

## SUPERANNUATION VOTING TRANSPARENCY REPORT

**1. Name of asset owner/ fund manager & fund name chosen to assist with queries below:**

Mercer Superannuation (Australia) / Mercer Super Trust

**2. Brief Description of Asset Owner**

Mercer is a consulting firm which operates a super fund for corporate and retail clients. Mercer is a wholly owned subsidiary of the US listed Marsh & McLennan Companies.

**Funds Under Management:**

\$24.8B as at June 2017

URL:

<http://www.apra.gov.au/Super/Publications/Pages/superannuation-fund-level-publications.aspx>

**3. Memberships**

Association	Membership
UNPRI	Yes
FSC	Yes
RIAA	Yes
ACSI	No

**4. Do they publically disclose a clear policy on how ESG issues are incorporated in all of their equity investment activities (i.e not just for SRI funds?) and do they screen any particular industry?**

The fund discloses a clear ESG policy and details their approach to responsible investment. The fund believes that ESG factors “can have a material impact on long-term risk and return outcomes”. In particular, the fund shows an interest in Climate change issues and considers “potential financial impacts at a diversified portfolio level”. When managing climate-related risks, the fund has strategies to “decarbonise the portfolio and identify new low-carbon opportunities” using targets and metrics such as carbon foot printing. However the fund does not provide any information about its stance on any Governance or Social issues.

URL:

<https://www.mercerfinancialservices.com/content/dam/mercer/Aus/attachments/au-2018-mfs-sustainable-investment-policy-nov-17.pdf> (for climate change refer to p.g. 11.)<sup>1</sup>  
<https://www.mercerfinancialservices.com/documents.html>

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<sup>1</sup> Although Mercer has recently released a new Sustainable investment Policy (June 2018) the ACCR is unable to include source information from after the original research dates to ensure fairness between all researched funds.

Score (1.25 out of 3) (1 for having a policy, 0.25 for setting out its attitude to climate change as relevant to options managed by the primary implemented consultant - another Mercer entity, and no further information on other E issues.)

**5. Do they publicly disclose their voting record for either or both their ASX and international holdings?**

Mercer Super discloses both their domestic and international voting records with the 'record date' ahead of the 'meeting date'. Voting Records are published on a 6 monthly basis. Records include company and proposal description but no rationales are provided.

URL:

<https://www.mercerfinancialservices.com/documents.html>  
<http://vds.issproxy.com/SearchPage.php?CustomerID=303719>

Score (3 out of 6)

**6. DOMESTIC VOTING**

July to December 2017 ASX						
	Theme of Proposal	For	Against	Abstain	Not Holding	Score
<b>BHP Billiton</b>	Amendment of Constitution Item no.22		X			-1
	Climate Change Item no.23		X			-1
<b>Woolworths Group Limited</b>	Amendment of Constitution item no.7a		X			-1
	Human Rights Item no.7b		X			-1
<b>URL: (Max score 4)Total</b>						<b>-4</b>

January to June 2017 ASX						
	Theme of Proposal	For	Against	Abstain	Not Holding	Score
<b>Oil Search</b>	Climate Change item no.7			For/Against		0
	Human rights		X			-1
<b>Santos</b>	Amendment of Constitution item no.5a.		X			-1
	Climate Change item no.5b. (Strategic Resilience for 2035 and Beyond )		X			-1
URL: (Max score 4)Total						-3

July to December 2015 ASX						
		For	Against	Abstain	Not Holding	Score
<b>ANZ (Australia and New Zealand Bank)</b>	Corporate governance resolution no.6a		X			-1
	Climate change resolution no.6b	X				1
<b>Origin Energy</b>	Climate change resolution no.11		X			-1
<b>AGL Energy</b>	Climate change resolution no.5 "change to constitution"				Against/Did not Vote/Abstain	-0.33
URL: (Max score 4)Total						-1.33

## 7. INTERNATIONAL VOTING

International 2017 Resolutions						
	Theme of Proposal	For	Against	Abstain	Not Holding	Score
<b>The AES Corporation</b>	Climate Change	X				1
<b>Ameren</b> (item 6.)	Climate Change	X				1
<b>Dominion</b> (item 8.)	Climate Change	X				1
<b>DTE</b> (item 5.)	Climate Change	X				1
<b>Duke Energy Corporation</b> (item 7.)	Climate Change	X				1
<b>FirstEnergy</b> (item 10.)	Climate Change	X				1
<b>PNM</b>	Climate Change				X	0
<b>PPL</b> (item 6.)	Climate Change	X				1
<b>The Southern Company</b> (item 6.)	Climate Change	X				1
<b>AT&amp;T</b> (item 5)	Political Expenditure	X				1
<b>Alphabet Inc</b> (item 8)	Political Expenditure	X				1
<b>Wells Fargo</b> (item 5)	Consumer Rights (Retail Banking Sales Practices Report)	X				1
<b>UK Royal Dutch Shell</b> (item 21)	Climate Change (GHG Reduction Targets)		X			-1
<b>UK Sports Direct</b> (item 19)	Human Capital Management (2016)				X	0
<b>(Max score 14) Total</b>					<b>10</b>	

## 8. LAGGING

DOMESTIC & INTERNATIONAL RECORDS			
	Yes	No	Score
<b>2017 Records available within 2 months of 2017 financial/calendar year end</b>	X		2
<b>Records available for current year to date, no more than two months ago available</b>		X	0
<b>June 2016 Records are available</b>	X		2
<b>(Max score 6) Total</b>			<b>4</b>

## 9. Proxy Advisor used:

A proxy advisor is used for both domestic and international equities.  
However the names of the advisors are not mentioned.

## 10. Since June 2015 has the Fund lead filed or co-filed any ESG related shareholder resolutions at ASX 100 listed companies?

Not to the knowledge of ACCR.

## 11. Prose:

Mercer Super has provided evidence of a clear ESG policy with a particular discussion of its attitude to climate change. Mercer Super recognizes the Paris agreement and participates in collaborative industry engagements to support this goal.

Domestically, Mercer Super has had six chances ACCR has identified to date (2017) to support climate-change response based resolutions and has supported one, as recorded in its Proxy Voting Summary for the time period FY2016 – 2017. During the same time period, Mercer Super has not supported any of the six resolutions related to human rights or governance issues.

A range of international shareholder resolutions have been recorded to indicate the international proxy voting history of Mercer Super. Due to the scale of the international market, a few resolutions put to large companies concerning key issues such as climate change, human rights and political spending were chosen. These resolutions were chosen as reflective because they attracted reasonable support.

Ten 2017 resolutions associated with climate change and the prevention of global warming were chosen, nine of which Mercer Super had a chance to vote on. Mercer Super voted in support of all of the nine resolutions. Two resolutions concerning political expenditure were chosen to help indicate the fund's stance on this issue, Mercer Super voted in support of both these resolutions. Finally two resolutions concerned with human rights or consumer rights were considered; Mercer Super voted in support of the one it had the chance to vote on.

Based on its voting record Mercer super's attitude to climate change appears to be geographical. Based on the small sample we identified above and in accord with the focus of its Sustainable Investment policy on climate change Mercer clearly supports climate change response resolutions by US companies. By contrast, and in apparent contradiction to its policy it has not supported climate change response by ASX listed companies.

#### **NOTES**

Oil Search Vote: There were 2 votes, one 'for' and one 'against'. Both votes were taken into account to give a score of 0.

AGL Energy Vote: There were 3 votes. One 'Against', one 'Abstain' and one 'did not vote'. All three votes were taken into account to give a score of -0.33.

ANZ and UK Royal Dutch shell vote: Both these companies had 2 votes on record, but both these votes voted the same.