

Welcome to your CDP Climate Change Questionnaire 2020

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 63 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 1 June 2020), Vicinity is one of the largest listed managers of Australian retail assets with ownership interests in 59 shopping centres of our assets under management. Our portfolio includes 4 assets which we manage on behalf of Strategic Partners, and 28 centres 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 <https://www.vicinity.com.au/media/848689/2019-corporate-governance-statement.pdf>

This is the sixteenth 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 2019, and in the FTSE4Good Index since 2001. In 2019, Vicinity’s direct portfolio was recognised in 3rd place for our sector by the Global Real Estate Sustainability Benchmark (GRESB), and was ranked in the top 3% of global real estate industry 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
Reporting year	January 1, 2019	December 31, 2019	No

C0.3

(C0.3) Select the countries/areas 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 chosen approach for consolidating your GHG inventory.

Operational control

C-CN0.7/C-RE0.7

(C-CN0.7/C-RE0.7) Which real estate and/or construction activities does your organization engage in?

New construction or major renovation of buildings

Buildings management

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>

	The Committee receives extensive reporting on Vicinity’s climate risk approach and program, including assessment outcomes, implementation progress of 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 Strategy Officer (CSO), Chief Operating Officer (COO), Chief Development Officer (CDO), 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	<ul style="list-style-type: none"> Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues 	<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 Strategy Officer (CSO) (reporting line for Sustainability) every quarter. Sustainability also regularly report on the progress and implementation of policy objectives to the Risk & Compliance Committee (a Board level sub-committee comprising four Non Executive Directors) which includes the Climate Policy and the Environment Policy. The Risk & Compliance Committee discusses the Enterprise Risk Register and outlook four times annually 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>

		All Development Plans are reviewed by the Board including capital expenditure to increase climate 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</p> <p>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 2019, a detailed analysis of our Net Zero Carbon Target 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 🗨️ ¹	Both assessing and managing climate-related risks and opportunities	Not reported to the board
Other C-Suite Officer, please specify Chief Strategy Officer (CSO) 🗨️ ²	Both assessing and managing climate-related risks and opportunities	Quarterly

🗨️¹Sustainability Committee doesn't report on climate change to the Board because this is carried out via the Chief Strategy Officer as this area is responsible for the Sustainability function.

🗨️²The CSO 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 Chief Operating Officer (COO) 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 at 20 projects across 16 centres in 2019. Our COO 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 Chief Development Officer 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 Strategy Officer

The Chief Strategy Officer (CSO) 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 CSO, who in turn reports to the CEO. The CSO 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 Strategy team, the CSO guides the implementation of the Sustainability program at Vicinity and also oversees Vicinity’s strategy function who are responsible for alternative income, data science and insights, security and intelligence, strategy and strategic delivery, corporate communications and investor relations. The CSO leads one of the key programs related to our climate strategy - our onsite solar program. Vicinity has committed \$73m for on site solar investment at 20 centres. The program commenced in 2018 and by the end of December 2019, the total solar implemented is 25.9 MW across 17 centres.

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, Chief Development Officer, 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?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Vicinity provides incentives for the management of climate-related issues, including the attainment of our targets. Incentives are provided for meeting key performance indicators (KPIs)

		<p>in the form of monetary incentives linked to individual bonus payments. These incentives are included in employee performance scorecards to ensure the management of climate-related issues throughout the business with the 'Delivery of the Group Sustainability strategy and objectives in line with FY19 strategy' being a KPI. The targets of our Group Sustainability Strategy that support Vicinity's emissions reduction and climate change strategy include: Install 11 MW of solar on asset portfolio by end FY19; obtain NABERS energy ratings for 95% of rateable portfolio by end FY19; achieve 45% recycling rate for operational waste (12 month average by end FY19); 100% of 'high' risk rated centres assessed, including all developments, with the Climate Resilience Site-specific Risk Assessment by end FY19.</p>
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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).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction target	<p>CEO receives monetary incentives linked to individual bonus payments for meeting the following key performance indicator (KPI): Delivery of the Group Sustainability strategy and objectives in line with FY19 strategy. This includes: Vicinity's Net Zero carbon emissions target on wholly owned assets by 2030, Meeting annual portfolio energy/carbon intensity reduction target of 3% (against FY18 baseline) by end FY19. Additionally, the following KPIs of our Group Sustainability Strategy support Vicinity's emissions reduction and climate change strategy including: Install 11 MW of solar on our asset portfolio by end FY19; obtain NABERS energy ratings for 95% of rateable portfolio by end FY19; achieve 45% recycling rate for operational waste (12 month average by end FY19); 100% of 'high' risk rated centres assessed, including all developments, with the Climate Resilience Site-specific Risk Assessment by end FY19.</p>

Other C-Suite Officer	Monetary reward	Emissions reduction target	<p>The Chief Strategy Officer (CSO) reports to the CEO. CSO has key performance measures (KPIs) of monetary incentives linked to individual bonus payments for meeting the following key performance indicators (KPIs): Delivery of the Group Sustainability strategy and objectives in line with FY19 strategy, including Vicinity's Net Zero Carbon emissions target on wholly owned assets by 2030. CSO also has direct responsibility for the delivery of solar projects. Additionally, the following KPIs of our Group Sustainability Strategy support Vicinity's emissions reduction and climate change strategy including: Install 11 MW of solar on our asset portfolio by end FY19; obtain NABERS energy ratings for 95% of rateable portfolio by end FY19; achieve 45% recycling rate for operational waste (12 month average by end FY19); 100% of 'high' risk rated centres assessed, including all developments, with the Climate Resilience Site-specific Risk Assessment by end FY19.</p>
Other C-Suite Officer	Monetary reward	Emissions reduction target	<p>The Chief Operating Officer (COO) reports to the CEO. The COO receives monetary incentives linked to individual bonus payments for meeting the following key performance indicators (KPIs): Delivery of the Group Sustainability strategy and objectives including: Vicinity's Net Zero carbon emissions target by 2030 and reduction of carbon intensity by 3% (against FY18 baseline). Additionally, the following KPIs of our Group Sustainability Strategy support Vicinity's emissions reduction and climate change strategy including: Install 11 MW of solar on our asset portfolio by end FY19; obtain NABERS energy ratings for 95% of rateable portfolio by end FY19; achieve 45% recycling rate for operational waste (12 month average by end FY19); 100% of 'high' risk rated centres assessed, including all developments,</p>

			with the Climate Resilience Site-specific Risk Assessment by end FY19.
Business unit manager	Monetary reward	Emissions reduction target	Business unit manager is the General Manager Sustainability. This position reports to the CSO. The GM Sustainability receives monetary incentives linked to individual bonus payments for meeting the following key performance indicator (KPI): Gain external recognition for Vicinity's commitment to improve our sustainability performance through obtaining board approval for commitment to Net Zero emissions across our wholly owned portfolio by 2030. Also, the following Sustainability strategy objectives support Vicinity's emissions reduction and climate resilience strategy including: 100% of 'high' risk rated centres assessed, including all developments with the Climate Resilience Site-specific Risk Assessment; obtain NABERS energy and water ratings for 95% and 95% of rateable portfolio respectively; install 11 MW of solar on our asset portfolio; meet annual portfolio energy/carbon target of 3% (against FY18).
Business unit manager	Monetary reward	Emissions reduction target	Business unit manager is the General Manager Operations. This position reports to the COO and has incentivised key performance indicators (KPIs) relating to a 3% reduction in energy/carbon emissions and achieving operational savings (including related cost savings from reducing waste sent to landfill). Furthermore, the General Manager Operations has core responsibilities (which must be met as a gateway to eligibility for monetary incentives) including Vicinity's procurement function and implementing sustainability in our procurement processes using Vicinity's sustainable procurement policy as a guide.
Business unit manager	Monetary reward	Energy reduction target	Business unit manager is the Head of Integrated Energy and Solar. This position

			reports to the GM Operations and has incentivised key performance indicators (KPIs) 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.
Environment/Sustainability manager	Monetary reward	Emissions reduction target	This encompasses the Sustainability Manager Environment who reports to the General Manager Sustainability. The Sustainability Manager Environment has incentivised key performance indicators (KPIs) relating to the following: Ensuring the internal adoption of Vicinity's Net Zero Carbon Target for wholly owned assets by 2030, establishing annual carbon targets (in line with long term carbon reduction target) and providing the business with tools to support implementation of environmental improvement programs 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.
Facilities manager	Monetary reward	Energy reduction project	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 key performance indicators (KPIs) 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, through using less energy in operations, which represent a considerable portion of overall operational costs.
Procurement manager	Monetary reward	Other (please specify) Operational Cost Savings	This role is the National Procurement Manager, who reports to the General Manager Operations. National Procurement Manager has an incentive performance indicator (KPI) related to achieving procurement and operational cost savings and identifying initiatives that deliver on operational efficiency and other benefits. Additionally, this role has core role responsibilities (which must be met as a gateway to eligibility for monetary incentives) for integrating Vicinity's strategic and sustainability objectives into the procurement process (including those relating to operational efficiency).
All employees	Monetary reward	Other (please specify) Sustainability Initiatives	All employees have incentivised key performance indicators (KPIs) 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.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	1	3	<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). We base our time horizons on our business/asset planning process.</p> <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. 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 2019, the total solar implemented is 25.9 MW across 17 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). 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> <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.</p>
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C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Vicinity's definition of substantive financial or strategic impact is guided by our Risk Management framework, which characterises such impacts as those that have a material effect on the business. Vicinity's Risk Management Policy is a key document under our Risk Management Framework and further defines strategic risks as 'events resulting from development and execution of Vicinity's corporate plan', and financial risks as 'events associated with financing, including financial transactions and management of exposures, including market, credit, liquidity, capital management, accounting/reporting and tax.' Consistent with these definitions, substantive financial or strategic impact when identifying or assessing climate-related risks is defined as physical or transitional risks, such as compliance with environmental regulations and the effect of extreme weather events, which can impact the development and execution of Vicinity's corporate strategy or significantly affect financial performance.

In order to understand what these risks or material impacts are, Vicinity conducts a materiality review every 2 years to update our understanding of evolving issues and expectations of Vicinity from the point of view of management internally as well as our external stakeholders with regards to environmental, social, governance and long-term economic sustainability risks and opportunities for Vicinity.

Climate change continues to be identified as a material risk for Vicinity through our materiality assessments conducted in 2016 and 2018 and is included in our enterprise risk register, which is regularly reviewed by our Executive Committee and the Board and our actions to mitigate

these risks are reported to the Risk and Compliance Committee (a sub-committee of the Board) every 6 months. It is also publicly disclosed in our annual risk disclosure in the Annual Report.

Our enterprise, corporate and asset level risks are assessed, prioritised and managed using Vicinity's Enterprise Risk Management Framework, which considers strategic, operational, reputational, compliance and financial risks for our business. It uses a consequence/likelihood assessment matrix to assess and prioritise business risks, including climate change.

The Consequence rating scale determines the plausible consequences if the risk event was to occur. It categorises the type of risk for example 'Financial' and ranks the consequences through 5 scales from negligible to severe. The Likelihood rating scale is used to rate the likelihood of the plausible consequence. This is determined through 5 scales from rare where there is a less than 5% chance that the consequence will occur in the next 12 months, to possible; a 20 – 50% chance that the consequence will occur in the next 12 months and finally to Almost Certain, where there is a greater than 80% chance that the consequence will occur in the next 12 months.

The risk matrix then determines the level of risk from Low to Extreme. Substantive financial or strategic impacts are indicated by either a Consequence and/or a Likelihood rating of 3 on the 5 scales for 24 consecutive months. In addition, an impact with the potential to change financial performance, such as net property income, by $\pm 1\%$ is considered to be substantive to Vicinity's business.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

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/opportunities 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 risks and opportunities. In June 2019, a detailed analysis of our Net Zero Carbon Target was presented to the RCC.

Our enterprise, corporate and asset level risks and opportunities are assessed, prioritised and managed using Vicinity's Enterprise Risk Management Framework, which considers strategic, operational, reputational, compliance and financial risks and opportunities for our business. It uses a consequence/likelihood assessment matrix to assess and prioritise business risks and opportunities, including climate change. In order to understand what these risks, opportunities, or material impacts are, Vicinity conducts a materiality review every 2 years to update our understanding of evolving issues and expectations of Vicinity from the point of view of management internally as well as our external stakeholders with regards to environmental, social, governance and long-term economic sustainability risks and opportunities for Vicinity. Through this process and using the Consequence rating scale, Vicinity is able to determine which risks and opportunities could have a substantive financial or strategic impact on our business.

This process has been applied to numerous physical risks and opportunities. For example, 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. Based on the likelihood and consequence of this risk, the impacts of tropical cyclones are considered to have substantive financial impact on Vicinity. Following this event, the local team and Vicinity have taken a proactive approach to increasing the climate resilience of the centre to effectively manage the climate risks. This process has been applied to numerous transitional risks and opportunities. For example, in May 2019, the Australian Building Codes Board (ABCB) increased the stringency of the National Construction Code (NCC) energy efficiency standards (Section J) for new buildings. 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. Based on the likelihood and consequence of this risk, the impacts of NCC on new developments is considered to have substantive financial impact on Vicinity. However, to manage this risk, Vicinity is improving energy efficiency and increasing the use of renewables across existing centres to help reduce operating costs in order to invest more into sustainable, resilient centres. Currently, Vicinity has committed \$73M to an onsite solar rollout at 20 centres.

C2.2a

(C2.2a) Which 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. 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 May 2019, 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 stated 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</p>

		<p>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. 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. The most recent review of the Act was completed in November 2019, and we expect that future reviews are likely to expand the scope of the regulation to other property types including shopping centres. If this is to occur, then there would be additional costs incurred by Vicinity to comply with this regulation.</p>
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 was underway in 2019 and may enable Vicinity to supply our solar energy to neighbouring communities as our solar generation increases</p>

		<p>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 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</p>

		<p>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 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</p>

		<p>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 \$73 million in onsite rooftop solar to mitigate carbon emissions and rising electricity costs.</p>

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 & Primary climate-related risk driver

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Increased direct costs

Company-specific description

To understand our vulnerability to acute physical risks, Vicinity conducted a climate risk assessment across our entire managed portfolio of 63 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. For example, one of Vicinity's centres in Queensland, Whitsunday Plaza, is located in a region with significant exposure to 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.

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.

Cost of response to risk

2,093,000

Description of response and explanation of cost calculation

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 2019, Vicinity completed a Climate Resilience and Adaptation Plan for The Glen project. Operations - In 2019, we integrated climate risks into asset risk registers for all centres. The risk registers look at risks, control measures in place, residual risks and investments needed. 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. In 2019 Vicinity also developed a new stormwater management program to improve the resilience of onsite stormwater infrastructure and better prepare for heavy rainfall events. We piloted the program at Broadmeadows shopping centre, VIC which proved to be a success, avoiding \$13,000 in flood damage costs. As a result, the program is now being implemented across all centres. Cost of management in 2019 includes Climate Resilience and Adaptation plan for one development (\$10,000), integration of climate risks into asset risk registers (\$15,000), implementation of purpose built baskets into stormwater basins for stormwater management program (\$8,000), LED lighting upgrades at 20 projects across 16 centres (\$2,060,000) in 2019.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical
Rising mean temperatures

Primary potential financial impact

Increased indirect (operating) costs

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 \$43M 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.

Cost of response to risk

39,470,000

Description of response and explanation of cost calculation

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 2019, we completed a Climate Resilience and Adaptation Plan for The Glen 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. In 2019, Vicinity completed LED lighting upgrades at 16 centres.

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 2019 Vicinity delivered 17.68MW across 14 centres, at a cost of \$37.4M – Colonnades (SA); Altona, Bayside, Broadmeadows, Oakleigh, and Roxburgh, Victoria Gardens (VIC); Gympie, Milton, and Taigum (QLD); Lake Haven, and DFO Homebush (NSW), Ellenbrook, and Livingston (WA) .

Cost of management in 2019 includes Climate Resilience and Adaptation plan for one development (\$10,000), LED lighting upgrades at 16 centres (\$2.06M) and solar installation at 14 sites (\$37.4M).

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation
Carbon pricing mechanisms

Primary potential financial impact

Increased indirect (operating) costs

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.

Vicinity Centres manages 63 assets throughout Australia. Increases in energy taxes impact Vicinity Centres directly, as electricity accounts for 15-20% of the company's operating expenses across entire managed asset portfolio. In 2019, electricity costs equated to approximately \$41 million. If legislative changes occur to price greenhouse gas emissions, this can impact electricity prices and therefore influence Vicinity's operating costs significantly. Vicinity has conducted scenario modelling to understand any potential future implications to electricity prices from another 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)

4,100,000

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 and 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 \$41 million in 2019. 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 \$4.1 million. $\$4,100,000 = \$41,000,000$ (2019 total electricity spend for base buildings) $\times 0.1$ (change in wholesale electricity prices as a result of the Clean Energy Act 2011). This figure is based on a theoretical assessment of the potential impacts to Vicinity's existing managed portfolio (63 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.

Cost of response to risk

39,460,000

Description of response and explanation of cost calculation

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, covering the scope 1 and scope 2 carbon emissions from the common mall areas.

In 2019, Vicinity continued to implement its energy management program, which

included \$2.06M in energy efficiency projects such as lighting and building controls upgrades resulting in a 8 per cent reduction in energy use compared to 2018.

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 2019 Vicinity delivered 17.68MW across 14 centres – Colonnades (SA); Altona, Bayside, Broadmeadows, Oakleigh, and Roxburgh, Victoria Gardens (VIC); Gympie, Milton, and Taigum (QLD); Lake Haven, and DFO Homebush (NSW), Ellenbrook, and Livingston (WA) .

Cost of management during 2019 includes \$2.06m spent on energy efficiency projects and \$37.4m invested in 14 solar projects.

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

Primary potential financial impact

Reduced indirect (operating) 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 63 retail assets.

Cost to realize opportunity

2,140,000

Strategy to realize opportunity and explanation of cost calculation

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 2019 we continued our national energy efficiency program which includes 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 \$2.06M in 20 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 2019

Northgate shopping centre (TAS) invested \$97,000 in LED projects to reduce electricity consumption by 133,000 kWh, saving \$25,000 per annum in energy costs.

Overall in 2019, Vicinity reduced its energy consumption by 16,000 MWh or 8 per cent (compared to 2018), delivering \$429,000 of avoided electricity costs. Costs of management includes the \$2.06M spent on lighting projects and , \$80k invested in building management systems in 2019.

Comment

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

Primary potential financial impact

Reduced indirect (operating) costs

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. Minimising energy expenses directly impacts net operating income and is a strategic component of Vicinity Centre's business strategy. While energy taxes and regulations may result in increased operating costs, the company's opportunity in energy efficiency could create a cost advantage relative to competitors.

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 20 centres, which will result in approximately 31MW 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. In 2019 Vicinity delivered 17.68MW

across 14 centres – Colonnades (SA); Altona, Bayside, Broadmeadows, Oakleigh, and Roxburgh, Victoria Gardens (VIC); Gympie, Milton, and Taigum (QLD); Lake Haven, and DFO Homebush (NSW), Ellenbrook, and Livingston (WA)

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 \$73M 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.

Cost to realize opportunity

37,400,000

Strategy to realize opportunity and explanation of cost calculation

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 22 centres, delivering approximately 31MW 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 2019 Vicinity delivered 17.68MW across 14 centres – Colonnades (SA); Altona, Bayside, Broadmeadows, Oakleigh, and Roxburgh, Victoria Gardens (VIC); Gympie, Milton, and Taigum (QLD); Lake Haven, and DFO Homebush (NSW), Ellenbrook, and Livingston (WA)

Costs to realise opportunity refers to the amount invested during 2019 to implement onsite solar across 14 centres (\$37.4M), noting this is part of a broader investment commitment of \$73m to deliver a total 20 onsite solar projects.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resilience

Primary climate-related opportunity driver

Other, please specify

Opportunities related to the development of adaptive capacity to respond to climate change

Primary potential financial impact

Other, please specify

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

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.

Cost to realize opportunity

39,493,000

Strategy to realize opportunity and explanation of cost calculation

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 2019, we completed a Climate Resilience and Adaptation Plan for The Glen 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. In 2019, we invested \$2.06M in LED upgrades at 20 projects across 16 centres. In 2019 Vicinity also developed a new stormwater management program to improve the resilience of onsite stormwater infrastructure and better prepare for heavy rainfall events. We piloted the program at Broadmeadows shopping centre, VIC which proved to be a success, avoiding \$13,000 in flood damage costs. As a result, the program is now being implemented across all centres.

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 2019 Vicinity delivered 17.68MW across 14 centres – Colonnades (SA); Altona, Bayside, Broadmeadows, Oakleigh, and Roxburgh, Victoria Gardens (VIC); Gympie, Milton, and Taigum (QLD); Lake Haven, and DFO Homebush (NSW), Ellenbrook, and Livingston (WA).

Costs to realise this opportunity include \$10,000 for a Climate Resilience and Adaptation plan, \$15,000 for integrating climate risks into asset risk registers, \$2.06M invested in LED upgrades and \$37.4M spent on solar projects, \$8k invested into new stormwater strategy piloted at Broadmeadows Shopping Centre.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

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

Yes, qualitative and quantitative

C3.1b

(C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	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"> • Boundaries and time horizons: Analysis was conducted during 2018 and covered all retail assets under our operational control (63 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. • 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. • 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. • 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. • 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. • 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 \$50M of future profits at 2030 and up to \$139-178M for chronic physical risks. • 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. • Reporting: The scenario analysis was communicated to Vicinity’s board level Risk

	<p>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 and publicly disclosed on our website: http://sustainability.vicinity.com.au.</p> <ul style="list-style-type: none"> • 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.
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C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Physical and transitional risks and opportunities have influenced our strategy by fast tracking Vicinity’s investment towards creating climate-resilient and energy-efficient assets, and helping us to continue to offer 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 \$73m investment in onsite solar at 20 of our centres. The implementation of our onsite solar program is the most substantial strategic decision in this area to date from a capital outlay perspective. This investment additionally creates a new product offering for Vicinity in the form of renewable energy available for our tenants and broader community. Climate change is of growing concern to retailers, therefore offering low carbon products can become increasingly attractive for tenants. Vicinity’s solar program has been influenced by climate-related risks and opportunities most recently within the short-term time horizon (1-3 years) with the completion of Stage 2 of our solar investment by end 2019. Another substantial strategic

		<p>decision is the implementation of Green Star Performance standards across our centres. This has led to many of our retailers implementing Green Star Interiors standards for their store fitouts, and Vicinity's provision of a sustainable base building via our Green Star Performance rating, of which 100% of our portfolio has been rated, can assist our tenants in achieving their Green Star ambitions and make us a business partner of choice. If Vicinity lost 1% of net property income because our 4 Star Green Star Performance portfolio rating was not maintained (or due to more sustainable rental options elsewhere), the potential financial impact could be \$8,876,000 (1 per cent of total net property income of \$887.6M in FY19) which is considered a low financial impact as aligned with the Risk Management Framework. This figure is based on a theoretical assessment of potential impacts to Vicinity's existing managed portfolio (63 assets), and management currently, or has plans in place to proactively manage this impact moving forward. We will continue to investigate and refine our understanding of 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>Supply chain and/or value chain</p>	<p>Yes</p>	<p>Climate change is of growing concern to many leading retailers and brands who are increasingly seeking to reduce their carbon emissions. Therefore, our strategy of offering low carbon products becomes increasingly attractive to our retailers as some businesses may implement policies in the future to only lease tenancies located in highly rated Green Star or NABERS buildings. If Vicinity lost 1% 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 \$8,876,000 (1 per cent of total net property income of \$887.6M in FY19) which is considered a substantive financial impact as aligned with the Risk Management Framework consequence matrix for major or severe impacts.</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. In addition, Vicinity is responsible for managing the waste created by our retailers as part of their store operations in our centres.</p>

		<p>Waste sent to landfill results in carbon emissions and as such, Vicinity has implemented onsite waste management programs and education programs as part of our strategy for our retailers to ensure as much waste as possible is diverted from landfill. This represents the most substantial strategic decision in this area to date given waste generated in operations is a material aspect of Vicinity's Scope 3 value chain emissions and is an aspect which we have influence over improving. In 2019, Vicinity has reduced waste to landfill by 3,840 tonnes, which equates to an approximate saving of \$600,000 in waste disposal costs. In addition, we increased recycling rates by 3% from 2018 to 2019, and reduced associated Scope 3 emissions by 4,607 tonnes.</p> <p>These strategies to offer low carbon products through our value chain, and understand the carbon impacts of building materials and waste created by retailers have been influenced by climate-related risks and opportunities within the short-term (1-3 years) as demonstrated through these initiatives and programs offered at many of our centres.</p>
Investment in R&D	Yes	<p>A key pillar of Vicinity's sustainability strategy is our commitment to Net Zero carbon emissions by 2030 for our 100% owned retail assets. The Net Zero target covers the scope 1 and scope 2 carbon emissions from the common mall area of Vicinity's wholly owned centres. 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&D for renewables technology. In addition to solar PV, the business is trialling a number of innovative solutions to maximise the value of our onsite solar program. 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. This represents the most substantial strategic decision in this area to date because it combines the opportunities associated with renewable technology, including more of our energy use to be derived from renewables, with battery storage to maintain business resilience in the event of an extreme weather event or other climate-related impacts. Additionally, Vicinity is trialling solar glass at Warwick Grove Shopping centre in WA as well as</p>

		<p>blockchain technology. This is considered a minor financial opportunity as aligned with the Risk Management Framework. Vicinity's energy efficiency program and renewable energy associated technology trials have been influenced by climate-related risks and opportunities (as outlined above) and our strategy is expected to be impacted across the short (1-3 years), medium (3-10 years), and long term (10-15 years) time horizons as renewable and sustainable technology continue to progress.</p>
Operations	Yes	<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 \$143m of NPV of future profits (in 2030). Consistent with this potential financial impact in 2030 and the results of the Climate Scenario Modelling Assessment over a 10-year period, the time horizon over which this strategy has been influenced is considered long term (10-15 years). In addition, this is considered a substantive impact as aligned with the Risk Management Framework consequence matrix for major projects.</p> <p>The most substantial strategic decision in this area to date is Vicinity's commitment to Net Zero carbon emissions by 2030 for our 100% owned retail assets which represents 34% 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. Vicinity has already achieved 62% of the energy reduction requirements for our Net Zero carbon target in order to reduce the impacts of climate risks on our operations.</p>

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital expenditures Acquisitions and divestments Access to capital Assets Liabilities	<p>Revenues: 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, impacting carparking revenues. Chronic climate events such as an increased number of extreme hot days, can lead to increased foot traffic and dwell time at centres, as consumers seek refuge from outside temperatures. This can drive increased sales for 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> <p>Indirect Costs: 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 indirect costs such as operating costs including increased energy consumption, increased maintenance 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> <p>Capital Expenditures: Climate-related impacts are factored into financial planning for capital expenditure in several ways:</p> <ol style="list-style-type: none"> 1) Annual asset planning captures climate resilience measures such as HVAC upgrades and 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

	<p>process identifies capex requirements for climate resilience and carbon reduction initiatives such as air-lock doors and increasing the capacity of stormwater drains.</p> <p>4) Allocation planning for regular plant and equipment maintenance and upgrades assesses climate risks and adaptation measures. These factors have a medium-high impact on capex.</p> <p>Acquisitions and Divestments: 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 stages 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 potential costs required to improve resilience of the asset. Vicinity’s climate risk assessments are used to identify potential climate risks and energy performance assessments against Vicinity’s Net Zero carbon emissions target 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> <p>Access to Capital: 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. Our participation in key investor surveys and the costs involved with this is also included in our financial planning each year. 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 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> <p>Assets: Vicinity’s asset portfolio may be impacted by climate-related impacts both chronic (ie: increased mean temperatures impacting energy</p>
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		<p>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 are 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. 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 acute climate events).</p> <p>Liabilities: 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. Currently, this is only a small portion of our total loan facility but may increase in future.</p>
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C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

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 target covers the scope 1 and scope 2 carbon emissions from the common mall area of Vicinity's wholly owned centres. 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 20 centres.
- 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

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

Year target was set

2015

Target coverage

Other, please specify

Target applies to 100% Vicinity Owned Assets

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2015

Covered emissions in base year (metric tons CO₂e)

236,526

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2019

Targeted reduction from base year (%)

12

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

208,142.88

Covered emissions in reporting year (metric tons CO₂e)

164,267

% of target achieved [auto-calculated]

254.5844149621

Target status in reporting year

Achieved

Is this a science-based target?

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

Please explain (including target coverage)

This carbon emissions reduction target reported is for the current 2019 reporting period, using 2015 as a base year. Vicinity's carbon emissions reduction target of 12 per cent from 2015 was achieved and exceeded this year.

Since 2015, Vicinity has reduced overall scope 1+2 carbon emissions by 31 per cent or over 72,000 tonnes of CO₂-e. 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 16 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/>

Target reference number

Abs 2

Year target was set

2018

Target coverage

Other, please specify

Target applies to 100% Vicinity Owned Assets

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2016

Covered emissions in base year (metric tons CO₂e)

58,626

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

34

Target year

2030

Targeted reduction from base year (%)

100

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

0

Covered emissions in reporting year (metric tons CO₂e)

52,905

% of target achieved [auto-calculated]

9.7584689387

Target status in reporting year

Underway

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

Please explain (including target coverage)

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. The Net Zero target covers the scope 1 and scope 2 carbon emissions from the common mall area of Vicinity's wholly owned centres - that is, the direct emissions within our operational control at these assets.

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.

Target reference number

Abs 3

Year target was set

2018

Target coverage

Other, please specify

Target applies to 100% Vicinity Owned Assets

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2016

Covered emissions in base year (metric tons CO₂e)

58,626

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

34

Target year

2025

Targeted reduction from base year (%)

29

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

41,624.46

Covered emissions in reporting year (metric tons CO₂e)

52,905

% of target achieved [auto-calculated]

33.6498928921

Target status in reporting year

Underway

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

Please explain (including target coverage)

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. The Net Zero target covers the scope 1 and scope 2 carbon emissions from the common mall area of Vicinity's wholly owned centres - that is, the direct emissions within our operational control at these assets.

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.

Target reference number

Abs 4

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2018

Covered emissions in base year (metric tons CO₂e)

181,954

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

34

Target year

2019

Targeted reduction from base year (%)

3

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

176,495.38

Covered emissions in reporting year (metric tons CO₂e)

164,267

% of target achieved [auto-calculated]

324.0196240075

Target status in reporting year

Achieved

Is this a science-based target?

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

Please explain (including target coverage)

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 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 target is an annual target and is reset every year, with the previous year being the base year.

C4.1b

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

Target reference number

Int 1

Year target was set

2015

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Intensity metric

Other, please specify

tonne CO₂-e per Gross Lettable Area (GLA) (square meter)

Base year

2015

Intensity figure in base year (metric tons CO₂e per unit of activity)

0.08

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2019

Targeted reduction from base year (%)

12

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

0.0704

% change anticipated in absolute Scope 1+2 emissions

12

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

0.063

% of target achieved [auto-calculated]

177.0833333333

Target status in reporting year

Achieved

Is this a science-based target?

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

Please explain (including target coverage)

The emissions intensity reduction target reported was for the 2019 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 12 per cent reduction in energy/emissions intensity from 2015. Our actual reduction was 21 per cent. We decreased our overall absolute emissions compared to 2015 by approximately 72,000 tonnes of CO₂-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/>

Target reference number

Int 2

Year target was set

2018

Target coverage

Other, please specify

Target applies to 100% Vicinity Owned Assets

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Intensity metric

Other, please specify

tonne CO₂-e per Gross Lettable Area (GLA) (square meter)

Base year

2016

Intensity figure in base year (metric tons CO₂e per unit of activity)

0.069

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

34

Target year

2030

Targeted reduction from base year (%)

100

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

0

% change anticipated in absolute Scope 1+2 emissions

100

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

0.054

% of target achieved [auto-calculated]

21.7391304348

Target status in reporting year

Underway

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

Please explain (including target coverage)

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. The Net Zero target covers the scope 1 and scope 2 carbon emissions from the common mall area of Vicinity's wholly owned centres. 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.

Target reference number

Int 3

Year target was set

2018

Target coverage

Other, please specify

Target applies to 100% Vicinity Owned Assets

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Intensity metric

Other, please specify

tonne CO₂-e per Gross Lettable Area (GLA) (square meter)

Base year

2016

Intensity figure in base year (metric tons CO₂e per unit of activity)

0.069

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

34

Target year

2025

Targeted reduction from base year (%)

29

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

0.04899

% change anticipated in absolute Scope 1+2 emissions

25

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

0.054

% of target achieved [auto-calculated]

74.9625187406

Target status in reporting year

Underway

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

Please explain (including target coverage)

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. The Net Zero target covers the scope 1 and scope 2 carbon emissions from the common mall area of Vicinity's wholly owned centres. 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.

Target reference number

Int 4

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Intensity metric

Other, please specify

tonne CO₂-e per Gross Lettable Area (GLA) (square meter)

Base year

2018

Intensity figure in base year (metric tons CO₂e per unit of activity)

0.066

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2019

Targeted reduction from base year (%)

3

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

0.06402

% change anticipated in absolute Scope 1+2 emissions

3

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

0.063

% of target achieved [auto-calculated]

151.51515152

Target status in reporting year

Achieved

Is this a science-based target?

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

Please explain (including target coverage)

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 target is an annual target and is reset every year, with the previous year being the base year.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: energy carrier

All energy carriers

Target type: activity

Consumption

Target type: energy source

Low-carbon energy source(s)

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

Other, please specify

MJ per Gross Lettable Area (GLA) (square meter)

Base year

2015

Figure or percentage in base year

0

Target year

2019

Figure or percentage in target year

12

Figure or percentage in reporting year

17

% of target achieved [auto-calculated]

141.6666666667

Target status in reporting year

Achieved

Is this target part of an emissions target?

Abs1

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

The energy intensity reduction target reported is for the 2019 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/>

Target reference number

Low 2

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: energy carrier

All energy carriers

Target type: activity

Consumption

Target type: energy source

Low-carbon energy source(s)

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

Other, please specify

MJ per Gross Lettable Area (GLA) (square meter)

Base year

2018

Figure or percentage in base year

0

Target year

2019

Figure or percentage in target year

3

Figure or percentage in reporting year

7

% of target achieved [auto-calculated]

233.3333333333

Target status in reporting year

Underway

Is this target part of an 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

Please explain (including target coverage)

As part of its broader energy and emissions reduction initiatives, Vicinity sets annual energy reduction targets for its managed portfolio (100% of base-building energy use), to drive continuous improvement in energy efficiency and emissions reductions.

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.

Target reference number

Low 3

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: energy carrier

All energy carriers

Target type: activity

Consumption

Target type: energy source

Low-carbon energy source(s)

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

Other, please specify

MJ per Gross Lettable Area (GLA) (square meter)

Base year

2016

Figure or percentage in base year

0

Target year

2030

Figure or percentage in target year

30

Figure or percentage in reporting year

15

% of target achieved [auto-calculated]

50

Target status in reporting year

Underway

Is this target part of an emissions target?

INT 2, INT 3

Is this target part of an overarching initiative?

Other, please specify

Please explain (including target coverage)

The energy intensity reduction target reported is for the 2019 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 our 'Low carbon smart assets' pillar in our Group Wide Sustainability Strategy.

Target reference number

Low 4

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

All energy carriers

Target type: activity

Production

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Target denominator (intensity targets only)

Base year

2018

Figure or percentage in base year

8.2

Target year

2019

Figure or percentage in target year

21.6

Figure or percentage in reporting year

25.9

% of target achieved [auto-calculated]

132.0895522388

Target status in reporting year

Achieved

Is this target part of an emissions target?

Abs 2, Abs 3, Int 2, Int 3

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

Please explain (including target coverage)

Renewable energy annual production target is reported 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. The program commenced in 2018 and by the end of December 2019, the total solar implemented is 25.9 MW across 17 centres, including 17.7 MW installed at 14 centres in 2019, exceeding our target of an additional 13.4MW added in 2019. We publicly disclose our annual energy and carbon reduction targets here: <http://sustainability.vicinity.com.au/our-business-and-strategy/our-commitments/learn-more/>

Target reference number

Low 5

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Production

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Target denominator (intensity targets only)

Base year

2017

Figure or percentage in base year

0.17

Target year

2022

Figure or percentage in target year

31

Figure or percentage in reporting year

25.9

% of target achieved [auto-calculated]

83.4576710996

Target status in reporting year

Underway

Is this target part of an emissions target?

Abs 2, Abs 3, Int 2, Int 3

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

Please explain (including target coverage)

The renewable energy production target is for the 2019 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 including 31MW at 20 centres with installations commencing in 2018. By the end of December 2019, the total solar implemented is 25.9 MW across 17 centres. We publicly disclose our annual energy and carbon reduction targets here: <http://sustainability.vicinity.com.au/our-business-and-strategy/our-commitments/learn-more/>

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Waste management

Other, please specify

Percentage of total waste diverted from landfill

Target denominator (intensity targets only)

Other, please specify

Percentage of total waste diverted from landfill

Base year

2017

Figure or percentage in base year

39

Target year

2019

Figure or percentage in target year

47

Figure or percentage in reporting year

47

% of target achieved [auto-calculated]

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

N/A

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

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 2019 reporting period, Vicinity achieved our recycling rate target of 47 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/>

Target reference number

Oth 2

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Waste management

Other, please specify

Percentage of total waste diverted from landfill

Target denominator (intensity targets only)

Other, please specify

Percentage of total waste diverted from landfill

Base year

2018

Figure or percentage in base year

43

Target year

2019

Figure or percentage in target year

47

Figure or percentage in reporting year

47

% of target achieved [auto-calculated]

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

N/A

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

Annual targets are set for our waste management and recycling programs. We use the metric Recycling Rate to measure the performance of our program. 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/>

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*	31	1,164
Implementation commenced*	0	0
Implemented*	39	25,616
Not to be implemented	0	0

C4.3b

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

Initiative category & Initiative type

Energy efficiency in buildings
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

1,172

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

345,000

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

2,060,000

Payback period

4-10 years

Estimated lifetime of the initiative

6-10 years

Comment

Retrofitting lighting: LED lighting upgrades were implemented via 20 projects across 16 centres in 2019 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 category & Initiative type

Energy efficiency in buildings

Other, please specify

Building Controls

Estimated annual CO2e savings (metric tonnes CO2e)

0

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

0

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

88,000

Payback period

1-3 years

Estimated lifetime of the initiative

16-20 years

Comment

Establishment and upgrades to embedded networks (sub-metering) at our centres, enable us to better measure and monitor electricity use across across major plant and tenants. this information helps us to better manage major plant such as HVAC and engage with our tenants on energy efficiency.

Annual savings are difficult to estimate, however better sub-metering of major plant and tenants, can assist in overall energy reductions though better understanding and management of energy use across different uses at site.

Initiative category & Initiative type

Low-carbon energy generation

Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)

24,393

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

4,600,000

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

37,400,000

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 in 2018. In 2019 Vicinity delivered 17.68MW across 14 centres – Colonnades (SA); Altona, Bayside, Broadmeadows, Oakleigh, and Roxburgh, Victoria Gardens (VIC); Gympie, Milton, and Taigum (QLD); Lake Haven, and DFO Homebush (NSW), Ellenbrook, and Livingston (WA), which have already generated 16,964 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 2019 Vicinity completed Australia's largest solar shaded car park at our Elizabeth City Centre. It features over 1,400 spaces and a solar capacity of 3.1MW.

<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.</p> <p>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>In May 2019, 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. Vicinity's Environment Improvement Program (EIP) is an important part of the 'Low carbon smart assets' pillar of our Sustainability strategy. It is implemented right across our asset portfolio and satisfies all NCC energy efficiency standard (Section J) obligations.</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 Strategy Officer's performance scorecards also include measures relating to delivering our Sustainability strategy in line with FY19 objectives. These objectives include carbon intensity reduction, obtaining NABERS and Green Star performance ratings and Climate Resilience implementation.</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: Dianella Plaza WA (5.5 Stars), Eastlands TAS (5.5 Stars), Livingston Marketplace WA (5.5 Stars), Northgate TAS (5 Stars) and Bayside VIC (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 2019, we have reduced carbon emissions from energy use by 17,800 tonnes, which is a 9.8% reduction compared to 2018 providing a lower carbon product at our centres. % revenue is based on the costs from 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

5

Comment

In 2019, Vicinity reduced the amount of waste sent to landfill by 20% since 2017, avoiding 8,500 tonnes carbon emissions, and achieved an average waste recycling rate of 47%. 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 CO₂e)

10,080

Comment

Scope 2 (location-based)

Base year start

January 1, 2015

Base year end

December 31, 2015

Base year emissions (metric tons CO₂e)

226,446

Comment

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate 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 CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

5,058

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 CO₂e?

Reporting year

Scope 2, location-based

159,209

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.

C6.4

(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 gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Not relevant, explanation provided

Please explain

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

Please explain

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.

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

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

17,716

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

Please explain

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 2019 have resulted in related Scope 3 emissions also reducing over this period by 3,406 tonnes CO₂-e .

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

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

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

33,113

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

Please explain

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 3% from 2018 to 2019, and reduced associated scope 3 emissions by 4,607 tonnes.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2,609

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

Please explain

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

Evaluation status

Not relevant, explanation provided

Please explain

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

Evaluation status

Not relevant, explanation provided

Please explain

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

Evaluation status

Not relevant, explanation provided

Please explain

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

Evaluation status

Not relevant, explanation provided

Please explain

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

Evaluation status

Not relevant, explanation provided

Please explain

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

Evaluation status

Not relevant, explanation provided

Please explain

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 CO₂e

471,845

Emissions calculation methodology

Electricity and natural gas usage is collected either through data captured by the building systems, or data that is shared between tenants and Vicinity as the property manager. The activity data is then calculated by multiplying the total quantity of fuel/electricity consumed (primary data) by the relevant emissions factor from the Australian National Greenhouse Accounts (NGA) Factors, as we do for our scope 1 and 2 emissions.

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

100

Please explain

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

Evaluation status

Not relevant, explanation provided

Please explain

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

Evaluation status

Not relevant, explanation provided

Please explain

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)

Evaluation status

Not relevant, explanation provided

Please explain

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

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

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

C-CN6.6/C-RE6.6

(C-CN6.6/C-RE6.6) Does your organization assess the life cycle emissions of new construction or major renovation projects?

	Assessment of life cycle emissions	Comment
Row 1	Yes, quantitative assessment	In 2019, Vicinity completed a full Life Cycle Analysis (LCA) for The Glen development project. This was a quantitative assessment. The goal of the LCA was to provide a profile and improve the environmental performance of the construction works at The Glen. The life cycle performance of the project is compared to other designs and as such is a comparative study. The functional unit is one square meter Gross Floor Area over one year. The estimated design life of the design is 60 years which has been adopted for the LCA study period. The LCA study was conducted in accordance with ISO 14040/44 and the EN 15978 standard to assess the direct and indirect potential environmental impacts associated with the construction works at The Glen. The Improved Design as a result of the LCA showed an expected performance improvement against Base Design for 18 indicators. Our Ellenbrook development project under development in 2019/2020, will also be completing a full LCA during the design phase, as part of its Green

		<p>Star design certification.</p> <p>Vicinity's development projects must use the Vicinity Sustainable Design Brief which details the sustainable design requirements for the project to achieve outcomes for the development in line with our Sustainability strategy objectives. Within this document is a requirement for all new construction and major renovation projects to achieve a minimum 5 Star Green Star certification. The Green Star certification includes the use of LCA as a requirement for achieving the necessary points.</p>
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C-CN6.6a/C-RE6.6a

(C-CN6.6a/C-RE6.6a) Provide details of how your organization assesses the life cycle emissions of new construction or major renovation projects.

	Projects assessed	Earliest project phase that most commonly includes an assessment	Life cycle stage(s) most commonly covered	Methodologies/standards/tools applied	Comment
Row 1	All new construction and major renovation projects	Design phase	Whole life	EN 15978 ISO 14040/44	In 2019, Vicinity completed a full Life Cycle Assessment (LCA) for The Glen development project. This was a quantitative assessment. The goal of the LCA was to provide a profile and improve the environmental performance of the construction works at The Glen. The life cycle performance of the project is compared to other designs and as such is a

					<p>comparative study. The functional unit is one square meter Gross Floor Area over one year. The estimated design life of the design is 60 years which has been adopted for the LCA study period. The LCA study was conducted in accordance with ISO 14040/44 and the EN 15978 standard to assess the direct and indirect potential environmental impacts associated with the construction works at the Glen. In relation to the LCA, the strategic impact reducing initiatives were to:</p> <p>1) Improve the thermal envelope of the building to achieve reductions in operational energy consumption and associated life cycle impacts. This reduction of operational energy consumption was also assisted by incorporating</p>
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					<p>efficient mechanical plant. 2) Improve the water efficiency of the building through efficient fixtures and fittings to reduce operational water consumption and associated life cycle impacts. The Improved Design as a result of the LCA showed an expected performance improvement against Base Design for 18 indicators.</p>
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C-CN6.6b/C-RE6.6b

(C-CN6.6b/C-RE6.6b) Can you provide embodied carbon emissions data for any of your organization’s new construction or major renovation projects completed in the last three years?

	Ability to disclose embodied carbon emissions	Comment
Row 1	Yes	<p>In 2019, Vicinity completed a full Life Cycle Assessment (LCA) for The Glen development project. This was a quantitative assessment. The goal of the LCA was to provide a profile and improve the environmental performance of the construction works at The Glen. The life cycle performance of the project is compared to other designs and as such is a comparative study. This LCA provides the embodied carbon emissions data for the project based on the project’s design. The embodied carbon for the Improved Design is estimated to be 0.000012 kg CO₂ eq/square meter = [74.5 kg CO₂ eq/(103,456 square meter Gross Floor Area over one year*60 years)].</p>

C-CN6.6c/C-RE6.6c

(C-CN6.6c/C-RE6.6c) Provide details of the embodied carbon emissions of new construction or major renovation projects completed in the last three years.

Year of completion

2019

Property sector

Retail

Type of project

New construction

Project name/ID (optional)

The Glen

Life cycle stage(s) covered

Whole life

Normalization factor (denominator)

Other, please specify

Functional Unit - EN 15978

Denominator unit

square meter

Embodied carbon (kg/CO₂e per the denominator unit)

0

% of new construction/major renovation projects in the last three years covered by this metric (by floor area)

18

Methodologies/standards/tools applied

EN 15978

ISO 14040/44

Comment

In 2019, Vicinity completed a full Life Cycle Assessment (LCA) for The Glen development project. This was a quantitative assessment. The goal of the LCA was to provide a profile and improve the environmental performance of the construction works at The Glen. The life cycle performance of the project is compared to other designs and as such is a comparative study.

Functional Unit: The functional unit is one square meter Gross Floor Area over one year.

Embodied Carbon: The embodied carbon for the Improved Design is estimated to be 0.000012 kg CO₂ eq/square meter = [74.5 kg CO₂ eq/(103,456 square meter Gross

Floor Area over one year*60 years)].

Timeframe: The estimated design life of the design is 60 years which has been adopted for the LCA study period. Standards and Methodologies: The LCA study was conducted in accordance with ISO 14040/44 and the EN 15978 standard to assess the direct and indirect potential environmental impacts associated with the construction works at The Glen.

Tools and Coverage: eToolLCD software was used to model life cycle impacts of the project. The assessment includes all the upstream and downstream processes needed to provide the primary function of the structure from construction, maintenance, operation, and demolition/disposal.

Boundaries: Product stage; construction; use stage; end of life; and benefits and loads beyond the system boundary.

Exclusions: Other vehicle emissions; domestic waste disposal; food consumption; and shifting behaviours.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic 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 CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00013

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

164,267

Metric denominator

unit total revenue

Metric denominator: Unit total

1,286,500,000

Scope 2 figure used

Location-based

% change from previous year

6

Direction of change

Decreased

Reason for change

We have improved the intensity figure for metric tonnes CO₂-e per unit of revenue by 6%. In 2018 and 2019, 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 2019 Vicinity reduced our overall scope 1 and 2 emissions by 10% ,and reduced the total GLA by 5% from divesting assets.

Intensity figure

0.063

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

164,267

Metric denominator

square meter

Metric denominator: Unit total

2,601,636

Scope 2 figure used

Location-based

% change from previous year

4

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 2019 Vicinity reduced our overall scope 1 and 2 emissions by over 17,600 tonnes of CO₂e (or 10%) from the previous year, and reduced the total GLA by 5% from divesting assets. This resulted in an improvement of 4 per cent in carbon emissions intensity.

Intensity figure

158

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

164,267

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

1,040

Scope 2 figure used

Location-based

% change from previous year

12

Direction of change

Decreased

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 2019, Vicinity increased total FTEs from 1,009 to 1,040, and reduced our scope 1 and 2 emissions by over 17,600 CO₂-e tonnes, resulting in a 12% decrease 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 ₂ e)	GWP Reference
CO ₂	4,173	IPCC Fourth Assessment Report (AR4 - 100 year)
CH ₄	8	IPCC Fourth Assessment Report (AR4 - 100 year)
N ₂ O	3	IPCC Fourth Assessment Report (AR4 - 100 year)

HFCs	875	IPCC Fourth Assessment Report (AR4 - 100 year)
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C7.2

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

Country/Region	Scope 1 emissions (metric tons CO ₂ e)
Australia	5,058

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 CO ₂ e)	Latitude	Longitude
Altona Gate, Victoria, Australia	30	-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	132	-38.14	145.13
Box Hill Central (North Precinct), Victoria, Australia	8	-37.82	145.12
Box Hill Central (South Precinct), Victoria, Australia	400	-37.82	145.12
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	553	-37.89	145.08
Chatswood Chase Sydney, New South Wales, Australia	0	-33.79	151.19
Colonnades, South Australia, Australia	98	-35.14	138.5
Corio Central, Victoria, Australia	36	-38.08	144.36
Cranbourne Park, Victoria, Australia	0	-38.11	145.28
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	236	-37.97	145.09
DFO South Wharf, Victoria, Australia	36	-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	84	-34.72	138.67
Ellenbrook Central, Western Australia, Australia	112	-31.78	115.97
Emporium Melbourne, Victoria, Australia	648	-37.81	144.96
Galleria, Western Australia, Australia	188	-31.9	115.9
Grand Plaza, Queensland, Australia	94	-27.66	153.04
Gympie Central, Queensland, Australia	0	-26.2	152.67

Halls Head Central, Western Australia, Australia	0	-32.55	115.7
Karratha City, Western Australia, Australia	0	-20.74	116.85
Kurralta Central, South Australia, Australia	0	-34.96	138.57
Lake Haven Centre, New South Wales, Australia	3	-33.24	151.5
Lennox Village, New South Wales, Australia	0	-33.75	150.66
Livingston Marketplace, Western Australia, Australia	0	-32.09	115.92
Maddington Central, Western Australia, Australia	4	-32.05	115.98
Mandurah Forum, Western Australia, Australia	66	-32.54	115.74
Midland Gate, Western Australia, Australia	94	-31.89	116.01
Mildura Central, Victoria, Australia	65	-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	0	-27.55	152.94
Mount Pleasant Centre, Queensland, Australia	0	-21.12	149.16
The Myer Centre Brisbane, Queensland, Australia	37	-27.47	153.03
Nepean Village, New South Wales, Australia	0	-33.76	150.69
Northgate, Tasmania, Australia	0	-42.83	147.27

Northland, Victoria, Australia	738	-37.74	145.03
Oakleigh Central, Victoria, Australia	73	-37.9	145.09
QueensPlaza, Queensland, Australia	9	-27.47	153.03
Riverside Plaza, New South Wales, Australia	74	-35.35	149.24
Rockingham Centre, Western Australia, Australia	0	-32.29	115.75
Roselands, New South Wales, Australia	0	-33.94	151.07
Roxburgh Village, Victoria, Australia	218	-37.64	144.93
Runaway Bay Centre, Queensland, Australia	0	-27.91	153.4
Sunshine Marketplace, Victoria, Australia	0	-37.78	144.83
Taigum Square, Queensland, Australia	89	-27.35	153.05
The Glen, Victoria, Australia	505	-37.88	145.17
Victoria Gardens Shopping Centre, Victoria, Australia	69	-37.82	145
Victoria Park Central, Western Australia, Australia	0	-31.97	115.9
Warriewood Square, New South Wales, Australia	4	-33.7	151.3
Warwick Grove, Western Australia, Australia	0	-31.84	115.81
Whitsunday Plaza, Queensland, Australia	0	-20.29	148.67
DFO Perth	85	-31.93	115.94
Queen Victoria Building	202	-33.87	151.2
The Strand	0	-33.87	151.21
The Galleries	68	-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 CO2e)
Heating - gas combustion used for heating	4,116
Cooling - refrigerants used in air conditioning systems	875
Back-up generators	67

C7.5

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Australia	159,209		183,138	

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 (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Altona Gate, Victoria, Australia	1,971	
Armidale Central, New South Wales, Australia	951	
Bankstown Central, New South Wales, Australia	8,406	
Bayside, Victoria, Australia	5,326	
Box Hill Central (North Precinct), Victoria, Australia	2,332	

Box Hill Central (South Precinct), Victoria, Australia	3,553	
Broadmeadows Central, Victoria, Australia	3,104	
Buranda Village, Queensland, Australia	901	
Carlingford Court, New South Wales, Australia	2,350	
Castle Plaza, South Australia, Australia	325	
Chadstone, Victoria, Australia	17,847	
Chatswood Chase Sydney, New South Wales, Australia	5,001	
Colonnades, South Australia, Australia	1,439	
Corio Central, Victoria, Australia	2,166	
Cranbourne Park, Victoria, Australia	3,404	
DFO Brisbane, Queensland, Australia	2,324	
DFO Essendon, Victoria, Australia	2,218	
DFO Homebush, New South Wales, Australia	2,424	
DFO Moorabbin, Victoria, Australia	729	
DFO South Wharf, Victoria, Australia	6,587	
Dianella Plaza, Western Australia, Australia	164	

Eastlands, Tasmania, Australia	190	
Elizabeth City Centre, South Australia, Australia	2,161	
Ellenbrook Central, Western Australia, Australia	1,093	
Emporium Melbourne, Victoria, Australia	6,168	
Galleria, Western Australia, Australia	3,324	
Grand Plaza, Queensland, Australia	2,744	
Gympie Central, Queensland, Australia	1,393	
Halls Head Central, Western Australia, Australia	467	
Karratha City, Western Australia, Australia	1,010	
Kurralt Central, South Australia, Australia	99	
Lake Haven Centre, New South Wales, Australia	1,795	
Lennox Village, New South Wales, Australia	294	
Livingston Marketplace, Western Australia, Australia	161	
Maddington Central, Western Australia, Australia	1,130	
Mandurah Forum, Western Australia, Australia	2,814	

Midland Gate, Western Australia, Australia	3,974	
Mildura Central, Victoria, Australia	1,164	
Milton Village, Queensland, Australia	222	
Mornington Central, Victoria, Australia	400	
Mt Ommaney Centre, Queensland, Australia	3,020	
Mount Pleasant Centre, Queensland, Australia	1,971	
The Myer Centre Brisbane, Queensland, Australia	4,910	
Nepean Village, New South Wales, Australia	813	
Northgate, Tasmania, Australia	120	
Northland, Victoria, Australia	8,290	
Oakleigh Central, Victoria, Australia	719	
QueensPlaza, Queensland, Australia	2,467	
Riverside Plaza, New South Wales, Australia	877	
Rockingham Centre, Western Australia, Australia	1,578	
Roselands, New South Wales, Australia	3,323	
Roxburgh Village, Victoria, Australia	1,247	
Runaway Bay Centre, Queensland, Australia	1,956	
Sunshine Marketplace, Victoria, Australia	1,206	

Taigum Square, Queensland, Australia	881	
The Glen, Victoria, Australia	7,577	
Victoria Gardens Shopping Centre, Victoria, Australia	2,239	
Victoria Park Central, Western Australia, Australia	146	
Warriewood Square, New South Wales, Australia	1,512	
Warwick Grove, Western Australia, Australia	917	
Whitsunday Plaza, Queensland, Australia	806	
DFO Perth	994	
Queen Victoria Building	3,079	
The Strand	359	
The Galleries	4,073	

C7.6c

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

Activity	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Lighting	35,416	
Heating, Ventilation, and Air-conditioning	116,066	
Vertical transport	5,133	
General equipment	2,594	

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	No change	0	Vicinity committed \$73m in onsite solar roll-out 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 and by the end of December 2019, the total solar implemented is 25.9 MW across 17 centres. Our consumption of renewable energy will therefore increase in future years.
Other emissions reduction activities	11,051	Decreased	6	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 11,051 tonnes CO2e (Scope 1 and 2 emissions) across our portfolio. Calculation explanation: 11,051 tCO2e of emissions reductions during the reporting period, total Scope 1 and Scope 2 emissions in the previous year was 181,954 tCO2e, therefore, $(-11,501 / 181,954) \times 100 = -6\%$
Divestment	12,949	Decreased	7	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), and 2019 we divested

				<p>a further 3 Assets in our Portfolio)Corio, Mt Ommaney and Lennox Village). This has reduced total Scope 1 and Scope 2 emissions by 12,948 tCO₂-e or 7% from the previous reporting period</p> <p>Calculation explanation $12,9480 \text{ tCO}_2\text{e}$ of emissions reductions during the reporting period (11,901 tCO₂-e attributed to Assets divested in CY2018 and 1,047 tCO₂-e attributed to Assets divested in CY2019), total Scope 1 and Scope 2 emissions in the previous year was 181,954 tCO₂e, therefore, $(-11,901+-1,1047) / 181,954) \times 100 = -7\%$</p>
Acquisitions	4,611	Increased	3	<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 tCO₂e in absolute emissions or 2% in CY2018.</p> <p>CY2019 saw the first full year of data collected for the assets listed above, resulting in 8,860 t CO₂-e emitted (Scope 1+Scope 2) across the four assets. This increased total CY2019 emissions by 4,611 t CO₂-e or 3% .</p> <p>Calculation explanation: $8,860 \text{ tCO}_2\text{e}$ of emissions during current reporting period minus 4,249 t CO₂-e in previous reporting period equals 4,611 tCO₂, increase form CY2018 to CY2019. Total Scope 1 and Scope 2 emissions in the previous year was 181,954 tCO₂e, therefore, $(4,611/181,954) \times 100 = 3\%$</p>
Mergers	0	No change	0	No change
Change in output	989	Decreased	0.5	<p>Change in output for Vicinity relates to changes in our primary product/service - gross lettable area (GLA). GLA has changed from 2018 to 2019, as a result of development projects increasing asset GLA at existing centres in our 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</p>

				result in changes to energy use and therefore carbon emissions at our assets. Some of our centres increased their carbon emissions during the reporting period while a number of others reduced their emissions while increasing their output (GLA), resulting in a net decrease of 989 tCO ₂ e across our portfolio, or 0.54%. Calculation explanation: 989 tCO ₂ e of emissions net reductions during the reporting period, total Scope 1 and Scope 2 emissions in the previous year was 181,954 tCO ₂ e, therefore, (989 /181,954) X 100 = 0.54%
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	0	No change	0	No change
Other	2,691	Increased	1.5	A small number of assets have had a reduction in energy efficiency (kwh/M2 (GLA)) over the reporting period resulting in an increase in energy, and therefore emissions at these assets of about 2,691 tCO ₂ -e or 1.48% on the previous year

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 10% but less than or equal to 15%

C8.2

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

	Indicate whether your organization undertook this energy-related activity in the reporting year
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 (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	22,454	22,454
Consumption of purchased or acquired electricity		0	166,174	166,174

Consumption of self-generated non-fuel renewable energy		16,964		16,964
Total energy consumption		16,964	188,628	205,592

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

22,192

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

22,192

Emission factor

51.53

Unit

kg CO2e per GJ

Emissions factor source

Australian National Greenhouse Accounts Factors workbook August 2019

Comment

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

264

MWh fuel consumed for self-generation of electricity

264

MWh fuel consumed for self-generation of heat

0

Emission factor

70.7

Unit

kg CO2e per GJ

Emissions factor source

Australian National Greenhouse Accounts Factors workbook August 2019

Comment

C8.2d

(C8.2d) 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	16,964	16,964	16,964	16,964
Heat	22,192	22,192	0	0

Steam	0	0	0	0
Cooling	0	0	0	0

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

0.47

Metric numerator

24344

Metric denominator (intensity metric only)

51937

% change from previous year

3

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 2019, we had a target of 47 per cent diversion, and we achieved 47 per cent (excluding waste to energy), up from 44 per cent in 2018. The increase is the result of our waste management program which focuses on source separation recovery and recycling. In 2019, Vicinity reduced the amount of waste sent to landfill by 3,840 tonnes, and increased our recycling by 106 tonnes.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	Vicinity has a public commitment to Net Zero carbon emissions by 2030 for our 100 per cent owned retail assets. The Net Zero pathway comprises a significant investment in low carbon R&D through investment into solar infrastructure as well as an accelerated energy efficiency program. Vicinity has already committed \$73m for onsite solar implementation at 20 shopping centres, which includes provision for increased investment in R&D for renewables technology. In addition to solar PV, the business is trialling innovative solutions to maximise the value of our on-site solar program. 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. In December 2019, Vicinity completed work on Australia's largest solar shaded car park at our Elizabeth City Centre in SA. It features over 1,400 spaces and a solar capacity of 3.1MW, which is in addition to the existing 2.7MW installed on the centre's roof space.

C-CN9.6a/C-RE9.6a

(C-CN9.6a/C-RE9.6a) Provide details of your organization's investments in low-carbon R&D for real estate and construction activities over the last three years.

Technology area

Integration of renewable energy sources in buildings

Stage of development in the reporting year

Large scale commercial deployment

Average % of total R&D investment over the last 3 years

81 - 100%

R&D investment figure in the reporting year (optional)

37,400,000

Comment

Vicinity has already committed \$73m for onsite solar implementation at 20 shopping centres, which includes provision for increased investment in R&D for renewable technology, such as more efficient solar panels, solar glass and battery storage. This is within the 81 - 100% average total R&D investment over the last 3 years with an investment of \$37.4m in 2019 and large scale commercial deployment of these technologies has already been rolled out as at December 2019 with Vicinity has installed 25.9 MW of solar across 17 centres.

Technology area

Resilient buildings

Stage of development in the reporting year

Full/commercial-scale demonstration

Average % of total R&D investment over the last 3 years

≤20%

R&D investment figure in the reporting year (optional)

25,000

Comment

A key pillar of Vicinity's Group Sustainability Strategy is Climate Resilience. Integrating climate risk considerations into the design process of our development projects is critical to improving climate resilience and provides a cost-effective opportunity to integrate such measures. As such, Climate resilience and adaptation assessments are mandatory for all new developments. This requirement is integrated into the broader design and delivery process via the Sustainable Design Brief, which includes a Climate Resilience and Adaptation Plan template through which assessments are conducted and which is aligned to best practice Green Star requirements.

In 2019, we completed a Climate Resilience and Adaptation Plan for our development project at The Glen (VIC) which included the following features:

- Air-conditioned communications and electrical rooms to ensure continued functionality during extreme heat;
- Installation of back-up generators to reduce reliance on the electricity grid during brown outs, storms and other weather events;
- Accommodation of increased rainfall events in the drainage system design;
- Structural engineering attributes to endure increased wind events; and
- Installation of lightning and surge protection.

For our managed assets, physical climate risks were assessed for all 'high risk' centres and incorporated into asset level risk registers, including mitigation measures to increase resilience.

R&D Investment figure in reporting year is cost of Climate Resilience and Adaptation Plan (\$10,000) and Climate profiles for high risk centres (\$15,000).

C-RE9.9

(C-RE9.9) Does your organization manage net zero carbon buildings?

No, but we plan to in the future

C-CN9.10/C-RE9.10

(C-CN9.10/C-RE9.10) Did your organization complete new construction or major renovations projects designed as net zero carbon in the last three years?

No, but we plan to in the future

C-CN9.11/C-RE9.11

(C-CN9.11/C-RE9.11) Explain your organization’s plan to manage, develop or construct net zero carbon buildings, or explain why you do not plan to do so.

Vicinity has set a public target to achieve Net Zero carbon emissions by 2030 for our wholly owned retail assets. The target will be achieved via a scaled up energy efficiency program and moving away from carbon intensive energy sources through electrification of equipment and plant currently running on fuel sources such as gas, as well as installing large-scale onsite solar across our portfolio.

To date we are tracking well to achieve our Net Zero goal. We have reduced energy intensity by 16 per cent across our wholly owned centres since June 2016 to December 2019, representing more than half of the total reduction required through energy efficiency initiatives to achieve our target by 2030. Vicinity’s onsite solar program is also tracking well to support our Net Zero by 2030 target with 25.9 MW of solar installed across 17 centres by December 2019. Vicinity’s Net Zero target offers the opportunity for us to work with our co-owners in the future to expand the target to more of our managed centres where shared sustainability ambitions are evident, and work with our retailers to help reduce their carbon footprint. We anticipate that this could include certification of centres under the relevant carbon neutral certification schemes.

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 emissions, and attach the relevant statements.

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

 KPMG Assurance Statement Vicinity.pdf

Page/ section reference

1

Relevant standard

ASAE3000

Proportion of reported emissions verified (%)

100

C10.1b

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

Scope 2 approach

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

 KPMG Assurance Statement Vicinity.pdf

Page/ section reference

1

Relevant standard

ASAE3000

Proportion of reported emissions verified (%)

100

C10.1c

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

Scope 3 category

Scope 3: Waste generated in operations

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

 KPMG Assurance Statement Vicinity.pdf

Page/section reference

1

Relevant standard

ASAE3000

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

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

 KPMG Assurance Statement Vicinity.pdf

Page/section reference

1

Relevant standard

ASAE3000

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

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

 KPMG Assurance Statement Vicinity.pdf

Page/section reference

1

Relevant standard

ASAE3000

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Downstream leased assets

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

 KPMG Assurance Statement Vicinity.pdf

Page/section reference

1

Relevant standard

ASAE3000

Proportion of reported emissions verified (%)

100

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	ASAE3000	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 C10.1b and C10.1c.
C8. Energy	Other, please specify Total Energy Consumption	ASAE3000	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 C10.1b and C10.1c.
C9. Additional metrics	Other, please specify Waste diverted from landfill (% of total waste)	ASAE3000	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 C10.1b and C10.1c.

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 you are regulated by or anticipate being regulated by?

The Australian Government's proposed energy policy - the National Energy Guarantee (NEG) scheme 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 was not taken up by the Australian Government in August 2019, however the NEG is still within the opposition's energy policy and a change of government over the next few years could see its resurgence. It has added to 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. Vicinity's renewable energy program commenced in 2018 and now underway in 2019, includes solar installations at 17 centres across Australia, at a cost of

\$37.4M. 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 CO₂e)

6,606

Number of credits (metric tonnes CO₂e): Risk adjusted volume

6,606

Credits cancelled

No

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit origination

Project type

Solar

Project identification

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 2019 Vicinity delivered 17.68MW across 14 centres, at a cost of \$37.4M

Verified to which standard

Other, please specify

Australian Renewable Energy Target

Number of credits (metric tonnes CO₂e)

16,065

Number of credits (metric tonnes CO₂e): Risk adjusted volume

16,065

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

% of supplier-related 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 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

1.19

% total procurement spend (direct and indirect)

10

% of supplier-related Scope 3 emissions as reported in C6.5

62

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 1.19 per cent of suppliers represent 10 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. 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

1.19

% total procurement spend (direct and indirect)

10

% of supplier-related Scope 3 emissions as reported in C6.5

62

Rationale for the coverage of your engagement

Vicinity Centres engages with our strategic suppliers (1.19% 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 10% of total procurement spend and 62% of our supplier-related 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 1.19 per cent of suppliers represent 10 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 47 per cent by the end of the 2019 reporting year (up from 44 per cent in 2018) 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.

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

% of supplier-related 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

% of supplier-related 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 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

% of customer - related 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 3 per cent during 2019 and achieved an average portfolio wide recycling rate of 47 per cent in 2019 (up from 44 per cent in 2018), 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 44% to 47% 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

% of customers by number

100

% of customer - related 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.

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/9610091/vcx-fy19-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

Other, please specify

Education/information sharing and collaboration related to climate resilience

% of customers by number

100

% of customer - related 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

C12.1d

(C12.1d) 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 Strategy 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 2019.

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 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).

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

- Policy toolkit led by the PCA and Green Building Council of Australia, which outlined a pathway and recommendations to transform Australia's built environment to achieve net zero emissions by 2050. (October 2019)

<https://info.propertycouncil.com.au/property-australia-blog/making-every-building-count>

- Advocacy to the Australian Building Codes Board (ABCB) in the updates to Section J of the National Construction Code (NCC) 2019, pertaining to improving minimum energy efficiency requirements for commercial buildings and include more stringent sustainability standards. (March 2019)

<https://info.propertycouncil.com.au/property-australia-blog/stepping-up-to-the-energy-efficiency-challenge>

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.

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?

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 Policy toolkit led by the PCA and Green Building Council of

Australia, which outlined a pathway and recommendations to transform Australia's built environment to achieve net zero emissions by 2050.

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).

Publication

In mainstream reports

Status

Complete

Attach the document

 Vicinity 2020 Annual Report.pdf

Page/Section reference

Highlights, pg 1

Chairman's Review, pg 4-5

Operating & Financial Review, pg 12

Key Performance Metrics, pg 14

Management of Risk, pg 21

Engaging with our Stakeholders & Materiality, pg 24-25

Environmental Efficiency & Sustainable Procurement, pg 33

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Comment

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;

- Sustainability Strategy
- Climate Resilience
- Low Carbon Smart Assets
- 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


Publication

In voluntary communications

Status

Complete

Attach the document

 Media releases.pdf

Page/Section reference

All

Content elements

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

Comment

C15. 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.

C15.1

(C15.1) 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

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms