

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Legalsuper

LEG91QW Please provide the titles of all externally commissioned reports over the past five years that have reviewed any of the following:

- a. Performance of funds.
- b. Investment strategies for funds.
- c. Conflicts of interest for funds.

Answer:

- a. None undertaken
- b. Review of Investment Governance
- c. Review of SPS521, Conflicts of Interest

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LEG92QW: For each fund where more than 30 per cent of capital is managed by another entity, please complete the below table including:

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

Answer:

Fund	Allocation of fund capital		Managing entity	Shareholder
	%	\$		
Balanced Socially Responsible Option	100%	\$39.9m	AMP Capital	Yes – direct holding in AMP Limited.
Balanced Index Option	100%	\$74.7m	State Street Global Advisors	Potential – indirect holding via passive overseas shares to State Street Corporation.
Cash Option	100%	\$120.6m	First Sentier	Potential – indirect holding via passive overseas shares to Mitsubishi UFJ Financial Group.
Enhanced Cash Option	100%	\$68m	First Sentier	Potential – indirect holding via passive overseas shares to Mitsubishi UFJ Financial Group.

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LEG93QW: 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: Any shareholding held by legalsuper in an entity which manages capital on our behalf is a consequential outcome from implementation of our investment strategy by third party investment managers.
legalsuper's largest exposure to an affiliated fund manager is AMP Limited, in which it holds less than 0.2% of the total shares on issue.
legalsuper has adopted a Conflict Management Framework which sets out policies and procedures to manage any conflicts of interest that may arise.

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LEG94QW: 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:

- a. No reduction has occurred.
- b. No reduction has occurred.
- c. No reduction has occurred.

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LEG95QW: 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?

If not, how has the fund arrived at the conclusion that this approach would not be in members' best interests?

Answer: legalsuper has adopted an Environmental, Social and Governance (ESG) Policy which guides investment decisions including the impact of climate change and possible divestment of certain industries and companies.

legalsuper has not decided to date to divest from fossil fuels. legalsuper's third party investment managers are experienced active managers skilled in evaluating the opportunities and risks (including ESG risks) and constructing portfolios that maximise financial outcomes for members.