

**MINUTES – ANNUAL MEMBER MEETING  
UNITED SUPER PTY LTD  
ATFT CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND  
HELD VIA VIDEOCONFERENCE  
28 November 2024 - COMMENCING 6.00PM**

**DIRECTORS**

Wayne Swan (Chair)  
John Edwards  
Denita Wawn  
Hedley Davis  
Anne Milner  
Ray Sputore  
Lucinda Weber  
Pradraig Crumlin  
Jason O’Mara  
Michelle Beveridge

**OTHERS PRESENT**

(for all, or part thereof)

Kristian Fok, Chief Executive Officer  
Marianne Walker, Deputy Chief Executive Officer and Chief Member Officer  
Martha Georgiou, Chief Risk Officer  
Nancy Day, Chief Operating Officer  
Brett Chatfield, Chief Investment Officer  
Bernard Dean, Chief Strategy Officer  
Justine Hartman, Chief People Officer  
Jefferson Petch, General Counsel  
Richard Boyfield, Partner, Mercers  
Luke Slater, Partner, Ernst & Young

**MINUTES**

Maxine Jacona, Head of Governance & Company Secretary  
Amy Cooper, Board Coordinator – Director Liaison

**APOLOGIES**

Abha Devasia, Earl Setches and Stephen Dunne

**Annual Members’ Meeting Opening**

Marianne Walker, Deputy Chief Executive Officer and Chief Member Officer, opened the Annual Members’ Meeting for financial year 2023/24, welcoming members and acknowledging the traditional owners of the land, noting that our members and projects touch many parts of country where local Aboriginal communities have been custodians for many centuries. She noted that we acknowledge their living culture and the unique role they play in the life of these regions. She also acknowledged that wherever members were zooming in from across the country, that we are all on traditional lands and she paid respect to elders, past, present, and emerging. She also acknowledged all other cultures present.

Advising about the conduct of the meeting, and the necessary formalities, the Deputy Chief Executive Officer and Chief Member Officer noted that all questions would be answered in the forum, but if the Fund were unable to do so, members would be contacted via email, and that answers to questions asked and a

recording of the meeting would be made available on fund websites. A financial advice warning was also provided.

## Presentations

Wayne Swan, Chair, welcomed members to the Annual Members' Meeting.

The Chair provided some background on superannuation, commenting on the strength and success of Australia's superannuation system for all Australians. He referenced the history of Cbus as the Fund celebrated its 40th anniversary, acknowledging the foresight and struggle of Cbus' founding members. He noted that Cbus continued to put its members at the centre of all of its plans.

The Chair emphasised Cbus' purpose, being to achieve the best possible retirement outcome for members. He reflected that super fund members are now retiring with a better quality of life than anyone could have imagined 40 years ago. He made the observation that Cbus is one of the fastest growing and top long-term performing funds in the country - being among the top 5 performing funds over 10 years, 15 years or 20 years.<sup>1</sup> The Chair noted that Cbus invests responsibly and that its Growth (MySuper) investment option had achieved an average annual return of 8.87% since inception.<sup>2</sup> The Chair also referenced the funds hybrid investment strategy which has saved more than \$1 billion in investment fees and costs for members, and that investments costs have reduced over the last 5 years despite nearly doubling assets under management.

The Chair noted that last year, he reported on delays in insurance claims handling and the steps that were being taken to remediate and compensate members. He again apologised without reservation to members and their families affected by the delays, and to the wider membership. There was confirmation by the Chair that significant additional resources have been put in place and a program of work has been implemented to improve service delivery for members.

The Chair acknowledged that the industry fund sector has a proven track record in terms of generating strong long-term financial returns for members. He commented that the superannuation sector as a whole needs to improve as more members move into retirement over the next decade. He stated that Cbus is committed to being a part of the development of a world-class retirement system where members have the confidence to retire and enjoy a simple system that is hassle-free and puts them into a strong financial position by default. The Chair assured members the Board has a laser focus on making sure the Fund is on the right strategic path to put us back at the forefront when it comes to members services. We recognise that as the system matures and more and more people retire with years of superannuation contributions in their nest eggs, we must do more to assist members transitioning to and in retirement by providing advice, products and assistance that help them optimise their options. We are committed to updating our members annually on the improvements we are making to the retirement journey for them.

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<sup>1</sup> **Editor's note:** SuperRatings has ranked the Growth (MySuper) investment option in the top five across 10, 15 and 20 year periods from the SuperRatings FCRS SR50 Balanced (60-76) Index, for the period ending 30 June 2024. SuperRatings is a rating agency that collects information from super funds to enable performance comparisons - visit [www.superratings.com.au](http://www.superratings.com.au) for details of its rating criteria. Past performance is not a reliable indicator of future performance.

<sup>2</sup> **Editor's note:** As at 30 June 2024. The Growth (MySuper) investment option return is based on the crediting rate, which is the return minus investment fees and until 31 January 2020, the percentage-based administration fee. Excludes fees and costs that are deducted directly from members' accounts. The inception date for the Growth (MySuper) investment option is 1 July 1984. Past performance is not a reliable indicator of future performance.

Regulatory issues were referenced by the Chair, including an explanation that on 13 August this year, the Australian Prudential Regulation Authority (**APRA**) imposed additional licence conditions on the Trustee to address concerns regarding fitness and propriety processes, and fund expenditure management. He noted that the Fund is working constructively with APRA and cooperating with the independent reviewer. He reiterated that the Fund is working to further strengthen processes and frameworks in our members' best financial interests.

Finally, it was noted that in 2024 there were changes to our Board. In August 2024, Directors Dave Noonan, Rita Mallia and Jason O'Mara left the board. The Chair thanked them for their dedicated service to the Fund, and advised that following their nomination and subsequent fit-and-proper assessment, Jason O'Mara has been welcomed back to the Board, together with new member directors Paddy Crumlin and Lucy Weber who will bring a wide range of skills and a wealth of experience as the Fund continues to grow. Kristian Fok, Chief Executive of Cbus, addressed the meeting, and provided introductory remarks and an update on key fund metrics, including the size of Cbus, returns and benefits delivered to members over the long term, followed by further detail on the year.

### *Highlights of 2024*

- Over 900,000 members
- \$94.7 billion in Funds Under Management
- FY2023-24 annual return of 8.35%<sup>3</sup> for the Growth (MySuper) investment option; 8.87%<sup>3</sup> Growth (MySuper) investment option annual average return since inception
- Our Growth (My Super) investment option is in the top 5 performing funds over 10, 15 and 20 years<sup>4</sup>
- We paid \$2.9 billion to members in member benefits
- \$384 million<sup>5</sup> was paid out to members and their families for insurance claims, and our insurance claims acceptance rate for the last 3 years sits at 96.8% - which is above the industry standard
- The average member super account balance is up by over 9% - and an increase in members joining our Super Income Stream product of around 7.5%
- Since 2017, when we commenced our investment internalisation strategy, we have delivered \$1 billion<sup>6</sup> in member investment fee savings, having cut investment fees by almost 50%
- The number of members using Chatbot has increased by 100% while our Livechat usage has gone up by almost 50%
- And our members have given us a satisfaction rating of 7.5 out of 10 which is a slight increase on last year.

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<sup>3</sup> **Editor's note:** As at 30 June 2024. The Growth (MySuper) investment option return is based on the crediting rate, which is the return minus investment fees and until 31 January 2020, the percentage-based administration fee. Excludes fees and costs that are deducted directly from members' accounts. The inception date for the Growth (MySuper) investment option is 1 July 1984. Past performance is not a reliable indicator of future performance.

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<sup>5</sup> **Editor's note:** In 2023 – 2024.

<sup>6</sup> **Editor's note:** The cumulative savings are estimated for each financial year from FY18 to FY24 and summed. The approach employed is to multiply the annual average size of the Growth (MySuper) investment option by the reduction in investment fees for each year relative to FY17.

## *Putting Members First*

Cbus is committed to supporting members in what is sometimes, insecure work.

- Unpaid super is a focus affecting many members in the industries in which our members work nearly \$200 million was recovered for members during the financial year, an increase of 57% over the prior year.
- Cbus has been a leader among super funds in this work - in the last five years we have recovered more than \$600 million in unpaid super entitlements for over 665,000 members.
- Utilisation of Cbus tools including the Cbus Super Payment Checker App where there were 33,000 searches done, was up 27% on the previous year.

Providing relevant and timely services to members is critical to ensuring members are well prepared for retirement. One of the strengths of the Cbus servicing model is our Workplace Coordinator network.

Key member initiatives during the year include:

### *Face to Face servicing – a Cbus point of difference*

- During the year, our Coordinators conducted 3,025 workplace visits and over 14,335 one-on-one member appointments.
- 9,239 members visited our front counters in 5 capital cities.
- We held 299 superannuation education sessions as well as 58 retirement planning webinars. Over 10,000 members attended our superannuation education sessions, and 3,127 members attended retirement planning sessions.
- Member satisfaction scores are high: Coordinators received 9.9 out of 10, our front counter staff received member satisfaction scores of 9.3 out of 10, and our education services were ranked 9 out of 10.

### *Insurance tailored to our members' needs*

Cbus provides members with affordable insurance enabling financial protection for them and their families during their working lives.

In 2023-2024, 3,633 claims were paid, resulting in total benefits paid to members of \$384 million.

Strong advocacy from Cbus to secure a Dangerous Occupation Exception to the Putting Members' Interests First legislation has seen 236,460 members retain automatic insurance cover since 1 April 2020, and 846 claims paid totalling \$106.9 million in benefits.

An Insurance Loyalty Rebate has been introduced which will benefit more than 260,000 of our members. Eligible members will receive an insurance premium rebate of either 2% or 4% dependent on their tenure. This is to acknowledge the long-term commitment our members have to Cbus. For members of the former Media Super fund who became members of Cbus Super on 9 April 2022, eligibility will be determined using the date these members originally joined the former Media Super fund. Similarly for accumulation members of the former EISS fund who became a member of Cbus Super on 12 May 2023, eligibility will be determined using the date members originally joined the former EISS fund.

### *Advice – getting ready for retirement*

The Advice Team held over 19,929 conversations with members and made 1,024 referrals to financial planners. Members who used the 'Advice over the phone' service gave us a score of 8.5 out of 10.

During the 2024-25 financial year, we are introducing two new advice initiatives to meet members' needs:

- Under our Advice Essentials Plus program, the Fund will offer the provision of advice to members and their partner or spouse on a household basis, for a fee (so as to consider the financial situation of the household, rather than just the individual member) to better support members and their loved ones to make informed decisions about their retirement.
- The second initiative is our proactive outbound advice service, contacting members who are nearing retirement age to start the discussion on their retirement plans and needs.

### *Service*

The Chief Executive also noted that as reported last year, some of our members and their loved ones experienced delays in the processing of insurance claims.

Cbus has been focused on delivering improvements to reduce waiting times in the insurance contact centre and a better claims experience.

Last year, the key program of work Cbus undertook included:

- uplifting resources in the insurance contact centre to improve service standards;
- building resources in the claims team to respond to members and their families more quickly - including doubling the size of the case management team at our third-party administrator;
- developing key competencies in our Contact Centre so staff can have more meaningful and productive interactions with our members in order to assist them more efficiently; and
- reducing the backlog of claims.

The Chief Executive advised that there is new leadership across the Cbus claims operational team at our Administrator and there has been an increase in Cbus' complaints function to deliver ongoing targeted intervention across insurance claims. In addition, changes have been made to the website to make information simpler for members and people making a claim. A simplified ID process was also introduced to minimise requirements on claimants who had experienced delays in claims processing. A compensation program was also started for affected members and claimants. This is continuing into this financial year.

The Australian Securities and Investments Commission (**ASIC**) has recently commenced legal action against the Trustee for its handling of these issues. The Fund has cooperated with ASIC during its investigation and is seeking an alternative dispute resolution process to avoid protracted litigation. The Chief Executive confirmed that in respect of the claims, over 80% of the claims involved in this action have already been resolved. Members and their beneficiaries have so far received \$755 million in benefits.

### *Awards and recognition*

Cbus has been honoured with a number of awards highlighting the quality of our products, performance and service - in particular, the recognition of Cbus as Specialist Fund of the Year by Chant West for the 5th

year in a row. Cbus is also particularly proud to have received The Best Fund: Responsible Investment award by Chant West for the very first time.<sup>7</sup> The Chief Executive noted that this is a testament to the hard work of the fund to embed Cbus' RI principles across the portfolio as a key driver in delivering members the best possible retirement outcomes.

The Chief Investment Officer, Brett Chatfield, provided an update on Cbus' investments and performance.

He noted that Cbus currently manages approximately 34% of the Fund's investments internally and expect this to grow to around 50% by 2028. Internalisation has also contributed to significantly reducing investment fees and costs by 46.3 % since 2017 which equates to savings to members of over \$1 billion over that same period.<sup>8</sup>

He noted the fund has delivered a 7-year investment return of 7.15% p.a.<sup>9</sup> exceeding the objective (CPI+3.25%) by 0.62% p.a. and an annual return to 30 June 2024 of 8.35%<sup>10</sup> for our Growth (MySuper) investment option. He noted that importantly, from a long term perspective, the Growth (My Super) Investment Option is in the Top 5 performers over 10, 15 and 20 years<sup>11</sup> according to the SuperRatings survey to 30 June. He noted Cbus has seen significant growth in members' FUM over the past decade and from just over \$20 billion in members' funds a decade ago, to \$52 billion five years ago, and now just a few years later we are fast approaching \$100 billion. This is up by 11% from the previous year, making us one of the fastest growing funds in the industry.

He noted that a unique strength of Cbus is the rich knowledge and understanding that our Board and industry partners bring to the Fund about their industries. Cbus also continues to support Media Super members in the print, media entertainment and arts industries through our ongoing loan facility with Fulcrum Media Finance.

The Chief Investment Officer advised that Cbus invests directly in local manufacturing, and since 2019 has lent over \$1.6 billion<sup>12</sup> to a variety of Australian businesses, provided loans for the construction of more than 1500 apartments, including for a social and affordable housing development in Victoria, and most importantly, contributed positively to our performance.

Cbus has been active in the debt financing of Commonwealth affordable housing initiatives since 2017 and since 2018 Cbus has invested around \$160 million into the bond issuances from Housing Australia, which has raised over \$2.68 billion for the construction of over 7,000 new social and affordable homes.

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<sup>7</sup> **Editor's note:** Zenith CW Pty Ltd ABN 20 639 121 403 AFSL 226872/AFS Rep No. 1280401 Chant West Awards issued 22 May 2024 are solely statements of opinion and not a recommendation in relation to making any investment decisions. Awards are current for 12 months and subject to change at any time. Awards for previous years are for historical purposes only. Full details on Chant West Awards at <https://www.chantwest.com.au/fund-awards/about-the-awards/>.

<sup>8</sup> **Editor's note:** The cumulative savings are estimated for each financial year from FY18 to FY24 and summed. The approach employed is to multiply the annual average size of the Growth (MySuper) investment option by the reduction in investment fees for each year relative to FY17.

<sup>9</sup> **Editor's note:** As at 30 June 2024.

<sup>10</sup> **Editor's note:** The Growth (MySuper) investment option return is based on the crediting rate, which is the return minus investment fees and until 31 January 2020, the percentage-based administration fee. Excludes fees and costs that are deducted directly from members' accounts. Past performance is not a reliable indicator of future performance.

<sup>11</sup> **Editor's note:** SuperRatings has ranked the Growth (MySuper) investment option in the top five across 10, 15 and 20 year periods from the SuperRatings FCRS SR50 Balanced (60-76) Index, for the period ending 30 June 2024. SuperRatings is a rating agency that collects information from super funds to enable performance comparisons - visit [www.superratings.com.au](http://www.superratings.com.au) for details of its rating criteria. Past performance is not a reliable indicator of future performance.

<sup>12</sup> **Editor's note:** As at 30 June 2024.

Linda Cunningham, Head of Debt and Alternatives, was named Industry Thought Leader of the Year at the Super Review Super Fund of the Year awards recently. The award acknowledges the pioneering work led by Linda in finding scalable ways for institutional investors to support the delivery of new social and affordable housing. Linda was recognised for contributing to creating distinctive debt structures that will result in continuing institutional support for vitally important social and affordable housing in Australia.

The Chief Investment Officer advised that responsible investment is considered across all asset classes which helps Cbus to manage risk, but also presents opportunities through climate change and energy transition.

Cbus has invested more than \$750 million in several wind and solar energy opportunities in Australia and overseas, and has approximately \$1.2 billion<sup>13</sup> invested in energy transmission and distribution assets locally that will play an integral role in Australia meeting its net zero emission targets.

On Responsible Investment, Cbus' key areas of focus include climate change; investing in the real economy; nature and biodiversity loss; labour rights, including modern slavery; and workplace health and safety. The CIO commented that these areas are aligned with our members' best financial interests. Cbus' commitment to managing climate change continues to evolve, ensuring minimisation of climate risks, whilst also maximising climate opportunities and supporting the transition to a low carbon economy.

### *Cbus Property*

- Cbus Property, a wholly owned entity of Cbus<sup>14</sup>, has grown its portfolio of \$0.5 billion in 2006 to \$6.6 billion in 2024, with a further \$4.8 billion of work underway
- The property industry has had a challenging phase, but we believe we are moving through that and remain keen to identify long term opportunities to take advantage of that.
- Its average return since inception is 12.92% per annum.<sup>15</sup>

The Chief Investment Officer confirmed that Cbus was always focused on outcomes, the key one being to continue to deliver strong risk adjusted net returns for members.

### **Questions and Answers**

Marianne Walker, the Deputy Chief Executive Officer and Chief Member Officer thanked the Chair, CEO and CIO for their presentations and noted that the Fund had received a number of questions from members that would be addressed by the Fund's senior leaders.

Marianne Walker, the Deputy Chief Executive and Chief Member Officer responded to a number of member questions on a range of topics.

The Chief Member Officer advised some personal questions were submitted that can only be answered by

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<sup>13</sup> **Editor's note:** As at 31 March 2024.

<sup>14</sup> **Editor's note:** Cbus Property Pty Ltd is a wholly-owned entity of United Super Pty Ltd, and is responsible for the development and management of a portfolio of Cbus Super's property.

<sup>15</sup> **Editor's note:** Since inception in 2006 to 30 June 2024. Cbus Property investments are part of the property asset class in the High Growth, Growth Plus, Growth, Conservative Growth, Conservative and Property investment options, and these returns form part of the crediting rates allocated to accounts invested in these options. Past performance is not a reliable indicator of future performance.

a deeper understanding of the member' circumstances and Cbus has reached out to those members.

**Name withheld: How can I capitalise on current super account when only Standard Growth Plan?**

**Antony: How much can I put into my super each year as a retired person. My understanding is \$330,000?? And can I re-enter the workforce and my employer continues to pay super?**

**Name withheld: What is the best approach for a 60 year old on casual work in traffic control?**

**Name withheld: I want to compare investment strategies against my own SMSF?**

#### Contribution limits

**Maree-Rose: Now I am retired what can I do with my lump sums from any profits I make? How much can you put and how (regular deposits?) into the Accumulation stream, or do I have to start a second pension fund? I'm worried the income stream will run out when I'm 76. Where is the best place to stash a large lump sum now I've retired, ready for when what I have diminishes?**

**Raymond: How much can I put into my super every year?**

*These questions can only be answered in general terms as there are many factors impacting individual members that need to be considered in determining how much they may contribute to super, including their age, how much they have contributed, their account balance and what type of contribution they intend to make.*

*We encourage members with this sort of query to speak to our free advice service on 1300 361 784.*

*In general terms:*

- *The before tax contribution limit is \$30,000 for the 2024/25 financial year.*
- *A member can make personal contributions up to the age of 75.*
- *Only downsizer and mandated employer contributions (i.e. Superannuation Guarantee – Currently 11.5%) are allowed after you reach the age of 75.*

*Personal contributions can be made on both a non-concessional (after tax) or concessional (before tax) basis.*

*The non-concessional contribution cap is \$120,000 for the 2024/25 financial year. A member, aged up to 75, may also be eligible to utilise the bring-forward rules. The 'bring-forward' rule enables a member to contribute up to 3 times the non-concessional cap limit in one financial year. This represents the next two financial years and the current 2024/25 financial year cap limit. The ability to utilise the full \$360,000 bring-forward amount is subject to the member's Total Super Balance (being the total of all super funds held, including income streams) being below \$1,660,000 as at the 30<sup>th</sup> of June 2024.*

*If a member's Total Super Balance is \$1,660,000 and above, this will reduce the amount a member can contribute to their super, reducing to zero if their Total Super Balance as at the 30<sup>th</sup> of June 2024 was \$1,900,000 or above.*



## Complexity of insurance

**Caleb: Why is no focus made on the clarity and accessibility around insurance that comes with super and accessing coverage? The process is designed to be so complex that you simply give up. Good for you, terrible for us consumers.**

*It is understood that some members may find the insurance process complex but in order to comply with regulations and policies there are certain requirements to be satisfied when a claim is made.*

*The website has been updated to inform members about the insurance claims process so that they are better prepared when beginning an application. Our insurer performs a 'due diligence' check to ensure that members have met their obligations and this can take some time as some claims are complicated.*

*Cbus has a high acceptance rate of member insurance claims. Last year 96.8% of all claims were paid out – which is above the industry standard.*

**Srijana: What happens to insurance if I discontinue income protection, if I used to have previously? Or if changes in death cover unit?**

*If you had income protection and it was discontinued, you would need to reapply for it. Cbus' insurer would need to assess and approve your application.*

*We provide death (and TPD) cover in multiples of units. The value of a unit will change over time based on a member's age. Four units of cover is the default cover, but members can purchase more.*

## Insurance Claims management

**Paul: Do you have plans to bring insurance claims processing in house given the failure of Link?**

*We are looking at all options regarding the administrative functions of the Fund in order to deliver a better experience for members.*

*The presentation provided at the meeting showed that resourcing has been increased in the insurance contact centre to improve service standards in order to expedite the processing of payments to members and their families more quickly.*

*Bringing this function in-house is not something that can happen overnight and needs careful planning and consideration.*

*An assurance was given that these are matters that are priority in the work of the Cbus board and Executive.*

## Member statements

**John: When will the latest Statements for the Retirement fund be released?**

*It was noted that member statements for those with retirement accounts were delayed and sent on Wednesday 20 November 2024.*

*Some members' Retirement Scheme statements were delayed to ensure that these Statements accurately reflected crystallisation of their account from contributory to deferred.*

#### **Fraud, identification, security and scams**

***Dennis: Issues regarding security of the funds re fraud and scams; and how easy it is to gain access to the CBUS online accounts?***

***And the use of a security question that is available for all CBUS account, for telephone contacts. Yet never advertised as an option.***

*Our Fund has invested heavily in security and technology over recent years.*

*We want to assure members that we take the security of their accounts seriously and act with an abundance of caution when it comes to securing members' money.*

*In our member portal, multifactor authentication is required to perform several functions, including:*

- *updating your contact details;*
- *updating your consent to use the ATO SuperMatch service;*
- *completing online withdrawals or changing payment details for Fully Retired members; and*
- *changing or resetting your online password.*

*We continue to monitor security closely. Members should be assured that we will never ask you for your online password over the phone.*

*The option to add a verbal security password to your account is available to members. You can find more information about this on our website: [www.cbussuper.com.au/supersafe](http://www.cbussuper.com.au/supersafe)*

*For further resources to avoid scams and identity theft, please head to the Federal Government's Stay Smart Online website.*

***Douglas: When sending Applications for Benefits by email, can I get an electronic confirmation that it has been received?***

***I'm concerned that as the ID verification process undertaken by 3rd parties, their processes might not be robust enough to withstand a criminal hack. Can the executive assure me that all steps have been taken to ensure the 3rd party providers have satisfactory systems to protect our personal data?***

*Cbus Super closely manages information security risks. To comply with APRA's regulation CPS 234, all vendors and partners undergo a cybersecurity assessment before they are contracted. Additionally, the Fund has an established Information Security Policy and a dedicated Security Standard for third-party risk management that define key aspects of the process, including end-to-end oversight. These steps assist us with ensuring that third-party providers have robust systems to protect personal member data, aligning with industry standards and regulatory requirements.*

*All members should receive a confirmation email upon receipt of any correspondence to the Fund. Occasionally an email may not have successfully transmitted due to technical problems. We are investigating the issue you have raised and will contact you once we have a better understanding of what occurred.*

## Retirement products

**Jennifer: What is the value of income stream versus setting up your own direct debit from savings?**

Some of the benefits of investing in a Cbus Super Income Stream (SIS) compared to withdrawing your super savings into a bank account include:

- *Tax benefits - For members invested in the SIS Fully Retired account, there's no tax on investment earnings. In contrast, any interest earned on a bank account outside your super fund may be taxed. For members aged over 60, there's also no tax charged on the income payments you receive from a Fully Retired account.*
- *Choose the right investment for you - The Cbus SIS account offers a variety of investment options to suit you. From the default Conservative Growth option, to your choice of direct assets, you can tailor your investments to suit your needs and interests. This includes several investment options designed to provide investment returns above inflation over the long term, which could help your money last longer in retirement.*
- *Income stream tax refund may boost your balance - If you're using an existing Cbus Super or Transition to Retirement account to start your SIS Fully Retired income stream, we will refund money we've held from your account that would have been paid as tax. This refund would be paid directly into your new account.*
- *Flexibility to make withdrawals at any time - Once you've opened a SIS Fully Retired account, there's no limit on the number of withdrawals you can make each year or a maximum amount<sup>16</sup>.*

Brett Chatfield, Chief Investment Officer returned to the lectern to respond to a number of members' questions on a range of topics.

## Investments

**Waheed: Please advise which super option will give the highest returns?**

Chief Investment Officer, Brett Chatfield commented that choosing an investment option within super can depend upon several factors such as your tolerance to risk, your investment timeframe, your stage of working life, and your personal financial circumstances, goals, and objectives.

Generally, investment options with higher growth assets such as Australian and International shares have a higher return over a longer timeframe, but come with higher risk, including the potential for meaningful short-term draw-downs. Whereas investment options with more defensive assets such as cash and cash like assets have a lower return, lower risk, and a shorter investment timeframe in comparison.

Our Advice team can help you understand your super investment options and offer advice on choosing the right investment option for you.

**Roy: In the current economic conditions with most growth leaning assets being fully priced out, if not over valued and at all-time highs, is there a plan to rebalance the asset allocation within the premixed options to ensure that the likelihood of negative returns are minimized?**

Our Strategic Asset Allocation (SAA) provides guidance for the portfolio allocation over the medium to long

<sup>16</sup> **Editor's note:** Members invested in a SIS TTR account cannot withdraw more than 10% of their balance per year.

term (10+ years) based on what we believe is most likely to meet each option's investment objective (including real return targets and frequency of a negative return) and is reviewed annually. Dynamic Asset Allocation is an additional source of active return and is used to make shorter-term (6-12 months) adjustments to the SAA based on the outlook for markets.

Taking a longer-term view, we have slightly lowered our expected equity market returns for the next decade, based on the high valuations that we are starting from. But it is important to highlight that our portfolios remain diversified across a wide range of asset types and overall, we continue to remain on track to meet our investment objectives. Our diversified portfolios are also designed to enhance returns per unit of risk and smoothen member experience from any short-term market volatility. By investing in a range of asset classes, it reduces the impact that any one asset class, such as shares, has on a member's returns and the risk of a big fall in your account value is reduced.

Currently, over the shorter term, the Dynamic Asset Allocation strategy has the Growth Option modestly overweight equities, although this position was recently trimmed following strong market performance and an increase in uncertainty following the US election result. It's true that markets have performed well, and valuations are quite high. That is not usually a good short-term indicator of market performance though, and the fundamental backdrop remains supportive, especially now that most major central banks are cutting interest rates to support the ongoing economic expansion.

**Roy: Where can I find the complete list of asset holdings and specific allocations within the pre-mixed investment options, not just top of the line strategic allocations within the handbook?**

Cbus publishes where each investment option invests in detail for 31 December and 30 June every year. The way information is shown is set by regulations. Some investments will have an individual value and percentage, some will be grouped with a total investment and percentage amount shown. Values displayed are for each investment option at the reporting date.

This information is available on our website, <https://www.cbussuper.com.au/super/my-investment-options/cbus-investment-holdings>.

**Roy: We are living longer and inflation is chipping away at yields, will there be a plan to shift super into some form of income generating vehicle rather than a nest egg in the near future?**

It was noted that superannuation is governed by legislation that requires Cbus to invest on behalf of members for the purpose of their retirement. There is no awareness of any move to change this in the near future.

**Michael: My question is around how Cbus is performing to reach it's net zero ambitions? What measurement tool is Cbus using to measure its Net zero performance? Is that tool independently verifiable? And how often are you reporting the results Members?**

Brett Chatfield noted that within Cbus' climate change strategy, there is a set of public climate change goals and climate change principles, and we have used climate change roadmaps to identify key actions Cbus aims to achieve within a set period of time.

As well as our net zero portfolio emissions goal by 2050, Cbus also has a 45% reduction in real world emissions by 2030. Each year reporting is done on progress towards these goals. Carbon 'intensity' is used

to track progress rather than ‘absolute’ carbon emissions because this allows Cbus to account for growth in the portfolio over time.

This year a 34% reduction was recorded compared to Cbus’ 2019 baseline. When adjusted for growth in asset enterprise values between financial year 2019 and financial year 2024, the reduction in carbon intensity was 18.3%. It is believed this is a better representation of our real world impact – the actual reduction in emissions achieved by the assets in which we invest.

Progress is published each year in Cbus’ Responsible Investment Supplement which forms part of Cbus’ Annual Integrated Report. The Annual Integrated Report is independently reviewed and verified through an external limited assurance process.

**Jordan: How have recent media reports affected performance and investment strategies?**

Brett Chatfield confirmed that recent media reports have not impacted on our performance or investment strategies.

Cbus has over 100 investment professionals focused on delivering the very best returns for members over the long-term.

He confirmed the expertise of staff noting that he had been at Cbus for almost 12 years, and our CEO has been either at the Fund, or advising the Fund on its investment strategy, since the late 1990’s.

The Chief Investment Officer gave the assurance that Members can have every confidence that Cbus is 100% focused on continuing to deliver strong long-term returns and believe that our portfolio is very well placed in that regard.

**Larry: What do you attribute our relatively poor performance last FY to compared to the super ratings fund medium?**

Funds with a higher allocation to listed growth assets, particularly Australian and global shares, performed well last financial year, and while we do have significant exposure to these asset classes, we have less than many for example retail super funds and passive balanced products, including our own Index Diversified option, which delivered a crediting rate return of 11.4%<sup>17</sup> for accumulation members in the 2024 financial year. Cbus’ Growth option has a diversified mix of growth assets, across both public markets and private markets, which generally performed well last financial year, but not as well as shares, especially US shares.

Cbus’ performance was also impacted by a higher-than-average exposure to the property sector, which has been a feature of the Fund’s strong long-term returns. We are of the view that property is stabilising after several years of downward pressure, and should be well placed over the long-term given our high quality portfolio and the great expertise we have via Cbus Property and our own internal team.

Brett Chatfield advised that he remained very confident in our long-term investment strategy and the benefits of a broadly diversified portfolio, which includes key asset classes such as infrastructure and property. We expect that will help us continue to deliver strong returns as we have for the last 40 years.

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<sup>17</sup> **Editor’s note:** SuperRatings has ranked the Growth (MySuper) investment option in the top five across 10, 15 and 20 year periods from the SuperRatings FCRS SR50 Balanced (60-76) Index, for the period ending 30 June 2024. SuperRatings is a rating agency that collects information from super funds to enable performance comparisons - visit [www.superratings.com.au](http://www.superratings.com.au) for details of its rating criteria. Past performance is not a reliable indicator of future performance.

Over the 10, 15, and 20 years to 30 June 2024, our Growth Option was ranked in the top 5 of funds in the SuperRatings survey.<sup>18</sup>

## Middle East Conflict

**Sam: What exact steps have been taken to withdraw from the companies and bodies complicit with the genocide in Palestine?**

**Monroe: Why does CBUS invest in arms that kill children in Gaza**

**Gary: The CBUS Responsible Investment Policy says One of the Trustees fundamental beliefs is that responsible investment reduces risk over time and can improve long term returns. The Trustee believes it has an obligation to identify, monitor and manage environmental, social and governance matters that could materially, or be highly likely to affect, business or investment performance which is in our members best financial interest. How is CBUS managing the risks to members funds associated with investments in Israeli banks, real estate, and insurance companies, and other companies operating in and supplying the Israeli market considering the effects Israel's attacks on Gaza on the Israeli economy and the risk that these activities when taking place in Occupied Palestinian Territory amount to war crimes including the crime of pillage under the Statute of Rome?**

**Rosalind: I have emailed CBUS twice in the last twelve months asking for information about your ethical investment policy and how it fits with CBUS investing in stocks for companies that are profiting from war crimes and human rights violations in Palestine. I have not had any reply at all. Is this the usual standard of customer service that CBUS members can expect when they raise ethical concerns?  
On 19 July 2024, the International Court of Justice found multiple and serious international law violations by Israel towards Palestinians in the Occupied Palestinian Territory. The Court said that all investment corporations had a duty not to recognise, cooperate or assist in any manner in acts intended to exploit the resources of Occupied Palestine or to change the demographic structure of Occupied Palestine (which includes ethnic cleansing and genocide in Gaza). What is CBUS doing to make sure that it complies with this ruling? [NOTE: ALSO ANSWERED IN SUPPLEMENTARY Q&A SECTION BELOW]**

The Chief Investment Officer noted that there is significant community concern over the conflict in the Middle East. He noted the importance of understanding the legal and regulatory framework within which Cbus operates as a super fund. Cbus is subject to a number of strict statutory and general law obligations in the way it administers the Fund.

These obligations require the Trustee to invest the assets of the Fund for the purpose of maximising the retirement outcomes for its members, with the best financial interests of members being the determinative factor in investing the assets of the Fund.

We take our responsible investment activities seriously and we have recently undertaken a review of our exclusions.

With over 920,000 members, there is the potential for widely divergent views to arise regarding our investment exclusions.

We have recently conducted a member survey and will be undertaking more detailed member focus groups. As part of the member survey, members confirmed they were supportive of our current focus areas including

<sup>18</sup> **Editor's note:** As at 30 June 2024. Based on the return minus investment fees and taxes. Excludes fees and costs that are deducted directly from members' accounts. Past performance is not a reliable indicator of future performance.

*climate change and workplace health and safety. We also asked our members about other issues of interest and concern to them, and the key issues raised were the housing crisis and the lack of housing supply as well as the cost of living.*

*We also monitor the activities, and approaches of our major peers.*

*We currently exclude direct investments in companies which have direct involvement in:*

- *the manufacturing of controversial weapons specifically, cluster munitions, biological and chemical weapons, anti-personnel mines, depleted uranium, and white phosphorus weapons: or*
- *the manufacturing of components or services of the core weapon systems where those components or services are considered essential for the lethal use of the weapon.*

*We will divest where we are required to comply with sanctions imposed by the Australian Department of Foreign Affairs and Trade (DFAT) and no guidance has been provided by DFAT or the Australian government in relation to Israeli assets or companies.*

*We have also engaged recently with a range of relevant companies, noting that many companies have global operations, to ensure we understand in detail their specific activity, and potential risks.*

*We take this matter seriously and will continue to review and evolve our approach.*

### **Advertising, marketing and sponsorship**

Kristian Fok, Chief Executive Officer responded to a number of members' questions on a range of topics, relating to the acquisition and retention of members through advertising, marketing and sponsorships.

**Michael: Please explain how excessive advertising campaigns and sponsoring sport etc is in the best interest of members and the best use of our funds.**

**Rodney: Please explain why you have to advertise so much e.g. football jumpers using members money and how many outsiders joined when the majority join as part of the Construction Industry.**

**Michael: Why are Cbus spending so \$28million on promoting marketing and sponsorship if it lowers fees where is the research to support that?**

**Robert: Cbus spent 28.4 million dollars on marketing and sponsorship. [...] Is it necessary to be spending so much of my retirement earnings on marketing a 'not-for profit' superannuation company that is the default super option for so many employers?"**

*The Chief Executive noted that Cbus does not advertise on football jumpers or sponsor any sporting teams or clubs. Cbus does advertise during the (AFL /NRL) football seasons on commercial television and radio to promote the Fund as part of our Brand and Marketing annual plan.*

*The Chief Executive advised that default status is contested. Cbus does not have 100% penetration of default status across building and construction workplaces. Employers can make their own decisions about what the workplace default fund is and in fact, many funds, including "for profit" brands hold default fund status in enterprise bargaining agreements across the building and construction industry.*

*Cbus competes for default status, and this is done through strong industry relationships, investments into our industry, and products and services like insurances that are fit for purpose.*

*In the last financial year, Cbus acquired approximately less than 20% of members through a default*

enterprise bargaining agreement. Even if Cbus is the default option, it doesn't mean automatic membership. Everyone has the right to choose their own super fund as there is no compulsion to join a workplace's default fund. In the last 2 years, this area of member acquisition has become increasingly competitive with the implementation of 'stapling' legislation which has made the competition for new members more intense and the increased use by competitor funds of employer payroll platforms such as Employment Hero and Flare, to acquire members has added to this competitive environment.

The Chief Executive emphasised the importance of achieving scale in the superannuation market to keep costs and fees low, and to enable the fund to access a wider range of investment opportunities for members - because the bigger the fund, the lower the fixed costs are per member and the more negotiating power it has with suppliers such as investment houses. Advertising plays a vital role in attracting and retaining members in a competitive market.

Cbus uses research and econometric modelling to inform expenditure decisions across marketing channels and measure their effectiveness. We routinely review our advertising performance to ensure cost-effective growth.

**Robert: Cbus spent 28.4 million dollars on marketing and sponsorship. [...]**

**1/. How many new members did cbus attain in FY 2023/24.**

**2/. Based on last years promotional costs, and new member numbers, how much did each new member cost.**

**3/. How many of the new members joined cbus because it is the default option of their employer.**

90,000 members were added in the last financial year, 18.5% were by default.

In respect of those from Enterprise Bargaining Agreement employers in 12 months period, the percentage of Accumulation members is 21.2%, slightly up from 20.6% in FY23.

The answer to the last question about cost per member is commercially sensitive information and so Cbus cannot divulge this publicly.

## Governance

**Philip: Which directors are CFMEU members [...]**

**Owen: Is the administration of the CFMEU affecting the fund?**

The CFMEU, of which the construction division is under administration, is one of the Fund's member sponsoring organisations and they hold three of the fourteen shares in the Trustee.

These three shares are under the control of the CFMEU National Executive, and they advised that its three representatives would cease as Directors of the Trustee in August 2024. Despite those cessations, the Board of the Trustee continued to have a quorum.

In November after applying a comprehensive 'fit and proper persons test', the Cbus Board confirmed the appointment of three replacement directors nominated by the CFMEU.

They are Paddy Crumlin, Jason O'Mara and Lucy Weber. Information on their skills and experience please is available on the Fund's website.



*As a result of the CFMEU entering administration, the Trustee suspended all payments to the CFMEU and entry into any new agreements or arrangements on an interim basis pending further investigation. The only exception to this is in respect of certain rent obligations that the Trustee is satisfied are at market rates.*

*Other than these matters, the CFMEU being placed into administration has not significantly affected our operations. Our coordinators and employer teams continue their important work engaging with members and employers in their workplaces.*

**Philip: [...] how much has been donated to unions this financial year?**

*Cbus does not make donations. Marketing and promotion of the Fund includes partnership agreements with member and employer sponsoring organisations.*

**Karen: Please advise what Cbus is doing to clean up its act and mitigate the investment risks for member accounts amid both ASIC and APRA action against Cbus, and ongoing corporate governance questions around CFMEU?**

*The CEO outlined in respect to investment risks – Cbus has a strong investment team that balances experience with innovation, with more than one hundred investment professionals who oversee a global diversified portfolio. The Funds number one focus remains protecting and growing retirement savings. He assured members that the Fund is committed to improving our policies, processes and governance frameworks to ensure they remain fit for purpose and align with regulatory requirements. Cbus has cooperated fully with the independent review required by APRA.*

*He noted that the proceedings commenced by ASIC in relation to claim handling delays involve complex issues and may take some time to resolve. However, we have consistently cooperated with ASIC and remain committed to engaging with ASIC in a way that seeks to avoid protracted litigation.*

**Tom: Cbus independent director John Edwards sits on the Investment Committee. When the investment committee discusses the relationship between ethical investment and investments in weapons manufacturers, does he disclose that he receives a fellowship from the Lowy Institute which is part sponsored by weapons manufacturers?**

*The CEO advised that in line with our Board and Committee processes, all Directors are required to disclose affiliations, memberships, and conflicts. John Edwards' affiliation with the Lowy Institute is on our website in the section that features our board members.*

**Julie: What impact will the ASIC case against CBUS have on Media Super? Will Media Super have to contribute to any civil penalties if they are handed out? Was it wise to amalgamate with a fund which has clocked up an estimated \$20 million loss?**

*The Chief Executive noted that after the merger in 2022, Cbus and Media Super are now one fund. He advised that he was unable to comment further on the ASIC case in relation to delays in insurance claims handling and the potential outcomes of the proceedings.*

Marianne Walker returned to the lectern, responding to further questions.

**[Name withheld]: Why can't members attend this important meeting in person?**

*It was found that conducting the meeting online is the best way to provide access given that we are a national fund, and this has worked well over the past 3 years.*

**Mark: Is the online chat facility available for Mediasuper members? I could not find it on the Mediasuper dashboard**

*Unfortunately, this feature is not available at the moment, but it is in our plans for the future. Media Super members can get in touch via phone, email, by visiting one of our front counters, or through our on-the-ground staff who visit workplaces.*

A member called Neville posted about some concerns he had. He was thanked for raising this and it was advised that he would be contacted the next morning.

Kristian Fok returned to the lectern to respond to further questions.

**Jon: Are the defined benefit accounts merged from EISS still fully funded?**

*The CEO advised that an actuarial review has been undertaken. As at 30 June 2024, it was funded to 97.99%. The aim is to ensure that it is fully funded. The CEO noted that the change in funding was as a result of some of the assumptions, particularly the salary increase assumptions. There is a plan in place with employers to return to a status of being fully funded as at 30 June 2025.*

**[Name withheld]: In terms of board members would there ever be a position open to members not affiliated with employer/trade unions?**

*There are 2 positions for independent Directors. Sponsoring organisations have looked at skills requirements and have appointed Directors who are not affiliated with them. An example of that is Stephen Dunne, Chair of the Investment Committee, and one of the employer-nominated Directors appointed by the Master Builders Australia.*

Chief Investment Officer, Brett Chatfield, returned to the lectern to respond to further questions.

**Jon: My question is about climate change and what CBUS is doing to eliminate our contribution to global warming by divesting from all fossil fuels and using our power as large shareholders to force companies to do more to reduce their contribution to global warming. Climate change isn't just an investment risk for our money, it risks the health and wellbeing of members, particularly those working outdoors in increasing heat.**

- 1. What investments in fossil fuel companies does CBUS currently have and why do we retain them?**
- 2. By what date will CBUS completely divest from fossil fuels that contribute to global warming?**
- 3. How has CBUS used our investments to improve the climate performance of companies we are invested in and when we haven't supported climate-positive votes at investor meetings, why didn't we?**

*The Chief Investment Officer noted that our investment holdings are listed on our website, as is our approach to climate change. Cbus does work to ensure that we look to climate risk within decision-making processes. This is one of the key considerations when making individual investment decisions.*

*The CIO commented that remaining invested in companies or assets that risk being stranded during the energy transition helps support impacted workers and communities, and allows us to engage with, support*

*and encourage company transition. In doing so, our aim is to help ensure the transition is as orderly and fair as possible so that our members' benefits are maximised.*

*Cbus prefers to work with companies to get them onto the right track. Influencing and holding companies to account is an important objective as an investor. Cbus uses its size and voice to engage with companies. Cbus advocates quite broadly too in relation to climate risk management and having appropriate transition plans and transition paths in place.*

*Cbus undertakes engagement with a number of partners but in terms of our direct engagement over the year Cbus engaged with 17 of our 20 priority climate companies.*

- *88% of these companies assessed have set a net zero by 2050 target covering scope 1&2 emissions.*
- *59% were assessed as having either adopted or are considering an advisory 'say on climate' vote.*
- *18% had made good progress during FY24, 41% made partial progress and 41% were assessed as having made limited progress.*
- *100% of companies have aligned or at least partially aligned with Task Force on Climate-related Financial Disclosures (TCFD) reporting recommendations.*

*In respect of divestment, it certainly is a part of our overarching framework. The CIO added that in respect of the question of divesting, that it was always an option, however research suggests it needs near total adoption from all investors to be truly effective. Cbus' preference is to avoid divestment and, where we can, engage and work effectively with companies, to use our voice and advocate, to ensure that they are on the right path.*

***Earl: When investing in diy with a 50/50% split between Aussie shares and international shares if the current balance is split 50/50 and future contributions also split 50/50% how often do you sell the shares to rebalance them to maintain the 50/50% split.***

*The Chief Investment Officer advised that we do not have an automatic rebalancing process. He noted that Cbus would follow up with the member to provide further information on that specific topic given that it does relate to their specific investment selection in their own account.*

## **Closing**

In closing the Annual Members' Meeting, Marianne Walker advised that it was a pleasure to speak with members, and the engagement with members through this and other forums continues to remain especially important to the Fund. She thanked members for joining the meeting and looked forward to next year's Annual Members' Meeting.

The Annual Members' Meeting closed at 7.19pm.

## **Additional questions and answers**

The following seek to respond to questions received from members that were unable to be answered at the Annual Member Meeting or provide further detail in answer to the question that was responded to at the meeting.

***Rosalind: I have emailed CBUS twice in the last twelve months asking for information about your ethical investment policy and how it fits with CBUS investing in stocks for companies that are profiting from war crimes and human rights violations in Palestine. I have not had any reply at all. Is this the usual standard of customer service that CBUS members can expect when they raise ethical concerns?***

***On 19 July 2024, the International Court of Justice found multiple and serious international law violations by Israel towards Palestinians in the Occupied Palestinian Territory. The Court said that all investment corporations had a duty not to recognise, cooperate or assist in any manner in acts intended to exploit the resources of Occupied Palestine or to change the demographic structure of Occupied Palestine (which includes ethnic cleansing and genocide in Gaza). What is CBUS doing to make sure that it complies with this ruling?***

*Thank you for taking the time to raise your concerns with us. We appreciate that this is a complex situation and that people have strong views regarding the conflict in the Middle East and are keen to take personal action.*

*In relation to the issues you raise, it is important to understand the legal and regulatory framework within which we operate. United Super Pty Ltd (**Trustee**) is the trustee of the Construction and Building Unions Superannuation Fund (**Cbus/the Fund**).*

*The Trustee is subject to a number of strict statutory and general law obligations regarding the way it administers the Fund. These obligations require us to invest for the purpose of maximising the retirement outcomes for all of our members and our members' best financial interests are the determinative factor when investing.*

*For Australian or International listed shares, when Cbus itself (either through its internal or external investment managers) invests directly in those shares, we exclude direct investments in companies which have direct involvement in:*

- *the manufacturing of controversial weapons (specifically, cluster munitions, biological and chemical weapons, anti-personnel mines, depleted uranium, and white phosphorus weapons); or*
- *the manufacturing of components or services of the above core weapon systems where those components or services are considered essential for the lethal use of the weapon.*

*Please refer to our website, under the section "Our approach" for further information regarding our approach to exclusions.*

*There are also some circumstances where we are legally required to comply with sanctions imposed by the Australian Department of Foreign Affairs and Trade (**DFAT**).*

*At this point in time, there is no such guidance from either DFAT or the Australian Government applying sanctions to Israeli assets or defence companies. If the Australian Government were to impose sanctions, Cbus would comply with any such sanctions as was the case when the Australian Government imposed sanctions against Russia in 2022. We appreciate that this may not be the response you would like, and we know that with over 920,000 members as at 30 June 2024, there is the potential for widely divergent views to arise regarding our investment exclusions.*

Where we have received enquiries about specific companies, we have proactively sought to investigate the issues at hand. This has included engaging with our Environment, Social and Governance data provider to understand the corporate activities of such companies, and engaging with such companies, either directly and/or via our global engagement partner, EOS at Federated Hermes Limited.

Please note we have also historically conducted member surveys, seeking members feedback on our approach to responsible investment and how important it is in the context of their super, with the most recent survey having been conducted in June/July 2024. As part of this member survey, members confirmed they were supportive of our current focus areas including climate change and workplace health and safety. The 2024 member survey also asked our members about other issues of interest and concern to them, and the key issues raised were the housing crisis, the lack of housing supply, and the cost of living.

Further information, including our key areas of focus, please refer to our 2024 Responsible Investment Supplement.

**Rosalind: ASIC has recently prosecuted and obtained fines against some superfunds for greenwashing by making misleading representations about environmental, social and governance (ESG) credentials. Given that CBUS claims to deal with ESG issues across the whole fund how does it reconcile the risk of prosecution for greenwashing or rightswashing (also known as bluewashing) with its continued investment in companies involved in genocide and war crimes in Israel and the ICC ruling on 19 July that investment companies are obliged under international law to not co-operate or assist in acts intended to exploit the resources of Occupied Palestine.**

Cbus seeks to be a responsible investor in various ways:

1. **Through integration:** This means that we seek to understand and consider material ESG risks and opportunities as part of our investment decision making process (e.g. when choosing to invest in a company, or asset, or with an external investment manager).
2. **We are active stewards:**
  - Through voting at annual meetings and through discussions with the company or manager, we aim to improve practices so that companies we invest in are better run and provide more sustainable long-term returns.
  - We advocate for a shift towards a sustainable finance system by encouraging the development of standards, guidelines, and regulatory reform. Either directly or alongside others, we support the development of policies and research, and make submissions to government and regulatory consultations.
3. **We are evidence driven:** We use a wide range of research and data to measure, support and evolve our evidence-based approach. Our strategies and approaches are underpinned by an assessment of best practice coupled with a view of what is fit for purpose for our portfolio.
4. **We adapt** We work to ensure our priorities continue to align with our members' best financial interests through time and we scan the horizon so we are aware of issues that will become prominent in the future.
5. **We are transparent** We measure our activities and report on our progress, so our members can be confident that we do what we say we do.
6. **We partner** We recognise that through partnership and collaboration we can share knowledge and learnings and better protect our portfolio from systemic risks.

We do not believe our investment activities are contrary to how we invest responsibly as set out above and as publicly disclosed elsewhere.

In addition, as highlighted, in certain limited circumstances we put in place investment exclusions and have

processes in place to maintain oversight of our exclusions.

We are transparent about our exclusions, allowing our members to make informed investment decisions. In short, we focus on saying what we do and doing what we say. As part of this, we obtained independent limited assurance over our 2024 Responsible Investment Supplement.

**Tom: Earlier this year CBUS was reported in the media saying that it “acknowledges the community concern over the conflict and loss of life in Gaza and Israel” and that investments identified by the CFMEU as contributing to that loss of life “equate to approximately 0.01% of our total funds under management”. If the investment is so small, and the damage to the fund’s reputation with its members is large, why doesn’t CBUS do the right thing and divest from those stocks? If CBUS reviewed its investment policy and publicly divested from stock in companies who are profiting from war crimes, human rights violations and genocide in Palestine it could become a destination fund for workers who want to be in an industry fund and do not want their super invested in genocide. This would grow the fund and benefit all members. No other industry fund is taking principled position on this issue yet – why doesn’t CBUS step up and take a truly ethical option.**

Cbus seeks to be a responsible investor in various ways:

1. **Through integration:** This means that we seek to understand and consider material ESG risks and opportunities as part of our investment decision making process (e.g. when choosing to invest in a company, or asset, or with an external investment manager).
2. **We are active stewards:**
  - Through voting at annual meetings and through discussions with the company or manager, we aim to improve practices so that companies we invest in are better run and provide more sustainable long-term returns.
  - We advocate for a shift towards a sustainable finance system by encouraging the development of standards, guidelines, and regulatory reform. Either directly or alongside others, we support the development of policies and research, and make submissions to government and regulatory consultations.
3. **We are evidence driven:** We use a wide range of research and data to measure, support and evolve our evidence-based approach. Our strategies and approaches are underpinned by an assessment of best practice coupled with a view of what is fit for purpose for our portfolio.
4. **We adapt:** We work to ensure our priorities continue to align with our members’ best financial interests through time and we scan the horizon so we are aware of issues that will become prominent in the future.
5. **We are transparent:** We measure our activities and report on our progress, so our members can be confident that we do what we say we do.
6. **We partner:** We recognise that through partnership and collaboration we can share knowledge and learnings and better protect our portfolio from systemic risks.

In addition, in certain limited circumstances we put in place investment exclusions and have processes in place to maintain oversight of our exclusions.

Specifically, for Australian or International listed shares, when Cbus itself (either through its internal or external investment managers) invests directly in those shares, we exclude direct investments in companies which have direct involvement in:

- the manufacturing of controversial weapons (specifically, cluster munitions, biological and chemical weapons, anti-personnel mines, depleted uranium, and white phosphorus weapons); or

- *the manufacturing of components or services of the above core weapon systems where those components or services are considered essential for the lethal use of the weapon.*

*Please refer to our website here, under the section “Our approach” for further information regarding our approach to exclusions.*

*There are some circumstances where we are legally required to comply with sanctions imposed by the Australian Department of Foreign Affairs and Trade (DFAT).*

*At this point in time, there is no such guidance from either DFAT or the Australian Government applying sanctions to Israeli assets or defence companies. If the Australian Government were to impose sanctions, Cbus will comply with any such sanctions as was the case when the Australian Government imposed sanctions against Russia in 2022. We appreciate that this may not be the response you would like, and we know that with over 920,000 members as at 30 June 2024, there is the potential for widely divergent views to arise regarding our investment exclusions.*

*Where we have received enquiries about specific companies, we have proactively sought to investigate the issues at hand. This has included engaging with our Environment, Social and Governance (ESG) data provider to understand the corporate activities of such companies, and engaging with such companies, either directly and/or via our global engagement partner, EOS at Federated Hermes Limited.*

*Please note we have also historically conducted member surveys, seeking members feedback on our approach to responsible investment and how important it is in the context of their super, with the most recent survey conducted in June/July 2024. As part of the most recent member survey, members confirmed they were supportive of our current focus areas including climate change and workplace health and safety. We also asked our members about other issues of interest and concern to them, and the key issues raised were the housing crisis, the lack of housing supply, and the cost of living.*

*Further information, including our key areas of focus, please refer to our 2024 Responsible Investment Supplement.*

***Earl: After doing some research using 50k invested as a base in Aus shares and international share Australian retirement trust (ART) and Australian super (Aus)fees are much lower than cbus For 50k invested these are the following fees - Art Australian shares \$192yr - Art international shares \$192yr - Aus Australian shares \$217yr - Aus international shares \$297yr - Cbus Australian shares \$358 Cbus international share \$458. Will you be able to match these fees or even beat them?***

*When comparing investment options across super funds it’s important to understand that each fund adopts its own unique investment approach and that they are typically not directly comparable. For instance, some funds employ a passive approach in their Australian shares and/or International Shares option, whereas Cbus employs a mostly active approach, which typically costs more. This is why you will also see differences in the fees and costs associated with these investment options.*

*Despite having a differentiated approach, we are always looking at the fees and costs of our investment options and identifying ways to reduce these further over time.*

*In recent years, we have grown the number of internal strategies managed in-house by our investment team. We will continue to look at ways we can bring further strategies in-house as part of our current five-year investment strategy. This will see more members’ assets managed internally in areas like shares, infrastructure, and debt, all aimed at driving better after fee returns for members. Importantly, since we embarked on our internalisation strategy, we have also realised over \$1 billion in investment fee and cost*

savings<sup>19</sup>.

**Earl: When investing in diy with a 50/50% split between Aussie shares and international shares If the current balance is split 50/50 and future contributions also split 50/50% how often do you sell the shares to rebalance them to maintain the 50/50% split.**

If Cbus receives instructions to switch 50% of a member's superannuation account balance into International Shares and 50% into Australian Shares, we do that based on their superannuation account balance at the date we process that investment switch.

After that, the value of those two separate investments will change over time based on the different crediting rates of those two investment options and so the account balance of those two separate investments will not remain as an exact 50% / 50% split. We don't automatically rebalance a member's investments to maintain the 50% / 50% split. Automatic rebalancing is not a feature we currently offer.

**Sandy: The CBUS website says "We believe well-governed companies that manage material, environmental, social and governance (ESG) risks and opportunities in their operations and supply chains, such as those that impact employees, suppliers, customers, communities and the environment, will protect assets and grow our members' retirement savings over the long term." If this is the case, how does CBUS justify ongoing investment in companies which are actively involved in facilitating and pro [ENDS]**

As question is incomplete, we don't believe this is possible to answer. Detail on Cbus' approach to responsible investment and ESG is provided above.

**Neville: Can you please provide some insight and means of commitment as to how Cbus is going to better service its Defined Benefit scheme members.**

Cbus is committed to uplifting all our services on an ongoing basis, including for our Defined Benefit members. We are pleased to report on the following initiatives to improved our services to our Defined Benefit members:

- Three Defined Benefit experts are now in place in the Advice team who can provide general advice over the phone to Defined Benefit members on their accounts.
- Where members have particularly complex general advice enquiries, they can now book a phone appointment with our Technical Specialist (no additional cost). This is a new service offering has been released in recent months.
- For members requiring personalised advice to assist with their decisions around their Defined Benefits accounts, we can refer them to an adviser through our Member Referral Program (fee for service basis).
- To support members, there is a dedicated Employer Account Manager who is available for employers to contact and meet with directly. A recent addition to the team brings a deep experience in defined benefits.
- Our member co-ordinators visit sites and work directly with members on any queries or needs.

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<sup>19</sup> The cumulative savings are estimated for each financial year from FY18 to FY24 and summed. The approach employed is to multiply the annual average size of the Growth (MySuper) investment option by the reduction in investment fees for each year relative to FY17.