

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

SUPERANNUATION SECTOR

EISS Super

EISS01QW: Why did Chair Warren Mundy and three directors—Michael Roche, Juliet Dunworth and Thomas Costa—resign last week?

Answer: Neither the Chair, nor the other directors who resigned in September 2021 provided a reason for their resignations.

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EISS Super

EISS02QW: Sponsorship Deals

- a. What processes were undertaken to ensure EISS's community sponsorship deals benefit members?
- b. What is the total cost of these sponsorships?
- c. How have conflicts of interest related to these deals been managed?
- d. How many new members have joined EISS as a result of its community sponsorships?
- e. How many new members have joined EISS as a result of the NRL deal?
- f. When were the sponsorship deals signed with two Maroubra Surf Life Saving Clubs? What is the total sum paid to these two clubs?
- g. Will EISS review its sponsorship deals in light of new obligations under the 'best financial interest duty'?

Answer:

- a. All arrangements under the Community Engagement Program (CEP) were supported by an assessment for benefit to members, the objectives set by EISS in terms of the CEP and confirmed in individual Memorandums of Understanding between EISS and the relevant organisation.

In accordance with EISS' governance framework and internal procedures, the program is continually assessed and reported on against the objectives set for the CEP being member engagement, member retention, brand awareness and member growth.
- b. The CEP cost was approximately \$450,000 for the 2020-21 financial year, across a fund with \$6.3bn Funds Under Management. Over the course of the CEP, Memorandums of Understanding were entered into with approximately 40 community organisations and sporting clubs across metropolitan Sydney and regional NSW.
- c. EISS has a comprehensive Conflict Management Framework and Policy which relevantly includes a Register of Relevant Duties and Interests published on EISS' website and an internal conflicts of interests register covering all Responsible Persons, Directors, Senior Executives and staff. EISS also has standing agenda items at each Board and Management Committee meeting which requires Board or Committee members or attendees to disclose any conflict, duty or interest

relevant to the business to be considered during each meeting and provides regular conflicts management training.

EISS has regular and stringent reviews of its conflict management frameworks and processes, most recently conducted in 2020 by its' internal auditors and external governance experts to ensure that they continue to comply with regulatory requirements.

- d. EISS does not collect data on the reasons why a particular member joins EISS. EISS has maintained a high level of retention of members in a climate of increasing competition and account consolidation, which was one of the key goals of the CEP. This is particularly important in relation to the EISS' Defined Benefit fund where members are retained on their exit of the defined benefit scheme into the public offer fund. Overall member growth and retention metrics which are measures of success are monitored on a quarterly basis and reported to the Board.
- e. As above, EISS does not collect data on the reasons why a particular member joins the fund. EISS has maintained a high level of retention of members in a climate of increasing competition and account consolidation, which was one of the key goals of the CEP. Overall member growth and retention metrics which are measures of success are monitored on a quarterly basis and reported to the Board.
- f. As has already been made public through reporting in the Australian Financial Review and The Age/Sydney Morning Herald, EISS signed CEP contracts with South Maroubra Surf Life Saving Club (South Maroubra SLSC) in 2018 and 2020, and CEP contracts with Maroubra Surf Life Saving Club (Maroubra SLSC) in 2017 and 2020. The contracts provided marketing benefits including physical signage, website advertising and access to members to advertise EISS information sessions. The details of each of the contracts with the organisations are commercial in confidence however, the arrangements were each in the category of \$10,000 or less per annum.
- g. No community engagement arrangements have been entered into since 1 July 2021 - which is the relevant date of the legislative change under Your Future Your Super which introduced new requirements.

EISS always assesses the impact of new legislative and regulatory changes and will consider the impact of the Your Future Your Super legislation on the Community Engagement Program as per usual practice.

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EISS Super

EISS03QW: Events

- a. What is the annual budget for EISS staff parties?
- b. What was the total amount paid to the Sydney Museum of Contemporary Art for the 2019 Christmas Party?

Answer:

- a. There is no specific budget for staff parties. However, EISS Super has a budget of \$75,000 per annum to cover staff functions, Board and management events, stakeholder engagement and other related activities.
- b. EISS Super paid \$4,950 to the Museum of Contemporary Art for the 2019 end of year function. As with all businesses, it is important for EISS to recognise the hard work of staff to ensure staff morale remains high and that we attract and retain well qualified and experienced employees who will ensure the fund continues to operate effectively.

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EISS04QW: Training

- a. What was the total amount paid to send EISS Chief Risk Officer Stephanie Lyons to complete a Harvard management course in 2019? Including air travel and accommodation.
- b. Has EISS spent money on training for any other staff members? If so, please provide details of how much and which staff members.

Answer:

- a. As reported in the Age/Sydney Morning Herald in relation to this matter, EISS is committed to the professional development of staff, which is in the best interests of members. The terms of individual employee training arrangements, like the terms of their employment contracts, are strictly confidential.
- b. Yes. EISS is required to ensure that Responsible Persons, including Executive Officers, Directors, Responsible Managers and other staff with particular responsibilities undertake continuing training and professional development to comply with legislative and regulatory requirements. The total cost of this training across all Responsible Persons, including Executive Officers, Directors, Responsible Managers and other staff is approximately \$200,000 per annum.

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EISS Super

EISS05QW: How many non-disclosure agreements has EISS asked outgoing staff members to sign since 2012?

Answer: Since 2012, EISS has executed 13 non-disclosure agreements with exiting staff.

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EISS Super

EISS06QW: Bullying and Harassment

- a. How much did it cost EISS to hire WorkDynamic to investigate bullying complaints this year?
- b. Will EISS release the findings of this report?

Answer:

- a. Details of any investigation into any allegations of workplace conduct are strictly confidential.
- b. No, as such a report is strictly confidential and subject to legal professional privilege.

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EISS07QW: Executive Remuneration

- a. Why were directors given pay rises of more than 30 per cent over the last two financial years?
- b. Did former CEO Alex Hutchison's employment contract include funding for a vehicle? Please provide details.

Answer:

- a. Prior to the changes to Director remuneration in the 2019-2020 financial year, EISS' Director remuneration had not seen an increase since 2007. The increase in remuneration represents a market adjustment addressing the fact that the salaries had not been reviewed since 2007.

Directors' remuneration is required to be approved by the Shareholders of Energy Industries Superannuation Pty Ltd further to the terms of the Energy Industries Superannuation Scheme Trust Deed.

- b. When the former CEO joined EISS, he negotiated an employment contract that included a company vehicle. Following his resignation, the vehicle was returned to EISS.