

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
SUPERANNUATION SECTOR**

CBUS

CBUS93QW: Please provide the titles of all externally commissioned reports over the past five years that have reviewed any of the following:

- a. Performance of funds.**
- b. Investment strategies for funds.**
- c. Conflicts of interest for funds.**

Answer: Cbus commissions reports from rating agencies (SuperRatings, Lonsec, Morningstar, ChantWest, Rainmaker, Canstar, Heron) that periodically review Cbus' investment options including performance. The titles of these reports will differ depending on the relevant party but will typically refer to the particular investment option or Cbus overall.

Cbus commissions Frontier Advisors to conduct periodic reviews of internally direct investing strategies, which includes an assessment of performance.

As required by Prudential Standard 521, Cbus commissions a comprehensive external review of its conflicts management framework every 3 years.

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CBUS94QW: For each fund where more than 30 per cent of capital is managed by another entity, please complete the below table including:

1. The name of the fund.
2. The allocation of capital as a percentage of the total capital held by the fund.
3. The allocation of capital of the total capital held by the fund.
4. The entity managing the capital.
5. Whether you are a shareholder in that entity.

Fund	Allocation of fund capital		Managing entity	Shareholder
	%	\$		
i.e. Hostplus infrastructure options	i.e. 70%	i.e. \$10 billion	i.e. IFM Investors	i.e. Yes

Answer:

Name of Option	Size of Option At 30/6/2019	% of Fund	Allocation of Capital At 30/6/2019		Entity	Shareholder
	\$		\$	% of Option		
Cbus Cash Savings Option ¹	578,924,768	1.10%	307,451,760	53%	Colonial First State Asset Management	No ²
			271,473,008	47%	IFM Investors Pty Ltd	No ³
Cbus Self Managed – Infrastructure ¹	4,946,713	0.01%	2,725,540	55%	IFM Investors Pty Ltd	No ³
Cbus Self Managed – Property ¹	3,862,710	0.01%	1,351,390	35%	ISPT	Yes

Notes

1. Holdings are aggregated across Accumulation and Super Income Stream.
2. Cbus is a shareholder in Commonwealth Bank, who as at 30 June 2019 was the ultimate parent entity of Colonial First State Asset Management.
3. Cbus is a shareholder in Industry Super Holdings Pty Ltd who is the ultimate parent entity of IFM Investors Pty Ltd.

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CBUS95QW: If you do have capital managed by another entity that you are also a shareholder in, please identify how you manage conflicts of interest.

Answer: Cbus' Conflicts Management Policy is publicly available here:
<https://www.cbussuper.com.au/about-us/how-were-run/governance>

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CBUS96QW: Please provide details of the following reduction to remuneration packages since 11 March 2020:

- a. Board members.**
- b. The chief executive.**
- c. Executive management.**

Answer: Cbus' Remuneration Policy and Executive Management Team Remuneration can be viewed here: <https://www.cbussuper.com.au/about-us/how-were-run/executive-team>

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CBUS97QW: **Is the fund considering divestment from pure play fossil fuel producers in order to mitigate climate-related financial risks and to increase the cost of capital for those producers?**

If not, how has the fund arrived at the conclusion that this approach would not be in members' best interests?

Answer: Climate change presents a material present and long-term investment risk for superannuation funds to manage.

As a fund, Cbus is reducing climate transition risk. This includes filtering out potential stranded assets. As has been reported publicly, Cbus is introducing a climate risk signal across its global equities and emerging markets portfolios aimed at reducing the overall emissions risk of the portfolio. These measures have already seen a reduction in holdings of stocks exposed to regulatory, technological or market impacts from a low carbon transition with some holdings reduced or likely be reduced to nil.

These activities, coupled with Cbus' commitment to net zero emissions for property and infrastructure by 2030 and our landmark investments in renewable energy, demonstrate a clear pathway to Cbus managing climate related risk.