

**ES100QW:**

*Question: Please advise the total remuneration package of your:*

- (a) company secretary, and*
- (b) Chief Executive Officer, including:*
  - (i) total remuneration*
  - (ii) base salary*
  - (iii) annual bonuses*
  - (iv) deferred bonuses*
  - (v) equity or other options*
  - (vi) additional compensation not covered in the above.*

*Answer:* The company secretary position is not a stand-alone role, the function is the responsibility of the General Counsel. All executive remuneration is disclosed as part of our Annual Report – Our People and Remuneration at <https://www.energysuper.com.au/why-join-us/about-our-fund/fund-governance>.

**ES101QW:**

*Question: For each year of the past decade, please advise the:*

- (a) annual remuneration of the average worker who contributes to your fund*
- (b) average annual superannuation contribution from an employee to your fund*
- (c) multiple your CEO is remunerated compared to the annual remuneration of the average worker who contributes to your fund.*

**Answer:**

- (a) The fund is not privy to the remuneration arrangements of its members.
- (b) The average annual contribution across active members of the fund for the relevant periods are:
  - FY20: \$9,776.93
  - FY19: \$9,625.72
  - FY18: \$9,314.41
  - FY17: \$11,448.44
  - FY16: \$8,735.08
  - FY15: \$10,202.62
  - FY14: \$7,688.80
  - FY13: \$7,226.76
  - FY12: \$7,171.73
  - FY11: \$6,332.91
- (c) We cannot extrapolate that information as set out in our answer to part (a) of the question.

**ES102QW:**

*Question: In the context of marketing and advertising campaigns:*

- (a) How many is your fund currently running individually, or in collaboration with others?*
- (b) How many have run, or are currently running since the beginning of calendar year 2020?*
- (c) What is the actual cost for each campaign (including development, production, broadcasting, and distribution) to 30 June 2020?*
- (d) What is the actual cost for each campaign (including development, production, broadcasting, and distribution) budgeted?*
- (e) What is the budgeted cost for each campaign (including development, production, broadcasting, and distribution) from 1 July 2020 – 31 December 2020?*
- (f) What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 January 2021 – 30 June 2021?*
- (g) What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 July 2021 – 31 December 2021?*

- Answer:*
- (a) 4 individually.
  - (b) 5.
  - (c) The total spent was \$60,258.11. It is not possible to articulate an individual campaign cost given the utilisation of material across campaigns.
  - (d) We cannot determine the meaning of this question.
  - (e) \$280,577 in aggregate. It is not possible to articulate an individual campaign cost given the utilisation of resources across campaigns
  - (f) \$170,014 in aggregate. It is not possible to articulate an individual campaign cost given the utilisation of resources across campaigns
  - (g) Nil.

**ES103QW:**

*Question: For each of the following categories, please provide the percentages of employees that are women, men, or who identify otherwise:*

- (a) all employees*
- (b) non-executive employees*
- (c) executive employees*
- (d) senior executive employees.*

**Answer:** Please see our Annual Report – Our People and Remuneration on our website at: <https://www.energysuper.com.au/why-join-us/about-our-fund/fund-governance>

**ES104QW:**

*Question: Do you have a target for the employment of:*

- (a) women as a share of:*
  - (i) all employees?*
  - (ii) executive employees?*
  - (iii) senior executive employees?*
- (b) people who are gender non-binary as a share of:*
  - (i) all employees?*
  - (ii) executive employees?*
  - (iii) senior executive employees?*

**Answer:** Energy Super's recruitment policies and practices support a diverse workplace, including but not limited to gender and gender identity.

**ES105QW:**

*Question: Since the introduction of Superstream, which has standardised the transfer of funds, has there been:*

- (a) A reduction in the cost to the fund for transferring funds, and if so, by how much?*
- (b) A reduction in the fees charged to members reflecting any saving, and if so, by how much?*

**Answer:** Superstream was introduced concurrently with other changes in the contribution payment system and accordingly it is not possible to isolate any cost savings associated with the introduction of Superstream from those broader changes. Employers have been the primary beneficiaries of Superstream efficiencies.

## ES106QW:

*Question: Greenhouse gas emissions*

- (a) *Does your fund have an internal target for your own greenhouse gas emissions footprint by:*
- (i) 2030?
  - (ii) 2035?
  - (iii) 2040?
  - (iv) 2045?
  - (v) 2050?
- (b) *Does your fund have a target for reducing greenhouse gas emissions from investments by:*
- (i) 2030?
  - (ii) 2035?
  - (iii) 2040?
  - (iv) 2045?
  - (v) 2050?
- (c) *Does your fund intend to divest from investments if they do not reach their greenhouse gas emissions reduction targets by:*
- (i) 2030?
  - (ii) 2035?
  - (iii) 2040?
  - (iv) 2045?
  - (v) 2050?

**Answer:** The Trustee recognises that it has a primary duty to manage the Fund and to act at all times in the best interests of members, which includes a duty to manage material and foreseeable risks.

The Trustee acknowledges that understanding and managing the financial risks of climate change is important and extends throughout all sectors of the economy. Risks in relation to investment activities include the effect of climate change on invested assets, as risks associated with activities which contribute to the emission of greenhouse gases have the ability to impact on performance of those assets and their economic lifespan. These risks are currently taken into consideration into decision making processes at Energy Super.

Commitments to net zero emissions in investment portfolios are a relatively new but important commitment in the industry. Energy Super recognises the importance of this initiative and is working towards a formalised transition pathway, however currently is not in a position to disclose specific targets to net zero 2050 or for any year outlined above.

**ES107QW:**

**Question:**     *The New Daily*

(a)     *Have you ever completed a cost benefit analysis of The New Daily to your fund?*

(i)     *if so, when did you complete this cost benefit analysis?*

(ii)    *Please provide a copy of the cost benefit analysis.*

(b)     *Have you ever completed a cost benefit analysis of The New Daily to your members?*

(i)     *If so, when did you complete your cost benefit analysis of the New Daily to your members?*

(ii)    *Please provide a copy of the cost benefit analysis.*

**Answer:**        The fund has no financial relationship with The New Daily



**ES108QW:**

*Question: Financial advisers remuneration*

*(a) Are your financial advisers paid:*

*(i) a base salary?*

*(ii) non-salaried remuneration, including bonuses?*

*(b) Are your financial advisers, who are only remunerated with a base salary, eligible to provide:*

*(i) personal advice?*

*(ii) general advice?*

*Answer: Please see the responses to ES49QW, ES50QW, ES51QW, ES52QW, ES96QW and ES97QW.*

**ES109QW:**

*Question: Have any technology innovations within the fund reduced the cost of operating the fund over the past decade?*

*If so, please outline:*

- (a) the technological innovations*
- (b) the cost saving*
- (c) the cost saving passed through to fees charged to members.*

**Answer:** As the Fund operates based on an outsourced administration model, a significant proportion of the technology involved in the operation of the Fund is employed by the Fund's administrator. Accordingly, it is not possible to quantify the financial contribution made by the adoption of any particular technology to the Fund's overall administration costs.

**ES110QW:**

*Question: Valuations*

- (a) What data is provided to valuation teams to assess the value of unlisted assets?*
- (b) When the fund provides data to valuation teams to assess the value of unlisted assets, does this include internal modelling of asset valuations?*
- (c) What assumptions are provided to valuation teams when assessing the value of unlisted assets?*
- (d) When valuation teams assess the value of unlisted assets, do they solely take account of past performance?*
- (e) When valuation teams assess the value of unlisted assets, what weighting do they take on the projected value of the market for such unlisted assets to inform their valuations?*
- (f) For the past decade can you please complete the below table for each unlisted asset valued under your valuation policy.*

*Answer: The Fund does not conduct its own valuations of any assets held by the Fund.*

**ES111QW:**

*Question: In the Financial Services Royal Commission documentation an 'Audit and Risk Management Committee' paper was compiled for CBUS ('Review of payments made to sponsoring organisations' - <https://financialservices.royalcommission.gov.au/public-hearings/Documents/Additional-exhibits-round-5/EXHIBIT-5.368.pdf>).*

*Please advise how many times, over the last decade, such a paper, or equivalent, has been prepared for:*

- (a) your Board?*
- (b) a Board subcommittee?*
- (c) executive management?*

**Answer:** The Fund has not, during the relevant period, engaged its internal auditor to conduct a review of payments to sponsoring organisations.

**ES112QW:**

*Question: Over the past decade, how many non-disclosure agreements have you agreed to in relation to:*

- (a) human resources issues?*
- (b) sexual harassment issues?*

**Answer:** The Fund has not, during the relevant period, entered into any non-disclosure agreement in relation to any sexual harassment issue. It is not clear exactly being referred to by the reference to human resources issues, which we interpret to include all matters relating to the recruitment, retention, management and termination of employees. Confidentiality obligations are included in many of the interactions potentially covered by this question.

**ES113QW:**

*Question: Do you use an internal clearing house to receive the superannuation payments from employers, or their payroll representatives, before they are allocated to an individual member's account and/or fund?*

*If so:*

- (a) What is the name of the clearing house?*
- (b) Why do you use a clearing house?*
- (c) How much does it cost annually to use the clearing house?*
- (d) How much does it cost annually to each member to use the clearing house?*
- (e) What happens to interest accrued from funds held in the clearing house?*
- (f) What happens to non-interest income and/or capital gains accrued from funds held in the clearing house?*

**Answer:** It is unclear what is meant by 'internal clearing house', accordingly we assume it's referring to a clearing function under Energy Super's control and ownership. That being the case, Energy Super does not use an internal clearing house.

Energy Super does support employers in relation to access to two clearing house platforms operated by third parties in order to make compliant contributions on behalf of their employees.

For clarity, Energy Super does not use any clearing house to receive payments from employers, the employers use the system to remain compliant with ATO requirements and as a payment conduit to all super funds their employees are with. Importantly to note, Energy Super is agnostic to the choice of clearing house by employers. The Fund receives and allocates payments equally regardless of source.

- (a) QuickSuper and SCH Online.
- (b) The ATO requires payment of employer contributions through a clearing house. The provision of access to partner Employers assists in ensuring contributions are both compliant and timely.
- (c) There is no cost to employers to use either clearing house referred to in (a).
- (d) There is no direct cost to members, costs form part of the administration costs of the Fund.
- (e) Funds received by the Clearing House from employers are allocated to member accounts within the 3 day SuperStream payment standard.
- (f) The Fund has no visibility in relation to this, however as noted in (e), clearing houses must distribute funds within 3 days.

**ES114QW:**

*Question: Do you use an external clearing house to receive the superannuation payments from employers, or their payroll representatives, before they are allocated to an individual member's account and/or fund?*

*If so:*

- (a) What is the name of the clearing house?*
- (b) Who owns the clearing house?*
- (c) Why do you use an external clearing house?*
- (d) How much does it cost annually to use the external clearing house?*
- (e) How much does it cost annually to each member to use the external clearing house?*
- (f) What happens to non-interest income and/or capital gains accrued from funds held in the external clearing house?*

**Answer:** As noted in the response to ES113W, employers have a choice of clearing houses, all of which must comply with the requirement of the government's SuperStream processes.

- (a) Any SuperStream-compliant clearing house.
- (b) Clearing houses are owned by a number of financial services providers and superannuation administrators.
- (c) The ATO requires payment of employer contributions through a clearing house.
- (d) There is no cost to the Fund, there may be costs to employers either directly or through the cost of their payroll system.
- (e) Funds received by the Clearing House from employers are allocated to member accounts within the 3 day SuperStream payment standard.
- (f) The Fund has no visibility in relation to this, however as noted in (e), clearing houses must distribute funds within 3 days.

**ES115QW:**

**Question:** *If you use an internal clearing house please outline when money is received into the clearing house:*

- (a) *On average, how long does it stay in the clearing house before it:*
  - (i) *is allocated to a member's account and/or fund?*
  - (ii) *is allocated to purchase units for a member's account and/or fund?*
  - (iii) *appears in a member's account and/or fund statement and/or online record?*
- (b) *What is the longest time that it has stayed in the clearing house before it:*
  - (i) *is allocated to a member's account and/or fund?*
  - (ii) *is allocated to purchase units for a member's account and/or fund?*
  - (iii) *appears in a member's account and/or fund statement and/or online record?*
- (c) *What is the shortest time that it has stayed in the clearing house before it:*
  - (i) *is allocated to a member's account and/or fund?*
  - (ii) *is allocated to purchase units for a member's account and/or fund?*
  - (iii) *appears in a member's account and/or fund statement and/or online record?*
- (d) *For interest accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:*
  - (i) *the individual member's account and/or fund?*
  - (ii) *a different account and/or fund? If so, what is its name?*
- (e) *For non-interest income and/or capital gains accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:*
  - (i) *the individual member's account and/or fund?*
  - (ii) *a different account and/or fund? If so, what is its name?*

**Answer:** As noted in ES113QW, the Fund doesn't operate a clearing house but does support the use of 2 external clearing houses for use by contributing employers.

- (a) On average, how long does it stay in the clearing house before it:
  - (i) The Fund does not have visibility on this, but payments from the Clearing House must be delivered to the Fund within 3 days in accordance with SuperStream standards.
  - (ii) Same as (a)(i)
  - (iii) Same as (a)(i).
- (b) What is the longest time that it has stayed in the clearing house before it:
  - (i) See (a) (i) above.



- (ii) See (a) (ii) above.
  - (iii) See (a) (iii) above.
- (c) What is the shortest time that it has stayed in the clearing house before it:
  - (i) See (a) (i) above.
  - (ii) See (a) (ii) above.
  - (iii) See (a) (iii) above.
- (d) For interest accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
  - (i) Contributions are processed to the member account with the effective date of receipt of the contribution. The Fund has no visibility of the amount of time contribution monies are held within a clearing house before receipt by the Fund. Clearing houses are bound to adhere to 3-day delivery requirement of SuperStream standards.
  - (ii) All funds received on behalf of members are allocated to the member account directly.
- (e) For non-interest income and/or capital gains accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
  - (i) See (d) (i) above.
  - (ii) See (d) (ii) above.

**ES116QW:**

**Question:** *If you use an external clearing house please outline when money is received into the clearing house:*

- (a) On average, how long does it stay in the clearing house before it:
  - (i) is allocated to a member's account and/or fund?*
  - (ii) is allocated to purchase units for a member's account and/or fund?*
  - (iii) appears in a member's account and/or fund statement and/or online record?**
- (b) What is the longest time that it has stayed in the clearing house before it:
  - (i) is allocated to a member's account and/or fund?*
  - (ii) is allocated to purchase units for a member's account and/or fund?*
  - (iii) appears in a member's account and/or fund statement and/or online record?**
- (c) What is the shortest time that it has stayed in the clearing house before it:
  - (i) is allocated to a member's account and/or fund?*
  - (ii) is allocated to purchase units for a member's account and/or fund?*
  - (iii) appears in a member's account and/or fund statement and/or online record?**
- (d) For interest accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
  - (i) the individual member's account and/or fund?*
  - (ii) a different account and/or fund? If so, what is its name?**
- (e) For non-interest income and/or capital gains accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
  - (i) the individual member's account and/or fund?*
  - (ii) a different account and/or fund? If so, what is its name?**

- Answer:**
- (a) (i) The Fund does not have visibility on this, but payments from the Clearing House must be delivered to the Fund within 3 days in accordance with SuperStream standards. Allocation to members accounts happens on the same business day as received by the Fund from the clearing house.*
  - (ii) Same as (a)(i).*
  - (iii) Same as (a)(i).*
  - (b) What is the longest time that it has stayed in the clearing house before it:
    - (i) See (a) (i) above.*
    - (ii) See (a) (ii) above.*
    - (iii) See (a) (iii) above.**

- (c) What is the shortest time that it has stayed in the clearing house before it:
  - (i) See (a) (i) above.
  - (ii) See (a) (ii) above.
  - (iii) See (a) (iii) above.
- (d) For interest accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
  - (i) Contributions are processed to the member account with the effective date of receipt of the contribution. The Fund has no visibility of the amount of time contribution monies are held within a clearing house before receipt by the Fund. Clearing houses are bound to adhere to 3-day delivery requirement of SuperStream standards.
  - (ii) All funds received on behalf of members are allocated to the member account directly.
- (e) For non-interest income and/or capital gains accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
  - (i) See (d) (i) above.
  - (ii) See (d) (ii) above.

## ES117QW:

*Question: During the first half of 2020 there were significant market movements because of the economic response to the COVID-19 pandemic. Please complete the following table outlining the total payouts and losses in foreign exchange hedging.*

**Answer:** When considering the effect of hedging on an illiquid portfolio or asset class' return profile, it is important to remember that the effect of hedging (gains or losses on the hedge) will typically be offset by corresponding movements in the AUD value of the underlying assets (assuming no change in value of the asset in the local currency).

The net effect then is that the sum of the FX hedge gain or loss will be offset mostly by the gain or loss in the value of the asset so that for foreign currency denominated assets, the net translated impact in Australian Dollars is neutral. This in turn provides a smoother investment return profile for Members as the risk of currency movements is reduced.

A good example in the period identified above is in our private market assets during the month of February 2020. As the AUD declined over the month as risk assets sold off, the loss on the FX hedge increased by ~\$6.5m. The value of the underlying assets however increased by ~\$8m once these assets were translated back into AUD.

Energy Super therefore does not consider it appropriate to view the forex hedge gains or losses in isolation – there must also be consideration of the offsetting movement of the underlying assets.

This is because the primary objective of Energy Super's currency hedging program is one of risk management rather than portfolio performance enhancement of the relevant investment options. In essence, Energy Super does not want foreign currency risk to be the dominant driver of investment returns over time from offshore investments.

Liquidity considerations are also important when determining the appropriate level of foreign currency exposure and are an important aspect when determining the method of implementing the hedging arrangements. This is due to the fact that currency hedging gains/losses will impact the available cash in the Fund.

Movements in the value of the Australian dollar will also impact the value of illiquid international assets, potentially adding to the Fund's overall liquidity risk during times of strong movements in the Fund's listed assets.

**ES118QW:**

*Question: Assuming a young Australian whose birthday was 1 July 1989, got their first job on 1 July 2005, opened a default superannuation account on 1 July 2005, made the average contribution of a person in that age bracket, using the default product offer made at that time and made no additional contributions, received the average growth, paid all fees, insurances and deductibles, please complete the following table.*

**Answer:** As noted in previous questions relating to member salaries, the Fund does not have access to the remuneration of its members which is required to attempt the analysis sought by this question. Additionally, the resources required to undertake this analysis is beyond the capacity of the Fund at this time.