

## ASX RELEASE

13 October 2023

### SUSTAINABILITY REPORT 2023

HMC Capital Limited (ASX: HMC) is pleased to provide its Sustainability Report 2023 as attached.

This announcement is authorised for release by the Board.

For further information, please contact:

#### INVESTORS

**Misha Mohl**  
Group Head of Strategy & IR  
+61 422 371 575  
[misha.mohl@hmccapital.com.au](mailto:misha.mohl@hmccapital.com.au)

**Will McMicking**  
Group Chief Financial Officer  
+61 451 634 991  
[william.mcmicking@hmccapital.com.au](mailto:william.mcmicking@hmccapital.com.au)

#### MEDIA

**John Frey**  
Corporate Communications  
+61 411 361 361  
[john@brightoncomms.com.au](mailto:john@brightoncomms.com.au)

#### **About HMC Capital**

*HMC Capital is a leading ASX-listed alternative asset manager which specialises in real assets and private equity. We manage approximately \$8bn on behalf of institutional, high net worth and retail investors. We have a highly experienced and aligned team of over 80 professionals with deep investment and operational expertise. Our point of difference is our ability to execute large, complex transactions. This has underpinned our rapid growth in funds under management since listing in October 2019 and track record of generating outsized returns for our investors. Our investment strategies are exposed to sectors benefitting from powerful megatrends such as healthcare, life sciences and last mile retail logistics. We are well positioned to grow our funds under management to over \$20bn in the medium term by scaling our existing platform and expanding into new alternative sectors such as energy transition, infrastructure, and private credit.*



HMC CAPITAL SUSTAINABILITY REPORT 2023

# Looking Ahead



### About this report

Our Sustainability Report sets out our ESG strategy, which has been endorsed by the HMC Capital Board, as well as a review of our sustainability performance for the financial year ended 30 June 2023. It demonstrates how we have applied our ESG strategy in addressing the sustainability issues identified as being material to our business and stakeholders.

This report has been prepared with reference to the Global Reporting Initiatives (GRI) standards (2021).

In future years we aim to align with reporting standards and guidance as set out by the International Sustainability Standards Board (ISSB).

### Acknowledgement of Country

HMC Capital acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the land on which we operate throughout Australia and celebrates their diverse culture and their connections to land, sea and community. We pay respect to their Elders past, present and emerging, and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

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# An update from our Chair and CEO

Over the past twelve months, we have made great strides towards achieving our sustainability goals. Our Sustainability Report outlines how we are creating long-term value by addressing the environmental, social, and governance issues that matter most to our stakeholders.



**David Di Pilla**

Managing Director and Group CEO  
HMC Capital

The last year has again been transformative for HMC Capital. We made significant progress in executing our strategy to build a more sophisticated and diversified business focused on alternative assets. This included establishing two major unlisted growth platforms, raising new equity and growing our funds under management to over AUD \$8.1 billion. Our ability to execute large, complex transactions and use our balance sheet to take advantage of strategic opportunities has enabled HMC to maintain its strong momentum in a more challenging capital markets environment.

We have established two new unlisted growth platforms that support our existing HomeCo and HealthCo strategies, enabling us to expand into new asset classes and further accelerate growth. The Last Mile Logistics Fund represents the first of a series of future institutional funds which leverage HMC Capital's proven track record. The Fund was launched in June 2023 and targets core plus transition assets (sub regional, neighbourhood and LFR assets) with upside via repositioning into essential last mile real estate infrastructure. The Healthcare and Life Sciences Fund was established in May 2023 and targets large-scale hospital and life sciences property investments.

As a growing alternative asset manager, HMC Capital's sustainability focus is on the creation of Healthy Communities, where people have access to products, services, and experiences to live healthy lives.

We strive to achieve this by servicing the needs of communities through our network of assets; delivering lasting positive social outcomes for those local communities; and taking responsibility for environmental impacts.

We are determined in our commitment to this focus and as this FY23 Sustainability Report demonstrates, over the past year our progress has been considered and appropriate. The Report also outlines how we strive to create long-term value by focusing on the environmental, social, and governance matters that are most important to our stakeholders and our business.

The HMC Capital Board, the Boards of our managed funds and the management team understand the importance of environmental, social and governance impacts across all parts of our business and are committed to progressing the ESG journey we have begun.

## Environmental

Our two environmental impact themes under our ESG strategy are Climate Action and Green Future. Climate Action commits us to actively minimise carbon emissions by integrating climate-related issues into all aspects of our investment strategy. Green Future focuses on how we champion the preservation and restoration of the natural environment.

We have made pleasing progress in this space over the year, including reducing our Scope 1 and 2 carbon emissions<sup>1</sup> across the portfolio, significant rollout of our Energy Management System (EMS) across feasible sites, and conducting GRESB reporting for HDN for the first time.

At a property level, we now have solar photovoltaic (PV) active in 16 sites, with an additional five sites under installation. We have also continued to focus on minimising the environmental impact of our developments with our most recent developments at South Nowra, Mackay, and Glenmore Park targeted to achieve a 4 Star Green Star rating.

## Social

Connection and Respect are our two social impact themes. Connection focuses on how we respond to essential local and regional community needs as they relate to health, wellness and daily needs services. Respect is about respecting the inherent dignity, safety, diversity and human rights of all our stakeholders.

HMC Capital's national footprint in the assets it manages, and the diversity of operators, means that social impact can also be delivered through a partnership approach with key stakeholders in local communities.

Our social impact strategy is supported by both the HMC Capital Foundation (Foundation) and through CommunityCo. The HMC Capital Foundation is a standalone public ancillary fund which is expected to distribute funding to support the social impact ambitions of the business. Furthermore, CommunityCo has commenced its partnership with EatUp which provides support for the needs of youth in our communities, by providing lunches to disadvantaged children.

We are proud to have already achieved our 2025 gender diversity target of a workforce of 50% women. We have also achieved 50% gender diversity across all independent Board Director positions.

We have commenced work to establish the HMC Capital Reconciliation Action Plan (RAP) and are well progressed to submit a RAP for approval with Reconciliation Australia.

## Governance

HMC Capital is committed to ongoing, effective and transparent governance, with our approach guided by our themes of Accountability and Alignment. Reflecting this commitment, we have a strong governance framework in place underpinning our business, investment platforms and sustainability initiatives.

The framework includes the Code of Conduct and HMC Capital's suite of corporate governance policies which reinforce our values and supports an effective, independent, responsible and transparent decision-making process that is in the best interests of all our stakeholders.

We were recognised by independent rating agencies for our efforts in corporate governance and environmental impact, with HMC Capital receiving an AA rating from MSCI ESG Ratings, and HomeCo Daily Needs REIT being awarded the 2023 ESG Regional Top-Rated company by Morningstar Sustainability.

## Looking Ahead

HMC Capital moves into FY24 with strong momentum and a high level of conviction about our potential to grow funds under management over the next 12 months and beyond. And, as we grow, we recognise how vitally important it is to continue strengthening our environmental, social and governance efforts and performance. Throughout the business, we are committed to doing so. This Report outlines our ESG strategy, our achievements over FY23, and our plans for the year ahead.

Thank you for taking an interest in our ESG journey and for your ongoing support of our initiatives.

<sup>1</sup> Emissions data for the 12-month period ending 30 June 2023 versus 30 June 2022. Annual data excludes divestments during the period and properties where the tenant is responsible for electricity consumption. Emissions data has been subject to internal assurance reviews but has not undergone external audit.



# About HMC Capital

HMC Capital is an ASX-listed diversified alternative asset manager. We focus on investing in high-conviction and scalable real asset strategies on behalf of individuals, large institutions and super funds. HMC manages \$8.1 billion<sup>1</sup> of external AUM across its five funds.

<sup>1</sup>. As at 30 June 2023



### HomeCo Daily Needs REIT

HomeCo Daily Needs REIT (ASX: HDN) is Australia's leading daily needs Real Estate Investment Trust (REIT) with a combined portfolio size of approximately \$4.7 billion<sup>1</sup>.

HDN has a mandate to invest in convenience-based property assets, specifically the Neighbourhood Retail, Large Format Retail and Health and Services sub-sectors.

Its current portfolio spans approximately 2.5 million square metres in Australia's leading metropolitan growth corridors of Sydney, Melbourne, Brisbane, Perth and Adelaide.

HDN aims to provide unitholders with consistent and growing distributions.

“ HomeCo Daily Needs REIT has continued to grow its portfolio of strategically located assets focused on serving our communities with daily needs and services, while furthering our Net Zero goals. We strive to build upon on Sustainability goals to scale with our growing portfolio. ”

#### SIMON SHAKESHEFF

Independent Non-Executive Chair, HomeCo Daily Needs REIT



### HealthCo REIT

HealthCo Healthcare and Wellness REIT (ASX: HCW) is an Australian Real Estate Investment Trust focused on owning healthcare and wellness property assets. HCW currently comprises 36 properties and \$1.6 billion<sup>1</sup> AUM.

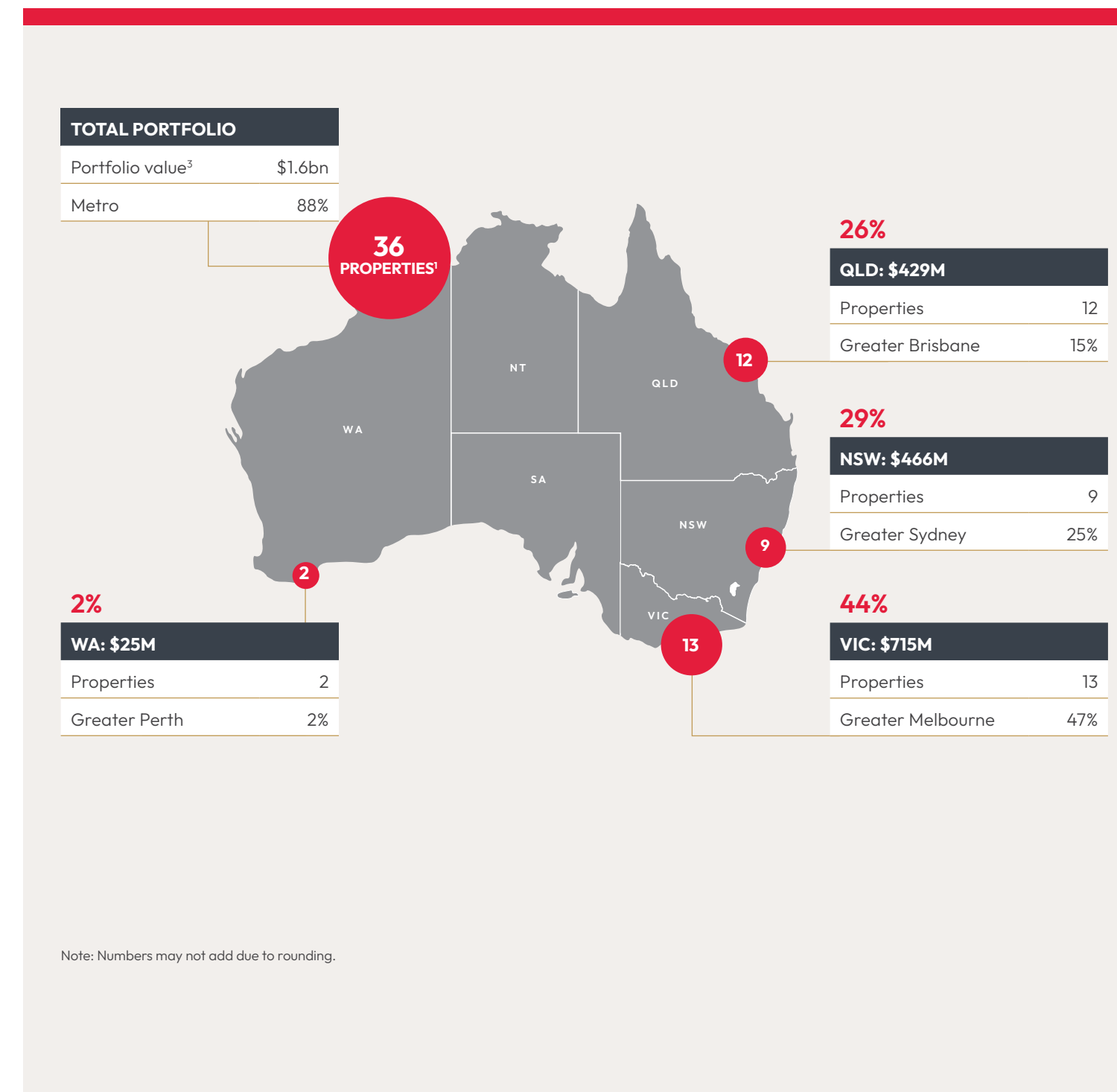
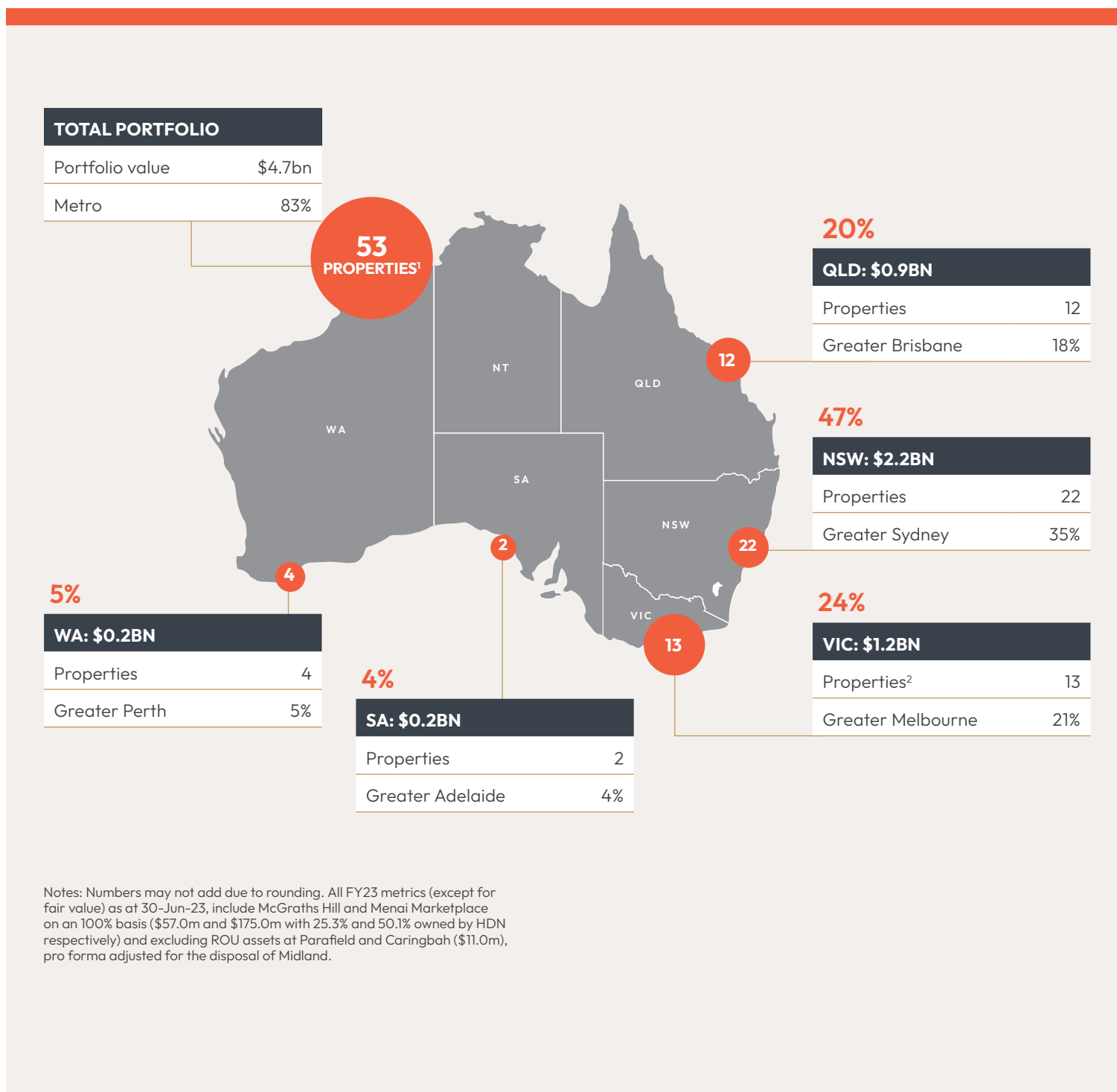
HCW provides investors with exposure to a diversified portfolio in healthcare and wellness property assets across hospitals;

aged care; childcare; government, life sciences and research; primary care and wellness, and other adjacencies. The portfolio is underpinned by healthcare sector megatrends, and targets stable and growing distributions, long-term capital growth and positive environmental and social impact.

“ HealthCo is continuing to build a diversified portfolio of high-quality Healthcare infrastructure, whilst advancing initiatives across our assets to support healthy and sustainable Australian communities. ”

#### JOSEPH CARROZZI AM

Independent Non-Executive Chair, HealthCo Healthcare & Wellness REIT



1. As at 30 June 2023.  
 2. Armstrong Creek Pad site is consolidated into the adjacent head.  
 3. Includes Camden Stages 2 & 3 and excludes assets held for sale.

### HMC Capital Partners Fund 1

HMC Capital Partners Fund 1 (Fund), is an Australian-domiciled unlisted fund providing exposure to a high-conviction investment strategy. The Fund targets public and private companies with real asset backing where there is potential to unlock 'trapped' value through improved capital allocation and portfolio management.

### Last Mile Retail Logistics Fund

Last Mile Retail Logistics (LML) Fund is an unlisted wholesale fund with strategically aligned investors, focusing on essential Daily Needs properties in Australia. The Fund will target core plus transition assets with growth upside through repositioning into non-discretionary Daily Needs uses with essential last mile real estate infrastructure.

In June 2023 HMC secured a \$350 million equity commitment from Funds SA in addition to the previously announced \$50 million commitment from HDN. The initial equity funding provides \$800 million of investment capacity.

### Unlisted Healthcare and Life Sciences Fund

Healthcare and Life Sciences Fund (UHF) is an unlisted real estate fund focused on investing in healthcare property in the Asia Pacific region. UHF will initially own a portfolio of 7 acute care hospitals leased to leading Australian operator, Healthscope.

UHF has a substantial embedded brownfield development pipeline within the existing Healthscope hospitals with an end value of \$1.3 billion based on committed projects. The fund is expected to realise positive valuation gains on completion of these developments.



# ESG Strategy and Material Issues

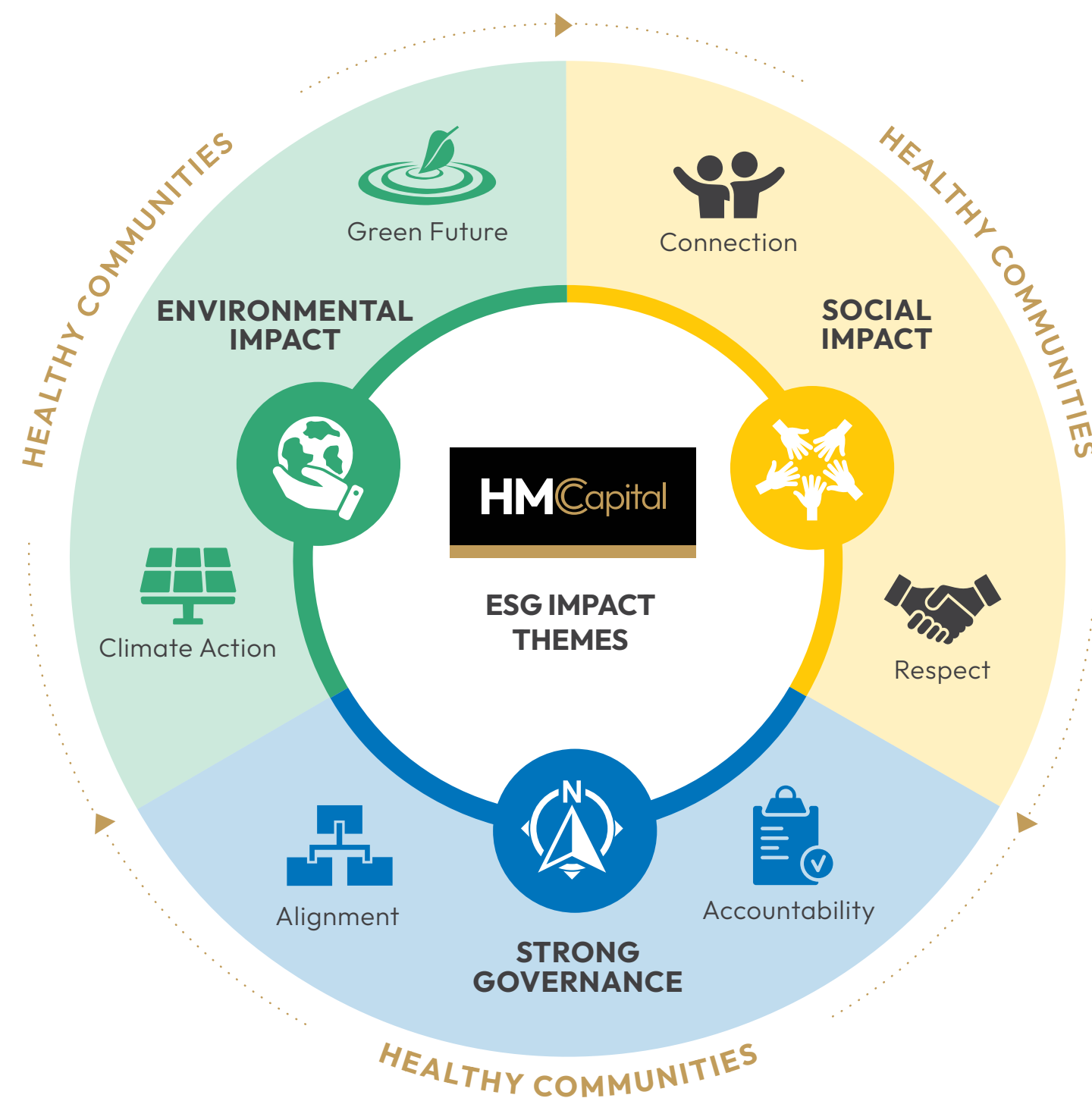
HMC Capital's sustainability focus is on the creation of Healthy Communities, where people have access to products, services and experiences to live healthy lives.





Our ESG strategy was formulated following a thorough materiality assessment of the most important environmental, social and governance topics with our stakeholders. We will create Healthy Communities by driving change across six impact themes: Climate Action, Green Future, Connection, Respect, Alignment and Accountability.

Our commitments frame how we view sustainability in our investment strategy and management of assets. We report regularly against the commitments that support each theme and will continue to develop our reporting as our approach matures into the future.



### FY23 Highlights



#### ENVIRONMENT

##### CLIMATE ACTION

- Reduce carbon emissions and intensity
- Achieve environmentally efficient and resilient infrastructure
- Adopt renewable energy resources

##### FY23 Highlights

- ✓ 24% reduction in scope 1 and 2 carbon emissions<sup>1</sup>
- ✓ Energy Management System now installed at 30 sites, with a further 5 installations underway<sup>2</sup>, exceeding targets of 15% for energy consumption reduction<sup>3</sup>
- ✓ 73% LED lighting conversion achieved across portfolio

##### GREEN FUTURE

- Trial waste minimisation & use influence to mitigate waste
- Enhance water efficiency
- Deploy environmentally friendly building materials and practices

##### FY23 Highlights

- ✓ NABERS and Green Star Performance ratings attained across the portfolio
- ✓ Achieved average 4 Star NABERS Energy portfolio rating (“Best Practice”)
- ✓ Achieved average 5.1 Star NABERS Water portfolio rating (“Australian Excellence”)

1. Emissions data for the 12-month period ending 30 June 2023 versus 30 June 2022. Annual data excludes divestments during the period and properties where the tenant is responsible for electricity consumption. Emissions data has been subject to internal assurance reviews but has not undergone external audit.

2. As at mid-September 2023.

3. EMS performance is based on 18 sites installed for >3 months as at 31 March 2023.



#### SOCIAL

##### CONNECTION

- Engage with communities to create connection and understanding
- Strengthen equitable access to essential products and services
- Provide safe spaces for communities

##### FY23 Highlights

- ✓ CommunityCo confirmed its first national partner, Eat Up Australia, which will commence in FY24
- ✓ Responsible investment standards adopted for all acquisitions with periodic reviews conducted
- ✓ Progressed *Reflect* Reconciliation Action Plan for implementation in FY24

##### RESPECT

- Show respect for human rights
- Ensure all employees enjoy wellbeing, safety, and equal opportunity to reach their full potential
- Invest in the development of an environment for our people to drive engagement and values alignment

##### FY23 Highlights

- ✓ 50% gender diversity achieved organisation-wide and across independent Board Director positions
- ✓ Nil employee Lost Time Injuries



#### GOVERNANCE

##### ACCOUNTABILITY

- Commit to robust and transparent sustainability related governance standards and processes
- Hold strong and transparent relationships with investors
- Leverage business relationships to promote responsible business practices

##### FY23 Highlights

- ✓ HDN awarded 2023 ESG Regional Top-Rated company with Morningstar Sustainability
- ✓ HMC received a rating of AA in the MSCI ESG Ratings assessment
- ✓ HDN lodged inaugural Modern Slavery Statement

##### ALIGNMENT

- Establish strong Board diversity, independence, and skillset
- Embed sustainability objectives in KPIs, remuneration and incentive structures
- Build an organisational culture that drives sustainable outcomes

##### FY23 Highlights

- ✓ 50% gender diversity achieved across independent board director positions
- ✓ Third-party evaluation of the HMC Board in FY23 as part of the Group’s best practice governance.
- ✓ ESG KPIs established for all employees



# Environment

HMC Capital can play an active role in the transition to a greener and low carbon economy. We have set targets focusing on decarbonisation and futureproofing and transitioning our business.

# Climate Action

HMC Capital is committed to contributing to Australia’s transition to a low carbon economy.

The environmental theme, Climate Action, encourages us to actively minimise carbon emissions by integrating climate considerations throughout our investment strategy— from acquisition due diligence to development design and construction, through to ongoing operations.

Three commitments guide our efforts: transitioning the real assets we manage and control towards net zero carbon emissions by 2028; considering environmental factors in the acquisition, development, and maintenance of our assets; and seeking to responsibly adopt renewable energy sources and technologies. Our Energy Roadmap guides our efforts towards net zero across three phases: optimising energy consumption at our assets, generating renewable energy onsite, and developing onsite energy storage solutions.

## Our Commitments

## Progress in FY23

Reduce carbon emissions and intensity

- 24% reduction<sup>1</sup> in scope 1 and 2 carbon emissions across managed real estate assets within managed funds with independent limited assurance having occurred for HDN assets for 12 month period up to 31 December 2022
- The reduction is driven predominantly by our Energy Management System installations, which are active at 30 sites<sup>2</sup> and have exceeded targets of 15% for energy consumption reduction<sup>3</sup>. The balance of the carbon emission reduction is driven by a combination of proactive asset management (including solar) on site and reduction in the carbon emissions factors applied
- 73% LED lighting conversion achieved across portfolio

Achieve environmentally efficient and resilient infrastructure

- Continued to consider environmental factors in due diligence to inform investment decisions and ensure they support our net zero strategy, achieved through our ESG checklist

Adopt renewable energy resources

- Appointed Tier 1 solar partner and engaged for Solar roll out across feasible sites within the portfolio
- 16 active Solar PV systems at HDN and HealthCo sites

1. Emissions data for the 12-month period ending 30 June 2023 versus 30 June 2022. Annual data excludes divestments during the period and properties where the tenant is responsible for electricity consumption. Emissions data has been subject to internal assurance reviews but has not undergone external audit.  
 2. As at mid-September 2023.  
 3. EMS performance is based on 18 sites installed for more than 3 months as at 31 March 2023.



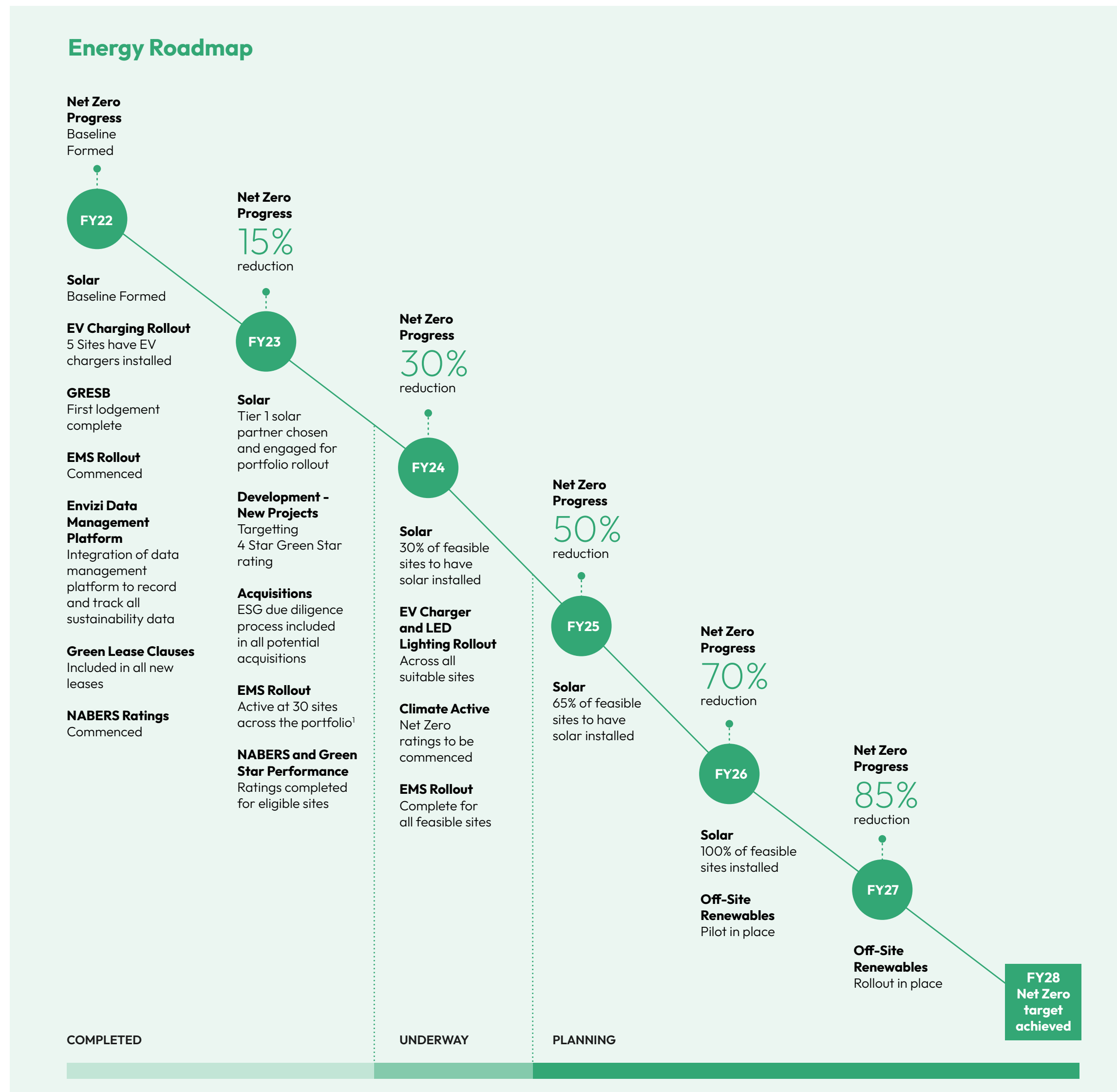
## Energy efficiency

Optimising our assets' performance to use energy efficiently is central to our ambition to reach net zero emissions by 2028. The Smart Energy Management System (EMS) implementation project, which began in 2021, is contributing to this goal and is the first step of our journey.

Having exceeded performance targets during the initial pilot, EMS is now active at 30 sites across the portfolio.<sup>1</sup> Five installations are underway<sup>1</sup>, with the balance of sites planned for installation in FY24. The EMS has proven effective in optimising building energy performance, exceeding targets of 15% for energy consumption reduction<sup>3</sup>. Find out more on the case study on page 13.

Our LED lighting program also contributes to our energy efficiency goals with 73% LED lighting conversion achieved across our portfolio for common area and carpark lighting. This is based on centres where the tenant is not responsible for electricity consumption and relates to common areas and external carparks. At HomeCo Menai Marketplace, we replaced 67 lights with efficient LEDs, which is expected to reduce energy consumption by approximately 67,800 kW and emissions by 72 tCO<sub>2</sub>e per year. The 81 LED lights installed in HealthCo Rouse Hill is expected to reduce the centre's energy consumption by approximately 80% per year and reduce emissions by 126 tCO<sub>2</sub>e per year.

1. As at mid-September 2023.  
 2. EMS performance is based on 18 sites installed for more than 3 months as at 31 March 2023.  
 3. Includes Midland site.



## Renewable energy

Increasing onsite renewable energy generation through solar PV is a key component of our net zero by 2028 strategy. We are targeting a 50% reduction in portfolio grid electricity consumption by 2026 through our solar rollout program. Installing solar PV systems that can accommodate future micro-grids and battery storage complements our smart EMS upgrades, enabling us to generate renewable energy at our six energy efficient assets and reduce our scope 2 emissions.

Across our portfolio, we have solar PV active in 16 sites<sup>3</sup>, ten HDN and six HCW assets. A further five sites are under installation, scheduled for completion in FY24. These five further sites will increase the energy generated from onsite landlord solar to nearly 6,395,000 kWh. Additional solar systems are currently being designed for feasible sites, keeping us on track to reach the FY24 solar goal within our Energy Roadmap. We also appointed a tier one solar partner in FY23 to support our portfolio-wide solar PV rollout.

Morayfield, Queensland



## Transition to Net Zero

Reducing our emissions improves our resilience to the potential risks and costs associated with the transition to a net zero economy, such as energy price instability and carbon pricing, so we can continue to deliver value for our stakeholders.

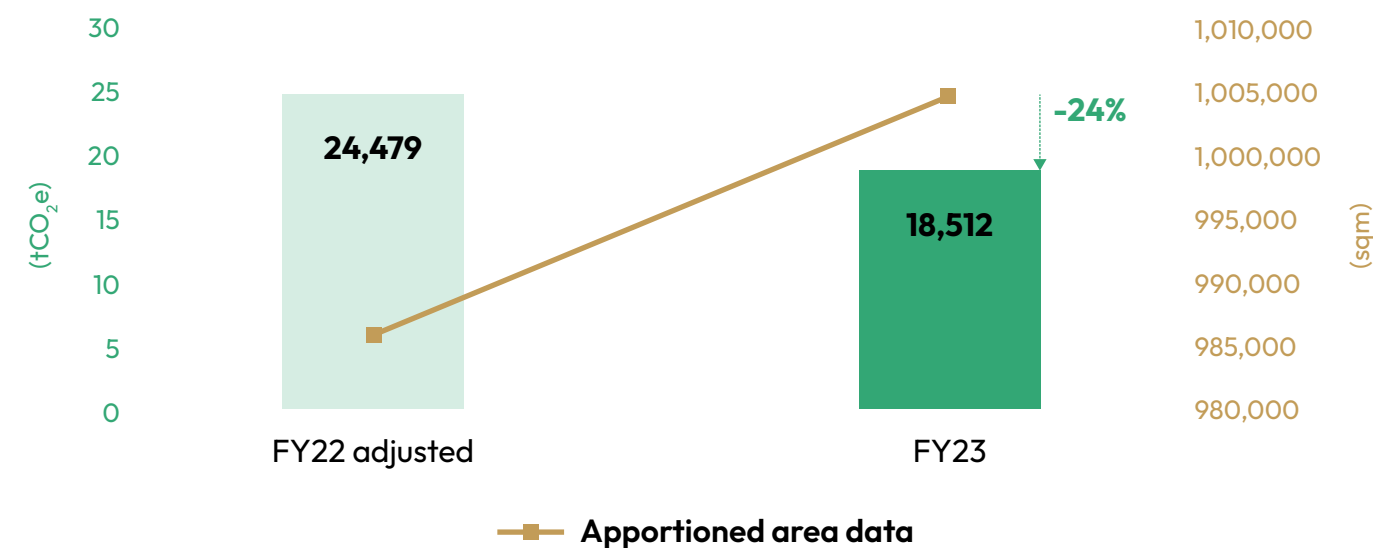
We reduced our scope 1 and scope 2 emissions by 24%<sup>1</sup> in FY23 and have achieved a 26%<sup>1</sup> reduction in emissions intensity compared to our baseline year FY22. This emissions reduction is discussed further on page 10.

Please note that this comparison is calculated using the FY22 baseline adjusted for the increased size of our portfolio and increased disclosure from assets which are now integrated into our reporting platform. This ensures comparability between the reporting periods. The unadjusted FY22 data remains available in our FY22 Sustainability Report, which is available on our [website](#). Our emissions measurement methodology will be reviewed periodically to account for business growth and to ensure the data we disclose is accurate and comparable.

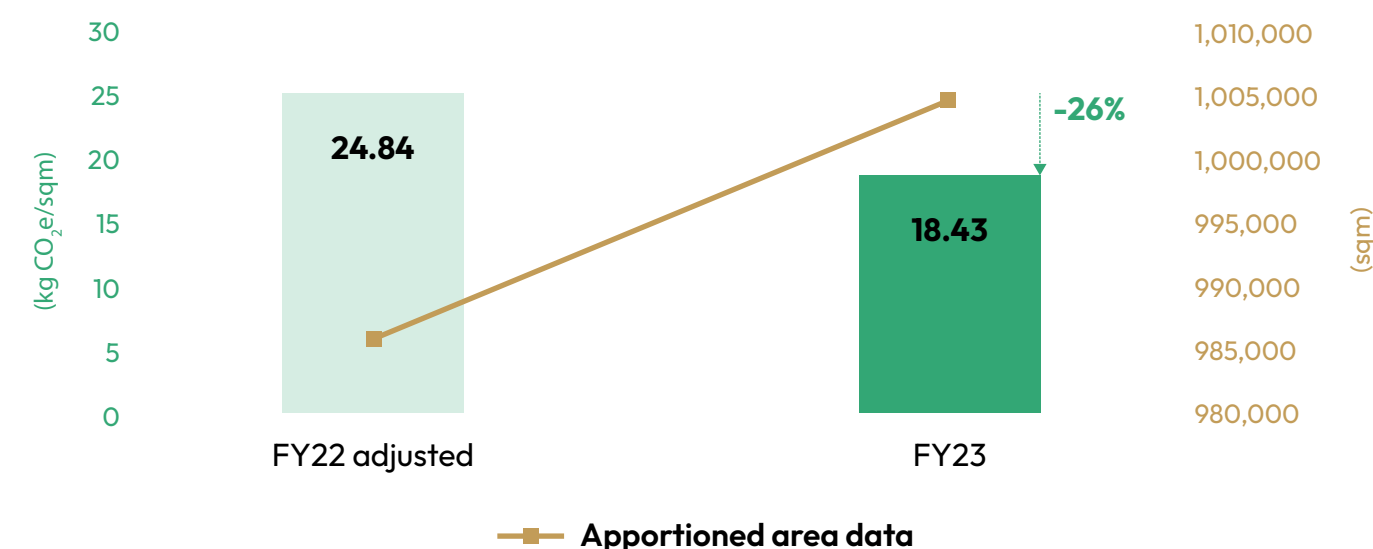
We continue to deliver our Energy Roadmap and are making progress across its key focus areas of EMS, solar, and EV charging rollouts, building ratings and certifications, and investor benchmarks and ratings.

We commenced our independent assurance program for HDN assets for the 12 month period to December 2022. This qualified assurance is the methodology basis upon which the carbon emissions reduction was estimated for the balance of assets. It is our intention to broaden assurance as we implement our sustainability strategies and report on our results.

### Scope 1 and 2 emissions



### Emissions intensity



Notes:  
FY22 data is adjusted to incorporate additional reporting information available after our 2022 report.  
FY23 data excludes assets where the tenant is responsible for electricity consumption and divestments during FY23.

HomeCo Prestons, New South Wales



## Climate-related strategy and disclosure

FY23 was a key year in our climate-related roadmap, building our understanding of the potential impacts of climate change for HMC Capital and developing appropriate responses. This Discovery phase focused on identifying climate-related risks and opportunities most relevant to our business, implementing management strategies to address them, and determining metrics to measure our progress.

This includes working to understand and adapt to physical climate risks. We recognise that climate change impacts our properties through increased frequency and severity of extreme weather, and longer-term changes in climatic conditions. These changes introduce risks of property damage and requirements for changes in building management to maintain optimal operations.

Actions we can take to enhance our portfolio's adaptation to climate change include structural adjustments designed to protect from natural hazards such as flooding, designing and operating our building management systems to accommodate increased extreme weather events. We will also monitor our supply chain to identify companies that may face disruptions themselves.

In addition to the above actions, we are identifying the high-level financial impacts associated with the Group's exposure to climate-related risks and opportunities and implementing management strategies to address those impacts.

During FY24, we will conduct climate change scenario analysis to further develop our strategy and enable us to better identify and manage a range of

likely climate-related impacts, risks, and opportunities. Additional target setting and governance processes will also take place during this phase. Following this scenario analysis, in FY25 we will seek to integrate climate outcomes into our strategic and financial planning. From FY25 onwards, we will conduct regular reviews of our climate strategy, performance against targets, and the quality and completeness of our climate-related disclosures.

Following consultation by the federal Treasury regarding mandatory climate-related financial disclosure in June 2023, HMC Capital will enhance our Climate-related Disclosure Roadmap in FY24 to prepare for an Australian mandatory climate reporting regime that aligns with the IFRS Sustainability Disclosure Standards.

## Climate-related disclosure roadmap

	DISCOVERY (FY23)	SCENARIO ANALYSIS (FY24)	CHECK AND ADJUST (FY25)
Governance	Increase climate-related awareness across key organisational levels.	Incorporate climate-related issues into relevant governance and management bodies.	Ongoing review and approval of climate-related issues by appropriate governance and management bodies.
Strategy	Identify exposure, management strategies and high-level financial impacts of material risks and opportunities.	Explore qualitative and quantitative scenarios to update issues, management strategies and financial impacts.	Integrate climate-related scenario analysis into our strategic and financial planning.
Risk Management	Incorporate climate-related risk into our Risk Management framework.	Embed climate-related risks into our Risk Management Framework.	Ongoing monitoring and risk management of climate-related issues.
Metrics and Targets	Determine metrics associated with climate-related risks and opportunities.	Analyse metrics trends to develop targets, assess our strategic position and their financial impact.	Ongoing analysis of metrics and targets performance to assess our strategic position and their financial impact.
Disclosure	Disclose identified risks and opportunities with associated governance and risk management arrangements.	Disclose our scenarios, assumptions, time frames and associated governance, risk management and metrics and targets.	Ongoing comprehensive disclosure against all pillars.

<sup>1</sup> Emissions data for the 12-month period ending 30 June 2023 versus 30 June 2022. Annual data excludes divestments during the period and properties where the tenant is responsible for electricity consumption. Emissions data has been subject to internal assurance reviews but has not undergone external audit.

### Supporting electric vehicle charging

Our roll out of electric vehicle (EV) charging stations began in FY23, with 11 charging stations now operating at assets in Queensland, NSW, Victoria, SA and WA. Planning for charging stations at a further 14 centres is underway to support our customers' growing use of EVs, and we are exploring charging opportunities for the balance of our assets. Charging stations are currently powered by grid electricity with our ambition to use renewable energy in the future, in line with our decarbonisation strategy.

Woodlea, Victoria



### Environmental factors inform investment due diligence

The acquisition, development and divestment of assets changes the environmental profile of our portfolio over time. We incorporate environmental factors into the due diligence process for investments and developments, using a checklist to ensure they align with our sustainability ambitions and commitments and meet our performance expectations.

This checklist is informed by external guidance regarding best practice and reviewed by the HMC Sustainability team. Following an acquisition, new assets are amalgamated into our net zero strategy and their performance managed or improved using green building performance ratings where appropriate.

### CASE STUDY

# Increasing the energy efficiency of our assets

Ensuring our assets use energy efficiently is an important part of our efforts to reach net zero emissions by 2028.

In 2021 we began the Smart Energy Management System (EMS) implementation project to automate and streamline energy management at our assets. The EMS uses artificial intelligence to efficiently manage the lighting and heating, ventilation, and air conditioning (HVAC) of our assets while maintaining comfortable indoor conditions for tenants and customers. Existing solar system data is integrated into the EMS to optimise the use of onsite renewable and offsite grid electricity to reflect local conditions. It also enables real time monitoring of building performance to anticipate future maintenance needs.

The EMS was installed at three assets in 2022 to pilot the system and gauge its impact, which exceeded the pilot's 15% energy reduction target<sup>1</sup>. The EMS is now active at 30 sites across the portfolio<sup>2</sup> with plans for installation of the balance of feasible sites within the portfolio already underway.

1. EMS performance is based on 18 sites installed for more than 3 months as at 31 March 2023.  
2. As at September 2023.



Caringbah, New South Wales



# Green Future

By operating in a way that sources, consumes, and manages resources more sustainably, we drive better outcomes for our business, our stakeholders and the planet.

Green Future is an environmental theme that focuses on how we champion the preservation and restoration of the natural environment.

HMC Capital contributes to a greener future through sustainable development by incorporating circular economy principles into our waste management practices, efficiently using water at our properties, and seeking opportunities to enhance nature.

## Our Commitments

- Trial waste minimisation & use influence to mitigate waste
- Enhance water efficiency

- Deploy environmentally friendly building materials and practices

## Progress in FY23

- NABERS and Green Star Performance ratings attained across our portfolio
- Achieved average 4 Star NABERS Energy portfolio rating (Best Practice)
- Achieved average 5.1 Star NABERS Water portfolio rating (Australian Excellence)
- Targeting 4 Star Green Star Building ratings for South Nowra, Glenmore Park and Mackay developments

- Tenant Fitout Guide (TFG) included in new development leases to support targeted Green Star ratings, encouraging use of environmentally friendly building materials
- Ongoing program of natural environment maintenance in place helping to increase green cover and reduce the visual impact of our assets in partnership with local councils
- Installation of green wall at HomeCo Ellenbrook

Ellenbrook, Western Australia

## Reducing waste

We continued our waste strategy review during FY23 to audit our practices and identify opportunities to reduce waste generated, increase recycling and set new diversion from landfill targets. We audited 53 HDN assets to investigate opportunities to reduce our waste footprint. Seven assets were identified as priority locations to improve waste sorting and partner with tenants with high waste needs. The audit is enabling us to improve waste data collection and analysis across the portfolio.

We partner with incoming tenants to reduce fit-out waste by encouraging reuse of key materials and features in their new space. Reuse also reduces total fit-out time, lowering costs and enabling new tenants to start trading sooner. Find out more in the case study on page 16.

Another initiative currently being run in this space is our partnership with SCR Group, which is supporting our customers to recycle. The organisation repurposed over 2,250 tonnes of unwanted clothing collected from 45 drop-off hubs across our portfolio. SCR Group estimates more than 376,000 people used the drop-off hubs during FY23, donating an average of 6 kilograms of clothing per person. Much of the collected clothing is redirected from landfill to charities (79%) with the balance recycled into wiper rags (14%) or clinker to bind cement products (7%).

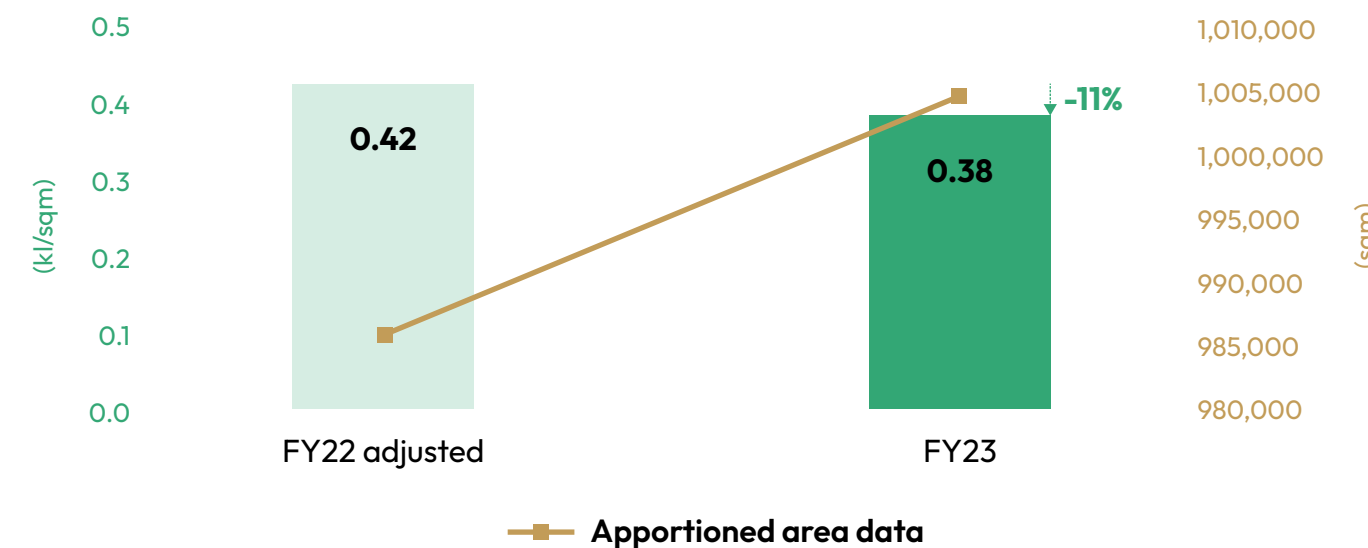
## Green building performance ratings

We use green building ratings to validate and benchmark the environmental performance of eligible assets under our operational control.<sup>1</sup> We attained an average 4 Star NABERS Energy<sup>2</sup> portfolio rating (93% of eligible assets rated) which represents 'best practice', and an average 5.1 Star NABERS Water<sup>2</sup> portfolio rating (92% of eligible assets rated) which represents 'Australian leadership'.

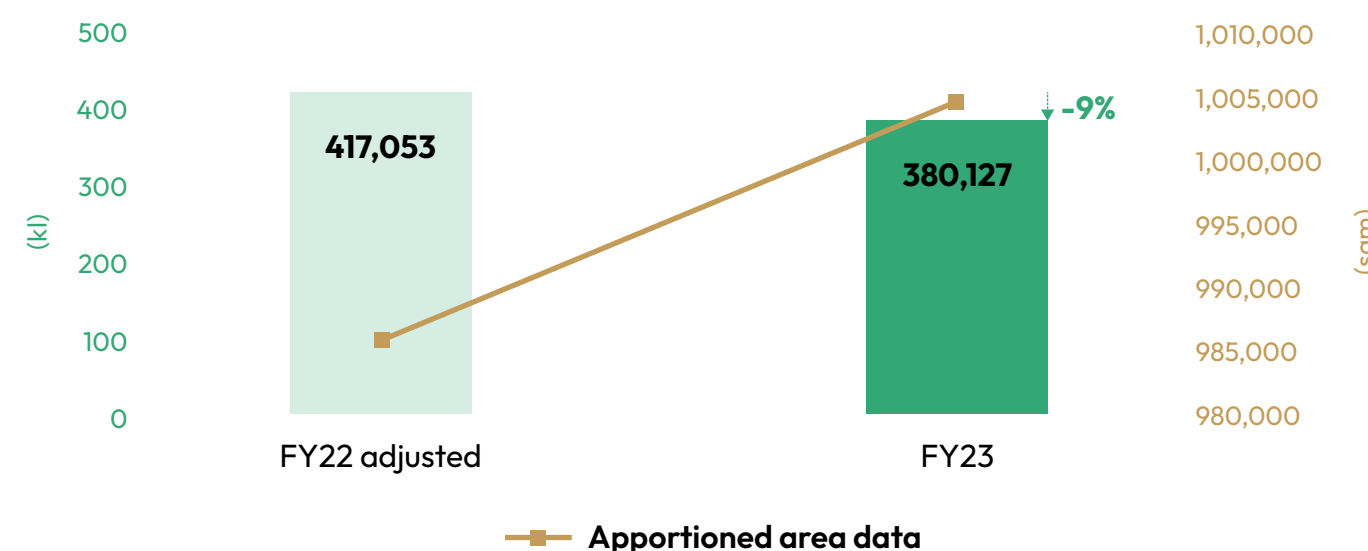
The performance of each asset within the portfolio varies due to factors such as the tenant mix which impacts water performance, and the rollout of energy efficiency initiatives and solar PV systems which impact energy use.

We have engaged our property managers, Knight Frank, to perform audits and improvement plans for energy and water management. Once performed and implemented, these improvement plans should help increase our energy and water efficiencies across the portfolio.

### Water Intensity



### Water Consumption



Notes: FY22 data is adjusted to incorporate additional reporting information available after our 2022 report.

### Rating tool

	Number of assets rated		Portfolio coverage	
	FY22	FY23	FY22	FY23
NABERS Energy	16	40	HDN: 28% HCW: 2.5%	HDN: 95%* HCW: 80%**
NABERS Water	16	34	HDN: 28% HCW: 2.5%	HDN: 94%* HCW: 80%**

\* Assets with no common mall area are ineligible for NABERS Energy and Water ratings.  
\*\* Only assets under HCW operational control and eligible for rating can be NABERS rated.

1. NABERS is currently unable to rate childcare centres and Large Format Retail assets without common mall areas.  
2. NABERS data as at mid-September 2023.

### CASE STUDY

# Partnering with tenants to reduce fit-out waste

We partner with incoming tenants to reduce fit-out waste by encouraging reuse of key materials and features in their new space.

Reuse also reduces total fit-out time, lowering costs and enabling new tenants to start trading sooner. The core structure of our HDN assets also contribute to fitout efficiency, with shopfronts, flooring, lighting, open ceilings and signage incorporated into the base building and ready for tenants to use.

Incoming tenants appreciate the convenience and sustainability of our approach. Fantastic Furniture retained the existing 'back-of-house' and staff areas to streamline their fit out at HomeCo Cranborne, while at HomeCo Jindalee Nick Scali retained the shopfront and polished the existing floors when expanding into the neighbouring shopfront in April 2023.

Home Sweet Home in HomeCo Castle Hill retained the existing task lighting, flooring, and wall cladding when they opened in April 2023.

At the Blue Sparrow Café at HomeCo Hawthorne East, we retained the serving area, patisserie cabinet and other key features so our tenant could focus their fit-out on cladding, signage and furniture that created a warm and welcoming café environment. This approach to adaptive reuse is a hallmark of our development activities.



## Green Star Building ratings

We use the Green Star Buildings ratings tools to validate the design and construction of our development and major refurbishment projects. HDN is committed to targeting ratings for all new developments using the tool.

The re-purposing of our 12,000 sqm South Nowra development is the first large format retail centre to target a Green Star Buildings rating in Australia.

The expansion of our 11,800 sqm Mackay large format retail property is also targeting a 4 Star Green Star rating when completed in the second half of FY24, which represents 'best practice' performance against criteria including health and wellbeing, resilience, environmental impact and placemaking. In addition, the Glenmore Park development is also targeting a 4 Star Green Star rating.

80% of the construction waste from South Nowra has been diverted from landfill and the completed development is designed to use 45% less potable water.

Ratings under the WELL Building Standard are also being reviewed for specific assets in our portfolio, particularly those acquired from or developed in partnership with other developers. The WELL Building rating system is a performance-based system for measuring, certifying and monitoring features of the built environment that impact human health and wellbeing. HCW is reviewing the feasibility and suitability of the WELL rating for The George private hospital development at Gregory Hills with our partner Acurio Health Group.

HomeCo South Nowra, New South Wales



## CASE STUDY

# Building understanding to reduce our waste footprint

Increasing our understanding of the waste our assets produce is an essential step to achieve our waste reduction goal.

In FY23, we audited the waste practices and performance of 53 HomeCo assets to identify opportunities to reduce our waste footprint. The audit was conducted in collaboration with our asset management teams and waste management provider, through a combination of site visits and desktop reviews.

The audit recommended introducing new waste management technologies and tenant education to improve our waste performance. We identified seven assets as priority locations to improve waste sorting and partner with tenants with high waste needs.

The installation of a new waste compactor at Gregory Hills Town Centre in FY24 is expected to reduce waste comingling and contamination, testing the technology's impact before being introduced at suitable assets during FY24. Through a card scanning system, the compactor links waste to individual tenants which will improve reporting and support tenants to understand, manage and reduce their waste.

Gregory Hills, New South Wales





# Social

Our aim is to provide Australians with access to quality local and regional infrastructure to enable the services they need to live their way. Our social impact initiatives will be delivered through a partnership approach with key stakeholders in the local communities in which HMC Capital owns and manages assets.



# Connection

Connection is a social theme that focuses on how we respond to essential local and regional community needs as they relate to health, wellness and daily services.

HMC Capital's aim is to provide Australians with access to quality local and regional infrastructure to enable the services they need to live their way. By collaborating with our partners within the communities where we operate, we can further amplify our social influence across our national presence.

## Our Commitments

- Engage deeply with communities to create connection and understanding

- Strengthen equitable access to essential products and services

- Provide safe spaces for communities

## Progress

- Needs Assessments are carried out for all new acquisitions
- Responsible investment standards adopted for all acquisitions with periodic reviews conducted
- A post-acquisition review of the needs identified and strategies to overcome for recently acquired assets

- Granting committee and framework of the Foundation is currently being established and we are aiming to make an initial grant in FY24
- CommunityCo confirmed its first national partner, Eat Up Australia, commencing in FY24
- HomeCo Kids Club expanded to five centres, with over 3,000 children attending the free activities
- HDN introduced the “Healthy Communities” initiative across nine centres, collaborating with key local stakeholders, providing children’s healthy eating cooking workshop and engaging local retail ambassadors for health and wellness tips

- Supported Lismore community post-flood during the rebuild and relaunch of our town centre. Celebrated re-opening with Family Community Day
- HDN introduced the portfolio community initiative across nine assets
- Rolled out HomeCo Healthy Communities, a multi-faceted campaign focusing on Health, Wellbeing and Lifestyle
- Progressed *Reflect* Reconciliation Action Plan for implementation in FY24

## Social Impact Framework

Our Social Impact Framework guides our investment and management decisions. It helps ensure we understand community needs, provide safe, clean, and inclusive spaces for communities to connect, and work with tenants and operators to facilitate targeted offerings that meet community needs.

During FY23, we engaged with community partners (Point 4 of the framework) through our National Partnership with Eat Up as well as the local initiatives being run at our centres. We are evaluating the impact of our local initiatives to ensure we are providing the communities that surround our assets the support and engagement that they need. As our Eat Up partnership matures during FY24, we look forward to assessing the impact of our collaboration and how we're making a tangible difference to vulnerable children.

Our Social Impact Strategy is supported by our registered charitable foundation, the HMC Capital Foundation, that will distribute funding to further the social impact ambitions of the business and CommunityCo, which is focused on working at a local asset level with established community partners to provide support for the needs of youth in our local communities. Both work with charities and partners to help meet our communities' needs and amplify our impact.



## HMC Capital Foundation

During the year, the HMC Capital Foundation was formally established and registered as a charitable organisation. Our aim is to help accelerate our Social Impact Strategy and amplify our impact through scaling initiatives that support people and communities.

The Foundation will work with charities and partners that can help meet community needs and amplify our impact.

The Foundation will soon appoint an Advisory Committee that will oversee operational aspects, including making recommendations for the distribution of grants following the consideration and assessment of requests for funding, and the subsequent review of progress reports from grant recipients.

The HMC Capital Foundation will make its first grants in FY24.





## Supporting the social needs of our local communities

All CommunityCo initiatives are focused on responding to community social needs and seeding and supporting businesses and partners that share our ambitions. During the year many of the regular community initiatives continued, including HomeCo Kids Club and community support of local charities enabling them to use free space in our centres to raise awareness of their work such as the Australian Red Cross blood donation van at HomeCo Tingalpa. Initiatives such as the HomeCo Easter School Eggs-hibition that engaged 13 local schools with the decorated eggs on display in local centres, expanded our impact. Another such initiative is the HomeCo Sensitive Santa initiative at HomeCo Glenmore Park. This was an allocated session with Santa for children with sensory needs to visit with Santa outside of trading hours for a calmer stress-free experience with over 21 families participating.

Following an assessment of the greatest local needs and most suitable recipients of our charitable giving, our efforts are

being directed towards supporting the needs of youth under 18 and, seeking to break the cycles of inequality for future generations. Our youth-supporting initiatives fall under three categories: access to education and health services; upskilling, training, and further education; and health and wellbeing.

An assessment of a local community's needs is always undertaken when we invest in a new asset; and plans established. Notwithstanding this, we also review and respond to local needs on a real-time basis. An example of this occurred at the end of 2022 when the Lismore community were devastated by floods. HomeCo Lismore caters to roughly 450,000 people annually as well as providing employment to more than 120 people from the local community. Given this impact the centre has on the Lismore community, we worked with tenants to help them reopen as soon as possible and get employees back to work. Additionally, we helped our tenant, Sydney Tools, continue to trade during the centre's reconstruction so that the local tradespeople could continue providing their services to the wider community.

Importantly, all the work of CommunityCo is additional to the core social impact that we strive to achieve through our investments.



## CASE STUDY

# Supporting our new partner, Eat Up, to feed school children

CommunityCo has established its first major national partnership with Eat Up Australia, a community organisation that is feeding hungry children Australia-wide so they can grow, learn and succeed.



## Eat Up.

Eat Up was founded with a vision to ensure no child goes hungry at school. The charity partners with schools and community organisations to identify children who may be at risk of going without lunch and therefore, experience hunger fatigue, poor concentration, learning difficulties and behavioural problems in school. Each week, Eat Up, their partners and volunteers, make and deliver over 15,000 lunches directly to schools nationally for vulnerable children.

Our partnership commences in FY24 and we will be providing 50,000 lunches annually to children in need. HMC Capital will be hosting in-house sandwich-making days to encourage employee engagement and understanding of the partnership. Plus, we will be hosting similar sandwich-making days with the local communities near our assets to further build awareness of the great work Eat Up is doing around the country.

We entered the partnership with Eat Up following a thorough assessment of the most pressing social needs in the communities in which we operate, and our decision to focus our efforts on supporting youth under 18.

“ We are beyond grateful for HMC Capital's support and so thankful to have their team working alongside us, feeding hungry kids across Australia so they can learn, grow and succeed, for a brighter future ahead. ”

EAT UP AUSTRALIA

## CASE STUDY

# Supporting our community with improved health services in south-western Sydney

The George Centre, the first privately run paediatric and maternity hospital in NSW and Stage 1 of the Camden Medical Precinct Development opened, as scheduled, in June 2023.



The George Centre, Camden, New South Wales

The hospital was developed to meet the needs of the growing number of families living in the region following a NSW Government inquiry that identified more than 50% of patients travelled outside the area to access medical services. In just a few months, the hospital has become an integral part of the community and has expanded its capabilities to be able to offer services for premature births.

For HMC, this development exemplifies our commitment to support essential local and regional community needs, including the physical health and wellbeing of the communities in which we operate.

There are a range of benefits now being delivered for our local community from The George Centre including employment across various disciplines, medical services from consulting suites and partnerships with specialist health providers, imaging, pathology, comprehensive fertility services, and professional education for locally-based healthcare professionals.

More health services will be delivered when Stages 2 and 3 are completed. The planning for these stages, which will provide a 250-bed general medical and surgical hospital, health research facility and cancer centre, is progressing well and early works are expected to commence in January 2024.

## HomeCo Healthy Communities

Keeping our people and customers safe is a key priority in everything we do. As is the broader health and wellbeing of our communities.

Reflecting this, a new HomeCo community initiative 'Healthy Communities' was launched across nine assets this past year encompassing a multi-faceted campaign focusing on health, wellbeing and lifestyle.

The campaign targeted key customer segments and focused on our centre retailers and community partners. Activities included video grabs on health tips and lifestyle choices from Retail Ambassadors such as doctors and pharmacists, healthy eating cooking workshops for children in the centre and collaborating with key stakeholders.



HomeCo Lismore, New South Wales

# Respect

Engaging with our stakeholders in a respectful way is fundamental to creating long-term value. Key to this, is acknowledging and considering the inherent dignity, safety, diversity and human rights of all the people we engage with.

## Our Commitments

- Show respect for human rights
- Ensure all employees enjoy wellbeing, safety, and equal opportunity to reach their full potential
- Invest in the development of an environment for our people to drive engagement and values alignment

## Progress

- Inaugural Modern Slavery Statement for HomeCo Daily Needs
- 50% gender diversity achieved organisation-wide and across independent Board Director positions
- All Work Health and Safety policies and practices reviewed and updated
- Nil employee Lost Time Injuries
- All employees have annual KPIs linked to their role which incorporate relevant sustainability aspects



### Workforce statistics

	FY21	FY22	FY23
Full-time employees	N/A	75	75
Part-time employees	N/A	3	4
Total employees	34	78	79

This includes our workforce, our suppliers, our tenants, their customers and surrounding communities.

### Health and Safety

HMC Capital is committed to ensuring the health and safety of all our people, customers, tenants, on-site teams, and contractors in the workplace and when they visit our assets and developments. Our [Work Health and Safety Policy](#) outlines how we manage any potential risks to ensure the safety and wellbeing of our community. It includes our key objectives, such as creating an environment that protects the physical and psychological safety of workers; implementing safe systems of work and work design to enhance health, wellbeing, and productivity; and a commitment to continuous improvement in WHS matters.

We communicate our policies and procedures around WHS to all employees, reinforcing that WHS is everyone's responsibility, and every incident needs to be reported in a timely and transparent manner. In FY23, there were no employee Lost-Time Injuries. The average incident rate across the HomeCo portfolio during FY23 was 1 in 204,124 square meters. All these incidents were classified as minor. There were no major incidents at high severity levels.

At our assets, we have three lines of defence to ensure safety: we engage Knight Frank in the facilities management of our assets; comprehensive property risk assessments are conducted for all our centres reporting on physical risks; and our insurers who provide property damage and public liability insurance, conduct annual audits of key safety controls and systems.

### Championing inclusion and diversity

At HMC Capital we recognise the importance and value of inclusion and diversity in the workplace. Reflecting this, our current team comprises people with diverse skills, backgrounds, perspectives and experiences. It is diversity that is recognised, valued and respected.

Our Diversity Policy seeks to promote diversity that extends beyond gender. The Policy includes, but is not limited to, issues of age, ethnicity, marital or family status, religious or cultural background, sexual orientation or preference, disability, and mental impairment.

In our view, our approach to inclusion and diversity helps to attract the best talent and creates an environment where everyone can thrive.

### Gender diversity

HMC Capital is committed to women representing 50% across the organisation, including Executive and Board Director positions, by FY25.

Over the past year, female representation has again exceeded the 50% target across our entire organisation and the Independent Board Director positions. Pleasingly, as we strive towards our FY25 targets, the percentage representation in other areas has improved or been steady.

The Board has oversight of our [Diversity Policy](#), including the responsibility to regularly review and monitor the effectiveness of the policy.

We are continuing to implement initiatives that we believe will improve diversity across the organisation. Initiatives include six months paid parental leave and up to 12 months superannuation; gender pay reviews to confirm we have parity for roles and recognition for high performers; and ensuring a diversity of candidates when recruiting for all available roles.

### Our Reconciliation Action Plan

At HMC Capital our purpose is to create long-term value in the investments we make and manage. Communities are at the heart of our commitments and are fundamental to the way we operate, so we recognise the importance of establishing a Reconciliation framework and building meaningful engagement and respectful relationships with Aboriginal and Torres Strait Islander communities.

The preparation of our *Reflect* Reconciliation Action Plan (RAP) is the initial step in our journey, which commenced during the year. We acknowledge there is much to learn, so we are approaching the development of our Reflect RAP by first respectfully listening, learning, and

understanding the rich history and culture of Aboriginal and Torres Strait Islander people in the areas in which we operate.

To help guide our planning and our Reflect RAP submission, we established our RAP working group comprising employees across the business. We engaged a 100% Aboriginal and Torres Strait Islander-owned consultant specialising in Indigenous engagement to assist in facilitating workshops for our leadership and RAP working group to build our strategy and vision for Reconciliation.

We believe these initial steps will provide the foundations for HMC Capital's first RAP, ensure it is authentic and that it has a strong remit to set robust targets for HMC Capital's engagement with Indigenous businesses and employment on key projects.

### Engaging and developing our people

HMC recognises the importance of the contribution that each of our team make and how collectively it drives our success and the value we create.

We continue to support our team's development by ensuring our employee onboarding, training and development processes are optimised as we grow. Our aim is to broaden the initiatives and opportunities for growth and development available to our people, in addition to already established compulsory training in the areas of Governance, Code of Conduct, Sustainability and Workplace Health and Safety.

### Achieving gender diversity

Objectives: Women's representation	FY 21 HISTORICAL	FY22 HISTORICAL	FY 23 ACTUAL	FY 25 TARGET
Across the entire organisation	43%	51%	52%	50%
In Senior roles*	40%	45%	48%	50%
In HMC Capital Board positions	29%	29%	29%	50%
In Managed Entity Board director positions (HDN, HCW, and HMC Capital Partners Fund)	36%	41%	44%	50%
In Independent Board Director positions across the Group (HMC, HDN, HCW, and HMC Capital Partners Fund)	42%	50%	53%	50%

\*Senior executives includes managers who hold roles designated as senior executive roles, as well as Key Management Personnel.





# Governance

The Board and all levels of management are fully committed to maintaining and enhancing corporate governance so that it continues to contribute to the delivery of HMC Capital's key strategic objectives.

Whilst the Board is responsible for establishing the corporate governance framework of HMC Capital we believe that good governance is the collective responsibility of all our team members. We also believe that excellence in governance is more than just strict compliance with the law – it is essential for the long-term sustainability of our business and is one of our key focus areas and measures of success.



# Accountability

Our governance theme of accountability instructs us to earn and keep the trust of our key stakeholders through transparent communication, processes to ensure independence in decision making, and by doing what we say we will do.

We hold ourselves accountable by reporting against recognised global benchmarks and standards.

HMC Capital’s commitment to strong governance includes holding ourselves to high standards and demonstrating ethical business practices. We have developed comprehensive policies and procedures that govern our investment decision-making, our operations, and our engagements with external stakeholders. We also hold ourselves accountable by reporting against global ESG Frameworks, including UNPRI, GRESB and UN Global Compact.

Our Commitments	Progress
<ul style="list-style-type: none"> <li>– Commit to robust and transparent sustainability related governance standards and processes</li> </ul>	<ul style="list-style-type: none"> <li>– Strict compliance with each entity’s conflicts of interest and related-party transaction policy</li> </ul>
<ul style="list-style-type: none"> <li>– Hold strong and transparent relationships with investors</li> <li>– Leverage business relationships to promote responsible business practices</li> </ul>	<ul style="list-style-type: none"> <li>– HDN awarded 2023 ESG Regional Top-Rated Company with Morningstar Sustainalytics</li> <li>– HMC received a rating of AA in the MSCI ESG Ratings assessment</li> <li>– Completed HDN’s GRESB rating submission</li> <li>– Limited assurance attained on selected environmental data for HDN</li> <li>– Signatories/memberships being monitored and renewed for FY24</li> </ul>

## Engaging with investors through global ESG reporting frameworks

HMC Capital is a signatory to the United Nations Principles for Responsible Investment (PRI). We have joined a global network of investors who, like us, are committed to promoting sustainability by incorporating ESG into our investment and ownership decisions. As a signatory, we are adopting, implementing and evaluating the effectiveness of each of PRI's six principles of responsible investment. In 2023, we reported on our progress in accordance with PRI reporting requirements for the first time.

HMC Capital is benchmarking how ESG principles are incorporated into our investment processes using the Global Real Estate Sustainability Benchmark (GRESB). The entire portfolio of the HomeCo Daily Needs REIT will participate in the GRESB Real Estate Assessment annually to gain a clearer picture of our ESG performance and identify areas for improvement. We are also reviewing the HealthCo Healthcare and Wellness REIT portfolio with a view to submitting it to GRESB for assessment.

Our commitment to green building ratings such as NABERS, Green Star and WELL provide valuable insight that helps shape the integration and advancement of sustainable building practices within our operations while communicating HMC Capital's commitment to responsible building practices.

The National Australian Built Environment Rating System (NABERS) rates energy, water, waste and indoor environment performance of assets. 93% of our controlled assets completed a NABERS certification during the year, achieving a portfolio average of 4 Star NABERS Energy<sup>1</sup> rating considered 'Best Practice'.

The building operations of 55 HMC Capital properties have received ratings under the Green Star performance sustainability rating tool to assess the operational performance of existing buildings and provide a benchmark and pathways to optimise our ongoing operational performance of buildings across the portfolio.

HMC Capital was assessed by MSCI ESG Ratings this year and pleasingly, our overall performance again improved. MSCI ESG Ratings aim to measure a company's resilience to long-term ESG risks. We received an upgraded rating of AA from an A rating previously.

HomeCo Daily Needs REIT was also awarded 2023 ESG Regional Top-rated company with Morningstar Sustainalytics, measuring how much financial risk a portfolio faces from environmental, social, and governance (ESG) factors, compared to other portfolios in the same group.

## Modern Slavery

HMC Capital acknowledges, and condones taking action against modern slavery. We are committed to upholding human rights across our operations and supply chain and seek to ensure safe working conditions, including the elimination of discrimination and harassment.

We take a proactive approach to understanding modern slavery and other human rights risks across our supply chain, including collaborating with industry to address collective human rights challenges.

It is important that we hold ourselves accountable by reporting on Modern Slavery, just as we benchmark our broader ESG performance. In FY23, our first Modern Slavery statement for the HomeCo Daily Needs REIT was published. We are currently reviewing our second iteration of this Modern Slavery Statement, which will be published by the end of 2023.

## Enhancing our sustainability reporting

Reporting on our sustainability performance and impact is critical to providing decision-useful information to our stakeholders. This year's sustainability report is our third edition. Our reporting is continuing to evolve, and we remain committed to ensuring our sustainability disclosures are as transparent, timely and complete as possible.

This FY23 sustainability report has been prepared in reference with the Global Reporting Initiative (GRI) standards which guide organisations in communicating how they demonstrate accountability for their material sustainability issues. We also remain a signatory of the United Nations Global Compact and are committed to upholding the UN GC's 10 key principles related to human rights, labour, environment and anti-corruption.

In FY24, we will seek to further evolve our approach to our reporting to align with global standards including the IFRS S1 and S2 sustainability reporting standards.

## ESG investor benchmarks



Signatory of:



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1. NABERS data as at mid-September 2023.

# Alignment

Alignment is a governance theme that involves having the necessary skills, environment, and culture to support and drive our aspirations and sustainability commitments.

HMC Capital is committed to ongoing, effective, and transparent governance. We consider that a strong and effective governance framework is critical to ensure trust as custodians of the assets we manage on behalf of our shareholders and investors in our funds. Our governance framework supports our team members in delivering our strategy and provides an integral role in effective, responsible and sustainable decision making and business conduct.

We have developed comprehensive policies and procedures that govern our investment decision-making, our operations, and our engagements with external stakeholders. These policies include our Code of Conduct, Anti-Corruption Compliance Policy, Diversity Policy, Sustainability Commitments and Work Health & Safety Policy.

Our independent Sustainability Committee oversees HMC Capital's Sustainability strategy and approach.

Commitments	Progress
<ul style="list-style-type: none"> <li>- Establish strong Board diversity, independence, and skillset</li> </ul>	<ul style="list-style-type: none"> <li>- 50% gender diversity achieved across independent board director positions</li> <li>- Third-party evaluation of the HMC Board in FY23 as part of the Group's best practice governance</li> </ul>
<ul style="list-style-type: none"> <li>- Embed sustainability objectives in KPIs, remuneration and incentive structures</li> <li>- Build an organisational culture that drives sustainable outcomes</li> </ul>	<ul style="list-style-type: none"> <li>- ESG KPIs established for all employees</li> </ul>



## Corporate Governance Review

Our new Corporate Governance Statement, which outlines the key features of HMC Capital's governance framework and our alignment with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations for FY23, has been released.

Following a thorough review, the 2023 Statement now incorporates enhanced disclosure of the Board's skills that were recently evaluated by an external specialist consultancy, additional disclosure on a dedicated risk and compliance function and an independent, risk-based internal audit function to assist HMC Capital and the funds it manages, and further disclosure related to initiatives to improve diversity across the Company.

The statement also sets out FY23 governance highlights including those relating to HMC Capital Partners Fund, HMC Capital High Conviction Alternatives Fund, Last Mile Logistics Fund, Healthcare and Life Sciences Fund, the appointment of a new Non-Executive Director to the Board, enhanced Sustainability Committee governance arrangements and an external Board evaluation review.

Our Corporate Governance Statement and Board Committee charters are available on our [website](#).

## Our Governance Structure

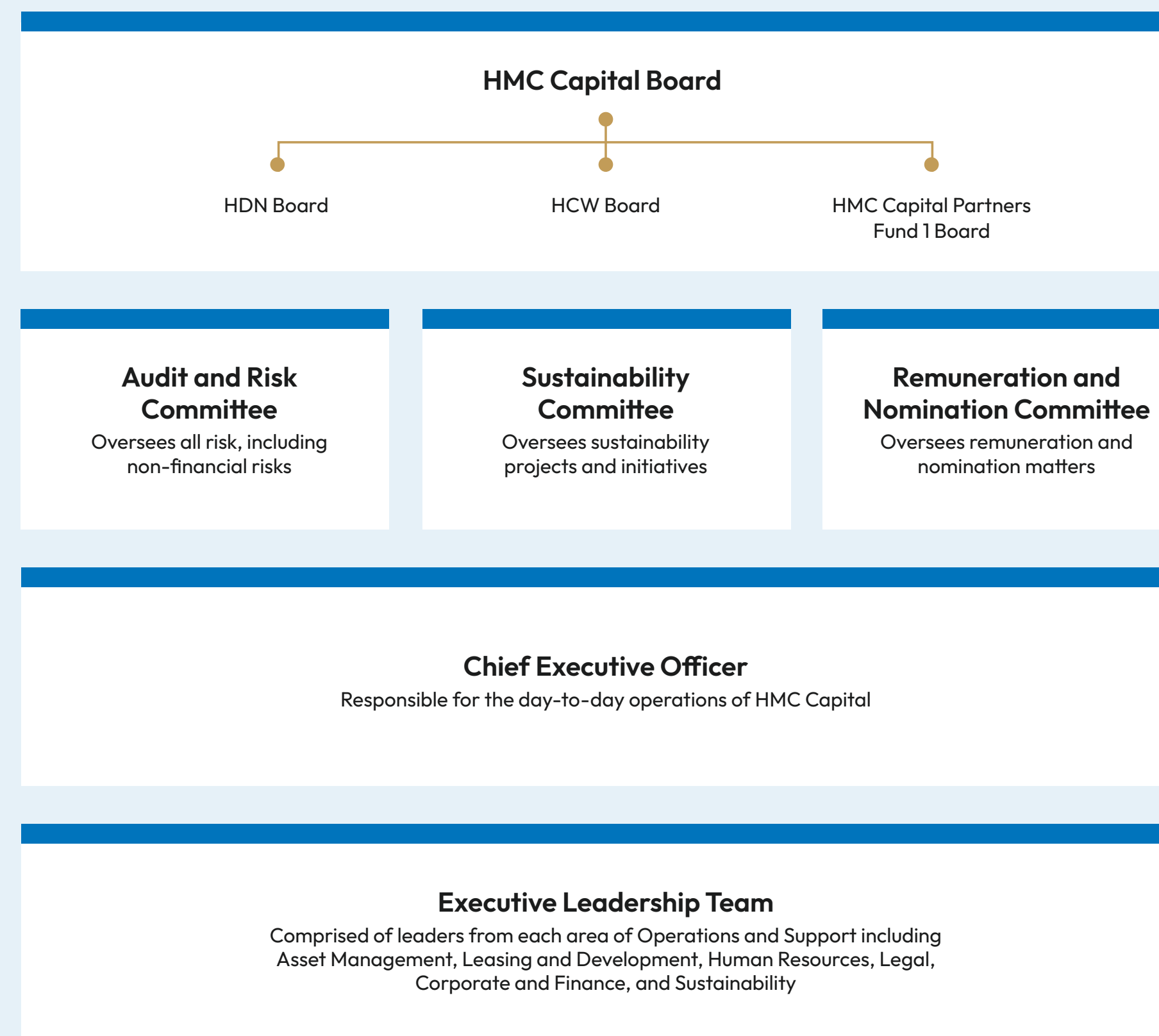
Independence and diversity are important for effective corporate Board oversight. HMC Capital, HDN, HCW and HMC Capital Partners Fund I each have an independent Board of Directors that provides oversight and sets strategic objectives.

Our independent Sustainability Committee, one of our three Board Committees, oversees HMC Capital's ESG strategy and approach and provides Board oversight for sustainability initiatives across the business.

The Committee provides support and advice to the Board in fulfilling its responsibilities to have relevant ESG policies, strategies and opportunities in place. This extends to ensuring there is relevant alignment with industry and benchmarking organisations; evaluating performance against designated ESG KPIs; and determining relevant risk reporting related to climate change, modern slavery and regulatory or industry matters.

Importantly, the Sustainability Committee's role and objectives are to support and advise the Board in fulfilling its responsibilities relating to sustainability to shareholders of HMC Capital. However, we acknowledge that such responsibilities are required to be administered not only by HMC Capital, but also its ASX-listed managed funds, HomeCo Daily Needs REIT (HDN) and HealthCo Healthcare and Wellness REIT (HCW) (together, the REITs). On that basis and given that the Committee is responsible for overseeing the implementation of sustainability-related initiatives by HMC Capital, from FY23 and moving forward, a representative from each of the REITs has been, and will continue to be, invited to each meeting of the Sustainability Committee. Each REIT representative will be a director of the responsible entity and have direct input into the sustainability-related initiatives and progress of the broader HMC Capital Group, and matters that directly affect the relevant managed fund.

### Our Governance Structure



#### Sustainability and ESG Working Groups

- Social working groups: focusing on community support through CommunityCo
- Development working group: focusing on sustainable design standards, and achieving 3<sup>rd</sup> party ratings
- Asset and facilities working group: focusing on asset efficiency, EMS, green leasing and fit-out guides and a waste strategy
- Decarbonising working group: progressing the assessment of solar photovoltaic and renewable energy

# Sustainability Policies and Procedures





## Acquisitions

HMC Capital, as a signatory to the Principles for Responsible Investment (PRI), is committed to putting the six principles of responsible investment into practice. We believe that environmental, social and governance (ESG) issues can affect the performance of our investments and consider the following ESG issues when performing due diligence on potential acquisitions:

- Biodiversity and habitat
- Building safety
- Climate change adaptation
- Compliance with regulatory requirements
- Contaminated land
- Energy efficiency
- Energy supply
- Flooding
- Greenhouse gas emissions
- Health and wellbeing
- Human rights
- Indigenous and traditional owners' rights
- Indoor environmental quality
- Infrastructure
- Natural hazards
- Socio-economic factors
- Transportation
- Waste management
- Water efficiency
- Water supply

If material ESG issues are found during the investment due diligence process, they may affect the price we would pay or lead to the abandonment of the prospect altogether. For investments that proceed, the identification of ESG issues during the due diligence process helps inform ongoing management. ESG issues can present opportunities for us, such as unlocking value by enhancing the sustainability performance of an underperforming asset.

## Developments

HMC Capital believes that the integration of ESG considerations into asset development is key to the long-term sustainability of our portfolio. We work closely with stakeholders in the communities where we operate to ensure that our developments add value for everyone involved and will continue to create value for years to come.

### Biodiversity and habitat

We work to restore and enhance the natural environment within and around our new developments. We consider and review, as appropriate to our developments, local biodiversity and habitat and work to maintain a net positive impact on local biodiversity. Where our developments are judged to impact on ecosystem services or wildlife habitats, we work to incorporate mitigation strategies into our designs.

### Building safety

We require our development projects to uphold the highest level of safety, starting in the design phase and continuing through the operation of the asset. We incorporate industry leading safety standards into our building designs, including structural stability, fire safety, sanitation, safe wiring, and more. During the construction and operation of our assets, our ultimate goal is to provide an injury-free working and living environment.

### Health and wellbeing

We recognise that properties developed by HMC Capital, and the products and services provided by our tenants, contribute to the social determinants of health, which directly impact the stakeholders in our communities. We work to support the health and wellbeing of all our constituents by facilitating the delivery of high quality, culturally appropriate health services in our communities. HMC Capital develops assets that address unmet and underserved community needs, which we identify through needs assessments. We encourage the development stakeholders in our communities to engage with these health services. To facilitate Healthy Communities, we engage through educational campaigns, promotions and social media, with the goal of increasing the number of Australians that have integrated access to high quality health services. During the COVID-19 pandemic we implemented safety measures throughout our assets, including implementing hand sanitiser stations at the front entrances and adding additional hospital-grade cleaning procedures. We also increased the number of cleaning staff employed across our shopping centres to safeguard customer health.

### Indoor environmental quality

In recognition of the impact that indoor air quality has on the continued wellbeing of our tenants, we consider indoor air quality at every stage in our development process. HMC Capital starts by designing high quality ventilation and air exchange systems into all our developments. During the construction phase, we require our contractors to maintain indoor air quality. Throughout the operation of our properties, we require regular maintenance and testing of HVAC systems to ensure that air quality is maintained throughout the life of our assets.

### Renewable energy

The incorporation of renewable energy into our new development is an important part of our decarbonisation strategy. We aim to incorporate on-site renewable energy generation into all our new developments, such as photovoltaic panels, etc. We are also working to retrofit properties where appropriate to increase our renewable energy generation and reduce our reliance on conventional grid energy.

### Resilience to catastrophe/ disaster

As part of our site selection process, we evaluate the existing and possible future threats of natural disaster. We work to mitigate these threats through measures such as incorporating resilience into the design of our assets, educating our tenants, and implementing policies that ensure we are ready to respond to climate-related catastrophes.

### Waste management

During development, we require our contractors to divert construction materials from landfill as much as possible. There are financial incentives for contractors to recover and reuse building materials. We also encourage our contractors to reuse or divert vegetation and soil from landfill. We monitor the disposal of hazardous and non-hazardous waste as appropriate.

### Operations

Integrating ESG considerations into the ongoing operation of our assets minimises risks while positioning the business to unlock value through sustainability-related opportunities. Through continuous improvement of our operations and minimising our carbon emissions, we are playing our part to move toward a greener future. We do this through integrating ESG factors into asset operations, including:

### Climate/Climate change adaptation

We recognise that climate change impacts our properties through increased frequency and severity of extreme weather, and longer-term changes in climatic conditions. These changes introduce risks of property damage and requirements for changes in building management to maintain optimal operations. Actions that we can take to enhance our portfolio's adaptation to climate change, as appropriate, include:

- Structural adjustments designed to protect from natural hazards such as flooding, etc
- Designing and operating our building management systems to accommodate increased extreme weather events
- Working with our suppliers to consider review of the supply chain to identify companies that may face disruptions themselves

Our roadmap to net zero sets out a three-phase approach:

- Optimise energy consumption at our assets using state-of-the-art Energy Management Systems across all feasible sites
- Scope right-sized energy generation solutions using data from the energy management system
- Implement appropriate energy storage solutions once we understand the energy consumption and generation from assets

### Energy consumption

Throughout our operations, we strive to reduce our energy intensity and reliance on non-renewable energy sources wherever possible. We seek to enhance energy efficiency through initiatives such as LED lighting upgrades, installing high-efficiency heating, ventilation and air conditioning (HVAC), and using occupancy sensors to match energy usage to demand appropriately.

Our EMS uses the latest AI technology to create a 'smart' energy system that can adjust energy consumption in real time according to internal and external environmental changes. These systems are designed to allow us to easily incorporate new technologies as they become available (e.g. incorporating on-site solar power generation to reduce reliance on fossil fuels). We will also seek to attain asset-level energy ratings to benchmark our current performance and improve our energy efficiency going forward.

### Renewable energy

We are committed to producing solar energy on-site within the next five years, with the initial goal of generating all the electricity used in common areas. These systems are designed to be expanded in the future as battery and power storage technology evolves.

### Greenhouse gas emissions

We are committed to transitioning the real assets we manage and control to net zero carbon emissions by 2028. We are focused on rapidly decarbonising our operations through energy efficiency upgrades, on-site renewable energy generation and microgrid technology, along with minimal use of offsets.

### Waste management

We seek to reduce our waste generation in both the initial development and continued operation of our assets. In the operations of our standing assets, we engage with our waste management contractors to provide recycling facilities and track waste production across our portfolio. We seek to improve our resource recovery efforts following finalisation of our waste strategy.

### Water consumption

Australia is a land of floods and droughts, with climate change impacting rainfall patterns and water availability across the country. To minimise our impact on water availability in the communities where we operate, we action water efficiency, recycling, and reuse opportunities across our portfolio. Common water efficiency measures include, and will be considered for implementation:

- High efficiency fixtures such as efficient taps and water conserving toilets
- Water meter separation, and leak detection
- Drought-resistant landscaping
- Rainwater collection systems

We track water use across our standing portfolio and will seek asset-level water ratings to inform continuous improvement over time.

### Approach to risk management for material ESG topics

The Audit and Risk Committee is responsible for the identification and management of risks. This is controlled through the Risk Management Framework and reviewed at least annually to ensure it is effective. This includes a regular audit program to test adequacy and compliance, with the implementation of remedial action where required to address any areas of weakness. In accordance with the precautionary principle, sustainability issues and risks are considered throughout our operations and integrated with our corporate goals and strategic planning.



# Looking after our people

An engaged, motivated workforce is central to HMC Capital's sustainability objectives. Key aspects of our employee policies and procedures are described in the table below.

## Employee engagement

We understand that our success is dependent on an engaged workforce that is motivated to deliver on our purpose. As a small and growing organisation, we informally survey our people about their employee experience to understand what works for them and to identify initiatives that can enhance the employee experience. Over time this will be developed into an external independent process. All employees agree key performance indicators and targets with their respective managers and receive performance appraisals at least once per year to celebrate success and redefine role requirements as appropriate. Our people enjoy a variety of benefits related to leave entitlements and access to health, wellbeing, financial, and other services. Our people are expected to act with integrity and in accordance with the Company's stated values. This includes performing their duties with care and dealing fairly with all clients, customers, suppliers, business partners and competitors. We hold our people accountable for their personal decisions and expect them to refrain from any illegal or unethical activity. The conduct that we expect from our employees is explicitly stated in our [Code of Conduct](#).

## Inclusion and diversity

Our commitment to an inclusive and diverse workforce recognises the benefits of attracting a wide range of talent and creating an environment where our people are encouraged to bring their whole selves to work. We are committed to equal treatment of all our employees. This is provided by our Code of Conduct, which states that HMC Capital aims to provide a work environment in which all employees can excel regardless of race, religion, age, disability, gender, sexual preference or marital status. The Group will not tolerate any form of harassment, violence, bullying, victimisation, vilification or discrimination in the workplace from any person working for or with HMC Capital. Our people receive training on how to foster an inclusive workplace and how to report any concerns that they may have. These policies are laid out in the [HMC Capital Diversity Policy](#). As part of our ongoing inclusion and diversity efforts, we have set a FY25 target of 50% gender balance across our workforce, including our leadership team and Boards.

## Health and Safety: employees

We support the health and safety of our employees. This includes our people who work from home, who are engaged to ensure that their home workplace is safe. When working collaboratively in an office setting, we apply a range of health and safety protocols to protect our people from COVID-19 and other transmissible diseases, including case monitoring and periodic office deep cleans.

## Whistleblower policy

HMC Capital has a stand-alone Whistleblower Policy that encourages all eligible whistleblowers to raise matters that are of legitimate concern, including in relation to a potential breach of any legal or regulatory requirement, or a Company policy.

Under the Whistleblower Policy, reports of actual or suspected misconduct are to be made confidentially or anonymously to the Group General Counsel. If it is not practical to raise concerns regarding actual or suspected misconduct internally, there is an independent external service that can be contacted. All whistleblower disclosures are reviewed and investigated, either internally or externally, as appropriate. Further information can be found in the Whistleblower Policy available on the [Website](#).



# Looking after our communities

Community development initiatives and supporting Healthy Communities are essential components of our social impact approach. Policies and procedures underpinning our community initiatives and community engagement are described below.



## Approach to retail partner support

Providing support for our Retail Partners is a central part of our strategy. Retailer satisfaction is a priority to help us sustain a diverse mix of quality retailers, attract repeat customer visits, and meet investor expectations. We support our tenants in creating a retail environment that is aesthetically bright and attractive, that meets functional requirements and offers the vibrancy and atmosphere required to deliver exceptional customer experience.

HMC Capital invests annually in the upgrade of our centres. As well as improving the aesthetics, we also seek to enhance functionality and the customer experience, listening to customer requests for better facilities such as carparking, toilet facilities and cafes. We work hard to create a retailer support system to help each one of our retailers maximise their potential. Each centre has a dedicated centre management team that provides pro-active, hands-on, specialised management and a single contact point for tenant support.

Our bespoke Retailer Portal is a secure online hub that allows retailers to get quick access to important centre-specific information, contact details and operational updates, at their convenience. Significant time is spent meeting personally with retailers to discuss the performance of their portfolio and their experience with our centres.

## Community development

Our community engagement and development approach is informed by needs assessments that identify critical gaps that our operations can address. For example, we provide space for community activities in the locations where we operate and use our social media and on-site advertising to raise awareness of our community partners' activities. CommunityCo initiatives support the development and scale of on-the-ground initiatives that address a range of issues in the communities where we operate, focusing on youth under 18. CommunityCo funding will be allocated based on the results of community needs assessments which are planned to be implemented regularly in the areas around our sites.

## Health and Safety: community, tenants and customers

HMC Capital supports our tenants' and customers' Health and Safety, through active management of the operations in our assets. Regarding health we focus on indoor air quality during the design and operation of our assets. To enable our efforts to support the health of the communities around our assets, we complete community needs assessments when making investment decisions, and plan to implement reviews across operating assets. Through our Healthy Communities Initiative, we enable tenants and operators to access essential products and services within the community. We invest in assets that address an unmet or underserved need of the community, and work with tenants to provide convenient and appropriate services.

## Cyber security

HMC Capital also works to protect the privacy of our stakeholders. The Company engages cyber security experts to provide assessments of the IT infrastructure and improvements to the information security controls. All staff undergo security awareness training and regular phishing simulation. The training platform includes engaging content that keeps users more interested and more likely to retain the key messages. Training videos are delivered in five minutes or less each month. The platform includes powerful reporting functionality to identify potentially risky users and provide additional targeted training that might be needed to assist those users to understand how to reduce high-risk behaviour.

## Social enterprise partnering

HMC Capital is committed to the implementation of its Social Impact Framework. Our social enterprise area of focus will be aimed at working with, and partnering with, service providers and not-for-profits where relevant for the communities in which we operate. We will further develop our detailed position on social enterprise partnering for each of our operating funds.

## Partnering with suppliers

HMC Capital success is dependent on strong partnerships with suppliers, ranging from facilities managers to builders, through to the entities supplying corporate consumables and raw materials for our developments. We strive to partner with suppliers who share our commitment to sustainability and can demonstrate their capacity to deliver positive environmental and social impacts.

## Contractor health and safety

Contractors working at our sites are covered by our suppliers' health and safety management systems and are properly inducted on-site before works commence.

## Addressing modern slavery risk

HMC Capital is aware that modern slavery risks may be present in its supply chain. We are committed to upholding human rights in our operations and supply chain, and do not condone the use of child labour, forced or compulsory labour, or other forms of intimidation or coercion across our business and supply chain. We seek to ensure safe working conditions, including the elimination of discrimination and harassment. We will take a proactive approach to understanding modern slavery and other human rights risks across our supply chain, including collaborating with industry to address collective human rights challenges that we face. Further information can be found in the [HomeCo Daily Needs REIT Modern Slavery Statement](#) available on our Website.



# GRI Index

NUMBER	DISCLOSURE	REFERENCE/REMARKS
<b>GRI 2: General Disclosures</b>		
2-1	Organizational Details	HMC FY23 Sustainability Report: About HMC Capital, pages 4-6
2-2	Entities included in the organization's sustainability reporting	HMC FY23 Sustainability Report: About HMC Capital, pages 4-6
2-3	Reporting period, frequency and contact point	HMC FY23 Sustainability Report: About this report, page 2
2-4	Restatements of information	To ensure comparability between reporting periods, FY22 baseline adjusted for the increased size of our portfolio and increased disclosure from assets which are now integrated into our reporting platform. Unadjusted FY22 data remains available in our 2022 Sustainability Report on our website.
2-5	External Assurance	Limited external assurance on key environmental performance data was attained for the purposes of investor benchmarking (GRESB); HMC Sustainability Report: Governance – Accountability, page 25
2-6	Activities, value chain and other business relations	HMC FY23 Sustainability Report: About HMC Capital, pages 4-6
2-7	Employees	HMC FY23 Sustainability Report: Social – Respect, page 23
2-9	Governance structure and composition	Corporate Governance Statement: 2. FY23 Governance Highlights, pages 2-4, 3. FY23 Key Sustainability Highlights, pages 5-7 HMC FY23 Sustainability Report: Governance – Alignment, page 28
2-10	Nomination and selection of the highest governance body	Corporate Governance Statement: 3. FY23 Key Sustainability Highlights, pages 5-7, 4. Role of the Board of HMC Capital, pages 8-13,
2-11	Chair of the highest governance body	Corporate Governance Statement, 4. Role of the Board of HMC Capital, pages 8-13
2-12	Role of the highest governance body in overseeing management of impacts	Corporate Governance Statement, 3. FY23 Key Sustainability Highlights, pages 5-7, 4. Role of the Board of HMC Capital, pages 8-13 HMC FY23 Sustainability Report: Governance – Alignment, page 28
2-13	Delegation of responsibility for managing impacts	Corporate Governance Statement, 3. FY23 Key Sustainability Highlights, pages 5-7, 4. Role of the Board of HMC Capital, pages 8-13
2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Statement, 4. Role of the Board of HMC Capital, pages 8-13
2-15	Conflicts of interest	Corporate Governance Statement, FY23 Governance Highlights, pages 2-4, 4. Role of the Board of HMC Capital, pages 8-13
2-17	Collective knowledge of the highest governance body	Corporate Governance Statement, 4. Role of the Board of HMC Capital, pages 8-13
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Statement, 5. Performance Evaluation, page 14
2-19	Remuneration policies	Corporate Governance Statement, 6. Remuneration, page 15; Annual Financial Report, pages 10-32
2-20	Process to determine remuneration	Annual Financial Report, pages 10-32

NUMBER	DISCLOSURE	REFERENCE/REMARKS
2-22	Statement on sustainable development strategy	HMC FY23 Sustainability Report: Chair and CEO letter, page 3
2-23	Policy commitments	HMC FY23 Sustainability Report: Governance – Accountability: Engaging with investors through global ESG reporting frameworks, page 26 HMC FY23 Sustainability Report: Governance – Accountability: Modern Slavery, page 26 HMC FY23 Sustainability Report: Social – Respect: Health and Safety; Gender diversity, page 23 HMC FY23 Sustainability Report: Sustainability Policies and Procedures – Partnering with suppliers: Addressing modern slavery risk, page 33
2-24	Embedding policy commitments	HMC FY23 Sustainability Report: Governance – Accountability: Engaging with investors through global ESG reporting frameworks, page 26 HMC FY23 Sustainability Report: Governance – Accountability: Modern Slavery, page 26 HMC FY23 Sustainability Report: Social – Respect: Health and Safety; Gender diversity, page 23 HMC FY23 Sustainability Report: Sustainability Policies and Procedures – Partnering with suppliers: Addressing modern slavery risk, page 33
2-27	Compliance with laws and regulations	There were no incidents of non-compliance with laws and regulations.
2-28	Membership associations	HMC FY23 Sustainability Report: Governance – Accountability: Engaging with investors through global ESG reporting framework, page 26
2-29	Approach to stakeholder engagement	HMC FY23 Sustainability Report: Social – Connection: Social Impact Framework, page 19 HMC FY23 Sustainability Report: Governance – Accountability: Engaging with investors through global ESG reporting frameworks, page 26
<b>GRI 302: Energy (2016)</b>		
302-4	Reduction of energy consumption	HMC FY23 Sustainability Report: Environment – Climate Action: Energy efficiency, page 11
302-5	Reduction in energy requirements of products and services	HMC FY23 Sustainability Report: Environment – Climate Action: Energy efficiency, page 11
<b>GRI 303: Water and Effluents (2018)</b>		
303-5	Water consumption	HMC FY23 Sustainability Report: Environment – Green Future: Reducing waste, page 15
<b>305: Emissions (2016)</b>		
305-1	Direct (Scope 1) GHG emissions	HMC FY23 Sustainability Report: Environment – Climate Action: Transition to Net Zero, page 12
305-2	Energy Indirect (Scope 2) GHG emissions	HMC FY23 Sustainability Report: Environment – Climate Action: Transition to Net Zero, page 12
305-4	GHG emissions intensity	HMC FY23 Sustainability Report: Environment – Climate Action: Transition to Net Zero, page 12
<b>GRI 405: Diversity and Equal Opportunity (2016)</b>		

NUMBER	DISCLOSURE	REFERENCE/REMARKS
405-1	Diversity of governance bodies and employees	Corporate Governance Statement, 2. FY23 Governance Highlights, pages 2-4 HMC FY23 Sustainability Report: 2. Chair and CEO letter, page 3 HMC FY23 Sustainability Report: Social – Respect: Gender diversity, page 23
<b>GRI 3: Material Topics (2021)</b>		
The following table lists our material topics, the potential impacts of the topics, and relevance of the topic to HMC Capital and its stakeholders.		
3-3	Management of material topics: reduce carbon emissions and intensity	Carbon emissions impact the natural environment, and by extension global societies and economies, by contributing to anthropogenic climate change. Reducing carbon emissions is relevant for HMC Capital's own operations (including the operation of its real assets), as well as its supplier and customer/tenant operations. Additional information on our management approach to this material topic is provided at: <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Environment – Climate Action: Transition to Net Zero, page 12</li> <li>– HMC FY23 Sustainability Report: Environment – Climate Action: Renewable energy, page 11</li> <li>– HMC FY23 Sustainability Report: Environment – Climate Action: Climate related strategy and disclosure, page 12</li> </ul>
3-3	Management of material topics: achieve environmentally efficient and resilient infrastructure	Infrastructure impacts the natural environment by using resources like water or energy. Focusing on resilience is also important to sustain infrastructure function in a changing climate. Environmentally efficient and resilient infrastructure is relevant for HMC Capital's own operations as a manager of real assets. Additional information on our management approach to this material topic is provided at: <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Environment – Climate Action: Renewable energy, page 11</li> <li>– HMC FY23 Sustainability Report: Environment – Climate Action: Energy efficiency, page 11</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> </ul>
3-3	Management of material topics: adopt renewable energy sources	Renewable energy sources help reduce greenhouse gas emissions and air pollution from fossil-fuel energy generation sources. Adopting renewable energy sources is relevant for HMC Capital's own operations (including the operation of its real assets), and customer/tenant operations in instances where customers/tenants have operational control over energy use. Additional information on our management approach to this material topic is provided at: <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Environment – Climate action: Renewable energy, page 11</li> <li>– HMC FY23 Sustainability Report: Environment – Climate action: Energy efficiency, page 11</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> </ul>
3-3	Management of material topics: role model waste minimisation and use influence to mitigate waste	Landfilled or incinerated waste can have detrimental effects on the health of humans and ecosystems, both of which can subsequently have negative impacts on the economy. Waste minimisation is relevant for HMC Capital's own operations (including the operation of its real assets). Additional information on our management approach to this material topic is provided at: <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Environment – Green Future: Reducing waste, page 15</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> </ul>

NUMBER	DISCLOSURE	REFERENCE/REMARKS
3-3	Management of material topics: enhance water efficiency	<p>As the world's driest populated continent, Australia is particularly vulnerable to water shortages – enhancing water use efficiency contributes to resilience against the potential negative impacts of water overconsumption.</p> <p>Water efficiency is relevant for HMC Capital's own operations (including the operation of its real assets) and customers/tenants.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Environment – Green Future: Reducing waste; Green building performance ratings, page 15</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> </ul>
3-3	Management of material topics: deploy environmentally friendly building materials and practices	<p>The production of concrete, steel, and other building materials creates greenhouse gas emissions, and can be difficult to recycle.</p> <p>Environmentally friendly building materials and practices are relevant for HMC Capital's development contractors and customers/tenants fitting out new spaces.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Environment – Green Future: Reducing waste, page 15</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> </ul>
3-3	Management of material topics: engage deeply with communities to create connection and understanding	<p>Community engagement is an important element of understanding and mitigating actual or potential negative impacts of business activities and operations while maximizing potential positive impacts.</p> <p>Community engagement is relevant for HMC Capital's own operations (including the operation of its real assets), with impacts extending to the wider community.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Social – Connection: Social Impact Framework; Supporting the social needs of our local communities, pages 19-20</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> </ul>
3-3	Management of material topics: strengthen equitable access to essential products and services	<p>Failing to ensure equitable access to essential products and services can exacerbate existing societal inequality, which contributes to negative impacts for people, ecosystems, and economies.</p> <p>Strengthening equitable access to essential products and services is relevant for HMC Capital's own operations (including the operation of its real assets), with impacts extending to the wider community.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Social – Connection: Our Commitments and Progress in FY23; Supporting the social needs of our local communities, page 20</li> <li>– HMC FY23 Sustainability Report: Social – Connection: Social Impact Framework, page 19</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> </ul>
3-3	Management of material topics: provide safe spaces for communities	<p>Providing safe spaces for communities to shop, play, and gather helps promote social cohesion, health, and wellbeing.</p> <p>Providing safe spaces for communities is relevant for HMC Capital's own operations (including the operation of its real assets).</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Social – Connection: Supporting the social needs of our local communities, page 20</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> </ul>

NUMBER	DISCLOSURE	REFERENCE/REMARKS
3-3	Management of material topics: ensure all employees enjoy wellbeing, safety, and equal opportunity to reach their full potential	<p>Workplaces with robust employee safety, wellbeing, and equal opportunity are associated with positive economic and societal impacts through talent recruitment, retention, and development.</p> <p>Ensuring the safety and wellbeing of its employees is relevant for HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Social – Respect: Health and safety; Engaging and developing our people, page 23</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> </ul>
3-3	Management of material topics: show respect for human rights, including taking action against modern slavery	<p>Human rights and the elimination of modern slavery support the health and wellbeing of humans and the environment in part by ensuring that people are not exposed to unsafe, exploitative, or toxic environments and these protections for humans can subsequently benefit the environment in the similar ways.</p> <p>Human rights and modern slavery are relevant for HMC Capital's own operations, and the operations of its suppliers and customers/tenants.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Social – Respect: Our reconciliation action plan, page 23</li> <li>– HMC FY23 Sustainability Report: Governance – Accountability; Modern Slavery, page 26</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> <li>– HMC Statement on Modern Slavery</li> </ul>
3-3	Management of material topics: leverage business relationships to promote responsible business practices	<p>Companies like HMC Capital are expected to promote wider adoption of responsible business practices through their business relationships.</p> <p>HMC Capital's capacity to leverage is business relationships is most relevant for its suppliers and customers/tenants.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Sustainability Policies and Procedures: Partnering with suppliers, page 33</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> </ul>
3-3	Management of material topics: establish strong Board diversity, independence, and skillset	<p>Lack of diversity, skills, and independence on corporate boards can result in poor oversight and performance.</p> <p>Board diversity, skillset, and independence are relevant to how HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC Capital Corporate Governance Statement FY23: 4. Role of the Board of HMC Capital, pages 8-13</li> </ul>
3-3	Management of material topics: invest in the development of our people to drive engagement and values alignment	<p>Investing in employee development helps build skilled, resilient, and adaptable employees, who can carry those skills outside of the workplace to impact their community and society.</p> <p>Employee development is relevant to HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Social – Respect: Engaging and developing our people, page 23</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> </ul>



NUMBER	DISCLOSURE	REFERENCE/REMARKS
3-3	Management of material topics: build and organisational culture that drives sustainable outcomes	<p>Effective integration of sustainability requires an organizational culture that understands the importance of ESG to the company and its stakeholders. Organizational culture is relevant to HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues: Our material topics, page 8</li> </ul>
3-3	Management of material topics: commit to robust and transparent sustainability-related governance standards and processes	<p>Transparent governance standards help ensure accountability for social, environmental, or economic impacts resulting from the organization's activities and operations. Sustainability-related governance standards and processes are relevant for HMC Capital's own operations, as well as its suppliers and customer/tenant operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY23 Sustainability Report: Governance, pages 24-25, 27-28</li> <li>– HMC FY23 Sustainability Report: ESG Strategy and Material Issues, page 8</li> <li>– HMC Capital Corporate Governance Statement FY23: 1. HMC Capital's approach to Corporate Governance, page 1; 4. Role of the Board of HMC Capital, pages 8-13</li> </ul>
3-3	Management of material topics: Embed sustainability objectives in KPIs, remuneration and incentive structures	<p>Embedding sustainability objectives in performance management and incentive structures can help employees understand and execute on sustainability activities relevant to their roles. Sustainability-related performance incentives are relevant for HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC Capital Corporate Governance Statement 3. FY23 Sustainability Highlights, pages 2-4</li> <li>– HMC Capital FY22 Annual Financial Statement, pages 17-18</li> <li>– HMC FY23 Sustainability Report: Governance – Alignment, page 27</li> </ul>
3-3	Management of material topics: hold strong and transparent relationships with investors	<p>Strong and transparent relationships with investors helps HMC Capital understand the preferences of its ownership base while helping investors understand HMC Capital's approach to sustainability. Investor relationships are relevant for HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC Capital Corporate Governance Statement FY23: 9. Shareholder Communication, page 21</li> </ul>

