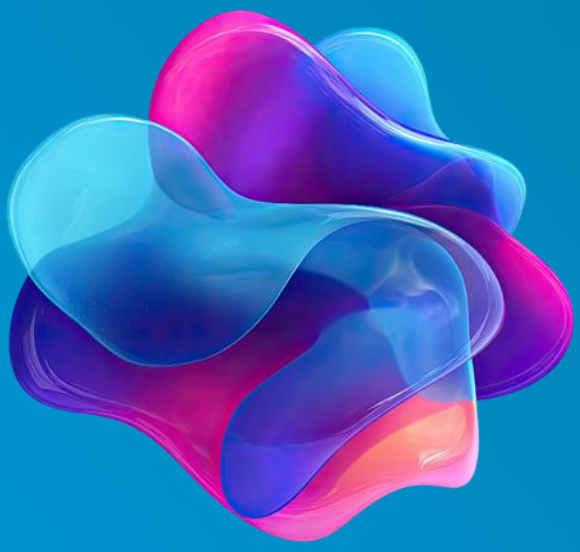
Mercer

Prudential Standard CPS 511 Remuneration Disclosures

Mercer Superannuation (Australia) Limited

Financial Year: 1 January 2025 to 31 December 2025



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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 2025 to 31 December 2025 for MSAL.[1]

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
- Mercer Consequence Management Committee (MCMC) formerly known as the Risk, Behaviour & Governance Committee (RBGC)

How do the boards and committees work together

The **MSAL Board** comprised six (6) non-executive directors as at 31 December 2025. The MSAL Board is responsible for the remuneration framework and its effective application, as articulated in the Mercer Australia Remuneration Policy[2], 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, as at 31 December 2025. 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 the Mercer Australia Remuneration Policy and its application is in accordance with APRA requirements.

  The MSAL P&CC consults the MSAL ARC and the Chief Risk Officer, Mercer Super to ensure risk outcomes are appropriately reflected in remuneration outcomes for CPS 511 Specified Role holders.

  The MSAL P&CC makes 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 5 non-executive directors, as at 31 December 2025. The MSAL ARC provides assurance to the MSAL Board in relation to risk exposure, emerging risks, compliance with relevant obligations and governance matters.

  The ARC is responsible for ensuring that risk outcomes are appropriately reflected in remuneration outcomes for persons in regulated roles, including those in Specified Roles, as required by the Mercer Australia Remuneration Policy and escalating any matters necessary to the MSAL Board.

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

[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.

regularly at frequencies as stipulated in the respective charters, and otherwise as required based on business and operational needs.

During the 2025 calendar year, the following meetings were held:

MSAL Board – 22 meetings
MSAL P&CC – 9 meetings
MSAL ARC – 14 meetings

The role of the Mercer Consequence Management Committee (MCMC)

The MCMC is a management committee of Mercer Australia and is an integral part of Mercer's risk and conduct governance framework. In accordance with its updated Charter, the MCMC supports the implementation of the Mercer Australia Remuneration Policy and the MAPL Consequence Management Framework concerning individuals in regulated roles, including CPS 511 Specified Roles.

Management passed a resolution on 20 October 2025 to rename the Risk Behaviour & Governance Committee (**RBGC**) to MCMC to better reflect the purpose and scope for consequence management.

The MCMC reviews risk behaviours, oversees the application of Mercer's Consequence Management Framework and makes recommendations regarding consequence actions (including remuneration outcomes) to the MSAL P&CC and MSAL Board. As at 31 December 2025, the members of the MCMC were the Chief People Officer Marsh McLennan Pacific, Chief Executive Officer Mercer Super, General Counsel Marsh McLennan Pacific and Chief Risk and Compliance Officer Marsh and Mercer Pacific.

The Chief Executive Officer Marsh McLennan Pacific & President Mercer Pacific has a standing invitation to attend all meetings and when in attendance will be considered a Committee Member. The Chief Risk Officer, Mercer Super and Senior People Partner, Mercer Super are invited to attend to present and provide commentary on recommendations concerning consequences relating to significant risk-related conduct matters affecting MSAL, including Financial Accountability Regime (FAR) breaches. The Committee may invite other attendees as it determines from time to time.

The MCMC held 6 meetings during the 2025 calendar year.

Ongoing updates to the remuneration framework

During the 2025 calendar year, the P&C function commissioned external advisors to undertake:

- an annual compliance review to assess the compliance of the remuneration framework with the requirements of CPS 511; and
- a triennial effectiveness review (in 2026) to assess the operational effectiveness of the CPS 511 remuneration framework.

The independent reviewers confirmed Mercer Australia's remuneration framework is compliant with CPS 511 and was operating effectively. No other external consultants or advisors were engaged by Mercer in relation to its remuneration framework in the 2025 calendar year.

To ensure ongoing uplift in the effectiveness of the remuneration framework for CPS 511 Specified Roles and FAR Accountable Persons and alignment with best practice, the MSAL Board, on recommendation from the MSAL P&CC, approved updates to Mercer's remuneration framework policies in the second half of 2025, including the Mercer Remuneration Policy, Mandatory Deferral Scheme and Consequence Management Framework. The changes included clarification of the obligations of the MSAL P&CC and the MSAL Board for Specified Role holders (**CPS 511**) and Accountable Persons (**FAR**) and improved the readability of these policies for all colleagues. These changes did not have any impact on remuneration outcomes.

Remuneration framework

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

1	Align with our purpose, business plan, strategic objectives and risk management framework
2	Encourage behaviour that aligns with our culture, performance and behaviour policies and code of conduct
3	Promote sound and effective financial and non-financial risk management
4	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
5	Promote sustainable performance while performing the duties and exercising its powers in the best financial interests of beneficiaries

Mercer Australia 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 exceeding the level of tolerated risk and,
- They 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, approvals are required for all new remuneration plans, and for changes in design and/or funding mechanisms in an existing plan.

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 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 Scorecard[3] with metrics and measures that reflect the company's core pillars of success, with a focus on members interests, financial growth, leadership and people development and risk management.

Metrics, weightings and targets are aligned to the objectives of each role and to the individual's MSAL related accountabilities across the four (4) goal areas of: Customer Focus & Experience, Financial & Growth, People & Leadership, and Risk & Compliance. The weighting of the 'Financial & Growth' goal did not exceed 25% and the weighting of the 'Risk & Compliance' goal was between 30-40% for all CPS 511 Specified Role holders. Risk & Compliance goal allocations for each CPS 511 Specified Role holder are endorsed annually by the MSAL CEO, the MSAL CRO and the MSAL P&CC.

[3] Excluding the Gender Equity Consultant who dedicates 5% of role to MSAL as a position holder to a Member Experience Marketing Committee.

Mid-year and year-end performance assessment against Scorecard goals is then applied to the colleague's target variable remuneration and adjusted upwards or downwards to reflect business performance, individual performance and consequence management in circumstances where there has been a failure to comply with risk and/or ethical or conduct standards. The Scorecard is a key input to supporting Management, the MSAL Board and sub-committees in meeting regulatory obligations in relation to ensuring risk outcomes are appropriately reflected in remuneration outcomes.

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 a higher proportion of fixed pay over variable to minimise incentive-based conflicts. This cohort have performance goals that are predominantly non-financial to maintain independence and ensure their remuneration is not driven by the profitability of the business areas they oversee. Risk & Financial Control colleagues have performance measures that are aligned to their role (e.g. risk management and compliance) and reflect the purpose of their functions.

In addition to performance, colleagues in CPS 511 Specified Roles (including Risk & Financial Control personnel) 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 consideration to any risk or conduct events and then reported to the MSAL ARC.

3. Mercer Australia Consequence Management Framework

The Consequence Management Framework (CMF) 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, reviews and approves variable remuneration outcomes for CPS 511 Specified Role holders. This may include adjusting downward all forms of variable remuneration (including short-term or long-term equity-linked awards) for any CPS 511 Specified Role holder 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 consider non-financial consequences based on management recommendations. Adjustment mechanisms include:

- Within-year downward adjustments to variable remuneration
- Malus – adjustment to unvested deferred variable remuneration
- Clawback – recovery of variable remuneration that has already been paid

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

4. Specified Role holders

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. These include:

- **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 fixed 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 the Mercer Incentive Compensation Plan ('ICP') plan. The variable remuneration plan is designed around the principles of "pay for performance" where a bonus pool is created based on business performance, and individuals are eligible to receive a cash-based award if they exceed their performance goals. 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 Focus & Experience, Financial & Growth, 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 and are aligned to business strategy and effective risk management. To ensure material weight is given to non-financial measures, the 'Financial & Growth' goal did not exceed a 25% weighting in the Scorecard for CPS 511 Specified Role holders.

A Mandatory Deferral Scheme (**MDS**) has been designed to ensure that variable remuneration is appropriately deferred under the rules of CPS 511 and to provide appropriate governance. Payments made under the MDS are reviewed and assessed for appropriate risk and performance and approved by management and the Board. For relevant colleagues in CPS 511 Specified Roles, variable remuneration is delivered as an immediate cash payment and deferred cash awards pursuant to Mercer's MDS, subject to management and Board 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 in the CPS 511 Risk and Financial Control cohort have a higher proportion of fixed remuneration than variable remuneration. Performance and variable remuneration outcomes are principally aligned to non-financial measures to reflect risk performance.

During the year, downward adjustment was applied to the variable remuneration of 2 colleagues in CPS 511 Specified Roles as a result of performance assessment against the Risk and Compliance goal. A reduction was applied to the variable remuneration of another 2 colleagues in Specified Roles as a result of a risk related trigger event with downward adjustments determined in accordance with the Mercer Australia Consequence Management Framework and approved by the MSAL Board.

MSAL may adjust variable remuneration (including deferred variable remuneration that is yet to be paid) as a result of risk conduct issues and breaches, non-compliance with company policies and/or the 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). These adjustments are applied in accordance with Mercer's Consequence Management Framework.

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 2025. Each of the roles specified below are the Chief Executive Officer (CEO), Senior Managers or Other Material Risk Takers.

Role	Classification
Chief Executive Officer, Mercer Super	CEO
Chief Executive Officer, MMC Pacific, President Mercer Pacific	Senior Manager
Chief Audit Executive and MMC Pacific Audit Director	Senior Manager
Chief Distribution and Growth Officer, Mercer Super	Senior Manager
Chief Financial and Strategy Officer, Mercer Super	Senior Manager
Chief Investments Officer, Mercer Super	Senior Manager
Chief Operating Officer, Mercer Pacific	Senior Manager
Chief Operating Officer, Mercer Super	Senior Manager
Chief Risk and Compliance Officer, Marsh and Mercer Pacific	Senior Manager
Chief Risk Officer, Mercer Super	Senior Manager
Administration Operations Manager	Senior Manager
Gender Equity Consultant[4]	Senior Manager
Head of Investments and Fund Services	Senior Manager
Head of Product, Mercer Super	Senior Manager
Head of Technology, Mercer Pacific	Senior Manager
Investments Leader, Mercer Pacific	Senior Manager
Mercer Financial Advice Leader	Senior Manager
Pacific Finance Director	Senior Manager
Senior People Partner, Mercer Super	Senior Manager
Transformation and Change Leader, Mercer Super	Senior Manager
Trustee Office Leader, Mercer Super	Senior Manager

Note: This list does not include functional positions within risk management, compliance, internal audit, financial control or actuarial control who are included in the Risk and Financial Control cohort.

[4] Gender Equity Consultant included with FY25 Specified Roles list due to appointment of the position holder to a Member Experience Marketing Committee. As a consequence of this appointment, the role was classified as a Specified Role for the purpose of CPS 511.

Disclosures

The information in the tables below reflect the remuneration outcomes for the year from 1 January 2025 to 31 December 2025. An excel version of the tables is available here.[i]

Remuneration outcomes for the financial year 2025

	AUD $M[ii]	CEO	Other Senior Managers[iii]	Highly Paid Material Risk-Takers	Other Material Risk-Takers
FIXED REMUNERATION					
1.	Number of employees paid fixed term remuneration	1	25	0	0
2.	**Total Fixed remuneration**	**$0.7M**	**$5.2M**	**$0**	**$0**
3.	of which: cash based	$0.7M	$5.2M	$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	Not applicable[iv]	5%	0%	0%
VARIABLE REMUNERATION					
7.	Number of employees eligible for variable remuneration	1	25[v]	0	0
8.	Number of employees that received variable remuneration	1	22[vi]	0	0
9.	**Total variable remuneration**	**$1.0**	**$2.9M**	**$0**	**$0**
10.	of which: cash-based	$1.0	$2.9M	$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**	**$0.6M**	**$0.7M**	**$0**	**$0**
14.	of which: cash based	$0.6M	$0.7M	$0	$0
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[iv]	Not applicable[iv]	-2%	0%	0%
TOTAL REMUNERATION					
18.	Total remuneration (sum of rows 2 + 9)	$1.7M	$8.2M	$0	$0

Special payments

AUD $M[ii]		CEO	Other Senior Managers[iii]	Highly Paid Material Risk-Takers	Other Material Risk-Takers
FIXED REMUNERATION					
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	1	0	0
4.	**Total sign-on awards[vii]**	$0	$0.3M	$0	$0
5.	Number of employees paid a severance payment	0	3	0	0
6.	**Total severance payments[viii]**	$0	$0.6M	$0	$0

Deferred and adjusted variable remuneration

AUD $M[ii]		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[ix]
CEO				
1.	**Total CEO**	**$0.6M**	**$0.4M**	**$0.3M**
2.	of which: cash based	$0.6M	$0.4M	$0.3M
3.	of which: share-based awards	$0	$0	$0
4.	of which: other	$0	$0	$0
5.	Total Other Senior Managers	$0.7M	$2.2M	$0.2M
6.	of which: cash based	$0.7M	$2.2M	$0.2M
7.	of which: share-based awards	$0	$0	$0
8.	of which: other	$0	$0	$0
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
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)	$1.3M	$2.6M	$0.5M

[i] 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 colleagues' role involves providing services to MSAL). The information contained in the Table above and below also 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. All figures are in AUD, rounded to the nearest $0.1M.

[ii] Remuneration figures are to the nearest $0.1m.

[iii] 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. Interim 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.

[iv] The CEO was appointed in October 2024, the year-on-year percentage increase in fixed remuneration and total variable remuneration would be misleading given her service only covered 3 months. For Senior Managers, the year-on-year percentage increase have been calculated as percentage change to total variable remuneration divided by the total number of colleagues who received a total variable remuneration.

[v] During the year, there were 25 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 15.3. During the year, there have been role changes and incumbent movements, and the number of colleagues in Senior Manger roles has varied.

[vi] During the year, there were 22 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 13.3.

[vii] During the year, there was 1 colleague with a sign-on award.

[viii] Severance payments include all termination payments excluding unused leave entitlements.

[ix] During the year, downward adjustment was applied to the variable remuneration of 2 colleagues in Specified Roles as a result of performance assessment against the risk and compliance goal. A reduction was applied to the variable remuneration of another 2 colleagues in Specified Roles as a result of a risk related trigger event with downward adjustments determined in accordance with the Mercer Australia Consequence Management Framework and approved by the MSAL Board.

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