

We're designing a brighter future for you

Annual Report | 20
21





Contents

2020/21 highlights	2	Investment spotlight	27
Who we are	4	Executive team	28
From the Chief Executive Officer	6	We are now carbon neutral	31
From the Chair	8	Our members first approach	32
Our corporate strategy	10	What our members are saying	33
Our strategic priorities	11	Our people	34
Our 2021 performance snapshot	12	Investment options	36
Your super is set to go greenhouse gas emission-free by 2050	13	Comparing our performance	43
From the Chief Investment Officer	14	Investment managers	44
Our approach to sustainability	16	Financial statements	46
Sustainable investment strategy	19	Environmental, social and governance	52
Sustainable investment update	20	Defined benefit members	53
What we deliver for you	22	Governance	53
Your super is getting even better	23	Important information	54
Board of Directors	24		

About this Annual Report

This Annual Report is for the 2020/21 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 that is relevant to you, which is available on our website at telstrasuper.com.au or by calling **1300 033 166**.

2020/21 highlights

\$250,777,897

received in voluntary post-tax contributions in 2020/21

\$59,744,192

received in voluntary pre-tax contributions in 2020/21

\$474,081

received in government co-contributions in 2020/21

over \$24 billion

in funds under management as at 30 June 2021



1,076,375
visits to our website
telstrasuper.com.au



60,048
calls to member services



20%
increase in app logins
and downloads



5,110
members attended
our webinars



66%
of registered members logged
into their account in 2020/21



Members continued to use
our purpose-built chatbot
to receive speedy assistance
during the uncertain times
of COVID-19



\$157,116

Median member balance

\$112,094

median female member balance

\$199,746

median male member balance



● Female 39.5%

○ Male 60.5%



48yrs

average age of female member



50yrs

average age of male member

\$2,011,383

Retirement bonuses distributed across over 1,000 members



Appointed a new group insurance partner



Prepared first Modern Slavery Statement



10%

Percentage-based admin fee reduction



50%

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, 2021)

Launched Climate Change Action Plan, including the goal of net-zero emissions in our investment portfolios by 2050



Reduced carbon emissions in our day-to-day operations, achieving certification from the Australian Government's Climate Active program

Who we are

TelstraSuper is an award-winning, profit-to-members superannuation fund supporting current and former Telstra Group employees (including Telstra approved employers), their friends and family members.

Our mission

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

Our goal

We will secure our position in the super industry as a trusted fund with scale and sustainability, to provide the best possible outcomes for our members' financial wellbeing over the long-term.

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 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 TelstraSuper's 2020/21 Annual Report. This year, the report includes an update on what we've achieved and further detail on how we've created value for our members.

Despite a challenging economic environment, TelstraSuper adapted to provide strong value for members. As you'll see from the strategy report included in this annual report, we met all of our investment objectives whilst navigating the unique challenges of lockdowns and working from home.

I'm also pleased to include an update on our sustainability practices in this report, with new measures now in place covering our business operations and investment strategy.

Supporting members during COVID-19

While we're still navigating the pandemic in our daily lives, TelstraSuper has weathered the impacts of COVID-19 extremely well. Our priority has been managing our member's superannuation benefits and investments with minimal disruption throughout this time. We continued to help members understand what developments meant for their super through our purpose-built chatbot and dedicated COVID-19 microsite.

We supported members to access their super through the Government's COVID-19 early release scheme. More than 6,000 requests for early release payments were made from July to December 2020, totalling approximately \$63 million. Importantly, we responded quickly to these requests, with around 85% processed within five days.

The team also managed requests that did not meet the required fraud controls – I'm pleased to report that no fraudulent payments were detected.

Maintaining our position as an industry leader

Once again, TelstraSuper maintained its Platinum rating by SuperRatings in 2020 and 2021 for being 'a best value for money' superannuation fund. As a result of the 2021 achievement, we were also given a 16-year Platinum performance award for being rated a Platinum super fund for 16 consecutive years. This industry recognition is important to us because it means we are reaching the goals we have set and that you, our members, will directly benefit from our success.

The Platinum rating shows that the Fund is performing well across all key assessment criteria including investments, fees and charges, insurance, member servicing, governance and administration.

Continuing to support Sensis staff

We also made transitional super arrangements following the sale of Sensis by Telstra Corporation. These arrangements ensure that Sensis employees continue to have access to TelstraSuper membership. To date, the transition has been very successful, with a smooth transition for Sensis members achieved on time.

Modern Slavery statement

New legislation requires organisations with more than \$100 million in annual consolidated revenue to prepare an annual Modern Slavery Statement.

Modern slavery is a term used to describe serious exploitation that impacts men, women and children who are forced to work against their will under threat or live in a forced marriage they did not agree to. TelstraSuper strongly believes that there is no place for modern slavery in our workplace or supply chains.

To comply with the new regulations, TelstraSuper undertook a review of our operations and submitted our Modern Slavery Statement to the Department of Home Affairs in March 2021. The statement is publicly available on the TelstraSuper website.

Launching our Smart Income program

We've also made a significant update to our strategic direction with the development of our Smart Income strategy. This strategy provides us with a sustainable competitive advantage, enabling us to differentiate ourselves based on a strong pre- and post-career value proposition for members. It also enhances our ability to grow and retain member numbers over the next decade and strengthens our ability to deliver on our core mission which will benefit all members.

As part of the Smart Income program, we're working on a range of initiatives that will engage members in more effective decision making and lead to improved financial wellbeing. This includes a range of tools aimed at helping members navigate their superannuation, from self-serve options to working with an adviser. I am also very pleased to announce that we have launched a retirement destination on our website, providing members who receive an income from the Fund with an enhanced experience tailored to their needs. The feedback from our members has been highly positive. We'll also be launching a suite of new investment products for these members, recognising that a one-size-fits-all approach isn't suitable for everyone.

Digitisation of our back-office support processes and systems will improve member experience, while an enhanced online offering with new dashboards and tools will empower members of all ages.

The team has been working on these new developments over the last 12 months. We look forward to launching new features in the second half of 2021 and beyond.

Transitioning to Integrated Reporting

Finally, I'd like to flag that you may notice that our future annual reports may look a little bit different. To better share the value we create for stakeholders, we'll transition to the Integrated Reporting Framework over the following few reporting periods.

Integrated Reporting brings together material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It provides a clear and concise representation of how the organisation demonstrates stewardship and creates value, now and in the future.

As part of this transition process, we'll be talking to our key stakeholders, such as members and employers, to understand what they see as valuable and what they want to hear about in our reporting. These findings will shape future strategies for the Fund.

I'd like to sincerely thank all of our members, the TelstraSuper team and the wider super industry who have supported us through another successful year and look forward to continuing this success in 2021/22.



Chris Davies
Chief Executive Officer



“As we watched the world face unprecedented times, for TelstraSuper, the 2020/21 financial year will be remembered as one in which we swiftly and proudly supported members.”

Chris Davies, Chief Executive Officer

From the Chair



While we are still living in a global pandemic, the TelstraSuper Board's focus remains on serving our members in the best way possible to help them achieve a secure financial future. The Board held in-depth strategy discussions during the year and is supporting management in securing some significant achievements for the 2021/22 financial year – some of which came into effect on 1 July 2021.

Delivering strong long-term returns for members

While investment markets around the world have continued to see pandemic related volatility, we're pleased to report that TelstraSuper has still met all its investment objectives for members across all investment options and delivered outstanding returns.

Strengthening our sustainable business practices

In 2021, we launched our Climate Change Action Plan to achieve net-zero greenhouse gas emissions by 2050. This includes a target of a 45% reduction by 2030. This move is in line with TelstraSuper's objective of helping to provide a secure financial future for members.

Notably, the reduction will apply to all our investment options, and our members do not need to take any action. You can read more about it later in this annual report.

We've also committed to reducing the carbon footprint of our day-to-day operations – achieving certification from the Australian Government's Climate Active program. Where we can't reduce, we are purchasing carbon offsets.

Keeping fees as low as possible

As a profit-to-member fund, we aim to keep costs as low as possible for our members without compromising on service. We regularly review our fees and reduce them where possible.

The Board was pleased to approve a fee reduction from 1 July 2021 that saw the percentage-based administration fees reduce by 10%. This reduction applies to all members across Corporate Plus, Personal Plus, RetireAccess and DirectAccess.

Maintaining size and scale

The Fund remains in a strong financial position with over \$24 billion invested on behalf of members. Our member satisfaction and retention rates remain high, underpinning a sustainable business. Later in this report, we share some more details about feedback from members.

Pleasingly, the Government's new early release scheme as part of the COVID-19 pandemic response did not affect the scale of the Fund, with the total withdrawals only equating to around 0.5% of funds under management.

Holding our inaugural Annual Members' Meeting

The Fund also held its first Annual Members' Meeting in February 2021. Due to COVID-19 restrictions, the meeting was held entirely virtually with good online attendance from members. We answered member questions ranging from fund demographics to investment decisions and ESG considerations.

A full video of the meeting – as well as the questions and answers – is available on the TelstraSuper website. Our 2020/21 Annual Members' Meeting will be held on 16 November 2021, and we look forward to many of you joining us virtually.

Increasing advice options for our members

We have also developed a new advice model that will introduce an additional affordable advice option for members. This new service gives members easier access to one-off advice on more complicated topics at competitive rates. This will be in addition to our current advice, which is available to members about their individual account – at no additional cost as it is part of TelstraSuper membership – and our very competitively priced comprehensive advice available for members with complex financial needs. We look forward to sharing further details with you in the coming weeks as we launch the new model.

Member Outcomes Assessment

Our first Member Outcomes Assessment (MOA) was presented to the Board in February 2021. The comprehensive report covers the performance of the Fund and each product with respect to the outcomes delivered to members. This report enables the Board to determine future fund strategy, scale and sustainability, investment strategy, insurance strategy and products. The assessment found that TelstraSuper is in a good position to continue to provide strong benefits to members. A summary of the assessment can be found on the TelstraSuper website.

Board changes

Member representative director Graeme Lorrain and employer representative director Julian Clarke left the Board during the financial year. I'd like to thank them both for their service and commitment to serving our members over the years.

We welcomed employer representative director Graeme Smith and member representative directors Nadine Flood and James Perkins to the Board.

From a gender equality perspective, we're pleased to maintain gender balance on the Board. With four female directors, four male directors, and a female Chair.

Acknowledgment of this report

As mentioned by Chris, TelstraSuper will be transitioning to the International Integrated Reporting Framework over the next couple of reporting cycles, which has strong support from the Board. The Board acknowledges responsibility for the 2020/21 Annual Report and looks forward to sharing how we apply integrated thinking to the Fund's strategy in future reports.

Thank you

Finally, on behalf of the TelstraSuper Board, I'd like to thank our members and employers for trusting us with your super needs. It's a responsibility we take very seriously, and we're honoured to be with you on your journey to financial security. I'd also like to sincerely thank our CEO Chris Davies and the entire TelstraSuper team for their commitment and hard work throughout a particularly challenging year.



Anne-Marie Corboy
Chair

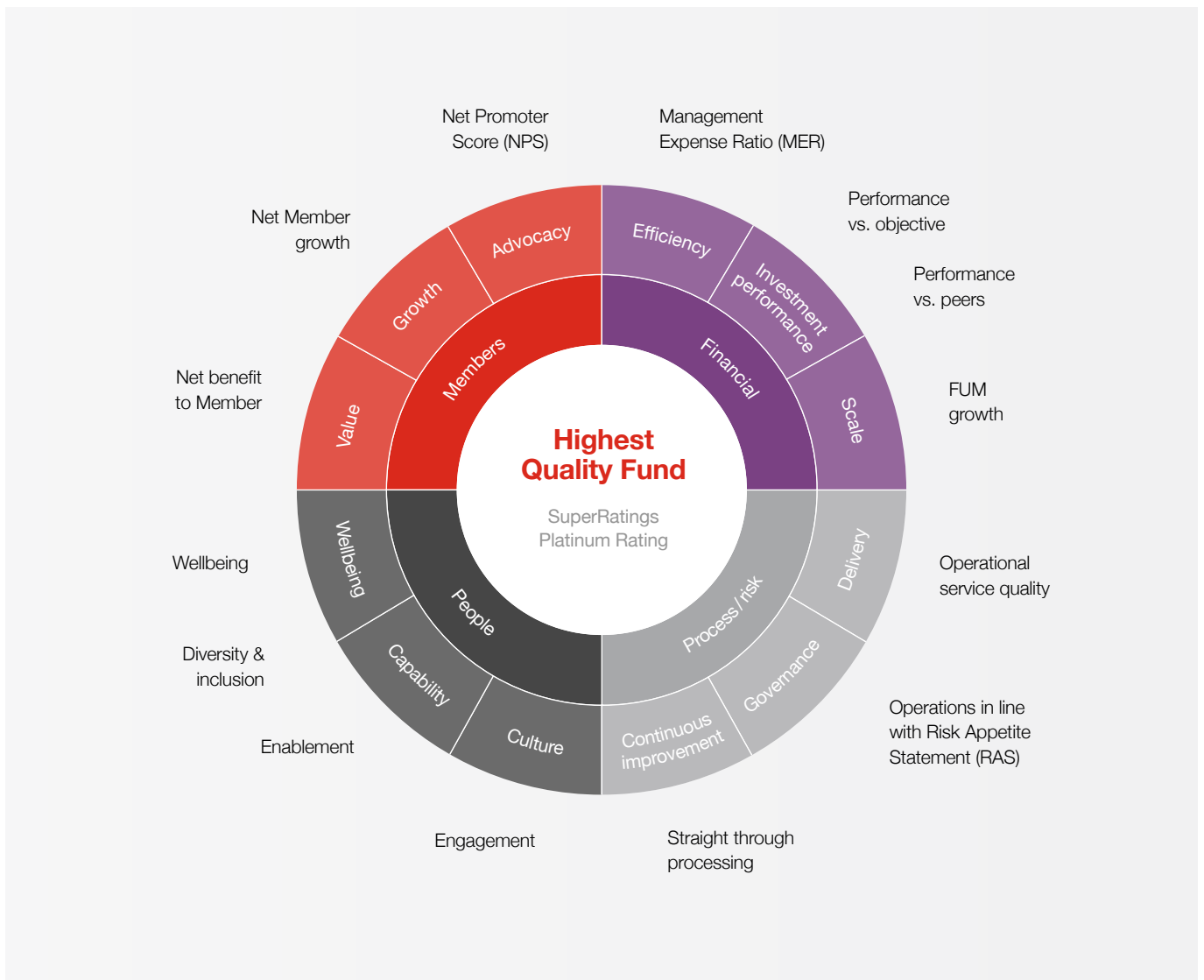


“Members are at the heart of everything we do; 2020/21 has proven just how important this is as we've supported members during one of the most challenging financial years to date and delivered outstanding returns to them.”

Anne-Marie Corboy, Chair, TelstraSuper

Our corporate strategy

Our corporate scorecard will be used to monitor 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.



Our strategic priorities

Our strategy’s progress is measured across eight key strategic priorities. All initiatives are considered with respect to their alignment with these strategic priorities and how they support the delivery of member outcomes and the corporate scorecard metrics.

Activity across each of these strategic priorities will ensure that we continue as a high-quality superannuation fund with a Platinum fund rating from SuperRatings, while retaining scale and sustainability to secure our position in the industry.

<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 business model</p>	<p>Efficient business processes</p>		<p>Robust governance and risk management</p>
	<p>Leveraging technology</p>	<p>Vibrant, empowered and inclusive people and teams</p>	
<p>Delivering long-term sustainability</p>	<p>Trusted, scalable fund delivering sustainable growth</p>		

Our 2021 performance snapshot

TelstraSuper has delivered strong annual returns despite challenging economic times, exceeding all investment objectives across all investment options. In the year to 30 June 2021, our Growth and Balanced investment options delivered their highest ever financial year performance in our 31-year history.

Accumulation members

Growth option	Return
1 Year	24.71%
3 Year	9.62%
5 Year	10.46%
10 Year	9.73%

Balanced option	Return
1 Year	19.86%
3 Year	8.01%
5 Year	8.74%
10 Year	8.66%

Conservative option	Return
1 Year	9.57%
3 Year	5.24%
5 Year	5.72%
10 Year	6.35%

RetireAccess members

Growth option	Return
1 Year	27.49%
3 Year	10.62%
5 Year	11.52%
10 Year	10.77%

Balanced option	Return
1 Year	22.12%
3 Year	8.92%
5 Year	9.74%
10 Year	9.71%

Conservative option	Return
1 Year	10.75%
3 Year	5.87%
5 Year	6.42%
10 Year	7.12%

*All returns are to 30 June 2021 and are net of investment fees. Past performance is not a reliable indicator of future performance.

Your super is set to go greenhouse gas emission-free by 2050

We've launched a range of new measures to help us achieve net-zero greenhouse gas emissions in our investment portfolios by 2050.

This change is in line with our objective to help provide a secure financial future for members – which includes managing the risks of our investments and contributing to building a more sustainable global economy.

While our goal is to achieve a complete reduction in net emissions by 2050, the work starts now. In the next 12 months, we will be:

- targeting specific investments in low carbon opportunities
- reviewing our passive benchmarks to reduce greenhouse gas emissions
- measuring baseline emissions and disclosing to members the first quantitative report of the listed equities greenhouse gas emissions
- enhancing guidelines for external manager assessment and mandates to incorporate climate change expectations and climate metrics.

TelstraSuper CEO Chris Davies says that the Plan includes measures to boost investment in opportunities expected to benefit from the transition to a net-zero emissions world.

“Climate change is a systemic risk that needs to be pro-actively measured and managed to help provide a secure future for our current and future members,” said Mr Davies. “As a large investor, we can influence what the future looks like while proactively managing risk in our portfolios, and we take that very seriously.”

What does it mean for returns?

Our investment objectives haven't changed, and we're still aiming to achieve strong long-term returns for our members while prudently managing risk. In fact, carefully considering climate risk is vital to helping us evaluate if we think something is a good investment that will perform well for members over the long-term.

We're simply applying a closer lens to our investments to reduce climate change risk, and we'll also be mandating that our external investment managers do the same.

This new approach applies across all our investment options and happens automatically; our members don't need to take any action.



Find out more about our approach to responsible investment, including full details about our Climate Action Plan, at telstrasuper.com.au/ESG

From the Chief Investment Officer



I'm delighted to report on a year of strong investment performance for TelstraSuper.

In the year to 30 June 2021, our Balanced, Growth and International Shares investment options delivered their highest ever financial year performance in our 31-year history. And our Australian Shares, Defensive Growth and Diversified Income options delivered their second-highest ever financial year returns.

For accumulation members of our CorporatePlus and PersonalPlus divisions, the Balanced option earned a net return for the year of 19.9%, after taxes and investment fees, and the Growth option earned 24.7%. For our RetireAccess pension members, the corresponding returns were 22.1% for the Balanced option and 27.5% for the Growth option. We are delighted to deliver such strong returns to our members, especially after a challenging prior year.

You can see all of our investment returns on pages 36-42 of this report.

Investment market backdrop

In 2020/21, the COVID-19 pandemic presented the most significant economic challenge of our generation. It disrupted economic activity on a scale not seen since World War II and threatened to drive the world into a severe and protracted recession. Thankfully, however, as governments and central banks worldwide realised this, they took unprecedented action to support and stimulate the economy. Interest rates were slashed to record lows, central banks flooded economies with new money, and governments increased spending, reduced taxes and introduced support measures, such as the JobKeeper payment in Australia. These measures proved to be remarkably successful in restarting economic growth and providing support to individuals and companies.

Towards the end of 2020, it became clear that safe and effective COVID-19 vaccines would become available. This, combined with the result in the US Presidential elections, provided a boost to investor confidence.

Australian and global share markets surged ahead over the financial year. The Australian share market delivered a total return of 28.5% for the year, and the United States share market was up by a remarkable 40.8%.* We saw a mixed but generally positive performance from property and infrastructure assets, with a fair amount of return dispersion between assets depending on how COVID-19 impacted them. On the other hand, returns from fixed interest and cash investments were down over the year, reflecting record-low levels of interest rates across the globe.

In the second part of the financial year, we saw an increase in price inflation as economies re-opened. This led to much debate and speculation about if and when interest rates would begin to rise again. Rising interest rates are expected to be a headwind for economic activity and asset prices. Still, investors' general view in the 2021 financial year was that interest rate rises would be moderate and deferred well into the future.

TelstraSuper investment activity during the year

TelstraSuper's investment portfolios were well-placed over the financial year to benefit from this investment environment. While our portfolios were initially somewhat conservatively positioned, we increased our exposure to growth-oriented assets such as shares over the year as we developed confidence in the outlook for investment markets and economic activity. We also held a lower than usual exposure to fixed interest securities over the period and a higher exposure to property, both of which strengthened our performance.

From 1 July 2021, we changed the Strategic Asset Allocations for our diversified investment options. We have moderately reduced our strategic exposure to shares and increased our strategic exposure to other assets that are expected to diversify investment risk and take advantage of emerging investment opportunities. Another change was to introduce

new investment objectives for our RetireAccess account-based pension options to reflect that these options do not pay tax on investment earnings. These changes are part of our standard process of reviewing and refining our investment strategies to reflect the medium and longer-term outlook for investment markets and economic growth. You can find more details about these changes on our website.

An important and exciting initiative adopted in February 2021 is TelstraSuper's Climate Change Action Plan for our investment portfolios. This Plan recognises that the world is transitioning to a low-carbon economy, and this transition presents both risks and opportunities from an investment perspective. The Plan aims to ensure that our members are well-placed during this transition, and that our portfolio is resilient and pro-actively positioned to achieve strong returns while avoiding the risks that Climate Change is expected to present. You can read more about our Climate Change Action Plan by visiting our website.

Investment outlook

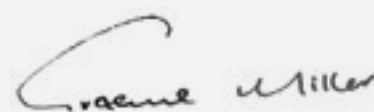
After a year of very strong returns, we have begun to reduce risk in our investment portfolios. However, we do continue to see opportunities for further economic growth and asset price appreciation.

We believe that economies are likely to continue to re-open as COVID-19 vaccines are rolled out and populations build up herd immunity to the disease. We also believe that central banks will continue to stimulate economic growth, keep interest rates low, and provide market liquidity. We expect these factors will enable companies to grow their revenues and profits and will provide support to asset prices.

We expect to see increased inflation in the first half of the 2021/22 financial year, partly due to prices coming off a relatively low base and partly because of mismatches between supply and demand in certain goods and services. The critical question is whether inflation will subside after that or whether it will persist. Persistent inflation, at a level higher than that targeted by central banks, will most likely lead to interest rate rises and falls in asset values. We are therefore monitoring inflation closely.

Thank you

At the end of a very busy, challenging, but ultimately satisfying year, I'd like to finish by emphasising that it's a privilege to be entrusted with the management of our members' superannuation savings. Your team of investment professionals will continue to manage your investments prudently and proactively, remaining vigilant to identify both opportunities and risks as they emerge. In this way, we expect to continue to deliver strong outcomes for our members over the long-term.



Graeme Miller
Chief Investment Officer

“After a year of very strong returns, we have begun to reduce risk in our investment portfolios. However, we do continue to see opportunities for further economic growth and asset price appreciation.”

Graeme Miller, Chief Investment Officer, TelstraSuper

The TelstraSuper investment returns mentioned are net of indirect investment costs and taxes, but before deducting any applicable administration fee, indirect administration costs, or rebate. Past performance is not a reliable indicator of future performance.

*These returns reflect the performance of the S&P/ASX 300 accumulation index for the Australian share market and the S&P500 accumulation index for the US share market.

Our approach to sustainability

We split our approach to sustainability into two key areas: our day-to-day business operations and our investments and investment strategy.

Business operation actions:



Moving our key business operations to a new building with better environmental credentials. The building is designed to achieve a 5-star NABERS Energy rating, a 6-star Green Star and an As-Built v1.1 rating and targets a 4.5-star NABERS water rating.



Providing flexibility to our workforce to operate remotely via technology, lessening the need to travel.



Reducing our carbon emissions where possible and purchasing offsets to become carbon neutral.



Using a smart lift system to group passengers together to minimise energy usage.



Introducing a better recycling program with stronger signage.



Donating decommissioned technology to social enterprise *Pony Up for Good* so it can be recycled (keeping 727kg out of landfill).

Investment actions:



Adopting a Climate Change Action Plan for the investment portfolio to help provide a secure financial future for our members, including contributing to a more sustainable global economy and managing the risks of our investments.

We set out three specific goals:

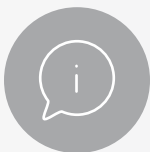
- Achieve net-zero greenhouse gas emissions by 2050, aiming for a 45% reduction by 2030.
- Proactively invest in opportunities that are expected to be net beneficiaries of the transition to a net-zero emissions world.
- Build portfolio resilience to the physical impacts of climate change across asset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



Exercising our voting rights at more than 2,134 company meetings globally to influence positive change with 238 of these meetings for Australian listed companies. In 10% of instances, we voted against company recommendations.



Excluding primary focus thermal coal producers from our investment portfolios. Primary focus producers have been defined as companies or groups where most earnings are derived from thermal coal production. This has resulted in 21 ASX listed companies and 83 globally listed companies being excluded from investment.



Submitting to the Australian Federal Treasury Consultation on Greater transparency of proxy advice, identifying the role of proxy advice in TelstraSuper's voting process. As outlined in this report and our proxy voting policy, we engage with investee companies on a range of ESG matters and independently exercise our vote for all listed Australian and International shareholdings.



Updating the scope of our exclusion of tobacco manufacturers from our investment portfolios to include the manufacturing of “e-cigarettes” and “vapes” and manufacturing and marketing of dried leaf cannabis and pre-rolled “joints” developed for smoking.



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.

As part of our commitment to sustainability, we ensure that Environmental, Social and Governance (ESG) factors play an essential role in TelstraSuper's decision-making process – it's part of our broader fund strategy.

This also strengthens our core fund value of being community-focused and our strategic priority of delivering consistently strong investment returns.

Our approach to sustainable investment follows the guidelines of the UN Principles for Responsible Investing (PRI), which are:

- 1 incorporating environmental, social and governance (ESG) issues into investment analysis and decision-making
- 2 active ownership (that means engaging with the companies we invest in)
- 3 promoting ESG disclosure by investee companies
- 4 advocacy and collaboration
- 5 reporting on our activities



Find further information about our sustainable investment strategy and related initiatives at telstrasuper.com.au/ESG

Some of the activities TelstraSuper undertakes to apply these principles include:

- Adoption of a **Sustainable Investment Policy** by the Board. The Investment Committee reports to the Board on the progress of implementing the policy on an annual basis.
- Adoption of a **Climate Change Action Plan** that has set a goal of achieving net-zero carbon emissions by 2050 with a 45% reduction by 2030. The Plan outlines tangible steps to achieving these goals while encouraging proactive investing in sustainable projects and assets that benefit from the climate change transition.
- Our six-monthly **Sustainable Investment Bulletin** reports 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.
- Active ownership and voting at company meetings. TelstraSuper reports on its voting activity via our **Proxy Voting Dashboard**.
- Evaluating all of our investment managers' ESG capabilities, practices and policies before their appointment and reviewing these regularly. A summary of these reviews is also included in the **Sustainable Investment Bulletin**.
- Collaborating with other organisations such as the **Australian Council of Superannuation Investors (ACSI)** to influence the organisations we invest in. We also publicly disclose how we vote at company meetings via our proxy voting dashboard.
- Taking part in crucial initiatives such as being a **Climate Action 100+ participant** and a signatory to the **United Nations Principles for Responsible Investment, the Australian Asset Owner Stewardship Code, and the Tobacco-Free Pledge Program**.

Sustainable investment update

External asset management

We regularly review all fund managers to ensure they consider ESG issues in investment analysis and decision making. In 2020/21:

- Thirteen managers were reviewed for new or follow-on investment. Twelve of these managers were subsequently appointed.
- A comprehensive review was also undertaken on incumbent managers across International Equities, Private Markets and Property. All managers were assessed as having sound ESG integration practices. ESG matters covered with incumbent managers included corporate governance, culture, voting activity, climate change and modern slavery.
- TelstraSuper also surveyed 53 of its largest external managers to understand how these organisations approach managing the risk of Modern Slavery in their own operations and the investment portfolios they manage on behalf of the Fund. Our analysis revealed that most of our managers had developed a reasonable approach to assessing the risk of modern slavery in their business operations. Many were already incorporating the assessment of modern slavery risk for portfolio companies in their investment processes.

Active ownership

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

We engaged with company boards and executives and other key stakeholders on a range of issues during the year – including 72 meetings specifically on ESG issues.

In addition to our own direct engagement, the Australian Council of Superannuation Investors, of which TelstraSuper is a full member, conducts extensive engagement and research activities on behalf of members.

ACSI meets with most Australian listed companies and produces proxy voting advice for Annual General Meetings. Each year ACSI holds over 300 meetings with ASX listed companies. Areas of focus in 2020/21 included board composition, climate change, diversity, remuneration, worker safety and rights, modern slavery and governance. ACSI published reports on Climate Risk Transition and COVID-19 responses during the half-year.



Find regular updates on our sustainable investing activities such as voting, manager appointment and more at telstrasuper.com.au/sustainable

Matters discussed with companies

COVID-19	24	
Climate Change	21	
Governance	46	
Modern Slavery	15	
Remuneration	43	
Social Impact	43	
Strategic Update	27	
Worker Safety	27	



Chifley Tower to go 100% green energy

An example of our active ownership approach includes direct engagement with the companies we invest in to influence how they operate. As a significant shareholder in Sydney's iconic Chifley Tower office block through the Deep Value Property Fund (DVP), we're pleased to share that the building will be run on 100% green energy from 1 July 2021 – a fantastic outcome for the community.

What we deliver for you

An exceptional range of benefits are available to help our members achieve their retirement objectives, including:



Profits back to you

We're a profit-to-members fund which means profits go back to you instead of shareholders.



Competitive fees

Including an admin fee reduction for all members effective 1 July 2021.



A broad range of investment options

Including the ability to invest in the ASX300, Exchange Traded Funds (ETFs) and a range of term deposits.



Sustainable investing

We consider environmental, social and governance factors when making investments.



Retirement Income

A competitively priced retirement income stream for those already in, or close to, retirement.



Insurance

A range of flexible and affordable insurance options.



Your fund for life

The ability to stay with TelstraSuper when you change employers and you can introduce your family and friends to the Fund.



Financial Planning

Access to expert financial advice through TelstraSuper Financial Planning.

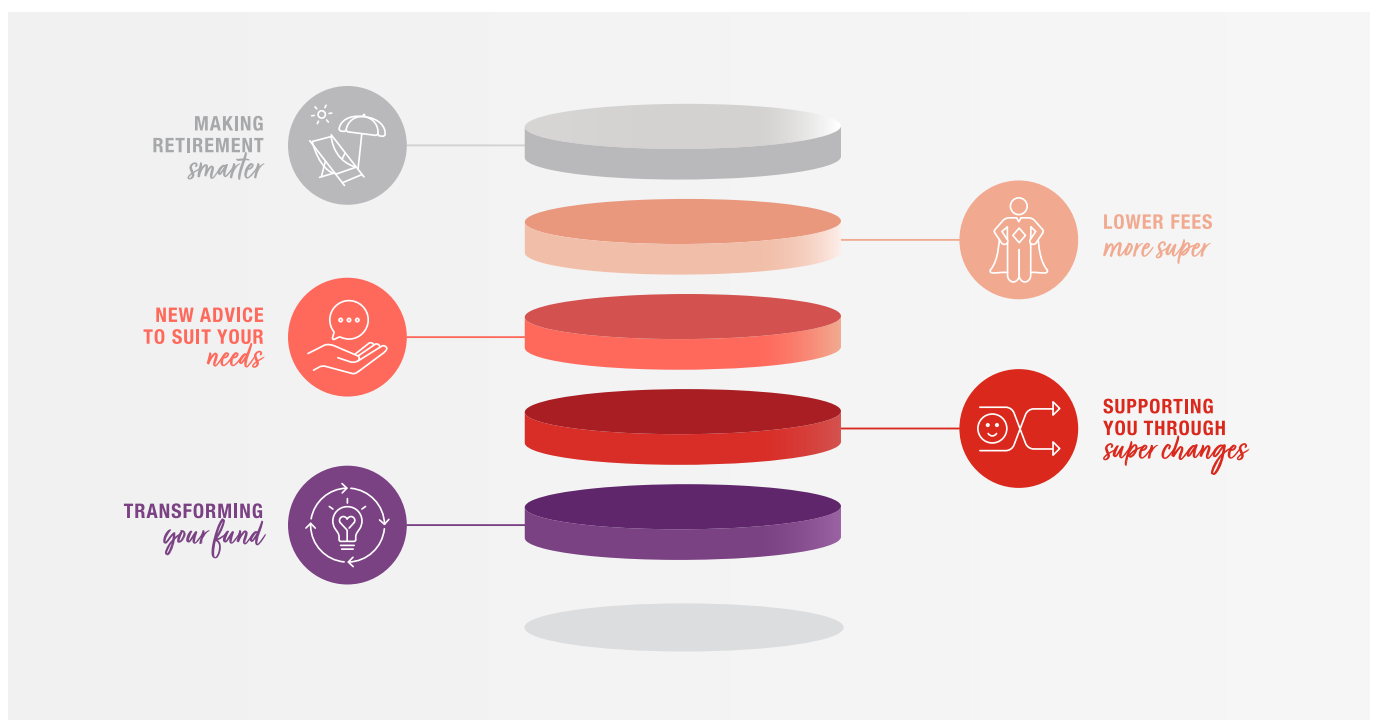


A leading digital experience

Including 24/7 access to check and manage your super online, personalised content and a range of digital tools and calculators.

Your super is getting even better

We've been busy innovating where it matters. Here's a summary of some of the exciting new changes from 1 July 2021:



Making retirement smarter

A new tailored online destination offers new tools, insights and actions to help you maximise your super and retirement incomes.

Lower fees, more super

We've reduced the percentage-based administration fee by 10% to help you maximise your super savings.

We've also reduced the annual cap on the administration fee to \$1,878 (down from \$2,735) per year. As your balance grows, your administration fees won't, once you reach these new account balance limits.

Plus, we've reduced insurance costs with a 15% rebate on premiums.

New advice to suit your needs

We've launched a new financial advice option to help keep advice accessible, affordable and suitable when you need a bit of extra help.

Supporting you through super changes

We've kept you informed about a number of regulatory updates that may impact your super.

Transforming your fund

We've now opened our doors to your friends, so they can also benefit from your profit-to-members fund.

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 ensures that members' interests are duly represented and that the Fund is administered according to the 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. Telstra Super's Pty Ltd Board of Directors for the 2020/21 financial year is set out here.



Anne-Marie Corboy
Independent Director/Chair

Ms Corboy 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 Pty Ltd.

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

With over 30 years' experience as a director and Chair, Ms Corboy 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 the Head of New Growth Platforms, Telstra Health. Prior to joining Telstra Corporation Limited in 2012, she spent over 25 years in the Financial Services industry in 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 an experienced project practitioner who is an active member of a number of external key project management networks and special interest groups. She is a graduate of the Australian Graduate School of Management and holds a Masters of Project Management.

Appointed December 2013

Steven Fousekas
Employer Representative Director



Mr Fousekas is the Finance Director – Global Business Services and Network and IT 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, Mr Fousekas spent 15 years in London where he was a Partner of a boutique management consulting firm Anchura Partners and held senior positions at Barclays Wealth and JP Morgan.

Appointed November 2018

Meg Bonighton
Employer Representative Director



Ms Bonighton is the Customer Service and Telstra Contact Centres Executive at Telstra Corporation Limited. In this role she is responsible for Telstra's customer service experience, contact centres and assisted digital. These contact centres support 9 million plus Telstra customers across consumer and small business.

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 and Acquisitions at Telstra, where he leads the team responsible for origination, structuring and execution of acquisitions and divestments globally. The Mergers and Acquisitions team is also responsible for developing and executing 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.

Before 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 an advisory member of UTS Centre for Business and Social Innovation, a member of the National Workplace Relations Consultative Committee and the Australian Industry Standards Expert Panel on Digital Transformation. He is also on the stakeholder advisory board of Members Equity Bank Limited and 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 various roles, including almost ten years as National Secretary. Ms Flood has been a Director at the Commonwealth Superannuation Corporation (CSC) and the Centre for Policy Development (CPD). She has also been a Vice-President of the ACTU and held several civil society roles. Currently, Ms Flood is a Board Member at Per Capita, an independent, progressive think tank.

Ms Flood holds a Bachelor of Economics from Macquarie University. She 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 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 various roles within the CEPU for the past 11 years, including Divisional Executive Member and National Councillor.

In his current position, Mr Perkins is responsible for negotiating national agreements, industrial and safety campaigns, and 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

Updated appointments

Julian Clarke

Resigned as Employer Representative Director
December 2020

Graham Lorrain

Resigned as Member Representative Director
September 2020



Investment spotlight

Barangaroo Precinct – Sydney

If you're a Sydney local, you might be familiar with this spectacular 22-hectare waterfront precinct, but did you know your super could be supporting it too?

The Barangaroo precinct (named after a powerful Cammeraygal woman who lived in the area at the time of early colonial settlement) features more than 30 restaurants and bars, retail space, parklands, residential housing and commercial office space.

TelstraSuper is an investor in the Barangaroo precinct through our holding in the Australian Prime Property Fund Commercial, which Lendlease manages. The precinct is a leader in the sustainability space and was even the first urban precinct in Australia to be awarded carbon neutral status – an achievement resulting from the teamwork of management, tenants and the local community.

Energy used in the public domain and for wastewater recycling is offset by solar energy generated on-site. The site also uses vertical shading panels aligned to the sun's path to reduce cooling needs and uses Sydney Harbour water for heat rejection rather than drinking water.

More than 75,000 native trees and shrubs support bees, birds and the local ecosystem. Rainwater tanks in each tower capture and recycle, while a zero-waste program helps divert rubbish from landfill. There are even millions of maggots in the basement to process food scraps and compostable packaging from the retailers and office buildings nearby.

But the focus isn't just environmental; there are also multiple projects to encourage community and social connection. Over 50% of the site is public space, including the restoration of 2.4kms of waterfront for everyone to enjoy. Visitors to the Barangaroo reserve can learn about the Aboriginal history of Sydney Harbour and its surroundings through the Barangaroo Aboriginal Visitor Services Guides.

Powering Australian Renewables (PowAR) investments – various locations

TelstraSuper is also an investor in the Coopers Gap Wind Farm (QLD), Broken Hill Solar Plant (NSW) and the Silverton Wind Farm (NSW) through our investment in Powering Australian Renewables (PowAR).

PowAR is the largest owner of wind and solar generation in Australia, with an objective to be a leading investor and owner of large-scale renewable generation in Australia. We're invested through a wholesale pooled fund and also via a direct co-investment.

In the 2020/21 financial year, it's estimated that PowAR prevented the creation of over 2 million tonnes of carbon emissions.

The Coopers Gap Wind Farm is one of Australia's largest wind farms, located 250 km northwest of Brisbane near Cooranga North, between Dalby and Kingaroy. It powers approximately 264,000 average Australian homes.

Our Broken Hill investment is a 140-hectare solar plant, located about 5km southwest of the Broken Hill township, is responsible for generating enough electricity to meet the needs of approximately 22,000 average Australian homes each year.

Meanwhile, if you head about 25km north-west of Broken Hill, you'll find the Silverton Wind Farm project with wind turbines located over the Mundi Range and Mount Robe Range. This project generates approximately 780,000-megawatt-hours of clean, renewable electricity each year, powering about 136,000 average Australian homes.

Executive team

The day-to-day administration and management of TelstraSuper is the responsibility of the Executive team. 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.

Jean-Luc Ambrosi
Executive General Manager
– Marketing and Digital



Jean-Luc is responsible for leading the marketing and digital functions within TelstraSuper. This includes member communication, member experience, as well as overseeing the digital channel and leading its transformation. Jean-Luc also manages corporate affairs and provides critical input to TelstraSuper's business strategy and planning. Jean-Luc carries a wealth of experience in financial marketing including senior leadership roles with Vanguard, BlackRock and National Australia Bank. He is also the author of the book 'Branding to Differ,' published in November 2013. Jean-Luc commenced his role with TelstraSuper in March 2014. He was previously Head of Marketing and Corporate Communication at Vanguard.

Janet Brown
Executive General Manager
– People and Culture



We wish to farewell and thank Janet Brown, who moved on from her role as Executive General Manager, People and Culture, in July 2021.

Janet was responsible for all human resource initiatives within TelstraSuper. This included creating employee-focused programs aimed at employee development and nurturing a positive and forward-thinking work environment. With over 20 years of senior HR experience, Janet specialised in transformational change and organisational development and a proven strategic focus in people leadership.

Before starting at TelstraSuper, Janet held numerous senior HR roles at National Australia Bank (NAB) and Coles Pty Ltd, across national and global markets. We wish to thank Janet for her hard work during her seven-year tenure.

We would also like to welcome Krithika Hansen, who will commence as the Executive General Manager, People and Culture, in October 2021.

Steve Cullen
Executive General Manager
– Member Engagement and Advice



Steve is responsible for leading the teams that support members, including our Member Contact Centre and Member Education teams, as well as the TelstraSuper Financial Planning team who help members seeking financial advice about their superannuation, investment, insurance and retirement needs.

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' experience in senior roles across the financial services industry, including QSuper, ANZ and Commonwealth Bank.

Paul Curtin
Chief Financial Officer and Executive
General Manager – Strategy, PMO
and Investment Operations



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 has also worked in the Financial Services practice of KPMG.

Kathryn Forrest
Executive General Manager
– Operations



Kathryn is responsible for the in-house Operations for TelstraSuper. This includes contribution management and withdrawals, retirement product management, all aspects of member insurance and claims, and employer relationships. She has over 30 years of extensive experience in both 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.

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 in 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, and prior to that was in private legal practice. Bryony holds 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 for the benefit of TelstraSuper's members.

Graeme has more than 30 years' 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.

Karen Symes
Executive General Manager – Technology



Karen is responsible for leading the Technology function within TelstraSuper. This includes business engagement, solution design, development and delivery, governance, risk and security, service management and infrastructure services.

Karen joined TelstraSuper in January 2018 and brings over 25 years' experience in leading Technology functions within the financial services sector both in Australia and UK and is also skilled in implementing new ways of working based on Agile, LEAN and Innovation practices.

Her previous role was Chief Information and Innovation Officer at Guild Group Holdings with similar executive and senior roles held at Equity Trustees and ANZ Bank. Karen also held a Board position at Early Childhood Management Services (ECMS) from 2006 to 2011.



We are now carbon neutral

As part of being a responsible corporate citizen, we're working to reduce our emissions in our day-to-day business operations. This is one element of our commitment to being part of the solution to climate change – for the benefit of all.



We're pleased to share that Telstra Super Pty Ltd business operations have been certified Carbon Neutral by Climate Active for the 2019/20 financial year. Climate Active certification is awarded to businesses that have reached a state of carbon neutrality – with the process including measuring greenhouse gasses, reducing emissions, then purchasing carbon offsets to cancel out any remaining emissions.

Here are some of the projects we've chosen to support to offset our emissions for the 2019/20 financial year:

Winds of Change

Across India, wind farms avoid emissions by introducing clean power to the electricity grid, which a fossil-fuel-fired power plant could otherwise generate.

Our purchased offsets assist the Winds of Change projects that help reduce power shortages and contribute to increased values on agricultural land and residential properties. The projects also help create new jobs and training, improve communication within remote villages and even helped establish a local immunisation program. Many local towns rely on turbines to pump clean water to drink and irrigate their crops.

Fighting fire with fire

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.

Reinstating traditional burning practices has significantly reduced carbon emissions and highly valued social, cultural, environmental and economic benefits for Indigenous landowners.

This Indigenous fire management project provides employment and training opportunities while supporting Aboriginal people in returning to, remaining on and managing their country, preserving and transferring knowledge, maintaining Aboriginal languages, and the wellbeing of traditional custodians. The project is owned exclusively by Aboriginal people with custodial responsibility for those parts of Arnhem Land under active bushfire management.

Rain forest protection

Projects across South America, Oceania, and Africa protect millions of hectares of native forests, securing wildlife habitat and supporting local communities. For example, projects across Peru protect the large, in-tact expanse of rain forest 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 rain forests secures vital habitats for millions of endemic and endangered rain forest species of animals and plants.

Our members first approach

Boosting our digital offering

It has been a big year for digital engagement, with 66% of our registered members logging into their account over the year. We have also seen a 20% increase in app logins and downloads and continued growth of members receiving digital statements – now at over 40%. While our members have been busy checking their super online, we've been innovating behind the scenes, making their online experience better than ever. We've re-imagined how information is delivered in member's SuperOnline account to give cutting-edge features and functionality at their fingertips.

Taking our seminars virtual

While the pandemic may have seen us halt our traditional program of member education seminars, we pivoted to extend our online offering.

From hosting *Financial Fitness Week* at Telstra to running targeted sessions for the general membership, our member education covered topics such as transitioning to retirement, making contributions, changes to insurance and more. Notably, there's no extra cost for members to come to our webinars; it's part of TelstraSuper membership. More than 5,000 members took up the opportunity throughout the year, helping them understand key retirement and superannuation topics.

During the last year, we also introduced Super 101 and Insurance 101 sessions that we host regularly. Due to member demand, we increased our webinar capacity from 100 to 200.

Supporting Aboriginal and Torres Strait Islander members

2020 also saw us support the launch of **IndigenousSuper.com.au** – a website designed to increase financial literacy support amongst indigenous communities. This builds on our existing partnership with Indigenous charity, First Nations Foundation, that we began in 2019. Due to the pandemic, the Big Super Day Out events where fund volunteers help reunite lost super with Aboriginal and Torres Strait Islander peoples were postponed. So, the launch of an indigenous Super online resource was a direct response.

While the website was never designed to replace face-to-face assistance (which remains the most effective way to engage with the community), it was designed to be a highly targeted and trusted source of information. 88% of survey respondents said the site helped them better understand their super, with over 3,900 unique website views.

In 2022 we will also establish our first Reconciliation Action Plan, formally outlining our commitment to reconciliation.

TelstraSuper Financial Planning

We continued our relationship with TelstraSuper Financial Planning to offer members a full suite of advice options.

The Comprehensive advice team supported more than 3,500 members through ongoing advice services, with 98% renewing their ongoing advice service recognising the substantial value it offers members.

A new level of advice will also be launched in the second half of 2021, recognising the need to assist members who need a tailored extra helping hand without a full financial plan.

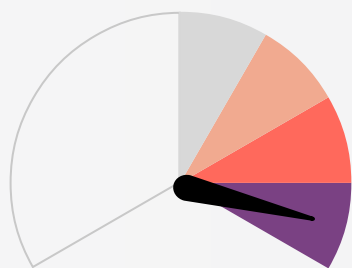
What our members are saying

We use the Net Promoter Score – or NPS – calculated as part of the Investment Trends Super Member Engagement Report to track member advocacy. It measures how likely a member is to proactively recommend a company, which helps inform our member satisfaction rates.

Our NPS score is consistently above the super industry average and this year was no exception with TelstraSuper ranking in the top five funds based on NPS.

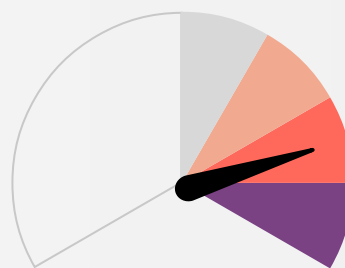
The latest NPS score was released in May 2021 and found that despite the COVID-19 pandemic affecting all super funds, TelstraSuper maintained a strong satisfaction score.

Member sentiment regarding overall satisfaction with TelstraSuper was positive, with key themes including:



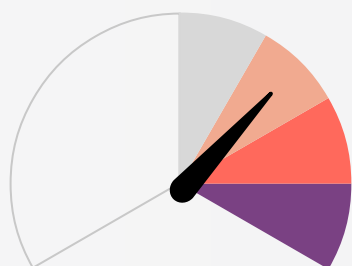
Very High Satisfaction

Our online tools and calculators, mobile app and online access to super



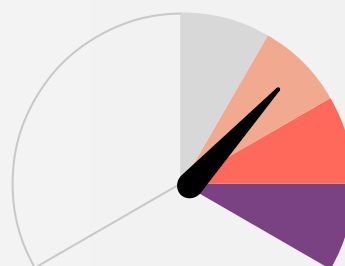
High Satisfaction

Our investment performance and responsible investing initiatives



Strong Satisfaction

Our communications and accessibility



Strong Satisfaction

Our phone and email customer service and advice offered

Our people

At TelstraSuper, our employee experience is created through our caring and collaborative community, rewarding career experiences and our close connection to members. These elements embody our core values and combine to create a big enough business to do meaningful work and small enough to care about its people.

Supporting our people during a pandemic

The current pandemic climate has tested the agility of our people. Collaboration and inclusiveness have been vital to maintaining motivation levels and contributing to business achievements during a challenging period.

As with many workplaces, TelstraSuper was impacted by the pandemic lockdowns and moved our people to working from home. We've continued to navigate lockdowns and follow Government guidelines on density limits to keep our people safe.

We introduced a range of internal measures to help keep our people connected. This included a weekly newsletter, team activities, video messages from the CEO, and our very first Wellness Week that encouraged our people to check in on their mental and physical health and the health of those around them. We also continued to actively promote flexibility, with many staff working altered days or hours to accommodate family needs during lockdowns.

We also upgraded our technology to allow better collaboration and support new ways of working. This included shifting our telephony system to Microsoft teams and providing additional monitors and technology where required.

 **“TelstraSuper truly cares for me and my wellbeing.”**

TelstraSuper staff member

2021 Your Voice Employee Engagement Survey highlights

95% of our people took part in our YourVoice Engagement Survey held in May 2021. All permanent and fixed-term employees who joined TelstraSuper before 31 December 2020 received an invitation to participate.

Results were extremely positive, with exceptionally high scores across diversity and inclusion, wellbeing, and risk culture. When it comes to staff engagement, scores were up 7% from 2020, with enablement overall also up by 5%.

Importantly our risk culture scores remain incredibly high, with over 90% of staff stating they feel safe to raise issues without fear of reprisal.

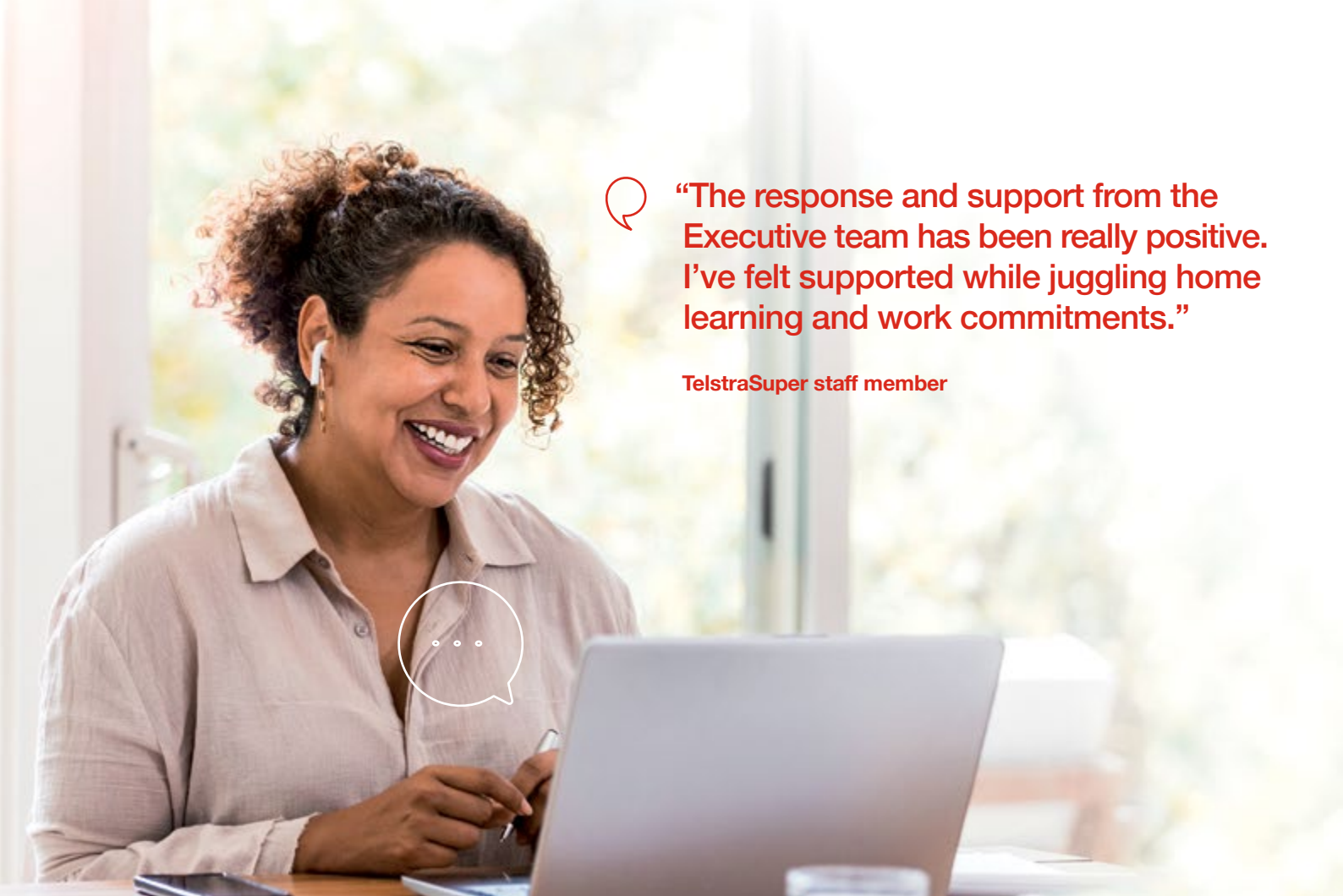
We were also pleased to see that diversity and inclusion initiatives at the Fund are well received. More than 95% of staff stated they feel gender-based harassment and sexual harassment is not tolerated at TelstraSuper.

Areas for improvement highlighted in the survey included learning and development, which was the lowest scored area. This can partly be attributed to the disruption to professional development activities due to the COVID-19 pandemic. A return to the workplace will see more significant development opportunities for our people and a focus on maintaining a work/life balance and general wellbeing.

93% of our people believe TelstraSuper has supported them during the COVID-19 pandemic.

92% strive to deliver high-quality products and services.

89% indicated they are supported in balancing their work, life and personal needs.



“The response and support from the Executive team has been really positive. I’ve felt supported while juggling home learning and work commitments.”

TelstraSuper staff member

TelstraSuper once again named an Employer of Choice for gender equality

We are pleased to share that TelstraSuper has been recognised as a 2019-2021 Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality.

The Employer of Choice for Gender Equality (EOCGE) citation is a voluntary leading-practice recognition program designed to encourage, recognise and promote organisations’ active commitment to achieving gender equality in Australian workplaces.

Both Telstra Super Pty Ltd and Telstra Super Financial Planning Pty Ltd (collectively, TelstraSuper) have been recognised.

This is the third time in a row we have received this prestigious citation that recognises the significant progress we have made in achieving gender equality and driving positive change for an inclusive workplace.

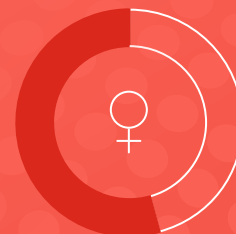
In 2021 the WGEA citation criteria was expanded to include requirements for organisations to provide training to all people managers on how to manage flexible working – including addressing stereotypes that prevent men from requesting flexible working arrangements. Organisations are also now required to have procurement guidelines that encourage gender equality across the supply chain.

As one of only 119 organisations around Australia to be awarded the citation, we’re proud to be leading the way as a workforce that is inclusive and respectful for all. This includes initiatives like our internal Family and Domestic Violence Awareness campaign, analysing and correcting gender pay gaps, and paid super on parental leave.

Furthermore, we became a member of the Diversity Council of Australia, which provides us with access to a range of resources and experts.



56% of
board members
are female



46% of
employees are
female, working
towards 50/50

Investment options

Growth option

Investment strategy

The Growth option has a strong bias towards growth assets, such as Australian and International Shares, and Unlisted Property, with a smaller allocation towards mixed assets such as Listed Property Trusts, and Infrastructure and defensive assets such as Cash.

Return objective

Outperform CPI+3.5%p.a.

Investment time frame

7 to 10 year periods.

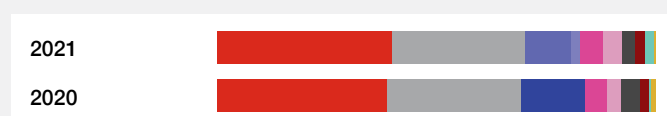
Risk objective

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 2021	Accumulation returns	RetireAccess returns
1 Year	24.71%	27.49%
3 Year	9.62%	10.62%
5 Year	10.46%	11.52%
7 Year	9.04%	9.87%
10 Year	9.73%	10.77%

Asset allocation



	2021	2020
● International Shares	38.89%	37.80%
● Australian Shares	29.88%	29.60%
● Unlisted Property	10.37%	-
● Listed Property Trusts	1.81%	-
● Property^	-	14.50%
● Infrastructure	5.83%	5.40%
● Private Markets	4.74%	3.90%
● Alternative Debt	3.55%	4.50%
● Cash	2.57%	2.30%
● Opportunities	2.24%	0.60%
● Hedge Funds	0.12%	1.40%

Balanced option

Investment strategy

The Balanced option has a moderate bias towards growth assets, such as Australian and International Shares, and Unlisted Property, balanced by an allocation towards defensive assets such as Fixed Interest Securities and Cash, and mixed assets such as Listed Property Trusts, and Infrastructure.

Return objective

Outperform CPI+3%p.a.

Investment time frame

5 to 10 year periods.

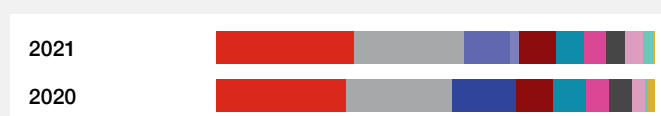
Risk objective

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 2021	Accumulation returns	RetireAccess returns
1 Year	19.86%	22.12%
3 Year	8.01%	8.92%
5 Year	8.74%	9.74%
7 Year	7.82%	8.68%
10 Year	8.66%	9.71%

Asset allocation



	2021	2020
● International Shares	30.17%	28.30%
● Australian Shares	24.56%	23.80%
● Unlisted Property	10.73%	-
● Listed Property Trusts	2.08%	-
● Property^	-	14.80%
● Cash	8.29%	8.70%
● Diversified Fixed Interest	6.43%	7.80%
● Infrastructure	5.85%	5.40%
● Alternative Debt	4.76%	5.30%
● Private Markets	4.76%	3.90%
● Opportunities	2.25%	0.60%
● Hedge Funds	0.12%	1.40%

^Property consists of Unlisted Property and Listed Property Trusts.

Investment strategies, return objectives, investment time frames and risk objectives are shown for the reporting period ending 30 June 2021. Actual asset allocations are shown as at 30 June 2020 and 30 June 2021 and will vary from time to time. Items marked with an asterisk (*) have changed since June 2021. 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 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.

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 6 year periods.

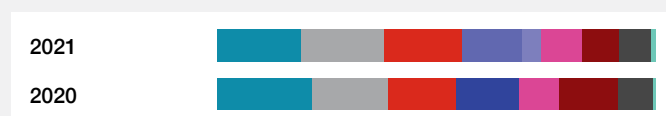
Risk objective

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 2021	Accumulation returns	RetireAccess returns
1 Year	12.92%	14.60%
3 Year	6.69%	7.28%
5 Year	7.19%	8.07%
7 Year	6.67%	7.48%
10 Year	-	-

Asset allocation



	2021	2020
● Diversified Fixed Interest	18.89%	21.30%
● Australian Shares	18.73%	17.60%
● International Shares	17.71%	15.80%
● Unlisted Property	13.00%	-
● Listed Property Trusts	4.20%	-
● Property^	-	14.00%
● Infrastructure	9.86%	9.00%
● Cash	8.94%	13.60%
● Alternative Debt	7.67%	8.40%
● Opportunities	1.00%	0.30%

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 6 year periods.

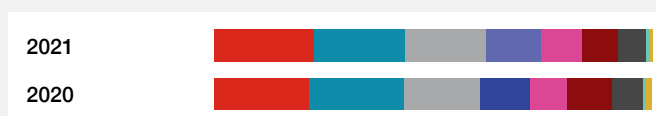
Risk objective

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 2021	Accumulation returns	RetireAccess returns
1 Year	12.49%	13.97%
3 Year	6.84%	7.70%
5 Year	7.46%	8.27%
7 Year	7.21%	7.91%
10 Year	8.02%	8.72%

Asset allocation



	2021	2020
● International Shares	22.85%	21.20%
● Diversified Fixed Interest	20.26%	21.70%
● Australian Shares	18.19%	17.10%
● Unlisted Property	12.31%	-
● Listed Property Trusts	-	-
● Property^	-	11.00%
● Infrastructure	9.86%	8.90%
● Cash	8.44%	10.80%
● Alternative Debt	6.71%	7.30%
● Opportunities	1.25%	0.60%
● Hedge Funds	0.13%	1.40%

^Property consists of Unlisted Property and Listed Property Trusts.

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+1.5%p.a.

Investment time frame

3 to 10 year periods.

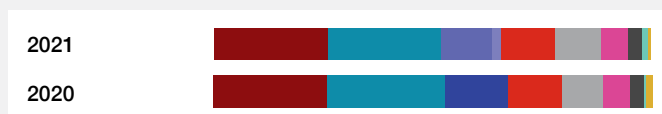
Risk objective

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 2021	Accumulation returns	RetireAccess returns
1 Year	9.57%	10.75%
3 Year	5.24%	5.87%
5 Year	5.72%	6.42%
7 Year	5.62%	6.23%
10 Year	6.35%	7.12%

Asset allocation



	2021	2020
● Cash	25.90%	25.00%
● Diversified Fixed Interest	25.76%	26.60%
● Unlisted Property	11.65%	-
● Listed Property Trusts	2.12%	-
● Property^	-	14.80%
● International Shares	12.68%	12.10%
● Australian Shares	10.42%	9.80%
● Infrastructure	6.95%	6.30%
● Alternative Debt	3.13%	3.40%
● Opportunities	1.26%	0.60%
● Hedge Funds	0.13%	1.40%

Australian Shares option

Investment strategy

100% of the option is 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 2021	Accumulation returns	RetireAccess returns
1 Year	28.21%	31.58%
3 Year	9.16%	10.21%
5 Year	10.91%	12.12%
7 Year	8.51%	9.33%
10 Year	9.25%	10.17%

Asset allocation



	2021	2020
● Australian Shares	100.00%	100.00%

^Property consists of Unlisted Property and Listed Property Trusts.

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 4 to less than 6 negative annual returns over any 20 year period.

Performance

Year to 30 June 2021	Accumulation returns	RetireAccess returns
1 Year	29.24%	31.86%
3 Year	11.42%	12.28%
5 Year	12.35%	13.33%
7 Year	10.43%	11.22%
10 Year	11.03%	12.16%

Asset allocation



	2021	2020
● 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 3 to less than 4 negative annual returns over any 20 year period.

Performance

Year to 30 June 2021	Accumulation returns	RetireAccess returns
1 Year	13.88%	14.44%
3 Year	8.24%	8.86%
5 Year	9.34%	10.28%
7 Year	10.11%	11.16%
10 Year	9.77%	11.00%

Asset allocation



	2021	2020
● Unlisted Property	84.67%	-
● Listed Property Trusts	11.08%	-
● Opportunities	4.25%	-
● Property^	-	100.00%

^Property consists of Unlisted Property and Listed Property Trusts.

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 CPI.

Investment time frame

4 to 6 year periods.

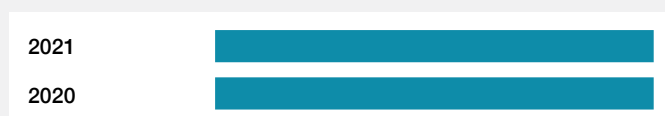
Risk objective*

A medium level of risk expected to generate 2 to less than 3 negative annual returns over any 20 year period.

Performance

Year to 30 June 2021	Accumulation returns	RetireAccess returns
1 Year	0.87%	0.98%
3 Year	3.22%	3.74%
5 Year	2.97%	3.43%
7 Year	3.35%	3.85%
10 Year	4.12%	4.76%

Asset allocation



	2021	2020
● Diversified Fixed Interest	100.00%	100.00%

Cash option

Investment strategy

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

Return objective

Corporate Plus and Personal Plus members: Outperform the Bloomberg AusBond Bank Bill Index, on a post-tax basis.†

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 2021	Accumulation returns	RetireAccess returns
1 Year	0.43%	0.48%
3 Year	1.14%	1.33%
5 Year	1.41%	1.64%
7 Year	1.66%	1.91%
10 Year	2.15%	2.49%

Asset allocation



	2021	2020
● 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

MySuper Conservative 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.

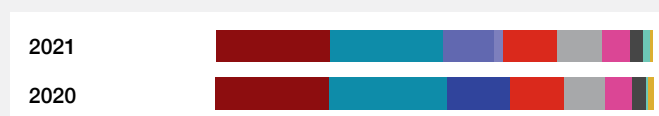
Risk objective

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

Performance

Year to 30 June 2021	Accumulation returns	RetireAccess returns
1 Year	9.57%	10.75%
3 Year	5.24%	5.87%
5 Year	5.72%	6.42%
7 Year	5.62%	6.23%
10 Year	6.35%	7.12%

Asset allocation



	2021	2020
● Cash	25.90%	25.00%
● Diversified Fixed Interest	25.76%	26.60%
● Unlisted Property	11.65%	-
● Listed Property Trusts	2.12%	-
● Property^	-	14.80%
● International Shares	12.68%	12.10%
● Australian Shares	10.42%	9.80%
● Infrastructure	6.95%	6.30%
● Alternative Debt	3.13%	3.40%
● Opportunities	1.26%	0.60%
● Hedge Funds	0.13%	1.40%

^Property consists of Unlisted Property and Listed Property Trusts.

MySuper Growth

Investment strategy

MySuper Growth has a strong bias towards growth assets, such as Australian and International Shares, and Unlisted Property, with a smaller allocation towards mixed assets such as Listed Property Trusts, and Infrastructure and defensive assets such as Cash.

Return objective

Outperform CPI+3.5%p.a.

Investment time frame

7 to 10 year periods.

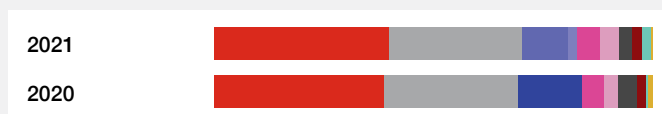
Risk objective

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 2021	Accumulation returns	RetireAccess returns
1 Year	24.71%	27.49%
3 Year	9.62%	10.62%
5 Year	10.46%	11.52%
7 Year	9.04%	9.87%
10 Year	9.73%	10.77%

Asset allocation



	2021	2020
● International Shares	38.89%	37.80%
● Australian Shares	29.88%	29.60%
● Unlisted Property	10.37%	-
● Listed Property Trusts	1.81%	-
● Property^	-	14.50%
● Infrastructure	5.83%	5.40%
● Private Markets	4.74%	3.90%
● Alternative Debt	3.55%	4.50%
● Cash	2.57%	2.30%
● Opportunities	2.24%	0.60%
● Hedge Funds	0.12%	1.40%

MySuper Balanced

Investment strategy

MySuper Balanced has a moderate bias towards growth assets, such as Australian and International Shares, and Unlisted Property, balanced by an allocation towards defensive assets such as Fixed Interest Securities and Cash, and mixed assets such as Listed Property Trusts, and Infrastructure.

Return objective

Outperform CPI+3%p.a.

Investment time frame

5 to 10 year periods.

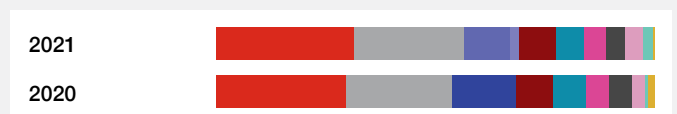
Risk objective

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 2021	Accumulation returns	RetireAccess returns
1 Year	19.86%	22.12%
3 Year	8.01%	8.92%
5 Year	8.74%	9.74%
7 Year	7.82%	8.68%
10 Year	8.66%	9.71%

Asset allocation



	2021	2020
● International Shares	30.17%	28.30%
● Australian Shares	24.56%	23.80%
● Unlisted Property	10.73%	-
● Listed Property Trusts	2.08%	-
● Property^	-	14.80%
● Cash	8.29%	8.70%
● Diversified Fixed Interest	6.43%	7.80%
● Infrastructure	5.85%	5.40%
● Alternative Debt	4.76%	5.30%
● Private Markets	4.76%	3.90%
● Opportunities	2.25%	0.60%
● Hedge Funds	0.12%	1.40%

^Property consists of Unlisted Property and Listed Property Trusts.

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 and Personal Plus (Accumulation)

Option	5 years	5 years median	10 years	10 years median
Growth	10.46%	9.97%	9.73%	9.28%
Balanced	8.74%	8.72%	8.66%	8.28%
Diversified Income‡	7.19%	6.36%	-	-
Defensive Growth	7.46%	6.66%	8.02%	6.72%
Conservative	5.72%	4.64%	6.35%	5.29%
International Shares	12.35%	13.24%	11.03%	12.25%
Australian Shares	10.91%	10.74%	9.25%	9.14%
Property	9.34%	5.85%	9.77%	7.78%
Fixed Interest	2.97%	2.88%	4.12%	4.15%
Cash	1.41%	1.28%	2.15%	2.06%

The latest returns and investment updates can be found at telstrasuper.com.au/investments

† Source: SuperRatings Fund Crediting Rate Survey, June 2021. Find out more at superratings.com.au/ratings

‡ The Diversified Income option was introduced on 1 July 2012 and, as such, no 10 year returns are available. Notional returns have not been included as the structure of the 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.

TelstraSuper's returns shown in this comparison relate to accumulation members or accounts and do not apply to TelstraSuper RetireAccess members or defined benefits. 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. Returns are to the 5 year and 10 year periods ending 30 June 2021 (where available). Past performance is not a reliable indicator of future performance.

Investment managers

as at 30 June 2021

Telstra Super invests with a range of external specialist investment portfolio managers. We also utilise internal investment managers for Australian Equities, Australian 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.

Asset Allocation

CIP Asset Management

Australian Equities

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

Australian Fixed Interest

Kapstream Capital Pty Ltd
Pimco Australia Pty Limited
Telstra Super Pty Ltd
Western Asset Management Company Pty Ltd

Cash

Pendal Group Limited
Telstra Super Pty Ltd

Credit

Pimco Australia Pty Limited
Wellington Management Australia Pty Ltd

Currency Overlay

Insight Investment International Management Pty Ltd
Telstra Super Pty Ltd

Hedge Funds

Arrowgrass Investment Management LLP
Pacific Alliance Investment Management Limited
Pine River Capital Management LP

Infrastructure

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

International Equities

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

International Fixed Interest

Pimco Australia Pty Limited
Western Asset Management Company Pty Ltd

Private Markets

Adam Street Partners LLC
Affinity Equity Partners Limited
Airtree Ventures Pty Limited
Angeleno Group LLC
Archer Capital Pty Ltd
Audax Private Equity Business VI, L.P.
Blackbird 2020 Management Pty Ltd
Brandon Capital Partners
Catalyst Investment Managers Pty Ltd
CHAMP III Management Pty Limited
Champ Ventures Pty Limited
CIM Group LLC
Cinven Capital Management (VII) Limited Partnership Incorporated
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
Knightsbridge Advisers LLC
LGT Capital Partners Ltd
Mid Europa Funds Management Limited
Montagu Private Equity LLP
Northgate Capital Partners LLC
Oaktree Capital Management LP
Quadrant Private Equity Pty Ltd
ROC Partners Pty Ltd

Siguler Guff & Company LLC
Sun Capital Partners Inc.
T Ventures Management Co.Ltd
TA Associates XIII GP, L.P.
Telstra Super Pty Ltd
The Blackstone Group
Vista Equity Partners Fund VII GP, L.P.
Wilshire Australia Pty Ltd

Property

AMP Capital Investors Limited
APN Funds Management Limited
Berkshire Bridge Loan Investors II, L.P.
Charter Hall Group
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

Total Opportunities

Berkshire Property Advisors LLC
Caxton Associates LP
Charter Hall Holdings Pty Ltd
Grain Capital Management
Pharo Global Advisors Limited
Mudrick Capital Management, L.P.

Financial statements

Statement of Financial Position for the year ended 30 June 2021

	2021 \$'000	2020 \$'000
Assets		
Cash and cash equivalents	1,116,318	1,343,535
Australian fixed interest securities	3,664,677	4,686,618
International fixed interest securities	2,076,449	2,111,219
Australian equities	5,985,767	4,090,715
International equities	7,001,814	4,718,909
Hedge funds	256,352	232,900
Private markets	784,417	476,095
Property	2,691,573	2,750,519
Infrastructure	1,266,417	968,571
Derivative assets	67,399	187,571
Investment income receivable	45,244	34,488
Unsettled investment sales	136,138	121,956
Accounts receivable	6,735	6,630
Property, plant and equipment	5,195	7,802
Right-of-use lease assets	16,846	19,583
Total assets	25,121,341	21,757,111
Liabilities		
Benefits payable	(15,625)	(7,465)
Accounts payable	(40,444)	(27,209)
Unsettled investment purchases and payables	(180,761)	(384,487)
Derivative liabilities	(158,132)	(17,822)
Lease liabilities	(18,014)	(19,769)
Current income tax liabilities	(120,144)	(1,333)
Deferred income tax liabilities	(326,635)	(191,729)
Total liabilities excluding member benefits	(859,755)	(649,814)
Net assets available for member benefits	24,261,586	21,107,297
Member benefits		
Defined contribution member liabilities	(22,311,933)	(19,064,893)
Defined benefit member liabilities	(1,492,010)	(1,620,426)
Total member liabilities	(23,803,943)	(20,685,319)
Total net assets	457,643	421,978
Equity		
Operational risk financial reserve	61,090	52,967
Insurance reserve	2,000	1,884
Administration reserve	75,907	69,125
Unallocated surplus	318,646	298,002
Total equity	457,643	421,978

Statement of Comprehensive Income for the year ended 30 June 2021

	2021 \$'000	2020 \$'000
Superannuation activities		
Interest	107,802	156,786
Dividends and distributions	508,080	474,657
Net foreign exchange gains/(losses)	201,915	(163,736)
Changes in assets measured at fair value	3,084,243	(666,745)
Other investment income/(losses)	33,495	(16,815)
Other operating income	3,426	3,256
Total superannuation activities income/(losses)	3,938,961	(212,597)
Expenses		
Investment expenses	(103,724)	(90,816)
Administration expenses	(64,681)	(58,871)
Interest on lease liability	(1,072)	(136)
Total expenses	(169,477)	(149,823)
Net result from superannuation activities	3,769,484	(362,420)
Profit/(loss) from operating activities	3,769,484	(362,420)
Net losses/(benefits) allocated to defined contribution member accounts	(3,401,589)	289,150
Net change in defined benefit member liabilities	(76,286)	(140,460)
Profit/(loss) before income tax	291,609	(213,730)
Income tax (expense)/benefit	(262,842)	85,103
Profit/(loss) after income tax	28,767	(128,627)

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

	Defined Contribution Members	Defined Benefit Members	Total
	2021 \$'000	2021 \$'000	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

	Defined Contribution Members	Defined Benefit Members	Total
	2020 \$'000	2020 \$'000	2020 \$'000
Opening balance as at 1 July 2019	19,450,854	1,816,929	21,267,783
Employer contributions	461,330	34,390	495,720
Member contributions	269,716	3,962	273,678
Government contributions	1,878	-	1,878
Transfers from other superannuation funds	601,832	2,532	604,364
Transfers to other superannuation funds	(619,081)	(369,554)	(988,635)
Income tax on contributions	(67,231)	(5,158)	(72,389)
Benefits to members/beneficiaries	(738,197)	(591)	(738,788)
Insurance premiums charged to members' accounts	(35,656)	(2,294)	(37,950)
Insurance benefits credited to members' accounts	33,879	82	33,961
Reserves transferred to members: Insurance reserve	-	116	116
Reserves transferred from members: Administration reserve	(4,866)	(413)	(5,279)
Reserves transferred from members: Operational risk financial reserve	(415)	(35)	(450)
Net benefits allocated to members' accounts: Net investment income	(244,177)	-	(244,177)
Net benefits allocated to members' accounts: Administration fees	(44,973)	-	(44,973)
Net change in DB member benefits	-	140,460	140,460
Closing balance as at 30 June 2020	19,064,893	1,620,426	20,685,319

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

	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 from DC member accounts	-	-	-	6,357	6,357
Transfer from/(to) DB member accounts	-	-	116	425	541
Profit	20,644	8,123	-	-	28,767
Closing balance as at 30 June 2021	318,646	61,090	2,000	75,907	457,643

	Unallocated surplus	Operational risk financial reserve	Insurance reserve	Administration reserve	Total equity
	2020	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating balance as at 1 July 2019	425,805	53,341	2,000	63,845	544,991
Transfer from DC member accounts	-	415	-	4,866	5,281
Transfer from/(to) DB member accounts	-	35	(116)	414	333
Loss	(127,803)	(824)	-	-	(128,627)
Closing balance as at 30 June 2020	298,002	52,967	1,884	69,125	421,978

Statement of Cash Flows for the year ended 30 June 2021

	2021 \$'000	2020 \$'000
Cash flows from operating activities		
Interest received	107,981	157,731
Dividends and distributions	497,765	491,465
Other incomes	36,778	(12,565)
Investment expenses	(99,099)	(90,673)
Administration expenses	(50,012)	(56,760)
Short-term/low-value lease expenses	(67)	(444)
Interest on lease liability	(1,072)	(136)
Group life insurance premiums	(33,576)	(37,949)
Insurance benefits credited to members' accounts	22,205	33,961
Income tax refund/(paid) by operating activities	(9,125)	40,297
Net cash inflows from operating activities	471,778	524,927
Cash flows from investing activities		
Proceeds from sales of investment assets	24,574,682	27,259,967
Purchases of investment assets	(24,937,870)	(27,629,953)
Purchase of property, plant and equipment	(451)	(3,385)
Net cash outflows from investing activities	(363,639)	(373,371)
Cash flows from financing activities		
Employer contributions received	492,787	494,076
Member contributions received	256,197	273,663
Government co-contributions received	1,844	1,878
Transfers from other superannuation funds received	400,432	604,364
Transfers paid to other superannuation funds	(709,262)	(988,635)
Benefits paid to members and beneficiaries	(703,175)	(744,863)
Payment of principal portion of lease liabilities	(1,755)	(1,866)
Income tax paid by financing activities	(72,424)	(72,389)
Net cash outflows from financing activities	(335,356)	(433,772)
Net decrease in cash	(227,217)	(282,216)
Cash at the beginning of the financial year	1,343,535	1,625,751
Cash at the end of the financial year	1,116,318	1,343,535

The audited fund accounts and the auditor's report for the 2020/21 financial year are available on request or for download at telstrasuper.com.au/annualreport from 31 October 2021.



A move for good

As the main TelstraSuper office moved to its new tenancy, we opted to donate many goods to charities for recycling. This included providing glassware, crockery, side tables, and TV screens to Your Matter – a charity supporting domestic and family violence victims by providing furniture and other household items necessary to run a functional home. These items went to families in Watsonia, Craigieburn, Forrest Hill, and five transitional homes.

Decommissioned technology was donated to *Pony Up for Good* who recycle items to keep chemicals out of landfill and waterways. Where items are re-sold, a portion of proceeds goes to *SecondBite* to provide fresh meals to those in need. Our donation saved 727 kg of technology from landfill, with 96% reused. This resulted in over 2200 fresh meals donated to those in need.

Environmental, social and governance

The Fund's fundamental objective is to enhance responsibly the financial security of its members in retirement.

TelstraSuper incorporates best practice Environmental, Social and Governance (ESG) considerations in all aspects of its investment process. The Fund supports the development of a more sustainable global economy, and the attainment of the Paris Agreement goals on climate change.

Our approach to sustainable investment follows the guidelines of the UN Principles for Responsible Investing (PRI), which are:

- Incorporating environmental, social and governance issues into investment analysis and decision-making
- Active ownership by engaging with the companies we invest in
- Promoting ESG disclosure by investee companies
- Advocacy and collaboration
- Reporting on our activities

Key aspects of the Fund's sustainable investment approach include:

- Adoption of a Sustainable Investment Policy (the Policy) by the Board. The Investment Committee reports to the Board on the progress of the implementation of the policy on an annual basis.
- Adoption of a Climate Change Action Plan (the Plan) that has set a goal of achieving net-zero carbon emissions by 2050 with a 45% reduction by 2030. The Plan outlines tangible steps to achieving these goals while maintaining risk, including ESG risks, at an acceptable level as determined by the Policy. The Plan also encourages proactive investing in sustainable projects and assets that will benefit from the climate change transition.

- Our six-monthly 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.
- Active ownership and voting at company meetings. TelstraSuper reports on its voting activity via our Proxy Voting Dashboard.
- Evaluating all our investment managers' ESG capabilities, practices and policies prior to their appointment and reviewing these regularly. A summary of these reviews is also included in the Sustainable Investment Bulletin.
- Collaborating with other organisations such as the Australian Council of Superannuation Investors (ACSI) to influence the organisations we invest in. We also publicly disclose how we vote at company meetings via our proxy voting dashboard.
- Taking part in key initiatives such as being a signatory of the Australian Asset Owner Stewardship Code, a Climate Action 100+ participant, Tobacco Free Pledge Program signatory, and a signatory to the United Nations Principles for Responsible Investment.



Find further information on ESG activities at telstrasuper.com.au/esg

Defined benefit members

If you're a member of TelstraSuper Division 2 or TelstraSuper Division 5, all or most of your super is a defined benefit. Unlike an accumulation account, a defined benefit doesn't rely on investment returns to grow. Instead, your super is calculated using a formula that's generally based on your salary, your length of service with your employer and the rates at which you have been contributing 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 there are sufficient funds to meet the required payment of defined benefits.

Defined benefit net earning rate

The defined benefit net earning rate was 5.81% on our investment portfolio for 2020/21.*

*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 at 30 June 2021 the Vested Benefit Index (VBI), the ratio of fund assets to members' vested benefits of the Fund's defined benefit divisions, was 112% (2020: 110%).

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. There were no amendments made to the trust deed during the 2020/21 financial year.

You can obtain a copy of the 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 2020/21 was 1.52%.

* 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 2021 are listed below.

Actuarial advisers

Willis Towers Watson

Asset consultant

JANA Investment Advisers Pty Ltd and Albourne Partners

External auditors

Ernst & Young

Internal auditors

KPMG

Principal legal advisers

KHQ Lawyers

Master custodian

JPMorgan Chase Bank, N.A., Sydney branch

Taxation advisers

PwC

Reserves

The Trustee maintains a number of reserves: 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 2021: \$138,997,000
- 30 June 2020: \$123,976,000
- 30 June 2019: \$119,186,000

Balances of reserves:

Balance as at 30 June	2019 \$'000	2020 \$'000	2021 \$'000
Administration reserve	63,845	69,125	75,907
ORFR	53,341	52,967	61,090
Insurance reserve	2,000	1,884	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.



Disclaimers

The intent of this report is to provide useful 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 his or her own investment decisions and obtaining whatever assistance he or she deems necessary.

The information in this report is of a general nature 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 govern 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 2021.



Visit the website
telstrasuper.com.au



Call us
1300 033 166



TelstraSuper
PO Box 14309
Melbourne VIC 8001