Engagement and Materiality Supplement 2021



ForWard focus

IN TIMES OF CHANGE

cbus super fund

Contents

Engagement and Materiality Supplement 2021

Online supplements 2

Engaging with our stakeholders 3

Materiality – the issues that matter to our stakeholders 4

Tables 5

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 against 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

Cbus Property Sustainability Report

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

cbusproperty.com.au/sustainability-strategy

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

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

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

GRI Standards Content Index

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

cbussuper.com.au/cs/gri-index-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 Cbus Annual Integrated Report page 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.

Engaging with our stakeholders

Through our ongoing stakeholder engagement, we identify material topics for the 2021 Cbus Annual Integrated Report and its supporting supplements. When we undertake this engagement, we also consider the Global Reporting Initiative (GRI) Standards and the Integrated Reporting framework. The material topics and themes identified impact the value Cbus creates for its members and has broader external sustainability impacts.

Originally developed in 2012, we undertook an extensive process whereby we mapped out all of our stakeholders and we undertake of a review of this each year. As in previous years, we have identified our major stakeholders for 2021 as the following:

- our members
- employers and their associations
- construction and building unions
- our employees
- regulators
- the industries we serve and operate in
- our community.

In our Annual Integrated Report and supplements, we focus on topics these stakeholders believe are most important.

This year, a streamlined approach has been taken to understand material themes to stakeholders as part of the engagement and materiality process. 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 mainstream media and were raised by regulators, government and peer industry groups during the financial year.

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

Table 1 lists Cbus' stakeholders and engagement activity.

Materiality – the issues that matter to our stakeholders

Through our stakeholder engagement, 8 stakeholder groups were engaged, 166 pieces of feedback were collected, 69 topics identified from this feedback and 14 key topics grouped based on topics. We then categorised this feedback and confirmed we had five material themes. The five material themes that were identified are unchanged from the previous financial year. These themes bring together the issues we considered relevant to Cbus' short, medium and long-term value creation for our members. These themes may impact our funds 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. The themes are:



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.

Table 2 shows the stakeholder issues grouped for each theme. Alignment to GRI Standards and boundaries applied.

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 shows the stakeholder issues we associated with each theme, matched to GRI reporting standards, together with the boundaries we applied.

Tables

Table 1: Cbus stakeholders and engagement activity

Members		Employers	Trade Unions & Sponsors	Employees	Our community
S&G – research reports	IR&R – interviews				
• Member feedback through Cbus' Annual Members' Meeting **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:** • Kantar Brand Tracker • CoreData Super Brand, Retirement Research • KPMG Super Insights • Trust Research		**Internal interviews:** • Employer Team **External research:** • Small Business Insights • Employer Engagement Survey • Trust Research	**Internal interviews:** • Executive Industry Partnerships • Senior Consultants • Industry Partnerships	**Internal interviews:** • Employees • Executives • Board • Cbus Property	**Internal research:** • Responsible Investment Survey
		Regulators	**The industries we serve**	**The industry we operate in**	
		Media releases: • APRA • ASIC • ATO • RBA	• Master Builders Association media releases and news	• The NMG Super Funds Review **Media releases:** • ACSI • AIST • ASFA • ISA	

PA (Public Affairs)

S&G (Strategy & Growth)

IR&R (Investment Relations & Reporting)

Table 2: Stakeholder issues grouped by theme

Theme	Stakeholders	Issues	Example of issues raised*
Having enough income in retirement	• The industry we operate in • Members • Potential members • Employers • Potential employers • Coordinators • Customer experience • Community • Member research sources • Super industry	Economy	The Australian economy is expected to enter recession and employment concerns spike, impacts of COVID-19 are severe and continuing.
		Property ownership	Property ownership plays a big part in retirement success. Concerns around housing affordability.
		Preservation	The introduction of the COVID-19 early release scheme saw billions removed from system and will impact retirement outcomes.
		The superannuation system	Consolidation across the sector, legislative changes unwinding the default system.
		Adequacy	Legislated increases in SG essential to build low balances. Broken work patterns and unpaid super make a huge difference to retirement outcomes, as does the gender 'pay and super gap'.
Meeting member and employer products 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 • Community • Member research sources • Super industry	Accessibility	It is important to review accessibility for Cbus members and employers including customer service and ease of contact, ensuring a positive and consistent experience. Our coordinators are a key differentiator in the marketplace.
		Advice	Advice proves invaluable for those approaching retirement. Funds need to ensure their services are operating effectively and services are affordable.
		Investments	There is strong demand for tailored investment options.
		Insurance	The impact of COVID-19 will place pressure on claims, premiums and retirement benefit erosion, creating challenges for trustees in addition to the PYS PMIF and YFYS requirements. Insurance is another key differentiator for Cbus.
		Distribution and Product	The design and distribution obligations will impact product strategy, design, distribution and the product life cycle and should not be considered separately to the member outcomes obligations.
		Quality of service	Members and employers need ease of access but also a reliable quality service. Employer portal issues detracted from this.
		Sense of control	Feeling in control a major driver of retirement success.
		Communication	Member communications always need to be clear and well laid out to drive trust. Members enjoy the access and convenience of the digital age of information while at the same time lamenting the difficulty in processing it all effectively.
		Engagement	Low engagement levels impact ability to make sound decisions.

Table 2: Stakeholder issues grouped by theme (continued)

Theme	Stakeholders	Issues	Example of issues raised*
(continued)	(continued)	Investments	Internalisation program has delivered for members. 2020's campaign conveys a strong message around investing into Australia's future, but the personal benefit is not so clear, making this campaign resonate with prospects less. COVID-19 early release impact on liquidity and funds under management.
Long-term, responsible and innovative investment strategy contributing to a sustainable global financial system	• Members • Potential members • Employers • Potential employers • Coordinators • Customer experience • Community • Member research sources • Super industry	ESG	Socially responsible investing is a secondary choice driver, so Cbus should prioritise low fees and strong returns. ESG reporting increasing. Public focus increasing also.
		Fees	Members' general perception of high fees negatively affects brand value.
		Performance	Cbus members are more likely to be driven by value for money and customer focus, but performance is still the main game. Industry super funds' investment outperformance has added billions of dollars to members' retirement savings and deepened our national savings pool, helping protect the economy during downturns.
		Cbus Property	Cbus Property is important for the members. It delivers jobs in the industry and fosters ownership of the fund by its members.
		Trust	COVID-19 continues to be a concern and notably the impact on personal income and finances. Cbus members are more likely to feel vulnerable but well supported by the Fund throughout the COVID-19 crisis.
Strong, reliable and trusted fund contributing to a sustainable global financial system	• Members • Potential members • Employers • Potential employers • Regulators • Staff • Sponsors • Media • Rating agencies • Industry • Community • Governments • NGOs • Fund managers we invest through	Awareness	Spontaneous awareness of Cbus has declined for both members and prospects while competitors increased, possibly due to less SOV (Share of Voice) this year, and competitors spending more.
		Governance	With APRA updating its supervision frameworks and ASIC taking on an enhanced superannuation supervision role, the push to lift governance, culture, remuneration and accountability standards across the industry continues.
		Royal commission	Trustees and platforms should plan for the implementation of a number of legislative changes including recommendations from the Royal Commission.
		Safety	There has been increased focus on safety reporting as it's linked to the quality of management of a company, its operational performance and its culture.

Table 2: Stakeholder issues grouped by theme (continued)

Theme	Stakeholders	Issues	Example of issues raised*
(continued)	(continued)	Performance test	Without refinements to make it more robust, the government's performance test could end up costing many people hundreds of thousands of dollars from their retirement.
		Satisfaction	Satisfaction and reputation are particularly important because not only do these drive trust, but they also amplify the impact on loyalty and advocacy.
		Value	The vast majority of people are proud to work at Cbus, believe that ours is a values-driven organisation and would be extremely likely to recommend Cbus as a place to work.
		Insurance	A lot of members are worried and concerned about the changes to insurance and the Your Super, Your Future legislation.
		Cbus Property	Cbus Property is incredibly popular with members and they know it helps create jobs in the construction industry.
		Culture	Cbus is a fund tailored to members in building and construction and the products and services (insurance, compliance, coordinators education programs) reflects that. Important that we retain that culture and fight attempts by the government to decouple superannuation from its industrial base.

*Several data points were tied to each issue, we have provided an example to give context.

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 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.
	GRI 302: Energy GRI 303: Water	Cbus Property (core portfolio only).
	GRI 305: Emissions GRI 306: Effluents and waste	Environmental impact on local and wider community; Cbus emissions scope 1 and 2 impact for equity, property and infrastructure portfolios.
	GRI 403: OH&S	Cbus Property impact on workers (not employees and not directly engaged by Cbus Property) 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.