

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Sunsuper

SS95QW: 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 & b

Report Name	Type	Frequency
Strategic Asset Allocation Review	Investment Strategy	Annual
Asset Class Review - Australian Shares - International Shares - Fixed Income - Infrastructure - Diversified Strategies - Property - Active Currency - Cash - Private Capital	Investment Strategy	Annual Annual Annual Annual Annual Annual Annual Annual Quarterly
Dynamic Asset Allocation Strategy Review	Investment Strategy	2019
Dynamic Asset Allocation Model Review	Investment Strategy	2019

c.

Sunsuper has commissioned comprehensive (triennial) reviews of its Conflicts Management Framework as part of the Annual Internal Audit Plan and in accordance with requirements of Superannuation Prudential Standard SPS 521 – Conflicts of Interest:

Report Name	Type	Date
Conflicts Management Framework Audit Report	Conflicts of interest	2017
Conflicts Management Framework Audit Report	Conflicts of interest	2020

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SS96QW: 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:

INVESTMENT OPTION ('FUND')	ALLOCATION OF FUND CAPITAL		MANAGING ENTITY	SHAREHOLDER
	%	\$ M		
Sunsuper Balanced – Index	100%	533	Vanguard Investments Australia Ltd	No
Sunsuper Socially Conscious Balanced	58%	92	Hermes Investment Management Ltd (subsidiary of Federated Hermes Inc)	Yes
Sunsuper Shares	45%	474	Vanguard Investments Australia Ltd	No
Sunsuper Australian Shares	37%	213	Vinva Investment Management Ltd	No
Sunsuper Australian Shares – Index	100%	894	Vanguard Investments Australia Ltd	No
Sunsuper International Shares – Index (hedged)	99%	452	Vanguard Investments Australia Ltd	No
Sunsuper International Shares – Index (unhedged)	100%	659	Vanguard Investments Australia Ltd	No
Sunsuper Emerging Markets Shares	100%	74	Vanguard Investments Australia Ltd	No
Sunsuper Australian Property – Index	100%	211	Vanguard Investments Australia Ltd	No
Sunsuper Diversified Bonds – Index	100%	423	Vanguard Investments Australia Ltd	No
Sunsuper Capital Guaranteed	53%	281	Asteron Life & Superannuation Ltd (subsidiary of Dai-ichi Life)	Yes
RB Super - Defined Benefit Plan	50%	669	Vanguard Investments Australia Ltd	No

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SS97QW: 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:

Refer below list:

COMPANY	SHAREHOLDING (\$M)	SHAREHOLDING (% OWNERSHIP)
AMP Ltd	\$44.4	0.73%
Blackrock Inc	\$12.6	0.01%
Dai-ichi Life Holding Inc	\$2.5	0.01%
Federated Hermes Inc	\$0.2	0.01%
Industry Super Holdings Pty Ltd	\$19.1	1.87%
JP Morgan Chase & Co	\$55.8	0.01%
Lazard Ltd	\$3.5	0.09%
Macquarie Group Ltd	\$393.5	0.91%
Morgan Stanley & Co	\$28.5	0.03%

The size of the individual shareholdings in each entity are not enough to create any potential control or meaningful influence by association.

As noted in our previous response to SS32QW, Sunsuper's Conflicts Management Policy is published on the Fund's website in the Governance Reporting section:

<https://www.sunsuper.com.au/governance-and-reporting/prescribed-information>

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SS98QW: 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. Director fees for the period 1 July 2020 – 31 Dec 2020 have been reduced by 10%.
- b. Chief Executive Officer
 - will forego a 2.5% salary review (scheduled 1 July 2020)
 - has forfeited any entitlement to variable incentive eligibility for the 2019/2020 Performance Year (otherwise eligible for up to 20% base remuneration).
- c. Executive Management
 - will forego a 2.5% salary review (scheduled 1 July 2020).
 - have forfeited any entitlement to variable incentive eligibility for the 2019/2020 Performance Year (otherwise eligible for up to 40% - 60% base remuneration depending on the individual).

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SS99QW: 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: Yes, in line with guidance from APRA.