



MLC Socially Responsible Growth option

Aiming to generate long-term returns above inflation while investing in a socially responsible way

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www.mlc.com.au



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Part of our ready-made portfolios

The MLC Socially Responsible Growth option is one of the Ready-made portfolios available in the MLC MasterKey range of super and pension products.

To make investing easy we offer a range of multi-asset investment options that are diversified across asset classes and management styles, providing different levels of investment risk and potential return.

Aiming to generate long-term returns above inflation while investing in a socially responsible way

The MLC Socially Responsible Growth option is a diversified investment option managed by our investment experts at MLC Asset Management in a way that considers relevant environmental, social and governance (ESG) factors. It aims to generate long-term returns above inflation for members who wish to be invested in a way that does not expose them to certain business activities which may conflict with their personal values.

What is Responsible Investment?

Responsible investment is the practice of considering ESG factors in the research, analysis, selection and management of investments and the implementation of good stewardship practices.

There are many ESG factors that may impact investments and some examples include:

Environmental (E)	Social (S)	Governance (G)
<ul style="list-style-type: none">• Climate change initiatives like reduction in greenhouse gas emissions• Waste management• Energy efficiency• Water supply• Pollution• Biodiversity	<ul style="list-style-type: none">• Human capital management• Labour standards• Modern slavery• Diversity, Equity and Inclusion (DE&I)• Workplace health and safety• Integration with local community and earning a social licence to operate• Indigenous rights• Employee engagement	<ul style="list-style-type: none">• Rights, responsibilities and expectations across all stakeholders• Board structure, diversity and independence• Executive remuneration (short- and long-term incentives)• Bribery and corruption• Anti-competitive behaviour• Political lobbying and donations• Shareholder rights• Tax strategy



Our approach to Responsible Investment

We approach responsible investment for the MLC Socially Responsible Growth option, as is the case for all of our MLC investment options managed by MLC Asset Management (and the investment managers they select), by where possible:

- Identifying and considering relevant ESG factors in the investment decision making process (known as ESG integration). This allows us to recognise and act upon opportunities and risks related to ESG.
- Being active owners in the companies your money is invested in by using our ownership rights, such as proxy voting and engaging with these companies on a range of commercial, strategic and ESG factors (known as active ownership or active stewardship). This provides an opportunity to enhance and protect the long-term value of investments.

- Excluding certain sectors and companies because they're associated with certain controversial business activities. Companies are excluded by using what's known as negative screening. For more detail see the negative screening section over the page.

Taking into account relevant ESG factors when making investment decisions supports the ability to improve potential investment returns.

Ensuring good governance practices are applied to investments, and appropriate consideration of relevant ESG factors, are among the factors that contribute to the long-term sustainability and value of investments.

Being a good steward means asserting the ownership rights of the underlying company investments and where possible engaging with their management teams to ensure that they consider appropriate ESG factors to

benefit the long-term sustainability of the company.

As well as considering ESG factors, this option also seeks to address some widely held moral and social values. To achieve this, where possible our managers use negative screens to exclude exposure to certain controversial businesses.

The ability to apply the responsible investment approaches described above will vary across asset classes and in some cases it's not possible to apply them. Please refer to the applicable Product Disclosure Statement for more information, which is available at mlc.com.au/personal/forms-and-documents/pds/superannuation

More information on our Responsible Investment policy is available at mlc.com.au/responsible-investment-policy

What does Socially Responsible investment mean?

Socially responsible investment is an investment approach which prioritises various moral or ethical issues and values over other information that may be relevant to investment outcomes.

The MLC Socially Responsible Growth option applies ESG integration and active stewardship and also addresses some considerations that are common to members by providing certainty over exposure to certain controversial

business activities through the use of negative screening (see table below). MLC Asset Management incorporates this approach to provide members with a solid foundation for socially responsible investment.

MLC Socially Responsible Growth option approach



ESG Integration

Identification and consideration of relevant ESG factors in the investment decision making process. This allows investment managers to recognise and act upon opportunities and risks related to ESG factors.

Taking into account relevant ESG factors when making investment decisions supports our ability to improve potential investment returns for members. The underlying investment managers are required to apply ESG integration to identify and manage ESG factors.



Active Stewardship

Exercising ownership rights such as proxy voting and engaging with companies to improve expected investment outcomes.

Active Stewardship that supports good governance practices and seeks to ensure companies appropriately consider material ESG factors should contribute to the long-term sustainability and valuation of investments.

Negative screening for Australian and Global Shares*

The process of excluding assets from an investment portfolio because they're associated with particular business activities.

We've selected the most common controversial business activities to exclude, noting that the more that is excluded from this option the greater the risk and likelihood of underperforming its benchmark.

The option has been designed for members specifically seeking to reduce, or where possible avoid, exposure to the following business activities subject to the revenue limits below:

- Alcohol production – 0% revenue limit.
- Gambling, including the manufacture of specific equipment – 0% revenue limit.
- Tobacco production – 0% revenue limit.
- Controversial weapons producers – 0% revenue limit.

Examples of controversial weapons are (but not limited to): chemical weapons, biological weapons, and nuclear weapons.

- Thermal coal production – 10% revenue limit.

Thermal coal production is defined as the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties. Negative screening does not apply to revenue from metallurgical coal, coal mined for internal power generation (eg in the case of vertically integrated power producers), intra-company sales of mined thermal coal, and revenue from coal trading.

Revenue limits are determined for all companies as the most recent-year net operating revenues from all ongoing lines of business of the company. For example, a 10% revenue limit would mean that any company with more than 10% of its most recent year net operating revenue or sales coming from a particular controversial business activity would be excluded from the investment option.

* The application of the negative screens varies across the asset classes and does not apply to: Fixed Income, Cash, Alternatives, Infrastructure, Property and Private Equity. Please refer to the table on page 5 for more information.

Who may the MLC Socially Responsible Growth option be suitable for?

The MLC Socially Responsible Growth option is designed for members wanting a ready-made diversified portfolio which provides the opportunity to invest in a manner that aligns with their personal values.

This option is focused on growth assets (such as shares), with only a small allocation to defensive assets like fixed income and cash.

It may be suitable for a member who:

- wants their investment to aim to exceed changes in the costs of living, over the long term
- wants an emphasis on growth assets rather than stability and
- understands returns may be higher or lower than the stated investment objective.
- wants their investment to incorporate socially responsible investment considerations

	MLC Socially Responsible Growth option																																				
Investment objective	Aims to grow by more than inflation +3.5% pa (after fees and tax) over 10 years.																																				
Minimum suggested time to invest	7 years.																																				
How the investment option is managed	<p>A diversified portfolio with socially responsible investment considerations applied to the majority of the portfolio. We apply negative screening to Australian shares and global shares. In addition, the underlying investment managers selected may apply their own screening criteria to other asset classes, however we do not control these screens.</p> <p>The portfolio is predominantly weighted towards the more traditionally growth-focused assets that tend to provide higher levels of long-term capital growth (eg shares), with a small exposure to the more stable, defensive asset classes of cash and fixed income. Our investment experts actively adjust the asset weightings to improve return potential or reduce its risk.</p> <p>For more detail on our approach to responsible investment and the implementation of the negative screening, please refer to the 'Our approach to responsible investment' and 'MLC Socially Responsible Growth' sections of the Investment Menu for the relevant product.</p>																																				
Asset allocation	<table border="1"> <thead> <tr> <th>Asset class</th> <th>Strategic asset allocation</th> <th>Ranges</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>4%</td> <td>0–15%</td> </tr> <tr> <td>Fixed income – diversified</td> <td>9%</td> <td>0–20%</td> </tr> <tr> <td>Fixed income – credit</td> <td>4%</td> <td>0–15%</td> </tr> <tr> <td>Alternatives and other</td> <td>0%</td> <td>0–15%</td> </tr> <tr> <td>Infrastructure</td> <td>0%</td> <td>0–15%</td> </tr> <tr> <td>Property</td> <td>0%</td> <td>0–15%</td> </tr> <tr> <td>Global shares</td> <td>53%</td> <td>40–65%</td> </tr> <tr> <td>Australian shares</td> <td>30%</td> <td>15–45%</td> </tr> <tr> <td>Private equity</td> <td>0%</td> <td>0–15%</td> </tr> <tr> <td>Defensive assets</td> <td>15%</td> <td>5–25%</td> </tr> <tr> <td>Growth assets</td> <td>85%</td> <td>75–95%</td> </tr> </tbody> </table>	Asset class	Strategic asset allocation	Ranges	Cash	4%	0–15%	Fixed income – diversified	9%	0–20%	Fixed income – credit	4%	0–15%	Alternatives and other	0%	0–15%	Infrastructure	0%	0–15%	Property	0%	0–15%	Global shares	53%	40–65%	Australian shares	30%	15–45%	Private equity	0%	0–15%	Defensive assets	15%	5–25%	Growth assets	85%	75–95%
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Standard Risk Measure	High (estimate of 4 to 6 negative annual returns in any 20 year period)																																				

It's easy to get started

The MLC Socially Responsible Growth option is available through MLC super and pension products:

- MLC MasterKey Super Fundamentals,
- MLC MasterKey Pension Fundamentals,
- MLC MasterKey Business Super, and
- MLC MasterKey Personal Super.

What are the risks?

All investments carry different levels of risk and these should be considered prior to investing.

Many factors influence an investment's value. These include, but aren't limited to: investment market sentiment; economic conditions; changes in inflation, interest rates or the value of the Australian dollar; company-specific issues; liquidity; risks associated with certain investment techniques, such as derivatives and currency management. For more information about the risks of investing in the investment options, please refer to the relevant Product Disclosure Statement.

About MLC Asset Management

MLC Asset Management Services Limited (referred to as MLC Asset Management in this document) has been appointed to advise on and manage the MLC investment options offered in your MLC MasterKey product, including the MLC Socially Responsible Growth option. The MLC Asset Management team has extensive knowledge and experience in designing and managing portfolios using a multi-manager investment approach.

MLC Asset Management uses specialist investment managers in these investment options. They research hundreds of investment managers from around the world and select the managers they believe are the best for the investment options. These investment managers may be specialist in-house managers, external managers or a combination of both.

Further information on MLC Asset Management's approach to responsible investing can be found at mlcam.com.au/about-us/responsible-investing

MLC Asset Management industry memberships

MLC Asset Management is a member of the Responsible Investment Association of Australasia (RIAA), and the Investor Group on Climate Change (IGCC).

The MLC Socially Responsible Growth option is not certified by either of these bodies.





How to invest

To find out more about investing in the MLC Socially Responsible Growth option, please refer to the relevant Product Disclosure Statement and speak to your adviser or call us on **132 652**.

mlc.com.au

Important information

This information is prepared as at December 2024 by NULIS Nominees (Australia) Limited (ABN 80 008 515 633, AFSL 236465), as trustee for the MLC Super Fund (ABN 70 732 426 024) which includes MLC MasterKey Super and Pension Fundamentals, MLC MasterKey Business Super and MLC MasterKey Personal Super. NULIS Nominees (Australia) is part of the Insignia Group of companies (comprising Insignia Financial Limited ABN 49 100 103 722 and its related bodies corporate) ('Insignia Financial Group').

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Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with the changes in the market.

Some of the information in this communication may constitute general advice. It has been prepared without taking account of an investor's objectives, financial situation or needs and because of that an investor should, before acting on the advice, consider the appropriateness of the advice having regard to their personal objectives, financial situation and needs. We recommend you obtain financial advice tailored to your own personal circumstances from a suitably qualified professional prior to making a decision to invest.

You should obtain and consider the relevant Product Disclosure Statement (PDS) and Target Market Determination (TMD) relating to a financial product mentioned in this communication before making any decision about whether to acquire or continue to hold the product. A copy of the PDS and TMD for a product is available upon request by phoning the MLC call centre on 132 652 or on our website at mlc.com.au or mlcinvestmenttrust.com.au.

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