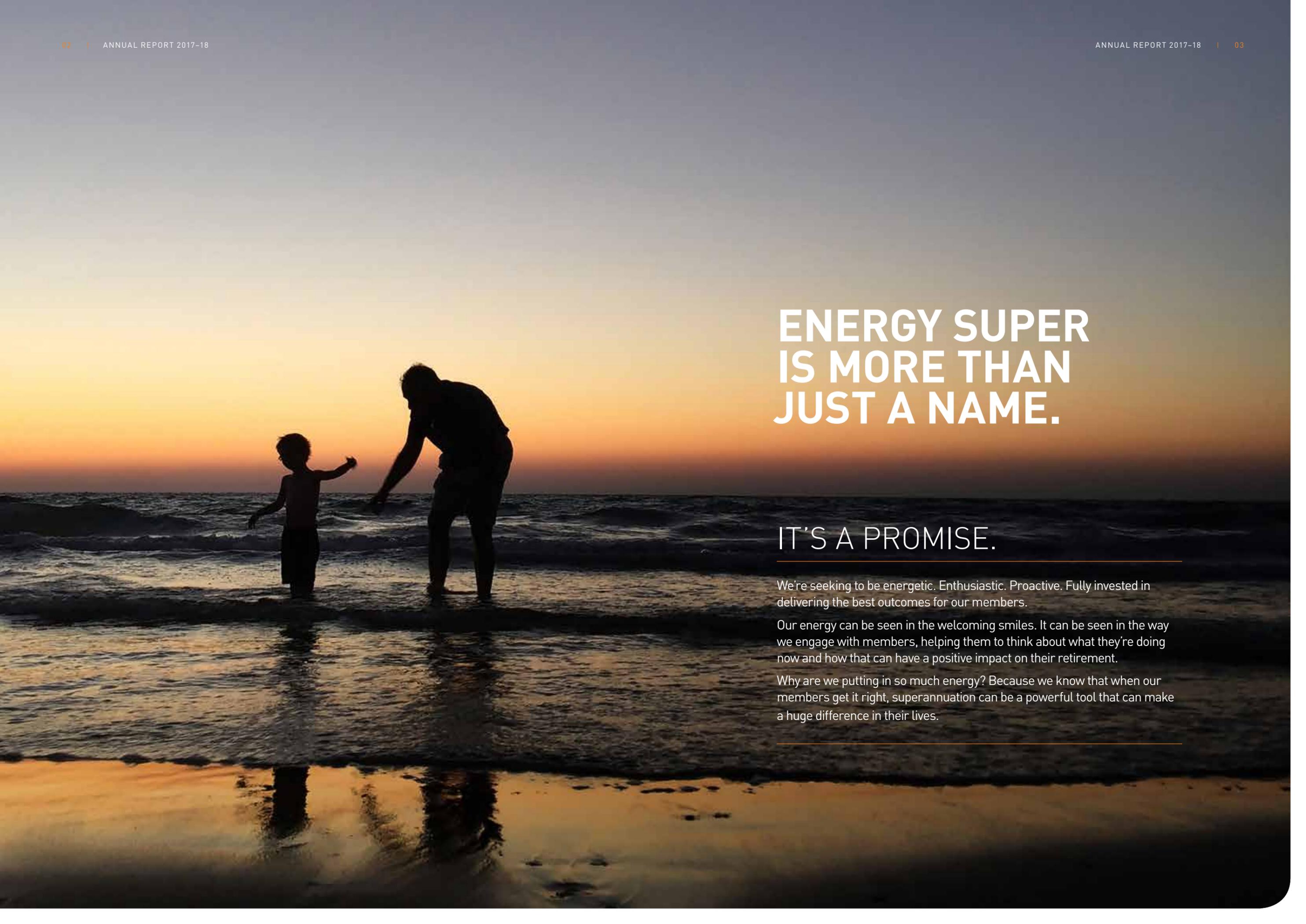


PUTTING THE ENERGY INTO SUPER | ANNUAL REPORT | 2017 -18



A full-page background image showing the silhouettes of a man and a child playing in the ocean at sunset. The sun is low on the horizon, creating a warm orange and yellow glow. The man is leaning forward, and the child is standing in the shallow water. The scene is reflected in the wet sand in the foreground.

ENERGY SUPER IS MORE THAN JUST A NAME.

IT'S A PROMISE.

We're seeking to be energetic. Enthusiastic. Proactive. Fully invested in delivering the best outcomes for our members.

Our energy can be seen in the welcoming smiles. It can be seen in the way we engage with members, helping them to think about what they're doing now and how that can have a positive impact on their retirement.

Why are we putting in so much energy? Because we know that when our members get it right, superannuation can be a powerful tool that can make a huge difference in their lives.



MAKING EVERYTHING SUPER SIMPLE

We put our energy into simplifying super. Let's face it, for most people, superannuation can be a pretty complicated subject. So complex, it's often easier to set and forget super than to sit down and try to unravel its mysteries.

Of course, the problem with that 'hands off' approach, is so many opportunities to build and protect wealth can be missed. That's why Energy Super works hard to steer away from the financial jargon and use everyday language instead.

Topics like salary sacrifice are broken down into simple stories.

We show how a few extra dollars each week can compound over time and create a bigger retirement balance in the future.

We also talk about how to find lost super, how much super members need for a comfortable retirement, what the insurance in super actually covers, and why super is an important foundation for a strong financial future.

Once the conversation gets going, the difficult becomes easy. And our members start to feel empowered, able to take action and have greater control of their super.

PLATINUM RATED

Energy Super is a platinum-rated* industry superannuation fund known for service excellence, value for money and strong investment performance. While generations of energy and electrical industry workers are members, workers in all other professions are welcome to join. We manage over \$7.4 billion of member savings, and offer superannuation and retirement products, flexible insurance options and access to financial advice.

*Ratings are provided by SuperRatings Pty Ltd (ABN 95 100 192 283, AFSL 311880) and Rainmaker Information Pty Ltd (ABN 86 095 610 996). Ratings are only one factor to be considered when making investment decisions. Refer to energysuper.com.au/ratings for information about the rating and the rating scale. SuperRatings does not issue, sell, guarantee or underwrite this product.

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01

WELCOME

It's been a huge year for Energy Super and our members. Let's begin by taking a look back at the highlights.



WELCOME TO OUR 2017/18 ANNUAL REPORT

Energy Super's vision is to be the super fund that focuses its energy on members. And while we review and measure our efforts often, it's in compiling our annual report where it all comes together. It becomes our public scorecard, our story. Did we score well? Did we achieve what we set out to do?

OUR PERFORMANCE REMAINS SOLID AND CONSISTENT

For the financial year 2017-18, we're pleased to report that our investment performance remains strong. Our investment options showed strong performance with the MySuper option returning 8.9% for the year and 9.60% p.a. over 5 years*. Our Growth option was ranked 3rd over 10 years, returning 7.9% p.a.*

Overall, all our options ranked in the top 10 and 20 performing funds over the crucial 3, 5, 7 and 10 year long-term investment horizons*.

We also maintained our high standards in the super industry, achieving the highest ratings^ from ratings agencies, and we remain a low-fee industry fund – one of the most important criteria for members when determining their fund's value for money.

This report is much bigger than usual. Well spotted! We've packed this year's report with heaps of information to help you understand how your investment is managed, the external environment in which we operate, how we performed, who we are as a fund, and who we are as real people behind the scenes.

So this year, your CEO and Chair won't take up too much time in this welcome space. Instead you'll find everything you're looking for in the pages of this report – and in much greater detail than in previous years.

WE LOVE YOUR FEEDBACK

Good communication is important, and it goes both ways. We love to get feedback from members. No business can afford to ignore it. And why would you? It makes your business better.

Our business partners with you to protect your current income and help you reach your retirement goals by providing value for money products and services. That's our mission. Did we do that in 2017/18? Let us know.

In the last couple of months we transitioned to a new administrator. It was a slow process but we are confident that members will see some long term benefits in the second half of 2018/19.

Thanks to the Energy Super team. It has been another big year and your tireless efforts for members is appreciated.

Thanks to all our members for your loyalty. Helping you reach your retirement goals is our privilege. Enjoy this report and take care.



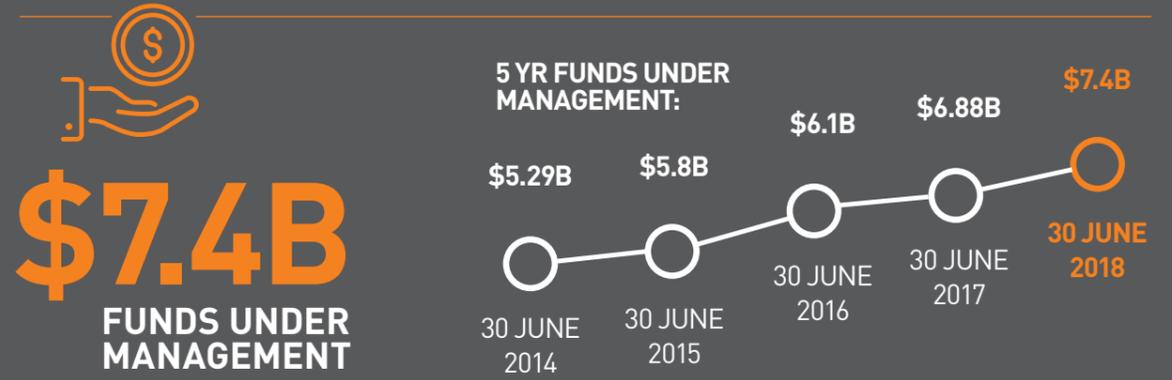
Scott Wilson - Chair, Energy Super Board



Robyn Petrou - CEO, Energy Super

LET'S CHECK THE REPORT CARD

We'd love to give ourselves straight A's for the last twelve months. But we don't score our own report card. Our members decide how well we've done. And their judgement is based on some of the figures that you see here...



Funds under management has increased by **8.8%** over the past 12 months.



Our Growth Investment Option is ranked **NUMBER 3** over a rolling 10-year period. (SuperRatings SR50 Growth Survey, 30 June 2018)

\$85,744

Average member account balance as at 30 June

SuperRatings fund median for average account balance. (SuperRatings Quarterly Statistics Snapshot – June 2018)

30 June 2014	\$103,636
30 June 2015	\$113,761
30 June 2016	\$121,067
30 June 2017	\$134,345
30 June 2018	\$154,206

*SuperRatings Fund Crediting Rate Surveys, 30 June 2018

^Ratings are provided by SuperRatings Pty Ltd (ABN 95 100 192 283, AFSL 311880) and Rainmaker Information Pty Ltd (ABN 86 095 610 996).

ANOTHER SUPER YEAR

We put a lot of energy into everything we do. We're constantly looking at ways to improve our service. Plus, our investment managers are working hard to get the best returns from the funds they manage. All of this effort is paying dividends. Customer satisfaction is high. And our performance keeps being recognised at industry awards.

Here are some of the events from the 2017-2018 financial year and beyond that are worth noting.

Oct 2017: MORE HOURS.

We extended member contact hours to be more accessible. Our phonedlines are now open from 8am to 6pm every weekday.

Feb 2018: NEW OFFICE.

When the lease ran out on our office space we decided it was a good time to shop around and see if we could save some money. It ended up being good timing. An oversupply of commercial space in the Brisbane CBD enabled us to secure a cost per square metre that's lower than before. Leo was the first Energy Super member to drop by our national office. We hope to see many more visitors to 123 Eagle Street over the coming year.

Mar 2018: FIVE STARS.

Energy Super has been awarded Canstar's 2018 5-star Superannuation Rating for Outstanding Value*. The rating acknowledges robust net investment returns across the previous five years. It's also based on competitive product offerings – specifically when it comes to financial advice, tools and education, member access, contribution methods and beneficiary options.

Mar 2018: WOMEN'S DAY.

We celebrated International Women's Day in Townsville. Many thanks to Councillor Colleen Doyle and Energy Super's local financial adviser Shiona Hargen for making this event a huge success.

May 2018: THE BUDGET.

The Federal Government handed down a budget that set the scene for the year ahead. As usual, our team produced a summary for members on our website and in our members' inboxes that very evening.

May 2018: MOTHER'S DAY.

Our team attended the Women in Super Mother's Day Classic to help the National Breast Cancer Foundation reach its \$40 million goal by 2020.

Jun 2018: LUNCH & LEARN.

The Hon. Wayne Swan came to the AIST Young Super Network event, sponsored by Energy Super. As a former Federal Treasurer, his talk about the budget and Australia's economy was both informative and insightful, and drew a strong crowd.

Aug 2018: WEBSITE FACELIFT.

We wanted our website to be even easier to use. So we looked at the feedback from site visitors to identify areas that could be improved. The facelift has now begun. Each change is designed to make information more accessible so that members can know more about growing and protecting their super.

Aug 2018: NEW INVESTMENT OPTION.

Innovating our products is important. It helps our members to achieve the outcomes they want. In August 2018 we introduced LifetimePlus, an investment option that provides an income for life.

Sept 2018: BETTER SERVICE.

We've partnered with AAS[^] (Link), a very experienced superannuation administration services provider. Link's technological platforms will help us to deliver services that meet your expectations.

2018 and beyond:

DIGITAL TRANSFORMATION.

Improvements to the Energy Super website are part of an ongoing process to make it as easy and welcoming as possible. We want to help you in lots of different ways. That's why we're adding an insurance portal, new tools and calculators and member apps like Super Booster.



Feb 2018: Leo was the first Energy Super member to visit the new office



Jun 2018: Hon. Wayne Swan presenting at the AIST Young Super Lunch and Learn



Mar 2018: International Women's Day in the Townsville office

*Ratings are provided by CANSTAR Pty Ltd (ABN 21 053 646 165, Authorised Representative No. 443019). The Canstar 5-Star Superannuation Rating for Outstanding Value was awarded on 20 March 2018 for the Energy Super fund.

[^] Australian Administration Services Pty Ltd (ABN 62 003 429 114, ARN 307946)

ON A MISSION

Energy Super's Vision Statement:

"The super fund that focuses its energy on members".

Energy Super's Mission Statement:

"Partnering with our Members to protect their current income and help them reach their retirement income goals by providing value for money products and services".

Here are four ways that Energy Super delivers value for members:

9.60%

MySuper option performance over a rolling 5-year period (at 30 June 2018)

Tailored income protection insurance with just as little as

14 day

waiting period.

*The income protection 14 day waiting period applies to default insurance members only.

A choice

of investment options to suit lifestyles and goals.

Low fees

We are here to benefit members, not shareholders.



Number of members: **47,869**



Youngest member age:

15



Oldest member age:

98



Average member age:

43

Average years with the Fund:

10

Members insured:

76%

Members online:

47%

Gender split:

83%



17%

Average roll in:

\$37,213.05



On average, since October 2017 we are servicing an additional 40 members per month in our extended hours between 8.00am and 8.30am and 5.00pm to 6.00pm.



Calls:

39,662

30% → 80%

The number of consultants able to provide general advice has increased from 30% of the team to 80%, meaning more value adding conversations with members.

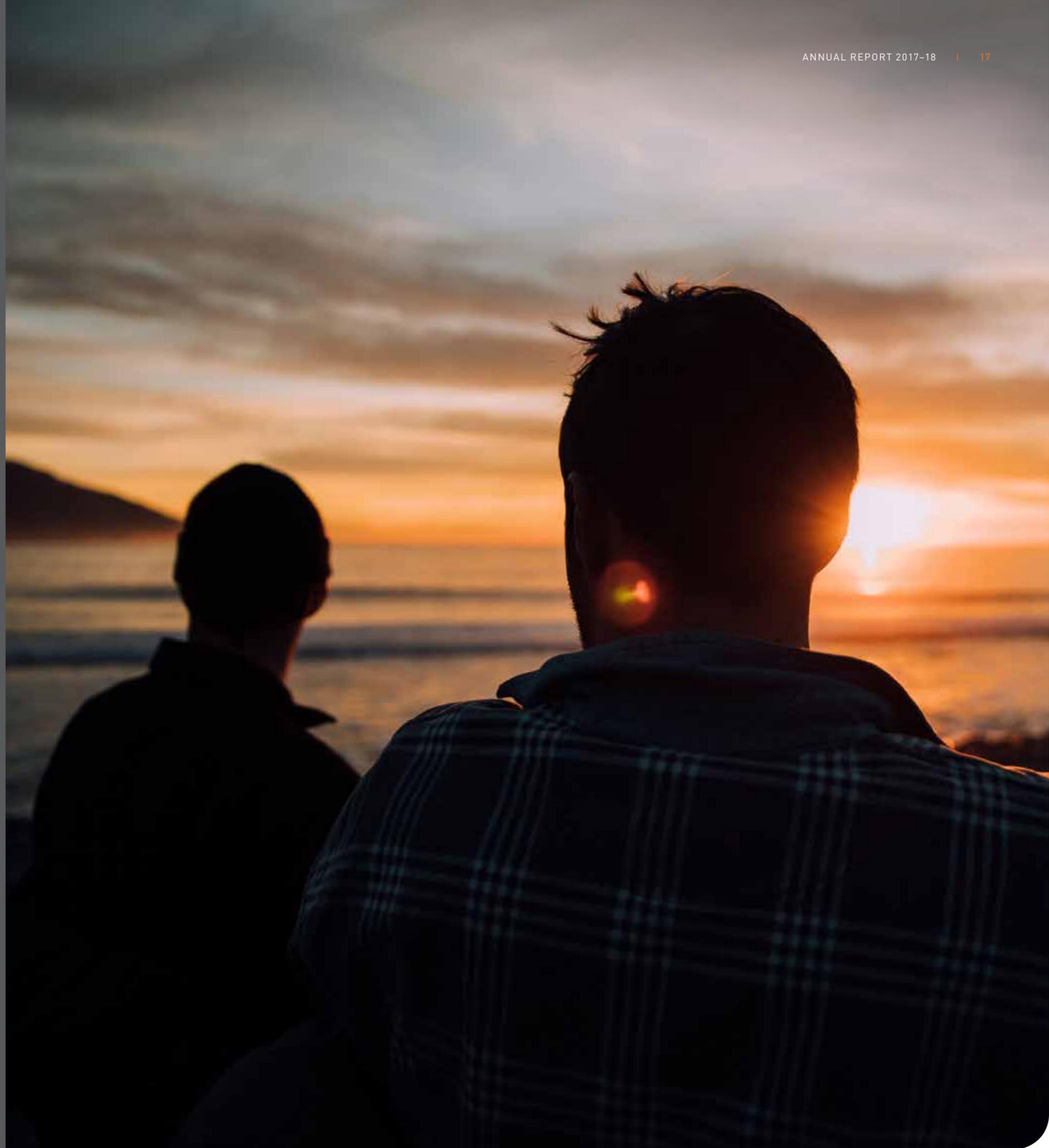
02

MEASURING OUR SUCCESS

Energy Super's success isn't just measured in numbers. We have four pillars of success:

GROWTH
SATISFACTION
TECHNOLOGY
PERFORMANCE

We know that if we're doing well across these four areas, then we're succeeding. Of course, this isn't something that's just going to happen. We need to pursue success. We have strategies in place to drive us forward.



FUND STRATEGY

1. Leading fund growth in the energy sector
2. Strong member satisfaction and retention
3. Technology for the future
4. Strong and consistent investment performance

Measured by:

STRATEGY	MEASUREMENT
Growth of the fund	Funds under management
	Membership movements
	New employers
Member Satisfaction and Retention	Member satisfaction scores
	Net Promoter Score (NPS) changes
	Retirement outcomes score
	Retention of current member
	Retention of new members (within the last 12 months)
	Members who move to pension as a percentage of exits
Technology	% of Members using the online system
	Increase in automated campaigns and customised member communication
	Introduction of unique digital features
Performance	Outperform our competitors
	Upper second quartile of Balanced options: Comparison of 10 year returns against peers
Strong Governance	Enhanced transparency
	Reduction in complaints
	Reduction in breaches

AN INDUSTRY SUPER FUND

Energy Super is proud to be an industry super fund.

We exist to benefit members, not shareholders. That's not just a philosophy. It's a practical guide to the way we do things.

Our decisions aren't driven by the need to generate profits for stakeholders. Instead, we're able to focus on what's best for our members, and act accordingly.

It's an approach that works in lots of ways, large and small. For example, we don't pay commissions to financial advisers. That's because we don't want to see commissions eating away at fund profits that should be returned to members. Our aim is to grow our members' retirement savings.

OPEN TO EVERYONE

Like many super funds, we have a strong, loyal base of members who have been working in a particular industry. In our case, that has been the energy industry. In terms of professions and trades the energy sector is broad and multi-faceted. That's why, over the years, we have attracted not just people working at power stations or in electrical trades, but also plumbers and engineers.

Our appeal has become broader over time.

Today, Energy Super attracts members from all industries, including the public sector. That's because Energy Super has a lot to offer. For example, our insurance offering is comprehensive and responsive. It has to be for people who are working in high risk occupations. But it's flexible enough to cater to workers in lower-risk occupations too.

Growing the Fund's membership is important to us. Growth leads to economies of scale where we can keep fees low.

That's why we invest in building brand awareness. Energy Super has a strong presence in key regional areas in Queensland, Western Australia and Tasmania. This is achieved through engagement with employer organisations, unions and industry associations.

Sponsorship arrangements with employer organisations, unions and industry associations bolsters brand recognition in aligned trades. It also helps us to leverage word of mouth recommendations from existing members.

HOW WE CREATE VALUE

WHAT MAKES US DIFFERENT?

Energy Super began in 1978 with a focus on workers in the energy industry, developing a deep understanding of their needs through one-on-one relationships. Our grounding in energy has given us a broad understanding of employers and members through large, geographically diverse areas.

Having experienced the success of a relationship-driven model, in the past decade we decided to pursue wider opportunities by expanding to employers and employees in other sectors beyond energy. After all, who doesn't want to deal with a super company that makes customer service a genuine priority.

LIFETIME ASSISTANCE FOR MEMBERS

Young members:

We promote the 'The 5 Key Building Blocks of Super' for younger members. These are a consolidation of superannuation accounts, extra contributions, investment options, insurance and educating members about the importance of nominating beneficiaries.

Working life:

Support services, Wellness Program and Insurance.

Leading up to retirement:

Preparation advice and forward planning, pre-retirement.

Retirement:

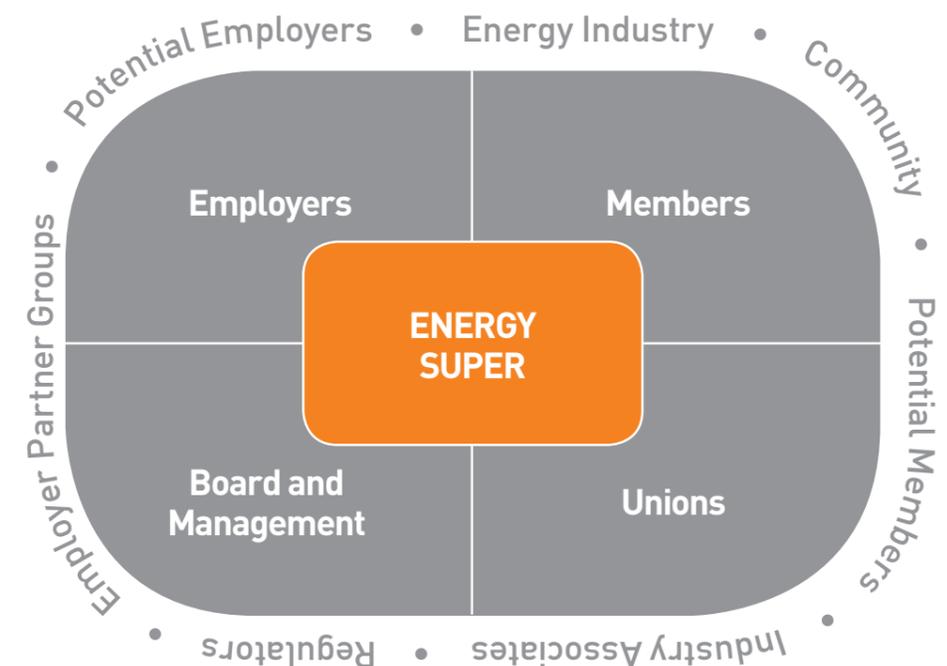
LifetimePlus and Pension offerings.

WORKING TOGETHER

A big part of what makes our fund work so well is the way our stakeholders work together to help our members reach their retirement goals.

While our efforts within the Fund are persistent and committed, we cannot grow the Fund without the combined effort and support of external stakeholders. When we nurture and grow our member base, all our members benefit through economies of scale.

Our stakeholders are carefully chosen to complement and extend our initiatives to educate, support and protect our members. These stakeholders – including Employer Associations, Unions, Regulators, Employers and Industry Groups – help us tackle the external environment that can influence member outcomes. The relationships have built a foundation of trust and advocacy. Together, we focus our energy on members and seek to deliver value and the best-possible retirement outcomes.



EVOLVING ENERGY SUPER

As the world keeps changing, Energy Super keeps evolving. We're staying in step with legislation and in tune with our members' needs, so they can be well placed for the future.

In the 2017/2018 financial year, the Fund was operating in an environment characterised by:

- ongoing competition from larger industry superannuation funds, as well as accountants and advisers promoting Self Managed Super Funds (SMSF) options;
- an uncertain default fund regime, which is currently being reviewed by the Productivity Commission;
- frequent changes to superannuation rules (including Pension rules and Age Pension asset and income tests);
- the operation of the 'choice of fund' legislation and SuperStream rollover rules which enable members to quickly switch to another fund;
- more 'Baby Boomer' members about to retire, causing some funds to become 'cash flow negative' within the next few years; and
- continually increasing regulatory requirements that improve security and transparency for members, but also add cost to the Fund.

In response to increased competition, Energy Super has evolved its marketing, industry memberships, sponsorships, relationship management, advertising and brand awareness activities in order to remain competitive.

GROWING THE FUND

The Fund aims to maintain and increase its scale. By scale we mean the number of members we have and the total funds we have under management.

Operating as a larger fund will enable Energy Super to maintain and improve the kinds of economies of scale that can benefit members, such as low fees.

The Fund receives contributions through a number of sources that grow our funds under management, including:

- contributions made by an employer. This generally refers to the Superannuation Guarantee (SG) contributions that employers make for members. However employers may also make additional voluntary contributions;
- contributions made by members, including lump sum or regular personal contributions and salary sacrifice;
- transfers of rollovers from other funds; and
- investment returns.

WOULD A MERGER HELP US GROW?

A merger or partnership is an option worth considering. As an industry superannuation fund, we're always working to improve the investment and service outcomes for members. So, if an opportunity presents itself, we will certainly look into it.

There can be financial positives. But it's never just a dollars and cents decision. It's about the benefits such a move can deliver for our members.

The Board will always consider new partnerships or mergers that we believe:

- will strengthen the position of our members; and
- be in the best interests of our members.

ENERGETIC EXPANSION

Energy Super has built a loyal membership base in Queensland. We've been strong in the energy industry too. That gives us a great foundation that we can build on as we focus on future growth in new and existing markets.

We're already focusing our energies on several key areas.

- Interstate growth has been achieved through strategic partner-based activities;
- We're building on existing relationships with a view to expanding the national footprint of the Energy Super brand;
- We're continuing to leverage our local presence in Central Queensland and Western Australia. This targeting in non-traditional areas is a unique strategy that is expected to generate a stream of leads; and
- Moving into Northern New South Wales is a natural progression that shows a lot of promise.

OVERVIEW OF EXTERNAL ENVIRONMENT

ROYAL COMMISSION

The Royal Commission into the banking, superannuation and financial services industry considered the superannuation industry in the fifth round of Commission hearings in August 2018.

This round of public hearings considered how Trustees fulfil their duties to superannuation fund members and the extent to which regulatory, structural or governance arrangements may affect the fulfilment of those duties. The hearing also considered related issues such as selling practices in relation to superannuation, the relationship between super funds and financial advisers, the complexity of the legal and regulatory regime superannuation funds operate within, and the effectiveness of regulators such as ASIC and APRA.

Energy Super, as one of Australia's leading industry superannuation funds and the second largest Queensland-based industry super fund, was among several superannuation funds to appear during the fifth round of hearings.

Key topics that were explored at that hearing included the skills of superannuation board members and our merger discussions with Equip Super a couple of years ago.

Energy Super provided a large amount of data and evidence to the Royal Commission. When Closing Submissions were published, we were pleased to report that, Counsel Assisting submitted that concerning Energy Super, 'the preferable conclusion on the relevant evidence is that the [Fund's] conduct was not misconduct or conduct falling short of community standards and expectations'.

The publication of Closing Submissions came at the end of Round 5 of the public hearings, with Commissioner Hayne expected to publish a final report in early 2019. We will, of course, continue to assist the Royal Commission and welcome any recommendations which will help foster greater community trust in the financial services sector.

PRODUCTIVITY COMMISSION

The Productivity Commission is an independent body established to provide research and advice to the Government across all issues affecting the Australian population. The Commission was requested by then Treasurer, Scott Morrison (now Prime Minister), to investigate the superannuation industry, with a particular eye on their efficiency and competitiveness.

One of the problems the Commission identified is underperformance of investments, coupled with the erosion of gains by fees and insurance premiums. While there were high-performing funds out there, the draft report found many underperform by a significant margin, particularly amongst retail funds. Potentially this underperformance could add up to tens or even hundreds of thousands over the course of a career. This would make a substantial difference to retirement outcomes.

WHAT IS ENERGY SUPER DOING IN RESPONSE?

Like other big industry superannuation funds, Energy Super has consistently performed better than many retail super funds.

Delivering returns

- All our investment options are ranked in the top 10 and 20 performing funds over the crucial 3, 5, 7 and 10 year long-term horizons*.
- Energy Super's growth investment option is ranked number 3 over a rolling 10-year period to end June 2018, according to research provider, SuperRatings' SR50 Growth Survey.

Keeping fees low

- We keep a close eye on fees to ensure our members are only paying what's fair. If you want to know more, take a look at the *Fees and Other Costs* Guide on the Energy Super website.
- For Energy Super members who have \$500,000 or more in their account at 30 June, the percentage-based administration fee is capped at \$1,100. Members can also link their account with their spouse's Energy Super account to reach the \$500,000 threshold, and the fee cap is still \$1,100.

Designing better insurance

- To protect small member accounts from being eroded by insurance premiums, Energy Super writes to affected members. The aim is to give members options to contribute to their account so they can keep their insurance cover, and ultimately reengage with their super.
- A lot of young apprentices are with Energy Super. That's why we have our Category G Income Protection insurance for Energy Super members under age 22. This category of insurance gives young workers a level of protection, and a low premium, that's appropriate to their income[^].

*SuperRatings SR50 Growth Survey, 30 June 2018

[^]For further information regarding eligibility and other terms, please refer to the Energy Super Insurance Guide.

REGULATORY CHANGES

The 2018 Federal Budget didn't herald any major changes to superannuation. But it did flag some interesting changes to legislation that are designed to protect Australians' retirement savings.

The key proposals from the Federal Budget were:

Opt-in life insurance with superannuation

To prevent insurance premiums eating into small balances, it's proposed that life insurance (death cover) be offered on an opt-in basis for:

- members under age 25;
- all members with a balance of less than \$6,000; and
- members who haven't received a contribution in 13 months and are inactive.

Exit fees to be abolished

Designed to actively encourage account consolidation, the proposal suggests scrapping exit fees for members moving between super funds.

Seeking and securing lost super

Inactive super can be eroded by fees over time. That's why it's being proposed that the Australian Taxation Office be given the capacity to locate and consolidate lost and inactive super accounts for members.

BUILDING STRONG PARTNERSHIPS

Energy Super needs to be seen by as many people as possible. That's why we partner with key stakeholders who can help to increase exposure for Energy Super. Partners include employers, unions, industry associations, investment Managers, material Service providers (non investments), and regulators.

KEY PARTNERSHIPS

Energy Super has identified three groups of strategic partners, which give the Fund access to the exposure it seeks among prospective and existing members. These partners are Employers, Member Representative Organisations and Industry Associations.

Each partner group provides a different avenue by which the Fund can access new members whilst also remaining engaged with existing members.

The diversification created through engaging with these partner groups provides the Fund with access to unique cohorts of individuals within the same or aligned industries but differentiated by location, age or sector of the industry.

The Fund's employer representative partners include:

- Master Electricians Association Ltd (also known as Electrical and Communications Association Queensland Industrial Organisation of Employers);
- National Electrical and Communications Association (NECA), Queensland Chapter;
- NECA Electrical & Communication Association WA (ECAWA).



Roberta Albrecht - National Manager, Strategic Partnerships.

The Fund's member representative partners include:

- Electrical Trades Union Queensland and Northern Territory;
- Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU);
- CEPU, Tasmanian Division; and
- The Services Union (Services Union) – The Australian, Municipal, Administrative, Clerical and Services Union Queensland (Northern Administrative Services) Branch.

The Fund's industry association partners include:

- Electro Industry Group Qld Ltd;
- Skills 360 Australia Limited; and
- FutureSkills Limited.

Energy Super has strategic partnerships with each of these partners. As part of these arrangements, the partners provide the following types of services and assistance to the Fund:

- Opportunities for the Fund to participate in advocacy and financial literacy programs run in conjunction with the partner in order to increase brand recognition.
- The Fund has the ability to contribute editorial content for newsletters, industry journals and other media in order to increase awareness of the Fund's brand and secure access to advertising channels which provide direct access to the Fund's target audience.

Members need to feel confident that their super fund is transparent, trustworthy and operates with integrity. Energy Super does not pay donations to unions, employer groups or political parties. Energy Super has commercial strategic partnerships agreements in place with third parties. These agreements outline clear and measurable outcomes, and are monitored and reported to the Board quarterly.

PARTNERSHIP ACTIVITIES

Energy Super has a range of educational material that can help people to better understand superannuation. Distributing and presenting that material through activities like conferences and functions can be of mutual benefit to Energy Super and our partners.

At these events, Energy Super is able to provide prospective members and employers with information about the Fund. This mix of education and promotion can lead to prospective employers and members ultimately deciding they will join the Fund.

For the 2018 Financial year the cost of sponsorship and advertising activities totaled \$967,000

RELATIONSHIP WITH REGULATORS

These regulatory bodies have the most relevant powers over superannuation funds and their compliance with good governance requirements.

The operation and management of superannuation funds are regularly reviewed by regulators. The Fund is committed to complying with its legal and regulatory obligations. The Fund has a Governance, Risk and Assurance team who are responsible for monitoring and reporting compliance with these obligations. The Audit, Compliance and Risk Committee also monitors compliance on behalf of the Board.

Australian Prudential Regulation Authority (APRA)

The Australian Prudential Regulation Authority (APRA) is Australia's financial system prudential regulator. It is responsible for promoting the prudent management of regulated institutions so that they can meet their financial obligations under all reasonable circumstances. In doing so, APRA's objective is to protect Australian depositors, insurance policyholders and superannuation fund members, and to promote financial stability more broadly.

APRA supervises banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, private health insurance, friendly societies and most of the superannuation industry.

Australia Securities and Investments Commission (ASIC)

ASIC is principally responsible for the enforcement of the Corporations Act 2001 (Corporations Act) which regulates the conduct and disclosure obligations of financial services providers (including superannuation trustees that hold an Australian financial services (AFS) licence).

As the conduct and disclosure regulator, ASIC's role primarily concerns the relationship between trustees and individual consumers. ASIC aims to look after consumers ensuring they receive proper disclosure, are dealt with fairly by qualified people, continue to receive useful information about their investment or product and can access proper complaints-handling procedures.

Australian Taxation Office (ATO)

As an Australian government agency, the Australian Taxation Office (ATO) is responsible for superannuation legislation including the Superannuation Guarantee (Administration) Act, maintaining the Lost Member Register, maintaining and collecting unclaimed monies, administering some early release of super schemes (such as compassionate grounds and the First Home Super Saver Scheme), and the payment of Government co-contributions.

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.

SERVICE	SERVICE PROVIDER
Administrator	Independent Fund Administrators & Advisers Pty Ltd (ABN 28 081 966 243) As at 24th September 2018 administrator is now Australian Administration Services (AAS) Pty Ltd (ABN 62 003 4299 114)
Auditor (internal)	Deloitte Touche Tohmatsu (ABN 74 490 121 060)
Auditor (external)	BDO Australia (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)
Investment consulting	JANA Investment Advisers Pty Ltd (ABN 97 006 717 568)
Insurance	MLC Limited (ABN 90 000 000 402)
Legal	Corrs Chambers Westgarth (ABN 89 690 832 091) DLA Piper Australia (ABN 83 508 451 308) Minter Ellison (ABN 99 009 717 391)
Tax	KPMG (ABN 51 194 660 183)
Investment managers	Please refer to page 54.

GOOD LISTENERS. GOOD ADVISERS.

For some people, making an appointment to see a financial adviser is about as much fun as making an appointment to see their dentist. That's why we look for financial advisers who are approachable. Financial advisers who listen carefully and who our members are happy to talk to.

We know that the more our members engage with their superannuation and seek out advice, the happier they can be now and in the future.

FINANCIAL PLANNING SERVICES

Our financial planning services team does a lot of good.

Energy Super members have access to a team of financial advisers who can help members make decisions about any aspect of their finances – not just super. And some advice is available over the phone at no extra cost.

Energy Super has appointed ESI Financial Services Pty Ltd (ESIFS) to provide financial advisory services to members.

ESIFS Financial advisers provide personal advice. They help people to think about what they really want in retirement and how they can set about achieving that lifestyle.

ESIFS Financial advisers also simplify super. They remove the jargon and explain how things like salary sacrifice and compound interest actually work.

Energy Super often invites ESIFS Financial advisers to seminars and employer specific programs to present topics of interest and answer any questions that attendees might have.

Check out our upcoming seminars topics and locations at energysuper.com.au/seminars



The numbers for this financial year look good.

1,536 ADVICE STATEMENTS

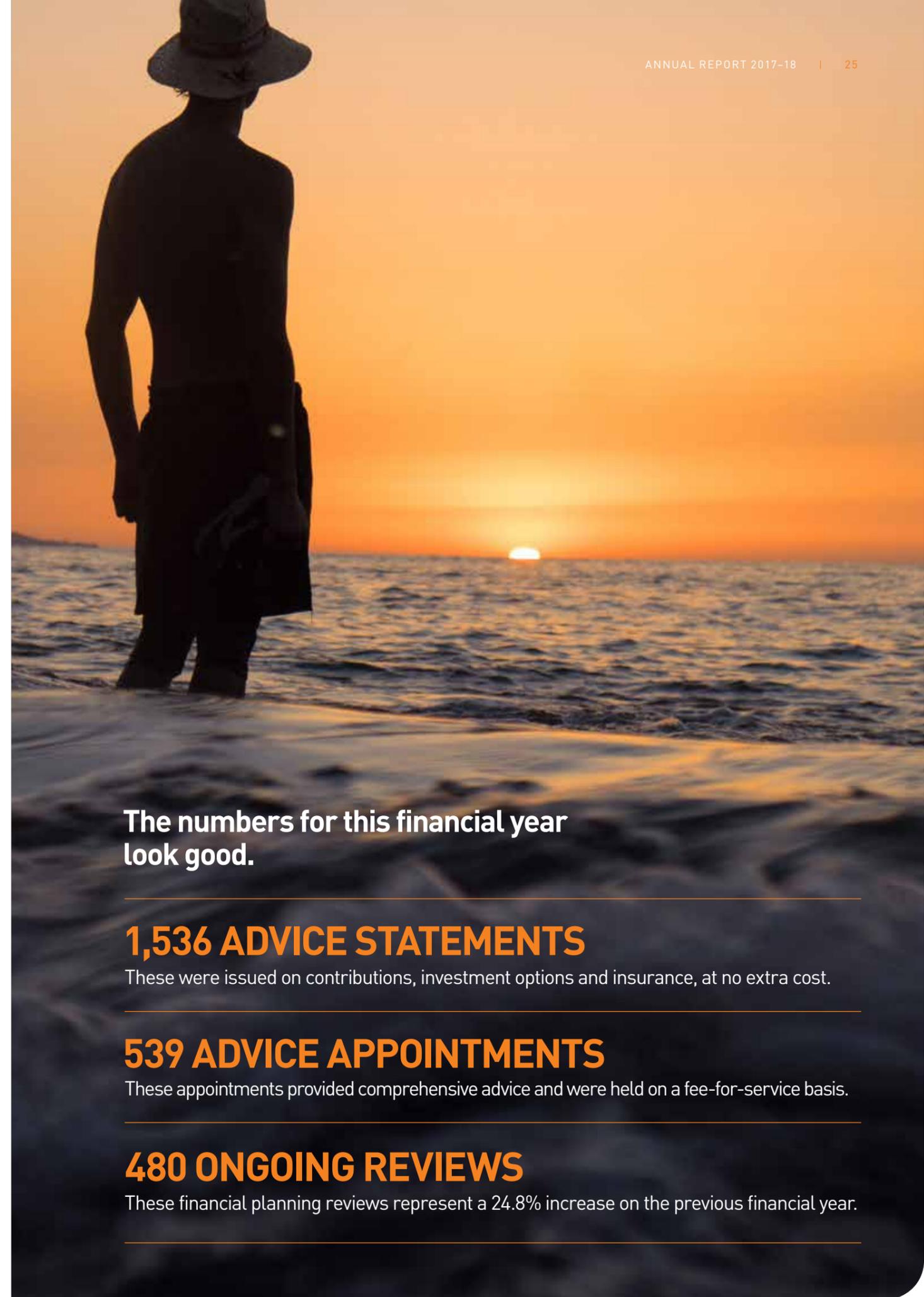
These were issued on contributions, investment options and insurance, at no extra cost.

539 ADVICE APPOINTMENTS

These appointments provided comprehensive advice and were held on a fee-for-service basis.

480 ONGOING REVIEWS

These financial planning reviews represent a 24.8% increase on the previous financial year.



MEET THE ESIFS FINANCIAL ADVICE TEAM



Justine Shephard
Manager Advice Development
 CFP®, LRS® F Fin,
 GradDipFinPlan,
 GradDipAppFin, BA.

Justine's experience in financial services spans more than 20 years across financial advice, product management, marketing and investor relations. Justine and the team of financial advisers are responsible for the delivery of quality personal advice to Energy Super members.



Michael Pagel
Financial Adviser
 CFP® BBus (Mgmt)
 Grad Dip Econ Dip FP

Michael has 15 years' experience in the financial services industry and has worked in large corporate finance and superannuation businesses, as well as boutique financial planning firms.



Ben Waisavu
Financial Adviser
 B.Fin ADFP AFP

Ben has 15 years' experience in financial services within wealth management, institutional banking and compliance businesses.



Shiona Hargen
Financial Adviser
 ADFP

Shiona has worked in the financial services industry for over 12 years. Her specialty is pre- and post-retirement advice which includes strategic superannuation advice, Centrelink and re-contribution strategies.



Paul Hodgson
Financial Adviser
 DFP, MBA

Paul has over 16 years' experience in banking and boutique financial advice businesses. He has a vast knowledge of superannuation, retirement income streams, Centrelink, investment portfolios, life protection and self-managed super funds.



Ben Marshall
Financial Adviser
 CFP®, DFP, BBus
(Banking & Finance)

Ben has comprehensive experience in large superannuation funds, boutique firms and national advice firms. He specialises in retirement planning advice, insurance analysis, wealth protection recommendations, Centrelink planning advice and strategies to promote wealth.



Mark Rabius
Financial Adviser
 Dip.FP, CSM, Grad Dip Bus Admin,
 B.A, C.Dec, AFP

Mark has 25 years' experience in the financial services industry and a strong commitment to putting his clients' interests first.



Laurence Smith
Financial Adviser
 CFP® MBus(AppFin),
 AdvDipFP, BBus(Adv)

Laurence advises clients through a wide variety of strategies, including retirement lifestyle planning, wealth generation through superannuation and non-superannuation investments, tax effective savings strategies, wealth and family protection arrangements, aged care and Centrelink planning.



Roxanne Turner
Financial Adviser
 MAppFin, Grad Dip Fin Plan,
 CPA, BCom

Roxanne has over 20 years' experience in the financial services industry. Her expertise is in wealth accumulation and protection, superannuation, Centrelink and pre- and post-retirement planning.



Adele Fisk
Associate Financial Adviser
 B.Comm, DFP

Adele has over 15 years' experience working in the investment banking and superannuation industries.



Katarina Glarin
Associate Financial Adviser
 Dip FS(FP), B Comm, M Prof Ac

Katarina has over 20 years' experience working in the investment banking and superannuation industries and 10 years with Energy Super. She specialises in providing single issue advice, primarily over the phone, on insurance, salary sacrifice, investment options and transition-to-retirement strategies.

EMPOWERING OUR MEMBERS.

With the right knowledge about wealth and super, members can be in a better position to make informed and financially sound decisions.

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

- Make the right investment decisions;
- Have the appropriate insurance cover;
- Know when to review investment decisions;
- Identify when to ask for support; and
- Know good advice from bad.

On the Energy Super website there is a range of educational tools, calculators, fact sheets and videos. There's also the opportunity to register for a seminar or forum.

Members who set up a secure online account are able to view and change a range of account details, make investment switches and check on their insurance cover.

SEMINARS AND FORUMS

REGULAR SEMINARS

We run a regular seminar series for our members. They're 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.

MEMBER FORUMS

Every year the Energy Super Board and CEO hold member forums. Members who attend are able to hear what the decision makers have to say about the Fund's performance.

Often, guest presenters from QIC will be included in the forum so that they can provide an overview of the economic outlook.

Reaching more people

The numbers are encouraging. Seminars delivered between June 2017 – July 2018 include:

29 financial planning seminars

558 attendees

6 member forums

258 attendees

Number of member communications delivered between June 2017 - July 2018:

270k newsletters

488k emails

SPARK UP YOUR SUPER

We encourage you to take an active role in making decisions about your super so you can achieve the best retirement outcome possible.

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. If you think you might have an account left behind at an old super fund somewhere, it could pay to search for it. You can simply log into your secure Member Portal account and use the 'Consolidate My Super' button on the Dashboard to locate any super funds in your name.

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

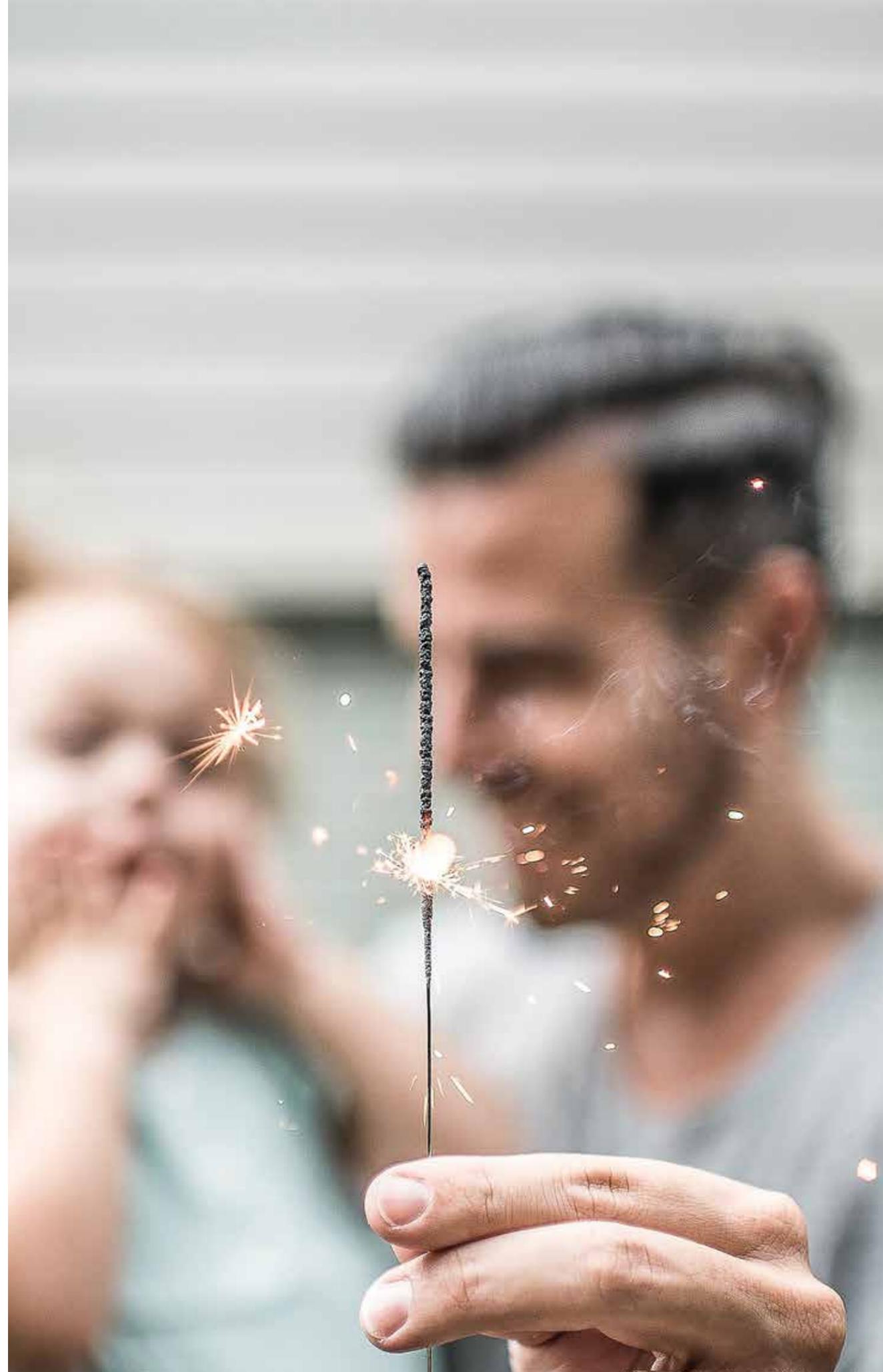
To ensure your death benefit is paid the way you want, you may make your wishes known to us with a binding death benefit nomination. You'll need to make sure it's valid and up to date, as changes in your circumstances such as marriage, divorce or the birth of a child may affect the validity of your nomination. Binding nominations expire after three years, unless you make a non-lapsing nomination. Non-lapsing nominations won't expire after three years, but they do become invalid under more circumstances than binding nominations.

To renew, change or cancel your nomination, simply complete the relevant nomination form available under the Forms and Tools section on our website at energysuper.com.au

For more information on beneficiary nominations and death benefits, please refer to our *Nominating Beneficiaries Guide* or call us on **1300 436 374**.

INVESTMENT CHOICE

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 (summarised on pages 60 - 64) 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.



FUND PERFORMANCE

The quick snapshot of Fund performance over five years shows that the top three performers are International Shares, Growth and Australian Shares. Of the pre-mixed options, Growth delivered the strongest returns. If you'd like to know more about fund performance there are specific details for each investment options on pages 58-59 of this report.

TOP 3 PERFORMERS OVER 5 YEARS (%)

International Shares – Super	13.52%
International Shares – Pension	14.39%
Growth – Super	10.96%
Growth – Pension	12.07%
Australian Shares – Super	10.88%
Australian Shares – Pension	12.22%

INVESTMENT MARKET OUTLOOK

Members' retirement savings are invested in a range of assets. So, it's important to be aware of the economic forces that affected those assets, both locally and internationally, in the 12 months to 30 June 2018.

Economic Update

Over the 2017/18 year, world economic growth continued to strengthen, and importantly (for Australia as a resources and energy exporter) this growth was synchronised across most developed and emerging markets. Despite some 'speed wobbles' associated with the US Federal Reserve, increasing interest rates (3 times over the year), and market expectations on both the number and size of rate rises, US, and hence world share markets, continued their strong performance. Around the world interest rates remain very accommodating of economic growth,

although some (led by the US) have taken slow steps towards the move to a longer term level of rates from that seen since the Global Financial Crisis.

Reflecting this strength in the underlying economies, unemployment rates continued to fall across all major developed market economies. Interestingly, the trend that we have observed in Australia is being repeated across the world: low inflation levels in spite of low unemployment rates. Many of our managers and the Fund's investment consultant, JANA, is pointing to the apparent weakening link between wage growth and tight labour markets.



Sarah Zeljko - Chair, Investment Committee



William Graus - General Manager, Investments

The Australian economy continued to grow, buoyed by strong bulk commodity prices. The RBA held the cash rate steady at 1.50% over the year balancing its concerns on international trade uncertainty, low inflation, low wage growth, and the gradual weakness in housing led by Sydney and Melbourne.

Over the last few months of the financial year, we began seeing the ramifications of the America First Policies of a Trump administration: steel and aluminium tariffs creating a domino effect and retaliatory taxes and tariffs being announced by the EU, China and other countries.

MARKET PERFORMANCE

Globally, shares continued their strong performance, rising by 12.1% (MSCI World ex Australia Index) on a hedged basis (in AUD). With the Australian dollar's weakness, unhedged returns were higher at 16.0%. Emerging markets, rose by a strong 12.7% (MSCI Emerging Market Index unhedged) for the year, although falling by close to 16% from its peak in mid-January 2018. Locally, The S&P ASX300 Index rose by 13.2%, with a very strong 8.5% coming in the last quarter of the year led by energy stocks which rose on the back of a rising international oil price. Domestically, Banks and major Insurer, AMP, struggled as the disclosures from the hearings of the Royal Commission were digested by investors.

Property delivered strong returns, led by CBD offices, which drove the performance of both listed and unlisted trust performance. Retail property delivered a strong positive return, but did lag the office sector. Infrastructure performed strongly, reflecting still improving economic fundamentals and the positive impacts of valuations (demand for assets and low interest rates). Although the Reserve Bank of Australia (RBA) has not increased the Official interest rates here in Australia, we have seen a marked (over the last months) increase in the interest rates on offer for term deposits, as banks are increasingly required to "pay up" for funding.

ACTIVITIES AND PERFORMANCE

Reflecting the above, the best performing of Energy Super's investment options were those that had higher exposures to both local and international shares, with these two single asset class options delivering the strongest performance. Of the pre-mixed options such as Growth, delivered the strongest returns, led by shares exposures, infrastructure and property investments. The performance for each of the Fund's investment options is shown on pages 58-59.

Over the year, the Board approved the segregation of the Fund's Australian and International Share assets, the first step in the construction of investment options tailored to the differing needs of those members in their growth (or wealth accumulation) phase versus draw down (retirement) phase.

OUTLOOK

To quote the International Monetary Fund, 'The global economic upswing that began around mid-2016 has become broader and stronger'. In its most recent report, they surmise that 'advanced economies as a group are expected to continue to expand above their potential growth rates this year and next before decelerating, while growth in emerging market and developing economies will rise before levelling off.'

They do, however provide a note of caution, in that for most countries, current favourable growth rates will not last, and that policymakers (central bankers and governments) should seize this opportunity to bolster growth, make it more durable, and equip their governments better to counter the next downturn.'

These are concerns mirrored by JANA, and the Board, who note that concerns remain surrounding financial imbalances, expanding credit and large increases to Australian property prices due to this prolonged easy monetary policy. In a global sense, the gradual normalisation process means the capacity for effective fiscal and monetary policy to address a future downturn is more limited than that available pre-GFC. More recently, trade concerns have flared with increasing protectionist pressures across countries, primarily being driven by the US.

We continue to actively manage your assets and we wish to thank the Investment team for their work over the year.

03

INSURING YOUR LIFE

We always hope our members never need to rely on their insurance. But when they have, we've made sure they're in good hands.



INSURING YOUR LIFE [STYLE]

The loss of part of a member's income because of an unforeseen injury or illness can have a huge impact on their ability to meet everyday living expenses. We believe that regardless of their award, salary or age a safety net is a must-have for our members.

We offer insurance, including cover for:

- **Total and Permanent Disablement (TPD)** – a lump sum may be paid if a member is totally and permanently unable to work.
- **Death** – a lump sum may be paid to a member with a terminal illness or paid to a member's beneficiaries if the member dies.
- **Standard Income Protection** – with a payment period of up to 104 weeks*.
- **Extended Income Protection** – members can apply for additional income protection cover to provide a monthly benefit with a payment period up to age 65.

Exclusions may apply to cover. Our insurance offering is detailed in our *Insurance Guide*.

OUR INSURER

We work very closely with our insurer – MLC Life Insurance (MLC) – to ensure we can provide insurance that is affordable, provides reasonable levels of cover, and has an easy claims process.

PROTECTING OUR MEMBERS

We are committed to insuring our members, many of whom work in high-risk occupations and who are often excluded from cover by other insurance companies. In fact, we believe our income protection insurance is one of the best options going around for employees in the electrical and related industries.

Our income protection insurance is more than just a basic safety net: it can provide eligible members with up to 90%* of income if they can't work for a period of time due to sickness or injury.

Proof of our commitment is shown in our strong income protection claims payment record. In the 12 months to June 2018, we paid out over \$24 million to members.



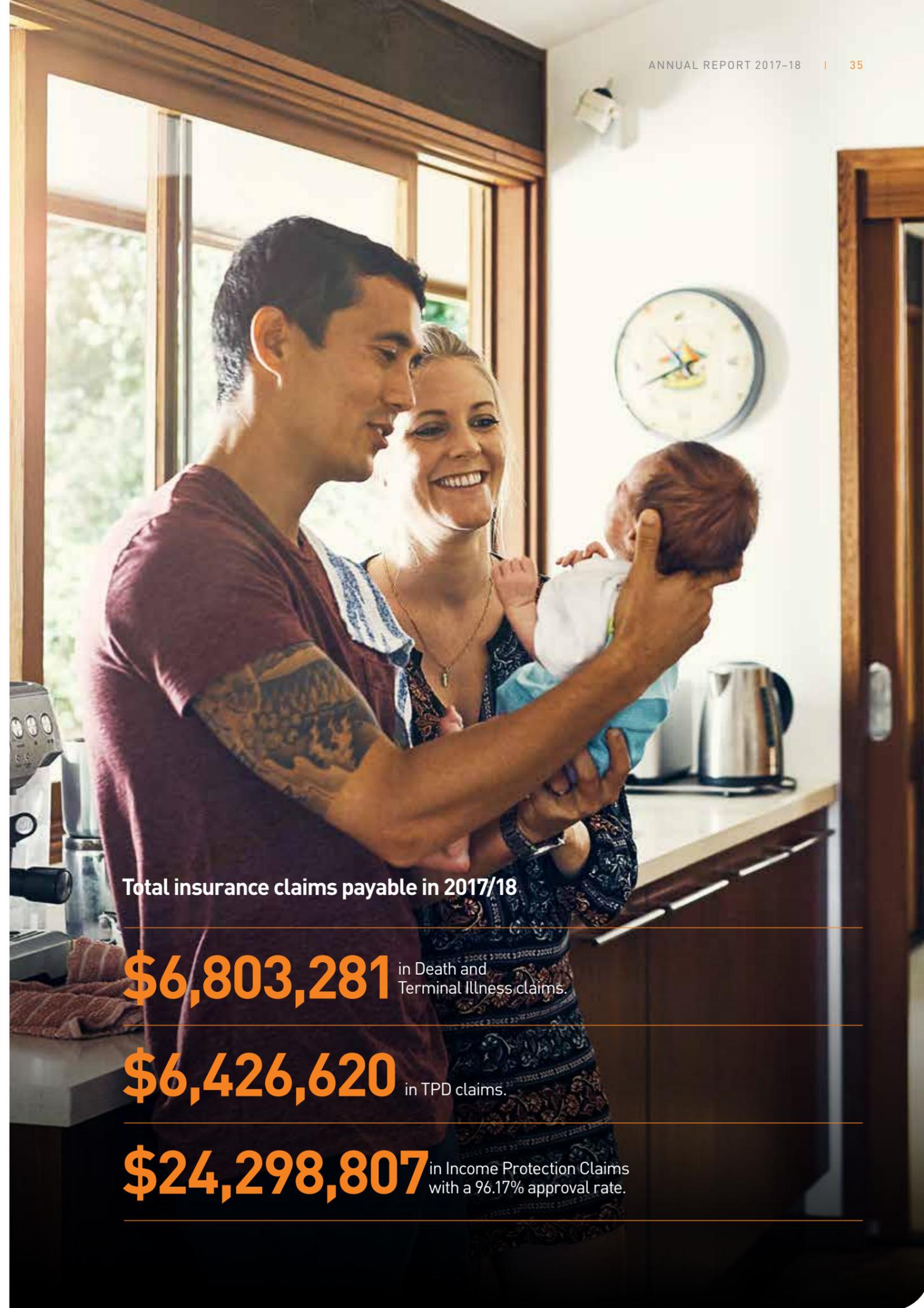
Neisha Traill - Chair, Insurance and Claims Committee

IS YOUR INSURANCE RIGHT FOR YOU?



As a member of Energy Super, you may receive a certain level of insurance cover automatically when you joined the Fund, however, this may not be right for your individual circumstances. That's why it's important to review your insurance cover. Simply phone us on **1300 436 374** and depending on your circumstances, this advice may be provided at no additional cost to you.

*For the first 120 days after the waiting period eligible members will be paid the lesser of 90% of income or the level of cover they received automatically or applied for, for the first 120 days of their benefit period. Then, for the remainder of the benefit period, the weekly benefit is the lesser of 80% of income or the level of cover they received automatically or applied for. A superannuation benefit is also payable into their Energy Super account equal to the lesser of 10% of income or 10% of the benefit level for which they are insured.



Total insurance claims payable in 2017/18

\$6,803,281 in Death and Terminal Illness claims.

\$6,426,620 in TPD claims.

\$24,298,807 in Income Protection Claims with a 96.17% approval rate.

CAN INSURANCE BE IMPROVED?

In many ways, insurance is invisible. Especially when it's sitting inside superannuation. But the Insurance in Superannuation Working Group (ISWG) has helped to bring this vital cover into the spotlight. The group, comprising of Australia's superannuation bodies, was formed in 2016 to look at how the experiences of super fund members could be improved.

The ISWG found the current insurance policy settings are fundamentally right, but acknowledged that changes need to be made to improve the experiences of superannuation fund members.

The two main things the ISWG looked at were:

- The need to ensure insurance in superannuation provides a measure of financial support to members and their families if the member is prevented from working to retirement age by death or ill-health.

- The need to balance extent of the insurance cover with the cost of the cover, a cost that could erode funds to some extent.

To manage this balance of cover and affordability into the future, Energy Super has adopted the **Insurance in Superannuation Voluntary Code of Practice**, which commenced on 1 July 2018.

The Code provides a framework that is aimed at improving insurance in superannuation and the processes by which funds provide insurance benefits to you.

While the Code is prescriptive, it also allows funds to be flexible by continuing to provide features and benefits tailored to the needs of their unique membership.

Energy Super will publish its plans to transition to the Code on 31 December 2018.

WELLNESS PROGRAM

Given we're a financial institution, it's easy to assume we're all about money. But the wellness of our members is also incredibly important to us at Energy Super. Not only in retirement, but also during our members' working lives. That's why we have our motto, 'we can all be better off'. We understand the financial implications of mental wellbeing, from costs to employer of absenteeism, sick leave and rehiring staff. And for our members, we are well aware of the financial implications of poor mental health and how it can hold back building a healthy super balance.

Our Wellness Program is an end to end offering of mental health and wellbeing support for members and employers, and comes at no cost to Energy Super employers or members. This includes support, treatment review, peer programs and insurance across four key providers including;

1. MLC INSURANCE

Covering eligible members for illness or injury, including mental health.

2. SUPER FRIENDS

Corporate education on mental health, including mental wellness assessments of workplaces and recommendations on policies and procedures.

3. MATES IN ENERGY

Suicide prevention and education, peer-to-peer support program.

4. BEST DOCTORS/NAVIGATOR

Members and their families* get complimentary access to Best Doctors, a program run by Energy Super insurer, MLC. The program puts members in touch with leading medical specialists who can review diagnoses and treatment plans through the assessment of medical records.

Members also get access to expert assistance in answering ad-hoc medical questions. It's important to know that this service is independent and member information is not shared with Energy Super or the insurer.

Best Doctors is leading the way in the Australian mental health space with its new offering, Navigator.

The platform provides timely access to a network of psychologists, psychiatrists and mental health nurses. Employees suffering a mental health condition are matched to a team of mental health experts who will conduct a discreet and convenient assessment of their condition via video link.

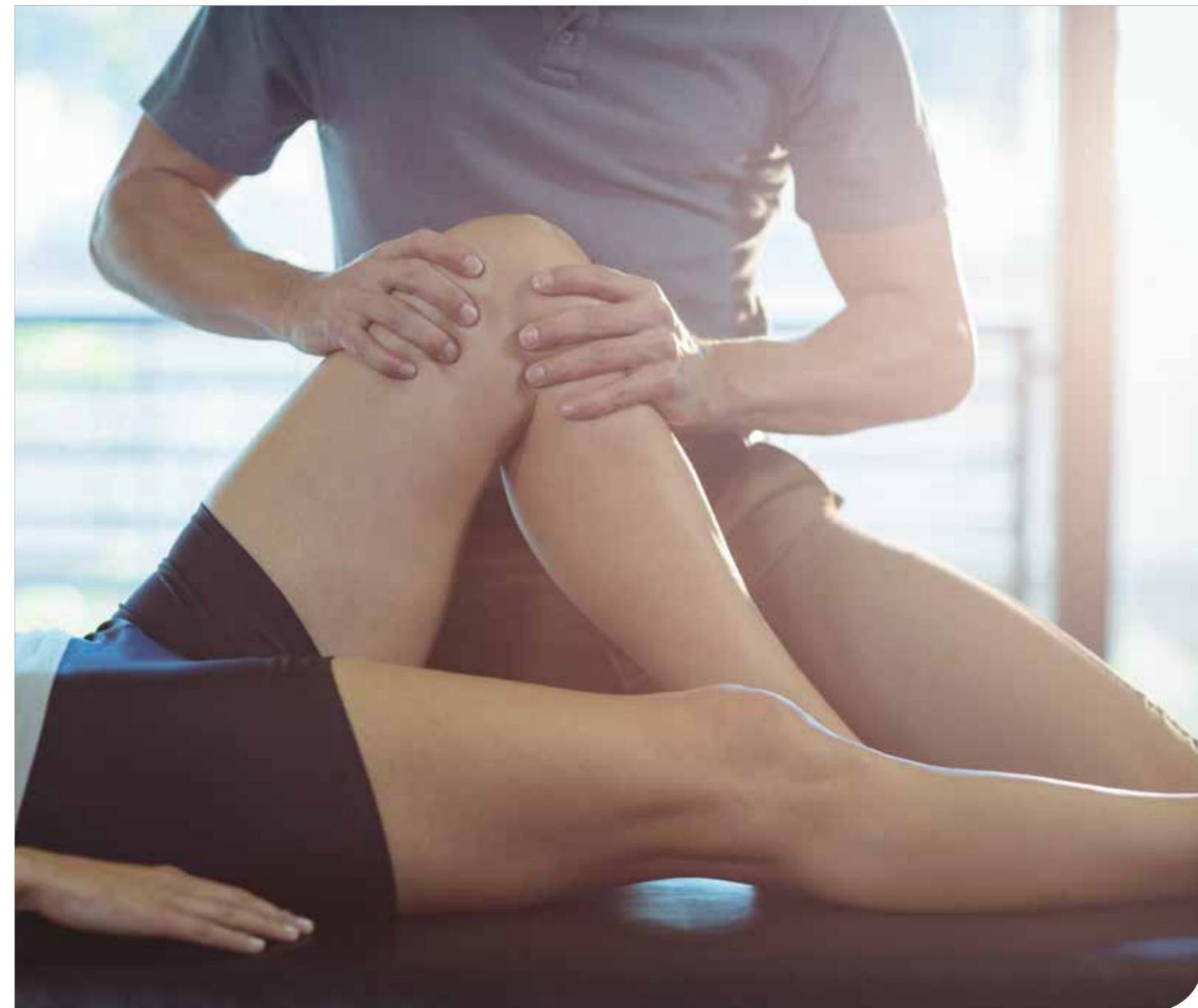
**Family includes an Energy Super member's children, parents, partners and partner's children and parents.*

TWO PATHS BACK TO WORK

Here are two stories that illustrate how members can really benefit from having Energy Super's support.

Over a two year period 'Joseph' was able to successfully transition back to work. He had been dealing with stress and depression and the prospect of going back into a workplace was daunting. But with the support of the rehab team and help with CV design and interview skills, he found new employment and was able to step away from his income protection benefit.

Chronic back pain had made it impossible for 'Stuart' to continue his work as a self-employed consultant. His claim was admitted. His home office was assessed. And new office equipment was funded through MLC Rehab. After receiving education about managing his condition, he has been able to return to full time work.



04

EMPLOYER EXPERIENCE

Time and time again we hear from our employer partners that our customer service is what sets us apart. This is something we've been really proud of this past year.





Murray Bell

John Curtin

Craig Gava

Laura Hall

Damien Griggs

OUR EMPLOYER SERVICES TEAM

At Energy Super we believe in making life simple. Not just for our members, but for employers too. We work hard to provide employers with better superannuation administration solutions.

Efficiency is key. A lot of company time can go into managing superannuation for employees. That's time that organisations would rather be investing in their business. And fair enough too. If business is good, that's good for employment. And that's good for our members. So, Energy Super supports employers by taking that weight of admin off their shoulders wherever possible. Offering a clearing house at no cost to employers helps.

Energy Super employers can use our QuickSuper clearing house to make one payment for all their employees and Energy Super will do the rest. We'll divide this one lump sum and distribute individual payments to separate super

funds, ours and others. Not only is the tool compliant with the SuperStream Government legislation, it's a quick, online transaction that saves a lot of paperwork and headaches. Energy Super also offers employers the option of hosting tailored education seminars for employees in the convenience of their workplace at no extra cost.

This commitment to putting our time and energy into superannuation administration has attracted a range of organisations. Regardless of what kind of business they're in, or how big their organisations is, Energy Super is a valuable partner to have. We listen. We collaborate. We roll up our sleeves and get the work done.

Employers who have been with Energy Super for many years include Queensland Government Owned Corporations such as Energy Queensland Limited, Queensland Electricity Transmission Corporation Ltd (Powerlink), CS Energy Limited, Stanwell Corporation Limited and NRG Gladstone Operating Services.

New relationships are forming all the time. Our team is actively reaching out and connecting with employers. Often that means jumping in a car and heading out to regional centres for a coffee and a chat about how we can help.

Going the extra mile is what we're all about.

From July 2017 - June 2018 our Fund Service Managers have conducted:

2,933 employer interactions

382 employer visits

41 seminars

180 toolbox meetings

49 fund awareness days

face-to-face meetings to over

6,819 members

Our team travel the whole of QLD also reaching WA, Tasmania and NSW. The team travel extensively from capital cities to regional areas, with a focus on regional areas both big or small.

EMPLOYER RELATIONS (FUND SERVICES MANAGERS)

Team Role:

To actively build relations with our current employers to ensure retention and default fund status. This is achieved through onsite support, educational seminars and looking for opportunities to support employers. Finally, this team is also responsible for identifying and building relations with current employers or stakeholders in order to build the membership.

BUSINESS DEVELOPMENT

Team Role:

To actively grow the membership through employer acquisition, member growth and stakeholder activity. This team will work closely with the Employer Relations team to ensure all growth opportunities are followed through.

Damien Griggs
M 0458 147 111
E damien.griggs@energysuper.com.au

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Laura Hall
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E laura.hall@energysuper.com.au

Or **FSM@energysuper.com.au**

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E steve.scott@energysuper.com.au

Stacey Watson (Central QLD)
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E stacey.watson@energysuper.com.au

05

OUR PEOPLE

Good people are precious. Great people are absolutely invaluable. At Energy Super, the quality of our people has again been our greatest asset.



OUR PEOPLE

VALUES

Ultimately the Fund and the benefits it delivers to its members is only as good as its people. That's why we work hard to attract, maintain and inspire the very best people. The Energy Super team aspires to key values.

We want to be:

- FRIENDLY**
- RESPONSIVE**
- OPEN**
- NURTURING**
- TRUTHFUL**

Let's open with being open. When you're open, you're questioning. You like to collaborate and discuss. You give feedback and work on alternatives.

Friendliness starts with enjoying what you do. When you're happy with your job, that naturally comes across to others. They can see the smile on your face. They can hear it in your voice. Friendliness is about empathising with members, respecting colleagues and being accessible and helpful.

Being responsive is about taking the time to listen and understand. It's about taking action in a timely manner and following the issue through to its conclusion. The people who work at Energy Super don't pass the problem, they deliver the solution.

Nurturing relationships, being patient and looking out for other members of the team can make a big difference to morale. It can also lead to a positive environment where people are comfortable about championing the right cause at the right time.

Truth is what everyone wants. And yet there's a general sense in our society that the truth is becoming more and more scarce. At Energy Super we believe in being a good corporate citizen. We believe in expressing our views when we feel that something isn't right. Truth, honesty and transparency are what our members deserve. And we work hard to ensure they get it.

Here's what some of our employees have to say:

"I enjoy working in a not for profit company that puts members first. The team is small but committed and achieves great results."

"I thoroughly enjoy the industry and the role I have at Energy Super. Helping people achieve their retirement goals is important to me."

"I have a strong belief in the product and service we provide our members, and enjoy working with the team around me."

ESIFS EMPLOYEE VALUE PROPOSITION

WHY DO WE EXIST?

- We are the custodians of the energy industry's superannuation.
- We need to work with our stakeholders to support the industry.
- It is both a privilege and a responsibility.
- We have a responsibility to maximise retirement savings and ensure members have the right tools to make the right decisions.
- We have the responsibility to make every dollar count and respect our members' savings.
- We have the responsibility to work with each other and collaborate.

The past has been successful and we have a responsibility to embrace the future.

We need to embrace change as it is the only way we can survive, including:

- Change to achieve growth
- Change to achieve member loyalty
- Change to support innovation
- Change through opportunities created in our risk and regulatory environment

WHAT DO WE OFFER?

A career with opportunities to interact and support customers in a profit-for-members environment, to be a part of change, provide challenges, development and professionalism.

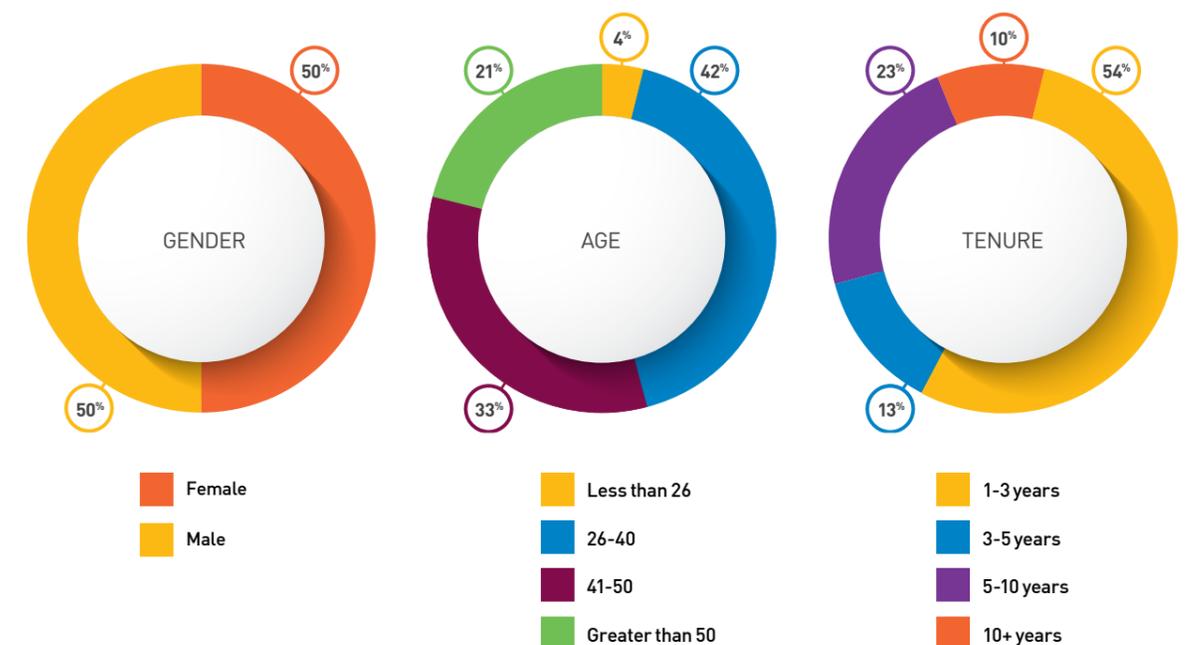
WHAT WILL WE CELEBRATE?

- Super champions
- Values driven
- Customer led
- Collaborative
- Performance driven
- The simpler the better

HOW WILL WE ACHIEVE THIS?

- We will pay appropriate salaries for the size of our business
- We will offer transparent performance measures
- We will offer and receive honest and open feedback
- We will support our employees' education requirements to perform their role
- We will promote from within if it is appropriate to our needs
- We will celebrate change that moves us into the future
- We will continue to support flexible work arrangements where possible

WORKFORCE STATS



AN ENERGETIC TRAINING PROGRAM

Training is important. The better equipped and more confident our staff are, the better we can meet the needs of our members.

All Energy Super Group staff participate in regular training and industry events.

We exceeded our minimum requirement of providing authorised representatives of the Australian Financial Services Licence (AFSL) holder, ESIFS, with 30 hours per year of continuous professional development.

During the financial year staff completed a total of 3052 hours of training 61% above target.

In addition to compliance training, we aim to develop our staff so our members and employers receive high level professional support at the most efficient cost possible.

We have set a high benchmark for our people by requiring higher CPD hours for our directors, executives and staff

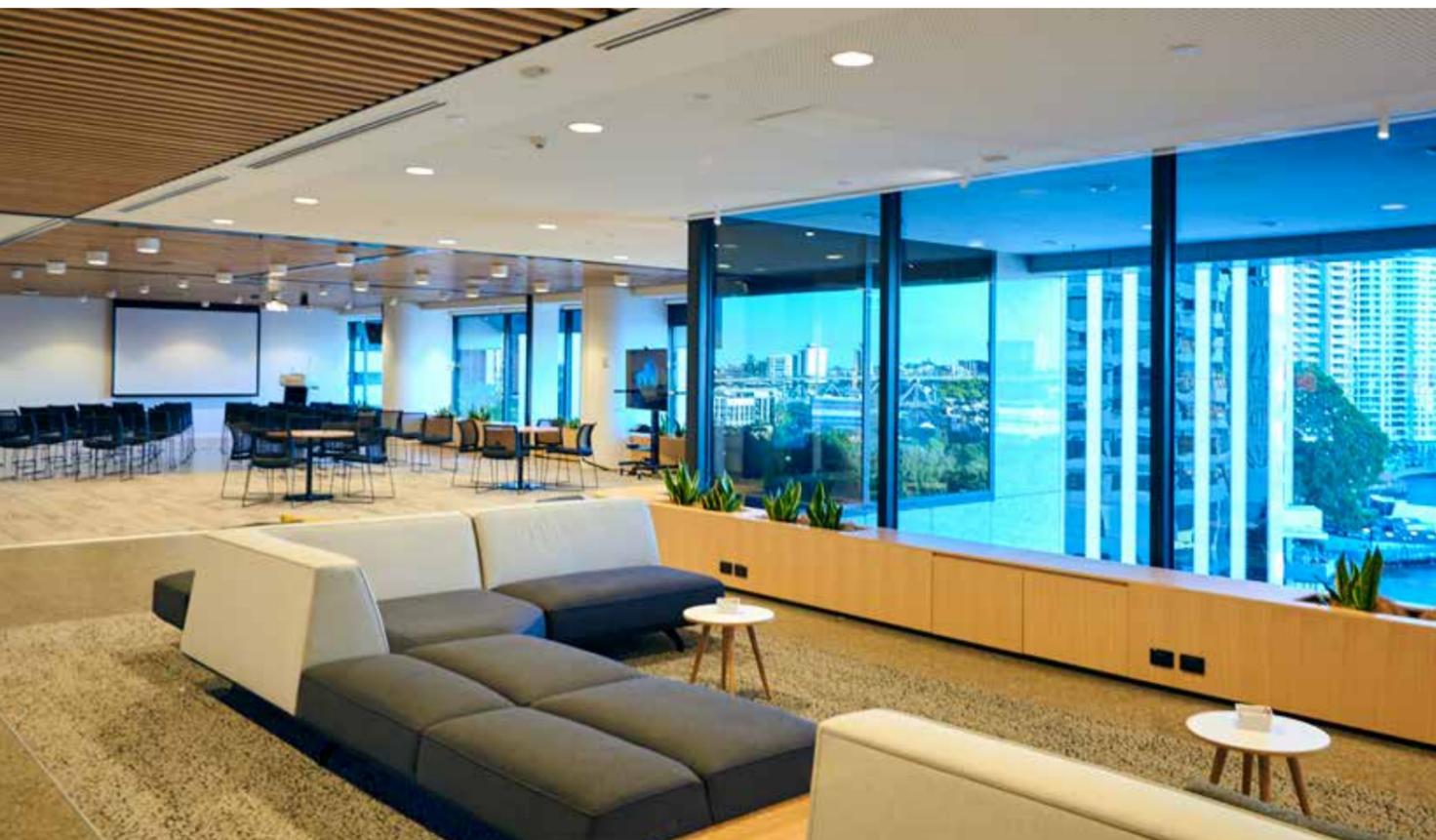
than common industry practice. We also tailor our training programs to the needs of the learner and business. We do this by having our executives and managers identify current skill sets and future business requirements. We then create custom Training and Development plans for all directors, executives and staff.

Here are some of the training highlights for the year.

- Created a Learning and Development role to allow for greater focus on staff development people.
- Partnered with SuperFriend to rollout training in Workplace Mental Health and Wellbeing.
- Partnered with MCQ International for training in areas of compliance, risk

mitigation and employee safety and wellbeing.

- Implemented a new online training portal and uplifted our induction program.
- Our leaders and advisers attended leadership development and professional development days.
- Commenced roll out of a new General Advice program.



EXECUTIVE TEAM PROFILE



Robyn Petrou
Chief Executive Officer

Robyn has over 20 years' experience in superannuation management. Since starting with Energy Super in 2009 she has driven the continued growth, product development and performance of the Fund.



Phil Hagen
Chief Financial Officer

Phillip started his role as CFO in early 2007. His oversight responsibilities include, compliance, corporate administration and finance.



Katie Simpson
Fund Secretary

Katie is responsible for the Fund's board secretariat function, including advising the Board on corporate governance matters, liaising with regulators and overseeing the Fund's governance framework.



William Graus
General Manager, Investments

William commenced his role in 2014. He oversees the Fund's investment management and investment governance functions – working with stakeholders to ensure that it achieves its investment and operational objectives.



Lisa Kay
General Manager, Member Services and People

Lisa Kay's a senior leader with 25 years' experience in the financial services industry. She creates an environment for staff to develop their skills while delivering excellent results back to the business.



David Beal
General Manager, Digital Transformation and Analytics

As the general manager of digital transformation and analytics David delivers member-centric business improvement programs and boosts the Fund's digital footprint.



Michael Abbott
General Manager, Strategy

Michael is developing a sophisticated financial growth strategy for Energy Super to further grow the brand's existing membership base and shape the Fund's future investments.



Sean Martene
General Manager, Customer Insight and Product

Sean has over 17 years' experience in the superannuation industry with leadership roles covering all facets of superannuation.

06

INVESTMENTS

Our expert's eyes have been watching markets for opportunities to optimise investment returns throughout the year. The results speak for themselves.



OVERVIEW OF INVESTMENT APPROACH

The Investment Governance Framework (IGF) sets out how the various systems, people, structures, policies and processes are utilised by the Board to, amongst other things, enable the generation of investment returns to meet investment objectives, whilst managing and monitoring sources of investment risk.

The overarching policies, processes and people required to oversee and control the investment function(s), are approved and monitored by the Board.

The Board recognises that it has a primary duty to manage the Fund and to act at all times in the best interests of its Fund members.

The adoption of appropriate governance practices in relation to the selection, management and monitoring of the Fund's investments and investment managers is a critical part of fulfilling this duty.



HOW WE MANAGE YOUR MONEY

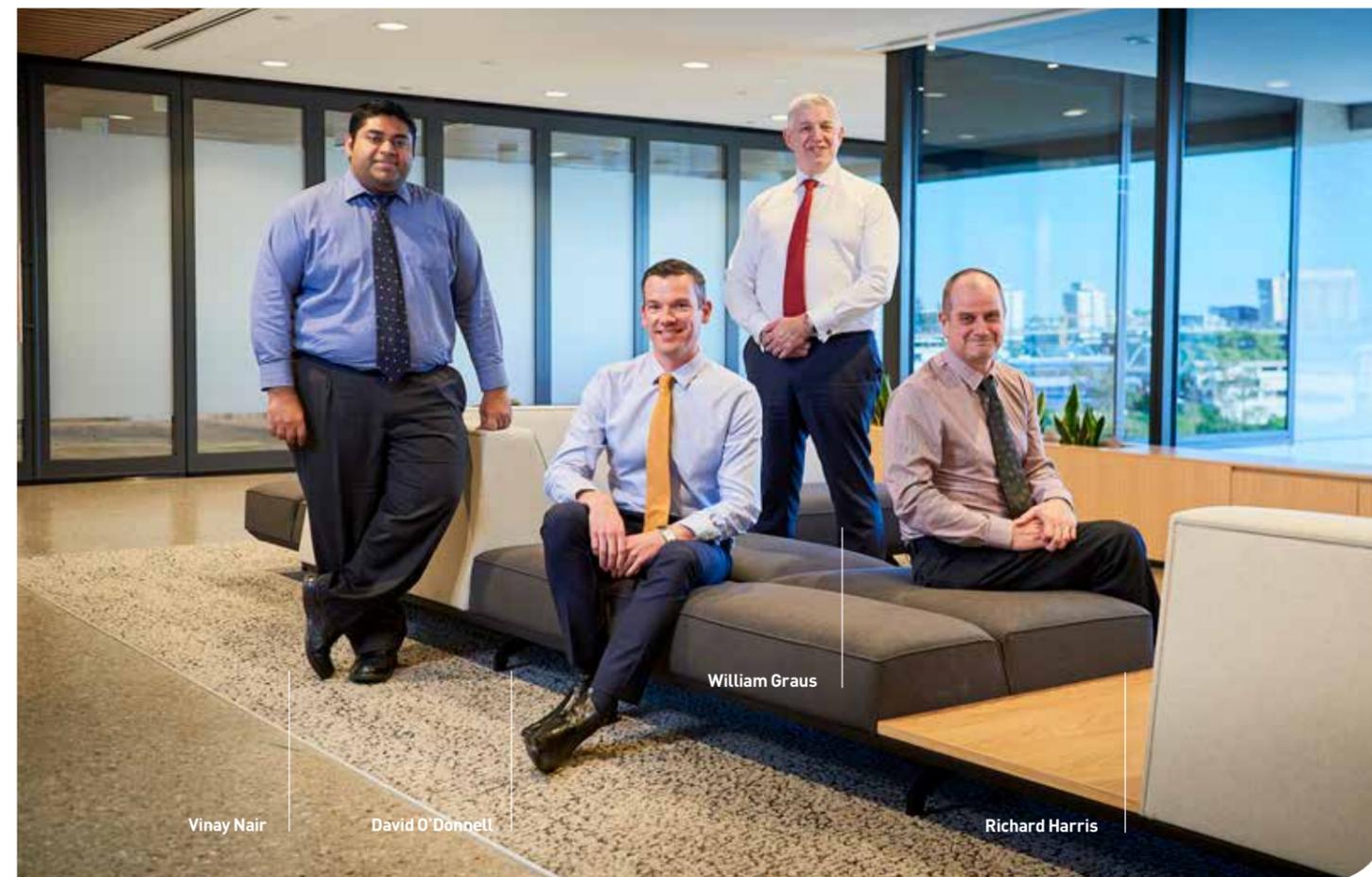
Here we explain how Energy Super's Board manages your money, how investments are selected, and the actions that the Board takes to maximise returns and manage risks for each investment option.

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

The Board's Investment Committee reviews the performance of options, asset classes and investment managers, making changes to these as required. As market conditions dictate or as opportunities present themselves, this Committee may look to approve or make tactical changes to the asset allocations and/or the

investment 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.

In addition, Management also participates on a number of Advisory Committees on a no fee basis.



INVESTMENT STRATEGY AND OBJECTIVES

OBJECTIVES

The investment objectives and strategy for each investment option (summarised on pages 60 - 66) show what each investment option aims to achieve together with industry standard measures on the level of risk involved, return objective and suggested investment timeframe. Where the objective of an investment option is to exceed inflation or a performance benchmark by a certain level, as measured by the All Groups Consumer Price Index (CPI) or, a performance benchmark, such as the Bloomberg AusBond Bank Bill, it is anticipated that the objective should be achieved over the long term. For more information on the performance benchmarks for single asset investment options see pages 60-66.

However, there may be periods when an investment option does not meet its CPI objective, due to the volatile nature of investment markets. For all options at 30 June 2018, their 10 year objectives were met.

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 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 both the risks and potential volatility associated with the investment option(s) 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 which is available at energysuper.com.au

SOCIAL RESPONSIBILITY - 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 investment option's external 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 DERIVATIVES POLICY

The Board does not undertake internally the day-to-day management or use of derivative instruments. Some of our external investment managers may use derivatives when managing discrete mandates for the Fund. Likewise, some of the pooled investment vehicles in which the Fund invests may also use derivatives.

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

The Fund has in place a Derivative 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 that of futures and options exposures in 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.

DERIVATIVES CHARGE RATIO

Any derivatives we use need to be asset backed by either cash or physical securities and actual holdings in our portfolio. The derivatives charge ratio is the percentage of total market value of the assets of Energy Super (other than cash) that the Board has charged as security for derivative instruments made by the Energy Super Board. The derivatives charge ratio didn't exceed 5% of the Fund's assets at any time during the 2017-18 financial year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) AND CLIMATE RISK

The Board acknowledges that ESG issues have the ability to impact on the financial performance and/or risks to varying degrees, depending on the asset class in which it is investing.

As ESG considerations are becoming increasingly embedded into the investment decision making process, the Board has developed a Policy to address the manner by which the Board considers how ESG risks and opportunities are considered in the Fund's investment program.

ESG factors are considered in the investment decision making process. This means that the Board considers material ESG factors in conjunction with the more traditional risk/return and financial matrix when making investment decisions.

As the Board adopts an outsourced investment model, ESG is incorporated into the selection of, and the ongoing monitoring (or reviews) of the Fund's Investment Managers through:

- Obtaining (and reviewing) each Investment Manager's ESG, sustainability or SRI policy which documents the manner and nature of ESG integration into their investment management process;

- Discussing stock specific examples and how ESG has influenced the assessment of the company and risks associated with the investment;
- How any external research providers are used in the investment process (in either company analysis or through risk assessments); and
- Reviewing an Investment Manager's participation in organisations such as the Principles for Responsible Investing initiative (and reviews of any audits thereof).

Climate Change Risk

Which forms a subset of Environmental Factor Risks, is specifically addressed by the Fund through:

- Consideration of the impacts of climate change on stranded assets, which are defined as being assets deployed for the exploitation of a fossil fuel resource that, due to reduced demand, will no longer be exploited and will thus have no, or little value;

- Engaging with its Investment Managers on the risks of climate change to:

- Ensure that they have an adequate ESG Policy, which includes and considers the impacts of climate change,
- Ensure that they have considered the risks and impacts of climate change in the pricing of assets – for both acquisition and exits,
- Manage their underlying portfolio exposures to climate change risks, and
- Report on portfolio risks and pricing of such risks.

The Board has been a long time member of the Australian Council of Superannuation Investors (ACSI), who provide a strong, collective voice on environmental, social and governance (ESG) issues on behalf of members and support the Fund with their Proxy Voting Policy.



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.

MANAGER	ASSET CLASS	INVESTMENT PRODUCT	2017 \$'000	2017 %	2018 \$'000	2018 %
AMP Capital Investors Ltd	Socially Responsible	Responsible Investment Leaders Balanced Fund	21,330	0.31%	25,460	0.34%
Balanced Equity Management Pty Ltd	Australian Shares	BEM Core Mandate	356,384	5.17%	395,861	5.26%
Blackrock Investment Management (Australia) Limited	Alternatives	Black Rock Style Advantage Fund	-	-	172,409	2.29%
Channel Capital	Australian Shares	Discovery Australian Small Companies Fund	95,003	1.38%	107,889	1.43%
Colonial First State	Cash	Colonial First State Cash Mandate	435,003	6.31%	416,024	5.53%
Dalton Nicol Reid	Australian Shares	High Conviction Portfolio	416,937	6.05%	466,754	6.20%
ESI Financial Services Pty Ltd	Cash	Energy TD Cash Enhanced	776,937	11.27%	603,791	8.02%
Fidante Partners Limited	Australian Shares	Greencape Capital Mandate	243,142	3.53%	291,961	3.88%
Franklin Templeton Investments Australia Ltd	Alternatives	Franklin Asian Real Estate (Feeder) Fund	9,487	0.14%	5,847	0.08%
GAM International Management Ltd	Alternatives	GAM Absolute Return Bond Fund	-	-	393,858	5.23%
Gardior Pty Ltd [^]	Alternatives	Private Capital Units III	4,202	0.06%	10,532	0.14%
Hamilton Lane Co-Investment GP II LLC	Alternatives	Hamilton Lane Co-Investment Fund II L.P.	50,063	0.73%	35,776	0.48%
HarbourVest Partners LLC	Alternatives	Harbourvest Dover Street VII	18,589	0.27%	12,736	0.17%
	Alternatives	Harbourvest Co-Invest 4	26,670	0.39%	51,492	0.68%
	Alternatives	Envest LLC SMA	-	-	12,422	0.17%
Harding and Loevner	International Shares	Global Equities Mandate	234,007	3.40%	283,636	3.77%
Gardior/Hastings Funds Management Ltd	Infrastructure	The Infrastructure Fund	273,923	3.97%	291,995	3.88%
Janus Henderson Global Investors	Global Fixed Interest	Janus Henderson Australian Fixed Interest Fund - Institutional	204,645	2.97%	211,814	2.81%
Janus Henderson Investors (Australia) Funds Management Limited	Global Fixed Interest	Janus Henderson Tactical Income Fund	-	-	89,267	1.19%
Hyperion Asset Management Ltd	Australian Shares	Hyperion Mandate	266,345	3.86%	297,687	3.96%
LaSalle Investment Management (formerly Trinity Funds Management Ltd)	Property	LaSalle Club Investment	87,884	1.28%	2,400	0.03%
Legg Mason Asset Management Australia Ltd	Australian Shares	Legg Mason Value Mandate	282,451	4.10%	330,045	4.39%
Lexington Partners LP	Alternatives	Lexington Capital Partners VI-B LP	6,828	0.10%	6,073	0.08%
Longview Partners LLP	International Shares	Global Equities Mandate	334,363	4.85%	384,878	5.11%
Macquarie Specialised Asset Management Ltd	Alternatives	Macquarie Global Infrastructure Fund III	24,781	0.36%	28,691	0.38%
Maple Brown Abbot	Infrastructure	Listed Infrastructure Mandate	75,568	1.10%	76,382	1.02%

MANAGER	ASSET CLASS	INVESTMENT PRODUCT	2017 \$'0000	2017 %	2018 \$'0000	2018 %
ME Portfolio Management Pty Ltd	Global Fixed Interest	Industry Funds Management Super Business Loans Trust	1,423	0.02%	815	0.01%
	Alternatives	Industry Super Holdings	688	0.01%	19,307	0.26%
Natixis Global Asset Management Australia Pty Ltd	Alternatives	Loomis Sayles Credit Opportunities Fund	462,702	6.71%	323,688	4.30%
Neuberger Berman Australia Pty Limited	International Shares	Global Emerging Markets Equity Trust	143,234	2.08%	162,141	2.15%
Pantheon Ventures LLP	Alternatives	Pantheon Global Secondary Fund II	1,415	0.02%	1,349	0.02%
PIMCO Australia Pty Ltd	Global Fixed Interest	Global Bond Mandate	78,874	1.14%	106,655	1.42%
	Alternatives	Global Credit Mandate	79,291	1.15%	65	0.00%
QIC Ltd*	Derivatives**	QIC Derivative Passive Overlay - Currency	13,075	0.19%	-	-
	Property	QIC Property Fund	459,075	6.66%	496,620	6.60%
	Alternatives	Queensland Government Office Fund	124,958	1.81%	143,015	1.90%
	Infrastructure	QIC Global Infrastructure	26,531	0.38%	29,218	0.39%
	Infrastructure	QIC Infrastructure Portfolio	14,679	0.21%	15,677	0.21%
	Property	QIC Australia Core Plus Fund	61,895	0.90%	-	-
	Cash	QIC Cash Enhanced Fund	2,898	0.04%	-	-
	Alternatives	QIC Liquid Alternatives Fund	-	-	45,153	0.60%
ROC Capital Pty Limited	Infrastructure	ROC Alternative Investment Trust No. 3	2,084	0.03%	867	0.01%
	Alternatives	ROC Alternative Investment Trust No. 4	5,910	0.09%	4,960	0.07%
Russell Investment Management Ltd	Alternatives	Russell Global Property Fund 1	23,816	0.35%	11,675	0.16%
Sands Capital	International Shares	Global Equities Mandate	230,988	3.35%	295,575	3.93%
Schroder Investment Management Australia Limited	International Shares	Global Enhanced Index Fund	491,190	7.13%	532,412	7.08%
Securities Lending Account	International Shares	International Equities Securities Lending Account	-	-	35	0.00%
Siguler Guff & Company LP	Alternatives	Siguler Guff Distressed Opportunity Fund III	5,387	0.08%	2,913	0.04%
	Alternatives	Siguler Guff Distressed Opportunity Fund IV	14,779	0.21%	11,068	0.15%
Stafford Private Equity Pty Limited	Alternatives	Stafford Private Equity 2 Fund	791	0.01%	497	0.01%
	Alternatives	Stafford Private Equity 4 Fund	10,514	0.15%	7,867	0.10%
Stone Harbor Investment Partners LP	Alternatives	Stone Harbor Multi Asset Credit Fund	99,847	1.45%	12	0.00%
T Rowe Price International Ltd	International Shares	Asia Ex-Japan Emerging Markets Equities Fund	134,117	1.95%	154,065	2.05%
Transition account	International Shares	Residual transition account	50	0.00%	-1	0.00%
Transition account	Australian Shares	Residual transition account	2	0.00%	1	0.00%
Investments subtotal			6,734,755.00	97.73%	7,371,329	97.96%
Other cash			35,826.00	0.52%	44,969	0.60%
Other assets[#]			120,897.00	1.75%	108,816	1.44%
TOTAL ASSETS AS AT 30 JUNE			6,891,478.00	100%	7,525,113	100%

*QIC Ltd use various risk management products. Some of the products hedge against variations in currency. ** See policy on Derivatives on page 52.

[^]The Fund is one of five shareholders entitled to appoint a Director to the Board. [#]This includes the Fund's investment in ESI Financial Services Pty Ltd.

WHAT YOU'RE INVESTED IN

Transparency is the key. In 2014, Energy Super was the first fund to give members a clear view of where their money was being invested. We also put faces to the people who are making those investment decisions on behalf of members.

We felt that this was important. Members want to know that their money is being invested in solid companies. They want to know those enterprises are ethical. And they want to know that the investment managers have a good track record, a measured approach and a wealth of experience.

This transparency is diligently maintained today. All the details are on the Energy Super website. Members can simply go to energysuper.com.au/managing-your-super to compare investment options and see what assets their super is invested in.

IN-HOUSE ASSET

The Superannuation Industry (Supervision) Act 1993 details the 'in-house' asset rules that are designed to make sure investments set aside to provide for members' retirement incomes are not dependent on the success of the business activities of an employer, or other related party. These in-house assets cannot exceed 5% of total assets. During the 2017-18 financial year, Energy Super did not have more than 5% 'in-house' assets at any time.



THE TOP 5

To give you an idea of how the Energy Super investment strategy balances growth and defense, here is a table that lists the top 5 investments across different categories.

	DEFINITION	TOP FIVE HOLDINGS
GROWTH ASSETS		
Australian Shares	An investment in part of a company listed on the Australian share market	BHP Billiton Limited Commonwealth Bank Of Australia Westpac Banking Corporation Woolworths Group Limited National Australia Bank
International Shares	An investment in part of a company listed on an overseas share market	Alibaba Group Amazon Inc Alphabet Inc Facebook Inc Naspers Limited
Property	Investments in "Retail", "Commercial", "Industrial", or domestic property. Typically the investments are made via "Unlisted Property Trusts", although the Fund may invest in listed property trusts.	Castle Towers Canberra Centre Eastland Robina Town Centre Westpoint
Infrastructure	Investments in ports, airports, roads, hospitals and assets that provide essential services with a community and the economy. Typically this 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 the upgrading of facilities or the development of new assets.	Port of Newcastle Queensland Airports Perth Airport Australian Registry Services North Queensland Airports
Growth Alternatives	Investments in domestic and "International Private Equity", "Global Opportunistic Property" and other selected opportunities which are expected to provide or generate returns at or above listed growth assets, but with lower correlations.	Blackrock Style Advantage Fund Harbourvest Co Invest 4 Fund QIC Liquid Alternatives Fund Hamilton Lane Coinvest Fund II Russell Global Property 1 Fund
DEFENSIVE ASSETS		
Defensive Alternatives	Investments in high yielding "Fixed Interest Strategies", "Infrastructure Income" and real estate, which is underpinned by long dated leases primarily to government departments and specialist managers who are expected to deliver returns at or above traditional fixed interest investments, but with lower correlations to public market securities (e.g. shares).	33 Charlotte St, Brisbane 54 Mary St, Brisbane 61 Mary St, Brisbane 111 George St, Brisbane 63 George St, Brisbane
Global Fixed Interest	Investments in high quality "Global Fixed Interest Securities" including government bonds, corporate securities/bonds, "Mortgage-Backed Securities", "Macro Strategies", and "Micro Credit Security Strategies". Note that this includes bonds and other securities issued in Australia or denominated in Australian Dollars.	Australian Government Bonds US Federal National Mortgage Assn QLD Treasury Corporation National Australia Bank Westpac Banking Corporation
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 and term deposits. We note the underlying investments are all made with/in Australian Deposit Taking Institutions only.	ANZ Bank Bank Of China (CCB) Bendigo & Adelaide Bank ME Bank National Australia Bank

PERFORMANCE UPDATE

COMPOUND NET EFFECTIVE EARNING RATES*

DEFINED BENEFIT - 3 YEAR - COMPOUND RETURNS

	1 Year	3 Year	5 Year	7 Year	10 Year	Since Inception	Inception Date
3 Year Average	8.45%	8.76%	9.64%	8.89%	5.76%	7.87%	1/07/1994

DEFINED CONTRIBUTION - COMPOUND RETURNS

	1 Year	3 Year	5 Year	7 Year	10 Year	Since Inception	Inception Date
Cash Enhanced	1.81%	1.91%	2.24%	2.70%	3.26%	3.74%	1/03/2002
Stable	5.30%	5.49%	6.17%	6.29%	5.64%	5.78%	1/02/2000
Fixed Interest	2.31%	3.20%	n/a	n/a	n/a	3.21%	30/06/2015
Capital Managed	6.96%	6.70%	7.65%	7.47%	6.41%	6.48%	1/02/2000
MySuper	8.90%	8.33%	n/a	n/a	n/a	9.05%	1/09/2013
Balanced	8.90%	8.33%	9.60%	9.00%	6.61%	6.78%	1/02/2000
SRI Balanced	8.82%	5.61%	7.65%	7.94%	5.45%	3.72%	24/07/2007
Growth	10.64%	9.50%	10.96%	10.17%	7.85%	7.44%	1/02/2000
International Shares	13.25%	9.80%	13.52%	12.45%	7.66%	5.15%	1/03/2002
Australian Shares	13.18%	10.59%	10.88%	9.62%	7.14%	8.64%	1/03/2002
Smoothed Return	8.34%	8.67%	9.54%	8.77%	5.61%	6.77%	1/07/1999
Capital Guarantee	7.34%	7.67%	8.63%	7.91%	5.51%	6.88%	1/07/1990

*Net effective earning rates are after tax and investment charges and are to 30 June 2018. Past performance is not indicative of future performance.

INCOME STREAM & MARKET LINKED PENSION- COMPOUND RETURNS

	1 Year	3 Year	5 Year	7 Year	10 Year	Since Inception	Inception Date
Cash Enhanced	2.11%	2.29%	2.58%	3.15%	3.83%	4.41%	1/03/2002
Stable	6.08%	6.14%	6.90%	7.10%	6.53%	6.70%	1/02/2000
Fixed Interest	2.70%	4.04%	n/a	n/a	n/a	4.06%	30/06/2015
Capital Managed	7.94%	7.49%	8.49%	8.40%	7.37%	7.45%	1/02/2000
Balanced	9.91%	9.10%	10.47%	9.98%	7.38%	7.63%	1/02/2000
SRI Balanced	10.36%	6.22%	8.34%	8.73%	6.02%	4.05%	24/07/2007
Growth	11.98%	10.40%	12.07%	11.36%	8.75%	8.17%	1/02/2001
International Shares	15.11%	10.55%	14.39%	13.46%	8.00%	8.16%	1/03/2005
Australian Shares	14.90%	11.75%	12.22%	10.89%	8.06%	10.75%	1/03/2005

NET EFFECTIVE EARNING RATE (%)**

YEAR	DEFINED BENEFIT	SMOOTHED RETURN	CAPITAL GUARANTEE
2018	8.98%	8.90%	8.90%
2017	11.85%	11.70%	11.70%
2016	4.66%	4.54%	4.54%
2015	9.70%	9.55%	9.55%
2014	13.33%	13.55%	13.55%
Over 5 yrs	9.66%	9.60%	9.60%
Over 10 yrs	6.65%	6.61%	6.61%

**Net effective earning rates are after tax and investment charges and are to 30 June 2018. Information on how crediting rates are calculated is on page 65. Past performance is not indicative of future performance.

YOUR INVESTMENTS

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 as at 30 June 2018.

CASH ENHANCED

INVESTMENT RETURN OBJECTIVES¹

This option aims to:

- Outperform the Bloomberg AusBond Bank Bill Index over rolling two year periods.²

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

One year

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

STRATEGIC ASSET ALLOCATION

ASSET CLASS	YEAR ENDED 30 JUNE '18	YEAR ENDED 30 JUNE '17	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%

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

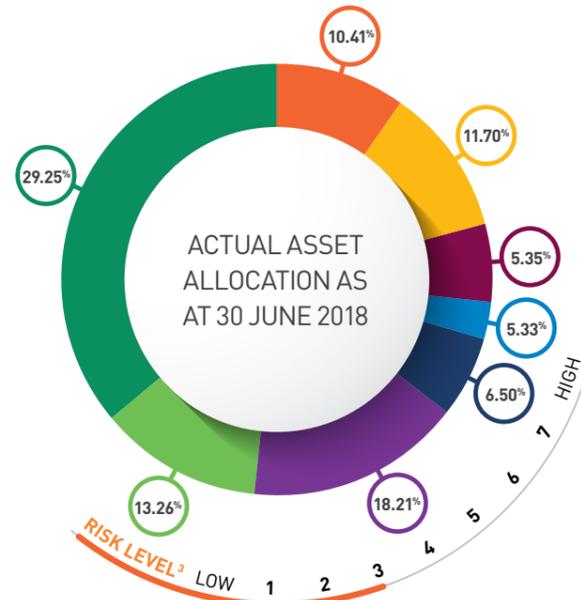
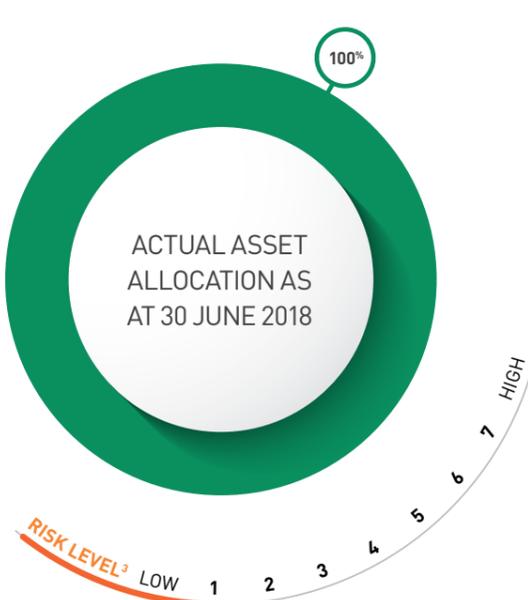
MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Three years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

STRATEGIC ASSET ALLOCATION

ASSET CLASS	YEAR ENDED 30 JUNE '18	YEAR ENDED 30 JUNE '17	RANGE
Australian Shares	10%	10%	0-20%
International Shares	10%	10%	0-20%
Property	5%	5%	0-10%
Growth Alternatives	4%	4%	0-10%
Infrastructure	6%	6%	0-15%
TOTAL GROWTH ASSETS	35%	35%	25-45%
Defensive Alternatives	15%	15%	0-25%
Global Fixed Interest	15%	15%	10-50%
Cash Enhanced	35%	35%	10-50%
TOTAL DEFENSIVE ASSETS	65%	65%	55-75%



FIXED INTEREST

INVESTMENT RETURN OBJECTIVES¹

This option aims to:

- Provide a positive return modestly higher than the Cash Enhanced option; and
- Outperform the weighted average return from the Bloomberg AusBond Composite Bond Index (50%) and the Barclays Capital Global Aggregate Index (Hedged into Australian dollars) (50%) after tax and fees over rolling three year periods.²

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Three years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

STRATEGIC ASSET ALLOCATION

ASSET CLASS	YEAR ENDED 30 JUNE '18	YEAR ENDED 30 JUNE '17	RANGE
Australian Shares	-	-	-
International Shares	-	-	-
Property	-	-	-
Growth Alternatives	-	-	-
Infrastructure	-	-	-
TOTAL GROWTH ASSETS	0%	0%	0%
Defensive Alternatives	-	-	-
Global Fixed Interest	100%	100%	-
Cash Enhanced	-	-	-
TOTAL DEFENSIVE ASSETS	100%	100%	0-100%



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

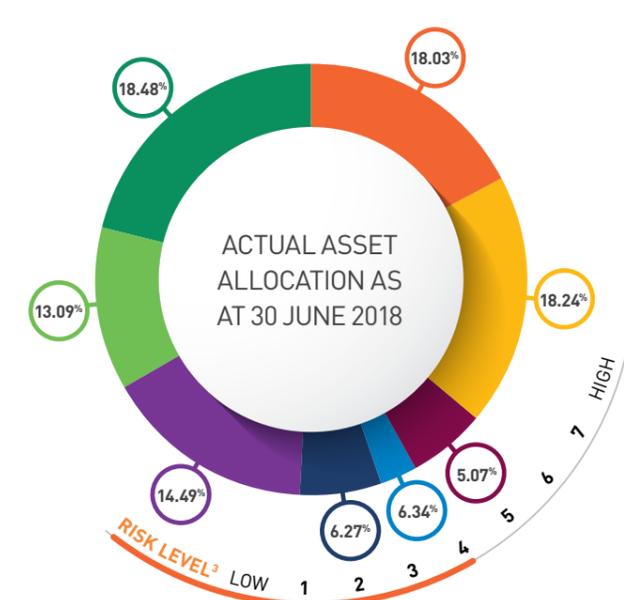
MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Three years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

STRATEGIC ASSET ALLOCATION

ASSET CLASS	YEAR ENDED 30 JUNE '18	YEAR ENDED 30 JUNE '17	RANGE
Australian Shares	18%	18%	10-30%
International Shares	17%	17%	0-25%
Property	5%	5%	0-10%
Growth Alternatives	4%	4%	0-10%
Infrastructure	6%	6%	0-15%
TOTAL GROWTH ASSETS	50%	50%	40-60%
Defensive Alternatives	15%	15%	0-20%
Global Fixed Interest	15%	15%	5-45%
Cash Enhanced	20%	20%	0-40%
TOTAL DEFENSIVE ASSETS	50%	50%	40-60%



1. Investment return objectives are not guaranteed to be met.
 2. Inflation is measured by the National Consumer Price Index (CPI)
 3. See all Standard Risk Measures at energysuper.com.au/managing-your-super

YOUR INVESTMENTS

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

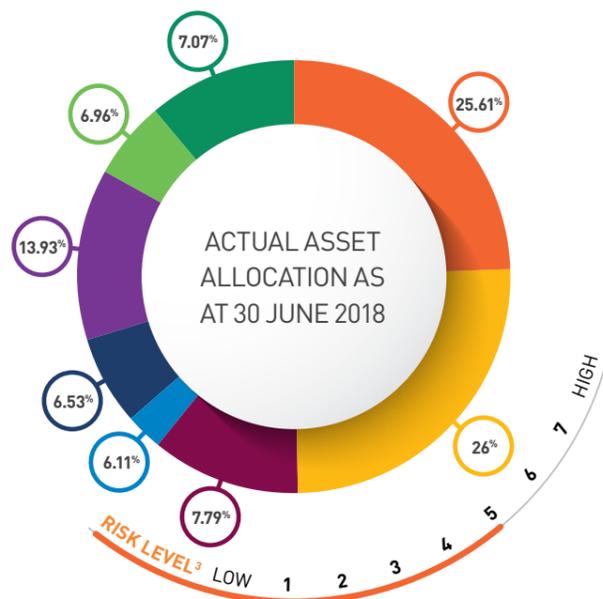
MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Five years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

STRATEGIC ASSET ALLOCATION

ASSET CLASS	YEAR ENDED 30 JUNE '18	YEAR ENDED 30 JUNE '17	RANGE
Australian Shares	25%	25%	20-40%
International Shares	25%	25%	0-30%
Property	10%	10%	0-20%
Growth Alternatives	7%	7%	0-15%
Infrastructure	8%	8%	0-20%
TOTAL GROWTH ASSETS	75%	75%	65-85%
Defensive Alternatives	10%	10%	0-20%
Global Fixed Interest	10%	10%	0-25%
Cash Enhanced	5%	5%	0-20%
TOTAL DEFENSIVE ASSETS	25%	25%	15-35%



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

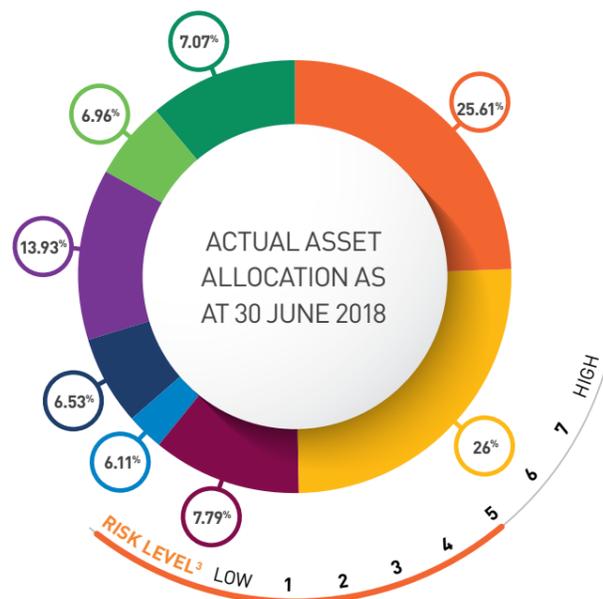
MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Five years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

STRATEGIC ASSET ALLOCATION

ASSET CLASS	YEAR ENDED 30 JUNE '18	YEAR ENDED 30 JUNE '17	RANGE
Australian Shares	25%	25%	20-40%
International Shares	25%	25%	0-30%
Property	10%	10%	0-20%
Growth Alternatives	7%	7%	0-15%
Infrastructure	8%	8%	0-20%
TOTAL GROWTH ASSETS	75%	75%	65-85%
Defensive Alternatives	10%	10%	0-20%
Global Fixed Interest	10%	10%	0-25%
Cash Enhanced	5%	5%	0-20%
TOTAL DEFENSIVE ASSETS	25%	25%	15-35%



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

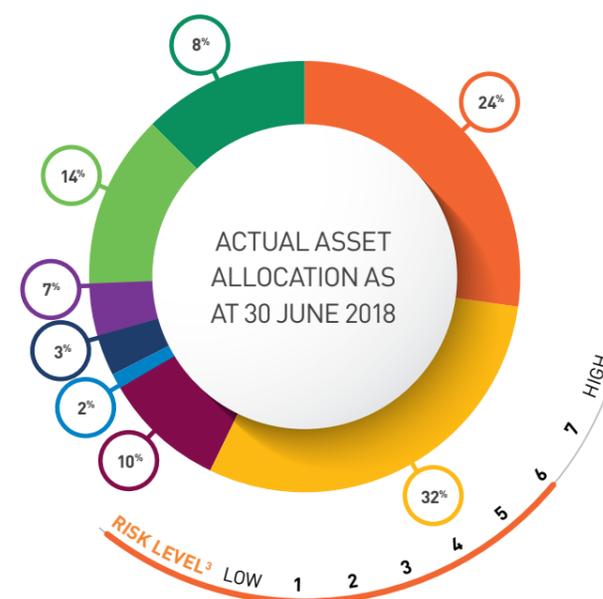
MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Five years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

STRATEGIC ASSET ALLOCATION

ASSET CLASS	YEAR ENDED 30 JUNE '18	YEAR ENDED 30 JUNE '17	RANGE
Australian Shares	28%	28%	20-40%
International Shares	29%	29%	15-42%
Property	9%	9%	0-20%
Growth Alternatives	1%	1%	0-6%
Infrastructure	3%	3%	0-7%
TOTAL GROWTH ASSETS	70%	70%	N/A
Defensive Alternatives	8%	8%	0-15%
Global Fixed Interest	17%	17%	0-30%
Cash Enhanced	5%	5%	0-15%
TOTAL DEFENSIVE ASSETS	31%	31%	N/A



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

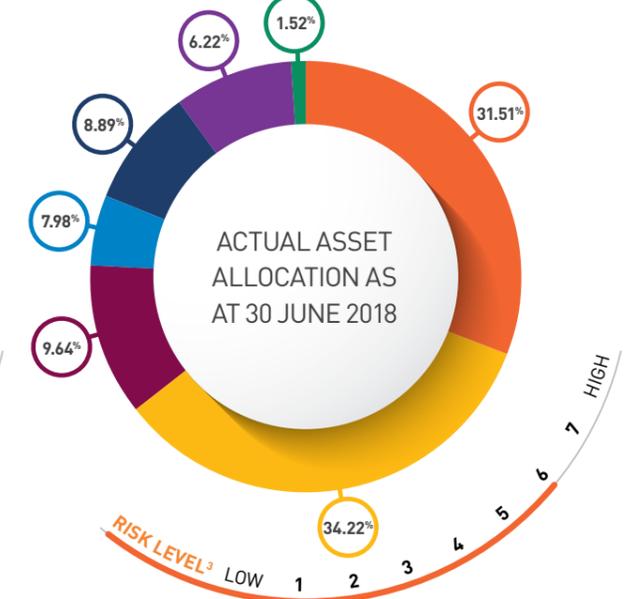
MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Seven years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

STRATEGIC ASSET ALLOCATION

ASSET CLASS	YEAR ENDED 30 JUNE '18	YEAR ENDED 30 JUNE '17	RANGE
Australian Shares	32%	32%	15-45%
International Shares	33%	33%	0-40%
Property	10%	10%	0-20%
Growth Alternatives	7%	7%	0-15%
Infrastructure	8%	8%	0-20%
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%



1. Investment return objectives are not guaranteed to be met.
 2. Inflation is measured by the National Consumer Price Index (CPI)
 3. See all Standard Risk Measures at energysuper.com.au/managing-your-super

YOUR INVESTMENTS

INTERNATIONAL SHARES

INVESTMENT RETURN OBJECTIVES¹

This option aims to:

- Provide high returns over the suggested time frame; and
- Outperform the weighted average return from the MSCI All Countries World Index in \$A hedged (50%) and the MSCI All Countries World Index in \$A unhedged (50%) over rolling five year periods.²

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Ten years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

STRATEGIC ASSET ALLOCATION

ASSET CLASS	YEAR ENDED 30 JUNE '18	YEAR ENDED 30 JUNE '17	RANGE
Australian Shares	-	-	-
International Shares	100%	100%	90-100%
Property	-	-	-
Growth Alternatives	-	-	-
Infrastructure	-	-	-
TOTAL GROWTH ASSETS	100%	100%	90-100%
Defensive Alternatives	-	-	-
Global Fixed Interest	-	-	-
Cash Enhanced	-	-	-
TOTAL DEFENSIVE ASSETS	0%	0%	0-10%

AUSTRALIAN SHARES

INVESTMENT RETURN OBJECTIVES¹

This option aims to:

- Provide considerable returns from capital growth; and
- Outperform the S&P/ASX 300 Accumulation Index over rolling five year periods.²

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Ten years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

STRATEGIC ASSET ALLOCATION

ASSET CLASS	YEAR ENDED 30 JUNE '18	YEAR ENDED 30 JUNE '17	RANGE
Australian Shares	100%	100%	90-100%
International Shares	-	-	-
Property	-	-	-
Growth Alternatives	-	-	-
Infrastructure	-	-	-
TOTAL GROWTH ASSETS	100%	100%	90-100%
Defensive Alternatives	-	-	-
Global Fixed Interest	-	-	-
Cash Enhanced	-	-	-
TOTAL DEFENSIVE ASSETS	0%	0%	0-10%

SMOOTHED RETURN (CLOSED TO NEW MEMBERS)

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.²

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 Board. 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.

CAPITAL GUARANTEE (CLOSED TO NEW MEMBERS)

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.²

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Five years

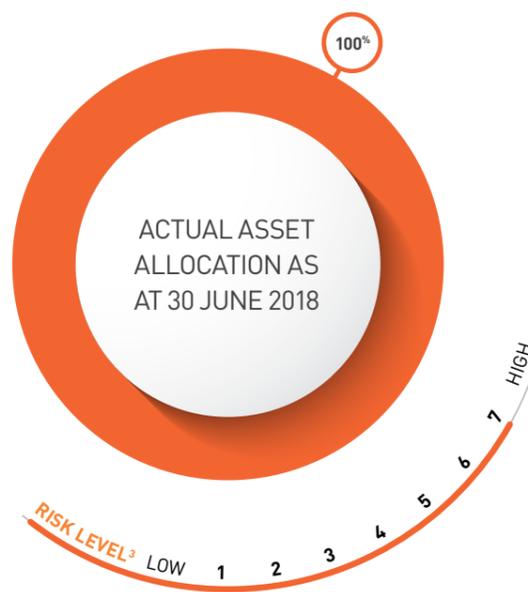
RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

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 Board. 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.



1. Investment return objectives are not guaranteed to be met.
 2. Inflation is measured by the National Consumer Price Index (CPI)
 3. See all Standard Risk Measures at energysuper.com.au/managing-your-super

YOUR INVESTMENTS

DEFINED BENEFIT

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

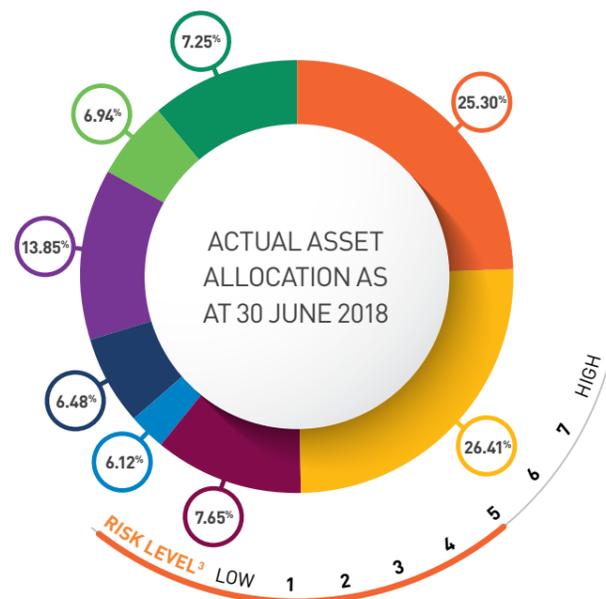
RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

STRATEGIC ASSET ALLOCATION

ASSET CLASS	YEAR ENDED 30 JUNE '18	YEAR ENDED 30 JUNE '17	RANGE
Australian Shares	25%	25%	20-40%
International Shares	25%	25%	0-30%
Property	10%	10%	0-20%
Growth Alternatives	7%	7%	0-15%
Infrastructure	8%	8%	0-20%
TOTAL GROWTH ASSETS	75%	75%	65-85%
Defensive Alternatives	10%	10%	0-20%
Global Fixed Interest	10%	10%	0-25%
Cash Enhanced	5%	5%	0-20%
TOTAL DEFENSIVE ASSETS	25%	25%	15-35%

FINANCIAL POSITION OF OUR DEFINED BENEFIT INVESTMENT POOL

An actuarial review determines how much employers must contribute to ensure that the Fund has sufficient assets to pay all future defined benefits entitlements. As at 30 June 2018, the value of the Defined Benefit investment pool attributable to each employer that provides defined benefits was above 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.



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 at energysuper.com.au/managing-your-super



CREDITING RATES AND UNIT PRICES

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.

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.

HOW UNIT PRICES ARE CALCULATED

- Income Stream and Transition to Retirement (TTR) Income Stream accounts and Market Linked Pension accounts

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 (excluding TTR 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.

ANNUAL CREDITING RATES (%)					
	2018	2017	2016	2015	2014
Defined Benefit/ three year average	8.45	8.69	9.17	12.62	9.36
DEFINED CONTRIBUTION (%)					
Cash Enhanced	1.81	1.86	2.07	2.38	3.08
Stable	5.30	6.80	4.40	6.29	8.11
Fixed Interest	2.31	1.48	5.89	n/a	n/a
Capital Managed	6.96	9.01	4.19	7.50	10.72
MySuper	8.90	11.70	4.54	9.55	
Balanced	8.90	11.70	4.54	9.55	13.55
SRI Balanced	8.82	8.41	-0.14	8.73	12.87
Growth	10.64	13.78	4.33	10.96	15.45
International Shares	13.25	17.95	-0.87	18.28	20.39
Australian Shares	13.18	15.31	3.65	5.70	17.24
Smoothed Return	8.34	8.56	9.15	12.46	9.27
Capital Guarantee	7.34	7.56	8.15	11.69	8.50
INCOME STREAM AND MARKET LINKED PENSION (%)					
Cash Enhanced	2.11	2.32	2.45	2.89	3.16
Stable	6.08	7.56	4.81	6.91	9.22
Fixed Interest	2.70	2.23	7.29	n/a	n/a
Capital Managed	7.94	9.97	4.63	8.11	11.95
Balanced	9.91	12.88	4.70	10.31	14.84
SRI Balanced	10.36	9.24	-0.57	9.52	13.74
Growth	11.98	15.09	4.44	12.07	17.23
International Shares	15.11	19.06	-1.39	19.76	21.06
Australian Shares	14.90	16.70	4.10	6.12	20.20

PROXY VOTING APPROACH

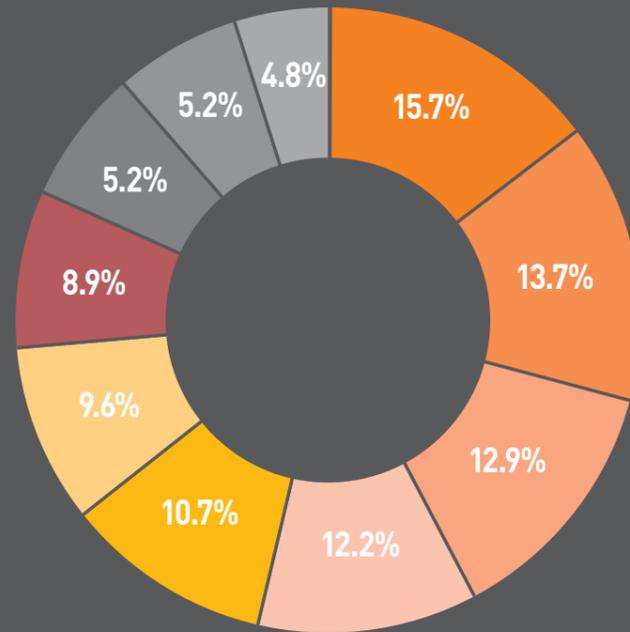
OUR VOTING POLICY

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 we 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 adopting the guiding principles of the Australian Council of Superannuation Investors. Our policy is available on our website.

energysuper.com.au/proxy

VOTING STATISTICS

Across 2,872 unique proposals available to vote, we voted 2,721 for which 28 proposals were voted in varying ways for the same meeting agenda item.



Key	Meetings by sector	Percentage
	Consumer Discretionary	15.7%
	Health Care	13.7%
	Industrials	12.9%
	Financials	12.2%
	Information Technology	10.7%
	Materials	9.6%
	Utilities	8.9%
	Consumer Staples	5.2%
	Energy	5.2%
	Real Estate	4.8%



07

OUR BOARD

The Energy Super Board is responsible for the oversight and management of the Fund. They are leaders. They set the tone for the entire organisation.



Armand Mahne

Christine Maher

Peter Ong

Neisha Traill

Jennifer Thomas

Richard Flanagan

Teresa Dyson

Scott Wilson

Sarah Zeljko

THE BOARD

SCOTT WILSON MEMBER REPRESENTATIVE (CHAIRMAN)

Appointed: 01/12/2011

Nominated by:
Electrical Trades Union (ETU)

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

Scott is Energy Super's longest serving Director. He is currently the Chair of the Board and Member Services and Marketing Committee and sits, or has sat on, each of the other Committees of the Board as well as the Board of ESI Financial Services. He has a deep knowledge of Energy Super and its operations.

He has previous Board experience as a Director of Electro Group Training and Apprentices. His skills in RSE governance and risk management, investments, finance and audit have been supplemented by graduating from the AIST Trustee Directors training course, attaining RG146 qualifications and he is currently undertaking a Diploma of Superannuation.

As a member of the Fund since 1982, together with his work as a Training Officer and Union State Organiser, he has provided critical insights into Member services such as insurance, financial advice, education and communication. He has also supplemented his experience and knowledge with formal training of 30 hours each year and other qualifications such as CERT IV in Training and Assessment.

As a Director of ESI Financial Services, and given his experience in industrial relations through his external roles, Scott has a strong knowledge of remuneration and people.

RICHARD FLANAGAN EMPLOYER REPRESENTATIVE (DEPUTY CHAIR)

Appointed: 23/02/2016

Nominated by:
Master Electricians Australia

Qualifications: Certificate IV Trainer, Electrical Contractors Licence, Advanced Electronics, Technical Trade

Richard is the Managing Director of a major electrical engineering and contracting company, employing up to 300 persons.

His expertise in governance and risk management has been gained through more than 30 years' experience running a successful business and through directorships on Boards such as the Queensland Electrical Safety, ECA, Joint Industry Training Company and CIRT.

Through his experience and roles, he has extensive knowledge related to administration, insurance, business development and strategic business planning.

Richard makes a significant contribution to the investment skills base of the Board. These skills relate to property and infrastructure asset management through property development, planning and estimating, return on investment analysis, and project management.

He has complemented these skills through training internally, external investment programs and the Trustee Directors course through AIST.

CHRISTINE MAHER INDEPENDENT DIRECTOR

Appointed: 31/03/2015

Nominated by:
Energy Super Board

Qualifications: BA, LLB (Hons), MAICD

Christine is an Independent Director with extensive experience in superannuation, trusteeship and legal advice to the financial services sector. As a Partner, and now consultant, at Corrs Chambers Westgarth Lawyers, her expertise includes Responsible Superannuation Entity (RSE) governance, strategy and risk management gained through her legal advisory roles and extensive board experience, including directorships with QSuper, Suncorp and CCW Superannuation Pty Ltd.

Christine's broader relevant experience includes financial planning, insurance and administration.

Her investment management skills and expertise have been gained through her Director roles with QSuper, WorkCover Queensland and Suncorp and through her role as a legal adviser to trustee boards with respect to investment structures, investment mandates in all asset classes domestically and globally and asset advisory arrangements.

Christine's skills also include member services, marketing and business development. Christine has degrees in Law and Arts, is a former director of ASFA Limited and the former Chair of the Law Council Superannuation Committee. She is a frequent lecturer in superannuation law and has also undertaken the AIST Trustee Directors training course.

NEISHA TRAILL MEMBER REPRESENTATIVE

Appointed: 28/02/2017

Nominated by:
Electrical Trade Union (ETU)

Qualifications: GAIST, Justice of the Peace.

Neisha provides diversity of thinking as our youngest member on the Board. She is highly aware of the needs and nuances of the younger membership.

Neisha complements the Board by providing expertise in industrial relations, member advocacy and knowledge of our Members.

She has RSE governance and risk management skills through AIST's Trustee Director training course and has previously been a Member of Australian Super's Queensland Advisory Board.

Her member services, remuneration and people experience has been gained through her role as an ETU industrial officer. In that role, she has prepared industrial agreements, employment-related advice and fulfilled advocacy roles in the Industrial Relations Commission and the broader community.

She has focussed on investment skills as a member of the Board through participating in investment related training through AIST, ASFA and internal education.

TERESA DYSON EMPLOYER REPRESENTATIVE

Appointed: 01/07/17

Nominated by:
Energy Queensland Limited

Qualifications: Masters of Applied Finance, Masters of Taxation, Bachelor of Laws, Bachelor of Arts, GAIST, GAICD.

Teresa is a professional Non-Executive Director with an extensive portfolio of Board positions. She is also a consultant to law firm McCullough Robertson.

She has a Bachelor of Laws (Honours IIA) and is an admitted solicitor in QLD, NSW, Victoria and the High Court. Teresa has extensive knowledge and skills in business issues, strategic decision making and critical operational matters, acquisitions, divestment and re-organisation structuring. Her industry experience includes the financial services sector, transport services, infrastructure projects and the resources industry.

Her governance and risk management skills have been gained through her roles as a Partner for accounting and law firms and her Directorships in health, energy, not-for-profit, infrastructure and Federal Treasury appointments.

Teresa's investment skills are extensive, with Masters degrees in both Tax and Applied Finance in addition to her legal, advisory and management roles.

JENNIFER THOMAS MEMBER REPRESENTATIVE

Appointed: 01/10/2017

Nominated by:
Queensland Service Union

Qualifications: Bachelor of Commerce (majoring in Industrial Relations and Human Resource Management), Cert IV TAA, GAIST.

Jennifer is the Executive President of the Australian Municipal, Administrative, Clerical and Services Union Queensland (Services and Northern Administrative) Branch and the Queensland Services, Industrial Union of Employees (The Services Union). As the Executive President, Jennifer's responsible for a union membership of 12,000 and the union's overall function including financial and industrial relation activities.

Jennifer has skills in Board strategy, industrial relations, remuneration and people through her current role, her roles as Vice President of the QLD Council of Unions, Executive Committee member of the Australian Services Union and Board and Committee memberships with Jobs Queensland, Workability State Advisory Group for NDIS and QLD Government Housing Advisory Council.

She has a Commerce degree and as a QSU executive has skills in education, member advocacy and digital services.

Her investment management skills have been developed through her AIST Trustee Director course, her university education in commerce and her role with the QSU.

She has undertaken CERT IV in training and supports our member services and marketing skills base with this background and her extensive campaign and strategic planning experience. Jennifer has also had extensive advocacy experience in superannuation having campaigned for better retirement outcomes for Members, all working Australians and closing the superannuation gender gap.

THE BOARD

PETER ONG
MEMBER REPRESENTATIVE

Appointed: 01/04/2018

Nominated by:
Electrical Trades Union (ETU)

Qualifications: GAICD, Electrical Fitter Mechanic.

Peter is the Divisional Branch Secretary of ETU (Queensland/Northern Territory). He manages the interests of more than 12,000 members and the union's overall functions including financial and industrial relations activities. He complements the Board with governance and risk management skills developed in his current role and through his Directorships on CIRT, Electrogrouop and the Ministerial Construction Council.

His experience in campaign strategy, marketing and advocacy, insurance, industrial relations and negotiation skills supports our Member service and marketing skills base requirements.

He has also undertaken the AIST Trustee Directors training course covering superannuation, finance, audit, investments and RSE requirements.

SARAH ZELJKO
EMPLOYER REPRESENTATIVE

Appointed: 01/04/2018

Nominated by:
Powerlink Queensland

Qualifications: Bachelor of Laws, GAICD, Graduate Diploma in Corporate Governance.

Sarah Zeljko is a professional Non-Executive Director with extensive executive, operational and legal experience across large ASX-listed, Government and private corporations. She brings diverse corporate, governance, finance, audit and advisory experience, having led Boards and Board Committees through both significant revenue growth, and strategic and operational change.

She has previously held roles as General Counsel and Company Secretary for G8 Education, a top 200 ASX-listed entity, the Wiggins Island Coal Export Terminal (WICET), and Cement Australia. She is a Graduate of the Australian Institute of Company Directors, a member of the Governance Institute and an admitted Legal Practitioner in the NSW and QLD Supreme Court.

Sarah's executive career spans a broad range of industries including construction, mining, manufacturing, water and energy. These roles have led to a diverse range of skills in investment management, mergers and acquisitions, regulatory change, project management, equity raising, stakeholder negotiation, and utilities and infrastructure asset management. Her experience with both large government-owned and corporate organisations have also led to extensive knowledge and skills in remuneration and people management, technology and digital projects, marketing, advertising and customer service operations.

She has undertaken the Trustee Directors training course through AIST covering superannuation and RSE requirements.

ARMAND MAHNE
EMPLOYER REPRESENTATIVE

Appointed: 01/06/2018

Nominated by:
Energy Queensland Limited

Qualifications: Bachelor of Commerce (Honours), GAIST.

Armand is the General Manager responsible for Financial Planning and Analysis at Energy Queensland, which includes the Investment Governance function as part of his portfolio.

His experience and skills complement the Board with more than 20 years' in various financial roles providing expertise in finance and audit.

A chartered accountant registered with Chartered Accountants Australia and New Zealand, he has filled senior roles with major accounting and advisory firm KPMG, US, French and South African Multinational entities, and more recently Energex where he acted as CFO during the merger of the Queensland based electricity distribution entities. These roles have equipped him with skills in risk management, financial audit, governance and strategic planning.

His investment skills are supported by his educational background which includes a Bachelor of Commerce (Honours), in addition to his experience in treasury functions, funding and foreign exchange management, operational finance such as working capital management, due diligence and financial modelling.

As a senior executive, he has experience in managing staff, remuneration and administration functions. His finance roles have also provided an understanding of insurance, superannuation and digital delivery requirements. His strategy experience encompasses business planning, mergers and acquisitions, budgeting and Board involvement. He has complemented his skills and experience through undertaking AIST's Trustee Directors course.

A BOARD IN BALANCE



Our Board, comprises of a diverse mix of skills, expertise, experience and fresh thinking. And we adjust and fine tune that mix when an opportunity arises.

This financial year we said farewell to a couple of long serving directors. David Smith, a Member Representative Director for over 10 years, and Mark Williamson, a Director who during his 6 years served as both Deputy Chair and as Chair. We wish to thank them for their significant contributions to the success of the Fund. We also said farewell to Peter Scott and Peter Duffy, both experienced directors with extensive background in the energy industry.

We welcomed Jennifer Thomas who joined the board in October 2017. During the first half of 2018 we also welcomed, Peter Ong, Sarah Zeljko and Armand Mahne. All new directors bring with them a broad range of skills, senior executive experience and education.

Gender balance is important in every aspect of society, and it exists on our Board, with the number of women on the Board increasing over the past twelve months. This adjustment brings us as close to an even split as possible. Currently the women outnumber the men by one.

The Board is never static. It's always looking ahead, identifying future skills requirements, reviewing governance and introducing enhancements. Ensuring that your money is always in good hands.

PREVIOUS DIRECTORS

PETER DUFFY
MEMBER REPRESENTATIVE

Appointed: 01/04/2016

Resigned: 31/07/2017

Nominated by:
Queensland Services Union

PETER SCOTT
EMPLOYER REPRESENTATIVE

Appointed: 01/04/2017

Resigned: 31/05/2018

Nominated by:
Energy Queensland Limited

DAVID SMITH
MEMBER REPRESENTATIVE

Appointed: 01/12/2007

Resigned: 31/05/2018

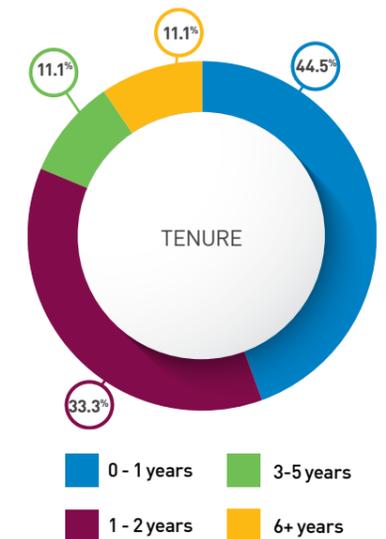
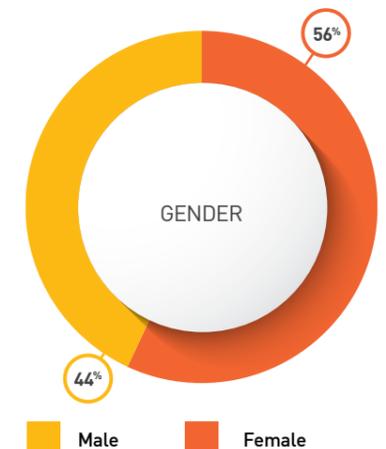
Nominated by:
Queensland Services Union

MARK WILLIAMSON
EMPLOYER REPRESENTATIVE

Appointed: 01/12/2011

Resigned: 31/03/2018

Nominated by: Eligible Employers



TAKING CARE AND RESPONSIBILITY

The Board seeks to act ethically whilst adhering to the Directors Code of Conduct, which requires:

- **Honesty and Integrity:** acting honestly, in good faith and with utmost integrity in all matters concerning the Fund;
- **Skill, Care and Diligence:** exercising due care, skill and diligence;
- **Act in the Best Interests of Beneficiaries:** ensuring all actions and decisions concerning the Fund will be made in the best interests of the beneficiaries of the Fund;
- **Act impartially:** dealing fairly with all classes of beneficiaries and all beneficiaries within a class;
- **Conduct in all Board and Committee meetings:** ensuring all Directors prepare thoroughly for meetings, actively participate and exercise independent judgement and understand the financial, strategic and other implications of decisions or make reasonable enquiries to remain properly informed of these decisions;
- **Comply with all Fund governance policies;**
- **Confidentiality:** maintaining confidentiality of all information received by Directors.

OUR BOARD IS TOO ENERGETIC TO SIT

In some stuffy corners of the business world they still talk about 'sitting on the board.' But we don't like the sound of that. Sitting is way too passive.

We like the idea of an energised board. And that's just what we have.

WHAT MAKES A GOOD BOARD MEMBER?

Board members need to have appropriate skills, experience and knowledge. They also need to act with honesty and integrity.

Each Director must meet the fitness and propriety standards set out in the Board's Fit and Proper Policy before their appointment is approved by the Board and these standards are reviewed on an ongoing basis.

These standards include:

- Meeting the Fund's identified skills requirements;
 - Identifying with the Fund's values and culture;
 - Meeting the Board's diversity objectives;
 - Wanting to achieve the best outcomes for Fund members; and
 - Meeting the necessary time commitment.
- The Board has determined a set of minimum competencies that must be met by all Directors across a set of six core skill or knowledge areas:
- RSE Governance and Risk Management;
 - Investments;
 - Finance and Audit;
 - Member Services and Marketing;
 - Remuneration and People; and
 - Digital Delivery.

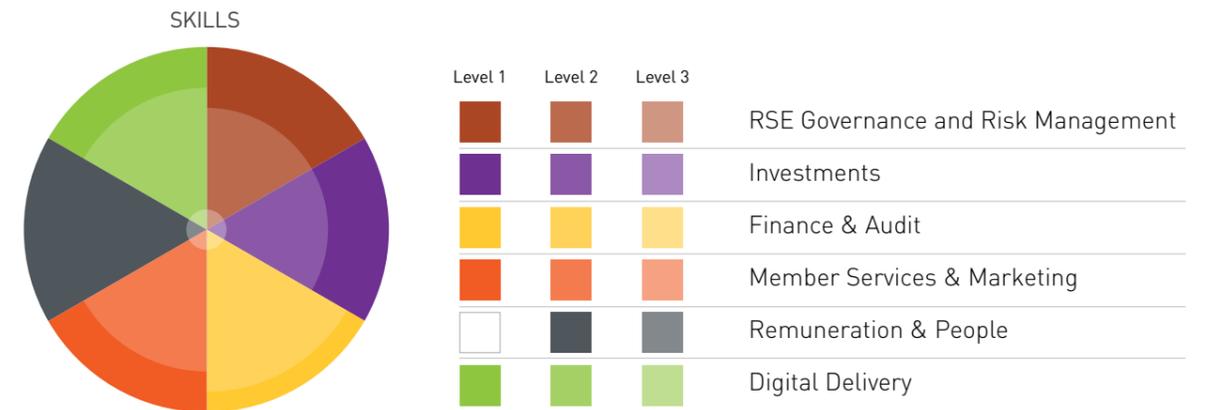
These skill sets have been determined, taking into account the following factors:

- The business plan and strategies of the Fund;
- The size, business mix and complexity of the Fund;
- The investment strategies and investment choice offered; and
- The skills required to adequately manage the external risk environment.

A Skills matrix has been developed by the Board, which outlines the three levels of knowledge and skills required by Directors across the six core skill or knowledge areas above.

The Skills Matrix also assists to determine the optimal number of Directors required for each Board Committee, for each of the six core skills or knowledge area to function properly.

SKILLS MATRIX



Level One - All Directors to meet this level within 12 months of appointment;

Level Two - All Directors are expected to hold a number of Level Two skill sets within 2 to 3 years of appointment, subject to all Directors meeting the Level Two skill sets relating to RSE Governance and Risk Management and Investments; and

Level Three - Expert level of skill and knowledge.

ANNUAL BOARD AND INDIVIDUAL DIRECTOR EVALUATIONS

Each year, the Board engages an independent external consultant to evaluate the performance of the Board and each Director. The evaluation focuses on areas such as effectiveness and governance and provides feedback that can be acted on. It also informs the annual skills training that each board member undertakes.

In relation to whole of Board assessments, the independent consultant interviews each director and the Chair for the purposes of reviewing the results, helping interpret them and gathering information for more elaboration.

A 'Whole of Board Evaluation' report is then produced, which outlines:

- Board functioning;
- Board governance;
- Board effectiveness;
- attitudes towards Board membership; and
- Board demographics.

In relation to individual Director assessments, each Director is required to complete the survey provided by the independent external provider.

The survey requires each director to rate themselves and each of the other Directors of the Board against 14 performance questions using a seven-point scale. The consultant then meets with each of the directors individually to discuss their responses. The independent external provider then analyses the survey responses, and produces individual Director reports.

The focus of individual Director reports is to identify any improvements that might be possible regarding the performance of individual Directors. The evaluation covers each appointed director, including the Chair.

Each year the questions posed in respect of the Whole of Board and individual directors assessments are reviewed, and seek to focus on aspects of the Board's functioning as specifically identified in APRA Prudential Standards SPS510 Governance and APRA Prudential Practice Guide SPG510 Governance, whilst also maintaining a core set of questions which are designed to be assessed by an independent external provider each year in order to measure trends and changes in Board performance over longer periods of time.

Where performance improvements have been identified through the evaluation process, the Board has considered the outcomes of the report, and the steps could be taken to address the area for improvement.

BOARD COMMITTEES

AUDIT, COMPLIANCE AND RISK COMMITTEE

Energy Super has an established governance and risk frameworks of which the Audit, Compliance and Risk Committee oversees and monitors.

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

- Financial and other reporting;
- Systems of internal controls;
- Risk management;
- Internal and external audit and assurance; and
- Compliance and risk policy and oversight.

The Committee's focus during the 2017-2018 financial year encompassed the following areas:

- Internal audit of risk management, cyber security, complaints handling, outsourcing and financial advice;
- Embedding the management of risk across operational areas of the Fund;
- Investment governance;
- Robust implementation and management of various projects; and
- In depth reviews of Energy Super's material service providers including fund managers, custodian and fund administrator.

As at 1 July 2018:

Chair: Teresa Dyson

Members: Richard Flanagan, Christine Maher, Armand Mahne and Jennifer Thomas.

INVESTMENT COMMITTEE

The Investment Committee is responsible for assisting the Board to:

- Manage investments in a manner consistent with the interests of beneficiaries;

- Carry out the obligations of the RSE: to implement a sound investment governance framework, and comply with the SIS Act and Regulations, as well as APRA's Prudential Standard SPS 530: Investment Governance;

- Oversee the selection and performance of investment managers, and the products offered to members under the Outsourcing Policy; and

- Make, review and recommend investment decisions according to delegated authority.

As at 1 July 2018:

Chair: Sarah Zeljko

Members: Scott Wilson, Teresa Dyson, Richard Flanagan and Armand Mahne.

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.

The Committee has the following responsibilities:

- Ensure that the delivery of products and services to Fund members are relevant to the needs of the membership, are competitive and facilitate retaining members and attracting new ones;

- Provide members with the opportunity to communicate their thoughts, enquiries or concerns to the Trustee through the Committee; and

- Act as a forum to discuss strategic issues and initiatives before consideration by the full Board, where necessary.

As at 1 July 2018:

Chair: Scott Wilson

Members: Armand Mahne, Jennifer Thomas and Neisha Traill.

INSURANCE AND CLAIMS COMMITTEE

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

- Ensuring there is in place an effective Insurance Governance Framework that reflects the risks associated with making available insured benefits appropriate to the size, business mix and complexity of the Fund's business operations;

- Ensuring insurance arrangements adequately address the minimum requirements set out in APRA's Prudential Standard SPS 250: Insurance in Superannuation, and the insurance covenants in the SIS Act;

- Overseeing the selection and relationships with insurers; and

- Overseeing decisions about claims, complaints and other matters related to insurance.

As at 1 July 2018:

Chair: Neisha Traill

Members: Richard Flanagan, Christine Maher, Peter Ong and Scott Wilson.

GOVERNANCE, REMUNERATION AND NOMINATION COMMITTEE

The Governance, Remuneration and Nomination Committee is responsible for assisting the Board to:

- Oversee responsibilities for the remuneration practices in relation to the Directors the Board and of ESI Financial Services Pty Ltd, Chief Executive Officer and Executive team;
- Carry out the obligations the RSE has to implement a sound governance framework and comply with APRA's Prudential Standard SPS 510: Governance;

- Conduct a review of effectiveness of the Board's Remuneration Policy;

- Make recommendations on Director nomination, appointment, reappointment and removal rules;

- Review skills and knowledge of Responsible Persons and recommend updates to the Fit and Proper Policy; and

- Monitor the potential changes to Board structure and if required, make recommendations on; changes to the Board composition, any transition requirements, and oversee the implementation of the transition program.

As at 1 July 2018:

Chair: Christine Maher

Members: Richard Flanagan, Scott Wilson and Sarah Zeljko.

MEETING ATTENDANCE 2017-18

*E = Eligible to attend. ^A = Attended

DIRECTORS	Board Meeting		Audit, Compliance & Risk Committee		Investment Committee		Member Services & Marketing Committee		Governance, Remuneration & Nomination Committee		Insurance & Claims Committee	
	E*	A^	E*	A^	E*	A^	E*	A^	E*	A^	E*	A^
Scott Wilson	13	12			11	10	3	2	4	4		
Mark Williamson (Resigned 31 March 2018)	10	7			8	6	2	2	3	3		
Richard Flanagan	13	11	5	5	11	9	2	2	3	3	5	5
Neisha Traill	13	12			11	10	3	3			5	5
Christine Maher	13	13	3	3	11	11			4	4	5	5
Teresa Dyson (Appointed 1 July 2017)	13	10	5	3	11	8	3	2				
Jennifer Thomas (Appointed 1 October 2017)	11	11	2	2	9	9	1	1				
Sarah Zeljko (Appointed 1 April 2018)	3	3			3	3						
Peter Ong (Appointed 1 April 2018)	3	3			3	3					1	1
Armand Mahne (Appointed 1 June 2018)	2	1			2	1						
Peter Duffy (Resigned 31 July 2017)	1	1	1	1	1	1						
David Smith (Resigned 31 March 2018)	10	8			8	6	1	1	1	1	4	4
Peter Scott (Resigned 31 May 2018)	11	7	5	4	9							

REMUNERATION

The guiding principles for the remuneration framework are as follows:

- Simplicity
- Fairness
- Alignment with values
- Appropriate risk behaviour
- Transparency

These principles apply 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 members, 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, teams and individuals.

EXECUTIVE TEAM

Executive Remuneration is designed to attract, motivate and retain high performing individuals. It is determined based on external benchmarks data for comparable roles in the industry. Short term incentives are based on sustainable performance that refers to the Fund's strategic pillars, business objectives and the Fund's risk management objectives and does not reward excessive risk taking.

Year ended 30 June 2018	SHORT TERM EMPLOYEE BENEFITS \$				POST EMPLOYMENT BENEFITS \$	
	Fees & Salary incl. short term leave	Expense allowance	Short Term Incentive	Non-monetary Benefits	Super	Insurance
Petrou, Robyn	350,089	-	48,877	13,374	33,258	447
Hagen, Phillip	200,423	-	18,223	8,448	25,470	447
Graus, William	186,180	-	11,740	1,200	31,176	447
Beal, David	189,375	-	14,061	7,680	19,326	447
McCarthy, Phil*	61,253	-	-	382	5,432	326
Abbott, Michael	184,833	-	16,591	9,793	30,469	447
Kay, Lisa	186,424	-	17,317	9,733	19,355	-
Simpson, Katie **	38,462	-	-	350	3,654	86

Year ended 30 June 2017	SHORT TERM EMPLOYEE BENEFITS \$				POST EMPLOYMENT BENEFITS \$	
	Fees & Salary incl. short term leave	Expense allowance	Short Term Incentive	Non-monetary Benefits	Super	Insurance
Petrou, Robyn	341,550	-	51,233	13,112	37,314	405
Hagen, Phillip	190,473	-	19,092	9,078	32,567	405
Graus, William	181,639	-	17,918	1,380	31,029	405
Beal, David	175,000	-	17,500	7,380	18,287	233
McCarthy, Phil	132,139	-	12,770	4,691	13,766	405
Abbott, Michael	170,959	-	17,808	7,380	29,294	405
Kay, Lisa	31,612	-	3,403	1,375	3,326	-

* Mr McCarthy resigned on 16 March 2018.

** Ms Simpson commenced on 16 April 2018.

BOARD

Year ended 30 June 2018	SHORT TERM EMPLOYEE BENEFITS				POST EMPLOYMENT BENEFITS	
	Fees & Salary incl. short term leave	Expense allowance	Short Term Incentive	Non-monetary	Super	Insurance
Maher, Christine	50,711	2,697	-	792	4,818	-
Williamson, Mark	50,513	2,697	-	594	4,799	-
Wilson, Scott	69,639	2,697	-	792	6,616	-
Smith, David^	37,934	2,653	-	594	3,604	-
Flanagan, Richard	56,959	2,679	-	792	5,411	-
Duffy, Peter	4,180	900	-	66	462	-
Trail, Neisha*,**	50,711	2,662	-	792	4,818	-
Scott, Peter	-	-	-	-	-	-
Dyson, Teresa	50,711	1,998	-	792	4,818	-
Thomas, Jennifer#	38,172	1,328	-	594	3,626	-
Zeljko, Sarah	12,777	670	-	198	1,214	-
Ong, Peter	12,777	670	-	198	1,214	-
Mahne, Armand	-	-	-	-	-	-

Year ended 30 June 2017	SHORT TERM EMPLOYEE BENEFITS				POST EMPLOYMENT BENEFITS	
	Fees & Salary incl. short term leave	Expense allowance	Short Term Incentive	Non-monetary Benefit	Super	Insurance
Geldard, John	25,626	2,439	-	726	24,995	-
Maher, Christine	49,812	2,658	-	792	4,728	-
Williamson, Mark	74,695	2,658	-	792	7,092	-
Wilson, Scott	62,092	2,658	-	792	5,894	-
Simpson, Peter*	28,790	1,950	-	462	2,735	-
Smith, David^	49,688	2,608	-	792	4,720	-
Flanagan, Richard	49,812	2,658	-	792	4,728	-
Skarott, Clive	37,273	2,658	-	594	3,537	-
Duffy, Peter	49,812	2,658	-	792	6,024	-
Trail, Neisha*	20,898	658	-	330	1,985	-

* Remuneration paid to Communications Electrical Plumbing Union (CEPU) Electrical Division.

** Remuneration paid to Electrical Trades Union of Employees Qld (from 1 October 2017).

^ Remuneration paid to the Australian Services Union.

Remuneration paid to The Services Union.

08

GOVERNANCE, INTEGRITY AND RISK MANAGEMENT

As the saying goes, the only constant is change. At Energy Super we've worked tirelessly to keep members in the loop with developments across the sector and throughout the markets.



OVERVIEW OF GOVERNANCE AND RISK MANAGEMENT APPROACH

MANAGING RISK

Energy Super's risk management framework covers stakeholders across the Energy Super business and our material service providers. Risk is managed by the Audit, Compliance and Risk Committee (ACRC) and the Board. Both the ACRC and the Board also oversee the Risk Management Framework implemented by Management.

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

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

Management, Internal Auditors and External Auditors each regularly test how risks are managed within the business and report the results to the Board and ACRC.

HOW CONFLICTS OF INTEREST ARE MANAGED

We are committed to always being as impartial and fair in our dealings as possible 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 Directors and Executive staff 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.



Teresa Dyson - Chair, Audit, Compliance and Risk Committee.

GOVERNANCE STRUCTURE

Energy Super is managed by a trustee company called Electricity Supply Industry Superannuation (Qld) Ltd (ABN 30 069 634 439, AFSL 336537). The Board 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 2018, the Trustee had nine directors:

- Four employer representative directors appointed by our participating 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 no amendments made to the Trust Deed during the 2017/18 year.

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

TRUSTEE LIABILITY INSURANCE

The Trustee has implemented a comprehensive insurance program, which includes Trustee liability and professional indemnity insurance policies. This program is designed to protect the trustee and the Fund from some of the financial risks.

SIGNIFICANT EVENT NOTICES (SEN)

PRODUCT AND SERVICE UPDATES

Energy Super is committed to informing our members about significant events or material changes that occur with our products and services.

We communicate these changes through a range of communications channels, such as Member Newsletters, Annual statements and tailored letters. Relevant changes announced in a significant event notice

are incorporated into subsequent releases of the applicable Product Disclosure Statement.

Energy Super has a responsibility to tell our members about significant events or material changes that occur to products and services provided by Energy Super.

A Summary of significant event and material change notifications (issued to members for the past three years) can be viewed on the Energy Super website.

SUMMARY OF SENS DURING 2017/18

15 September 2017 - RG97 Legislation (new fee and cost disclosure. Please see page 90 for more information on the new fees and cost disclosure.

09

SEE THE FEES

Transparency is a hallmark of the way we work at Energy Super. We've not only kept fees down this past year. We've worked to always be open and honest about the costs associated with investing with us.



FEES

A COMPLETE LIST OF 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. So how do we prove that commitment? By showing you exactly what the costs and fees are.

Deductions 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 2018 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 using a *Change of Investment Form*.
- 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 you have.

Fee cap on \$500,000 accounts

Energy Super members who have \$500k or more in their account at 30 June, have their percentage-based administration fees capped at \$1,100. They can also link their account with their partner's Energy Super account to reach the \$500k threshold, and the fee cap is still \$1,100. See our Fees and Other Costs Guide for more information.

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:

- Indirect costs of your investment (indirect administration fees and investment costs not included in the Investment fee);
- Other fees of your investment (the investment fees incurred for each investment option and may include base fee and performance fee); and
- Tax on investment earnings (if applicable).

Defined Benefit members:

We take out the fees and taxes associated with providing your benefits, such as administration fees, indirect costs, investment 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 the Fund during the year, these are treated as Defined Contribution benefits and the fees and taxes applicable to Defined Contribution accounts will apply.

The table to the right sets out the administration fees, investment fees (base and performance) and the indirect cost ratios that are deducted from each option's investment earnings before they are credited to your account.

RG 97 – FEES AND COST DISCLOSURE

The Federal Government made changes to the regulations that govern how super funds display some of their investment fees and costs. These changes took effect on 30 September 2017. The intention is for funds to be more standardised and transparent in disclosing the expenses they incur when they manage your super or income stream investment.

What changed is the way we are required to display the investment fees and costs associated with managing your Energy Super investment.

On 1 November 2017, in response to strong feedback from across the industry around challenges with the implementation of ASIC's Class Order and RG 97, ASIC announced it would appoint an external expert to review the fees and costs disclosure regime to ensure that it is best meeting in practice the objective of greater transparency for consumers.

The external expert review is now complete. ASIC is currently considering the recommendations and we await the release of its consultation paper.

INVESTMENT OPTION INDIRECT FEES AND COSTS

INVESTMENT OPTION	INVESTMENT FEE				
	Administration fee [^]	Base amount [#]	Performance based [#]	Indirect Cost Ratio	Total indirect fees [*]
Cash Enhanced	0.22%	0.08%	0.00%	0.02%	0.32%
Stable	0.22%	0.18%	0.05%	0.43%	0.88%
Fixed Interest	0.22%	0.15%	0.00%	0.14%	0.51%
Capital Managed	0.22%	0.20%	0.08%	0.44%	0.94%
MySuper	0.22%	0.26%	0.11%	0.47%	1.06%
Balanced	0.22%	0.26%	0.11%	0.47%	1.06%
SRI Balanced	0.22%	0.06%	0.00%	0.98%	1.26%
Growth	0.22%	0.28%	0.13%	0.56%	1.19%
International Shares	0.22%	0.27%	0.11%	0.16%	0.76%
Australian Shares	0.22%	0.33%	0.27%	0.13%	0.95%
Smoothed Return	0.22%	0.26%	0.11%	0.47%	1.06%
Capital Guarantee	0.22%	0.26%	0.11%	0.47%	1.06%
Defined Benefit	0.33%	0.26%	0.11%	0.47%	1.17%

[^]In addition, an administration fee of \$1 per week is deducted from your account.

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

^{*}The Total indirect fees is the amount of administration fee, investment fees and indirect cost ratio (ICR), expressed as a percentage of the assets in each investment option that were deducted from the investment options earnings before they were credited to your account.

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. 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, or if you make additional contributions or roll in other super benefits, you can request to have this debt cleared at any time. Alternatively, you can elect to transfer to a Defined Contribution account.

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.

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018		
	2018 \$'000	2017 \$'000
INVESTMENTS		
Cash and cash equivalents	648,760	811,898
Units in unlisted unit trusts and mandates	6,608,543	5,711,853
Shares in unlisted entities	159,615	234,373
Derivative financial assets	-	13,076
	7,416,918	6,771,200
RECEIVABLES		
Trade and other receivables	106,073	118,554
	106,073	118,554
OTHER ASSETS		
Other assets	937	720
Plant and equipment	1,185	1,002
	2,122	1,722
TOTAL ASSETS	7,525,113	6,891,476
LIABILITIES		
Trade and other payables	13,470	13,123
Benefits payable	3,975	3,028
Current tax liability	3,355	9,087
Provisions	204	200
Deferred tax liabilities	105,509	101,744
Derivative liabilities	22,199	-
TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS	148,712	127,182
NET ASSETS AVAILABLE FOR MEMBER BENEFITS	7,376,401	6,764,294
MEMBER BENEFITS		
Defined contribution member liabilities	6,084,399	5,506,970
Defined benefit member liabilities	886,944	909,984
Unallocated to members	124	351
TOTAL MEMBER LIABILITIES	6,971,467	6,417,305
TOTAL NET ASSETS	404,934	346,989

EQUITY		
Operational risk reserve	18,602	17,156
Administration and other reserves	50,432	30,050
DB over/(under) funded	335,900	299,783
TOTAL EQUITY	404,934	346,989

The following summary is taken from Energy Super's audited accounts for the year ended 30 June 2018. Details of total investment expenses, administration expenses and other operating expense can be found in the Financial Statements available online. The Annual Financial Report containing the audited accounts and the auditor's report for the 2017/18 year is available on our website or you can also contact us for a copy.

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2018		
	2018 \$'000	2017 \$'000
REVENUE FROM SUPER ACTIVITIES		
Interest	33,548	27,966
Dividends and trust distributions received	358,251	276,480
Changes in assets measured at fair value	276,461	444,861
Other income	3,546	3,090
TOTAL REVENUE FROM SUPER ACTIVITIES	671,806	752,397
Investment expenses	(23,736)	(21,710)
Administration expenses	(19,604)	(17,533)
Other operating expenses	(8,675)	(6,986)
TOTAL EXPENSES	(52,015)	(46,229)
Net results from super activities	619,791	706,168
OPERATING RESULTS	619,791	706,168
Net benefits allocated to defined contribution member accounts	(473,039)	(521,486)
Net change in defined benefit member liabilities	(64,326)	(71,186)
OPERATING RESULTS BEFORE INCOME TAX	82,426	113,496
Income tax (expense)/benefit	(23,978)	(39,764)
OPERATING RESULTS AFTER INCOME TAX	58,448	73,732

The Trustee believes that all contributions received up to 30 June 2018 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.

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

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2018			
	DC member benefits	DB member benefits	Total
	\$'000	\$'000	\$'000
OPENING BALANCE AS AT 1 JULY 2017	5,506,970	909,984	6,416,954
Contributions:			
Employer	269,814	13,652	283,466
Member	54,706	1,624	56,330
Co-contributions	128	-	128
Transfer from other super funds	100,391	-	100,391
Transfer to other super funds	(138,384)	-	(138,384)
Income tax on contributions	(33,155)	(2,325)	(35,480)
NET AFTER TAX CONTRIBUTIONS	253,500	12,951	266,451
Benefits to members/beneficiaries	(218,054)	(377)	(218,431)
Insurance premiums charged to members' accounts	(44,076)	(2,117)	(46,193)
Internal transfers from DB to DC	98,326	(98,326)	-
Death and disability benefits credited to members' accounts	14,694	-	14,694
Reserves transferred to/(from) members:			
Administration and other reserves	-	503	503
Net benefits allocated to members' accounts, comprising:			
Net investment income	474,504	-	474,504
Net administration fees	(1,465)	-	(1,465)
Net change in defined benefit member benefits	-	64,326	64,326
CLOSING BALANCE AS AT 30 JUNE 2018	6,084,399	886,944	6,971,343

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2017			
	DC member benefits	DB member benefits	Total
	\$'000	\$'000	\$'000
OPENING BALANCE AS AT 1 JULY 2016	4,798,197	989,563	5,787,760
Contributions:			
Employer	264,670	17,460	282,130
Member	130,092	1,788	131,880
Co-contributions	129	-	129
Transfer from other super funds	94,897	-	94,897
Transfer to other super fund	(143,117)	-	(143,117)
Income tax on contributions	(38,960)	(2,561)	(41,521)
NET AFTER TAX CONTRIBUTIONS	473,131	16,687	489,818
Benefits to members/beneficiaries	(262,532)	-	(262,532)
Insurance premiums charged to members' accounts	(43,293)	(2,032)	(45,325)
Internal transfers from DB to DC	165,420	(165,420)	-
Death and disability benefits credited to members' accounts	12,932	-	12,932
Reserves transferred to/(from) members:			
Administration and other reserves	7,049	-	7,049
Net benefits allocated to members' accounts, comprising:			
Net investment income	523,362	-	523,362
Net administration fees	(1,876)	-	(1,876)
Net change in defined benefit member benefits	-	71,186	71,186
CLOSING BALANCE AS AT 30 JUNE 2017	5,506,970	909,984	6,416,954

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018				
	DB over/(under) funded	Operational risk reserve	Other reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
OPENING BALANCE 1 JULY 2017	299,783	17,156	30,050	346,989
Operating result	39,669	415	18,364	58,448
Transfers to/(from) reserves	(3,552)	1,031	2,521	-
Transfers (to)/from member accounts	-	-	(503)	(503)
CLOSING BALANCE 30 JUNE 2018	335,900	18,602	50,432	404,934
OPENING BALANCE 1 JULY 2016	245,307	15,515	22,716	283,538
Operating result	65,933	416	7,383	73,732
Transfers to/(from) reserves	(7,572)	1,225	6,347	-
Transfers (to)/from member accounts	(653)	-	(6,396)	(7,049)
Valuation difference between accounting and unit pricing	(3,232)	-	-	(3,232)
CLOSING BALANCE 30 JUNE 2017	299,783	17,156	30,050	346,989

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018		
	2018 \$'000	2017 \$'000
Cash flows from operating activities		
Interest from cash deposits and cash equivalents	26,777	28,343
Dividends and trust distributions received	377,646	197,305
Insurance premiums paid to insurer	(45,144)	(44,309)
Administration expenses	(19,557)	(15,545)
Investment expenses	(22,166)	(20,187)
Other operating expenses	(6,783)	(4,783)
Income tax paid (not including tax on contributions)	(27,815)	(21,450)
Net cash inflows from operating activities	282,958	119,374
Cash flows from investing activities		
Proceeds from sale of investments	665,222	712,731
Purchases of investments	(1,176,204)	(854,769)
Payments for plant and equipment	(783)	(401)
Net cash outflows from investing activities	(511,765)	(142,439)
Cash flows from financing activities		
Employer contributions	283,228	281,576
Member contributions	56,458	132,008
Transfers from other superannuation plans	100,391	94,898
Transfers to other superannuation plans	(138,384)	(143,117)
Benefits paid to members	(202,414)	(248,875)
Tax paid on contributions	(33,610)	(24,061)
Net cash inflows from financing activities	65,669	92,429
Net increase in cash and cash equivalents	(163,138)	69,364
Cash and cash equivalents at the beginning of the financial period	811,898	742,534
Cash and cash equivalents at the end of the financial period	648,760	811,898

These statements have been prepared in accordance with Accounting Standard AASB 1056 Superannuation Entities which replaces AAS 25 Financial Reporting by Superannuation Plans. These statements should be read in conjunction with the Notes to the Financial Statements. A full copy can be found at energysuper.com.au/why-join-us/about-our-fund/fund-governance

OPERATIONAL RESERVE

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

- 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 is to maximise returns and allow sufficient liquidity to meet the funds 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 operational reserve has been:

AS AT 30 JUNE	2018	2017	2016
Reserve (\$ mil)	42	27.6	21

OPERATIONAL RISK FINANCIAL RESERVE (ORFR)

From 1 July 2013, the Fund has maintained an operational risk reserve to comply with APRA prudential requirements to ensure adequate financial resources are held 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	2018	2017	2016
Reserve (\$ mil)	18.6	17.1	15.5

WE'RE HERE TO HELP

COMPLAINTS

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 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

INFORMATION ABOUT AFCA

From 1 November 2018, the Australian Financial Complaints Authority (AFCA) will provide free, fast and binding dispute resolution to consumers and small businesses.

AFCA is a new external dispute resolution (EDR) scheme to deal with complaints from consumers in the financial system. It will be operated by a not-for-profit company limited by guarantee authorised by the Minister for Revenue and Financial Services.

AFCA replaces the three existing EDR schemes of the Financial Ombudsman Service (FOS) the Credit and Investments Ombudsman (CIO) and Superannuation Complaints Tribunal (SCT) so that consumers have access to a single EDR scheme.

YOU CAN CONTACT THE AUSTRALIAN FINANCIAL COMPLAINTS AUTHORITY (AFCA) ON OR AFTER 1 NOVEMBER 2018:

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail: Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001

IF YOU HAVE A COMPLAINT, YOU CAN:

PHONE US:
1300 436 374

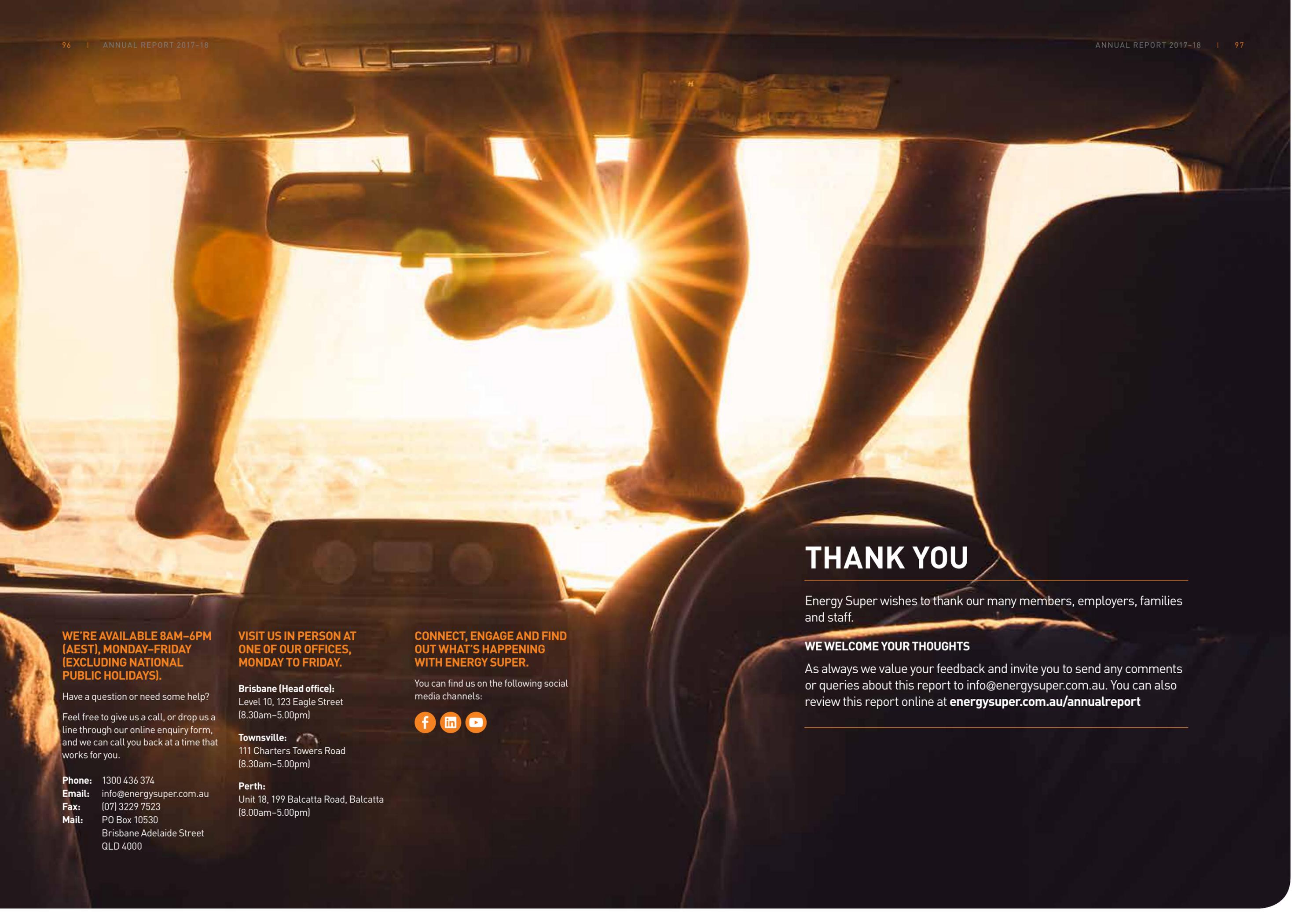
EMAIL US:
info@energysuper.com.au

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 10, 123 Eagle Street
Brisbane QLD 4000



WE'RE AVAILABLE 8AM-6PM (AEST), MONDAY-FRIDAY (EXCLUDING NATIONAL PUBLIC HOLIDAYS).

Have a question or need some help?

Feel free to give us a call, or drop us a line through our online enquiry form, and we can call you back at a time that works for you.

Phone: 1300 436 374
Email: info@energysuper.com.au
Fax: (07) 3229 7523
Mail: PO Box 10530
Brisbane Adelaide Street
QLD 4000

VISIT US IN PERSON AT ONE OF OUR OFFICES, MONDAY TO FRIDAY.

Brisbane (Head office):
Level 10, 123 Eagle Street
(8.30am-5.00pm)

Townsville:
111 Charters Towers Road
(8.30am-5.00pm)

Perth:
Unit 18, 199 Balcatta Road, Balcatta
(8.00am-5.00pm)

CONNECT, ENGAGE AND FIND OUT WHAT'S HAPPENING WITH ENERGY SUPER.

You can find us on the following social media channels:



THANK YOU

Energy Super wishes to thank our many members, employers, families and staff.

WE WELCOME YOUR THOUGHTS

As always we value your feedback and invite you to send any comments or queries about this report to info@energysuper.com.au. You can also review this report online at energysuper.com.au/annualreport

FUND ID DETAILS

OUR NUMBERS

SUPERANNUATION

FUND NUMBER (SFN):

150 600 944

MYSUPER PRODUCT NUMBER:

33 761 363 685 380

AUSTRALIAN BUSINESS

NUMBER (ABN):

33 761 363 685

REGISTRABLE SUPERANNUATION

ENTITY NUMBER (RSE):

R1000801

UNIQUE SUPERANNUATION

IDENTIFIER (USI):

Accumulation: 33 761 363 685 001

Pension: 33 761 363 685 002



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 436 374.

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

Disclaimer: This annual report is available in print and electronically. To receive a printed copy of this report call 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.

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 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.