

# Virgin Money Super Sustainable Investment Information booklet

28 June 2024

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 28 June 2024.

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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](https://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.

# 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](http://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 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 are here to help.

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](http://virginmoney.com.au/TMD).

Mercer Superannuation (Australia) Limited (**MSAL**) ABN 79 004 717 533 Australian Financial Services Licence (**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**) ABN 66 008 612 397 AFSL 244385 acts as responsible entity (the **Mercer Funds**). MIAL selects, appoints, replaces and evaluates investment managers for these 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**).

References to **'Mercer Investments'** in this Booklet means MIAL.

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

# 1. The trustee's sustainable investment approach

The trustee believes that:

- Environmental, social and governance (ESG) factors (for example, such as those outlined in section '4. ESG integration' of this Booklet) can 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, is likely to lead to improved risk management and new investment opportunities.
- Active ownership 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 an exclusions-based approach is preferred. However, in a limited number of instances, exclusions of certain investments may be necessary.

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

For the Investment Options, where relevant and aligned with achieving the investment objectives the trustee seeks to implement its sustainable investment approach using the following techniques:

- Integrating ESG considerations into investment processes (ESG integration)
- Integrating climate change considerations into investment processes (Climate change)
- Seeking to make investments linked to sustainability-themes (Sustainability-themed investing)
- Undertaking active ownership activities, which encompasses engagement and proxy voting (Active ownership)
- Seeking to avoid certain investments (Exclusions).

**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. Exclusions

The trustee has created a set of Exclusion Criteria to seek to avoid investing in certain companies or securities.

Each Investment Option can be invested in one or more asset classes such as Australian Shares, International Shares, Real Assets, Alternative Assets, Growth Fixed Interest or Defensive Fixed Interest and Cash. The Exclusions may not apply across all asset classes within an investment option, nor within all investments within each asset class. You can check the underlying assets of your investment options under 'Investment options' at [virginmoney.com.au/super](http://virginmoney.com.au/super).

The following Exclusion Criteria apply to investments within relevant asset classes that are Direct Holdings, subject to the Exceptions detailed in section '3. Exclusion list and exceptions' in this Booklet or other factors beyond Mercer Investment's control, which may mean they are not able to apply.

Exclusion	Exclusion Criteria
<b>Controversial weapons</b>	<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 are involved<sup>1</sup> in the production or retailing of automatic or semi-automatic civilian firearms and/or ammunition.</p>
<b>Tobacco companies</b>	<p>Companies involved 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 revenue<sup>2</sup> from tobacco-related distribution (wholesale or retail) and services such as marketing or supplying products necessary for production.</p>
<b>Russian securities</b>	<p>Where relevant, Mercer Investments has instructed its investment managers to divest any existing exposure to Russian securities as market conditions allow and to prohibit any new investments in Russian securities. This may mean that the Investment Options still retain exposures to Direct Holdings of Russian securities, as Mercer Investments seeks to divest in a manner that promotes the best financial interests of members. For these purposes, Russian securities are:</p> <ul style="list-style-type: none"> <li>• Shares – for publicly held companies within the country of incorporation or where the security has a primary listing in Russia, including their subsidiaries</li> <li>• Fixed income – Debt instruments issued by Russian companies (as per Shares definition above), Russian sovereign bonds and bonds issued by Russian government-related entities (Rouble or foreign currency denominated)</li> <li>• Securities issued by companies holding Russian cash or having Russian foreign exchange exposure such as forward foreign exchange contracts</li> <li>• Securities issued by Russian companies sanctioned by Australia and related entities of sanctioned companies</li> <li>• Private markets assets (including property, infrastructure and other real assets as well as private companies) domiciled in Russia</li> <li>• Derivatives having Russian assets as primary exposure.</li> </ul>

If a security is assessed as meeting the Exclusion Criteria (refer to section '3. Exclusion list and Exceptions' in this Booklet for details on how this assessment is completed), and is included on the Exclusion List, the investment managers will generally be expected to divest the investment within a reasonable period of time and as market conditions allow, subject to certain Exceptions. See section '3. Exclusion list and exceptions' in this Booklet for more information.

- 1 Involvement is determined by the third party ESG research provider, typically assessed based on revenue derived from defined activities (no revenue thresholds) or in the case of expansion metrics assessed based on capital expenditure.
- 2 Gross revenue in the last full financial year or, where not available, net revenues based on available company filings.

# 3. Exclusion List and Exceptions

## Determining whether companies or securities meet an Exclusion Criteria

Mercer Investments engages a third party research provider to create a list of excluded securities (Exclusion List) based on the Exclusion Criteria. The research provider has defined evaluation rules and methodology frameworks, underpinning their assessment of which companies or securities to include on the Exclusion List. Mercer Investments conducts due diligence on the provider to determine whether their research processes and methodologies are sound for producing an Exclusion List reasonably aligned to the intent of the criteria. The Exclusion List is typically updated on a quarterly basis and made available to the investment managers, as relevant.

In addition to the Exclusion List, Mercer Investments may provide the Exclusion Criteria to the investment managers and request them to seek to identify other securities that meet the Exclusion Criteria.

The application of exclusions is generally determined by the nature of the holdings, specifically whether the holdings are 'direct' or 'indirect'.

Direct Holdings generally mean securities held directly by the Mercer Investments custodian under an investment management agreement with a third-party investment manager.

Indirect Holdings generally mean securities held within a Collective Investment Vehicle (CIV) that is not managed by Mercer Investments, such as a derivative, exchange traded vehicle, or other structure managed by a third-party investment manager or traded on an exchange.

Exclusions mainly apply to Direct Holdings and may not be able to be applied to Indirect Holdings.

## Exceptions

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

Direct Holdings may also contain investments, by exception, that would otherwise meet the Exclusion Criteria, in the following circumstances:

- **Asset transitions:** There are instances when assets are transitioned into the Investment Options. In these instances, it may take time for transitioned assets to align with the Exclusion Criteria, as applicable. In these instances, there may be a period of time when the Investment Options are exposed to securities that meet the Exclusion Criteria and investment managers appointed to manage these assets will usually be instructed to implement the Exclusion Criteria outlined above as market conditions allow and in the best financial interests of members.
- **Discretion:** In limited circumstances, investment managers may be able to continue to hold or acquire a company meeting the Exclusion Criteria. This includes where a movement above an exclusion threshold may be temporary, due to market movements or data lags, or where the investment is material to achieving investment objectives, in which case Mercer Investments will continue to monitor the investment and instruct investment managers to divest only if it is in the best financial interests of members.
- **Other factors beyond Mercer Investments' control:** There remain some factors, as outlined in the examples below, that mean a Mercer Managed Investment Option may have exposure within Direct Holdings to a company or security that meets an Exclusion Criteria.

Examples: Operational or structural constraints, different definitions and methodologies of research providers or where there is a change of revenue over a reporting period, data or calculation methodologies.

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

## 4. ESG integration

Where relevant and aligned with achieving investment objectives, Mercer Investments aims to appoint investment managers who assess and reflect ESG risks and opportunities when they select securities or assets and construct portfolios. Mercer Investments acknowledges that the degree of relevance or materiality varies across asset classes and type of investment strategy.

The table below contains examples of ESG factors which may be considered by the appointed investment managers:

Environmental factors
<ul style="list-style-type: none"><li>• Climate change</li><li>• Water security</li><li>• Waste and pollution</li><li>• Biodiversity</li></ul>
Social factors
<ul style="list-style-type: none"><li>• Health and safety</li><li>• Labour standards and modern slavery, including supply chains</li><li>• Human rights</li><li>• Demographics/consumption</li></ul>
Governance factors
<ul style="list-style-type: none"><li>• Board diversity, composition and effectiveness</li><li>• Executive remuneration</li><li>• Conduct, culture and ethics</li><li>• Shareholder rights</li></ul>

An investment manager's ESG capabilities and the extent of ESG integration within a strategy form an important part of the investment manager selection process. During the investment manager selection process and on a periodic basis, Mercer Investments will qualitatively assess an investment strategy's level of ESG integration in the investment process, including ESG resourcing by the investment manager. This is done by drawing on the ESG ratings and commentary (**ESG Ratings**) from the Mercer Manager Research team (**MMR**). MMR's ESG Ratings range from ESG1 being the highest, to ESG4 being the lowest. MMR largely undertakes a qualitative assessment of an investment manager's ESG capabilities based on desk-based research as well as meeting with their key investment and ESG personnel.

Where relevant and aligned with the investment strategy and objectives of the investment option, Mercer Investments has a preference to appoint investment managers with higher ESG Ratings rather than lower.

Mercer Investments may engage with its appointed investment managers, particularly those with a lower ESG rating, to encourage them to improve their ESG integration practices. Mercer Investments may also engage with appointed investment managers to seek alignment with Mercer Investments' ESG priorities such as climate change and modern slavery.

More information about MMR's ESG Ratings is available in 'Appendix 1. ESG Ratings' in this Booklet.

# 5. Climate change

For the Investment Options, Mercer believes that limiting global average temperature increases this century to 'well below 2°C', as per the 2015 Paris Agreement, is likely to be aligned with the best financial outcome for long-term diversified investors.

Mercer supports this end goal and seeks to align portfolios with that objective, where this is also consistent with meeting stated investment objectives. This is demonstrated by the MAPL target to achieve net zero absolute portfolio carbon emissions<sup>1</sup> for Mercer Investments' Australian funds under management in aggregate, including the Investment Options, as at the time of announcement in 2021 by 2050 with an expectation to reduce emissions by 45% from 2020 baseline levels by 2030.<sup>2</sup> Achieving the net zero target relies on some 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, indicating a 2°C or below scenario is in investors' best financial interests.
- 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.
- An expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met.

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.
- A reduction in atmospheric carbon emissions as opposed to just portfolio carbon emissions. This is measured by absolute emissions per dollar invested.

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.
- Active ownership – engaging with appointed investment managers, via collaborative initiatives or directly with companies to support decarbonisation and orderly climate transition.
- Sustainability themed investment – including exposure to investment managers that identify longer-term environmental and social themes and seek to invest in companies delivering solutions to environmental and social challenges.

Progress towards achieving the stated target will be monitored on a regular basis, typically annually, considering absolute emissions and carbon intensity reductions, together with transition capacity using Mercer's proprietary Analytics for Climate Transition (**ACT**) tool.

The ACT tool assesses portfolios across a spectrum of carbon risk, with portfolios ranked from low transition capacity to investments that are low carbon risk/zero carbon already, or are providing climate solutions.

Mercer seeks to align its approach to climate change with the Task Force on Climate-related Financial Disclosures (**TCFD**) recommendations. Where relevant, Mercer also prefers its investment managers to make disclosures consistent with the TCFD recommendations.

1 Defined as absolute carbon emissions, per \$M of FUM and Scope 1&2 for the MAPL investment funds in aggregate.

2 Per dollar of assets under management.



## 6. Sustainability-themed investing

The trustee believes that including exposure to investment managers that identify longer-term environmental and social themes and who seek to invest in companies delivering solutions to environmental and social challenges is likely to lead to new investment opportunities. Examples of these sustainability themed investment opportunities could be safe and accessible water, sustainable agriculture, renewable energy, green buildings and lower carbon tilted portfolios.

The investment manager selection and monitoring processes (see 'Appendix 1. ESG Ratings' in this Booklet for more information), as well as strategic asset allocation reviews, for the Investment Options, may seek to consider including sustainability themed investment opportunities where this is aligned with the investment strategy and objectives.

# 7. Active Ownership

The trustee believes that active ownership helps the realisation of long-term investor value through voting and engagement.

For the Investment Options, Mercer Investments will undertake active ownership activities on behalf of the trustee under the implemented consulting arrangement, which encompasses the following types of activities.

## Share voting

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

Mercer Investments outsources proxy voting responsibility to its listed equity investment managers and, where practically possible, expects the listed equity investment managers to vote shares 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 active ownership 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 collective investment vehicles 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 provide proxy voting research and facilitate the collation and reporting of proxy voting data. Mercer's proxy voting records, where available, can be found at [www.multimanager.mercer.com.au/funds/sustainable-investment](http://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 Super Vote

While proxy voting decisions are typically outsourced to the listed equity investment managers, Mercer Investments retains the right to instruct the listed equity investment managers on how to vote the shares in its account. When this is done, it is called exercising a Super Vote. Typically, a Super Vote is exercised when Mercer Investments considers

it is in the best interests of investors, including members. In determining such votes, Mercer Investments may consider its proxy advisor's recommendation, the view of its listed equity investment managers and best practice industry standards and governance guidelines. Mercer Investments may also conduct its own research or engage with the relevant company to inform its decision on a Super Vote. The trustee may also request that Mercer Investments consider arranging a Super Vote.

## Vote exceptions

Mercer Investments' objective is to vote all listed shares on a best endeavors basis. However, there may be circumstances where despite best endeavours of the investment manager, they may be unable to participate in a vote. There may also be circumstances where the investment manager or Mercer Investments decide that abstaining from a vote may be in the best interests of investors, including members. Further details of the circumstances through which voting exceptions can occur can be made available to members upon request.

## Engagement

Engagement may be undertaken with companies or policy makers via appointed investment managers, trustees or managers, collaborative initiatives and/or directly by Mercer Investments or the trustee. Engagement would generally be undertaken through one of these channels where it is believed to be in the best interests of members. Company engagement has the potential to enhance the long-term value of the company by seeking to address material ESG matters of concern.

Examples include engagement on key sustainable investment topics such as climate change or modern slavery, or when Mercer Investments becomes aware of matters of material ESG concern at a company level, such as a high severity incident under the United Nations Global Compact (UNGC) principles.

Mercer Investments may use a range of inputs to determine when engagement may be warranted. These include but are not limited to ESG research from an external provider, information gained through collaborative initiatives, Mercer's proprietary sustainable investment research or tools, information gained through engagement with investment managers or ESG portfolio analysis.

# Appendix 1. ESG Ratings

The Mercer Manager Research (**MMR**) ESG Ratings represent the MMR assessment of the extent to which ESG and active ownership (voting and engagement) are integrated into a strategy's investment decision making process. The four factors against which a manager's investment strategy is assessed for the Investment Options are as follows:

<b>ESG integration in the Four-Factor Framework</b>	
<b>Idea Generation</b>	How does the investment team identify ESG risks and opportunities at the portfolio level? How are ideas sourced? How is the materiality determined and incorporated into financial analysis?
<b>Portfolio Construction</b>	How effectively does the portfolio manager translate ESG views into active positions in the portfolio?
<b>Implementation (Stewardship)</b>	To what extent does the portfolio manager engage on ESG topics at the portfolio level? How has the engagement led to a change in portfolio positioning and/or the investment horizon? What efforts does the manager make to minimise portfolio turnover?
<b>Business Management (Firm-wide commitment)</b>	To what extent do the business leaders understand and support responsible investment and to what extent are these integrated across the business? What firm-wide beliefs, policies and responsible investment strategies are in place?

The ESG ratings represent MMR's view of the investment manager's capability in terms of what they are doing across the four factors: idea generation; portfolio construction; implementation (voting and engagement); and firm-wide commitment. The ratings are as below:

<b>ESG1</b>	The highest ESG rating is assigned to strategies that MMR believe to be leaders in integrating ESG and active ownership into their core processes, and that provide clear evidence that ESG overall, or a particular ESG theme, is embedded and core to idea generation and portfolio construction.
<b>ESG2</b>	The second highest rating is assigned to strategies that, in MMR's view, include ESG factors as a consistent part of decision making, with a strong focus on risk in valuation processes and commitment at the firm wide level, including on active ownership.
<b>ESG3</b>	The penultimate rating is assigned to strategies for which, in MMR's view, the manager has made some progress with respect to ESG integration and/or active ownership, particularly on corporate governance, but for which there is little evidence that ESG factors are taken into consideration consistently in valuations and investment processes.
<b>ESG4</b>	The lowest ESG rating is assigned to strategies for which, in MMR's view, little to no integration on ESG and active ownership into their core processes.

For passive strategies, MMR apply an ESGp1 through to ESGp4 scale. There are two key distinctions between ESG ratings for passive and active strategies. First, for passive, the bulk of the focus is on voting and engagement practices. Second, most of MMR analysis focuses on firm-wide levels of commitment rather than at the individual strategy level.

The following rating scale will apply, to passive equity strategies only:

<b>ESGp1</b>	The firm is a leader in its stewardship activities, undertaking voting and engagement activities at a global level, rather than at just a regional level. Policies are clearly articulated, and transparent, with the resources, expertise and systems in place to ensure these activities are implemented effectively. Engagement is undertaken and typically done at the company, industry and regulatory level. Voting policies also proactively address environmental and social issues in order for the team to vote effectively and engage with companies (rather than abstaining or focusing only on governance issues), and there is a clear link between the voting policies, engagement agendas and voting actions.
<b>ESGp2</b>	This rating will typically indicate the manager has made clear efforts to develop a process for its voting and engagement activities, but lags the best practices in some respect (e.g. regionally strong, but working towards developing a global presence; demonstrates some strength in company and industry engagement, but not in engaging with regulatory bodies, lack of full visibility on the link between voting actions).
<b>ESGp3</b>	Managers will have some dedicated resources in place and will demonstrate some but not all characteristics of the above ratings 1-2, but the primary focus is likely to be only on governance aspects of voting and engagement. Voting and engagement will also tend to be at the regional level rather than global.
<b>ESGp4</b>	Managers will have few resources in place and will demonstrate some but not all characteristics of the above ratings 1-2, but will not have the same level of disclosure. Voting will typically be outsourced with limited oversight and little or no evidence of engagement. Efforts to address environmental and/or social issues, either within voting or engagement, will be limited or absent.

# 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.

## **Direct Holdings**

Direct Holdings generally means securities held within a CIV managed by a Mercer entity, including Mercer Investments, under an investment management agreement with a third party investment manager.

## **Exceptions**

When Investment Options have Indirect Holdings, they may have exposure to companies or securities that would meet the Exclusion Criteria. Direct Holdings may also contain investments, by exception that would otherwise meet the Exclusion Criteria, in the circumstances explained in Section 3.

## **Exclusion Criteria**

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

## **Exclusion List**

A list of excluded securities created by a third party research provider, engaged by Mercer, based on the Exclusion Criteria.

## **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.

## **Super Vote**

Where Mercer Investments exercises its right to instruct listed equity investment managers on how to vote the shares in its account on voting items.



## **Customer Care**

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