

Virgin Money Super Sustainable Investment Information booklet

26 September 2025

The information in this document forms part of the Product Disclosure Statement for Virgin Money Super, a plan in the Retail Division of the Mercer Super Trust, dated 22 April 2025.

Contents

About this booklet	2
1. Trustee’s Sustainable Investment Approach	3
2. Screens	4
3. Screening List and Exceptions	5
4. Stewardship	6
5. Climate Change	7
Glossary	8

About this booklet

This Sustainable Investment Information booklet (**Booklet**) provides important information about the sustainable investment approach taken in Virgin Money Super. This Booklet forms part of and should be read in conjunction with the Product Disclosure Statement (**PDS**) for Virgin Money Super. You should consider the information in the PDS before making a decision about your super. You can get a copy of the PDS and the guides that are part of the PDS under 'Key documents' at virginmoney.com.au/super or by calling our Customer Care team.

It is important that you understand the information in this Booklet. Ask us or a person you trust, such as your financial adviser, for help if you have difficulty understanding any information about your super or the options available to you. If you are having difficulty due to a disability, understanding English or for any other reason, we have accessibility support. Please contact our Helpline.

This Booklet contains general information only and does not take into account your individual objectives, personal financial situation or needs. Before acting on this information, you should consider whether it is appropriate to your individual objectives, personal financial situation and needs. You should get financial advice tailored to your personal circumstances. The Target Market Determination for Virgin Money Super can be found at virginmoney.com.au/TMD.

Mercer Superannuation (Australia) Limited (**MSAL**) ABN 79 004 717 533 Australian Financial Services License (**AFSL**) 235906 is the trustee of Virgin Money Super, which is a plan in the Retail Division of the Mercer Super Trust. In this Booklet, **MSAL is referred to as 'trustee', 'we' or 'our'** unless otherwise noted. MSAL has partnered with Virgin Money Financial Services Pty Ltd (**Virgin Money**) ABN 51 113 285 395 AFSL 286869 to provide you with this product. Virgin Money Super is promoted by Virgin Money.

See the Glossary at the end of this Booklet for clarification on capitalised terms used in this Booklet.

Understanding your investments

Virgin Money Super invests in investment funds for which Mercer Investments (Australia) Limited (**MIAL or Mercer Investments**) ABN 66 008 612 397 AFSL 244385 acts as responsible entity (the **Mercer Funds**). MIAL selects, appoints, replaces and evaluates investment managers for the Mercer Funds. MIAL does not directly select securities; instead, they rely on specialist third-party investment managers to invest on their behalf. They may also rely on specialist third-party environmental, social and governance (**ESG**) providers and their methodology for implementing the sustainable investment approach outlined in this Booklet.

For the Virgin Money Super investment options, being the LifeStage Tracker® and Virgin Money Super Choice investment options, referred to as the **'Investment Options'**, the trustee has appointed MIAL as an implemented consultant to provide investment strategy advice, portfolio

management and implementation services, including investment manager selection and monitoring.

MIAL is named in this Booklet and has consented to being so named. MSAL and MIAL are wholly owned subsidiaries of Mercer (Australia) Pty Ltd (**MAPL**) ABN 32 005 315 917, which is part of the Mercer global group of companies (**Mercer**).

LifeStage Tracker® is an Australian registered trademark of Virgin Money. The Virgin Money logo is an Australian registered trademark of Virgin Enterprises Limited, a company registered in England and used by Virgin Money (Australia) Pty Limited ABN 75 103 478 897 under licence.

'MERCER' is an Australian registered trademark of MAPL. MSAL is responsible for the contents of this Booklet and is the issuer of this Booklet. MIAL or MAPL are not responsible for the issue of this Booklet, the PDS or any of the other important guides referred to in this Booklet or the PDS. They do not make any recommendation or provide any opinion regarding Virgin Money Super in the Mercer Super Trust or an investment in it.

The value of the investments in Virgin Money Super may rise and fall. MSAL, MIAL or MAPL do not guarantee the investment performance, earnings, or the return of any capital invested in Virgin Money Super.

The material contained in this document is based on information received in good faith from sources within the market and on our understanding of legislation and government press releases at the date of publication which we believe to be reliable and accurate. Neither Mercer nor any of its related parties accept any responsibility for any inaccuracy. You can find more information about the investment options applicable to Virgin Money Super in your PDS and the Product Guide.

Updated information

The information in this Booklet, the PDS and the other guides (that are part of the PDS) may change from time to time. We may update information that is not materially adverse to you on virginmoney.com.au/super. A paper copy of any updated information can also be obtained or an electronic copy made available (at no charge) by calling us.

For more information
about Virgin Money Super,
go to our website –
virginmoney.com.au/super
or call our Customer Care Team on
1300 652 770 between
8am – 6pm AEST/AEDT
weekdays (excluding
national public holidays).

1. Trustee's Sustainable Investment Approach

Sustainable investment is a term the trustee uses to describe a range of approaches to investment that have regard to how ESG factors – including systemic sustainability topics such as climate change – may impact future investment outcomes and therefore the financial interests of members.

Sustainable investment and related practices may mean different things to different investors. The trustee has set out below the techniques used to implement its sustainable investment approach, but does not guarantee that these principles or implementation techniques align with the individual sustainability beliefs or preferences of any given member.

The trustee believes a sustainable investment approach is more likely to create and preserve long-term investment capital and more specifically that:

- ESG factors may have an impact on long-term risk and return outcomes if they are integrated into the investment process.
- Climate change poses a systemic risk, and investors should consider the potential financial impacts of both the associated transition to a low-carbon economy and the physical impacts of different climate outcomes.
- Taking a broad and long-term perspective on risk, including identifying sustainability themes and trends, may improve longer-term risk adjusted returns.
- Stewardship may support the realisation of long-term shareholder value by providing investors with an opportunity to enhance the value of companies and markets.
- An integration and engagement-based approach to sustainable investing rather than a screenings-based approach is preferred. However, in a limited number of instances, screening of certain investments may be appropriate.

The trustee believes that a sustainable investment approach that considers these risks and opportunities may be in the best long-term financial interests of members.

These principles are not implemented absolutely nor uniformly across all holdings, strategies, managers or options. Further information on the application of the beliefs is contained in the relevant sections in this document.

The trustee seeks to implement its sustainable investment approach using some or all of the following techniques:

- **Screens** that seek to avoid investment in, or remove or reduce exposure to, certain companies or securities with involvement in defined products or business activities, *outlined in section '2. Screens'.*
- **Stewardship**, via engagement with investment managers, companies, and policymakers and/or via proxy voting at listed company annual general meetings. This can include both direct engagement with the abovementioned groups, such as monitoring of investment managers, or engagement that appointed investment managers undertake with companies. Stewardship activities are *outlined in section '4. Stewardship' of this Booklet.*

The trustee's approach to climate change as a systemic topic, addressed through the techniques outlined above, is summarised in section '5. Climate Change' of this booklet.

The trustee implements this approach for the Investment Options through its implemented consulting arrangement with Mercer Investments and, in doing so, adopts the sustainable investment approach outlined in this Booklet.

2. Screens

The trustee has created a set of Screening Criteria seeking to avoid investing in, or removing or reducing exposure to, certain companies with involvement in defined products or business activities.

As at the date of this Booklet, the following Screening Criteria is expected to be applied to the Directed Investments, unless an operational limitation or exception, or other factors beyond Mercer Investment's reasonable control, mean they are not possible to apply. Refer to section '3. Screening List and Exceptions' in this Booklet for more information.

The trustee reserves the right to implement other screens, or to amend or remove certain screens, at its discretion, having regard to how they may impact future investment outcomes and members' financial interests.

Screens	Screening Criteria
Controversial weapons	<p>Companies that manufacture whole weapons systems, or delivery platforms, or key components that were developed or are significantly modified for use in cluster munitions, anti-personnel landmines, biological or chemical weapons.</p> <p>Companies that have involvement¹ in the production or retailing of automatic or semi-automatic civilian firearms and/or ammunition.</p>
Tobacco companies	<p>Companies that have involvement¹ in the production of tobacco, manufacture of nicotine alternatives or tobacco-based products (regardless of revenue), including subsidiaries and joint ventures. Nicotine alternatives and tobacco-based products include, for example, nicotine vaping products e.g. 'vaping' devices and e-cigarettes.</p> <p>Any other company that derives greater than 50% of revenue² from tobacco-related distribution, wholesale or retail, and services such as marketing or supplying products necessary for production.</p>
Russian securities	<p>Russian securities mean:</p> <ul style="list-style-type: none"> • Shares – for publicly held companies with Russia as the country of incorporation or where the security has a primary listing in Russia, including their subsidiaries • Fixed income – debt instruments issued by Russian companies (as per Shares definition above) plus Russian sovereign bonds and bonds issued by Russian government-related entities (rouble or foreign currency denominated) • Cash holdings in Russian currency • Russian foreign exchange exposure • Securities issued by Russian companies sanctioned by Australia and related entities of sanctioned companies • Private markets assets (including property, infrastructure and other real assets as well as private companies) domiciled in Russia • Derivatives having Russian assets as primary exposure.

If a security is assessed by the third-party ESG research provider as meeting the Screening Criteria and is included on the Screening List, the investment managers will generally be expected to divest the investment within a reasonable period of time, typically within 10 business days, and as market conditions allow, subject to certain Exceptions. See section '3. Screening List and Exceptions' in this Booklet for more information.

¹ The definition of involvement is determined by the third-party ESG research provider and is subject to change. It is typically assessed based on revenue derived from defined activities (no revenue thresholds) or in the case of expansion metrics assessed based on capital expenditure. Mercer Investments does not have any control over the definition of involvement determined by the third-party ESG research provider.

² Gross revenue in the last full financial year or, where not available, net revenues based on available company filings.

3. Screening List and Exceptions

Determining whether companies or securities meet a Screening Criteria

Screens apply to Directed Investments and may not be able to be applied to Indirect Holdings. The Investment Options may have exposure to both Directed Investments and Indirect Holdings which can change at any time.

For Directed Investments, Mercer Investments engages a third-party ESG research provider to create a list of screened securities (**Screening List**) based on the Screening Criteria. The research provider has evaluation and methodology frameworks, underpinning their assessment of which companies or securities to include on the Screening List. The Screening List is updated on a quarterly basis and made available to the investment managers of Directed Investments. The custodian monitors compliance of Directed Investments against the Screening List.

For Indirect Holdings, Mercer Investments may provide the Screening Criteria to the investment managers of third-party Collective Investment Vehicles (CIVs) and request they seek to align with the Screening Criteria, where relevant and possible. However, there is no expectation that investment managers of third-party CIVs would align with the Screening Criteria.

Operational Limitations and Exceptions

Indirect Holdings in the Investment Options may have exposure to companies or securities that are on the Screening List or may meet the Screening Criteria.

Indirect Holdings generally means securities held within a CIV, which is not managed by a Mercer entity, such as a derivative, exchange traded vehicle, or other structure managed by a third-party investment manager or traded on an exchange. This means that Mercer Investments will not be able to mandate compliance with the Screening Criteria for Indirect Holdings.

There may be limited circumstances where Directed Investments may also meet the Screening Criteria, as follows:

- **Asset transitions:** There are instances when assets or Directed Investments are transitioned into the Investment Options. In these instances, it may take time for transitioned assets to align with the Screening Criteria, as applicable. In these instances, there may be a period of time when the Investment Options are exposed to securities that meet the Screening Criteria and investment managers of these transitioned assets will usually be instructed to implement the Screening Criteria as market conditions allow and in the best financial interests of members.

- **Discretion:** In limited circumstances that may arise from time to time beyond the reasonable control of Mercer Investments, investment managers may hold or acquire a company meeting the Screening Criteria. This includes where a movement above a screening threshold may be temporary, due to market movements or data lags (for example, availability of company data used to determine company revenue), or where the investment is material to achieving investment objectives. Where this occurs, Mercer Investments will continue to monitor the investment and instruct investment managers to divest having regard to the relevant trustee obligations and relevant laws.
- **Limited reporting:** The third-party ESG research providers used by Mercer Investments do not report on all organisations. Their reports cover a substantial subset of the companies available for investment. If managers invest in assets that fall outside the parameters of research available to us, it is possible that investments may be made in entities that would otherwise be screened based on our Screening Criteria.
- **Other factors beyond Mercer Investments' control:** There remain some factors that mean the Investment Options may have exposure to a company or security that meets a Screening Criteria. These factors may include, for example, market conditions and liquidity, operational or structural constraints, different definitions and methodologies of research providers or where there is a change of a company's revenue mix over a reporting period, data or calculation methodologies.

Subject to the Exceptions outlined above, if a security is included on the Screening List, the investment managers of Directed Investments will generally be expected to divest the investment within a reasonable period of time, typically within 10 business days, as market conditions allow, and in the best financial interests of members.

4. Stewardship

For the Investment Options, Mercer Investments will undertake Stewardship activities on behalf of the trustee under the implemented consulting arrangement. Mercer Investments may undertake Stewardship activities through engagement or proxy voting.¹

Stewardship via engagement

Effective Stewardship and engagement with investment managers, companies and policymakers can play a role in improving investment outcomes by leveraging investor rights and influence and/or gathering additional information to better inform investment decisions.

Engagement may be undertaken with companies or policymakers via appointed investment managers, collaborative initiatives and/or directly by Mercer Investments. Company engagement has the potential to enhance the long-term value of the company by seeking to address material ESG matters of concern.

Where Mercer Investments consider that an engagement with an appointed investment manager or a portfolio company has not yielded the desired outcomes against targeted objectives and time frames, they may employ various escalation strategies to aim to increase the likelihood of outcomes being met and/or reduce the likelihood of identified risks persisting.

Stewardship via proxy voting

As a shareholder of publicly listed companies, Mercer Investments has the right to vote at shareholder meetings and regards voting its shares as important.

Mercer Investments delegates responsibility for exercising its proxy voting rights to its listed equity investment managers and, where practical, expect the listed equity investment managers to vote in a timely manner and in a manner deemed most likely to protect and enhance long-term value. Typically, an investment manager's capability in Stewardship is evaluated as part of the investment manager selection process, to seek alignment with Mercer Investments' commitment to good governance and long-term value creation.

Mercer Investments expects its listed equity investment managers and the trustees or managers of CIVs in which the Investment Options are invested to establish their own voting policy that sets out the principles and guidelines under which rights to vote are exercised.

Mercer Investments engages the services of a third-party proxy advisor to facilitate the collation and reporting of proxy voting data. Mercer Investment's proxy voting records, where available, can be found at www.multimanager.mercer.com.au/funds/sustainable-investment and are updated semi-annually.

From time to time, an option may hold listed equities in a transition account where the transition manager does not have a voting policy or capability. In these instances, Mercer Investments will seek to vote the shares in the transition account in alignment with the recommendations of the proxy advisor.

Exercising a Priority Vote

While proxy voting decisions are typically carried out by the listed equity investment managers, Mercer Investments retains the right to review investment manager vote intentions and rationale, and potentially align votes in its account in certain circumstances (a "Priority Vote"). There may be resolutions where investment managers intend to vote differently from one another, and in such situations, Mercer may choose to align all votes. In determining such votes, Mercer Investments may consider its proxy advisor's recommendation and the views of its listed equity investment managers. Mercer Investments may also conduct its own research or engage with the relevant company to inform its decision. The trustee may also request that Mercer Investments consider arranging a Priority Vote.

Operational limitations to voting

Mercer Investments expects its listed equity investment managers to vote all listed shares on a best endeavours basis. However, there may be circumstances where an investment manager may be unable to participate in a vote. Mercer Investments seeks to reduce the extent of such voting exceptions through monitoring activities and engagement with managers on their voting practices. There may also be circumstances where the investment manager decides that abstaining from a vote may be in the best interests of members. Further details of the circumstances through which voting exceptions can occur can be made available to members upon request.

¹ Application of Stewardship varies according to the type of investment strategies adopted. For example, proxy voting is not applicable to some asset classes (e.g. Alternatives and Fixed Interest investments).

5. Climate Change

For the Investment Options, Mercer believes that limiting global average temperature increases this century to 'well below 2°C'¹ is likely aligned to the best financial outcomes for long-term diversified investors.

In 2021, Mercer Australia established a target to achieve net zero absolute portfolio carbon emissions² by 2050 for all assets under management in Australia (including the Investment Options). Mercer also established an expectation that portfolio carbon emissions would reduce by 45% by 2030, from 2020 baseline levels³ (**Net Zero Target**).

The Net Zero Target is based on the belief that it's likely to be in the best long-term financial interests of members and that we can achieve short-term implementation while still meeting diversified fund objectives.

The Net Zero Target relies on several key assumptions including:

- the prevalent climate science at the time the target was set, recommending a net zero target date of 2050.
- Mercer's climate scenario analysis, undertaken three times since 2015, indicating that a 2°C or below scenario is anticipated to be in investors' best financial interests and that aligning with a transition scenario doesn't present additional long-term downside risk if another scenario eventuates.
- the availability of sufficient investment strategies, solutions, asset-level climate data and industry frameworks that allow investors across asset classes to decarbonise while meeting investment objectives.
- that the companies that Mercer Investments allocates to, make and act upon appropriate carbon reduction transition commitments.
- an expectation that governments will follow through on their commitments to ensure the objectives of the Paris Agreement are met, including increasing the ambition of their Nationally Determined Contributions.

The target is expected to be met by following a climate transition plan (the **Climate Plan**). The Climate Plan broadly aims for an approach to decarbonisation which:

- is broadly aligned with the commitments of the Paris Agreement, but accounting for the transition occurring in the real economy and understanding the different transition capacity by asset class, given liquidity and sector exposures.
- targets an appropriate reduction pathway for portfolio carbon emissions, while aware of the connection to reductions in 'real world' atmospheric carbon emissions.

Where relevant and consistent with meeting the stated investment objectives, the Climate Plan seeks to incorporate key sustainable investment principles as follows:

- Integration – incorporating climate metrics in portfolio management including manager monitoring and strategic asset allocation modelling.
- Stewardship – engaging with appointed investment managers, via collaborative initiatives or directly with companies to support decarbonisation and orderly climate transition.

Progress towards achieving the stated target will be monitored at least annually, considering carbon intensity reductions, together with transition capacity using Mercer's proprietary Analytics for Climate Transition (ACT) tool. The monitoring may inform changes to the target in the future, which would be communicated to members.

The ACT tool assesses portfolios across a spectrum of transition capacity and potential risk, drawing on carbon emissions metrics together with forward-looking transition indicators.

Mercer seeks to align its approach to climate change with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which are available on their website at fsb-tcfd.org. Where relevant, Mercer also prefers its investment managers to make disclosures consistent with the TCFD recommendations.

1 We note that the 2015 Paris Agreement has a core goal to limit global average temperature increase to well below 2 degrees Celsius, while pursuing efforts to limit the increase to 1.5 degrees.

2 Defined as absolute carbon emissions, per \$M of funds under management (FUM), and Scope 1 & 2 emissions for the Mercer Funds in aggregate.

3 Per dollar of assets under management.

Glossary

Collective Investment Vehicle (CIV)

A collective investment vehicle allows investors to pool their money and invest the pooled funds, rather than buying securities directly as individuals. Collective investment vehicles are usually managed by a fund management company. In this Booklet, reference to third-party CIVs or third-party sustainable labelled CIVs, refer to CIVs that are managed by investment managers not affiliated with Mercer.

Directed Investments

Directed Investments are where Mercer Investments can direct and control exposure to individual securities via the appointed investment managers, including through individually managed portfolios of securities. Directed Investments do not include Indirect Holdings or investments in third-party CIVs (including managed investment schemes and exchange traded funds) where Mercer Investments cannot direct or control exposure to individual securities within the pooled investment. Directed Investments also do not include some forms of derivatives.

ESG factors

Any qualitative or quantitative information pertaining to environmental, social, or governance topics.

Indirect Holdings

Indirect Holdings generally means securities held within a CIV, which is not managed by a Mercer entity, such as a derivative, exchange traded vehicle, or other structure managed by a third-party investment manager or traded on an exchange.

Investment Options

Virgin Money Super investment options, being LifeStage Tracker and Virgin Money Super Choice investment options, for which MIAL acts as implemented consultant. For more information on the investment options available in Virgin Money Super, please read the Product Guide.

Screens

Screens involve seeking to avoid investing in, or removing or reducing exposure to, certain companies with involvement in defined products or business activities. Screens can be used to respond to evolving societal norms and expectations, including Australian Government policy positions, especially where integration and Stewardship are considered to be insufficient or not applicable.

Screening Criteria

All Investment Options incorporate screening criteria that apply to investments that are Directed Investments as detailed in section '2. Screens' in this Booklet. Refer to section '3. Screening List and Exceptions' in this Booklet for more information on how a security is assessed as meeting an Screening Criteria and details on Exceptions or other factors beyond Mercer Investment's control which may mean that they are not able to apply.

Screening List

A list of screened securities created by a third-party research provider, engaged by Mercer, based on the Screening Criteria.

Stewardship

The use of investor rights and influence with the aim to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social, and environmental assets on which their interests depend. Stewardship is distinct from the investment analysis and decision-making components of the investment process, but each may inform the other.



Customer Care

Phone

1300 652 770
8am – 6pm AEST/AEDT
Monday to Friday
(excluding national public holidays)

Postal Address

Virgin Money Super
GPO Box 4650
Melbourne VIC 3001

Website

virginmoney.com.au/super

Powered by

