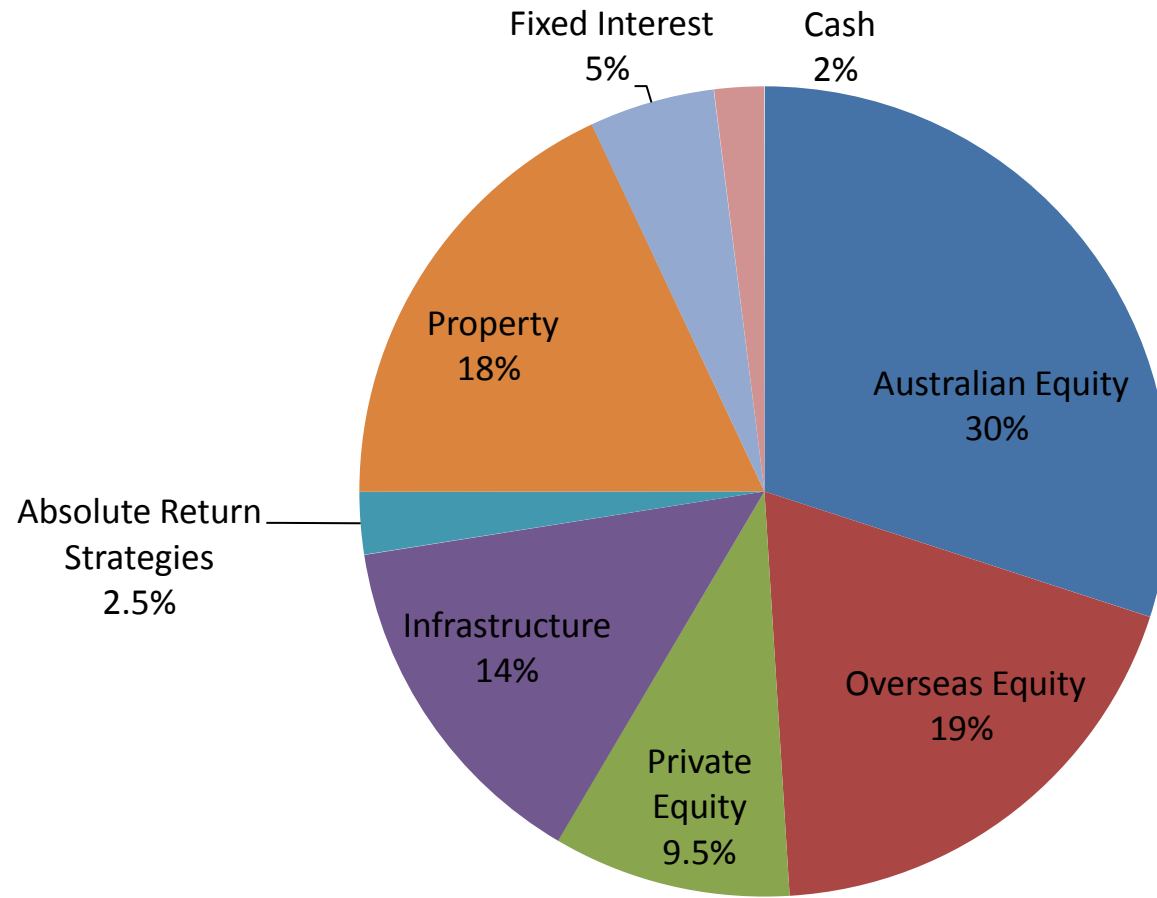


- Cbus is the Australian superannuation fund for the building , construction and allied industries
- Established 1 July 1984
- Over 550,000 members and 60,000 participating employers
- Defined contribution
- Around US\$13 billion FUM
- Outsourced investment model – 90% of FUM managed by external investment managers



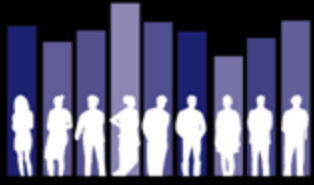
- Founding member of the Australian Council of Superannuation Investors
 - Proxy voting
 - Company engagement
- Signed the Principles of Responsible Investment (PRI) in 2006
- Member Investor Group on Climate Change & ESG Research Australia
- For Cbus ESG investing is about incorporating Environmental, Social and Governance in the valuation and risk assessment process
- Cbus believes using ESG will lead to better returns for our members over the long-term
- Member research shows our members expect us to invest responsibly across the entire fund, rather than separate 'sustainable' option

- Cbus derives the following benefits from being a PRI signatory:
 - An international framework for integration of ESG
 - A consistent way to enter into dialogue with our external investment managers
 - Educational opportunities – seminars, webinars, PRI in practice documents
 - Access to latest thinking and best practice ideas
 - Opportunities to collaborate with like-minded investors globally
 - Ability to benchmark progress against peers through the annual assessment

- Direct property and infrastructure both benefit from a focus on ESG:
 - Assets tend to be held for the long term, providing incentive for sustainable management
 - The physical nature of the assets makes them both vulnerable to climate change
 - Both frequently involve significant construction projects and/or maintenance, requiring careful labour and OH&S management

- Cbus has a focus on property because of our industry
 - Supporting our industry provides good investment returns as well as supporting employment for our members
 - Target is 18% of FUM in property – half in direct property, half in managed property (compared to average Australian industry fund with about 10%)
 - Direct property managed by Cbus Property, our property development company
 - Cbus Property has a strong sustainability focus

- Sustainability in commercial property has significant commercial benefit and therefore positive impact on member returns
- How does Cbus Property integrate ESG?
 - All new property developments targeted at 5 Green Star rating or above (Australian rating system goes up to 6, with anything above 4 being a good rating)
 - Strong track record managing social issues – labour relations, OH&S
 - Collaboration with tenants to maximise opportunities to improve sustainability of existing assets



Cbus Property – Sustainable Buildings



**CBW Bourke St: 5
green star,
Melbourne CBD**

**1 Bligh St: 6
green star
design, under
construction,
Sydney CBD**



**CBW William St: 5
green star,
Melbourne CBD**

- Cbus invests in infrastructure via its fund managers
- Encouraging all managers to integrate ESG
- Some managers making substantial progress
- Best practice includes:
 - Specific inclusion of environmental and social issues in due diligence for new assets or projects
 - Regular reporting and management of ESG issues for existing assets
 - Responsibility for ESG issues for each asset needs to sit at Board level (via risk or sustainability committee)
 - Climate change assessment

- Example of best practice approach to climate change for infrastructure – assessment should include individual assets AND the portfolio-wide position
 - Vulnerability to physical impacts of climate change
 - Insurability of physical assets and loss of operation (eg Hurricane Katrina closed down one of the major petroleum pipelines in the US)
 - Vulnerability of assets to regulatory and licence to operate changes – eg dirty coal fired power generators
 - Opportunities – how well positioned is the portfolio to benefit from regulatory and social change?



- The PRI provides specific support to signatories on each asset class. Examples of work in the property and infrastructure areas include:
 - PRI worked with UNEP FI to produce a booklet titled ‘Building Responsible Property Portfolios’, a detailed analysis of current best practice including case studies
 - Regular Webinars on issues impacting on property and infrastructure from a sustainability point of view
 - PRI annual report covers a wide range of case studies illustrating the way in which signatories are approaching ESG integration