacts</li> <li>social contribution (member health and wellbeing)</li> </ul>		<ul style="list-style-type: none"> <li>members</li> <li>potential members</li> <li>employers</li> <li>potential employers</li> <li>sponsors</li> <li>business partners</li> <li>government and regulators</li> <li>industry associations</li> <li>Cbus management</li> </ul>

## Appendix 2

# Stakeholder issues grouped by theme continued

Material themes and issues	SDG impact	Stakeholders
<b>Responsible investment</b>		
<ul style="list-style-type: none"> <li>ESG and whole of fund approach, including managing climate change transition, active ownership* (supply chain and human rights / modern slavery, affordable housing, occupational health and safety, anti-bribery and corruption and wage payment)</li> <li>nation building (job creation and investing in the built environment)</li> <li>green buildings*</li> <li>affordable housing</li> <li>environmental impacts of Cbus Trustee Office and Cbus Property office</li> </ul>	      	<ul style="list-style-type: none"> <li>members</li> <li>potential members</li> <li>employers</li> <li>potential employers</li> <li>staff</li> <li>sponsors</li> <li>governments regulators</li> <li>community</li> <li>NGOs</li> </ul>
<b>Strong, reliable and innovative fund</b>		
<ul style="list-style-type: none"> <li>corporate culture and values — members first, transparency, honesty and accountability</li> <li>industry super fund and not for profit*</li> <li>integrity, competence and capability of Cbus governance</li> <li>governance model</li> <li>privacy and data security obligations, including cybersecurity</li> <li>financial stability and scale (size of Cbus relative to other funds)</li> <li>inclusion and equality / diversity</li> </ul>	  	<ul style="list-style-type: none"> <li>members potential members</li> <li>employers</li> <li>potential employers</li> <li>regulators</li> <li>staff</li> <li>sponsors</li> <li>media</li> <li>rating agencies</li> <li>industry</li> <li>community</li> </ul>

\*Items added this financial year.

## Appendix 3

# Boundaries – what we disclose for GRI reporting






The four key themes we identified are our material issues for disclosure reporting. We reviewed these for alignment with the GRI Standards. In cases where the previous framework's GRI G4 Financial Services Sector Disclosures has relevant material aspects/topics we have included those.

The boundaries reflect where Cbus has an impact on stakeholders within each material theme. Generally, these cover Cbus and Cbus Property. For Responsible investment, the boundary also considers the supply chain, such as fund managers, companies we invest in and the custodian, insurer, and administrator.



Stakeholder topics from engagement	MATERIAL ASPECTS (GRI Standards and GRI G4 Financial Services Sector Disclosures)	Boundary
<b>Having enough income in retirement</b>	GRI 201: Economic performance GRI 415: Public Policy	Internal – Cbus Trustee (impact on operations, services)  External – Cbus' members (return on their investment), all working and retired Australians (policy impacts)
<b>Member and employer service needs - "Help me, make it easy, make it quick"</b>	GRI G4 FS14: Local Communities Initiatives GRI G4 FS16: Financial literacy initiatives	External – Cbus' members and prospective members; Australian building and construction workers (health and financial education initiatives).
<b>Strong, reliable, innovative fund</b>	GRI 401: Employment GRI 404 Training and education GRI 405 Diversity and equal opportunity GRI 406 Non-discrimination GRI 407 Freedom of association and collective bargaining. GRI 417 Marketing and labelling	Internal - Cbus Trustee, Cbus Property
	GRI 418 Customer Privacy	Internal - Cbus Trustee (impacts our social licence to operate)  External – Members, Employers
<b>Responsible investment – how we invest</b>	GRI 203 Indirect economic impacts	Internal - Cbus Trustee
	GRI G4 FSSD: Product Portfolio	External – companies/ investments
	GRI G4 FSSD: Active Ownership	
	GRI 302: Energy	Internal – Cbus Property (Commercial portfolio only)
	GRI 305: Emissions	External – local community (environmental impacts)
	GRI 306: Effluents and waste GRI 403: OH&S	

## Appendix 4

# GRI Content Index

GRI Content Index			
GRI Standard	Disclosure	Page number / URL	Omission
Core = grey			
General Disclosures			
Organisational profile			
GRI 102: General Disclosures 2016	102-1 Name of the organisation	The fund is Cbus, the Trustee of the Fund is United Super Pty Ltd. This report also includes Cbus Property Pty Ltd.  Cbus Property is wholly owned by Cbus.	
	102-2 Activities, brands, products, and services	 <a href="http://www.cbussuper.com.au/about-us/who-we-are">www.cbussuper.com.au/about-us/who-we-are</a>   <a href="http://www.cbussuper.com.au/super/what-we-offer">www.cbussuper.com.au/super/what-we-offer</a>   <a href="http://www.cbussuper.com.au/super/what-we-offer">www.cbussuper.com.au/super/what-we-offer</a>   <a href="http://www.cbussuper.com.au/retirement/my-retirement-investment-options">www.cbussuper.com.au/retirement/my-retirement-investment-options</a>  Cbus Property is a property investor and developer.	
	102-3 Location of headquarters	Level 28, 2 Lonsdale Street, Melbourne 3000	
	102-4 Location of operations	The organisation operates in one country, Australia. Offices are located at:  Cbus Melbourne Office – Level 28, 2 Lonsdale Street, Melbourne 3000  There are other Cbus front counters located in WA, NSW and SA, as detailed on the website:   <a href="http://www.cbussuper.com.au/support/contact">www.cbussuper.com.au/support/contact</a>  Cbus Property Pty Ltd – Level 7, 550 Bourke Street Melbourne 3000	
	102-5 Ownership and legal form	Cbus is an all profit-to-members superannuation fund that is open offer, with a focus on construction and building and allied workers.  Cbus Property is a wholly owned subsidiary of Cbus that directly invests in commercial and residential property development across the nation, creating strong returns, jobs and eco-efficient buildings.	
	102-6 Markets served	Superannuation and insurance is offered across Australia primarily for workers, available for the public, predominantly servicing national building and construction and allied workers.  Cbus Property develops and manages buildings throughout Australia in the residential, commercial and industrial sectors.	







GRI Content Index			
GRI Standard	Disclosure	Page number / URL	Omission
Core = grey			
Organisational profile (continued)			
	102-7 Scale of the organisation	Annual Integrated Report pages 2, 56-60. Corporate Responsibility Report pages 3,8.	
	102-8 Information on employees and other workers	Corporate Responsibility Report 2018 page 49.	
	102-9 Supply chain	Corporate Responsibility Report 2018, page 35.  <a href="http://www.cbussuper.com.au/content/dam/cbus/files/governance/reporting/Key-Service-Providers.pdf">www.cbussuper.com.au/content/dam/cbus/files/governance/reporting/Key-Service-Providers.pdf</a>	
	102-10 Significant changes to the organisation and its supply chain	Corporate Responsibility Report 2018 page 35.	
	102-11 Precautionary Principle or approach	Cbus and Cbus Property do not address the precautionary principle in the sustainability disclosures.	Note the omission.
	102-12 External initiatives	These are disclosed on the Sustainability section of the Cbus website.  <a href="http://www.cbussuper.com.au/about-us/sustainability">www.cbussuper.com.au/about-us/sustainability</a>	
	102-13 Membership of associations	2018 Annual Integrated Report page 13. Sustainability section of the Cbus website.  <a href="http://www.cbussuper.com.au/about-us/sustainability">www.cbussuper.com.au/about-us/sustainability</a>	
Strategy			
	102-14 Statement from senior decision-maker	2018 Annual Integrated Report pages 8-9. Corporate Responsibility Report 2018 pages 1,6.	
	102-15 Key impacts, risks and opportunities	2018 Annual Integrated Report pages 46-47. Corporate Responsibility Report page 12.	
Ethics and integrity			
	102-16 Values, principles, standards, and norms of behaviour	2018 Annual Integrated Report pages 8, 9 and 47. Corporate Responsibility Report 2018 page 28.	
	102-17 Mechanisms for advice and concerns about ethics	Corporate Responsibility Report 2018 page 27. This is addressed across the Annual Integrated Report and the Corporate Responsibility Report.	
Governance			

## Appendix 4

# GRI Content Index

## continued

GRI Content Index			
GRI Standard	Disclosure	Page number / URL	Omission
Core = grey			
	102-18 Governance structure	2018 Annual Integrated Report pages 51-52. Corporate Responsibility Report pages 27-28.  <a href="http://www.cbussuper.com.au/about-us/how-were-run/governance">www.cbussuper.com.au/about-us/how-were-run/governance</a>	
	102-19 Delegating authority	Corporate Responsibility Report 2018 pages 10-11.	
	102-20 Executive-level responsibility for economic, environmental and social topics	Corporate Responsibility Report 2018 pages 10-11.	
	102-21 Consulting stakeholders on economics, environmental, and social topics	Corporate Responsibility Report 2018 pages 1-2.	
	102-22 Composition of the highest governance body and its committees	2018 Annual Integrated Report page 54. Corporate Responsibility Report 2018 page 11.  <a href="http://www.cbussuper.com.au/about-us/how-were-run/board">www.cbussuper.com.au/about-us/how-were-run/board</a>	
	102-23 Chair of the highest governance body	The Chair is the Hon. Steve Bracks AC and he is not an executive officer.	
	102-24 Nominating and selecting the highest governance body	See the Fund Governance Policy:  <a href="http://www.cbussuper.com.au/content/dam/cbus/files/governance/policies/Fund-Governance-Policy.pdf">www.cbussuper.com.au/content/dam/cbus/files/governance/policies/Fund-Governance-Policy.pdf</a>	
	102-25 Conflicts of interest	Corporate Responsibility Report 2018 pages 27-28.	
	102-26 Role of highest governance body in setting purpose, values and strategy	2018 Cbus Annual Integrated Report pages 52-53.	
	102-27 Collective knowledge of highest governance body	Corporate Responsibility Report page 7.	
	102-31 Review of economic, environmental, and social topics	Corporate Responsibility Report page 7.	
	102-32 Highest governance body's role in sustainability reporting	Annual Integrated Report is signed off by Directors and the Corporate Responsibility Report is signed off by Executive.	

GRI Content Index			
GRI Standard	Disclosure	Page number / URL	Omission
Core = grey			
Governance (continued)			
	102-35 Remuneration policies	2018 Annual Integrated Report pages 52,57. Corporate Responsibility Report page 29. See the Governance web page for details:  <a href="http://www.cbussuper.com.au/about-us/how-were-run/governance">www.cbussuper.com.au/about-us/how-were-run/governance</a>	
	102-36 Process for determining remuneration	See above.	
	102-38 Annual total compensation ratio	Corporate Responsibility Report pages 30-31.	
	102-39 Percentage increase in annual total compensation ratio	Corporate Responsibility Report page 30.	
Stakeholder engagement			
	102-40 List of stakeholder groups	Corporate Responsibility Report page 2.	
	102-41 Collective bargaining agreements	Corporate Responsibility Report pages 29-30.	
	102-42 Identifying and selecting stakeholders	Corporate Responsibility Report page 2.	
	102-43 Approach to stakeholder engagement	Corporate Responsibility Report page 36.	
	102-44 Key topics and concerns raised	Corporate Responsibility Report page 37-39.	
Reporting practice			
	102-45 Entities included in the consolidated financial statements	Cbus Property is included in the consolidated financial statements and included in the boundaries of our GRI Standards reporting.	
	102-46 Defining report content and topic Boundaries	Corporate Responsibility Report page 39.	
	102-47 List of material topics	Corporate Responsibility Report pages 3, 27-38.	
	102-48 Restatements of information	A restatement of gender gap due to change in methodology, refer to Corporate Responsibility Report page 31.	

## Appendix 4

# GRI Content Index

## continued

GRI Content Index			
GRI Standard	Disclosure	Page number / URL	Omission
Core = grey			
Reporting practice (continued)			
	102-49 Changes in reporting	Under our material these some new additions were made including: <ul style="list-style-type: none"> <li>• Universality</li> <li>• Multiple accounts and how that impacts final outcomes</li> <li>• Product needs as well as service needs</li> <li>• Products that are fit for purpose</li> <li>• Helping members transition to become employers</li> <li>• Active ownership (supply chain and human rights / modern slavery)</li> <li>• Green buildings</li> <li>• Industry super fund and not for profit</li> </ul>	
	102-50 Reporting period	Annual	
	102-51 Date of most recent report	30/6/2017	
	102-52 Reporting cycle	Financial year ending 30/06/2018	
	102-53 Contact point for questions regarding this report	Cbus National Office:  Level 28, 2 Lonsdale Street, Melbourne VIC 3000  For more information:  Write to: Locked Bag 5056, Parramatta, NSW 2124  cbussustainability@cbussuper.com.au	
	102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	
	102-55 GRI Content index	Is an appendix to the Corporate Responsibility Report 2018	
	102-56 External assurance	Some metrics used in this report mirror those reported in the Cbus Annual Integrated Report 2018. KPMG has provided independent limited assurance on some of those metrics as detailed in its report to the Directors of Cbus and published on page 74 of the Cbus Annual Integrated Report 2018.	
Management approach			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Corporate Responsibility Report page 37-39.	
	103-2 The management approach and its components	Corporate Responsibility Report and Cbus Annual Integrated Report.	
	103-3 Evaluation of the management approach	Corporate Responsibility Report and Cbus Annual Integrated Report.	

GRI Content Index			
GRI Standard	Disclosure	Page number / URL	Omission
Core = grey			
Material topics			
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Cbus Annual Integrated Report pages 6-7.	
	201-2 Financial implications and other risks and opportunities due to climate change	Corporate Responsibility Report page 20. Cbus Annual Integrated Report page 37.	
	201-4 Financial assistance received from government	Cbus does not receive financial assistance from the government. Cbus is not owned by the government.	
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Corporate Responsibility Report page 35.	
	203-2 Significant indirect economic impacts	Corporate Responsibility Report page 40.	
GRI 302: Energy consumption within the organisation	302-1 ci) In joules, watt-hours or multiples, the total electricity consumption cii) heating consumption	Cbus Property Sustainability Report for calendar year 2017, pages 7,12.  <a href="http://www.cbusproperty.com.au/sustainability/results">www.cbusproperty.com.au/sustainability/results</a>	
GRI 305:	305-1 and 305-2 Scope 1 and 2 emissions	Cbus Property Sustainability Report for calendar year 2017, page 14  <a href="http://www.cbusproperty.com.au/sustainability/results">www.cbusproperty.com.au/sustainability/results</a>	
GRI 306:	306-1 water discharge by quality and destination	Cbus Property Sustainability Report for calendar year 2017, pages 14-16.  <a href="http://www.cbusproperty.com.au/sustainability/results">www.cbusproperty.com.au/sustainability/results</a>	
GRI 403:	403-2 Types of injuries and rate of injuries, occupational diseases, lost days and absenteeism and work related fatalities	Corporate Responsibility Report page 24.	
GRI 401: Employment	401-1 New employee hires and employee turnover	Corporate Responsibility Report page 33.	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Corporate Responsibility Report page 30.	
	401-3 Parental leave	Corporate Responsibility Report pages 32-33.	

## Appendix 4

# GRI Content Index

## continued

GRI Content Index			
GRI Standard	Disclosure	Page number / URL	Omission
Core = grey			
Material topics (continued)			
GRI 403			
GRI 404: Training and Education	404.1 Average hours of training per year per employee	Corporate Responsibility Report page 33.	
	404.2 Programs for upgrading employee skills and employee transition programs	Corporate Responsibility Report page 33.	
	404.3 Percentage of employees receiving regular performance and career development reviews	Corporate Responsibility Report page 33.	
GRI 405: Diversity and Equal Opportunity	405.1 Diversity of governance bodies and employees	Corporate Responsibility Report page 31.	
	405.2 Ratio of basic salary and remuneration of women to men	Corporate Responsibility Report page 31.	
GRI 406: Non Discrimination	406.1 Incidents of discrimination and corrective actions taken	Corporate Responsibility Report page 32.	
GRI 415: Public Policy	415-1 Political contributions	Cbus does not make political donations.	
GRI 417: Marketing and labelling	417-1 Requirements for product and service information and labelling	Corporate Responsibility Report page 25.	
	417-2 Incidents of non-compliance concerning product and service information and labelling	Corporate Responsibility Report page 25.	
	417-3 Incidents of non-compliance concerning marketing communications	Corporate Responsibility Report page 25.	
GRI 418: Consumer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Corporate Responsibility Report page 34.	



GRI Content Index			
GRI Standard			
Core = grey	Disclosure	Page number / URL	Omission
Material topics (continued)			
Other Material Aspect: Retirement Readiness Index	Report the retirement readiness index.	Cbus Annual Integrated Report page 17. Corporate Responsibility Report page 4.	
Other Material Aspect: Arrears	Detail the actions taken to reduce the problem of arrears	Cbus Annual Integrated Report page 16.	
Other material aspects: Cyber Crime	Detail steps taken to reduce risk of cyber crime	Cbus Annual Integrated Report pages 47,49. Corporate Responsibility Report page 34.	
Material Aspects: Financial Services Sector Supplement			
FS 10	% and number of organisations held in the portfolio with which the organisation has interacted with on environmental or social issues	Corporate Responsibility Report page 14.	
FS 11	Percentage of assets subject to positive or negative environmental or social screening	Corporate Responsibility Report page 18.	
FS 12	Company voting policies applied to environmental or social issues	Corporate Responsibility Report page 12; Responsible Investment Policy:  <a href="http://www.cbussuper.com.au/about-us/how-were-run/investment-policies">www.cbussuper.com.au/about-us/how-were-run/investment-policies</a>	
FS 14	Initiatives to improve access to financial services for disadvantaged people	Corporate Responsibility Report page 26.	
FS 16	Initiatives to improve financial literacy by type of beneficiary	Corporate Responsibility Report pages 25-26.	

## Appendix 5

# TCFD Recommended Disclosures Index

The table below illustrates the extent of our reporting against the TCFD recommended disclosures. This is our first year of reporting and we recognise our disclosures will evolve over time in accordance with our climate change roadmap.

Requirement	Met / not yet	Page
<b>Governance</b>		
a) Describe the board's oversight of climate-related risks and opportunities	●	10-11
b) Describe management's role in assessing and managing climate-related risks and opportunities	●	11
<b>Strategy</b>		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	◐	19
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	◐	19
c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	◐	20
<b>Risk Management</b>		
a) Describe the organization's processes for identifying and assessing climate related risks.	◐	19
b) Describe the organization's processes for managing climate related risks.	◐	21
c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management.	◐	19-21
<b>Metrics and Targets</b>		
a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	◐	22
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks*.	◐	CAIR 37
c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.	◐	22

CAIR = Cbus Annual Integrated Report

\* This applies to our externally managed and direct equities strategies

● = Met

◐ = In progress

◑ = Commenced

We also recognise that as we increase our internalisation that we will need to report against our direct investment strategies as an asset manager.

## Appendix 6

### Additional employee data

#### Full Time Employees at 30/6/2018 for Cbus Super:

	VIC	NSW	QLD	Other	TOTAL
Permanent	273.9	26.7	7.0	15.2	322.8
Contract	25.6	2.0	0.0	0.0	27.6

#### Headcount at 30/6/2018 for Cbus Super:

	FYE30/6/16		FYE30/6/17		FYE30/06/18	
	Males	Females	Males	Females	Males	Females
Permanent	92	85	135	127	173	163
Contract	13	5	12	6	9	20

	FYE30/6/16		FYE30/6/17		FYE30/06/18	
	Males	Females	Males	Females	Males	Females
Full time	100	65	142	99	165	120
Part-time	4	24	5	33	8	43
Contractors	0	1	0	1	9	20
Employees	104	90	147	133	182	183

#### Cbus new employees by age grouping and gender

	30/6/2016		30/6/2017		30/6/2018	
	Male	Female	Male	Female	Male	Female
New employees	13	5	58	59	55	70
Under 30	2	1	5	4	5	6
30 – 50	10	3	44	47	36	56
Over 50	1	1	9	8	14	8

#### Cbus new agency contractors by age grouping

	FYE30/6/2016		FYE30/6/2017		FYE30/6/2018	
	Male	Female	Male	Female	Male	Female
New employees	13	5	6	12	n/a	n/a
Under 30	2	1	2	1	n/a	n/a
30 – 50	10	3	3	10	n/a	n/a
Over 50	1	1	1	1	n/a	n/a

#### Cbus employee departures (voluntary and involuntary)

	FYE30/6/2016		FYE30/6/2017		FYE30/6/2018	
	Male	Female	Male	Female	Male	Female
Departures	8	5	11	10	18	19
Under 30	0	1	1	1	1	0
30 – 50	5	3	7	7	11	12
Over 50	3	1	3	2	6	7

#### Cbus Property Headcount:

	FYE30/06/18	
	Males	Females
Full time	24	13
Part-time	1	1
Total	25	14

#### Full Time Employees at 30/6/2018 for Cbus Property:

	FYE30/6/18	
	Males	Females
Permanent	25	14
Contract	0	0

All direct employees are based in Melbourne for Cbus Property.

## Cbus National Office

Level 28, 2 Lonsdale Street, Melbourne VIC 3000

### For more information:

Email us on [cbussustainability@cbussuper.com.au](mailto:cbussustainability@cbussuper.com.au)

Write to: Locked Bag 5056, Parramatta, NSW 2124

Visit: [www.cbussuper.com.au](http://www.cbussuper.com.au)

Download the Cbus app: [www.cbussuper.com.au/app](http://www.cbussuper.com.au/app)

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[www.linkedin.com/company/2735200](https://www.linkedin.com/company/2735200)



[www.youtube.com/user/CbusSuper](https://www.youtube.com/user/CbusSuper)

