ACTIVE SUPER

ANNUAL REPORT
2020/21

Welcome to Active Super's 2021 annual report.

This year's report features a number of our members, some who have been with us for decades, some just a few years.

Contents

Messages from the Chair, the CEO and the CIO

Chair's message

We have all experienced unprecedented challenges during this global pandemic. Many of our members, employers, staff and their families have faced considerable upheaval due to COVID-19, yet they continue to demonstrate immense courage and tenacity.

The Active Super Board is very proud of the way our stakeholders have responded to events over the past 18 months and the way we have all learnt to collaborate to ensure vital work is still getting done. Despite these obstacles, we have continued to innovate and evolve in what has been a very important juncture in our 24-year history.

> "...we will keep a keen eye on the future to build a bigger and better fund for all members."
>
> **Kyle Loades**
> Chair

In 2021 we became Active Super. Active Super was chosen as the name as it captures our long-standing active pursuit of investments that deliver solid long-term returns for members that have a positive impact on the world, as well as our active involvement with our members and their local communities. We will continue to provide a high level of service and build upon the deep history that we share with Local Government employees across NSW. At the same time, we will keep a keen eye on the future to build a bigger and better fund for all members.

Amid a rapidly changing regulatory landscape, the decision to rebrand will undoubtedly benefit both current and future members to help us so we can attract new members and continue to grow.

Importantly, our investments, service and operations have not been affected and we remain a profit-for-member fund, driven by our responsible investment philosophy. This is a tremendous opportunity for employees and members alike to embrace an exciting time in our history and our future growth strategy.

Even with the uncertainty that the pandemic has brought, you continue to support and entrust us with your retirement savings. Encouragingly, member service surveys show that we are performing above the industry average, highlighting member loyalty and your satisfaction with our service.

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During the year, the Board was also fortunate enough to welcome Councillor Declan Clausen who filled the vacancy created by Deputy Chair Bruce Miller, who stepped down after almost 10 years of service.

Declan is a tremendous addition to the Board. His experience and impressive academic qualifications further enhance our commitment to attract the best possible talent to ensure we deliver value and long-term growth for all members. Furthermore, through his leadership experience as Deputy Lord Mayor of Newcastle and in corporate roles, Declan has a proven track record of listening to the community and providing the best outcomes possible.

The Board would like to acknowledge Bruce's valuable contribution. Bruce is a strong advocate for responsible and sustainable investing and successfully led us through a period of governance change that benefited our members. The role of Deputy Chair has been filled by sitting Board member Cr Karen McKeown.

I would also like to give my thanks to employers and shareholders who work closely with the Board and for the unqualified support they have provided over the year. Finally, the Board would like to acknowledge the dedication and commitment to members under the notable leadership of our Chief Executive Officer Phil Stockwell and his executive leadership team. Together they have worked tirelessly to deliver guidance, stability and uninterrupted service to our members and staff.

I would also like to acknowledge the efforts of the entire Active Super Board who have worked diligently on your behalf during the year through testing times and who remain committed to delivering strong outcomes that are in the best interests of all members.

While challenges remain, please know that the Board and entire team at Active Super will be working hard to ensure we continue to deliver quality service and the best possible outcomes to protect your retirement savings.

Kyle Loades
Chair,
Active Super

CEO's message

It has been a big year for all of us. It has also been a big year for your super fund. We rebranded to Active Super, delivered record investment returns, reduced fees in many areas, received recognition for our responsible investment approach, and continued to provide high quality and value-for-money services to our members.

Our new name, Active Super

The decision to rebrand from Local Government Super to Active Super was an important initiative to broaden our appeal to a wider membership base, enabling us to compete in a rapidly changing industry without losing sight of our rich heritage in local government. As our new name suggests, we actively pursue investments that deliver solid long-term returns for members and also have a positive impact on the world.

Record investment returns

Your superannuation will likely play an important role in supporting you later in life, and at Active Super we understand how important it is to have confidence in your financial future. Your fund enjoyed some of the best annual returns in our 24-year history, with record performances across many of the schemes despite the uncertainty and volatility throughout the year.

Driven by favourable market conditions and our active investment approach, the results show that we can adhere to our responsible investment principles while also achieving positive investment returns. We also hit a new milestone with funds under management totaling $14 billion, up from $12 billion a year earlier.

Reduction in fees

Effective 1 July 2021 we reduced our administration fees on the Accumulation Scheme, the Account-Based Pension Plan and the Retirement Scheme for the second consecutive year, and we also removed the switching fee for all accounts. These reductions mean that members with a balance of $50,000 in the Accumulation Scheme will save 5.2 percent on annual administration fees.

Investing responsibly

Most Australians do not know whether or not their superannuation is being invested responsibly. With Active Super, you know it is.

Active Super invests on your behalf using a responsible investment approach that we believe manages risk and generates better long-term returns. And unlike some super funds where investing responsibly is an option you have to choose, our responsible investment approach is applied to our entire range of products.

When you invest with Active Super, you can take comfort knowing that your money will not only make a difference to your retirement, but also to the future of the planet. The investments we make are assessed for their ability to deliver a solid financial performance, as well as their environmental, social and governance (ESG) impact on the world.

As an example, we proudly celebrated our 20th anniversary as the first Australian super fund to stop investing in tobacco. The exclusion of tobacco in our investment portfolio back in 2001 is considered a pioneering step and underscores Active Super's long-held commitment towards achieving a tobacco-free world.

This exclusion of tobacco was the first step towards a broader strategy to find investments assessed on their ability to deliver a solid financial performance, as well as for their positive impact. As an active owner, we engage directly with companies and through industry organisations to improve the sustainability performance of our investments.

In a further commitment to our transparent and committed approach to responsible investment, we are excited to release our first Impact Report in mid-October. Our Impact Report allows you to see the actions, decisions and policies that make us one of the leading super funds for responsible investment.

This report outlines the key areas of focus for Active Super, including climate change, diversity, good governance and social considerations.

David

Active Super member
since 2007

Awards and recognition

We've been recognised for outstanding products and services, and we set the benchmark for responsible investment strategies.

Active Super is one of only four Australian super funds with all products certified as ethical by the Responsible Investment Association Australasia (RIAA), and we have won the SuperRatings Infinity Award for leading the industry in responsible investment a record seven times.

In further acknowledgement of our leadership in environmentally sustainable building practices, Active Super became the first superannuation fund with a diversified property portfolio to achieve a '6 Star Green Star – Performance' rating from the Green Building Council of Australia (GBCA).

During the year SuperRatings, a leading agency for rating superannuation funds, confirmed our Gold ranking, while both our Accumulation Scheme and Account-Based Pension Plan received AAA ratings from another rating agency, Rainmaker.

> We've been recognised for outstanding products and services, and we set the benchmark for responsible investment strategies.
>
> **Phil Stockwell**
> Chief Executive Officer

In recognition of our efforts to effectively reduce carbon emissions, Active Super was certified carbon neutral by Climate Active for the second consecutive year and remains one of only five Australian super funds to hold this certification which covers all Active Super operations including our Sydney head office and our seven regional offices.

We have been a signatory to the Principles for Responsible Investment (PRI) since 2007 and in 2020 we scored A or A+ across all reporting categories.

This year all NABERS*-rated buildings in our direct property portfolio were certified carbon neutral by the Australian Government for a third consecutive year, reducing our CO_2 emissions by 42 percent.

*National Australian Built Environment Rating System

Service and support

Active Super has a commitment to deliver high-quality customer service to our members and this remains particularly relevant in these uncertain times.

Our staff have been working from home amid the pandemic and continue to deliver quality service to you. Our in-house Member Services Centre took an average of 4,476 calls each month during the year and the majority of the calls were answered within 20 seconds.

We offer a personalised service and have staff working across NSW to look after our members and employers. Even though COVID-19 prevented us from conducting many meetings in person, member questions are still being handled by Active Super team members over the phone, email and by video calls.

Active Super is also offering members a new digital experience with increased security as we have redesigned our website, upgraded our member portal and app with improved functionality, and enhanced the overall engagement experience for you.

Ongoing communication

We appreciate your ongoing membership and support throughout the year.

Navigating COVID-19 has been challenging, and we have prioritised effective communication and support to members. We will continue to host regular webinars and send information to keep you abreast of our performance and how you can get the most out of your super.

I would like to acknowledge our employer and union stakeholders for their support and partnership. We continue to work closely on a day-to-day basis to keep members updated and informed.

On a personal note, I would like to thank the Board and the Active Super team for their unwavering hard work and commitment and for embracing the significant changes that we have undertaken.

Outlook

As Active Super enters its 25th year, we'll continue to look for opportunities to deliver the best possible outcomes for you. This will include making important changes to our default MySuper product designed to provide members with more super in retirement and by continuing to upgrade our technology platform.

There are significant changes occurring in the superannuation industry as part of the federal government's Your Future, Your Super reforms. Among the new measures are the 'stapling' of accounts, an annual performance test which we passed and a public ranking of investment returns by the Australian Tax Office. If you are seeking clarification on what these changes may mean, our member services team can assist you.

As the situation around COVID-19 continues to unfold in Australia and around the world, I want to reassure you that Active Super remains committed to providing you with a solid investment performance, value for money and personal service. We remain focused on being an industry leader in responsible investment and delivering the best member outcomes possible and are working hard every day to make that a reality for you.

Stay safe and best regards,

Phil Stockwell

Chief Executive Officer,
Active Super

CIO's report

Active Super reported some of its best investment returns on record in 2020/21.

Active Super had a stellar year by delivering record returns of more than 23 percent despite economic headwinds amid a global pandemic.

We had the highest-ever returns for the High Growth, Balanced Growth and Balanced options in the financial year. However, returns for the Conservative option and Managed Cash were held back by the record low interest rates that the government is using to stimulate the economy.

In the Accumulation Scheme, High Growth returned 23.69 percent, in the Retirement Scheme, High Growth provided 23.76 percent and in the Account-Based Pension Plan it was 26.96 percent*.

This strong performance was driven by solid gains in financial markets as the world recovered from the COVID-19 induced recession. While we are learning to live with the virus, uncertainty remains in Australia due to the outbreak in NSW and Victoria which will impact economic growth.

*Past performance is not a reliable indicator of future performance.

Portfolio diversification

Global and domestic share markets led the way in 2020/21, but we also had good returns from private equity, private credit, direct property and infrastructure. Bond market returns were impacted by low interest rates.

Good portfolio diversification is important to produce more robust returns that are not over reliant on share markets. The market has given investors high long-term gains but shares can also fall in value. At these times it is beneficial to hold back-up assets like office buildings, private companies, real estate loans and government bonds that can keep producing income.

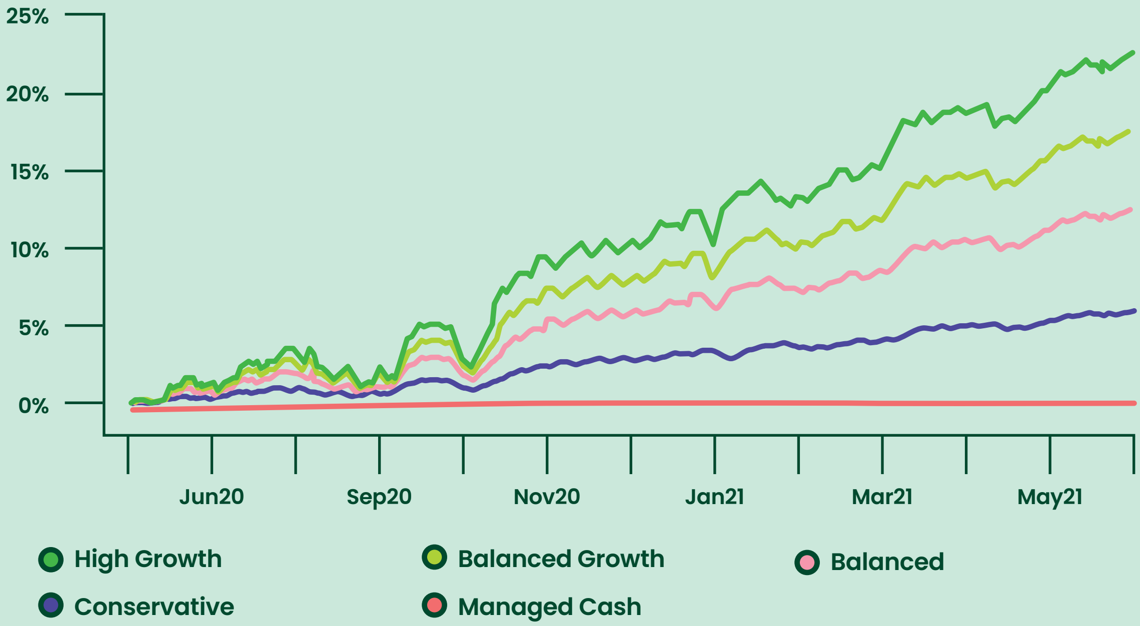
During the year, the S&P/ASX 200 hit a record high driven by the big banks, building materials companies that benefited from the strong housing sector, and miners assisted by surging commodity prices. In fact, the S&P/ASX 200 jumped 24 percent, posting its biggest increase on record, while the All Ordinaries surged 26.4 percent – its best performance in a financial year since 1987.

Solid returns

Active Super has benefited from many good investments that have not only produced high returns, but have also helped to reduce portfolio ESG risk, such as climate change risk. For example, Impax Asset Management manages a global equites mandate which invests in companies helping to improve energy efficiency and reduce carbon emissions. This portfolio contains high-return companies such as Generac (back-up power generation for extreme climate situations), Nibe (no-carbon heat pumps) and Xinyi Solar (leading solar panel producer). The Impax portfolio was up 50.5 percent in the year to June.

Another fund we invest in is Actis Energy. This fund develops renewable energy projects such as solar farms and wind farms in locations where there is a shortage of electricity like Africa, South America and India. The Actis Energy IV fund has provided a 13.8 percent annualised return over a three-year period.

Investment performance - Accumulation
From 1 July 2020 to 30 June 2021



Property has been disrupted by the virus. Consumers have accelerated their volume of internet shopping to avoid social contact and businesses have been using new technology to allow employees to work from home. This reduces demand for some types of real estate. While these trends may persist, we expect workers to begin returning to office buildings when the virus is better contained.

Fixed income yields have started to rise from the low levels of March 2020. The RBA cash rate remains at a record low of 0.1 percent, but 10-year Government bond yields have increased to 1.5 percent. Central banks have declared they will be relaxed about rising inflation because they expect it to be a temporary bounce.

The Australian dollar fell sharply when the COVID-19 crisis hit. However, it has recovered well since then and finished the year at USD0.75, up from USD0.69 at the start of the financial year. The currency has been supported by surging commodity prices and growing exports. Australia's biggest export, iron ore, more than doubled over the course of the financial year to be trading at over USD200 a tonne.

We are pleased that the outcome for 2020/21 was very strong, however, investors should not expect future returns to be as good. While there is a pathway out of the COVID-19 pandemic, there is still a lot of economic uncertainty. We know that fixed income returns will be low and any significant rise in interest rates could hurt asset values in many markets.

Craig Turnbull
Chief Investment Officer, Active Super

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The winds of change are here

At Active Super, we believe strong performance must be underpinned by responsible investing. It's the investing principle we live by.

Our investments are selected for both their ability to deliver strong financial returns and for the impact they have on society and the world. So as a member, you can take comfort knowing your money will not only make a difference to your retirement, but also to the future of the planet.

To further understand how your Active Super investments are making a difference in the world, we invite you to read *Impact 2020/21 – Turning the Tide*, which will be released in mid-October 2021. It will be the first time we publish a report of its kind. It provides more context around our responsible investment approach and the impact we're having as both an investor and as a corporate citizen, so you can see how your super is making a difference.

Our responsible investment approach

Unlike some super funds who offer responsible investment choices within their range of products (sometimes called 'ethical' or 'sustainable'), our responsible investment principles are applied to our entire portfolio. Our approach is based on multiple strategies.

ESG integration

All the investments we make and the fund managers we select are assessed for their ability to deliver strong financial performance, as well as their environmental, social and governance (ESG) impact on the world. (See our *Impact 2020/21* report, which is being released in mid-October, for more details.)

Active ownership

We actively engage as shareholders to push for positive change. We vote at all shareholder meetings and work directly with the companies we invest in to ensure that their conduct and progress are aligned with our responsible investment philosophy.

Positive screens

We seek investment opportunities that have a positive impact on the world, for example schools, hospitals, solar and wind energy, waste management and recycling.

Negative screens

We eliminate investments that pose too great a risk to the environment and the community, for example nuclear weapons, tobacco, oil tar sands and gambling.

Investment restrictions

We limit investments in some areas, choosing only those where we can see the opportunity to make a difference, for example oil and gas companies with concrete plans to transition to net zero.

Collaboration

We work with leading industry bodies who share our values to help achieve our responsible investment goals.

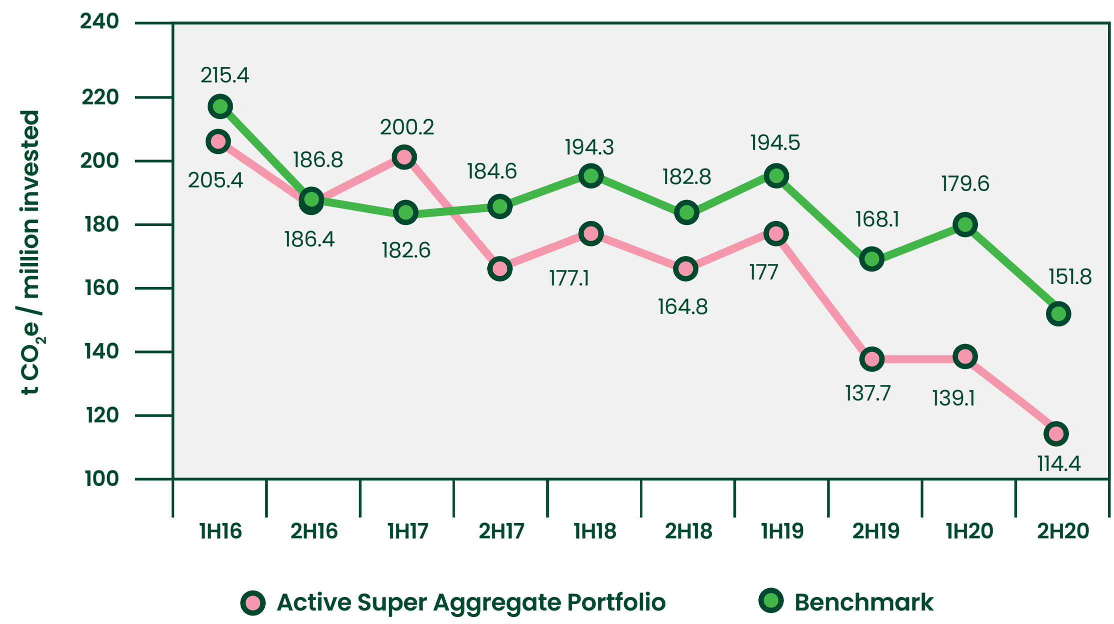
Active on climate change

At Active Super, we believe climate change is one of the most significant risks facing the world today. We were among the first super funds to move on climate change issues in 2009, and introduced climate change and fossil fuel reserve restrictions back in 2014. In the 2020/21 financial year, we continued to use strategies across the fund to manage the risk of climate change.

A smaller carbon footprint

The carbon footprint for the Active Super portfolio as a whole is lower than many other super funds, due to investment restrictions we've had in place for many years. Our Carbon Footprint Report shows that in the second half of 2020, our exposure to carbon-intensive companies was much lower than the Benchmark Index for both Australian equities and international equities.

Carbon emissions trend (Australia)



Carbon neutral business operations

Climate Active Carbon Neutral ORGANISATION

As one of the leading super funds for responsible investment, it's important we 'keep our own house clean' and for some years we've been committed to reducing our carbon footprint.

We are one of only five Australian super funds to be certified carbon neutral by the Australian Government's Climate Active program for organisations. This covers our head office in Margaret Street, Sydney, as well as our seven regional offices.

One of our biggest sources of emissions is paper and postage, largely due to the communications we send to members. We have introduced numerous strategies to cut paper consumption, including encouraging members to switch to email communications and reducing the use of paper in our offices. We have participated in a number of offset projects, including reforestation in NSW and biodiversity reserves in Indonesian Borneo and Kenya.

Carbon neutral direct property portfolio

Climate Active Carbon Neutral BUILDING

We manage one of Australia's most sustainable direct property portfolios and in April 2021 all seven NABERS-rated buildings in the portfolio were certified carbon neutral under the Climate Active Carbon Neutral standard for Buildings. We've reduced our CO_2 emissions by 42 percent since first adopting the certification in 2019.

This year we were also the first diversified property portfolio to achieve a '6-star Green Star — Performance' rating from the Green Building Council of Australia (GBCA), representing 'World Leadership' in sustainable building operations.

Read more about our lean green property machine on page 19.

Koula
Active Super member since 2003

Our path to Net Zero 2050

> Active Super's Net Zero 2050 model clearly shows the work required to achieve our goal. It is a forceful new tool in our push for positive change.
>
> **Moya Yip**
> Head of Responsible Investment

Our attention has now turned to our investment portfolio and we are committed to achieving net zero emissions throughout our entire fund by at least 2050.

To help us achieve this goal, our responsible investment team has developed an exciting new modelling tool. Using data from our investments in different asset classes, it shows our trajectory towards Net Zero 2050 and how it might be accelerated - or delayed - depending on different variables.

With the exception of our direct property portfolio, where all our NABERS-rated buildings are certified carbon neutral, the modelling shows that across all asset classes we are currently some way off achieving net zero by 2050.

For example, in our Australian equities portfolio, we've identified that only 27 percent of companies have carbon emission targets. This is too low and the graph shows that we will be in shortfall if we don't take further action.

Companies in our Australian equities portfolio with carbon emissions targets

27%
Companies with emissions targets

73%
Companies without emissions targets

> If the Australian Government pledged to net zero emissions by 2050, this would accelerate our progress in reducing carbon emissions by a significant 78%

How the modelling can help

The good news is that this data gives us a powerful tool for change. Firstly, it allows us to accurately plan and cost Active Super's transition to net zero based on different scenarios.

Secondly, it allows us to engage robustly with different fund managers, investee companies and industry groups to get the commitments we seek. For example, we're already seeing fund managers start to sell out of high emitting securities and sectors, effectively decarbonising our portfolios.

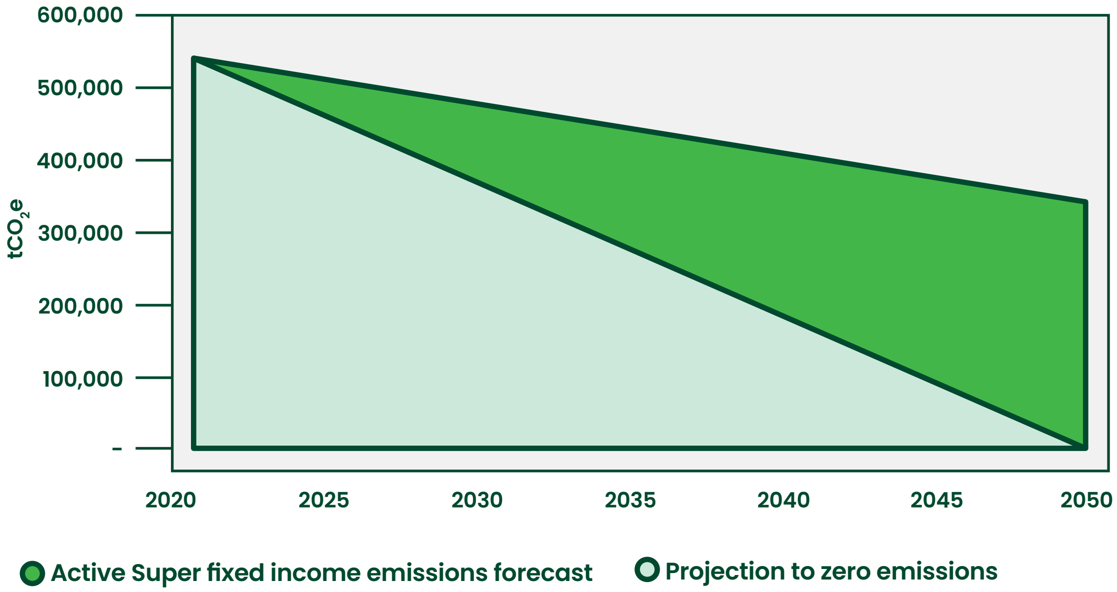
However, the modelling shows that there is scope to achieve so much more.

Take the Active Super fixed income portfolio for example. We are one of the first super funds to analyse this asset class through a net zero lens. For the safety and security of our members' returns, a large portion of our fixed income investment portfolio must hold Australian Government bonds, and it accounts for a large proportion of our emissions.

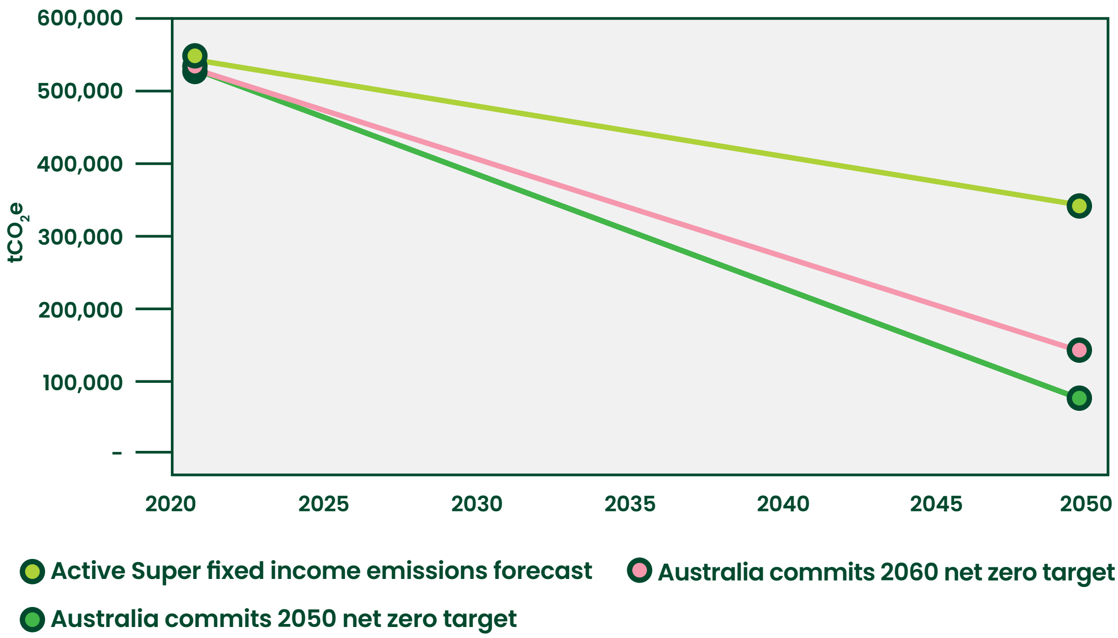
The adjacent graph shows how government intervention on this issue could dramatically change our trajectory. For example, if the Australian Government pledged to net zero emissions by 2050, this would accelerate our progress in reducing carbon emissions by a significant 78%.

We're excited about the impact this information will have on where and how we invest your super and as we shape the future of our portfolio.

Carbon emissions shortfall forecast (fixed income)



Carbon emissions forecast by scenario (fixed income)



The lean, green property machine

One of Australia's most sustainable direct property portfolios

6 stars

First superannuation fund with a diversified property portfolio to achieve a **'6 STAR GREEN STAR - PERFORMANCE'** rating[1]

$770m

value of the direct **PROPERTY PORTFOLIO**

3 yrs

consecutive carbon neutral certification for all **7 NABERS-RATED BUILDINGS**[2]

42%

reduction in greenhouse gas emissions **SINCE 2019**

1st

GREEN LOAN developed for the superannuation sector, specifically for Active Super Property[3]

No.1

ranking in the **NABERS SUSTAINABLE PORTFOLIOS INDEX 2021**[4]

Active Super is an advocate for all buildings to achieve **NET ZERO CARBON EMISSIONS BY 2050**

2030

Deadline to achieve **NET ZERO OPERATING CARBON EMISSIONS** across our direct property portfolio[5]

12,800

TREES PLANTED as part of the property portfolio carbon offset program

[1] The Green Building Council of Australia. The rating represents World Leadership in building operations. [2] Climate Active Carbon Neutral Standard for Buildings. [3] Set by the Climate Bonds Initiative (CBI). [4] Best performing shopping centre portfolio in NABERS' Energy and Water category [5] Active Super is a signatory to the World Green Building Council's global Net Zero Carbon Buildings Commitment

Information correct as of July 2021.

If you've ever shopped at Village Centre or Bridge Plaza in Batemans Bay, or the landmark MarketPlace Leichhardt, then you've supported an Active Super direct property investment.

Our $770 million direct property portfolio owns eight high quality assets located throughout NSW, including four office buildings, three retail centres and one multi-unit industrial estate – and it's one of the most sustainable property portfolios in Australia.

Despite the ongoing challenges resulting from the COVID-19 pandemic, the property portfolio delivered a strong 11.04% return for the 2020/21 financial year, exceeding the industry benchmark* of 8.98%. Longer term returns are also strong and these remain above benchmark over 3, 5 and 7 year time periods.

We believe that the high sustainability performance of our direct property portfolio translates into better investment performance for members, as sustainable buildings have a better ability to attract and retain tenants and also have high-quality management.

Committed to net zero

Active Super is a signatory to the World Green Building Council's global Net Zero Carbon Buildings Commitment which advocates for all buildings to be net zero by 2050.

In keeping with this commitment, we have achieved a 42 percent reduction in CO_2 emissions across the seven NABERS-rated buildings in the direct property portfolio since first becoming carbon neutral in 2019.

6 Star Green Star portfolio

In 2021, the Active Super property portfolio was recognised for its sustainable building practices by achieving a '6-star Green Star — Performance' rating from the Green Building Council of Australia (GBCA), the first super fund with a mixed property portfolio to achieve this 'World Leadership' rating.

GBCA rates buildings, fit-outs and communities through Australia's largest national, voluntary, holistic rating system – Green Star. GBCA also provides education and advocacy to the industry to promote green building practices, technologies and operations.

> "We believe that the high sustainability performance of our direct property portfolio translates into better investment performance for members, as sustainable buildings have a better ability to attract and retain tenants and also have high–quality management."
>
> **Scott Armstrong**
> Head of Property

* Mercer/IPD Australian Property Pooled Fund Index

Investing for the greater good

Active Super uses Sustainable Development Goals (SDGs) as a guide to seek investments that have a positive impact on the community and the environment.

The SDGs are a set of aspirational goals developed by the United Nations to protect the environment and ensure all people enjoy peace and prosperity. These goals aim to tackle a wide range of issues including climate change, biodiversity, diversity, clean water and sanitation, quality education, affordable and clean energy.

These investments are not only good for the environment and the community, they also earn long-term sustainable returns for our members.

Chyulu Hills, Kenya

Active Super's carbon offset program supports the Chyulu Hills project. Overlooking iconic Mount Kilimanjaro across the border in Tanzania, the unique cloud forest of the Chyulu Hills creates a critical habitat for many of Africa's most iconic species, including endangered rhinos and elephants.

Nine local organisations in south-eastern Kenya have come together to create the Chyulu Hills Conservation Trust. As trustees, they own the carbon credits and manage the project.

The project provides new and sustainable livelihood opportunities through direct employment, alternative income-generating activities and investment in small businesses, all reducing pressure on the environment.

- 182,000 hectares of forest protected
- 600,000 tonnes/year of estimated annual emission reductions
- 140,000 people supported
- 25 schools serving over 9,000 students
- 300 rangers employed
- Lions, cheetahs, rhinos, elephants and antelope protected

Chyulu Hills community

Awarded gold for being green

In 2020, Active Super won the SuperRatings Infinity Award for a record seventh time. It's an industry win for responsible investing, awarded to the fund most committed to investing ethically.

We're pleased we've hung onto the top spot. But we're even more pleased we had such strong competition this year, including Australian Ethical Super, CareSuper, Future Super and HESTA.

One of our star performers

Some of our most profitable investments also happen to be sustainable, and one of our best performing fund managers for the 2020/21 financial year was Impax Asset Management. Impax believes that the next economy is the sustainable economy, seeking out investments that will help us face the challenges of the future.

Impax has a global equites mandate of investing in companies that are helping to improve energy efficiency and reduce carbon emissions. This portfolio contains high-return companies such as Generac (back-up power generation for extreme climate situations), Nibe (no-carbon heat pumps) and Xinyi Solar (leading solar panel producer).

Impax Asset Management returned

50.5%

year to 30 June*

*Past performance is not a reliable indicator of future performance.

Awards and applause

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While winning awards isn't everything, it's great to see that doing the right thing has paid off.

We've been recognised for outstanding products and services, as well as setting the benchmark for responsible investment strategies.

SuperRatings Infinity Award

We're proud to have won the SuperRatings Infinity Award in 2020 for a record seventh time. The Infinity Award is a prestigious award for the super fund most committed to environmental and ethical responsibilities.

6 Star Green Star performance rating

Our direct property portfolio has been recognised for its sustainable building practices by achieving a '6 Star Green Star - Performance' rating from the Green Building Council of Australia. We were the first super fund with a diversified property portfolio to achieve this 'World Leadership' rating in 2021.

Carbon neutral certification

Our direct property portfolio has been certified carbon neutral for a third consecutive year, for all our NABERS-rated buildings. We were the first NABERS-rated property portfolio in Australia to achieve this certification in accordance with the Climate Active Carbon Neutral Standard for Buildings in 2019.

Celebrating 20 years tobacco free

We have always had a strong commitment to responsible and sustainable investment and were the first super fund in Australia to stop investing in tobacco in 2001.

Property portfolio 4-star GRESB rating

Our direct property portfolio has received a 4-star rating from GRESB. GRESB is the global ESG benchmark for real estate assets. Investors use the ESG data and GRESB's analytical tools to monitor their investments, engage with their managers, and make decisions that lead to a more sustainable and resilient real asset industry.

Money magazine's Best of the Best Awards

We have been named Best Green Super Fund in *Money* magazine's Best of the Best Awards in 2018 a record six times since 2012. Receiving this prestigious award numerous times has cemented us as an industry leader in responsible and sustainable investment.

Heron five-star quality rating

Independent advisers, the Heron Partnership, have awarded our superannuation products their five-star quality rating every period since the rating was established in 2008.

Certified as a responsible super fund

In February 2016, we were certified as a responsible super fund by the Responsible Investment Association Australasia (RIAA), the peak body representing responsible and ethical investors across Australia and New Zealand. We are one of only four super funds to apply responsible investment strategies across our whole fund.

Rainmaker Information AAA rating

Our Accumulation Scheme and Account-Based Pension Plan retained their AAA rating in 2021. Members in a AAA-rated fund can be confident their fund will deliver on its promises.

SuperRatings Gold ranking

Australia's leading ratings agency for super funds, SuperRatings, confirmed our Gold Ranking recognising our competitive service, insurance benefits fees and strong fund governance.

PRI assessment results

We have been a signatory to the Principles for Responsible Investment (PRI) since 2007. The PRI initiative is an international network of investors working together to incorporate sustainability issues into investment decision making and ownership practices. In 2020 we scored A or A+ across all reporting categories.

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How we invest your money

This section of the Annual Report provides information on each of our investment options as well as details of performance, asset allocations and definitions.

It's important to note that the net earnings allocated to a member's account during the 2020/21 financial year are calculated daily, based on the applicable unit prices of the underlying investment options the member is invested in.

These unit prices are derived from the market value of the investments in the underlying investment option after adjustments for taxes, fees and expenses.

Any direct fees, contributions tax or expenses, such as insurance premiums, are deducted directly from the member's account and are not taken into account when deriving applicable unit prices.

The tables on the following pages show returns for past net earning rates and these figures are not an indicator of future net earning rates. Member benefits invested in any particular investment option are not guaranteed and the value of their investment may fall.

Derivatives

At Active Super, derivatives are used to adjust the weightings of the various portfolios in line with the overall investment strategy. Various derivatives may be applied, such as futures and options.

Strict investment guidelines detail all limits approved on the use of derivatives that are in place. Currency hedging activities are also carried out in relation to all international assets in the portfolio, within strictly defined parameters.

Derivatives can also be used to protect against possible adverse movements in the markets, to implement tactical asset allocations, or to enter or exit the market at a defined price level. Under no circumstances can they be used to gear the investment portfolio or be used for speculative trading.

Except when the investment manager specifically confirms in writing that derivatives will not be used, each investment manager must supply adequate policies, procedures and controls, which outline the role and management of derivatives products (such as futures and options) used by the investment manager.

The Trustee requires that all derivative positions are fully cash covered, offset to existing assets, or used to alter the exposures in underlying asset classes.

Our investment portfolio

Top 10 Australian share holdings as at 30 June 2021

Rank	Australian shares top 10 holdings	% of portfolio holding	% of index[1]
1	BHP	6.67	6.76
2	CBA	5.77	8.37
3	CSL	3.99	6.13
4	NAB	3.78	4.09
5	ANZ	3.67	3.79
6	Macquarie Group	2.65	2.51
7	Westpac	2.53	4.48
8	Telstra	2.37	2.11
9	Wesfarmers	1.95	3.17
10	Rio Tinto	1.60	2.22

1. This measure shows how much of that share is held by the overall market. For Australia, the index used is the S&P/ASX 300. So even though we may hold enough of a share for it to be in our top ten, we may still hold less than its share of the overall market.

Top 10 international share holdings as at 30 June 2021

Rank	International shares top 10 holdings	% of portfolio holding	% of index[2]
1	Thermo Fisher Scientific	1.70	0.30
2	Visa	1.67	0.61
3	Medtronic	1.54	0.26
4	LVMH	1.45	0.33
5	Oracle	1.39	0.23
6	Comcast	1.26	0.40
7	Tencent	1.22	0.66
8	Accenture	1.07	0.29
9	Walt Disney	0.99	0.49
10	Alphabet	0.98	1.13

2. This measure shows how much of that share is held by the overall market. For international shares, the index is the MSCI ACWI ex Australia which consists of the vast majority of all the listed shares on major global markets. So even though we may hold enough of a share for it to be in our top ten, we may still hold less than its share of the overall market.

Our investment options

The following descriptions reflect the objectives and the asset allocations as at 30 June 2021.

You should refer to the relevant Product Disclosure Statement (PDS) for the current details of our investment options.

For more detailed and up-to-date performance figures for all our investment options, visit our website at activesuper.com.au/performance

High Growth

Description: Invests a very high proportion of funds in growth assets, such as shares and property and may be suitable for members seeking high investment growth over the longer term.

Objective: 3.5% net return p.a. above CPI over a rolling 10-year period.

Risk profile: The emphasis is on growth, so the value of the investment may fluctuate over the short term.

- **Risk band:** 6
- **Risk label:** High (Based on an estimate of 4.2 negative annual returns in any 20-year period).

Asset classes	Asset allocation ranges	Actual 2021[3]	Actual 2020[3]
Australian shares	22 – 42%	34.0%	31.0%
International shares	28 – 48%	38.3%	36.1%
Australian direct property	0 – 10%	5.1%	5.8%
International listed property	0 – 10%	2.2%	2.3%
Private equity	4 – 14%	8.4%	10.0%
Private credit	0 – 6%	2.2%	5.3%
Growth alternatives	0 –5%	1.8%	
Short-term fixed interest	0 – 10%	4.2%	4.1%
Liquid alternatives	0 – 5%	0.2%	0.9%
Bonds	0 – 10%	0.0%	0.0%
Infrastructure	0 – 10%	2.1%	2.5%
Cash	0 – 10%	1.6%	1.7%

3. As at 30 June

Actual allocation to commodities in 2020 was 0.5% and in 2021 was 0%

Investment returns as at 30 June	1 year	3 years	5 years
Accumulation Scheme (Division A)	23.69%	9.63%	10.72%
Account-Based Pension Plan (Division F)	26.96%	10.78%	11.89%

Balanced Growth

Description: Invests a high proportion of funds in growth assets, such as shares and property and may be suitable for members seeking real investment growth over the medium to longer term.

Objective: 3.0% net return p.a. above CPI over a rolling 10-year period.

Risk profile: The emphasis is on growth, so the value of the investment may fluctuate over the short term.

- **Risk band:** 5
- **Risk label:** Medium to High (Based on an estimate of 3.4 negative annual returns in any 20-year period)

<table>
<tr><th>Asset classes</th><th>Asset allocation ranges</th><th>Actual 2021[4]</th><th>Actual 2020[4]</th></tr>
<tr><td>Australian shares</td><td>15 – 35%</td><td>27.0%</td><td>23.1%</td></tr>
<tr><td>International shares</td><td>17 – 37%</td><td>27.2%</td><td>26.7%</td></tr>
<tr><td>Australian direct property</td><td>0 – 10%</td><td>5.1%</td><td>5.8%</td></tr>
<tr><td>International listed property</td><td>0 – 10%</td><td>2.3%</td><td>2.4%</td></tr>
<tr><td>Private equity</td><td>2 – 12%</td><td>6.5%</td><td>7.8%</td></tr>
<tr><td>Private credit</td><td>0 – 6%</td><td>2.3%</td><td rowspan="2">5.4%</td></tr>
<tr><td>Growth alternatives</td><td>0 – 5%</td><td>1.9%</td></tr>
<tr><td>Short-term fixed interest</td><td>5 – 15%</td><td>9.1%</td><td>9.2%</td></tr>
<tr><td>Liquid alternatives</td><td>0 – 5%</td><td>1.1%</td><td>2.0%</td></tr>
<tr><td>Bonds</td><td>2 – 22%</td><td>9.3%</td><td>11.0%</td></tr>
<tr><td>Infrastructure</td><td>0 – 10%</td><td>3.7%</td><td>3.9%</td></tr>
<tr><td>Cash</td><td>0 – 10%</td><td>4.5%</td><td>2.3%</td></tr>
</table>

4. As at 30 June

Actual allocation to commodities in 2020 was 0.5% and in 2021 was 0%

Investment returns as at 30 June	1 year	3 years	5 years
Accumulation Scheme (Division A)	18.41%	8.07%	8.73%
Account-Based Pension Plan (Division F)	20.77%	9.03%	9.75%

Balanced

Description: Invests a proportion of funds in growth assets, such as shares and property, in combination with income-producing assets, such as interest-bearing securities. May be suitable for members seeking investment growth over the medium term with less volatility.

Objective: 2.0% net return p.a. above CPI over a rolling 10-year period.

Risk profile: The emphasis is still on growth, but with more stability than might be expected in High Growth or Balanced Growth.

- **Risk band:** 4
- **Risk label:** Medium (Based on an estimate of 2.3 negative annual returns in any 20-year period)

Asset classes	Asset allocation ranges	Actual 2021[5]	Actual 2020[5]
Australian shares	7 – 27%	18.0%	14.3%
International shares	7 – 27%	18.2%	15.8%
Australian direct property	0 – 10%	5.1%	5.8%
International listed property	0 – 10%	2.3 %	2.4%
Private equity	1 – 11%	5.7%	6.6%
Growth alternatives	0 – 5%	2.0%	6.4%
Private credit	0 – 6%	3.2%	
Short-term fixed interest	6 – 26%	16.0%	15.8%
Liquid alternatives	0 – 5%	1.1%	3.2%
Bonds	13 – 33%	19.0%	23.2%
Infrastructure	0 – 10%	4.3%	4.9%
Cash	0 – 10%	5.1%	1.1%

5. As at 30 June

Actual allocation to commodities in 2020 was 0.5% and in 2021 was 0%

Investment returns as at 30 June	1 year	3 years	5 years
Accumulation Scheme (Division A)	12.95%	6.38%	6.66%
Account-Based Pension Plan (Division F)	14.64%	7.21%	7.60%

Conservative

Description: Invests a small proportion of funds in growth assets and the balance in income-producing assets, such as interest-bearing securities and may be suitable for members seeking a shorter term investment with some good potential for growth, but with greater stability

Objective: 1.5% net return p.a. above CPI over a rolling 10-year period.

Risk profile: The emphasis is on greater security, with some potential for growth. The value of the investment may still fluctuate.

- **Risk Band:** 2
- **Risk Label:** Low (Based on an estimate of 0.7 negative annual returns in any 20-year period)

Asset classes	Asset allocation ranges	Actual 2021[6]	Actual 2020[6]
Australian shares	0 – 18%	9.0%%	5.4%
International shares	0 – 18%	9.1%	6.9%
Australian direct property	0 – 10%	5.2%	5.3%
International listed property	0 – 6%	1.2%	1.3%
Private equity	0 – 7%	2.1%	2.2%
Private credit	0 – 10%	4.3%	9.7%
Growth alternatives	0 – 10%	3.9%	
Short-term fixed interest	10 – 30%	19.9%	19.0%
Liquid alternatives	0 – 5%	1.2%	4.0%
Bonds	19 – 39%	25.1%	29.6%
Infrastructure	2 – 12%	5.0%	5.1%
Cash	5 – 15%	14.1%	11.3%

6. As at 30 June

Actual allocation to commodities in 2020 was 0.5% and in 2021 was 0%

Investment returns as at 30 June	1 year	3 years	5 years
Accumulation Scheme (Division A)	7.50%	4.45%	4.49%
Account-Based Pension Plan (Division F)	8.50%	5.10%	5.26%

Managed Cash

Description: For investors who want exposure to investments in money market securities with a very low risk of capital loss. The Managed Cash strategy invests predominantly in short-term Australian money market assets and term deposits. A proportion of the assets are invested in floating rate debt securities issued by Australian banks, which have a longer maximum term.

This gives this strategy greater exposure to higher returns than by just investing in short-term cash deposits, with only a small increase in the volatility of the returns. This option offers investments for short-term investors or those seeking less volatile returns.

Objective: 0.20% net investment return per annum above the cash rate*, measured over a rolling two-year period.

Risk profile: Risk Band 1 (Very Low). Based on an estimate of there being no negative returns in any 20-year period.

Asset classes	Actual 2020[7]
Cash term deposits and money market securities	100.0%

7. As at 30 June

Investment returns as at 30 June	1 year	3 years	5 years
Accumulation Scheme (Division A)	0.50%	1.09%	1.41%
Account-Based Pension Plan (Division F)	0.63%	1.32%	1.63%

*Bloomberg Ausbond Bank Bill Index

Growth: Retirement Scheme

Definition: For real investment growth above the CPI over the medium to longer term. For investors who want high exposure to Australian and international shares and property and are prepared to accept more risk. The emphasis is on growth above CPI over a ten-year period so investors should be prepared for some potential short-term volatility. The value of the investment may fluctuate over the short term.

Objective: 3.0% net investment return per annum above CPI, measured over a rolling ten-year period.

Risk profile – Standard Risk Measure:

- **Risk band:** 5
- **Risk label:** Medium to High (Based on an estimate of 3.4 negative annual returns in any 20-year period). Suggested investment time frame: 5 years

Asset classes	Asset allocation ranges	Actual 2021[8]	Actual 2020[8]
Australian shares	15 – 35%	26.8%	23.2%
International shares	17 – 37%	27.3%	26.6%
Australian direct property	0 – 10%	5.1%	5.9%
International listed property	0 – 10%	2.3%	2.4%
Private equity	2 – 12%	7.0%	7.6%
Private credit	0 – 6%	2.2%	5.5%
Growth alternatives	0 – 5%	1.9%	
Short-term fixed interest	5 – 15%	9.2%	9.3%
Liquid alternatives	0 – 5%	1.0%	2.0%
Bonds	2 – 22%	9.4%	11.0%
Infrastructure	0 – 10%	4.1%	4.2%
Cash	0 – 10%	3.8%	1.2%
Total split of Growth/Defensive			
Growth assets	60 – 80%	72.5%	72.3%
Defensive assets	20 – 40%	27.5%	27.7%

8. As at 30 June

Actual allocation to commodities in 2020 was 0.5% and in 2021 was 0%

Investment returns as at 30 June	1 year	3 years	5 years
Retirement Scheme	18.26%	7.83%	8.59%

Member investment choice options

Retirement Scheme members only (Division B)

In addition to the Growth investment option, Retirement Scheme members have access to member investment choice options. Members can choose one of five investment options: High Growth, Balanced Growth, Balanced, Conservative or Managed Cash.

Members can elect an investment option for the following benefit components:

For contributory members

- Your Contributor Financed Benefit
- Other Contributions account.

For deferred members

- Your total account balance.

The following tables show the returns for one, three and five years for each of the investment options as at 30 June 2021.

Retirement Scheme – Deferred Benefit

	1 year	3 years	5 years
High Growth	23.76%	9.66%	10.51%
Growth	18.26%	7.83%	8.59%
Balanced Growth	18.36%	8.07%	8.60%
Balanced	12.91%	6.40%	6.66%
Conservative	7.51%	4.47%	4.54%
Managed Cash	0.50%	1.11%	1.41%

Retirement Scheme – Other Contributions

	1 year	3 years	5 years
High Growth	23.76%	9.66%	10.51%
Growth	18.26%	7.83%	8.59%
Balanced Growth	18.36%	8.07%	8.60%
Balanced	12.91%	6.40%	6.66%
Conservative	7.51%	4.47%	4.54%
Managed Cash	0.50%	1.11%	1.41%

Retirement Scheme – Contributory

	1 year	3 years	5 years
High Growth	23.76%	9.66%	10.51%
Growth	18.26%	7.83%	8.59%
Balanced Growth	18.36%	8.07%	8.60%
Balanced	12.91%	6.40%	6.66%
Conservative	7.51%	4.47%	4.54%
Managed Cash	0.50%	1.11%	1.41%

Defined benefit strategy

Definition: The Defined Benefit Strategy generally invests a high proportion of its funds in growth assets, such as Australian and international shares and property. The balance is invested in income-producing assets. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this strategy. In other words, the value of the investment may fluctuate over the short term.

Objective: 5.75% net investment return per annum over a five-year period.

Risk profile: High/Medium. As this is a defined benefit scheme, any downside risk is effectively underwritten by the Employers.

Asset classes	Asset allocation ranges	Actual 2021[9]	Actual 2020[9]
Australian shares	14 – 34%	24.7%	22.2%
International shares	16 – 36%	26.3%	25.7%
Australian direct property	4 – 14%	9.0%	10.0%
International listed property	0 – 10%	1.9%	1.9%
Private equity	0 – 10%	5.1%	6.6%
Private credit	0 – 6%	2.1%	4.7%
Growth alternatives	0 – 5%	1.7%	
Short-term fixed interest	2 – 22%	10.9%	10.1%
Liquid alternatives	0 – 5%	0.6%	2.3%
Bonds	0– 17%	6.4%	6.9%
Infrastructure	0 – 5%	1.6%	1.7%
Cash	0 – 18%	9.2%	7.3%
Total split of Growth/Defensive			
Growth assets	60 – 80%	71.2%	71.7%
Defensive assets	20 – 40%	28.8%	28.3%

9. As at 30 June

Actual allocation to commodities in 2020 was 0.5% and in 2021 was 0%

Investment returns as at 30 June	1 year	3 years	5 years
Defined Benefit Strategy	17.09%	7.41%	8.34%

The team behind your super

05

The Board is responsible for setting the overall strategy and objectives for Active Super and ensuring the fund is operating in the best financial interest of members.

About the trustee

Active Super's Trustee is LGSS Pty Limited, a non-profit company solely engaged in the management and control of the assets for the benefit of its members. This means that profits go back to members.

Industry regulators

The Fund is a Registrable Superannuation Entity (RSE) under the *Superannuation Industry (Supervision) Act 1993* (Cth) (SIS Act). The Trustee holds an RSE licence (L0001243) which is regulated by the Australian Prudential Regulation Authority (APRA).

The Trustee also holds an Australian Financial Services Licence (AFSL) (383558) to cover the services provided by its financial planners and client relationship managers. This licence is regulated by the Australian Securities and Investments Commission (ASIC).

Indemnity insurance

The Trustee and its directors and officers are covered by professional indemnity insurance which helps protect Active Super in the event of a claim against its assets.

Governance

The Board is ultimately responsible for managing Active Super, which includes the safekeeping of assets and ensuring it operates in accordance with the Trust Deed, the *Corporations Act 2001* (Cth), the SIS Act and other relevant superannuation legislation, regulations and prudential standards (Superannuation Laws).

Superannuation is constantly evolving, with increasing competition and ongoing legislative changes, so the Board is supported by an in-house Governance team which provides expert risk, legal and compliance advice on a day-to-day basis. The Trustee's role is to ensure our super fund is safe, secure and is meeting the expectations and the long-term financial needs of our members.

Role of the Board

The Board is responsible for setting the overall strategy and ensuring Active Super is operating in the best financial interests of members in accordance with the Trust Deed and Superannuation Laws.

As at 30 June 2021, there were nine directors on the Board of the Trustee Company. We also have an aspirational goal for our Board to have a 40% representation of female directors.

The Board meets regularly and receives and reviews reports from management and its service providers. When necessary, the Board calls upon advice from specialist such as lawyers, accountants and actuaries.

Board committees

The Board has created five committees, and a sub-committee, to provide specific direction and resources to the business that fall within their delegated responsibility:

- Investment Committee
- Audit and Compliance Committee
- Governance, Remuneration and Nomination Committee
- Risk Committee
- Member Services Committee.

These committees allow the Board to oversee operations in greater detail.

The members of the committees and their various duties as at 30 June 2021 are discussed on the following pages.

Investment Committee

Craig Peate (Chair), Gordon Brock, Domenico Figliomeni and Sandi Orleow.

Duties: With meetings held at least quarterly, the committee supports the Board in the day-to-day management of investments by monitoring the performance of our investment managers and investment options, overseeing the in-house management of Fund assets and also reviewing the performance of our asset consultants. The team provides regular updates to the Board.

Audit and Compliance Committee

Karen McKeown (Chair), Claudia Bels, Gregory McLean, Sandi Orleow and is also attended by Active Super's external auditor.

Duties: Meetings are generally held quarterly to help monitor the Trustee's compliance with all relevant licences, laws and regulations and reviewing the effectiveness of the Trustee's financial reporting and compliance framework.

Risk Committee

Claudia Bels (Chair), Declan Clausen, Karen McKeown, Gregory McLean and Kyle Loades.

Duties: The Risk Committee meets at least quarterly to provide the Board with an objective non-executive review of the effectiveness of the Trustee's risk management framework. It ensures that the Fund has an independent and adequately-resourced internal audit function. It also oversees the Fund's business continuity management framework, information security framework and compliance with AML/CTF obligations. Further, it identifies and manages emerging risks and reviews risk-related polices.

Member Services Committee

Gordon Brock (Chair), Declan Clausen, Karen McKeown, Gregory McLean, Kyle Loades and Sandi Orleow.

Duties: Meetings are held at least quarterly to monitor the delivery of services to members and ensure we're meeting agreed standards, that our services are consistent with the Board's expectations and that they continue to be aligned with strategic objectives.

This committee also considers disputed claims for invalidity and death benefits.

Governance, Remuneration and Nomination Committee

Domenico Figliomeni (Chair), Claudia Bels, Declan Clausen, Kyle Loades and Craig Peate.

Duties: This committee meets as required to assist the Board to fulfil its responsibilities in relation to APRA's prudential standard SPS 510, implementing, reviewing and making recommendations to the Board regarding our governance framework. It also provides Board support regarding the renewal of Board trustee directors.

Your Board

Kyle Loades (Chair)

MBA, FAICD

Appointed as an Independent Chair on 22 October 2019.

Director: Credit Union Australia (CUA), Credicorp Insurance Pty Ltd, AMA Group Pty Limited.

Chair: Hunter Medical Research Institute (HMRI), Australian Transformation and Turnaround Association (AUSTTA).

Qualifications: Master of Business Administration, AICD Fellow.

Current committee memberships: Governance, Remuneration and Nomination, Member Services, Risk.

Karen McKeown (Deputy Chair)

OAM, BCom, GAICD, GAIST

Appointed by Local Government NSW on 10 April 2018.

Mayor and Councillor: Penrith City Council.

Director: Penrith Performing & Visual Arts Pty Ltd, McBrekar Pty Ltd, Local Government NSW.

Qualifications: Bachelor of Commerce, Labour Law Certificate, Executive Certificate for Elected Members.

Current committee memberships: Risk, Member Services, Audit and Compliance (Chair).

Craig Peate (Deputy Chair)

GAIST (Adv.), GAICD

Appointed by the United Services Union on 25 October 2012, and re-appointed on 25 October 2020.

Local Government employee with Tweed Shire Council since 1978 and currently holds the position of Co-ordinator of Revenue & Recovery.

Director: AIST, Dunnara Debt Services.

Qualifications: GAICD, GAIST (Adv.), Associate Diploma in Local Government, Certificate III and IV in Financial Services, Certificate in Management and Leadership.

Current committee memberships: Investment (Chair), Governance, Remuneration and Nomination.

Claudia Bels

BEc/LLB (Hons), Grad Cert BA (Exec), GAICD, GAIST

Appointed as an Independent Director on 13 January 2020.

Independent Director: CBHS Corporate Health Pty Limited, Australian Settlements Limited.

Independent Director; Deputy Chair: Australia & New Zealand Recycling Platform Limited.

Qualifications: Bachelor of Laws (Hons), Bachelor of Economics, Graduate Certificate Business Administration (Exec), Diploma for the Company Directors Course AICD, Graduate of the Trustee Director Course, AIST.

Current committee memberships: Audit and Compliance, Governance, Remuneration and Nomination, Risk (Chair).

Gordon Brock

BEcon, MLL, GAICD, GAIST

Appointed by the Local Government Engineers Association (LGEA) on 31 August 2016 and re-appointed on 1 September 2020.

Director: Local Government Engineers Association, Professionals Australia (NSW).

Qualifications: Bachelor of Economics; Masters in Labour Law.

Current committee memberships: Investment, Member Services (Chair).

Domenico Figliomeni

Post Graduate B Mgt, B Bus, Dip P Admin, GAICD, GAIST

Appointed by Local Government NSW on 5 December 2017.

Councillor: Wollongong City Council (since September 2017).

Chief Executive Officer: NSW Ports Port Kembla.

Qualifications: Bachelor of Business, Post Graduate Degree in Business Management, Diploma in Public Administration, Graduate of the Australian Institute of Company Directors.

Current committee memberships: Investment, Governance, Remuneration and Nomination (Chair).

Declan Clausen

MSc, BE, GAICD

Appointed by Local Government NSW on 26 March 2021.

Deputy Lord Mayor and Councillor: City of Newcastle.

Executive Officer to the Managing Director: Hunter Water Corporation (since 2017).

Qualifications: Master of Science (Sustainable Urban Development), Harvard Bloomberg City Leadership Program, Bachelor of Engineering, Graduate of the Australian Institute of Company Directors.

Current committee memberships: Risk, Member Services, Governance, Remuneration and Nomination Committee.

Gregory (Greg) McLean

OAM, GAICD, GAIST (Adv)

Appointed by the United Services Union on 6 June 2018.

Councillor: Sutherland Shire Council.

Qualifications: Graduate of the Trustee Director Course, Australian Institute of Superannuation Trustees (GAIST), Graduate of the Australian Institute Company Directors Course (GAICD), Advanced Trustee Director Course, Australian Institute of Superannuation Trustees (GAIST Adv), RG 146 Fundamentals, Postgraduate Labour Law Course, University of Technology Sydney Postgraduate Industrial Law Course, NSW Law Society.

Current committee memberships: Risk, Member Services, Audit and Compliance.

Sandi Orleow

BCom, B Acc, CFA, GAICD

Appointed as an Independent Director on 22 October 2019.

Director: CFA Sydney Board

Director, Chair Audit & Risk Committee: Pengana International Equities Ltd (ASX:PIA).

Member: Investment Advisory Board, ACT Treasury, Over Fifty Guardian Friendly Society Ltd Investment Committee.

Qualifications: Bachelor of Commerce, Post-Graduate Bachelor of Accounting, Chartered Financial Analyst, Graduate Member AICD.

Current committee memberships: Investment, Member Services, Audit and Compliance.

Maria

Active Super member since 1994

2020/21 meetings attendance by Directors

The attendance by Directors at meetings of the Board and its Committees from 1 July 2020 to 30 June 2021 was as follows:

Board

Director	Meetings held during tenure	Number of meetings attended
Bels, Claudia	12	11
Brock, Gordon	12	12
Clausen, Declan[1]	3	3
Figliomeni, Domenico	12	12
McKeown, Karen	12	12
Loades, Kyle	12	12
McLean, Greg	12	12
Miller, Bruce[2]	9	6
Orleow, Sandi	12	12
Peate, Craig	12	12

1. Appointed to the Board on 26 March 2021
2. Resigned from the Board on 25 March 2021

Audit and Compliance Committee

Director	Meetings held during tenure	Number of meetings attended
Bels, Claudia	5	5
Brock, Gordon[3]	4	4
McKeown, Karen	5	5
McLean, Greg	5	5
Orleow, Sandi[4]	1	1

3. Ceased as a Member of the Committee on 15 April 2021
4. Appointed as a Member of the Committee on 15 April 2021

Investment Committee

Director	Meetings held during tenure	Number of meetings attended
Brock, Gordon[5]	1	1
John Evans[6]	7	7
Figliomeni, Domenico	7	7
Miller, Bruce[7]	6	6
Orleow, Sandi	7	7
Peate, Craig	7	7
Whittaker, Anne[6]	7	6

5. Appointed as a member of the Committee on 15 April 2021
6. Attended last meeting as an additional committee member on 26 May 2021
7. Ceased as a Director on 25 March 2021

Governance, Remuneration and Nomination Committee

Director	Meetings held during tenure	Number of meetings attended
Bels, Claudia	5	5
Clausen, Declan[8]	1	1
Figliomeni, Domenico	5	5
Loades, Kyle	5	5
Miller, Bruce[9]	4	2
Peate, Craig	5	5

8. Appointed as a member of the Committee on 15 April 2021
9. Resigned from the Board on 25 March 2021

Member Services Committee

Director	Meetings held during tenure	Number of meetings attended
Brock, Gordon	7	7
Clausen, Declan[10]	3	3
McKeown, Karen	7	6
Loades, Kyle	7	7
McLean, Greg	7	7
Orleow, Sandi	7	7

10. Appointed as a Member of the Committee on 15 April 2021

Risk Committee

Director	Meetings held during tenure	Number of meetings attended
Bels, Claudia	5	5
Brock, Gordon[11]	4	4
Clausen, Declan[12]	1	1
Loades, Kyle	5	5
McKeown, Karen	5	5
McLean, Greg	5	5

11. Ceased as a Member of the Committee on 15 April 2021
12. Appointed as a Member of the Committee on 15 April 2021

Directors and Executives' remuneration

Directors are remunerated for their services to the Board and Committees. The fees are reviewed with effect from 1 July each year. The directors' fees are payable to the individual director or to their appointing shareholder.

The Executive Team, and all Trustee's employees, receive an annual total remuneration package (TRP) that includes base salary and superannuation guarantee contributions. In addition, the CEO has a variable component to his remuneration package (bonus).

For more details about the directors and executives' remuneration, please visit activesuper.com.au and take a look at the Payments and Benefits Table and the Compensation Table in the Corporate Governance section.

Executive Team

The Executive Team has been given authority by the Board to determine and execute the strategic objectives of Active Super.

At 30 June 2021, the Executive personnel included:

- Phil Stockwell, Chief Executive Officer
- Donna Heffernan, Deputy Chief Executive Officer and Company Secretary
- Craig Turnbull, Chief Investment Officer
- Andrew Gledhill, Chief Risk Officer
- Chantal Walker, Chief Digital and Marketing Officer
- Heather Dawson, Chief Experience Officer
- Tim Carmichael, Head of HR
- Peter Gilmore, Chief Financial and Commercial Officer

Our service providers

The Trustee engages external experts such as investment advisers and investment managers, administrators, custodians, an actuary, accountants, lawyers and auditors to assist with its obligations to Active Super members. All external service providers have been appointed on the basis of quality and cost effectiveness. The Trustee reviews its service providers regularly and may from time to time make changes.

Administrator

Australian Administration Services Pty Limited

Actuary

Mercer Consulting (Australia) Pty Limited

Asset Consultants

JANA Investment Advisers Pty Ltd
Cambridge Associates Limited, LLC

External Auditors

NSW Auditor General
Ernst & Young Australia

Internal Auditor

PriceWaterhouseCoopers Australia

Custodians

J.P. Morgan Nominees Australia Ltd
Pacific Custodians Pty Ltd

Group Life Insurer

TAL Life Limited

Professional Indemnity Insurer

Berkshire Hathaway Specialty Insurance

Tax Advisers

KPMG

Investment managers at 30 June 2021

Actis GP LLP
Adamantem Capital
AMP Capital Investors Ltd
AQR Capital Management LLC
Ardea Investment Manager
Attunga Capital Pty Ltd
BlackRock Investment Management
BAIN Capital
Baring Private Equity Asia
Brandywine Global Investment Management LLC
Canyon Partners, LLC
Centaur Property Funds Cerberus
Capital Management
Champ Private Equity
Cheyne Capital Management (UK)
LLP CQS Asset Management
DNR Capital
ECP Asset Management Pty Ltd
EQT Partners Advisors LLP
Farallon Capital Management Ltd
First Sentier Investors (Australia) Services Pty Ltd
GMO Investment Management
Golden Gate Capital
GPT Group
Hawkesbridge Capital Pty Ltd
HealthCare Royalty Partners
Hermes Investment Management
IFM Investors
Impax Asset Management Ltd
Investa Property Group
Janus Henderson Global Investors
JP Morgan Chase
Kapstream Capital
Lighthouse Infrastructure
Longview Partners (Guernsey) Ltd
LSV Asset Management
Macquarie Investment Management
Mesirow Financial
MFS Institutional Advisors
Morrison & Co
Mutual Ltd
Oaktree Capital Management
PAG Investment Management
Pendal Group
PIMCO Australia Pty Ltd
QIC Ltd
Quadrant Private Equity
Resolution Capital
Sculptor Capital
Stafford Private Equity
State Street Global Advisors, Australia Ltd
TCW Asset Management Company
The Growth Fund
Ubique Asset Management Pty Ltd
WCM Investment Management
Wellington International Management Company Pty Ltd
Wilshire Australia Pty Ltd
Winton Capital Management

Legal advisers

Allens
Clyde & Co
Minter Ellison

Suhail

Active Super member
since 2015

06

Taxes, fees and charges

General tax information

Active Super is required to pay tax of up to 15% on all employer super concessional contributions received, including contributions made via salary sacrifice, provided members don't exceed the concessional contributions cap. (More information on concessional contributions follows.)

Any tax payable in respect of these concessional contributions is deducted from the member's account at the time the contributions are made.

Non-concessional contributions are personal contributions made on an after-tax basis, and are generally not subject to tax, provided contributions do not exceed the non-concessional contributions cap.

Low Income Superannuation Tax Offset (LISTO)

Members with an annual income of less than $37,000 per annum may be eligible to receive a refund of the 15% contributions tax deducted from their employer concessional contributions, up to a maximum of $500. The refund is paid directly into their super account.

Concessional contributions

Concessional contributions are pre-tax contributions and include the compulsory employer Superannuation Guarantee plus any salary sacrifice arrangements.

The concessional contributions cap is $25,000 per annum for the year ending 30 June 2021, and $27,500 after 1 July 2021. The annual concessional contributions income threshold is $250,000. Once your annual income exceeds this amount, contributions may be taxed at 30%.

Members can carry forward any unused concessional contributions cap amounts to later income years, provided they have a total superannuation balance of less than $500,000 in the previous year. Unused amounts are available for a maximum of 5 years, after which any unused amounts will expire.

If someone breaches the concessional contributions limits, they have the option of receiving a refund of any excess contributions and including it in their annual tax return to be taxed at their marginal rate.

Alternatively, they can retain it within their superannuation account where it will be counted towards their non-concessional cap and taxed at the marginal rate.

Non-concessional contributions

Non-concessional contributions are capped at $100,000 for the year ending 30 June 2021, and $110,000 after 1 July 2021, subject to satisfying the work test. Individuals under 67 years of age during any part of the financial year can bring forward up to three years' worth of non-concessional contributions and contribute a total of $330,000 in one financial year.

An individual is only able to make non-concessional contributions if their total superannuation balance is less than $1.7 million. Contributions made to accounts with a higher balance than $1.6 million are now taxed at 47%.

Tax on investment earnings

Earnings on investments are generally taxed at a maximum of 15%. The effective rate may be reduced below 15% due to the effect of various tax credits and rebates.

The earnings tax is deducted from the investment return prior to crediting to a member's account.

Tax on pension payments

For individuals aged 60 and over, any payments from super are tax-free.

For members of the Account-Based Pension Plan, there is no tax levied on investment earnings generated within the pension plan.

Medicare levy

The Medicare levy is currently 2.0%.

Fees and other costs

Switching fee

From 1 July 2021, the switching fee was abolished.

Cap on fees for low balance accounts

From 1 July 2019, super accounts with balances of $6,000 or less at the financial year end will have their fees capped at 3% per annum.

This cap includes administration fees, investment fees and the indirect cost ratio. Fees over the 3% cap will be refunded.

Exit fees were abolished across all superannuation funds on 1 July 2019. From this date there is no fee to roll over to another super fund, or to withdraw your account balance.

Early adoption of RG97

Active Super has adopted the disclosure of RG97 from 1 July 2021, which changes the way Investment fees and costs are calculated.

Investment fee

An investment fee is a fee or cost that relates to the investment of assets of a superannuation entity and may include:

- Fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- Costs incurred by the Trustee of the entity that:
  a. relate to the investment of assets of the entity; and
  b. are not otherwise charged as administration fees and costs, a buy-sell spread, a switching fee, activity fee advice or an insurance fee. E.g. management fees, transaction and operational costs, performance related fees, and custody fees.

Transaction costs

Transaction costs are costs associated with the sale and purchase of assets of the superannuation entity other than costs that are recovered by the superannuation entity charging buy/sell spreads.

These investment fees are paid from Active Super's assets prior to unit prices being calculated.

Administration fee

The administration fee percentage relates to the cost of the administration and operation of the superannuation fund. As Active Super is a profit-for-members fund, this fee is estimated each year, and any excess not used in the running of the Fund is returned to the Fund for the benefit of members.

All fees charged to members' accounts during the 2020/21 financial year are detailed in the following tables:

Administration fees, other fees and insurance premiums charged

For the year ended 30 June 2021	Accumulation Scheme	Account-Based Pension Plan
Administration fee	$71.24 per annum ($1.37 per week) and 0.25% p.a.	$71.24 per annum ($1.37 per week) and 0.25% p.a.
Basic Death cover (male)	$0.914 per unit per month	N/A
Basic TPD cover (male)	$0.475 per unit per month	
Basic Death cover (female)	$0.704 per unit per month	
Basic TPD cover (female)	$0.592 per unit per month	
Investment Switching fee	$27.00 per switch	$27.00 per switch
Voluntary insurance	The cost will vary depending on the sum insured and other factors	N/A

Investment fee

Investment fee charged for the Accumulation Scheme for the year ended 30 June 2021

High Growth	Balanced Growth	Balanced	Conservative	Managed Cash
0.93%	0.83%	0.80%	0.67%	0.18%

Investment fee charged for the Account-Based Pension Plan for the year ended 30 June 2021

High Growth	Balanced Growth	Balanced	Conservative	Managed Cash
0.93%	0.83%	0.80%	0.67%	0.18%

Transaction costs

Transaction costs for the Accumulation Scheme for the year ended 30 June 2021

High Growth	Balanced Growth	Balanced	Conservative	Managed Cash
0.07%	0.07%	0.08%	0.07%	0.00%

Transaction costs for the Account-Based Pension Plan for the year ended 30 June 2021

High Growth	Balanced Growth	Balanced	Conservative	Managed Cash
0.07%	0.07%	0.08%	0.07%	0.00%

Administration fees charged

For the year ended 30 June 2021	Retirement Scheme	Defined Benefit Scheme
Administration fee	$71.24 per annum ($1.37 per week) and 0.25% p.a.	0.35% p.a.
Exit fee	N/A	N/A
Investment Switching fee	$27.00 per switch	N/A

Investment fee charged in the Retirement Scheme (Accumulation components only) for the year ended 30 June

These investment fees are charged to following accounts:

- Contributory members (excluding any Other Contributions account)
- Other Contributions
- Deferred members

High Growth	Balanced Growth	Growth	Balanced	Conservative	Managed Cash
0.93%	0.83%	0.87%	0.80%	0.67%	0.18%

Transaction costs charged in the Retirement Scheme (Accumulation components only) for the year ended 30 June

These transaction costs are charged to following accounts:

- Contributory members (excluding any Other Contributions account)
- Other Contributions
- Deferred members

High Growth	Balanced Growth	Growth	Balanced	Conservative	Managed Cash
0.07%	0.07%	0.08%	0.08%	0.07%	0.00%

Asad

Active Super member since 2020

Financial planning fee ('advice fee')

Active Super charges a direct fee for some financial planning services. Not all financial advice incurs a fee and in many cases there is no charge. Whether or not a fee applies depends on the scope of the financial advice that is required.

Our financial planners discuss any fee payable when meeting with members and clients. If a fee is applicable, we advise of the cost before the member or the client decides whether to proceed with obtaining the advice.

Family Law fees

The following fees were payable for the provision of Family Law information and for the actual 'splitting of the benefit':

Accumulation Scheme and Account-Based Pension Plan (includes GST)

Request for information[1]	$110
Benefit split fee[2]	$88

Retirement Scheme and Defined Benefit Scheme (includes GST)

Request for information[1] • Current members • Deferred members • Pensioners	 $275 $110 $110
Benefit split fee[2]	$88

Further details of fees and charges are provided in our member statements and also in the applicable PDS, available at activesuper.com.au/PDS or from Member Services.

1. This fee is payable by the person requesting the information.
2. This fee is generally payable by the member and non-member spouse in equal parts ($44 each). However, if the non-member spouse is entitled to the whole amount of a splittable payment, the entire amount is payable by the non-member spouse. The member's share of the fee is deducted from the member's account and the non-member spouse's share is deducted from the non-member spouse's splittable payment prior to the transfer of the payment out of the Fund.

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Financial Statements

To access a copy of the complete Financial Statements, go to activesuper.com.au/annualreports

Large investments

All investments are held directly by Active Super. The investments are allocated to a range of investment managers, either in a client-specific mandate or as part of a pooled investment. Investment managers (and/or their weightings) are changed at appropriate times. During the financial year there were two investments that exceeded 5% of Fund assets:

- QIC Cash Enhanced Fund (6.95% as at 30 June 2021)
- Active Super Direct Property Portfolio (5.02% as at 30 June 2021)

Statement of Financial Position
As at 30 June 2021

	2021 $'000	2020 $'000
Assets		
Cash and cash equivalents	167,922	153,673
Receivables and other assets	2,236	945
Investments		
Cash and Short Term Deposits	1,450,664	939,739
Other Interest Bearing Securities	2,778,899	3,409,352
Australian Equities	5,035,845	3,668,409
International Equities	3,004,556	2,082,247
Australian Unit Trusts	276,418	617,126
International Unit Trusts	1,329,314	1,080,748
Derivative Assets	34,258	149,911
Deferred tax assets	11,038	616
Total assets	**14,091,150**	**12,102,766**
Liabilities		
Payables	(4,327)	(3,997)
Derivative Liabilities	(116,422)	(46,784)
Income tax payable	(187,084)	(62,550)
Deferred tax liabilities	(138,857)	(61,709)
Total liabilities excluding member benefits	**(446,690)**	**(175,040)**
Net assets available for member benefits	**13,644,460**	**11,927,726**
Member benefits		
Defined contribution member liabilities	(9,774,430)	(8,438,056)
Defined benefit member liabilities	(3,572,260)	(3,413,212)
Unallocated to members	(1,741)	(1,189)
Total member liabilities	**(13,348,431)**	**(11,852,457)**
Total net assets	**296,029**	**75,269**
Equity		
Other reserves	94,255	80,531
Operational risk reserve	33,513	33,278
Defined benefits that are (underfunded) / overfunded	168,261	(38,540)
Total equity	**296,029**	**75,269**

Income Statement
For the year ended 30 June 2021

	2021 $'000	2020 $'000
Superannuation activities		
Interest	64,569	80,139
Dividend revenue	190,077	158,660
Distributions from unit trusts	142,613	182,129
Changes in assets measured at fair value	1,650,437	(438,121)
Other investment income	3,159	4,437
Other income	265	110
Total superannuation activities income	**2,051,120**	**(12,646)**
Administration expenses	(5,811)	(5,955)
Investment expenses	(32,308)	(36,006)
Operating expenses	(31,474)	(29,624)
Total expenses	**(69,593)**	**(71,585)**
Net result from superannuation activities	**1,981,527**	**(84,231)**
Profit / (loss) from operating activities	**1,981,527**	**(84,231)**
Net change in Defined Benefit member liabilities	(344,873)	(40,682)
Net benefits allocated to Defined Contribution member accounts	(1,226,218)	27,993
Profit / (loss) before income tax	**410,436**	**(96,920)**
Income tax (expense) / benefit	**(189,676)**	**27,607**
Profit / (loss) after income tax	**220,760**	**(69,313)**

Statement of Changes in Member Benefits
For the year ended 30 June 2021

	Defined Contribution Members (DC) $'000	Defined Benefit Members (DB) $'000	Total $'000
Opening balance as at 1 July 2020	8,438,056	3,414,401	11,852,457
Contributions:			
Employer	371,623	101,263	472,886
Member	138,586	10,864	149,450
Transfer from other superannuation plans	244,253	7,560	251,813
Government co-contributions	369	22	391
Income tax on contributions	(55,305)	(15,094)	(70,399)
Net after tax contributions	**699,526**	**104,615**	**804,141**
Benefits to members/beneficiaries	(594,800)	(282,686)	(877,486)
Transfer from defined benefit to defined contribution	7,202	(7,202)	-
Insurance premiums charged to members' accounts	(11,906)	-	(11,906)
Death and disability insurance benefits credited to members' accounts	10,134	-	10,134
Benefits allocated to members' accounts, comprising:			
Net investment income	1,232,003	552,651	1,784,654
Administration fees	(5,785)	(947)	(6,732)
Actuarial surplus*	-	(206,831)	(206,831)
Closing balance as at 30 June 2021	**9,774,430**	**3,574,001**	**13,348,431**

* Actuarial Surplus / Deficiency equates to the relative change in the value of the net assets and the related defined benefit accrued liability.

Statement of Changes in Member Benefits
For the year ended 30 June 2021

	Defined Contribution Members (DC) $'000	Defined Benefit Members (DB) $'000	Total $'000
Opening balance as at 1 July 2019	8,363,802	3,560,433	11,924,235
Contributions:			
Employer	368,972	109,899	478,871
Member	135,863	9,542	145,405
Transfer from other superannuation plans	315,097	8,781	323,878
Government co-contributions	355	22	377
Income tax on contributions	(54,245)	(16,503)	(70,748)
Net after tax contributions	**766,042**	**111,741**	**877,783**
Benefits to members/beneficiaries	(672,891)	(288,757)	(961,648)
Transfer from defined benefit to defined contribution	9,698	(9,698)	-
Insurance premiums charged to members' accounts	(12,491)	-	(12,491)
Death and disability insurance benefits credited to members' accounts	11,889	-	11,889
Benefits allocated to members' accounts, comprising:			
Net investment income	(22,158)	(15,642)	(37,800)
Administration fees	(5,835)	(996)	(6,831)
Actuarial deficiency*	-	57,320	57,320
Closing balance as at 30 June 2020	**8,438,056**	**3,414,401**	**11,852,457**

* Actuarial Surplus / Deficiency equates to the relative change in the value of the net assets and the related defined benefit accrued liability.

Statement of Changes in Reserves
For the year ended 30 June 2021

	Defined Benefits that are overfunded $'000	Other reserves $'000	ORFR $'000	Total equity $'000
Opening balance as at 1 July 2020	(38,540)	80,531	33,278	75,269
Increase in DB member benefits	(344,873)	-	-	(344,873)
Operating result	551,674	13,724	235	565,633
Closing balance as at 30 June 2021	**168,261**	**94,255**	**33,513**	**296,029**

	Defined Benefits that are (underfunded) $'000	Other reserves $'000	ORFR $'000	Total equity $'000
Opening balance as at 1 July 2019	17,752	94,570	32,260	144,582
Increase in DB member benefits	(40,682)	-	-	(40,682)
Operating result	(15,610)	(14,039)	1,018	(28,631)
Closing balance as at 30 June 2020	**(38,540)**	**80,531**	**33,278**	**75,269**

Statement of Cash Flows
For the year ended 30 June 2021

	2021 $'000	2020 $'000
Cash flows from operating activities		
Interest from cash and cash equivalents	64,569	80,159
Administration expenses	(36,765)	(35,936)
Insurance Proceeds	10,134	11,889
Insurance Premiums	(11,919)	(12,452)
Other income (expenses)	(1,204)	5,244
Net income tax refunded	1,585	42,550
Investment expenses	(32,308)	(36,006)
Net cash (outflows) / inflows from operating activities	**(5,908)**	**55,448**
Cash flows from investing activities		
Purchase of investments	(3,856,415)	(4,288,384)
Proceeds from sale of investments	3,949,917	4,354,401
Net cash inflows from investing activities	**93,502**	**66,017**
Cash flows from financing activities		
Employer contributions	472,886	478,871
Member contributions	149,450	145,405
Transfers from other superannuation plans received	251,813	323,878
Government co-contributions received	391	377
Benefits paid to members	(877,486)	(961,648)
Income tax paid on contributions received	(70,399)	(70,748)
Net cash outflows from financing activities	**(73,345)**	**(83,865)**
Net increase in cash	**14,249**	**37,600**
Cash at the beginning of the financial period	**153,673**	**116,073**
Cash at the end of the financial period	**167,922**	**153,673**

08

More information about the fund

Complaints

We're here to actively serve our members, so any complaint gets our full attention.

We aim to provide consistently high levels of service and transparency by handling any enquiries or complaints promptly and courteously.

If a member has a complaint about any product or service or about a decision made by the Trustee, the first step is to contact Member Services on 1300 547 873 to see if the matter can be resolved.

If they prefer, members can complain in writing to Active Super's Complaints Resolution Manager by:

- email to complaints@activesuper.com.au; or
- letter to: Active Super, PO Box H290, Australia Square NSW 1215; or
- online via the Help and Support section of our website activesuper.com.au

As required by law, we have arrangements in place to properly consider and deal with:

- standard complaints within 30 days of receipt;
- superannuation trustee complaints within 45 days of receipt; and
- complaints (objections) about a proposed death benefit distribution within 90 days after the expiry of the 28-day period for objecting.

The Complaints Resolution Manager ensures complaints are properly considered and that we provide a response as soon as possible.

If our response is delayed due to the complexity of the complaint or circumstances beyond our control, we let members know about the delay before the standard timeframe expires.

Once we resolve a complaint, we also provide the member with an Internal Dispute Resolution (IDR) response which outlines the final outcome, their right to take the complaint to the Australian Financial Complaints Authority (AFCA), and the contact details for AFCA.

Where Active Super rejects or partially rejects a complaint, we provide reasons for the decision, including identifying and addressing the issues raised in the complaint.

Australian Financial Complaints Authority (AFCA)

If you're not satisfied we've resolved an issue or you're unhappy with the way we're handling your complaint, you can lodge a complaint with the Australian Financial Complaints Authority, or AFCA.

AFCA provides fair and independent financial services complaint resolution that is free to consumers.

AFCA can be contacted as follows:

Online:	afca.org.au
Email:	info@afca.org.au
Phone:	1800 931 678 (free call)
Mail:	Australian Financial Complaints Authority GPO Box 3 Melbourne, VIC 3001

Diversity and inclusion

At Active Super, we believe that human diversity in the workplace creates a richer flow of ideas, helping to increase creativity and innovation and improve problem solving. This, in turn, can improve organisational financial performance.

In recent years Active Super has made efforts to ensure gender diversity across all levels, and we're starting to see strong outcomes as a result. Notably, we've improved female representation at Senior and Board level, which is helping to balance gender representation and close the gender pay gap. Currently, 33% of Active Super Board members are female.

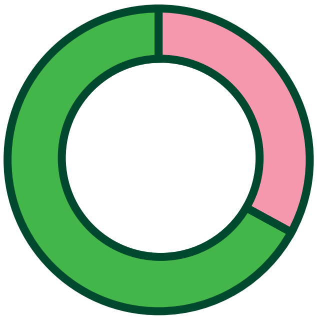
As at 30 June 2021, the average headcount was 103 with an even male to female ratio across the organisation.

Gender representation is reported to the Governance, Remuneration and Nomination Committee quarterly. An overview is also provided to the Board through the CEO's dashboard reporting. Looking ahead, a key objective of the policy is also to increase cultural diversity in leadership and senior executive positions.

For more information about diversity and inclusion at Active Super, see the accompanying report, *Impact 2020/21 – Turning the Tide*.

Gender diversity (Board)

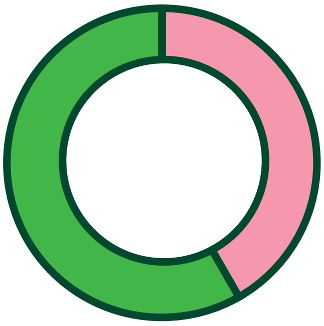
66.67%



33.33%

Gender diversity (ELT)

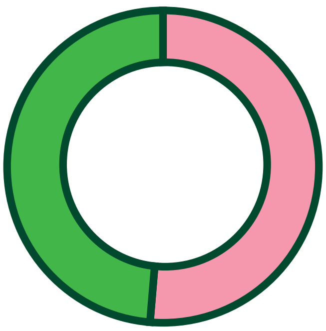
57.89%



42.11%

Gender diversity (all staff)

49.07%



50.93%

Male Female

Temporary residents leaving Australia

Temporary residents of Australia who have permanently left Australia, may be entitled to take their super with them when they leave.

However, temporary residents can only claim their super benefits from Active Super within six months of departing Australia or within six months of the expiry or cancellation of the visa, whichever event is later.

If they don't claim their money within six months of departing Australia, their super will be paid to the ATO and their Active Super account will be closed without notification. They will then need to contact the ATO directly to claim their super.

Under Australian Securities and Investments Commission relief, we are not required to notify or give an exit statement to a member who was a temporary resident if we are required to transfer their unclaimed super to the ATO in these circumstances.

Trustee's reserves

By law, the Trustee is responsible for the overall management of its reserves.

The Trustee maintains separate reserves for the Accumulation and Defined Benefit products, depending on its specific purpose.

Accumulation reserves

Operational risk financial requirement (ORFR)

The Superannuation Laws require the Trustee to maintain adequate financial resources to address losses arising from operational risks that may affect Active Super within its business operations.

The ORFR is the target amount of financial resources that the Trustee determines is necessary to respond to these losses, should they occur.

The ORFR reserve is required to hold at least 0.25% of Active Super's accumulation assets. As stipulated in the Trustee's ORFR Policy, replenishment is required once the level reaches 90% of the 0.25%.

As at 30 June 2021, the Accumulation ORFR was 0.24% of Accumulation products' assets (95.8%).

The Trustee is required to maintain the reserve in accordance with the ORFR policy.

Administration reserve

This reserve comprises deductions which are made from members' accounts to cover the cost of administration related expenses of the Fund.

Tax reserves

As with the Administration Reserve, a provision is made from the Fund's investment earnings for the estimated income tax payable. In addition, the Tax Reserve contains monies deducted from members' accounts for any contributions tax due. These monies, in total, are held until such time as they are required to be remitted to the ATO.

The tax reserves for both the Accumulation and Defined Benefit products have been combined since 30 June 2016.

Self-insurance reserve

The Self Insurance Reserve is to meet death/invalidity claims within the Accumulation products that relate to the period prior to the commencement of the external insurance arrangements on 1 March 2009.

Defined Benefit reserves

ORFR

As stated above, the Superannuation Laws require the Trustee to maintain adequate financial resources to address losses arising from operational risks that may affect Active Super within its business operations.

The ORFR is the target amount of financial resources that the Trustee determines is necessary to respond to these losses, should they occur.

As at 30 June 2021, the Defined Benefit ORFR was 0.26% of the Defined Benefit product's assets.

The Trustee is required to maintain the reserve in accordance with the ORFR policy.

Reserve data

Below are the closing balances of these reserves as at 30 June for the last seven years for the Accumulation and Defined Benefit products:

Accumulation reserves

Year	Admin ($'000)	Tax ($'000)	ORFR ($'000)	Self Insurance ($'000)
2014	407	15,333	8,931	1,953
2015	223	18,799	15,996	1,771
2016	351	22,808	17,082	1,771
2017	286	36,227*	17,901	1,505
2018	126	50,905	23,182	1,391
2019	37	108,700	22,917	1,391
2020	4,559	58,349	23,582	1,352
2021	6,141	111,337	23,726	1,320

Defined Benefit reserves

Year	Defined Benefit ($'000)	ORFR ($'000)	Additional Benefit ($'000)	Admin ($'000)	Tax ($'000)
2014	1,648,825	8,406	7,273	-	14,187
2015	1,721,531	9,240	6,895	-	12,246
2016	1,723,258	9,865	6,660	-	13,185*
2017	1,815,943	9,340	6,248	-	-
2018	1,903,479	9,828	6,191	-	-
2019	1,918,431	9,343	6,191	-	-
2020	1,806,433	9,696	6,002	-	-
2021	2,037,220	9,787	6,066	-	-

*From 30 June 2016 onwards, the tax reserves for both the Accumulation and Defined Benefit products were merged.

Movement during the financial year for each of the above-mentioned reserve accounts as at 30 June for the last seven years is as follows:

Accumulation reserves

Year	Admin ($'000)	Tax ($'000)	ORFR ($'000)	Self Insurance ($'000)
2014	101	15,333	5,013	-47
2015	-184	3,466	7,065	-182
2016	128	4,009	1,086	-
2017	-65	13,419*	819	-266
2018	-160	14,678	5,281	-114
2019	-89	57,795	-265	-
2020	4,552	-50,351	665	-39
2021	1,582	52,988	144	-32

Defined Benefit reserves

Year	Defined Benefit ($'000)	ORFR ($'000)	Additional Benefit ($'000)	Admin ($'000)	Tax ($'000)
2014	115,657	616	-523	-	14,187
2015	72,706	834	-378	-	-1,941
2016	1,727	625	-235	-	939
2017	92,685	-525	-412	-	(13,185)*
2018	87,536	488	-57	-	-
2019	14,952	-485	-	-	-
2020	-111,998	353	-	-	-
2021	230,787	91	64		

*From 30 June 2016 onwards, the tax reserves for both the Accumulation and Defined Benefit products were merged.

Defined Benefits Reserve

The Defined Benefits Reserve represents the value of assets that are assessed by the actuary on an annual basis to ensure that employers have sufficient assets to cover future liabilities.

Additional Benefit Reserve

The Additional Benefit Reserve represents an amount held by the Fund to pay out any death and invalidity insurance claims.

How are the Reserves invested?

The Defined Benefits Reserve is invested in a Growth style investment strategy. The other reserves are held effectively in cash, either in an 'at call' bank account or in a short-term notice account.

All reserves are quarantined from the Fund's other investments.

09

It was a big year for Active Super

Here is a summary of the major events that affected Active Super and our members throughout the 2020/21 financial year.

Trust Deed changes

There were amendments made to the Fund's Trust Deed during the 2020/21 financial year.

On 5 November 2020, the Trust Deed was amended to clarify and improve the Trustee's process for distributing death benefits in the absence of a binding death benefit nomination. It was also amended to ensure that annual leave payments are not included in the definition of salary used to calculate defined benefits.

On 12 November 2020, the Trust Deed was amended to increase the CPI adjustment threshold for defined benefit pensions from 1% to 1.1%. The Trustee initiated this change to prevent Defined Benefit and Retirement Scheme members from having their pensions reduced in 2019/20 due to the 1% fall in CPI caused by the COVID-19 pandemic. This change was made with the consent of the Treasurer of NSW, and was in line with similar changes legislated by the NSW Government for equivalent state-based defined benefit pension schemes.

Constitutional changes

There were no amendments to the Constitution during the 2020/21 financial year.

Asset allocation changes

In February 2021, a strategic asset allocation review was completed and the Board made the following changes:

- Commodities was deleted as an asset class for all strategies
- The allocation to Australian Shares was increased as a replacement
- The Balanced and Conservative options had a further increase in Shares allocation which was sourced from bonds.

Active Super announces lower administration fees

Effective 1 July 2021, the administration fees on the Active Super Accumulation Scheme, the Active Super Account-Based Pension Plan and the Active Super Retirement Scheme were reduced, and the switching fee removed.

Active Super records its strongest-ever yearly performance

Active Super reported record returns over a year for its High Growth, Balanced Growth and Balanced options in the Accumulation Scheme, the Retirement Scheme and the Account-Based Pension Plan. In the Accumulation Scheme, High Growth returned 23.69 percent, in the Retirement Scheme High Growth provided 23.76 percent and in the Account-Based Pension Plan it was 26.96 percent*.

*Past performance is not a reliable indicator of future performance.

Active Super passed APRA's inaugural performance test

Active Super has also been ranked among the top-performing superannuation funds on the YourSuper Comparison Tool.

Local Government Super rebrands as Active Super

On 25 May 2021, we announced that Local Government Super had rebranded as Active Super. The name change is part of a broader strategy to place the fund in a stronger position to engage existing members and attract new members to drive future growth.

The name Active Super was chosen because it captures our long-standing active pursuit of investments that deliver solid long-term returns for members that have a positive impact on the world, as well as our active involvement with our members and their local communities.

The decision is part of the natural progression that the Fund has been following since March 2009 when it opened to members outside the local government sector.

Member benefits and entitlements will not change nor will our commitment to provide quality service to local government employees and industry across NSW.

All product names have been changed accordingly, for example the Local Government Super Accumulation Scheme is now the Active Super Accumulation Scheme. The legal names of our Trustee and Fund will remain unchanged as LGSS Pty Limited and Local Government Super, respectively.

Legislative changes

A summary of the legislation which could affect Active Super and its members follows.

- ## Minimum drawdown rates extended for another year

  Superannuation minimum drawdown rates were reduced by 50 percent for the 2019/20 and 2020/21 income years in response to the COVID-19 pandemic. The Superannuation Legislation Amendment (Superannuation Drawdown) Regulations 2021 extends the measure to 30 June 2022. This applies to account-based pensions and similar products.

  Active Super has sent letters to members affected by this announcement.

- ## More flexible super

  On 17 June 2021, the Government passed the Treasury Laws Amendment (More Flexible Superannuation) Act 2020, which:

  - enables individuals under age 67 to access the bring-forward rule
  - removes the excess concessional contributions charge starting on or after 1 July 2021
  - allows COVID-19 early release payments to be recontributed from 1 July 2021 to 30 June 2030.

  Active Super members aged 65 and 66 will be able to use the bring-forward rule to make up to three years of non-concessional superannuation contributions. Any COVID-19 early release payments can also be recontributed. Members choosing to recontribute must notify Active Super using the ATO approved form.

- ## Your Future, Your Super

  On 17 June 2021, the Government passed the Treasury Laws Amendment (Your Future, Your Super) Bill 2021 which partially implements the 'Superannuation Reform — Your Future, Your Super' measures from the 2020/21 Budget. The following measures commenced on 1 July 2021 except for the single default account measure which commences on 1 November 2021:

  - Single default accounts, which means that where an employee who starts employment on or after 1 November 2021 does not nominate a fund and the ATO informs the employer that the employee has a stapled fund, the employer is required to make contributions for the employee into the stapled fund rather than to the employer's default fund.
  - Performance testing by APRA, who will conduct an annual performance test for MySuper products. Where a product has failed the performance test, a trustee will be required to give notice to its beneficiaries who hold such a product. Where a product has failed the performance test in 2 consecutive years, a trustee is prohibited from accepting new beneficiaries into that product.
  - The YourSuper comparison tool is available on an interactive website designed to make it easy to choose a superannuation product by making it easier to compare fees and performance. The Act facilitates implementation of this website by allowing regulations to specify one or more formulas that form the basis for the ranking of superannuation products.
  - Best financial interests duty requires trustees to exercise their powers in the best financial interests of the beneficiaries. It also reverses the burden of proof for the best financial interests duty, so that the onus is on the trustee.

Mary-Louise & James

Active Super members since 2001

Have a question?

Visit: activesuper.com.au

Live chat: Go to activesuper.com.au and click Live Chat at the bottom right.

Email: hello@activesuper.com.au

Call: 1300 547 873 between 8.30am and 5.00pm, Monday to Friday.

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