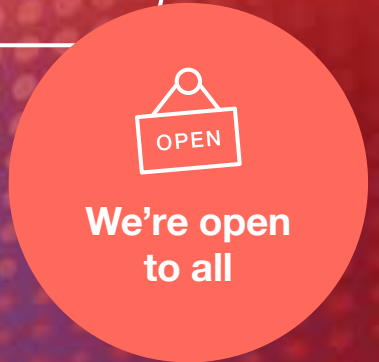


Working towards a future better than you imagined

Annual Report | 2022





Acknowledgment of Country

TelstraSuper acknowledges the Traditional Custodians of the land on which we work. We pay respect and honour Aboriginal and Torres Strait Islander Elders past, present and emerging. We recognise their stories, traditions and living cultures and commit to building a brighter future together.

Our offices are placed on the lands of the following Traditional Custodians:

Melbourne (head office)

The Wurundjeri Woi Wurrung people of the Kulin nation

Sydney

The Gadigal people of the Eora nation

Adelaide

The Kaurna peoples

Brisbane

The Turrbal and Jagera/Yuggera peoples

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About this Annual Report

This Annual Report is for the 2021/22 financial year and has been prepared by Telstra Super Pty Ltd for the Telstra Superannuation Scheme (TelstraSuper). The details in this report are accurate based on information known at the time of printing. Any general advice in this report has been prepared without taking into account your objectives, financial situation or needs. Before you act on any general advice in this report, you should consider whether it's appropriate to your individual circumstances. Before making any decisions, you should obtain and read the TelstraSuper Product Disclosure Statement and any other applicable Guides that are relevant to you, which are available on our website at telstrasuper.com.au or by calling **1300 033 166**. Questions about this report can be directed to our Member Contact Consultant on **1300 033 166**.

2021/22 highlights

\$296,424,603

received in voluntary post-tax contributions

\$65,443,952

received in voluntary pre-tax contributions

\$500,815

received in government co-contributions

\$23+ billion

in funds under management as at 30 June 2022



66%
of registered members
logged into their account



5,370
members attended
our webinars



38%
of total account
logins are through
the mobile app



1,463,315

visits to our website
telstrasuper.com.au



56,804
calls to member
services



\$154,654

median member balance

\$110,119

female median member balance

\$196,117

male median member balance

17.8yrs

average membership tenure years



● Female 40%

○ Male 60%



49yrs

average age of female member



51yrs

average age of male member

\$5,530,301

retirement bonuses distributed across over 1,400 members



First Climate Change Report published



Our investment team had 74 meetings with companies to discuss ESG issues



Maintained certification from the Australian Government's Climate Active program



10% reduction in the percentage-based admin fee



maintained 50% female representation at Board level



Awarded as a 'Workplace Gender Equality Agency Employer of Choice' for Gender Equality



Maintained Platinum rating for 'Best Value for Money' super fund (SuperRatings, 2022)

\$12+ billion

invested in Australia

\$452 million

renewable energy investments as at 30 June 2022

Who we are

TelstraSuper is an award-winning, profit-to-members superannuation fund. Membership is open to all Australians.

Our why

To give our members and their families the confidence to enjoy a better future than they ever imagined.

Our purpose

To excel at supporting members to grow and protect their super savings and optimise their income streams.

Our values

Our values serve as a compass for our actions and show how we work every day to help our members save for the retirement they want.



Integrity and respect

We champion diversity and integrity and act with mutual respect in all our interactions.



Empowerment with accountability

We build confidence and trust, enabling each other to help deliver outstanding results for our members.



One team

We collaborate, embrace change and implement positive ways of working together.



Community focussed

We act ethically and make meaningful contributions to the community and the industry in which we operate.



For our members

We place members at the centre of everything we do to deliver improved member outcomes.



From the Chief Executive Officer



Welcome to the TelstraSuper 2021/22 Annual Report. I would like to take this opportunity to share with you our achievements over the past 12 months. It has been a particularly rewarding year in which we expanded our financial advice offer, further reduced fees for all members, consolidated our climate credentials and strengthened our leadership in retirement innovation.

However, the past year has certainly not been without challenges. Geopolitical uncertainty, economic disruption and market volatility have impacted the superannuation balances of all Australians. While our investment performance remains strong relative to peers, we appreciate that no one likes to see negative or low returns. It is essential, though, to remember that superannuation is a long-term investment. Returns and performance will bounce both down and up over shorter periods, but over the longer-term, equity markets have proven to deliver superior performance, and our long-term performance remains strong.

Many other elements beyond investment performance go into creating a comprehensive and sustainable superannuation fund: service and support, cost-effective insurance and competitive fees. We will explore these and many other examples throughout this report.

Delivering outcomes for members

As a profit-for-member superannuation fund, we are solely focused on delivering outcomes for members. This attention to members is reflected in the results of our Annual Member Outcome Assessment released in March, where close to two-thirds of our members gave us a nine out of ten for satisfaction through our yearly survey, and 89% of our members are actively engaged – either making contributions, rolling over or transferring funds into their account. Our Net Promoter Score in the Investment Trends Member Engagement report ranked us equal 2nd for overall customer satisfaction.

It is also pleasing that our market-leading offer continues to get recognised across the industry. TelstraSuper was named **Pension Fund of the Year and Best Fund: Insurance at the 2022 Chant West Awards***. We were also enormously proud to receive the **SuperRating's Momentum Award**, recognising our leadership in the retirement space. We also maintained our **Platinum rating from SuperRatings** for the 18th straight year. While we do not set out to win awards, we are pleased that our products and services to members have been recognised.

Further fee reductions

To further strengthen our proposition to members, I was delighted to announce a reduction in our administration fees from 1 July 2021. The percentage-based administration fee was reduced by 10% to 0.18% p.a. of the member's total account balance. From 1 July 2022, we were again pleased to reduce the percentage-based administration fee to 0.17% p.a. and the weekly fee to \$1.00 – the lowest they have been in TelstraSuper's history. These reductions were directly achieved through improving efficiencies, growing the Fund's scale, and delivering a real and tangible benefit to the superannuation balances of all members.

Tackling climate change head on

The climate challenge has well and truly come to the fore in recent years. Fires and Floods across Australia are just two examples of the impacts that will only increase over time unless we make meaningful changes. As a large and significant investor in many companies, TelstraSuper recognises our role in helping to achieve Net Zero by 2050. Our Climate Action Plan details 25 initiatives that will help us meet our commitment to achieve net zero greenhouse gas emissions within our portfolio by 2050, including reducing emissions by 45% by 2030. This is a very real and important challenge that we all must face together. We are pleased to say that 21 of these 25 identified initiatives are already underway, and we have already reduced carbon emissions across our listed equities portfolios by 15%.

Reflecting our commitment in this space, Rainmaker Research recently named TelstraSuper as one of the **Top ESG Leaders** based on their assessment of the Fund's

governance, transparency, ESG reports and investment processes. This is a significant achievement for our Investment team.

Retirement front and centre

Providing sustainable retirement income solutions for our members is an essential responsibility of Australia's superannuation funds. The Federal Government formally introduced the Retirement Income Covenant, which requires all superannuation funds to formulate a retirement income strategy from 1 July 2022. Helping members as they approach and move into retirement has been a focus for the Fund for several years, highlighted by the rollout of a number of significant updates and new features for our industry-leading RetireAccess product.

Our approach to helping members prepare for retirement aims to balance many competing issues, such as achieving the right balance between risk, return and longevity issues and recognising that everyone's needs and situations in life are different – some members are approaching and transitioning towards retirement, while others are retiring now or have already retired.

We currently offer two retirement income products that look to cater for these differing needs and objectives:

- Retirement income stream for members who have retired; and
- Transition to a Retirement Income stream for members still working but moving towards retirement.

These will no doubt evolve but what is certain is that planning for retirement is not easy, and members need our support and assistance to guide them through the process. To this end, we have continued to enhance our financial advice offer to deliver advice for every life stage – from simple advice over the phone to topic-based personal advice to comprehensive financial planning. This has assisted those approaching or in retirement and has also been critical in supporting all members to manage the volatile markets we have experienced in 2022.

A diverse and inclusive fund

TelstraSuper is exceptionally proud and committed to being an inclusive and open fund for employees, employer partners and members.

We were thrilled this year to be again recognised as a **2021-2023 WGEA Employer of Choice for Gender Equality**. This best practice recognition program is designed to encourage, recognise and promote an organisation's

active commitment to achieving gender equality in Australian workplaces. Employer of choice citation holders are closing gender pay gaps faster, have a higher proportion of women in management, a more robust pipeline of women moving into senior management, a higher representation of women on their boards and a higher proportion of female employees working full-time than other employers.

We are also developing a Reconciliation Action Plan (RAP) to more formally outline TelstraSuper's approach to reconciliation with Aboriginal and Torres Strait Islander peoples and meet the Reconciliation Australia RAP framework. This builds on the existing work the Fund has been doing in the Indigenous superannuation space.

You can no doubt see that a lot is happening within TelstraSuper to further strengthen and deepen our proposition for all members.

Today, TelstraSuper is a leading profit-to-members fund managing around \$23 billion in funds under management. While this is quite an achievement, we are equally proud of maintaining our intimate and close engagement with our members and employer partners. To this end, I thank all our members, employer partners, and our team for your continued support, and I look forward to working closely with you again in the year ahead.



Chris Davies
Chief Executive Officer

“TelstraSuper is exceptionally proud and committed to being an inclusive and open Fund for employees, employer partners and members.”

Chris Davies, Chief Executive Office,
TelstraSuper

* Awarded by Chant West Awards (Awards) on 26 May 2022. Go to chantwest.com.au for complete information on Chant West's research methodology, processes, rating definitions and FSG.

From the Chair



It has undoubtedly been an astonishing year. From a global perspective, the war in Ukraine has stunned the world, significantly impacting the global economy. This has led to supply chain issues and unprecedented inflation as prices for everything from petrol to vegetables surge. Markets have responded by significantly selling down stocks into correction territory. Locally we have seen floods hit communities across Australia, interest rates rise, putting pressure on housing affordability and cost of living, while a new Federal Government was elected. All this while the global pandemic continues to impact Australia and the world.

As a Board, our focus remains on how the Fund can best support and serve our members against this backdrop of uncertainty.

Focus on our strategy

In times of volatility and uncertainty, it is essential to remember that superannuation is a long-term investment. That is how we frame our decisions as a Board. At times like this, while managing short-term challenges, it is vital to focus on long-term strategy.

That remains our focus. We are in the second year of our current three-year strategy; pleasingly, we have met all major milestones. We also received overwhelmingly positive feedback from members through our satisfaction surveys and, more broadly, from the industry, as reflected in the numerous awards we were proud to receive over the past year.

Sustainably grow and scale

A key pillar of our corporate strategy is to secure our position in the super industry as a trusted fund with scale and sustainability. To this end, TelstraSuper is now open to new employer partners, a strategic decision designed to drive long-term sustainable growth of the Fund and continue to enhance our market-leading proposition to all members.

We seek to work with like-minded employers who share similar values with our existing network of partners, which can see the value a tailored corporate superannuation offer can deliver to their business and their employees. Opening our offer to a broader group of select employer partners is a natural evolution for the Fund. It builds on the many members we have welcomed from businesses associated with Telstra.

TelstraSuper remains uniquely positioned. We see this broadening of our network as an opportunity to continue innovating and delivering market-leading performance, product and service to current and prospective members. We have now also opened the fund to everyone, moving beyond family and friends of members, which means more Australians can benefit from being with an award-winning fund.

One of our long-held competitive advantages is that we can provide personal and bespoke services to our members; we do not see this changing.

Navigating legislative change

Last financial year, we saw the implementation of the Federal Government's Your Future Your Super reforms, with two significant impacts on TelstraSuper:

Stapling

To reduce the proliferation of multiple superannuation accounts, employers are now mandated to make contributions into an employee's existing 'stapled' fund if a new employee does not actively select a fund for their future contributions. We have worked closely with our corporate employer partners, like Telstra and Foxtel, to help showcase the benefits of membership with the Fund.

Investment Performance Test

To improve efficiency, transparency and accountability in the superannuation industry, APRA conducts an annual performance test for all MySuper products, with funds that do not meet set performance benchmarks singled out for under-performance. I am pleased to inform you that TelstraSuper passed this annual test for the period to 30 June 2021 and to 30 June 2022, with our MySuper performance higher than the minimum threshold by a comfortable margin. The Investment Committee and Board continue to consider this new test when revising our investment strategies.

As Chris mentioned in his CEO update, the Retirement Income Covenant also came into effect on 1 July 2022; for us, this is much more than a legislative requirement, and with the average age of a TelstraSuper member being just over 50, is an area that really impacts our members. We continue to roll out our tailored product suite and offer dedicated guidance and advice through TelstraSuper Financial Planning.

From 1 July 2022, the Superannuation Guarantee also increased from 10% to 10.5%. Further increases of 0.5% are scheduled yearly until it reaches 12% in 2025. The minimum income threshold for superannuation contributions was removed, benefiting people on lower incomes who work part-time or casually.

Board changes

I am incredibly proud and thankful for the strength and capability of the TelstraSuper Board. In June 2022, Scott Connolly and Dahlia Khatab were reappointed for a further three years as was Meg Bonighton at the August 2022 Board meeting. Bronwyn Clere was reappointed until 31 December 2023 as she is nearing the end of her nine years on the Board. I was extremely pleased to see this sustained commitment and continuity across our Board as we face the current macroeconomic challenges and execute our three-year strategic plan. I was also reappointed for a further three years from July 1 2022.

Thank you

On behalf of the TelstraSuper Board, I would like to thank all our members and employer partners for your ongoing support. I would also like to thank our CEO Chris Davies and the entire TelstraSuper team, who adapted admirably to the ever-changing nature of work we have faced over the past two years. Having been classified as an essential services employer, the TelstraSuper team has shown outstanding commitment to ensuring business continuity and seamless delivery for our members on a daily basis. To do this while delivering projects and initiatives that will fortify the long-term sustainability of the Fund is a credit to the leadership and the entire team.



Anne-Marie O'Loghlin
Chair

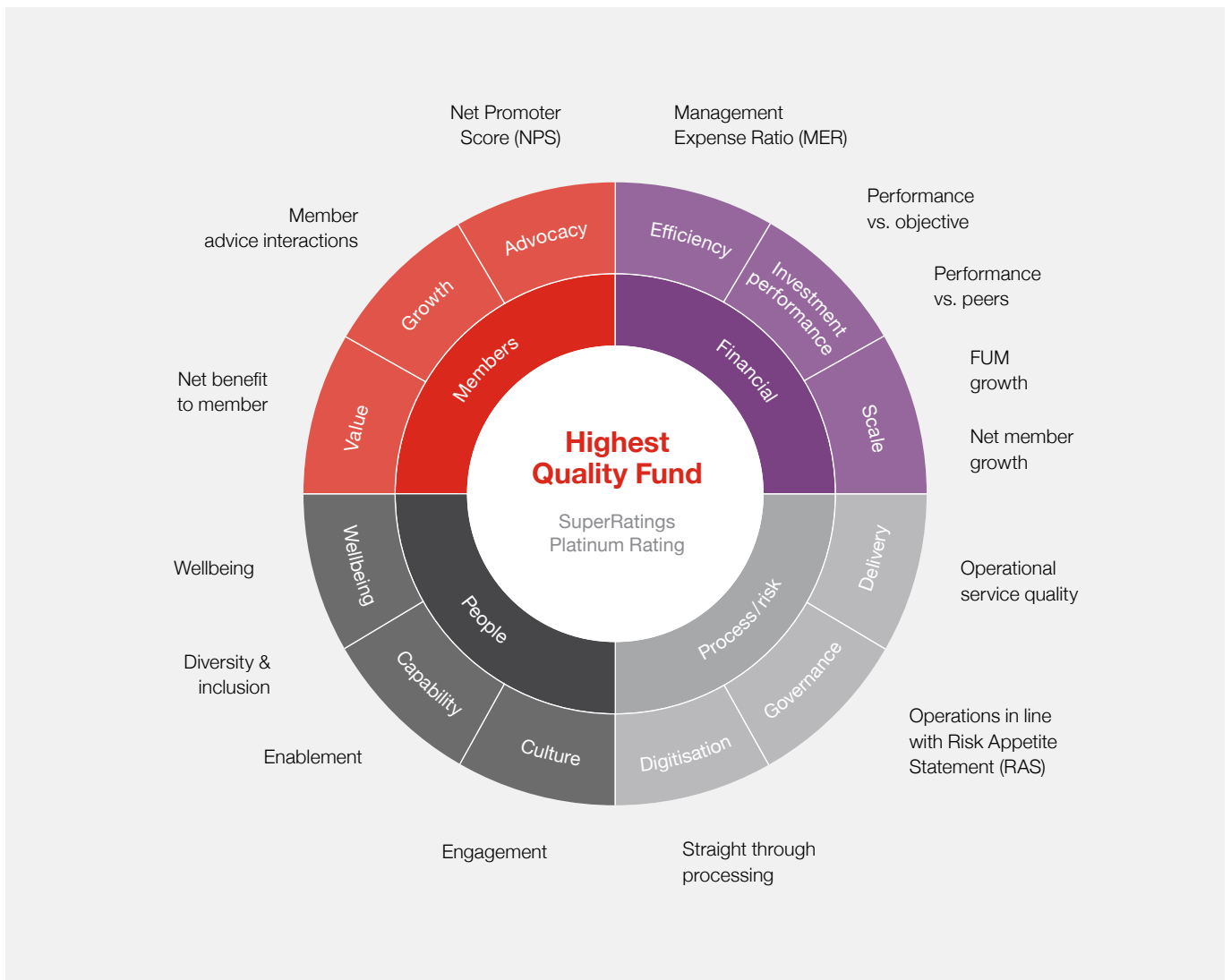


“As a Board, our focus remains on how the Fund can best support and serve our members against this backdrop of uncertainty.”

Anne-Marie O'Loghlin, Chair, TelstraSuper

Our corporate strategy

Our corporate scorecard monitors our success in delivery against our strategy. It has been structured based on the Balanced Business Scorecard to spread the focus across all four quadrants. The intention to maintain a Platinum fund rating with SuperRatings is central to the scorecard and overlaps multiple quadrants. We track our performance against all elements of our Corporate Scorecard to ensure we are fulfilling our corporate strategy's goals.



Our strategic priorities

Our strategic priorities clarify how we focus our efforts to deliver our purpose and vision. Activity across these strategic priorities will help ensure that we continue as a high-quality superannuation fund with a Platinum fund rating from SuperRatings while retaining scale and sustainability to help deliver the best outcomes for our members.

<p>Best outcomes for our members</p>	<p>Industry leading member engagement and digital experience</p>	<p>Innovative products that anticipate members' evolving needs</p>	<p>Consistently strong investment performance</p>
<p>Enabled by our strong operating model</p>	<p>Leveraging data and technology to increase process efficiency</p>	<p>Robust governance and risk management</p>	<p>Vibrant, empowered and inclusive people and teams</p>
<p>Delivering long-term sustainability</p>	<p>Trusted, scalable fund delivering sustainable growth</p>		

Working hard for your future

It's been another busy year for the fund as we strived to deliver greater value for our members. We're delighted that our peers have recognised this value with our win at the 2022 Chant West Awards. We're proud to have been awarded *Pension Fund of the Year* and *Best Fund: Insurance**. These awards greatly acknowledge the insurance available to our members and our focus on helping them create a stronger financial retirement.

Our award-winning RetireAccess income stream

The last 12 months has seen the development of our unique digital platform for retirees, which is now complemented by the Lifestyle investment options that are purpose-built for retirees. These options aim to produce a sustainable and consistent income, provide greater tax efficiencies, manage retirement-specific risks such as drawing down on superannuation during a market downturn and help provide income sustainability throughout retirement.

Our digital experience and innovative products anticipate our members' evolving needs in retirement while delivering consistently strong long-term investment performance.

"The outcomes for our members have been enhanced incomes in retirement and the increased ability to self-serve transactions on their accounts and receive more information and personalised content. The Lifestyle options have produced strong returns over the past year, which has seen investment volatility, showing they are delivering on what they were built to do, which is to provide more peace of mind during market downturns," said TelstraSuper CEO Chris Davies.

Members who open a RetireAccess Retirement Income stream may also be eligible for a Retirement Bonus of up to \$8,000.

The Chant West Pension Fund of the Year award is industry recognition for our work in the pre-retirement and retirement space, helping our members achieve retirements better than they could imagine.

Industry-leading insurance

Insurance is often one of the most overlooked benefits of being a member of TelstraSuper. We're excited that our insurance offer has been recognised as the best in the industry. We want our members to sleep well at night, knowing they are covered if the unimaginable happens.

Our members benefit from flexible insurance arrangements and access to MLC Life's Best Doctors, Mental Health Navigator, and CancerAid coaches. We introduced an insurance portal for online claims submission, along with tele-claims, making it much easier for members to submit a claim. The portal also tracks claims progress and allows for any insurance changes.

We also work closely with Telstra and their corporate wellness and return to work programs, identifying potential claims early and helping members return to work.

"Insurance is an important component of superannuation, and we want to help our members get the best possible outcome. As a profit-for-member fund, we constantly look at increasing value for our members," said Chris Davies.

The Chant West Super Fund awards recognise the funds that are raising the bar in these areas, and we're pleased that the hard work we've been doing for our members leading into, as well as those who are enjoying, retirement has been recognised.

*Awarded Pension Fund of the year 2022 and Best Fund Insurance 2022 by Chant West Awards (Awards) on 26 May 2022. Go to chantwest.com.au for complete information on Chant West's research methodology, processes, rating definitions and FSG.

A fund for all Australians

We believe all Australians should have the opportunity to access an award-winning, profit-to-member fund, so we've recently opened our doors to everyone. This move will allow us to grow our fund, enabling even more opportunities. To refer friends and family, visit telstrasuper.com.au/invite.

Our admin fees are now lower

As a profit-to-member fund, we aim to keep costs as low as possible for our members. We regularly review our fees and are pleased that we were able to pass on savings to our members. From 1 July 2021, our percentage-based administration fee was reduced from 0.20% to 0.18% of total account balances. Further fee reductions from 1 July 2022 are as follows:

- 1 Percentage-based administration fee **reduced** from 0.18% to 0.17% of total account balances; and
- 2 Dollar-based fee **reduced** from \$1.50 per week to \$1.00 per week.

An award-winning fund

We're honoured to have been awarded the following commendations that represent recognition by both independent agencies and industry peers. Along with our Chant West awards, our award cabinet expanded this year with the SuperRatings Momentum award and a Platinum rating for the 18th year in a row.



To see all our awards, visit telstrasuper.com.au/awards

From the Chief Investment Officer



Investment outcomes for the year to 30 June 2022

Following record high investment returns for the year to 30 June 2021, the story for the 2022 financial year was quite different. As a result of steep falls in global share markets and fixed interest markets, most superannuation funds, including TelstraSuper, reported negative returns to members for the financial year ending 30 June 2022.

For our accumulation members, TelstraSuper's returns for the financial year were minus 1.9% in the Balanced investment option, minus 3.1% in the Growth investment option and minus 0.8% in the Conservative investment option.

For our RetireAccess pension members, returns were higher, although still negative. The Lifestyle Balanced investment option earned minus 1.1% for the year, the Lifestyle Growth investment option earned minus 1.4% and the Lifestyle Conservative investment option earned minus 0.1%.

Pleasingly, despite being moderately negative, TelstraSuper's returns, in all our diversified investment options, were higher than most other funds' returns¹. For example, for our account-based pension members, our Growth and Balanced and Conservative investment outcomes for the year were ranked in the top 5 major funds in Australia, as surveyed by SuperRatings.

You can see all of our investment returns on page 49 of this report.

Of course, superannuation is a long-term investment. For most members, even those already retired, their superannuation will remain invested for many years, perhaps even decades into the future. Therefore, what matters most is how super performs over the long term. So it's pleasing to report that despite the negative returns last financial year, our medium and longer-term track record remains strong. We have consistently exceeded our long-term investment objectives and our performance over five and 10-year periods is above the industry median in all our diversified investment options¹.

Economic backdrop to this year's investment returns

As we emerged from the COVID-19 lockdowns through 2021, governments and central banks took action to stimulate economic activity. Interest rates remained low, and governments provided support through tax cuts and income support payments. Although we began to see some inflation, this didn't concern markets as there was a belief that it would settle down once the economy got back onto its feet after COVID-19.

Looking back, we now see that most market participants were too optimistic about inflation, and the stimulus probably went on for too long. Whether it's food prices, electricity bills or the cost of filling up your car, we see the cost of living increasing around us everywhere. This inflation was stoked by the Russian invasion of Ukraine, which increased the oil price, and the supply bottlenecks caused by COVID-19.

Inflation is the enemy of economic growth and investment returns because it erodes money's purchasing power and eats away investor confidence. The critical job of central banks, such as the Reserve Bank of Australia, is to keep inflation under control, and they usually do this by increasing interest rates. So in the last few months, once inflation emerged and became entrenched, central banks worldwide started to raise interest rates.

Rising interest rates have caused investors to become fearful that the combination of high-interest rates and high inflation will slow economic growth, leading to sell-downs in many asset types, including shares. For example, in the six months to 30 June 2022, the Australian share market² was down by 10.4% and the United States share market³ was down by 20%. Higher interest rates have also resulted in sharply negative returns from fixed interest securities, which typically do well when share markets fall. For example, the most commonly-used Australian fixed interest benchmark⁴ fell by 9.5% for the six months to 30 June 2022.

On the other hand, unlisted property and infrastructure investments performed strongly over the year, and this cushioned the effect of weak share and fixed interest markets. We once again saw the benefits of having diversified portfolios across different asset classes, which is part of the reason for returns of TelstraSuper's diversified investment options being only moderately negative.

While it was impossible for anyone to predict the pace or extent of the share market falls, we put in place several strategies in advance of the market falls, which helped to protect our members and cushioned the blow. The two fundamental strategies were to sell down some of our exposure to shares in advance of the markets falling and to maintain our long-held strategy of holding less fixed interest securities than our long-term targets. This is the key reason why TelstraSuper's returns for the financial year compare favourably to most other Australian super funds.

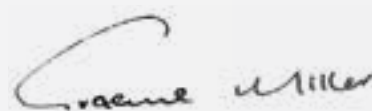
Investment outlook

We believe that the investment outlook will continue to be shaped by similar forces to those that applied in the 2022 financial year – particularly interest rates and inflation. We expect interest rates to continue rising, slowing economic growth. The key unknown is how high-interest rates will need to rise to reduce inflation. We will be watching this closely. We will also be monitoring geopolitical developments in Russia and China.

As always, our team of investment professionals will remain vigilant in identifying opportunities and risks and actively manage our investment portfolios to help generate solid returns for our members.

Thank you

At the end of a challenging year, I'd like to finish by emphasising that it's a privilege to be entrusted with managing our members' superannuation savings. Thank you for putting your trust in us. We look forward to continuing to make a meaningful contribution to your retirement savings.



Graeme Miller
Chief Investment Officer

“We believe that the investment outlook will continue to be shaped by similar forces to those that applied in the 2022 financial year – particularly interest rates and inflation.”

Graeme Miller, Chief Investment Officer, TelstraSuper

¹ SuperRatings

² S&P ASX300 Accumulation Index

³ US S&P500 Index

⁴ Bloomberg Ausbond Composite Index

The TelstraSuper investment returns mentioned are net of investment fees and investment taxes but before the deduction of any applicable administration fee, indirect administration costs or rebate.

Sustainable investment strategy

Super is a long-term investment, so we believe it's appropriate to think about the long-term prospects of the investments we make on our members' behalf. Our policy is to incorporate best practices concerning Environmental, Social and Governance (ESG) considerations in all aspects of our investment processes. We support the development of a more sustainable global economy and the attainment of the Paris Agreement on climate change.

TelstraSuper has been a signatory to the Principles for Responsible Investment supported by the United Nations (PRI) since 2007. Our approach to sustainable investment follows the guidelines established by the PRI, which are:



Incorporating analysis of Environmental, Social and Governance (ESG) factors in investment decision-making



Advocacy and collaboration



Active ownership and stewardship practices



Reporting on our activities



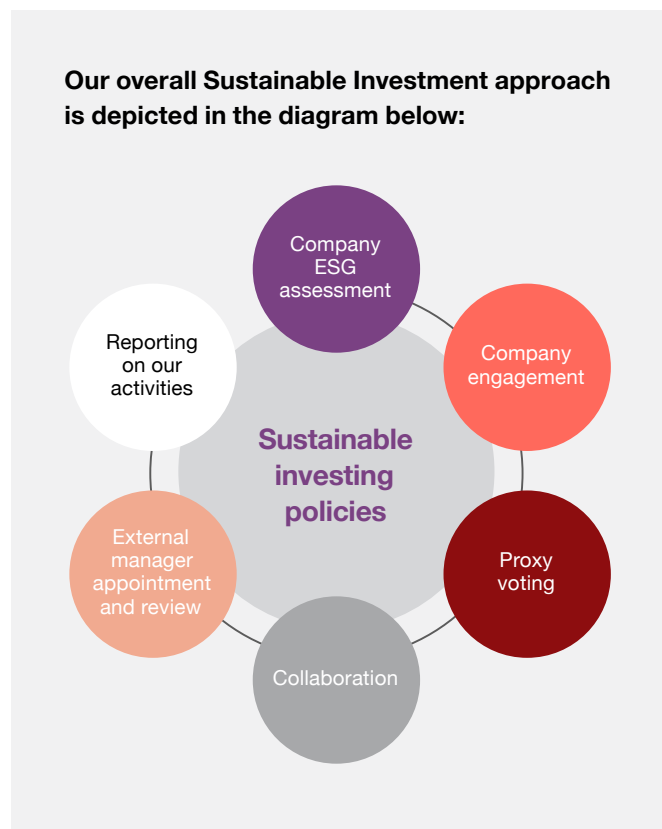
Encouraging good ESG disclosure by investee companies

Sustainable investment update

Key components of our Sustainable Investment strategy

- 1 The development of policies that articulate the Fund's beliefs and goals concerning Sustainable Investment. These include the Sustainable Investment Policy and Proxy Voting Policy.
- 2 Adopting a Climate Change Action Plan which incorporates a goal of achieving net zero greenhouse gas emissions by 2050 with a 45% reduction by 2030. The Plan outlines actions to achieving these goals including investment in sustainable projects and assets that benefit from the climate change transition.
- 3 Our Sustainable Investment Bulletin reports on our activities to members, the Board, Investment Committee and other interested stakeholders. The Bulletin includes information on ESG risk assessment undertaken across the portfolio and highlights key active ownership and ESG engagements undertaken with investee companies.
- 4 Active ownership and voting at company meetings. TelstraSuper reports on its voting activity via our Proxy Voting Dashboard. TelstraSuper is a signatory to the Australian Asset Owners Code and has published a [statement](#) on our approach.
- 5 Evaluating all of our investment managers' ESG capabilities, practices and policies before their appointment and reviewing these regularly.
- 6 Collaborating with other organisations such as the Australian Council of Superannuation Investors (ACSI) to influence the organisations we invest in and taking part in crucial investor initiatives such as Climate Action 100+.

Our overall Sustainable Investment approach is depicted in the diagram below:



Further information about our sustainable investment strategy and related initiatives can be found at telstrasuper.com.au/sustainable

Key ESG initiatives delivered during the 2021/22 financial year

First Climate Change Report published

TelstraSuper published its inaugural [Climate Change Report](#) in April 2022. The report documents TelstraSuper's climate change strategy for the investment portfolio, details implementation activities, and outlines our plans for 2022 and beyond.

The report is aligned with the Taskforce for Climate Related Disclosure (TCFD) reporting framework developed by the Financial Stability Board and APRA's prudential guidance on reporting on climate change risk management. The report is publicly available on the TelstraSuper website.

TelstraSuper published its second Modern Slavery Statement in November 2021

TelstraSuper considers investment management a part of our operations and supply chain. We regularly engage on Modern Slavery with the external managers that we have appointed. In 2021, TelstraSuper surveyed 53 of its external managers to understand how they approach managing the risk of Modern Slavery in their operations and the investment portfolios they manage on behalf of the Fund. This review found that over 30% of our external managers have published Modern Slavery Statements. All had begun incorporating Modern Slavery assessments into their supplier codes of conduct and investment processes.

We continue to review external managers on their approach to managing Modern Slavery risk before their appointment and conduct periodic reviews on our existing external managers to assess progress concerning mitigating Modern Slavery risks.

In December 2021, TelstraSuper's internal investment teams participated in a bespoke training session delivered by ACSI. The purpose of the training was to improve our teams' awareness of Modern Slavery issues to assist with investment decision-making.

External manager appointment

Eighteen external managers' approaches to ESG integration were reviewed as part of the Fund's due diligence relating to new or follow-on investments during the year. All of these external managers were subsequently appointed.

One new manager was approved in Australian equities, three in international equities, nine in alternatives, one in property, one in Infrastructure and three in fixed income.

Our assessment confirmed that the approved external managers satisfactorily integrated ESG analysis into their investment processes.

Infrastructure and property manager reviews

TelstraSuper undertook a comprehensive review of our seven largest infrastructure and property managers to assess how they manage ESG risk, including climate change. As part of the review, we developed a proprietary climate risk assessment framework to score managers' performance, engage explicitly in the transition to lower carbon investments, and manage physical climate change risks within the relevant investment portfolios.

Overall, we are satisfied that all managers we reviewed have clear commitments, policies, and resources sufficient to integrate ESG considerations into their investment processes.

ESG company ratings

TelstraSuper has developed an ESG rating framework to assess Australian listed companies that our internally managed equities investment portfolio may hold. Our approach incorporates qualitative and quantitative analysis based on multiple resources such as internal research, third-party specialist research, company reports and engagement meetings.

We have employed the rating tool to analyse companies within the investment universe with material inherent ESG risks. The initial focus has been on the most prominent companies owned by or under investment consideration by TelstraSuper's internal equities investment team.

Portfolio ESG analysis

The Fund's listed equities holdings were reviewed to ensure continued compliance with our mandated tobacco, controversial weapons and prime-focus thermal coal exclusions.

In response to the Russian Federation's military invasion of Ukraine, TelstraSuper has determined it appropriate to alter our mandate conditions with our appointed asset managers to require divestment and exclusion of Russian domiciled securities and Russian sovereign debt instruments. TelstraSuper has instructed its managers not to invest any further capital in Russian securities or debt instruments until further notice and divest existing positions managed on behalf of TelstraSuper in Russian domiciled securities and/or Russian sovereign debt instruments in an orderly manner when markets permit.









Substantial analysis was also performed across the Fund's International and listed Australian equities to assess the carbon intensity level within those investment portfolios as at 30 June 2022.

Active ownership and practices

TelstraSuper takes an active ownership position which means that we engage with the Australian listed companies we invest in and vote on decisions at their company meetings.

During the year, we engaged with 550 listed companies on various issues. We had 74 meetings with directors and management of those companies, specifically on ESG issues.

Matters discussed with companies

Strategic update	21	
Governance	42	
Remuneration	42	
Worker safety	17	
Modern slavery	8	
Social impact	22	
Climate change	33	
COVID-19	10	

Advocacy and collaboration

TelstraSuper recognises that collaboration with other peer investors, stakeholders and industry associations, bodies and groups can significantly assist in achieving desired outcomes for investors over various important issues.

For this purpose, we maintain several strategic partnerships and regularly work with the broader industry to create effective networks and build our influence.

Over the past year, the Sustainable Investment Team has participated in several events that promote sustainable investing to ensure we incorporate best practice ESG considerations throughout our investment processes.



Rated an ESG Leader for 2022 by Rainmaker

The ESG Leader Rating is earned by Australian superannuation funds that are implementing ESG principles to a high level while having a track record of solid investment performance.

The factors that Rainmaker assess for funds are:

- 1 Governance** The fund publicly declares its commitments to ESG principles.
- 2 Investment transparency** The fund discloses what it invests in and how it engages with the companies it invests in.
- 3 Publishes ESG reports** The fund reviews and discloses its environmental, climate change and social impacts.
- 4 Investment processes** The fund discloses the investment practices through which it implements ESG principles regarding how it invests.
- 5 Performance** The fund achieves its investment objectives and competitive investment returns while satisfying the Sole Purpose Test as required by the Superannuation Industry (Supervision) Act 1993.

Other factors considered in Rainmaker's 2022 ESG review were a fund's net zero commitment, gender diversity among its management and senior executives, investment screening and the quality of portfolio holdings disclosures.

UN Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals (SDGs) are global goals to mobilise efforts to end all forms of poverty, fight inequality and tackle climate change. Investors may use the SDGs to assess how their investments contribute toward a more sustainable and equitable future.

What are the UN SDGs?

The United Nations Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and improve the lives of everyone, everywhere.

They comprise 17 global goals that the world must aim to achieve by 2030 covering social and economic development and promote prosperity for our members.

Our part to play

At TelstraSuper, we believe understanding how our investments contribute toward a more sustainable and equitable future is essential. We use independent research to monitor the alignment of our listed companies' portfolios with the SDGs.

In 2021, TelstraSuper used the Sustainable Platform framework to assess how listed companies we own contribute to the SDGs. TelstraSuper's Australian and international listed equities portfolios were assessed on 23 November 2021.

Many of the companies we invest in are positively aligned with the SDGs and have a meaningful impact; the most significant areas of positive contribution are:

SDG 1: No poverty

SDG 3: Good health and well-being

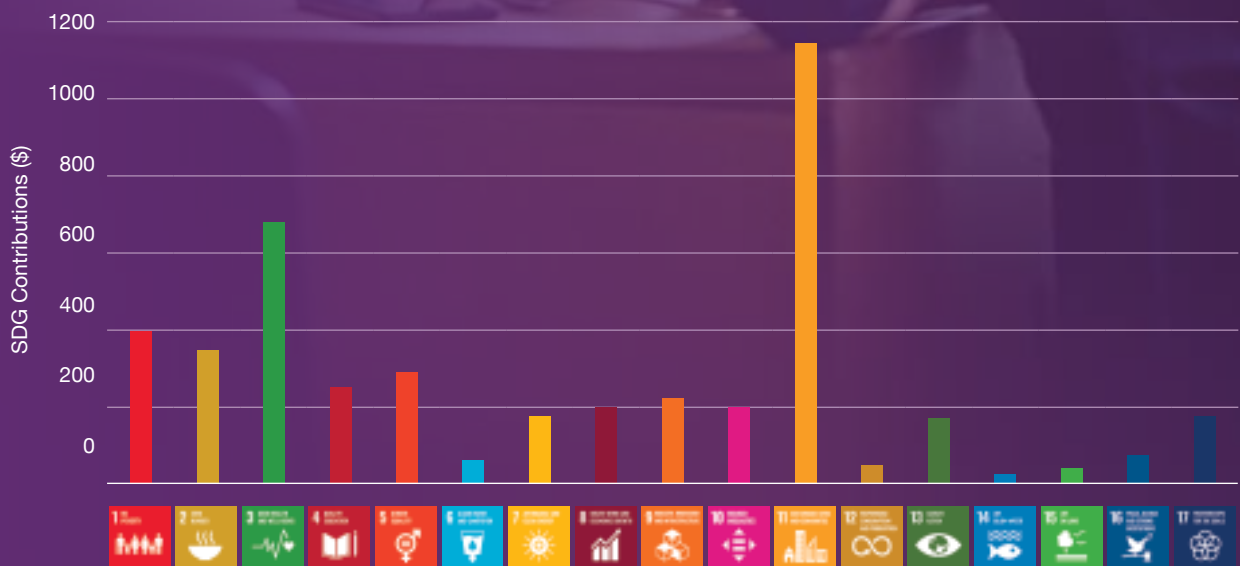
SDG 11: Sustainable cities and communities

UN Sustainable Development Goals





TelstraSuper listed asset portfolio contribution to UN SDGs



Source: Sustainable Platform as at 23 November 2021, TelstraSuper analysis

Our approach to climate change

TelstraSuper believes that climate change is a systemic risk that must be proactively managed to help provide a secure future for our current and future members. As a prominent investor, we can, where it is in the best financial interests of our members to do so, seek to influence what the future looks like while managing risk in our portfolios.

In March 2021, we announced our goal to achieve net zero greenhouse gas emissions within our investment portfolio by 2050, with interim goal of reducing emissions by 45% by 2030. This commitment is consistent with our objective of helping to provide a secure financial future for members.

Our 2050 and interim emissions reduction goals align with what the scientific consensus informs us are required to limit global average temperature increases to well below 2.0°C compared to pre-industrial levels. These goals align with those targets agreed upon by Australia and other nations under the Paris Agreement.

We launched our [Climate Change Action Plan \(CCAP\)](#) to deliver on our goals. The CCAP sets out three high-level goals, as outlined to the right.

A five-pillar framework, as depicted below, was developed to guide TelstraSuper's actions to achieve these goals.

TelstraSuper's three climate-related goals

- 1 Achieve net zero greenhouse gas emissions by 2050, aiming for a 45% reduction (from current levels) by 2030.
- 2 Build portfolio resilience to the physical impacts of climate change across asset classes.
- 3 Proactively invest in opportunities expected to be net beneficiaries of the transition to a net zero emissions world.

Five-pillar Climate Change Action Plan Framework



Our first Climate Change Report

In April 2022, TelstraSuper released its inaugural [Climate Change Report](#), highlighting the many ways we're committed to the goals of the Paris Agreement.

The Climate Change Report summarises TelstraSuper's climate change-related activity and progress to the end of December 2021 and outlines our plans for 2022 and beyond.

The report is aligned with the Taskforce for Climate-Related Disclosure (TCFD) reporting framework developed by the Financial Stability Board and APRA's prudential guidance on reporting on climate change risk management.

Key highlights of the report are:

- Communicating our approach to climate change risk management for the investment portfolio, progress to date and next steps.
- Articulation of TelstraSuper's governance structure concerning climate change risk for the investment portfolio.
- Identification of the investment risks and opportunities from climate change for TelstraSuper over the short, medium, and long term with examples of portfolio construction actions taken to date.
- Showcasing risk management initiatives across the Listed Equities, Real Assets, and Alternatives asset classes.
- The publication of the emissions profile of all listed assets as of 1 October 2021 highlighted a 15% decrease on the previous year's baseline. This resulted from manager selection decisions that resulted in a reallocation of assets to managers with lower carbon emissions characteristics, particularly in International Equities.

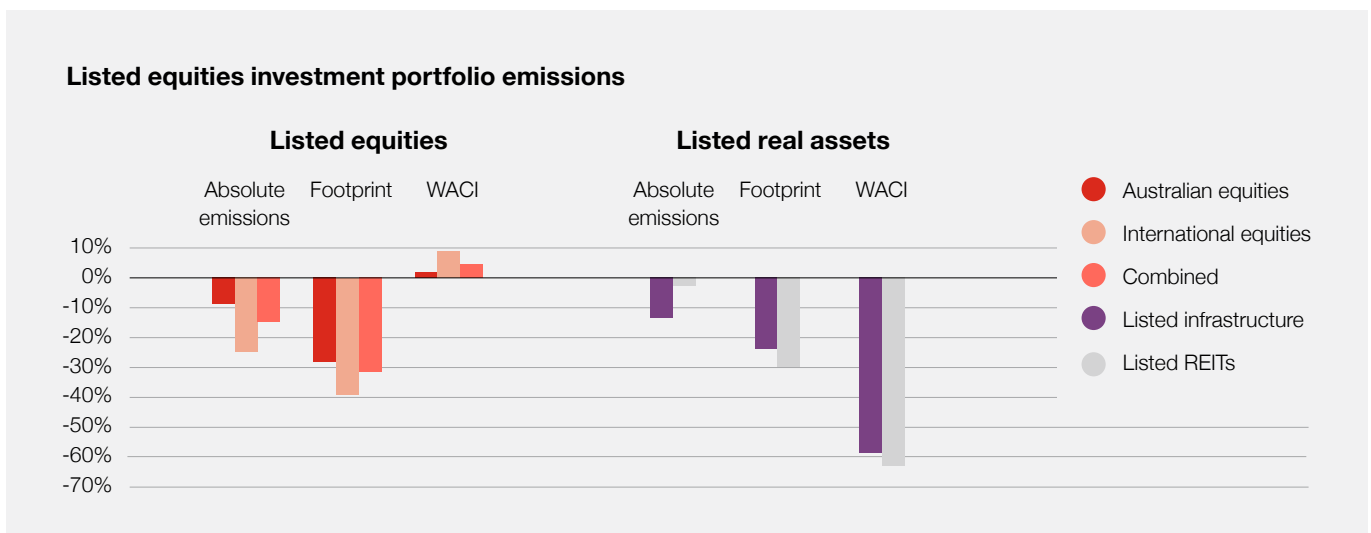
Portfolio emissions reduction

The Climate Change Report shows that the combined listed equities investment portfolio had a lower emissions profile in 2021 than in 2020. Absolute emissions were reduced by 15%, and carbon footprint (emissions per \$ invested) was reduced by 32%. WACI (weighted average carbon intensity) increased by 5% in 2021.

The listed real assets investment portfolio had a lower emissions profile in 2021 compared to 2020. Absolute emissions were reduced by 14% and 4%, respectively, for infrastructure and REITs (real estate investment trusts). The carbon footprint (emissions per \$ invested) was reduced by 25% and 30%, respectively. WACI reduced by 58% and 64%, respectively.



**Download the full
TelstraSuper Climate
Change Report**





The Investor Agenda

The Investor Agenda is a global collaboration of seven major groups working with investors to develop guidance on tackling climate change.

In 2021, the Investor Agenda released the Investor Climate Action Plans (ICAPs) Expectation Ladder – a framework that helps investors develop comprehensive climate action plans.

TelstraSuper is pleased that our Climate Change Action Plan (CCAP) was included as a case study by the Investor Agenda.



The case study can be read by visiting theinvestoragenda.org

Portfolio construction actions

We recognise the risks of climate change and carefully make investment decisions with relevant climate-related risks in mind. As a result, several portfolio construction actions were executed throughout the year.

Thermal coal exclusion

One of the actions proposed and implemented under the CCAP was excluding primary-focus thermal coal producers from our investment portfolios. This excludes entities where the majority earnings* are derived from thermal coal production. At June 2022, there are 19 companies on the ASX and 103 global listed companies fitting the exclusion criteria. These companies are no longer held in TelstraSuper's listed equity investment portfolios managed by internal and external asset managers.

Invest in transition opportunities

We recognise that significant investment opportunities will arise from the transition to net zero emissions. Opportunities are likely to exist in the energy, water, transport, and agriculture sectors, in addition to renewable energy and new ancillary services such as electric vehicle charging stations, cleaner transportation, and industrial efficiencies. We aim to increase our allocation to companies and assets that generate "green" revenues and those that enable or speed up the pace of change.

In 2021 TelstraSuper invested a further \$130 million in climate-related opportunities. This included a co-investment in Tilt Renewables with QIC, see page 25, an allocation to the Californian carbon allowance scheme and a listed equities quantitative strategy targeting best-in-class carbon emission management.

We also hold several existing investments in renewables outside of Australia, including:

- A portfolio of wind and solar generation facilities across the United States of America serving as a platform for the continuing acquisition and management of wind and solar projects in North America.
- A global developer and operator of utility-scale solar projects across France, Italy, Spain, Puerto Rico, Japan, Chile, the United Kingdom and South Africa and projects in construction and development stages in Japan, Puerto Rico and Chile.
- The third-largest generator of onshore wind energy in the United Kingdom, with a portfolio comprising 34 wind farms.

*Defined as above 50% of earnings derived from thermal coal production.



Investment spotlight

Tilt Renewables (formerly Powering Australian Renewables)

In July 2021, TelstraSuper co-invested \$47 million with the QIC Global Infrastructure Fund (QGIF) to acquire the Australian business of Tilt Renewables.

Through the amalgamation of Tilt Renewables with the existing renewable energy platform of Powering Australian Renewables (PowAR's), Tilt Renewables' scale increased to three times its nearest competitor, owning more than 1.3 gigawatts (GW) of fully operational renewable energy capacity across nine geographically diverse wind and solar generation assets. The deal also included a further 2.4GW of late-stage development projects, expected to be operational by 2027. This level of capacity will allow Tilt Renewables to play a leading role in the decarbonisation of the Australian energy market.

Tilt Renewables Chair Cheryl Bart said, "This exciting transaction is aligned to our mission of leading the transition to a decarbonised, decentralised and digitised energy system – one that will deliver all Australians clean, reliable and affordable power".

TelstraSuper believes this to be a significant investment opportunity for our members that will deliver strong and stable returns and benefit from the global push to decarbonisation. It also aligns with our CCAP, which is committed to increasing our investment in transition opportunities.

Tilt Renewables is a partnership between the QGIF and its co-investors (including TelstraSuper), the Future Fund and AGL Energy Limited (AGL).

Source: QIC deepens investment in renewable energy through PowAR's acquisition of tilt renewables; August 2021.

Westlands Solar Park

TelstraSuper's Alternatives investment portfolio has an investment with CIM Group, which is developing the Westlands Solar Park (WSP), one of the largest permitted solar parks in the United States of America. WSP can grow to more than 2,700 megawatts (MWs) of renewable energy at full buildout and has the potential to provide clean energy to more than 1,200,000 homes.

CIM Group purchased rights to the land on which the WSP is located, in 2014, when it was contaminated and drainage impaired farmland. Now it is being repurposed for the development of clean energy.

The master-planned energy park encompasses over 20,000 acres in California's San Joaquin Valley in western Fresno and Kings Counties. It is designed to open in phases to meet the needs of public and private utilities and other energy consumers. WSP has completed a certified environmental impact report for the entire project. WSP is one of the few renewable energy zones identified as a Competitive Renewable Energy Zone (CREZ) through the Renewable Energy Transmission Initiative (RETI) process.*

Construction of the 250 MW Aquamarine project began in 2020 and reached commercial operation at year-end 2021. Additional projects are expected to commence operations between 2023 and 2024.

CIM Group's renewable energy projects aim to support the growth of communities through sustainable and environmentally responsible means. For example, WSP contributes to the economic development of the communities in California by helping to reduce greenhouse gas emissions, increasing the supply of emissions-free energy, and bringing new jobs to the area.

Source: [businesswire.com](https://www.businesswire.com), [cimgroup.com](https://www.cimgroup.com)

*RETI is a state-wide planning process to identify the transmission projects needed to accommodate California's renewable energy goals. The first phases of the RETI project resulted in identifying CREZs with the most significant potential for renewable development.

Doing our part to combat climate change

While we're working to reduce our emissions in our day-to-day business operations wherever possible, where we can't, we are purchasing carbon offsets to become carbon neutral. This is one element of our commitment to being part of the solution to climate change – to help benefit all.

Below are some of the projects we've chosen to support to offset our business operation emissions for the 2021/22 financial year.

Fighting fire with fire

We're pleased to support this Indigenous fire management project in the Northern Territory.

Arnhem Land in the Northern Territory is prone to extreme, devastating wildfires that affect the landscape, people, plants and animals. Local rangers conduct controlled burns early in the dry season to reduce fuel on the ground and establish a mosaic of natural firebreaks, preventing bigger, hotter and uncontrolled wildfires later in the season.

Reinstating traditional burning practices has demonstrated a significant reduction in carbon emissions along with highly valued social, cultural, environmental and economic benefits for Indigenous landowners.


The project provides employment and training opportunities while supporting Aboriginal and Torres Strait Islander peoples in returning to, remaining on and managing their country, as well as the preservation and transfer of knowledge, the maintenance of Aboriginal and Torres Strait Islander languages and the wellbeing of traditional custodians.

Notably, the project is owned exclusively by Aboriginal and Torres Strait Islander peoples with custodial responsibility for those parts of Arnhem Land under active bushfire management.

Rainforest protection

Projects across South America, Oceania and Africa protect millions of hectares of native forests, securing wildlife habitats and supporting local communities. For example, projects across Peru protect a large, intact expanse of rainforest that would otherwise be cleared, preventing the release of millions of tonnes of greenhouse gas emissions each year. Protecting the forests secures the carbon stored within the organic matter.

These projects diversify landholder income and put a value on retaining the forests by supporting sustainable agroforestry, including cocoa and coffee production. In addition to reducing emissions, protecting rainforests secures vital habitats for millions of endemic and endangered rainforest species of animals and plants.

 **“We recognise that the risks of climate change must be actively assessed and managed to protect long-term returns for our members.”**

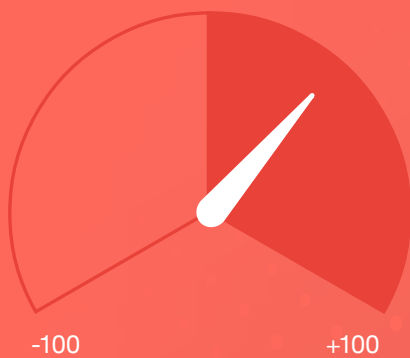
Chris Davies, Chief Executive Officer

Our member sentiment

Member feedback is important to us as it helps identify and prioritise opportunities to enhance and innovate to deliver the best experience for our members. We use the Net Promoter Score and Customer Satisfaction calculated as part of the Investment Trends Super Member Engagement Report 2022 to track our performance against other superannuation funds.

The latest score was released in May 2022, with TelstraSuper performing exceptionally well, recording more robust member advocacy and loyalty, ranking 3rd in the industry with an NPS of +38. Importantly, we're proud to have ranked 2nd for overall customer satisfaction, a significant achievement against the industry-level decline seen in the past year.

We believe our improved NPS results can be accredited to our comparative investment returns and fund initiatives to enhance our member experience. This is reflected in the high member ratings we received in multiple service areas measured.



**TelstraSuper
Net Promoter Score 2022**



Best-in-class

- Performance over 3-5 years
- Helping me feel confident about my future
- Keeping me informed
- Quality of other communications
- Range of retirement income (pension) options
- Range of investment options
- Ease of access to information
- Quality of statement
- Online tools and calculators
- Website
- Mobile app
- Annual member meeting
- Videos and educational material
- Webinars



Ranked 2nd

- Value for money
- Performance over last 12 months
- Advice offering
- Email customer service
- Phone customer service
- Transparency of fees

Board of Directors

Telstra Super Pty Ltd has a Board of Directors responsible for the strategy and operations of the Fund and for ensuring TelstraSuper is being managed appropriately. The Board aims to ensure that members' interests are duly represented and that the Fund is administered according to its governing rules and applicable legislation. The Board consists of an equal number of employer and member representatives (referred to as 'Employer Representative Directors' and 'Member Representative Directors') and an Independent Chair. TelstraSuper's Board of Directors for the 2021/22 financial year is below.



Anne-Marie O'Loughlin
Independent Director/Chair

Ms O'Loughlin was appointed as an independent director and Chair of the Board in July 2019. She is also an independent director and Chair of TelstraSuper Financial Planning.

Ms O'Loughlin also holds current roles with Bank Australia, Ovarian Cancer Research Foundation and the Australian Commonwealth Games Foundation.

With over 30 years of experience as a director and Chair, Ms O'Loughlin was formerly the Chief Executive Officer of HESTA, the largest national superannuation fund for the health and community services sector.

Her previous directorships include Utilities of Australia, Victorian Superannuation Board, Australian Council for Superannuation Investors, Industry Super Australia, Women in Super, MCG Trust, Netball Australia, Peter McCallum Cancer Centre and Northern Health.

Appointed July 2019

Bronwyn Clere Employer Representative Director



Ms Clere is currently the Operations Executive for the InfraCo business within Telstra. InfraCo is Telstra's market-facing asset based business and in this role she oversees the national functions that design, construct, operate, maintain and service the substantial passive asset portfolio within Telstra along with providing a range of ancillary business services.

Prior to joining Telstra in 2012, Ms Clere worked predominantly in the Financial Services industry where she has held transformation, operations management, finance and change roles with organisations such as JP Morgan in Australia and New Zealand, AIA in Hong Kong and AXA in Australia, New Zealand and the United Kingdom.

Ms Clere is a graduate of the Australian Graduate School of Management and has a Masters of Project Management awarded from the University of New South Wales.

Appointed December 2013

Steven Fousekas
Employer Representative Director



Mr Fousekas is Group Owner, Financial Operations & Reporting at Telstra Corporation Limited. An experienced executive and director, he has held Chief Financial Officer /Finance Director and Business advisory positions across a range of sectors and geographies.

He has a proven track record of delivering organisational design, strategic planning and budgeting, implementation of systems as well as developing efficient processes and controls within the Business and Finance areas of large complex organisations.

Prior to joining Telstra Corporation Limited, Steve spent 15 years in London where he was a Partner of a boutique management consulting firm ACIN and held senior positions at Barclays Wealth and JP Morgan.

Appointed November 2018

Meg Bonighton
Employer Representative Director



Ms Bonighton joined Telstra in 2018 to lead customer service, contact centres and the assisted digital teams. She is now the Executive, Customer Management and Loyalty, and in this role, she is responsible for leading engagement across Telstra's 9 million plus consumer and small business customers, including running the Telstra Plus Rewards program.

Prior to her current role, Ms Bonighton spent more than 16 years in banking, with ANZ and National Australia Bank. She has had a particular focus on retail banking; including channels, product and digital roles, channel leadership and deep product management. Ms Bonighton holds a Bachelor of Business degree and a Bachelor of Arts degree, both from Monash University.

Appointed September 2019

Graeme Smith
Employer Representative Director



Mr Smith is the Executive, Mergers & Acquisitions at Telstra where he leads the team that has responsibility for origination, structuring and execution of acquisitions and divestments globally. The M&A team is also responsible for the development and execution of large cross-company initiatives aligned to Telstra's long-term strategic objectives.

During his time at Telstra Mr Smith has worked on a range of material transactions including the divestment of Telstra's mobile operations in Hong Kong, the sale of Telstra Clear in New Zealand and the merger of Foxtel and FoxSports.

Prior to joining Telstra, Mr Smith was a Senior Manager with KPMG in their Advisory division, specialising in preparing expert opinions on valuations, accounting and other investigative matters. Mr Smith holds a Bachelor of Business (Accounting) from the University of Technology in Sydney and a Graduate Diploma in Applied Finance and Investment from FINSIA.

Appointed in December 2020

Scott Connolly
Member Representative Director



Mr Connolly is the Assistant Secretary at the ACTU. He is a director of The Union Education Foundation Limited, ACTU Education Inc. and alternate director of National Entitlements Security Trust Pty Ltd. Mr Connolly is a member of the National Workplace Relations Consultative Committee and is also a director of the UN sponsor Principles for Responsible Investment. He is also on the stakeholder advisory board IFM Investors Pty Ltd.

Prior to this, he worked at Transport Workers Union (TWU) in various roles for 15 years. Mr Connolly has completed the Trade Union program at Harvard University and has a BA (Hons) Industrial Relations from the University of Sydney.

Appointed June 2016

Dahlia Khatab
Member Representative Director



Ms Khatab is currently the National Legal/Industrial Officer at the Communications, Electrical and Plumbing Union (CEPU) Communications Division. In this role, her responsibilities include providing advice and representation to members nationally on matters of employment and industrial law and negotiating for improved pay and conditions through enterprise bargaining.

With a background predominately in legal studies, she also has a keen interest in finance and economics, having undertaken a Diploma in Financial Planning in 2017. In addition, Ms Khatab holds a Bachelor of Science/Law (Honours) from Monash University and a Graduate Diploma in Legal practice.

Appointed June 2019

Nadine Flood
Member Representative Director



Ms Flood worked for the Community and Public Sector Union (CPSU) in a variety of roles including almost ten years as National Secretary. Ms Flood has been a Director at the Commonwealth Superannuation Corporation (CSC), the Centre for Policy Development (CPD). She has also been a Vice-President of the ACTU and held a number of civil society roles. Currently Ms Flood is a Board Member at Per Capita which is an independent, progressive think tank.

Ms Flood holds a Bachelor of Economics from Macquarie University and has been recognised for the advancement for women, including the first enterprise agreement paying superannuation to women on unpaid parental leave and the first pay equity provision in the Australian Public Service lifting low paid Aboriginal and Torres Strait Islander peoples and female-dominated agencies.

Appointed in July 2020

James Perkins
Member Representative Director



Mr Perkins is currently the Assistant Divisional Secretary at the Communications, Electrical and Plumbing Union (CEPU) Communications division. He has held a variety of roles within the CEPU for the past 11 years, including Divisional Executive Member and National Councillor.

In his current role, Mr Perkins is responsible for the negotiation of national agreements, industrial and safety campaigns, as well as the oversight of the communications division governance, risk, financial and compliance requirements. Mr Perkins has spent many years advocating for the CEPU and Its Members within the Telecommunications industry.

Appointed in December 2020



Our 2022 performance snapshot

It's been a challenging year for all superannuation funds, as share markets and fixed interest markets delivered negative returns across the last financial year. Whilst the returns from TelstraSuper's diversified investment options were moderately negative for the year, we're still an industry leader with our Balanced, Conservative, and all of our Lifestyle investment options making the SuperRatings top 10 performing funds of the 2021/22 financial year.[^]

With super balances affected by investment volatility in the short-term, it's important to keep in mind that super is a long-term investment, and we continue to meet our long-term investment objectives.

Accumulation members

Growth option	Return
10 Year	9.62%
5 Year	7.02%
3 Year	5.82%
1 Year	-3.13%

Balanced option	Return
10 Year	8.45%
5 Year	6.01%
3 Year	4.92%
1 Year	-1.87%

Conservative option	Return
10 Year	5.90%
5 Year	4.07%
3 Year	3.01%
1 Year	-0.85%

RetireAccess members

Lifestyle Growth option	Return
10 Year	10.90%
5 Year	8.13%
3 Year	7.16%
1 Year	-1.42%

Lifestyle Balanced option	Return
10 Year	9.59%
5 Year	6.88%
3 Year	5.79%
1 Year	-1.10%

Lifestyle Conservative option	Return
10 Year	6.69%
5 Year	4.74%
3 Year	3.69%
1 Year	-0.07%

All returns are to 30 June 2022. The Accumulation investment returns are net of indirect investment costs and investment taxes, but before the deduction of any applicable administration fee, indirect administration costs or rebate. The TelstraSuper RetireAccess investment returns are net of indirect investment costs but before the deduction of any applicable indirect administration cost, administration fee or rebate. Past performance is not a reliable indicator of future performance.

[^]Based on Monthly SuperRatings Fund Crediting Rate Survey Comparison over a one and ten-year period up to 30 June 2022, which you can only access by registering on the SuperRatings website. For further information about SuperRatings ratings and methodologies, go to superratings.com.au.

Improving retirement outcomes for members

We are incredibly proud to say that TelstraSuper has built an industry-leading and award-winning retirement solution that is helping more and more members prepare and transition to retirement.

The Federal Government formally introduced a retirement income covenant, requiring all superannuation funds to provide a retirement income strategy for members from 1 July 2022. This welcome initiative further supported the focus that TelstraSuper has placed on building a dedicated retirement destination over recent years.

Today, we are delivering on our vision to be the industry-leading retirement solution through a dedicated digital platform, tailored investment products and bespoke advice solutions developed specifically for members preparing for and entering retirement.

Online portal

Our enhanced online portal was launched last year to provide a user-friendly digital experience with cutting-edge features and functionality. We have re-imagined how we deliver and present information to offer a one-stop shop that caters specifically to pre-retirees and retirees' needs.

Accessed online or via the mobile app, members can access tailored tools, information and personalised insights to help empower and maximise super in retirement.

Purpose-built investment options

Another enhancement is the recently launched TelstraSuper Lifestyle investment options which were purpose-built to help protect retired members and their savings, especially during times of market volatility.

These options aim to produce a sustainable and consistent income, provide greater tax efficiencies, and manage retirement-specific risks such as drawing down on superannuation during a market downturn. It also features an opt-in cash allocation facility that helps provide members income stability throughout retirement.

Reflecting the strength of this investment mix, each of the TelstraSuper Lifestyle investment options (Conservative, Balanced, Moderate and Growth) were named in the SuperRatings top 10 performers for the 2021/22 financial year.*

Comprehensive financial advice

Bringing together the digital retirement destination and purpose-built investment products is a comprehensive financial advice offer.

Our overarching service proposition drives our advice to members: **we are retirement experts, and our advice is suited to all needs.**

Last year we revamped our advice proposition with TelstraSuper Financial Planning, now offering advice to members through every life stage – from simple advice over the phone to topic-based personal advice through to comprehensive financial planning. We have continued to build on this more recently with a dedicated Guidance Team established to support pre-retirees and retirees. We understand this is a time when major financial decisions are made.

TelstraSuper was honoured to be named the 2022 Chant West Pension Fund of the Year, which was presented in recognition of our work in the pre-retirement and retirement space.

Already 1 in 10 of TelstraSuper members have transitioned to a RetireAccess account. As the population ages, we expect to see this number grow further over the coming years.

As well as enjoying the benefits of our best practice retirement solution, eligible members may also financially benefit when transitioning to retirement with TelstraSuper. When rolling a superannuation balance from an accumulation account to a RetireAccess Retirement Income Stream account, members could be eligible for a Retirement Bonus, a cash bonus of up to \$8,000. Everyone's bonus will vary. To find out how much you can get, visit telstrasuper.com.au/bonus. This is another example of how TelstraSuper gives back to members where we can.

Providing sustainable retirement income solutions for our members is an essential responsibility of Australia's superannuation funds.

Our digital experience, innovative retirement products and comprehensive financial advice offer are designed to anticipate our members' evolving needs in retirement while delivering consistently strong long-term investment performance.

We are proud of the industry-leading retirement proposition we have built at TelstraSuper. This will continue to evolve as we look to provide the best support possible for members and their families as they prepare for and enjoy their retirements.



*Based on Monthly SuperRatings Fund Crediting Rate Survey Comparison over a one and ten-year period up to 30 June 2022, which you can only access by registering on the SuperRatings website. For further information about SuperRatings ratings and methodologies, go to superratings.com.au

Executive team

The day-to-day administration and management of TelstraSuper is the Executive team's responsibility. All executives lead a business unit and carry responsibility for specific areas of Fund operations.



Chris Davies
Chief Executive Officer

Chris is responsible for the strategic direction of the Fund and overseeing its operational management to meet the needs of our members. Chris attends meetings for the Investment and Claims Assessment Committee and is also a Director of TelstraSuper Financial Planning. Chris joined TelstraSuper in October 2013, having previously been Executive Manager, Member and Employer Solutions at a major profit-to-members super fund.

Chris started his career practising law in national firms before moving to the financial services sector. Chris' experience in the financial services industry has developed over 30 years with senior roles at very large retail financial services organisations and consulting businesses.

Tim Anderson
Chief Customer Officer



As Chief Customer Officer, Tim is responsible for leading the provision of products and services to members. This includes Marketing, Digital, Member Services, Product Management, Growth and Retention functions, and the Fund's Smart Income program.

Tim has held senior management positions at national, regional and global levels in a wide range of sectors, including superannuation, telecommunications and technology companies. He brings over 18 years of experience in superannuation and deeply understands accumulation, retirement and defined benefit products.

Tim was appointed to the role in February 2022. He previously held senior leadership positions at AustralianSuper, UniSuper and IOOF.

Steve Cullen
Executive General Manager
– Financial Planning



Steve is responsible for leading the teams that support members seeking financial advice about their superannuation, investment, insurance and retirement needs through TelstraSuper Financial Planning.

Steve joined TelstraSuper in 2015 and was appointed to his current role in July 2016.

Steve holds a Masters Degree in Banking and Finance and a Diploma of Financial Planning. He has over 20 years of experience in senior roles across the financial services industry, including QSuper, ANZ and Commonwealth Bank.

Updated appointments

Jean-Luc Ambrosi

Departed role of Executive General Manager
– Marketing and Digital, February 2022

Paul Curtin **Chief Financial Officer**



Paul is responsible for all financial and taxation matters for TelstraSuper and TelstraSuper Financial Planning and oversees the operation of the Finance and Investment Operations teams. Paul also oversees the management of TelstraSuper's Strategy and Projects Management Office. Paul attends Investment Committee, Audit Committee, and Risk Committee meetings.

Paul was appointed to his role with TelstraSuper in February 2013. He was previously the Chief Financial Officer for an industry superannuation fund and worked in the Financial Services practice of KPMG.

Kathryn Forrest **Executive General Manager** **– Operations**



Kathryn is responsible for the in-house Operations for TelstraSuper. Working as part of the executive team, Kathryn embeds best practice systems and processes that continue to maintain TelstraSuper's reputation for excellence and industry-leading customer focus. She has over 30 years of experience in accumulation and defined benefit funds management, leading several large-scale transformation programs throughout her career. Kathryn joined TelstraSuper in January 2016 having been the National Manager for Employer Relationships at UniSuper.

Krithika Hansen **Executive General Manager** **– People & Culture**



As Executive General Manager, People and Culture, Krithika is responsible for all human resource initiatives within TelstraSuper. This includes creating employee experiences aimed at people development and building practices, strategies, and operations that drive impactful employee engagement and build strong cultures.

Krithika is a dynamic and experienced senior executive with deep expertise in People and Culture functions and broader business general management roles in large and medium-sized organisations across America, Europe, Asia and Australia.

Krithika was appointed to her role at TelstraSuper in October 2021. She previously held positions at Pitcher Partners and BHP Billiton.

Bryony Hayes **Chief Risk Officer**



Bryony is TelstraSuper's Chief Risk Officer and has accountability for the Risk Management Framework. She leads the Risk and Compliance team and manages the relationships with key regulators, including APRA and ASIC. Bryony is also the Fund's AML/CTF Compliance Officer. Bryony was appointed to the role in February 2020. She is an experienced executive managing governance functions across global locations through strategic expansions and operational transformations.

She was previously the Chief Risk Officer at VFMC, was the Head of Risk and Compliance with Hastings Funds Management, and held senior compliance roles with Capital International; prior to that, she was in private legal practice. Bryony has a Bachelor of Arts/Laws (Hons).

Graeme Miller **Chief Investment Officer**



Graeme is responsible for leading the investment team which manages TelstraSuper's investment portfolio. He works closely with the Investment Committee to set investment objectives, formulate investment strategies and implement investment portfolios to benefit TelstraSuper's members.

Graeme has more than 30 years of experience in the superannuation and investment industries and has extensive experience in all aspects of investing. He joined TelstraSuper in May 2016, having previously been the Australian head of investments at global consulting firm Willis Towers Watson.

Steve Miller **General Counsel and** **Company Secretary**



Steve heads the Legal function, responsible for all legal matters across TelstraSuper and TelstraSuper Financial Planning and ensuring a robust legal and governance framework. He is the Company Secretary for both businesses and is a trusted adviser to the Board, CEO and Executive Team, responsible for all Board governance matters.

Steve joined TelstraSuper in 2002 and was appointed to the Executive Team in 2008. He has over 20 years of legal experience and has been admitted to practice in Australia and the UK, with broad expertise across in-house and private practice environments. Before joining TelstraSuper, Steve practised in the Melbourne office of a national law firm.

New advice options to help our members

TelstraSuper is committed to helping our members maximise their super outcomes and has provided advisory services through TelstraSuper Financial Planning for more than 20 years.

As part of this commitment, TelstraSuper Financial Planning launched a new personal advice service for our members in October 2021.

The new model allows members to get expert advice from people they trust, who are by their side at every stage of life and, importantly, who can make the complex simple. Members can access advisers who'll help empower them, so they don't have to do it alone.

As financial institutions changed and the big banks and some other super funds stopped providing financial advice, we continued to expand our high-quality, affordable financial planning services.

Accessible and relevant advice is so important to us that last year we opened our door to friends of our ongoing advice clients so they too can benefit from advice at TelstraSuper Financial Planning (with or without joining the fund). Family members, as always, are welcome to use our advice service.

Here are our four advice options from TelstraSuper Financial Planning to help members reach their goals:

Super sorter

New members or those well into their journey can sort out their super account by speaking with an Adviser from TelstraSuper Financial Planning. Members can get simple and general personal advice over the phone about making contributions, what level of insurance they should have to protect their lifestyle if anything happens and what investment option suits their risk profile.

This advice is included in your membership, and there is no additional cost.

Step it up

Members wanting to take that next step with their super or finances can use the Step it up advice service to give them the confidence to reach their goals. Whether maximising contributions and investment opportunities, getting ready for retirement, or setting up an income stream, a TelstraSuper Financial Planning Adviser can help. Advice on a single topic is an affordable way to help members with their super or finances.

Big picture it

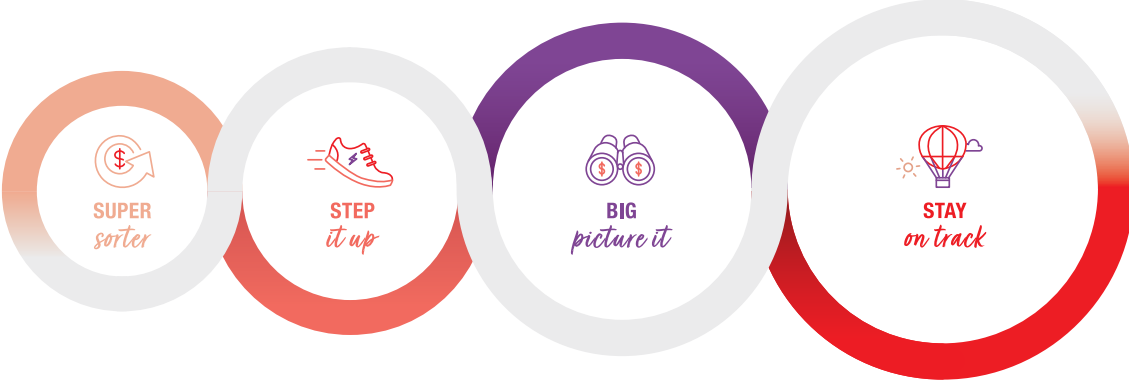
For members looking for more comprehensive personal advice that considers a more holistic view of their life. An Adviser will help build a long-term personal plan around super and the overall financial situation. Whether setting up a plan to pay a tax-effective income in retirement or maximising Centrelink entitlements, a big-picture plan will help members achieve their long-term goals by providing affordable advice on various topics.

Stay on track

For members wanting ongoing expert coaching on super and wealth. A Financial Adviser will be a super and finance coach who will nudge and encourage their client, keeping them on track as life changes. They'll work together to develop a long-term plan which will adjust when needed. An Adviser is there when super rules – or the world – change.



TelstraSuper Financial Planning



Supporting our people

Our members are indeed at the heart of everything we do, but our people are the heartbeat of TelstraSuper. Creating supportive and inclusive environments that foster collaboration, development and rewarding careers is our mission in our workplace. We're always striving to improve our experiences because we understand that connected employees are more engaged, perform better, and create better results for our business.

Our focus on diversity and inclusion

Over the past year, we've had a strong focus on our Diversity & Inclusion strategy, which is based on three key pillars:



Inclusion and respect Building diverse teams where everyone feels comfortable bringing their whole selves to work.



Diversity in leadership Increasing our representation of women in leadership roles and building diverse thought in leadership.



Flexible work and career Particularly during the pandemic where the lines have blurred between home and work life.

In 2021, we partnered with Pride in Diversity to launch our Gender Affirmation Policy. The policy outlines the support and process available to employees who would like to affirm their gender in our workplace. We followed the policy launch with LGBTIQ+ 101 information sessions for our executives, senior leaders and employees facilitated by Pride in Diversity.

In January 2022, we changed our Leave Policy to provide more flexibility regarding leave. This includes increasing Paid Parental Leave for primary carers from 12 weeks to 16 weeks and from two weeks to four weeks for secondary carers. We also broadened the reasons our employees can take personal and compassionate leave, and we introduced Grandparents Leave so that grandparents can enjoy that special time with their families.

Again, we were pleased to be one of only 119 Australian organisations recognised as a Workplace Employer of Choice for Gender Equality (EOCGE) 2021-2023, demonstrating our commitment to achieving gender equality in our workplace.

Our employee experience at TelstraSuper is based on three key elements

- 1 Caring and collaborative community
- 2 Rewarding career experiences
- 3 Close connection to members

We're also incredibly proud that our CEO Chris Davies renewed his role as a WGEA (Workplace Gender Equality Agency) Pay Equity Ambassador.

This year, we also started work on our very first Reconciliation Action Plan, which we're excited to launch in early 2023.

Health and wellbeing

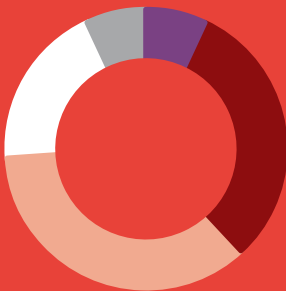
In August 2021, we launched Wellness Month to refresh, recharge, connect and have fun around the themes Be Mindful, Be Active and Be Happy.

We participated in the 2022 Mother's Day Classic, a great fundraising event for us every year. We continue to support our people to foster healthy minds and bodies by running interactive sessions on positive psychology and managing workplace exhaustion while encouraging participation in initiatives like R U OK? Day.

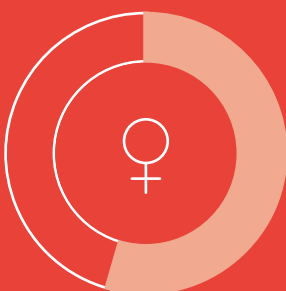
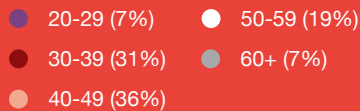
Demographics (as of 30 June 2022)



52% of our people are female



Age range



55% of board members are female

Hybrid working

As many businesses have done while adapting to life with COVID-19 in the community, TelstraSuper has transitioned to a hybrid working model. We have continued to support our people with upgrades to our technology platforms so they can work wherever they are while helping them come into our offices to collaborate and connect with colleagues regularly.

We also began our New Ways of Working forum, which prioritises modern work practices and technology needs across TelstraSuper, so we can continue to provide a seamless hybrid working experience for our people.

YourVoice Employee Engagement Survey

This year we had an 88% completion rate in our YourVoice Employee Engagement Survey with solid results across diversity and inclusion, risk culture and wellbeing. Our employee engagement score was down 11% compared to 2021 but is on par with the financial services industry.

Our highest three scores were Diversity & Inclusion (93%), Risk Culture (90%) and Wellbeing (88%).

Areas for improvement highlighted in the survey included learning and development and continuous improvement of our systems and processes. This can partly be attributed to the disruption to professional and career development initiatives due to the transition to hybrid working and returning to “pandemic normal” circumstances.

Over the next 12 months, these will be a focus for us, and we have already begun to work on initiatives that will support improvements in these areas.

96% of employees agree:
At TelstraSuper, gender-based harassment and sexual harassment are not tolerated

95% of employees agree:
TelstraSuper values diversity and inclusion

94% of employees agree:
I understand my accountabilities for the management of risks associated with my role

92% of employees agree:
I feel TelstraSuper provides a safe and healthy working environment

Investment options

Growth option

Investment strategy

The Growth option has a strong bias towards growth assets, such as Australian and International Shares, with a smaller allocation towards defensive assets such as Cash.

Return objective

Outperform CPI+3.5% p.a.

Investment time frame

7 to 10 year periods.

Risk objective

A high level of risk expected to generate 4 to less than 6 negative annual returns over any 20 year period.

Balanced option

Investment strategy

The Balanced option has a moderate bias towards growth assets, such as Australian and International Shares, balanced by an allocation towards defensive assets such as Diversified Fixed Interest and Cash.

Return objective

Outperform CPI+3% p.a.

Investment time frame

5 to 10 year periods.

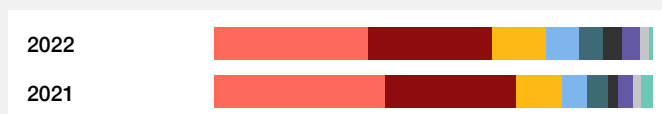
Risk objective

A high level of risk expected to generate 4 to less than 6 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement
10 Year	9.62%
7 Year	6.93%
5 Year	7.02%
3 Year	5.82%
1 Year	-3.13%

Asset allocation

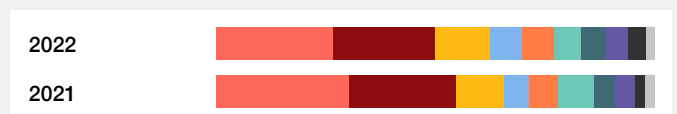


	2022	2021
International Shares	34.92%	38.89%
Australian Shares	28.44%	29.88%
Unlisted Property Trusts	12.27%	10.37%
Infrastructure	7.43%	5.83%
Private Markets	5.62%	4.74%
Opportunities	4.16%	2.24%
Alternative Debt	4.08%	3.55%
Listed Property Trusts	2.06%	1.81%
Cash	0.95%	2.57%
Hedge Funds	0.07%	0.12%

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement
10 Year	8.45%
7 Year	6.08%
5 Year	6.01%
3 Year	4.92%
1 Year	-1.87%

Asset allocation



	2022	2021
International Shares	26.64%	30.17%
Australian Shares	23.22%	24.56%
Unlisted Property Trusts	12.40%	10.73%
Infrastructure	7.41%	5.85%
Diversified Fixed Interest	7.25%	6.43%
Cash	6.20%	8.29%
Private Markets	5.58%	4.76%
Alternative Debt	5.09%	4.76%
Opportunities	4.08%	2.25%
Listed Property Trusts	2.06%	2.08%
Hedge Funds	0.07%	0.12%

Investment strategies, return objectives, investment time frames and risk objectives are shown for the reporting period ending 30 June 2022. Actual asset allocations are shown as at 30 June 2021 and 30 June 2022 and will vary from time to time. Items marked with an asterisk (*) have changed since June 2022. For up-to-date information about the characteristics of the investment option, please refer to your relevant Product Disclosure Statement. TelstraSuper RetireAccess investment returns are different to Accumulation and Transition to Retirement (TTR) member returns because TelstraSuper RetireAccess returns are not subject to tax. The accumulation investment returns are net of indirect investment costs and investment taxes but before the deduction of any applicable administration fee, indirect administration costs or rebate. The TelstraSuper RetireAccess investment returns are net of indirect investment costs but before the deduction of any applicable indirect administration cost, administration fee or rebate. Lifestyle investment options (Lifestyle Growth, Lifestyle Balanced, Lifestyle Moderate and Lifestyle Conservative) only apply to TelstraSuper Retirement income stream members. Past performance is not a reliable indicator of future performance.

Diversified Income option

Investment strategy

The Diversified Income option is uniquely structured to distribute income it receives from investments, allowing members to fund part of their retirement needs without the need to sell capital assets. When selecting investments, preference is made for expected returns predominately driven by income rather than capital growth. Income is accrued as underlying investments pay income distributions during the month. Due to the varying income distributions of the underlying investments, the income payment to members will vary from month to month.

Return objective

Outperform CPI+2% p.a.

Investment time frame

4 to 8 year periods.

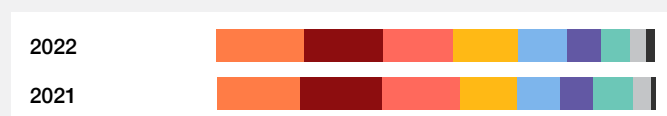
Risk objective

A medium to high level of risk expected to generate 3 to less than 4 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement
10 Year	7.06%
7 Year	5.42%
5 Year	4.96%
3 Year	4.00%
1 Year	-0.95%

Asset allocation



	2022	2021
Diversified Fixed Interest	19.90%	18.89%
Australian Shares	17.95%	18.73%
International Shares	15.97%	17.71%
Unlisted Property Trusts	14.69%	13.00%
Infrastructure	11.23%	9.86%
Alternative Debt	7.97%	7.67%
Cash	6.44%	8.94%
Listed Property Trusts	3.57%	4.20%
Opportunities	2.28%	1.00%

Defensive Growth option

Investment strategy

The Defensive Growth option is uniquely structured to adjust its exposure to a range of growth and defensive assets, based on the performance and confidence of investment markets at any point in time. When investing in growth assets, it does so in a way that aims to reduce volatility. For example, by investing in stable businesses with long histories of reliable cash flows and profitability.

Return objective

Outperform CPI+2% p.a.

Investment time frame

4 to 8 year periods.

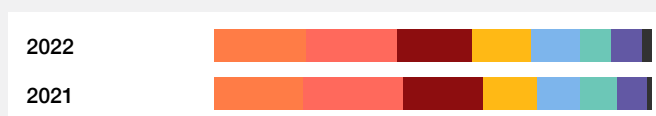
Risk objective

A medium to high level of risk expected to generate 3 to less than 4 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement	RetireAccess returns
10 Year	8.04%	7.29%
7 Year	6.33%	5.74%
5 Year	5.63%	5.13%
3 Year	3.95%	3.58%
1 Year	-1.89%	-1.53%

Asset allocation



	2022	2021
Diversified Fixed Interest	20.94%	20.26%
International Shares	20.91%	22.85%
Australian Shares	16.94%	18.19%
Unlisted Property Trusts	13.42%	12.31%
Infrastructure	11.21%	9.86%
Cash	7.06%	8.44%
Alternative Debt	7.01%	6.71%
Opportunities	2.44%	1.25%
Hedge Funds	0.07%	0.13%

Conservative option

Investment strategy

The Conservative option has a bias towards defensive assets, in particular a high weighting towards Cash, to minimise short-term fluctuations (risk) but has some exposure to growth assets for long-term growth (return).

Return objective

Outperform CPI+1% p.a.

Investment time frame

3 to 10 year periods.

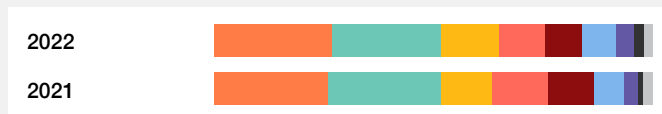
Risk objective

A low to medium level of risk expected to generate 1 to less than 2 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement
10 Year	5.90%
7 Year	4.46%
5 Year	4.07%
3 Year	3.01%
1 Year	-0.85%

Asset allocation



	2022	2021
Diversified Fixed Interest	26.72%	25.76%
Cash	25.00%	25.90%
Unlisted Property Trusts	13.14%	11.65%
International Shares	10.33%	12.68%
Australian Shares	8.58%	10.42%
Infrastructure	7.78%	6.95%
Alternative Debt	3.95%	3.13%
Opportunities	2.41%	1.26%
Listed Property Trusts	2.02%	2.12%
Hedge Funds	0.07%	0.13%

Australian Shares option

Investment strategy

The Australian Shares option is 100% invested in listed Australian companies. Diversification is achieved through exposure to a number of investment managers with different styles of investing.

Return objective

Outperform CPI+3.5% p.a.

Investment time frame

8 to 10 year periods.

Risk objective

A very high level of risk expected to generate 6 or more negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement	RetireAccess returns
10 Year	9.26%	10.27%
7 Year	7.04%	7.86%
5 Year	6.83%	7.66%
3 Year	4.91%	5.53%
1 Year	-4.17%	-4.29%

Asset allocation



	2022	2021
Australian Shares	100.00%	100.00%

International Shares option

Investment strategy

The International Shares option has 100% exposure to International Shares, and is invested through several investment managers. It aims to achieve exposure to industries and companies that are not part of the Australian share market.

Return objective

Outperform CPI+3.5% p.a.

Investment time frame

8 to 10 year periods.

Risk objective

A high level of risk expected to generate 6 or more negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement	RetireAccess returns
10 Year	10.28%	11.26%
7 Year	6.15%	6.46%
5 Year	6.22%	6.42%
3 Year	4.44%	4.42%
1 Year	-11.51%	-13.26%

Asset allocation



	2022	2021
● International Shares	100.00%	100.00%

Property option

Investment strategy

The Property option invests exclusively in property-based assets, including both Listed Property Trusts and Unlisted Property. For diversification reasons, this may include investment in international property and mortgages or loans secured by property assets.

Return objective

Outperform CPI+3% p.a.

Investment time frame

5 to 7 year periods.

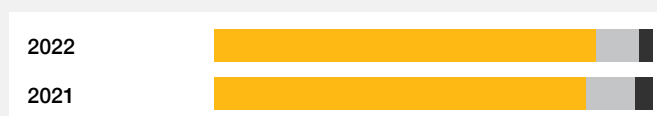
Risk objective

A medium to high level of risk expected to generate 4 to less than 6 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement	RetireAccess returns
10 Year	10.77%	11.91%
7 Year	10.72%	11.51%
5 Year	10.34%	11.09%
3 Year	9.93%	10.39%
1 Year	15.18%	15.47%

Asset allocation



	2022	2021
● Unlisted Property Trusts	87.02%	84.67%
● Listed Property Trusts	9.62%	11.08%
● Opportunities	3.36%	4.25%

Fixed Interest option

Investment strategy

The Fixed Interest option invests primarily in Australian and International Fixed Interest Securities, including fixed, variable and floating interest rate securities issued by government bodies and companies, as well as asset and mortgage-backed securities and mortgages or loans secured by property assets. It may also have exposure to Cash, up to a maximum of 50%.

Return objective

Outperform the Bloomberg AusBond Bank Bill Index, adjusted for tax†, +0.5% p.a.

Investment time frame

4 to 8 year periods.

Risk objective*

A low to medium level of risk expected to generate 1 to less than 2 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement	RetireAccess returns
10 Year	2.40%	2.73%
7 Year	1.43%	1.60%
5 Year	0.55%	0.58%
3 Year	-1.68%	-2.03%
1 Year	-8.85%	-10.39%

Asset allocation



	2022	2021
● Diversified Fixed Interest	100.00%	100.00%

Cash option

Investment strategy

The Cash option is 100% invested in Cash and short-term money market securities.

Return objective

Accumulation and TTR income stream members: Outperform the Bloomberg AusBond Bank Bill Index, adjusted for tax.†

RetireAccess members: Outperform the Bloomberg AusBond Bank Bill Index.†

Investment time frame

0 to 2 year periods.

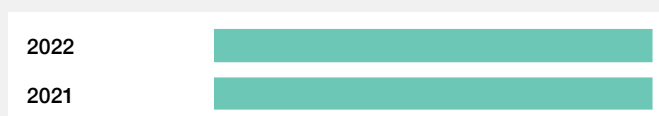
Risk objective

A very low level of risk expected to generate less than 0.5 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement	RetireAccess returns
10 Year	1.75%	2.02%
7 Year	1.33%	1.54%
5 Year	1.06%	1.23%
3 Year	0.53%	0.61%
1 Year	0.14%	0.16%

Asset allocation



	2022	2021
● Cash	100.00%	100.00%

†The Bloomberg AusBond Bank Bill Index is a commonly used benchmark for cash-like investments. It measures the return earned on a diversified portfolio of different types of short term cash investments. Cash investments are generally taxed at 15% in the superannuation accumulation phase.

Direct Access option

Investment strategy

Allows members to invest a proportion of their super in their choice of:

- Australian shares that form part of the S&P/ASX300 Index
- other listed securities such as ETFs, approved by the Trustee
- a range of approved term deposits.

Return objective

The return objective will depend on the mix of investments selected by individual members.

Investment time frame

The minimum suggested time frame will depend on the investments selected by individual members. The minimum suggested time frames that generally apply to the investments in the Direct Access option are:

- term deposits: 2 years or less
- approved ETFs: 8-10 years
- listed securities and Australian shares that form part of the S&P/ASX300 Index: 8-10 years.

Risk objective

The risk level will depend on the mix of investments selected by individual members. The risk levels that generally apply to the investments in the Direct Access option are:

- term deposits: very low risk
- listed securities such as ETFs, and Australian Shares that form part of the S&P/ASX300 Index: very high risk.

The likelihood of a negative return will vary depending on each member's allocation to shares, ETFs and term deposits and the performance of the investments selected by individual members.

Long-term strategic investment mix

The mix of growth and defensive assets will depend on the mix of investments selected by individual members. The growth/defensive characteristics that generally apply to the investments in the Direct Access option are:

- term deposits: defensive assets
- approved ETFs: growth or defensive assets
- listed securities and Australian shares that form part of the S&P/ASX300 Index: growth assets.

MySuper Conservative

Investment strategy

The Conservative option has a bias towards defensive assets, in particular a high weighting towards Cash, to minimise short-term fluctuations (risk) but has some exposure to growth assets for long-term growth (return).

Return objective

Outperform CPI+1% p.a.

Investment time frame

3 to 10 year periods.

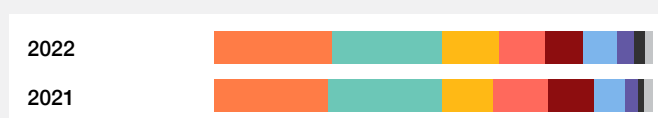
Risk objective

A low to medium level of risk expected to generate 1 to less than 2 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement
10 Year	5.90%
7 Year	4.46%
5 Year	4.07%
3 Year	3.01%
1 Year	-0.85%

Asset allocation



	2022	2021
● Diversified Fixed Interest	26.72%	25.76%
● Cash	25.00%	25.90%
● Unlisted Property Trusts	13.14%	11.65%
● International Shares	10.33%	12.68%
● Australian Shares	8.58%	10.42%
● Infrastructure	7.78%	6.95%
● Alternative Debt	3.95%	3.13%
● Opportunities	2.41%	1.26%
● Listed Property Trusts	2.02%	2.12%
● Hedge Funds	0.07%	0.13%

MySuper Growth

Investment strategy

The Growth option has a strong bias towards growth assets, such as Australian and International Shares, with a smaller allocation towards defensive assets such as Cash.

Return objective

Outperform CPI+3.5% p.a.

Investment time frame

7 to 10 year periods.

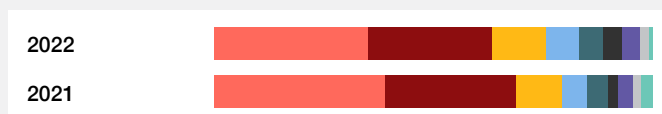
Risk objective

A high level of risk expected to generate 4 to less than 6 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement
10 Year	9.62%
7 Year	6.93%
5 Year	7.02%
3 Year	5.82%
1 Year	-3.13%

Asset allocation



	2022	2021
International Shares	34.92%	38.89%
Australian Shares	28.44%	29.88%
Unlisted Property Trusts	12.27%	10.37%
Infrastructure	7.43%	5.83%
Private Markets	5.62%	4.74%
Opportunities	4.16%	2.24%
Alternative Debt	4.08%	3.55%
Listed Property Trusts	2.06%	1.81%
Cash	0.95%	2.57%
Hedge Funds	0.07%	0.12%

MySuper Balanced

Investment strategy

The Balanced option has a moderate bias towards growth assets, such as Australian and International Shares, balanced by an allocation towards defensive assets such as Diversified Fixed Interest and Cash.

Return objective

Outperform CPI+3% p.a.

Investment time frame

5 to 10 year periods.

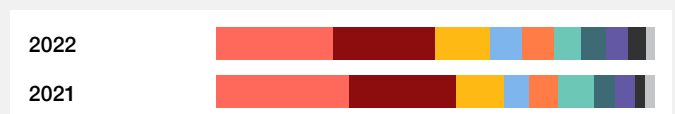
Risk objective

A high level of risk expected to generate 4 to less than 6 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	Accumulation and Transition to Retirement
10 Year	8.45%
7 Year	6.08%
5 Year	6.01%
3 Year	4.92%
1 Year	-1.87%

Asset allocation



	2022	2021
International Shares	26.64%	30.17%
Australian Shares	23.22%	24.56%
Unlisted Property Trusts	12.40%	10.73%
Infrastructure	7.41%	5.85%
Diversified Fixed Interest	7.25%	6.43%
Cash	6.20%	8.29%
Private Markets	5.58%	4.76%
Alternative Debt	5.09%	4.76%
Opportunities	4.08%	2.25%
Listed Property Trusts	2.06%	2.08%
Hedge Funds	0.07%	0.12%

Lifestyle Growth

Only available for Retirement income stream members

Investment strategy

The Lifestyle Growth option has a strong bias towards growth assets, such as Australian and International Shares, with a smaller allocation towards defensive assets such as Cash.

Return objective

Outperform CPI + 4% p.a.

Investment time frame

7 to 10 year periods.

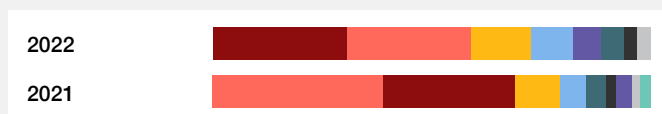
Risk objective

A high level of risk is expected to generate 4 to less than 6 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	RetireAccess return
10 Year	10.90%
7 Year	7.87%
5 Year	8.13%
3 Year	7.16%
1 Year	-1.42%

Asset allocation



	2022	2021
Australian Shares	29.63%	29.88%
International Shares	27.15%	38.89%
Unlisted Property Trusts	13.71%	10.37%
Infrastructure	9.66%	5.83%
Alternative Debt	6.03%	3.55%
Private Markets	5.58%	4.74%
Opportunities	3.97%	2.24%
Listed Property Trusts	3.62%	1.81%
Cash	0.58%	2.57%
Hedge Funds	0.07%	0.12%

Lifestyle Balanced

Only available for Retirement income stream members

Investment strategy

The Lifestyle Balanced option has a moderate bias towards growth assets, such as Australian and International Shares, balanced by an allocation towards defensive assets, such as Diversified Fixed Interest and Cash.

Return objective

Outperform CPI + 3.5% p.a.

Investment time frame

5 to 10 year periods.

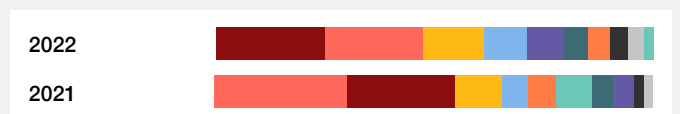
Risk objective

A high level of risk is expected to generate 4 to less than 6 negative annual returns over any 20 year period.

Performance

Year to 30 June 2022	RetireAccess returns
10 Year	9.59%
7 Year	6.89%
5 Year	6.88%
3 Year	5.79%
1 Year	-1.10%

Asset allocation



	2022	2021
Australian Shares	24.80%	24.56%
International Shares	22.31%	30.17%
Unlisted Property Trusts	14.02%	10.73%
Infrastructure	9.77%	5.85%
Alternative Debt	8.27%	4.76%
Private Markets	5.61%	4.76%
Diversified Fixed Interest	4.99%	6.43%
Opportunities	4.14%	2.25%
Listed Property Trusts	3.65%	2.08%
Cash	2.36%	8.29%
Hedge Funds	0.08%	0.12%

Lifestyle Moderate

Only available for Retirement income stream members

Investment strategy

The Lifestyle Moderate option invests in a range of growth and defensive assets based on the performance and confidence of investment markets at any point in time. When investing in growth assets, it does so in a way that aims to reduce volatility. For example, by investing in stable businesses with long histories of reliable cashflows and profitability.

Return objective

Outperform CPI + 2.5% p.a.

Investment time frame*

4 to 8 year periods.

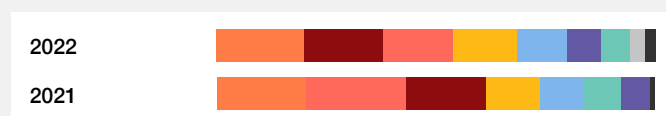
Risk objective

A medium to high level of risk is expected to generate 3 to less than 4 negative annual returns over any 20-year period.

Performance

Year to 30 June 2022	RetireAccess returns
10 Year	7.82%
7 Year	6.10%
5 Year	5.51%
3 Year	4.24%
1 Year	-1.23%

Asset allocation



	2022	2021
Diversified Fixed Interest	19.90%	20.26%
Australian Shares	17.95%	18.19%
International Shares	15.97%	22.85%
Unlisted Property Trusts	14.69%	12.31%
Infrastructure	11.23%	9.86%
Alternative Debt	7.97%	6.71%
Cash	6.44%	8.44%
Listed Property Trusts	3.57%	0.13%
Opportunities	2.28%	1.25%

Lifestyle Conservative

Only available for Retirement income stream members

Investment strategy

The Lifestyle Conservative option has a bias towards defensive assets, in particular a high weighting towards Cash, to minimise short-term fluctuations (risk) but has some exposure to growth assets for long-term growth (return).

Return objective

Outperform CPI + 1.5% p.a.

Investment time frame*

3 to 10 year periods.

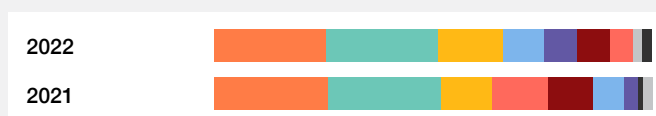
Risk objective

A low to medium level of risk is expected to generate 1 to less than 2 negative annual returns over any 20-year period.

Performance

Year to 30 June 2022	RetireAccess returns
10 Year	6.69%
7 Year	5.10%
5 Year	4.74%
3 Year	3.69%
1 Year	-0.07%

Asset allocation



	2022	2021
Diversified Fixed Interest	24.95%	25.76%
Cash	24.93%	25.90%
Unlisted Property Trusts	14.39%	11.65%
Infrastructure	9.97%	6.95%
Alternative Debt	7.96%	3.13%
Australian Shares	7.22%	10.42%
International Shares	5.58%	12.68%
Listed Property Trusts	2.52%	2.12%
Opportunities	2.41%	1.26%
Hedge Funds	0.07%	0.13%

Comparing our performance

As well as striving to meet our own return objectives, we also benchmark our investment options (apart from Direct Access) against the performance of other super funds surveyed by SuperRatings. With a focus on the long-term, we aim to provide members with returns that exceed others in the industry as determined by SuperRatings surveys and medians.

Most of our investment options outperformed the median over five and ten years. This long-term trend of out-performance continues with seven options outperforming the median over ten years.†

TelstraSuper Corporate Plus & Personal Plus	5 years	5 years median	10 years	10 years median
Growth	7.02%	6.74%	9.62%	9.33%
Balanced	6.01%	5.94%	8.45%	7.99%
Diversified Income‡	4.96%	4.20%	7.06%	6.23%
Defensive Growth	5.13%	4.58%	7.29%	6.34%
Conservative	4.07%	3.31%	5.90%	4.76%
International Shares	6.22%	7.72%	10.28%	11.40%
Australian Shares	6.83%	7.09%	9.26%	9.35%
Property	10.34%	4.97%	10.77%	8.46%
Fixed Interest	0.55%	0.79%	2.40%	2.50%
Cash	1.06%	0.95%	1.75%	1.62%

TelstraSuper RetireAccess	5 years	5 years median	10 years	10 years median
Lifestyle Growth	8.13%	7.31%	10.90%	9.99%
Lifestyle Balanced	6.88%	6.38%	9.59%	8.92%
Lifestyle Moderate	5.51%	4.74%	7.82%	6.96%
Defensive Growth	5.63%	5.09%	8.04%	7.06%
Lifestyle Conservative	4.74%	3.50%	6.69%	5.15%
International Shares	6.42%	8.20%	11.26%	12.36%
Australian Shares	7.66%	7.99%	10.27%	10.40%
Property	11.09%	5.37%	11.91%	9.11%
Fixed Interest	0.58%	0.84%	2.73%	2.84%
Cash	1.23%	1.09%	2.02%	1.89%

Investment Returns for the period ending June 2022. The latest returns and investment updates can be found at telstrasuper.com.au/investments

† Source: SuperRatings Fund Crediting Rate Survey, June 2022. Find out more at superratings.com.au/ratings

‡ Notional returns have not been included as the structure of the Diversified Income option is not based on the performance of a single index. The investment return for the Diversified Income option has been calculated on the basis of daily movements in 'sell' unit prices and distributions payable to members, as if distributions are reinvested in the option's asset pool. Distributions are not actually reinvested. They are paid into the accounts of eligible members effective the first business day of each calendar month and are invested in the Cash option. Past distributions are not a reliable indicator of future distributions. Distributions are not guaranteed.

The accumulation investment returns are net of indirect investment costs and investment taxes but before the deduction of any applicable administration fee, indirect administration costs or rebate. The TelstraSuper RetireAccess investment returns are net of indirect investment costs but before the deduction of any applicable indirect administration cost, administration fee or rebate. Returns are to the 5 year and 10 year periods ending 30 June 2022. Past performance is not a reliable indicator of future performance.

Investment managers

as at 30 June 2022

TelstraSuper invests with a range of external specialist investment portfolio managers. We also utilise internal investment managers for Australian Equities, Diversified Fixed Interest, Property, Infrastructure, Private Markets, Cash, Currency Overlay and Asset Allocation Overlay.

Alternative Debt

Barings LLC
Bentham Asset Management Pty Ltd
Loomis, Sayles & Company, L.P.
Telstra Super Pty Ltd
Yarra Capital Management Limited

Australian Equities

Alliance Bernstein Investment Management Australia Limited
Alphinity Investment Management Pty Ltd
First Sentier Investors (Australia) IM Ltd
Greencape Capital Pty Ltd
Optar Pty Ltd
Pendal Institutional Limited
Spheria Asset Management Pty Ltd
State Street Global Advisors; Australia; Limited
Telstra Super Pty Ltd

Diversified Fixed Interest

Challenger Investment Partners Limited
IFM Investors Pty Ltd
Kapstream Capital Pty Ltd
Pimco Australia Pty Limited
Telstra Super Pty Ltd
Wellington Management Australia Pty Ltd
Western Asset Management Company Pty Ltd

Cash

Pendal Institutional Limited
Telstra Super Pty Ltd

Currency Overlay

Insight Investment International Management Pty Ltd
Telstra Super Pty Ltd

Hedge Funds

Arrowgrass Capital Partners LLP
Pacific Alliance Investment Management Limited
Pine River Capital Management LP
Telstra Super Pty Ltd

Infrastructure

Atlas Infrastructure (Australia) Pty Ltd
Charter Hall Group
ClearBridge Investments Limited
First Sentier Investors Ltd
Global Infrastructure Management LLC
JP Morgan Investment Management Inc.
Morrison & Co Utilities Management (Australia) Pty Ltd
PATRIZIA Pty Ltd
QIC Limited
Telstra Super Pty Ltd

International Equities

Aristotle Capital Management, LLC
Artisan Partners Limited Partnership
Baillie Gifford Overseas Limited
Bell Asset Management Limited
MFS International Australia Pty Ltd
Mirova US LLC
Sanders Capital, LLC
Schroder Investment Management Australia Limited
State Street Global Advisors; Australia; Limited
Telstra Super Pty Ltd
TT International (Hong Kong) Limited

Private Markets

Adam Street Partners LLC
Affinity Equity Partners Limited
Airtree Ventures Pty Limited
Archer Capital Pty Ltd
Audax Management Company
Blackbird Ventures Pty Ltd
Brandon Capital Partners
Catalyst Investment Managers Pty Ltd
CIM Group LLC
Cinven Limited
Clayton, Dubilier & Rice, LLC
Committed Advisors SAS
Fortress Investment Group LLC
Global Infrastructure Partners
Goldman Sachs Asset Management LP
HarbourVest Partners LLC
HayFin Capital Management Limited
IP Group PLC
LGT Capital Partners Ltd
Mid Europa Funds Management Limited
Oaktree Capital Management LP
Quadrant Private Equity Pty Ltd
T Ventures Management Co.Ltd
TA Associates Management LP
Telstra Super Pty Ltd
Wilshire Australia Pty Ltd

Property

AMP Capital Investors Limited
Berkshire Residential Investments
Charter Hall Group
Dexus Asset Management Limited
Franklin Templeton Investments Australia Limited
Invesco Ltd
Kayne Anderson Core Real Estate Advisors I, LLC
Lend Lease Real Estate Investments Limited
Resolution Capital Limited
RREEF America LLC
Telstra Super Pty Ltd

Total Opportunities

Berkshire Residential Investments
Caxton Associates LP
Charter Hall Holdings Pty Ltd
Grain Capital Management
K2 Asset Management Ltd
Mudrick Capital Management, L.P.
Pacific Investment Management Company LLC
Pharo Global Advisors Limited
Telstra Super Pty Ltd

Financial statements

Statement of Financial Position for the year ended 30 June 2022

	2022 \$'000	2021 \$'000
Assets		
Cash and cash equivalents	1,490,887	1,116,318
Financial assets	22,303,341	23,794,865
Investment income receivable	52,266	45,244
Unsettled investment sales	116,326	136,138
Accounts receivable	8,259	6,735
Property, plant and equipment	7,309	5,195
Right-of-use lease assets	14,994	16,846
Total assets	23,993,382	25,121,341
Liabilities		
Benefits payable	(8,590)	(15,625)
Accounts payable	(30,599)	(40,444)
Unsettled investment purchases and payables	(142,676)	(180,761)
Financial liabilities	(322,233)	(158,132)
Lease liabilities	(16,925)	(18,014)
Current income tax assets/(liabilities)	10,959	(120,144)
Deferred income tax liabilities	(160,217)	(326,635)
Total liabilities excluding member benefits	(670,281)	(859,755)
Net assets available for member benefits	23,323,101	24,261,586
Member benefits		
Defined contribution member liabilities	(21,621,668)	(22,311,933)
Defined benefit member liabilities	(1,459,927)	(1,492,010)
Total member liabilities	(23,081,595)	(23,803,943)
Total net assets	241,506	457,643
Equity		
Operational risk financial requirement	58,980	61,090
Insurance reserve	2,000	2,000
Administration reserve	54,861	75,907
Unallocated surplus	125,665	318,646
Total equity	241,506	457,643

Statement of Comprehensive Income for the year ended 30 June 2022

	2022 \$'000	2021 \$'000
Superannuation activities		
Interest	97,218	107,802
Dividends and distributions	823,854	508,080
Changes in assets measured at fair value	(1,551,684)	3,286,158
Other investment income/(losses)	9,123	33,495
Other operating income	6,080	3,426
Total superannuation activities income/(losses)	(615,409)	3,938,961
Expenses		
Investment expenses	(90,620)	(103,724)
Administration expenses	(83,157)	(64,681)
Interest on lease liability	(1,157)	(1,072)
Total expenses	(174,934)	(169,477)
Net result from superannuation activities	(790,343)	3,769,484
Profit/(loss) from operating activities	(790,343)	3,769,484
Net losses/(benefits) allocated to defined contribution member accounts	452,995	(3,401,589)
Net change in defined benefit member liabilities	(68,809)	(76,286)
Profit/(loss) before income tax	(406,157)	291,609
Income tax (expense)/benefit	190,020	(262,842)
Profit/(loss) after income tax	(216,137)	28,767

Statement of Changes in Member Benefits for the year ended 30 June 2022

	Defined Contribution Members 2022 \$'000	Defined Benefit Members 2022 \$'000	Total 2022 \$'000
Opening balance as at 1 July 2021	22,311,933	1,492,010	23,803,943
Employer contributions	498,771	23,591	522,362
Member contributions	302,269	1,597	303,866
Government contributions	1,720	-	1,720
Transfers from other superannuation funds	336,196	1,764	337,960
Transfers to other superannuation funds	(535,137)	(121,435)	(656,572)
Income tax on contributions	(76,653)	(3,539)	(80,192)
Benefits to members/beneficiaries	(756,363)	(1,497)	(757,860)
Insurance premiums charged to members' accounts	(28,187)	(1,373)	(29,560)
Insurance benefits credited to members' accounts	20,114	-	20,114
Reserves transferred from members: Insurance reserve	-	-	-
Reserves transferred from members: Administration reserve	-	-	-
Net benefits allocated to members' accounts: Net investment income	(409,578)	-	(409,578)
Net benefits allocated to members' accounts: Administration fees	(43,417)	-	(43,417)
Net change in DB member benefits	-	68,809	68,809
Closing balance as at 30 June 2022	21,621,668	1,459,927	23,081,595

	Defined Contribution Members 2021 \$'000	Defined Benefit Members 2021 \$'000	Total 2021 \$'000
Opening balance as at 1 July 2020	19,064,893	1,620,426	20,685,319
Employer contributions	461,699	31,858	493,557
Member contributions	252,562	3,644	256,206
Government contributions	1,843	1	1,844
Transfers from other superannuation funds	396,826	3,606	400,432
Transfers to other superannuation funds	(474,747)	(234,515)	(709,262)
Income tax on contributions	(67,631)	(4,793)	(72,424)
Benefits to members/beneficiaries	(709,010)	(2,325)	(711,335)
Insurance premiums charged to members' accounts	(31,939)	(1,637)	(33,576)
Insurance benefits credited to members' accounts	22,205	-	22,205
Reserves transferred from members: Insurance reserve	-	(116)	(116)
Reserves transferred from members: Administration reserve	(6,357)	(425)	(6,782)
Net benefits allocated to members' accounts: Net investment income	3,447,341	-	3,447,341
Net benefits allocated to members' accounts: Administration fees	(45,752)	-	(45,752)
Net change in DB member benefits	-	76,286	76,286
Closing balance as at 30 June 2021	22,311,933	1,492,010	23,803,943

Statement of Changes in Reserves for the year ended 30 June 2022

	Unallocated surplus	Operational risk financial reserve	Insurance reserve	Administration reserve	Total equity
	2022	2022	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating balance as at 1 July 2021	318,646	61,090	2,000	75,907	457,643
Transfer to/(from) DC member accounts	-	-	-	-	-
Transfer to/(from) DB member accounts	-	-	-	-	-
Net transfer to/(from) reserves	21,046	-	-	(21,046)	-
Net allocations (to)/from Income Statement	(214,027)	(2,110)	-	-	(216,137)
Closing balance as at 30 June 2022	125,665	58,980	2,000	54,861	241,506

	Unallocated surplus	Operational risk financial reserve	Insurance reserve	Administration reserve	Total equity
	2021	2021	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating balance as at 1 July 2020	298,002	52,967	1,884	69,125	421,978
Transfer to/(from) DC member accounts	-	-	-	6,357	6,357
Transfer to/(from) DB member accounts	-	-	116	425	541
Net transfer to/(from) reserves	-	-	-	-	-
Net allocations (to)/from Income Statement	20,644	8,123	-	-	28,767
Closing balance as at 30 June 2021	318,646	61,090	2,000	75,907	457,643

Statement of Cash Flows for the year ended 30 June 2022

	2022 \$'000	2021 \$'000
Cash flows from operating activities		
Interest received	96,992	107,981
Dividends and distributions	817,042	497,765
Other incomes	14,603	36,778
Investment expenses	(96,461)	(99,099)
Administration expenses	(82,515)	(50,012)
Short-term/low-value lease expenses	(185)	(67)
Interest on lease liability	(1,157)	(1,072)
Group life insurance premiums	(29,560)	(33,576)
Insurance benefits credited to members' accounts	20,114	22,205
Income tax refund/(paid) by operating activities	(107,501)	(9,125)
Net cash inflows from operating activities	631,372	471,778
Cash flows from investing activities		
Proceeds from sales of financial instruments	21,965,155	24,574,682
Purchases of investment assets	(21,879,488)	(24,937,870)
Purchase of property, plant and equipment	(4,775)	(451)
Net cash outflows from investing activities	80,892	(363,639)
Cash flows from financing activities		
Employer contributions received	521,509	492,787
Member contributions received	303,864	256,197
Government co-contributions received	1,720	1,844
Transfers from other superannuation funds received	337,960	400,432
Transfers paid to other superannuation funds	(656,572)	(709,262)
Benefits paid to members and beneficiaries	(764,895)	(703,175)
Payment of principal portion of lease liabilities	(1,089)	(1,755)
Income tax paid by financing activities	(80,192)	(72,424)
Net cash outflows from financing activities	(337,695)	(335,356)
Net decrease in cash	374,569	(227,217)
Cash at the beginning of the financial year	1,116,318	1,343,535
Cash at the end of the financial year	1,490,887	1,116,318

The audited fund accounts and the auditor's report for the 2021/22 financial year are available on request or for download at telstrasuper.com.au/annualreport from 31 October 2022.

Defined benefit members

All or most of your super is a defined benefit if you're a member of TelstraSuper Division 2 or TelstraSuper Division 5. Unlike an accumulation account, a defined benefit doesn't rely on investment returns to grow. Instead, your super is calculated using a formula generally based on your salary, length of service with your employer, and the rates at which you have contributed to your super.

This means that investment returns do not impact the amount of super you get in retirement from your defined benefit. However, TelstraSuper invests both employer and member defined benefit contributions following Telstra Super Pty Ltd's defined benefit investment objectives and strategies.

Our defined benefit investment objectives

- To earn the best possible returns within an appropriate level of risk
- To maintain TelstraSuper's financial viability within the current benefit design and employer contribution rate.

Our defined benefit investment strategy

- To control the level of risk by investing in a broad range of quality investments
- To reduce risk by using a range of Australian and international investment managers who specialise in cash, fixed interest, shares, alternative asset classes and property
- To ensure sufficient funds to meet the required payment of defined benefits.

Defined benefit net earning rate

The defined benefit net earning rate was -2.75% on our investment portfolio for 2021/22.*

*Investment management fees and tax are deducted from the gross earnings before setting the net earning rate. Past performance is not a reliable indicator of future performance.

Defined benefit funding

As of 30 June 2022, the Vested Benefit Index (VBI), the ratio of fund assets to members' vested benefits of the Fund's defined benefit divisions, was 106% (2021: 112%).

Governance

TelstraSuper takes governance, disclosure and transparency seriously. We have strict governance policies and are required by law to disclose information and documents relating to the Telstra Superannuation Scheme and Telstra Super Pty Ltd as Trustee for the Scheme, along with the remuneration details of its Directors and Executive Team.

The following information is available for review:

- Trust Deed
- Special Determinations
- Constitution
- Significant Event Notices (SENs) and Material Change Notices
- Information about our range of specialist service providers
- Conflicts Management Framework
- Proxy voting policy



Find further information at telstrasuper.com.au/governance

Important information

TelstraSuper trust deed changes

The TelstraSuper trust deed sets out the rules by which TelstraSuper is managed. The trust deed was amended on 23 December 2021.

You can obtain a copy of the current TelstraSuper trust deed online at telstrasuper.com.au/governance.

Surcharge

If you are a defined benefit member and you didn't pay the amount in your Surcharge Account by the date nominated on your assessment, interest is charged to this account. The balance of this account will be deducted from your final benefit when you cease to be a defined benefit member. The surcharge interest rate* for 2021/22 was 0.94%.

*This rate is based on the Commonwealth Government 10-year bond yield as of the previous 30 June, rounded to the nearest 0.25%.

TelstraSuper's advisers

We use external professional advisers to ensure that TelstraSuper continues to operate correctly and efficiently. TelstraSuper's key advisers for the year to 30 June 2022 are listed below.

Actuarial advisers

Willis Towers Watson

Asset consultant

Frontier Advisors Pty Ltd

External auditors

Ernst & Young

Internal auditors

KPMG

Principal legal advisers

KHQ Lawyers

Master custodian

JPMorgan Chase Bank, N.A., Sydney branch

Taxation advisers

PwC

Fund reserve

The Trustee maintains Fund reserves for expenditure on things such as strategic and regulatory change initiatives and provisioning to enable the Trustee to meet certain contingencies and potential liabilities, including payments to a new Trustee capital reserve. The Fund reserves are funded mainly from member account fees. Importantly, payments from these reserves in a year do not increase member fees or reduce member returns for that year.

Examples of initiatives funded from reserves during the 2021/2022 financial year include:

- Upgrade to the online portal for members in and nearing retirement to make it easier to manage their super.
- Introducing new online features making it easier for members to interact with their account and make changes.
- Introduction of new Lifestyle investment options for members who have a RetireAccess Retirement income account (these products are not available to Transition to Retirement RetireAccess members).
- Corporate responsibility and compliance projects, including one-off Federal Budget announcements which require changes to our administration system.
- Changes to the administration system to increase efficiencies.
- Following recent changes to the law, and like many other profit to member super funds, TelstraSuper has recently formed a Trustee capital reserve to ensure that it has resources available to pay any penalties which may no longer be paid from the assets of the Fund. This ensures ongoing effective Fund administration, consistent with the best interests of members. Where required by law, TelstraSuper will make payments from the Trustee capital reserve rather than the Fund reserves. The Trustee capital reserve will be reviewed for adequacy on a regular basis. Establishing the Trustee capital reserve during the 2021/2022 financial year has led to a transfer from the Fund reserves to the Trustee Capital reserve. The change has no impact on members.

In the 2021/2022 financial year, in relation to the Fund as a whole, the Trustee spent \$21,045,774 more out of Fund reserves than the Trustee credited to Fund reserves during that year from fees. This excess amount represents 0.09% of average Fund assets over the year.

Balances of Reserves

The Trustee maintains an Insurance Reserve, an Administration Reserve and an Operational Risk Financial Reserve (ORFR).

All reserves are managed in accordance with Telstra Super Pty Ltd's Reserves Policy. The ORFR is invested in a combination of:

- Cash, cash-like securities, and/or term deposits with major Australian banks (approx. 50%); and
- Exchange-traded funds that track the performance of Australian and international shares (approx. 50%).

The Insurance Reserve forms part of the defined benefit investment strategy of the Fund. The Administration Reserve is held in cash deposits. The total value of all reserves in the Fund in each of the last three years was as follows:

- 30 June 2022: \$115,841,000
- 30 June 2021: \$138,997,000
- 30 June 2020: \$123,976,000

Balances of reserves:

Balance as at 30 June	2020 \$'000	2021 \$'000	2022 \$'000
Administration reserve	69,125	75,907	54,861
ORFR	52,967	61,090	58,980
Insurance reserve	1,884	2,000	2,000



Find further information about the reserves at telstrasuper.com.au/financialstatements

Derivatives

A derivative is a financial contract, the value of which depends on or is derived from assets, liabilities or indices (the underlying asset). Derivative transactions include a wide assortment of instruments such as forwards, futures, options, share ratios, warrants, swaps and other composites. The use of derivatives in external and internal investment mandates is authorised under TelstraSuper's trust deed. Use of derivatives for gearing or speculative purposes is prohibited.

The responsible and properly managed use of derivatives assists TelstraSuper to achieve its investment objectives for the Fund. Derivatives are used principally to:

- Reduce volatility
- Reduce transaction costs, and
- Change asset allocation in a timely and cost-effective manner.

TelstraSuper monitors the use of derivatives by:

- Internal controls
- Internal audit
- External auditors, and
- An external custodian.

Indemnity and fidelity insurance

TelstraSuper has professional indemnity insurance in place that covers claims in respect of the financial services provided by current and former representatives on behalf of TelstraSuper. TelstraSuper believes that this insurance satisfies the compensation arrangements required under section 912B of the Corporations Act 2001 (Cth).

Transfers to the Australian Tax Office (ATO)

If a member's account balance is less than \$6,000 on 30 June or 31 December and a contribution or transfer has not been made to their account in the previous 16 months, legislation generally requires us to classify their account as an inactive low balance account. If a member's account continues to be inactive for four months after the relevant date (being 30 June or 31 December), we will be required to transfer their account balance to the ATO (unless they have insurance cover on their account). The ATO will then seek to consolidate the transferred account balance to their other active superannuation account where possible.

We will contact the member prior to their account being transferred to the ATO to give them the opportunity to retain these funds with TelstraSuper.

We are required to transfer a lost member's account balance to the ATO depending on the size of the account balance or period of inactivity, as set out in government legislation. A lost member is generally someone who has never had an address with us, or whose correspondence has been returned to us as unclaimed, or for whom no contributions or transfers have been received for an extended period. Visit the ATO website ato.gov.au for more information.

A super benefit is considered to be unclaimed money in certain circumstances as defined in government legislation, e.g. if a member has reached retirement age and there has been no contact with them, and their account has been inactive over a long period. We are required by law to report and pay unclaimed super to the ATO.

Applications for repayment of unclaimed money may be made to the ATO. Visit the ATO website ato.gov.au for more information.

Premium adjustment mechanisms

TelstraSuper does not receive money or other material benefits (other than claims payments for our members and related costs) from our insurer or reinsurer. The premium paid by members is directly for the cost of insurance and avoids any conflict of interest between our members and our insurer.

If this arrangement ever changes, we will make you aware of this by updating this statement on our website and in our Annual Report, PDS and Insurance Guide. We may also issue you a Significant Event Notice directly.

Complaints Handling

If you are dissatisfied with our products, services or staff we will try our best to solve it as quickly as possible. Please contact TelstraSuper on **1300 033 166** or write to:

Complaints Officer

TelstraSuper
PO Box 14309
MELBOURNE VIC 8001

contact@telstrasuper.com.au

If your complaint is not resolved within 45 days or you are not satisfied with our handling of your complaint or the decision we make in relation to your complaint, you may refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA is an external dispute resolution scheme that provides an independent complaint resolution service for consumers in the financial system. Before AFCA is able to accept a complaint, it must have first been dealt with by our internal complaints resolution process.

Members can access AFCA free of charge. They can be contacted on **1800 931 678** or write to:

AFCA
GPO Box 3
MELBOURNE VIC 3001

info@afca.org.au
afca.org.au



Call us
1300 033 166



Email us
contact@telstrasuper.com.au



Visit the website
telstrasuper.com.au



TelstraSuper
PO Box 14309
Melbourne VIC 8001

Disclaimers

This report intends to provide helpful information, not investment or financial advice, and the information should not be construed as investment or financial advice. Each member is ultimately responsible for making investment decisions and obtaining whatever assistance they deem necessary.

The information in this report is general only and should not be construed as investment or financial advice. It's not intended to be, and is not, a complete or definitive statement of all matters outlined in it. Telstra Super Pty Ltd doesn't recommend that any member make decisions concerning superannuation arrangements based solely on this report.

Formal legal documents called the governing rules and relevant legislation ultimately governs the operation of the Telstra Superannuation Scheme (TelstraSuper). The central document is the TelstraSuper trust deed. Should there be any discrepancies between the information in this report and the governing rules, the governing rules will prevail. Telstra Super Pty Ltd, ABN 86 007 422 522, AFSL 236709, is the Trustee of the Telstra Superannuation Scheme, ABN 85 502 108 833 (TelstraSuper). References to TelstraSuper Financial Planning in this report are to TelstraSuper Financial Planning Pty Ltd (ABN 74 097 777 725), AFSL 218705. © Telstra Super Pty Ltd, September 2022.

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