

# Centuria

## Target 2035 – Decarbonisation pathways

Centuria has announced new sustainability targets to support global efforts to be 1.5°C aligned.

The targets include zero scope 2 emissions<sup>1</sup> by 100% electricity sourced from renewables by 2035 and where practicable, eliminate gas and diesel<sup>2</sup> in our operations by 2035. Achieving the targets will take considerable effort and cost. We have worked with our stakeholders to develop realistic decarbonisation pathways to achieve the targets, considering the nuances presented by different parts of the business. Our decarbonisation pathways are business specific for the various listed funds (Centuria Office REIT and Centuria Industrial REIT), unlisted funds and assets leased by Centuria (as a tenant). The accumulated impact of these pathways support a global effort to be 1.5°C aligned.

1. Centuria will account for zero scope 2 emissions by being powered by the equivalent of 100% renewable electricity through a combination of onsite solar and large-scale generation certificate (LGC) deals which match our consumption.
2. Centuria Capital Group will focus on eliminating gas and diesel where practicable, from equipment owned and operated by the Group. Gas and diesel equipment owned and operated by our tenants are excluded from Centuria's sustainability target.



### WHAT IS 1.5°C ALIGNED

Supporting global efforts to be 1.5°C aligned refers to reducing our scope 1 and 2 greenhouse gas (GHG) emissions to contribute to global efforts to limit warming to 1.5°C. This requires Centuria to reduce or eliminate scope 1 and scope 2 GHG emissions associated with our operations, which will include switching electricity used to power our operations with the equivalent of 100% renewable electricity and, where practicable, eliminate gas and diesel from equipment we own and operate.



A summary of each business specific pathway is provided here:

**SPECIFIC BUSINESS PATHWAY**



**Leased assets by Centuria (as a tenant)**

Centuria leased assets (Centuria as a tenant) will be powered by the equivalent of 100% renewable electricity procured through the Group’s Progressive Purchase Agreement from FY24. Centuria will procure large-scale generation certificates (LGCs) equivalent to the total amount of electricity consumed, accounting for renewable electricity claims.



**Centuria Office REIT (COF)**

COF supports Centuria Capital Group’s target with its own short/medium<sup>1</sup> targets including zero scope 2 emissions<sup>2</sup> by 2028 and eliminating gas and diesel<sup>3</sup> in operations where practicable by 2035.

COF adopts the following decarbonisation steps as part of its pathways:

- Operational efficiency: COF focuses on improving efficiency. COF measures performance under the NABERS rating scheme to assess ongoing performance regarding operational efficiency.
- Onsite solar: COF undertook a portfolio feasibility assessment for onsite solar. Where viable, COF is rolling out solar installations to assets.
- Renewable electricity contracts: COF procures electricity through Centuria Capital Group’s Progressive Purchase Agreement. Centuria will progressively purchase LGCs to account for renewable electricity procured. COF will gradually procure LGCs to reduce its scope 2 emissions.
- Electrification of gas and diesel: COF is undertaking a portfolio assessment of gas and diesel equipment. Where practicable, COF will seek to swap out this equipment with electrical alternatives.



**Centuria Industrial REIT (CIP)**

CIP supports Centuria Capital Group’s target with its own target of zero scope 2 emissions<sup>4</sup> by 2028.

- Renewable electricity contracts: CIP procures electricity through Centuria Capital Group’s Progressive Purchase Agreement. Centuria will progressively purchase large-scale generation certificates (LGCs) to account for renewable electricity procured. CIP will gradually procure LGCs to reduce its scope 2 emissions.



**Unlisted funds**

Unlisted funds, consisting of open and closed ended funds adopt Centuria Capital Group’s sustainability targets. As part of integrating the requirements of Centuria Capital Group’s target into unlisted funds, upfront due diligence is performed to assess the cost and effort for each fund to follow a decarbonisation pathway. Cost and effort form part of any fund’s planning and requires consultation/planning with relevant stakeholders, including investors. For the short and medium term, Centuria is focused on integrating the cost and effort to decarbonisation as we look to establish new funds.



**Development**

Supporting our 2035 target, the development approach is working towards designing fully electric developments where practicable, which when powered by renewable electricity would have near to zero emissions operations.

Green building certifications: Target 5-star Green Star for Centuria Industrial REIT and Centuria Office REIT development pipeline. Mandate minimum Green Star certification for new developments.

Fossil fuel plant and equipment: Design out gas and diesel equipment equipment in new developments where practicable.



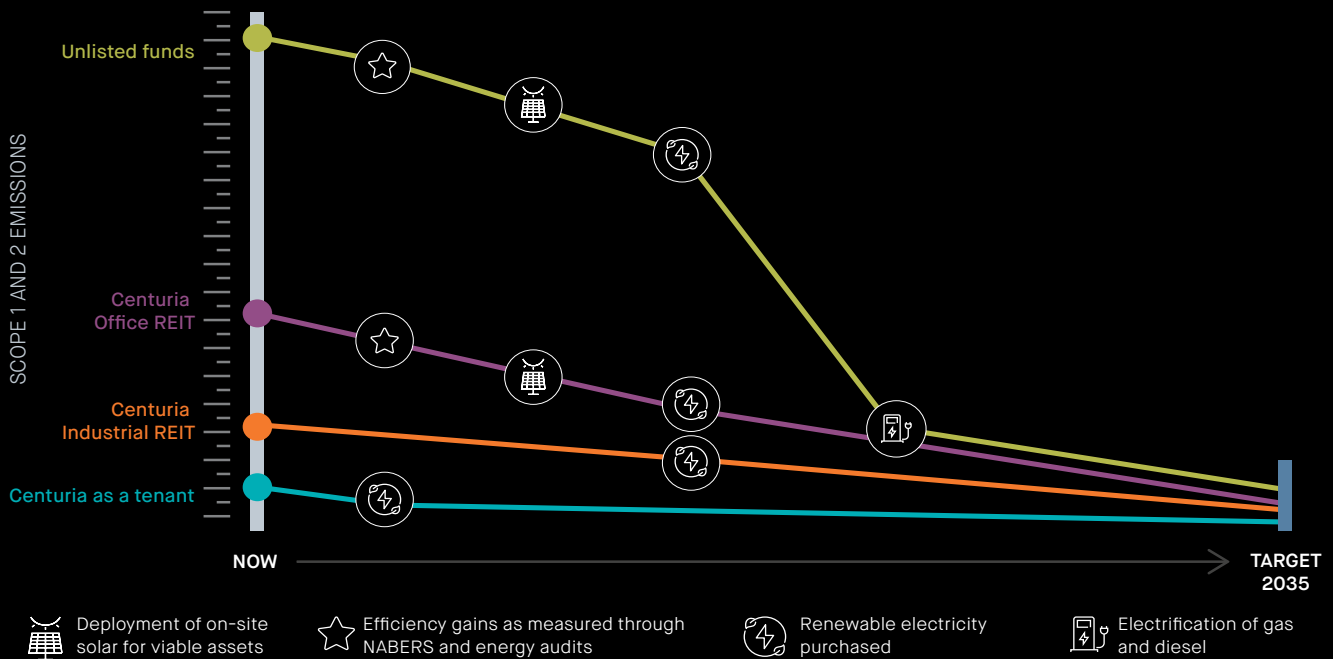
**Use of carbon offsets**

Centuria has an in-house active management team. This team manage the day to day operations of our various real estate and fund portfolios. At Centuria, the immediate focus is for our team to accelerate our business specific decarbonisation pathways. Where practical, the allocation of capital is focused on investing in the early electrification of equipment and procuring renewable energy (either through the deployment of on-site solar, or procurement of large-scale generation certificates) to reduce our scope 1 and 2 emissions. As such, we are not purchasing carbon offsets.

The Group has outlined a decarbonisation timeline that will help achieve the sustainability targets and approaches outlined.

1. Centuria define short term targets as 1-3 years. Centuria define medium term targets as 4-7 years.  
 2. COF will account for zero scope 2 emissions by being powered by the equivalent of 100% renewable electricity through large-scale generation certificates (LGC) deals which match our consumption and onsite solar.  
 3. COF will focus on eliminating gas and diesel where practicable, from equipment owned and operated by COF.  
 4. CIP will account for zero scope 2 emissions by being powered by the equivalent of 100% renewable electricity through large-scale generation certificate (LGC) deals which match our consumption.

## IN SCOPE (SCOPE 1 AND 2 EMISSIONS)<sup>1</sup>



## BEYOND OUR TARGET, TACKLING SCOPE 3 EMISSIONS

Whilst our decarbonisation pathways are focused on scope 1 and 2 emissions, we're working collaboratively with stakeholders in our value chain to reduce scope 3 emissions. We expect the most material sources of Scope 3 emissions will be those related to our tenants and the embodied carbon in the buildings we develop.

### Tenant emissions

Tenant emissions come from operations controlled by our tenants, often in the assets we own. An example is a tenant occupying a floor in an office building managed by Centuria.

We support our tenants reducing their emissions through various engagement programs and collaborating on certain initiatives. This includes initiatives such as the deployment of solar on assets for tenants to use, raising tenant awareness of how they may reduce their emissions, and providing tenants with renewable electricity through our progressive purchasing agreement.

### Embodied emissions

Our development business supports the wider industry to develop low embodied products and materials. Our development business supports our listed REITs by designing and building new developments to 5 Star Green Star standards. Supporting our 2035 Target, we'll be focused on designing fully electric buildings, which when powered by renewable electricity would have near to zero emissions in operations.

## TRACKING OUR PROGRESS

Our progress will be tracked through the measurement of our scope 1 and 2 emissions, to be published in each year's Sustainability Report. The measurement of scope 1 and 2 emissions will follow the definitions as per our Basis of Preparation.

1. Reduction pathways and steps are indicative only.
2. Centuria has adopted the National Greenhouse and Energy Reporting Act definition of operational control. Centuria account for scope 1 and 2 emissions where we are able to manage the day to day operations of an asset or part thereof. Including the ability to introduce management policies and upgrade plant/equipment.

## WHAT DO OUR DECARBONISATION PATHWAYS COVER?

Our decarbonisation pathways cover scope 1 and scope 2 emissions across all asset classes.

**Source of scope 1 emissions** – includes gas and diesel used during the operations of our buildings. Gas and diesel emissions cover whole building where Centuria owns and operates the equipment. It does not include sources of gas, diesel and other fossil fuels used and controlled by our tenants. These may include gas used for cooking, diesel used for a tenants backup purposes and coal which may be used across the agriculture portfolio.

**Source of scope 2 emissions** – includes electricity consumed for base and common areas across our office, industrial, retail and healthcare assets, as well as our leased office space where Centuria is a tenant. Scope 2 emissions represent electricity consumed in areas where Centuria has 'operational control'<sup>2</sup>. Our decarbonisation pathways do not include electricity consumed by tenants, these are categorised as scope 3 emissions.