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ANNUAL REPORT

2015 / 16



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**KEEPING YOU UP TO DATE.
IT'S JUST HOW WE'RE WIRED.**

*This annual report is available in print and electronically. To receive a printed copy of this report call **1300 4 ENERGY** (1300 436 374). You can access an electronic copy of this annual report from our website at energysuper.com.au*

Financial advice referred to in the Annual Report is provided by ESI Financial Services Pty Ltd (ABN 93 101 428 782, AFSL 224952), a wholly owned subsidiary of Energy Super.

Investments go up and down. Past performance is not necessarily indicative of future performance.

OUR MISSION

PARTNERING WITH OUR MEMBERS TO REACH THEIR RETIREMENT INCOME GOALS BY PROVIDING VALUE FOR MONEY PRODUCTS AND SERVICES.

OUR VISION

TO BE THE SUPERANNUATION FUND OF CHOICE FOR ENERGY INDUSTRY EMPLOYEES.

We believe in simple honest conversations and providing easy-to-read information – **it's just how we're wired.**

However, the superannuation industry is governed by legislation and regulations which means that sometimes we have to use technical terms in our communications to comply.

If you're unsure of a term in this report or any of our communications you can look it up in the *Association of Superannuation Funds of Australia (ASFA) Dictionary of Superannuation* at superannuation.asn.au/dictionary.aspx or call us on **1300 4 ENERGY** (1300 436 374).

WELCOME FROM THE CHAIR & CEO



Mark Williamson
CHAIR



Robyn Petrou
CEO

It's been another successful year for Energy Super. Our investment returns have outperformed a large number of our competitors', we've repositioned our fund for growth and change, and we've introduced valuable products and services to our members. So it's with great pleasure that we present our Annual Report for the 2015/16 financial year.

STRONG INVESTMENT PERFORMANCE IS KEY

Members care most about the investment performance of their super fund. And so they should: it's their future livelihood. Managing the life savings of our 48,000 members is not a role we take lightly.

The markets tested investors again in this financial year. Globally we saw the risks of a Greek exit from the Euro come and go, while other political risks rose – notably the issues around a resurgent Russia and the Brexit. On home soil, continual interest rate cuts characterised our domestic economy.

Throughout, Energy Super continued to actively manage your investments and position the portfolio to weather unforeseen market movements and to take advantage of new investment opportunities. Our strategy is always to invest for high value and long-term growth. Our overview of the market and our investment performance is outlined on pages 8–9 of this report.

Our strategic direction throughout this volatile period ultimately led to our delivering investment returns that put us in the top 10 performing funds* in Australia. Again.

The 4.54% return for our super Balanced option for the year ending 30 June 2016 beat inflation by 3.52%; our return for our income stream Balanced option was 4.70%. In a year when many funds delivered very low or negative returns, our relatively strong result was identified by independent investment research firm Morningstar as a 'standout'.**

PARTNERING FOR VALUE

Our long-term objective is to partner with our members to maximise their retirement savings and help them reach their retirement goals. We aim to do this by investing strategically and by providing value-for-money products and services that improve the current and future lives of our members and their families.

Speaking of which, in the past 12 months we've delivered many new products and services including:

- A reduction in our administration fee cap from \$2,200 for accounts of \$1m-plus to \$1,100 for accounts \$500,000-plus. The one fee applies to all individual accounts or spouse-linked accounts.
- Enhancements to our income stream, including fortnightly payments, automatic CPI increases and auto-rebalancing.
- Introduction of our LifetimePlus investment option – a longevity option for members concerned about outliving their retirement savings.
- Partnership with MLC Limited to offer Standard Income Protection insurance with a three-year premium guarantee.
- Introduction of non-lapsing death benefit nominations.
- Responsive email communications to members.

We've taken partnership to a new level this year with our insurer, MLC Limited. Insurance is a key drawcard for our members, as the nature of their work means they often have difficulty getting the cover they need. We're in the final stages of embedding a team of insurers into our operations to give members the highest level of care and service at claim time. I look forward to reporting on our progress on this initiative.

And finally, as part of the bigger picture we're looking at creating alliances to take advantage of long-term growth opportunities. We're also continuing to look for organic growth within our membership.

WE'RE COMMUNICATING WITH YOU WHEN AND WHERE YOU NEED US

A tightly contested Federal election – in which super was a key issue – meant that super was in the news headlines a lot this year. In times like this it's even more important for members to stay updated with what's going on with their superannuation.

As a result we've increased the level of communication with you, utilising email channels to manage cost and to provide you with the news when it breaks. The day the Brexit news broke, the night after the budget and the day the government announced changes to these budget announcements, we were on the front foot letting you know how this could affect you.

Timely, efficient communication isn't possible without an investment in technology, and we've invested heavily in digital transformation to improve not only our communication, but our service delivery, response times, member engagement, data access and cyber security. We also want to improve the platforms that allow our members to access services, information and account history at their fingertips. It's what members have come to expect from their financial service providers.

We are both privileged to lead Energy Super, and we are proud of the team we have supporting us. We'd like to thank the Board and our staff for their endeavours and for their commitment to all we value here at Energy Super.

We welcome your feedback.

Mark Williamson
CHAIR

Robyn Petrou
CEO

WE HAVE
BEEN ABLE TO
DELIVER NEW
PRODUCTS
AND SERVICES
THAT IMPROVE
THE CURRENT
AND FUTURE
LIVES OF OUR
MEMBERS
AND THEIR
FAMILIES.



* SuperRatings Fund Crediting Rate Surveys SR50 and SR25.

** ABC News (Victoria), 30 June 2016

FUND UPDATE AS AT 30 JUNE 2016

INVESTMENT PERFORMANCE

A TOP
10
PERFORMING
FUND
AGAIN

OVER 10 YEARS

Most of our investment options exceeded their performance objectives – despite the impacts of world events such as the Global Financial Crisis and Brexit.

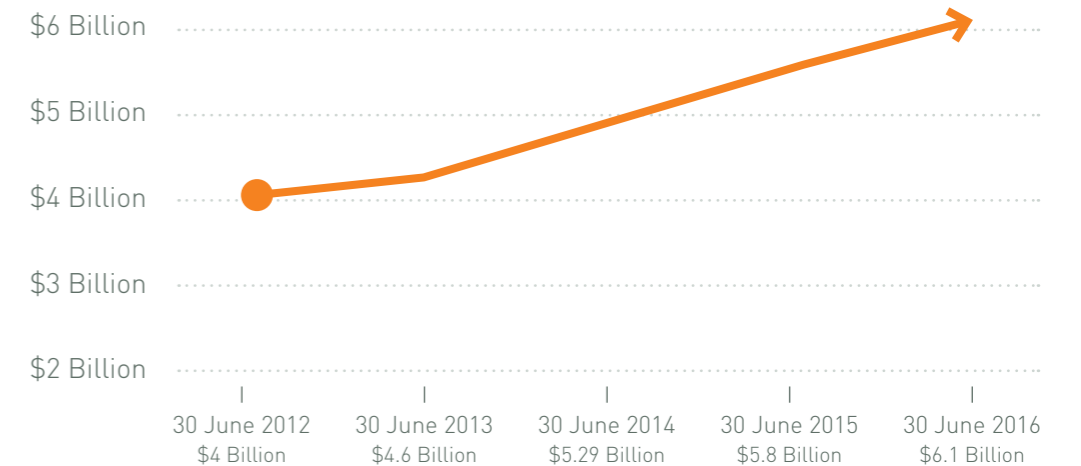
	10 YEARS to 30 June 2016	OBJECTIVE
Growth	6.34	5.87
Balanced	5.49	5.37
Capital Managed	5.87	4.37
Stable	5.44	3.87
Cash Enhanced	3.87	3.37
Australian Shares	5.43	5.87
International Shares	4.36	5.87

FUNDS UNDER MANAGEMENT
UP 4.6%

NEW PENSION MEMBERS
UP 11%

TRANSFERS FROM OTHER FUNDS
UP 14.2%

5 YEAR FUNDS UNDER MANAGEMENT (NET ASSETS TO PAY BENEFITS)



FUNDS UNDER MANAGEMENT



\$6.1 BILLION

OUR CREDENTIALS

Energy Super is an industry super fund. As a member of the Industry SuperFund group, we only operate in the best interest of members with a common goal of providing the best possible retirement outcome for members. Industry SuperFunds have low fees and do not pay commissions to financial advisers.

We're proud to have received the following from leading ratings agencies:

- Pension fund of the year – Morningstar¹
- CFO of the year finalist – Morningstar
- Finalist for Medium size fund of the year – Conexus²
- Finalist Choice super fund of the Year – SuperRatings³
- Finalist Specialist fund of the year – Chant West⁴
- Finalist Integrity award – Chantwest.

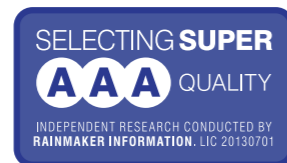
INDUSTRY SUPERFUND



SUPERRATINGS³



SELECTING SUPER⁵



Energy Super was awarded SelectingSuper's highest possible AAA Quality Assessment[^] rating and are in the Top 10 funds for both Workplace and Income Stream superannuation. These ratings include detailed analysis of 330 areas of a superannuation fund's operation and management, giving employers and members an easy-to-use reference for the overall quality of superannuation funds.

Ratings provided by:

1. Morningstar Australasia Pty Ltd (ABN 95 090 665 544, AFSL 240892)
2. Conexus Financial (ABN: 51 120 292 257)
3. SuperRatings Pty Ltd (ABN 95 100 192 283, AFSL 311880)
4. Chant West Pty Ltd (ABN 75 077 595 316, AFSL 255320)
5. Rainmaker Information Ltd (ABN 86 095 610 996).



'THE BEST SUPER FOR SPARKIES'
SIMON, MEMBER SINCE 2000.



Ratings are only one factor to be considered when making investment decisions and you should seek financial advice if you are thinking about making changes to your super. Book an appointment at energysuper.com.au or call **1300 4 ENERGY** (1300 436 374).

For more information about ratings and the rating scale refer to energysuper.com.au/ratings

AN UPDATE ON YOUR INVESTMENTS

WILLIAM GRAUS - GENERAL MANAGER INVESTMENTS, ENERGY SUPER

Investing your retirement savings and helping it grow is our number one priority as a super fund. As your super is invested in a range of domestic and international assets it's important to be aware of the key domestic and international forces shaping the economic landscape.

ECONOMIC UPDATE

There were positive signs of improvement in global markets over the course of the year. Consumers benefited from both low interest rates and lower energy prices, which increased real household incomes. This, together with rising share markets and house prices, encouraged consumer and business confidence.

The US, UK and core European countries have benefited from increased competitiveness associated with a falling currency (especially for European exporters against the US Dollar). It looked as though we were on track with the improvements in the underlying economy, and the United States Federal Reserve signalling to the markets that they will be looking at a move to slowly increase interest rates.

There continues to remain a number of key challenges facing us:

- In late June, the UK held a referendum on an exit from the European Union (EU) - also known as Brexit, and contrary to all expectations, the vote to leave was successful. The UK Pound fell by close to 10% and fuelled expectations for a recession in the UK. This unforeseen risk saw policymakers globally move towards easing market fears and increase the availability of liquidity into markets.
- China continues to transition to a consumer economy and has caused the prices of our major exports to slump. Chinese authorities continue to deal with the impacts of rapid credit and investment growth.
- The risks of a Greek exit from the EU are starting to subside while other political risks rise, notably the issues around a resurgent Russia.

Locally, the Australian economy has felt the impacts of both the fall in commodity prices and the tailing of the mining resources boom, but we also saw more of a transition to the household and construction sectors.

Economic growth is close to four-year highs, at 3.1%, while unemployment is at three year lows and inflation remains comfortably below the Reserve Bank of Australia's (RBA) targets. With our interest rates higher than our global peers, the RBA still has room to provide further economic stimulus should the need arise.

ENERGY SUPER'S ACTIVITIES

Most of our investment options delivered a positive return, which is particularly pleasing in a low-yield environment. We continued the longer term trend of generating returns that are in the top quartile of Australian superannuation funds, and over the longer term, all investment options outperformed their strategic objectives.

The launch of the Fund's Fixed Interest investment option was well timed, with falling interest rates making this the best performing investment option. The Fund's Property, Private Equity and Infrastructure Managers once again delivered strong returns. Our Cash asset class has again delivered peer-beating performance, while both our international and Australian share managers generally delivered returns significantly better than benchmarks.

We continue to plan for lower rates of return than those generated over the last several years, diversifying the portfolios into strategies that are able to capitalise on shorter term market deviations. In our diversified options, we have allowed the allocations to

Cash to build, enabling allocations to both Infrastructure and Property as opportunities present. The mix between Australian Shares and International Shares has been reviewed and we continue to favour a slight underweight to Australian Shares.

The Fund continues to work to deliver enhancements to our product offering for the benefit of members and in this regard we have seen the refreshment of our Income Streams, which includes the introduction of the LifetimePlus investment option.

AN OUTLOOK ON THE MARKET

The International Monetary Fund (IMF) has slightly revised its global growth expectations downwards, to a modest 3.2%, with expectations of strengthening through 2017. Given the recent issues with the UK exiting from the EU, we still expect the US to move later this year to increase interest rates in response to improvements in their economy.



Our bi-monthly Investment Update e-newsletter gives you insights and investment news straight to your inbox. To receive these updates, tick 'Yes' to Fund Marketing and have 'Online' as your communication preference in Member Online. Log in at energysuper.com.au

PERFORMANCE UPDATE

COMPOUND NET EFFECTIVE EARNING RATES*

Investment option	Compound returns					Annual crediting rates					
	3 yr % pa	5 yr % pa	10 yr % pa	Since inception	Inception date	2016	2015	2014	2013	2012	2011
Defined Benefit											
Defined Benefit / Three Year Average	10.36	9.02	6.26	7.81	1/07/1995	9.17	12.62	9.36	7.98	6.13	1.33
Defined Contribution											
Cash Enhanced	2.51	3.05	3.87	4.01	1/03/2002	2.07	2.38	3.08	3.49	4.25	5.29
Stable	6.25	6.38	5.44	5.75	1/02/2000	4.40	6.29	8.11	8.65	4.57	7.44
Capital Managed	7.43	7.27	5.87	6.30	1/02/2000	4.19	7.50	10.72	11.35	2.91	8.55
Balanced	9.14	8.5	5.49	6.36	1/02/2000	4.54	9.55	13.55	15.04	0.54	9.17
My Super	-	-	-	8.18	1/09/2013	4.54	9.55	-	-	-	-
Fixed Interest	-	-	-	5.89	1/07/2015	5.89	-	-	-	-	-
SRI Balanced	7.01	7.67	-	2.65	24/07/2007	-0.14	8.73	12.87	17.54	0.47	4.66
Growth	10.15	9.37	6.34	6.87	1/02/2000	4.33	10.96	15.45	18.18	-0.89	10.43
Australian Shares	8.69	7.82	5.43	7.88	1/03/2002	3.65	5.70	17.24	23.41	-8.02	12.32
International Shares	12.16	11.23	4.36	3.77	1/03/2002	-0.87	18.28	20.39	24.32	-2.93	10.73
Smoothed Return	10.27	8.91	6.09	6.57	1/07/1999	9.15	12.46	9.27	7.85	5.95	1.12
Capital Guarantee	9.43	8.09	6.04	6.84	1/07/1990	8.15	11.69	8.50	7.08	5.19	0.34

Market Linked Pension and Income Stream

Cash Enhanced	2.83	3.52	4.54	4.72	1/03/2002	2.45	2.89	3.16	4.12	5.02	6.25
Stable	6.96	7.21	6.37	6.69	1/02/2000	4.81	6.91	9.22	10.04	5.21	9.88
Capital Managed	8.18	8.18	6.82	7.26	1/02/2000	4.63	8.11	11.95	13.35	3.28	11.08
Balanced	9.86	9.43	6.21	7.18	1/02/2000	4.70	10.31	14.84	17.68	0.58	10.37
Fixed Interest	-	-	-	7.29	1/07/2015	7.29	-	-	-	-	-
SRI Balanced	7.39	8.31	-	2.81	24/07/2007	-0.57	9.52	13.74	19.66	0.61	5.11
Growth	11.11	10.51	7.13	7.49	1/02/2001	4.44	12.07	17.23	21.44	-1.03	11.21
Australian Shares	9.90	8.99	6.25	9.89	1/03/2005	4.10	6.12	20.20	25.64	-7.79	11.96
International Shares	12.64	12.05	4.41	6.66	1/03/2005	-1.39	19.76	21.06	27.82	-3.28	11.45

NET EFFECTIVE EARNING RATE (%)**

Year	Defined Benefit	Smoothed Return	Capital Guarantee
2016	4.66	4.54	4.54
2015	9.7	9.55	9.55
2014	13.33	13.55	13.55
2013	14.9	15.04	15.04
2012	0.46	0.54	0.54
over 5 yrs	8.46	8.5	8.5
over 10 yrs	5.47	5.49	5.49

*Net effective earning rates are after tax and investment charges and are to 30 June 2016.

**Net effective earning rates are after tax and investment charges and are to 30 June 2016. Information on how crediting rates are calculated is on page 21. Past performance is not indicative of future performance.

HOW WE MANAGE YOUR MONEY

Here we explain how Energy Super's Board manages your money, how investments are selected, and the actions that the Board takes to maximise returns and manage risks for each investment option.

OUR INVESTMENT REVIEW PROCESS

The Board works with the Fund's investment consultant, JANA, to formulate and oversee the investment strategies for the Fund's investment options. Included in the strategy is the setting of the investment objectives, long-term strategic asset allocations and investment manager mix.

At each meeting (10 formal and two informal held over the financial year), the Investment Committee reviews the performance of options, asset classes and managers, making changes to these as required. As market conditions dictate or as opportunities present themselves, the Committee may look to approve or make tactical changes to the asset allocations and/or the manager mix in order to either maximise member returns or mitigate risks. On at least an annual basis, the Board undertakes a comprehensive review of the Fund's investment options.

OBJECTIVES

The investment objectives and strategy for each investment option (summarised on pages 14-20) show what each aims to achieve together with industry standard measures on the level of risk involved and its suggested investment timeframe. Where the objective of an investment option is to exceed inflation by a certain level, as measured by All Groups Consumer Price Index (CPI), it is anticipated that this CPI objective should be achieved over the long term. However, there may be periods when an investment option does not meet its CPI objective, due to the volatile nature of investment markets.

STANDARD RISK MEASURE		
Risk band	Risk level	Estimated number of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

HOW WE MEASURE INVESTMENT RISK

Each of our investment options has a risk band and risk level assigned to them called the Standard Risk Measure (SRM). These risk bands and risk levels (see above) are based on industry standards and allow you to compare investment options across different super funds.

The SRM does not take into account all forms of investment risk and you should ensure that you understand and feel comfortable with the risks and potential volatility associated with the investment options that you've chosen.

You can learn more about how the SRM is calculated by visiting the investment and performance page in the Energy Super *Investment Guide* available at energysuper.com.au

SOCIAL RESPONSIBILITY AND VOTING POLICY

SRI Balanced Option

The SRI Balanced option aims to achieve its investment return objective by investing in companies and investments that demonstrate superior environmental and social practices and offer sustainable products and services, while excluding companies that do not.

The fund's manager employs a multi-manager approach, investing in an actively managed diversified portfolio that invests in Australian and International shares, Australian and International property, Australian and International fixed interest and cash investments.

Our Voting Policy

We believe that corporate governance is a pivotal component driving the performance of listed companies, and as such we have a responsibility to represent your best interests when responding to corporate actions that arise from our investments.

For all pooled trust investments, we may influence an investment manager's voting decision but do not have the authority to vote. For discrete mandates, we reserve the right to vote, and report all voting instructions online at energysuper.com.au under 'Fund Governance'. The Fund's voting policies have been drafted using the guiding principles of the Australian Council of Superannuation Investors.

FINANCIAL POSITION OF OUR DEFINED BENEFIT INVESTMENT POOL

An actuarial review determines how much employers must contribute to ensure that we have sufficient assets to pay all future defined benefits entitlements. As at 30 June 2016, the value of the Defined Benefit investment pool attributable to each employer that provides defined benefits was greater than 100% of the value of defined benefits that would have been payable for that employer's employees. This means that the fund is in a 'satisfactory financial position' within the meaning of superannuation law.

OUR DERIVATIVES POLICY

The Trustee does not undertake day-to-day management of derivative instruments. Some of our external investment managers may also use derivatives when managing discrete mandates for us, or pooled investment vehicles in which we invest.

The rules and limits for the use of derivatives are detailed in the investment management agreements that we have with our external investment managers.

We also consider the risks and controls in place for derivatives by carefully reviewing each investment manager's Derivative Risk Statement (or attestations and policies) before they are appointed, and discussing their use of derivatives during our regular performance reviews.

We have also created a Derivatives Risk Statement that outlines the relationship between our overall investment strategy and the use of derivatives.

We monitor the effective exposure that each asset class has by measuring the underlying net exposure of derivatives, including futures and options exposures in all pooled investment vehicles.

Effective exposure is the sum of the market value of physical assets, the underlying market value represented by futures contracts and the effective exposure derived from options contracts.

OUR STRATEGY IS ALWAYS TO INVEST FOR HIGH VALUE AND LONG-TERM GROWTH.



WHAT YOU'RE INVESTED IN

In this section you'll learn more about the asset classes that we invest in and the top five investments within these asset classes.

	DEFINITION	TOP FIVE HOLDINGS
Growth Assets		
Australian Shares	An investment in part of a company listed on the Australian share market.	Commonwealth Bank Westpac Bank BHP Billiton Limited National Australia Bank Seek Limited
International Shares	An investment in part of a company listed on an overseas share market.	Wells Fargo Facebook Inc United Health Group Amazon Alphabet Inc (ex Google)
Property	Investments in "Retail", "Commercial", "Industrial", or domestic property. Typically the investments are via "Unlisted Property Trusts", although the Fund may invest in listed property trusts.	Castle Towers Home Hub Hills Eastland Robina Town Centre Canberra Centre
Infrastructure	Investments in ports, airports, roads, hospitals and assets that provide essential services to a community and the economy. Typically the asset class is characterised by lower correlations to other asset classes, and a relatively high inflation-linked cash yield. From time to time the asset class may invest in more growth orientated infrastructure assets which may include upgrading facilities or developing new assets.	Queensland Airports Port of Newcastle Nth Queensland Airports Porterbrook Perth Airport
Growth Alternatives	Investments in domestic and "International Private Equity", "Global Opportunistic Property" and other selected opportunities with expected returns at or above listed growth assets, but with lower correlations.	Hamilton Lane Russell Investments HarbourVest Sigular Guff Franklin Templeton
Defensive Assets		
Defensive Alternatives	Investments in high yielding "Fixed Interest Strategies", "Infrastructure Income" and specialist managers with expected returns at or above traditional fixed interest investments, but with lower correlations to public market equities.	111 George Street, Brisbane 61 Mary Street, Brisbane 33 Charlotte Street, Brisbane 54 Mary Street, Brisbane 63 George Street, Brisbane
Global Fixed Interest	Investments in high quality "Global Fixed Interest Securities" including corporate securities/bonds, "Mortgage-Backed Securities", "Macro Strategies", and "Micro Credit Security Strategies".	Australian Government Bonds US Federal National Mortgage Assn Queensland Treasury Corporation US Government Treasury Commonwealth Bank
Cash Enhanced	Investments in high quality domestic cash and cash like securities including "Floating Rate Notes", "Mortgage-Backed Securities", "Promissory Notes", cash at call and cash deposits.	Members Equity Bank Bendigo & Adelaide Bank Bank of China National Australia Bank Rural Bank

YOUR INVESTMENTS

The following tables show the investment objectives, minimum suggested investment timeframe, standard risk measures, risk level and the strategic and actual asset allocations for each of Energy Super's investment options including our Defined Benefit investment pool as at 30 June 2016. To help you understand the jargon, here are some key explanations.

INVESTMENT OPTIONS	
Single sector options	An investment option that invests in one asset class like Australian shares.
Diversified options	A pre-mixed blend of single sector options to suit different risk and return objectives
Suggested timeframe	How long you need to invest in an investment option to give it the best chance of meeting its investment return objective.
Risk level	The level of risk taken by an investment option to meet its investment return objective. Generally, the higher the risk, the higher the potential return.
Strategic asset allocation	The mix of assets within each investment option used to meet its investment return objective.
Actual asset allocation	The current mix of assets as at 30 June 2016.

Find out more about our investment options online at energysuper.com.au/investments



Energy Super hosts a range of investment seminars during the year for members across Queensland. Registration is easy. To view the range and book your spot, simply go to energysuper.com.au/seminars

ENERGY SUPER IS THE ONLY SUPER FUND IN AUSTRALIA THAT FULLY DISCLOSES THE PORTFOLIO HOLDINGS OF ITS INVESTMENTS.

Visit energysuper.com.au/assets

Australian Financial Review, 23 September 2016

YOUR INVESTMENTS [CONTINUED]

The following tables show the investment objectives, minimum suggested investment timeframe, risk level, strategic and actual asset allocations for each of Energy Super's investment options including our Defined Benefit investment pool as at 30 June 2016.

INTRODUCING A NEW INVESTMENT OPTION

Our members have often expressed interest in a longevity product that can protect them from outliving their retirement savings. Energy Super is addressing this longevity risk with the introduction of the LifetimePlus investment option.

INTRODUCING LIFETIMEPLUS

LifetimePlus is a new account-based pension investment option that members can access from their Energy Super Income Stream. We introduced it to our members on 1 July 2016 in partnership with Mercer Investments (Australia) Limited. LifetimePlus combines an investment strategy focused on capital preservation with a longevity pool structure that provides three types of income:

- Distribution of investment earnings
- Living bonus payments
- Capital return payments

LifetimePlus is generally designed for members who want:

- an income throughout their retirement, above that offered by the Age Pension, for as long as they live
- the option to provide for a partner who may outlive them
- to invest part of their income stream in a conservative investment strategy.

LifetimePlus is not designed for members who:

- are aged 70 or older
- have a relatively low super balance when they start retirement
- have poor health or reduced life expectancy.

Introducing this product as an investment option means members can have the best of both worlds. But there's still a lot to consider with a longevity product like this, and our team of financial advisers can help members make decisions about whether or not it's right for them.

More about LifetimePlus is available at energysuper.com.au

Fixed Interest

Investment return objectives¹

- This option aims to:
- provide a positive return modestly higher than the Cash Enhanced option; and
 - achieve returns (after tax and other costs) over rolling ten years of 1% above inflation.²

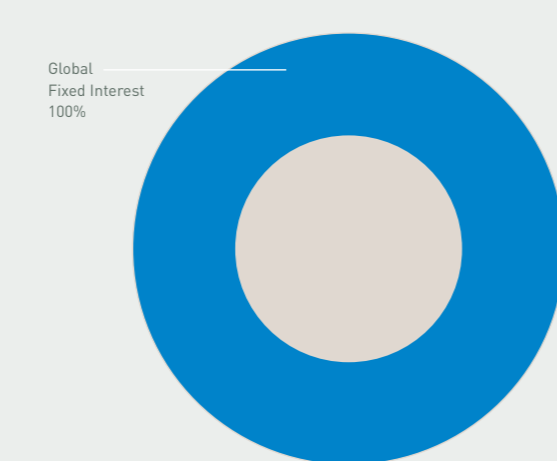
Minimum suggested investment timeframe Three years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%) year ended 30 June 2016	Strategic asset allocation (%) year ended 30 June 2015	Range (%)
Australian Shares	-	-	-
International Shares	-	-	-
Property	-	-	-
Growth Alternatives	-	-	-
Infrastructure	-	-	-
Total growth assets	0	-	0
Defensive Alternatives	-	-	-
Global Fixed Interest	100	-	-
Cash Enhanced	-	-	-
Total defensive assets	100	N/A	0-100

Actual asset allocation as at 30 June 2016



Has this option met its investment objective? N/A

Cash Enhanced

Investment return objectives¹

- This option aims to:
- achieve returns (after tax and other costs) over rolling ten years of 1% above inflation.²

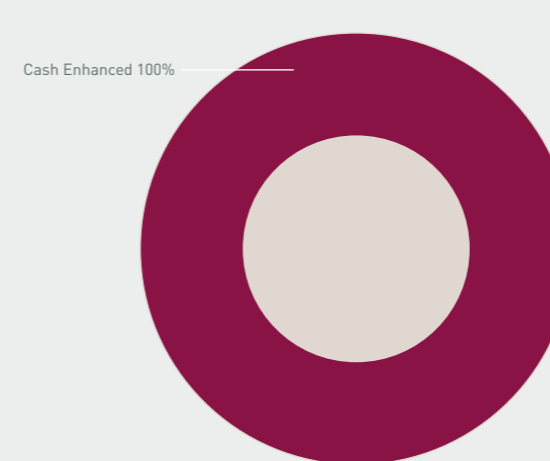
Minimum suggested investment timeframe One year

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%) year ended 30 June 2016	Strategic asset allocation (%) year ended 30 June 2015	Range (%)
Australian Shares	-	-	-
International Shares	-	-	-
Property	-	-	-
Growth Alternatives	-	-	-
Infrastructure	-	-	-
Total growth assets	0	0	0
Defensive Alternatives	-	-	-
Global Fixed Interest	-	-	-
Cash Enhanced	100	100	0-100
Total defensive assets	100	100	0-100

Actual asset allocation as at 30 June 2016



Has this option met its investment objective? Yes

Stable

Investment return objectives¹

- This option aims to:
- provide returns modestly higher than generally associated with cash and fixed interest assets; and
 - achieve returns (after tax and other costs) over rolling ten years of 1.5% above inflation.²

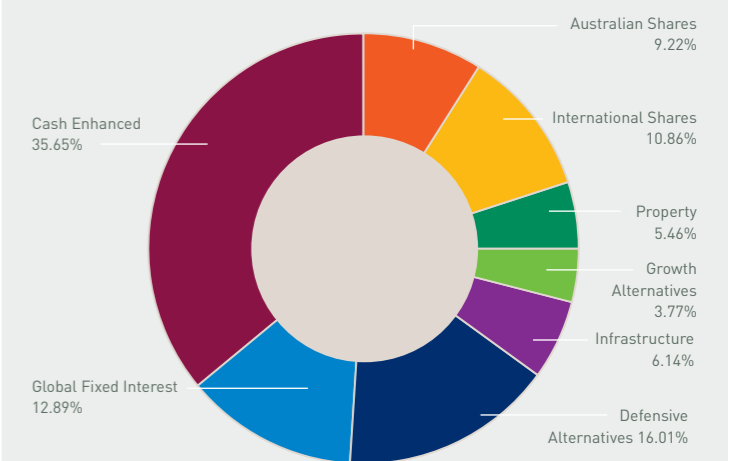
Minimum suggested investment timeframe Three years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%) year ended 30 June 2016	Strategic asset allocation (%) year ended 30 June 2015	Range (%)
Australian Shares	10	10	0-20
International Shares	10	10	0-20
Property	5	5	0-10
Growth Alternatives	4	6	0-10
Infrastructure	6	4	0-15
Total growth assets	35	35	25-45
Defensive Alternatives	15	5	0-20
Global Fixed Interest	15	15	10-50
Cash Enhanced	35	45	10-50
Total defensive assets	65	65	55-75

Actual asset allocation as at 30 June 2016



Has this option met its investment objective? Yes

1. Investment return objectives are not guaranteed to be met.
 2. Inflation is measured by the National Consumer Price Index (CPI).
 3. See Standard Risk Measure on page 10.

YOUR INVESTMENTS [CONTINUED]

1. Investment return objectives are not guaranteed to be met.
 2. Inflation is measured by the National Consumer Price Index (CPI).
 3. See Standard Risk Measure on page 10.

Capital Managed

Investment return objectives¹

- This option aims to:
- provide returns with some capital growth balanced by other relatively stable returns from Cash and Fixed Interest assets; and
 - achieve returns (after tax and other costs) over rolling ten years of 2% above inflation.²

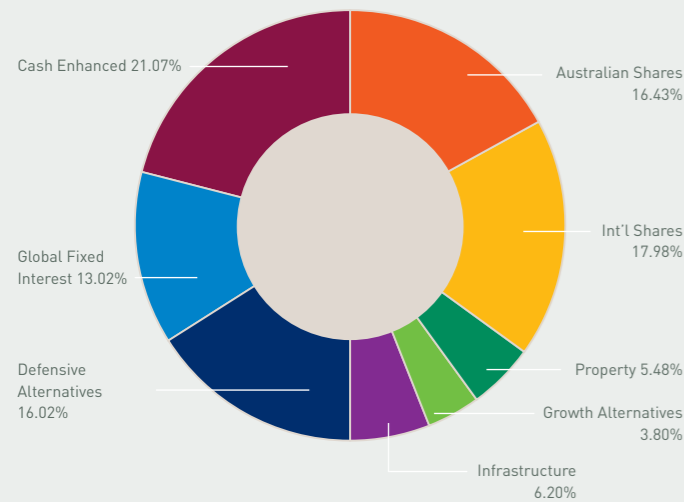
Minimum suggested investment timeframe Three years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%) year ended 30 June 2016	Strategic asset allocation (%) year ended 30 June 2015	Range (%)
Australian Shares	18	20	10-30
International Shares	17	15	0-25
Property	5	5	0-10
Growth Alternatives	4	6	0-10
Infrastructure	6	4	0-15
Total growth assets	50	50	40-60
Defensive Alternatives	15	5	0-20
Global Fixed Interest	15	15	5-45
Cash Enhanced	20	30	0-40
Total defensive assets	50	50	40-60

Actual asset allocation as at 30 June 2016



Has this option met its investment objective? **Yes**

Balanced

Investment return objectives¹

- This option aims to:
- provide higher returns, mainly from capital growth, than the Stable and Capital Managed options; and
 - achieve returns (after tax and other costs) over rolling ten year periods of 3% above inflation.²

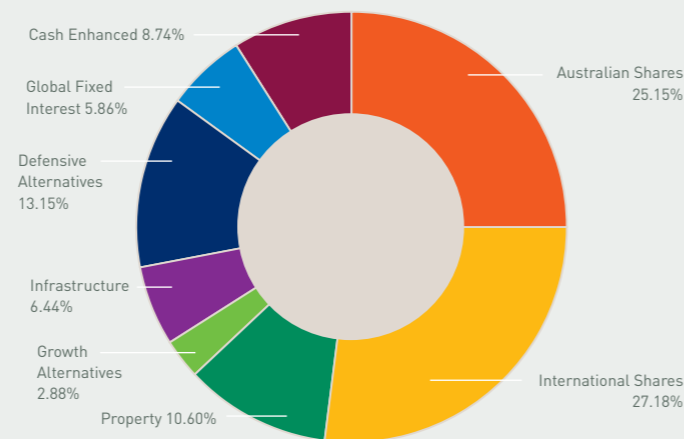
Minimum suggested investment timeframe Five years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%) year ended 30 June 2016	Strategic asset allocation (%) year ended 30 June 2015	Range (%)
Australian Shares	25	28	20-40
International Shares	25	22	0-30
Property	10	10	0-20
Growth Alternatives	7	7	0-15
Infrastructure	8	8	0-15
Total growth assets	75	75	65-85
Defensive Alternatives	10	5	0-15
Global Fixed Interest	10	10	0-25
Cash Enhanced	5	10	0-20
Total defensive assets	25	25	15-35

Actual asset allocation as at 30 June 2016



Has this option met its investment objective? **Yes**

MySuper

Investment return objectives¹

- This option aims to:
- provide higher returns, mainly from capital growth, than the Stable and Capital Managed options; and
 - achieve returns (after tax and other costs) over rolling ten year periods of 3% above inflation.²

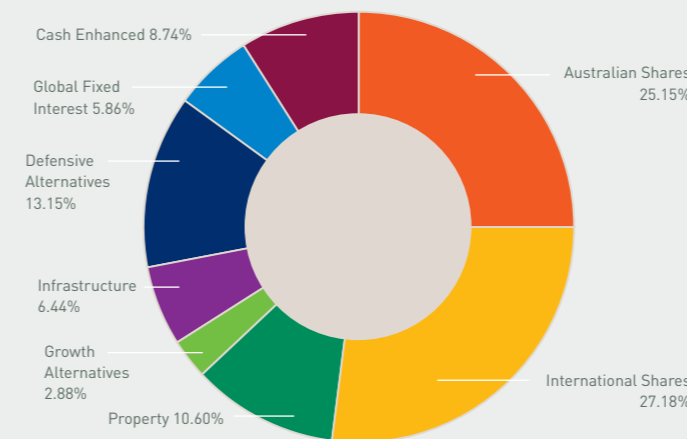
Minimum suggested investment timeframe Five years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%) year ended 30 June 2016	Strategic asset allocation (%) year ended 30 June 2015	Range (%)
Australian Shares	25	28	20-40
International Shares	25	22	0-30
Property	10	10	0-20
Growth Alternatives	7	7	0-15
Infrastructure	8	8	0-15
Total growth assets	75	75	65-85
Defensive Alternatives	10	5	0-15
Global Fixed Interest	10	10	0-25
Cash Enhanced	5	10	0-20
Total defensive assets	25	25	15-35

Actual asset allocation as at 30 June 2016



Has this option met its investment objective? **N/A**

SRI Balanced

Investment return objectives¹

- This option aims to:
- provide returns higher than the Stable and Capital Managed options mainly from capital growth; and
 - achieve returns (after tax and other costs) over rolling ten years of 3% above CPI.²

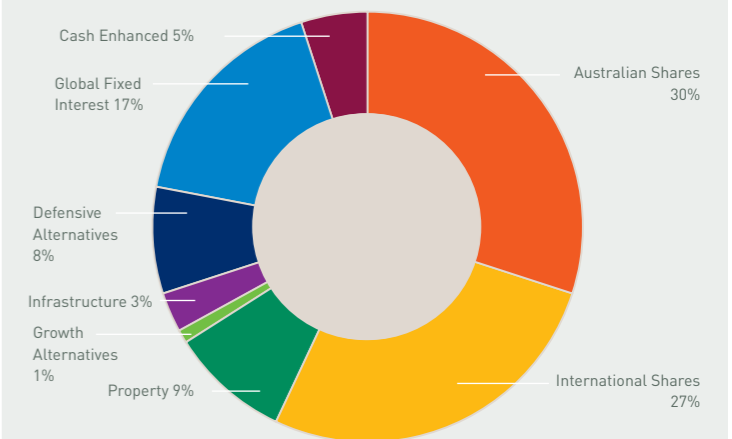
Minimum suggested investment timeframe Five years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%) year ended 30 June 2016	Strategic asset allocation (%) year ended 30 June 2015	Range (%)
Australian Shares	30	33	20-40
International Shares	27	24.5	15-42
Property	9	10	0-20
Growth Alternatives	1	1.5	0-6
Infrastructure	3	0	0-7
Total growth assets	70	69	N/A
Defensive Alternatives	8	0	0-15
Global Fixed Interest	17	25	0-30
Cash Enhanced	5	0	0-15
Cash	-	6	0-16
Total defensive assets	31	31	N/A

Actual asset allocation as at 30 June 2016



Has this option met its investment objective? **Yes**

YOUR INVESTMENTS [CONTINUED]

Growth

Investment return objectives¹

- This option aims to:
- provide considerable returns from capital growth; and
 - achieve returns (after tax and other costs) over rolling ten years of 3.5% above inflation.²

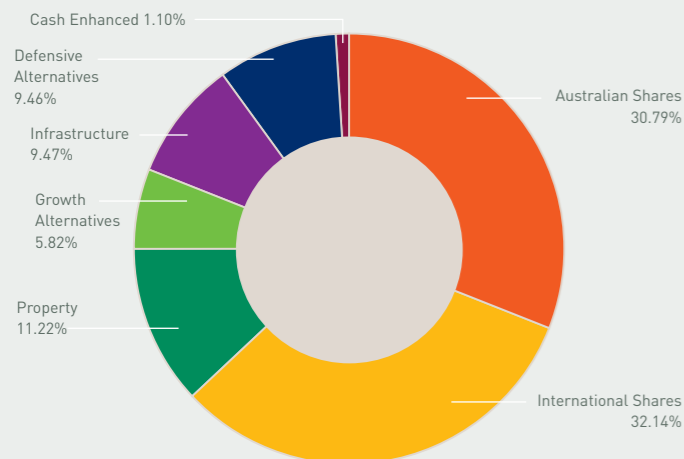
Minimum suggested investment timeframe Seven years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%) year ended 30 June 2016	Strategic asset allocation (%) year ended 30 June 2015	Range (%)
Australian Shares	32	35	15-45
International Shares	33	30	0-40
Property	10	10	0-20
Growth Alternatives	7	8	0-15
Infrastructure	8	7	0-15
Total growth assets	90	90	80-100
Defensive Alternatives	5	5	0-10
Global Fixed Interest	0	0	0-10
Cash Enhanced	5	5	0-10
Total defensive assets	10	10	0-20

Actual asset allocation as at 30 June 2016



Has this option met its investment objective? Yes

Australian Shares

Investment return objectives¹

- This option aims to:
- provide high returns over the suggested time frame; and
 - achieve returns (after tax and other costs) over rolling ten years of 3.5% above inflation.²

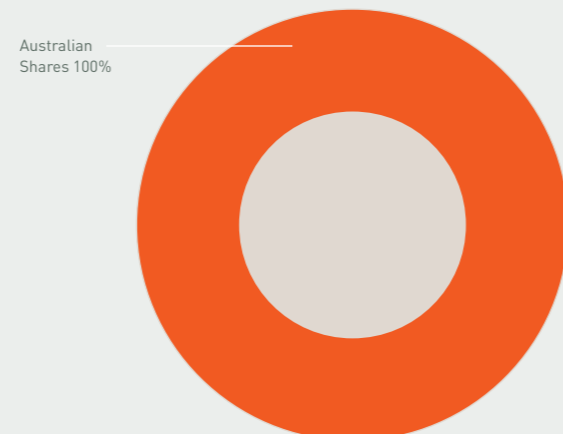
Minimum suggested investment timeframe Ten years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%) year ended 30 June 2016	Strategic asset allocation (%) year ended 30 June 2015	Range (%)
Australian Shares	100	100	90-100
International Shares	-	0	-
Property	-	0	-
Growth Alternatives	-	0	-
Infrastructure	-	0	-
Total growth assets	100	100	90-100
Defensive Alternatives	-	0	-
Global Fixed Interest	-	0	-
Cash Enhanced	-	0	-
Total defensive assets	0	0	0-10

Actual asset allocation as at 30 June 2016



Has this option met its investment objective? No

International Shares

Investment return objectives¹

- This option aims to:
- provide high returns over the suggested time frame; and
 - achieve returns (after tax and other costs) over rolling ten year periods of 3.5% above inflation

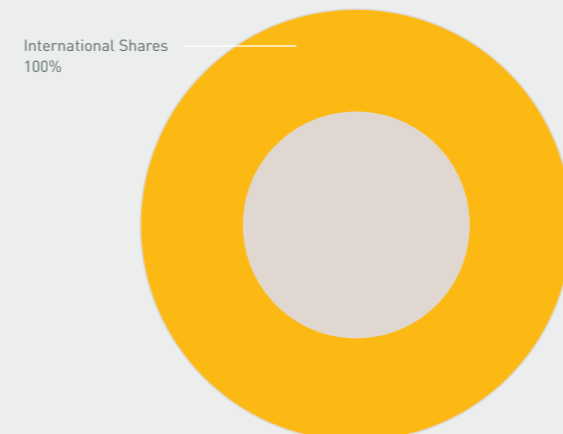
Minimum suggested investment timeframe Ten years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%) year ended 30 June 2016	Strategic asset allocation (%) year ended 30 June 2015	Range (%)
Australian Shares	-	0	-
International Shares	100	100	90-100
Property	-	0	-
Growth Alternatives	-	0	-
Infrastructure	-	0	-
Total growth assets	100	100	90-100
Defensive Alternatives	-	0	-
Global Fixed Interest	-	0	-
Cash Enhanced	-	0	-
Total defensive assets	0	0	0-10

Actual asset allocation as at 30 June 2016



Has this option met its investment objective? No

Smoothed Return (Defined Contribution only)

Investment return objectives¹

- This option aims to:
- provide a return similar to the Balanced investment option but smoothed by movements to and from the reserve; and
 - achieve returns (after tax and other costs) over rolling ten year periods of 2% above inflation

Minimum suggested investment timeframe Five years

Risk level³ Low 1 2 3 4 5 6 7 High

How the crediting rate is calculated

The Smoothed Return investment option crediting rate is calculated by averaging the net effective earning rates of the Balanced investment option for the last three financial years. This average is then adjusted to maintain the reserves required for the smoothing process. In years where investment performance is good, the crediting rate may be lower than actual earnings. Conversely, in years where investment performance is lower, the crediting rate may be higher than actual earnings. By smoothing the crediting rates, the variations in investment performance are averaged over a longer period. The reserves for smoothing of returns are supported by employers who offer the Smoothed Return investment option to their employees.

Important information

This investment option has been made available to some employees of employers with agreement of the Trustee. Only contributions paid by these employers can be invested in this option. You cannot choose to invest your rollovers or lump sum contributions in this option, nor can you switch existing balances to it. If you switch to another option, you cannot transfer your money back to the Smoothed Return investment option. If you leave your employer, the treatment of your Smoothed Return investment amount will depend on your circumstances. Contact Energy Super for more information.

1. Investment return objectives are not guaranteed to be met.
 2. Inflation is measured by the National Consumer Price Index (CPI).
 3. See Standard Risk Measure on page 10.

YOUR INVESTMENTS [CONTINUED]

1. Investment return objectives are not guaranteed to be met.
2. Inflation is measured by the National Consumer Price Index (CPI).
3. See Standard Risk Measure on page 10.

Capital Guarantee (Defined Contribution only)

Investment return objectives¹

- This option aims to:
- provide a return up to the Defined Benefit investment pool return less 1% but not less than zero; and
 - achieve returns (after tax and other costs) over rolling 10 year periods of 2% above inflation.

Minimum suggested investment timeframe Five years

Risk level³ Low 1 2 3 4 5 6 7 High

How the crediting rate is calculated

The crediting policy applied to the Capital Guarantee investment option is designed to protect your investment from negative returns from one year to the next by first applying a 'smoothing' factor to net earnings of the Balanced investment option. Smoothing of the earnings is achieved by [each year] calculating net effective earnings averaged over the past three financial years, and then discounting the result by a factor, as advised by the Fund Actuary, to maintain enough reserves to support the guarantee. The return is guaranteed such that it cannot be less than zero. Reserves for the Capital Guarantee investment option are supported by employers who offer the Capital Guarantee investment option to their employees.

Important information

This investment option has been made available to some employees of some employers with agreement of the Trustee. Only contributions paid by these employers can be invested in this option. It is closed to new members. If you have an amount in the Capital Guarantee investment option you cannot choose to invest your rollovers or lump sum contributions in this option, nor can you switch other existing balances to it. If you switch to another option, you cannot transfer your money back to the Capital Guarantee investment option. If you leave your employer, the treatment of your Capital Guarantee amount will depend on your circumstances. Contact Energy Super for more information.

Defined Benefit

Investment return objectives¹

- This option aims to:
- provide similar investment returns as the Balanced investment option; and
 - achieve returns (after tax and other costs) over rolling ten year periods of 3% above inflation.

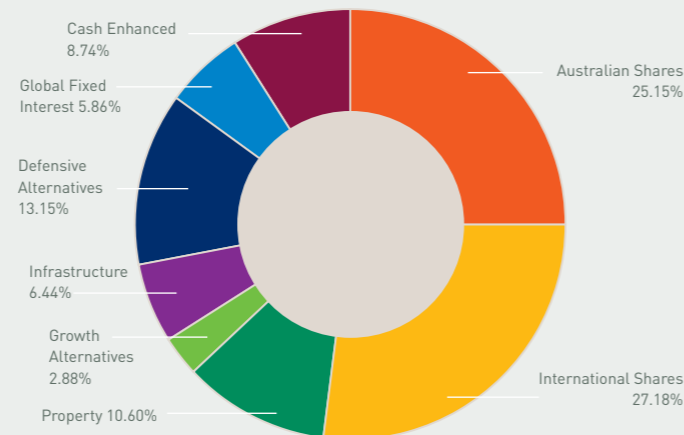
Minimum suggested investment timeframe Five years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation [%] year ended 30 June 2016	Strategic asset allocation [%] year ended 30 June 2015	Range [%]
■ Australian Shares	25	28	20-40
■ International Shares	25	22	0-30
■ Property	10	10	0-20
■ Growth Alternatives	7	7	0-15
■ Infrastructure	8	8	0-15
Total growth assets	75	75	65-85
■ Defensive Alternatives	10	5	0-15
■ Global Fixed Interest	10	10	0-25
■ Cash Enhanced	5	10	0-20
■ Cash	25	0	15-35
Total defensive assets	25	25	15-35

Actual asset allocation as at 30 June 2016



Has this option met its investment objective? Yes

CREDITING RATES & UNIT PRICES

ACCUMULATION OR DEFINED CONTRIBUTION ACCOUNTS

CREDITING RATES

Crediting rates, which fluctuate throughout the year in line with investment market movements, are calculated daily and all earnings are paid to your account on 30 June each year.

Crediting rates for investment options are generally equal to the investment earning rate of the investment option, less tax and other management costs. The exceptions to this are the Defined Benefit/Three Year Average, Smoothed Return investment option and the Capital Guarantee investment option. Information on how crediting rates for these options are calculated are explained below.

HOW CREDITING RATES ARE CALCULATED

The crediting rate for all Defined Contribution investment options can be positive or negative and they are equal to the investment earning of the investment option, less tax and other management costs. The exceptions to this policy are the Defined Benefit/ Three Year Average, Smoothed Return investment option and the Capital Guarantee investment option (see pages 19 and 20).

DEFINED BENEFIT

The Defined Benefit investment pool crediting rate is calculated by averaging the net effective earning rates for the last three years (subject to any adjustments the Trustee considers appropriate having regard to the financial position of the pool). The crediting rate policy may be changed from time to time.

SMOOTHED RETURN

The Smoothed Return investment option crediting rate is calculated by averaging the net effective earning rates of the Balanced investment option for the last three financial years. This average is then adjusted to maintain the reserves required for the smoothing process. In years where investment performance is good, the crediting rate may be lower than actual earnings. Conversely, in years where investment performance is lower, the crediting rate may be higher than actual earnings.

By smoothing the crediting rates, the variations in investment performance are averaged over a longer period.

The reserves for smoothing of returns are supported by employers who offer the Smoothed Return investment option to their employees.

CAPITAL GUARANTEE

The crediting policy applied to the Capital Guarantee investment option is designed to protect your investment from negative returns from one year to the next by first applying a 'smoothing' factor to net earnings of the Balanced investment option. Smoothing of the earnings is achieved by [each year] calculating net effective earnings averaged over the past three financial years, and then discounting the result by a factor, as advised by the Fund Actuary, to maintain enough reserves to support the guarantee. The return is guaranteed such that it cannot be less than zero. Reserves for the Capital Guarantee investment option are supported by employers who offer the Capital Guarantee investment option to their employees.

Tax on investment earnings

Investment earnings on all Defined Contribution accounts are taxed at up to 15%.

MARKET LINKED PENSION AND INCOME STREAM ACCOUNTS

HOW UNIT PRICES ARE CALCULATED

Unit prices for Market Linked Pension and Income Stream investment options are calculated daily and reflect the value of each option's assets for that day, less tax and other management costs.

You can work out the value of your super by multiplying the number of units you have in each option by the unit price for that day. Between any two periods in time the change in unit price can be calculated and expressed as a percentage.

You can find the latest unit prices on our website at energysuper.com.au

TAX ON INVESTMENT EARNINGS

Investment earnings on all Defined Contribution accounts are taxed at up to 15%, while there is no tax on investment earnings from Market Linked Pension or Income Stream accounts.

That's why the after-tax investment returns of Market Linked Pension and Income Stream investment options will be slightly different to the after-tax investment returns of equivalent Defined Contribution investment options.

MANAGING YOUR SUPERANNUATION

We encourage you to take an active role in making decisions about your super so you can achieve the best retirement outcome possible. Here you'll learn more about some of the factors that you should consider in managing your super.

IMPROVE YOUR UNDERSTANDING AND TAKE CONTROL

With the right knowledge about wealth and super you're in a better position to make informed and financially sound decisions about your retirement. We have a range of tools, advice and services to help you. Our online interactive learning centre at energysuper.com.au is designed to help you educate yourself and includes calculators, fact sheets and videos. You can also register for a webinar or seminar. More information can be found on page 24.

CONSOLIDATE YOUR ACCOUNTS

Combining your super into one account makes it easier to keep track of your super and could save you money as you'll only be paying one set of administration fees. Transferring all your funds into your Energy Super account is quick and easy. To consolidate your super select the 'Rollover your super' link at energysuper.com.au and follow the simple steps.

Please check with other funds about exit or withdrawal fees or whether you'll have any loss of services or benefits such as insurance before you rollover your super.

BENEFICIARY NOMINATIONS

To ensure your death benefit is paid the way you want, you should make your wishes known to us with a beneficiary nomination and always ensure it remains valid and up to date.

You should review your nomination regularly. Changes in your circumstances, such as marriage, a new de facto relationship, separation or divorce, birth of a child, or death of a spouse or partner, may affect the validity of your nomination or your wishes.

Your Annual Statement will show details of your nomination (if any) and its expiry date if it is a binding nomination. To renew, change or cancel your nomination, simply complete the relevant nomination form available under the 'Forms and Tools' section on our website – energysuper.com.au

For more information on beneficiary nominations and death benefits, please refer to the Energy Super *What happens to my super when I die* Guide or call us on **1300 4 ENERGY** (1300 436 374).

INVESTMENT OPTIONS

The choices you make about how your super is invested can make a significant difference to your retirement. It is vital that you choose an investment option that suits your age, income and attitude to risk. We offer 10 investment options for both accumulation and income stream members (summarised on pages 14–20) that have different objectives and strategies and therefore provide different risk levels and returns. It's important that you remain an active investor and spend some time checking your investment options.

SWITCHING

You can switch your investment options at any time. Simply complete a *Change of Investment Choice* form – available at energysuper.com.au – and return it to us. You can also change your investment option(s) by logging onto Member Online – the secure section of the website. You can switch your account balance, future contribution/rollover investment allocation, or a combination of both.

Your first investment switch each financial year is provided at no extra cost. Additional investment switches cost \$28 and this will be deducted from

your Energy Super account. All switches are now processed using the last available crediting rate or unit price at the date that the transaction is processed. The Trustee has performance standards and procedures in place for the processing of investment switches and generally investment switch requests will be processed within a few days of receipt. Once you submit your investment switch request, it cannot be revoked.

INVESTMENT ADVICE

Before you change your investment options or make any other decisions about your super, we strongly recommend that you seek expert financial advice. Our financial advisers can help you to select the most appropriate investment option for your individual circumstances.



One of the best ways to stay on top of your super is to have a secure Member Online account. You'll be able to view and change a range of account details, make investment switches and check on your insurance cover. Register online at energysuper.com.au or call us on **1300 4 ENERGY** (1300 436 374).

YOUR INSURANCE

The loss of part of your income because of an unforeseen injury or illness can have a huge impact on your ability to meet everyday living expenses. Regardless of your award, salary or age, everyone needs a safety net if something were to happen.

Insurance offers peace of mind and protection for yourself and your loved ones. Your super is just one step towards securing your financial future. It's also important to have the right level of insurance so you and your loved ones are properly protected in case the unexpected happens.

INSURANCE COVER WITH ENERGY SUPER

We continue to offer convenient, low-cost insurance including cover for:

- **Total and Permanent Disablement (TPD)**, where you receive a lump sum if you're permanently unable to work
- **Death Only**, where you receive a lump sum if you have a terminal illness, or where a lump sum is paid to your beneficiaries when you die
- **Standard Income Protection**, (up to two years), where you can be paid the lesser of 90% of your income or the level of cover you received automatically or applied for, for the first 120 days of your benefit period. Then, for the remainder of your benefit period, the weekly benefit is the lesser of 80% of your income or the level of cover you received automatically or applied for. A superannuation benefit is also payable into your Energy Super account equal to the lesser of 10% of income or 10% of the benefit level for which you are insured.

We work very closely with our insurers (MLC Limited and Beazley Australia) to ensure we can provide insurance that is affordable, provides generous levels of cover and has an easy claims process. Please note that exclusions may apply, so you may not have cover in all circumstances. See the *Insurance Guide* applicable to your membership for details.

DO YOU HAVE ENOUGH INSURANCE?

As a member of Energy Super, you may have received a certain level of insurance cover automatically when you joined, however this may not be enough for your individual circumstances.

That's why it's important to review your insurance cover. Our dedicated financial advisers can help you review your insurance cover over the phone at no additional cost. Simply phone us on **1300 4 ENERGY** (1300 436 374).

ON 5 SEPTEMBER 2016 WE ENTERED INTO A STANDARD INCOME PROTECTION INSURANCE AGREEMENT WITH A NEW INSURER THAT GUARANTEES INSURANCE PREMIUMS FOR THREE YEARS.



Learn more about your insurance cover options at energysuper.com.au/insurance



HELPING YOU LEARN ABOUT SUPER

Our vision is to educate and empower our members so that they are better placed to take control of their financial future.

We're driven to make sure that you're educated about wealth and super so that you can make informed decisions and achieve your retirement goals. Your super is important – whether it be for insuring your income now or providing income in retirement, so it's important to get it right.

We believe that it's important for you to have the knowledge to:

- make the right investment decisions;
- have the appropriate insurance cover;
- know when to review investment decisions and insurance cover throughout your life;
- identify when to ask for support; and
- know good advice from bad.

GET SUPER SMART WITH ENERGY SUPER

We are continually looking at innovative ways to help you learn more about super. We have a range of information, tools and services on our website energysuper.com.au

These include:

- **Calculators** – estimate how much you'll need in retirement, optimise your super contributions, keep track of your before-tax contribution limits and more.
- **Videos** – hear from our experts on a range of topics. You can also subscribe to our YouTube Channel so you will know when we add new topics.
- **Webinars** – view a range of webinars in your own time.
- **Seminars** – view our seminar schedule, topics and register online.



Our single-issue advisers: Alan Beirne, Madelaine Holmes & Jeremy Hopton

ATTEND A SEMINAR

We run a regular seminar series for our members. Our regular education seminars are conducted by our experienced team and cover a range of superannuation and wealth topics such as planning for retirement, estate planning, maximising retirement income and Centrelink entitlements. In response to member feedback we have introduced new topics such as the Global and Australian economic outlook which is co-presented by guest speakers from a variety of Energy Super's investment fund managers.

WE'RE HERE TO HELP

Our dedicated team of financial advisers can help you with the information and advice you need to secure your financial future. Whether you have a simple question about your super or would like a tailored financial plan, we can help you. As an Energy Super member, you can access:

- **Single-issue advice** – personal advice about your Energy Super account in regards to a single issue or topic including investment choice, insurance, and contribution strategies. This advice is given over the phone at no additional charge.
- **Comprehensive advice** – personal advice, usually conducted face-to-face, that can cover your entire financial situation including non Energy Super solutions. A fee is charged for this level of advice.

To book an appointment, simply phone us on **1300 4 ENERGY** (1300 436 374).

Here's a snapshot of the education programs and advice services that we provided to members this year:

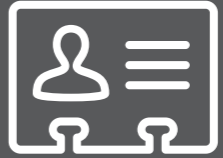
COMMUNICATIONS

OVER **193,000**

individual emails sent to members, more than **20,000** visits to our content hub and **4,000** views on our videos.


EMPLOYER CONTACTS

4,941



MEMBER SERVICES

OVER **42,000** CALLS TAKEN



1,792 FINANCIAL

SINGLE ISSUE ADVICE

statements issued, around contributions, investment options and insurance at no extra cost to members

551 ADVICE

COMPREHENSIVE ADVICE APPOINTMENTS


held on a fee-for-service basis

381

ONGOING REVIEWS for financial planning members

SEMINARS

7,438 MEMBERS




ATTENDED MORE THAN 340 SEMINARS OR ON-SITE MEETINGS

WEBSITE VISITORS

OVER **255,000**

page visits on our website including over 95,000 users. Mobile use increased by more than 20%.



OUR BOARD

The Board is responsible for setting and monitoring the strategic direction and performance of the Fund. The Board also oversees the management of risk and compliance with governance obligations, regulatory requirements and ethical standards.

We understand that the views of all our stakeholders are important. The Energy Super Board of Directors includes both employer and member representatives.

The Board values:

HONESTY AND INTEGRITY → RESPECT FOR PEOPLE
SERVICE EXCELLENCE → RECOGNITION AS A LEADING
SUPERANNUATION FUND → BEST PRACTICE IN GOVERNANCE

The current Directors are:

MEMBER REPRESENTATIVE DIRECTORS



PETER SIMPSON

Appointed: 28/05/2013 – Current

Nominated by: Electrical Trade Union (ETU)

Qualifications: RG146 for Superannuation, AIST Directors Accreditation

Appointed as Member Representative Director of ESIS(Q) in May 2013, Peter is also a member of the Member Services and Marketing Committee and the Insurance and Claims Committee.

Peter is committed to helping employees navigate the industry's continual evolution and development. After starting as an apprentice linesman, Peter later worked for a range of electricity organisations across New South Wales, the ACT and Queensland. Peter is the ETU State Secretary for Queensland and is responsible for all matters concerning the union, including membership, management of finances and assets, safety, training and licensing, and other activities.

Other boards served on as at 30 June 2016:

- **Chairman, CIRT**
- **Chairman, JETCO**



DAVID SMITH

Appointed: 01/12/2007 – Current

Nominated by: Australian Services Union

Qualifications: Diploma of Financial Services (Superannuation), ASFA Accredited Investment Fiduciary, RG146 for Superannuation.

Appointed as Member Representative Director of ESIS(Q) in December 2007, David is also the Chair of Energy Super's Remuneration and Governance Committee and the Insurance and Claims Committee. David was a member of the Audit, Risk and Compliance Committee until March 2016 and a member of the Member Services and Marketing committee since.

David is the National Secretary for the Australian Services Union and has been representing members in local government, energy, rail, port authorities, and social and community services for more than 18 years.

Other boards served on as at 30 June 2016:

- **Director, AIST**



SCOTT WILSON – Deputy Chair

Appointed: 01/12/2011 – Current

Nominated by: Electrical Trade Union (ETU)

Qualifications: Dip OHS, Cert IV TAA, RG146 for Superannuation, GAIST

Appointed as Member Representative Director of ESIS(Q) in December 2011. Since December 2014, Scott is the Deputy Chair of ESIS(Q) and a member of the Remuneration and Governance Committee. Scott is also a Chair of the Member Services and Marketing Committee.

Since starting an electrical fitter mechanics apprenticeship in 1982, Scott has worked extensively in the electrical construction and service industry, both in Australia and overseas. Scott is the training officer for the Queensland Nurses Union and the Electrical Trades Union, where he researches, writes, delivers and accesses a variety of training in OHS, industrial relations and trade skills.

Other boards served on as at 30 June 2016:

- **Director & Chair, ESI FS Pty Ltd**
- **Alternate Director, Aust Q**



PETER DUFFY

Appointed: 1/04/2016 – Current

Nominated by: Australian Services Union

Qualifications: Bachelor of Business (majoring in economics and data processing)

Appointed as Member Representative Director of ESIS(Q) on 1 April 2016. Peter is on Energy Super's Audit, Risk and Compliance Committee.

Peter has almost four decades of administration experience in the Queensland electricity supply industry, most recently as a procurement and compliance support specialist at Energex. His expertise spans designing, testing and implementing business process solutions, including managing governance, compliance, safety, quality and environment issues. Peter has previously worked at the North Queensland Electricity Board and Capricornia Electricity Board.

Peter is the current Treasurer of The Services Union, Queensland Branch.

Other boards served on as at 30 June 2016:

- **N/A**

INDEPENDENT DIRECTOR

In March 2015, the Energy Super Board appointed its first Independent Director.

CHRISTINE MAHER

Appointed: 31/03/2015 – Current

Nominated by: Energy Super Board

Qualifications: BA, LLB (Hons), MAICD

Christine has participated at the highest level in the development of Australia's financial services legislation through her participation in the Association of Superannuation Funds of Australia (ASFA) and the Law Council of Australia's Superannuation Committee.

Christine is a Partner of Corrs Chambers Westgarth and has over 25 years' experience in advising superannuation funds and financial institutions. She brings superannuation, financial services, corporate governance and risk management experience to the Board. Christine is a former director of ASFA and Suncorp Insurance and Finance, and a former Board member of QSuper. She is also a member of the Fund's Audit, Compliance and Risk Committee, and the Remuneration and Governance Committee.

Other boards served on as at 30 June 2016:

- **Director, Gregory Terrace Foundation**
- **Director, Archdiocesan Development Fund**

EMPLOYER REPRESENTATIVE DIRECTORS



Mark Williamson

MARK WILLIAMSON - Chair**Appointed:** 01/12/2011 – Current**Nominated by:** Generators and Powerlink**Qualifications:** MAICD, Associate Diploma in Industrial Engineering, RG146 for Superannuation

Mark was appointed as Employer Director of ESIS(Q) in December 2011 and appointed as Chair of ESIS(Q) in 2014. Mark is a member of Energy Super's Member Services and Marketing Committee, and the Remuneration and Governance Committee.

Mark is an experienced director who has served on the boards of a number of leading Australian companies, as well as holding senior executive roles in the electricity, IT, telecommunications and airline industries, both within Australia and overseas.

Other boards served on as at 30 June 2016:

- Director, CS Energy Ltd
- Director, Transmax Pty Ltd
- Deputy Chair, ESIFS Pty Ltd

CLIVE SKAROTT**Appointed:** 23/02/2016 – Current**Nominated by:** Ergon**Qualifications:** Diploma of Financial Services, Justice of the Peace (Qual), FAMI, FAICD

Appointed as Employer Representative Director of ESIS(Q) in February 2016, Clive is on the Energy Super's Audit, Compliance & Risk Committee.

Clive has more than 55 years' experience in the energy and finance industries, having been the Chief Executive Officer and Company Secretary for Electricity Credit Union between 1973 and 2008. He was also the Operations Manager for the Far North Queensland Electricity Board for 29 years. He has extensive experience in developing businesses, particularly in regional Australia, and is a fellow of the Australian Mutuals Institute and the Institute of Company Directors.

Other boards served on as at 30 June 2016:

- Chairman, Ergon Energy
- Director, Energy Queensland Limited
- Director, JCU Dental
- Director, JCU Founders Committee Cairns Campus



Clive Skarott



John Geldard

JOHN GELDARD**Appointed:** 27/11/2007 – Current**Nominated by:** Energex Electrical Contractors Association**Qualifications:** Bachelor of Engineering, Bachelor of Commerce, CPA, FAICD.

Appointed as Employer Director of ESIS(Q) in November 2007, John is the Chair of Energy Super's Audit, Compliance & Risk Committee. John has extensive experience within the private and public sectors in the manufacturing, mining and energy industries, and has been involved with electricity industry reform in Queensland and Western Australia. John was previously CEO and CFO of Energex, and before that was CFO of the Queensland Transmission and Supply Corporation.

Other boards served on as at 30 June 2016:

- Director, Energex Ltd
- Director, Gardior

RICHARD FLANAGAN**Appointed:** 23/02/2016 – Current**Nominated by:** Master Electricians Australia**Qualifications:** Certificate IV Trainer, Electrical Contractors Licence, Advanced Electronics, Technical Trade

Appointed as Employer Representative Director of Master Electricians Australia in February 2016, Richard is on the Energy Super's Audit, Risk and Compliance Committee and the Insurance and Claims Committee.

Richard has more than 45 years' experience in the energy industry, having been the Managing Director of his own successful electrical engineering and contracting company since 1987. Before this, he worked as a licensed electrician and was Project Manager and later Queensland State Manager for C.W. Norris & Company. A strong advocate for training, he has taken on more than 300 apprentices through his business, and also spent 17 years as a trade teacher at the Gold Coast Institute of TAFE. He was President of the Electrical Contractors Association from 2009 to 2015 and Chair of the Master Electricians Association (MEA) Board from 2012 to 2015.

Other boards served on as at 30 June 2016:

- Director, Joint Industry Training Company (JETCO)
- Director, Contracting Industry Redundancy Trust (CIRT)
- Director, Master Electricians Australia



Richard Flanagan

OUR BOARD – CHAIR'S UPDATE

It's been another strong year for the Fund. We're repositioning ourselves for the next wave of change as we continue to focus on our three key areas: performance, fees and relationships. Let's start with our Board.

BOARD CHANGES

We're fortunate to have a cohesive Board that provides support and expertise on the direction of the Fund. At times there are changes in the Board composition, which we monitor and manage to make sure we balance the need for continuity with the need for new thinking and expertise.

In this financial year we farewelled Bob Henricks, Geoff Baldwin and Gary Humphrys – all experienced directors who've made significant contributions to the success of the Fund.

Their Board positions will be replaced by Peter Duffy, Clive Skarott and Richard Flanagan, who are keen to support the ongoing success of the Fund. You can read about these new directors in the previous pages.

OUR TEAM HAS GROWN AGAIN

In the last financial year we made further changes to our organisational structure and hired new skills from both within the industry and without. Our team continues to expand, this time with a focus on key areas of digital transformation and cyber security, member engagement and service delivery, business development and governance. We welcome the new additions to our expanded executive team and member services teams, and we look forward to what you will help the Fund achieve.

OUR OBJECTIVES AND STRATEGY

We have a number of short and long-term objectives that guide our strategic direction.

In broad terms the short term objectives for the Fund focus on:

- Growing the Fund through investment performance and membership to ensure we maintain our value-for-money proposition and performance.
- Retention through member satisfaction and product offerings that meet the needs of our members.
- A strong focus on technological solutions that aim to create efficiencies that optimise our members' experience and satisfaction.

Our long-term objective – and our reason for being – is to partner with our members to maximise their retirement savings and help them reach their retirement goals by investing strategically and providing value-for-money products and services.

Our objectives drive our strategy, which is set on a three-year cycle with an annual review. The current strategy focuses on:

- **Investment performance** – With the current market volatility and low-yield environment, the strategy has been adjusted to take advantage of opportunities that arise in the investment market. The Fund manages this through tactical asset allocation tilts and cash flow management to ensure we're maximising opportunities in the market as they arise.

- **Growth** – The main area of focus is to ensure we continue to grow so that we can maintain low fees for members while increasing our product and service offering. The Fund is looking at organic growth within the current membership and alliances to look for wider growth opportunities in the sector.
- **Technology platforms for the future** – Technology is now an enabler that is both affordable and reliable. The main strategy is to build a platform that allows for a two-way flow of information and that also delivers an increased level of service for members – all the while improving efficiency and reducing costs.
- **Member satisfaction and retention** – The key focus is to support our members when they need us. This includes looking at ways to increase the ease of transacting, by providing access to information and relevant advice, and by offering products and services that add real value. Building relationships with our members and supporting their personal goals is a fundamental strategy for the Fund.

OUR BOARD – MEETING ATTENDANCE

MEETING ATTENDANCE													
Director	Board		Audit, Compliance & Risk Committee		Investment Committee		Member Services & Marketing Committee		Remuneration & Governance Committee		Insurance & Claims Committee		
	E*	A^	E*	A^	E*	A^	E*	A^	E*	A^	E*	A^	
Mark Williamson	9	8	–	–	9	8	2	–	2	2	–	–	
David Smith	9	9	3	1	9	9	1	1	2	2	3	3	
John Geldard	9	8	5	5	9	8	–	–	–	–	–	–	
Geoff Baldwin	5	4	3	3	5	4	2	1	–	–	–	–	
Scott Wilson	9	9	–	–	9	9	4	4	2	2	–	–	
Robert Henricks	7	7	–	–	7	7	3	3	–	–	2	2	
Gary Humphrys	5	4	3	2	5	4	–	–	–	–	2	1	
Peter Simpson	9	5	–	–	9	5	4	3	–	–	3	2	
Christine Maher	9	9	5	5	9	9	–	–	1	1	–	–	
Richard Flanagan	4	4	2	1	4	4	–	–	–	–	1	1	
Clive Skarott	4	3	2	1	4	3	–	–	–	–	–	–	
Peter Duffy	2	2	2	1	2	2	–	–	–	–	–	–	

* E = Eligible to attend. ^ A = Attended.

OUR BOARD – MANAGING RISK

We believe corporate governance is vital to our success – it forms part of everything we do.

Energy Super has a risk governance framework which incorporates a range of stakeholders across the Energy Super business and our material service providers. Risk is managed by the Audit, Compliance and Risk Committee (ACRC) and Board, with oversight of the Risk Management Framework implemented by management.

The Board is responsible for aligning the Fund's strategic plan and associated risks, and overseeing a framework for managing and monitoring risk at an operational level and identifying new and emerging risks.

Management and the ACRC are responsible for implementing procedures for identifying and managing risks within each business unit, and for designing and implementing robust internal controls.

Management and Internal and External Audit regularly test how risks are managed within the business and report the results to the Energy Super Board.

HOW CONFLICTS OF INTEREST ARE MANAGED

We are committed to always being impartial and fair in our dealings with members, employers, service providers, regulators, sponsors and the general public. Their trust, confidence and support of our goals and objectives are vital if we are to be successful. We encourage all our employees to raise potential conflicts of interest as soon as they are aware that one may exist, with all discussions about potential conflicts of interest being minuted. All actual and potential conflicts of interest are either avoided or, where they cannot be avoided, managed through a combination of internal controls and appropriate disclosure, which includes them being recorded on the relevant compliance register.

TRUSTEE

Energy Super is managed by a trustee company called Electricity Supply Industry Superannuation (Qld) Ltd (ABN 30 069 634 439, AFSL 336537).

The Trustee is responsible for managing Energy Super for the benefit of all members, in accordance with the Trust Deed and relevant legislation.

As at 30 June 2016, the Trustee had nine directors:

- Four employer representative directors appointed by our participating employers and employer organisations.
- Four member representative directors nominated by the Australian Services Union and the Electrical Trades Union.
- One independent director.

To ensure all views and ideas of employers and members are heard equally, the Trustee will continue to maintain equal numbers of Employer and Member Representatives.

TRUST DEED

The Trust Deed is the legal document that sets out the rights and duties of the Trustee, the participating employers and members, and the rules for payment of benefits to members.

The Trust Deed can be amended by the Trustee when necessary. There were amendments made to the Trust Deed during the 2015/16 year.

You can find our Trust Deed on our website at energysuper.com.au/why-join-us/about-our-fund/fund-governance

SERVICE PROVIDERS

We outsource a range of specialist activities to various service providers.

All outsourcing arrangements are subject to appropriate due diligence and approval, as part of our risk management framework, to ensure that we achieve the best outcome for the Fund.

We manage and monitor all our external service providers on a regular basis to ensure that their performance continues to meet our strategic and risk management objectives.

TRUSTEE LIABILITY INSURANCE

The Trustee is covered by Trustee Liability Insurance to protect the Trustee and the Fund from some claims for compensation.

SERVICE PROVIDERS

Administration
Independent Fund Administrators and Advisers Pty Ltd
ABN 28 081 966 243 AFSL 238507

Auditing (Internal)
Deloitte
ABN 74 490 121 060

Auditor (External)
BDO Kendalls
ABN 70 202 702 402

Banking
National Australia Bank Ltd
ABN 12 004 044 937

Custodian
National Australia Bank Ltd
ABN 12 004 044 937

Fund Management and Financial Advice
ESI Financial Services Pty Ltd
ABN 93 101 428 782
AFSL 224952

Investment Consulting
JANA Investment Advisers Pty Ltd
ABN 97 006 717 568
AFSL 230693

Insurance
Beazley Underwriting Pty Ltd
ABN 88 096 636 412
AFSL 289089
MLC Limited
ABN 90 000 000 402
AFSL 230694

Legal
Corrs Chambers Westgarth
ABN 89 690 832 091
Minter Ellison
ABN 99 009 717 391
DLA Piper Australia
ABN 83 508 451 308

Tax
KPMG
ABN 51 194 660 183

COMMITTEES OF THE BOARD

AUDIT, COMPLIANCE AND RISK COMMITTEE

Energy Super has an established governance and risk framework of which the Audit, Compliance and Risk Committee is an integral part.

The Committee assumes important responsibilities on behalf of the Energy Super Board and operates under a Charter which identifies their obligations across the following areas:

- Governance
- Financial administration and reporting
- Internal control framework to identify and manage risks
- Risk management oversight
- Compliance with legislative and regulatory requirements
- Internal audits
- External audit
- Reporting to the Energy Super Board

Chair: Geoff Baldwin (to February 2016), John Geldard (since February 2016)

Members:

John Geldard
Gary Humphrys (to February 2016)
David Smith (to March 2016)
Christine Maher
Richard Flanagan (since February 2016)
Clive Skarott (since February 2016)
Peter Duffy (since April 2016)

The Committee's focus during the 2015-2016 Financial Year encompassed the following areas:

- Embedding the management of risk across operational areas of Energy Super
- Investment governance
- Robust implementation and management of various projects
- In depth reviews of Energy Super's material service providers including fund managers, custodian and fund administrator

- Oversight of the internal audit program which has addressed risk management framework, business continuity, compliance framework, and member data privacy.

INSURANCE AND CLAIMS COMMITTEE

The Committee is responsible for oversight of insurance claims and insurers by:

- maintaining oversight of procedures and processes of claims management;
- overseeing the process of decisions made under delegation;
- advising the Board on an appropriate course of action in respect of any complaints arising from benefits (including disputes with the insurer, claimants or dependants);
- establishing, reviewing and amending from time to time, in consultation with the Fund Administrator and the Insurer, insurance claims practices and procedures to ensure that claims are processed in an efficient and timely manner;
- monitoring the claims history of the Fund on a regular basis; and
- reviewing the operation of the Insurer to ensure consistency with the Fund's insurance objectives.

Chair: David Smith

Members:

Gary Humphrys (to February 2016)
Peter Simpson
Bob Henricks (to March 2016)
Richard Flanagan (since March 2016)

During the year the Committee focused on the ongoing monitoring of insurance and the claims review processes.

INVESTMENT COMMITTEE

The Board oversaw and managed the Fund's investments by:

- defining and reviewing each investment strategy and investment objective;
- selecting and monitoring the performance of all investment managers;
- implementation and oversight of the investment governance framework, outlining the functional responsibilities of all involved in the investment process; and
- construction and oversight of all investment related policies.

Chair: Mark Williamson

Members: David Smith, Scott Wilson, Gary Humphrys (to February 2016), Peter Simpson, Geoff Baldwin (to February 2016), John Geldard, Bob Henricks (to March 2016), Christine Maher.

MEMBER SERVICES AND MARKETING COMMITTEE

The Member Services and Marketing Committee provides ongoing assistance to the Board in relation to Energy Super's products and services that will benefit existing members and help attract new members to the Fund.

Chair: Scott Wilson

Members: Geoff Baldwin (to February 2016), Peter Simpson, David Smith (since March 2016), Mark Williamson (since February 2016), Bob Henricks (to March 2016).

The Committee has the following responsibilities:

- Monitor the appropriateness of the Fund's products and services for the benefit of the Fund's members;
- Monitor the external environment to examine the impact of the Fund's products and services; and
- Provide recommendations to the Board in relation to business development and marketing strategies.

REMUNERATION AND GOVERNANCE COMMITTEE

The Remuneration and Governance Committee helps the Board to determine the appropriate remuneration and conditions of engagement for the Directors and key management personnel of Energy Super.

Chair: David Smith

Members: Mark Williamson, Scott Wilson, Christine Maher

During the year the Committee focused on:

- ongoing remuneration management of Responsible Persons; and
- a review of the Fund's Remuneration Policy to ensure that the framework is designed to encourage behaviour that supports:
 - the interests and meets the reasonable expectations of beneficiaries
 - the long term financial soundness of the RSE licensee, any of its RSEs or connected entities, and
 - is in keeping with the risk management framework of the RSE licensee.
- Provide advice and recommendations to the Board regarding the Independent Director rules;
- Provide advice and recommendations on changes to Board structures;
- Monitor the Fit and proper Policy and make any recommendations; and
- Monitor the Constitution on a regular basis.



REMUNERATION

THE GUIDING PRINCIPLES FOR THE REMUNERATION FRAMEWORK ARE AS FOLLOWS:

- SIMPLICITY
- FAIRNESS
- ALIGNMENT WITH VALUES
- APPROPRIATE RISK BEHAVIOUR
- TRANSPARENCY

The following philosophy applies to the remuneration framework at both an organisational and divisional level of Energy Super. It aims to:

- facilitate the delivery of superior long term results for the business and member and promote sound risk management principles;
- sustain the corporate values and desired culture;
- support the attraction, retention, motivation and alignment of the talent we need to achieve our business goals;
- reinforce leadership, accountability, teamwork and innovation;
- be aligned to the contribution and performance of businesses, team and individuals.



WE PROTECT YOUR PRIVACY

Our privacy policy is available on our website at energysuper.com.au or by calling **1300 4 ENERGY** (1300 436 374).

REMUNERATION OF EXECUTIVES

	SHORT-TERM EMPLOYEE BENEFITS \$				POST-EMPLOYMENT BENEFITS \$	
	Fees or Salary, including short-term leave	Expense allowance (Quarterly Payment)	Incentive bonus	Non-monetary benefits	Superannuation contributions including salary sacrifice superannuation payments	Superannuation contributions for insurance
YEAR ENDED 30 JUNE 2016						
Petrou, Robyn	300,000	-	57,000	13,952	33,915	405
Hagen, Phillip	189,424	-	18,227	8,388	32,186	405
Graus, William	176,229	-	16,688	1,380	29,902	405
Moloney, Kevin	94,377	-	-	860	16,473	187
Beal, David	33,654	-	-	1,492	3,566	78
McCarthy, Phil	34,001	-	-	1,331	3,541	-
Abbott, Michael	31,699	-	-	1,633	5,265	78
Henricks, Robert	37,027	2,003	-	594	3,518	-
Geldard, John	36,696	2,664	-	792	16,662	-
Maher, Christine	48,671	2,664	-	792	4,687	-
Baldwin, Geoffrey	33,065	1,332	-	528	2,307	-
Williamson, Mark	73,007	2,664	-	792	6,998	-
Wilson, Scott	60,839	2,664	-	792	5,843	-
Humphrys, Gary	32,265	1,993	-	528	3,128	-
Simpson, Peter	48,671	2,664	-	792	4,624	-
Smith, David	48,671	2,664	-	792	4,624	-
Flanagan, Richard	20,509	1,118	-	330	1,948	-
Skarott, Clive	20,509	1,118	-	330	1,948	-
Duffy, Peter	12,305	671	-	198	1,169	-
YEAR ENDED 30 JUNE 2015						
Petrou, Robyn	249,417	-	47,389	12,501	28,197	405
Hagen, Phillip	173,188	-	13,226	7,308	29,219	405
Graus, William	130,747	-	14,457	1,620	22,483	342
Moloney, Kevin	129,807	-	19,798	1,620	22,839	405
Henricks, Robert	58,105	2,614	-	2,624	10,586	-
Geldard, John	35,346	2,614	-	708	16,720	-
Maher, Christine	11,976	-	-	198	1,138	-
Baldwin, Geoffrey	47,322	2,614	-	708	4,744	-
Williamson, Mark	65,591	2,614	-	708	6,479	-
Wilson, Scott	53,760	2,614	-	708	5,356	-
Humphrys, Gary	47,322	5,170	-	708	4,987	-
Simpson, Peter	47,322	2,614	-	708	4,744	-
Smith, David	47,322	2,614	-	708	4,744	-

WHO MANAGES YOUR MONEY

We partner with some of the world's best investment managers, either through pooled investment vehicles or discrete mandates to help us implement the investment strategy for each investment option. When appointing investment managers, we focus on appointing those that have demonstrated an ability to successfully manage risk and achieve superior returns over the full economic cycle.

We also pay very careful attention to fees, costs and tax including performance fees, to ensure that all our investment managers provide value for money for our members. We regularly monitor the performance of our investment managers with the help of JANA, one of Australia's leading asset consultants, to ensure best-practice investment management and to help us to identify new investment opportunities.

WHO MANAGES YOUR MONEY (AS AT 30 JUNE)

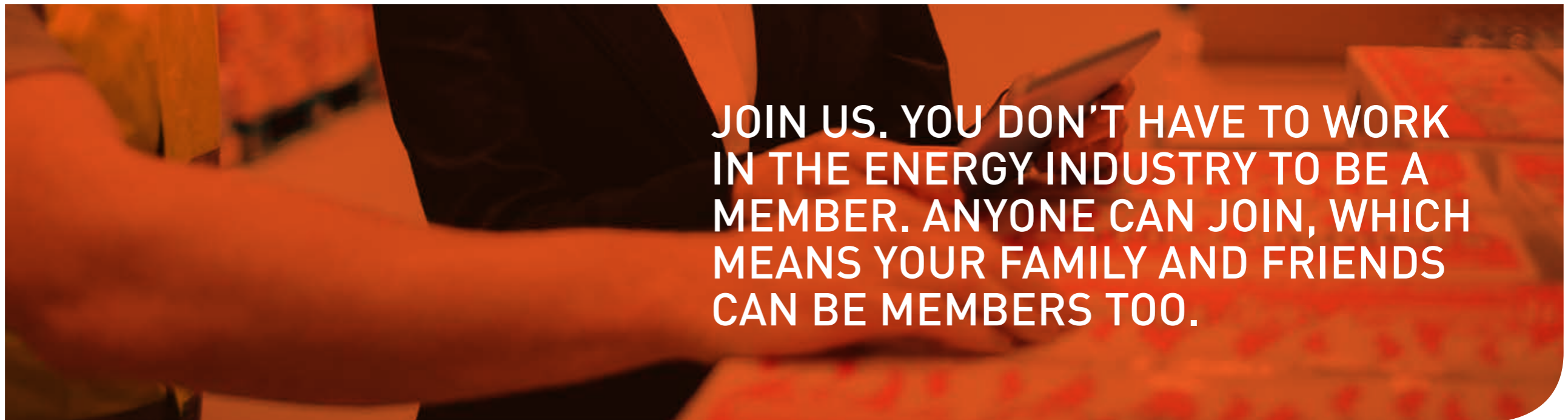
Manager	Asset class	Investment product	2016 \$,000	2016 %	2015 \$,000	2015 %
AMP Capital Investors Ltd	Alternatives	AMP Australia Pacific Airports Fund No 3	-	0.00	-	0.00
	Socially Responsible	Responsible Investment Leaders Balanced Fund	21,275	0.34	21,582	0.36
Balanced Equity Management Pty Ltd	Australian Shares	BEM Core Fund	316,611	5.12	340,524	5.74
BlackRock Asset Management Australia Ltd	Alternatives	BlackRock Global Ascent Fund	-	0.00	-	0.00
Dalton Nicol Reid	Australian Shares	High Conviction Portfolio	357,548	5.78	335,732	5.66
ESI Financial Services Pty Ltd	Shares in Unlisted Entities	ESI Financial Services Pty Ltd	621	0.01	621	0.01
	Cash	Energy Super Cash Deposit Fund	-	0.00	107,464	1.81
		Energy T.D. Cash Enhanced	709,016	11.47	555,690	9.37
Franklin Templeton Investments Australia Ltd	Alternatives	Asian Real Estate Fund	12,167	0.20	16,176	0.27
Gardior Pty Ltd	Alternatives	PCUIII	4,571	0.07	4,575	0.08
	Alternatives	TPCGII	-	0.00	133	0.00
Greencape Capital Pty Ltd	Australian Shares	Greencape Fund	224,008	3.62	216,312	3.65
Hamilton Lane Co-Investment GP II LLC	Alternatives	Hamilton Lane Co-Investment Fund II L.P.	44,376	0.72	52,322	0.88
HarbourVest Partners LLC	Alternatives	Harbourvest Dover Street VII	23,593	0.38	32,152	0.54
Harding and Loevner	Internat'l Shares	Global Equity	208,918	3.38	201,472	3.40
Hastings Funds Management Ltd	Infrastructure	The Infrastructure Fund	273,465	4.42	269,569	4.55
Hyperion Asset Management Ltd	Australian Shares	Hyperion Fund	258,029	4.17	228,771	3.86
Industry Super Holdings	Alternatives	Industry Super Holdings	668	0.01	629	0.01
JCP Investment Partners Ltd	Australian Shares	JCP Core Fund	-	0.00	139	0.00
LaSalle Investment Management (formerly Trinity Funds Management Ltd)	Property	LaSalle Club Investment	50,492	0.82	47,404	0.80
	Property	LaSalle Australia Core Plus Fund	56,931	0.92	54,560	0.92
	Alternatives	LaSalle TLET Fund	-	0.00	412	0.01
	Alternatives	LaSalle TOP Fund	-	0.00	-	0.00
Legg Mason Asset Management Australia Ltd	Australian Shares	Legg Mason Value Fund	223,180	3.61	225,459	3.80
Lexington Partners	Shares in Unlisted Entities	Lexington Capital Partners VI-B LP	7,863	0.13	9,770	0.16
Longview Partners	Internat'l Shares	Global Equity	308,297	4.99	302,324	5.10
Macquarie Investment Management Ltd	Infrastructure	Macquarie Alternative Investment Trust No. 3	4,021	0.07	6,177	0.10
	Alternatives	Macquarie Alternative Investment Trust No. 4	7,262	0.12	8,278	0.14

WHO MANAGES YOUR MONEY (AS AT 30 JUNE)

CONTINUED

Manager	Asset class	Investment product	2016 \$,000	2016 %	2015 \$,000	2015 %
Macquarie Specialised Asset Management [Ltd	Alternatives	Macquarie Global Infrastructure Fund III	33,022	0.53	30,954	0.52
Maple Brown Abbot	Infrastructure	Infrastructure Mandate	49,841	0.81		
Martin Currie Investment Management Limited	Internat'l Shares	Global Emerging Markets Fund	81,894	1.32	85,512	1.44
ME Portfolio Management Pty Ltd	Global Fixed Interest	Industry Funds Management Super Business Loans Trust	3,602	0.06	4,318	0.07
Natixis Global Asset Management Australia Pty Ltd	Alternatives	Loomis Sayles Credit Opportunities Fund	404,405	6.54	101,909	1.72
Neuberger Nerman Australia Pty Limited	Internat'l Shares	Emerging Markets Equity Trust	84,316	1.36%	87,680	1.48
Pantheon Ventures LLP	Shares in Unlisted Entities	Pantheon Global Secondary Fund II	1,755	0.03	2,457	0.04
Perennial Investment Partners Ltd	Global Fixed Interest	Australian Fixed Interest Fund	202,541	3.28	189,363	3.19
PIMCO Australia Pty Ltd	Global Fixed Interest	Global Bond Fund	122,034	1.97	155,687	2.63
	Alternatives	Credit Sleeve	76,103	1.23%		
QIC Ltd**	Australian Shares	QIC Active Small Companies	92,257	1.49	78,307	1.32
	Derivatives*	QIC Derivative Passive Overlay - Currency	22,575	0.37	24,376	-0.41
	Derivatives*	QIC Growth Overlay	8,227	0.13	4,079	-0.07
	Derivatives*	QIC FX Overlay - Infrastructure	1,467	0.02	593	-0.01
	Property	QIC Property Fund	416,015	6.73	377,324	6.36
	Alternatives	Queensland Government Office Fund	119,466	1.93	118,541	2.00
	Cash	QIC Cash Enhanced Fund	328,292	5.31	538,206	9.08
Quay Partners Pty Ltd	Alternatives	Quay Australia No. 2 Fund	1,213	0.02	2,070	0.03
	Alternatives	Quay Australia No. 4 Fund	11,075	0.18	14,808	0.25
RARE Infrastructure Ltd	Infrastructure	RARE Infrastructure Fund	-	0.00	46,110	0.78
Russell Investment Management Ltd	Alternatives	Russell Global Property Fund 1	29,532	0.48	37,903	0.64
Sands Capital	Internat'l Shares	Global Equity	197,256	3.19	201,546	3.40
Schroders	Internat'l Shares	Global Equity	461,685	7.47	454,367	7.66
Siguler Guff & Company LLC	Alternatives	Siguler Guff Distressed Opportunity Fund III	5,901	0.10	7,325	0.12
	Alternatives	Siguler Guff Distressed Opportunity Fund IV	15,864	0.26	18,233	0.31
Stone Harbour Investment Partners LP	Alternatives	High Yield Bond Fund	92,160	1.49	48,105	0.81
T Rowe Price International Ltd	Internat'l Shares	Asia Ex-Japan Fund	74,185	1.20	77,946	1.31
Transition account	Internat'l Shares	Residual transition account	46	0.00	4.00	0.00
Transition account	Australian Shares	Residual transition account	2	0.00	55	0.00
UBS	Alternatives	Dynamic Alpha Fund	-	0.00	147,389	2.49
Investments subtotal			6,049,643	97.83	5,835,318	98.43
Other cash			33,518	0.54	52,185	0.88
Other assets subtotal			100,410	1.62	41,062	0.69
TOTAL ASSETS			6,183,571	100.00	5,928,565	100

* See Policy on Derivatives on page 11. ** QIC Ltd use various risk management products. Some of the products hedge against variations in currency.



**JOIN US. YOU DON'T HAVE TO WORK
IN THE ENERGY INDUSTRY TO BE A
MEMBER. ANYONE CAN JOIN, WHICH
MEANS YOUR FAMILY AND FRIENDS
CAN BE MEMBERS TOO.**

OUR FEES & COSTS

As a 'profit for members' industry fund, we remain committed to keeping our fees and costs as low as possible to help you maximise your retirement savings.

Up to 30 June 2016, our administration fees (fixed plus percentage-based) remain unchanged at \$1 per week plus 0.22% p.a. of your account balance capped at \$2,200 p.a. for any member including all your linked accounts. From 1 July 2016, we halved the administration fee cap to \$1,100, which represents a significant saving for our members and their spouses.

These fees and costs may be deducted directly from your account, indirectly from the returns on your investment or from the Fund's assets as a whole.

Fees and management costs deducted from your account

The fees and costs that may have been deducted from your account during the year include a fixed administration fee of \$1 per week (\$52 per annum) and transaction based fees and costs. These fees and costs are discussed in more detail on the following page and will be listed in your Annual Statement.

Other management costs not deducted from your account

The table on page 41 sets out the administration and investment costs that were deducted from the option's investment earnings before they were credited to your account, shown as a percentage of the assets in each Investment option. These percentages are called Indirect Cost Ratios (ICRs) and can be used to estimate the other management costs that applied to your account during the year.

Performance fees

For some investment managers, we have agreed to pay performance fees (which are included in the Indirect Cost Ratio (ICR)*) for investment performance that exceeds certain targets. As at 30 June 2016, these agreements apply to managers in the Growth Alternatives, Australian Shares,

Defensive Alternatives, International Shares and Property asset classes.

DEFINED BENEFIT MEMBERS

We take out the fees and taxes associated with providing your benefits, such as administration fees, investment management fees and investment earnings tax, before we work out your net effective earning rate. If you have made additional contributions or have 'rolled over' amounts into Energy Super during the year, these are treated as Defined Contribution benefits and the fees and taxes applicable to Defined Contribution accounts will apply.

DEFINED CONTRIBUTION, INCOME STREAM AND MARKET LINKED PENSION MEMBERS

Deductions from investment earnings

During the year, we deducted the following from the investment earnings of each investment option before working out the crediting rates:

- Other management costs (percentage-based administration fees and investment management fees including performance fees)
- Tax on investment earnings (if applicable). You can estimate the 'Other management costs' that applied to your account for the year by multiplying your average account balance in each investment option by the ICRs in the table.

There is also an estimate of your 'Other management costs' on your Annual Statement so that you can compare our costs to any other super funds that you may have.

The performance of our investment options shown on page 9 is net percentage-based administration fees, investment management fees and tax on investment earnings.

Deductions made from members' accounts

Each year, deductions are made from members' accounts to meet the costs associated with running Energy Super and to pay Government fees and taxes. For the year to 30 June 2015 these costs included the following:

- \$1 per week fixed administration fee (\$52 p.a. per member account) is deducted monthly in arrears (or when the member closes the account).
- a \$28 switching fee applies when members change investment options. It is deducted from the account at the time of the switch. The first switch each financial year is free.
- a \$40 family law information request fee will apply for providing information to a non-member spouse. This fee must be paid when the request for information is made.
- a \$135 family law split fee will apply where superannuation entitlements have to be split under Family Law legislation. This amount is deducted equally from the member account and the spouse's interest at the time of the split.
- an international transfer fee will apply when an external service provider is engaged to help transfer superannuation monies from other countries into Energy Super. Indicative cost is between \$300 and \$400 per transfer.
- an exit fee of \$65 is deducted from your account at the time you exit the Fund. This fee is not applicable when transferring between Energy Super products.

- a 15% provision for the Government's contributions tax is deducted from employer contributions, salary-sacrificed contributions and voluntary contributions for which a tax deduction is claimed. Tax is deducted when adding these contributions to a member's account.
- insurance costs are deducted monthly in arrears from members' accounts. The amount depends on what insurance cover they have.

Superannuation contributions surcharge

Superannuation contributions surcharge is an additional tax that may be applied to employer contributions, eligible termination payments and before-tax contributions (like salary sacrifice) received between 1996 and 30 June 2005. While this surcharge rate was reduced to zero from 1 July 2005, we are still receiving Australian Taxation Office (ATO) surcharge assessments relating to contributions and eligible termination payments

made before 1 July 2005.

We will process all ATO assessments that we receive as quickly as possible.

For Defined Benefit members, any surcharge amount that we pay to the ATO on your behalf is offset against your defined benefit, and this Surcharge Offset will accumulate with interest at the Three Year Average crediting rate in a Surcharge Offset.

The balance of this Surcharge Offset is then deducted from your benefit at the time it is paid.

If you have sufficient funds in your Defined Contribution account to pay the surcharge, you can request to have this debt cleared as at 30 June each year. Alternatively, you can elect to transfer to a Defined Contribution account at any time. This can only be done at 30 June each year because the crediting rate of the Three Year Average investment option is declared annually.

For Defined Contribution members, any surcharge assessment is debited from your account and paid directly to the ATO.

If we receive a surcharge assessment for you after you've exited Energy Super, or if you only have an Energy Super Income Stream or Pension account, we will return it to the ATO. The ATO will either forward it to the fund to which your benefit was paid or directly to you if the benefit was, or is, being paid to you.

Offsetting your surcharge liability

You can pay us a contribution equal to the amount of the surcharge (plus any interest accrued at the Three Year Average crediting rate) accumulated in your Surcharge Offset Account. Your Annual Statement will show any surcharge assessments that were received during the financial year.

INDIRECT COST RATIOS* FOR 2015/16

Investment option	Administration fee [^]	Base investment management fees as a % of assets [#]	Investment performance fees as a % of assets [#]	Underlying fees as a % of assets [#]	Total management costs as a % of assets [#]
Cash Enhanced	0.22	0.11	0	0.02	0.35
Stable	0.22	0.35	0.09	0.07	0.73
Capital Managed	0.22	0.39	0.14	0.07	0.82
Balanced	0.22	0.46	0.19	0.09	0.96
Fixed Interest	0.22	0.24	0	0	0.46
MySuper	0.22	0.46	0.19	0.09	0.96
SRI Balanced	0.22	0.84	0	0	1.06
Growth	0.22	0.49	0.23	0.1	1.04
Australian Shares	0.22	0.32	0.25	0	0.79
International Shares	0.22	0.44	0.35	0	1.01
Smoothed Return	0.22	0.46	0.19	0.09	0.96
Capital Guarantee	0.22	0.46	0.19	0.09	0.96

*The Indirect Cost Ratio (ICR) is the amount of other management costs, expressed as a percentage of the assets in each investment option that were deducted from the option's investment earnings before they were credited to your account. [^]In addition, a fixed administration fee of \$1 per week is deducted from your account.

[#]Past performance fees are not a reliable indicator of the extent of future performance fees that may be payable.



NO COMMISSIONS, SIMPLY QUALITY TAILORED FINANCIAL ADVICE

At Energy Super we're here solely to benefit members. Our dedicated team of expert financial advisers provide advice that's in the best interests of our members.

We don't remunerate or incentivise staff for providing referrals or meeting sales targets to other divisions within the business. Product recommendations are never linked to commissions.



FINANCIAL STATEMENTS

The following summary is taken from Energy Super audited accounts for the year ended 30 June 2016. The Annual Financial Report containing the Audited Accounts and Auditors Report for the 2015/16 year can be obtained on request by contacting Energy Super.

STATEMENT OF NET ASSETS AS AT 30 JUNE 2016		
	2016 \$ '000	2015 \$ '000
Investments		
Cash and cash equivalents	742,534	715,339
Units in unlisted unit trusts and mandates	5,136,685	5,013,422
Shares in unlisted entities	204,969	187,790
Derivative financial assets	32,269	-
Derivative financial liabilities	-	-29,048
	6,116,457	5,887,503
Other assets		
Contributions receivable	22,015	23,313
Trade and other receivables	39,729	16,411
Other assets	857	551
Plant and equipment	1,072	787
Current tax asset	3,441	-
	67,114	41,062
Total assets	6,183,571	5,928,565
Liabilities		
Benefits payable	2,302	3,660
Trade and other payables	12,142	12,424
Provisions	200	200
Current tax liability	-	9,750
Deferred tax liability	81,642	81,897
Total liabilities	96,286	107,931
Net assets available to pay benefits	6,087,285	5,820,634

The Trustee believes that all contributions received up to 30 June 2016 have been allocated to member accounts. However, it is suggested that members check their Annual Statements carefully.

If you have any reason to believe that all contributions due have not been made, please discuss the matter with your employer. If you cannot resolve the matter with your employer please contact Energy Super.

STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2016		
	2016 \$ '000	2015 \$ '000
Net assets available to pay benefits at 1 July	5,820,634	5,290,205
Investment Revenue		
Interest	18,529	24,115
Distributions from unit trusts	322,728	266,857
Movement in net market value of Investments	-82,586	218,114
Other	1,285	1,006
Direct Investment expenses	-18,804	-17,668
	241,152	492,424
Contributions Revenue		
Employer	292,290	299,547
Member	47,718	76,032
Co-Contributions	122	168
Transfers from other funds	88,962	77,910
	429,092	453,657
Other Revenue		
Proceeds from group life insurance policies	13,816	10,360
Total Revenue	684,060	956,441
Benefits Paid		
Benefits paid	326,930	293,087
General Administration Expenses		
General admin. expenses	21,787	20,350
Group life and income protection premiums	44,976	47,493
Total Expenses	393,693	360,930
Net change for the year before income tax	290,367	595,511
Income tax expense	23,716	65,082
Net Change for the year after income tax	266,651	530,429
Net Assets Available to Pay Benefits at 30 June	6,087,285	5,820,634

These statements should be read in conjunction with the notes to the Financial Statements. A full copy of the financial statements can be found at energysuper.com.au/why-join-us/about-our-fund/fund-governance

FINANCIAL STATEMENTS [CONTINUED]

OPERATIONAL RESERVE ACCOUNT

We use an operational reserve account to manage the Fund's expenses. Energy Super allocates to the operational reserve account:

- earnings on contributions received before they are credited to your accounts (or returned); and
- amounts deducted from your account such as administration fees, contributions tax and insurance costs; and from investment earnings including anticipated tax.

The Fund uses this operational reserve account to pay tax, insurance premiums, the administrator's fees and other Fund expenses.

The investment strategy in relation to the operational reserve account is to maximise returns and allow sufficient liquidity to meet the Fund's operational liabilities. Funds are invested in low-risk assets such as cash at call and term deposits.

Over the past three years, the Fund's reserve, which includes the Operational Risk Financial Reserve (ORFR) described below, has been:

As at 30 June	2016	2015	2014
Reserve (\$ mil)	21.1	34.1	37

OPERATIONAL RISK FINANCIAL RESERVE

From 1 July 2013, the Fund also maintains an operational risk reserve to comply with prudential requirements to have adequate financial resources to address losses arising from operational risks within its business operations. Potential losses arising from operational risks include incorrect benefit payments due to human or system error, unit pricing error, and loss of data.

The investment strategy in relation to the ORFR is to maximise returns and allow sufficient liquidity to meet expenses of any incurred operational risk. Funds are invested in low-risk assets such as cash at call and term deposits.

Over the past three years, the Fund's ORFR has been:

As at 30 June	2016	2015	2014
Reserve (\$ mil)	15.5	12.6	8.9



AT ENERGY SUPER, WE'RE HERE TO HELP

If you've got a question, feedback or would like some advice on how to make the most of your super please call us on **1300 4 ENERGY** (1300 436 374).

HAVE A COMPLAINT?

If you're unhappy with the services offered by Energy Super, please contact us and we'll address your concerns promptly and fairly.

If you have a complaint, you can:

Phone us:
1300 4 ENERGY (1300 436 374)

Email us:
info@energysuper.com.au

Fax your written complaint to:
(07) 3229 7523

Mail your written complaint to:
Complaints Officer
Energy Super
GPO Box 1006
Brisbane QLD 4001

See us in person at:
Level 8, 100 Creek Street
Brisbane QLD 4000

If we're not able to respond immediately, we will investigate your complaint and write to you advising of the outcome within 90 days.

If you're not satisfied with our response, you may be able to take your complaint further by lodging it with the Superannuation Complaints Tribunal (SCT).

The SCT is an independent body set up by the Federal Government to consider certain superannuation-related complaints from members, former members and their beneficiaries.

The SCT can consider complaints about the decisions and conduct of the trustees of most superannuation funds, the conduct and decisions of people acting on behalf of the trustee and the decisions of insurers in relation to insurance benefits provided through superannuation funds.

You can contact the SCT by:

Phone: 1300 884 114

Email: info@sct.gov.au

Mail: Superannuation
Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001



Energy Super

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Electricity Supply Industry Superannuation (Qld) Ltd (ABN 30 069 634 439 AFSL 336567) is the Trustee and issuer of Energy Super (ABN 33 761 363 685). A Product Disclosure Statement (PDS) is available from energysuper.com.au/pds or by calling 1300 4 ENERGY (1300 436 374). Any advice contained in this Annual Report is general in nature and not specific to your particular circumstances. You should consider your financial situation before acting on the advice. Financial advice is provided by ESI Financial Services Pty Ltd (ABN 93 101 428 782, AFSL 224952), a wholly owned subsidiary of Energy Super. MySuper authorisation 33761363685380.