

INVESTING IN A TIME OF CLIMATE CHANGE

MERCER INVESTMENTS
AUSTRALIA LIMITED - CLIMATE
CHANGE MANAGEMENT
REPORTING

SEPTEMBER 2019



INTRODUCTION

Mercer Investments Australia Limited (MIAL¹), as trustee of the Mercer managed funds (Mercer Funds), is a leading provider of investment solutions including a comprehensive suite of multi-sector and single-sector funds catering for the investment needs of a wide range of investors. This climate change management statement sets out in more detail the climate-related commitments made in MIAL's publicly available **Sustainable Investment Policy**ⁱ. The climate-related financial risks, particularly carbon emissions, in relation to Mercer's operations, are captured in reporting by Marsh & McLennan Companies, Mercer's parent entity, on a global basis, which includes emissions reporting to CDP annually.

MIAL leverages the well-established research and proactive approach to climate change that Mercer has taken for many years, as championed by our industry-leading global Responsible Investment business.ⁱⁱ In 2011, Mercer published its first global research report on climate change and its implications for strategic asset allocation. This was followed in June 2015 by the major update, *Investing in a Time of Climate Change*, and most recently in 2019 by *Investing in a Time of Climate Change – The Sequel*.

Mercer has developed internal investment processes to include:

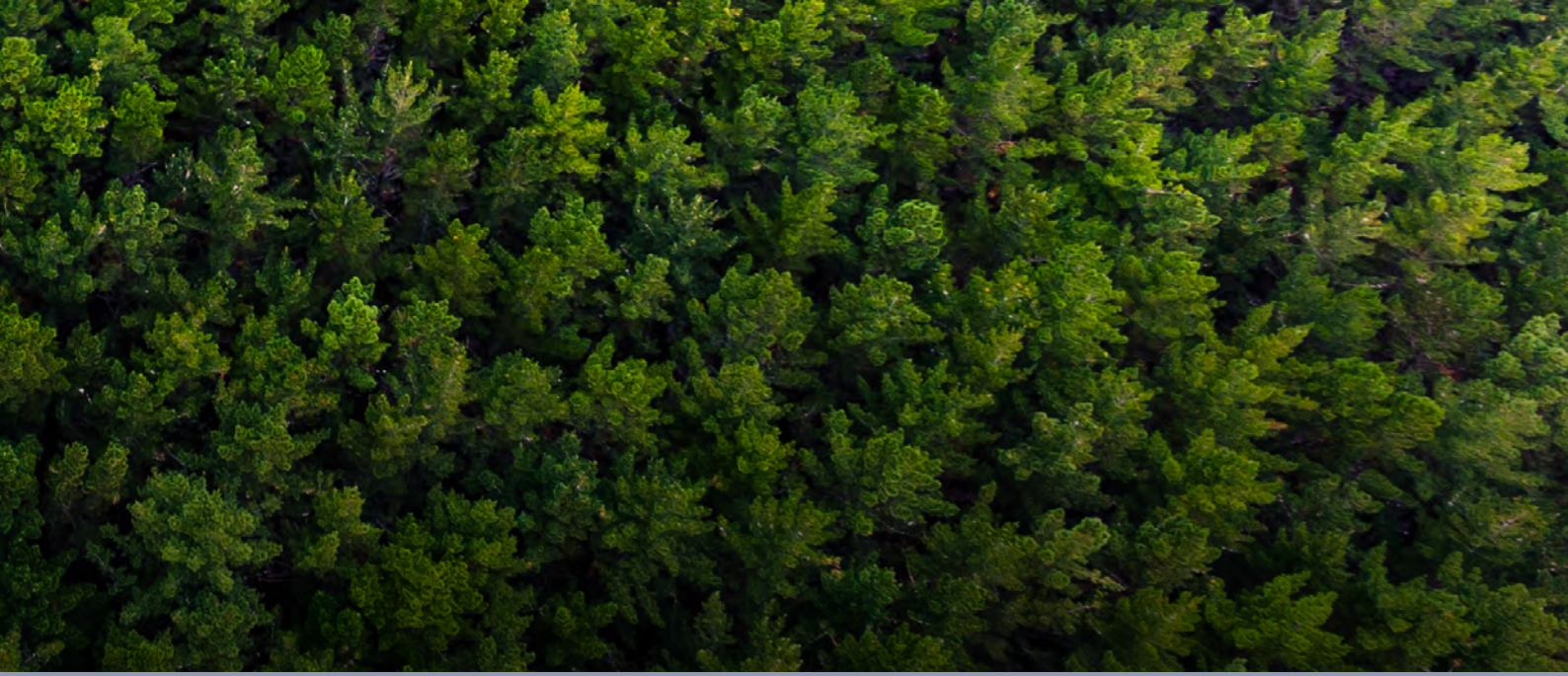
- Specific references to climate change in our global investment beliefs as a “systemic risk” and therefore to “consider the potential financial impacts of both the associated transition to a low-carbon economy and the physical impacts under different climate outcomes”ⁱⁱⁱ
- Updated manager research approaches by asset class to explicitly incorporate relevant climate change considerations, including climate-related voting and engagement, as part of our longstanding policy to consider and improve the ESG Ratings of the appointed investment managers over time

- Updated ‘top down’ strategy stress tests to include climate change, which together with ‘bottom up’ metrics such as carbon footprinting gives a total portfolio view
- Active consideration for sustainability-themed allocations in all portfolios, not just ‘SRI’ branded options

Mercer collaborates with industry groups on climate change, including:

- Signing all G20 investor letters on climate change since 2014^{iv}
- As a member of the Principles for Responsible Investment (PRI); the Investor Group on Climate Change (IGCC); the Responsible Investment Association of Australia (RIAA); the Carbon Disclosure Project (CDP); and the Global Impact Investing Initiative (GIIN)
- Actively participating in the Task Force on Climate-related Financial Disclosures (TCFD) as a Task Force member until mid-2018 and signing the statement of support^v
- An in-depth study with Ceres on addressing climate-related considerations for insurers^{vi}
- Focusing on the critical theme of mobilising private-sector investment in sustainable infrastructure in emerging markets through partnerships with the Inter-American Development Bank Group (IDBG)^{vii} and the Mobilizing Institutional Investors for the Development of African Infrastructure initiative (MiDA)^{viii}
- Supporting our sister company Oliver Wyman in 2017/2018 in their climate risk tool development to assess credit risk in bank-lending portfolios^{ix}

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The 'TCFD' framework

The Financial Stability Board's Task Force on Climate-related Financial Disclosures (the TCFD) released its final recommended framework for climate-related financial disclosure in June 2017. An introduction to the TCFD and its framework can be found at www.fsb-tcfd.org, with the four key recommendations outlined below.

Figure 1: TCFD Framework

The recommendations are in four key areas:



Governance

The organisation's governance around climate-related risks and opportunities.

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's business strategy, and financial planning.

Risk Management

The processes used by the organisation to identify, assess, and manage climate-related risks.

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

The recommendations are broadly consistent with Mercer's *Investing in a Time of Climate Change* reports, highlighting the importance of governance and oversight, forward looking scenarios and metrics for risk assessment. MIAL's approach to climate change management across each of these four areas is outlined in the following pages.

GOVERNANCE

MIAL's governance oversight on climate-related risks and opportunities

Board Level

The MIAL Board, which has oversight responsibility for the Mercer Funds in Australia, has determined that climate change will be an explicit topic for the Board's agenda at least annually including commitments to TCFD-aligned activity and disclosure. The first climate scenario modelling was presented to the Board in early 2017, with the most recent analysis, applying the updated model, presented in August 2019. The annual ESG review, including carbon footprinting, has been part of standard Board reporting in 2018 and 2019 and this is expected to continue.

The MIAL Board is made up of a majority of non-executive Directors. Board members are becoming increasingly educated on climate-related risks and opportunities and how these may influence decisions in relation to risk management, strategy setting, implementation and monitoring. It is also being actively discussed in relation to product development.

Climate-related risks and opportunities are not currently explicitly captured within business planning or performance objectives, and there are not currently explicit goals and targets, except in the branded SRI funds, but this may be reviewed and updated in future.

Management Level

The Pacific Chief Investment Officer (CIO), Kylie Willment, sets expectations and provides direction to portfolio managers and management committees, and reviews and assesses results. As the CIO, Kylie reports regularly to business management and the Board. This investment leadership, actively supported by multiple team members, means climate-related risks and opportunities are increasingly being incorporated into the investment process at each level of investment decision making i.e. within strategy, portfolio construction, manager appointment decisions and active ownership activities, consistent with Mercer's global investment beliefs.

Mercer Global Resources and Investment Beliefs

As regional CIO, Kylie has the leadership and support of the Global CIO, Hooman Kaveh, who also reinforces the growing importance of capturing climate change considerations and monitoring for developments within investment decisions in global CIO meetings and governance committees. This includes the Delegated Solutions Global ESG Integration Committee, formed in 2018, which includes portfolio management and responsible investment representatives from each key region.

The CIO team globally is also guided by Mercer's investment governance structure and research committees charged with reviewing and setting guidance on Mercer intellectual capital development and 'house views'. This includes the Global Strategic Research Committee, chaired by Deb Clarke, Global Head of Research, which ultimately reviews climate-related research such as Mercer's *Investing in a Time of Climate Change* modelling and reports.

This research, led by Mercer's Responsible Investment specialists together with senior Mercer actuaries/consultants, informs the strategic climate scenario modelling, asset class and industry sector priorities that regional CIO's are able to draw upon in their decision making. Mercer has advised investors on all aspects of environmental, social and corporate governance (ESG) and stewardship for more than a decade, and established its formal [Responsible Investment](#) (RI) business in 2004.

Mercer's global [investments beliefs](#) support Mercer's commitment to the Principles for Responsible Investment (PRI) and recognise the international and regional guidance on stewardship. Mercer's 2015 and 2019 *Investing in a Time of Climate Change* reports, the [Paris Agreement](#) on Climate Change and the drivers underpinning the [Sustainable Development Goals](#) are framework examples that inform our RI views.

Mercer believes a sustainable investment approach is more likely to create and preserve long-term investment capital and, more specifically, that:



1. **ESG factors** can have a material impact on long-term risk and return outcomes, and these should be integrated into the investment process.



2. **Taking a broader and longer-term perspective on risk**, including identifying sustainability themes and trends, is likely to lead to improved risk management and new investment opportunities.



3. **Climate change poses a systemic risk**, and investors should consider the potential financial impacts of both the associated transition to a low-carbon economy and the physical impacts of different climate outcomes.



4. **Stewardship** (or active ownership) helps the realisation of long-term shareholder value by providing investors with an opportunity to enhance the value of companies and markets.

Consequently, we believe that a sustainable investment approach that considers these risks and opportunities is in the best interests of our clients.



STRATEGY

The modelled impacts of climate-related risks and opportunities on MIAL's business and strategy over time under multiple scenarios

This section first introduces the Mercer climate scenario modelling approach before outlining how this is applied by MIAL in its investment strategies and at a business planning level to assess the potential impacts of climate-related risks and opportunities and the likely resilience under different climate scenarios.

In summary, MIAL:

- Has completed climate scenario modelling and stress testing of its multi-sector portfolios and is integrating findings into asset allocation and portfolio construction decisions.
- Will increasingly align portfolios with a 2°C scenario where consistent with investment objectives, as Mercer believes this is in the best interests of our investors.
- Will implement scenario signpost monitoring at least annually and agree priority areas, using Mercer's Scenario Signposts Reference Guide and input from the Responsible Investment team.

Mercer climate scenario modelling overview

Investors often use scenario analysis to support strategic asset allocation and portfolio construction decisions as it helps to test portfolio resilience under multiple potential future outcomes. Mercer developed its own climate scenario modelling tool in 2015. This is documented in the 2015 *Investing in a Time of Climate Change* report, and updated in 2019 in the Sequel.

Mercer's climate scenario modelling takes a forward-looking approach to supplement core asset allocation models, which rely primarily on historical data and thus fail to capture the investment impacts of the low-carbon economy transition and anticipated physical damages of climate change. The key benefit is the ability to prioritise climate-related risks and opportunities and the potential relative impacts under different climate scenarios to support strategic decision making on asset allocation and portfolio construction. The scenario analysis can be combined with further insights from 'bottom up' tools that look at company level exposures to refine assessments within asset classes and sectors.

The Sequel sets out Mercer's latest climate scenario model for assessing the effects of both physical risks and transition risks on investment return expectations at a total portfolio, asset class and industry sector level. In The Sequel, Mercer separates out physical damages risk and transition risk into four risk factors. The model uses these risk factors for three climate change scenarios over three timeframes (2030, 2050 and 2100).



Modelling results for Mercer Funds

The Funds Allocation and Strategy Team (FAST), working with the CIO, includes climate scenario modelling as an input to setting investment strategy for the Mercer multi-sector funds. The scenario modelling process helps to test current and potential portfolios with a 'climate lens', alongside other traditional considerations in the decision making process. This analysis was first undertaken in 2017, with the more recent analysis in 2019 applying the latest Mercer climate model.

Long Term Annual Returns Analysis

In the latest review, a number of multi-sector funds were analysed using the three new Mercer climate scenarios over three time periods, including Mercer Growth, the largest Mercer SmartPath cohort, and Socially Responsible Growth. Key results of this analysis are shown in Figure 2.

In summary:

- The portfolios analysed are better positioned for a 2°C scenario since the 2017 climate scenario analysis.
- Positive return impacts are now expected under a 2°C scenario over the next ten years.
- By 2050 and beyond, climate change becomes a drag on returns under all scenarios for all portfolios, except the Socially Responsible Growth portfolio in a 2°C scenario.
- The asset class drivers for the portfolio results are primarily the exposures to infrastructure, property and equities. Within each of these asset classes it then depends on the underlying sector and regional exposures (e.g. % of renewables in infrastructure, % of energy and utilities in equities, % in emerging markets or fossil fuel intensive economies like Australia) and the expected risks and opportunities for these in each climate scenario.

Figure 2: Annualised Total Portfolio Returns by Climate Scenario in the next 10 years

Mercer Portfolio Results		Mercer Growth	Mercer Socially Responsible Growth	Mercer SmartPath 1969-73
2°C	10 Years	≥ - 10 bps	≥ - 10 bps	≥ - 10 bps
	32 Years (ending 2050)	> - 10 bps, < 10 bps	≥ - 10 bps	> - 10 bps, < 10 bps
	82 Years (ending 2100)	> - 10 bps, < 10 bps	> - 10 bps, < 10 bps	> - 10 bps, < 10 bps
3°C	10 Years	> - 10 bps, < 10 bps	> - 10 bps, < 10 bps	> - 10 bps, < 10 bps
	32 Years (ending 2050)	> - 10 bps, < 10 bps	> - 10 bps, < 10 bps	≤ - 10 bps
	82 Years (ending 2100)	≤ - 10 bps	> - 10 bps, < 10 bps	≤ - 10 bps
4°C	10 Years	> - 10 bps, < 10 bps	> - 10 bps, < 10 bps	> - 10 bps, < 10 bps
	32 Years (ending 2050)	≤ - 10 bps	≤ - 10 bps	≤ - 10 bps
	82 Years (ending 2100)	≤ - 10 bps	≤ - 10 bps	≤ - 10 bps

All figures represent % per annum return impacts

■ ≤ - 10 bps
 ■ > - 10 bps, < 10 bps
 ■ ≥ - 10 bps

Short-Term Stress Testing Analysis

Stress testing analysis was also completed to consider changes in view on scenario probability, market awareness and physical damage impacts. This is because we don't believe future changes will be neat and gradual, but could come with sudden surprises where new information and market responses prompts more rapid change. Note, the figures below are not annualised, but a single point in time impact over less than 1 year.

Stress test #1

- Tested the potential return impact of a sudden shift to an increased likelihood of a 2°C and 80% market awareness (from a 20% base case).

Stress test #2

- Tested the potential return impact of a sudden shift to an increased likelihood of a 4°C scenario and 80% market awareness (from a 20% base case).

For the physical damages analysis in this 4°C stress test, the “Mercer Damage Function” was used, which is based on key academic inputs for three major ‘perils’ – coastal flooding, wildfire and agriculture. This analysis suggests a -17% loss to GDP by 2100 under a 4°C scenario. However, there are other views in this very challenging modelling area, as outlined in the [Mercer research](#). For Stress Test #2, we also reviewed results applying the “Dietz-Stern Damage Function” which suggests a -51% loss to GDP by 2100 under a 4°C scenario. These results were around 50-60bps more negative than under the Mercer Damages analysis.

Figure 3: Total Portfolio Returns (Single Point in Time) for Two Stress Tests

Mercer Portfolio Results		Mercer Growth	Mercer Socially Responsible Growth	Mercer SmartPath 1969-73
2°C Stress Test	Return impact over <1 year	> - 2%, < 2%	≥ 2%	> - 2%, < 2%
4°C Stress Test	Return impact over <1 year	≤ - 2%	≤ - 2%	≤ - 2%

All figures represent % return impacts (not annualised)

■ ≤ - 2%
 ■ > - 2%, < 2%
 ■ ≥ 2%

Application in business scenario planning

We expect that the risk and return priorities by asset class under each scenario, particularly a 2°C scenario, will assist in future decisions on portfolio exposures and product development. In business planning these findings can be drawn upon in considering exposures in each asset class and industry sector and drive the risk management priorities. More is provided in the risk management section.



RISK MANAGEMENT

The processes used by MIAL to identify, assess and manage climate-related risks and integrate within overall risk management

Process for assessing potential size and scope of identified climate-related risks, including regulatory requirements, and any risk terminology or frameworks used.

The climate scenario modelling process outlined in the Strategy section of this document is the key framework MIAL uses to assess the size and scope of climate-related risks from a return perspective and prioritise asset classes and industry sectors for risk management (and exposure to new opportunities). Climate change is not expected to be a sole or primary driver for change but is expected to be given more significant weighting as part of the decision making process by FAST and the portfolio and risk managers in priority asset classes, including industry sector weightings in equity portfolio analysis.

In addition to this modelling analysis, the Mercer team has recently developed a scenario signposts resource to assist in monitoring transition, physical damages, litigation and other intersecting risk developments on an ongoing basis. This includes a list of topics to consider and links to various research resources to assist in that monitoring. The scenario signposts resource will be utilised by members of the investment team to help assess potential changes in scenario probabilities and the impacts on portfolio decisions, together with monitoring managers and their understanding of developing risks and opportunities.

Legal and Compliance representatives, together with the Responsible Investment team, keep up to date on regulatory developments in relation to climate change, with our current understanding that Mercer's established frameworks and processes are well positioned to meet or exceed existing and anticipated regulatory requirements.

Integration into overall risk management processes.

MIAL's investment risk managers and analysts provide portfolio analytics to support the investment team in monitoring investment risk positions for the MIAL funds, including portfolio analytics on carbon-related metrics e.g. carbon intensity or carbon footprinting. The risk functions growing involvement is an example of the trend towards integration within the MIAL investment team with support, but no longer reliance, on the Responsible Investment team.

The following table outlines a number of actions by asset class in order to mitigate risk and increase exposure to opportunities, consistent with the analysis and recommended actions arising from the climate scenario modelling exercise, which in some cases was already being actioned as part of existing ESG integration with an additional focus on climate change considerations.

Table 1: Current Mercer Funds Australia Risk Management Actions

Asset Class	Integration	Active Ownership	Investment	Screening
Equities	<ul style="list-style-type: none"> Applying Mercer ESG Ratings and climate specific questions for appointed and potential managers, increasingly following the 'STIR' framework and sector and region return implications in scenario modelling. Leveraging bottom up listed portfolio analytics to complement top down findings (see Metrics and Targets section). 	<ul style="list-style-type: none"> Overseeing voting on climate-related shareholder resolutions for consistency with policy and between managers. Monitoring equity manager engagement priorities and reporting. Reviewing Mercer's engagement priorities globally and implementation options, but climate change is already a top priority and collaborative engagements undertaken. 	<ul style="list-style-type: none"> Launched sustainable global equity strategy in 2016 and included an allocation in diversified client portfolios. Designed new sustainable index portfolios in conjunction with appointed managers, for inclusion in sustainable labelled funds and diversified client portfolios in 2019. Looking to increase investments in solutions to climate change through additional thematic investment funds. 	<ul style="list-style-type: none"> High carbon assets are excluded in SRI funds e.g. Mercer's SRI Fund in Australia won't invest in companies with >10% revenue in carbon intensive fossil fuels such as thermal coal and tar sands and targets 20% below benchmark carbon footprint results. Screening for UN Global Compact breaches, followed up with manager engagement and monitoring, and the potential for subsequent exclusion in the SRI Funds.
Real Assets (Infrastructure, Real Estate)	<ul style="list-style-type: none"> Applying Mercer ESG Ratings and climate specific questions for appointed and potential managers following the 'STIR' framework and asset class, sector and region return implications in scenario modelling. Due to conduct geographic exposure assessment, including any insurance gaps, for real asset holdings in property and infrastructure. 	<ul style="list-style-type: none"> Initial stewardship monitoring, particularly on real estate, has begun with an expanded focus expected in future on manager engagement on underlying assets. 	<ul style="list-style-type: none"> The small exposure to Mercer Sustainable Opportunities includes infrastructure, private equity and natural resources allocations in environmental themes including renewable energy, energy efficiency, waste, water, together with robust impact reporting. The Mercer Direct Property fund monitors its GRESB and NABERS ratings e.g. Energy ratings for the Office portfolio (av. ~4.8) and Retail portfolio (av. ~4.1). 	<ul style="list-style-type: none"> Fossil fuels are excluded from the small private markets exposure to Mercer Sustainable Opportunities, however, there are no other climate-related exclusions applied across real assets at this time.
Fixed Income	<ul style="list-style-type: none"> Applying Mercer ESG Ratings and climate specific questions for appointed and potential managers following the 'STIR' framework and return implications in Mercer modelling for emerging market debt and high yield debt in particular, together with some Sovereigns expected to be negatively impacted by physical damages. 	<ul style="list-style-type: none"> No explicit stewardship monitoring of appointed fixed income managers or collaborative engagements at this time, but will be reviewed in future for credit portfolios. 	<ul style="list-style-type: none"> No explicit solutions allocations in fixed income at this time, but will be reviewed in future. 	<ul style="list-style-type: none"> No climate-related exclusions applied to fixed income at this time.
Hedge Funds	<ul style="list-style-type: none"> We do not expect hedge funds, in aggregate, to be sensitive to the climate change risk factors but will apply the above to long/short equity funds, commodities and insurance-linked securities (ILS). 			



Active Ownership

MIAL regards investment governance and active ownership of particular importance in serving the interests of our investors. MIAL adopts an active ownership program that includes a range of voting and engagement activities. Mercer appoints and fully utilises a proxy voting advisor for all equity holding. Mercer has the authority to override the proxy advisor and all manager votes on any resolution— called a ‘Supervote’ - in circumstances where Mercer believes such a vote on a significant matter is necessary. Ultimately the decision to do this is based on Mercer’s view of the long-term interests of investors.

In determining such votes, Mercer will take into consideration the analysis and recommendation of the proxy voting advisor, the views of the investment managers who hold the stock on our behalf and the views and actions of the company in question. Mercer will also have regard to best practice guidelines and information on governance standards from organisations such as the Australian Stock Exchange, the Association of Superannuation Funds of Australia (ASFA), the Financial Services Council (FSC) and the International Corporate Governance Network (ICGN).

Climate change has been a regular topic of engagement between Mercer and our equity managers. In 2018, MIAL used a Supervote to vote For a shareholder proposal at Whitehaven Coal asking the company to publish a report in line with the TCFD recommendations. This resolution was supported by 40% of shareholders and the company has committed to publish this report in 2019.

The Global Delegated Solutions ESG Integration Committee is also actively reviewing Mercer’s global engagement priorities on behalf of the total assets under management. Climate change is a top priority and Mercer has supported a number of collaborative engagement initiatives in recent years, including investor letters to the G20 regarding climate-related policy commitments. We expect Mercer’s engagement activity will be reinforced during 2019 and beyond through the global committee to better amplify and/ or augment the engagement activities of the appointed sub-investment managers, with the exact format this takes to be confirmed.



METRICS AND TARGETS

The metrics and targets used to assess and manage relevant climate-related risks and opportunities, in line with strategy and risk management

Key metrics for climate-related risks and opportunities

For equities, MIAL has primarily relied on carbon footprinting analysis for all equity funds as a key portfolio metric for carbon emissions intensity vs benchmark. This is a way of assessing historic carbon emissions volume/intensity, which is an indicator for the relative risk of carbon pricing increases as part of the transition to a low-carbon economy.

Different methodologies can be used to calculate a portfolio's carbon 'footprint' (CF). The methodology applied is the Weighted Average Carbon Intensity (WACI), which is the preferred method of the Task Force on Climate-related Financial Disclosures (TCFD). WACI is the sum product of the underlying portfolio weights * company carbon intensities (tons CO₂e / \$M revenue).

An increased focus on fossil fuel reserves and the potential for stranded assets risks is also expected in the future. For Mercer's Socially Responsible Global Shares portfolio there has also been an increasing focus on green revenues and new metrics developments that take a forward-looking view on how a portfolio is positioned for the transition to a low-carbon economy.

For real assets, to date only the small exposure to Mercer's Sustainable Opportunities portfolio measures 6 environmental metrics on energy, water, waste and natural resources, documented in the annual impact report. The Australian infrastructure team is also conducting new research and portfolio analysis, which will be finalised in Q1 2020.

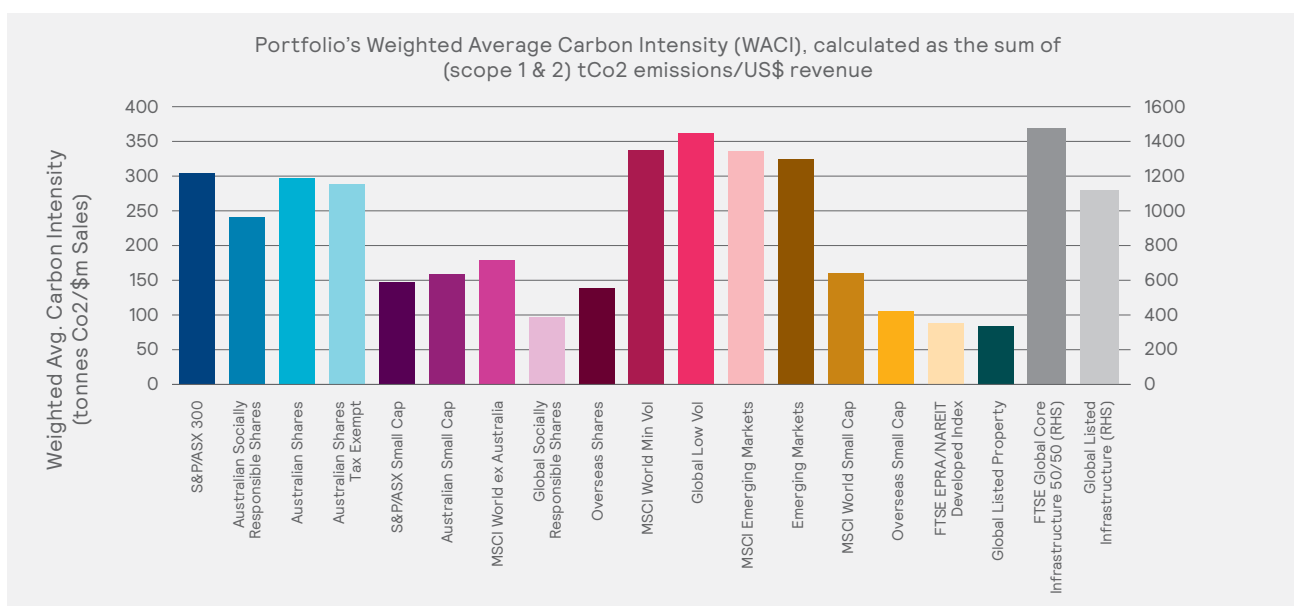
Greenhouse Gas Emissions

Carbon footprinting analysis was completed in 2018 and in Q1 2019 for all equity funds to assess risk relative to benchmarks and key findings are set out below (See Figure 4).

- **All equity funds except Australian Small Cap and Global Low Volatility have a lower carbon intensity than their benchmarks.**
- **Australian Small Cap** is marginally less carbon efficient than the ASX Small Cap Index. Security selection decisions within the Information Technology sector is the largest contributor to carbon intensity relative to the benchmark.
- **Global Low Volatility** has a higher carbon intensity than the benchmark due to sector allocation decisions within Utilities.



Figure 4: Comparison of Weighted Average Carbon Intensity – Equity Funds vs Benchmarks



Targets used to manage climate-related risks and opportunities

For the Australian Shares Socially Responsible Shares Fund and the Global Socially Responsible Shares Fund, there is a target to be 20% and 50% more carbon efficient than their benchmarks respectively. There are no formal targets currently in place in other portfolios at this stage. Where possible, MIAL aims to have lower carbon intensity scores for our funds vs. benchmark and will investigate funds/sub-investment managers where the score is higher. However, we also recognise the shortfalls and inconsistencies

that remain in carbon disclosures by companies and the many metrics that manager portfolios are being considered against, so carbon footprint data is typically used as an engagement tool.

MIAL recognises that targets can be helpful for focusing analysis and actions, but can also create unintended consequences if meeting those targets are at the expense of other investment considerations. MIAL will discuss target setting in the near future.

END NOTES

- i <https://www.multimanager.mercer.com.au/content/dam/mercera/attachments/asia-pacific/australia/investment/mercera-super-investment-trust/2019/mercera-funds-sustainable-investment-policy-April-2019.pdf>
- ii Mercer. “Mercer Recognized for Firm-Wide and Individual ESG Investment Consulting Excellence,” available at <https://www.mercer.com/newsroom/mercera-recognized-for-firm-wide-and-individual-esg-investment-consulting-excellence.html>
- iii Mercer. Mercer Investments Beliefs, 2018, available at <https://www.mercer.com/our-thinking/wealth/mercera-investments-beliefs.html>
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- vi Ceres and Mercer. Assets or Liabilities? Fossil Fuel Investments of Leading U.S. Insurers, 2016, available at https://www.ceres.org/sites/default/files/reports/2017-03/Ceres_AssetsRiskFossilFuel_InsuranceCo_060616_2.pdf
- vii Mercer and Inter-American Development Bank. Building a Bridge to Sustainable Infrastructure, 2016, available at <https://www.mercer.com/our-thinking/building-a-bridge-to-sustainable-infrastructure.html>; and Mercer and Inter-American Development Bank. Crossing the Bridge to Sustainable Infrastructure Investments, 2017, available at <https://www.mercer.com/our-thinking/wealth/crossing-the-bridge-to-sustainable-infrastructure-investing.html>
- viii Mercer and MiDA. Investment Opportunities in African Infrastructure: Challenges and Opportunities, 2018, available at <http://content.mercer.com/Investments/African%20Infrastructure%20Investment%20Opportunities%20Full.pdf>
- ix Oliver Wyman. Extending Our Horizons, 2018, available at <http://www.oliverwyman.com/our-expertise/insights/2018/apr/extending-our-horizons.html>



STATEMENT GOVERNANCE

This Statement was last updated in September 2019. It has been prepared by members of Mercer's Responsible Investment team and reviewed and approved by the Mercer Pacific CIO and noted by the MIAL Board. Future updates will be issued where there is a change in internal process or disclosure requirements. Clients will continue to receive updates on our climate-related monitoring and decision making on a regular basis as part of standard reporting.

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