Annual Integrated Report 2021

Forward focus



IN TIMES OF CHANGE

cbus super fund



> We will not lose sight of our heritage nor our focus and affinity with construction and building workers.



Rather, we will take this key strength and apply it similarly to all industries and people who build Australia

Steve Bracks, Fund Chair

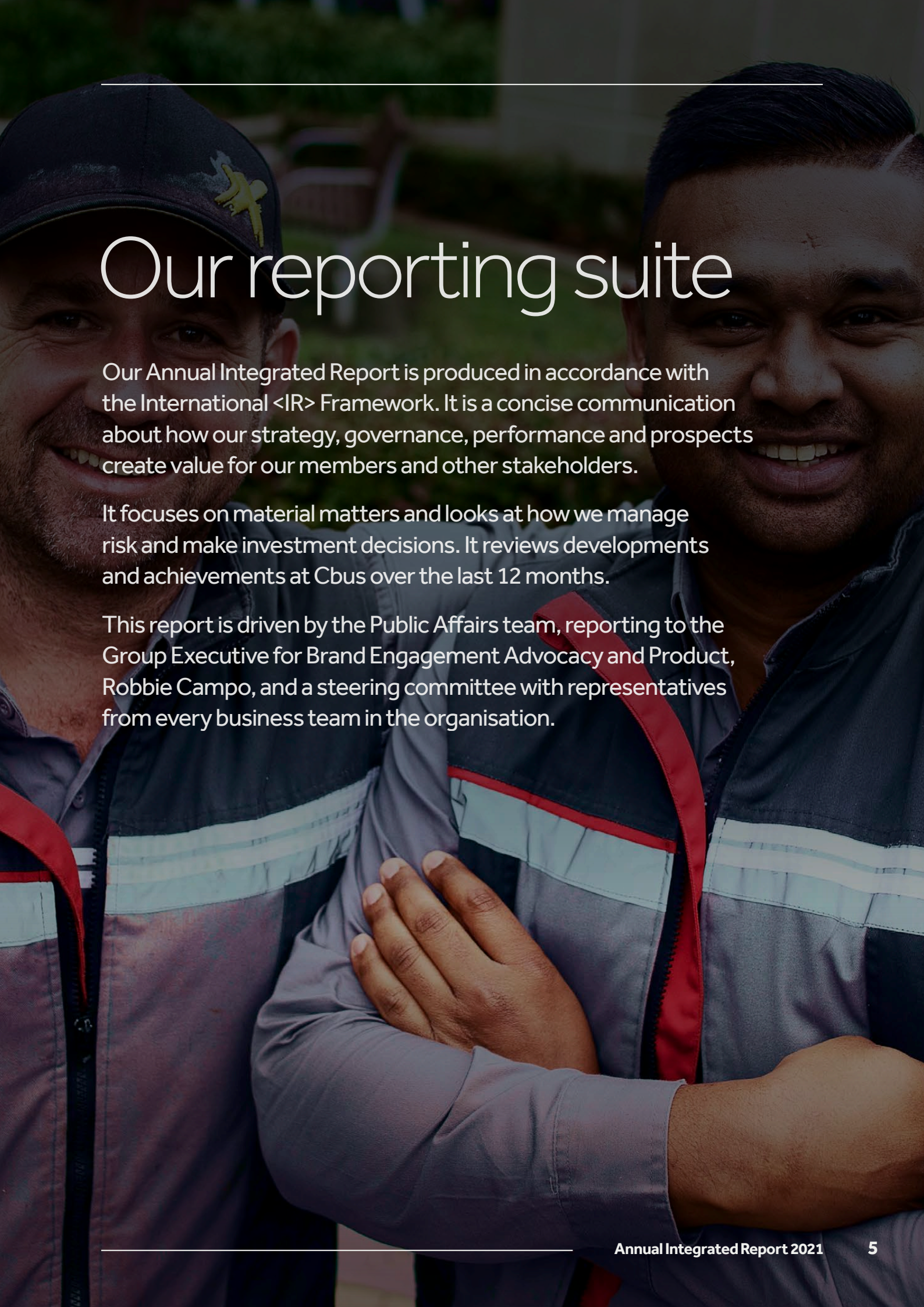
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Important information

This Cbus Annual Integrated Report is issued by United Super Pty Ltd ABN 46 006 261 623 AFSL 233792 as trustee for the Construction and Building Unions Superannuation Fund (Cbus) ABN 75 493 363 262. This information is about Cbus and doesn't take into account your specific needs, so you should look at your own financial position, objectives and requirements before making any financial decisions. Read the relevant Cbus Product Disclosure Statement (PDS) to decide whether Cbus is right for you. Phone 1300 361 784 or visit cbussuper.com.au for a copy. We work hard to ensure that all information contained in this report is correct. The Trustee, Cbus or our advisers don't accept responsibility for any error or misprint, or for any person who acts on the information in this report. Past performance isn't a reliable indicator of future performance. Any case studies we've provided are for illustration only. Where we've included quotes from members or employers, these express the views of those individuals.



Our reporting suite

Our Annual Integrated Report is produced in accordance with the International <IR> Framework. It is a concise communication about how our strategy, governance, performance and prospects create value for our members and other stakeholders.

It focuses on material matters and looks at how we manage risk and make investment decisions. It reviews developments and achievements at Cbus over the last 12 months.

This report is driven by the Public Affairs team, reporting to the Group Executive for Brand Engagement Advocacy and Product, Robbie Campo, and a steering committee with representatives from every business team in the organisation.



Online supplements

We have provided more detailed information about Cbus and our investments in our online supplements. This report and the supplements meet the core requirements of the Global Reporting Initiative's (GRI) Sustainability Reporting Standards (GRI Standards). Our Responsible Investment Supplement reports in accordance with the Task Force on Climate Related Financial (TCFD) recommendations.

Responsible Investment

Provides information about our approach to responsible investment, including our active involvement in Environmental, Social and Governance (ESG) issues, contributing to sustainable development and transitioning to a climate resilient economy. Prepared using the **GRI Standards** and **TCFD recommendations**.

cbussuper.com.au/cs/responsible-investment-2021

Stakeholder 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 Integrated Reporting <IR> Framework**.

cbussuper.com.au/cs/engagement-materiality-2021

Cbus Property Sustainability Report

Provides information on Cbus Property's approach to sustainability performance.

cbusproperty.com.au/sustainability-strategy

Governance

Provides additional information about the governance framework at Cbus and Cbus Property. Prepared using the **GRI Standards**.

cbussuper.com.au/cs/governance-framework-2021

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**.

cbussuper.com.au/cs/annual-financial-statements-2021

GRI Standards Content Index

Provides the location of information linked to the **GRI Standards** within the Annual Integrated Report, Cbus Property Sustainability Report, supplements and the Cbus website.

cbussuper.com.au/cs/governance-framework-2021

Online Supplements

Our reports address the needs of our diverse stakeholders. The information we have provided reflects our commitment to operating with integrity and transparency. You can access the reports on our website.

cbussuper.com.au/about-us/annual-report

KPMG

KPMG were engaged to provide limited assurance over the Cbus Annual Integrated Report pages 5 to 63 in accordance with the International Integrated Reporting Council's **International Integrated Reporting <IR> Framework**. The assurance report is presented on pages 64 to 65.

Who we are

Average member age

39

2019 – 39

2020 – 39

Number of employers

171,305

↑ up by 8.6%

2019 – 146,750

2020 – 157,668

Total members with balance

760,956

↑ up by 0.4%

2019 – 741,483

2020 – 758,204

Total funds under management

$65.6b

↑ up by 21%

2019 – $52.6b

2020 – $54.2b

Retirement Readiness Index[1]

67.2%

% of active members that have reached adequate savings (as at June 2020).

The impact of COVID-19 has likely had a detrimental affect on the index result for FY20. For more information about our Retirement Readiness Index please see page 30.

Retirement Outcome Measure

52%

% of active members with projected retirement balances on or above the target of $240,000 (as at June 2021).

Cbus has a proud history as one of Australia's first industry super funds. We were formed in 1984, when building and construction workers won the right to superannuation.

Today, we have grown into a leading industry super fund. We are open to all and are the leading fund for building and construction workers and a fund for workers in similar industries such as transport, utilities, mining and manufacturing.

Our members are the foundation and future of our fund. They trust us to look after their retirement savings, making sure it's there when they need it by investing it wisely and responsibly. We provide them with affordable personal insurance for financial protection for them and their families during their working lives.

We help them make informed decisions to create financial security for their retirement by offering advice and education. We're driven to maximise returns, with all profits going to members, not to shareholders.

Our products and services, our investment approach and our insurances are specifically tailored to our members, their employers and the environments in which they work. We invest our members' retirement savings in different types of assets for the long-term. We also invest directly in the building and construction industry through our wholly owned subsidiary, Cbus Property. This adds to the returns of our fund, creates jobs and contributes to the economic activity of the industry in which our members and employers work.

[1] 2019 RRI was incorrectly reported at 70.1% and the correct 2019 RRI result should have been 64.6%. This revised result has been verified by an external actuarial consultant. The error resulted from overstated contribution for a group of new members. With 2020 and future years results, additional checks and processes have been established to ensure quality of calculations. A new metric known as the Retirement Outcome Measure or ROM will replace RRI in the future. For more information about ROM, refer to page 30.



Our members are the foundation and future of our fund and trust us to look after their retirement savings.



We act with pride and respect to provide solutions that guide our members to make good choices to boost their retirement success.

What makes us different

Our values

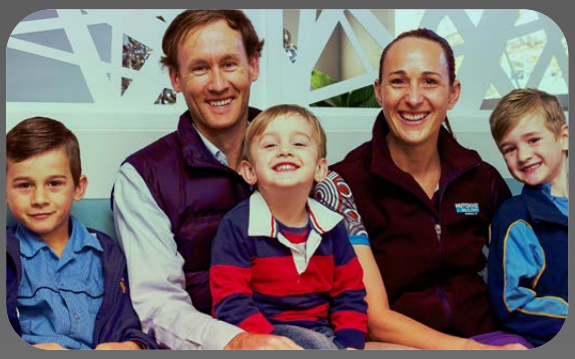
We are accountable to ourselves and our team.

We collaborate to achieve better outcomes.

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.



Specialist focus on members' needs



Strong focus and active role in members' industries



Passionate about our members

Message from the Chair



The stunning result for Cbus and its sustained outperformance over the long-term stems from its absolute focus on members.

My mantra, from my position as the Chair over 12 years with the Fund, has always been "Members' interests first, second and third in all our decisions" and members can rest assured that that thinking is deeply ingrained in our culture.

2021 is a stand-out year for returns, with members in our default option receiving the largest yearly return in the Fund's 37 year history of 19.34%. That is outstanding by any measure, but it is the sustained returns over all of those 37 years that members are rightly proud of, with average annual returns of 9.25% an average annual return.

The sole focus on member outcomes, with all profits going to them and not shareholders, has meant that over that period the Fund has proved resilient against external factors beyond our control.

We have handled massive economic shocks such as the global financial crisis, a once in hundred year pandemic (recognising this is on-going), and major regulatory shifts such as meeting the demands of the Early Release Scheme assisting 135,489 members with $1.13 billion in payments this financial year and still maintained strong, long-term returns.

Today, we are one of the largest industry funds by membership with over 760,000 Australians trusting Cbus to invest their $65 billion in retirement savings. This scale is critical to our performance.

It has allowed us to bring much of our investments and member services in-house resulting in continued investment outperformance both in terms of returns and cost savings, whilst building and maintaining high levels of trust and satisfaction amongst members and contributing employers.

We are focused on maintaining our performance for members by continuing to respond strategically to our operating environment. Regulatory change is driving consolidation across the industry and it is our aim to ensure the people that build Australia reap the retirement benefits Cbus provides.

Our merger with Media Super will be completed in 2022 and we welcome their members into our expanding family. Because of our internalisation strategy we are strongly positioned to generate the best investment outcomes for Media Super members while sharing with them the strength of scale built by construction workers.

We will not lose sight of our heritage nor our focus and affinity with construction and building workers. Rather, we will take this key strength and apply it similarly to all industries and people who build Australia.

We invest smartly and responsibly. Our members expect this of us and we demand higher standards of sustainable approaches to environment, social and governance issues from our investments.

We hold ourselves to the highest standards of transparency. That is why we continue to use the Integrated Reporting Framework for our annual reporting to stakeholders. The Board acknowledges its responsibility for the content and integrity of the Annual Integrated Report which is presented in accordance with the International Integrated Reporting <IR> Framework. The Board considered an outline of the report at its August meeting and approved the report in full in October.

After 12 years as Chair of Cbus, my term comes to an end in December 2021. It has been a privilege to serve members of the Fund and work alongside fellow Directors that have an unswerving focus on members' best interests.

It has also been a pleasure to work with the CEO and Executive Team who lead a dedicated group of some 607 people. The commitment and skills that they bring to work everyday to maximise member outcomes is impressive. That commitment continues to be demonstrated in their ability to keep producing great outcomes during the disruptions of the on-going COVID pandemic.

I would like to acknowledge my fellow Directors over my time with the Fund and thank them for their important contributions to date and wish them well for the future. I would also like to acknowledge the great job our new CEO Justin Arter has done in taking over the reins.

The Australian superannuation system is one of the best pension systems in the world. Its key fundamentals of universality and compulsion have delivered success in preserving significant savings for people's retirement.

Industry super funds, like Cbus, continue to outperform all sectors of the system[2] because they are all-profit-to-members allowing them to act, without conflict, in members' best interest. It has been great to be part of that and I leave knowing that members are in good hands.



The Hon. Steve Bracks AC
Fund Chair



> 2021 is a stand-out year for returns, with members in our default option receiving the largest yearly return in the Fund's 37 year history of 19.34%

Steve Bracks, Fund Chair

Artist impression of Cbus Property's 443 Queen St residential project in Brisbane

[2] SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60-76) Index June 2021



> “Strong long-term net returns places Cbus in an excellent position to be the destination fund for working men and women of Australia”

Justin Arter, CEO

[3] Taken from the SuperRatings SR50 Balanced (60-76) survey (June 2021). SuperRatings is an agency that collects information from super funds to enable performance comparisons – visit superratings.com.au

[4] The rating issued 03/2021 Cbus Growth (Cbus MySuper), 03/2021 Cbus Conservative, 03/2021 Cbus Conservative Growth (SIS), 03/2021 Cbus High Growth and 03/2021 Cbus Cash Savings are published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2020 Lonsec. All rights reserved.

Message from the CEO

We are living in a time of significant change and transformation of the superannuation sector.

Due to regulatory change, we have to look beyond the default system in order to survive and thrive. Increasing awareness and engagement from people and the ability to choose, has meant that funds are compelled to compete in order to attract members and keep them. The 8.6% increase in participating employers is a sign of the recognition that Cbus delivers good results for members and we aim to continue that growth through our field staff and the dedicated Growth Team.

We are a long-standing supporter of measures to remove underperforming funds from all parts of the super system. No worker should be locked into funds that are unable to provide the best retirement outcome for them and we are seeking to attract members out of funds that fail the performance test. Strong long-term net returns place Cbus in an excellent position to be the destination fund for working men and women of Australia.

SuperRatings has rated us as the third highest performing fund over ten years[3]. Our outreach and service to members is second to none and we are dedicated to defending our members interests through our policy and advocacy work-all of which were recognised through our securing the Chant West award for Best Fund Integrity and Best Specialist Fund.

The board has set an objective of more than doubling the Fund's size in funds under management over the next five years. Our objective is to reach $150 billion funds under management in five years. This will be done through mergers with like-minded funds, expanding beyond building and construction while continuing to attract new members in our existing industries. We have scale and we plan to build on it, we've got the knowledge and we plan to do more in the merger space and engagement with funds interested in merging with us is one of our priorities.

I've seen industry consolidation in financial services before and the benefit for Cbus in this environment is that we can offer specialisation and tailoring to occupational groups.

Our stakeholders are happy that we are on that journey because they understand the importance of scale in continuing to provide our members with good retirement benefits. We are adapting by restructuring and adopting new programs of work to ensure that we are a fund that is a stable and agile destination for future members. To this end, we have prioritised resources dedicated to growth and we are introducing new products (insurance and investment options) to better prepare us for mergers.

I took the helm at an interesting time in 2020: volatile markets and an early release scheme amidst a global pandemic. But last year really showed how the Cbus Investments Team built through our internalisation strategy was able to review investment opportunities and make decisions quickly when required. As we move past the crisis, we have access to good opportunities and we have money to invest. We are recognised for our work in this area by ratings agency Lonsec[4] and are the highest rated fund of any industry fund.



Our responsible investment strategy continues to strengthen. At Cbus we have a significant number of members who will be impacted through their work or the communities they live in as the world transitions to a lower carbon future.

So the question for us is not why we should do this, but why not? We are not acting out of some misguided or ideological agenda, as has been suggested. We are simply doing what is in the long-term interests of our members and for a more sustainable economy. We believe that climate change represents a financial risk and we would not be acting in members' interests if we ignored climate change – the science of which is not in dispute.

We can't decouple ourselves from the real-world economy and the impacts and outcomes where our members' money is invested and where they live, work and retire. As long-term investors we are inherently reliant on a sustainable global economy to generate their returns.

We have a young member base and they will be retiring when climate change physical impacts are accelerating, with potential impacts for investments. We've surveyed our members on responsible investment issues and the strong majority want their Fund to be investing in a responsible manner. They want decent work, climate change, labour issues to be taken into consideration when delivering their retirement savings.

Cbus is in a strong and enviable position to withstand the changes wrought upon our sector. In the medium term we will preserve and enhance what we have and in the long term we aim to expand our networks to become a major player in the international investment markets as well as the Australian one. The focus on long-term net returns and giving ordinary working people access to the magic of compound interest is nothing short of transformative.



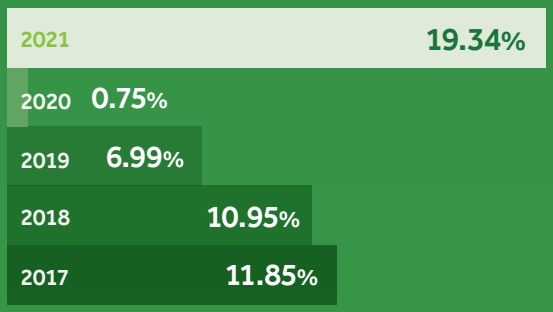
Justin Arter
CEO

Our performance

This year Cbus delivered an outstanding return to members of 19.34%. This marks the largest single year return to members in the Fund's 37 year history.

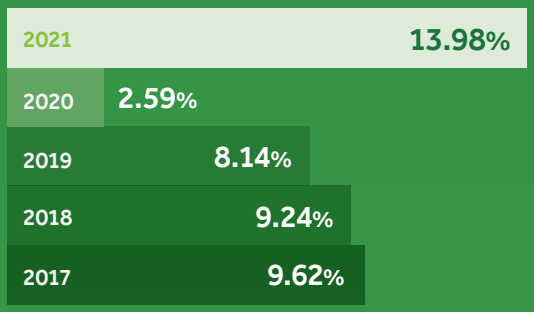
Superannuation returns

Growth (Cbus MySuper) DEFAULT OPTION



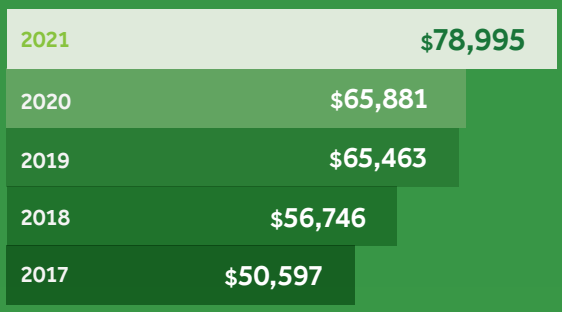
Super Income Stream (Fully Retired) returns

Conservative Growth DEFAULT OPTION



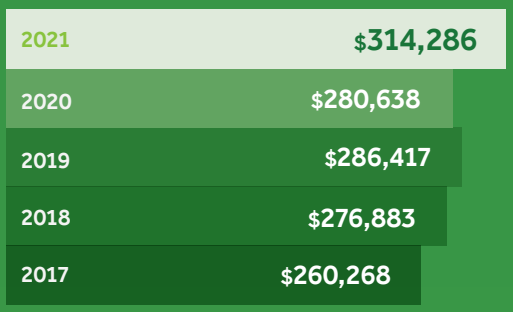
Average member super account

balance as at 30 June



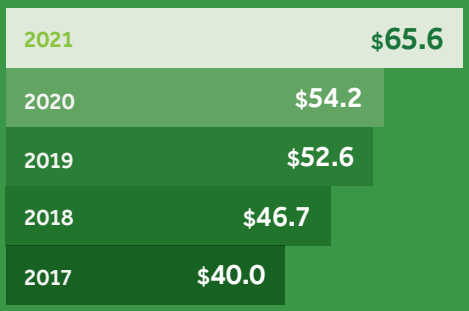
Average Super Income Stream account

balance as at 30 June



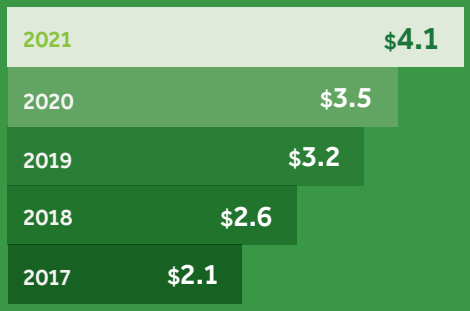
Total funds under management

$ billion



Super Income Stream funds under management

$ billion Transition To Retirement included



Crediting Rates

When we talk about returns in our reports, we use crediting rates. Cbus' crediting rates are based on investment returns minus investment fees, taxes and until 31 January 2020, the percentage-based administration fee. It excludes fees and costs that are deducted directly from members' accounts. Past performance is not a reliable indicator of future performance. All figures contained in our reports are at 30 June 2021 or based on the financial year 1 July 2020 to 30 June 2021 unless we have said otherwise.

Member satisfaction

8.5

(8.6 in 2020)

Based on average of service scores from members who interacted with our contact centre and advice team during the period 1 July 2020 to 30 June 2021. Scores are rated out of 10.

Employer satisfaction

7.1

(8.5 in 2020)

Based on average of service scores from employers who interacted with our contact centre and employer services team during the period 1 July 2020 to 30 June 2021. Scores are rated out of 10.

Performance

Growth (Cbus MySuper) Default Option

9.25%

Since inception

1 year	– 19.34%
5 yrs p.a.	– 9.81%
7 yrs p.a.	– 9.21%
10 yrs p.a.	– 9.55%

Cbus Property returns[5]

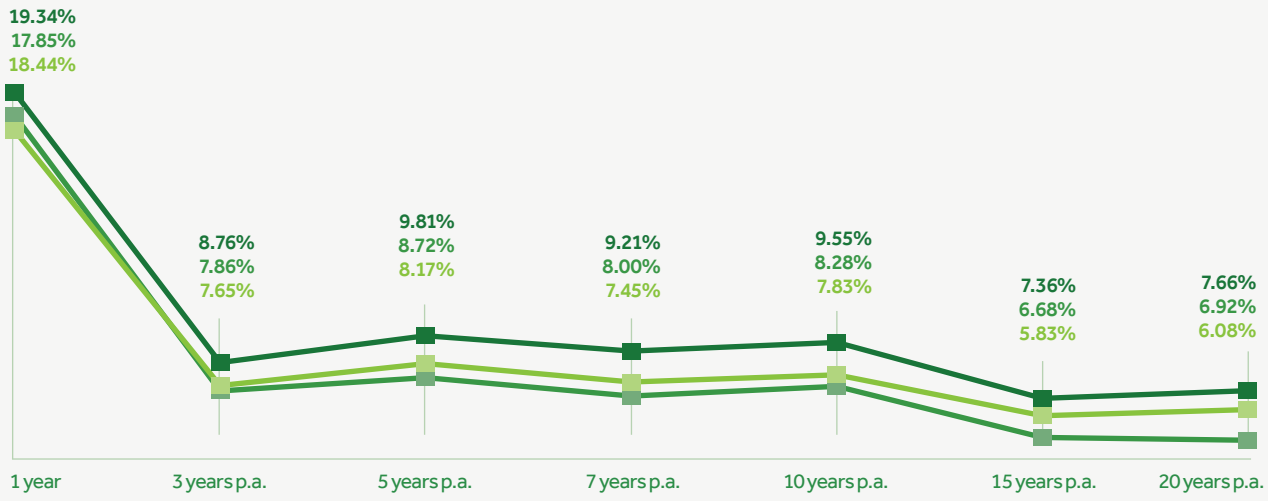
15.01%

Since inception

1 year	– 11.40%
5 yrs p.a.	– 14.58%
7 yrs p.a.	– 16.76%
10 yrs p.a.	– 15.30%

[5] Cbus Property Pty Ltd is a wholly owned subsidiary of United Super Pty Ltd and has responsibility for the development and management of Cbus' direct property investments

Growth vs SR50 Balanced Industry Fund Median and SR50 Balanced Retail Median[6]



[6] (Median) SuperRatings SR50 Balanced Survey, 30 June 2021. SuperRatings is a ratings agency that collects information from super funds to enable performance comparisons – visit superratings.com.au.

How we create value

1 Capitals we use → 2 How we use them

INPUTS

Member contributions & investment earnings
Funds under management growth $1.58b (FY20)

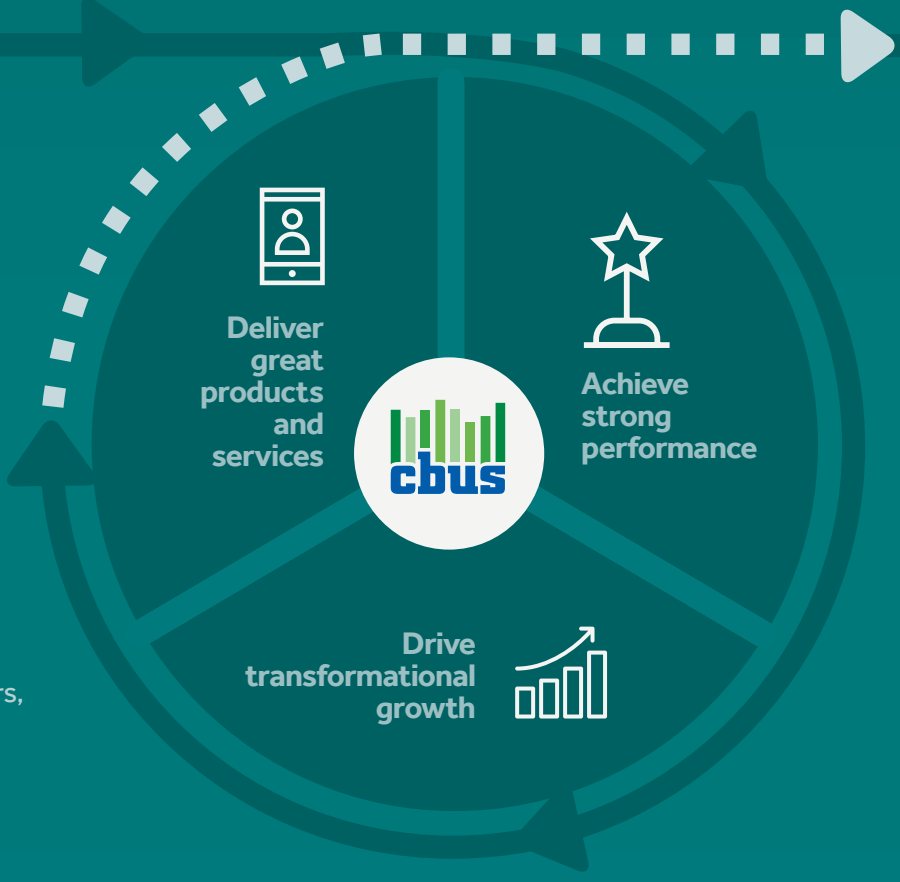
Our people
607 full time employees

Intellectual capital
Continue internalisation strategy

Industry relationships
70 key stakeholders, members, unions and employers

Technology and systems
Developed to support Fund strategy

Natural resources
2019 baseline = 52.2 CO_2e/$M invested (AUD)



Stakeholders
See page 20

External environment
See page 22

HOW WE'LL MAKE THE FUND STRONGER

- Maximise impact of the Cbus brand
- Advocate for members
- Attract and retain talented people
- Develop and empower our people
- Build data analytics and automation capability
- Strengthen foundation technologies
- Maintain a robust risk culture and practices
- Maintain operational strength through strong legal, governance and compliance practices
- Evolve our financial management to continue to drive efficiencies

Creating value for members for 37 years

As a profit-for-member industry super fund, we aim to deliver the best possible retirement outcomes for our members.

3 How it helps members → 4 Making a positive impact

OUTPUTS

Investment returns
19.34%
Growth (Cbus MySuper)

Investment cost reduction
40%

Member engagement
39.9/40

Total member payments
$2.1b

↑ up by **20%** Average member balance

SIS member growth
↑ up by **6.9%**

Product Roadmap
2.8/5

Insurance payments
$259m

PRI Cbus rating 2020
A to A+

OUTCOMES

9.25% Average yearly returns since inception
Growth (Cbus MySuper)

52% Retirement Outcome Measure
Active members on target

69% Employee engagement score
Compared with average financial services engagement score of 70%

$410m Member fee savings
Since 2017

+100k Jobs created by Cbus property

$1.5b Directly invested in economy through COVID

17% reduction to 43.5 tCO_2e/$M invested AUD as at 2020
See page 27

WHAT WE ARE FOCUSED ON

- Evolve our suite of value-for-money products
- Deliver differentiated services for members and employers
- Actively engage with and guide members to achieve better outcomes
- Evolve and execute our investment strategy
- Improve productivity to drive down operating costs and fees
- Operate in a responsible and sustainable manner
- Attract and retain members
- Attract and pursue value adding mergers with other funds
- Expand our distribution capabilities

Our stakeholders

Our stakeholders care about external factors that impact them and the way Cbus responds.



Material themes	Our stakeholders are pleased by...	Our stakeholders are concerned by...
Getting the right help at the right time to make sound decisions	> Cbus' communications and support throughout COVID > Cbus' provision of advice and education services	> Members not fully understanding implications of switching to cash options or accessing early withdrawal > Members not fully utilising advice services offered by Cbus
Having enough income in retirement	> Sustained strong returns over the long-term > Cbus pursuing the non-payment of superannuation contributions	> Accessing Early Release Scheme will create a significant shortfall in retirement savings especially for young workers and females > Freezing the Superannuation Guarantee rate will make low income-earners worse off
Strong, reliable and trusted fund contributing to an effective superannuation system	> Strong trust towards Cbus from members and employers > Cbus advocating for members' interests in relation to regulatory changes	> Unintended consequences of regulatory changes such as the potential loss of insurance cover for dangerous occupations > Politicians telling super funds how to invest
Long-term, responsible investment strategy contributing to a sustainable global financial system	> Cbus Property creates jobs and supports the building and construction industry > Increased focus on ESG issues and climate change mitigation in investment decisions	> Accelerated merger activities may dilute Cbus' focus on the building and construction industry
Meeting member and employer products and service needs	> Face-to-face interactions with Coordinators and Front Counter staff > Cbus' prompt decision making and high acceptance of insurance claims	> Complicated, inefficient and unscalable member onboarding process > Sub-optimal employer technology platform impacting experience of the Fund

External environment

Monitoring and responding to the environment in which we operate

Political landscape

While there has been a steady focus on superannuation policy settings in the political arena for years – generating significant reform – there has, in the past year, been an increasing focus on the core principles that underpin Australia's enviable retirement income system. That being universality, compulsion and preservation, and their suitability for the future.

Debate over whether the already legislated, scheduled growth in the super guarantee from 9.5% to 10% should proceed this year, took place with the Government ultimately confirming that they would not seek to make any changes. Cbus advocated for the increase on behalf of our members, in recognition of the fact that Cbus member balances are much lower than the general population, but also understanding that a delay would further compromise the ability of funds to do exactly what the recovery period called for, which was to invest in the economy, and to create jobs. We won the argument, and our members will benefit from higher contributions.

Cbus maintains a strong connection to the industries we serve, helping us to design tailor-made products and services for workers in building, construction and allied professions. This includes designing our default insurance offering with hazardous occupations in mind, and investing in programs to improve super guarantee compliance and support members to recover unpaid super, a problem which disproportionately impacts blue collar workers. Politically motivated efforts to break the connection between industry superannuation and industry itself may mean the needs and interests of members and employers are not met.

Putting Members' Interests First Act and the Dangerous Occupation Exception

Due to our success in securing a Dangerous Occupation Exception to the Putting Members' Interest First Act, we are now one of a handful of funds to offer default insurance cover to all workers, regardless of their age or account balance.

As a result, as at 30 June 2021, vital automatic default insurance cover has been retained for or provided to 138,000 building and construction workers at Cbus since April 2020. Nearly $13 million in insurance benefits has already been paid to 106 Cbus members or their beneficiaries – their partners and kids – in that short time.

Claims made and paid out by Cbus include tragic incidents of teenagers, fathers and carers dying during this period, and includes members being killed or seriously injured at work. The first year of the Dangerous Occupation Exception led to significant tangible benefits to Cbus members who continued to have insurance coverage through their super.

Your Future, Your Super

Cbus is concerned that the availability of quality insurance for workers in hazardous occupations is once again at risk of being undermined with the introduction of a 'stapling' measure, contained in the Your Future, Your Super package, which passed the Parliament in mid-June 2021 and comes into force in November 2021.

Stapling workers to their first fund for life, unless the worker actively chooses another fund, will impact younger workers new to building and construction, who are at risk of no longer receiving automatic, affordable insurance cover through the Dangerous Occupation Exception at Cbus.

Some funds' policies contain exclusions which could leave workers in hazardous occupations without cover, because, unlike Cbus members, their insurance terms have not been tailor-made with hazardous industries in mind. Members and their families typically only discover these exclusions when tragedy has struck, when they try and fail to make a claim against cover they believed they had.

Cbus advocated on behalf of members in written submissions[7] to the Treasury and meetings with the minister, as well as at a hearing of the senate committee which enquired into the bill. We spoke to our employers, to members and their representatives, to the media and to decision makers themselves.

While Cbus secured significant support for an exception to the stapling rule for workers in hazardous occupations, unfortunately that amendment failed after a deal was struck between the government and One Nation.

[7] cbussuper.com.au/about-us/news



Our advocacy contributed to securing important improvements to the package. This included the delay of commencement of stapling provisions and removing rules that would have allowed the Government, by regulation, to determine what expenditure or investment by super funds was and wasn't in the members best financial interests.

The Bill very narrowly passed the Parliament, and Cbus is well on track to implementing the regulatory changes contained in the legislation. This work is happening fund wide.

Advocating for our members in super policy debate

During the Your Future, Your Super debate, the Government committed to a Treasury review of occupational exclusions in default insurance offered by MySuper products. Cbus has written to the Government expressing our hope that the review will be robust, evidence based and completed before the stapling of new employees to their existing fund commences in November. Cbus will engage closely with this review[7].

Scrutiny of the super sector by the Government-led House of Representatives Standing Committee on Economics is ongoing, in particular as part of the Committee's Review of the Four Major Banks and other Financial Institutions. Cbus' CEO Justin Arter has appeared at hearings of the committee three times and the Fund has, to date, responded to over 150 questions in writing from the Committee.

Cbus contributes regularly to public policy debate and development around superannuation, including six submissions to Treasury and ASIC. Cbus also routinely provides input into industry association submissions. Over the past year, this has included advocacy on behalf of members on topics including the availability of affordable advice, improving outcomes for vulnerable members in group insurance, and on a broad range of draft legislation and regulation.

COVID-19 Implications

On 22 March 2020, the Federal Government announced its Early Release Scheme for people facing financial hardship as a result of the COVID-19 impact. The scheme allowed people to withdraw up to $10,000 of their superannuation in two separate tranches, the first falling in the 2020 financial year and the second in the first six months of the 2021 financial year.

In this reporting period, financial year 2021, Cbus assisted 135,489 members releasing $1.13 billion.

Across the whole scheme, Cbus processed 272,617 member applications for release totalling $2.3 billion in early access payments of their super.

The rigour of our liquidity management framework meant that any liquidity issues were dealt with, without need to trigger our liquidity action plan.

Looking forward

Over the next twelve months, Cbus will implement new obligations for the design and distribution of choice superannuation products and retirement income products.

We also expect the Government to introduce a new retirement income covenant that will require funds to develop and implement a retirement income strategy. Throughout the policy development process for the new covenant, Cbus has successfully advocated that Cbus should have the flexibility to adopt a strategy that will best meet the specific needs of Cbus members, rather than a prescriptive, one-size-fits-all approach.

We expect the Government will also conduct a review of advice about superannuation. We will engage with the review to ensure that the needs of Cbus members for high-quality, cost-effective assistance are considered as part of the review process. Cbus has an industry leading program of using retirement income estimates to help guide members. We think that with regulatory change, we can do even more, particularly for members making decisions about retirement. We will use this process to advocate for change so we can continue to build and expand this program.

Our strategy

Our strategy has evolved in response to our changing operating environment and positions us to deliver the best possible retirement outcomes for our members.

We will stay true to our heritage as a specialist fund with the aim of increasing our leadership position within the building and construction sector. We will continue leveraging our strengths to extend our focus into similar adjacent industries that 'build Australia' such as transport, utilities, mining and manufacturing. In 2022, we plan to merge with Media Super who have an aligned strategy as a specialist fund. This will enable us to further expand into the print, media, entertainment and arts sectors.

To be successful, our strategy and priorities are centred around three strategic pillars: providing great products and services, achieving strong performance and pursuing transformational growth.

Mission	As a profit-for-member industry super fund, we aim to deliver the best possible retirement outcomes for our members		
Vision	We build on our heritage to become the number one specialist super fund, focused on the unique needs of members in our target sectors		
Specialist Focus Areas	Building & Construction Industry, Adjacent Sectors that 'build Australia', and print, media, entertainment and arts industry		
Strategic Pillars	**Great products and services**	**Strong performance**	**Transformational growth**
Strategic Objectives	Improved Levels of Retirement Readiness	Strong Long-Term Returns with Competitive Fees	Top Tier Scale
Strategic Imperatives	Evolve our suite of value-for-money products	Evolve and execute our investment strategy	Execute on organic growth and retention opportunities
	Deliver differentiated services for members and employers	Improve productivity to drive down operating costs and fees	Execute multiple mergers and corporate tenders
	Actively engage with, and guide members to achieve better outcomes	Operate in a responsible and sustainable manner	Strengthen and broaden our distribution capabilities
Strategic Enablers	Brand and Advocacy that differentiates us in the market		
	People, Culture and Values that deliver to our strategy		
	Digital, Data and Technology capabilities focused on driving optimal member outcomes		
	Robust Risk and Governance practices, including financial governance, that hold us accountable to our members		

Strategy scorecard

Strategic Pillar	Strategic Objective	Measure	Strategic Imperative
Great Products and Services	Improved Levels of Retirement Outcomes	Retirement Outcome Measurement (ROM) 56% Active members on or above target in FY26	Evolve our suite of value-for-money products
			Deliver differentiated services for members and employers
			Actively engage with, and guide members to achieve better outcomes
Strong Performance	Strong Long-Term Returns with Competitive Fees	Top Quartile 5-Year Investment Return vs Competitors [10] CPI + 3.25% absolute 7-Year Investment Return Second best Quartile Admin Fee on 50k Balance vs Competitors	Evolve and execute our Investment Strategy
			Improve productivity to drive down operating costs and fees
			Operate in a responsible and sustainable manner
Transformational Growth	Top Tier Scale	Net assets of $150bn by FY26	Execute on organic growth and retention opportunities
			Execute multiple mergers and corporate tenders
			Strengthen and broaden our distribution capabilities
Strategic Enablers	Brand and Advocacy that differentiates us in the market		
	People, Culture and Values that deliver to on our strategy		
	Digital, Data and Technology capabilities focused on driving optimal member outcomes		
	Robust Risk and Governance practices, including financial governance, that hold us accountable to our members		

[8] The superior retirement product was delayed due to a change in the strategic direction of the Fund that prioritised mergers and equipping the Fund for regulatory change. As a result we designed new investment options (to be introduced February 2022) and new insurance features/options. We did further research on our retirement products and that work will continue in this financial year.

Our strategy scorecard looks back at what we said we'd do and what we actually did.

Achieved
Not met
On target

2021 Target	2021 Result	Progress	More info
5 New Products	2.8	◆ [8]	See page 19
Member satisfaction (VOC): 8.5	8.5	☑	See page 28
Employer satisfaction (VOC): 8.5	7.1	◆	See page 33
ROM	52%	◉	See page 19
Member engagement: 40[9]	39.9	◉	See page 30
Top Quartile SR50 Balanced	Top Quartile	☑	See page 40
CPI + 3.25% absolute 7-Year Investment Return	CPI + 7.55% or 9.21% annualised return	☑	See page 54
Cbus Property (Jobs): >100,000	100,815	☑	See page 19
Fee on $50k (Management Expense Ratio): 0.99%	0.91%	☑	See page 40
Emissions in total portfolio[11]: 45% reduction by 2030 commencing from 2019 baseline = 52.2 tCO_2e/$M invested (AUD) Zero emission by 2050 commencing from 2019 baseline = 52.2 tCO_2e/$M invested (AUD)	2020 = 43.5 tCO_2e/$M invested (AUD)[10]	◉	See page 19
PRI survey result	A or A+ 2020 result	◉	See page 19
Total members with balance as at 30.6.21: 694,083	760,956	☑	See page 8
Funds under management (FUM) Growth	Up by 21% compared to previous financial year	◉	See page 8
Brand reputation: 76-78%	74%	◆	See page 32
Employee engagement: 76	69	◆	See pages 19, 56
Establishing the Office of CITO	Completed	☑	See page 34
Develop key targets and metrics to for the FY22 – 26 strategy: 5 programs	5	☑	
Initiation of key programs and metrics: 4 programs	4	☑	
Material risks outside of appetite: 0	2	◆	See page 36

[9] Based on an average of service scores from members who interacted with the fund during the period 1 July 2020 to 30 June 2021.
[10] SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60-76) Index June 2021.
[11] Emissions in total portfolio (covers ~70% of portfolio – equities, property, infrastructure).

Putting members first

The challenges from the pandemic continued this year, with Cbus responding and adapting its service so that members' concerns and queries could be dealt with in a timely manner. Cbus also commenced work to optimise its service strategy and service model in a way that improves member and employer experiences.

Cbus has a long-term focus on personal service and this year this did not change that. A strength of the Cbus member service model is that it is flexible to ensure that members' queries can be dealt with efficiently. For example, ongoing changes to COVID restrictions meant that Coordinator visits were sometimes on site and sometimes virtual via Zoom meetings.

Employers continue to play a vital role in helping their staff manage their superannuation with Cbus. Cbus responds to this requirement by developing products and services that make the administration of contributions easier for employers.

Member Experience

Face to face servicing

Workplace coordinators

Workplace Coordinators conducted 3,042 workplace visits during the 2020/21 year. At these worksites Coordinators give toolbox sessions to talk about Cbus products and services to workers on site. The worksites range from 50 employees up to 2,000 employees. After the toolbox meetings, members are able to talk to Coordinators one on one. Last year there were 16,688 one-on-one interactions to assist members with all aspects of superannuation, including visiting members in hospital and their homes to assist with TPD and Death claims. Coordinators also reach over 1,500 delegates at monthly meetings. Delegates represent members on site and take that information back to their worksites.

During lighter COVID restrictions Coordinators were able to visit sites by following COVID safe measures such as social distancing. When lockdowns were in place, Coordinators kept in touch with and assisted members via phone, email and Zoom. We also sent members links to videos we produced which explained the Early Release Scheme and volatility in investment markets. Materials for members with English as a second language and interpreter services are also utilised when required.

Front counter services

3,021 members visited our front counters in five major cities despite the disruptions caused by the number of lockdowns.

The main reason that members seek our assistance through this channel is for assistance accessing benefit payments, in particular those experiencing severe financial hardship. It's a vital service for these members who require in-person assistance with the application requirements.

As a result of our retirement campaign, we saw an increase in members to the front counter in May and June, for information and general advice regarding opening a Super Income Stream account and for assistance with the application.

June also saw an increase in members making voluntary contributions, seeking assistance in regard to the amount that they could contribute, and making payments via cheque.

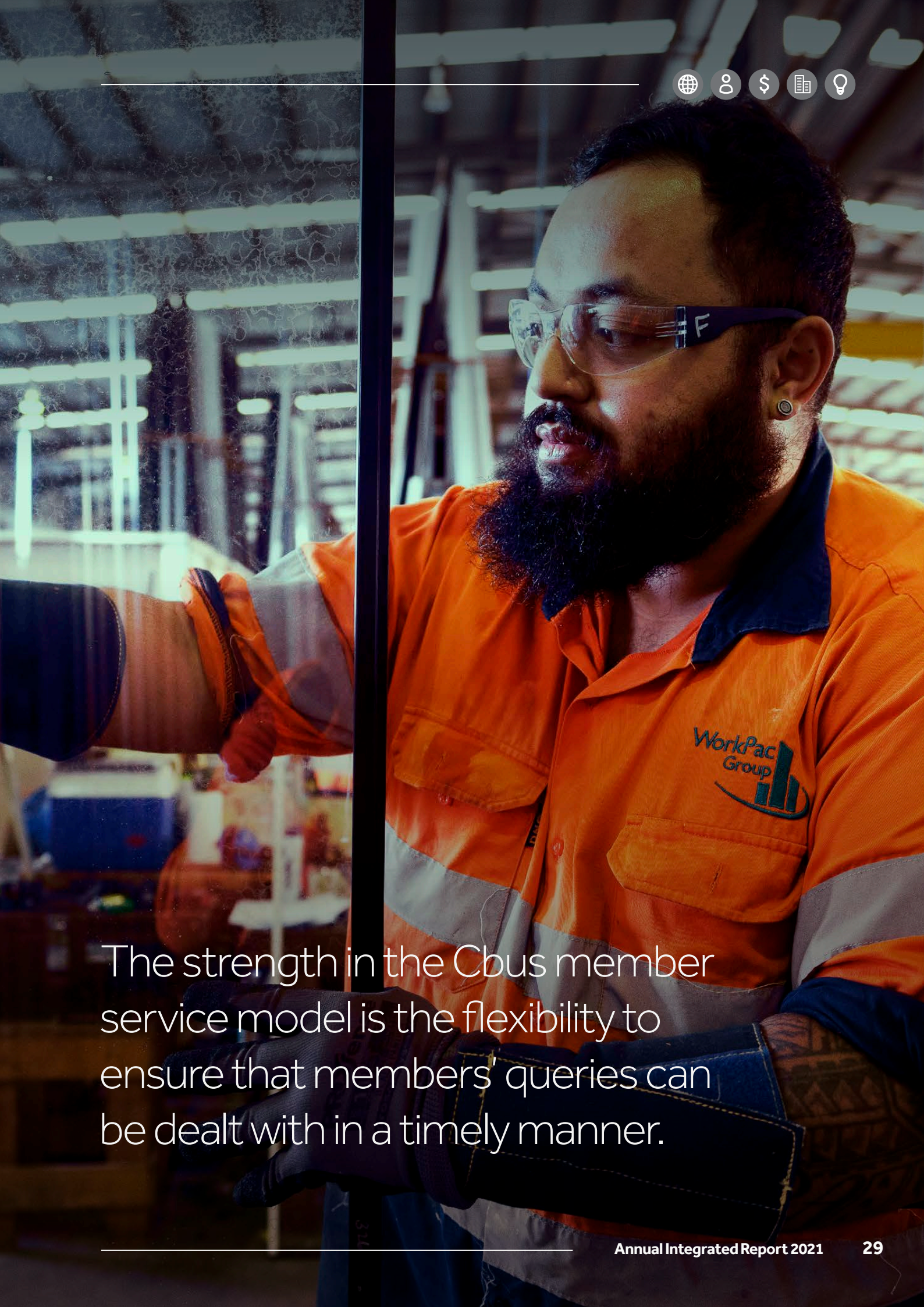
The front counter team also supported live chat, making outbound calls to members in support of the retirement campaign and through work on superannuation compliance. This resulted in another 7,400 transactions with members and employers.

The positive impact of the face-to-face service at the front counters is reflected in a satisfaction score of 8.8 out of 10. Members tell us that they like to come in and talk to a person, rather than navigating the phone menu or online service. They appreciate the knowledge of the service consultants and that the communication is always easy to understand.

Education

Our Seminars and Support Team engaged with 6,700 members through education sessions over the course of the year.

We held 67 retirement planning webinars where we invited members approaching retirement to our series of sessions. We also held a further 86 superannuation education sessions on topics such as superannuation issues for women, investments, insurance, boost your super and budget updates. These sessions were mostly held via webinars with some on site sessions to support our employer relationships. This included education sessions for their staff throughout the year and also to provide education to new members via the onboarding process.



The strength in the Cbus member service model is the flexibility to ensure that members' queries can be dealt with in a timely manner.

Putting members first

Members appreciated that we continued to run education sessions by webinar and often included their spouse in the evening sessions. Members were able to ask questions and responded well to the interactive nature of the sessions. The content, knowledge and quality of presenters along with the ability to interact in a session contributed to the positive satisfaction score of 8.5 out of 10 for Member Education and 9.0 out of 10 for Retirement sessions.

Advice

We provide advisory services to members through our in-house 'advice over the phone' service and through a referral program with the Financial Planning Association of Australia (FPA).

Our advice over the phone service provides general information and guidance to members on superannuation and retirement planning matters. Our team is also able to provide limited personal financial advice with recommendations on Cbus products only.

This service is provided at no additional cost as part of Cbus membership. For members who require more comprehensive financial advice, we can refer them to a Certified Financial Planner (CFP®), who is accredited to participate in the Cbus & FPA Member Referral Program.

At 30 June 2021, our in-house advice over the phone has 25 Associate and Superannuation Advisers across the country who are qualified, experienced, and trained to assist members with their advice needs.

Our team worked mostly from home during 2020/21 due to COVID restrictions, which enabled us to maintain all our services during the year. The effects of COVID impacted member engagement from July to October, before activity began to pick up from November onwards. Our advisers held 25,758 conversations over the phone with members through the year. These conversations covered topics including making contributions to their account, selecting an investment option, insurance, retirement options and commencing a Super Income Stream. Members who completed surveys provided a strong rating of 9.0 out of 10 for their overall experience when interacting with our Advice Team.

During the same period, our team organised 235 referrals to financial planners through the Cbus and FPA Member Referral Program. These referrals were mostly for pre-retirement and retirement planning or for comprehensive financial advice.

Retirement Readiness Index

Over FY20, we have experienced a pandemic event, market downturn, job losses during lockdown, introduction of the Early Release Scheme, increased administration fee and an increased insurance premiums partly due to changes to the law (PYS and PMIF). Though the above events were potentially detrimental to the Fund, our fund RRI continued to improve. It was advanced by 2.6% over 2019-20, from 64.6% (2019) to 67.2% (2020), which was considered a favourable outcome under the circumstances.

The Fund's RRI improvement was largely driven by an increase in employer contributions and uplift from the age pension, which countered impacts from the adverse events as listed above.

Alongside the strategy refresh, we will, in future, use a new metric known as the Retirement Outcome Measure. This metric will allow us to have a quantifiable objective that reflects our core purpose as a fund and our focus on achieving our strategic pillar 'Great Products and Services'. The new measure seeks to be more focused on the factors that we have the capacity to directly influence. The Retirement Outcome Measure tracks the proportion of active members that are on track to achieve the targeted account balance upon their retirement, that will, when combined with the age pension, provide the desired average retirement income level. The target has been set at a balance of $240,000 at age 62, which is the balance required to support our average retirement income target. In developing this target, factors such as the average retirement age of our members and the ASFA modest and comfortable retirement standards were considered.

Insurance

In April 2020 the Dangerous Occupation Exception was implemented for Industry Manual category members to retain automatic insurance.

The main thrust of Putting Members Interests First legislation was the removal of automatic default death and disability insurance for young members under 25 and those with low balances.

Following successful advocacy by Cbus, which resulted in major changes, including the Dangerous Occupation Exception (DOE) provisions, Cbus implemented the exception for Industry Manual category members.

This new legislation meant 93,000 members retained automatic insurance cover in April 2020, and a further 45,000 members who have joined Cbus since April 2020 have been provided automatic insurance cover under the DOE provisions.

This critical protection for Cbus members has proven a valuable benefit as since April 2020, 106 claims have already been applied for, assessed, accepted and paid, totaling $12.8 million in benefits to Cbus members or their families/beneficiaries.

If Cbus had not advocated for the DOE and implemented it in the interest of its members then these members would not have received automatic insurance cover.

Insurance claims

Last year Cbus claims-assist officers and claims specialists along with the insurer, provided strong support and service during a challenging year. A particular highlight was that almost 100% of claims were paid for the three years to 30 June 2021.

This can be seen from the table below, which provides details of claims accepted and paid over the last two years.

	FY2021		FY2020	
Type	Number	$ paid (million)	Number	$ paid (million)
Death	659	84	743	99
TIB	227	29	264	34
TPD	1,591	145	1,893	163
IP	78	0.9	57	0.7
Total	**2,555**	**258.9**	**2,957**	**296.7**

Acceptance rates of insurance claims paid

97% of all insurance claims (i.e. Death, Terminal Illness, Total & Permanent Disablement and Income Protection) were paid for the three years to 30 June 2021. 96% of Total and Permanent Disablement claims were paid for the three years to 30 June 2021. A recent ASIC report on deficiencies in insurance within super, found that Cbus was the only policy that demonstrated positive consumer outcomes for ADL claims.[12]

Industry Code of Practice

Cbus has previously stated our intention to adopt the Insurance in Superannuation Voluntary Code of Practice, which was scheduled to come into effect on 1 January 2022.

Since the Code was first developed, most of its requirements have been overtaken by legislative and regulatory reforms. On the 1st of July 2021, it was announced that the Code would be replaced with guidance notes for those parts not covered by legislation or regulation – including improving outcomes for vulnerable members and claims handling for members with life insurance held through super.

Cbus is pleased that we've already implemented well over 90% of the Code requirements. Cbus continues to support the aims of the Code and we will continue to review the Codes' guidance papers, as part of our commitment to improve our services and interactions with members.

Insurance underwriting applications

Applications by members for additional insurance cover have increased significantly for the past two years. Because of process and technology improvements, Cbus and its insurer TAL have been able to manage this extra volume and continue to provide timely decisions and insurance cover for the vast majority of members.

This can be seen through decisions for more than 40% of applications being made on the same day of receipt and with an overall average of decisions at less than six days.



[12] asic.gov.au/regulatory-resources/find-a-document/reports/rep-633-holes-in-the-safety-net-a-review-of-tpd-insurance-claims/

Putting members first

Other member services

Contact Centre services

Our Contact Centre took almost half a million inbound calls last year. Market volatility and early withdrawals were high contributors in service enquiries which the team sought to support.

Our member satisfaction results remain high at 8.0 out of 10, a slight dip from the previous year but still at a strong level. The team have worked hard in supporting members especially through complex COVID related enquiries, which contributed to slightly lower satisfaction scores.

Member Services' Livechat remained a popular alternative for members. Since its inception in March 2020, there has been a steady increase in members using this method of communication. Member satisfaction for this is 9.4 out of 10, with most noting the ease of use and excellent service they receive. We continued to have a member chat bot operating 24/7 and have seen high traffic using this as an alternative.

Arrears

During the year we recovered a total of $75.1 million in unpaid super for our members, compared to $101.7 million the previous year. This 26% reduction in Superannuation Guarantee collections should be considered in the context of the impacts of a COVID environment and the 2019-20 bushfires on Cbus employers. Further, we believe that this is due to positive change in employer behaviour achieved through Cbus' communication and education approach.

Both Member Online and the mobile app make it easy for members to track their super as members are able to see the amounts and dates of contributions received.

Our reputation: 74% approval

In the last year, 74% of Cbus members recognised us as a good Fund (a Cbus commissioned study by Kantar). We fell short of our target by 2% due to reduced exposure as a result of COVID.

We remain committed to raising awareness around unpaid super and to engage with the government and industry on this issue.

The Cbus Super Payment Checker App continues to help members check their payments. The app is used by authorised personnel to help members search for unpaid superannuation, with 12,388 searches conducted in the 12 months to June 2021. Members can opt out of the service.

Complaints

A high level of complaints continued to be driven by the impacts of COVID-19, particularly in the areas of accessibility of member accounts, eligibility to benefits, contribution issues and the ATO's second tranche of their Early Release Scheme.

Employers voiced their frustrations during the July to September quarter, due to the launch of the new employer portal, resulting in an increase of employer complaints. Resources were reallocated to resolve these issues and a distinct decline in these complaints followed.

Resolution of complaint times for the 2021 financial year fell to an average of 41 days. Six percent of internal complaints dealt with by the Fund were lodged with the Australian Financial Complaints Authority (AFCA). We did not receive any adverse decisions from the AFCA.

Internal complaints received	FY2021	FY2020	Variance from previous year
Administration	730	572	+ 28%
Insurance	141	104	+36%
Claims	85	150	-43%
Death objections	90	104	- 13%
Total	**1046**	**930**	**+12%**

Employers experience

Employer satisfaction with CBUS Live Chat Team

9.0

(No score in 2020)

Based on service scores from employers who interacted with our employer relationship management team during the period 1 July 2020 to 30 June 2021.

Employer satisfaction with CBUS Employer Services Team

8.1

(9.1 in 2020)

Based on service scores from employers who interacted with our employer relationship management team during the period 1 July 2020 to 30 June 2021.

Employer satisfaction with CBUS Contact Centre

6.1

(7.8 in 2020)

Based on service scores from employers who interacted with the Cbus Contact Centre during the period 1 July 2020 to 30 June 2021.Scores are rated out of 10.

Employer services

Employers are reassured that we will look after their employees through to retirement. We work as a trusted partner to help our employers with the level of support and service they need.

We made changes to our service offering to employers in 2020, offering both a voice, email and chat channel alternative to match their needs. Our chatbot is open 24/7 to offer round-the-clock support. We extended our hours of operations and have team members across different Australian states.

Employer satisfaction within the Cbus Live Chat Team was 9.0 out of 10 for the year. Satisfaction with the Cbus Employer Services Team was 8.1, down from 9.1 in 2020. Finally, employer satisfaction within the Cbus Contact Centre was 6.1, down from 7.8 in the previous year.

Some of this year's employer results were lower than last year as a result of changes relating to the new employer portal. Cbus continues to review its resources, processes and training to address employer requirements. Please refer to page 34.

All employers receive the following services:

- an Administration Support Team to assist employers meet their super obligations
- ongoing support with the Cbus clearing house and other digital tools
- regular superannuation updates and support through timely communication on legislative and regulatory changes
- a broad range of options to support members, including fact sheets and information, tools and calculators, seminars and phone or face-to-face advice.

Cbus' senior employer engagement managers each have a portfolio of key employer accounts and work with them to tailor solutions to any superannuation related matters with a focus on growth and retention, while linking these employers and their employees with other services available throughout the Fund.

IT transformation

A major change from the restructure of Cbus this year was the appointment of Cbus' inaugural Chief Information Technology Officer (CITO) to establish a dedicated business unit to drive technology and capability delivery across the Fund. This was done in recognition of the need for this capability to deliver Cbus' new 5-year strategy.

The Digital, Data and Technology Team enables the Fund by:

- further strengthening the security and stability of our platforms and assets, as well as enhancing our risk monitoring capabilities, in light of the worldwide increase in tech-related risk
- building on the significant investment made in technology infrastructure over the past few years, to provide an easy and functional digital experience for our members,employers, and employees
- ensuring our underpinning technology platforms better support an efficient, automated and seamless service capability and personalised approach to engagement
- significantly augmenting our data infrastructure and capabilities, to deliver a fully integrated data model.

The Digital Data and Technology Team developed a series of programs during the year as part of supporting the Cbus strategy. The programs are:

- Media Super and ongoing inorganic growth enablement
- employer portal (uplift)
- integrated data platform and data capabilities
- Super X (phase 1 and 2)
- regulatory change program.

We are on track to deliver on four of these – the exception being the employer portal uplift which will commence in FY 22.

Employer portal

During the year we launched a new employer portal that experienced some data and functionality challenges when it went live. This impacted a number of employers' experience, resulting in increased volumes of complaints and a lower satisfaction score. In addition to rapidly deploying a cross functional team to assist all employers to successfully migrate onto the new portal, we undertook a review of the employer portal project to understand how the performance of the portal was not optimal and identify lessons for future projects.

The review identified issues with the design of the new portal and the delivery framework and governance specific to this program. We immediately put steps in place to fix these issues. To date, these steps enabled a smoother onboarding process for employers, than they would have had otherwise. This approach will continue until an improved digital solution is finalised.



Our governance

Making decisions in our members' best interests

The Board of the Trustee is ultimately responsible for the sound and prudent management of the Trustee's business operations. The Directors of United Super Pty Ltd are appointed from member and employer associations, in addition to two independent Directors.

The overall role of the Board is to ensure the sound and prudent management of the Trustee's business operations, which encompasses:

- making reasonable and informed decisions in a timely manner in the best interests of beneficiaries
- approving and regularly reviewing the strategic and financial objectives and direction of the Fund, to maximise the retirement benefits of its members
- approving, reviewing and monitoring the rolling 3-year business plan and annual operating budget
- reviewing and approving the significant frameworks and policies of the Fund
- ensuring that appropriate systems are in place to ensure compliance with all statutory and regulatory requirements
- appointing the CEO and reviewing the performance of the CEO and Executive, setting an appropriate remuneration package and ensuring adequate succession planning.

In the last financial year, due to the impacts of COVID-19, the Board met more frequently to ensure the Fund continued to operate effectively and that decisions being made were in our members' best interest. Some key items the Board approved in the last financial year include:

- the appointment of a new Chief Executive Officer
- to progress to the next stage of a merger with Media Super
- a plan to transition from the Audit and Risk Management Committee (ARMC) to a separate Risk Committee (RC) and an Audit and Finance Committee (AFC)
- the uplift of the Board and committee skills matrix
- a transition plan to reduce the size of the Board
- the realignment of the Fund's strategy.

The Board is assisted in its role by six permanent standing committees, the Investment Committee, People, Culture and Remuneration Committee, Member and Employer Services Committee, and two newly formed Audit and Finance Committee and Risk Committee.

The Nomination Committee is not a standing committee but meets as required to assist the Board with Director, Committee and CEO appointments.

The Board and each of the board committees has a charter that sets out its roles and areas of responsibilities.

You can view these charters at cbussuper.com.au/board

To view the Directors of the Board and the membership of the Board Committees, please see our Governance Supplementary Report at cbussuper.com.au/cs/governance-framework-2021

Cbus Property governance

Cbus Property has its own Board comprised of three independent Directors and four nominated Cbus Directors. The Cbus Property constitution requires that Board decisions must have the support of the majority of independent directors.

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

The fees payable to Cbus Property directors are disclosed on the Cbus website.

You can find out more here: cbusproperty.com.au/our-business

Trustee insurance

The Trustee holds indemnity insurance that provides cover to protect the Fund, its Directors and Officers from the costs and liabilities that may arise from legal action.

Identifying & managing risk

Adopting leading risk practices with a strong risk management culture

Cbus recognises the importance of a strong adaptive risk framework as a critical enabler in achieving our strategic goals. This includes setting and monitoring the frameworks and policies that support the delivery of our strategy, our ongoing operations and ultimately drive the best outcomes for our members. Cbus continues to operate in a highly dynamic pandemic environment and there are a wide range of emerging complex external threats to consider and manage. This only sharpens our focus to ensure that the risks we take are informed by our Board approved risk appetite and framework.

This year we made enhancements to our risk framework which include:

- establishing a separate Board Risk Committee to provide a dedicated forum for Directors to provide oversight of risk management. The Board Risk Committee has been established based on the following principles:
  - forward looking and thinking
  - focus on strategic risks
  - holistic oversight of risk
  - identification of trends and recurring issues
  - constructively providing challenge to management's conclusions on risk management
  - efficient sharing of information across committees.
- completed a Dynamic Risk Assessment to provide clarity on the strength of the relationships between risks and identify groups of risks that require coordinated responses
- reviewed our Business Continuity Plans and Pandemic Plan. This has included incorporating learnings for the past year where we have been operating in a pandemic and largely 'work from home' environment
- review of our Fraud Risk Assessment to consider the current internal and external environment to ensure that our controls remain robust to protect against emerging fraud threats.

Current risk landscape

The external environment continues to be complex and rapidly changing. Internationally, with the ongoing pandemic there is uncertainty on economic, social and political fronts. Locally, the superannuation industry is experiencing ongoing changes to policy and regulatory settings which is one of the factors driving the pace of consolidation in the industry.

We have continued to closely monitor and respond to the pandemic, particularly the impacts to our people and our members. A dedicated working group has continued to meet regularly to ensure that we appropriately support our working environment so that we can continue to deliver for our members.

Risks that were heightened outside of appetite during the year:

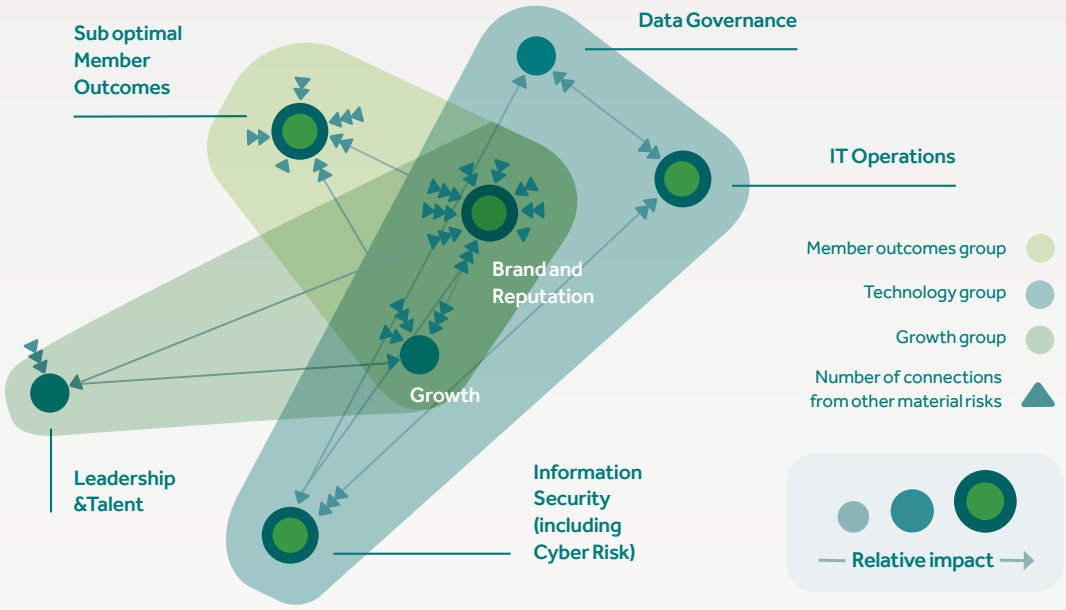
- regulatory change risk due to the scale, pace and volume of regulatory change combined with the increased uncertainty on regulatory policy and that unfavourable changes to regulatory policy could materially impact our strategic and operational objectives, and our members' retirement outcomes. The likelihood and consequence of this risk is largely beyond management's direct control. In response we have strengthened our ability to respond to regulatory change, including:
  - review and uplift of the current regulatory change operating model
  - embedding an integrated approach across various teams including setting up regular cross functional forums
  - increased governance through the Regulatory Change Committee and supporting Working Group to oversee all regulatory change activities.
- project delivery risk due to volume of regulatory change and strategic programs including merger activity required to respond to the current environment. This coupled with the current pandemic environment where staff are working remotely and juggling the impacts to personal circumstances, has heightened execution risk. There is a current focus on assessing and uplifting current delivery capacity and capability, practices and governance to ensure we can deliver consistently on the diverse programs required within risk appetite.

As part of the annual strategic planning process, we consider the material risks and opportunities impacting Cbus. This year we conducted a Dynamic Risk Assessment to analyse our risk profile, the strength of the relationships between risks, and identify groups of risks that require coordinated responses.

Key groups of connected risks identified through this process and for which we consider our management of these risks together include:

- 'technology group' which includes data governance, it operations and information security material risks. This is driven by the changing external landscape, and regulatory requirements impacting information security and the increasing strategic importance of data governance. Against a backdrop of rapid digitalisation coupled with people working remotely all over the world there has been an exponential increase in attempted cyber-attacks, including ransomware and business email fraud.

Dynamic Risk Assessment 2021 – Key Risk Groups



The reliance on systems and networks means that the impact of even simple cyber-attacks can disrupt operations. Information Security risk is the highest velocity risk in our network which means that should a cyber risk event occur it has the ability to impact our strategic objectives the quickest out of any other risk. We invest in responsive controls to ensure should a cyber event occur it is promptly identified, responded to and resolved without impacting our strategic objectives.

How are we managing this group?

- preventative controls including firewalls, antivirus and anti-malware, user access controls, training, third party security risk assessments and monitoring
- detective controls including data quality controls, system monitoring, penetration testing, data leakage protection
- responsive controls including security incident response plans and controls to respond to business disruptions.

- a 'Member outcomes group' includes brand and reputation, growth and sub optimal member outcomes material risks. We are operating in an increasingly competitive and regulated environment where maintaining scale and achieving growth is essential to continue to deliver the best outcomes for all our members. In order to grow, maintaining our strong brand and reputation is critical; and in order to maintain our strong brand and reputation we need to continue to deliver member outcomes. In addition, the prudential regulation is becoming more outcome focused, providing closer scrutiny on those funds who don't continue to deliver outcomes for their members.

All other risks in our network can trigger this group of risks therefore we focus our efforts on mitigation through monitoring and remediation controls including both lead and lag indicators.

How are we managing this group?

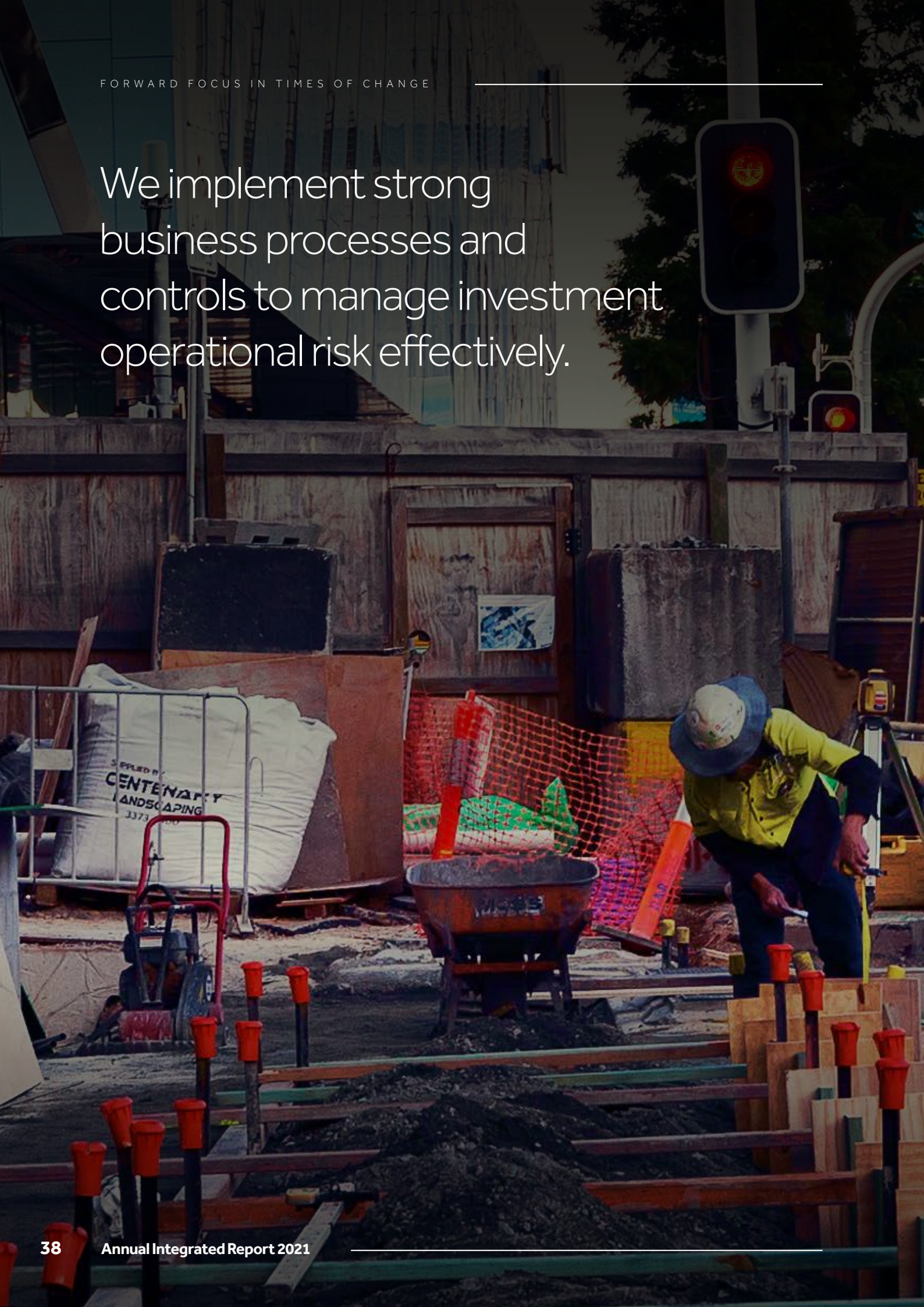
- our growth strategy is focused on responding to these three risks including our merger with Media Super, ensuring it will deliver additional scale and benefits to both Cbus and Media Super members
- continuing to evolve our frameworks and processes to drive ongoing efficiencies and cost benefits to our members
- embedding and maturing our member outcomes framework.

- 'growth group' includes brand and reputation, growth and leadership and talent material risks. The connections between brand and reputation and growth are discussed above, however the additional linkages to leadership and talent is identified in this group. This highlights the importance of ensuring we attract and retain the right capability, capacity and leadership to improve inorganic growth opportunities and our growth strategy more broadly. Without appropriate leadership and talent there is risk of significant impact to our ability to execute on our strategy and deliver scale. In addition, without a strong brand and reputation in the market this can impact on our ability to attract and retain the leadership and talent required.

How are we managing this group?

- leadership programs being rolled out to current and aspiring leaders
- recruitment process and controls
- performance management framework
- talent development and succession planning.

We implement strong business processes and controls to manage investment operational risk effectively.



Climate risk

Significant action is required by governments and businesses to enforce, enact or invest in effective climate change adaptation and mitigation measures. We recognise as custodians of our members retirement savings we are obliged to consider the long-term investment implications posed by climate change. In July 2020, the Investment Committee approved our new Climate Change Roadmap, including key targets to further enhance our approach to risk management: portfolio-wide net zero emissions by 2050 and 45% absolute reduction in carbon emissions by 2030. For further details, refer to the Responsible Investment Supplement.

Investment performance

A key pillar of our strategy is to ensure we deliver strong investment returns for our members. We set appropriate investment objectives and strategies and execute these effectively and efficiently. We take investment risk where it is most likely to be rewarded and maximises the probability of achieving our investment objectives. We implement strong business processes and controls to manage investment operational risk effectively.

Strategic outlook

- Horizon risk scanning remains critical given the constantly changing environment, to ensure that we adequately consider the risks and opportunities that exist. The ongoing pandemic environment will see a continued focus on supporting our people, delivering for our members and evolving our operations and ways of working.

Supporting this some of our key initiatives include:

- risk culture – We understand that the best risk frameworks and controls require support by a strong and consistent risk culture in order to be effective. We have developed a risk culture action plan to ensure that our risk culture remains strong amongst the changes in growth, complexity and working environment that we are operating in
- regulatory change – The pace of regulatory change that we are experiencing is not slowing down. The focus for the year ahead will be to ensure that we respond and comply with regulatory requirements in the most efficient and effective manner
- strategic planning and execution – Ongoing focus on uplifting the execution capability and governance to ensure that regulatory and strategic change programs are appropriately and consistently delivered within risk appetite.

Cbus Property*

Cbus Property actively evaluates and manages risk across its portfolio. It assesses all projects and investments and puts measures in place to appropriately manage these risks.

Developing property comes with many risks including volatility of capital values, rental yields, input costs and development trends. In addition, the impact of the pandemic on commercial and residential property developments is uncertain in both the short and longer term. The impact of the ongoing COVID-19 pandemic has been integrated into our strategic and operational risk responses.

*Cbus Property is a wholly owned subsidiary of United Super Pty. Ltd.

Strong foundations, adaptable futures

An update from our Chief Investment Officer



In the 2017 financial year we laid the foundations to build out our investment capability, to optimise member returns by taking advantage of our increasing funds under management. Over the last four years we have built on those foundations to develop a flexible and innovative investment team structure, that allows us to respond to the risks and opportunities of our changing environment.

In the 2020 financial year, our investment structure proved strong as we navigated the market shocks of COVID-19 to be one of only a handful of funds to return a positive result to members.[13] This, together with the focus on and understanding of our members' interests and ambitions, saw us well positioned to make informed and timely investment decisions, investing back into the economy to take advantage of opportunities through the crisis and into the recovery.

Proudly, our Growth (Cbus MySuper) option has delivered a 19.34%[14] return for our members in financial year 2021; the largest-ever annual return in the Fund's 37-year history. Longer term, the Fund's default Growth option continues to exceed its investment objective, delivering a return above its inflation target of CPI + 3.25% over rolling 10-year periods. Across 1, 3, 5, 7 and 10 years, the Growth (Cbus MySuper) option returns are ranked in the top quartile against peer funds.[15]

Many funds have benefited from the FY2021 market environment, but not all have been able to deliver positive returns year after year, in more challenging conditions. This profile of returns is the result of an active investment approach and careful management of risks.

Our returns are testament to our strategy of continuing to build our in-house investment capability, to increase our direct investment capacity, while pursuing an active management approach with strategic partners and external fund managers.

We have built the flexibility to do this through a total portfolio approach, including investing through a range of avenues with a focus on targeting where we believe the opportunity is the greatest. Our long-term approach means we can cut through the short-term noise in markets to identify opportunities that deliver strong risk adjusted returns, create jobs and meet demand in relevant sectors such as the property sector where many of our members work.

We have committed and invested over $1.5 billion in new direct funding for Australian business and projects through the COVID-19 crisis and into the recovery, and we currently have over $1 billion in funding approved by our Investment Committee available for future opportunities.

And we have done so with a clear focus on maximising the net returns to members and we have exceeded our target through further reductions in investment fees and costs. Total investment costs for the Growth (Cbus MySuper) option have reduced from 86bps in the 2017 financial year to 51bps in the 2021 fund financial year, producing a cumulative saving for members of $410 million.[16]

In recognising the changing environment of the superannuation sector, we are leveraging the expertise we have built to introduce a wider choice of investment options into 2022. This will accommodate our merger with Media Super and provide greater choice and flexible options for Cbus members and for future merger partner funds and their members, to reap the benefits of our scale and sustained performance.

Consistent with our long-term, total-portfolio approach we are early movers in Australia to commit to net zero carbon emissions across the investment portfolio by 2050. This represents a sensible alignment with the direction of the world's economy, the expectations of our regulators and members that we will maximise their retirement savings by managing risk and opportunity.

We can bring to bear our industry alignment and insights to take advantage of investment opportunities, that involve direct investment and collaboration with third parties, to focus on developing building products and technologies to reduce carbon emissions.

We can contribute to transitioning to a lower carbon economy and away from the extreme investment risk linked to climate change, by advocating for smarter investment opportunities arising from planned pathways that also manage the risks for communities and workforces.

Overall, we are well positioned to support the Fund's growth strategy and to continue to provide strong returns to members. While we remain positive on the overall outlook and opportunities that are available, we're not anticipating future returns to be as strong as the 2021 financial year.



Kristian Fok
Chief Investment Officer



> Consistent with our long-term, total portfolio approach we are early movers in Australia to commit to net zero carbon emissions across the investment portfolio by 2050

Kristian Fok, Chief Investment Officer

[13] SuperRatings Fund Crediting Rate Survey SR50 Balanced Survey, 30 June 2020. The return for the Growth (Cbus MySuper) option is based on the crediting rate, which is returns minus investment fees, taxes and until 31 January 2020, the percentage-based administration fee. Excludes fees and costs that are deducted directly from members account.

[14] The return for the Growth (Cbus MySuper) option is based on the crediting rate, which is returns minus investment fees, taxes and until 31 January 2020, the percentage-based administration fee. Excludes fees and costs that are deducted directly from members account.

[15] SuperRatings Fund Crediting Rate Survey SR50 Balanced Survey, 30 June 2021. SuperRatings is a ratings agency that collects information from super funds to enable performance comparisons – visit superratings.com.au

[16] These savings are estimated for each financial year and summed. The approach employed is to multiply the annual average size of the Growth option by the change in fees from the initial year. Investment cost reporting is based on ASIC's Regulatory Guide 97.

Investment environment and outlook

The past financial year saw exceptional returns for our members as the focus shifted from strict COVID-19 lockdowns, to one of how to support the gradual reopening of economies.

This was underpinned by unprecedented fiscal spending and monetary policy stimulus, including record-low interest rates.

The development and roll-out of effective vaccines has allowed economies to reopen and activity rebound sharply, particularly in major advanced economies, underpinning strong gains in company earnings and share markets.

We anticipate economic activity in key global regions will continue at a healthy, albeit more moderate pace.

In Australia, the slower pace of vaccination roll-out until recently and lockdown restrictions has constrained growth meaningfully in the first few months of FY22. We expect however, in the second half of the financial year, there will be a strong bounce back in confidence and activity as restrictions are eased and we navigate to a 'COVID-normal' environment.

Inflationary pressures have started to rise globally as economies reopen at the same time as supply chains have been disrupted. Central banks are expected to tolerate higher inflation for now, as they look through temporary factors. However, we anticipate some scaling back of monetary stimulus ahead.

This, alongside peak fiscal stimulus being behind us and the strong growth outlook increasingly factored into market pricing, suggests to us that returns in the coming year will be more modest to those we achieved in the last financial year.

How we invest

We invest members' funds across a wide range of asset classes including shares, property, infrastructure, private equity, alternative growth, credit, fixed interest and cash. The table on pages 54 and 55 shows the actual allocations as at 30 June 2021. By having allocations to different types of assets we can build diversified portfolios and better manage investment risks.

We choose investment managers that meet our selection criteria and fit our strategy. Including Cbus Property and hybrid strategies with strategic partners, Cbus internally manages around 38% of the Fund. The remainder is managed by external investment managers. We continuously monitor all portfolios. At 30 June, we had 59 external investment managers.[17] During the year, there were no breaches of our investment guidelines that resulted in a regulatory breach by our managers.

Each investment option has set objectives. We review these objectives annually to ensure they meet members' needs from both a risk and an expected return perspective. The objectives take into consideration our membership profile, the expected medium to long-term investment environment and mix of asset classes we invest in.

As a result of the 2020 review, and specifically the outlook for even lower expected returns from Cash and Fixed Interest, we reduced the investment objective for the Conservative options by 0.25% to 1.0% above CPI over a rolling ten-year period for the Accumulation and TTR options (and to 1.5% above CPI over a rolling ten-year period for the Conservative SIS (fully-retired) option. This change was due to the Conservative option having a relatively greater exposure to these lower returning (and lower volatility) asset classes, on average, than other Cbus diversified options. This change was effective 1 April 2021.

See pages 54 and 55 for full details of the Fund's investment options objectives, asset allocation and performance.

Management of derivatives

Cbus allows some of its investment managers to use derivatives to obtain market exposure, reduce risk and/or enhance efficiency. Where managers use derivatives, controls or policies must be in place to ensure the Fund is not exposed to undue risk. Cbus will also directly use derivatives for implementation of the investment strategy, most typically to gain or reduce exposure to an asset class in an efficient manner. Derivative exposure is subject to risk limits and must not gear the Fund. The derivatives charge ratio (the percentage of the Fund being used as security for derivative investments) was less than 0.5% during the financial year.

[17] For a full list of our Investment Managers by asset please visit cbussuper.com.au/super/my-investment-options/cbus-investment-managers



Cbus Property's 1 William St commercial investment in Brisbane

		Before 1 April 2021		From 1 April 2021	
Product	Investment option name	Return objective	Years of negative returns expected over 20 years	Return objective	Years of negative returns expected over 20 years
Accumulation and Transition to Retirement (TTR)	High Growth Growth Conservative Growth Conservative Cash Savings	CPI +3.75% CPI +3.25% CPI + 2.25% CPI + 1.25% RBA Cash Rate	5 to 6 3 to 4 2 to 3 1 to 2 < 1	CPI +3.75% CPI +3.25% CPI +2.25% CPI + 1.00% RBA Cash Rate	5 to 6 3 to 4 2 to 3 1 to 2 < 1
Super Income Stream (SIS) – fully-retired	High Growth Growth Conservative Growth Conservative Cash Savings	CPI +3.75% CPI +3.50% CPI +2.75% CPI + 1.75% Above RBA Cash Rate	5 to 6 3 to 4 2 to 3 1 to 2 < 1	CPI +3.75% CPI +3.50% CPI +2.75% CPI + 1.50% Above RBA Cash Rate	5 to 6 3 to 4 2 to 3 1 to 2 < 1



Artist impression of Cbus Property's 111 & 121 Castlereagh mixed-use project in Sydney

The investment capabilities that have been built have helped us to successfully navigate the risks and capitalise on opportunities coming out of the COVID-19 crisis.

Investment strategy and performance

Our investment strategy of building in-house investment management expertise, alongside working with strategic partners and external fund managers, continues to deliver significant benefits of strong investment performance and fee savings for members.

The Growth (Cbus MySuper) option's investment performance has been strong over the short, medium and long-term with top quartile 1, 3, 5, 7 and 10 year returns to 30 June 2021 being ranked 3rd over 10 years.[18]

We increased internally managed assets to 38% (including Cbus Property) of total funds under management with increased allocations to several internally managed portfolios and the launch of two internal cash strategies.

This year our internal Emerging Markets, Strategic Assets, Australian Corporate Opportunities, Australian Direct Debt and Internal Cash Teams all outperformed their relevant investment benchmarks.

The investment capabilities that have been built have helped us to successfully navigate the risks and capitalise on opportunities coming out of the COVID-19 crisis.

The strategy is underpinned by attracting and retaining people with the expertise we require and with the values that align with our culture and strategy. The Investments Team has implemented a number of people and culture initiatives focused on diversity, inclusion, leadership, innovation, career development, accountability and connectivity.

FY22 initiatives will include a focus on the use of data and technology as a key enabler to support the Fund's growth strategy and our longer-term aspirations.

Our long-term strategic aspiration is to continue to be an innovative long-term global investor, with a total portfolio perspective, and expertise in investing in the real economy – particularly the built environment.

In light of the rapidly changing superannuation landscape and the opportunities available for inorganic growth, we will evolve our investment structure to support and facilitate the Fund's growth strategy. The first element of which, is to broaden the investment choices available to welcome and accommodate our merger with Media Super in FY22.

With an established platform in place, the investment model and structure is focused on continuing to deliver strong returns, extracting the benefits of scale for all Fund members and responding to the changing regulatory environment.



[18] SuperRatings Fund Crediting Rate Survey SR50 Balanced Survey, 30 June 2021. SuperRatings is a ratings agency that collects information from super funds to enable performance comparisons – visit superratings.com.au.

Responsible investment

At Cbus, we believe investing responsibly for the long term is important for our members returns and their quality of life in retirement.

Cbus has a long history of applying responsible investment practices and principles to our activities both as an investor and as an organisation. The key areas of focus for our responsible investment approach are workplace safety, human, community and labour rights, and climate change. Cbus invests responsibly by thinking about the long-term implications of our investments by investing, protecting and growing our members retirement savings because we believe it is in their best financial interests to do so.

We are a large investor of long-term capital and as stewards of our members retirement savings we are entrusted to ensure long-term sustainable returns.

Some of our members are also impacted through their work or the communities they live in, as the world transitions to a lower-carbon future. We have a young member base who will be retiring when the financial and physical impacts of climate change are accelerating.

We've surveyed our members and they want us to be investing in a responsible manner.[19] It is in everyone's best interests. Cbus members and employers see their Fund's approach to issues such as mitigating climate change, encouraging companies to improve employment and labour rights practices and health and safety, are a way of protecting and growing their retirement savings. They expect the Fund to be guarding the value of their investment against such risks.



90%

of members surveyed either 'strongly agree' or 'somewhat agree' that if you are investing in the long term, you want those companies you invest in to protect their value and reputation



87%

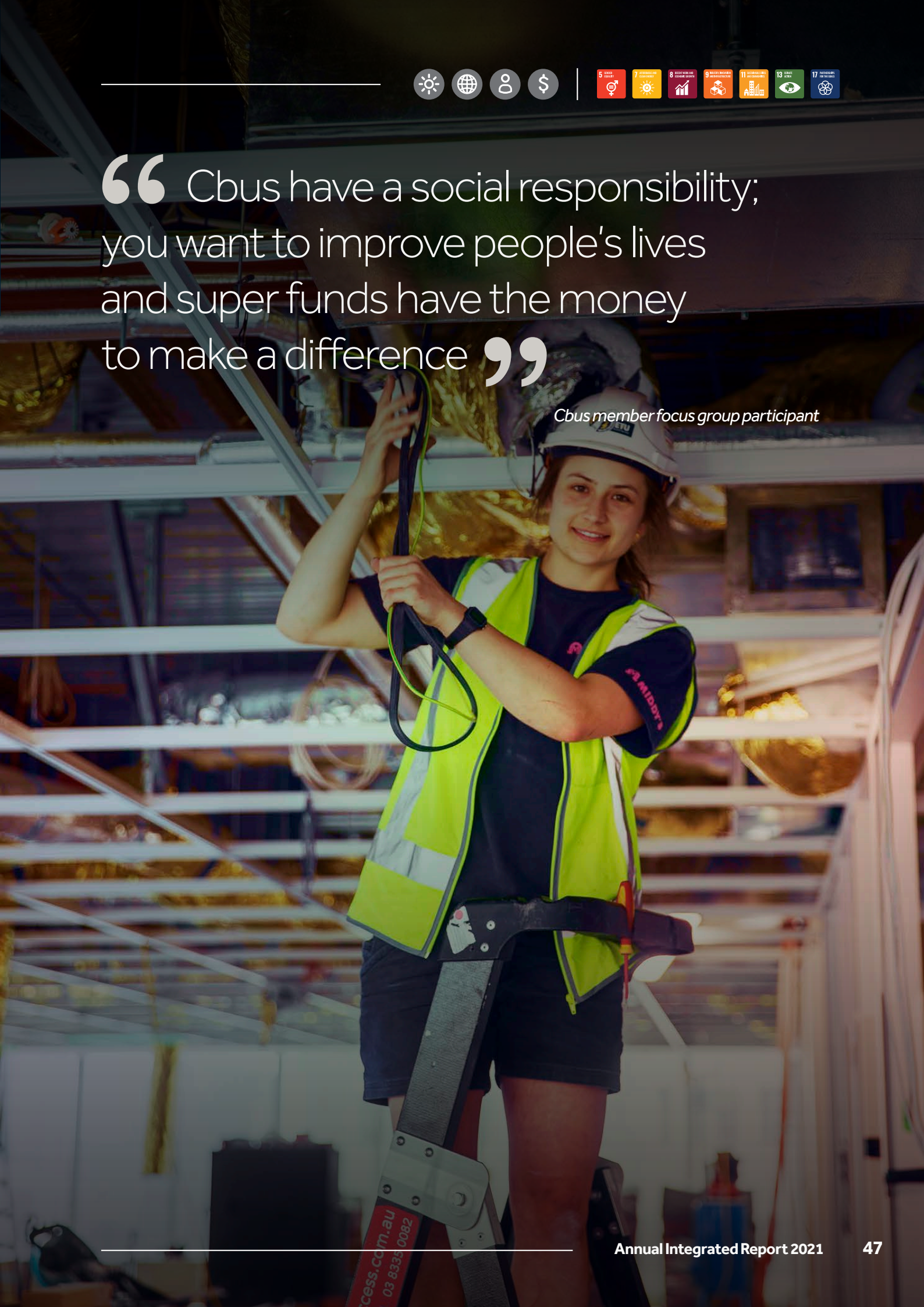
of members surveyed either 'strongly agree' or 'somewhat agree' that their super benefits if Cbus encourages organisations they invest in, to look after workers better



88%

of members surveyed either 'strongly agree' or 'somewhat agree' that companies that do the wrong thing by their customers, employees or the environment are presenting a risk to investors like members of super funds

[19] Based on Responsible Investment survey undertaken by Essential Research on behalf of Cbus in 2019/2020. In total 1192 members and 533 employer representatives were surveyed. 90% of members either strongly agreed or somewhat agreed that if you're investing for the long term you want those companies you invest in to protect their value and reputation.



> Cbus have a social responsibility; you want to improve people's lives and super funds have the money to make a difference

Cbus member focus group participant

Responsible investment

We invest back into our building and construction sector, to create jobs and financial benefits for our members. It makes sense as a long-term investor to invest in sustainable buildings that maximise technology and sustainable building practices; and we own the most environmentally efficient commercial property portfolio in the country.

Investing in super is about the long term and we will continue to make sure our members hard-earned savings will help them secure a better retirement future.

Leading by example

Cbus set the standard early in addressing the investment risks associated with climate change and in 2018 we announced our intent to reduce carbon emissions to net zero by 2030 for our property portfolio as well as allocating capital to invest in climate solutions.

Our updated *Climate Change Roadmap – Beyond 2020*, sets us firmly on the path towards reaching our ambitious target of a 45% reduction in absolute emissions across the total portfolio by 2030. As our investments continue to grow we will measure our progress using a portfolio carbon intensity metric (financed emissions per one million ($M) invested). This commitment keeps us on track to meet our longer-term goal to achieve net-zero emissions by 2050, reinforcing our support for the Paris Agreement. We will continue to be transparent and report our progress against a number of metrics in the Responsible Investment Supplement.

As part of a key next step towards a sustainable long-term financial system, our Chief Investment Officer, Kristian Fok has been appointed a Director of the Australian Finance Sustainable Initiative (ASFI). This initiative will bring the Australian finance industry into alignment with global sustainable finance regulation.

ASFI brings together the finance sector including banks, insurers and investors and with regulators, government and civil society to implement an Australian Sustainable Finance Roadmap.

Climate solutions mandate

As part of our 1% allocation dedicated to climate change solutions, we invested $240 million with Impax Asset Management, an external fund manager, that focuses on investment opportunities arising from the transition to a more sustainable global economy. Focused on climate mitigation and adaptation, the mandate will be managed using the Impax Climate Strategy, a global equities strategy investing in companies providing solutions to the challenges around climate change.

Renewable energy infrastructure

Within the renewable energy sector Cbus is invested in Bright Energy Investments (BEI), a renewable energy platform that develops and operates assets in the south west of Western Australia. This year the 180MW Warradarge wind farm opened, and at full power the wind farm will generate enough renewable energy to supply the equivalent of 148,500 homes. BEI also completed stage two expansion of the Greenough River solar farm near Geraldton.

Our recognition

Rainmaker released their inaugural ESG Superannuation Taxonomy study* and Cbus was recognised in the top 20 for Australia's most responsible super funds.

Cbus is a signatory to the Principle of Responsible Investment (PRI), and we are proud to have been selected for PRI Leaders Group 2020.

For a second year in a row, Cbus made it to the top 4% of all asset owners (one of 16 asset owners) as a PRI Leader for its climate change disclosures.

More information on the PRI can be found here: unpri.org

* Source: Rainmaker information

Our approach

Our approach to responsible investment is to ensure that we consider the long-term risks and opportunities of our investments to safeguard and enhance our members retirement savings.

We take a 'whole of fund' approach and apply the same responsible and sustainable principles to all investment decisions regardless of whether it is managed internally by the Cbus Investments Team or through an external fund manager.

Our areas of progress

Some of our most significant progress has been achieved in relation to our management of climate change risks and opportunities, increasing our focus on direct engagement with companies and the enhancement of our approach to integration.

Some of our key areas of focus are:





Workplace safety

Key actions:

- we engaged directly with a range of companies on safety disclosures, including where companies do not disclose any information about safety performance and where they had disclosed a fatality within the last two years
- we actively engaged an external infrastructure manager to better understand the circumstances of any fatalities and receive reports on significant safety incidents, and worked collaboratively to identify areas for improvement and share knowledge.



Human, community, and labour rights

This is the second year that Cbus has reported against the Modern Slavery Act which aims to increase business awareness of and reduce modern slavery risks, in the production and supply chains of Australian goods and services. The Act focuses on transparency and aims to inform external stakeholders like our members, about what we are doing to mitigate the risk of slavery.

Key actions:

- Cbus joined **Investors Against Slavery and Trafficking Asia Pacific (IAST APAC)** which is an investor-led initiative that has been convened to engage with companies in the Asian Pacific region to promote effective action among them to find, fix and prevent modern slavery, labour exploitation and human trafficking
- Cbus is co-chair for Australian Council of Superannuation Investors' (ACSI) Rights and Cultural Heritage Risk Management Working Group. Over the past year the focus of the working group has been on educating ourselves and other investors, engaging with stakeholders and better understanding existing practices and challenges across the market. The aim is to create tools for improved risk management for investors and those we invest in.





Climate change

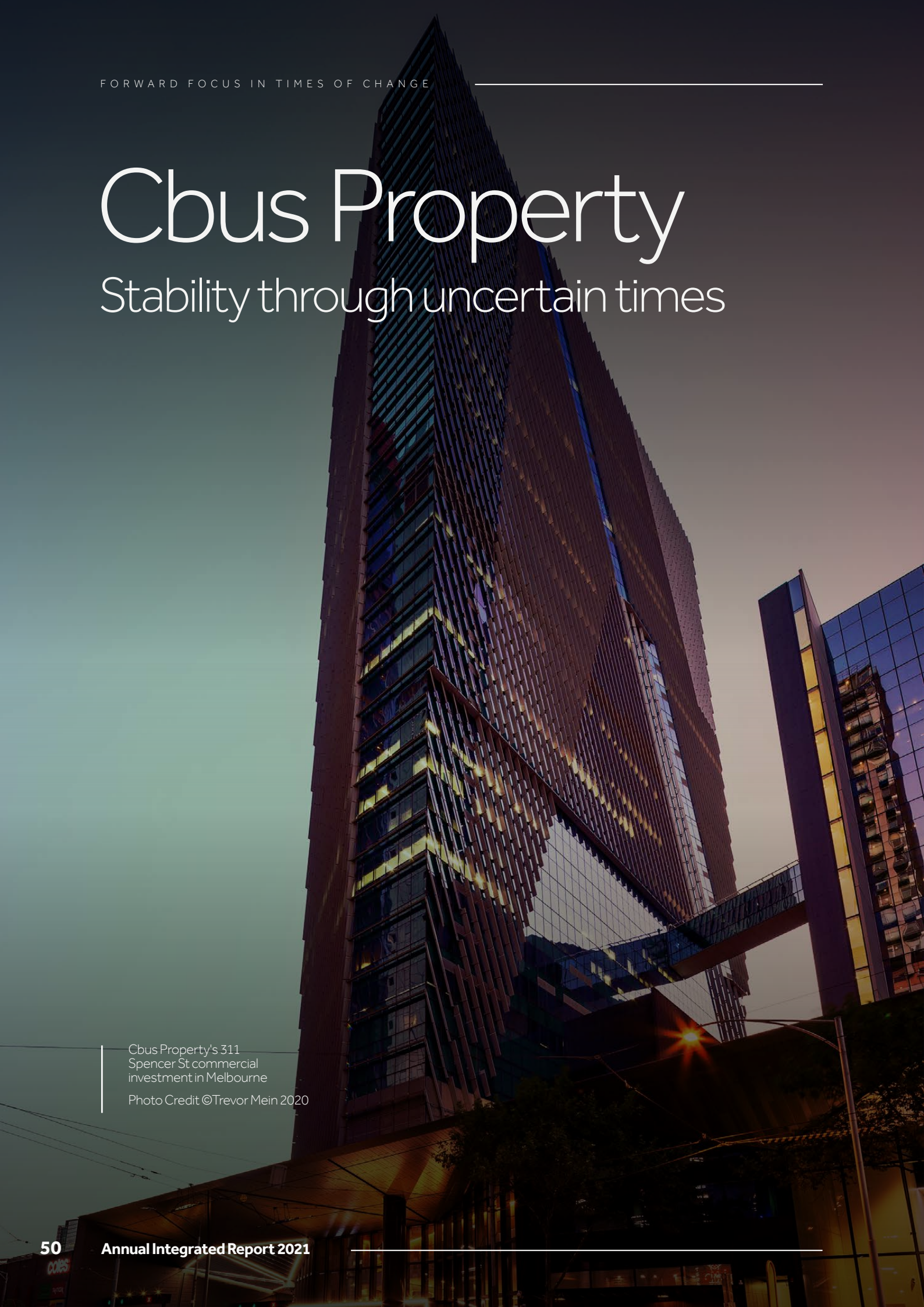
Key actions:

- appointed a dedicated resource to aid in developing proprietary research and undertake much of our climate modelling internally
- reinforced our support for the Paris Agreement with the setting of two targets which is to reduce absolute portfolio emissions by 45% by 2030 and to achieve net- zero emissions by 2050
- joined the Investor Group on Climate Change (IGCC) Climate League 2030 which is a ten-year initiative to support and act towards a further Australian emissions reduction of at least 230 million tonnes a year by the end of the decade
- conducted scenario analysis to enhance understanding of climate change risks and opportunities and address asset stranding. This work will be used to identify how the Cbus portfolio might decarbonise over time
- setting and measuring our baseline emissions, so that we can measure our progress over time
- increased our allocation to climate opportunities with further investment made
- improved risk management
- continued to exercise our voting rights and engage with our highest carbon emitters through Climate Action 100+, ACSI and Federated Hermes EOS globally.



Cbus Property

Stability through uncertain times



Cbus Property's 311 Spencer St commercial investment in Melbourne

Photo Credit ©Trevor Mein 2020

Cbus Property has built a strong position in the property investment and development sector during our 15-year history, growing from a portfolio of $0.5 billion in 2006 to $5.0 billion in 2021.

We have also delivered strong returns to members through our contribution to the return members receive through Cbus Super. This year, we delivered an 11.40% return to our members, which was 3.07% above the MSCI / Mercer Australia Core Wholesale Monthly Fund Index of 8.33% and continued our history of strong returns, delivering an average of 15.30% per annum throughout the past 10 years; 14.58% per annum throughout the past five years; and 15.01% per annum since inception. Furthermore, Cbus Property developments have created more than 100,000 jobs since 2006.

Key to our continued strong performance has been the development of a business model, which is designed to adjust to the market events prevailing at any time.

This is evidenced by our history of undertaking developments in different property sectors, including office buildings, residential apartments and townhouses, hotels and retail. Our agile business model continues to be our point of difference, supported by an office investment portfolio approximately 52% committed to government-related tenants on long-term leases, an increase from 40% last year, providing a consistent income stream for members of the Fund. This income stream also underpins our business, enabling us to source further development opportunities throughout Australia.

Sourcing quality development opportunities has been a key theme in 2021, with demand continuing for high-end residences in prime locations, such as 111 Castlereagh, which is being developed above the former David Jones menswear building in Sydney's CBD.

Our residential developments have seen strong buyer demand in recent months, with media coverage highlighting the sales success, including $66 million secured for the three luxury residences of The Penthouse Collection at 111 Castlereagh in Sydney; and two whole-floor residences sold for $25 million at 17 Spring St in Melbourne.

Responding to the pandemic

COVID-19 has dominated the headlines and the thoughts of all in the property market since it was first identified in early 2020. However, we have been able to respond to those challenges and deliver a second year of strong returns during the pandemic.



Artist impression of Cbus Property's Como Terraces residential project in South Yarra, Melbourne

Performance

Year to 30 June 2021

11.40%

Financial performance of Cbus Property

Since inception (p.a.)

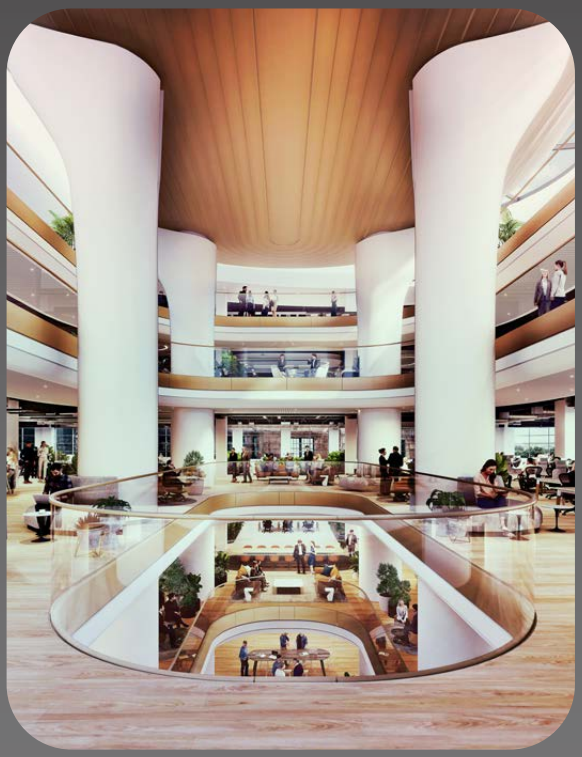
15.01%

Financial performance of Cbus Property since inception

Jobs created

100K

Across Australia since Cbus Property's inception in 2006



Artist Impression of Cbus Property's 121 Castlereagh commercial project in Sydney

Our business model has resulted in a consistently strong return to Cbus members in challenging conditions, through the combination of residential sales, development profits and office rental income. For example, our office investments remain 98% occupied; the sales of 50 Flinders Street, Adelaide, and 1 Bligh Street, Sydney, were finalised; and we have generated strong demand for residences across a number of projects, including 443 Queen St in Brisbane; Newmarket Randwick, The Langston Epping and 111 Castlereagh in Sydney; and 17 Spring St and Collins Arch in Melbourne.

Financial year 2021 was 'business as usual' for Cbus Property, as we:

- successfully completed two projects in Melbourne in the midst of last year's stage 4 lockdown, being Collins Arch and 311 Spencer Street, and in Sydney, Stages 1 and Stage 1A at Newmarket Randwick
- continued the construction of 443 Queen St in Brisbane, The Langston Epping in Sydney's north west, 111 Castlereagh in Sydney's CBD, 17 Spring St in Melbourne's CBD, and 83 Pirie St in Adelaide's CBD
- marketed the future development of stage 2 at Newmarket Randwick, and the recently purchased luxury development, Como Terraces in South Yarra.

Residential apartment pre-sales for FY2021 were the strongest they have been in four years, with 358 residences sold. This compares to 160 sold in FY2020 and 338 in FY2018.

NABERS 2021 Sustainable Portfolios Index ranked Cbus Property:[20]

1st

In Energy and Waste performance, Australia's highest rated office portfolio for these categories

GRESB[21] awarded Cbus Property:

5 stars

The highest recognition for global leadership in the GRESB survey

Sustainable focus

Sustainable property development and management continues to be a high priority for Cbus Property. Though COVID-19 has presented some challenges, we have embraced the opportunity to implement new technology and innovations, and transform the way we will design and manage buildings to enhance the health and wellbeing of our tenants.

This year, we achieved the highest rated NABERS Energy portfolio in Australia for the second consecutive year, and the highest rated NABERS Waste portfolio, in the NABERS Sustainable Portfolios Index (SPI) 2021.

[20] nabers.gov.au/portfolio

[21] The Global Real Estate Sustainability Benchmark (GRESB) assesses the Environmental, Social and Governance (ESG) performance of real assets, covering more than 1,500 participants and representing USD $5.7 trillion of assets under management.



Artist impression of Cbus Property's 83 Pirie St commercial project in Adelaide

Another highlight included our exceptional performance in the annual Global Real Estate Sustainability Benchmark (GRESB) survey, ranking among the top tier (1%) of all participants.

A further achievement includes 443 Queen St in Brisbane being the first and only residential tower development in Australia to achieve a 6 Star *Green Star Design & As Built v1.2* Design Review rating.

Opportunities in uncertain times

Our industry is ever evolving, and we must continue to respond to that evolution. Cbus Property's continued ability to move quickly and be nimble provides us with a point of difference that has kept us in good stead throughout the past 15 years since inception. Challenging the status quo has placed us in the very strong position we are in today and will allow us to move forward while adapting to the next generation of property investments.

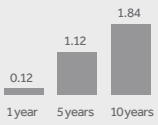
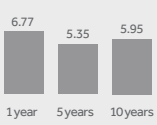
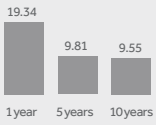
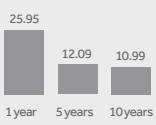
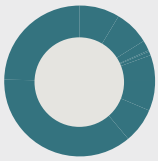
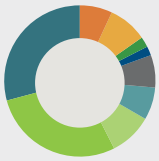
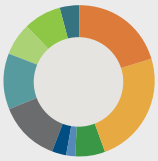
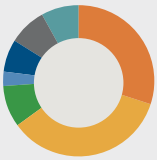
In the office sector, we anticipate the next generation of office buildings will include terraces and outdoor rooms – places to retreat, to seek respite, make personal connections and link employees to the tenants' cultural identity. We need to continue to create great places to be, which are more than just sustainable office buildings, they're about new levels of amenity. Considerations include features such as additional services, the creation of communities and neighbourhoods and the provision of 24/7 services.

In the residential sector, again, it is about the establishment of a community, not just a residential apartment building. It is the creation of market-leading amenity and services, including retail amenity, co-working spaces and recreational areas, enabling residents to live, work and relax in fantastic surrounds.



Adrian Pozzo
Chief Executive Officer

Superannuation options

	Cash Savings	Conservative	Conservative Growth	Growth (Cbus MySuper)	High Growth
Risk/return					
Risk level/ (band)[22]	Very low	Low to medium	Medium	Medium to high	High
Investment objective	Deliver an after-tax return equal to the RBA cash rate (adjusted for fees & tax)	Inflation plus 1% a year over rolling 10 year periods	Inflation plus 2.25% a year over rolling 10 year periods	Inflation plus 3.25% a year over rolling 10 year periods	Inflation plus 3.75% a year over rolling 10 year periods
Likelihood of negative annual returns	Negligible in 20 years	1 to 2 in 20 years	2 to 3 in 20 years	3 to 4 in 20 years	5 to 6 in 20 years
Actual negative returns	0 in 12 years	1 in 21 years	0 in 4 years	3 in 37 years	5 in 23 years
Annual returns at 30 June 2021					
Annual return since inception (p.a.)[23]	**2.15%** (1/04/2009)	**5.98%** (1/10/1999)	**7.21%** (6/07/2017)	**9.25%** (1/07/1984)	**8.03%** (1/01/1998)
Asset allocation (%) at 30 June 2021[24]					

Cash Savings		Conservative		Conservative Growth		Growth (Cbus MySuper)		High Growth	
Australian shares	0.00%	Australian shares	7.81%	Australian shares	16.01%	Australian shares	22.60%	Australian shares	32.51%
Global shares	0.00%	Global shares	9.80%	Global shares	19.20%	Global shares	27.06%	Global shares	38.79%
Emerging market shares	0.00%	Emerging market shares	2.00%	Emerging market shares	4.00%	Emerging market shares	6.37%	Emerging market shares	9.00%
Private equity	0.00%	Private equity	0.30%	Private equity	0.40%	Private equity	2.71%	Private equity	3.70%
Alternative growth	0.00%	Alternative growth	1.40%	Alternative growth	1.50%	Alternative growth	1.55%	Alternative growth	5.30%
Infrastructure	0.00%	Infrastructure	6.10%	Infrastructure	8.60%	Infrastructure	10.80%	Infrastructure	5.60%
Property	0.00%	Property	6.00%	Property	8.30%	Property	10.55%	Property	5.10%
Global Credit[26]	0.00%	Global Credit[26]	8.70%	Global Credit[26]	7.40%	Global Credit[26]	6.13%	Global Credit[26]	0.00%
Fixed interest	0.00%	Fixed interest	26.30%	Fixed interest	14.50%	Fixed interest	5.84%	Fixed interest	0.00%
Cash	100.00%	Cash	31.59%	Cash	20.09%	Cash	6.39%	Cash	0.00%

Table Notes for pages 54 & 55

[22] Risk level: The Risk Level is based on an industry wide Standard Risk Measure, which relates to the number of expected negative annual returns over a 20-year period.

[23] Returns are to the period ending 30 June 2021.

[24] The strategic asset allocations and ranges for investment options are available on the website and in the Investment Guide.

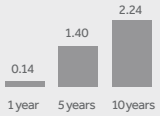
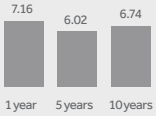
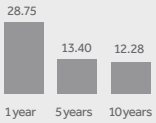
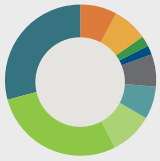
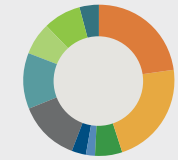
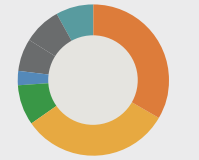
[25] Super Income Stream options - Fully Retired.

[26] Global Credit was referred to as Mid-Risk Alternatives, as at 30 June 2021, and has been reframed as Global Credit effective 2 August 2021.

[27] Investment performance is the gross return minus investment costs. Excludes account keeping administration fees and taxes, which are applied by the Cbus Self Managed platform, where applicable. Past performance is not a reliable indicator of future performance.

[28] Since inception on 29 July 2015.

Super Income Stream options[25]

	Cash Savings	Conservative	Conservative Growth	Growth	High Growth
Risk/return					
Risk level/ (band)[22]	Very low	Low to medium	Medium	Medium to high	High
Investment objective	Deliver an after-tax return above the RBA cash rate (adjusted for fees & tax)	Inflation plus 1.50% a year over rolling 10 year periods	Inflation plus 2.75% a year over rolling 10 year periods	Inflation plus 3.50% a year over rolling 10 year periods	Inflation plus 3.75% a year over rolling 10 year periods
Likelihood of negative annual returns	Negligible in 20 years	1 to 2 in 20 years	2 to 3 in 20 years	3 to 4 in 20 years	5 to 6 in 20 years
Actual negative annual return since inception	0 in 12 years	0 in 12 years	0 in 7 years	0 in 12 years	1 in 12 years
Annual returns at 30 June 2021					
Annual return since inception (p.a.)[23]	**2.59%** (1/07/2009)	**6.93%** (1/07/2009)	**8.43%** (2/12/2013)	**10.54%** (1/07/2009)	**12.12%** (1/07/2009)
Asset allocation (%) at 30 June 2021[24]					

Accumulation	Cbus Self Managed Property	Cbus Self Managed Infrastructure
Risk profile	Medium to high risk	High risk
To deliver an after-tax and investment fees return, over 10-year rolling periods	Inflation + 2.75% p.a.	Inflation + 3.25% p.a.
To limit the likelihood of negative returns to:	3 to 4 in every 20 years	3 to 4 in every 20 years
Actual performance[27,28]	**9.39%**	**11.34%**

Super Income Stream[25]	Cbus Self Managed Property	Cbus Self Managed Infrastructure
Risk profile	Medium to high risk	High risk
To deliver an after-tax and investment fees return, over 10-year rolling periods	Inflation + 3% p.a.	Inflation + 3.5% p.a.
To limit the likelihood of negative returns to:	3 to 4 in every 20 years	3 to 4 in every 20 years
Actual performance[27,28]	**9.39%**	**11.34%**

Our people



From top left to right: Justin Arter (CEO), Keith Wells-Jansz (Chief Financial Officer), Robbie Campo (Group Executive, Brand, Engagement, Advocacy and Product), Wade Martin (Chief Risk Officer), Kristian Fok (Chief Investment Officer), Mirella Robinson (Chief Information Technology Officer), Marianne Walker (Group Executive, Member and Employer Experience), Nick Vamvakas (Group Executive, Strategy and Growth), Kristin Miller (Group Executive, People and Culture)

Employee engagement score for Cbus

69%

2021 Employee Engagement Survey

Organisational restructure

In early 2021, our CEO announced some changes to the Cbus Executive which included the appointment of two new Group Executives: Mirella Robinson as Chief Information Technology Officer and Kristin Miller as Group Executive, People and Culture. The People, Technology and Enablement (PTE) department was dissolved. Additionally, several departments were realigned including:

- Enterprise Project Governance Office reporting to Wade Martin (Chief Risk Officer)
- Corporate Growth reporting to Nicholas Vamvakas (Group Executive, Strategy and Growth)
- internal and external marketing and communications functions reporting to Robbie Campo (Group Executive, Brand, Engagement, Advocacy and Product (BEAP))
- Project Management Office (PMO) reporting to Mirella Robinson (Chief Information Technology Officer).

These changes were made in order to better respond to the increasingly competitive external environment and to ensure that the critical functions of Technology and People and Culture are appropriately represented at an executive level.

Engagement

Success starts with our people. They are the key enabler for the Fund to achieve its strategy. We measure the success of our people strategy through our annual employee engagement survey, 'Listening to Cbus'.
Our overall employee engagement was 69%, representing a meaningful downward shift from last year's score of 75% and falling slightly below the Australian financial services benchmark of 70%.[29] In the period leading up to this year's survey, Cbus had undergone a significant amount of change including the announcement of the organisational restructure and adjustment by both individuals and the organisation to hybrid ways of working, combining working from the office, working from home or a blend of both, as COVID-19 restrictions eased.

Positively, 80% of our employees still recommend Cbus as a great place to work and are proud to work for Cbus. Our employees continue to indicate that Cbus has a strong commitment to social responsibility (80% favourable) and they believe that Cbus allows them to make a positive difference (75% favourable).

[29] Culture Amp - Australian Financial Services Benchmark
[30] FIRG HR Policy and Practices Report 01/2021
[31] Data source: Harsha Dayarathne data.wgea.gov.au/comparison/?id1=1&id2=27

Keeping Cbus COVID-safe has been a key focus of the Work Health and Safety team this year.

Gender Equity	Target	2021	2020
Board	30%	31%	31%
Executive Team	50%	44%	38%
Heads of	50%	40%	40%
All staff (including above)	50%	50%	49%
Investments Team	40%	38%	39%

Attraction and retention

We seek to attract and retain experienced professionals with specific expertise and aligned values. Despite the challenges of COVID-19, we successfully appointed 144 new people via remote onboarding and virtual induction. By the end of the financial year Cbus had grown to 607 permanent and maximum term employees.

Our Employee Value Proposition, which includes an excellent flexible working offering, continues to be a valuable tool with which to attract and retain high-calibre talent. We are committed to sourcing and retaining talent that shapes our culture through shared values and common purpose. This year, our voluntary turnover was 7.1%, well below the superannuation industry benchmark of 9%.[30]

Our gender pay gap this financial year was 14.8%: 0.8% lower than last year, and lower than Australia's current gender pay gap (20.1%). This also compares favourably to the financial services industry figure of 27.5%.[31]

A key focus this year was the design and delivery of our Leadership Essentials program for Cbus' people leaders. This program focuses on building the capability of our people leaders to ensure that they are more effectively able to manage their teams, including understanding what Cbus expects of them as leaders, providing regular, quality feedback to support performance and development, and managing their teams through change. Over the next 12 months, over half our people leaders will have completed this program, resulting in a significant uplift in leadership capability across the Fund.

Career progression and professional development are key engagement drivers for our people. This year, additional programs, tools and resources were created to support individuals to better manage their career and development. These included career and development immersion sessions which were conducted across the organisation, and further embedding our mentoring program which connects individuals with mentors to support their development goals.

Work health and safety

Keeping Cbus COVID-safe has been a key focus of the Work Health and Safety team this year, as our members, our employees, their families and loved ones lived through the COVID-19 pandemic.

The Cbus COVID-Safe program took a holistic approach to employees' health and wellbeing as the pandemic progressed over the last year. A detailed COVID-Safe plan was established including daily health checks for all employees attending Cbus' offices nationally (in line with government advice), support for home working, and seminars and information on how to safeguard mental and physical wellbeing.

Further reinforcing the importance of maintaining the health and wellbeing of our people, Kristian Fok, Chief Investment Officer and Group Executive, was appointed as Chair of the Cbus Health and Safety Committee (HSC). In addition to providing a forum for consultation between management and employee representatives, the HSC is also a key element of the Cbus work health and safety governance framework, which supports Cbus in meeting its legal obligations regarding health and safety.



Annual Financial Report

The Cbus Annual Financial Report is based on the Fund's accounting records and Annual Statutory Financial Statements ("Financial Statements"), prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. The Fund's Financial Statements also include a Trustee's Declaration and an Independent Auditor's Report on the Financial Statements. The Fund's Financial Statements are reviewed and endorsed by the Trustee's Board of Directors.

Financial oversight

Board Committees

The following Board Committees provide additional oversight to Cbus' Financial Framework, including its processes and policies.

The Committees roles and responsibilities are outlined below:

Audit and Finance (AFC)

The overall role of the AFC is to provide assurance to the Board by providing an objective non-executive review of the effectiveness of the Trustee's:

- financial governance and reporting responsibilities
- corporate governance
- audit and tax matters
- other commercial matters
- enterprise performance and member outcomes delivery.

These support the achievement of the Trustee's strategic objectives, consistent with its risk appetite and risk management framework.

Risk Committee (RC)

The overall role of the RC is to provide assistance to the Board by providing an objective non-executive review and oversight of the effectiveness of the Trustee's risk management framework and advise the Board on the Trustee's current and future risk appetite, risk culture and risk management strategy.

Financial Statements inputs

There are several inputs that support the completeness and accuracy of the Fund's Financial Statements.

Custodian administration controls

Under the Fund's various compliance and risk management frameworks, the Trustee has established controls and monitoring activities to ensure the services and reporting from the Custodian remain timely and accurate.

Additionally, an independent audit of the internal controls and procedures the custodian has over custody, investment administration, accounting and tax reporting, unit registry and related information technology services, is completed by the custodian's external auditor and provided to the Fund. The independent auditor's report is also provided and reviewed internally.

Procedures performed by the Fund's RSE Auditor provides additional assurance over the existence and valuation of the Fund's investments held under custody by the Custodian.

The above activities support the investment balances reflected in the Fund's Financial Statements and notes to the Financial Statements.

Administrator's controls

Under the Fund's various compliance and risk management frameworks, the Trustee has established controls and monitoring activities to ensure the services and reporting from the Administrator remain timely and accurate.

Additionally, an independent audit of the internal controls and procedures the Fund's Administrator has over superannuation and pension member administration is completed annually. A copy of the report is provided to the Fund and reviewed by management.

The above activities support member-related information reflected in the Fund's Financial Statements and notes to the Financial Statements

Tax review

A review of the tax balances in the Fund's Financial Statements is completed by the Fund's internal tax specialists, in conjunction with the external auditor, to provide assurance over these numbers. In-house tax expertise assists in maintaining a comprehensive tax management framework, which supports the accuracy of tax-related lodgments and disclosures within the Fund's Financial Statements.



Artist impression of Cbus Property's Como Terraces residential project in South Yarra, Melbourne

External audit

The Fund's external RSE Auditor (Ernst & Young) conducts an independent audit of the Fund's Financial Statements, to provide an opinion on legislative requirements, including whether the statements are presented fairly and comply with Australian Accounting Standards (including interpretations) and other mandatory professional reporting requirements.

The external RSE Auditor performs procedures in accordance with Australian Auditing Standards to enable it to form its opinion.

The RSE Auditor attends all AFC meetings and has unfettered access to the committee.

Internal audit

The Fund's internal auditor (KPMG) completes reviews of internal controls and procedures over the Fund's key processes and procedures that are represented in the Fund's Financial Statements and notes to the Financial Statements. The Fund's internal auditor attends all AFC meetings and has unfettered access to the committee.

Through the execution of an internal audit program, the internal audit function is responsible for:

- assessing the Fund's Risk Management Framework
- assessing the processes and frameworks in place to support compliance with Prudential Standards
- reviewing the effectiveness of internal controls with focus on operational, financial and compliance risks and controls.

The internal audit program is ongoing and covers specific aspects of the operations of Cbus Property.

Financial Statements

Presented below is an abridged financial summary of the Fund's audited Financial Statements for the last two years. More detailed financial information, including the Fund's audited Financial Statements and the auditor's report, can be found in the Fund's Financial Statements available online at:

cbussuper.com.au/cs/annual-financial-statements-2021

Copies of these may be requested by calling us on 1300 361 784.

Annual Financial Report

Statement of financial position as at 30 June 2021

	2021 $'000	2020 $'000
Financial assets	65,599,313	54,178,746
Cash and cash equivalents	39,976	31,243
Other assets	118,033	152,423
Less: Liabilities	(2,204,782)	(1,331,289)
Net assets available for members' benefits	**63,552,540**	**53,031,123**
Less: Members' liabilities	(63,201,143)	(52,598,985)
Net assets	**351,397**	**432,138**
Equity		
Operational risk reserve	158,882	145,889
Reserves	192,515	286,249
Total equity	**351,397**	**432,138**

Income statement for the year ended 30 June 2021

	2021 $'000	2020 $'000
Superannuation activities income		
Interest revenue	203,458	250,995
Distribution and dividend revenue	1,131,649	1,293,930
Net changes in fair value of financial instruments	9,501,129	(998,726)
Other investment income	22,843	23,419
Total superannuation activities income	10,859,079	569,618
Expenses		
Investment expenses	(183,317)	(188,942)
Administration and other operating expenses	(237,782)	(205,043)
Insurance premium expenses	(73,116)	(74,905)
Total expenses	**(494,215)**	**(468,890)**
Results from superannuation activities before income tax (expense)/benefit	**10,364,864**	**100,728**
Income tax (expense)/benefit	(872,863)	147,615
Results from superannuation activities after income tax (expense)/benefit	**9,492,001**	**248,343**
Less: Net benefits allocated to members' accounts	(9,572,742)	(210,166)
Operating result after income tax	**(80,741)**	**38,177**

Members' benefits and changes in equity

Members' benefits

Members' funds represent benefits accrued to members at 30 June 2021.

Statement of changes in members' benefits for the year ended 30 June 2021

	2021 $'000	2020 $'000
Opening balance of members' benefits	**52,598,985**	**50,997,546**
Add		
Contributions received	4,043,541	3,800,796
Transfers from other superannuation funds	1,108,598	1,715,062
Net investment income	9,746,552	307,899
Insurance proceeds	263,470	300,945
Less		
Benefits paid to members/beneficiaries	(3,528,975)	(3,625,360)
Administration and other fees	(173,810)	(97,733)
Insurance premiums charged to members	(320,608)	(281,589)
Income tax on contributions	(536,610)	(518,581)
Closing balance of members' benefits	**63,201,143**	**52,598,985**

Statement of changes in equity for the year ended 30 June 2021

	General reserve $'000	Administration reserve $'000	Insurance reserve $'000	Operational risk reserve $'000	Total equity $'000
Balance as at 30 June 2019	**39,538**	**–**	**210,527**	**143,896**	**393,961**
Balance as at 30 June 2020	**96,020**	**20,916**	**169,313**	**145,889**	**432,138**
Net transfers (to)/from reserves	–	13,315	–	(13,315)	–
Operating result after income tax	(69,949)	(3,273)	(33,827)	26,308	(80,741)
Balance as at 30 June 2021	**26,071**	**30,958**	**135,486**	**158,882**	**351,397**

General Reserve

The purpose of the Fund's General Reserve is to manage the receipt of investment income and the payment of investment related expenses and taxes. This reserve is also used for the allocation of investment earnings to members via the process of declaring daily crediting rates.

The Trustee's Board of Directors has determined that the General Reserve is to be maintained within a range of 0.05%–0.25% of the Fund's net assets available for members' benefits. The factors considered in setting this range include:

- the internal investment costs of the Fund
- investment tax and other liabilities of the Fund
- the Fund's investment processes and internal control environment
- current investment mix and operating complexity
- resources available to maintain a target level funding of the Operational Risk Financial Reserve (ORFR), in line with the Cbus Operational Risk Financial Requirement (ORFR) Strategy.

The level of the General Reserve will be set annually as part of the Fund's Financial Statements and review process.

The investment strategy for the General Reserve is the strategy for the combined investment options. In practice, this is predominantly the investment strategy for the Growth Option, which is reviewed as part of the annual review of the Fund's investment strategy.

Administration Reserve

The purpose of the Administration Reserve is to manage the receipt of administration fees and the payment of Fund administration and operating expenses. This reserve is also used to cover unexpected and unbudgeted expenses of the Fund, including the delivery of significant projects that are not business as usual based, along with the Fund's responses to any emerging risks and opportunities for delivering member benefits. The Administration Reserve can also be utilised to fund the implementation of material legislative and regulatory requirements, along with other extraordinary and abnormal events impacting on the Fund.

The Board of Trustees has determined that the Administration Reserve is to be maintained within a range of 0.01%- 0.25% of Fund net assets and a target level of 0.10% of Fund's net assets available to members' benefits.

The factors considered in setting this range include:

- the administrative and operational running costs of the Fund
- tax and other liabilities of the Fund
- the Fund's operating processes and internal control environment
- the Fund's business planning and budgeting process
- the Fund's expected future Capital Expenditure on products and service
- the Fund's risk management framework and profile considerations and requirements
- impacts on members' equity over time
- the level and type of fees charged to members
- resources available to maintain a target level funding of the Operational Risk Financial Reserve (ORFR), in line with the Cbus Operational Risk Financial Requirement (ORFR) Strategy.

The level of the reserve is reviewed annually as part of the Fund's annual business planning and budget process or as otherwise required.

Operational Risk Reserve

Under Prudential Reporting Standards, Registrable Superannuation Entities, such as Cbus, are required to maintain an Operational Risk Reserve to meet potential losses arising from its business operations. The Trustee considered it appropriate to set the target level of this reserve at 0.28% of the Fund's net assets available for members' benefits for the 2020 financial year.

Cbus reviews the adequacy of this reserve annually, or in response to material changes in its business operations. The outcome of the annual review in June 2021 was to adjust the target level of the reserve to 0.25% of the Fund's net assets available for members' benefits.

Insurance Reserve

The Insurance Reserve is funded from premiums deducted from members' accounts, the tax benefits from the payment of premiums to the insurer and investment earnings on the reserve.

We use the Insurance Reserve only for insurance-related purposes to:

- collect deductions and pay the insurer the premiums
- pay for the operating and administration costs for insurance and claims
- provide premium price relief to insured members
- set aside money to meet the financial obligations of our insurance providers
- fund strategies to reduce insurance claims over the long term
- develop and improve insurance offerings
- implement legislative changes.

We have an arrangement with the insurer under which:

- we may receive a payment from the insurer in years where the level of claims compared to premiums is low
- we may be required to pay the insurer in years where the level of claims compared to premiums is high. These payments will not exceed 10% of the premiums paid for the relevant year
- any payments we receive from the insurer must be used for insurance-related services.

The table below shows the payments made from or received by Cbus in relation to the above arrangement over the past four years.

Financial year	Amount received by Cbus /paid by Cbus
2020/2021	($43,580,110) paid by Cbus
2019/2020	($32,200,000) paid by Cbus
2018/2019	$39,364,566 received by Cbus
2017/2018	$38,155,241 received by Cbus

We aim to maintain the Insurance Reserve at 20% of the annual premiums paid to the insurer. We also allow for contingent liabilities to the insurer (payments that may arise in future). There is a minimum amount we must maintain to ensure we can meet our obligations.

At 30 June 2021, the contingent liability on a tax-adjusted basis to insurers was $121,649,453, and the Insurance Reserve had an additional $13,836,547. As the Insurance Reserve is in a healthy position, Cbus is applying part of the reserve to reduce premiums for insured members.

Each year we review the level of Insurance Reserve (including any premium price relief for members). The current level of premium price relief for members has been in place since September 2017 and we expect it to continue to apply until June 2022.



Cbus Property's Hōlme residential project in Collingwood

Independent Limited Assurance Report to the Directors of United Super Pty Ltd as trustee for Construction and Building Unions Super Fund (Cbus)

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the information subject to assurance comprising pages 5 to 63 of the Cbus Annual Integrated Report 2021 for the year ended 30 June 2021, which has been prepared by Cbus in accordance with the International Integrated Reporting Council's International Integrated Reporting <IR> Framework.

Information subject to assurance

Information subject to assurance comprises pages 5 to 63 of the Cbus Annual Integrated Report 2021 for the year ended 30 June 2021 (Cbus Integrated Report).

Criteria used as the basis of reporting

The criteria used as the basis of reporting is the International Integrated Reporting Council's International Integrated Reporting <IR> Framework (<IR> Framework) as disclosed in the Cbus Integrated Report.

Basis for conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Cbus Integrated Report, whether due to fraud or error
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

We have not been engaged to provide an assurance conclusion on the fitness for purpose or the operating effectiveness of the Cbus strategy or how Cbus creates value, including the governance, strategic management and other key business processes. The procedures we have performed in relation to the Cbus strategy and how Cbus creates value are outlined below.

Summary of procedures performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- interviews with executives, senior management and staff to understand the internal controls, governance structure and reporting process relevant to the Cbus Integrated Report
- reviewing the description of the Cbus strategy and how Cbus creates value in the Cbus Integrated Report and enquiring of management as to whether the description accurately reflects their understanding
- assessment of the suitability and application of the <IR> Framework in respect of the Cbus Integrated Report. This included an analysis of the Cbus Integrated Report compared to the Guiding Principles and Content Elements of the <IR> Framework
- reviewing Cbus' processes underlying the identification of material issues and considering Cbus's own materiality assessment with reference to multiple sources of information including internal assurance findings, print and social media, external framework requirements and peer and industry reporting trends
- assessment of the alignment between the Cbus strategy and the disclosures on how Cbus creates value and what matters most to Cbus stakeholders

- reviewing Board minutes to check consistency with the Cbus Integrated Report
- agreeing the Cbus Integrated Report to relevant underlying documentation on a sample basis
- analytical procedures over the key metrics in the Cbus Integrated Report
- review of the Cbus Integrated Report in its entirety to check it is consistent with our overall knowledge obtained during the assurance engagement.

How the standard defines limited assurance and material misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Cbus.

The limitations of our review

The Cbus Integrated Report includes prospective information. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Cbus Integrated Report.

Use of this Assurance Report

This report has been prepared for the Directors of Cbus for the purpose of providing an assurance conclusion on the Cbus Integrated Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Cbus, or for any other purpose than that for which it was prepared.

Management's responsibility

Management are responsible for:

- determining that the <IR> Framework is appropriate to meet their needs and the needs of other intended users
- preparing and presenting the Cbus Integrated Report in accordance with the <IR> Framework
- identifying stakeholders and stakeholder requirements;
- identifying material issues and reflecting those in the Cbus Integrated Report and
- establishing internal controls that enable the preparation and presentation of the Cbus Integrated Report that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Cbus Annual Integrated Report 2021 for the year ended 30 June 2021, and to issue an assurance report that includes our conclusion.

Our independence and quality control

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants (including Independence Standards) issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

KPMG

KPMG

Julia Bilyanska

Julia Bilyanska
Director
Melbourne

29 October 2021

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Lonsec
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Cbus is honoured to be recognised with these awards

Morningstar

- Cbus Super Growth (MySuper) Fund has a Morningstar Analyst Rating™ of Bronze as of 25 Sep 2021
- Cbus Super Conservative Fund has a Morningstar Analyst Rating™ of Bronze as of 25 Sep 2021
- Cbus Super Conservative Growth Fund has a Morningstar Analyst Rating™ of Bronze as of 25 Sep 2021
- Cbus Super High Growth Fund has a Morningstar Analyst Rating™ of Bronze as of 25 Sep 2021

SuperRatings

- SuperRatings Platinum 2021 Pension
- SuperRatings Platinum 2021 MySuper
- Career Fund of the Year 2021
- 7 Year Platinum Performance Cbus – Growth (Cbus MySuper) 2014 – 2021
- 10 Year Platinum Performance Pension Product 2011 – 2021
- 15 Year Platinum Performance MyChoice Super 2006 – 2021
- Net Benefit Finalist 2021
- Infinity Recognised 2021

Chant West

- Specialist Fund of the Year 2021
- Best Fund: Integrity 2021
- 5 Apples – Highest Quality Fund – Super 2021
- 5 Apples – Highest Quality Fund – Pension 2021

Canstar

- Canstar Outstanding Value Account Based Pension 2020
- Canstar Outstanding Value Account Based Pension 2021

Rainmaker

- Rainmaker AAA Quality Rating

Lonsec

- Highly Recommended for Cbus – Growth (Cbus MySuper) option
- Highly Recommended for Cbus – Conservative option
- Highly Recommended for Cbus – High Growth option
- Highly Recommended for Cbus Super Income Stream – Conservative Growth option

Money Magazine

- Money Magazine's Best Pension Fund 2021
- Money Magazine's Best Moderate Pension Product 2021
- Money Magazine's Best Growth Pension Product 2021

Annual Integrated Report 2021

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Thank you
Cbus wishes to thank our many members, employers, families and staff who kindly allowed their photos to be included in this annual report.

We welcome your thoughts
As always we value your feedback and invite you to send any comments or queries about this report to: annualreport@cbussuper.com.au

You can also review this report online:
cbussuper.com.au/annualreport

cbus super fund