MINUTES OF THE ANNUAL MEMBERS' MEETING
LGIASUPER TRUSTEE ABN 94 085 088 484
AS TRUSTEE FOR LGIASUPER ABN 23 053 121 564
HELD AT BRISBANE CITY HALL
ON TUESDAY, 29 NOVEMBER 2022

PRESENT:
In person
Mr John Smith (Chair)
Mrs Rosamund Heit, Director
Mr Greg Hallam, Director
Mr Ray Burton, Director
Mr Cameron O'Neil, Director
Online
Mr Ron Dewhurst, Director
Mr Richard Flanagan, Director
Mr Peter Kazacos, Director
Ms Jennifer Sanders, Director
Ms Jennifer Thomas, Director

IN ATTENDANCE:
Mr Trevor Jackson (MC)
Ms Kate Farrar, Chief Executive Officer
Ms Lisa Kay, Chief Experience Officer
Mr Mark Rider, Chief Investment Officer
Mr Hamish McKellar, General Counsel & Company Secretary
Mr Paul Collins, PricewaterhouseCoopers
Ms Leigh Lane, PricewaterhouseCoopers

APOLOGIES:
Ms Teresa Dyson
Ms Neisha Traill
Mr Scott Wilson
Mr Mark Jamieson, Director

COMMENCEMENT:

The meeting commenced at 12.01pm with the Chief Executive Officer, Chief Investment Officer, Chief Experience Officer and General Counsel & Company Secretary in attendance.

MINUTE NO.	AGENDA ITEM
	1. ATTENDANCE AND APOLOGIES The MC noted that a quorum was present and opened the meeting at 12.01pm.
	2. CHAIRMAN'S ADDRESS Mr John Smith (Chair) introduced himself and welcomed Members to the meeting. The Chair highlighted Brighter Super's focus over the past 12 months on growth and scale, providing continued personalised service to Members and delivering on the benefits of the merger between Energy Super and LGIAsuper. He outlined the transformation work undertaken to deliver the best possible retirement outcomes for Members, by combining the strengths of the three foundation funds to create a boutique offering that Brighter Super considered to be the ideal size for sustainability. The Chair provided an outline of the background of the founding funds and recent merger activity, including: • LGIAsuper's establishment in 1965 and merger with CitySuper in 2011, becoming the fund for Brisbane City Council employees at the time; • Energy Super's establishment in 1976, its name change to ESI Super in 1995 and its merger with SPEC Super to form Energy Super in 2011; • the completion of the merger between LGIAsuper and Energy Super on 1 July 2021, to create a stronger fund managing around $22 billion in assets, representing Members in local government, the energy sector and the electrical industry; • the acquisition of SPSL Limited (formerly Suncorp Portfolio Services Limited) effective 1 April 2022, at a cost of $26.6 million plus regulatory reserves, funded from LGIAsuper's reserves and expected to deliver benefits to Members of all three foundation funds; • the integration of SPSL into Brighter Super, expected to be completed around May 2023, resulting in all three funds becoming a single fund with a single trustee under the Brighter Super brand. The Chair recognised APRA's expectation that superannuation funds should manage at least $30 billion in assets in order to be sustainable and to meet the needs of their members. The Chair noted that, as at 30 June 2022, the Brighter Super Group (including SPSL) has more than 259,000 Members with $29 billion in funds under management. The Group now has the combined size and scale to deliver efficiency for Members while maintaining a personalised, boutique service offering. The Chair outlined the continuous regulatory change in the superannuation industry, including the Government's "Your Future, Your Super" reforms which came into effect on 1 July 2021 to improve transparency, accountability of superannuation funds, and deliver better outcomes for Members. It was noted that, for both 2021 and 2022, the Brighter Super MySuper product performed well in APRA's benchmarking test which is reassuring for Members who are invested in the default MySuper option. The Chair outlined the Government's introduction of, effective 1 November 2021, new stapling legislation that requires employers to make super contributions to existing

MINUTE NO.	AGENDA ITEM
	funds for Members, unless the Member directs otherwise, noting that the employer can still choose the employer's default fund or another eligible fund. The Chair noted that these changes were effectively implemented across the Brighter Super Group, including through communications to Members. The Chair outlined the Trustee Board's approach to corporate governance as a not-for-profit industry fund, focussed on operating a responsible and sustainable fund for Members, whose best financial interests are the priority. The corporate governance framework ensures roles and responsibility of the Trustee Board and the Executive Leadership Team are clear, transparent, accountable, and aligned with the corporate values. The Chair commented on the Trustee Board of Directors which governs the fund, noting the equal representation from Directors appointed by employers and Members as well as Independent Directors. The Chair confirmed the Board's role to review the strategic direction of the fund and to monitor the implementation of that strategy by the Executive Leadership Team. The Chair outlined the new transitional Board structure, established following the merger between Energy Super and LGIAsuper, being six Directors who were Member Representative Directors, six Directors who were Employer Representative Directors and three Independent Directors. The Chair confirmed that, from 1 January 2023, the Board will reduce to nine Directors, of which four will be Employer Directors, four Member Representative Directors and one Independent Director. Member Representative Directors are nominated by Members, the Services Union and the Electrical Trades Union. The Employer Representatives are nominated by Local Government Association of Queensland, Energy Queensland and other public bodies and Master Electricians Australia. The Chair, on behalf of the Board of Directors, thanked the Group CEO, Ms Kate Farrar, the Executive Leadership Team, and all staff across the Brighter Super Group, recognising their tireless work during the year in achieving the transformation and the best outcomes for Members. The Chair concluded his presentation and introduced the Chief Executive Officer, Ms Kate Farrar.
	3. CHIEF EXECUTIVE OFFICER'S ADDRESS The Chief Executive Officer (CEO) commented on the events in the last year in the superannuation industry, for markets and for the global economy and the transformation in the Brighter Super Group. The CEO outlined the Brighter Super Group's significant achievements over the last year, including the merger between LGIAsuper and Energy Super and the acquisition of SPSL which has increased the fund size and scale, whilst maintaining a medium-sized boutique super fund. The CEO confirmed the Group's commitment to investing in personalised Member services, noting the engagement with over 19,000 Members through in-person meetings mostly in the workplace, over 4,000 Super Health check appointments and almost 6,000 Members who attended seminars and webinars.

MINUTE NO.	AGENDA ITEM
	The CEO generally commented on the Brighter Super returns in the last financial year, which have performed admirably in the volatile investment environment compared with Brighter Super's peers. The CEO noted that the volatility resulted in some negative returns over the short term in the last year (for example, in the Brighter Super's MySuper default investment option), noting the positive returns on a 10 year basis. The CEO confirmed that there was a positive 20 net promoter score in the Member satisfaction survey, indicating that Members are willing to recommend Brighter Super to others. The CEO also referred to the SuperRatings and Chant West Awards where Brighter Super achieved a platinum performance for 14 years running and a '5 Apples' rating. The CEO outlined management's focus on delivering the benefits of the Energy Super and LGIAsuper merger. These benefits included: • on 1 July 2021, a reduction in administration fees for all Energy Super pension Members, from 0.22% per annum to 0.18% per annum. This fee reduction was funded through the merger synergies, and it brings all pension Members together under the same fee structure; • in November 2021, the removal of the weekly administration fee of $1 per week, $52 a year, per account. This means that Members are being charged only the annual percentage-based administration fee, which Members were already paying, being 0.18% of a Member's account balance per year, capped at $900. This is a reduction from the cap of $1,575 for former LGIAsuper Members; • Brighter Super now being one of the few super funds that do not charge both a weekly or monthly flat rate fee, as well as a percentage-based administration fee; • from 1 February 2022, Members received a tax refund of 15% on the annual administration fee. As this fee is deducted from Members' investment returns, the tax refund is also applied back to the investment returns, so Members will not see it as a separate transaction on their statement. However, after applying the tax refund, the net result for every Member is a net administration fee of 0.15% per year, which is really competitive; • reductions in the total investment costs due to scale and the work of the Investments Team. For example, the default investment option, MySuper, resulted in a significant reduction in overall administration and investment fees and costs of up to 28% for LGIAsuper Members and 29% for Energy Super Members based on a Member's account balance of $50,000 for the 12 months post-merger. Some other options that had also seen decreases in overall costs were associated with investing where the fee reduction also resulted from cost changes that we made to the strategic asset allocation, including savings made in the management of Australian and international shares and the private equity asset class over the 2021/22 financial year; • the decrease in fees and costs for most Members of the merged fund, demonstrating the benefit of the merger. The CEO commented on the recent changes in superannuation legislation requiring funds to increase their disclosure around fees and costs, noting that the comparison data shows that Brighter Super compares favourably in the superannuation market.

MINUTE NO.	AGENDA ITEM
	However, while fees and costs are important in a decision about superannuation, Members should also consider investment returns and other benefits offered by the fund such as insurance. The CEO confirmed that Brighter Super offers competitive insurance, which is often designed for the industry in which a Member is working, and in some instances, the cost may be paid by the employer. Members were reminded that they should talk to the Brighter Super team to understand all of their fund benefits as well as fees and costs before making a decision to change funds. The CEO outlined the various digital and communications initiatives delivered over the last year to improve the experience and services for Members, including: • an expansion of the range of seminars offered, including more online options; • Member-centric journeys to educate and guide Members on their retirement journey; • 75,000 emails sent to Members at various milestones in their lives; • the launch of a new mobile app in February 2022, giving Members an easy, convenient, and secure way to manage their super; • the increase in use of the online information and education service, Super Hub, by Queensland council employees, noting that plans are in place to roll out this service to energy employers and our employees over the next year. The CEO confirmed that Brighter Super is one of a handful of super funds in Australia that allows members with a Kiwi Saver account in New Zealand to transfer these funds into their Brighter Super account. It was also noted that all Members who are approaching retirement will have access to the retirement reward, which is a tax benefit Brighter Super provides to Members as a monetary reward when they open a Brighter Super pension account. The CEO outlined the Brighter Super branding change which has now been delivered to both Energy Super and LGIAsuper Members and commented on the cost reductions and efficiencies by combining the three brands into one, which will benefit all Members. The CEO commented on the Brighter Super branding of the website (brightersuper.com.au), fund communications and the Member online portal. The CEO acknowledged that some functionality is yet to be delivered to some Members, particularly Energy Super defined benefit Members and that the team is working to deliver the full functionality as soon as possible. The CEO encouraged Members to speak with the Brighter Super staff present at the Meeting for detailed information or to discuss their particular circumstance. The CEO reiterated that Brighter Super remains a boutique not-for-profit industry fund, steadfastly committed to its heritage, including the commitment to energy and electrical industries and local government Members who will continue to see the presence of Brighter Super in their workplaces and in regional centres right throughout Queensland, into the future. The CEO acknowledged the core partnerships Brighter Super has with the Master Electricians Australia, The Services Union, Mates in Energy, ElectroGroup, and the

MINUTE NO.	AGENDA ITEM
	National Electrical Contractors Association Queensland. On the local government side, the CEO also acknowledged the partnerships with The Services Union, LGAQ and LGMA, amongst others. The CEO recognised that partnering with these organisations allows Brighter Super to invest in the future of these industries and demonstrate our commitment through the more than 40 dedicated team members who visit workplaces and work directly with energy and local government industry employers and employees across Queensland. The CEO confirmed that, unlike some other industry super funds, Brighter Super offers default income protection to most Members, meaning that Members who cannot work due to injury or illness, may be eligible to receive income to support the Member and their family. The CEO acknowledged the Executive Leadership Team and the broader Brighter Super Team who have worked hard to deliver the best possible retirement outcomes for all Members. The CEO welcomed the new Executives who have joined over the past year, including Mr Mark Rider (Chief Investment Officer), Mr Randike Gajanayake (Chief Technology Officer) and Mr James Gyton (Chief Transformation Officer). The CEO acknowledged the contribution of the Executives who left during the year, including Mr Troy Rieck, Mr Ivan Ortiz, and Ms Andrea Peters. The CEO concluded her presentation and introduced the Chief Investment Officer, Mr Mark Rider.
	4. CHIEF INVESTMENT OFFICER'S ADDRESS The Chief Investment Officer (CIO) presented on the fund performance, the Brighter Super Group's approach to investment and the impact of economic trends and market events on returns during the year. The CIO outlined the Brighter Super objective to deliver strong long-term performance for Members' investments in a diversified, risk-controlled and sustainable way. This diversification includes a mix of assets, shares, property infrastructure, listed and unlisted assets, private equity, debt, bonds and cash etc, within Australia and overseas. The CIO referred to examples of performance over the past year which were set out in detail in the slides, showing a difficult year in performance in the last 12 months owing to the current down phase in the market with positive returns experienced over a 10-year period. The CIO provided further examples of the diversified investments across the world. In Australia, he outlined the investments in critical ports, such as in Newcastle and in Portland. Within Queensland, the diverse range of investments which also help the economy, include ownership or partial ownership of a range of airports, such as Sunshine Coast (50% ownership), Gold Coast, Cairns, Townsville and Mackay. The investments in infrastructure include Gold Coast light rail, North Queensland gas pipeline in Gladstone, various property and entertainment assets, childcare facilities etc. The CIO outlined Brighter Super's principles of ESG investment, including that it must in the Members' best financial interests including sustainability factors, it must be

MINUTE NO.	AGENDA ITEM
	genuine in its intent and outcome, and that we use an approach of working with managers who build our portfolios rather than excluding entire categories of investments. The CIO provided examples of sustainable investments, such as Cooper's Gap Wind Farm in Queensland, Rye Park Wind Farm in New South Wales (currently under construction), other wind farms in Victoria, the Robina Town Centre (largest area of rooftop panels installed in the Southern Hemisphere) and HEXA Renewables in Taiwan. The CIO provided observations on the following global economic factors and trends: ▪ the challenging market conditions and performance over the past 12 months with positive returns seen over the longer term; ▪ the impact of the declining Australian dollar over the last 12 months; ▪ the impact of the rise in inflation in the last 12 months following decades of declining inflation; ▪ the impact of falling interest rates in recent years, with some countries experiencing negative interest rates, noting the recent reversal of this trend with interest rates on the rise; ▪ the impact of the COVID pandemic and government lockdowns on supply chains and increased savings in the global economy; ▪ the expected continued challenges for the economy over the next 12 months. The CIO concluded his presentation and handed back to the MC.
	5. QUESTIONS FROM MEMBERS The MC opened the floor to questions, including questions submitted by Members prior to the meeting. **Question: Do you expect the market to pick up by the end of the financial year?** The CIO responded that there were still further developments to occur during the current market cycle. The slowing in the global economy hadn’t finished its slow-down and with increases in interest rates, it would take time for those to affect the market. Markets do attempt to try and look forward and move in advance and they're trying to do that at the moment, but looking into next year it was likely to remain a challenging time for returns. **Question: Is that largely because there's still so much uncertainty in the market?** The CIO responded that there were a range of possibilities including the uncertainty around inflation, particularly when it would peak and the rate at which it would fall once it did. This would allow central banks to reduce some of the recent interest rate increases which would support growth and markets. If inflation proved more problematic, and interest rates continued to move higher in this environment with much higher indebtedness, the outcome is very uncertain. Central banks are likely to respond more cautiously, increasing the level of uncertainty in the market.

MINUTE NO.	AGENDA ITEM
	Question: How is the fund protected from cyberattacks? We've seen a lot of cyberattacks on some very high profile, very large organisations lately. The CEO responded that safeguarding Member data was incredibly important and the fund had spent a significant amount of time and effort over the last couple of years making sure that data protections were fit for purpose, including penetration testing on a regular basis. The Operations team had been trained to be on the lookout for fraudsters or for cyberattacks and scammers. The fund had seen an increase in the level of scamming in the industry and particularly in superannuation, and accordingly fraud protection controls had been uplifted. The CEO cautioned Members to make sure that they were very careful of their own identity information and information about their own superannuation accounts, where the fund had seen some Members subject to attacks in the more recent past. **Question: Concerning cash enhanced and high interest options within the book value, why are they so poorly performing and what do you see is going to change that with interest rates going up? For instance, I can get 3% at call at the moment in a 24-hour account. Now through Brighter Super, it's best 0.7% and has been lagging to negative. So what will change that again?** The CIO responded that the returns on the more defensive options were not that different to growth ones, which was unusual. The reason was due to the way that the more conservative portfolios were comprised of predominantly cash and bonds. The way bonds were valued was that when a bond was issued, it was issued with a certain amount of interest the bond would pay. When market interest rates rose and bonds were revalued, the initial impact was for the price of the bond to decline. If investing in cash, when interest rates increased, the cash would receive a higher return. Higher returns in a bond portfolio would only come after an increase in interest rates has plateaued, which was why that the portfolio had performed poorly but, with interest rates moving up, returns would improve. **Question: Does the recent economic performance of China create uncertainty in relation to ongoing investment in that country?** The CIO responded that diversification meant that the impact of any single asset class or geographic region was diluted and the fund engaged professional investment managers to make informed decisions. The fund invested in both Australian and global equities, so it wasn't a case of simply not investing in China. The fund's approach was generally not to exclude a country or company, but to rely on fund managers who were on the ground around the world and engaging with companies to find the best investments. There were issues with investments in China due to its ongoing approach to COVID which was not just impacting direct investments in that country but also elsewhere, because it has been the factory of the world. One of the factors driving inflation higher around the world in the previous few years had been supply shortages, so ongoing issues in China would have impacts not just on the Chinese companies that the fund may or may not invest in, but also broader investments given how influential China was in the world economy.

MINUTE NO.	AGENDA ITEM
	Question: Given the scale of the fund's financial planning offering, why had the fund not communicated in relation to the Levy Quality of Advice Review? The CEO responded that the fund was incredibly proud of its advice business. The fund generally didn't publicly comment on regulatory review activity until it became law. The quality of advice review was undergoing a consultation phase and the fund was excited about the opportunities. The fund's strategy was for advice-led conversations to drive every one of its interactions with Members. If it were possible to meet every Member face-to-face and have an advice-led conversation with them, the fund would do so. The fund offers a range of different types of advice from general advice to full comprehensive advice. There were opportunities arising from the quality of advice review, but there was debate about whether or not the recommendations from that review would be implemented. Any changes arising from that review would certainly be communicated to Members. **Question: What provision is there to protect the interests of Members in the defined benefit products that were originally protected by a state government guarantee?** The Chair responded that Brighter Super manages a number of defined benefit funds for both local government and energy sector employees. Those defined benefit funds engage an independent actuary to advise on the financial position of those funds. Even with the correction in the market, those funds are very healthy and the security of benefit very high. As Members retire from those defined benefit schemes, the surplus covers a shrinking pool of Members and accordingly the buffer grows relatively larger for each Member. There is a provision to request employers to pay more in the event that a defined benefit fund did not have adequate capitalisation. **Question: Where any future mergers expected for the fund and was there an optimum size?** The Chair responded that leading into the between Energy Super and LGIAsuper, there was a target of around $30 billion which was achieved through the SPSL acquisition, which APRA had previously indicated was its view on a sustainability threshold for funds. The fund had continued to assess the scale it requires to maintain boutique face-to-face Member servicing that is different to the mega funds. The assessment is that this can be sustained at around $50 billion to $60 billion. The fund would continue to have ongoing discussions with other potential merger partners in order to achieve this objective, but ensuring the values and strategic goals are aligned. The fund is not entertaining a merger with a mega fund as that would destroy the service levels built through the energy sector and local government. **Question: What is the fund doing to divest itself from fossil fuels and focus more on investments in renewable and sustainable energy?** The CIO responded that the fund has adopted a Responsible Investment Policy which included being part of the energy transition and of the Queensland government's jobs and energy plan. Independently of that, the fund is investing both around Australia and around the world in different energy projects which are part of that transition to get to a more sustainable future.

MINUTE NO.	AGENDA ITEM
	Question: Why can't Brighter Super offer an investment option that allows Members to invest in an option similar to a term deposit rather than the current Stable or Secure options? The CIO responded that the fund offers a cash option as well as other defensive options which include equities along with fixed income and cash type investments. Over the longer term that additional exposure would provide a higher level of return. The CEO noted that Members could speak to advisers at the end of the meeting in relation to relative risk and return options. **Question: Does the fund have any initiatives around social housing or aged care investments?** The CEO responded that the amount of available funds for illiquid assets is constrained, and given the membership base, the focus was on energy transition as that was where Members were impacted the most. **Question: What plans does the fund have to reach a net zero target by 2050?** The CEO responded that Members were expecting the fund to ensure that the way that it invested, delivers good outcomes for society, but most importantly delivered in the best financial interests of Members. Because the fund had Members who were connected with the energy industry and would be part of that transition, it made sense for the fund to try to support those Members through that transition. There had been considerable effort on how it might be that the fund could extract yield for Members as well as support them. The funds that do the best are the ones that decide what they're good at and do that, and the fund believed that this was one of those areas where it made sense. **Question: We've obviously seen inflation rise rapidly. Do you see the cash rate falling in relation with inflation or will it be likely to hold up for a longer period of time?** The CIO responded that his expectation was that the current high level of inflation was unlikely to perpetuate, that it was likely to decline, but that gap between interest rates and between inflation would close. The normal situation was for interest rates to be, if anything, a bit above the inflation rate for a positive real interest rate. At the moment though, it was about minus 4% because inflation was 4% higher than where cash rates were. The question was how quickly inflation would come down. Rates were going to be at the lower end, but it was likely that cash rates would end up being a bit above inflation over the medium term so that there would be a bit of a positive real rate, that would then flow through to bond investments as well. **Question: Does the fund have a view on balancing the amount of investment between Australian and overseas?** The CIO responded that the Australian market compared to the world, as a percent of the world share market, was about 2%, so not very large. The fund did have what it calls a home bias, using MySuper as example, about a quarter would be in Australian equities although for the likes of BHP or Rio Tinto they might be Australian-based companies, but they are exposed to world markets. A similar amount or slightly more

MINUTE NO.	AGENDA ITEM
	would be invested in global shares, which would be spread around the world, probably 60% of it in the United States and then the rest across other countries. For asset classes such as fixed income, the fund tends to have a bias towards Australia over global. In property, the bulk of the investments were in Australia. In infrastructure it was a mixture. In equities, there is a clear target. Elsewhere in the portfolio, it would come down to the opportunities which were available but with a bias towards having Australian assets. Overseas assets, if unhedged, provided a buffer in situations where the Australian dollar fell, as the value of overseas shares would increase. **Question: What restrictions has Brighter Super on investing in construction projects or other community projects or whatever else?** The CIO responded that the foremost restriction was the return on the investment as it had to be in Members' best financial interests. The return and then the risk were the fundamental considerations, which also influenced portfolio construction through strategic asset allocations. **Question: What is the difference between MySuper and the super I was originally in with local government?** The CIO responded that this could be considered for the individual Member during a super health check after the meeting. MySuper is the default option for Members who didn't make a decision about the options they wanted to invest in and had the same asset allocation as the Balanced option.

There being no further business, the Chair declared the meeting closed at 1.27pm.

Signed as a true and correct record

Chair

20 December 2022

Date