
A TIME FOR ACTION

THE VICSUPER
CONCISE SUSTAINABILITY
REPORT 2006

CONTENTS

Executive summary	2
About VicSuper	3
Our performance: a summary.	4
Key strategies for building a sustainable super fund:	
1 Deliver value.	7
2 Invest for the long term	8
3 Recruit and retain quality people	10
4 Maintain sound governance and accountability	11
5 Continue financial stability and growth	13
6 Minimise our environmental impact.	14
7 Foster effective partnerships.	16
Independent assurance statement	17
Contact VicSuper.	Back cover

ABOUT THIS REPORT

This report is the concise version of the VicSuper Sustainability Report 2006. The full report is available online at www.sustainabilityreport.vicsuper.com.au. The concise report contains no additional information to the full report.

Direct online page references can be found at the bottom of most pages of this report.

FEEDBACK

We welcome your feedback on this report. Please call our Member Centre on 1300 366 216, email sustainability@vicsuper.com.au or visit www.sustainabilityreport.vicsuper.com.au

GLOBAL REPORTING INITIATIVE

The full VicSuper Sustainability Report 2006 has been prepared using the *GRI Draft G3 Guidelines*, the *GRI Financial Services Sector Supplement: social performance* and the *GRI Financial Services Sector Supplement: environmental performance*.

Our full report is 'in accordance' with the GRI, which means that we have reported on all core indicators and have provided an explanation about any indicators that we have not reported against. Reporting 'in accordance' means that our report represents a balanced and reasonable presentation of our organisation's economic, environmental and social performance.

The data and information in the report have been independently assured by URS Australia and the financial information has been independently audited. Please refer to page 17 of this report for URS' summary assurance statement.

PAPER

This report is printed on Nordset, an environmentally responsible paper manufactured using Elemental Chlorine Free (ECF) pulp sourced from sustainable, well managed forests. Nordset is produced by Nordland Papier, a company certified with FSC Chain of Custody and ISO14001 environmental management systems and registered under the EU Eco-management and Audit Scheme EMAS (Reg. No.D-162-00007).

CLIMATE CHANGE IS ONE OF THE MOST SIGNIFICANT CHALLENGES WE FACE – AS INDIVIDUALS, AS BUSINESSES AND AS A SOCIETY.

The interdependency between climate change and superannuation may not be immediately obvious, but both are long-term issues that will determine our future quality of life.

Both require foresight and long-term planning; and both call for action in the short term to influence outcomes in the long term.

The time for action is now.

EXECUTIVE SUMMARY

CHIEF EXECUTIVE AND CHAIRPERSON'S STATEMENT



Superannuation is based on the long-term concepts of saving and investing for the future. It is a fundamental aspect of securing quality of life in retirement for the majority of Australians.

As the trustee of a large super fund (VicSuper Fund), VicSuper is responsible for investing members' retirement savings in a way that provides a net benefit to members, while contributing to the long term sustainability of economies, societies and financial markets. We believe that a long-term focused, low-cost investment strategy that incorporates sustainability considerations is the best way to achieve this.

In this year's sustainability report we use climate change as an example of a sustainability issue that impacts VicSuper Fund members through their investments and in their everyday lives. It is an area that presents VicSuper with challenges – but also opportunities – in both our operations and our investments.

Climate change has been selected as an example because it is one of the more significant issues shaping the future of Australia and the global community. It affects us in many aspects of our lives, and will continue to do so into the future.

Superannuation is not immune to the effects of climate change – in fact, super and climate change are inextricably connected. Both require action now to ensure quality of life in the future. Throughout this report we have highlighted climate change issues and explained the actions that VicSuper is taking in response.

We hope that you enjoy the new format of our report, and look forward to receiving your feedback on both the concise report and the full online version.

Handwritten signature of Bob Welsh in black ink.

Bob Welsh
CHIEF EXECUTIVE

Handwritten signature of David Craig in black ink.

David Craig
CHAIRPERSON

ABOUT VICSUPER

WHO WE ARE

VicSuper Fund is one of Australia's largest public offer superannuation funds. With our head office in Melbourne and advice centres throughout Victoria, almost anyone in Australia can become a member.

VicSuper Pty Ltd (VicSuper) is the trustee and administrator of VicSuper Fund and owns the assets of VicSuper Fund on behalf of VicSuper Fund members. VicSuper is based in Melbourne, with additional advice centres in Geelong, Bendigo and Traralgon.

We offer superannuation plans to cater for people during their working lives and throughout their retirement years. We also provide superannuation advice and a comprehensive education program as part of our service, at no additional charge.

VicSuper at a glance at 30 June 2006

Number of VicSuper Fund members	211,301
Active employers*	7,152
Net assets	\$4.3 billion
Staff	153
Advice centres	Melbourne, Geelong, Bendigo, Traralgon

*Active employers are those that made Superannuation Guarantee contributions to VicSuper Fund on behalf of their employees during the 2005/06 financial year.

BUILDING A SUSTAINABLE SUPER FUND

Sustainability is a way of operating and investing that recognises the dependence of the overall health of the economy on the long-term availability of natural resources, a healthy environment, a productive workforce and cohesive societies.

Without this long-term approach to operating and investing, we may not have economies that can provide investment returns for our members, or that can support a healthy society. These are needed by our members to ensure quality of life during retirement.

Our vision is to build a sustainable super fund. That is, we want to create a super fund that is investing for the future in a way that ensures a sustainable future.

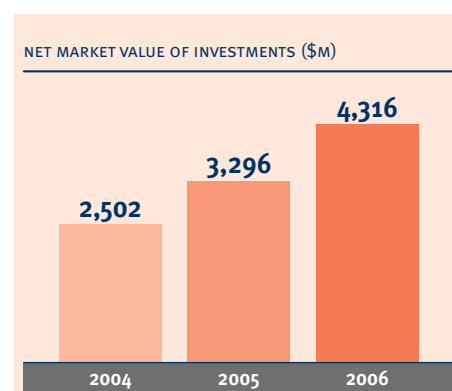
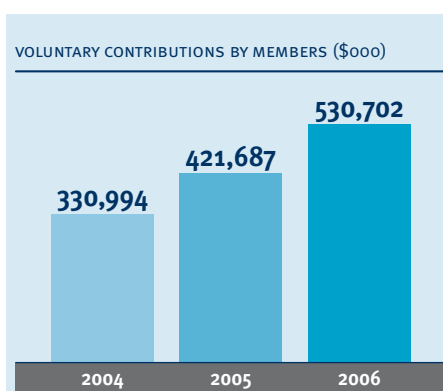
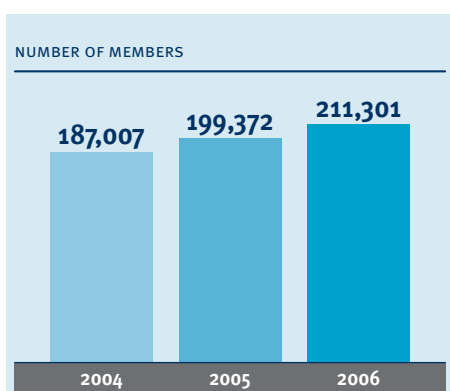
We have identified seven key strategies in our quest to build a sustainable super fund:

1. Deliver value
2. Invest for the long term
3. Recruit and retain quality people
4. Maintain sound governance and accountability
5. Continue financial stability and growth
6. Minimise our environmental impact
7. Foster effective partnerships

These strategies are further defined throughout this report.

OUR PERFORMANCE: A SUMMARY

VicSuper continued to grow strongly in 2005/06 – we performed well against most of our key indicators and met the majority of the commitments we outlined in the VicSuper Sustainability Report 2005.



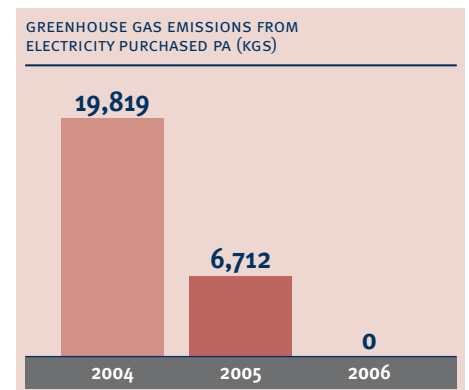
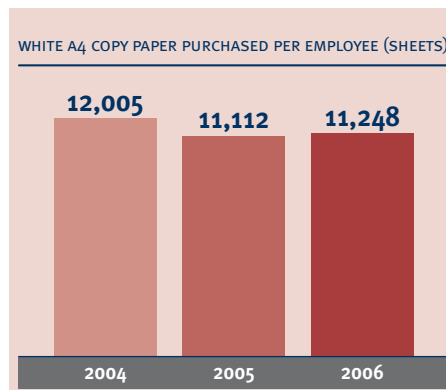
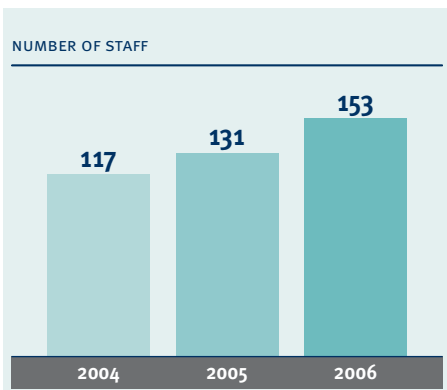
Members and employers	2004	2005	2006
Number of employers	4,438	5,261	7,152
Attendance at member and workplace seminars	14,109	17,505	13,542
Number of personal advice interviews	2,844	3,397	3,609
Visits to employers	130	218	235
Investment income (\$'000)	281,794	329,368	528,495
Contribution revenue (\$'000)	593,114	720,912	873,082
Growth Option (default investment option) net earning rate	15.50%	12.69%	16.02%
% VicSuper Scheme members with insurance	55.0%	55.9%	56.7%

Our net assets grew substantially in 2005/06, driven by the combination of more members and employers joining VicSuper Fund, members making additional contributions to their retirement savings accounts and a rise in investment income.

Our staff numbers increased during the year, we provided staff with more training and we opened a new advice centre in Traralgon.

We continued to work towards meeting our environmental commitments, reducing our greenhouse gases from electricity to zero, although slightly increasing the amount of paper and energy that we used.

Further performance indicators and commentary are included throughout this report.



VicSuper people	2004	2005	2006
Females in senior management roles	41%	37%	42%
Sick days taken per employee	4.4	2.6	3.9
Employee turnover rate	21%	19%	11%
External training hours per staff member	11.9	17.8	26.0
Governance	2004	2005	2006
Complaints	58	44	41
Compliments	41	17	81
Environment	2004	2005	2006
Energy use per employee (kWh pa)	2,801.7	2,638.5	2,718.7

TRANSPORT ACCOUNTS FOR 13 PER CENT OF AUSTRALIA'S GREENHOUSE EMISSIONS.*



Most of this 13 per cent comes from cars. We are reducing our impact on the environment by converting our fleet to Toyota Prius hybrid cars, which emit about half the emissions of a similar sized non-hybrid car, and we offset the remainder of our fleet emissions through Greenfleet.

At the same time, we are reducing the number of potential kilometres driven by staff, members and employers by locating our advice centres in Victorian regional and metropolitan centres – closer to our members and employers.

*National Greenhouse Gas Inventory 2004, Australian Greenhouse Office, Department of Environment and Heritage, 2006.

BUILDING A SUSTAINABLE SUPER FUND STRATEGY 1

DELIVER VALUE

Our purpose is to help people prepare for and meet their income needs in later life by making sense of their super. We strive to deliver value by providing the best possible service to our members and employers at the lowest possible cost.

OUR AIM

Our aim is to help members understand their super so that they can maximise the amount of savings they have at, and during, their retirement.

HOW DOES THIS CONTRIBUTE TO A SUSTAINABLE SUPER FUND?

We believe that improving members' economic wellbeing will contribute to their ability to enjoy a higher quality of life in retirement. They will be better equipped to access the services they need to support the retirement lifestyle they want, and more actively contribute to society and the economy.

OUR PERFORMANCE

In December 2005 we opened a new regional advice centre in Traralgon to cater for our members and employers located in south-eastern Victoria. We now have three regional advice centres.

On 1 July 2005 we reduced the management fee for our VicSuper Allocated Pension from 0.7% pa to 0.5% pa, bringing the fee in line with all other VicSuper Fund benefit plans. During 2005/06 we also introduced two new benefit plans – VicSuper Term Allocated Pension (including the VicSuper Transition to Retirement Term Allocated Pension) and VicSuper Non-Commutable Allocated Pension.

At VicSuper we believe the best way to engage and educate our members about their super is to meet with them face-to-face. During the 2005/06 financial year we reached a large number of members through workplace and member seminars. We also increased the number of personal superannuation advice interviews we conducted, helping to ensure that more of our members were financially prepared for retirement. One of the indicators we use to measure the success of this face-to-face contact is the change in voluntary contributions by members, which increased significantly over 2005/06.

Performance indicator	2004	2005	2006
Attendance at member and workplace seminars	14,109	17,505	13,542
Number of personal advice interviews	2,844	3,397	3,609
Visits to employers	130	218	235
Voluntary contributions by members* (\$000)	330,994	421,687	530,702
% VicSuper Scheme members with insurance	55.0%	55.9%	56.7%

*Includes salary sacrifice, after-tax contributions, self-employed contributions and transfers from other funds.

BUILDING A SUSTAINABLE SUPER FUND STRATEGY 2

INVEST FOR THE LONG TERM

Superannuation contributions are invested over the long term, therefore it makes sense to have a long-term approach to investing which incorporates sustainability considerations.

OUR AIM

We aim to build our members' retirement savings by adopting a long-term investment strategy that allocates a high proportion of members' savings to company shares, subject to members' risk preferences.

Our strategy also acknowledges the potential for sustainability issues to materially impact company earnings and dividends, which are the primary source of long-term investment returns. We seek to implement our strategy with minimum cost in order to maximise the returns that we pass on to members.

HOW DOES THIS CONTRIBUTE TO A SUSTAINABLE SUPER FUND?

We believe that a long-term, low-cost, investment strategy that integrates sustainability considerations will not only provide long-term financial benefits to our members, but will also contribute to building a sustainable super fund with positive social, environmental and economic benefits to all stakeholders.

OUR PERFORMANCE

In 2005/06, VicSuper invested 10.45% of VicSuper Fund assets into individual securities (mainly in listed equities) considered to be leaders in adopting sustainability principles in their business operations. We also made a small investment in sustainability-focused private equity.

In addition, we invested in direct property through Colonial First State Global Asset Management and Investa Property Group (4.72% of total assets). Both fund managers take sustainability issues such as energy, waste and water use into account in the management of properties in their portfolios.

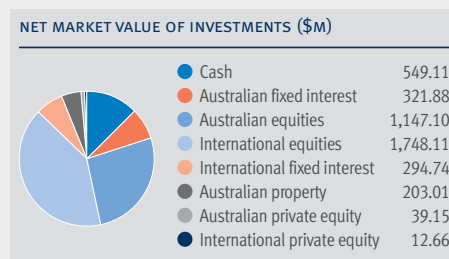
BT Governance Advisory Service engaged companies on behalf of VicSuper on 98 occasions in 2005/06 on a variety of environmental, social and governance issues.

In June 2006 VicSuper joined some of the world's largest financial institutions in becoming a signatory to the United Nations Principles for Responsible Investment.

VicSuper led the formation of the Investor Group on Climate Change (IGCC), and VicSuper's Chief Executive Bob Welsh was elected as its inaugural Chair during 2005/06. At 30 June 2006 the IGCC had grown to 13 members and one associate member, with combined funds under management of over \$178 billion.

Investment option net earning rates for VicSuper Scheme and VicSuper Beneficiary Account to 30 June 2006	1 year % pa	3 years % pa*	5 years % pa*
Cash	4.86	4.64	4.54
Capital Secure	7.01	7.14	N/A
Capital Stable	10.02	9.13	5.85
Balanced	12.75	11.84	6.45
Growth	16.02	14.73	6.92
Equity Growth	18.90	16.50	6.22
Equity Growth Sustainability	19.15	15.53	N/A

*The net earning rates are compound average rates. Past performance is not a reliable indicator of future performance. Please refer to note 1 on back cover.





GLOBALLY, INSTITUTIONAL INVESTORS REPRESENTING OVER US\$31 TRILLION HAVE IDENTIFIED CLIMATE CHANGE AS AN INVESTMENT RISK.

Regardless of government action or inaction, large investors throughout the world are coming together over their concerns about the investment-related risks and opportunities of climate change, and are asking the companies in which they invest to do something about it.

VicSuper is one of these investors, joining 210 others in signing the Carbon Disclosure Project's fourth request for information from the largest 1,800 companies in the world. The request for information asks for disclosure of investment-relevant information about their greenhouse gas emissions.

www.cdproject.net

BUILDING A SUSTAINABLE SUPER FUND STRATEGY 3

RECRUIT AND RETAIN QUALITY PEOPLE

It's only natural for our members to assess VicSuper by their dealings with our people. After all, the superannuation benefit plans and services we offer are only as good as the people who develop, manage and deliver them.

OUR AIM

Our aim is to provide a positive working environment that is safe, productive and rewarding. We seek to encourage innovation and make VicSuper a sought-after place in which to work.

HOW DOES THIS CONTRIBUTE TO A SUSTAINABLE SUPER FUND?

It's our people who develop our benefit plans and provide services to our members and employers. As we intend to be around for the long term, it makes sense to invest in our employees.

OUR PERFORMANCE

We undertook a variety of initiatives in 2005/06 to enhance staff satisfaction and to aid in staff attraction and retention. These included:

- › enhancing provisions under the Certified Agreement, including increasing paid parental leave from 12 to 14 weeks full pay, or 28 weeks half pay
- › revamping the VicSuper OH&S team and reviewing the OH&S policy in consultation with staff
- › relaunching the staff sustainability group, FROGS, to be more innovative, effective and project-focused
- › conducting structured, scenario-based training for VicSuper's fire and emergency response alert team each month
- › creating ten new graduate and co-operative student positions
- › implementing an accredited leadership and management program for senior managers.

We had committed to implementing a staff satisfaction survey in 2005/06, however this is something that we are still working towards and will carry forward to 2006/07.

Performance indicator	2004	2005	2006
Number of staff	117	131	153
% female of total workforce	62%	55%	54%
% female in senior management roles	41%	37%	42%
Sick days taken per employee	4.4	2.6	3.9
Employee turnover rate	21%	19%	11%
External training hours per staff member	11.9	17.8	26.0
Formal complaints or incidents of discrimination	0	0	0
OH&S incidents	1	3	4
OH&S incidents resulting in lost days, injuries* or work-related fatalities	0	0	0

*Does not include first-aid level injuries.

BUILDING A SUSTAINABLE SUPER FUND STRATEGY 4

MAINTAIN SOUND GOVERNANCE AND ACCOUNTABILITY

To achieve sound governance and accountability, we must have appropriate risk management structures in place.

OUR AIM

We aim to have a corporate governance structure that protects our members' savings and gives all stakeholders the confidence that they will be treated in an equitable, transparent and honest manner.

HOW DOES THIS CONTRIBUTE TO A SUSTAINABLE SUPER FUND?

With proper attention to risk management and processes that respect the rights of stakeholders we are better positioned to improve the economic wellbeing of members in retirement.

OUR PERFORMANCE

Commencing 1 July 2005, VicSuper changed its strategic planning horizon from rolling three-year plans to rolling 10-year plans to reflect the long-term nature of VicSuper's operations and to ensure that we address both short and long-term risks, trends and opportunities.


During 2005/06 the trustee extended the term of appointment for directors and deputy directors from three to five years. The board of directors met 12 times over the year, and at the March meeting established an audit committee to assist the directors with the financial and risk management of VicSuper Pty Ltd and VicSuper Fund.

In 2005/06 we received fewer complaints from members than the previous two years. These complaints generally related to minor administrative matters, and were resolved amicably. Recorded separately, we received 19 complaints in relation to privacy, compared to four in 2003/04 and 14 in 2004/05.

The number of compliments we received in 2005/06 increased significantly, in part due to more robust methods of recording compliments.

Performance indicator	2004	2005	2006
Complaints	58	44	41
Compliments	41	17	81

On 9 December 2005, VicSuper Pty Ltd was granted a RSE Licence by APRA (L0000468), replacing VicSuper's Instrument of Approval as an approved trustee. VicSuper Fund was also registered by APRA on 14 December 2005 (R1000580).



RESEARCH HAS SHOWN THAT CLIMATE CHANGE RISK HAS THE POTENTIAL TO IMPACT A SUPER FUND'S INVESTMENTS OVER THE LONG TERM.

Climate change can be clearly identified as a financial concern to the trustees of super funds.*

VicSuper believes that managing climate change risk is part of our fiduciary responsibility, and such risk should be taken into account in our investment and operational decisions at the trustee level.

Our trustee decision papers must outline the environmental, social and economic impacts of every proposed decision put forward for trustee consideration.

**A Climate for Change; a Trustee's guide to understanding and addressing climate risk, The Carbon Trust, 2005.*

BUILDING A SUSTAINABLE SUPER FUND STRATEGY 5

CONTINUE FINANCIAL STABILITY AND GROWTH

Through the financial stability and continued growth of VicSuper Fund, we can continue to offer and expand our services over the long term, allowing our members and employers to take full advantage of our products and services.

OUR AIM

We aim to build the financial assets of VicSuper Fund and manage our organisation in a financially prudent manner.

HOW DOES THIS CONTRIBUTE TO A SUSTAINABLE SUPER FUND?

Building the financial assets of VicSuper Fund brings with it greater economies of scale, enabling us to expand our services to members and employers without having to increase our management fee. Responsible and enduring financial stability and growth means that we will contribute positively to society by increasing the economic wellbeing of our members, providing continuous employment and by purchasing goods and services.

OUR PERFORMANCE

We continued our growth trend in all aspects of our operations in 2005/06. Contribution revenue increased 21.1% from 2004/05, reflecting a combination of compulsory and voluntary contributions resulting from more people actively contributing to their retirement savings, and more people deciding on VicSuper Fund as their fund of choice.

The net market value of investments in VicSuper Fund grew substantially over 2005/06, together with investment income, mainly due to the strong performance of Australian and international equity markets.

Our expenses increased in 2005/06 as we continued to expand our services to members in Melbourne and regional Victoria.

Performance indicator	2004	2005	2006
Number of members	187,007	199,372	211,301
Number of employers	4,438	5,261	7,152
Net assets of fund (\$M)	2,504	3,271	4,293
Contribution revenue (\$000)	593,114	720,912	873,082
Investment income (\$000)	281,794	329,368	528,495
Other income (\$000)	5,684	3,689	3,485
Expenses, including tax (\$000)	107,762	122,831	148,920
Transfers to reserve (\$000)	604	1,737	6,223
Increase in members' benefits (\$000)	772,226	929,401	1,249,919

BUILDING A SUSTAINABLE SUPER FUND STRATEGY 6

MINIMISE OUR ENVIRONMENTAL IMPACT

The environment provides us with resources to carry out our day-to-day operations. By minimising the natural resources that we use, we will help to ensure there are resources left for the future and at the same time reduce our operating costs.

OUR AIM

All of our activities have an impact on the environment. We aim to reduce this impact in two ways: through our operations and through our investments (strategy 2). This strategy focuses on our operations.

HOW DOES THIS CONTRIBUTE TO A SUSTAINABLE SUPER FUND?

By developing new systems for the use of natural resources and by being innovative in our thinking, we aim to manage and minimise our impact on the environment.

Ultimately, this will lead to an increase in our efficiency and a reduction in our operating costs. It will also benefit all our stakeholders and the broader community who depend on a healthy environment now and into the future.

OUR PERFORMANCE

Our performance in most of our environmental indicators declined slightly over 2005/06, mainly due to increased work output as a result of greater regulatory requirements, greater numbers of members and employers, opening a new advice centre, and not having specific action plans in place for all indicators.

The exception was greenhouse gas emissions from electricity which dropped to zero after we converted the remainder of our electricity to be supplied from renewable resources.

We have reduced our total emissions through measures such as purchasing 100% renewable energy, offsetting our car fleet emissions, avoiding flights and driving where possible, implementing energy efficiency measures, recycling waste, and purchasing recycled and sustainably-produced products.

In 2005/06 we maintained our commitments as a Waste Wise organisation and entered into our second sustainability covenant with EPA Victoria. This covenant is a 10-year agreement with annual commitments and is intended to help VicSuper reduce our ecological impact and increase our resource-use efficiency.

Performance indicator	2004	2005	2006
Paper – white A4 copy paper purchased per employee (sheets)	12,005	11,112	11,248
Waste to landfill (cubic metres per day)	0.10	0.11	0.20
Energy use per employee (kWh pa)	2,801.7	2,638.5	2,718.7
Greenhouse gas emissions from electricity purchased pa (kgs)	19,819	6,712	0

52% OF VICTORIA'S GREENHOUSE GAS EMISSIONS COME FROM ELECTRICITY GENERATION.*



Electricity consumption makes up most of an office building's greenhouse gas footprint – however an efficient building can use less than half the energy of an inefficient building.

Focusing on understanding and reducing VicSuper's greenhouse gas emissions means that we will be better prepared for any future

regulatory measures, as well as giving us a better perspective on the greenhouse gas reduction capabilities of companies we invest in and partner through our supply chain.

*Victoria Greenhouse Gas Inventory, Department of Sustainability and Environment, 2006.

BUILDING A SUSTAINABLE SUPER FUND STRATEGY 7

FOSTER EFFECTIVE PARTNERSHIPS

Organisations cannot operate in isolation. The effectiveness of VicSuper's partnerships will impact on the wellbeing of our partners, our other stakeholders and ultimately the broader community.

OUR AIM

We aim to foster existing and new partnerships that are mutually beneficial by being innovative, transparent and fair in our dealings with suppliers and professional associates, and by integrating sustainability considerations into our partnership decisions.

HOW DOES THIS CONTRIBUTE TO A SUSTAINABLE SUPER FUND?

The impact of our operations does not end with us. If our partners are also committed to sustainability we can be confident that they are looking after their staff, minimising their ecological footprint, and ensuring their businesses are financially sound – while making sure their partners are doing the same. This can lead to substantial flow-on benefits to society, the economy and the environment.

OUR PERFORMANCE

During 2005/06 we drafted a purchasing policy which included supplier engagement and vehicle purchasing guidelines. This policy will be finalised and implemented in 2006/07.

In December 2005 we engaged Complete Office Supplies as our new stationery supplier. A criterion for selection was the supplier's ability to meet our requirements for preferential supply of recycled or sustainably-produced stationery products.

In late 2005 we joined the UNEP FI – GRI Pilot project group to pilot the GRI Financial Services Sector Supplement on environmental performance and the associated technical protocols.

During 2005/06 our staff sustainability group, FROGS, researched and initiated VicSuper's community involvement program. In 2006/07 we will focus on trialling two partnerships with community groups in the environmental and health fields before looking to establish additional partnerships in other areas.

We also advanced our partnership with the Victorian Employers' Chamber of Commerce and Industry (VECCI) during 2005/06 through the delivery of a number of educational seminars and publications.

In addition to our ongoing partnership with the Victorian Association of State Secondary Principals (VASSP), VicSuper also entered into a new partnership in January 2006 with the Victorian Principals Association (VPA), which represents principals of state primary schools. These two partnerships have enabled VicSuper to conduct over 300 activities within primary and secondary state schools.

INDEPENDENT ASSURANCE STATEMENT

TO THE BOARD OF DIRECTORS, MEMBERS AND STAKEHOLDERS OF VICSUPER PTY LTD:

VicSuper Pty Ltd (VicSuper) commissioned URS Australia Pty Ltd (URS) to provide independent assurance of the *VicSuper Sustainability Report 2006* (the 'report'), the third such report by the organisation.

The report presents VicSuper's sustainability performance over the period 1st July 2005 to 30th June 2006. VicSuper was responsible for the preparation of the report and this statement represents the auditor's independent opinion. URS' responsibility in performing our assurance activities is to the Board and management of VicSuper alone and in accordance with the terms of reference agreed with them. Any reliance any third-party may place on the report is entirely at their own risk. URS has provided a full independent assurance statement that appears in the report, along with a separate more detailed report presented to the VicSuper Board and executive.

The objective of the assurance process is to provide stakeholders of VicSuper with an independent opinion on the materiality, completeness and accuracy of the information presented in the report, and whether VicSuper has responded to stakeholder concerns and adequately communicated those responses within the report. This is confirmed through an audit of the claims made, underlying systems, processes and competencies that support the report, as well as the embeddedness of policies and strategies on sustainability. Ensuring continuous improvement in data management systems and associated reporting processes is also a complementary objective. Our approach to assurance provision is undertaken using the AA1000 Assurance Standard, to which the lead auditor is accredited by the International Register of Certified Auditors.

Based on the scope of the assurance process, the following represents URS' opinion:

- › The findings of the assurance engagement provide confidence in the information reported within the report. The level of data accuracy was found to be within acceptable limits, but additional improvements to data management, including the reduction of manual aggregation and transcription processes are recommended to reduce potential for minor anomalies and mis-statements. Data trails selected were easily identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- › The statements made in the report appropriately reflect environmental, social and economic performance achieved during the period.
- › All suggested changes were satisfactorily addressed by VicSuper prior to finalising the report.

Overall, the auditor is satisfied that the report is an appropriate representation of VicSuper's sustainability performance during the reporting period, based on the limited material sampling approach applied to the assurance engagement.

On behalf of the audit team

5 October 2006
Melbourne, Australia

Terence Jeyaretnam
Principal, URS & Lead CSAP (IRCA UK)

CONTACT VICSUPER

CALL OUR MEMBER CENTRE

1300 366 216 and speak to a VicSuper superannuation consultant between 8.30am and 5.00pm, Monday to Friday

SEND US A FAX

03 9667 9610

WRITE TO US

VicSuper

GPO Box 89, Melbourne 3001

BROWSE OUR WEBSITE

www.vicsuper.com.au

VISIT US

Melbourne Advice Centre

Level 6, 90 Collins Street, Melbourne

Geelong Advice Centre

91A McKillop Street, Geelong

Bendigo Advice Centre

15 MacKenzie Street, Bendigo

Traralgon Advice Centre

13 Kay Street, Traralgon

Our centres are open from:

8.00am to 5.30pm, Monday to Friday

AWARDS

VicSuper's Chief Executive, Bob Welsh, won the 2005 SAM/SPG Sustainability Leadership Award for pioneer work in implementing the principles of sustainability within the private sector.

NOTES

1. On 1 July 2004 VicSuper changed from crediting rates (from which VicSuper's management fee of 0.50% had already been deducted) to net earning rates. These rates are calculated by deducting the tax (up to 15%) on investment return from the gross investment return for each investment option. Net earning rates do not include the deduction of VicSuper's management fee. VicSuper's management fee is now deducted directly from member accounts as at 30 June each year or when a member closes their account.

For the purposes of the table shown on page eight of this report, crediting rates for the financial years from 2001/02 to 2003/04 have been recalculated to be consistent with the methodology for calculating net earning rates used from 1 July 2004. For this reason, past performance figures shown in this report will differ from those in previous reports.

DISCLAIMER

The information contained in this *VicSuper Sustainability Report 2006* is given in good faith and has been derived from sources believed to be reliable and accurate. No warranty as to the accuracy or completeness of this information is given and no responsibility is accepted by VicSuper Pty Ltd or its employees for any loss or damage arising from reliance on the information provided.

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