2021 TCFD statement

August 2021

Space to thrive.

Growthpoint Properties Australia

Growthpoint Properties Australia Trust
ARSN 120 121 002
Growthpoint Properties Australia Limited
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About Growthpoint

Growthpoint provides spaces for people to thrive. For more than 11 years, we’ve been investing in high-quality industrial and office properties across Australia. Today, we own and manage 55 properties, valued at approximately $4.5 billion.

We actively manage our portfolio. We invest in our existing properties, ensuring they meet our tenants’ needs now and into the future. We are also focused on growing our property portfolio.

We are committed to operating in a sustainable way and reducing our impact on the environment.

Growthpoint is a real estate investment trust (REIT), listed on the ASX, and is a part of the S&P/ASX 200. Moody’s has issued us with an investment-grade rating of Baa2 for domestic senior secured debt.

Important information

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Introduction.

Growthpoint supports the Paris Agreement to limit global warming to well below 2 degrees Celsius. We recognise that to achieve this target, economies around the world will need to significantly reduce Greenhouse Gas (GHG) emissions and private sector companies, like Growthpoint, will be pivotal in the transition to a more sustainable future.

In Australia, 18% of GHG emissions are generated by buildings.[1] As the owner of a $4.5 billion portfolio of office and industrial assets, we recognise the importance of reducing our GHG emissions footprint and managing climate-related risks across our business.

In FY21, we brought forward our net zero emissions target to 2025 (from 2050) for assets under our operational control and our corporate activities. To reach this goal, we will focus on energy efficiency improvements and invest in onsite and offsite renewable energy. Our progress towards this and other sustainability targets are published in our annual sustainability report.

This Statement provides further detailed information to assist Securityholders and other stakeholders to understand the steps we are taking to manage climate-change risks and opportunities. It has been prepared with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

What is the TCFD?

The TCFD is a voluntary framework for climate-related financial disclosures that encourages organisations to provide consistent, comparable, reliable information to aid decision making for investors, debt providers and other stakeholders.

Core elements of the recommended climate-related financial disclosures

1. Australian Government (2017) Australia's emissions projections 2017.

Our track **record.**

2014
Began collecting performance data on key assets

2015
Installed first solar PV system

Commenced monitoring and reduction program

2016
Published inaugural sustainability report

Commenced participation in CDP and GRESB investor benchmarks

2017
Set NABERS Energy ratings target

Committed to a net zero target by 2050

2019
Completed first physical climate-risk assessment (flood risk)

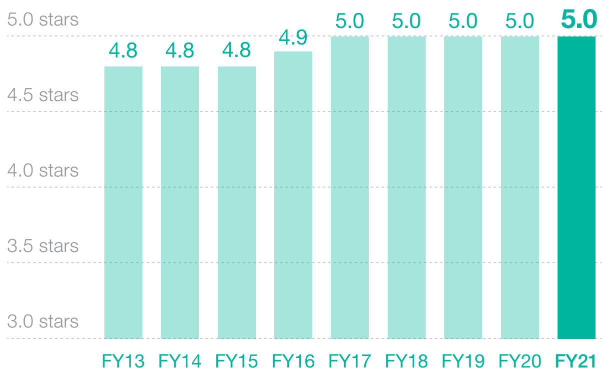
Included initial response to TCFD recommendations in our sustainability report

2020
First portfolio Green Star Performance rating

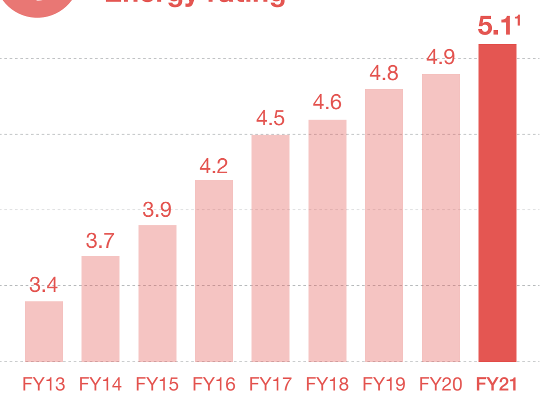
Completed high-level scenario analysis

2021
Accelerated net zero target to 2025

Average Green Star rating (Design & As Built)



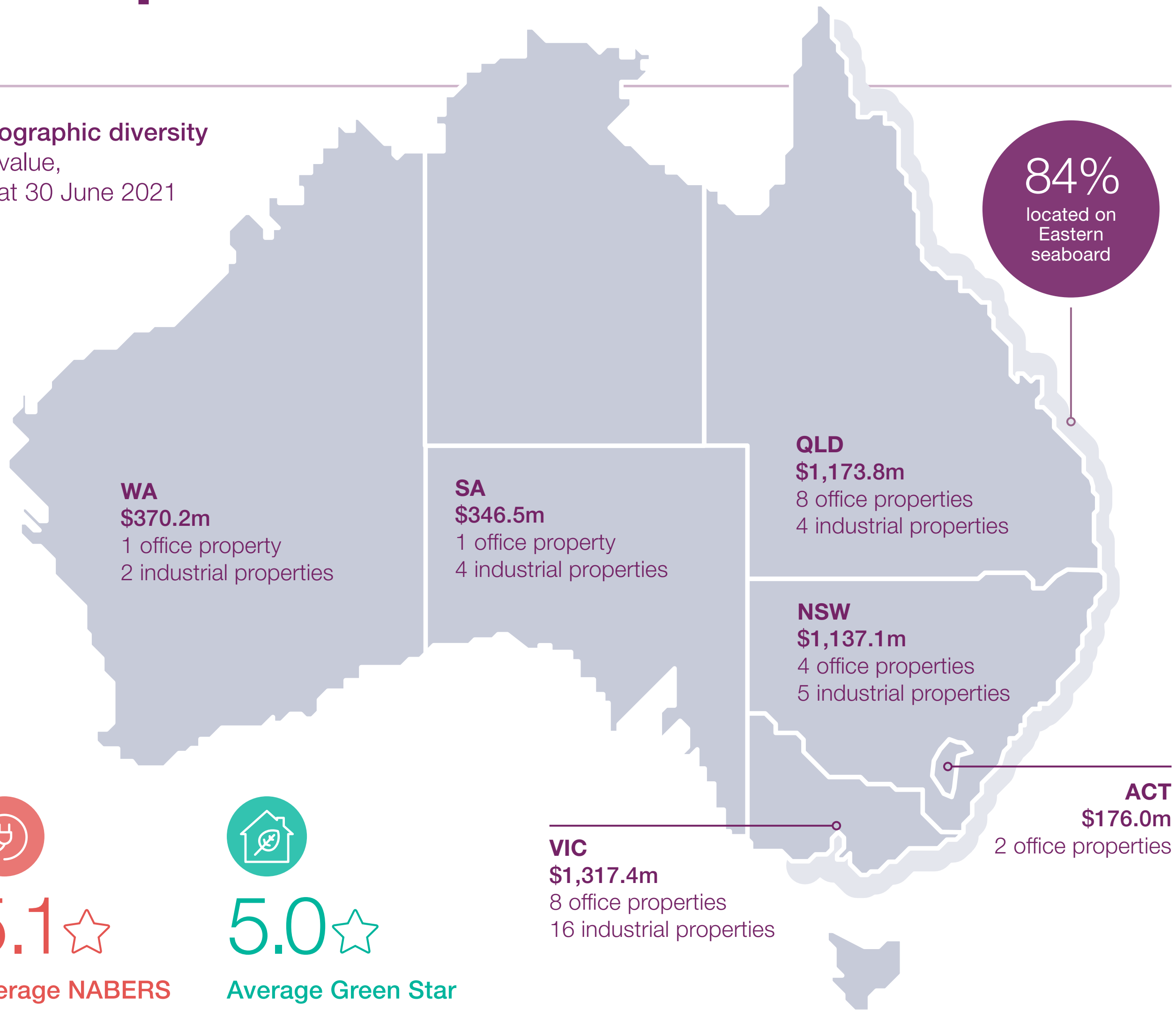
Average NABERS Energy rating



1. Our FY21 performance results have been positively impacted by the COVID-19 pandemic, as many of our office assets were operating below capacity for extended periods due to government-mandated restrictions.

Our **portfolio.**

Geographic diversity
by value,
as at 30 June 2021



5.1☆

Average NABERS Energy rating[1]

As at 30 June 2021

5.0☆

Average Green Star Design & As Built rating

As at 30 June 2021

Our high-green credentialed portfolio includes **four assets with the maximum NABERS Energy rating – 6.0 stars**

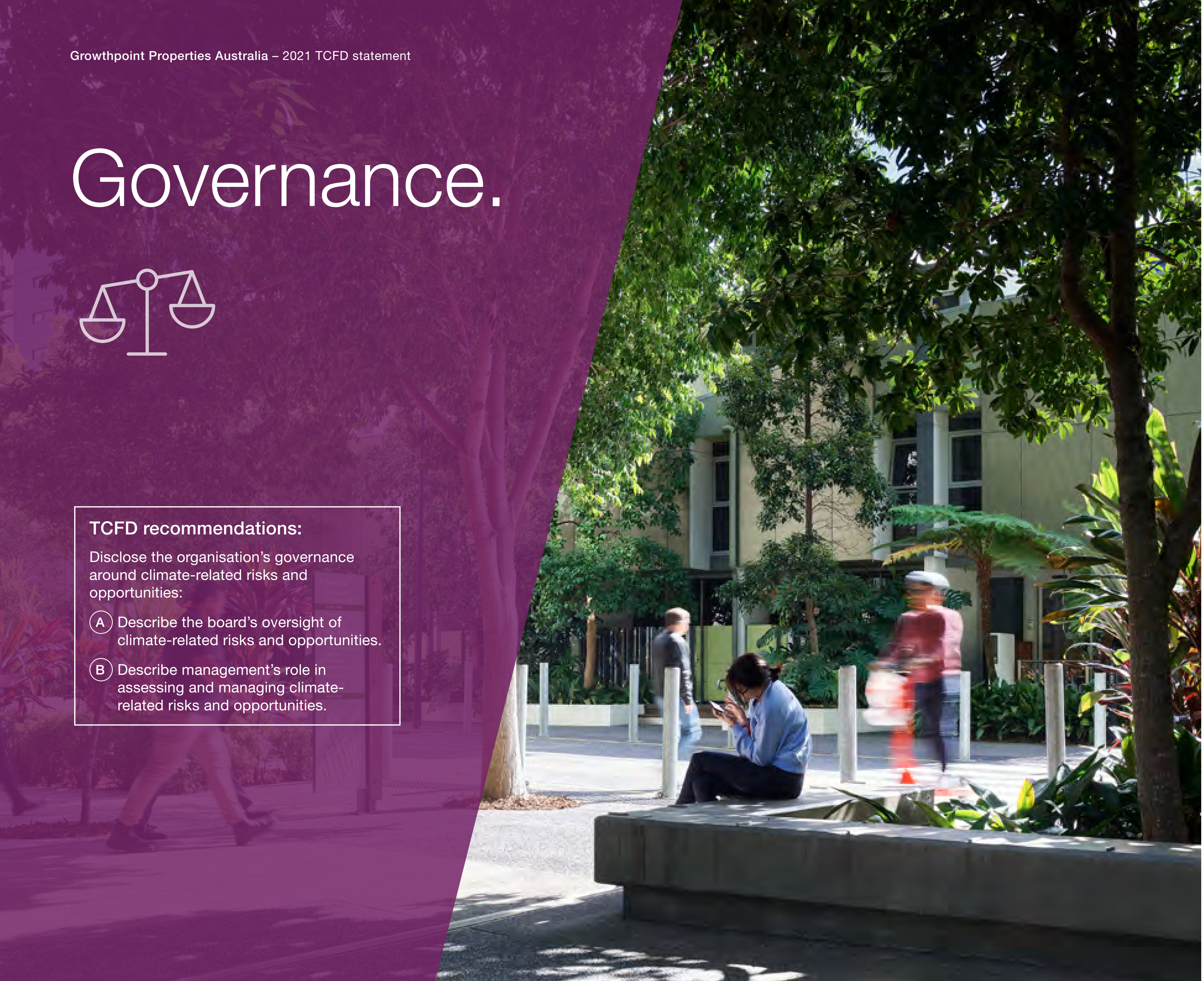
3 Murray Rose Avenue, Sydney Olympic Park, New South Wales

5 Murray Rose Avenue, Sydney Olympic Park, New South Wales

100 Skyring Terrace, Newstead, Queensland

Building B, 211 Wellington Road, Mulgrave, Victoria

1. Our FY21 performance results have been positively impacted by the COVID-19 pandemic, as many of our office assets were operating below capacity for extended periods due to government-mandated restrictions.



Governance.

TCFD recommendations:

Disclose the organisation's governance around climate-related risks and opportunities:

A. Describe the board's oversight of climate-related risks and opportunities.

B. Describe management's role in assessing and managing climate-related risks and opportunities.

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Governance.

Policy for climate-related risks and opportunities

Growthpoint's approach to managing and disclosing climate-change risks and opportunities is guided by our Sustainability and Stakeholder Policy.

The Sustainability and Stakeholder Policy outlines our commitment to:

- Reduce our GHG emissions.
- Identify and manage climate-change risks.
- Encourage and support stakeholders, including tenants, to respond to climate change.

To achieve the Policy objectives, Growthpoint regularly assesses climate-change risks and opportunities that are likely to impact our business and incorporates relevant findings into strategic and operational decision-making.

Our governance of climate-change risks and opportunities is outlined in the diagram on the following page and further described in the following sections.

Board oversight of climate-related risks and opportunities

The Board has overall responsibility for the establishment of the Group's risk management framework which is in place to oversee the management of the Group's risks (including climate-related risks) and approves the Group's climate-related strategy and initiatives.

Green spaces between buildings provide an urban oasis for tenants and the public at SW1, South Brisbane, QLD

Governance.

The Board has established an Audit, Risk and Compliance Committee (ARCC), which is responsible for oversight of the framework and how management monitor compliance with the Group's risk management policies and procedures. The ARCC reviews the adequacy of the risk management framework in relation to the risks faced by the Group and makes appropriate recommendations to the Board.

Management of climate-related risks and opportunities

The Executive Management Team (EMT) is responsible for managing the Group's sustainability strategy, including monitoring material risks and progress against sustainability targets. All four members of the EMT have specific sustainability related responsibilities including performance targets.

Growthpoint has a dedicated Risk Identification Committee comprising the EMT and members of the Compliance and Risk team. The Committee is focused on identification and ongoing assessment of material risks to the business including climate-related risks. Risk reviews are held at least twice a year and findings are reported to the ARCC and the Board.

Assisting the EMT, the Sustainability Task Force (STF) is responsible for identification and management of sustainability initiatives and issues that are important to Growthpoint and its stakeholders. Members of the task force include the Chief Operating Officer (COO), the Chief Investment Officer (CIO) and representatives from the Property, Finance, Compliance and Risk, and Projects and Sustainability teams. The STF meets on a quarterly basis and provides regular feedback to the EMT.

ESG performance targets are considered in the award of short-term incentives for our EMT. These targets are disclosed on a yearly basis in Growthpoint's remuneration report in the Group's annual report.

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Strategy.

TCFD recommendations:

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material:

(A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

(B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

(C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2-degree Celsius or lower scenario.

Strategy.

Managing climate-related impacts are an integral part of our strategy

We recognise the important role that we, and all companies, have to play in reducing our carbon footprint and making real contributions to addressing climate change. It is also 'good business' that will assist us in achieving our primary objective of delivering growing returns to Securityholders over the long term.

Our climate change related strategic activity is channelled through two key areas – maintaining and growing a portfolio of highly-efficient buildings and building climate resilience across our portfolio.

Our definition of short, medium and long-term: We have considered the following timeframes in relation to our strategy, our risks and opportunities and our business resilience:

- **short-term:** up to 10 years
- **medium-term:**10-20 years, and,
- **long-term:** generally more than 20 years.

Maintain and grow a portfolio of highly-efficient buildings

The transition to a low-carbon economy is expected to impact the property sector through changes in market demand, policy and technology. Specific risks and opportunities to Growthpoint are:

- tenants favouring high-performing sustainable buildings,
- potential increases in costs due to changes in policy regarding building energy efficiency standards, and
- disruption and development in energy efficiency technology.

Growthpoint adopts a two-pronged approach to respond to these risks, which includes:

- our goal to reach net zero emissions by 2025 which will drive continued investment in building energy efficiency and renewable energy, and
- our focus on targeted acquisitions of high-quality 'green' buildings.

This strategy positions us well to attract and retain premium tenants as tenant demand continues to shift towards more resource-efficient buildings.

Acceleration of net zero target to 2025

In FY21, Growthpoint announced a revised goal to reach net zero emissions by 2025 as our contribution to the global commitment to a low carbon future. Our pathway involves a suite of energy efficiency and onsite solar initiatives and investment in offsite renewable energy and carbon offsets for those sources of GHG emissions we cannot avoid or reduce. Our progress against this goal will be published each year in our sustainability report.

Our key actions include:

- Ongoing monitoring and fine tuning of asset management strategies to ensure buildings are running at maximum energy efficiency
- Design and implementation of energy efficiency projects
- Investment in onsite solar installations and offsite renewable energy
- Oversight of third-party property managers to ensure energy efficiency targets are met
- Consideration of energy efficiency in the evaluation and development of new acquisitions
- Measuring progress through NABERS and Green Star ratings both at portfolio level and for individual assets

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Strategy.

Build climate resilience across our portfolio

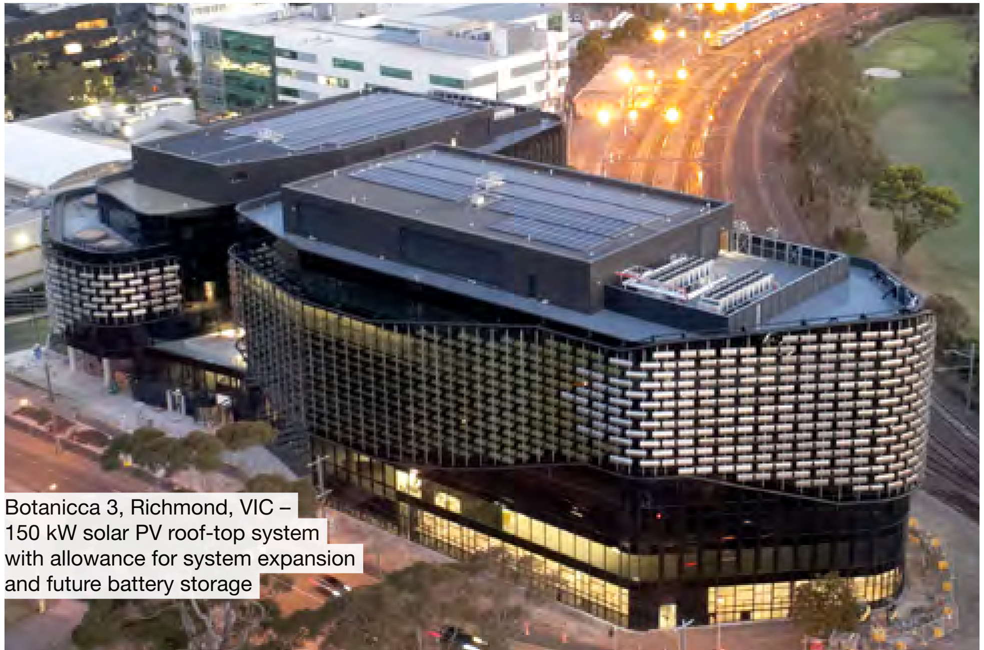
Growthpoint continue to increase portfolio climate resilience by incorporating climate-related risks and opportunities into our investment decision making process. Key to this is preparing for the potential physical impacts of climate change such as increasing incidents of severe weather events and progressive increases in surface temperatures.

Our most immediate physical risk exposure is from flooding events, which have the potential to interrupt electricity supply and other key infrastructure. We also have a number of properties in locations likely to experience marginal temperature increases due to climate change over the coming years.

Our key actions include:

- Investment in Climate Change Risk Assessments and Climate Change Adaptation Plans for material acquisitions and new developments
- Maintenance of a Flood Risk Register across the portfolio to identify assets at high risk of flooding and invest in preventative adaptation measures where necessary
- Maintenance of Business Continuity and IT Disaster Recovery Plans to respond in the event of extreme weather events
- Investment in energy and building management systems to respond to higher energy requirements that may be required due to marginal temperature increases

3 and 5 Murray Rose Avenue, Sydney Olympic Park, NSW – 100 kW and 130 kW roof-top solar PV systems, respectively



Botanicca 3, Richmond, VIC – 150 kW solar PV roof-top system with allowance for system expansion and future battery storage

Strategy.

Growthpoint's climate-related risks and opportunities.

The following table summarises the key climate-related risks and opportunities that may impact our business. We continue to evaluate and manage these through our company-wide strategy and risk management processes and adjust mitigation/development activities as required.

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Transitional impacts

As the world transitions to a low carbon economy, with increasing commitments from governments and businesses following the Paris Agreement, Growthpoint understands there are climate-related risks and opportunities that will have an impact on our operations. These are listed in the below table.

Topic	Time period			Issue	Mitigation/development activities
	Short-term	Medium-term	Long-term		
Policy	✓	✓		Increase in portfolio size may trigger reporting thresholds for existing or future carbon reporting and/or pricing regulations. Meeting these reporting requirements will increase costs and non-compliance may result in penalties	Growthpoint's emissions profile does not currently trigger any energy or greenhouse reporting regulations, including Australia's existing National Greenhouse and Energy Reporting Scheme (NGER). An annual check is conducted against thresholds to ensure that we are aware of any changes to Growthpoint's position. Our Legal and Compliance teams also monitor regulatory developments for potential impacts on the business. The majority of our emissions are scope 2 emissions and as such any carbon pricing will largely be incurred by our electricity retailers. As the scale of potential pass-through costs from these suppliers is highly uncertain, we have not formally incorporated a carbon price into our capital allocation process, however, we have considered possible carbon pricing impacts in our scenario analysis.

Strategy.

Topic	Time period: Short-term	Time period: Medium-term	Time period: Long-term	Issue	Mitigation/development activities
Policy (cont.)		✓	✓	Stringent efficiency requirements may be embedded into property planning law and building performance standards	Growthpoint's investment strategy takes into account expected regulatory changes in this space and actively prioritises investment in properties with high energy/emissions efficiency and performance (directly considered through NABERS ratings). In addition, we work collaboratively with facility managers to optimise energy efficiency. This is intended to preserve future value as regulations move to increase building performance standards.
Market	✓	✓		Tenant preferences are expected to change to prioritise highly efficient 'green' buildings in close proximity to transport and other infrastructure	Growthpoint has a strategic focus on acquiring properties with high-green credentials and we continue to invest in sustainability initiatives through developments and capital upgrade projects. This will ensure our assets remain attractive to premium tenants. Where relevant, we adopt 'green' lease clauses across new tenancies to promote alignment with tenant practices and capital expenditure. This helps us to engage and retain premium tenants.
			✓	Portfolio value may be impacted due to changes in market demand and tenant preferences	Our property valuation draws on recent market prices for comparable investment properties, adjusted to reflect differences for location, building quality, tenancy profile and other factors. Discounted cash flow projections also include benchmarking of rental income against recent lease arrangements for comparable properties. This enables us to proactively consider observable shifts in market demand and tenant preferences in our ongoing valuation and portfolio management activities, including recycling assets which no longer align with our business strategy.

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Topic	Time period: Short-term	Time period: Medium-term	Time period: Long-term	Issue	Mitigation/development activities
Market (cont.)			✓	Risk: Property sector expected to shift to 100% renewable energy with a high uptake of onsite generated energy and battery storage	Our accelerated net zero 2025 target is based on meeting our needs with carbon free energy. This will include a focus on energy efficiency improvements and onsite solar installations with offisite renewable energy sourced for any residual energy needs. During FY22 we will progress with feasibility and implementation of up to five solar photovoltaic projects.
Legal	✓	✓		Risk: As a listed company, Growthpoint's Directors have legal responsibilities to manage foreseeable risks, including climate-related risks	Growthpoint's Board prioritise maintaining an ongoing understanding of the financial risks associated with climate change which could be material to the Group's assets and business model in the short and long term. The Board will receive presentations on emerging climate-related issues.
Technology	✓	✓		Risk: New technologies may present disruptive or cost-related risks when integrating with existing systems Opportunity: Integration of energy efficiency technology will assist us to manage our energy consumption which will reduce operating costs	Building management systems (BMS) and specific energy management systems (EMS) are used to manage operational efficiency of our buildings, particularly energy consumption. In 2015, we implemented a metering and monitoring system to measure and report our environmental performance. We regularly review available tools on the market that offer breakthrough technologies for building monitoring services.

Strategy.

Topic	Time period			Issue	Mitigation/development activities
	Short-term	Medium-term	Long-term		
Reputation		✓	✓	As a constituent of the S&P/ ASX 200 Index, Growthpoint is subject to increasing interest from investors and other stakeholders on climate-change related risks, opportunities and management response. If expectations are not met company reputation could be negatively impacted affecting the ability to attract capital and deliver on investor returns Growthpoint has an opportunity to be a preferred investment if credentials and performance exceed average sectoral performance	Growthpoint has undertaken a comprehensive review of our climate-change response and incorporated it explicitly into our risk management framework and broader business strategy. Our approach and progress are detailed in public disclosures including sustainability reports, CDP and GRESB responses. We continue to participate in sustainability bench-marking surveys to assist in building a strong reputation for our climate change resilient property portfolio. During 2020, we received an above-average CDP rating of B, which we have maintained since 2017, and increased our GRESB score by two points to 74/100 continuing our trend of ongoing improvement in this survey. Our five-year performance across both benchmarks is provided on page 4.

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Physical impacts

If the global community fails to collaborate and global warming increases to 4°C by 2100, then we are likely to see an increase in physical impacts from climate change. Risks relating to this scenario are detailed below.

Topic	Time period: Short-term	Time period: Medium-term	Time period: Long-term	Issue	Mitigation/development activities
Temperature increases		✓	✓	Potential cost increases due to cooling needs and increases in energy efficiency in areas experiencing marginal temperature increase (eg. Brisbane and Perth)	Our focus on building energy efficiency and performance optimisation assist us to manage costs and maintain optimal tenant comfort.
Extreme weather events	✓	✓	✓	Increased frequency and severity of extreme weather events such as hailstorms, cyclones, bushfires and floods may cause damage to assets and cause business interruption for tenants.	Growthpoint's most immediate exposure to extreme weather events is from flooding. In FY19, we developed flood risk mitigation measures for properties of material value which have been identified to be at risk from future flooding (see case study on page 11 of our 2019 Sustainability report). We also have a detailed Business Continuity Plan in place, including procedures to manage the initial event and subsequently recover and resume critical business functions, resources and infrastructure within set timeframes.
		✓	✓	Increased insurance premiums and potential for reduced availability of insurance on assets in 'high-risk' locations.	Growthpoint regularly reviews insurance conditions as a component of our procurement process. We also invest in Climate Change Risk Assessments and Climate Change Adaptation Plans for material acquisitions and new developments. These assessments and plans enable well-informed design and acquisition decisions to minimise avoidable downside exposures to future climate-change risk in the portfolio.

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Our businesses resilience to climate-related impacts

The long-term impact of climate change is uncertain. However, scientific consensus finds that if carbon emissions continue to increase, we are likely to experience increasing physical impacts from global temperature changes and extreme weather events. In addition, transitional impacts are expected from the implementation of carbon pricing and other climate-driven regulatory policies, advancements in built environment technologies, and evolution of consumer preferences for more sustainable spaces.

Due to this inherent uncertainty, the TCFD recommends the use of extreme, hypothetical scenarios to test business resilience to the potential physical and transitional impacts of climate change in the medium and long-term.

Testing resilience using scenario analysis

An external consultant prepared the following high-level scenario analysis during 2020. Two hypothetical scenarios were used to identify the impact of extreme climate-related changes on Growthpoint's business. They tested the resilience of our investment portfolio, business strategies and financial planning. One scenario focussed on the transitional impacts under a more rapid than expected transition to a 2-degree Celsius (or less) economy, the other focussed on potential physical impacts under a higher than expected global temperature rise.

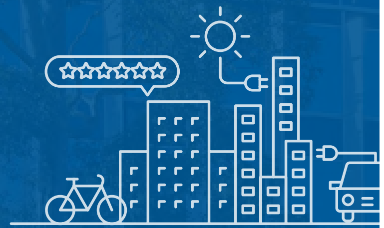
1. This scenario is based on information from the following resources - International Energy Agency – World Energy Outlook, Sustainable Development Scenario (November 2019); ClimateWorks Australia - Decarbonisation Futures, buildings (November 2019); Australian National University & Investor Group on Climate Change - Assessing climate-change risks and opportunities for investors, Property and Construction Sector (April, 2016); Property Council of Australia & Green Buildings Council of Australia – Every building counts, A practical plan for emission reduction in the built environment (October 2019).
2. This scenario is based on information from the following resources - Climate Change in Australia – Climate Futures Exploration Tool and Marine Explorer tool, using RCP8.5 for 4 degree scenario and RCP2.6 for 2 degree scenario; The Climate Council - Compound Costs: How climate change is damaging Australia's economy (May 2019); Australian National University & Investor Group on Climate Change - Assessing climate-change risks and opportunities for investors: Property and Construction Sector (April, 2016).

Scenario analysis overview

See the following pages for further detail

2-degree Celsius scenario: rapid transition to a low carbon economy (RCP2.6)[1]

This scenario stress-tests our resilience to rapid **transition-related impacts** including policy changes and shifts in consumer behaviour.



4-degree Celsius scenario: extreme physical impact – 'business as usual' (RCP8.5)[2]

This scenario stress-tests our resilience to **extreme physical climate change impacts**, including severe weather events as well as gradual long-term changes such as increased surface temperatures.

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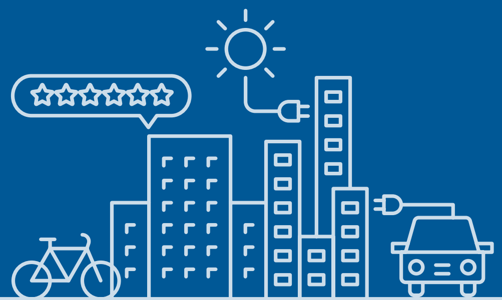
2-degree Celsius scenario:
rapid transition to a low carbon economy (RCP2.6)

This scenario stress-tests our resilience to rapid **transition-related impacts** including policy changes and shifts in consumer behaviour.



Our assumptions under this scenario:

The world collaborates to decarbonise rapidly, and limit global temperature increases to 2°C or less by 2100 as per the Paris Agreement.

Property planning laws and performance standards have stringent efficiency requirements (including energy use and insulation) which may involve some retrofitting investments.

Energy supply to the property sector will be close to 100% renewable electricity by 2040, provided from the grid or generated on-site, with high uptake of battery storage options.

Tenants will expect highly efficient ‘green’ buildings as a matter of course, and other infrastructure and lifestyle considerations such as proximity of buildings to public transport may become differentiating market factors.

A carbon price would apply across all remaining emissions by 2030, at a level of \$100/tCO_2e or more.

Potential transitional impacts for Growthpoint

Policy and regulations

→ Cost of compliance if regulation requires high carbon and energy efficiency

Legal

→ Board are responsible for managing climate risks and protecting investment value

Market

→ Costs related to maintaining a green portfolio to retain premium tenants

→ Costs related to adoption of renewable energy

→ Asset values affected by increased demand for green buildings

Technology

→ Costs of adopting new building management and energy efficiency technology

Reputation

→ Competition for investors and equity as high ESG performance becomes priority

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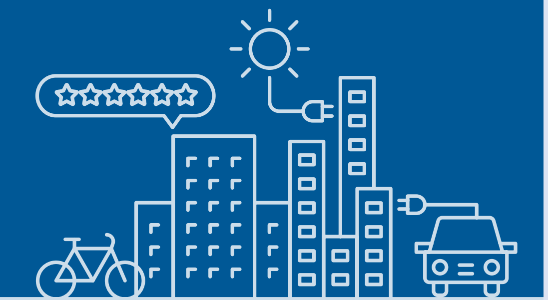
2-degree Celsius scenario:
rapid transition to a low carbon economy (RCP2.6)

Resilience assessment



Our focus on maintaining a portfolio with high green credentials (benchmarked against Green Star and NABERS) and emphasis on continual improvements in building performance are both intended to attract and retain premium tenants. This core strategy also has the effect of optimising our resilience to potential shifts in tenant demand and changes in policy and regulations related to energy and carbon efficiency.

Growthpoint's base case valuation draws on recent trading prices for comparable investment properties, adjusted to reflect differences for location, building quality, tenancy profile and other factors. Discounted cash flow projections also include benchmarking of rental income against recent lease arrangements for comparable properties. We will continue to proactively consider observable shifts in market demand and tenant preferences in our ongoing valuation and portfolio management activities.

Our operational energy and emissions reduction goals are currently aligned with this scenario, including a 2025 decarbonisation goal. The impact of a long-term high-side $100/t$CO_2$e carbon price on our bottom-line costs would be minimal at forecast emissions levels under this scenario (below 3% per annum).[1]

Overall, review of our business strategy, valuation approach and portfolio management activities, has not revealed any material down-side risk under this scenario. Tangible upside opportunities are evident for our high green-credentialed portfolio to meet changing tenant and market demands, and we will continue to pursue these in line with our broader business strategy.

See the further detail on transitional risks and opportunities and our response on pages 12-15.

1. This calculation is based on CY19 scope 1 and 2 emissions of 14.1kt CO_2e multiplied by $100/t to give $1.41 million annual carbon liability. Growthpoint's total property expenses in FY20 were $45.6 million, so additional carbon liability if a carbon price were to be applied now would be 3% of total property expenses. It is expected however, that under this scenario, emissions will be lower by 2030, due to grid intensity reductions alone (scope 2) as driven by Australian state targets even if Growthpoint were to take no further action. Therefore, this figure of 3% is a deemed to be a conservative estimate.

Botanicca 3, Richmond, VIC – building facade features a state-of-the-art curtain wall fitted with perforated sunshades which enhance energy efficiency

Strategy.

4-degree Celsius scenario: extreme physical impact – 'business as usual' (RCP8.5)

This scenario stress-tests our resilience to **extreme physical climate change impacts**, including severe weather events as well as gradual long-term changes such as increased surface temperatures.

Our assumptions under this scenario:

Decarbonisation efforts are hampered by policy stagnation and a slowdown in investment in renewable energy and low-carbon technologies/products.

Global temperature rises to 4°C by the end of the century, resulting in increased physical impacts from climate change. This includes greater severity and frequency of extreme weather events as well as increases in surface temperature, sea level rise and other chronic impacts.

Tenant demand shifts to buildings with design features maximising occupant comfort (in higher temperature and humidity conditions, and in the maintenance of indoor air quality when outdoor air quality is poor).

Physical resilience to extreme weather events will be of increasing importance to preserve asset value and manage insurance costs.

Warehouses and other industrial buildings linked to extended supply chain infrastructure may be preferentially located in areas less likely to be impacted by flooding and other physical disruptions.

Property planning laws and performance standards may have more stringent requirements to maximise physical resilience to extreme events, particularly when repairing or rebuilding.

Potential physical impacts for Growthpoint

Extreme weather events

→ Damage to assets from events such as flooding and severe storms.

→ Impact on air quality from events such as bushfires.

→ Interruption to normal operations and restrictions on building access.

Increasing surface temperature

→ Increasing costs to manage indoor air quality, humidity and temperature.

Sea level rise

→ Asset values in Sydney and Brisbane may be impacted by risk of sea-level rise.

Strategy.

4-degree Celsius scenario:
extreme physical impact – 'business as usual' (RCP8.5)

Resilience assessment

Portfolio resilience will depend on specific asset locations as well as structural and design integrity. Our current approach to maximising resilience includes investing in Climate Change Risk Assessments and Climate Change Adaptation Plans for material acquisitions and new developments. This allows us to make well-informed design and acquisition decisions to minimise avoidable downside exposures in our portfolio. We also continue to maintain a Flood Risk Register to identify assets at high risk of flooding and invest in preventative adaptation measures where necessary.

A review of regional climate impacts specific to our current portfolio, using climate data projections,[1] has found that our current approach to climate resilience planning is appropriate in the short term. However, it has confirmed the importance of incorporating extreme climate change scenario impacts into property-specific climate risk assessments, including vicinity to bushfire-prone areas and potential impacts from flooding. This will ensure additional exposures are identified and design considerations are made where required to preserve long-term value. We intend to continue investing in these detailed assessments for material acquisitions and developments in our due diligence activities going forward.

See the further detail on physical risks and opportunities and our response on page 16

1. Climate projection data was sourced from the Climate Change in Australia Government website using the Climate Futures Exploration Tool and Marine Explorer Tool. Forecast changes over both the short term (2030) and long term (2050) time horizons were explored for average surface temperature across the summer months, frequency of extreme wind and rainfall events (1-in-20-year daily maximums for both) and sea level rise (relative to 1985 to 2005).

Risk management.

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TCFD recommendations:

Disclose how the organisation identifies, assesses and manages climate-related risks:

(A) Describe the organisation’s processes for identifying and assessing climate-related risks.

(B) Describe the organisation’s processes for managing climate-related risks.

(C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisations overall risk management.

Risk management.

Our approach to climate-change related risk management

Climate-related risks are managed as part of Growthpoint's company-wide risk management framework. The focus is to identify, manage, mitigate and monitor risks to Growthpoint's assets, reputation, profit and personnel.

The Board has overall responsibility for the establishment of the Group's risk management framework which is in place to oversee the management of the Group's risks (including climate-related risks) and approves the Group's climate-related strategy and initiatives.

The Board has established an Audit, Risk and Compliance Committee (ARCC), which is responsible for oversight of the framework and how management monitor compliance with the Group's risk management policies and procedures. The ARCC reviews the adequacy of the risk management framework in relation to the risks faced by the Group and makes appropriate recommendations to the Board.

At the portfolio level, climate-related risks and opportunities are managed by the Projects and Sustainability team.

See pages 12-21 for further detail on Growthpoint's climate-related risks and opportunities.

75 Dorcas St,
South Melbourne, VIC

75 Dorcas St,
South Melbourne, VIC

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Metrics and targets.

TCFD recommendations:

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material:

A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

B. Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks

C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

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Reducing our impact – measuring progress to manage our performance

Key measures to monitor our performance are NABERS Energy and Green Star ratings. We also track our performance through voluntary participation in reporting programs such as GRESB and CDP. Improvements in performance are driven by ongoing resource efficiency programs and targeted acquisitions of assets with high green credentials.

Performance against our climate related metrics is reported in our annual sustainability report. For further information on current performance for energy, emissions and water usage and waste management see our FY21 Sustainability Report.

Our GHG emissions and boundaries

Type of emission	Our boundary
Scope 1 emissions	Scope 1 (direct) emissions cover emissions related directly to Growthpoint's operations, released from sites or equipment under the operational control of Growthpoint (i.e. base building natural gas sourced directly from the pipeline consumed by facilities within Growthpoint's operational control).
Scope 2 emissions	Scope 2 emissions cover indirect emissions from purchased electricity, consumed in sites under Growthpoint's operational control (i.e. base building electricity consumed by facilities within Growthpoint operational control and consumption of electricity at Growthpoint's Head Office).
Scope 3 emission	Scope 3 emission sources cover indirect upstream and downstream activities used to support Growthpoint's business operations (purchased goods, gas and electricity consumption, business travel, and tenant electricity and gas consumption).

Measure and monitor our performance

NABERS

greenstar

Benchmark our progress

GRESB Member

CDP SUPPORTER 2019

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Objective	Target	Achievement
Decrease environmental impact by reducing energy consumption and greenhouse gas emissions across the portfolio	10% reduction in scope 1 and scope 2 emissions (i.e. energy use) across Growthpoint's operationally controlled like-for-like properties on an absolute basis from a CY17 base year by 2021	› 20% reduction in scope 1 and 2 emissions in CY20 (versus CY17 base). A large proportion of this reduction was driven by reduced occupancy due to COVID-19 lockdowns across Australia › Ongoing energy monitoring and optimisation performed
	Net zero scope 1 and scope 2 emissions by 2025	› In June 2021, made a public commitment to achieve net zero emissions by 2025 › In May 2021, committed to progressing five onsite solar projects in FY22
Maintain high NABERS ratings across office portfolio	Maintain average NABERS Energy rating above 4.0 stars	› Improved the portfolio average NABERS Energy rating to 5.1 stars[1] as at 30 June 2021
Improve waste management and performance monitoring across the office portfolio and reduce percentage of waste being diverted to landfill	Achieve 5% reduction in waste to landfill across Growthpoint's like-for-like office properties from a CY17 base year by 2021	› Currently on track to achieve our CY21 target, with 24% of waste diverted from landfill, versus 19% in CY17 › During FY21, developed more accurate waste reporting program for all covered assets

1. Our FY21 performance results have been positively impacted by the COVID-19 pandemic, as many of our office assets were operating below capacity for extended periods due to government-mandated restrictions.

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We have an ongoing commitment to managing and monitoring climate-change risks and opportunities. Our priorities for FY22 and beyond are outlined below.

	Where we are today	Next steps
Risk and governance	› Preliminary identification of risks under two climate change scenarios	› Further integration of climate-change risks and opportunities into Growthpoint's business planning and operations › Begin reviewing options for disclosure of our climate-change risks in yearly financial reporting
Strategy	› Targeting net zero by 2025 across assets under our operational control and our corporate activities	› Refine near-term capital expenditure program to target onsite solar installations and energy efficiency improvements › Develop a strategy for offsite renewable energy procurement › Develop asset level climate resilience plans where appropriate
Metrics and targets	› Monitoring direct climate impacts and annually reporting on emissions, energy, water and waste on a property-by-property basis	› Adopt market-based reporting to ensure further transparency in our GHG emissions disclosures › Consider adoption of water reduction targets › Consider seeking NABERS Waste ratings for relevant assets

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Term	Definition
$ or dollar	refers to Australian currency unless otherwise indicated
ASX	Australian Securities Exchange
b	billion
CDP	a global environmental disclosure system
CY	Calendar year
ESG	Environmental, social and governance
FY	Financial year
GHG	Greenhouse gas
GRESB	Global ESG benchmark for real assets
GOZ	Growthpoint or Growthpoint's ASX trading code or ticker
Green Star	an internationally recognised sustainability rating system issued by the Green Building Council in Australia
Growthpoint or the Group	Growthpoint Properties Australia comprising the Company, the Trust and their controlled entities
m	million
NABERS	National Australian Built Environment Rating System. A national system for measuring environmental performance of buildings
NGER	National Greenhouse and Energy Reporting
Paris Agreement	An agreement among the leaders of over 180 countries to reduce greenhouse gas emissions and limit the global temperature increase to below 2 degrees Celsius (3.6 F) above preindustrial levels by the year 2100.
RCP	Representative Concentration Pathway
REIT	real estate investment trust

Term	Definition
Scope 1 GHG emissions	Emissions from operations that are owned or directly controlled by Growthpoint (i.e. natural gas in use for base building operations)
Scope 2 GHG emissions	Indirect emissions from purchased electricity consumed at sites under Growthpoint operational control (i.e. base building electricity consumed by facilities within Growthpoint's operational control and electricity consumed at Growthpoint's head office)
Scope 3 GHG emissions	All other indirect emissions from sources that include upstream and downstream activities that fall outside Growthpoint's operational control, to support business operations (i.e. purchased goods and services, tenancy electricity and gas consumption, indirect losses from transmission and distribution of electricity and natural gas and business travel)
TCFD	Taskforce for Climate-related Financial Disclosures
tCO2-e	Tonnes of carbon dioxide equivalents. The universal unit of measurement to indicate the global warming potential of greenhouse gases

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