



THE SECOND VICSUPER SUSTAINABILITY COVENANT – SECOND YEAR REVIEW (2006–07)

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This report provides a review of some of the key initiatives, activities and outcomes reached during the second year of VicSuper's second sustainability covenant with EPA Victoria.

Covenant signed: 17 August 2005

Reporting period: 17 August 2006 to 30 June 2007

BACKGROUND TO THE COVENANT

The second sustainability covenant is a 10-year agreement (2005-15) between VicSuper and EPA to work together to protect the environment and to contribute to a more sustainable Victoria. This covenant builds on the success of the first sustainability covenant between VicSuper and EPA.

AIMS OF THE SECOND VICSUPER SUSTAINABILITY COVENANT

This partnership between VicSuper and EPA broadly focuses on progressing both VicSuper and the superannuation industry along the path towards sustainability. More specifically, the aims of the second sustainability covenant are:

- to give statutory recognition to the leadership VicSuper is displaying in the superannuation industry through its sustainability program
- to give a framework for VicSuper to continue to maximise current sustainability practices and future sustainability opportunities
- to encourage developments in this area and assist in moving the rest of the superannuation industry further towards sustainability practices and products.

HIGHLIGHTS OF THE PARTNERSHIP IN THE COVENANT'S SECOND YEAR

VicSuper made significant progress against commitments under its seven key strategies for building a sustainable superannuation fund. Below we have reported on some of the main achievements that were made during the covenant's second year. This report is divided into three sections, covering initiatives undertaken in VicSuper's operations, investments and stakeholder engagement. VicSuper and EPA collaborated on a number of initiatives in this period. Specific assistance provided by EPA is included where relevant.

For a full list of VicSuper's commitments, see the VicSuper website. For comprehensive reporting against these commitments along with more information about how they contribute to building a sustainable super fund, see VicSuper's Sustainability Report 2007 at <http://www.sustainabilityreport.vicsuper.com.au>

VICSUPER'S OPERATIONS

- VicSuper's Blackburn Advice Centre commenced operating on 18 December 2006, enabling easier access to VicSuper's superannuation education and advice services for members living in Melbourne's northern and eastern suburbs.
- The number of members who registered to use MembersOnline and subsequently logged on increased by 44 per cent.
- A recommendation report was developed in May 2007 for the establishment of a framework and guidelines for use of electronic member communication.
- A series of sustainability training workshops was conducted with all staff in 2006-07. Ongoing sessions occur on a six-weekly basis for all new starters.
- VicSuper PeopleOnline (a self-service human resource system enabling staff to access their own personal information, make changes, enquiries and apply and approve applications for leave online) was introduced for all staff.

VICSUPER'S INVESTMENTS

- VicSuper engaged TruCost to assess the environmental footprint of VicSuper's Australian and international listed equity investments. This culminated in the preparation of a report on the importance of disclosing carbon emissions for Australian business, including an analysis by Trucost on the carbon emissions, exposures, intensities and disclosure levels of the S&P ASX200.
- VicSuper continued its active participation as a member of the IGCC (Investor Group on Climate Change Australia/New Zealand), assisted in the coordination of the Carbon Disclosure Project (CDP) 4 launch and had input into the terms of CDP 5.
- From July 2006, VicSuper began investing in landscape change in northern Victoria, seeking to profit from emerging asset classes in the ecosystem services arena and attain economies and efficiencies of scale in traditional farming enterprise.

VICSUPER'S STAKEHOLDER ENGAGEMENT

- VicSuper continued to inform members about environmental sustainability, publicising the link between sustainability and superannuation in public forums, through VicSuper's website and in other communication media. VicSuper is confident that this activity is helping to build awareness, respect and value with key stakeholders and in key sectors.
- VicSuper regularly shared information with a broad range of stakeholders about sustainability and its implications for superannuation and the finance sector. This included providing over 18 external presentations at conferences, workshops, seminars and to groups such as universities, professional associates, industry associations, VicSuper members and employers. In addition to these regular engagement activities, VicSuper held a number of unique sustainability events for stakeholders in 2006-07:
 - VicSuper hosted a variety of events with former US Vice President Al Gore as the feature speaker, which were supported by EPA. Functions included a breakfast for business and community leaders, an afternoon stakeholder function and a public event in the evening. More than 2500 people attended these events.
 - VicSuper hosted a series of seminars on climate change and superannuation for members in regional areas. Speakers at these seminars were Rob Gell, Graeme Pearman and Bob Welsh. EPA provided support for this seminar series.
- VicSuper's third annual Sustainability Report was completed and made publicly available in November 2006.
- VicSuper's supplier engagement and purchasing program commenced in the second half of 2006-07, with full rollout planned in 2007-08. In addition, VicSuper invited suppliers and partners to a range of functions in 2006-07 that focused on building understanding on climate change. These functions were supported by EPA.