Engagement and Materiality Supplement 2020

Building a better future



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Our reporting suite

Cbus Annual Integrated Report 2020

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

Supplements

Responsible Investment

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

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

cbussuper.com.au/cs/responsible-investment-2020

Governance

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

cbussuper.com.au/cs/governance-2020

GRI Standards Content Index

A table containing the GRI Standards Cbus has reported on. Provides the location of information linked to the Standard within the Annual Integrated Report, supplements and the Cbus website.

cbussuper.com.au/cs/gri-index-2020

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-2020

cbussuper.com.au/cs/annual-financial-statements-2020

Engagement and Materiality

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

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

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

cbussuper.com.au/cs/engagement-materiality-2020

Engaging with our stakeholders

Through our stakeholder engagement, we identify material topics for the 2020 Cbus Annual Integrated Report and its supporting supplements. In doing this, we consider the GRI Standards and the Integrated Reporting framework. Material topics impact the value Cbus creates for members and have broader external sustainability impacts.

In 2012, we mapped our stakeholders and we review this each financial year. As in previous years, we identified our major stakeholders for 2020 as members, employers and their associations, and construction and building unions. In our Annual Integrated Report and supplements, we focus on topics these stakeholders believe are most important.

This year, our engagement activity included obtaining direct and indirect feedback on Cbus, and on issues relating to superannuation and sustainability. We reviewed issues that arose in the media and those raised by regulators, government and peer industry groups during the financial year. We also followed up with a range of stakeholders to understand whether the impacts of COVID-19 materially changed any of their concerns.

This supplement focuses primarily on Cbus, but also includes Cbus Property – which is a wholly owned subsidiary of Cbus.

Table 1 (on page 4) lists Cbus' stakeholders and engagement activity.

Materiality – the issues that matter to our stakeholders

Through our stakeholder engagement, we drew more than 228 opinions. We categorised this feedback and confirmed that our five material themes are unchanged from last financial year. Evenly weighted in terms of significance, these themes bring together the issues we considered relevant to Cbus' short, medium and long-term value creation for members. These themes may impact fund strategy, governance, performance or prospects over time. They are also significant for Cbus' sustainability impacts and influence the assessments and decisions of our stakeholders. The Cbus Executive team and Board reviewed these themes.

Cbus stakeholder material themes

- Having enough income in retirement
- Meeting member and employer products and service needs
- Getting the right help at the right time to make sound decisions
- Strong, reliable and trusted fund contributing to an effective superannuation system
- Long-term, responsible and innovative investment strategy contributing to a sustainable global financial system

Our material themes were retested after the onset of the Covid-19 pandemic, given the profound effect the it had on the building and construction industry. While many of our members were considered essential workers and continued working despite restrictions elsewhere, the industry has experienced a setback. There has been a hold on new developments and changed working conditions on existing projects has meant many members were working less hours or not at all. This has meant their incomes and therefore their super balances may have been affected.

Some topics were deemed more important for our members. For example, meeting member and employer products and service needs was invaluable to members whose incomes and super balances have been impacted by COVID-19.

For reporting, we have prioritised the issues that have the highest relevance to value creation in the Annual Integrated Report. We have provided more detailed information on sustainability through the supplements.

Alignment to GRI Standards and boundaries applied

Table 2 shows the stakeholder issues grouped for each theme.

We reviewed the five key themes for alignment with the GRI Standards. We have included the GRI G4 Financial Services Sector Disclosures where relevant. The boundaries describe where the impacts occur for a material theme or topic, and Cbus' involvement with those impacts. The boundaries also consider the supply chain including fund managers, the companies in which we invest, the custodian, insurer and administrator.

Table 3 on page 7 shows the stakeholder issues we associated with each theme, matched to GRI Standards, together with the boundaries we applied.

Tables

Table 1: Cbus stakeholders and engagement activity

Members	Employers	Trade Unions & Sponsors	Employees	Business Partners
Direct feedback: • Member feedback through Cbus annual member briefing **Internal Interviews:** • Cbus Advice Services • Member experience - the 'Voice of Cbus' • Cbus onsite coordinators • National front counter • Cbus operations support • Member complaints • Research analytics **External research:** • Investment Trends • KPMG Super Insights • The NMG Super Funds Review • Janus Interim Qualitative	**Internal Interviews:** • Executives **External research:** • Small Business Insights • Employer Engagement Survey	**Internal Interviews:** • Executive Industry Partnerships • Senior consultants • Industry Partnerships	**Internal Interviews:** • Employees • Executives • Board • Cbus Property	**Internal Interviews:** • Fund manangers • Link • Custodian
Regulators	**The industries we serve**	**The industries we operate in**	**Our community**	
Media Releases: • APRA • ASIC • ATO • RBA	• Master Builders Association media releases and news	**Media Releases:** • ACSI • AIST • ASFA • ISA	**Internal research:** • Responsible investment survey	

Table 2: Stakeholder key issues grouped by theme

Theme	Stakeholders	Key Topic	Descriptions
Having enough income in retirement	• Members/potential members • Employers/potential employers • Coordinators • Customer experience • Community • Member research sources • Super industry	Level of retirement income/ retirement outcome	Having enough to fund a modest lifestyle – given people living longer. Also, impact of unpaid super, gender inequality, broken work cycles, earlier retirement and 'gig economy' on retirement savings.
		Investment	Appropriate investment options for retirement.
		Economy	Concern over economic situation and impact on balance at retirement.
		Financial security	Australians aspire to self-sufficiency in retirement and want more than what the Age Pension can provide. They want to be able to have financial security in their old age to cover medical costs, aged care and general expenses.
		Employment	Economic impact on jobs and then in turn on ability to build up retirement savings.
Getting the right help at the right time to make sound decisions	• Members/potential members • Employers/potential employers • Coordinators • Customer experience • Community • Member research sources • Super industry	Trust	High level of trust and confidence in Cbus.
		Accessibility	Access to funds in times of financial hardship; access to advice.
		Communications	Members want to be informed (changes in super, changes to regulations) in basic uncomplicated terms. More personalized service and communication options.
		Education	Education about superannuation, financial literacy in order to attain better outcomes.
Meeting member and employer product and service needs	• Members/potential members • Employers/potential employers • Coordinators • Customer experience • Sponsors • Business partners • Government and regulators • Industry associations • Cbus Executive team • Cbus management	Communication	Members want to be informed and spoken to in basic uncomplicated terms.
		Product and service	Members want fast, seamless service turnaround.
		Administration	Proactive in correcting issues, administration efficiency and accuracy.
		Digital	Feedback on need for better, more seamless digital experience and tools.
		Flexibility and investment options	Need for flexibility in service/product offering.

Table 2: Stakeholder key issues grouped by theme (continued)

Theme	Stakeholders	Key Topic	Descriptions
Strong, reliable and trusted fund contributing to an effective superannuation system	• Members • Potential members • Employers • Potential employers • Regulators • Staff • Sponsors • Media • Rating agencies • Industry • Community	Regulation	Expect increased regulatory pressures that will impact administration and regulatory reporting. Ensuring processes and governance in place.
		Superannuation system	Policy and proposed policy impacts on member retirement outcomes and fund contribution to policy on behalf of member best interest.
		Merger	Scale and competitive strength of fund.
		Branding	Maintaining our reputation and integrity, enhance trust with Cbus. Members want Cbus to "be there when I need you"; 'be my super guardian'; 'future proof my super".
		Trust	Trust by members that Cbus is acting on their behalf and in their interest.
		Risk management	How Cbus manages risk, for example, fund operational risks due to impacts of Covid.
		Fund liquidity	Major events and ability for the fund to manage liquidity to ensure ability to pay member benefits.
		Capability/human capital	Importance of a progressive work environment - attractive to prospective employees, retaining talent. Fostering diversity and inclusion.
Long-term, responsible and innovative investment strategy contributing to a sustainable global financial system	• Members • Potential members • Employers • Potential employers • Staff • Sponsors • Governments • Regulators • Community • NGOs • Fund managers we invest through	Fund operation	Sustainable investment, sustainable fund practices (eg. modern slavery, labour rights, OH&S) and sustainable supply chain activity.
		Value for money	Competitive fees and costs in exchange for strong risk-adjusted long-term return outcomes.
		Returns and performance	In a year of volatility, impact of financial markets on investment returns. Member switching activity - as short-term responses can be damaging to long-term outcomes. Strong outcomes enhance merger opportunities.
		Climate change risk	Members and employers expect that Cbus will actively manage risks of climate change in its investment portfolio to protect member long term interests.
		Superannuation contribution to the real economy	Investment into the Australian real economy – returns to members and support, including jobs, to the building and construction industry.

Table 3: Boundaries – what we disclose for GRI reporting

Stakeholder topics from engagement	Material aspects (GRI Standards and GRI G4 Financial Services Sector Disclosures)	Boundary
Having enough income in retirement	GRI 201: Economic performance	Cbus members (return on their investment), all working and retired Australians (policy impacts).
Strong, reliable and trusted fund contributing to an effective superannuation system	GRI 401: Employment GRI 404: Training and education GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination	Cbus and Cbus Property impact on Cbus employees/prospective employees.
Long-term, responsible and innovative investment strategy	GRI 203: Indirect economic impacts and GRI G4 FSSD: Active ownership	Cbus impact on external companies and investments, indirectly on economy.
	GRI G4 FSSD: Product portfolio	Cbus impact on members' retirement outcomes.
	GRI 302: Energy GRI 305: Emissions GRI 306: Effluents and waste	For Cbus Property (core portfolio only) - all three indicators as part of environmental impact on local and wider community, For Cbus, emissions scope 1 and 2 impact for equity portfolio.
	GRI 403: OH&S	Cbus Property impact on workers (not employees and not directly engaged by Cbus). Cbus Property and Cbus impact on employees.
Meeting member and employer products and service needs	GRI G4 FS14: Local communities initiatives GRI G4 FS16: Financial literacy initiatives	Cbus impact on members and prospective members and their communities – Australian building and construction workers (health and financial education initiatives).
Getting the right help at the right time to make sound decisions	GRI G4 FS16: Financial literacy initiatives	Cbus impact on members and prospective members financial retirement outcomes. – Australian building and construction workers.