

# Understanding Sustainability

## Key characteristics of sustainable finance

presented by

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# Understanding Sustainability



# What is sustainability ...

## At the corporate level

- companies improving environmental, social and economic performance to increase profitability and long term shareholder value

## At an investment level

- investing in companies that lead the way in improving environmental, social and economic performance and as a result increase their profitability and long term shareholder value.

# The sustainability challenge...

- Population growth
- Resource availability
- Distribution of resources
- Water availability
- Energy
- CO2 emissions/climate change

# VicSuper's approach to meeting the challenge

- VicSuper is trustee and manager of a pension fund
- As such, VicSuper allocates members' savings to investments
- VicSuper's role in supporting sustainable development:
  - pricing assets
  - exercising asset ownership
  - new investments

# What are the financial mechanisms available to VicSuper?

- **Pricing assets**
  - sustainable investing in public markets
  - creating new markets
- **Exercising asset ownership**
  - corporate governance
  - company engagement
- **New investments**
  - sustainable venture capital

# Putting the financial mechanisms into practice

- First, we embraced sustainability for our own company
- Second, we commenced on the pathway to sustainability investing

# The VicSuper Model

- Embrace sustainability as the company's central operating principle
- Integrate economic, social and environmental considerations into all decision support systems
- Commit publicly to reduce the ecological and social impact of the company's services and the manner in which they are produced

# Sustainability Covenant

- VicSuper's public commitments are consolidated in a Sustainability Covenant
- The Covenant is a voluntary agreement with EPA Victoria made under an Act of Parliament
- The Covenant outlines the financial mechanisms to support sustainable development

The background is a solid blue color with a repeating pattern of stylized, white line-art figures. Each figure is a simple stick figure wearing a hat and carrying a bag or briefcase, walking in various directions. The figures are scattered across the entire page, creating a sense of movement and activity.

# Sustainability

## Making it day to day business