



# FY2022 COMPLIANCE REPORT: AIST Governance Code

**Fund name:**

Cbus

**Date of report:**

29 August 2022

**Document owner:**

Maxine Jacona, Head of Governance and Company Secretary

**Document owner contact details:**

**Email address:**

maxine.jacona@cbussuper.com.au

**Phone number:**

0439 821 183

**Date of approval by the Board:**

29/08/2022

**Date of submission to AIST:**

21/09/2022

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE



Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
-------------	---	--	-----------------------------	--------------------------------------

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

<p>1.1 A profit-to-member superannuation Board must:</p> <ul style="list-style-type: none"> <li>conduct all appropriate enquiries to ensure that nominees have the appropriate skills and experience before appointing a person as a trustee director;</li> <li>for the appointment of representative directors in particular, this includes engagement with sponsoring organisations.</li> </ul>	<p><input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply</p>	<p>Cbus has processes in place to liaise with Sponsoring Organisations prior to Director nominations being made in order to communicate any skills, experience or other desirable criteria for potential directors, while also having regard to the Board's strategic objectives, diversity goals, cultural fit and commitment to a member-first culture.</p> <p>Of importance, Cbus' Board and Committee Skills Matrix is provided to the Sponsoring Organisation and any skill needs are clearly highlighted. A key change made in 2021 was that the Shareholder representatives resolved to include a skills gateway in the Trustee's Articles of Association (Articles). The Articles now specify that 'the appointor has considered the existing skills and experience of the Board and the appointee demonstrates one or more skill or experience set out in the Board skills matrix'.</p> <p>Sponsoring Organisations and nominees also receive information on Director responsibilities and requirements, together with copies of key governance documentation, including the Fund Governance Policy, the Fit and Proper Policy and the Conflicts Management Policy.</p> <p>The Director nomination and appointment process in place which involves engagement with Sponsoring Organisations are set out in the "Nomination &amp; Appointment Process" document.</p> <p>Director nominations are provided to the Nominations Committee whose role is to assess the skills and experience of each nominee Director (Nominee) and make a recommendation to the Cbus Board in relation to their respective appointment as a Trustee Director. This process is captured in the Nominations Committee Charter (<a href="https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Nominations-Committee-Charter.pdf">https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Nominations-Committee-Charter.pdf</a>). The composition of the Nominations Committee is determined by the Board, which includes the Fund Chair and two other members on a rotational basis dependent on the appointments being reviewed to avoid any conflict situation.</p> <p>The Fit and Proper Policy (updated in 2020) states that prior to the appointment of a new Director, an assessment of fitness and propriety takes place in accordance with SPS510 Fit and Proper. The assessment includes an evaluation of skills and</p>	<p>Cbus will continue to annually review its Board and Committee skills to ensure the Cbus Board Skills Matrix is still fit for purpose to achieve Cbus' Strategic Objectives and to ensure all incoming Directors have the appropriate skills and experience before they are appointed.</p>
---	--	--	--

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
		<p>experience. Upon the nomination of a Director, Cbus writes out to the Nominee and provides a suite of governance policies and asks the Nominee to complete a Responsible Persons Skills Assessment form. This information informs the papers for the Nominations Committee and if they are appointed is then incorporated in Cbus' Board Skills Matrix.</p> <p>Further, training is provided on an as needs basis for individual directors in the event that it is assessed that additional training is required in order for the skills component of the assessment to be met. In the event that it is assessed that the Nominee may not meet any other aspect of the Fit and Proper Policy, the Chair and CEO meet with the Sponsoring Organisation (and in the case of an independent director, that individual) to discuss the issues and determine whether further evidence and investigation is required and whether another nominee will be sought.</p>		
<p>1.2 A profit-to-member superannuation fund must have a written agreement with each trustee director and senior executive setting out the terms of their appointment.</p>	<p><input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply</p>	<p>Cbus issues Letters of Appointment for all Directors and Senior Executives to set out the terms of their appointment. In 2020, the Letters of Appointment were updated to also include key requirements of the role and information on the time commitment required, declarations of interests and duties and ongoing training requirements.</p>		

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
<p>1.3 The fund's company secretary is accountable directly to the Board, through the Chair, on all matters concerning effective Board operations and must provide every assistance to the Board to fulfil their obligations in acting in the best interests of members. The Chief Executive Officer must not be the company secretary.</p>	<p><input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply</p>	<p>Cbus has a Company Secretary that reports directly to the Cbus Board on all matters concerning effective Board operations and must provide every assistance to the Board to fulfil their obligations in acting in the best interests of members. In December 2021, Cbus also appointed an Alternative Company Secretary.</p> <p>The Chief Executive Officer is not the Company Secretary.</p>	<p>Cbus appointed an Alternative Company Secretary.</p> <p>In accordance with the Corporations Act 2001 (Corporations Act), Cbus can have more than one Company Secretary and both, as 'officers' of the company are subject to the same broad duties as directors to act in good faith and with care and diligence. The appointment of two staff members as Company Secretary will assist in the smooth functioning of the Company Secretariat and specifically, this arrangement will seek to eliminate single point dependencies and will be beneficial at times when staff are on leave.</p>	

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

1.4 Profit-to-member superannuation funds must have a written diversity policy, appropriate to the circumstances of the fund, which sets out clear and measurable objectives and provides for annual reporting to the Board and members. This policy must establish objectives concerning gender balance as a minimum, with other forms of diversity considered by the fund as appropriate. Objectives must relate to processes, which may, but do not necessarily, include targets for participation at Board and management levels, to ensure

- Full  
 Partial  
 Does not/cannot comply

Cbus has a Diversity & Inclusion Policy for the Fund more broadly which currently focuses on three target areas for Management and staff:

- Gender and Gender Related Matters;
- Workplace Flexibility; and
- Cultural Diversity.

There is a Diversity Action Plan contained within the Policy which sets out targets and timeframes accordingly.

Cbus has also set a gender diversity target for the organisation, which breaks down gender equity targets of the Board, Executive Team, Heads of, All Staff and the Investments Team. Progress against this target is reported annually in the Integrated Annual Report.

The Annual Report 2021 is available here: <https://v3au.zone-secure.net/drive/22393/.Cbus-annual-integrated-report-2021/#page=56>

Cbus has implemented processes to support gender diverse outcomes including using gender neutral language in job advertisements, gender balanced shortlists and selection panels.

Cbus also has a Cbus Pathways Program aimed at increasing the experience, skills and diversity at Cbus through recruitment of employees from overseas countries including asylum seekers, refugees and people who have come to Australia on humanitarian grounds.

The Cbus Gender Equality Strategy provides the progress which has been made in the last 12 months against the gender equality targets as well as supporting measurable objectives and diversity demographics (outside of gender) collected as part of the annual Cbus Employee Engagement Survey.

When the Gender Equality Strategy was developed, two year stretch targets were established to continue to drive equality achievements across the Fund. Some of these targets have been achieved and are above the Women Gender Equality Agency (WGEA) Financial Services Benchmark.

Our Diversity & Inclusion strategy will be launched later this year and is focused on three streams:

- Diverse Talent – building a workforce whose composition reflects a diversity of backgrounds, knowledge, experience, and perspectives. Attract, retain and accelerate diverse talent.
- Inclusive Teams - Creating and maintaining an Inclusive workplace culture where all people are heard, and their diverse thinking and skillsets are valued.
- Flexibility and Fairness - Ensure that all employees have equal access to opportunities, are equitably rewarded and recognised for their contributions and have the flexibility to balance their work and life commitments.

Cbus' Diversity & Inclusion Policy is currently being reviewed as part of our annual cadence. It provides the framework for setting objectives around diversity and Inclusion.

Gender diversity:

Our gender diversity targets are reviewed annually. We have refreshed our gender targets focused on growing gender diversity for: Board, Executive Team, Heads of, Managers and All Staff.

Gender Diversity Target - % Females Board - 40%

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

that the fund taps the broadest talent pool and is responsive to the needs of all its members.

Executive - 50%  
Heads of - 50%  
Managers\* - 45%  
Non managers\* - 50%  
All Staff (including above) - 50%  
Investments Team - 40%

This year, we are setting Business unit level targets to help us focus in areas of greater need such as Investments and Technology.

Progress against target is tracked regularly and reported in our Annual Integrated report which will be made available later in the year.

#### Gender Equity:

At Cbus we are committed to our focus to achieve gender equality and have a broad range of policies, programs and initiatives to achieve this including:

- Our gender-equal parental leave policy offers 20 weeks paid leave and option to take unpaid leave (with super contribution) for eligible parents. This year 57% of parents taking leave were male, demonstrating that the gender-equal benefits of the revised policy are enabling parents to share caring responsibilities and improving women's options to return to pursue their careers.

## FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

---

- Flexible working: Responding to COVID-19, we took the opportunity to increase workplace flexibility, maturing from pandemic remote work to a flexible working policy. Our employee engagement result showed that 93% (up from 84% last year) of our employees believe they have the flexibility needed to manage their work and other commitments.

- Cbus contributes superannuation on unpaid parental leave as a step toward closing the superannuation gender gap.

- We continue in our commitment to support employees who are experiencing domestic and family violence (DFV). There are many components to this support including unlimited special leave, emergency accommodation and advanced pay loan.

- We recognise that not everyone exclusively identifies with the gender they were assigned at birth and welcome people of all gender identities. We offer four weeks of paid and up to 48 weeks of unpaid gender affirmation leave for our employees and support them on their journey to be their true selves.

## FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

- We continue to work on ways to increase opportunities for the development and promotion for women at Cbus. Of those who were promoted internally, 55% were female (WGEA data 2022).

- Cbus has processes to support gender diverse outcomes including using gender neutral language in all job advertisements and position descriptions, gender diverse shortlists and selection panels.

- The Cbus Gender Equality Strategy provides the progress which has been made in the last 12 months against the gender equality targets as well as supporting measurable objectives and diversity demographics (outside of gender) collected as part of the annual Cbus Employee Engagement Survey

- Cbus also has a Cbus Pathways Program aimed at increasing the experience, skills and diversity at Cbus through recruitment of employees from overseas countries including asylum seekers, refugees and people who have come to Australia on humanitarian grounds.

- Elevate program - The six-month program is an intentional opportunity to connect senior male leaders with

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
			<p>emerging female talent to create a network of support and broadened perspectives. It allows individuals to maximise their potential and creates a pathway for personal development and enhanced performance – for both sponsors and participants alike.</p> <p>WGEA: We are required by the Workplace Gender Equality Act 2012 (Cth) to report our workforce gender profile as at 31 March each year. Our 2022 report has been lodged with the Workplace Gender Equality Agency and is available on our website at <a href="https://www.cbussuper.com.au/about-us/careers/working-at-cbus">https://www.cbussuper.com.au/about-us/careers/working-at-cbus</a></p> <p>Employee representative groups: We are focused on establishing employee represented groups to ensure that the perspectives and experiences of under-represented groups are understood and supported. We are working to launch our gender ERG in the coming months.</p>	

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

<p>1.5 In accordance with SPS510, profit-to-member superannuation funds must have:</p> <ul style="list-style-type: none"> <li>• annual procedures to evaluate the performance of the Board;</li> <li>• annual procedures to evaluate individual trustee directors.</li> </ul> <p>The fund must:</p> <ul style="list-style-type: none"> <li>• disclose a summary of those procedures and;</li> <li>• confirm annually that the performance evaluations were undertaken during the</li> </ul>	<p><input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply</p>	<p>The Director Appointment, Performance and Renewal Policy sets out procedures with regard to annually evaluating the Board performance and individual director performance.</p> <p>In accordance with the Director Appointment, Performance and Renewal Policy, the Company Secretariat is responsible for ensuring that the Board performance assessment (individual and collective) takes place annually. Regular assessment of Board performance supports:</p> <ul style="list-style-type: none"> <li>• Improving the effectiveness of the Board to achieve objectives;</li> <li>• Identifying any areas for improvement; and</li> <li>• Clarifying individual and group roles.</li> </ul> <p>The assessment encompasses the Board as a whole, Board Committees, individual Directors, Committee Chairs and the Board Chair. A record of the assessment is maintained by the Company Secretariat.</p> <p>Triennial independent performance reviews of the Board, Directors and Fund Chair occur every three years. Every three years, the Company Secretariat will arrange for the annual, ‘whole of board’ and individual performance assessment to be completed by an external specialist. The external specialist will obtain whole of Board feedback and, to assist in ongoing annual assessments of the Chair's performance and effectiveness, provide this feedback to both the Chair and to the other Directors. The most recent Triennial External Review was conducted in late 2021. The independent consultant engaged to conduct the review attended several Board and Committee meetings, had the Directors complete surveys and this was followed by interviews with each of the Directors.</p> <p>The results of this review were provided to the Board at its meeting in December 2021 which included a current state of play and improvement opportunities. Based on this, Management developed an action plan to address these improvement opportunities and are working through those.</p> <p>Cbus has completed its annual performance evaluation and has disclosed a summary of those procedures on their website (<a href="https://www.cbussuper.com.au/about-us/how-were-run/governance">https://www.cbussuper.com.au/about-us/how-were-run/governance</a>).</p>	<p>Cbus now discloses a summary of the annual procedures to evaluate the performance of the Board on its website. That can be viewed here: <a href="https://www.cbussuper.com.au/about-us/how-were-run/governance">https://www.cbussuper.com.au/about-us/how-were-run/governance</a></p> <p>The Board has established a Chair and Committee Chairs forum that considers:</p> <ul style="list-style-type: none"> <li>• The strategic priorities of each of the Board Committees;</li> <li>• Succession planning;</li> <li>• Performance; and</li> <li>• Reviewing the remits of each Board Committee.</li> </ul>	<p>Out of the Triennial External Review conducted in late 2021, Management is working through an action plan to address any feedback and development opportunities to further increase the effectiveness of the Board.</p>
---	--	---	---	--

## FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
reporting period.				

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
<p>1.6 The Board of a profit-to-member superannuation fund must have a documented process for evaluating the performance of the senior management. The fund should disclose whether such a performance evaluation was undertaken during the reporting period.</p>	<p><input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply</p>	<p>Executive Performance is reviewed against the Cbus '5+1" performance management process.</p> <p>The CEO assesses the performance of the Group Executives and makes a recommendation to the People, Culture and Remuneration Committee (PCRC) which reviews the outcomes of Executive performance and remuneration and any changes to remuneration must be approved by the Board.</p> <p>The Executives' FY21 Performance Plans (5+1s) were enhanced by:</p> <ul style="list-style-type: none"> <li>• Reducing the number of binary measures of performance (i.e. 0% or 100% achievement)</li> <li>• Graduated quantitative and qualitative measurements, which deliver the Committee more flexibility in assessing performance outcomes/results.</li> </ul>		<p>Management is in the process of reviewing Cbus' Remuneration Policy in line with the requirements CPS 511. The current Remuneration Policy outlines the process for evaluating the performance of senior management and as part of this review, Management will look at disclosing annually whether the performance evaluation was undertaken during the reporting period.</p>

## FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

2.1 The Board of a profit-to-member superannuation fund must:

- Have a committee responsible for Board renewal that has at least three members;
- The committee must have a charter that is publicly disclosed and;
- It should meet at least annually.

For each reporting period the fund must:

- disclose the members of the Board renewal committee and;

- Full  
 Partial  
 Does not/cannot comply

The Nominations Committee is responsible for Board renewal. The Board appoints at least three Directors to the Committee and meets at least annually. The Board determines the Committees' composition which includes the Fund Chair and two other members on a rotational basis dependent on the appointments being reviewed to avoid any issues of conflict.

The Nomination Committee's endorsements of nominees are provided to the Board for their approval.

In FY22 the Nominations Committee met three times to consider the appointment of new Directors including the appointment of the new Fund Chair.

The Nominations Committee Charter is available on the Cbus website:  
<https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Nominations-Committee-Charter.pdf>

Attendance records for all Board and Committee meetings, including the Nominations Committee meeting attendance are disclosed on the Cbus Website:  
<https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Nominations-Committee-Attendance.pdf>

## FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
<ul style="list-style-type: none"><li>attendance records for any meetings during that period.</li></ul>				

## FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

<p>2.2 A profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> <li>Maintain a matrix showing the skills, relevant experience and diversity the Board currently has and acknowledge gaps it is looking to fill in order to effectively fulfil its strategic plan.</li> <li>It must disclose annually a representation of the existing collective skills, experience and diversity of the Board.</li> </ul>	<p> <input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply         </p>	<p>Cbus maintains a skills and experience spreadsheet that reflects the cohesive skillset of the Board and the individual directors. This is now disclosed on the Cbus website in a manner which shows the current state versus desired state, so it is clear where there are development opportunities on the Board. Management has action plans in place to address any development opportunities identified.</p> <p>The skills assessment for the Board and Board Committees is reviewed annually to ensure that the Board has the skills and experience to set and execute the Trustee’s strategy. The skills assessment is provided to the Directors for their self-assessment as part of Cbus’ annual Fit and Proper Process.</p> <p>The Board skills are presented to the Board for their approval along with proposed remediation plans to resolve any skills gaps identified. Each remediation plan is also tabled at the respective committees for further discussion. The results of the Board Skills Matrix for 2022 is available here: <a href="https://www.cbussuper.com.au/about-us/how-were-run/governance">https://www.cbussuper.com.au/about-us/how-were-run/governance</a>. As noted, there is currently a gap in the skill of ‘Investments’ at the Board level.</p> <p>The Company Secretary also highlights any skill gaps on the Board when writing out to Sponsoring Organisations regarding the appointments of Directors.</p> <p>Training records are also maintained for individual directors with a 30-hour minimum requirement that must be met by each director.</p> <p>Cbus has set gender equity targets at the organisational level, Board level and for the Investment team, this is provided in page 57 of the Annual Integrated Report, available here: <a href="https://v3au.zone-secure.net/drive/22393/.Cbus-annual-integrated-report-2021/#page=56">https://v3au.zone-secure.net/drive/22393/.Cbus-annual-integrated-report-2021/#page=56</a></p>	<p>Cbus now discloses its Board skills in a manner which shows its current state versus their desired state, so it is clear where there are development opportunities on the Board. This was approved by the Cbus Board. Cbus will continue to review the skills assessment and remediate the skills gaps identified through agreed action plans.</p> <p>Management updated the Board Skills Matrix so that the new expectation is that:</p> <ul style="list-style-type: none"> <li>all Directors must meet the Baseline level requirements for all Board skills;</li> <li>Executives must be an Expert in their respective skill fields and must meet the Baseline level requirements for all other Board skills; and</li> <li>the CEO must meet the Competent level requirements across the Board’s technical skills areas. In addition, the CEO must meet the Expert knowledge requirements across at least three of the Committee’s technical skills areas.</li> </ul> <p>At the August 2021 Board meeting, the Board approved strengthening its expectations of the Chair, Deputy Chair and Committee Chairs, with the expectation that these Directors should be experts in the following areas, within 12 months of their appointment to the role:</p> <ul style="list-style-type: none"> <li>Trustee Director Duties;</li> </ul>	<p>Management is currently undertaking a comprehensive review of the Board and Committee Charters and remits, which will in turn feed into a review of the Board and Committee Skills Matrix. As part of this review, Management will look into incorporating diversity into the Board and Committee Skills Matrix.</p>
---	--	--	--	---

## FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
			<ul style="list-style-type: none"> <li>• Values;</li> <li>• Leadership; and</li> <li>• Corporate Governance.</li> </ul> Where Management has identified development opportunities for Directors in Chair roles, Management will engage with the relevant Directors to assist them to meet the new, higher skill expectations.	
2.3 In disclosing the names of its directors, a profit-to-member superannuation fund must identify for each director whether they are a member representative, an employer representative or a non-representative member. In each instance, the name of the nominating body must also be publicly disclosed.	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>On Cbus' website, Cbus outlines the structure of the Board as well as disclosing under each Director Profile whether they are an Independent Director, Member Director or Employer Director. For the Member Directors and Employer Directors, their profiles also shows their sponsoring organisation and a brief biography of each Director. That is available here: <a href="https://www.cbussuper.com.au/about-us/how-were-run/board">https://www.cbussuper.com.au/about-us/how-were-run/board</a></p> <p>All Directors relevant interests and duties are disclosed on the website - Register of Interests &amp; Duties, available here: <a href="https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Register-Relevant-Interests-Duties.pdf">https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Register-Relevant-Interests-Duties.pdf</a></p>	In 2022, Cbus' website was updated to highlight more clearly whether a Director is an Independent, Member or Employer Director.	

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
<p>2.4 The voting rights of all trustee directors on the Board must:</p> <ul style="list-style-type: none"> <li>• Be equal, regardless of their status as a member or employer representative director, or non-representative director.</li> <li>• The voting majority for any Board decision should be no less than two-thirds of all trustee directors.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>Cbus' voting rights are equal (regardless of their status as member, employer or independent director) and agreement by two-thirds majority of Directors is required for all resolutions.</p> <p>Cbus' voting rules are contained in the Board Charter (<a href="https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Cbus-Board-Charter.pdf">https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Cbus-Board-Charter.pdf</a>) and Committee charters (<a href="https://www.cbussuper.com.au/about-us/how-were-run/board">https://www.cbussuper.com.au/about-us/how-were-run/board</a>) and the Fund's Articles of Association (<a href="https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Articles-Association.pdf">https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Articles-Association.pdf</a>) all of which are available on Cbus' website.</p>		

## FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
<p>2.5 The Chair of a profit-to-member superannuation fund Board must:</p> <ul style="list-style-type: none"> <li>• Be appointed by the Board, and</li> <li>• Must satisfy all the requirements of skill and experience identified in the fund's skills matrix for the role of Chair.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The Independent Chair can be nominated by any Sponsoring Organisation or any Director, and the appointment is reviewed by the Nominations Committee before being approved by the Board. As part of the appointment process, the Nominee must complete Cbus' Responsible Persons Skills Assessment form so that Cbus can ensure that the Nominee satisfies their skills and experience requirements.</p> <p>In FY22, Cbus updated its Board Skills Assessment Guidance to include additional minimum skills for the Board Chair, Deputy Chair and Committee Chairs. Under the updated guidance, the Chair, Deputy Chair and Committee Chairs will be required to be experts in the following areas, within 12 months of their appointment to the role:</p> <ul style="list-style-type: none"> <li>• Trustee Director Duties;</li> <li>• Values;</li> <li>• Leadership; and</li> <li>• Corporate Governance.</li> </ul> <p>Cbus' Fund Governance Policy (<a href="https://www.cbussuper.com.au/content/dam/cbus/files/governance/policies/Fund-Governance-Policy.pdf">https://www.cbussuper.com.au/content/dam/cbus/files/governance/policies/Fund-Governance-Policy.pdf</a>) (page 4) and the Appointment, Renewal and Performance Policy (section 11.4) sets out the requirements and expectations of the role of Chair. These expectations are taken into account on appointment and annually during the individual performance assessment process.</p>	<p>Cbus has updated its Board Skills Assessment Guidance to include additional minimum skills for the Board Chair, Deputy Chair and Committee Chairs. Under the updated guidance, the Chair, Deputy Chair and Committee Chairs will be required to be experts in the following areas, within 12 months of their appointment to the role:</p> <ul style="list-style-type: none"> <li>• Trustee Director Duties;</li> <li>• Values;</li> <li>• Leadership; and</li> <li>• Corporate Governance.</li> </ul>	
<p>2.6 The CEO must not be a director of the fund.</p>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The CEO is not a director of the FUnd.</p>		

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
<p>2.7 A profit-to-member fund must:</p> <ul style="list-style-type: none"> <li>• Have an induction program for new trustee directors and</li> <li>• Provide appropriate ongoing professional development and training opportunities to continuously enhance their skills and knowledge.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The Trustee has a comprehensive 12-month induction program in place for newly appointed directors which includes deep dive sessions with each member of the Group Executive Team.</p> <p>Further to this, on an ongoing basis, all Directors must accumulate a minimum of 30 hours in professional training each financial year in accordance with the Director Training Policy. The Fund maintains training records and notifies each director of their hours throughout the year. A training and development calendar is developed and circulated to all Directors as well as additional training and development opportunities notified to directors throughout the year.</p> <p>Cbus also arranges speciality Board to Business sessions for the Board to provide further education in speciality key areas of interest, in FY22 this has included sessions on Cbus' Retirement Income Strategy, Financial Statements Training and a Regulatory Change update.</p>		

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
<p>3.1 A profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> <li>• Have a code of conduct for its Board, senior management and employees.</li> <li>• This code, or a summary of it, must be publicly disclosed.</li> </ul>	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input type="checkbox"/> Does not/cannot comply	<p>The Code of Conduct that covers the Board, Senior Management and all employees is disclosed on the Cbus Website. The Code of Conduct was reviewed and uplifted in FY22.</p> <p>The Code of Conduct is disclosed on the public Cbus website available here: <a href="https://www.cbussuper.com.au/content/dam/cbus/files/governance/policies/Cbus-Code-of-Conduct.pdf">https://www.cbussuper.com.au/content/dam/cbus/files/governance/policies/Cbus-Code-of-Conduct.pdf</a></p>	<p>In FY22, the Code of Conduct underwent a significant review, with updates to:</p> <ul style="list-style-type: none"> <li>• Enhance and increase clarity with regards to conduct and behavioural expectations, obligations and application;</li> <li>• Greater inclusion of, and direct reference to Cbus policies and other documents were applicable, including obligations to be aware of the obligations included in respective policies;</li> <li>• Inclusion of an additional section for Accountable Persons (in preparation for the Financial Accountability Regime), Responsible Persons and People leaders to emphasise the additional expectations of these roles.</li> </ul>	

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
<p>4.1 The Board of a profit-to-member superannuation fund must ensure the financial integrity of both the fund and the trustee entity.</p>	<p><input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply</p>	<p>In 2021, the Audit and Risk Management Committee split into two separate Committees comprising of the Audit and Finance Committee and the Risk Committee. This split has elevated the scrutiny of both audit and finance and risk functions for the Fund.</p> <p>The Audit &amp; Finance Committee (AFC) oversees the financial integrity of the Fund and Trustee entity. Both the Fund and the Trustee entity financial statements are subject to external audit review and assurance.</p> <p>Further to this, the AFC skills matrix sets out the level of skills it desires for the Committee to execute on its remit. Each Committee has its own skills requirements. The Directors report on their skills annually as part of the Fit and Proper process with Management documenting any development opportunities in a matrix that shows the current state of skills against the desired states in skills. When development opportunities arise, Management endeavour to bridge these gaps with additional training etc. For example, in FY23, the AFC have committed to additional training on tax to further enhance their skills on this Committee.</p> <p>The AFC Charter (<a href="https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Audit-Finance-Committee-Charter.pdf">https://www.cbussuper.com.au/content/dam/cbus/files/governance/board-executive/Audit-Finance-Committee-Charter.pdf</a>) is publicly available and includes oversight of internal and external audit, tax, the financial reporting framework, the risk management framework, business continuity, outsourcing and anti-money laundering/counter-terrorism financing.</p>		<p>In preparation for FAR, Management is in the process of reviewing each of the Board Committee Charters to streamline accountabilities and ensure that each Charter is fit for purpose.</p> <p>As part of this review, Management will also review the Board Skills Matrix to ensure the skills are in line with any changes to the Committee's remit.</p>

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

<p>4.2 A profit-to-member superannuation fund must ensure due process in all transactions and ensure that any related party transactions are conducted under market conditions with full transparency and disclosure.</p>	<p> <input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply         </p>	<p>All related party transactions are conducted on an arms-length basis and under market conditions. Related party transactions are disclosed in the financial statements which are audited and made available on Cbus' website: <a href="https://www.cbussuper.com.au/about-us/annual-report">https://www.cbussuper.com.au/about-us/annual-report</a></p> <p>Cbus' Conflicts Management Policy set outs how the Trustee identifies and manages actual, potential and perceived conflicts and forms part of the Trustee's Conflicts Management Framework.</p> <p>Cbus' Investment Option Switching Policy articulates how the Conflicts Management Framework is applied to Director, Observer and Employee investment option switches made to any Cbus superannuation interests to demonstrate that no financial advantage is derived from access to confidential and commercially sensitive information which is not available to members or the public.</p> <p>Further, Cbus' Personal Securities Trading Policy (the Policy) articulates how Cbus Group's Conflicts Management Framework is applied to Director and Employee personal investing activity to demonstrate that no financial advantage is derived from access to confidential and commercially sensitive information which is not available to Cbus members and/or the public at large.</p>	<p>Prudential Standard SPS 521- Conflicts of Interest (SPS 521) requires that an RSE licensee's Conflicts Management Framework is comprehensively reviewed by operationally independent, appropriately trained and competent persons at least every three years. Management engaged an external law firm to undertake the review.</p> <p>Their reviewer's findings demonstrate that the Fund's Conflicts Management Framework meets the mandatory requirements in SPS 521 and they have also provided a series of improvement opportunities for Management to consider.</p>	<p>Management is in the process of updating its Conflicts Management Policy and Investment Switching Policy, including to reflect the improvement opportunities identified from the triennial review, as appropriate.</p> <p>Cbus is also undertaking actions to improve upon existing policies and practices to further ensure robust conflicts management arrangements are in place to manage conflicts that may arise from Directors and Executives having access to sensitive investment</p>
---	--	---	---	--

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

				<p>valuation information. For example, the Fund has established a quarterly investment option switching monitoring control, where any switches are checked for compliance against the requirements of the Investment Option Switching Policy. To assist with this monitoring, Cbus is implementing and maintaining an internal register of Cbus accounts held by Connected Third Parties.</p>
<p>4.3 The Board of a profit-to-member</p>	<p><input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial</p>	<p>An annual attestation/Management Representation letter is provided prior to accounts being signed by directors from the CEO and CFO. This is provided to the</p>		

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

superannuation fund must:

- Receive an attestation from the fund's CEO\* and CFO\* that the fund's accounts are a true and accurate reflection of the fund's financial position and that the financial records have been properly maintained, before approving the financial statements.
- In accordance with SPS510 an independent auditor must be appointed. The auditor

Does not/cannot comply

Audit and Finance Committee and the Board in FY22, as part of the approval process for annual financial statements.

The Fund has an independent auditor and is assessed for Fitness & Propriety and provides an opinion in the Financial Statements to the Trustee. Both the Financial Statements and accompanying audit reports are publicly available on Cbus' website: <https://www.cbussuper.com.au/about-us/annual-report>

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
must be fit and proper pursuant to SPS520 and must issue their opinion on the financial statements to the trustee and members of the fund.				

\* Titles may differ – please indicate the title of relevant manager/s undertaking attestation.

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
<p>5.1 A profit-to-member superannuation fund must develop and implement a stakeholder engagement program, for effective disclosure of relevant and material issues. The program must provide opportunities for directors and senior management to communicate directly with stakeholders and for stakeholders to ask questions of them.</p>	<p><input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply</p>	<p>The Fund has an extensive program in place to ensure that stakeholders (members, employers, sponsoring organisations and fund employees) are provided with disclosure of relevant and material issues.</p> <p>We also report to our stakeholders using best practice frameworks such as the International Integrated Reporting Framework. An important feature of this framework is that the fund undertakes an annual materiality process to engage with key stakeholders including members, employers and sponsoring organisations to test what is important to them.</p> <p>Currently stakeholders can have direct dialogue and ask questions to the Fund Chair and Senior Managers at the Annual Member Briefing. In addition, throughout the year there are many opportunities for engagement including via an active webinar program, workplace visits including by the CEO and senior Management of Cbus and engagement with members via union channels.</p>		

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

<p>6.1 A profit-to-member superannuation fund must:</p> <ul style="list-style-type: none"> <li>• Have a strong risk culture with a Board that provides robust oversight of the fund's material risks.</li> <li>• The risk management framework must explicitly address factors that may erode the fund's members-first culture.</li> </ul>	<p> <input checked="" type="checkbox"/> Full  <input type="checkbox"/> Partial  <input type="checkbox"/> Does not/cannot comply         </p>	<p>The Fund's Risk Management Framework includes identified risks that may erode the Fund's member-focused culture. These risks are monitored and reported on throughout the year.</p> <p>The following specific material risks have been identified under the Risk Management Framework that can impact on the culture of the Fund: culture and conduct risk; leadership and talent risk.</p> <p>Risk culture surveys and key risk indicators monitor those material risks, as per the Framework.</p> <p>As part of Cbus' risk culture framework, risk culture is monitored via</p> <ul style="list-style-type: none"> <li>• Culture key risk indicators</li> <li>• Risk culture surveys and subsequent validation with the business on root causes</li> <li>• Internal Audit performs a behavioural assessment as part of their internal audit reviews</li> </ul>	<p>Enhanced the Risk Culture Framework incorporating inputs from:</p> <ul style="list-style-type: none"> <li>• APRA's expectations on the ten dimensions of risk culture;</li> <li>• Recent research on global best practices;</li> <li>• Outcomes from the 2022 Employee Engagement survey.</li> </ul> <p>Refine and review Risk Culture Action plan to continue to uplift risk culture maturity at Cbus in line with the Risk Culture Framework and regulatory expectations</p>	<p>Activities outlined in the Risk Culture Action plan which includes:</p> <ul style="list-style-type: none"> <li>• As part of the proposed Financial Accountability Regime (FAR) program, develop accountability statements, maps and decision-making framework, consequence management framework.</li> <li>• Risk capability and skills assessment as part of '3 lines of defence' maturity uplift</li> <li>• Review and refresh risk and compliance training for existing employees and new hires</li> <li>• Development of a devil's</li> </ul>
--	--	---	---	---

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
				advocate approach to improve constructive challenge •Development of case studies outlining risk culture learnings to assist with risk and compliance learning activities.

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

7.1 A profit-to-member superannuation fund must have policies and practices in place to attract and retain highly competent people, assessed relative to the size, nature and complexity of the fund. These policies and practices must be consistent with its responsibilities for maximising members' retirement outcomes and encouraging and rewarding ethical practices and behaviour.

- Full
- Partial
- Does not/cannot comply

The Fund has policies and practices in place covering remuneration, recruitment, training and development, conduct, performance reviews and management. These policies and practices are consistent with the Fund's responsibilities to act in the best interest of its members and the Fund values that members are at the heart of everything we do and are focused on achieving the Fund's strategies to maximise our members retirement outcomes.

As well, the Fund has a Respect in the Workplace Policy which outlines how people are expected to behave towards and treat others with regard to providing a fair, safe, mutually respectful and appropriately dignified and professional work environment.

Cbus has an Enterprise Agreement (the United Super Pty Ltd Collective Bargaining Agreement (EA)) in place. When negotiating the current EA, Management had to balance the need to deliver the best possible outcomes for members within the rapidly evolving superannuation landscape, address the changing needs of the business whilst also helping Cbus achieve strategic, business and operational priorities and also ensuring that the new EA aligned with Cbus' Best Financial Interest Duties.

When negotiating the EA, Cbus' goals were to have an appropriate construct for salary increases that:

- were fiscally responsible to ensure the long term financial sustainability of the Fund; and
- help attract and retain high calibre employees.

In FY22 Cbus conducted a comprehensive review of the remuneration structure (including the Variable Pay Program (VPP)) for the Executive Team, with a view to determine its relevance and appropriateness for recognising and rewarding the contribution of the Group Executives.

As part of this review, a specialist external provider was engaged to provide detailed benchmarking for all Group Executive roles with a specific focus on the likely replacement value for high calibre top quartile executives with commensurate skills and experience and taking into consideration the relevant benchmarking data.

It was determined that the VPP was overly complex and relied on metrics that were beyond the control of the individual and therefore proved ineffective in recognising and rewarding the performance of the Group Executives and it was better practice to revert to a fixed remuneration structure instead (except for the CIO).

After this review, the Board approved the cessation of the VPP program for the CEO and the Group Executive

Cbus is participating in APRA's Implementation review of readiness for CPS 511. Cbus' existing remuneration arrangements broadly align with the design requirements of CPS 511. However, several documents and processes will require an uplift to better align with the CPS 511, as well as implementing changes to deferral arrangements for specified roles.

# FY2022 COMPLIANCE REPORT: AIST GOVERNANCE CODE

Requirement	Compliance level Please select one:	Explanation & evidence (pls copy in links and/or supply documents)	List changes made in FY2022	Planned improvement activities
			Team, except the Chief Investment Officer.	
8.1 A profit-to-member superannuation fund must design and manage appropriate investment strategies having regard to member demographics and circumstances during both the accumulation and decumulation phases.	<input checked="" type="checkbox"/> Full <input type="checkbox"/> Partial <input checked="" type="checkbox"/> Does not/cannot comply	<p>Our Investment Governance Framework and investment strategies are designed having regard to our member demographics and circumstance during accumulation and decumulation phases. Specifically, the Fund’s investment strategies reflect the membership profile, membership behaviour and Fund circumstances. The Fund maintains a model to monitor and analyse the Fund’s membership profile, including forward projections. The Business Insights Team is responsible for reviewing and updating the model and key assumptions, which occurs as required and at least triennially. The key aspects considered by Fund include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Portion of the Fund in the accumulation and pension phase, by member number and funds under management;</li> <li>• Average and median duration to retirement;</li> <li>• Portion of the Fund that actively contributes;</li> <li>• Amount of the Fund in the default Option;</li> <li>• Volume of switching activity;</li> <li>• Average and median account balance;</li> <li>• Concentration of assets among different portions of the membership;</li> <li>• Retention rates of members at retirement age;</li> <li>• Stability of the contribution flows; and</li> <li>• Impacts of rollovers.</li> </ul>		