SCENTRE GROUP

CLIMATE STATEMENT 2022

Prepared with reference to the recommendations of the Task Force on Climate-related Financial Disclosures

20 March 2023

Scentre Group Limited
ABN 66 001 671 496

Contents

ABOUT US

Scentre Group owns and operates 42 Westfield destinations with 37 located in Australia and five in New Zealand. Our destinations are in close proximity to 20 million people. The Group's total assets under management are $51.2 billion represented by $35.0 billion SCG investment, and $16.2 billion of third-party funds.

The Group employs 3,129 people across Australia and New Zealand. Approximately 93% of our workforce is located in Australia.

Our strategy is to create the places more people choose to come, more often, for longer.

About this statement

This statement outlines Scentre Group's net zero pathway and the ways in which the Group manages climate related risks and opportunities across the business.

The statement is aligned to our strategic objective to operate as a responsible, sustainable business and has been prepared with reference to the recommendations of the Taskforce on Climate-Related Financial Disclosure (TCFD).

It complements other documents in Scentre Group's Annual Reporting suite including our Responsible Business Report, Responsible Business Data Pack and Annual Financial Report.

OUR REPORTING SUITE

This document is part of a suite of Responsible Business documents, including:

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

Also available:

- Annual Financial Report
- Corporate Governance Statement
- Property Compendium
- Reconciliation Action Plan

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.

MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

Creating a positive legacy

Our strategy is to operate as a responsible, sustainable business with initiatives that address the four pillars of our approach – our community, talent, environmental impact and economic performance. It aligns to Our Ambition to become essential to people and their communities.

As the long-term owner and operator of 42 Westfield destinations, we acknowledge the impacts of climate change and the contribution we can make in decarbonising the economy.

Our approach to climate risk builds long-term value for securityholders, builds on our culture of operational excellence and creates a positive legacy for the community.

This statement outlines our environmental progress to date. It builds on the public commitment to the Taskforce on Climate Related Financial Disclosures we made in 2020 and aligns to its recommendations. It reflects our strong risk culture and high standards of corporate governance in the monitoring and oversight of climate risk and opportunities and accountabilities for delivery.

The statement explains our strategy to deliver on our net zero pathway by optimising energy efficiency across our portfolio, generating and procuring renewable energy and reducing residual emissions.

We acknowledge there are broader environmental initiatives and megatrends we need to consider in pursuit of our goals and target, and to support others in our value chain to achieve theirs. The development of our Integrated Environmental Plan in 2022 provides us with the roadmap to deliver on areas such as decarbonisation, the circular economy and biodiversity.

There is much more to do as we continue on our pathway to net zero emissions and beyond. We are committed to learning and adapting as we pursue this goal.

Brian Schwartz
Chair

20 March 2023

Elliott Rusanow
Chief Executive Officer

20 March 2023

2022 highlights

38%

Scope 1 and 2 emissions reduction since 2014

Qld, NZ

renewable electricity agreements

Achieved Retail NABERS Energy 4.5 star portfolio average

Our environmental impact milestones

G Governance | R Risk management | S Strategy | M Metrics and targets

2014

- G – Scentre Group established
- S – Implemented integrated extra low voltage systems across seven assets to allow central monitoring and data capture
- S G – Established a sustainability innovation group to support positive climate actions

2015

- G S – Adoption of responsible business framework with four pillars – community, talent, environmental impact and economic performance
- M – Completed energy and water efficiency NABERS ratings for the first time across all assets

2016

- S – Began installation of 647kW solar powered car park canopy at Westfield Marion, the largest solar car park installation in Australia at the time

2017

- S – Launched our national environmental efficiency framework to implement energy reductions across our assets
- M – Set a target to reach a NABERS 4.5-star average rating across our Australian assets by 2025 (achieved during 2022)
- R – Physical scenario analysis aligned to TCFD conducted for all assets

2019

- R – Scenario analysis complete to align to TCFD
- S – Commenced installation of smart water meters across our assets to improve operational efficiency

2020

- M – Announced target of net zero emissions by 2030 across our wholly-owned portfolio
- M – Achieved our target to reduce emissions intensity by 35% across our Australian operations five years ahead of our original target date
- M – GRESB Global Listed Development Sector Leader
- M – Achieved the Carbon Disclosure Project (CDP) Climate Change Leadership band
- S – Commenced major program to upgrade lighting fixtures to LEDs across our portfolio

2021

- M S – Set our interim net zero target to achieve 50% reduction by 2025
- S – Committed to procuring 100% renewable electricity for our New Zealand assets from January 2022
- M – Achieved 'A' rating in CDP Climate Change – the only company in Australia or New Zealand
- S – Commenced solar feasibility assessment of assets, continuing to review annually

2022

- M – Achieved NABERS 4.5-star average rating, three years ahead of our target date
- S – We procure 100% renewable electricity for our NZ operations from January 2022 and signed an agreement with CleanCo to power our Queensland assets from renewable sources from 2025
- S – Implemented our Next Gen Building Analytics initiative across all Australian assets
- S – Commenced Energy and Sustainability Database Solution (ESDS) platform build to enable access to data across electricity, gas, water, and waste services

2023

- G – Published our first Climate Statement
- S G – Launched our Integrated Environmental Plan (IEP) to provide strategic direction and prioritisation of environmental initiatives

Governance

Scentre Group monitors and manages the economic impact of climate change through integrated governance and review processes. Accountabilities span our Board, Audit and Risk Committee, the CEO and executive leadership team, through to senior leaders and team members working directly in operational management roles.

Our climate risk governance framework

Chief Executive Officer

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

Board of Directors

Oversees management of Scentre Group for securityholders

Considers climate risk within their governance and risk management frameworks

Decision maker for major Responsible Business Reports

Audit and Risk Committee

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

Makes recommendations to the Board on the Group's major Responsible Business reports

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 divisions

Responsible business focused working groups

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

Governance continued

Board oversight

The key functions of the Board are set out in the Board Charter which is available in the Corporate Governance section of our website

Our Board recognises that effective risk management is fundamental to achieving Our Purpose, Our Plan and Our Ambition and operating as a responsible sustainable business.

Our Board sets the overall risk appetite for the Group. It monitors the Group's significant business risks (financial and non-financial) and the adequacy, effectiveness and operation of risk management and compliance policies, controls and frameworks.

The Board, with the support of the Audit and Risk Committee (ARC) and Executive Risk Management Committee (ERMC), considers the Group's approach to identifying and managing risks including those associated with climate change in approving the Group's Enterprise Risk Management (ERM) Policy, Framework, Risk Appetite Statement and Corporate Risk Profile.

The Board meets a minimum of six times per year. The number of Board and Board Committee meetings held during 2022 is set out in the Group's Annual Financial Report which is available on our website.

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

Broader responsible business matters are reported to the Board on a regular basis including the Group's progress on its pathway to achieve net zero emissions by 2030 across our wholly-owned portfolio.

The Board is responsible for the final review and endorsement of our Responsible Business Report and this Statement which includes disclosures on climate-related risks and opportunities.

The Board is committed to having Directors who bring an appropriate mix of skills, knowledge, experience, expertise and diversity to Board decision making. The Group's Directors have a broad range of skills across various professions and industries and the majority of Directors have been assessed as having advanced to expert levels of skill in terms of risk management. These skills and experience provide the Board with insights into the potential impact of climate change.

In 2023, we will continue to engage the Board on climate activities and progress on our targets from across the business, strategic activities that require endorsement, and to surface trends, opportunities or risks present for the Group. Educational content will be shared with the Board as topics emerge that require deeper Board oversight and awareness.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in meeting its governance and oversight responsibilities relating to the effectiveness of the Group's risk management framework, risk management systems and reporting. The Audit and Risk Committee is attended by our CEO and other members of the executive leadership team.

The Audit and Risk Committee is responsible for reviewing processes for assessing material exposure to environmental risks or social risks and the processes in place to manage those risks. Environmental risks include risks associated with climate change.

The Committee meets five times per year, where the material risks to the business are discussed.

The Committee, at least annually, reviews and assesses the Group's corporate risk profile including corporate material risks, key controls, risk appetite and risk tolerances as well as the appropriateness of the Group's ERM 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 the Group's Responsible Business Report.

Role of management

Chief Executive Officer and executive leadership team

Our executive leadership team oversees execution of the Group's strategy for responsible business, which includes climate risk. The executive leadership team monitors and reports on publicly stated environmental targets by communicating any significant overdue actions or changes in priorities reported to the ERMC.

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 key management personnel (KMP) in their annual scorecards.

These KPIs are aligned to the delivery of Our Purpose and strategic priorities, including initiatives to reduce our environmental impact.

Our 2022 Remuneration Report within our Annual Financial Report (pages 52 and 53) details how our executive KMP remuneration is linked to the delivery of the Group's responsible business objectives.

Executive Risk Management Committee

The role of the ERMC is to assist the Board and the Audit and Risk Committee in the oversight of the Group's systems of risk management and internal control, including risks associated with climate change. The ERMC meets prior to each ARC meeting.

Responsible business focused team members and working groups

The economic risks of climate change are monitored and managed through governance and review processes that are integrated throughout our business.

Responsible business focused team members, including a General Manager of Sustainability, a General Manager of Operations and Environment, a National Environmental Manager, and Environmental and Sustainability analysts assist the Group in executing against key risks and opportunities, and our overarching responsible business strategy.

As we continue to embed responsible business across the organisation, key strategic initiatives and tasks also form a part of a number of roles more broadly. This includes our investor relations team's engagement with investors on environmental, social and governance (ESG) issues, our finance and data analytics teams' support of performance reporting, and our customer experience team's oversight of each asset's environmental plans.

Our responsible business working groups provide further support in delivering our strategy and prioritising initiatives. Their collaborative and cross-functional nature assists the Group in elevating our responsible business framework across teams.

In addition the business maintains and will continue to evolve a consolidated and cohesive Integrated Environmental Plan (IEP) which outlines the key activities required to achieve the Group's net zero ambitions and to mitigate physical and transitional climate risks. Read more about our IEP on page 10.

To increase business accountability, the Group also maintains a quarterly scorecard for our key responsible business initiatives across our four pillars of community, talent, environmental impact and economic performance. Our scorecards are a performance tool to increase accountability and track delivery of key initiatives and are used by the executive leadership team as well as teams and individuals.

More information can be found in our Corporate Governance documents:

Corporate Governance Statement

Board Charter

Audit and Risk Committee Charter

Strategy

Our strategy is to operate as a responsible, sustainable business with initiatives that address the four pillars of our approach – our community, talent, environmental impact and economic performance. It aligns to Our Ambition to become essential to people and their communities.

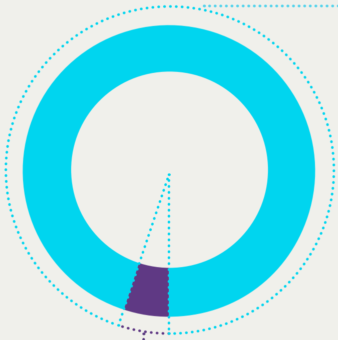
Scentre Group's responsible business framework has been constant since 2015.

Our environmental impact pillar focuses on creating efficient and resilient assets, which aligns to our culture of operational excellence as long-term asset owners and managers. We assess the impact of climate change on our business and acknowledge the contribution we can make to decarbonising the economy.

In 2020, Scentre Group announced its target to achieve net zero (Scope 1 and Scope 2) emissions by 2030 across our wholly-owned assets. The Group has an interim target to achieve a 50% reduction by 2025, increasing incrementally by 10% each year to achieve 100% by 2030.

While our current net zero commitment relates to our wholly-owned assets, our net zero strategy is across our entire portfolio. Through engaging with our joint venture partners, we continue to align on net zero commitments and pathways. We are also focused on working with our business partners to help them achieve their environmental objectives.

Total Portfolio Scope 1 and 2 emissions



96%

Scope 2 emissions

Indirect emissions that are owned or in the control of an organisation, associated with the generation or purchase of electricity. For Scentre Group this is predominantly electricity used for lighting, heating and cooling, and vertical transport (lifts and escalators).

4%

Scope 1 emissions

Direct emissions associated with our destinations' operations, that are owned and within the control of the company. For Scentre Group this is gas emissions associated with heating and cooling.

Understanding the key contributors to our emissions and assessing the scale of opportunities to reduce energy usage has been integral to establishing our net zero approach.

Most of our emissions (approximately 96%) come from the use of electricity for air conditioning, lighting, and vertical transport (Scope 2). The remaining 4% are related to the consumption of gas used for heating and refrigerants used in air conditioning units (Scope 1).

This has informed our approach and strategic prioritisation. We are targeting our Scope 2 emission contributors, while maintaining a clear focus on the goal to reduce our exposure to Scope 1 emissions at key decision points related to upgrading or replacing large infrastructure.

While our net zero target does not include our Scope 3 emissions, we acknowledge the broader upstream and downstream emissions in our activities. We are currently defining those that are material to our business. We remain focused on our areas of greatest influence and impact and will continue to prioritise achieving the lowest emission outcome. For example, the Group recognises the role we can play in our value chain and are focused on assisting our business partners to understand and reduce their emissions through the procurement of renewable electricity as part of our existing electricity supply partnership.

There are three principles to our strategic approach to manage and achieve our net zero goals.

Optimise asset efficiency

- Next Gen Building Analytics initiative
- Implementation of LED lighting across the portfolio
- Plant and equipment replacements, including Heating, Ventilation and Air Conditioning (HVAC) replacement

Generate and procure renewable energy

- Evaluate and roll out of onsite solar generation
- Explore procurement of renewable energy

Reduce residual emissions

- Residual Scope 1 emissions will be reduced through operational efficiency, the replacement of equipment and advancements in technology.

Optimise asset efficiency

Our net zero roadmap acknowledges that the best opportunity for the Group is to optimise our asset efficiency and reduce demand for energy as much as possible. In 2021, we developed an energy optimisation roadmap outlining the key energy efficiency projects that will deliver our net zero target by 2030. This roadmap focused on the delivery of three key asset efficiency areas:

- Next Gen Building Analytics initiative
- Implementation of LED lighting across the portfolio
- Plant and equipment replacements including HVAC replacement

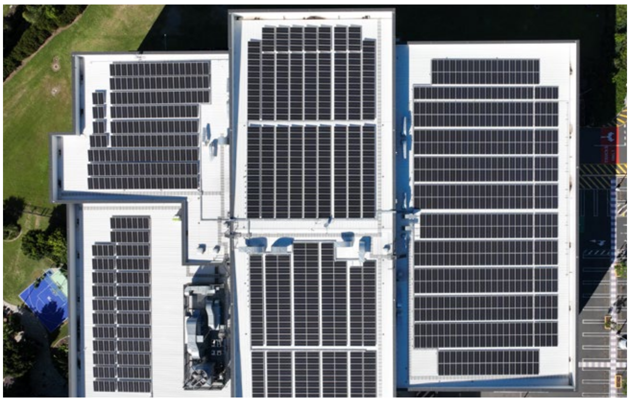
Implementation of our Next Gen Building Analytics initiative focuses on our building management system performance and use of big data and analytics to drive consistent operational improvements and emissions reduction across our portfolio.

It has now been applied to all our 37 Australian assets and delivers an enhanced experience in our assets for our business partners and customers. In 2023 we plan to implement our business management system analytics project across our New Zealand assets, as well as continue driving incremental efficiencies across our Australian assets.

Throughout 2022, we completed two LED upgrade projects. To date we have completed 20 major lighting upgrades since 2020. We have LED upgrades planned across our South Australian and ACT assets in 2023.

In 2020 we completed a portfolio wide audit of chiller assets to identify (Scope 1 and 2) efficiency opportunities of major plant upgrades. This audit considered multiple aspects including refrigerant type and our long-term operational capital forecast, as we look to procure major HVAC equipment utilising very low refrigerants. The Group continues to review developments in modern chiller technology and design during each upgrade and complete upgrades as necessary.

Strategy continued



Above, right top and bottom: Westfield Coomera

Renewable generation and procurement

In 2021 we completed a broad solar viability assessment of our portfolio, assessing the potential for solar against criteria including building shading, rooftop access, rooftop space and infrastructure. This assessment has informed the prioritisation of renewable generation projects and procurement decisions.

We currently have solar installations at five of our assets: Westfield Marion (SA), Westfield Plenty Valley (VIC), Westfield Carousel (WA), Westfield Kotara (NSW) and Westfield Coomera (QLD). These solar installations generated 7,806 MWh in 2022. In 2022 construction of two new solar arrays at Westfield Fountain Gate and Westfield Knox in Victoria continued and are expected to be complete in 2023.

In 2022, the Group made progress in its renewable energy procurement strategy. In addition to procuring 100% renewable electricity for our New Zealand assets, we announced our agreement with CleanCo, the Queensland Government-owned renewables, low emissions and hydro company, to power our Queensland assets from 100% renewable sources from January 2025. With this progress, we are on track to achieve our interim 50% reduction target.

We continue to assess economic factors and observe fluctuations in the energy market and emerging purchasing opportunities for our remaining assets that are viable for solar. We also work to support our business partners through the supply of renewable energy to support their environmental impact ambitions.

7,806 MWh

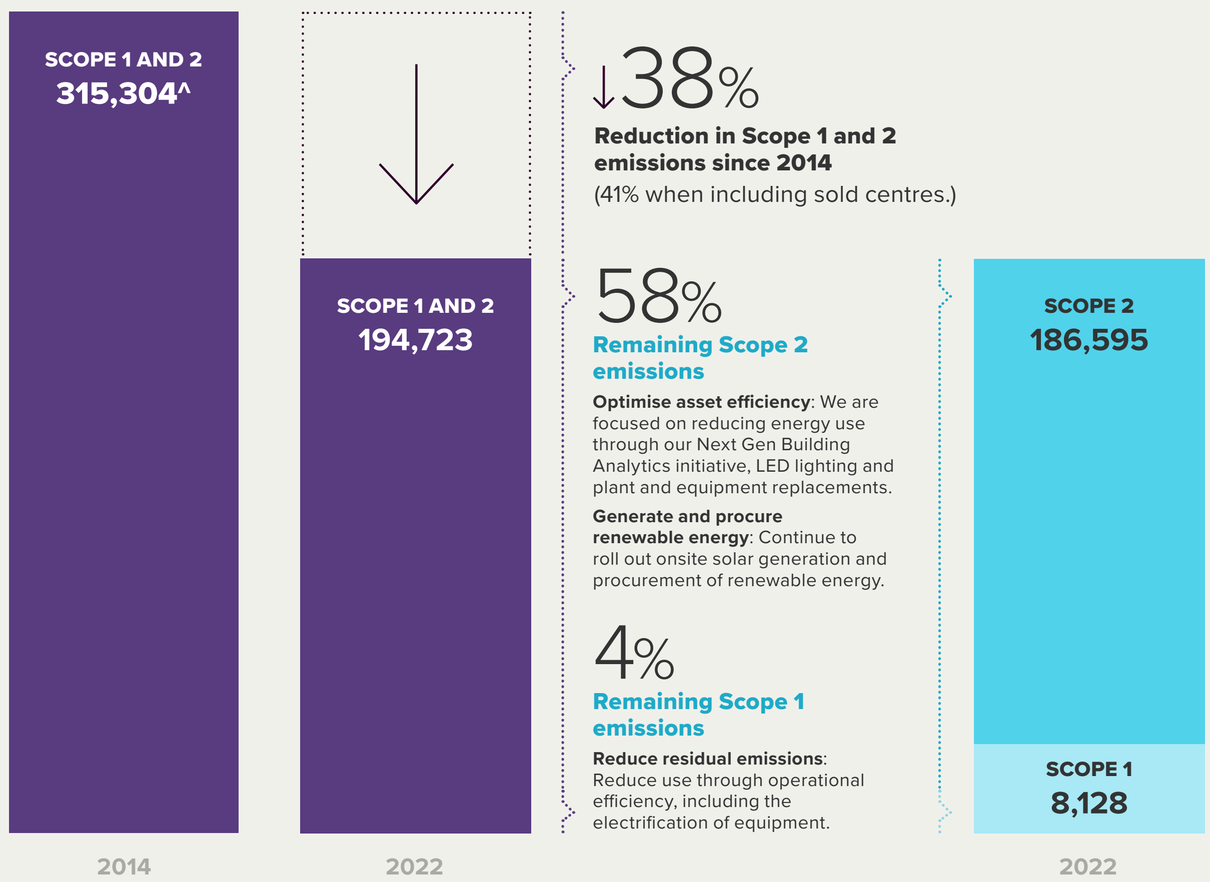
Generated by solar installations at five of our Westfield destinations

Reduce residual Scope 1 emissions

Residual emissions to be reduced by 2030 account for approximately 4% of total portfolio 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.

Our progress to date

Total Portfolio Scope 1 and 2 emissions (2014 baseline)[1]



Measurements in tonnes of carbon dioxide equivalent

1. We are using 2014, the year Scentre Group was established, as our emissions reduction baseline.

^ This figure is excluding sold centres. For ease of reference, our 2021 Responsible Business Report states the figure including sold centres at: 328,532 tonnes of carbon dioxide equivalent.

Strategy continued

Our future focus – Integrated Environmental Plan

We recognise there are a broad range of initiatives that will help us reduce our environmental impact over the short, medium and longer-term. We also recognise the inter-connected nature of these initiatives and the potential for our actions to positively influence our value chain as they pursue their environmental goals.

During 2022 the Group coordinated a working group of leaders from across the business to assess global trends and current initiatives and seek input from external consultants to define and prioritise the key environmental areas for our business. This enabled the development of an Integrated Environment Plan (IEP). The purpose of the IEP is to prioritise initiatives that will have the greatest potential for us to reduce our environmental impact. It draws on key global megatrends Decarbonisation, Circular Economy and Biodiversity.

Three identified megatrends

Decarbonisation

The removal or reduction of CO_2 from the atmosphere, achieved by switching to renewable energy sources

Our approach
Continue to focus on energy efficiency and asset optimisation, renewable energy procurement and onsite generation, explore emissions associated with our embodied carbon and define our Scope 3 emissions.

Circular economy

A system where waste and pollution are designed out, products and materials are kept in high value circulation

Our approach
Consider the broader role we play in supporting our business partners and integrating circularity, recycling and operational efficiency into development and design principles.

Biodiversity

Encouraging nature to flourish and supporting balanced, healthy ecosystems

Our approach
Incorporating nature into our destinations and considering our impact on biodiversity through the management of the lifecycle of our assets – site acquisition, design, construction, and ongoing operational activities.

To help us address identified megatrends, we are focusing initiatives across five key areas within our sphere of control and influence. Coordinating our efforts and teams to these areas will increase our impact and are aligned to our net zero ambitions.

Our five key areas are Energy, Waste, Water, Embodied Carbon and Reporting and Benchmarking Frameworks.

Our five key areas are:

Energy

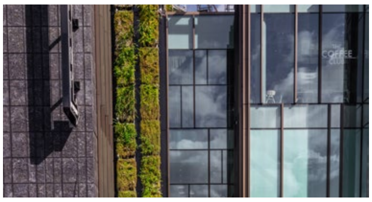
- explore expansion of Scope 1 and 2 targets across all assets
- develop clear pathways for the removal of gas
- enhance business partner engagement on energy efficiency initiatives
- understand baseline data and develop clear definitions of the Group's Scope 3 emissions
- develop electric vehicle charging station strategy and upgrade chargers to support community needs

Waste

- explore the role our assets play in:
  - supporting business partner approach to recycling and circularity
  - community recycling partner and circularity programs
- develop waste management strategic plan
- include waste management considerations into sustainable development and design principles
- enhance the quality of waste data and insights to drive strategic initiatives

Water

- the continued installation of tenancy smart water meters and detailed analysis of usage
- develop water management strategic plan, considering:
  - protecting waterways
  - ongoing stormwater management
  - the collection of rainwater and use of recycled water for amenities
  - data collection and ongoing measurement



Embodied Carbon

- understand the materiality of embodied carbon and Scope 3 emissions for future developments, commence measurement
- assess and define an approach to biodiversity
- define sustainable development and design principles
- review business partner fit-out guidelines and sustainable terms

Reporting and Benchmarking frameworks

- continue to review existing and emerging ratings and benchmark programs for optimal strategic alignment
- assess opportunity to align to Science Based Targets Initiative (SBTi)
- review strategic alignment to emerging reporting frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD)
- review evolving biodiversity forums and frameworks we could incorporate into our business

Risk management

Our approach to climate risk management is founded on a strong risk culture, where behavioural expectations are set by the Board and executive leadership team and the management of risk is integrated through the business.

Our integrated approach to climate risk management

Scentre Group has a well-established Enterprise Risk Management (ERM) Framework which helps to systematically identify and assess risks, including climate related risks, and confirm associated controls or treatment plans in place reflect our Board approved Risk Appetite Statement.

'The Economic Impact of Climate Change' is currently identified as a material risk for Scentre Group. The causes for this risk are primarily physical and transitional. All material risks receive oversight from the Executive Risk Management Committee (ERMC), the Audit and Risk and Committee and the Board. Our ERM Framework references globally recognised standards including ISO 31000:2018 as well as regulatory guidance from ASIC and the ASX.

Identifying and assessing climate related risks

Climate related risks for the Group are identified and assessed in detail as part of establishing our corporate risk profile, setting individual team risk profiles and providing regular governance updates. Teams are asked to identify and assess risks that would prevent them from achieving their strategic objectives in workshops and therefore where climate risk is relevant it will be raised and captured in team risk profiles. Teams are also asked to complete a survey in preparation for the workshops which in 2022 included questions on climate risk and biodiversity risk.

In addition, a separate enterprise management risk profile has been developed with subject matter experts across the Group which is also updated annually. These team risk profiles and surveys are used to inform the review and update of our corporate risk profile in the subsequent year.

The corporate risk profile is reviewed and approved by the Audit and Risk Committee and Board annually. In addition, the Audit and Risk Committee reviews an Assurance Summary Report outlining whether we are within our appetite and tolerance twice a year. Topical risk updates are also presented to the Audit and Risk Committee to stay abreast of emerging risks. Corporate risks are also regularly reviewed by the ERMC that meets five times a year.

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.

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.

Our risk assessments are also supported by detailed scenario analysis which identifies climate-related risks and opportunities to be considered at both a regional and asset level. Scenarios are reviewed at least annually.

Management of climate risks at Scentre Group

Climate risks are managed through operational processes and frameworks and key metrics are incorporated into our responsible business scorecard which is overseen by the executive leadership team. Dedicated resources including a General Manager of Sustainability, a General Manager of Operations and Environment and a National Environmental Manager confirm key controls and actions are implemented across the Group. These individuals are supported by the broader business and teams who manage elements of environmental outcomes as part of their roles.

Each asset has an environmental action plan to manage the short term impacts of climate change and delivery of net zero emissions strategies. These plans are updated quarterly and are incorporated into performance scorecards. Assessment of the longer-term impacts of climate change, informed by our scenario analysis, are progressively being captured in climate adaptation plans. These plans articulate current management measures as well as recommendations for longer term capital investment. These plans will be subject to ongoing periodic reviews as reference models or global and regional climates change.

As part of the annual business planning cycle, each asset manager, the energy team and finance departments complete cost benefit analysis for all climate initiatives to confirm key deliverables are able to be effectively prioritised and funded.

Climate-related scenario analysis

We use scenario analysis to identify and embed climate related risks and opportunities into our business strategy.

In 2020, the Group engaged an external adviser to update the Group's portfolio-wide physical climate risk exposure and vulnerability assessment for all assets. This assessment enabled the Group to further understand and manage the impacts of climate change. The longer term impacts are progressively being captured in climate adaptation plans that include a dedicated climate change risk register and recommendations for longer term capital investment and mitigation strategies for potential future risks.

To identify and understand the climate-related risks and opportunities which may impact our business, we have used the Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5°C, the United Nations Principles for Responsible Investment (UNPRI), The Inevitable Policy Response and the International Energy Agency's (IEA) Sustainable Development Scenario. We also updated our physical risk scenario analysis with consideration of relevant climate change models driven by the Representative Concentration Pathways (RCP), with specific focus on the RCP8.5 scenario.

The tables presented on pages 14–16 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/or business strategy integration. We acknowledge that the risks and opportunities identified may change over time as a result of shifts in global geopolitical, economic and environmental factors.

The following time horizons were considered in this analysis:

Short term
<1 year

aligned to our business planning and financial budget cycle

Medium term
1–5 years

aligned to typical forward capital expenditure and maintenance plans

Long term
5–30 years

aligned to the life span of our assets, which is greater than 30 years

Climate-related risks and opportunities

Transitional risks

We have identified various transitional risks that may impact the Group's operations and strategy. These risks have been derived from the IPCC Special Report on Global Warming of 1.5°C, the UNPRI, The Inevitable Policy Response and the IEA Sustainable Development Scenario. In these scenarios, there are high transition risks associated with policy change and stakeholder expectations.

Risk	Description	Approach to risk management and strategy integration	Time horizon
Emerging regulation and carbon pricing	As the energy grid continues to decarbonise, the cost of energy for the operation of our assets is likely to increase which may require our business to fast-track transition to lower emissions technologies at higher cost. 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/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 assets is embedded in our business culture. This has been demonstrated by our focus on reducing our Scope 1 and Scope 2 emissions by 38% since 2014 across our total portfolio. Our continued deployment of on-site solar and procurement of renewable energy has and will continue to reduce Scope 2 emissions and exposure to increased future energy costs. Our Scope 1 emissions contribute 4% of our total emissions. We are focused on reducing our Scope 1 emissions and are piloting heat pump technology at Westfield Knox and are now evaluating this as part of all end of life boiler replacement projects.	Medium to long term
Changing customer behaviour	In 2022 we had 480 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 for customer needs. Our strategic analytics team provide research and insights to inform changes in customer and businesses preferences. Our assets 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	Investor preferences can be driven by climate-related matters. Of our top 45 investors, over 55% are committed to TCFD disclosures.	Our strategy is to deliver relevant information to help investors make informed decisions about the Group's management of climate-related financial risks and opportunities. We do this through: • direct investor engagement • benchmark ESG performance surveys • annual reporting suites • disclosure of our climate-related risk in accordance with the TCFD recommendations.	Medium term

Physical risks

Our physical risk assessment utilised relevant climate change models driven by the Representative Concentration Pathways (RCP), with specific focus on the RCP8.5 scenario. This scenario is defined by a lack of coordinated action to reduce emissions and prevent the worst impacts of climate change. It is categorised by little change in policy on climate action and severe physical impacts associated with higher emissions.

Risk	Description	Approach to risk management and strategy integration	Time horizon
Acute impacts from increased severity and frequency of extreme weather	The physical risks associated with climate change include water inundation from storms, physical damage from wind, heatwaves increasing electricity demand or exceeding cooling capacity, increases in maximum flood heights, more frequent and more severe bushfires, water restrictions and higher sea levels impacting coastal areas.	Our facilities management procedures, covering asset protection, energy efficiency, net zero targets, business continuity and water efficiency are designed to mitigate impacts from physical climate change risks. In addition we regularly review our technical design standards to establish that guidance in relation to stormwater, flood barriers, water minimisation, HVAC, fire safety and structural wind loading remain current. We updated our climate risk scenario analysis in 2022 to align with the updated scenarios outlined in the Intergovernmental Panel on Climate Change's sixth assessment reports (AR6). We will work to embed these into our risk and asset management processes. 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

Climate-related risks and opportunities continued

Opportunities

Scentre Group has identified various opportunities for our business. These opportunities have been derived from the IPCC Special Report on Global Warming of 1.5°C, the UNPRI, The Inevitable Policy Response and the IEA Sustainable Development Scenario. These scenarios indicate greater coordination and transformation towards lower resource and energy intensity.

Opportunity	Description	Approach to risk management and strategy integration	Time horizon
Shift towards renewable energy generation	A shift toward renewable energy generation has been seen across the markets in which we operate. We saw this as an opportunity to focus on and invest in new renewable energy technologies such as on-site photovoltaic solar. We have five assets with solar arrays and more to come.	Renewable energy is a key pillar of our net zero emissions pathway. We have solar installations at Westfield Carousel, Westfield Coomera, Westfield Kotara, Westfield Marion and Westfield Plenty Valley. We are reviewing more opportunities to install solar across our portfolio.	Short to Medium term
Access to new markets with increased access to capital	A capital investment plan has been developed as part of our net zero emissions pathway which creates the opportunity to engage investors and other stakeholders on green/climate bonds and other sustainability linked debt options.	Our track record of emission intensity reduction and forward looking net zero targets place us in a strong position to evaluate green finance opportunities for our carbon reduction capital initiatives by 2030 to meet our net zero emissions target.	Medium term
Energy efficiency	We identified an opportunity to improve energy efficiency across our assets in our portfolio by implementing a Next Gen Building Analytics initiative.	Asset efficiency optimisation is the first pillar of our net zero emissions pathway. We have completed 20 major lighting upgrades since 2020. We also implemented our Next Gen Building Analytics initiative across a further 25 Westfield destinations. All Australian centres are now centrally supported to identify and action opportunities to optimise energy efficiency, ranging from maintenance to complex tuning and reprogramming of air conditioning and building management systems.	Short to Medium term
Procurement of renewable energy	The development of a pathway to achieve our net zero emissions target 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.	We have continued to tailor our procurement approach to manage the potential volatility in renewable energy and emissions abatement costs which are likely to become more expensive due to the increase in demand for net zero solutions. This procurement strategy allows us to manage 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 procure 100% renewable electricity for our New Zealand operations from January 2022 and entered into an agreement with CleanCo to power our Queensland assets from renewable sources from 2025.	Short to Medium term

Development of scenario analysis

As part out our ongoing commitment to addressing climate risks, in 2022 the Group 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 reports (AR6).

These scenarios reference the Representative Concentration Pathways (RCPs), that describe broad climate outcomes, and Shared Socioeconomic Pathways (SSPs), that outline potential socioeconomic development outcomes, to provide a more holistic basis for climate scenario analysis.

Together, these scenarios provide distinct and varied consequences, allowing the Group to remain informed on its response to climate change. In 2023, we will update our climate risks and opportunities assessment to reflect these refreshed scenarios.

Scenarios were developed for two potential warming outcomes

1.5°C

Rapid transition

Aligned to SSP1/RCP 2.6

>3.5°C

Slow transition

Aligned to SSP4/RCP 7.0 and SSP5/RCP 8.5

HIGH TRANSITION RISKS — **HIGH PHYSICAL RISKS**

A society and industry rapidly transitioning to a zero-carbon world. Climate goals influence trends in energy usage, with renewable energy powering over 90% of global energy demand.

A higher emission scenario with limited climate policy due to the assumption of continuing fossil fuel use with fossil fuels remaining a material component of the growing primary energy supply.

Temperature outcome range

Development of scenario analysis continued

Rapid transition

All industries experience demand and policy-driven transformational change, society is focused on human wellbeing, and consumption is shifted towards lower resource and energy intensity.

As consumer expectations evolve and regulatory requirements increase, businesses are driven to also drive change.

In this scenario, there are high transition risks associated with rapid policy change and stakeholder expectations.

Examples of potential transition risks

Regulatory change including energy efficiency standards and the electrification of the built environment

The price of carbon would have a flow on effect to our operational costs, or require the group to fast track our transition to lower emissions technology

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

Reputational risk arising from shifts in consumer preferences

Slow transition

A >3.5°C scenario is defined by a lack of coordinated action to reduce emissions and prevent the worst impacts of climate change.

Current carbon dioxide levels are approximately doubled by 2050. The global economy grows slowly, with growth still reliant on fossil fuels and energy-intensive lifestyles.

This scenario is categorised by severe physical impacts and little change in policy on climate action. Transition risks are not as prevalent under this scenario due to the limited global action taken to combat climate change.

Examples of potential physical risks

Increased severity and frequency of extreme weather events such as floods and cyclones, and more frequent sea-level extremes

Heatwaves and rising temperatures, including harsh fire weather climate

Increased duration and frequency of droughts

Impacts from extreme weather events lead to **business disruption and damage to property**

Metrics and targets

Scentre Group is committed to having efficient and resilient assets in line with how we operate as a responsible, sustainable business. We monitor and report on our environmental impact including our emissions, energy, waste, and water across the portfolio.

The below metrics and targets should be read in conjunction with our 2022 Responsible Business Report and 2022 Responsible Business Data Pack which provide comprehensive historical data and performance.

Achieved
On track
In progress

Emissions

Net zero (Scope 1 and 2) by 2030

Interim target to achieve a 50% reduction by 2025

38% reduction in emissions across our total portfolio since 2014 – on track to achieve our target

In 2022 we announced our agreement with CleanCo, the Queensland Government owned renewables, low emissions and hydro company, to power our Queensland Westfield destinations from renewable sources from 2025

With this pathway in place, we are on track to achieve our interim 50% reduction target

Energy efficiency

NABERS rating target

Reach an average Retail NABERS rating of 4.5 stars by 2025

Portfolio average 4.51 stars achieved

In 2022 we increased the percentage of our portfolio with a certified 4.5 star rating from 75% to 78% and achieved our 2025 NABERS 4.5 star portfolio average target three years ahead of plan

Waste

Increase waste recovery

Increase waste recovery from operations to 90% by 2030

52% waste recovered in 2022

Maintain waste recovery rate

Maintain waste recovery rate above 95% for all major developments

Average 89% waste recovery from four major developments in progress across 2022

Water

Water usage

Water usage increased by 11% from 2021

Water usage is lower than 2019 pre-COVID levels

Next steps

In 2023, we will continue to review and enhance our alignment to Task Force on Climate-related Financial Disclosures, with particular focus on continuing to embed our climate risk analysis into our strategy and risk management practices.

We will also begin to execute on our Integrated Environmental Plan and continue to prioritise initiatives that will reduce our environmental impact.

G Governance

- Continued engagement with the Board on climate activities and progress on our targets from across the business, strategic activities that require endorsement, and to surface trends, opportunities or risks present for the Group

S Strategy

- Explore and define sustainable design and development principles
- Develop strategic roadmaps for waste, water and biodiversity
- Explore opportunities to partner with key stakeholders including business partners to collaborate on environmental initiatives

R Risk management

- Embed transition risk into ongoing risk management practices
- Embed environmental targets into strategic asset plans and design principles
- Update our climate-related risks and opportunities to reflect our refreshed scenario analysis and continue to capture long-term impacts in our climate adaptation plans

M Metrics and targets

- Raise our awareness and understanding of Scope 3 categories relevant to our business
- Explore alignment to science-based targets and or other frameworks
- Review strategic alignment to current and emerging reporting frameworks and measurement tools

Glossary of terms

Term	Description
Next Gen Building Analytics initiative	A Next Gen Living Destination is a safe, comfortable and operationally efficient centre which is digitally connected and adaptable meeting customers, retail partners and our people's needs. Our Next Gen Building Analytics initiative equips our assets with technology that enhances building management performance insights allowing teams to increase operational efficiency, improve customer experience, reduce our emissions, and reduce our environmental impact.
Biodiversity	Encouraging nature to flourish and supporting balanced, healthy ecosystems.
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
Circular economy	A system where waste and pollution are designed out, products and materials are kept in high value circulation.
Climate adaption plans	Climate adaptation plans 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.
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 business. Our responsible business framework has four pillars – our community, talent, environmental impact and economic performance. See responsible business definition.
Decarbonisation	The removal or reduction of CO_2 from the atmosphere, achieved by switching to usage of low carbon energy sources.
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 is an independent organisation providing validated ESG 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, circularity and biodiversity) and aligns five focus areas to address these themes (energy, water, waste, embodied carbon and reporting/benchmarking).
Intergovernmental Panel on Climate Change (IPCC)	The Intergovernmental Panel on Climate Change (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
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.
Materiality	Materiality refers to information that is considered to have high influence and impact on the decision-making of our business and our stakeholders.

Glossary of terms continued

Term	Description
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
Responsible business	Responsible business is fundamental to Our Purpose, Our Plan and Our Ambition and how we create long-term value. Our responsible business framework has four pillars – our community, talent, environmental impact and economic performance. This framework supports our strategic objective to operate as a responsible and sustainable business and is key to our commitment to creating a positive legacy in the communities in which we operate.
Scenario analysis	Climate scenarios provide context to help organisations anticipate potential risks and opportunities considering likely future physical and transitional consequences of climate change. TCFD describes climate 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. See TCFD definition. fsb-tcfd.org
Science Based Targets initiative (SBTi)	The Science Based Targets initiative (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 our destinations' operations, that are owned and within the control of the company. For Scentre group this is gas emissions associated with heating and cooling. ghgprotocol.org
Scope 2 emissions	Scope 2 emissions are indirect emissions that are owned or in the control of an organisation, associated with the generation or purchase of electricity. For Scentre group 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 our broader upstream and downstream value chain. Examples can include employee commute and waste to landfill. We are currently working through defining the Scope 3 emissions that are material to our business and where we have the greatest influence and impact. ghgprotocol.org
Taskforce 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 a specific set of risks, that is, 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 assets with 37 located in Australia and five in New Zealand.

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Disclaimer

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