



AustralianSuper

FY21
Annual
Report

About this report

The Annual Report 2021 is a summary of AustralianSuper’s operations, activities and financial position for the 12 month period to 30 June 2021. It has been prepared and issued by AustralianSuper Pty Ltd ABN 94 006 457 987 AFSL 233788, the Trustee of AustralianSuper ABN 65 714 394 898 (together, ‘AustralianSuper’, ‘the Fund’, ‘we’, ‘us’, or ‘our’). In this report, unless otherwise stated, references to the financial year refer to the period 1 July 2020 to 30 June 2021.

This report references the Global Reporting Initiative standards, so that we can assess the potential impacts of a wide range of sustainability issues and further detail is provided in our Sustainability Supplement. It also provides us greater transparency with respect to communicating our economic, environmental, social and governance performance.

In determining the content of the report, the internationally accepted, principles-based AccountAbility 5-part test was applied to perform materiality testing. This is a leading methodology used for sustainability-related reporting and assurance engagements and included a review 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.

Internal and external stakeholder interviews were undertaken to determine what was considered material. This helped to prioritise the content of the 2021 Annual Report and to ensure that AustralianSuper proactively manages the expectations of key stakeholders.

Member statements

The member case studies linked to the online version of this report are of actual members. The statements made by AustralianSuper members have been reproduced with the members’ continuing consent.

Access

This report is available online through the AustralianSuper website. 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.

Acknowledgement of country

AustralianSuper acknowledges the Traditional Custodians of the land on which we work. We pay respect to Elders past, present and emerging and extend that respect to all Aboriginal and Torres Strait Islander Peoples.

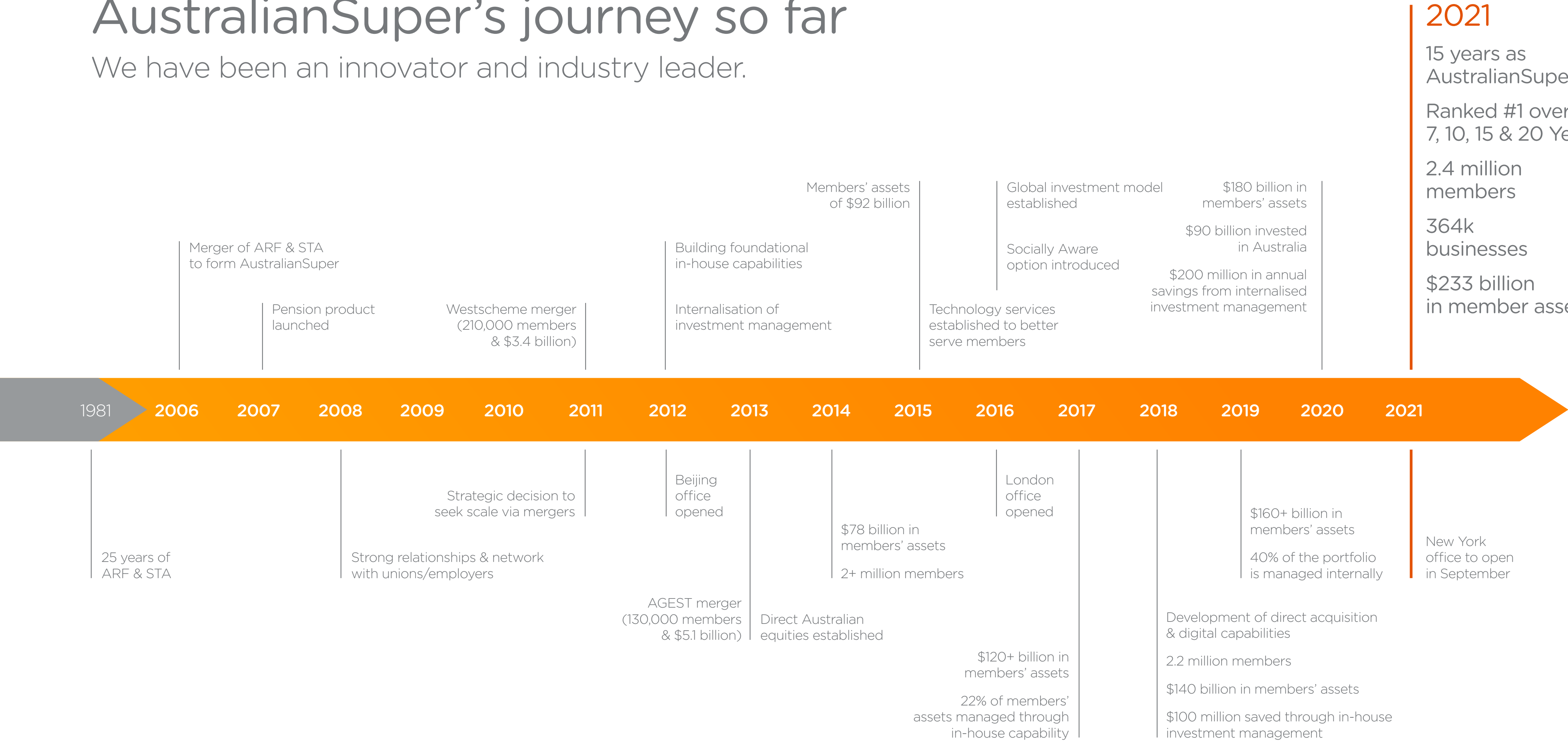
Our head office is on the land of the Wurundjeri Woi Wurrung people of the Kulin Nation.

Traditional custodians of the lands on which our offices are placed

- Melbourne – the Wurundjeri people of the Kulin nation
- Sydney – the Gadigal people of the Eora nation
- Perth – the Whadjuk Nyoongar people
- Adelaide – the Kaurna people
- Brisbane – the Turrbal people from the north side of the river and the Yuggera/Jagera people from the south side of the river
- Hobart – the Muwinina people
- Canberra – the Ngunnawal people
- Darwin – the Larrakia people
- Newcastle – the Awabakal and Worimi people

AustralianSuper's journey so far

We have been an innovator and industry leader.



Contents

Overview of your Fund

Message from the Chair, Dr Don Russell	6
Message from the Chief Executive, Ian Silk	7
Thank you to Ian Silk	9
Message from the incoming Chief Executive, Paul Schroder	10
Key highlights	11
About AustralianSuper	12
Our purpose and values	14
Support during the pandemic	15
Sustainability and community	16

Strategy – Shaping our future together

Overview of 2030 Strategy	18
Planning for the future	19
Supporting members	20
Partnering with Australian employers	23
Insurance	24

Investments – Historic returns for members

Message from the Investment Committee Chair, Jim Craig	26
Message from the Chief Investment Officer, Mark Delaney	28
Investment option performance	30
Responsible investment	32

Governance

Board of Directors	37
Executive Committee	38
Managing risk	39
Our people	41
Remuneration report	44
Board & committee attendance	46
Financial statements	47

Investments appendices

Strategic asset allocation	49
Major shareholdings	49
International shares	50
Investing globally	50
Investment managers	51

Other appendices

What matters to stakeholders	52
Definitions and important information	53
Get in touch	54



Overview of your Fund

Message from the Chair, Dr Don Russell	6
Message from the Chief Executive, Ian Silk	7
Thank you to Ian Silk	9
Message from the incoming Chief Executive, Paul Schroder	10
Key highlights	11
About AustralianSuper	12
Our purpose and values	14
Support during the pandemic	15
Sustainability and community	16

Message from the Chair, Dr Don Russell



“As the impacts of the global pandemic continue and many people and communities around the world adapt to changed living, employment and financial circumstances, one constant has remained – AustralianSuper’s focus on delivering long-term performance, service and trusted guidance, to help members achieve their best financial position in retirement.”

Dr Don Russell
Chair

Throughout the past year, the Board, Executive Committee and all colleagues at AustralianSuper, have worked hard to navigate economic volatility, policy uncertainty and community concern, to deliver historic returns for members. AustralianSuper’s support of the economic recovery has also come into sharp focus as we are a major investor in Australian companies and provider of capital to support Australian business growth.

Outstanding long-term performance

This year, we celebrated 15 years as AustralianSuper. AustralianSuper was created through the merger of the Australian Retirement Fund (ARF) and STA in 2006.

At the end of June 2021, AustralianSuper’s Balanced investment option provided historic returns of 20.43% for the financial year, with the 10 year return at 9.73% per annum. The Fund is ranked number one in performance over 7, 10, 15 and 20 years.¹ This performance is the result of a considered and measured response to the market volatility experienced through the financial year. As

always, we maintain our focus on the achievement of long-term results and encourage members to do the same.

Leadership

The Board announced in July that Paul Schroder would be appointed to the role of Chief Executive, following the decision by Chief Executive Ian Silk to step down after 15 years leading AustralianSuper.

On behalf of the Board, I would like to express deep appreciation for Ian’s leadership, integrity and commitment to members over the past 15 years. One of Ian’s enduring legacies is the remarkable team that Ian has put in place that will ensure that the Fund continues to place the long-term financial interests of members at the forefront of everything we do.

Having worked with AustralianSuper for 14 years across a number of executive functions, Paul Schroder is well placed to lead the Fund in its next phase of growth and evolution. Strong succession planning by the Board has enabled us to develop and now appoint Paul to the role of Chief Executive from within the Fund. The Board has every confidence Paul will ensure the Fund

continues to deliver top performance and world-class products and services to members. I look forward to working closely with Paul.

Fund Strategy

The 2017–2021 Fund Strategy concluded at the end of financial year 2021. The Fund achieved all metrics in FY21 including across member growth, increased average balance of a 55 year old member, investment performance, our net promoter score and internal colleague engagement.

In June the Board endorsed the Fund’s 2030 Strategy, based on our vision to be Australia’s leading superannuation fund for members. The 2030 Strategy is an ambitious plan designed to help members achieve their best financial position in retirement.

Building expertise

Membership of the Board remained stable throughout the financial year, while the Fund continued to build expertise through appointments to Committees. We were pleased to welcome Pippa Downes to the Investment Committee and Debbie Taylor to the Technology Committee.

I am also pleased to report that Innes Willox was appointed Deputy Chair of the Board, following the expiry of Dave Oliver’s term.

Thank you

On behalf of the Board, I would like to thank the Executive Committee and all of the Fund’s colleagues for their continued dedication and hard work during the highs and lows of the last year. It was an extremely difficult external environment but the Fund was able to adapt effectively, while keeping members’ interests at the forefront of minds and actions.

I thank my fellow Board Directors for their contributions and insights throughout the year, as well as their unwavering commitment to members and the good governance of the Fund, particularly as we navigated short-term market volatility while considering our future strategic challenges and opportunities.

Finally, I would like to thank you, the millions of Australians who choose to be members of AustralianSuper for your continued trust and confidence. We will continue to act in your best financial interests, to help you achieve your best financial position in retirement.

¹ Based on the AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, periods to 30 June 2021.

Message from the Chief Executive, Ian Silk



“During times of volatility, it is important to remember that superannuation is a long-term investment, and that Australia’s superannuation system is sound, resilient and highly regulated. Members can have confidence AustralianSuper is committed to delivering top performance and providing help and guidance for members, alongside strong governance, with a focus on planning for the future.”

Ian Silk
Chief Executive

For many members, the last year saw further disruption and uncertainty for their families, work and communities. It is something we have heard from members and employers directly, and also experienced within our own organisation.

While the financial year ended with a remarkable share market rally, which saw the recovery of many of the losses from the early part of the year, the economic outlook is mixed. The pathway out of the pandemic remains unclear in many respects and we are conscious of the ongoing uncertainty and challenges this creates for AustralianSuper members.

During times of volatility, it is important to remember that superannuation is a long-term investment, and that Australia’s superannuation system is sound, resilient and highly regulated.

Members can have confidence AustralianSuper is committed to delivering top performance and providing help and guidance for members, alongside strong governance, with a focus on planning for the future.

Confidence in a top performing fund

The share market will always have highs and lows. That’s why it’s important to be with a high-performing fund with a diverse portfolio of investments that are actively managed by experienced investment professionals whose sole focus is to maximise returns to members.

The vast majority of AustralianSuper members are in the Balanced investment option which delivered a record return of 20.43% this financial year, the highest ever annual return for this option. This means AustralianSuper has been the top performing superannuation fund over the past 7, 10, 15 and 20 years.¹

Over the ten years to 30 June 2021, the Balanced investment option has delivered on average 9.73% per annum and, over 15 years, 7.49% per annum.

Members with Choice Income accounts received returns of 22.30%, which is also a great result for those members.

Superannuation is a long-term investment. It’s an asset that we build over time and the compound effect of reinvested earnings over years can make it a very high-performing vehicle for your retirement savings.

Whilst this year’s returns provided an extraordinary lift to members’ retirement savings, we expect returns to moderate over the next few years.

Growing to deliver more for members

Over the year around 1,000 Australians joined the Fund every day and AustralianSuper was the first fund in Australia to reach \$200 billion in members’ assets under management. We are humbled by the confidence members place in AustralianSuper to help them achieve their best financial position in retirement. This growth allows us to use the Fund’s size to deliver even more to members through high returns, low fees and better services and support.

Supporting the Australian economy, for members

On behalf of members, the Fund is a large investor in the Australian economy. More than \$110 billion of members’ retirement savings are currently invested by the Fund in the Australian economy, supporting Australian businesses and our economic recovery.

As Australia’s largest superannuation fund, we will continue to use size, the deep market knowledge and long-standing relationships to invest in local assets to generate strong, long-term results for members.

Investment Committee Chair Jim Craig and Chief Investment Officer Mark Delaney go into further detail on our investment strategy later in this report.

¹ Based on the AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, periods to 30 June 2021.

Net Zero 2050 commitment

For more than a decade we have recognised that climate change is a significant challenge facing investors. During the year, the Fund committed that the investment portfolio will achieve net zero carbon emissions by 2050. Given the risk climate change presents to the Fund’s long-term investment performance, managing the investment portfolio to achieve net zero carbon emissions by 2050 is a prudent approach and in members’ best financial interests. Further detail on our net zero 2050 commitment is available in the ESG section of this report.

An update on early release

This time last year, I provided an update on the COVID-19 early release of super program. At that time, we had assisted over 360,000 members in immediate need. At the conclusion of the program, AustralianSuper processed more than 656,000 applications for early release from over 464,000 accounts.

More than \$5 billion was released to members, with 97% of payments made within five days of receipt of the application. The early release program was a temporary measure introduced by government to support Australians facing financial stress as a result of the impacts of COVID-19. The temporary release program helped ease the immediate financial stress of many members, though a significant number may never overcome the negative effect of reducing their superannuation balances in a market downturn, missing the full impact of this year’s 20.43% return, and the compound interest earning on those savings over the coming years.

For members trying to rebuild their balances we have a range of tools and tips on our website, as well as online learning modules and webinars.

Advocating for you

AustralianSuper has always been a strong advocate for increasing the Superannuation Guarantee to 12% because it will help members achieve their best financial position in retirement through higher super contributions during their working lives.

The increase in the Superannuation Guarantee to 10% on 1 July 2021 in accordance with the legislated timetable to reach 12% SG by 2025, was a welcome development for members. As wage growth has been stagnant for the past decade increasing the Superannuation Guarantee is a particularly important achievement for Australian workers. We will continue to advocate on behalf of members that the legislated timetable to increase the Superannuation Guarantee to 12% by 2025 remain in place.

The minimum earnings threshold for payments of superannuation was also confirmed in the 2021 Federal Budget. Previously, workers earning less than \$450 per month were not entitled to receive super.

This has disproportionately affected young workers, part-time workers and women. The removal of the threshold is an important achievement in delivering better long-term retirement outcomes for these workers, and improving equity more broadly.

The Your Future, Your Super package of legislation passed the Parliament in June 2021, with most of the changes commencing on 1 July 2021. While AustralianSuper proposed some amendments to the legislation, the Fund supported the policy intent behind the Your Future Your Super package. AustralianSuper has long advocated that poor performing super funds should be removed from the system and steps should be taken to reduce multiple superannuation accounts. Further, the new requirements that funds act in members’ best financial interests is already central to AustralianSuper’s purpose and how we operate on your behalf.

Thank you

On 13 July 2021, I announced my intention to resign as Chief Executive of AustralianSuper. It has been an incredible privilege to work for an organisation trusted by millions of Australians to invest their retirement savings. I am delighted that Paul Schroder will be the new Chief Executive of AustralianSuper from 1 October 2021. I have worked closely with Paul over the past 14 years including most recently as he has led the uplifting of the Fund’s risk culture as Chief Risk Officer, and in the formulation of the Fund’s 2030 Strategy. He is exceptionally well placed to lead the Fund in its next phase of growth and evolution, to ensure the Fund is Australia’s leading superannuation fund for members. I’d like to thank the Directors (and in particular the Chairs) who have served on the Board for their support during my 27-year tenure with AustralianSuper and its predecessor fund Australian Retirement Fund, for their stewardship of the organisations.

I particularly thank the AustralianSuper Executive Team and all AustralianSuper colleagues for their professionalism, work ethic and dedication to making this Fund the very best it can be in delivering in the best financial interests of members. The fact our Balanced Option is ranked number one over 7, 10, 15 and 20 years,² is a particular point of pride for me because it directly demonstrates the Fund achieving our purpose to help members achieve their best financial position in retirement. Lastly, I want to extend my heartfelt thank you to all AustralianSuper members. I have had the opportunity to meet and speak with a huge number of you over the years and I thank you for your support for the Fund during my tenure as Chief Executive. I will continue to be a proud member of AustralianSuper and look forward to seeing the Fund continue to deliver for members and for Australia over the coming years.

2. Based on the AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, periods to 30 June 2021.

Thank you, Ian



Widely respected as an insightful and innovative Chief Executive, who is deeply connected to members and colleagues, Ian Silk’s departure provides an opportunity to acknowledge his achievements and say thank you to Ian for his contribution to a better retirement for millions of Australians.

“Ian has been a champion of Australia’s superannuation system, one of the greatest economic reforms in Australian history. As a leader of the industry, his contributions in the interests of Australians are immense and extraordinary in both a professional and personal sense.”

Heather Ridout
AustralianSuper Chair
2013-2019

Ian was the inaugural Chief Executive of AustralianSuper, joining the Fund from his role as CEO of the Australian Retirement Fund (ARF), which merged with STA to create AustralianSuper in 2006.

Ian was appointed CEO of ARF in 1994, two years after the legislation of the superannuation guarantee. He was a key figure in the development of foundational superannuation products and services for members. Ian also led the development of the ARF becoming open to members from the general public in 1998 and the introduction of a choice of investment options. Today, almost half of the members joining the Fund do so directly and independently.

In the early stages of AustralianSuper, Ian was instrumental in developing the iconic AustralianSuper brand, including our name and well-known tagline ‘It’s Australian. It’s Super. And it’s Yours’.

Broadening the Fund’s reach was another important innovation and Ian led the development of AustralianSuper’s substantial adviser network, an external network of financial advisers registered with the Fund to help support advisers wanting to work with AustralianSuper.

Understanding the changing dynamics of the superannuation industry, in the early years of AustralianSuper Ian led the Fund to seek growth and scale through mergers. More recently, the Fund has expanded our global footprint with increased investment activity offshore, as well as the opening of new offices in London, Beijing and New York.

AustralianSuper was also the first superannuation fund in the nation to build an internal investment capability, with the aim of reducing fees for members. At the end of FY21, 44% of member assets were managed internally, saving \$200 million annually.

“The AustralianSuper Board wishes to express our deep appreciation for the leadership and integrity that Ian has consistently displayed throughout his tenure and in building an organisational culture that always puts the long-term financial interest for members first. Under Ian’s leadership, the Fund has always been ambitious for members and this has played a vital role in ensuring AustralianSuper has been able to use its size and scale to be the number one performing fund across multiple time periods.”

Dr Don Russell
AustralianSuper Chair
2019-present

Under Ian’s stewardship AustralianSuper has grown to become Australia’s largest, best performing and most trusted superannuation fund. The Fund has led the industry in innovation and excellence and Ian has worked with colleagues to embed a strong members-first, values-based culture which is also ambitious for members, commercial and high-performing.

While Ian’s professional achievements are recognised within and outside the Fund, colleagues and others most often pay tribute to Ian’s supportive and collegiate style, his care and concern for individuals and his generosity of spirit. Colleagues over many years have shared stories of Ian’s acts of kindness, empathy and generosity, as well as his quick wit and love of football.

Most common amongst these reflections has been Ian’s incredible personal dedication to the Fund and his singular focus on doing what is best and right for members.

Looking to the future, it is clear Ian’s most important and enduring legacy will be the impact his leadership has had on the savings of every AustralianSuper member and the positive difference that will make to their retirements.

Thank you, Ian.

Message from the incoming Chief Executive, Paul Schroder

‘It is an honour to be appointed to the role of Chief Executive of Australia’s largest and most trusted superannuation fund.’

Paul Schroder
Incoming Chief Executive



I commence as Chief Executive at an exciting time. In the past year we have grown to manage over \$200 billion in members’ assets, opened an office in New York and finalised our 2030 Strategy. Looking ahead, I am excited by the opportunities the size, innovation, expertise and expanding global footprint of the Fund will offer members.

As an Executive with the Fund for the past 14 years, I have had the opportunity to work across our Membership, Strategy, Product, Insurance, Brand, Reputation and Risk divisions, most recently as the Fund’s Chief Risk Officer.

This experience, as well as the thousands of members I have engaged with over this period, has provided me with a deep

understanding of the Fund, our industry and most importantly the needs of the 2.4 million Australians who trust us with one of their greatest assets – their retirement savings.

As Chief Executive I am committed to improving your retirement by delivering top decile performance, world-class products and services, and sustainable growth for the Fund, while ensuring we continue to earn the trust you place in us by appropriately managing risk and driving a strong member first culture.

It has been a privilege to work for so many years under the leadership of Ian Silk. Ian has been a champion of AustralianSuper’s members-first culture, a Chief Executive ambitious for what the Fund can achieve for you and an advocate for improving Australia’s superannuation system for all Australians. On behalf of the Executive Committee and all AustralianSuper colleagues, I would like to extend my sincerest thanks to Ian for his exceptional leadership of the Fund on behalf of you over so many years.

I would like to thank the Board for their confidence in me to lead the Fund. It is a privilege to be able to serve you as the Chief Executive of this high-performing fund with the clear goal of being Australia’s leading superannuation fund for members.

Key highlights

as at 30 June 2021

20.43%

Balanced option returns

377k

members joined in FY21

Number 1

Our Balanced option ranked #1
over 7, 10, 15 & 20 years*

2.4M

total Fund members

\$233B

in member assets

\$200M saved

annually through internalised
investment management

WEGA

Workplace Gender Equality Agency
Employer of Choice for Gender
Equality nine years in a row

656K+

members assisted in accessing
their super early

9.56%

3 year Balanced option return

22.30%

Balanced option for Choice Income returns

\$110B

invested in Australia

44%

of members' assets
managed internally

A+ rating

for our Overarching Approach
to Responsible Investment in the
PRI Global Assessment Report^

85% ↑

Employee Engagement score
of 85%†, up 7% from 2019

10.44%

5 year Balanced option return

* Based on the AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, periods to 30 June 2021

† 2021 Employee Survey

^ Responsible Investment Association Australia Responsible Investment Benchmark Report 2020

About AustralianSuper



AustralianSuper is the fund for all Australians. The largest superannuation fund in Australia and one of the largest in the world¹, more than one in ten working Australians trusts AustralianSuper with their retirement savings. With members at the centre of everything we do, our purpose is to help members achieve their best financial position in retirement.

AustralianSuper is consistently a top performer. The Balanced investment option, where most members invest, is ranked first in the nation over 7, 10, 15 and 20 years². Our strategy to manage a high proportion of investments internally enables us to have some of the lowest fees in the industry.

What putting members first means to us:

- › always acting in members’ best financial interests
- › helping members achieve their best financial position in retirement, across investments, products and services, help and guidance, to the way we recruit and develop our colleagues
- › returning all profits to members and not paying dividends to shareholders, or commissions are paid to recommend the Fund
- › continually improving member offers by having the right mix of products and services to suit members in all stages of their lives.

Products, services and experience

Accounts and options

We offer super and pension accounts as well as Transition to Retirement (TTR) options.

Members can choose from 11 different investment options, from those designed to suit a hands-on investor to someone who’s happy to leave investment decisions to experts.

[› READ MORE](#)

Insurance

Most members receive basic insurance cover with their super account. This provides a basic level of protection if they die or become ill or injured. Members can adjust the type and level of cover at any time.

[› READ MORE](#)

AT A GLANCE AT 30 JUNE 2021

Over 2.4 million
members

More than 364,000
businesses contribute to the Fund

Number 1
for investment performance for the Balanced investment option over 7, 10, 15 and 20 years

40 years
The average age of an AustralianSuper member

\$84,000
The average (mean) AustralianSuper member account balance

\$233bn
Over \$233bn in members’ assets

44%
of assets managed internally

\$110bn
invested in Australian companies and assets

9.67%
Average annual investment return per year since inception in 1985³

1 Willis Towers Watson *Thinking Ahead Institute and Pensions & Investment joint study*, September 2021, AustralianSuper ranked 22nd out of 300 global funds.
2 Super Ratings Fund Crediting Rate Survey, SR50 Balanced (60–76) Index, 30 June 2021.
3 Balanced option returns as at 30 June 2021, since inception in August 1985. Returns from equivalent investment options of the ARF and STA super funds are used in calculating returns for periods that begin before 1 July 2006. The investment returns shown are for the super (accumulation) product. AustralianSuper returns are based on crediting rates. For super (accumulation) products crediting rates are the investment return less investment fees, the percentage-based administration fee (applicable from 1 April 2020) and taxes.

Being there for you

To support a large and diverse membership we have a wide range of communication options including phone, email, letter, chat, messenger and through the AustralianSuper App.

› [READ MORE](#)

A lifetime of help and guidance

Everyone’s journey to and through retirement is unique. We offer a range of help and advice to help all members reach their best financial position in retirement from information, online learning and tools on our website, to education seminars and comprehensive financial advice.

› [READ MORE](#)

Investment and performance

As a large, global investor we invest in a mix of quality assets to grow members’ savings over time. With over 200 investment professionals here and overseas, the Fund is well positioned to continue to deliver long-term growth.

Scale and long-term thinking

AustralianSuper’s membership continues to grow strongly, with over 377,000 new members in the financial year ending 30 June 2021.

The Fund’s size enables us to capture economies of scale that reduce the overall cost of investing and providing services to members. It also allows us unique access to attractive, large scale investment opportunities. Along with a long-term investment horizon, we are able to invest in illiquid assets, which over time enhance the performance of the investment portfolio.

› [READ MORE](#)

Top performance

The Balanced investment option, where most members invest, has delivered sustained top performance.

- › 20.43% over 1 year
- › 9.56% per annum over 3 years
- › 10.44% per annum over 5 years
- › 9.73% per annum over 10 years

AustralianSuper’s Balanced option outperformed the median fund over all periods and ranks number one over 7, 10, 15 and 20 years⁴.

› [READ MORE](#)

Better outcomes

In delivering better outcomes for members, AustralianSuper’s activities also have a positive impact on the industry, the economy and society.

Responsible investing

Investing responsibly means being active on environmental, social and governance (ESG) issues today, so we can deliver strong performance for decades to come. Improved performance on ESG issues in companies and assets is good for members’ investments as well as other stakeholders.

› [READ MORE](#)

Supporting the Australian economy

With over \$110 billion invested in Australian companies and assets, AustralianSuper members are supporting Australia’s economic growth and future prosperity.

Through their super, members invest in: ASX-listed companies, unlisted Australian companies, large infrastructure projects and assets, commercial property assets, Government and corporate bonds and direct loans to Australian companies.

› [READ MORE](#)

4 Based on the AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, periods to 30 June 2021



Go between bridge, Brisbane formerly known as the Hale Street Link, spans the Brisbane River and is part of our joint investment with Transurban in Queensland Motorways.

Our purpose and values

AustralianSuper’s purpose is to help members achieve their best financial position in retirement. As Australia’s largest super fund, we actively grow the super balance of one in 10 working Australians. Importantly, we’re run only for members so we don’t pay profits or dividends to shareholders. Everything we make goes back into the Fund, so members have their best opportunity to live well in retirement.

Our values

At AustralianSuper our values define who we are and how we work. Most importantly, they drive our core purpose – to help members achieve their best financial position in retirement.

Integrity

- › We do what we say
- › We are straight talking
- › We are honest and transparent

Excellent outcomes

- › We make money for members
- › We follow through
- › We deliver more

Generosity of spirit

- › We work together and get results
- › We see the member’s perspective
- › We celebrate wins for members

Energy

- › We are passionate about our purpose
- › We challenge the status quo
- › We are relentless in getting results



Support during the pandemic

Delivering for members

AustralianSuper moved quickly to respond to the early release of super scheme introduced by the Federal Government in response to the global pandemic.

The early release scheme allowed members to withdraw \$10,000 in the financial year ending 30 June 2020 and an additional \$10,000 in the financial year ending 30 June 2021. The scheme continued to 31 December 2020.

Changing the way we communicate with members

Restrictions related to the pandemic led our Education team to evolve the way they communicate with members. The traditional face-to-face method was no longer possible at most times so the team quickly moved to an online delivery method.

This approach continued into this financial year with the Education team conducting 150 livestream

webinars on a range of topics to support members and received more than 4,500 individual views. Fourteen on-demand videos were recorded and made available on the AustralianSuper website and seven short form videos which were aired on the AustralianSuper Facebook page. Combined, the pre-recorded videos were viewed almost 7,000 times.

In three hours before the 2020 Annual Member Meeting, 15 Super Talks were held, with over 2,300 members attending. These presentations were made available to view after the event and received a further 7,000 views.

The Fund’s in-person pre-retirement seminars were briefly recommenced in April 2021, before pandemic restrictions were reimposed, which received more than 900 attendees, plus partners.

Despite restrictions, the Education team delivered more than 43,000 total member interactions throughout the year and the number of people reached through our workplace activity totalled almost 22,000.

Keeping colleagues safe

As the pandemic has continued, the health and wellbeing of our colleagues has been paramount. We continue to adapt our ways of working to ensure colleagues are personally supported and also able to deliver continuity of service to members.

During this financial year, while maintaining services to members, we have:

- › provided support to ensure colleagues’ remote working environments are safe and fit for purpose
- › endorsed the importance of flexible working arrangements including for colleagues caring for dependent family members due to school and childcare closures
- › introduced a confidential support email address for colleagues
- › introduced 15 days’ paid pandemic leave
- › provided two paid mental health and wellbeing days during the extended lockdown
- › introduced new software communications platforms to assist with colleague collaboration and connection

- › offered paid time off during working hours to support colleagues to get vaccinated
- › webinars to support colleagues including ‘Adapting to the new normal’ and ‘Looking after your mental health’
- › ensured colleagues remained aware of the Employee Assistance Program; and communicated and connected regularly, including by People Leaders regularly checking in on colleagues who live alone.

Focus on mental health

A number of resource packs were made available to Leaders to provide structured support to their teams.

In addition, the Fund offered webinars during the period to help colleagues adapt and assist them to excel.

The webinars included:

- › Adapting to the new normal
- › Looking after your mental health.

Key figures for the duration of the program are:

	FY20	FY21	Total
Applications	362,000	294,000	656,000+
Members	361,000	294,000	464,000+
Funds returned to members	\$2,698,000,000	\$2,322,000,000	\$5,020,000,000
Total paid within 5 days	97%	97%	97%

Sustainability and community



Volunteering

Where possible, AustralianSuper colleagues have pivoted to online volunteering during the pandemic to continue to give back to the community.

Juno Consulting

Throughout the year, colleagues from sites around Australia volunteered their time to support long-term unemployed people in preparing for job interviews through Juno Consulting. Colleagues displayed their generosity of spirit by conducting ‘mock’ interviews over video conferencing to increase participants’ interview skills and their comfort with the interview process.

Clean Up Australia Day

In between periods of restriction, a number of the Fund’s Sustainability & Community Group volunteers joined with colleagues to gather landfill and recyclable materials, giving shared areas a clean up and helping to conserve the environment for flora and fauna.



Some of the AustralianSuper team participating in Clean Up Australia Day 2021

Reconciliation

National Reconciliation Week

AustralianSuper’s Reconciliation Action Plan (RAP) Working Group invited all colleagues to connect with Australia’s history and the cultures of Aboriginal and Torres Strait Islander peoples through a number of National Reconciliation Week activities. The activities included a virtual museum tour, sourcing First Nations suppliers and a special livestream event with a presentation from Thomas Mayor, a Torres Strait Islander author and the man who carried the Uluru Statement from the Heart around Australia.

NAIDOC Week

During NAIDOC week, AustralianSuper celebrated the history, culture and achievements of Aboriginal and Torres Strait Islander peoples. Colleagues were invited to a virtual tour of Uluru and Kata Tjuta National Park, a virtual screening and group discussion of the critically acclaimed film In My Blood It Runs and First Nations suppliers were celebrated and shared.

Strategy – Shaping our future together

Overview of 2030 Strategy	18
Planning for the future	19
Supporting members	20
Partnering with Australian employers	23
Insurance	24



Strategy

AustralianSuper is the fund for all Australians.

The Fund’s 2017–2021 Strategy concluded on 30 June 2020 with the Fund achieving all metrics set by the Board and delivering on three key ambitions:

- › Lifting the average balance held by a 55 year-old member from \$118,000 to \$190,000. This metric is a common industry standard.
- › Leveraging our strengths and lifting our capabilities to better understand and meet the needs of members.
- › Differentiating ourselves through a members-first focus, our scale and our pursuit of simplicity.

AustralianSuper’s 2030 Strategy was formally endorsed by the Board on 30 June 2021 and commenced on 1 July 2021.

The 2030 Strategy is centred around delivering on our purpose to help members achieve their best financial position in retirement. To do this, the Fund’s vision is to be Australia’s leading superannuation fund for members.

The 2030 Strategy is based on five pillars: Sustainable Growth, Market Leading Performance, Distinct Member Proposition, Scale Benefits and Trust and Leadership.

The 2030 Strategy is aligned with the Fund’s rolling three year business planning processes and will be monitored through a comprehensive scorecard. From 2021 the Fund Scorecard will include a measurement of the Fund’s Member First Culture, including through the roll out of comprehensive member focussed information and training to ensure the Fund’s member-first approach is embedded across the organisation.

Our 2030 Strategy

Ambition: All Australians live well in retirement				
Purpose: To help members achieve their best financial position in retirement				
2030 Vision: To be Australia’s leading superannuation fund for members				
Strategic pillars:				
Sustainable Growth	Market Leading Performance	Distinct Member Proposition	Scale Benefits	Trust and Leadership
Growth is crucial to the success of any organisation and has been a strategic driver of the Fund for many years. Continuing to grow will enable us to maintain our competitive advantages and leverage them in members’ best financial interests. Growing sustainably means we will grow in a way that doesn’t jeopardise the values of the Fund and ensures we make the right decisions as we continue to deliver for members.	Investment performance is central to achieving our strategic goals, as is ensuring we are a globally mature organisation, underpinned by a high-performing workforce. We will implement investment strategies to maintain our position as a top decile performer versus Australian peers. We also aim to deliver a sustainable model to attract and retain diverse and global talent, grow leadership capabilities and promote an inclusive, safe and enabling work environment.	‘Member offer’ means the products we offer and the services, information, advice, help and guidance we provide to members. With changing member preferences, increasing engagement and access to new and improved digital services, it’s vital that we focus on improving and simplifying our offer and providing a more personalised experience to members to deliver a world-class member proposition.	One of the benefits of being a large and growing fund is the efficiencies and cost savings that can be achieved for members. As part of the 2030 Strategy we will evolve our internal processes and practices and focus on ways to optimise and modernise our business for the benefit of members and colleagues. We will make decisions now with the view to the future, so the Fund can continue to sustainably grow and mature over time.	We will continue to work to earn the trust placed in us by members, through good governance, clear accountabilities and a fully integrated risk management framework underpinning our members-first culture. We will also act as Australia’s leading superannuation fund for members by maintaining a strong brand, supporting the Australian economy, our communities and advocating on behalf of members’ interests.

Planning for the future

Confidently managing our growth requires the Fund to be adaptable and focussed on the future across all areas of our operations. A key focus of our business planning for the next three years to FY24 is to ensure the Fund is building strong foundations to support our next phase of growth, so that we can continue to deliver strong performance for members.

To be Australia's leading superannuation fund for members, now and to 2030, will require the Fund to build on our strengths and capabilities now and invest in establishing a mature global operating model for the future.

An agile approach to planning

Our 2030 Strategy will be achieved over three planning horizons, supported by rolling business plans. This framework means the Fund can continue to be agile in responding to opportunities and challenges as they arise. It also allows us to better forecast and plan around costs, resources and outcomes, so we can continue to serve members' best financial interests.

Evolving operating model

AustralianSuper has experienced significant growth since the Fund was created and in particular over the last five years. This growth is important as we are able to use our size to access better investment opportunities, invest in our capability to provide quality services to you, ensure we have a strong and robust organisation, and keep costs low. Looking to the future, our growth will be global, as well as domestic. For this reason, the Fund is developing a new operating model fit for the future.

During the last year, the Fund grew by 87 colleagues and made a number of appointments to senior leadership roles, enhancing our capabilities.

Investment in technology

To achieve our 2030 Strategy, our Technology Services team are delivering an expansion of critical technology capabilities to support the delivery of world-class products and services to our rapidly growing membership.

Our technology goals are to:

- › ensure that member services are scalable through technology and provide the capability to deliver products at a low cost base

- › provide rapid access to information through a leading data delivery platform that saves time in back-office functions and assists data-driven decisions
- › accelerate the adoption of cloud technology, better enabling innovation and cost avoidance
- › deliver resilient and scalable integration, reducing manual processes and enabling investment decisions
- › enhance digital workplace capabilities to ensure efficient and collaborative ways of working for colleagues with access to scalable People & Culture programs and tools
- › simplify technology and improve the depth of technology capability and function.

Delivering on these goals will ensure the Fund is able to provide you with a higher level of service, at a lower cost.

Harnessing the power of data

Our purpose to help members achieve their best financial position in retirement will be enabled through enhanced data capability. Data helps the Fund deliver enhanced member experiences,

improved products, services and advice, as well as better value for the money we spend in areas such as marketing. Improving our data capabilities will also help the Fund uplift our capability in insights-led decision making, reduce information risk and increase competitive advantage.

A sound approach to risk

A strong and evidence-based risk culture is essential to achieving AustralianSuper's strategic objectives and delivering on our promise to members. The Fund is building a best-practice risk culture that is aligned to our values, reflects regulatory expectations, promotes awareness of risk management practices and fosters ethical decision making.

The Fund operates under an Enterprise Risk management framework (ERmf). The ERmf provides reasonable assurance that each Enterprise Risk to AustralianSuper's business operations is being prudently and soundly managed.



Supporting members



AustralianSuper strives to ensure its products and services meet the changing needs of both members and businesses now and in the future.

The diversity of ages, genders, cultural backgrounds, locations, and jobs of AustralianSuper members – over 2.4 million of them – closely reflect Australian society. This diversity brings a broad range of servicing needs and expectations.

Member services

This year has seen a continued high level of activity as members and businesses turned to the Fund for assistance and confidence.

2030 Service Strategy – Distinct Member Proposition

Our goal is to have a world-class core proposition for members.

Our focus is on an overall proposition that is simple and compelling, driven by strong value-for-money positioning. Targeted propositions will meet the needs of members across segments, with the right level investment choice.

Through digitisation, we will deliver a more personalised experience, as well as better service, help and guidance, so we can work to meet members’ increasing expectations.

Your service expectations are changing

Increasingly, the service expectations of members are being shaped by daily interactions: at supermarkets, with banks, postal services, online shopping, etc.

According to member research, along with feedback, data and comments, members want simple,

easy, convenient and empathetic interactions, plus more help in preparing for retirement.

Another key insight is the importance of value. All of this information has been central to the development of our new services strategy to ensure we continue delivering the best possible experience.

Looking ahead

Over the next four years we’ll roll out a program aimed at further improving our service performance, which will:

- › extend self-service through our website, member portal and mobile app, to ensure members can get what they want quickly, easily and conveniently
- › increase straight-through/automatic processing to better show the status of any requests and reduce waiting times
- › provide better 24/7 help by improving our virtual agent Ash BOT and our website’s features and content
- › more tightly combine our service channels so when members call, we can easily pick up just where we left off

- › offer more proactive help and compassionate guidance during important moments, like times of hardship or in retirement planning.

Super projections calculator

The calculator can help members:

- › work out if they will have enough income for their retirement needs
- › estimate how long their super could last
- › see the difference adding to super now could make to retirement in the long run.

› [USE THE CALCULATOR](#)

AustralianSuper–Monash University Retirement Confidence Index

The RCI, which started in 2017, surveys more than 3,000 Australians each year. It’s the first study to gain an in-depth understanding of how Australians think, feel and behave as they approach or experience retirement.

AustralianSuper has developed a Retirement Tool for members to help them better prepare for retirement, available on our website.

› [READ MORE](#)

Championing members’ interests

Advocating

AustralianSuper advocates for sustainable and equitable public policy in superannuation and financial services. We engage with a wide range of stakeholders and write public submissions to Government and Regulators such as APRA, ASIC and the ATO. We also work with industry associations such as Industry Super Australia, Australian Institute of Superannuation Trustees and the Association of Superannuation Funds of Australia.

Access to super for low earners

Helping to get access to superannuation guarantee payments for workers who earn less than \$450 per month was an important part of our advocacy for part-time and casual workers, who are disproportionately women. AustralianSuper long advocated for this threshold to be removed, which is in effect from 1 July 2022.

Unpaid super

While most employers pay their employees’ superannuation, it is estimated that more than 2.85 million Australians might be missing out on up to \$6bn of their super¹. When we identify instances of unpaid super our goal is to work with the employer to help rectify the situation. Options include offering the employer a repayment plan if they are experiencing short term cash-flow issues or coming to an agreement that payment will be made when an asset is sold.

Responsible investing

We believe investing in companies with good environmental, social and governance (ESG) management provides better long-term returns for members. ESG management is an integral part of our Active Owner Program and is embedded across our investment decision-making framework. This year, for the 6th year in a row, AustralianSuper’s PRI Assessment Report achieved an A+ rating for Overarching Approach to Responsible Investment Strategy and Governance and Listed Equity-Active Ownership.

A+

Overarching Approach to Responsible Investment Strategy and Governance and Listed Equity-Active Ownership.

UN Principles of Responsible Investing 2020

AustralianSuper was also included as a Responsible Investment Leader by the Responsible Investment Association Australasia in its landmark study. This recognises our commitment to responsible investing and attributes as an investment manager. Read more about our ESG program in the Responsible Investment section of this report.

Financial advice members can trust

AustralianSuper is committed to helping members create the future they want. That starts with knowing what options are available, then getting the right financial advice at the right time. Members can access help and advice about super, investment choice, insurance and retirement planning over the phone often at no additional cost, or they can choose to meet face-to-face with a financial adviser for more comprehensive personal financial advice. This year we successfully transitioned all face-to-face appointments to online meetings. All financial advisers who work with AustralianSuper members are guided by a set of principles to put member interests first. The Fund does not pay advisers incentives, bonuses or commissions in any form.

In the year to 30 June 2021 over 19,900 members contacted the Fund for help and advice, an increase of approximately 19% on the previous year, reflecting the continued demand caused by the pandemic. Of these members more than 7,200 received a personalised Statement of Advice helping them towards their financial goals with over 5,400 receiving written general advice guides on retirement options, account consolidation and super health checks. [READ MORE](#)

Access to education services

In addition to financial advice, AustralianSuper members can access a range of member education services – from online interactive webinars through to workplace education. The topics are subject to member preferences and include *How to save more super*, *The value of advice*, *Responsible investing*, *A brighter future for women*, *Taking control of your super*, *Retirement planning*, *Understanding transition to retirement*, *Smart estate planning* and *Cyber security awareness*.

Throughout the year, the Education team produced new presentations via digital channels in the form of pre-recorded videos, Facebook posts and webinars to enable access despite pandemic-related restrictions. More than 43,500 interactions were achieved through these channels. [READ MORE](#)

Aboriginal and Torres Strait Islander members

AustralianSuper is aware that some Aboriginal and Torres Strait Islander members may have different requirements or, in the case of remote communities, less regular access to technology and telecommunications services. To help meet these needs, we have a dedicated line for Aboriginal and Torres Strait Islander members which is answered by specialist colleagues with cultural training. In addition, with CAAMA radio, AustralianSuper produced a seven-episode radio series to increase knowledge of the superannuation system. [LISTEN TO THE RADIO SERIES](#)

1 Industry Super Australia: Super Scandal: Unpaid Super Guarantee 2016–17, 3 May 2019

Risk management

AustralianSuper manages its risks in the best interests of members. The Fund’s best practice approach and well-established processes ensured the Fund was well positioned to deal with the challenging events of the past year. As we look to the future and an increasingly complex and dynamic operating environment, our risk team will continue to evolve, particularly as it relates to an expanding digital economy and the need to ensure member data is secure. For more information, please turn to the section on risk.

Cyber security

Cyber security is a growing issue. Not only does AustralianSuper have a key focus on systems and processes to keep members’ data and information safe, we also provide information on tips and hints so members can do what they can to keep their information secure. [READ MORE](#)

What we invest in

At AustralianSuper we never forget we invest on behalf of members. To help members understand what their super is invested in, we publish a full list of investments twice a year at 30 June and 31 December. The investments are listed by investment option and can be sorted by asset class, name and amount of investment. [READ MORE](#)

The right insurance

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

Affordable insurance

The Fund reviews its insurance annually to ensure the needs of members are met. We aim to:

- › provide default level of cover that meets basic insurance needs without unduly eroding members’ retirement balances
- › work with the insurer to negotiate discounted bulk insurance rates for members
- › ensure members only pay for what it costs to provide their insurance

› enable members to decrease, increase or cancel cover any time so it meets members’ needs.

Improving the claims process

We understand that making an insurance claim can be financially and emotionally challenging for claimants. We aim to:

- › pay all legitimate claims as quickly as possible
- › make it easy and be there to help at every step.

In the 2020/2021 financial year, the Fund paid over \$448 million in insurance claims to members and their families, representing 9,379 claims.

Grief support service

Services include a Grief Support Service. This service helps individuals work through the struggles that are associated with the death of a loved one or a terminal illness diagnosis, through providing up to three counselling sessions free of charge. [READ MORE](#)

Keeping your super safe

Identity theft occurs when your personal information is used to carry out fraudulent activity, like accessing your AustralianSuper online account and attempting a withdrawal.

We have secure measures in place to ensure your super is safe. However, there are additional things you can do to reduce the risk of identity theft on your account:

- › keep up-to-date with your account
- › create a secure password and change it regularly
- › beware of hoax email and phishing
- › beware of unsolicited phone calls and SMS
- › protect your device when browsing online.

If you come across any unusual activity on your super account, please report it to us:

Contact us on **1300 300 273**.

If you have noticed unusual activity that’s not in relation to your AustralianSuper account, you can still report it to SCAMwatch, run by the Australian Competition & Consumer Commission (ACCC).

Partnering with Australian employers

AustralianSuper partners with 364,000 businesses across a diverse range of industries, from small and local to medium and large enterprises. We have relationship managers across Victoria, New South Wales, Queensland, Northern Territory, Western Australia and South Australia to provide a personalised point of contact for employer partners and support in the development and implementation of an engagement plan to suit businesses and their employees.

Business Portal

Our Business Portal allows employers to access a number of features to make life easier, including self-service creation of new accounts for employees, with instant new number allocation; the ability to view contributions to individuals as well as by company; and the exporting of records and reports for business use and analysis. A number of improvements were made

throughout the year, including improvements to search functions for member and transaction data. In the year to 30 June 2021, creation of new members in the portal rose by 43% on the previous year, while businesses registered increased by 45%.

A super partner

Throughout the year, AustralianSuper relationship managers conducted more than 1,500 virtual and face-to-face appointments with employer partners.

The Fund also offers employer partners access to our in-house publication Super Business, which provides access to important advice, tips and updates. The publication is emailed to employer partners quarterly and has more than 128,000 recipients registered.

Helping employers navigate the system

AustralianSuper helps employers navigate changes to the superannuation system, including the introduction of stapling from 1 November 2021.

To help employer partners the Fund has:

- › updated the employer landing page to include details of the legislation changes as they come to hand so that we can do our best to ensure that employers understand their obligations and remain compliant
- › provided written advice on stapling
- › provided direct professional support by participating in employer induction programs (face-to-face and digital) and young professional programs
- › created onboarding videos for employers on why their employees should consider AustralianSuper as their superannuation fund of choice, to be available in mid-October

- › prepared for live ‘Preparing for stapling’ webinars, available over six sessions in October, to allow the opportunity to ask questions and receive answers in real time.
- › developing tool kits for employers with tips, advice and frequently asked questions on things they need to consider to fulfil their obligations.

[› READ MORE](#)

Supporting employee engagement with superannuation

In the year to 30 June 2021, our relationship managers created 752 opportunities for the AustralianSuper Education Team to support employee access to a wide range of learning resources to help them learn about super and get the most out of retirement through to guidance in making better superannuation and financial choices. More than 21,000 people were reached through the Fund’s workplace activities in the period.

Self-serve access to advice is also available – employees can engage and learn online with our superannuation industry experts through interactive webinars, use projection tools and calculators and access financial advice over the phone or face-to-face.

[› READ MORE](#)

Helping businesses support their employees transition to retirement

We have a range of tools and support available to help businesses better support their older workers as they reach retirement. Webinars, online tools and over-the-phone support are just some ways we help businesses help their employees with planning their retirement.

In addition to our own resources, AustralianSuper has collaborated with organisational psychologists, public transport companies, peak industry bodies and unions on the Ageing Workforce Ready project developing initiatives to engage and support older workers.

[› READ MORE](#)

KEY HIGHLIGHTS

364,000
employer partners

Relationship managers

across Victoria, New South Wales, Queensland, Northern Territory, Western Australia and South Australia

21,000+
employees engaged through workplace activity

1,500+
employer partner appointments held

¹ Based on the AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, periods to 30 June 2021

Insurance – giving you the confidence you need

AustralianSuper provides most members with basic insurance cover with their super account. This cover provides a basic level of protection if you die or become ill or injured.

Member education on insurance

AustralianSuper continues to improve member education on insurance in superannuation. The Fund hosted over 649 presentations in the past year which covered a range of insurance topics. These included choosing the right insurance and the right level of cover for your needs; basics of insurance and costs; how to claim on your insurance; automatic acceptance levels; work ratings; how to change your insurance and the impact of new legislation.

Return to work and wellness support

Income Protection claims

We believe the best outcome for Income Protection claimants is to return to meaningful work. Work that’s a source of productive engagement, economic stability and personal interaction.

Returning to work not only allows members to get back to earning a regular income, but it’s also the best outcome for the claimant in terms of psychological wellbeing, self-esteem and longer-term health benefits. This has been demonstrated through research.¹

The Fund’s approach is to fully embed our rehabilitation program for Income Protection claims. This means all Income Protection claims are now reviewed at the start of the claim to identify suitability for rehabilitation support.

This year, the Fund assisted 2,881 members in lodging claims with return to work support. There were 1,197 Income Protection claimants who returned to work this year on a partial or full-time basis, who had lodged claims this year and in the previous financial year.

Total & Permanent Disablement (TPD) claims

The AustralianSuper approach to TPD claimants is to focus on returning to good health. Members who are permanently disabled are unlikely to be in a position where they can return to work, which is why the focus is on returning to good health instead. This initiative leverages community

organisations and support groups to assist members.

Cost of insurance

As a result of its annual review of insurance pricing, AustralianSuper made changes to the cost of insurance. Over the past year, there have been fewer Death claims made by members with Blue Collar and Professional individual work ratings, so we were able to reduce the cost of Death cover for members with these work ratings. Economic conditions, along with an increase in claims for TPD and Income Protection cover (and Death cover for members with a White Collar work rating) means the costs for these types of cover needed to go up. Overall, while the cost of insurance rose slightly, almost half of members experienced a decrease in cost.

AustralianSuper makes no profit from providing insurance to members. This is one of the most cost-effective ways for members to access the benefits of insurance. From 29 May 2021, the cost for Industry Division members has risen by an average of 3.2% across death, TPD and default Income Protection, and for Public Sector Division members by 0.4%.

AustralianSuper has also renamed work ratings. Standard became Blue Collar and Low Risk became White Collar to reflect members’ understanding of the meanings of these work ratings. The change makes it easier for members to understand and access insurance that is best for them.

AustralianSuper’s insurer, TAL, has among the highest claims admittance rates, the quickest approval times and the lowest dispute rates in the industry for the year to December 2020, based on the ASIC Moneysmart claims comparison tool.

Compliance with Voluntary Code of Practice

AustralianSuper became fully compliant with the Insurance in Superannuation Voluntary Code of Practice (the Code) from 1 July 2021. The Code Owners – Association of Superannuation Funds of Australia (ASFA), Australian Institute of Superannuation Trustees (AIST) and the Financial Services Council (FSC) – have subsequently replaced the Code with more detailed guidance that will assist consumers in the areas of claims handling and vulnerable consumers). The Fund continues to comply with the Code and is assessing the detailed guidance.

¹ Waddell, G. and Burton, A.K., 2006. Is work good for your health and well-being? The Stationery Office.



Investments – Historic returns
for members

Message from the Investment Committee Chair, Jim Craig	26
Message from the Chief Investment Officer, Mark Delaney	28
Investment option performance	30
Responsible investment	32



Pursuing global excellence



“AustralianSuper continues to deliver strong long-term investment returns, with our flagship Balanced option again ranked the best performing fund over 7, 10, 15 and 20 years.¹”

Jim Craig
Chair, Investment Committee

The foundations of our strong long-term performance

The foundations for the Fund’s continued strong long-term performance were laid several years ago, when, guided by our investment beliefs and objectives, we made a number of important strategic decisions. First, to actively grow the Fund to extract the benefits of scale in investing; secondly, to pursue investment strategies that leverage our long-term investment horizon; and thirdly, to build an internal investment capability that enables us to invest at lower cost, access high quality investment opportunities and make more informed and timely investment decisions.

As investment markets continue to evolve, and competition for attractive investment opportunities intensifies, we are continuing to build on these strong foundations, leveraging our size, long-term investment horizon and growing internal investment capability to increase our investments in private markets. We believe this will be critical to delivering sustainable long-term investment returns for members in the years ahead.

Reaping the benefits of our internal investment capability

Members continue to benefit from the ongoing internalisation of our investment program. As the portfolio grows, and the proportion of the portfolio managed internally increases, members are not only benefiting through lower investment costs, but also from greater alignment to our long-term investment horizon, enhanced portfolio oversight and better access to investment opportunities.

Since we commenced investing internally in 2013, our portfolio has grown from \$65 billion to \$233 billion, and 44% of member assets are now managed directly by our internal investing teams. We expect this to grow to over 60% over the medium term.

In FY21 alone, the Fund saved over \$200 million from its internalisation strategy – money that, as a profit-for-member fund, went directly to members.

External managers will continue to play an important role in helping us implement our investment strategy, including where it’s more cost effective, or where a manager has a specialised strategy or operates in a sector or geography that we like but do not have the expertise or scale to manage internally.

Growing investments in private markets

Analysis of globally elite pension funds confirms that higher allocations to private markets contribute to higher long-term investment returns. This is because investing in private market assets attracts a return premium for investors that can commit large amounts of capital to invest in assets that are traded relatively infrequently and typically require specialist skills to invest in. These types of assets include unlisted infrastructure, property, private equity and private credit.

We currently invest in these asset classes through both funds operated by specialist investment managers, and increasingly as direct investors, where our in-house investment teams are able to leverage our

growing global networks to source and transact on new investment opportunities alongside preferred investment partners.

This execution capability, along with our track record as a responsible investor and asset owner, is contributing to our growing reputation in global investment markets. As a long-term investor, we are focussed on identifying like-minded partners with a long-term focus and aligned approach to integration of environmental, social and governance (ESG) factors.

Pleasingly, we have made a number of large-scale, direct investments into private market assets over the last 12 months, including:

- › In July 2020 we acquired a 25% interest in Peel Ports, the second largest port terminal operator in the United Kingdom.
- › In November 2020 we invested approximately \$1.4 billion to acquire a 25% interest in Transurban Chesapeake, a network of North America toll roads and development projects operated by our existing Australian toll road partner Transurban.

Building a global investment platform

To source the best investments for members, we need to access global investment opportunities. To do this efficiently, we are growing our global investment capabilities by expanding our on-the-ground-presence in key global markets, such as London and New York. In these markets our specialist resources will focus on building relationships, originating new investment opportunities and transacting on and overseeing our investments.

This strategy has already been highly successful in London, where we now have 32 colleagues. We will continue to actively grow this team as our private market investment activity in the UK and European markets accelerates. The same strategy is planned for New York, which is now scheduled to open in the latter half of 2021, after delays in 2020 due to COVID-19, and will be an important pillar in our growing private markets investment program.

¹ SuperRatings as at 30 June 2021.

Investing in Australia

In Australia, we continue to invest in companies and assets that are focussed on creating long-term value for members. These investments directly benefit members through the returns they generate, and also through their contribution to the local economies and communities in which they operate.

Over the last 12 months we have completed the internalisation of our Australian equities' portfolio, and now have over \$53 billion invested in Australian companies. We have also transitioned to a more concentrated active Australian equities portfolio strategy. This has enabled the team to build a deeper understanding of companies in the portfolio and engage with Boards and management on what we see as the drivers of long-term value. We believe that our targeted, long-term capital partnering approach will deliver better outcomes for both companies and members. With a long-term partner, portfolio companies can execute their strategies with greater confidence and focus on long-term value

creation, which should in turn deliver better long-term investment outcomes for members.

Since the onset of COVID, we have actively engaged with our Australian portfolio companies to understand how they are navigating the impacts of the pandemic on their businesses and support them as they manage these impacts and prepare their businesses for future growth.

During the pandemic we have supported over 50 Australian companies by investing over \$1 billion in new capital raisings.²

This has included investments in large Australian household names as well as high quality businesses in the retail, mining and technology sectors. We've also continued to support emerging Australian companies, by expanding our micro-cap portfolio. This strategy is focussed on identifying and investing early in companies that will benefit from

access to our capital to help them grow and scale their businesses to deliver attractive investment returns over the longer term.

ESG as a driver of value creation

Integrating ESG factors into our investment decision making and advocating for improved ESG outcomes have been a cornerstone of our investment approach for several years.

As one of the 25 largest pension funds in the world, our size and influence enable us to join global conversations and initiatives that are bringing about meaningful change in how governments, companies and communities address economic and social challenges that will impact long-term investment performance.

In November 2020, the Fund committed to achieve net zero carbon emissions for the investment portfolio by 2050. Consistent with our comprehensive advocacy efforts on climate change to date, this important step further demonstrates our commitment to driving action on climate change in the assets and

companies in which we invest. I encourage you to turn to the ESG section of this report to view the important initiatives we are undertaking as we map out our pathway to net zero 2050.

Staying focussed on the long term

Strong long-term investment performance is not about timing the market. It is about selecting the right mix of investments for the portfolio and then investing in assets and companies that have the characteristics to create long-term value. The enduring feature underpinning our investment performance has been our ability to plan strategically and exercise discipline to remain focussed on the longer term. This has enabled us to look through short-term volatility (which will always be a feature of investment markets) and invest in high quality assets and companies that deliver strong returns over the life of the investment.

Over a lifetime of investing, it is normal to experience a number of investment cycles and see periods of market volatility.

Whilst concerning at the time, the most recent downturn and recovery has demonstrated the benefits of staying invested and the importance of remaining focussed on long-term investment objectives.

For example, investors that responded to the short-term volatility triggered by COVID-19 and switched to more conservative investment strategies missed out on the subsequent rapid recovery in investment markets. As you can see from the examples in the Chief Investment Officer's update on the following pages, switching to the Cash option at the trough of the market downturn would have had a significant negative impact on members' retirement balances.

As always, we encourage members to remain focussed on their retirement saving goals and stay invested to experience the benefits of remaining invested for the long term.

2 From March 2020 to June 2021.

Investment perspectives



“We know that AustralianSuper members have faced many challenges in the past 12 months so it’s pleasing to be able to support their future financial security with a record return on their retirement savings in the last financial year.”

Mark Delaney
Deputy Chief Executive
and Chief Financial Officer

Investment option performance

It has been an extraordinary year for returns for our members with the Balanced option achieving outstanding performance of 20.43%¹. This is the highest financial year return in the Balanced option’s 35-year history, a remarkable outcome in a year defined by the COVID pandemic. Demonstrating the strong returns achieved over the longer term, the 15-year return is 7.49%¹ pa, a spectacular result to mark the anniversary of the formation of AustralianSuper. A member who invested \$50,000 in our Balanced option 15 years ago would now have over \$147,000² in their AustralianSuper account. All of the other PreMixed investment options delivered very strong one-year returns with High Growth delivering the highest return of 24.35%, followed by Socially Aware and Indexed Diversified which returned 19.37% and 17.89%¹, respectively. Conservative Balanced and Stable, our more defensive options, delivered solid returns of 14.18% and 8.33% respectively¹.

Delivering a leading investment performance is central to our purpose of helping members achieve their best financial position in retirement. In this mission, AustralianSuper continues to be a top performing Fund, with the Balanced option ranking number one over 7, 10, 15 and 20 years to 30 June 2021, outperforming the median option over these time periods.³

Year in review

Investment markets experienced an extremely strong bounce back from the impacts of COVID-19, driven by the extraordinary fiscal and monetary stimulus used to support the economy through the pandemic. In November 2020, the announcement of successful vaccine trials prompted further strength in investment markets. The stimulus and rollout of the vaccine continued the share market rally in the second half of the year, helping to generate the phenomenal 20.43% returns reflected in the Balanced option.

The past year has demonstrated the benefits of maintaining an investment strategy to meet long-term objectives. During the market downturn in early 2020, some members were concerned about losing the capital value of their savings and switched to cash. Members who switched and then stayed in cash over the last financial year would be more than 20% worse off as our Cash option returned 0.15% for the financial year compared to Balanced option’s return of 20.43%.¹ This means that a member with \$100,000 invested a year ago would have about \$20,000 less in their account if invested in the Cash option compared to the Balanced option. The account balances of \$100,000 and \$120,000 invested today could potentially result in an account balance of around \$260,000 and \$322,000 respectively in 40 years using an assumption of moderate returns.⁴ A \$20,000 increase in the starting investment could result in a \$62,000 difference in your retirement outcome.

Performance highlights

The key driver of performance for the Balanced option was our focus on assets expected to deliver high growth, specifically with larger investment in listed shares and private equity, and less investment in assets more likely to be stable (defensive assets). Pleasingly, while the performance of our Australian and international shares portfolios contributed strongly, the drivers of performance were broad coming from most areas of the portfolio.

› Our Australian and international shares portfolios both returned over 27%,¹ exceeding their benchmarks for the year. The shares portfolio invests in securities that are expected to benefit from the ongoing opportunities arising from the economic recovery.

- › Driven by strong value creation and market conditions encouraging growth, our private equity portfolio returned over 40%¹ for the financial year.
- › Infrastructure assets have recovered over the year with toll roads responding positively to the reopening of economies and ports benefiting from changing consumer spending habits, which has increased demand for imported goods.
- › Returns of the property portfolio were tempered by the effects of the pandemic on retail and office properties.
- › Credit assets performed well over the financial year as yield spreads compressed on the back of improving economic conditions resulting in lowering corporate borrowing costs.
- › The fixed interest portfolio added value during the period by exceeding its benchmarks through active management of duration and sector positions.

¹ Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.
² Based on crediting rate returns over 15 years and isn’t adjusted for administration, insurance and other fees and costs that are deducted from account balances.
³ SuperRatings Fund Crediting Rate Survey 30 June 2021.

⁴ The figures are adjusted for inflation, fees and insurance premiums and use our super projection calculator to compare the difference between how decisions that that you make today can impact your retirement savings.
australiansuper.com/tools-and-advice/calculators/super-projection-calculator

Outlook and portfolio positioning

The reopening of economies as vaccination rates increase and pandemic restrictions ease is providing support for our view that improving economic conditions will continue in the near term. This is reinforced by the expected continuation of fiscal and economic stimulus which is also providing support for growth assets.

We review the investment strategy for each option annually to ensure that it reflects our economic and market outlook. As a result, asset classes are currently allocated in the portfolio to benefit from a continued global recovery. While shares should still deliver solid returns, we are now preparing for economic support to begin to subside as the economic cycle matures. We see favourable return premiums from unlisted assets, particularly private equity and infrastructure, leading to higher allocations to these asset classes.

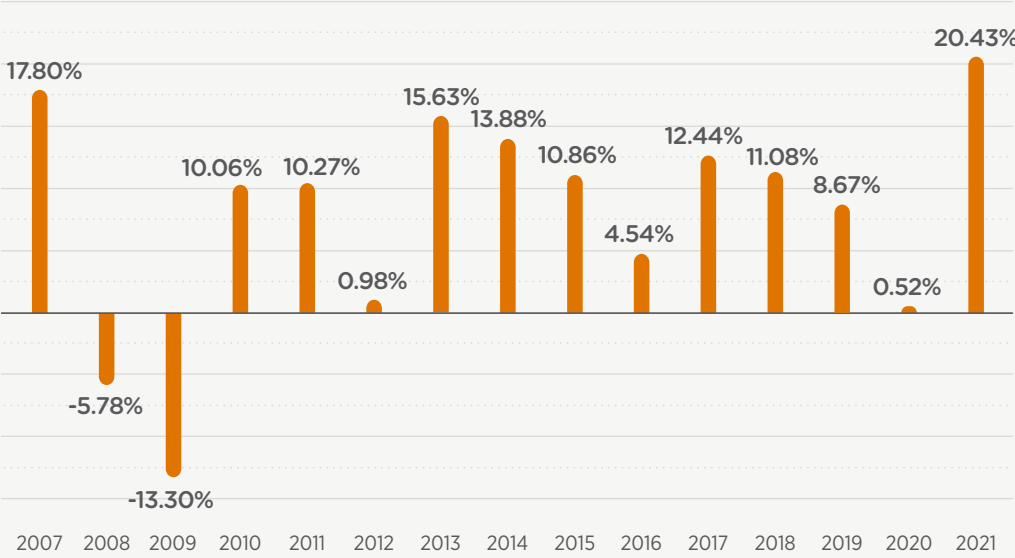
A lower direct property allocation is due to the challenges that the sector faces and lower expected returns. The portfolio holds a lower weight to fixed interest due to expectations of rising interest rates based on recovering economic conditions. Cash provides liquidity to meet member cashflow needs as well as enabling new investment opportunities across the portfolio.

Looking to the future

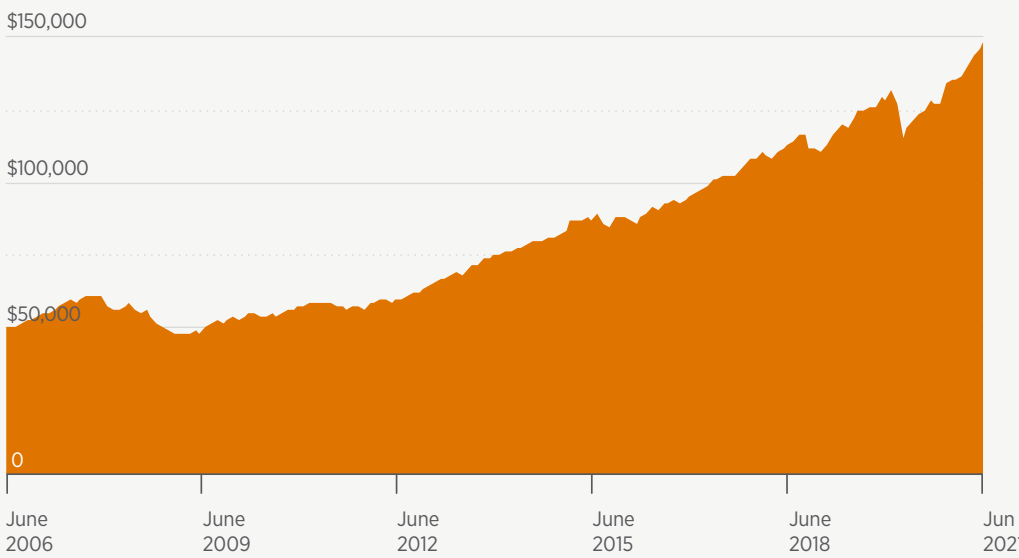
While the Balanced option has delivered extremely strong performance this year, it is important to note that such years are rare. Since its inception over 35 years ago,¹ the Balanced option has only had eight financial years with performance greater than 15%. While we celebrate this year’s returns, it is worth noting that the next five years are unlikely to be as good and we expect more moderate returns in the medium to longer term.

As a patient investor, we take a long-term view – staying invested in growth assets as we move through market cycles. We are also continuing to build out investments in private markets and enhance our investment capabilities to achieve our long-term investment objectives for members.

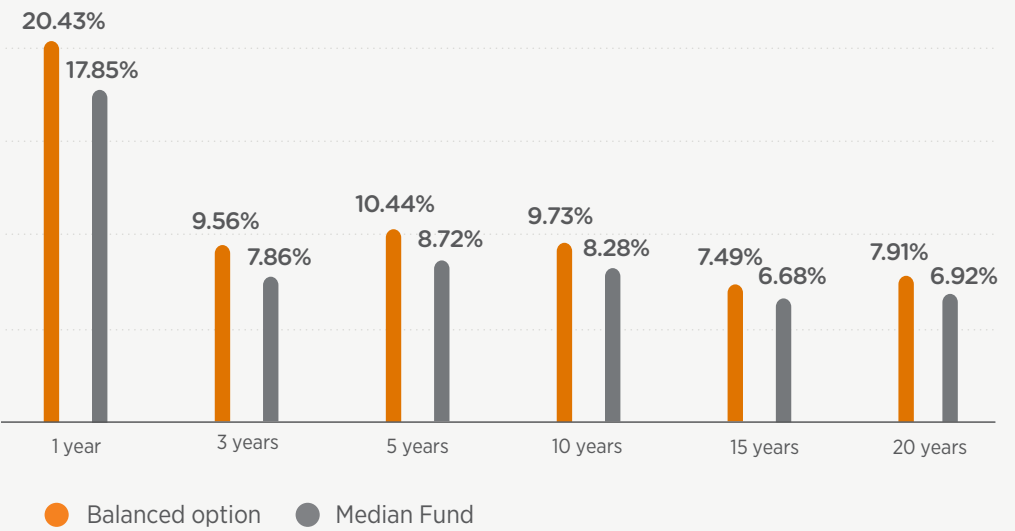
Balanced option
Financial year returns



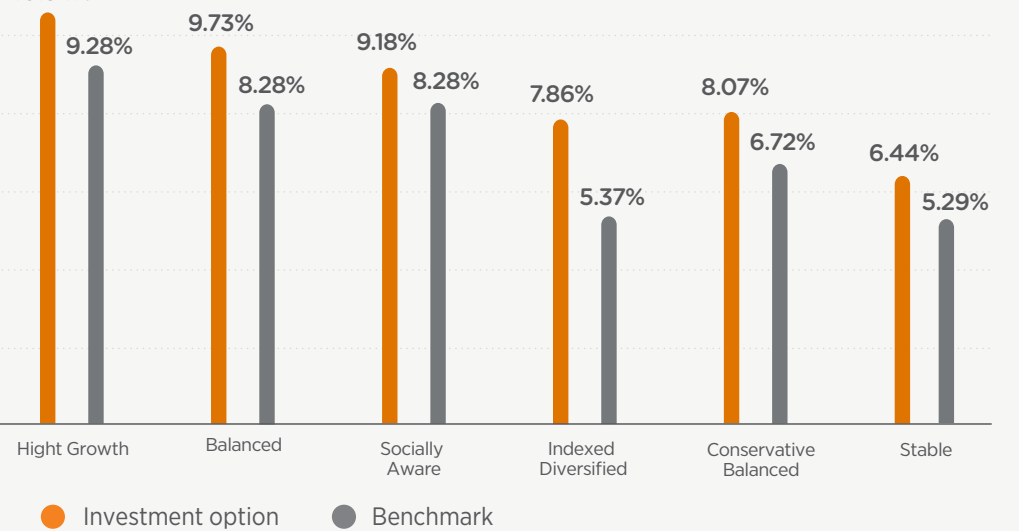
Balanced option
Growth of \$50k over 15 years



Balanced option
Returns to 30 June 2021



PreMixed options
10 year pa returns to 30 June 2021



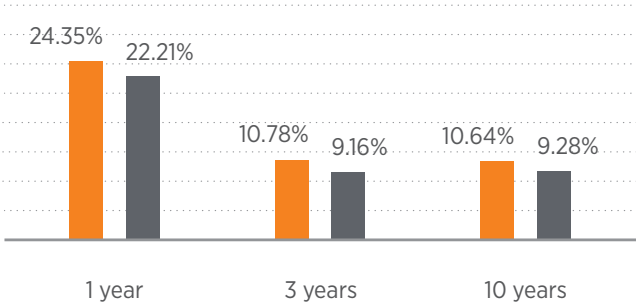
¹ Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

Investment option performance

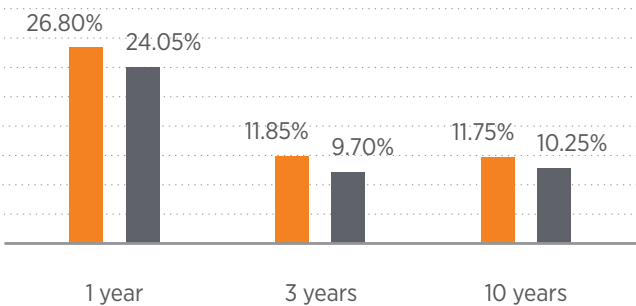
Performance and asset allocations as at 30 June 2021

High Growth

Superannuation returns pa



Retirement returns pa



AustralianSuper Benchmark

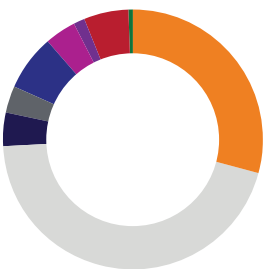
Investment objective

- › To beat CPI by more than 4.5% pa over the medium to longer term
- › To beat the median growth fund over the medium to longer term

Minimum investment timeframe

At least 12 years

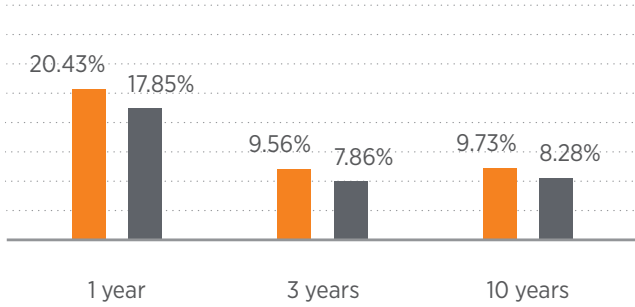
Asset allocation as at 30 June 2021



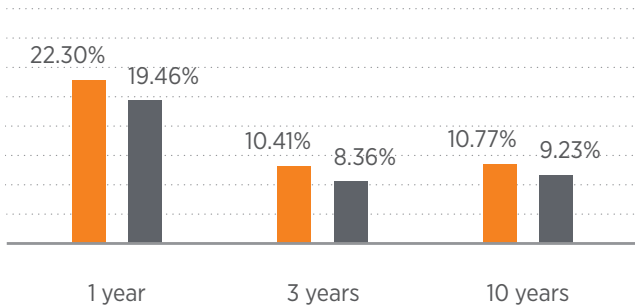
- Australian shares 29.4%
- International shares 44.9%
- Private equity 4.3%
- Listed property 0%
- Direct property 3.3%
- Infrastructure 6.8%
- Credit 3.8%
- Fixed interest 1.5%
- Cash 5.5%
- Other assets 0.5%

Balanced

Superannuation returns pa



Retirement returns pa



AustralianSuper Benchmark

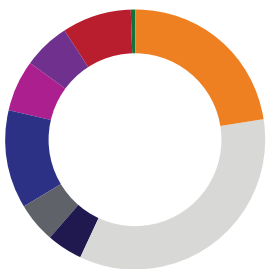
Investment objective

- › To beat CPI by more than 4% pa over the medium to longer term
- › To beat the median balanced fund over the medium to longer term

Minimum investment timeframe

At least 10 years

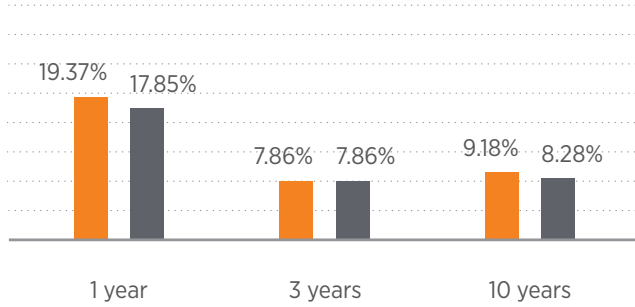
Asset allocation as at 30 June 2021



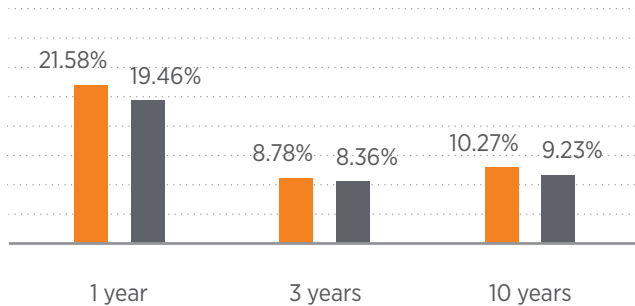
- Australian shares 22.6%
- International shares 34.5%
- Private equity 4.3%
- Listed property 0%
- Direct property 5.1%
- Infrastructure 12.0%
- Credit 6.5%
- Fixed interest 5.9%
- Cash 8.5%
- Other assets 0.5%

Socially Aware

Superannuation returns pa



Retirement returns pa



AustralianSuper Benchmark

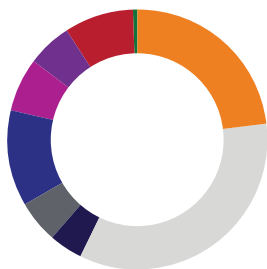
Investment objective

- › To beat CPI by more than 4% pa over the medium to longer term
- › To beat the median balanced fund over the medium to longer term

Minimum investment timeframe

At least 10 years

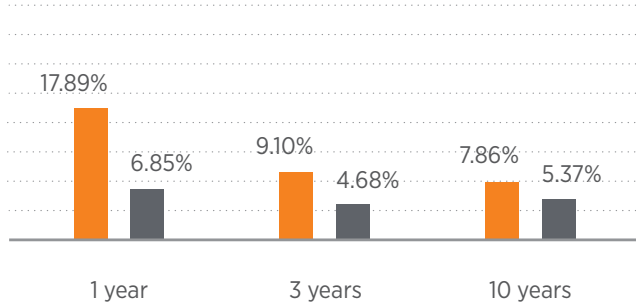
Asset allocation as at 30 June 2021



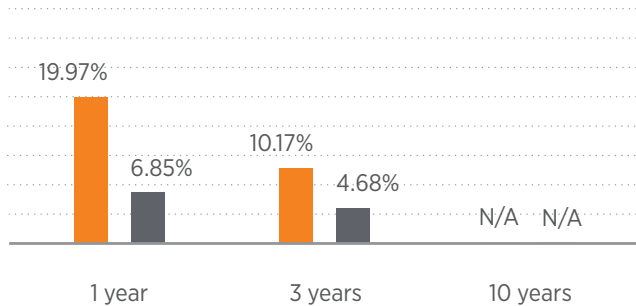
- Australian shares 23.1%
- International shares 34.2%
- Private equity 4.2%
- Listed property 0%
- Direct property 5.3%
- Infrastructure 12.0%
- Credit 6.5%
- Fixed interest 5.8%
- Cash 8.4%
- Other assets 0.5%

Indexed Diversified

Superannuation returns pa



Retirement returns pa



AustralianSuper Benchmark

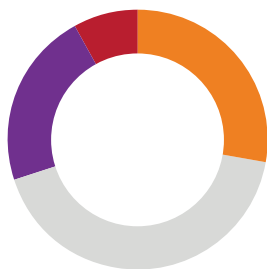
Investment objective

- › To achieve a return of CPI + 3% pa over the medium to longer term

Minimum investment timeframe

At least 10 years

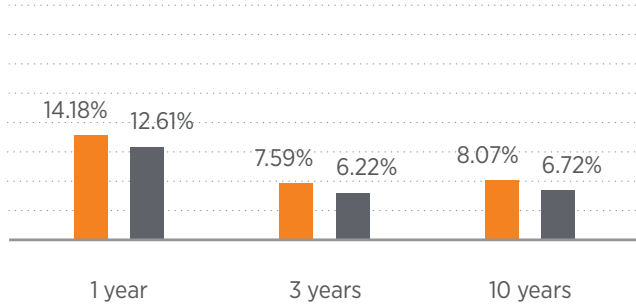
Asset allocation as at 30 June 2021



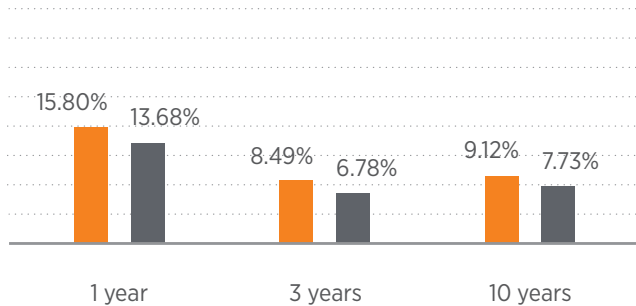
- Australian shares 27.9%
- International shares 42.2%
- Listed property 0%
- Fixed interest 22.0%
- Cash 7.9%

Conservative Balanced

Superannuation returns pa



Retirement returns pa



AustralianSuper Benchmark

Investment objective

- › To beat CPI by more than 2.5% pa over the medium term
- › To beat the median conservative balanced fund over the medium term

Minimum investment timeframe

At least 7 years

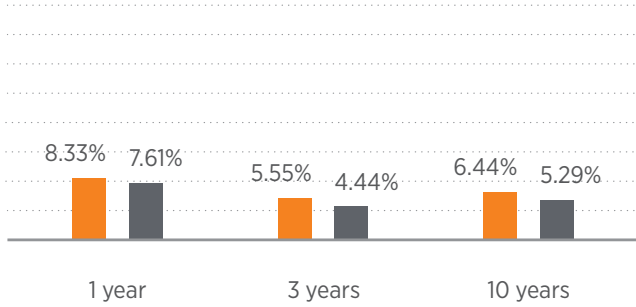
Asset allocation as at 30 June 2021



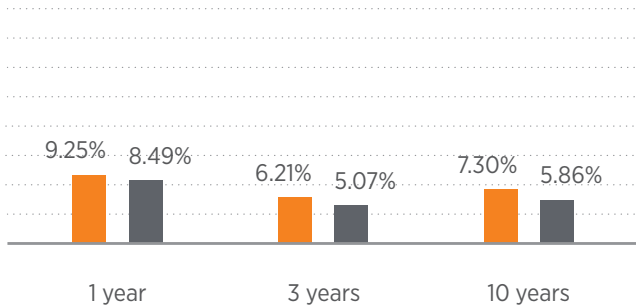
- Australian shares 15.7%
- International shares 23.9%
- Private equity 4.1%
- Listed property 0%
- Direct property 4.4%
- Infrastructure 9.7%
- Credit 7.0%
- Fixed interest 21.1%
- Cash 14.0%
- Other assets 0%

Stable

Superannuation returns pa



Retirement returns pa



AustralianSuper Benchmark

Investment objective

- › To beat CPI by more than 1.5% pa over the medium term
- › To beat the median capital stable fund over the medium term

Minimum investment timeframe

At least 5 years

Asset allocation as at 30 June 2021



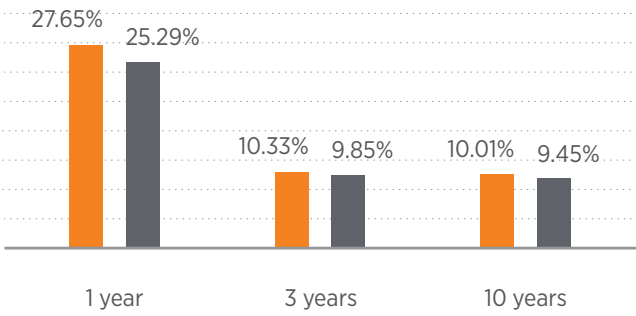
- Australian shares 8.5%
- International shares 12.9%
- Private equity 1.2%
- Listed property 0%
- Direct property 5.4%
- Infrastructure 10.8%
- Credit 7.1%
- Fixed interest 27.5%
- Cash 26.7%
- Other assets 0%

Investment option performance

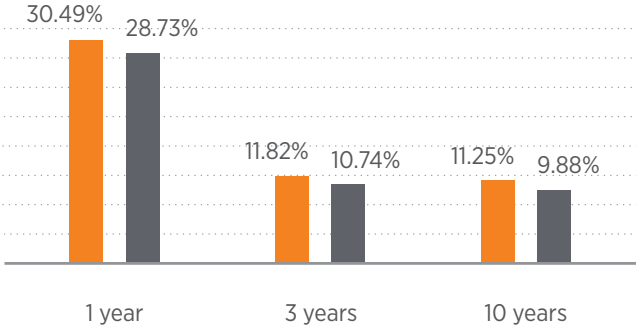
Performance and asset allocations as at 30 June 2021

Australian Shares

Superannuation returns pa



Retirement returns pa



● AustralianSuper ● Benchmark

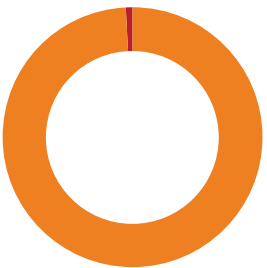
Investment objective

› To beat the S&P/ASX200 Accumulation Index¹ over the medium to longer term²

Minimum investment timeframe

At least 12 years

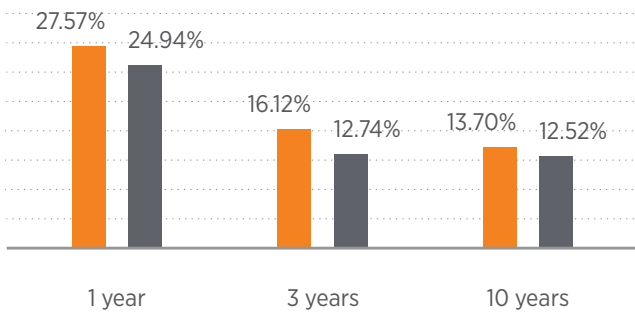
Asset allocation as at 30 June 2021



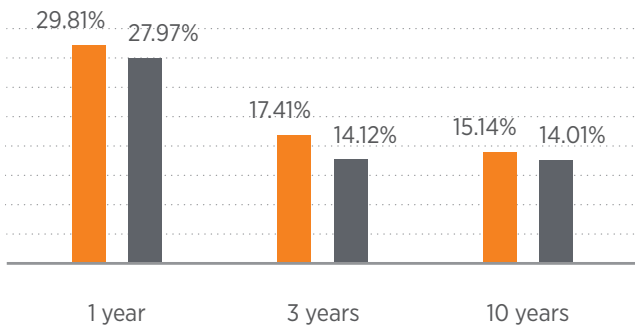
● Australian shares 99.3%
● Cash 0.7%

International Shares

Superannuation returns pa



Retirement returns pa



● AustralianSuper ● Benchmark

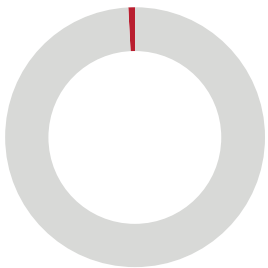
Investment objective

› To beat the MSCI All Country World ex Australia Index (unhedged) over the medium to long term¹

Minimum investment timeframe

At least 12 years

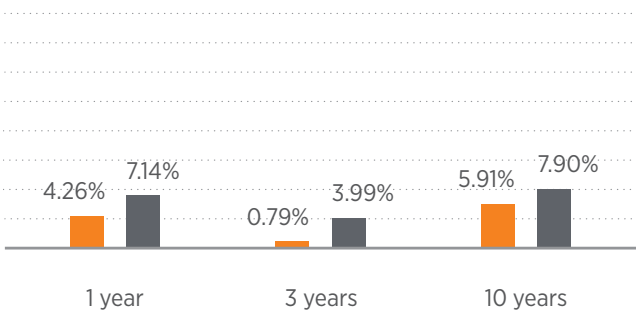
Asset allocation as at 30 June 2021



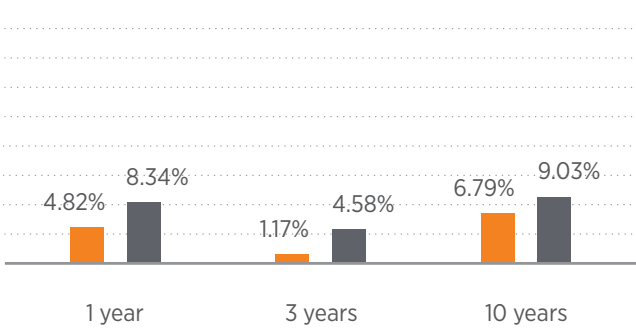
● International shares 99.3%
● Cash 0.7%

Property

Superannuation returns pa



Retirement returns pa



● AustralianSuper ● Benchmark

Investment objective

› To beat CPI by more than 3% pa and a composite of Australian and International Property Indices³ over the medium term

Minimum investment timeframe

At least 5 years

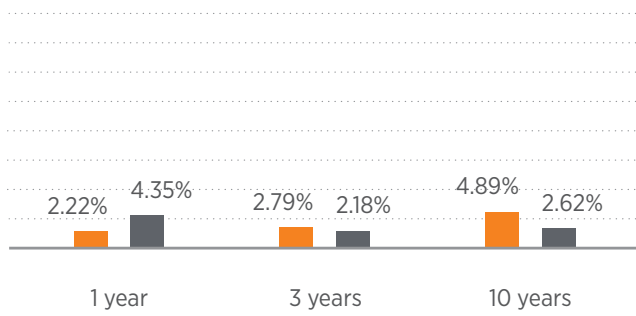
Asset allocation as at 30 June 2021



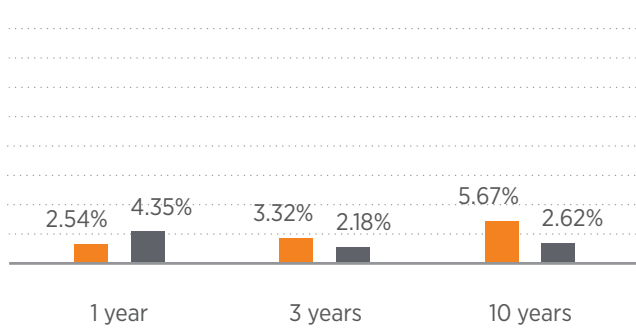
● Listed property 0%
● Direct Property 95%
● Cash 5%

Diversified Fixed Interest

Superannuation returns pa



Retirement returns pa



● AustralianSuper ● Benchmark

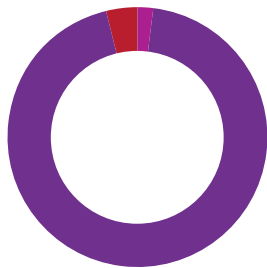
Investment objective

› To beat a composite of Australian and International Fixed Interest Indices over the short to medium term^{1,4}

Minimum investment timeframe

At least 3 years

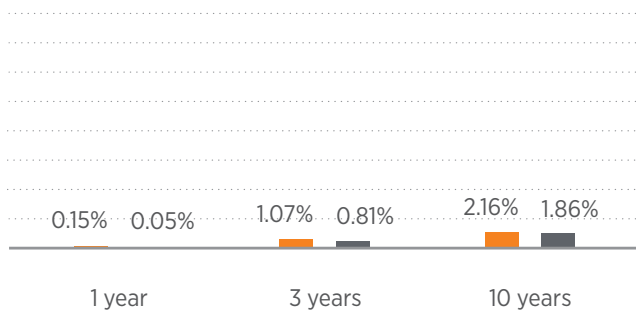
Asset allocation as at 30 June 2021



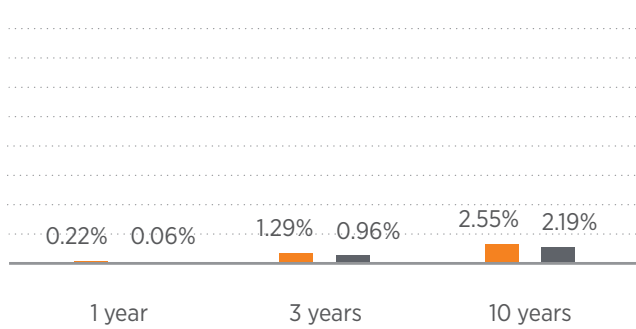
● Credit 2%
● Fixed Interest 94.3%
● Cash 3.7%

Cash

Superannuation returns pa



Retirement returns pa



● AustralianSuper ● Benchmark

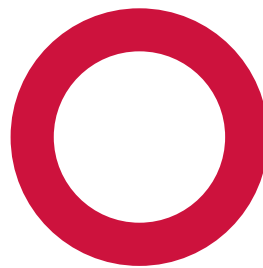
Investment objective

› To beat the return of the Bloomberg AusBond Bank Bill Index over one year¹

Minimum investment timeframe

At least 1 year

Asset allocation as at 30 June 2021



● Cash 100%

¹ Index level returns, adjusted for implied superannuation tax (where applicable).

² S&P/ASX 200 Accumulation Index since 1 July 2020, prior S&P/ASX 300 Accumulation Index.

³ Composite consists of 60% MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index, 20% MSCI/AREF UK Quarterly Property Fund Index hedged to AUD and 20% NCREIF Fund Index — Open End Diversified Core Equity hedged to AUD. Hedging is performed by AustralianSuper.

⁴ The composite consists of 50% Bloomberg Global Aggregate 1-5 Year Total Return Index hedged to AUD and 50% Bloomberg AusBond Composite 0-5 Year Index, prior to 1 October 2021 CPI + 0.5% pa, prior to 1 July 2015 CPI + 1% pa, prior to 1 July 2013 CPI + 1-2% pa.

Responsible investment

AustralianSuper believes well governed investments with good environmental, social and governance (ESG) management delivers better long-term returns for members.

We believe that by stewarding our capital and using our influence, we can deliver superior long-term returns for members, while having a positive impact on ESG issues globally.

Our ESG & Stewardship program encompasses three pillars:



Integration

Assessing and integrating ESG risks and value drivers when choosing and managing investments.



Stewardship

Exercising our rights and responsibilities as a shareholder to influence and improve ESG practices in companies which drive long-term value.



Choice

Considering members' values in the investment choices we offer.

AustralianSuper is globally recognised as a leader in responsible investment with an A+ rating on its Overarching Approach to Responsible Investment Strategy and Governance and Listed Equity-Active Ownership by the UN's Principles for Responsible Investment (PRI). We're also recognised as a Responsible Investment Leader by the Responsible Investment Association Australasia (RIAA) across both the super fund and asset manager studies.

Net Zero 2050

During FY21, AustralianSuper made a commitment to achieve net zero carbon emissions in the investment portfolio by 2050. This commitment builds on the actions we are already taking to manage climate related risks and opportunities in our portfolio and is consistent with our objective of helping members achieve their best financial position in retirement.

Our emissions target aligns to the international scientific consensus of reductions required to meet the goals of the Paris Agreement as outlined by the Intergovernmental Panel on Climate Change (IPCC). We believe meeting the Paris Agreement goals will result in the lowest economic cost climate change outcome, thereby supporting our investment objective.

AustralianSuper is implementing a comprehensive net zero transition program across its investment, stewardship, measurement and reporting, and collaboration and advocacy activities to reduce emissions in the portfolio.

AustralianSuper is undertaking extensive analysis to understand the emissions profile in both the economy and our portfolios and their expected trajectory to net zero 2050. We have been measuring the carbon footprint of our listed equities portfolio since 2013, and of our fixed interest portfolio since 2018. Work is currently being undertaken to measure and report the carbon intensity for our property and infrastructure portfolios and establish a total portfolio view. By identifying the largest emissions contributors in our portfolios, we can focus our actions so that we have greater influence on climate change outcomes.

AustralianSuper undertakes targeted and comprehensive direct company engagement to actively manage the risks and opportunities of climate change. We engage individually and also as part of Climate Action 100+ (CA100+) in which AustralianSuper was a co-founder. When we engage with companies, we seek an articulation of net zero business strategies and actionable progress on emissions reduction trajectories.

We assess each company against specific benchmarking criteria for each company/asset, which includes:

- › carbon emission reductions consistent with the Paris Agreement (including setting of science-based targets) and net zero 2050 targets
- › effective governance on the management of climate change risks and opportunities
- › climate change disclosures such as Taskforce on Climate-related Financial Disclosures (TCFD) reporting.

We are advocating for and supporting broad based business and economic transition via direct company engagement and the work we are doing with CA100+ and the Australian Industry Energy Transitions Initiative (ETI).

Finding technological solutions for hard to abate sectors is a critical part of transitioning our portfolio to net zero emissions by 2050. As a founding partner of the Australian Industry ETI, we've been working with industry and business partners on accelerating actions towards this goal across five industrial supply chains – steel, aluminium, liquified natural gas, other metals and chemicals.

We are seeing companies across the portfolio and economy aligning their business strategies and making commitments to net zero 2050. For example, CA100+ has seen 43% of its original 160 focus companies make net zero 2050 commitments, including some of the world’s top emitters and companies in hard to decarbonise sectors.

CLIMATE CHANGE PROGRESS

Net Zero 2050

AustralianSuper portfolio commitment

\$1.2 billion

Renewable energy investments

41%

Reduction in carbon intensity since 2013
Aggregate equity portfolio (Carbon to Value)

Modern slavery

It is mandatory for organisations in Australia with annual revenue above \$100 million to publish a Modern Slavery Statement in accordance with the Commonwealth’s Modern Slavery Act 2018. This requires organisations to report on modern slavery risks in their operations and supply chains and how they are measuring and managing these risks.

With an estimated 40 million victims of modern slavery globally,¹ modern slavery is a serious issue. Beyond the clear ethical issues of modern slavery, business models and value chains that rely on underpaid workers, weak regulation or illegal activities such as forced labour and other forms of modern slavery create unsustainable earnings. In addition to the human costs, modern slavery and poor workforce practices materially impact company reputations, disrupt operations, divert resources and create legal liabilities all of which can negatively impact investment value.

As a significant global investor, we believe we have a responsibility to use our size to advocate for improved outcomes. AustralianSuper’s engagement priorities include increased disclosure on how businesses are addressing modern slavery risks, deeper understanding of the company supply chain beyond tier one, and the development of supplier relationships beyond reliance on auditing activity. Our work is being informed by the independent assessment conducted on our equity portfolio last year by service provider Fair Supply, which identified the countries, companies and sectors that pose the highest modern slavery risks for our portfolio, looking deep into their supply chains.

Systemic issues like modern slavery require collaborative responses. That’s why AustralianSuper is a founding member and current co-chair of Investors Against Slavery and Trafficking APAC. This is a key collaborative investor initiative for AustralianSuper, creating a consistent framework and co-ordinated engagement program to allow for best practice approaches to identifying and mitigating modern slavery risk in company supply chains.

AustralianSuper has published its first Modern Slavery Statement detailing our approach to managing modern slavery risks within our organisation, investments, and their supply chains.

[READ MORE](#)

Sustainable Development Investments

Sustainable Development Investments Asset Owner Platform

The Sustainable Development Investments Asset Owner Platform (SDI-AOP) was established by AustralianSuper along with APG, British Columbia Investment Management Corporation and PGGM in July 2020. The collaboration brings together this group of global asset owners who collectively manage more than US\$1 trillion in assets, and are committed to investing in a more sustainable future and accelerating the market adoption of Sustainable Development Investments (SDIs).

The platform is designed to help investors worldwide identify and assess companies on their contribution to the UN Sustainable Development Goals (SDGs) by using standardised, artificial intelligence driven data.

Our participation in collaborative investor initiatives like the SDI-AOP are important mechanisms for influencing change on a global scale.

As a long-term investor, it’s important that we understand the drivers of long-term value to ensure we produce the best investment outcomes for our beneficiaries.

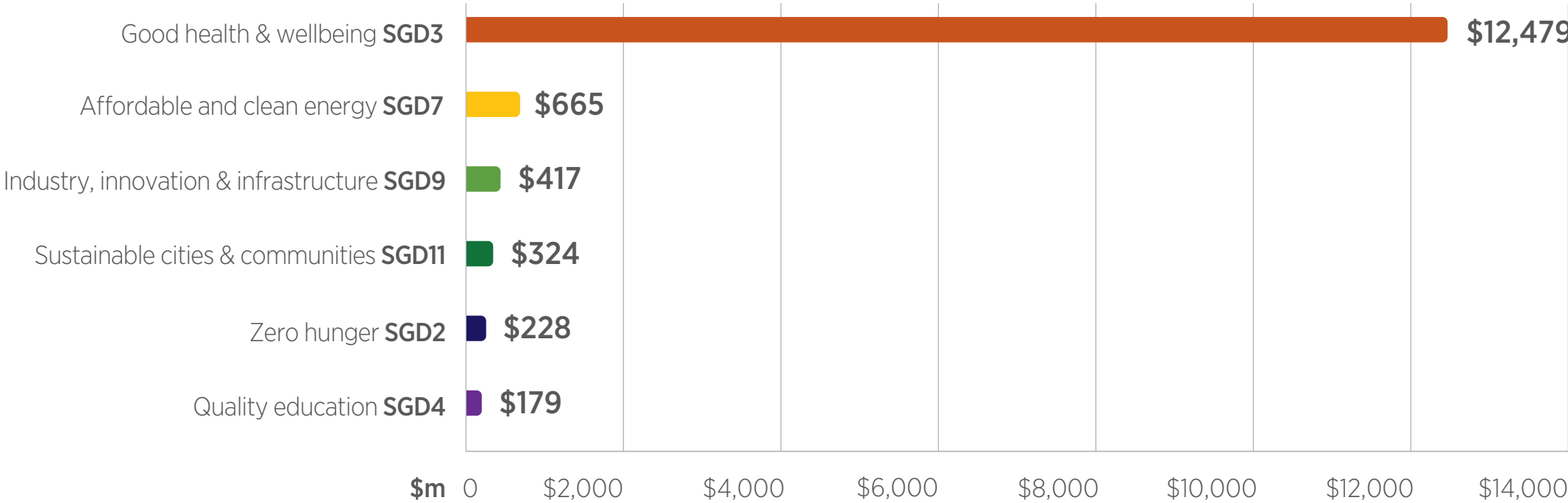
UN Sustainable Development Goals

We consider the SDGs as the business plan for a sustainable long-term economy. Understanding how our investments contribute to the SDGs provides insights on how our assets are strategically positioned in the future economy. Ultimately, our aim is to invest for economically sustainable outcomes that create long-term value for members.

The SDG framework provides an adjunct to traditional ESG analytics and a broader view of sustainable investment impacts and opportunities for asset owners. This will enable us to assess the sustainability of company business models and measure the real-world outcomes of the investments we make.

¹ ILO and Walk Free, Global Estimates of Modern Slavery, 2017.

Portfolio contribution to SDGs



Methodology: SDG contribution is based on % of revenue of the company multiplied by \$million invested. Only companies with SDI-AOP confidence levels of 3 and above (out of 5) have been included. AustralianSuper also contributes to SDGs: 6, 12, 13, 14 and 15, which are not shown in the above chart as contributions below \$100 million have been excluded. SDG 5, 8, 10, 16 and 17 are conduct based SDGs and are not covered by the SDI-AOP data at present although these SDGS are considered as part of our broader ESG program e.g. SDG 5 (Gender Diversity) is a key strategic theme and SDG 16 (peace, justice and strong institutions) is captured as part of our Modern Slavery approach.

Portfolio profile

The platform includes data for almost 8,000 listed companies, which our portfolio mapping analysis shows provides coverage of more than 94% of our Australian and international equities portfolio. The platform then quantifies each company’s contribution to the SDGs based on their products and services so we can identify exactly which companies are exposed or well-placed to particular SDGs.

In 2020, our listed equity portfolio’s contribution to the SDGs totalled more than \$14.4 billion, which represents 11% of the portfolio. The portfolio’s largest contribution is to SGD3: Health and Wellbeing, which totals \$12.5 billion, \$4.7 billion of which is invested in Australian companies and \$7.8 billion in international companies. Some of the largest companies contributing to this SDG include Australian companies: CSL and ResMed and international companies: Abbott Laboratories, Dexcom, HCA Healthcare, Illumina Inc, Intuitive

Surgical, Medtronic, Moderna, Novo Nordisk, Roche, Thermo Fisher Scientific and UnitedHealth Group. Our listed equity portfolio also contributes \$665 million to SDG 7: Clean energy, with the major contributor being Tesla Inc. The SDI-AOP framework is also being used to assess our private market portfolio’s contributions to the SDGs and, also as part of thematic research and identification of opportunities in addressing certain SDGs.

Leadership through stewardship

As a large, responsible investor AustralianSuper actively engages with companies to encourage positive outcomes on ESG issues that can impact members’ retirement outcomes. We also use our significant shareholder rights to vote on company and shareholder resolutions in a way that is consistent with maximising long-term value for members. AustralianSuper has identified the most material ESG issues which we believe present the greatest risks and opportunities to members’ investment outcomes. In FY21 and FY22 our eight strategic ESG themes are: climate change, board effectiveness, executive remuneration, diversity, modern slavery and workforce factors, First Nations considerations, data security and the circular economy. Our stewardship activities can be tied to one or multiple strategic themes.

FY21 stewardship activities

- › Voted on more than 31,000 resolutions, including almost 600 shareholder resolutions
- › supported 88.6% of company resolutions voted in favour of 51.5% of shareholder resolutions
- › voted against 9.6% of ASX remuneration reports
- › voted against two directors based on our board gender diversity policy. Since writing to the 37 ASX200 companies with fewer than two women on their boards in 2020, more than half (19) have appointed additional women.²

FY21 engagement activities

- › We held 83 direct engagement meetings with ASX300 companies.

Building capability

AustralianSuper has a dedicated ESG and Stewardship team of seven embedded within the Investment Department. The team works closely with the Asset Class teams to integrate ESG factors into our decision-making process across the investment lifecycle from acquisition and management through to divestment. We are expanding the team with new appointments within our Australian and international offices planned over the coming year.

2 As at 30 June 2021

RESPONSIBLE INVESTMENT CASE STUDY

Generate

Driving the transition to clean energy through innovative infrastructure investments

AustralianSuper currently invests more than \$1 billion in renewable energy projects across markets in its infrastructure portfolio and expects this allocation to grow over time.

AustralianSuper has been investing in Generate Capital since December 2019. Generate Capital is an investment platform specialising in distributed energy and sustainable infrastructure through its infrastructure-as-a-service model.

Generate Capital owns and operates more than 2,000 assets globally with a value of around US\$2 billion. The company builds, owns, operates and finances solutions for clean energy, water, waste and transportation.

AustralianSuper’s Head of Infrastructure Nik Kemp said, ‘Generate is a market leader, with an innovative business model that successfully

leverages growing global demand for sustainable infrastructure solutions. Investing in Generate provides both an attractive investment return for our members and fosters the development of new sustainability focused technology which is making a real impact on the global transition to clean energy.’

Generate is one of the largest owners and operators of behind-the-meter battery storage, community and rooftop solar, energy efficiency retrofits, biogas facilities, electric buses and hydrogen-electric vehicle fleets in North America.

In July 2021, AustralianSuper and a consortium of investors participated in a \$2 billion equity raising to enable Generate to accelerate and expand its reach across new sectors and regions to meet the increasing demand for sustainable infrastructure and climate solutions.



Governance	
Board of Directors	37
Executive Committee	38
Managing risk	39
Our people	41
Remuneration report	44
Board & committee attendance	46
Financial statements	47

Board of Directors

Board of Directors

It's the Board's role to ensure that the Fund meets its obligations to members and employers, and complies with super related legislation. The Board ensures that an appropriate governance framework is in place and is well maintained. As at 30 June 2021, the Board comprised five member representative directors, five employer representative directors and two independent directors.

Governance

The Trustee of the Fund is AustralianSuper Pty Ltd, which is governed by a Board of Directors. All Directors are non-executive and independent of management. Directors are appointed by the Trustee's shareholders – Member Directors are appointed by ACTU Super Shareholding Pty Ltd and Employer Directors are appointed by the Australian Industry Group. The Trustee shareholders jointly appoint Independent Directors. All Director appointments are subject to ratification by the Board. Many matters are delegated to Committees for decision and oversight. The Board is covered by indemnity insurance. Fund governance and strategic direction are key responsibilities of the Board of AustralianSuper.

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 eight 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.



From L to R: Jim Craig Independent Director, Dave Oliver Member Director, Claire Keating Employer Director, Daniel Walton Member Director, Julia Angrisano Member Director, Innes Willox Employer Director | Deputy Chair, Glenn Thompson Member Director, Gabrielle Coyne Employer Director, Dr Don Russell Independent Director | Chair, John Dixon Employer Director, Brian Daley Member Director, Lucio Di Bartolomeo Employer Director.

Executive committee

AustralianSuper’s leadership team set, demonstrate and drive our member-centric ethos, our values and lead performance outcomes, including delivery of the Fund’s strategy.



Ian Silk
Chief Executive

‘I am very proud to have led such a values-based and high-performing organisation that helps members achieve their best financial position in retirement.’

Ian Silk is responsible for leading the Executive team to ensure that our business strategy is implemented effectively so we can achieve our goal of providing the best possible outcome for members.



Paul Schroder
Chief Risk Officer & Incoming Chief Executive

‘We’re focussed on being Australia’s leading superannuation fund for members.’

Paul was appointed Chief Executive of AustralianSuper from 1 October 2021 and is responsible for the leadership and strategic development of the Fund as well as provision of advice to the board.



Mark Delaney
Deputy Chief Executive & Chief Investment Officer

‘Delivering strong long-term returns to members is our goal.’

Mark is the Deputy Chief Executive and Chief Investment Officer of AustralianSuper, acting as an advisor to the board, and responsible for the strategic direction of the Fund’s investment program.



Rose Kerlin
Group Executive Membership

‘Our brand is one of our most important assets, by helping the Fund to grow and delivering on the trust members place in us.’

Rose is responsible for AustralianSuper’s Membership and Brand Group, which ensures the right strategies and relationships are in place to effectively attract and retain members. The team’s remit includes brand, marketing, business and stakeholder partnerships, and providing quality education and advice offerings to guide members.



Peter Curtis
Group Executive Finance and Operations

‘We use our scale to enhance simplicity, drive efficiency and reduce costs, leading to better outcomes for members.’

Peter is responsible for the management of the Fund’s finance, legal and operations.



Michele Glover
Group Executive People & Culture

‘To deliver top performance for members, our aim is to have an engaged and elite high performing global workforce.’

Responsible for the leadership of the People & Culture Group, Michele and her team design and execute people and culture initiatives to support the Fund’s 2030 strategy. Key areas of focus include talent acquisition, development and management; succession planning and leadership development; colleague engagement; health and wellbeing; diversity and inclusion; workforce planning; remuneration design and people analytics.



Sarah Adams
Group Executive Strategy Reputation & Corporate Affairs

‘We’re focussed on being Australia’s leading superannuation fund, delivering meaningful outcomes for members and building community confidence in AustralianSuper.’

Sarah is responsible for leading a number of functions that set the strategic direction of AustralianSuper, understand members, support the Investments program, enhance the Fund’s reputation, communicate our purpose and advocate to improve member outcomes.



Shawn Blackmore
Group Executive Member Experience

‘Delivering a world-class member proposition to help members achieve their best financial position in retirement is our goal.’

Shawn leads the Fund’s product, administration and member services, across super, retirement and insurance.



Felicia Trewin
Group Executive Technology Services

‘A seamless, secure and resilient technology service that helps the Fund grow sustainably and deliver great outcomes for members.’

Felicia is responsible for running the Fund’s technology platforms and cyber security capability, as well as delivering the Technology Roadmap to support the delivery of AustralianSuper’s 2030 strategy.

Managing risk in members' best financial interests



AustralianSuper takes a best-practice approach to risk management which, combined with our well-established processes, provides a prudent balance of risk and reward for the benefit of members.

Against the backdrop of increased regulatory focus and the need to position the Fund for future growth, the Board and the Executive have elevated and strengthened the AustralianSuper Enterprise Risk management framework (ERmf) and risk and compliance capabilities. This investment will ensure our systems, processes and controls can meet future challenges so we can keep on delivering the best retirement outcomes for over 2.4 million members.

Our approach to managing risk

AustralianSuper takes controlled and deliberate risks within a strongly managed environment. We do this within boundaries defined by the Board's risk appetite and the best financial interests of members.

Our business naturally exposes us to financial and non-financial risks. Understanding this risk environment is a crucial part our strategic decision-making and tactical planning.

The AustralianSuper ERmf formally outlines the way we consider, assess, identify, manage and track risk. We focus on the following nine enterprise-wide risk areas to ensure we have the right approach and processes in place:

- › governance
- › culture and conduct
- › strategy
- › compliance
- › investment objective
- › the member offer
- › liquidity
- › operational risk and
- › security.

Our teams are equipped to anticipate emerging risks by using research, analysis, stress and scenario tests. These also allow us to identify fraud and other threats to our members' information and retirement savings.

Good governance and frameworks are critical to risk management. It is equally important to embed risk and compliance awareness in our management processes across the organisation. We train all colleagues to understand that it's everyone's responsibility to ensure decisions are always made with members' best financial interests front of mind.

To support this, we have Fund-wide processes, protocols, controls and reporting platforms. Colleagues undergo regular training and assessments to ensure risk is managed appropriately. In FY21, we deployed an enhanced ERmf. To help introduce, implement and embed the framework into the Fund, Group Risk ran Risk Immersion workshops for key colleagues and first-line risk specialists.

As the digital economy expands, keeping confidential member data secure is crucial to earning and maintaining trust. AustralianSuper remains vigilant in the face of the ongoing challenges of increasingly sophisticated technology that gives more power to personal devices, and the security threat to data transmitted in real-time to members and to and from third parties.

Importantly, we monitor third-party service providers and require that they securely manage their own risks on members' behalf.

Risk influences during the year

The influences on risk and risk-related events during the year included continued pandemic health impacts, elevated investment market volatility, hundreds of thousands of members accessing their super early and national security data issues.

Decisions this year were shaped around a range of factors, including:

- › communicating with and servicing members during a time of continued disruption
- › the health and wellbeing of 981 AustralianSuper colleagues
- › significant market volatility
- › enabling early release of super
- › managing fraud
- › meeting significant and ongoing new regulatory requirements aimed at providing greater protection and transparency for stakeholders and members
- › the global pandemic.

With the appropriate culture, structure and practices in place, the Fund was well positioned to deal with the events of this year. We started the financial year with strong risk frameworks and a commitment to further investment. The pandemic revealed that our systems and the planning we had done had left the Fund well placed to meet those challenges.

Nevertheless, we remain committed to continuously improving our risk management to meet today’s ever-evolving challenges. This commitment is best underlined by the Fund’s dedicated Risk and Compliance Board Committee.

While none of the above measures eliminate risk, they provide the guidelines to best operate and invest on behalf of members, in a deliberate and controlled way, within acceptable levels of risk that maximise long-term growth in members’ super balances.

Risk Management Declaration

At the end of each financial year, we are required to provide a declaration to APRA, signed by two directors on behalf of the Board that this framework has operated effectively, in all material respects, over the previous year. This is called the Risk Management Declaration (RMD). For financial year 2021, the Chair of the Board and Chair of the Risk and Compliance Committee signed an unqualified RMD on behalf of the AustralianSuper Board.

Key highlights

- › All colleagues across all levels of the Fund completed Risk compliance training.
- › Over 50 colleagues at senior and first-line levels completed training in the enhanced Enterprise Risk management framework.
- › Under the ERmf, the Board also reviewed and approved updates to the Fund’s:
 - Risk Management Strategy,
 - Risk Appetite Statement,
 - Risk Assessment Process, and,
 - Enterprise Risk Culture Indicator.

Our people



At AustralianSuper, a positive, inclusive, and member-centric culture is at the heart of everything we do. Our four values of Integrity, Excellent outcomes, Generosity of spirit and Energy form an integral part of our culture and are central to who we are and how we work together.

Actively keeping our values front of mind and embedding them in everything we do helps us when we're faced with challenges that come our way.

Our expectations of Culture and Conduct

As the Fund grows and matures, we need to make sure that we continue to nurture and instil our values. At AustralianSuper we pride ourselves on a culture that's underpinned by trust, integrity, openness, and respect for members and each other. We have four values which we hold dear and are central to who we are and how we work.

Living the Fund's values helps us meet our purpose, to help members achieve their best financial position in retirement. To help with that, this year we launched the Fund's first Culture and Conduct Framework which has been approved with the full support of the Board.

The Framework includes the principles to make informed and ethical decisions, as well as avenues for speaking up and respectfully challenging something that doesn't feel right.

AustralianSuper is committed to a workplace where colleagues feel safe to share opinions, challenge decision-making and feel supported when speaking up. Every concern matters.

'See something, say something, do something' is a statement for colleagues to embrace daily. By providing clarity on these expectations, the Fund encourages a culture of respectful challenge from colleagues, including openness and collaboration.

In 2021, the Fund introduced a Consequence Management Policy that outlines how the Fund responds to misconduct and related contraventions of the Fund's policies, frameworks and business processes in a predictable, consistent and proportional manner. The policy was approved by the People and Culture Committee and the Board. Breaches of the Fund's policies in FY21, including the Code of Conduct, were managed in accordance with the Consequence Management Policy.

Our values



Integrity



Excellent outcomes



Generosity of spirit



Energy

Supporting our colleagues through a pandemic

With the continuation of the COVID-19 pandemic through FY21, our colleagues continued to work remotely and efficiently across the Fund's locations. In May we surveyed our colleagues about the Fund's response to the pandemic as well as the support that we have provided them. 96% of colleagues confirmed that they felt supported by the Fund during the pandemic and whilst working remotely. Regular WHS and ergonomic hints and tips were shared with all colleagues to support working from home arrangements. The Fund provided financial support for colleagues who needed to purchase relevant office equipment to ensure appropriate ergonomic set-ups whilst working remotely.

A focus on the mental health and wellbeing of colleagues was key and a number of initiatives were introduced to ensure that colleagues were connected and had ongoing access to support forums where needed including the Fund's Employee Assistance Program.

The Fund also implemented paid Pandemic Leave and provided paid time off to receive vaccinations. People Leaders were regularly checking in on colleagues who lived alone and the Fund endorsed the importance of flexible working arrangements for colleagues caring for dependent family members due to school and childcare closures.

Attracting and engaging the best talent

Delivering the best financial position in retirement for members requires a diverse workforce where people feel comfortable to bring their whole selves to work.

Growth in the number of AustralianSuper colleagues continued throughout the period in all AustralianSuper locations, with our team expanding globally to 981 colleagues. Our in-house Recruitment Team partner closely with our hiring managers to shape roles and attract great candidates. Approximately 97.5% of roles were filled this year by this team, which resulted in significant savings to the Fund compared with the use of external agencies.

To support the Fund’s growth during remote working, our on-boarding process was successfully adapted to be completed in an online environment, to ensure our new colleagues are appropriately welcomed and inducted into the Fund.

Developing our people provides improved outcomes for members through improved performance. Our Talent Management Team shifted to virtual learning delivery during the pandemic, which ensured colleagues had the development they needed, when they needed it most. Our virtual delivery is complemented by an extensive online learning library with almost 70% of colleagues accessing online learning to develop professional and technical capability during the year.

One of the indicators that we’re on track to a highly engaged workforce is our low resignation rate (6.9% for FY21), and another is our high employee engagement survey results. The completion rate for the survey was 97%, with 96% of colleagues confirming that they are proud to work for AustralianSuper.

Enhancing investment performance through global expansion

As AustralianSuper’s member assets continue to grow, performance of the global investment portfolio is increasingly important. Having a physical presence in key global investment markets enhances the Fund’s ability to manage and oversight the investment portfolio directly and evaluate and transact on new investment opportunities.

AustralianSuper continued to build out the Fund’s capability in London throughout FY21, with approximately 32 colleagues in this office. The opening of the New York office was delayed due to the pandemic, however it is expected that the office will now open in Q1 FY22.

Valuing diversity and inclusion

Diversity and inclusion remain a priority at AustralianSuper, to ensure that we reflect the members we serve and the organisations in which we invest. 42% of colleagues identify as an ethnicity other than Australian, with 24% of colleagues sharing that English is their second or third language. We are proud of the diversity of our workforce.

Our four key engagement indices were all above Australian and global benchmarks:

85% Employee engagement

87% Manager effectiveness

78% Performance enablement index

94% Diversity and inclusion



Supporting diversity in all its forms allows AustralianSuper to attract and retain top talent, while being aligned with our values. The Fund continues to drive diversity and inclusion initiatives which are reported to the Executive Committee and the Board. Our Diversity & Inclusion Strategy drives our initiatives with a focus on three pillars: amplify our market leading position on gender equality, create a work environment where ‘you can be you’ and investment in inclusive leadership. Our diversity and inclusion activities and achievements during FY21 include:

- › Chief Executive Ian Silk is a member of the Champions of Change Coalition (2015 National Group, Male Champions of Change).
- › Appointment of a Diversity & Inclusion Consultant to drive the success of related projects.
- › The Fund has been granted the Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality (EOCGE) citation for 2020–21 for the ninth consecutive year

- › The AustralianSuper Women network offers networking and education opportunities with a view to improving connections and working relationships within the Fund.
- › Recruitment shortlists comprise at least 40% male and 40% female candidates and we ensure gender diverse interview panels.
- › The Fund’s LGBTQ network (Pride@AustralianSuper) was formally launched in 2021 with over 250 colleagues attending the virtual event.
- › The AustralianSuper Enterprise Agreement provides a generous parental leave benefit of 14 weeks’ paid leave, with no differentiation between primary and secondary carers. There is no minimum period of employment required before taking up this benefit.
- › HBF announced the ‘Top 20 Workplaces for Dads’ in December 2020, from research conducted by Core Data. AustralianSuper placed in sixth position, up from 18th in 2019. This recognises the Fund’s enhanced parental leave benefits including the removal of the minimum employment tenure and the distinction between primary and secondary carers.

- › The Fund has progressed a number of initiatives in support of improving representation of Aboriginal and Torres Strait Islander people as colleagues of the Fund. This includes partnerships with job search sites and employment agencies to amplify AustralianSuper as an employer within this community, and our partnership with CareerTrackers who link Indigenous university students with employers for paid Internships. Our Fund Induction Program has been reviewed with opportunities identified to include cultural sensitivity and values in addition to the importance of language and all colleagues are made aware of our commitment to Reconciliation and our Reconciliation Action Plan.

Developing leadership

AustralianSuper supports the development of people leaders through its range of leadership development programs and initiatives. All are specifically designed to embed the knowledge, skills and behaviours required to be a successful leader at the Fund, in line with the AustralianSuper leadership framework. These

programs provide the Fund’s people leaders with training, feedback, support materials and in some instances ongoing coaching. AustralianSuper runs a Talent Management program that identifies and prepares future leaders, senior leaders and executives of the Fund. The program includes an enterprise-wide all-level talent identification process as well as targeted assessment, development and review activities. The program ensures we are building a pipeline of leaders for the future.

Volunteer, donate and participate

Virtual and COVID-safe volunteering opportunities throughout FY21 were organised by our colleague-led Sustainability and Community Group, with activities focused on the environment, fundraising and community volunteering. In addition to annual leave entitlements, colleagues are entitled to take up to one day of paid community service leave per annum to perform duties for specific charities or community organisations or an eligible voluntary emergency management activity.

Management team by gender as at 30 June 2021

	Female	Male	Total
Board	3	9	12
Executive	4	5	9
Management	100	164	264

Management team by age as at 30 June 2021

	Age under 30	Age 30–50	Age 50+
Board	0	2	10
Executive	0	4	5
Management	3	194	67

Workforce by gender and location as at 30 June 2021

		Female	Male	Total
Asia	Beijing	2	0	2
UK	London	12	20	32
Australia	Sydney	27	27	54
	Newcastle	1	1	2
	Darwin	0	1	1
	Brisbane	8	6	14
	Adelaide	3	2	5
	Hobart	1	1	2
	Melbourne	418	436	854
	Perth	10	5	15
Total		482	499	981*

* Includes 10 day rate contract and 62 maximum term contract colleagues

Remuneration

AustralianSuper engages qualified and experienced colleagues 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 colleagues with the skills required to manage the operations and growth of the Fund
- › drive the Fund’s strategy of achieving a higher performance workforce
- › ensure the Members First orientation of the Fund.

AustralianSuper’s People and Culture 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 colleagues. The People and Culture 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 colleagues (including Enterprise Agreement negotiations)

- › the remuneration framework for management and colleagues
- › determining the remuneration for the Chief Executive and other Responsible Persons.

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. In the most recent year Directors elected to be paid the rates of the previous year less 20% for 6 months in recognition of the impact of COVID-19 on members.

Directors’ remuneration

Directors and Alternate Directors	Ref	Cash fees \$	Superannuation \$	Total \$	Cash fees \$	Superannuation \$	Total \$
J. Angrisano	1	58,510	5,558	64,068	49,273	4,681	53,954
N. Apple	2	55,820	5,303	61,123	58,281	5,537	63,818
P. Bastian	3	0	0	0	32,800	3,116	35,916
P. Burn	4	0	0	0	27,518	2,614	30,133
G. Coyne		88,110	8,370	96,480	85,556	8,128	93,684
P. Cozens	5	22,390	2,127	24,517	9,105	865	9,970
J. Craig		176,920	16,807	193,727	184,732	17,550	202,282
B. Crofts	6	57,343	5,448	62,791	81,670	7,759	89,429
B. Daley		141,240	13,418	154,658	142,709	13,557	156,266
B. Davison	7	16,054	1,525	17,579	0	0	0
L. Di Bartolomeo		95,555	9,078	104,633	76,574	7,275	83,849
J. Dixon	8	58,510	5,558	64,068	39,496	3,752	43,249
P. Downes	9	31,091	2,954	34,045	0	0	0
A. Flanagan	10	23,003	2,009	25,012	41,453	3,938	45,391
S. Kay	11	39,690	3,771	43,461	41,453	3,938	45,391
C. Keating	12	117,090	11,124	128,214	57,967	5,507	63,474
R. Lewtas	13	0	0	0	3,183	302	3,486
R. Maddox		91,680	8,710	100,390	94,897	9,015	103,912
M. Nicolaides	14	0	0	0	9,158	870	10,028
D. Oliver	15	74,670	7,094	81,764	92,495	8,787	101,282
M. O'Neil	16	0	0	0	12,545	1,192	13,737
C. Pace	17	6,560	623	7,183	11,089	1,053	12,142
H. Ridout	18	73,120	6,946	80,066	113,655	10,797	124,453
C. Rosenberg	19	39,690	3,771	43,461	11,097	1,054	12,151
D. Russell	20	238,190	22,628	260,818	189,738	18,025	207,763
J. Schofield	21	21,160	2,010	23,170	62	6	68
G. Stamas	22	21,160	2,010	23,170	19,395	1,843	21,238
D. Taylor	23	24,398	2,318	26,716	0	0	0
G. Thompson	24	59,740	5,675	65,415	24,295	2,308	26,603
D. Walton	25	108,097	10,269	118,366	82,589	7,846	90,435
G. Willis	26	0	0	0	54,917	5,217	60,134
I. Willox	27	122,120	11,601	133,721	92,768	8,813	101,581

- 1 These fees are paid to Financial Services Union.

2 These fees are paid to the Australian Manufacturing Workers' Union. Alternate Director for G. Thompson.

3 These fees are paid to the Australian Manufacturing Workers' Union. Ceased as a Director on 31 December 2019.

4 These fees are paid to the Australian Industry Group. Ceased as a Director on 9 December 2019.

5 These fees are paid to the Australian Manufacturing Workers' Union. Commenced as Alternate Director for G. Thompson on 31 January 2020.

6 These fees are paid to Eureka Economics Pty Ltd. Alternate Director for D. Walton.

7 Appointed Alternate Director for J.Angrisano 28 October 2020.

8 Commenced as Director on 26 September 2019.
- 9 Appointed IC Specialist on 12 February 2021.

10 Resigned 14 February 2021.

11 Alternate Director for G.Coyne.

12 Commenced as Director on 1 January 2020.

13 Ceased as an Alternate Director on 12 December 2019.

14 These fees are paid to the Australian Manufacturing Workers' Union. Ceased as a Director on 12 December 2019

15 Ceased as Deputy Chair on 31 December 2020.

16 These fees were paid to the Textile, Clothing and Footwear Union until 16 July 2018 and the ACTU from 17 July 2018. Ceased as a Director on 11 February 2020.

17 Ceased as an Alternate Director on 28 October 2020.

18 Alternate Director for J.Dixon.

19 These fees are paid to Rosenberg Trading Pty Ltd.
- 20 Commenced as a Director on 2 May 2019. Appointed Chair on 26 Sept 2019.

21 These fees are paid to United Workers Union. Appointed Alternate Director for B.Daley on 12 December 2019.

22 Alternate Director for I.Willox.

23 Appointed TC Member 9 December 2020.

24 These fees are paid to the Australian Manufacturing Workers' Union. Commenced as a Director on 31 January 2020.

25 These fees are paid to the Australian Worker's Union.

26 Ceased as a Director on 31 December 2019.

27 These fees are paid to the Australian Industry Group. Appointed Deputy Chair 1 January 2021.

Directors’ remuneration

Fees as at 30 June 2021*	Chair \$	Member \$	Board Deputy Chair \$
Board	167,000	41,900	61,600
Finance and Audit Committee†	64,300	25,100	
Risk and Compliance Committee†	64,300	25,100	
Investment Committee‡	156,500	62,600	
Member and Employer Services Committee	45,500	26,000	
People and Culture Committee	21,400	12,400	
Technology Committee†	36,400	20,800	

A per meeting fee of \$2,000 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.

* Director Fees of FY20 less 20% were applied from 1 July to 31 December 2020.

† Independent Finance and Audit member fee, Independent Risk and Compliance Committee member fee, and Independent Technology Committee member fee is \$44,500 per annum.

‡ Independent Investment Committee member fee is \$82,000 per annum.

Executive remuneration

Remuneration is comprised of one or more of the following:

1. Fixed annual remuneration

Fixed annual remuneration for colleagues 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.

In the most recent year the Executive Committee consisting of the Chief Executive and his direct reports elected to be paid their previous years remuneration less 20%, with this reduction applied for 6 months for the Chief Executive and 3 months for his direct reports. This voluntary reduction was in recognition of the impact of the pandemic on members.

2. Investment Performance Payment Plan (IPPP)

AustralianSuper operates an investment performance payment plan which applies to a number of investment colleagues. The level of performance pay is set with reference to levels necessary to recruit and retain colleagues 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 over a rolling three-year period
- › the management of costs of the Balanced option (accumulation) on an annual basis
- › the improvement of gender diversity in the Funds investment management team
- › an individual's performance with respect to personal objectives in their role in the Fund.

Payments under the plan only occur when all of the following targets are met in a financial year:

- › investment performance of the AustralianSuper Balanced option is positive over a rolling three-year period
- › investment performance of the AustralianSuper Balanced option is above inflation over a rolling three-year period
- › investment performance of the AustralianSuper Balanced option is above the median performance of the SuperRatings SR50 Median Balanced option over a rolling three-year period
- › the participant achieves individual performance, risk and behaviours assessment ratings of at least 'Meets Expectations' in their annual performance assessment.

The Investment Performance Plan is based on:

Role	Fund performance (Balanced option) measure weighting	Portfolio performance measure weighting	Diversity measure weighting	Cost management measure weighting
CIO	80%	0%	10%	10%
All other people leaders	65%	15%	10%	10%
All other team members	70%	15%	0%	15%

Participants may be awarded a payment of between 10–125% of their fixed annual remuneration, dependent on their role. Payments under the payment plan are made in cash. The Chief Executive and the People and Culture Committee may revise the performance conditions and weightings in order to better meet the objectives of the remuneration policy.

Non-management colleagues

AustralianSuper colleagues are employed under the AustralianSuper Enterprise Agreement 2019–2023. Colleagues whose salaries are set under the Agreement received 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.

Performance of the Fund in 2020–2021 in relation to the Investment Performance Payment Plan

Role	Benchmark	Performance	Result
Investment performance of the Balanced option is positive over a rolling three-year period	Positive	Positive	Achieved
Investment performance of the Balanced option is above inflation over a rolling three-year period	1.68%	9.56%	Achieved
Investment performance of the Balanced option is above that of the median Balanced fund in the relevant SuperRatings SR50 survey over a rolling three-year period*	7.86%	9.56%	Achieved

* As of 30 June 2021, Inflation calculated on a rolling three-year basis (annualised) is 1.68% pa. Annual Rates: 2018–19: 1.59%, 2019–20: -0.35%, 2020–21: 3.85% Source: ABS Cat. No. 6401.0 – Consumer Price Index, Australia, Jun 2019, 2020 & 2021

Executive Remuneration at 30 June 2021

	Salary (A)	Superannuation	Fixed remuneration (B)	Investment performance payment (C)	Deferred performance (D)	Non-monetary (E)	Total (F)
M Delaney*	776,992	25,000	801,992	931,450	372,580		1,733,442
J Peasley	695,559	25,000	720,559	579,729	231,892		1,300,288
I Silk†	1,075,505	25,000	1,100,505	–	–	18,729	1,119,234
A Barker	552,967	25,000	577,967	523,624	209,450		1,101,591
C Astorri	535,908	25,000	560,908	519,903	207,961		1,080,811

(A) Represent cash remuneration paid during the financial year before superannuation and investment performance payments. This amount does not include any accrual for annual leave or long service leave

(B) Represents cash remuneration paid during the financial year inclusive of superannuation and before performance payments. This amount does not include any accrual for annual leave or long service leave

(C) Represents the performance payment made in respect of the 2020/21 financial year. The amount is inclusive of the deferred performance payment (D)

(D) In accordance with changes made to the Investment Performance Payment Plan, Material Risk Takers have 40% of the 2021 Performance Payment deferred over 3 years, with equal vesting in years 1, 2 and 3. The Chief Investments Officer has 40% of the 2021 Performance Payment deferred over 4 years, with equal portions vesting in year 1, 2, 3, and 4.

(E) Includes motor vehicle and any associated fringe benefits tax.

(F) Represents the total remuneration paid for the year being the sum of (B), (C), and (E).

The movement in the annual leave accrual for each person for the financial year was as follows: M. Delaney \$38,267. J. Peasley -\$17,387. I. Silk \$52,473. A. Barker -\$25,764. C. Astorri -\$12,557.

The movement in long service leave entitlements accrued but not taken during the year were: M. Delaney \$25,303. J. Peasley \$32,033. A. Barker \$15,565. I. Silk \$29,729. C. Astorri \$8,107.

* The remuneration of Group Executives reporting to the Chief Executive was reduced by 20% for 3 months in FY21 in recognition of the impacts of COVID-19.

† The remuneration of the Chief Executive was reduced by 20% for 6 months in FY21 in recognition of the impacts of COVID-19.

Executive Remuneration at 30 June 2020

	Salary (A)	Superannuation	Fixed remuneration (B)	Performance payment (C)	Deferred performance (D)	Non-monetary (E)	Total (F)
M Delaney*	733,437	25,000	758,437	947,400	378,960	–	1,705,837
I McKeand	557,000	25,000	582,000	577,635	231,054	–	1,159,635
I Silk†	1,068,817	25,000	1,093,817	–	–	17,417	1,111,234
J Peasley	557,000	25,000	582,000	494,700	197,880	–	1,076,700
C Astorri	494,000	25,000	519,000	519,000	207,600	–	1,038,000

(A) Represents 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) Represents cash remuneration paid during the financial year inclusive of superannuation and before performance payments. This amount does not include any accrual for annual leave or long service leave.

(C) Represents the performance payment made in respect of the 2019/20 financial year. The amount is inclusive of the deferred performance payment (D).

(D) In accordance with changes made to the Investment Performance Payment Plan, Material Risk Takers have 40% of their 2020 Performance Payment deferred, 50% of which is deferred for 12 months and 50 % for 24 months.

(E) Includes motor vehicle and parking benefits and any associated fringe benefits tax.

(F) Represents the total remuneration paid for the year being the sum of (B), (C) and (E).

The movement in the annual leave accrual for each person for the financial year was as follows: M. Delaney -\$11,433. I. McKeand \$54,142. I. Silk \$29,447. C. Astorri \$29,395. J. Peasley \$6,641.

The movement in the long service leave entitlements accrued but not taken during the year were: M. Delaney \$38,490. I. McKeand \$19,907. I. Silk \$114,132. C. Astorri \$18,849. J. Peasley \$20,198.

* The remuneration for Group Executives reporting to the Chief Executive was reduced by 20% effective April 2020 in recognition of the impacts of COVID-19.

† The remuneration for the Chief Executive was reduced by 20% effective April 2020 in recognition of the impacts of COVID-19.

Board and committee attendance

Directors	Committees													
	Board		Finance & Audit Committee		Risk & Compliance		Investment		Member & Employer Services		People & Culture		Technology	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
J. Angrisano	6	6							3	5				
G. Coyne	6	6							5	5	4	4	3	4
J. Craig	6	6					6	6						
B. Daley	6	6					5	6	5	5	4	4		
J. Dixon	6	6							5	5				
L. Di Bartolomeo	6	6	1	1	5	5								
C. Keating	6	6	6	6	5	5								
D. Oliver	6	6									4	4	4	4
D. Russell	6	6			5	5					4	4		
G. Thompson	6	6	4	4	0	1								
D. Walton	6	6			5	5							4	4
I. Willox	6	6									4	4		
Alternate Directors														
N. Apple							6	6						
P. Burn														
P. Cozens			2	2	3	4								
B. Crofts			6	6			4	4						
B. Davison			4	4										
A. Flanagan			4	4										
S. Kay			6	6										
C. Pace			2	2										
H. Ridout							6	6						
J. Schofield									4	5				
G. Stamas									5	5				
Committee Members														
P. Downes							3	3						
R. Maddox							6	6					4	4
C. Rosenberg													4	4
D. Taylor													2	3
Total number of meetings held	6			6		5		6		5		4		4

Financial statements

The Fund’s audited financial statements will be available in September, along with the auditor’s report, at australiansuper.com/about-us or by calling **1300 300 273**.

Statement of financial position as at 30 June 2021

	2021 \$m	2020 \$m
Assets		
Investments	239,973	188,440
Other assets	2,206	1,785
Total assets	242,179	190,225
Liabilities		
Tax payable	6,175	3,149
Other payables	3,242	4,698
Total liabilities	9,417	7,847
Net assets available for members’ benefits	232,762	182,378
Members’ benefits	231,870	181,688
Net assets	892	690
Equity – Reserves		
Operational risk reserve	566	460
Other reserves	326	230
Total reserves	892	690

Income statement for the year ended 30 June 2021

	2021 \$m	2020 \$m
Revenue		
Investment income	40,107	777
Sundry income	88	-
Total revenue	40,195	777
Expenses		
Investments	(523)	(498)
Trustee service fee	(348)	(356)
Sundry expenses	-	(8)
Total expenses	(871)	(862)
Operating result before income tax	39,324	(85)
Income tax (expense)/benefit	(3,260)	424
Operating result after income tax	36,064	339
Less net benefits allocated to members	(35,862)	(283)
Net operating result	202	56

Statement of changes in members’ benefits for the year ended 30 June 2021

	2021 \$m	2020 \$m
Opening balance of members’ benefits	181,688	166,150
Contributions received	14,110	12,159
Transfers from other superannuation plans	12,489	15,519
Income tax on contributions	(1,606)	(1,413)
After tax contributions	24,993	26,265
Benefits paid and payable	(10,261)	(10,680)
Insurance premiums charged to members	(725)	(666)
Death and disability benefits credited to members	313	336
Net benefits allocated to members	35,862	283
Closing balance of members’ benefits	231,870	181,688

Statement of changes in reserves for the year ended 30 June 2021

	Operational risk reserve \$m	Investment reserve \$m	Administration reserve \$m	Insurance reserve \$m	Total reserves \$m
Balance as at 1 July 2019	400	70	55	109	634
Balance as at 1 July 2020	460	90	74	66	690
Net transfers to/(from) reserve	65	(111)	46	-	-
Operating result	41	111	14	36	202
Balance as at 30 June 2021	566	90	134	102	892

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. 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).

Insurance reserve – AustralianSuper operates a Premium Adjustment Model (PAM) with its insurer (TAL). It covers all the current insurance arrangements and members within the Fund. Under the PAM, premiums paid to the insurer increase (within limits) or decrease depending on the amount of claims in previous years. Premiums charged to members, through deductions from their accounts, reflect:

- Premiums expected to be paid to the insurer to provide insurance cover and meet the costs incurred by the trustee in managing the insurance business.

- An allowance for potential increases in insurer premiums if more claims emerge than expected.
- Downward (or upward) adjustments to allow for any reductions (increases) in insurer premiums that have occurred due to favourable (unfavourable) past claims experience.

Because claims often emerge a long time after the event that gave rise to them, premium adjustments can relate to a number of different historical periods. Premium adjustments for each historical period are recalculated each year for several years, with the insurer retaining the risk that claims emerging subsequently exceed those expected. The Fund maintains an Insurance Reserve that is managed in accordance with the Fund’s Insurance Reserve Policy. Under the Insurance Reserve Policy:

- If insurer premiums are adjusted downwards as a result of the PAM, the amount of that reduction must be paid into the Insurance Reserve.
- If insurer premiums are adjusted upwards as a result of the PAM, the amount of that increase may be funded via payments from the Insurance Reserve.

- Allowances in member premiums for potential increases in insurer premiums if more claims emerge than expected are transferred to the Insurance Reserve.
- Investment income less associated investment costs and tax are credited to Reserve.
- Payments from the Insurance Reserve are used exclusively for the benefit of insured members of the Fund through reductions in members’ insurance premiums and meeting insurance administration costs.

The Insurance Reserve is subject to a formal annual review which considers the adequacy of the reserve, any release that may be possible from the reserve and the impact on future member premiums. The recommendations in the review are subject to approval by the Group Executive, Finance and Operations. The Insurance Reserve Policy itself is reviewed every two years.

In summary, the Insurance Reserve is used to cover timing differences between the charging of insurance premiums to members’ accounts and the use of those premiums to meet the cost of premiums due to the insurer under the insurance contract and the operations of the insurance business.



Investments appendices

Strategic asset allocation	49
Major shareholdings	49
International shares	50
Investing globally	50
Investment managers	51

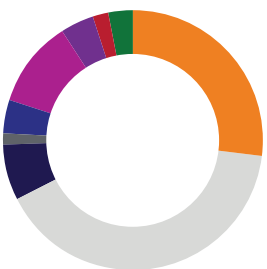
Other appendices

What matters to stakeholders	52
Definitions and important information	53
Get in touch	54

Strategic asset allocation 2021-22

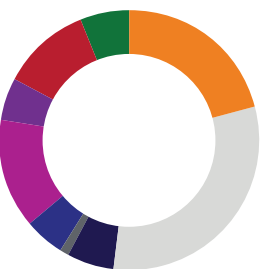
Effective from 1 July 2021

High Growth



- Australian shares 27.0% (20–50%)
- International shares 40.5% (20–50%)
- Private equity 7.0% (0–15%)
- Listed property 1.5% (0–10%)
- Direct property 4.0% (0–30%)
- Infrastructure 11.0% (0–30%)
- Credit 4.0% (0–20%)
- Fixed interest 2.0% (0–20%)
- Cash 3.0% (0–15%)
- Other assets 0% (0–5%)

Balanced



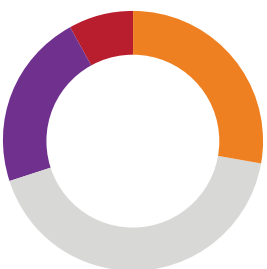
- Australian shares 21.0% (10–45%)
- International shares 31.0% (10–45%)
- Private equity 6.0% (0–15%)
- Listed property 1.0% (0–10%)
- Direct property 5.0% (0–30%)
- Infrastructure 13.5% (0–30%)
- Credit 5.5% (0–20%)
- Fixed interest 11.0% (0–25%)
- Cash 6.0% (0–20%)
- Other assets 0% (0–5%)

Socially Aware



- Australian shares 21.0% (10–45%)
- International shares 31.0% (10–45%)
- Private equity 6.0% (0–15%)
- Listed property 1.0% (0–10%)
- Direct property 5.0% (0–30%)
- Infrastructure 13.5% (0–30%)
- Credit 5.5% (0–20%)
- Fixed interest 11.0% (0–25%)
- Cash 6.0% (0–20%)
- Other assets 0% (0–5%)

Indexed Diversified



- Australian shares 28.0% (20–50%)
- International shares 42.0% (20–50%)
- Listed property 0% (0–10%)
- Fixed interest 22.0% (0–30%)
- Cash 8.0% (0–30%)

Conservative Balanced



- Australian shares 14.5% (5–35%)
- International shares 21.5% (5–35%)
- Private equity 5.0% (0–10%)
- Listed property 1.0% (0–10%)
- Direct property 4.5% (0–25%)
- Infrastructure 11.0% (0–20%)
- Credit 7.0% (0–25%)
- Fixed interest 24.5% (0–40%)
- Cash 11.0% (0–30%)
- Other assets 0% (0–5%)

Stable



- Australian shares 7.5% (0–20%)
- International shares 11.5% (0–20%)
- Private equity 2.0% (0–10%)
- Listed property 1.0% (0–10%)
- Direct property 5.5% (0–15%)
- Infrastructure 11.0% (0–20%)
- Credit 8.0% (0–25%)
- Fixed interest 29.5% (0–45%)
- Cash 24.0% (0–50%)
- Other assets 0% (0–5%)

Major shareholdings

Top 20 Australian shareholdings as at 30 June 2021

Holding	% sector
Commonwealth Bank of Australia	9.59%
BHP Group Ltd	8.12%
CSL Ltd	7.19%
Westpac Banking Corp	5.22%
Wesfarmers Ltd	4.87%
National Australia Bank Ltd	4.69%
Australia & New Zealand Banking Group Ltd	4.34%
Woolworths Group Ltd	4.17%
Macquarie Group Ltd	3.77%
Rio Tinto Ltd	3.44%
Transurban Group	3.03%
James Hardie Industries PLC	2.93%
Aristocrat Leisure Ltd	2.88%
Computershare Ltd	2.57%
QBE Insurance Group Ltd	2.21%
Tabcorp Holdings Ltd	2.10%
ASX Ltd	1.95%
Origin Energy Ltd	1.71%
Reece Ltd	1.63%
Ampol Ltd	1.58%

Top 20 International shareholdings as at 30 June 2021

Holding	% sector
Microsoft Corp	2.76%
Alphabet Inc	2.21%
Amazon.com Inc	2.01%
Visa Inc	1.81%
Facebook Inc	1.47%
ASML Holding NV	1.43%
Thermo Fisher Scientific Inc	1.25%
Alibaba Group Holding Ltd	1.14%
LVMH Moët Hennessy Louis Vuitton SE	1.09%
UnitedHealth Group Inc	1.00%
Comcast Corp	1.00%
Kering SA	0.88%
ResMed Inc	0.87%
NVIDIA Corp	0.78%
LyondellBasell Industries NV	0.74%
Housing Development Finance Corp Ltd	0.74%
Shopify Inc	0.73%
Intuitive Surgical Inc	0.72%
Safran SA	0.71%
Diageo PLC	0.70%

International shares

AustralianSuper invests in more than 50 global share 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 2021

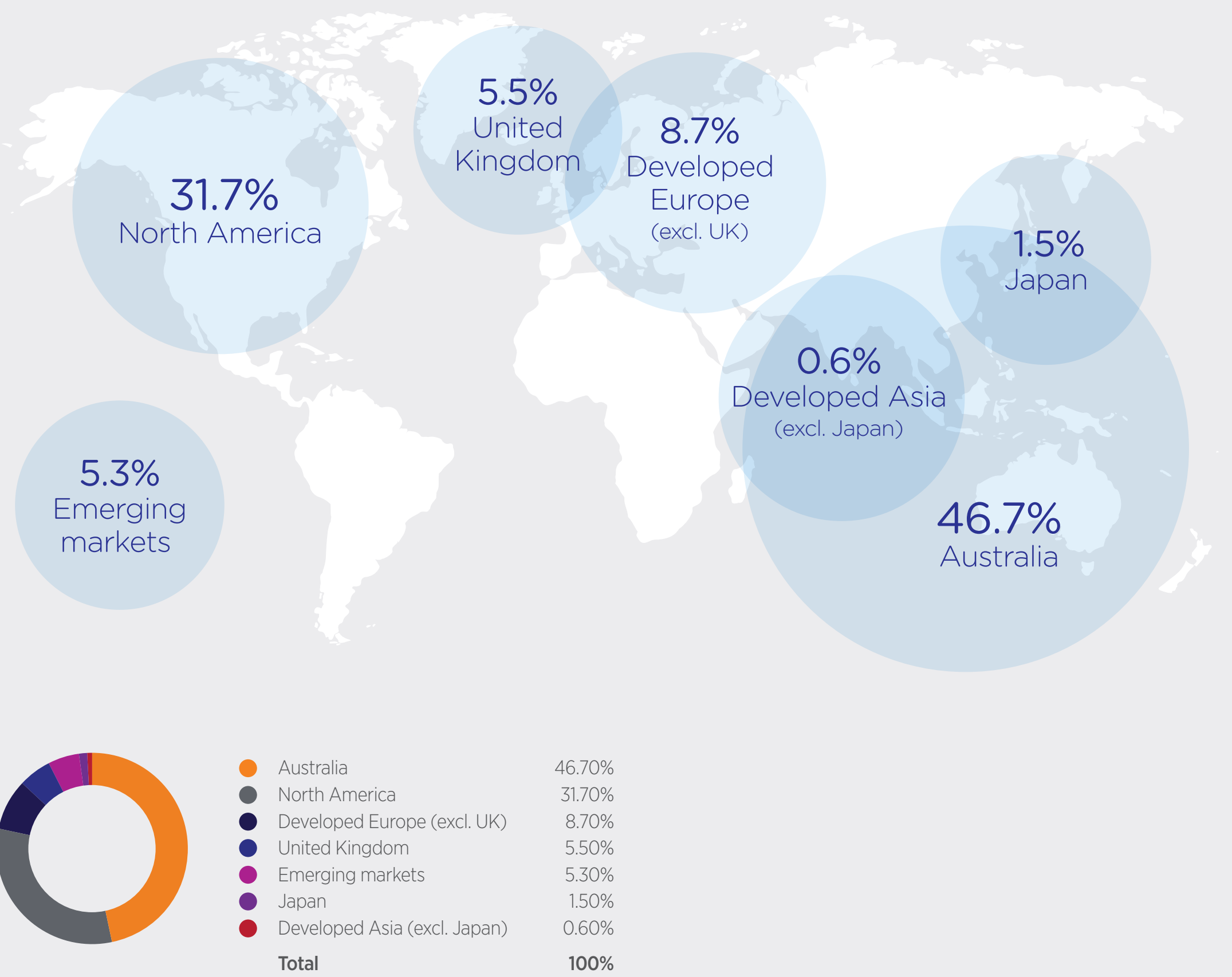
Country	Actual weight %
Argentina	0.0030%
Australia	0.1900%
Austria	0.0493%
Belgium	0.1077%
Bermuda	0.0352%
Brazil	0.5683%
Canada	2.7151%
Cayman Islands	0.1921%
Chile	0.0086%
China	5.8538%
Colombia	0.0123%
Cyprus	0.0485%
Denmark	1.0069%
Egypt	0.0034%
Faroe Islands	0.0005%
Finland	0.0870%
France	5.4986%
Germany	3.6405%
Hong Kong	0.2960%
Hungary	0.0187%
India	1.2853%
Indonesia	0.0766%
Ireland	0.7984%
Isle of Man	0.0023%
Israel	0.4835%
Italy	0.8640%
Japan	2.9914%

Country	Actual weight %
Jersey	0.0021%
Luxembourg	0.3047%
Macao, SAR China	0.0011%
Malaysia	0.0300%
Malta	0.0005%
Mexico	0.2955%
Netherlands	3.0754%
New Zealand	0.8568%
Norway	0.0600%
Pakistan	0.0021%
Philippines	0.0081%
Poland	0.0201%
Portugal	0.0270%
Qatar	0.0041%
Russia	0.4921%
Singapore	0.1321%
South Africa	0.7867%
South Korea	0.9089%
Spain	0.1492%
Sweden	0.4088%
Switzerland	3.2879%
Taiwan	0.9274%
Thailand	0.0632%
Tunisia	0.0000%
Turkey	0.0364%
United Kingdom	4.9149%
United States	56.3678%

Investing globally

AustralianSuper invests over \$233 billion across a range of asset classes. As we grow, the funds we invest on behalf of members in overseas countries will increase. As at 30 June 2021, we have about \$109 billion invested in domestic assets and approximately \$124 billion in international assets.

Total fund exposure as at 30 June 2021



Investment managers

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 2021, the following combination of investments represented more than 5% of total Fund assets: IFM Investments: 22.8%

Top 20 Australian shareholdings as at 30 June 2021

Investment Manager	Sector	Total value ('000)
AustralianSuper Internal Investments	Australian Shares	44,921,403
Industry Funds Management Pty Ltd	Australian Shares	8,908,956
Alphinity Investment Management Pty Ltd	International Shares	3,489,606
AustralianSuper Internal Investments	International Shares	31,121,280
Baillie Gifford Overseas Ltd	International Shares	8,512,525
C Worldwide Asset Management	International Shares	188,698
Dimensional Investment Advisors	International Shares	6,111,548
GQG Partners LLC	International Shares	1,792,460
Harris Associates L.P.	International Shares	7,510,239
Jackson Square Partners, LLC	International Shares	4,378,482
LSV Asset Management	International Shares	1,524,983
MFS Institutional Advisors Inc	International Shares	7,917,687
Orbis Investment Management Limited	International Shares	5,034,613
Sanders Capital, LLC	International Shares	1,009,014
UBS Asset Management (Australia) Ltd	International Shares	329,772
AustralianSuper Internal Investments ¹	Private Equity	8,954,717
Industry Funds Management Pty Ltd	Private Equity	38,319
AustralianSuper Internal Investments	Property	4,829,644
ISPT Pty Ltd	Property	4,538,899
QIC Property Funds Pty Ltd	Property	1,640,653

1 Includes funds, co-investments and co-underwrite investments.
2 Members who invest in Member Direct have invested in Australian Listed Shares, Exchange Traded Funds, Limited Investment Companies, Term Deposits and Cash

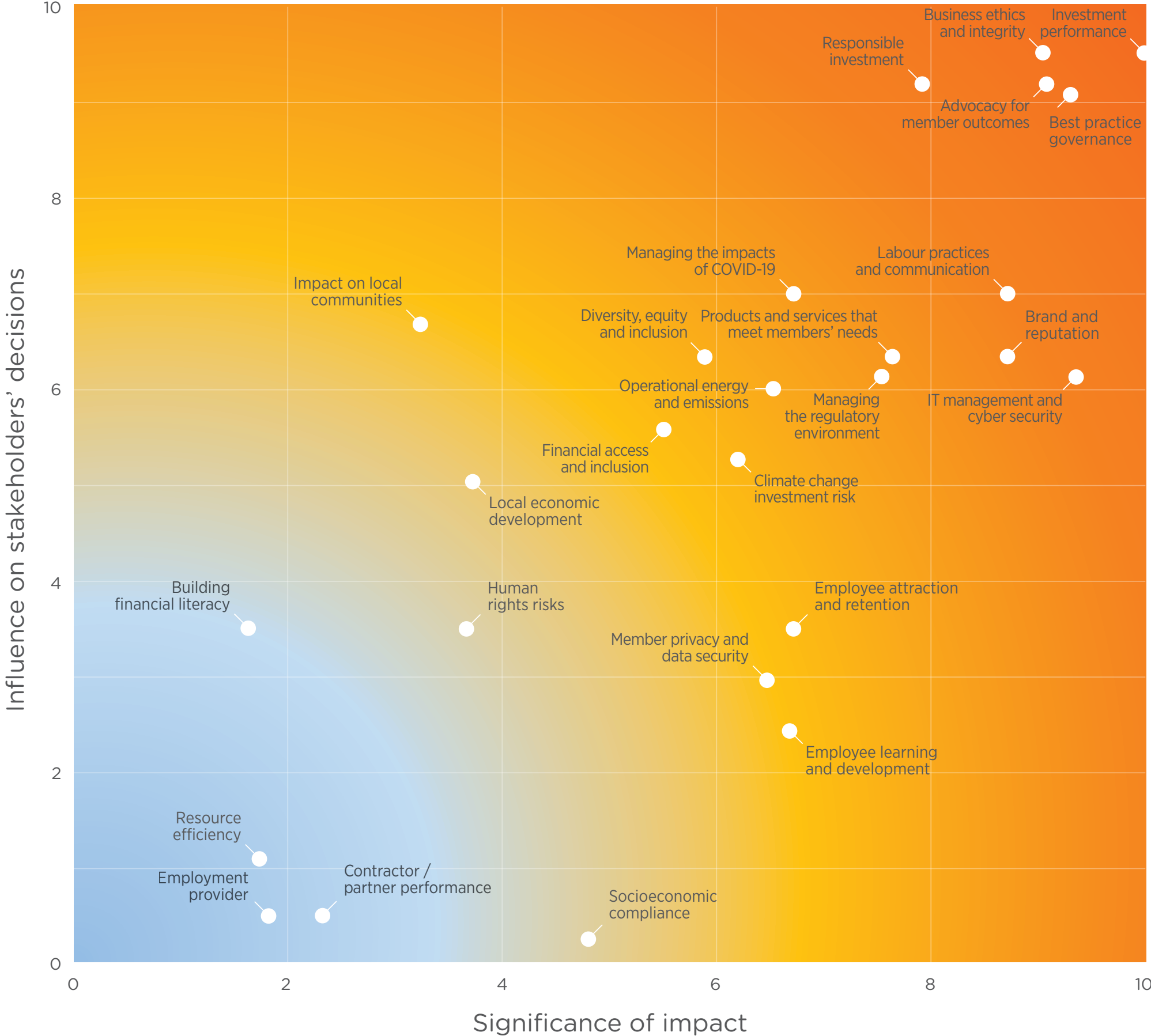
Investment manager	Sector	Total value ('000)
Other investment managers	Property	8,402
AustralianSuper Internal Investments	Infrastructure	11,453,467
Indirect investments	Infrastructure	2,674,743
Industry Funds Management Pty Ltd	Infrastructure	10,394,095
AustralianSuper Internal Investments	Credit	4,284,959
Barings LLC	Credit	130,431
Bentham Asset Management Pty Ltd	Credit	6,164,149
Challenger	Credit	25,111
Marathon Asset Management	Credit	278,688
MaxCap Group Pty Ltd	Credit	414,784
Oak Hill Advisors L.P.	Credit	186,545
State Street Global Advisors	Credit	2,070,261
AustralianSuper Internal Investments	Fixed Interest	9,622,410
AXA Investment Managers Asia (Singapore) Ltd	Fixed Interest	233,728
Brandywine Global Investment Management LLC	Fixed Interest	2,522,409
Industry Funds Management Pty Ltd	Fixed Interest	2,536,151
JamiesonCoote Bonds Pty. Ltd.	Fixed Interest	1,604,847
The Putnam Advisory Company, LLC	Fixed Interest	1,688,484
Western Asset Management Australia Pty Ltd	Fixed Interest	1,657,601
AustralianSuper Internal Investments	Cash	1,227,961
Industry Funds Management Pty Ltd	Cash	34,536,338
Frontier Investment Consulting Pty Ltd	Other Assets	1,571
Industry Super Holdings Pty Ltd	Other Assets	242,489
Members Equity Bank Pty Limited	Other Assets	264,864
QMA Wadhvani LLP	Other Assets	473,449
AustralianSuper Internal Investments	Currency Overlays	-1,349,113
Industry Funds Management Pty Ltd	Indexed Diversified	122,794
Vanguard Investments Australia Ltd	Indexed Diversified	1,437,291
Member Direct ²	Member Direct	2,292,704
AustralianSuper Internal Investments	Reserves	962,619

What matters to stakeholders

AustralianSuper’s stakeholders are vital to our ongoing growth and success. Key stakeholders include members, businesses, colleagues, major suppliers and regulators.

To understand the topics that are important to stakeholders, each year we undertake research, review data and insights and conduct interviews.

The topics highlighted as material by these stakeholders are outlined below.



Definitions and important information

This annual report was issued in 2021 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**. A Target Market Determination (TMD) is a document that outlines the target market a product has been designed for. Find the TMDs at australiansuper.com/tmd Surcharge payments (if any) are deducted from members' accounts.

Calculating performance

AustralianSuper calculates performance for each investment option, except Member Direct, using crediting rates. Crediting rates are your investment returns, less fees and taxes. They may be positive or negative depending on investment markets. They're determined daily and applied either annually on 30 June, or earlier if you switch investment options or close your account. The amount allocated is the actual investment return earned during the period that your money was invested in the investment option/s. For more information see australiansuper.com/CreditingRates

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 Fund's desired position in asset classes such as bonds and shares and/or individual assets. Derivatives are also used for currency hedging. 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 controls in place, and clearly defines the parameters within which derivatives can be used through the investment managers Investment Management Agreement. The Fund confirms that the Derivatives Charge Ratio did not exceed 5% at any time during the 2020–2021 year.

Transfer of account

AustralianSuper may transfer your account if you have less than \$6000 in your account and we have not received contributions for you for at least 12 months. AustralianSuper may transfer your account to the ATO.

By law, AustralianSuper must transfer lost member super accounts that have a balance below \$6,000, or have been inactive for 12 months, to the Australian Taxation Office (ATO). New legislation also means that we may have to transfer accounts that have received no payments for 16 months in a row and have a balance below \$6,000 even if that member is not 'lost'. We will write to you explaining your options before that happens. There are other circumstances where an account may be transferred.

To find out more, visit ato.gov.au

Privacy and compliance

During the year, there were no Notifiable Data Breaches reported to the Privacy Commissioner (OAIC), and there were no determinations made by the Privacy Commissioner (OAIC) that AustralianSuper had breached the Privacy Act.

AustralianSuper has not been subject to any 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 September, along with the auditor's report, at australiansuper.com/about-us or by calling **1300 300 273**.

Benchmarks

For the Superannuation options, the Benchmarks are adjusted for tax. For the Retirement options, there is an adjustment for tax credits.

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: CPI + 3% pa, prior to 1 July 2018 CPI +3.5% pa, prior to 1 July 2015 CPI +4% pa.

Conservative Balanced: SR25/SRP25 Conservative Balanced (41–59) Index

Stable: SR50/SRP50 Capital Stable (20–40) Index

Australian Shares: S&P/ASX 200 Accumulation Index. Prior to 1 July 2020, the benchmark was S&P/ASX 300 Accumulation Index

International Shares: MSCI AC World ex Australia (in \$A) Index

Property: 60% MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index, 20% MSCI/AREF UK Quarterly Property Fund Index hedged to AUD and 20% NCREIF Fund Index – Open End Diversified Core Equity hedged to AUD. Hedging is performed by AustralianSuper. Prior to 1 January 2019, the benchmark was MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index

Diversified Fixed Interest: 50% Bloomberg Global Aggregate 1-5 Year Total Return Index hedged to AUD and 50% Bloomberg AusBond Composite 0-5 Year Index effective from 1 October 2021, prior to 1 October 2021 CPI + 0.5% pa, prior to 1 July 2015 CPI + 1% pa, prior to 1 July 2013 CPI + 1-2% pa

Cash: Bloomberg AusBond Bank Bill Index

Get in touch

Member feedback is important to us. To get in touch, you can contact us in a number of ways.

Email

Email us at australiansuper.com/email

Over-the-phone*

Call us on: **1300 300 273**

Overseas callers: **+ 61 3 9067 2108**

We're available 8am to 8pm weekdays AEST/AEDT

Messaging

You can message us 24/7 through our AustralianSuper Mobile App and Facebook Messenger and chat with ASH (AustralianSuper Helper Bot) and our contact centre agent staff.

Web Messaging is also available on our website through the contact us page (australiansuper.com/contact-us) between 8am and 8pm AEST/AEDT weekdays.

Seminars

To attend a free retirement and financial planning seminar, click here for details: australiansuper.com/seminars

Face-to-face*

For more complex advice, meeting with an accredited adviser can help if you'd like a detailed financial plan and have a number of financial matters to think about. Call **1300 300 273** to make an appointment with an adviser.

Translation services

We offer a free over-the-phone translation service in just about any language. Our consultants can arrange for you, or a family member, to talk to someone about your super in the language you understand best.

Call us on **1300 300 273** between 8am and 8pm AEST/AEDT weekdays.

Annual Report

Members seeking a copy of the Annual Report are welcome to request one via Contact Us: australiansuper.com/contact-us

* The financial advice you receive will be provided under the Australian Financial Services Licence by a third party and is therefore not the responsibility of AustralianSuper. With your approval a fee may be charged if a Statement of Advice is produced.