

This Climate Disclosure Statement (**Statement**) has been prepared by The GPT Group comprising GPT RE Limited (ACN 107 426 504; AFSL 286511), as responsible entity of the General Property Trust, and GPT Management Holdings Limited (ACN 113 510 188) (together, **GPT**). It has been prepared for the purpose of providing GPT's investors with general information regarding GPT's performance and plans for the future with respect to climate-related risks and opportunities.

This Statement contains forward-looking statements and statements of opinion. These may include statements regarding the plans, strategies and objectives of management; GPT's vision, targets and goals in relation to climate; GPT's future performance; external enablers (e.g. technological advancements, increased availability of lower-emissions energy and building materials, the availability and quality of carbon offsets, and policy support); fluctuations in carbon and energy markets; and climate scenarios. Such statements may be identified by the use of terminology including, but not limited to, 'intend', 'aim', 'ambition', 'aspiration', 'goal', 'target', 'project', 'see', 'anticipate', 'estimate', 'plan', 'objective', 'believe', 'expect', 'commit', 'may', 'should', 'need', 'must', 'will', 'would', 'continue', 'forecast', 'guidance', 'trend' or similar words.

Users of this Statement are cautioned not to place undue reliance on such statements, particularly in light of the long time horizon which this Statement discusses and the inherent uncertainty in possible policy, market and technological developments in the future.

There are also limitations with respect to climate scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate.

The information provided in this Statement is for general information only. It is not intended to be investment, legal or other advice and should not be relied upon as such. You should make your own assessment of, or obtain professional advice about, the information in this Statement to determine whether it is appropriate for you.

You should note that past performance is not necessarily a guide to future performance. While every effort is made to provide accurate and complete information, The GPT Group does not represent or warrant that the information in this Statement is free from errors or omissions, is complete or is suitable for your intended use. In particular, no representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any forward-looking statements contained in this Statement or the assumptions on which they are based. Such material is, by its nature, subject to significant uncertainties and contingencies outside of GPT's control. Actual results, circumstances and developments may differ materially from those expressed or implied in this Statement.

To the maximum extent permitted by law, The GPT Group, its related companies, officers, employees and agents will not be liable to you in any way for any loss, damage, cost or expense (whether direct or indirect) howsoever arising in connection with the contents of, or any errors or omissions in, this Statement.

Information is stated as at 31 December 2022 unless otherwise indicated. Except as required by applicable laws or regulations, GPT does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events.

All values are expressed in Australian currency unless otherwise indicated.

GPT acknowledges the Traditional Custodians of the lands on which our business operates.

We pay our respects to Elders past, present and emerging; and to their knowledge, leadership and connections.

We honour our responsibility for Country, culture and community in the places we create and how we do business.

Nulungu Dreaming at Rouse Hill Town Centre, NSW, National Reconciliation Week 2022.

This Climate Disclosure Statement outlines the steps that GPT is taking to identify, assess and manage climate-related risks and opportunities. The Statement has been prepared with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

This Climate Disclosure Statement applies to the whole of The GPT Group including GPT Funds Management Limited in its capacity as the responsible entity for the GPT Wholesale Office Fund (GWOF) and the GPT Wholesale Shopping Centre Fund (GWSCF). The metrics and targets outlined also apply to the operation of the funds.

Our Climate Disclosure Statement is approved by the Board and prepared in consultation with our cross-functional Sustainability Reference Group, which contributes to the identification of foreseeable climate risks and opportunities and assists in formulating and implementing our ongoing response to climate change.

GPT's governance, strategy and risk management processes are common across additional sustainability-related risks and opportunities including biodiversity, water, and resource management. Climate change often amplifies the impacts of our activities on these environmental aspects but they are also significant areas of focus in their own right.

Memberships and commitments



Front cover image: 51 Flinders Lane, Melbourne (Artist's impression), developed by GPT for the GPT Wholesale Office Fund, has been verified by Green Star as designed to achieve upfront embodied carbon neutrality and will be certified by Climate Active upon completion.

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Sustainability reporting

This Climate Disclosure Statement is part of the GPT corporate reporting suite for 2022. For additional detail on GPT's climate response, it should be read in conjunction with other reports, statements and resources including:

ANNUAL REPORT: An integrated report summarising the value created by GPT's business activities that include the annual financial statements for the Group.

SUSTAINABILITY REPORT: A report guided by the GRI that details our performance, priorities, and progress in addressing material sustainability matters. (To be released in April 2023.)

SUSTAINABLE DEBT FRAMEWORK: A framework outlining how we intend to issue and manage sustainable debt instruments across GPT and its managed funds.

CORPORATE GOVERNANCE STATEMENT: An annual statement of how GPT addresses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

GPT WEBSITE: Contains information about our enterprise policies, processes, and sustainability initiatives.

ENVIRONMENTAL DATA DASHBOARD: Detailed environmental performance reporting guided by the Global Reporting Initiative (GRI) and assured annually.

In addition to the reporting suite, GPT participates in environmental, social, and governance (ESG) indices and benchmarks to measure our sustainability performance and provide transparency for our stakeholders.

Managing growing sustainability reporting obligations

GPT has been actively involved in the development of sustainability reporting standards through the International Sustainability Standards Board (ISSB). This exposure, combined with the strength of our existing ESG disclosures and Climate Disclosure Statement, in alignment with TCFD, will position us well to meet all future voluntary and mandatory reporting expectations.

A Message from the CEO and Managing Director

The threat of climate change is a global challenge. It presents numerous complex questions about the best approach to transition to an economy that aligns with the imperative to limit global warming to 1.5 degrees. In 2022, Australia increased its decarbonisation ambitions and the COP27 United Nations Climate Change Conference in Egypt served to reinforce progress on Paris Agreement targets.

The property sector is responsible for 35 per cent of global energy consumption and 38 per cent of global energy-related carbon emissions, with the sector's total footprint expected to double by 2060.¹

As the owner and manager of a \$32.4 billion portfolio of retail, office, and logistics properties across Australia, we understand the importance of our contribution to climate change mitigation efforts. GPT is a leader in its decarbonisation efforts, with our current emissions reduction actions and future targets tracking well ahead of Australia's commitments to the Paris Agreement and recently legislated emissions reductions targets.

This is GPT's fourth Climate Disclosure Statement, prepared and reported in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It outlines the steps we are taking to identify and monitor, mitigate and adapt to climate change and other sustainability-related risks and opportunities that could have a material impact on our assets and on the communities in which we operate.

Our net zero approach has been to prioritise the elimination of emissions through efficiencies, the use of renewables and changing the materials used in developments. We only purchase offsets for the residual emissions that can't currently be feasibly eliminated.

Having achieved the Carbon Neutral Certification of the GPT Wholesale Office Fund portfolio of operating buildings in 2020, we are on track to achieve our net zero target of Climate Active Carbon Neutral (for Buildings) certification for assets GPT operationally controls and in which we have an ownership interest.² This is in addition to our carbon neutral organisation certification, which we have held for more than a decade.

Beyond operational emissions, developments represent the most material Scope 3 emissions that a property company controls.

Having achieved Australia's first Climate Active Carbon Neutral Certified development in 2022, GPT has now set a target to deliver upfront embodied carbon neutral developments from 2023 onwards for all assets that are developed for our investment portfolio.

Climate and other sustainability risk considerations inform key decision-making across the Group, both to minimise our impact on the environment and to ensure the resilience of our assets to the changing environment. We undertake resilience planning for a transition to a low carbon economy as well as scenario modelling and adaptation planning for potential future physical impacts caused by continued business as usual.

Our actions to address climate change emissions align with our overarching commitment to sustainability, which we believe delivers positive outcomes for our investors, our people, the environment, and the communities in which we operate. Our commitment to ESG more broadly is an important pillar of the Group's overall strategy.

At GPT, our team is focused on carbon neutral now and nature positive next. The contribution of our employees to achieving these goals cannot be overstated and I commend their commitment and ongoing efforts.



Bob Johnston
Chief Executive Officer and
Managing Director

1. Net Zero Carbon Buildings Commitment, Introduction: Businesses & Organisations, Sept 2021, page 6.

2. This does not include assets principally under the operational control of tenants, such as the majority of GPT's logistics portfolio, or a co-owner.

About Us

GPT is a vertically integrated diversified property group that owns and actively manages a portfolio of high quality Australian retail, office and logistics assets, with assets under management of \$32.4 billion. The Group utilises its real estate management platform to enhance returns through property development and funds management.

Leadership in environmental, social and governance (ESG) matters is core to GPT's Group strategy. We actively consider and address ESG risks and opportunities in our business practices and activities to create value over the long term.

Our vision

To be the most respected property company in Australia in the eyes of our investors, people, customers and communities.

Our purpose

To create value for investors by providing high quality real estate spaces that enable people to excel and our customers and communities to prosper in a sustainable way.

Our values

Each day, our core values guide our people as they work to deliver on our purpose.



Safety First - Everyone, Always

We care about people above everything else.



Deliver Today, Create Tomorrow

We focus on the present and the future to deliver consistent, dependable performance.



Value Differences, Play as a Team

We embrace our diverse backgrounds, experiences and perspectives, working together for the best outcome.



Raise the Bar

We think big, take initiative, share ideas and challenge the status quo.



Speak Up

We are courageous and speak up about things that matter.

Our environmental sustainability vision:

Carbon Neutral Now, Nature Positive Next

We will deliver resilient assets, that optimise environmental outcomes.

Water Neutrality

GPT strives to be water neutral and resilient to drought and flood (water scarcity and extreme rainfall).

Resource Circularity

GPT is committed to circular outcomes by maximising the lifecycle of materials, closed-loop recovery processes and avoiding unnecessary consumption of materials.



Climate Response

GPT is delivering certified carbon neutrality and building resilience to the impacts of climate change.

Restoring Nature

GPT is focused on achieving a net positive impact on biodiversity.

2022 Highlights

86%

Emissions intensity reduction since 2005¹

222,832

tCO₂-e Emissions avoided in 2022¹

53%

Energy intensity reduction since 2005¹

\$857m

Sustainable finance total for both GPT and GWO since 2021

\$42.0m

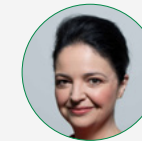
Energy and water costs savings in 2022¹

20

Of GPT's operationally controlled assets are Climate Active Carbon Neutral Certified

GPT is the first property owner to have both operational buildings and new developments certified against the Climate Active Carbon Neutral Standards.

“GPT has shown great leadership in the property industry with their climate responses including the uptake of renewable electricity through to Carbon Neutral Certifications. They have shown the industry what is possible, and their actions will undoubtedly have a positive ripple effect.”



DAVINA ROONEY
CEO, GREEN BUILDING
COUNCIL OF AUSTRALIA

NET ZERO OR CARBON NEUTRAL?

The terms 'net zero' and 'carbon neutral' are often used interchangeably to describe an organisation's emissions reduction endeavours and are overlapping concepts.

GPT uses the term 'carbon neutral' to describe the outcomes for its emissions reduction targets. This aligns with the language of the Australian Government's Climate Active Carbon Neutral program, which certifies buildings as operating on a carbon neutral basis. GPT's carbon neutral achievements have all been certified by Climate Active and are part of its overall net zero plan.

Many organisations that report net zero or carbon neutral targets have reporting boundaries that are restricted to Scope 1 and 2 emissions. GPT's Climate Active carbon neutral targets and outcomes have a wider reporting boundary of Scope 1, 2 and Scope 3 emissions under our operational control.

This approach reflects established global standards including the GHG Protocols and ISO14001 Environmental Management Systems.

GPT measures and sets Scope 3 emission targets informed by the level of control it has for these emissions, which are principally the upstream emissions for goods and services that it pays for.

[SEE THE METRICS AND TARGETS SECTION.](#)

1. Measured against GPT's 2005 baseline as at 31 December 2022. Detailed data and breakdowns are available in GPT's [Environmental Data Dashboard](#).

GPT'S NET ZERO PATHWAY

We will deliver resilient assets, that optimise environmental outcomes.

GPT has a long term track record of decarbonisation towards net zero.



* Australia's legislated emissions target.
 ** The majority of logistics assets are operationally controlled by tenants.
 1. Changed on 22 February 2023 from 'GPT Wholesale Shopping Centre Fund' to 'GPT Wholesale Office Fund'.



GPT'S DECARBONISATION TRACKS WELL AHEAD OF AUSTRALIA'S PARIS AGREEMENT TARGET.

KEY

- AUSTRALIA'S HISTORICAL EMISSION LINE
- GPT EMISSIONS
- - AUSTRALIA 2022 PROJECTIONS*
- - GPT 2022 PROJECTIONS

% INDEXED EMISSION CHANGE >

GPT'S NET ZERO PLAN

Carbon Neutral Now, Nature Positive Next.

GPT's net zero plan includes both decarbonisation and improving climate resilience while working towards nature positive outcomes.



GPT
Environmental
Sustainability

GPT'S NET ZERO PLAN FOR AN ORDERLY TRANSITION TO A RESILIENT LOW CARBON ECONOMY.

CLIMATE RESPONSE

For more information,
visit www.gpt.com.au



DECARBONISATION

Carbon Neutral Operations

Measure:

- Scope 1, 2 and 3 operations controlled

Reduce and eliminate:

- Efficient buildings
- On-site & off-site renewable electricity
- Electrification
- Low GWP refrigerants

Offset:

- Offset residual emissions

Upfront Embodied Carbon Neutral Developments

Measure:

- Upfront supply chain emissions

Reduce and eliminate:

- Through design, materials and;
- Construction processes

Offset:

- Offset residual emissions



CLIMATE RESILIENT

Detailed climate risk reviews and aligned strategy

Asset-level climate adaptation plans

Demand-side flexibility and EV plans for an orderly transition to a low carbon grid

Energy procurement plan to minimise exposure to high and volatile energy costs

Climate leadership linked to sustainable finance

Securing long-term supply, credibility and cost for offsets and construction processes

NATURE POSITIVE



RESTORING NATURE

Net Positive biodiversity target

Asset-level improvement plans

Restoring Country for Climate offsetting agreement with Greenfleet will result in permanent carbon removal and improved biodiversity outcomes



WATER NEUTRALITY

GPT strives to be water neutral and resilient to drought and flood (water scarcity and extreme rainfall).

Maximise water efficiency at our assets and implement water sensitive management practices



RESOURCE CIRCULARITY

Minimise resource depletion, pollution and landfill emissions

Closed loop recycling

Incorporating circular economy principles and recycled materials into development and fit out design

Governance

GPT's approach to managing and reporting climate change and other sustainability-related risks and opportunities is guided by our overarching commitment to ESG leadership.

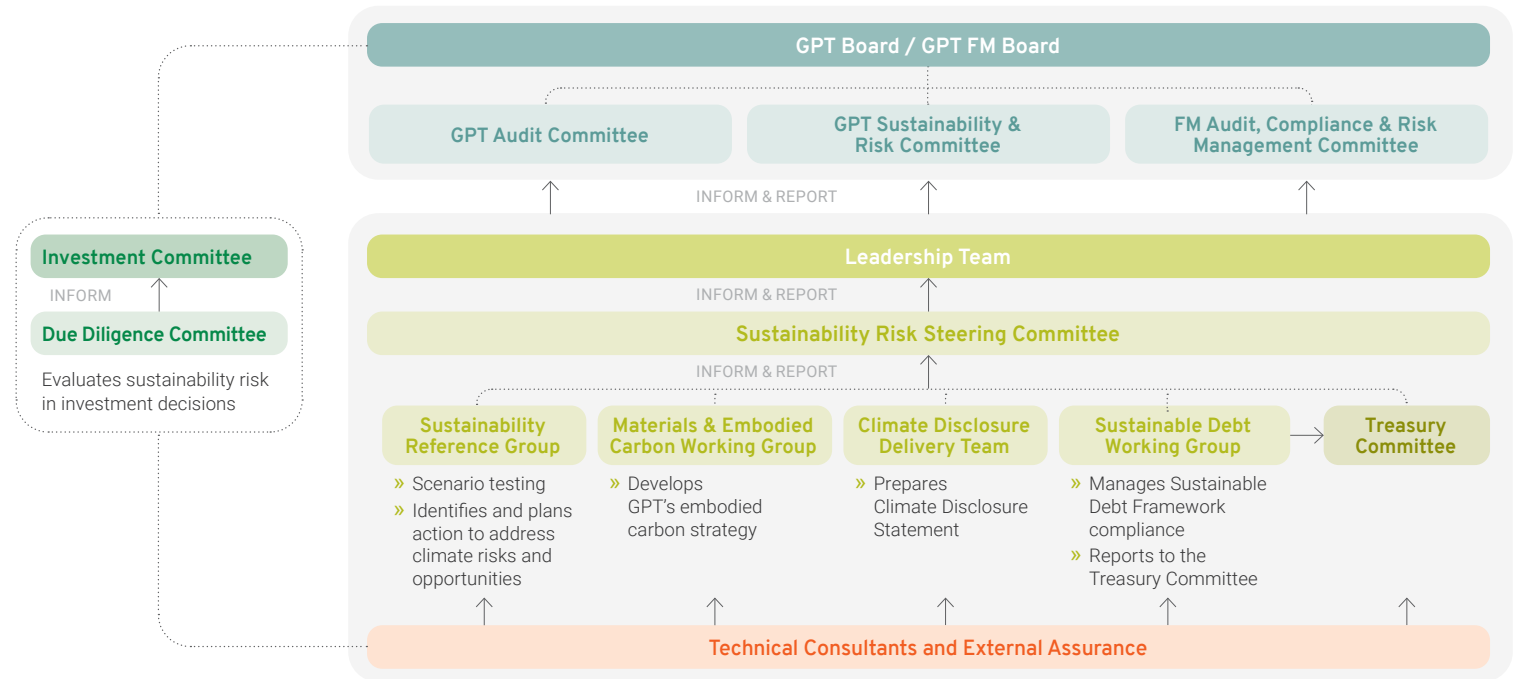
The GPT Climate Change and Energy Policy outlines our commitment to carbon neutrality and ensuring resilience to climate impacts. We are responding to the transition to a low carbon economy and associated risks and opportunities by managing emissions and energy consumption, and working with our supply chain and customers in their aligned endeavours to address climate change. As an early mover in decarbonisation, we are well positioned to understand and act on the transition.

To achieve our policy objectives, GPT continuously monitors and assesses climate change risks and opportunities likely to impact our assets and incorporate these into capital allocation and operational decision-making, as described in the Management Accountability section on page 9. For example, all submissions to the GPT Investment Committee are required to address climate risk.

The Group takes a long term, holistic approach to managing its assets. We regularly and publicly report progress on our sustainability strategies and performance results with independent verification. We transparently work in partnership with our customers and supply partners in a way that enables our stakeholders to hold us to account.

Climate-related business risks are considered and addressed through the GPT Risk Management Framework, applying the same governance approach to controls and decision-making pathways as other key business risks. The Framework is aligned to ISO 31000:2018.

CHART 1: ENVIRONMENTAL SUSTAINABILITY GOVERNANCE FRAMEWORK



Our approach to managing environmental impacts from emissions and energy is addressed through an ISO 14001:2015 certified Environmental Management System.

GPT has established several subject matter experts and business unit manager groups, tasked with embedding the delivery of our climate response within GPT's governance structures. Our approach is led by science and informed by data.

The Group's Environmental Sustainability Governance Framework (Chart 1, above) facilitates the systematic management of climate change and other sustainability-related risks and opportunities across GPT to mitigate potential negative impacts and maximise potential opportunities.

FIND OUT MORE ABOUT THE GPT BOARD AND CORPORATE GOVERNANCE IN THE 2022 ANNUAL REPORT AND CORPORATE GOVERNANCE STATEMENT, AND ON OUR WEBSITE.

Governance CONTINUED

Board oversight

The GPT Board of Directors ("Board") meets a minimum of six times each year and comprises six independent Non-Executive Directors and one Executive Director. The key functions of the Board are set out in the Board Charter, which is available on our website: www.gpt.com.au.

The Board and the Board Committees review GPT's governance and management structure to ensure it remains appropriate and takes into account any relevant regulatory, market expectation and risk exposure changes.

The Board has ultimate responsibility for overseeing the application and management of the Risk Management Framework and the Group's Environmental Management System (EMS) to ensure that climate change and other sustainability-related financial and environmental risks and impacts are appropriately identified and assessed.

These risks are considered in the performance of the Board's duties, including those related to business strategy, major investments and strategic commitments, risk management, and performance metrics and associated remuneration. The Board also considers material climate-related risks and reviews and approves GPT's annual Climate Disclosure Statement, in the context of its continuous disclosure obligations.

The Board has a mix of skills and experience to enable it to discharge its responsibilities, including in funds management, property investment and development, taxation, accounting and law, which provide insight into the potential business impacts of climate change. The skills and experience of the Board are reported in the 2022 Annual Report which is available on our website: www.gpt.com.au.

Directors participate in internally and externally delivered presentations on climate and nature related risks, incorporating updates on the TCFD framework.

In 2022, education of Directors in various aspects of climate change continued, including:

- » Upfront embodied carbon
- » Sustainability reporting Standards
- » Carbon offsetting, and
- » Electricity demand management.

The Board performs the oversight functions described above on behalf of all entities in The GPT Group, including GPT Funds Management Limited (GPTFM).

The GPTFM Board, through its Audit, Compliance and Risk Management Committee, receives reports twice annually from GPT's Head of Sustainability. These reports provide detailed updates on all aspects of GPT's sustainability management, including climate change risk.

Sustainability and Risk Committee

The GPT Board and Sustainability and Risk Committee ("SRC"), plays a critical role in relation to climate change and other sustainability-related risks, including:

- » Overseeing GPT's approach to sustainability, including environmental and social sustainability, with specific focus on climate change and nature-related risks and opportunities
- » Reviewing reports on GPT's Environmental Management System, including related assurance activity
- » Monitoring GPT's progress in meeting sustainability targets set by management (included in a scorecard and set out in [table 2a](#) on page 27 and updated in each meeting), and
- » Reviewing and recommending to the Board for approval the Group's Climate Disclosure Statement and Sustainability Report.

The SRC meets quarterly and receives reports from management on the identified climate-related risks disclosed in the Climate Disclosure Statement and progress against stated metrics and targets (see [Appendix B](#)), as well as key projects such as carbon neutral certifications, updates to key asset-level physical risk assessments, solar PV installations and climate adaptation planning.

Additional meetings are scheduled as necessary. The proceedings, deliberations and recommendations of the SRC are reported to the Board by the Committee Chair.

Climate-related risk disclosures are reviewed by the SRC and the Board on an annual basis during the preparation of the GPT Climate Disclosure Statement.

Audit Committee

The Audit Committee is a sub-committee of the Board that oversees the Group's corporate reporting, treasury, taxation, internal audit and external audit practices. The Audit Committee supports the SRC and the Board on climate-related matters by considering material risks in GPT's financial reporting. The Committee also oversees matters relating to the sustainable debt issued by GPT, together with the SRC. The Audit Committee meets quarterly.

The Funds Management Audit, Compliance and Risk Management Committee fulfills a similar function for GPT Funds Management.

Areas of focus in 2022 have been:

- » Establishment of an upfront embodied carbon strategy and targets
- » Validation pathways for net zero, reviewing progress on carbon neutral and ensuring the integrity of all disclosures
- » Development of an offset strategy with certainty of supply, cost and quality
- » Management of transitional risks as Australia ramps up its decarbonisation targets, particularly energy strategies to manage supply constraints, high-prices, and demand-side flexibility, electrification of buildings and vehicles, and
- » Progress of climate risk reviews and adaptation planning for individual assets.

Governance CONTINUED

Management Accountability

GPT's Chief Executive Officer (CEO) and Managing Director (CEO) is accountable for ensuring that the Group is identifying, assessing and managing material risks including climate change and other sustainability-related risks in accordance with the Risk Management Framework.

The Chief Risk Officer (CRO) reports directly to the CEO and is responsible for ensuring GPT's management teams are identifying, assessing and managing climate change risks and opportunities effectively and in accordance with the Risk Management Framework and the EMS. In addition to roles on the Investment Committee and Due Diligence Committee, the CRO is instrumental in ensuring that major sustainability trends and emerging risks are brought to GPT's Leadership Team for consideration in strategy and appropriately resourced.

The Head of Sustainability reports directly to the CRO, which ensures a connection and coordination between the EMS and the Risk Management Framework. The Sustainability Team is responsible for formulating and driving implementation of GPT's environmental sustainability initiatives across the business. This includes initiatives that respond to climate-related matters. The team includes the in-house position of Climate Risk Analyst, adding specialist climate science skills with a focus on climate risk identification and adaptation responses for GPT's assets.

GPT recognises the requirement for effective risk management as a core capability and consequently, all employees are expected to be managers of risk, including climate risk. On a six-monthly basis, all business unit managers review and update their key risk register with members of the Risk Team.

The CEO and Leadership Team are informed of and consider climate-related risks and opportunities through the Investment Committee capital allocation process and through regular updates provided by the Head of Sustainability.

Environmental performance monitoring Key Performance Indicators (KPIs) are established at an asset level and the corporate metrics and targets listed form the basis of the [table 1](#) and [table 2a](#). Metrics and targets listed in [table 2b](#) are monitored by subject matter experts in the Sustainability Team and progress is reported through to the relevant Leadership Team members and the Sustainability Risk Steering Committee.

Climate linked remuneration outcomes

Accountability for the Group's sustainability and climate-related targets and outcomes is reinforced through KPIs in the performance targets of the CEO, the Chief Operating Officer (COO), the CRO, all members of the Sustainability Team and key operational-level team members. In the case of the CEO, COO, CRO and the Head of Sustainability, these KPIs are directly linked to remuneration outcomes. These climate-related performance indicators are reported to the Sustainability and Risk Committee every quarter.

Climate-related management process

GPT has an established [Sustainability Risk Steering Committee](#) (SRSC) to oversee its climate disclosures. The Steering Committee reports to the Leadership Team. The Steering Committee's remit was expanded in 2021 beyond its previous climate focus to consider current and emerging environmental risks and opportunities.

The [Steering Committee](#) consists of the Chief Operating Officer (COO), Chief Financial Officer (CFO), and CRO and meets three times a year. The Steering Committee is chaired by the CRO, who sponsors the Group's response to climate-related risks and opportunities as a member of the GPT Leadership Team.

The Sustainability Risk Steering Committee is supported by the [Sustainability Reference Group](#) and the Climate Disclosure Delivery Team.

FIND OUT MORE IN THE REMUNERATION REPORT WITHIN THE 2022 ANNUAL REPORT.



25 Niton Drive, Truganina, VIC

Governance CONTINUED

The Sustainability Reference Group is responsible for identifying foreseeable climate-related risks and opportunities and embedding ongoing climate change risk identification and management processes across our business activities. Reference Group members are also responsible for ensuring that climate change planning and mitigation processes are implemented in their business areas to promote longer term business resilience. Each business area within the Reference Group undertakes planning sessions to enhance their relevant risk assessment and mitigation processes.

The Reference Group includes representatives from across GPT's business, including our Office, Retail, Logistics, Asset Management, Property Operations, Development, Funds Management, Sustainability, Procurement, Risk and Finance teams.

The functions of the Reference Group were formalised in the Sustainability Reference Group Charter in May 2021, which was endorsed by the Sustainability Risk Steering Committee. The Reference Group met three times in 2022 to discuss existing and new climate-related risks and opportunities, our progress in delivering our committed actions, and for training.

The **Climate Disclosure Delivery Team** consists of representatives from Sustainability, Risk, Finance, and Corporate Affairs, with contributions from other areas as required. The Delivery Team coordinates the preparation of the Climate Disclosure Statement and considers developing concepts and best practice reporting on climate matters.

GPT has established a **Sustainable Debt Working Group** and a Sustainable Debt Framework to utilise our energy efficiency credentials as an opportunity to access sustainable finance for the Group and its wholesale funds. The Framework outlines how the Group and our managed funds intend to issue and manage sustainable debt instruments, including governance and management processes. The Working Group comprises members from the Treasury and Sustainability Teams who report through to the GPT Treasury Committee. The Sustainable Debt Framework is available on the GPT website: www.gpt.com.au/sustainable-finance.

The **Materials and Embodied Carbon Working Group** is tasked with the review and development of plans to reduce GPT's environmental impacts through the choice of materials for use in developments and capital works. The Working Group has a strong focus on Scope 3 embodied carbon and has developed GPT's Upfront Embodied Carbon Strategy. The Working Group comprises members from GPT's Development and Sustainability teams and reports to the Sustainability Risk Steering Committee.

 **SEE GPT'S UPFRONT EMBODIED CARBON STRATEGY.**

Considering climate factors in major investment decisions



The **Investment Committee** meets every two weeks, or more frequently if required. It is chaired by the COO and includes the CEO, the CFO, the General Counsel, the CRO, the Head of Office, the Head of Logistics, and the Head of Retail.

All proposals submitted to the Investment Committee consider sustainability matters. Key risks of each proposal, together with mitigating strategies, are identified as part of this process, which may include climate and sustainability-related risks.

Where appropriate (for example, in the case of acquisitions), decisions of the Investment Committee are subject to sign off by the **Due Diligence Committee**, a sub-committee of the Investment Committee.

The Due Diligence Committee is chaired by the CRO and is responsible for the review and approval of all due diligence in respect of a proposal approved by the Investment Committee. Members of the cross-functional Due Diligence Committee include representatives from Capital Transactions, Legal, Financial Analysis & Planning, Research, Treasury, Tax, Risk, and Sustainability. A key input to the deliberations of the Due Diligence Committee is the reports of expert consultants, including with regard to sustainability and climate-risk matters which the Head of Sustainability approves as being aligned with GPT's climate risk appetite.

FIND OUT MORE ABOUT GPT'S RISK APPETITE IN THE CORPORATE GOVERNANCE STATEMENT.

FIND OUT MORE ABOUT GPT'S EXTERNAL ASSURANCE AND PROCESS IN THE ENVIRONMENT DATA PACK, AVAILABLE ON OUR WEBSITE.

Strategy

GPT's strategy aims to deliver growing and predictable earnings for investors through owning, developing and managing a diversified portfolio of high quality real estate, located in Australian capital cities and established regional centres.

The proactive identification and management of key risks and opportunities, including those related to climate change, biodiversity loss and water, supports the achievement of this strategy.

We take a long term approach to our property investments and sustainability initiatives, which benefits our tenants and our broader stakeholder groups and improves the resilience of our assets to the impacts of physical and transitional climate risks.

Climate-related risk considerations in strategy

Our detailed risk management process to identify and address climate-related risks and opportunities is described in the [Risk Management section](#) of this Statement. Through these risk processes, no specific climate-related risks have been identified at this time, that we believe could have a material negative impact on our current business model or strategy.

In 2021 ESG leadership was identified as a key strategic pillar of the Group's strategy.

By including ESG leadership as a core strategic pillar, GPT recognises the increasingly important role it plays in driving stakeholder value. GPT's focus on environmental sustainability will improve the resilience of our assets by reducing their vulnerability to climate change hazards.

As a leader in climate response and with a focus on resilience, GPT aims to contribute to an orderly and just transition to a low carbon economy. Within our transition plans, we consider strategic opportunities as well as any co-benefits that may be achieved in the change management process.

GPT's ESG leadership supports the company's broader strategy by:

- » Driving efficiency opportunities
- » Supporting our customers through our insights as a leader in climate response
- » Creating sustainable financing opportunities, and
- » Creating specific climate-related income generating opportunities.

In particular, GPT's focus on environmental sustainability within ESG leadership will support the company's broader strategy by:

- » Avoiding cost, and
- » Responding to customer needs and contributing to exceeding customer expectations.

GPT's plan for transitioning to a low carbon economy addresses four key issues:

- » Exceeding investor and customer expectations by reducing our emissions footprint with leading carbon neutral achievements
- » Managing climate risk and opportunities as we transition to a lower carbon economy and deliver our carbon neutral targets
- » Targeting an overall nature positive outcome and other co-benefits, and
- » Contributing to a just transition by supporting our stakeholders and communities to transition to a climate-resilient economy.

As energy is one of the highest operating expenses in GPT buildings, a key action has been to build resilience and cost savings against record high energy prices in 2022.

» SEE GPT'S GPT'S NET ZERO PLAN.

» SEE ENERGY PRICE VOLATILITY CASE STUDY.

To accelerate climate action and optimise its benefit and deliver a just transition, climate actions need to be coupled with other environmental goals and social inclusion outcomes. Not only has this been identified as an important differentiator for investors and increasingly for our customers, but these actions will ensure we build resilient assets and a sustainable business, and avoid the risk of stranded assets and communities.

GPT's ability to create value over the long term is enhanced by reducing vulnerability to climate change and maintaining strong foundations of resilient biodiverse ecosystems. As part of our ESG leadership strategy, GPT has a net zero target to deliver Climate Active Carbon Neutral (for Buildings) certification for assets GPT operationally controls and in which it has an ownership interest.¹

We have joined the Taskforce on Nature-related Financial Disclosure (TNFD) Forum and in the coming years will be disclosing nature-related risks and opportunities. Our strategy is mature in dealing with climate-related risks and opportunities, while considerations of nature-related impacts are gaining momentum.



- » GPT's net zero emissions plan drives decarbonisation of activities under our control and supports our stakeholders on their journey.
- » We invest in orderly transition solutions for improved resilience in a low carbon economy.
- » Outcomes are validated through independent carbon neutral certifications.

1. This does not include assets principally under the operational control of tenants, such as the majority of GPT's logistics portfolio, or a co-owner.

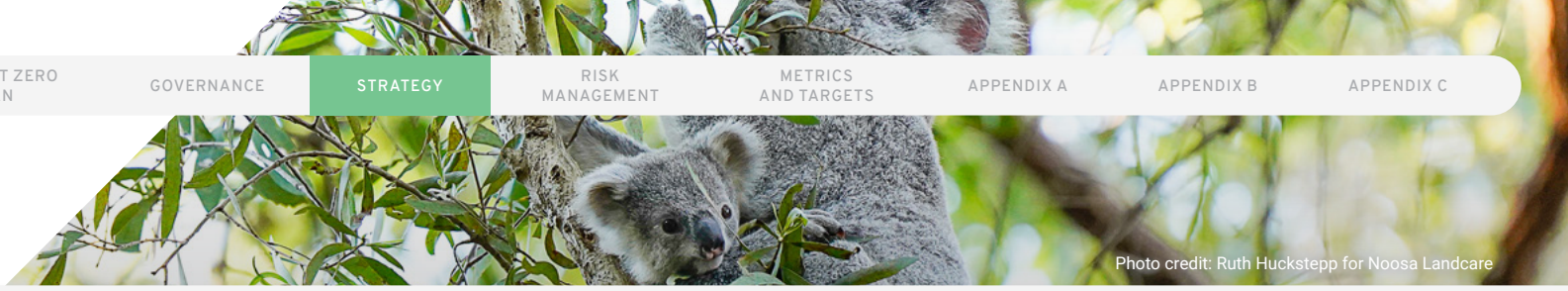


Photo credit: Ruth Huckstepp for Noosa Landcare



HIGH INTEGRITY OFFSETS
RESTORING COUNTRY FOR CLIMATE

GPT only uses carbon offsets to compensate for residual emissions that can't be feasibly eliminated from its corporate operations, operating buildings and developments.

Residual emissions that are not currently feasible to eliminate are generated mostly from gas for heating, refrigerants, and waste to landfill. Reasons they cannot be eliminated include technology, infrastructure gaps, existing equipment lifecycle and cost. GPT's offset program currently accounts for approximately 10 per cent of inherent operational emissions. This will reduce over time as we complete the carbon neutral certification of our portfolio and eliminate further emissions by electrifying assets, improving recycling, and reducing emissions from refrigerants by transitioning to low and no greenhouse warming potential refrigerants.

After extensive reviews of programs that addressed GPT's offset criteria, as shown below, a partnership was established in 2019 with Greenfleet, a not-for-profit organisation with 25 years of experience in establishing native biodiverse forests that remove carbon from the atmosphere as they grow.

Greenfleet's reforestation projects are protected on title for 100 years, use transparent processes, are assured by EY, and focus on biodiversity and co-benefits of ecosystem services to improve waterways. It is evident from site visits by GPT, that Greenfleet's projects are real, additional and achieve multiple co-benefits for the environment and Traditional Owners.

Through GPT's 'Restoring Country for Climate' project in partnership with Greenfleet, we are supporting the restoration of 1100 hectares in the Noosa Hinterland, an important natural habitat for endangered koalas and other animal species. The project is to be delivered on lands where a pine forest plantation was previously harvested, leaving a degraded landscape.

As part of this project, and in strong alignment with GPT's Reconciliation Action Plan, Greenfleet is also partnering with local Traditional Owners, the Kabi Kabi People's Aboriginal Corporation, bringing resources and jobs to their community.

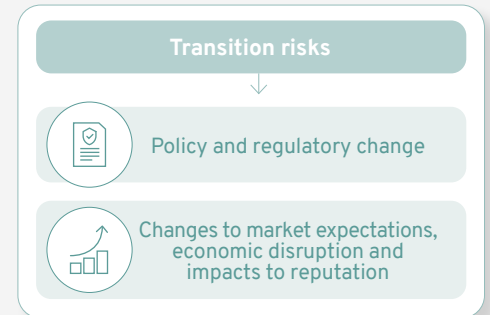
GPT's agreement with Greenfleet provides certainty of supply, quality, and cost of offsets for approximately five years. This in turn allows GPT to commit to targets, such as upfront embodied carbon neutral developments, with confidence.

GPT is a strong advocate for independent validation of carbon neutral status and has certified its achievements with the Australian Government's Climate Active program since 2011. Climate Active currently does not currently recognise the Greenfleet Australian reforestation projects within its list of accepted offsets and as a result, in order to achieve Climate Active certification, GPT follows a dual offsetting approach (see below).

This ensures that our offset program is of the highest integrity, creating tangible carbon and biodiversity benefits that are necessary to compensate for emissions and ecosystem damage.

To the extent that Climate Active update their rules to recognise new Australian biodiverse forest restoration projects, GPT will revisit this dual retirement process.

SEE THE EMBODIED CARBON CASE STUDY IN THE GPT ANNUAL REPORT



DUAL OFFSET RETIREMENTS



1 tonnes emissions

=



Emissions removal

+



Emissions avoided

GPT's residual emissions for gas and waste.

1 tonne emissions nature-based offset elimination reforestation projects (assured by EY).

1 tonne energy emissions elimination (verified by Verra).

SEE GPT'S ENVIRONMENTAL DATA DASHBOARD FOR A DETAILED BREAKDOWN OF EMISSIONS AND OFFSETS.

GPT'S OFFSET CRITERIA:

- » Real, from processes that are genuine and not overestimated, with tangible results
- » Additional, from greenhouse gas reductions that would not have occurred in the absence of a market for offset credits
- » Not associated with environmentally damaging processes, such as landfills and mining
- » Of long duration (GPT targets 100 years of protection for projects), and
- » Avoid double counting, where two parties claim the same carbon removal or emission reduction.

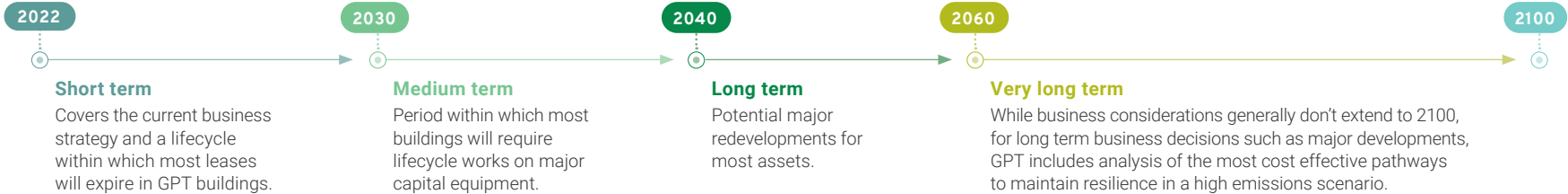
Strategy CONTINUED

“GPT’s strategic decisions today aim to both reduce our contributions to climate change and improve our resilience to the physical and transitional impacts of climate change that we will all be exposed to in the future.”



STEVE FORD
HEAD OF SUSTAINABILITY,
THE GPT GROUP

COMMERCIAL BUILDING LIFECYCLE TRIGGER POINTS



Climate scenarios to model future impacts

GPT has adopted two global warming scenarios to model the potential future impacts of climate change on our business and the resilience of our strategy. The two scenarios we have adopted align with the Representative Concentration Pathways (RCP) recommended by the Intergovernmental Panel on Climate Change (IPCC), which describe different climate futures with varied volumes of greenhouse gas emissions and provide guidance regarding the likelihood of physical and transitional risks being realised. We have adopted a low emissions scenario aligned with RCP 2.6 and a high emissions scenario aligned with RCP 8.5.

These scenarios are used to test the resilience of the Group’s strategy and to develop strategies that address climate-related risks and opportunities. Through a series of Sustainability Reference Group workshops, we have determined the risks, opportunities and strategy impacts of climate change by considering the potential physical and transitional impacts under both the low and high emissions scenarios.

In our investment and management decision-making, we consider:

- » Potential physical impacts that could affect GPT’s assets or the regions they are located in and could damage or limit the asset’s capacity to operate, and
- » Potential transitional impacts that could result from policy, regulatory, or technological change and shifts in market and stakeholder expectations.

In both cases, our final investment and management decisions include processes to mitigate negative climate-related impacts or maximise potential opportunities to support long term value creation. The case studies within this Statement provide insight into risk mitigation and opportunity maximisation.

Timeframes

GPT’s strategy to optimise its portfolio involves taking a long term view of its assets with a number of lifecycle trigger points for decisions. For climate scenario analysis, GPT considers its strategy and response to climate change impacts over the time frames listed in the above box that align with the lifecycle of its assets.

The timeframes are defined with reference to the typical lifecycle of commercial buildings, providing the flexibility to make decisions asset by asset, rather than taking a portfolio-level approach to evaluating risks and opportunities.

For example, an established building that is approaching a major redevelopment, or a new development, will undertake a detailed physical climate risk assessment and develop design and construction responses to improve its resilience to foreseeable physical risks over the next 50 years.

In contrast, an asset built 10 years ago will be approaching a major mechanical plant upgrade. Its scenario-based climate risk assessment will focus on the foreseeable risks to that plant’s operation over the short to medium term, to 2040.

The physical risk assessment for a recently developed asset will focus principally on administrative and management control to address current physical risks and maximise opportunities that arise from the transition to a low carbon economy.

📖 [SEE METRICS AND TARGETS SECTION.](#)

Strategy CONTINUED

Climate impacts on valuations

Our review processes and mature response to climate-related risks ensure that climate-related financial impacts on our assets are embedded in forward-looking capital and operational savings and costs. These savings and costs form part of the information package provided to independent valuers for their consideration in conducting the valuations, with GPT's standard valuation instruction letter also including a requirement for the valuer to consider the effects of climate change. The costs and savings associated with the case studies and climate response activities outlined in this Statement are embedded within GPT's financial statements, and should not be considered additional financial disclosure.

📖 [SEE AN EXAMPLE OF HOW CLIMATE RISKS AND OPPORTUNITIES ARE EMBEDDED IN OUR VALUATIONS PROCESS IN THE SMART ENERGY HUB CASE STUDY.](#)

Preference for assets in major cities and urban areas

The majority of assets in our portfolio are located in cities and urban areas, places identified as having a high capacity to adapt to climate change from a socio-economic perspective. Assets located in these areas are more likely to be resilient against the transitional risk impacts of stranded capital or stranded values, which may lead to potential of loss of revenues and devaluation.

📖 [FIND OUT MORE ABOUT OUR ASSET VALUATIONS IN THE 2022 ANNUAL REPORT AND ON OUR WEBSITE.](#)

Carbon price considerations

GPT's core business is not highly trade exposed to international markets and our climate response has resulted in a low emissions profile for our business. As a result, there is currently only limited cost exposure to a price on carbon through trading schemes such as the European Union which is already hovering in the order of AU\$100 per tonne of carbon emissions (tCO₂).

While the cost premium for renewable energy in Australia has also risen recently, GPT's renewable energy contracts extend to 2030 and have largely shielded the Group from this price rise. Carbon offset prices in Australia have also risen dramatically over the past few years and are forecast to continue rising.

As an increasing number of GPT's buildings are certified carbon neutral the risk to our Funds From Operations (FFO) of a price on carbon diminishes. For major projects and developments, we remain exposed to a price on carbon through the cost of materials and potential voluntary action such as carbon offsetting to deliver embodied carbon neutral developments.

📖 [SEE UPFRONT EMBODIED CARBON CASE STUDY](#)

Our offset strategy results in an effective carbon price of \$30/t out to 2026. We foresee that beyond 2026, our strategy of continued direct investment in Australian reforestation projects will result in being able to manage carbon offset cost closely.

📖 [SEE RESTORING COUNTRY FOR CLIMATE CASE STUDY](#)



143 Foundation Road, Truganina



UPFRONT EMBODIED CARBON

Upfront embodied carbon refers to the emissions from the construction processes and production of the materials that go into developing a building. Once buildings are operating carbon neutrally, upfront embodied carbon emissions are inherently the most material source of emissions across the lifecycle of a building.

GPT delivered Australia's first Climate Active certified upfront embodied carbon neutral development in 2022 at 143 Foundation Road, Truganina and a target has now been set for all assets that are developed for GPT's investment portfolio to be upfront embodied carbon neutral from 2023 onwards.

GPT has been working with industry organisations such as the Green Building Council of Australia (Australia's leading authority on sustainable buildings and communities) and development consultants to refine the measurement of upfront embodied carbon in the supply chain. Measuring upfront embodied carbon is still in its early stages and will improve over time.

Important challenges for the industry to resolve include:

- » Improved clarity and transparency in emissions reductions benchmarks that are used in ratings and certifications
- » Better environmental product declarations from suppliers, and
- » Further research into and engineering understanding of alternative materials and processes.

Techniques for measurement focus on cross-referencing the bill of quantities (a detailed table of materials and services) for a development with the environmental product declarations for all materials used. Energy consumption in the construction and delivery processes will also be measured.

Through more efficient design, changes in materials and a shift to using renewable energy in the construction and delivery processes, it is possible to reduce and eliminate some but not all upfront embodied carbon emissions. Wherever financially viable, reducing and eliminating emissions is prioritised, however, offsets will remain an essential part of achieving our upfront embodied carbon neutral target for the foreseeable future.

Over the past year, an offset strategy has been developed and implemented to mitigate risks around the certainty of supply, cost, and quality of offsets. High quality offsets have been secured for GPT's forecast operational and development emissions until 2026 at a cost of approximately \$30/t.

Clarity around the costs involved and processes for offsetting also provides a baseline from which carbon reduction and elimination options can be compared. GPT can now adopt \$30/t as a nominal cost of carbon, providing a significantly better focus for decision-making considerations than the former sensitivity analysis range of \$20/t to \$150/t.

The major building elements that contribute to upfront embodied carbon emissions are initially targeted as part of GPT's reduction and elimination strategy. These include concrete, steel, glass, facades and flooring. Carbon emissions reductions that can be delivered for a cost of less than \$30/t are considered favourably. It is important to note that processes to reduce emissions don't always have associated costs and in cases where emissions are reduced through design and process efficiencies, the results are invariably savings. In a number of cases, embodied carbon emissions reductions are simply a co-benefit of robust development design review processes that aim to maximise net lettable area as a proportion of gross floor area.

When a construction element has multiple options at similar costs to achieve emissions reductions, the forward curves of emissions reductions are reviewed and preferential consideration is given to the option that will increasingly decarbonise or lower the cost of decarbonisation into the future.

GPT will also consider innovations that initially have a higher cost than \$30/t for emissions reductions if they show strong potential for future low-cost emissions reductions.

Finally, additional reviews are undertaken to identify suitable low carbon materials for important touch points for building occupiers such as entry foyers and amenities. This leads to better awareness that tangibly demonstrates the commitment to lowering embodied carbon and influences others to also consider carbon emissions in their decision-making.

[SEE RESTORING COUNTRY FOR CLIMATE CASE STUDY.](#)

Upfront Embodied Carbon



2023 onwards

Upfront embodied carbon neutral for all assets that are developed for our investment portfolio



First Australian Climate Active upfront embodied carbon neutral Logistics Development

143 Foundation Road, Truganina

Transition risks



Policy and regulatory change



Changes to market expectations, economic disruption and impacts to reputation



Technology



Measure



Reduce & eliminate



Offset

UPFRONT EMBODIED CARBON EMISSIONS

Strategy CONTINUED

Operating efficient carbon neutral buildings as part of our transition plans

For over a decade, as part of our mitigation strategy, we have improved the energy efficiency of our buildings and reduced their emissions. To date, GPT has cumulatively avoided \$314 million in energy costs and 2.2 million tonnes of carbon dioxide equivalent (CO₂-e) compared to our 2005 baseline.

This is part of GPT's robust transition plan from reliance on fossil fuels, focusing on:

REDUCE AND ELIMINATE

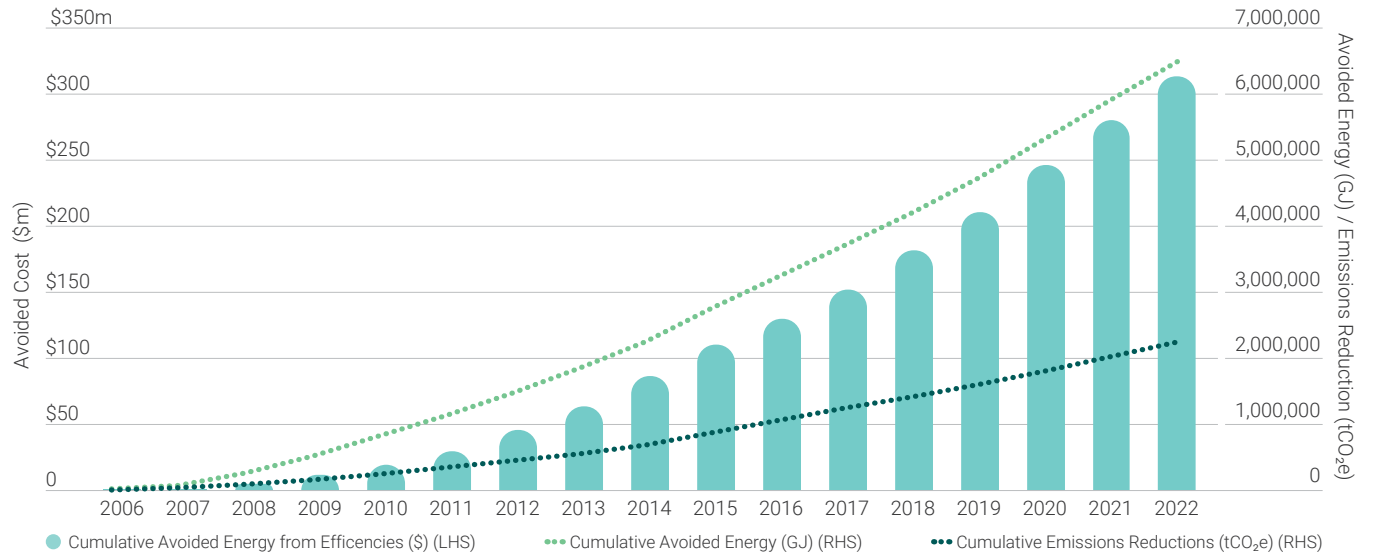
- » Investing in efficiency
- » Increasing on-site solar power and buying renewable electricity
- » Electrifying our buildings, and
- » **Resilience**
Improving demand-side flexibility as we move to a non-dispatchable and renewable energy grid.

Only residual emissions are offset, utilising high quality offsets.

SEE THE RESTORING COUNTRY FOR CLIMATE CASE STUDY.

Savings are derived from low-cost improvements, optimal management practices, lifecycle equipment replacement programs, and specific energy efficiency upgrade projects that usually deliver a return on investment within five years. These investments and returns are considered in the valuations of our assets.

Chart 2: GPT's Cumulative Emissions Reduction and Avoided Energy ¹



1. Figures are against a 2005 baseline and have been calculated using energy and emissions data available on the GPT Environmental Data Dashboard.

Setting and achieving carbon neutral targets

Our carbon neutral targets are a key driver of our net zero plan, with many of our actions guided by the GPT Energy Master Plan because of the significant inherent emissions from energy. GPT has led the property industry in operating carbon neutral buildings and brought together an independent certification pathway to ensure alignment of National Australian Built Environment Rating System (NABERS) and Climate Active with the Greenhouse Gas Protocol. With processes for carbon neutral operations now embedded, GPT's carbon strategy is increasingly focusing on reducing embodied carbon and supporting our supply chain and tenants on their journeys.

We are also broadening our review of sustainability risks across our business and applying the lessons from our climate risk and opportunity processes to other sustainability risks.

As a result of its environmental sustainability strategy and actions, GPT remains on track to deliver emissions reductions well ahead of Australia's Paris Agreement target. Our strategy fosters resilience, not only against future physical climate-related risk, but also towards an orderly transition to a low carbon economy.

SEE OUR CARBON NEUTRAL JOURNEY FOR GPT'S EMISSIONS REDUCTION PATHWAY COMPARED TO AUSTRALIA'S PARIS TARGETS.

Target for all assets that are developed for GPT's investment portfolio to be upfront embodied carbon neutral from 2023 onwards.



Chimside Park solar PV array



Pathway for installing solar for tenants: BOOT (Build, Operate, Own and Transfer)

Australia has achieved one of the highest rates of rooftop solar electricity penetration in the world. Despite the large rooftops and need for electricity, there has been a low rate of solar array installations in the logistics sector, effectively limiting access for tenants to low-cost renewable electricity. The barriers to investment for both the asset owner and the tenant, include:

- » The asset owner investing the capital but the returns are in the form of savings on the tenants' electricity bills, resulting in the asset owner not receiving a return
- » Restrictions set by the Australian embedded network regulatory environment limiting the ability of an asset owner to sell the electricity to tenants and access any returns, and
- » If the tenant invests the capital, the nature of a rooftop solar installation is that it becomes part of the building fabric which is owned by the asset owner. Tenants would need to also pay roofing make-good costs at the end of lease. Generally the payback period through savings on energy bills is significantly longer than the average lease term.

GPT has partnered with Shell Energy Australia to develop a model that overcomes these barriers for both asset owners and tenants.

In fitting with GPT's core strategic pillars of a focus on customers and ESG leadership, this partnership provides tenants with access to on-site renewable energy at a lower cost than their alternative option of buying from the grid.

This not only serves the purpose of emissions reductions as we transition to a low carbon economy, but also contributes to inclusive and resilient growth, as we assist tenants to save costs, protecting their businesses and assets from transitional climate impacts and delivering more just outcomes.

To achieve this, GPT has initially committed impact capital of \$20M through its wholly owned special purpose investment vehicle, Innogen, to deliver solar arrays on the rooftops of certain logistics assets. The arrays are owned by Innogen. Shell enters into Power Purchasing Agreements directly with tenants, enabling them to sell the energy generated by the arrays directly to GPT tenants. The impact capital usually achieves a payback period between 12 to 15 years. This is longer than the weighted average lease period for GPT's logistics leases and so the required investment returns are achievable, alongside the goal of delivering energy cost savings to the tenant.

To date, over 70 tenants have been invited to participate in the Build, Operate, Own and Transfer (BOOT) model, with many indicating savings of around 10 per cent to 20 per cent compared to their existing electricity arrangements.

BOOT is a good example of how GPT is demonstrating ESG leadership and focusing on customers by helping them reduce emissions and save money.

Strategy CONTINUED

WorldGBC Net Zero Buildings Commitment Leadership



GPT has been a signatory to the Net Zero Carbon Buildings Commitment (the Commitment) with the World Green Building Council (WorldGBC) since 2018, and in October 2022 it re-signed the updated Commitment.

The Net Zero Carbon Buildings Commitment promotes and inspires proactive climate leadership to ensure the carbon emission reduction goals of the Paris Agreement are achieved through urgent and immediate action. It provides entities with the opportunity to futureproof their operations and creates a unique platform for action. It recognises and promotes advanced climate leadership action from businesses, organisations, cities and governments in decarbonising the built environment, to inspire others to take similar action and remove barriers to implementation.

WorldGBC advocates for halving emissions of the building and construction sector by 2030 and the total decarbonisation of the sector by 2050.

Signatories to the Commitment are advancing net zero by facilitating and accelerating market transformation. Their commitment represents a leadership position within the buildings and construction sector in taking action further and faster to decarbonise the built environment, tackling both operational and embodied carbon emissions as part of a whole life carbon approach. Signatories commit to achieve net zero operational carbon emissions by 2030 and maximise embodied carbon reductions in new developments and major renovations, compensating for any remaining residual upfront embodied emissions, by 2030.

Signatories are advancing climate action within their own building portfolios to demonstrate what is possible, and advocate for change through their business activities. Governments of all levels are responding to these signals of readiness by setting policy roadmaps and targets, creating the confidence in investors and supply chains to activate low carbon solutions ahead of mainstream regulation and uptake.

READ THE FULL ADVANCING
NET ZERO STATUS REPORT ON
THE WORLDGBC WEBSITE.



CRISTINA GAMBOA
CEO, WorldGBC

“Net Zero Carbon Buildings Commitment signatory and GBCA member, The GPT Group, are showcasing industry leadership in tackling emissions from the built environment. They are going further and faster than mainstream actors, taking accelerated action in line with the requirements of the Commitment, to decarbonise their asset portfolio. They are proving that the built environment can act as a critical climate solution, with achievements such as delivering the first Australian upfront embodied carbon neutral certification for a Melbourne logistics development. This leadership will undoubtedly encourage more to follow as we work together to deliver a net zero carbon, healthy, equitable and resilient built environment for all.”

Independent Carbon Neutral Certification

Credible independent certification of carbon neutral achievements provides greater certainty and transparency of an organisation's net zero journey than self-validation of results. In addition, independent validation facilitates better transparency by ensuring minimum hurdles are well understood, actually delivered and are not internally set.

GPT seeks independent certification of the carbon neutral performance of our buildings through the Australian Government Climate Active Carbon Neutral Certification program.

Our assets utilise either the NABERS pathway or Green Buildings Council of Australia (GBCA) Green Star – Performance pathway to achieve the Climate Active Carbon Neutral Standard for Buildings certification. Both methods utilise established external ratings as part of the certification process and require demonstrated carbon neutral operations or upfront embodied carbon outcomes before the certification is issued.



Strategy CONTINUED

Ensuring long term business resilience

GPT's climate adaptation planning process is integrally linked to our business and asset lifecycles to ensure that we make the right investments at the right time. Key decision-making points include:

- » Review of climate risks and opportunities during acquisition due diligence to ensure that our investments are within our long term risk appetite
- » Development planning incorporates long term climate modelling to ensure resilience to foreseeable climate impacts; and
- » Major capital works and lifecycle upgrades consider the potential change in conditions and transition risks that need to be managed over the full lifecycle of that particular element of the asset. For example, if air-conditioning plant needs upgrading by 2070 to meet the modelled heat loads from our climate scenario analysis, this upgrade will be implemented at the lifecycle replacement closest to when the need arises, rather than implementing expensive upgrades now.

Climate modeling

GPT procures physical climate modelling for our assets from XDI (Cross Dependency Initiative). The modelling provided by XDI uses the IPCC's RCP 8.5 global warming scenario, and downscales climate change projections to an asset level that we can use to identify and treat hazards now and in the future. The modelling for each asset shows how a potential hazard risk level changes over time, out to the year 2100. For key assets, XDI has provided large site analyses, which are a more detailed analysis of direct physical climate risk within our asset's boundary, as well as the surrounding area to capture any indirect risks that could impact the asset. The modelling is incorporated into GPT's climate adaptation planning process.

FIND OUT MORE ABOUT OUR ADAPTION STRATEGIES FOR KEY TRANSITION AND PHYSICAL RISKS IN APPENDIX B: RISK ANALYSIS AND MITIGATIONS.

Risks and opportunities resulting from government climate strategy

The Federal government and the governments of several Australian states in which we operate have declared net zero targets and identified a range of measures to transition to the low carbon economy and reduce the exposure of cities and states to future climate shocks and stresses and tackle the physical risks. As a result of our climate response strategies, GPT forecasts no material risks to our business strategy from current government climate policy but does see ongoing opportunities as part of our ESG leadership strategy.

For example, local, state and federal governments are all investing in transitioning their energy systems to renewables. GPT has largely made the shift to renewable electricity and is investing in electricity demand-side flexibility programs which are an enabler for a transition to renewables.

GPT is keeping informed of the many government initiatives in this space and ensuring that we align our strategy as they continue to evolve to mitigate any risks and leverage opportunities.

Risk Management

“GPT’s climate-related risks are assessed and managed in accordance with our enterprise-wide Risk Management Framework to ensure business resilience and contribute to an orderly transition to a low carbon economy.”

Effective risk management is fundamental to GPT’s ability to achieve our strategic and operational objectives.

By understanding and effectively managing risk, GPT can create and protect enterprise value and provide greater certainty and confidence for investors, employees, partners, and the communities in which we operate.

Applying our enterprise-wide Risk Management Framework, GPT’s Risk Team monitors the operation of risk management processes and assists in the identification, assessment, treatment and monitoring of identified risks. The Risk Team supports the Leadership Team, the GPT Board, the GPT Funds Management Board, and their respective committees in ensuring that we manage risk appropriately.

Integrated approach to climate change risk management

Climate change risk is included on GPT’s Key Risk Dashboard, which is reviewed every six months by the Board Sustainability and Risk Committee and quarterly by the Leadership Team. As detailed in the [Governance section](#) of this Statement, the Sustainability and Risk Committee receives quarterly updates on the status of the actions and commitments disclosed in the [metrics and targets section](#) of this Statement.

GPT considers both transition and physical risks as part of our integrated approach, including in relation to asset acquisitions and divestments, existing asset lifecycle upgrades, and new developments. Transition risks may directly or indirectly impact GPT’s business resilience and tend to manifest in the short to medium term, while physical risks may extend into the long and very long term.

GPT’s cross-functional Sustainability Reference Group met three times in 2022 to identify and assess the existing climate-related risks and opportunities for each of the climate scenarios adopted by GPT, and to discuss and capture any new risks and opportunities. The Reference Group is also beginning to investigate nature-related risks to GPT.

Climate-related risks and their potential impacts are assessed using GPT’s Risk Consequence and Likelihood Matrix, which considers strategic, financial, operational, compliance and environmental impacts, among others.

Material climate related risks are reviewed by GPT’s Sustainability and Risk Steering Committee. Residual risk ratings are then established and mitigation plans are developed.



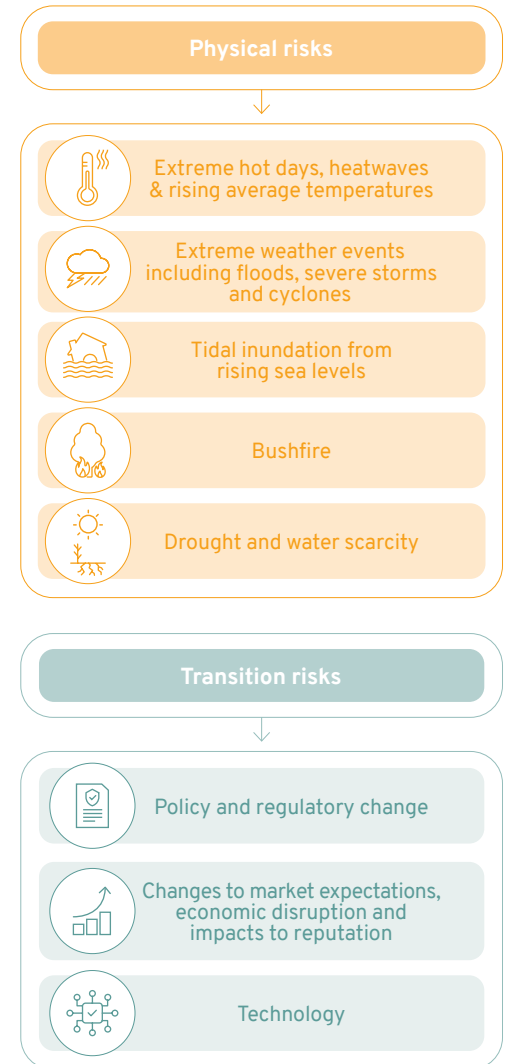
JACQUI O’DEA
CHIEF RISK OFFICER

Climate risk metrics are included in our Risk Appetite Statement for existing portfolios and new asset acquisitions. These metrics require GPT to identify those assets which may be vulnerable to a high risk of climate change impacts in the long to very long term. GPT’s risk appetite metrics, including in relation to all aspects of sustainability, are required to be considered in all decisions made by the GPT Investment Committee, meaning climate change impacts are part of every investment decision.

FIND OUT MORE ABOUT GPT’S APPROACH TO MATERIALITY AND KEY RISKS IN THE 2022 ANNUAL REPORT AND SUSTAINABILITY REPORT.

SEE APPENDIX B: RISK ANALYSIS AND MITIGATIONS.

In accordance with Australian Accounting Standard Board Practice Statement 2, GPT considers and discloses information on climate-related risks that are judged to potentially have a material impact as well as risks that could reasonably be expected to have a material impact.



Risk Management CONTINUED

Riverside Centre, Brisbane



ENERGY PRICE VOLATILITY

GPT's Energy Master Plan has enabled the Group to effectively manage current record high energy prices.

GPT's former procurement practice, and still the most common industry approach, was to go to market for its electricity contracts, usually in late autumn or early winter. Those previous practices would have placed GPT in the energy market at a time of historically high prices. We ceased the process of a single large market contracting exercise in 2020 and replaced it with the implementation of a progressive procurement approach for energy. We are now two years into the progressive procurement program and realising the benefits.

For the 2022/2023 financial year we have secured electricity at circa 66 per cent lower than energy market prices during our traditional contracting periods. In Queensland, over the last three quarters of 2022, there was a seven-fold difference between our contract rates and market rates.

Without the long term investment in energy efficiency and recent changes to electricity procurement practices, our energy billings for the managed portfolio would be approximately \$70 million higher than our forecast costs for the coming financial year.

As energy is an operational expense, in the Office portfolio, the majority of this saving flows through to tenants. In the Retail portfolio, where the lease structures range from fully-gross to semi-gross, energy savings are shared between GPT and its tenants.

These results have been made possible through the Sustainability team partnering with the Treasury team, with a continuous focus on market conditions and agility to respond when opportunities arise. The principles that have delivered our environmental goals have also delivered lower and more stable costs.

Transition risk



Policy and regulatory change

Risk Management CONTINUED

Climate Risk Reviews and Adaptation Planning at GPT

Australia has warmed by more than 1.4°C since 1910, well ahead of the global average of 1.1°C and annual temperatures have changed beyond natural variability.¹ The trends of increased heat extremes and decreased cold extremes are projected to continue. As a result, assets will be increasingly exposed to the hazards associated with severe weather. GPT's risk appetite aims to limit the number of assets vulnerable to potential high consequences of climate change related physical hazards by 2050.

GPT's response and commitment to identify, assess and manage transition and physical climate-related risk and opportunities is both at a portfolio level and asset level. GPT undertakes asset level climate risk reviews and adaptation planning using climate scenario modelling sourced from XDI (Cross Dependency Initiative). For physical climate risk analysis we use modelling based on the high emissions RCP 8.5 scenario. GPT also utilises knowledge of an asset's local weather and current climate, which is vital in reducing the asset's vulnerability to potential hazards.

GPT's climate adaptation planning processes are delivered in strict alignment with ISO 14090, 14091, and AS 5334-2013. We also consider other guidelines such as Green Star Buildings v1 in our methodology for climate adaptation planning. For our key assets, we not only look within the boundaries of our properties, but model future conditions for the surrounding areas, as broad as a 6 km radius to give us a wider view of potential physical hazards.





In order to identify and assess physical climate hazards, GPT utilises climate modelling for every asset out to 2100.

Physical climate hazards include:

-  » Rising average temperatures
-  » Increasing amount of days per year exceeding critical heat thresholds
-  » Increasing frequency and duration of heatwaves
-  » Riverine and flash flooding
-  » Tidal inundation from rising sea level
-  » Drought and water scarcity
-  » Severe weather including convective thunderstorms
-  » Increasing fire weather intensity
-  » Changes in humidity
-  » Extreme winds
-  » Soil movement

Transition risks are more likely to have greater impact at a portfolio level. However, if they pose a risk or opportunity at an asset level, they will be assessed and treated, alongside identified physical risks, in climate adaptation workshops.

Transition risks of climate change include:

-  » Increasing energy prices and offsets
-  » Increasing expectations by investors and tenants to reduce our carbon impact
-  » Increasing use of electric vehicles requiring charging on-site
-  » Climate adaptation planning workshops also include discussion of opportunities arising as a result of transition. For example the opportunity to attract capital through our sustainability performance and initiatives

Our Sustainability team has used GPT's existing enterprise-wide Risk Management Framework to create a risk matrix that focuses on the consequences of climate change, and how material the consequences are to particular assets. The matrix considers operational expenditure, capital expenditure and other consequences that could impact the viability of the asset. GPT categorises the potential consequences as either:

1. **Direct** – The impact of the hazards directly on GPT's physical assets or business operations, or
2. **Indirect** – The impact of the hazards on the surrounding community, infrastructure and local economy in which GPT's assets are located and upon which its success depends. This is in line with GPT's commitment to a just transition to prevent stranded assets, stranded workers or stranded communities. GPT contributes to the just transition by maintaining places of refuge in severe weather events, considering the impact of individual climate hazards and a changing economy to surrounding communities, and investing in new technologies that create jobs in areas such as renewable energy and battery storage.

In GPT's climate adaption workshops, our climate hazards and consequence matrix informs how material the risks and opportunities are to the asset, and consequently guides the risk level and treatment. The workshops are attended by GPT's Head of Sustainability, Climate Risk Analyst and relevant portfolio business units such as development and management teams, external consultants, project managers, engineers and other critical stakeholders. Risk levels, impacts and treatments are recorded in an asset Climate Risk Register that is reviewed on a regular basis as part of the risk management process.

1. IPCC's Sixth Assessment Report released in 2021.



CHIRNSIDE PARK SMART ENERGY HUB

The GPT Wholesale Shopping Centre Fund (GWSCF) is targeting for all of its GPT managed assets to be Climate Active Carbon Neutral (for Buildings) certified by December 2024.

Chirnside Park, one of GPT's first shopping centres to operate carbon neutrally, also exemplifies an orderly transition plan. This included investments in a 650 kW solar PV array, a Loadflex program and one of the largest battery storage systems in an Australian property. This innovation, known as a Smart Energy Hub, received grant support from the Victorian government.

Traditionally, energy transaction is a simple linear relationship between a large coal-fired generator and the consumer. With advancements in technology, a new energy ecology is made up of multitude of widely distributed interactions.

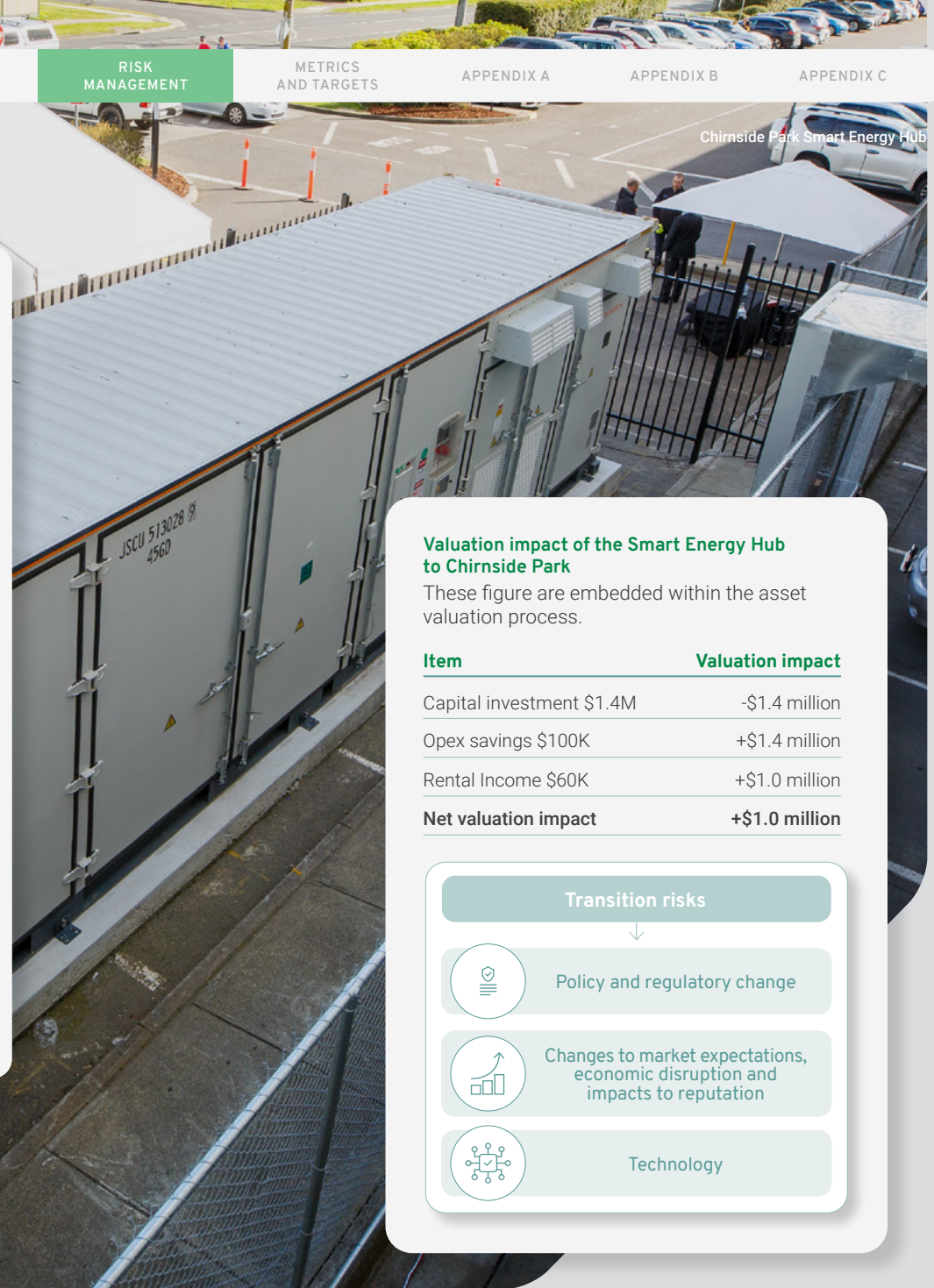
It is now possible to be both a generator and a consumer of energy. Energy can be stored in batteries when it is cheap, abundant and renewable and then release it later when supplies are scarce and expensive.

GPT can flex its energy demand using predictive technologies and market triggers that can change our building's energy demand in an instant and help stabilise the grid.

Investing in both a solar PV array and battery is critical to ensure energy reliability and affordable rates (for GPT and/or tenants) when there is little sun and wind and aging coal-fired power stations break down.

Maintaining comfort condition of the building remain a priority. With the Smart Energy Hub, during times of electricity supply constraint, we are able to flex our loads in addition to utilising the stored energy from the battery and electricity generation from the solar PV array to lower peak demand cost, maintain conditions and stabilise the grid as it transitions to renewables.

It is projected that the Hub will offset up to 70 per cent of load during the Critical Peak Demand (CPD) window. It will save **812,000 kWh** of energy (from the grid) per year, reducing inherent emissions by about **850 tonnes**. Expected cost savings from energy bills are predicted to be **\$100,000 per annum**. This should also improve Chirnside Park's NABERS rating to 5.5 (rating of Excellent) and represents significant ESG leadership in the broader shopping centre market.



Valuation impact of the Smart Energy Hub to Chirnside Park

These figure are embedded within the asset valuation process.

Item	Valuation impact
Capital investment \$1.4M	-\$1.4 million
Opex savings \$100K	+\$1.4 million
Rental Income \$60K	+\$1.0 million
Net valuation impact	+\$1.0 million

Transition risks



Policy and regulatory change



Changes to market expectations, economic disruption and impacts to reputation



Technology

Metrics and Targets

GPT is committed to reducing its environmental impact. We aspire to be an overall positive contributor to environmental sustainability by taking a leadership role in reducing carbon emissions across our operations and shifting towards a nature positive outcome.

We are progressing towards our goal of Climate Active Carbon Neutral (for Buildings) certification of all GPT operationally controlled assets in which we have an ownership interest in by the end of 2024.

AN EXAMPLE OF HOW WE CAN ALIGN OUR DECARBONISATION INVESTMENTS TO CREATE POSITIVE CO-BENEFITS FOR NATURE CAN BE FOUND IN OUR 'RESTORE COUNTRY FOR CLIMATE' CASE STUDY.

Beyond acting on matters within our direct control, we encourage our stakeholders to respond to climate change, reduce waste, manage water sustainably, and protect and enhance biodiversity.

Measuring our buildings' emissions

GPT monitors its direct climate change impacts and reports on emissions, energy, water, and waste for each property annually. Our [Environmental Data Dashboard](#) includes a portfolio-level summary for all key metrics – electricity, water, fuels, materials, recycling and emissions – since 2005.

GPT obtains external assurance over sustainability performance data including the following climate metrics:

- » Energy consumption and energy production in base building and tenancies (gigajoules)
- » Scope 1 greenhouse gas (GHG) emissions in tonnes of carbon dioxide equivalent (t CO₂-e)
- » Scope 2 greenhouse gas (GHG) emissions in tonnes of carbon dioxide equivalent (t CO₂-e) disclosing both a location-based and market-based result
- » Water consumption (kilolitres), and
- » Waste inputs: total waste generated (tonnes) and materials recycled (tonnes) using an outcomes-based measurement method by monitoring and reporting recycling by grade (A grade, B grade, C grade).

The greenhouse gas emission calculations are aligned with and assured against the Greenhouse Gas Protocols with the disclosures for both location-based and market-based methods reported in GPT's Environmental Data Dashboard.

GPT also focuses on Scope 3 emissions, which are those material impacts within our operational control, in accordance with the Australian Government Climate Active approach. GPT's material Scope 3 emissions are derived from waste, gas, and water metrics, with transmission losses from electricity eliminated by procuring 100 per cent renewable electricity.

In areas outside of our control, GPT aims to influence outcomes with a particular focus on supporting our tenants to reduce their emissions.

As a part of our net zero plan, GPT is committed to actively engaging with its stakeholders to reduce greenhouse gas emissions and energy use. We seek to work with tenants to provide them with pathways to minimise their emissions through initiatives such as lighting efficiency upgrades and the installation of solar arrays.

FIND OUT MORE ABOUT GPT'S CLIMATE CHANGE AND ENERGY POLICY ON OUR WEBSITE

Measuring our organisation's emissions

GPT's corporate activities and business premises, including its travel and consumables, have been certified as carbon neutral by Climate Active since 2011. This certification covers material Scope 1, 2 and 3 emissions. GPT aims to reduce emissions through initiatives such as energy efficiency improvements at its offices and using technology to reduce the frequency of business-related flights. Emissions that can't be avoided in these areas are offset to ensure GPT's net emissions from our operations are zero.

Defining Emissions



Scope 1 emissions are greenhouse gas emissions released to the atmosphere as a direct result of an activity, or series of activities, at a facility level. They are sometimes referred to as direct emissions.



Scope 2 emissions are released to the atmosphere from the indirect consumption of an energy commodity. For example, 'indirect emissions' come from the use of electricity produced by the burning of coal in another facility.



Scope 3 emissions are indirect emissions, other than Scope 2 emissions, that are generated in the wider economy. GPT includes only those Scope 3 emissions within its control in its metrics and targets.

Metrics and Targets CONTINUED



POSITIVE IMPACT FROM CLIMATE ADAPTATION IN BRISBANE

Flooding of the Brisbane River in 2011 had a significant impact on the Riverside Centre and the development of One One One Eagle Street, causing almost \$20 million dollars' worth of damage, forcing closures and delaying construction works. To reduce the vulnerability to the impacts of future riverine flooding, significant investments in flood prevention were made in 2012 to both the Riverside Centre and the newly developed One One One Eagle Street. These riverside assets, which now have a combined valuation of \$1.7 billion, are examples of GPT's long term approach to risk management that demonstrate resilience measures in adapting to the physical impacts of climate change. Flood mitigation undertaken included:

- » Installation of a system of 28 floodgates, hatches and barriers to protect key equipment including basement substations, car park and loading dock areas
- » Installation of isolation and reflux valves throughout the basement levels
- » Extensive sewer and stormwater diversion works
- » Relocation of some essential services to higher levels in the buildings, and

- » Implementation of an updated flood management plan, including twice-yearly drills which have taken place at both assets since 2012.

In late February 2022, the Brisbane CBD once again experienced major flooding. This time, however, the buildings and our team were well prepared with the flood mitigation measures in place. The previously implemented flood mitigation was instrumental in keeping the office towers protected and operational. Total losses were over 90 per cent less than the 2011 event, despite there being a second office tower on the site and more than double the lettable floor space when compared to 2011. Furthermore, tenants, customers, and visitors had constant access as a result of the fast response of the building management team, with full services such as electricity, water, and lifts remaining available throughout the flood event, strengthening GPT's strategic position of a total focus on customer.

Moving beyond ensuring the resilience of its own assets to playing a role in the resilience of the Brisbane CBD and lowering vulnerability for others, the GPT management team has shared its learnings with other property owners.

Extreme rain events that cause widespread flooding like these are unfortunately an increasing hazard under current projections, and highlight the value of climate risk reviews and adaptation investments in a warming climate. GPT will continue to develop its Climate Adaptation Plans like those at Riverside Centre and One One One Eagle Street to identify climate risks, optimise building performance, improve future resilience and exceed customers' expectations.



Metrics and Targets CONTINUED

Metrics and targets for our climate impacts

The metrics below gauge GPT's principal sources of Scope 1, 2 and 3 emissions and address climate-related risks.

Table 1: Performance Metrics¹

	2005	2019	2020	2021	2022
Emissions					
Scope 1 and 2 emissions intensity (kg CO ₂ -e/m ²)	136	46	30	25	19
Scope 1 emissions (tCO ₂ -e)	7,578	10,133	6,904	7,747	8,806
Scope 2 emissions (tCO ₂ -e)	231,172	90,321	59,155	48,895	36,801
Scope 3 emissions (tCO ₂ -e)	—	34,545	23,651	23,204	24,156
GPT-purchased base building offsets (tCO ₂ -e)	—	(10,746)	(13,141)	(17,191)	(26,306) ²
Tenant-purchased base building offsets (tCO ₂ -e)	—	(2,788)	(302)	(885)	0
Energy Intensity					
Energy intensity (MJ/m ²)	571	314	261	256	269
Total energy use (GJ)	999,560	635,258	506,465	483,312	508,539
Water Intensity					
Water intensity (L/m ²)	1,561	860	583	576	601
Total water (kL)	2,733,739	1,742,255	1,131,936	1,085,680	1,137,282
Materials Recovery					
All recycling (%), outcomes-based recovery grades only available from 2015	29	—	—	—	—
A-grade recovery (%)	—	31	33	34	35
B-grade recovery (%)	—	4	3	3	3
C-grade recovery (%)	—	—	—	—	—
A-grade total (t)	—	8,901	6,216	6,136	7,276
B-grade total (t)	—	1,051	501	517	561
C-grade total (t)	—	21	7	17	12
Landfill total (t)	17,070	19,173	11,861	11,200	13,010

1. 2022 performance is as at 31 December 2022 unless otherwise stated. Performance is disclosed in detail in GPT's Environmental Data Dashboard in alignment with GRI and GHG protocols, and assured by PwC.

2. Changed on 27 March 2023 from '26,306' to '(26,306)'.

Chart 3: GPT's Energy Efficiency Results

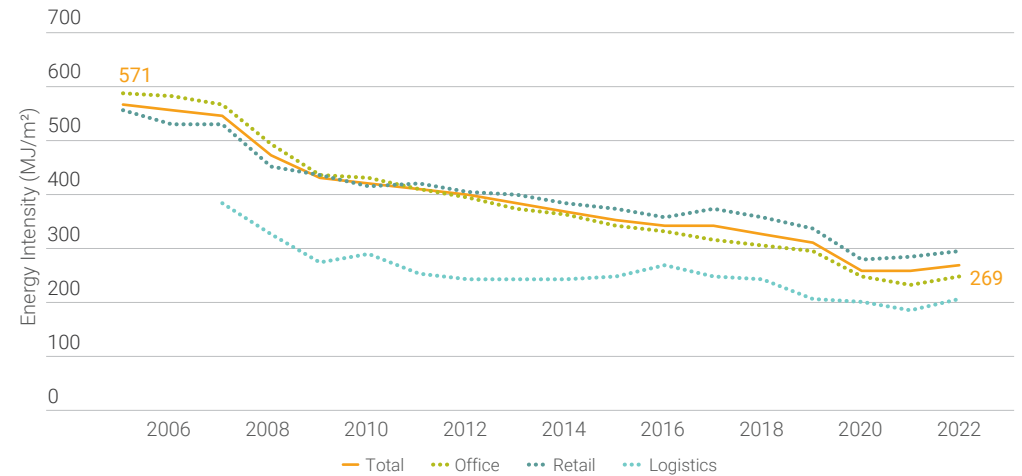
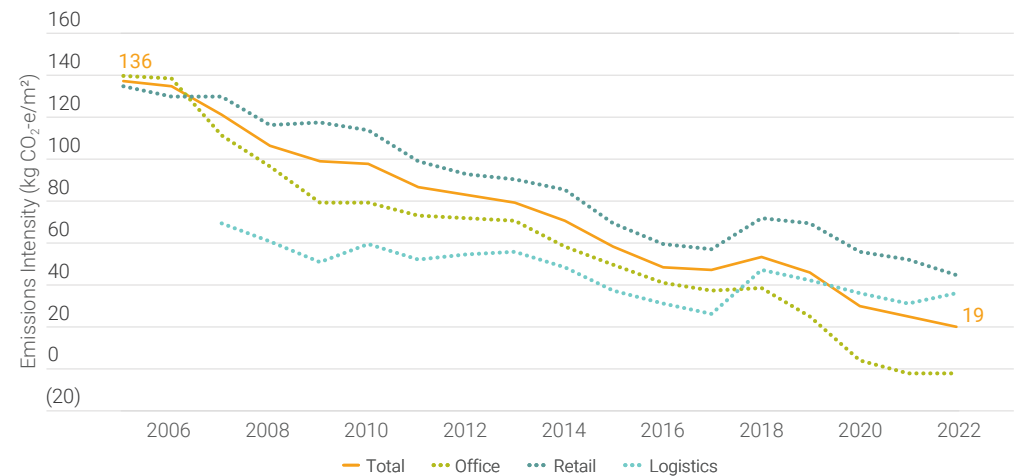


Chart 4: GPT's Emissions Results



Metrics and Targets CONTINUED

Targets

In accordance with ISO:14001 Environmental Management Systems, our carbon neutral targets focus on areas within our operational control. Our approach first seeks to eliminate greenhouse gas emissions within our control through efficiencies and the use of renewable energy (including electrification). Offsets are only used for emissions that currently cannot be eliminated, which mostly arise from gas consumption and waste. We further enhance environmental outcomes by working in our areas of influence, such as supporting our supply chain and tenants to consider the benefits of carbon neutrality.

GPT sets annual asset-level operational targets for energy, water and waste, driven by optimisation programs and capital upgrades. Medium to long term operational emissions targets are also set at a portfolio level to inform energy procurement and offsets.

Performance against these targets is monitored through our management reporting systems to assess our progress towards carbon neutral operations.

Environmental metrics, including energy intensity, water intensity, recycling rates and emissions intensity, are key performance indicators (KPIs) on The GPT Group Scorecard, which is outlined in the [Remuneration Report](#) within the [GPT Annual Report](#), and linked to remuneration outcomes for senior managers. Asset-specific KPIs are incorporated into the performance targets of property general managers, centre managers and operations managers. Covid has had an impact on 2022 performance results, reducing energy and water intensity and future targets are modelled based on minimal further Covid impacts.

[SEE GOVERNANCE SECTION.](#)

1. Current performance is as at 31 December 2022 unless otherwise stated. Performance is disclosed in detail in GPT's [Environmental Data Dashboard](#) in alignment with GRI and GHG protocols, and assured by PwC.

Table 2a: Key Performance Indicators

Metric Key Performance Indicator	Current performance ¹	2023-2025 Target	Targets beyond 2025
Base building carbon emissions intensity in kgCO₂-e/m² (Scope 1 and 2)	» 19 kgCO ₂ -e/m ² (exceeded 2022 target of 28 kgCO ₂ -e/m ²)	» 15 kgCO ₂ -e/m ² by end 2023	» Carbon neutral – 0 kgCO ₂ -e/m ² by 2030 for the GPT operationally controlled assets in which we have an ownership interest
Base building energy intensity in MJ/m²	» 269 MJ/m ² (exceeded 2022 target of 294 MJ/m ²)	» 275 MJ/m ² by end 2023	» Targets set annually, based on portfolio size
Deliver carbon neutral buildings (Scope 1, 2, and 3 emissions)	» As part of GPT's net zero plan, 20 of the GPT operationally controlled assets in which we have an ownership interest are Climate Active Carbon Neutral Certified. Four are operating carbon neutrally with certification due in 2023.	» All GPT operationally controlled assets in which we have an ownership interest in to be certified Climate Active carbon neutral by end 2024.	» Maintain
Maintain organisational carbon neutral certification in line with investor and tenant expectations	» Carbon Neutral Certified organisation since 2011, certified by Climate Active for our corporate operations	» Maintain carbon neutrality for cooperate operations	» Maintain carbon neutrality for cooperate operations
Reduction in waste sent to landfill through closed-loop recycling, measured as a recycling rate	» 34.9% closed-loop recycling achieved in 2022 (exceeded 2022 target of 34.5%)	» 36.5% closed-loop recycling by end 2023	
Reduction in water consumption, measured as base building water intensity in L/m²	» 601 L/m ² (exceeded 2022 target of 810 L/m ²)	» 635 L/m ² by end 2023	» Targets set annually, based on portfolio size
Embodied carbon	<ul style="list-style-type: none"> » We have committed to a target for all assets that are developed for GPT's investment portfolio to be upfront embodied carbon neutral from 2023 onwards. » Disclosed embodied carbon emissions from recent developments certified or verified through Green Star and the Climate Active Public Disclosure Summary » Delivered Australia's first upfront embodied carbon neutral certified logistics development 	» All assets that are developed for GPT's investment portfolio to be upfront embodied carbon neutral from 2023 onwards.	» Maintain

Metrics and Targets CONTINUED

Table 2b: Targets for our response to Climate Change Risks and Opportunities

The following targets describe a number of areas of investment that GPT has identified as indicators of success for managing physical and transition risks to our business. These climate-related commitments are reported to the SRC and Leadership Team quarterly.

Metric Key Performance Indicator	Current performance ¹	2023-2025 Target	Targets beyond 2025
Improve NABERS Star ratings (without Green Power) for office buildings	» 5.1 Stars average Office portfolio rating.	» Maintain portfolio rating of 5 stars or better	» Maintain
Install solar PV arrays on assets where feasible to mitigate risks of rising energy costs	» 6.3 MW of solar PV installed across the portfolio.	» Install 10 MW of solar PV across the portfolio by end 2025	» Update as technology changes business cases
Develop an option for logistics tenants to have access to a rooftop solar PV supply to reduce their energy costs and meet growing stakeholder expectations	» 100% of assets have been reviewed for suitability and offers made to eligible tenants. » Refer to <i>BOOT case study</i> .	» Continue tenant engagement and expand reviews to consider battery storage options	» Update as technology changes business cases
Achieve 6 Star Green Star ratings for office and retail developments as an indicator of broad building resilience	» 6 Star Green Star achieved in developments completed in 2020 to 2021.	» Achieve 6 Stars on all developments (office and retail)	» Maintain
Climate adaptation planning to identify and manage asset-specific climate risks and opportunities across all portfolios	» Physical climate modelling out to 2100 completed for all assets. » Incorporated climate adaptation planning into the design phase of major developments. » Completed climate risk reviews and adaptation plans for key assets ² (meeting 2022 target commitment).	» Complete climate adaptation plans for all remaining currently owned assets by end 2025	» Embed cyclical reviews and updates of climate adaptation plans into GPT's management procedures
Lifecycle assessments (LCA) to include consideration of climate-related impacts on plant and equipment	» Lifecycle assessments with consideration of climate change risks have been undertaken across all portfolios. » Lifecycle assessments have been considered in climate adaptation plans.	» Include LCA findings in all asset climate adaptation plans by end 2024 » Embed climate risk reviews in LCA procedures for all capital works	» Maintain

1. Current performance is as at 31 December 2022 unless otherwise stated.

2. Key assets identification provided a representative pilot project from each portfolio (office, retail and logistics), lifecycles (operational and development) and across different regions (South-East Queensland including Brisbane, and Greater Newcastle, Greater Sydney and Greater Melbourne)

Metrics and Targets CONTINUED

Metric Key Performance Indicator	Current performance ¹	2023-2025 Target	Targets beyond 2025
Due Diligence Review to include climate risk consideration in investment recommendations	<ul style="list-style-type: none"> » Major development projects and acquisitions include climate-related risk review. » All investments >\$5 million consider climate risk that is reported to the Due Diligence and Investment Committees. 	<ul style="list-style-type: none"> » Continued requirements for climate risk reviews in investment decision making 	<ul style="list-style-type: none"> » Maintain
Debt associated with sustainable finance	<ul style="list-style-type: none"> » Established Sustainable Debt Framework and issued \$857 million in sustainable debt by end 2022. 	<ul style="list-style-type: none"> » Additional sustainable debt issued for GPT balance sheet financing purposes 	<ul style="list-style-type: none"> » Shift more than 25% of GPT's debt to sustainable finance arrangements
Enhance existing metrics for climate related risks to revenue streams	<ul style="list-style-type: none"> » GPT's Risk Appetite Statement includes portfolio level climate risk indicators. » New metric. 	<ul style="list-style-type: none"> » Conduct a detailed review of GPT's individual revenue streams from tenants, funds management and development to enhance metrics for climate-related risks to income 	<ul style="list-style-type: none"> » Establish thresholds for maximum acceptable income that is vulnerable to climate related risks.

1. Current performance is as at 31 December 2022 unless otherwise stated.

Appendix A: Emissions Scenarios

GPT has adopted two global warming scenarios to model the potential future impacts of climate change on its business and the resilience of its strategy. These scenarios are aligned with the Representative Concentration Pathways (RCPs), which provide guidance on the likelihood of physical and transitional risks due to climate change, consistent with the recommendations of the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report and the Climate Measurement Standards Initiative (CMSI).



Low emissions scenario

ALIGNED WITH RCP 2.6

Broadly aligned with Paris targets and COP26 to limit global temperature increases to below 2°C.

Very likely that global temperatures rise 1.2°C to 1.8°C by 2040, and between 1.3°C to 2.4°C between 2081 – 2100.

Most ambitious global emissions mitigation scenario. In this scenario, transition impacts are the highest, with associated aggressive policy measures needed to reduce emissions quickly.

Transition risks



» Policy and regulatory change



» Technology



» Market expectations, reputation and economic change

Socioeconomic impact

Potential future socioeconomic impact is mostly aligned with the Shared Socioeconomic Pathways (SSPs) SSP1 Sustainability scenario, in which a gradual but pervasive shift towards sustainable development occurs that respects environmental boundaries. Consumption is orientated toward low material growth and lower resource and energy intensity.



High emissions scenario

ALIGNED WITH RCP 8.5

Very likely that global temperatures rise 1.3°C to 1.9°C by 2040 and between 3.3°C to 5.7°C between 2081 – 2100.

This scenario assumes there is no additional effort to constrain emissions, marked by significantly increased physical risks, resulting in dangerous climate change. Physical risks will be greatest and will accelerate in the medium, long and very long term.

Physical risks



» Extreme hot days, heatwaves and rising average temperatures



» Extreme weather events including floods, severe storms and cyclones



» Tidal inundation from rising sea levels



» Bushfire

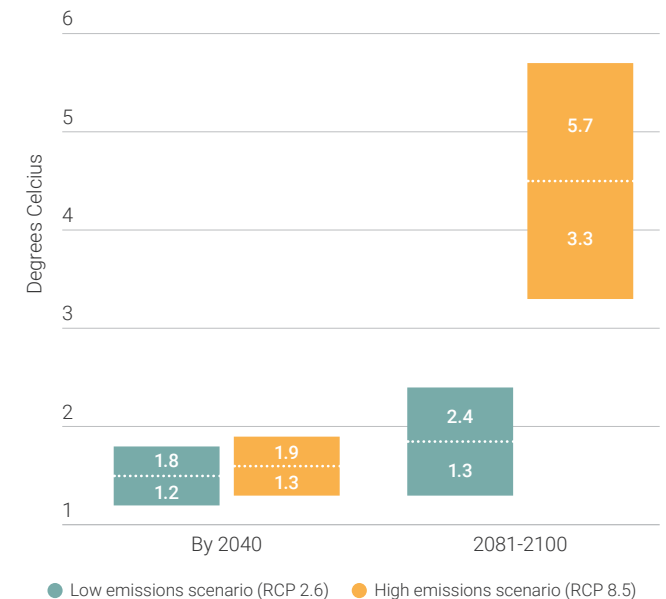


» Drought and water scarcity

Socioeconomic impact

Potential future socioeconomic impact is closest to the SSP5 Fossil-Fueled Development scenario, in which the world emphasises competitive markets and technological progress which leads to rapid economic growth with energy intensive lifestyles and a strong reliance on fossil fuel energy powering this growth, at least initially.

Chart 6: Potential future temperature increases under these scenarios



Sources:

IPCC, 2021: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Cambridge University Press. In Press.
 Earth Systems and Climate Change Hub, 2020. Scenario analysis of climate-related physical risk for buildings and infrastructure: climate science guidance. ESCC Hub Report No.21.
 Global Environmental Change 42 (2017), The Shared Socioeconomic Pathways and their energy, land use, and greenhouse gas emissions implications: An overview, Elsevier Ltd.

Appendix B: Risk Analysis and Mitigations

Transition risks

GPT has identified several transition risks that may affect our business activities. These risks are particularly likely to emerge in the low emissions scenario and are expected to manifest in the short to medium term.

In the low emissions scenario, regulatory changes, technology and market expectations will drive the transition to a low carbon economy to avoid dangerous climate change. These changes could have a destabilising effect on the financial system, for example rising risk premiums and falling asset prices in the relatively short term.

Transformations in economic, social, technological and political decisions and actions remain necessary to mitigate transitional risks and adapt to sustainable development.

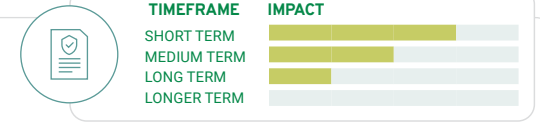
These changes are most relevant to GPT at the regional or portfolio level, and when considering our Group strategy, rather than at the individual asset level.

In our risk analysis and planning, GPT considered a low emissions scenario aligned with RCP 2.6 which broadly aligns with the Paris Agreement commitments and COP27. The RCP 2.6 pathway is associated with SSP1 scenario (Sustainability-focused growth and equality) which features low challenges to mitigation and adaptation due to rapid technological development, relative global equality of income and focus on environmental sustainability. This includes increasing shares of renewables and other low carbon energy sources.

SEE APPENDIX A FOR THE EMISSIONS SCENARIOS USED BY GPT.

Table 4: Policy and regulatory change

Significant regulatory and policy volatility has already occurred in Australia over the past decade regarding climate change. This trend is expected to continue as the momentum to transition to a low-carbon economy increases around the world.



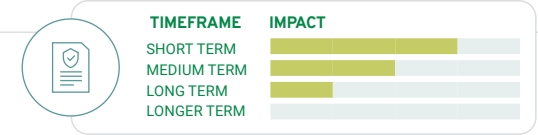
Risk impacts	GPT's current response and strategy	Near-term approach
Changes to energy tariff structure and potential supply constraints	<ul style="list-style-type: none"> » Chirnside Park is GPT's first shopping centre with investment in solar PV array and battery to ensure energy reliability and supply stability at an affordable rate. » Regularly review the impacts of a transition to renewables and minimise our exposure to regulatory changes which are likely to focus on demand flexibility requirements or energy reliability. » Implement initiatives from our Energy Master Plan, such as on-site solar electricity production, demand-side flexibility and energy storage, to mitigate the impact of potential regulation regarding energy reliability. 	<p>As equipment lifecycle opportunities arise, electrify asset heating (from gas) infrastructure to minimise dependency on fossil fuels.</p> <p>In 2020, we secured renewable electricity contracts for our forecast load until 2030 to ensure we can fulfil our carbon neutral commitments.</p> <p>We will continue to manage forward purchasing as 2030 approaches.</p>
Increased energy prices result in higher operational expenditure and price volatility, causing expenditure uncertainty	<ul style="list-style-type: none"> » Since 2020, GPT has implemented a progressive procurement approach for energy, which sees GPT hedging electricity rates which has resulted in significant savings. Refer to Energy Price Volatility case study. » The GPT Energy Master Plan provides a roadmap to achieve net zero carbon emissions while reducing energy cost exposure. The plan includes continued efficiency and plant optimisation programs, on-site renewable electricity generation, strengthening energy market knowledge and procurement capabilities, and demand response programs to minimise electricity capacity charges. Efficiency will remain central to our energy strategy. » GPT avoided operational costs of \$33 million in 2022, and has cumulatively avoided \$314 million in energy costs when compared to 2005 operational efficiency. 	<p>Explore energy storage options to provide protection when the majority of Australia's energy supplies are intermittent renewables.</p>
More restrictive land planning codes lead to lower supply of land for construction, resulting in higher capital expenditure	<ul style="list-style-type: none"> » Climate change impacts are considered by the Due Diligence Committee as part of the investment decision-making process. » Use site-specific climate modelling to inform our understanding of potential physical risks that may drive land use and planning requirements. 	<p>Engage with industry groups and peers to understand emerging legislation and regulations regarding land uses and planning codes.</p>

Appendix B: Risk Analysis and Mitigations CONTINUED

Transition risks

Table 4: Policy and regulatory change continued

Significant regulatory and policy volatility has already occurred in Australia over the past decade regarding climate change. This trend is expected to continue as the momentum to transition to a low-carbon economy increases around the world.



Risk impacts

GPT's current response and strategy

Near-term approach

Regulatory changes regarding carbon intensive construction materials result in increased capital expenditure for construction and mandatory reporting for embodied carbon

- » Refer [Upfront Embodied Carbon case study](#).
- » Collaborate with industry peers and the Green Building Council of Australia to develop a market for lower embodied carbon construction materials.
- » Explore reduced embodied carbon techniques with our construction partners where feasible for current developments.
- » Undertake embodied carbon inventory reviews in development planning, which will position us well in the event of future mandatory reporting requirement.
- » Use lower embodied carbon concrete in logistics developments.

As lower embodied carbon markets develop, firmer targets will be set for GPT developments and supply chains.

Potential cost impacts from price on carbon

- » Continuing to reduce and eliminate carbon emissions from our operations in order to minimise or avoid the impacts of a price on carbon where possible. Our carbon neutral strategy positions us to limit cost impacts and also maximise the opportunities of market shifts to lower carbon properties in their development and operation.
- » Inherently the majority of GPT's operational emissions are from energy and waste. Our carbon neutral plans minimise these emissions and therefore reduce the potential impact of any price on carbon.
- » As the majority of carbon emissions in development projects come from concrete and steel, we model the most material emissions, implement processes to minimise emissions and apply a sensitivity analysis to the impacts of a price on carbon or engaging in carbon neutral construction contracts.
- » Conduct a detailed review of GPT's individual revenue streams from tenants, funds management and development to enhance metrics for climate-related risks to income.

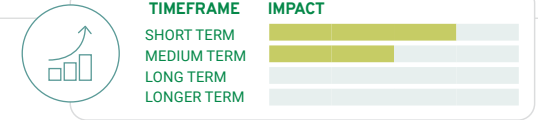
Work with industry groups and peers to understand emerging regulation and policy developments and refine GPT's strategies where needed.

Appendix B: Risk Analysis and Mitigations CONTINUED

Transition risks

Table 5: Changes to market expectations, economic disruption and impacts to reputation

Investor expectations and capital allocation decisions increasingly favour organisations that are taking meaningful action to address climate change and ensure their resilience to its effects. In addition, regulators are requiring increasing disclosure around climate risk identification and management. Failure to set or to meet stated climate and sustainability goals is likely to have negative reputational impacts, including the potential risk of litigation from shareholders and other affected parties, and may also result in reduced access to capital markets.



Risk impacts

GPT's current response and strategy

Near-term approach

Increased expectations from investors and tenants for buildings and portfolios to reduce their carbon impact

- » Engage with investors, tenants and other stakeholders to understand and respond to expectations.
- » Attain and maintain independent carbon neutral certification for operating GWO assets.
- » Continue to progress towards our target of independent carbon neutral certification for all GPT operationally controlled assets in which we have an ownership interest to be certified Climate Active carbon neutral by end 2024.
- » Develop renewable electricity options for tenants by collaborating with energy partners.

GPT jointly owned and externally managed assets are targeting independent carbon neutral certification by 2030. Offer strategies and solutions to our tenants to assist them in lowering their carbon footprint.

Economic disruption, changes to consumer behaviour and structural changes in regional Australia associated with contraction in carbon-intensive economies and industries

- » Continue to own a diversified property portfolio primarily located in Australian capital cities, with limited exposure to regional economies reliant on carbon intensive industries.

Collaborate with industry and government to ensure resilient cities are maintained through industry group membership and participation industry consultation and policy development.

Opportunity to attract capital through our sustainability credentials, performance and achievements

- » Maintain our reputation for setting and delivering sustainability goals and good corporate governance.
- » GWO and GPT combined issued \$857 million of sustainable debt by end 2022.

Continue to develop these capital opportunities.

Supply constraints, increased costs and quality concerns over offsets

- » GPT has actively partnered with Greenfleet to establish a certainty of supply, quality and price for its foreseeable offset needs over the next five years. See [Restoring Country for Climate case study](#).

Continue to develop long term offset creation projects to meet GPT and its stakeholder needs.

Liability risk and greenwashing

- » GPT's Board and Leadership Team are extremely focused on ESG leadership and authentic delivery of our climate response, backed by the governance processes outlined in the Climate Disclosure Statement.
- » Data is independently assured.
- » Carbon neutral outcomes are independently certified.

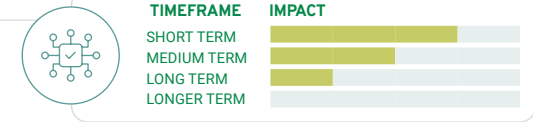
Continued enhancement of reporting, responding to international best practices.

Appendix B: Risk Analysis and Mitigations CONTINUED

Transition risks

Table 6: Technology

Response to climate-change risk is accelerating change in technology, from carbon intensive to low carbon technologies. For many years, GPT has been a fast adopter of technologies that improve energy and resource efficiency and we continue to see future opportunities in this space. The transition to new technologies which improve energy efficiency can mean increased regulatory compliance and other new risks, particularly around health and safety. These are considered closely.



Risk impacts	GPT's current response and strategy	Near-term approach
Energy security is impacted during the transition from old to new technologies	<ul style="list-style-type: none"> » Chirnside Park is GPT's first Smart Energy Hub in partnership with Shell Energy Australia. Refer Chirnside Park Smart Energy Hub case study. » The transition from coal generation to renewables faces the twin reliability impacts of aging coal power stations and the non-dispatchable nature of most renewables. GPT is investing in increased demand-side flexibility, on-site generation and storage projects as a defensive strategy against the cost volatility that this transition can drive as well as contributing to grid stability. » Consideration of business continuity during potential long duration or rolling utility outages. 	GPT will continue to grow its on-site storage and develop Smart Energy Hubs in partnership with Shell Energy Australia that aim to better balance energy demand, on-site generation and storage and energy market requirements.
Customer use of EV negatively impacts asset energy demand profiles	<ul style="list-style-type: none"> » Electric vehicles are an essential part of the transition to a low carbon economy, however this introduces an energy demand burden that most assets were never designed to withstand. Of particular risk are fast charging stations which can have a large impact on an asset's electrical infrastructure and peak demand profiles. GPT is taking a cautious approach to fast charging infrastructure to ensure our demand-side flexibility program succeeds. Slow charging and controlled loads are of less concern. 	GPT is future proofing for the expansion of EVs so that when market expectations require availability of EV charging infrastructure, our assets can transition quickly with the most up-to-date and low risk technologies.
Opportunities arising from research and development (R&D) in new and alternative technologies	<ul style="list-style-type: none"> » GPT is investing in new technology research and pilots to improve financial outcomes and better understand climate risk. Examples include: <ul style="list-style-type: none"> - Advances in battery technology and declining prices for solar systems increases appeal of renewable energy for investors and customers. - Investment in the latest climate modelling, such as XDI, to inform asset level climate adaptation. 	Continued R&D investment.

Appendix B: Risk Analysis and Mitigations CONTINUED

Physical Risks

Without additional global efforts to constrain emissions, a high emissions scenario will occur in the future. The high emissions scenario presents a greater magnitude and wider range of physical risks resulting from climate change. Through our carbon neutral efforts, GPT is contributing to the avoidance of a high emissions scenario eventuating. Nonetheless, our precautionary principle approach to risk management means that GPT is also preparing for the potential physical impacts of a high emissions scenario on its business and assets.

In risk analysis and planning, GPT considered a high emissions scenario aligned with RCP 8.5 which broadly anticipates potential global warming of between 3.3°C and 5.7°C this century. Whilst some of the impacts of a high emissions scenario are already manifesting, many will become more common and worsen in the long term. As asset lifecycles are of relatively long duration, adaptation opportunities must be addressed in resilience plans in the short to medium term, when upgrade opportunities arise.

RCP 8.5 is associated with SSP5 scenario (Fossil-fuelled development), a socioeconomic scenario that features high challenges to climate change mitigation and low challenges to climate adaptation, due to its push for economic and social development coupled with the exploitation of abundant fossil fuel resources and the adoption of resource and energy intensive lifestyles around the world. This scenario has heavy reliance on fossil fuels with an increasing contribution of coal to the energy mix.

[SEE APPENDIX A FOR THE EMISSIONS SCENARIOS USED BY GPT.](#)

Asset-level physical hazard identification

GPT conducted a physical hazard identification exercise for all assets in our portfolio during 2020, considering the potential impacts of extreme hot days, heatwaves and rising average temperatures, severe weather events, tidal inundation, drought, and bushfire under the RCP 8.5 scenario. The reviews considered impacts over all time periods out to the very long term (out to 2100). The asset-level assessments were cross-referenced with the September 2020 Climate Measurement Standards Initiative report, 'Scenario Analysis of Climate-Related Physical Risk for Buildings and Infrastructure: Climate Science Guidelines'. Since the 2020 exercise, GPT has procured multi-hazard climate modelling for all assets out to 2100. The modelling assisted in GPT prioritising key assets at risk of climate change. These assets were also chosen based on factors such as development status, location, portfolio, market value and life-cycle upgrades. Climate risk reviews and adaptation planning for the key assets, at asset level, were conducted in 2022, strictly following standards and guidelines such as ISO 14090, ISO 14091 and AS 5334-2013.

Equally as important as addressing direct physical climate hazards to our assets, GPT identified how the hazards may have an indirect impact. This involved identifying possible consequences should surrounding communities, infrastructure or economies be affected, by single or compounding climate change induced events. Both potential direct and indirect consequences from physical climate hazards had many synergies with transition risks of climate change.

Climate adaptation workshops identified and addressed vulnerabilities that the assets and surrounding areas have regarding climate change. Detailed reviews and adaptation planning have been incorporated into major development projects as an input into governance processes and investment decisions regarding plant and equipment to optimise building performance and future resilience. The risk reviews and adaptation workshops have also contributed to Green Star accreditation for key developments currently underway.

As a result, GPT has met its target commitment to develop climate adaptation plans for key assets by the end of 2022. GPT's Climate Risk Analyst will continue to conduct climate risk reviews and adaptation planning for all GPT's assets to identify and reduce vulnerabilities to potential climate change hazards.

A summary of the key potential impacts of each physical risk in the high emissions scenario is provided in [Tables 7 to 11](#). The impacts of the physical hazards are grouped in the table below:

Physical hazard impacts	Direct impacts	Indirect impacts
Definition	The impact of the hazards directly on GPT's physical assets or business operations.	The impact of the hazards on the surrounding community, infrastructure and local economy in which GPT's assets are located and upon which our success depends.
Attributes considered	<ul style="list-style-type: none"> » Approximate cost of damage to both operational and capital expenditure » Duration or length of impact » Approximate size of the common areas impacted » Potential immediate health and safety impact » Length of disruption to operations and tenants, and » Implication to new builds. 	<ul style="list-style-type: none"> » Duration or length of impact » Immediate financial impact to the greater » Potential disruption or decrease of population, and » Long term community impact.

Appendix B: Risk Analysis and Mitigations CONTINUED

Physical Risks

Table 7: Extreme hot days, heatwaves & rising average temperatures

Heatwaves are predicted to increase roughly in line with the change in higher average temperatures for southern and central Australia, meaning an increase in the average number of days over 35°C that cause notable impacts to infrastructure, health and ecosystems. Every additional 0.5°C of global warming causes discernible increases in the intensity and frequency of hot extremes, including heatwaves and heavy precipitation.¹

Adaptation:

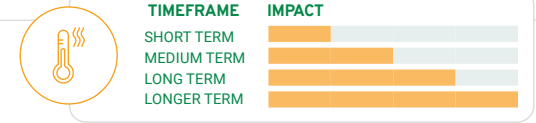
GPT retail and office assets have significant air-conditioning infrastructure with lifecycle upgrades occurring approximately every 15 years.

GPT uses climate modelling to consider this physical climate hazard, such as the projected increase in the number of extreme hot days per year exceeding 35°C in 2030, 2050 and 2090 at an individual asset level to help inform lifecycle upgrades.

While the economic viability of the communities where we operate is not expected to be undermined by heatwaves, GPT assets can provide refuge for community members during periods of extreme heat.

As a result, we focus on maintaining comfort conditions, avoiding increases in electricity and equipment costs, and considering critical equipment requirements to reliably provide heat refuges. These considerations are not expected to materially impact asset returns due to existing controls within the Energy Master Plan and lifecycle planning.

Logistics assets have varying mechanical and passive cooling qualities and are often located in the more intense heat impacted areas of cities such as Western Sydney. However, logistics buildings have short lifecycles and GPT is already increasing focus on developing and upgrading logistics assets with improved insulation, access to air-conditioning to meet heatwave operating conditions, landscaping designed to minimise heat island impacts and access to on-site solar PV to lower energy costs.



Risk impacts	GPT's current response and strategy	Near-term approach	Long-term approach
Increased capital expenditure and operational expenditure for cooling upgrades or the potential of stranded assets that don't meet comfort condition expectations	<ul style="list-style-type: none"> » Increased business intensity and occupancy density in GPT buildings necessitates increased cooling capacity in our buildings. Our infrastructure upgrade program continues as a part of our capital works program, which includes planning to ensure that cooling infrastructure meets potential future extreme heat conditions. » The high-quality cooling infrastructure in GPT's buildings generates comfort conditions during heatwaves that allows for business-as-usual and may also be a contributor to 'community resilience'. In our retail assets, this may act as a drawcard for visitors seeking respite from the heat. » Efficiency programs and air-conditioning optimisation investments are reducing the energy costs to operate our buildings, combined with proactive energy cost management and demand management programs. 	<p>Increase emphasis on passive design elements and demand management capabilities to ensure that peak air-conditioning loads avoid overlapping directly with network peaks during heatwaves to minimise operational costs.</p> <p>On-site solar installations at logistics assets in anticipation of air-conditioning becoming part of future building requirements, to manage energy costs.</p>	<p>Continue to review climate modelling, technology advances, the detailed asset-level climate risk assessments and adaptation plans for further actions.</p> <p>Continue to deliver comfortable indoor conditions for those seeking respite from the higher than average temperatures, and engage with local governments to manage refuge risks and opportunities.</p>
Potential damage to infrastructure resulting in utilities service interruptions and access issues for assets	<ul style="list-style-type: none"> » Business continuity plan in place for major acute events and natural disasters including the management of service interruptions and constrained access to assets. 	<p>As the probability of service failure increases in the medium term with the potential for increased peak temperatures during heatwaves, GPT will specify higher operating temperature ranges for major equipment or where possible, relocate equipment to sheltered positions.</p>	<p>Engage with all levels of government to understand the resilience of energy infrastructure and update our strategies accordingly.</p>

1. IPCC Sixth Assessment Report (2021), page 20.

Appendix B: Risk Analysis and Mitigations CONTINUED

Physical Risks

Table 8: Extreme weather events including floods, severe storms and cyclones

The high emissions scenario predicts that extreme rainfall leading to flash flooding is very likely to increase. For every 1°C of warming, the atmosphere can hold an extra 7 per cent of moisture. This can dramatically alter the water cycle. In northern Australia, increased annual mean and heavy rainfall, and decreased droughts and tropical cyclones are projected. While the frequency of Category 4 and 5 tropical cyclones is projected to decrease, there is a potential increase in the number of severe cyclones. Increased heavy rainfall and river flooding in most parts of Australia is also projected by 2050.

Adaptation:

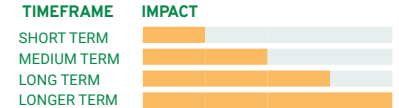
The majority of GPT assets are not exposed to flood risk. For assets with exposure to potential flooding, we have invested in infrastructure to build resilience to ensure operations viability.

Severe storms are a regular occurrence in Australia, mostly from September to April. Every asset will be exposed to severe storms at some point in time, so it is vital we reduce the assets' vulnerability with detailed climate modelling and adaptation workshopping.

📖 [SEE POSITIVE IMPACT FROM CLIMATE ADAPTATION IN BRISBANE CASE STUDY.](#)

A small number of our assets are exposed to potential cyclones, for example logistics assets in North Queensland.

Further modelling will be required to investigate the risks of cyclones impacting our southern Queensland assets and their communities in the long term.



Risk impacts	GPT's current response and strategy	Near-term approach	Long-term approach
Damage to buildings resulting in increased capital expenditure for repairs	<ul style="list-style-type: none"> » Work with our insurers to model potential catastrophic events and ensure that we understand these risks and have appropriate insurances. Where major capital investments are made, GPT future proofs its buildings for potential extreme events. 	Where major capital investments are made, GPT future proofs its buildings for potential extreme events.	Detailed climate modelling is included in major developments to ensure building designs are resilient to extreme weather events.
Disruptions to operations resulting from extreme weather events	<ul style="list-style-type: none"> » GPT has detailed business continuity, maintenance and asset replacement plans that are updated on a regular basis. » The major capital cities where most of our assets are located also have strong resilience plans and infrastructure that can withstand extreme weather events. » Use available tools to model extreme precipitation when determining lifecycle upgrades to roofs including guttering systems to limit operational impacts. 		

Appendix B: Risk Analysis and Mitigations CONTINUED

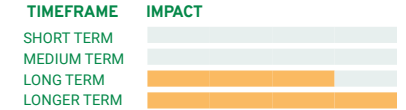
Physical Risks

Table 9: Tidal inundation from rising sea levels

Based on the rate of sea-level rise, tidal inundation is very likely to increase and cause damage to buildings and infrastructure. It is projected that relative sea levels will rise at a rate higher than the global average in recent decades for some time, contributing to increased coastal flooding and shoreline retreat along sandy coasts throughout Australia. Under this scenario, the historical centennial event (HCE, or 1 in 100 year event) is projected to become an annual event for most of the Australian coast by 2050.

Adaptation:

The vast majority of GPT's assets will not be directly impacted by sea level rise. Minimal impact is also foreseen on the regional economic viability and infrastructure upon which the assets depend. In the very long term, a small number of assets will be impacted by potential inundation if no preventative actions are taken. However, it is anticipated that these impacts will occur beyond the current building lifespans and adaptation plans will be acted upon as climate outcomes become clearer.



Risk impacts	GPT's current response and strategy	Near-term approach	Long-term approach
Damage from direct flooding of assets or flooding of local infrastructure or communities making the assets inaccessible or isolated from customers	» GPT has reviewed all assets for the threat of tidal inundation out to 2100. The portfolio is assessed as having minimal potential risk in the near to medium term.	Work with local government authorities to understand the planning response to potential inundation risks.	Reassess any investments in assets where there are risks of material tidal inundation impacts with the potential to undermine long term investment returns.

Appendix B: Risk Analysis and Mitigations CONTINUED

Physical Risks

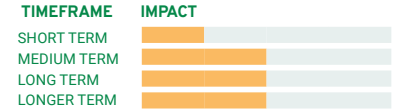
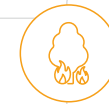
Table 10: Bushfire

It is projected that there will be an increase in the number of days with very high fire probability weather conditions in Australia as climate change becomes more extreme. The frequency of extreme fire weather days has increased, and the fire season has become longer since 1950. The intensity, frequency and duration of bushfire events are projected to increase throughout Australia (high confidence).

Adaptation:

The vast majority of GPT assets are not located in bushfire affected areas as they are largely located in capital cities and industrial precincts, resulting in limited direct threat of physical damage to our assets. A small number of logistics assets are situated near low bush fire risk areas and have bushfire management plans in place.

We recognise that assets outside of direct fire threats may be impacted by bushfire smoke. Consequently, our planning and future upgrades consider indirect bushfire effects such as the impact on surrounding infrastructure and air quality, and the quality of our assets ventilation and filtration systems in particular.



Risk impacts

GPT's current response and strategy

Near-term approach

Long-term approach

Direct threats from bushfires such as impacts on air quality as well as threats to surrounding infrastructure such as power and roads

» Installation of improved air filtration in office assets in response to the COVID-19 pandemic has the joint benefit of improving indoor air quality during events including bushfires and dust storms.

As a major property manager, GPT will work with local authorities in developing community resilience plans and there is potential for GPT buildings to be a refuge for community during bushfires.

Review technology advances to provide greater bushfire resilience and engage with local government to manage refuge risks and opportunities.

Appendix B: Risk Analysis and Mitigations CONTINUED

Table 11: Drought and water scarcity

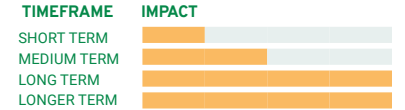
Time spent in a state of declared drought is projected to be more prolonged for eastern Australia in the high emissions scenario, while in northern Australia the projected increase is significant only for the extreme drought category. As populations grow in the long term, greater competition for water resources will amplify water scarcity issues and it is foreseeable that many of our urban areas will become more dependent on manufactured water (e.g. desalination plants) which is more costly.

Adaptation:

GPT explores ways to build resilience against water scarcity and reduce water usage and pollution. GPT has set a target to deliver water neutral operations for GPT owned and managed buildings by 2030. This target is supported by our Water Master Plan, which has a focus on eliminating, reducing and/or substituting potable water consumption through active participation from key parts of the business across the development, operations and lifecycle upgrade phases of our assets.

GPT's major asset-level water use is for cooling towers. Water currently makes up less than 4 per cent of total asset operational costs, therefore the impact of a potentially significant cost increase imposed by suppliers in response to future water scarcity would be minimal.

As community and regulatory expectations grow, ongoing water infrastructure investments will be required. Several GPT assets already have access to rainwater capture or recycled water which further reduces the potential direct impact from drought hazards.



Risk impacts	GPT's current response and strategy	Near-term approach	Long-term approach
Availability of water for business as usual operations	» While GPT is mindful of the increased risk of drought, the Group does not have investments in regions of Australia that are significantly impacted by drought.	Research diversification of cooling water supply, as an alternative to using potable water. Develop a Water Master Plan to govern water use across the portfolio.	Eliminate the use of water where viable at major asset developments and redevelopments through strategies such as geothermal heat exchange.
Increased price of water	» GPT has implemented a water efficiency strategy that has resulted in a reduction of approximately 60 per cent in water intensity of its assets over the past 15 years.	Work with tenants to reduce water usage.	
Increased regulatory requirements regarding the allowable uses of water	» Continue to investigate strategies for reducing our water usage, the usage of drinking water for operations, and reducing the degradation of downstream waterways by managing stormwater discharge.	Collaborate with local council and government to build resilient cities and water supply. Engage with the industry to develop a credible scheme for water offsets.	

Appendix C: Glossary

Throughout this Statement, several national and international bodies and commitments are referenced. They are described below.

Table 12: Key terms

Reference	Description
Carbon Neutral	Carbon neutral means reducing emissions where possible and compensating for the remainder by investing in carbon offset projects to achieve net zero overall emissions, as defined in the Australian Government Climate Active Carbon Neutral Standards.
Climate Active	Climate Active is an ongoing partnership between the Australian Government and Australian businesses to drive voluntary climate action. Climate Active certifies businesses and organisations that have proven that they are measuring, reducing and offsetting their emissions, with a net result of zero emissions. www.climateactive.org.au
Climate Measurement Standards Initiative (CMSI)	The CMSI is an Australian industry-led collaboration formed to provide comparable and consistent climate-related risk disclosures guidelines specifically for asset owners, banks, insurers and traders of private and residential property in Australia, and for institutions whose role it is to oversee financial and community stability. www.cmsi.org.au
Financial Stability Board (FSB)	The FSB is an international body that monitors and makes recommendations about the global financial system, by coordinating national financial authorities and international standard-setting bodies as they develop regulatory, supervisory and other financial sector policies. TCFD was established in 2015 by the FSB to improve and increase reporting of climate-related financial information, and the first recommendations was released in 2017. www.fsb.org
Funds From Operations (FFO)	Funds From Operations is defined as the underlying earnings calculated in accordance with the Property Council of Australia 'Voluntary Best Practice Guidelines for Disclosing FFO and AFFO'.
Global Reporting Initiative (GRI)	GRI is an independent international organisation that provides organisations with the widely used standards for sustainability reporting, the GRI Standards. www.globalreporting.org
Green Buildings Council Australia (GBCA)	The Green Building Council of Australia (GBCA) is the authority on Green Star rated projects (see further information under Green Star in this glossary), leading sustainable building practices and educational resources about developments within Australia's built environment. https://new.gbca.org.au/

Appendix C: Glossary CONTINUED

Reference	Description
Green House Gas Protocol	GHG Protocol establishes comprehensive global standardised frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions. The GHG Protocol works with governments, industry associations, NGOs, businesses and other organisations. ghgprotocol.org
Green Star	Founded by Green Building Council of Australia in 2003 for the Australian environment, Green Star is an internationally recognised rating system setting the standard for healthy, resilient, positive buildings and places. https://new.gbca.org.au/green-star
Innogen	A subsidiary of GPT Property Management, which is used as a vehicle to operate the Embedded Networks and Energy Generation
Intergovernmental Panel Climate Change (IPCC)	The Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change. The IPCC was created to provide policymakers with regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation options. www.ipcc.ch
International Sustainability Standards Board (ISSB)	The International Sustainability Standards Board (ISSB) is an independent, private-sector body that develops and approves IFRS Sustainability Disclosure Standards (IFRS SDS). The purpose is to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions. https://www.ifrs.org/
NABERS	NABERS stands for the National Australian Built Environment Rating System, which provides simple, reliable, and comparable sustainability measurement used across the building sectors. NABERS rates a building's energy, water, waste or indoor environment performance based on the building's operational data. www.nabers.gov.au
Operational control	Operational control is where an entity has principal decision making authority in respect of operating a space or a service. For example, GPT does not have operational control over the majority of its logistics assets, where tenants have principal decision making authority over matters such as entry into contracts for the supply of energy and its use on site.
Paris Agreement	The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at COP 21 in Paris, on 12 December 2015 and entered into force on 4 November 2016. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. Unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement
Representative Concentration Pathways (RCPs)	RCPs are different greenhouse gas concentrations and their radiative forcing potential to describe different climate futures that are considered in scenario analysis.

Appendix C: Glossary CONTINUED

Reference	Description
Scope 1 Emissions	<p>Scope 1 emissions are greenhouse gas emissions released to the atmosphere as a direct result of an activity, or series of activities, at a facility level. They are sometimes referred to as direct emissions.</p> <p>For a property portfolio, Scope 1 emissions stem from gas burned for heating and hot water, diesel and gas burnt for electricity generation, including emergency backup electricity and occasional refrigerant gases from air conditioning systems.</p>
Scope 2 Emissions	<p>Scope 2 emissions are released to the atmosphere from the indirect consumption of an energy commodity. For example, 'indirect emissions' come from the use of electricity produced by the burning of coal in another facility.</p>
Scope 3 Emissions	<p>Scope 3 emissions are indirect emissions, other than Scope 2 emissions, that are generated in the wider economy.</p> <p>For GPT's property portfolio, we are principally focused on reducing Scope 3 emissions in areas over which we have strongest management control. We align with the Australian Government's Climate Active boundaries for Scope 3 reporting. For our properties, this includes emissions from electricity and gas transmission losses and emissions from waste and water consumption.</p>
Shared Socioeconomic Pathways (SSPs)	<p>SSPs describe different futures of socio-economic development in the absence of climate policy intervention.</p> <p>The combination of SSP-based socio-economic scenarios and RCP-based climate projections are often used together to consider future climate impact and policy analysis.</p>
Group Sustainable Debt Framework	<p>The GPT Group Sustainable Framework was established in October 2021 which outlines how GPT and GPT's Wholesale Funds (The GPT Wholesale Office Fund and The GPT Wholesale Shopping Centre Fund) intend to issue and manage sustainable debt. It has been developed in line with the principles and guidelines issued by the International Capital Market Association (ICMA), Loan Markets Association (LMA), Asia-Pacific Loan Market Association (APLMA) and where relevant, the Climate Bonds Initiative (CBI). These market standards are voluntary and accepted as best practice in the global capital markets.</p> <p>https://www.gpt.com.au/sustainable-finance</p>
Task Force on Climate-Related Financial Disclosures (TCFD)	<p>The TCFD was established by the Financial Stability Board to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders understanding of the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks. These recommendations were released in 2017 to help companies provide better information to support informed capital allocation.</p> <p>www.fsb-tcfd.org</p>
Taskforce on Nature-related Financial Disclosures (TNFD)	<p>The TNFD is a global initiative created to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature related risks, with the ultimate aim of supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes. In November 2022, TNFD released the third version of its beta framework for market consultation. The full framework is planned to be released for market adoption in September 2023.</p> <p>https://tnfd.global/</p>

