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Construction & Building Industry Super

cbus property

Cbus and Cbus Property
Modern Slavery Statement

December 2020



This Modern Slavery Statement is jointly issued by United Super Pty Ltd as Trustee for the Construction and Building Unions Superannuation Fund (Cbus) and Cbus Property Ltd and its managed entities (Cbus Property), including reporting entities Cbus Property Commercial Unit Trust and 1 William Street Unit Trust (Cbus Reporting Entities).[1]

This Modern Slavery Statement (Statement or Modern Slavery Statement) is for the purpose of reporting under the *Australian Modern Slavery Act 2018* (Cth).

Signed:



The Hon. Steve Bracks AC
Fund Chair, Cbus Super
11 December 2020

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1. United Super Pty Ltd ABN 46 006 261 623, AFSL 233792, Registrable Superannuation Licence (RSE L0000604) Construction and Building Unions Superannuation Fund (Cbus) ABN 75 493 363 262, registrable superannuation fund (R1000979).

Cbus Property Pty Ltd (Cbus Property) ABN 48 115 826 741. Its managed entities include the reporting entities.

Cbus Property Commercial Unit Trust ABN 71 303 520 778 and 1 William Street Unit Trust ABN 15 759 350 663.

1. Purpose

The purpose of this Modern Slavery Statement (Statement) is to outline our approach to ensuring that we have robust frameworks and processes in place to minimise the risk of modern slavery in our business operations and supply chains. This Statement is also for the purpose of reporting under the *Australian Modern Slavery Act 2018* (Cth).

For Cbus and its members, occupational health and safety and labour and human rights are an important area of focus. This aligns with our heritage, our values and the expectations of our key stakeholders. Recent research found that 93% of Cbus members and 86% of our employers want their superannuation fund to invest in assets and companies that create meaningful jobs now and into the future[2].

Eighty-seven per cent of members and 85% of employers would lose trust in Cbus if they became aware that Cbus had knowledge of poor workplace practices associated with its investments and did not take appropriate action[3].

We recognise that modern slavery can occur in many forms, including slavery, servitude, human trafficking, forced marriage, forced labour, debt bondage, the worst forms of child labour and deceptive recruiting or services.

Cbus and Cbus Property operate separately but have taken an integrated approach to addressing modern slavery. Together we are committed to minimising the risk of modern slavery in our operations and supply chains.

Our objective is to build a robust and comprehensive modern slavery framework. We will do this by taking a staged, focused and systematic approach, which is detailed in our Modern Slavery Roadmap, attached as an Appendix to this Statement.

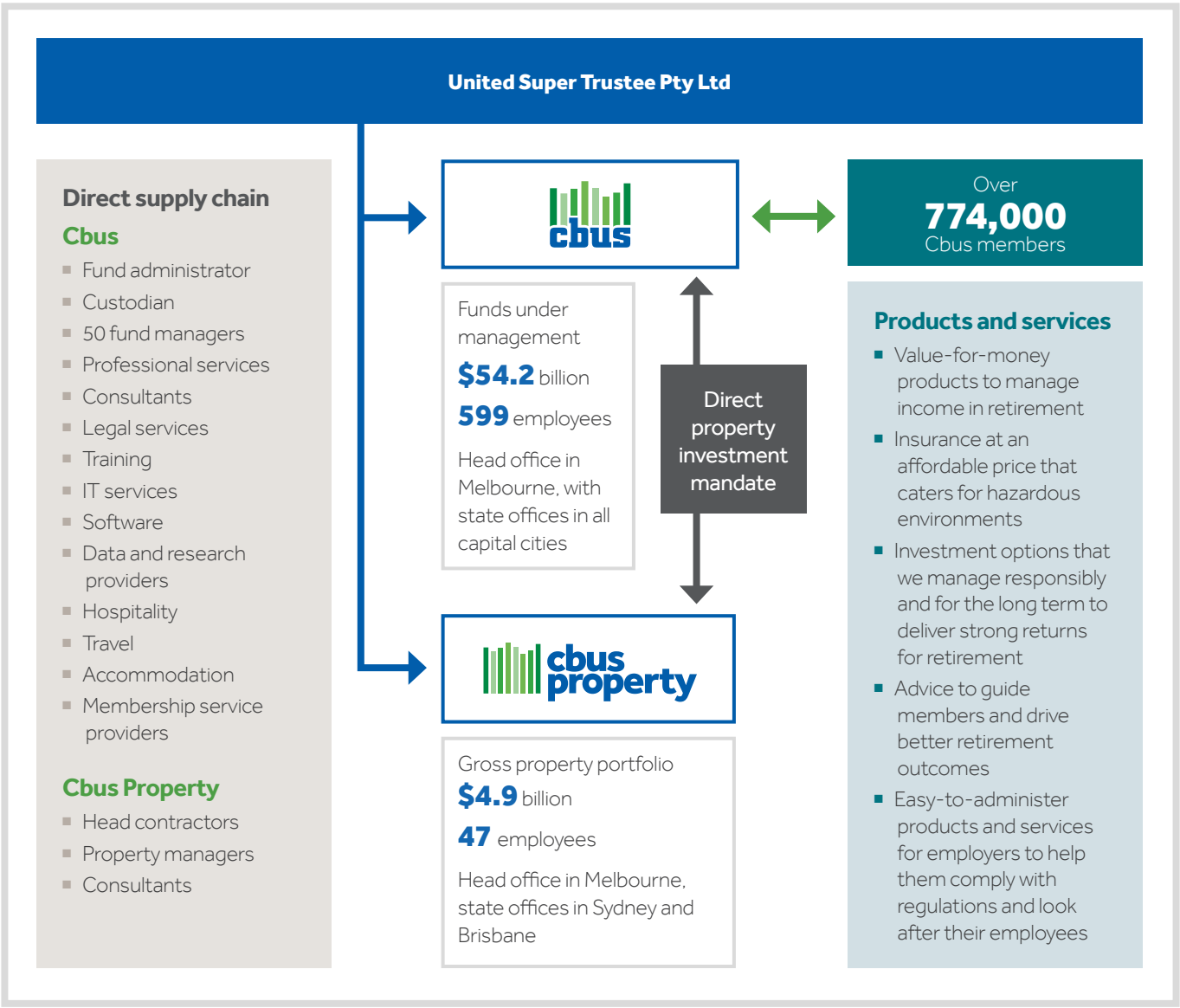


2. Responsible Investment Research, conducted for Cbus by Essential Research, April 2020.
3. Responsible Investment Research, conducted for Cbus by Essential Research, April 2020.

2. Our structure, operations and supply chains

2.1 OUR STRUCTURE AND OPERATIONS

We create value for our members by investing their superannuation contributions, returning all profits to them and providing solutions that help them achieve a dignified retirement.



Cbus

As one of Australia's largest super funds, Cbus provides superannuation and income stream accounts and insurance to more than 774,000 members and we manage over $54 billion of our members' money (as at 30 June 2020).

Cbus' Trustee, United Super Pty Ltd, is structured as a private company and managed by a Board of Directors. The Board of Directors are an equal representation of members and employer associations, with two independent Directors. As a registrable Australian superannuation fund, Cbus must comply with an extensive governance framework. The Board of the Trustee is ultimately responsible for the sound and prudent management of Cbus' business operations. Cbus is an all profit to members industry superannuation fund.

The types of activities undertaken include:

- administration of members' superannuation
- investment of its funds under management
- the provision and administration of insurance benefits for eligible members
- the provision of membership services, including limited advice, and
- fund operations including marketing, product planning, technology.

Headquartered in Melbourne, Victoria, Cbus is a national superannuation fund with offices in each capital city. Cbus' workforce is comprised of professional staff who perform specialised skills with respect to financial services, managerial, or administrative work. Cbus has approximately 600 permanent employees who have flexible working arrangements and whose benefits are governed by a Collective Bargaining Agreement 2017.

Cbus invests globally through a range of asset classes, using different investment strategies to invest in most business sectors directly and indirectly. This means Cbus' investments are exposed to many different parts of the global economy. Cbus can be exposed to the 49 developed and emerging market countries represented by the MSCI All Country World Index (MSCI ACWI).

Cbus has 31.5% of its investment portfolio managed internally. These direct investments include equities, infrastructure, property and debt investments. The vast majority of our investments (68.5%) are managed externally through 50 external fund managers. Our managers are located in Australia, Bermuda, France, Switzerland, the United Kingdom (UK) and the United States of America (US).

In relation to our directly managed investments:

- our debt exposure is in Australia
- infrastructure assets include minority holdings in renewable energy, ports and a toll road in Australia, the UK and the US
- our global direct equities include minority holdings that change over time
- our property exposure is through our wholly owned subsidiary Cbus Property, which operates in Australia.

Cbus Property

Cbus Property operates under an Investment Management Agreement to develop and sell, or hold, each of Cbus' direct property investments under management. The property investments are held via a number of Investment Holding Trusts established to hold our commercial and residential properties (managed entities). All managed entities operate solely in their place of incorporation, being Australia.

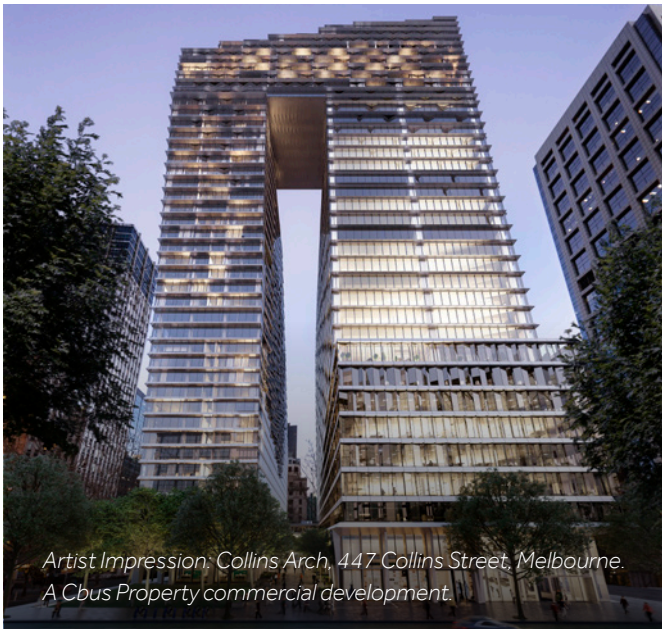
A complete list of entities managed by Cbus Property can be found in the financial supplement to the Annual Report, the United Super Pty Ltd Annual Report at **cbussuper.com.au/about-us/annual-report**

Cbus Property is responsible for the strategic performance and management of all aspects of the Cbus direct property investment business, including major commercial office properties and developments in the commercial and residential sectors. Cbus Property has its own Board composed of three independent Directors and four nominated Directors from United Super Pty Ltd.

Cbus Property manages 6.2% of the Cbus investment portfolio with a total gross value of $4.9 billion (as at June 2020), and has a $4.0 billion development pipeline that includes large-scale commercial office and high-rise residential projects across Australia. In FY20, we completed key projects including the $1.25 billion Collins Arch commercial and hotel components, Holme in Collingwood (residential), and stage 1 of Newmarket, Randwick (residential).

As of 30 June 2020, Cbus Property's commercial office portfolio comprises nine core assets with a gross value of $3.1 billion (Cbus Property direct ownership). The assets are located in major capital cities across Australia –Melbourne, Sydney, Brisbane, Adelaide and Perth. A number of assets are co-owned with other property companies.

Cbus Property is supported by a corporate function of 47 direct employees, 41 full-time, 6 part-time, located at our head office in Melbourne and at state offices in Sydney and Brisbane.



Artist Impression: Collins Arch, 447 Collins Street, Melbourne. A Cbus Property commercial development.

2.2 OUR SUPPLY CHAINS

We operate in an extensive supply chain framework comprised of a variety of organisations, ranging from administrators, IT services, investment managers, builders and property managers.

Cbus

As a large industry superannuation fund, Cbus has some large-scale providers of services to administer its benefits including its fund administrator and custodian, which are both located in Australia.

Cbus has over 1000 direct suppliers within its supply chain, including: professional services, consultants, legal services, training, IT services, software, data and research providers, hospitality, travel, accommodation, cleaning services, marketing items, utilities and membership service providers. Although the large majority of our direct suppliers are located in Australia, our initial review of our supply chain indicates that many of the goods and services supplied to us originate from other countries such as India, the UK and the US.

In relation to our investment supply chain, representing the majority of our supply chain are our 50 external fund managers who manage the remainder of our investments. Our managers are headquartered in Australia, Bermuda, France, New Zealand, Switzerland, the UK and the US. Cbus Property also provides direct property investment management services to Cbus.

A summary of our key service providers can be found here: **cbussuper.com.au/content/dam/cbus/files/governance/reporting/Key-Service-Providers.pdf**



Cbus Property

Cbus Property's direct supply chain is mainly comprised of the builders, property managers and consultants that enable us to deliver value from our development projects and commercial office properties, along with some relatively minor expenditure in operating the corporate function, comparable to the supply chain of Cbus. Cbus Property's supply chain encompasses the following divisions:

Developments

Cbus Property's development direct supply chain includes construction head contractors and consultants operating from Australia, which support the design and delivery of our development projects. Head contractors typically operate under 'design and construct' contracts and control the procurement of the goods and services of Cbus Property's indirect supply chains. This includes building materials, design consultants, labour services and trades to deliver the development under the specification of the contract briefs and requirements.

Cbus Property recognises that a large portion of the building materials and equipment providers have supply chains originating in the Asia-Pacific region.

Commercial Offices

Cbus Property outsources the property management of its commercial office properties to specialised service providers, appointed through property management agreements.

Management of the asset requires the property management provider to procure a range of goods and services to support the operation and maintenance of the commercial (and/or retail) building, including cleaning, security, landscaping services; building maintenance and repairs; replacement plant and equipment; utility services, waste services and office consumables.

The majority of our commercial office suppliers are local, Australian-based companies, while building materials and manufactured equipment are procured both locally and from overseas.

3. Our modern slavery risks

We recognise that there are risks of modern slavery in our operations and supply chain given their reach. We acknowledge that in relation to modern slavery, the term "risk" refers to the risk of harm to people, and we have taken a people-focused approach to identifying and assessing risks in our operations and supply chains.

Identifying and addressing modern slavery is a complex issue that is often hidden and difficult to discover, particularly when in our indirect supply chains. We are committed to being proactive in identifying and addressing potential modern slavery risks in our operations and supply chains.

We have embarked on a path to better understanding our modern slavery risks in our supply chains. We have undertaken initial risks assessments of our separate business entities. Over time, we expect that our supplier-level analysis will cover an extended number of suppliers in our supply chains.

3.1 RISK ASSESSMENT

In 2020, we undertook initial high-level risk assessments to identify the potential risks of modern slavery in our entire operations and supply chains.

The Risk Assessment process involved looking at our operations and supply chains and utilised modern slavery risk databases to identify key areas of risk. The methodologies are based on a number of key principles including the UN Guiding Principles on Business and Human Rights.

Risk assessments were conducted separately for Cbus and Cbus Property, as these two businesses operate differently and have distinct and diverse supply chains. The assessments were conducted with the assistance of expert consultants to ensure robust methodologies were utilised for assessing modern slavery risks.

The risk assessments were conducted as a staged approach to determine areas of our operations and supply chains that were inherently exposed to modern slavery risks and establish focus areas or priorities to conduct further analysis.

Key Findings:

Our risk assessments identified the following key findings:

- **Cbus' operations:** from an operational perspective, the majority of Cbus' expenditure is in low risk sectors and low risk countries
- **Cbus' procurement:** four high risk categories were identified, being: housekeeping, Capex Purchases, IT equipment and Network and Telephony Maintenance.
- **Cbus' investments:** the risk assessment covered 75% of assets under management, identified high-level potential modern slavery risk exposure in four asset classes for further prioritisation (Infrastructure, Property, Equities, Corporate Bonds). Infrastructure and property were identified as the asset classes potentially most exposed to high-risk sectors.
- **Cbus Property:** conducted a more focused assessment that traced commodities and services across supply chains. This means that the risk rating reflected not only the generic risk of first tier suppliers, but also second and third tier suppliers that exist upstream of first tier suppliers. The results of the risk assessment indicated that a number of supply categories were areas associated with a high likelihood of modern slavery risk, due to inherent supply chain risk within high-risk sectors, such as building and construction materials.

We outline in greater detail the approach and the results of our risk assessments of supply chains below.

Consistent with our ongoing assessment of modern slavery risks in our supply chains, Cbus will enhance its risk assessments going forward and focus on particular high-risk suppliers. Further detail is provided in Section 4.3, Enhanced Risk Assessment. Cbus Property is prioritising its efforts towards the highest potential modern slavery risks and focusing on areas where we can have the most influence and promote change.

Cbus

CBUS OPERATIONAL AND PROCUREMENT RISK ASSESSMENT

Operations

We consider that the risk of modern slavery within the staff of Cbus to be low, based on their location and their workplace environment.

Cbus' workforce is comprised of professional staff who perform specialised skills with respect to financial services, managerial, or administrative work. Cbus employees' benefits are governed by an enterprise bargaining agreement setting out terms and conditions of employment. In addition, Cbus has in place a number of policies regarding recruitment, leave entitlements and support, diversity and inclusion policies that assist us to ensure that all of our employees are working of their own free will.

Procurement

Cbus undertook an initial high risk assessment of its supply chains from a procurement perspective to understand its inherent risk in its supply chains. The initial risk assessment identified a list of 144 service providers that were potentially high or medium risk on the basis of their country and sector, for further review.

To assist Cbus to identify areas of potential risk within its operations and supply chains, the initial risk assessments focused on two high-level risks indicators: country risk and sector risk. As part of this process reference was made to a number of indices: Global Slavery Index top 50 countries by order of prevalence for country risk indicator and Verite's Responsible Sourcing Tool for sector risk. These indices indicated countries with higher risk ratings and industries identified as high risk for human trafficking.

Analysing modern slavery risk based on country of headquarters does not provide an indication of the operations of the company. To overcome this limitation, the assessment placed greater focus on sector risk rather than country risk to ensure it captured the potential risk exposure of companies or assets in those high-risk sectors that are headquartered in low risk countries but operate or have supply chains in high risk countries. These indicators were complemented by an assessment of Medium and Low risk countries and sectors based on the consultant's professional judgement.

The key findings from the risk assessment regarding procurement activities was that there were:

- 7 medium-risk categories of suppliers (Occupational Health and Safety, Merchandise, Office supplies, in house catering, fund administration, IT software and agency services), and
- 4 high-risk categories (Capex Purchases, Housekeeping, IT equipment and network and telephony maintenance).

Three of the four high risk categories were considered high risk primarily due to the sourcing of materials and hardware manufactured offshore in sectors known for their human rights and modern slavery risks. Housekeeping was identified as high risk mainly due to cleaning services being known for poor labour practices, use of vulnerable workers and instances of modern slavery in Australia.

We appreciate that each of our suppliers have their own supply chains, which may expose Cbus to the risk of modern slavery in its indirect suppliers. Our review of supply chain risk focused upon our direct suppliers in year 1 of reporting, but our industry based risk assessment approach reflected our understanding that some sectors have inherent risk deep within their supply chains.

CBUS INVESTMENT RISK ASSESSMENT

Cbus' operations include investments. Some of these investments are direct and the majority are indirect. Based on the nature of Cbus' investments, Cbus may have modern slavery impacts within its investments.

For Cbus' investments the risk analysis conducted with the consultant covered approximately 75% of assets under management for the following asset classes:

- Equities (Australian, Global and Emerging Markets)
- Infrastructure (including listed infrastructure)
- Property (including listed property, and Cbus Property), at a high level[4]
- Corporate bonds (where the issuer was a listed company).

As noted above, the initial risk assessment focused on two high-level risks indicators: country of domicile or headquarter and based on a list of 11 industry sectors identified as high risk for human trafficking. Again, we note that analysing modern slavery risk based on country of headquarters does not provide an indication of the country of operation of the asset or company. To overcome this limitation, the assessment placed greater focus on sector risk.

The results of an initial high-level portfolio risk assessment identified high-level potential modern slavery risks in the asset classes analysed. Further:

- very few companies/assets are headquartered in high-risk countries. However, from this small number, the only asset classes with companies or assets headquartered in countries considered high risk under the Global Slavery Index were equities and infrastructure
- infrastructure and property were the asset classes with investments in high-risk sectors.

While modern slavery risk has formed part of our existing asset/manager due diligence and ongoing monitoring, to enhance our initial analysis (as noted further below) our intention is to undertake further deep-dive analysis of our direct investments in infrastructure. As part of this analysis, we will survey all external fund managers (who are also our suppliers) regarding their management of modern slavery risk covering both operations and investments as a matter of priority.

4. Cbus Property have conducted their own more detailed risk assessment.

Cbus Property

Operations

We consider the risk of modern slavery within the direct employees of Cbus Property to be low based on their location and their workplace environment. Cbus Property employment policies, including our Diversity and Inclusion Policy, set out our commitment to the provision of a work environment that is free from discrimination and promotes equal opportunity for all. Our Remuneration Committee assists us to ensure that remuneration is comparable and competitive to the industry in which Cbus Property participates, reflects the needs of stakeholders and is equitable and consistent with the principles of good corporate governance.

Procurement Risk Assessment

Utilising risk indicators from the Social Hotspot Database, the risk assessment conducted by Cbus Property analysed 37 procurement categories for risk of child labour; forced labour; wage assessment; excessive working time; exploitation of migrant labour; freedom of association; gender equality; legal systems; and corruption. The risk assessment methodology relied on market models that trace commodities and services across supply chains. This means that the modern slavery risk rating of our procurement reflects not only the generic risk of first tier suppliers, but also second and third tier suppliers that exist upstream of first tier suppliers.

To further our understanding of modern slavery risk in our operations and supply chains, we:

- identified the key drivers for modern slavery risks;
- established a risk rating of our supply chains using industry and international data and research to identify the inherent modern slavery risks in our supply chain;
- reviewed our procurement practices and governance process to establish our relationship to the risk; and
- prioritised the risk areas by proportion of spend, and which areas we can have most influence in, to develop a plan for addressing these areas.

Our initial risk assessment indicated that our supply categories associated with an inherent supply chain risk (due to a high likelihood of modern slavery risk within these sectors) were building and construction, building maintenance and repairs (services and materials), cleaning and security, domestic appliances and electronics, IT equipment and services, furniture, marketing and promotional products, office supplies, and catering. Based on market models, we know that these supply chains have the potential to be located in countries with a high prevalence of modern slavery, such as those in the Asia Pacific region. In addition, it was identified that there is on-site risk of modern slavery in the labour provided for construction, cleaning and security services.

Focus Areas

The result of our initial risk assessment and prioritisation is that our key focus areas throughout the next two- years are:

- on-site labour-based activities, including construction, cleaning, security and other maintenance services; and
- the overseas manufacture of building materials and equipment used in construction and building operations.

The modern slavery risks associated with these specific supply chain categories are in underpayment; indentured workers; exploitation of migrants in construction, cleaning and security services; forced labour; and child labour in the supply chain of building materials and manufactured building plant and equipment. There is also a high risk of modern slavery in building materials and products manufactured overseas, many from countries of origin where modern slavery conditions have been identified.

Supply chains are complex and vary over time. Cbus Property will continue to assess our risks and further investigate our supply chain, in order to enhance our understanding and improve the transparency of modern slavery risks, to support our risk-based approach.

4. Our actions to address modern slavery risk

Our approach to Modern Slavery risks is evolving and we aim to support long term systemic change throughout our supply chains to reduce the risk of modern slavery practices. We are aware that addressing modern slavery will take time and change may be incremental; however, we are committed to taking action now and making improvements over time.

Representatives from Cbus and Cbus Property have formed a Modern Slavery Working Group to work collaboratively for the purpose of preparing our Statement. Cbus and Cbus Property have reported to their respective boards of Cbus and Cbus Property regarding the preparation of the Statement and progress with respect to their Roadmap.

4.1 GOVERNANCE AND POLICIES

Both Cbus and Cbus Property have policies in place that guide our approach to the appointment and ongoing management of service providers. These policies reflect consideration of environmental, social and governance (ESG) matters.

As part of reviewing grievance procedures, Cbus and Cbus Property have committed to review and update existing whistleblower processes and policies to ensure that any concerns about suspected illegal or unethical conduct regarding modern slavery has an avenue for reporting.

Cbus

As outlined above, Cbus employees' benefits are governed by an enterprise bargaining agreement setting out terms and conditions of employment. In addition, Cbus has in place a number of policies regarding recruitment, leave entitlements and support, diversity and inclusion policies that assist us to ensure that all of our employees are working of their own free will.

For Cbus, the policies which guide our approach to management of suppliers, include the Procurement Policy, Investment Governance Framework, Responsible Investment Policies, the Outsourcing Policy and the Code of Conduct. We are also developing a Modern Slavery Policy which will outline our approach and ensure that our current policy suite is adapted for this purpose.

Investment Governance

Our Investment Governance Framework Policy 2019 acknowledges responsible investment as a fundamental investment belief where the focus is on ESG issues that could materially affect investment returns. The Responsible Investment Policy (RI Policy) outlines the approach to managing ESG across the investment portfolio and the Fund in accordance with the Investment Governance Framework.

Responsible investment applies to all of the Fund's investment activities including across all geographic locations; all asset classes; direct, mandated and pooled funds; and all styles including active and passive.

The Trustee recognises the Fund should operate in the same manner as it expects of the companies and assets in which it invests. As such, the Fund seeks to identify opportunities to incorporate responsible investment across the organisation and influence the entities and stakeholders with whom the Fund undertakes business. Our activities in relation to modern slavery will be implemented consistent with this approach.

We have a Board governance framework for responsible investment, a key component of which is the measurement and monitoring of the effectiveness of the risk measures by the Audit and Risk Management Committee. For further information visit **cbussuper.com.au/about-us/sustainability/board-governance-framework**

As a responsible investor, we consider the long-term material ESG risks and opportunities in investment decisions. These are the risks and opportunities likely to have the most significant impact on the value of an investment. We include these when assessing a company or asset or when choosing a fund manager. We consider how well the risk is managed and, where we can, we try to influence a positive outcome by engaging with the company or manager or by voting at annual meetings. We also monitor ESG performance over time by reviewing company, asset and manager reporting and disclosures and by conducting review meetings where appropriate. Modern slavery has formed part of our assessment and monitoring in recent years; however, notwithstanding our actions to date there is more to be done to ensure our focus on risk to people.

Cbus is a signatory to the Principles of Responsible Investment (PRI). Annually we are assessed and benchmarked against the PRI accountability survey about how well we are incorporating responsible investment across the portfolio and within in each asset class in comparison to our peers. We have performed above the median on all measures.

The UN Sustainable Development Goals (SDGs) are an additional lens to inform our investment decisions where we invest directly. We've identified SDGs where we believe we can engage, advocate and invest, these include:

- SDG 5 – achieve gender equality and empower all women and girls, noting that women and girls are significantly more likely to be enslaved; and
- SDG 8 – decent work and economic growth, which includes the adoption of measures to eradicate modern slavery.

We continue to build out our direct investment due diligence and allocating capital that aligns with the SDGs.

Other investment activities include stewardship (Engagement and Voting). The aim of our voting and engagement activities is to enhance long-term value creation and minimising risk.

In relation to our listed equity portfolios in Australia, the Australian Council of Superannuation Investors (ACSI) engages with ASX 300 boards on material ESG issues. ACSI's priorities include workforce issues such as modern slavery and supply chains. ACSI also monitors companies' oversight of the labour practices in franchisee operations. Engagement has resulted in:

- improved oversight and reporting of employee conditions in franchising companies;
- supermarket chains setting clear expectations on the use of labour-hire providers; and
- the introduction of regular auditing and improved whistleblowing systems.

For those companies with international operations and supply chains, engagement has been with companies that have, or are sourcing from, operations in countries with poor labour conditions or governance. Many of these companies now publicly disclose the origin of their goods as well as details on audits of suppliers and consequences for non-conformance.

Internationally, we use the services of EOS at Federated Hermes to engage with our global equities on sustainability, governance, environmental and social concerns. This includes a focus on enhancing human rights. They encourage companies to apply the UN Guiding Principles and to use appropriate technology to create a more transparent supply chain.

In accordance with our voting process we actively consider human rights shareholder resolutions.

Cbus Property

As outlined above in relation to the risk of modern slavery in its operations, Cbus Property has in place detailed processes to ensure that its employees are working of their own free will.

Modern slavery (and responsible supply chains more broadly) is one of the key focus areas of Cbus Property's Sustainability Strategy. Launched in 2018, our three key pillars of Better Buildings, Investing in People and Future Ready address our most material ESG issues, one of which is modern slavery and broader human rights risks in our supply chain.

The Cbus Property Charter of Selection sets out our expectations for our key suppliers, clients and consultants. This includes a commitment to our ESG principles, including adherence to the fundamental rights articulated by the International Labour Organization, namely:

- freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of forced or compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

4.2 PROCUREMENT

We are expanding our model for the appointment and ongoing management of service providers to incorporate modern slavery issues.

Cbus

Our goal is to embed modern slavery principles into our business operations and our procurement processes. We will be doing so by undertaking a range of activities which are set out in our Roadmap; the outcome being to establish a robust, effective and sustainable modern slavery program.

Cbus will formalise a Supplier Code of Conduct that builds on principles of sustainable procurement. In addition, it will set clear expectations for all of Cbus suppliers and service providers with respect to modern slavery practices in their supply chains.

Consistent with the Responsible Investment Policy, Cbus recognises more broadly its responsibility to consider the ESG impacts of procurement and will work towards incorporating these factors with economic considerations over time. The objective of the Procurement Policy is to provide a sustainable and consistent Procurement framework with clear sourcing principles that ensures the Cbus spend is compliant with relevant internal policies and regulatory obligations whilst achieving best value for members and the Fund.

Cbus Property

Cbus Property's procurement processes include the requirement for consultation prior to establishing shortlists and evaluation matrixes to ensure a fair and competitive process. The evaluation matrix and standard contract terms assist in communicating our expectations and ensuring compliance with our policies.

A key part of managing supply chain risks is to ensure we are engaging with suppliers that have the right policies and practices in place to address those risks in their own businesses and supply chains.

Supplier Due Diligence – PCA Platform

Cbus Property has signed up to the innovative Property Council of Australia's (PCA) Supplier Platform initiative. The online centralised platform is a joint platform for PCA members, used for capturing supplier information on policies and practices addressing modern slavery risks.

The platform provides a standard way for our suppliers to provide information and data to a central database to reduce the burden of multiple companies seeking due diligence information.

Cbus Property signed up to the platform in FY2020 and is now working to 'onboard' selected key and high-risk suppliers. The platform will be integral to how Cbus Property performs its supplier due diligence and will allow us to monitor improvements in our supplier chain over time.

Cbus Property has implemented a target for all of our modern slavery priority suppliers to be invited to the supplier platform by December 2020.

4.3 ENHANCE RISK ASSESSMENTS (CBUS)

Cbus' Modern Slavery monitoring and reporting program is currently under development. Our goal is to embed modern slavery principles in line with UN Guiding Principles on Business and Human Rights into our business operations. The outcome is to establish a robust, effective and sustainable modern slavery program with a range of activities which are set out in our Roadmap.

Suppliers

Consistent with our ongoing assessment of modern slavery risks in our supply chains, Cbus will conduct annual risk reviews to identify changes in risks and potential categories of suppliers to further engage. In addition, as part of this process we will undergo a 'deep dive' on a small selection of high-risk suppliers to consider their modern slavery risks and their willingness to collaborate to reduce their risks in their supply chains.

Investments

In relation to our investments, consistent with the UN Guiding Principles we are prioritising our efforts towards the highest potential modern slavery risks and focusing on areas where we can have the most influence and impact change. As such, our immediate focus will be on undertaking an analysis of potential high-risk direct investment strategies.

In prioritising our direct investments, consideration will include:

- the nature of the asset's operations;
- the country of operation of the asset or company;
- potential exposure to specific modern slavery risk factors such as sub-contracting, low-skilled/migrant workforce, third party recruitment agencies etc;
- involvement in past controversies; and
- the nature of their relationship with Cbus, i.e. our ability to influence.

The risk analysis conducted found that infrastructure and property were the asset classes most exposed to high-risk sectors. We will prioritise our actions to address potential impacts according to the severity of harm and whether impacts can be remedied, in other words, the level of risk to individuals. Based on the criteria above and noting that Cbus Property as a wholly owned subsidiary is participating in this joint Modern Slavery Statement, our direct infrastructure investments will be our first investment sector to be the subject of deep-dive assessments.

As reflected in our Roadmap, while prioritising our direct investments we will also take the opportunity to survey all external fund managers (suppliers) management of modern slavery risk as a matter of priority. All relevant managers (whether internal or external) will be engaged on our modern slavery expectations.

Where already not included modern slavery obligations will be reflected in key service provider contracts and Investment Management Agreements, including positive obligations to report any known exposures to modern slavery risks. An annual risk review will be conducted to assist our understanding of our modern slavery exposure.

4.4 TRAINING AND EDUCATION

General awareness of modern slavery, and the complexity involved in identifying and addressing it, is not widespread throughout the industry and as part of building this awareness, Cbus and Cbus Property have adopted some important initiatives.

Cbus has communicated to its Board and Committees to raise awareness of the requirement of the modern slavery legislation and how the business is building its capability in this area. During FY20, two education sessions have been held with our internal investments team to update them about the introduction of the *Modern Slavery Act 2018* and to help the teams identify high-risk sectors and geographies that may lead to exposure to modern slavery risks.

To assist in raising general awareness, in June 2020, Cbus Property launched a modern slavery training module for its employees. The training was focused on the definition of modern slavery, the key risks in global supply chains, and how it can manifest in our operations and supply chains. The training was part of Cbus Property's online compliance program and was completed by all of their employees.

As part of its Roadmap, Cbus will be rolling out modern slavery general awareness training for all staff as well as targeted training for identified staff in parts of the business likely to be involved with suppliers. Cbus is also looking to integrate training into its induction program for new employees.

We will continue to build our knowledge and capacity on modern slavery and aim to roll out more detailed training to our Cbus procurement teams and Cbus Property development and asset management teams; integrate training into our induction program for new employees; and for Cbus Property to broaden the scope of the training to include third-party property management teams and key suppliers.

4.5 INDUSTRY ENGAGEMENT

Prior to the introduction of the Modern Slavery Act, Cbus was one of the first investors to sign the Principles for Responsible Investment (PRI)-led investor statement in support of a Modern Slavery Act in Australia.

Cbus has also been an active participant in several collaborative initiatives through participation in:

- the Responsible Investment Association Australasia (RIAA) Human Rights Working Group (HRWG), aimed at building asset owner and fund managers capabilities regarding human rights in investments
- the development of a joint Financial Services Council (FSC)/ (RIAA) Due Diligence Questionnaire to create consistent, streamlined and standardised reporting across the fund management industry on modern slavery
- the Australian Sustainable Finance Initiative (ASFI), which brings together leaders spanning Australia's major banks, superannuation funds, insurance companies, financial sector peak bodies and academia to develop a Sustainable Finance Roadmap to help shape an Australian economy that prioritises human wellbeing, social equity and environmental protection, while supporting a stable and financial system.

Ongoing collaboration will be key to share knowledge and pool resources to assist in addressing modern slavery.

Cbus Property will continue to collaborate with suppliers and industry organisations to systematically address modern slavery throughout our complex and often interconnected supply chains. Cbus Property will continue to work with:

- Property Council of Australia (PCA)
- Cleaning and Accountability Framework (CAF)

See case study over the page

Case Study: Cleaning Accountability Framework



Cbus Property's risk assessment has identified the cleaning industry as a sector where Australian workers are at risk of exploitation and there is a potential risk of modern slavery practices.

The Cleaning Accountability Framework (CAF) is a multi-stakeholder industry initiative that aims to improve labour practices in Australia's cleaning industry through the promotion of 'decent' work and employment standards.

The CAF certification program is a way for building owners like Cbus Property to gain assurance that the cleaning contractors working at our buildings are safe, treated fairly and with respect, and have 'decent' work. The CAF certification standard includes labour conditions, responsible contracting, safe working conditions, financial viability, worker engagement, issue identification and remediation.

The certification process importantly includes worker engagement, as a key method to identify indicators of modern slavery conditions, such as debt bondage, coercion and threats related to immigration status.

The CAF is specifically an anti-modern slavery mechanism, addressing the issue of exploitation by ensuring the promotion of decent work, and is the most advanced and robust program in Australia to address modern slavery risks in the cleaning industry.

In support of this innovative program, Cbus Property joined the advisory group of the CAF in 2018. In late 2019, we received 3 Star CAF certification at 720 Bourke Street, Docklands, the first building in our portfolio to achieve this milestone.

Through this process, we learned that the CAF certification approach promotes positive engagement between the stakeholders, which then fosters an inclusive and respectful environment that not only benefits our cleaning teams but also our property management team and our tenants.

Cbus Property has committed to obtain 3 Star CAF certification across our portfolio of assets by 2022, as part of our anti-modern slavery approach to cleaning services at our buildings. We utilise CAF's resources, such as their pricing schedule when tendering for cleaning contracts to ensure decent working conditions.

Cbus Property has a commitment to obtain 3-Star CAF certification at our assets by end of 2022.

5. Next steps

While we have taken some important first steps in building our anti-modern slavery programs, we acknowledge that further work needs to be done to progress our understanding of modern slavery risks within our supply chains.

As part of undertaking a risk assessment and considering our approach to modern slavery risks, a gap analysis of Cbus and Cbus Property's existing policies and practices was conducted to identify, manage and mitigate modern slavery risks within our operations and supply chains against the UN Guiding Principles and the mandatory criteria of the modern slavery legislation. Key actions were identified:

- to develop and formalise a modern slavery framework, encompassing both operational and investment business operations;
- ensure procurement policies, and any other relevant policies and procedures, reference modern slavery risks and ensuring modern slavery risks are included within the risk management framework and system;
- setting clear expectations for suppliers and service providers regarding modern slavery risks, including integration of assessment as part of procurement activities;
- enhancing integration of modern slavery risk assessments into manager selection and performance monitoring processes; and
- review and amend our whistle-blower policies and processes.

These improvements have been reflected in our Roadmap, which is outlined in the Appendix.

Our approach is to embed these measures into our existing procurement and business processes and deliver a consistent approach across business units.

Evaluation and reporting on the implementation of our action plans will occur annually through our modern slavery statement. At the end of our two-year action plan, we will assess the overall effectiveness of the plan and identify new areas to continue to strengthen and build on our policies and processes.

6. How we assess the effectiveness of our actions

An important part of the program to mitigate the risk of modern slavery in our supply chains is to ensure that we are continually examining ways to improve its methodology. We aim to assess the effectiveness of our anti-modern slavery program using a reporting framework that includes positive performance indicators, key measures and targets to determine the impact of our actions and outcomes. This framework and the corresponding effectiveness assessment methodology are in development.

As outlined in our action plan, we are planning to formalise a reporting framework in FY21. In order to do so, our modern slavery program will be developed in line with the timelines set out in the Roadmap.

Our reporting framework will form part of our modern slavery framework and be comprised of:

- identification and reporting of modern slavery risks within our risk management framework and compliance monitoring and reporting mechanisms;
- regularly updating our risk assessment of modern slavery risk using best available and current data
- progress on implementing our Roadmap (action plan) and outcomes;
- monitoring the number of grievances raised through grievance mechanisms and assessing the ability to deliver a timely remedy and continuously learning to address root causes;
- assessment of the effectiveness of our due diligence process for suppliers through tracking compliance, assessing our suppliers' modern slavery policies and practices, and measuring their improvement over time
- level of engagement and collaboration with suppliers, contractors and other key stakeholders, including gathering external feedback on our progress.

Progress on implementing our Roadmap and outcomes on a regular basis will be provided to the Modern Slavery Working Group and reported to relevant Board Committees in consultation with our Enterprise Risk team.

Cbus Property will provide reporting on its progress on the actions in the Roadmap to its board of directors.

7. Consultation

Cbus and Cbus Property undertook a robust engagement process to implement their modern slavery approach for the purposes of preparing this Statement.

Representatives from Cbus and Cbus Property participated in the Cbus Modern Slavery Steering Committee and Working Group formulated to consider obligations under modern slavery legislation and preparation of the Statement. Through regular reporting, the Cbus Property Board has been kept informed of progress and actions.

All entities managed by Cbus Property are established solely to undertake development of or hold each property in accordance with the direction of Cbus Property. Owner entities are subject to Cbus Property policies, systems and management including oversight by the Cbus Property Board.

Cbus Property have addressed the mandatory criteria on behalf of all owner entities under management in their engagement with Cbus.

The Statement is approved by the Board of United Super Pty Ltd on behalf of all Cbus reporting entities. Cbus Property Pty Ltd has endorsed sections of the Statement relating to its business and operations.



Holme, Collingwood.
A Cbus Property residential development.

Appendix A:
Cbus Superannuation Fund and Cbus Property – Roadmap of actions – Modern Slavery

	Action	Commentary	Estimated Timeline
1	Integrate Modern Slavery risks into our existing corporate and management policies	Cbus and Cbus Property will be reviewing all relevant policies to align with modern slavery.	June 2021
2	Develop a Supplier Code of Conduct	Cbus will develop a Supplier Code of Conduct that builds on principles of sustainable procurement. Cbus Property will update their existing Supplier Code of Conduct (Charter of Selection) to integrate modern slavery considerations.	March 2021
3	Develop a Modern Slavery Policy	Cbus to formulate a modern slavery framework, which will encompass a Modern Slavery Policy to be approved by the Board of United Super Pty Ltd. Cbus Property will develop their own policy.	June 2021
4	Develop a Sustainable Procurement Framework	Cbus and Cbus Property will conduct annual risk reviews of modern slavery risks in supply chains to identify changes in risks and potential categories/sectors to engage and development of a supplier engagement plan. Cbus Property's framework will be a key internal document that incorporates many actions in our plan to embed modern slavery risks (and other ESG issues) into our procurement processes, including development of a supplier engagement plan.	June 2022/ Annual
5	Undertake further analysis into our priority supply chains	Cbus and Cbus Property will undertake further assessment of our priority supply chains.	September 2021
6	Update our risk management framework to further integrate Modern Slavery Risks	Cbus and Cbus Property to update their risk management frameworks to include modern slavery.	June 2021
7	Develop a supplier due diligence framework for screening and evaluating existing and potential suppliers for modern slavery risks	Cbus Property to formulate a process for evaluating the information gathered through the PCA Supplier Platform. This will include development of a supplier engagement plan at a later date.	June 2021
8	Update key standard contracts to integrate anti-modern slavery requirements regarding identification of risks	Cbus and Cbus Property will undertake review processes to ensure key standard contracts integrate requirements in relation to identification of modern slavery risks.	September 2021/ Ongoing
9	Manager Engagement	Cbus engage all relevant internal and external managers on modern slavery expectations.	June 2021
10	Factor Strategies	Cbus identify and implement strategies and tools to reduce exposure to modern slavery risk.	June 2022
11	Stewardship	Cbus actively consider all ASX human rights resolutions.	Ongoing

	Action	Commentary	Estimated Timeline
13	Deliver training to staff around the implications of Modern Slavery	Cbus to develop a training framework to roll out training to staff and an awareness program for relevant Committees. Cbus Property has rolled out training but will also be developing targeted training for development and asset management teams.	June 2021
14	Investment Due Diligence	Cbus to enhance incorporation of modern slavery risks into internal and external investment manager due diligence.	December 2020
15	Investment Manager Monitoring	Cbus incorporate modern slavery reporting requirements into investment mandates.	March 2021
16	Monitoring of investment managers	Cbus will incorporate modern slavery monitoring into manager reviews and annual strategy reviews.	June 2021
17	Actively support collaborative initiatives	Cbus to identify one collaborative initiative for participation.	Ongoing
18	Develop and promote a grievance mechanism and review our whistleblower policy and develop remediation framework	Cbus and Cbus Property to review and enhance existing whistleblower mechanisms and related policy. Cbus and Cbus Property will work towards developing its own remediation framework.	June 2021/ Ongoing
19	Develop a reporting framework that evaluates the effectiveness of our program	Cbus and Cbus Property will develop a reporting framework to ensure that the actions under this Roadmap are monitored by internal senior stakeholders and relevant committees and that the risks of modern slavery are continually updated, addressed and reported through appropriate channels.	June 2021

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CB127 11-20

Cbus Property Pty Ltd (Cbus Property) ABN 48 115 826 741. Its managed entities include the reporting entities.
Cbus Property Commercial Unit Trust ABN 71 303 520 778 and 1 William Street Unit Trust ABN 15 759 350 663.