



Annual Report

22

23



FIRST
super





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Annual Report call **1300 360 988** or
email mail@firstsuper.com.au

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2022/23

At a glance



Managed more than

\$4 billion

in funds for more than

50,000

members



18,913

employers

paid super contributions to
First Super members



Members received more than

\$189 million

in Super Guarantee contributions

and contributed about

\$168 million



extra in salary sacrifice,
voluntary and roll-in contributions



Paid out insurance claims of about

\$34 million

(that's 96% of all claims)



Paid retirement benefits of more than

\$68 million

Member Services made more than

 **17,400**

outbound calls to members and employers, and received

 **31,664** calls

@ **19,632** emails

 **13,000** letters



First Super Financial Planners provided

143 Statements of Advice that helped members save almost **\$1,067,581 in potential tax**, generated an additional **\$128,399 of income for members** by maximising their Age Pension entitlements, and **boosted super balances by a total \$12,044** in additional super co-contributions from the government.



We invested

\$46 million

in Australian small businesses



Our **Accumulation Balanced (MySuper)**

option delivered a

return of

9.44% p.a.[^]

in the 22/23 year



101

Retirement Health Checks

conducted

[^] Past returns are not an indication of future returns.

Co-Chairs' message

Michael O'Connor and Mike Radda
Co-Chairs, First Super



Welcome to First Super's
2022/23 Annual Report.

We are pleased to introduce First Super's annual report for the 2022/23 financial year, a year in which there were strong investment returns and an increase in the size of First Super.

Investment returns

The Balanced accumulation option returned 9.44% for 2022/23. On average over the past three financial years, the Balanced accumulation option has returned 8.24% each year and over the past 10 financial years, 7.83% each year. You will find the returns for all investment options (accumulation and pension) in the investment section of this annual report.

In August the prudential regulator, APRA, released its annual Your Future, Your Super performance test results for MySuper products. Pleasingly, our Balanced accumulation option passed this test for the third consecutive year.

This year, APRA also assessed the performance of 'trustee directed' options. Our three options – Shares Plus, Conservative Balanced and Growth – all passed the performance test too.

Our good investment returns saw the Fund grow to more than \$4 billion in member retirement savings.

Fund sustainability

We welcomed a record number of new members to First Super this year, with an increase in membership of 5.5%. Funds received from members and their employers increased by 29%. After payments of benefits and before including investment returns, the Fund grew by \$126 million.

Growth in membership and member funds is important as it puts us on an even more sustainable footing, allowing us to continue to deliver positive investment returns and our high levels of personal service.

Member service

During the year we reviewed our Member Services Model, affirming our approach to provide high levels of personal member service. Superannuation is complex, and there is no substitute for personal conversations and in-person assistance to ensure that all our members have their needs met.

In December, the Board resolved to end the long-running contractual relationship with the Manufacturing Division of the CFMEU to provide Member and Employer Services Coordinators. Increasing the depth of our executive team by recruiting the Deputy CEO and growth in the size of the Trustee office gave the Fund the capacity to manage this service internally. We have now insourced this service, employing the existing coordinators directly from April 2023.

Governance changes

Frank Vari resigned as a Member-nominated Director in August 2022, having served as a First Super Director from 1 July 2008, when the Fund was created following a merger. Casey Thompson, who was initially appointed as an Associate Director from January 2021, was appointed to replace Frank.

Candy Broad, who joined the Board as an Independent Director in 2015, concluded her term in October 2022. Lisa Marty, the Deputy Chair of Parks Victoria and a Director of Skills Impact, was appointed to the Board as an Independent Director in October 2023.

Employer-nominated Director Julie George also finished as a Director in February 2023, having joined First Super in 2015. Deborah Smith, the owner of grocery businesses in regional Queensland and the immediate past president of the Master Grocers Association, was appointed in March 2023.

On behalf of the Board, we'd like to thank both Frank, Julie and Candy for their significant contributions to delivering strong returns for all of our members and contributing to the sound governance of First Super. Their contributions at both Board and committee meetings have added to the soundness of our decision making.

Acknowledgements

On behalf of First Super's Directors we'd like to thank our service providers and the Trustee office for their contributions, making the 2022/23 financial year one that we are all proud of.

CEO's message

Bill Watson
Chief Executive Officer



2022/23 was a year of growth and good outcomes for members.

For First Super and its more than 50,000 members, the 2022/23 financial year was one of growth and consolidation. What First Super and its service providers achieved is important, as it enables us to continue to put members first and provide a level of personal service that few other industry fund members enjoy.

Last year's success was achieved because of foundational work undertaken in previous years by a team that has been committed to making sure all our members and their families have the best opportunity to enjoy a dignified retirement.

Growing our membership

In 2016, First Super's Board approved a strategy to recruit and retain members and their employers. The strategy was jointly implemented by the Trustee office and Member and Employer Services Coordinators. Supporting the strategy and our people out and about in workplaces and homes is our marketing and communications team, which has grown in capability, capacity and sophistication, delivering outstanding results.

In 2020, in the midst of the pandemic, we formed a partnership to promote our ability to accept KiwiSaver retirement savings. COVID-19 meant that we started slowly. With the reopening of international borders, we've assisted many New Zealanders who have taken the brave step to emigrate to Australia.

What all of this work has translated to is a 7.8% increase in Fund membership since the 2020/21 financial year and a 5.5% increase in members in 2022/23. Through increases in contributions, the Fund is now receiving more funds than we are paying out. While our job is to pay benefits to members, holding more funds is important for our investment strategy and fund sustainability. We can also spread fixed costs over a larger membership base, which helps us keep member fees competitive.

Reducing insurance premiums

We renewed death and total and permanent disablement with our insurance provider MetLife, securing a reduction in insurance premiums. For members with cover who are in the default cover group, the cost of their insurance reduced by \$22.88 a year. This saving goes directly into their super account.

We are not done on insurance and are continuing the review of our benefit design.

The Fund for Regional Australia

Our marketing and communications team launched an advertising and promotion campaign in the Mount Gambier region promoting the Fund with the slogan 'Large enough

to perform, small enough to care'. And that sums up our philosophy. The campaign has now been rolled out in the wider Gippsland region.

I'd like to thank our members (and their dogs) for their generous donation of time and their agreement to be the face of these important regions.

Member and Employer Services Coordinators

As the Co-Chairs have noted in their report, we have insourced our member and employer servicing, welcoming the CFMEU coordinator team into the Trustee office in April. I'd like to thank the Manufacturing Division of the CFMEU for the services it has delivered to First Super over many years. I know that insourcing will not end the close working relationship that has benefited our members.

Service

A priority for us has been maintaining high levels of service for our members and developing a methodology for the superannuation industry to use to measure service and be accountable for their member service promise.

We will work with industry and encourage government and regulators to get on board with our methodology.

Staff and service providers

As always, our services, results and returns provided to members wouldn't have been achieved without a team effort. I'd like to thank the contact centre staff for their work answering the phone far more quickly than many others in the industry.

We've enjoyed great investment returns again and for this I'd like to thank Frontier Advisors, our asset consultant, and our investment managers.

My colleague Lisa Rayner left us in late June, and I'd like to thank her for her leadership of the governance team.

Finally, thanks to you – our members. It is a privilege to be entrusted with your retirement savings and dreams. We will continue to work hard as a team to make sure that you've got the best opportunity to have a dignified retirement.

About First Super

First Super is an Industry SuperFund run to benefit members.



We're an Industry SuperFund

First Super is an Industry SuperFund. That means we are run only to benefit our members, not shareholders, so all profits are returned to you.



We welcome all occupations and employers

First Super was founded in 2008, when three industry super funds merged. They represented the furniture and joinery, pulp and paper and timber industries. Today we welcome members and employers from all industries.



We accept KiwiSaver transfers

You can roll your KiwiSaver savings into First Super without paying any fees.



A focus on service

Our team of local coordinators^{*} across the country assist our members and employers with their super.



Personalised advice

Our Financial Planners[^] offer a range of financial advice to all our members, from Retirement Health Checks at no extra cost to personal advice for an additional fee.



Putting members first

Everything we do is in our members' best interests.



Strong investment returns over the long term

Our Balanced option was a top 10 performer in 2023 for three-year returns, according to SuperRatings.[#] For the 10 years to 30 June 2023, the average return is 7.83%.



Competitive fees and transparent costs

We only charge fees to cover costs and services, so members' retirement savings don't get eaten away.



Education and support

We have a range of resources we keep regularly updated for members and employers at firstsuper.com.au. Members can manage their super digitally through [firstonline](https://firstonline.com.au). We also run events and workplace seminars.

^{*} First Super Member and Employer Services Coordinators can provide factual information and general advice only.

[^] First Super Financial Planners are authorised representatives of Industry Fund Services Limited (ABN 54 007 016 195, AFSL 232514). We charge a fee for advice outside of your First Super account (personal advice).

[#] SuperRatings Top 10 Returns – Balanced (60-76) three-year return period as of 30 June 2023. Past performance is not a reliable indicator of future performance.

Supporting our industry partners

First Super works with a range of strategic partners to support the communities and industries our members are involved in.

First Super prides itself on the strength of its relationships with its longstanding partners.

This year, we continued our work with the Australian Forest Contractors Association, the Australian Cabinet and Furniture Association, the National Timber and Hardware Association (NTHA) (formerly Timber and Building Materials Association (TABMA) and Hardware Australia), and the Master Grocers Association Timber Merchants Association (MGATMA).

We hosted 'Super Essentials' webinars for members and supplied a range of content for their channels to inform and educate members about their super and about our Fund. We look forward to continuing this work in 2023/24.



Events

In 2022/23 we expanded our regional presence through attending events across the communities we work with around Australia. Major events we participated in included:

- Bowen's Expo (Carlton, Victoria)
- Mount Gambier New Year's Eve Festival (Mount Gambier, South Australia)
- Heyfield Timber Festival (Heyfield, Victoria)
- Falling Leaf Festival (Tumut, New South Wales)
- Agfest (Launceston, Tasmania)
- TABMA National Conference (Hunter Valley, New South Wales)
- Bowen's TAFE Day (Frankston, Victoria)



Since 2020 we have partnered with NZReLo, a website assisting New Zealanders moving to Australia.

We provide educational content to make it easier for New Zealanders to move their KiwiSaver retirement savings to Australia, including:

- explainer articles on how super works
- how to transfer KiwiSaver funds to First Super (which is one of only a handful of Australian funds that accepts transfers)
- how to buy your first home in Australia through the First Home Super Saver Scheme.



Clockwise: Falling Leaf Festival, Australian Paper Golf Day, Agfest, TABMA National Conference.

Member Services Model

As the financial services industry moves towards offering more services online and less face-to-face operations, First Super continues to stand by its highly personalised Member Services Model across metro and regional Australia. We pride ourselves on this approach, because we believe financial education and advice are integral for our members to achieve a dignified retirement.

First Super continues to provide a high-touch Member Services Model that gives easy access to financial education and advice that is in our members' best financial interests.

Superannuation is complex and requires people to make major choices about their financial future. It is also well documented that this complexity can be a barrier to people taking timely action when it comes to managing their retirement savings. Sometimes you just can't beat speaking to a real person, particularly if it involves making important decisions about your money.

While the wider financial services industry provides more services remotely or online, we continue to stand by our approach of offering face-to-face services in metro and regional Australia. Our research and member feedback have shown that this makes a difference to our membership's preparedness and confidence for retirement.



Our Member Services Model in detail

Our tried and tested Member Services Model is designed to empower members with education and support at multiple touchpoints and is provided by a team of specialists. This includes:

- **In-person service** delivered by Member and Employer Services Coordinators. Our coordinators are based in metro and regional Australia and regularly travel to meet members or visit workplaces. They provide information and general advice about your First Super account, and the cost is included in your Fund membership. Meet our team of coordinators at firstsuper.com.au/coordinators
- **Financial education** and general advice provided by our coordinators, Financial Planners and Contact Centre. This includes Superannuation and Retirement Health Checks run by our Financial Planners.
- **Personal advice** delivered by our Financial Planners.* This is offered face-to-face, by phone or video call.
- **Business Development Managers** who specialise in helping employers transition their default super arrangements to First Super.
- **A Contact Centre team** operating between 8am and 6pm, Monday to Friday. With wait times of just a few minutes, it's not even enough time to make a cuppa.
- **A range of resources** about superannuation on our website and in print that are regularly updated.

* First Super Financial Planners are authorised representatives of Industry Fund Services Limited (ABN 54 007 016 195, AFSL 232514). Personal advice about your First Super account is covered by your administration fees and costs, so you don't pay extra for this advice. We only charge extra for personal advice that goes beyond a member's First Super account, for example investments outside super or a partner's financial situation, and we'll explain these charges upfront.



Member case study: First Super's Retirement Health Check

One of our members described the Retirement Health Check as leaving them feeling like “a weight had been lifted” off their shoulders.

Samantha[^] had reached her preservation age of 60 and was thinking about retiring. She had stopped working earlier than planned due to health issues and was relying on income protection insurance, which was coming to an end.

With other debts to repay, she worried that her super balance was not enough to retire on.

Samantha spoke to a First Super Financial Planner. They suggested having a Retirement Health Check to see if she could fully retire when her income protection ran out, or if she might need to return to work in some capacity. They worked through her expected retirement costs, and she was pleasantly surprised to learn that her super would last a lot longer than she thought. And because Samantha is a First Super member, the health check came at no additional cost.

Insourcing our coordinator team

As noted elsewhere in this report, another key development to our Member Services Model in 2022/23 was the decision to insource the Member and Employer Services Coordinator team, which continues to demonstrate our commitment to this model.

The team's efforts played an integral role in the growth of our membership this year, which in turn allows us to achieve scale and keep our membership fees competitive.



[^] Name changed to protect anonymity

Our Retirement Income Strategy

First Super's vision is to empower our members to achieve and maintain a dignified retirement. Our Retirement Income Strategy aims to help members achieve a retirement income that supports their desired lifestyle.



Our Retirement Income Strategy is designed to guide and assist members as they get ready for or start retirement by providing them with relevant products, information, education and financial advice. We help them to understand their retirement income needs, so members can make informed decisions to achieve their desired goals.

Retirement income – guidelines

First Super refers to the guidelines from the Association of Superannuation Funds of Australia (ASFA) for a 'modest'¹ and 'comfortable'² retirement to help members work out how much they may need in retirement.

These budgets estimate how much it costs to live during retirement, focusing on lifestyle goals. They are based on a combination of superannuation pension payments, Age Pension payments, and other income sources where applicable. Members can modify these budgets based on their goals for retirement.

1. The ASFA Retirement Standard defines a 'modest' retirement lifestyle as slightly above the Age Pension, which allows retirees to afford basic health insurance and infrequent exercise, leisure and social activities with family and friends. The modest income is \$45,808 p.a. for a couple and \$31,785 p.a. for a single as at June 2023.

2. The ASFA Retirement Standard defines a 'comfortable' retirement lifestyle as allowing retirees to maintain a good standard of living in retirement. It includes private health insurance, a range of exercise and leisure activities, the occasional restaurant meal, and an annual domestic trip and an international trip once every seven years. The comfortable income is \$70,482 p.a. for a couple and \$50,004 p.a. for a single as at June 2023.

Both budgets assume that the retirees own their own home outright and are relatively healthy.

Our retirement products

First Super currently offers an Allocated Pension Account with two retirement options depending on a member's life stage:

- **Transition to Retirement** – a product for those still working that allows members to reduce their working hours, while starting to receive their super and paying less tax.
- **Allocated Pension** – a tax-effective retirement income.

Our retirement services

To find out more about our Retirement Income Strategy and the extensive range of retirement planning services available to you, visit firstsuper.com.au/retirement.

Financial advice options

First Super offers expert financial advice from our team of Financial Planners*. This can be focused on your First Super account, including topics such as growing your super balance, First Super's investment options and how super can be used in retirement. This is offered at no additional cost.

The other option is personal advice, offered for a fee. This looks at your super, plus topics such as:

- maximising the Age Pension
- retirement planning for you and your partner's financial situation
- managing debts (e.g. home loans)
- risk insurance outside super, such as life insurance, income protection, total and permanent disability and trauma insurance
- investments outside super (excluding investment properties, share portfolios and SMSFs).

Advice and support in your best interests

Receiving financial advice can help you gain clarity about your retirement plans. First Super Financial Planners are salaried employees, not on commission. This means they're dedicated to building an ongoing trusting relationship, and providing support and advice that's genuinely in your best financial interests.



Retirement success stories

Maximising the Age Pension

A couple, John and Nancy[^] (both members), were approaching retirement and admitted they had no idea about how to manage their finances. They received personal advice from a First Super Financial Planner about their options.

The challenge they faced was that their assets would put them above the minimum threshold for the Age Pension, drastically reducing their payment.

Our Financial Planner identified ways for the couple to reduce their assessable assets for the Age Pension. The result was that John would receive a much larger amount each year in the Age Pension.

Retirement Health Check and redundancy

First Super member Craig[^] was offered a redundancy but did not plan to retire for several years as he wanted to build up his super. He was unsure whether he should accept the redundancy package and retire, find a different role in the organisation or find a new job.

He and his wife decided to undertake a Retirement Health Check with a First Super Financial Planner to help them make a more informed decision. In just 30 minutes, they discussed their assets, expenses, the cost of living and their retirement goals.

The check confirmed that the couple would comfortably meet their retirement goals if Craig retired immediately, and they would still have a bit of money left over at their retirement.

This gave them great peace of mind that the money was going to last, and Craig could accept the offer for a redundancy.

* First Super Financial Planners are authorised representatives of Industry Fund Services Limited (ABN 54 007 016 195, AFSL 232514).

[^] Names changed to protect anonymity

Our Three-Year Strategic Plan

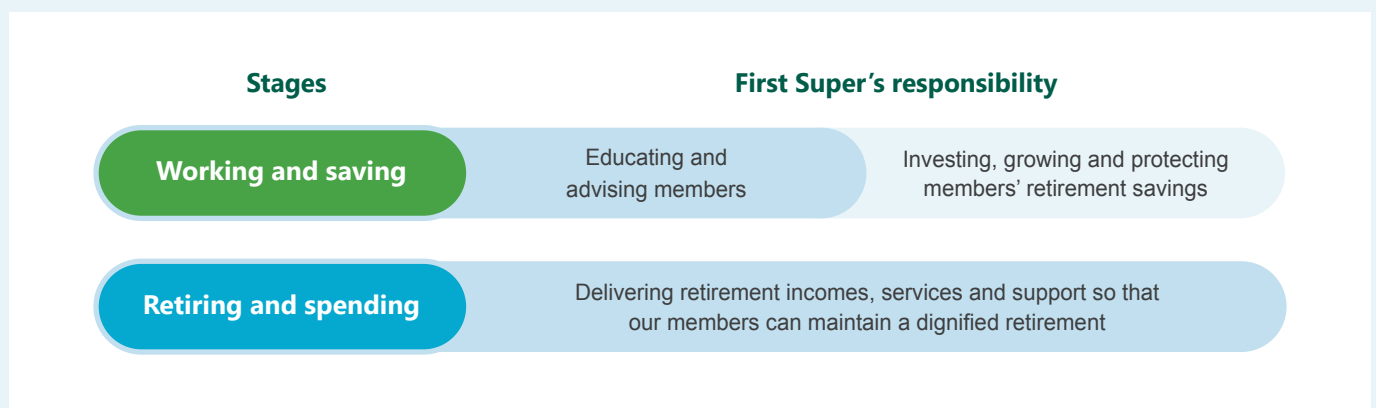


First Super's three-year strategic plan addresses our regulatory obligations, particularly:

- APRA's requirements expressed through prudential standards, outcomes of thematic reviews and superannuation sector priorities within its business plan; and
- ASIC's regulatory requirements and priorities within its business plan that impact the superannuation sector.

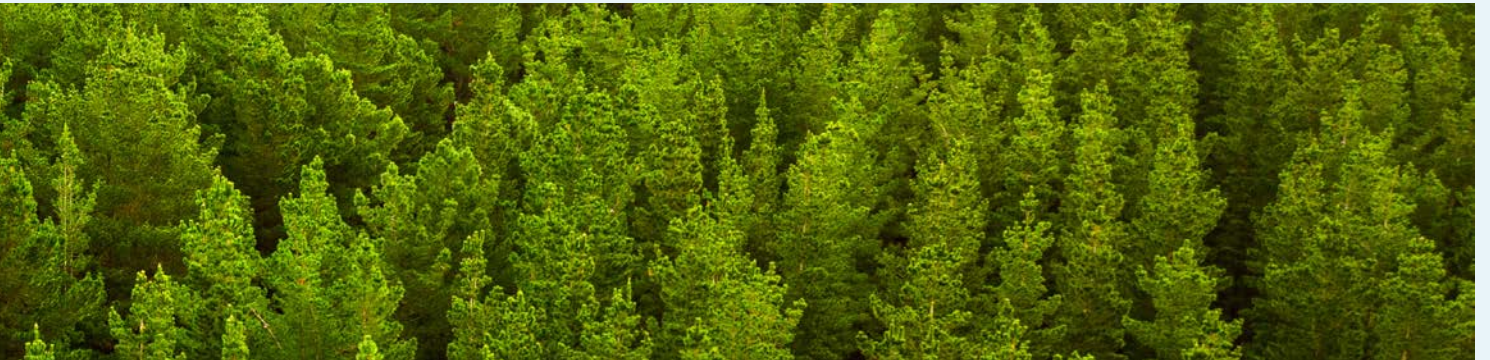
What are we trying to achieve?

First Super's vision for its members is to enable them to attain and maintain a dignified retirement. We help them work and save, and then help them determine through retirement where they can choose to spend their superannuation savings. What we do for our members in those two stages is set out below.



How do we know that we are achieving these goals?

We've used the ASFA Retirement Standards to create targets that are a combination of superannuation pension and Age Pension income, upon and during retirement.



How are we going to get our members to these destinations?

First Super has three strategic pillars, each of which comprise strategies supported by programs and projects. These three pillars are supported by a foundation of good governance, which also comprises strategies, programs and projects.

The totality of strategies, programs and projects within the strategic pillars and our good governance foundation address the Fund’s legislative obligations and stakeholder and member expectations.

These pillars and their rationale are shown in the diagram.

Pillar	Growing members’ retirement savings	Scale and cost	Investment returns
Rationale	Activities directed to engaging with members to ensure that they maximise their retirement income opportunities and are protected in the event of death or total and permanent disablement.	Activities that attract and retain members maintain scale, allowing the Fund to operate efficiently, honestly and fairly and be adequately resourced at a modest cost to members.	Generating solid long-term investment returns achieves the Fund’s vision for its members and member outcomes, and retirement income covenants.
Governance	Activities directed to ensuring that the Fund manages risk, is prudently managed and its control environment is effective.		

How do we measure outcomes?

Our Risk Appetite Statement defines key business risks and sets quantifiable tolerances for those risks. These risks and quantifiable tolerances define our primary business performance metrics. Achievement of these metrics contributes to delivery of member outcomes and our Retirement Income Strategy and allows assessment of whether our strategies and plans have achieved their objectives.

We report against metrics to the relevant Board committee and to the Board on a quarterly basis.

Metric reporting is contained within reports on specific strategies and programs; for example, the Administration and Marketing Committee receives reports on the annual marketing and communications plan, in which performance against plan targets are reported.

We undertake an annual business performance review and annually assess whether we have achieved our desired member outcomes. Both the business performance review and the member outcomes assessment are reviewed by First Super’s Board at its annual strategy day and inform business and strategy planning.

The year in review

Here's an overview of what's been happening over the past 12 months.

July 2022

SG increases to 10.5%

The Superannuation Guarantee (SG) increased to 10.5% of a member's salary and will continue to increase 0.5% each year until it reaches 12%, putting more money in members' accounts for retirement.



August 2022

The Super Fund for Regional Australia

The campaign that promotes First Super as the fund for people living in regional Australia launched on the Limestone Coast. With regional staff across Australia, First Super is committed to helping members wherever they are in the country.



Casey Thompson joins the First Super Board

Casey Thompson joined the Board of First Super as a Member Director, replacing longstanding Director Frank Vari. Casey Thompson is a Workers' Capital Manager, Australian Council of Trade Unions (ACTU).



October 2022

Annual statements

2021/22 Annual Statements and *Full-Time* brochures were sent to all First Super members by post and email notifying them of their account balance, investments, insurance arrangements and Fund updates.



Lisa Marty joins First Super Board

Lisa Marty joined the Board as an Independent Director. She is Deputy Chair of Parks Victoria and a Director of Skills Impact. Lisa has held consulting and executive roles within the forestry and natural resource sector, including as a former CEO of the Victorian Association of Forest Industries.

December 2022

First Super a top 10 fund

First Super was one of the best performing super funds for 2022. Superannuation ratings agency SuperRatings ranks First Super's Balanced (MySuper) option number 2 in Australia in the December 2022 ranking of Balanced products by one-year return.

First Super's MySuper product was a top 10 performer in the 2022 annual performance test for MySuper products, conducted by APRA.



The year in review continued

January 2023

Brand refresh

First Super rolled out a refreshed brand look and feel for our communications in the new year, featuring new imagery of our members.



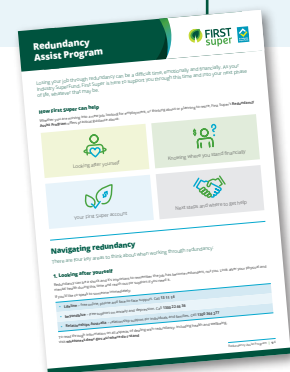
Financial Planner joins the Mount Gambier team

Financial Planner Richard Gosling joined the First Super team on the ground in Mount Gambier to provide face-to-face financial advice. Richard has 20 years of experience living and working as a Financial Planner in Mount Gambier and a solid understanding of the specific needs of local members.

February 2023

Redundancy Assist program

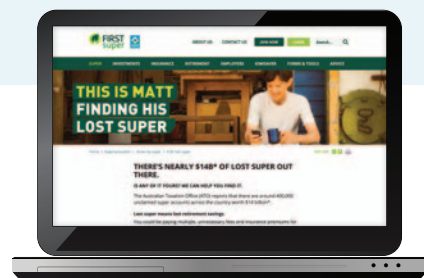
First Super provided support to members going through redundancy. In February, we hosted two Redundancy Assist seminars for members in Traralgon. This was supported by new website pages and a fact sheet providing information for members including redundancy and super, payments and planning ahead, and looking after yourself.



March 2023

Find Lost Super campaign

The Find Lost Super campaign launched, encouraging members to find and combine lost or multiple super accounts to First Super.





April 2023

Coordinators join the First Super Trustee office

Our Member and Employer Services Coordinators joined the in-house team.



Deborah Smith joins the Board

Deborah (Debbie) Smith was appointed to First Super’s Board as an Employer Director. She was most recently the President of Master Grocers Australia (MGA) between 2018 and 2022. Prior to that she was a Director of MGA from 2006.

May 2023

First Super reduces insurance fees

From 1 May 2023, we reduced the weekly cost of our default insurance cover for death (including terminal illness), total and permanent disablement (TPD), and income protection. It’s all part of our plan to keep fees competitive and improve the First Super experience.



June 2023

First Super a top 10 performer over three years

We secured an investment return of 9.44% for the Balanced accumulation option in 2022/23. We are a top 10 performer for three-year average returns, according to SuperRatings.*



* SuperRatings Top 10 Returns – Balanced (60-76) three-year return period as of 30 June 2023. Past performance is not a reliable indicator of future performance.

Responsible Investment

First Super's Board details its investment beliefs in the Fund's Investment Governance Statement. The first belief is preservation of our members' capital. This is supported by several other beliefs, including that over the long term companies and organisations that adopt best environmental, social and governance (ESG) practices deliver better returns and are able to better manage investment risk.



Private equity

During the 2022/23 financial year, First Super continued to implement its ESG program. We reviewed the effectiveness of our extensive risk management program in the private equity asset class. Overall, the risk management program was assessed as effective. Opportunities to improve ESG risk management were approved by the First Super's Board, with the Trustee office being tasked to implement them.

International equities

We also funded our international equities indexed strategy, which is managed by IFM Investors. This strategy is designed to provide exposure to a diversified portfolio of global (ex-Australia) publicly listed companies, with an aggregate overweight to those that have demonstrated a commitment to effectively manage labour risk.

By prioritising companies with sound labour practices and screening out companies with poor records, the portfolio seeks to generate long-term returns while managing social factors risk.

Climate change risk

First Super's Board discussed climate change risk at its annual strategy day including how to manage this risk within the Fund's investments and operations. It did not set a 'net zero' target as it did not have sufficient information on how the Fund's investment managers and service providers were addressing this risk. It has tasked the Trustee office to identify the path to net zero being taken by its investment managers, what actions the Fund can take and how it will be accountable for delivery of any target.

First Super's Board will receive the plan progress report at its March 2024 strategy day and a recommended approach in the following year.



Proxy voting

First Super holds shares directly in both Australian and international listed companies, which gives the Fund the right to vote at shareholder annual general and special general meetings. We regularly exercise this right to vote. We receive advice from a proxy advisor on Australian companies. We will vote against Remuneration Committee reports and the re-election of Remuneration Committee chairs in certain circumstances. The table below shows how we voted in 2022/23.

First Super voted on 591 resolutions in 2022/23. First Super categorises these resolutions into four sections. Each of these categories are discussed below.

Item	Total	Proxy Advisor		First Super		Disparities	
		For	Against	For	Against	AWOTE	30% Club
Governance	275	220	7	240	32	1	23
	%	80%	3%	87%	12%	0%	8%
Executive	177	127	26	141	35	3	0
	%	72%	15%	80%	20%	2%	0%
Corporate	27	16	7	19	7	0	0
	%	59%	26%	70%	26%	0%	0%
Other	112	55	26	82	28	0	0
	%	49%	23%	73%	25%	0%	0%

NB. Percentages may not add to 100% for the Fund's Proxy Advisor as it does not provide recommendations for all of First Super's investments.

Governance

This captures director elections as well as increases in non-executive director fee caps. First Super will not vote for director re-election where a board does not have at least 30% female directors. In 2022/23 there were 23 instances where First Super voted against a director re-election due to a lack of female board representation.

Executive

This captures the remuneration and granting of shares and other performance incentives for executives. First Super will vote in line with its proxy advisor's recommendation, unless the remuneration or benefit increase is greater than the increase in the salary of the average Australian, as measured by the Average Weekly Ordinary Time Earnings (AWOTE.) In 2022/23 there were only three instances where First Super voted against a remuneration package due to AWOTE. First Super votes against more executive resolutions (20%) compared with its proxy advisor's recommendation (15%).

Corporate

This captures share placements, proportional takeovers, constitutional amendments and placement capacities. First Super usually votes in line with its proxy advisor recommendation. Increasingly, lobbying groups propose constitutional amendments. First Super voted against more than one in four corporate resolutions.

Other

This captures many 'business as usual' resolutions such as the appointment of auditors, as well as resolutions from lobbying groups. Similarly to the corporate resolutions, First Super voted against one in four of these.

Investments

This section provides a review of First Super's investment performance, our 2022/23 investment returns, and a breakdown of where the investments held by the Fund during the financial year were allocated as at 30 June.

The year was marked by shifting financial markets, with instability at the start of the financial year due to concerns about global recession driven by rising inflation, central bank actions and geopolitical conflict.

As the year progressed the pace of inflation eased and monetary policy moderated. Fears of a global recession lessened, resulting in strong Australian and international share returns.

However, in US share markets a significant proportion of this strong performance was due to a handful of IT stocks rather than increases in share values across the board.

Our Balanced accumulation option returned 9.44% for 2022/23. Returns for our other options are set out in the table below. On average over the past three years, the Balanced accumulation option returned 8.24% annually and 7.83% each year over the past 10 years.

Accumulation	2022/23 %	3-year returns %*	5-year returns %*
Balanced (Default)	9.44	8.24	6.03
Cash	2.74	1.15	1.37
Shares Plus	12.96	11.16	7.67
Conservative Balanced	6.76	5.51	4.35
Growth	11.49	9.72	6.84

Pension	2022/23 %	3-year returns %*	5-year returns %*
Balanced	10.14	8.99	6.51
Cash	3.23	1.37	1.59
Shares Plus	14.36	12.52	8.53
Conservative Balanced	7.50	6.25	4.95
Growth	12.72	11.03	7.77

* To 30 June 2023.

The Balanced option's return of 9.44% outperformed its strategic asset allocation (SAA) benchmark and CPI + 3% benchmark. In the SuperRatings performance tables it was above the median in both the Balanced and Default indices, placing it in the second quartile for both indices. The top quartile was 9.6% and 10.4% respectively.

Growth and Shares Plus outperformed their benchmarks, whereas Conservative Balanced and Cash did not. Cash and Conservative Balanced were below the SuperRatings median. Growth and Shares Plus were comfortably above their medians. Growth was in SuperRatings' top quartile, Shares Plus and Cash were in the second quartile and Conservative Balanced was in the third quartile.

Strategic Asset Allocation and attribution

Turning to SAA and attribution, asset allocation to private equity, property, fixed interest and floating rate debt contributed to performance. The QIC property fund redemption in February was beneficial. Manager performance in Australian equities and international infrastructure contributed to our performance, whereas private equity and being overweight to cash detracted.

International bonds had another poor year, whereas Australian bonds were positive. Property performed poorly globally, however Australian listed property was positive and unlisted property negative.

In Australian equities, Ausbil, Allan Gray and Eley Griffiths outperformed, whereas in international equities, C Worldwide marginally underperformed, returning 21.4% against the benchmark return of 23.2%. Australian private equity underperformed its benchmark return of 20.18%, returning 7.59%. International infrastructure returned 14.01% against its benchmark of 8.39%.

Managers

During the year, the Investment Committee reviewed the all-asset sectors and manager performance within those sectors. Presentations were received from our key managers on their performance and how they were investing members' retirement savings.

IFM was awarded a mandate to manage an international equities index strategy. This strategy features a robust social factors filter and a value tilt. It replaced an index strategy, which had no ESG filter.

In addition, the Investment Committee appointed two international equity managers: Skerryvore to manage the Fund's first allocation to emerging markets, and Metropolis for developed markets.

Looking forward

The Fund will invest some of its overweight cash position in fixed and floating rate debt in the second quarter of 2023/24.

We will remain defensively positioned as we also remain concerned about inflation re-emerging, further interest rate rises and the risk of recession. This may seem counter-intuitive given strong returns last year, but recent inflation, employment and company profit data have become less positive than earlier this year.

Managing investments

How we credit members' accounts

Each First Super member account earns investment income at the Fund's declared crediting rate. The crediting rate used depends on the investment option(s) chosen by the member.

First Super declares a crediting rate return each month for each of its five investment options, based on earnings and estimated investment fees and tax.

After the end of the financial year (30 June), or when a member leaves the Fund, we adjust the member's account based on the accumulated weekly performance of each investment option after deducting tax and fees and allowing for reserves.

At the end of the financial year, the amount applied to a member's account is based on their average daily account balance and the related weekly performance for their chosen investment option(s).

Interim crediting rates

First Super also determines interim crediting rates for earnings, which apply when members are paid a benefit during the year. These rates are calculated based on the declared weekly crediting rate for any part of the week up to the date of exit or withdrawal. If a member leaves the Fund, an interim crediting rate is applied to the entire account balance.



Crediting rates and interim earning rates may be positive or negative. If the crediting rate is positive, member account balances grow. If the rate is negative, member account balances are reduced. It is normal for investment returns to fluctuate, and they may be negative in some years. The actual returns are based on the performance of the underlying investments and First Super can't guarantee any specific rate of return.

Crediting rates for the past 10 years

Accumulation Division (% p.a.)							
Option	1 year	2 years	3 years	5 years	10 years	Since inception	Inception
Balanced (Default)	9.44	5.14	8.24	6.03	7.83	8.12	1/07/1988
Shares Plus	12.96	6.04	11.16	7.67	10.04	6.70	1/03/2001
Cash	2.74	1.51	1.15	1.37	1.93	3.52	1/03/2001
Conservative Balanced	6.76	3.44	5.51	4.35	5.93	5.46	1/07/2008
Growth	11.49	5.59	9.72	6.84	8.87	9.34	14/10/2011

Pension Division (% p.a.)							
Option	1 year	2 years	3 years	5 years	10 years	Since inception	Inception
Balanced (Default)	10.14	5.54	8.99	6.51	8.37	7.46	18/03/2005
Shares Plus	14.36	6.83	12.52	8.53	10.87	8.56	1/07/2005
Cash	3.23	1.78	1.37	1.59	2.24	3.31	1/07/2005
Conservative Balanced	7.50	3.92	6.25	4.95	6.68	6.16	1/07/2008
Growth	12.72	6.40	11.03	7.77	N/A	9.60	10/08/2013

Past performance is not a reliable indicator for future investment performance.

Use of derivatives

First Super allows some of its investment managers to use derivative instruments to help manage risk and for other defensive purposes. The managers must use derivatives within strict parameters.

Derivative instruments are not used for speculative investing. The Trustee Derivative Charge Ratio did not exceed 5%.

Investment Choice

How you invest your super can make a real difference when it comes to your superannuation savings and retirement income.

First Super offers members five investment options. Each investment option has a different target for returns and level of risk.

1. Shares Plus
2. Growth
3. Balanced
4. Conservative Balanced
5. Cash

You can choose to invest in one of these options, or you can choose a combination. And if you change your mind, or your financial goals change, you can switch your investment choice anytime as long as you have at least \$1,000 in your account.

See our investment options as at 30 June 2023 over the following pages.

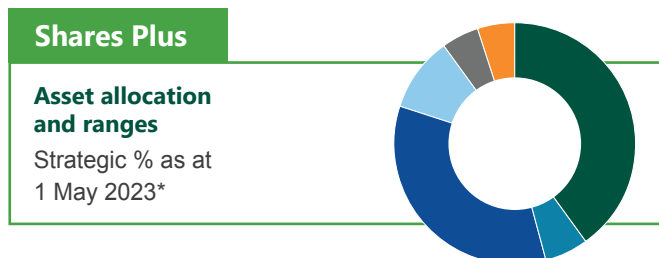


A history of strong returns

Over the 10 years to 30 June 2023, our Balanced investment option has returned an average of 7.83%.*

Investment options

Investment options as at 30 June 2023



Asset class	Strategic	Range
● Australian Listed Equities	40.0%	0-60%
● Australian Unlisted Equities	6.0%	0-20%
● International Listed Equities	34.0%	0-60%
● International Unlisted Equities	0.0%	0-5%
● Australian Unlisted Property	10.0%	0-20%
● Australian Unlisted Infrastructure	5.0%	0-10%
● International Unlisted Infrastructure	5.0%	0-10%

Asset mix: Growth 90% – Defensive 10%

* Actual asset allocation percentages may not add up to 100% due to rounding.

Objectives

- Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 4.0% per annum over rolling 10-year periods.
- Confine the chance of the rate credited to members falling below zero in any financial year to less than one in three.
- Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings High Growth (91–100) Option Survey over rolling five-year periods.

Investor profile

This investment option is likely to appeal to members with a long-term view of their super savings and/or who are prepared to accept higher risk in the search for higher returns.

Risk profile

The Shares Plus option is likely to provide a high degree of volatility and fluctuations in returns and is at the high end of the risk/return range. The risk may increase by the nature of overseas investments, which means that this option is subject to the considerable extra risk of currency fluctuations and international events. It is likely to outperform the other investment options offered over the long term.

Minimum investment timeframe

The suggested minimum investment time frame for Shares Plus is 10 years.

Standard risk

Likelihood of negative returns: 5.2 in every 20 years

Risk band: 6 | **Risk label:** High

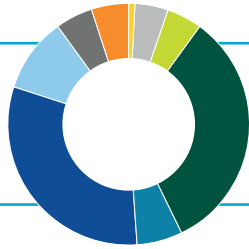
* Past returns are not an indication of future returns.

Investment options as at 30 June 2023

Growth

Asset allocation and ranges

Strategic % as at 1 May 2023*



Asset class	Strategic	Range
● Cash	1.0%	0-20%
● Australian Fixed Income	4.5%	0-20%
● International Fixed Income	4.5%	0-20%
● Australian Listed Equities	33.0%	0-55%
● Australian Unlisted Equities	6.0%	0-25%
● International Listed Equities	31.0%	0-55%
● International Unlisted Equities	0.0%	0-10%
● Australian Unlisted Property	10.0%	0-20%
● Australian Unlisted Infrastructure	5.0%	0-10%
● International Unlisted Infrastructure	5.0%	0-10%

Asset mix: Growth 80% – Defensive 20%

*Actual asset allocation percentages may not add up to 100% due to rounding.

Objectives

- Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 3.75% per annum over rolling 10-year periods.
- Confine the chance of the rate credited to members falling below zero in any financial year to less than one in three.
- Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Default Option Survey over rolling five-year periods.

Investor profile

This option is likely to appeal to members who are prepared to accept higher investment risk in the search for higher returns, but also wish to reduce the risk of very large investment losses by diversifying into some defensive assets.

Risk profile

The Growth option is likely to provide a high degree of volatility and fluctuations in returns. It has a lower investment risk/return profile than the Shares Plus option because it has a higher exposure to defensive assets. Over the long term it is likely to outperform the other investment options, except for Shares Plus.

Minimum investment timeframe

The suggested minimum investment time frame for Growth is 10 years.

Standard risk

Likelihood of negative returns: 4.8 in every 20 years

Risk band: 6 | **Risk label:** High

Balanced

Asset allocation and ranges

Strategic % as at 1 May 2023*



Asset class	Strategic	Range
● Cash	4.0%	0-15%
● Australian Fixed Income	10.0%	0-40%
● International Fixed Income	10.0%	0-40%
● Australian Listed Equities	25.0%	0-40%
● Australian Unlisted Equities	6.0%	0-25%
● International Listed Equities	23.0%	0-40%
● International Unlisted Equities	0.0%	0-5%
● Australian Unlisted Property	10.0%	0-20%
● Australian Unlisted Infrastructure	5.0%	0-10%
● International Unlisted Infrastructure	5.0%	0-10%
● Other	2.0%	0-5%

Asset mix: Growth 66% – Defensive 34%

*Actual asset allocation percentages may not add up to 100% due to rounding.

Objectives

- Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 3.0% per annum over rolling 10-year periods.
- Confine the chance of the rate credited to members falling below zero in any financial year to less than one in four.
- Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Default Option Survey over rolling five-year periods.

Investor profile

This option is likely to appeal to members seeking mid to long-term growth of their super along with diversification across asset classes.

Risk profile

Designed to provide good growth over the mid to long term while reducing risk through diversification. Likely to slightly underperform against the Shares Plus and Growth options over the long term.

Minimum time frame

Superannuation is a long-term investment, and the Balanced option is designed to outperform inflation over rolling 10-year periods.

Minimum investment timeframe

The suggested minimum investment time frame for Balanced is 10 years.

Standard risk

Likelihood of negative returns: 4.1 in every 20 years

Risk band: 6 | **Risk label:** High

Investment options as at 30 June 2023

Conservative Balanced

Asset allocation and ranges

Strategic % as at 1 May 2023*



Asset class	Strategic	Range
● Cash	25.0%	0-40%
● Australian Fixed Income	12.5%	0-50%
● International Fixed Income	12.5%	0-50%
● Australian Listed Equities	15.0%	0-30%
● International Listed Equities	15.0%	0-30%
● Australian Unlisted Property	10.0%	0-20%
● Australian Unlisted Infrastructure	5.0%	0-10%
● International Unlisted Infrastructure	5.0%	0-10%

Asset mix: Growth 40% – Defensive 60%

*Actual asset allocation percentages may not add up to 100% due to rounding.

Objectives

- Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 1.5% per annum over rolling 10-year periods.
- Confine the chance of the rate credited to members falling below zero in any financial year to less than one in five.
- Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Conservative Balanced (41–59) Option Survey over rolling five-year periods.

Investor profile

Members investing for the short to medium term who want a more secure option with less chance of fluctuations than the Shares Plus, Growth or Balanced options and/or members looking for lower-risk options for their super savings.

Risk profile

Designed to provide more stable returns than the Shares Plus, Growth or Balanced options. It is at the lower end of the risk/return range and is likely to underperform against the Shares Plus, Growth or Balanced options over the medium to long term.

Minimum investment timeframe

The suggested minimum investment time frame for Conservative Balanced is 10 years.

Standard risk

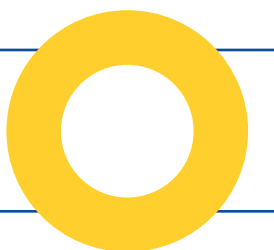
Likelihood of negative returns: 2.6 in every 20 years

Risk band: 4 | **Risk label:** Medium

Cash

Asset allocation and ranges

Strategic % as at 1 May 2023*



Asset class	Strategic	Range
● Cash	100%	0-100%

Asset mix: Defensive 100%

*Actual asset allocation percentages may not add up to 100% due to rounding.

Objectives

- Achieve an investment return (after tax and investment expenses) that exceeds the Bloomberg Ausbond Bank Bill Index over rolling five-year periods.
- Confine the chance of the rate credited to members falling below zero in any financial year to being negligible.
- Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Cash Option Survey over rolling five-year periods.

Investor profile

Members investing for the short term and/or those who want a secure option with a low chance of investment fluctuations. This may be suitable for members intending to realise or reorganise their investments in the near future who want to avoid the possibility of a loss over that period.

Risk profile

Designed to provide very stable returns at the lowest end of the risk/return range. However, it is likely to underperform all other investment options offered over all but the shortest periods.

Minimum investment timeframe

The suggested minimum investment time frame for Cash is one year.

Standard risk

Likelihood of negative returns: 0.0 in every 20 years

Risk band: 1 | **Risk label:** Very low

Investments held by First Super

First Super invests in a range of asset classes handled by leading Australian and international investment managers. Spreading your money across different asset classes effectively spreads the risk, reducing the likelihood of poor returns on the overall value of the investment.

	30 June 2023 \$
Australian Private Equities	
Frontier Investment Consulting	\$384,597
Industry Super Holdings	\$86,705,300
ROC Partners Trust IV	\$2,699,322
Stafford Private Equity 3	\$263,449
Stafford Private Equity 4	\$518,093
First Trust Portfolio	\$186,964,245
Super Benefits Administration	\$3,400,451
Total Australian Private Equities¹	\$284,659,125
Australian Equities	
Allan Gray Australian Equities Fund	\$177,610,179
Ausbil Australian Equities Fund*	\$316,547,014
Eley Griffiths Aust Equities Small Companies Mandate	\$118,498,893
IFM Enhanced Index Aust Equity Mandate*	\$342,725,770
Total Australian Equities¹	\$955,381,856
Australian Infrastructure	
Utilities Trust of Australia	\$77,362,272
IFM Australian Infrastructure Fund*	\$224,311,272
Total Australian Infrastructure	\$301,673,544
Cash and Capital Guaranteed	
IFM Transact Cash Fund	\$124,918,590
Short Term Cash Account (Term Deposit)*	\$448,522,871
Cash	\$37,010,154
Total Cash and Capital Guaranteed¹	\$610,451,614

	30 June 2023 \$
Fixed Interest	
Blackrock Global Bond Index Fund	\$96,985,444
Blackrock Aus Bond Index Fund	\$113,046,441
IFM Specialised Credit Fund*	\$216,015,387
PIMCO Target Return Fund	\$88,449,383
Westbourne Infrastructure Debt Fund 2	\$13,892,720
IFM Aus Credit Opportunities Mandate	\$325,339
Total Fixed Interest	\$528,389,377
International Equities (Hedged)	
IFM Labour Rights Global Equities*	\$368,022,795
Total International Equities (Hedged)	\$368,022,795
International Equities (Unhedged)	
Metropolis Capital Global Equities*	\$219,747,554
C Worldwide Global Equity Fund*	\$212,500,279
Skerryvore Global Emerging Markets All Cap Equity Fund	\$85,624,577
Total International Equities (Unhedged)	\$517,872,411
International Infrastructure	
IFM International Infrastructure*	\$249,342,050
Total International Infrastructure¹	\$249,342,050
International Private Equity	
IFM International Private Equity 1	\$55,600
Wilshire Private Markets LPs	\$4,146,144
Total International Private Equity¹	\$4,201,744
Property	
ISPT Core Fund*	\$251,309,166
Total Property¹	\$255,457,528



\$4,092,216,773²

Total investments

* These assets represent 5% or more of the Fund

1. The total of the portfolio may not be equal to the sum of the investment listings due to the inclusion of GST, cash and receivables under the portfolio.
2. The difference between the total investments held and the investment assets listed on page 30 is due to the cash in Perpetual and Macquarie transition accounts, which doesn't belong to any of the listings above.

Financials

The following information is an abridged version of First Super's Financial Statements for the 2022/23 financial year.

A copy of the audited Financial Statements is available to download at firstsuper.com.au.

Statement of financial position	30 June 2023 \$	30 June 2022 \$
Assets		
Investments	\$4,092,260,123	\$3,631,612,637
Other assets	\$9,532,038	\$19,555,902
Total assets	\$4,101,792,161	\$3,651,168,539
Liabilities		
Tax liabilities	\$74,398,601	\$49,826,796
Other liabilities	\$9,774,260	\$7,754,101
Total liabilities	\$84,172,861	\$57,580,797
Net assets available for members' benefits	\$4,017,619,300	\$3,593,587,642
Members' benefits	\$3,997,010,052	\$3,572,958,028
Net assets	\$20,609,248	\$20,629,614
Equity		
Operational risk reserve	\$9,891,317	\$9,260,550
Other reserves and undistributed earnings	\$10,717,931	\$11,369,064
Total equity	\$20,609,248	\$20,629,614

Income statement	30 June 2023 \$	30 June 2022 \$
Superannuation activities		
Investment income	\$377,967,254	\$15,817,322
Other income	\$2,587,678	\$2,562,993
Total superannuation activities revenue	\$380,554,932	\$18,380,315
Expenses		
Investment expenses	\$12,255,741	\$5,183,342
Administration and operating expenses	\$17,684,599	\$15,354,540
Total expenses	\$29,940,340	\$20,537,882
Results from superannuation activities before income tax expense	(\$350,614,592)	(\$2,157,567)
Income tax (expense)/benefit	(\$21,091,027)	\$20,677,265
Results from superannuation activities after income tax expense	\$329,523,565	\$18,519,698
Less net benefits allocated to members	(\$329,542,583)	(\$18,573,069)
Operating result after income tax	(\$19,018)	(\$53,371)

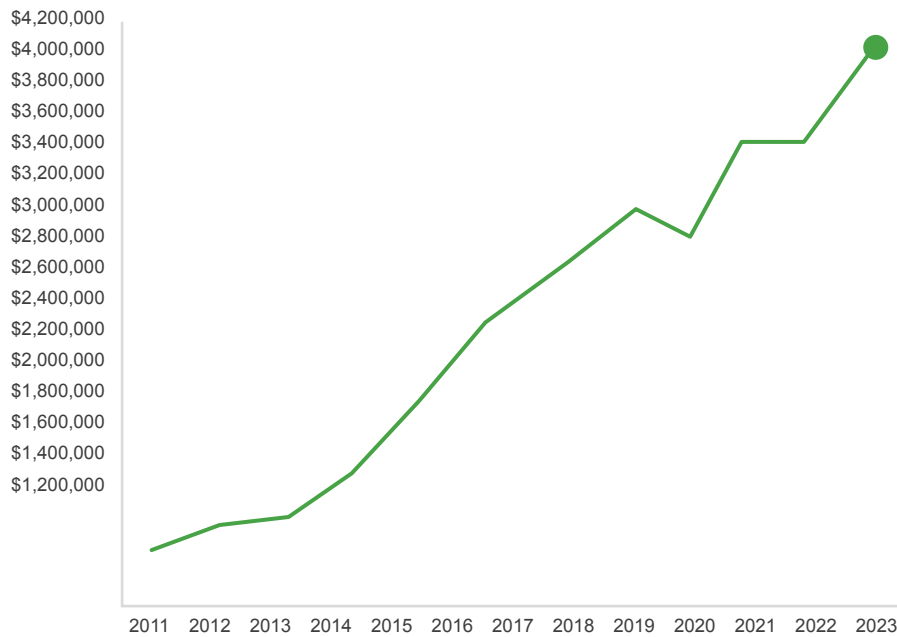


\$4,101,792,161

Total assets under management



Funds Under Management (\$'000)



\$4.1bn

the total value of First Super's assets as at 30 June 2023



\$357,238,502

the total value of contributions made to First Super member accounts for the 2022/23 financial year

Fund equity

The Trustee maintains a reserve for administration and operational purposes, such as paying costs and receiving administration fees. The value of the administration reserve is generally between 0.1% and 0.9% of Fund assets and is invested in the Balanced investment option.

Year ending 30 June	Reserves and undistributed earnings balance (\$)
2023	\$10,717,931
2022	\$11,369,064
2021	\$11,442,217

From 1 July 2013, First Super established a separate Operational Risk Financial Reserve (ORFR) to address potential losses arising from operational risks as required under superannuation legislation. There are specific guidelines and processes surrounding the operation and utilisation of this reserve, which are contained within First Super's Operational Risk Requirement Policy. The amounts in the table above exclude the ORFR.

The ORFR was funded by a transfer of funds from the administration reserve after the annual audit was completed for the 2013 financial year. Although initially invested in cash and fixed interest securities, the ORFR may be partially invested in the other assets, including listed shares and other liquid securities. It is now invested in the Conservative Balanced investment option. The value of the ORFR at 30 June 2023 is \$9,891,317, as detailed in the table below.

Year ending 30 June	Operational Risk Financial Reserve (\$)
2023	\$9,891,317
2022	\$9,260,550
2021	\$9,237,995

Fund Governance

The Trustee Board is responsible for the overall governance, risk management, investment strategy and strategic direction of First Super. Our Directors are obliged by law to act in the best interests of all members of the Fund.

The Trustee

The Trustee of First Super is a company, First Super Pty Ltd (ABN 42 053 498 472, AFSL 223988). The Trustee is responsible for the efficient and prudent management of the Fund of which it is Trustee. It is responsible for managing more than \$4 billion in funds under management and overseeing its investments on behalf of more than 50,000 members, in accordance with the Trust Deed and relevant legislation. At the date this report was issued, the Trustee had not incurred any penalties under Section 38A of the *Superannuation Industry (Supervision) Act 1993*.

Trustee insurance

The Trustee holds indemnity insurance providing cover to protect the Fund, its Directors and officers from the costs and liabilities that may arise from legal action.

Trust Deed

The Trust Deed contains the rules of First Super. No changes were made to the Trust Deed for the financial year ending 30 June 2023.

Constitution

The Constitution governs the internal management of First Super. No changes were made to the Constitution for the financial year ending 30 June 2023.

The Trustee office

First Super's day-to-day operations and the implementation of the Fund strategy are run from our office in Carlton, on the fringe of Melbourne's CBD. (Since COVID-19 we have adopted a hybrid working model where many of these operations are also managed from home offices.) The Trustee office is led by Chief Executive Officer Bill Watson. He is supported by the Deputy CEO Michelle Boucher, former Executive Manager – Governance Lisa Rayner (who departed the Fund on 30 June 2023), Executive Manager – Financial Advice and Education Andrew Jewell, Risk Manager Laurie Kennedy, and other colleagues in the Trustee office.

The Trustee Board

The Trustee Board of Directors is made up of employer and employee-nominated Directors and two independent Directors. The Trustee may also appoint an Associate Director, who is given the opportunity to observe how the Fund is managed. Directors are appointed to the Board following consideration of a nominee's suitability, skills and qualifications.

Employee representatives are nominated to the Board by the Construction Forestry Maritime Mining and Energy Union (Manufacturing Division) while employer representatives are nominated by employers or employer associations.

Two independent Directors are jointly appointed by the other members of the Trustee Board. The Board members elect the Co-Chairs every three years.

The Board generally meets four times a year and undertakes an annual review of its performance. Every second year an independent external review of the Board (and its committees) is commissioned.

Adhering to the Governance Code

At First Super, we believe in accountability, transparency and protecting and improving outcomes for members. We adhere to AIST's Governance Code, which aims to constantly improve governance in the profit-to-members superannuation sector, going above and beyond current legal requirements. (AIST is the Australian Institute of Superannuation Trustees, now known as the Super Members Council of Australia, which influences policy about the superannuation system in Australia.)

Risk Management Framework

First Super's Risk Management Framework incorporates and defines the requirements and inter-dependencies between business operations, external influences, key enablers (people, policies, processes, tools and technology), core risk and control activities, and governance protocols. This ensures all key risks are appropriately identified, weighted for importance, and effectively managed in accordance with industry standards and APRA requirements (specifically Prudential Standard SPS 220 Risk Management).

Board members and committees

The First Super Trustee Board has established committees to deal with different areas of the Fund's management and make recommendations to the Board to help it discharge its duties. Each committee generally meets four times a year, with additional meetings scheduled as required. The committee members are appointed by the Board to their respective committees.

The Directors of First Super, their representation, and their committee memberships as at 30 June 2023 are shown below.

Board Directors		
Board	Appointment date	Representation and nominating body
Michael O'Connor (Co-Chair)	1 July 2008	Employee – CFMEU – Manufacturing Division
Mike Radda (Co-Chair)	1 July 2008	Employer – Australasian Furniture Association
Dean Brakell	1 January 2021	Employer – Australian Cabinet and Furniture Association Ltd (ACFA)
Robyn Burns	1 July 2019	Employer – Australian Cabinet and Furniture Association Ltd (ACFA)
Denise Campbell-Burns	19 March 2013	Employee – CFMEU – Manufacturing Division
Tim Chatfield	22 September 2017	Independent
Janet Gilbert	14 March 2017	Employer – Timber Trade Industrial Association
Scott McDine	1 September 2017	Employee – CFMEU – Manufacturing Division
Anthony Pavey	1 January 2021	Employee – CFMEU – Manufacturing Division
Casey Thompson	1 August 2022	Employee – CFMEU – Manufacturing Division
Lisa Marty	23 October 2022	Independent
Deborah Smith	27 April 2023	Employer – Peuker & Alexander Pty Ltd

Board Committee membership				
Administration and Marketing	Investment	Audit and Compliance	Remuneration	Nomination
Robyn Burns (Chair)	Michael O'Connor (Chair)	Tim Chatfield (Chair)	Lisa Marty (Chair)	Lisa Marty (Chair)
Janet Gilbert	Scott McDine	Janet Gilbert	Michael O'Connor	Michael O'Connor
Dean Brakell	Denise Campbell-Burns	Casey Thompson	Janet Gilbert	Denise Campbell-Burns
Michael O'Connor	Mike Radda	Lisa Marty	Mike Radda	Mike Radda
Tim Chatfield	Lisa Marty		Anthony Pavey	Janet Gilbert
Anthony Pavey	Robyn Burns			
Casey Thompson				
Deborah Smith				

Service providers

First Super engages a range of independent advisors and service providers to assist with the running of its day-to-day operations. Advisors and service managers may change from time to time. As at 30 June 2023, First Super was using the advisors and service providers included in the table below.

Role	Company/organisation
Actuary	Mercer (Australia) Pty Ltd Towers Watson Australia Pty Ltd (WTW)
Administrator	Super Benefits Administration Pty Ltd*
External Auditor	BDO Audit
Internal Auditor	PricewaterhouseCoopers
Insurer	MetLife Insurance Limited
Insurance Advisor	IFS Insurance Solutions Pty Ltd
Asset Consultant	Frontier Advisors Pty Ltd* Corinella Capital Partners
Investment Managers	Eley Griffiths Group Pty Ltd Industry Funds Management Pty Ltd* Ausbil Investment Management Ltd Stafford Private Equity Pty Ltd Metropolis Capital Limited Skerryvore Asset Management LLP BlackRock Investment Management (Australia) Limited ISPT Pty Ltd Morrison & Co Utilities Management Pty Ltd Westbourne Credit Management Limited Wilshire Advisors LLC BNP Paribas Asset Management Australia Limited Roc Capital Pty Limited Allan Gray Australia Pty Ltd Pacific Investment Management Company LLC (PIMCO) Capital Group Investment Management Limited QIC Limited
Legal Advisor	Holding Redlich Ashurst
Custodian	BNP Paribas Securities Services
Tax Advisor	Ernst & Young
Financial Planning	Industry Fund Services Pty Ltd
Superannuation Research and Ratings	SuperRatings Canstar Rainmaker

*These service providers are related parties to First Super.

Directors' remuneration report

The Directors of First Super Pty Ltd are paid for the work they do for the Fund. In some cases, payment is made to a Director's employer to compensate for the time they spend managing the business of the Fund on the Trustee Board.

The Remuneration Committee regularly examines and sets the fees paid to Directors. They may seek independent advice from time to time to ensure Board remuneration is in line with the market. Based on information available, the Remuneration Committee is satisfied that the level of remuneration paid to First Super's Directors is reasonable.

Directors' fees

The fees paid to Directors are paid in respect of:

Board meetings

Covering preparation for and attendance at Board meetings. Payment includes an allowance for travel and accommodation, where applicable.

Committee and subcommittee meetings

Covering preparation and attendance at committee and subcommittee meetings. Payment includes an allowance for travel and accommodation, where applicable.

Workshop and training courses

Covering Director participation in all approved workshop and training courses and relevant incurred expenses.

Conferences

Covering Director participation in approved conferences and relevant incurred expenses for travel and accommodation, where applicable.

Extra duties

On occasion the Board may require Directors to take on extra duties. An additional fee may be paid to the Director at the Board's discretion.

Interstate travel

Directors travelling interstate for governance meetings and representation duties will be paid an Interstate Allowance Rate of \$1,250 for only one meeting on the first day and no additional Interstate Allowance Rate for any other meetings held on the same or successive days. However, those Directors shall be reimbursed for accommodation, meals and incidentals at the prevailing ATO reasonable travel rate applying to the location at which the meeting is held for second and subsequent days.

Intrastate travel

Directors travelling intrastate for governance meetings and representation duties are paid an Intrastate Allowance Rate of \$500 per day where an overnight stay is required.

Professional development

On accepting a position on the Board, all Directors are required to participate in a thorough induction program leading up to and following their appointment. All Directors maintain their skills and competencies by meeting the required professional development each year. Professional development may include participation in industry programs, seminars and conferences, relevant presentations at Board and committee meetings, and other approved workshops and training courses.

Hospitality and gifts

First Super Directors and senior management may on occasion accept hospitality and gifts within the constraints of the Hospitality and Gifts Policy. All hospitality and gifts that are accepted are recorded in the Hospitality and Gifts Register. The Register is provided to the Audit and Compliance Committee at each meeting and is published on the First Super website.

First Super Directors' fees and allowances

The Directors' fees and allowances for the year ending 30 June 2023 are as follows.

Role/activity		Fees and allowances
Co-Chairs		\$1,712.70/calendar month or part thereof
Co-Chairs and Directors	Board meetings and Strategic Planning Day(s)	<ul style="list-style-type: none"> \$3,425.40 a meeting \$1,141.80 a meeting of three hours or less
	Committee meetings, ad hoc Committee and Subcommittee meetings and AGM	\$1,712.70 a meeting
	Administration and Marketing, Audit and Compliance or Investment Committee meetings, ad hoc Committee and Subcommittee meetings and AGM	\$570.90 a meeting of three hours or less
Associate Directors	Board meetings and Strategic Planning Day(s)	<ul style="list-style-type: none"> \$2,569.05 a meeting \$856.35 a meeting of three hours or less
	Committee meetings, ad hoc Committee and Subcommittee meetings and AGM	\$1,285.04 a meeting
	Administration and Marketing, Audit and Compliance or Investment Committee meetings, ad hoc Committee and Subcommittee meetings and AGM	\$428.69 a meeting of three hours or less
Workshops/training courses (Co-Chairs, Directors and Associate Directors)		\$1,712.70 a day
Domestic conferences (Co-Chairs and Directors)		\$1,712.70 a day
International conferences and workshops (Co-Chairs and Directors)		\$1,255.98 per day plus reimbursement of travel, accommodation and incidental costs as deemed appropriate by the Chair of the Remuneration Committee on advice from the CEO; or in respect of the Committee Chair, as deemed appropriate by the Co-Chairs of the Fund on advice from the CEO. Details of proposed details of proposed or incurred costs reported to the next Board meeting.
Representational committees	AIST Chairs forums APRA consultations	\$2,569.05 a meeting (plus Allowance Rate where applicable)
Industry not-for-profit committees (Co-Chairs and Directors) where no fee or honoraria paid by organisation to Director and where the Director is required to represent the Fund		\$1,255.98/day (plus Allowance Rate where applicable)

2022/23 attendance and remuneration

Below is a list of Directors' meeting attendance and remuneration (including GST where applicable) for the year ending 30 June 2023. The Construction, Forestry, Maritime, Mining and Energy Union is abbreviated as CFMEU in the table.

Director	Board	Committee	Total PD hrs	Fees paid ¹	Fees paid to
Dean Brakell	7/7	4/4	73	\$61,537	ACFA
Candy Broad ²	1/1	4/4	5	\$25,837	Candy Broad
Robyn Burns	7/7	10/10	33	\$55,377	Robyn Burns
Denise Campbell-Burns ³	6/7	9/9	31	\$76,584	CFMEU – Manufacturing Division
Tim Chatfield	7/7	8/8	15.19	\$44,832	Timothy Chatfield
Julie George ⁴	1/1	2/2	3	\$7,536	Busi Culture P/L
Janet Gilbert	7/7	13/13	38	\$58,198	Janet Gilbert
Lisa Marty ⁵	6/6	10/13	13.5	\$38,935	Lisa Marty
Scott McDine	4/7	6/6	11	\$28,755	CFMEU – Manufacturing Division
Michael O'Connor	7/7	15/15	5	\$91,495	CFMEU – Manufacturing Division
Anthony Pavey	7/7	6/6	27	\$48,851	CFMEU – Manufacturing Division
Mike Radda	5/7	9/11	10	\$54,814	Sterad Pty Ltd
Casey Thompson ⁶	6/7	6/6	20	\$39,474	CFMEU – Manufacturing Division
Deborah Smith ⁷	2/2	1/1	10 ⁸	\$11,825	A & D Holdings (QLD) Pty Ltd
Frank Vari ⁹	0/0	0/0	n/a	n/a	n/a

1. Fees paid to Directors include payment for required travel and accommodation.

2. Candy Broad's term as a Director concluded on 23 October 2022.

3. A travel allowance of \$3,140 was paid to Denise Campbell-Burns rather than the recipient organisation.

4. Julie George was granted leave of absence from October 2023 until her term as a Director concluded on 2 February 2023.

5. Lisa Marty was appointed as a Director on 23 October 2022.

6. Casey Thompson was appointed as a Director on 01 August 2022. A travel allowance of \$1,680 was paid to Casey Thompson directly rather than the recipient organisation.

7. Deborah Smith was appointed as a Director on 27 April 2023.

8. Part year, 27 April to 30 June 2023.

9. Frank Vari's term as a Director concluded on 01 August 2022.

2021/22 attendance and remuneration¹

Director	Board	Committee	Total PD hrs ²	Fees paid ^{1,2}	Fees paid to
Dean Brakell	8/8	4/4	24.65	\$37,857	ACFA
Candy Broad	8/8	15/15 ²	36.75	\$34,703	Candy Broad
Robyn Burns	8/8	4/4	55	\$45,208	Robyn Burns
Denise Campbell-Burns	8/8	7/7	6	\$46,572	CFMEU – Manufacturing Division
Tim Chatfield	8/8	8/8	17.92	\$41,225	Timothy Chatfield
Julie George	8/8	7/8 ²	18	\$44,612	Busi Culture P/L
Janet Gilbert	8/8	15/15 ²	48	\$61,439	Janet Gilbert
Scott McDine	6/8	3/4 ²	10	\$22,117	CFMEU – Manufacturing Division
Michael O'Connor	8/8	15/15 ²	42	\$88,917	CFMEU – Manufacturing Division
Anthony Pavey	8/8	7/7	15	\$45,842	CFMEU – Manufacturing Division
Mike Radda	8/8	8/8	19.75	\$46,292	Sterad Pty Ltd
Frank Vari ³	8/8	8/8	28.88	\$46,156	CFMEU – Manufacturing Division

1. Fees paid to Directors include payment for required travel and accommodation.

2. Due to a clerical error, fees paid to Directors, Board and Committee meeting attendance and PD hours were incorrectly reported in last year's Annual Report. The correct amounts have been restated above.

3. Frank Vari's term as a Director concluded on 01 August 2022.



2022/23 Executive Remuneration Report

The Executive Officers' remuneration for the year ending 30 June 2023 is as follows.

Executive Officers						
Executive Officers	Position held	FY	Paid – cash component	Superannuation contributions includes SG and salary sacrifice	Other ¹	Total remuneration
William Watson	Chief Executive Officer	2022/23	\$435,949	\$27,812	\$11,227	\$474,988
		2021/22	\$394,699	\$27,250	\$10,882 ²	\$432,831
Michelle Boucher	Deputy CEO	2022/23	\$342,125	\$27,500	\$8,825	\$378,450
		2021/22	\$291,328	\$24,172	\$8,489	\$323,989
Andrew Jewell	Executive Manager – Financial Advice and Education	2022/23	\$211,450	\$22,202	\$5,408	\$239,060
		2021/22	\$179,000	\$17,899	\$5,250	\$202,149
Laurie Kennedy ³	Risk Manager	2022/23	\$126,409	\$20,462	\$3,399	\$150,270
		2021/22	\$113,407	\$18,497	\$3,299	\$135,203
Lisa Rayner ⁴	Executive Manager – Governance	2022/23	\$287,709	\$25,292	\$-1,153 ⁵	\$311,848
		2021/22	\$56,643	\$5,664	\$1,153	\$63,460
Maxine Jacona ⁶	Executive Manager – Governance	2021/22	\$173,745	\$12,611	\$0	\$186,356

1. 'Other' includes salary sacrificed benefits and long service leave accrued in the financial year.

2. William Watson's other entitlements for 2021/2022 were incorrectly overstated by \$10,882 due to an error with a prior year balance. The 2021/22 amount has been restated to the correct value.

3. Laurie Kennedy works part-time.

4. Lisa Rayner resigned as Executive Manager – Governance and Company Secretary on 30 June 2023. The 'cash component' includes payment of Ms Rayner's accrued entitlements for annual leave of \$13,155. No additional benefit was paid on Ms Rayner's resignation.

5. This negative balance is a write off of long service leave accrued in a prior period as the entitlement had not vested upon employment cessation.

6. Maxine Jacona resigned as Executive Manager – Governance on 17 March 2022 and as Company Secretary on 23 February 2022.

Legislative Changes

Here are some of the key superannuation rates and thresholds for the 2022/23 year.

Super Guarantee (SG) rate 10% to 10.5%

The SG rate increased to 10.5% on 1 July 2022 and is scheduled to increase by 0.5% each year until it reaches 12% from 1 July 2025. First Super is pleased to see this important change being rolled out and ultimately offering larger retirement savings for all working Australians.

Removal of \$450 monthly income threshold for super contributions

On 1 July 2022, the \$450 monthly income threshold for superannuation was removed, meaning more low-income workers qualified for SG payments for the first time.

Lower age threshold for super downsizer scheme

The Super Downsizer Scheme lets you make a lump sum contribution up to \$300,000 of the net proceeds of the sale of your main residence into super. Previously, you had to be at least 65 years old to contribute to super this way. From 1 July 2022 the age limit was lowered to 60, and in January 2023 it was lowered further to age 55.

Extension of minimum drawdown limits reduction continued in 2022/23

The mandatory minimum pension payments for account-based pensions continued to be reduced by 50% for the 2022/23 year. This measure was aimed at softening the impact of COVID-19 market fluctuations by allowing members to keep more of their super invested. Visit firstsuper.com.au/retirement for details.

Bring Forward rule age limit extended to 75 years of age

The Bring Forward rule means you can use up to three years' worth of future after-tax super contributions over a shorter time period. This can be useful if you have a windfall or receive inheritance money. Previously, you could only use the Bring Forward rule if you were age 65 or under, but from 1 July 2022 this rule was extended to people up to the age of 75.

Significant Event Notice

First Super reported one Significant Event Notice (SEN) in the 2022/23 year, which is summarised below. Details of previous SENs can be found at firstsuper.com.au/about-us under 'Fund Statements'.

Notice Date	Nature of event or change	Impact of the change
27 October 2022	Typographical error in More About First Super	Incorrect information for the 'Cost of product' information, there is no impact to fees and costs charged.

General information for members

The following pages outline communications with the Fund, situations where we may close your First Super account, making a complaint, and how we manage your personal information.

Contacting First Super

Members

If you are a First Super member and need more information about the Fund or help with your account, contact our Member Services Team.

Mail: PO Box 666, Carlton South, VIC 3053

Phone: **1300 360 988**

Fax: 1300 362 899

Email: mail@firstsuper.com.au

Website: www.firstsuper.com.au

Employers

If you are an employer offering First Super to your employees, you can get help by phoning our Employer Services team on **1300 943 171** or emailing employers@firstsuper.com.au.

It's your money, so stay in touch

It's important that you tell us if you change contact details (such as your address, phone number or email) so you continue to receive all the information issued by First Super. You can do this via our member portal, firstonline, at firstsuper.com.au/login, or you can call, email or write to us.

How we communicate with members

From 1 May 2023, First Super will communicate with members differently. If you have provided your email address and phone number, you give consent for First Super to send you information about your account, First Super's products and services and marketing communications, including third-party products and services. Communications will be sent via email, your firstonline account, SMS, the mobile app or over the phone, in accordance with First Super's Privacy Policy (unless you have opted out). You can change your preferences at any time by calling the Member Services Team on **1300 360 988**, or through firstonline.

Superannuation surcharge

The superannuation surcharge payable by high income earners on contributions and termination payments made on or after 1 July 2005 has ended. However, the Australian Taxation Office (ATO) continues to send assessments relating to prior years. Should First Super receive such an assessment, we will deduct the charge directly from your account.

You can contact the ATO by calling 13 10 20 or by visiting ato.gov.au

'Lost' and 'inactive low-balance' members

First Super is bound by law to transfer super accounts that are 'lost' or 'inactive' to the ATO, so your account is not eaten away by fees.

Government legislation sets out that a member is generally considered 'lost' if at least two written communications sent by a fund to the last known address were returned unclaimed, and the member has not made any other contact with the Fund over specific timeframes. In addition, you will be classified as 'lost' if your account has been inactive in certain circumstances. If you are classified by us as a 'lost' member, your details will be sent to the ATO and included on the ATO's Lost Members register. For further information call the ATO on 13 10 20.

A super account is an 'inactive low-balance' account if:

- the account has not received a contribution or rollover for 16 months;
- the account balance is less than \$6,000;
- the member has not met a condition of release; and
- there is no insurance on the account.

However, an inactive low-balance account is deemed to be active if any of the following have occurred within the past 16 months:

- the member changed their investment options;
- the member changed their insurance coverage;
- the member made or amended a binding beneficiary nomination;
- the member notifies the fund in writing electing not to be a member of an inactive low-balance account.

Effect of being sent to the ATO

If your account is or has been sent to the ATO or to another fund for consolidation:

- you will cease to be a member of First Super;
- any insurance cover you had with First Super will cease;
- your account becomes subject to the rules of the institution that received it.

Temporary residents (departing Australia super payments)

In the event a former temporary resident has unclaimed superannuation, First Super relies on an ASIC exemption 2019/873, which means that it is not obliged to notify or give an exit statement to a former temporary resident in circumstances where member accounts are transferred to the ATO Commissioner under Division 3 of Part 3A of the *Superannuation (Unclaimed Money and Lost Members) Act 1999*. You also have rights to claim such amounts under that Act.

For more information please contact us.

Complaints

The Trustee has established a procedure to deal with member complaints fairly. All complaints will be handled in a courteous and confidential manner, and will be properly considered and dealt with within 45 calendar days (unless the complaint relates to a death benefit distribution, in which case we'll respond no later than 90 calendar days after the expiry of the 28-calendar day period for objecting to a proposed death benefit distribution). If you have a complaint please contact First Super by writing to:

Superannuation Complaints Officer

Mail: First Super, PO Box 666 Carlton South, VIC 3053

Phone: **1300 360 988**

Email: complaints@firstsuper.com.au

Once the Trustee has investigated your complaint, you will receive a written reply explaining the Trustee's decision. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Australian Financial Complaints Authority

Mail: **GPO Box 3, Melbourne VIC 3001**

Phone: **1800 931 678 (free call)**

Email: info@afca.org.au

Website: www.afca.org.au

Privacy and compliance

First Super takes the utmost care with members' personal information and only collects information that is necessary for your membership.

This information is used:

- to establish your membership account
- to process contributions
- to enable benefit payments
- for correspondence
- to search for any unclaimed benefits you may have
- to keep you informed about membership opportunities.

First Super will only collect such information with your consent and we have strict security measures in place to handle your personal information.

As a member, you may ask to see the information held about your membership at any time and to have it corrected if necessary. You can find a copy of First Super's Privacy Policy at firstsuper.com.au/privacy-policy.

During the year, there were no notifiable data breaches of the *Privacy Act 1988*, and there were no losses of member or employer data. First Super has not been subject to any significant fines or other sanctions for failure to comply with laws or regulations.

Issued by First Super Pty Ltd (ABN 42 053 498 472, AFSL 223988), Trustee of First Super Superannuation Fund (ABN 56 286 625 181). The material in this report is a summary only. The rules of the Fund are located in the Trust Deed and relevant law. In the event of inconsistency between this report and the rules, the rules of the Fund prevail.

This publication may contain general advice that has been prepared without taking into account your objectives, financial situation or needs. You should consider whether the advice is appropriate to your personal circumstances and consult the Product Disclosure Statement at firstsuper.com.au/pds before making any investment decision. Please contact First Super on **1300 360 988** for updated information or to obtain a copy of the PDS. Target Market Determination available at firstsuper.com.au/tmd or by calling us.





Want to know more? We're here to help.

If you require more information or assistance with your First Super account, please contact the Member Services Team today.



1300 360 988

(8am to 6pm weekdays AEDT)



mail@firstsuper.com.au



**First Super, PO Box 666,
Carlton South, VIC 3053**



firstsuper.com.au

Keep in touch

It's important you tell us if you change address, phone number or email address to continue to receive all information issued by First Super.
