



Centuria

Basis of preparation for environmental, social and governance data

Centuria Sustainability Reporting

November 2023

Centuria’s basis of preparation summarises the process of select environmental, social, and governance (ESG) metrics for the financial year of FY23: July 2022 – June 2023 (herein referred to as reporting period). The metrics reported reflect Centuria’s sustainability framework; *valued stakeholders*, *conscious of climate change*, and *responsible business principles*, as well as the organisation’s commitment to being transparent.



Environmental

Conscious of climate change

Metrics covered: energy, emissions (Scope 1 and 2) water, and waste (disposed and diverted)



Social

Valued stakeholders

Metrics covered: diversity indicators, employee engagement, tenant engagement.



Governance

Responsible business principles

Metrics covered: training and development metrics, ensuring that Centuria operates responsibly and ethically

Scope and reporting boundaries

Centuria reports on environmental, social and governance data within its scope and boundaries. Definitions of the scope and boundaries used for environmental, social and governance data are summarised here.

Environmental

Environmental data is collected for Operations, Assets and Activities (herein referred to as Assets) within its direct and its subsidiaries corporate boundary. Centuria’s corporate boundary is defined by Centuria’s Operational Control of an Asset, an Asset specific class, Centuria and its subsidiaries direct and equity ownership of an asset and the time in which the asset is held. Reporting covers assets by country boundaries – Australia and New Zealand.

Operational control

Operational control refers to Centuria’s capacity to directly manage the day-to-day activities of an Asset, by either Centuria’s or a nominated delegates management policies. Centuria reports environmental data within its corporate boundary when it determined to have Operational Control of an Asset.

Asset class

Centuria’s corporate boundary is dependent on each Asset class. Where Centuria has Operational Control of an Asset, data for select environment indicators (Section below) are to be collected for the boundaries defined here:

	Asset class						
	Office asset	Industrial asset	Health care asset	Retail asset	Agriculture asset	Development/ construction project	Centuria tenancies
Included for reporting	Included	Excluded	Excluded (exception of one NZ asset)	Included	Excluded	Excluded	Included

Asset class boundary definitions:

- Base** – refers to the base infrastructure of an asset, this includes HVAC, chiller, boiler and any other electrical and mechanical assets used by all tenants within the asset.
- Common** – refers common spaces shared within an asset by its various tenants, this includes foyers, communal hallways, street lighting and car parks. Normally electricity used for lighting is the main source of energy reported.
- Whole building** – refers to all spaces within the physical boundary of an asset, including base and common.

Equity interest: Centuria will adjust the total percentage of data reported, which is reflective of the aggregated ownership of an asset.

Acquisition and divestment date: Centuria only report Environmental data for Assets while Operational Control is held. Asset acquisition and divestment dates are used to determine when data is reported for assets where Operational Control is held.

Social

Social data is reflective of Centuria Capital Group, the listed entity CNI. Centuria's listed Real Estate Investment Trusts (REITs) are actively managed by Centuria Capital Group, and therefore adopt their social metrics when reporting.

Social metrics include employee headcount, including full-time and part-time workers, and diversity by gender and age, and employee engagement. The source of Centuria's people data comes from Centuria's HR system, provided by the Salesforce platform. Data is extracted by Centuria's Payroll Manager.

Tenant engagement data presented is lifted directly from the tenant engagement survey Centuria runs annually.

Governance

Governance includes training and development data, and modern slavery. They are reflective of Centuria Capital Group, the listed entity CNI. Centuria's listed REITs are actively managed by Centuria Capital Group, and therefore adopt their governance metrics when reporting.

Training numbers reflect those employed by Centuria. The source of training data comes from the Centuria's e-Learning platform 'Acorn' and CTRL Group. Training hours are extracted by Centuria's Risk & Compliance team and IT team.

The modern slavery indicator refers to supplier engagement.



Environmental indicators

Environmental indicators reported by Centuria include energy, emissions, water, and waste.

Total energy (MWh): Disclosure 305

Centuria collects and reports energy data for all assets and operations within its corporate boundary. This includes relevant office, retail, and healthcare assets under operational control.

Collected energy data may be classified as:

1. **Electricity (MWh):** Electricity data is broken down into:

- Purchased non-renewable electricity
- Renewable energy procured from energy retailers on the network
- Renewable Electricity generated and consumed through onsite solar

Electricity consumption is measured through an asset's invoices. Invoicing occurs on a monthly or quarterly basis and are either collected manually (via the retailer) to our Property Services team for data-entry, or automatically to our ESG system via an online import from our energy broker. This is dependent on each asset.

2. **Natural gas (GJ)** – distributed by mains pipeline.

Natural gas consumption is measured through an asset's invoices, occurring on a monthly or quarterly basis. Again it is tracked and reported manually by our Property Service team or automatically through by our energy broker. This is dependent on each asset. Not all assets have natural gas.

3. **Diesel (kL)** – diesel used for backup generators.

Diesel consumption or refills mainly occur on an annual basis with assets that have diesel facilities onsite. For sites which have NABERS ratings conducted, the diesel consumption is measured through this assessment and leveraged for Centuria's ESG reporting. An average consumption value taken from the annual refill is calculated monthly and reported on.

4. **Gasoline/petrol (kL)** – used for backup generators.

Emissions (tCO2e): Disclosure 305

Centuria reports scope 1 and 2 emissions for all assets and operations within its corporate boundary. Centuria uses the National Greenhouse and Energy (NGER) Determination Document for Australia, and the Ministry of Environment (MoE) 2022 summary of emissions factors for New Zealand to calculate emissions.

Emissions are calculated through Centuria’s ESG platform.

Energy source	Australia	New Zealand
Grid electricity (purchased)	Default factors within the NGER Determination Document are used. Factors are updated annually and applied to respective usage periods.	Factors outlined in the MoE’s summary of emissions factors are used for purchased electricity (scope 2). Factors are updated and applied to respective usage periods.
Renewable electricity	Includes onsite solar and renewables brought from the grid. No emissions are calculated for renewable electricity.	Includes onsite solar and renewables brought from the grid. No emissions are calculated for renewable electricity.
Natural gas	Default factors within the NGER Determination Document are used. Factors are updated annually and applied to respective usage periods.	Factors outlined in the MoE’s summary of emissions factors are used for stationary combustion fuel types (scope 1). Factors are updated and applied to respective usage periods.
Diesel and petrol	Default factors within the NGER Determination Document are used. Factors are updated annually and applied to respective usage periods.	Factors outlined in the MoE’s summary of emissions factors are used for stationary combustion fuel types (scope 1). Factors are updated and applied to respective usage periods.

Water (GL): Disclosure 303-5

Centuria report mains potable water. Most assets are not sub-metered, as such Centuria reports whole building water.

Water consumption is measured through invoices which occur on a quarterly basis for assets. They are currently accounted for manually through receiving invoices from the supplier. The Property Services team collect invoices and enter data against the assets on an ongoing basis.

Total waste (tonnes): Disclosure 306-3 & 306-4

Centuria reports whole building waste unless tenants engage their own separate waste contractor.

Centuria report waste Disposed (landfill) and Diverted (recycled).

Waste directed to disposal: Total weight of non-hazardous waste directed to disposal through landfill.

Waste diverted: Total weight of non-hazardous waste diverted from disposal through recycling programs
Total waste diverted, or recycled waste includes:

1. Cardboard/paper
2. Organics
3. Co-mingled recycling

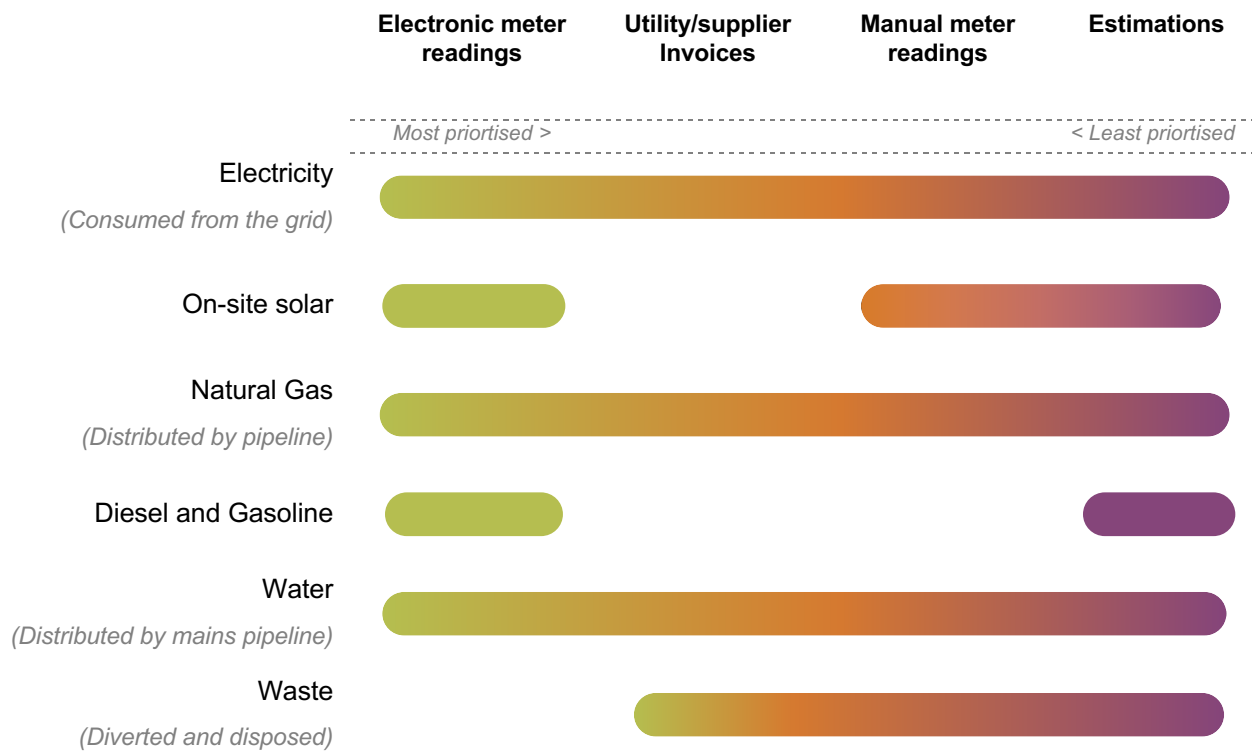
Centuria obtains waste data through a host of dedicated waste providers for property assets. Reports are provided quarterly, and waste produced is measured in kilograms or tonnes. Waste reports are saved and entered into the dedicated ESG system by the Property Services team.

Sources and hierarchy of environmental data

Environmental data is collected from multiple sources, including invoices, meters, and estimations. A summary of each source of data is summarised here:

1. **Electronic Meter readings** – Data provided either by building management systems, electronic/digital meters, or utility web portals.
2. **Invoice** – Utility invoices, including waste reports provided by contractors and suppliers.
3. **Manual Meter readings** – Manual on site meter readings.
4. **Estimation** – approved estimated methodologies as described within this document.

Centuria prioritises environmental data based on its source by the respective environmental indicator being collected. A summary of this prioritisation is summarised here:



Estimation methodologies

Centuria employs estimations as a final resort where data is unable to be obtained from other sources. To maintain consistency across estimations for the Group, estimations for missing data are based on the following methodologies.

For Assets with a single month of data missing	Where an asset has data either side of the missing month, the average intensity of the assets corresponding months shall be used to estimate the gap.
For Assets with multiple months of data missing, but have data for the same period in previous years	Assets which have multiple months of data missing but have data for the same period in previous years shall use retrospective data to close the gaps. Data shall be adjusted for any changes in floor area by first calculating the intensity of the assets previous period and multiplying the intensity against the current floor area.
For Assets with no data, but have comparable assets with data in a similar location	Assets which have no data but have comparable assets in similar locations will use the intensity of the comparable asset and extrapolated by the floor area of the asset with missing data. This applies to assets with floor area data.
For Assets with no floor area data, but have comparable assets with data in a similar location	Like the above, assets with no floor area data but have comparable assets in similar locations will leverage intensity measures, which are then applied to the missing asset.

Processes and controls for environmental data

Centuria actions the following processes and controls for environmental data:

Control	Accountability	Frequency	Process
Data variance testing	Facility Administration Team	At point of data entry	Centuria's ESG System alerts users if data input for an environmental indicator is above a set tolerance. Notes to approve data variance tests may be required when triggered.
Asset data approval	Facility Administration Team	Monthly	Data is collected and summarised in monthly collection forms. Forms are required to be approved before being considered ready for audit and reporting.
Variance testing	ESG Analyst	Quarterly	Variance testing consists of the following: <ul style="list-style-type: none"> <input type="checkbox"/> Review of Quarter-on-Quarter movements <input type="checkbox"/> Review of year-on-year movements <input type="checkbox"/> Review of data completeness and action estimation calculations where required
Management reporting and integration	Fund and property management teams	Quarterly	An ESG dashboard is presented to Fund and Property Management teams. This dashboard summarises environmental data for the FY period. Teams use these reports to review trends and provide commentary for movements flags.
Third-party audit	Appointed auditors	Annually	Centuria engage an independent third-party auditor to oversee audit and assurance processes.



Social indicators

Social indicators reported include employee headcount, employee diversity, engagement, and tenant engagement. Definitions of these indicators are summarised below.

Employees: General Disclosure 2-7 (2021)

Headcount (number)

Headcount refers to the total number of people employed by Centuria. It includes all workers employed by Centuria, including part time, casual workers, and contractors. Data is extracted from Centuria's HR platform (Salesforce) by the Payroll Manager and the Salesforce administration team. Headcount is counted as at June 30th.

Diversity of governance bodies and employees: Disclosure 405-1

Centuria report several diversity metrics. These diversity metrics include a summary of employees by age groups, and the percentage of those who identify as women and men in the workplace.

Age group (%)

The total number of people employed by Centuria broken-down by:

- Under 30 years old
- 30-50 years old
- Over 30 years old

Each category is expressed in % by: Age group / Total headcount * 100

Gender:

Women in the workforce (%)

Total percentage of women employed by Centuria. Total headcount value is extracted from Centuria's HR platform (Salesforce) by the Payroll Manager at the end of the reporting period, then split by gender. This is expressed as:

$$\text{Women in the workforce: } \text{No. of women} / \text{Total headcount} \times 100$$

Female Senior Executives (%)

Centuria defines female senior executives female members of the Senior Executive Committee, who are Heads of Business, and senior executives in the company.

The percentage is calculated by:

$$\text{No. of female (Senior Executive committee, Head of Departments, senior executives)} / \text{Total no. of people who are on Senior Executive Committee, those who are Head of Departments and senior executives} \times 100$$

Board level diversity (%)

Board level diversity counts the % of females in Centuria's Boards: CNI, CIP, COF, APL, Centuria Life. This indicator is not included in the assurance scope.

This is calculated by:

$$\text{No. of female board members} / \text{Total no. of board members} \times 100 \text{ (for each board).}$$

Absenteeism rate (%)

Taken from GRI 403 (2016), this is the measure of days lost due to leave (Sick/carers and compassionate). It is expressed as a percentage of scheduled working days for the financial year.

Absentee rate =

*Total no. of leave (sick/carers and compassionate) / total no. scheduled working days *100*

Employee Engagement (%)

Employee engagement is taken directly from Centuria's annual engagement platform – Culture Amp. The results are annual and point-in-time. FY23 annual engagement survey was conducted in May.

This indicator is not included in the assurance scope.

Tenant engagement (%)

Tenant engagement results are taken directly from surveys Centuria conducts on our tenants via a survey platform. The surveys were conducted during the period of FY23, and responses were collected from office, industrial and healthcare asset classes.

This indicator is not included in the assurance scope.



Governance indicators

Governance indicators reported include hours spent for certain training and development activities undertaken by employees, and modern slavery indicators. Definitions of these indicators are summarised below.

Training and education: Disclosure 404-1

Total no. of training hours & average hours of training per year, per employee (# of hours)

Centuria reports the approximate average hours of training employees have undertaken during the reporting period. This is expressed as:

$$\text{Average hours of training} = \frac{\text{Total no. of training hours provided to employees}}{\text{total no. of employees (headcount)}}$$

Training: Training included for reporting purposes comprises of the following -

- **Acorn:** Acorn is Centuria's primary learning management system where every employee undertakes essential training such as breach reporting, conflicts of interest, code of conduct.
- Each Acorn training module is equivalent to 20min, an export of course completion is generated each quarter. This figure is provided by the Risk & Compliance team.
- **Cybersecurity:** Like Acorn, every Centuria employee undertakes routine Cybersecurity training provide by GTRL Group. Each module is equivalent to 10min of learning.
- Cybersecurity training is captured by taking the number of completed courses x 10min. Centuria also includes total no. of courses completed, and number of hours undertaken by employees in addition to estimated hours p/employee. Completed training figures are provided by the IT Manager.

Specialist training that is specific to an employee's job role is not included for reporting purposes.

Employee development: Disclosure 404-2 & 404-3

Employees receiving regular performance reviews (%)

The %-number of Centuria employees that take part in routine performance reviews, and an annual appraisal. This includes all fulltime and part time permanent staff.

Development programs (count #)

This includes Centuria employees who have taken part in the following Programs within the financial year:

1. Centuria Leadership Program
2. General Manager Workshop

This indicator is not included in the assurance scope.

Modern slavery: Supplier engagement

Number of suppliers engaged (#)

The number of suppliers engaged during the financial year. This indicator is not included in assurance.

ESG data sign-off

Centuria undertakes a management sign-off process for ESG data.

- Environmental data:** consisting of energy, emissions, water, and waste is reviewed by the General Manager – Sustainability before being signed off by the Chief Financial Officer.
- Social data:** consisting of employee indicators, diversity numbers and employee engagement is reviewed by the General Manager – Sustainability before being signed off by the Chief Financial Officer.
- Governance data:** consisting of development and training hours, and modern slavery is reviewed by the General Manager – Sustainability before being signed off by the Group Chief Risk Officer.

External assurance

Centuria engaged KPMG to perform limited assurance for ESG data, ending June 30, 2023. Details regarding KPMG's assurance and scope is disclosed in KPMG's accompanying assurance Statement.



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