

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Media Super

- MED91QW:** 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. Media Super continuously monitors the performance of its funds and strategies to fulfil its obligations under the SIS Act. Under its operating model (and in line with best practice) Media Super regularly receives numerous external reports on the performance of its investment managers, options and strategies from a range of providers, including (but not limited to) its asset consultant, custodian, auditor and various ratings agencies. Many external reports are subject to contractual arrangements and are therefore commercial in confidence.
- b. Refer to above answer a.
- c. Media Super's conflict of interest policy is per the requirements of APRA prudential standard SPS 521 Conflicts of Interest as the holder of an AFSL and RSE Licence. A copy of Media Super's Conflicts of Interest Policy can be found in our response to question MED26.1QW.

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**MED92QW**

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
	%	\$		
Australian Shares	33%	n/a*	IFM Investors	Yes
Australian Small Companies	99%	n/a	Mercer	No
Cash	59%	n/a	IFM Investors	Yes
Diversified Shares	95%	n/a	Mercer	No
Emerging Market Shares	99%	n/a	Mercer	No
Fixed Interest	99%	n/a	BlackRock	No
Global Listed Infrastructure	99%	n/a	Mercer	No
Global Listed Property	99%	n/a	Mercer	No
Hedged International Shares	99%	n/a	Mercer	No
High Growth	33%	n/a	Mercer	No
Index Balanced	68%	n/a	Macquarie	Yes
Moderate Growth	99%	n/a	Mercer	No
Overseas Shares	94%	n/a	Mercer	No
Passive Australian Shares	99%	n/a	Mercer	No

<b>Fund</b>	<b>Allocation of fund capital</b>		<b>Managing entity</b>	<b>Shareholder</b>
Passive International Shares	99%	n/a	Mercer	No
Property	39%	n/a	ISPT	Yes
Stable	32%	n/a	IFM Investors	Yes
SmartPath	96%	n/a	Mercer	No
Sustainable Future Shares^	98%	n/a	Pendal	No

Note: above as at 30 June 2019.

^ launched after 30 June 2019.

\*Commercial and in-confidence.

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**MED93QW**

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:**

Media Super's Conflict of Interest Policy is per the requirements of APRA prudential standard; SPS 521 Conflicts of Interest as the holder of an AFSL and RSE licence.

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**MED94QW**

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:**

We have not made any decisions on remuneration for the Board or Executive management since 11 March 2020 for this financial year.

There has been a change in Chief Executive during the course of the financial year and the recently appointed Acting Chief Executive has been appointed on the same level of remuneration as that of the previous Chief Executive, up to and including the period ended 30 June 2020.

Media Super publishes annual remuneration information for its Board and Executive on its website under Operations and Fund Governance.

(<https://mediasuper.com.au/about-us/governance/remuneration>)

Information for 2019-20 is due to be published by September 2020.

Remuneration information is also published in the Fund's annual report each year, due for publication in September 2020 as well as published on our website.

Remuneration at all levels is subject to regular review as per Media Super's Remuneration Policy.

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#### MED95QW

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:

Media Super regularly considers if divesting from certain industries or sectors is in the best interest of its members. Currently, Media Super has divested from pure play tobacco, thermal coal and cluster munition producers in its Australian equities and Developed Market equities mandates

Media Super may divest from other industries or sectors in the future in order to manage climate-related financial risks or reduce the likelihood that members have economic exposure to stranded assets.

Media Super's ESG Investment Policy and Stewardship Statement are publicly available on its website: [www.mediasuper.com.au/esg](http://www.mediasuper.com.au/esg).

These decisions are driven by mitigating financial risks to members' account balances as opposed to increasing the cost of capital for external companies/entities.

Media Super regularly monitors its investment strategy to fulfil its obligations under the SIS Act and act in the best interest of our members.

The second part of this question is not applicable for Media Super.