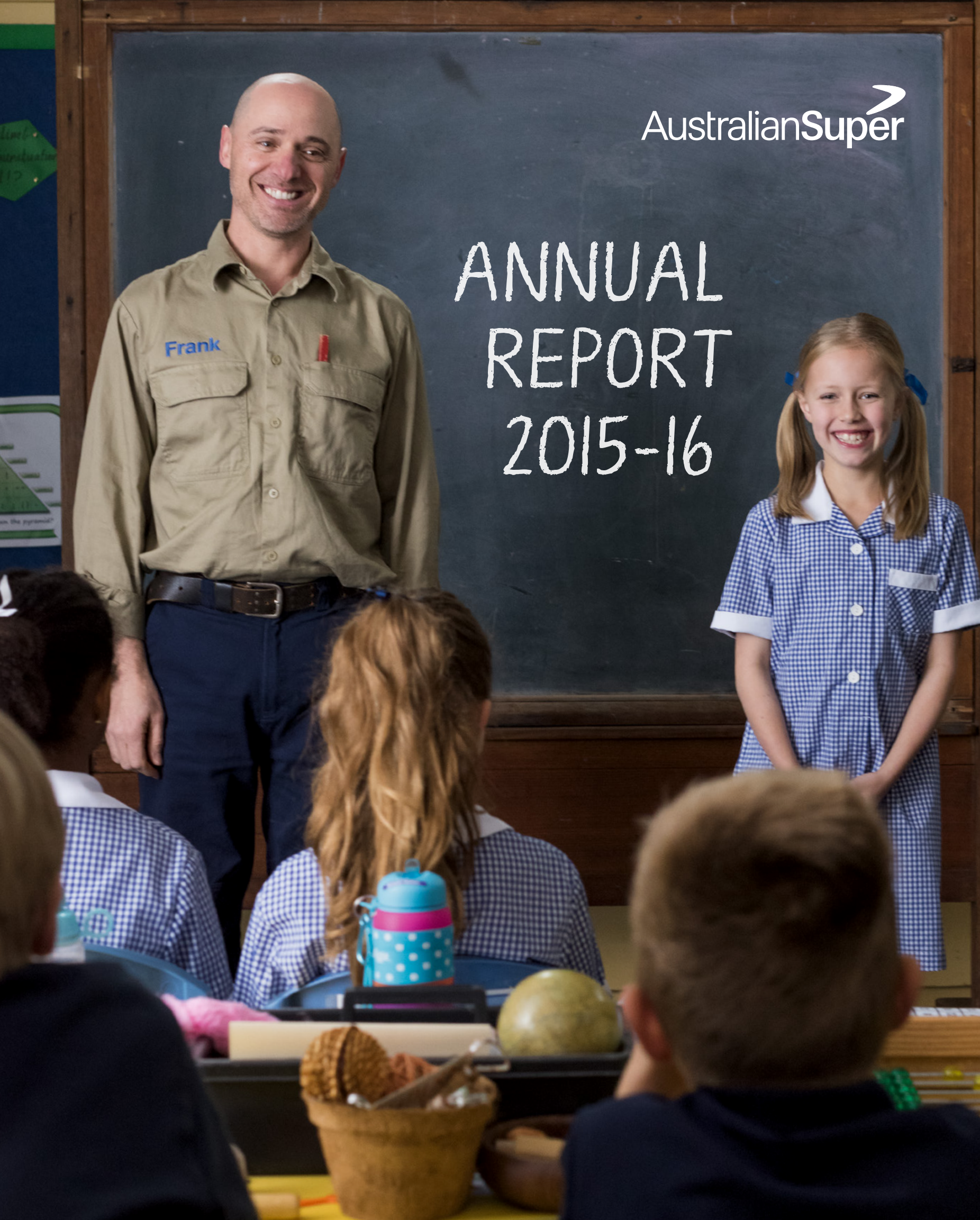


AustralianSuper

ANNUAL REPORT 2015-16



AustralianSuper
understands that the
same thing matters
to all members –
making the most
of their future.

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This annual report was prepared in September 2016 by AustralianSuper Pty Ltd ABN 94 006 457 987, AFSL 233788 the Trustee 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 australiansuper.com/PDS or by calling **1300 300 273**.

AustralianSuper uses the Global Reporting Initiative (GRI) G4 sustainability reporting guidelines as its key platform for communicating economic, environmental, social and governance performance.

Welcome

In what has been a challenging year in investment markets, the Balanced investment option in 2015-16 delivered its seventh successive year of positive investment performance with a return of 4.54%. This is well ahead of the median balanced option return of 2.81%.*

The Balanced option's return for retirement income accounts was 4.72% against the median return of 3.08%.**

While share markets did not repeat their strong performance of the past three financial years, a number of the other investments that the Fund has made have helped to protect and grow your super during the recent market ups and downs.

The Fund's diversified strategy and active approach are two of the reasons why the Balanced option has performed better than most other similar funds over the financial year and longer term. In recent years AustralianSuper has been investing in a range of assets outside the share market, so we can continue to grow your retirement savings across a range of market conditions.

AustralianSuper's Balanced investment option has delivered a total return of just over 50 per cent over the past four years.

Focusing on what matters

During the financial year, AustralianSuper focused its attention on three key issues that it believed are important to members and their retirement savings.

- › Size that works for members – As one of the world's largest funds, AustralianSuper gives you access to global investment opportunities that most other funds simply don't have the size to invest in.
- › It's your fund – Maintaining the trust of members is a key day-to-day focus of the Board and all staff, and it's something that we work hard to maintain.
- › Making super simple – super should not be complex, it should provide certainty and a degree of comfort for people as they plan for retirement.



Ian Silk, Chief Executive

Heather Ridout, Chair

Milestones

Towards the end of the financial year, the retirement savings of AustralianSuper's members increased above the \$100 billion mark for the first time.

The Fund reached the milestone as a result of strong growth in returns, and an increase in the membership base.

The achievement was a major step for members and underlines the strength of the profit for members philosophy that underpins AustralianSuper's business model.

The Fund is very proud of all the work that has been done to try and ensure that members can retire with the most savings possible to help provide them with an income in retirement for their post-work life.

AustralianSuper is also moving to play a bigger role on the global investment stage providing members access to some of the biggest and best deals worldwide.

Socially Aware

During the year, AustralianSuper made changes to the sustainable investment options based on research of what members want.

Members told the Fund three things mattered most: long-term returns, impact on the environment and climate caused by fossil fuels, and human and labour rights.

The new option – Socially Aware – does not invest in shares of companies which:

- › have investments in fossil fuel reserves (coal, oil and gas) or uranium reserves,
- › have been flagged as having human rights, labour, environmental or governance controversies,
- › produce tobacco, cluster munitions or landmines, or
- › have exclusively all male or all female boards (for ASX 200 companies).

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 isilk@australiansuper.com

A handwritten signature in dark ink, appearing to read 'Heather Ridout'.

Heather Ridout
Chair

A handwritten signature in dark ink, appearing to read 'Ian Silk'.

Ian Silk
Chief Executive

September 2016

*SuperRatings SR50 Balanced (60-76) Index

**SuperRatings SRP50 Balanced (60-76) Index

Investment update



Mark Delaney

Deputy Chief Executive
and Chief Investment Officer

AustralianSuper's Balanced option, in which more than three-quarters of AustralianSuper members invest, delivered a return of 4.54% for the year to 30 June 2016 – well ahead of the median balanced option return of 2.81%.* The Balanced option's return for retirement income accounts was 4.72%, against the median return of 3.08%.**

The Balanced option was one of the top-10 performing balanced funds for the year to 30 June 2016, delivering its seventh consecutive year of positive returns. All other investment options (except International Shares in the accumulation option) also had positive returns for the financial year.

While these returns are lower than the double-digit returns of the previous three financial years, they take the Balanced option's total return over the past four years to 30 June 2016 to just over 50 per cent.

A challenging year for investment markets

Investment conditions became more challenging for super funds this year, with events such as a slower Chinese economy, falling oil prices and, more recently, the UK's vote to leave the European Union adding to uncertainty.

Even though share markets haven't repeated the strong returns of recent years, returns for AustralianSuper's share portfolio were positive. For the full year, both Australian and US share markets were slightly positive, while European, Japanese and emerging markets were down. The Fund's active approach to investing and good stock selection from fund managers helped the Australian and international share portfolios outperform the broader market.

Property, infrastructure and private equity were the best-performing asset classes for the full year, and have been helping to offset the impact of market volatility. AustralianSuper has been investing more in these types of assets in recent years.

During the year the Fund added to its investment in the King's Cross redevelopment in London, where members now own a majority stake (67.5%). This project is one of the biggest and most important city centre regeneration projects in Europe with 860,000 square metres of offices, homes, hotels, leisure, shops and restaurants.

The Fund increased its investment in Transurban Queensland, with the addition of AirportLink. AustralianSuper members are now part-owners of all toll roads in Queensland.

Uncertainty continues

Weakness in China had an impact on confidence across global markets throughout the year, given growth across the rest of the world is modest. The impact has been greatest in emerging markets, commodity prices and a range of currencies.

Notwithstanding these concerns, the Chinese economy continues to grow although the pace of growth is slower than in the past decade and a half. This reflects a maturation of the working-age population and transition away from some of the construction and export-related sectors that have historically driven growth.

The Chinese Government has shown a continued commitment to stimulating the economy. Economic growth has been underpinned by continued provision of credit into the economy by the central bank.

The Balanced option was one of the top-10 performing funds for the year to 30 June 2016, delivering its seventh consecutive year of positive returns.

The UK's vote to leave the European Union on 23 June took investment markets by surprise. Consequently, investors flocked to safe-haven assets like the US dollar and government bonds and switched out of the British pound, Australian dollar and shares.

At this stage, it is unclear what the lasting impacts on the UK and Europe will be from this vote, as the negotiations to agree an exit are expected to take some time. However, the Central Banks of Europe and the UK have continued to show a willingness to undertake stimulus to offset weakness.

Interest rates lower for longer

Interest rates remain at record lows around the world, which means returns on cash are also low. Central banks around the world have been keeping interest rates low in an attempt to stimulate their economies. In Australia, the Reserve Bank has been cutting official cash rates since November 2011.

Inflation also remains low in all developed market economies, including the US. This, combined with lower interest rates and political uncertainty around the world, pushed bond yields down even further during the year. Australian 10-year bond yields fell to record lows, finishing the year at 1.99% – not much higher than the current cash rate of 1.75%.

A diversified return approach

Going forward, the Fund is not expecting returns to be as strong as they have been in previous years. Investment uncertainty is likely to continue for some time, making markets prone to bouts of volatility.

AustralianSuper is continuing to maintain a diversified mix of assets, with a relatively high exposure to unlisted assets, such as infrastructure and property. This is helping to protect members' retirement savings during periods of share market volatility, while adding value to long-term investment returns.

*SuperRatings SR50 Balanced (60-76) Index

**SuperRatings SRP50 Balanced (60-76) Index

Superannuation Investment Performance to 30 June 2016

AustralianSuper calculates performance for each investment option daily using crediting rates. A crediting rate is the rate of investment return paid to account balances, after fees and tax. They can be positive or negative depending on investment markets.

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

Investment options	1 Year %		5 Years (pa %)		10 Years (pa %)	
	AusSuper	Benchmark	AusSuper	Benchmark	AusSuper	Benchmark
Premixed options						
High Growth	3.69	2.10	9.60	8.37	5.72	5.09
Balanced	4.54	2.81	9.03	7.92	6.05	5.35
Socially Aware**	3.24	2.81	9.15	7.92	6.14	5.35
Indexed Diversified	2.66	2.81	6.66	7.92		
Conservative Balanced	4.87	2.82	8.13	6.55		
Stable	5.15	3.36	6.91	5.70	5.97	5.03
Capital Guaranteed*	2.07	1.90	3.52	2.63	4.00	3.69
DIY Mix options						
Australian Shares	4.16	2.06	8.59	7.73	5.82	4.80
International Shares	-0.03	-0.47	11.80	12.02	4.29	3.73
Property	10.65	11.68	8.08	9.08	5.64	7.39
Diversified Fixed Interest	3.76	1.52	6.76	2.73	6.37	3.32
Cash	2.20	1.90	2.94	2.63	4.00	3.72

Retirement Income Investment Performance to 30 June 2016

Investment options	1 Year %		3 Years (pa %)		5 Years (pa %)	
	AusSuper	Benchmark	AusSuper	Benchmark	AusSuper	Benchmark
Premixed options						
High Growth	4.07	2.80	12.15	9.84	10.73	9.46
Balanced	4.72	3.08	10.98	8.90	10.20	8.70
Socially Aware **	3.75	3.08	10.37	8.90	10.28	8.70
Indexed Diversified	2.82	3.08	8.69	8.90		
Conservative Balanced	5.21	3.46	9.55	7.59	9.22	7.70
Stable	5.55	3.64	7.85	6.05	7.93	6.41
Capital Guaranteed*	2.43	2.24	3.49	2.51	4.08	3.10
DIY Mix options						
Australian Shares	4.57	1.68	10.46	7.99	9.75	7.38
International Shares	0.13	-0.61	14.66	13.77	13.30	13.50
Property	12.05	13.48	10.48	11.10	9.21	10.36
Diversified Fixed Interest	4.18	1.52	5.94	2.68	7.77	2.73
Cash	2.59	2.24	2.83	2.51	3.45	3.10

This information is provided by AustralianSuper Pty Ltd (ABN 94 006 457 987, AFS Licence No. 233788), the Trustee of AustralianSuper (ABN 65 714 394 898).

Superannuation returns are net of fees and taxes and Retirement Income option returns are net of fees.

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.

Benchmarks: High Growth - SR50/SRP50 Growth (77-90) Index, Balanced - SR50/SRP50 Balanced (60-76) Index, Socially Aware - SR50/SRP50 Balanced (60-76) Index, Indexed Diversified - SR50/SRP50 Balanced (60-76) Index, Conservative Balanced - SR25/SRP25 Conservative Balanced (41-59) Index, Stable - SR50/SRP50 Capital Stable (20-40) Index, Capital Guaranteed - Bloomberg AusBond Bank Bill Index adjusted for tax, Australian Shares - S&P/ASX300 Accumulation Index adjusted for tax, International Shares - MSCI AC World ex Australia (in \$A) Index adjusted for tax, Property - Mercer/IPD Australia Unlisted Wholesale Property Fund Index (NAV weighted Post Fee) adjusted for tax, Diversified Fixed Interest - CPI+0.5%. (Prior to 1 July 2015, the benchmark for the option was CPI+1%), Cash - Bloomberg AusBond Bank Bill Index adjusted for tax.

*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 the Fund expects in the future given this is a cash-based investment option.

**The Sustainable Balanced option was renamed as the Socially Aware option on 27 May 2016. The Australian Sustainable Shares and International Sustainable Shares options closed on 27 May 2016. The International Shares - Hedged, Australian Fixed Interest and International Fixed Interest options closed at the end of January 2016.



Balanced option returned **4.54%**

New
Socially
Aware
option
introduced



12.2
million
online visits



General financial advice provided to
283,191
people

\$100b
member
assets
(as at 30 June 2016)



1,143,807 calls
197,627 emails
64,110 letters

About AustralianSuper

AustralianSuper has more than 2 million members and manages member assets of \$100 billion (at 30 June 2016).

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 members achieve the best possible outcome for their retirement.

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 ACTU Super Shareholding Pty Ltd. Employer Directors are appointed by a major employer organisation, the Australian Industry Group. All Director appointments are subject to ratification by the Board.

The Board comprises five member representatives and five employer representatives as well as one independent Director.

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.

AustralianSuper has invested in London's landmark King's Cross redevelopment.



Investment world tour

When people join AustralianSuper, they are not just a member – they are a part owner in more than \$100 billion worth of investments all around the world.

With hundreds of investments across countries and continents, every AustralianSuper member has a part ownership in the investments made on their behalf. This spans some of the world's top household brands, shopping centres, roads and ports, medical research and many more.

Investing globally

AustralianSuper's Head of Property, Jack McGougan, says that having a portfolio of quality investments both locally and globally means better returns for members, and that leads to better retirement outcomes.

'AustralianSuper has been able to access the very best opportunities for members – and many of these assets are simply not available in Australia.

'An example of this is the Fund's property assets.

'These are unique and aim to provide consistent earnings to members for years to come underpinned by rent from major international tenants such as Bloomingdale's, Macy's and Marks and Spencer.

'AustralianSuper also develops and renovate assets so they can grow in value over time which is what we're doing at King's Cross.'

Asset allocation by region

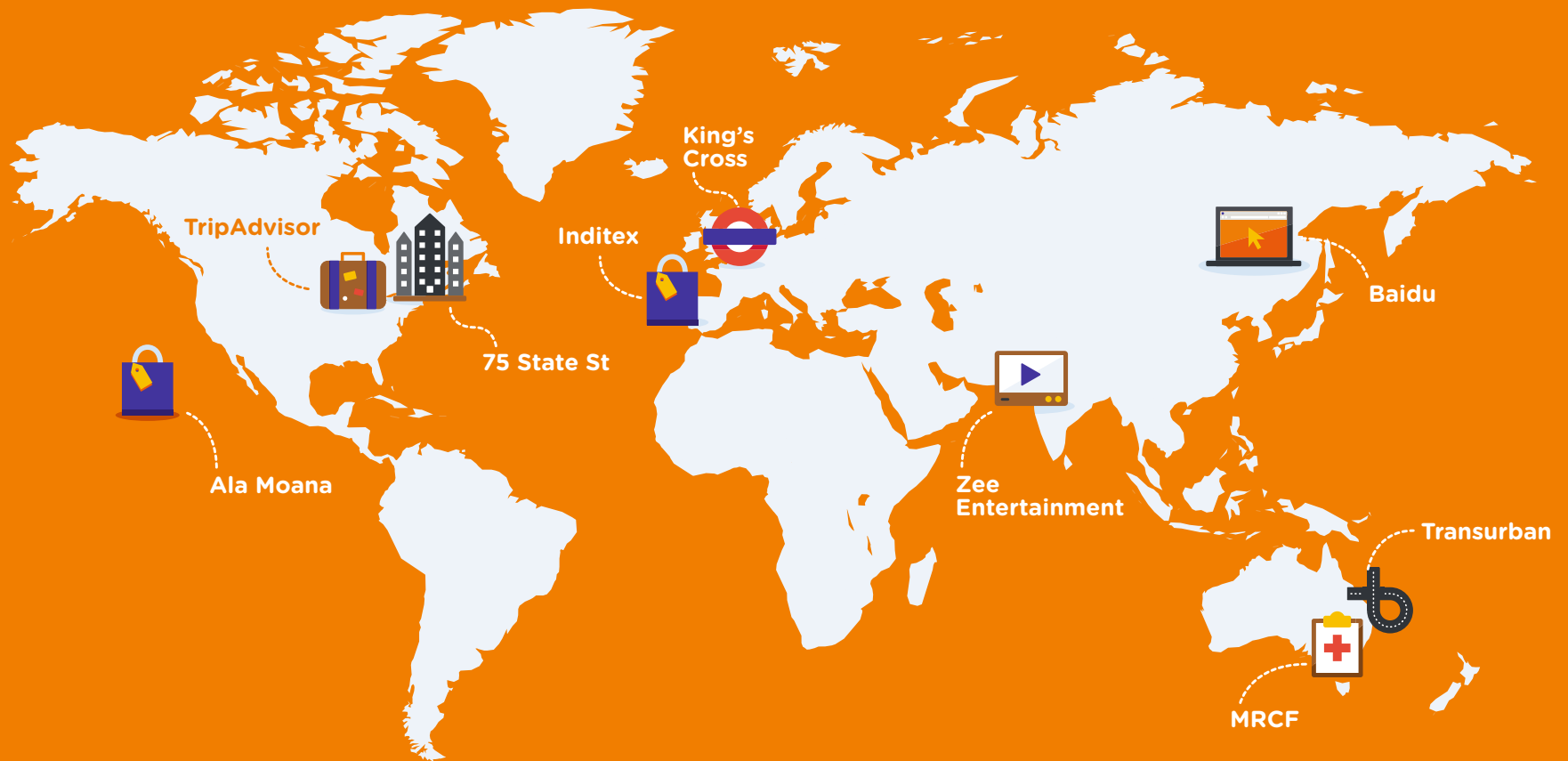


Asia	5.09%
China	7.07%
Japan	5.63%
Europe	16.13%
United Kingdom	8.24%
North America	45.71%
Other markets	12.03%

AustralianSuper members own 25% of the Ala Moana Center in Hawaii, the world's biggest open-air shopping centre.



Global investments



United States

Ala Moana, Hawaii

Ala Moana is the largest open-air shopping centre in the world – and is even larger than Australia's biggest retail centres Chadstone and Westfield Sydney. Catering to 48 million shoppers annually, it's among the busiest retail centres in the world and AustralianSuper members own around a quarter of it.

75 State Street, Boston

A 31-storey office tower located in the heart of the financial district in one of the leading cities in the United States. 75 State Street is 841,000 square feet and AustralianSuper members own almost half of it.

TripAdvisor, Needham, Massachusetts

It's been used by hundreds of millions of people, and AustralianSuper members own part of it: TripAdvisor. One of the early adopters of user-generated content, TripAdvisor has more than 320 million reviews and opinions on more than 120,000 destinations.

United Kingdom

King's Cross, London

AustralianSuper members own more than two thirds of a major city redevelopment site next to King's Cross station in London. Covering more than 860,000 square metres, the area is being transformed into an exciting place to live, work and play with 50 new buildings, 10 parks, 2,000 new homes, hotels, galleries and more.

Europe

Inditex, Galicia, Spain

Members who have ever shopped at Zara have directly contributing to their own bottom line – Inditex is headquartered in Galicia, Spain and is one of the largest fashion retailers in the world.

Asia

Baidu, Beijing, China

Baidu is China's Google, with services that span search, multimedia and discussion forums. And with revenues in the billions, it's the blue chip investment in the Chinese market. So while many may not have heard of Baidu, it's a powerhouse in the Chinese market and members own a part of it.

Zee Entertainment, Mumbai, India

India makes up almost 18 per cent of the global population at more than 1.3 billion. And those 1.3 billion people have a long-standing tradition of embracing media and entertainment. Zee Entertainment, based in Mumbai, is bringing that media and entertainment to the masses, with 35 channels globally.

Australia

Transurban Queensland

Transurban Queensland operates a network of roads, tunnels and bridges throughout the greater Brisbane area. These include the Gateway and Logan motorways, the GoBetween Bridge and the Legacy Way, CLEM7 and AirportLink tunnels. In fact, AustralianSuper members are part owners of all toll roads in Queensland.

Medical Research Commercialisation Fund, Australia wide

The Medical Research Commercialisation Fund brings early stage medical research to life, helping to improve the future health of Australians and bringing hope to people suffering from serious illness. It provides funding to develop technologies and innovations that help detect, prevent and treat health conditions including diabetes, cancer and heart and genetic diseases.

Insurance

AustralianSuper uses its size and scale to provide the best possible insurance cover for members.

With insurance provided through AustralianSuper, members are able to protect their future income and help provide for the future needs of their dependants.

AustralianSuper's insurance provides cover for members who:

- › would not otherwise seek cover
- › may not be able to get opt-in cover due to their health, occupation or pastimes, or
- › may not be able to cover the cost of premiums through their take-home salary

\$398 million
was paid to
members
in the 2016
financial year
from 8,377
insurance
claims.

AustralianSuper has struck what it believes to be the right balance by providing a minimum level of affordable cover on a default basis while giving members the ability to change their cover easily (dial up or down) to meet their needs.

Overall, AustralianSuper handles around 9,000 claims a year and over its history has paid 40,000 members and their families more than \$1.8 billion.

\$398 million was paid to members in the 2016 financial year from 8,377 insurance claims.

The number of claims AustralianSuper has accepted from members has been stable for three years, and in 2015-16, 79% of Total and Permanent Disability claims and 88% of Income Protection claims were accepted.

AustralianSuper understands that making an insurance claim can be physically, socially and financially difficult for claimants. With this in mind the Fund aims to:

- › pay all legitimate claims
- › make it easy and be there to help at every step
- › deal with claimants with compassion and empathy
- › provide practical solutions in managing a claim that recognises individual situations
- › aim to resolve claims as quickly as possible
- › provide default level of cover that meets basic insurance needs without unduly eroding members' retirement balances

'Often, members aren't aware that they get insurance, and it's not until there is an accident or serious illness that we get questions about whether members are covered,' says Richard Weatherhead, Head of Insurance, AustralianSuper.

'It's our job to make sure the claims process is as simple and stress free as possible.

'Providing people with insurance that they might otherwise not have access to is a very important part of what we do at AustralianSuper.'

Benefits of cover through super

AustralianSuper:

- › reviews its insurance annually to make sure the Fund is meeting the needs of members and provides the best possible value
- › works with the insurer to negotiate discounted bulk insurance rates for members
- › runs only to profit members, so members only pay for what it costs to provide their insurance
- › enables members to decrease, increase or cancel cover any time so it meets members' needs



Member services

AustralianSuper's expertise in financial advice, self-managed investment options, retirement income and insurance helps members take control of their financial future.

Financial advice

AustralianSuper provides a personalised service for members to help them take control of their financial future.

AustralianSuper members can get advice about super, investment choice, insurance and retirement planning over the phone, or they can make an appointment to meet with a financial adviser for personal financial advice.¹

Professional advisers are paid by base salary and/or operate on a strictly fee-for-service basis. They do not receive incentives, bonuses or commissions in any form.

Member Direct

Member Direct is AustralianSuper's self-managed investment option.

It allows members to set their own investment strategy by combining their investments in shares, exchange-traded funds and term deposits.

Retirement income

An AustralianSuper retirement income account allows members to turn their super into a regular income when they retire. This can be used to top up any government Age Pension. This is an alternative to taking super as a lump sum on retirement.

Insurance

When most members join the fund, they are given a default level of insurance cover based on their age.

This provides protection for members and their families in the event of death, terminal illness, temporary disability or total and permanent disability.

AustralianSuper members can increase, decrease, or cancel their cover at any time. Increases are subject to the provision of varying levels of health information.

Member education

AustralianSuper provides extensive member education services.

In the past year, the Fund undertook 1,633 workplace activities (including face-to-face presentations, videoconferencing, teleconferencing and webinars) and 180 external seminars.

The Fund provided member education to 34,858 members and non-members, up from 29,741 last year.

AustralianSuper also had 4,540 members launch the Fund's online education modules.

1. The financial advice given to Members is provided under the Australian Financial Services licence held by a third party and not by AustralianSuper Pty Ltd (AustralianSuper) and therefore is not the responsibility of AustralianSuper. With a member's approval a fee may be charged if a Statement of Advice is provided.



300K+

More than 300,000 members contacted the Fund in relation to financial advice in 2015-16.



1,633

workplace activities such as presentations, webinars and teleconferencing.



34,858

AustralianSuper's education team provided assistance to 34,858 members



Risk and responsibility

AustralianSuper takes its responsibilities in relation to risk seriously, and the Fund has a number of programs and initiatives in place to mitigate operational risk. Of particular focus over the past 12 months has been the topic of fraud and corruption – the possible risk exposures and strength of supporting controls.

Fraud and corruption review

Over the past year, AustralianSuper's Group Risk team has implemented a Fund-wide review of fraud and corruption risk and exposure.

This project aimed to determine the extent of risk, and create action plans to address risks.

The review took a systematic approach to examining fraud and corruption risk.

It looked at different types of risk across the fund, including

- › information systems fraud
- › member account fraud
- › investment fraud
- › expense payment fraud
- › theft and deception fraud
- › indirect fraud by a third party
- › illegal use of the Fund (name, rights, property)
- › internal corruption
- › external corruption.

For each category, the review identified risk exposures and controls, and rated them according to the Fund's risk matrix.

This data was then captured in specific risk registers, and action plans were developed to address fraud and corruption risks.

The review was conducted across the Fund, examining all aspects of risk related to fraud and corruption.

Member account security

AustralianSuper has policies in place to protect member privacy, mitigate the risk of member fraud, and to make sure member withdrawals are legitimate.

The Fund is also moving to a single network platform for its Trustee office operations.

This provides better control of all data, and further enhances AustralianSuper's ability to monitor the movement of data and detect instances of possible fraud.

AustralianSuper has policies in place to protect member privacy, mitigate the risk of member fraud, and to make sure member withdrawals are legitimate.

Conflicts management platform

AustralianSuper has also implemented an automated conflicts management system to better manage its policies and rules in relation to employees' personal investment trading activities, outside personal interest disclosure, and gifts and entertainment disclosures.

All employees whose work for the Fund could create conflicts with their personal investment holdings and interests must participate in the system.

All other employees also use the system to disclose relevant outside personal interests and gifts and entertainment they receive.

Training for AustralianSuper staff

AustralianSuper refreshed its compulsory online training modules in relation to fraud and corruption in the past 12 months.

These include conflicts of interest, whistleblower procedures, privacy and security of information.

The Fund also has an external whistleblower service, which allows employees to report matters of concern to an independent third party.

Active ownership

AustralianSuper’s Active Owner Program ensures that the Fund takes environmental, social and corporate governance (ESG) issues into account when making decisions about the investment portfolio.

It does this by supporting processes to integrate ESG with investment decisions, engaging with companies and stock voting.

Active ownership encompasses a wide range of decisions and actions which aim to improve long-term value and returns for members. These decisions and actions are encompassed in AustralianSuper’s three key pillars of ESG.



Integrating ESG

ESG ratings for ASX companies

AustralianSuper has been working on a project to produce ESG scores for ASX 200 companies, which feed into internal investment processes and further integrate ESG principles with the Fund’s decision making.

Property and infrastructure

In 2016, the Fund developed a project to integrate ESG considerations into unlisted property and infrastructure investment.

In the past 12 months, a framework was developed to consider ESG issues specific to each asset type and asset location in the period that the Fund is considering acquiring a new property or infrastructure asset.

The framework will ensure ESG risks and opportunities are taken into account during the valuation phase, and are flagged for ongoing asset management if the bid is successful.

The framework allows for comparison between transactions, but is flexible enough to take into account differences across the property and infrastructure class.

Climate change and carbon exposure

Climate change and stranded asset risk – the risk that carbon assets will be severely devalued in the transition to a carbon-constrained policy environment – remain significant issues relating to ESG.

Every two years, AustralianSuper commissions TruCost to analyse the exposure to carbon in the Fund’s domestic and international equities.

The analysis completed in 2015 shows that the Fund’s investment portfolio has progressively become less carbon intensive over the past three years, from -0.13% in 2011 to -10.63% relative to the ASX-300 benchmark.

This result is largely due to stock selection, with a higher allocation going to the most carbon-efficient companies.

It demonstrates that AustralianSuper is serious about climate change, and ensures the Fund will be in a strong position to operate in a carbon-constrained world.

A+

AustralianSuper achieved the highest possible rating for Overarching Approach to Responsible Investment in the latest PRI Global Assessment Report.

10.63%

Environmental data experts Trucost found AustralianSuper's domestic equity portfolio is 10.63% less carbon intensive than the ASX300.

7th

AustralianSuper was ranked 7th of 500 funds globally in last year's Asset Owners Disclosure Project.

Stewardship

Stock voting

AustralianSuper extended voting coverage from all ASX200 companies to include any Australian companies that the Fund invests directly in and any Australian company in which the Fund is a substantial shareholder.

AustralianSuper voted on 1,329 resolutions for ASX-listed companies.

Company engagement

AustralianSuper engages directly with companies in which it invests to ensure they understand members' interests as long-term investors and are therefore considering ESG issues. In the past 12 months, AustralianSuper has undertaken 222 engagement meetings with companies either directly or through our collaborative engagement partner, ACSI.

Of these engagements, three involved environmental issues, one covered a social issue, whilst 79 related to governance issues. 139 covered a combination of all three issues.

Providing choice

During 2016, AustralianSuper reviewed its sustainability investment options for members.

Now known as Socially Aware, this option invests in a wide range of assets that are selected using strict screening based on ESG and financial criteria.

The Fund revised the screens it uses to exclude companies that:

- › have investments in fossil fuel reserves (coal, oil and gas) or uranium reserves
- › have been flagged as having human rights, labour, environmental or governance controversies
- › produce tobacco, cluster munitions or landmines
- › have exclusively all male or all female boards (for ASX 200 companies).

AustralianSuper reviews member expectations in regards to ethical investments in the Socially Aware option on an ongoing basis.

Reporting and collaboration

Principles for Responsible Investment Assessment Report

The PRI is an independent international body that provides a framework for long-term, responsible investment based on six principles. It is supported by the United Nations.

AustralianSuper has been a signatory to the UNPRI since 2008, and has improved on its performance each year relative to peers across asset classes.

In 2016, the Fund achieved the highest possible rating of A+ for the second year running.

It places the Fund in the top 17% of signatories, and the top 20% of global funds with more than US\$10 billion under management.

ACSI

AustralianSuper is a member of the Australian Council of Superannuation Investors, which engages with corporate Australia on environmental, social and governance issues with the aim of promoting long-term shareholder value and minimising investment risk, helping to protect the sustainable value of the retirement savings of millions of people.

A campaign to improve gender diversity on boards has been a key focus for ACSI. The campaign is gaining strength, with 40% of board appointments in 2016 awarded to women.

Engagement on climate risk is also making progress, with significant commitments coming from a number of energy companies, both to changes in their energy mix and to greater transparency.

Material issues

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

AustralianSuper uses the Global Reporting Initiative G4 sustainability reporting guidelines as its key platform for communicating economic, environmental, social and governance performance.

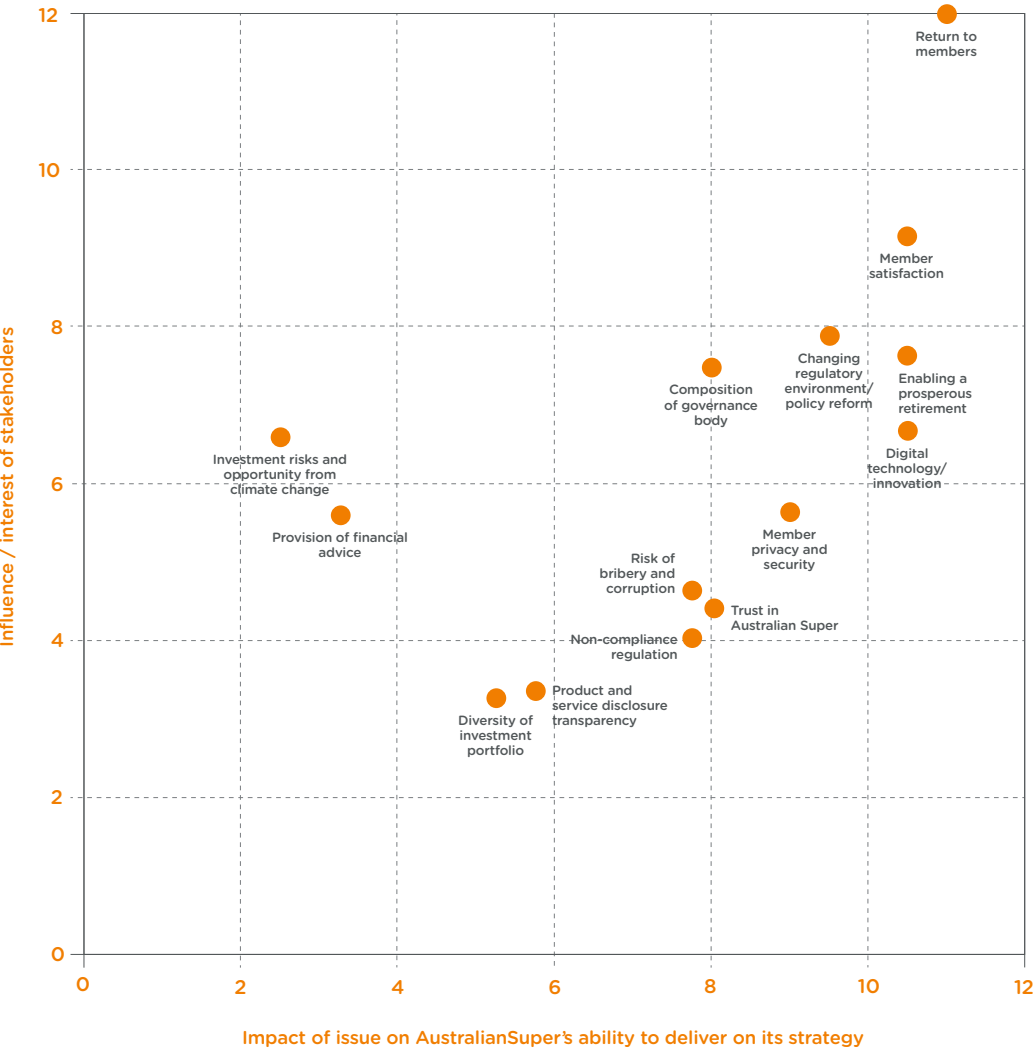
The process for defining the report content and the aspect boundaries (the materiality assessment) involved a gap analysis and the application of AccountAbility’s 5-part materiality test, including reviews of:

AustralianSuper’s 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.

The stakeholders interviewed included major suppliers and major industry bodies. Member feedback was ascertained through an analysis of both the Fund’s market research program and feedback received from AustralianSuper’s contact centre.

The issues highlighted as material by stakeholders are outlined below. All of these material issues sit within AustralianSuper’s operational boundary, with the exception of those where the impact and value is provided to members, such as investment performance returns and active ownership in relation to environmental, social and governance issues.

AustralianSuper Materiality Matrix



Value chain

AustralianSuper's value chain is a simple description of the Fund's activities and how value is created for members.

To help members achieve the best possible retirement outcome AustralianSuper accesses 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 AustralianSuper uses its scale to help members achieve the best possible retirement.



Inputs

- › Skilled and responsive staff
- › Members-first focus
- › Appropriate Board skills and composition
- › Contributions through wages/salaries
- › Voluntary contributions
- › Roll-ins from other funds
- › Requests from members for financial advice
- › Member queries by phone, web and social media
- › Member interaction at seminars

Managing member assets

- › Investment management
- › Superannuation administration
- › Retirement income products
- › Insurance products
- › Assisting members track their retirement goal
- › Service channels
- › Risk management

Value created

- › Superior investment returns
- › Low cost superannuation products
- › Retirement incomes
- › Benefit payments
- › Insurance cover and payments
- › Commission-free financial advice
- › Member education
- › Advocacy on behalf of members

Investment options

The asset allocation ranges are the minimum and maximum amounts AustralianSuper expects to invest in each asset class for each PreMixed option. Each year, AustralianSuper set a strategic asset allocation within these ranges based on its outlook for the economy and investment markets over the next 12 to 18 months.

AustralianSuper will move towards or away from the strategic asset allocation (but seek to keep within the ranges) during the year based on its outlook for each asset class. The strategic asset allocation shown is current at September 2016.

PreMixed investment options

High Growth

Investment objectives

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

Strategic asset allocation 2016-17



- Australian equities **30%** (20-50%)
- International equities **39%** (20-50%)
- Private equity **5%** (0-10%)
- Direct property **7%** (0-30%)
- Infrastructure **8%** (0-30%)
- Credit **4%** (0-20%)
- Fixed interest **2%** (0-20%)
- Cash **5%** (0-10%)
- Other assets **0%** (0-5%)

Asset allocation ranges are shown in brackets

Asset allocation at 30 June 2016	
Australian equities	31.3%
International equities	40.8%
Private equity	5.5%
Direct property	6.7%
Infrastructure	9.1%
Fixed interest	0%
Credit	2%
Cash	4.3%

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.

Strategic asset allocation 2016-17



- Australian equities **24%** (10-45%)
- International equities **31%** (10-45%)
- Private equity **4%** (0-10%)
- Direct property **9%** (0-30%)
- Infrastructure **10%** (0-30%)
- Credit **10%** (0-20%)
- Fixed interest **7%** (0-25%)
- Cash **5%** (0-15%)
- Other assets **0%** (0-5%)

Asset allocation ranges are shown in brackets

Asset allocation at 30 June 2016	
Australian equities	25.3%
International equities	32.5%
Private equity	3.7%
Direct property	9.5%
Infrastructure	11.1%
Fixed interest	6.8%
Credit	7%
Cash	3.8%

Socially Aware

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.

Strategic asset allocation 2016-17



- Australian equities **24%** (10-45%)
- International equities **31%** (10-45%)
- Private equity **4%** (0-10%)
- Direct property **9%** (0-30%)
- Infrastructure **10%** (0-30%)
- Credit **10%** (0-20%)
- Fixed interest **7%** (0-25%)
- Cash **5%** (0-15%)

Asset allocation ranges are shown in brackets

Asset allocation at 30 June 2016	
Australian equities	26.2%
International equities	33.9%
Private equity	3.2%
Direct property	9.6%
Infrastructure	11.2%
Fixed interest	7.2%
Credit	7.2%
Cash	1.1%

Indexed Diversified

Investment objectives

To achieve an average annual return of CPI + 3.5% over the medium to longer term.

Strategic asset allocation 2016-17



- Australian equities **29%** (20-50%)
- International equities **35%** (20-50%)
- Listed property **6%** (0-10%)
- Fixed interest **20%** (0-30%)
- Cash **10%** (0-30%)

Asset allocation ranges are shown in brackets

Asset allocation at 30 June 2016	
Australian equities	29.2%
International equities	33.4%
Listed property	5%
Fixed interest	24.3%
Cash	7.9%



Conservative Balanced

Investment objectives

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

Strategic asset allocation 2016-17



- Australian equities **17%** (5-35%)
- International equities **22%** (5-35%)
- Private equity **1.5%** (0-5%)
- Direct property **8%** (0-25%)
- Infrastructure **6%** (0-25%)
- Credit **12%** (0-25%)
- Fixed interest **22%** (0-30%)
- Cash **11.5%** (0-30%)
- Other assets **0%** (0-5%)

Asset allocation ranges are shown in brackets

Asset allocation at 30 June 2016	
Australian equities	17.4%
International equities	23%
Private equity	1.5%
Direct property	8.5%
Infrastructure	7.9%
Fixed interest	21.6%
Credit	9.9%
Cash	9.9%

Stable

Investment objectives

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

Strategic asset allocation 2016-17



- Australian equities **10%** (0-20%)
- International equities **12.5%** (0-20%)
- Private equity **0%** (0-3%)
- Direct property **8%** (0-15%)
- Infrastructure **6.5%** (0-20%)
- Credit **11%** (0-25%)
- Fixed interest **27.5%** (0-40%)
- Cash **24.5%** (0-50%)
- Other assets **0%** (0-5%)

Asset allocation ranges are shown in brackets

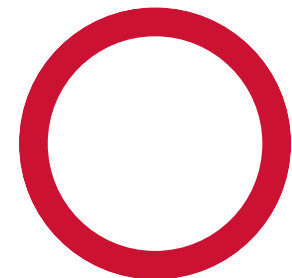
Asset allocation at 30 June 2016	
Australian equities	10.2%
International equities	13.6%
Private equity	0%
Direct property	8.4%
Infrastructure	7.9%
Fixed interest	26.9%
Credit	8.9%
Cash	23.9%

Capital Guaranteed

Investment objectives

To guarantee a member's capital and to outperform the return of the RBA Cash Rate Index each year.

Strategic asset allocation 2016-17



- Cash **100%** (0-100%)

Asset allocation ranges are shown in brackets

Asset allocation at 30 June 2016	
Cash	100%

Investment options

DIY Mix investment options

Australian Shares

Investment objectives

To outperform (after fees and taxes) the return of the S&P/ASX 300 Accumulation Index over the medium to long term.

Strategic asset allocation 2016-17

- Australian shares 90 - 100%
- Cash 0 - 10%



International Shares

Investment objectives

To outperform (after fees and taxes) the return of the MSCI World All Countries (excluding Australia) Unhedged Index over the medium to long term.

Strategic asset allocation 2016-17

- International shares 90 - 100%
- Cash 0 - 10%



Property

Investment objectives

To outperform (after fees and taxes) the return of the Mercer/IPD Australian Unlisted Wholesale Property Fund Index and an annual return of CPI + 3% over the medium term.

Strategic asset allocation 2016-17

- Direct property 90 - 100%
- Cash 0 - 10%



Diversified Fixed Interest Cash

Investment objectives

To outperform (after fees and taxes) an average annual return of CPI + 0.5% over the short to medium term.

Strategic asset allocation 2016-17

- Fixed interest 100%



Investment objectives

To match (after fees and taxes) the return of the Bloomberg AusBond Bank Bill Index and outperform the annual return of CPI.

Strategic asset allocation 2016-17

- Cash 100%





Investments and investment managers

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

In appointing investment managers, AustralianSuper takes 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 invests in.

As at 30 June 2016, the following combination of investments represented more than 5% of total Fund assets: IFM Investments: 21.28%.

Investments and Investment Managers

	Sector	Value \$'000
Airlie Funds Management	Australian Equities	1,694,433
Alphinity Investment Management Pty Ltd	Australian Equities	2,133,328
Antares Capital Partners Ltd	Australian Equities	555,880
Arnhem Investment Management Pty Ltd	Australian Equities	52,472
AustralianSuper Internal Investments	Australian Equities	8,690,361
Avoca Investment Management Pty Ltd	Australian Equities	452,996
Celeste Funds Management Ltd	Australian Equities	159,982
Eley Griffiths Group Ltd	Australian Equities	407,952
FIL Ltd	Australian Equities	3,397,159
Goldman Sachs Asset Management Australia Pty Ltd	Australian Equities	778,043
Industry Funds Management Pty Ltd	Australian Equities	4,249,065
Member Direct	Australian Equities	844,423
Paradise Investment Management Pty Ltd	Australian Equities	223,446
Perpetual Investment Management Ltd	Australian Equities	1,518,096
Tribeca Investment Partners Pty Ltd	Australian Equities	378,638
AustralianSuper Internal Investments	Capital Guaranteed	432,651
Industry Funds Management Pty Ltd	Cash	11,833,334
AustralianSuper Internal Investments	Currency Overlays	665,335
AustralianSuper Internal Investments	Fixed interest	4,372,601
Babson Capital Management LLC	Fixed interest	1,337,851
BCA Mezzanine Debt Trust	Fixed interest	207
Bentham Asset Management Pty Ltd	Fixed interest	3,233,078
Brandywine Global Investment Management LLC	Fixed interest	1,891,406
Bridgewater Associates, LP	Fixed interest	252,253
Fidante Partners	Fixed interest	319,204
Industry Funds Management Pty Ltd	Fixed interest	1,743,522
Marathon Asset Management, LP	Fixed interest	701,712
MaxCap Group Pty Ltd	Fixed interest	11,646
ME Portfolio Management Limited	Fixed interest	134,219
Oak Hill Advisors L.P.	Fixed interest	677,997
Perennial Investment Partners Ltd	Fixed interest	1,426,304
Q-BLK ARS III - Institutional, Ltd	Fixed interest	1,196
Schroder Investment Management Ltd	Fixed interest	776,302
Vanguard Investments Australia Ltd	Index Diversified	151,449
AustralianSuper Internal Investments	Infrastructure	3,342,476
Industry Capital Group Limited	Infrastructure	247,346
Industry Funds Management Pty Ltd	Infrastructure	5,484,761

Investments and Investment Managers

	Sector	Value \$'000
Macquarie Specialist Asset Management Limited	Infrastructure	72,056
Alphinity Investment Management Pty Ltd	International Equities	180,362
AustralianSuper Internal Investments	International Equities	1,653,838
Baillie Gifford Overseas Ltd	International Equities	4,242,651
Causeway Capital Management LLC	International Equities	2,419,957
First State Investments International Ltd	International Equities	664,716
Genesis Asset Managers LLP	International Equities	1,671,855
Independent Franchise Partners LLP	International Equities	2,338,501
Jackson Square Partners, LLC	International Equities	2,320,750
LSV Asset Management	International Equities	1,398,911
MFS Institutional Advisors Inc	International Equities	4,477,315
Orbis Investment Management Limited	International Equities	2,555,515
State Street Global Advisors Australia Limited	International Equities	4,577,751
UBS Asset Management (Australia) Ltd	International Equities	807,680
Westwood Management Corp	International Equities	254,418
AustralianSuper Internal Investments	Private Equity	2,124,875
Frontier Investment Consulting Pty Ltd	Private Equity	1,333
Industry Funds Management Pty Ltd	Private Equity	484,219
Industry Super Holdings Pty Ltd	Private Equity	175,874
Members Equity Bank Limited	Private Equity	338,416
Quay Partners Pty Ltd	Private Equity	14,184
AMP Investment Funds	Property	6,481
Australian Farms Fund Management Pty Ltd	Property	45,375
Australian Sustainable Forestry Investors 1 & 2	Property	8
AustralianSuper Internal Investments	Property	3,629,044
Charter Hall Investment Funds	Property	8,230
Eureka Funds Management Ltd	Property	14
Fortius Funds Management Pty. Ltd.	Property	6,011
Franklin Templeton Investments Australia Limited	Property	17,508
Hastings Funds Management Pty Ltd	Property	13,299
ISPT Pty Ltd	Property	3,833,936
LaSalle Australian Core Plus	Property	11,079
Lend Lease Group	Property	19,640
Macquarie Specialist Asset Management Limited	Property	484
QIC Property Funds Pty Ltd	Property	1,959,891
Russell Real Estate Advisors Inc.	Property	24,103
AustralianSuper Internal Investments	Reserves	423,822

Major shareholdings

Top 20 domestic and international equity holdings as at 30 June 2016

Australian Shares		% of total portfolio
Commonwealth Bank		8.22
Westpac Banking Corp		6.40
Telstra Corp Ltd		4.26
Australia and NZ Banking		4.21
National Australia Bank		3.85
CSL Ltd		3.59
BHP Billiton Limited		3.25
Wesfarmers Ltd		3.21
Healtscope Ltd		2.21
Macquarie Group Ltd		2.15
Suncorp Group Ltd		1.94
Transurban Group		1.85
Sydney Airport		1.70
Rio Tinto Ltd		1.58
Woolworths Ltd		1.56
AMP Ltd		1.33
Caltex Australia Ltd		1.21
James Hardie Industries PLC		1.14
Tatts Group Ltd		1.12
Insurance Australia Group Ltd		1.08

International Shares		% of total portfolio
Amazon.com Inc	United States	1.73
Tencent Holdings Ltd	Hong Kong	1.66
Facebook Inc-A	United States	1.50
Baidu Inc	United States	1.42
Visa Inc	United States	1.31
Oracle Corp	United States	1.30
Accenture PLC-CL A	United States	1.28
Time Warner Inc	United States	1.26
Nestle SA-Reg	Switzerland	1.22
Illumina Inc	United States	1.18
Tesla Motors Inc	United States	1.14
Reckitt Benckiser Group	Great Britain	1.11
Microsoft Corp	United States	1.05
Thermo Fisher Scientific Inc	United States	1.04
Medtronic PLC	United States	1.01
Honeywell International	United States	1.00
Alphabet Inc-CL C	United States	0.99
Walt Disney Co/The	United States	0.90
Zimmer Biomet Holdings Inc	United States	0.90
British American Tobacco PLC	Great Britain	0.89

Global shares

Through its investment managers AustralianSuper invests in more than 50 global equity markets. The table below provides information on the countries in the AustralianSuper international shares portfolio, and their approximate weighting.

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

International equity country holdings as at 30 June 2016

Country	Actual weights %	Country	Actual weights %	Country	Actual weights %
Total Equity	100	United Kingdom	8.24	Other markets	
				Nigeria	0.13
Asia	1.44	North America	45.71	Oman	0.01
Hong Kong	1.33	Canada	0.86	Peru	0.11
New Zealand	0.00	United States	44.85	Philippines	0.23
Singapore	0.10			Poland	0.15
		Other markets	22.66	Qatar	0.00
Japan	5.62	Argentina	0.01	Russian Federation	0.76
		Brazil	1.41	Saudi Arabia	0.02
Europe	16.13	Cayman Islands	0.02	South Africa	1.30
Austria	0.02	Chile	0.20	Taiwan	1.88
Belgium	0.48	China	7.07	Thailand	0.91
Denmark	0.85	Colombia	0.06	Tunisia	0.02
Europe Other	0.00	Cyprus	0.01	Turkey	0.45
Finland	0.09	Czech Republic	0.03	United Arab Emirates	0.00
France	4.51	Egypt	0.06	Virgin Islands, British	0.01
Germany	2.17	Hungary	0.12		
Greece	0.02	India	3.39	International equity - other (UUTs)	0.21
Ireland	0.05	Indonesia	0.46		
Italy	0.19	Israel	0.00		
Netherlands	1.88	Kenya	0.04		
Norway	0.06	Korea, Republic of	2.45		
Portugal	0.07	Luxembourg	0.04		
Spain	1.64	Malaysia	0.28		
Sweden	0.58	Mexico	1.00		
Switzerland	3.52	Morocco	0.02		

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 ACTU Super Shareholding Pty Ltd and Employer Directors are appointed by Australian Industry Group (Ai Group). All Director nominations are subject to ratification by the Board.

The Board comprises five member representatives and five employer representatives as well as one independent Director.

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.

Directors



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.

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 Super Shareholding Pty Ltd. 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 20 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 Resource Sector Skills Taskforce Sub Committee, the Future Manufacturing Industry Innovation Council, and the Defence Industry Innovation Board.

Directors



Paul Bastian

LLB (Hons)
Member Director

Paul Bastian is a Member Director appointed by the ACTU Super Shareholding Pty Ltd. 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 (Honours) 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.



Brian Daley

BMath
Member Director

Brian Daley is a Member Director appointed by the ACTU Super Shareholding Pty Ltd. 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 as 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 1980s. 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 IFS, AIST and ASFA.



John Ingram (AM)

FCPA
Employer Director

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), Watty! (Chair) and engineering firm UGL (non-executive Director).

In 2008, John was appointed a Member of the Order of Australia.



Scott McDine

Member Director

Scott McDine is a Member Director appointed by the ACTU Super Shareholding Pty Ltd. 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 December 2009.

Scott has previously been a director at Skills DMC and Cbus 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

BA (Hons)/MA (Appl Comms) Member Director

Gemma Pinnell is a Member Director appointed by the ACTU Super Shareholding Pty Ltd. 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 has completed a Diploma of Superannuation.



Grahame Willis

BCom FAIST Employer Director

Grahame 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, Grahame received the Trustee of the Year Award at the Conference of Major Superannuation Funds and is a foundation Fellow of the Australian Institute of Superannuation Trustees.



Innes Willox

BA (Hist and Pol) Employer Director

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.

Committee membership as at 30 June 2016

Audit, Compliance and Risk Management	Investment	Member and Employer Services	Nomination and Remuneration	Budget Review
Grahame Willis (Chair)	Nixon Apple (Chair)	Brian Daley (Chair)	Scott McDine	Brian Daley
Anne Flanagan	Brad Crofts	Mike Nicolaides	Dave Oliver	Gemma Pinnell
John Ingram	Brian Daley	Dave Oliver	Heather Ridout	John Ingram
Paul Bastian	Peter Burn	Lucio Di Bartolomeo	Innes Willox	Grahame Willis
Brad Crofts	John Ingram	Heather Ridout		
Warren Kensett-Smith	Russell Maddox	George Stamas		
	Jim Craig			
	Stephanie Weston			

Board attendance

	Full meetings of Directors		Audit, Compliance and Risk Management		Budget Review		Investment		Member and Employer Services		Nomination and Remuneration	
	A	B	A	B	A	B	A	B	A	B	A	B
Director												
Paul Bastian	5	6	5	5	-	-	-	-	-	-	-	-
Brian Daley	5	6	-	-	2	3	7	8	4	4	-	-
Lucio Di Bartolomeo	6	6	-	-	-	-	-	-	4	4	-	-
John Ingram	6	6	3	5	3	3	8	8	-	-	1	2
Scott McDine	5	6	-	-	-	1	-	-	-	-	3	3
Dave Oliver	3	6	-	-	-	-	-	-	3	4	2	3
Gemma Pinnell	6	6	-	-	1	1	-	-	-	-	-	-
Heather Ridout	6	6	-	-	-	-	-	-	4	4	3	3
Grahame Willis	6	6	5	5	3	3	-	-	-	-	-	-
Innes Willox	6	6	-	-	-	-	-	-	-	-	2	2
Alternate Director and Committee members												
Nixon Apple	1	-	-	-	-	-	7	8	-	-	-	-
Mark Boyd	-	-	-	-	-	-	-	-	-	-	-	-
Peter Burn	-	-	-	-	-	-	7	8	-	-	-	-
Brad Crofts	-	-	5	5	-	-	8	8	-	-	-	-
Jim Craig												
Anne Flanagan	-	-	3	3	-	-	-	-	-	-	-	-
Warren Kensett-Smith	-	-	1	1	-	-	-	-	-	-	-	-
Russell Maddox	-	-	-	-	-	-	8	8	-	-	-	-
Mike Nicolaides	-	-	-	-	-	-	-	-	4	4	-	-
Liam O'Brien	-	-	2	3	-	-	-	-	-	-	-	-
Michelle O'Neil	1	-	-	-	-	-	-	-	-	-	-	-
Tim Poole	-	-	-	-	-	-	2	2	-	-	-	-
George Stamas	-	-	-	-	-	-	-	-	4	4	-	-
Stephanie Weston	-	-	-	-	-	-	7	7	-	-	-	-

A = number of meetings attended

B = number of meetings held during the time the Director held office or was a member of the committee

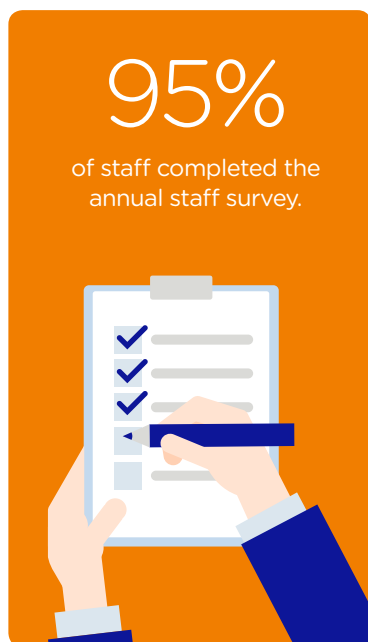


Our people

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

Staff survey

The Fund received a response rate of 95% for the annual staff survey, which provides feedback on AustralianSuper's performance as an employer against key metrics. An overall favourable engagement score of 80% was achieved, which is 9% above the Australian norm.



Developing and retaining staff

As part of its commitment to staff, AustralianSuper continues to invest in its people through formal training, coaching by managers or peers and development on the job. Core learning programs include:

- › People Essentials Foundations Program: Reflecting the performance management cycle, the focus of this program is how staff use their strengths at work to help achieve the Fund's objectives and organisational values.
- › Leadership development: Programs aimed at both our senior and developing leaders, building skills and capability in areas such as leadership, strategic thinking, unconscious bias, performance and internal consulting.

AustralianSuper also developed appropriate policies, procedures and training to ensure professional, ethical and trustworthy standards of behaviour that support AustralianSuper's values.

Our community service leave program saw 43 different staff contribute 180 hours to various community initiatives.

The return to work rate after parental leave was 100%.

Diversity

Improved workforce diversity, particularly in relation to gender balance, gender pay equity and flexible work arrangements have been an important focus for the Fund.

A Diversity and Inclusion Strategy for 2017-2021 was approved by the Board and this strategy will continue the focus on recruitment and retention, performance, talent and succession, gender pay equity and the development of staff, with a particular focus on gender equality across these areas. Key measures and targets have been put in place to monitor progress in these areas.

As a non-public sector employer with 100 or more employees, the Fund reports annually to the Workplace Gender Equality Agency (WGEA). AustralianSuper's 2015-16 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 WGEA.

In 2015, 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 advisors.



Shawn Blackmore

Group Executive - Member experience and advice

Shawn is responsible for the provision of super, retirement and insurance services to members, businesses and advisors. He is charged with providing a quality member experience from administration through to advice across all channels. He is also leading the digital transformation at AustralianSuper.



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.



Jane Foley

Group Executive - Strategy, people and performance

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



Paul Schroder

Group Executive - Membership

Paul is responsible for membership growth, relationships with businesses and unions and the Fund's insurance product, pricing and risk.



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.

Our people

AustralianSuper's management team by gender and age as at 30 June 2016

	Female	Male	Age under 30	Age 30-50	Age 50 plus
Board	2	8	0	2	8
Executive Team	2	5	0	3	4
Management	44	64	0	76	32
Total	48	77	0	81	44

AustralianSuper's workforce by gender and working arrangements (including contractors) as at 30 June 2016

	Full-time			Part-time			Grand Total
	Female	Male	Total	Female	Male	Total	
Asia, Beijing	1	1	2				2
Australian Capital Territory	1		1				1
London, UK	1		1				
New South Wales	6	19	25	6		6	31
Northern Territory		2	2	1		1	3
Queensland	1	3	4	3		3	7
South Australia	2	4	6				6
Tasmania	1	1	2				2
Victoria	179	225	404	34	5	39	443
Western Australia	7	4	11	3		3	14
Sub-total	198	259	458	47	5	52	510

New hires 2015-16

Total	Female	Male	Under 30	30-40	41-50	51+
174	89	85	27	76	53	18

Staff turnover

Age	Turnover rate %
18-34	10.42
35-54	11.31
55+	8.47

Remuneration

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

The information included in this annual report is a summary of the remuneration practices for AustralianSuper.

The Fund's remuneration practices are designed to help AustralianSuper to:

- › attract and retain staff with the skills required to manage the operations and growth of the Fund
- › ensure a level of equity and consistency of treatment across the Fund, and
- › ensure the members-first orientation of the Fund.

AustralianSuper's Nomination and Remuneration Committee monitors the remuneration practices of the Fund and is responsible for the development, implementation and review of professional development standards and remuneration policies of the Board, management and staff.

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, and
- › 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

Fees as at 30 June 2016	Chair \$	Member \$	Board Deputy Chair \$
Board	142,800	35,700	52,500
Investment Committee*	90,000	53,500	
Member and Employer Services Committee	31,200	17,800	
Audit, Compliance and Risk Management Committee**	55,000	21,400	
Nomination and Remuneration Committee	18,400	10,500	
Budget Review Committee	14,700	8,400	

A per meeting fee of \$1,800 is paid for attendance at meetings of any sub-committees formed by the Board, and not for the above Committees, and to Alternate 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 \$70,100.

**Independent Audit, Compliance and Risk Management Committee members receive \$38,000.

Remuneration

Directors' remuneration

Directors and Alternate Directors	2016			2015		
	Cash fees \$	Superannuation \$	Total \$	Cash fees \$	Superannuation \$	Total \$
N. Apple	94,069	8,937	103,006	68,000	6,460	74,460
P. Bastian ¹	57,100	5,425	62,525	55,800	5,301	61,101
P. Burn ²	53,500	5,083	58,583	52,300	4,969	57,269
J. Craig	3,081	293	3,374	-	-	-
B. Crofts ³	74,900	7,116	82,016	73,200	6,954	80,154
B. Daley ⁴	128,800	12,236	141,036	122,659	11,653	134,311
L. Di Bartolomeo	77,800	7,391	85,191	56,343	5,353	61,695
A. Flanagan	25,918	2,462	28,381	-	-	-
J. Ingram	125,031	11,878	136,909	139,461	13,249	152,710
W. Kensett-Smith ⁵	7,643	726	8,369	-	-	-
R. Maddox	70,100	6,660	76,760	65,887	6,259	72,147
S. McDine ⁵	65,519	6,224	71,744	51,624	4,904	56,528
M. Nicolaides ¹	17,800	1,691	19,491	17,400	1,653	19,053
L. O'Brien ⁵	11,405	1,084	12,489	20,900	1,986	22,886
D. Oliver ⁶	80,800	7,676	88,476	75,104	7,135	82,239
M. O'Neil ⁷	1,800	171	1,971	-	-	-
G. Pinnell ⁶	36,277	3,446	39,723	34,900	3,316	38,216
T. Poole	33,450	3,178	36,628	164,549	15,632	180,182
H. Ridout	171,100	16,255	187,355	167,300	15,894	183,194
G. Stamas	17,800	1,691	19,491	17,400	1,653	19,053
A. Terry	-	-	-	26,020	2,472	28,492
S. Weston	70,100	6,660	76,760	8,091	769	8,860
G. Willis	96,938	9,209	106,147	93,600	8,892	102,492
I. Willox ²	41,349	3,928	45,278	19,631	1,865	21,496

The following Alternate Directors did not receive any compensation during the year ended 30 June 2015: 2016: M. Boyd and F. Jordan did not receive any compensation in 2016 and M. Boyd, F. Jordan and M O'Neil' did not receive any compensation in 2015.

1. These fees are paid to the Australian Manufacturing Workers' Union.

2. These fees are paid to the Australian Industry Group.

3. These fees are paid to Eureka Economics Pty Ltd.

4. These fees are paid to United Voice.

5. These fees are paid to the Australian Workers' Union.

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

7. These fees are paid to the Textile, Clothing and Footwear Union.

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

Executive remuneration

Remuneration is comprised of one or more of the following:

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 AustralianSuper Balanced option is positive
 - › investment performance of the AustralianSuper Balanced option is above inflation
 - › investment performance of the AustralianSuper Balanced option is above the median performance of the SuperRatings SR50 Median Balanced Option, and
 - › the participant achieves an individual performance rating of at least 'Effective'.

The Investment Performance Payment Plan is based on:

Role	Fund Performance (Balanced Option) Measure Weighting	Portfolio Performance Measure Weighting	Individual Performance Measure Weighting
CIO	80%	0%	20%
Investment Senior Team (Heads of)	70%	15%	15%
Other participants	30%	55%	15%

Participants may be awarded a payment of between 20% - 100% of salary and superannuation packages, dependent on their role. Payments under the payment 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 2015-16 in relation to the Investment Performance Payment Plan

Investment performance measures	Benchmark	Performance	Result
Investment performance of the AustralianSuper Balanced option is positive	Positive	Positive	Achieved
Investment performance of the AustralianSuper Balanced option is above inflation	1.02%	4.54%	Achieved
Investment performance of the AustralianSuper Balanced option is above that of the median Balanced fund in the relevant SuperRatings SR50 survey	2.81%	4.54%	Achieved

Remuneration

Executive remuneration at 30 June 2016

	Salary ^(A) \$	Superannuation \$	Fixed remuneration \$	Performance payment \$	Non-monetary benefits ^(B) \$	Total \$
I. Silk	746,000	35,000	781,000	-	17,196	798,196
M. Delaney	655,715	35,000	690,715	548,207	-	1,238,922
P. Curtis	456,150	35,000	491,150	334,290	-	825,440
I. McKeand	473,920	35,000	508,920	302,127	-	811,047
J. Peasley	437,120	30,000	467,120	321,180	-	788,300

- (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 any associated fringe benefits tax.
- (C) The movement in the annual leave accrual for each personnel for the financial year was as follows:
I. Silk (\$43,234), M. Delaney \$33,884, P. Curtis \$9,994, I. McKeand \$14,520, J. Peasley \$11,021.
- (D) The movement in the long service entitlements accrued but not taken during the year as required to be recognised under legislation were I. Silk \$58,857, M. Delaney \$30,017, P. Curtis \$18,013, I. McKeand \$17,520, J. Peasley \$14,596.

Executive remuneration at 30 June 2015

	Salary ^(A) \$	Superannuation \$	Fixed remuneration \$	Performance payment \$	Non-monetary benefits ^(B) \$	Total \$
I. Silk	678,242	35,000	713,242	-	17,786	731,028
M. Delaney	625,971	35,000	660,971	360,791	-	1,021,762
P. Curtis	435,000	35,000	470,000	167,226	-	637,226
I. McKeand	452,000	35,000	487,000	173,275	-	660,275
J. Peasley	417,000	30,000	447,000	156,629	-	603,629

- (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) The movement in annual leave accrual for each personnel for the financial year was as follows:
I. Silk \$22,551, M. Delaney (\$46,168), P. Curtis \$17,433, I. McKeand \$11,283, J. Peasley (\$16,093).
- (D) The movement in the long service leave entitlements accrued but not taken during the year as required to be recognised under legislation were
I. Silk \$51,793, M. Delaney \$34,347, P. Curtis \$21,969, I. McKeand \$15,930, J. Peasley \$17,439.

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.

Remuneration consultants

AustralianSuper engages remuneration consultants to ensure that:

- › remuneration is in line with industry standards
- › the Fund continues to attract and retain quality staff to run and operate the Fund efficiently and expertly
- › the Fund’s remuneration is consistent with AustralianSuper’s core tenet of being a members-first fund.

Financial statements

For the year ended 30 June 2016

Below is a summary of AustralianSuper's financial statements for the past two financial years, taken from audited accounts.

AustralianSuper movement in members' funds for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
Opening balance	91,770,314	78,275,860
Employer contributions	6,523,785	6,214,688
Member contributions	1,485,572	1,617,874
Transfers inwards	5,047,541	5,111,425
Investment income	4,097,581	8,738,637
Insurance receipts	299,851	250,031
Other income	85,785	118,157
Total income	17,540,115	22,050,812
Benefits paid and payable	6,850,029	6,383,589
Administration and operating expenses	262,477	232,225
Insurance expense	637,305	721,164
Income tax expense	917,544	1,219,380
Total benefits and expenses	8,667,355	8,556,358
Net assets available to pay benefits at year end	100,643,074	91,770,314
Members' funds	100,215,315	91,340,582
Reserves	427,759	429,732
Liability for accrued benefits	100,643,074	91,770,314

Reserves for the three years to 30 June 2016

	2016 \$'000	2015 \$'000	2014 \$'000
Reserves	427,759	429,732	284,853

More information about 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. The policy sets out how the level of the reserves is maintained and replenished through investment earnings and operational surplus. It also outlines under what circumstances payments are made from the reserves. Included in the reserves is an amount set aside as an Operational Risk Financial Reserve of \$245m (\$216m in 2015). 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).

Financial statements

AustralianSuper balance sheet as at 30 June 2016

	2016 \$'000	2015 \$'000
Assets		
Investments		
Cash and cash equivalents	6,342,496	5,324,070
Listed equity securities	48,633,983	49,616,713
Fixed interest securities	22,004,263	16,918,549
Unlisted unit trusts	24,263,954	21,662,410
Unlisted equity securities	549,247	532,091
Derivatives	1,356,501	260,971
Receivables		
Receivables	337,727	329,485
Receivable for securities sold	178,445	142,285
Other assets		
Current tax asset	14,005	-
Deferred tax asset	12,441	14,131
Total assets	103,693,062	94,800,705
Liabilities		
Payables	152,200	147,908
Payable for securities purchased	445,587	611,485
Derivatives	1,050,837	923,558
Current tax liabilities	-	17,734
Deferred tax liabilities	1,401,364	1,329,706
Total liabilities	3,049,988	3,030,391
Net assets available to pay benefits	100,643,074	91,770,314

Derivatives

Derivatives are instruments which enable the Fund to get exposure to a particular asset – or asset class – without physically owning it. The cost of derivatives can be lower in some instances than holding the actual asset.

AustralianSuper uses derivatives to efficiently target the Funds desired position in asset classes such as bonds and shares and/or individual assets. Derivatives are also used for currency hedging. The Fund is not allowed to use derivatives for gearing or speculative purposes.

AustralianSuper may directly invest in derivatives (futures, options and swaps) to manage investment risk and enhance returns. Our investment managers may also 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.

This annual report was issued in 2016 by AustralianSuper Pty Ltd ABN 94 006 457 987 AFSL 233788, the Trustee 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 australiansuper.com/pds or by calling 1300 300 273.

Surcharge payments (if any) are deducted from members' accounts.

Transfer of account

AustralianSuper may transfer your account if you have less than \$700 in your account and have not received employer contributions for you for at least 13 months. AustralianSuper may transfer your account to AUSfund. AUSfund is an eligible rollover fund into which lost super fund members or members with small inactive accounts are transferred. If your account is transferred to AUSfund, you'll no longer be a member of AustralianSuper and any insurance cover you had with AustralianSuper will cease. To contact AUSfund, call 1300 361 798 or write to PO Box 2468, Kent Town, SA, 5071. By law, AustralianSuper must transfer lost super accounts with balances under \$4,000, or those that are unidentified and have been inactive for more than 12 months, to the Australian Taxation Office. To find out more, visit www.ato.gov.au

Privacy and compliance

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.

Temporary residents permanently leaving

If you are a temporary resident permanently leaving Australia, you have six months to claim your super. If you do not, AustralianSuper may transfer your benefit to the Australian Taxation Office. Under Australian Securities and Investments Commission relief, an exit statement is not required if your benefit is paid to the ATO in these circumstances. Once transferred, you will need to contact the ATO to claim your benefit.

Related parties

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

Benchmarks

- High Growth – SR50/SRP50 Growth (77-90) Index
- Balanced – SR50/SRP50 Balanced (60-76) Index
- Socially Aware – SR50/SRP50 Balanced (60-76) Index
- Indexed Diversified – SR50/SRP50 Balanced (60-76) Index
- Conservative Balanced – SR25/SRP25 Conservative Balanced (41-59) Index
- Stable – SR50/SRP50 Capital Stable (20-40) Index
- Capital Guaranteed – Bloomberg AusBond Bank Bill Index adjusted for tax
- Australian Shares – S&P/ASX300 Accumulation Index adjusted for tax
- International Shares – MSCI AC World ex Australia (in \$A) Index adjusted for tax
- Property – Mercer/IPD Australia Unlisted Wholesale Property Fund Index (NAV weighted Post Fee) adjusted for tax
- Diversified Fixed Interest – CPI+0.5%. (Prior to 1 July 2015, the benchmark for the option was CPI+1%)
- Cash – Bloomberg AusBond Bank Bill Index adjusted for tax



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