



SAM Indexes

Sustainability
Covenant

Sustainability Covenant

This voluntary SUSTAINABILITY COVENANT is a statutory agreement under section 49AA of the *Environment Protection Act 1970* ('the Act') made on the 24th day of October 2007

between:

Environment Protection Authority ('EPA Victoria' or 'EPA'), of 40 City Road, Southbank in the State of Victoria

-and-

SAM Indexes GmbH ('SAM') of Seefeldstrasse 215, 8008 Zurich, Switzerland

in which the parties agree to:

- support the expansion of the sustainable investment market in Australia in general, and in the State of Victoria in particular
- provide a solid and thoroughly researched sustainability benchmark for investors in Australian equities that is based on a best-in-class selection
- offer an incentive for Australian companies to strive for constant improvements of their sustainability performance in order to be included in such index.

EPA is of the opinion that this Sustainability Covenant is likely to be effective in accelerating the momentum towards sustainable business behaviour and thereby to increase the resource use efficiency and reduce the ecological impact of companies and other stakeholders in Australia in general, and in the State of Victoria in particular.

Background

EPA has a vision of the Victorian community living sustainably.

The most recent estimate of Victoria's Ecological Footprint indicates that if everyone in the world lived the way Victorians currently do, we would need four planets to sustain the global community.

This is clearly a long way from 'living sustainably'.

Victoria is not alone in facing this challenge. Societies all around the world are realising the need to pursue economic and social objectives within nature's limits. They need to keep finding new and better ways to produce the goods and services they want in order to lead the lifestyles they aspire to.

One key to doing this is to foster and harness innovation.

To this end, EPA is collaborating with various segments of the Victorian community, including business and industry, other government agencies, NGOs and the general public, particularly with those who are leaders in supporting innovation.

It is also collaborating with leading international organisations and experts who are contributing to the goal of achieving sustainable societies. EPA aims to bring these partners together to help build society's capacity to progress towards sustainability.

To do this, EPA is establishing mutually beneficial relationships with leading international organisations through the creation of 'Global Innovation Partnerships'.

This particular Partnership is focused on supporting the efforts of SAM in the calculation of the Australian SAM Sustainability Index (AuSSI) and of promoting sustainable investment within Australia.

The AuSSI, launched in February 2005, tracks the financial performance of Australia's sustainability leaders using a thorough assessment of environmental, social and governance (ESG) criteria. The AuSSI comprises the top sustainability-driven companies from each of 21 industry clusters covering the entire Australian economy. Through this, it aims to offer an incentive for Australia's corporate sector to independently and proactively raise its sustainability performance.

It is intended that this Partnership will develop the innovative ESG investment capacities of Australia's investment community, who will, in turn, drive the development of sustainability capabilities of Australian companies.

Ultimately, the Partnership aims to help make Victoria the first place in the world where the environment is routinely viewed as a business opportunity, not a business cost.

Parties to the Covenant

SAM Group

Headquartered in Zurich, SAM Group was founded in 1995 as an independent asset management company specialising in sustainability investments. Today SAM is one of the world's leading institutions in this sector. Its clientele includes banks, insurance companies, pension funds, foundations and private clients.

SAM carries out systematic research to identify successful companies that meet sustainability criteria. The integration of these future-oriented criteria into the investment process provides investors with a high degree of security, transparency and an attractive return. SAM's expertise is based on its own independent research and an active worldwide sustainability network.

Together with Dow Jones Indexes and STOXX, SAM has launched a family of sustainability indexes to track the performance of companies that are industry leaders in terms of sustainability.

EPA Victoria

EPA Victoria is a statutory body that was established under an Act of the Victorian Parliament in 1970 in response to community concern about pollution.

EPA's vision is *The Victorian community living sustainably*.

A community living sustainably knows the impacts of the decisions it makes and the actions it takes on the environment and:

- **efficiently** uses and renews resources.
- **understands** how what is good for the environment is good for the economy and society.
- **lives in a healthy environment** that provides clean air, water and land.
- **meets the needs of today** without compromising the ability of future generations to meet their needs.

EPA's purpose is to protect, care for and improve our environment.

EPA's values are collaboration, innovation, integrity and respect.

EPA's objectives are to increase resource efficiency, reduce emissions impact, enhance our reputation and benefit the economy.

Commitments of the Covenant

The following commitments are intended to achieve the aims of this Covenant. They are designed to ensure that the delivery of the AuSSI in Australia can be achieved with maximum operational flexibility. The Specific Commitments provide an illustration of the types of activities that will be undertaken and are not intended to be fixed actions for each year. It is expected that these will evolve over the life of the Covenant. Specific actions undertaken will be reported as per Section 6, 'Management of the Covenant'.

General Commitments	Specific Commitments
SAM and EPA are to collaborate to ensure the successful administration and implementation of the AuSSI.	<ul style="list-style-type: none">• EPA will provide funding to SAM to assist in Index Maintenance* of \$1,875 USD per quarter in advance from Covenant commencement until Covenant expiration (subject to a maximum aggregate amount of \$12,000 AUD per year).• SAM will make available or will assign a third party to make available all professional, technical, administrative and secretarial staff as is necessary for the satisfactory and timely calculation of the AuSSI.• SAM will provide or will assign a third party to provide all the necessary office accommodation, equipment and facilities required to carry out the calculation of the AuSSI.
SAM and EPA are to share knowledge and resources in the areas of mutual interest such as the AuSSI's performance, corporate sustainability and best practice sustainability initiatives.	<ul style="list-style-type: none">• SAM or a third party to be assigned by SAM will advise EPA, when appropriate, of (1) changes in the components, (2) corporate actions with respect to the components, and (3) new information in the public domain on the sustainability assessment process that drives the construction of the AuSSI.• SAM will provide or will have a third party provide to EPA (1) a list of the component stocks comprising the AuSSI, (2) information in the public domain on the sustainability assessment process that drives the construction of the AuSSI, and (3) a daily index value.
SAM and EPA are to promote the AuSSI and the business case for sustainable investment in order to expand the international sustainable investment market and network.	<ul style="list-style-type: none">• EPA will provide funding to SAM for a series of information sessions on the AuSSI index and the business case for sustainable investment. Funding will be granted as required on a session-by-session basis. This amount is subject to a maximum aggregate amount of \$8,000 AUD per year (including GST).• EPA will provide SAM, or a SAM affiliate, with assistance in organising the information sessions. This may include, but not be limited to, arrangements involving venues, catering, speakers, invitees and agenda development.• SAM or an affiliate will organise the seminars in cooperation with EPA.• SAM will acknowledge EPA's support under this Covenant in media releases, presentations and information brochures about the AuSSI as well as on a website dedicated to the AuSSI.

* The Index Maintenance involves the continuous maintenance of the Index calculation including the appropriate measures to reflect changes to the AuSSI composition, dividend payments and other corporate actions in the Index calculation. The AuSSI is calculated on a daily basis.

Life of the Covenant

This Sustainability Covenant will be in place for a period of three (3) years. This period may be extended if agreed by both parties.

Management of the Covenant

The parties to the Covenant will jointly be responsible for the management of the overarching performance of the Covenant. The parties will jointly liaise to agree any actions relevant to the achievement of the commitments. These actions may also, as necessary, be formalised through arrangements such as Memoranda of Understanding, Contracts or Letters of Agreement.

The parties will review the progress of the Covenant and the implementation of the commitments annually, to identify any additional and/or replacement actions or any future focus required including, if appropriate, the future relationship of the parties beyond the life of the Covenant.

After each review, the parties to the Covenant will report on the achievements of each Covenant commitment, along with any lessons learned and anticipated future actions to be undertaken. These reports will be made available to all stakeholders via the websites of the parties.

More information

In accordance with section 49AC(b) of the Act, the parties will ensure that this Covenant is readily accessible to the public and that it is published on the internet.

In accordance with section 49AC(c) of the Act, the parties authorise the copying of all or any part of the Covenant by any person who wishes to do so. The parties also authorise the use by such a person of any copies made by the person.

EXECUTED as a deed.

THE COMMON SEAL of the **Environment Protection Authority** is duly affixed by the Chairman on the 24th day of October 2007.

MICHAEL JOHN BOURKE
Chairman
Environment Protection Authority Victoria

Contact Information



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VICTORIA



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Intellectual Property

EPA agrees that the AuSSI and the 'SAM' brand and all intellectual property and other rights, registrations and entitlement thereto, together with all applications, registrations and filings with respect to the AuSSI and the 'SAM' brand and any renewals and extensions of any such applications, registrations and filings, are and shall remain, the sole and exclusive property of SAM and/or its respective affiliates, as the case may be.

Limitation of Liability

SAM, its affiliates, third-party licensors, sources, and their respective affiliates, and each of their respective officers, directors, employees, agents, representatives ('the SAM Parties') shall not be liable to EPA or any third party for any loss or damage, direct, indirect or consequential, arising from (i) any inaccuracy or incompleteness in, or delays, interruptions, errors or omissions in the delivery of any index data or (ii) any decision made or action taken by EPA or any third party in reliance upon the index data, provided, however, that this limitation will not apply where any of the SAM Parties have acted with gross negligence or gross misconduct. Neither party shall be liable to the other party or any third party for loss of business revenues, lost profits or any punitive, indirect, consequential, special or similar damages whatsoever, whether in contract, tort or otherwise, even if advised of the possibility of such damages.

EPA expressly acknowledges that the SAM Parties do not make any warranties to EPA or any third party with respect to their index data, including without limitation: (i) any warranties with respect to the timeliness, sequence, accuracy, completeness, currentness, merchantability, quality or fitness for a particular purpose of the index data; (ii) any warranties as to the results to be obtained by EPA or any other person or entity in connection with the use of the index data.

THE COMMON SEAL of **SAM Indexes GmbH** was affixed to this document in accordance with its constitution in the presence of:

SIMON ROMIJN
Executive
SAM Indexes GmbH



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