



SUNSUPER SUPERANNUATION FUND

A.B.N. 98 503 137 921

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

**Sunsuper Superannuation Fund's registered office
and principal place of business is:**

**30 Little Cribb Street
MILTON QLD 4064**

**SUNSUPER SUPERANNUATION FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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**SUNSUPER SUPERANNUATION FUND
TRUSTEE'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

In the opinion of the Directors of Sunsuper Pty Ltd (A.C.N. 010 720 840), being the Trustee of Sunsuper Superannuation Fund ("the Fund"):

- (a) the accompanying financial statements and notes are in accordance with:
 - (i) Australian Accounting Standards and other mandatory professional reporting requirements, and
 - (ii) present fairly the Fund's financial position as at 30 June 2021 and of its performance for the financial year ended on that date,

- (b) the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and its accompanying Regulations; the relevant requirements of the Corporations Act 2001 and Regulations; the requirements under section 13 of the Financial Sector (Collection of Data) Act 2001, during the year ended 30 June 2021, and

- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board of Directors of the trustee company, Sunsuper Pty Ltd.



Andrew Fraser
Director



Mary Elizabeth Hallett
Director

Brisbane
29 September 2021

Sydney
29 September 2021

Sunsuper Superannuation Fund ABN 98 503 137 921

Report by the Registrable Superannuation Entity (“RSE”) Auditor to the members

Opinion

We have audited the financial statements of Sunsuper Superannuation Fund for the year ended 30 June 2021 as set out on pages 5 to 49 attached.

In our opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Sunsuper Superannuation Fund as at 30 June 2021 and the results of its operations, cash flows, changes in reserves and changes in members’ benefits for the year ended 30 June 2021.

Basis for Opinion

We conducted the audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Management of the Entity is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation and accounting policies described in Note 2 to the financial report which includes the non-going concern basis of accounting, is appropriate to meet the requirements of the RSE’s governing rules and is appropriate to meet the needs of the trustee and the members. Management’s responsibility also includes such internal control as management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern. As disclosed in Note 2, the financial report has been prepared on a non-going concern basis because of the Successor Fund Transfer of the member balances.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, we exercised professional judgement and maintained professional scepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Concluded on the appropriateness of management's use of the non-going concern basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.
- Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Frances Borg

Partner

Chartered Accountants

Sydney, 29 September 2021

SUNSUPER SUPERANNUATION FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$M	2020 \$M
Assets			
Investments			
Australian shares	2(d)	24,733	18,033
International shares		22,557	14,198
Private capital		6,547	4,945
Property		7,366	6,342
Infrastructure		5,063	5,348
Fixed interest		10,743	8,879
Alternative strategies		3,837	3,289
Cash		4,182	4,193
Diversified strategies		-	1,094
Total investments		<u>85,028</u>	<u>66,321</u>
Other assets			
Cash and cash equivalents	3	8,645	4,414
Receivables and other assets		126	147
Total other assets		<u>8,771</u>	<u>4,561</u>
Total assets		<u>93,799</u>	<u>70,882</u>
Liabilities			
Benefits payable and other liabilities		264	264
Current tax liabilities		1,015	484
Deferred tax liabilities	9	1,653	727
Total liabilities		<u>2,932</u>	<u>1,475</u>
Net assets available for member benefits		<u>90,867</u>	<u>69,407</u>
Member liabilities			
Defined contribution member liabilities	4	87,690	67,371
Defined benefit member liabilities	5	1,858	1,353
Total member liabilities		<u>89,548</u>	<u>68,724</u>
Total net assets		<u>1,319</u>	<u>683</u>
Equity			
General reserve	8	406	224
Insurance reserve	8	1	1
Operational risk financial requirement (ORFR)	8	238	183
Defined benefits surplus	6	674	275
Total equity		<u>1,319</u>	<u>683</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

SUNSUPER SUPERANNUATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$M	2020 \$M
Superannuation activities			
Revenue			
Interest revenue		289	330
Dividend revenue		1,080	1,069
Distribution income		361	538
Rental and other income		60	55
Changes in fair value of investments	2 (c)	14,044	(3,501)
Total revenue		<u>15,834</u>	<u>(1,509)</u>
Expenses			
Direct investment expenses		(240)	(173)
Administration services expense	14 (b)	(142)	(122)
Other operating expenses	10	(86)	(85)
Total expenses		<u>(468)</u>	<u>(380)</u>
Results from superannuation activities before income tax expense		15,366	(1,889)
Income tax (expense)/benefit attributable to net result	9	<u>(1,209)</u>	<u>417</u>
Results from superannuation activities after income tax expense		<u>14,157</u>	<u>(1,472)</u>
Net benefits allocated to defined contribution members		(13,509)	1,378
Net change in defined member benefits		(12)	(72)
Operating result after income tax		<u>636</u>	<u>(166)</u>

The above Income Statement should be read in conjunction with the accompanying notes.

SUNSUPER SUPERANNUATION FUND
STATEMENT OF CHANGES IN MEMBER BENEFITS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Defined contribution member benefits \$M	Defined benefit member benefits \$M	Total \$M
Opening balance as at 1 July 2020		67,371	1,353	68,724
Employer contributions		5,057	47	5,104
Member contributions		1,190	1	1,191
Transfers from other funds		3,587	-	3,587
Successor fund transfers	7	3,197	527	3,724
Income tax on contributions		(802)	(7)	(809)
Net after tax contributions and rollovers		12,229	568	12,797
Benefits to members		(3,663)	(59)	(3,722)
Benefits to members - Early release Covid-19		(1,760)	-	(1,760)
Insurance proceeds credited to members' accounts		253	-	253
Insurance premiums charged to members' accounts (net of tax)	11	(264)	(1)	(265)
Transfers from defined benefit account to defined contribution account		15	(15)	-
Net benefits allocated, comprising:				
Net investment income		13,662	-	13,662
Net administration fees		(153)	-	(153)
Net change in defined benefit member benefits		-	12	12
Closing balance as at 30 June 2021		87,690	1,858	89,548
Opening balance as at 1 July 2019		66,101	1,330	67,431
Employer contributions		4,518	29	4,547
Member contributions		862	-	862
Transfers from other funds		3,525	-	3,525
Successor fund transfers	7	465	-	465
Income tax on contributions		(701)	(4)	(705)
Net after tax contributions and rollovers		8,669	25	8,694
Benefits to members		(4,245)	(50)	(4,295)
Benefits to members - Early release Covid-19		(1,823)	-	(1,823)
Insurance proceeds credited to members' accounts		288	-	288
Insurance premiums charged to members' accounts (net of tax)	11	(264)	(1)	(265)
Transfers from defined benefit account to defined contribution account		23	(23)	-
Net benefits allocated, comprising:				
Net investment income		(1,230)	-	(1,230)
Net administration fees		(148)	-	(148)
Net change in defined benefit member benefits		-	72	72
Closing balance as at 30 June 2020		67,371	1,353	68,724

The above Statement of Changes in Member Benefits should be read in conjunction with the accompanying notes.

SUNSUPER SUPERANNUATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$M	2020 \$M
Cash flows from operating activities			
Interest received		329	301
Dividends and distributions received		1,134	1,598
Rental and other income received		144	53
Insurance proceeds received		268	324
Administration service expenses paid		(128)	(132)
Direct investment expenses paid		(247)	(181)
Other operating expenses paid		(67)	(128)
Group life insurance premiums paid		(308)	(317)
Income tax paid		(516)	(365)
Net inflows of cash from operating activities	3	609	1,153
Cash flows from investing activities			
Purchase of investments		(42,179)	(38,497)
Proceeds from sale of investments		39,756	37,699
Net outflows of cash from investing activities		(2,423)	(798)
Cash flows from financing activities			
Employer contributions received		5,104	4,548
Member contributions received		1,191	862
Transfers from other funds		3,587	3,525
Successor fund transfers		1,697	431
Benefits paid		(5,534)	(6,163)
Net inflows of cash from financing activities		6,045	3,203
Net increase/(decrease) in cash held		4,231	3,558
Cash and cash equivalents at the beginning of the financial year		4,414	856
Cash and cash equivalents at the end of the financial year	3	8,645	4,414

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**SUNSUPER SUPERANNUATION FUND
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2021**

	Note 8	General reserve \$ M	Insurance reserve \$ M	Operational risk financial requirement (ORFR) \$ M	Defined benefits surplus \$ M	Total \$ M
Opening balance as at 1 July 2020		224	1	183	275	683
Successor fund transfers		-	-	-	-	-
Successor fund transfers - prior year distributed		-	-	-	-	-
Operating result		198	-	39	399	636
Transfer to ORFR		(16)	-	16	-	-
Closing balance as at 30 June 2021		406	1	238	674	1,319
Opening balance as at 1 July 2019		319	4	180	375	878
Successor fund transfers		-	-	1	-	1
Successor fund transfers - prior year distributed		(30)	-	-	-	(30)
Operating result		(60)	(3)	(3)	(100)	(166)
Transfer to ORFR		(5)	-	5	-	-
Closing balance as at 30 June 2020		224	1	183	275	683

The above Statement of Changes in Reserves should be read in conjunction with the accompanying notes

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION

Nature of the fund

The Fund was established under a Trust Deed dated 1 October 1987. It is a regulated superannuation fund registered by the Australian Prudential Regulation Authority (APRA) as a registrable superannuation entity (RSE). The RSE registration number is R1000337.

The Fund has both defined contribution and defined benefit members. The purpose of the Fund is to provide superannuation and insurance benefits for members and their dependants. The Fund operates on profit-for-members basis with all profits reinvested to provide improved outcomes for members.

Sunsuper Pty Ltd (ACN 010 720 840) is the Trustee of the Fund and is responsible for managing the Fund, ensuring that it operates the Fund in the best interests of all members and complies with all relevant legal and regulatory requirements.

The Fund is administered by Precision Administration Services Pty Ltd (Precision) (ACN 098 977 667), a 100% owned entity of the Fund.

The custodially held investment assets of the Fund are held by State Street Australia Limited (ACN 002 965 200).

The principal place of business of the Fund is Level 5 30 Little Cribb Street, Milton, Queensland 4064.

	2021	2020
Number of members of the Fund at 30 June	1,383,228	1,387,038

The number of members only includes members with an account balance greater than \$0. As at 30 June 2021 the number of members who had account balances reduced to \$0 due to Early Release COVID19 payments was 21,647 (2020: 38,294).

QSuper and Sunsuper announce Heads of Agreement

On 15 March 2021 Sunsuper Pty Ltd as Trustee for the Fund and the QSuper Board announced the signing of a Heads of Agreement to merge and create a \$200 billion superannuation fund. Since 30 June 2021, legislation was introduced into Queensland Parliament that gives QSuper the ability to pursue the merger with the Fund. Over the coming months, this legislation will be subject to committee processes and the usual legislative scrutiny. APRA and other external partners are currently considering their authorisations with completion of those processes due in the next few months. This will be followed by the Sunsuper Board meeting to consider final approval of the merger.

The merger is expected to be completed as a Successor Fund Transfer (SFT) of Sunsuper members and assets into the QSuper Fund with the intent for the Sunsuper Trustee to replace the QSuper Trustee as Trustee of the merged fund.

It is anticipated the merger will occur within the next twelve months and if it does occur the Fund will no longer be considered a going concern. This has had no impact on the valuation or presentation of the accounts noting that all assets will be transferred on SFT date at fair value.

COVID-19 Early Release of Superannuation Benefits

In March 2020, the Australian Government announced that eligible members could access their superannuation early. These members were able to access up to \$10,000 during the 2019-2020 financial year and a further \$10,000 during the 2020-2021 financial year. The total number of members who accessed early release in each period and the total amount of cash paid to those members was:

Financial Year	No. of Members	Amount Paid \$BN
2020-2021	225,140	1.7
2019-2020	256,275	1.8

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION (CONT.)

Nature of contributions

Contributions to the Fund are determined by the type of membership. For defined contribution members, employers are expected to contribute at least a minimum rate as determined by Industrial Awards or Superannuation Guarantee Legislation. The Superannuation Guarantee rate for the year ending 30 June 2021 was 9.5% (2020: 9.5%). The Superannuation Guarantee rate has increased to 10%, effective 1 July 2021. For defined benefit members, employers are expected to contribute at a rate determined by the Trustee acting on the advice of the appointed actuaries. Employees are also able to make voluntary contributions to defined contribution and defined benefit funds.

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with AASB 1056 and other Australian Accounting Standards and Interpretations, the Superannuation Industry (Supervision) Act 1993 and provisions of the Trust Deed and amendments thereto.

For the purposes of preparing the financial statements, the Fund is a profit for members entity.

The financial statements were authorised for issue by the Directors on 29 September 2021.

Critical accounting judgments and key sources of estimation uncertainty

In the application of Accounting Standards, management is required to make judgments, estimates and assumptions about fair values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments, in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 2 Investments (d): Fair value hierarchy
- Note 5 Defined benefit member liabilities

Analysis of COVID-19 Pandemic (COVID-19)

The Trustee acknowledges the effects COVID-19 is having on the Fund and considers that all reasonable steps have been taken to ensure the values at 30 June 2021 are appropriate. The robust risk management systems in place have seen the Fund appropriately navigate the 2020-2021 financial year. The Trustee continues to monitor the effects of COVID-19 on the operation of the Fund and has carefully considered the financial disclosures contained within these financial statements. It should be noted that certain external valuers have included statements in their respective valuation reports, as at 30 June 2021, that the valuation is subject to valuation uncertainty due to the ongoing economic impacts stemming from the COVID-19 pandemic. Sunsuper considers the valuations to be materially appropriate for the purpose of recording these investments at fair value as at 30 June 2021.

Additional disclosures for the effect of COVID-19 are contained in the following notes:

- Note 2 Investments (d) Fair value hierarchy
- Note 13 Financial Risk Management (d) Market Risk; Interest Rate Sensitivity/ Price risk sensitivity
- Note 13 Financial Risk Management (e) Liquidity Risk

The Australian Government's early release of superannuation scheme permitted eligible members to withdraw up to \$10,000 of their account balance in both the 2019-2020 and 2020-2021 financial years. During this time the Fund has maintained sufficient liquidity to ensure that it could meet these members' payment requests without materially impacting investment returns. The early release scheme ended 31 December 2020.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION (CONT.)

Application of new and revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Initially applied in the financial year ending
AASB 2018-7 'Amendments to Australian Accounting Standards - Definition of Material'	1 January 2020	30 June 2021
AASB 2019-1 'Amendments to Australian Accounting Standards - References to the Conceptual Framework'	1 January 2020	30 June 2021

Management's assessment of the impact of these new Standards and Interpretations is set out below.

AASB 2018-7 'Amendments to Australian Accounting Standards - Definition of Material'

The Standard is effective for periods beginning 1 January 2020. The Standard has not had a material impact on the Fund, as the adoption of the amended standard have not resulted in changes to the accounting policies or disclosures.

AASB 2019-1 'Amendments to Australian Accounting Standards - References to the Conceptual Framework'

The Standard is effective for periods beginning 1 January 2020. The Standard has not had a material impact on the Fund, as the amendment is to update the reference to the conceptual framework for Financial reporting or clarify which version of the framework is being referenced.

Standards and Interpretations in issue not yet adopted

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The reported results and position of the Fund will not change on adoption of these pronouncements as they do not result in any changes to the Fund's existing accounting policies. Adoption may, however, result in changes to information currently disclosed in the financial statements. The Fund does not intend to adopt any of these pronouncements before their effective dates. At the date of authorisation of the financial statements, the Standards and Interpretations which were in issue but not yet effective, and are relevant to the Fund, are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2021-2 'Amendments to Australian Accounting Standards - Disclosure of Accounting Estimates'	1 January 2023	30 June 2024

The initial application of the Standards and Interpretations issued but not yet effective will not have a material impact on the Fund's financial statements. Management's assessment of the impact is as detailed below:

AASB 2021-2 'Amendments to Australian Accounting Standards - Disclosure of Accounting Estimates'

The Standard is effective for periods beginning 1 January 2023. The Standard is not expected to have a material impact on the Fund, as the Fund already adopts a detailed and transparent approach to disclosure of material information.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION (CONT.)

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The significant accounting policies have been set out below or within the relevant notes in these financial statements. The policies have been consistently applied to all periods presented in these financial statements.

(a) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Fund and the amount of revenue can be reliably measured. The following recognition criteria relates to the different items of revenue the Fund receives:

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received at the reporting date, the balance is reflected in the Statement of Financial Position as part of the underlying investment category.

Distributions from unit trusts

Distributions from unit trusts are recognised on a receivable basis on the date the unit value is quoted ex-distribution. If distributions from unit trusts are not received at the reporting date, the amount is reflected in the Statement of Financial Position as part of the underlying investment category.

Interest revenue

Revenue on money market and fixed interest securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of a financial asset to that asset's net carrying amount. If interest is not received at balance date, it is reflected in the Statement of Financial Position as part of the underlying investment category.

Rental income

Rental income from investment property is recognised in accordance with the rental agreement on a straight-line basis.

(b) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(c) Consolidation

Entities that meet the definition of an investment entity within AASB 10; 'Consolidated financial statements' are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. Sunsuper meets the definition of an investment entity and accordingly accounts for controlled entities at fair value.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. GENERAL INFORMATION (CONT.)

An exception to this treatment is where the subsidiary's main purpose and activities are to provide investment related services or activities that relate to the investment entity's investment activities. These types of services include investment advisory services, investment management, investment support and administrative services.

Given that the main purpose of Precision and Sunsuper Financial Services Pty Ltd (Sunsuper Financial Services) (ACN 087 154 818) are to provide administrative services and advice to the Fund and its members, both subsidiaries should be consolidated. However, as the net assets of Precision and Sunsuper Financial Services are not material to the users of the Fund's financial statements as a whole the net assets have been recognised as other assets within the financial statements. Refer to Note 14 (Related Party transactions) for further information. A list of all controlled entities is also included under Note 14 to the financial statements.

(d) Insurance arrangements

The Fund provides income protection, death and disability benefits to its members. The Trustee has group policies in place with third party insurance companies to insure these income protection, death and disability benefits for the members of the Fund.

The Fund collects premiums from members on behalf of the insurance companies. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Using the definition contained within AASB 1056; 'Superannuation entities', the Trustee has determined that the Fund does not act in the capacity of an insurer. Therefore, group life insurance premiums are not revenues or expenses of the Fund and do not give rise to insurance contract liabilities and reinsurance assets. Group life insurance premiums charged to members' accounts and insurance proceeds allocated to members' accounts are recognised in the Statement of Changes in Member Benefits.

(e) Contingent liabilities and assets

There are no material contingent liabilities or assets as at 30 June 2021 (30 June 2020: nil).

(f) Rounding

Due to the size of the Fund's assets, the financial statements and notes to the financial statements have been rounded to the nearest one million dollars unless otherwise stated.

(g) Comparative amounts

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, some line items in the notes to the financial statements have been amended. Comparative figures have been adjusted to conform to the current year's presentation.

2. INVESTMENTS

(a) Asset classes

The Fund's investments have been aggregated by asset classes as contained in the Fund's product disclosure statement (PDS) issued 01 January 2021. These asset classes are used to construct members' investment choice options as disclosed in the PDS. The following asset classes also include derivatives including forwards, futures, options and swaps and are used per the Fund's hedging policy and are in accordance with the strategic asset allocation.

Australian shares

These are investments in companies that are listed on the Australian Securities Exchange (ASX).

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2. INVESTMENTS (CONT.)

International shares

These are investments in companies that are listed on foreign stock exchanges.

Private capital

This asset class generally consists of privately-owned assets including but not limited to private equity funds and venture capital funds.

Property

This asset class generally consists of investments in office buildings, industrial warehouses, retail shopping centres, holiday parks and multi-family residential.

Infrastructure

This asset class generally consists of investments in roads, airports, ports, utility assets, power generation and other community projects and assets.

Fixed interest

These are investments in securities to borrowers such as governments, companies and other entities.

Alternative strategies

This asset class generally consists of specific investments that use complex market trading strategies to generate returns that do not follow the normal investment cycles of the traditional asset classes as well as illiquid credit investments.

Cash

Cash can be any type of cash (including foreign currency) or fixed interest investment that has a short repayment period (normally less than one year). It includes bank bills and short-term bank deposits.

Diversified strategies

These are diversified multi-asset class investments that can incorporate investments from the full range of asset classes listed above. This asset class was closed in 2021.

(b) Investment accounting policies

(i) Classification

The Fund's investments are classified based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial instrument. The Fund's investments are managed and the performance evaluation is made on a fair value basis.

The Fund's investments are classified as fair value through profit or loss. The investments in this classification include;

- Derivative financial instruments such as futures, forward contracts, options and swaps.
- Investments in exchange traded debt and equity instruments, unlisted trusts, unlisted securities, term deposits, commercial paper and direct property investments.

(ii) Recognition/derecognition

The Fund's financial instruments are recognised on the date the Fund becomes party to the contractual agreement (trade date) and changes in the fair value of the investments are recognised from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measures a financial instrument at fair value. Transaction costs are expensed in the Income Statement. Subsequent to initial recognition, all investments at fair value through profit or loss are measured at fair value. Gains and losses are presented in the Income Statement in the period in which they arise as net changes in fair value of financial instruments.

SUNSUPER SUPERANNUATION FUND
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2. INVESTMENTS (CONT.)

(c) Changes in fair value of investments

	2021	2020
	\$M	\$M
Investments held at reporting date		
Australian shares	4,597	(1,836)
International shares	4,293	302
Private capital	1,347	78
Property	691	(107)
Infrastructure	(198)	(175)
Fixed interest	(360)	146
Alternative strategies	139	(11)
Cash	(2)	(7)
Diversified strategies	(2)	24
	10,505	(1,586)
Investments realised during the reporting period		
Australian shares	95	(402)
International shares	1,429	(158)
Private capital	349	(388)
Property	193	(171)
Infrastructure	549	(100)
Fixed interest	268	(54)
Alternative strategies	402	(485)
Cash	1	36
Diversified strategies	253	(193)
	3,539	(1,915)
Total changes in fair values	14,044	(3,501)

Changes in fair value of investments are recognised as revenue and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period).

(d) Fair value hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g. as prices) or indirectly (e.g. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. INVESTMENTS (CONT.)

(d) Fair value hierarchy (cont.)

The table below sets out the Fund's investments at fair value according to the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
30 June 2021	\$M	\$M	\$M	\$M
Australian shares	24,687	28	18	24,733
International shares	22,566	(16)	7	22,557
Private capital	(17)	31	6,533	6,547
Property	120	616	6,630	7,366
Infrastructure	22	(14)	5,055	5,063
Fixed interest	706	10,036	1	10,743
Alternative strategies	147	2,681	1,009	3,837
Cash	3,393	789	-	4,182
Diversified strategies	-	-	-	-
Total	51,624	14,151	19,253	85,028
30 June 2020				
Australian shares	17,989	40	4	18,033
International shares	14,102	93	3	14,198
Private capital	14	88	4,843	4,945
Property	41	359	5,942	6,342
Infrastructure	91	544	4,713	5,348
Fixed interest	228	8,649	2	8,879
Alternative strategies	207	2,100	982	3,289
Cash	3,117	1,076	-	4,193
Diversified strategies	691	403	-	1,094
Total	36,480	13,352	16,489	66,321

The pricing for the majority of the Fund's investments is sourced from independent pricing sources, the relevant investment manager or reliable brokers' quotes.

Investments for which values are based on quoted market prices in active liquid markets, e.g. recognised stock exchanges, and therefore classified within level 1, include listed equities and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments include fixed interest securities, over-the-counter derivatives and investments in unlisted unit trusts within which the underlying securities are primarily valued by applying quoted market prices in active markets. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include certain unlisted investment vehicles such as unit trusts and partnerships as well as direct property. As observable prices are not available for these investments, the Fund has typically received valuations from investment managers, or from independent valuers appointed by them, who have used generally accepted valuation techniques to derive fair value.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. INVESTMENTS (CONT.)

(d) Fair value hierarchy (cont.)

In late 2019 the Fund enhanced its valuation processes, including forming a Valuation Committee (VC). The VC has oversight of non-daily priced asset valuations, valuation processes, guidelines and policies.

The Fund's policy is to recognise transfers into and transfers out of the fair value hierarchy as at the end of the reporting period. Investments are assessed annually to confirm that valuation techniques have remained consistent, otherwise the investments may be transferred between levels. Transfers identified below in the movement in level 3 investments, represent listed shares that were suspended for trading as at reporting date but were previously classified as level 1. There were no material transfers between levels in the fair value hierarchy for the year ended 30 June 2021 or 2020.

Movement in level 3 investments

The following tables present the movement in level 3 financial assets as at the reporting date by asset classes of financial instruments.

	Opening balance at 1 July	Changes in fair value of investments in Income statement	Purchases	Redemptions	Transfers to/(from) level 3	Closing balance at 30 June
	\$M	\$M	\$M	\$M	\$M	\$M
30 June 2021						
Australian shares	4	(2)	-	-	16	18
International shares	3	-	1	(3)	6	7
Private capital	4,843	1,309	1,216	(835)	-	6,533
Property	5,942	633	984	(929)	-	6,630
Infrastructure	4,713	416	811	(885)	-	5,055
Fixed interest	2	-	-	(1)	-	1
Alternative strategies	982	(14)	362	(321)	-	1,009
Total	16,489	2,342	3,374	(2,974)	22	19,253
30 June 2020						
Australian shares	-	-	2	-	2	4
International shares	2	(1)	1	(1)	2	3
Private capital	4,636	(77)	1,045	(761)	-	4,843
Property	6,422	(97)	1,577	(1,960)	-	5,942
Infrastructure	4,333	(283)	859	(196)	-	4,713
Fixed interest	2	-	-	-	-	2
Alternative strategies	632	(121)	642	(171)	-	982
Total	16,027	(579)	4,126	(3,089)	4	16,489

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. INVESTMENTS (CONT.)

(d) Fair value hierarchy (cont.)

Changes in fair value of level 3 investments in Income Statement on assets held at the reporting date were as below:

	2021	2020
	\$M	\$M
Australian shares	1	1
International Shares	(1)	-
Private capital	1,118	(287)
Property	523	(343)
Infrastructure	32	(290)
Alternative strategies	(13)	(119)
Total	<u>1,660</u>	<u>(1,038)</u>

Valuation inputs and relationships to fair value of level 3 investments

Where a valuation model technique is used, the underlying investment manager or external independent valuer considers liquidity, credit and market risk factors, and adjusts the model as deemed necessary. As part of this process, valuers generally consider several alternative valuation assumptions in their models which determine valuation ranges around the valuer's best estimate of fair value.

The Fund has worked with independent valuers and external managers to ensure that the valuations provided include thorough consideration of both the short-term and long-term impacts of COVID-19. A number of sectors within the Level 3 hierarchy have been specifically affected by COVID-19 such as Infrastructure (e.g. airports) and Property (e.g. retail property) which has led to lower valuations. The Fund, however, maintains a diversified portfolio of investments which has meant that there is no single material driver across the Level 3 group of assets beyond the broad ranging impacts of COVID-19. The Fund has constructed this portfolio in order to avoid any specific risks or factors that might affect valuations across the entire category.

The following table illustrates how the valuation ranges around fair value provided to the Fund could affect operating result after income tax and net assets available for member benefits if other reasonably possible alternative valuation assumptions were used as at the reporting date.

	Effects on operating results after income tax / Net assets attributable to members			
	2021		2020	
	Favourable change	unfavourable change	Favourable change	unfavourable change
	\$M	\$M	\$M	\$M
Property	64	(59)	67	(60)
Infrastructure	237	(186)	256	(222)
Alternative strategies	26	(23)	25	(23)

(e) Offsetting financial assets and financial liabilities

Financial assets and liabilities, specifically derivative financial instruments, are offset and the net amount reported in the Statement of Financial Position, as there is a legally enforceable right to offset the recognised amounts. The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the table below.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. INVESTMENTS (CONT.)

(e) Offsetting financial assets and financial liabilities (cont.)

	2021	2020
	\$M	\$M
Derivative financial instruments		
Gross amounts of financial assets	1,230	1,637
Gross amounts of financial liabilities	(1,007)	(1,187)
Net amount of financial assets presented in the Statement of Financial Position	<u>223</u>	<u>450</u>

(f) Investments commitments

As at 30 June 2021, Sunsuper has uncalled commitments with investment managers to the value of \$7,985m, the majority are expected to be settled within 5 years of reporting date and will transfer with the merger (2020: \$7,298m). The Fund has no other material commitments, contingent assets or contingent liabilities as at 30 June 2021.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and deposits held at call with a bank or other financial institution. For the purpose of Statement of Cash Flows, cash and cash equivalents includes cash balances held for both operational and investment purposes.

	2021	2020
	\$M	\$M
Cash and deposits at call held in CBA bank account	120	112
Cash at bank held by the custodian	8,525	4,302
Total cash and cash equivalents	<u>8,645</u>	<u>4,414</u>

Reconciliation of net change in cash from operating activities to operating result after income tax.

	2021	2020
	\$M	\$M
Operating result after income tax	636	(166)
Adjustments for:		
(Increase)/decrease in fair value of financial instruments	(14,044)	3,501
Dividends and distributions income re-invested	(279)	(99)
Net benefits allocated to DC members	13,509	(1,378)
Net benefits allocated to DB members	12	72
Change in operating assets and liabilities		
(Increase)/decrease in receivables	89	51
Increase/(decrease) in payables	33	(54)
Increase/(decrease) in income tax payables	1,527	(385)
Group life insurance premiums paid	(308)	(317)
Insurance proceeds received	268	324
Income tax paid on contributions received	(834)	(396)
Total net inflows from operating activities	<u>609</u>	<u>1,153</u>

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

4. DEFINED CONTRIBUTION MEMBER LIABILITIES

Obligations relating to member entitlements are recognised as member liabilities. Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date. Defined contribution members bear the investment risk relating to the underlying assets of the Fund. Unit prices are updated on a daily basis for movements in investment markets. The Fund's management of the investment market risks is as disclosed within Note 13. Defined contribution members' liabilities were fully vested as at 30 June 2021 and 30 June 2020.

5. DEFINED BENEFIT MEMBER LIABILITIES

Defined benefit member liabilities are measured as the amount of the accrued benefits as at the reporting date, being the estimated present value of a portfolio of investments that would be needed as at the reporting date to yield future net cash flows that would be sufficient to meet the accrued benefits on the date when they are expected to fall due.

The Fund engages qualified actuaries on an annual basis to measure defined benefit member liabilities in each of its defined benefit plans. In determining the defined benefit member liabilities, the appointed actuary determines appropriate assumptions in respect to discount rate, salary adjustment rate, resignations and mortality.

The Fund has sixteen defined benefit plans as at the reporting date. The discount rate and salary adjustment rate used to determine the values of accrued liabilities for each of the defined benefit plans were:

Defined benefit plan	2021				2020			
	Pre-retirement discount rate	Post-retirement discount rate	Pension Increase rate	Salary adjustment rate	Pre-retirement discount rate	Post-retirement discount rate	Pension Increase rate	Salary adjustment rate
Amatil ⁽¹⁾	3.4%	3.3%	2.0%	2.8%	-	-	-	-
CCH	6.0%	-	-	4.0%	6.5%	-	-	4.5%
Dulux Group (Australia)	5.3%	5.8%	-	3.3%	5.8%	6.3%	-	3.8%
DXC ⁽¹⁾	5.8%	6.3%	-	3.0%	-	-	-	-
Goodman Fielder	6.0%	-	-	4.0%	6.5%	-	-	4.5%
Hanson Australia	6.0%	-	-	4.5%	6.5%	-	-	5.0%
IAG ⁽¹⁾	6.0%	6.5%	2.5%	3.0%	-	-	-	-
NRMA ⁽¹⁾	6.0%	6.5%	-	3.0%	-	-	-	-
Mondelez	6.0%	6.5%	2.5%	4.0%	6.5%	7.0%	3.0%	4.5%
Otis ⁽¹⁾	5.0%	-	-	3.0%	-	-	-	-
Procter & Gamble	5.8%	-	-	3.8%	6.5%	-	-	4.5%
RACV ⁽¹⁾	5.3%	5.8%	-	2.5%	-	-	-	-
RB Super	5.8%	6.3%	3.0%	3.0%	6.0%	6.5%	3.5%	3.5%
Simplot Australia	6.0%	-	-	4.0%	6.5%	-	-	4.5%
Swiss Re	-	6.5%	2.5%	-	-	7.0%	3.0%	-
Unilever	3.3%	3.5%	2.0%	2.0%	2.8%	3.3%	2.0%	2.0%

(1) New Defined benefit plan for FY2021.

The Fund and its actuaries use sensitivity analysis to monitor the potential impact of changes to the assumptions. The Fund and its actuaries have identified various assumptions (being the discount rate, Pension Increase rate and the rate of salary adjustment) for which changes are reasonably possible and that would have a material impact on the amount of the defined benefit member liabilities. The assumed discount rate has been determined by reference to the long-term investment returns expected on the investment portfolio of each sub-plan and takes into account the term of the member liabilities. The assumed annual salary adjustment has been determined by reference to the long-term salary increases and in consultation with the employer-sponsors. Changes to the other assumptions, including resignations and mortality rates, do not have a material impact on the amount of the defined benefit member liabilities.

SUNSUPER SUPERANNUATION FUND
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5. DEFINED BENEFIT MEMBER LIABILITIES (CONT.)

The following are sensitivity calculations on a single variable basis for the discount rate and rate of salary adjustment assumptions for each of the defined benefit plans:

Defined benefit plan	Effects on defined benefit member liability in \$'000s (increase)/decrease in the member benefit liability							
	2021				2020			
	Discount rate		Salary adjustment rate		Discount rate		Salary adjustment rate	
	+0.5%	-0.5%	+1.0%	-1.0%	+0.5%	-0.5%	+1.0%	-1.0%
Amatil ⁽³⁾	1,616	(1,670)	(2,856)	2,640	-	-	-	-
CCH ⁽²⁾	-	-	-	-	-	-	-	-
Dulux Group (Australia)	6,655	(9,381)	(9,028)	1,126 ⁽⁴⁾	5,081	(6,151)	(6,988)	1,195 ⁽¹⁾
DXC ⁽³⁾	715	(857)	(195)	174	-	-	-	-
Goodman Fielder ⁽²⁾	-	-	-	-	-	-	-	-
Hanson Australia	339	(361)	(551)	498	360	(379)	(589)	550
IAG ⁽³⁾	6,455	(7,717)	(11,177)	9,809	-	-	-	-
NRMA ⁽³⁾	156	(156)	-	-	-	-	-	-
Mondelez	100	(106)	(201)	179	107	(115)	(218)	192
Otis ⁽³⁾	3,075	(3,495)	(5,033)	4,613	-	-	-	-
Procter & Gamble	2	(3)	(4)	3	2	(2)	(6)	5
RACV ⁽³⁾	2,447	(2,942)	(668)	636 ⁽⁴⁾	-	-	-	-
RB Super	73,066	(82,600)	(168,678)	134,964	73,333	(82,891)	(168,797)	135,150
Simplot Australia ⁽²⁾	-	-	-	-	-	-	-	-
Swiss Re	424	(451)	(888)	797	452	(481)	(951)	853
Unilever	410	(463)	(906)	762	453	(490)	(948)	829
Total	95,460	(110,202)	(200,185)	156,201	79,788	(90,509)	(178,497)	138,774

(1) The pension increase assumption has not been reduced by 1% as the assumed pension increase rate is 0% per annum.

(2) The Discount/Salary rate adjustments were applied to these Plans and the results were nil e.g. changing the assumptions had no impact on the member liability.

(3) New Defined benefit plan for FY2021.

(4) The assumed pension increase was unchanged at 0% per annum.

SUNSUPER SUPERANNUATION FUND
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6. DEFINED BENEFIT PLANS THAT ARE OVER / (UNDER) FUNDED

The actuarial reviews completed for valuation date of 30 June 2021 and 30 June 2020 reported the below results for the Fund's defined benefit plans:

As at 30 June 2021

Defined benefit plan	Net assets for defined benefit members at valuation date	Actuarial value of accrued benefits for defined benefit members	Over funded or (Under funded)
	\$'000s	\$'000s	\$'000s
Amatil	65,729	53,878	11,851
CCH	2,395	2,330	65
Dulux Group (Australia) ⁽²⁾	182,560	186,547	(3,987)
DXC	54,825	38,910	15,915
Goodman Fielder	4,715	3,839	876
Hanson Australia	40,044	35,853	4,191
IAG	209,932	166,974	42,958
NRMA	44,600	34,689	9,911
Mondelez	71,413	59,722	11,691
Otis	177,177	149,947	27,230
Proctor & Gamble	3,589	2,240	1,349
RACV	56,188	48,994	7,194
RB Super	1,583,129	1,047,344	535,785
Simplot Australia	1,513	1,171	342
Swiss Re	15,332	12,759	2,573
Unilever	18,762	12,673	6,089
Total⁽¹⁾	2,531,903	1,857,870	674,033

As at 30 June 2020

Defined benefit plan	Net assets for defined benefit members at valuation date	Actuarial value of accrued benefits for defined benefit members	Over funded or (Under funded)
	\$'000s	\$'000s	\$'000s
CCH	1,939	1,893	46
Dulux Group (Australia) ⁽²⁾	158,501	169,735	(11,234)
Goodman Fielder	3,870	3,118	752
Hanson Australia	32,156	31,548	608
Mondelez	67,091	59,882	7,209
Proctor & Gamble	3,346	2,148	1,198
RB Super	1,325,514	1,055,338	270,176
Simplot Australia	1,884	1,613	271
Swiss Re	13,753	13,205	548
Unilever	19,224	14,024	5,200
Total⁽¹⁾	1,627,278	1,352,504	274,774

(1) The Net assets for defined benefit members at valuation date is represented in the Statement of Financial Position by Defined benefit member liabilities and Defined benefits surplus.

(2) As at 30 June, the Dulux plan was in an unsatisfactory financial position and is subject to a Restoration Plan as required under Prudential Standard SPS 160

The amount of vested benefits attributable to defined benefit members as at 30 June 2021 is \$1,805,752,000 (2020: \$1,286,841,000).

SUNSUPER SUPERANNUATION FUND
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7. TRANSFERS FROM SUCCESSOR FUNDS

In the 2021 financial year, there were 6 successor fund transfers (SFT) (2020: 2). The assets which were transferred have been valued in accordance with the Fund's accounting policies. The transfers occurred as follows:

Fund/Plan	Transfer Date	Amount \$M
2021		
Otis	Jul 2020	305
Amatil	Oct 2020	435
RACV	Oct 2020	174
IAG-NRMA	Nov 2020	2,311
DXC	Nov 2020	414
Worley	Mar 2021	123
Total		<u>3,762</u>
2020		
Metcash	Feb 2020	75
ACAST	May 2020	356
CBH ⁽¹⁾	Apr 2019	(7)
AustSafe Superannuation Fund ⁽²⁾	May 2018	12
Total		<u>436</u>

(1) Settlement of final SFT expenses post SFT date.

(2) Net income after settlement of final SFT expenses post SFT date.

The transfers from all SFTs have resulted in following movements in member liabilities and reserves of the Fund:

	2021 \$M	2020 \$M
Defined contribution member liabilities	3,197	465
Defined benefit member liabilities	527	-
General reserve	-	(30)
Operational risk financial requirement reserve	-	1
Other liabilities	38	-
	<u>3,762</u>	<u>436</u>

SUNSUPER SUPERANNUATION FUND
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8. RESERVES

In order to comply with legislative and Trust Deed requirements, the Trustee maintains a number of reserves in the Fund for the benefit of members.

Operational risk financial requirement

The Trustee is required to maintain adequate financial resources to address losses arising from operational risks that may affect its business operations. The operational risk financial requirement (ORFR) is the target amount of financial resources that the Trustee determines is necessary to respond to these losses.

The Trustee sets an ORFR target amount at 0.25% of Fund net assets plus 0.10% of the Sunsuper Pooled Superannuation Trust (PST) net assets. The PST is a controlled entity (refer Note 14) and has the same trustee as the Fund.

The amount of ORFR held by the Fund which is attributed to the PST at 30 June 2021 is \$11m (2020: \$9.5m).

Initial funding of the ORFR and future top-ups or replenishments are made from the general reserve. The ORFR is invested in the Balanced Option.

General reserve

The Trustee maintains a general reserve in the Fund for the benefit of members. The general reserve is maintained in order to:

- Assist meeting the operating expenses of the Fund;
- Assist with the management of the operational risks of the Fund, including meeting losses from events not covered by insurance, or not claimed under insurance policies, and not met from the ORFR;
- Assist the ORFR;
- Assist the timing differences between the level of investment tax and the investment costs incurred by the Fund and the level of investment tax and investment fees charged to members; and
- Assist expenses and capital investments in assets designed to enhance the efficiency of the Fund's operations.

The Trustee does not maintain the general reserve for the purpose of smoothing investment earnings of any investment options. Members' accounts are credited or debited with the actual earnings of their investment option or options.

The general reserve is invested in:

- The Balanced Option;
- The Conservative Option;
- Low volatility investments (e.g. cash) to fund significant short-term liabilities (e.g. taxes);
- New investment options up to a combined total of \$5m to provide seed funding on a temporary basis; and
- Any other investments approved by the Trustee.

Insurance Reserve

The Trustee maintains an insurance reserve in the Fund predominantly for the benefit of insured members in the Sunsuper for Life industry product. The insurance reserve is maintained in order to:

- Reduce insurance premiums;
- Help offset insurance administration costs and/or insurance project costs; and
- Ensure the insurance service offering for members is simple, efficient and improves the customer experience.

The insurance reserve is invested in cash.

SUNSUPER SUPERANNUATION FUND
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9. INCOME TAX

This note provides an analysis of the Fund's income tax expense and how the tax expense is affected by non-assessable and non-deductible items.

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1997 as amended. Accordingly, the concessional tax rate of 15% has been applied.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Fund intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or benefit in the Income Statement.

(a) Income tax/(benefit) recognised in Income Statement

	2021	2020
	\$M	\$M
Tax expense comprises:		
Current tax (benefit)/expense	254	(163)
Adjustments for current tax of prior years	31	(11)
Deferred tax expense relating to the origination and reversal of temporary differences	924	(243)
Total income tax expense/(benefit)	1,209	(417)

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

9. INCOME TAX (CONT.)

(a) Income tax/(benefit) recognised in Income Statement (Cont.)

The prima facie income tax expense on results from superannuation activities before tax reconciles to the income tax expense in the financial statements as follows:

	2021	2020
	\$M	\$M
Operating results before income tax	15,366	(1,889)
Income tax expense at 15%	2,304	(283)
Non-assessable investment income	(830)	195
Imputation credits and other rebates	(248)	(303)
Other	(48)	(15)
Adjustments for current tax of prior years	31	(11)
Total income tax expense/(benefit)	1,209	(417)

There has been no change in the superannuation tax rate of 15% when compared with the previous reporting period.

(b) Deferred tax balances

The balances comprise temporary differences attributable to:

	2021	2020
	\$M	\$M
Deferred tax liabilities:		
Net unrealised revenue gains	(41)	(26)
Net unrealised capital gains	1,694	753
Net deferred tax liabilities	1,653	727

10. OTHER OPERATING EXPENSES

	2021	2020
	\$M	\$M
Sponsorship and advertising ⁽¹⁾	7	9
Trustee company administration fees	1	1
Project expenditure	27	27
Insurance reserve funded group life premiums	1	8
Salaries and employee benefits	41	35
Statutory charges	5	5
Other expenses	4	-
	86	85

(1) Please refer to Note 14(f) for the portion of sponsorship and advertising expenses paid to related parties included in sponsorship and advertising operating expenses.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

11. INSURANCE PREMIUM EXPENSE

Sunsuper members who have insurance cover have their premiums deducted from their super-savings account each month. In 2020, the Fund subsidised members premiums directly from the Insurance Reserve. This arrangement ceased in 2021.

	2021	2020
	\$M	\$M
Insurance premiums charged to members' accounts (net of tax)	265	265
Tax benefit rebated to members	46	46
Member funded group life premiums	311	311
Insurance reserve funded group life premiums	1	8
Total insurance premium expense	312	319

12. REMUNERATION OF AUDITORS & ACTUARIES

Remuneration of auditors	2021	2020
	\$	\$
Deloitte Touche Tohmatsu		
External audit services	464,649	449,643
Other non-audit services - tax services	-	32,829
Other non-audit services - advisory services	357,641	18,497
	822,290	500,969
KPMG		
Internal audit services	418,863	364,836
Other non-audit services - advisory services	113,302	262,617
	532,165	627,453
Remuneration of actuaries	2021	2020
	\$	\$
Towers Watson Australia Pty Ltd		
Actuarial Services	817,946	56,268
Other non-actuarial services	465,163	25,759
	1,283,108	82,027
Mercer		
Other non-actuarial services	60,331	-
	60,331	-
AON	64,351	-
Sunsuper Financial Services Pty Ltd	35,635	72,523

Towers Watson Australia Pty Ltd is the actuary for OTIS, Amatil, Unilever and RB Super defined benefit plans. Mercer is the actuary for IAG, NRMA and RACV defined benefit plans. AON is the actuary for DXC defined benefit plan. Sunsuper Financial Services (See Note 14) is the actuary for the Fund's other defined benefit plans.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

13. FINANCIAL RISK MANAGEMENT

(a) Financial instruments management

The investments of the Fund are primarily managed externally on behalf of the Trustee by specialist fund managers who are required to invest the assets allocated for management in accordance with the terms of a written investment management agreement or relevant offer document. The Trustee has determined that the appointment of these managers is appropriate for the Fund and is in accordance with the Trustee's investment strategy.

State Street Australia Limited acts as master custodian on behalf of the Trustee and as such provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends, securities lending and accounting for investment transactions.

(b) Financial risk management objectives

The Fund is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, market risk (including interest rate risk, currency risk, and price risk) and liquidity risk. The Fund's risk management and investment policies, approved by the Trustee, seek to manage the potential adverse effects of these risks on the Fund's financial performance. These policies may include the use of certain derivative financial instruments.

It is the responsibility of the Trustee to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements the Trustee has the function of overseeing the establishment and maintenance of risk-based systems and controls for the Fund. The Trustee has developed, implemented and maintains a Risk Management Framework (RMF) that is used in the daily operations of the Fund.

The RMF identifies the Trustee's policies and procedures, processes and controls that comprise its risk management and control systems. These systems seek to address the material risks, financial and non-financial, likely to be faced by the Fund. Annually, the Trustee certifies to APRA that adequate strategies have been put in place to monitor those risks. The Trustee has systems in place to provide reasonable assurance that the Fund complies with legislative and prudential requirements and that the Trustee has satisfied itself as to the compliance with the RMF.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund.

There are two main sources of credit risk in Sunsuper's investments:

- the risk that a borrower will default on payments due under certain financial instruments that the Fund holds as an asset; and
- the risk that a counterparty to a financial derivative contract will not meet payments that are due.

The Trustee has adopted the policy of spreading the aggregate value of transactions amongst approved counterparties with appropriate credit qualities, as a means of mitigating the risk of financial loss.

In particular, the Trustee has appointed investment managers who are required to explicitly consider the credit quality of the underlying investments and are also required to restrict exposure to individual borrowers and counterparties. Compliance with these requirements is continuously monitored through the managers' internal compliance functions and is also independently monitored by the custodian appointed by the Trustee. In addition, the Trustee has entered into netting arrangements to restrict the maximum potential loss that can result from a failure by counterparties to derivative contracts.

The Trustee receives regular reporting on breaches and where appropriate will seek compensation in respect to any breach that results in a material loss.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

13. FINANCIAL RISK MANAGEMENT (CONT.)

(c) Credit Risk (cont.)

The principal asset classes in which material credit risk can arise are in the cash, fixed interest, and alternative strategies portfolios. The carrying amounts of the financial assets represent the maximum credit risk exposure at the reporting date. The majority of borrowers in respect to bonds and loans in the cash and fixed interest asset classes have been assessed at the time of investment as "investment grade" by a recognised ratings agency.

The Fund does not have any significant credit risk exposure to any single counterparty or to any group of counterparties having similar characteristics, with the exception of the Australian banking sector. Concentration of credit risk related to the Australian banking sector at 30 June 2021 was 3.03% (2020: 5.72%) of total investments.

Non-Investment credit risk is regarded as minimal for the Fund. Liabilities only arise after contributions are actually received from employers and other receivables are not material to the Fund.

(d) Market risk

Market risk is the risk that the fair value of a financial asset will fluctuate because of general market changes, fundamental changes that affect specific assets, or changes in sentiment. Market risk is manifested in three main types of risk: market interest rates (interest rate risk), foreign exchange (currency risk), and market prices (price risk). The Fund's policies and procedures put in place to mitigate exposure to market risk are detailed in the Trustee's investment policies and the RMF. COVID-19 related effects have not required any material change to the nature of the Fund's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's investments in bonds, fixed interest securities, debt securities and cash are subject to interest rate risk.

The Fund's activities expose it to the financial risk of changes in interest rates. In relation to the financial assets of the Fund, floating rate instruments expose the Fund to cash flow risk, whereas fixed interest rate instruments expose the Fund to fair value interest rate risk. The Fund has no direct exposure to interest rate risk for any financial liabilities but does note that changes in interest rates may affect the fair value of the Fund's financial assets which in turn affect the value of members' accounts.

The following table has been drawn up based on the expected maturities of the financial assets including interest that will be earned on those assets. The interest rate risk disclosures have been prepared on the basis of the Fund's direct investments and not on a look-through basis for investments held indirectly through unit trusts or other investment vehicles.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

13. FINANCIAL RISK MANAGEMENT (CONT.)

(d) Market risk (cont.)

Interest rate risk (cont.)

	Floating Interest rate	Fixed interest rate				Non- interest bearing	Total
		3 months or less	3-12 months	1-5 years	Over 5 years		
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
30 June 2021⁽¹⁾							
Financial assets							
Investments							
-Australian shares	20	18	5	-	-	24,690	24,733
-International shares	72	-	-	1	-	22,484	22,557
-Private capital	100	-	-	-	-	6,447	6,547
-Property	47	-	-	-	-	7,319	7,366
-Infrastructure	470	-	-	-	9	4,584	5,063
-Fixed interest	1,360	173	644	2,759	5,167	640	10,743
-Alternative strategies	223	(2)	-	-	159	3,457	3,837
-Cash	325	1,039	2,509	-	309	-	4,182
-Diversified strategies	-	-	-	-	-	-	-
Cash and cash equivalents	8,645	-	-	-	-	-	8,645
Receivables and other assets	25	-	-	-	-	101	126
	11,287	1,228	3,158	2,760	5,644	69,722	93,799
Financial liabilities							
Payables	-	-	-	-	-	264	264
Net financial assets	11,287	1,228	3,158	2,760	5,644	69,458	93,535

	Floating interest rate	Fixed interest rate				Non- interest bearing	Total
		3 months or less	3-12 months	1-5 years	Over 5 years		
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
30 June 2020							
Financial assets							
Investments							
-Australian shares	14	36	-	-	-	17,983	18,033
-International shares	2	-	-	-	-	14,196	14,198
-Private capital	16	-	-	-	-	4,928	4,944
-Property	32	-	-	-	-	6,310	6,342
-Infrastructure	246	-	120	-	9	4,973	5,348
-Fixed interest	1,724	449	249	1,873	3,858	726	8,879
-Alternative strategies	229	(7)	(1)	-	164	2,904	3,289
-Cash	60	1,569	2,257	-	307	-	4,193
-Diversified strategies	56	(1)	-	32	102	906	1,095
Cash and cash equivalents	4,414	-	-	-	-	-	4,414
Receivables and other assets	35	-	-	-	-	112	147
	6,828	2,046	2,625	1,905	4,440	53,038	70,882
Financial liabilities							
Payables	-	-	-	-	-	264	264
Net financial assets	6,828	2,046	2,625	1,905	4,440	52,774	70,618

(1) Although it is expected that the Fund will wind up within the next 12 months (refer Note 1), the current expected maturities of the financial assets as at 30 June 2021 in this table have been disclosed past the next 12 months, as these assets are expected to continue to be held post the expected SFT.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

13. FINANCIAL RISK MANAGEMENT (CONT.)

(d) Market risk (cont.)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. The Fund has relied on discussions with our independent advisers to ensure that the sensitivity analysis considers the effect of COVID-19 and the likely scenarios for the foreseeable future. A 77 basis points (2020: 70 bps) increase or decrease represents management's assessment of the possible change in interest rates.

The following table illustrates the effect on operating results after income tax and net assets available for member benefits from possible changes in market risk that were reasonably possible based on the risk the Fund was exposed to at reporting date. Liability for accrued benefits would also change by a similar amount as net assets available for member benefits.

	Effects on operating results after income tax / Net assets available for member benefits			
	2021		2020	
	+77 bps	- 77 bps	+70 bps	- 70 bps
	\$M	\$M	\$M	\$M
Effects on operating results after income tax / net assets available for member benefits	(417)	417	(265)	265

Currency risk

Currency risk is the risk that the fair value of a financial asset will fluctuate because of changes in foreign exchange rates. All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date and exchange differences are recognised in the Income Statement in the period in which they arise.

The Fund undertakes certain transactions denominated in foreign currencies and is therefore exposed to the effects of exchange rate fluctuations. This exchange rate exposure is managed in line with the Trustee's RMF, investment policies and parameters. The Fund's overall strategy in foreign currency risk management remains unchanged from 2020.

It is the policy of the Trustee to enter into forward foreign exchange contracts and cross currency swaps to cover the change in asset values that may arise from currency translation. The contracts are entered into on a rolling basis throughout the year and, consequently, there is no specific cover for foreign currency payments and receipts.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

13. FINANCIAL RISK MANAGEMENT (CONT.)

(d) Market risk (cont.)

Currency risk (cont.)

The Fund's exposure to foreign exchange rate movements on its investments was as follows:

	Investments denominated in foreign currency							
	USD A\$ M	EUR A\$ M	GBP A\$ M	JPY A\$ M	CAD A\$ M	CNY A\$ M	CHF A\$ M	OTHER A\$ M
30 June 2021								
Gross investment amounts denominated in foreign currency	31,650	3,485	1,806	1,427	544	701	626	4,474
Less: Currency forwards and swaps	16,384	1,011	876	(384)	(677)	(65)	1,724	213
Net exposure	15,266	2,474	930	1,811	1,221	766	(1,098)	4,261
30 June 2020								
Gross investment amounts denominated in foreign currency	23,094	2,985	1,350	1,128	346	613	345	2,984
Less: Currency forwards and swaps	15,586	1,374	591	(306)	(643)	(12)	1,569	(26)
Net exposure	7,508	1,611	759	1,434	989	625	(1,224)	3,010

Currency sensitivity

The following table details the Fund's sensitivity to a 9% (2020: 7%) increase and decrease in the Australian Dollar against the relevant foreign currencies. A 9% increase or decrease is management's assessment of the possible change of foreign exchange rates and their effect on investment returns based on a 10-year historical average. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 9% (2020: 7%) change in foreign currency rates. Liability for accrued benefits would also change by a similar amount as net assets available for member benefits.

	Effects on operating results after income tax / Net assets available for member benefits			
	2021		2020	
	+ 9%	- 9%	+ 7%	- 7%
	\$M	\$M	\$M	\$M
USD impact	(1,071)	1,283	(418)	480
EUR impact	(174)	208	(90)	103
GBP impact	(65)	78	(42)	49
JPY impact	(127)	152	(80)	92
CAD impact	(86)	103	(55)	63
CNY impact	(54)	64	(35)	40
CHF impact	77	(92)	68	(78)
Other currencies impact	(299)	358	(167)	193

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

13. FINANCIAL RISK MANAGEMENT (CONT.)

(d) Market risk (cont.)

Price risk

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. The Fund has investments in a variety of assets which are exposed to price risk. The Fund is exposed to equity price risk arising from market equity investments and other price risk arising from its investments in collective vehicles.

As the majority of the Fund's financial instruments are carried at fair value with changes in fair value recognised in the Income Statement, all changes in market conditions will directly affect net investment income.

Price risk is mitigated by the Fund's investment managers by constructing diversified portfolios of instruments traded on various markets.

Price risk sensitivity

The following table illustrates the effect on operating results after income tax and net assets available for member benefits from specified changes in average market prices that are reasonably likely over a year based on management's assessment of the volatility the Fund was exposed to, including any exposure to COVID-19 affected investments at the reporting date.

The below changes in volatility factors have been determined by taking a rolling 10-year historical average movement in absolute returns. This approach is consistent with long term nature of Superannuation investments and is consistent with prior period disclosures.

	Change in variable		Effects on operating results after income tax / Net assets available for member	
	2021 +/-	2020 +/-	2021 \$M	2020 \$M
Australian shares	15%	11%	3,336	1,785
International shares	16%	12%	3,212	1,526
Private capital	12%	10%	707	451
Property	8%	9%	521	509
Infrastructure	13%	12%	593	511
Alternative strategies	7%	7%	231	200
Diversified strategies	-	9%	-	89

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
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13. FINANCIAL RISK MANAGEMENT (CONT.)

(e) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as and when they fall due or can only do so on terms that are materially disadvantageous.

The Fund's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. The Fund allows members to withdraw benefits and it is therefore exposed to the liquidity risk of meeting members' withdrawals within the timeframes permitted under relevant law. In some circumstances, the Trustee has the discretion to delay redemptions. The value of the liabilities to members is determined by the value of the assets.

The Fund's liquidity risk is managed in accordance with the Fund's investment strategy and liquidity policy. The Fund principally manages liquidity risk by maintaining adequate banking facilities, continuous monitoring of forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities and through regular scenario testing designed to control the minimum exposure to liquid asset classes at any one point in time. The Fund also has a high level of net inward cash flows (through new contributions) which provide additional capacity to manage liquidity risk.

The Australian Government's early release of superannuation scheme permitted eligible members to withdraw up to \$10,000 of their account balance during the financial year. The Fund has maintained sufficient liquidity to ensure that it could meet these members' payment requests without materially impacting investment returns. The early release scheme ended 31 December 2020.

The following table summarises the maturity profile of the Fund's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund can be required to pay.

	3 months or less \$M	3-12 months \$M	1-5 years \$M	Over 5 years \$M	Total \$M
30 June 2021⁽¹⁾					
Member benefits					
Defined member contribution	88,057	-	-	-	88,057
Defined benefit contribution	1,491	-	-	-	1,491
Other:					
Payables	264	-	-	-	264
Other financial liabilities	2,910	-	-	-	2,910
Cash collateral repayable	1,229	-	-	-	1,229
Net derivative liabilities:					
Futures	49	-	-	-	49
Options	2	49	-	-	51
Forward foreign exchange contracts					
- Outflow	482	283	-	-	765
- Inflow	(75)	(10)	-	-	(85)
Cross - currency swaps					
- Outflow	-	1,043	3,210	330	4,583
- Inflow	-	(1,012)	(3,110)	(269)	(4,391)
	94,409	353	100	61	94,923

(1) Although it is expected that the Fund will wind up within the next 12 months (refer Note 1), the current expected maturity profile of the Fund's financial liabilities in this table have been disclosed past the next 12 months, as these obligations are expected to remain post the expected SFT.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

13. FINANCIAL RISK MANAGEMENT (CONT.)

(e) Liquidity risk (cont.)

30 June 2020	3 months or less \$M	3-12 months \$M	1-5 years \$M	Over 5 years \$M	Total \$M
Member benefits					
Defined member contribution	67,371	-	-	-	67,371
Defined benefit contribution	1,353	-	-	-	1,353
Other:					
Payables	264	-	-	-	264
Other financial liabilities	1,512	-	-	-	1,512
Cash collateral repayable	1,010	-	-	-	1,010
Net derivative liabilities:					
Futures	28	1	-	-	29
Options	2	-	-	-	2
Forward foreign exchange contracts					
- Outflow	1,044	337	-	-	1,381
- Inflow	(242)	(33)	-	-	(275)
Cross - currency swaps					
- Outflow	3	244	37	74	358
- Inflow	(3)	(238)	(28)	(59)	(328)
	72,342	311	9	15	72,677

(f) Securities lending arrangements

The Fund entered into securities lending arrangements with the State Street Bank and Trust Company (ARBN 062 819 630) from October 2014, under which legal title to certain assets of the Fund may be transferred to another entity, notwithstanding the fact that the risks and benefits of ownership of the assets remain with the Fund including the right to vote.

Loaned Assets and Collateral

The assets transferred to other entities under securities lending arrangements may include Australian and International shares and fixed income securities that are held discretely by the Fund's Custodian. The risks of ownership to which the Fund remains exposed are currency risk, interest rate risk, credit risk and price risk.

The carrying amount of securities that may be eligible for securities lending activities at reporting date amounted to \$46,471m (2020: \$33,238m). The carrying amount of securities on loan at reporting date was \$2,414m (2020: \$3,440m).

The terms and conditions associated with the use of collateral held as security in relation to the assets lent are governed by a Securities Lending Agreement that requires the borrower to provide the lender with collateral to the value equal to or greater than the loaned securities. Total collateral held at reporting date as security had a fair value of \$2,545m (2020: \$3,683m). The cash collateral held amounted to \$1,229m (2020: \$1,010m) and is recognised as both a financial asset and a financial liability in the Statement of Financial Position. Non-cash collateral held is not recognised in the Statement of Financial Position. The State Street Bank and Trust Company, as lending agent, indemnifies the Fund for replacement of any loaned securities (or, in certain circumstances, return of equivalent cash value) due to a Borrower default on a security loan.

Earnings and Fees

During the year the gross earnings were \$12m (2020: \$14m). These amounts were received on behalf of the Fund and have been recognised in the Income Statement. During the year ended 30 June 2021, the Fund paid fees to the State Street Bank and Trust Company in the amount of \$2m (2020: \$3m) for acting as lending agent. These fees have been recognised in the Income Statement. Net benefits realised from the security lending arrangements are returned to members via an increase in unit prices.

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

14. RELATED PARTY TRANSACTIONS

The Fund has a number of related parties and a number of transactions have occurred during the year. All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities. The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties. All transactions and balances are recorded in the financial statements of the Fund.

(a) Sunsuper Pty Ltd

Sunsuper Pty Ltd (the Trustee) acts as the Trustee of the Fund. All expenses incurred by the Trustee in relation to the Trustee and its directors, were paid by Sunsuper Pty Ltd and then charged to the Fund in the form of Trustee service fees. All other expenses incurred by the Trustee in relation to administration of the Fund are paid by the Fund.

The following is a summary of transactions between the Fund and the Trustee during the year:

	2021 \$'000s	2020 \$'000s
• Fees paid by the Fund to Sunsuper Pty Ltd for the trustee services provided for the year	1,652	1,808
• Amounts charged by the Fund for expenses paid by the Fund on behalf of Sunsuper Pty Ltd. These charges were determined on the basis of the Trustee's direct share of expenses incurred by the Fund	57	76
• The Fund paid other expenses to Sunsuper Pty Ltd	21	161

The following balances are included in the Fund's Statement of Financial Position and related to the Trustee:

• Net receivable/(payable) due from/(to) Sunsuper Pty Ltd	361	287
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The Fund received superannuation contributions from Sunsuper Pty Ltd in relation to superannuation guarantee contributions and salary sacrifice contributions made in relation to Sunsuper Pty Ltd Directors who are members of the Fund.

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

14. RELATED PARTY TRANSACTIONS (CONT.)

(b) Precision Administration Services Pty Ltd

Precision is a wholly owned subsidiary of the Fund and provides administration services to the Fund.

The following is a summary of transactions between the Fund and Precision during the year:

	2021	2020
	\$'000s	\$'000s
• Fees paid by the Fund for the employer and member administration services provided for the year	142,178	121,946
• Fees paid by the Fund for project related expenses	29,998	40,054
• Amounts reimbursed by the Fund for expenses paid by Precision on the Fund's behalf	465	355
• Amounts charged by the Fund for expenses paid by the Fund on behalf of Precision. These mainly included Office rental, operating losses and salaries. These charges were determined on the basis of the company's direct share of expenses incurred by the Fund	7,112	6,742
• Interest charged by the Fund on the loan facility to Precision	396	704
• Amounts charged by the Fund for interest on property leases by the Fund, of which the fund owns 50% ⁽¹⁾	161	223
• Loan repayments made by Precision to the Fund	10,000	5,000

The following balances are included in the Fund's Statement of Financial Position and related to Precision:

• Estimated fair value of Precision	46,801	41,020
• Loan receivable	25,000	35,000
• Net payable to Precision	18,508	4,472
• Lease liabilities for office, land and buildings owned 50% by the Fund	3,283	4,955

(1) The Company leases several floors in an office building in which the Fund owns a 50% direct interest. The building is co-owned by the Property manager who holds the other 50% ownership interest. During 30 June 2020 financial year, additional leases were signed and negotiated by the Company for additional floors in another building, owned by the Fund on the same basis, commencing August 2021. The Fund will be co-tenanting these facilities with the Company.

On 10 February 2016, a loan facility was agreed with Precision for a maximum of \$50m. As at 30 June 2021, \$25m had been drawn down (2020: \$35m). The repayment date per the loan agreement is 30 June 2026.

The Fund received superannuation contributions from Precision in relation to superannuation guarantee contributions, salary sacrifice contributions and member voluntary contributions made in relation to subsidiary employees who are members of the Fund.

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
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14. RELATED PARTY TRANSACTIONS (CONT.)

(c) Sunsuper Financial Services Pty Ltd

Sunsuper Financial Services is a wholly owned subsidiary of the Fund and provides actuarial consulting services to members of the Fund and sponsoring employers.

The following is a summary of transactions between the Fund and Sunsuper Financial Services during the year:

	2021	2020
	\$'000s	\$'000s
• Amounts charged by the Fund for expenses paid by the Fund on behalf of Sunsuper Financial Services. These mainly included actuarial consulting services and other operating expenses. These charges were determined on the basis of the company's direct share of expenses incurred by the Fund	67	113
• Other expenses paid by the Fund such as Professional Fees and Actuarial Consulting.	288	175

The following balances are included in the Fund's Statement of Financial Position and related to Sunsuper Financial Services:

• Estimated fair value of Sunsuper Financial Services	198	172
• Net receivable/(payable) due from/to Sunsuper Financial Services	31	(37)

(d) Sunsuper Pooled Superannuation Trust

Sunsuper Pooled Superannuation Trust (PST) is used as an investment vehicle supporting the overall investment strategy of the Fund. The following is a summary of transactions and balances between the Fund and PST:

	2021	2020
	\$'000s	\$'000s
• The Fund made a net purchase/(redemption) of units in PST	376,315	29,926
• The Fund made a payment to PST to compensate for the tax liability on assessable contributions transferred from the Fund to PST.	532,500	375,000
• The estimated fair value of PST (The fair value is included in investments in the Fund's financial statements).	11,336,660	9,521,005

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
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14. RELATED PARTY TRANSACTIONS (CONT.)

(e) Sunsuper Infrastructure Trust 3

Sunsuper Infrastructure Trust (SIT3) is used as an investment vehicle supporting the infrastructure investment strategy of the Fund. The following is a summary of transactions and balances between the Fund and SIT3:

	2021	2020
	\$'000s	\$'000s
• Return of capital received from SIT3	-	8,011
• Estimated fair value of SIT3 (the fair value is included in investments in the Fund's financial statements)	172,780	162,565

(f) Other related parties

The Board of Directors of Sunsuper Pty Ltd has equal numbers of employer nominated, employee nominated and independent directors. According to the Constitution of the Company, there are six shares on issue. With the exception of independent directors, each share has the right to nominate one director. Independent Directors are appointed or removed by the Directors in accordance with the Constitution. The shares in the Company, and therefore the right to nominate certain Directors are owned as follows:

Chamber of Commerce & Industry Queensland	3
Queensland Council of Unions	2
The Australian Workers' Union of Employees, Queensland	1

The Fund has entered into transactions with these bodies which include the receipt of superannuation contributions and other minor transactions such as membership subscriptions and seminar registrations. These transactions are conducted under agreed terms and conditions.

In addition to the items referred to, below is a summary of the significant transactions between the Fund/Trustee and these related entities.

	2021	2020
	\$	\$
Payments for Committee and Board advice services		
The Australian Workers' Union of Employees, Queensland	100,285	45,000
Payments for marketing and advertising services		
Chamber of Commerce & Industry Queensland	-	20,900
Director fees paid to the employer of Director (included in compensation of key management personnel (refer note 15(b)))		
Queensland Council of Unions	119,482	128,172
The Australian Workers' Union of Employees, Queensland	60,238	33,494

Director fees paid to the employers of certain Directors were paid by the Trustee, Sunsuper Pty Ltd.

In addition to the employer and union bodies referred to above, the Fund has entered into transactions with other entities which share common directorship or key management personnel with the Fund. This includes the receipt of superannuation contributions from the other entities. These transactions are conducted under agreed terms and conditions.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. RELATED PARTY TRANSACTIONS (CONT.)

As noted in the disclosures, no key management personnel (including directors) have entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving key management personnel (including directors) interests existing at year-end.

(g) Controlled Entities⁽¹⁾

Parent entity	Country of incorporation	Ownership interest	
		2021	2020
Sunsuper Superannuation Fund			
Controlled entities			
Sunsuper Financial Services Pty Ltd ⁽²⁾	Australia	100%	100%
Precision Administration Services Pty Ltd ⁽²⁾	Australia	100%	100%
Beston Accommodation Parks Trust	Australia	95%	95%
CCP Bidco Trust 2	Australia	76%	76%
Corporate Opportunity Fund 2A LP	Australia	83%	83%
CWC Corporate Opportunity 1A Trust	Australia	100%	100%
CWC Corporate Opportunity 1B Trust	Australia	100%	100%
Discovery Parks Holdings Pty Ltd	Australia	95%	95%
Eveleigh Trust 2	Australia	100%	100%
Riversdale Investment Op Trust	Australia	100%	100%
Riversdale Investment Prop Trust	Australia	100%	100%
Sentient Global Resource Trust II ⁽³⁾	Cayman Islands	0%	100%
Sunsient Ltd	Cayman Islands	100%	100%
Sunsuper Holdings Pty Ltd ⁽³⁾	Australia	0%	100%
Sunsuper Infrastructure Trust 1	Australia	100%	100%
Sunsuper Infrastructure Trust 3	Australia	100%	100%
Sunsuper Infrastructure Trust 4	Australia	100%	100%
Sunsuper Infrastructure Trust 5	Australia	100%	100%
Sunsuper Investments A Pty Ltd ⁽³⁾	Australia	0%	100%
Sunsuper Pooled Superannuation Trust	Australia	100%	100%
SunVest LLC	USA	100%	100%
Sunkina Choice LP	Jersey	100%	100%
Sunrock Discretionary Co-Investment Fund, LLC	USA	100%	100%
Sunvard LP	USA	100%	100%
Sunman LLC	USA	55%	55%
Sunsuper AUD Collateral Trust	Australia	100%	100%
Sunsuper USD Collateral Trust	USA	100%	100%
SunVest II LLC	USA	100%	100%
Sunstone Real Estate LP	USA	100%	100%
Sunsuper Retail Property Trust 1	Australia	100%	100%
CorSun LLC	USA	100%	100%
SunRock Discretionary Co-Investment Fund II LLC	USA	100%	100%
Sunberg PE Opportunities Fund LLC	USA	99%	99%
PAG-S AR Co-Investment Fund LP	Cayman Islands	100%	100%
Sunstone PE Opportunities Fund LLC	USA	100%	100%
Manikay Sunsuper Co-Investment Fund LLC	USA	100%	100%
Sunbridge Investments LLC	USA	100%	100%
SunSIRA Infrastructure Fund, LLC	USA	100%	100%
Australian Pub Fund	Australia	72%	72%
MHC Lambton Park Trust	Australia	88%	88%
Pacific Equity Partners Secure Assets Fund Coinvestment Trust A	Australia	100%	100%

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

14. RELATED PARTY TRANSACTIONS (CONT.)

(g) Controlled Entities (cont.)

Controlled entities (cont.)	Country of incorporation	Ownership interest	
		2021	2020
Sunsuper Asia Co-investment Pty. Ltd.	Singapore	100%	100%
Tanarra Capital Private Investment Fund 1	Australia	100%	100%
Two Sigma SunSigma Fund, LLC	USA	100%	100%
Carnegie Catalyst Healthcare Real Estate Trust	Australia	100%	100%
Macquarie Special Situations Limited	Bermuda	69%	69%
Pellicano Trust	Australia	50%	50%
Waud Capital Align Coinvest	USA	59%	59%
Caspian Suncas Fund LP	Canada	100%	100%
Macquarie Air Finance LP	UK	25%	25%
Sunhay LP	Cayman Islands	100%	100%
SunMan European Trust	Luxembourg	100%	100%
Sunsuper Co-Investment Opportunity Fund 2019 Trust	Australia	100%	100%
EIG Sunsuper Co-Investment II LP	Cayman Islands	100%	100%
Sunvard Opportunity Fund LP	USA	100%	-
Sunbern Alternative Opportunities Fund LLC	USA	100%	-
Summit Coinvestment (Australiasia) Unit Trust	Australia	100%	-
SC Lowy SUNS CI LLC	Cayman Islands	100%	-

(1) Refer to Note 1 General Information (c) Consolidation for accounting of Controlled Entities

(2) Refer to Note 1 General Information (c) Consolidation for accounting of Subsidiaries not material to the user of the Fund's Financial Statements

(3) Ceased to be a controlled entity in 2021.

**SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
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15. KEY MANAGEMENT PERSONNEL

(a) Key management personnel (KMP)

The following is a list of the Directors of Sunsuper Pty Ltd (Trustee of the Fund) and Executive of the Fund who at any time during the financial year and up to the date of this report had authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly.

Name	Current Position Title	Date appointed as KMP	Date ceased
Andrew Fraser (Chair)	Director - Independent	16 Sep 2015	
Michael Clifford (Deputy chair)	Director - Member Nominated	01 Feb 2016	
Mark Goodey	Director - Member Nominated	01 Jan 2020	
Mary Elizabeth Hallett	Director - Employer Nominated	27 Mar 2014	
Mark Harvey	Director - Employer Nominated	01 Jul 2016	
Jennifer Mack	Director - Independent	01 Jul 2015	
Michael Traill	Director - Independent	16 Sep 2015	
Georgina Williams	Director - Employer Nominated	20 Jul 2018	
Catherine Wood	Director - Member Nominated	06 Dec 2019	
Bernard Reilly	Chief Executive Officer	08 Oct 2019	
Teifi Whatley ⁽¹⁾	Chief Executive Officer (Acting)	19 Jun 2000	
Ian Patrick	Chief Investment Officer	23 Nov 2015	
Shane Channells	Chief Financial Officer (Acting)	19 Apr 2021	
Stevhan Davidson ⁽²⁾	IMO Executive Lead	01 Mar 2019	
Lachlan East	Chief Risk Officer	01 Nov 2016	
Rodney Greenaway ⁽³⁾	Chief Technology Officer	06 Apr 2020	
Teresa Hamilton	Company Secretary	01 Jul 2014	
Danielle Mair ⁽⁴⁾	Chief Strategy & Impact Officer (Acting)	26 Mar 2018	
Steven Travis ⁽⁵⁾	Chief Member Officer	24 Oct 2018	
Petrina Weston	Executive General Manager, People and Culture	01 Mar 2019	
David Woodall	Executive General Manager, Employer Growth	01 Mar 2019	
Jason Sommer	Chief Financial Officer	16 Jun 2014	31 May 2021

(1) Previously Teifi Whatley held the position of Chief Strategy & Impact Officer up until 26 April 2021

(2) Previously Stevhan Davidson held the position of Executive General Manager, Customer Engagement up until 14 March 2021

(3) Previously Rodney Greenaway held the seconded position of Executive General Manager, Technology up until 30 September 2020

(4) Previously Danielle Mair held the position of Executive General Manager, Enterprise Change up until 26 April 2021

(5) Steven Travis' role was retrenched and he is expected to leave Sunsuper 8 October 2021

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

15. KEY MANAGEMENT PERSONNEL (CONT.)

(b) Compensation and evaluation of key management personnel

Remuneration of Directors and Executives

Director remuneration consists of Board and committee fees and superannuation guarantee contributions. The fees reflect the demands on and responsibilities of those directors. Director remuneration was paid by Sunsuper Pty Ltd.

For the 2021 financial year, the Board decided to take a 10% reduction in director's fees between 1st July 2020 to 31st December 2020, in acknowledgement of the effect COVID-19 had on the Fund.

Executive remuneration comprises salaries, superannuation contributions, and short-term incentive bonuses. The Board, in conjunction with the Nominations and Remuneration Committee and the CEO, is responsible for determining the remuneration of key management personnel. The Nominations and Remuneration Committee reviews the CEO's remuneration. The Committee makes recommendations to the Board for approval of the CEO's remuneration.

Director and Executive remuneration including the CEO's, is reviewed at least annually. Remuneration levels are benchmarked against independent external sources. The Directors and Executives are paid in accordance with Remuneration Policies. In the case of directors, fees may be paid to the Director, paid to the employer of the Director or salary sacrificed as superannuation contributions.

Short-term incentive bonuses plan

The short-term incentive bonus plan rewards individual Executives for achievement of goals and attributes. Performance goals are set at the beginning of the financial year to which they relate and are measured over the course of each financial year (July to June). Performance goal results are assessed through the remuneration review process that occurs annually.

A comprehensive explanation of remuneration for key management personnel is disclosed on the Fund's public website and can be accessed via <https://www.sunsuper.com.au/governance-and-reporting/prescribed-information> under Executive Officer Remuneration.

Remuneration paid and payable

The following table sets out the total remuneration paid and payable to key management personnel attributed to the Fund.

	2021	2020
	\$	\$
Directors		
Short-term employee benefits	852,527	881,463
Post-employment benefits ⁽¹⁾	114,466	116,695
	<u>966,993</u>	<u>998,158</u>
Other key management personnel		
Short-term employee benefits	6,368,585	4,130,245
Post-employment benefits	830,656	535,539
Other long-term employee benefits ⁽²⁾	52,641	59,438
Termination	56,280	-
	<u>7,308,162</u>	<u>4,725,222</u>
	<u>8,275,155</u>	<u>5,723,380</u>

(1) For directors, post-employment benefits are contributions paid or payable to superannuation plans. These include salary sacrifice payments.

(2) Other long-term employee benefits represent long service leave. Other key management personnel are entitled to pro-rata long service leave when a 7-year service period has been reached. Only key management personnel with 7 or more years of service have remuneration reflected in other long-term employee benefits. At 30 June following when 7 years of service has been reached, the full long service leave entitlement will be included in other long-term employee benefits. Subsequent reporting periods will include any increase in this entitlement as other long-term employee benefits.

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

15. KEY MANAGEMENT PERSONNEL (CONT.)

(b) Compensation and evaluation of key management personnel (cont.)

The following table sets out the detailed remuneration paid and payable to key management personnel:

	Base Director Fees and Salary including short-term leave ⁽²⁾	Chair Fees, Board and Committee ⁽³⁾	Incentive and other bonus	Non-monetary benefits - reportable fringe benefits	Superannuation contributions, (including salary sacrifice superannuation payments)	Long service leave	Termination benefits	Total ⁽⁶⁾
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2021								
Andrew Fraser	145,126	-	-	-	19,592	-	-	164,718
Michael Clifford ⁽¹⁾	63,846	37,418	-	-	13,553	-	-	114,817
Mark Goodey ⁽⁴⁾	63,846	-	-	-	8,619	-	-	72,465
Mary Elizabeth Hallett	63,846	37,418	-	-	13,553	-	-	114,817
Mark Harvey	63,846	12,472	-	-	10,264	-	-	86,582
Jennifer Mack	63,846	37,418	-	-	13,553	-	-	114,817
Michael Traill	63,846	24,946	-	-	11,909	-	-	100,701
Georgina Williams	63,846	37,418	-	-	13,553	-	-	114,817
Catherine Wood	63,846	9,546	-	-	9,869	-	-	83,261
Bernard Reilly	737,932	-	124,728	-	109,374	-	-	972,034
Ian Patrick	466,271	-	455,602	-	122,496	-	-	1,044,369
Shane Channells	60,983	-	8,659	-	9,592	-	-	79,234
Stevhan Davidson	285,604	-	113,593	-	53,633	4,246	-	457,076
Lachlan East	310,626	-	115,776	-	56,624	5,039	-	488,065
Rodney Greenaway ⁽⁵⁾	307,424	-	134,041	-	59,277	-	-	500,742
Teresa Hamilton	287,171	-	144,052	-	56,231	4,700	-	492,154
Danielle Mair	266,563	-	118,047	-	51,849	4,414	-	440,873
Jason Sommer	420,186	-	150,000	-	59,479	-	56,280	685,945
Steven Travis	391,524	-	192,941	-	77,661	-	-	662,126
Petrina Weston	245,192	-	125,286	-	50,794	29,353	-	450,625
Teifi Whatley	315,216	-	130,777	-	60,768	4,890	-	511,651
David Woodall	398,457	-	184,785	2,626	74,915	-	-	660,783

(1) Director fees were paid to the employer of the Director, Queensland Council of Unions.

(2) The figures exclude amounts that have been salary sacrificed as superannuation payments.

(3) Additional Board and Committee allowances are paid for the following positions: Investment Committee Chair, Audit Compliance and Risk Management Committee Chair, Nominations and Remuneration Committee Chair, and Claims Committee Chair. Director chairs who sit as a chair on one or more Committees are only entitled to one chair allowance. Directors who sit on two or more committees are also provided an additional committee allowance (and only one committee allowance is paid).

(4) Director fees were paid to the employer of the Director, The Australian Workers' Union of Employees.

(5) Rodney Greenaway's employment changed to the Fund 30 September 2020 and prior to this he was remunerated by Precision Administration Services Pty Ltd.

(6) Reporting is in line with accounting standards and this may not agree to cash physically paid in the financial year

SUNSUPER SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS
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15. KEY MANAGEMENT PERSONNEL (CONT.)

(b) Compensation and evaluation of key management personnel (cont.)

	Base Director Fees and Salary including short- term leave ⁽²⁾	Chair Fees, Board and Committee ⁽³⁾	Incentive and other bonus	Non-monetary benefits - reportable fringe benefits	Superannuation contributions, (including salary sacrifice superannuation payments)	Long service leave	Termination benefits	Total ⁽⁶⁾
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2020								
Andrew Fraser	158,243	-	-	-	20,557	-	-	178,800
Michael Clifford ⁽¹⁾	66,989	52,515	-	-	15,746	-	-	135,250
Mark Goodey ⁽⁴⁾	33,494	-	-	-	4,278	-	-	37,772
Mary Elizabeth Hallett	66,989	39,628	-	-	14,393	-	-	121,010
Mark Harvey	66,989	13,209	-	-	10,827	-	-	91,025
Jennifer Mack	66,989	39,628	-	-	14,393	-	-	121,010
Roslyn McLennan ⁽¹⁾	5,446	3,222	-	-	305	-	-	8,973
Benjamin Swan	33,494	6,605	-	-	5,413	-	-	45,512
Michael Traill	66,989	26,419	-	-	12,610	-	-	106,018
Georgina Williams	66,989	29,564	-	-	13,035	-	-	109,588
Catherine Wood	38,062	-	-	-	5,138	-	-	43,200
Bernard Reilly	513,202	-	-	-	64,323	-	-	577,525
Ian Patrick	459,841	-	-	-	59,602	-	-	519,443
Stevhan Davidson	261,898	-	-	-	35,230	4,258	-	301,386
Lachlan East	300,952	-	-	-	40,764	38,875	-	380,591
Rodney Greenaway ⁽⁵⁾	76,636	-	-	-	10,106	-	-	86,742
Teresa Hamilton	293,068	-	-	-	36,643	4,712	-	334,423
Danielle Mair	265,012	-	-	-	35,775	4,425	-	305,212
Jason Sommer	421,491	-	-	-	56,440	-	-	477,931
Steven Travis	383,224	-	-	-	46,659	-	-	429,883
Petrina Weston	248,718	-	-	-	33,750	-	-	282,468
Teifi Whatley	321,938	-	-	-	42,936	7,168	-	372,042
David Woodall	377,754	-	-	11,356	49,778	-	-	438,888
Scott Hartley	283,145	-	-	-	33,639	-	-	316,784

(1) Director fees were paid to the employer of the Director, Queensland Council of Unions.

(2) The figures exclude amounts that have been salary sacrificed as superannuation payments.

(3) Additional Board and Committee allowances are paid for the following positions: Investment Committee Chair, Audit Compliance and Risk Management Committee Chair, Nominations and Remuneration Committee Chair, and Claims Committee Chair. Director chairs who sit as a chair on one or more Committees are only entitled to one chair allowance. Directors who sit on two or more committees are also provided an additional committee allowance (and only one committee allowance is paid).

(4) Director fees were paid to the employer of the Director, The Australian Workers' Union of Employees.

(5) Rodney Greenaway is employed and remunerated by Precision Administration Services Pty Ltd.

(6) Reporting is in line with accounting standards and this may not agree to cash physically paid in the financial year

SUNSUPER SUPERANNUATION FUND
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15. KEY MANAGEMENT PERSONNEL (CONT.)

(b) Compensation and evaluation of key management personnel (cont.)

The following table sets out information about the short-term incentive bonuses which were paid or payable to each Executive in the years ended 30 June 2021 and 30 June 2020. For the 2020 financial year, Executives decided to forfeit their incentive payments in acknowledgement of the effect COVID-19 had on the Fund. Terms and conditions covering the payment of short-term incentive bonuses are described above.

Name	Incentive bonus inclusive of superannuation payment	Financial year the bonus was paid/will be payable	Financial year the performance relates to	% of incentive bonus that was paid/will be payable	% of incentive bonus that was forfeited
Scott Hartley	181,203	2020	2019	50%	50%
Ian Patrick	444,928	2020 & 2021 ⁽¹⁾	2019	95%	5%
Stevhan Davidson	38,185	2020 & 2021 ⁽¹⁾	2019	75%	25%
Lachlan East	113,106	2020 & 2021 ⁽¹⁾	2019	93%	7%
Teresa Hamilton	105,255	2020 & 2021 ⁽¹⁾	2019	75%	25%
Danielle Mair	114,837	2020 & 2021 ⁽¹⁾	2019	75%	25%
Jason Sommer	216,177	2020 & 2021 ⁽¹⁾	2019	88%	12%
Steven Travis	155,414	2020 & 2021 ^(1,3)	2019	54%	46%
Petrina Weston	35,296	2020 & 2021 ⁽¹⁾	2019	70%	30%
Teifi Whatley	143,844	2020 & 2021 ⁽¹⁾	2019	75%	25%
David Woodall	48,667	2020 & 2021 ⁽¹⁾	2019	75%	25%
Bernard Reilly	141,567	2022, 2023 & 2024 ⁽⁴⁾	2021	91%	9%
Ian Patrick	517,108	2022, 2023 & 2024 ⁽⁴⁾	2021	95%	5%
Shane Channells	9,871	2022 & 2023 ⁽⁷⁾	2021	88%	12%
Stevhan Davidson	128,928	2022, 2023 & 2024 ⁽⁴⁾	2021	84%	16%
Lachlan East	131,406	2022, 2023 & 2024 ⁽⁴⁾	2021	97%	3%
Rodney Greenaway	152,137	2022, 2023 & 2024 ⁽⁴⁾	2021	84%	16%
Teresa Hamilton	163,499	2022, 2023 & 2024 ⁽⁴⁾	2021	97%	3%
Danielle Mair	133,984	2022, 2023 & 2024 ⁽⁴⁾	2021	84%	16%
Petrina Weston	142,200	2022, 2023 & 2024 ⁽⁴⁾	2021	95%	5%
Teifi Whatley	148,432	2022, 2023 & 2024 ⁽⁴⁾	2021	84%	16%
David Woodall	209,731	2022, 2023 & 2024 ⁽⁴⁾	2021	95%	5%
Jason Sommer	150,000	2021 ⁽⁵⁾	2021	100%	0%
Steven Travis	218,988	2022, 2023 & 2024 ^(4,6)	2021	95%	5%

(1) 75% of the total incentive payment will be paid in FY 2020 and remaining 25% will be paid in FY 2021

(2) 66.67% of the total incentive payment will be paid in FY 2020 and remaining 33.33% will be paid in FY 2021

(3) Sign on bonus paid in 2019

(4) 60% of the total incentive payment will be paid in FY 2022 20% will be paid in FY 2023 and the remaining 20% paid in FY2024

(5) Retention bonus incurred and paid in 2021. FY2021 incentive payment was 100% forfeited.

(6) Steven Travis' role was retrenched and he is expected to leave Sunsuper 8 October 2021. The deferred amount will remain on-foot and payable on the 2 year schedule.

(7) 75% of the total incentive payment will be paid in FY 2022 and remaining 25% will be paid in FY 2023

SUNSUPER SUPERANNUATION FUND
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FOR THE YEAR ENDED 30 JUNE 2021

15. KEY MANAGEMENT PERSONNEL (CONT.)

(c) Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

	Board	Audit, Compliance and Risk Management Committee	Investment Committee	Nominations and Remuneration Committee	Member Outcomes and Claims Committee	Corporate Plans Committee
Number of meetings held in the year	13	8	5	6	15	9
Directors	Number of meetings attended ⁽¹⁾					
Andrew Fraser	13 (13)	8 (8)	5 (5)	6 (6)	NA	NA
Michael Clifford	12 (13)	NA	5 (5)	6 (6)	NA	NA
Mark Goodey	13 (13)	8 (8)	NA	NA	NA	NA
Mary Elizabeth Hallett	13 (13)	8 (8)	5 (5)	6 (6)	NA	9 (9)
Mark Harvey	12 (13)	6 (8)	NA	NA	14 (15)	NA
Jennifer Mack	13 (13)	NA	NA	6 (6)	15 (15)	9 (9)
Michael Traill	10 (13)	NA	4 (5)	NA	NA	NA
Georgina Williams	13 (13)	NA	5 (5)	NA	15 (15)	9 (9)
Catherine Wood	13 (13)	NA	5 (5)	NA	9 (9)	NA

(1) Where the total number of meetings the Director was eligible to attend is less than the number of meetings held in the year, the number of meetings the Director was eligible to attend is shown in brackets. Eligibility to attend meetings may be less than the number of meetings held in the year due to appointment and resignation of Directors and rotation of committee membership.

16. SUBSEQUENT EVENTS

QSuper

On 15 March 2021 Sunsuper Pty Ltd as Trustee for the Fund and the QSuper Board announced the signing of a Heads of Agreement to merge and create a \$200 billion superannuation fund. Since 30 June 2021, legislation was introduced into Queensland Parliament that gives QSuper the ability to pursue the merger with the Fund. Over the coming months, this legislation will be subject to committee processes and the usual legislative scrutiny. APRA and other external partners are currently considering their authorisations with completion of those processes due in the next few months. This will be followed by the Sunsuper Board meeting to consider final approval of the merger.

The merger is expected to be completed as a Successor Fund Transfer (SFT) of Sunsuper members and assets into the QSuper Fund with the intent for the Sunsuper Trustee to replace the QSuper Trustee as Trustee of the merged fund.

Except as disclosed above, there have been no other matters or circumstances since 30 June 2021 that have significantly affected or may significantly affect the Fund, save for any continuing impacts on the valuation of investments from the continuing COVID-19 pandemic.