About this report

AustralianSuper is committed to delivering a combined sustainability and annual report. Since 2010/11, AustralianSuper has been using the Global Reporting Initiative (GRI) G3.1 sustainability reporting guidelines as its key platform for communicating economic, environmental, social and governance performance. This annual report has transitioned to GRI G4.

The process for defining the report content and the Aspect Boundaries (the materiality assessment) involved a gap analysis and the application of AccountAbility’s 5-part materiality test, including reviews of: our risk register and framework; organisational policies and protocols; stated commitments and declarations regarding sustainability; a peer review; a media review and consideration of stakeholder views.

A range of stakeholder interviews were undertaken to help determine what was considered material to the Fund. This helped to prioritise the content of the annual report and to ensure that AustralianSuper proactively manages the interests of relevant internal and external stakeholders.

This annual report was prepared in October 2015 by AustralianSuper Pty Ltd ABN 94 008 457 387, AFSL 233788 the Trustees of AustralianSuper ABN 65 714 394 898 and may contain general financial advice that does not take into account your personal objectives, situation or needs. Before making a decision about AustralianSuper, consider your financial requirements and read the Product Disclosure Statement, available at aussielansuper.com/PDS or by calling 1300 300 273.

This report has been prepared in accordance with the Core option of the Global Reporting Initiative (GRI) G4 Guidelines. This report addresses all of AustralianSuper’s operations and there have been no significant changes to operations, size or structure since the previous Annual Report for 2013/14.

Adequacy and confidence

AustralianSuper exists to provide adequate retirement incomes for Australians to improve the quality of their life in retirement. This can only be achieved by ensuring there are effective policy settings in place that allow people to accumulate sufficient super savings during their working life. There are three key factors in helping members achieve comfort and confidence in retirement: how much they save, how much they earn and how long they work for.

To achieve this, the superannuation system needs to:

› level the playing field for low income earners, specifically that includes keeping the low income super contribution in place;

› address broken work patterns, this is a major issue that has a significant impact on women in particular; and

› help people put more savings into their super.

AustralianSuper has a firm focus on ensuring members feel confident about the life they will lead in retirement. Members should be armed with the information and products that allow them to take control of their future.

A sustainable fund

Over recent years there has been an increasing focus on the role that large institutional investors play in influencing social policy outcomes, mostly notably in relation to climate change and coal. AustralianSuper’s primary focus is to provide adequate retirement incomes for our members. This is our fiduciary duty.

The Fund does not, however, do this in isolation. AustralianSuper has what we call an active owner program that overseas the investment risks that various environmental, social and governance issues can present. The Fund has a highly qualified team managing this program and they have been in place for a number of years. It is called ‘active owner’ because the Fund has understood for some time now that the responsibility to assess issues around environmental, social and governance risk needs a proactive approach.

AustralianSuper is an engaged asset owner and this is an appropriate approach from a significant investor in the local and global economy. The Fund believes companies that have good corporate practices are more likely to increase their value and therefore maximise sustainable long-term returns to members. AustralianSuper takes its responsibilities seriously and is responsive to the fact that the Fund has two million members with a wide range of concerns and views, and with a wide range of financial and personal needs.

Thank you

We would like to thank all members for their support of AustralianSuper over the past year. As always, we welcome your comments or feedback about AustralianSuper by email at info@aussielansuper.com
Highlights

2 million
AustralianSuper has more than 2 million members – around one in 10 working Australians.

$3.3 billion
AustralianSuper members received $3.3 billion in retirement and pension payments in 2015.

9.9 million
AustralianSuper members and employers have embraced our online service, with over 9.9 million visits to our website during 2014/15.

743,000 square metres
AustralianSuper has agreed to take a 25 per cent stake in King’s Cross, in its first direct London investment. The 67-acre King’s Cross site includes some 743,000 square metres of offices, homes, hotels, leisure, shops and restaurants, a university, galleries, schools, community facilities and music venues.

$92b
AustralianSuper manages member assets of $92 billion (at 30 June 2015).

About AustralianSuper

AustralianSuper has more than 2 million members – around one in 10 working Australians – and manages member assets of $92 billion (at 30 June 2015).

AustralianSuper is an industry fund run only to profit members. Fees are set to cover the cost of operations, and no dividends are paid to shareholders.

The Fund’s objective is to help our members achieve the best possible retirement outcome. This is done by delivering strong long-term investment performance. AustralianSuper consistently achieves high ratings from independent organisations that measure the overall quality of a fund according to value for money, investment performance, fees and fund operations.

In recent years, AustralianSuper has focused on building world-class in-house investment capabilities. This allows the Fund to maximise long-term returns as well as keep costs low through direct investment.

Governance
The Trustee is AustralianSuper Pty Ltd. The Trustee is governed by a Board of Directors. All Directors are non-executive and independent of management. Member Directors are appointed by the Australian Council of Trade Unions, Australia’s peak union body, and Employer Directors are appointed by a major employer organisation, the Australian Industry Group, subject to ratification by the Board. The Board comprises five member representatives and five employer representatives.

Management
The Board appoints the Chief Executive. Day-to-day management of the Fund’s affairs and the implementation of the corporate strategy and policy initiatives are formally delegated to the Chief Executive. The Chief Executive has a number of senior executives as direct reports who have responsibility for different business areas. Most staff, including the Chief Executive, Ian Silk, Deputy Chief Executive Mark Delaney and other senior executives, are located in the Trustee head office in Melbourne.

Objectives and strategy
To help members achieve their best possible retirement income AustralianSuper aims to:

Be the best value fund
› Generate strong long-term investment performance
› Harness the benefits of scale to reduce costs

Be a member’s fund for life
› Provide products, help and financial advice for every phase of life
› Be easy to deal with
› Align all interactions with members and employers (channels, messages and services)
› Invest in technology

Be the number one fund
› Be Australia’s leading superannuation brand
› Be Australia’s largest superannuation fund

Be ready for the future
› Build the foundations for growth
› Foster industry fund values and workplace leadership
› Build and protect our intellectual property
› Manage risk and be regulatory ready
Investment Update

It’s been another strong year for AustralianSuper members.

The combination of a diversified strategy, active management and a large exposure to unlisted assets has helped AustralianSuper outperform the majority of its competitors. The Fund makes separate decisions about its international assets and currency exposure, which combined with the slide in the Australian dollar also added to our strong investment result.

Investment returns remain strong

For the 12 months to 30 June 2015, AustralianSuper’s Balanced investment option returned 10.86%, against the median option return of 9.60%. International shares, property and infrastructure performed well, with private equity the best performing asset class for the year to 30 June 2015. Investment options with higher weightings to these asset classes performed better than those with more fixed interest and cash investments.

For the 12 months to 30 June 2015, the Balanced option for retirement income accounts returned 12.60% against the median return of 10.13%. The Conservative Balanced option for retirement income accounts also outperformed the median with a return of 10.59% against 8.25%.1

Slow recovery

The global economy has continued its slow paced recovery that began in 2009. Interest rates are at record low levels in developed countries around the world. This has fuelled strong global demand for assets offering investors better yields than the low – and sometimes negative – rates available from cash deposits, bonds and other defensive assets.

With world trade growth still very weak, policy makers and central banks are continuing to support economies through stimulatory policies like quantitative easing, which has been helping to boost share markets. In fact, there is a direct correlation of companies linked to their supply.

Commodity prices decline

The year was also marked by strong declines in many key commodities, particularly oil and iron ore. The fall in prices has been driven by a shift in the balance between the supply and demand for these commodities. While global demand has been relatively steady, there has been a strong increase in the supply, by Australia in iron ore and by the US in oil through its shale field developments.

The oil price more than halved over the year before recovering to around US$55-60. Lower prices saw most commodity producing countries, including Australia and many emerging markets, underperform during the year as did the shares of companies linked to their supply.

Weaker Australian dollar

The rise in most currencies against the Australian dollar gave a huge boost to the international share returns of Australian investors. This currency appreciation added 15.9% to global share market returns, which in Australian dollar terms returned a total of 24.2% for the year to 30 June 2015.

Although good for Australian investors, the stronger US dollar is proving to be a drag on the performance of the US share market. The appreciation in the US dollar is holding back corporate earnings as American exports are now more expensive. This decline in both the Euro and Yen, however, is boosting earnings of European and Japanese companies.

After a long period of ‘muddling through’, the Australian economy seems to be starting a rebound on the back of lower interest rates and a weaker Australian dollar. Unemployment appears to have plateaued and small business confidence is being boosted by incentives announced in the May Federal Budget.

Rising uncertainty in Greece and China

Markets have been preoccupied with the Greek government’s non-payment of debts and its potential exit from the Euro currency and the Eurozone group. Despite the small size of the Greek economy, there was concern that a ‘Grexit’ may lead to a more systemic risk for global markets. This risk has been contained to date by the European Central Bank’s continued stimulus, which has sought to underpin confidence in the Eurozone and ensure that other ‘peripheral’ member countries remain united. A bailout package secured after the end of the financial year averted Greece’s near term liquidity crisis.

Despite this, Greece continues to face substantial economic challenges in the years ahead. As we have seen over the past few years, concerns about the Chinese economy remain centred around high leverage and the property market. Investors have become increasingly worried that the Chinese economy is slowing faster than previously expected, and may fall well short of the Government’s expectations of 7% growth in 2015. While the Chinese economy has been relatively stable, the Chinese share market experienced a spectacular rise of 152% from July 2014 to its peak in early June 2015, before falling suddenly at the end of the financial year and beginning of July. These large swings are mainly due to speculative trading and excessive margin lending, rather than market fundamentals.

Investment performance

<table>
<thead>
<tr>
<th>1 Year</th>
<th>5 Years (pa)</th>
<th>10 Years (pa)</th>
</tr>
</thead>
</table>
| At 30 June 2015 | AustralianSuper | Balanced | Median fund
| | | | 10.86% | 10.20% | 7.30% |
| | | | AustralianSuper | Balanced (Pension) | Median fund (Pension) |
| | | | 9.60% | 12.60% | 6.44% |
| | | | 10.13% | 11.50% | 9.87% |

Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

1 SR50 Median Balanced Option, SuperRatings Fund Crediting Rate Survey, June 2015.

# Investment Update

## Superannuation Investment Performance to 30 June 2015

AustralianSuper declares a return for each investment option on a daily basis. The crediting rate declared can be positive or negative depending on investment performance.

The amount allocated to member accounts is the crediting rate earned during the period that the account was invested in the investment option(s). The crediting rate is net of any investment management fees, expenses and other provisions, such as tax.

Investment returns from relevant investment option(s) are applied to members’ accounts effective 30 June each year or earlier if a member balance is moved between investment options, or when a member leaves AustralianSuper.

### TABLE FIGURE 1

<table>
<thead>
<tr>
<th>Investment options</th>
<th>PreMixed options</th>
<th>DIY Mix options</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10 Years (pa %)</td>
<td>5 Years (pa %)</td>
</tr>
<tr>
<td></td>
<td>A‘Super</td>
<td>B’Mark</td>
</tr>
<tr>
<td>PreMixed options</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Growth</td>
<td>7.26</td>
<td>6.33</td>
</tr>
<tr>
<td>Balanced</td>
<td>7.30</td>
<td>6.44</td>
</tr>
<tr>
<td>Sustainable Balanced</td>
<td>7.17</td>
<td>6.44</td>
</tr>
<tr>
<td>Indexed Diversified</td>
<td>7.28</td>
<td>7.40</td>
</tr>
<tr>
<td>Stable</td>
<td>8.59</td>
<td>7.27</td>
</tr>
<tr>
<td>Capital Guaranteed*</td>
<td>4.74</td>
<td>3.65</td>
</tr>
</tbody>
</table>

DIY Mix options:
- Australian Shares: 7.62 6.16 10.13 8.72 6.34 5.03
- International Shares: 6.27 6.08 12.79 10.13 12.60 10.13
- International Shares Hedged: 7.94 6.08 9.78 9.83 8.60 8.60
- International Sustainable Shares: 8.94 8.36 11.52 11.98 9.03 8.03
- Property: 8.59 7.27 7.40 6.40 7.05 5.03
- Australian Fixed Interest: 4.30 3.98 3.38 3.38 3.09 2.52
- International Fixed Interest: 6.32 6.71 7.61 7.61 7.33 6.55
- Cash: 4.32 3.98 3.38 3.38 3.09 2.52

* There was a large daily return in the Capital Guaranteed Option in October 2014. This one-off increase reflects the repayment of reserves held by AMP to support the capital guarantee, as part of the exit from AMP. It does not reflect the level of daily returns we expect in the future given this is a cash-based investment option.

Benchmarks can be found on the inside back cover.

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## Retirement Income Investment Performance to 30 June 2015

### TABLE FIGURE 2

<table>
<thead>
<tr>
<th>Investment options</th>
<th>5 Years (pa %)</th>
<th>1 Year %</th>
</tr>
</thead>
<tbody>
<tr>
<td>PreMixed options</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Growth</td>
<td>12.36</td>
<td>12.68</td>
</tr>
<tr>
<td>Balanced</td>
<td>11.50</td>
<td>10.71</td>
</tr>
<tr>
<td>Sustainable Balanced</td>
<td>11.55</td>
<td>10.13</td>
</tr>
<tr>
<td>Indexed Diversified</td>
<td>10.32</td>
<td>9.46</td>
</tr>
<tr>
<td>Stable</td>
<td>8.59</td>
<td>8.47</td>
</tr>
<tr>
<td>Capital Guaranteed*</td>
<td>4.74</td>
<td>5.34</td>
</tr>
</tbody>
</table>

DIY Mix options:
- Australian Shares: 11.44 9.45 7.30 5.81
- International Shares Hedged: 11.43 10.51 10.59 10.59
- Australian Sustainable Shares: 10.86 9.45 4.75 5.81
- International Sustainable Shares: 10.32 9.25 22.42 24.56
- Property: 8.81 9.80 10.51 10.59
- Australian Fixed Interest: 7.07 3.33 4.50 2.51
- International Fixed Interest: 8.78 3.33 8.70 2.51
- Cash: 4.61 3.65 2.67 2.60

This information is provided by AustralianSuper Pty Ltd (ABN 94 006 457 987, AFSL No. 233788), the Trustee of AustralianSuper (ABN 65 714 394 898). AustralianSuper returns are net of fees and taxes.

Returns from equivalent investment options of ARF and STA are used in calculating returns for periods that begin before 1 July 2006.

Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns. All care is taken to ensure this information is correct at the date of publication. Any errors or misprints will be corrected by the Trustee in later reports.

* There was a large daily return in the Capital Guaranteed Option in October 2014. This one-off increase reflects the repayment of reserves held by AMP to support the capital guarantee, as part of the exit from AMP. It does not reflect the level of daily returns we expect in the future given this is a cash-based investment option.

Benchmarks can be found on the inside back cover.
Active Ownership

AustralianSuper takes its responsibility as an asset owner very seriously. The Fund actively engages with companies and fund managers by meeting with them directly, and we also use our position as an owner in our stock voting decisions.

Active ownership

AustralianSuper takes its responsibility as an asset owner very seriously. The Fund actively engages with companies and fund managers by meeting with them directly, and also uses its position as an owner in stock voting decisions.

As a long-term investor, the Fund looks for well-managed companies that focus on long-term value creation.

One of the key ways AustralianSuper addresses and manages a range of investment risks is through our Active Owner Program. AustralianSuper also works collaboratively with other organisations, including the Australian Council of Superannuation Investors (ACSI), to address environmental, social and governance issues in our investment portfolios.

At its core, active ownership is about good investment and risk management processes. AustralianSuper believes that encouraging companies to be responsible corporate citizens is in accord with the Fund’s first priority to maximise returns for members who put their trust in AustralianSuper to invest their retirement savings.

This is because well-performing companies successfully manage their environmental, social and governance responsibilities.

Poor governance is a risk to long-term performance.

Transparency

AustralianSuper votes on matters relating to the largest 300 Australian companies and 500 global companies. Every quarter AustralianSuper publishes information on the web as to how the Fund voted on its shareholdings in the previous quarter. Details of these votes can be found on the “Our investment governance” page at australiansuper.com.

ACSI provides voting advice and is an ESG engagement service provider. For international companies we subscribe to the Glass Lewis international proxy voting service.

AustralianSuper voted against 4.5% of resolution reports and against 1.1% of director elections in 2014-15.

AustralianSuper also had over 40 direct engagements with CEOs, CFOs and board members of companies we invest in.

In our role as a signatory to the United Nations Principles of Responsible Investment, AustralianSuper is also a signatory to the United Nations Principles of Responsible Investment.

Our investment governance

In 2015, our assessment score against the principles was the highest voting possible of A+. This puts us in the top 17% of signatories, and the top 20% of all signatories that are asset owners in the world.

In addition, our score in Active Ownership for listed equities moved from a B to an A this year, demonstrating our commitment to exercise our rights as a responsible investor with a long-term view of the companies in which we invest.

These scores also reflect the emphasis we place on incorporating environmental, social and governance issues in our due diligence processes, and our ongoing monitoring and engagement work.

Other groups and indices we actively participate in include ACSI’s Investor Group on Climate Change, ESG Research Australia and the Asian Corporate Governance Network.

ESG investment risks

AustralianSuper approaches ESG risk identification and management in a few different ways depending on the types of assets.

For unlisted property and infrastructure assets, the Fund has external environmental advisers that provide comprehensive ESG reports on assets as part of the due diligence process for asset purchases. Existing property assets are reviewed annually by the Global Real Estate Sustainability Benchmark (GRESB). Results are used to engage with external managers to ensure specific issues are being addressed and progress is being made.

For shares, we have sector based ESG metrics and rank each company within its sector. This information is used in company discussions and also feeds into models used by our internal equities team to analyse individual companies.

The most common issues we engage directly with companies on are related to governance such as remuneration and board succession. The Fund is also engaged on environmental and social issues that can affect AustralianSuper as a long-term investor. Climate change is an issue that is frequently discussed and what companies are doing to mitigate and adapt to risks.

Some specific themes we have focused on this year include banks and financial carbon emissions and the retail sector and their supply chain risks which is covered in more detail below.

Child labour supply-chain risks

Since 2013, AustralianSuper’s Investment Governance Team has been investigating the issue of child labour in the supply chain of AustralianSuper’s investments.

The Fund developed an engagement framework and workflow with ASX retailers to monitor progress, rating their response and actions out of five.

We have seen to measurable progress in these companies’ approaches to their labour supply chain.

We have seen ASX retailers’ standard for management and disclosure of supply chain risks continue to improve over the past 12 months, with a number of retailers enhancing their transparency around sourcing and monitoring practices.

These improvements show the benefit of engaging with an issue over a multi-year timeframe, and supply chain engagement will remain a priority for the Fund so that further improvements can continue to be made.

2014/15 key statistics

1,400 Over 1,400 Australian shareholder resolutions

13,000 Over 13,000 international resolutions

196 196 company engagements on ESG issues
Digital future

Nearly all of AustralianSuper’s future activities, and our future success, will be underpinned by technology and the Fund has begun some vital initiatives in this area.

Improving technology

The Fund’s focus is on developing our administration systems and managing data to provide our members and employers with secure and superior service.

A key element of this is simplifying and consolidating our technology platforms that will make it easier for members and employers to transact with AustralianSuper and improve the Fund’s ability to service them.

For example, the Fund will be consolidating:

- three core administrations systems currently used to manage all retirement accounts into one system
- three online portals into one, and
- more than 30 disparate data sources into a single data warehouse.

The Fund also now has access to market leading data analytics tools that better help us understand the needs of members and to deliver to those needs.

AustralianSuper has also updated our online systems, so members who invest in both Member Direct and Choice Income can now access all accounts in one place at one system.

A key element for success of the Fund’s approach is a new technology governance framework that will ensure there is a consistent approach to procurement, management and deployment of AustralianSuper’s growing technology estate.

Making sure all aspects of our technology is future proof and does not conflict with or destabilise our existing systems is a major priority, as is having the best practices in place around risk management and data security.

This includes an increased security operation capability.

Keeping member and Fund data safe is a core technology principle and AustralianSuper is continuously improving its security processes and procedures. This continuous improvement incorporates both the security expertise within the Fund and the best in class technologies used by the Fund.

A new administrator

In December 2014, AustralianSuper and other shareholdes reached a binding agreement for the sale of the Fund’s administrator, Superannuation, to Link Group.

Link Group was chosen as a preferred bidder after a comprehensive process in which the shareholders considered a number of competitive proposals. Link has a strong track record of service in the superannuation industry across industry and government funds.

All members will be migrated to the new system by late 2016 and this will provide improved automation which means the requests from members are processed faster.

New app

AustralianSuper has also been developing an app to help make it easier for members to access information about their account.

The AustralianSuper app for mobile will be an easy way for members to:

- view current estimated account balance and transactions
- view and edit member details
- get notified when a super contribution is credited to your account
- notify your employer of your AustralianSuper account details
- view levels of Insurance cover
- provide Tax File Number and consent to search for lost super
- call or email our contact centre.

The mobile app will be available through the end of 2015. To use the app, you must be an AustralianSuper member, and have activated your online account. This app does not currently provide account details for members who hold a retirement income account.

As well as in house planners, the Fund has a network of external financial planners that has signed up to a code of conduct, and our advice is commission free – so members can be confident they are getting advice in their best interest.

Advice over the phone

A team of financial advisers is available over the phone to help with specific questions or issues about super like:

- investment options
- putting extra savings into super
- insurance cover
- our pension, including the transition to retirement option.

To get over the phone advice call 1300 789 932.

In person financial advice

AustralianSuper members can speak to someone face to face about complex issues and can access fee-for-service financial advice on all financial matters, including:

- retirement planning, including transition to retirement
- pensions and super income streams
- superannuation
- savings strategies and investments
- managing debt
- insurance.

AustralianSuper has a panel of external advisers nationally who can provide face-to-face advice, particularly regional Australia.

Use the ‘Find an adviser’ tool on our website to search for an adviser based on the type of advice you need and your location.

AustralianSuper is also boosting our numbers of internal financial planners. The financial planning team has grown from 12 to 20 financial planners in the last 12 months. Our planners conduct face-to-face meetings in our offices in Sydney, Melbourne, Brisbane, Perth, Newcastle, Hobart, Darwin, Adelaide and Canberra.

The financial planning team also gives presentations at seminars and workplaces.

Transition to retirement

Approaching retirement is an important phase in your financial life.

Getting the right advice can help maximise the size of your super, and can also help you get all the government support you’re entitled to.

As well as talking to one of our qualified financial planners about retirement, members can attend a transition to retirement seminar at each of our Member Roundtables around the country.

Members can call our Retirement Helpline on 1300 789 932 to get started, or visit australiansuper.com/advice.

Common super myths

Even with a low super balance, just a few extra dollars a week can go a long way. When it comes to super:

- you don’t need to spend all your super before you can get Government Age Pension
- you don’t have to take your super as a lump sum; you could benefit from taking smaller amounts over time
- with an income stream, you have control over how much money you put
- by taking an income stream rather than all your super at once, you can make your money go further
- even if you close to retirement, it shouldn’t be too late to better your position.

The over-the-phone or in-person financial advice you may receive is provided under the Australian Financial Services License by what part and to the extent set out in our client agreement (PDS) with you. AustralianSuper Pty Ltd (AustralianSuper) and its authorised representatives are not registered financial advisers. Some personal advice provided may affect a hire, which would be excluded below any work is completed. Please refer to the PDS and your client agreement (PDS) with AustralianSuper Pty Ltd (AustralianSuper) for more information, which sets out the conditions under which you may receive the AustralianSuper account for providing your financial services.


**Stakeholders**

**AustralianSuper’s stakeholders are vital to the Fund’s ongoing growth and success. Our major stakeholders include members, employers groups, unions, major suppliers, staff and regulators.**

During the year an assessment was undertaken by each Group in AustralianSuper to identify major stakeholders. A range of external stakeholders were interviewed to determine what they thought the material issues were for AustralianSuper, which has helped shape the content of this annual report.

The stakeholders interviewed included a major supplier, a regulator and a major industry body. Member feedback was ascertained through an analysis of both the Fund’s market research program and feedback received from our contact centre.

The issues highlighted as material by our stakeholders are outlined below. All of these material issues sit within our operational boundary with the exception of those where the impact and value is provided to members, such as investment performance returns and active ownership/ESG.

The AustralianSuper Materality Matrix helps visualize the impact of an issue on the Fund’s ability to deliver on its strategy, as well as the influence and interest of stakeholders. The value chain is a simple description of the Fund’s activities and how we create value for members.

To help members achieve the best possible retirement outcome we access some of the leading suppliers in the financial services industry to provide their services and expertise.

Combining the Fund’s internal capabilities with expert skills and advice ensures we use our scale to help members achieve the best possible retirement.

**AustralianSuper’s value chain**

To help members achieve the best possible retirement outcome we access some of the leading suppliers in the financial services industry to provide their services and expertise.
Farewell and thank you, Tim Poole

Tim Poole has stepped down from his positions as Independent Director and Investment Committee Chair at AustralianSuper.

Tim has been a member of AustralianSuper’s Investment Committee since 2007. He took over as Chair from Bernie Fraser on 1 July 2011, when he also became a member of the Board. Tim has played a pivotal role in helping the Fund deliver on its mission of providing better retirement outcomes to members. In his four years as Chair, the Balanced option has delivered total investment earnings of 47.41%, equating to an average annual return of 10.19%.

During this time, member assets have more than doubled, with the Investment Committee now overseeing $2 billion in members’ assets. Tim helped the Fund successfully navigate the periods of volatility and recovery that followed the global financial crisis.

He has been instrumental in shaping the investment strategy of the Fund, particularly the shift to internal management which began in 2012. AustralianSuper currently manages around 15% of assets internally, and aims to lift this to around 40% over time. This strategy aims to deliver significant cost savings, which will go back to members in the form of better net returns.

Unlisted assets are an important part of the Fund’s investment strategy, with assets now totalling more than $22 billion. Tim’s investment experience in infrastructure has brought significant benefits to the Fund.

He oversaw the Fund’s first significant direct infrastructure investment in May 2013 with the purchase of NSW Ports. This was followed by the Queensland Motorways acquisition in April 2014. Tim has also been instrumental in driving the Fund’s offshore property strategy that began in 2011. The Fund now has one third of its $22 billion property portfolio invested overseas.

‘On behalf the AustralianSuper Board and staff, we thank Tim for the extraordinary contribution he has made to our members’ retirement incomes,’ said AustralianSuper Chair Heather Ridout.

AustralianSuper continues to improve the level of service provided and seeks to ensure the Fund is easy to deal with and responsive to the needs of members.

During the year the Fund trialled click to chat, a new service channel accessed through the website. Click to chat allows AustralianSuper to talk with potential and existing members in real time on the web. The Fund is working towards click to chat being a permanent service channel offered to members.

Towards the end of 2015 the AustralianSuper mobile app will be available. The app will enable members to view all transactions (current and two previous financial years), update account details (e.g. personal information such as TFN, address, mobile etc), view account balance (split between contributions and investment returns), receive notifications (including when contributions are received) and provide their membership details to employers.

The Fund has also redesigned our statements in line with member feedback, to make them easier to read and understand. As part of this redesign AustralianSuper has included retirement income projections on some statements for the first time, to help members better understand and manage their super. Around 40% of our membership will receive a projection on their statement.

Online the Fund saw website visits increase by 16% during the year to over 9.9 million. Member logins were 4.8 million and our contact centre handled 1.2 million calls. AustralianSuper undertakes a range of activities to measure member satisfaction. These activities take the form of qualitative and quantitative research as well as analysis of feedback we receive from members via email, surveys, phone calls and social media.

A new service introduced during the year gives members who contact the call centre the opportunity to opt into a feedback survey after receiving an SMS. Almost 4,000 members have responded to this service since it was launched. This provides up to date feedback on how the Fund is performing in response to member needs and enquiries. AustralianSuper also monitors member satisfaction through 465,000 emails and 220,000 letters members sent to the Fund. Members are also increasingly using the website to transact and obtain information about their super.

If you would like to provide feedback to the Fund, including what you think of this annual report, contact us at australiansuper.com/email or call 1300 300 273.

TIM POOLE
Managing risk

We all take risks everyday.
From taking out a mortgage, choosing superannuation investment options or even crossing the road, risk is an inherent part of life.
Even choosing not to take any action comes with risk.

Balancing risk
In the financial realm, it’s a matter of balancing risk – too much risk can lead to unsustainable losses, and not enough risk can lead to too little reward.

AustralianSuper seeks to manage risk in order to maximise the retirement outcomes for members.

Upgrading our risk management practices
AustralianSuper is working on a number of initiatives that will significantly increase our awareness and management of operational risk.

We are refreshing and upgrading our risk management practices, policies and procedures based on leading practice.

This means putting in place the things that we need to have robust systems in place to track and address issues.
AustralianSuper has invested much effort specifically addressing the risk of fraud and corruption across the entire Fund. We have further strengthened controls to mitigate the risk of various types of fraud and corruption including, cyber, member account, expense payment, investment, illegal use of the Fund’s assets and brand.

Fraud and corruption will continue to be an area of focus for the Fund in order to protect members’ interests.

A strong framework
Having a strong risk management framework can help to reduce the likelihood and severity of adverse events.
Some of the things we focus on are:
- preventing problems before they occur
- responding early and appropriately when things go wrong
- having clear boundaries in place.

The point is not to eliminate risk, but to be aware of the risks we have chosen to take on.

To do this, we need to have robust systems in place to track and address issues.
AustralianSuper is putting these initiatives in place now so that we can deliver for the future.

These changes are happening in a context of:
- increasing complexity
- increasing competition
- increasing uncertainty
- greater regulatory expectations.

By acting now, we can ensure we are prepared to manage operational risk as the environment changes.

Putting members first
Addressing operational risk is another way that AustralianSuper puts members’ interests first.

Taking calculated risks is what enables us to build our members’ funds.
Rigorously applying our risk framework will help to maximise opportunity that risks present and mitigate the negative consequences of risk for our members.

Delivering for the future
AustralianSuper is putting these initiatives in place now so that we can deliver for the future.

The following pages show the objectives, investment strategy, risks and potential ranges of returns for each of AustralianSuper’s investment options.

The asset allocation ranges are the minimum and maximum amounts we expect to invest in each asset class for each PreMixed option. Each year, we set a strategic asset allocation within these ranges based on our outlook for the economy and investment markets over the next 12 to 18 months. We will move towards or away from the strategic asset allocation (but seek to keep within the ranges) during the year based on our outlook for each asset class. The strategic asset allocation shown is current at September 2015.

Investment strategy
AustralianSuper’s investment strategy is to achieve maximum investment returns for each investment option at a reasonable cost.
AustralianSuper actively manages each investment option’s portfolio to achieve, where appropriate, a diversified portfolio consistent with the option’s strategic asset allocation, investment objectives and risk appetite.

Investment Options

The asset allocation ranges are the minimum and maximum amounts we expect to invest in each asset class for each PreMixed option. Each year, we set a strategic asset allocation within these ranges based on our outlook for the economy and investment markets over the next 12 to 18 months. We will move towards or away from the strategic asset allocation (but seek to keep within the ranges) during the year based on our outlook for each asset class. The strategic asset allocation shown is current at September 2015.

Investment strategy
AustralianSuper’s investment strategy is to achieve maximum investment returns for each investment option at a reasonable cost.
AustralianSuper actively manages each investment option’s portfolio to achieve, where appropriate, a diversified portfolio consistent with the option’s strategic asset allocation, investment objectives and risk appetite.

Asset allocation at 30 June 2015

- Australian shares: 28.2%
- International shares: 34.5%
- Direct property: 9.1%
- Infrastructure: 10.6%
- Private equity: 3.2%
- Fixed interest: 12.8%
- Cash: 3.7%
PreMixed investment options

High Growth
Investment objectives
To outperform (after fees and tax) the medium growth fund and an average annual return of CPI* + 4.5% over the medium to long term.

Sustainable Balanced
Investment objectives
To outperform (after fees and tax) the median balanced fund and an average annual return of CPI* + 4% over the medium to long term.

Indexed Diversified
Investment objectives
To match (after fees and tax) the median diversified fund and an average annual return of CPI* + 3.5% over the medium to long term.

Conservative Balanced
Investment objectives
To outperform (after fees and tax) the median conservative balanced fund and an average annual return of CPI* + 2.5% over the medium term.

Stable
Investment objectives
To outperform (after fees and tax) the median stable fund and an average annual return of CPI* + 1.5% over the medium to long term.

Capital Guaranteed
Investment objectives
To guarantee a member’s capital and outperform (after fees and tax) the return of the Bloomberg AusBond Bank Bill Index over the short-term.
DIY Mix investment options

**Australian Shares**
**Investment objectives**
To outperform (after fees and tax) the S&P/ASX 300 Accumulation Index (adjusted for tax) over the medium to long term.

**Strategic asset allocation 2015–16**
Australian shares 100%

**International Shares**
**Investment objectives**
To outperform (after fees and tax) the MSCI World All Countries (ex Australia) Unhedged Index (adjusted for tax) over the medium to long term.

**Strategic asset allocation 2015–16**
International shares 100%

**International Shares – Hedged**
**Investment objectives**
To outperform (after fees and tax) the MSCI World All Countries (ex Australia) Hedged Index (adjusted for tax) over the medium to long term.

**Strategic asset allocation 2015–16**
International shares – hedged 100%

**Australian Sustainable Shares**
**Investment objectives**
To outperform (after fees and tax) the S&P/ASX 300 Accumulation Index (adjusted for tax) over the medium to long term.

**Strategic asset allocation 2015–16**
Australian shares 100%

**International**
**Sustainable Shares**
**Investment objectives**
To outperform (after fees and tax) the MSCI World (net dividend reinvested) Unhedged Index (adjusted for tax) over the medium to long term.

**Strategic asset allocation 2015–16**
International shares 100%

**Property**
**Investment objectives**
To outperform (after fees and tax) the Mercer IPD Australian Unlisted Wholesale Property Fund Index (adjusted for tax) and an annual return of CPI* + 3% over the medium to long term.

**Strategic asset allocation 2015–16**
Direct property 100%

**International Shares – Hedged**
**Investment objectives**
To outperform (after fees and tax) the MSCI World All Countries (ex Australia) Hedged Index (adjusted for tax) over the medium to long term.

**Diversified Fixed Interest**
**Investment objectives**
To outperform (after fees and tax) an average annual return of CPI* + 0.5% over the short to medium term.

**Strategic asset allocation 2015–16**
International fixed interest 100%

**Cash**
**Investment objectives**
To match (after fees and tax) the Bloomberg AusBond Bank Bill Index (adjusted for tax) each year and outperform the annual return of CPI.*

**Strategic asset allocation 2015–16**
Cash 100%

* CPI stands for consumer price index which is used as a measure of inflation.

**Member Direct**

**Investment objectives**
The Member Direct investment option enables eligible members to invest part of their AustralianSuper account in their choice of shares from the S&P/ASX 300 Index, a selection of Exchange Traded Funds and term deposits.
Investment and Investment Managers

AustralianSuper engages a range of external investment managers to complement our internal investment teams.

In appointing investment managers, we take into consideration their:
- investment processes
- reputation and experience
- size and funds under management, and
- structure and ownership.

The following tables detail the composition of AustralianSuper’s portfolios and include:
- mandates – investment managers that manage discrete portfolios on behalf of AustralianSuper
- other investments – includes pooled investment vehicles and some direct holdings that AustralianSuper invest in.

As at 30 June 2015 the following combination of investments represented more than 5% of total Fund assets:
- IFM Investments: 22.99% (5.73% of this is an indexed Australian shares portfolio and 8.78% short-term cash instruments).
## Investments and Investment Managers

<table>
<thead>
<tr>
<th>Sector</th>
<th>Value $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>First State Investments International Ltd</td>
<td>International Equities</td>
</tr>
<tr>
<td>Genesis Asset Managers LLP</td>
<td>International Equities</td>
</tr>
<tr>
<td>Harding Loevner LP</td>
<td>International Equities</td>
</tr>
<tr>
<td>Independent Franchise Partnerships LLP</td>
<td>International Equities</td>
</tr>
<tr>
<td>Jackson Square Partners, LLC</td>
<td>International Equities</td>
</tr>
<tr>
<td>LSV Asset Management</td>
<td>International Equities</td>
</tr>
<tr>
<td>MPS Institutional Advisors Inc</td>
<td>International Equities</td>
</tr>
<tr>
<td>Deton Investment Management Limited</td>
<td>International Equities</td>
</tr>
<tr>
<td>State Street Global Advisors Australia Limited</td>
<td>International Equities</td>
</tr>
<tr>
<td>Vontobel Asset Management Inc</td>
<td>International Equities</td>
</tr>
<tr>
<td>Investment Management Corp</td>
<td>International Equities</td>
</tr>
<tr>
<td>AustralianSuper Internal Investments</td>
<td>Private Equity</td>
</tr>
<tr>
<td>Frontier Investment Consulting Pty Ltd</td>
<td>Private Equity</td>
</tr>
<tr>
<td>Industry Funds Management Pty Ltd</td>
<td>Private Equity</td>
</tr>
<tr>
<td>Industry Super Holdings Pty Ltd</td>
<td>Private Equity</td>
</tr>
<tr>
<td>Members Equity Bank Pty Limited</td>
<td>Private Equity</td>
</tr>
<tr>
<td>Quay Partners Pty Ltd</td>
<td>Private Equity</td>
</tr>
<tr>
<td>AMP Investment Funds</td>
<td>Property</td>
</tr>
<tr>
<td>Australian Farms Fund Management Pty Ltd</td>
<td>Property</td>
</tr>
<tr>
<td>Australian Sustainable Forestry Investors 1 &amp; 2</td>
<td>Property</td>
</tr>
<tr>
<td>AustralianSuper Internal Investments</td>
<td>Property</td>
</tr>
<tr>
<td>Charter Hall Investment Funds</td>
<td>Property</td>
</tr>
<tr>
<td>Eureka Funds Management Ltd</td>
<td>Property</td>
</tr>
<tr>
<td>Fomoso Funds Management Pty Ltd</td>
<td>Property</td>
</tr>
<tr>
<td>Franklin Templeton Investments Australia Limited</td>
<td>Property</td>
</tr>
<tr>
<td>Hastings Funds Management Pty Ltd</td>
<td>Property</td>
</tr>
<tr>
<td>JPT Pty Ltd</td>
<td>Property</td>
</tr>
<tr>
<td>Callide Australian Core Plus</td>
<td>Property</td>
</tr>
<tr>
<td>Land Lease Group</td>
<td>Property</td>
</tr>
<tr>
<td>Macquarie Specialist Asset Management Limited</td>
<td>Property</td>
</tr>
<tr>
<td>QIC Property Funds Pty Ltd</td>
<td>Property</td>
</tr>
<tr>
<td>Russell Real Estate Advisors Inc</td>
<td>Property</td>
</tr>
<tr>
<td>Trinity Land Equity Trust</td>
<td>Property</td>
</tr>
<tr>
<td>AustralianSuper Internal Investments</td>
<td>Reserves</td>
</tr>
</tbody>
</table>
Major shareholdings

Top 20 domestic and international equity holdings as at 30 June 2015

<table>
<thead>
<tr>
<th>Australian Shares</th>
<th>% of portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Bank of Australia</td>
<td>8.18</td>
</tr>
<tr>
<td>Westpac Banking Corporation</td>
<td>6.30</td>
</tr>
<tr>
<td>AMP Limited</td>
<td>6.28</td>
</tr>
<tr>
<td>National Australia Bank Limited</td>
<td>5.26</td>
</tr>
<tr>
<td>Australia and New Zealand Banking Group Limited</td>
<td>5.26</td>
</tr>
<tr>
<td>Talera Corporation Limited</td>
<td>5.02</td>
</tr>
<tr>
<td>Westpac Banking Corporation</td>
<td>4.95</td>
</tr>
<tr>
<td>Commonwealth Bank of Australia</td>
<td>4.84</td>
</tr>
<tr>
<td>BHP Billiton Limited</td>
<td>4.57</td>
</tr>
<tr>
<td>National Australia Bank Limited</td>
<td>4.53</td>
</tr>
<tr>
<td>Australia and New Zealand Banking Group Limited</td>
<td>4.41</td>
</tr>
<tr>
<td>Telstra Corporation Limited</td>
<td>4.41</td>
</tr>
<tr>
<td>Wesfarmers Limited</td>
<td>3.84</td>
</tr>
<tr>
<td>CSL Limited</td>
<td>3.08</td>
</tr>
<tr>
<td>Macquarie Group Limited</td>
<td>3.02</td>
</tr>
<tr>
<td>Suncorp Group Limited</td>
<td>2.78</td>
</tr>
<tr>
<td>Transurban Group Ltd.</td>
<td>1.95</td>
</tr>
<tr>
<td>Rio Tinto Limited</td>
<td>1.85</td>
</tr>
<tr>
<td>Healthscope Ltd</td>
<td>1.83</td>
</tr>
<tr>
<td>QBE Insurance Group Limited</td>
<td>1.83</td>
</tr>
<tr>
<td>Insurance Australia Group Limited</td>
<td>1.79</td>
</tr>
<tr>
<td>Woolworths Ltd</td>
<td>1.78</td>
</tr>
<tr>
<td>AMP Limited</td>
<td>1.74</td>
</tr>
<tr>
<td>Oil Search Limited</td>
<td>1.67</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International Shares</th>
<th>% of portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon.com, Inc.</td>
<td>1.54</td>
</tr>
<tr>
<td>Bank of America</td>
<td>1.13</td>
</tr>
<tr>
<td>Tencent Holdings Ltd.</td>
<td>0.99</td>
</tr>
<tr>
<td>Microsoft Corporation</td>
<td>0.86</td>
</tr>
<tr>
<td>Facebook, Inc.</td>
<td>0.83</td>
</tr>
<tr>
<td>Oracle Corporation</td>
<td>0.82</td>
</tr>
<tr>
<td>Samsung Electronics Co., Ltd.</td>
<td>0.78</td>
</tr>
<tr>
<td>Tesla Motors, Inc.</td>
<td>0.74</td>
</tr>
</tbody>
</table>

AustralianSuper invests in a range of asset classes across a number of markets. We are a large investor in the Australian share market, as well as having investments in international markets, including emerging markets in Latin America and Asia. These holdings are based on the value of each holding as a percentage of the Fund’s share portfolio.

Asset allocation by region

- Pacific
- North America
- Latin America
- South America
- Western Europe
- Eastern Europe
- Africa
- Middle East

 Shares we invest in globally

Through its investment managers AustralianSuper invests in over 50 global markets. The table below provides information on the countries in the AustralianSuper international shares portfolio, and their approximate weighting compared with the benchmark – the Morgan Stanley Capital Index.

### International equity country exposure as at 30 June 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Actual weights %</th>
<th>Benchmark weights %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Equity</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Asia</td>
<td>1.60</td>
<td>1.72</td>
</tr>
<tr>
<td>Japan</td>
<td>5.81</td>
<td>8.11</td>
</tr>
<tr>
<td>Europe</td>
<td>18.38</td>
<td>15.26</td>
</tr>
<tr>
<td>North America</td>
<td>46.01</td>
<td>55.98</td>
</tr>
<tr>
<td>Other markets</td>
<td>22.89</td>
<td>10.95</td>
</tr>
</tbody>
</table>

### Other markets

- Chile | 0.21 | 0.15 |
- China | 0.83 | 3.71 |
- Colombia | 0.07 | 0.07 |
- Cyprus | 0.01 | 0.00 |
- Czech Republic | 0.03 | 0.02 |
- Egypt | 0.06 | 0.09 |
- Hungary | 0.12 | 0.02 |
- India | 0.69 | 0.75 |
- Indonesia | 0.45 | 0.35 |
- Israel | 0.09 | 0.21 |
- Korea, Republic of | 1.58 | 1.56 |
- Luxembourg | 0.02 | 0.00 |
- Malaysia | 0.52 | 0.38 |
- Mexico | 1.24 | 1.46 |
- Morocco | 0.01 | 0.00 |
- Malaysia | 0.01 | 0.00 |
- Nigeria | 0.17 | 0.00 |
- Oman | 0.02 | 0.00 |
- Panama | 0.01 | 0.00 |
- Peru | 0.19 | 0.24 |
- Philippines | 0.11 | 0.14 |
- Poland | 0.23 | 0.16 |
- Qatar | 0.00 | 0.00 |
- Russian Federation | 0.83 | 0.42 |
- Saudi Arabia | 0.02 | 0.00 |
- South Africa | 1.16 | 1.90 |
- Taiwan | 1.16 | 1.40 |
- Thailand | 0.04 | 0.24 |
- United Arab Emirates | 0.01 | 0.07 |

These shareholdings are updated and can be found with a range of other investment information at – australiansuper.com/investments
The AustralianSuper Board

AustralianSuper’s Board oversees the Fund’s operations and ensures it is operating efficiently and in the best interests of members.

The Trustee of AustralianSuper is AustralianSuper Pty Ltd. The Trustee is governed by a Board of Directors (the Board). The Board is appointed in accordance with the provisions of the Constitution of AustralianSuper Pty Ltd.

All Directors are non-executive and independent of management. Member Directors are appointed by the Australian Council of Trade Unions (ACTU) and Employer Directors are appointed by Australian Industry Group (Ai Group), subject to ratification by the Board. At present the Board comprises five member representatives and five employer representatives.

Many matters are delegated to Committees for decision and oversight. The Board is covered by indemnity insurance against the financial effects of legal action against AustralianSuper.

Delegation to management

Day to day management of the Fund’s affairs and the implementation of corporate strategy and policy initiatives are formally delegated to the Chief Executive and senior executives. Delegations are reviewed regularly.

Heather Ridout (AO) BEc (Hons) CHAIR

Heather Ridout is an Employer Director appointed by the Ai Group. She joined the AustralianSuper Board in 2007 and was appointed Chair in 2013.

Heather is a company director and Reserve Bank Board member with a long history as a leading figure in the public policy debate in Australia.

She is a Director of Sims Metal Management, ASX Ltd and Image Networks Holdings Pty Ltd. Other appointments include member of the Boards of: the Australian Chamber Orchestra; Asialink and Advance Australia Advisory Board.

Heather has been a delegate to the B20, the key business advisory body to the international economic forum which includes business leaders from all G20 economies.

Her previous appointments include: member of the Henry Tax Review panel; board member of Infrastructure Australia; Australian Workforce and Productivity Agency; Climate Change Authority, member of the National Workplace Relations Consultative Committee, and the Prime Minister’s Taskforce on Manufacturing.

In 2014 Heather was made an Officer in the general division of the Order of Australia. She has been awarded an honorary Doctor of Business from Macquarie University and the University of Ballarat.

Dave Oliver DEPUTY CHAIR

Dave Oliver is a Member Director appointed by the ACTU. He joined AustralianSuper’s Board in July 2007.

He was elected Secretary of the ACTU in 2012 after serving the Australian Manufacturing Workers’ Union (AMWU) for more than 30 years, including holding the position of National Secretary.

Dave established, and is a former Director of, the National Entitlement Security Trust and is a current member of the Resources Sector Skills Taskforce Sub Committee, the Future Manufacturing Industry Innovation Council, and the Defence Industry Innovation Board.

Paul Bastian LLB MEMBER DIRECTOR

Paul Bastian is a Member Director appointed by the ACTU. He joined the AustralianSuper Board in 2013.

Paul was elected to the position of National Secretary of the Australian Manufacturing Workers’ Union (AMWU) in March 2012, having previously held the position of National President since December 2009. From 1997 until December 2009, Paul was State Secretary of the AMWU NSW Branch. Paul is a shipwright by trade and holds a Bachelor of Law (Hons) from the University of Technology, Sydney.

Lucio Di Bartolomeo BEng/MEngSc EMPLOYER DIRECTOR

Lucio Di Bartolomeo is an Employer Director appointed by the Ai Group. He joined the AustralianSuper Board in 2008.

He is Chair of Northwest Rapid Transit and Eco Logical Australia, a non-executive Director of Australian Rail Track Corporation and the immediate past National President of the Ai Group.

Lucio’s previous experience includes Managing Director of ADI Limited and Country Director of Thales Australia. Lucio has held several senior positions in the transport industry including Managing Director of FreightCorp and President of the Australasian Railway Association. He is a qualified civil engineer and has a Master’s degree in Engineering Science.
Innes Willox is an Employer Director appointed by the Ai Group. He joined the AustralianSuper Board as an Alternate Director to the Chair on 26 February 2013, and was appointed to the position of Director on 9 December 2014. Innes was appointed Chief Executive of the Australian Industry Group (Ai Group) in May 2012.

He has served as the Australian Consul General to Los Angeles from 2006 to 2008 and was Chief of Staff to the Australian Minister for Foreign Affairs, Alexander Downer, from 2004 to 2006, and was Manager of Global Public Affairs for Singapore Airlines from 2000 to 2004.

Innes holds a Bachelor of Arts in History and Politics from Monash University and is a graduate from the Edinburgh Business School in Economics and Organisational Change.

Scott McDine is a Member Director appointed by the ACTU. He joined the AustralianSuper Board in July 2014.

Scott has previously been a director at SkillsDMC and Obus Super and has completed the RG146 compliance course.

In July 2014, Scott was elected National Secretary of the AWU. He is also a Director of the Resources and Infrastructure Industry Skills Council Ltd.

Brian Daley is a Member Director appointed by the ACTU. He joined AustralianSuper’s Board in July 2006 and was previously a Director of Australian Retirement Fund.

Brian served as an Official for United Voice for many years including in capacities of the Union’s Victorian Secretary and its National President. United Voice is a long term supporter of AustralianSuper and many of its members, including in industries like cleaning and security, are members of AustralianSuper.

Brian has been actively involved in industry superannuation since the recognition of superannuation as an industrial issue in the 1980’s. He also currently holds the position of Capital Stewardship Officer for the ACTU. Brian is on the Industry Superannuation Australia Advisory Council and his industry involvement has included service as a former Director of IFA, AST and ASFA.

John Ingram is an Employer Director appointed by the Ai Group. He joined AustralianSuper’s Board in July 2006 and was previously a Director of Superannuation Trust of Australia.

John has spent most of his career in the corporate sector where he has been a CEO and has been or continues to be a non-executive director of many publicly listed companies. These companies include Crane Group (Chief Executive), Nick Scali (Chair), Walsh (Chair) and engineering firm UGL (non-executive Director).

In 2006, John was appointed a Member of the Order of Australia.

Scott McDine is a Member Director appointed by the ACTU. He joined the AustralianSuper Board in 2014.

Scott is the National Secretary of the Australian Workers’ Union and began his career with the union as a member at the Alcoa Pinjarra Alumina Refinery in Western Australia.

In 2007, Scott left Alcoa to become an organiser in the AWU’s Western Australian Branch, and was then promoted to the National Office of the AWU in Sydney as a National Organiser. Scott was elected to the position of Assistant National Secretary in the December of 2009.

Scott has previously been a director at SkillsDMC and Obus Super and has completed the RG146 compliance course.

In July 2014, Scott was elected National Secretary of the AWU. He is also a Director of the Resources and Infrastructure Industry Skills Council Ltd.

Graeme Willis is an Employer Director appointed by the Ai Group. He joined AustralianSuper’s Board on 1 July 2006 and was previously an Employer Director of Superannuation Trust of Australia from 1988 and Australian Retirement Fund from September 2002. He has extensive experience in general management, financial management, legal issues and superannuation.

He was the Executive Director of Finance, Administration and Superannuation at Ai Group with whom he was employed for 42 years. In 1997, Graeme received the Trustees of the Year Award at the Conference of Major Superannuation Funds and is a foundation Fellow of the Australian Institute of Superannuation Trustees.

Graeme Willis is an Employer Director appointed by the Ai Group.

He joined the AustralianSuper Board as an Alternate Director to the Chair on 26 February 2013, and was appointed to the position of Director on 9 December 2014. Innes was appointed Chief Executive of the Australian Industry Group (Ai Group) in May 2012.

He has served as the Australian Consul General to Los Angeles from 2006 to 2009 and was Chief of Staff to the Australian Minister for Foreign Affairs, Alexander Downer, from 2004 to 2006, and was Manager of Global Public Affairs for Singapore Airlines from 2000 to 2004.

Innes holds a Bachelor of Arts in History and Politics from Monash University and is a graduate from the Edinburgh Business School in Economics and Organisational Change.

Gemm Pinnell is an Employer Director appointed by the Ai Group.

She joined the Australian Super Board as an Alternate Director to the Chair on 26 February 2013, and was appointed to the position of Director on 9 December 2014. Innes was appointed Chief Executive of the Australian Industry Group (Ai Group) in May 2012.

He has served as the Australian Consul General to Los Angeles from 2006 to 2009 and was Chief of Staff to the Australian Minister for Foreign Affairs, Alexander Downer, from 2004 to 2006, and was Manager of Global Public Affairs for Singapore Airlines from 2000 to 2004.

Innes holds a Bachelor of Arts in History and Politics from Monash University and is a graduate from the Edinburgh Business School in Economics and Organisational Change.

Scott McDine is a Member Director appointed by the ACTU. He joined the AustralianSuper Board in 2014.

Scott is the National Secretary of the Australian Workers’ Union and began his career with the union as a member at the Alcoa Pinjarra Alumina Refinery in Western Australia.

In 2007, Scott left Alcoa to become an organiser in the AWU’s Western Australian Branch, and was then promoted to the National Office of the AWU in Sydney as a National Organiser. Scott was elected to the position of Assistant National Secretary in the December of 2009.

Scott has previously been a director at SkillsDMC and Obus Super and has completed the RG146 compliance course.

In July 2014, Scott was elected National Secretary of the AWU. He is also a Director of the Resources and Infrastructure Industry Skills Council Ltd.

Gemma Pinnell is a Member Director appointed by the ACTU. She joined AustralianSuper’s Board in 2013.

She is currently the Special Projects and Partnerships Manager at the Australian Council of Trade Unions (ACTU) where she has worked since 2006, and is responsible for overseeing a range of strategic functions. Gemma is also a Director of ACTU Member Connect and has been a Director of Industry Fund Services. She holds an Honours degree in Women’s Studies and Politics from Monash University and a Masters of Applied Communications from RMIT. Gemma is currently completing a Diploma of Superannuation.

John Ingram is an Employer Director appointed by the Ai Group. He joined AustralianSuper’s Board in July 2006 and was previously a Director of Superannuation Trust of Australia.

John has spent most of his career in the corporate sector where he has been a CEO and has been or continues to be a non-executive director of many publicly listed companies. These companies include Crane Group (Chief Executive), Nick Scali (Chair), Walsh (Chair) and engineering firm UGL (non-executive Director).

In 2006, John was appointed a Member of the Order of Australia.

Brian Daley is a Member Director appointed by the ACTU. He joined AustralianSuper’s Board in July 2006 and was previously a Director of Australian Retirement Fund.

Brian served as an Official for United Voice for many years including in capacities of the Union’s Victorian Secretary and its National President. United Voice is a long term supporter of AustralianSuper and many of its members, including in industries like cleaning and security, are members of AustralianSuper.

Brian has been actively involved in industry superannuation since the recognition of superannuation as an industrial issue in the 1980’s. He also currently holds the position of Capital Stewardship Officer for the ACTU. Brian is on the Industry Superannuation Australia Advisory Council and his industry involvement has included service as a former Director of IFA, AST and ASFA.

John Ingram is an Employer Director appointed by the Ai Group. He joined AustralianSuper’s Board in July 2006 and was previously a Director of Superannuation Trust of Australia.

John has spent most of his career in the corporate sector where he has been a CEO and has been or continues to be a non-executive director of many publicly listed companies. These companies include Crane Group (Chief Executive), Nick Scali (Chair), Walsh (Chair) and engineering firm UGL (non-executive Director).

In 2006, John was appointed a Member of the Order of Australia.

Scott McDine is a Member Director appointed by the ACTU. He joined the AustralianSuper Board in 2014.

Scott is the National Secretary of the Australian Workers’ Union and began his career with the union as a member at the Alcoa Pinjarra Alumina Refinery in Western Australia.

In 2007, Scott left Alcoa to become an organiser in the AWU’s Western Australian Branch, and was then promoted to the National Office of the AWU in Sydney as a National Organiser. Scott was elected to the position of Assistant National Secretary in the December of 2009.

Scott has previously been a director at SkillsDMC and Obus Super and has completed the RG146 compliance course.

In July 2014, Scott was elected National Secretary of the AWU. He is also a Director of the Resources and Infrastructure Industry Skills Council Ltd.

Gemma Pinnell is a Member Director appointed by the ACTU. She joined AustralianSuper’s Board in 2013.

She is currently the Special Projects and Partnerships Manager at the Australian Council of Trade Unions (ACTU) where she has worked since 2006, and is responsible for overseeing a range of strategic functions. Gemma is also a Director of ACTU Member Connect and has been a Director of Industry Fund Services. She holds an Honours degree in Women’s Studies and Politics from Monash University and a Masters of Applied Communications from RMIT. Gemma is currently completing a Diploma of Superannuation.

John Ingram is an Employer Director appointed by the Ai Group. He joined AustralianSuper’s Board in July 2006 and was previously a Director of Superannuation Trust of Australia.

John has spent most of his career in the corporate sector where he has been a CEO and has been or continues to be a non-executive director of many publicly listed companies. These companies include Crane Group (Chief Executive), Nick Scali (Chair), Walsh (Chair) and engineering firm UGL (non-executive Director).

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In 2007, Scott left Alcoa to become an organiser in the AWU’s Western Australian Branch, and was then promoted to the National Office of the AWU in Sydney as a National Organiser. Scott was elected to the position of Assistant National Secretary in the December of 2009.

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Committees of the Board

The Board has the ability under the constitution to delegate its powers and responsibilities to the Committees of the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee recommends to the Board nominations to fill director positions on external boards on which AustralianSuper has a seat; sets the salaries of the Chief Executive and senior executives and establishes the remuneration framework for the Fund.

Budget Review Committee

The Budget Review Committee reviews and monitors the annual budget and recommends the annual budget to the Board. The Committee also ascertains whether the budget is appropriate having regard to the strategic plan, pricing reviews, benchmarking studies and other reviews and in relation to AustralianSuper’s five-year strategy.

The Committees of the Board are:

- **Audit, Compliance and Risk Management Committee**
  The Audit, Compliance and Risk Management Committee monitors and oversees AustralianSuper’s compliance with statutory reporting requirements to members, directors, and regulatory bodies as well as risk management control, financial reporting and external audit.

- **Investment Committee**
  The Investment Committee sets strategic asset allocation ranges for each investment option, monitors the performance, achievement of investment objectives and risk and liquidity constraints of each investment option, approves investment guidelines, approves the asset class strategies and large direct investments and makes recommendations as appropriate to the Board.

- **Member and Employer Services Committee**
  The Member and Employer Services Committee oversees the range and quality of services provided to members and participating businesses.

### Board attendance

<table>
<thead>
<tr>
<th>Board member</th>
<th>Full meetings of Directors</th>
<th>Audit Compliance and Risk Management</th>
<th>Budget Review</th>
<th>Investment</th>
<th>Member and Employer Services</th>
<th>Nomination and Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paul Bastian</td>
<td>7 8 5 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brian Daley</td>
<td>8 8 – –</td>
<td>3 3 10 10 3 2 – – – – – – – – – –</td>
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<tr>
<td>Lucio di Bartolomeo</td>
<td>8 8 – –</td>
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<tr>
<td>John Ingram</td>
<td>7 8 5 5 3 3 10 10 – – 3 3</td>
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</tr>
<tr>
<td>Scott McDine</td>
<td>5 7 – – – – – – – – – – – –</td>
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<tr>
<td>Dave Oliver</td>
<td>8 8 – – – – – – – 2 3 3 3</td>
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<tr>
<td>Gemma Pinnell</td>
<td>7 8 – – – – – – – – – – – –</td>
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<tr>
<td>Tim Poole</td>
<td>8 8 – – – – – – 10 10 – – –</td>
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<tr>
<td>Heather Ridout</td>
<td>7 8 3 3 3 3 – – – – – – –</td>
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<tr>
<td>Alison Terry</td>
<td>3 3 2 2 – – – – – – – – –</td>
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<tr>
<td>Graham Willis</td>
<td>8 8 5 5 3 3 – – – – – – –</td>
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<tr>
<td>Innes Willow</td>
<td>5 5 – – – – – – – – – – –</td>
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<td></td>
</tr>
<tr>
<td>Alternate Director and Committee members</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Noen Apple</td>
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<tr>
<td>Mark Boyd</td>
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<tr>
<td>Leon Carter</td>
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<tr>
<td>Brad Crofts</td>
<td>5 5 – – – – – – 9 10 – – –</td>
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<tr>
<td>Fiona Jordan</td>
<td>– – – – – – – – – – – – 10 10</td>
<td></td>
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<tr>
<td>Russell Maddison</td>
<td>– – – – – – – – – – – –</td>
<td></td>
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<td></td>
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<tr>
<td>Mike Nicolaides</td>
<td>– – – – – – – – – – – –</td>
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<td></td>
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<tr>
<td>Liam O'Brien</td>
<td>4 5 – – – – – – – – – – –</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Michelle O'Hall</td>
<td>– – – – – – – – – – – –</td>
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<tr>
<td>George Stamas</td>
<td>– – – – – – – – – – – – 3 3</td>
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<td></td>
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<tr>
<td>Stephanie Weston</td>
<td>– – – – – – – – – – – –</td>
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</tr>
</tbody>
</table>

* A = number of meetings held during the time the Director held office
* B = number of meetings held during the time the Director held office or was a member of the committee
* Includes a strategy planning day

### During the Year
- Russell Maddison joined the Investment Committee on 15 July 2014 and was appointed as an Alternate Director on 23 February 2015.
- Leon Carter resigned as Alternate Director on 31 July 2014.
- Dave Oliver was appointed Deputy Chair and joined the Member and Employer Services Committee on 28 August 2014.
- Scott McDine was appointed as a Director and joined the Nomination and Remuneration and Budget Review Committees on 26 August 2014.
- Brian Daley was appointed Chair of the Member and Employer Services Committee and joined the Budget Review Committee on 26 August 2014.
- Liam O’Brien was reappointed as Alternate Director on 26 August 2014.
- Brad Crofts was reappointed as an Alternate Director on 26 August 2014.
- Alison Terry resigned as Alternate Director on 9 December 2014.
- Fiona Jordan became an Alternate Director on 9 December 2014.
- Innes Willow was appointed as a Director on 9 December 2014.
- Peter Burn was appointed an Alternate Director on 23 February 2015.
- Scott McDine replaced John Ingram as Chair of the Budget Review Committee on 30 April 2015.
- Stephanie Weston joined the Investment Committee on 19 May 2015.
- Tim Poole resigned as a Director of the Board on 18 June 2015, continuing as a Member and Chair of the Investment Committee until he resigned from that role after 30 June 2015.
Being responsible in our dealings

AustralianSuper’s Code of Conduct sets out the values required by the Fund to maintain the trust and confidence of members and participating businesses.

The Code of Conduct sets out standards of behaviour that apply to AustralianSuper staff including:

Recognising and managing conflicts of interest
AustralianSuper has a conflicts of interest framework, which provides guidance to recognise and manage conflicts of interest.

Safeguarding integrity in financial reporting
AustralianSuper has a dedicated Audit, Compliance and Risk Management Committee to ensure the integrity of the financial reporting process. External auditors are selected by the Board in accordance with a formal policy, which requires external auditors to declare their independence to the Committee.

Recognise and manage risk
The Board recognises that risk management needs to be embedded across the Fund’s operations.

AustralianSuper adopts the requirements of the international standard on risk management (ISO 31000) in conducting risk management practices on a day-to-day basis.

The Board has ultimate responsibility for risk management.

However, it delegates responsibility for the oversight of the risk management framework to the Audit, Compliance and Risk Management Committee (ACRMC). The Board has approved a Risk Appetite Statement (RAS) that provides guidance to management on the acceptable risks to be taken by the Fund in achieving its objectives.

The performance of management against the requirements of the RAS is reported to the Board and the ACRMC four times a year. In addition to this, the risk management framework involves the identification and evaluation of risks in accordance with the international standard on risk management (ISO 31000) and Superannuation Prudential Standard SPS 220.

In doing so, the material risks of the Fund and associated activities to mitigate those risks are reported to the ACRMC four times a year with a summary going to the Board.

During the year there were no breaches of the Privacy Act determined by the Privacy Commissioner, and there were no losses of customer data.

AustralianSuper has not been subject to any significant fines or other sanctions for failure to comply with laws or regulations.

Corporate responsibility and sustainability
AustralianSuper seeks to conduct itself in a responsible, trustworthy and ethical manner and is committed to transparency and fair dealing in all of its operations.

Related parties
AustralianSuper will enter into contracts with a related party only where it determines equivalent or enhanced benefits will result for members. When the Fund invests in, or contracts with, a related party, we ensure that:

› the investment or contract is made in the best interest of members
› the appointment of the service provider or the investment in the related entity is at fair market price
› the benefits of the services provided are periodically assessed, and
› the right of AustralianSuper to pursue its interests in the normal course of business is fully protected.

All related party transactions are made on normal commercial terms, under normal conditions and at market rates. Related party disclosures are contained in the Fund’s audited financial statements available in early November at australiansuper.com/Governance or by calling 1300 300 273.

Ownership of AustralianSuper Pty Ltd (the Trustee)

The shareholders of AustralianSuper Pty Ltd are the Australian Industry Group and ACTU Super Shareholding Pty Ltd. ACTU Super Shareholding Pty Ltd holds the shares on behalf of the Australian Council of Trade Unions and other unions.
Our people

Opportunity, flexibility and respect

AustralianSuper’s People and Culture Strategy aims to create more opportunities for our people and enhance our skills and capabilities as an organisation.

Staff participate in an annual survey to provide feedback on the Fund’s performance as an employer against key metrics and 88% of staff responded to the survey this year. An overall favourable engagement score of 78% was achieved, which is 8% above the Australian norm. Key areas that recorded the strongest results were: a strong belief in the future of the Fund, support provided by managers, work flexibility and AustralianSuper as a good place to work.

The Fund’s Scorecard includes a People Leader Index based on a number of survey responses and this year the Scorecard target of 4 of a possible 5 was achieved. This continues the trend of very strong results on both an absolute and comparable basis over the nine years we have conducted the survey.

Developing and retaining staff

AustralianSuper, through remuneration policies and workplace flexibility, continues to build the Fund’s capability and put in place measures to retain our best staff.

The Fund develops staff through three methods: formal training, coaching by managers or peers, and through development on the job. The focus on development as a holistic activity ensures staff get access to development which is appropriate to their needs.

As part of our commitment to staff we continue to invest in our people through the People Essentials Foundations Program and People Essentials for Managers Program. These programs reflect the Fund’s performance management cycle, providing staff with the opportunity to experience first-hand how they can apply the program tools to their work. The overarching philosophy is about how staff use their strengths at work to help achieve our organisational values of excellent outcomes, integrity, generosity of spirit and energy.

We continue to build the capability of the Fund’s leaders. This year we launched a senior leader development program, aimed at building capability in the areas of strategic thinking, change management and leadership skills.

AustralianSuper aims to have a workforce that is diverse and reflects our membership and broader community. This is an important part of building our organisational capability. A number of initiatives are used to promote improved workforce diversity, particularly in relation to gender balance, gender pay equity and flexible work arrangements. Our Diversity Scorecard also includes targets for women across all levels of management within the Fund.

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As a non-public sector employer with 100 or more employees, we report annually to the Workplace Gender Equality Agency (WGEA).

AustralianSuper’s 2014/15 Compliance Report has been submitted to the WGEA and a copy of the report is available on our website. Any comments about the report can be directed to AustralianSuper (australiansuper.com/ contact) or the WGEA.

In 2014, AustralianSuper was awarded the WGEA Employer of Choice for Women citation.

Ian Silk

CHIEF EXECUTIVE

Ian is the Chief Executive of AustralianSuper and is responsible for the overall management of the Fund and the provision of advice to the Board.

Mark Delaney

DEPUTY CHIEF EXECUTIVE

AND CHIEF INVESTMENT OFFICER

Mark is the Deputy Chief Executive and Chief Investment Officer of AustralianSuper and is responsible for the development and implementation of investment strategies, and managing the work of AustralianSuper’s investment advisers.

Georgina Williams

GROUP EXECUTIVE –

ENGAGEMENT, ADVOCACY AND BRAND

Georgina is responsible for positioning AustralianSuper as the leading superannuation fund. She is charged with the development and implementation of brand, marketing, advocacy, public policy and external relations as well as specific issue strategies.

Jane Foley

GROUP EXECUTIVE –

STRATEGY, PEOPLE AND PERFORMANCE

Jane is responsible for the Fund’s strategy development and business planning, strategic data analysis and reporting of the Fund’s performance, together with human resources and IT services, and the project management office.

Shawn Blackmore

GROUP EXECUTIVE –

MEMBER EXPERIENCE AND ADVISE

Shawn is responsible for the provision of super, retirement and insurance services to members and employers. He is charged with providing a quality member experience from administration through to advice and communication services across all channels.

Tony Cavanagh

GROUP EXECUTIVE –

CORPORATE SERVICES

Tony is responsible for legal, compliance, risk, financial and accounting matters for AustralianSuper. He is also responsible for all external and internal audit matters, and tax lodgement and compliance.

Paul Schroder

GROUP EXECUTIVE –

MEMBERSHIP

Paul is responsible for AustralianSuper’s Membership group, which ensures the Fund has the products and relationships in place to effectively attract and retain members.
Annual Report 2014/15

Our people

AustralianSuper’s management team by gender and age as at 30 June 2015

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
<th>Under 30</th>
<th>30-50</th>
<th>50 plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>3</td>
<td>7</td>
<td>0</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Executive team</td>
<td>2 (50%)</td>
<td>5</td>
<td>0</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Management</td>
<td>34 (75%)</td>
<td>59</td>
<td>0</td>
<td>88</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>39</td>
<td>72</td>
<td>0</td>
<td>75</td>
<td>36</td>
</tr>
</tbody>
</table>

*Representation target FY15. AustralianSuper’s Diversity Scorecard includes targets to improve the representation of women across all levels of management.

AustralianSuper’s workforce by gender and working arrangements (including contractors) as at 30 June 2015

<table>
<thead>
<tr>
<th></th>
<th>Full-time</th>
<th>Part-time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Female</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia, Beijing</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Australian Capital Territory</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>New South Wales</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Queensland</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>South Australia</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Tasmania</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Victoria</td>
<td>123</td>
<td>32</td>
<td>155</td>
</tr>
<tr>
<td>Western Australia</td>
<td>4</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td><strong>Sub-total female</strong></td>
<td>138</td>
<td>44</td>
<td>182</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia, Beijing</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>New South Wales</td>
<td>18</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Queensland</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>South Australia</td>
<td>4</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Tasmania</td>
<td>1</td>
<td></td>
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<tr>
<td>Victoria</td>
<td>127</td>
<td>3</td>
<td>130</td>
</tr>
<tr>
<td>Western Australia</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td><strong>Sub-total male</strong></td>
<td>189</td>
<td>3</td>
<td>192</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td>326</td>
<td>47</td>
<td>374</td>
</tr>
</tbody>
</table>

AustralianSuper engages qualified and experienced staff to deliver benefits and services to members.

The Nomination and Remuneration Committee is primarily responsible for:
- making recommendations to the Board on:
  - fees to be paid to Directors, Alternate Directors and Non-Director Committee Members (Directors)
  - major changes to conditions of employment for staff (including Enterprise Agreement negotiations)
  - the framework of management and staff remuneration,
- remuneration of the Chief Executive and the other members of the executive team.

**Directors’ remuneration**

Directors are remunerated for their work, having regard to their specific responsibilities and the nature and objectives of the Fund. The fees are reviewed with effect from 1 July each year.

**Directors’ remuneration**

<table>
<thead>
<tr>
<th></th>
<th>Chair</th>
<th>Member</th>
<th>Deputy Chair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees as at 30 June 2015</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Board</td>
<td>139,800</td>
<td>34,900</td>
<td>51,300</td>
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<tr>
<td>Investment Committee*</td>
<td>130,800</td>
<td>52,300</td>
<td></td>
</tr>
<tr>
<td>Member and Employee Services Committee</td>
<td>20,000</td>
<td>17,400</td>
<td></td>
</tr>
<tr>
<td>Audit, Compliance and Risk Management Committee</td>
<td>47,000</td>
<td>20,900</td>
<td></td>
</tr>
<tr>
<td>Nomination and Remuneration Committee</td>
<td>18,000</td>
<td>10,300</td>
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<tr>
<td>Budget Review Committee</td>
<td>14,400</td>
<td>8,200</td>
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</table>

*As per meeting fee of $7,500 paid for attendance at meetings of any sub-committees formed by the Board, and not for the above Committees, and in addition Directors who attend Board and Committee meetings in that capacity.

Directors are not entitled to annual leave, long service leave or performance payments.

*Independent Investment Committee members receive $68,493.
Remuneration

All superannuation amounts are paid to the Director and Alternate Directors’ superannuation fund.

These fees are paid to the Australian Council of Trade Unions.

These fees are paid to the Australian Workers’ Union.

These fees are paid to United Voice.

These fees are paid to Eureka Economics Pty Ltd.

These fees were paid to the Australian Manufacturing Workers’ Union until 18 October 2013. Post this date, the fees were directly paid to N. Apple.


I. Willox $19,631 $1,865 $21,496
S. Weston $8,091 $769 $8,860
S. McDine $51,624 $4,904 $56,528
R. Maddox $65,887 $6,259 $72,147
G. Willis $93,600 $8,892 $102,492 $89,550 $8,302 $97,852
A. Terry $26,020 $2,472 $28,492
G. Stamas $17,400 $1,653 $19,053 $15,375 $1,433 $16,808
H. Ridout $167,300 $15,894 $183,194 $148,350 $11,531 $160,881
T. Poole $164,549 $15,632 $180,182 $148,450 $13,765 $162,215
G. Pinnell $34,900 $3,316 $38,216 $32,075 $2,988 $35,063

Directors and Alternate Directors Cash fees Superannuation Total Cash fees Superannuation Total


I. Willox $19,631 $1,865 $21,496
S. Weston $8,091 $769 $8,860
S. McDine $51,624 $4,904 $56,528
R. Maddox $65,887 $6,259 $72,147
G. Willis $93,600 $8,892 $102,492 $89,550 $8,302 $97,852
A. Terry $26,020 $2,472 $28,492
G. Stamas $17,400 $1,653 $19,053 $15,375 $1,433 $16,808
H. Ridout $167,300 $15,894 $183,194 $148,350 $11,531 $160,881
T. Poole $164,549 $15,632 $180,182 $148,450 $13,765 $162,215
G. Pinnell $34,900 $3,316 $38,216 $32,075 $2,988 $35,063

Directors’ remuneration

Directors and Alternate Directors Cash fees Superannuation Total Cash fees Superannuation Total

1. Fixed annual remuneration

The fixed annual remuneration for managers is determined with reference to levels necessary to recruit and retain staff with the relevant skills and experience and to remuneration levels across the Fund and the relevant market. External advice is sought to ensure that the fixed annual remuneration meets these conditions.

Fixed annual remuneration is comprised of base salary and superannuation guarantee contributions.

2. Investment Performance Payment Plan

AustralianSuper operates an investment performance payment plan which applies to a limited number of senior investment staff. The level of performance pay is set with reference to levels necessary to recruit and retain staff with the relevant skills and experience, and to remuneration levels in the Fund and the relevant market.

The performance pay component for the participants is intended to reflect:

- the investment performance of the Balanced option (accumulation) and, where relevant, the internally managed sector or asset class, and
- an individual’s performance with respect to personal objectives in their role in the Fund Payments under the plan occur when all of the following targets are met in a financial year:
  - investment performance of the Balanced option is positive
  - the participant achieves an individual performance rating of at least ‘Effective’. The Investment Performance Payment Plan is based on:
    - Heads of investment teams and the CEO
    - investment performance of the Fund weighted at 70%,
    - assessment of performance of the individual weighted at 30% investment management staff
    - investment performance of the Fund weighted at 30%,
    - investment performance of the relevant sector or asset class weighted at 50%, and
    - assessment of performance of the individual weighted at 20%.

The maximum payment available under the performance payment plan is 40% (60% in the case of the Chief Investment Officer) of salary and super packages of the participants covered by the Plan. Payments under the plan are made in cash.

The Chief Executive and the Nomination and Remuneration Committee may revise the performance conditions and weightings in order to better meet the objectives of the remuneration policy.

Performance of the Fund in 2014–15 in relation to the Investment Performance Payment Plan

<table>
<thead>
<tr>
<th>Execution remuneration</th>
<th>Benchmark</th>
<th>Performance</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment performance of the AustralianSuper Balanced option is positive</td>
<td>Positive</td>
<td>Positive</td>
<td>Achieved</td>
</tr>
<tr>
<td>Investment performance of the AustralianSuper Balanced option is above inflation</td>
<td>1.51%</td>
<td>10.86%</td>
<td>Achieved</td>
</tr>
<tr>
<td>Investment performance of the AustralianSuper Balanced option is above that of the median Balanced fund in the relevant SuperRatings SR50 survey</td>
<td>9.60%</td>
<td>10.86%</td>
<td>Achieved</td>
</tr>
</tbody>
</table>

Performance of the Fund in 2014–15 in relation to the Investment Performance Payment Plan

<table>
<thead>
<tr>
<th>Performance measures</th>
<th>Benchmark</th>
<th>Performance</th>
<th>Result</th>
</tr>
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<tbody>
<tr>
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<td>10.86%</td>
<td>Achieved</td>
</tr>
</tbody>
</table>
### Executive remuneration at 30 June 2015

<table>
<thead>
<tr>
<th>Name</th>
<th>Salary(A)</th>
<th>Superannuation</th>
<th>Fixed remuneration</th>
<th>Performance payment</th>
<th>Non-monetary benefits(B)</th>
<th>Annual leave accrual(C)</th>
<th>Long service leave accrual(D)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Silk</td>
<td>678,242</td>
<td>35,000</td>
<td>713,242</td>
<td>NA</td>
<td>17,786</td>
<td>22,951</td>
<td>51,793</td>
<td>805,372</td>
</tr>
<tr>
<td>M. Delaney</td>
<td>625,971</td>
<td>35,000</td>
<td>660,971</td>
<td>360,791</td>
<td>–</td>
<td>46,168</td>
<td>34,347</td>
<td>1,009,941</td>
</tr>
<tr>
<td>P. Curtis</td>
<td>435,000</td>
<td>35,000</td>
<td>470,000</td>
<td>187,226</td>
<td>–</td>
<td>17,433</td>
<td>21,869</td>
<td>676,628</td>
</tr>
<tr>
<td>I. McKeand</td>
<td>452,000</td>
<td>35,000</td>
<td>487,000</td>
<td>173,275</td>
<td>–</td>
<td>11,283</td>
<td>15,930</td>
<td>687,487</td>
</tr>
<tr>
<td>J. Peasley</td>
<td>417,000</td>
<td>30,000</td>
<td>447,000</td>
<td>158,629</td>
<td>–</td>
<td>16,093</td>
<td>17,439</td>
<td>654,975</td>
</tr>
</tbody>
</table>

(A) Represents that cash remuneration paid during the financial year before superannuation and performance payments.
This amount does not include any accrual for annual leave or long service leave.
(B) Includes motor vehicle parking benefits and parking benefits and any associated fringe benefits tax.
(C) Represents the movement in the annual leave accrual for each personnel each month.
(D) Includes long service entitlements accrued but not taken during the year as required to be recognised under legislation.

### Executive remuneration at 30 June 2014

<table>
<thead>
<tr>
<th>Name</th>
<th>Salary(A)</th>
<th>Superannuation</th>
<th>Fixed remuneration</th>
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<th>Annual leave accrual(C)</th>
<th>Long service leave accrual(D)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Silk</td>
<td>623,402</td>
<td>25,000</td>
<td>648,402</td>
<td>NA</td>
<td>19,200</td>
<td>16,683</td>
<td>46,051</td>
<td>697,970</td>
</tr>
<tr>
<td>M. Delaney</td>
<td>585,972</td>
<td>25,000</td>
<td>610,972</td>
<td>345,963</td>
<td>–</td>
<td>1,971</td>
<td>16,150</td>
<td>971,114</td>
</tr>
<tr>
<td>P. Curtis</td>
<td>395,000</td>
<td>25,000</td>
<td>420,000</td>
<td>150,990</td>
<td>–</td>
<td>9,888</td>
<td>19,384</td>
<td>580,388</td>
</tr>
<tr>
<td>I. McKeand</td>
<td>412,000</td>
<td>25,000</td>
<td>437,000</td>
<td>197,102</td>
<td>–</td>
<td>13,906</td>
<td>14,007</td>
<td>621,815</td>
</tr>
<tr>
<td>J. Peasley</td>
<td>372,000</td>
<td>25,000</td>
<td>397,000</td>
<td>142,772</td>
<td>–</td>
<td>24,675</td>
<td>12,723</td>
<td>577,174</td>
</tr>
</tbody>
</table>

(A) Represents that cash remuneration paid during the financial year before superannuation and performance payments.
This amount does not include any accrual for annual leave or long service leave.
(B) Includes motor vehicle parking benefits and parking benefits and any associated fringe benefits tax.
(C) Represents the movement in the annual leave accrual for each personnel each month.
(D) Includes long service entitlements accrued but not taken during the year as required to be recognised under legislation.

### Remuneration consultants
AustralianSuper engages remuneration consultants to ensure that remuneration is in line with industry standards and to ensure that the Fund continues to attract and retain quality staff to run and operate the Fund efficiently and expertly, and that the Fund’s remuneration is consistent with our core tenet of being a members’ first fund.

### Non-management staff
AustralianSuper staff are employed under the AustralianSuper Enterprise Agreement 2012–16. Staff whose salaries are set under the Agreement receive annual increases to their remuneration.

### Financial Statements
#### For the year ended 30 June 2015
Below is a summary of AustralianSuper’s financial statements for the last two financial years. The financial statements for 2015 are taken from audited accounts.

**AustralianSuper movement in members’ funds for the year ended 30 June 2015**

<table>
<thead>
<tr>
<th></th>
<th>2015 – $’000</th>
<th>2014 – $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>78,275,860</td>
<td>64,869,334</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>6,214,688</td>
<td>5,869,279</td>
</tr>
<tr>
<td>Member contributions</td>
<td>1,637,874</td>
<td>1,131,544</td>
</tr>
<tr>
<td>Transfers inwards</td>
<td>5,111,425</td>
<td>4,840,795</td>
</tr>
<tr>
<td>Investment income</td>
<td>8,738,637</td>
<td>9,475,319</td>
</tr>
<tr>
<td>Insurance receipts</td>
<td>250,001</td>
<td>206,521</td>
</tr>
<tr>
<td>Other income</td>
<td>138,152</td>
<td>43,725</td>
</tr>
<tr>
<td>Total income</td>
<td>22,050,812</td>
<td>21,156,343</td>
</tr>
<tr>
<td>Benefits paid and payable</td>
<td>6,343,689</td>
<td>5,515,102</td>
</tr>
<tr>
<td>Administration &amp; operating expenses</td>
<td>235,376</td>
<td>232,975</td>
</tr>
<tr>
<td>Insurance expenses</td>
<td>731,164</td>
<td>600,786</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1,219,380</td>
<td>1,401,791</td>
</tr>
<tr>
<td>Total benefits and expenses</td>
<td>8,556,358</td>
<td>7,749,817</td>
</tr>
<tr>
<td>Net assets available to pay benefits at year end</td>
<td>91,770,314</td>
<td>78,275,860</td>
</tr>
</tbody>
</table>

### Reserves for the three years to 30 June 2015

<table>
<thead>
<tr>
<th></th>
<th>2015 – $’000</th>
<th>2014 – $’000</th>
<th>2013 – $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ funds</td>
<td>91,340,582</td>
<td>77,991,007</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>429,732</td>
<td>284,853</td>
<td></td>
</tr>
<tr>
<td>Liability for accrued benefits</td>
<td>91,770,314</td>
<td>78,275,860</td>
<td></td>
</tr>
</tbody>
</table>

**Additional information on the AustralianSuper’s reserves**
The level of the reserves is determined by the Board annually based on an assessment of the risks faced by AustralianSuper and with regard to industry best practice. Our policy sets out how the level of the reserves is maintained and replenished through both investment earnings and operational surplus. It also provides for when circumstances payments are made from the reserves, included in the reserves as an asset and used to ensure the Operational Risk Financial Reserve of $234m ($190m in 2014). The purpose of the Operational Risk Financial Reserve is to provide funding for incidents where material losses may arise from operational risks (as opposed to investment risks).

Related party disclosures are contained in the Fund’s audited financial statements available in early November, along with the auditor’s report, at australiansuper.com/Governance or by calling 1300 300 273.
Assets

Investments
Cash and cash equivalents 5,324,070 4,375,370
Listed equity securities 49,816,213 49,906,219
Fixed interest securities 16,918,549 14,426,836
Unlisted unit trusts 21,682,410 19,004,065
Unlisted equity securities 532,091 515,854
Derivatives 260,971 288,265
Receivables 329,485 292,259
Derivatives 260,971 288,265
Unlisted equity securities 532,091 515,854
Fixed interest securities 16,918,549 14,426,836
Cash and cash equivalents 5,324,070 4,375,370
Investments
AustralianSuper balance sheet as at 30 June 2015

<table>
<thead>
<tr>
<th></th>
<th>2015 – $’000</th>
<th>2014 – $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>14,131</td>
<td>24,183</td>
</tr>
<tr>
<td>Total assets</td>
<td>79,916,228</td>
<td>79,916,228</td>
</tr>
<tr>
<td>Derivatives</td>
<td>260,971</td>
<td>288,265</td>
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<td>Receivables</td>
<td>329,485</td>
<td>292,259</td>
</tr>
<tr>
<td>Derivatives</td>
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<td>Total liabilities</td>
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<td></td>
<td></td>
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<td>24,183</td>
</tr>
<tr>
<td>Total assets</td>
<td>94,800,705</td>
<td>79,916,228</td>
</tr>
<tr>
<td>Receivables</td>
<td>329,485</td>
<td>292,259</td>
</tr>
<tr>
<td>Deferrable tax liabilities</td>
<td>1,329,799</td>
<td>1,386,741</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>3,630,391</td>
<td>1,640,368</td>
</tr>
<tr>
<td>Net assets available to pay benefits</td>
<td>51,770,314</td>
<td>78,275,860</td>
</tr>
</tbody>
</table>

Derivatives

Derivatives can be useful tools and allow investors to have exposure to a particular asset without actually owning the physical asset. The cost of derivatives can be lower in some instances than holding the actual asset.

AustralianSuper uses derivatives for risk control and to enhance returns in our investment options. We are not allowed to use them for gearing or speculative purposes. Derivatives are mostly used in our bond portfolio, but are also used for currency hedging and to fully invest the cash in the shares and capital guaranteed portfolios.

AustralianSuper may directly invest in derivatives (futures and options) to reduce investment risk. Investment managers may use derivatives when investing in assets. Where this is the case, AustralianSuper considers the risks and the controls in place by reviewing each investment manager’s derivatives risk statement, and receives regular reports of the investment manager’s compliance with their derivatives risk statement.

The statement details the use of derivatives, the controls on their use and the process for assessing the investment manager’s compliance with these controls.

The derivatives charge ratio (the percentage of the Fund’s assets being used as security for derivative investments) did not exceed 5% of AustralianSuper’s assets at any time during the year.
How to contact us

INDUSTRY AND PERSONAL DIVISION
australianguper.com
T 1300 300 273
australianguper.com/email
AustralianSuper
GPO Box 1901, Melbourne VIC 3001

CORPORATE DIVISION
australianguper.com/corporate
T 1300 309 466
AustralianSuper Corporate
GPO Box 4303, Melbourne VIC 3001

RETIREMENT INCOME DIVISION
australianguper.com/retirement
T 1300 789 932
australianguper.com/email
AustralianSuper
Locked Bag 6, Carlton South VIC 3053

AustralianSuper has offices in:

Melbourne (head office)
Adelaide
Beijing
Brisbane
Darwin
Perth
Sydney