

Module: Introduction

Page: Introduction

CC0.1

Introduction

Please give a general description and introduction to your organization.

Vicinity Centres (Vicinity) is one of Australia's leading retail property groups with a fully integrated asset management platform. Vicinity's strategic focus is to create value and sustainable growth by owning, managing and developing quality Australian assets across the retail spectrum. A top 30 entity on the Australian Securities Exchange, Vicinity is the second largest listed manager of Australian retail assets. At 31 December 2016, Vicinity had 85 retail assets under management (75 assets in direct portfolio), valued at over \$24.5 billion and generating annual retail sales of \$17.8 billion across over 2.8 million square metres of gross lettable area. Vicinity was formed from the merger of Federation Centres and Novion Property Group in 2015.

Vicinity's portfolio includes some of Australia's best shopping centres including Emporium Melbourne and Chadstone Shopping Centre in Victoria, Chatswood Chase in Sydney, New South Wales, Queens Plaza and The Myer Centre Brisbane in Queensland and Galleria and Halls Head in Western Australia, as well as the DFO outlets.

Vicinity operates its business cognizant of its role and impact on the environment, society and its stakeholders. Vicinity's Sustainability Strategy, approved by the Board of Directors in May 2016, governs our approach to environment, social and governance (ESG) matters including climate change adaptation and mitigation, operational efficiency, supply chain and tenant relationships. The Strategy is detailed on our website at <http://www.vicinity.com.au/sustainability/our-strategy>

Details of Vicinity's Code of Conduct and Conflict of Interest policies along with its Corporate Governance Statement can be found on our website at <http://www.vicinity.com.au/aboutus/corporategovernance>.

This is the twelfth submission made by Vicinity (and its historical organisations) to the CDP and covers the period 1 January 2016 to 31 December 2016. Our eleventh submission covered the period 1 January 2015 to 31 December 2015, and was our first submission as Vicinity Centres, following the merger between Federation Centres and Novion Property Group. The tenth submission was made by the Novion Property Group covering the period 1 January 2014 until 31 December 2014. Previous submissions were made under CFS Retail Property Trust.

Vicinity has been included in the Dow Jones Sustainability Index (DJSI) suite of leadership indices from 2004 to 2014 and 2016, and in the FTSE4Good Index since 2001.

CC0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed

Fri 01 Jan 2016 - Sat 31 Dec 2016

CC0.3

Country list configuration

Please select the countries for which you will be supplying data. If you are responding to the Electric Utilities module, this selection will be carried forward to assist you in completing your response.

Select country

Australia

CC0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

AUD (\$)

CC0.6

Modules

As part of the request for information on behalf of investors, companies in the electric utility sector, companies in the automobile and auto component manufacturing sector, companies in the oil and gas sector, companies in the information and communications technology sector (ICT) and companies in the food, beverage and tobacco sector (FBT) should complete supplementary questions in addition to the core questionnaire.

If you are in these sector groupings, the corresponding sector modules will not appear among the options of question CC0.6 but will automatically appear in the ORS navigation bar when you save this page. If you want to query your classification, please email respond@cdp.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below in CC0.6.

Further Information

NOTE REGARDING CC0.2: Vicinity provided three years of data during our last year's CDP submission. Therefore, as per guidance from CDP in CC0.2, three years of data has not been included in this year's submission. Vicinity's Climate Policy is available at http://www.vicinity.com.au/media/645983/climatepolicy_12may2017_final.pdf For more information on Vicinity Sustainability Strategy, see our 2016 Sustainability Report (Page 11) http://www.vicinity.com.au/media/588271/vcx-sustainability-report_online.pdf

Attachments

https://www.cdp.net/sites/2017/80/60580/Climate_Change_2017/Shared_Documents/Attachments/ClimateChange2017/CC0.Introduction/7.1_vcx-sustainability-report_online.pdf

https://www.cdp.net/sites/2017/80/60580/Climate_Change_2017/Shared_Documents/Attachments/ClimateChange2017/CC0.Introduction/ClimatePolicy_12May2017_FINAL.pdf

Module: Management

Page: CC1. Governance

CC1.1

Where is the highest level of direct responsibility for climate change within your organization?

Board or individual/sub-set of the Board or other committee appointed by the Board

CC1.1a

Please identify the position of the individual or name of the committee with this responsibility

Vicinity's Board of Directors has ultimate responsibility for Sustainability and climate change.

Vicinity's Climate Policy (available at http://www.vicinity.com.au/media/645983/climatepolicy_12may2017_final.pdf) outlines the responsibility of the Board with regards to Climate Change.

CC1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

CC1.2a

Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction project Energy reduction project Other: Sustainability initiatives	CEO has key performance measures (KPIs) which include: Implementation of sustainability initiatives in line with board-approved strategy; Executing initiatives approved in business plans and through the Sustainability Committee, increasing climate resilience of the portfolio, establishment of a long-term carbon reduction target and driving continuous reductions in annual energy use, carbon emissions and overall environmental performance are captured within this KPI.
Corporate executive team	Monetary reward	Emissions reduction project Emissions reduction target Other: Sustainability initiatives	Executive officer is the Vicinity Chief Investment Officer (CIO). This position reports to the CEO. CIO has a key performance measure (KPIs) relating to Sustainability: to deliver all elements of sustainability strategy for and significantly improve sustainability engagement across the business. Increasing climate resilience of the portfolio, establishment of a long-term carbon reduction target and driving continuous reductions in annual energy use and carbon emissions are captured within this KPI.
Corporate executive team	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Environmental criteria included in purchases Other: Sustainability initiatives	Executive officer is Vicinity's Executive General Manager Shopping Centres. This position reports to the CEO, and has the following KPIs relating to sustainability: Deliver energy/waste reductions through operational opex, capex and improved processes; Develop business case and commence two solar projects & develop a future pipeline (energy savings and NPI); Build deeper external supplier relationships that drive innovation and partnership opportunities; and, Significant improvement of sustainability processes and initiatives delivered in centres.
Business unit managers	Monetary reward	Emissions reduction project Emissions reduction target Other: Sustainability initiatives	Business unit manager is the General Manager Sustainability. This position reports to the CIO. The General Manager Sustainability has the following key performance measure (KPIs) from her scorecard: Investigate and identify appropriate long-term carbon target for Vicinity; Establish short and medium term targets aligned with long term carbon target at a corporate and asset level; Embed climate risk within the Risk Management Framework and into capex, asset refurbishment and development processes; Lead Vicinity responses to key investor surveys (DJSI, CDP & GRESB); Improve transparency of our sustainability performance through external voluntary reporting; Build and extend the use of relevant rating tools to benchmark our performance and measure improvements operationally; Integrate sustainability into business planning and project pipelines to drive continuous improvement in Vicinity's sustainability performance; and, Ensure our legislative external reporting obligations are met (NGERS).
Environment/Sustainability managers	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Other: Sustainability initiatives	This encompasses the Sustainability Manager who reports to the General Manager Sustainability. The Sustainability Manager has the following KPIs from their scorecard: Support the investigation of setting a long term carbon target for Vicinity; Establish short and medium term targets aligned with Vicinity's long term target at both corporate and asset; Embed climate change risk considerations into capex, asset refurbishment and development processes; Contribute to Vicinity responses to key investor surveys (DJSI, CDP & GRESB); Ensure our legislative external reporting obligations are met (NGERS); Deliver integrated sustainability data system; Develop a set of sustainability dashboards to communicate our environmental performance internally; and Establish portfolio wide energy, water and waste targets and support the centres to achieve their environmental targets.
Facility managers	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project	An Operations Manager is dedicated to each asset and oversees the implementation of sustainability initiatives. The majority of centres have asset specific emissions and energy targets. An Operations Manager's KPIs include: Implementation of sustainability initiatives at the centre/s; Deliver the centre/s' waste, water and electricity reduction targets; and contribute to the wellbeing of the community and support community based initiatives. Operations Managers are charged with implementing emissions reductions and energy efficiency projects, such as lighting retrofits, air-conditioning optimisation and tuning, upgrades to more efficient equipment, and centre recycling program.

Further Information

Vicinity's Sustainability Strategy (which includes Vicinity's climate change strategy) and Climate Policy have been approved by the Vicinity Board of Directors. The Risk and Compliance Committee (a Board subcommittee) oversees risk management and compliance matters for Vicinity, including risks and opportunities from climate change. The Sustainability Committee, which forms a part of our management committee structure, is chaired by the CEO and Managing Director and involves relevant Executive Committee members and senior leadership including the General Manager Sustainability. The Sustainability team reports directly to Vicinity's Chief Investment Officer and is managed by the General Manager Sustainability. The Sustainability team provides tools, information and expertise to support the organisation to implement climate change related and broader sustainability policies and programs. It also engages and influences Vicinity's corporate business units to ensure sustainability is embedded within their planning and work processes. Sustainability reporting is also completed by the Sustainability team. At an asset level, the responsibility for implementation of sustainability measures, including climate change related programs, rests with the regional and centre level Operations Managers (with support from the Sustainability team). For more information on our sustainability governance, please our 2016 Sustainability Report (attached), page 13, and our 2016 Corporate Governance Statement (attached) page 6.

Attachments

https://www.cdp.net/sites/2017/80/60580/Climate_Change_2017/Shared_Documents/Attachments/ClimateChange2017/CC1.Governance/7.1_vcx-corporate-governance-statement-2016.pdf
https://www.cdp.net/sites/2017/80/60580/Climate_Change_2017/Shared_Documents/Attachments/ClimateChange2017/CC1.Governance/7.1_vcx-sustainability-report_online.pdf

Page: CC2. Strategy

CC2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

CC2.1a

Please provide further details on your risk management procedures with regard to climate change risks and opportunities

Frequency of monitoring	To whom are results reported?	Geographical areas considered	How far into the future are risks considered?	Comment
Six-monthly or more frequently	Board or individual/sub-set of the Board or committee appointed by the Board	The geographic areas considered are all Australian locations where we have property assets that may be impacted by the effects of climate change (In effect the full operational jurisdiction of business operations).	> 6 years	At a company level assessment is conducted by the Risk and Compliance team and the Sustainability team, and at the asset or property level, by the property managers and operations team. This is reported into regional portfolio managers and fund managers who have oversight over the long term value of assets. Climate change risks and opportunities are addressed in each assets plans and budgets, which are approved by the Executive Committee and the Board. Climate change is included in our Enterprise Risk Register, which is monitored on a six monthly basis by the Risk and Compliance Committee (a sub-committee of the Board). Organisational wide climate risks and opportunities are reported to the Sustainability Committee, Risk and Compliance Committee and the Board in line with company-wide escalation thresholds.

CC2.1b

Please describe how your risk and opportunity identification processes are applied at both company and asset level

Climate change risk/opportunity identification processes are in place through the Climate Policy and implemented across the business through our Sustainability Strategy. We identify climate related risks through:

- Prior experience with and exposure to climate risk/opportunities;
- Portfolio-wide risk/opportunity assessments completed to understand our exposure to predicted changes in future climate, regulatory environment and electricity markets;
- Engagement with stakeholders including internal management, the board, property industry forums, investors, strategic partners, suppliers, tenants, shoppers and communities;
- Ongoing review of the latest climate change science, methodologies, frameworks, best practices and societal norms/expectations.

Sustainability team is responsible for identifying climate related issues and works with teams across the business to respond to risks and opportunities. The process is governed by our enterprise risk management framework (ERM) that includes strategic, operational, compliance and financial risk (in accordance with ISO 31000). The processes are then incorporated at:

Company Level - into:

- Business strategy, as reputational risk is closely monitored due to its potential effect on price and value;
- ERM and risk register. Climate change is included in our Enterprise Risk Register. The company strategy and ERM are both reviewed and approved by the Executive Committee and the Board.

Asset level - Every Vicinity asset has a Strategic Asset Plan process which assesses risks/opportunities, including those related to climate change. Our Sustainability Strategy – which includes, Climate Resilience and Low Carbon programs and our asset Environment Improvement Program. They are designed to assess locational climate impacts for each asset (using a climate resilience asset checklist), mitigate our impacts on the climate, and identify adaptation and mitigation strategies to build resilience and leverage commercial opportunities.

CC2.1c

How do you prioritize the risks and opportunities identified?

Prioritising risks and opportunities related to climate change uses the ERM framework and impact/likelihood process that is embedded through the organisation. Core drivers for prioritising the identified risks and opportunities are captured in the company-wide Impact Matrix, its categories being: Safety; Financial; Customer/Operations; Reputational; and Regulatory/Legal.

These impacts are assessed along a severity axis, which comprises a five-part range of: negligible; minor; moderate; major; severe. Impact categories and severities set out a 5x5 matrix which enables bands to be established to define how impactful and what priority level will attach to each risk, whether upside or downside risk. The financial impact components have an additional aspect, which provides a bandwidth of monetary values for the 1-5 ranges of negligible to severe. These bands are set at the Group level, and then at an asset level. Defined percentage ranges are used as suitable to specific operations to provide best context for significance of an event at the asset level, and its position when considered on a group-wide basis.

Procedurally, the key mechanisms are established through the Risk Management Policy, supported through the Risk Appetite Statement and Enterprise Risk Profile, and then supported via the Sustainability Strategy and a suite of sustainability policies, including Environment Policy and Climate Policy. Climate change is included in Vicinity's Enterprise Risk Register, which identifies high priority risks from a corporate perspective. Asset-level risk registers also identify specific climate risks or natural perils for each asset. Those climate risks/opportunities identified are assessed and prioritised against the 5x5 matrix based on a range of criteria including: prior experience, future activities, likelihood of exposure, current best practices, stakeholder expectations, regulatory developments, and domestic/international influences on responsible investment.

CC2.2

Is climate change integrated into your business strategy?

Yes

CC2.2a

Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

Climate change is integrated into our business strategy through the Vicinity Climate Policy, Sustainability Strategy and the Risk Management framework. Vicinity's Sustainability Strategy, which is integrated with its Group business strategy, has two key value drivers related to climate change - namely 'Climate Resilience' and 'Low Carbon' - and their respective work programs which focus specifically on climate change adaptation and mitigation. Through the Sustainability Strategy climate risks and opportunities are integrated into Vicinity's operations, development and asset refurbishment projects, capital planning and the asset tiering process for investment/divestment decisions.

Our Climate Policy forms an integral aspect of the design of the 1 to 5 year business objectives planning and the long-term strategy of Vicinity. The management of these commitments, and those of the Sustainability Strategy, are incorporated into the business model, strategic planning for each asset class, the management of specific assets individually, and the overall performance expectations of the products and services we deliver. Additionally, these plans are supported through a dedicated advocacy program, with a team of sustainability professionals providing critical advice to the business and supporting it through representation to key government and industry bodies.

Collectively, these elements work to set the operating parameters of Vicinity and are actioned through the initiatives identified and embedded within the budget and planning cycles for each asset. These initiatives and the risk and opportunities relating to climate change are assessed on an asset by asset basis, as part of the Strategic Action Planning (SAP) process on a quarterly basis. This is then rolled up to give an organisation wide view, and incorporated into asset and business strategies. The scope of the SAP process is to review all strengths, weaknesses, threats and opportunities, with climate change risk and opportunity included as part of this process. The SAP process occurs annually, and is reviewed quarterly and also when required if asset conditions change or when issues are identified.

CC2.2c
Does your company use an internal price on carbon?

No, but we anticipate doing so in the next 2 years

CC2.3
Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)

Trade associations

CC2.3b
Are you on the Board of any trade associations or provide funding beyond membership?

Yes

CC2.3c
Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
PCA (Property Council of Australia)	Consistent	The PCA's principal service to members is to champion their interests in the political arena. In the focus area of 'Environment' it advocates for a framework for sustainable development, including relating to climate aspects, that recognises the role and interests of the property sector.	Support and continue to work with the PCA to strengthen the relevant positions, policies and guidelines relevant to climate change risks and opportunities. Vicinity CEO and Managing Director (Angus McNaughton) sits on the Property Council of Australia - Board of Directors (see https://propertycouncil.com.au/Web/About_Us/Board_of_Directors/Web/About_us/Key_info/Board_of_Directors.aspx). Vicinity General Manager Sustainability (Melissa Schulz) sits on the Property Council of Australia - Sustainability Roundtable http://www.propertycouncil.com.au/Web/About_Us/View_Committees/Web/About_us/Comm/View_Committees.aspx
Shopping Centre Council of Australia (SCCA)	Consistent	The SCCA represents its members on all public policy and regulatory matters relevant to retail property nationally and in all states and territories. This includes issues such as retail tenancy regulation; competition policy; trading hours; land valuation; taxation; planning, development and sustainability; security; infrastructure; and utilities.	Vicinity CEO (Angus McNaughton) sits on the Shopping Centre Council of Australia - Board of Directors (http://www.scca.org.au/about-us/board-of-directors/). Vicinity has served in a number of SCCA advisory panels, contributing to the discussions on issues such as: • Review of Regulatory Arrangements for Embedded Networks • Industry feedback on the Finkel Review on national electricity market, and • NSW container deposit scheme
Green Building Council of Australia (GBCA)	Consistent	The Green Building Council's mission is to develop a sustainable property industry for Australia and drive the adoption of green building practices through market-based solutions. Its key objectives are to drive the transition of the Australian property industry towards sustainability by promoting green building programs, technologies, design practices and operations as well as the integration of green building initiatives into mainstream design, construction and operation of buildings.	Vicinity's Chief Investment Officer (Michael O'Brien) sits on the GBCA Board of Directors (http://new.gbca.org.au/about/board/) As a member, Vicinity has the opportunity to put forward its position to GBCA which in turn, makes submissions to all levels of government on a range of issues relating to green buildings and sustainable communities.

CC2.3f
What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

- (a) Method of engagement: Vicinity subscribes to and supplies information to industry associations such as the Property Council of Australia (PCA), Shopping Centre Council of Australia (SCCA) and the Green Building Council of Australia (GBCA), who engage directly with policy-makers on behalf of their members. Vicinity CEO sits on the PCA and SCCA board of directors, CIO sits on GBCA board of directors, and Vicinity General Manager Sustainability sits on the PCA Sustainability Roundtable.
- (b) Topics of engagement: The topics generally relate to the proposed legislation changes in regard to the Australian Government's climate change legislation. For example, the previous government's package of legislation relating to the carbon pricing mechanism and its related implications in regard to policy to our property assets, and the implication to investors. More recently Vicinity has contributed to industry dialogue related to the current government's emission reduction fund on the practicalities of participation in the fund, the Finkel Review on the security of the national electricity market and its impacts on the property industry, and supporting legislative changes that simplify the uptake of onsite renewables.
- (c) Nature of Engagement: This involves responding via the industry bodies to draft policy, legislation and other action on mitigation or adaptation, through research and by providing practical examples and results of the proposed policies on the assets we manage. Sometimes the engagement is in support of climate adaptation proposals, and other times against proposed policies where these have not been thought through and result in impractical results for operators and investors.
- (d) Actions Advocating: Our actions have encouraged endorsed practical, low cost carbon mitigation actions and disclosure in regard to our assets and funds. Specific actions advocated have included showing support of development of both performance and design based green buildings, and providing feedback (through the PCA Sustainability Roundtable) on the draft National Carbon Offset Standard for carbon neutral buildings and precincts.

Further Information

Vicinity's material risks and opportunities are provided in: 2016 Annual Report, pages 18-19 (at <http://www.vicinity.com.au/media/529334/annual-report-2016.pdf>) 2016 Sustainability Report, pages 8-9 (at http://vicinity.com.au/media/588271/vcx-sustainability-report_online.pdf) Vicinity Climate Policy is available at http://vicinity.com.au/media/645983/climatepolicy_12may2017_final.pdf Industry memberships and collaborations are presented at 2016 Sustainability Report, page 16 (at http://vicinity.com.au/media/588271/vcx-sustainability-report_online.pdf)

Page: CC3. Targets and Initiatives

CC3.1
Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year?

- Absolute target
- Intensity target

CC3.1a
Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions covered by target (metric tonnes CO2e)	Target year	Is this a science-based target?	Comment
Abs1	Scope 1+2 (location-based)	100%	6%	2014	245997	2016	No, but we anticipate setting one in the next 2 years	The energy/emissions reduction target reported is for the current reporting period, using the 2014 as a base year. The methodology for this target was asset specific targets across the portfolio aggregated to form a corporate wide target. Vicinity is currently in the process of setting a long-term science-based carbon reduction target for the business, which will be achieved by setting short, medium and long-term asset specific absolute and intensity targets. We are also in the process of developing pathways to achieve our long-term target through a mix of energy efficiency technologies and onsite renewable energy projects. We will report our long term target to the CDP next year.

CC3.1b
Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions covered by target	Target year	Is this a science-based target?	Comment
Int1	Scope 1+2 (location-based)	100%	6%	Metric tonnes CO2e per square meter*	2014	0.083	2016	No, but we anticipate setting one in the next 2 years	The energy/emissions intensity reduction target reported is for the current reporting period, using the 2014 as a base year. The methodology for this target was asset specific targets across the portfolio aggregated to form a corporate wide target. Vicinity is currently in the process of setting a long-term science-based carbon reduction target for the business, which will be achieved by setting short, medium and long-term asset specific absolute and intensity targets. We are also in the process of developing pathways to achieve this long-term target through a mix of energy efficiency technologies and onsite renewable energy projects. We will report our long term target to the CDP next year.

CC3.1c
Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
Int1	Decrease	6	Decrease	6	We decreased our overall absolute emissions compared to 2014 by around 20,000 tonnes of CO2-e, but also increased our total gross lettable area (GLA) due to investment of a number of new assets. We achieved our 6 per cent reduction in intensity target during 2016. Reduction in Scope 1+2 emissions are primarily a result of energy reduction measures implemented through our Environment Improvement Program. Furthermore, as part of our Sustainability Strategy, we are in the process of setting long term carbon reduction target for the business, which will be reported in next year's submission to the CDP. The decrease in our Scope 3 emissions is primarily driven by a reduction in energy use, and the associated scope 3 emissions associated with distribution and networks, and also as a result of our waste management and recycling program.

CC3.1e
For all of your targets, please provide details on the progress made in the reporting year

ID	% complete (time)	% complete (emissions or renewable energy)	Comment
Abs1	100%	100%	Vicinity's carbon emissions reduction target of 6 per cent from 2014 was achieved this year, as a result of energy reduction measures implemented across our centres.
Int1	100%	100%	We achieved our target of 6 per cent reduction in energy/emissions intensity from 2014. We decreased our overall absolute emissions compared to 2014 by around 20,000 tonnes of CO2-e, but also increased our total gross lettable area (GLA) due to investment in new assets, which resulted in the decrease in energy/emissions intensity.

CC3.2

Do you classify any of your existing goods and/or services as low carbon products or do they enable a third party to avoid GHG emissions?

Yes

CC3.2a

Please provide details of your products and/or services that you classify as low carbon products or that enable a third party to avoid GHG emissions

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
Company-wide	The efficiency of our properties directly enables Scope 1, 2 & 3 emissions to be avoided by a third party, particularly relating to our tenants. The implementation of energy and waste efficiency initiatives can deliver significant scope 1, 2 & 3 emissions reductions for our tenants. Furthermore, Vicinity's Environment Improvement Program (EIP) has identified and implemented a range of technologies including energy-efficient HVAC systems, efficient lighting, recycling programs and integration of energy efficiency and emission avoidance into our operations and major building upgrades and developments. We have also developed a tenancy design guideline which has specific sustainability guidance on designing and running an efficient tenancy (product). This enables our third parties and Vicinity to avoid emissions from the construction and operation of our tenancies.	Avoided emissions	Other: National Australia Greenhouse Accounts Factors (NGA) August 2016			

CC3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

CC3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	329	0
To be implemented*	40	3568
Implementation commenced*	0	0
Implemented*	111	4350
Not to be implemented	4	0

CC3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
Energy efficiency: Building services	Retrofitting lighting: LED lighting upgrades and controls - 37 projects across 23 centres implemented LED lighting upgrades in 2016 as part of a national program progressively being rolled out across all assets, where applicable. Apart from significant energy savings, the LED technology also reduces lamp replacement costs and maintenance due to the long life time of the lamp.	2200	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	493000	2358000	4-10 years	6-10 years	
Energy efficiency: Building services	Energy efficient HVAC equipment: Retrofitting existing HVAC infrastructure to enable a more efficient building service. We conducted 10 projects at 10 assets, such as installation of VSDs on carpark extraction fans, installation of VSDs and AHUs.	249	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	41000	1820000	1-3 years	6-10 years	
Energy efficiency: Building services	Building EMS: Includes building management systems and implementation of building management analytical services and optimisation systems. Vicinity implemented 23 projects at 21 centres.	1400	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	1221000	615000	4-10 years	6-10 years	

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
Waste recovery	Vicinity has implemented a robust and ongoing waste and recycling program that includes setting asset specific waste recycling or recovery targets, as well as corporate-wide recycling targets. This program has been running for a number of years, and in 2016, we implemented 21 specific projects across our centres, including roll out of additional waste management infrastructure and recycling options, introduced organics and coffee ground recycling, and enabled greater shopper recycling efforts.		Scope 3	Voluntary			<1 year	3-5 years	Cost and savings have not been calculated for these initiatives at this stage
Energy efficiency: Building services	Upgrade vertical transport systems by retrofitting variable speed drives and replace equipment with more energy efficient ones. Implemented at 3 shopping centres (Altona Gate, Bayside and Eastlands shopping centres).	117	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	17000	1680000	1-3 years	6-10 years	
Energy efficiency: Building fabric	Implement atrium glass solar reflective film to reduce heat and glare penetration reducing the cooling load required in summer	285	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	38000	57000	1-3 years	6-10 years	

CC3.3c
What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Employee engagement	Energy and waste reduction targets. Each year energy and emissions reduction performance targets are set for each asset. The targets are set in collaboration with asset operations teams, and monitored throughout the year to track progress against the target. Vicinity additionally promotes sustainability awareness among staff, and promotes behavioural changes that reduce energy use, waste to landfill and resulting carbon emissions at our assets and corporate offices.
Compliance with regulatory requirements/standards	Energy Efficiency Opportunities Act (EEO). Vicinity has implemented a program to comply with the Australian Government's EEO legislation. This requires assessment and public reporting of energy efficiency opportunities available within the portfolio. The implementation of the Environment Improvement Program satisfies all EEO obligations. The EEO legislation has been repealed, however the framework implemented is still used internally at Vicinity to drive emissions reduction activities.
Internal incentives/recognition programs	Energy and Waste reduction targets. As part of the Environment Improvement Program, we set specific environmental targets for each asset annually to drive improvements in energy and waste performance, and associated GHG emissions. These targets are then aggregated to form a corporate, portfolio wide target and multi-site programs are developed to further drive improvement in these targets. Site-specific targets inform KPI of site Operations Managers, against which they are assessed during their annual performance reviews. Additionally, achievements are recognised through the company's internal communication platform - The Loop.
Financial optimization calculations	Energy and waste management plans. As part of the Environment Improvement Program, energy and waste management plans are developed and reviewed annually for each asset, to improve the operational efficiency performance and increase recycling rates. These plans provide a suite of potential emission reduction activities, including a cost benefit analysis. These activities are prioritised and included in planning for the asset. The plans are updated each year to track their implementation and emissions reduction initiatives.

Further Information

Further details on our energy use and carbon reduction measures are covered in our 2016 Sustainability Report (Pages 29-34) at http://www.vicinity.com.au/media/588271/vcx-sustainability-report_online.pdf

Page: CC4. Communication

CC4.1
Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

Publication	Status	Page/Section reference	Attach the document	Comment
In other regulatory filings	Complete	19	https://www.cdp.net/sites/2017/80/60580/ClimateChange2017/SharedDocuments/Attachments/CC4.1/7.1annual-report-2016.pdf	Response to climate change discussed under 'Management of risk' of the Operating and Financial Review in the 2016 Annual Report, publicly available at http://www.vicinity.com.au/media/529334/annual-report-2016.pdf
In voluntary communications	Complete	9,11,30	https://www.cdp.net/sites/2017/80/60580/ClimateChange2017/SharedDocuments/Attachments/CC4.1/7.1vcx-sustainability-report_online.pdf	Vicinity's approach to climate change adaptation and mitigation are discussed in pages 9 and 11 of our Sustainability report. Our energy and GHG emissions are disclosed on page 30. http://www.vicinity.com.au/media/588271/vcx-sustainability-report_online.pdf
In voluntary communications	Complete	Vicinity website		'The 'Low Carbon' and 'Climate Resilience' programs under Vicinity's Sustainability Strategy, and overall reductions achieved in carbon emissions intensity are communicated on our website. See http://www.vicinity.com.au/sustainability/our-approach (for Sustainability Strategy areas) and http://vicinity.com.au/sustainability/governance-and-performance (under 'Key Achievements') for emissions intensity.
In voluntary communications	Underway - previous year attached	All	https://www.cdp.net/sites/2017/80/60580/ClimateChange2017/SharedDocuments/Attachments/CC4.1/climate-change-2016-response-vicinity-centres.pdf	We make our current and historical year CDP submissions publicly available via our website. Our 2017 survey response will be uploaded once completed. The link to last year's report can be found here: http://www.vicinity.com.au/media/590225/climate-change-2016-response-vicinity-centres.pdf , and other historical responses can be found on our website under 'Reporting' at: http://www.vicinity.com.au/sustainability/governance-and-performance

Further Information

Module: Risks and Opportunities

Page: CC5. Climate Change Risks

CC5.1
Have you identified any inherent climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Risks driven by changes in regulation
- Risks driven by changes in physical climate parameters
- Risks driven by changes in other climate-related developments

CC5.1a
Please describe your inherent risks that are driven by changes in regulation

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Emission reporting obligations	Emission reporting obligations in which Vicinity Centres is currently required to participate include: National Greenhouse and Energy Reporting (NGER) Act (2007); and State based Environmental schemes. To avoid fines and penalties, this risk requires Vicinity to ensure it has robust systems in place to collate data, analyse and report.	Increased operational cost	>6 years	Direct	Virtually certain	Low-medium	Annual cost of maintaining a data management system, collecting data, and doing audits of the assets. Financial implications are now considered part of business as usual as we have been doing this for a number of years. Potential for financial penalties for noncompliance with the NGER Act are in the order of \$340,000.	Environmental data management system has been established to undertake our reporting requirements. The system is maintained internally and managed by the Vicinity's Information Technology (IT) department. The data are hosted under an external cloud platform, for which Vicinity pays an annual subscription fee. Further, we engage an external assurance provider to undertake third party verification of our NGER submission, which was undertaken for full group in 2016.	Annual cost of maintaining the internal environmental data management system, including data capture, external cloud subscription and management, and reporting. One FTE is responsible for managing the system. In addition, the costs associated with undertaking external assurance of our data and systems in place. The combined total cost of these elements is \$360,000 per annum.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Uncertainty surrounding new regulation	<p>In June 2017, the Australian government has completed an independent review of the national electricity market to understand the legislative changes required to maintain the security, reliability, affordability and sustainability of the national electricity market (widely known as the Finkel Review). The Review considered, among other factors, changes required to meeting Australia's medium- to long-term emissions reduction objectives, including the commitment to the Paris Climate Agreement. Meeting Australia's commitment in Paris will require that Australia achieves net zero emissions by 2050 and decarbonise our economy. The Finkel Review recommends a Clean Energy Target (CET) for electricity retailers and/or a national Emissions Intensity Scheme (EIS) for power generators as mechanisms to drive investment in renewable and low emissions generation and achieve emission reductions. The Review been positively received by the government and industry in Australia, and it is likely that legislative changes will come into effect to support one or both of the recommended mechanisms. The next 6-12 months will see State and federal governments agree on which recommendations and how they will be implemented, creating regulatory uncertainty in the short- to medium-term. Modelling conducted by Climate Works and Australian National University (2014) predicts that under our current policy mechanism, progressive decarbonisation of the Australian grid could lead to approximately 120% increase in current wholesale electricity prices in 2025. Given that the majority of Vicinity's electricity is sourced from external energy sources, any legislative changes to decarbonise the Australian grid will have a significant impact on Vicinity's energy and operational costs.</p>	Other: Business uncertainty	>6 years	Direct	Very likely	Low-medium	<p>The financial implications for Vicinity will be a potential increase in wholesale electricity prices, which would increase our price of electricity, a predicted 120% increase in energy prices could potentially incur annual electricity costs in the order of \$39,000,000 by 2025 for Vicinity, under the business as usual scenario. Additional time and effort will be required to monitor regulatory impacts and assess the feasibility of installing on-site renewable energy to offset the impacts of potential electricity price hikes in the future.</p>	<p>Our approach is to monitor the outcomes of the energy market review, understand the likelihood of introducing a CPM and the associated impact on the renewable energy sector. In 2016, Vicinity completed modelling to identify the feasibility of a long-term science based carbon target for the business. The modelling has found that achieving a net zero target by 2030 will be commercially feasible if legislative changes come into effect in favour of renewable energy. Vicinity will continue to investigate the business case for onsite renewable energy generation across our portfolio as a way of avoiding any impacts of electricity price increases. We will also continue to drive improvements in energy efficiency and carbon reduction of our assets through the Environment Improvement Program (EIP) to reduce our vulnerability to future increases in electricity prices.</p>	<p>Monitoring legislative changes is incorporated into the broader work of the Sustainability team, which is estimated at approximately \$10,000 to \$20,000 per year. Additionally, the cost of external consultants' advisory services to identify a science based target and develop decarbonisation pathways for Vicinity was approximately \$120,000.</p>

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Renewable energy regulation	The Australian Government's current Renewable Energy Target (RET) is to generate 33,000 GWh (or 23%) of Australia's electricity through renewable energy by 2020. This target, when revised in 2015 provided regulatory certainty for the clean energy industry. However, there remains uncertainty around whether the target will be extended beyond 2020. If the target is not extended, this removes financial incentives currently offered to both large and small scale renewable energy generating systems including onsite solar installations, creating uncertainty for Vicinity in our investment planning to roll out renewable energy projects across our portfolio and resulting in longer return on investment for solar.	Increased operational cost	3 to 6 years	Direct	More likely than not	Low-medium	Additional management time and effort being spent due to additional due diligence required to assess the business case for renewable energy generation across our property portfolio. This increase in management effort is estimated to be \$10,000 to \$20,000 per year. Changes to the target causes uncertainty in terms of the market value of a Renewable Energy Certificate (REC) which has a flow on effect to the viability of small and large scale renewable energy projects for Vicinity. The impact is still being determined and is assessed on a site-by-site project basis.	Our management approach is to continue to monitor the revised RET target and its impact on the renewable energy sector. Furthermore, as part of our Sustainability strategy, Vicinity has completed modelling to understand the feasibility of setting a science-based carbon target for our business. This would help us to manage future risks (such as changes in energy regulations or electricity prices), as well as to achieve significant operational efficiencies and leverage commercial opportunities through energy efficiency technology and renewable energy generation. As we develop a work plan to achieve such a target, we will continue to investigate the business case for renewable energy generation in light of regulatory changes.	The cost of external consultants' advisory services to develop a science based target for Vicinity was approximately \$120,000. Furthermore, management effort and cost is required to continually monitor and understand the regularly changing policy landscape, which is estimated at \$10,000 to \$20,000 in management costs per year.

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Emission reporting obligations	The Australian Government, Department of Industry and Science recently completed a review of the Commercial Building Disclosure (CBD) Program. The program now requires energy efficiency information to be provided in most cases when commercial office space of 2000 m ² (1000 square metres from 1 July 2017) or more is offered for sale or lease. One of the areas considered in this recent review was the extension of the program to other asset types, such as retail/shopping centres, however, the requirement was not extended to this asset class. As a shopping centre property owner and manager, this continues to present a potential regulatory risk to Vicinity, and we will continue to monitor any changes and updates to this requirement.	Increased operational cost	3 to 6 years	Direct	More likely than not	Low	Our approach to data management and emission reduction efforts and disclosure put us in good stead to respond to this legislation and therefore we have mitigated most potential risks. Any subsequent costs would be in the form of additional management effort to manage any requirements of the program, possible consulting fees and application lodgement fees which would be approximately \$5,000 per asset. Furthermore, the flow on impact of mandatory disclosure of building efficiency is a manufactured competitive market for efficient assets that may positively impact our asset values and our ability to sell. The financial impact of this is uncertain and difficult to estimate for shopping centres where the legislation does not yet exist.	We are lobbying through our industry associations, the Property Council of Australia and Shopping Centre Council of Australia. In addition, our current management approach is to undertake programs that address potential legislative requirements and to also continue with environmental efficiency and carbon reduction programs, reducing the potential exposure to sudden cost increases from these types of legislative changes.	Additional management time and effort to manage and coordinate the requirements of the program (if it extends to retail property in the future) is approximately \$20,000 per year. Consulting fees for application preparation and assurance could vary significantly based on the volume of transactions that may trigger the relevant legislative requirement, with an approximate average annual cost of \$50,000-\$100,000.

Risk driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
General environmental regulations, including planning	Potential for changes to general environmental regulations has created uncertainty around current environmental management and due diligence approaches to acquisitions and divestments and developments. This could be in the form of more stringent environmental management requirements within the Vicinity business.	Increased capital cost	3 to 6 years	Direct	More likely than not	Low-medium	Expected to be an increase in cost of consulting for assessing changes to environmental legislation and the potential impact on our business through adhering to new minimum standards and associated costs from the flow-on effects. Estimated cost to assess the effect of any changes is approximately \$60,000 per annum.	Vicinity's EMS will capture changes to environmental legislation as part of its annual review cycle. Vicinity's philosophy for design standards and management practices is to apply the highest legislative standards and/or industry best practice nationally. To this end, Vicinity is integrating best practice sustainability standards (including Green Star ratings) into the design brief used in our development projects. We are also setting a long-term science based low carbon target for our business to minimise any adverse impacts from legislative changes (such as electricity price increases). Additionally, we are proactively integrating climate resilience into our business processes (including risk management, development projects, operational assets and capital allocation and transaction decisions) to ensure long term resilience of our assets. These activities help ensure that any financial risks and management costs resulting from regulatory changes are mitigated, and commercial and operational benefits are realised early.	Estimated management costs to assess the effect of any environmental regulatory changes are \$60,000 per annum and includes reviews of EMS and design standards. Consulting services associated with developing sustainability design standards for our development projects, and embedding climate resilience into our portfolio and business processes is approximately \$110,000.

CC5.1b

Please describe your inherent risks that are driven by changes in physical climate parameters

Risk driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
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Tropical cyclones (hurricanes and typhoons)	<p>Frequency and severity of tropical cyclones, hurricanes, storms and tidal surges are expected to increase due to rising global ocean temperatures. Some parts of Australia, such as Queensland and New South Wales, are particularly vulnerable to tropical cyclones, and affect the operating conditions for shopping centres in these areas. Impacts include damage to building fabric; Increase in insurance premiums, operations and maintenance costs, disruption to site operations, tenant operations and customer traffic. Tropical cyclones inflict general property damage, disruption to operations and services across affected states, impacting operations and maintenance costs, rental income, tenant revenues and maintaining customer safety.</p>	<p>Other: Increased insurance costs, potential disruption to business, reduction in productive capacity, increase in operational cost</p>	1 to 3 years	Direct	Very likely	Medium-high	<p>Financial impact can be difficult to forecast as it depends on the nature and intensity and location of the event. The uncertainty and scale of impact are sufficiently material such that all potential assets for acquisition are assessed on their exposure and vulnerability to weather extremes. The cost impact of climate related impacts have been over \$10 million since 2010. The costs were \$1.4 million in 2014 and \$950,000 in 2015 and 2016. A recent cyclone in the central coast of Queensland has resulted in around \$600,000 of damage, which may be as high as \$1.1 million once all costs have been incurred.</p>	<p>We manage this risk by monitoring and improving our insurance cover to ensure cover for increased physical risks due to tropical storms and cyclones. To address physical risks we have quarterly meetings between operational, risk and compliance personnel. External advisers address our approach to risks at our assets and the appropriateness of our risk program and insurance coverage. In 2016, we completed a high level risk assessment of region specific Australian climate and weather impacts across our portfolio to identify highest risk assets. We are now integrating climate risk into our operations, risk management, development projects and capital allocation and transaction processes to ensure long term resilience. We have developed a checklist to assess climate resilience at an asset level and also integrated resilience into our asset tiering process, which influences our investment/divestment decisions. Capex planning also considers physical resilience in light of exposure to current/future climate impacts. For new developments we comply with local environmental planning laws in the design of our assets appropriate to environmental risks prevalent. For new developments, resilience is integrated through the Green Star process, which now includes new credits for climate resilience. Attainment of these credits mitigates some physical risks during building design. In acquisitions, we review climate risks during the due diligence process.</p>	<p>The cost of external advisory services for Vicinity's climate risk assessment and resilience program is approximately \$80,000. The cost of acquiring the Green Star Climate Resilience credits, which integrates resilience into our development projects, is approximately \$10,000 per development project. Extrapolated over Vicinity's current development pipeline of 3 projects, total costs are estimated at \$30,000. During the asset acquisition processes, additional due diligence of exposures and vulnerabilities can result in additional management effort ranging from \$10,000 to \$50,000 depending on the nature of exposure or identified vulnerability.</p>
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<p>Change in precipitation extremes and droughts</p>	<p>Predicted and observed increases in volume and speed of precipitation due to climate changes are resulting in increased instances of property failures, wear and damage, via a combination of increased stress on building services and associated public infrastructure. These may require frequent repairs and restoration activities and increase operating costs. Unless they are able to be passed onto tenants, insurers or infrastructure providers, they can affect the profitability of our centres and their value.</p>	<p>Increased operational cost</p>	<p>>6 years</p>	<p>Direct</p>	<p>Likely</p>	<p>Medium</p>	<p>If roof and gutter design and specifications are not capable of handling greater volumes of water, this can impact roof integrity and create significant damage to the building roof structure as well as common areas and tenant spaces. Water entering our centres also poses potential safety risks to our employees, tenants and shoppers. In most cases, these costs are insurable, but excesses per claim and management efforts can still be borne by the business. Minor damages can average between \$2,000-5,000 per incident through to major damages that can average between \$70,000-250,000 per incident depending on the severity of precipitation events.</p>	<p>Building strength and services capacity is reviewed on a quarterly basis, with operational and capital expenditure processes used to invest in improving asset resilience to ensure continued trading for tenants and shoppers. Another approach we are taking is through the Climate Resilience work program under our Sustainability Strategy. Vicinity has completed a high level risk assessment of all Australian climate and weather related impacts across our portfolio and their potential severity and likelihood now and into the medium/long term. We are now in the process of integrating climate risk into our operational and management processes, including risk management, development and capital upgrades, asset tiering, capital allocation and transaction decisions. We have also developed a checklist to assess climate-related impacts and resilience at an asset level. This program will strengthen our asset management processes described above and improve longer term climate resilience of our business.</p>	<p>The management costs associated with asset roof leaks is estimated around \$2,000 - \$5,000 per event, extrapolated over a year and across our portfolio (85 centres) is an annual cost of around \$575,000, with the potential to increase with predicted changes in intensity of precipitation patterns. The ongoing strengthening of our resilience and management approach from a portfolio perspective is included within the Sustainability team's program of works, and for 2016 was \$80,000 (cost of undertaking a portfolio wide risk assessment and climate resilience program).</p>
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<p>Change in precipitation pattern</p>	<p>Predicted changes in regional precipitation patterns due to climate change can lead to increased levels of water restrictions and higher associated energy and water supply costs for Vicinity. These increased operating costs affect the profitability of our centres and their value.</p>	<p>Increased operational cost</p>	<p>>6 years</p>	<p>Direct</p>	<p>Likely</p>	<p>Low-medium</p>	<p>The impact of changes to precipitation patterns and water scarcity could result in higher costs of water. For example, if our cost of water use went up by 20% this would result in an additional \$1,400,000 cost to Vicinity and our tenants, since some of this cost would be borne by tenants.</p>	<p>The management approach is to offset an increasing price of water by reducing reliance on mains water and implementing mitigation measures for times of water scarcity. Vicinity's Environment Improvement Program (EIP) guides the business to increase the eco-efficiency across our assets, focusing on our key environmental impacts of energy, carbon emissions, water, waste and establishing a systematic approach to measuring and monitoring performance. Vicinity undertakes water assessments of our assets to identify measures to reduce water consumption and dependency. These measures are put into the budgeting and planning cycles of each asset for implementation on an ongoing basis. Measures typically include rainwater harvesting, water efficient fixtures and fittings, and water monitoring. We also address water efficiency through our centre upgrade design standards. As part of our amenities upgrade programs we have progressively been upgrading to water efficient equipment such as waterless urinals, and low flow taps as a minimum specification WELS 4 star. The design standards also include our developments and extensions.</p>	<p>The water related program within the EIP over last few years is an investment in the order of \$250,000 and includes water efficiency assessments, water monitoring and meter installation and leakage detection. It is integrated into the business at an asset level but led by the Vicinity Sustainability department.</p>
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Change in temperature extremes	Operations during temperature extremes (heat waves, extreme cold days) can result in a number of risks for our assets. It is likely to put excess demand on the HVAC systems, reduce their lifespan and shifting expected capital outlays. If plant is unable to operate as designed due to temperature extremes, Vicinity may not be able to maintain adequate levels of tenant and consumer comfort potentially leading to reduction in customer visitation, tenant sales, and therefore rent from tenants. Higher temperatures and humidity can also cause wear and damage to the building envelop, increasing our maintenance costs. Prolonged periods of extreme temperatures will increase energy costs and put pressure on energy demand, which may cause electricity retailers to either have power failures or outages, impacting our centres' ability to operate and trade.	Increased operational cost	>6 years	Direct	Likely	Medium	The implications are increased energy consumption and energy demand coupled with increasing electricity prices. For example a 20% increase in energy cost across the Vicinity portfolio would equate to an estimated increase of \$7,000,000. The budgeted cost of HVAC efficiency upgrade projects for FY17 is approximately \$14,500,000. The general lifespan of a HVAC system is about 15 years, and stress to the system caused by extreme temperature fluctuations can reduce its lifespan to about 10 years, potentially resulting in losses of approximately \$4,350,000 in capital expenditure across the portfolio. In 2016, Vicinity avoided 2.7 million kWh of energy through our energy efficiency initiatives implemented by our Environment Improvement Program, which translates to \$1,000,000 of avoided costs.	To mitigate this risk, Vicinity focuses on improving the overall energy efficiency of our assets. Vicinity's Environment Improvement Program (EIP) includes monitoring, management and educational tools to improve the overall efficiency of its portfolio. Building management software is one part of the EIP and has been utilised across many of our centres to provide monitoring functionality to identify and rectify HVAC issues and optimisation measures. Another aspect of the EIP is to identify and implement energy efficiency improvements that will reduce Vicinity's asset energy consumption and further limit impact on the electricity grid. Vicinity has completed a feasibility assessment to identify a long-term science based carbon target for our direct portfolio, in order to manage future risks (such as changes to energy demand or electricity prices) and achieve significant operational efficiencies through energy efficiency technology and renewable energy generation. Large-scale onsite renewable energy generation is being explored with solar systems implemented at three assets to date over the past 3 years.	Energy management forms an important part of our EIP, which is approximately \$1,100,000 per annum. The investment in energy audits is around \$110,000 across the portfolio. The recurring savings realised through our asset efficiency investments more than outweigh the cost of management. Consulting fees to complete the feasibility assessment of a long-term science based carbon target was \$120,000 in 2016.
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CC5.1c

Please describe your inherent risks that are driven by changes in other climate-related developments

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
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<p>Induced changes in human and cultural environment</p>	<p>Changes to demographics in relation to the nature and size of trade areas, and consumption patterns and propensities could result. These need to be studied and factored into long term planning for Vicinity's retail assets. Vicinity's assets that are located in low lying coastal areas could be impacted by reduced trade area through rising sea levels and other infrastructure or assets that could become 'stranded'.</p>	<p>Other: Could be a broad range of impacts which are difficult to quantify, but could include reduced market penetration for our centres and vice versa.</p>	<p>>6 years</p>	<p>Direct</p>	<p>Likely</p>	<p>Medium</p>	<p>The implications could be the loss of our target catchment which could result in a reduced service offering to a reduced customer base, adversely affecting tenant sales. Looking long term over 20-50 years, the result could have a significant impact on specific assets' revenue.</p> <p>The on-going monitoring of the catchment area in terms of demand and changing trends, via market research, surveys, tenant sales and trade information keeps Vicinity abreast of emerging trends on our catchment areas. Furthermore, under Vicinity's Climate Resilience work program under our Sustainability Strategy, we have completed a high-level region specific climate risk and resilience assessment across all Vicinity retail assets, which has identified current and future climactic and weather related risks as well as those assets with a higher risk exposure. Vicinity is currently undertaking a program to embed climate resilience consideration into our operational and management processes, including risk management, development, asset tiering, and capital upgrades, capital allocation and transaction decisions.</p>	<p>In terms of our Climate Resilience program, the cost for conducting the high level climate risk and resilience assessment across the entire retail portfolio was \$80,000. Undertaking a detailed assessment of our more exposed assets and developing mitigation strategies will cost approximately \$30,000 per asset.</p>
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<p>Reputation</p>	<p>Management of reputational risks is becoming increasingly critical for Vicinity as external focus on climate change issues increases. In Australia, there has been increased attention to the fiduciary duty of company Directors to consider climate-related risks in their business, as they now considered 'foreseeable risks'. Several large global pension funds are using sustainability as a key criterion when selecting investments in real estate investment trusts (REITs) such as Vicinity, especially when looking for long-term investments. At this point in time, a selection of investors are actively focused on our approach to sustainability, and there are a few large investors who are now showing signs of becoming more active in their investigations into these risks. A poor reputation can lead to a lack of investor confidence, put downward pressure on the share price, and make it difficult (and costly) to raise debt and equity which is a normal part of managing a listed property trust. This would mean that we would lose a competitive edge and would have a reduced number of opportunities for investment (which is material but difficult to quantify in terms of the impact on the growth of the business) as well as some indirect impacts such as rising cost of debt (through low investor confidence) and the inability to retain talented staff, thus damaging Vicinity's potential performance going forward.</p>	<p>Reduced stock price (market valuation)</p>	<p>>6 years</p>	<p>Direct</p>	<p>Likely</p>	<p>Medium-high</p>	<p>A poor reputation can lead to a lack of investor confidence, putting downward pressure on the share price. If Vicinity's share price were to fall 5% due to a reputation related event, the market value of the company would fall by \$552m (based on market capitalisation of \$11.04b as at 25 May 2017). This impacts shareholders directly.</p> <p>We address this risk by improving the efficiency of our assets, and reporting to the market and our investors on our approach and achievements using investor sustainability surveys. We continue to report (to our debt and equity investors) through the FTSE4Good (since 2001), DJSI (since 2004), GRESB (since 2009), and CDP (since 2006). We also do voluntary investor surveys through researchers such as Sustainalytics and fund specific reports. We make our information publicly available on our website and through our annual report and sustainability report. Our most recent update on our sustainability strategy and achievements is in our 2016 Sustainability Report, issued in November 2016. In addition, we also hold regular meetings with sell side analysts and buy-side institutional investors (both domestic and international). We have also conducted a climate risk assessment across our entire portfolio (discussed in sections above), and are now in the process of integrating climate risk considerations into our key business processes to build long-term resilience.</p>	<p>Vicinity is investing around \$1,100,000 million across our assets to implement the centre Environment Improvement Program (EIP) in FY17. Furthermore the climate risk assessment and resilience program incurred a cost of \$80,000. Protecting our reputational risk relating to climate resilience is through Vicinity personnel. Vicinity's Sustainability team salaries are approximately \$600,000 per year.</p>
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Changing consumer behavior	Globally and in Australia, studies now show that variability in seasonal temperature (i.e. longer/shorter winters and summers) are starting to affect consumer purchasing behaviours and the traditional sales cycles of retailers offering seasonal goods. For example, prolonged summers and warmer winters have impacted the profitability of Australian clothing retailers' selling seasonal clothes such as outerwear, resulting in excess winter stock, and having to cut prices in order to move stock. While we believe the retailers will adjust the timing of seasonal ranges to ensure their inventory demand planning is geared for variability in seasonal temperature, any adverse impacts that affect the annual retail sales of Vicinity's tenants create a potential risk to rental income for our properties.	Reduced demand for goods/services	3 to 6 years	Indirect (Client)	Likely	Low-medium	While there is evidence that Australian retailers are already experiencing impacts of seasonal temperature variability, the impact is difficult to estimate, as variability in seasonal weather is difficult to predict. We understand that flow on effects could include a reduction in retail sales for our tenants, which could impact net property income for Vicinity. Our current approach is to continue to monitor these trends to understand the flow on financial impact to our business.	Our method for managing this risk is to continue to monitor consumer behaviours and retail sales throughout the year. Vicinity has a dedicated data and insights team that monitors consumer behaviours at our assets, and conducts modelling and correlation analysis to understand variables that impact their purchasing behaviours. Additionally, Vicinity's approach to intensive asset management focuses on driving foot traffic into our centres and helping shoppers to better connect with retailers. Each asset has a dedicated marketing manager, supported by a national marketing team at the corporate office, to focus on strategies to increase customer attraction and retention.	The cost of understanding managing this risk is through personnel in Vicinity's data and insights team. The management cost to monitor consumer behaviours and impacts on retailers due to climate related variables is estimated at \$10,000 to \$20,000 per year.
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Further Information

Further information about our approach to climate change risk mitigation can be found at the following places: 2016 Sustainability Report (pages 9,11 29-31) at http://www.vicinity.com.au/media/588271/vcx-sustainability-report_online.pdf; 2016 Annual Report (page 19) at <http://www.vicinity.com.au/media/529334/annual-report-2016.pdf>; Climate Policy (Page 2) at http://www.vicinity.com.au/media/645983/climatepolicy_12may2017_final.pdf; Vicinity website at <http://www.vicinity.com.au/sustainability>

Page: CC6. Climate Change Opportunities

CC6.1
Have you identified any inherent climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Opportunities driven by changes in regulation
- Opportunities driven by changes in physical climate parameters
- Opportunities driven by changes in other climate-related developments

CC6.1a
Please describe your inherent opportunities that are driven by changes in regulation

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
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Emission reporting obligations	<p>To meet the requirements of the emissions reporting legislation in Australia, specifically the National Greenhouse and Energy Reporting (NGER) Act 2007, Vicinity has established a robust environmental data and reporting system. Vicinity also undertakes regular external assurance of the system and data in place to meet the emissions reporting obligations. The opportunity is that the environmental data and reporting system is also available to our asset management teams, to assess and benchmark their performance and identify opportunities for improvement.</p>	Reduced operational costs	1 to 3 years	Direct	Very likely	Low-medium	<p>Vicinity's environmental data and reporting system enables the management of our emissions related activities at each centre. The accessibility to information gives our management greater insight into the operation of the centre, to ultimately increase the performance of our asset, leading to reduced operating costs. If Vicinity was able to identify and introduce greater energy saving measures to save 20% off electricity costs, this could translate into savings of approximately \$7,000,000 per annum. This would have a flow-on effect to our tenants through reduced outgoings.</p> <p>Vicinity's environmental management and reporting platform captures information from our assets and allows us to analyse and monitor our performance and identify improvement opportunities. Our Environmental Improvement Program (EIP) is an operational document which guides the business to increase the eco-efficiency across our assets, focusing on our key environmental impacts of energy use & greenhouse gas emissions, water, waste and establishing a systematic approach to measuring and monitoring performance. Our approach to energy management specifically involves undertaking energy assessments to identify opportunities to reduce energy consumption. Annual accredited NABERS assessments are also undertaken to assess asset performance. Environmental efficiency initiatives with short to medium term paybacks are being implemented.</p>	<p>The EIP program is approximately \$1,100,000 per annum, and has a strong focus on energy management. In 2016 we invested around \$386,000 in energy audits and energy management plans across the portfolio. The recurring savings being realised and the continually improving recoveries from asset efficiency investments made are anticipated to outweigh the cost of management, however this has not been quantified.</p>
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Voluntary agreements	Australia has a number of government incentive programs such as the Emission Reduction Fund, Energy Upgrade Agreements and other State-based initiatives. The opportunity for Vicinity is to utilise these programs where applicable to improve efficiency performance of our assets.	Reduced operational costs	>6 years	Direct	About as likely as not	Medium	Availability of government funds for achieving emissions reduction. This can provide a cost benefit incentive to projects by bringing forward time to realise savings from the investments. Specifically, the financial benefits would include, reduced operating costs and capital savings or availability of capital funds for other programs. If initiatives saved electricity costs by 20%, this could translate into savings of \$7,000,000 per annum.	Vicinity is managing this by working with various local, state and federal government departments and funding vehicles to access funding for projects. Incentive programs for property companies have only recently become accessible. Vicinity is currently utilising a number of government programs. For example, we have recently accessed state based funding schemes to work on energy efficiency initiatives such as lighting upgrades and energy audits to identify other improvement opportunities.	Cost is currently factored into management time and effort of the internally funded asset efficiency program, but the additional effort involved in staying abreast of funding and grant opportunities would be approximately \$10,000 per year. For past grants, typical costs associated with the preparation of funding applications were approximately \$5,000 per application for each individual asset efficiency project.
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<p>Other regulatory drivers</p>	<p>Includes multiple drivers including renewable energy legislation and product efficiency regulations/standards. In June 2017, the Australian government has completed an independent review of the national electricity market to understand the legislative changes required to maintain the security, reliability, affordability and sustainability of the national electricity market (widely known as the Finkel Review). The Review considered, among other factors, changes required to meet Australia's medium- to long-term emissions reduction objectives, including the commitment to the Paris Climate Agreement. Meeting Australia's commitment in Paris will require that Australia achieves net zero emissions by 2050 and decarbonise our economy. The Finkel Review recommends a Clean Energy Target (CET) for electricity retailers and/or a national Emissions Intensity Scheme (EIS) for power generators as mechanisms to drive investment in renewable and low emissions generation, and achieve emissions reductions. The Review been positively received by the government and industry in Australia, and it is likely that legislative changes will come into effect to support one or both of the recommended mechanisms. The next 6-12 months will see State and Federal governments agree on which recommendations and how they will be implemented, creating regulatory uncertainty in the short- to medium-term. Additionally, modelling conducted by Climate Works and Australian National University (2014) predicts that under current policy mechanisms, progressive decarbonisation of the grid will lead to approximately 120% increase in current wholesale electricity prices in 2025. The opportunity for Vicinity is that an increase in electricity prices will make investment in renewable energy more commercially viable, and enable us to set and achieve a science-based carbon reduction target that will allow us to further improve building efficiency.</p>	<p>Reduced operational costs</p>	<p>3 to 6 years</p>	<p>Direct</p>	<p>Likely</p>	<p>Medium-high</p>	<p>Change in energy regulations to decarbonise the economy will give Vicinity certainty to invest in renewable energy and energy efficiency technologies, driving shorter return on its investments and operational efficiency through energy savings. Modelling conducted internally by Vicinity shows that increasing electricity prices that result from progressive decarbonisation of the national electricity grid can make future investments in renewable energy and energy efficiency technologies more commercially viable for Vicinity. The potential net annual benefits yielded would be in the order of \$10,000,000. Cost savings from energy efficiency and renewable energy projects are expected to increase over time.</p>	<p>Our approach is to monitor the outcome of the Finkel Review and its impact on the renewable energy sector. In 2016, Vicinity completed modelling to identify the feasibility of a long-term science based carbon target for the business, and is currently exploring pathways to achieve this target through a combination of onsite renewable energy, energy efficiency and smart technologies. As such, we will continue to investigate the business case for onsite renewable energy generation across our portfolio. Vicinity will also continue to drive incremental improvements in energy efficiency and carbon reduction of our assets through the Environment Improvement Program (EIP) to reduce our vulnerability to increase in electricity prices.</p>	<p>Monitoring legislative changes is incorporated into the broader work of the Sustainability team, which is estimated at approximately \$10,000 to \$20,000 per year. Additionally, the cost of external consultants' advisory services to identify a science based target and develop decarbonisation pathways for Vicinity was approximately \$120,000.</p>
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Renewable energy regulation	<p>The Australian Government's current Renewable Energy Target (RET) is to generate 33,000 GWh (or 23%) of Australia's electricity through renewable energy by 2020. This target, when revised in 2015 provided regulatory certainty for the clean energy industry. In light of Australia's commitment under Paris Climate Agreement combined with the strong commitment to emissions reduction and renewable energy in the majority of states in Australia, it is likely that policy changes will come into effect to more effectively reduce emissions. This will give Vicinity more certainty to build and apply this information into its investment framework when it comes to evaluating renewable energy opportunities, particularly in relation to on-site energy generation across our portfolio. Additionally, our internal modelling shows that an increase in electricity prices forecasted to result from decarbonisation of the electricity grid (discussed in the opportunity above) will make investment in onsite renewable energy more commercially viable for Vicinity.</p>	Reduced operational costs	1 to 3 years	Direct	Likely	Medium-high	<p>The financial implications from the generation of renewable energy at our assets would include reduced overheads, reduced costs for our tenants, and improved asset profitability and valuations. As a result of increased certainty around the renewable energy industry in Australia, the business case for implementing solar generation at Vicinity assets has also become more certain. This supports investment in solar and has the potential to bring forward energy savings to the business. This could easily result in a 35% saving in energy costs, in the order of \$11,700,000 per year.</p>	<p>Vicinity's management approach is to continue to monitor the revised RET and investigate the business case for renewable energy generation across our property portfolio. Under our Sustainability program, we have completed a feasibility assessment of a long-term science based carbon reduction target for our direct portfolio. This is in order to manage future risks (such as changes in energy regulations or electricity prices), as well as to achieve significant operational efficiencies and leverage commercial opportunities from energy efficiency technology and onsite renewable energy generation. Under this program, Vicinity will continue to develop the business case for onsite solar generation and where feasible, implement solar generation capability on an asset by asset basis. We are also lobbying through industry associations, including the Property Council of Australia, to encourage improved mechanisms that allow our sector to benefit from and implement on-site generation capabilities.</p>	<p>The management and consulting cost to identify a science based target and develop the business case and pathways to attain the target for Vicinity was approximately \$120,000. The cost of lobbying through industry associations is incorporated into the broader work of the Sustainability team, and is estimated at \$10,000 to \$20,000 per year.</p>
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CC6.1b
Please describe your inherent opportunities that are driven by changes in physical climate parameters

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
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Other physical climate opportunities	The frequency of extreme weather events such as tropical cyclones, storms, tidal surges, flooding, droughts, dust storms, and heat waves is predicted to increase due to climate change, and therefore affect the operating conditions for our assets. The opportunity for Vicinity is to have strong risk management processes and risk mitigation practices in place which can translate into lower insurance premiums, and enhanced physical and financial resilience.	Reduced operational costs	1 to 3 years	Direct	Likely	Low-medium	Having more efficient shopping centres with better environmental and risk management practices translates into lower risks of damage and therefore insurance claims. Claims for 2015 and 2016 amounted to \$950,000. Total cost of climate related impacts over the past 7 years was \$10 million. This included approximately \$7 million in 2011 relating to the Queensland flood damage.	The opportunity for Vicinity is to have more rigorous risk management processes, ensure our assets are more resilient to anticipated climatic impacts and increase building efficiency to minimise insurance premiums whilst maintaining an appropriately high level of cover. We have completed a climate risk assessment to understand the vulnerability and exposure of each asset in our portfolio to predicted changes in Australian climate. We are now in the process of embedding climate risk into group-wide management processes to build long-term resilience. With regards to insurance cover, Vicinity addresses this opportunity by negotiating competitive insurance premiums. We have quarterly risk management meetings between the operational teams, risk and compliance personnel and external risk management advisers to address and review risks at our assets (including physical risks) and the appropriateness of our insurance coverage. For new developments we comply with environmental planning laws related to the location and design of our assets and appropriate to the environmental risks prevalent. We also use the Green Star rating process (in particular climate resilience credits) to build climate resilience into new developments.	The cost of implementing Vicinity's climate risk assessment and resilience program, including external consulting and advisory fees, will be approximately \$80,000. The cost of keeping our risk processes rigorous involves the employment of risk management advisors for a fee of approximately \$315,000 per year. This is unchanged from previous year. There are three people in Vicinity who manage insurance aspects, the cost of which is estimated at \$500,000. Additionally, the cost of acquiring Green Star Climate Resilience credits (which integrates climate resilience into building design) is approximately 10,000 per development project. Extrapolated over Vicinity's current development pipeline of 3 projects, costs are estimated at \$30,000.
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Change in precipitation pattern	Predicted changes in regional precipitation patterns due to climate change can lead to increased levels of water restrictions and higher associated energy and water supply costs. By having a reduced dependency on natural resources, the opportunity for Vicinity is to be better prepared for periods of water scarcity.	Reduced operational costs	1 to 3 years	Direct	Likely	Low-medium	The financial implications involve installation of equipment to ensure water efficiency and water storage to provide onsite capacity to reduce reliance on mains water supply. Water management plans at each asset outline initiatives to reduce water use. Securing water supply at our shopping centres could have a significant impact on customer visitation (if other centres in our catchment area cannot secure water). The opportunity is to reduce reliance on mains water by implementing more efficient water saving measures around supply and use. In other words, reduced consumption through improved efficiency (for example, via equipment) and creating self-sustaining water supplies to minimise reliance on mains water supply. In the future, if we reduce mains water consumption by 20% this would translate to a \$1,400,000 cost saving at current water rates. It would also limit exposure to future potential price increases.	This opportunity is managed at the enterprise level through our Environment Improvement Program (EIP), which identifies water saving measures and implements them through the budgeting and planning cycles of each asset. These measures include installing low/no usage fixtures and fittings, metering and monitoring our water usage and installing rain water harvesting facilities. One initiative involves upgrading amenities blocks across our centres, including the installation of high water efficient fixtures such as timed tap-ware, dual flush toilets and waterless urinals. The business case for implementing water saving measures are analysed and reviewed each year to ensure that current and future price indicators are considered when selecting projects.	The EIP is integrated into the business at the asset level and is managed by the Sustainability team at an estimated cost of around \$250,000. Since the implementation of the EIP in 2006, we have invested over \$3,000,000 in water efficiency measures such as rainwater harvesting, water efficient fixtures and fittings, and water use monitoring.
Change in precipitation extremes and droughts	Predicted and observed increases in frequency and intensity of precipitation due to climate changes are resulting in increased instances of property failures and damage, due to a combination of stresses on building services and associated public infrastructure. The opportunity for Vicinity is to have more resilient assets that sustain manageable levels of damage so as to not significantly impact operating costs, and ensure the continuation of retail trade by our tenants.	Reduced operational costs	3 to 6 years	Direct	Likely	Low-medium	If roof and gutter design and specifications are not capable of handling greater volumes of water, this can impact roof integrity and create significant damage to the building roof structure as well as common areas and tenant spaces. Water entering our centres also poses potential safety risks to our employees, tenants and shoppers. While in most cases, these costs are insurable, the improvements in structure and avoided safety issues can result in avoided costs of \$25,000 per event per asset, on average. Furthermore, impacts on retail trade ultimately impacts our business revenue affecting our profitability and share price.	Building strength and services capacity is reviewed on a quarterly basis, within operational and capital expenditure processes in order to invest in improving asset resilience. To ensure long term resilience, Vicinity has completed a high level risk assessment of all Australian climate and weather related impacts across our portfolio and their potential severity and likelihood now and into the medium/long term. We are now in the process of integrating climate risk into our operational and management processes, including risk management, development, asset tiering, capital upgrades, capital allocation and transaction decisions. This program will strengthen our asset management processes described above and improve long term climate resilience.	The management costs associated with roof leaks is estimated around \$2,000 per event. Extrapolated over a year and across our portfolio this equates to an annual cost of around \$575,000. This figure has the potential to increase with changes in intensity and frequency of precipitation. Enhancing our resilience and management approach from a portfolio perspective is addressed by the Sustainability team's program of works, and is estimated to be approximately \$80,000 per year, addressing all the risks/opportunities outlined in this table and question.

Change in temperature extremes	Sustained operations during temperature extremes (heat waves, extreme cold days) can result in a number of risks for our assets, and are likely to put excess demand on the HVAC requirements. The opportunity for Vicinity is to have more efficient and self-sustaining assets, minimising our exposure to increased electricity costs from consumption and demand charges, and reducing the cost of tenancy for our tenants.	Reduced operational costs	3 to 6 years	Direct	Likely	Medium	Financial impacts include the opportunity to improve the building fabric to minimise damage from extreme weather events, in new developments, retrofits and refurbishments. This includes the installation of efficient equipment to reduce overall resource consumption at our properties, and implementation of large scale onsite solar generation to reduce our reliance and demand on the electricity grid. The opportunity to reduce our electricity costs equates to around \$11,700,000 if we were to reduce our consumption by 35 per cent.	Vicinity has established individual property plans to capture, manage and monitor all potential opportunities. These are built into the budgeting and planning cycles for each asset. This process identifies aging or failing HVAC equipment to be upgraded with more reliable and efficient equipment. Under Vicinity's Sustainability work program, we have completed a feasibility assessment for a long-term science based carbon reduction target for our direct portfolio. We are now developing potential pathways to achieve this target through energy efficiency measures and onsite solar generation. This will enable Vicinity to reduce risks related to electricity price fluctuations and also achieve significant operational efficiencies and leverage commercial opportunities. Additionally, our Development team is integrating sustainable building initiatives into the design of our new developments projects. For example, we implemented small scale solar PV systems on three assets in Western Australia, which have increased our onsite renewable electricity generation and reduced our reliance on the grid. Vicinity's development projects are also subject to a sustainability design brief and life-cycle cost analysis that considers environmentally sustainable design elements and equipment selection to maximise financial outcomes and address foreseeable climate change risks.	The EIP is the program used to identify energy efficiency projects and drive energy performance across the portfolio. Costs associated with the EIP are in the order of \$1,100,000. In 2016, we invested around \$386,000 in energy audits and energy management plans across the portfolio. Savings or avoided costs being realised are anticipated to outweigh the cost of management and implementation of this program, however this has not been quantified. Consulting fees to complete the feasibility assessment of a long-term science based carbon target and action plan is \$120,000.
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CC6.1c
Please describe your inherent opportunities that are driven by changes in other climate-related developments

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
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<p>Induced changes in human and cultural environments</p>	<p>Climate change can drive changes to demographics in relation to the nature and size of trade areas, and consumption patterns, which could have direct impacts on Vicinity. In the case of increasing extreme weather events, shopping centres can be seen as places of refuge. If this becomes more frequent, it could translate into more customer visitation and sales through increased retail trade by our tenants.</p>	<p>Increased demand for existing products/services</p>	<p>Unknown</p>	<p>Direct</p>	<p>Likely</p>	<p>Low-medium</p>	<p>Potential increases in population in trade catchment areas, and also weather induced changes to consumer behaviours, can result in increased customer visitation and spend at our centres. This could generate more income for Vicinity as the increase in shoppers will ensure tenant demand for space and ability to pay rents. If this were to translate into a 5% increase in traffic and conversion to sales, this would support a growth in rental yields and therefore, NPI growth. Even a minor influence of 1-3% would result in \$5-14 million value increase over time.</p> <p>Opportunities such as these relating to climate change are assessed at a business level via our enterprise risk identification processes and on an asset by asset basis through the centre strategic planning process. The scope of the Strategic Asset Plan Process is to review all strengths, weaknesses, threats and opportunities, with climate change risk and opportunity considered as a part of this process. The materiality of identified opportunities are measured in financial terms, as the impact on income or ongoing cost, and the resultant value created (opportunity) or lost (risk). Furthermore, we also manage this through Sustainability program, which focuses on building climate resilience by addressing climate related risk and opportunities. We have completed a high level risk assessment of all Australian climate and weather related impacts across our portfolio and are now in the process of integrating climate risk and developing mitigation strategies across into our operations, development projects, asset tiering process, capital allocation and transaction processes to ensure long term resilience of our assets.</p>	<p>Uncertainty of the impact means difficulty in placing a financial cost on this opportunity. The cost of this opportunity is \$0 since it is an external factor not driven by Vicinity. Any additional planning that is required is incorporated into costs of running centres, so \$0 marginal impact. The cost for conducting the climate risk assessment and resilience program for Vicinity is approximately \$80,000 across the portfolio.</p>
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Reputation	<p>Management of reputation risks is becoming increasingly critical for Vicinity as increased focus on climate change issues arise. In Australia, there has been recent attention to the fiduciary duty of company Directors to consider climate-related risks in their business, as they now considered 'foreseeable risks'. Several large global pension funds are using sustainability as a key criterion when selecting investments in real estate investment trusts (REITs) such as Vicinity, especially when looking for long-term investments. At this point in time, a selection of investors are actively focused on our approach to sustainability, but there are a few large investors who are now showing interest in understanding our climate related risks and opportunities. The opportunity for Vicinity is to build a positive reputation among investors, consumers and tenants by addressing its impacts and risks effectively, and realising business opportunities. This would lead to Vicinity being considered a preferred business for investment, renting space and a shopping destination.</p>	Increased stock price (market valuation)	1 to 3 years	Direct	Likely	Medium	<p>A strong reputation can lead to greater investor confidence, put upward pressure on share price and make it easier (and cheaper) to raise capital. An impeccable record on sustainability could translate into an improvement in the cost of debt where Vicinity could be entitled to a 15 to 20 basis points improvement in debt costs. If Vicinity had \$2.4 billion of debt, the improvement in debt costs would translate into a \$4.2 million in savings. A higher share price would result in the cost of equity becoming cheaper.</p>	<p>We continue to report our sustainability approach and performance to our debt and equity investors through participation in investor sustainability surveys. We have participated in FTSE4Good since 2001, DJSI since 2004, GRESB since 2009, and CDP since 2006. We also do voluntary investor surveys requested by independent researchers (such as Sustainalytics) and investment funds. We make our information publicly available on our website and through our sustainability report. Our most recent update on our sustainability strategy and performance is in our 2016 Sustainability Report, issued in November 2016. In addition, we also hold regular meetings with sell side analysts and buy-side institutional investors (both domestic and international).</p>	<p>The cost of this opportunity is in the form of human capital, comprising: a team of professional sustainability personnel, the additional working hours of other staff in the business to report on sustainability performance, and a number of consultancy firms used for advisory, consulting and assurance services. The human capital cost equivalent could be estimated circa \$600,000 per year across the business.</p>
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Further Information

Further information about how we are responding to climate related risks and opportunities can be found at the following places: 2016 Sustainability Report (pages 9,11 29-31) at http://www.vicinity.com.au/media/588271/vcx-sustainability-report_online.pdf; 2016 Annual Report (page 19) at <http://www.vicinity.com.au/media/529334/annual-report-2016.pdf>; Climate Policy (Page 2) at http://www.vicinity.com.au/media/645983/climatepolicy_12may2017_final.pdf; Vicinity website at <http://www.vicinity.com.au/sustainability>

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

Page: CC7. Emissions Methodology

CC7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Scope	Base year	Base year emissions (metric tonnes CO2e)
Scope 1	Wed 01 Jan 2014 - Wed 31 Dec 2014	7509
Scope 2 (location-based)	Wed 01 Jan 2014 - Wed 31 Dec 2014	238530
Scope 2 (market-based)		

CC7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
Australia - National Greenhouse and Energy Reporting Act
ISO 14064-1
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
Other

CC7.2a

If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Australia: National Greenhouse Accounts – July 2012
 Australia: National Greenhouse Accounts – July 2013
 Australia: National Greenhouse Accounts – July 2014

Australia: National Greenhouse Accounts – August 2015
 Australia: National Greenhouse Accounts – August 2016
 National Greenhouse and Energy Reporting (Measurement) Determination 2008 Latest July 2016
 National Greenhouse and Energy Reporting (Measurement) Determination 2008 July 2015
 National Greenhouse and Energy Reporting (Measurement) Determination 2008 July 2014
 National Greenhouse and Energy Reporting (Measurement) Determination 2008 July 2013
 National Greenhouse and Energy Reporting (Measurement) Determination 2008 July 2012

CC7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Second Assessment Report (SAR - 100 year)
CH4	IPCC Second Assessment Report (SAR - 100 year)
N2O	IPCC Second Assessment Report (SAR - 100 year)
HFCs	IPCC Second Assessment Report (SAR - 100 year)
CO2	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	IPCC Fourth Assessment Report (AR4 - 100 year)

CC7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

Fuel/Material/Energy	Emission Factor	Unit	Reference
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Further Information

Attachments: Vicinity Centres Emission Factors 2016 (Excel spreadsheet) National Greenhouse Accounts Factors August 2016 Vicinity Sustainability Reporting Criteria FY2016-17 is available here: <http://www.vicinity.com.au/media/650192/vicinity-centres-sustainability-reporting-criteria-2016-17.pdf>

Attachments

https://www.cdp.net/sites/2017/80/60580/Climate_Change_2017/Shared_Documents/Attachments/ClimateChange2017/CC7_EmissionsMethodology/national-greenhouse-accounts-factors-august-2016.pdf
https://www.cdp.net/sites/2017/80/60580/Climate_Change_2017/Shared_Documents/Attachments/ClimateChange2017/CC7_EmissionsMethodology/Vicinity_Centres_-_Emissions_Factors_2016.xlsx

Page: CC8. Emissions Data - (1 Jan 2016 - 31 Dec 2016)

CC8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

CC8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e

6485

CC8.3

Please describe your approach to reporting Scope 2 emissions

Scope 2, location-based	Scope 2, market-based	Comment
We are reporting a Scope 2, location-based figure		

CC8.3a

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e

Scope 2, location-based	Scope 2, market-based (if applicable)	Comment
203294		

CC8.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

CC8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	Less than or equal to 2%	Data Gaps	Vicinity has procedures and processes in place for data collection for all sources of emissions. In addition, we have an effective data management system that analyses and validates our energy data. There are no significant sources of data uncertainty, as our data are primarily invoice based. Minor sources uncertainty primarily relates to missing data and resulting requirement for extrapolation. For Scope 1 emissions, less than 2% were estimated.
Scope 2 (location-based)	Less than or equal to 2%	Data Gaps	Scope 2 emissions for Vicinity are related entirely to purchased electricity. Our robust data collection processes and data management system ensure that our data is reviewed and verified. There are no significant sources of data uncertainty for Scope 2 as our data are primarily invoice based. Minor uncertainties are inherent in metered consumption invoiced by electricity retailers and extrapolation for some data. The electricity data that were missing and required to estimate was less than 2%.
Scope 2 (market-based)			

CC8.6

Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

Third party verification or assurance process in place

CC8.6a

Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/80/60580/Climate Change 2017/Shared Documents/Attachments/CC8.6a/CY16 VCX - FINAL CDP Assurance Statement.pdf	1	ISAE3000	100

CC8.7
Please indicate the verification/assurance status that applies to at least one of your reported Scope 2 emissions figures

Third party verification or assurance process in place

CC8.7a
Please provide further details of the verification/assurance undertaken for your location-based and/or market-based Scope 2 emissions, and attach the relevant statements

Location-based or market-based figure?	Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 2 emissions verified (%)
Location-based	Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/80/60580/Climate Change 2017/Shared Documents/Attachments/CC8.7a/CY16 VCX - FINAL CDP Assurance Statement.pdf	1	ISAE3000	100

CC8.8
Please identify if any data points have been verified as part of the third party verification work undertaken, other than the verification of emissions figures reported in CC8.6, CC8.7 and CC14.2

Additional data points verified	Comment
Other: Scope 3 emissions for waste and downstream activities	Limited assurance was obtained for energy, emissions, water and waste operational data

CC8.9
Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

Further Information

Vicinity Sustainability Reporting Criteria 2016-17 can be found here: <http://vicinity.com.au/media/650192/vicinity-centres-sustainability-reporting-criteria-2016-17.pdf>

Attachments

[https://www.cdp.net/sites/2017/80/60580/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC8.EmissionsData\(1Jan2016-31Dec2016\)/CY16 VCX - FINAL CDP Assurance Statement.pdf](https://www.cdp.net/sites/2017/80/60580/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC8.EmissionsData(1Jan2016-31Dec2016)/CY16 VCX - FINAL CDP Assurance Statement.pdf)

Page: CC9. Scope 1 Emissions Breakdown - (1 Jan 2016 - 31 Dec 2016)

CC9.1
Do you have Scope 1 emissions sources in more than one country?

No

CC9.2
Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

- By facility
- By GHG type
- By activity

CC9.2b
Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude
Altona Gate Shopping Centre	110		
Bayside Shopping Centre	196		
Box Hill Central (North Precinct)	111		
Box Hill Central (South Precinct)	260		
Brandon Park	194		
Brimbank Shopping Centre	46		
Chadstone Shopping Centre	278		
Colonnades	137		
Corio Shopping Centre	616		
Currambine Central	242		
DFO Moorabbin	311		
DFO South Wharf	37		
Elizabeth Shopping Centre	113		
Emporium Melbourne	458		
Forest Hill Chase Shopping Centre	243		
Galleria	21		
DFO Homebush	215		
Keilor Shopping Centre	31		
Maddington Central	27		
Mandurah Forum	2		
Midland Gate Shopping Centre	29		
Mildura Central	48		
Mt Ommaney Centre	386		

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude
The Myer Centre Brisbane	139		
Northgate Shopping Centre	14		
Northland Shopping Centre	789		
Oakleigh Central	58		
Riverside Plaza Shopping Centre	45		
Rockingham Shopping Centre	1		
Queens Plaza	9		
Roxburgh Park Shopping Centre	119		
Salamander Bay Shopping Centre	79		
Stirlings Central	1		
Taigum Square	72		
The Glen	443		
Toombul	86		
Tuggeranong Hyperdome	204		
Victoria Gardens Shopping Centre	96		
Wambro Centre	2		
Warwick Grove	12		
West End Plaza	108		
Wodonga Plaza	75		
The Shops at Ellenbrook	24		

CC9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)
CO2	4677.7
CH4	9.1
N2O	2.9
HFCs	1796.1

CC9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)
Heating	4625.81
Cooling	1796.08
Back-up Generators	63.55

Further Information

As recommended in the CDP guidance, the asset locations have been uploaded in an attachment. Rounding issues when reporting the scope 1 emissions breakdown per facility has caused a discrepancy when compared to the overall scope 1 emissions total. Vicinity Sustainability Reporting Criteria 2016-17 can be found here: <http://vicinity.com.au/media/650192/vicinity-centres-sustainability-reporting-criteria-2016-17.pdf>

Attachments

[https://www.cdp.net/sites/2017/80/60580/Climate_Change_2017/Shared_Documents/Attachments/ClimateChange2017/CC9.Scope1EmissionsBreakdown\(1Jan2016-31Dec2016\)/Vicinity_Centres_Locations_2016.pdf](https://www.cdp.net/sites/2017/80/60580/Climate_Change_2017/Shared_Documents/Attachments/ClimateChange2017/CC9.Scope1EmissionsBreakdown(1Jan2016-31Dec2016)/Vicinity_Centres_Locations_2016.pdf)

Page: CC10. Scope 2 Emissions Breakdown - (1 Jan 2016 - 31 Dec 2016)

CC10.1

Do you have Scope 2 emissions sources in more than one country?

No

CC10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

- By facility
- By activity

CC10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)
Albany Brooks Gardens	149	
Altona Gate Shopping Centre	2251	
Armidale Central	959	
Bankstown Central	7538	
Bathurst City Centre	976	
Bayside Shopping Centre	7543	
Belmont Village	58	
Bentons Square	570	
Box Hill Central (North Precinct)	2941	
Box Hill Central (South Precinct)	4392	
Brandon Park	2129	
Brimbank Shopping Centre	1481	
Broadmeadows Shopping Centre	4788	
Buranda Village	988	
Carlingford Court	2340	
Castle Plaza Shopping Centre	484	
Chadstone Shopping Centre	17128	
Chatswood Chase Sydney	5956	
Clifford Gardens Shopping Centre	794	
Colonnades	3337	
Corio Shopping Centre	2892	
Cranbourne Park	2253	
Currambine Central	260	

Facility	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)
DFO Essendon	2192	
DFO Homebush	2947	
DFO Moorabbin	1252	
DFO South Wharf	8406	
Dianella Plaza	331	
Eastlands Shopping Centre	170	
Elizabeth Shopping Centre	2757	
Emporium Melbourne	7328	
Flinders Square	163	
Forest Hill Chase Shopping Centre	2824	
Galleria	4560	
Gateway Plaza	212	
Goldfields Plaza	585	
Grand Plaza Shopping Centre	3045	
Gympie Central	1585	
Halls Head Central	636	
Hilton Plaza	65	
Indooroopilly Central	260	
Kalamunda Central	243	
Karratha City	1197	
Keilor Shopping Centre	1005	
Kurralt Central	162	
Lake Haven Shopping Centre	2157	
Lavington Square	1404	
Lennox Village	378	
Lidcombe Shopping Centre	2468	
Maddington Central	1600	
Maitland Hunter Mall	409	
Mandurah Forum	1029	
Midland Gate Shopping Centre	3548	
Mildura Central	1684	
Milton Village	286	
Monier Village	48	
Mornington Central	449	
Mt Ommaney Centre	3914	
Mount Pleasant Shopping Centre	2073	
The Myer Centre Brisbane	5755	
Nepean Village	943	
North Shore Village	35	
Northgate Shopping Centre	106	
Northland Shopping Centre	9751	
Oakleigh Central	1393	
Oxenford Village	69	
Paradise Centre	3782	
QueensPlaza	2275	
Riverside Plaza Shopping Centre	1323	
Rockingham Shopping Centre	2494	
Roselands	4196	
Roxburgh Park Shopping Centre	1188	
Runaway Bay Shopping Village	2336	
Salamander Bay Shopping Centre	1228	
Stirlings Central	412	
Sunshine Marketplace	1933	
Taigum Square	1172	
Terrace Central	344	
The Gateway	186	
The Glen	6621	
Toombul	2150	
Toormina Gardens	728	
Tuggeranong Hyperdome	3377	
Tweed Mall	1258	
Victoria Gardens Shopping Centre	3365	
Victoria Park Central	228	
Wambro Centre	433	
Warriewood Square	1220	
Warwick Grove	1526	
West End Plaza (Albury)	1228	
Whitsunday Plaza	909	
Wodonga Plaza	1012	
The Shops at Ellenbrook	1243	
Livingston Marketplace	383	
DFO Brisbane	1115	

CC10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)
Lighting and Common Area Power	203294	

Further Information

Rounding issues when reporting the scope 2 emissions breakdown per facility has caused a discrepancy when compared to the overall scope 2 emissions total. Vicinity Sustainability Reporting Criteria 2016-17 can be found here: <http://vicinity.com.au/media/650192/vicinity-centres-sustainability-reporting-criteria-2016-17.pdf>

What percentage of your total operational spend in the reporting year was on energy?

More than 15% but less than or equal to 20%

CC11.2

Please state how much heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Heat	0
Steam	0
Cooling	0

CC11.3

Please state how much fuel in MWh your organization has consumed (for energy purposes) during the reporting year

25116

CC11.3a

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Natural gas	24436
Liquefied petroleum gas (LPG)	428
Diesel/Gas oil	251

CC11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the market-based Scope 2 figure reported in CC8.3a

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Emissions factor (in units of metric tonnes CO2e per MWh)	Comment
No purchases or generation of low carbon electricity, heat, steam or cooling accounted with a low carbon emissions factor	0		

CC11.5

Please report how much electricity you produce in MWh, and how much electricity you consume in MWh

Total electricity consumed (MWh)	Consumed electricity that is purchased (MWh)	Total electricity produced (MWh)	Total renewable electricity produced (MWh)	Consumed renewable electricity that is produced by company (MWh)	Comment
225602	225541	61	61	61	We have installed small scale solar systems on two of our assets in Western Australia, Warnbro and Halls Head, which produced 61 MWh of renewable energy in 2016.

Further Information

Vicinity Sustainability Reporting Criteria 2016-17 can be found here: <http://vicinity.com.au/media/650192/vicinity-centres-sustainability-reporting-criteria-2016-17.pdf>

Page: CC12. Emissions Performance

CC12.1

How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Decreased

CC12.1a

Please identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
Emissions reduction activities	6	Decrease	Through the implementation of Vicinity's Environment Improvement Program (EIP) we have continued to drive improvements in emissions performance by identifying and implementing energy efficiency initiatives. Specific emission reduction initiatives are detailed in question 3.3b, and as demonstrated in our results we have reduced emissions by 13,238 tonnes CO2e of scope 1 & 2 emissions across our portfolio. Calculation explained is, 13,238 tCO2e were reduced by our emissions reduction projects, our total S1 and S2 emissions in the previous year was 237,984 tCO2e, therefore, (13,238 / 237,984) X 100 = 6%
Divestment	7	Decrease	During the reporting period 2016 we divested 10 assets in our portfolio which included Brimbank, Clifford Gardens, Forest Hill, Hilton Plaza, Indooroopilly Central, Maitland Hunter Mall, Monier Village, Toombul, Tuggeranong Hyperdome and Tweed Mall. This has decreased our 2016 absolute emissions by 17,502 tCO2e. Calculation explained is 17,502 tCO2e were reduced by divestment, our total S1 and S2 emissions in the previous year was 237,984 tCO2e, therefore - (17,502 / 237,984) X 100 = 7%.
Acquisitions	2	Increase	In 2016 Vicinity acquired 1 asset DFO Brisbane, and four assets in 2015 leading to a 2% increase in absolute emissions. Calculation explained is 3,899 tCO2e were added by investments, our total S1 and S2 emissions in the previous year was 237,984 tCO2e, therefore, (3,899 / 237,984) X 100 = 2%.
Mergers	0	No change	No change
Change in output	0	No change	No change
Change in methodology	0	No change	No change
Change in boundary	0	No change	No change
Change in physical operating conditions	0.02	Increase	This is due to changes in weather (hot days and cold days) that have resulted in a small increase in energy use at selected centres. In comparison to 2015 there was an increase in our emissions by 51 tCO2e. Calculation explained is: there was 51 tCO2e of unidentified emissions, total S1 and S2 emissions in the previous year was 237,984 tCO2e, therefore, 51 / 237,984 X 100 = 0.02%.
Unidentified	0.2	Increase	We make attempts to identify reasons behind year on year changes. In most instances we can identify and quantify these. However in some instances the range of external factors that influence our greenhouse gas emissions can make it difficult to allocate to a specific group. In comparison to 2015 there was an increase in our emissions by 506 tCO2e. Calculation explained is that there was 506 tCO2e of unidentified emissions, total S1 and S2 emissions in the previous year was 237,984 tCO2e, therefore, (506 / 237,984) X 100 = 0.2%.
Other	0.2	Decrease	Change in operations at our assets can have an impact on our operational performance. The main cause of these fluctuations is redevelopments at an asset. In comparison to 2015 there was a decrease in our emissions by 463 tCO2e. Calculation explained is that there was 463 tCO2e less emissions as a result of redevelopment of our assets, our total S1 and S2 emissions in the previous year was 237,984 tCO2e, therefore (463 / 237,984) X 100 = 0.2%

CC12.1b

Is your emissions performance calculations in CC12.1 and CC12.1a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

CC12.2

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: Unit total revenue	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.0000208	metric tonnes CO2e	10100000000	Location-based	11	Decrease	We have reduced our overall scope 1 and 2 emissions and have also increased our revenue which has therefore improved our revenue based indicator by 11%.

CC12.3

Please provide any additional intensity (normalized) metrics that are appropriate to your business operations

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.071	metric tonnes CO2e	square meter	2966093	Location-based	12	Decrease	Vicinity uses the intensity (normalised) metric of scope 1 and 2 emissions per square meter of gross lettable area (GLA) as our primary indicator on emissions performance. We set targets against this indicator. In 2016 Vicinity reduced our overall scope 1 and 2 emissions by almost 26,700 tonnes of CO2e, and also reduced our total GLA, which still resulted in a reduction of 12% in emissions intensity.
173	metric tonnes CO2e	full time equivalent (FTE) employee	1213	Location-based	13	Decrease	Scope 1 and 2 emissions per FTE is not a relevant indicator for a retail property management company, however we have reported on this indicator in other surveys. This metric is not considered to be reflective of our organisations emissions performance.

Further Information

Page: CC13. Emissions Trading

CC13.1

Do you participate in any emissions trading schemes?

No, and we do not currently anticipate doing so in the next 2 years

CC13.2

Has your organization originated any project-based carbon credits or purchased any within the reporting period?

No

Further Information

In June 2017, the Australian government has completed an independent review of the national electricity market to understand the legislative changes required to maintain the security, reliability, affordability and sustainability of the national electricity market (widely known as the Finkel Review). The Review considered, among other factors, changes required to meeting Australia's medium- to long-term emissions reduction objectives, including the commitment to the Paris Climate Agreement. Meeting Australia's commitment in Paris will require that Australia achieves net zero emissions by 2050 and decarbonise our economy. The Finkel Review recommends a Clean Energy Target (CET) for electricity retailers and/or a national Emissions Intensity Scheme (EIS) for power generators as mechanisms to drive investment in renewable and low emissions generation and achieve emission reductions. The Review been positively received by the government and industry in Australia, and it is likely that legislative changes will come into effect to support one or both of the recommended mechanisms. The next 6-12 months will see State and federal governments agree on which recommendations and how they will be implemented. Vicinity will closely monitor the outcomes of the Finkel Review, understand the likelihood of introducing an emissions trading scheme, the associated impact on the renewable energy sector, and the impact/opportunities it will bring to our own carbon reduction programs.

Page: CC14. Scope 3 Emissions

CC14.1

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Purchased goods and services	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.
Capital goods	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	26522	These emissions relate to indirect emissions of scope 1 and 2 emissions – those attributable to the extraction, production and transportation of fuels and for electricity and the electricity lost in the transmission and distribution network. For each fuel type, emissions have been calculated by multiplying the total quantity of fuel/electricity consumed by the relevant emissions factor from the Australian National Greenhouse Accounts (NGA) Factors. A list of the relevant emissions factors are supplied in the Excel document provided in question 7.4	100.00%	Scope 3 emissions for fuel and energy related activities are calculated from supplier invoices. Where there are gaps in invoice data estimates are used. Reductions achieved in energy and electricity use in 2016 have flowed through to Scope 3 network and distribution emissions.
Upstream transportation and distribution	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.
Waste generated in operations	Relevant, calculated	45006	99% of Vicinity's total operational waste (as a proportion of our total GLA) has been captured and reported. These emissions relate to indirect emissions associated with the collection of solid waste for disposal in landfill. Emissions have been calculated by multiplying the total quantity of waste consumed by the relevant emissions factor within the Australian National Greenhouse Accounts (NGA) Factors, August 2015 and August 2016. A list of the relevant emissions factors are supplied in the Excel document provided in question 7.4.	100.00%	Activity data used to calculate Scope 3 emissions for waste is obtained from reports provided by our appointed waste consultant, who in turn collects the information from the invoices of our waste service providers. In 2016, Vicinity increased the amount of waste data captured from our assets from 55% (in 2015) to 99% in 2016 which has caused a significant increase in our scope 3 emissions from waste. Furthermore, the emissions factor for waste to landfill increased in 2015-2016 by almost 20%, which has impacted the resultant emissions. Furthermore, the emissions factor for waste to landfill increased in 2015-2016 increased by almost 20%, which has impacted the resultant emissions.
Business travel	Relevant, not yet calculated	0	Vicinity was unable to collect this information due to the process of consolidating our business travel service providers but will endeavor to capture in the future.	0.00%	
Employee commuting	Not relevant, explanation provided	0	Methodology for calculating employee commuting GHG emissions not yet developed	0.00%	Employee commuting is not a material impact to our total greenhouse gas emissions and as a proportion is insignificant. Due to the nature of our decentralised physical presence, calculation of this metric is complicated. We will continue to investigate the potential to develop a methodology for calculating this data.
Upstream leased assets	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.
Downstream transportation and distribution	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.
Processing of sold products	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.
Use of sold products	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.
End of life treatment of sold products	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.
Downstream leased assets	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.
Franchises	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.
Investments	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.
Other (upstream)	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.
Other (downstream)	Not relevant, explanation provided	0		0.00%	Not applicable for Vicinity business operations due to the nature of the activities of our business, which is investment in Retail Shopping Centres.

CC14.2

Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

Third party verification or assurance process in place

CC14.2a

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 3 emissions verified (%)
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/80/60580/Climate Change 2017/Shared Documents/Attachments/CC14.2a/CY16 VCX - FINAL CDP Assurance Statement.pdf	All	ISAE3000	100

CC14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

CC14.3a

Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Emissions reduction activities	7	Decrease	Through the implementation of Vicinity's Environment Improvement Program (EIP), we have continued to drive improvements in emissions performance by identifying and implementing energy efficiency initiatives. Specific emission reduction initiatives are detailed in question 3.3b. As demonstrated in our results we have reduced emissions by 2215 tonnes CO2e scope 3 emissions across our portfolio. Calculation explained is 2215 tCO2e were reduced by our emissions reduction activities, our total S3 emissions in the previous year was 30,808 tCO2e, therefore - (2215 / 30,808) X 100 = 7%.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Divestment	8	Decrease	During the reporting period 2016 we divested 10 assets in our portfolio which included Brimbank, Clifford Gardens, Forest Hill, Hilton Plaza, Indooroopilly Central, Maitland Hunter Mall, Monier Village, Toombul, Tuggeranong Hyperdome and Tweed Mall. This has decreased our 2016 absolute scope 3 emissions by 2,401 tCO2e. Calculation explained is 2,401 tCO2e were reduced by divestment, our total S3 emissions in the previous year was 30,808 tCO2e, therefore - (2,401 / 30,808) X 100 = 8%.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Acquisitions	2	Increase	In 2016 Vicinity acquired 1 asset DFO Brisbane, and four assets in 2015 leading to a 2% increase in absolute emissions of 548 tCO2e. Calculation explained is 548 tCO2e were added by acquisition, our total S3 emissions in the previous year was 30,808 tCO2e, therefore - (548 / 30,808) X 100 = 2%.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Other: Redevelopments	2	Decrease	The change in operations at a few of our assets does have an impact on our operational performance. The main cause of these fluctuations was caused by redevelopments at the asset. As a result of redevelopment activity in comparison to 2015 operations, there was a decrease in our emissions by 472 tCO2e. Calculation explained is, total S3 emissions in the previous year was 30,808 tCO2e, therefore - (472 / 30,808) X 100 = 2%.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Other: Physical conditions	0.1	Increase	This is due to changes in weather (hot days and cold days) that have resulted in a small increase energy use at selected centres. In comparison to 2015 there was an increase in our emissions by 6 tCO2e. Calculation explained is that there was 6 tCO2e of unidentified emissions, total S3 emissions in the previous year was 30,808 tCO2e, therefore - (6 / 30,808) X 100 = 0.1%.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Unidentified	1	Increase	We make attempts to identify reasons behind year on year changes. In most instances we can identify and quantify these. However in some instances the range of external factors that influence our greenhouse gas emissions can make it difficult to allocate to a specific group. In comparison to 2015 there was an increase in our S3 emissions by 248 tCO2e. Calculation explained is that there was 248 tCO2e of unidentified S3 emissions, total S3 emissions in the previous year was 30,808 tCO2e, therefore - (248 / 30,808) X 100 = 1%.
Waste generated in operations	Emissions reduction activities	14	Decrease	Through the implementation of Vicinity's Environment Improvement Program (EIP), we have continued to drive improvements in emissions performance by recovering and recycling more waste. This means that more waste is diverted from landfill, hence saving generation of greenhouse gases generated by landfill – in this instance, 3243 tCO2e. Calculation explained is, total S3 emissions in the previous year was 23,090 tCO2e, therefore (3243 / 23090) X 100 = 14%
Waste generated in operations	Divestment	4	Decrease	In the reporting period 2016 we divested 10 assets in our portfolio which included Brimbank, Clifford Gardens, Forest Hill, Hilton Plaza, Indooroopilly Central, Maitland Hunter Mall, Monier Village, Toombul, Tuggeranong Hyperdome and Tweed Mall. This has decreased our 2016 absolute scope 3 emissions by 1022 tCO2e. Calculation explained is 2,401 tCO2e were reduced by divestment, our total S3 emissions in the previous year was 23,090 tCO2e, therefore - (1022 / 23090) X 100 = 4%.
Waste generated in operations	Acquisitions	4	Increase	In 2016 Vicinity acquired 1 asset DFO Brisbane, and four assets in 2015 leading to a 4% increase in absolute emissions of 938 tCO2e. Calculation explained is 938 tCO2e were added by acquisition, our total S3 emissions in the previous year was 23,090 tCO2e, therefore - (938 / 23090) X 100 = 4%.
Waste generated in operations	Change in boundary	92	Increase	In 2016, Vicinity improved the coverage of our waste data capture from 55% to 97%, which resulted in an increase in intensity by 92%. Even though there was a reduction in total waste to landfill, the intensity increase has resulted in an increase in our scope 3 emissions from waste. Calculation explained is 21,323 tCO2e were added by increasing reporting coverage, our total S3 emissions in the previous year was 23,090 tCO2e, therefore - (21,323 / 23090) X 100 = 92%.
Waste generated in operations	Change in output	2	Increase	In 2016, there was an increase in business activity at two of our centres, which resulted in an increase in intensity by 2%. Calculation explained is 494 tCO2e were added by increasing business activity, our total S3 emissions in the previous year was 23,090 tCO2e, therefore - (494 / 23090) X 100 = 2%.
Waste generated in operations	Change in methodology	15	Increase	Emissions factor for commercial waste in 2016 increased its intensity by 15%. Even though there was a reduction in our total waste sent to landfill, the intensity increase has resulted in an increase in our scope 3 emissions from waste. Calculation explained is 3,426 tCO2e were added by increasing coverage, our total S3 emissions in the previous year was 23,090 tCO2e, therefore - (3,426 / 23090) X 100 = 15%.

CC14.4

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers
 Yes, our customers
 Yes, other partners in the value chain

CC14.4a

Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success

Vicinity has an Environment Policy (http://www.vicinity.com.au/media/645984/env-02-010-a01_environmentpolicy_12may2017_final.pdf) which outlines our commitment to collaborate with both suppliers, customers and other partners to reduce our collective environmental impacts, both in our operations, as well as upstream and downstream activities.

SUPPLIERS:

Our Sustainable Procurement Policy (available at http://www.vicinity.com.au/media/645987/sustainable-procurement-policy_12may2017_final.pdf) outlines how we mitigate environmental, social and governance issues/impacts and risks in our supply chain.

When it comes to suppliers, a desktop sustainability supply chain risk assessment for Tier 1 operational spend (excluding capital and development expenditure) has been undertaken in order to assess risk across all suppliers and its high level outputs are attached. Sustainability risks are considered in more detail on a commodity by commodity basis when a high value or high risk commodity is procured through a tender process. Sustainability related requirements are integrated specifically into the scope of work and assessment process tender for our strategic suppliers. At a minimum our Supplier Sustainability Code of Practice is included in all our new tenders/contracts.

For example, in 2015 Vicinity conducted a tender of its national contracts for management of waste from our centres. One objective of the tender process was to directly link diversion from landfill targets with the KPIs of the supplier, in order to reduce the amount of greenhouse gases from landfill. In 2016, Vicinity achieved an average diversion rate of 36% (excluding waste to energy) all through source separation recovery and recycling.

Vicinity's is also engaging with suppliers on an ongoing basis, requesting our suppliers to provide updated sustainability information by responding to our Supplier Sustainability Questionnaire every three years.

CUSTOMERS

At our retail assets which are exposed to extreme weather, we engage with local communities (our consumers), government and community partners to respond to events such as cyclones, flooding and heat waves. We have completed a portfolio-wide climate risk assessment of our centres to understand exposure to current and predicted climate related weather events, and are now developing strategies to embed climate resilience into our operational and development processes so that our centres can continue to operate on behalf of our customers (retailers and consumers) during such events.

Additionally, Vicinity's Waste Management Program focuses on reducing waste to landfill and increasing our recycling rates at our centres by directly supporting our tenants and consumers, which results in the reduction of our Scope 3 emissions. For example, we have developed a retailer recycling education video to educate our tenants about better recycling practices, which can be found here: <https://youtu.be/mrbjnFXmq8k>.

OTHER PARTNERS

Vicinity engages with our joint venture partners to ensure that our Low Carbon and Climate Resilience programs under our Sustainability Strategy and other joint sustainability initiatives are implemented at jointly owned centres.

CC14.4b

To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Type of engagement	Number of suppliers	% of total spend (direct and indirect)	Impact of engagement
Active engagement	40	69%	Vicinity has included sustainability related requirements written into the contracts of our critical suppliers, which represent 69% of our operational spend. Suppliers are managed using Vicinity's contract management strategy, which ensures that suppliers align with Vicinity corporate objectives, including those stated in our Sustainability Code of Practice (provided below). At our shopping centres, Vicinity works collaboratively with our suppliers to meet our corporate and asset specific sustainability goals and objectives. To this end, we work with our cleaning, waste, maintenance, mechanical services and other suppliers to implement industry best practices that address material impacts of the services they provide, whether it's eco-friendly cleaning products, appropriate payment of subcontractors, state of the art recycling practices that engage our tenants, or procurement through social enterprises. For example, in the case of Vicinity's waste service providers, the national contracts for management of waste services includes centre-specific targets for suppliers related to diversion of waste from landfill to reduce greenhouse gas emissions from landfill. Their measure for success is meeting centre specific waste recycling targets. Through this engagement, we are now achieving an average diversion rate of 36% (excluding waste to energy) all through source separation recovery and recycling.

Further Information

Vicinity Supplier Sustainability Code of Practice: http://vicinity.com.au/media/645994/supplier-sustainability-code-of-practice_march2017.pdf

Module: Sign Off

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Please provide the following information for the person that has signed off (approved) your CDP climate change response

Name	Job title	Corresponding job category
Melissa Schulz	General Manager Sustainability	Business unit manager

Further Information

CDP: [D][-,][D2]