

ANNUAL REPORT

2018-19
PUTTING THE
ENERGY
INTO SUPER



LOOKING FOR THE SYMBOL?
WE'VE GOT IT

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.

PLATINUM RATED INDUSTRY FUND

Since 2008 Energy Super has earned a platinum rating* for its 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 \$7.8 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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WELCOME TO OUR 2018-19 ANNUAL REPORT

It's been another big year for Energy Super and our members.

Tahnee Larkin
Adviser Support Officer



WELCOME FROM ENERGY SUPER CHAIR AND CEO

Our vision is to be the super fund that focuses its energy on you, our members. Our annual report each year is our scorecard on how we do this. We believe our energy means your success. Everything we do is about putting you first. That's why we've continued adapting and growing our products and services to meet your changing financial needs. And as the way you work — and manage your super — continues to change, we're changing with you.

CONTINUED STRONG PERFORMANCE OVER THE LONG-TERM

Superannuation is a long-term investment by nature. In 2018-19 we continued to deliver strong long-term performance for members and our short-term performance was above our objectives for all of Energy Super's investment options. In fact, we are consistently outperforming many retail super funds.

Our best performing investment options for the past 12 months were international shares, Australian shares and growth with returns of 11.4%, 10.3% and 9.9% respectively.

Our MySuper investment option returned 5.37% for the year and 7.97% p.a. over five years. Our long-term performance of our Growth option ranked 7th over 10 years*.

This year we were awarded the Conexus Financial 2019 Small Fund of the Year, awarded to the best super fund with under \$10 billion in funds under management.

This award recognises excellence in the super industry, and rewards innovation, outstanding service and member support. Energy Super emerged with a high ranking for our insurance and pension products, and our investment performance.

For us it is not about the award, but what it represents. It's about providing you with confidence that we are acting in your best interest to ensure they will be better off in your retirement future.

As a profit-for-member fund we are looking to the future. We are focused on adopting new technology, lowering fees, and proactively working with our members' industries and communities.

We continue to have a strong focus on communicating with you — whether that means visiting your workplace to ensure we are delivering what's needed, or improvements to our website based on your feedback. This year we improved our website by adding an insurance portal, new tools and calculators, and member apps such as Super Booster which increases your savings by adding a little extra to your super from your everyday spending.

As part of our ongoing commitment to help you take charge of your financial future, we have also decreased fees for those of you with an Accumulation superannuation account.

We never stand still, and we are driven by the energy of change. That includes significant legislative changes in our industry. We are making sure we stay in step with these changes to ensure we are in tune with your needs — making sure you are well placed for the future.

We know that in addition to delivering a strong financial performance, you also want us to invest in a way which takes into consideration environmental, social and ethical factors.

As we continue to grow, it puts us in an even better position to generate strong returns by investing in areas such as infrastructure, transport, health, affordable housing, new technologies and renewable energy.

These sorts of investments can foster innovation, drive job growth and genuinely contribute to our community. This way, we not only deliver for you, we are also putting your money to work — to be a force for good in the communities where you live.

Thank you to the Energy Super team who have maintained their dedicated efforts for our members as we successfully traverse the changes within our industry.

Thank you also to you, our members for your ongoing loyalty and feedback throughout the year. Importantly, while we live in an ever-changing world our purpose and commitment remains the same — to help you take charge of your financial future so you can be better off in your retirement.

I encourage you to read through the pages of this year's annual report. I am confident you will find any of the details you are looking for about the year we had in 2018-19 in the pages of this report.

* SuperRatings Fund Crediting Rate Survey SR50 Growth Index as at 30 June 2019



Scott Wilson - Chair, Energy Super Board

“

“Really wonderful meeting the CEO Robyn at the Member Forum. I haven't had a CEO come out before.”

“Great to see our fund is run by passionate people who have the members' interests at heart.”



“What gets me out of bed is knowing my funds are soundly and prudently being managed, for which I am greatly appreciative.”

“Great to know that there are a lot of passionate people working for Energy Super. Obviously it starts from the top down.”

”



Robyn Petrou - CEO, Energy Super

ANOTHER SUPER YEAR

We put a lot of energy into everything we do. We're constantly looking at ways to improve our service. We've again been awarded a AAA rating and have been a SuperRatings' Best Value for Money Fund since 2008.* In 2019 our efforts were recognised with the Conexus Financial's Small Fund of the Year award.**

Member contributions received

\$14.84m

over the past 12 months

\$52.33m

Rollins received

An increase of

3,622

in membership to the fund

Here are some of the notable events from the **2018-19 Financial Year**

JULY
2018



September 18

- Partnered with Link (AAS)
- Launched new Member Portal and mobile app

My

February 19

- Changed MySuper asset allocation



March 19

- Awarded **Conexus Financial's 2019 Small Fund of the Year**
- Held staff-initiated Innovation Day to capture ideas and improvements



April 19

- Launched new Indexed Balanced investment option
- Appointed Chief Investment Officer



May 19

- Introduced unit pricing across all accounts

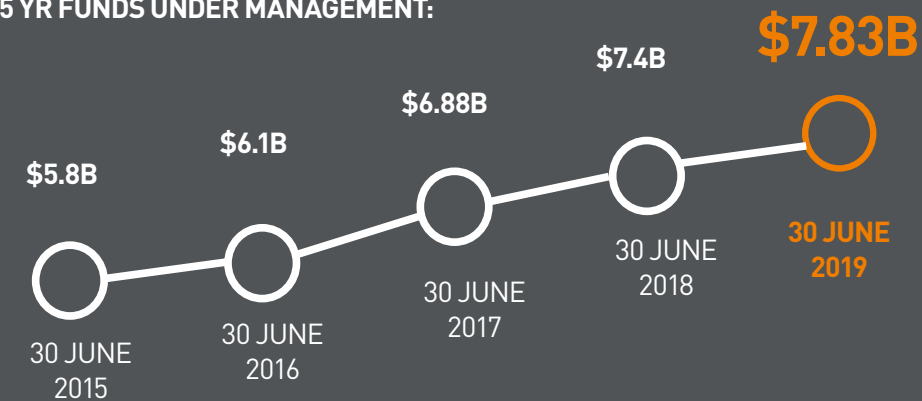


June 19

- Removed exit fees

JULY
2019

5 YR FUNDS UNDER MANAGEMENT:



Our Capital Managed[^] investment option is ranked **NUMBER 2** over a rolling 15-year period.

(SuperRatings Fund Crediting Rate Survey 30 June 2019)

With a return of **6.48%**

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

**The Conexus award recognises excellence in the super industry and rewards innovation, outstanding service and member support. It's awarded to the best super fund with under \$10 billion in funds under management.

[^]See pages 60 - 66 for more information on our investment options and performance.

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WHO WE ARE

We're an industry fund run only to benefit our members.

We look after over 48,000 members, managing \$7.83 billion in member savings, and we're growing every day. We're known for our service excellence, value for money and strong long-term investment performance.



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 fund that makes customer service a genuine priority.

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.

Industry Super Funds were first established in the 1980s to protect Australian workers' super from the high fee and commission products that were then common in the retail superannuation market.

Industry funds generally return their profits to members and don't pay commissions or incentives to staff or any financial planners or advisers.

Retail funds on the other hand (typically run by banks and insurance companies) help generate corporate profits, which are returned as dividends to shareholders and investors.

OPEN TO EVERYONE

Like many industry 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.



INDUSTRY OR RETAIL FUND

It's important to know the difference*

Over the last **15 years**

The banks behind retail superannuation funds have regularly made significant profits themselves

While the average retail fund has delivered around

\$36,000 Less

to their members than the average industry super fund

Customer satisfaction^

Over the last **12 months**

industry super funds continued to rate more highly than retail funds for member satisfaction.

Industry funds scored

62.5%

Well above retail funds

56.5%

Satisfaction with financial performance in May 2019

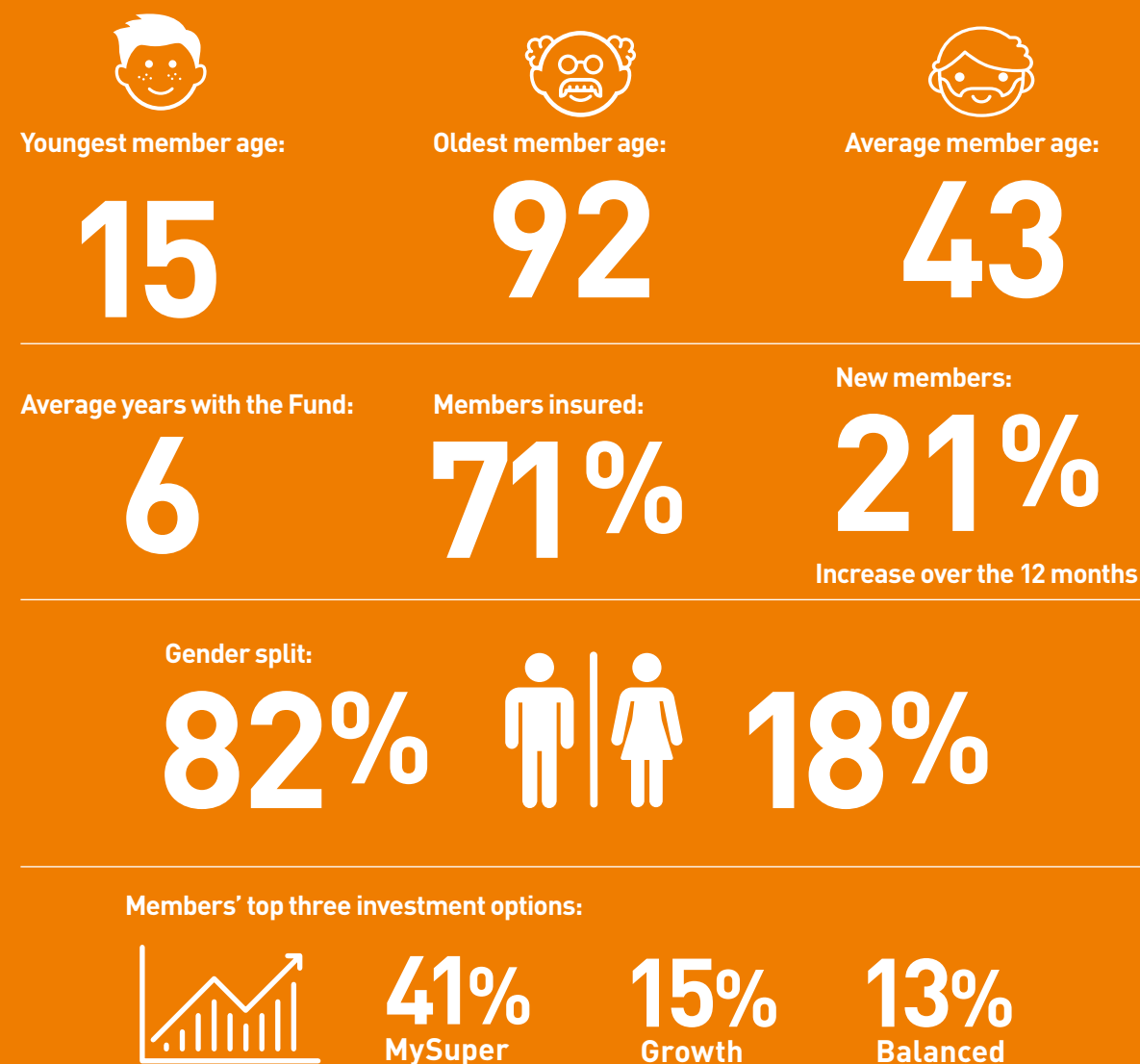
Introducing family members to Energy Super

“My parents are with Energy Super and suggested it to me... Everyone is extremely happy with the information and communication the team give them and the performance of the fund. - February 2019 Member Feedback Survey”

*Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund. Comparisons modelled by SuperRatings, commissioned by ISA and shows average differences in net benefit of the main balanced options of 15 Industry SuperFunds and retail funds tracked by SuperRatings, with a 5 (133 funds), 10 (67 funds) and 15 (44 funds) year performance history, taking into account historical earnings and fees – excluding contribution, entry, exit and additional advisor fees – of main balanced options. Outcomes may vary between individual funds. Modelling as at 30 June 2019. See www.industrysuper.com/assumptions for more details about modelling calculations and assumptions. Consider a fund's Product Disclosure Statement (PDS) and your personal financial situation, needs or objectives, which are not accounted for in this information, before making an investment decision. ISA Pty Ltd ABN 72 158 563 270 Corporate Authorised Representative No. 426006 of Industry Fund Services Ltd ABN 54 007 016 195 AFSL 232514. Assumes initial starting balance of \$50,000 and initial salary of \$50,000.

WHO ARE OUR MEMBERS?

Number of members: **48,378**



Average member account balance as at 30 June

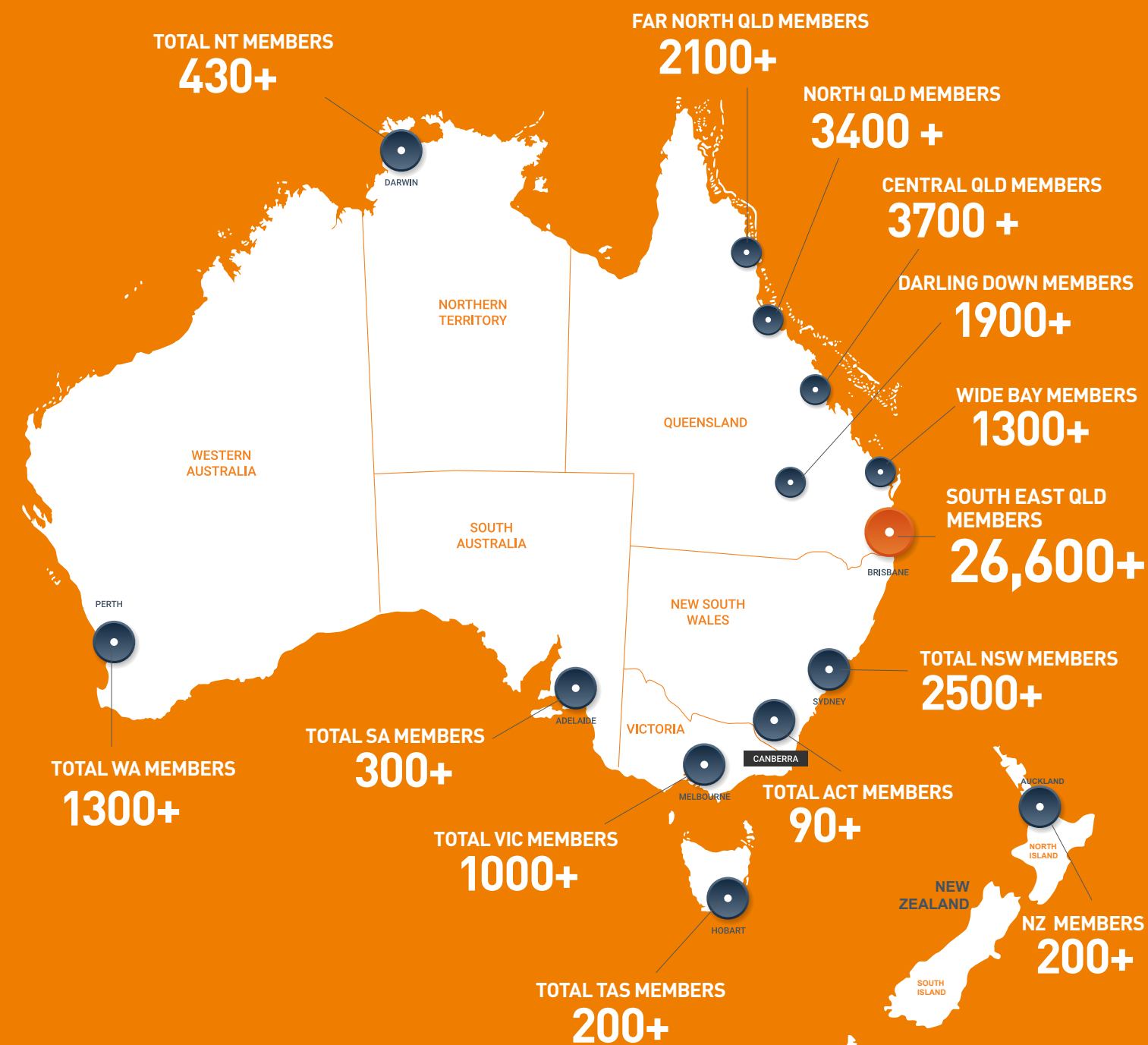
30 June 2015	\$113,761
30 June 2016	\$121,067
30 June 2017	\$134,345
30 June 2018	\$154,206
30 June 2019	\$161,354

\$93,143

SuperRatings fund median for average account balance. (SuperRatings Quarterly Statistics SnapShot – June 2019)

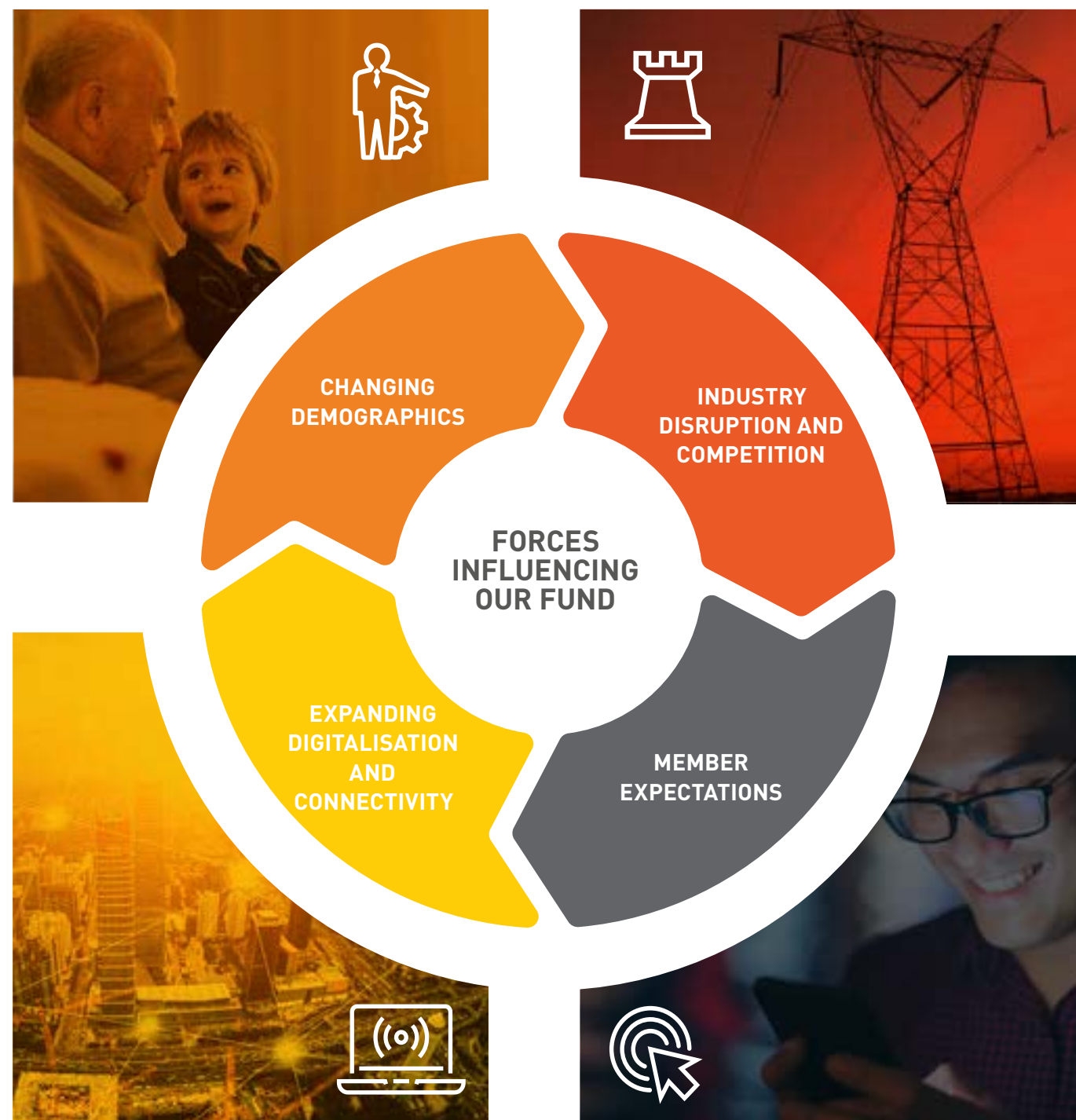
WHERE WILL YOU FIND OUR MEMBERS?

Energy Super has a strong presence in key regional areas in Queensland, Western Australia and Tasmania. In fact, our members are right across Australia and the world.



OUR EVOLVING ENVIRONMENT

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.



CHANGING DEMOGRAPHICS

- Our workforce is transforming with the growth of the gig economy.
- The population is ageing with more 'Baby Boomer' members about to retire, causing some funds to become 'cash flow negative' within the next few years.



INDUSTRY DISRUPTION AND COMPETITION

- Ongoing competition from larger industry super funds, as well as accountants and financial advisers promoting self-managed super fund (SMSF) options.
- Frequent changes to superannuation rules and legislation.



MEMBER EXPECTATIONS

- Member and societal expectations of super funds are continually changing. This is driven by new technology that improves the customer experience.
- Members agitating for environmental and social change can influence investment decisions.



EXPANDING DIGITALISATION AND CONNECTIVITY

- The pace of technological change is increasing exponentially. Digitalisation is raising service expectations, with users looking for higher service levels and ongoing improvements in customer engagement and experience.
- Increasing regulatory requirements that improve security and transparency for members, but also add cost to the Fund.

REGULATORY CHANGES

This year saw some of the 2018 Federal Budget proposals become law. The Federal Government introduced the Protecting Your Super Package which took effect from 1 July 2019. The package included a number of initiatives designed to reduce erosion of account balances by:

- **Removing exit fees**
Members will no longer be charged an exit fee when moving between super funds.
- **Capping fees**
Low balance accounts (those that have less than \$6,000) will have their fees capped at 3% to reduce fee erosion.
- **Consolidating inactive low balance accounts**
A member account will be considered an inactive low-balance account if a) the balance is less than \$6,000; b) for a continuous period of 16 months, contributions and rollovers have not been received; and c) the member hasn't made any updates to their account details, such as changing investment options, insurance cover or making or amending a death benefit nomination.

Members can make a written election to the Fund or the ATO to be excluded from being considered an "inactive low-balance" member. The relevant form is available at energysuper.com.au

- **Cancelling insurance for inactive accounts**
Super funds now have to cancel insurance cover for members whose super account has been inactive for 16 months or more. Member accounts are considered inactive if for a continuous period of 16 months, contributions and rollovers have not been received.

Members wanting to maintain their insurance cover can make an election to the Fund to keep their cover. The relevant form is available at energysuper.com.au

ROYAL COMMISSION

The Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was published in February 2019. Energy Super was a part of the Royal Commission, and many other super funds were asked to provide a great level of detail about their funds going back 10 years, including financial statements, Board papers, governance policies and expense items, which were scrutinised during the process.

We welcomed the publication of the Final Report as we understand the need to continue to evolve as a business. The Fund reviewed the Report and its recommendations in detail, and we are broadly supportive of the recommendations. We believe they will be instructive as part of the Fund's focus on continuous improvement to meet ever-changing community expectations.

BUILDING STRONG PARTNERSHIPS

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. Our stakeholders are carefully chosen to complement and extend our initiatives to educate, support and protect our members.

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 Australia (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).

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 partnership agreements in place with third parties. These agreements outline clear and measurable outcomes, and are monitored and reported to the Board quarterly.

The Fund has strengthened its relationships with most of our partners and has implemented a three-year contract period to allow more time to work together to educate and support the financial, mental and physical wellbeing of members and prospective members.

A NEW PARTNER – MATES IN ENERGY

The wellbeing of members is an issue the Fund feels strongly about, particularly with the rising incidence of mental health issues and suicide in the energy sector. At the beginning of this financial year, Energy Super made the decision to become a supporting partner of Mates in Energy and as such provided funding for a dedicated field officer.

The newly created Mates in Energy builds on the pioneering work of Mates in Construction, a charity established in 2008 to reduce the high level of suicide among Australian construction workers. Mates in Energy aims to develop an industry-leading program to improve mental health and tackle suicide in the energy sector.

The success of the program so far has seen:

- over 7,000 electrical workers within the Queensland industry receive the General Awareness training
- over 1,000 workers trained as Connectors
- 89 people utilise their case management services.

The program will now extend more widely within the electrical industry, allowing more people access to this vital program. This will mean mentally healthier workplaces, homes and communities throughout Queensland, and a real focus on suicide prevention.

Energy Super's member-facing staff also received training, which is so important as staff often deal with members who are experiencing mental health crises.

PARTNERSHIP ACTIVITIES

Energy Super has a range of educational materials designed to help people better understand super and Energy Super. Distributing and presenting those materials at conferences and functions can be of mutual benefit to Energy Super and our partners.

This year we focused some attention on the lack of women in the industry, and became the major sponsor of the first National ETU Women's Conference. We gave the keynote speech on financial literacy and the unique needs of women when it comes to super. In the coming 12 to 24 months we intend to expand our financial literacy programs to begin to address the needs of women in the sector.

For the 2019 financial year, the cost of sponsorship totalled \$354,745.



Roberta Albrecht
National Manager, Strategic Partnerships

Roberta is one of Energy Super's most experienced relationship managers having been with the organisation for 9 years. She has a real passion for people and educating members on achieving their financial goals for retirement. Her role is to maintain the close business relationships with all our strategic partners nationally and to manage, monitor and report on the benefits they bring to our members. Roberta travels extensively in her role, and when she isn't with our stakeholders or members she relishes time with her family, cooking and enjoying the company of friends.

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HOW WE CREATE VALUE

We put the energy into super and into our members so they can get the best from their investment over time. Energy Super is recognised in the industry as a fund that delivers value for money products and services to its members.



Tahnee Larkin
Adviser Support Officer

Marcus - Energy Super member

HOW WE CREATE VALUE

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."

ALL OUR **ENERGY** GOES INTO



Being there when our members need us



Keeping members informed and educated



Improving the financial position of members



Continuously delivering value



Helping members achieve their retirement dream

WHAT WE **DELIVER** FOR MEMBERS

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

More for less

Energy Super has been awarded SuperRatings' Platinum rating for Best Value for Money Fund every year since 2008. SuperRatings awards a Platinum rating – its highest rating – to funds that are well balanced across seven key assessment criteria, including investment performance, fees, administration and insurance. Recognised by Conexus Financial as 2019's small fund of the year.

Strong long-term investment performance

Strong long-term performance is critical to growing members' retirement savings. Energy Super's investment options in the SuperRatings' SR50 Fund Crediting Rate surveys have rated highly over the 10-year period to 30 June 2019.

Personalised service

Our Member Contact Centre is housed in Brisbane, not overseas, and has a 60% member satisfaction rate. In fact, our service excellence is consistently awarded the highest possible rating by ratings agency SuperRatings.

Low fees and a share in the profits

As an industry super fund, members pay less in fees and the profits earned are returned to them in the form of investment earnings and products and services that help them create wealth and prepare for retirement.

UNDERSTANDING OUR MEMBERS' JOURNEY

FIRST JOB



YOUNG ADULT



CHANGING CIRCUMSTANCE



LEADING UP TO RETIREMENT



RETIREMENT



ACTIONS

Simple online join

Online consolidate tool to rollover super into Energy Super

ACTIONS

The offer of additional insurance when members need it most – first home, marriage or welcoming a baby

Educational seminars about strategies to be ready for retirement

Open an Income Stream account in the Member Portal and receive a regular income from transferring your account balance

ACCESS TO FINANCIAL ADVICE

Welcome call from the Contact Centre to help new members set up their account

SuperBooster app to help make additional contributions

ACCESS TO FINANCIAL ADVICE

Ability to link accounts with a spouse to access a fee rebate

Transition to Retirement (TTR) account option to help reduce working hours while maintaining an income

Living well in retirement seminars covering topics such as aged care, lifestyle choices and government benefits

ENERGYCARE

Default Income Protection cover for members age under 22 designed to provide protection appropriate to their income

Phone advice to help make the right investment choice that suits age, income and attitude to risk

ENERGYCARE

Education around insurance and additional contributions through workplace seminars

The option to make a Reversionary Beneficiary nomination in which your beneficiary will receive the death benefit as an income stream

Flexible payment options and online access to change payment amount and frequency

MEMBER PORTAL AND MOBILE APP TO VIEW ACCOUNT

MEMBER PORTAL AND MOBILE APP TO VIEW ACCOUNT

BENEFITS



JOINING



GROWING

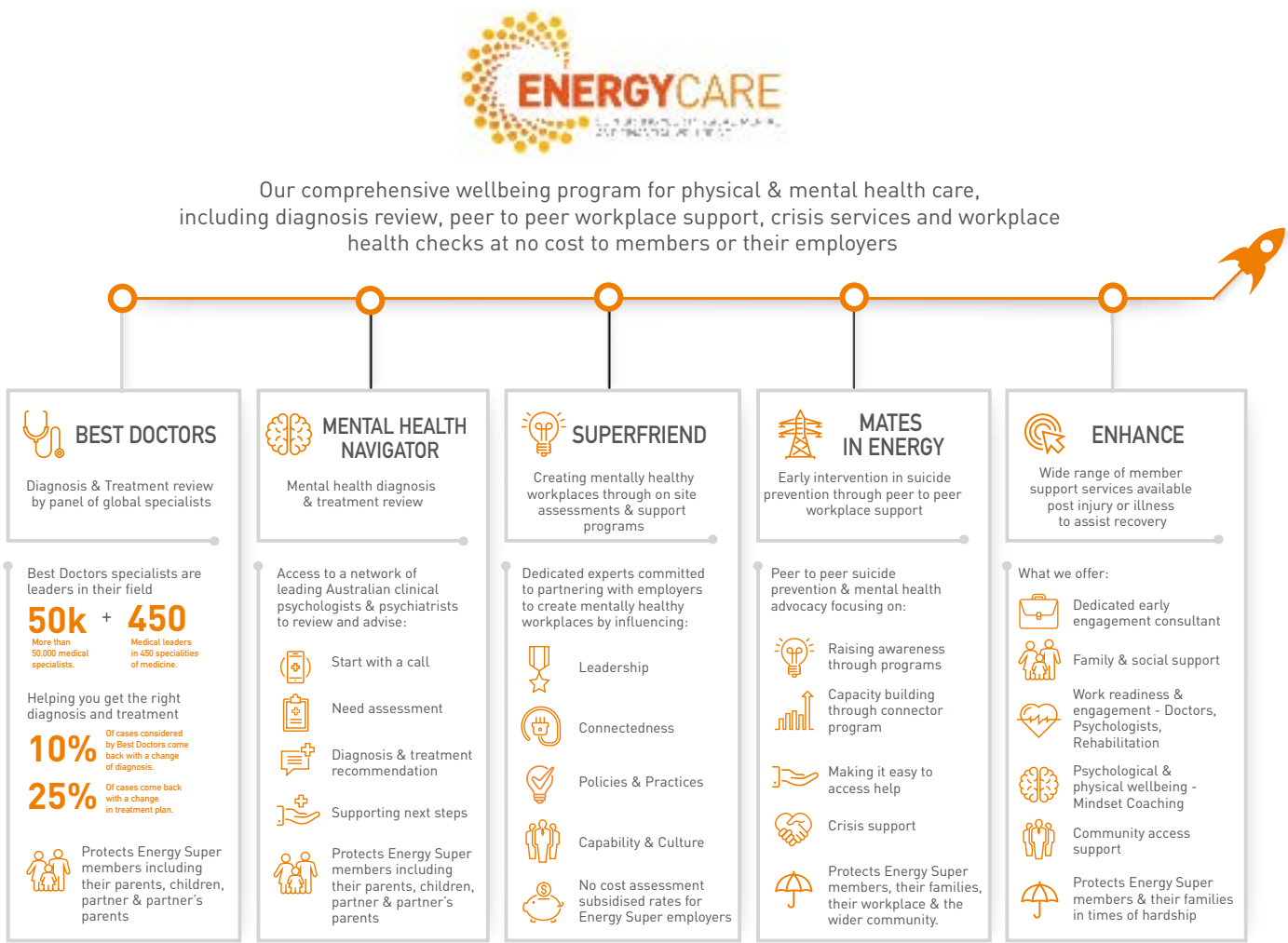


SPENDING

ENERGYCARE 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 – 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 an employer point of view it's the cost of absenteeism, sick leave and rehiring staff. From a member point of view, it's how poor mental health can hold back building a healthy super balance.

Our EnergyCare 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 five key areas:



For more information about our EnergyCare program visit energysuper.com.au/why-join-us/member-benefits/energycare

EMPOWERING OUR MEMBERS

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. At Energy Super we make it our mission to simplify super in a way that makes it easier for members to understand what's going on. Because the more you understand something, the better you can make it work for you, and avoid any nasty surprises.

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

Here are the ways we make **super** education **super** easy



Access to

- Our Brisbane-based Contact Centre consultants.
- No-cost phone advice about issues related to Energy Super accounts.
- Fee-for-service comprehensive financial advice.
- The EnergyHub containing relevant articles and other content.
- Education seminars and toolbox sessions at workplaces across the Brisbane CBD and regional Queensland.
- Annual member forums in Brisbane and regional Queensland giving members the opportunity to meet Fund directors and executives and to have their questions answered.

We encourage our members to take an active role in making decisions about their super investment so they can achieve the best retirement outcome possible.

Key actions members should take when reviewing their super:

CONSOLIDATE YOUR ACCOUNTS

Combining super accounts into one account might make it easier for members to keep track of their super and may save them money. Members can simply log into the Member Portal and use the 'Consolidate My Super' button on the Dashboard to locate any super.

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

BENEFICIARY NOMINATIONS

To ensure death benefits are paid the way a member wants, members may make their wishes known to us with a binding death benefit nomination. Members need to make sure it's valid and up to date, as changes in circumstances such as marriage, divorce or the birth of a child may affect the validity of the nomination. Binding nominations expire after three years, unless the member makes 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 a nomination, members need to complete the relevant nomination form available under the Forms and Tools section on our website at energysuper.com.au

More information on beneficiary nominations and death benefits can be found in our *Nominating Beneficiaries* Guide or call us on **1300 436 374**.

INVESTMENT CHOICE

The choices members make about how their super is invested can make a significant difference to their retirement. That's why it's so important they choose an investment option that suits their age, income and attitude to risk. It's important to remain an active investor and spend some time checking investment options.

EDUCATION

We aim to empower our members to take more control of their financial wellbeing so they can identify and achieve their financial goals. Our seminars are designed to provide general advice and a chance to get face-to-face with ESIFS financial advisers.

SEMINARS

This year we developed a new suite of topics in response to member feedback, including being strategic with your super, closing the super gap and living well in retirement.

MEMBER FORUMS

Every year the Energy Super Board and CEO hold member forums in Brisbane and regional Queensland. Members can hear about the economic landscape, the Fund’s investment performance and other Fund news.

REACHING MORE PEOPLE

Seminars delivered between July 2018 – June 2019 include:

32 financial planning seminars

1208 attendees

10 member forums

359 attendees

Number of member communications delivered between June 2018 – July 2019:

151K newsletters

177K email communications



MEMBER SERVICE

Our Brisbane-based Member Contact team is available between 8.00am and 6.00pm Monday to Friday to answer member queries. The team is committed to delivering quality customer service. They engage with members to understand their ‘why’ so they can help them make informed decisions about their super.

Last year the team spoke to more than **21,000 unique members** who called Energy Super and reached out to more than 1,500 members as part of proactive campaigns designed to make a real difference to our members.

Our Member Contact team has been recognised for delivering customer service excellence. In 2019, the team was named as a finalist in the Customer Contact Week Excellence Awards – Best in Class Contact Centre.



Top 5 Calls:



Member Contact Consultant

Sarah is one of our Member Contact Consultants, and is available to our members three days a week. Sarah loves that her role at Energy Super offers her flexibility, with two boys just starting school and a husband who is a FIFO worker. When she joined the Fund, she was unengaged with her super – just like many of our members. The favourite part of her job is ‘Being able to help members get their issues sorted out with the least amount of stress possible’. When she isn’t talking with our members, Sarah is with her kids playing mini golf.



What are our members saying?

Always been happy with your staff and super fund. You portray a sense that you care about your members. I feel safe having my super with Energy Super.
- May 2019 Member Feedback Survey

I find the staff easy to talk to, they are interested in what I have to say and seem to know what I expect of them. - April 2019 Member Feedback Survey

I get everything sorted with just one phone call. - January 2019 Member Feedback Survey

FINANCIAL ADVICE WHEN YOU NEED IT



For some people, making an appointment to see a financial adviser is about as much fun as making an appointment to see a 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.

Our financial advisers* simplify super, they remove the jargon and explain how things like salary sacrifice and compound interest actually work. Energy Super members have access to a team of financial advisers who can help members make decisions about their Energy Super account or any aspect of their finances. You can meet our team on page 46.

Our phone advice is a convenient way to give our members the opportunity to talk about their investment and make informed decisions appropriate to their circumstances. The advice is provided by our associate financial advisers in a 20-minute conversation. This advice covers the following topics and is available to members at no additional cost:

INVESTMENT

Understanding the balance between investment risk and return can lead to better decisions on the investment mix required to grow a member's investment.

CONTRIBUTIONS

Regular contributions to super will help to build a member's account balance over time. Members can get advice on the strategies that can help to reduce the income tax they pay.

INSURANCE

Working out the right level of cover is really important, especially for our members in the energy and related industries. Our financial advisers can help members make sure they have the right cover for their circumstances.

Small changes to their super investment made over a longer period can create substantial results for members. It's never too soon for them to consider their options to improve their super balance and achieve their retirement goals.

Members can also get in-person fee-for-service advice on their broader financial situation – not just super. Our financial advisers present at seminars and are available to answer questions and make appointments.

You can meet our financial advisers on page 46.

*Energy Super has appointed ESI Financial Services Pty Ltd (ESIFS) (ABN 93 101 428 782) (AFSL 224952), a wholly owned entity of Energy Super to provide financial advisory services to members.

The numbers for this financial year look good.

2,829 STATEMENTS OF ADVICE

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

1,204 ADVICE APPOINTMENTS

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

582 ONGOING REVIEW CLIENTS

These financial planning reviews represent a 21.5% increase on the previous financial year.

INSURING YOUR LIFE [STYLE]

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

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.

Loadings and exclusions may apply to cover. Our insurance offering is detailed in our *Insurance Guide*.

PROTECTING OUR MEMBERS

We work very closely with our Insurer to ensure we can provide insurance that's affordable, provides reasonable levels of cover, and has an easy claims process.

We're committed to insuring our members, many of whom work in high-risk occupations and whom other insurance companies often exclude from cover. 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 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 2019, we paid out over \$33 million to members.

We've also worked extensively with our Insurer to improve the claims experience, which has resulted in the reduction of the average assessment timeframe by almost 25%. Our 66-day assessment timeframe is now one of the fastest timeframes in the industry for Total and Permanent Disablement.

The Fund, in partnership with our Insurer and administration provider, will continue to build on the work we've done this year to make our claims experience better, introduce more insurance choices, and make it easier for members to understand their insurance choices.

INSURANCE IN SUPERANNUATION CHANGES

New Federal Government laws came into effect on 1 July 2019. These laws were designed to help protect Australians' super savings. The laws involved a change to the rules around providing certain insurance cover to members within super. The new rules require a super fund to cancel insurance cover for members with an account that has been inactive (no contributions or rollovers received) for 16 months – unless the member tells us in writing that they want to keep their current insurance.

On 1 May 2019 we wrote to our affected members to advise them of this change, giving them the option to elect to keep their cover. Follow-up communication was sent to these members before the deadline to remind them of the upcoming change.

INSURANCE CODE OF CONDUCT

The Energy Super Trustee has made a decision to adopt key aspects of the Voluntary Code of Practice. The Code is the super industry's commitment to high standards when providing insurance to members of super funds. While the Fund complies with the majority of the Code and focuses its energy on providing excellent insurance benefits and services to members, the Fund will progressively roll out enhancements to our existing offering over the 2020 financial year. This decision further demonstrates our commitment to offering insurance that is appropriate and in the best interests of our members.

Total insurance claims payable in 2018-19

\$6,498,198 in Death and Terminal Illness claims.

\$6,190,171 in TPD claims.

\$33,182,179 in Income Protection claims with a 98% approval rate.



John Curtin

Steve Scott

Stacey Watson

Craig Gava

SUPPORTING EMPLOYERS

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.

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

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.

Our Business Development team is responsible for seeking out and joining

new employers and members to the fund. We operate across the country with offices in Brisbane, Central Qld and Western Australia.

We find that larger funds don't offer the same level of personal service that we provide. This is particularly important with super where there's a general lack of understanding.

When signing up new employers we offer an onboarding service to help employees join and set up their accounts on the spot. A face to face approach can be very helpful in making sure that each member gets set up

correctly to make sure they'll have the best return when they retire.

Employers can now join online, saving time completing forms. We're working on expanding this online platform to make it easier for employers to join and set up their accounts.

285 new registered employers joined through the Business Development team

49.21% Increase from previous year

From July 2018 to June 2019 our Employer Services team have conducted:

484 employer visits

58 seminars

234 toolbox meetings

46 fund awareness days

face-to-face meetings to over

8,326 members

682 financial advice referrals with 89% receiving phone advice

Strengthening our relationships with employers is a significant focus for us. Our fund service managers are always looking for ways to collaborate with them to provide benefits to their business and employees. Technology is a part of this. We're focusing on technology uplifts so we can help employers with their super administration burden. We continue to service them effectively regardless of the size of their balance, the size of the business or their place in the industry. We aim to form long-term partnerships with our employers that will ultimately deliver better outcomes for employees.

Our team travels throughout Queensland, and has reach in Western Australia, Tasmania and New South Wales. The team travels extensively from capital cities to regional areas, with a focus on regional areas both big and small.

We offer employers the option of us hosting tailored education seminars for employees in the convenience of their workplace – at no extra cost. Energy Super is a valuable partner to have. We listen. We collaborate. We roll up our sleeves and get the work done.

Making it easier for employers to meet their obligations

Energy Super employers can use our clearing house to make one payment for all their employees. 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 requirements, it's quick and saves the hassles and the paperwork.

OUR EMPLOYER TEAMS

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.

EMPLOYER SERVICES



Damien Griggs

M 0458 147 111

E damien.griggs@energysuper.com.au

Like many people who find themselves working for an industry super fund, Damien is extremely passionate about helping members achieve dignity and choice in their retirement lifestyle. He's been with Energy Super for 9 years, and has long been an advocate of engaging both employers and members with their super, as early as possible, so the results look after themselves. Same goes for insurance, which provides financial security for employers and members alike. When he's not at work, he'll be spending time with family and friends and, when the opportunity arises, playing golf, skiing or diving.



Laura Hall

M 0417 374 062

E laura.hall@energysuper.com.au

Laura has worked in the super industry for over 12 years and represented three different industry funds. Having worked at Energy Super for over 2 years, her favourite part of her job is providing quality education to members so they can achieve their dream retirement. When she isn't spending time with members, she enjoys renovating and spending too much money on activewear.



Murray Bell

M 0409 617 322

E murray.bell@energysuper.com.au

Murray has electricity running through his veins. Having started as an apprentice electrician in 1977, he's worked in the electrical industry ever since. He's been with Energy Super since 2002 (then SPEC Super) and is one of our most experienced service managers. He looks after employers and their employees in an area from Mackay to Far North Queensland, as well as the Northern Territory. A mad Collingwood supporter, Murray enjoys watching his younger son play AFL on the weekends. His elder son is following in his father's footsteps and is an electrician (and Energy Super member).

BUSINESS DEVELOPMENT



Craig Gava

M 0410 324 481

E craig.gava@energysuper.com.au

Craig travels the country building relationships with prospective employers and members along the way. His role is to create awareness and grow Energy Super outside of Queensland, which is necessary to sustain the Fund's strong growth into the future. Craig loves meeting people from new locations and industries and welcoming them to the Fund. He has three children, including teenage twins, and can't think of a sport he doesn't enjoy.



John Curtin

M 0429 538 028

E john.curtin@energysuper.com.au

John Curtin is a Fund Development Manager for Energy Super. John has worked in the industry for over 30 years covering a wide range of areas within superannuation and financial services. Having worked at Energy Super for 2 years, John enjoys providing quality services and solutions to organisations and their staff to ensure that the organisation is an Employer of Choice. When he isn't spending time with employers and members, he enjoys keeping fit, travelling and catching up with friends and family.



Steve Scott (WA)

M 0437 398 432

E steve.scott@energysuper.com.au

Steve is a Fund Development Manager responsible for the growth of the Fund in Western Australia. He's worked in the super and financial advice industries in WA for 23 years, in both the private and public sectors. Steve has lived his entire life in WA and enjoys working with local clients and stakeholders, helping them secure their financial future. He has two teenage daughters, enjoys following the AFL, and is known to enjoy exploring the Margaret River wine region.



Stacey Watson (Central QLD)

M 0459 852 204

E stacey.watson@energysuper.com.au

Stacey is one of our Fund Development Managers. Her job is to grow and service employers and members of the Fund in Central Queensland, where she's based. Stacey was born and bred in Central Queensland, and is active in the local community. She recently became a grandmother for the first time, and completed two half-marathons this calendar year.

0.4

OUR TEAM

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



Sean Martene

Kevin Wan Lum

Phil Hagen

Katie Simpson

Michael Abbott

OUR 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.



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

"I love working for an industry fund like Energy Super. I enjoy helping members to meet their retirement goals and I love making a real difference. The 'no commission and low fees' methodology resonates strongly with me and helps facilitate the hand on heart compass I follow. My team are supportive and help make work fun. Overall it is a good place to work."

"It's an interesting place to work and provides great outcomes for our members. My role is challenging and will help me for future roles."

"Great positive place to work, that has a very clear mission and the role challenges me."

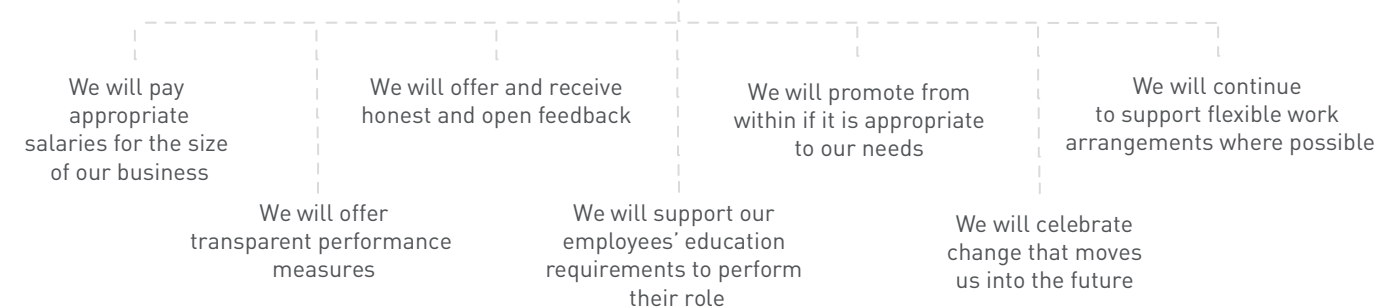
WHAT DO WE OFFER?

A professional career with opportunities to interact and support members in a profit-for-members environment, to be part of business and industry change, to be challenged and developed.

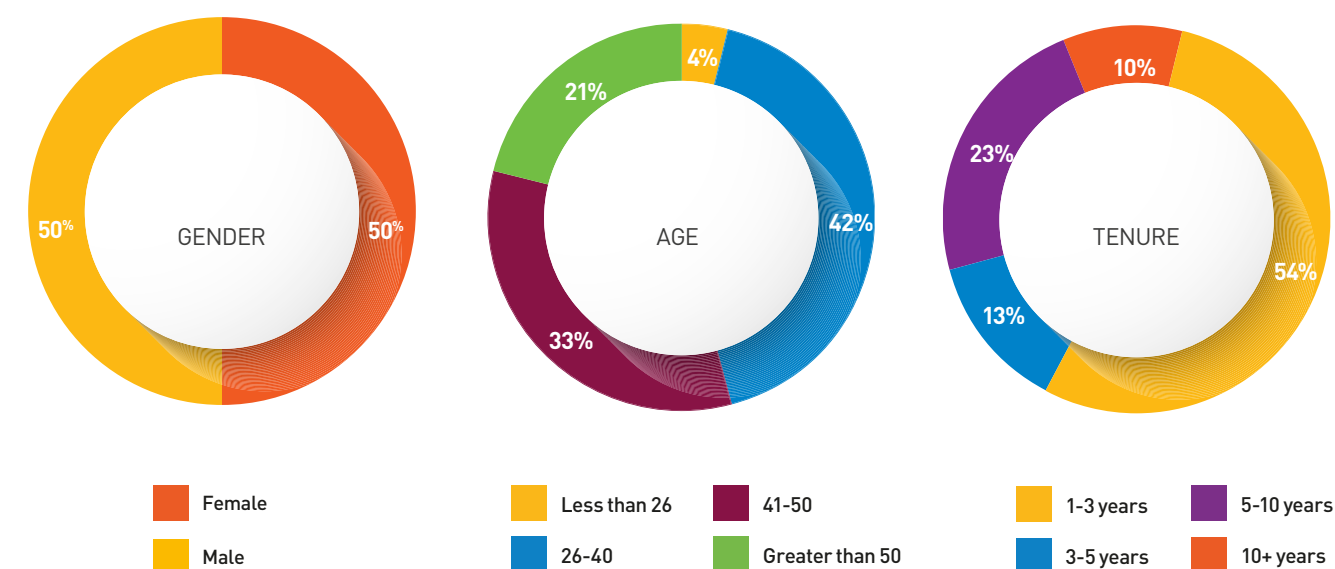
WHAT WILL WE CELEBRATE?



HOW WILL WE CELEBRATE THIS?



WORKFORCE STATS



MEET OUR TEAM

Our executive team

Energy Super is managed by a dedicated team of professionals with considerable superannuation, energy sector and industry experience. We have a strong focus on providing our members with a secure financial future and building their wealth for a comfortable retirement.

During the financial year we farewellled William Graus, General Manager of Investments, and David Beal, General Manager of Digital Transformation and Analytics. Each made a significant contribution to the development of the Fund and we thank them for their expertise and commitment during their time with us.

Departures often signal opportunity, and so rather than replace these positions we've taken the time to consider what roles are required to help the Fund take the next step. This has led to a restructure of the business which took effect 12 August 2019.



Robyn Petrou
Chief Executive Officer

Robyn has led Energy Super since 2009 and has driven its continued growth, product development and performance. She has over 20 years' experience in super across all facets of the industry, including governance, risk management, operations and investment management.



Phil Hagen
Chief Financial Officer

Phillip started his role as CFO in early 2007. While finance is his main game, he has a much broader oversight and during his time with the Fund has had executive responsibilities in the areas of governance, risk, compliance, information technology and corporate administration.



Kevin Wan Lum
Chief Investment Officer

Kevin has more than 20 years' financial markets and investment management experience in Australia and overseas. In 2016 he was awarded the AIST (Australian Institute of Superannuation Trustees) Investment Rising Star Award, which recognises the demonstration of leadership and innovation through the investment process.



Katie Simpson
General Counsel and Fund Secretary

Katie has over 11 years' experience as a financial services lawyer. She is responsible for the Fund's board secretarial function, including advising the Board on corporate governance matters, liaising with regulators and overseeing the Fund's governance framework.

* Resigned 27 September 2019



Lisa Kay
General Manager, Member Services

Lisa has extensive experience in customer experience design and strategies and leads the vibrant member services teams including the Contact Centre, Financial Advice team and relationship management team. Her priority is to deliver service excellence to members of Energy Super.



Michael Abbott
General Manager, Growth

Michael oversees the Fund's growth teams: Business Development, Marketing, Stakeholder Relations and Employer Services. His growth strategy for Energy Super aims to further grow the brand's existing membership base and shape the Fund's future.



Sean Marteene
General Manager, Customer
Insight and Product

Sean has over 20 years' experience in the super industry with leadership roles covering all facets of super, including product development, account management, operations and customer experience. His priority is to understand customers and to develop products and services that utilise human-centred design frameworks.

ESIFS FINANCIAL ADVISERS

When a member makes an appointment with one of our financial advisers, they'll be talking to a friendly professional with extensive financial knowledge and experience who's committed to helping them.

All our financial advisers have considerable experience in the financial services industry and undergo regular and ongoing professional development to maintain their knowledge and capabilities.

The financial adviser you'll be talking to



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

Justine brings more than 20 years of knowledge and experience to her role as manager of our financial advice team. Her experience covers funds management, investor relations, product development and marketing, with approximately half of this time spent delivering quality financial advice to a wide variety of clients. Justine's commitment to ongoing development and coaching means that our financial advice team not only provides a first-class financial advice service but also forms lasting relationships with clients.



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

As an involved parent of two young children Michael understands how easy it is to allow financial issues to fall down the list of priorities. He's also a strong believer that planning early can avoid big surprises and having to make compromises down the track. His work as a financial adviser for Energy Super allows him to focus on helping clients organise their finances and priorities to bring them closer to the retirement they want.



Ben Waisavu
Senior Financial Adviser
B.Fin ADFP AFP

As a Senior Financial Adviser and Team Leader of the Comprehensive Financial Advisers, Ben is a strong advocate about the role and impact that receiving quality financial advice has on the lives of everyday Australians. Outside of the work environment Ben is an enthusiastic golfer, reader of non-fiction books, mountaineer and avid follower of his beloved QLD Reds Rugby Union team.



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

Mark has nearly 30 years' experience in the financial services industry, with over 20 of them in financial advice. As one of our longest standing financial advisers, he's built up a loyal client base with whom he meets regularly to ensure that they're still on track to achieving their goals. When not working he enjoys spending time with his wife and whatever time his teenage children will let him spend with them.



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

One of Laurence's great strengths is being able to take a complicated concept and relate it in simple terms so that his clients stay well informed and confident. He takes the time to create bespoke advice solutions for his clients, and his clients value his breadth of knowledge and clarity of vision when considering their goals and objectives. Laurence says: "I don't tell people what they want to hear. My job is to tell them what they need to hear."



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, super, Centrelink and pre- and post-retirement planning. She's held various positions including superannuation accountant, paraplanner and financial adviser, which has helped her develop a strong technical foundation to best service her clients. Empowering them with knowledge and confidence and getting the best results for them is her goal. Roxanne loves travelling and has three adult children, one of whom was recently married in Scotland.



Shiona Hargen
Financial Adviser
ADFP

Shiona is based in North Queensland, providing our regional members with access to local, quality financial advice. Her passion is to ensure clients experience peace of mind on the financial planning journey, avoiding unnecessary mistakes and achieving their best possible outcome along the way. Shiona believes financial planning is an ongoing process and she values the relationships she's developed with the local clients and members.



Paul Hodgson
Financial Adviser
DFP, MBA

Paul has experience in banking and boutique financial advice businesses. He has vast knowledge of super, retirement income streams, Centrelink, investment portfolios, and self-managed super funds. Paul places great importance on providing tailored financial advice, which he believes has a meaningful impact on the lives of his clients.



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

Having witnessed friends and family go through the confusion and stress of retiring from what they'd done for most of their life, Ben views his role as being a trusted financial professional to listen, coach and support clients through life transitions. In his spare time, Ben likes riding his bike(s), cooking and playing guitar.



Adele Fisk
Associate Financial Adviser
B.Comm, DFP

When she's not watching the All Blacks dominating on the rugby field, Adele enjoys helping educate her clients on the technical aspects of super. Her aim is to arm them with information and tools to have control over their lifestyle in retirement. She's a big believer that making small changes now will have a big impact in the years to come.



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

Katarina loves the warm climate of Queensland which is why she moved here from Sweden about 15 years ago. She's been with the Fund for over 10 years and helps her clients understand how their super can play a pivotal part in achieving their financial goals.



Daniel Baldi
Associate Financial Adviser
B Comm, DFP

When he's not on the golf course, Daniel is committed to providing members with quality financial advice that helps them achieve their financial goals and objectives. As our youngest adviser, Daniel's youthful energy and eagerness to develop, balances out the experience of the team.



Gagan Johal
Associate Financial Adviser
BBus (Fin), DFP

Gagan is passionate about working closely with members to help them reach their financial goals. His approach is to educate members on their superannuation needs so they can have peace of mind about their financial future. In his spare time Gagan is an avid sports enthusiast.

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 staff participate in regular training and industry events.

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

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. Our diverse training program covers short course, certificates, diplomas and tertiary qualifications.

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:

- Completed more than 3,000 training hours.
- Developed a FASEA study program for financial advisers.
- Provided specialist Governance, Risk and Strategy training for directors.

Gagan Johal and Daniel Baldi
Associate Financial Advisers



0.5

MEASURING SUCCESS

Energy Super's success isn't just measured in numbers. We know that if we're doing well across these six 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.

GROWTH
SATISFACTION
TECHNOLOGY
PERFORMANCE
PEOPLE
GOVERNANCE








Alex Davidson
HR Coordinator

Tahnee Larkin
Adviser Support Officer

FUND SCORECARD

This new performance scorecard is how we'll measure our progress against our strategy.

Measured by:

STRATEGY	MEASUREMENT	2018-19 PERFORMANCE
 Growth of the fund	Funds under management	\$7.834
	Membership movements over the last year	1.0633%
	New employers	285
	Member satisfaction scores (overall)	8.7 out of 10
 Member Satisfaction and Retention	Net Promoter Score (NPS) changes	5
	Retirement outcomes score	Average account balance increases 4%
	Retention of current members	68.65%
	Retention of new members (within the last 12 months)	86.66%
	Members who move to pension as a percentage of exits	46.18%
 Technology	% of members using the online system	42.50%
	Introduction of unique digital features	Add Member Portal App and SuperBooster App
 Performance	Outperform our benchmark objective (3% + CPI) for the MySuper option	achieved 5.37%
	Upper second quartile of options: Comparison of 10 year returns against peers*	Capital Managed Option over 10 years in the Top 5 Australian Shares option over 10 years in the Top 10
 Strong Governance	Enhanced transparency	Implemented AIST Governance Code and audit findings
	Reduction in complaints	180 received and responded to within the required timeframe.
	Reduction in incidents	81 reported and actioned

*SuperRatings Fund Crediting Rate Survey 30 June 2019

OUR STRATEGY GOING FORWARD

We keep our focus on delivering value to members with a three-year strategy developed by our Board and executive team.

	LEADING FUND GROWTH IN THE ENERGY SECTOR	MEMBER SATISFACTION AND RETENTION	TECHNOLOGY FOR THE FUTURE	INVESTMENT PERFORMANCE
What we will focus on	Reaching more employers, stakeholders and potential members	Providing excellent advice services, education and product development for members	Invest in technology that will improve digital experiences to provide members with easier ways to interact with the Fund to meet growing expectations	Meet our long-term objectives while delivering consistent investment returns for our members
How members will benefit	Increased scale of the Fund to deliver benefits to members	<ul style="list-style-type: none">Engaged members will receive the support they needVulnerable customers will be provided with support when they're experiencing difficulties	Improved products and services delivered to members	Strong and consistent performance will maximise member outcomes over the long term
How employers will benefit	Reassures employers that they've chosen a sustainable, quality super fund	Retaining our employers will support our growth strategy, especially if Energy Super is the default fund	Supports employers with their obligations and reduces their administrative burden	Defaulting employees to a strong and consistent performing fund will provide employers with peace of mind

	PEOPLE AND CULTURE	GOVERNANCE
What we will focus on	<ul style="list-style-type: none">People strategy developmentRemuneration reviewEnhanced Learning and Development	<ul style="list-style-type: none">Mature governance structureResponses to regulatory and legislative changeStrong risk management culture
How members will benefit	<ul style="list-style-type: none">Members will benefit from supported, educated and customer focused staffMembers will receive information and support to ensure they're making good financial decisions for their future	Members will benefit from a strong and secure fund that focuses only on member outcomes
How employers will benefit	Employers will have access to staff to support them and their employees on an important employee benefit program	Employers are assured that their employees' savings are well managed and governed at a high standard
People benefits	<ul style="list-style-type: none">A strong employee value propositionCareer development for future rolesCelebration of diversity and skills	<ul style="list-style-type: none">Strong governance will support and empower people to perform their rolesShould provide a safe environment for people to innovate and grow

0.6

INVESTMENTS

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



Broken Hill Solar Farm is owned by the Powering Australian Renewables Fund (PARF). Image courtesy of PARF



SARAH ZELJKO
Chair, Investment Committee



Energy Super Investment team
The only super fund with two AIST Rising Stars Award winners out of 150 funds.

2018-19 MARKET OVERVIEW

Your 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 2019.

The 2018-2019 financial year investment market performance was a 'game of two halves'. There were some significant bouts of volatility and at 'half time' share markets weren't looking so good. You can see this clearly in the orange bars in Table 1.

Investment markets, in particular during December 2018, were concerned about the impacts of a global economic slowdown, ongoing inflation fears (or a lack of), trade tensions between China and the US, and the potential for interest rate increases by the US Federal Reserve.

Fast forward to the end of June 2019. By this time, most investment markets – shares, bonds, credit, real estate, and other private markets such as infrastructure – finished strongly as concerns about trade wars and increasing interest rates eased. As a result, most major asset classes were able to produce reasonable gains over the period, especially compared to where they began at the start of 2019.

Table 2 highlights the returns from key investment markets over longer periods.

What's interesting to note from the market movements in 2019 is that both share and bond markets performed well. Typically, when share markets are doing well, bonds produce more moderate returns, and vice versa.

Even with the recent market volatility, the Australian stock market has hit new record highs in July 2019. Australian Government Bonds have also rallied to record levels. This is likely to be more of a reflection of the current market and economic cycle as Central Bank policy continues to influence investment market conditions.

GLOBAL ECONOMIC CONDITIONS OVER THE 2018-19 FINANCIAL YEAR

Economic growth globally has slowed, particularly in Europe and to a lesser extent in Australia around concerns including Brexit, growing trade tensions between the US and China and increasing levels of corporate debt.

These trade tensions between the US and China has dampened the Chinese economy and started to have knock on impacts to China's trading partners outside of the US including Europe and Japan.

Central Banks around the world have changed tack from potentially increasing interest rates to slow growth, to starting to cut interest rates or have signalled a readiness to provide support to their respective economies¹ in the near term. This is expected to provide support to slowing economies, although this stimulus can take some time to work through the economy.

The slowdown in economic growth has also had some impact here in Australia, given China is one of our largest trading partners. The bigger economic story locally has been housing prices where prices (particularly in Sydney and Melbourne) fell during 2018-2019 but have stabilised and started to rise² following the Federal Election, an increase in credit availability and recent interest rate cuts.

Economic growth is slipping below long run averages and inflation continues to run under target³. To prevent any potential deterioration in employment, the Reserve Bank of Australia cut the official cash rate to historically low levels at its June and July 2019 meetings. These rate cuts, coupled with the recent income tax cuts, should see a significant level of stimulus hitting the Australian economy in coming months.

Despite all the negative news headlines, several bright spots still remain in the economy. Of most significance are employment indicators which continue to remain robust. As an example, the unemployment rate in the US remains close to a multi-decade low of 3.8%, in Australia it has hovered around 5% for the last 12 months.

The significance of strong employment indicators can't be understated. Whilst there's been little wages growth, so long as people remain employed they are likely to keep spending, which along with steady population growth should keep economic growth ticking along. It also means that debts can be repaid, limiting any further downward pressure on house prices.

Going forward, the recent positive returns that we've seen across markets and also in member returns have been good but we reasonably expect returns to be lower in the future. From an investment perspective we will continue to focus on the long term, seeking to further diversify investment portfolios both in Australia and internationally, and seeking to reduce investment fees where possible.

You'll find information on Energy Super's investment options, including performance over 1, 5 and 10 years and since inception on pages 60-66 of this report.

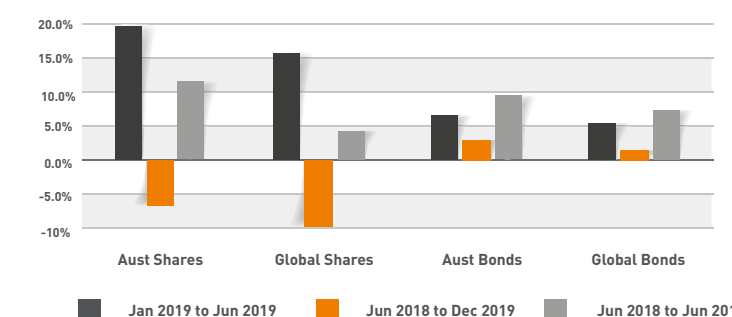
¹List of Central Banks to cut rates in recent months includes (but not limited to) the Central Banks of: Australia, Brazil, Chile, India, Indonesia, Mexico, New Zealand, Philippines, South Korea, Thailand, United States.

²The CoreLogic RP Data Home Value Index of Australia's five largest cities rose 0.10% in July 2019, its first increase since September 2017.

³Australian economic growth (as measured by GDP) came in at 1.8% for the year ending March 2019, below the 10 year average (March 2009 to present) of 2.6%. The RBA has a targeted inflation level of 2-3% p.a.

TABLE 1

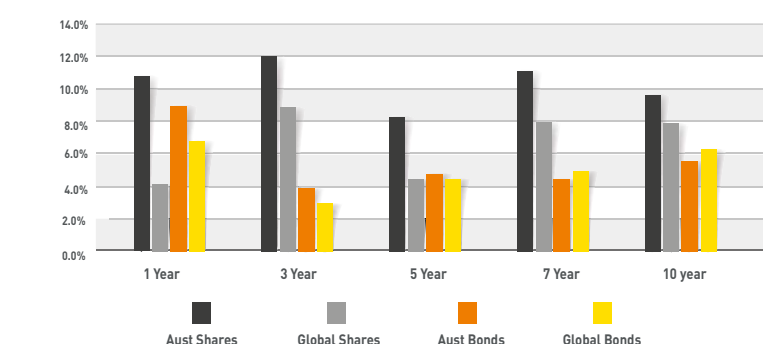
Market returns in FY 2018 -2019



Source: Bloomberg, Energy Super. NOTE: The returns for Australian Shares and International Shares for the period from 30 June 2018 to 31 December 2018 were -6.8% and -9.8% respectively.

TABLE 2

Market returns to 30 June 2019



Source: Bloomberg, Energy Super.

OUR APPROACH TO INVESTING

Our approach is underpinned by some key beliefs and support by our Investment Governance Framework:

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.

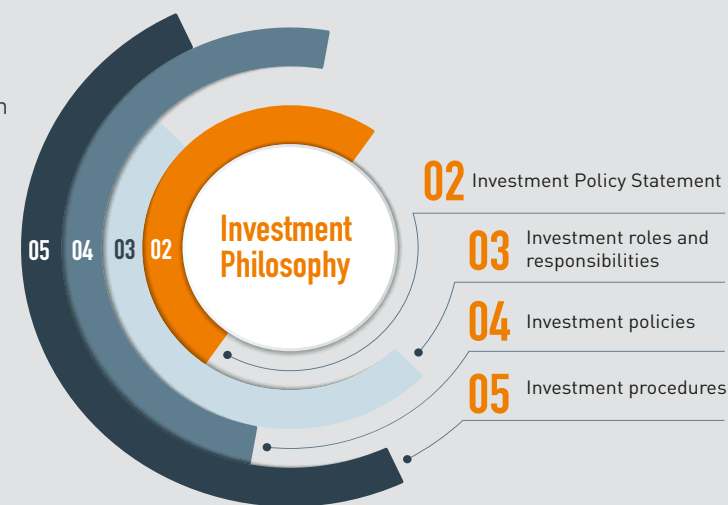
The adoption of appropriate governance practices in relation to the selection, management and monitoring of the Fund's investments and investment managers is a critical part of fulfilling this duty.

The Board works closely with the Investment team to formulate and implement the investment strategy for each of the Fund's investment options, with the assistance of the Fund's Investment Consultant JANA. Included in the strategy is the setting of the investment objectives, long term strategic asset allocation, investment manager selection and portfolio construction.

The Board 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, the Board 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 in a number of Advisory Committees on a no-fee basis.



OUR INVESTMENT PHILOSOPHY

THERE'S PLENTY TO BE **SAID** FOR PLAYING THE LONG GAME.

As an industry fund where all profits go back to our members, we believe in full transparency about our approach to investment. Because we think there's something to be said about putting all our cards on the table and not hiding how we invest our members' money.

Our philosophy on investment is simple. It's all about playing the long game to protect our members' wealth for the future. Because that's ultimately what super is about. Not the now, the tomorrow. Actively managing and protecting our members' wealth today, so they can enjoy the best possible retirement.

Your investment in superannuation is one of ups and downs – and for some members it can be easy to chase the short term. But that's risky. We believe our members' future is too important not to consider the big picture and remain focused on long term outcomes.

OUR INVESTMENT PHILOSOPHY IS ALL ABOUT PLAYING THE LONG GAME AND CAN BE SUMMED UP INTO FOUR KEY PILLARS THAT DRIVE OUR TEAM

Save members' money

We know members often have concerns about how much extra costs are eating into their balance. That's why we take a proactive approach to managing these fees and costs. Our team of expert investment consultants and managers constantly review these costs to evaluate their value compared with the effectiveness of the investment. Of course, fees aren't the only factor in our investment decisions. It's all about weighing up their long-term impact and making sure they represent true value.

Actively managing investments

Our investment approach isn't just set and forget. We're constantly seeking out the best possible opportunities in the Australian and international landscape to maximise investment returns. Thorough research is key in this process. As well as employing a rational, unemotional approach to investment. It means we uncover the most profitable opportunities, all while protecting members' balances. This approach is unconventional in our industry. But it's one we believe helps us outperform the market.

Invest sustainably and responsibly

Considering the environmental and sustainable impacts isn't just for good PR or an industry fad we follow. It's just smart business. With every investment we consider the environmental, social and governance factors including (but not limited to) governance risk, climate change and human capital management. Because long term, these factors can have an impact on our members' outcomes.

Diversify investments

The "don't put all your eggs in one basket" adage still rings true today. Our approach is to spread investments both locally and overseas, across a mix of different assets, so returns don't rely on a single asset or class of assets. Typically, these investments range from listed company shares to unlisted asset classes such as infrastructure, property and private equity along with bonds and cash. Diversification makes good investment sense, because markets and asset classes don't always perform well at the same time. We also diversify our portfolios on many fronts working with members to choose an investment option that suits their age, income and attitude to risk. This diversification approach to investment combined with active management, means we can capture value when markets are rising and helps us limit losses in down markets.

WE HAVE PLENTY MORE TO **SAY**.

Just call us. We're happy to talk through the reasons why we take this approach to investment and why playing the long game is the smartest move for super.

OUR 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 2019.

CASH ENHANCED

INVESTMENT RETURN OBJECTIVE¹

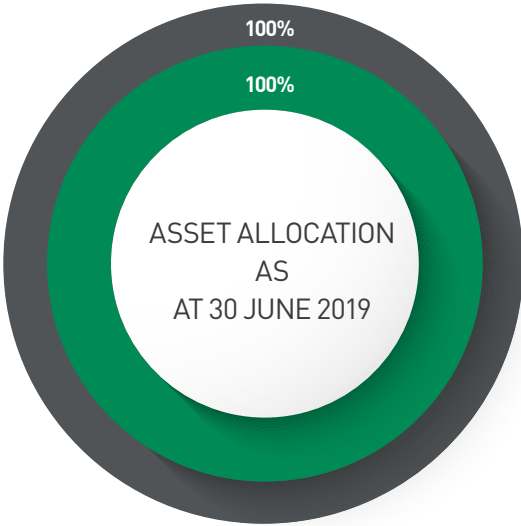
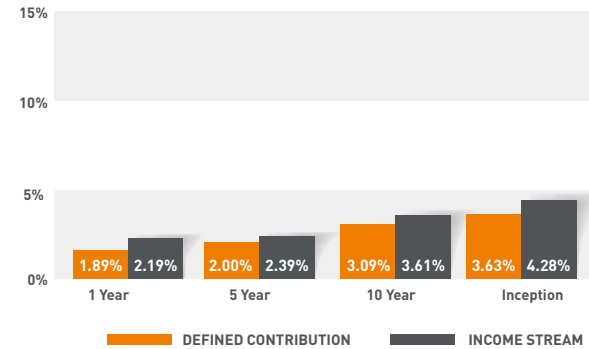
- This option aims to:
- Outperform the Bloomberg AusBond Bank Bill Index over rolling two year periods.²

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

One year

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

RETURNS



STABLE

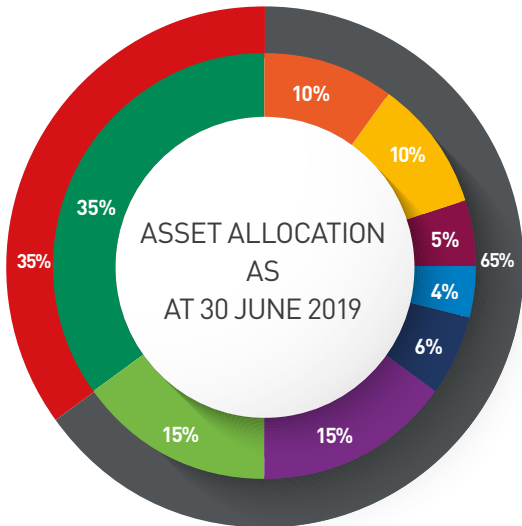
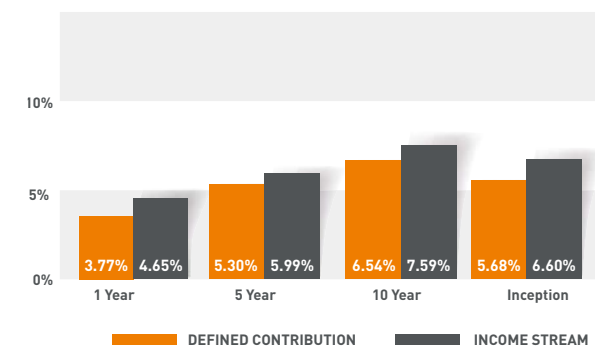
INVESTMENT RETURN OBJECTIVE¹

- 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



FIXED INTEREST

INVESTMENT RETURN OBJECTIVE¹

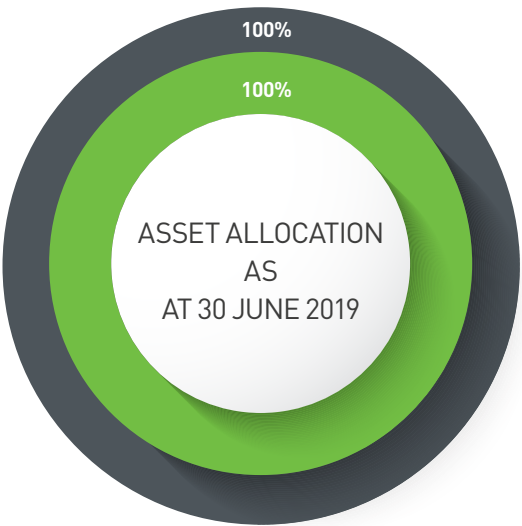
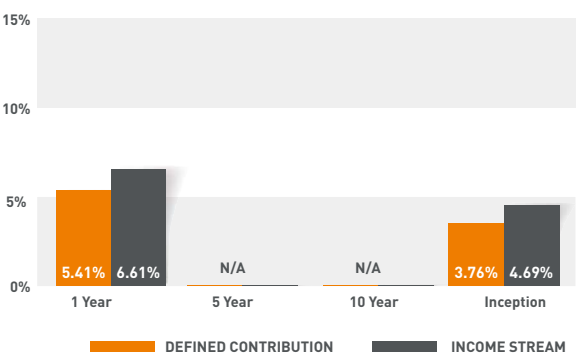
- This option aims to:
- Provide a positive return modestly higher than the Cash Enhanced option; and
 - Outperform the weighted average return from the Bloomberg AusBond Composite Bond Index (50%) and the Barclays Capital Global Aggregate Index (Hedged into Australian dollars) (50%) after tax and fees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

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Three years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

RETURNS



CAPITAL MANAGED

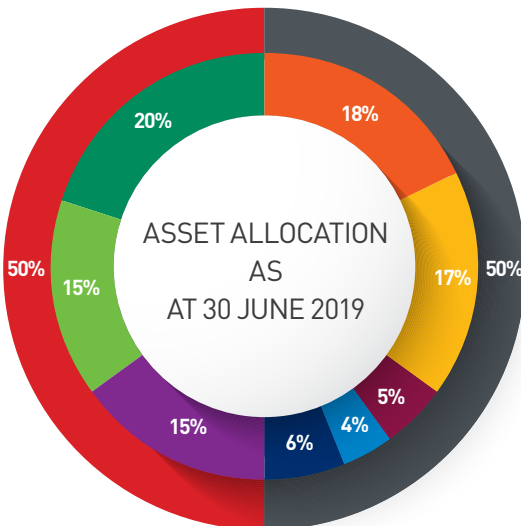
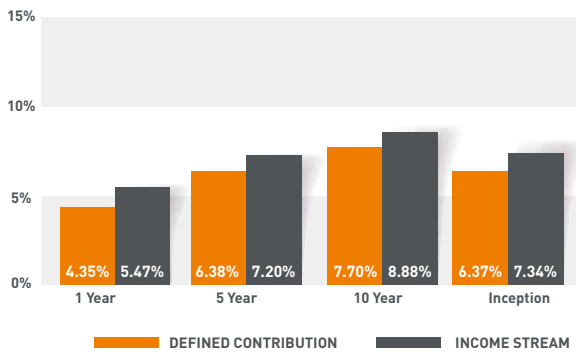
INVESTMENT RETURN OBJECTIVE¹

- 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



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

Past performance is not indicative of future performance

OUR INVESTMENTS

MYSUPER

INVESTMENT RETURN OBJECTIVE¹

This option aims to:

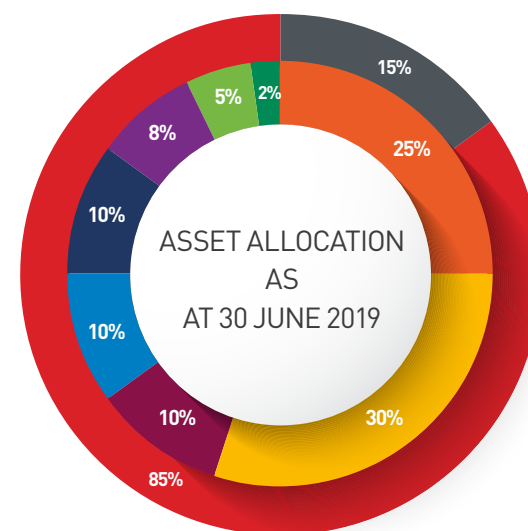
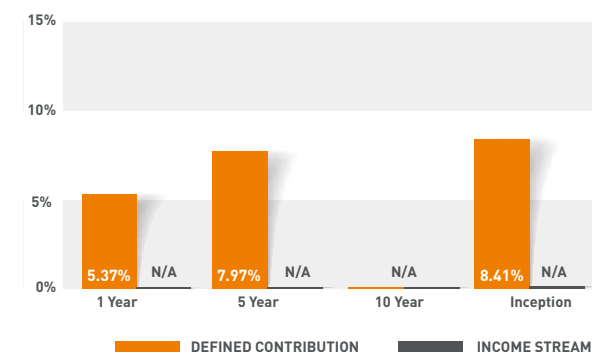
- Provide higher returns, mainly from capital growth, than the Stable and Capital Managed options; and
- Achieve returns (after tax and other costs) over rolling ten year periods of 3% above inflation.²

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Five years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

RETURNS



BALANCED

INVESTMENT RETURN OBJECTIVE¹

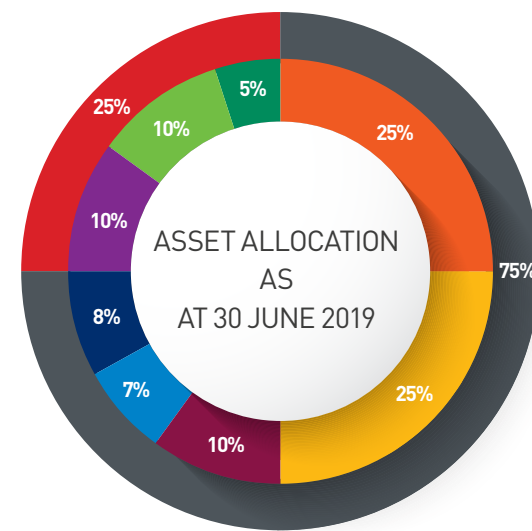
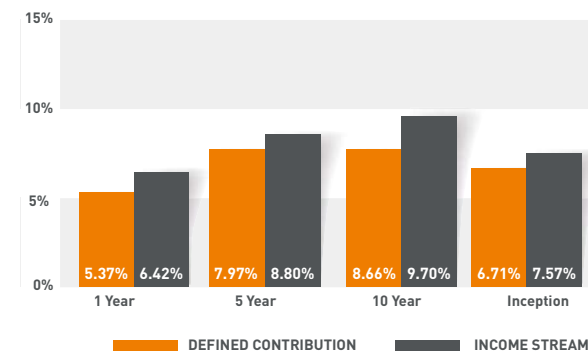
This option aims to:

- 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



INDEXED BALANCED

INVESTMENT RETURN OBJECTIVE¹

This option aims to:

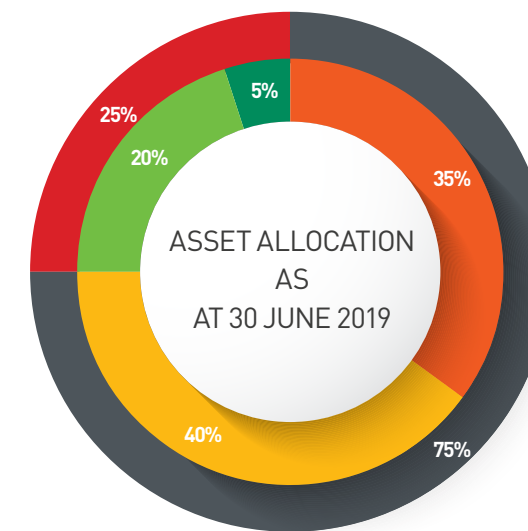
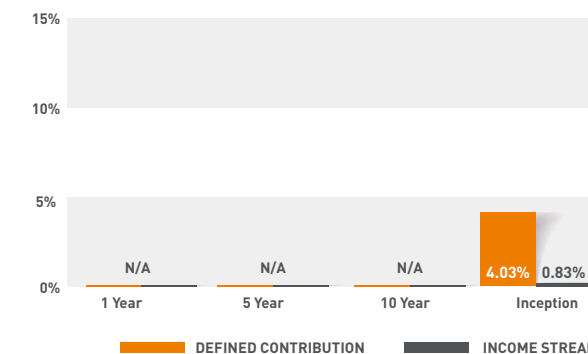
- Provide higher returns, mainly from capital growth, than the Stable and Capital Managed options; and
- Achieve returns (after tax and other costs) over rolling ten year periods of 2.75% above CPI.²

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Five years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

RETURNS



SRI BALANCED

INVESTMENT RETURN OBJECTIVE¹

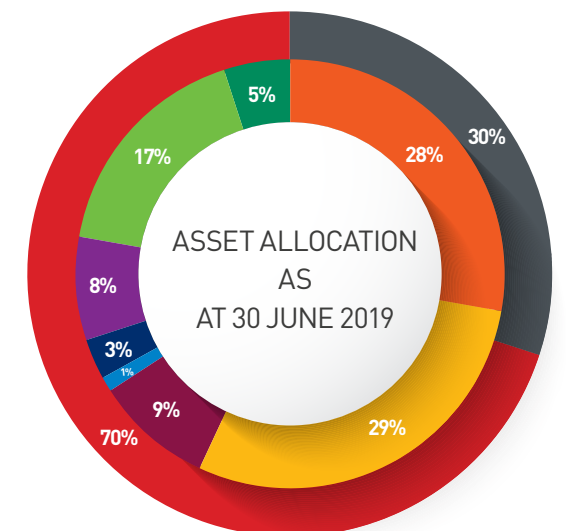
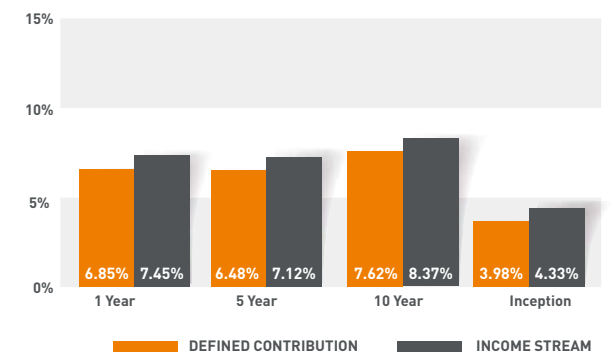
This option aims to:

- 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



● GROWTH ASSET ● Australian Shares ● International ● Property ● Growth Alternatives ● Infrastructure
● DEFENSIVE ASSET ● Defensive Alternatives ● Global Fixed Interest ● Cash Enhanced

● GROWTH ASSET ● Australian Shares ● International ● Property ● Growth Alternatives ● Infrastructure
● DEFENSIVE ASSET ● Defensive Alternatives ● Global Fixed Interest ● Cash Enhanced

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

OUR INVESTMENTS

GROWTH

INVESTMENT RETURN OBJECTIVE¹

This option aims to:

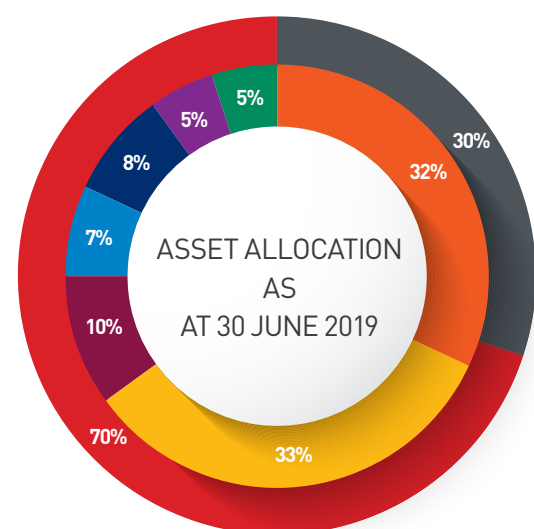
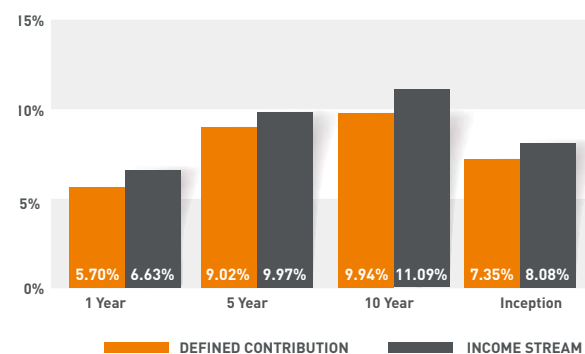
- Provide considerable returns from capital growth; and
- Achieve returns (after tax and other costs) over rolling ten years of 3.5% above inflation.²

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Seven years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

RETURNS



INTERNATIONAL SHARES

INVESTMENT RETURN OBJECTIVE¹

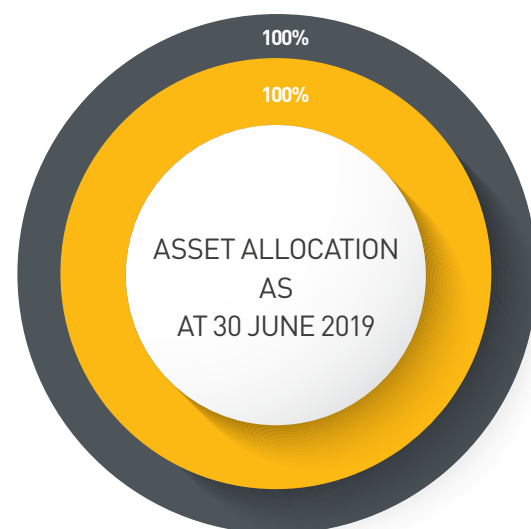
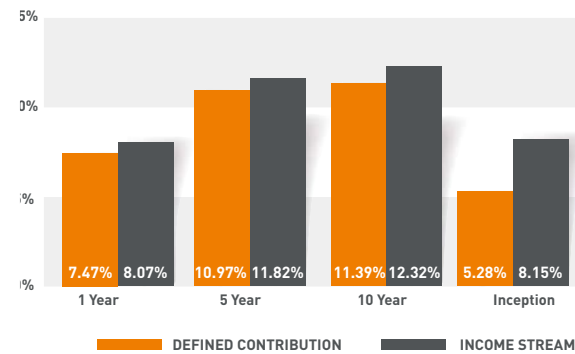
This option aims to:

- 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



AUSTRALIAN SHARES

INVESTMENT RETURN OBJECTIVE¹

This option aims to:

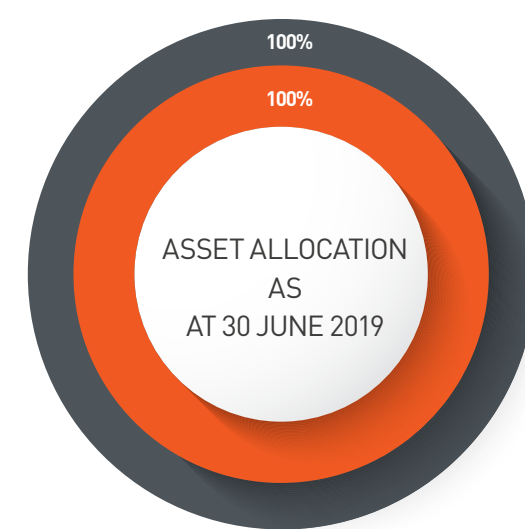
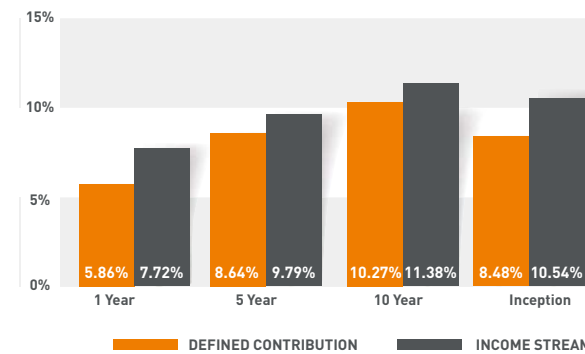
- Provide considerable returns from capital growth; and
- Outperform the S&P/ASX 300 Accumulation Index over rolling five year periods.²

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Ten years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

RETURNS



DEFINED BENEFIT

INVESTMENT RETURN OBJECTIVE¹

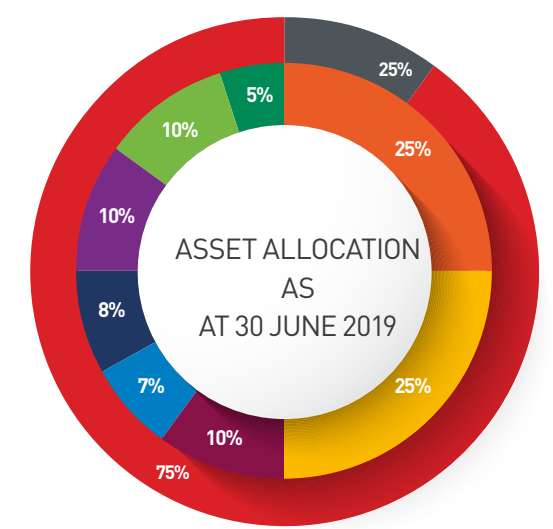
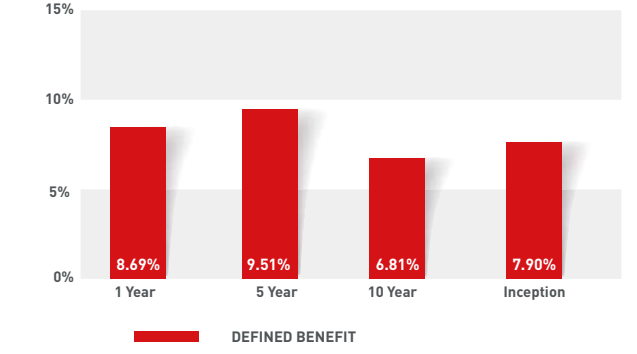
This option aims to:

- 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



● GROWTH ASSET ● Australian Shares ● International ● Property ● Growth Alternatives ● Infrastructure
● DEFENSIVE ASSET ● Defensive Alternatives ● Global Fixed Interest ● Cash Enhanced

● GROWTH ASSET ● Australian Shares ● International ● Property ● Growth Alternatives ● Infrastructure
● DEFENSIVE ASSET ● Defensive Alternatives ● Global Fixed Interest ● Cash Enhanced

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

OUR INVESTMENTS

SMOOTHED RETURN (CLOSED TO NEW MEMBERS)

INVESTMENT RETURN OBJECTIVE¹

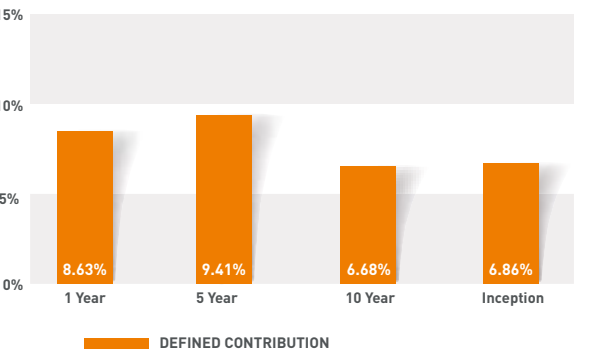
- This option aims to:
- Provide a return similar to the Balanced investment option but smoothed by movements to and from the reserve; and
 - Achieve returns (after tax and other costs) over rolling ten year periods of 2% above inflation².

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Five years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH

RETURNS



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)

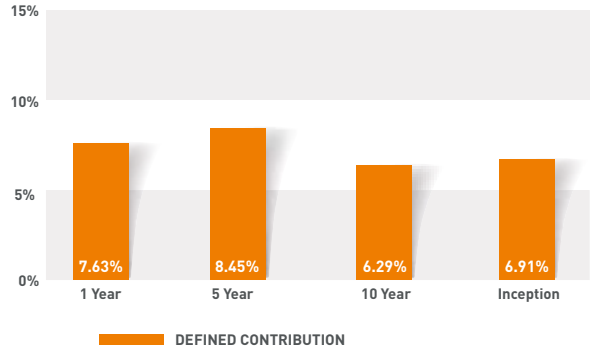
INVESTMENT RETURN OBJECTIVE¹

- 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 ten year periods of 2% above inflation².

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Five years

RISK LEVEL³ LOW 1 2 3 4 5 6 7 HIGH



IMPORTANT INFORMATION

This investment option has been made available to some employees of some employers with agreement of the Board. Only post-tax 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.

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 members to compare investment options across different super funds.

The SRM does not take into account all forms of investment risk and members should ensure they understand and feel comfortable with both the risks and potential volatility associated with the investment option(s) they've chosen.

Find out more about how the SRM is calculated in the Energy Super *Investment* Guide available at energysuper.com.au

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 2018-19 financial year.

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
Past performance is not indicative of future performance

WHO MANAGES OUR MEMBERS’ 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.

ASSET CLASS	INVESTMENT MANAGERS	INVESTMENT PRODUCTS	2019 %
GROWTH ASSETS			
Australian Shares An investment in part of a company listed on the Australian share market.	Channel Capital	Discovery Australian Small Companies Fund	0.66%
	Dalton Nicol Reid	High Conviction Portfolio	6.03%
	Fidante Partners Limited	Greencape Capital Mandate	4.03%
	Hyperion	Hyperion Mandate	4.06%
	Legg Mason Asset Management	Legg Mason Value Mandate	4.25%
International Shares An investment in part of a company listed on an overseas share market.	Bell Asset Management	Global Small & Mid Cap	2.00%
	Harding Loevner	Global Equities Mandate	3.94%
	Longview Partners	Global Equities Mandate	5.53%
	Macquarie Investment Management	Macquarie True Index International Equities Fund	0.04%
	Neuberger Berman	Global Emerging Markets Equity Trust	2.14%
	Sands Capital	Global Equities Mandate	4.38%
	Schroders Investment Management	Global Enhanced Index Fund	7.54%
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.	Invesco	Invesco US Core Property Fund	1.11%
	LaSalle Investment Management	LaSalle Club Investment	0.03%
	Morgan Stanley Investment Management	US Real Estate Investment Trusts (REITs) - Best Ideas Portfolio	0.83%
	QIC	QIC Property Fund	6.15%
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.	Gardior / Macquarie Infrastructure and Real Assets	The Infrastructure Fund	3.64%
	Macquarie Infrastructure and Real Assets	Global Infrastructure Fund III	0.34%
	Maple Brown Abbott	Global Listed Infrastructure Mandate	1.14%
	QIC	QIC Global Infrastructure Fund	0.68%
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.	QIC Infrastructure Portfolio		
	Blackrock	Black Rock Style Advantage Fund	2.19%
	Franklin Templeton	Franklin Asian Real Estate (Feeder) Fund	0.06%
	Gardior	Gardior (Private Capital Group)	0.02%
	Hamilton Lane	Hamilton Lane CoInvestment Fund II L.P.	0.39%

ASSET CLASS	INVESTMENT MANAGERS	INVESTMENT PRODUCTS	2019 %
	HarbourVest Partners	Harbourvest Dover Street VII	1.42%
		Harbourvest Co-Invest 4	
		Harbourvest Co-Invest V	
		Enervest LLC SMA	
	Industry Super Holdings	Industry Super Holdings	0.25%
	Lexington Partners	Lexington Capital Partners VI-B LP	0.04%
	Pantheon Ventures	Pantheon Global Secondary Fund II	0.02%
	QIC	QIC Liquid Alternatives Fund	0.53%
	ROC Partners	ROC Alternative Investment Trust No. 3	0.07%
		ROC Alternative Investment Trust No. 4	
	Russell Investment Management	Russell Global Property Fund 1	0.13%
	Siguler Guff & Company	Siguler Guff Distressed Opportunity Fund III	0.19%
		Siguler Guff Distressed Opportunity Fund IV	
Stafford Private Equity	Stafford Private Equity 2 Fund	0.09%	
	Stafford Private Equity 4 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).	BNP Paribas	BNP Paribas V350	3.25%
	Loomis Sayles	Loomis Sayles Credit Opportunities Fund	4.29%
	Payden and Rygel	Payden Global Income Opportunities Fund	2.49%
	QIC	QIC Government Office Fund	1.47%
Global Fixed Interest Investments in high quality “Global Fixed Interest Securities” including government bonds, corporate securities/ bonds, “Mortgage-Backed Securities”, “Macro Strategies”, and “Credit Security Strategies”. Note that this includes bonds and other securities issued in Australia or denominated in Australian Dollars.	Janus Henderson	Janus Henderson Tactical Income Fund	3.29%
		Janus Henderson Australian Fixed Interest Fund	
	Macquarie Investment Management	Macquarie True Index Australian Fixed Interest Fund	0.02%
		Macquarie Index Tracking Global Bond Fund	
	PIMCO	Global Bond Fund	3.44%
ME Bank	Super Loans Trust	0.01%	
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.	Colonial First State Global Asset Management	CFS Cash mandate	5.08%
	ESI Financial Services Pty Ltd	Energy Super Cash Enhanced	6.14%
OTHERS			
Socially Responsible	AMP Capital Investors Ltd	Responsible Investment Leaders Balanced Fund	0.41%
Overlay and Transition Accounts			0.44%
ASSETS AT 30 JUNE		\$7,834,000,000	100%

WHAT OUR MEMBERS ARE 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, and is still the only find to disclose our whole portfolio. 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.

TOP 20 HOLDINGS (AS AT 30 JUNE 2019)			
SECURITY NAME (AUSTRALIAN EQUITIES)	% of Fund	SECURITY NAME (INTERNATIONAL EQUITIES)	% of Fund
BHP GROUP	1.47%	ALPHABET INC	0.40%
COMMONWEALTH BANK OF AUSTRALIA	1.14%	AMAZON INC	0.38%
NATIONAL AUSTRALIA BANK	1.10%	ALIBABA GROUP HOLDING	0.31%
CSL LIMITED	0.93%	WELLS FARGO & CO	0.30%
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	0.86%	VISA INCORPORATED	0.30%
MACQUARIE GROUP LTD	0.84%	ORACLE CORP	0.28%
REA GROUP LTD ORD F/PD	0.84%	UNITED HEALTH GROUP	0.27%
WESTPAC BANKING CORPORATIONORD F/PD SHARES	0.79%	CHARTER COMMUNICATIONS	0.25%
BRAMBLES LIMITED ORDINARY FULLY PAID	0.72%	HENRY SCHEIN INC	0.25%
SEEK LIMITED	0.59%	NIKE INC	0.25%
WOOLWORTHS GROUP LIMITED	0.56%	HCA HEALTHCARE INC	0.25%
RIO TINTO LTD	0.52%	EMERSON ELECTRIC	0.25%
WOODSIDE PETROLEUM LIMITED	0.51%	WILLIS TOWERS WATSON PLC	0.25%
ARISTOCRAT LEISURE LTD	0.49%	COMPASS GROUP PLC	0.25%
TELSTRA CORPORATION LTD	0.48%	TENCENT HOLDINGS LTD	0.25%
JAMES HARDIE INDUSTRIES PLC CDI	0.48%	AON PLC	0.24%
COCHLEAR LTD	0.46%	PARKER HANNIFIN CORPORATION	0.24%
LENDLEASE GROUP	0.43%	ALLERGAN PLC	0.24%
WESFARMERS LIMITED ORD FULLY PAID SHARES	0.43%	CONTINENTAL AG	0.23%
IRESS LTD	0.36%	MICROSOFT CORP	0.23%

RESPONSIBLE INVESTING

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ISSUES

The Board acknowledges that ESG issues have the ability to impact on 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.

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 and ongoing monitoring (or reviews) of the Fund’s investment managers through:

- Obtaining (and reviewing) each investment manager’s ESG, sustainability or Responsible Investment 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

Climate change risk forms a subset of Environmental Factor Risks, and 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), which provides a strong, collective voice on ESG issues on behalf of members and supports the Fund with their Proxy Voting Policy.

SOCIAL RESPONSIBILITY – SRI BALANCED OPTION

Our 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.



Image sourced from QIC

ABOUT ROBINA TOWN CENTRE

Robina Town Centre is located in South East Queensland, and is visited by 13.4 million customers each year. Robina Town Centre is held by QIC Property Fund (QPF) of which Energy Super's holdings are 5.2%.

It has 145,000 square metres of floor space, and features a world-class tenancy mix of more than 400 retailers including David Jones, Myer, Sephora, Apple, Nespresso, Big W, Target, Kmart, Coles, two Woolworths supermarkets, Event Cinemas as well as food precincts, The Kitchens and the Promenade Lakeside Dining.

The Centre has remained at the heart of the Robina community for over 20 years. It's valued at **\$1.94 billion**¹ and has an annual turnover of **\$797.9 million**.

Key developments at the Centre include:

- The Promenade (2009) – the Centre's lakeside dining and entertainment precinct with 13 lakeside restaurants, an 11 screen Event Cinema complex, and two fully equipped gyms all embracing the relaxed Gold Coast lifestyle.
- The Kitchens (2016) – an Australian-first experimental culinary precinct that celebrates fresh local produce, providores and vendors, uniting the community through a shared love of food.
- The Central Malls (2018) – a stunning space that not only offers a range of world-class retail but provides a seamless connection between The Kitchens and the rest of the Centre.

¹As at 30 June 2019

SUSTAINABILITY AT ROBINA

A focus on sustainability, including recycling, responsible waste management and other efficiencies, underpins the operation of Robina Town Centre.

Most recently the Centre installed an innovative Building Management System that optimises energy and cost efficiency by collating, interrogating and monitoring data from complex and energy-intensive equipment such as chillers, boilers, air-handling units, fan coil units and cooling towers. In the initial six-month trial of this platform¹, the Centre delivered more than a 15% reduction in energy consumption, the lowest rate in four years, despite the addition of 15,000 square metres of floor space. Around \$18,000 in maintenance savings were achieved via the identification of over 200 faults in real time.

The core focus on everyday sustainable practices is also visible in The Kitchens. Robina Town Centre's partnership with Gold Coast City Council saw The Kitchens become the first food precinct in Australia to establish an organic waste recycling program, which not only contributed to a 200% increase in recycling Centre-wide but captured over 168 tonnes of organic waste for compost instead of landfill in the two years after opening. Similarly, a collaboration between all retailers operating within The Kitchens allowed the establishment of a bespoke, environmentally-conscious shared tableware program that has resulted in a significant reduction in water and energy usage and waste from packaging and disposable dinnerware.

These initiatives have also inspired the establishment of other recycling programs implemented Centre-wide, including:

- An oil recycling program in which waste oil is collected by an external company for reprocessing and reuse, with over 11,100 litres collected¹.
- The installation of rainwater tanks which have captured more than 2.3KL of rainwater for reuse, covering more than 80% of the water needed by the Centre for bathrooms, irrigation and external cleaning².

In another win for the local environment, more than five tonnes of nutrient dense and flavourful honey have been collected via the 36 beehives, home to one million bees, located at Robina Town Centre. Foraging for pollen and nectars as far as Merrimac in the north and Burleigh Heads in the south, these bees have substantially increased local pollination rates, encouraging growth of crops for local backyard farmers and growers. Everything harvested from the hives is processed, extracted and bottled naturally at The Kitchens Cooking Stage. This honey is supplied directly to tenants for use in food preparation, and surplus honey is bottled for sales at The Kitchens.

¹Trial period from 30 June 2018 to 31 December 2018.

²As at 30 June 2018



Image sourced from Robina Town Centre

PROXY VOTING APPROACH

OUR VOTING POLICY

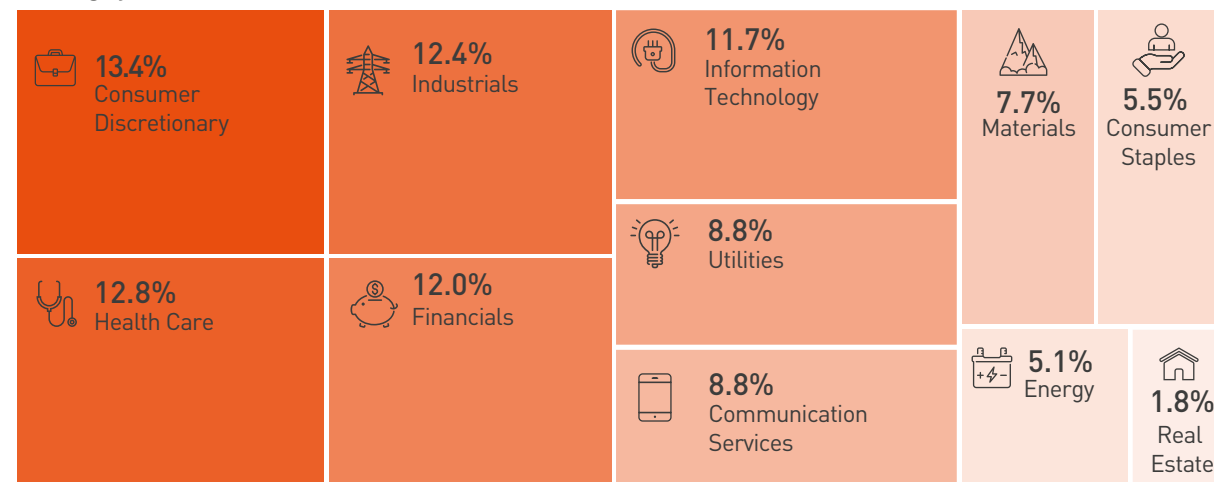
We believe that corporate governance is a pivotal component driving the performance of listed companies, and as such we have a responsibility to represent our members' best interests when responding to corporate actions that arise from our investments. For all pooled trust investments, we may influence 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 At energysuper.com.au/proxy

Voting Statistics

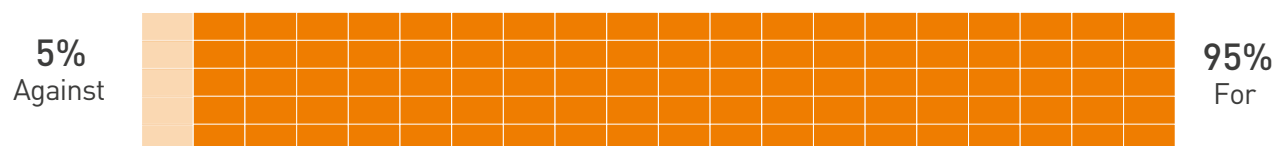
Across 2,795 unique proposals available to vote, we voted 2,660 for which 42 proposals were voted in varying ways for the same meeting agenda item.

Meeting by Sector



The sector with the highest number of meetings held during the period was Consumer Discretionary with 37 meetings, while Real Estate was the lowest with 5 meetings.

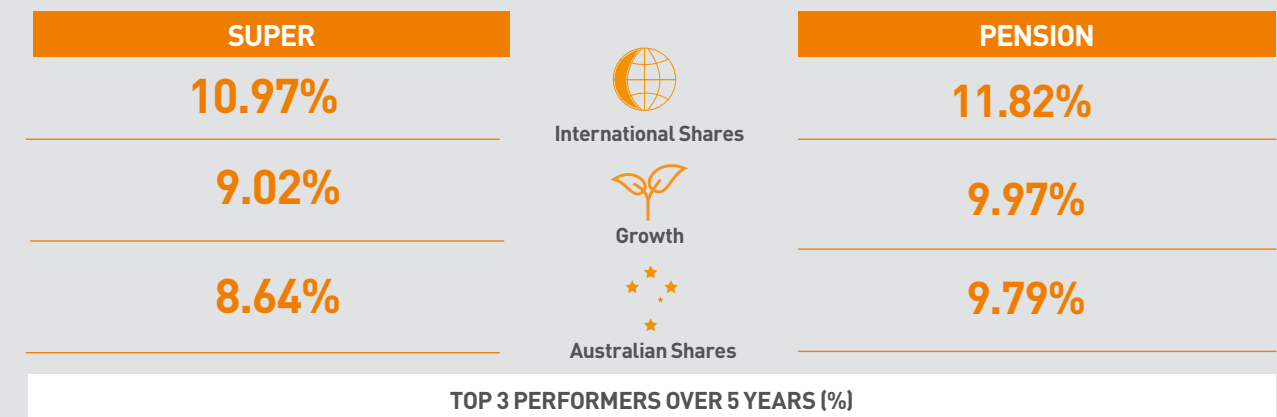
Alignment with company recommendations



Votes cast were in line company recommendations 95% of the time, with 5% contrary to management recommendations.

FUND PERFORMANCE

The quick snapshot of Fund performance over five years shows that the top three performers are International Shares, Growth and Australian Shares. Our International Shares option delivered the strongest returns. If you'd like to know more about fund performance there are specific details for each investment options provided on page 60-66 of this report.



HOW INVESTMENT RETURNS ARE CALCULATED

UNIT PRICING

Previously, Energy Super used crediting rates to determine a member's investment value in their super account. On 11 May 2019, we moved from crediting rates to unitisation to show members' investments value and the change in value over time.

The Energy Super Board is adopting the same methodology to align Defined Contribution super accounts with our Income Stream accounts. Daily unit pricing is a more efficient way of valuing investments. Unitisation also results in other administration benefits, such as:

- More timely production of member statements.
- Simpler to switch between investment options because the value of the investment is available in closer to real time.
- Easier to compare earnings between our super and income stream investments.

Unitisation is the method adopted by many super funds and investment trusts when valuing assets.

Unit prices are calculated daily and reflect the value of each option's assets for that day, less tax and other management costs.

A member can work out the value of their super by multiplying the number of units they 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.

The latest unit prices are available on our website at **energysuper.com.au**

DEFINED BENEFIT

The Defined Benefit investment pool return 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 unit pricing policy may be changed from time to time.

SMOOTHED RETURN

The Smoothed Return investment option return 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 return may be lower than actual earnings. Conversely, in years where investment performance is lower, the return may be higher than actual earning.

By smoothing the return, 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.

0.7

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

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



SCOTT WILSON
MEMBER REPRESENTATIVE
(CHAIRMAN)

Appointed: 01/12/2011

Nominated by:
Electrical Trades Union (ETU)

Qualifications: Electrical Fitter Mechanic, ACA Cabling Licence Dip OHS, Cert IV TAA, RG146 for Superannuation, GAIST.

Scott is Energy Super's longest serving Director. He's currently the Chair of the Board 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 Responsible Superannuation Entity (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.



RICHARD FLANAGAN
EMPLOYER REPRESENTATIVE
(DEPUTY CHAIR)

Appointed: 23/02/2016

Nominated by:
Master Electricians Australia

Qualifications: Certificate IV Trainer, Electrical Contractors Licence, Advanced Electronics, Electrical Fitter Mechanic

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

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 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.

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 TRILL
MEMBER REPRESENTATIVE

Appointed: 28/02/2017

Nominated by:
Electrical Trade Union (ETU)

Qualifications: Diploma of Arts, Diploma of Superannuation, RG146 for Superannuation, 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. She complements the Board by providing expertise in industrial relations, member advocacy and member knowledge.

She has Responsible Superannuation Entity (RSE) governance and risk management skills through AIST's Trustee Director training course and has previously been a Member of AustralianSuper'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 focused 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, GAICD.

Teresa is a professional Non-Executive Director with an extensive portfolio of Board positions.

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.

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.

OUR BOARD



PETER ONG
MEMBER REPRESENTATIVE

Appointed: 01/04/2018

Nominated by:
Electrical Trades Union (ETU)

Qualifications: GAICD, Electrical Fitter Mechanic ,GAIST

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 ,GAIST

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. 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.



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 firms 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.

His finance roles have also provided an understanding of insurance, superannuation and digital delivery requirements.

BOARD GOVERNANCE

CODE OF CONDUCT

The Board seeks to act ethically while 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;
- **Acting 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;
- **Acting impartially:** dealing fairly with all classes of beneficiaries and all beneficiaries within a class;
- **Appropriate 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;
- **Complying** with all Fund governance policies;
- **Maintaining confidentiality:** of all information received by Directors.

BOARD NOMINATION AND REVIEW

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.

Each year, consistent with the prudential requirements of the Australian Prudential Regulation Authority (APRA) and good governance practice, the Board participates in an independent evaluation of Board and individual Director performances.

An external provider is engaged to evaluate the Board’s performance relative to its objectives as well as the performance of individual Directors. The evaluation focuses on areas such as governance, risk management, skills and competencies, and management relations.

Using the High Performance Board Model, the provider gathers data using a confidential online questionnaire that all Directors and key members of the executive management team are asked to complete. The intention is to identify strengths and gaps, and to set a baseline from which to measure future competence and performance in relation to the Board’s strategic objectives.

Board documentation such as meeting minutes and agendas, reports, policies, frameworks and strategic plans are also reviewed.

Each Director and nominated executive manager is then interviewed to understand and clarify the questionnaire findings. Directors are also required to complete a competency/skills assessment on:

- Industry knowledge and experience
- Technical skills and experience
- Governance competencies and Board experience
- Behavioural attributes contributing to teamwork and key stakeholder liaison.

Finally, members of each individual Board committee are asked to complete a questionnaire to determine how each committee is performing.

Following its analysis of the data, the provider presents the results to the Board and facilitates a discussion to determine the outcomes. The agreed outcomes and action timeframes are then incorporated within a Governance Roadmap, which is implemented by the Fund Secretary and monitored by the Board.

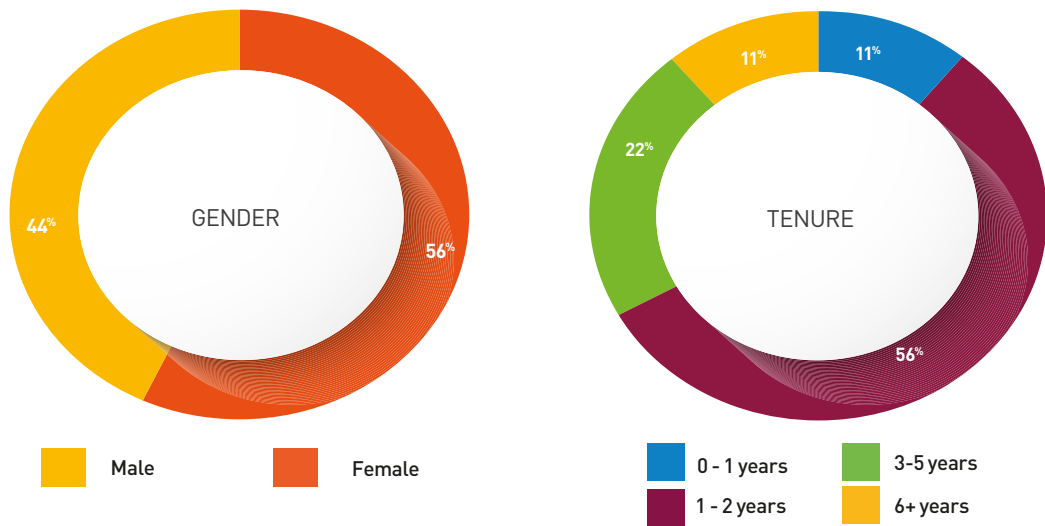
* From 1 July 2019 the skills and knowledge areas have changed to five: RSE Governance and Risk Management, Investments, Finance and Audit, Strategy and People, Culture and Remuneration.

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.

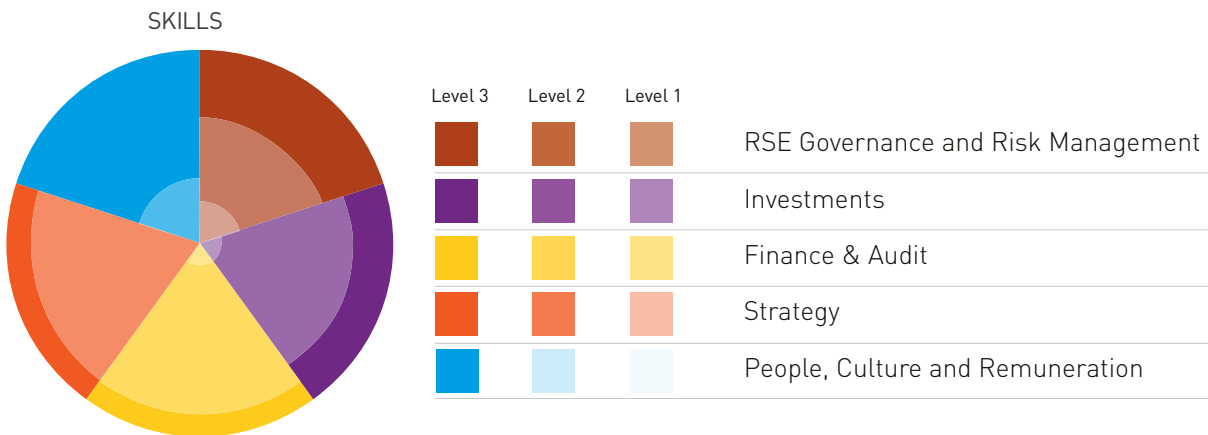
Gender balance is important in every aspect of society, and it exists on our Board, as you can see in the graph below.

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.



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 helps 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.



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.

BOARD COMMITTEES

AUDIT, COMPLIANCE AND RISK COMMITTEE

Energy Super has an established governance and risk framework 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 2018-2019 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.

Chair: Teresa Dyson

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

INSURANCE AND CLAIMS COMMITTEE

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

- Ensuring there is in place an effective Insurance 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.

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.

Chair: Christine Maher

Members: Richard Flanagan, Scott Wilson and Sarah Zeljko.

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.

Chair: Sarah Zeljko

Members: Armand Mahne, Richard Flanagan, Neisha Traill, Scott Wilson



Phil Graham
Specialist Investment
Committee Member

Phil has been appointed by the Board as a Specialist Committee Member of the Investment Committee, having extensive experience in investment management, financial markets and economic policy. He has vast experience across asset allocation (both strategic and dynamic), portfolio construction and manager selection across a broad range of sectors.

Phil has worked as an economist in economic policy with the Reserve Bank of Australia, and in business with the ANZ Banking Group for a total of 18 years. Phil then transitioned into investment management in 1999, and worked with the Queensland Investment Corporation and Access Capital Advisors before joining Mercer in 2007, where he was Senior Portfolio Strategist and Deputy Chief Investment Officer until August 2018.

Phil has most recently been involved with the CFA Institute. He is a past-President of the CFA Society of Melbourne, and is currently the Presidents Council Representative for the CFA Asia Pacific North and Oceania region. Previously he was active in the Economic Society of Australia (Victorian Branch) and lectured for the Securities Institute of Australasia (now FINSIA).

Phil's academic qualifications include a Bachelor of Arts (Economics) with Honours from Macquarie University, a Masters of Commerce (Finance) with Honours from the University of Melbourne and the CFA (Chartered Financial Analyst) qualification.

*Resigned August 2019

MEETING ATTENDANCE 2018-19

*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	16	16			9	8	1	1	5	5	9	5
Richard Flanagan	16	14	5	4	9	6			5	4	9	7
Neisha Traill	16	16			4	4	1	1			9	8
Christine Maher	16	16	5	4					5	5	9	9
Teresa Dyson	16	15	5	4	5	3						
Jennifer Thomas	16	16	5	3			1	1				
Sarah Zeljko	16	15			9	8			5	5		
Peter Ong	16	11									9	7
Armand Mahne	16	16	5	5	9	9	1	0				



David O'Donnell
Winner of the AIST Rising Star Award 2019

HOW THE FUND IS GOVERNED

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 2019, 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;and
- 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 2018-19 year.

However, in July 2019, a number of minor Trust Deed amendments were approved after the Trustee Board’s annual review to remove the requirement to appoint a Fund Secretary to allow greater flexibility in the engagement of officers; update the Operational Risk Financial Reserve provisions to align with APRA terminology; allow greater flexibility in how the Trustee complies with the MySuper rules; expressly provide for income protection benefits to be offered to personal members and retained members; and provide for surplus in an employer’s defined

benefit reserve to be paid to the employer, in accordance with the procedure prescribed in the SIS Act.

Our Trust Deed is available 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.

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.

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.

The Trustee Board is committed to an organisational culture that promotes elevating the best interests of members as paramount in everything we do.

A healthy and effective risk culture is essential to this, and supports our ultimate goal of partnering with members to protect their current income and help them reach their retirement income goals by providing value for money products and services.

To achieve this, the Risk Management Framework embeds a sound risk culture in which material risks that could adversely impact the Fund’s members or their beneficiaries are prudently and soundly managed.

Key to this is ensuring that risk is an important aspect of the role of all Energy Super staff, not just the Trustee Board and the Risk and Compliance team. Further, beneficiary interests are the key consideration in determining the appropriate risk appetite of the Fund.

During 2018–19, the Trustee Board continued to recognise the importance of fostering and maintaining a culture that facilitates the Trustee’s strategic goals and management of risks.

The Trustee Board and Executive Management team has focused on enhancing the Fund’s reporting framework to ensure the Trustee Board, its Committees and Executive Management team receive reporting which includes insights and trends (such as those gained from reporting on instances of member complaints, incidents, employee engagement survey outcomes and member satisfaction results). With these insights utilised as early indicators of cultural change within the organisation.

ENSURING FINANCIAL INTEGRITY

The Trustee Board has a Financial Management Framework and a number of underlying policies that support the integrity of the Fund and Trustee. The Trustee Board and its Audit, Risk and Compliance Committee are responsible for the regular review and monitoring of the Framework.

The Framework is in place to ensure:

- Assets, income and financial records of the two entities (Trustee and Fund) remain separate;
- Fund assets, income and liabilities (including tax liabilities) attributable to various sub-plans, investment options and any reserves are clearly identifiable and appropriately recorded;

- Procedures are in place to ensure that transactions are properly authorised, and are undertaken on an arm’s-length basis; and
- Financial records are subject to independent validation.

Both the Fund’s and the Trustee’s annual financial reports (containing the Audited Accounts), and the Fund’s independent Actuarial Report, are publicly available at energysuper.com.au/why-join-us/about-our-fund/fund-governance. A summary of the Fund’s Audited Accounts is also provided in this Annual Report on page 94.



TERESA DYSON
Chair, Audit Compliance and Risk Committee

SERVICE PROVIDERS

We outsource a range of specialist activities to various service providers. All outsourcing arrangements are subject to appropriate due diligence and approval. 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) Effective from 24th September 2018 our administrator is now Australian Administration Services (AAS) Pty Ltd (ABN 62 003 429 114)
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 68.

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 business, teams and individuals.

EXECUTIVE TEAM

Executive remuneration is designed to attract, motivate and retain high-performing individuals. It’s 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.

	SHORT TERM EMPLOYEE BENEFITS \$				POST EMPLOYMENT BENEFITS \$	
Year ended 30 June 2019	Fees & Salary incl. short term leave	Expense allowance	Short Term Incentive	Non-monetary Benefits	Super	Insurance
Petrou, Robyn	373,227	-	45,151	14,370	25,000	447
Hagen, Phillip	211,348	-	26,174	7,980	24,296	447
Wan Lum, Kevin^	62,500	-	-	243	5,938	86
Graus, William*	147,517	-	-	312	11,011	292
Beal, David**	197,588	-	-	7,185	18,787	412
Abbott, Michael	199,143	-	19,518	14,325	26,664	447
Kay, Lisa	198,232	-	14,139	13,725	21,820	-
Simpson, Katie	200,000	-	-	11,723	19,000	447
Marteene, Sean#	160,769	-	21,090	1,032	17,277	378

^Mr Wan Lum commenced on 17 April 2019. *Mr Graus resigned on 22 February 2019 **Mr Beal resigned on 31 May 2019. #Mr Marteene commenced on 20 August 2018.

	SHORT TERM EMPLOYEE BENEFITS \$				POST EMPLOYMENT BENEFITS \$	
Year ended 30 June 2018	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

* Mr McCarthy resigned on 16 March 2018. ** Ms Simpson commenced on 16 April 2018.

BOARD

	SHORT TERM EMPLOYEE BENEFITS				POST EMPLOYMENT BENEFITS	
Year ended 30 June 2019	Fees & Salary incl. short term leave	Expense allowance	Short Term Incentive	Non-monetary	Super	Insurance
Maher, Christine	51,221	2,706	-	540	4,866	-
Wilson, Scott	85,215	2,706	-	480	8,905	-
Flanagan, Richard	57,756	2,706	-	480	5,487	-
Dyson, Teresa	51,221	2,706	-	480	4,866	-
Zeljko, Sarah	51,221	2,706	-	480	4,866	-
Traill, Neisha*	56,052	2,706	-	540	-	-
Thomas, Jennifer^	56,069	2,706	-	480	-	-
Ong, Peter*	56,052	2,706	-	480	-	-
Mahne, Armand	-	-	-	-	-	-

	SHORT TERM EMPLOYEE BENEFITS				POST EMPLOYMENT BENEFITS	
Year ended 30 June 2018	Fees & Salary incl. short term leave	Expense allowance	Short Term Incentive	Non-monetary	Super	Insurance
Maher, Christine	50,711	2,679	-	792	4,818	-
Williamson, Mark	50,513	2,679	-	594	4,799	-
Wilson, Scott	69,639	2,679	-	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	-	-	-	-	-	-

*Remuneration paid to Communications Electrical Plumbing Union (CEPU) Electrical Division and Electrical Trades Union of Employees Qld (from 1 October 2017).

^Remuneration paid to The Services Union.

#Remuneration paid to the Australian Services Union.

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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.



Marcus - Energy Super member

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 members maximise their retirement savings. So how do we prove that commitment? By showing members 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 2019 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 may apply 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.
- 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 the member's insurance cover.

Fee cap on \$500,000 accounts

Energy Super members who have \$500k or more in their account at 30 June 2019, have their indirect 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.

*The fee cap for Accumulation members and spouses with a linked account with balances of \$500k and above has dropped from \$1,100 to \$900 from 1 October 2019.

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 unit prices:

- Indirect costs of a member's investment (indirect administration fees and investment costs not included in the investment fee);
- Other fees of a member's 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 a member's benefits, such as administration fees, indirect costs, investment fees and investment earnings tax, before we work out the net effective earning rate. If a member has made additional contributions or has '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're credited to members' accounts.

Reducing our fees for members

We've made changes over the past few years to streamline our fund and they're starting to pay dividends, giving us the ability to reduce our fees.

Since 1 October 2019, our members who have an Accumulation super account with us have enjoyed a reduction to their asset-based fee.

The Fund's indirect administration fee has gone from 0.22% of account balances to 0.18%. Assuming a member has an account balance of \$50,000, the fee has reduced from \$162 to \$142. The \$1 a week administration fee remains unchanged.

This is the first change in our fee structure since Energy Super was formed in 2011. And it's come about because of the savings we've been able to make within the Fund to operate more efficiently and effectively.

Partnering with a new administration service provider 12 months ago has played a big part in this. As has our rationalisation of technology, business transformation projects and other cost saving initiatives.

As an industry fund focused on our members, we're pleased to pass this fee reduction on to members. Lower fees means more super for members.

INVESTMENT OPTION INDIRECT FEES AND COSTS (AS AT 30 JUNE 2019)					
Investment option	Administration fee^	Investment Fee		Indirect Cost Ratio	Total indirect fees*
		Base amount#	Performance based#		
MySuper (default)	0.22%	0.27%	0.08%	0.39%	0.96%
Cash Enhanced	0.22%	0.10%	0.00%	0.02%	0.34%
Stable	0.22%	0.18%	0.04%	0.28%	0.72%
Fixed Interest	0.22%	0.14%	0.00%	0.13%	0.49%
Capital Managed	0.22%	0.21%	0.05%	0.31%	0.79%
Balanced	0.22%	0.27%	0.07%	0.36%	0.92%
Indexed Balanced	0.22%	0.06%	0.00%	0.00%	0.28%
SRI Balanced	0.22%	0.06%	0.00%	1.03%	1.31%
Growth	0.22%	0.29%	0.08%	0.35%	0.94%
International Shares	0.22%	0.30%	0.20%	0.12%	0.84%
Australian Shares	0.22%	0.34%	0.01%	0.11%	0.68%
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%	1.06%

^In addition, an administration fee of \$1 per week is deducted from a member's 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 a member's 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.

For Defined Benefit members, any surcharge amount that was paid to the ATO on a member's behalf is offset against their 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 the member's benefit at the time it is paid.

If a member had sufficient funds in their Defined Contribution account to pay the surcharge, or if they make additional contributions or roll in other super benefits, the member can request to have this debt cleared at any time. Alternatively, they can elect to transfer to a Defined Contribution account.

OFFSETTING A SURCHARGE LIABILITY

A member 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 their Surcharge Offset Account. The member's Annual Statement will show any surcharge assessments that were received during the financial year.

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019		
	2019 \$'000	2018 \$'000
INVESTMENTS		
Cash and cash equivalents	540,611	648,760
Units in unlisted unit trusts and mandates	6,998,027	6,608,543
Shares in unlisted entities	187,429	159,615
Derivative financial assets	-	-
	7,726,067	7,416,918
RECEIVABLES		
Income tax receivable	22,702	-
Trade and other receivables	187,747	106,073
	210,449	106,073
OTHER ASSETS		
Other assets	1,133	937
Plant and equipment	786	1,185
	1,919	2,122
TOTAL ASSETS	7,938,435	7,525,113
LIABILITIES		
Trade and other payables	11,567	13,470
Benefits payable	-	3,975
Current tax liability	-	3,355
Provisions	204	204
Deferred tax liabilities	103,778	105,509
Derivative liabilities	16,871	22,199
TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS	132,420	148,712
NET ASSETS AVAILABLE FOR MEMBER BENEFITS	7,806,015	7,376,401
MEMBER BENEFITS		
Defined contribution member liabilities	6,526,084	6,084,399
Defined benefit member liabilities	854,198	886,944
Unallocated to members	1,376	124
TOTAL MEMBER LIABILITIES	7,381,658	6,971,467
TOTAL NET ASSETS	424,357	404,934
EQUITY		
Operational risk reserve	19,614	18,602
Administration and other reserves	41,075	50,432
DB over/(under) funded	363,668	335,900
TOTAL EQUITY	424,357	404,934

The following summary is taken from Energy Super's audited accounts for the year ended 30 June 2019. 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 2018-19 year is available on our website or you can also contact us for a copy.

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2019		
	2019 \$'000	2018 \$'000
REVENUE FROM SUPER ACTIVITIES		
Interest	31,635	33,548
Dividends and trust distributions received	358,272	358,251
Changes in assets measured at fair value	36,448	276,461
Other income	9,649	3,546
TOTAL REVENUE FROM SUPER ACTIVITIES	436,004	671,806
Investment expenses	(28,398)	(23,736)
Administration expenses	(18,645)	(18,586)
Other operating expenses	(12,207)	(9,693)
TOTAL EXPENSES	(59,250)	(52,015)
Net results from super activities	376,754	619,791
OPERATING RESULTS	376,754	619,791
Net benefits allocated to defined contribution member accounts	(324,986)	(473,039)
Net change in defined benefit member liabilities	(38,769)	(64,326)
OPERATING RESULTS BEFORE INCOME TAX	12,999	82,426
Income tax (expense)/benefit	(5,658)	(23,978)
OPERATING RESULTS AFTER INCOME TAX	18,657	58,448

The Trustee believes that all contributions received up to 30 June 2019 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 2019			
	DC member benefits	DB member benefits	Total
	\$'000	\$'000	\$'000
OPENING BALANCE AS AT 1 JULY 2018	6,084,523	886,944	6,971,467
Contributions:			
Employer	267,395	11,791	279,186
Member	71,210	2,040	73,250
Co-contributions	112	-	112
Transfer from other super funds	156,335	-	156,335
Income tax on contributions	(35,428)	(1,782)	(37,210)
NET AFTER TAX CONTRIBUTIONS	459,624	12,049	471,673
Benefits to members/beneficiaries	(310,795)	(83,135)	(393,930)
Insurance premiums charged to members' accounts	(44,107)	(2,202)	(46,309)
Internal transfers from DB to DC	-	-	-
Death and disability benefits credited to members' accounts	15,768	-	15,768
Reserves transferred to/(from) members:			
Administration and other reserves	(2,539)	1,773	(766)
Net benefits allocated to members' accounts, comprising:			
Net investment income	325,889	69,340	395,229
Net administration fees	(3,172)	-	(3,172)
Fee Rebates	2,269	-	2,269
Net change in defined benefit member benefits	-	(30,571)	(30,571)
CLOSING BALANCE AS AT 30 JUNE 2019	6,527,460	854,198	7,381,658

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	269,938	13,652	283,590
Member	54,706	1,624	56,330
Co-contributions	128	-	128
Transfer from other super funds	100,391	-	100,931
Income tax on contributions	(33,155)	(2,325)	(35,480)
NET AFTER TAX CONTRIBUTIONS	392,008	12,951	404,959
Benefits to members/beneficiaries	(356,438)	(377)	(356,815)
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	103,995	578,499
Net administration fees	(1,465)	-	(1,465)
Net change in defined benefit member benefits	-	(39,669)	(39,669)
CLOSING BALANCE AS AT 30 JUNE 2018	6,084,523	886,944	6,971,467

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019				
	DB OVER/(UNDER) FUNDED	OPERATIONAL RISK RESERVE	OTHER RESERVES	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000
OPENING BALANCE 1 JULY 2018	335,900	18,602	50,432	404,934
Operating result	30,207	412	(11,962)	18,657
Transfers to/(from) reserves	(2,439)	600	1,839	-
Transfers (to)/from member accounts	-	-	766	766
CLOSING BALANCE 30 JUNE 2019	363,668	19,614	41,075	424,357
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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019		
	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest from cash deposits and cash equivalents	30,815	26,777
Dividends and trust distributions received	282,338	377,646
Insurance proceeds	14,944	14,694
Insurance premiums paid to insurer	(40,765)	(45,144)
Administration expenses	(18,913)	(19,557)
Investment expenses	(27,851)	(22,166)
Other operating expenses	(17,814)	(6,783)
Other income	3,951	-
Income tax paid (not including tax on contributions)	(22,130)	(27,815)
NET CASH INFLOWS FROM OPERATING ACTIVITIES	204,575	297,652
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,768,476	665,222
Purchases of investments	(2,154,655)	(1,176,204)
Payments for plant and equipment	(311)	(783)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(386,490)	(511,765)
CASH FLOWS FROM FINANCING ACTIVITIES		
Employer contributions	279,186	283,228
Member contributions	73,249	56,330
Government co-contributions received	111	128
Transfers from other superannuation plans	156,335	100,391
Transfers to other superannuation plans	(163,338)	(138,384)
Benefits paid to members	(234,567)	(217,108)
Tax paid on contributions	(37,210)	(33,610)
NET CASH INFLOWS FROM FINANCING ACTIVITIES	73,766	50,975
NET INCREASE IN CASH AND CASH EQUIVALENTS	(108,149)	(163,138)
Cash and cash equivalents at the beginning of the financial period	648,760	811,898
Cash and cash equivalents at the end of the financial period	540,611	648,760

IN-HOUSE ASSETS

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 2018–19 financial year, Energy Super did not have more than 5% ‘in-house’ assets at any time.

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 fund 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	2019	2018	2017
Reserve (\$ mil)	14.6	23.5	27.6

UNIT PRICING ERROR RESOLUTION

Where the Trustee determines that current members have been adversely impacted, we shall seek to return the member to their corrected position. Payments to a former member and beneficiaries of less than \$20 will not normally be made. This threshold is generally consistent with regulatory practice guidelines and industry standards.

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	2019	2018	2017
Reserve (\$ mil)	19.6	18.6	17.1

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 handling of your complaint you are eligible to lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides consumers and small businesses with free, fast and binding dispute resolution for financial complaints. Complaints can be lodged directly with AFCA, using AFCA’s online complaint form, by sending a complaint by email or mail to AFCA, or by phoning AFCA.

YOU CAN CONTACT AFCA ON:

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

Phone: 1800 931 678

Online: www.afca.org.au

Email: info@afca.org.au

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 400

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)

Gladstone:
Suites 5 & 6, 37 Goondoon Street
(by appointment only)

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

Melanie Hodgson
Senior Claims Administrator

FUND ID DETAILS

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

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