RESPONSIBLE INVESTMENT SUPPLEMENT 2019

Built on trust

Contents

Sustainable Development Goals

5. Gender equality
Achieve gender equality and empower all women and girls

11. Sustainable cities and communities
Make cities and human settlements inclusive, safe, resilient and sustainable.

7. Affordable and clean energy
Ensure access to affordable, reliable, sustainable and modern energy for all.

13. Climate action
Take urgent action to combat climate change and its impact.

8. Decent work and economic growth
Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.

17. Partnerships for the goals
Strengthen the means of implementation and revitalise the global partnership for sustainable development.

9. Industry, innovation and infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.

Cover: "Collins Arch", 447 Collins St, Melbourne VIC (artist's impression)

Our reporting suite

Cbus Annual Integrated Report 2019

Produced in accordance with the International Integrated Reporting <IR> Framework.
Focuses on material matters and how we create value for our members and other stakeholders.

Cbus in Review 2019

Supports the Annual Integrated Report and includes developments in the fund in the last 12 months.

Supplements

Responsible Investment

Provides information about our approach to responsible investment, including our active involvement in environmental, social and governance (ESG) issues and transitioning to a climate resilient economy.

Prepared using the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) and with recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD).

www.cbussuper.com.au/cs/responsible-investment

Annual Financial Statements

Sets out the financial statements for our regulators and other stakeholders.

Prepared in line with the Australian Accounting Standards; *Superannuation Industry (Supervision) Act 1993* and *Superannuation Industry (Supervision) Regulations 1994*, the *Corporations Act 2001* and *Corporations Regulations 2001*.

www.cbussuper.com.au/cs/annual-financial-statements

www.cbussuper.com.au/cs/united-super-financial-report

People, Culture and Remuneration

Provides information for our current and future employees, industry delegates and other interested parties about our people and culture. Also provides remuneration information of the Cbus Board, Executive team and all Cbus employees.

Prepared using the GRI Standards.

www.cbussuper.com.au/cs/people-culture-remuneration

Governance

Provides additional information about the Governance framework at Cbus.

Prepared in accordance with the Australian Institute of Superannuation Trustees (AIST) Governance Code and using the GRI Standards.

www.cbussuper.com.au/cs/governance-framework

Engagement and Materiality

Provides detail on our approach to engagement and how we determine what matters most to Cbus stakeholders.

The result of this engagement defines our value creation and assists in identifying Cbus' material issues.

Prepared using the GRI Standards and in line with the International <IR> Framework.

www.cbussuper.com.au/cs/engagement-materiality

GRI Standards Content Index

A table containing the GRI Standards Cbus has reported on and where to locate the information linked to the standard within the Annual Integrated report, supplements and the Cbus website.

www.cbussuper.com.au/cs/gri-index

Message from the Chair of the Investment Committee

Caring about issues such as climate change, health and safety, human and labour rights, supply chain management and cognitive diversity, we believe improves long-term risk adjusted returns of our investments, leading to better retirement outcomes for our members.

We have continued the evolution of our approach to responsible investment at Cbus over 2018/19. Climate change and the global transition to a low carbon world continues to be a key theme. The Australian financial regulators APRA and ASIC and the Reserve Bank of Australia continue to emphasise the importance of large asset owners like Cbus taking climate change and broader ESG issues into consideration in our investment decision making and across our investment portfolios.

There has also been more focus on investors identifying how they contribute to the targets of the United Nations Sustainable Development Goals (SDGs). We are working on how SDGs become a pillar that sits within a broader sustainability framework, that are considered in investment decisions, particularly for our internally managed portfolios.

This supplement provides a significant amount of information on many of the highlights from the year. A few I would like to draw attention to include:

- Climate Change Roadmap. This outlines our commitment to net zero carbon emissions for our property portfolio by 2030. We are working towards net zero for our infrastructure assets and identifying investments for our $500m allocation to climate change solutions.
- Our Trustee Office is targeting carbon neutral by December 2019.
- Participation in the Australian Sustainable Finance Initiative (ASFI) to develop the future direction of the finance industry in Australia.
- Engaging with the most intensive fossil fuel companies with other asset owners through Climate Action 100+ and the Australian Council of Superannuation Investors (ACSI).

A detailed timeline of key activities, milestones and outcomes for the year appears on pages 4-5. This highlights the significant programme of work undertaken on behalf of our members. It also draws out the extensive participation of the broader team in industry initiatives and working groups. This enables us to keep ahead of current issues and trends and have input into policy and best practice initiatives.

In addition to their roles at Cbus, many of the team participate as active members of responsible investment related boards, committees and working groups. Alongside my role as a Director of Cbus and Chair of the Investment Committee, in late 2018 I was elected Chair of the Investor Group on Climate Change (IGCC). Cbus' CEO, David Atkin has joined the Steering Committee for the ASFI established in early 2019. Our two senior responsible investment team members are chairing and participating in ASFI working groups. The ASFI has an ambitious agenda to deliver a roadmap to align the finance sector with the goals of a resilient and sustainable economy.

Always looking for ways to communicate better to our members we are currently conducting member and employer research. This will drive future communications to ensure our extensive programme of work and the value of the responsible investment approach undertaken by Cbus is understood and valued by all.

We will continue our focus on responsible investment, ensuring it delivers benefits to all Cbus members and the communities they live and work in, now and into the future.

Stephen Dunne
Director and Chair, Cbus Investment Committee

Why responsible investment is important to Cbus

We believe investing responsibly is important for our members' long-term returns and their quality of life in retirement.

To enable responsible investment to help achieve our investment objectives for our members, we have developed a Responsible Investment Framework.

As a responsible investor we consider the long-term material ESG risks and opportunities in investment decisions. These are the risks and opportunities likely to have the most significant impact on the value of an investment. We include these when assessing a company or asset, or when choosing a fund manager. We consider how well the risk is managed and, where we can, we try to influence a positive outcome by engaging with the company or manager, or by voting at annual meetings. We also monitor ESG performance over time by reviewing company, asset, and manager reporting and disclosures and by conducting review meetings where appropriate.

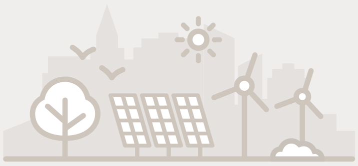
Our responsible investment principles are based on five themes. We believe that by focusing on these themes we can achieve better retirement outcomes for our members. We also consider the impact of these themes on the economy.

We also believe these themes will assist us to contribute to the United Nations Sustainable Development Goals (SDGs).

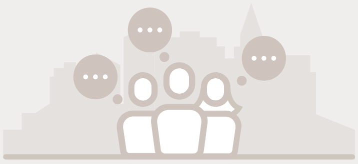
You can find more information about our Responsible Investment Framework, the SDGs and our responsible investment principles on our website.

www.cbussuper.com.au/about-us/sustainability

Climate change



Cognitive diversity



Health and safety

Labour and human rights

Product supply chains

Achievements over the past 12 months

2030

Cbus commits to net zero carbon emissions in Property portfolio by 2030

Cbus commits to net zero carbon emissions in Infrastructure portfolio through activities such as energy efficiency, offsets, green power

ASX

ASX Corporate Governance Principles and Recommendations submission

Statement of Investor Commitment to support a low carbon transition

1%

1% allocation to climate-related investment opportunities

July	August	September	October	November	December

2018

Workforce Disclosure Initiative (WDI) campaign – Cbus encouraging companies to report on their workforce management

Report 'Transforming Australia: Sustainable Development Goals' with Monash University

Sustainable Development GOALS Transforming Australia

Additional commitment to Bright Energy Investments with the acquisition of the Warradarge Wind Farm in WA

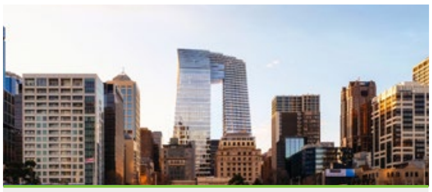
Submission to the Australian Law Reform Commission Inquiry into Class Actions

Member of the Tobacco Free Finance pledge – addressing the financing of Tobacco Companies

TOBACCO FREE Portfolios

Cbus signs up to Australian Asset Owner Stewardship Code

Cbus joins GRESB infrastructure as an investor member



Collins Arch development to receive $100m investment from Clean Energy Finance Corporation

Commenced carbon pricing research

Cbus CEO David Atkin appointed to steering committee of the Australian Sustainability Finance Initiative

Investment in Cbus Responsible Investment resources – appointment of Senior Analyst ESG Integration

January	February	March	April	May	June

2019

Cbus Director and Investment Committee Chairman Stephen Dunne appointed Chair of the Investor Group on Climate Change (IGCC)

Board Strategy Day – working with the Board on our key areas of focus and considerations in alignment with long-term member outcomes

Client of Hermes EOS, an organisation that undertakes engagement, voting and advocacy with global companies

National Housing Financing and Investment Corporation (NHFIC) - Socially responsible Bond issuance

Introduction of External Engagement Request process

Significant achievements in detail

Climate change is a complex environmental and social issue that creates investment risks and opportunities. It will increasingly impact the global economy over time. Many of our members will be looking to draw an income from their retirement savings in 20 to 30 years' time, when the impact of climate change will have intensified. For this reason, it is important we are clear about what actions we are taking.

The built environment and construction industry are enablers in the transition to a lower carbon world. So, we're looking into how we can support new and innovative construction techniques that will deliver carbon neutral or carbon positive outcomes.

Commitment to net zero carbon emissions for property and infrastructure portfolios

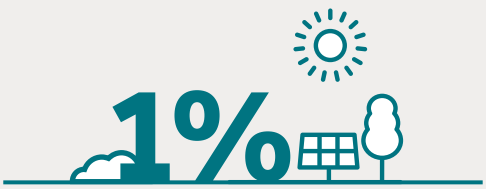
We want to contribute to building a resilient climate future.

In September 2018, we publicly announced our commitment to net zero carbon emissions in our property portfolio by 2030. This will help us attract tenants and funding, and it reflects our values as a responsible investor. We were the first super fund to make this commitment. In December 2018, we expanded this to include our infrastructure portfolio.

One per cent allocated to climate-related investment opportunities

In December 2018, our Investment Committee approved a dedicated allocation to climate investment opportunities of approximately $500m. Although we already invest in climate opportunities through our property and infrastructure portfolios, we believe there are greater opportunities available to support climate transition.

Investments that might form part of this new allocation include renewables, green buildings, sustainable transport, water infrastructure, agriculture, waste technology, mining and information technology.



Australian Sustainable Finance Initiative (ASFI)

Our CEO David Atkin is on the steering committee of the ASFI, a collaboration involving Australia's major banks, super funds, insurance companies and other notable participants.

ASFI is developing a Sustainable Finance Roadmap, to help shape an Australian economy that prioritises human wellbeing, social equity and environmental protection while maintaining a stable financial system. The roadmap will be consistent with global goals such as the SDGs.

Our contribution gives us the opportunity to provide input into the future direction of the finance industry in a way that will encourage more sustainable outcomes for our members.

Workforce Disclosure Initiative (WDI)

We support the WDI, an initiative that aims to promote and improve company disclosures regarding their workforce management for their direct operations and their supply chains. It includes disclosure on topics such as diversity, wages, health and safety, contracts and worker voice.

Principles of Responsible Investment Assessment report

Cbus is a signatory to the Principles of Responsible Investment (PRI). The principles provide a reporting and accountability framework for the investment community. They aim to achieve better long-term results and more sustainable markets by including ESG issues in investment decisions.

All members of the PRI are required to report annually. In prior years, we have reported on the assets owned through external managers and this year we are also reporting on our direct investments.

For the year ended 30 June 2019, we outperformed the median fund and scored A to A+ in all asset classes, except for our direct infrastructure portfolio. For our direct infrastructure portfolio, we misinterpreted a question in the report survey and, as a result, we scored a B rating. If this were answered correctly it would have resulted in an A.

Our increase by 1% on A+ scores supports our continued target of achieving an A+ result across all categories of the PRI Assessment report by 2020.

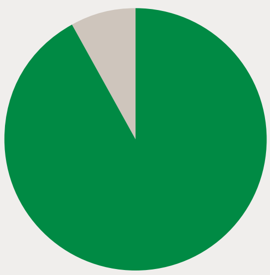
For more information on the PRI (Principles of Responsible Investment), visit the UNPRI :

www.unpri.org

Scores above A+

2019	**46%**
2018	45%
2017	37%
2016	45%

Scores A or above



2019	**92%**
2018	90%
2017	55%
2016	18%

Above median score

2019	**92%**
2018	100%
2017	91%
2016	100%

ESG integration

Our Responsible Investment Policy details how we consider ESG risks and opportunities in our investment decisions. Our approach is shaped by the Fund's investment strategy.

We take ESG risks into account when we select, appoint and review external investment managers. At 30 June 2019, our mandates with external managers made up 85.8% of the portfolio. We favour investment managers that have sound ESG practices, or that are actively developing their approach. This allows us to accommodate managers at different stages in their responsible investment journey.

We often follow up with managers on specific ESG issues to determine whether they are aware of the issue, and to understand how they have considered it in their decision-making. For example, we require our infrastructure managers to report any fatalities associated with assets to us on a quarterly basis. We also require our managers to report annually on new assets, changes relating to ESG matters and climate change.

As we build our internal investment portfolios, we are incorporating ESG considerations into our direct investment strategies and analysis.

ESG Integration in practice

Our internal global equities, Global Quality team includes ESG considerations into its investment process through idea generation, stock selection and weighting in the portfolio. Each company review includes an assessment of the company for the likelihood of material ESG risks eventuating over a five-year period.

> It is important that responsible investment considerations apply across the whole portfolio – irrespective of whether an investment is held directly or by an external manager.

Nicole Bradford, Portfolio Head of Responsible Investment, Cbus

How this impacts our holdings – an example

In late 2018, the Global Quality team had an opportunity to increase holdings in a social media company that had been subject to a data privacy breach.

The team was concerned that the breach would erode user trust in the platform and the social media brand. This, in turn, could negatively impact the brand over the long term.

As a result, they did not increase their holdings.

Influence through the companies in which we invest

Through engagement and proxy voting, we seek to influence the companies and assets in which we invest.

Engaging with companies allows us to communicate the interests of our members, enhancing long-term value creation and minimising ESG risks.

We acknowledge the responsibility of our influence in the Australian market. This reflects the size of our Fund, our ownership in Australian companies and assets, and the location of our members.

Engagement

The primary purpose of engagement is to either influence or develop a deeper understanding of the companies we invest in and their approach to major ESG issues. We approach engagement in three ways:

1. direct engagement
2. through service providers, such as the Australian Council of Superannuation Investors (ACSI) and Hermes EOS
3. collaboratively with organisations such as Climate Change 100+ and the Workforce Disclosure Initiative.

Through these partnerships we are securing commitments from the boards of large companies to climate change and transparency on how their workforces are managed.

In the year to 30 June 2019, most engagement in Australia was through or alongside ACSI or Climate Action 100+. We engaged with 18 of our top 20 Australian shareholdings, and the key areas of focus were on bank behaviour and climate change.

Service providers

acsi

In the year to 30 June 2019, ACSI conducted over 250 engagement meetings with 190 ASX 300 companies. These meetings usually occurred with Chairs and other board representatives.

77% of ACSI's priority engagement targets made positive changes during the 2018 calendar year. Highlights of ACSI's engagement program include the following:

Banks held to account on pay

Ongoing engagement resulted in a second year of zero bonuses at one Australian bank, and a wind-back of a second bank's short-term focused pay plan.

ACSI has continued to track changes undertaken by the major banks following cultural failings revealed by the Royal Commission and incongruent executive pay outcomes.

Transparency on climate change risk

13 of ACSI's 16 target companies have now adopted the Task Force for Climate-related Financial Disclosures (TCFD) framework to explain their climate change resilience to investors.

This work aligns with Cbus' reporting against the TCFD framework, which you can read more about on page 29.

Improving board gender diversity

Six of seven target companies appointed their first female directors in the year, and the ASX200 has recently reached its 30% goal. ACSI has now broadened its focus to the ASX300, and to companies where there is only one woman on the board.

Board renewal

Several ASX100 companies have announced chair succession plans following engagement from ACSI and other investors during the year.

Workforce and human rights targets make changes

Amid ongoing engagement, Domino's (ASX: DMP) paid back nearly $6m for underpaid workers from franchisees. It has also committed to publicly disclosing how it interacts with franchisees and its plan to ensure overseas operations do not have the same issues as were seen in Australia. Another franchise abandoned the franchise model altogether.

An Australian supermarket chain has made progress on efforts to combat human rights and modern slavery risk in its supply chain.

Influence through the companies in which we invest continued

Over the next 12 months, ACSI's engagement program will focus on corporate governance, climate change and workforce. We are also working with ACSI to engage ASX200 companies on issues relating to occupational health and safety. ACSI is conducting research into safety measures with a view to driving better conversations with companies on best practice safety reporting.

HERMES EOS

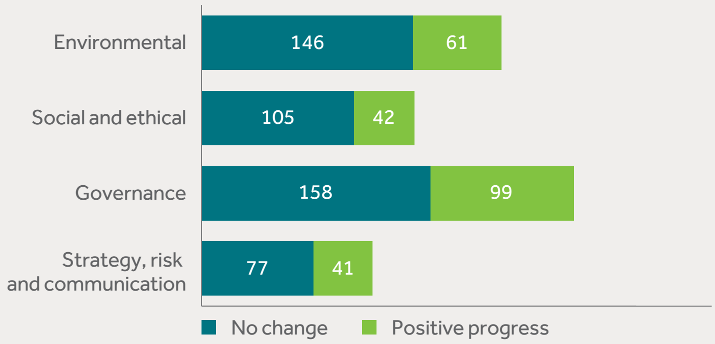
In February 2019, we appointed Hermes EOS to undertake engagement activities on our behalf for our global share holdings. Hermes is engaging with globally listed companies in relation to climate change, human capital management, human rights and board composition.

Over the five-month period since appointment, Hermes EOS engaged with 546 companies held in Cbus' portfolios. This covers approximately 54% of Cbus' assets under advice with Hermes EOS.

Engagement covered approximately 243 (33%) out of 729 engagement objectives across regions and themes.

Engagement objectives by theme

Milestone status of engagement



Source: Hermes EOS, 12 July 2019

Influencing companies on climate risk

Through engagement and voting we are able to influence companies in which we invest to help ensure they are well positioned for a low carbon future. Through our partnerships with organisations such as ACSI, Hermes EOS and Climate Action 100+, we are able to engage with companies identified as high-risk carbon emitters.


Albany Grasmere Wind Farm, Albany WA

Climate Action 100+
Global Investors Driving Business Transition

Climate Action 100+ - in action

Climate Action 100+ is a five-year global investor initiative focusing on the world's largest corporate greenhouse gas emitters to ensure they take necessary action on climate change. Cbus joined Climate Action 100+ in December 2017. Over 370 global investors have signed up, representing over $36 trillion (USD) in assets under management.

The initiative has called for improved climate action with 161 global companies with significant potential to impact climate change through their operations, products and value chains. The focus is on getting companies to commit to strengthening disclosure, curbing emissions and improving governance.

In its first year, Climate Action 100+ has achieved significant outcomes and major companies such as BP, Shell, Maersk and Glencore have made important public climate commitments.

Rio Tinto

An engagement with Rio Tinto, co-led by Australian and European investors, saw the company release its first TCFD compliant report in February 2019. Rio Tinto has also announced that it is positioning its business for a low-carbon future.

On 9 May 2019, at its 2019 Australian Annual General Meeting, Rio Tinto faced two shareholder resolutions asking for climate change disclosure. Given the release of the TCFD report and accompanying statements, we formed the view that the company had already addressed the substantive issues raised in the shareholder resolutions, and so we voted 'against'. In forming our view, we also considered the advice of our investment managers and voting advisers. The resolutions were not passed with against votes of 97% and 94%. We will continue to monitor Rio Tinto's climate change progress.

Influence through the companies in which we invest continued

Voting

As a large super fund with sizeable shareholdings, we believe we have an obligation to ensure that companies are governed in a responsible manner.

By voting, we exercise our shareholder rights to influence and encourage better ESG practices in the companies in which we invest. For example, we consider safety when we determine how to vote at ASX300 company meetings. Where we are aware a fatality has occurred, we engage with the company to understand the cause and the company's response. We also look carefully at the company's disclosures, changes in practices and whether this has impacted executive pay. Currently, this activity is conducted irregularly, largely due to poor or inconsistent safety reporting by companies.

The case study, 'Banks behaviour under the spotlight' on page 16 of this supplement shows how proxy voting can lead to better outcomes that may benefit our members over the long term.

We publish our voting decisions on our website after the company's meeting has been held. You can find our Australian and global voting records here:

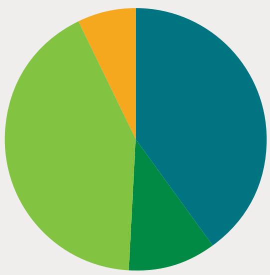
viewpoint.glasslewis.com/WD/?siteId=CBUS

Australian share voting

We vote on our Australian share holdings directly and via our fund managers.

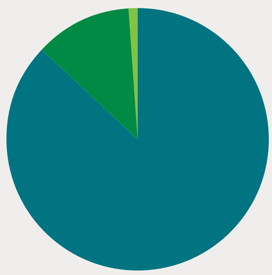
Financial year	# of resolutions voted	FOR (%)	AGAINST (%)	ABSTAIN (%)	% votes against management
2019	2,187	87	12	1	12
2018	2,133	87	12	1	10
2017	1,952	87	9	4	-
2016	1,957	89	10	1	-

FY2019 Voting resolutions by theme



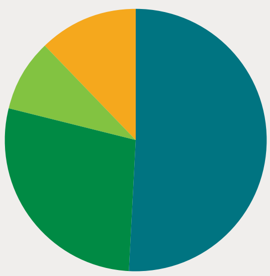
Election of Directors	40%
Capital Management*	11%
Executive pay	42%
Other, including shareholder proposals	7%

FY2019 Voting outcomes



For	87%
Against	12%
Abstain	1%

FY2019 Issues Cbus voted 'against'



Executive pay	51%
Election of Directors	28%
Shareholder Resolutions	9%
Audit/Financials	12%

During the year, we opposed four director re-elections at two ASX200 companies. These companies failed to demonstrate a plan to reach 30% women on their boards.

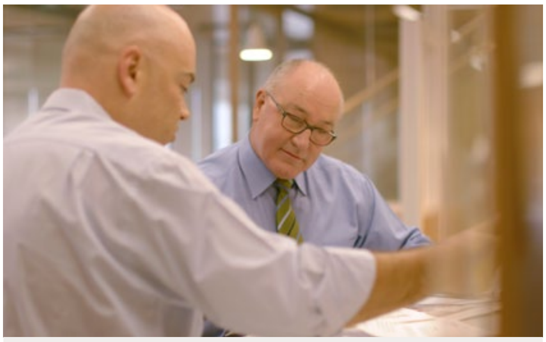
The majority of resolutions relate to director election and executive pay.

Executive pay also makes up half of the 'against' resolutions.

A further 28% of 'against' resolutions involved the election of directors, for reasons including a lack of independence or no women on the board, high workload or poor performance.

*Capital Management relates to corporate action activity such as share purchase plans and issuances.

Influence through the companies in which we invest continued



Bank behaviour under the spotlight

The Financial Services Royal Commission highlighted widespread unethical and, in some cases, illegal behaviour by the banks and other financial services companies. These failings cost their customers and long-term shareholders such as Cbus.

During the year, we used our voting rights to send a strong signal to banks, which continued to pay large bonuses to their executives. Our votes contributed to three of the four major banks receiving a 'first strike' on their pay reports. We also voted against the re-election of directors at the major banks as a result of the issues revealed during the Royal Commission.

Together with ACSI, we are engaging with each of these companies to seek positive improvements in conduct and culture. This includes discussions about removing 'cross-selling' of products and sales targets that compromise customer outcomes. It also includes using 'customer advocates' and ensuring better understanding by staff of the consequences for policy breaches.

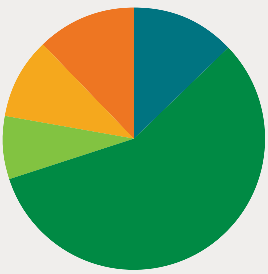
Taking positive actions like these are part of being an active and responsible investor.

International share voting

Cbus has global voting guidelines based on the ACSI International Voting Guidelines. Our global voting guidelines allow consistent voting across shareholdings.

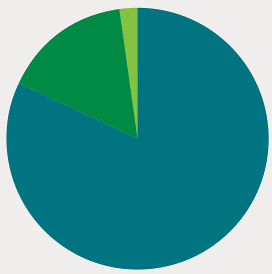
Financial year	# of resolutions voted	FOR (%)	AGAINST (%)	ABSTAIN (%)	% votes against management
2019	31,601	79	15	2	17
2018	31,754	73	22	2	24
2017	35,850	95	5	-	-
2016	18,660	89	8	1	-

FY2019 Voting resolution by theme



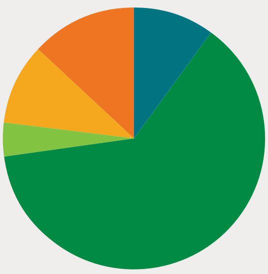
Audit/Financials	13%
Election of Directors	57%
Capital Management*	8%
Executive pay	10%
Other, including shareholder proposals	12%

FY2019 Voting outcomes



For	82%
Against	16%
Abstain	2%

FY2019 Issues Cbus voted 'against'



Executive pay	10%
Election of Directors	63%
Shareholder Resolutions	4%
Audit/Financials	10%
Other	13%

Resolutions driving the 'against' votes are based on board-related proposals such as director elections.

*Capital Management relates to corporate action activity such as share purchase plans and issuances.

Influence through the companies in which we invest
continued

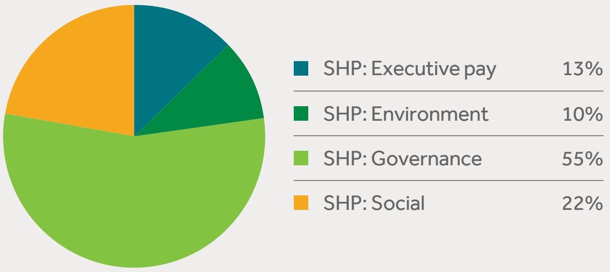
Global shareholder proposals

Shareholder proposals typically arise when a group of investors owning shares in a company raise issues that they would like the company to address. This is done by a resolution at the company's Annual General Meeting. Often shareholder resolutions relate to ESG matters.

We assess shareholder resolutions on a case-by-case basis. We consider a number of factors and inputs including, but not limited to, whether the proposal protects or increases long-term shareholder value, shareholder rights or addresses material ESG issues.

Across our portfolio in Australia and globally, we voted on 679 shareholder proposals, which was almost 2% of all resolutions.

FY2019 Shareholder resolutions by theme

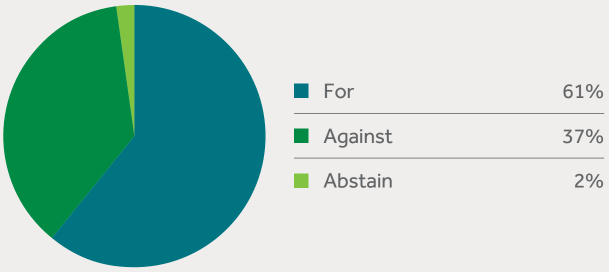


Shareholder proposals often relate to executive pay, climate change and social issues such as human rights.

For shareholder proposals in Australia, in each case engagement was undertaken with the company directly or through our collaboration with ACSI and Climate Action 100+.

We also sought views from our fund managers.

FY2019 Global shareholder resolutions



We voted 'against' where we considered the resolutions were not in the best interests of our members.

This includes:

- 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 issue shareholders raised.

Advocating for change

Our advocacy activities include making submissions to government and regulatory bodies to influence the broader market and promote a shift towards a sustainable financial system.

We do this by collaborating with organisations such as ACSI, the PRI, ICGN and RIAA. This gives us more influence and allows us to manage our resources effectively. We also work independently to influence positive change by regularly presenting on panels and attending major events to highlight the importance of responsible investment.

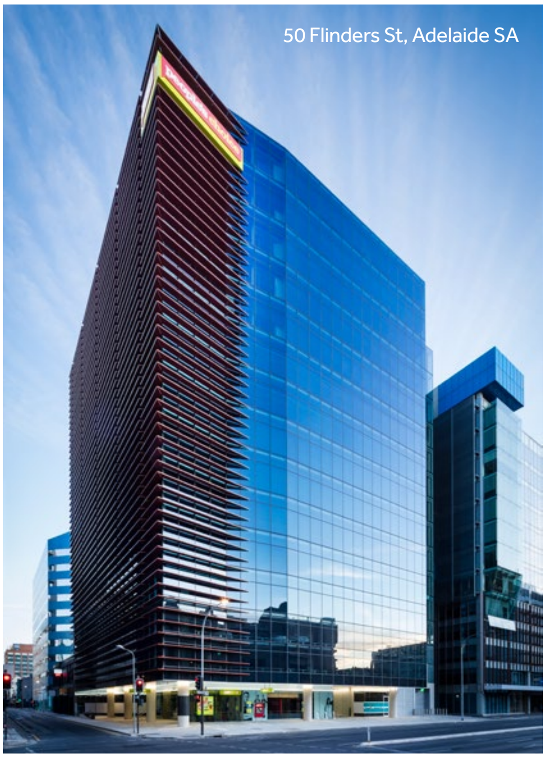
In March 2019, we attended 'Transform', where our Portfolio Head of Responsible Investment, Nicole Bradford, was on a panel discussing the importance of sustainability in value creation for companies. Hosted by the Green Building Council of Australia (GBCA), the event brought together leading industry experts to discuss the innovative solutions and trends shaping the Green Building industry and how sustainable investment can drive change. You can read about the event on the GBCA's website.

new.gbca.org.au/news/gbca-media-releases/global-innovations-bring-industry-together-transform/

We also advocate for ESG matters that are important by promoting policy and regulatory change. During the year, we demonstrated our support through:

- the ASX Corporate Governance Principles and Recommendations submission
- signing the 'Statement of Investor Commitment to Support a Just Transition on Climate Change'
- a submission to the Australian Law Reform Commission Inquiry into Class Actions
- research into the Transforming Australia: Sustainable Development project with Monash University.

In September 2018, our CIO was a panellist at the Global Climate Action Summit in San Francisco where he announced our commitment to net zero carbon emission targets for our property portfolio. Making significant announcements like this on a global platform encourages other investors to make similar commitments.



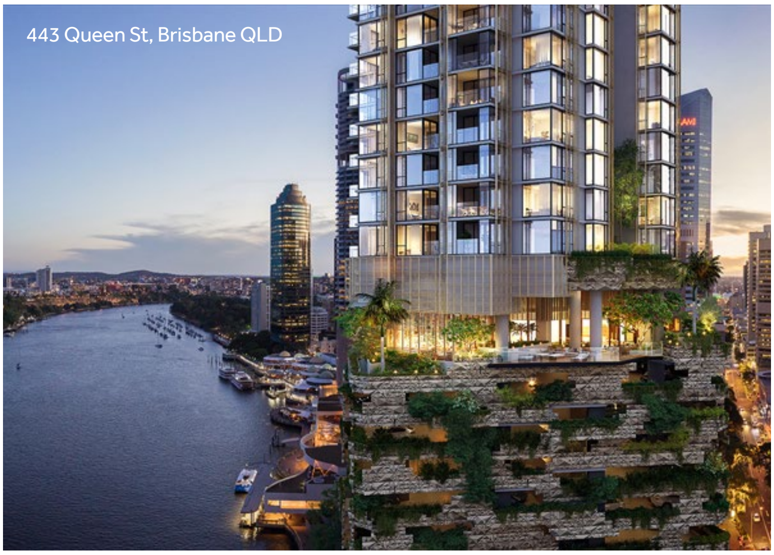
50 Flinders St, Adelaide SA

Climate change

On page 64 of the 2019 Annual Integrated Report we outlined our position on climate change and how we believe climate change impacts our members. This section of our supplement provides more detail on the work we undertake to support the transition to a low carbon economy and is guided by the TCFD recommended disclosures.

Climate change is now regarded as a systemic risk and one that will have an economic impact. APRA and ASIC (key financial service regulators in Australia), as well as the Governor of the Reserve Bank of Australia, have publicly commented on the need for investors to consider climate change risks and opportunities, and noted the role of the TCFD. This is a clear signal that the responsibility of large asset owners, such as super funds, should include consideration of climate change in their investment decision-making processes.

Our Climate Change Roadmap on page 23 is the cornerstone of our TCFD reporting. It outlines the actions we are taking to address the investment risks and opportunities that climate change presents.


443 Queen St, Brisbane QLD

Guiding our climate-related decision-making

The governance frameworks that guide our investment decisions ensure we consider ESG risks including climate-related risks and opportunities in our investment process.

Our Board Governance Framework includes climate change and can be found on our website.

https://www.cbussuper.com.au/about-us/sustainability/board-governance-framework

Climate-related matters are governed by two Board committees – the Investment Committee and the Audit and Risk Management Committee. There are several reporting processes in place to keep the Board committees informed.

A management governance framework coordinates climate change work being undertaken across the portfolio. Our Chief Investment Officer and Portfolio Head, Responsible Investment, are accountable for climate-related matters and report to the Board committees at regular intervals. This reporting also considers our Risk Appetite Statement.

Incorporating climate change into our decision-making

We prioritise climate change risks relative to other risks based on their materiality and our exposure. As part of our risk analysis we consider existing and emerging regulatory requirements related to climate change.

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 our 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 particularly relevant for Cbus and our property and infrastructure assets, as the risks will be long lasting and impactful. 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 rises (impacts to coastal assets such as ports).

We are doing work to determine the likely impact from climate change on our investment portfolio, including an ongoing assessment of physical risks.

We also proactively seek opportunities to invest in the transition and to improve portfolio resilience to climate change by mitigating exposure to risk. For example, through our 100% owned direct property construction and development manager, Cbus Property, we invest in commercial developments that target minimum 5 star- NABERS energy and Green Star ratings.

You can read more about Cbus Property's sustainability in its latest report on its website.

www.cbusproperty.com.au/sustainability

How we think about climate change in our business strategy and planning

The Cbus Climate Change Position Statement guides the integration of climate change considerations within the broader investment framework and supports decision-making that will lead to better long-term retirement outcomes for our members.

Our Climate Change Roadmap on page 23 directs our climate-related activities over a two-year period. We recognise that the built environment is an enabler of the transition to a carbon resilient economy. As noted above, we have committed to net zero carbon emissions for our property assets by 2030, and our infrastructure managers will be required to meet similar net zero carbon emission targets in the future.

In December 2018, through our partnership in Bright Energy Investments, we expanded our renewable energy portfolio by acquiring Warradarge Wind Farm in Western Australia. This investment supports our commitment to SDG7: Affordable and Clean Energy. You can read the media release here:

www.cbussuper.com.au/about-us/news/media-release/cbus-acquires-wind-farm-project-in-western-australia

We have commenced research to test the impact of carbon pricing on company valuations. This new and innovative research will guide us in reducing our exposure to carbon emitting companies in the future. It also supports our commitment to SDG13: Climate Action.


Albany Grasmere Wind Farm, Albany WA

Climate change
continued

Considering different climate-related scenarios, including a 2°C or lower scenario

Participating in the Mercer Climate Change Project in 2015 enabled us to model expected returns for various asset classes under different climate change scenarios. In 2018, our asset consultant analysed the effects of different policy scenarios for us. While not directly impacting asset allocation, these reports have helped us focus our efforts. We also engage with other funds to understand what they are doing. In general, our peers agree that assessing risk at the asset allocation level is exceptionally challenging and more work is required in this area.

For more information, see our Mercer Report on our website.

www.cbussuper.com.au/content/dam/cbus/files/governance/reporting/Mercer-Climate-Change-Report-for-Cbus-2015.pdf

How Cbus manages climate-related risks

ESG is a key pillar of investment risk that the Board has identified as part of the Cbus Enterprise Risk Management Framework. Climate change is one of the key ESG risks identified in the risk appetite statement. It is considered that failure to appropriately manage this risk could result in a negative impact to an investment's long-term viability and performance. A detailed set of sub-risks have been developed outlining the required controls across the investment portfolio to effectively manage climate change.

So that we could clearly direct our activities in a considered way we developed a Climate Change Roadmap. This enables us to be transparent about the activities we are undertaking and to be accountable for the commitments we have made. While we have made a number of substantial achievements in some areas, in others – such as physical risk assessment and scenario analysis – there is more work to be done.

Greenough River Solar Farm, Ellendale WA

● = Met
◕ = Close to completion
◑ = In progress
◔ = In development

Climate Change Roadmap – metrics and targets

Action	2018–2020 Performance indicators	Target	Met/ not yet	2019 Progress
1. Investment				
Increase investment in climate change-related opportunities	% of climate-related investments in property and infrastructure[1]	Identification of targets by December 2018 Assess high-impact strategies of existing portfolio and identify opportunities outside portfolio	◕	• Assessed ability to invest in climate opportunities within existing investment parameters. • In December 2018, 1% allocated specifically to invest in climate opportunities. • Identified first investment to seed a portion of our 1% climate-related opportunities strategy and expect funding to occur by June 2020.
2. Integration				
Asset allocation	Climate scenarios incorporated into asset allocation annual review	Incorporated by June 2019	◔	• A review has been conducted of our peers' approach to scenario analysis. • It has not been possible to meet the June 2019 target. Considering climate risk at the asset allocation level has been exceptionally challenging. See page 22.
Fund managers	% of relevant fund managers reporting against TCFD	65% or more reporting by June 2020	◑	• A baseline has been established and we are having ongoing discussions with fund managers.
Portfolio physical risk assessment	% of relevant portfolio undertaken physical risk assessment	100% assessed by December 2019	◔	• We have been working with our infrastructure managers who are undertaking this work during 2019. We anticipate it will be rolled out in June 2020.
Risk management	Enterprise Risk Management metrics identified (annual reporting to Audit and Risk Management, and People, Culture and Remuneration Committees)	June 2019	●	• Risks and sub-risks updated in the Enterprise Risk Management Framework. • Annual review of the sub-risks conducted.
3. Active ownership				
Engaging priority companies	Annual meetings (directly or in partnership with ACSI, or Climate Action 100+ initiative)	Engaging with 100% of priority companies by June 2019, with 70% of these meeting our objectives by June 2020	◕	• 100% of companies have been engaged through ACSI and Climate Action 100+. • 80% of the companies are reporting against the TCFD.
Shareholder proposals	Actively consider all climate change shareholder proposals	Ongoing	●	• In the year ended 30 June 2019 there were 69 climate-related shareholder proposals raised globally on which we voted. • Cbus supported 90% (voting 'for'), and 7% 'against'.

Climate change
continued

● = Met
◕ = Close to completion
◑ = In progress
◔ = In development

Action	2018–2020 Performance indicators	Target	Met/ not yet	2019 Progress
4. Advocacy on climate change				
Supporting peak industry climate change bodies	Contribution to research reports and support for public submissions	Various targets apply	●	• Stephen Dunn became IGCC Chair. • Portfolio Head RI is Chair of the IGCC Low Carbon Finance Group, and the Fund is represented on the Policy Working Group. • Signed Global Investor Statement.
5. Built environment				
Fund manager engagement	% of Australian property fund managers that have introduced science-based targets to commit to net zero carbon emissions by a specific date	100% by June 2020	◕	• Cbus made a commitment that its property managers would commit by 2020 to set a target of net zero carbon emissions by 2030. • All property managers have committed to these targets with Cbus Property making its commitment public. • A new target has been set for our infrastructure fund managers to commit to net zero carbon emissions.
	100% of Australian property fund managers reporting against GRESB	Ongoing	●	• 100% of our property fund managers are reporting against GRESB.
6. Transparency and disclosure				
Cbus disclosure against TCFD recommendations	% of portfolio compliance against TCFD recommendations, including direct investments	100% by June 2020	◕	• Cbus publicly reported against TCFD for the 2018 financial year in our Annual Integrated Report and Corporate Responsibility Report. • The Cbus 2019 Responsible Investment supplement reports against the TCFD.
	% of portfolio undertaken carbon footprint	70% by June 2019	◕	• 50.3% of investments as reported in the 2018 Annual Report. • 49.9% of investments as reported in the 2019 Responsible Investment supplement.
7. Trustee office alignment				
Trustee office carbon neutral	Cbus carbon neutral certified by the Federal Government	Certified by 2019	◕	Our carbon account is a combined footprint of under 12,000 t CO_2e (Cbus Super ~10,000 and Cbus Property ~2,000).[2] We have set a baseline for our carbon footprint and aim to have carbon neutral certification between September and December 2019.

1. As measured by IGCC Low Carbon Registry or NABERS rating 4 or over.
2. These numbers are based on our base year carbon (FY17) and are expected to be higher in FY 19/20.

Carbon footprint

We have been measuring the carbon footprint of our share portfolio for four years, which supports the recommendations made by the TCFD. It has provided valuable insight into our investment portfolio, including how specific sectors and their companies contribute to emissions.

Last financial year analysis of our carbon footprint contributed to the Investment team's decision to re-weight the portfolio by 8.1% to global shares. This contributed to this year's reduction in emissions.

Since the portfolio reweighting, two materials companies and two energy companies in the Australian shares portfolio have reported a reduction in emissions, contributing to the overall reduction of emissions we reported in 2018. These same companies have also committed to complying with the TCFD reporting framework – demonstrating accountability to reducing their carbon footprint.

The following chart reports the average weighted carbon intensity for our combined Australian, global and emerging market shares portfolio, which comprises 49.9% of our investments.

Emissions reduction

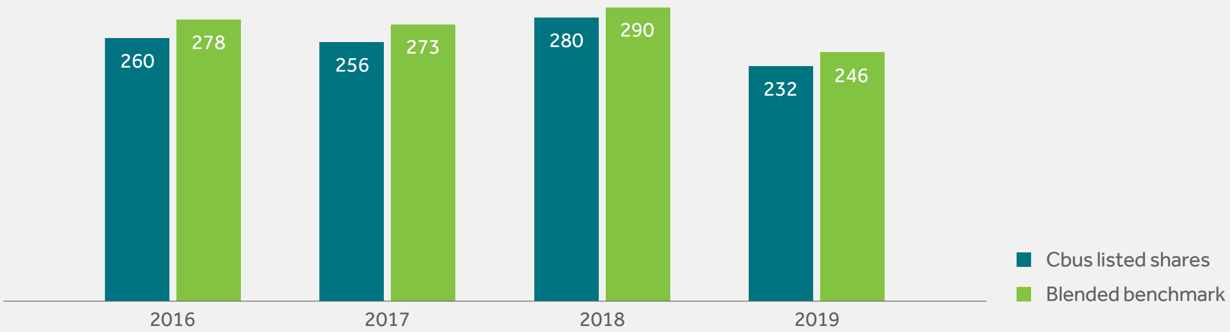
We believe it's important to operate in a manner that we expect of others and have set a baseline for our carbon footprint for the Trustee Office.

Our aim is to receive carbon neutral certification from the Australian Federal Government by December 2019. You can read our Public Disclosure Summary for the Australian Government Carbon Neutral program on our website.

www.cbussuper.com.au/content/dam/cbus/files/governance/reporting/NCOS-Assurance-Audit-Report-for-Cbus.pdf

Weighted carbon emissions

Scope 1 and 2 intensity, in t/USD million sales



Notes for chart

Source: 2019 MSCI ESG Research LLC. Reproduced with permission.

Blended benchmark carbon intensity exposures are calculated by taking the Strategic Asset Allocation weights to Australian, global and emerging market shares, and applying those weights to the carbon intensity exposures of each of the corresponding sectors' indexes (ASX300 46.9%, MSCI ACWI ex AUS 42.7%, MSCI EM 10.4X%).

Disclaimer: Although Cbus information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of data herein. None of the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Portfolio exclusions

Cbus does not invest in shares of companies that we consider to be unsuitable for our Fund to invest in on behalf of members and their long-term investment returns.

NO tobacco

NO controversial weapons

Companies we consider unsuitable are those involved in the manufacturing of controversial weapons, tobacco products and companies identified in emerging market mandates as having particularly poor ESG practices.

We use negative screening to exclude these companies from our portfolio. 100% of our Australian and international share portfolios[1] are tobacco and controversial weapons free.

1 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.

Cbus Property responsible investment

Performance highlights for 2018

Reduction in carbon intensity

↓7%

Decrease in total waste

↓5%

Reduction in electricity intensity

↓6%

Solar installed at Cbus Property core assets

50%

Total size – 240.4kW
Total generated – 132,833 kW

At 30 June 2019, Cbus Property managed 331,500 square metres of commercial property, with an additional development pipeline of 220,000 square metres. Cbus Property has achieved strong sustainability ratings across its managed commercial property portfolio with 50 Flinders St being awarded the first 6-star rating in South Australia. For information about the sustainability credentials of Cbus Property's commercial properties, see the Cbus Property Sustainability Report.

Cbus Property's actions reflect its values as a responsible investor, and its ambition to drive change and provide the best sustainable developments into the future.

The commitment to sustainability is articulated in Cbus Property's Sustainability Strategy under the three pillars of:

1. Better Buildings
2. Future Ready
3. Investing in People

This strategy focuses on its opportunity to deliver shared value, through high-quality developments that provide positive environmental and social outcomes, along with financial value. This strategy will help Cbus Property to continue to provide value to its stakeholders, partners (customers) and the community.

The annual Sustainability Report includes performance metrics on Scope 1 and 2 carbon emissions, electricity and gas data, water, waste management and solar energy generation. You can access the Sustainability Report on the Cbus Property website at:

www.cbusproperty.com.au

Cbus Property responsible investment
continued

Key sustainability targets and milestones

Cbus Property has pledged to the Global Net Zero Carbon Buildings Commitment, which challenges it to achieve ambitious net zero operating carbon emissions across their portfolios by 2030.

	FY19	FY2020	FY2021	FY 2022
Better Building	Develop a science-based emissions reduction target.	Achieve a 5.5 star NABERS energy rating and a 4 star NABERS water rating average across core assets.	Where feasible, a minimum NatHERS rating of 7 stars for new residential developments.	Achieve a 5 star Greenstar portfolio rating for core assets.
Investing in People	Create a health and wellbeing working group.	Where feasible, a Gold WELL rating will be pursued for all new commercial developments post-2020.	Develop a community engagement strategy.	Certify all core assets under the Cleaning Accountability Framework (CAF).
Future Ready	Develop a Climate Change Adaptation Plan (see below).	Achieve organisational level carbon neutrality under the NCOS scheme.	All new commercial developments to incorporate lifecycle assessments and quantify embodied energy impacts.	Achieve 90% construction and demolition waste recycling and 75% recycling rate at our core assets.

Cbus Property Climate Change Adaptation Plan

Cbus Property has developed a Climate Change Adaptation Plan for its commercial office portfolio. In part, this plan is related to a range of climate risks, including:

- increased energy demands for cooling and associated costs
- increased costs of repairs related to storm and intense rainfall damage
- potential for increased cost of water during drought periods for cooling towers, irrigation and toilet flushing
- impacts of the above risks on achieving ratings scheme requirements such as NABERS and Green Star Performance
- potential impact on tenant satisfaction.

ESG Integration

Cbus Property assesses its ESG performance against peers in the Global Real Estate Sustainability Benchmark (GRESB). GRESB is an organisation that assesses the sustainability performance of real assets in the built environment. The table below shows the GRESB outcomes for Cbus Property:

	2017*	2018*	2019*
Overall GRESB score	**92/100**	**97/100**	**97/100**
Environmental score	**86/100**	**96/100**	**98/100**
Social score	**100/100**	**98/100**	**96/100**
Governance score	**99/100**	**98/100**	**98/100**
Rank in Australia for office/non-listed	3rd of 19	3rd of 22	2nd of 27
Rank globally for office	4th of 131	3rd of 189	2nd of 212
Rank globally out of all GRESB categories	19th of 823	3rd of 874	2nd of 964

* Year results announced.

Appendix 1
TCFD Recommended Disclosures Index

● = Met
◕ = Close to completion
◑ = In progress
◔ = In development

The table below summarises our reporting against the TCFD recommended disclosures. This is our second year of reporting. We recognise our disclosures will continue to evolve over time in accordance with our Climate Change Roadmap.

Requirement	2018 met/ not yet	2019 met/ not yet	Page
Governance			
a) Describe the board's oversight of climate-related risks and opportunities.	●	●	www.cbussuper.com.au/about-us/sustainability/board-governance-framework
b) Describe management's role in assessing and managing climate-related risks and opportunities.	●	●	
Strategy			
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	◔	◔	Page 20-21
b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	◔	◑	Page 21
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	◔	◔	Page 22
Risk management			
a) Describe the organisation's processes for identifying and assessing climate-related risks.	◑	◑	Page 22
b) Describe the organisation's processes for managing climate-related risks.	◔	◑	Page 22
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	◑	◑	Page 22
Metrics, targets and scenario analysis			
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	◔	●	See Climate Change Roadmap
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks*.	◑	◑	Page 25
c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.	◑	●	See Climate Change Roadmap

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