

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
SUPERANNUATION SECTOR**

First State Super	
FSS91QW:	<p>Please provide the titles of all externally commissioned reports over the past five years that have reviewed any of the following:</p> <ul style="list-style-type: none">a. Performance of funds.b. Investment strategies for funds.c. Conflicts of interest for funds.
Answer:	<p>No specific reports on these topics have been externally commissioned over the past five years. Our asset consultant, Willis Towers Watson works closely with us on our investment process and provides analysis as needed.</p> <p>First State Super has subscriptions with Chant West and SuperRatings, who regularly provide information on strategic asset allocation (investment strategies), fees and relative performance information for the bulk of the funds in the industry. As this information is quite extensive, we have not needed to commission bespoke reports.</p> <p>The Conflicts of Interest framework is reviewed on a regular basis by our internal auditor, as part of their overall review of the organisation.</p>

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FSS92QW: For each fund where more than 30 per cent of capital is managed by another entity, please complete the below table including:

- The name of the fund.
- The allocation of capital as a percentage of the total capital held by the fund.
- The allocation of capital of the total capital held by the fund.
- The entity managing the capital.
- Whether you are a shareholder in that entity.

Fund	Allocation of fund capital		Managing entity	Shareholder
	%	\$		
i.e. Hostplus infrastructure options	i.e. 70%	i.e. \$10 billion	i.e. IFM Investors	i.e. Yes

Answer: The below table shows investment options where more than 30 per cent is managed by another entity as at 30 June 2020.

Investment option	Allocation of investment option assets	Managing entity	Shareholder
	%		
Property - Accum	60%	Blackrock	Yes*
Property – Pension	61%	Blackrock	Yes*
Diversified Socially Responsible – Accum	32%	Hermes	no
Socially Responsible – Accum	100%	Redpoint	no
Socially Responsible – Pension	100%	Redpoint	no
Australian Equities - Accum RF	100%	Vanguard	no
Australian Equities – Pension RF	100%	Vanguard	no
Australian Equities – Accum	100%	Vanguard	no

Australian Equities – Pension	100%	Vanguard	no
Australian Fixed Interest – Accum	100%	Vanguard	no
Australian Fixed Interest – Pension	100%	Vanguard	no
Capital Stable Accum RF	30%	Vanguard	no
Capital Stable Pension RF	30%	Vanguard	no
Fixed Interest Accum RF	71%	Vanguard	no
Fixed Interest Pension RF	69%	Vanguard	no
International Equities – Accum	100%	Vanguard	no
International Equities – Pension	100%	Vanguard	no
International Fixed Interest – Accum	100%	Vanguard	no
International Fixed Interest – Pension	100%	Vanguard	no
International Equities - Accum RF	100%	Vanguard	no
International Equities - Pension RF	100%	Vanguard	no
Moderate Accum RF	30%	Vanguard	no
Moderate Pension RF	29%	Vanguard	no

* We own Blackrock Inc common stock via external passive manager accounts and it is not a related party.

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FSS93QW:	If you do have capital managed by another entity that you are also a shareholder in, please identify how you manage conflicts of interest.
Answer:	Not applicable.

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FSS94QW:	Please provide details of the following reduction to remuneration packages since 11 March 2020: a. Board members. b. The chief executive. c. Executive management.
Answer:	There have been no reductions to remuneration packages since 11 March 2020. Remuneration for responsible persons (being directors and relevant executives) is disclosed in accordance with our obligations under the SIS Act.

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FSS95QW:	<p>Is the fund considering divestment from pure play fossil fuel producers in order to mitigate climate-related financial risks and to increase the cost of capital for those producers?</p> <p>If not, how has the fund arrived at the conclusion that this approach would not be in members' best interests?</p>
Answer:	<p>As one of Australia's largest super funds, First State Super has taken a leading role in the climate change response for more than five years, recognising that climate change poses one of the most significant risks to Australians' financial savings. On 9 July 2020 we released an updated roadmap, our Climate Change Portfolio Transition Plan, which includes an updated framework of recommended actions and targets for how the fund will support the transition to a low-carbon economy. This includes divesting from businesses who derive more than 10 per cent of their revenue from thermal coal mining from October 2020.</p>