

MINUTES OF ANNUAL MEMBERS' MEETING

ACTIVE SUPER

Held by webinar on 3 November 2021 at 3.30pm

ACTIVE SUPER DIRECTORS

Kyle Loades, Chair and Independent Director
Karen McKeown, Deputy Chair and Employer Nominated Director
Craig Peate, Deputy Chair and Member Nominated Director
Claudia Bels, Independent Director
Gordon Brock, Member Nominated Director
Declan Clausen, Employer Nominated Director
Domenico Figliomeni, Employer Nominated Director
Greg McLean, Member Nominated Director
Sandi Orleow, Independent Director

IN ATTENDANCE

Phil Stockwell, Chief Executive Officer
Donna Heffernan, Deputy Chief Executive Officer & Company Secretary
Heather Dawson, Chief Experience Officer
Craig Turnbull, Chief Investment Officer
Chantal Walker, Chief Digital and Marketing Officer
Moya Yip, Head of Responsible Investment
Lisa Judge, Manager, Member Advice and Education

Rita Da Silva, Auditor, Ernst & Young
Richard Boyfield, Fund Actuary, Mercer

AGENDA

1. Welcome and overview
2. Opening address
3. CEO's address
4. Investment Update
5. Responsible Investment: Summary and Achievements
6. Our member focus
7. Q&A session

The Annual Members' Meeting (AMM) commenced at 3.30pm Australian Eastern Standard Time.

Item 1 Welcome and overview

Ms Judge welcomed Members to the Active Super (AS) AMM, and:

- Acknowledged, that the webinar is being hosted from the lands of the Gadigal people of the Eora Nation and recognised the traditional owners of the various lands on which we are today and their continuing connection to land, waters and culture.
- Paid respects to Elders past, present and emerging and acknowledged all Aboriginal and Torres Strait Islanders here with us today.

Ms Judge advised:

- The presentations in the webinar contain financial information and performance results to 30 June 2021.
- All financial information relating to the 2021 financial year can be found in the annual report available on the AS website.
- The presentations in the webinar contain general advice and factual information only. Personal objectives, situations and needs have not been taken into account, and that Members should consider personal tailored advice prior to making financial decisions.

Ms Judge provided an overview of the Agenda, explained how to ask a question during the webinar and introduced a video on the rebranding of the Fund from Local Government Super (LGS) to AS.

Ms Judge introduced the Chair of AS, Kyle Loades.

Item 2 Opening address

The Chair addressed the AMM, welcoming members, stakeholders, employees and all involved with the AMM, and spoke to the following matters:

- The ongoing impact of COVID-19 on communities, to AS generally, and the work done by the AS team to adapt the business to remote working without compromising service outcomes for members.
- The brand change from LGS to AS, and that since the brand change, AS continues to have success with new members joining from within local government employers and employees from new employers across different industries within New South Wales and interstate.
- The brand change being in the best interests of members to continue to grow the Fund.
- The due diligence undertaken by AS to develop the new brand.
- The composition of the Board, and in particular, acknowledging the:
 - Resignation of Bruce Miller, Employer-Nominated Director;
 - Appointment of Declan Clausen, Employer-Nominated Director;
 - Resignation of Domenico Figliomeni, Employer-Nominated Director effective 4 December 2021; and

- The significant contributions made by both Mr Miller and Mr Figliomeni during their tenure.
- The good performance by the AS team and the good feedback received by members.

The Chair thanked AS staff and Shareholders for their support and invited the CEO to address the AMM.

Item 3 CEO's address

The CEO addressed the AMM and provided an update on AS and its key achievements during the 2021 Financial Year despite the COVID-19 disruption, including:

- Strong investment performance, driving value for money, improved customer service and support, implementing regulatory change and preparation for the future.
- The rebranding of the Fund.
- The Fund remains an industry super fund, a profit to member fund and closely linked with local government.
- Updated and increased use of technology to improve member engagement and provide efficiencies.
- AS has adopted a target of being carbon neutral by at least 2050.
- The release of AS' inaugural Impact Report.

The CEO spoke to the composition of the Fund's Executive Team and thanked the Executive for their efforts.

The CEO spoke to the future of the Fund and key priorities, including retirement strategy.

The CEO acknowledged the Board, Shareholders and members, thanking them for their support and introduced the Chief Investment Officer to address the AMM.

Item 4 Investment update

The Chief Investment Officer provided an update on the Fund's performance during the 2021 Financial Year. Key points included:

- AS achieving good returns and strong performance for members whilst also investing responsibly.
- The Fund received good recognition for industry leading results.
- Over the longer terms it is expected that higher risk products will perform better.
- Good signs of global economic recovery, particularly in Europe, USA and Japan.
- Australian Banks reporting good results for September 2021 despite the pandemic.
- COVID-19 having a large impact with more than five million deaths globally but has improved with the number of daily cases and death rate dropping dramatically.
- The recession in Australia has been relatively mild compared to other countries, with Australia recovering faster, supported by a high vaccination rate.

- Key changes to the Fund's investment products, and in particular, the mysuper product where members stay in high growth investments for a longer period, allowing assets to grow prior to retirement.

The CIO introduced a video on AS' investment products.

Item 5 Responsible investment: Summary and achievements

The Head of Responsible Investment addressed the AMM and providing an update on Responsible Investment at AS, including:

- The importance of the Environmental, Social and Governance (ESG) Risk Framework used by AS to achieve the best possible returns for members over the long term.
- The Fund invests for both performance and ESG impact.
- How the Fund assesses for both performance and ESG impact prior to investing.
- AS' active ownership strategies and how AS advocates for change.
- The Fund's path to Net Zero by at least 2050 and with the Australian Government having now made a pledge, the Fund's may accelerate.
- The Fund's top responsible investments, in particular Impax, one of the most sustainable mandates for AS returning 50.5% to 30 June 2021.

Before handing over to the Chief Experience Officer, the Head of Responsible Investment introduced a video from Impax entitled "Investing in the 'next' economy".

Item 6 Our member focus

The Chief Experience Officer addressed the AMM, outlining the Fund's commitments and achievements during the 2021 Financial Year, highlighting:

- AS' commitment to supporting members whether it be in person, self-service, education, personalised advice or by social media.
- During the 2021 Financial Year, AS' Sydney based contact centre handled over 50,000 phone calls for members, with increasing engagement also through webchat.
- 96% of members surveyed, indicated they are happy with the service provided by the AS contact centre.
- The new improved online experience and application for members providing improved security and increased functionality.
- New member benefits and rewards at no additional cost to members, including offers with HCF, Goget and Koala that align with the AS' values.
- The various ways in which members can contact and interact with AS.

The Chief Experience Officer thanked members and invited Ms Judge to address the AMM.

Item 7 Q&A session

Ms Judge invited questions from members participating in the webinar and outlined how to submit a question.

Ms Judge advised that a number of questions had been received prior to the meeting relating to Members' personal situations and that each question will receive a response over the next month. A number of questions have also been addressed within the AMM's presentations. Ms Judge also reminded members that the AMM relates to the Fund and encouraged Members to contact the AS Member Services Team for any general or personal questions or to make an appointment with one of AS' Client Relationship Managers or Financial Planners.

Ms Judge commenced the Q&A session by addressing pre-submitted questions.

Question 1

How are administration fees determined?

Response from Chief Executive Officer

The Active Super administration fee has two components. The first being a weekly dollar-based fee where AS uses an administrator to administer all member accounts and the second component being a basis point fee which covers AS' operating costs.

Question 2

Is AS moving away from investing in coal?

Response from Head of Responsible Investment

AS has had negative screenings and investment restrictions in place for a very long time, and as a result, AS' position in fossil fuels is very low. AS has no major coal companies in its portfolio and is looking at increasing oil and gas restrictions.

Question 3

When will you have a single sign on for all accounts including defined benefit and the extra security that comes with the new member online?

Response from Chief Experience Officer

AS is on track to introduce the single sign on feature by 30 June 2022, where members will be able to view all their accounts with a single sign on.

Question 4

How are the Board Members chosen?

Response from the Chair

AS has nine Board Members, three recommended by Employer Shareholders, three from Employee related Shareholders and three independent Directors. In appointing a new Director, the AS Board assesses the current strategy and skills needed versus what skills and capabilities are possessed by the existing Directors. If an area to improve skills is identified, the Board will advise the Shareholder representative organisation who will put forward suggested candidates. Following an interview process, the Board will select a Director.

For the appointment of an Independent Director an exercise will be undertaken to identify the skills and experience required and a recruitment consultant is engaged. Once a short list of candidates is established, an interview process will take place where the Board will select an Independent Director.

At the end of each four-year term, an existing Director will go through a similar process to that outlined above for the purposes of good governance.

Ms Judge proceeded to address live questions submitted during the webinar.

Question 5

What fossil fuels does AS invest in directly or indirectly?

Response from the Head of Responsible Investment

AS' fossil fuel exposure is low. Negative screens have been in place for many years along with investment restrictions. There are no major coal companies within AS' portfolio and AS has restrictions for high ESG risk securities in place. With AS' commitment to at least net zero by 2050 it is expected that AS will reduce its exposure further.

Question 6

Why do I have to nominate my superannuation beneficiary every three years? Can't this be done for a longer period?

Response from Manager, Member Advice and Education

AS has lapsing binding nominations in place. This approach is taken in recognition that members' circumstances change over time. When a binding nomination is due for renewal, AS will be in contact to provide members with the option to confirm their nomination. If the confirmation is completed within the three years, the binding nomination form is not required to be witnessed again and can continue for a further three years.

Question 7

In relation to Question 6 above, a question was received in regard to the two witnesses in relation to a binding nomination form.

Response from Manager, Member Advice and Education

The binding nomination form is a legal document, requiring two witnesses. If a member continues with their binding nomination within the three-year period, the confirmation form can be completed without the two witness signatures.

Question 8

CBA is about to offer crypto investing. What is the AS position on this type of investment?

Response from Chief Investment Officer

There are no crypto type investments within the AS portfolio. Given the unpredictable nature of crypto investments, AS is not investing in crypto investments at this time.

Question 9

Why weren't members consulted before the name Active Super was adopted?

Response from Chief Executive Officer

AS conducted market research with both members and non-members to understand what they liked about LGS and to what could be changed to encourage new members to join. Members are regularly surveyed, and feedback indicates that the AS name has been well received.

Question 10

In relation to Question 9 above, what was the cost of the rebrand and the website?

Response from Chief Executive Officer

A similar approach was taken for both the rebrand and the upgrading of the AS website. In the period leading up to the rebrand, very low levels of marketing activity had been undertaken and the upgrade of the website had been delayed to align with the rebrand. Accordingly, the rebrand and upgrading of the website were completed within the existing budget and with no additional impact to fees.

Question 11

What is the outlook for or the impact of inflation looking like for the next year?

Response from Chief Investment Officer

Inflation can have an impact if the Australian Government becomes of the view that inflation is too high, resulting in increased interest rates.

The Reserve Bank has indicated that whilst inflation has picked up, what is more important is the underlying inflation. The Reserve Bank is of the view that underlying inflation remains low but will continue to monitor it closely.

Question 12

How do the funds rank with other funds for end of financial year?

Response from Chief Investment Officer

Ranking varies by investment option. AS' high growth option has performed well in comparison to some of AS' defensive products, where less risk is taken. Overall AS is ranking well.

Question 13

What precautions does AS take to avoid investing in companies that are greenwashing?

Response from Head of Responsible Investment

AS follows a rigorous evidenced based screening process in looking at ESG risk and integration for every fund manager that comes within our stable.

Question 14

In terms of member feedback has anyone had any positive or other feedback in relation to AS' new website?

Response from Chief Experience Officer

Members have indicated an appreciation for AS' improved security, in particular the introduction of two factor authentication. Members have also indicated they are receiving a better customer experience and are enjoying the more user-friendly website, including new features including a member being able to take their superannuation with them, if they chose to do so, when they change jobs.

Question 15

Does the Fund make donations to any organisation? If so, is there a policy relating to the making of donations and is there a list of the donations made available?

Response from Chief Executive Officer

AS looks at all expenditure and considers whether it is in the best financial interests of members. A policy is in place which dictates the process to assess expenditure and determine whether appropriate. AS does very little in the area of donations.

Question 16

Has AS' voting regarding sustainable policies at company AGMs changed over the past year?

Response from Head of Responsible Investment

AS has always advocated for greater climate change risk management and as an example continues to vote for greater climate change risk disclosure. Companies are realising the importance of climate change and as a result company positions have significantly improved. AS takes each vote seriously, and continues to do its own research, taking into account the expertise of our fund managers and recommendations provided by industry bodies such as ASCL and CGI Glass Lewis in preparing our own independent voting decisions.

The following question was received upon the conclusion of the AS AMM.

Question 17

Where can members find a donations register?

AS Response:

AS does very little in the area of donations. New legislation introduced this year means that for the 2022 AMM, AS will be required to disclose certain payments, including any gifts made to a political party, political campaigner or an associated entity of a political party and any payments made to an organisation registered under the Fair Work Act.

There being no further questions, Ms Judge advised that at any additional questions received post the meeting will be responded to within the Minutes of the AMM which will be published on AS' website within the next month. Ms Judge also provided a reminder that if there are any questions relating to a members' personal situation to reach out to the Member Services Team to assist.

Ms Judge thanked members for attending the meeting.

The AMM concluded at 4:49 pm Australian Eastern Standard Time.

NOTE: Questions received not related to Members' personal situations were addressed during the AMM. Members with questions unable to be addressed during the meeting have been contacted directly.

Chair Signature



Name:

Kyle Loades