

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER86QW:

How much money do you expect to be withdrawn from your fund as a result of the government's early access scheme for members affected by Covid-19?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$23 billion of assets under management and over 244,000 members as at 31 March 2020.

Based on our modelling assumptions we estimate that \$415m will be withdrawn from the Mercer Super Trust as a result of the government's early access scheme for members affected by Covid-19.

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Mercer Australia

MER87QW:

Please provide a list of all investment schemes across your fund(s) that have had their redemptions frozen since January 2008, and for each:

- a. What was the total value of funds frozen?
- b. How many of your members were impacted by these frozen funds, and how?
- c. The date on which the freeze was implemented and lifted.
- d. A copy of the clause trustees relied on to enact that freeze.

Answer:

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No investment options in the Mercer Super Trust have had their redemptions frozen since January 2008.

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Mercer Australia

MER88QW:

Are you, or any entities you control, planning to freeze any managed investment schemes associated with your fund or fund platform business?

Answer:

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MSAL is not planning to freeze any managed investment schemes associated with the Mercer Super Trust.

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Mercer Australia

MER89QW:

Since 1 January 2020, have you, or any entities you control:

- a. suspended any successor fund transfers?
- b. had any funds involved in impending merger activity frozen by investment managers?

Answer:

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- a. No, MSAL has not suspended any successor fund transfers.
- b. No, MSAL has not had any funds involved in impending merger activity frozen by investment managers.

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Mercer Australia

MER90QW:

Mortgage trusts

- a. Do you, or any entities that you control, have mortgage trusts on your platform?
- b. Will you need to freeze redemptions on these due to leverage?

Answer:

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- a. MSAL does not have mortgage trusts in the Mercer Super Trust.
- b. Not applicable.

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Mercer Australia

MER91QW:

Property trusts and assets

- a. Do you, or any entities you control, have listed property trusts on your platform?
- b. How have these performed in comparison to direct unlisted property assets owned by your fund between 1 January 2020 and 20 April 2020?

Answer:

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- a. The vast majority of assets in the Mercer Super Trust are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles. The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management of said assets. MSAL does not control MIAL.
- b. Not applicable.

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Mercer Australia

MER92QW:

Do you, or any entities you control, have agribusiness schemes on your platform?

If so, what was the nominal value of these investments on:

- a. 1 January 2020?
- b. 20 April 2020?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$23 billion of assets under management and over 244,000 members as at 31 March 2020.

MSAL does not have agribusiness schemes in the Mercer Super Trust.

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Mercer Australia

MER93QW:

Managed investment schemes

- a. What policies and governance structures do you, or any entities you control, have in place to determine what managed investment schemes are added to your investment platforms? (Please also provide a copy of these policies.)
- b. Do you, or any entities you control, allow financial advice dealer groups to add managed investment schemes to your platform and/or recommended product lists?

Answer:

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- a. The vast majority of assets in the Mercer Super Trust are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management (including valuation) of said assets.

MSAL makes the decisions on which investment options are offered to members of the Mercer Super Trust (which are in turn, generally managed by MIAL). The design of the investment menu is to provide a concise set of options allowing for range of combination of asset allocations and risk/returns profiles, and selection of options has regard to the following factors:

- Allowing for and enhancing the member experience
- Offering choices that are easy for members to understand
- Generating minimal operational risk
- Offering options that match members' different risk profiles.

- b. No, MSAL does not allow financial advice dealer groups to add managed investment schemes to investment menu for the Mercer Super Trust.



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Mercer Australia

MER94QW:

APRA supervision of investment governance

- a. Please describe APRA's current supervision of your investment governance.
- b. When did APRA last examine your investment governance processes?
- c. Has APRA asked you to stress-test particular types of managed investment schemes? If so, what types?

Answer:

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- a. APRA's supervision of MSAL's investment governance includes Prudential Reviews, Prudential meetings, regular data collection and ongoing engagement as required.
- b. The Prudential Review conducted by APRA in July 2017 included a review of market and investment risks. The next scheduled review of the investment governance framework was scheduled to be undertaken by APRA's specialist investment risk team in June 2020, however the review has been deferred due to COVID-19. We understand that, subject to the status of COVID-19, APRA intends to undertake the review early in 2021.
- c. No, MSAL has not received a request from APRA to stress-test particular types of managed investment schemes.

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Mercer Australia

MER95QW:

Rent for tenancies during COVID-19

- a. Can you please advise what action you, or any entities you control, have taken to defer the payment of rent for tenancies for listed and/or unlisted assets owned by your fund during the COVID-19 pandemic?
- b. To what dollar value has that reduced revenue to your fund since 1 February 2020?

Answer:

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The vast majority of assets in the Mercer Super Trust are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles. Although MIAL is a related company, MSAL does not control MIAL.

The remainder of the Mercer Super Trust assets are invested in external investment manager products or directly held via segregated mandates. The Mercer Super Trust also invests in the Mercer Superannuation Investment Trust which is a pooled superannuation trust for which MSAL is the trustee.

The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management (including valuation) of said assets. MSAL does not wholly own or have control over any of the listed and/unlisted assets held by the MMFs or the MIFs, so MSAL has not taken any action in relation to rent for tenancies.

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Mercer Australia

MER96QW:

Can you please advise what exposure your members have to listed property trusts and the value of those asset holdings on:

- a. 1 January 2020?
- b. 25 April 2020?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$23 billion of assets under management and over 244,000 members as at 31 March 2020.

The vast majority of assets in the Mercer Super Trust are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL) (MIAL Funds). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management of said assets. MSAL has indirect exposure to active and passive global listed property trusts and unlisted property via its holdings in underlying MMFs and MIFs that are a component of multi-sector investment options offered in the Mercer Super Trust. MSAL's exposure to indirect global listed property exposure (through its investment in the MMFs and the MIFs) was:

- a. Approximately \$407m as at 31 January 2020.
- b. Approximately \$294m as at 25 April 2020.

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Mercer Australia

MER97QW:

Can you please advise what exposure your members have to listed mortgage trusts and the value of those asset holders on:

- a. 1 January 2020?
- b. 25 April 2020?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$23 billion of assets under management and over 244,000 members as at 31 March 2020.

The vast majority of assets in the Mercer Super Trust are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles. The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management of said assets.

As per our response to MER90QW, MSAL does not have mortgage trusts in the Mercer Super Trust, however MSAL does have indirect exposure to mortgage trusts via its holdings in underlying MMFs and MIFs that are a component of multi-sector investment options offered in the Mercer Super Trust. MSAL's exposure to mortgage trusts (through its investment in the MMFs and the MIFs) was:

- a. Approximately \$10m as at 1 January 2020.
- b. Approximately \$3m as at 25 April 2020.

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Mercer Australia

MER98QW:

Do you expect that actual or expected hardship redemptions as a result of the COVID-19 pandemic will reduce, delay or otherwise impact shareholder returns? If so, how and to what extent?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$23 billion of assets under management and over 244,000 members as at 31 March 2020.

MSAL is a wholly owned subsidiary of Mercer (Australia) Pty Ltd (MAPL). MAPL is MSAL's sole shareholder. MSAL does not expect that actual or expected hardship redemptions from the Mercer Super Trust as a result of the COVID-19 pandemic will materially reduce, delay or otherwise impact shareholder returns.

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Mercer Australia

MER99QW:

How many sexual harassment complaints have been lodged against your company in the last five years?

For each complaint, please set out:

- a. the jurisdiction
- b. how the complaint was resolved, and
- c. the remedies ordered or settlement amount.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.

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Mercer Australia

MER100QW:

In the context of understanding the value of your services to Australian superannuation members, can you please advise the remuneration package for your Chief Executive; specifically:

- a. base salary
- b. annual bonuses
- c. the accumulated value of deferred bonuses unpaid
- d. the accumulated value of deferred bonuses paid
- e. any other annual, bonus or deferred remuneration information or settlements not covered in the previous four points, and
- f. reimbursements for expenses.

Answer:

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Mercer Australia

MER101QW:

Please provide copies of your:

- a. annual report for the past five years, and
- b. company structure.

Answer:

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- a. Copies of the annual report for the past five year for the Mercer Super Trust are provided as attachments MER101.1QW, MER101.2QW, MER101.3QW, MER101.4QW, MER101.5QW and MER101.6QW.
- b. MSAL is a wholly owned subsidiary of Mercer (Australia) Pty Ltd ('MAPL'), its ultimate holding company being Marsh & McLennan (NYSE:MMC).



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Mercer Australia

MER102QW:

Please provide details of sponsorship or sponsorship-like arrangements, marketing or marketing-like or in-kind arrangements for the past five years.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and does not have any sponsorship or sponsorship-like arrangements, marketing or marketing-like or in-kind arrangements. Some of MSAL's internal service providers may, as part of their broader business development and marketing activities for the broader enterprise, have participated in sponsorship or sponsorship-like arrangements, marketing or marketing-like or in-kind arrangements for the past five years. There are no separately identifiable costs paid by MSAL for such activities.

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Mercer Australia

MER103QW:

Has your company ever made a donation (please include donations and 'other subscriptions') to any political party either directly or through a third party?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and does not engage in such activities.

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Mercer Australia

MER104QW:

Does your company have a relationship with the:

- a. Business Council of Australia?
- b. Financial Services Council?
- c. Australian Financial Markets Association?
- d. Institute for Public Affairs?

If so, please provide details of any amounts paid to each group.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL does not have relationship with any of the organisations listed. MSAL's parent, Mercer (Australia) Pty Ltd is a member of the Financial Services Council.

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Mercer Australia

MER105QW:

Are any commissions paid to employees?

If so, please provide:

- a. Details of these commission arrangements.
- b. The total amount of commissions paid for each of the last five years.
- c. The conflicts of interest policy for managing these commission arrangements.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.

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Mercer Australia

MER106QW:

Does your company/fund pay incentives (commissions, shelf fees, volume incentives) to win investment mandates?

If so, please provide the details.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the trustee of and the Registrable Superannuation Entity licensee for the Mercer Super Trust (MST).

Neither MSAL nor the MST pay incentives (commissions, shelf fees, volume incentives) to win investment mandates.

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Mercer Australia

MER107QW:

In the context of corporate governance, can you please provide for board directors (based or located in Australia or elsewhere) for the past five years:

- a. A list of the Board members and their biographies.
- b. De-identified total remuneration for each Board director.
- c. De-identified disaggregated remuneration for each Board Director, including:
  - i. Base salary.
  - ii. Annual bonuses.
  - iii. The accumulated value of deferred bonuses unpaid.
  - iv. The accumulated value of deferred bonuses paid.
  - v. Any other annual, bonus or deferred remuneration information not covered in the previous four points.
  - vi. Reimbursements for expenses.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

- a. The MSAL Board members, and their biographies, in the five year period to 30 June 2019 are as follows:

#### JAN SWINHOE – NON-EXECUTIVE DIRECTOR AND CHAIRMAN

Jan Swinhoe is a Non-Executive Director and Chairman of the Company. She is also a member of the Company's Remuneration and Nominations Committee and the Company's Member Experience Committee.

Jan is an Associate of the Actuaries Institute of Australia and holds a Bachelor of Science (Majoring in Mathematics), a Diploma in Applied Psychology and is a Graduate of The Institute of Company Directors. She has held senior executive roles in the financial services industry for over 30 years, before pursuing a portfolio career. Specifically, Jan's experience spanned corporate superannuation, investments, insurance, wealth management, and both private and institutional banking among a number of leading institutions.

Since commencing her non-executive career in 2011, Jan has become a director on the Boards of Suncorp Portfolio Services Limited, Australian Philanthropic Services Limited, Athletics Australia, the IMB Bank (formerly the Illawarra Building Society) and Swiss Re Life & Health Australia.

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## BRIAN BENGER – NON-EXECUTIVE DIRECTOR

Brian Benger is a Non-Executive Director of MSAL and Chairman of the Company's Service Provider Committee. Brian is also a member of the Company's Audit & Risk Committee and Chairman of the Remuneration and Nominations Committee. He is also a Non-Executive Director and Chairman of Mercer Financial Advice (Australia) Pty Ltd.

Brian has over 25 years of board experience being a current director of GMHBA Services Pty Ltd, GMHBA Health Insurance, GMHBA Land Co Pty Ltd, Enginsure Pty Ltd, Health.com.au, MO Health Pty Ltd, National Vineyard Fund of Australia (No. 4) Pty Ltd, Kayinga Vineyard Limited and Quintessential Equity 042 Pty Ltd.

He is a former director of the Victoria Managed Insurance Authority, the former Managing Director of the Guild Group of Companies for 10 years, and a former director of nine major subsidiary companies of National Mutual, including National Mutual Trustees, National Mutual Financial Planning and National Mutual Superannuation, Chairman of The FABAL Group Pty Ltd for two and a half years and a member of the Future Fund Advisory Board of the Oaktree Foundation for two years.

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## SUE O'CONNOR – NON-EXECUTIVE DIRECTOR

Sue O'Connor is a Non-Executive Director of MSAL and Chairman of the Company's Audit & Risk Committee. She is also a member of the Company's Remuneration and Nominations Committee and the Company's Service Provider Committee. Sue has particular expertise in the fields of digital, business transformation, cyber resilience, audit and risk, and industry experience in utilities, financial services, technology and telecommunications.

Sue has been a Chairman/Non-Executive Director for over ten years. She is currently Chairman of Yarra Valley Water and a Director of Kordia Group Limited, ClimateWorks Australia, Treasury Corporation Victoria and Bush Heritage Australia, and an Advisory Board Member of the Monash Sustainable Development Institute.

Previously, Sue has served as a Chairman, Director and senior business leader with ASXTop10 and global unlisted companies and high profile statutory authorities. Her executive career included 13 years as a senior executive at Telstra Corporation in a range of P&L and transformation roles.

Sue has completed a Bachelor of Applied Science and a Graduate Diploma of Business Management. She is a Fellow of the Australian Institute of Company Directors.

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## PAULINE VAMOS – NON-EXECUTIVE DIRECTOR

Pauline Vamos is a Non-Executive Director of MSAL, and a member of the Company's Member Experience Committee, Audit & Risk Committee and Service Provider Committee. From 1 June 2020, Pauline will assume the role of Chairman of the Member Experience Committee. She is also a Director of the Banking and Finance Oath (BFO), as well as the Chairman of Interaction Disability Services.

She has over 30 years' experience in the financial services industry.

During 2017 to 2020, Pauline was Chairman of the Freedom Insurance Group, Chairman of CIMA Society of Australia (formerly IMCA Australia) and the CEO of Regnan, a leading research and engagement provider focused on long term ESG risks of the ASX 200 for institutional investors. Prior to Regnan, Pauline was the CEO of the Association of Superannuation Funds of Australia (ASFA) for almost nine years.

In the three years prior to 2007 when she joined ASFA, Pauline consulted to the financial services industry and was on a number of boards. Pauline was also a senior executive with the Australian Securities and Investments Commission (ASIC) for seven years and in that role, managed the implementation of the Managed Investment Act and the Financial Services Reform Act.

A qualified lawyer, Pauline has also been a corporate counsel, head of compliance, and strategic risk consultant. Previously, she has been a member of the peak advisory and consultative groups on pension and superannuation reform for government in Australia and the UK. Pauline was on the Advisory Council for the Centre for International Finance and Regulation (CIFR), an academic centre of excellence for research and education in the financial sector.

Pauline was voted 'most influential in the financial services industry' by Money Management as well as 'most influential in the superannuation industry' by Super Review. In 2013, She was recognised as one of the 'Australian Financial Review and Westpac 100 Women of Influence'. Pauline was also awarded in October the Superannuation Executive of the Year in the Women In Financial Services Awards 2016. In November 2016, Pauline was elected an ASFA Life Member in recognition of long standing service to ASFA and the superannuation industry.

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## BEN WALSH – EXECUTIVE DIRECTOR

Ben Walsh was an Executive Director of MSAL. He was also a Director of Mercer (Australia) Pty Ltd and Mercer Financial Advice (Australia) Pty Ltd, and a Director and Chairman of Mercer Outsourcing (Australia) Pty Ltd, Mercer Consulting (Australia) Pty Ltd, Mercer Administration Services (Australia) Pty Ltd and Evolve Intelligence Pty Ltd.

Ben was the Managing Director & Chief Executive Officer for Mercer in Australia and headed the business across Australia and New Zealand. With a passion for culture, meaning and purpose, Ben had responsibility for delivering the firm's business segments of Health, Wealth and Career to clients. He was also Chairman of Marsh & McLennan Companies (MMC) incorporating Marsh, Guy Carpenter, Mercer, Oliver Wyman and NERA in Australia. With 25 years' service, Ben worked for the Group in a variety of local and regional roles, and worked internationally in the UK, USA and India. Ben was appointed to the Faculty of Business & Economics Advisory Board with The University of Melbourne in 2015 and joined the Board of the Financial Services Council of Australia (FSC) in 2018.

Ben holds a Bachelor of Commerce with Honours (University of Melbourne) and a Master of Business Administration (Melbourne Business School). He is a fellow of the Australian and New Zealand Institute of Insurance and Finance. Ben ceased to hold office effective 30 April 2020.

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## DARREN WICKHAM – NON-EXECUTIVE DIRECTOR

Darren Wickham is a Non-Executive Director of MSAL. He is also the Chairman of the Company's Member Experience Committee and a member of the Company's Audit & Risk Committee.

Darren is a Fellow of the Institute of Actuaries of Australia and has particular expertise in the insurance and superannuation industry. He has had a variety of consulting, insurance and superannuation roles, including his current role of General Manager - Group Life Product and Pricing, Investments at TAL.

Through involvement with the Institute of Actuaries of Australia and other industry bodies (including ASFA), he has written a number of papers and presented on superannuation, life insurance and employee benefits. In 2008 Darren was awarded Australian Actuary of the Year.

## Martin Stevenson – Non-Executive Director

Martin Stevenson was a Non-Executive Director of MSAL, Chairman of the Plan and Benefits Committee, a member of the Service Provider Committee of the Company and Chairman of the Company's Audit Committee. He was also a Non-Executive Director and Chairman of Mercer Investments (New Zealand) Limited.

Martin was a Partner at Mercer and worked at Mercer for over 40 years until his retirement in 2013. Prior to his retirement, he was also Mercer's Head of Post Retirement Products Consulting - Asia Pacific. Martin has consulted on all aspects of corporate and public sector superannuation in Australia.

Martin joined E.S. Knight & Co. in 1971 after four years with AMP, an Australian life insurance company. He was Managing Partner before Knight's merger with Mercer in 1985. Martin is a Fellow of the Institute of Actuaries of Australia. He is a past President of the Institute of Actuaries of Australia and was Chairman of the Institute's International Council Committee.

Martin retired effective 31 December 2016.

### b. De-identified total remuneration<sup>1</sup> for each Board director

Director	Total Remuneration				
	FY 15 \$	FY 16 \$	FY 17 \$	FY 18 \$	FY 19 \$
1	90,941	96,322	102,119	140,509	116,066
2	25,342	88,728	107,654	113,774	111,048
3	92,131	99,270	N/A	N/A	N/A
4	88,592	119,520	129,823	139,030	139,817
5	123,332	135,972	164,968	185,923	203,387
6	N/A	N/A	37,608	94,858	95,138
7	N/A	N/A	N/A	74,777	82,912

<sup>1</sup> Executive Directors do not receive any remuneration in relation to their directorship. MSAL's Executive Director was employed by Mercer (Australia) Pty Ltd (MAPL) and made available to MSAL under a group resource-sharing arrangement, accordingly the remuneration disclosed for Executive Directors is apportioned.

c. De-identified disaggregated remuneration for each Board Director:

Financial year 2015						
Director	Cash Salary, fees and short term compensated absences S	Short term cash profit sharing and other bonuses S	Other short term benefits S	Post employment benefits Superannuation contributions (including SG and salary sacrifice) S	Share based payments (Equity-settled share based payment transactions Shares and units) S	Long term employee benefits not already otherwise disclosed S
1	90,941	Nil	Nil	Nil	Nil	Nil
2	25,342	Nil	Nil	Nil	Nil	Nil
3	92,131	Nil	Nil	Nil	Nil	Nil
4	88,592	Nil	Nil	Nil	Nil	Nil
5	61,368	46,736	1,765	3,238	Nil	10,225
6	N/A	N/A	N/A	N/A	N/A	N/A
7	N/A	N/A	N/A	N/A	N/A	N/A

Financial year 2016						
Director	Cash Salary, fees and short term compensated absences S	Short term cash profit sharing and other bonuses S	Other short term benefits S	Post employment benefits Superannuation contributions (including SG and salary sacrifice) S	Share based payments (Equity-settled share based payment transactions Shares and units) S	Long term employee benefits not already otherwise disclosed S
1	96,322	Nil	Nil	Nil	Nil	Nil
2	88,728	Nil	Nil	Nil	Nil	Nil
3	99,270	Nil	Nil	Nil	Nil	Nil
4	119,520	Nil	Nil	Nil	Nil	Nil
5	66,540	40,573	1,268	3,308	13,226	11,057
6	N/A	N/A	N/A	N/A	N/A	N/A
7	N/A	N/A	N/A	N/A	N/A	N/A

Financial year 2017						
Director	Cash Salary, fees and short term compensated absences S	Short term cash profit sharing and other bonuses S	Other short term benefits S	Post employment benefits Superannuation contributions (including SG and salary sacrifice) S	Share based payments (Equity-settled share based payment transactions Shares and units) S	Long term employee benefits not already otherwise disclosed S
1	102,119	Nil	Nil	Nil	Nil	Nil
2	107,654	Nil	Nil	Nil	Nil	Nil
3	N/A	Nil	Nil	Nil	Nil	Nil
4	129,823	Nil	Nil	Nil	Nil	Nil
5	80,888	33,916	1,874	3,278	38,864	6,148
6	37,608	N/A	N/A	N/A	N/A	N/A
7	N/A	N/A	N/A	N/A	N/A	N/A

Financial year 2018						
Director	Cash Salary, fees and short term compensated absences S	Short term cash profit sharing and other bonuses S	Other short term benefits S	Post employment benefits Superannuation contributions (including SG and salary sacrifice) S	Share based payments (Equity-settled share based payment transactions Shares and units) S	Long term employee benefits not already otherwise disclosed S
1	140,509	Nil	Nil	Nil	Nil	Nil
2	113,774	Nil	Nil	Nil	Nil	Nil
3	N/A	Nil	Nil	Nil	Nil	Nil
4	139,030	Nil	Nil	Nil	Nil	Nil
5	81,692	52,683	1,265	3,490	37,401	9,392
6	94,858	N/A	N/A	N/A	N/A	N/A
7	74,777	N/A	N/A	N/A	N/A	N/A

Financial year 2019						
Director	Cash Salary, fees and short term compensated absences S	Short term cash profit sharing and other bonuses S	Other short term benefits S	Post employment benefits Superannuation contributions (including SG and salary sacrifice) S	Share based payments (Equity-settled share based payment transactions Shares and units) S	Long term employee benefits not already otherwise disclosed S
1	116,066	Nil	Nil	Nil	Nil	Nil
2	111,048	Nil	Nil	Nil	Nil	Nil
3	N/A	Nil	Nil	Nil	Nil	Nil
4	139,817	Nil	Nil	Nil	Nil	Nil
5	85,563	52,159	1,923	3,613	49,379	10,750
6	95,138	N/A	N/A	N/A	N/A	N/A
7	82,912	N/A	N/A	N/A	N/A	N/A

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER108QW:

Quantify the largest severance package, in dollar figures, that has ever been paid to an employee.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER109QW:

Self-managed super funds

- a. Can you please advise whether you manage funds for SMSFs?
- b. Have you allowed individuals and/or SMSFs to co-invest alongside your investments?
- c. Do you allow individuals and/or SMSFs to co-invest alongside your investments?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

- a. MSAL does not manage funds for SMSFs.
- b. No, MSAL has not allowed individual and/or SMSFs to co-invest alongside its investments.
- c. No, MSAL does not allow individuals and/or SMSFs to co-invest alongside its investments.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER110QW:

Please advise whether you manage funds for:

- a. family trusts?
- b. trusts?
- c. registered organisations, and if so which registered organisations?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL does not manage funds for family trusts, trusts or registered organisations.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER111QW:

Managing money for related parties

- a. Do you manage money for any related parties, whether superannuation funds or otherwise?
- b. If so, which organisations or entities?
- c. In relation to these organisations or entities:
  - i. Are you aware whether those related parties have assessed the value of these arrangements, relative to best-practice arms-length arrangements available elsewhere, in terms of generating returns for members?
  - ii. Please provide your conflicts of interest policy for managing related party arrangements.
  - iii. Please provide your risk management approach for related party arrangements including line 1, line 2 and line 3 roles.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL does not manage money for any related parties.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER112QW:

Please provide the number of clients by funds under management on behalf of each client, in the following ranges:

- <\$20 million
- \$20 million - \$50 million
- \$50 million - \$100 million
- \$100 million - \$1 billion
- >\$1 billion.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$23 billion of assets under management and over 244,000 members as at 31 March 2020.

No members of the Mercer Super Trust have superannuation account balances greater than \$20 million.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER113QW:

Please list the individual private clients under management (including family trusts) for the following ranges:

- <\$20 million
- \$20 million - \$50 million
- \$50 million - \$100 million
- \$100 million - \$1 billion
- >\$1 billion.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$23 billion of assets under management and over 244,000 members as at 31 March 2020.

No members of the Mercer Super Trust have superannuation account balances greater than \$20 million.

There are no family trusts or similar private client investment vehicles in the Mercer Super Trust.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER114QW:

Do you support remuneration disclosure laws in Corporations Law?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and, as such, has no employees. MSAL has not formed a view on remuneration disclosure laws in Corporations Law.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER115QW:

If you are an investor in any banking institution, have you individually as a fund (or in collaboration with other funds), ever commissioned reports into its valuation in the past decade?

- a. If so, how many reports and in what year?
- b. Please provide copies.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL is not an investor in any banking institution.

The vast majority of assets in the Mercer Super Trust are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management (including valuation) of said assets.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER116QW:

Please provide details of the process you apply for assessing voting at annual general meetings of listed companies, including:

- a. The committee appointed to make decisions.
- b. The committee membership.
- c. Whether that committee reports to the board.
- d. What principles guide decision making.
- e. Whether there is a report to the board about decisions made.
- f. Whether decisions are made based on the objectives of improving capital value, or social or environmental priorities.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

- a. MSAL has not appointed a committee to make decisions. The vast majority of assets are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

MIAL in its capacity as implemented consultant for MSAL, has delegated share voting to its appointed equity investment managers, and expects them to vote all shares at all companies for all company resolutions, unless there is a qualification or exception. MIAL however, retains the authority to direct a single vote or 'Super Vote' which overrides the manager votes on any resolution. MIAL has a clear governance framework for super vote decision making where ultimately the Chief Investment Officer and in certain instances the MIAL board itself has the authority to decide on a Super Vote based on recommendations from the investment management team.

- b. Not applicable, MSAL has not appointed a committee to make decisions.
- c. Not applicable, MSAL has not appointed a committee to make decisions.
- d. Not applicable, as MSAL does not have such a committee. In determining Mercer Super Votes, MIAL will consult its proxy voting advisor's position, its managers, and consider best practice guidelines and information on governance standards from organisations such as the Australian Stock Exchange, the Financial Services Council (FSC) and the International Corporate Governance Network (ICGN).
- e. MIAL provides a proxy voting summary which is provided to the MSAL Board semi-annually. In regard to any Super Vote, MSAL directors may be consulted prior to a voting decision being made. In these circumstances, the MSAL directors may receive details of recommendations from

the company management and the proxy advisor, as well as the voting intentions of the underlying investment managers.

- f. Any Super Vote decisions and broadly MIAL's Active Ownership program are aimed at the objective of realising long-term investor value through voting and engagement. MIAL looks closely at material environmental, social and governance issues in its Super Vote framework, its manager ESG engagement framework as well as for direct engagement with corporates.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER117QW:

In the context of your board:

- a. What is the process for board appointments?
- b. Is there a skills matrix completed before board appointments?
- c. Are any of your shareholders entitled to appoint directors?
- d. How, if at all, are shareholders represented to the board?
- e. How, if at all, are shareholders represented within the company?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$23 billion of assets under management and over 244,000 members as at 31 March 2020.

The process for appointment of directors of MSAL is set out in the Board Governance Policy (Attachment MER117.1QW) and MSAL's constitution (Attachment MER117.2QW). The MSAL remuneration and nominations committee is responsible for the identification, screening and recommendation of potential new director candidates for approval by MSAL's sole shareholder Mercer (Australia) Pty Ltd (MAPL).

When searching for appropriate candidates for vacant director positions, the remuneration and nominations committee has regard to the director competency matrix set out at appendix C of the Board Governance Policy. The competency matrix describes the skills, qualities and experience required of a director of MSAL.

In addition, the remuneration and nominations committee generally evaluates director candidates by reference to the following criteria as set out in the Board Governance Policy:

- the candidate's personal and professional reputation and background;
- the candidate's industry knowledge;
- the candidate's experience with businesses or other comparable organisations;
- the interplay of the candidate's skills and experience with those of the incumbent directors;
- the extent to which the candidate would provide substantive expertise that is currently sought by the board;
- the candidate's ability to commit the time necessary to fulfil a director's responsibilities;
- the candidate's ability to meet the role objectives (as defined in the Board Governance Policy);
- legal and regulatory requirements and evolving best practices in corporate governance;
- in the case of an independent director, whether the candidate meets independence criteria set out in appendix A to the Board Governance Policy;
- meeting the requirements of the Fit and Proper Policy;
- the gender, racial, ethnic and cultural background of each potential candidate; and
- any other criteria the remuneration and nominations committee deems appropriate.

Under the terms of MSAL's constitution, directors are appointed by its sole shareholder, MAPL.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER118QW:

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:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

While MSAL uses external benchmarking data available in the market, it has not commissioned any external 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.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER119QW:

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.

Fund	Allocation of fund capital		Managing entity	Shareholder
	%	\$		
i.e. Hostplus infrastructure options	i.e. 70%	i.e. \$10 billion	i.e. IFM Investors	i.e. Yes

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$23 billion of assets under management and over 244,000 members as at 31 March 2020.

The vast majority of assets are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The remainder of the MST assets are invested in external investment manager products or directly held via segregated mandates. The Mercer Super Trust also invests in the Mercer Superannuation Investment Trust which is a pooled superannuation trust for which MSAL is the trustee.

The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management (including valuation) of said assets.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER120QW:

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:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL is not a shareholder in any other entities.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER121QW:

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:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

There have been no reductions to the remuneration packages of MSAL's board members. As MSAL operates a fully outsourced model, it does not have any employees.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER122QW:

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:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

The vast majority of assets in the Mercer Super Trust are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs (MIAL managed investment options) and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles. MSAL's policy regarding responsible investment is detailed in the MSAL Sustainable Investments Policy which MIAL implements for the MIAL managed investment options. A copy of the MSAL Sustainable Investments Policy is provided as attachment MER122.1QW.