SCENTRE GROUP

CLIMATE STATEMENT
2023

Creating extraordinary places and experiences

21 March 2024

Scentre Group Limited
ABN 66 001 671 496

ABOUT US

Scentre Group owns 42 Westfield destinations in Australia and New Zealand. Our destinations are in close proximity to 20 million people.

In 2023 we welcomed 512 million customer visits to our destinations, and our business partners achieved record sales of $28.4 billion.

The Group's total assets under management are $50.2 billion represented by $34.3 billion SCG investment, and $15.9 billion of third-party funds.

The Group employs 2,964 people across Australia and New Zealand.

OUR PURPOSE

Creating extraordinary places, connecting and enriching communities

OUR PLAN

We create the places more people choose to come, more often, for longer

OUR AMBITION

To grow the business by becoming essential to people, their communities and the businesses that interact with them

We acknowledge the Traditional Owners and communities of the lands on which our business operates.

We pay our respect to Aboriginal and Torres Strait Islander cultures and to their Elders past and present.

We recognise the unique role of Māori as Tangata Whenua of Aotearoa/New Zealand.

Cover image:
New rooftop solar installation at Westfield Hornsby (NSW). Nick Opperman – Facilities Manager, Katie Moran – General Manager Sustainability, Courtney Prizeman – Senior Finance Manager and Jashwin Rajeswaran – Centre Manager.

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ABOUT THIS STATEMENT

This statement outlines Scentre Group's net zero strategy and the ways in which we manage climate-related risks and opportunities across the business. It is aligned to our strategic objective to operate as a responsible and sustainable business.

It has been prepared with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Refer to the 2023 Responsible Business Data Pack for our TCFD Content Index.

We will continue to monitor developments and enhance our disclosures in alignment with relevant reporting standards.

OUR REPORTING SUITE

This document is part of a suite of reporting documents, including:

- Responsible Business Report
- Responsible Business Data Pack
- Modern Slavery Statement

Also available

- Annual Financial Report
- Corporate Governance Statement
- Property Compendium

SEE MORE ONLINE

A MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

We are committed to operating as a responsible and sustainable business across the four pillars of our framework: community, talent, environment and economic performance.

Our 42 Westfield destinations are part of the social fabric of local communities and as such, we understand the importance of climate resilience and our role contributing to decarbonising the economy.

We seek to embed climate resilience into our business strategy, designing, constructing, operating and marketing our destinations with the future requirements of our customers and communities in mind.

We are progressively developing Climate Change Adaptation Plans for each of our centres. These articulate management and mitigation measures for the longer-term impacts of climate change and will continue to evolve over time.

Progressing our net zero journey we have entered into a long-term energy agreement in New South Wales and Victoria, which together with our existing agreements in Queensland and New Zealand, will assist us in achieving net zero (scope 1 and 2) emissions by 2030. We also completed rooftop solar installations at a further four centres, more than doubling our total solar generation capacity to 12.2MW.

We remain focused on executing on our Integrated Environmental Plan. In line with this, we developed a strategic waste management plan that will support us achieve our waste recovery objectives and reduce our environmental impact.

We have more to do and look forward to continuing our journey to reduce our impact on the environment and delivering long-term returns for our stakeholders in a responsible and sustainable way.

2023 HIGHLIGHTS

↓41%
scope 1 and 2 emissions reduction since 2014

Long-term energy agreement in NSW, Victoria which will assist us achieve net zero by 2030

Launched strategic waste management plan

Ilana Atlas AO
Chair
21 March 2024

Elliott Rusanow
Chief Executive Officer
21 March 2024

Our environmental milestones

2014

- G Scentre Group established
- G S Established a sustainability innovation group to support positive climate actions

2015

- G S Adoption of responsible business framework with four pillars – community, talent, environment and economic performance
- M Completed Retail NABERS energy and water ratings for the first time across all Australian centres

2017

- M Set a target to reach a Retail NABERS 4.5-star average rating across our Australian centres by 2025 (achieved during 2022)
- R Conducted scenario analysis across all centres to assess climate-related physical risks

2019

- S Commenced installation of smart water meters across our centres to improve operational efficiency

2020

- M Announced target of net zero (scope 1 and 2) emissions by 2030 across our wholly-owned portfolio
- S Commenced major program to upgrade lighting fixtures to LEDs across our portfolio
- S Member of the Climate Leaders Coalition which aims to help Australia's largest companies accelerate their decarbonisation work
- R Climate exposure assessments completed across all Australian and New Zealand destinations

2021

- M Set our interim net zero target to achieve 50% reduction by 2025
- M Achieved 'A' rating in CDP Climate Change – the only company in Australia or New Zealand

2022

- M Achieved Retail NABERS Energy 4.5-star portfolio average, three years ahead of our target date
- S Implemented our Next Gen Building Analytics initiative across all Australian centres
- S Procured 100% renewable electricity for our New Zealand operations from January 2022, and signed an agreement with CleanCo to power our Queensland centres from renewable sources from 2025
- R Refreshed our climate-related scenario analysis aligned to the Intergovernmental Panel on Climate Change's Sixth Assessment Report (AR6)

2023

- G Published our first Climate Statement
- G S Launched our Integrated Environmental Plan and strategic waste management plan
- S Implemented our Next Gen Building Analytics initiative across all New Zealand centres
- S Announced long-term energy agreement in NSW and Victoria
- G Enhanced transparency of short-term performance measures for executive KMP
- S Developed enterprise-wide Sustainable Development and Design Principles
- R Updated our physical climate exposure assessments across all 37 Australian destinations
- R Continued completion of our annual Environmental Sustainability Risk Workshop to confirm key risks are identified and effectively managed by teams across the business

G Governance R Risk management S Strategy M Metrics and targets

Governance

We monitor and manage the impacts of climate change through governance and review processes that are integrated across the business.

Effective governance enables us to mitigate and adapt to climate-related risks and opportunities. It provides direction on the management and implementation of strategic objectives and enhances our capacity to monitor and evaluate the impact of climate change.

The Board, with the support of the Board Committees, is responsible for oversight of our governance framework.

Our governance framework during the year is outlined below.

OUR CLIMATE RISK GOVERNANCE FRAMEWORK

Board of Directors

Sets the strategic direction and objectives of the Group

Overseas management of Scentre Group for securityholders

Considers climate risk within the Group's governance and risk management frameworks

Audit and Risk Committee

Oversees financial reporting and risk management, including risks associated with climate change

Makes recommendations to the Board on the Group's major responsible business reports

Human Resources Committee

Oversees human resources strategies and policies including executive remuneration

Chief Executive Officer

Responsible for day-to-day management of Scentre Group and implementation of strategic objectives

Chief Executive Officer and Executive Leadership Team

Accountable for overall implementation of strategy, including the Group's responsible business strategy

Executive Risk Management Committee

Supports the Board and Audit and Risk Committee in oversight of the Group's systems of risk management and internal controls, including environmental risks

Responsible business focused team members

Responsible for executing key operational and risk tasks and overseeing responsible business activities within teams

Responsible business focused working groups

Collaborative groups focused on delivering Scentre Group's initiatives and overseeing strategic responsible business priorities

Board oversight

Our Board, with the support of the Board Committees, is responsible for establishing and overseeing our governance framework.

The role of the Board is to demonstrate leadership and provide strategic oversight and guidance in addition to overseeing the effective management and delivery of our Purpose, Plan and Ambition.

The Board Charter sets out the primary functions of the Board. The key responsibilities of the Board include:

- strategy, purpose and culture
- financial controls, risk management and compliance
- capital management, funding and liquidity
- people and remuneration
- Board performance and succession
- governance.

The Board sets the risk appetite within which the Board expects management to operate. The Board is responsible for monitoring significant business risks (financial and non-financial) and monitoring the adequacy, effectiveness and operation of risk management and compliance policies, controls and frameworks. This includes climate-related risks.

The Board, with the support of the Board committees and Executive Risk Management Committee (ERMC), considers our approach to identifying and managing risks including those associated with climate change.

The Board receives regular updates from management and the Audit and Risk Committee (ARC) about areas considered to have significant business risks, including climate-related risks, and the management of those risks.

Additionally, broader responsible business matters are reported to the Board as part of operational updates at least five times a year. These updates include environmental performance, progress on our pathway to achieve net zero emissions, and insights on emerging environmental, social and governance (ESG) issues.

Audit and Risk Committee

The ARC assists the Board in meeting its governance and oversight responsibilities relating to the effectiveness of our risk management framework, risk management systems and reporting.

The ARC is attended by our Chief Executive Officer (CEO) and other members of the executive leadership team. The ARC is responsible for monitoring whether we are operating within the Board's risk appetite and reviewing our continuing processes for assessing material exposure to environmental risks, including economic risks associated with climate change and social risks, and the processes in place to manage those risks.

During the year, the ARC met five times, where material risks to the business were discussed. The ARC, at least annually, reviews and assesses our corporate risk profile including corporate material risks, key controls, risk appetite and risk tolerances, as well as the appropriateness of the Enterprise Risk Management Policy and Framework and makes recommendations to the Board on these matters. The Committee also reviews and makes recommendations to the Board in relation to our Responsible Business Report and Climate Statement.

New committees

Effective 1 April 2024, the Audit and Risk Committee is being restructured to establish a new Board Audit and Finance Committee and a new Board Risk and Sustainability Committee. This reflects our continued focus on being a responsible and sustainable business.

The Audit and Finance Committee will have oversight of our financial reporting, including mandatory climate reporting, and the internal and external audit functions.

The Risk and Sustainability Committee will have oversight of risk management, including the risks associated with climate change, and our sustainability strategy and objectives, specifically in relation to community and environmental impacts.

Human Resources Committee

The Board is responsible for approving our remuneration framework and policies, and aligning them to our purpose, values, strategic objectives and risk appetite. This includes approving the total remuneration arrangements for, and reviewing the performance of, the CEO and other executive key management personnel (KMP).

The Board recognises the importance of incorporating responsible business accountability into our executive remuneration framework. The Board includes responsible business performance measures as key performance indicators (KPIs) for our executive KMP in their annual scorecards, linked to the Short-Term Variable Remuneration (STVR) element of our executive remuneration framework. These KPIs are aligned to the delivery of Our Purpose and strategic priorities, including initiatives to reduce our environmental impact and achieve our net zero goals. The Board reviews progress against executive KMP KPIs twice a year and determines STVR outcomes based on an assessment of the KPIs at the end of the performance period, taking into account the level of achievement as well as how the KPI was achieved.

Details of the CEO KPIs assessed for 2023 are set out in the Remuneration Report which forms part of our 2023 Annual Financial Report.

Governance continued

Board skills and education

The Board regularly reviews the balance of existing and desired skills, knowledge, independence, diversity, experience and the effectiveness of the Board as a whole.

The Nomination Committee uses the Board skills matrix to assess the required skills and attributes of potential new Board members. A review of our Board skills matrix was undertaken, and we now assess our Directors against broader skills relating to environmental and social matters.

Our Directors have a broad range of skills across various professions and industries and the majority of Directors have been assessed as having advanced or proficient levels of skill in environmental and social matters. All of our Directors have advanced or proficient skills in risk management.

We continue to regularly engage the Board on environmental initiatives, progress on our targets, and emerging trends and topics. Examples include our strategic waste management plan, net zero progress, and emerging climate-related disclosure standards.

Through the diverse experience and skills of our Directors, and regular information sharing and briefings from management, the Board is equipped to oversee our response to climate-related risks and opportunities.

The Nomination Committee also has oversight of continuing training and education programs for the Board. The Committee will assess and make recommendations to the Board on ongoing educational opportunities for the Board throughout 2024 in relation to environmental matters, including climate change.

Role of management

Chief Executive Officer and executive leadership team

The executive leadership team have well defined objectives which are discussed and agreed at the commencement of each year. Through our scorecard alignment process, executives agree goals that align with our overall business goals and key behavioural shifts that they will deliver to achieve performance objectives contributing to our short and longer-term success.

Our executive leadership team oversees execution of our strategy for responsible business, which includes monitoring and management of climate-related risks and opportunities.

The executive leadership team discusses emerging ESG topics and progress of our responsible business scorecard as standing agenda items.

As noted on page 5, responsible business accountability and performance measures are included as KPIs for our executive KMP.

The ERMC supports the Board and ARC in oversight of our risk management systems and internal controls, including environmental risks. The ERMC meets prior to each ARC meeting.

Embedding responsible business

Climate-related risks and opportunities are monitored and managed through governance and review processes that are integrated throughout our business.

Key environmental objectives and measures are delegated and managed through our responsible business scorecard. Our scorecards are performance tools to increase accountability and track delivery of key initiatives and are used by the executive leadership team as well as teams and individuals. The scorecard and delivery of key initiatives is reviewed on a quarterly basis and is guided by our Integrated Environmental Plan.

Our responsible business focused team members, including our General Manager of Sustainability, National Environmental Manager, Sustainability Engineers, and Environment and Sustainability analysts, assist us in executing against key risks and opportunities and our responsible business scorecard.

As we embed responsible business across the organisation, key strategic initiatives and tasks also form a part of several roles more broadly. This includes our investor relations team's engagement with investors on ESG issues, our finance and data analytics team's support of performance reporting, and our customer experience team's oversight of each centre's environmental plan.

In late 2023, we created a new Asset Management team. Our asset managers are drawn from all parts of our business as well as externally. The new team positions us for growth and assists us to implement our strategy to invest in ways that will enrich the communities we serve.

Our cross-functional responsible business working groups provide further support in delivering our strategy and prioritising initiatives. Their collaborative nature assists us in elevating and embedding our responsible business framework across the business. For example, our Sustainable Development and Design Principles working group captured insights from various teams including Development, Design and Construction, Finance and Operational teams to support an enterprise-wide approach for our projects.

Strategy

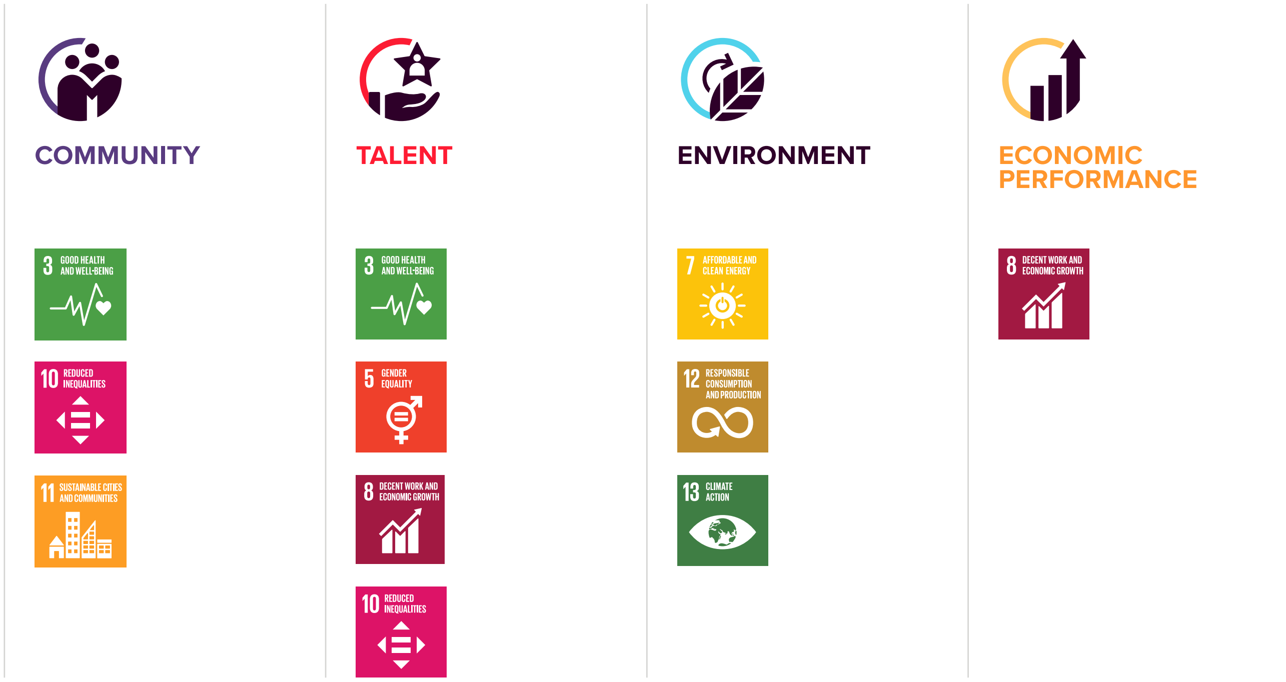
Responsible business is core business. Operating as a responsible and sustainable business underpins our strategy and ambition to grow.

Our responsible business approach and framework is embedded into our planning and decision-making. It is core to our business and an important part of how we create long-term value for securityholders.

Our responsible business framework includes four pillars – community, talent, environment and economic performance. Our environment pillar is focused on reducing our impact on the environment and leaving a positive legacy for our communities.

RESPONSIBLE AND SUSTAINABLE BUSINESS FRAMEWORK

We cross reference our responsible business pillars with the United Nations Sustainable Development Goals to align our approach to global challenges.



Strategy continued

Integrated Environmental Plan

Our Integrated Environmental Plan (IEP) prioritises initiatives that will have the greatest potential for us to reduce our environmental impact across our value chain and respond to climate-related risks and opportunities. It focuses on our areas of greatest control, influence and impact.

In considering how we can most effectively address the megatrends identified in our IEP, five key areas of focus emerged: energy, waste, water, embodied carbon and reporting and benchmarks.

Our IEP is aligned to our Destination Principles and Sustainable Development and Design Principles.

OUR PLAN DRAWS ON THREE KEY GLOBAL MEGATRENDS

Decarbonisation
Net zero economy
The removal or reduction of greenhouse gas emissions from the atmosphere

Circular economy
Reducing and recycling
A system where waste and pollution are designed out, products and materials are kept in circulation

Biodiversity
Restoring nature
The variability among living organisms; this includes diversity within species, between species and throughout ecosystems

Destination Principles

Our Destination Principles were developed for the purpose of informing the long-term vision for each Westfield destination. They consider the current and long-term future needs of our customers and communities and are focused on planning for strategic goals beyond our business-as-usual priorities.

Of our 12 principles, three are centred on sustainable communities and creating a positive impact for people and the planet:

- **Renewable Networks** – actively integrating regenerative, green and 'ethical' models
- **Waste Reimagined** – transforming waste into the new resources of the future
- **Green Spaces and Recreation** – connecting with the natural world, using biophilic design and flexible, open green spaces to provide both active and restorative places.

Our Destination Principles are incorporated into our Strategic Asset Plans and support our ambition for growth and future proofing our destinations.

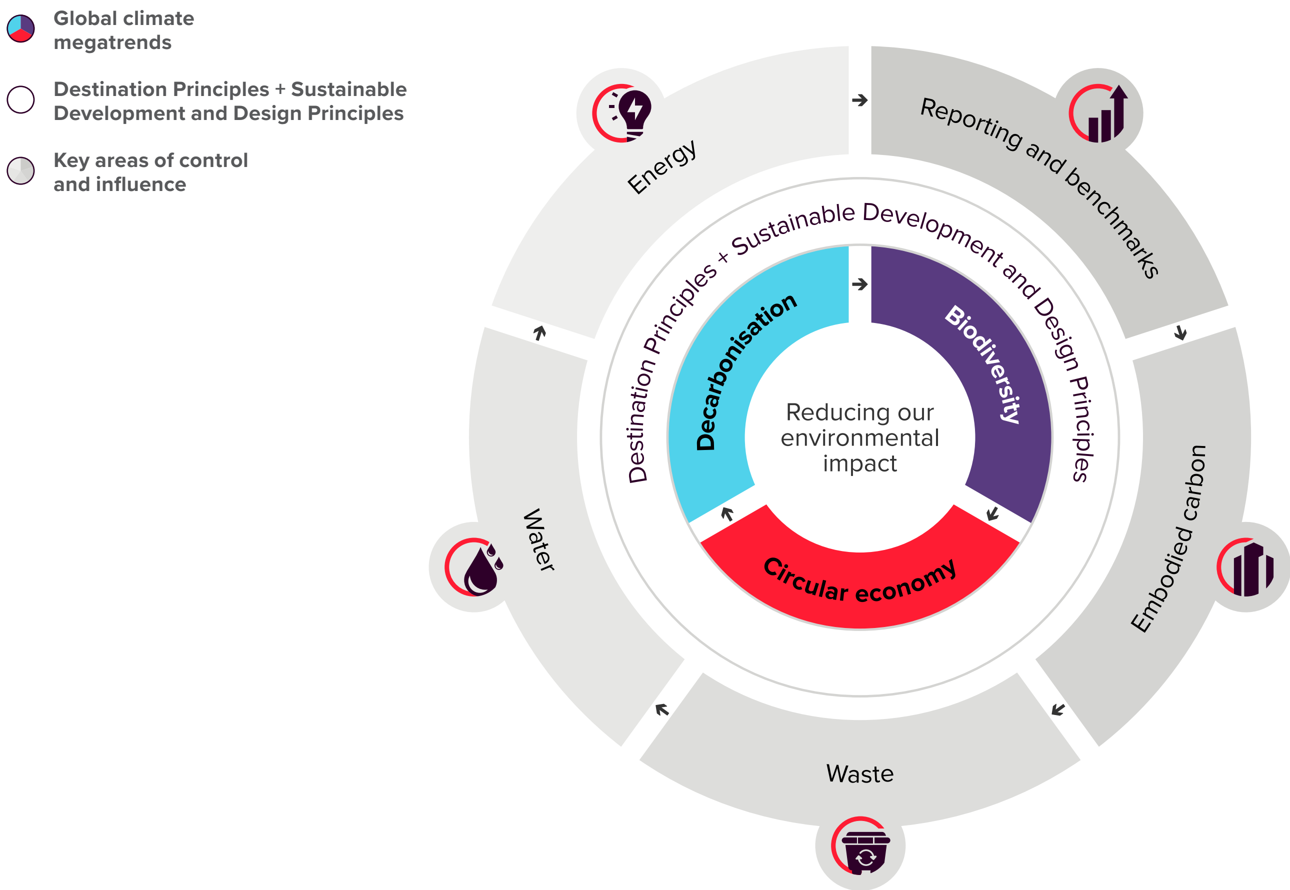
Sustainable Development and Design Principles

In 2023, we evolved our approach to developments and projects through the consolidation of Sustainable Development and Design Principles.

These principles guide our decision-making related to projects, the procurement of materials, the use of energy and the overall intention to reduce the impact of our actions on the environment.

We will begin implementing the principles and embedding them into our processes in 2024.

INTEGRATED ENVIRONMENTAL PLAN



SUSTAINABLE DEVELOPMENT AND DESIGN PRINCIPLES

ENERGY

Operational Energy
Continue to pursue Scope 1 and 2 net zero emissions through efficient operations and procurement.

Construction Energy
Use electrified and/or alternative low emission fueled equipment.

MATERIALS

Waste
Continue to focus on reducing operational and development waste.

Embodied Carbon
Reduce environmental impacts from resource use by building: less, light, efficiently, low carbon and for the future.

Circularity
Incorporate circularity principles of 'reuse, repurpose and retain' before rebuild to support waste reduction.

Sustainable Materials
Specify and install healthy materials identified in a sustainable materials register. Support business partners to achieve sustainable fit outs.

WATER

Water
Monitor high water usage zones. Rainwater harvesting and re-use mechanisms to be considered for landscaping and operational water requirements.

Biodiversity
Adopt Water Sensitive Urban Design principles to achieve reductions in stormwater discharge and encourage landscaping that promotes healthy local ecosystems.

Strategy continued

Net zero progress

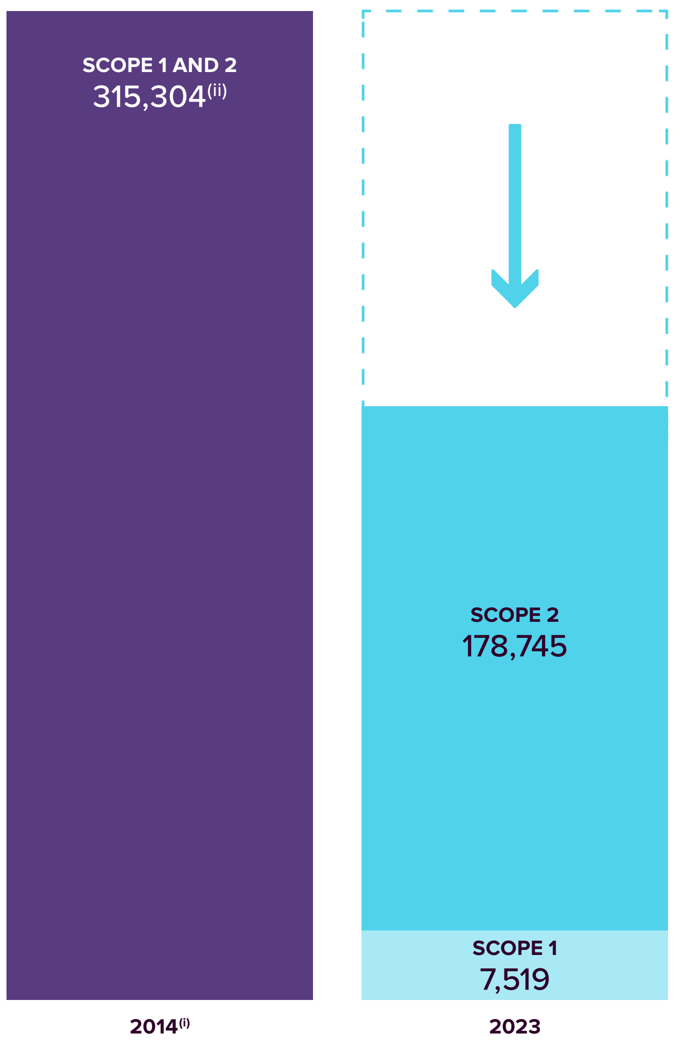
We have a target to achieve net zero scope 1 and 2 emissions across our wholly-owned Westfield destinations by 2030.

While our net zero target relates to our wholly-owned Westfield destinations, we implement our strategies to reduce emissions across our total portfolio. As such, we track our emissions reduction portfolio wide.

We continue to engage our co-owners in discussions around a net zero future for all our destinations.

Since 2014 we have achieved a 41 per cent reduction in scope 1 and 2 emissions across our portfolio of Westfield destinations.

TOTAL PORTFOLIO SCOPE 1 AND 2 EMISSIONS



41%
reduction in scope 1 and 2 emissions since 2014

59%
scope 1 and 2 emissions remaining

57%
remaining scope 2 emissions will be reduced through our continued **optimisation of centre efficiency and generation and procurement of renewable energy.**

2%
remaining scope 1 emissions will be reduced through the **replacement of equipment, operating efficiencies and advances in technology.**

Measurements in tonnes of carbon dioxide equivalent.
(i) We are using 2014, the year Scentre Group was established, as our emissions reduction baseline.
(ii) This figure is excluding sold centres.

Our net zero strategy

Our transition to net zero is guided by understanding the key contributors to our emissions and assessing the scale of opportunities to reduce our environmental impact.

Approximately 96 per cent of our emissions come from the use of electricity for air conditioning, lighting and vertical transport (scope 2). The remaining 4 per cent are related to the consumption of gas used for heating, fuels for emergency back-up generation and refrigerants used in air conditioning units (scope 1). This has informed our approach and strategic prioritisation.

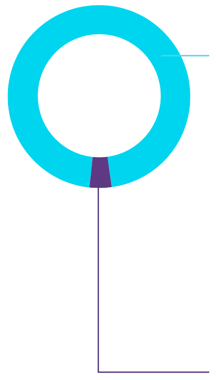
OUR NET ZERO STRATEGY IS FOCUSED ON THREE STRATEGIC PRINCIPLES

OPTIMISE CENTRE EFFICIENCY

GENERATE AND PROCURE RENEWABLE ENERGY

REDUCE RESIDUAL EMISSIONS

SCOPE 1 AND 2 EXPLANATIONS



96%

Scope 2 emissions

Indirect emissions that are in our control and associated with generating or purchasing electricity.

Use of electricity for air conditioning, lighting, and vertical transport (lifts and escalators).

4%

Scope 1 emissions

Direct emissions associated with our operations that are within our control.

Consumption of gas used for heating and refrigerants used in air conditioning units.

Optimise centre efficiency

We are focused on centre efficiency and reducing demand for energy as much as possible.

Three initiatives drive our approach to efficiency optimisation:

- Next Gen Building Analytics
- implementation of LED lighting across the portfolio
- plant and equipment replacements including heating, ventilation, and air conditioning (HVAC).

Our 2023 electricity use was in line with 2022.

2023 was warmer than the previous year across the majority of the regions in which we operate. We expected to see an increase in our electricity use due to the elevated cooling requirements for our destinations. However, the expansion of our Next Gen Building Analytics initiative across our Australian portfolio in 2022 enabled us to closely monitor and find opportunities to optimise our electricity use – resulting in consistent year-on-year usage despite the warmer weather.

In 2023, we further expanded the Next Gen Building Analytics initiative to our New Zealand centres, making it portfolio wide.

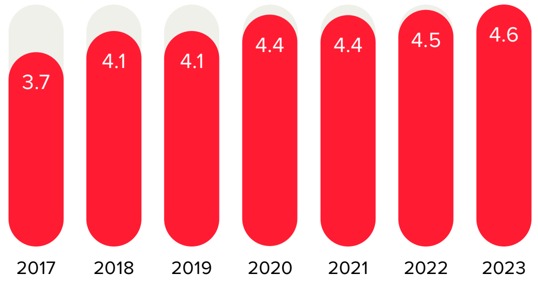
Our centralised Next Gen team analyses building management systems alongside data sets from our Westfield destinations to identify opportunities to optimise our energy efficiency. We will continue to support our in-centre teams and contract partners to optimise our building energy efficiency.

Strategy continued

Since our inception in 2014, we have achieved a reduction in energy intensity from 0.39 to 0.31 representing a 20.8 per cent improvement. This result reflects the implementation of our ongoing efficiency optimisation projects.

We have used the National Australian Built Environment Rating System (NABERS) energy program to track the energy efficiency of our centres and benchmark our performance across regions since 2017.

RETAIL NABERS ENERGY PORTFOLIO AVERAGE (i)



(i) Portfolio average from 2017 to 2022 represents a 12-month rolling portfolio average as at Dec 31 of the calendar year. Our 2023 average uses the NABERS Sustainable Portfolio Index (SPI) methodology.

In 2023 we increased the percentage of our portfolio with a certified 4.5 star Retail NABERS energy rating from 78 per cent to 81 per cent and achieved a 4.6 star portfolio weighted average. This was driven by the continued implementation of our centre efficiency initiatives.

Renewable energy generation and procurement

We completed four rooftop solar installations in 2023. This more than doubled our total solar generation capacity from 5.9MW to 12.2MW.

Solar installation at Westfield Coomera, Qld

The new solar arrays are located at Westfield Fountain Gate (Vic), Westfield Hornsby (NSW), Westfield Knox (Vic) and Westfield Tuggerah (NSW). In total we now have nine solar arrays.

In 2023, we generated 11,224 MWh from solar installations located at our Westfield destinations.

We will continue to assess opportunities for on-site solar installations across our destinations through our solar viability assessment. It considers:

- access to significant open space without shading
- electrical infrastructure to support solar connectivity (an active embedded network)
- economic viability considering accessibility, materials costs, and generation capacity
- council development and approvals requirements.

Across our destinations, we look for opportunities to purchase renewable energy. When assessing a potential energy procurement partner, we look for the ability to access a diverse range of renewable power sources and types, for example wind, solar and hydro, and the ability to guarantee access to power.

In 2023 we entered into a long-term energy agreement in NSW and Victoria(ii), which together with our existing agreements in Queensland and New Zealand, will assist us in achieving net zero (scope 1 and 2) emissions by 2030.

Reduce residual emissions

Residual emissions are those that remain after all abatement efforts have been implemented.

Our residual scope 1 emissions account for 4 per cent of our total portfolio scope 1 and 2 emissions.

We will continue to seek opportunities to reduce scope 1 emissions through the replacement of equipment, operating efficiencies and advances in technology. Examples of this are low and ultra-low global warming potential refrigerant gases and the replacement of end-of-life gas boilers with electric heat pumps.

As at 31 December 2023, we have not used any carbon offsets to reduce our emissions.

(ii) NSW and Victoria staggered from 2025.

Scope 3 emissions

We acknowledge the broader emissions in our activities and continue to assess ways of achieving the lowest emissions outcome across our operations and value chain.

Scope 3 emissions are all other indirect emissions not included in scope 2, associated with the activities of our broader upstream and downstream value chain.

To address our scope 3 emissions and reduce our environmental impact across our value chain, we are focused on:

- waste minimisation and recovery
- reducing upfront embodied carbon through design and procurement
- engaging with and supporting our business partners to reduce their carbon footprint.

In 2023, we conducted an internal assessment of our scope 3 emissions and defined the areas relevant to our business. Our boundaries have been informed by the GHG Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard (the Standard).

The Standard categorises scope 3 emissions into 15 distinct categories, divided between upstream and downstream emissions.

Of the Standard's categories, we currently measure and report four:

- **Category 3** – Fuel and energy related activities (losses in energy transmission)
- **Category 5** – Waste generated in operations
- **Category 6** – Business travel
- **Category 7** – Employee commuting.

Our assessment identified additional categories relevant to our business. These include:

Category	For us, this means
Category 1 Purchased goods and services	Facilities management, construction materials and business consultants
Category 2 Capital goods	Plant and equipment upgrades, our SmartScreen network, carpark technology
Category 13 Downstream leased assets	Tenant electricity
Category 15 Investments	Small equity investment in businesses

We will conduct further assessments to confirm the relevance and materiality of our scope 3 categories, map our supply chain and commence measurement.

A mass timber structure at Westfield Knox reduced our reliance on concrete and steel. The wooden skylight is made from sustainably grown Victorian Ash that was locally sourced in regional Victoria.

Strategy continued

Waste management

Waste management and minimisation can positively impact all three megatrends which shape our Integrated Environmental Plan.

By improving our waste practices and increasing our waste recovery, we can:

- reduce our scope 3 emissions
- contribute to the circular economy
- minimise our impact on nature and biodiversity.

Operational waste

Our waste recovery from operations was 51 per cent in 2023 compared to 52 per cent in 2022. This decrease was due to EarthPower's organic waste processing facility in NSW going offline.

To address this, we engaged a new waste partner to divert our organic waste from NSW Westfield destinations to a new processing facility.

We continued to enhance our focus on organic food waste recovery, offering food waste collection containers to retailers and tracking retailer participation.

We also redesigned our waste signage to achieve consistency across our portfolio and clarity for retailers and customers. This will be deployed in 2024.

Creating opportunities for our business partners to recycle waste beyond our four always-on recycling streams – food waste, containers, cardboard and clear soft plastics – is something we continue to explore.

In 2023, coinciding with National Recycling Week, we hosted a metal recycling drive across our portfolio of Westfield destinations, excluding Westfield Knox which was under development. Six centres have this recycling stream permanently available.

We continue to trial infrastructure and implement pilot programs with business partners, to test and learn before rolling them out broadly across our portfolio. Contamination of customer can, bottle and container recycle bins continues to impact our waste diversion. To address this, at Westfield Knox we installed electronic can and bottle recycling bins that scan container bar codes, locking the bins against contaminating waste. This technology is something we will explore using across our portfolio further.

Development waste

Across our seven development projects under construction in 2023, we achieved an average of 94 per cent waste recovery. Our performance was driven by greater engagement with our waste contractors.

Strategic waste management plan

Across our portfolio, operational waste represents over 70 per cent of total waste and is a significant component of our scope 3 emissions. This waste is primarily generated by our retail business partners and customers.

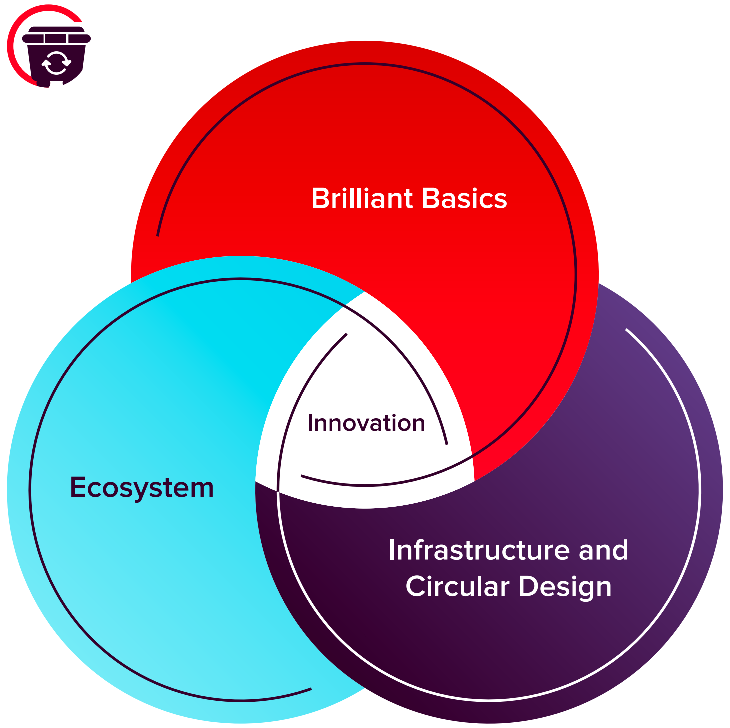
Our focus as a business is to evaluate the opportunities to support our retail business partners and customers divert more of their waste from landfill.

The remaining 30 per cent of our waste is generated by our developments under construction. This is made up of materials including concrete, brickwork and steel.

To enhance our waste processes and focus our efforts on the initiatives with the highest level of impact, we developed a strategic waste management plan for our operational and development waste.

It focuses on key levers in our ecosystem that will support us to reach our waste recovery targets and reduce our environmental impact. These are: Brilliant Basics, Ecosystem, Infrastructure and Circular Design, and Innovation.

STRATEGIC WASTE MANAGEMENT PLAN



Brilliant Basics
A whole-of-destination approach delivering simplicity and coordination across our portfolio. Separation of waste streams at the source is key. Continual business partner and customer engagement to embed strong behaviours.

Ecosystem
Supply chain partnerships are critical to deliver our results. Collaboration and high performance are paramount. The interplay with community programs, local government initiatives, and the role we play through industry forums is represented here.

Infrastructure and Circular Design
Trial best-in-class technology, infrastructure and systems to implement across the portfolio.

Shifting from a linear approach for material selection to a focus on circularity is critical to deliver results now and in the future. Embedding our Sustainable Development and Design Principles will be key to drive front-end impact.

Innovation
Across all levers, seek new solutions, partners and approaches to learn from and test.

OUR KEY ACTIONS TO ADDRESS OPERATIONAL AND DEVELOPMENT WASTE

	HORIZON 1 2023–2024 Brilliant basics and foundations	HORIZON 2 2024–2025 Evolving and embedding	HORIZON 3 2025–2030 Future proofing
OPERATIONS	Build capability, engage with business partners, and simplify signage to drive separation and reduce contamination.	Consistent infrastructure across the portfolio, greater collaboration with business partners, industry and government.	Research and explore best practice. Continue to innovate and pilot new technology.
DEVELOPMENT	Embed Sustainable Development and Design Principles into business practices, understand contractor capabilities and engage with partners to identify opportunities.	Embed an environmentally-conscious culture across all projects, partner with suppliers and improve waste data collection to include all projects.	Review targets and identify opportunities and innovations to implement.

Strategy continued

Water

We recognise the importance of water to our natural ecosystems and communities and addressing the risk of water scarcity.

In 2023, our water use increased by 3 per cent compared to 2022.

This increase was largely due to increased foot traffic through our destinations. In addition, 2023 was warmer than 2022 across the majority of regions in which we operate. This increased our water consumption used to cool our destinations.

Our water efficiency processes supported us to manage the full impact through:

- smart metering alert programs that enable us to quickly respond to losses and leaks
- engagement with our business partners
- incorporation of water-efficient fixtures and fittings in our amenities across our developments and upgrades.

We use a NABERS water rating to support our focus on driving water efficiencies across each of our centres.

To reduce our impact to local biodiversity and reduce the risk of local flooding, we have embedded Water Sensitive Urban Design principles in our latest major developments. These include Westfield Knox and 101 Castlereagh Street.

Where appropriate, we install stormwater detention tanks alongside filtration systems. The filtration systems remove oil, particulates and rubbish from the stormwater reducing pollution.

Westfield Knox, Vic

The detention tanks slow the flow of stormwater from our destinations into the authority water mains, reducing the chance of upstream flooding.

Design initiatives such as reducing hard surfaces, building bioswales at street level and encouraging the use of local and resilient planting to minimise irrigation, are also tools we employ to minimise and better control stormwater outflows.

We will continue to apply these principles across our future developments.

Biodiversity

Identified as one of three megatrends in our Integrated Environmental Plan (IEP), sustaining nature and protecting biodiversity supports our net zero ambition and is a key objective when operating and redeveloping our destinations.

Across our operations and developments, we have various dependencies and impacts on nature. These include:

- materials sourced for our development projects and upgrades
- waste from our construction activities and operations
- emissions from our operations that contribute to climate change
- water use and pollution management.

In 2023, we engaged in discovery activities across the business to understand our current practices connected to nature and the preservation of biodiversity.

Our current practices span across our IEP and include:

- Our net zero strategy and initiatives to reduce our energy use and emissions. Our strategy is detailed across pages 10–12.
- Waste recovery and minimisation and supporting the circular economy across our operations and developments. Our strategic waste management plan is detailed on pages 14–15.
- Monitoring and mitigating future water scarcity and pollution of our waterways. Read more about our water practices on page 16.
- Incorporating biophilic design elements in our projects. To support biodiversity at our Westfield Knox transformation, we have planted trees, shrubs and plants throughout the centre, the majority of which will be irrigated using on-site rainwater tanks. The centre also includes more than 10 locally grown mature trees throughout the internal mall, bringing people closer to nature.

We remain focused on reducing our environmental impact and will continue to explore ways we can support biodiversity across our destinations.

Embodied carbon

As a vertically integrated business, we have an opportunity to influence the future carbon outcomes of our Westfield destinations through our planning, design and procurement processes.

In 2023, we evolved our approach to developments and projects through the consolidation of eight Sustainable Development and Design Principles.

Embodied carbon is a key principle for our projects. It represents the greenhouse gas emissions associated with materials and construction processes throughout the whole life cycle of a building.

Our approach to embodied carbon is focused on reducing the environmental impacts of our projects by building: less, light, efficiently, low carbon and for the future.

Our strategy will be supported by the completion of Life Cycle Assessments across our future major projects.

Supporting and engaging our business partners

We recognise the role we can play in our value chain and are focused on assisting our business partners to understand and reduce their emissions.

We currently support our business partners through initiatives including:

- procuring renewable electricity
- engagement on emerging sustainability issues
- providing recycling programs beyond our four always-on recycling streams
- providing food waste collection containers for retailers to enhance organic food waste recovery.

Our Energy and Renewables team works directly with business partners to offer them access to renewable energy via our embedded networks for their stores located within our Australian Westfield destinations.

In 2023, Michael Hill signed an agreement to begin using renewable energy from our embedded network for the 18 per cent of their Australian stores located in our Westfield destinations. Other business partners who receive 100 per cent renewable electricity through our embedded network include MJ Bale, Country Road Group and L'Occitane.

Supporting and engaging our retail business partners is a key lever to reducing our scope 3 emissions. We will continue to enhance our approach and find opportunities to partner with our stakeholders.

Reporting and benchmarks

We review our alignment to existing and emerging reporting frameworks and legislation, and participate in global ESG surveys and benchmarks.

Sustainability Reporting Standards

The International Sustainability Standards Board (ISSB) issued its new sustainability standards during 2023. In response to this, the Australian Accounting Standards Board (AASB) released proposed climate-related financial disclosure requirements for Australian reporting entities.

In January 2024, the Australian Government's Treasury released its Exposure Draft legislation on climate-related financial disclosure for consultation.

We will continue to elevate our climate-related disclosures and develop a Climate-related Transition Plan in alignment with the AASB's proposed Australian Sustainability Reporting Standards.

ESG surveys

We maintained our leadership status in the 2023 CDP Climate Change benchmark for the fourth consecutive year.

We maintained our recognition as a Global Sector Leader for Development in the GRESB Real Estate Assessment. Receiving a 5-star rating for the fourth consecutive year, we have once again been placed within the top 20 per cent of the Development benchmark. We also achieved a 4-star rating for Standing Investments in the GRESB Real Estate Assessment.

Our scores are an acknowledgement of our ongoing commitment to ESG transparency, governance and improved practices, as well our continued focus on integrating responsible business throughout our decision-making and operations.

Nature and biodiversity

As a signatory to the Kunming-Montreal Global Biodiversity Framework (GBF), Australia has committed to protecting and conserving 30 per cent of land and oceans by 2030.

Australia has also announced its support for the Taskforce on Nature-related Financial Disclosures (TNFD) and has committed to a Nature Positive Plan which will reform Australian environmental laws and develop National Environmental Standards.

In 2024-2025, we will assess our impact on nature and biodiversity in line with TNFD recommendations and continue to monitor emerging regulations.

Risk management

Effective risk management is fundamental to achieving Our Purpose, Plan and Ambition and operating as a responsible and sustainable business.

Our approach to risk management is founded on a strong risk culture, where behavioural expectations are set by the Board and executive leadership team through our DNA and are actively promoted and role-modelled throughout our business.

Our Enterprise Risk Management (ERM) Framework outlines how we proactively, systemically and consistently identify, assess, manage, and monitor risks and controls. This Framework applies to all our teams.

Our ERM Framework references globally recognised standards including ISO 31000:2018 as well as regulatory guidance from the Australian Securities and Investments Commission and the Australian Securities Exchange.

OUR RISK MANAGEMENT PROCESS

1
Identify
Identify what could go wrong or what needs to go right to achieve objectives.

2
Assess and prioritise
Assess each risk or lost opportunity by its likelihood and impact.

3
Treatment
Confirm the risk management strategy.

4
Review and report
Confirm and validate risks, their assessments and treatment plans. Periodically assess material changes.

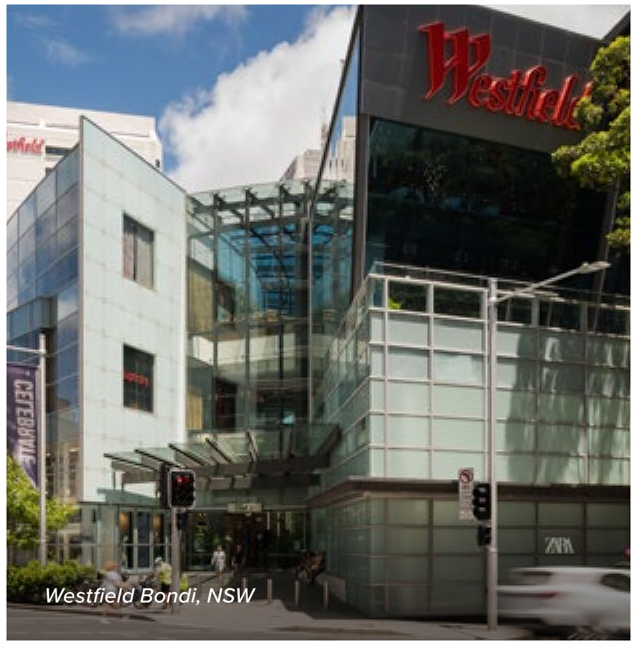
Identifying and assessing climate-related risks

Our climate-related risks are identified and assessed as part of establishing our corporate risk profile, setting individual team risk profiles, and providing regular governance updates to the Board and our stakeholders. The economic impact of climate change is currently identified as a material risk.

Each year, teams are asked to identify and assess risks, including climate-related risks, that would prevent them from achieving their strategic objectives. In addition, subject matter experts across the business contribute to an enterprise management risk profile which is updated annually. Together, these profiles inform the review and update of our corporate risk profile in the subsequent year.

Risks are rated on a five-by-five likelihood and impact matrix considering several categories including impacts on earnings and distribution, life safety, operational efficiency, environment, and reputation. We prioritise risks with higher impact and likelihood.

Our risk identification processes and assessments are supported by detailed climate-related scenario analysis and climate exposure assessments.



Westfield Bondi, NSW

Management of climate-related risks

Climate-related risks are managed through operational processes and the enterprise risk management framework.

All risks are assigned an owner who is responsible for confirming their risk assessments are complete and accurate. The risk profiles outline key controls and treatment plans in place to manage risks with assigned owners responsible for either implementation of controls or completion of treatment plans within timeframes.

All material risks receive oversight from the Executive Risk Management Committee (ERMC), the Audit and Risk Committee (ARC) and the Board. Our ongoing processes include:

- the ARC and Board review and approve the corporate risk profile annually
- the ARC reviews an Assurance Summary Report outlining whether we are within our appetite and tolerance twice a year
- topical risk updates are presented to the ARC to stay abreast of emerging risks
- corporate risks are regularly reviewed by the ERMC that meets five times a year.

We also use environmental action plans for each destination to manage the short-term impacts of climate change, implement strategies and work towards our environmental targets. These plans are updated quarterly and are incorporated into performance scorecards for relevant team members. Implementation of strategies and progress towards targets are also captured through our enterprise responsible business scorecard.

We have completed climate exposure assessments that consider longer-term impacts of climate change, informed by our scenario analysis, for each of our 42 destinations. Our climate exposure assessments focus on physical climate-related risks only. We are progressively developing Climate Change Adaptation Plans (CCAPs), informed by these assessments. The CCAPs articulate management and mitigation measures for future consideration. We will continue to review exposure assessment modelling relevant to our operational geographies. Further details can be found on pages 21–22.

Risk management continued

Climate resilience

As a vertically integrated business, we have the unique opportunity to design, construct, operate and market our platform with the future requirements of our customers and communities in mind. This assists us to adapt to changes in the external environment and build greater climate resilience into our strategy and destinations.

We use scenario analysis, climate exposure assessments and CCAPs to identity potential climate-related risks and opportunities and to assess the climate resilience of our business. Together, they assist us in managing the potential impacts of climate change and embedding climate resilience into our business strategy.

Climate-related scenarios

In 2022, we engaged an external adviser and refreshed our scenario analysis to align with the updated scenarios outlined in the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR6). They represent the IPCC's latest climate change assessments.

These scenarios are aligned to the IPCC's Representative Concentration Pathways (RCPs), that describe broad climate projections, and Shared Socioeconomic Pathways (SSPs), that outline potential socioeconomic development outcomes, to provide a more holistic basis for climate scenario analysis. Combined, these scenarios provide distinct and varied consequences, allowing us to remain informed on our response to climate change.

SCENARIOS WERE DEVELOPED FOR TWO POTENTIAL WARMING OUTCOMES

Rapid transition	Slow transition
1.5°C — Aligned to SSP1-2.6	>3.5°C — Aligned to SSP4-7.0 and SSP5-8.5
A society and industry rapidly transitioning to a zero-carbon world. Climate goals influence trends in energy use, with renewable energy powering over 90 per cent of global energy demand.	A higher emission scenario with limited climate policy and fossil fuels remaining a material component of the growing primary energy supply.

High transition risks ← → High physical risks

Temperature outcome range

THE FOLLOWING TIME HORIZONS WERE CONSIDERED IN THIS ANALYSIS

SHORT-TERM	MEDIUM-TERM	LONG-TERM
<1 year	1–5 years	5–30 years
Aligned to our business planning and financial budget cycle.	Aligned to typical forward capital expenditure and maintenance plans.	Aligned to the life span of our centres, which is greater than 30 years.

Climate exposure assessments and Climate Change Adaptation Plans

Assessing our portfolio exposure

In 2023, we updated our climate exposure assessments across all 37 Australian destinations in line with the IPCC's most recent climate models. The assessments for our New Zealand centres were completed in 2020.

These climate exposure assessments are aimed at understanding potential physical climate impacts for our centres between 2030 and 2050. Our climate exposure assessments focus on physical climate-related risks only.

Our assessments provide insights into the potential exposure to physical climate impacts across our centres and are used to develop our CCAPs.

We will look to review our assessments as reference models or global and regional climate projections change.

Climate Change Adaptation Plans

CCAPs are centre specific plans. They identify potential risks associated with predicted climate impacts within the climate exposure assessments.

Using our Enterprise Risk Management Framework, these plans:

- determine individual risk ratings using a likelihood and consequence matrix
- articulate mitigation and management strategies, including both design and operational initiatives
- present considerations for longer-term capital investment.

We will embed the CCAPs as part of our strategic asset planning process, developments and during annual risk register reviews for each centre.

We have completed six CCAPs to date and are progressively developing CCAPs for each of our centres across the portfolio.

Climatic impacts considered	
Consecutive dry days	Maximum wind gust
Days above 40°C	Surface water flood
Maximum 1-day precipitation	Hail
Days above 35°C	Dry periods
Extreme maximum temperature	Heatwave
Maximum 5-day precipitation	Fire danger index
Extreme daily precipitation	Coastal inundation
Riverine flood	Cyclone

New solar array installed at Westfield Hornsby, NSW in 2023

Risk management continued

Embedding climate resilience into our Westfield Booragoon development in Western Australia

Embedding climate resilience in the planning and design phases of our destinations can greatly influence the carbon outcomes of our destinations and ability to mitigate potential climate impacts.

In 2023, we updated our climate exposure assessment and developed a Climate Change Adaptation Plan (CCAP) for our Westfield Booragoon development project in WA.

Physical climate impacts were assessed using scenario analysis aligned to RCP 8.5 which has a temperature outcome range of >3.5°C.

POTENTIAL CLIMATE IMPACTS ASSESSED FOR WESTFIELD BOORAGOON

INCREASED MEAN TEMPERATURE

INCREASED EVAPOTRANSPIRATION

DECREASED OVERALL RAINFALL

INCREASED EXTREME TEMPERATURE

INCREASED DROUGHT

INCREASED FREQUENCY AND INTENSITY OF STORMS

Based on the climate impacts assessed, the key potential risks identified were:

- building façade and structure may be impacted by increasing temperatures
- HVAC system may not operate under higher maximum temperatures
- extreme rainfall and hail may inundate rainwater collection systems.

As part of the development process our design team reviewed the CCAP for Westfield Booragoon to identify opportunities to build greater climate resilience into the project.

The design features in place to mitigate potential climate-related physical risks include:

- building façade designed with high-performance insulation and glazing, and effective shading
- HVAC sized to account for future climate change projections
- stormwater system designed for 1:100 year storm event.

Embedding climate resilience into our design and development processes supports our strategy and ability to create long-term value for securityholders.

As we remain focused on reducing our environmental impact and leaving a positive legacy for our communities, we will continue to assess the impacts of climate change and resilience of our centres.

Climate-related risks and opportunities

In 2023, we updated our climate-related risks and opportunities assessment to reflect our refreshed scenario analysis, climate exposure assessments and ongoing Climate Change Adaptation Plans.

The tables presented on pages 23–28 provide a detailed summary of the climate-related risks and opportunities assessed as part of our internal stakeholder engagement and external risk assessment, including a description of the risk or opportunity, our approach to risk management and business strategy integration.

We acknowledge that the risks and opportunities identified may change over time due to shifts in global geopolitical, economic and environmental factors.

Transition risks and opportunities

We recognise that there are transition impacts under both our Rapid Transition and Slow Transition scenarios.

For the purposes of our analysis, we have chosen to identify our transition risks and opportunities based on our **Rapid Transition scenario**.

Rapid Transition has a temperature warming outcome of 1.5°C and is aligned to SSP1-2.6. It is consistent with the goals set out in the Paris Agreement.

Scenario assumptions and potential impacts

Key assumptions	By 2030	By 2050
Society and consumer behaviour	Global population is assumed to increase to 8 billion. It is expected that societal expectations will align with policy, supporting a consistent effort to reduce emissions. Consumption is assumed to be oriented toward lower resource and energy intensity.	Global population is assumed to increase to 8.5 billion. Australian population growth is assumed to exceed global averages by more than double due to international migration.
Economy and policy	Building regulations are assumed to include improved building energy efficiency standards and mandate the phase out of gas heating.	An ambitious transition is assumed across all sectors of the economy, including rapid decarbonisation, increasing electrification, more efficient use of resources and new technologies to abate emissions.
Carbon price	The cost of carbon in the medium-term is anticipated to be between AU$30 to AU$60 per tonne CO_2-e. This is based on historical prices of Australian carbon credit units and the cost of large-scale generation certificates.	The cost of carbon in the long-term is anticipated to be circa AU$110 tonne per CO_2-e. This is calculated based on an estimated carbon price of AU$60 in 2030 and an average CPI of 3% per year from 2030 to 2050.
Investor expectations	Increasing awareness of the impacts of climate change is expected to drive greater engagement and scrutiny from lenders and investors on the management of corporate climate risks and the carbon intensity of operations, impacting cost of capital and the ability to attract investment.	
Buildings	It is assumed that the built environment will continue to decarbonise. Natural gas use in buildings is expected to decline by 45%. Lighting sales are anticipated to be 100% LEDs.	It is anticipated that natural gas use will reduce by 98% and 50% of heating demand is met by heat pump.
Waste	The potential introduction of policy and pressure from stakeholders encourages a transition towards a production system which is localised and orientated to circularity. It is assumed consumers will trend towards products that minimise waste.	

Risk management continued

Transition risks

Transition risks	Approach to risk management and strategy integration	Time horizon
Changing customer behaviour Decreased revenues due to reduced demand for products and services. This is driven by consumer demand for greater transparency and buying only from sustainable businesses.	In 2023, we had 512 million customer visits to our destinations. We continue to acknowledge the need to be receptive to new consumer preferences driven by sustainability and/or climate related matters. Core to our strategy is business partner and customer engagement, and accessing market insights so we stay relevant to customer needs. We recognise the role we can play in our value chain and are focused on assisting our business partners and customers understand and reduce their carbon footprint. Our destinations continue to offer opportunities to our business and community partners in both green power and waste recovery and recycling.	Long-term
Shift in investment decisions Greater engagement and scrutiny from lenders and investors on climate-related matters can impact our cost of capital and our ability to attract investment.	Our key sources of capital are: • equity investors • debt investors • joint venture partners. Our strategy is to deliver relevant information to help stakeholders, and particularly investors, make informed decisions about our management of climate-related risks and opportunities. We do this through: • direct investor engagement • benchmark ESG performance surveys • annual reporting suites • disclosure of our climate-related risks and opportunities.	Medium-term
Emerging regulation and policy Regulatory change, including energy efficiency standards and the electrification of the built environment, will accelerate gas removal and a requirement to use heat pumps on all new major projects and developments. Margins for our design and construction business may be directly impacted by an increased cost of carbon intensive building materials accelerating the need to source alternates.	Maximising the energy efficiency of our destinations is embedded across the business through our Integrated Environmental Plan (IEP), centre specific environmental action plans and risk management processes. This is demonstrated by our 41% reduction of scope 1 and 2 emissions across our total portfolio since 2014. Our continued installation of on-site solar and procurement of renewable energy has and will continue to reduce our scope 2 emissions and exposure to increased future energy costs. Our IEP and Sustainable Development and Design Principles continue to be embedded across the business and guide our future developments. They are focused on low carbon outcomes and reducing our environmental impact across the life of our centres.	Medium- to long-term

Transition risks	Approach to risk management and strategy integration	Time horizon
Renewable energy constraints We are committed to achieving net zero (scope 1 and 2 emissions) by 2030. Our net zero strategy is focused on reducing our scope 2 emissions through optimising energy efficiency and renewable energy generation and procurement. Our net zero ambition and strategy assume the procurement of renewable energy. Our ability to remain net zero and the costs associated may be impacted by the availability of renewable energy and its commercial price.	Our procurement approach manages the potential volatility in renewable energy supply and costs. On an ongoing basis, we engage with the energy market. We assess economic factors, observe fluctuations, emerging purchasing opportunities and the ability to renew our existing contracts early. By adopting a progressive procurement methodology, we are able to manage changing needs, including asset transactions, government policy and stakeholder expectations. In 2023, we completed four rooftop solar installations. This more than doubled our total solar generation capacity from 5.9MW to 12.2MW. As we assess and execute on opportunities for on-site solar installations across our destinations, we reduce our need to procure renewable energy. We will continue to assess renewable energy opportunities, both on- and offsite, as we work towards our net zero commitment.	Medium- to long-term
Carbon pricing There are potential impacts from a price on carbon for our scope 1 emissions. We anticipate a carbon price between AU$30 to AU$60 per tonne CO_2-e by 2030, and AU$110 per tonne CO_2-e by 2050.	We are committed to achieving net zero (scope 1 and scope 2) emissions by 2030 across our wholly-owned portfolio. Our net zero strategy has and will continue to reduce our emissions and exposure to increased future energy costs. To achieve our commitment, we are focused on: • optimising centre efficiency • generating and procuring renewable energy • reducing residual scope 1 emissions through operational efficiency, the replacement of equipment and advancements in technology. Through the delivery of our net zero strategy, we mitigate our potential exposure to a carbon price. Our scope 1 emissions currently make up 4% of our scope 1 and 2 emissions. We anticipate that our scope 1 emissions will continue to reduce with the replacement of equipment and introduction of new technologies, resulting in a reduced exposure to a price on carbon by 2030 and beyond.	Medium- to long-term

Risk management continued

Transition opportunities

Transition opportunities	Approach to risk management and strategy integration	Time horizon
Shift towards renewable energy generation A shift towards renewable energy generation has been seen across the markets in which we operate. We see this as an opportunity to focus on and invest in new renewable energy technologies such as on-site photovoltaic solar. Financial benefits from renewable energy generation projects can be realised through reducing the need to purchase electricity.	Renewable energy is a key pillar of our net zero emissions pathway. We continue to review opportunities to install solar across our portfolio. In 2023, rooftop solar installations were completed at Westfield Hornsby (NSW), Westfield Tuggerah (NSW), Westfield Fountain Gate (Vic) and Westfield Knox (Vic). Together these installations will more than double our total solar generation capacity from 5.9MW to 12.2MW. Our remaining solar installations are located at Westfield Marion (SA), Westfield Plenty Valley (Vic), Westfield Carousel (WA), Westfield Kotara (NSW) and Westfield Coomera (Qld).	Short- to medium-term
Potential access to additional capital sources Potential access to sustainability linked capital.	A capital investment plan has been developed as part of our net zero emissions strategy which may create the opportunity to engage investors on green bonds and other sustainability linked debt funding alternatives which could broaden our access to capital.	Medium-term
Procurement of renewable energy The development of our net zero strategy has identified the opportunity to procure renewable energy to facilitate a smooth transition to net zero and to support our business partners to procure renewable energy in the future. By adopting a progressive procurement methodology, we have the opportunity to reduce future energy costs.	In 2023, we updated our net zero pathway long-term forecast modelling which allowed us to reassess renewable energy procurement required to achieve our targets by 2030. We have entered into a long-term energy agreement in NSW and Victoria, which together with our existing agreements in Queensland and New Zealand, will assist us in achieving net zero (scope 1 and 2) emissions by 2030. Our procurement approach manages the potential volatility in renewable energy and emissions abatement costs which we consider are likely to become more expensive in the future due to the increase in demand for net zero solutions. Our progressive procurement strategy allows us to manage our changing needs, which could be due to the inclusion of joint venture partners into our net zero strategy, asset transactions or the impact of future energy efficiency initiatives. It also allows flexibility to manage future changes in government policy and stakeholder expectations. We will continue to assess procurement opportunities as we work towards our net zero commitment by 2030.	Short- to medium-term

Physical risks

We have used our **Slow Transition** scenario to identify key physical risks.

Slow Transition has a temperature warming outcome of >3.5 degrees Celsius and is aligned to SSP4-7.0 and SSP5-8.5.

Scenario assumptions and potential impacts

Key assumptions and potential medium- to long-term impacts	
Physical impacts	The physical impacts in Australia may be significant. Impacts may include harsher fire weather, drought, extreme rainfall, sea level rise and coastal flooding. Acute impacts from extreme weather events may lead to business disruption and damage to property, significantly impacting supply chains. Chronic impacts from increased temperatures may include sea level rise and precipitation affecting labour, capital and agricultural productivity, as well as operational and raw material disruption to key industries. Water and energy scarcity may subject companies to higher operating costs. Direct impacts may result from damage to infrastructure caused by an increase in severe weather events and coastal inundation. The potential increase in the number of days causing heat stress may reduce labour productivity and cause a fall in business profits.
Society and consumer behaviour	Only the most environmentally conscious of consumers are expected to shift patterns away from high-carbon goods and materials. Physical impacts are anticipated to lead to a rise in the cost of living, with manufacturing and natural processes equally experiencing impacts which hamper supply. Demand for non-essential goods is therefore expected to rapidly decrease, with a focus on maintaining health and livelihoods by purchasing needs.
Economy and policy	Less investment in mitigating technology may occur, with increasing focus on adaptation as the more severe physical impacts set in. Acute impacts from extreme weather events are expected to lead to business disruption and damage to property, significantly impacting supply chains. GDP may drop compared to today. Economies may be nationalised as global trade declines.
Investor expectations	To manage potential losses resulting from the physical and transitional risks of extreme climate change, investors, lenders and insurers may adjust their risk appetites, and investment and lending practices, such as cutting back on high loan-to-valuation lending and reducing exposure to higher-risk regions and industries.

Risk management continued

Physical risks

Physical risks	Approach to risk management and strategy integration	Time horizon
Impacts from extreme weather events Impacts associated with climate change include: • water inundation from storms • physical damage to property from wind and hail • increased electricity demand which exceeds cooling capacity due to heatwaves • increased maximum flood heights • more frequent and more severe bushfires • water restrictions • higher sea levels impacting coastal areas. These weather events may cause physical damage to buildings and components of buildings, loss of income and potential harm to building occupiers.	We continue to assess the climate resilience of our centres through scenario analysis. In 2023, we updated our climate-related risks and opportunities to align with the updated scenarios outlined in the Intergovernmental Panel on Climate Change's Sixth Assessment Report (AR6). We also updated our climate exposure assessments for all 37 Australian centres. The assessments for our New Zealand centres were completed in 2020. The longer-term impacts of climate change are progressively being captured in centre specific Climate Change Adaptation Plans. This will continue to support us maintain and enhance our centres with a future physical climate change resilience focus. Our facilities management procedures and environmental plans for each destination, covering asset protection, energy efficiency, net zero targets, business continuity and water efficiency are designed to mitigate impacts from physical climate change risks. We regularly review our standard design documentation to establish project requirements in relation to stormwater, flood barriers, water minimisation, HVAC, fire safety and structural wind loading remain current to industry best practice. We address the risk of future water scarcity and restrictions by reducing water intensity through installation of water efficient fixtures and equipment, operational efficiency and business partner engagement across our portfolio. In addition to our internal measures, we work with our insurance partners to have appropriate insurance programs in place to protect shareholders and other stakeholders.	Medium- to long-term

Metrics and targets

We are committed to having efficient and resilient destinations in line with how we operate as a responsible and sustainable business. Our approach is guided by our Integrated Environmental Plan (IEP) which focuses on five key areas: energy, waste, water, embodied carbon, and reporting and benchmarks.

We have set targets aligned to our IEP and actively track and monitor our progress across these key areas.

The below metrics and targets should be read in conjunction with our 2023 Responsible Business Report and 2023 Responsible Business Data Pack which provide comprehensive historical data and performance.

Metric/Target	Result		Outcome
Energy			
Net zero emissions Achieve net zero scope 1 and 2 emissions by 2030 for our wholly-owned Westfield destinations	**41%** reduction in emissions across our total portfolio since 2014	Target 100% 2023 41% 2022 38% 2021 30%	**In progress**
NABERS Energy Scentre Group portfolio to reach an average Retail NABERS Energy rating of 4.5 stars by 2025	**4.6** ★★★★½ star portfolio average	Target 4.5 2023 4.6 2022 4.5 2021 4.4	**Exceeded**
Waste			
Waste from operations Increase waste recovery from operations to 90% by 2030	**51%** waste recovered	Target 90% 2023 51% 2022 52% 2021 54%	**In progress**
Waste from developments Maintain waste recovery rate above 95% for all major developments	**94%** average waste recovery from seven major developments in progress	Target >95% 2023 94% 2022 89% 2021 95%	**In progress**
Water			
Water Intensity	**1.07** water intensity	2023 1.07 2022 1.06 2021 0.97	
Reporting and benchmarks			
GRESB – Development Benchmark	★★★★★ 5 star rating, Global Sector Leader	2023 ★★★★★ Global Sector Leader, 98/100 2022 ★★★★★ Global Sector Leader, 97/100 2021 ★★★★★ Global Sector Leader, 95/100	
GRESB – Standing Investments Benchmark	★★★★ 4 star rating	2023 ★★★★ 85/100 2022 ★★★★ 86/100 2021 ★★★★ 85/100	
CDP (Climate change)	**A-** Leadership band	2023 A- Leadership band 2022 A- Leadership band 2021 A Leadership band	

Next steps

We are committed to enhancing our approach to disclosing and managing climate-related risks and embedding climate resilience into our responsible business strategy.

Creating a positive legacy for our communities remains integral to our DNA and supports our Purpose, Plan and Ambition. We continue to stay focused on executing on our Integrated Environmental Plan and reducing our environmental impact.

	2023 Achievements	2024+ Next steps
Governance	Engaged with the Board on climate-related activities and progress on our targets, strategic activities that require endorsement, and surfaced trends, opportunities and risks present for the Group.	Continue to embed climate-related skills of Board members through education on environmental matters, including on current and emerging climate-related issues.
	Launched our inaugural Climate Statement aligned to the recommendations of the TCFD.	Prepare to report in alignment with the Australian Sustainability Reporting Standards.
	Reviewed our governance policies, practices and framework in light of current and emerging corporate governance practices, regulatory requirements, market practice and community expectations.	Effective 1 April 2024, the Audit and Risk Committee is being restructured to establish a new Board Audit and Finance Committee and a new Board Risk and Sustainability Committee.
	The Board simplified and enhanced transparency of the short-term performance measures for the CEO and other executive KMP to focus on those measures which would drive progress towards the Group's ambition. This includes responsible and sustainable business measures.	
Strategy	Developed enterprise-wide Sustainable Development and Design Principles.	Embed Sustainable Development and Design Principles into business practices.
	Developed strategic roadmaps for operational and development waste.	Activate our waste strategy.
	Progressed against our net zero strategy and entered into a long-term energy agreement in NSW and Victoria.	Prepare longer-term strategy to maintain net zero scope 1 and 2 emissions beyond 2030. Develop a strategy to reduce our scope 3 emissions. These initiatives will support the preparation of a Climate-related Transition Plan.
Risk management	Updated our climate-related risks and opportunities to reflect our refreshed scenario analysis.	Continue to capture long-term climate change impacts in our Climate Change Adaptation Plans (CCAPs) across all destinations.
	Updated our climate exposure assessments across all 37 Australian destinations. The assessments for our New Zealand centres were completed in 2020.	Embed actions from our CCAPs into our Strategic Asset Management Plans.
Metrics and targets	Undertook exercise to raise our awareness and understanding of scope 3 emissions categories relevant to our business.	Validate and measure the Group's relevant and material scope 3 emissions and explore scope 3 target setting.

Glossary of terms

Term	Description
Australian Accounting Standards Board (AASB)	The AASB is an Australian Government agency. It develops accounting standards and Australian Sustainability Reporting Standards. aasb.gov.au
Biodiversity	The variability among living organisms from all sources, including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and throughout ecosystems. Convention on Biological Diversity (1992) Article 2.
Carbon Disclosure Project (CDP)	CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. cdp.net
Carbon offset	Reduction or removal of emissions to compensate for emissions made elsewhere. Offsets are generated by projects that reduce, remove or capture emissions from the atmosphere. Examples include planting new trees or investing in renewable energy.
Circular economy	A system where waste and pollution are designed out, products and materials are kept in high value circulation.
Climate Change Adaption Plans (CCAPs)	CCAPs capture our assessment of the longer-term impacts of climate change. Informed by our scenario analysis, these plans articulate current management measures as well as recommendations for longer-term capital investment and adaptation opportunities.
Climate-related scenarios	Climate-related scenarios provide context to help organisations anticipate potential risks and opportunities considering likely future physical and transitional consequences of climate change. The Task Force on Climate-related Financial Disclosures (TCFD) describes climate-related scenarios as hypothetical constructs that articulate a path of development leading to particular outcomes, noting that scenarios are not intended as a full description of the future, but rather highlight relevant elements and key factors of a possible future. fsb-tcfd.org
Decarbonisation	The removal or reduction of CO_2 from the atmosphere, achieved by switching to usage of low carbon energy sources.
Destination principles	Our destination principles guide the long-term vision for each unique Westfield destination. These principles will help our team focus and plan for a unified set of medium- to long-term strategic goals, above and beyond our business-as-usual priorities.
Embodied carbon	Greenhouse gas (GHG) emissions associated with materials and construction processes throughout the whole life cycle of a building.
Environmental, Social and Governance (ESG)	ESG stands for environmental, social and governance. It is a global term used to understand, measure and rank a company's sustainability performance and initiatives. We call this responsible and sustainable business. Our responsible business framework has four pillars – our community, talent, environment and economic performance. See responsible and sustainable business definition.
Financial Stability Board (FSB)	FSB is an international body that monitors and makes recommendations about the global financial system. fsb.org
Greenhouse gas (GHG)	GHGs are gases that trap heat in the atmosphere. These gases act like the glass walls of a greenhouse.
GRESB	GRESB, formerly known as the "Global Real Estate Sustainability Benchmark", is an independent organisation providing validated environmental, social and governance performance data and peer benchmarks for investors and managers to improve business intelligence, industry engagement and decision-making. gresb.com
Integrated Environmental Plan (IEP)	The IEP is a framework that considers our broad environmental impact and provides strategic direction as to what initiatives should be prioritised and elevated to achieve the biggest impact. It focuses on addressing three global climate megatrends which have the most relevance to our business (decarbonisation, circular economy and biodiversity) and aligns five focus areas to address these megatrends (energy, water, waste, embodied carbon, and reporting and benchmarks).
Intergovernmental Panel on Climate Change (IPCC)	The IPCC is the United Nations body for assessing the science related to climate change. The objective of the IPCC is to provide governments at all levels with scientific information that they can use to develop climate policies. ipcc.ch

Glossary of terms continued

Term	Description
International Financial Reporting Standards (IFRS) Foundation	The IFRS Foundation is a not-for-profit, public interest organisation established to develop high-quality, understandable, enforceable and globally-accepted accounting and sustainability disclosure standards. ifrs.org
International Sustainability Standards Board (ISSB)	The ISSB is an independent, private-sector body that develops and approves IFRS Sustainability Disclosure Standards. The ISSB builds on the work of market-led investor-focused reporting initiatives including the Task Force on Climate-related Financial Disclosures (TCFD).
Materiality	Information that is considered to have high influence and impact on the decision-making of our business and our stakeholders.
National Australian Built Environment Rating System (NABERS)	NABERS is a national initiative managed by the NSW Government on behalf of the Federal, State and Territory governments of Australia. NABERS provides comparable sustainability measurement across the building sectors. NABERS rates a building's efficiency across energy, water, waste, or indoor environment. nabers.gov.au
Nature	The natural world, including non-living and living things and their interactions among themselves and with their environment. Nature can be understood through a construct of four realms – Land, Ocean, Freshwater and Atmosphere. Díaz, S et al (2015) The IPBES Conceptual Framework – connecting nature and people.
Net zero emissions	The balance between the amount of greenhouse gases (GHGs) produced and the amount that is removed from the atmosphere. It can be achieved through a combination of GHG emission reduction and GHG emission removal.
Responsible and sustainable business	Responsible and sustainable business is core business for us. Operating as a responsible and sustainable business underpins our strategy and ambition to grow. It's an important part of how we create long-term value for securityholders. Our Responsible Business Framework aligns to our business priorities and includes four pillars – community, talent, environment and economic performance. It is embedded into our planning and decision-making.
Science Based Targets initiative (SBTi)	The SBTi drives ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets. sciencebasedtargets.org
Scope 1 emissions	Scope 1 emissions are direct emissions associated with operations, that are owned and within the control of a company. For us this includes gas emissions associated with heating and cooling. ghgprotocol.org
Scope 2 emissions	Scope 2 emissions are indirect emissions associated with the generation or purchase of electricity, that are owned or in the control of a company. For us this is predominantly electricity used for lighting, heating and cooling, and vertical transport (lifts and escalators). ghgprotocol.org
Scope 3 emissions	Scope 3 emissions are all other indirect emissions associated with the activities of a company's broader upstream and downstream value chain. Examples can include employee commute and waste to landfill. ghgprotocol.org
Sustainable Development and Design Principles	Guiding principles used for all of our future developments and projects. The principles align to the five keys areas of influence and control as set out in our Integrated Environmental Plan.
Task Force on Climate-related Financial Disclosures (TCFD)	The Financial Stability Board created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing risks related to climate change. TCFD's climate-related financial disclosure recommendations are designed to help companies provide better information to support informed capital allocation. fsb-tcfd.org
Taskforce on Nature-related Financial Disclosures (TNFD)	The TNFD aims to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks, with the ultimate aim of supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes. tnfd.global
Westfield destinations	Scentre Group owns and operates 42 Westfield destinations with 37 located in Australia and five in New Zealand.

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