



VicSuper and natural capital

So what is 'natural capital'? It's the land, air, water, forests and living organisms on the planet. Industries including farming, manufacturing, mining, technology and infrastructure use these environmental resources as raw inputs. As such, the health and availability of natural capital underpins all human economic activity.

At VicSuper, we understand that the wellbeing of our members, our communities and the environment in which we all live are all closely linked. We also understand that for our members' retirement savings to prosper and grow, long term sustainability of the economy is vital.

Valuing Victoria's natural capital is important to us. We've recently undertaken economic modelling to measure the importance of natural capital to the Victorian economy. This research

showed that if we look after our natural assets, the Victorian economy will be better off in terms of economic output and jobs. Over the past few years we have actively engaged with the Victorian Government, NGOs and local business leaders to discuss how we can all work together to better value Victoria's natural assets.

We're also proud to be the first Australian super fund to sign the UN backed Natural Capital Declaration. We continued to contribute to the work that's happening internationally to help the finance sector integrate natural capital risks and opportunities into investment decisions.

But most importantly, we've started to implement environmental accounting methodologies in our Victorian agricultural investments.

Leadership and engagement

As a Victorian business we are committed to playing our part in building capacity and resilience in our local community and economy.

We believe a strong and vibrant economy is fundamental to Victoria's future and the well-being of all Victorians. We also understand that a strong economy depends on a healthy environment. This is something we all intuitively know, but until now little economic research has been undertaken to clearly understand the relationship between Victoria's economy and the state of our natural environment.

Over the past few years we have teamed up with a number of Victorian business and environmental leaders to form The Future Economy Group. Together we sponsored research to better understand the dependencies between Victorian economic prosperity and the health of our natural, local environment.

The Group's research showed that nature and economy are inextricably linked. It also showed that transforming our economy through innovation, along with improving the quality of natural assets, will create big economic benefits for Victoria. In contrast, unless more is done to protect and restore Victoria's natural capital, Victoria could lose hundreds of thousands of jobs and billions of dollars in economic output.

The Group's research was supported by the release of the Future Economy Plan, a roadmap to modernise Victoria's economy. The plan outlines six 'powerful ideas' that business, Government and the community can adopt to ensure Victoria prospers and grows

We continue to engage the Victorian State Government and Victorian business on the Future Economy Plan. For more information go to futureeconomy.com.au

4 Alternatives for Victoria's economy in 2028



The Natural Capital Declaration

We're proud to be the first Australian super fund to formally become a signatory of the Natural Capital Declaration – a global initiative for financial institutions which is run by the United Nations Environment Program Finance Initiative (UNEPFI) and the Global Canopy Programme.

The full value of natural capital is currently not priced into the global economic system, and the declaration aims to help change this.

To date, the declaration has been signed by more than 40 CEOs of large financial institutions. These include banks, super funds, sovereign wealth funds and insurance companies across the globe.

We have a long history of integrating environmental, social and governance considerations into the way we invest and operate our business. Signing the declaration forms part of our Corporate Responsibility Strategy and supports our commitments to industry engagement and advocacy.

VicSuper has been appointed as the Chair of one of the declaration's key working groups. Through this working group we will contribute to the development of a global disclosure framework and guidance for financial institutions on natural capital.

"I'm excited to take on the role as Chair of the working group on disclosure and reporting. Undertaking advocacy and engagement on valuing natural capital at the international level, and helping to shape frameworks and industry understanding aligns perfectly with our Corporate Responsibility Strategy". Kirsten Simpson, VicSuper's Corporate Responsibility Manager.

More information on the Natural Capital Declaration can be found on our [website](#).



Investing in Victoria's natural assets

We are committed to investing in Victorian projects that deliver financial, community and environmental returns.

In 2007 VicSuper invested in the 'Future Farming Landscapes' ~11,000 hectare redevelopment project. This project lies between Kerang and Swan Hill in Victoria and is located in the southern part of the Murray Darling Basin, one of the most vital food producing regions in Australia.

The Future Farming Landscapes project is currently delivering many cross-functional benefits to Victorians through agricultural development and innovative water management activities. These benefits include the creation of shared value through the generation of financial returns over the long term for VicSuper members, job generation and local industry development for rural communities in north-west Victoria, and the implementation of sustainable farming practices for the environment.

The business model for the Future Farming Landscapes project involves earning income and building capital value through investment in sustainable farmland redevelopment. From the onset, the project was built around improved yield productivity and the delivery of water use solutions for agriculture and the environment.

These sustainable farming techniques aim to deliver more food and fibre utilising less land, less water and less management effort. This approach to farming aims to create resilient landscapes which can cope with a variable climate while also delivering economic and environmental outcomes.



Farming activities are diversified to balance precision-irrigated agriculture and the protection of key ecological areas. The value of these ecosystem services are measured through the application of environmental accounting methodologies. These ecological assets service the site and generate additional value through vegetation offsets, carbon sequestration, salt credit trading, and flood mitigation services.

"The Future Farming Landscapes project is currently one of the largest and highest yielding tomato producers in Australia. This demonstrates that improved yield productivity that can be achieved with sustainable farmland practices. The water use solutions applied at the project have also enabled the successful production of the southernmost cotton crop in Australia". Michael Dundon, VicSuper's CEO