

# Welcome to your CDP Climate Change Questionnaire 2019

## C0. Introduction

### C0.1

#### **(C0.1) Give a general description and introduction to your organization.**

Vicinity Centres is one of Australia's leading retail property groups with a fully integrated asset management platform and \$26 billion in retail assets under management across 66 shopping centres, making it the second largest listed manager of Australian retail property.

A top 50 entity on the Australian Securities Exchange (ASX) (as at 30 June 2019), Vicinity is one of the largest listed managers of Australian retail assets with ownership interests in 62 shopping centres of our assets under management. Our portfolio includes 33 assets which we manage on behalf of Strategic Partners, 29 of which are co-owned by the Group.

Vicinity's strategy is to deliver strong and sustainable growth via focus on; Market Leading destinations, Expanding our wholesale funds platform, Realising mixed-use opportunities.

Vicinity's portfolio includes interests in some of Australia's most loved shopping centres including QVB, The Strand and Chatswood Chase in Sydney, New South Wales, Emporium Melbourne and Chadstone Shopping Centre in Victoria, Queens Plaza and The Myer Centre Brisbane in Queensland and Galleria and Mandurah Forum in Western Australia, as well as the DFO outlets.

Vicinity operates its business cognisant of its role and impact on the environment, society and its stakeholders. Vicinity's Sustainability Strategy is focused on three pillars: Community Significance; Climate Resilience and Low Carbon Smart Assets. Vicinity's Sustainability Strategy governs our approach to environment, social and governance (ESG) matters including climate change adaptation and mitigation, operational efficiency, supply chain and tenant relationships. The strategy is detailed on our website at <http://sustainability.vicinity.com.au/our-business-and-strategy/> and is focused on three pillars: Climate Resilience; Low carbon smart assets and Community significance.

Our business depends on attracting consumers to our centres and keeping our centres open for trade to ensure our retailers' success and to support our local communities. Our business generates carbon emissions through the energy used to operate our centres, as well as through the waste generated from our retailers' operations. We manage these impacts through our climate change strategy, which focuses on programs to significantly reduce our carbon emissions, and initiatives to increase the resilience of our centres to ensure we can remain open for trade in the event of extreme weather events.

Details of Vicinity's Code of Conduct Policy, and its Corporate Governance Statement can be found on our website at <http://www.vicinity.com.au/about-us/corporate-governance> .

This is the fifteenth submission made by Vicinity (and its historical organisations) to the CDP. Prior to 2015, submissions were made by Novion Property Group (covering the period 1 January 2014 to 31 December 2014) and by CFS Retail Property Trust (prior to 2014). Vicinity and its predecessor entities have been included in the Dow Jones Sustainability Index (DJSI) suite of leadership indices from 2004 to 2014 and 2016 to 2018, and in the FTSE4Good Index since 2001. In 2018, Vicinity's direct portfolio was recognised in 4th place for our sector by the Global Real Estate Sustainability Benchmark (GRESB), and was ranked 3rd most sustainable real estate company globally by the DJSI.

## C0.2

**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Row 1	January 1, 2018	December 31, 2018	No

## C0.3

**(C0.3) Select the countries/regions for which you will be supplying data.**

Australia

## C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

AUD

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.**

Operational control

## C1. Governance

### C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

#### C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Board Chair	<p>Vicinity's Chairman has oversight and ultimate approval of climate-related issues such as the Group Sustainability strategy (which addresses climate change adaptation and mitigation), Climate Policy and Environment Policy. The Chairman and the Board have also approved Vicinity's long term carbon target, Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets and our \$73 million investment in solar through the Integrated Energy Strategy.</p> <p>Vicinity's Chairman and the Board are updated on Sustainability initiatives including the implementation of the Sustainability strategy every quarter.</p>
Director on board	<p>The Board of Directors have full oversight of and formal approval of Vicinity's Climate Policy, Environment Policy and Group Sustainability strategy (which addresses climate change adaptation and mitigation). The Board has also approved Vicinity's long term carbon target, Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets and our \$73 million investment in solar through the Integrated Energy Strategy.</p> <p>The Board has ultimate responsibility for delivery of Vicinity's Sustainability strategy, and is updated on the implementation of the Sustainability strategy every quarter. The Board is responsible for making decisions related to major sustainability programs (such as the approval of Vicinity's Integrated Energy Strategy including our solar program and long-term carbon targets) and also receives reports on outcomes and recommendations of major programs such as our climate change program (covering both adaptation and mitigation).</p>
Board-level committee	<p>The Risk and Compliance Committee of the Board is comprised of four members, all of whom are Non-Executive Directors. The Committee oversees and reviews Vicinity's risk management and safety frameworks, and monitors Vicinity's environment and sustainability practices including carbon reduction and climate resilience efforts. Climate change has been identified as a material business risk and included in Vicinity's enterprise-wide risk register which is reviewed and reported to the Committee four times annually.</p> <p>The Committee receives extensive reporting on Vicinity's climate risk approach and program, including assessment outcomes, implementation progress of</p>

	sustainability policies (which includes our Climate Policy and Environment Policy), key projects such as climate change adaptation and transition and solar investment ,and achievement of public sustainability objectives including our long-term carbon target, Net Zero carbon emissions by 2030 on our 100% owned retail assets.
Chief Executive Officer (CEO)	Vicinity Centres' CEO and Managing Director is a member of the Board. The CEO also chairs the Sustainability Committee – a management level committee comprised of the Chief Executive Officer, Chief Investment Officer, Executive General Manager Shopping Centres, Executive General Manager Development, and other senior leaders. The Sustainability Committee oversees the Sustainability strategy and initiatives implemented across the business, which includes the program of work under Climate Resilience and Low Carbon Smart Assets pillars, and monitors Vicinity's performance against targets.

## C1.1b

**(C1.1b) Provide further details on the board's oversight of climate-related issues.**

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>Vicinity's Board of Directors reviews and approves the Sustainability strategy, sustainability policies and commitments, and has the ultimate responsibility for sustainability at Vicinity. Regular updates on the implementation of the Sustainability strategy and its three key pillars (Low Carbon Smart Assets, Climate Resilience and Community Significance) is given to the Board by the Chief Investment Officer (CIO) (reporting line for Sustainability) every quarter. Sustainability also regularly report on the progress and implementation of policy objectives to the Risk &amp; Compliance Committee (a Board level sub-committee comprising four Non Executive Directors) which includes the Climate Policy and the Environment Policy. Four times annually the Risk &amp; Compliance Committee the Enterprise Risk Register and outlook is discussed which includes Climate Change risks and potential risks for the business.</p> <p>The Board reviews and oversees the implementation of major projects including reporting on the \$73 million solar investment and integrated energy plan.</p> <p>All Development Plans are reviewed by the Board including capital expenditure to increase climate</p>

		resilience of our centres. Climate resilience measures have been embedded in the Development process so all Vicinity developments include climate adaptations in the design process.
Sporadic - as important matters arise	<p>Reviewing and guiding major plans of action</p> <p>Setting performance objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	In addition to scheduled reports, more comprehensive updates are presented to the Board and relevant Board sub-committees as they arise. These have included, review and approval of Vicinity's Integrated Energy Strategy (and related capital expenditure), approval of Vicinity's Net Zero carbon emissions by 2030 on our 100% owned retail assets, overview of Vicinity's climate change strategy, asset environmental performance and benchmarking and public sustainability reporting.
Scheduled – some meetings	<p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Monitoring implementation and performance of objectives</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p> <p>Other, please specify Public reporting</p>	<p>The Risk and Compliance Committee (RCC), a sub-committee of the Board, is responsible for monitoring Vicinity's compliance with sustainability-related laws and regulations, and considering major sustainability policies, programs and commitments from a risk perspective. For example, in June 2018, a detailed Climate Change Risk Deep Dive Analysis was presented to the RCC.</p> <p>Annual updates are given to the RCC relating to Vicinity's adherence to publicly available sustainability policies (which includes climate policy and environment policy), compliance with the National Greenhouse and Energy Reporting (NGER) legislation, and review of public reporting of sustainability performance indicators, for example, in the Annual Report, annual sustainability reporting and key investor surveys including the DJSI, GRESB and CDP. Additionally, the RCC reviews Vicinity's enterprise risks four times annually, where climate change has been identified as a material business risk for Vicinity.</p>

## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Sustainability committee D <sub>1</sub>	Both assessing and managing climate-related risks and opportunities	Not reported to the board
Other C-Suite Officer, please specify Chief Investment Officer (CIO) D <sub>2</sub>	Both assessing and managing climate-related risks and opportunities	Quarterly

D<sub>1</sub> Sustainability Committee doesn't report on climate change to the Board because this is carried out via the Chief Investment Officer as this area is responsible for the Sustainability function.

D<sub>2</sub> The CIO is a member of the Sustainability Committee, and also under whom Vicinity's group level Sustainability function sits.

## C1.2a

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

Vicinity's Sustainability Committee forms part of our management committee structure and allocates responsibility for Vicinity's sustainability agenda to the highest management levels of the organisation, ensuring that climate-related issues and targets have the support and leadership of the Senior Executive team. The Sustainability Committee has responsibility for climate-related issues and targets because the members include a range of representatives across the organisation from the CEO (who Chairs the Committee) to Heads of Function each of whom lead key functions required for the successful delivery and implementation of the Sustainability strategy, including emissions reduction and climate resilience initiatives. The Sustainability Committee is responsible for ensuring that emissions reductions targets and programs are achieved through their teams and resources and for supporting the implementation of climate resilience related initiatives across our portfolio.

The Committee is chaired by our CEO and Managing Director who holds ultimate responsibility for the achievements of Vicinity's emissions reduction targets and the delivery of the Sustainability strategy. Other members of the Sustainability Committee are responsible for specific aspects of emissions reduction project delivery and implementation. The Executive General Manager Shopping Centres leads the team responsible for our shopping centre operations where emissions reductions initiatives are identified and implemented at the local level. For example, Vicinity implemented a portfolio-wide rollout of LED lighting upgrades including at Roxburgh Park Shopping Centre, Vic, where LED lighting upgrades were implemented in 2018 contributing to a 3% reduction in energy consumption at the centre. Our

Executive General Manager Shopping Centres is also responsible for capital allocation to roll out climate resilience initiatives such as upgrading the HVAC systems with enhanced capacity at Nepean Village, NSW.

Our Executive General Manager Developments leads the team responsible for developments on existing centres as well as new developments which are designed to integrate climate change risk mitigation, minimise carbon emissions and increase climate resilience in line with our Sustainable Design Brief. For example, a major development at The Glen, Vic was developed to 4 Star Green Star standards and included: Back-up generators to increase the centre's resilience during brown outs, storms and other weather events; Stormwater Drainage system designed to accommodate increasing rainfall events and energy efficient HVAC and LED lighting throughout and outside the centre to reduce carbon emissions.

#### **Chief Investment Officer**

The Chief Investment Officer (CIO) is responsible for the establishment of Vicinity's climate strategy, including the roll out of portfolio-wide climate resilience measures, the development of company-wide emissions reductions targets and other related activities because Vicinity's Group Strategy and Sustainability functions report directly to the CIO, who in turn reports to the CEO. The CIO is part of Vicinity's Executive Committee and provides updates on Vicinity's Sustainability program (which includes the climate resilience program and emissions reductions measures) to the Board on a quarterly basis. As the Group Sustainability function are part of the broader Investments team, the CIO guides the implementation of the Sustainability program at Vicinity and also oversees Vicinity's Investment Management function who are responsible for analysing and making recommendations about the type and level of investment required for each asset in line with business strategy including the Sustainability strategy, climate resilience strategy and carbon emissions reduction programs and targets. Climate issues have been integrated into business operations and processes including the Investment Management team's asset planning which now includes reviewing the Enterprise Risk Register (which includes Climate Change risks and opportunities to increase climate resilience) in relation to their analyses and recommendations for asset plans. For example, the Investment Management team assisted in the analysis, selected centres and level of investment required for onsite solar roll out such as at Castle Plaza, SA where solar panels were installed in 2018.

Across Vicinity, a number of additional executives hold responsibility for aspects of climate resilience related issues, ensuring emissions reductions targets are met and projects are implemented throughout our shopping centre operations, development projects and across the broader business. Key leaders with responsibility for climate issues and programs at Vicinity include: General Manager Sustainability, Executive General Manager Shopping Centres, Executive General Manager Developments, National Operations Manager, Group Risk Manager, Facility Manager and Sustainability Manager - Environment.

### **C1.3**

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

Yes

## C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

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### **Who is entitled to benefit from these incentives?**

Chief Executive Officer (CEO)

### **Types of incentives**

Monetary reward

### **Activity incentivized**

Emissions reduction target

### **Comment**

CEO has key performance measures (or KPIs) of monetary incentives linked to individual bonus payments:

Delivery of the Group Sustainability strategy and objectives including: establishment of Vicinity Zero carbon emissions target and reduction of portfolio-wide carbon intensity by 3 per cent (against FY18). Additionally, the following Sustainability strategy objectives support Vicinity's emissions reduction and climate resilience strategy including: achievement of a 4 Star Green Star Performance portfolio rating (requiring significant achievement of carbon reduction outcomes and demonstrated commitment to action on climate-related risks); obtaining NABERS energy and water ratings for 95 per cent of rateable portfolio, achieving 45% recycling rate for operational waste; Climate Resilience checks completed for 100 per cent high risk centres and the implementation of an integrated energy strategy with onsite renewable energy.

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### **Who is entitled to benefit from these incentives?**

Other C-Suite Officer

### **Types of incentives**

Monetary reward

### **Activity incentivized**

Energy reduction target

### **Comment**

The Chief Investment Officer (CIO) reports to the CEO. CIO has key performance measures (KPIs) of monetary incentives linked to individual bonus payments which include:

Delivery of the Group Sustainability strategy and objectives including: establishment of Vicinity's Net Zero carbon emissions target and reduction of carbon intensity by 3 per cent (against FY18). Additionally, the following Sustainability strategy objectives support Vicinity's emissions reduction and climate resilience strategy including: achievement of

a 4 Star Green Star Performance portfolio rating (requiring significant achievement of carbon reduction outcomes and demonstrated commitment to action on climate-related risks); obtaining NABERS energy and water ratings for 95 per cent of rateable portfolio, achieving 45 per cent recycling rate for operational waste; Climate Resilience checks completed for 100 per cent high risk centres and the implementation of an integrated energy strategy with onsite renewable energy.

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**Who is entitled to benefit from these incentives?**

Other C-Suite Officer

**Types of incentives**

Monetary reward

**Activity incentivized**

Energy reduction target

**Comment**

The Executive General Manager Developments (EGM Developments) reports to the CEO. The EGM Developments has key performance measures (KPIs) of monetary incentives linked to individual bonus payments which include:  
Delivery of the Group Sustainability strategy and objectives including: establishment of Vicinity's Net Zero carbon emissions target and reduction of carbon intensity by 3 per cent (against FY18). Additionally, the following Sustainability strategy objectives support Vicinity's emissions reduction and climate resilience strategy including: achievement of a 4 Star Green Star Performance portfolio rating requiring significant achievement of carbon reduction outcomes and demonstrated commitment to action on climate-related risks); obtaining NABERS energy and water ratings for 95 per cent of rateable portfolio, achieving 45 per cent recycling rate for operational waste; Climate Resilience checks completed for 100 per cent high risk centres and the implementation of an integrated energy strategy with onsite renewable energy.

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**Who is entitled to benefit from these incentives?**

Business unit manager

**Types of incentives**

Monetary reward

**Activity incentivized**

Energy reduction target

**Comment**

Business unit manager is the General Manager Sustainability. This position reports to the CIO. The GM Sustainability has the following incentivised KPIs of monetary incentives linked to individual bonus payments: Obtaining Board approval for a specific external commitment on Net Zero Carbon target for our owned portfolio. Also the

following Sustainability strategy objectives support Vicinity's emissions reduction and climate resilience strategy including: Deliver a project to meet a shared Climate Change objective with one retail partner; Obtain NABERS energy and water ratings for 95 per cent and 95 per cent of rateable portfolio respectively; Development of a 4 Star Green Star Performance portfolio roadmap; Educate suppliers and retailers on climate change actions by embedding environmental standards into B2B documentation; Provide the business with tools to achieve climate change targets (including reporting, internal education workshops and budgeting) and; Increasing Climate Resilience through assessment of extreme risk rated centres.

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**Who is entitled to benefit from these incentives?**

Business unit manager

**Types of incentives**

Monetary reward

**Activity incentivized**

Efficiency project

**Comment**

Business unit manager is the General Manager Operations. This position reports to the Executive General Manager Shopping Centres and has incentivised performance indicators relating to a 3 per cent reduction in energy/carbon emissions and achieving operational savings (including related cost savings from reducing waste sent to landfill). Furthermore, the General Manager Operations responsibilities (relating to non monetary recognition) include Vicinity's procurement function and implementing sustainability in our procurement processes using Vicinity's sustainable procurement policy as a guide.

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**Who is entitled to benefit from these incentives?**

Business unit manager

**Types of incentives**

Monetary reward

**Activity incentivized**

Energy reduction project

**Comment**

Business unit manager is the Head of Integrated Energy and Solar. This position reports to the Executive General Manager Shopping Centres and has incentivised performance indicators relating to the implementation of \$73 million in onsite solar and the performance of these solar systems in the form of energy generated in MWH.

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**Who is entitled to benefit from these incentives?**

Environment/Sustainability manager

**Types of incentives**

Monetary reward

**Activity incentivized**

Energy reduction target

**Comment**

This encompasses the Sustainability Manager Environment who reports to the General Manager Sustainability. The Sustainability Manager Environment has performance indicators relating to the following: ensuring the internal adoption of Vicinity's long-term carbon reduction target, establishing annual carbon targets (in line with long term carbon reduction target) and providing the business with tools to implement, supporting implementation of environmental improvement program and achievement of energy, water and recycling targets at asset level; Conducting site based climate risk assessments and quantifying financial impacts of climate change for Vicinity; integrating climate risk into key business decision making processes; and completing annual NGER report.

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**Who is entitled to benefit from these incentives?**

Facilities manager

**Types of incentives**

Monetary reward

**Activity incentivized**

Energy reduction target

**Comment**

Facility managers are Regional Operations Managers (ROMs) for each state and Operations Managers for each centre. Both Operations Managers and ROMs are supported by the National Operations team, and have incentivised performance indicators relating to asset-specific energy, water and waste reduction targets and projects which help achieve reduced carbon emissions. Operations Managers are charged with implementing emissions reduction and energy efficiency projects, such as lighting retrofits, air-conditioning optimisation and tuning, upgrades to more efficient equipment, and centre recycling programs. Operations managers in Queensland-based centres (where the majority of Vicinity's highest climate risk rated centres are located) have an additional KPI relating to annual assessment of climate risk for each asset. Operations Managers are also incentivised for reducing operational costs including energy costs which represent a considerable portion of overall operational costs.

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**Who is entitled to benefit from these incentives?**

Procurement manager

**Types of incentives**

Monetary reward

**Activity incentivized**

Other, please specify  
Operational cost savings

**Comment**

This role is the National Procurement Manager, who reports to the General Manager Operations. National Procurement Manager has a KPI related to achieving procurement and operational cost savings and identifying initiatives that deliver on operational efficiency and other benefits. Additionally, this role is responsible (with non-monetary recognition) for integrating Vicinity’s strategic and sustainability objectives into the procurement process (including those relating to operational efficiency).

**Who is entitled to benefit from these incentives?**

All employees

**Types of incentives**

Monetary reward

**Activity incentivized**

Other, please specify  
Sustainability initiatives

**Comment**

All employees have incentivised performance indicators relating to sustainability, however, they vary depending on the role and business unit in which they sit. Centre marketing managers have KPIs relating to community investment. During the year, all employees had a KPI relating to customer service/engagement.

## C2. Risks and opportunities

### C2.1

**(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.**

	From (years)	To (years)	Comment
Short-term	1	3	Business planning cycle time horizons are typically shorter than the time horizons considered in relation to climate change impacts. Our time horizons are based on our business planning cycles, however when investigating our strategy, risks and opportunities around climate change we look longer term(e.g. 2030, 2050 and 2090). We base our time horizons on our business/asset planning process.

			<p>Forecasts are based on a 10-year outlook. Detailed short term objectives are planned for 1-3 year timeframe, which defines our short-term.</p> <p>For example, a short term objective for Vicinity is to complete Stage 2 of our \$73 million investment into solar by the end of 2019. By the end of December 2018, the total solar implemented is 10 MW across 4 centres.</p> <p>Another short term objective is our annual target to reduce carbon by 3% compared to the previous year.</p>
Medium-term	3	10	<p>Business planning cycle time horizons are typically shorter than the time horizons considered in relation to climate change impacts. Our time horizons are based on our business planning cycles, however when investigating our strategy, risks and opportunities around climate change we look longer term (e.g. 2030, 2050 and 2090).</p> <p>We base our time horizons on our business/asset planning process. Forecasts are based on a 10-year outlook. Medium term objectives are outlined for 3-10 years' timeframe, which considers asset forecasts up to 10 years in asset planning. Vicinity has medium term objectives relating to reaching milestones and key stages of longer term objectives, for example for Vicinity's Net Zero carbon emissions target by 2030 on our 100% owned retail assets, Vicinity has set a range of medium term objectives to be reached by 2025 in the Net Zero pathway.</p> <p>Vicinity has conducted scenario analysis to assess the financial impact of physical risks across our entire managed portfolio of assets, across different acute and chronic shock scenarios. This analysis used a medium-term time horizon over a 10-year period.</p>
Long-term	10	15	<p>Business planning cycle time horizons are typically shorter than the time horizons considered in relation to climate change impacts. Our time horizons are based on our business planning cycles, however when investigating our strategy, risks and opportunities around climate change we look longer term (e.g. 2030, 2050 and 2090). For example, Vicinity has set a Net Zero carbon emissions target by 2030 for our 100 per cent owned retail assets.</p> <p>Vicinity's portfolio-wide climate risk assessment and scenario analysis on the financial impact of physical risks looked at climate projections out to 2050 and 2090 which have been acknowledged in our risk assessments, however these time horizons are extremely long in terms of the business planning process, therefore, difficult to develop appropriate business responses.</p>

			We base our time horizons on our business/asset planning process. Forecasts are based on a 10-year outlook. Long term means outside of our 10-year business planning horizon. However, our assets themselves have long lifespans, therefore, our climate risk assessments consider longer time horizons beyond 10 years.
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## C2.2

**(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.**

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

## C2.2a

**(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.**

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Annually	>6 years	Climate change (adaptation and mitigation) has been identified as a material risk/opportunity in Vicinity's enterprise risk register as part of Vicinity's multi-disciplinary company-wide risk identification, assessment, and management processes. The formal process for re-assessing risks is undertaken annually. Reporting against the status and management of our enterprise risks is provided to the Board Risk and Compliance Committee (RCC) four times annually, which includes climate change Risk. In June 2018, a detailed Climate Change Risk Deep Dive Analysis was presented to the RCC.

## C2.2b

**(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.**

In Vicinity Centres' 2016 Materiality Assessment (and again in Vicinity's 2018 Materiality Assessment), Climate Change was identified as a high priority risk for the business (including impact of physical risks and transition risks). As a result, Climate Change was recognised as a material business risk and included in our Enterprise Risk Register for ongoing monitoring and review.

Climate risks and opportunities are assessed using Vicinity's Enterprise Risk Management Framework. This Risk Management Framework follows the International Standard on Risk Management, ISO 31000:2018 Risk Management. All risks on the Enterprise Risk Register (including Climate Change risks) are reviewed in terms of the risk grading and risk management which is reported four times each year to the board level Risk & Compliance Committee. The Enterprise Risk Register is re-evaluated in detail once annually during which time it is determined whether the risk remains a risk, whether risks need to be re-graded and whether the risk management approach needs to be adapted (the last annual review was completed in July 2019).

Our Risk Management Process determines how Risks are identified, analysed by understanding what controls are in place, and the consequence and likelihood, which is then evaluated to determine the level of risk.

Vicinity's Risk management framework assesses potential consequences against the following categories:

- 1) Regulatory / Legal
- 2) Safety
- 3) Customer / operations
- 4) Financial
- 5) Reputational
- 6) Project delivery

Vicinity defines a substantive financial impact Major or Severe as an impact over \$250 million AUD across the portfolio, as aligned with Vicinity's Risk Management Framework. A substantive Customer / Operations impact is classified as a major disruption or cessation of services.

The risk likelihood is an assessment of the likelihood of the consequence if the risk were to materialise, and ranges from exceptionally unlikely (not expect to occur in next 20 years) to Almost Certain (Is expected to occur in most circumstances). Each risk is then evaluated against an evaluation matrix considering both the risk's likelihood and potential consequences to provide an overall risk rating of Low, Medium, High and Extreme. For Vicinity Centres, Climate Change has been evaluated to be a Medium level enterprise risk.

As a management requirement of our Risk Management Framework, Vicinity must provide quarterly updates to the Board Level Risk and Compliance Committee on the current status of all enterprise risks, including Climate Change. Additionally, this information and the status of Climate Change as a risk must also be made available to all Directors.

Vicinity has also used our Risk Management Framework to undertake further analyses into specific climate change risks:

**Physical risks** – High Level Climate Risk Assessment and Climate Scenario Modelling Assessment is applied to identify and assess risks. The outcomes of these assessments inform our consequence and likelihood ratings for physical related risks using our Risk Management Framework.

**Transition risks** – utilise our Risk Management Framework to identify and assess transition risks. Risks are re-evaluated annually but they are continuously managed and reviewed four times annually. Our Net Zero Carbon pathway specifically assesses different decarbonisation pathways and the impact to our business.

**Identification and Measurement of risk**

To identify, analyse and measure all Climate change risks for our business, Vicinity has completed a series of portfolio-wide analyses.

1. Portfolio wide high-level climate risk assessment - We assessed the risk to our centres against 7 key climate variables (flooding, heatwave, utility loss, bushfire, hail, cyclonic damage, and strong winds). We also considered other characteristics including valuation and age of each centre to finalise the risk rating and prioritisation.
2. Site-specific risk assessments - To get a more detailed understanding of the climate risks and resilience of our assets, we implemented Site-specific risk assessments focusing on risks, opportunities and mitigation actions at our centres.
3. Review of business decision making processes - we are strengthening how climate risk considerations and opportunities are embedded within standard corporate processes.
4. Financial impact assessment - Vicinity has completed detailed scenario analysis of the financial impacts and sensitivities to our business from climate-related physical risks to enable the business to prioritise our mitigation strategies on risks and opportunities presenting the greatest impact if not well managed.

## C2.2c

**(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Climate risks and opportunities are assessed using Vicinity’s enterprise risk management framework, which considers regulatory risks (among other risks) such as those that result in non-compliance incidents, increased regulatory oversight, fines or legal action. Regulations affect the stringency of development planning applications which to Vicinity can impact current or future development projects through increased costs and impacted project timelines as well as operations.</p> <p>In Australia, current relevant regulation varies both nationally and by state which was factored into Vicinity’s portfolio wide high-level climate risk assessment. Regulatory change (and regulatory variances) can potentially impact the organisation’s ability to respond to short-, medium-, and long-term climate risks in the context of uncertainty around current policy guidance. Vicinity addresses this by selecting 2 different RCPs (4.5 and 8.5) to support the assessment process.</p>

		<p>Additionally, our modelling to understand decarbonisation pathways in line with our Net Zero carbon emissions target for wholly-owned retail assets considered the impact of no / delayed changes to current Australian energy/carbon and climate regulations on our business in terms of the associated cost implications.</p> <p>In 2018, the Australian Building Codes Board (ABCB) increased the stringency of the National Construction Code (NCC) energy efficiency standards (Section J) for new buildings. The changes are expected to improve the greenhouse gas emissions minimum standards by approximately 29 per cent for commercial buildings, and between 10-20 per cent for retail buildings compared to the current minimum requirements . As Vicinity continues to improve the amenity of and expand our existing centres through our development pipeline, the increased stringency imposed by the changes to the NCC could increase the costs of our development projects.</p>
Emerging regulation	Relevant, always included	<p>As above, climate risks and opportunities are assessed using Vicinity's enterprise risk management framework, which considers regulatory risks (both current and future) such as those that result in non-compliance incidents, increased regulatory oversight, fines or legal action. Regulatory risks can impact on development timelines and costs, as well as operations.</p> <p>Our analysis and modelling of decarbonisation pathways accounted for the impacts of potential changes to Australia's energy and climate policy, including federal and state government commitments to emissions reductions and renewable energy targets, and decarbonisation of the national electricity grid, and the likely resulting impact on wholesale electricity prices.</p> <p>In Australia, current relevant regulation varies both nationally and by state which was factored into Vicinity's portfolio wide high-level climate risk assessment (completed in 2016). Regulatory change (and regulatory variances) can potentially impact the organisation's ability to respond to short-, medium-, and long-term climate risks in the context of uncertainty around current policy guidance.</p> <p>Under the Building Energy Efficiency Disclosure Act 2010, the Commercial Building Disclosure (CBD) program is national legislation that requires the disclosure of a building's energy efficiency rating prior to the sale, offer or rent of space within an office building. This legislation has encouraged the transparent disclosure of energy efficiency, building ratings and certification and has also encouraged building owners and managers to improve their energy efficiency. A review of the Act is currently underway, and it is proposed that the scope of the regulation be expanded to other property types including</p>

		shopping centres. If this is to occur, then there would be additional costs incurred by Vicinity to comply with this regulation.
Technology	Relevant, always included	<p>Future technological advances can impact the viability and overall level of ambition of a long-term emissions reduction plan. Our analysis and modelling for our Net Zero carbon emissions pathway analysed the potential impact of future technological advances in terms of risks and opportunities. Some of the technological changes considered included the rapid advancement and commercialisation of low carbon technologies (for example, as global action on climate mitigation drives innovation), building materials with embedded solar generation capacity, zero-gas heating and reverse cycle commercial sized chillers, increased automation, increased electrification and digitisation, and the resulting impact on energy use and demand in the long term.</p> <p>Additionally, Vicinity's National Operations Innovation strategy regularly reviews research and development and implements new technology trials across the portfolio that address operational challenges and efficiencies, and also deliver sustainability outcomes related to reducing our energy use, waste to landfill and carbon emissions.</p> <p>An example of new technology which could have a positive impact for Vicinity is energy blockchain. In 2018, Vicinity announced a trial of blockchain technology at Castle Plaza, SA. The blockchain technology trial may enable Vicinity to supply our solar energy to neighbouring communities as our solar generation increases following completion of the \$73 million investment in solar. If successful, Vicinity may be able to supply local houses and businesses with renewable energy, reducing carbon emissions not only in our business but also the broader community.</p>
Legal	Relevant, always included	<p>Climate risks and opportunities are assessed using Vicinity's enterprise risk management framework, which considers legal risks (among other risks). These may include risks that could result in regulatory inquiries, reportable incidents, compliance incidents, increased regulatory oversight, significant fines, legal action, loss of licence or penalties on directors.</p> <p>Vicinity's portfolio wide high-level climate risk assessment (completed in 2016) considered organisational capability to respond to short-, medium-, and long-term climate risks in the context of uncertainty around current policy guidance, as well as changes to future policy and regulatory action to mitigate climate change, including enhanced emissions reporting obligations, mandatory energy efficiency targets and importantly, legal implications for not considering and providing appropriate disclosures on climate change related risks.</p> <p>In Australia, there is national legislation relating to the reporting of energy and emissions. The National Greenhouse and Energy</p>

		<p>Reporting Act (2007) requires corporations to report greenhouse gas emissions, greenhouse gas projects and energy consumption to a national regulator. The requirement has encouraged Vicinity to focus not only on capturing and reporting energy and emissions data but has also encouraged the business to focus on emissions reductions activities such as our Net Zero carbon emissions target for our 100% owned retail assets by 2030. If Vicinity did not meet its reporting obligations under the Act, Vicinity could be penalised \$420,000. Under the Act, there is also a financial risk for a late submission, with a penalty of \$21,000 per day that the submission is overdue.</p>
Market	Relevant, always included	<p>Climate risks and opportunities are assessed using Vicinity's enterprise risk management framework, which considers market related risks that could impact our retail tenants, consumer behaviours, our operations and income. Through this risk framework, we consider the impact of climate-related risks and opportunities on operational expenses, consumer behaviours (such as shopping centre visitation during extreme weather events, seasonal variability in shopping preferences), on sales of our retail tenants, and as a result the potential impacts on income for Vicinity.</p> <p>For example, changing climate patterns resulting in prolonged periods of increased temperatures can result in an uplift in consumer visitation to our shopping centres as consumers seek cool refuge but can also impact on our ability to keep the centre air conditioned. Without proactive management, there is a risk that our centre's HVAC system is unable to meet the ongoing increased load required to meet changing climate patterns and to cool sufficiently during times of increased centre visitation. Using information from Vicinity's Climate Scenario Modelling Assessment, potential additional revenue from carparking as a result of increased foot traffic at our centres could be in the order of \$55M of future profits by 2030 (over 10 years).</p> <p>We specifically analyse other market-related risks such as the rising cost of electricity and energy and the potential impact to our business operations. Our decarbonisation pathways modelling and Integrated Energy Strategy forecasts have assessed the potential cost implications of rising wholesale electricity prices on our operations, impacts to our electricity onselling to tenants, and the financial viability and investment returns in the installation of onsite renewable energy, such as solar.</p>
Reputation	Relevant, always included	<p>Climate risks and opportunities are assessed using Vicinity's enterprise risk management framework, which considers reputational risks (among other risks), particularly those that can impact our brand at a centre, regional, or national level.</p> <p>Our decarbonisation pathway modelling considered the potential reputational benefits of high visibility emissions reduction initiatives such as installation of onsite solar, high energy efficiency equipment</p>

		<p>such as LED lighting and strong NABERS Energy and Green Star ratings, all of which are visible to our consumers and retailers. This can result in positive association for consumers with the Vicinity brand as well as individual centres where such initiatives are prominent. It can additionally position Vicinity as a partner of choice for sustainability-minded retailers, resulting in preferencing of rental space in Vicinity's centres and possible higher rental returns.</p> <p>If Vicinity does not maintain its strong reputation on climate-risk management with high-visibility emissions reductions initiatives, and strong NABERS and Green Star ratings, this could have negative implications for our reputation, particularly with retailers, investors and consumers. This could additionally result in our stakeholders investing in, or our retailers choosing tenancies in non-Vicinity shopping in centres with higher environmental performance and ratings.</p> <p>We also consider the potential negative reputational impacts of climate-related risks, such as not meeting investor expectations relating to the management of or transparency around climate change risks and opportunities that can impact our business.</p>
Acute physical	Relevant, always included	<p>Acute physical risks arising from extreme weather events such as cyclones, flooding, bushfires, strong winds, heatwaves and hail events are assessed using Vicinity's enterprise risk management framework in the context of strategic, operational and financial risks for our business on an ongoing basis.</p> <p>One of Vicinity's centres in Queensland, Whitsunday Plaza, is located in a region with significant exposure to climate issues including tropical cyclones, flash flooding and strong winds. Whitsunday Plaza was impacted by Severe Tropical Cyclone Debbie in 2017 resulting in damage to the centre and temporary closure of the centre due to flooding. Following this, the local team and Vicinity have taken a proactive approach to increasing the climate resilience of the centre to effectively manage the climate risks.</p>
Chronic physical	Relevant, always included	<p>Chronic physical risks arising from climate change are assessed using Vicinity's enterprise risk management framework in the context of strategic, operational and financial risks for our business on an ongoing basis.</p> <p>Modelling conducted by Vicinity on the ongoing impacts of chronic physical climate impacts, such as a rise in prolonged periods of increased temperatures, found that increased cooling requirements at our centres leading to increased electricity consumption, operational costs and the resulting additional strain on our HVAC systems and may also give rise to increased maintenance and repair costs. To manage this impact, Vicinity has increased the specifications for our HVAC systems and has begun implementing these enhanced units, such as at Nepean Village in NSW and additionally we have invested</p>

		\$73 million in onsite rooftop solar to mitigate carbon emissions and rising electricity costs.
Upstream	Relevant, always included	<p>Climate risks and opportunities are assessed using Vicinity's enterprise risk management framework, which considers upstream climate risks such as increased cost of inputs including energy, and the resulting financial impact on our business.</p> <p>We also consider supply chain and upstream exposure to climate change risks for other inputs into our business with the key exposed categories as energy, waste disposal, and building materials (embodied carbon).</p> <p>In 2018 we completed a Supply Chain Category Risk Assessment which identified priority areas for climate change (environmental) risks in our supply chain.</p> <p>For example, Vicinity has considered the risk from an economy wide national carbon pricing policy, that would increase the price of goods and services. A flow on impact would be to the cost of electricity and could potentially increase Vicinity's electricity costs by \$3.3m which is 10 per cent.</p>
Downstream	Relevant, always included	<p>Climate risks and opportunities are assessed using Vicinity's enterprise risk management framework, which considers strategic, financial and operational risks that impact on our stakeholders downstream – this includes our retail tenants' operations, customer visitation and retail sales, which in turn impacts Vicinity's revenue.</p> <p>Vicinity discloses our environmental performance and energy efficiency of our shopping centres through NABERS ratings and Green Star certification to our tenants and potential tenants. Recently, Vicinity has been asked by a financial services tenant to report on climate impacts including carbon emissions and carbon intensity as we are considered to be upstream for our tenants. If Vicinity does not maintain our current levels of high performance and energy efficient shopping centres, there may be a risk to maintaining these tenancies as retailers seek tenancies in more energy efficient shopping centres.</p>

## C2.2d

### (C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Climate Change is included on Vicinity's Enterprise Risk Register and is assessed and managed using Vicinity's Enterprise Risk Management Framework and process. All risks (including Climate risk) are managed in line with the Group policies and programs outlined in the Enterprise Risk Management Framework. Our risk management process follows four key stages: Identify; Analyse; Manage and Monitor and Review. Management of each individual risk is dependent on the classification of the risk in terms of impact and likelihood.

For example, all Risks (including Climate risk) included on Vicinity's Enterprise Risk Register must be reported four times annually to the Board Level Risk and Compliance Committee, including the current status, any updates and how the risk is being managed.

Climate change risk is assessed at an individual centre level using Vicinity's Enterprise Risk Management framework and is managed via each asset's risk register.

### **Management of Physical risks**

Vicinity has a significant Climate Resilience program in place to increase centre climate resilience and minimise potential impacts to our consumers, retailers and business. Vicinity's **Climate Resilience Implementation Plan** manages climate risks at a corporate and centre level and comprises of initiatives across the business to manage risk and leverage opportunities.

For example, to increase the resilience of existing stormwater infrastructure, Broadmeadows shopping centre piloted a new stormwater program which resulted in \$13,000<sup>[1]</sup> in avoided costs from flood damage. The program is now being implemented across all centres to increase climate resilience and better prepare for heavy rainfall events.

### **Management of physical risks and opportunities in developments**

The inclusion of climate resilience and adaptation initiatives are now a mandatory requirement for all new development projects, integrated into the design and delivery process via the **Sustainable Design Brief** (launched in January 2018). To ensure climate risks are addressed consistently for all developments, a **Climate Resilience and Adaptation Template** was developed and implemented, and which aligns to the best practice Green Star<sup>[2]</sup> standard.

For example, The Glen (VIC) was developed to 4 Star Green Star standards<sup>[3]</sup> with a **Climate Resilience and Adaptation Plan** including the following features:

- Communications and Electrical rooms are air conditioned to ensure continued functionality during extreme heat,
- Back-up generators have been installed to reduce reliance on the electricity grid during brown outs, storms and other weather events,
- The drainage system is designed to accommodate increasing rainfall events,
- Structural engineering has accounted for increased winds, and
- Lightning and surge protection have been installed.

### **Net Zero Carbon pathway - Managing Transition risks**

As part of our program to understand transition risks, we analysed the implications for Vicinity based on different decarbonisation scenarios for Australia as part of our Net Zero carbon pathway. Our Net Zero Carbon pathway is based on two key areas:

- Existing assets – implementation of the Integrated Energy Strategy to reduce our energy consumption through energy efficiency measures, and generate renewable energy through onsite solar systems.
- New assets – we have integrated our Net Zero standards into our development projects through the Sustainable Design Brief, which ensures all development projects are designed with high energy efficiency features and generate solar energy to achieve Net Zero Carbon.

Vicinity has a publicly stated Net Zero carbon emission target by 2030 for our 100% owned retail assets.

[1] Based on avoided costs when a similar flood event happened the following year post implementation of the program

[2] <https://new.gbca.org.au/green-star/>

[3] Green Star program and tool are externally managed by Green Building Council Australia <https://new.gbca.org.au/green-star>

## C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

---

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Physical risk

**Primary climate-related risk driver**

Acute: Increased severity of extreme weather events such as cyclones and floods

**Type of financial impact**

Other, please specify

Increased operating costs, increased capital costs, reduced revenues from lower sales/output

**Company- specific description**

To understand our vulnerability to acute physical risks, Vicinity conducted a climate risk assessment across our entire managed portfolio of 65 assets nationally. The risk assessment identified that the severity of acute physical risks, including tropical cyclones, storms, flooding tidal surges and extreme heat is expected to increase due to climate change.

Acute physical risks are particularly significant for our assets in Queensland and northern New South Wales, which are currently exposed to Tropical Cyclones.

Vicinity has also completed scenario analysis to understand the associated financial implications at our assets from acute physical climate risks and to understand the likely key impacts on operating conditions, physical damage to the buildings, utility outages, connectivity and health and safety.

According to our analysis, the financial impacts which acute physical risks have at our centres include disruptions to operations, impacts on rental and ancillary income streams, increased maintenance and repair costs, increased staffing costs for incident/disaster response, and increased capital costs for lifecycle replacements.

**Time horizon**

Short-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

50,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

We analysed the financial impact of acute physical risks for our portfolio by calculating the difference between the Net Present Value (NPV) of our portfolio in 2030 versus the financial impacts on NPV from acute climate shocks under different climate scenarios. The assets' exposure and sensitivity to acute events such as cyclones and floods was considered relative to the financial impact on operating costs, capital costs and revenues.

The results show that centres in Queensland such as Whitsundays Plaza and Mt Pleasant are more exposed to these acute risks.

The financial impact from acute physical risks could be up to \$50M of future profits by 2030, a medium level impact according to Vicinity's risk management framework.

This figure is based on a theoretical assessment of the possible impacts to our existing managed asset portfolio, and management is currently, or has plans in place to proactively manage this impact moving forward. Vicinity reviews its scenario analysis annually.

**Management method**

Vicinity manages our acute physical climate risks by integrating climate resilience into each centre's long-term investment planning. Specific activities include:

**Developments** - Custom Climate Resilience and Adaptation Plans are completed for all developments to address key physical climate risks. Measures are identified to increase resilience against future climate impacts, for example, better drainage systems to accommodate increasing rainfall events. In 2018, Vicinity completed a Climate Resilience and Adaptation Plan for the Chatswood Chase Development project.

**Operations** - In 2018, we enhanced preparedness for acute climate events by developing three new emergency procedures for heat waves, flooding and power outages and we strengthened an existing procedure to cover our most significant acute climate risks.

**Capital upgrades** – Increasing climate resilience is specified in our plant and equipment replacement processes. In 2018, we invested \$10m in HVAC replacements to increase capacity and resilience to future extreme heat events. For example, at Nepean Village in NSW, air conditioning had failed during extreme heatwaves and were replaced with more resilient systems at the cost of \$700,000.

Cost of management in 2018 includes Scenario Modelling Project (\$50,000), Climate Resilience and Adaptation plan for one development (\$10,000), updates to our emergency management procedures (\$10,000) and replacements and upgrades to our HVAC system (\$10M ) in 2018.

**Cost of management**

8,070,000

**Comment**

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**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Physical risk

**Primary climate-related risk driver**

Chronic: Rising mean temperatures

**Type of financial impact**

Other, please specify

Multiple financial impact drivers - Increased operating costs, increased capital costs, reduced revenues from lower sales/output, increased insurance premiums

**Company- specific description**

To understand our vulnerability to chronic physical risks, Vicinity conducted a climate risk assessment across our entire managed portfolio of assets nationally to understand

our vulnerability and the potential impact on our shopping centres and business. Rising mean temperatures was identified as a key risk to our business, not just for specific shopping centres but across our entire portfolio.

Vicinity additionally completed analysis to understand the associated risks at our assets from chronic rising mean temperatures and assess the resulting key impacts to operating conditions, physical damage to buildings, utility outages, connectivity and health and safety.

Our analysis found that additional demand on our HVAC systems from increasing temperatures incurs additional energy costs to operate the systems and deliver enough cooling load to maintain adequate temperatures within our buildings. It furthermore reduces the lifespan of that equipment, bringing forward replacement schedules, and also increasing repairs and maintenance during the lifetime of the equipment.

Our analysis also found that prolonged periods of extreme temperatures are likely to put pressure on energy demand, which may cause electricity networks to have power failures and outages, impacting our centres' ability to operate and trade, and requiring the centre to use back up power generation. Vicinity's scenario analysis demonstrated that a 1 per cent increase in days exceeding 35C would lead to a \$43 M impact to net present value by 2030 across the portfolio.

If our air conditioning systems are unable to operate as designed due to increased mean temperatures and temperature extremes, Vicinity may not be able to maintain adequate levels of tenant and consumer comfort, potentially leading to a reduction in customer visitation, tenant sales, and therefore rent from tenants .

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

139,000,000

**Potential financial impact figure – maximum (currency)**

178,000,000

### **Explanation of financial impact figure**

We analysed the financial impact of chronic physical risks for our portfolio by calculating the difference between the Net Present Value (NPV) of our portfolio in 2030 versus the financial impacts on NPV from chronic climate shocks under scenarios RCP 4.5 and RCP 8.5. For scenario RCP 4.5, the cumulative financial impact may be up to \$139M by 2030 and up to \$178M for scenario RCP 8.5, a medium level impact within our risk management framework.

The assets' exposure to chronic rising mean temperatures was analysed relative to the impact on operating costs, capital costs and revenues.

The impact of chronic climate risks (increased energy use and HVAC maintenance) may be more significant for Vicinity than acute physical risks.

This figure is based on a theoretical assessment of the possible impacts to our existing managed asset portfolio, and management is currently, or has plans in place to proactively manage this impact moving forward. Vicinity reviews its scenario analysis annually.

### **Management method**

Vicinity manages chronic physical climate risks by integrating climate resilience into each centres' long-term investment planning. Specific activities include:

Developments - Custom Climate Resilience and Adaptation Plans are completed for all developments to address key chronic climate risks and identify measures to increase climate resilience for example, increasing thermal performance to cope with projected higher temperatures. In 2018, we completed a Climate Resilience and Adaptation Plan for the Chatswood Chase Development project.

Capital upgrades – Increasing climate resilience is specified in our plant and equipment replacement processes. In 2018, we invested \$10M in HVAC replacements to increase resilience to future extreme heat events. For example, at Nepean Village in NSW, air conditioning units had failed during extreme heatwaves and were replaced with more resilient systems at the cost of \$700,000.

Solar - In 2018, Vicinity committed \$73M to an onsite solar rollout at 20 centres protecting against power outages, insulating roofs and reducing air conditioning loads. In 2018 Vicinity delivered 10MW across 4 centres, Elizabeth (SA) Castle Plaza (SA), Broadmeadows (VIC), Kurralta (SA) with a further 9 centres underway. Cost of management in 2018 includes Scenario Modelling Project (\$50,000), Climate Resilience and Adaptation plan for one development (\$10,000), replacements and upgrades to our HVAC systems (\$10M) and solar installation at 4 sites (\$22M).

### **Cost of management**

32,060,000

### **Comment**

**Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Transition risk

**Primary climate-related risk driver**

Policy and legal: Increased pricing of GHG emissions

**Type of financial impact**

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

**Company- specific description**

The absence of Australian Federal Government energy policy that aims to decarbonise Australia's energy sector or which addresses Australia's commitment to the Paris Climate Agreement has created a landscape of uncertainty, particularly with regards to future electricity pricing.

As electricity is a significant operating cost (equates to between 15-20% of total operating costs) for Vicinity's entire managed asset portfolio (in 2018 Vicinity's total electricity spend was \$33 million ), any legislative changes moving to price greenhouse gas emissions could impact electricity prices and therefore influence Vicinity's operating costs. Vicinity has conducted scenario modelling to understand any potential future implications to electricity prices from a carbon pricing policy.

**Time horizon**

Medium-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

3,300,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

### **Explanation of financial impact figure**

Scenario modelling is based on the former Australian Government's Carbon Pricing Mechanism which came into effect in 2012 which resulted in increased wholesale electricity prices by approximately 10 per cent.

The total electricity spend to operate the base building component of our centres was \$33 million in 2018. Therefore, the financial impact of a potential carbon pricing policy in the future, based on the previous carbon pricing policy would be in the order of \$3.3 million .

This figure is based on a theoretical assessment of the potential impacts to Vicinity's existing managed portfolio (65 assets), and management is currently, or has plans in place to proactively manage this impact moving forward. We will continue to investigate and refine our understanding of the potential financial impacts of climate change to our business, and as part of this work will challenge the assumptions made in our initial assessment.

### **Management method**

We take a long-term view on energy management to ensure our business is resilient to variability in grid electricity prices. As a member of various industry stakeholder groups (e.g. Property Council of Australia), Vicinity continually monitors and plans for potential changes to policy and regulation.

In 2016, we analysed the impact of changes in electricity prices to our business under different carbon emissions policies, which identified significant commercial benefits associated with onsite solar installation and energy efficiency technologies and led to Vicinity adopting a Net Zero carbon emissions target by 2030 for our 100% owned retail assets.

In 2018, Vicinity continued to implement its energy management program, which included an investment of \$10m in HVAC replacement and upgrade projects, and an additional \$8m in energy efficiency projects such as lighting and building controls upgrades resulting in a 7 per cent reduction in energy use compared to 2017.

Solar - In 2018, Vicinity committed \$73m to an onsite solar rollout at 20 centres, protecting against power outages, insulating roofs and reducing air conditioning loads. In 2018 Vicinity delivered 10MW across 4 centres, Elizabeth (SA), Castle Plaza (SA), Broadmeadows (VIC), Kurralta (SA) with installations at a further 9 centres underway. Cost of management during 2018 includes \$ 8m spent on energy efficiency projects, \$10m invested in HVAC updates and \$22m invested in 4 solar projects.

### **Cost of management**

42,000,000

### **Comment**

## C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

---

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Move to more efficient buildings

**Type of financial impact**

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Multiple financial impact drivers - Reduced operating costs (e.g., through efficiency gains and cost reductions), Increased value of fixed assets (e.g., highly rated energy-efficient buildings), Benefits to workforce management and planning (e.g., improved health and safety, employee satisfaction resulting in lower costs)

**Company-specific description**

Vicinity incurs considerable costs to operate our managed portfolio of centres across Australia, in particular from the resources it consumes such as energy, gas and water, and disposal of waste. Vicinity has a significant opportunity to create more efficient buildings through investing in programs to reduce energy, water and waste sent to landfill. As the Australian economy seeks to decarbonise in line with the Paris Agreement, there is the potential for prices relating to carbon-intensive resource use such as electricity consumed from the grid to increase in the future.

Vicinity's climate change strategy includes a commitment to achieving Net Zero carbon emissions by 2030 for its 100% owned retail assets. A key part of achieving this target includes significantly increasing the environmental efficiency of our centres.

**Time horizon**

Medium-term

**Likelihood**

Very likely

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

10,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Vicinity's net zero carbon target and modelled decarbonisation pathway estimates that we can cost effectively improve energy efficiency at our centres by approximately 30 per cent between now and 2030. The resulting positive financial impact is estimated to be approximately \$10m per year of energy savings based on Vicinity's current managed portfolio of 65 retail assets.

**Strategy to realize opportunity**

Vicinity's energy efficiency program is a key part of our commitment to achieving Net Zero carbon emissions by 2030 on our 100% owned retail assets. As part of our energy program, in 2018 we established a national energy efficiency program which included setting annual targets, tracking energy performance and developing site-specific energy action plans. We also conducted a portfolio-wide energy review to identify additional energy efficiency opportunities for implementation including major capital upgrades and retrofits, behavioural changes and education programs.

As part of our energy efficiency program, Vicinity has invested \$8m in 108 lighting and building control projects across our portfolio, delivering an average payback of 3.5 years. Also, a further \$10m was invested in 118 projects to upgrade and replace ageing air conditioning systems with newer, and more efficient technology. For example, in 2018 Bayside shopping centre (VIC) invested \$300,000 in LED projects to reduce electricity consumption by 550,000 kWh, saving \$66,000 per annum in energy costs, and invested another \$270,000 to upgrade two HVAC units with more efficient technology.

Overall in 2018, Vicinity reduced its energy consumption by 17,000 MWH or 7 per cent (compared to 2017), delivering \$2.6m of avoided electricity costs.

Costs of management includes the \$8m spent on lighting projects, \$2m invested in building management systems and \$10m invested in upgrading HVAC systems in 2018.

**Cost to realize opportunity**

18,000,000

**Comment**

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**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of lower-emission sources of energy

**Type of financial impact**

Returns on investment in low-emission technology

☞ Multiple financial impact drivers - Reduced exposure to future fossil fuel price increases, Reduced operational costs (e.g., through use of lowest cost abatement), Returns on investment in low-emission technology, Reputational benefits resulting in increased demand for goods/services

**Company-specific description**

Vicinity's national portfolio of shopping centres are highly suited to the installation of large onsite solar PV systems on their rooftops and carparks (as shaded customer parking).

Onsite solar generation forms a key part of the delivery of our net zero carbon emissions by 2030 target and provides Vicinity with a commercially attractive opportunity to use zero-emissions energy to operate our shopping centres.

The onsite solar program has the added benefits of increasing centre resilience by protecting against power outages, acting as insulation and reducing air conditioning loads at the centre during times of increased temperatures and heatwaves.

In 2018 Vicinity committed \$73m to onsite solar roll out across 22 centres, which will result in approximately 32MW of solar capacity once complete, and is the largest property solar program in Australia and is expected to generate strong investment returns with an IRR of approximately 12 per cent.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

8,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

The positive financial impact is based on the returns generated from our \$73 investment in onsite solar projects across 22 centres throughout Australia. Our onsite solar program is expected to generate an IRR of approximately 12 per cent and would generate \$8m in revenue on average per year.

**Strategy to realize opportunity**

We ensure that our business is resilient to variability and increases in grid electricity prices by planning for the long term. In 2016, we completed modelling on decarbonisation pathways which included an assessment of the potential longer-term impact to Vicinity of changes to the wholesale electricity market and resulting expected price fluctuations. The modelling found that establishing and implementing a program to significantly reduce our carbon emissions is commercially feasible, and would be even more attractive if legislative changes are established in favour of renewable energy. In 2018 Vicinity developed an Integrated Energy Strategy (IES), which includes a \$73m investment in onsite solar rollout across 20 centres, delivering approximately 30MW of solar capacity once complete, representing the largest property solar program in Australia.

Vicinity's solar program is a key part of Vicinity's commitment to achieving Net Zero carbon emissions by 2030 on our 100% owned retail assets.

In 2018, solar projects were completed at Elizabeth, Castle Plaza, Kurralta and Colonnades all in South Australia, at a total investment of \$22m. In addition, solar projects commenced at a further 5 centres in Victoria during 2018, which will be completed in 2019.

Costs of management refer to the amount invested during 2018 to implement onsite solar across 4 centres (\$22m), noting this is part of a broader investment commitment of \$73m to deliver a total 20 onsite solar projects.

**Cost to realize opportunity**

22,000,000

**Comment**

**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resilience

**Primary climate-related opportunity driver**

Other

**Type of financial impact**

Increased reliability of supply chain and ability to operate under various conditions

🗨️ Primary climate related driver - Other - Opportunities related to the development of adaptive capacity to respond to climate change

**Company-specific description**

The total value of the assets in Vicinity's national portfolio is a key contributor to our overall business value and a key metric used by the investment community. Proactively improving the resilience of our centres helps to mitigate any possible future financial implications resulting from physical climate risks and enables us to protect the value of our shopping centres.

Vicinity conducted a climate risk assessment in 2016 to better understand the exposure of our asset portfolio to physical climate risks, including acute climate events and chronic increases in mean temperatures across our entire portfolio of shopping centres nationally.

Our Climate Resilience Program is a key part of Vicinity's Sustainability strategy, and aims to enhance the resilience of our centres to identified physical climate risks to ensure we are able to remain open for trade for our retailers and local communities.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

189,000,000

**Potential financial impact figure – maximum (currency)**

228,000,000

### **Explanation of financial impact figure**

We analysed the financial impact of chronic and acute physical risks on our portfolio by calculating the difference between the Net Present Value (NPV) of our portfolio in 2030 versus the financial impacts on NPV from chronic climate shocks under scenarios RCP 4.5 and RCP 8.5.

For scenario RCP 4.5, the cumulative financial impact on future profits may be up to \$198M by 2030 and up to \$228M for scenario RCP 8.5, a medium level impact within our risk management.

The analysis modelled the potential financial impact of physical risks under two scenarios (RCP8.5 and RCP4.5) on operating costs, capital costs, and revenue, factoring in the assets exposure and sensitivity to these risks.

This figure is based on a theoretical assessment of the possible impacts to our existing managed asset portfolio, and management is currently, or has plans in place to proactively manage this impact moving forward. Vicinity reviews its scenario analysis annually.

### **Strategy to realize opportunity**

Vicinity's Climate Resilience Program provides an opportunity to prepare our centres for acute and chronic physical climate risks, potentially increasing future market valuations across our portfolio.

#### **Development Process**

Custom Climate Resilience and Adaptation Plans are completed for all developments to address key chronic climate risks and increase climate resilience for example, increasing thermal performance to cope with projected higher temperatures. In 2018, we completed a Climate Resilience and Adaptation Plan for the Chatswood Chase Development project.

#### **Capital Upgrades**

Vicinity's capital upgrades now include climate resilience considerations as BAU. In 2018 we invested \$10m in replacing and upgrading HVAC systems with newer, more efficient technology. For example, at Nepean Village in NSW, air conditioning had failed during extreme heatwaves and were replaced with more resilient systems at the cost of \$700,000.

#### **Solar Upgrades**

In 2018, Vicinity committed \$73m to an onsite solar rollout at 20 centres, protecting against power outages, insulating roofs and reducing air conditioning loads. In 2018 Vicinity delivered 10MW across 4 centres, Elizabeth (SA), Castle Plaza (SA), Broadmeadows (VIC), Kurralta (SA) with installations at a further 9 centres underway.

Costs to realise this opportunity include \$10,000 for a Climate Resilience and Adaptation plan, \$10,000 for updating emergency procedures, \$10m invested in HVAC upgrades and \$22m spent on solar projects.

**Cost to realize opportunity**

30,020,000

**Comment**

**C2.5**

**(C2.5) Describe where and how the identified risks and opportunities have impacted your business.**

	<b>Impact</b>	<b>Description</b>
Products and services	Impacted	<p>Physical and transitional risks and opportunities have fast tracked Vicinity's investment towards creating climate-resilient and energy-efficient assets, helping us to continue our offer of high value retail products and services to our tenants. The potential financial impact of transition risks has supported the business case to accelerate our energy efficiency program and our \$73m investment in on site solar at 22 of our centres. This investment additionally creates a new product offering for Vicinity in the form of renewable energy to our tenants and the broader community.</p> <p>Climate change is of growing concern to many leading retailers and brands, therefore offering low carbon products can become increasingly attractive for tenants. For example, many of our retailers now have Green Star Interiors standards for their store fitouts, and Vicinity's provision of a sustainable base building via our Green Star Performance ratings can assist our tenants in achieving their Green Star ambitions and make us a business partner of choice.</p> <p>If Vicinity lost 1 per cent of net property income because our 4 Star Green Star Performance portfolio rating was not maintained (or on the basis of more sustainable rental options on the market), the potential financial impact could be \$8,943,000 (1 per cent of total net property income of \$894.3M in FY18) which is considered a low financial impact as aligned with the Risk Management Framework.</p> <p>This figure is based on a theoretical assessment of the potential impacts to Vicinity's existing managed portfolio (65 assets), and management is currently, or has plans in place to proactively manage this impact moving forward. We will continue to investigate and refine our understanding of the potential financial impacts of climate change to our business, and as part of this work will challenge the assumptions made in our initial assessment.</p>
Supply chain and/or value chain	Impacted	<p>Climate change is of growing concern to many leading retailers and brands who are increasingly seeking to reduce their carbon emissions. Therefore, offering low carbon products becomes increasingly attractive to our retailers as some businesses may implement policies in future to only lease tenancies located in highly rated Green Star or NABERS</p>

		<p>buildings. If Vicinity lost 1 per cent of net property income because our 4 Star Green Star Performance portfolio rating was not maintained (or on the basis of more sustainable products on the market), the potential financial impact could be \$8,943,000 (1 per cent of total net property income of \$894.3M in FY18). which is considered a substantive financial impact as aligned with the Risk Management Framework consequence matrix for major or severe impacts.</p> <p>This figure is based on a theoretical assessment of the potential impacts to Vicinity's existing managed portfolio (65 assets), and management is currently, or has plans in place to proactively manage this impact moving forward. We will continue to investigate and refine our understanding of the potential financial impacts of climate change to our business, and as part of this work will challenge the assumptions made in our initial assessment.</p> <p>Vicinity also uses building materials such as steel and concrete for our development projects that are exposed to transition climate risks, and traditionally manufactured from carbon-intensive processes, so we acknowledge that our supply chain is impacted by climate change.</p> <p>In addition, Vicinity is responsible for managing the waste created by our retailers as part of their store operations in our centres. Waste sent to landfill results in carbon emissions and as such, Vicinity has implemented onsite waste management programs and education programs for our retailers to ensure as much waste as possible is diverted from landfill . In 2018, Vicinity has reduced waste to landfill by 3,248 tonnes, which equates to a saving of \$600,000 in waste disposal costs.</p>
Adaptation and mitigation activities	Impacted	<p>To mitigate climate change risks and minimise our contribution to climate change, Vicinity has committed to Net Zero carbon emissions by 2030 on our 100 per cent owned retail assets. As part of the development of the associated decarbonisation pathway, we assessed the associated market risks and have established an Integrated Energy Strategy, which includes a \$73m investment in onsite solar across 20 of our centres (with an expected IRR of 12 per cent) as well as an accelerated energy efficiency program. Furthermore, in 2018 Vicinity invested in \$8m in 108 lighting efficiency and building optimisation projects with an average payback of 3.5 years. We have also invested \$10m in upgrading and replacing ageing air conditioning systems with newer, and more efficient technology. This is considered a minor financial opportunity as aligned with the Risk Management Framework.</p>
Investment in R&D	Impacted	<p>Vicinity has announced our commitment to Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets. The Net Zero pathway comprises a significant investment into solar infrastructure as well as an accelerated energy efficiency program. Vicinity has already committed \$73m for onsite solar implementation at 22 shopping centres, which includes provision for increased investment in R&amp;D for renewables</p>

		<p>technology. In addition to solar PV, the business is trialling innovative solutions to maximise our Integrated Energy strategy and outcomes. Vicinity installed the largest shopping centre battery (500 kWh battery at Castle Plaza shopping centre in SA) to trial the latest energy storage technology and reduce our reliance on the grid. Additionally, Vicinity is trialling solar glass at Warwick Grove Shopping centre in WA as well as blockchain technology. This is considered a minor financial opportunity as aligned with the Risk Management Framework.</p>
Operations	Impacted	<p>Vicinity's operations have been impacted by climate risks. Reviewing actual historical climate event cost data (e.g. insurance costs, maintenance and repair costs), Vicinity's Climate Scenario Modelling Assessment revealed that over the previous 10-year period, more than 80 per cent of Vicinity's assets have had an insurance claim related to a physical climate impact. Past events such as cyclones, storms and flooding have caused physical damage to the building fabric, car parks, plant equipment and HVAC systems, as well as resulted in limited physical access to centres and connectivity issues that have led to increased operational and maintenance costs. Chronic impacts, such as an increase in the number of extreme heat days, have also impacted operational costs as a result of higher demand on HVAC systems (increasing energy use), increased maintenance and replacement costs and utility losses (requiring the use of back-up generators). The potential financial impact to our portfolio is in the order of \$143 of NPV of future profits (in 2030). This is considered a substantive impact as aligned with the Risk Management Framework consequence matrix for major projects.</p>
Other, please specify		

## C2.6

**(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.**

	Relevance	Description
Revenues	Impacted	<p>Vicinity's primary source of revenue is rental income from retail tenants. Ancillary income includes on-selling electricity to tenants, car parking and advertising space in centres. Acute physical risks such as cyclones, storms and flooding can damage the centre and prevent normal trade resulting in the loss of both rental and ancillary income for Vicinity. For example, if the carpark is flooded, consumers would be unable to park their cars and visit the centre, impacting carparking revenues.</p> <p>Chronic climate events such as an increased number of extreme hot days, can lead to increased foot traffic and increased dwell time at our centres, as consumers seek refuge from outside temperatures in our</p>

		<p>shopping centres. This can drive increased sales for our retailers, leading to higher revenue for Vicinity longer term and increased car parking revenues short term. Depending on the climate event, the potential impact to Vicinity may be very high (for example, reduction in the value of a significant asset or major damage caused by an acute climate event).</p> <p>Climate related impacts on revenue are considered in Vicinity's strategic asset planning process, which takes a risk based approach to integrating climate change adaptation and resilience measures into budget and capex planning for our centres.</p>
Operating costs	Impacted	<p>Cost projections for chronic climate impacts such as increased mean temperatures has resulted in the acceleration of Vicinity's energy efficiency program and Integrated Energy Strategy. Vicinity's annual budgeting and investment processes consider climate impacts on operating costs including increased energy consumption, increased maintenance and repair costs in the annual operating budget for each asset. The magnitude of impact on current projections is defined as a medium impact. Operating cost projections are also factored into long term investment planning and analyses to invest further or develop the asset.</p>
Capital expenditures / capital allocation	Impacted	<p>Climate-related impacts are factored into capital expenditure/allocation in several ways. 1) Annual asset planning captures climate resilience measures such as HVAC upgrades and any additional capital required. 2) Integrated Energy Strategy captures the capex requirements for on-site renewable energy and energy efficiency projects such as LED lighting upgrades. 3) During major capital upgrades and developments, our planning process identifies capex requirements for climate resilience and carbon reduction initiatives such as air-lock doors and increasing the capacity of stormwater drains. 4) Allocation planning for regular plant and equipment maintenance and upgrades assesses climate risks and adaptation measures. These factors have a medium to high impact on capital expenditure.</p>
Acquisitions and divestments	Impacted	<p>Climate impacts may significantly impact asset values as well as short and long term revenue projections. Vicinity's capital transactions account for climate risks at several stage gates in the process. During new acquisition due diligence historical insurance claims are reviewed to analyse the impact of past climate related events to the asset (such as flooding and storms) and their corresponding insurance implications. This enables the business to understand the potential climate risks to the asset and estimate potential future costs if that asset is acquired or the potential costs which would be required to improve the resilience of the asset. Potential resilience issues are identified through the review of technical due diligence documentation. Vicinity's climate risk assessments are used to</p>

		<p>identify potential climate risks (where we have existing assets located in the same Australian climatic region) and energy performance assessments against Vicinity's Net Zero carbon emissions target</p> <p>identify any required adaptation and mitigation activities following purchase. Results of Vicinity's portfolio-wide high level climate risk assessment and resulting asset climate risk ratings have also been integrated into Vicinity's asset tiering process, which considers a range of risks and criteria in evaluating each asset's investment and development potential, and in reviewing potential acquisition opportunities.</p>
Access to capital	Impacted	<p>There is increased institutional investor focus on Sustainability and Environmental, Social and Governance (ESG) management efforts and transparency. This has resulted in more investor requests to Vicinity for ESG information to support their analyses and creates the opportunity to access additional capital by maintaining climate and ESG leadership (demonstrated by results in key investor surveys such as CDP, DJSI and GRESB). Vicinity actively pursues this opportunity through our investor relations engagement plan and presentations to current and potential investors. In 2018, Vicinity realised this opportunity by gaining a new major securityholder (holding more than AUD \$22 million in shares as at 28 June 2019) on the basis of our Sustainability performance and action on climate change. The opportunity here is two-fold; access to additional capital and increasing the diversity of capital sources which reduces capital risk. Additionally, a number of Vicinity's top ten investors are signatories to the Principles for Responsible Investing (PRI) and have strong commitments to ESG and climate change action. As at 28 June 2019, the total value to Vicinity of two such investors equals more than AUD \$788,000,000 in VCX securities.</p> <p>Currently this is classified as a medium financial impact but we expect that both the opportunity and risk will increase with increasing ESG focus and rapid acceleration of green bonds continues to grow globally.</p>
Assets	Impacted	<p>Vicinity's asset portfolio may be impacted by climate-related impacts both chronic (ie: increased mean temperatures impacting energy use) and acute (such as extreme climate events such as tropical cyclones) as well as transition risks (e.g. increases in energy prices). These impacts need to be factored into our portfolio wide asset planning processes and are accounted for in Vicinity's operating costs, capital expenditure/allocation planning, and expected revenue generation. Vicinity's strategic asset planning (SAP) process considers a broad range of long term factors, including asset level climate risk and decarbonisation pathways and opportunities.</p> <p>Depending on the climate event, the potential impact to Vicinity may be very high (for example, reduction in the value of a significant asset</p>

		or major damage caused by an acute climate event).
Liabilities	Impacted	Vicinity's managed portfolio includes centres that are jointly owned. We also have partners who require debt facility reporting. Vicinity reports to our debtors on our compliance with laws and regulations on request, which includes environmental compliance related topics including climate issues. Vicinity's Environmental Management System (EMS) identifies, assesses and manages our environmental risks and impacts, including compliance with any environmental law or regulations, such as the National Greenhouse and Energy Reporting Act (2007). The EMS also governs how we proactively manage our energy use and carbon emissions. Currently, this is only a small portion of our total loan facility but may increase in future. Additionally, the rise in green bonds globally creates an opportunity to seek finance from alternative sources which would increase the impact of climate-related issues on our access to finance.
Other		

## C3. Business Strategy

### C3.1

**(C3.1) Are climate-related issues integrated into your business strategy?**

Yes

#### C3.1a

**(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?**

Yes, qualitative and quantitative

#### C3.1c

**(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.**

Vicinity's business strategy is focused on unlocking the potential of our business through three key group strategic focus areas which are: Market leading destinations; Funds management platform and Mixed use developments.

Vicinity's Sustainability Strategy is integrated into Vicinity's business strategy and contributes to delivering on our business strategy objectives - see: <http://sustainability.vicinity.com.au/our-business-and-strategy/#sustainability-strategy>.

Climate change is specifically addressed in the Sustainability strategy by the two key focus areas 'Climate Resilience' and 'Low Carbon Smart Assets' – which addresses climate change adaptation and mitigation respectively.

The most significant example of a business decision to be influenced by climate change is Vicinity's announcement to achieve Net Zero carbon emissions by 2030 for our 100% owned retail assets. The Net Zero carbon target is supported by a significant investment into onsite solar infrastructure, and to date we have committed \$73 million to implement solar projects at 20 shopping centres across our portfolio. To achieve the energy reductions required to meet our Net Zero carbon target, the business has committed to achieving a 30 per cent reduction in energy use by 2030, which is supported by allocation of \$1 million in capital for energy efficiency projects per annum.

The aspects of climate change have influenced the strategy in the following ways:

- Long term commitments to Paris Agreement – Vicinity acknowledges the need as a business to demonstrate a long-term commitment to align with the Paris Agreement which has shaped our commitment to achieve Net Zero carbon by 2030.
- Market and regulatory risks – identification of our exposure to potentially volatile energy markets and possible carbon reduction legislation has also influenced our decision to put in place a long term carbon reduction commitment.
- Physical risks – understanding the exposure to both acute and chronic physical climate risks has influenced our business strategy and our need to respond to risks to our business now and in the long term.

Vicinity's short-term business objectives are integrated into Strategic Asset Plans (SAPs) and respond to climate change by:

- Annual energy reduction targets – Vicinity has in place annual energy reduction targets for our portfolio to drive operational efficiency, which is supported by the capital expenditure allocation towards energy efficiency projects each year
- Renewable energy program – Vicinity has established an onsite solar rollout program which commits \$73 million to implement solar at 22 centres by the end of 2019.
- Sustainable Developments – our development projects integrate Net Zero carbon and climate resilience into the design and delivery of our centres
- Climate Resilience – creating climate resilience plans for each asset and implementing resilience measures to mitigate against climate risks.

Vicinity's long-term business strategy is influenced by:

- Net Zero Carbon – driving income to our business through onselling renewable energy to our tenants via our onsite solar program and other renewable energy opportunities, and a significant reduction in energy costs to operate our centres
- Climate Resilience – measurably enhance the resilience to our centres to support our retailers and our communities

The results of these projects assist in delivering on Vicinity's business strategy and provide a competitive strategic advantage by:

- Lower operating costs through energy efficiency, better and more resilient equipment, lowering repairs and maintenance costs
- Growing ancillary income generated from our solar projects
- Reducing business risks – reduce the risk for disruptions to our business, retailers and consumers
- Attracting tenants – providing a more efficiency, more resilient product for our retailers

## C3.1d

### (C3.1d) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenarios	Details
RCP 4.5 RCP 8.5	<p>Vicinity has completed scenario analysis to understand the potential financial impact of climate-related physical risks/opportunities on our business.</p> <ul style="list-style-type: none"> <li>• Boundaries and time horizons: Analysis was conducted during 2018 and covered all retail assets under our operational control (65 assets). Both medium and long-term time horizons were considered for this scenario analysis because the financial impact was modelled over a 10-year period to 2030 and the RCP 4.5 and 8.5 pathways were modelled to 2030 and 2050 respectively.</li> <li>• Scenarios used: We used RCP 4.5 and 8.5 for this analysis to demonstrate a range of potential temperature increases and impact on climate variables. There is no significant difference between the impacts resulting from the two scenarios to 2030 (modelled timeframe), but this difference increases significantly from 2050 onwards.</li> <li>• Inputs into the analysis included: 1) existing asset level climate related risk analyses (geographic and property details, historical events resulting in losses and insurance premiums paid); 2) results of portfolio wide high-level climate risk assessment; 3) historical and future projected income and expenses; 4) forecasts on wholesale electricity prices; 5) asset discount and capitalisation rates; and 6) Five year capital budget plans.</li> <li>• Assumptions: Scenarios RCP 4.5 and RCP 8.5 were used to model chronic impacts. The acute shock scenario was based on the probability of occurrence of the largest historical event experienced within the portfolio to date (Cyclone Debbie in 2017 by Whitsunday Plaza, adjusted for each centre). Assumptions were made with regards to the operational impact of extreme weather events to cashflows, cashflow sensitivity to operational impacts, future annual income growth, discount rates and capitalisation rates.</li> <li>• Analytical method included: 1) Initial mapping of climate risks to income and expenses; 2) internal workshop to validate asset financial impacts; 3) financial modelling to estimate the impact of each extreme weather type on future cash flows for all assets; and 4) sensitivity analysis of assumptions.</li> <li>• Results and outcomes: The outcome was a financial estimate of the reduction in Net Present Value (NPV) of future profits over a 10-year period under acute, chronic and combined scenarios and included analysis on asset valuations. For example, the estimated cumulative financial impact (NPV) from acute physical risks could be up to</li> </ul>

	<p>\$50M of future profits at 2030 and up to \$139-178M for chronic physical risks.</p> <ul style="list-style-type: none"> <li>• Use of results: We gained a better understanding of the potential future financial impact of climate related risks. The results are being integrated into our strategic asset planning, investment tiering, capital transaction and development processes to assist decision making and prioritise adaptation and resilience strategies to manage identified risks.</li> <li>• Reporting: The scenario analysis was communicated to Vicinity’s board level Risk and Compliance Committee in 2018 and relevant business units whose business processes will be adapted as a result. Results are provided externally through this CDP submission (CC2.3a and 2.4a) and publicly disclosed on our website: <a href="http://sustainability.vicinity.com.au">http://sustainability.vicinity.com.au</a>.</li> <li>• Changes to strategy and business model: Management of climate change risks and opportunities are integrated into Vicinity’s business strategy and key business decision-making processes through our Sustainability strategy. For example, the scenario planning has been used in Vicinity’s Strategic Asset Planning to ensure climate resilience initiatives are implemented as part of BAU to increase the climate resilience of a centre. An example is at Whitsunday Plaza where increased stormwater management systems were implemented to increase the climate resilience of the centre and prevent future flooding. The results of the scenario analysis will also be integrated where relevant, to further enhance and strengthen decision making across the business.</li> </ul>
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## C4. Targets and performance

### C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Both absolute and intensity targets

#### C4.1a

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

**Target reference number**

Abs 1

**Scope**

Scope 1+2 (location-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

9

**Base year**

2015

**Start year**

2015

**Base year emissions covered by target (metric tons CO<sub>2</sub>e)**

236,526

**Target year**

2018

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**% of target achieved**

100

**Target status**

Achieved

**Please explain**

This carbon emissions reduction target reported is for the current 2018 reporting period, using 2015 as a base year. Vicinity's carbon emissions reduction target of 9 per cent from 2015 was achieved and exceeded this year.

Since 2015, Vicinity has reduced scope 1+2 carbon emissions by 31 per cent and our overall absolute emissions by 70,000 tonnes of CO<sub>2</sub>-e which is 31 per cent. This was achieved through our energy efficiency program, but also due to a reduction in the number of assets within our portfolio, and because we have reduced the gross lettable area (GLA) by 7 per cent.

The methodology for establishing this target included the use of asset specific targets from across the portfolio and aggregating them to form a corporate-wide target. Target setting is a key component of our approach to continuous environmental improvement and achieving the 'Low carbon smart assets' pillar of our Sustainability strategy. Vicinity sets annual performance targets to drive continuous improvement across our asset portfolio in key environmental metrics such as energy, carbon emissions, waste and water. Annual energy and emissions reduction targets are informed by Vicinity's long-term internal carbon reduction target. We publicly disclose our annual energy and carbon reduction targets here: <http://sustainability.vicinity.com.au/our-business-and-strategy/our-commitments/learn-more/>

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**Target reference number**

Abs 2

**Scope**

Scope 1+2 (location-based)

**% emissions in Scope**

34

**Targeted % reduction from base year**

100

**Base year**

2018

**Start year**

2018

**Base year emissions covered by target (metric tons CO<sub>2</sub>e)**

58,626

**Target year**

2030

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

**% of target achieved**

13

**Target status**

New

**Please explain**

Vicinity has committed to Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets which represents 34 per cent of the total scope 1 and 2 carbon emissions of our managed portfolio.

Our Net Zero carbon target will be achieved through energy efficiency programs, and our onsite solar program.

Our Net Zero carbon target has short, medium and long term targets to monitor how we are progressing against our Net Zero carbon commitment.

This target represents our long-term Net Zero target as aligned to Vicinity's business time horizons.

Vicinity has already achieved 62 per cent of the energy reduction requirements for our Net Zero carbon target, and are tracking well to meet our medium term target. As this is a newly made commitment we are unable to report any achieved emissions reduction against the target at the time of reporting (July 2019).

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**Target reference number**

Abs 3

**Scope**

Scope 1+2 (location-based)

**% emissions in Scope**

34

**Targeted % reduction from base year**

29

**Base year**

2018

**Start year**

2018

**Base year emissions covered by target (metric tons CO<sub>2</sub>e)**

58,626

**Target year**

2025

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

**% of target achieved**

62

**Target status**

New

**Please explain**

Vicinity has committed to Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets which represents 34 per cent of the total scope 1 and 2 carbon emissions of our managed portfolio.

Our Net Zero carbon target will be achieved through energy efficiency programs, and our onsite solar program.

This target represents our medium-term Net Zero target as aligned to Vicinity's business time horizons.

Vicinity has already achieved 62 per cent of the energy reduction requirements for our Net Zero carbon target, and are tracking well to meet our medium term target. As this is a newly made commitment we are unable to report any achieved emissions reduction against the target at the time of reporting (July 2019).

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**Target reference number**

Abs 4

**Scope**

Scope 1+2 (location-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

3

**Base year**

2018

**Start year**

2018

**Base year emissions covered by target (metric tons CO<sub>2</sub>e)**

181,954

**Target year**

2019

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**% of target achieved**

0

**Target status**

New

**Please explain**

Vicinity has committed to Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets which represents 34 per cent of the total scope 1 and 2 carbon emissions of our managed portfolio. However, we also have an carbon reduction program across our entire portfolio, and establish targets annually to continue to drive carbon reduction.

This target supports the Net Zero carbon target by ensuring our annual efforts to reduce carbon emissions are in line with our long term target. It is worth noting that this annual target applies to Vicinity's entire managed portfolio.

This is a new target (because it is annual) with the base year being the current reporting period 2018, therefore we have not made any progress against this target yet, and will report on this next year .

## **C4.1b**

**(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

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**Target reference number**

Int 1

**Scope**

Scope 1+2 (location-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

9

**Metric**

Metric tons CO<sub>2</sub>e per square meter\*

**Base year**

2015

**Start year**

2015

**Normalized base year emissions covered by target (metric tons CO<sub>2</sub>e)**

0.08

**Target year**

2018

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**% of target achieved**

100

**Target status**

Achieved

**Please explain**

The emissions intensity reduction target reported was for the 2018 reporting period, using 2015 as a base year. The methodology for establishing this target included the use of asset specific targets from across the portfolio and aggregating them to form a corporate wide target.

We achieved and exceeded our target of 9 per cent reduction in energy/emissions intensity from 2015. Our actual reduction was 24 per cent. We decreased our overall absolute emissions compared to 2015 by approximately 70,000 tonnes of CO<sub>2</sub>-e, but also decreased our total gross lettable area (GLA) due to divestment of several assets. Target setting (both absolute and intensity) is a key component of our portfolio-wide approach to continuous environmental improvement and achieving the 'Low carbon smart assets' pillar of Vicinity's Sustainability strategy. We establish annual targets for key environmental metrics such as energy, carbon emissions, waste and water. Annual energy and emissions reduction targets are informed by Vicinity's long-term internal carbon reduction target. We publicly disclose our annual energy and carbon reduction

targets here: <http://sustainability.vicinity.com.au/our-business-and-strategy/our-commitments/learn-more/>

**% change anticipated in absolute Scope 1+2 emissions**

9

**% change anticipated in absolute Scope 3 emissions**

0

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**Target reference number**

Int 2

**Scope**

Scope 1+2 (location-based)

**% emissions in Scope**

34

**Targeted % reduction from base year**

100

**Metric**

Metric tons CO<sub>2</sub>e per square meter\*

**Base year**

2016

**Start year**

2018

**Normalized base year emissions covered by target (metric tons CO<sub>2</sub>e)**

0.069

**Target year**

2030

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

**% of target achieved**

13

**Target status**

New

**Please explain**

Vicinity has committed to Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets which represents 34 per cent of the total scope 1 and 2 carbon

emissions of our managed portfolio.

Our Net Zero carbon target will be achieved through energy efficiency programs, and our onsite solar program.

This target represents our long-term Net Zero target as aligned to Vicinity's business time horizons.

Our Net Zero carbon target has short, medium and long-term targets to monitor how we are progressing against our Net Zero carbon commitment. We also have established intensity metrics to provide a benchmark to take into consideration changes in the portfolio and monitor our progress over time.

**% change anticipated in absolute Scope 1+2 emissions**

100

**% change anticipated in absolute Scope 3 emissions**

0

---

**Target reference number**

Int 3

**Scope**

Scope 1+2 (location-based)

**% emissions in Scope**

34

**Targeted % reduction from base year**

29

**Metric**

Metric tons CO<sub>2</sub>e per square meter\*

**Base year**

2016

**Start year**

2018

**Normalized base year emissions covered by target (metric tons CO<sub>2</sub>e)**

0.069

**Target year**

2025

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

**% of target achieved**

62

**Target status**

New

**Please explain**

Vicinity has committed to Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets which represents 34 per cent of the total scope 1 and 2 carbon emissions of our managed portfolio.

Our Net Zero carbon target will be achieved through energy efficiency programs, and our onsite solar program.

This target represents our medium-term Net Zero target.

Vicinity has already achieved 62 per cent of the energy reduction requirements for our Net Zero carbon target, and are tracking well to meet our medium-term target. As this a new commitment, we are unable to report any achieved emissions reduction at the time of reporting (July 2019).

**% change anticipated in absolute Scope 1+2 emissions**

29

**% change anticipated in absolute Scope 3 emissions**

0

---

**Target reference number**

Int 4

**Scope**

**% emissions in Scope**

100

**Targeted % reduction from base year**

3

**Metric**

Metric tons CO<sub>2</sub>e per square meter\*

**Base year**

2018

**Start year**

2018

**Normalized base year emissions covered by target (metric tons CO<sub>2</sub>e)**

0.066

**Target year**

2019

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**% of target achieved**

0

**Target status**

New

**Please explain**

Vicinity has committed to Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets which represents 34 per cent of the total scope 1 and 2 carbon emissions of our managed portfolio. However, we also have a carbon reduction program across our entire portfolio, and establish annual targets to continue to drive carbon reduction.

This target supports the Net Zero carbon target by ensuring our annual efforts to reduce carbon emissions are in line with our long term target. It is worth noting that this annual target applies to Vicinity's entire managed portfolio.

This is a new target (because it is annual) with the base year being the current period 2018, therefore we have not made any progress against this target yet, and will report on this next year.

**% change anticipated in absolute Scope 1+2 emissions**

3

**% change anticipated in absolute Scope 3 emissions**

0

## C4.2

**(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.**

---

**Target**

Energy usage

**KPI – Metric numerator**

Energy consumption (Megajoules)

**KPI – Metric denominator (intensity targets only)**

N/A

**Base year**

2015

**Start year**

2015

**Target year**

2018

**KPI in baseline year**

1,004,909,061

**KPI in target year**

914,467,246

**% achieved in reporting year**

100

**Target Status**

Achieved

**Please explain**

The absolute energy reduction target reported is for the 2018 reporting period, using 2015 as a base year. The methodology for establishing this target included the use of asset specific targets from across the portfolio and aggregating them to form a corporate-wide target.

As outlined above, this group level target was set through Vicinity's portfolio-wide approach to continuous environmental improvement which forms an important part of the 'Low carbon smart assets' pillar of our Sustainability strategy. Such targets drive year on year improvements in our operational environmental performance metrics including energy, carbon emissions, water and waste.

Annual energy and emissions reduction targets are informed by Vicinity's long-term internal carbon reduction target. In addition, Vicinity's Integrated Energy Strategy (IES) includes an on-site renewable energy and scaled-up energy efficiency program that will help drive significant future reductions in our Scope 2 emissions.

We publicly disclose our annual energy and carbon reduction targets here:  
<http://sustainability.vicinity.com.au/our-business-and-strategy/our-commitments/learn-more/>

**Part of emissions target**

Abs 1

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

---

**Target**

Energy usage

**KPI – Metric numerator**

Energy consumption (Megajoules)

**KPI – Metric denominator (intensity targets only)**

N/A

**Base year**

2016

**Start year**

2016

**Target year**

2030

**KPI in baseline year**

280,403

**KPI in target year**

196,281.77

**% achieved in reporting year**

25

**Target Status**

New

**Please explain**

Vicinity has committed to Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets.

Vicinity's Net Zero carbon target requires a significant reduction in absolute energy usage (30 per cent from 2016 to 2030) in order to meet the long term Net Zero target.

**Part of emissions target**

Abs 2

**Is this target part of an overarching initiative?**

Other, please specify

Yes, it's part of Net Zero carbon emissions on wholly-owned retail assets target

---

**Target**

Energy usage

**KPI – Metric numerator**

Energy intensity - Energy consumption (Megajoules)

**KPI – Metric denominator (intensity targets only)**

Square meters of gross lettable area (GLA)

**Base year**

2015

**Start year**

2015

**Target year**

2018

**KPI in baseline year**

341

**KPI in target year**

301

**% achieved in reporting year**

100

**Target Status**

Achieved

**Please explain**

The energy intensity reduction target reported is for the 2018 reporting period, using 2015 as a base year. The methodology for establishing this target included the use of asset specific targets from across the portfolio and aggregating them to form a corporate wide target.

As outlined above, this group level target was set through Vicinity's portfolio-wide approach to continuous environmental improvement which forms an important part of the 'Low carbon smart assets' pillar of our Sustainability strategy. Such targets drive year on year improvements in our operational environmental performance metrics including energy, carbon emissions, water and waste. Annual energy and emissions reduction targets are informed by Vicinity's Net Zero carbon emissions target by 2030, delivered through our Integrated Energy Strategy (IES) which includes an on-site renewable energy and scaled-up energy efficiency program that will help drive significant future reductions in our energy use and Scope 2 emissions. We publicly disclose our annual energy and carbon reduction targets here:

<http://sustainability.vicinity.com.au/our-business-and-strategy/our-commitments/learn-more/>

**Part of emissions target**

Int 1

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

---

**Target**

Energy usage

**KPI – Metric numerator**

Energy intensity - Energy consumption (Megajoules)

**KPI – Metric denominator (intensity targets only)**

Square meters of gross lettable area (GLA)

**Base year**

2016

**Start year**

2016

**Target year**

2030

**KPI in baseline year**

290

**KPI in target year**

200

**% achieved in reporting year**

29

**Target Status**

New

**Please explain**

Vicinity has committed to Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets. Vicinity's Net Zero carbon target requires a significant reduction in absolute energy usage (30 per cent from 2016 to 2030) and therefore also energy intensity in order to meet the long term Net Zero target.

**Part of emissions target**

Int 2, Int 3

**Is this target part of an overarching initiative?**

Other, please specify

Yes, part of Net Zero carbon emissions by 2030 for wholly owned retail assets target

---

**Target**

Renewable electricity production

**KPI – Metric numerator**

Megawatts (MW) of solar

**KPI – Metric denominator (intensity targets only)**

N/A

**Base year**

2017

**Start year**

2018

**Target year**

2018

**KPI in baseline year**

0.17

**KPI in target year**

8

**% achieved in reporting year**

0

**Target Status**

Achieved

**Please explain**

Renewable energy production target is reported for the 2018 reporting period, using 2017 as a base year. This is a portfolio-wide target, established as a part of Vicinity's Integrated Energy Strategy (IES), which includes an on-site renewable energy and scaled-up energy efficiency program. The IES will help achieve significant reductions in our carbon emissions and is fundamental to delivering the 'Low Carbon Smart Assets' pillar of Vicinity's Sustainability strategy and Net Zero carbon emissions by 2030 target. Vicinity has committed \$73m for on site solar investment at 20 centres. The program commenced in 2018 and is planned to be complete by the end of 2019. By the end of December 2018 the total solar implemented is 10 MW across 4 centres, exceeding our 2018 renewable energy target.

We publicly disclose our annual energy and carbon reduction targets here:

<http://sustainability.vicinity.com.au/our-business-and-strategy/our-commitments/learn-more/>

**Part of emissions target**

Abs 2, Abs 3, Int 2, Int 3

**Is this target part of an overarching initiative?**

Other, please specify

Yes, part of Net Zero carbon emissions by 2030 for wholly owned retail assets target

---

**Target**

Renewable electricity production

**KPI – Metric numerator**

Megawatts (MW) of solar

**KPI – Metric denominator (intensity targets only)**

N/A

**Base year**

2017

**Start year**

2018

**Target year**

2019

**KPI in baseline year**

0.17

**KPI in target year**

31

**% achieved in reporting year**

25

**Target Status**

Underway

**Please explain**

Renewable energy production target is for the 2019 reporting period, using 2018 as a base year. This is a portfolio-wide target, established as a part of Vicinity's Integrated Energy Strategy (IES), which includes an on-site renewable energy and scaled-up energy efficiency program. The IES will help achieve significant reductions in our carbon emissions and is fundamental to delivering the 'Low Carbon Smart Assets' pillar of Vicinity's Sustainability strategy and Net Zero carbon emissions by 2030 target. Vicinity has committed \$73m for on site solar investment at 20 centres with installations commencing in 2018 and to be complete by the end of 2019.

By the end of December 2018, the total solar implemented is 10 MW across 4 centres. Progress is well underway in 2019 to meet our target, with another 9 centres projects have been completed, equating to a further 20MW of projects already installed.

We publicly disclose our annual energy and carbon reduction targets here:

<http://sustainability.vicinity.com.au/our-business-and-strategy/our-commitments/learn-more/>

**Part of emissions target**

Abs2, Abs 3, Int 2, Int 3

**Is this target part of an overarching initiative?**

Other, please specify

Yes, part of Net Zero carbon emissions by 2030 for wholly owned retail assets target

---

**Target**

Waste

**KPI – Metric numerator**

Recycling rate - % of total waste diverted from landfill

**KPI – Metric denominator (intensity targets only)**

N/A

**Base year**

2017

**Start year**

2018

**Target year**

2018

**KPI in baseline year**

39

**KPI in target year**

43

**% achieved in reporting year**

100

**Target Status**

Achieved

**Please explain**

Annual targets are set for our waste management and recycling programs. We use the metric Recycling rate to measure the performance of our program. In the 2018 reporting period, Vicinity achieved our recycling rate target of 43 per cent. . The methodology for establishing this target included the use of asset specific targets from across the portfolio and aggregating them to form a corporate wide target. An increase in the recycling rate results in less waste disposed to landfill, reducing Vicinity's Scope 3 emissions. Our waste targets are a key component of our portfolio-wide approach to continuous environmental improvement and achieving the 'Low carbon smart assets' pillar of Vicinity's Sustainability strategy. We establish annual targets for key environmental metrics such as energy, carbon emissions, waste and water. Annual energy and emissions reduction targets are informed by Vicinity's long-term internal carbon reduction target. We publicly disclose our annual energy and carbon reduction targets here: <http://sustainability.vicinity.com.au/our-business-and-strategy/our-commitments/learn-more/>

**Part of emissions target**

N/A

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

---

**Target**

Waste

**KPI – Metric numerator**

Recycling rate - % of total waste diverted from landfill

**KPI – Metric denominator (intensity targets only)**

N/A

**Base year**

2018

**Start year**

2019

**Target year**

2019

**KPI in baseline year**

39

**KPI in target year**

50

**% achieved in reporting year**

0

**Target Status**

New

**Please explain**

Annual targets are set for our waste management and recycling programs. We use the metric Recycling Rate to measure the performance of our program. This represents a new target for 2019 and will be reported on in the following CDP submission. The methodology for establishing this target included the use of asset specific targets from across the portfolio and aggregating them to form a corporate wide target. An increase in the recycling rate results in less waste disposed to landfill, reducing Vicinity's Scope 3 emissions. Our waste targets are a key component of our portfolio-wide approach to continuous environmental improvement and achieving the 'Low carbon smart assets' pillar of Vicinity's Sustainability strategy. We establish annual targets for key environmental metrics such as energy, carbon emissions, waste and water. Annual energy and emissions reduction targets are informed by Vicinity's long-term internal carbon reduction target. We publicly disclose our annual energy and carbon reduction targets here: <http://sustainability.vicinity.com.au/our-business-and-strategy/our-commitments/learn-more/>

**Part of emissions target**

N/A

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

## C4.3

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

### C4.3a

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	356	38,043
To be implemented*	41	780
Implementation commenced*	0	0
Implemented*	212	30,019
Not to be implemented	7	320

### C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative type**

Energy efficiency: Building services

**Description of initiative**

Lighting

**Estimated annual CO2e savings (metric tonnes CO2e)**

4,921

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

903,000

**Investment required (unit currency – as specified in C0.4)**

6,144,000

**Payback period**

4 - 10 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Retrofitting lighting: LED lighting upgrades were implemented via 58 projects across 32 centres in 2018 as part of a national program roll out across our managed portfolio. In addition to significant energy savings, the LED technology also reduces lamp replacement costs and maintenance due to the long life time of LED lamps.

---

**Initiative type**

Energy efficiency: Building services

**Description of initiative**

HVAC

**Estimated annual CO2e savings (metric tonnes CO2e)**

2,343

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

383,000

**Investment required (unit currency – as specified in C0.4)**

10,493,000

**Payback period**

>25 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

Energy efficient HVAC equipment: Improving building service efficiency by retrofitting existing HVAC infrastructure. We conducted 100 projects across 37 assets, including installation of Variable Speed Drives (VSDs), upgrades to ventilation systems, and replacing existing HVAC systems with new, high efficient units.

---

**Initiative type**

Energy efficiency: Building services

**Description of initiative**

Building controls

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

9,966

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

1,503,000

**Investment required (unit currency – as specified in C0.4)**

2,012,000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

3-5 years

**Comment**

Energy efficient HVAC equipment: Improving building service efficiency by retrofitting existing HVAC infrastructure. We conducted 54 projects across 35 assets, including installation of Variable Speed Drives (VSDs), upgrades to ventilation systems, and replacing existing HVAC systems with new, high efficient units

---

**Initiative type**

Low-carbon energy installation

**Description of initiative**

Solar PV

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

12,788

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

4,350,000

**Investment required (unit currency – as specified in C0.4)**

22,317,000

**Payback period**

4 - 10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

The implementation of Vicinity's \$73 million solar rollout program commenced, with projects completed in 2018 at 4 centres which have already generated 993 MWh of renewable energy onsite that was consumed by the centres.

**C4.3c**

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Dedicated budget for energy efficiency	Vicinity's energy efficiency projects are budgeted for as part of our broader capex program. Budget allocation occurs at the national level as well as at the asset level, depending on the nature of the capex requirement. Energy efficiency projects (such as LED lighting upgrades) are primarily captured under Vicinity's Integrated Energy strategy. There is an additional budget process for major capital upgrades and developments where capex is identified for climate resilience and carbon reduction initiatives such as air-lock doors and increasing the capacity of stormwater drains.
Dedicated budget for low-carbon product R&D	Vicinity has dedicated budget to trialling new technology innovations including Blockchain and Solar Glass as part of our Integrated Energy Strategy. The ClearVue solar glass trial is a global first and harvests solar energy from transparent glass at a Vicinity shopping centre in Western Australia. In 2018 Vicinity also announced a trial of energy blockchain to share renewable energy to the local community surrounding the centre.

<p>Dedicated budget for other emissions reduction activities</p>	<p>Installation of renewable energy. Vicinity has a significant Integrated Energy Strategy (IES), which includes an onsite renewable energy and scaled-up energy efficiency program for our asset portfolio. Vicinity has committed \$73 million rollout of solar PV to 22 centres across Australia over the coming years, representing Australia's largest shopping centre solar roll out to date. The IES will help drive significant reductions in our carbon emissions and is a key contributor to the 'Low carbon smart assets' pillar of Vicinity's Sustainability strategy and Net Zero carbon emission by 2030 target. Additionally, Vicinity assigns budget for operational maintenance and improvement activities (such as HVAC adjustments or vertical transport adjustments) which result in improved energy efficiency. Investment into our Building Management System also enables identification of energy losses and opportunities to action in real time.</p>
<p>Employee engagement</p>	<p>Vicinity promotes sustainability awareness and active participation in Sustainability programs with staff. Vicinity focuses on promoting employee behaviour changes that reduce energy use and waste to landfill, and resulting carbon emissions at our assets and corporate offices. For example, Vicinity ran a number of internal initiatives during National Recycling Week and for Earth Hour to raise awareness of the impacts of climate change and to provide accessible ways for employees to make positive environmental changes at home and at work. Additionally, Vicinity's achievements in reducing our energy and carbon emissions and external recognition are regularly communicated to staff via internal and social channels.</p>
<p>Compliance with regulatory requirements/standards</p>	<p>Vicinity promotes sustainability awareness and active participation in Sustainability programs with staff. Vicinity focuses on promoting employee behaviour changes that reduce energy use and waste to landfill, and resulting carbon emissions at our assets and corporate offices. For example, Vicinity ran a number of internal initiatives during National Recycling Week and for Earth Hour to raise awareness of the impacts of climate change and to provide accessible ways for employees to make positive environmental changes at home and at work. Additionally, Vicinity's achievements in reducing our energy and carbon emissions and external recognition are regularly communicated to staff via internal and social channels.</p>
<p>Internal incentives/recognition programs</p>	<p>Energy, carbon and waste reduction targets. As part of Vicinity's Environment Improvement Program, we set asset specific environmental targets annually and roll out multi-site programs to drive improvements in energy and waste performance and reduce associated carbon emissions. Asset specific targets are included in site operations managers' performance scorecards, which are linked</p>

	<p>to individual performance incentive payments. Furthermore, individual asset targets are aggregated to form a corporate, portfolio wide target, which informs individual performance scorecards (linked to performance incentive payments) of management teams.</p> <p>The CEO and Chief Investment Officer's performance scorecards also include measures relating to carbon intensity reduction, obtaining NABERS and Green Star performance ratings and Climate Resilience implementation.</p> <p>Finally, in 2018 Vicinity introduced an internal reward and recognition program for our centre teams, Shopping Centre Awards with a specific Sustainability category.</p>
<p>Financial optimization calculations</p>	<p>Energy and waste management plans. Vicinity's Environment Improvement Program forms an important part of the 'Low carbon smart assets' pillar of our Sustainability strategy and includes the development and implementation of asset specific energy and waste management plans. Plans are reviewed and updated annually for each asset and include a list of prioritised initiatives (which have undergone cost benefit analysis) to drive improvements in energy efficiency as well as increase recycling rates. Plans are additionally used to track asset progress in implementing planned initiatives at each asset over the course of each year.</p>
<p>Other Operational Building Certifications</p>	<p>Vicinity has achieved a 4 Star Green Star Performance rating across our entire managed portfolio, the largest and highest rated retail property portfolio in Australia. Vicinity uses the Green Star Performance rating tool to benchmark our performance and continually improve our climate performance including energy performance, water, waste, innovation and social Sustainability efforts. We have implemented minimum performance standards in order to achieve and maintain this rating across the portfolio and continue to improve our performance over time which requires ongoing investment in the identification, trial and implementation of environmental performance improvement activities as detailed in site Environmental Improvement Plans.</p> <p>Vicinity has gained NABERS Energy certification on 86% of our portfolio which enables us to benchmark our performance and continually improve energy performance and energy efficiency through investment in HVAC, Building Management Systems, LED lighting and vertical transport upgrades.</p>

## C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

Yes

## C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

---

### Level of aggregation

Group of products

### Description of product/Group of products

Green Star and NABERS rated centres. Vicinity's portfolio is now rated 4 Star Green Star performance (Australian Best Practice).

### Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

### Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Climate Bonds Taxonomy

### % revenue from low carbon product(s) in the reporting year

86

### Comment

Green Star Performance Rating is portfolio wide. NABERS Energy ratings applied to 86% of rateable portfolio. Highest NABERS Rated Centres include: Eastlands Centre TAS (5 Stars), Colonnades SA (4.5 Stars), DFO Essendon VIC (4.5 Stars), Rockingham Centre WA (4.5 Stars), Dianella Plaza WA (4.5 Stars), Livingston Marketplace WA (4.5 Stars).

---

### Level of aggregation

Company-wide

### Description of product/Group of products

Vicinity's primary product/service is the provision of retail leasing space within our centres. Vicinity's Net Zero Carbon by 2030 target means that we provide our current and future retailers tenancy space within a low carbon building, which means lower electricity costs and carbon emissions from our tenants.

### Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Climate Bonds Taxonomy

**% revenue from low carbon product(s) in the reporting year**

12

**Comment**

In 2018 we have reduced carbon emissions from energy use by 16,000 tonnes, which represents a 7% reduction compared to 2017 providing a lower carbon product at our centres. Vicinity's percentage revenue is based on the costs of energy consumption at our centres as a proportion of total controllable outgoings at our assets

---

**Level of aggregation**

Company-wide

**Description of product/Group of products**

Vicinity currently manages the waste from our retailers in our shopping centres. Our strategy to manage waste aims to continually increase the amount of recycling and reduce the amount of waste going to landfill. We do this by offering service such as cardboard, plastics and organics recycling at our centres, and educate our retailers on the right recycling practices to increase diversion from landfill. By Vicinity actively managing waste to landfill from our retailers, we are providing a service that avoids the emissions generated from retailer's operations, thus reducing their carbon footprint.

**Are these low-carbon product(s) or do they enable avoided emissions?**

Avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Climate Bonds Taxonomy

**% revenue from low carbon product(s) in the reporting year**

1

**Comment**

In 2018, Vicinity reduced the amount of waste sent to landfill by 9% since 2017, avoiding 4,000 tonnes carbon emissions, and achieved an average waste recycling rate of 44%. As the majority of waste generated at our centres comes from our retailers, reducing the amount of waste sent to landfill avoids emissions from our retailers. Vicinity's percentage revenue is based on the costs of waste disposal from our centres as a proportion of total controllable outgoings at our assets.

## C5. Emissions methodology

### C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

#### Scope 1

---

**Base year start**

January 1, 2015

**Base year end**

December 31, 2015

**Base year emissions (metric tons CO<sub>2</sub>e)**

10,080

**Comment**

#### Scope 2 (location-based)

---

**Base year start**

January 1, 2015

**Base year end**

December 31, 2015

**Base year emissions (metric tons CO<sub>2</sub>e)**

226,446

**Comment**

#### Scope 2 (market-based)

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

## C5.2

**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.**

Australia - National Greenhouse and Energy Reporting Act

## C6. Emissions data

### C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?**

**Reporting year**

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

4,866

**Start date**

January 1, 2018

**End date**

December 31, 2018

**Comment**

Vicinity's Scope 1 emissions from our asset portfolio relate mainly to natural gas combustion for heating, fugitive emissions from refrigerants and diesel consumption for back-up emergency generators. Overall, our Scope 1 emissions make up approximately 3% of our total scope 1 and 2 greenhouse gas emissions.

### C6.2

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

---

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

**Comment**

Vicinity's scope 2 emissions from our asset portfolio result from electricity consumption, mainly sourced from the national electricity grid. The emissions factors used to calculate our scope 2 emissions are state-based as reported in the National Greenhouse Accounts factors workbook produced by the Australian Government.

## C6.3

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?**

### Reporting year

---

#### Scope 2, location-based

177,088

#### Start date

January 1, 2018

#### End date

December 31, 2018

#### Comment

Vicinity's scope 2 emissions from our asset portfolio result from electricity consumption, mainly sourced from the electricity grid. Electricity is used by heating, ventilation and air-conditioning (HVAC) systems, lighting, vertical transport and other minor general equipment. The emissions factors used to calculate our scope 2 emissions are state-based as reported in the National Greenhouse Accounts factors workbook produced by the Australian Government.

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

## C6.5

**(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.**

### Purchased goods and services

---

#### Evaluation status

Not relevant, explanation provided

#### Explanation

Vicinity's primary business activities relate to the investment and operation of retail property. Emissions related to our contractors and suppliers do not fall within our operational control, therefore we do not consider them to be relevant or applicable and do not collect or report data on their associated emissions.

### Capital goods

---

### **Evaluation status**

Not relevant, explanation provided

### **Explanation**

Vicinity's primary business activities relate to the investment and operation of retail property. Over the life of our retail assets the embodied emissions are immaterial compared to operational emissions captured as scope 1 and 2 and we therefore do not consider them to be relevant or applicable and do not collect or report associated data.

## **Fuel-and-energy-related activities (not included in Scope 1 or 2)**

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### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO<sub>2</sub>e**

20,727

### **Emissions calculation methodology**

These emissions relate to indirect emissions associated with our scope 1 and 2 emissions – that is, those from the extraction, production and transportation of fuels (including for electricity production) and electricity losses in the transmission and distribution network. For each fuel type, emissions have been calculated by multiplying the total quantity of fuel/electricity consumed by the relevant emissions factor from the Australian National Greenhouse Accounts (NGA) Factors.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Explanation**

Scope 3 emissions are calculated using the fuel and energy consumption information from supplier invoices multiplied by the scope 3 emissions factors from the Australian National Greenhouse Factors workbook, as per our scope 1 and 2 emissions calculations. Where there are gaps in invoice data, estimates are used. Reductions achieved in energy and electricity use in 2018 have resulted in related Scope 3 emissions also reducing over this period by 3,085 tonnes CO<sub>2</sub>-e.

## **Upstream transportation and distribution**

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### **Evaluation status**

Not relevant, explanation provided

### **Explanation**

Vicinity has very minimal upstream transportation and distribution activities related to its operation as our primary business activities relate to the investment and operation of retail property as a landlord. We do however, implement efficiencies to reduce the transport required to dispose of our waste.

## **Waste generated in operations**

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**Evaluation status**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

37,720

**Emissions calculation methodology**

100% of Vicinity's total operational waste (as a proportion of our total GLA) has been captured and reported. The collection of solid waste for disposal to landfill results in indirect emissions, which have been calculated by multiplying the total quantity of waste sent to landfill by the relevant emissions factor within the Australian National Greenhouse Accounts (NGA) Factors, August 2015, August 2016 and July 2017.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Explanation**

Waste volumes used to calculate associated Scope 3 emissions are obtained from reports provided by our appointed waste consultant, who collects this information from invoices provided by our waste service providers. We have a program in place to improve recycling rates and reuse and reduce the amount of waste being sent to landfill at our centres. We increased recycling rates by 5% from 2017 to 2018, and reduced associated scope 3 emissions by 3,916 tonnes.

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**Business travel**

**Evaluation status**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

3,008

**Emissions calculation methodology**

These emissions relate to Vicinity employee air travel undertaken for business purposes. Emissions have been calculated using our flight data (sourced from our Business Travel Service Provider) and applying the "Greener Climate" emissions factors based on research from DEFRA (Department for Environment Food and Rural Affairs), Oxford University and the UK Royal Commission on Environmental Pollution.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Explanation**

The geographical distribution of Vicinity's assets and state-based offices mean that our employees are required to undertake travel to effectively operate our business. The associated Scope 3 emissions are material enough to warrant a program for reducing scope 3 emissions from our business air travel. To this end, Vicinity has installed the

latest video conferencing technology at our corporate and state-based offices around Australia to enable more effective communication across our employee base, limiting the need for travel between locations.

State-based offices allows for an effective geographical spread of employees to efficiently service and manage our assets and operations locally, thereby further negating the need for excessive travel in comparison to completely centralised management.

## Employee commuting

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### Evaluation status

Not relevant, explanation provided

### Explanation

Due to the nature of our business, Vicinity has employee work locations spread across more than 60 centres and five corporate offices around Australia, making accurate calculation of this metric complicated. Furthermore, there is a current lack of robust data collection and calculation methods in Australia for this metric, and as such, a standard methodology for calculating employee commuting has not been developed for calculating this source of emissions. We will continue to investigate the potential to develop a methodology for calculating this data, but at this point in time estimate that it does not have a material impact on our total greenhouse gas emissions.

## Upstream leased assets

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### Evaluation status

Not relevant, explanation provided

### Explanation

Vicinity's primary business activities relate to the investment and operation of retail property. Vicinity typically operates within assets that we own and manage, and such activities are captured in our Scope 1 and 2 emissions.

## Downstream transportation and distribution

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### Evaluation status

Not relevant, explanation provided

### Explanation

Vicinity's primary business activities relate to the investment and operation of retail property. Vicinity is not involved in any downstream transportation and distribution activities; hence this metric is not relevant.

## Processing of sold products

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### Evaluation status

Not relevant, explanation provided

### Explanation

Vicinity's primary business activities relate to the investment and operation of retail property. Vicinity is not involved in processing of any sold products; hence this metric is not relevant.

### Use of sold products

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#### Evaluation status

Not relevant, explanation provided

#### Explanation

Vicinity's primary business activities relate to the investment and operation of retail property. The use of sold products falls outside of our operational control and is therefore not relevant to our emissions profile as per Australian greenhouse gas reporting regulations. However, as a responsible property owner and manager we encourage our retail tenants to minimise their energy use by providing regular energy use data for each tenancy (for those who purchase energy from our embedded networks) as well as guidance on ways to increase the energy efficiency of tenancy fit outs through our retail design guidelines.

### End of life treatment of sold products

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#### Evaluation status

Not relevant, explanation provided

#### Explanation

Vicinity's primary business activities relate to the investment and operation of retail property. Vicinity is not involved in end-of-life treatment of any sold products; hence this metric is not relevant.

### Downstream leased assets

---

#### Evaluation status

Relevant, calculated

#### Metric tonnes CO<sub>2</sub>e

522,723

#### Emissions calculation methodology

Vicinity's primary business activities relate to the investment and operation of retail property. Vicinity is not involved in end-of-life treatment of any sold products; hence this metric is not relevant.

#### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

#### Explanation

Emissions produced by retail tenants who lease space in our assets is outside of Vicinity's operational control. However, as a significant source of emission, Vicinity has taken significant effort to measure the energy use and carbon emissions derived from

our tenants. We are also implementing programs to assist retailers to reduce energy such as providing regular energy use data for each tenancy (for those who purchase energy from our embedded networks) as well as guidance on ways to increase the energy efficiency of tenancy fit outs through our retail design guidelines.

## Franchises

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### Evaluation status

Not relevant, explanation provided

### Explanation

Vicinity's primary business activities relate to the investment and operation of retail property. Vicinity does not own any franchises; hence this metric is not relevant.

## Investments

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### Evaluation status

Not relevant, explanation provided

### Explanation

Vicinity's primary business activities relate to the investment and operation of retail property. Vicinity does not make investments outside of our operational control hence this metric is not considered relevant.

## Other (upstream)

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### Evaluation status

Not relevant, explanation provided

### Explanation

Vicinity's primary business activities relate to the investment and operation of retail property; hence this metric is not relevant.

## Other (downstream)

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### Evaluation status

Not relevant, explanation provided

### Explanation

Vicinity's primary business activities relate to the investment and operation of retail property; hence this metric is not relevant.

## C6.7

**(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?**

No

## C6.10

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

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**Intensity figure**

0.00019

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**

181,954

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

972,400,000

**Scope 2 figure used**

Location-based

**% change from previous year**

10

**Direction of change**

Decreased

**Reason for change**

We have improved the intensity figure for metric tonnes CO<sub>2</sub>-e per unit of revenue by 10%. In 2018, Vicinity divested a number of assets which has reduced our total scope 1 and 2 carbon emissions, and also our revenue. However, the proportion of emissions reduction is greater than revenue, and therefore our intensity figure has improved.

In 2018 Vicinity reduced our overall scope 1 and 2 emissions by 17,000 tonnes of CO<sub>2</sub>e, and reduced the total GLA from divesting assets.

Vicinity have has seen a decrease in our intensity figure due to investing \$8m in lighting and building controls projects across our portfolio with a combined average payback of 3.5 years and a further \$10 across upgrading and replacing aging air conditioning systems with newer, and more efficient technology.

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**Intensity figure**

0.066

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**

181,954

**Metric denominator**

square meter

**Metric denominator: Unit total**

2,753,021

**Scope 2 figure used**

Location-based

**% change from previous year**

6

**Direction of change**

Decreased

**Reason for change**

Vicinity uses the intensity (normalised) metric of scope 1 and 2 emissions per square meter of gross lettable area (GLA) as our primary indicator on emissions performance. Annual and long-term targets are set against this indicator. In 2018 Vicinity reduced our overall scope 1 and 2 emissions by 17,000 tonnes of CO<sub>2</sub>e, and reduced the total GLA from divesting assets. This resulted in an improvement of 6 per cent in carbon emissions intensity.

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**Intensity figure**

180

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**

181,954

**Metric denominator**

full time equivalent (FTE) employee

**Metric denominator: Unit total**

1,009

**Scope 2 figure used**

Location-based

**% change from previous year**

3

**Direction of change**

Increased

**Reason for change**

Scope 1 and 2 emissions per FTE is not a relevant indicator for a retail property management company and is not considered to be reflective of our organisations

carbon emissions performance. This metric is not widely used in the retail or property industries globally due to poor industry fit.

In 2018, Vicinity reduced total FTEs from 1,140 to 1,009, and reduced our scope 1 and 2 emissions by 17,000 CO<sub>2</sub>-e tonnes, resulting in a 3% increase in intensity for this metric, demonstrating that this isn't a useful metric for retail property.

## C7. Emissions breakdowns

### C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

### C7.1a

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO <sub>2</sub> e)	GWP Reference
CO <sub>2</sub>	4,037	IPCC Fourth Assessment Report (AR4 - 100 year)
CH <sub>4</sub>	8	IPCC Fourth Assessment Report (AR4 - 100 year)
N <sub>2</sub> O	3	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	818	IPCC Fourth Assessment Report (AR4 - 100 year)

### C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

Country/Region	Scope 1 emissions (metric tons CO <sub>2</sub> e)
Australia	4,866

### C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By facility

By activity

## C7.3b

### (C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Altona Gate, Victoria, Australia	47	-37.83	144.85
Armidale Central, New South Wales, Australia	0	-30.51	151.66
Bankstown Central, New South Wales, Australia	0	-33.92	151.04
Bayside, Victoria, Australia	117	-38.14	145.13
Belmont Village, Victoria, Australia	0	-38.17	144.35
Bentons Square, Victoria, Australia	0	-38.24	145.05
Box Hill Central (North Precinct), Victoria, Australia	1	-37.82	145.12
Box Hill Central (South Precinct), Victoria, Australia	383	-37.82	145.12
Brandon Park, Victoria, Australia	43	-37.91	145.16
Broadmeadows Central, Victoria, Australia	0	-37.68	144.92
Buranda Village, Queensland, Australia	0	-27.5	153.04
Carlingford Court, New South Wales, Australia	0	-33.78	151.05
Castle Plaza, South Australia, Australia	0	-34.98	138.57
Chadstone, Victoria, Australia	465	-37.89	145.08
Chatswood Chase Sydney, New South Wales, Australia	0	-33.79	151.19
Colonnades, South Australia, Australia	87	-35.14	138.5

Corio Central, Victoria, Australia	27	-38.08	144.36
Cranbourne Park, Victoria, Australia	0	-38.11	145.28
Currambine Central, Western Australia, Australia	138	-31.74	115.74
DFO Brisbane, Queensland, Australia	0	-27.42	153.08
DFO Essendon, Victoria, Australia	0	-37.73	144.91
DFO Homebush, New South Wales, Australia	0	-33.86	151.08
DFO Moorabbin, Victoria, Australia	232	-37.97	145.09
DFO South Wharf, Victoria, Australia	54	-37.83	144.95
Dianella Plaza, Western Australia, Australia	0	-31.9	115.87
Eastlands, Tasmania, Australia	0	-42.87	147.37
Elizabeth City Centre, South Australia, Australia	95	-34.72	138.67
Ellenbrook Central, Western Australia, Australia	151	-31.78	115.97
Emporium Melbourne, Victoria, Australia	220	-37.81	144.96
Flinders Square, Western Australia, Australia	0	-31.91	115.85
Galleria, Western Australia, Australia	4	-31.9	115.9
Gateway Plaza Leopold, Victoria, Australia	0	-38.19	144.45
Goldfields Plaza, Queensland, Australia	0	-26.19	152.66
Grand Plaza, Queensland, Australia	0	-27.66	153.04
Gympie Central, Queensland, Australia	0	-26.2	152.67
Halls Head Central, Western Australia, Australia	0	-32.55	115.7

Kalamunda Central, Western Australia, Australia	0	-31.97	116.06
Karratha City, Western Australia, Australia	0	-20.74	116.85
Keilor Central, Victoria, Australia	46	-37.73	144.81
Kurralta Central, South Australia, Australia	0	-34.96	138.57
Lake Haven Centre, New South Wales, Australia	0	-33.24	151.5
Lavington Square, New South Wales, Australia	0	-36.05	146.94
Lennox Village, New South Wales, Australia	4	-33.75	150.66
Lidcombe Centre, New South Wales, Australia	0	-33.85	151.05
Livingston Marketplace, Western Australia, Australia	0	-32.09	115.92
Maddington Central, Western Australia, Australia	2	-32.05	115.98
Mandurah Forum, Western Australia, Australia	47	-32.54	115.74
Midland Gate, Western Australia, Australia	31	-31.89	116.01
Mildura Central, Victoria, Australia	99	-34.21	142.14
Milton Village, Queensland, Australia	0	-27.47	153
Mornington Central, Victoria, Australia	0	-38.22	145.04
Mt Ommaney Centre, Queensland, Australia	57	-27.55	152.94

Mount Pleasant Centre, Queensland, Australia	0	-21.12	149.16
The Myer Centre Brisbane, Queensland, Australia	209	-27.47	153.03
Nepean Village, New South Wales, Australia	3	-33.76	150.69
North Shore Village, Queensland, Australia	0	-26.61	153.08
Northgate, Tasmania, Australia	0	-42.83	147.27
Northland, Victoria, Australia	771	-37.74	145.03
Oakleigh Central, Victoria, Australia	66	-37.9	145.09
Oxenford Village, Queensland, Australia	0	-27.89	153.31
Paradise Centre, Queensland, Australia	234	-28	153.43
QueensPlaza, Queensland, Australia	9	-27.47	153.03
Riverside Plaza, New South Wales, Australia	110	-35.35	149.24
Rockingham Centre, Western Australia, Australia	1	-32.29	115.75
Roselands, New South Wales, Australia	0	-33.94	151.07
Roxburgh Village, Victoria, Australia	115	-37.64	144.93
Runaway Bay Centre, Queensland, Australia	0	-27.91	153.4
Stirlings Central, Western Australia, Australia	0	-28.78	114.61
Sunshine Marketplace, Victoria, Australia	0	-37.78	144.83

Taigum Square, Queensland, Australia	0	-27.35	153.05
The Gateway, Victoria, Australia	0	-38.15	145.2
The Glen, Victoria, Australia	510	-37.88	145.17
Toormina Gardens, New South Wales, Australia	0	-30.35	153.09
Victoria Gardens Shopping Centre, Victoria, Australia	67	-37.82	145
Victoria Park Central, Western Australia, Australia	0	-31.97	115.9
Warnbro Centre, Western Australia, Australia	0	-32.35	115.76
Warriewood Square, New South Wales, Australia	47	-33.7	151.3
Warwick Grove, Western Australia, Australia	0	-31.84	115.81
West End Plaza, New South Wales, Australia	77	-36.08	146.91
Whitsunday Plaza, Queensland, Australia	0	-20.29	148.67
DFO Perth	38	-31.93	115.94
Queen Victoria Building	121	-33.87	151.2
The Strand	0	-33.87	151.21
The Galleries	138	-33.87	151.21

## C7.3c

**(C7.3c) Break down your total gross global Scope 1 emissions by business activity.**

Activity	Scope 1 emissions (metric tons CO <sub>2</sub> e)
Heating - gas combustion used for heating	3,937
Cooling - refrigerants used in air conditioning systems	818
Back-up generators	111

## C7.5

**(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

Country/Region	Scope 2, location-	Scope 2, market-	Purchased and consumed	Purchased and consumed low-carbon electricity,
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	based (metric tons CO2e)	based (metric tons CO2e)	electricity, heat, steam or cooling (MWh)	heat, steam or cooling accounted in market-based approach (MWh)
Australia	177,088	0	199,190	993

## C7.6

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

- By facility
- By activity

### C7.6b

**(C7.6b) Break down your total gross global Scope 2 emissions by business facility.**

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Altona Gate, Victoria, Australia	2,069	
Armidale Central, New South Wales, Australia	995	
Bankstown Central, New South Wales, Australia	7,115	
Bayside, Victoria, Australia	6,492	
Belmont Village, Victoria, Australia	68	
Bentons Square, Victoria, Australia	475	
Box Hill Central (North Precinct), Victoria, Australia	2,506	
Box Hill Central (South Precinct), Victoria, Australia	4,283	
Brandon Park, Victoria, Australia	702	
Broadmeadows Central, Victoria, Australia	4,022	

Buranda Village, Queensland, Australia	932	
Carlingford Court, New South Wales, Australia	2,243	
Castle Plaza, South Australia, Australia	141	
Chadstone, Victoria, Australia	19,632	
Chatswood Chase Sydney, New South Wales, Australia	5,346	
Colonnades, South Australia, Australia	1,892	
Corio Central, Victoria, Australia	2,423	
Cranbourne Park, Victoria, Australia	3,988	
Currambine Central, Western Australia, Australia	225	
DFO Brisbane, Queensland, Australia	2,339	
DFO Essendon, Victoria, Australia	2,440	
DFO Homebush, New South Wales, Australia	2,578	
DFO Moorabbin, Victoria, Australia	869	
DFO South Wharf, Victoria, Australia	7,806	

Dianella Plaza, Western Australia, Australia	219	
Eastlands, Tasmania, Australia	195	
Elizabeth City Centre, South Australia, Australia	2,156	
Ellenbrook Central, Western Australia, Australia	1,044	
Emporium Melbourne, Victoria, Australia	7,002	
Flinders Square, Western Australia, Australia	69	
Galleria, Western Australia, Australia	3,857	
Gateway Plaza Leopold, Victoria, Australia	462	
Goldfields Plaza, Queensland, Australia	322	
Grand Plaza, Queensland, Australia	2,760	
Gympie Central, Queensland, Australia	1,356	
Halls Head Central, Western Australia, Australia	440	
Kalamunda Central, Western Australia, Australia	152	
Karratha City, Western Australia, Australia	974	

Keilor Central, Victoria, Australia	1,034	
Kurralta Central, South Australia, Australia	120	
Lake Haven Centre, New South Wales, Australia	1,783	
Lavington Square, New South Wales, Australia	1,096	
Lennox Village, New South Wales, Australia	357	
Lidcombe Centre, New South Wales, Australia	2,114	
Livingston Marketplace, Western Australia, Australia	190	
Maddington Central, Western Australia, Australia	1,244	
Mandurah Forum, Western Australia, Australia	2,635	
Midland Gate, Western Australia, Australia	3,480	
Mildura Central, Victoria, Australia	1,277	
Milton Village, Queensland, Australia	261	
Mornington Central, Victoria, Australia	457	
Mt Ommaney Centre, Queensland, Australia	3,695	
Mount Pleasant Centre, Queensland, Australia	2,134	
The Myer Centre Brisbane, Queensland, Australia	4,888	
Nepean Village, New South Wales, Australia	834	

North Shore Village, Queensland, Australia	31	
Northgate, Tasmania, Australia	125	
Northland, Victoria, Australia	9,582	
Oakleigh Central, Victoria, Australia	1,059	
Oxenford Village, Queensland, Australia	42	
Paradise Centre, Queensland, Australia	2,788	
QueensPlaza, Queensland, Australia	2,159	
Riverside Plaza, New South Wales, Australia	909	
Rockingham Centre, Western Australia, Australia	1,898	
Roselands, New South Wales, Australia	3,676	
Roxburgh Village, Victoria, Australia	1,194	
Runaway Bay Centre, Queensland, Australia	2,077	
Stirlings Central, Western Australia, Australia	349	
Sunshine Marketplace, Victoria, Australia	1,446	

Taigum Square, Queensland, Australia	1,013	
The Gateway, Victoria, Australia	209	
The Glen, Victoria, Australia	6,388	
Toormina Gardens, New South Wales, Australia	76	
Victoria Gardens Shopping Centre, Victoria, Australia	3,098	
Victoria Park Central, Western Australia, Australia	142	
Warnbro Centre, Western Australia, Australia	256	
Warriewood Square, New South Wales, Australia	1,659	
Warwick Grove, Western Australia, Australia	1,048	
West End Plaza, New South Wales, Australia	893	
Whitsunday Plaza, Queensland, Australia	829	
DFO Perth	214	
Queen Victoria Building	1,807	
The Strand	252	
The Galleries	1,681	

## C7.6c

**(C7.6c) Break down your total gross global Scope 2 emissions by business activity.**

Activity	Scope 2, location-based emissions (metric tons CO <sub>2</sub> e)	Scope 2, market-based emissions (metric tons CO <sub>2</sub> e)
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Lighting	39,394	0
Heating, Ventilation, and Air-conditioning	129,100	0
Vertical transport	5,709	0
General equipment	2,885	0

## C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

### C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0		0	Vicinity committed \$73m in onsite solar rollout across 20 centres which will result in approximately 30 MW of installed solar capacity - the largest property solar program in Australia. Installation commenced in 2018 (the current reporting period) with completion expected at the end of 2019. By the end of December 2018, the total solar implemented is 10 MW across 4 centres. Our consumption of renewable energy will therefore increase in future years.
Other emissions reduction activities	15,962	Decreased	8	Through our Integrated Energy Strategy (IES) we have continued to drive improvements in emissions performance by identifying and implementing energy efficiency initiatives resulting in emissions reducing by 15,962 tonnes CO2e (Scope 1 and 2 emissions) across our portfolio. Calculation explanation: 15,962 tCO2e of emissions reductions during the

				reporting period, total Scope 1 and Scope 2 emissions in the previous year was 198,976 tCO <sub>2</sub> e, therefore, $(-15,962 / 198,976) \times 100 = -8\%$
Divestment	7,902	Decreased	4	<p>During 2018 we divested 19 assets in our portfolio (Belmont Village, Bentons Square, Bathurst, Brandon Park, Currambine Central, Flinders Square, Gateway Plaza, Goldfields Plaza, Kalamunda Central, Keilor, Lavington Square, Lidcombe, North Shore Village, Oxenford Village, Paradise Centre, Stirlings Central, The Gateway, Toormina Gardens, Warnbro Centre and West End Plaza). This has reduced our 2018 absolute emissions by 7,902 tCO<sub>2</sub>e, or 4%.</p> <p>Calculation explanation 7,902 tCO<sub>2</sub>e of emissions reductions during the reporting period, total Scope 1 and Scope 2 emissions in the previous year was 198,976 tCO<sub>2</sub>e, therefore, <math>(-7,902 / 198,976) \times 100 = -4\%</math></p>
Acquisitions	4,249	Increased	2	<p>During 2018, Vicinity acquired 3 new assets (Queen Victoria Building, The Strand and The Galleries), and opened a new centre DFO Perth, leading to an increase of 4,249 tCO<sub>2</sub>e in absolute emissions or 2%.</p> <p>Calculation explanation: 4,249 tCO<sub>2</sub>e of emissions reductions during the reporting period, total Scope 1 and Scope 2 emissions in the previous year was 198,976 tCO<sub>2</sub>e, therefore, <math>(4,249 / 198,976) \times 100 = 2\%</math></p>
Mergers	0	No change	0	No change
Change in output	2,148	Increased	1	Change in output for Vicinity relates to changes in our primary product/service - gross lettable area (GLA). GLA has changed from 2017 to 2018, as a result of development projects increasing asset GLA at existing centres in our

				<p>portfolio, as well as changes in vacancy rates and therefore a change in the output (via the activity of our retail tenants) of the asset. Such aspects also result in changes to energy use and therefore carbon emissions at our assets. Some of our centres such as Midland Gate, Mandurah Forum and The Glen increased their output (GLA) and carbon emissions during the reporting period, resulting in an increase of 2,148 tCO<sub>2</sub>e across our portfolio, or 1%.</p> <p>Calculation explanation: <math>2,148 \text{ tCO}_2\text{e of emissions reductions during the reporting period, total Scope 1 and Scope 2 emissions in the previous year was } 198,976 \text{ tCO}_2\text{e, therefore, } (2,148 / 198,976 ) \times 100 = 1\%</math></p>
Change in methodology	0	No change	0	No change
Change in boundary	0	No change	0	No change
Change in physical operating conditions	0	No change	0	No change
Unidentified	444	Increased	2	<p>There are many different internal and external factors that drive carbon emissions at our centres. Through our data monitoring systems we can determine the cause of the changes in most cases.</p> <p>However sometimes it is difficult to determine the key cause of a change due to the number and intersection of possible contributing factors , and we are unable to attribute the change in emissions to a single factor . In 2018, an increase of 444 tCO<sub>2</sub>e has been allocated to the unidentified category which is less than 1%.</p>
Other	0	No change	0	No change

## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Location-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 15% but less than or equal to 20%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

### C8.2a

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	21,662	21,662

Consumption of purchased or acquired electricity		0	199,190	199,190
Consumption of self-generated non-fuel renewable energy		993		993
Total energy consumption		993	220,852	221,845

## C8.2b

**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

### Fuels (excluding feedstocks)

Natural Gas

### Heating value

LHV (lower heating value)

### Total fuel MWh consumed by the organization

21,221

### MWh fuel consumed for self-generation of electricity

0

### MWh fuel consumed for self-generation of heat

21,221

### Comment

---

**Fuels (excluding feedstocks)**

Diesel

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

441

**MWh fuel consumed for self-generation of electricity**

441

**MWh fuel consumed for self-generation of heat**

0

**Comment**

## C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

**Diesel**

---

**Emission factor**

70.2

**Unit**

kg CO<sub>2</sub>e per GJ

**Emission factor source**

Australian National Greenhouse Accounts Factors workbook July 2018

**Comment**

**Natural Gas**

---

**Emission factor**

51.53

**Unit**

kg CO<sub>2</sub>e per GJ

**Emission factor source**

Australian National Greenhouse Accounts Factors workbook July 2018

**Comment**

## C8.2e

**(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1,125	1,125	993	993
Heat	21,221	21,221	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

## C8.2f

**(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.**

### **Basis for applying a low-carbon emission factor**

No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

### **Low-carbon technology type**

### **Region of consumption of low-carbon electricity, heat, steam or cooling**

### **MWh consumed associated with low-carbon electricity, heat, steam or cooling**

### **Emission factor (in units of metric tons CO<sub>2</sub>e per MWh)**

### **Comment**

## C9. Additional metrics

### C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

---

#### Description

Waste

🗨️ Waste diverted from landfill (as a % of total waste)

#### Metric value

0.44

#### Metric numerator

24,238

#### Metric denominator (intensity metric only)

55,671

#### % change from previous year

4

#### Direction of change

Increased

#### Please explain

Vicinity measures our waste management performance based on our overall diversion from landfill (or recycling rate) which is a proportion of the waste recycled relative to the total waste generated.

In 2018, we had a target of 43 per cent diversion, and we achieved 44 per cent (excluding waste to energy), up from 39 per cent in 2017.

The increase is the result of our waste management program which focuses on source separation recovery and recycling. In 2018, Vicinity reduced the amount of waste sent to landfill by 3,424 tonnes, and increased our recycling by 1,535 tonnes.

## C10. Verification

### C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

## C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.**

---

### Scope

Scope 1

### Verification or assurance cycle in place

Annual process

### Status in the current reporting year

Complete

### Type of verification or assurance

Limited assurance

### Attach the statement

 CDP Assurance Report final.pdf

### Page/ section reference

1

### Relevant standard

ISAE3000

### Proportion of reported emissions verified (%)

100

---

### Scope

Scope 2 location-based

### Verification or assurance cycle in place

Annual process

### Status in the current reporting year

Complete

### Type of verification or assurance

Limited assurance

**Attach the statement**

 CDP Assurance Report final.pdf

**Page/ section reference**

1

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

## C10.1b

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

---

**Scope**

Scope 3- all relevant categories

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Attach the statement**

 CDP Assurance Report final.pdf

**Page/section reference**

1

**Relevant standard**

ISAE3000

## C10.2

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

## C10.2a

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year emissions intensity figure	ISAE3000	Vicinity has completed external limited assurance over the carbon emissions (scope 1 and 2) intensity metric per square meter of gross lettable area (GLA) reported in section C6.10. This metric is listed within the Assurance Statement attached in C10.1a and C10.1b.  1
C8. Energy	Other, please specify Total energy consumption	ISAE3000	Vicinity has completed external limited assurance over the total energy consumption metric reported in section C8.2a. This metric is listed within the Assurance Statement attached in C10.1a and C10.1b.  1
C9. Additional metrics	Other, please specify Waste diverted from landfill (% of total waste)	ISAE3000	Vicinity has completed external limited assurance over the waste diverted from landfill (recycling rate) metric reported in section C9.1. This metric is listed within the Assurance Statement attached in C10.1a and C10.1b.  1

 1 CDP Assurance Report final.pdf

## C11. Carbon pricing

### C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

No, but we anticipate being regulated in the next three years

## C11.1d

### **(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?**

The Australian Government's proposed energy policy - the National Energy Guarantee (NEG) scheme being developed by the COAG Energy Council and Energy Security Board (ESB) aims to provide a platform for putting downward pressure on Australia's energy markets while including emissions reduction and energy reliability requirements. The emissions reduction target proposed under the NEG is 26% reduction on 2005 levels by 2030, to be achieved by a gradual increase in emissions reduction over time. The policy has not yet been finalised, however it has created a landscape of uncertainty surrounding an implicit price on carbon reduction, available government funding for carbon abatement and renewable energy activities, the cost effectiveness of onsite renewable energy generation, carbon accounting methodologies and the role of external carbon offsets.

Given that Vicinity's electricity is largely sourced from external energy sources (that is, the national electricity grid), any legislative changes that influence wholesale electricity prices will have a significant impact on our operational costs. In addition, Vicinity derives ancillary income from on-selling electricity to our retail tenants at our centres, and any increases in grid electricity prices would therefore result in reduced profit margins from this income source.

Vicinity takes a long-term approach to energy management to ensure our business is resilient to variability (including increases) in grid electricity prices. In 2016, Vicinity completed modelling to identify the potential impact of changes in the electricity market (including price changes) on our business, which included the identification of potential decarbonisation pathways for our asset portfolio as a way to protect the business from such changes. The modelling identified significant commercial benefits for Vicinity in investing in renewable energy (onsite solar) and energy efficiency technologies. Should legislative changes come into effect in favour of renewable energy/climate change mitigation it would make these investments even more cost effective and provide shorter return on investments. Vicinity has developed an Integrated Energy Strategy which includes onsite renewable energy and a scaled up energy efficiency program to minimise the impacts of electricity price increases and achieve significant carbon reductions across our portfolio. Stage 1 of the renewable energy program commenced in FY18 and now underway includes solar installations at five centres across South Australia and Western Australia, at a cost of \$28M. Stage 2 will commence in FY19 and will include approximately a \$50M investment. Vicinity also implements significant carbon reduction measures through our development projects which are informed by our Sustainable Design Brief.

As part of our Integrated Energy Strategy, Vicinity is planning to participate more broadly in the Australian Government's Renewable Energy Target (RET) which is a scheme to encourage investment into renewable energy generation of electricity in Australia's electricity sector. Vicinity solar rollout plans includes the involvement through the creation and sale of large-scale generation certificates (LGCs). Vicinity also participates in voluntary state-based energy saving incentive schemes such as the NSW Energy Savings Scheme (ESS) and the Victorian Energy Upgrades program that rewards business for implementing recognised energy efficiency

measures such as high efficiency lighting, and changes in electricity consumption against an established baseline. Whilst Vicinity participates in these incentives schemes for energy efficiency, renewable energy and ultimately carbon reduction, Vicinity does not consider these to be full scaled carbon pricing or emissions trading schemes.

Vicinity actively engages in advocacy activities relating to the introduction of a price on carbon and other incentives to increase business certainty relating to investment in renewables and energy efficiency measures via our membership of the Property Council of Australia.

## C11.2

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

## C11.2a

**(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

---

**Credit origination or credit purchase**

Credit origination

**Project type**

Energy efficiency: own generation

**Project identification**

Energy Efficiency projects identified by our Operations teams at centres in NSW and Victoria

**Verified to which standard**

Other, please specify

NSW Energy Saving Scheme & the Victorian Government's Energy Saver Scheme

**Number of credits (metric tonnes CO<sub>2</sub>e)**

2,510

**Number of credits (metric tonnes CO<sub>2</sub>e): Risk adjusted volume**

2,510

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

## C11.3

**(C11.3) Does your organization use an internal price on carbon?**

Yes

### C11.3a

**(C11.3a) Provide details of how your organization uses an internal price on carbon.**

---

#### **Objective for implementing an internal carbon price**

Drive low-carbon investment

#### **GHG Scope**

Scope 2

#### **Application**

Vicinity applies a proxy carbon price internally into the analysis for the return on investment for our onsite solar renewables project.

#### **Actual price(s) used (Currency /metric ton)**

85

#### **Variance of price(s) used**

The price is based on a national Renewable Energy Target and the Large Generation Certificates (national scheme) that are generated from large scale renewable energy projects.

#### **Type of internal carbon price**

Shadow price

#### **Impact & implication**

A proxy carbon price is used as an input into business cases for our solar projects and helps drive investment into solar projects across our portfolio.

The proxy carbon price is linked to Vicinity achieving our Net Zero Carbon commitment, and internalises the cost to achieve Net Zero emissions.

Vicinity used this internal price on carbon to understand stakeholder expectations and consequently develop our Net Zero emissions by 2030 on our 100% owned retail assets target.

## C12. Engagement

### C12.1

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers  
Yes, our customers  
Yes, other partners in the value chain

## C12.1a

**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

---

### **Type of engagement**

Compliance & onboarding

### **Details of engagement**

Code of conduct featuring climate change KPIs

### **% of suppliers by number**

100

### **% total procurement spend (direct and indirect)**

100

### **% Scope 3 emissions as reported in C6.5**

100

### **Rationale for the coverage of your engagement**

All suppliers

### **Impact of engagement, including measures of success**

Our Supplier Sustainability Code of Practice is included in all our tender evaluations and contracts, and outlines Vicinity's Sustainability Strategy (including 'Low Carbon Smart Assets' and 'Climate Resilience' objectives) as well as our expectations of our suppliers and requirements for ongoing assessment and collaboration. The Supplier Sustainability Code of Practice is publicly available through our website:

[https://www.vicinity.com.au/media/645994/supplier-sustainability-code-of-practice\\_march2017.pdf](https://www.vicinity.com.au/media/645994/supplier-sustainability-code-of-practice_march2017.pdf)

In addition, Vicinity's Sustainable Procurement Policy, Environment Policy and Climate Policy (available through our website:

<http://sustainability.vicinity.com.au/governance/sustainability-governance/learn-more>)

outline our commitment to collaborate with suppliers to reduce our collective environmental impacts, both in our operations, as well as in upstream and downstream activities.

### **Comment**

---

### **Type of engagement**

Compliance & onboarding

### **Details of engagement**

Included climate change in supplier selection / management mechanism

### **% of suppliers by number**

0.23

### **% total procurement spend (direct and indirect)**

12

### **% Scope 3 emissions as reported in C6.5**

33

### **Rationale for the coverage of your engagement**

Strategic suppliers who are considered high value and high risk.

### **Impact of engagement, including measures of success**

Vicinity classifies its suppliers according to the potential impact that the product and/or service they provide has on the business. 'Strategic' suppliers are defined as those that support a key business function for the organisation, and have a major impact to customer service, reputation, risk, cash flow (spend size), competitive advantage or regulatory compliance.

Whilst the percentage of total suppliers is low, this 0.23 per cent of suppliers represent 12 per cent of our total procurement spend. Vicinity works with these suppliers very closely and has regular meetings and reviews with each of these suppliers. In 2018 Vicinity conducted a review of our strategic suppliers and has consolidated the total number of strategic suppliers as a result. During this process, climate change was included as a selection criteria and all suppliers were required to complete our onboarding program which also includes climate issues and broader Sustainability information.

Starting in 2018, Vicinity completed a review of our waste provider with a primary focus on ability to deliver recycling and sustainable options and their actions on climate change. This has resulted in the consolidation of the number of waste providers to a single national supplier.

### **Comment**

---

### **Type of engagement**

Engagement & incentivization (changing supplier behavior)

### **Details of engagement**

Offer financial incentives for suppliers who reduce your downstream emissions (Scopes 3)

### **% of suppliers by number**

0.23

**% total procurement spend (direct and indirect)**

12

**% Scope 3 emissions as reported in C6.5**

33

**Rationale for the coverage of your engagement**

Vicinity Centres engages with our strategic suppliers (0.23% of total suppliers) with regards to sustainability requirements in contracts because these are considered high value and high risk suppliers which have the most impact on our value chain.

These suppliers represent 12% of total procurement spend and 33% of our total Scope 3 emissions reported in C6.5.

Vicinity classifies its suppliers according to the potential impact that the product and/or service they provide has on the business. 'Strategic' suppliers are defined as those that support a key business function for the organisation, and have a major impact to customer service, reputation, risk, cash flow (spend size), competitive advantage or regulatory compliance.

Whilst the percentage of total suppliers is low, this 0.23 per cent of suppliers represent 12 per cent of our total procurement spend, Vicinity works with these suppliers very closely and have regular meetings and reviews with each of these suppliers.

**Impact of engagement, including measures of success**

Vicinity has included various relevant sustainability-related requirements in contracts with our critical suppliers, representing 12 per cent of our operational spend. This ensures that our corporate and asset specific sustainability requirements (including environmental performance relating to energy and waste) are integrated into and implemented through supplier contracts. Suppliers are managed using Vicinity's Contract Management Strategy, which ensures alignment with and achievement of Vicinity's agreed corporate and contractual objectives, including compliance with our Supplier Sustainability Code of Practice. For example, our national contracts for management of waste services include targets for suppliers relating to diversion of waste from landfill, which reduces our Scope 3 carbon emissions. This includes a financial incentive to meet waste diversion from landfill targets as stipulated in our national contracts. Through this engagement, we had achieving an average diversion rate of 43 per cent by the end of the 2018 reporting year (up from 39 per cent in 2017) driven through source separation recovery and recycling.

We also proactively engage with our strategic suppliers, such as those carrying out cleaning, waste, maintenance and mechanical services, throughout the year to monitor their performance and implement industry best practices focused on the material impacts of the services they provide. This includes initiatives such as the use of environmentally-friendly cleaning products, state of the art recycling practices that successfully engage our tenants and lower Scope 3 emissions, procurement through social enterprises or workplace audits to ensure appropriate payment of subcontractors in line with contract/legislation.

Our measures of success are the rates of recycling as stipulated in the contractual agreement which we measure through regular reporting.

### Comment

---

#### Type of engagement

Information collection (understanding supplier behavior)

#### Details of engagement

Other, please specify

Collect climate change and carbon information every three years from suppliers

#### % of suppliers by number

100

#### % total procurement spend (direct and indirect)

100

#### % Scope 3 emissions as reported in C6.5

100

#### Rationale for the coverage of your engagement

All suppliers

#### Impact of engagement, including measures of success

Vicinity's Supplier Sustainability Code of Practice requires all suppliers to provide updated sustainability information every three years or in the event of a material change in the ownership of the business or services provided to Vicinity through completion of our Supplier Sustainability Questionnaire. The questionnaire covers supplier environmental practices, including those related to energy, carbon emissions and waste. Some suppliers (such as waste management service providers) are required to report monthly asset level waste and recycling data to Vicinity, which is used to assess each asset's performance against their recycling objectives (and related Scope 3 emissions).

### Comment

---

#### Type of engagement

Innovation & collaboration (changing markets)

#### Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services

#### % of suppliers by number

100

**% total procurement spend (direct and indirect)**

100

**% Scope 3 emissions as reported in C6.5**

100

**Rationale for the coverage of your engagement**

All suppliers

**Impact of engagement, including measures of success**

Vicinity's Operations and Procurement teams undertake technology trials and deployments across the portfolio on a regular basis to improve operational efficiencies and performance and identify technologies that add value and have potential for expansion across our portfolio. In the last 12 months the National Operations innovation pipeline has delivered over 100 technology initiatives to meet National Operations' strategic objectives. Initiatives implemented include, integrated energy management, automation and artificial intelligence, demand-based services, social procurement, vendor management and capital management. Alignment with National Operations' strategic objectives and ability to innovate with new technology are a key consideration in the supplier selection process and ongoing collaboration.

**Comment**

## C12.1b

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

---

**Type of engagement**

Education/information sharing

**Details of engagement**

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

**% of customers by number**

100

**% Scope 3 emissions as reported in C6.5**

96

**Please explain the rationale for selecting this group of customers and scope of engagement**

Vicinity engages with all retail tenants at our centres (100%) with regards to tenant waste because we have significant influence on the way in which our tenants' waste is

disposed of (landfill, recycled or reused), which impacts our downstream value chain. These customers represent 96% of our total Scope 3 emissions relating to waste management and reported in C6.5.

### **Impact of engagement, including measures of success**

The majority of waste generated at our centres is created by our retailers, largely through packaging materials and food waste. Vicinity provides the infrastructure and guidance to tenants to manage this waste and maximise recycling rates.

Vicinity engages tenants to educate them on recycling and source separation. We engage our tenants through the retailer portal (intranet), retailer handbook and retailer newsletters. We also have education and signage at the loading dock recycling area. We have also developed a retailer recycling education video to educate our tenants on our waste management practices and how we can drive better recycling practices together, which can be found here: <https://youtu.be/mrbjnFXmq8k>.

Through this engagement program, Vicinity has improved recycling rates by 8 per cent during 2018 and achieved an average portfolio wide recycling rate of 43 per cent in 2018 (up from 39 per cent in 2017), reducing our Scope 3 emissions.

Vicinity also provides monthly energy use data to our retail tenants to help drive efficiency improvements. In addition, our retail design guidelines include minimum sustainability requirements and best practice principles in tenant shop fit outs and refurbishments to encourage our retail tenants to reduce their overall energy, waste and environmental footprint in the design and construction of shop fit outs.

Vicinity Centres measures the success of this engagement strategy via the annual average waste diversion rate against the centre's targets and Vicinity's corporate waste diversion target (targeted increase from 39% to 43% over the period). Another measure of success is the decrease in contamination further supporting the increase in recycling rates. Contamination rates are reported to Vicinity by our waste providers. With the reduction in contamination of waste streams and the uplift in recycling rates achieving targets, the engagement was considered successful. Additionally, success is measured via performance metrics relating to other similar material impacts resulting from customer engagement, including year-on-year change in Scope 3 emissions.

---

#### **Type of engagement**

Education/information sharing

#### **Details of engagement**

Run an engagement campaign to education customers about your climate change performance and strategy

#### **% of customers by number**

100

#### **% Scope 3 emissions as reported in C6.5**

100

**Please explain the rationale for selecting this group of customers and scope of engagement**

All retail tenants at our centres

**Impact of engagement, including measures of success**

Vicinity discloses our sustainability and climate change related strategy and performance through our online sustainability reporting website: <http://sustainability.vicinity.com.au>, which is our key platform for engaging and disseminating information to all stakeholders relating to sustainability (including our retail tenants and centre visitors). In addition, Vicinity's Retailer Handbook is provided to all tenants and includes information about Vicinity's Sustainability strategy and environment improvement program, which outlines our initiatives to improve energy efficiency, waste management and recycling.

---

**Type of engagement**

Education/information sharing

**Details of engagement**

Share information about your products and relevant certification schemes (i.e. Energy STAR)

**% of customers by number**

100

**% Scope 3 emissions as reported in C6.5**

100

**Please explain the rationale for selecting this group of customers and scope of engagement**

All retail tenants at our centres.

**Impact of engagement, including measures of success**

Vicinity has obtained Green Star Performance Ratings for all assets in our portfolio, as well as NABERS Energy and Water Ratings at the majority of our centres. We publicly disclose asset level ratings and certifications on our Sustainability website (available at [http://sustainability.vicinity.com.au/media/6369153/vcx-fy17-sustainability-performance-pack\\_final.xlsx](http://sustainability.vicinity.com.au/media/6369153/vcx-fy17-sustainability-performance-pack_final.xlsx)), which are accessible to all our tenants. We also directly engage with our tenants to discuss potential areas for collaboration in sustainability and promote our asset level ratings as a part of these collaborations. Furthermore, some ratings, such as our Green Star Performance ratings, can be used by our tenants to contribute points towards their own Green Star Interiors ratings. A recent example of this is evident with Country Road's 5 Star Green Star rating at our Chadstone shopping centre, and for which Chadstone's own Green Star Performance rating was used towards Country Road's overall rating.

The measures of success include the number of collaborations, the increase in requests

for Sustainability information and the number of meetings with key tenants on Sustainability subject areas.

---

### **Type of engagement**

Other, please specify

Education/information sharing and collaboration related to climate resilience

### **Details of engagement**

#### **% of customers by number**

100

#### **% Scope 3 emissions as reported in C6.5**

100

#### **Please explain the rationale for selecting this group of customers and scope of engagement**

Our Crisis and Emergency Management System covers all tenants at our centres.

#### **Impact of engagement, including measures of success**

Vicinity educates and collaborates with our tenants on Vicinity's approach to climate resilience. At the corporate level, we communicate our approach to climate resilience through our sustainability website (at <http://sustainability.vicinity.com.au/sustainable-destinations/climate-resilience/learn-more/>) including an overview of our risk assessments and management strategies to date. At the asset level, Vicinity has a Crisis and Emergency Management system and associated guidelines to respond to extreme weather events such as cyclones, high winds, heatwaves and flooding, which outline guidelines for communication with/information dissemination to tenants in the lead up to and during extreme weather events. This helps centres to remain open for trade and/or respond appropriately in the lead up to and during such events, and ensures our tenants understand our response actions (and their requirements within these), minimising disruptions to centre operations and ensuring the safety of all staff and the public

## **C12.1c**

### **(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.**

Vicinity engages with our joint venture partners (JV) and wholesale fund investors (known as our 'strategic partners') to ensure that our 'Low Carbon Smart Assets' and 'Climate Resilience' programs under the Sustainability Strategy and other joint sustainability initiatives are implemented at our co-owned and/or managed centres.

Vicinity's Climate engagement strategy takes a multi-pronged approach to engaging with strategic partners:

- 1) Vicinity is committed to transparently and publicly reporting targets, initiatives and performance on climate issues via our investor reporting and Sustainability reporting, including for JV and wholesale fund assets
- 2) Vicinity participates in global benchmarking indices such as Dow Jones Sustainability Index, Global Real Estate Sustainability Benchmark and CDP, including for JB and wholesale fund assets, and the results are communicated through key investor channels and Vicinity's own channels including our website and social channels
- 3) Providing quarterly reports to inform them of asset performance and initiatives being implemented with regards to energy and water efficiency, waste and recycling
- 4) Engagement meetings and responding to ad hoc information requests.

Engagement meetings may be initiated by our strategic partner or by Vicinity and would normally include key personnel from Vicinity including General Manager, Sustainability, Chief Investment Officer and General Manager Investment Management amongst others. Usually these Engagement meetings take place in person and over a period of several hours and usually not more often than once per annum. Agenda items are primarily driven by the strategic partner but recently Climate Resilience, emissions reductions initiatives, onsite solar and NABERS and Green Star ratings have dominated the meeting agenda in 2018.

Requests for information from strategic partners may be triggered by their responsibilities to meet Principles of Responsible Investing commitments as well as other requests such as corporate and asset level sustainability policies, practices and performance, including those relating to climate change, energy and waste management. For example, in a meeting with a Joint Venture partner during the period, Vicinity was asked to provide energy, water and waste performance data for our co-owned asset so that our partner could include this information in their own external sustainability reporting.

Measures of success

Furthermore, we engage with strategic partners through our materiality reviews conducted every two years to understand their views on material long-term ESG issues for Vicinity.

## C12.3

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

- Trade associations
- Funding research organizations

## C12.3b

**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

- Yes

## C12.3c

**(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

---

### Trade association

Property Council of Australia (PCA)

### Is your position on climate change consistent with theirs?

Consistent

### Please explain the trade association's position

The PCA's principal service to member organisations is to champion their interests in the political arena. With regards to sustainability, the PCA advocates for and promotes policies that improve and incentivise the uptake of best practice energy efficiency and renewable energy initiatives, recognising the property sector's ability to significantly reduce Australia's carbon emissions and with the aim of providing its member base with certainty for investment in such technologies.

Our General Manager, Sustainability is the Chair of the National Sustainability Committee at the Property Council of Australia (PCA). Vicinity has contributed to submissions and advocacy positions.

### How have you influenced, or are you attempting to influence their position?

Vicinity continues to work with the PCA to support their positions, policies, guidelines and advocacy work relevant to climate change risks and opportunities. Vicinity's CEO and Managing Director (Grant Kelley) sits on the Property Council of Australia's Board of Directors (see [https://www.propertycouncil.com.au/Web/About\\_Us/View\\_Committees/Web/About\\_us/Comm/View\\_Committees.aspx](https://www.propertycouncil.com.au/Web/About_Us/View_Committees/Web/About_us/Comm/View_Committees.aspx)).

Vicinity's General Manager Sustainability (Melissa Schulz) sits on the Property Council of Australia's Sustainability Roundtable and is currently the Chair (see membership at [https://www.propertycouncil.com.au/Web/About\\_Us/View\\_Committees/Web/About\\_us/Comm/View\\_Committees.aspx](https://www.propertycouncil.com.au/Web/About_Us/View_Committees/Web/About_us/Comm/View_Committees.aspx)).

As part of our membership, Vicinity has supported and provided feedback on PCA's advocacy work in relation to policy matters including the following:

2019 National Waste Policy Review to set targets for waste generation and waste to landfill. (Oct 2018)

[https://www.propertycouncil.com.au/Web/Content/Submissions/National/2018/2009\\_National\\_Waste\\_Policy\\_Review.aspx](https://www.propertycouncil.com.au/Web/Content/Submissions/National/2018/2009_National_Waste_Policy_Review.aspx)

The National Energy Guarantee (July 2018)

[https://www.propertycouncil.com.au/Web/Content/Submissions/National/2018/The\\_Property\\_Council.aspx](https://www.propertycouncil.com.au/Web/Content/Submissions/National/2018/The_Property_Council.aspx)

Discussion paper on a circular economy approach for NSW (Dec 2018)  
[https://www.propertycouncil.com.au/Web/Content/Submissions/NSW/2018/Discussion\\_paper\\_on\\_a\\_circular\\_economy\\_approach\\_for\\_NSW.aspx](https://www.propertycouncil.com.au/Web/Content/Submissions/NSW/2018/Discussion_paper_on_a_circular_economy_approach_for_NSW.aspx)

New Guide on Energy and Emissions for property industry (Sept 2018)  
[https://www.propertycouncil.com.au/Web/Content/Media\\_Release/National/New\\_guide\\_on\\_energy\\_costs\\_and\\_emissions\\_for\\_property\\_.aspx](https://www.propertycouncil.com.au/Web/Content/Media_Release/National/New_guide_on_energy_costs_and_emissions_for_property_.aspx)

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### **Trade association**

Shopping Centre Council of Australia (SCCA)

### **Is your position on climate change consistent with theirs?**

Consistent

### **Please explain the trade association's position**

The SCCA represents its members on all public policy and regulatory matters relevant to retail property nationally and in all states and territories. This includes issues such as retail tenancy regulation; competition policy; trading hours; land valuation; taxation; planning, development and sustainability; security; infrastructure; and utilities.

### **How have you influenced, or are you attempting to influence their position?**

Vicinity's CEO (Grant Kelley) sits on the Shopping Centre Council of Australia's Board of Directors (<https://www.scca.org.au/about-us/board-of-directors/>). Submissions are publicly available here: <http://www.scca.org.au/advocacy-agenda/energy-policy-sustainability/> however there were no relevant climate-related submissions during the reporting period.

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### **Trade association**

Green Building Council of Australia (GBCA)

### **Is your position on climate change consistent with theirs?**

Consistent

### **Please explain the trade association's position**

The Green Building Council of Australia's (GBCA) vision is to create healthy, resilient and positive places for people and the natural environment, and their purpose is the sustainable transformation of Australia's built environment through the adoption of green building practices through market-based solutions. The GBCA promotes green building programs, technologies, design practices and operations as well as the integration of green building initiatives into mainstream design, construction and operation of buildings through the Green Star rating system.

### **How have you influenced, or are you attempting to influence their position?**

Vicinity's Chief Investment Officer (Michael O'Brien) sits on the GBCA's Board of Directors (<http://new.gbca.org.au/about/board/>). As a member organisation, Vicinity contributes to GBCA's submissions to all levels of government on a range of issues relating to green buildings and sustainable communities (including those relating to climate change issues). Vicinity also uses GBCA's Green Star Design and As Built frameworks for certification of our development projects, and the Green Star Performance tool to benchmark the operational performance of our entire asset portfolio, and is a key contributor to GBCA led reviews and updates made to such frameworks.

## C12.3d

**(C12.3d) Do you publicly disclose a list of all research organizations that you fund?**

Yes

## C12.3f

**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

Vicinity Centres has a Group-wide policy relating to policy engagement and how we engage with political parties, issues and representatives. Vicinity engages in policy influence activity through our industry memberships such as Shopping Centre Council of Australia, the Property Council of Australia and the Green Building Council of Australia who advocate on behalf of the whole industry and engage directly with policy-makers on our behalf.

Vicinity's Sustainability strategy (and our focus on climate mitigation and adaptation) typically directs which topics we become actively engaged in through our industry membership base and those where we are less active, as well as areas relating to or imposing new regulatory requirements on our business.

When various engagement opportunities arise, it is first discussed with the business subject matter expert (in this case, Vicinity's General Manager Sustainability) to understand Vicinity's position, performance and potential impact on the business before a decision is made about whether Vicinity will participate in the engagement through the industry body. Where a topic relates to a number of operational areas or subject matter experts in the business, an Internal advisory group is established including all relevant subject matter experts and a representative is nominated to represent Vicinity's interest overall. The nominated representative is the subject matter expert most relevant to the topic and reports back regularly to the internal advisory group with updates.

Vicinity will then participate in industry body working groups to draft policy and legislation and feedback about the position which will be put forward on behalf of the industry body and provide guidance about the policy as it pertains to our business. Vicinity ensures that the relevant subject matter expert is representing the interests of the business in these discussions.

Finally, when a position has been drafted, the paper is reviewed again by the subject matter expert to ensure strategic alignment before being signed off by Corporate Communications, Legal and Senior Leadership prior to submission.

If any of the activities are found to be inconsistent, they would be identified by the Sign off process by the Subject matter expert (in this case, the General Manager Sustainability) and they would not be permitted to proceed further.

For example, through the above mentioned industry associations, Vicinity has participated in and provided feedback on the Australian government's National Waste Policy Review regarding setting targets for waste to landfill and waste generation, a Discussion paper on a circular economy approach in NSW, the Australian government's Draft Consultation Paper on the introduction of a National Energy Guarantee and related impacts on the property sector and has supported legislative changes that offer incentives for the uptake of onsite renewables such as solar.

## C12.4

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

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### Publication

In mainstream reports

### Status

Complete

### Attach the document

 Vicinity Annual Report FY19.pdf

 Vicinity Annual Report FY19.pdf

### Page/Section reference

Highlights, pg 3

Chairman's Review, pg 7

Operating & Financial Review, pg 14

Key Performance Metrics, pg 16

Management of Risk, pg 23

Engaging with our Stakeholders & Materiality, pg 26,27

Integrated Energy Platform, pg 33,34

Environment, pg 37

Engaging with our stakeholders - our Materiality Review, page 26, 27

Integrated Energy Platform, pg 33-34

### Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other, please specify

Awards and recognition for Climate Change and Resilience Work. Portfolio Green  
Star Performance ratings.

### Comment

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### Publication

In voluntary sustainability report

### Status

Complete

### Attach the document

 Vicinity Sustainability Report Climate sections.pdf

### Page/Section reference

All. We have attached the following sections of our Sustainability Report

Low Carbon Smart Assets

Climate Resilience

Sustainability Strategy

Our Commitments

### Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Other, please specify

Waste to landfill, Recycling Rate, Energy (absolute consumption and intensity)

### Comment

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### Publication

In voluntary communications

**Status**

Complete

**Attach the document**

 Media releases.pdf

**Page/Section reference**

**Content elements**

- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets
- Other metrics
- Other, please specify
  - Renewable energy targets

**Comment**

## C14. Signoff

### C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

### C14.1

**(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Chief Strategy Officer	Other C-Suite Officer

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	Public or Non-Public Submission	I am submitting to
--	---------------------------------	--------------------

I am submitting my response	Public	Investors
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**Please confirm below**

I have read and accept the applicable Terms