

Minutes of the FY2021/2022 Annual Member Meeting Qantas Superannuation Limited

Held at 10 Bourke Road, Mascot on Thursday, 2 February 2023 at 11:00am

A video recording of the meeting can be found here:

<https://youtu.be/Gjq8CtCqpk>

Presenters:	John Atkin – Chair Cecilia Ho – Director Michael Clancy – Chief Executive Officer Andrew Spence – Chief Investment Officer Suzette Thurman – Chief Risk Officer
Other Directors Present:	Denis Evison Klair Safier Lorraine Berends Luke Murray Lyle Brownscombe Richard Garner
Apologies	Rachel Yangoyan
Others Responsible Persons Present:	Andy Moser – Chief Financial Officer Ben Tompsett – External Auditor, PwC Ian Tracey – Internal Auditor, KPMG (MS Teams) Nick Callil – Plan Actuary, Willis Towers Watson (MS Teams) Bronwyn Houghton – Company Secretary Dan Healey – Head of Investment Operations Emma Brodie – Head of Plan Operations Stuart Langeveldt – Chief Experience Officer
Other Staff Present	Gina Baldassarre – Manager, Marketing and Communications Josephine Tannous – Superannuation Advisor Simone D'Souza – Superannuation Associate

Formal presentations

Welcome and Chair Address

John Atkin, Chair of the QSL Board, addressed the attendees and:

- welcomed all members and the Directors of Qantas Superannuation Limited (Directors);
- acknowledged the Traditional owners of the land on which the meeting is held, the Gadigal people of the Eora Nation and paid his respects to their elders past, present and emerging, and any Aboriginal and Torres Strait Islander people who are also attending this meeting;
- noted that the purpose of the meeting is for the Trustee to be accountable to the members of Qantas Super and to provide those members with an opportunity to ask questions;
- provided an overview of the Annual Member Meeting agenda;
- introduced the Directors of the Board and acknowledged the representatives of QSL's key service providers;
- noted the recent media around Qantas Super's strong investment performance, its focus on ESG matters in particular decarbonisation, and the platinum rating of the pension account from SuperRatings; and
- noted the strong Voice of the Member results in terms of satisfaction, ease of doing business and trust and how these measures have improved over the last six years.

Chief Executive Officer Address

Michael Clancy, Chief Executive Officer, addressed the attendees and noted that:

- the team takes the management of members superannuation accounts very seriously;
- the 2021/2022 Financial Year (FY21/22) presented many challenges including the impact of the COVID-19 pandemic on the Qantas Airways Limited (QAL) business and its employees, the volatility in financial markets, the increasing inflation, the invasion of the Ukraine by Russia, and the significant falls in the Australian and Global Bond markets;
- during FY21/22 the Trustee was focused on supporting those members who were QAL employees that had lost their jobs;
- the Trustee had refreshed its Strategic Plan and is focused on delivering great investment performance and exceptional member experiences; and
- the team is building a new retail space at Mascot Campus to make it easier for members to access both advice and help.

Highlights of FY21/22

Cecilia Ho, Company-appointed Director; addressed the attendees and noted the highlights of FY21/22 including:

- Qantas Super's strong investment performance;
- the re-designed of the insurance offering that was implemented to ensure that the Plan continues to meet members' insurance needs while not eroding their retirement savings; and
- the expansion of the member advice services to ensure we are engaging with members at a time, channel and location that suits them.

Investment Performance

Andrew Spence, Chief Investment Officer, addressed the attendees and noted that:

- Qantas Super delivered positive investment returns for all of the actively managed investment options for the year ending 30 June 2022 despite the very challenging year in investment markets;
- while the investment return for the low-cost Thrifty investment option was negative, Thrifty has only been in place for one year, the return is comparable to other similar options in the market and the team is confident it will achieve its objectives over its relevant investment time horizon;
- Qantas Super is a small to mid-size fund and the team believe that its competitive advantages are:
 - we are nimble; and
 - we have the ability to access niche, capacity-constrained investment opportunities across a range of asset classes that larger super funds may not have access to.
- the key drivers of the investment outperformance for FY21/22 were the maturing of the energy, private equity and timberland assets;
- the high level of investment outperformance has led to high performance fees;
- the fees may look high relative to competitors, but this is due to the higher performance fees as a result of the strong investment returns,
- Qantas Super's investment options performed well net of fees, being rated the second-best performing fund for the year to 30 June 2022, following being ranked as the best performing fund for the prior year;
- the team is making good progress towards the Trustee's goal to achieve net zero carbon emissions across the investment portfolio by 2050; and
- the team has invested about a quarter of the Plan's in a listed equity strategy that seeks to reduce carbon emissions subject to a tracking error constraint.

Risk Management

Suzette Thurman, Chief Risk Officer, addressed the attendees and:

- explained the Trustee's Risk Management Framework that is based on a "Three Lines of Defence" model;
- noted that the business is focussed on cyber security risk and takes the protection of member information very seriously; and
- noted that the team had recently enhanced the cyber security controls and will continue to test those controls to ensure they remain effective.

Question and answer session

Michael Clancy welcomed attendees to the live Question and Answer session and noted that Management had prepared a couple of questions that are commonly asked by members.

1. Question (QSL): How does Qantas Super approach the valuation of its unlisted assets?

Michael noted that Lorraine Berends (Chair of the Investment Committee) and Andrew Spence (Chief Investment Officer) would be available after the meeting to provide more detail on the valuation of unlisted assets.

Michael Clancy addressed the attendees and noted that:

- Management take the valuation of unlisted assets very seriously;
- the Board, the Investment Committee and the Audit & Risk Committee have tested Management on the processes it uses to determine the valuation of unlisted assets;
- there are four key principles that underpin QSL's Valuation policy being:
 - valuations are to be provided by independent experts;
 - subject matter experts are to be held accountable for the valuations they provide;
 - the processes used by the independent experts must be fit for purpose, consistently applied and well documented, and
 - assurances are to be provided on a regular basis; and
- the Financial Statements for the year ended 30 June 2022 contains detailed valuation disclosures.

Michael Clancy also noted that Lorraine Berends (Chair of the Investment Committee) and Andrew Spence (Chief Investment Officer) would be available after the meeting to provide more detail on the valuation of unlisted assets.

2. Question (QSL): Why can't former Qantas employees have their new employer contribute to their Qantas Super account?

Michael Clancy addressed the attendees and noted that:

- as a Corporate super fund, Management must adhere to the rules in the Trust Deed;
- members that are currently employed by QAL are able to direct their other employers to make Superannuation Guarantee (SG) contributions to their Qantas Super accounts;
- members that are no longer employed by QAL (Retained members) are not able to direct other employers to make SG contributions to their Qantas Super accounts;
- Retained members can however make voluntary contributions or transfer money from other superannuation funds to their Qantas Super accounts; and
- Retained members remain very valued members of Qantas Super.

Michael Clancy opened the session to questions and answers from other attendees and noted that:

- the team is unable to answer any questions of a personal nature; and
- members can meet one of the Qantas Super advisers on site after the meeting.

3. **Question (member): What is the problem we are trying to solve or enhance with the opening of a shopfront at Mascot Campus? That adds a cost and I would like to understand how the benefit of the Street presence outweighs the cost given the really good experience I have experienced online and via the Helpline.**

Michael Clancy noted that:

- the team is very focused on cost and ensuring that decisions are made in members' best financial interests;
- the team believes that a having physical presence at Mascot Campus will enable it to engage with more members, more often and more easily;
- engaging with members face-to-face is very important in helping members with their retirement planning;
- while the retail space is located in Sydney, Qantas Super Advisers will continue to travel to other locations across Australia to meet with members; and
- the lease for the retail space is for five years and the team will reassess the effectiveness of the retail space towards the end of that period.

4. **Question: Why is internal audit outsourced to KPMG? It seems like an oxymoron and that you may be doubling up with two lots of auditors – KPMG and PwC. What is the rationale for that?**

Michael Clancy noted that:

- the internal auditor and external auditors do very different jobs;
- internal audit is primarily focussed internal processes, policies and frameworks, and in making sure the company is compliant with its obligations, while external audit is primarily focussed on QSL's end of year financial statements;
- as QSL is a financial services company, it requires specialist internal audit skills;
- the team believes that KPMG has the required skills and experience; and
- management and the Audit and Risk Committee agrees an internal audit plan with KPMG each year.

5. **Question: Does Qantas Super invest in Bitcoin and crypto currency? What is the thought on that?**

Michael Clancy noted that Andrew Spence, the Chief Investment Officer, will be available after the meeting to discuss the matter further.

Michael Clancy noted that.

- the fund does not currently invest in crypto currencies; and
- in the future, the team may consider investing in the organisations or platforms that support crypto currencies.

Lorraine Berends, Chair of the Investment Committee, further noted that the Investment Committee had recently attending a training session on crypto currencies and will continue to watch this area for opportunities for the Plan.

6. **Question: Can you give a high-level, brief summary of the important changes that happen to a member's super when they turn age 60?**

Michael Clancy noted that:

- the answer depends on which Division of the fund a member is in; and
- a Qantas Super Adviser will be available to help answer this personal question after the meeting.

Lorraine Berends further discussed fees and net investment returns and how important it is for members to focus on net investment returns.

Conclusion and thanks

Michael Clancy thanked the executive team, the Directors, and the external service providers for their efforts, diligence, professionalism and dedication in supporting Qantas Super and its members.

Michael noted the importance of Qantas Super's members and how seriously the team takes the responsibility of managing members retirement savings and thanked the members for placing their trust with the team.

Michael then invited all attendees to join the team for a barbeque in The Garden area and noted that it was a good opportunity for all members to enjoy a sausage sizzle while chatting to a Qantas Super employee and/or Director.

There being no further business or questions, the meeting closed at 12.00pm.