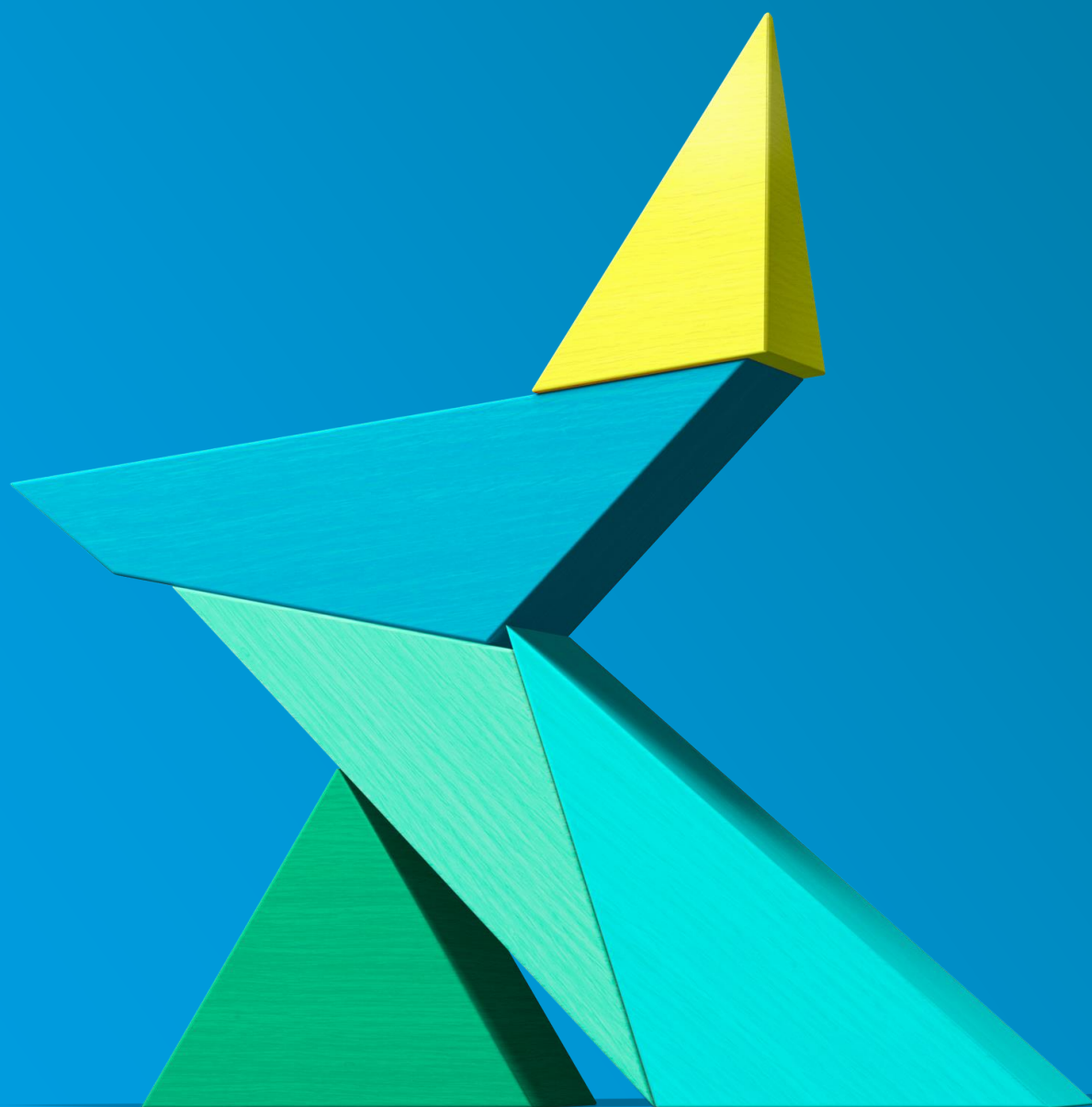


Prudential Standard CPS 511 Remuneration Disclosures

Mercer Superannuation (Australia) Limited

For the year 1 January 2024 to 31 December 2024



Introduction

This document provides an overview of Mercer Superannuation (Australia) Limited's (MSAL) remuneration framework and practices, in accordance with the APRA Prudential Standard CPS 511 for the public disclosure of remuneration practices.

The information provided is for the financial year 1 January 2024 to 31 December 2024 for Mercer Superannuation (Australia) Limited¹.

About our remuneration governance

The following boards and committees are the main bodies governing and implementing the remuneration framework:

- Mercer Superannuation (Australia) Limited (MSAL) Board
- MSAL People & Culture Committee (P&CC)
- MSAL Audit & Risk Committee (ARC)
- Mercer (Australia) Pty Ltd (MAPL) Board
- Risk, Behaviour & Governance Committee (RBGC)

How do the boards and committees work together

The **MSAL Board** comprised six (6) non-executive directors, at 31 December 2024. The MSAL Board is responsible for the remuneration framework and its effective application, as articulated in the Mercer Australia Remuneration Policy², and approving the remuneration arrangements and variable remuneration outcomes of CPS 511 Specified Role holders. It works together with:

- The **MSAL P&CC**, a committee of the MSAL Board with three (3) non-executive directors, at 31 December 2024. The MSAL P&CC acts as a delegate of the MSAL Board with respect to remuneration governance and oversees the design, operation and monitoring of the remuneration framework in accordance with APRA requirements, including ensuring that the Mercer Australia Remuneration Policy and its application is in accordance with APRA requirements.

¹ These disclosures provide information on the remuneration framework and practices for Mercer Superannuation (Australia) Limited (MSAL). Any use of the terms "MSAL" or "our" refer to Mercer Superannuation (Australia) Limited, and any references to 'remuneration framework' or 'remuneration policy' refer to MSAL's framework and policy.

² The Mercer Australia Remuneration Policy covers Mercer connected entities in Australia, including MSAL. The Board of MSAL has determined to adopt and apply this Policy as MSAL's remuneration policy. Use of the term "Mercer Australia" refers to Mercer connected entities in Australia, including MSAL.

The MSAL P&CC make recommendations to the MSAL Board to approve final annual performance and variable compensation outcomes of CPS 511 Specified Role holders. The MSAL Board advises the **MAPL Board** to execute payment of the approved outcomes. MAPL provides the Specified Role resources to MSAL and accordingly the MAPL Board implements the remuneration decisions of the MSAL Board. The **MSAL ARC**, a committee of the MSAL Board with four (4) non-executive directors, at 31 December 2024. The MSAL ARC provides assurance to the MSAL Board in relation to risk exposure, emerging risks, compliance with relevant obligations and overarching governance matters.

The MSAL Board and its committees are governed by written charters which define the roles and responsibilities of the Board, each committee and its members. The Board and its committees meet regularly at frequencies as stipulated in the respective charters, with meetings increasing as required, based on business needs.

During the 2024 calendar year, the following meetings were held:

MSAL Board – 23 meetings

MSAL P&CC – 8 meetings

MSAL ARC – 30 meetings

The role of the Risk, Behaviour & Governance Committee (RBGC)

The RBGC is a management committee of Mercer Australia and is an integral part of the risk and conduct governance framework. It supports the implementation of the Mercer Australia Remuneration Policy and the Mercer Australia Consequence Management Framework³ concerning individuals in regulated roles, including CPS 511 Specified Roles. The RBGC reviews risk behaviours, oversees the application of the Consequence Management Framework and makes recommendations with regard to consequence actions (including remuneration outcomes) to the MSAL P&CC and MSAL Board. As at 31 December 2024, the members of the RBGC were the Chief People Officer Mercer Pacific, Chief Executive Officer Wealth Pacific, General Counsel Marsh McLennan Pacific, Chief Risk and Compliance Officer Marsh McLennan Pacific, and Chief Risk Officer MSAL. The Committee may invite other attendees as it determines from time to time.

The RBGC held 5 meetings during the 2024 calendar year.

Ongoing updates to the remuneration framework

Professional services firms were engaged by MSAL in 2024 to undertake a review of Mercer Australia's operational effectiveness and readiness to advise on compliance with CPS 511. An annual review of the remuneration framework was undertaken by the Line 2 Risk and Compliance internal assurance team in the second half of 2024. That review provided an update on progress against the matters recommended in the professional services firm's earlier review and made improvement recommendations on the work undertaken since that report was delivered, including changes to processes and controls used to identify individuals as Specified Role holders.

³ Any references to the 'Consequence Management Framework' are to the Mercer Australia Consequence Management Framework.

To ensure ongoing uplift in effectiveness of the remuneration framework for CPS 511 Specified Roles and to prepare for the implementation of the Financial Accountability Regime, and in response to the above reviews, the following was undertaken throughout the period:

- Strengthened governance between the regulated entities and committees including refreshed RBGC, MSAL P&CC, MSAL ARC and MSAL Board charters
- Refresh of the Mercer Australia Remuneration Policy
- Performance alignment with business plans and strategic objectives and to promote the effective management of financial and non-financial risks, sustainable performance and long-term soundness
- Introduction of the Mandatory Deferral Scheme to ensure compliance with minimum deferral periods under regulatory standards
- Updates to employment agreements for colleagues in regulated roles, including CPS 511 Specified Roles
- An updated year-end performance and remuneration review process for CPS 511 Specified Roles with clear approval processes established across MSAL Board and associated committees to ensure a clear link between financial and non-financial performance measures in determining variable remuneration
- Changes to processes and controls used to identify individuals as Specified Role holders, as part of broader remuneration framework and related systems.

Mercer may also engage independent external advisors from time to time.

Remuneration framework

The remuneration framework is designed to achieve the following remuneration objectives:

- Align with our purpose, business plan, strategic objectives and risk management framework
- Encourage behaviour that aligns with our culture, performance and behaviour policies and code of conduct
- Promote sound and effective financial and non-financial risk management
- Comply with applicable legal and regulatory requirements including within-year downward adjustment, minimum deferral periods, malus and clawback arrangements to support effective risk management and the prevention of misconduct
- Promote sustainable performance while performing the duties and exercising its powers in the best financial interests of beneficiaries

Our remuneration arrangements are reviewed on a regular basis to ensure their effectiveness and sustainability, they promote sound and effective risk management (of both financial and

non-financial risks), they do not reward failure or encourage risk-taking that exceeds the level of tolerated risk and otherwise comply with prudential and legislative requirements.

Mercer Australia will at least annually consider the implications on capital, liquidity and risks associated with variable remuneration, to ensure that it does not limit the ability to strengthen its capital base, and that any performance measure used to calculate variable remuneration components or pools thereof take account of and adjust for current and future financial and non-financial risks.

It is important to note, that approvals are required for all new compensation plans, and for changes in design and/or funding mechanisms in an existing plan.

The key features of the remuneration framework include:

1. Mercer Australia Remuneration Policy

The Mercer Australia Remuneration Policy is an umbrella policy covering Mercer Australia, including MSAL, and other connected entities. The MSAL Board has adopted the Mercer Australia Remuneration Policy which is overseen by the MSAL P&CC. This policy articulates the remuneration framework, the principles and minimum requirements underlying the design, reward and governance of remuneration. It applies to all Mercer Australia colleagues including independent contractors and consultants, who provide services to Mercer Australia including MSAL and to other connected entities. The Mercer Australia Remuneration Policy does not apply to any foreign subsidiaries or branches.

2. Performance and risk management

All colleagues are required to have pre-agreed performance and risk goals. For those in CPS 511 Specified Roles, each colleague has a mix of financial and non-financial measures. The measures include areas of Customer, Financial, People & Leadership and Risk & Compliance and the components and weighting of the performance measures differ by role. The outcome of the performance assessment is then applied to the colleague's target variable remuneration and adjusted upwards or downwards for business performance.

In line with CPS 511, the performance and remuneration arrangements for Risk and Financial Control colleagues reflect the independence, authority and purpose of their functions. Risk and Financial Control colleagues have performance measures that are principally non-financial and reflect the purpose of their functions. They have a higher proportion of fixed remuneration than variable reward and variable remuneration decisions are not determined by the managers of the business areas that they are responsible for overseeing or challenging.

In addition to performance, colleagues in key leadership and regulated roles participate in an annual risk attestation process involving self-assessment of their risk conduct during the year. This assessment is then independently reviewed by the Line 2 Risk and Compliance team, with considerations to any risk or conduct events and then reported to the MSAL ARC.

3. Mercer Australia Consequence Management Framework

The Consequence Management Framework applies to colleagues who provide services to or perform responsibilities for MSAL including those colleagues in CPS 511 Specified Roles. The

MSAL Board, on recommendation from the MSAL P&CC, has the discretion to adjust downward all forms of variable remuneration (including short-term cash or long-term equity-linked awards) for any colleague in cases of adverse risk issues or misconduct, including those that may emerge after the event, in accordance with CPS 511 requirements. In addition, it can also consider other, non-financial consequences based on recommendations made by management.

Colleagues engaged through third parties where there is no variable remuneration offered are still subject to review through the Consequence Management Framework which includes non-financial consequences, including but not limited to suspension and termination of engagement in the event of a material breach or misconduct.

Specified Roles are defined under CPS 511 as those individuals who have material influence on the performance and risk profile of the business, both in the short term and long term. This includes:

- Chief Executive Officer of MSAL
- Senior Managers of MSAL as defined under SPS 520
- Material Risk Takers whose activities have a material potential impact on the risk profile, performance, and long-term soundness of MSAL, or who may have material potential impact on the performance of MSAL duties and the exercise of its powers in the best financial interests of beneficiaries,
- Risk and Financial Control personnel with responsibilities to MSAL.

Remuneration structure

Under the Mercer Australia Remuneration Policy, colleagues may be eligible to receive a combination of fixed and variable remuneration.

Fixed remuneration

Under the Remuneration Policy colleagues are offered competitive remuneration with consideration to the role, responsibilities, their performance, internal equity and market competitiveness. Fixed remuneration is reviewed on an annual basis as part of the annual salary review.

Variable remuneration

In line with the Remuneration Policy, permanent full time and part time colleagues, including those that provide services to MSAL, are eligible to participate in variable remuneration plans. However, plan participation does not guarantee a payment or award of variable remuneration. Variable remuneration is awarded to colleagues based on their individual performance, which is measured against pre-agreed performance goals comprising of both financial and non-financial measures across Customer, Financial, People & Leadership and Risk & Compliance objectives. Examples of measures include revenue, net operating income, growth in members, customer service quality and employee engagement. The weighting for these measurements varies based on the individual role and responsibilities.

For colleagues in regulated roles, variable remuneration is delivered as immediate cash payment and deferred cash awards, subject to Board and management approvals and in accordance with CPS 511. Deferred cash awards have minimum deferral periods applied as per CPS 511, with a minimum of 4 years for Senior Managers and a minimum of 6 years for CEO.

Colleagues under CPS 511 are subject to mandatory deferrals of their variable remuneration. A Mandatory Deferral Scheme has been designed to ensure that variable remuneration is appropriately deferred under the rules of CPS 511 and provide appropriate governance. Payments made under the Mandatory Deferral Scheme will be reviewed and assessed for appropriate risk and performance, and approved by the Board and management.

MSAL may adjust variable remuneration (including deferred variable remuneration that is yet to be paid) relating to misbehaviour, breaches and misconduct, non-compliance to company policies and code of conduct. The adjustment to variable remuneration will be proportional to the severity of the incident measured by the Board and its committees, following internal and/or external investigations.

Adjustments may be applied to variable remuneration within a performance year, and/or adjustments to unvested variable remuneration (malus), and/or recovery of variable remuneration that has been paid (clawback).

Specified Roles

The following roles perform work, either wholly or partially, for MSAL and are Specified Roles covered under CPS 511 as at 31 December 2024. Each of the roles specified below are the Chief Executive Officer (CEO), Senior Managers or Other Material Risk Takers.

- Chief Executive Officer, Mercer Super
- Chief Operating Officer, Mercer Super
- Trustee Office Leader, Mercer Super
- Head of Product, Mercer Super
- Transformation and Change Leader, Mercer Super
- Chief Distribution Officer, Mercer Super
- Chief Customer Officer, Mercer Super
- Head of Partnerships & Retirement, Mercer Super
- Chief Risk Officer, MSAL
- Mercer Financial Advice Leader ⁴

⁴ Other Material Risk Taker

- Chief Operating Officer, Mercer Pacific
- Administration Operations Manager
- Head of Investments and Fund Services
- Mercer Wealth Leader
- Pacific Chief Risk and Compliance Officer, Marsh and Mercer
- MMC Pacific Audit Director
- Senior People Partner, Mercer Pacific
- Chief Investments Officer, Mercer Pacific
- Head of Technology, Mercer Pacific

This list does not include functional positions within Risk and Compliance who are included in the risk and financial control cohort.

Disclosures

The information in the Tables below reflects the remuneration outcomes for the year from 1 January 2024 to 31 December 2024. Colleagues who perform work for MSAL do so either wholly (that is: 100% of their services are devoted to MSAL) or partly (that is: only part of the colleague's role involves providing services to MSAL). The information contained in the tables below has been adjusted to reflect the portion of the reporting period that colleagues spent providing services in an MSAL role and which is regulated under CPS 511.

An excel version of the tables is available [here](#).

Remuneration outcomes for the financial year

	AUD \$M ⁽⁸⁾	CEO	Other Senior Managers ⁽¹⁾	Highly Paid Material Risk-Takers	Other Material Risk-Takers
Fixed Remuneration					
1	Number of employees paid fixed term remuneration	2 ⁽²⁾	21 ⁽³⁾	0	0
2	Total fixed remuneration	\$0.5M	\$4.1M	\$0	\$0
3	of which: cash based	\$0.5M	\$4.1M	\$0	\$0
4	of which: share-based awards	\$0	\$0	\$0	\$0
5	of which: other	\$0	\$0	\$0	\$0
6	Average percentage increase in total fixed remuneration (row 2) on previous financial year	0%	2.3%	0%	0%
Variable remuneration					
7	Number of employees eligible for variable remuneration	2 ⁽²⁾	21 ⁽³⁾	0	0
8	Number of employees that received variable remuneration	2 ⁽²⁾	18 ⁽⁴⁾	0	0
9	Total variable remuneration	\$0.5M	\$2.5M	\$0	\$0
10	of which: cash-based	\$0.5M	\$2.5M	\$0	\$0
11	of which: share-based awards	\$0	\$0	\$0	\$0
12	of which: other	\$0	\$0	\$0	\$0
13	Total variable remuneration (row 9) that has been deferred	\$0.3M	\$0.7M	\$0	\$0
14	of which: cash-based	\$0.3M	\$0.7M	\$0	\$0

	AUD \$M ⁽⁸⁾	CEO	Other Senior Managers ⁽¹⁾	Highly Paid Material Risk-Takers	Other Material Risk-Takers
15	of which: share-based awards	\$0	\$0	\$0	\$0
16	of which: other	\$0	\$0	\$0	\$0
17	Average percentage increase in total variable remuneration (row 9) on previous financial year	Not applicable – first year for Specified Roles			
18	Total remuneration (sum of rows 2 + 9)	\$1M	\$6.6M	\$0	\$0

⁽¹⁾ There were changes in persons serving in Senior Manager positions during the period. The remuneration figures specified in this table reflect the portion of a Specified Role person's remuneration that relates to their services to MSAL and the portion of their time in a Senior Manager position. Chief Risk Officer MSAL during the year was an external contractor engaged through a fixed term supplier arrangement. Payments to the supplier for these services are not included in the remuneration amounts in the table.

⁽²⁾ During the year, there was a transition of CEO with 2 colleagues each holding the CEO role for a portion of the year.

⁽³⁾ During the year, there were 21 colleagues as Senior Managers, with the majority in roles where a portion is dedicated to MSAL. The total full-time equivalent dedicated to MSAL is 11.8. During the year, there have been role changes and incumbent movements, and the number of colleagues in Senior Manager roles has varied through the year.

⁽⁴⁾ During the year, there were 18 colleagues as Senior Manager who received variable reward. However, when considering variable reward relating to the portion of their role dedicated to MSAL, the total full-time equivalent is 8.8.

Special payments

	AUD \$M ⁽⁸⁾	CEO	Other Senior Managers	Highly Paid Material Risk-Takers	Other Material Risk-Takers
1	Number of employees paid a guaranteed bonus	0	0	0	0
2	Total guaranteed bonuses	\$0	\$0	\$0	\$0
3	Number of employees paid a sign-on award	0	2 ⁽⁵⁾	0	0
4	Total sign-on awards⁽⁸⁾	\$0	\$0.05M	\$0	\$0
5	Number of employees paid a severance payment	0	3	0	0
6	Total severance payments	\$0	\$0.9M ⁽⁶⁾	\$0	\$0

⁽⁵⁾ During the year, there were 2 colleagues with sign-on awards, and with consideration to the portion of their role dedicated to MSAL, the total full-time equivalent is 0.6.

⁽⁶⁾ Severance payments include all termination payments excluding unused leave entitlements.

Deferred and adjusted variable remuneration

	AUD \$M ⁽⁸⁾	A Total amount of outstanding deferred variable remuneration post adjustments	B Total amount of variable remuneration not deferred post adjustments	C Total amount of downward adjustment to variable remuneration reported in columns A and B
CEO				
1	Total CEO	\$0.3M	\$0.2M	\$0.2M ⁽⁷⁾
2	of which: cash-based	\$0.3M	\$0.2M	\$0.2M ⁽⁷⁾
3	of which: share-based awards	\$0	\$0	\$0
4	of which: other	\$0	\$0	\$0
Other Senior Managers				
5	Total Other Senior Managers	\$0.7M	\$1.8M	\$0.03M ⁽⁷⁾
6	of which: cash-based	\$0.7M	\$1.8M	\$0.03M ⁽⁷⁾
7	of which: share-based awards	\$0	\$0	\$0
8	of which: other	\$0	\$0	\$0
Highly Paid Material Risk-Takers				
9	Total Highly Paid Material Risk-Takers	\$0	\$0	\$0
10	of which: cash-based	\$0	\$0	\$0
11	of which: share-based awards	\$0	\$0	\$0
12	of which: other	\$0	\$0	\$0
Other Material Risk-Takers				
13	Total Other Material Risk-Takers	\$0	\$0	\$0
14	of which: cash-based	\$0	\$0	\$0
15	of which: share-based awards	\$0	\$0	\$0
16	of which: other	\$0	\$0	\$0
17	Total (sum of rows 1 + 5 + 9 + 13)	\$1.0M	\$2.0M	\$0.2M

⁽⁷⁾ During the year, there was a downward adjustment to the variable remuneration of 2 colleagues in Specified Roles, as a consequence of a risk management event during the calendar year. These adjustments have been made in accordance with the Mercer Australia Consequence Management Framework and approved by the MSAL Board.

⁽⁸⁾ Remuneration figures are to the nearest \$0.1m. Total sign-on awards are to the nearest \$0.05m.



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