



FY23 Sustainability Report



Supporting better communities
through life's essentials.

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A message from our Chair and CEO

We are pleased to have made significant progress towards meeting our sustainability commitments and targets in FY23, as we continue to support Australian communities by providing access to fast and easy essentials at a place nearby.

Operating as a sustainable business is key to delivering on our core strategy and underpins our long-term growth. Our investment in solar photovoltaic (PV) generation is central to our environmental sustainability efforts. A highlight this year is the completion of solar PV installations at nine of our sites, continuing our journey to reach net zero carbon by FY30 for scope 1 and 2 greenhouse gas emissions.

As Australia's largest owner of neighbourhood and convenience-based shopping centres, we acknowledge the inherent risks of climate change to our business, our stakeholders and our communities. Consistent with the Australian Government's commitment in June 2022, we support the aims of the Paris Agreement, striving to limit global warming to below 2°C. This Sustainability Report contains our progress to align our disclosures to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

To emphasise importance of renewable energy sources for our business, we have included an emissions reduction target in the executive short term incentive plan.

We recognise that sustainability extends beyond environmental impacts. As a business, we are committed to social responsibility and the wellbeing of our employees, tenants, customers and local communities. We have taken positive steps towards enhancing employee wellbeing and promoting diversity and inclusion. We believe the action we are taking to deliver on our sustainability goals, via community events, initiatives and our partnership with The Smith Family will enable our communities to thrive and grow.

We are pleased with the progress we have made this year and are excited about the positive impact we can make through continued investment and focused work. I would like to thank our investors, employees, tenants and other stakeholders for their support and commitment to sustainability.



Steven Crane
Chair



Anthony Mellowes,
Chief Executive Officer

Steve Crane
Chair

Anthony Mellowes
Chief Executive Officer

Our Company

Region Group is an internally managed real estate investment trust (REIT), with 103 shopping centres under management, of which 95 are directly owned and eight are owned by the Metro Fund*.







This report encompasses all owned and managed properties. Our shopping centres are in urban and regional neighbourhoods across all states and the Northern Territory, and are visited by millions of people every year. Our purpose is supporting better communities through life's essentials. To achieve this, we believe in owning assets that are economically and environmentally sustainable. Our centres, directly and indirectly, provide employment for thousands of people and help support the economic resilience of their local communities. Our teams across every asset strive to ensure Region Group centres serve an essential role in their communities: working together with local people on local issues, supporting community initiatives and volunteering in community projects.

Global Real Estate Sustainability Benchmark (GRESB) results: Our GRESB score for 2021 was 78 (up from 75 in 2020). We continue to increase our score year on year and are looking forward to our 2022 results, due for release in October 2023.



*SCA Metro Convenience Shopping Centre Fund

FY23 SUSTAINABILITY HIGHLIGHTS

- 
\$5.8M
 investment in solar PV generation, representing 5.3MW of new solar PV capacity
- 
17%
 reduction in greenhouse gas emissions (scope 1 and 2) from FY20 baseline calculated on a like for like basis excluding acquisitions and disposals
- 
7
 asset climate change impact assessments completed
- 
40:40:20
 gender balance maintained (Non-Executive Directors and total employees)
- 
TCFD
 continue to work towards TCFD alignment
- 
5.5 STAR
 NABERS rating for our corporate office premise
- 
128
 students supported through our partnership with The Smith Family
- 
555
 Stronger Communities events or initiatives held (up from 337 in FY22)



Our Sustainability Strategy and Approach

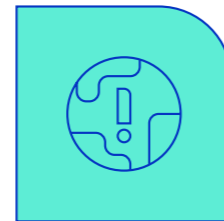
With the launch of our Sustainability Strategy in FY21, we signalled our intent to clearly define and demonstrate Region Group’s social and environmental value, and our commitment to work with our tenants, customers and external partners to help deliver positive changes.

We continue to make progress on the commitments made in our Sustainability Strategy (see facing page). We are pleased with our continued investment in solar PV generation. In FY22, we set an interim target to install 10MW of solar PV by FY23 (on our path towards 25MW by FY26). We are currently tracking well ahead of schedule, with 14.9MW installed or under construction across 24 assets. At the same time, we are rolling out embedded networks at a number of these sites, thereby improving data availability for our scope 3 emissions reporting.

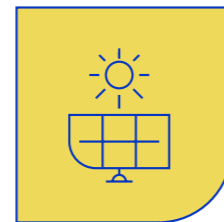
We also take pride in the impact we have made in partnership with The Smith Family to improve the lives of young Australians. To date, 128 students have received sponsorship as part of the *Learning for Life* program over the last 3 years, with support extending to many other students through mentoring programs, birthday cards and Christmas gifts, laptop devices and other fundraising events. Additionally, we have been involved in a number of community events and local initiatives – for example, the Ipswich Toy Run – and establishing local community engagement plans across all of our shopping centres.

We remain on track to align our climate-related disclosures with the recommendations of the TCFD by FY25, which is a good starting point for the upcoming International Sustainability Standards Board (ISSB) sustainability disclosure standards. Additional information on our plans to align with the TCFD recommendations can be found on [page 45](#).

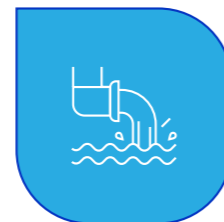
All targets and commitments will be per financial year going forward.



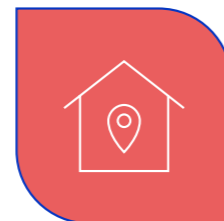
Climate Risk
We believe in being transparent and climate prepared



Energy & Carbon
Achieve net zero carbon (scope 1 and 2 emissions) in our operations by FY30



Water & Waste
We believe in using and reusing all resources responsibly and efficiently



Essentially Local
Work together with The Smith Family to build strong, sustainable communities



Diversity & Inclusion
40:40:20 gender diversity target



Health & Wellbeing
Continually improve health and wellbeing of employees

FY23 PROGRESS UPDATE

This table details our progress against the sustainability commitments made by Region Group in the FY22 Sustainability Report.

● COMPLETE ● ON PROGRAM ○ FURTHER WORK REQUIRED

Sustainability Pillar	FY23 Commitment	Status	Comment
Climate Risk	Identify climate-related risks and opportunities in the short, medium and long term, and their subsequent impacts on the business, strategy and financial planning by FY23	●	Complete and will continue to revisit them into FY24. The risks and opportunities will be annually reviewed and published in the AECOM Physical Climate Change Impact Assessment Risk Analysis
	Complete six additional asset climate change impact assessments with scenario analysis of impacts from temperature increases (from 1.5°C up to 2°C) by FY24	●	Seven asset climate change impact assessments completed by AECOM
	Complete climate risk assessments for all acquisitions	●	Completed as required when potential acquisitions enter due diligence
	Integrate climate-related risks into our overall Risk Management Framework by FY23	●	Completed and now included in our risk register
	Implement 11 Community Resilience Action Plans (disaster emergency actions with integration into community services) at high-risk centres by FY24	●	Completed ahead of schedule in FY23 with our property partner, Knight Frank Australia
	Commence reporting scope 3 emissions where available in FY23	●	Commenced. We receive energy consumption numbers for all Coles, Woolworths and Wesfarmers stores, and specialty tenancy data from our 20 embedded network sites. This will grow to 28 sites by the end of FY24
	Be fully aligned to the recommendations of the TCFD by FY25	●	Ongoing
Energy & Carbon	Reach net zero by FY30 (scope 1 and 2 greenhouse gas (GHG) emissions)	●	On program to reach net zero scope 1 and 2 GHG emissions
	Continue our solar PV program targeting 25MW by FY26 (including 10MW by FY24)	●	We currently have 14.9MW installed or under construction across 24 sites, exceeding our commitment of 10MW by FY24. We are on track to achieve 25MW by FY26. Our target of 25MW is based on our FY20 portfolio requirements and is likely we will reassess this target after FY26 to continue to be on program and meet our net zero by FY30 (scope 1 and 2 greenhouse gas (GHG) emissions)
	20% less energy consumption than in FY19 by FY26 on a like-for-like basis	●	On program to be completed as per our solar PV program roll-out

Sustainability Pillar	FY23 Commitment	Status	Comment
Energy & Carbon cont. 	Completion of a portfolio energy efficiency strategy by FY24	○	In FY23, Knight Frank Australia completed an exercise to understand the current operational and functional status of the Building Management Systems (BMS) across the portfolio, and found an opportunity to standardise and centralise the BMS across the portfolio. In a pivot away from the completion of an energy efficiency strategy, the next steps included completing a review of our existing infrastructure and a portfolio-wide scope exercise before a detailed energy efficiency strategy can be determined
	Environmentally friendly refrigerants only by FY25	●	Ongoing and progressing well as plant and equipment reaches end of life
	Investigate the feasibility of large-scale on-site energy storage by FY24	●	Completed, finding that the current cost of infrastructure does not make it feasible to install batteries to our centres at this time. We continue to investigate opportunities and are exploring co-funding opportunities with Australian Renewable Energy Agency (ARENA) and the NSW Government
	Exploring opportunities with our specialty tenants to establish energy partnerships by FY25	●	Discussions are ongoing; however, we have not yet secured an agreement that benefits Region Group and our specialty tenants. Our embedded network roll-out continues, where we are able to on-sell energy to our specialty tenants at a discount to the comparable market
Water & Waste 	Divert 60% of operational waste by FY30	○	We are standardising our waste recovery contracts and working with our contractors to reduce waste
	Waste audits conducted at all sites by FY24	●	Completed as part of our annual GRESB benchmarking
	Contractor recycling plans created by FY24	○	Our waste costs have increased, contributing to the increased costs of overheads. An opportunity identified in FY23 is the need to standardise our waste streams recovery. As such, we have made a pivot away from creating contractor recycling plans to commencing a project to standardise our waste recovery contracts and align waste recovery with our cleaning contracts. This project has commenced
	Encourage tenants to use environmentally friendly materials and phase out single-use plastics by FY26	●	Ongoing, and several state governments have introduced legislation in FY23 banning single-use plastics in the retail industry
	Eliminate single-use plastics at our corporate office by FY25	●	No single-use plastics will be purchased from FY24. All existing items will be used and then replaced with only biodegradable alternatives
	Complete a feasibility study of installing water-efficient flow taps across the portfolio by FY24	○	This remains under investigation
	Complete a feasibility study of installing water metering to high-volume tenants by FY24	○	This remains under investigation

● COMPLETE ● ON PROGRAM ○ FURTHER WORK REQUIRED

Sustainability Pillar	FY23 Commitment	Status	Comment
Essentially Local 	Create a program that supports local community groups through increased engagement in FY23	●	The Local Community Engagement Program (LCEP) is complete
	Continue to work together with The Smith Family to increase our efforts to build strong, sustainable communities	●	Achieved
	Continue supporting success at school for 128 young Australians with The Smith Family	●	Achieved
	Encourage 100% employee participation in workplace volunteering by FY24	●	We continue to provide opportunities to participate in a variety of volunteering activities
Diversity & Inclusion 	Maintain 40:40:20 gender diversity for roles through the organisation	●	Achieved and ongoing
	Develop a strategy to improve our Aboriginal and Torres Strait Islander People engagement and impact by FY24	●	The development of our LCEP includes the Aboriginal and Torres Strait Islander People communities that are close to our centres where we can have maximum impact
	Ensure diversity in the recruitment process in FY23	●	Achieved and ongoing
	Provide diversity and inclusion training to anyone responsible for recruitment in FY23	●	Inclusive recruitment training has been rolled out to all recruiting managers
	Continue to develop career pathways to support people at all stages of their careers, including parents on their return to work	●	Achieved and ongoing
Health & Wellbeing 	Access to wellbeing programs for staff to continue with the Region Group ClassPass membership program	●	Ongoing and proving to be a great success with ongoing engagement and usage by our staff
	Introduce a bonus leave program in FY23	●	Completed and implemented
	Increase paid parental leave to 16 weeks for the primary caregiver in FY23. Introduce paid domestic violence leave in FY23	●	Completed and implemented
	Encourage more team-based activities in FY23	●	Ongoing throughout our teams
	Continue providing ergonomically designed workspaces in the corporate office, and provide guidance on ergonomic and healthy work environments for the home	●	Achieved and ongoing
	Continue to encourage active commuting with end-of-trip facilities	●	There is regular use of the end-of-trip facilities by our staff
	Continue free flu vaccinations for employees	●	Always available and ongoing
	Continue providing a COVID-19 safe working environment including appropriate flexibility	●	Flexibility remains for all employees and their families
	All employees to have mental health awareness training	●	Completed, and we now have 2 Mental Health First Aid (MHFA) trained staff



Climate Risk

We believe in being transparent and climate prepared. Our recent experience with the Lismore floods has demonstrated the importance of adequate risk assessment, preparedness and resilience ([see case study on page 31](#)).

CONTEXT

Climate preparedness is a vital part of risk reduction

The changing climate continues to place increasing levels of risk on our centres and the communities we operate in. Climate-related events such as cyclones, droughts, fire, extreme rainfall events and floods are all expected to become more frequent. Understanding these risks is vital to being able to effectively mitigate them.

OUR APPROACH

Proactive preparation and improving disclosure

At Region Group, we recognise that understanding and being able to mitigate our climate risks is an important part of our responsibility to our people, our communities and our stakeholders. This includes embracing the need for more transparent disclosure, and helping our centres and local communities to be better prepared for climate risks.

OUR TARGETS AND GOALS

Identify Climate Risks and Opportunities

Continue to identify climate-related risks and opportunities in the short, medium and long term, and the subsequent impacts on our business, strategy and financial planning for the portfolio

Scenario Analysis

Complete 6 additional asset climate change impact assessments with scenario analysis of impacts from temperature increases (from 1.5°C up to 2°C) by FY24

Scope 3 Emissions Reporting

Increase reporting coverage of our scope 3 emissions to 68% (from 62% in FY23)

Climate Risk Assessments

Complete climate risk assessments for all acquisitions

TCFD

To be fully aligned to the recommendations of the TCFD by FY25

Climate Risk Management

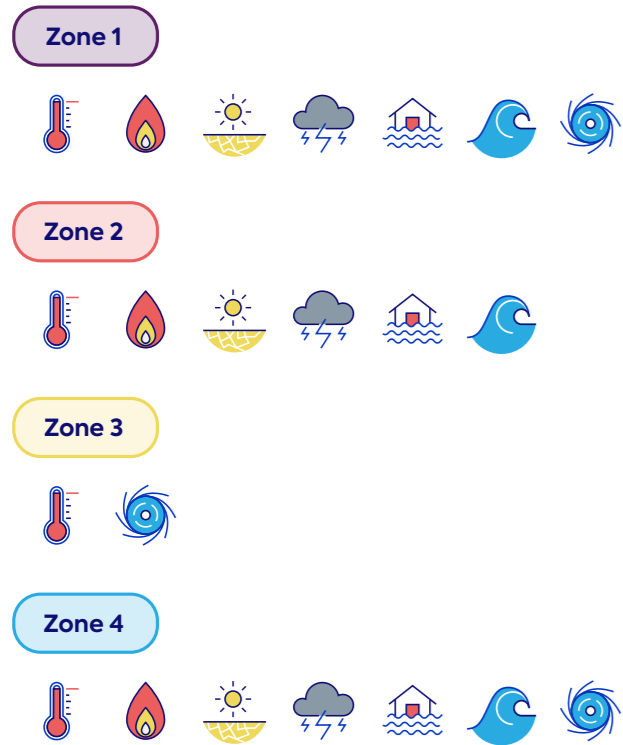
Continue to monitor climate-related risks in our overall Risk Management Framework

Community Resilience Action Plans

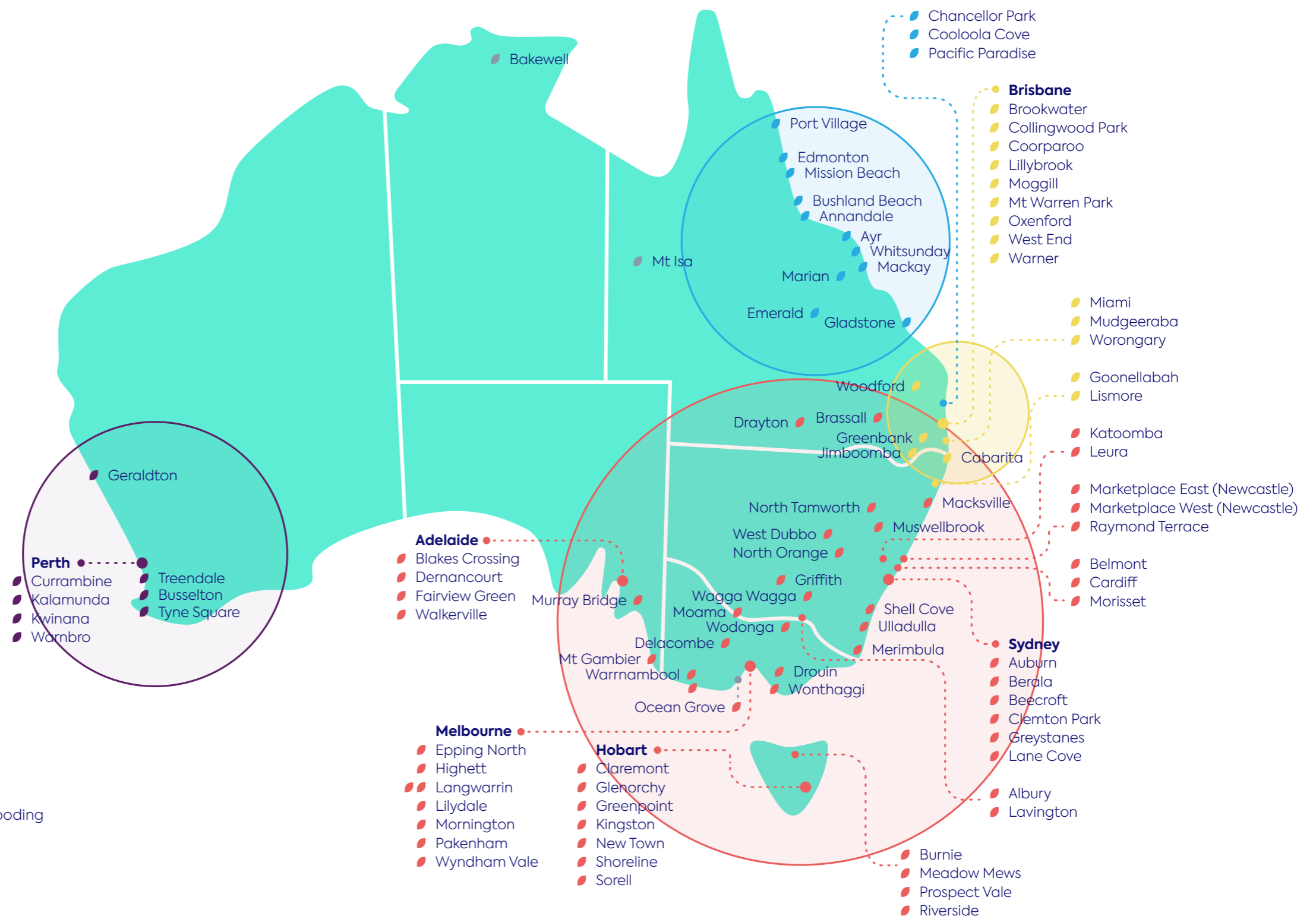
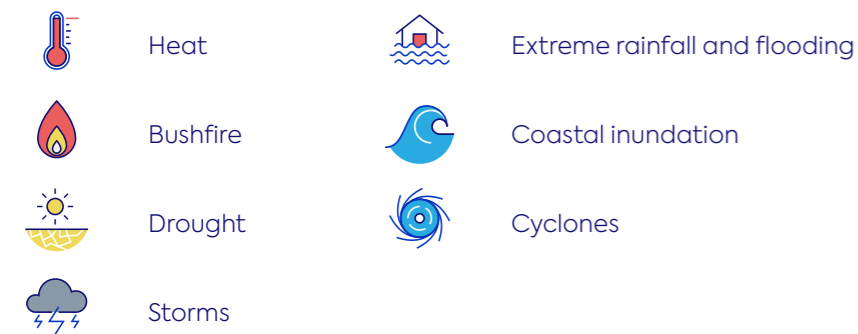
Implement a further 10 Community Resilience Action Plans (disaster emergency actions with integration into community services) at our centres

Climate Exposure Analysis

Weather Zones



Key



CLIMATE RISK APPROACH

The impacts of climate change are increasingly being experienced around the world, both through physical impacts and transition changes. The management of our climate-related risks and opportunities in the short, medium and long term is vital in allowing Region Group to continue to provide returns to our stakeholders.

Region Group recognises that we have a role to play in minimising our impact on the climate, but also must consider the impact that the climate can have on our operations, our supply chain and our customers. We also acknowledge the importance of providing our stakeholders with an understanding of how we identify and manage climate-related risks. In FY22, we developed a roadmap, with KPMG's assistance, towards aligning our climate-related disclosures with the recommendations of the TCFD. More detail, including the roadmap, can be found on [page 45](#).

Our portfolio is exposed to a range of climate-related physical and transition risks and opportunities. In FY23, we have identified our climate-related risks and opportunities in the short, medium and long term and integrated these into our overall Risk Management Framework, in order to build an understanding of their impact on our business, strategy and financial planning portfolio, and implement appropriate management strategies.

From the climate change impact assessments we performed in FY22 and FY23 across 13 key assets, we have gained an understanding of their exposure to changing weather patterns. For centres that are at high risk from climate change, we are working to mitigate those risks where practicable. We will continue to perform these assessments throughout our portfolio, prioritising those centres with the greatest perceived risk and opportunity.



OUR PROGRESS IN FY23

Climate change impact assessments

We completed 13 climate change impact assessments across FY22 and FY23, and plan to continue performing these assessments across our portfolio to identify the areas of greatest risk and opportunity to be addressed. Each assessment looked at the potential exposure to risks from each of the main climate hazards by 2030 and 2090, covering heat, bushfires, drought, flooding, storms, cyclones and coastal inundation/erosion. The recent AR6 climate projections from the Intergovernmental Panel on Climate Change (IPCC) were used to guide the assessment, as well as data from the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and Bureau of Meteorology.

Our climate change impact assessments are feeding into Community Resilience Action Plans, being developed for our centres by our property partner, Knight Frank Australia. These plans will outline disaster emergency actions, including schedules of community groups with integration into local community services. So far, 11 Community Resilience Action Plans have been completed and implemented in FY23.

Acquisition climate risk assessments

As a business that is growing and expanding its portfolio, Region Group recognises the important role that sustainability needs to play in our acquisition decisions. Taking ownership of properties with significant climate risks would add unnecessary risk to our business, and could hinder our ability to meet some of our sustainability targets.

This year we introduced a mandatory climate risk assessment for all properties that are under consideration for acquisition by Region Group. Each report considers the level of risk to the site from temperature increases, extreme temperature events, bushfires and smoke, drought, cyclones and storms, flooding and sea level rises. The risk from each of these events is considered for both

the medium and long term. Any event considered a serious risk is covered in more detail, and potential risk mitigation opportunities are listed. This provides Region Group with a solid understanding of climate risks to consider when deciding whether to proceed with an acquisition.

A climate risk assessment was performed for all properties acquired in FY23.

TCFD alignment and ISSB developments

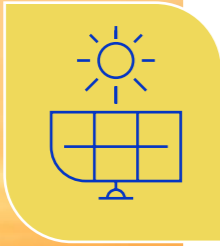
In June 2023, the ISSB released its first two International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.

Building upon existing reporting frameworks including the standards of the Sustainability Accounting Standards Board (SASB) and the TCFD recommendations, the new standards will provide a global baseline of sustainability disclosure standards for capital markets, bringing sustainability reporting into equal importance with financial reporting.

As we continue to implement our roadmap for TCFD alignment, we believe our reporting is moving in the right direction; however, a significant uplift will still be needed to meet the requirements of the new standards. We will continue to monitor the developments in the ISSB's work and consider the impacts on our future reporting, governance and beyond.



Port Village Shopping Centre, QLD



Energy & Carbon

We are playing our part to transition to a net zero world.

CONTEXT

Reducing carbon is business-critical

Action on carbon emissions is no longer just about doing good. Reducing carbon emissions plays a key role in slowing climate change, and therefore reducing exposure to climate risks.

OUR APPROACH

Our role in reducing carbon and climate risks

At Region Group, we accept that climate change is happening and is influenced by human activity. We recognise the need to play our part in reducing carbon emissions and energy usage, to help reduce the climate risks to our centres and local communities.

OUR TARGETS AND GOALS

Increase Solar PV Generation by FY26

Continue our shift towards renewable energy by investing in 25MW of solar PV generation capacity by FY26

100% LED Lighting

Install LED lighting in new property acquisitions

20% Less Energy Consumption by FY26

Reduce consumption across our centres from the grid energy by FY26

Energy Efficiency Infrastructure Review by FY24

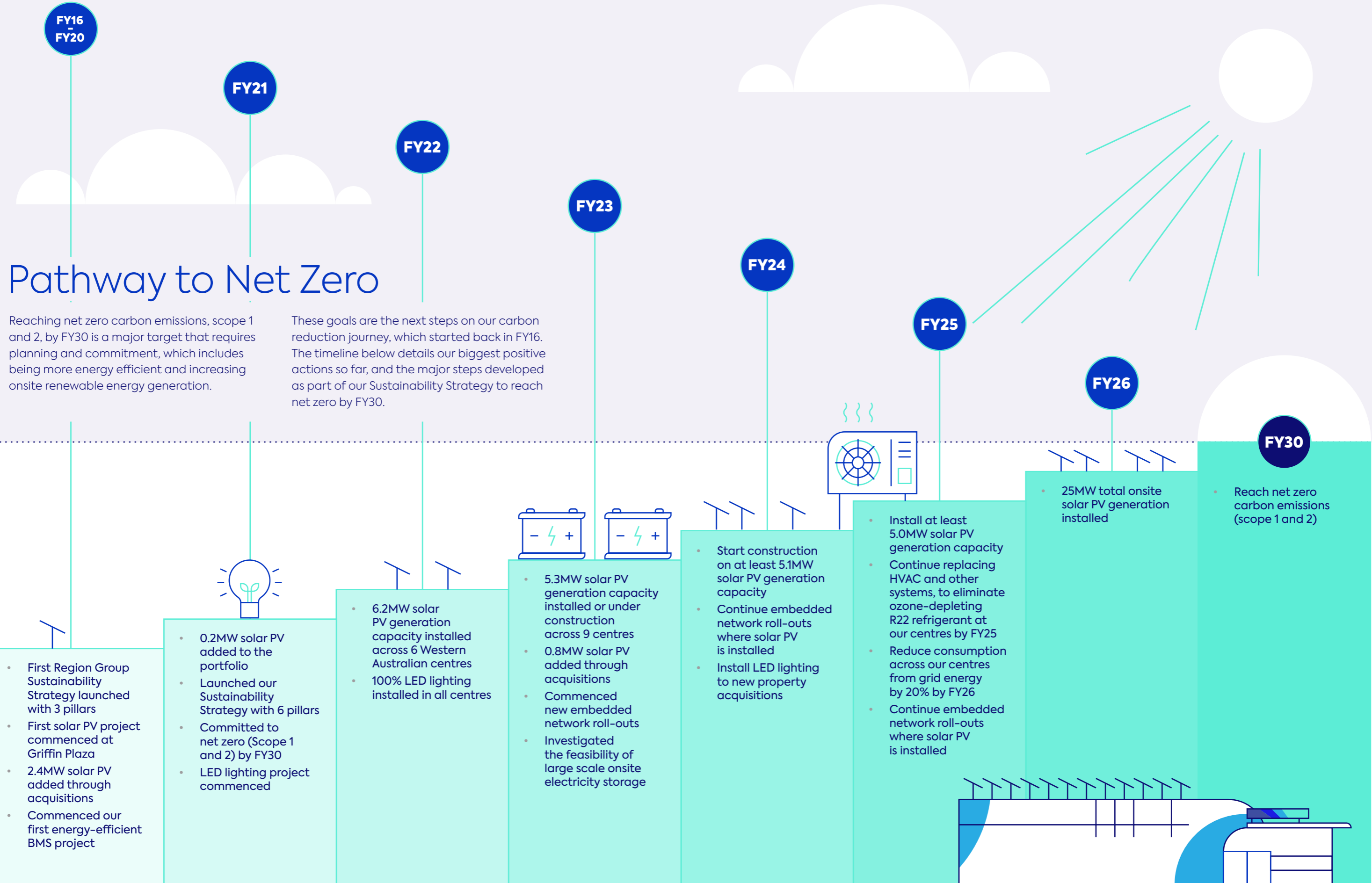
Complete a review of our existing infrastructure and perform a portfolio-wide scope exercise

Environmentally Friendly Refrigerants by FY25

Continue replacing HVAC and other systems to eliminate ozone-depleting R22 refrigerant at our centres by FY25

Renewable Energy Partnerships by FY25

Explore opportunities with our speciality tenants to establish energy partnerships by FY25





OUR PROGRESS IN FY23

Our continued investment in solar PV generation

At Region Group, we have made investment in solar PV generation one of our energy priorities in our efforts to reach net zero carbon (Scope 1 and 2) emissions by FY30. Solar PV reduces reliance on grid energy for both Region Group and our tenants, and thereby reduces future energy costs in the process.

During FY23, we invested \$5.8 million in solar PV generation projects, and completed or nearing completion of 5.3MW of solar PV generation capacity across nine sites – Central Highlands, Mudgeeraba Marketplace, Annandale Central, Marketplace Warner, Jimboomba Junction, Oxenford Village and Brookwater in Queensland; and Bentons Square and The Gateway in Victoria. This brings our solar PV capacity to 14.9MW across 24 sites. We have simultaneously rolled out embedded networks at 20 of these sites.

For FY24, we have identified 13 sites for solar PV installation – these sites were nominated on the basis of the amount of energy consumed on site, the opportunity for embedded networks and the size of the roof space available. The systems have been sized and designed against the historical house power consumption and the forecast energy consumption of the tenancy mix on the future embedded networks.

We are well on track to reach our goals of 25MW onsite solar PV generation capacity by FY26.

Embedded network roll-out

We have continued to roll out our embedded networks where solar PV is installed, including the nine sites in Queensland and Victoria. As of 30 June 2023, there are 20 embedded networks in our portfolio, all of which have solar PV installed or being installed.

In March 2023, we commenced the investigation and feasibility study for 14 new embedded networks, of which eight have been selected for FY24 investment. These are Lavington Square, Lilydale Marketplace, Worongary, Sturt Mall, Muswellbrook Fair, Pakenham Central, Wonthaggi Plaza and Goonellabah.

Aside from ease of maintenance and upgrades for our property partner, and more affordable electricity prices for our tenants, our embedded network roll-out supports and improves our scope 3 reporting by ensuring that our tenants' electricity data is readily available to Region Group from a consistent and reliable source. As such, we see this as another crucial component of our energy initiatives.

Onsite energy storage

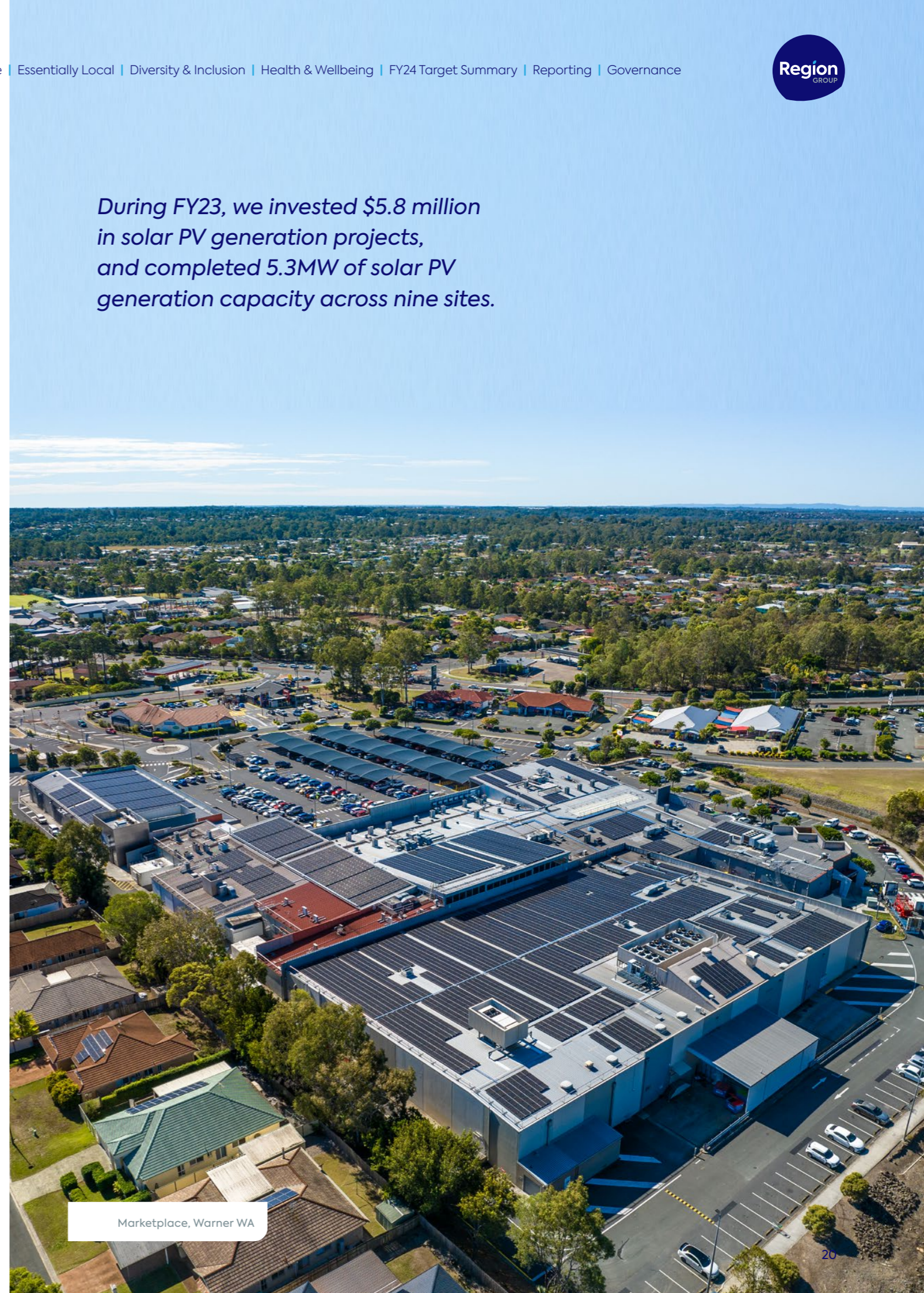
This year we also investigated the feasibility of onsite energy storage at our centres. Mt Isa Village, one of our centres in Queensland, was used as a base case due to the high energy consumption from the grid; however, we have found that the current cost of infrastructure does not make it feasible to install large-scale batteries in our centres at this time. We continue to investigate opportunities and are exploring co-funding opportunities with ARENA and the NSW Government.

BMS and energy efficiency pilots

Our centres run on a range of different BMSs and technologies, and we recognise that there are efficiency improvements to be found in streamlining systems where possible. We commissioned three BMS installations in FY22, and while we had planned to perform another three in FY23, we have paused to assess our portfolio and determine where our investment will have the most impact. We are now in the process of performing a survey of our centres, driven by Knight Frank Australia, to understand our existing infrastructure and their operational and functional status before a detailed energy efficiency strategy can be determined.

So far the findings have identified there is an opportunity to standardise and centralise the BMS across the portfolio. As a promising example, our energy efficiency pilot at Marketown in New South Wales achieved a 13% increase in energy efficiency without equipment upgrades or replacement. This is a result that we would aim to replicate in suitable centres across our portfolio as we roll out the BMS standardisation.

During FY23, we invested \$5.8 million in solar PV generation projects, and completed 5.3MW of solar PV generation capacity across nine sites.



Marketplace, Warner WA



Water & Waste

We believe in using and reusing all resources responsibly and efficiently.

CONTEXT

Water and waste management are vital for business and communities

As one of the driest continents on earth, protecting Australia’s water resources has never been more important. The property and retail sectors can produce a significant amount of waste if processes are not managed effectively.

OUR APPROACH

Long-term efficiency plans

Region Group recognises the need to reduce the amount of water we take from our communities, encouraging our centres to be more water efficient. We also recognise the need to create long-term circular economy approaches for reducing waste and increasing reuse and recycling.

In FY23, we combined the pillars of water and waste into a single pillar to bolster and improve our sustainability framework. Over the year, we have taken a closer look at our water and waste and identified through waste audits and water data collection that further work will be required before we can move forward with next steps.

OUR TARGETS AND GOALS

Single-Use Plastics

Eliminate single-use plastics at our corporate office by FY24

Environmentally Friendly Materials

Encourage tenants to use environmentally friendly materials and phase out single-use plastics by FY26

Waste

Standardise our waste recovery contracts by FY24



OUR PROGRESS IN FY23

Waste audits

We conducted waste audits across our centres as part of our annual GRESB benchmarking exercise. Along the journey, we realised that creating contractor recycling plans would be premature before we have our own recycling plans in order. Our next steps in FY24 are to coordinate a national agreement for waste removal from our centres in order to standardise the function not only from an operational perspective, but for the purposes of consistency in reporting, and uniformity as we roll out our waste approach.

Supporting tenants to improve water efficiency

Last year we began investigating options with Knight Frank Australia to help tenants improve their water efficiency. In order to understand where the biggest opportunities for water savings are, we found that our data collection and reporting required improvement. We commenced this process in FY23, which will then inform feasibility studies for options such as water-efficient flow taps, water metering and engaging with stakeholders for water network efficiency programs.

Promoting the circular economy through reuse of fit-out materials

To support our journey to a more circular economy, we encourage our tenants to reuse existing space, fit-outs and materials. Below are examples of tenants who opened in FY23 with minimal waste,

merely requiring a new sign, some paint and recladding. Not only does this reduce our waste to landfill, but it also reduces the time spent on the fit-out process, thus ensuring the tenant can start trading as soon as possible.



Containers for Change at Collingwood Park Shopping Centre, QLD

BEFORE AND AFTER

Myfone Repairs, Wyndham Vale Square, VIC



Bookness, Franklin Square, TAS





Essentially Local

Together, we build thriving communities.

CONTEXT

Our success is directly tied to that of our communities

With 103 shopping centres across all states and the Northern Territory, our performance is significantly influenced by the economic sustainability of our varied communities. We inevitably operate in some areas where poverty is present, and where job opportunities make a real difference to people's lives.

OUR APPROACH

Helping the communities we love to thrive

We recognise the essential role our centres play in the economic success of the communities where we operate. We also understand the importance of partnering and volunteering to assist communities through a range of projects and participation.

OUR TARGETS AND GOALS

Work Together

Continue working together with our charity partner to increase our efforts to build strong, sustainable communities

100% Employee Participation in Volunteering

Continue to provide opportunities to participate in a variety of volunteering activities

Continue engagement with initiatives that address local community needs

Following on from our LCEP, every property will commit to connecting with their local council and key stakeholders quarterly (i.e. Police, community groups, schools) and implementing a minimum of one key initiative that addresses local community needs

POSITIVE PROGRESS IN FY23



555

Stronger communities events held (up from 337 in FY22)



128 students

supported through our partnership with The Smith Family





OUR PROGRESS IN FY23

Supporting our local communities

As part of our purpose “supporting better communities through life’s essentials”, we collaborate closely with Knight Frank Australia to run events and initiatives at our shopping centres that bring the local communities closer together. Examples of our FY23 community events include:

- West End Plaza in New South Wales partnered with The Carevan Foundation to organise The Winter Appeal, collecting food, blankets, gloves, socks and toiletry items to help those in need in the local community. An incredible 880 items were donated, up from 653 in FY22.
- Brassall Shopping Centre in Queensland was involved in the Ipswich Toy Run, a motorcycle charity ride that is in its 26th year running, fundraising and collecting toy donations for The Salvation Army. The centre hosted the start of the motorcycle ride where riders and the community gathered before they rode through Ipswich to the showgrounds.

This year, the centre saw over 700 motorbikes rally at the centre to participate in the event, along with a number of police vehicles, a tow truck and an old school charter bus for those without a motorbike who still wanted to join in on the fun.

- Mount Gambier Marketplace in South Australia is home to The Little Library Book Exchange. Since 2019, the book exchange has offered a nook for the community to borrow or swap a book, or sit down and enjoy a book in the comfy space. It is an extremely well-utilised resource, turning around a minimum of 100 books per week.
- Port Village Shopping Centre in Queensland hosted an annual open day usually held at Port Douglas Neighbourhood Centre, a day for the community to gather and participate in sessions from Tai Chi, sound healings, live music and wildlife interactions, to face painting, an op shop and a petting zoo for the children. In a place that is a prominent tourist destination, we wanted to support an event that focused on and gave back to the local residents.

In FY23 we have also been working on local community engagement plans for all 103 of our shopping centres – these are tailored programs for individual shopping centres to further support local community groups to thrive through meaningful events and programs with Knight Frank Australia. All local community engagement plans are now completed and implemented.



Coffee with a Cop

An initiative across our centres has been Coffee with a Cop, which provides a casual and informal space in a local café for the community to meet and engage with their police officers over a free cuppa. It offers a unique opportunity for residents to engage with local officers, to ask questions about issues relevant to them and learn more about police work in the community. In FY23, across the country, we ran 27 Coffee with a Cop events and gave away over 500 coffees.

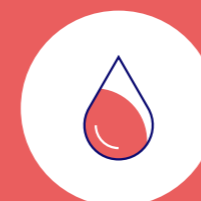


Clean Up Australia Day with Knight Frank Australia

We rolled up our sleeves alongside our partner, Knight Frank Australia, to participate in National Volunteer Week (15–21 May). Across Australia, 62 people got involved in Clean Up Australia Day, including 11 of our own employees. We not only cleaned up the neighbourhoods around our shopping centres, but also local parks, beaches and bike paths. The day ended with 53 rubbish bags filled, and 109 volunteering hours well spent.



Ipswich Toy Run, Brassall Shopping Centre



Giving blood with Lifeblood

We have saved 84 lives through blood donations with Lifeblood in FY23.



ESSENTIALLY LOCAL
CASE STUDY

Our partnership with The Smith Family



In FY21, we forged a partnership with The Smith Family to support children and young people in overcoming education inequality caused by poverty, and unlock their future potential. In the three years since, we have contributed over 300 volunteer hours and \$280,000 in donations to this important cause.

We continue to sponsor 128 students located near our centres and corporate office, through The Smith Family's *Learning for Life* program, which provides financial, personal and practical support for the students to fully participate in their education. This includes 13 students of Aboriginal or Torres Strait Islander background.

Beyond financial support, Region Group employees wrote personalised birthday cards as well as Christmas messages for the sponsor students in December. The Christmas messages accompanied by Christmas gift vouchers fundraised by Region Group. Three of our employees volunteered at The Smith Family's Sydney warehouse in December 2022 to wrap Christmas gifts for children.

We have hosted two paid cadetship placements in our Legal and Operations departments, supporting students on a Smith Family Tertiary Scholarship to gain skills, knowledge and experience in the workplace. One Region Group employee provided career mentoring to a high-school student through *iTrack*, helping the student to navigate their post-school study options and career pathways.

To supplement our support of the *Learning for Life* program, we have donated over 40 laptops to be

refurbished for students in need, and collected over 640 back-to-school item donations through a stationery collection drive conducted across 10 of our shopping centres and our corporate office. We have further contributed \$2,940 through Workplace Giving.



59.5
volunteer hours
over 31 occasions



\$96,565
donated through
sponsorship, workplace
giving, fundraising
events and appeals



128 students
sponsored through
Learning for Life program





ESSENTIALLY LOCAL
CASE STUDY

Rebuilding Lismore

In February and March 2022, floods devastated the town and community of Lismore in north-eastern New South Wales. In the immediate aftermath of the floods, we worked to clean up Lismore Central shopping centre in six weeks and support our tenants to reopen their doors as quickly and safely as possible.

Recognising Lismore Central as a core hub and gathering place for the community, we wanted to do more, so we committed \$19.1 million in funds to not only rebuild Lismore Central but enhance its functionality, presentation and experience beyond its pre-flood conditions.

Twelve months on, our Lismore Restoration Project has now been completed. This has involved building a new façade and awning, upgrading the taxi facility, replacing internal mall finishes (tiles, ceiling, column treatments), reconfiguring the Level 1 retail area, improving circulation and repaving the council footpath.

We were especially focused on the customer experience, with our core customers being our valued senior citizens who frequent the centre, while showcasing a sense of community spirit. This included:

- A \$400,000 investment into our Retailer Warm-Shell strategy, which delivered partial shop fit-outs to available tenancies, to reduce the entry barrier for first-time retailers and family retailers affected within the community
- The successful trial and roll-out of our prototype furniture pods, with the comfort of our senior community members being front of mind

- Upgrades to the atrium, including adding overhanging plants and improving lighting, to enhance the ambience for shoppers
- Introduced a community book exchange in the Centre, in partnership with Lismore Library

We also provided further marketing support to our retail tenants through the 5 Bucks on Us campaign to encourage customers to shop during refurbishment periods, and funding regular commercials on the local radio station for newly opened as well as returning retailers. We provided new mall poster stands for retailers to utilise as a free advertising medium for their store's specials and offers.

The Lismore Restoration Project was completed in full on 17 March 2023, with several retailer openings, many returning retailers as well as new retailers set to open in a matter of months.



Before



After



Before



After



Diversity & Inclusion

We embrace the diversity of Australia.

CONTEXT

A growing issue that businesses need to address

We operate in a multicultural society. However, much work is still to be done to achieve equity, particularly for women and Aboriginal and Torres Strait Islanders.

OUR APPROACH

Taking objective action to reflect our communities

Our shopping centres serve Australians of every background, and it is important to Region Group that this diversity is also reflected in our workforce. To achieve this, we need to ensure fair and positive recruitment, leadership and promotion processes, along with sound work conditions and benefits.

OUR TARGETS AND GOALS

Diversity in Recruitment

Continue 40:40:20 gender split for roles through the organisation

Career Pathways

Continue to develop career pathways to support people at all stages of their careers, including parents on their return to work

Diversity Representation

Continue to ensure diversity in recruitment

Training

Continue to provide diversity and inclusion training to anyone responsible for recruitment



OUR PROGRESS IN FY23

Ensuring diversity in recruitment

As our workforce grows, we continue to be mindful of inclusion and diversity in our hiring practices as well as in our day-to-day work. This year, we have centralised our recruitment approach, to allow us to apply our diversity lens in a more consistent manner to our candidate pool. We have also launched Inclusive Recruiting training to all of our recruiting managers (and achieved 96% completion) to ensure they are aware and best equipped to recruit teams in line with our diversity targets.

We are nearing 100 employees and know that when we do reach this milestone, we may be required to submit gender-specific data to the Workplace Gender Equality Agency (WGEA). This includes understanding our gender pay gap. This is an important metric to monitor in order to understand bias in recruitment, promotions and reward. We are currently gathering the data to understand our baseline.

Diversity and Inclusion Working Group

In FY23, we unpacked the findings from an employee survey that we had conducted on diversity and inclusion in December 2021. A diversity and inclusion (D&I) Working Group was formed to focus on the issues identified and coordinate our actions to address them. Following the survey, members of the D&I Working Group conducted one-on-one chats with 15 randomly selected employees to better understand how to reinforce connectedness across the organisation.

Some of the initiatives we have since adopted include providing D&I awareness training to all employees, prioritising company get-togethers in casual settings (including our annual Christmas party in December, and annual staff conference in June) and an ongoing refresh of the new starter program to ensure new team members feel welcomed and embraced. An additional theme was the lack of an anchor office in each state, making it more difficult for regional employees to feel they are part of a team environment. In response to this, we have opened a regional office in Victoria and in Western Australia in FY23, and Queensland is currently under review.

Positive impact for Aboriginal and Torres Strait Islander Peoples

A key part of the communities we operate in has always been our Aboriginal and Torres Strait Islander communities. In forming our organisation's approach towards reconciliation, we performed an assessment of Reconciliation Australia's Reconciliation Action Plan (RAP) framework and how Region Group would apply it. We knew that we wanted to drive a ground-up process rather than a corporate-focused initiative, so concluded that the best way forward for now would be to conduct our own discovery process into how our centres engage and influence local First Nations communities, and then brainstorm how to maximise our impact.

This has materialised in the form of local community engagement plans built and tailored to each of our 103 shopping centres. During FY23, we have been developing the engagement plans over the course of the year in consultation with community stakeholders to ensure that we offer regular events and initiatives that resonate with and meet the needs of the communities who live and work around our shopping centres. In FY23, 103 local community engagement plans have been completed.

40:40:20

Non-Executive Directors		As at 30/6/23	
Female	3	50%	
Male	3	50%	
Total	6		

All Staff		As at 30/6/23	
Female	56	60%	
Male	37	40%	
Total	93		





Health & Wellbeing

We promote active, healthy and well lifestyles.

CONTEXT

Our assets perform better when our communities are healthy and well

Maintaining physical and mental health is essential for driving positive outcomes in people's lives and careers. Healthy, safe and well communities are better places to live and help drive long-term economic sustainability.

OUR APPROACH

Providing well places that positively impact people

At Region Group, we recognise that the health, safety and wellbeing of our people is critical to our continued growth. Our community focus means our care goes beyond direct employees, to those at our centres and tenants, and the customers who shop with us.

OUR TARGETS AND GOALS

R U OK?

Hosting an R U OK? event for employees to keep mental health front of mind

Vicarious Trauma Training

Providing vicarious trauma training for our operations team who are more likely to support tenants who may have been exposed to trauma

Flu Vaccinations

Continue free flu vaccinations for employees

Wellbeing Programs

Access to wellbeing programs for staff to continue with the Region Group ClassPass membership program

Active Commuting

Continue to encourage active commuting with end-of-trip facilities

Ergonomically Designed Workspaces

Continue providing ergonomically designed workspaces in the corporate office, and provide guidance on ergonomic and healthy work environments for the home





OUR PROGRESS IN FY23

Improved leave for employees

We believe that the ability to have time away from work is critical for health and wellbeing, so we continue to make changes and improvements to our leave policies to ensure that our people can maintain a work-life balance. In FY23, we implemented the following changes:

- An additional five days annual leave for all employees with at least two years of service and less than 15 days of accrued leave. This is in addition to the standard 20 days of leave, and will be provided pro rata for part-time employees
- An additional five days of paid leave for employees requiring leave for domestic violence reasons, on top of the provided week of unpaid leave
- An additional two weeks of paid parental leave for the primary caregiver, totalling 16 weeks in addition to the statutory leave required by law

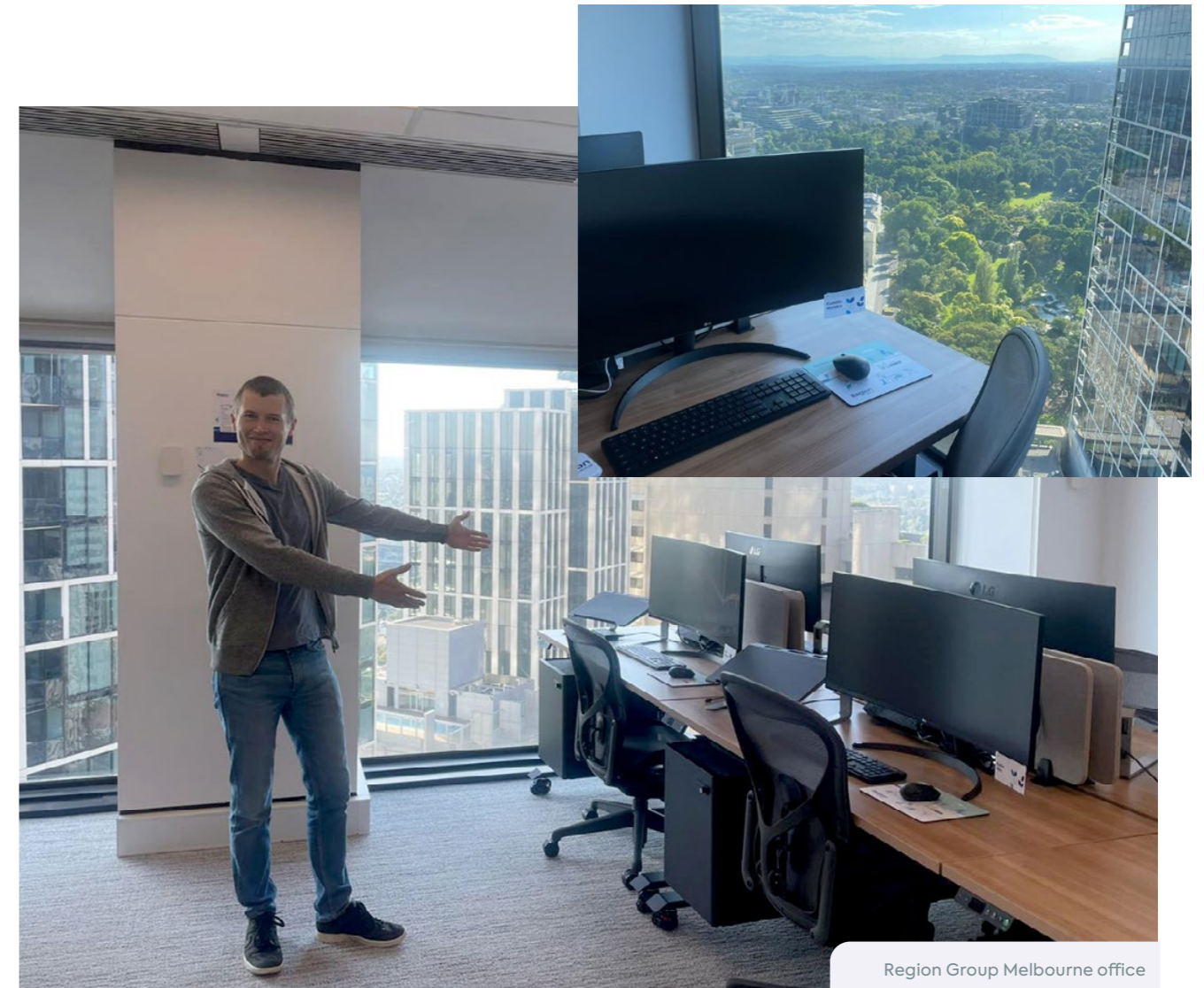
- An additional week of paid leave for parental partners, totalling two weeks in addition to the statutory leave required by law
- An additional five days added to personal/carers leave upon return from paid parental leave

Supporting the physical fitness of our people

We continue to support our people's physical health with free ClassPass memberships for all employees – take-up has soared in FY23, with 53 employees registered, and over 400 total hours spent in ClassPass reservations, up from 60 hours in FY22 since the introduction of the offer in February 2022. Region Group employees in New South Wales were involved in Lunchtime Legends, one of the largest corporate sports competitions in Sydney. This year we rallied a team of 18 Region Group employees to take part in the netball competition, ultimately finishing the competition in second place!



Lunchtime Legends



Region Group Melbourne office

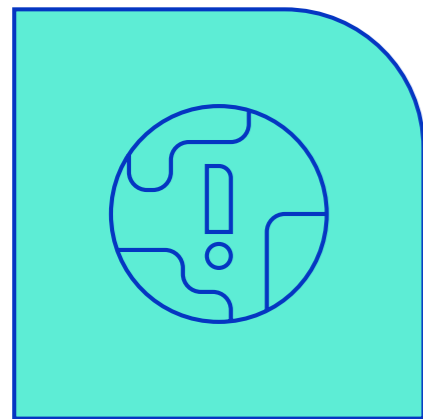
New regional offices in VIC and WA

As our organisation grows and matures, and as we settle into flexible working post-pandemic, we are conscious of maintaining the sense of togetherness that we value so much among our employees, including our regional team members. With this in mind, Region Group opened new workspaces in Victoria and Western Australia in January and February respectively. These are our first interstate workspaces, and they provide the opportunity for our teams in other states to collaborate face-to-face. Both offices were selected for their location,

ease of access for our people and the overall facilities provided. They also provide ergonomically sound workspaces that encourage our teams to use the spaces best suited to each task, including focused work zones, sit-to-stand desks and collaboration spaces.

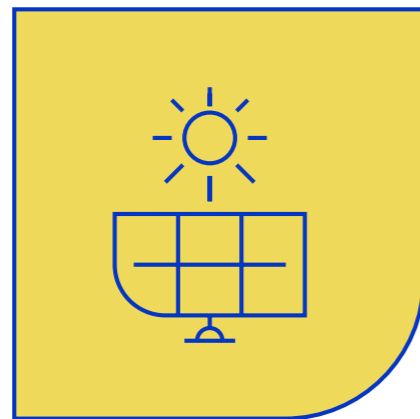
FY24 Target Summary

The following table summarises our commitments for FY24 and beyond.



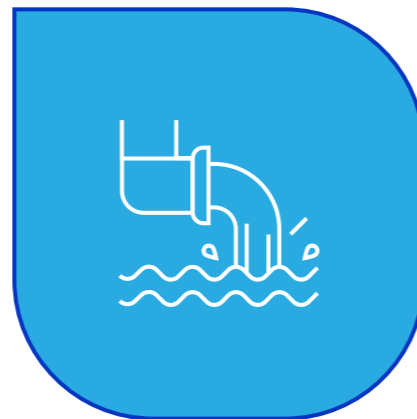
CLIMATE RISK

- Complete six additional asset climate change impact assessments with scenario analysis of impacts from temperature increases (from 1.5°C up to 2°C) by FY24
- Implement an additional 10 Community Resilience Action Plans (disaster emergency actions with integration into community services) at high-risk centres by FY24 in addition to the 11 that were completed in FY23
- Improve reporting coverage to 68% for scope 3 emissions by FY24



ENERGY & CARBON

- Continue our solar PV program, targeting 20.0MW by FY24
- Complete an audit of our existing infrastructure and a portfolio-wide scope exercise before commencing a detailed energy efficiency strategy



WATER & WASTE

- Standardise our waste recovery contracts by FY24
- Eliminate single-use plastics at our corporate office by FY24



ESSENTIALLY LOCAL

- Encourage 100% employee participation in workplace volunteering and community partnerships by FY24
- Following on from our LCEP, every property will commit to connecting with their local council and key stakeholders quarterly (i.e. Police, community groups, schools) and implementing a minimum of one key initiative that addresses local community needs



DIVERSITY & INCLUSION

- Maintain 40:40:20 gender diversity target (non-executive directors and total employees)
- Provide a multi-faith space through the expansion of our corporate office



HEALTH & WELLBEING

- Provide new collaboration, wellness and breakout areas through the expansion of our corporate office
- Hosting an R U OK? event
- Provide Vicarious Trauma training to the Operations team

Reporting

Alignment to TCFD

In FY23, Region Group took important steps to align our disclosures to the recommendations of the TCFD. Our transition will take time and we have identified a pathway to align with the recommendations of the TCFD reporting framework. We will continue to monitor the developments in the ISSB's work and consider the impacts on our future reporting, governance and beyond.

Climate risk and opportunities

Management of the physical and transition risks and maximisation of opportunities climate change will present are critical to the ongoing sustainability of Region Group and our stakeholders. We recognise the importance of disclosures in supporting our stakeholders' understanding of Region Group's responses to the physical and transition risks which may impact our operations, supply chain, customers and other stakeholders.

Governance

Region Group's Board and the Audit, Risk Management and Compliance Committee (ARMCC) have primary oversight of our approach to managing climate-related risks. The ARMCC review reports on our risks at least twice per year, including climate-related risks and opportunities (refer to [page 52](#) for more information). Our management Sustainability Steering Committee reports to the ARMCC. Among the Sustainability Steering Committee's responsibilities is to identify and respond to climate-related issues based on research, evaluation or community resilience actions and any other scenario analysis; ensure good governance over climate-related risks; and review TCFD disclosures.

Strategy

We recognise the importance of managing our climate-related risks to ensure long-term business resilience. In FY22, we updated our Sustainability Strategy to include climate risk as a core pillar and began the process of identifying and understanding the impact of physical climate risks on our strategy. We have embarked on a detailed scenario analysis process to understand and quantify broader physical and transition climate impacts to our strategy, operations, supply chain and customers under a range of climate scenarios.

Risk management

Climate-related risks and opportunities are now included in our Risk Management Framework, reviewed by the ARMCC, and are therefore given weight in our risk management processes. We will monitor and update these processes as our understanding of climate-related risks and opportunities and their impacts on our business evolves. We have been working on Community Resilience Action Plans for our high-risk assets, with 11 implemented in FY23, and a further 10 to be implemented in FY24.

Metrics and targets

Commenced in the FY21 Sustainability Report, we continue to invest and implement a wide range of measures to meet our net zero FY30 (scope 1 and 2) commitment. Our targets and pathways can be found on [page 41](#). See our environmental data reporting table on [page 47](#).

We have been measuring scope 1 and 2 greenhouse gas emissions since 2015 from our operational activities directly under our control. Scope 1 emissions are those directly released on our sites, such as gas consumption and refrigerant leakage. Scope 2 includes emissions due to the consumption of grid electricity in common areas and offices.

In FY22, we began reporting select scope 3 emissions where the data was available and this year we have increased our coverage, while obtaining greater transparency over the challenges of obtaining data from tenants. As we continue to understand our climate risk and opportunities, we will identify additional metrics that support our understanding of risk management and opportunity maximisation. In future reporting periods, we will disclose the metrics through which Region Group monitors its exposure to climate change.

In FY23, we set out to establish a scope 3 emissions baseline and to assess the implementation of an internal carbon price. Due to our focus in our solar PV roll-out, this was delayed and will be completed by FY25.



TCFD Roadmap

	OUR PROGRESS (ACHIEVED TO FY23)	NEXT STEPS (FY24 AND BEYOND)
Governance	<ul style="list-style-type: none"> Support the aims of the Paris Agreement Updated ARMCC and Sustainability Steering Committee Charters to include climate risk Board and Executive education on climate risk management expectations Continued Board and ARMCC oversight of climate risks Continued engagement by Executives on climate risk management approach 	<ul style="list-style-type: none"> Full disclosure aligned with the recommendations of the TCFD by FY25 Assess compliance requirements for ISSB standards
Strategy	<ul style="list-style-type: none"> Physical climate risk exposure assessment of all shopping centres completed Undertook scenario analysis to identify climate risks and opportunities Identified actual and potential impacts of climate change on Region Group's business, strategy and financial planning 	<ul style="list-style-type: none"> Review climate scenarios and update assumptions as required
Risk management	<ul style="list-style-type: none"> Embedded climate risk into enterprise risk management approach Identified climate-related risks through scenario analysis Completed Climate Change Impact Assessments for key assets 	<ul style="list-style-type: none"> Continued review of management of climate-related risks and opportunities
Metrics and targets	<ul style="list-style-type: none"> Net zero scope 1 and 2 GHG emissions target established Identified and disclosed metrics related to management of material climate risks and opportunities 	<ul style="list-style-type: none"> Engage with tenants to understand and establish scope 3 emissions baseline Assessment of implementation of internal carbon price Disclose targets and progress related to management of material climate risks and opportunities

Global Real Estate Sustainability Benchmark (GRESB)

At Region Group, we recognise the importance of ratings and benchmarks to help the industry compare and improve its overall progress in sustainability performance. Of the many available benchmarks, we prioritise reporting against GRESB and Green Star, as well as NABERS for our corporate office. In the latest available data from October 2022 (the 2021 results), our GRESB score improved to 78, from 75 in 2020, placing us above the global average. The additional points were due mainly to our improved environmental data coverage; our enhanced Sustainability Strategy and net zero pathway; and strengthened stakeholder engagement. Our scores do leave room to improve in comparison to the Australian and Oceania averages, which are the highest performing and most competitive in the world. However, we are confident that as we continue to implement aspects of our Sustainability Strategy, our GRESB score will progressively improve. We also expect to improve our comparative performance in the country and regional areas.

Scope 3 emissions

FY23 will be the second year that we report scope 3 tenant emissions, after we commenced in FY22. In FY23, we have increased reporting coverage of scope 3 tenant emissions to 62% (from 57% in FY22) through multiple actions, including expanding the number of centres with an embedded network; streamlining property management of our whole portfolio under Knight Frank Australia to increase the efficiency of data collection; and using Energetics to automate energy data collection.

Currently we receive energy consumption numbers from all Coles, Woolworths and Wesfarmers stores, as well as specialty tenant data from our 20 embedded network sites. This will grow to 28 sites by the end of FY24.

We understand that many of our tenants, large and small, are taking encouraging steps to source energy from renewable sources, which emit little to no greenhouse gases. However, our scope 3 emissions calculation currently applies grid electricity emissions factors to all tenant electricity usage, which means our reported scope 3 emissions may be overestimated. The only instance in which renewables are currently accounted for at a site, store or precinct is carbon neutral certification. Region Group staff commuting, property partner commuting and customer travel to and from shopping centres are also currently excluded.



Busselton Shopping Centre, WA

REGION GROUP SHOPPING CENTRE CONSUMPTION	ABSOLUTE				LIKE-FOR-LIKE*		
	CY2019	CY2020	CY2021	CY2022	CY2021	CY2022	12-MONTH CHANGE
Electricity consumption (MWh)	24,163	23,641	27,849	28,026	23,427	23,554	1%
Gas consumption (MWh)	1,187	1,164	1,179	1,215	1,135	1,215	7%
Water consumption (litres)	600,566	549,241	648,807	697,341	576,203	556,787	(3%)
Waste consumption (non-hazardous) (tonnes)	5,499	5,753	12,010	16,406	9,665	12,826	33% ^a
REGION GROUP CORPORATE OFFICE CONSUMPTION							
Electricity consumption (MWh)	31	27	25	30	25	30	20%
Paper consumption (reams)	2,904	1,037	171	227	171	227	3%
REGION GROUP SCOPE 1, SCOPE 2 AND SCOPE 3 EMISSIONS (TONNES CO₂-e)							
Greenhouse gas emissions—scope 1 (gas use at centres)	220	216	219	225	211	225	7%
Greenhouse gas emissions—scope 2 (electricity at centres and corporate office)	17,913	17,715	19,940	19,724	17,374	14,927	(14%)
Greenhouse gas emissions—total (scope 1 and scope 2 only)	18,133	17,931	20,159	19,949	17,585	15,152	(14%)
Greenhouse gas emissions—scope 3 (business flights)	160	277	12	102	12	102	770% ^b
Greenhouse gas emissions—scope 3 (retailer energy data from embedded networks where installed and tenants that share their energy consumption data annually)	14,051	120,222	121,961	114,811	105,194	96,496	(8%)
Greenhouse gas emissions—total (scope 1, scope 2 and scope 3)	32,344	138,430	142,132	134,862	122,791	111,750	(9%)

* Like-for-like figures include the same shopping centres in the calculation from 2021 data
a: The waste consumption data has become more complete year on year which has resulted in the increase
b: Increase due to more flights being taken due to the easing of COVID-19 restrictions

REGION GROUP CONSUMPTION / EMISSIONS ON AN INTENSITY BASIS	CY2019	CY2020	CY2021	CY2022	12-MONTH CHANGE
Energy intensity (tonnes CO ₂ -e/m ²)	0.06	0.22	0.23	0.21	(9%)
Water consumption intensity (litres/m ²)	2.61	0.70	0.81	0.79	(2%)
Waste consumption intensity (tonnes/m ²)	0.03	0.02	0.02	0.02	0%
Greenhouse gas emissions (scope 1 and scope 2 only) (tonnes CO ₂ -e/m ²)	0.15	0.14	0.16	0.14	(13%)



Currambine Central, WA

Governance

Modern slavery

At Region Group, we have zero tolerance for modern slavery. We released our third Modern Slavery Statement in December 2022, detailing our actions to benchmark, audit and monitor for modern slavery risks. Our FY23 statement will be released in late 2023. Our Supplier Code of Conduct clearly details obligations regarding modern slavery and related human rights conduct. In addition, we provide all employees with Modern Slavery Awareness training.

[Our 2022 Modern Slavery Statement](#)

Security and privacy

The security and privacy of our customers, tenants and other stakeholders are of utmost importance to Region Group. We have a comprehensive Privacy Policy, detailing the information we keep, how it is stored and how to make a complaint, if required.

[Our Privacy Policy](#)

Responsible procurement

It is critically important to Region Group that all procurement is handled responsibly and ethically, both for social and human rights, and environmental responsibility and compliance. We have a comprehensive Procurement Policy and Supplier Code of Conduct as well as our Outsourcing Policy to ensure we monitor unethical conduct.

[Our Supplier Code of Conduct](#)

Leadership KPIs

For the first time in FY23, our Key Management Personnel have a specific Key Performance Indicator (KPI) in their Short-Term Incentive Plan relating to Region Group's emissions reductions. Further details can be found in our FY23 Remuneration Report.

Transparency

Region Group operates in a transparent manner, making non-confidential information available on our website for the market, tenants and customers. We will continue to operate transparently as we act and report on our Sustainability Strategy targets. Our Energy & Carbon and Water & Waste sustainability targets and data are externally verified by sustainability consultancy company Cundall; see the verification statement on [page 54](#) for more information.

Our governance structure

The Region Group Board is composed of eight Directors, six of whom are independent Non-Executive Directors. We have Board and Committee Charters in place, and the Board works with Management to pursue best practice corporate governance across all aspects of the business.

Region Group is an internally managed real estate investment trust and is listed on the Australian Securities Exchange. Region Group is comprised of Region RE Limited, the Responsible Entity to the Region Management Trust and the Region Retail Trust (together, Trusts).

Region Group is subject to regulation from multiple sources, including:

- ASX Listing Rules
- *Corporations Act 2001 (Cth) (Act)* – as a company, as a holder of an Australian Financial Services Licence and as registered managed investment schemes
- Trusts' Constitutions
- Trusts' Compliance Plans.

The Board of Region Group, together with Management, recognise the value to our stakeholders of establishing and maintaining

best practice corporate governance systems. Region Group's governance systems are reviewed and monitored by the Board and reflect the requirements of the market regulators and the expectations of security holders, market participants and other stakeholders.

[Our Corporate Governance Statement](#)

Our FY23 Corporate Governance Statement will be issued after the date of this Sustainability Report.

Committee responsibilities

Region Group's Board oversees sustainability via the ARMCC, which provides oversight of the Risk Management Framework, that includes climate-related risks. The ARMCC meets at least twice per year to discuss risk and reviews bi-annual reports, which include climate risks and opportunities. The ARMCC also meets at least twice per year to review the Sustainability Strategy, and to monitor performance against it. The ARMCC Charter was amended in July 2022 to include the following responsibilities:

- Reviews and assesses the adequacy of the Sustainability Steering Committee Charter annually and approves as appropriate
- Monitors climate considerations including risks and opportunities in line with the Risk Management Framework
- Receives and reviews reports from the Sustainability Steering Committee on the Sustainability Strategy, and monitors performance against the Sustainability Strategy and reviews the Sustainability Report and recommends to the Board for approval
- Monitors compliance with and reviews amendments to Region Group's Sustainability Policy.

The Board's Investment Committee meets at least each quarter, and makes recommendations to the Board regarding approval of significant sustainability expenditure or commitments. The Investment Committee review a climate risk assessment for all acquisitions. The Sustainability Steering Committee comprises of Region Group's Chief Operating Officer, Head of Treasury and Sustainability who chairs the Committee, senior managers from People and Culture, Legal, Finance, Risk, Asset Management, Leasing, Developments and Sustainability business functions and employees. The committee meets quarterly, at a minimum.



Soda Factory West End, QLD

Data Validation



Kwinana Marketplace, WA

CUNDALL

Whadjuk Noongar Country
Level 2, 585 Hay Street,
Perth, WA 6000
Tel: +61 (0)8 9421 3700 www.cundall.com

Jacqui Roach
Head of Treasury and Sustainability
Region Group
Level 5, 50 Pitt Street
Sydney NSW 2000

20 July 2023

Our Ref: 1037179-LET-SY-001

Dear Jacqui

Region Group Sustainability Data Validation 2022

Cundall were engaged by Region Group to prepare and verify sustainability data for the portfolio GRESB 2023 submission, 2022 Green Star Performance certified rating and a NABERS Energy rating for the corporate head office.

Cundall's certified accreditations include:

- Green Star Accredited Professional
- Green Star Performance Assessor
- NABERS Assessor and NABERS Independent Auditor
- Commercial Building Disclosure Accredited Professional
- Certified Energy Manager (CEM) – Energy Efficiency Council
- Certified Measurement & Verification Professional – Energy Efficiency Council
- Registered Consultant – Climate Active Carbon Neutral Standard

Cundall has a ISO9001:2015 third party certified Quality Assurance system that is applied to all of our projects including GRESB, Green Star Performance and NABERS ratings. Our QA system is currently certified by BSI (certificate number FS 603864).

During the engagement Cundall completed validation of Region Group's sustainability data for:

- GRESB reporting - energy, water and waste for the retail portfolio
- Green Star Performance certification - energy and water for the retail portfolio
- NABERS Energy rating - corporate office in Sydney

Validations were completed in accordance the above accreditations and data validation requirements for accuracy, coverage and reporting including:

- Comparison of consumption data for each individual site against consumption in previous years to identify any outliers that may indicate issues with the data requiring further investigation. This included validation of the cause of the outliers via information supplied by Region Group and Knight Frank Australia.
- A comparison of new site consumption against similar existing centres and benchmarks to identify potential outliers that may indicate issues with the data requiring further investigation.

As per the above authority and accreditation, all Region Group sustainability data on pages 47, 48 and 49 has been verified and validated by Cundall. The quality checks described above and performed by Cundall do not constitute a formal validation or assurance audit.

Yours sincerely
For and on behalf of
Cundall Johnston and Partners Pty Ltd

Madlen Jannaschk
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