

UN Global Compact – Annual “Communication on Progress Report”

June 2005 – June 2006

INTRODUCTION

This report has been prepared to communicate on how VicUrban as an organisation is translating the ten UN Global Compact principles into practice. The report is in two parts:

- VicUrban’s General Sustainable Development Activities 2004/05; and
- Summary of Activities against the ten UN Global compact Principles 2004/05.

VICURBAN’S GENERAL SUSTAINABLE DEVELOPMENT ACTIVITIES 2004/05

Attached is a letter dated 28 June 2005 from Mr John Tabart CEO VicUrban outlining the company’s support for the Global Compact.

SUMMARY OF ACTIVITIES AGAINST TEN UN GLOBAL COMPACT PRINCIPLES 2004/05

HUMAN RIGHTS

Principle 1 – *Businesses should support and respect the protection of internationally proclaimed human rights.*

VicUrban as an organisation supports and respects the protection of internationally proclaimed human rights. VicUrban is an agency of the State Government of Victoria. The Victorian Government is currently consulting the community via the ‘Human Rights Consultation Committee’ on the questions – Should Victoria have a Charter of Human Rights? If so what should it protect? Are there other ways that human rights can be better protected as part of our democracy? On 18 April 2005, Attorney-General Rob Hulls announced the establishment of an independent Human Rights Consultation Committee to report back by 30 November 2005. More information about this important initiative can be found at the Department of Justice Victoria, Australia website www.justice.vic.gov.au/humanrights.

Principle 2 – *make sure that they are not complicit in human rights abuses.*

VicUrban has not knowingly been complicit in any human rights abuses.

LABOUR STANDARDS

Principle 3 – *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.*

Freedom of association and the exercise of collective bargaining provide opportunities for constructive rather than confrontational dialogue and as a result mutually beneficial outcomes can be more easily reached.

Freedom of association implies a respect for the right of employers and workers to join associations of their own choice and VicUrban supports the right of any employee to do so.

VicUrban supports the following standards in the workplace:

- Ensure all workers are able to form and join a trade union of their choice without fear of intimidation or reprisal;
- Ensure union-neutral policies and procedures in such areas as applications for employment and record-keeping; and decisions on advancement, dismissal or transfer;
- Provide facilities to help worker representatives carry out their functions within the company's needs, size and capabilities; and
- Support the establishment and functioning of local/national employers' organisations, and trade unions.

Principle 4 – *the elimination of all forms of forced and compulsory labour.*

VicUrban has clearly documented contracts outlining the terms and conditions of employment and these all adhere to current employment law. Where contractors are carrying out work on our behalf we ensure they also comply with any and all relevant legislation. At any time and for any reason an employee can elect to cease working for VicUrban.

Principle 5 – *the effective abolition of child labour.*

VicUrban adheres to minimum age provisions of relevant labour laws in the hire of labour.

Principle 6 – *the elimination of discrimination in respect of employment and occupation.*

VicUrban has clear Equal Employment Opportunity (EEO), Harassment and Discrimination Policies and a rigorous Recruitment policy and process. Our sectors code of conduct also clearly outlines forms of discrimination and practices and behaviours that all staff must adhere to.

ENVIRONMENT

Principle 7 – *Businesses should support a precautionary approach to environmental challenges.*

VicUrban Sustainability Charter April 2005

VicUrban has prepared a Sustainability Charter (draft) dated April 2005 which has been prepared to guide VicUrban's future projects, particularly with regard to how sustainability is measured and reported upon within a precautionary approach. The Charter is the subject of

wide industry consultation and involvement. The Sustainability Charter is being used on many of VicUrban's new projects and is a unique scoring assessment model that flow charts:

- Our process – in evolving projects from inception to completion; and
- Measures and guides our overall approach – through the use of developed Performance Measures based upon VicUrban's 5 Core Objectives.

The Sustainability Charter provides an opportunity to become the model for an industry standard that measures and reports on sustainability against a precautionary approach with regard to;

1. Commercial Success;
2. Community Well-being;
3. Environment;
4. Urban Design Excellence; and
5. Housing Affordability.

Principle 8 – undertake initiatives to promote greater environmental responsibility.

Melbourne Docklands ESD Guide

Melbourne Docklands is a \$9 billion harbour city development in the heart of Melbourne CBD to be developed over the next 10-15 years. To assist in the sustainable development of this precinct VicUrban has prepared the Melbourne Docklands ESD Guide. This guide was the first operational green building rating tool in Australia and was referenced in the preparation of the Green Building Council of Australia's Green Star program.

The guide was first published online and in hard copy in October 2002. The ESD Guide is used by VicUrban and partner developers to assess and rate residential and commercial developments based upon environmental performance criteria. The guide has been used to assess twin Watergate Towers in Batman's Hill and Digital Harbour offices at Comtechport precinct in 2004-2005.

Melbourne Docklands Green Retailer in Retail Fitouts (in preparation)

Green Retailer is a guide for material selection in retail fitouts. The guide, still in draft form, is a joint initiative between VicUrban, ING Real Estate via their Waterfront City development and the Royal Melbourne Institute of Technology. The guide when complete will include the rating and assessment methodology for material selection and references a detailed product list of environmentally friendly products.

The benefits of the Green Retailer include:

- Design and installation of retail spaces that continue to look good over time;
- Maximum flexibility in reconfiguration of retail spaces over time;
- Reduction in fixed costs for fit out because of ability to reconfigure; and
- Material selection for healthy workplaces and the environment.

VicUrban Draft Eco-Selector 'A guide to Materials Selection for Aurora' October 2004

The VicUrban Eco-Selector 'A Guide to Materials Selection for Aurora' is designed to assist builders and designers of homes at all our new developments choose and source environmentally preferred materials from industry suppliers based upon specific environmental criteria.

This means that homes will be built using environmentally responsible materials for the floor, walls, frame, roof, finishes, fittings and landscaping.

Principle 9 – *Encourage the development and diffusion of environmentally friendly technologies.*

Water Sensitive Urban Design

VicUrban and its predecessors Docklands Authority and Urban Regional Land Corporation have been a national and international leader in the development of Water Sensitive Urban Design. Initiatives in water sensitive urban design include:

- Successfully developing and operating landscaped swale and bio retention systems at a number of large housing developments over a number of years and have established the industry standard;
- Taking the next step in integrated water management including onsite black and grey water recycling at the 8,500 mixed use housing development Aurora;
- Docklands Park wetlands system and an underground rain water storage facility of 550,000 litres meeting 80% of the parks irrigation needs and saving 10 million litres of potable water per annum;
- Use of recycled plastic products (Green Pipe and Rain Store) for storm water movement and storage in Docklands Park; and
- Street tree planter pits that collect, water, mitigate and filter road storm water run off.

Rain Water for Hot Water

VicUrban in collaboration with key industry and government agencies has developed an initiative to use rain water for hot water in homes in urban areas.

Water tank manufacturers are currently using performance measures from this initiative to design tank systems that can be economically incorporated into building designs and existing hot water systems. Selected building companies will be introducing the rain water for hot water systems to the market place at Aurora and other projects currently in planning. It is anticipated that this project will be implemented next year.

Gas Solar Hot Water Systems

VicUrban is working with builders to ensure that all houses built on the Aurora development will have gas solar hot water. This development when completed in 2015 will have over 8,200 homes and 25,000 people. It is anticipated that VicUrban will continue this initiative on many other new housing projects.

Inquiry into Sustainable Communities

In late 2004 VicUrban made a detailed submission to the Victorian Governments Environment and Natural Resources Committee inquiry into Sustainable Communities. The terms of reference for this inquiry were to 'report on opportunities to promote changes in the way we use energy, water and other natural resources at the local community and household level to reduce environmental impact'.

The committee tabled its report to the government in June 2005 with 72 recommendations. The government will provide a response by the end of 2005.

VicUrban is currently a leader in environmental initiatives in Australia with a suite of policies and completed projects.

VicUrban will continue to develop further environmentally sustainable development practices including:

- Commercial – cost neutral environmental initiatives;
- Incorporation of a VicUrban Design Philosophy;
- Collaboration with industry partners;
- Research on environmentally friendly materials with a precautionary approach;
- Marketing sustainability; and VicUrban Eco-Selector becoming the national template for materials selection.

ANTI-CORRUPTION

Principle 10 – *Businesses should work against all forms of corruption, including extortion and bribery.*

Proper Conduct in the Workplace

VicUrban is committed to providing a safe and ethical workplace for all members of the VicUrban team and it is appropriate to provide bulletins and reminders from time to time for your information and peace of mind.

VicUrban has procedures for:

- Making disclosures of improper conduct by staff;
- Investigation of disclosed matters; and
- Protection of staff who make disclosures from reprisal.

Examples of improper conduct include:

- Taking bribes or 'kick backs';
- Dumping and other unlawful pollution;
- Workplace violence, theft and other crimes;
- Illegal drug use at work; and
- Sale of confidential information.

VicUrban employees are encouraged to disclose any improper conduct and we will take all reasonable steps to protect you from any reprisal. Natural justice (ie) principles of fair treatment) will also be afforded to the person who is the subject of the disclosure.

If a disclosure of improper conduct is sustained, VicUrban will take all necessary action which – depending on the nature of the improper conduct – may include;

- Referral of the staff member to counselling or other support services;
- Disciplinary action including the possibility of dismissal; and/or
- Full co-operation with the police and other relevant enforcement agencies.

Compliance Policy

The Board and Management of VicUrban are strongly committed to a policy to comply with all applicable laws, regulations, codes, organisational and industry standards and to ensuring that a culture of compliance is maintained.

Compliance is recognised as fundamental to successfully achieve the VicUrban Corporate Plan.

A compliance program is an important element in the corporate governance and due diligence of an organisation, which can;

- Aim to prevent, and where necessary, identify and respond to , breaches of laws, regulations, codes of conduct and organisational standards occurring in the organisation;
- Promote a culture of compliance within the organisational; and
- Assist the organisation in remaining a good corporate citizen.

A Compliance Plan will be developed and maintained by Management to implement the VicUrban Compliance Policy.

The Compliance Plan will draw will:

- Confirm the strong commitment of VicUrban compliance at all levels within the organisation;
- Identify the main legislation, government policies, contracts and common law duties applicable to VicUrban and its directors and the action plans recommended in the annual VicUrban Risk Management Plan;
- Allocate responsibility clearly to senior managers with accountability for implementation, rectification of compliance failures, regular reporting and proper record keeping; and
- Incorporate ongoing monitoring and improvement.

July 8, 2005

FURTHER INFORMATION:

Further information about VicUrban can be obtained via our website www.vicurban.com or via correspondence addressed to:

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