



# Environmental, Social and Governance Report FY21

**GDI Property Group ("GDI")**  
**GDI Property Group Limited (ACN 166 479 189)**  
**GDI Funds Management Limited (ACN 107 354 003)**

Dated 23 August 2021

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## Message from Steve Gillard, Managing Director

We are pleased to present GDI Property Group's (GDI) second Environmental, Social and Governance (ESG) Report (Report). All aspects of ESG have been important to us since our inception and are at the core of our decision making, corporate culture and strategy.

We released our first ESG Report last year and received a lot of positive feedback, particularly from a number of our listed investors. It was generally acknowledged that while we do a good job addressing ESG, we can continue to improve how we report our ESG objectives and achievements. Although we recognise the urgency of some things like climate change, we do believe that our reporting journey is a marathon, not a sprint. We believe that we have made significant steps this year in how we capture data, how we have documented some of our business practices, particularly in relation to our procurement and environmental policies, and with the support of a number of our capital providers, we've broadened our stakeholder reach to provide more focused ESG reporting based upon the issues they consider material. However, we still have a lot more to do and we will continue to improve both our practices and our reporting. We will also closely monitor developments regarding mandatory Task Force on Climate Related Financial Disclosures (TCFD) aligned reporting and will consider new legislated climate reporting requirements as they arise.

We again engaged the services of independent consultants to assist us to both collect relevant data and then to extrapolate that data into this Report. This Report is using the reporting principles and disclosures set out in the Global Reporting Initiative (GRI) Standards and the SASB Real Estate Services Sustainability Accounting Standard. This addition of SASB reporting this year will improve our internal accountabilities and our ability to report to a broader range of stakeholders. We identified an extensive to do list in our first ESG Report, and have either completed or significantly progressed nearly two thirds of that list. Major items carrying in to FY22 include better monitoring and reporting of construction waste and the sustainability credentials of product materials used in our upgrades and refurbishment of buildings.

We are very proud of some of our environmental successes during the year. We've had NABERS Energy, Indoor Environment and Water rating improvements across our portfolio. We've reduced our electricity grid use and had a building rated as a Platinum Waterwise Building of the Year. We managed to achieve this not from building new properties with new and more efficient technologies, but by upgrading existing properties. Because existing buildings comprise the largest segment of the built environment, when we undertake such upgrades, we make an important contribution to not only reducing that building's environmental footprint but also improving the general environmental footprint of the area in which the building is located. We do that as it's good for our tenants, it's good for our community, and it's good for our bottom line. If a building we buy already has exceptional services and a low environmental footprint, we will continually look for incremental improvements in the belief that every bit counts.

As this Report is released concurrently with the Annual Financial Report and the Corporate Governance Statement, I don't want to repeat what is already stated in those documents, particularly within the operating and financial review (OFR) of the Directors' Report. The Board has written extensively about how GDI, through good corporate governance, a disciplined approach to acquisitions and the use of our capital, and a strategic positioning of our business to Perth, was in such a sound position at the beginning of the COVID-19 health and economic crisis. We believed that COVID-19 would lead to some unique opportunities for GDI, but those that we did pursue did not meet our stringent investment criteria. We still believe that opportunities will arise, but

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in the interim, we have focused our endeavours on delivering the income and capital upside that resides in our existing portfolio of assets. We've had some very satisfactory leasing successes in Perth, albeit with a lot more to come, and our two development opportunities have been significantly progressed. Notwithstanding these successes, we did not meet either our annual or our rolling three-year total return hurdles of at least 10% p.a. for the year ended 30 June 2021.

Our Corporate Governance Statement is also released as part of this reporting suite. GDI has adopted the 4<sup>th</sup> Edition of the ASX Corporate Governance Council Principles and Recommendations (ASX Recommendations), with all ASX Recommendations followed during the year, or where they weren't followed, the reason was provided for not following that recommendation. As discussed in more detail in both the Corporate Governance Statement and later in this ESG Report, with a small team with very little turnover it is difficult to achieve some of our diversity objectives, but this has been the case for a number of years.

Our Board has two committees, a Nomination and Remuneration Committee and an Audit Risk and Compliance Committee. Our Audit, Risk and Compliance Committee undertakes a quarterly review of our risks and how we manage those risks. This includes the risks and opportunities of climate change. However, we acknowledge that there is more work to do on this front, and during FY22 we will continue to assess the risks associated with climate change and adopt measures to mitigate that risk.

As we navigate our way through FY22, we look forward to further embedding ESG throughout GDI, and sharing our progress with you.

I encourage you to read this Report in detail and to give it better context, also in conjunction with the Annual Financial Report and the Corporate Governance Statement.



Steve Gillard  
Managing Director

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## About this Report

This Environmental, Social and Governance (ESG) report provides an analysis and review of GDI Property Group's (GDI) performance on material topics for the period 1<sup>st</sup> July, 2020 to 30<sup>th</sup> June, 2021. It should be read in conjunction with the company's Annual Financial Report for the year ended 30 June 2021 and Corporate Governance Statement.

This report is aligned with the Global Reporting Initiative (GRI) Standards, the GRI G4 Construction and Real Estate Sector Disclosures, and the SASB Real Estate Services Sustainability Accounting Standard (Version 2018-10). The report has been prepared in accordance with the GRI Standards: Core Option. External assurance has not been undertaken specifically for this report.

## **GRI Principles for Defining Report Content**

### *Stakeholder Inclusiveness*

The materiality assessment conducted for GDI's FY21 ESG Report focused on three of GDI's key stakeholder groups: staff; GDI Board and Investor/Capital Providers.

### *Sustainability Context*

This report assesses GDI's ESG performance with reference to sustainability measures that are material to the property sector and State and Federal sustainability related building efficiency requirements. Sustainability risks are clearly communicated and environmental efficiency targets are defined. We recognise that the report focuses primarily on environmental and governance measures in contrast with social measures. This is due to our materiality assessment outcomes.

### *Materiality*

A formal materiality assessment was completed using our external consultant's Materiality Assessment Tool (MAT). The MAT identified the ESG issues most material to GDI and provided an analysis of material topics against two dimensions required by the GRI Standards: (i) significance of the sustainability impact (ii) importance to the stakeholder. The assessment conducted for this report provided a more robust materiality assessment than conducted for our previous report through use of a more sophisticated tool and a broader stakeholder reach.

The MAT was completed by GDI's 12 employees, four Board members, and seven stakeholders from the Investor/Capital provider group, and resulted in a completion rate of 88.5%. The MAT was customised specifically for GDI and included sustainability topics drawn from the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB) Real Estate Standard, global risks and megatrends, and topics identified in GDI's risk register.

### *Completeness*

This report outlines the sustainability impacts that GDI causes, contributes to, or is directly linked to through a business relationship. These are aligned with GDI's most material topics – an assessment which is an outcome of the stakeholder inclusiveness principle. Impacts are discussed within the context of the reporting period, and within the broader context of sustainability within the built environment.

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Quantitative data included within this report demonstrates the performance of the nine assets within GDI's operational control, where this data is available. In the instances where data collection processes have not yet been implemented, this is noted in the relevant report section together with our planned course of action.

Questions related to the information contained within this report can be directed to John Garland, Head of Property, GDI Property Group at: [john@gdi.com.au](mailto:john@gdi.com.au)

## Material Topics

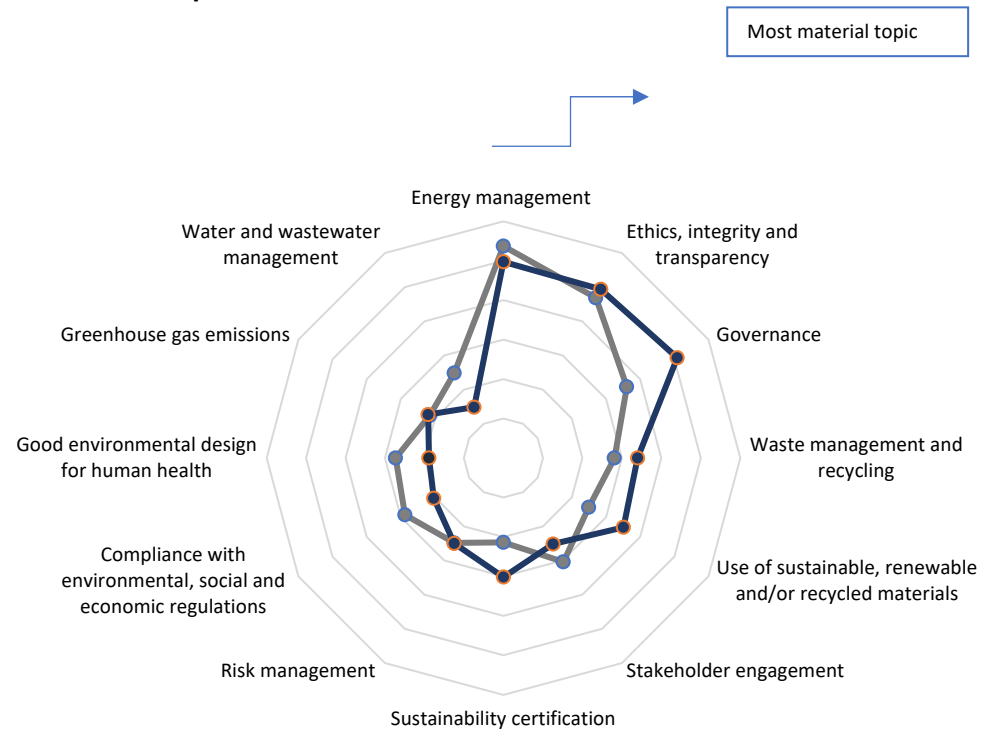
GDI worked with an external consultant to determine the company's most material topics through the use of the online Materiality Assessment Tool (MAT). A 'top 12' shortlist was identified out of 38 potentially material topics as those most material to GDI for the FY21 reporting year.

Climate change did not appear within the final 12 material topics, however, as it is an issue of urgency within the global community and recognised as material to all sectors, it is included in this report.

The assessment uncovered some divergence in opinions of most material topics between internal (staff & Board) and external (Investor/capital providers) stakeholders. For example, staff were more likely to weight environment topics highly, while the Investor/Capital provider group placed a stronger emphasis on governance topics.

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## 12 most material topics



The above chart shows GDI's 12 most material topics based upon two dimensions: 'significance of sustainability impact' and 'importance to stakeholder.' The grey line represents 'significance of sustainability impact' and the blue line represents 'importance to stakeholder'. GDI's most material topic is energy management, and working in a clockwise direction, the 12<sup>th</sup> most material topic is water and wastewater management.

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## About GDI Property Group

### What we do

GDI is a fully integrated, internally managed property and funds management group with capabilities in ownership, management, development, refurbishment, leasing and syndication of properties. GDI is an ASX 300 listed entity, with staff in Sydney and Perth. GDI's head office is located in Sydney.

GDI, through its wholly owned subsidiaries, is a high-performance property manager that specialises in providing income and value-add property trusts to listed and wholesale investors. In addition to GDI Property Trust, part of the listed entity, GDI also manages seven unlisted, unregistered managed investment schemes on behalf of over 1,500 high net worth investors. Total AUM of both GDI Property Trust and the seven, unlisted, unregistered managed investment schemes is over \$1.3 billion.

GDI acquires under-valued properties generally for between \$25 million and \$250 million with strong upside potential. When acquiring properties, key selection criteria include significant potential to realise increased income and value, excellent locations, good natural light, easily divisible floor plates, and potential for improving its environmental credentials. GDI then implements the individual strategy for the building, which typically includes refurbishment and repositioning, services upgrades, resetting leases and ultimately selling to realise profits.

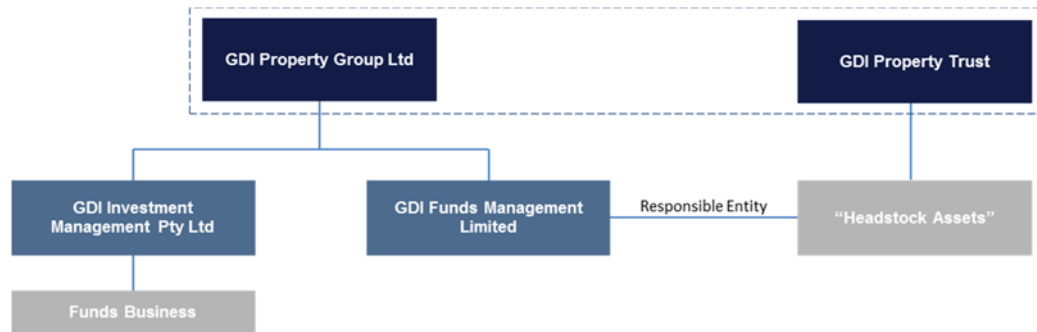
As at 30<sup>th</sup> June, 2021, GDI owns and manages property investments in New South Wales, Queensland and Western Australia. A full list of GDI assets, including those acquired and disposed of during the reporting year, is available in Appendix 1. The occupancy rate within assets under GDI's operational control as at 30 June 2021 was 72.9% with a weighted average lease expiry (WALE) of 2.6 years.

### Corporate Structure

GDI comprises the stapled entities GDI Property Group Limited and GDI Property Trust. GDI Funds Management Limited, a wholly owned subsidiary of GDI Property Group Limited, is the responsible entity of GDI Property Trust. The Boards of GDI Property Group Limited and GDI Funds Management Limited each have common membership. GDI Investment Management Pty Limited, a wholly owned subsidiary of GDI Property Group Limited, is the Investment Manager of GDI Property Trust.

GDI Funds Management Limited and GDI Investment Management Pty Limited, either directly or through wholly owned subsidiaries, also act as trustees and Investment Managers of the unlisted unregistered managed investment schemes operated by GDI. These entities are included in the consolidated financial statements and presented in the GDI Annual Financial Report.

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## Staff

All GDI staff are employed in a full-time capacity, with 10 located in Sydney, and two located in Perth. Of GDI's 12 employees, six are female, and six are male. Two additional contractors (male) are located in Perth. All senior executives and asset managers are male, and all accounts staff and office managers are female. GDI's Managing Director is male and there is one male and one female co-Company Secretary.

## Highlights FY21

- ↑ NABERS Indoor Environment rating at 197 St Georges Terrace, Perth from 5 to 5.5 stars\*
- ↑ NABERS Water rating at 1 Adelaide Terrace, Perth from 3 to 3.5 stars\*
- ↑ NABERS Energy rating at 50 Cavill Avenue, Surfers Paradise from 3.5 to 4.5 stars\*
- Platinum Waterwise Building of the Year: 197 St Georges Terrace, Perth

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## Progress on Commitments

| FY20 Commitments                                                          | Progress      | Notes                                                                                                                                                               |
|---------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Create Environment Policy                                                 | Complete      |                                                                                                                                                                     |
| Create Sustainable Procurement Policy                                     | Complete      |                                                                                                                                                                     |
| Create Occupational Health & Safety Policy                                | Not completed | Occupational Health & Safety requirements are now included in Sustainable Procurement Policy rather than preparing a standalone Occupational Health & Safety Policy |
| Assess climate change risk                                                | In progress   | Separate climate change item added to enterprise wide risk management system                                                                                        |
| Incorporate SASB standards into ESG reporting                             | Complete      |                                                                                                                                                                     |
| Set energy and emissions reduction targets                                | In progress   | NABERS Energy targets have been set for FY22                                                                                                                        |
| Create guidelines for construction and tenant waste                       | Not completed | Carried over to FY22                                                                                                                                                |
| Implement a formal waste data collection process                          | In progress   | Waste data collection processes are being implemented across GDI's asset portfolio.                                                                                 |
| Set waste reduction KPIs                                                  | Not completed | Carried over to FY22                                                                                                                                                |
| Set NABERS Water rating and water reduction KPIs for all assets           | In progress   | NABERS Water ratings have been defined. Water reduction KPIs for all assets carried over to FY22                                                                    |
| Implement monitoring & reporting on product material types and quantities | Not completed | Carried over to FY22                                                                                                                                                |

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## Benefits of Existing Building Upgrades and Refurbishment

GDI's business model of acquiring existing assets and undertaking services upgrades together with functional and aesthetic refurbishment has significant sustainability benefits. In contrast to the large environmental footprint of new construction, the upgrade and refurbishment of old and outdated buildings provides significant opportunity to optimise existing building stock. Over time, these buildings can closely meet the performance standards of newly constructed buildings.

| Environmental benefits of sustainable upgrades and refurbishment to existing buildings                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Lower energy use</li><li>• Reduced greenhouse gas emissions</li><li>• Energy cost savings through lower energy use</li><li>• Less pressure on the electricity grid</li><li>• Reduced pressure on the supply of natural resources</li><li>• Decreased water consumption</li></ul>                  |
| Social benefits of sustainable upgrades and refurbishment to existing buildings                                                                                                                                                                                                                                                           |
| <ul style="list-style-type: none"><li>• Healthy workplaces through efficient heating, cooling and ventilation systems</li><li>• Better productivity of tenants related to improved thermal comfort, lighting and noise reduction</li><li>• Enhanced safety and security through updated modern automation, sensors and lighting</li></ul> |
| Economic benefits of sustainable upgrades and refurbishment to existing buildings                                                                                                                                                                                                                                                         |
| <ul style="list-style-type: none"><li>• Lower operational and maintenance costs</li><li>• Increased asset value</li></ul>                                                                                                                                                                                                                 |

*\*Adapted from GlobalABC Roadmap for Buildings and Construction 2020-2050: Towards a zero-emission, efficient, and resilient buildings and construction sector (United Nations Environment Programme; International Energy Agency (IEA), 2020).*

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## Governance, Ethics and Risk Management

GDI understands that strong corporate governance is a priority for investors, capital providers and our other stakeholders, and is committed to meeting these expectations by incorporating sound corporate governance principles. From always putting investors first to creating a flexible and harmonious workplace, we believe we have always operated with the highest corporate governance principles. However, we believe there is always room to improve our performance across all aspects of ESG.

Recognising the importance of continuously improving our approach to ESG, in FY21, we strengthened our governance framework and have published our first Environment Policy and Sustainable Procurement Policy. Although we were already adhering to these policies, formally adopting them underlines our strong commitment to implementing environmental and social responsibility throughout our own business activities and also throughout our business relationships.

GDI has established ESG related annual key performance indicators (KPIs) for the company's executive team, which translate to short term incentive (STI) financial payments upon achievement of that KPI. Individuals are assessed on a balanced scorecard based on measures relating to longer term performance outcomes that align to GDI's strategic objectives, annual goals and workplace behaviours, including leadership and commitment to ESG.

ESG related KPIs and associated STIs are set for the following roles:

- Head of Property: ownership of ESG initiative and reporting
- Head of Asset Management: ESG initiatives at properties under management

The company has adopted the 4<sup>th</sup> edition of the ASX Corporate Governance Council Principles and Recommendations and reports progress annually. Updated to 23 August 2021, GDI's Corporate Governance Statement is available on the company website. We acknowledge that diversity is an important ESG consideration, however, have not made progress in this area due to extremely low turnover in our small sized Board and executive team.

### Governance Structure

GDI comprises the stapled entities GDI Property Group Limited and GDI Property Trust, the Boards of which each have common membership. The role of the Board is to provide overall strategic guidance for GDI and effective oversight of management.

GDI's Board Charter specifies how the company is governed to protect the interests of investors and other stakeholders. The Board has established two independent committees within the Board to assist in the execution of the Board's responsibilities: the Nomination and Remuneration Committee and the Audit, Risk and Compliance Committee.

### Ethics and Integrity

GDI is committed to and strives to act honestly and with integrity in all its dealings. The company's [Code of Conduct](#) (the Code) sets out GDI's values, commitments and ethical standards and outlines the standards of conduct expected of its business and people. The Code applies to all officers, employees, contractors, consultants, and associates of GDI. The Code provides detailed expectations across the following topics:

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- conflicts of interest
- opportunities, benefits and ownership of work
- anti-bribery and gifts
- dealings with politicians and government officials
- confidentiality
- privacy
- fair dealing
- discrimination, bullying, harassment and vilification
- health and safety
- protection of and use of GDI's assets and property
- compliance with laws and regulations
- responsibility to security-holders and the financial community
- insider trading; and
- whistleblower protection

## Our Values and principles

| Integrity                                                                                                                                | Respect                                                                                                                                                | Performance                                                                                                                                  | Compliance                                                                                                                                                | Safety                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• We act honestly and with integrity in all our dealings, both internally and externally</li></ul> | <ul style="list-style-type: none"><li>• We respect all people, their ideas and cultures and our words and actions must reflect this respect.</li></ul> | <ul style="list-style-type: none"><li>• We strive to perform to the best of our ability to maximise returns to our securityholders</li></ul> | <ul style="list-style-type: none"><li>• We aim to adhere to both the letter and spirit of all the laws and regulations that govern our business</li></ul> | <ul style="list-style-type: none"><li>• We are committed to providing and maintaining a safe working environment to safeguard the health and safety of our employees, consultants, contractors, customers, suppliers and other persons who visit our workplace, or who we work with, as required by law.</li></ul> |

## Memberships

- Property Council of Australia
- Australian Financial Complaints Authority (ACFA)

## Risk Management

GDI recognises the importance of a pro-active enterprise-wide risk management programme. Risk arises at every level of the business, and touches all activities across the ESG spectrum. GDI's risk management framework is documented in its Enterprise Risk Management Policy. This policy is reviewed at least annually by the Board. In addition, identified risks are published under Principle 7: Recognise and manage risk in GDI's Corporate Governance Statement, which is amended annually.

The Board and executive management team have ultimate responsibility to ensure that risk is managed appropriately within GDI. It is also a function of the Board and executive management team to develop overall risk management awareness across GDI.

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An objective of GDI's Audit, Risk and Compliance Committee is to assist the Board in managing the risks within GDI and fulfilling its corporate governance responsibilities. The Committee's risk management duties and responsibilities are to:

- oversee the identification, evaluation and implementation of measures to deal with any actual or perceived conflicts of interest
- monitor and review management of GDI's enterprise risks
- review the adequacy of GDI's processes for managing risk
- consider any incident involving fraud or other break down of internal controls
- review GDI's insurance programme
- monitor and review the effectiveness of GDI's internal control environment, including the effectiveness of internal control procedures; and
- monitor the adequacy and effectiveness of compliance systems in relation to the legal exposures of GDI.

The Board has delegated specific risk related responsibilities to GDI's Risk Manager, whose responsibilities (including other tasks) is to:

- establish and implement the Risk Management Programme and the policies and procedures that are required to effectively manage risk within GDI
- promote a risk management culture within GDI
- establish clear delineations of lines of responsibility for managing the end-to-end risk process
- continuously monitor changes in GDI's activities and ensuring that risks arising from any significant changes are considered within the risk framework
- maintain GDI's risk register
- ensure that risk controls and treatment plans are carried out efficiently and effectively; and
- prepare risk management reports for management and the Board.

GDI utilises a workflow management tool that enables the Board and employees to manage and monitor GDI's risks and its overall compliance performance. GDI's Risk Manager has the principal responsibility of coordinating GDI's Risk Management Programme. Within its operations the Risk Management Programme requires GDI to review its risks and to consider risks arising from the relationships with key stakeholders, including other group entities, as well as those arising from external events that are beyond its control.

Each identified risk event is loaded onto the workflow management tool, assessed according to its likelihood and consequence, ranked in priority and linked to existing controls and/or treatment plans. The workflow management tool is supported by day-to-day monitoring of risks by GDI staff, who are trained to be aware of risk issues and raise them with the Risk Manager as they arise. During the reporting period GDI engaged the services of an external consultant to supplement GDI's risk and compliance programme.

Management reports to the Board (through the Audit, Risk and Compliance Committee) on the effectiveness of the management of material risks faced by GDI. In FY21, the Board/Audit, Risk and Compliance Committee reviewed the risk management framework and were satisfied that it continues to be sound. In the absence of an internal audit function, the Audit, Risk and Compliance Committee reviews and evaluates GDI's risk management framework quarterly, and review and evaluation are a standing agenda item at Committee meetings. The Audit, Risk and Compliance Committee also receives a degree of assurance from the fact that compliance by GDI Funds

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Management Limited, the Responsible Entity of GDI Property Trust, with GDI Property Trust's Compliance Plan, is also audited by an external auditor.

GDI's risk management framework is consistent with AS/NZS ISO 31000: 2018.

As outlined in our FY21 Annual Financial Report, during the reporting year we undertook a comprehensive review of our enterprise-wide risks and associated mitigation measures as defined below:

| Risk                        | Description                                                                                                                                                                                                                                | Risk mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Property values             | The value of GDI's portfolio, or individual assets in the portfolio, may fall                                                                                                                                                              | <p>GDI has a policy of obtaining independent valuations for each of its properties at least annually</p> <p>GDI's portfolio comprises well located properties, has limited reliance on larger multi floor tenants and has floor plates that are easily divisible, somewhat insulating the portfolio from adverse leasing risks that may influence property valuations</p>                                                                                                               |
| Adverse economic conditions | The Australian economy may enter in to either a recession or depression, due to domestic policies, global influences, the global pandemic, or a combination thereof                                                                        | <p>GDI's portfolio, excluding the assets held in GDI No. 46 Property Trust, has a weighted average lease expiry profile of 2.6 years and is leased to a diverse range of tenants</p> <p>GDI has a conservative balance sheet with access to \$36.2 million of undrawn debt facilities as at 30 June 2021 to fund initiatives aimed at retaining and attracting tenants</p>                                                                                                              |
| Re-leasing and vacancy      | GDI may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms (if at all) or be able to find new tenants to take over space that is currently unoccupied | <p>GDI has deliberately weighted its portfolio to Perth, a market with limited new supply and solid prospects for increasing demand</p> <p>GDI's portfolio comprises well located properties and has floor plates that are easily divisible, enabling it to meet the demands of both larger and smaller space users</p> <p>GDI's conservative capital structure allows it to absorb the impact of vacancies in its portfolio without breaching any of its lending covenants</p>         |
| Funding                     | GDI's ability to raise capital on favourable terms is dependent upon the general economic climate, the state of the capital markets and the performance, reputation and financial strength of GDI                                          | <p>GDI does not intend to raise any additional equity capital during FY22</p> <p>As at 30 June 2021, GDI's Principal Facility is drawn to only \$168.8 million, with an LVR of 21.5% against the value of the Principal Facility's security pool</p> <p>Subsequent to 30 June 2021, GDI has refinanced its Principal Facility with no expiry until July 2024 and new facilities fund the development of Westralia Square 2 asset and other asset management and capital initiatives</p> |

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|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | GDI would not seek to acquire a new property unless it was able to obtain funding on favourable terms                                                                                                                                                                                                                                                                                                                  |
| Income from Funds Business                                       | <p>GDI might not be able to establish new unlisted funds due to limited investment opportunities, and/or limited availability of investor capital</p> <p>GDI's ability to raise new equity for future unlisted funds may be dependent on our performance managing all the unlisted funds</p> <p>In the circumstances where GDI funds the payment of costs associated with the proposed acquisition of a property by an unlisted fund, and the fund does not successfully complete the acquisition of that property, there is a risk that the monies will not be repaid to GDI</p> | <p>GDI has a track record of establishing new unlisted funds based on the past performance of its unlisted funds</p> <p>GDI's investor base consists of approximately 1,500 high net worth investors who have historically had a high level of repeat investment</p> <p>GDI will only risk option fees and due diligence costs when it has a high degree of confidence in the eventual success of an unlisted fund</p> |
| Loss of key management personnel                                 | The loss of key management personnel could cause material disruption to GDI's activities in the short to medium term and could result in the loss of key relationships and expertise which could have a material adverse impact on current and future earnings.                                                                                                                                                                                                                                                                                                                   | <p>GDI has a competitive remuneration structure to retain key talent</p> <p>GDI's Managing Director has a significant interest (+5.5%) in GDI and there is a succession policy in place.</p>                                                                                                                                                                                                                           |
| Capital expenditure requirements                                 | While GDI will undertake detailed due diligence investigations prior to acquiring properties, there can be no absolute certainty that properties will not have defects or deficiencies, or that unforeseen capital expenditure or other costs will not arise.                                                                                                                                                                                                                                                                                                                     | GDI and its executives have extensive experience in acquiring properties and undertaking due diligence investigations                                                                                                                                                                                                                                                                                                  |
| Gearing and breach of covenants                                  | <p>GDI's gearing could exceed the maximum level of 40% under the Board's gearing policy from time to time (for example where GDI uses debt to acquire new properties or the valuation of properties in GDI falls).</p> <p>The Debt Facility contains undertakings to maintain certain Covenant LVR and Covenant ICR, and an event of default would occur if GDI fails to maintain these financial levels</p>                                                                                                                                                                      | GDI remains well within both its own gearing policy of less than 40% LVR and the covenants imposed on it under its debt facility                                                                                                                                                                                                                                                                                       |
| Impacts of climate change and other environmental considerations | GDI's properties may be impacted by adverse impacts of climate related events such as severe storms and flooding,                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Climate related risks and potential financial impacts are assessed with GDI's enterprise- wide risk management framework                                                                                                                                                                                                                                                                                               |

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|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                              | and heatwaves that disrupt power supply<br><br>Changes to environmental legislation may mean GDI's properties need a significant amount of capital expenditure to comply or become obsolete | GDI has a history of investing into its properties to improve their environmental credentials, as measured by the industry accepted NABERS ratings system |
| Business disruption, including data breaches | GDI's business or a supplier's business might be subject to a cyber-attack or data breach<br><br>GDI's properties or business practices may be impacted by disruptive technologies          | Business disruption risks and technology changes are assessed and managed with GDI's enterprise-wide risk management framework                            |

### Climate Risk

Climate risk poses a significant threat to the property sector through the impact of extreme weather events. While GDI has two properties within its operational control that are located in Queensland, known for increases in flooding events in recent years, neither of these assets are considered to be located in 100 year flood zones.

GDI acknowledges that the company has an important role to play in mitigating climate risk throughout its property portfolio. Our utility monitoring programme is the company's central carbon mitigation platform to measure, review and improve our energy, emissions and water performance, and improvements are made to our building stock on a continual basis.

GDI's primary reporting mechanisms for carbon related impacts is through the NABERS Energy certification, implemented for the majority of buildings within the company's operational control, in addition to annual ESG reporting.

GDI's enterprise-wide risk management framework was amended in FY21 to more clearly identify the climate change impacts of the portfolio. Climate risk is a standing agenda item at our quarterly Audit, Risk and Compliance meetings and ESG KPIs have been embedded within the remuneration incentive programme for key executives. In addition, the publication of GDI's first Environmental Policy formalises our external position on measuring and evaluating climate risk.

We are closely monitoring developments regarding mandatory Task Force on Climate Related Financial Disclosures (TCFD) aligned reporting by the three founding partners of the Investor Agenda: CDP, the Investor Group on Climate Change (IGCC) and the Principles for Responsible Investment (PRI), and will consider any new legislated climate reporting requirements as they arise. We have not undertaken a formal climate change scenario analysis, however, will continue to assess climate change risk and adopt mitigation measures in FY22 and aim to continuously improve how we report our climate impacts.

# Environmental, Social and Governance Report FY21

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## Compliance

GDI works within a highly regulated industry and is subject to stringent compliance measures across its business activities. Demonstrating a strong commitment to compliance through well established governance and risk management mechanisms is critical to ensure the trust of regulators, the safety of our tenants and to maintain our reputation as a compliance focused company.

We are subject to a diverse range of legislation and regulations set by corporate statutory and assessment authorities (ASIC, Corporations Act 2001), financial regulations that govern the GDI Funds Management Limited (AFSL) and Federal building legislation, State building legislation, and building codes that govern GDI Property Group Limited.

GDI's Audit, Risk and Compliance Committee oversees compliance across the business, and the company's Compliance and Risk Officer is responsible for the implementation of compliance measures by all GDI employees.

GDI's stringent compliance and risk management processes are embedded within the company's governance mechanisms and form part of the company culture. Our target is to achieve full compliance across all areas of the business. We aim to exceed benchmarks if it makes commercial sense to do so and look beyond compliance to achieve the best possible outcome for all stakeholders.

No areas of non-compliance with regulations that address environmental, social, economic, or customer health and safety were identified as requiring rectification during FY21.

GDI's primary compliance requirements are:

### AFSL Compliance

GDI Funds Management Limited holds an AFSL (Australian Financial Services License) and acts as Responsible Entity for GDI Property Trust. GDI's Audit, Risk & Compliance Committee manages compliance with all AFSL requirements, including maintenance of a breach register. Compliance with the AFSL is audited annually by an external party.

### Pre-purchase Due Diligence

Technical, financial, leasing and legal due diligence are all part of the asset pre-purchase process. Due diligence reports vary according to the perceived areas of risk in each property.

Technical due diligence covers:

- all building services performance
- confirmation of building and land areas including parking and other areas
- services capacity (air conditioning, electrical, fire and lift safety, hydraulic, lifts)
- structural review
- statutory compliance audit
- NABERS rating
- environmental and hazardous materials investigations; and
- review of all mandatory certifications and service history of all plant and equipment

# Environmental, Social and Governance Report FY21

Financial, leasing and legal due diligence includes:

- full financial modelling and assessment (income, outgoings, lease incentives and 10 year capex plan) including third-party valuation
- a review of all leases and other occupancy documentation confirming financial information and lease security
- a legal review of title, zoning and contract conditions; and
- risk and insurance review

## Building Compliance

At the building level, our contracted property managers, facilities managers, leasing agents are required to comply with our own service provisions through contractual agreements.

Additional compliance management measures we have set are:

- working with preferred fitout suppliers and contractors who understand and comply with our processes (compliance within specific projects is managed and evaluated throughout the term of the project); and
- overseeing work contracts to ensure compliance with relevant laws and regulations (e.g. provision of safe work places)

Any relationship with a third-party provider is contracted and managed in accordance with relevant State and Federal regulations.

Mandatory testing and certification are applied universally and routinely conducted across all assets including:

- annual fire safety statements
- water treatment
- lift registrations
- NABERS ratings; and
- asbestos registers and management plans

Annual risk audits and other proactive measures e.g. electrical board thermal scans, vessel pressure tests and other safety tests, while not mandatory, are undertaken across all our assets. Those properties that have a specific area of risk, such as environmental, will have additional monitoring and certification as required. The individual risk profile of each asset is assessed and addressed appropriately.

Compliance reporting includes:

- an annual statement from GDI to insurers regarding building cladding, which is followed up by assessors who may visit the building or ask us to supply further information through a questionnaire
- Building Code of Australia (BCA) compliance reporting across the portfolio:
  - o all property managers provide GDI with a monthly schedule of current compliance for each individual asset
  - o Some compliance elements such as water treatment are reported monthly
  - o monthly, half yearly and annual compliance inspections are undertaken for fire and life safety services across all assets.

# Environmental, Social and Governance Report FY21

- o base building compliance such as access for people with disabilities and many other compliance elements; and
- o any major refurbishment must go through a review process to ensure compliance with statutory requirements and delivery to expected standards (for example, quality of materials and compliance with design and engineering requirements)

Additional sustainability compliance requirements exist for buildings that are leased by State and Federal Government entities. Known as Green Leasing Schedules (GLS), the GLS contains mutual obligations for tenants and owners of office buildings to achieve efficiency targets by setting a minimum ongoing operational building energy performance standard. A GLS is negotiated to form a standard schedule as part of the lease.

## Governance Policies\* and Charters

| Environmental                  | Social                           | Governance                                                      |
|--------------------------------|----------------------------------|-----------------------------------------------------------------|
| Environment Policy             | <a href="#">Diversity Policy</a> | <a href="#">Fraud, Bribery and Corruption Prevention Policy</a> |
| Sustainable Procurement Policy |                                  | <a href="#">Whistleblower Policy</a>                            |
|                                |                                  | <a href="#">Securities Trading Policy</a>                       |
|                                |                                  | <a href="#">Continuous Disclosure Policy</a>                    |
|                                |                                  | <a href="#">Securityholder Communications Policy</a>            |
|                                |                                  | <a href="#">Conflicts of Interest Policy</a>                    |
|                                |                                  | <a href="#">Nomination and Remuneration Committee Charter</a>   |
|                                |                                  | <a href="#">Audit, Risk and Compliance Committee Charter</a>    |

*\*GDI's Environment Policy and Sustainable Procurement Policy were created in 2021. All other governance policies listed were last updated in 2019 and are reviewed periodically. Both charters were last updated in 2013.*

## Stakeholder Engagement

Engaging with our critical stakeholders is essential for GDI's business to operate efficiently. We assess how we engage with each group and make adjustments to our engagement approach if deemed necessary. Due to GDI's small team size, our stakeholder communications is intentionally limited to 'business as usual' communication unless significant events are presented to us.

During the reporting year, the only change to our regular engagement approach was to hold a hybrid version (in person and online) of our Annual General Meeting due to COVID-19 travel restrictions. Although there were no specific areas of concern with our listed investors during the reporting period, we were pleased to resolve some of the communication deficiencies in our unlisted funds business raised by one of our external stakeholders during the year.

GDI's key stakeholder groups and our approach to engaging with them are:

### Capital Providers

Capital providers include investors in our listed properties and unlisted funds; banks, and debt providers. As a property owner and fund manager, GDI's business would not

# Environmental, Social and Governance Report

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exist without their support. Capital providers must be provided in a timely manner with balanced and clear information about all major developments affecting the GDI. This information is provided through various mechanisms including:

- releases to the Australian Securities Exchange (ASX) in accordance with ASX listing rules
- annual report
- ESG report
- investor relations programme (AGM; yearly and half yearly result briefings; in person meetings on request; response to investor queries; participation at broker sponsored conferences); and
- GDI website (company announcements, annual and ESG reports, analyst/media briefings, media releases, general meeting information)

We have implemented robust procedures to manage complaints. Initial steps are taken to acknowledge the complaint by recording on the complaints register, investigate, and decide what action needs to be taken, followed by notifying the complainant of the decision made, together with any resolutions available or other avenues of appeal.

If an issue has not been resolved to the satisfaction of the complainant, a complaint can be lodged with the Australian Financial Complaints Authority (AFCA), of which GDI is a member.

### Tenants

As the lessees of our buildings, tenants are our customers, and we are responsible for their safety and wellbeing. Our role is to ensure tenant satisfaction throughout the term of their lease. Building property managers, as service providers to GDI, are contractually required to act on day to day queries by tenants. Should a tenant have a complaint, it is dealt with at the asset management level. The asset manager will communicate directly with a GDI senior executive, who then will escalate to the GDI's Managing Director if necessary.

### GDI staff and Board

Our staff and the Board are stakeholders that are fundamental to our business success. Given the company's small employee size, we easily communicate with all 12 team members through regular communication and small forums. Formal property and asset management meetings are held each fortnight and at least eight Board meetings are conducted each year, with additional meetings called if required.

### Community

We have limited direct communication with the communities in which our assets are located, however, we would communicate with this group should the need arise. GDI supports community and social welfare groups in the areas in which we own assets, including being a major sponsor of the Salvation Army Red Shield appeal breakfast in Perth WA.

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## Supply Chain

GDI recognises the importance of demonstrating the environmental and social sustainability of its supply chain. We are committed to ensuring that our own purchase behaviours are aligned with strong sustainability principles and this extend to our suppliers. Sustainable procurement allows GDI to operate with efficiency, minimise negative environmental impact and ensure social responsibility throughout the organisation and our upstream supply chain.

GDI expects that the procurement of all goods and services throughout day to day business activities demonstrate strong sustainability principles. This includes ensuring appropriate demand management of goods and services, the use of environmentally sustainable materials in the refurbishment of properties, and selection of suppliers that can demonstrate a commitment to environmental and social sustainability and uphold a strong commitment to good governance.

In FY21, we published our first Sustainable Procurement Policy, which specifies the expectations that we have of our Tier 1 suppliers in the following areas:

- governance
- labour and human rights practices (including modern slavery)
- work health and safety
- environment; and
- engagement

This Sustainable Procurement Policy is supported by the GDI Code of Conduct, which provides additional guidance on our expectations of stakeholders, including those within our supply chain. Both documents will be reviewed regularly and adjustments made when deemed necessary.

Our main Tier 1 suppliers provide the following products and services within the building supply chain:

| Refurbishment and Fitouts                          | Building Services                   |
|----------------------------------------------------|-------------------------------------|
| Contractors to undertake refurbishment and fitouts | Property and facility managers      |
| Interiors components (wall and floor finishes)     | Electricity supply                  |
| Fit-out equipment (furniture and cabling)          | Lift maintenance                    |
| Mechanical and other building services suppliers   | Air conditioning maintenance        |
| Waste disposal and recycling contractors           | Insurance providers                 |
|                                                    | Cleaning                            |
|                                                    | Other routine maintenance contracts |

All assets under GDI's operational control are managed by externally contracted property managers.

Our aim is to maximise sustainability throughout our supply chain and we will work to continuously improve our processes for measuring and adjusting our approach over time.

# Environmental, Social and Governance Report FY21

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## Healthy and Sustainable Buildings

Natural light, proximity to public amenity and transport, end of trip facilities, optimal air quality, thermal health and ventilation, and choice of materials used in refurbishment and office fitout are all measures to determine indoor environmental quality factors in office buildings.

### Natural light and transport considerations

All GDI office buildings generally have four sides of natural light, widely regarded as an important contributor to employee health, comfort and productivity.

GDI's portfolio comprises centrally located properties, close to public transport, encouraging tenants to leave their cars at home. In FY21, we installed end-of trip facilities at our recently acquired property at 180 Hay Street in Perth. All other buildings have end of trip facilities that we have upgraded since acquisition. This feature encourages tenants to be proactive about their transport options which includes undertaking physical activity such as jogging or cycling to work.

### Air quality, thermal health and ventilation

On acquiring an asset, GDI assesses every possible plant and equipment upgrade, including heating, ventilation and air conditioning (HVAC) systems. This is particularly important given the high humidity climate in Queensland, and warm summers in both Queensland and Western Australia.

Systems are replaced if necessary, or upgraded to modern and more efficient systems. In addition, GDI's property managers coordinate the routine maintenance of HVAC systems. This ensures that the potential negative indoor environmental health impacts of older systems are mitigated.

In FY21, our asset at 197 St Georges Terrace achieved a NABERS Indoor Environment 5.5 star rating, through the following activities:

- measurements conducted for each component ensuring equipment used meets requirements and is sited correctly at each sampling location
- normal operation of the HVAC system ensured measurements collected
- site assessment planned by collection of required documentation and planning a sampling strategy
- quarterly data collection from the Building Management System (BMS) to ensure maintenance and tracking a high rating
- calibration of temperature and humidity sensors
- ensuring sensor are located in correct areas and not in areas that will affect and cause anomalies in readings; and
- regular maintenance of the building's HVAC equipment

In comparison, our asset at 141 St Georges Terrace (Westralia Square), Perth, decreased its NABERS Indoor Environment rating from a 4.5 to 4 star rating due to data collection issues.

# Environmental, Social and Governance Report FY21

## Materials

The choice of materials used in our refurbishments and fitouts is carefully considered to minimise impacts on human health and the environment. GDI's preference is to use environmentally sustainable materials and/or maximise the retention of existing materials in refurbishment activities. This may include products that are certified within a recognised sustainability certification scheme.

Where possible, we retain or reuse interiors components such as walling, doors, floor coverings and ceiling tiles, workstations and cabling. We prefer to use low volatile organic compounds (VOC) when selecting interior materials such as walls, wall and floor finishes and ceilings.

Our Sustainable Procurement Policy provides a formal mechanism for GDI and its Tier 1 suppliers of goods and services, including building property managers and contractors, to guide choice of environmentally sustainable materials in the refurbishment of properties.

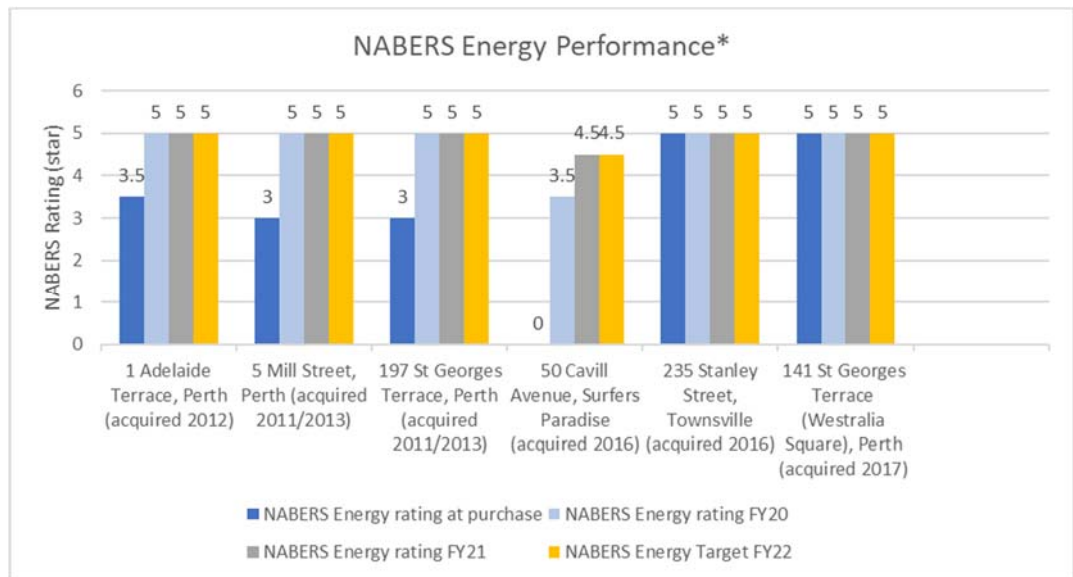
In our FY20 ESG Report, we had set a target to report our performance on monitoring and reporting product material types and quantities, however, this activity did not eventuate and we will aim to formalise a process in FY22.

## Green Building Certifications

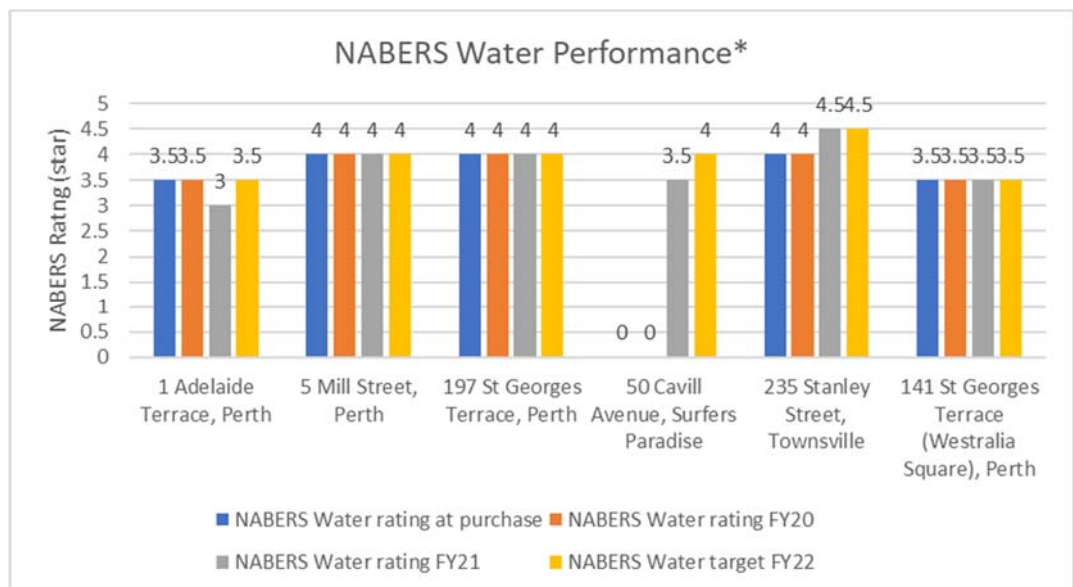
Green building certifications are a useful quantitative tool for government, tenants and investors to assess various building environmental performance characteristics. In Australia, it is a legislated requirement through the Building Energy Efficiency Disclosure Act 2010 (BEED Act) that all commercial office space of 1,000m<sup>2</sup> or greater that are sold or leased, have a NABERS Energy rating. NABERS also provides options for rating water and indoor environment efficiency, in addition to other environmental parameters.

GDI complies with the BEED Act for NABERS Energy, with 100% of eligible buildings rated against this ratings system, and also undertakes NABERS Water rating for the majority of its buildings, and NABERS Indoor environment rating for two out of nine buildings under its operational control.

# Environmental, Social and Governance Report FY21

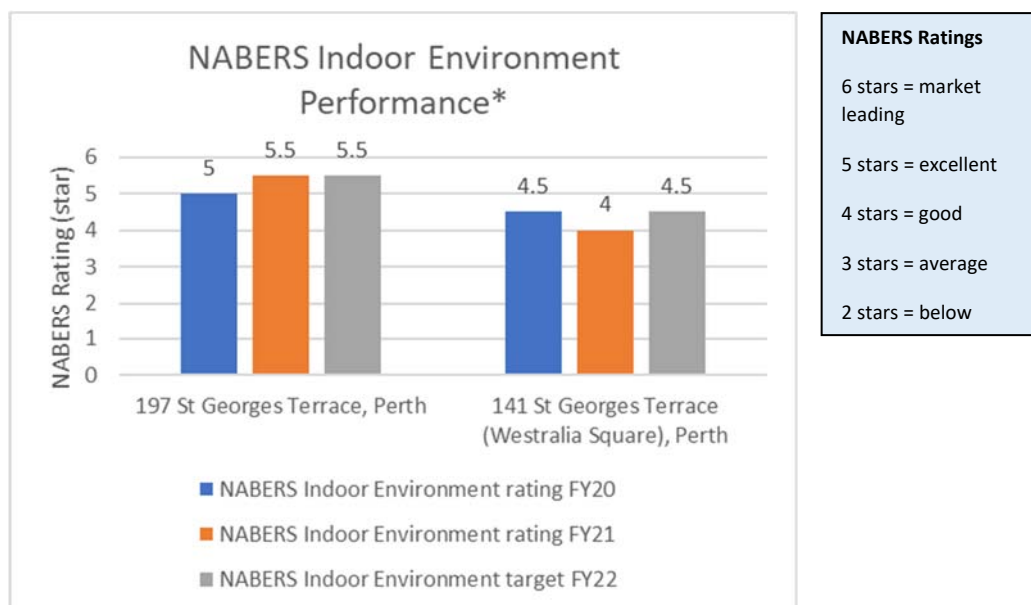


*\*Properties at 6 Sunray Drive, Innaloo and 1 Mill Street, Perth is not included in this chart. As a retail occupancy, 6 Sunray Drive is not required to have a NABERS Energy rating, and 1 Mill Street is an unrated and vacant building. 180 Hay Street, Perth, acquired in FY21 is not included within this chart as it is currently vacant and occupancy levels for FY22 are yet to be determined.*



*\*Properties at 6 Sunray Drive, Innaloo, 1 Mill Street, Perth and 180 Hay Street, Perth are not included in this chart. As a retail occupancy, 6 Sunray Drive is not required to have a NABERS Water rating, and 1 Mill Street and 180 Hay Street are unrated and vacant buildings.*

# Environmental, Social and Governance Report FY21



*\*Only 197 St Georges Terrace, Perth and 141 St Georges Terrace, Perth undertake the voluntary NABERS Indoor Performance rating.*

## Environment

Environmental stewardship has long been a focus area for GDI, and forms part of the company's business model. Assets that we acquire will usually need significant initial refurbishment, including interior fit out and updating of electrical cabling. Once refurbishment has been completed, regular maintenance of building services takes place.

At every juncture, GDI maintains a firm focus on the reduction of negative environmental impacts, including lowering base building and ongoing operational energy use and emissions, waste minimisation at refurbishment and fitout, and implementing water use reduction technologies. A major benefit of driving environmental efficiencies within our buildings is the resulting significant utilities cost saving and comfort for tenants.

We look to outperform building environmental sustainability compliance standards set by the Building Code of Australia (contained within the National Construction Code of Australia).

Our commitment is to:

- continuously improve the environmental performance of our property portfolio through efficient energy, water and waste management practices
- invest financially in environmental improvements across all of our assets
- assess the use of renewable energy and implement where feasible (renewable energy does not form part of GDI's current energy mix)
- retain, repurpose and reuse onsite materials to the greatest extent possible
- responsibly dispose of non-recyclable construction, refurbishment and day to day operational waste; and
- recycle construction, refurbishment and day to day operational waste at every available opportunity

# Environmental, Social and Governance Report FY21

## **Case Study: Environmental Improvements at 180 Hay Street, Perth**

### Background

In July 2020, GDI settled the acquisition of 180 Hay Street, Perth. The building was constructed in 1999 and comprises 4,925 m<sup>2</sup> of well-presented office space over four floors of over 1,000 m<sup>2</sup> each together with a ground and mezzanine level. GDI immediately commenced a refurbishment programme on acquisition.

### Environmental improvements

- New end of trip facility
- Chiller replacement
- All light fittings replaced with new LED fittings
- All bathroom fittings replaced with improved water efficient fittings
- Ceiling tiles replaced with new tiles with a 0.8 noise reduction co-efficient (NRC) and 100% recyclable (up to 32% recycled content): Global Green Tag™ Level A rating
- Window coverings replaced with new Vertilux manual blinds 100% free of PVC, formaldehyde and halogen: Global Green Tag™ Level A rating
- Carpet to be replaced with new carpet containing recycled content of between 31-71%

### Environmental benefits

- Tenants encouraged to use active transport modes
- Chiller replacement benefits:
  - o estimated annual energy use savings of 39,853 kWh
  - o estimated annual energy costs \$9,963
  - o estimated annual emissions reduction of 28,093 kg CO<sub>2</sub>e-
- Energy and emissions reduction for lighting
- Water use reduction
- Environmentally preferable interiors

## **Environmental Governance**

In 2021, we published our first Environment Policy to formalise the company's approach to environmental management. The policy outlines how we:

- protect the environment
- comply with all legislation and regulations
- continuously improve our environmental performance
- assess and control environmental risk; and
- approach sustainable procurement

During the reporting year, we amended how we position environmental risk, by broadening our definition to include the impacts of climate change which will be an increased focus for GDI in the coming years.

GDI takes a formal approach to environmental risk management, and identifies these risks, which are reviewed regularly at the company's Audit, Risk and Compliance Committee meetings. GDI's senior management, with oversight from the Board, oversee the policies, procedures and systems that have been implemented to ensure

# Environmental, Social and Governance Report

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the adequacy of GDI's environmental risk management practices and any amendments to our approach are raised for implementation.

GDI ensures compliance with all Federal and State government regulations for energy efficiency. At the Federal level, we abide by the Commercial Building Disclosure programme's NABERS ratings and Minimum Energy Performance Standards (MEPS), and we abide by all State mandated Building Code of Australia (BCA) requirements.

GDI's specific environmental risks identified are:

| Risks                                                                                                                                                                                                                                          | Effects                                                                                                                                                                                                                                                                                                                                                      | Mitigant(s)                                                                                                                                                                                                                     | Management                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Costs of energy</li> <li>Advancements in energy sources, procurement and technology leaving existing buildings dated</li> <li>Climate change, higher temperatures and adverse weather events</li> </ul> | <ul style="list-style-type: none"> <li>Increased cost of occupancy</li> <li>Redundancy of current building technology</li> <li>Decreasing appeal of assets to existing and potential tenants</li> <li>Increasing costs of insurance for adverse weather events</li> <li>Shorter life expectancy on plant leading to increased capital expenditure</li> </ul> | <ul style="list-style-type: none"> <li>Continued investment into the assets</li> <li>NABERS ratings for all assets</li> <li>Utility audits and formal monitoring programmes</li> <li>Energy procurement improvements</li> </ul> | <ul style="list-style-type: none"> <li>Utility audits and monitoring programme</li> <li>Quarterly review by Audit, Risk and Compliance Committee</li> </ul> |

### Energy and Emissions

Office buildings contribute approximately 25-30% of energy consumption within commercial building stock in Australia, and are one of the largest energy consuming sectors within building classes (ASBEC, 2016). While these figures are significant, there are many opportunities to establish energy efficiency measures and subsequently reduce greenhouse gas and other emissions.

Improved energy efficiency can deliver a broad range of benefits to GDI and its tenants, including:

- increases in asset value and returns
- health, comfort and productivity improvements for tenants; and
- reduced energy costs for GDI and tenants

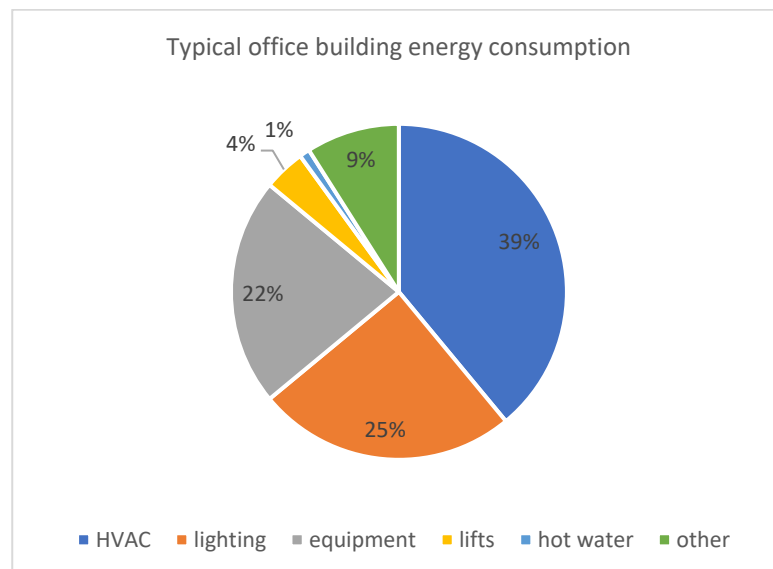
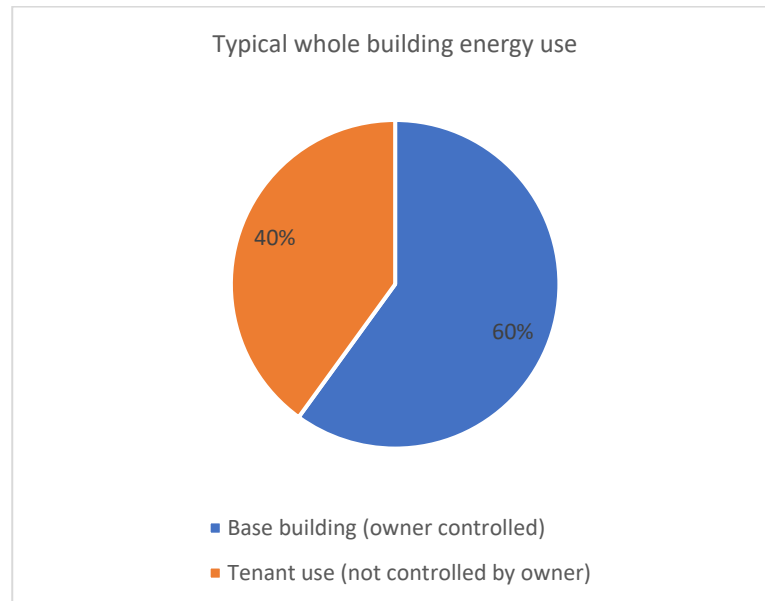
GDI has implemented a variety of energy efficiency solutions through both operational and capital investments. Through our asset improvement programme, we replace HVAC systems with high efficiency equipment and lighting with energy efficient LED lights and fittings throughout the building as required. Improvements in lighting, appliances and equipment offer a significant opportunity to reduce energy and emissions in existing buildings.

Our energy performance programme is designed to measure, assess, and improve the energy performance of all GDI buildings. We undertake regular energy audits and

# Environmental, Social and Governance Report FY21

monitoring and adopt a strong focus on energy procurement improvements. All energy and emissions data is reviewed regularly and any required updates to facilities and equipment are implemented to continuously improve our energy and emissions performance.

We were pleased to maintain our NABERS 5 star Energy rating at Westralia Square, despite a reduced occupancy rate and impacts of tenants working from home due to COVID.



Source: *Achieving Low Energy Existing Commercial Buildings in Australia*. EY, 2019.

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Base building energy use makes up the majority of energy use in commercial buildings, followed by tenant energy use. As asset owners, our primary objective is to reduce base building use, and we rely on our outsourced property managers to encourage a reduction in tenant energy use.

GDI's places a strong focus on energy reduction across all areas of building energy consumption particularly HVAC, lighting and base building equipment, the three largest sources of energy consumption within a typical office building.

A range of energy efficiency improvements were undertaken in FY21 across GDI's property portfolio including Building Management System (BMS) improvements, HVAC and lighting.

## Building Management System (BMS) improvements

A BMS is an electronic network used to monitor and control a building's electrical and mechanical services, including HVAC and lighting. Efficiency gains were realised during the reporting year through:

- BMS system upgrade works to improve and maintain a high energy efficiency rating
- modification of BMS preventative maintenance strategies to identify issues and deficiencies, and optimise efficiencies
- software upgrades and improvement of controls (e.g. optimal start/stop timings for efficient HVAC and lighting); and
- equipment fault monitoring

## Heating, Ventilation and Air-conditioning (HVAC)

Efficient HVAC is required for comfortable heating, cooling and ventilation of the indoor environment. Maintenance and equipment upgrades are necessary to keep tenants comfortable and healthy as well as reducing energy use. Efficiency gains were realised during the reporting year through:

- installation and upgrades of energy efficient chillers
- installation of variable speed drives (VSD) on air handling units (AHU) fan motors, cooling tower motors and pumps, chilled water (CHW) pumps and component cooling water (CCW) pumps
- installation of energy efficiency valves on AHU
- implementation of a programme to replace AHUs from traditional belt driven motor and fan scroll to new electronically commutated (EC) fan system
- normalisation of air conditioning operating schedules to align with core building hours
- replacement of old HVAC units with more efficient units; and
- general HVAC preventative maintenance

## Lighting

- lights upgraded to energy efficiency LED as older lights failed
- time out motion sensors for lighting systems installed; and
- installation of more efficient lighting systems

# Environmental, Social and Governance Report

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In addition to these improvements, GDI engaged an external consultant to undertake an energy audit on our property at 141 St Georges Terrace, Perth to comply with the AS/NZS:3598:2014 Commercial buildings standard. Monitoring and operating adjustments were undertaken at 50 Cavill Avenue, Surfers Paradise, with activities conducted by the onsite facilities manager, BMS and mechanical contractors under the guidance of GDI's consultant, through quarterly meetings.

This programme, together with the replacement of air conditioning equipment in the building resulted in an improvement in the building's NABERS energy rating from 3.5 stars to 4.5 stars during the year to June 21. The facilities manager also initiated a refrigerants register in an effort to continuously improve our understanding of the building's emissions impact. A lift upgrade at 197 St Georges Terrace, Perth, with new inverter motors and controllers is also expected to achieve a 20-30% reduction in energy consumption for that lift.

### Waste

Waste generation is an important indicator of environmental performance. In our buildings, the two primary sources of waste are refurbishment waste (operational) and tenant waste (downstream).

Refurbishment waste is predominantly non-hazardous, although occasionally we deal with asbestos containing materials and excess paints and solvents, which are strictly disposed of in line with legislative requirements. Usual waste streams from our refurbishment activities are:

- masonry: usually plasterboard and glass
- metals: aluminium from walls and glass framing
- textiles: primarily carpet and underlay; and
- refrigeration and air-conditioning equipment

Aluminium and glass are separated for recycling and where possible, we recycle carpet and underlay. All components of redundant air conditioning equipment are disposed of appropriately, including redundant refrigerant.

We have a very strong focus on minimising and avoiding waste of fittings, appliances and interiors, when undertaking an office stripout and/or fitout, and aim to reuse workstations, fittings and furniture either within the same building or in other GDI buildings. As outlined in our Environmental Policy, we aim to:

While GDI has control over the generation and disposal of refurbishment waste, we have less control over tenant waste. Property managers at GDI buildings are issued with contractor agreements that stipulate the requirement for multi-waste stream bins, to enable recycling of tenant waste. We work collaboratively with property managers to reduce tenant waste generation and report on these metrics. The level of waste management sophistication varies between properties, however, many of our property managers have implemented targeted educational efforts that aim to encourage behaviour change and increase recycling efforts by tenants.

In our FY20 ESG Report we stated that we would prepare guidelines for the collection and management of refurbishment and tenant waste generated throughout our portfolio, in addition to formalising a waste data collection process across all buildings and setting waste reduction targets. We have achieved improvement in our waste data collection process, with monthly collection of data across most sites, however data

# Environmental, Social and Governance Report FY21

remains inconsistent across assets and does not yet provide a comprehensive overview of tenant waste impacts.

Our other commitments have not been realised. These commitments and formal reporting on refurbishment and tenant waste will be carried into FY22 with the aim of reporting waste generated, diverted from disposal and directed to disposal in GDI's FY22 ESG Report. In the interim, we provide an insight into waste management at our Westralia Square asset through a case study.

A range of waste management initiatives were undertaken in FY21 including separation of waste streams and waste audits.

Asset specific initiatives included:

## 197 St Georges Terrace, Perth, and 5 Mill Street, Perth

- tenant education programme on waste management
- removal of paper towels in bathrooms (replaced with hand air dryers); and
- e-waste bins installed

## 50 Cavill Avenue, Surfers Paradise

- base build contractors instructed to recycle materials and donate furniture to charity rather than disposing into landfill; and
- engagement with local council to obtain ongoing waste data

## 235 Stanley Street, Townsville

- engagement with tenant to obtain ongoing operational waste data; and
- recycling of stormwater drainage copper pipes

# Environmental, Social and Governance Report FY21

## Case Study: Waste Streams Separation at Westralia Square (141 St Georges Terrace, Perth)

### Background

Westralia Square Property Manager CBRE launched its formal waste strategy in September 2018, covering integrated buildings Westralia Square 1, an 18 floor office building, and the planned but yet to be constructed, Westralia Square 2, an 11 floor office building.

### Process

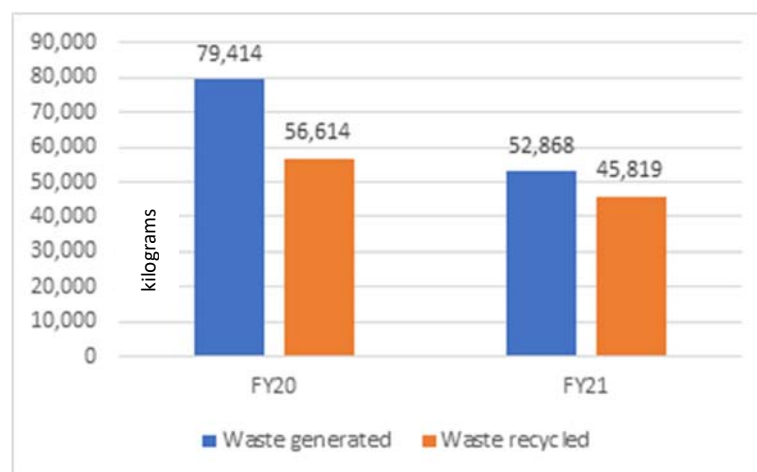
Waste streams are documented by the building management team and waste collection contractors and form two broad categories: landfill waste and recyclable waste. The building cleaning contractor removes waste from each tenancy floor and transfers to the bin store. Waste is separated into the 13 different waste streams on both the tenancy floor (where the tenant is located) and then further at the basement bin store.

The 13 waste streams and their bin identifier are:

- |                        |                    |
|------------------------|--------------------|
| 1. landfill:           | green bins         |
| 2. containers:         | yellow bins        |
| 3. paper:              | blue lid/black bin |
| 4. bulk cardboard:     | blue bin           |
| 5. polystyrene:        | clear bag          |
| 6. e-waste:            | white bin          |
| 7. paper hand towels:  | orange bin         |
| 8. printer cartridges: | yellow bin         |
| 9. soft plastic:       | clear bag          |
| 10. organics:          | liquid waste tank  |
| 11. batteries:         | brown bin          |
| 12. coffee pods:       | box                |
| 13. glass:             | red lid/blue bin   |

### Results

The waste reduction programme has resulted in significant uptake of recycling, over the two year period, with a 42% recycling rate in FY20, and a 46% recycling rate in FY21. Waste generated and subsequently recycled in FY21 was lower than in FY20 due to the departure of a major tenant.



# Environmental, Social and Governance Report FY21

## Water

Water consumption is a key indicator of building performance. Given the variability of Australia's water catchments, GDI is focused on reducing water use across the portfolio. Assets within GDI's operational control are located within metropolitan areas, and supplied by local municipal water authorities.

Although many of our assets are located in Western Australia which has experienced declining rainfall in the last few decades, Perth's water storage levels have not to date been identified as having a significant water related impact with regards to municipal supply.

Water use in building bathrooms, kitchens and air-conditioning units rely on mains water supply. Water effluent is discharged through main sewers which are managed by the relevant local water authorities, and we have not identified any effluent risks related to tenant and building use.

Water supply and efficiencies throughout the asset portfolio is managed by GDI's appointed external consultant and contracted property and facilities managers. Water consumption and efficiencies are measured as part of our ongoing utilities monitoring programme and continuous water efficiency improvements are made accordingly.

Many GDI assets report their water performance against the voluntary NABERS Water rating, against which targets are set.

Water management initiatives undertaken in FY21 in addition to our monthly tracking and inspection of main water meters, toilets and common area kitchens for leaks, have included:

### 197 St Georges Terrace, Perth, and 5 Mill Street, Perth

- documentation of water metering network to allocate and track building water consumption
- installation of automatic flushmasters for urinals
- toilet system flushers changed from 9 litres to 5 litres per flush
- preventative maintenance programme for hydraulics services (RPZ, pumps, water tanks, urinals, temperature valves) implemented
- updated fitout guidelines with direction that all fitout work must install 6 star WELLS rated products and fittings; and
- roll out of a tenant education programme for water savings

### 50 Cavill Avenue, Surfers Paradise

- installation of water sub-meters
- online remote meter monitoring software platform provided by City of Gold Coast for water sub-meters that will provide data analysis and charting and assist with leak detection; and
- water audit

### 141 St Georges Terrace, Perth

- water audit; and
- installation of lower water use fixtures to wet areas on refurbished levels

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In FY21, following its 2019 award, GDI was once again announced as the Platinum Waterwise Building of the Year for its property at 197 St Georges Terrace Perth. GDI introduced water saving measures to a suite of equipment in the building, improved leak detection methods and undertook staff waterwise education. To receive Platinum recognition, buildings must be a Gold Waterwise Building and also demonstrate leadership or innovation in water management.

### Environmental Performance Data Table\*

| Metric                                                                     | FY18          | FY19          | FY20          | FY21          | Like for Like |               |                               |
|----------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------------|
|                                                                            |               |               |               |               | FY20          | FY21          | % change over 12 month period |
| <b>Net Lettable Area (Operationally Controlled)</b>                        | 89,144        | 151,789       | 151,789       | 156,714       | 151,789       | 156,714       | 3%                            |
| <b>Energy Consumption - Operationally Controlled - (MWh)</b>               |               |               |               |               |               |               |                               |
| Diesel                                                                     | 52            | 56            | 143           | 119           | 143           | 119           | -17%                          |
| Natural Gas                                                                | 354           | 315           | 252           | 311           | 252           | 311           | 24%                           |
| Electricity (grid)                                                         | 6,637         | 8,123         | 7,704         | 6,671         | 7,704         | 6,671         | -13%                          |
| Proportion of energy consumption from renewable sources (%)                | 0             | 0             | 0             | 0             | 0             | 0             | 0                             |
| <b>Total energy consumption (MWh)</b>                                      | <b>7,043</b>  | <b>8,495</b>  | <b>8,099</b>  | <b>7,101</b>  | <b>8,099</b>  | <b>7,101</b>  | <b>-12%</b>                   |
| Energy intensity (MJ/m <sup>2</sup> )                                      | 284           | 201           | 192           | 163           | 192           | 163           | -15%                          |
| <b>Greenhouse gas emissions (tCO<sub>2</sub>-e)</b>                        |               |               |               |               |               |               |                               |
| Direct (Scope 1)                                                           | 272           | 281           | 611           | 527           | 611           | 527           | -14%                          |
| Indirect (Scope 2)                                                         | 4,955         | 6,038         | 5,693         | 4,897         | 5,693         | 4,897         | -14%                          |
| <b>Total Scope 1 &amp; 2 emissions</b>                                     | <b>5,227</b>  | <b>6,319</b>  | <b>6,304</b>  | <b>5,425</b>  | <b>6,304</b>  | <b>5,425</b>  | <b>-14%</b>                   |
| Greenhouse gas emissions intensity (kg CO <sub>2</sub> -e/m <sup>2</sup> ) | 58.64         | 41.63         | 41.53         | 34.62         | 41.53         | 34.62         | -17%                          |
| <b>Water (m<sup>3</sup>)</b>                                               |               |               |               |               |               |               |                               |
| Potable water                                                              | 49,432        | 92,715        | 94,218        | 80,802        | 94,218        | 80,802        | -14%                          |
| Proportion of water consumption from recycled water sources (%)            | 0             | 0             | 0             | 0             | 0             | 0             | 0                             |
| <b>Total water consumption</b>                                             | <b>49,432</b> | <b>92,715</b> | <b>94,218</b> | <b>80,802</b> | <b>94,218</b> | <b>80,802</b> | <b>-14%</b>                   |
| Water intensity (m <sup>3</sup> /m <sup>2</sup> )                          | 0.55          | 0.61          | 0.62          | 0.52          | 0.6           | 0.2           | -17%                          |

\*Notes to the Environmental Performance data table can be found in Appendix 2.

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## Glossary

**Air handling unit (AHU):** a device used to regulate and circulate air as part of a heating, ventilating, and air-conditioning system.

**ASBEC:** The Australian Sustainable Built Environment Council (ASBEC) is a peak body of organisations committed to a sustainable built environment in Australia.

**Asbestos:** A naturally occurring and toxic mineral composed of soft and flexible fibres that are resistant to heat, electricity and corrosion, used in many building materials. Asbestos has been banned in Australia since 2003.

**Australian Financial Complaints Authority (AFCA):** A not for profit organisation that assists consumers and small businesses to reach agreements with financial firms about how to resolve their complaints.

**Australian Financial Services Licence (AFSL):** A licence required to conduct a financial services business in Australia.

**Australian Securities and Investments Commission (ASIC):** Australia's corporate, markets and financial services regulator.

**Building Code of Australia:** The Building Code of Australia (BCA) is contained within the National Construction Code (NCC) and provides the minimum necessary requirements for safety, health, amenity and sustainability in the design and construction of new buildings (and new building work in existing buildings) throughout Australia.

**CDP:** a not-for-profit charity that runs a global disclosure system for investors, companies, and government entities to manage their environmental impacts.

**Chiller:** A component of an air conditioning system that removes heat from liquid via a vapour-compression or absorption refrigeration cycle.

**Commercial Building Disclosure Programme:** An Australian regulatory programme that requires energy efficiency information to be provided in most cases when commercial office space of 1000 square metres or more is offered for sale or lease.

**Cooling tower:** A structure designed to remove heat from a building by spraying water down through the tower to exchange heat into the inside of the building. Air comes in from the sides of the tower and passes through the falling water.

**End of trip facility:** Designated places that provide people who cycle, jog, walk to work or exercise secure bicycle parking, locker facilities, showers and change rooms

**EC fan (Electrically commuted fan):** A fan that is more efficient compared to traditional AC induction motor technology.

**Fitout:** The process of making an interior space suitable for occupation, including provision of internal components such as wall linings, internal partition walls, floor coverings, ceilings, tiles and pipework.

**Formaldehyde:** a potentially irritating gas used in many building products.

**Global GreenTag™:** A certification programme that assesses the environmental and social sustainability credentials of a product.

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**Global Reporting Initiative (GRI):** The Global Reporting Initiative (GRI) is an independent international not for profit organisation that has pioneered sustainability reporting since 1997. The organisation's GRI Sustainability Reporting Standards (GRI Standards) are the first and most widely adopted global standards for sustainability reporting.

**Investor Group on Climate Change (IGCC):** The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focusing on the impact that climate change has on the financial value of investments.

**KPI:** Key Performance Indicator

**LED: Light emitting diode (LED)** lighting products produce light approximately 90% more efficiently than incandescent light bulbs. An electrical current passes through a microchip, which illuminates the tiny light sources called LEDs, resulting in visible light.

**LVR:** Loan to value ratio.

**NABERS:** NABERS (National Australian Built Environment Rating System) is a national Australian building performance rating for energy, water, indoor environment, and waste. The programme is managed by the NSW Department of Planning, Industry and Environment on behalf of the Federal, State and Territory governments of Australia.

**National Construction Code:** The National Construction Code (NCC) is a uniform set of technical provisions for the design, construction and performance of buildings and plumbing and drainage systems throughout Australia

**Noise reduction co-efficient (NEC):** An average rating of how much sound an acoustic product can absorb and how much quieter a product can make a space.

**Operational control:** (An entity) with the ability to introduce and implement operating policies, health and safety policies, and/or environmental policies.

**Principles for Responsible Investment:** United Nations supported network of investors that works to promote sustainable investment through the incorporation of environmental, social and governance factors.

**Property Council of Australia:** The Property Council of Australia is an Australian national advocacy group representing property developers and property owners.

**Poly-vinyl chloride (PVC):** A substance with potentially harmful effects that is commonly used in electrical insulation and pipes and other building applications.

**Refurbishment:** The process of building improvement by cleaning, decorating and re-equipping. It may also include elements of retrofitting with the aim of making a building more energy efficient and sustainable.

**Retrofit:** The process of changing a building's systems or structure after its initial construction and occupation.

**SASB:** The Sustainability Accounting Standards Board (SASB) sets sustainability disclosure standards for financially material environmental, social and governance topics that are industry-specific and tied to the concept of materiality to investors.

# Environmental, Social and Governance Report FY21

**Stripout:** The demolition of the majority of internal components within a building including wall linings, internal partition walls, floor coverings, ceilings, tiles, and pipework.

**Task Force on Climate Related Financial Disclosures (TCFD):** An independent body created in the United States by The Financial Stability Board tasked with developing recommendations for more effective climate-related disclosures.

**Tier 1 supplier:** A supplier that provides their own products and services directly to the customer.

**Variable Speed Drive (VSD):** A drive connected to a pump or fan motor that is electrically connected between the switchboard and the motor. The VSD provides greater control of the electrical pump or fan motor, meaning that operation rates can be slowed down including at start up to reduce energy usage.

**Volatile Organic Compounds (VOC):** Potentially harmful carbon based chemicals that can evaporate at room temperature and affect indoor air quality

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## References

Australian Built Environment Council (ASBEC), 2016. *Low Carbon, High Performance: How Buildings Can Make a Major Contribution to Australia's Emissions and Productivity Goals*. [online] Available at: <https://www.asbec.asn.au/research-items/low-carbon-high-performance-report/> [Accessed 8<sup>th</sup> August, 2021].

EY, 2019. *Achieving Low Energy Existing Commercial Buildings in Australia*. [online] Department of Industry, Science, Energy and Resources. Available at: <https://www.energy.gov.au/publications/final-report-achieving-low-energy-existing-commercial-buildings-australia-ey> [Accessed 8<sup>th</sup> August, 2021].

Global Reporting Initiative (GRI). 2020. *GRI Standards*. Available at: <https://www.globalreporting.org/how-to-use-the-gri-standards/resource-center/> [Accessed 8<sup>th</sup> August, 2021].

Global Reporting Initiative (GRI). 2014. *G4 Sector Disclosures: Construction and Real Estate*. Available at: <https://www.globalreporting.org/search/?query=Construction+and+Real+Estate> [Accessed 8<sup>th</sup> August, 2021].

Sustainability Accounting Standards Board (SASB) 2018. *Real Estate Sustainability Accounting Standard*. Available at: <https://www.sasb.org/standards/download/results/?submissionGuid=45110114-f6cf-4c95-a02e-32d887a52151> [Accessed 8<sup>th</sup> August, 2021].

United Nations Environment Programme; International Energy Agency (IEA), 2020. *GlobalABC Roadmap for Buildings and Construction 2020-2050: Towards a zero-emission, efficient, and resilient buildings and construction sector*. Available at: [https://iea.blob.core.windows.net/assets/6cca78af-2327-4e97-868c-294d48cb66b3/GlobalABC\\_Roadmap\\_for\\_Buildings\\_and\\_Construction\\_2020-2050.pdf](https://iea.blob.core.windows.net/assets/6cca78af-2327-4e97-868c-294d48cb66b3/GlobalABC_Roadmap_for_Buildings_and_Construction_2020-2050.pdf) (Accessed 8<sup>th</sup> August, 2021)

# Environmental, Social and Governance Report FY21

## Appendix

### Appendix 1: Asset Schedule

| Property Location                                 | Property Type     | State | NLA (m <sup>2</sup> ) | Activity FY21       |
|---------------------------------------------------|-------------------|-------|-----------------------|---------------------|
| 251 Adelaide Terrace, Perth (various strata lots) | Office            | WA    | 1,100                 |                     |
| 10 Market Street, Brisbane (various strata lots)  | Office            | Qld   | 3,300                 |                     |
| 1 Adelaide Terrace Perth                          | Office            | WA    | 20,000                |                     |
| 16 Broadmeadow Rd, Broadmeadow                    | Industrial        | NSW   | 31,300                |                     |
| 5 & 13 Wood St, Bassendean                        | Industrial        | WA    | 11,000                |                     |
| 46-48 Anderson St, Port Hedland                   | Industrial        | WA    | 675                   | Sold February 2021  |
| 235 Stanley St, Townsville                        | Office            | QLD   | 13,795                |                     |
| 1 Mill Street, Perth                              | Office            | WA    | 6,235                 |                     |
| 5 Mill Street, Perth                              | Office            | WA    | 7,107                 |                     |
| 197 St Georges Terrace, Perth                     | Office            | WA    | 25,407                |                     |
| 50 Cavill Ave, Surfers Paradise                   | Office            | QLD   | 16,600                |                     |
| Westralia Square, 141 St Georges Terrace, Perth   | Office            | WA    | 32,600                |                     |
| 180 Hay Street, Perth                             | Office            | WA    | 4,925                 | Purchased July 2020 |
| 6 Sunray Drive, Innaloo                           | Retail            | WA    | 30,000                |                     |
| 7 Thurso Road, Myaree                             | Industrial/Retail | WA    | 1,447                 |                     |
| 5 Thurso Road, Myaree                             | Industrial/Retail | WA    | -                     |                     |
| 15 Thurso Road, Myaree                            | Industrial/Retail | WA    | -                     |                     |
| 166 Leach Hwy, Myaree                             | Industrial/Retail | WA    | 1,241                 |                     |
| 168 Leach Hwy, Myaree                             | Industrial/Retail | WA    | 1,872                 |                     |
| 170 Leach Hwy, Myaree                             | Industrial/Retail | WA    | 1,364                 |                     |
| 6 Lancaster Road, Wangara                         | Industrial/Retail | WA    | 2,714                 |                     |
| 10 Lancaster Road, Wangara                        | Industrial/Retail | WA    | 925                   |                     |
| 100 Broun Avenue, Embleton                        | Industrial/Retail | WA    | 332                   |                     |
| 101 Broun Avenue, Morley                          | Industrial/Retail | WA    | 2,824                 |                     |
| 104 Broun Avenue, Embleton                        | Industrial/Retail | WA    | 341                   |                     |
| 161 Great Eastern Hwy, Bellevue                   | Industrial/Retail | WA    | 2,155                 |                     |
| 163-169 Great Eastern Hwy, Bellevue               | Industrial/Retail | WA    | 1,402                 |                     |
| 171 Great Eastern Hwy, Bellevue                   | Industrial/Retail | WA    | 435                   |                     |

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|                                         |                   |    |                |  |
|-----------------------------------------|-------------------|----|----------------|--|
| 188 Great Eastern Hwy,<br>Midland       | Industrial/Retail | WA | 549            |  |
| 192 Great Eastern Hwy,<br>Midland       | Industrial/Retail | WA | 1,117          |  |
| 204 Great Eastern Hwy,<br>Midland       | Industrial/Retail | WA | 2,064          |  |
| 1900-1906 Albany<br>Highway, Maddington | Industrial/Retail | WA | 1,887          |  |
| 1910-1914 Albany<br>Highway, Maddington | Industrial/Retail | WA | 2,453          |  |
| <b>Total Net Lettable Area</b>          |                   |    | <b>229,165</b> |  |

# Environmental, Social and Governance Report FY21

## Appendix 2: Environmental Performance Data Table Notes

### General

The property at 180 Hay Street, purchased in July 2020 has been included in the data table, resulting in an increase in the company's Net Lettable Area (NLA).

2020 has been selected as the environmental performance base year as GDI's inaugural ESG report was published in FY20.

### Energy and emissions data

Energy consumption figures are derived from a combination of utility accounts and readings from privately owned sub-meters using the NABERS calculation methodology. Heating, cooling, and steam consumption is contained within the overall electricity and natural gas data. Emissions conversion factors for diesel, gas and electricity are calculated using the National Greenhouse and Energy Reporting (Measurement) Determination 2008: Schedule 1 - Energy Content Factors and Emission Factors, and indirect factors use the National Greenhouse Accounts workbook where applicable. Gas and diesel emissions included within the CO<sub>2</sub>e factor are CO<sub>2</sub> (carbon dioxide), CH<sub>4</sub> (methane) and N<sub>2</sub>O (nitrous oxide).

Electricity, natural gas and diesel are used to calculate energy intensity. The denominator for energy intensity and emissions intensity is the net lettable area (m<sup>2</sup>). Energy intensity MWh has a conversion rate of 1mWh = 3600 MJ. Included in emissions data are Scope 1 emissions from direct consumption of fossil fuels through natural gas and diesel consumption for onsite heating and backup electricity generation, and Scope 2 emissions from the indirect burning of fossil fuels through consumption of electricity.

For electricity all (100%) of tenants are separately metered by privately owned electricity meters which form part of the landlords overall embedded network.

### Water data

Total consumption is influenced by the addition or removal of properties as they are bought or sold. Water consumption figures are derived from a combination of utility accounts and readings from privately owned sub-meters. At the time of GDI's inaugural report publication in FY20, some water data was not available due to utility bills not yet received and was subsequently estimated for that report.

The FY20 data published in this report has been recalculated to reflect subsequent actual data collected from utility bills once they had been issued.

Water data was estimated by multiplying the average kL/day figure from the most recent actual account by the number of missing days and adding this value to the FY21 total. Wherever possible water consumption related to non-office use (e.g. retail tenants) has been removed from the figures to ensure only assets under operational control are captured.

Tenant water use is not separately metered and consumption is captured by the main utility water meter.

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## Estimated energy, emissions and water data

Estimated data for FY20 has been recalculated for this report with actual FY20 data and has been identified in the table below. Estimated data for FY21 is identified in the table below and will be recalculated in the FY22 ESG Report to reflect actual data

### *Estimated environmental data FY20/FY21*

| <b>Asset</b>                       | <b>Diesel</b> | <b>Gas</b> | <b>Electricity</b>     | <b>Water</b>           |
|------------------------------------|---------------|------------|------------------------|------------------------|
| 197 St Georges Terrace, Perth      | June 2020     | June 2021  |                        |                        |
| 141 St Georges Terrace, Perth      |               |            | June 2020<br>June 2021 | June 2020              |
| 50 Cavill Avenue, Surfers Paradise | June 2020     |            | June 2021              | June 2020<br>June 2021 |
| 235 Stanley Street, Townsville     | June 2020     |            | June 2020              | June 2020              |
| 6 Sunray Drive, Innaloo            |               |            | June 2020              | June 2020<br>June 2021 |
| 1 Mill Street, Perth               |               |            | June 2021              | June 2021              |
| 5 Mill Street, Perth               |               | June 2021  |                        |                        |
| 180 Hay Street, Perth              | All 2021      |            | July 2021              |                        |

# Environmental, Social and Governance Report FY21

## GRI Content Index

This GRI Content Index outlines each GRI Disclosure that is used in this report and is aligned to the material topics identified in GDI's FY21 materiality assessment. The GRI G4 Construction and Real Estate Sector disclosures are also included to provide additional important sector specific context, in addition to relevant Sustainability Accounting Standards Board (SASB) disclosures.

| GRI Standard                      | GRI Disclosure                                                       | Impact Boundary | SASB Disclosure                                                                                                           | Page / Reference / More information                                                                               |
|-----------------------------------|----------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| GRI 101: Foundation 2016          |                                                                      |                 |                                                                                                                           |                                                                                                                   |
| GRI 102: General Disclosures 2016 |                                                                      |                 |                                                                                                                           |                                                                                                                   |
| <b>General Disclosures</b>        |                                                                      |                 |                                                                                                                           |                                                                                                                   |
| <b>Organisational Profile</b>     |                                                                      |                 |                                                                                                                           |                                                                                                                   |
|                                   | 102-1: Name of the organisation                                      | N/A             |                                                                                                                           | Cover page                                                                                                        |
|                                   | 102-2: Activities, brands, products and services                     | N/A             |                                                                                                                           | p. 6                                                                                                              |
|                                   | 102-3: Location of headquarters                                      | N/A             |                                                                                                                           | p. 6                                                                                                              |
|                                   | 102-4: Location of operations                                        | N/A             |                                                                                                                           | p. 6                                                                                                              |
|                                   | 102-5: Ownership and legal form                                      | N/A             |                                                                                                                           | p. 6                                                                                                              |
|                                   | 102-6: Markets served                                                | N/A             |                                                                                                                           | p. 6                                                                                                              |
|                                   | 102-7: Scale of the organisation                                     | N/A             | IF-RE-000.A:<br>Number of assets<br><br>IF-RE-000.B:<br>Leasable floor area<br><br>IF-RE-000.D:<br>Average occupancy rate | GRI disclosures: pp. 6, 7<br>SASB disclosures: pp. 6, 37, 38                                                      |
|                                   | 102-8: Information on employees and other workers                    | N/A             |                                                                                                                           | p. 7                                                                                                              |
|                                   | 102-9: Supply Chain                                                  | N/A             | IF-RE-000.C:<br>Percentage of indirectly managed assets                                                                   | GRI disclosures: p. 20<br>SASB disclosures: 100% of assets are managed by externally contracted property managers |
|                                   | 102-10: Significant changes to the organisation and its supply chain | N/A             |                                                                                                                           | GDI acquired 180 Hay Street in July 2021.                                                                         |
|                                   | 102-11: Precautionary Principle or approach                          | N/A             |                                                                                                                           | pp. 9, 24                                                                                                         |
|                                   | 102-12: External initiatives                                         | N/A             | IF-RE-130a.4:<br>Percentage of eligible portfolio that (1) has an energy rating and                                       | GRI disclosures: pp. 22, 24-26<br>SASB disclosures: 87.5% of eligible buildings (under                            |

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|                                                                    |     |                                                                                                                                        |                                                                                                                                                                    |
|--------------------------------------------------------------------|-----|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                    |     | (2) is certified to NABERS* (SASB identifies the US based Energy Star rating which is not relevant in the Australian property sector). | GDI operational control) has a NABERS energy rating. This does not include the property at 6 Sunray Drive, Innaloo, as it is not required to have a NABERS rating. |
| 102-13: Membership of associations                                 | N/A |                                                                                                                                        | p. 11                                                                                                                                                              |
| <b>Strategy</b>                                                    |     |                                                                                                                                        |                                                                                                                                                                    |
| 102-14: Statement from senior decision-maker                       | N/A |                                                                                                                                        | pp. 1, 2                                                                                                                                                           |
| <b>Ethics and Integrity</b>                                        |     |                                                                                                                                        |                                                                                                                                                                    |
| 102-16: Values, principles, standards and norms of behaviour       | N/A |                                                                                                                                        | p. 11                                                                                                                                                              |
| <b>Governance</b>                                                  |     |                                                                                                                                        |                                                                                                                                                                    |
| 102-18: Governance structure                                       | N/A |                                                                                                                                        | pp. 7, 10                                                                                                                                                          |
| 102-30: Effectiveness of risk management processes                 | N/A |                                                                                                                                        | pp. 11 - 15                                                                                                                                                        |
| <b>Stakeholder Engagement</b>                                      |     |                                                                                                                                        |                                                                                                                                                                    |
| 102-40: List of stakeholder groups                                 | N/A |                                                                                                                                        | pp. 18, 19                                                                                                                                                         |
| 102-41: Collective bargaining agreements                           | N/A |                                                                                                                                        | This disclosure is not applicable to GDI as employees are not employed using collective bargaining agreements                                                      |
| 102-42: Identifying and selecting stakeholders                     | N/A |                                                                                                                                        | pp. 18, 19                                                                                                                                                         |
| 102-43: Approach to stakeholder engagement                         | N/A |                                                                                                                                        | pp. 18, 19                                                                                                                                                         |
| 102-44: Key topics and concerns raised                             | N/A |                                                                                                                                        | pp. 18, 19                                                                                                                                                         |
| <b>Reporting Practice</b>                                          |     |                                                                                                                                        |                                                                                                                                                                    |
| 102-45: Entities included in the consolidated financial statements | N/A |                                                                                                                                        | p. 6                                                                                                                                                               |
| 102-46: Defining report content and topic boundaries               | N/A |                                                                                                                                        | pp. 3, 4, 41-45                                                                                                                                                    |
| 102-47: List of material topics                                    | N/A |                                                                                                                                        | p. 5                                                                                                                                                               |
| 102-48: Restatements of information                                | N/A |                                                                                                                                        | pp. 39, 40                                                                                                                                                         |
| 102-49: Changes in reporting                                       | N/A |                                                                                                                                        | Environmental data for the asset at 180 Hay Street, acquired in July 2020 has been included consolidated data presented on p. 33                                   |
| 102-50: Reporting period                                           | N/A |                                                                                                                                        | p. 3                                                                                                                                                               |
| 102-51: Date of most recent report                                 | N/A |                                                                                                                                        | FY2020 ESG Report, published August 2021                                                                                                                           |

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|                                                                  |                                    |                                                                                                                                                                                                                                                                                                                                     |                                                                                                                           |
|------------------------------------------------------------------|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| 102-52: Reporting cycle                                          | N/A                                |                                                                                                                                                                                                                                                                                                                                     | Annual                                                                                                                    |
| 102-53: Contact point for questions regarding the report         | N/A                                |                                                                                                                                                                                                                                                                                                                                     | p. 4                                                                                                                      |
| 102-54: Claims of reporting in accordance with the GRI Standards | N/A                                |                                                                                                                                                                                                                                                                                                                                     | p. 3                                                                                                                      |
| 102-55: GRI Content Index                                        | N/A                                |                                                                                                                                                                                                                                                                                                                                     | pp. 41-45                                                                                                                 |
| 102-56: External assurance                                       | N/A                                |                                                                                                                                                                                                                                                                                                                                     | p. 3                                                                                                                      |
| <b>Specific Disclosures</b>                                      |                                    |                                                                                                                                                                                                                                                                                                                                     |                                                                                                                           |
| <b>GRI 300: Environmental</b>                                    |                                    |                                                                                                                                                                                                                                                                                                                                     |                                                                                                                           |
| <b>GRI 301: Materials 2016</b>                                   |                                    |                                                                                                                                                                                                                                                                                                                                     |                                                                                                                           |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3           |                                    |                                                                                                                                                                                                                                                                                                                                     | pp. 21, 22                                                                                                                |
| 301-1: Materials used by weight or volume                        | GDI; materials suppliers           |                                                                                                                                                                                                                                                                                                                                     | GDI is unable to report on this disclosure for FY21 and will aim to report in FY22                                        |
| <b>GRI 302: Energy 2016</b>                                      |                                    |                                                                                                                                                                                                                                                                                                                                     |                                                                                                                           |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3           |                                    | IF-RE-130a.5: Description of how building energy management considerations are integrated into property investment analysis and operational strategy                                                                                                                                                                                | GRI disclosures: pp. 24, 26-29<br>SASB disclosures: pp. 6, 21, 22, 24-28                                                  |
| 302-1: Energy consumption within the organisation                | GDI; property managers (suppliers) | IF-RE-130a.1: Energy consumption data coverage as a percentage of total floor area<br><br>IF-RE-130a.2: Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable<br><br>IF-RE-130a.3: Like-for-like percentage change in energy consumption for the portfolio area | GRI disclosures: p. 33<br>SASB disclosures: Energy consumption data coverage equals 100% of total net lettable area (NLA) |

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|------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
|                                                                                                      |                               | with data coverage                                                                                                     |                                                 |
| 302-3: Energy intensity                                                                              |                               |                                                                                                                        | p. 33                                           |
| 302-4: Reduction of energy consumption                                                               |                               |                                                                                                                        | p. 33                                           |
| CRE1: Building Energy Intensity                                                                      |                               |                                                                                                                        | p. 33                                           |
| <b>GRI 303: Water and effluents 2018</b>                                                             |                               |                                                                                                                        |                                                 |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3                                               |                               | IF-RE-1401.4: Description of water management risks and discussion of strategies and practices to mitigate those risks | GRI disclosure: p. 32<br>SASB disclosure: p. 32 |
| 303-1: Interactions with water as a shared resource                                                  |                               |                                                                                                                        | p. 32                                           |
| 303-2: Management of water discharge related impacts                                                 |                               |                                                                                                                        | p. 32                                           |
| 303-5: Water consumption                                                                             | GDI;                          |                                                                                                                        | p. 33                                           |
| CRE2: Building water intensity                                                                       | tenants                       |                                                                                                                        | p. 33                                           |
| <b>GRI 305: Emissions 2016</b>                                                                       |                               |                                                                                                                        |                                                 |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3                                               |                               |                                                                                                                        | pp. 26-29                                       |
| 305-1: Direct (Scope 1) GHG emissions                                                                | GDI;                          |                                                                                                                        | p. 33                                           |
| 305-2: Energy indirect (Scope 2) GHG emissions                                                       | property managers (suppliers) |                                                                                                                        | p. 33                                           |
| 305-4: GHG emissions intensity                                                                       |                               |                                                                                                                        | p. 33                                           |
| 305-5: Reduction of GHG emissions                                                                    |                               |                                                                                                                        | p. 33                                           |
| CRE3: Greenhouse gas emissions intensity from buildings                                              |                               |                                                                                                                        | p. 33                                           |
| <b>GRI 306: Waste 2020</b>                                                                           |                               |                                                                                                                        |                                                 |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3                                               |                               |                                                                                                                        | pp. 29-31                                       |
| 306-1: Waste generation and significant waste-related impacts                                        |                               |                                                                                                                        | pp. 29-31                                       |
| 306-2: Management of significant waste-related impacts                                               |                               |                                                                                                                        | pp. 29-31                                       |
| 306-3: Waste generated                                                                               | GDI;                          |                                                                                                                        | pp. 30, 31                                      |
| 306-4: Waste diverted from disposal                                                                  | property managers (suppliers) |                                                                                                                        | pp. 30, 31                                      |
| 306-5: Waste directed to disposal                                                                    | ; tenants                     |                                                                                                                        | pp. 30, 31                                      |
| <b>GRI 307: Environmental compliance 2016</b>                                                        |                               |                                                                                                                        |                                                 |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3                                               |                               |                                                                                                                        | pp. 16-18                                       |
| 307-1: Non-compliance with environmental laws and regulations                                        | GDI                           |                                                                                                                        | p. 16                                           |
| <b>GRI 400: Social</b>                                                                               |                               |                                                                                                                        |                                                 |
| <b>GRI 416: Customer Health and Safety 2016</b>                                                      |                               |                                                                                                                        |                                                 |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3                                               |                               |                                                                                                                        | pp. 17, 18, 21, 22,                             |
| 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services | GDI; property                 |                                                                                                                        | p. 16                                           |

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                          | managers;<br>suppliers |                                                                                                                                                                                                                                |                                                                                                                    |
| <b>GRI 419: Socioeconomic Compliance 2016</b>                                                                                                                            |                        |                                                                                                                                                                                                                                |                                                                                                                    |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3                                                                                                                   |                        |                                                                                                                                                                                                                                | pp. 16-18                                                                                                          |
| 419-1: Non-compliance with laws and regulations in the social and economic area                                                                                          | GDI                    |                                                                                                                                                                                                                                | p. 16                                                                                                              |
| <b>Additional Material Topics identified in Materiality Assessment or deemed important to include in reporting</b>                                                       |                        |                                                                                                                                                                                                                                |                                                                                                                    |
| <b>Climate Change</b>                                                                                                                                                    |                        |                                                                                                                                                                                                                                |                                                                                                                    |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3                                                                                                                   | GDI                    | IF-RE-450a.1:<br>Area of properties located in 100-year flood zones<br><br>IF-RE-450a.2:<br>Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks | GRI disclosures: pp. 14, 15<br>SASB disclosures: pp. 14, 15                                                        |
| <b>Ethics, integrity and transparency</b>                                                                                                                                |                        |                                                                                                                                                                                                                                |                                                                                                                    |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3                                                                                                                   | GDI                    |                                                                                                                                                                                                                                | pp. 10, 11                                                                                                         |
| <b>Governance</b>                                                                                                                                                        |                        |                                                                                                                                                                                                                                |                                                                                                                    |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3                                                                                                                   | GDI                    |                                                                                                                                                                                                                                | p. 10                                                                                                              |
| <b>Stakeholder engagement</b>                                                                                                                                            |                        |                                                                                                                                                                                                                                |                                                                                                                    |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3                                                                                                                   | GDI                    |                                                                                                                                                                                                                                | pp. 18, 19                                                                                                         |
| <b>Risk management</b>                                                                                                                                                   |                        |                                                                                                                                                                                                                                |                                                                                                                    |
| GRI 103: Management Approach 2016: 103-1; 103-2; 103-3                                                                                                                   | GDI                    |                                                                                                                                                                                                                                | pp. 10-15, 25, 26                                                                                                  |
| <b>Additional SASB Disclosures related to material topics</b>                                                                                                            |                        |                                                                                                                                                                                                                                |                                                                                                                    |
| IF-RE-410a.1: (1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements and (2) associated leased floor area |                        |                                                                                                                                                                                                                                | 0%: GDI does not have any leases allowing them to recover capital expenditure for efficiency related capital costs |
| IF-RE-410a.2: Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals                             |                        |                                                                                                                                                                                                                                | p. 39                                                                                                              |
| IF-RE-410a.3: Discussion of approach to measuring, incentivising, and improving sustainability impacts of tenants                                                        |                        |                                                                                                                                                                                                                                | pp. 29, 30, 31                                                                                                     |