



CSC Annual Member Meeting 2022: Chair Presentation, Garry Hounsell

Good evening ladies and gentlemen. Thank you for coming here tonight and also thank you for those that are actually online and attending that way tonight. As we celebrate our one hundredth year this year, it's pleasing to see so many of you here, both in person and online, as we deliver this meeting tonight in both hybrid form and for the first time both together online and together.

Before we get into the investment side of things, I'd like to touch on a few board related matters. First, to take the opportunity to farewell and thank Air Vice-Marshal Tony Needham for his dedication, hard work and detailed analysis and contribution to the CSC board. Tony's final board meeting took place with us on 28 June following a six year tenure. Second, I'd like to extend a warm welcome to Rear Admiral Lee Goddard who was appointed to the Board on 1 July this year. Rear Admiral Goddard was appointed to the Board as a nominee of the Chief of Defence following a distinguished 24 year naval career. He commanded warships and joint taskforce of every senior rank and was awarded the conspicuous Service Cross in the Australia Day 2007 honour list. He continues to serve as a member of the Australian navy active reserve and is a member of the Australian Institute of Company Directors. And third, to extend my gratitude to our other Board members, Juliet Brown, the Honourable Chris Ellison, Ms Melissa Donnelly, Jacqueline Hey, Air Vice-Marshal Margaret Staib, Alistair Waters and Ariane Barker. It's a wonderful board to work with and they all have your interests firmly at heart.

During the year the term of Ariane Barker was extended until 30 June 2025 and I'm extremely proud of the Board and our diversity of perspective for the depth of experience on the Board.

Turning now to investments. Many of you customers have pure defined benefits and for them, or for you, the return from our investments has no impact on the retired income that you or they will ultimately receive from us. However, for our customers in our open accumulation products, or those in our hybrid schemes, investment returns do have an impact. Following the stellar returns of 2020 and 2021, nearly all Australian superfunds have experienced negative returns for the 2021/2022 financial year. CSC is not immune from this with a negative 3.5% return. I do understand these one year returns may be concerning for some of you but I encourage you to consider them in the context of the solid long term results that we have delivered as you can see on this slide which shows the one and 10 year returns for PSSap.

While this downturn may have come as a surprise to many, it was in fact signalled by our Chief Investment Officer, Alison Tarditi at this meeting last year. Alison will take you through how CSC has prepared for and responded to these challenging conditions in her presentation shortly.

Of course while short term results can be volatile, super is a very long term proposition and it's beholden on us as stewards of your retirement savings to consider the risks and protect your super as much as we're able from these megatrends. And we focus on your longer term retirement income rather than shorter term impact on account balances or lumps sums.

As you know, the greatest risk to not just super returns but our overall quality of life is climate change. I'm very proud of the fact that CSC have been pioneers in considering non-financial environmental, social and governance





issues for many years. We engage with industry participants, specialists, specialist managers and service providers to increase the disclosure, transparency and availability of quality data to price and quantify these emerging risks.

We take an active but integrated approach to climate change. We consider our entire investment portfolio taking into account all relevant risks. For climate related investments, our approach is to support a smooth transition to a low emission world. This includes investing in renewable energy assets and supporting a disciplined transition away from coal. This means investing in relatively cleaner producers in Australia who are investing in renewables. In this way we improve our carbon footprint over time via well-planned appropriate and considered steps.

From the board level through to our dedicated people, I can assure you that your retirement savings are in excellent hands. Our CSC team is passionate about serving those who serve our country. A myriad of exciting projects are bubbling away which Damian will soon talk about in more depth. Once again, I want to thank you for attending tonight's meeting and I hope that you have lots of questions for us. Thank you.

