Managing biodiversity risk and opportunities at GPT

Tangible actions support our Purpose

At GPT, we are committed to managing biodiversity risks and opportunities across our assets, supply chains, and regional environments. Our overarching biodiversity commitment – to have a net positive impact on biodiversity and to be resilient to nature-related risks – directly aligns with our Experience First purpose: to create experiences that drive positive impacts for people, place, and planet. This document outlines the steps we are taking to achieve this purpose by effectively identifying, assessing and managing biodiversity risks and opportunities.

What is biodiversity and how do we manage it?

Biodiversity encompasses the variety of life on Earth at all levels, including different plants, animals, microorganisms, their genes, and the terrestrial, marine, and freshwater ecosystems they inhabit.

Biodiversity and nature are intrinsically linked, with biodiversity serving as a foundational component of natural ecosystems and our economy. Effectively managing biodiversity is essential for maintaining the ecological health and socio-economic resilience of communities. According to the World Economic Forum's report, Nature Risk Rising, $44 trillion in economic value – over half the world's total Gross Domestic Product – relies moderately or heavily on nature.

For GPT, actively managing biodiversity yields substantial benefits, including mitigating physical, legal, market, and reputational risks. It also offers opportunities to enhance business processes, leverage asset and portfolio potential, and engage in valuable partnerships and offset initiatives. Furthermore, biodiversity management is crucial for addressing systemic risks that can lead to ecosystem collapse, disrupt social governance, and impact financial stability. By integrating biodiversity considerations into our governance and strategic planning, we contribute to a more sustainable and resilient built environment and optimise long-term value creation.

Image: Vic MSA Program

Climate Change Policy

GPT will decarbonise and be resilient to the impacts of climate change.

The foundations for delivering the Climate Change Policy include our Environmental Management System, Risk Management Framework, and application of standards and transparent disclosures aligned with international frameworks.

Understanding biodiversity impacts

Biodiversity impacts can be categorised into three main areas:

- **Direct impacts:** such as habitat clearing and fragmentation, noise and light pollution, stormwater runoff and contamination, and waste generation.

- **Indirect impacts:** such as changed surface hydrology, encroachment on natural habitats, invasive species introduction and spread, and increased urban heat island effect.

- **Cumulative impacts:** such as loss of regional biodiversity, reduced pollination, water purification, and carbon sequestration services, reduced availability of water, timber, and mineral resources, and increased soil, water, and atmospheric pollutants, including greenhouse gas emissions.

The Urban Heat Island effect

The Urban Heat Island effect is driven by the concentration of heat-absorbing materials and intensified human activities in cities. Biodiversity can mitigate this effect by enhancing evapotranspiration, improving air quality, increasing shading of heat-absorptive surfaces, and by supporting resilient ecosystems that regulate temperatures more effectively. Promoting a diverse range of plants and green spaces in urban areas can reduce heat retention, leading to healthier and cooler living environments.
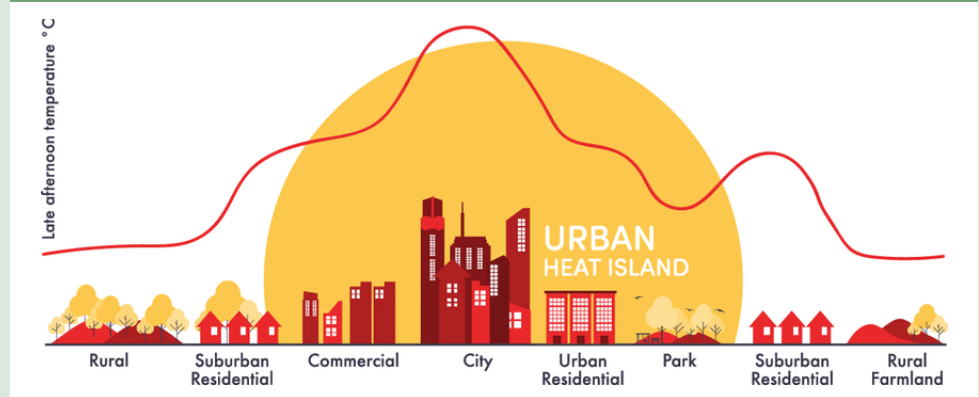
Source: Fuladlu, Kamyar & Riza, Müge & Ilkan, Mustafa. (2018). THE EFFECT OF RAPID URBANIZATION ON THE PHYSICAL MODIFICATION OF URBAN AREA.

Image: Mass Audubon

What are biodiversity risks and why do we care?

Biodiversity risks refer to hazards that can lead to the decline or loss of biodiversity. Realising these risks can cause significant ecological, economic, and social disruption, impacting GPT's business and the communities in which we operate. Key biodiversity risks to GPT and the broader Australian property sector include:

- **Reduced resource availability:** diminished availability and quality of natural resources for commercially viable asset development and operations, inflating costs and limiting business outcomes.

- **Reduced asset natural defences:** diminished natural defences (e.g., vegetative buffers, wetlands) for commercially viable asset development and operations, increasing asset exposure to natural hazards inflated insurance costs (i.e., higher insurance premiums when natural defenses are reduced or absent due to increased asset vulnerability to natural hazards),

- **Increased compliance costs:** higher costs associated with adhering to current and forthcoming regulations concerning vegetation management, soil conservation, stormwater management, and air pollution control, which can reduce returns and viability of projects.

- **Legal risk:** civil and criminal penalties including fines, imprisonment, compulsory environmental audits, injunctions to halt harmful activities, and obligations to remediate damage to protected areas.

- **Diminished reputation and/or market share:** diminished reputation and market access, which decreases access to capital and customer traffic (e.g., leasing and funds under management).

Biodiversity opportunities

These opportunities can be leveraged by businesses, governments, communities, and individuals to create economic, environmental, and social value.

Image: Friends of Edwardes Lake

What are biodiversity opportunities and why do we care?

Biodiversity opportunities refer to the potential positive outcomes that can be achieved through the conservation, enhancement, and sustainable use of biodiversity. These opportunities can be leveraged by businesses, governments, communities, and individuals to create economic, environmental, and social value. Examples of biodiversity opportunities for the Australian property sector include:

• **Ecosystem services:** biodiversity is essential for maintaining healthy ecosystems, which provide a wide range of valuable services such as pollination, water purification, soil fertility, and climate regulation (Figure 1). Restoring biodiversity on and off GPT's assets helps support these ecosystem services, ensuring the long-term sustainability and resilience of assets and supply chains.
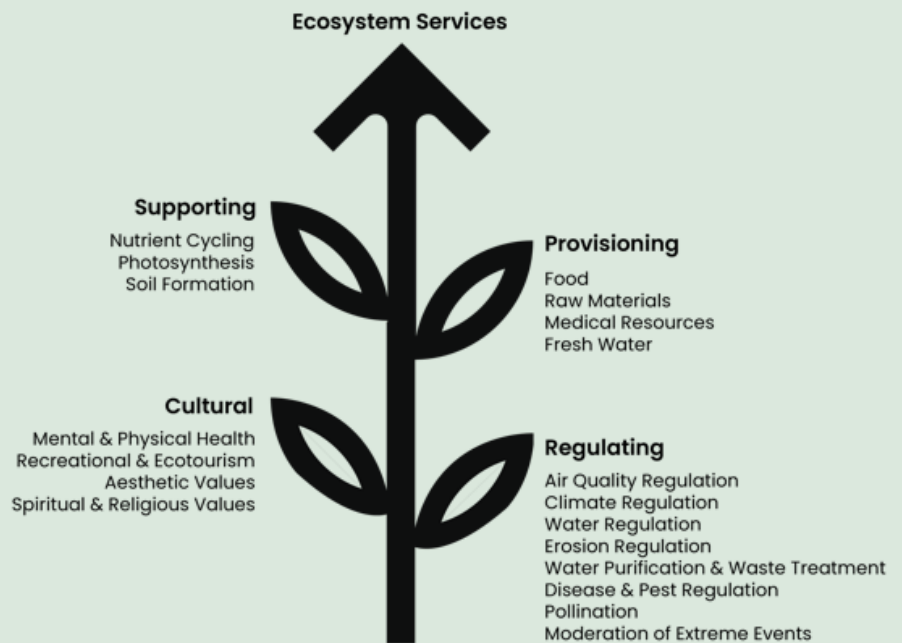

Ecosystem Services

Supporting
Nutrient Cycling
Photosynthesis
Soil Formation

Provisioning
Food
Raw Materials
Medical Resources
Fresh Water

Cultural
Mental & Physical Health
Recreational & Ecotourism
Aesthetic Values
Spiritual & Religious Values

Regulating
Air Quality Regulation
Climate Regulation
Water Regulation
Erosion Regulation
Water Purification & Waste Treatment
Disease & Pest Regulation
Pollination
Moderation of Extreme Events

FIGURE 1: Supporting, provisioning, cultural and regulating ecosystem services (TERN, 2023)

• **Regulatory compliance:** Australian federal and state regulations require GPT to conserve and restore biodiversity. Pursuit of proactive management strategies aligned to regulatory requirements negates legal risk and operational delays.

Protection and restoration of biodiversity values

GPT is dedicated to investing in biodiversity restoration activities, both on and off-site, aligned with state and regional priorities and international frameworks. This commitment encompasses compensatory investments to offset direct, indirect, and cumulative biodiversity impacts, as well as non-compensatory investments unrelated to regulatory offsets.

- **Enhanced property value:** Restoring biodiversity enhances the aesthetic appeal and ecological value of properties, increasing their market value. Properties with diverse and well-maintained natural features, such as native vegetation, wildlife habitats, and water bodies, are more attractive to buyers, tenants, and investors. Biodiversity that is sympathetic to the natural ecology requires less maintenance and upkeep.

- **Building reputation:** Engaging in biodiversity restoration demonstrates a commitment to corporate social responsibility and environmental stewardship. Proactively contributing to biodiversity conservation efforts enhances GPT's reputation, builds trust with stakeholders, and demonstrates leadership in sustainable development.

- **Resilience to climate change:** Biodiverse ecosystems are more resilient to environmental changes, including climate change. Restoring biodiversity can help buffer against the impacts of climate change, such as extreme weather events, habitat loss, and species extinction, thereby increasing the long-term viability and resilience of assets and supply chains.

- **Surpassing investor, financial institution and tenant expectations:** Investors, financial institutions and tenants are increasingly considering environmental, social, and governance (ESG) factors in their investment decisions and reporting. Through prioritising biodiversity restoration and sustainable land management practices, GPT are well positioned to attract investment and secure financing, including low interest green financing, from ESG-aligned investors and financial institutions. Many of GPT's tenants, financiers and investors have publicly stated goals to contribute positively to nature.

Governance at GPT

All processes and commitments outlined in GPT's Biodiversity Policy are integrated within our ISO 14001 certified Environmental Management System and closely align with our company-wide Risk Management Framework.

Governance

All processes and commitments outlined in GPT's Biodiversity Policy are supported by governance structures, ensuring that GPT's Board of Directors maintains ultimate responsibility and provides active oversight. These structures incorporate processes designed to identify material risks and opportunities for GPT's executive team and board members. Furthermore, mechanisms are in place to enhance the capacity of our executives, board members, and industry stakeholders to effectively address biodiversity risk and opportunity. These processes are integrated within our ISO 14001 certified Environmental Management System and closely align with our company-wide Risk Management Framework.

Biodiversity Policy

GPT's Biodiversity Policy integrates biodiversity considerations into the organisation's core operations and decision-making processes. Serving to provide overarching direction, this policy requires us to identify, assess, and manage biodiversity impacts, dependencies, risks and opportunities. Ultimately, the goal is to advance ecological sustainability, social responsibility, and long-term profitability in tandem. GPT's Biodiversity Policy is publicly available.

Biodiversity Procedure

The overarching purpose of GPT's biodiversity procedure is to translate the commitments and principles outlined in our biodiversity policy into actionable steps within the business's day-to-day operations. While the policy establishes the strategic direction and overarching goals, the procedure detail about who has responsibilities for implementing biodiversity-related activities and on what trigger action is required. The primary objectives of the biodiversity procedure encompass standardisation, compliance, risk management, integration, training and capacity building, monitoring and reporting, and continuous improvement.

Implementing our Biodiversity Policy and Procedure

Our Biodiversity Policy and Procedure encompasses two core elements:

- the avoidance and minimisation of biodiversity impacts, and

- the protection and restoration of biodiversity values.

These objectives are integrated into GPT's operational and development processes, where significant biodiversity risks and opportunities are managed. GPT's ISO 14001 certified Environmental Management System ensures clear management accountabilities, driving effective and sustainable outcomes.

Avoidance and minimisation of biodiversity impact

We address biodiversity impact avoidance and minimisation through both voluntary and regulatory biodiversity assessments and management planning. These efforts aim to assess and manage potential direct, indirect, and cumulative biodiversity impacts stemming from our business activities.

Voluntary biodiversity assessments and management plans

Voluntary biodiversity assessments and management plans are overseen by GPT's Biodiversity Performance Manager. This role involves collaboration with stakeholders to address biodiversity risks and opportunities in investment decision-making, development and asset operations management, and corporate disclosures. Voluntary assessments are supported by landscaping contractors and external experts, including ecologists and Geographic Information System (GIS) Analysts (i.e., spatial data analysts).

GPT undertakes the following voluntary biodiversity assessments and planning:

Voluntary flora and fauna assessments:

Conducting assessments to evaluate the presence and condition of statutory (i.e., threatened) and non-statutory (i.e., non-threatened) species and ecological communities within urban growth corridors where we are planning developments. These assessments inform conservation and restoration plans, which are essential for protecting and enhancing local and regional biodiversity values, including ecological corridors. Refer to the Boundary Road Case Study for more details.

Green space biodiversity assessments:

Green space biodiversity assessments aim to establish green space baseline biodiversity extent and condition across all GPT assets, and assess deliverables against asset biodiversity management plans. Green space assessments include assessment of green space dimensions, connectivity, edge effect, and vegetative composition (native and exotic species level classification), and structure (overstory, understorey, and ground cover). In 2023, GPT assessed another 13 assets or 59ha of operational asset footprint for green space biodiversity values (Figure 2).

FIGURE 2: GPT green space biodiversity assessment aims, design and methodology, and example result output demonstrating heterogenous biodiversity values across Highpoint Shopping Centre in Melbourne.


Locate — Natural Capital Account

Green space biodiversity assessment

Aims
1) Establish baseline green space biodiversity extent and condition at GPT assets,
2) Explore ways in which green space biodiversity management plans contribute to their objectives for maintaining and improving biodiversity extent and condition.

Design and methodology
1) Green space block delineation.
2) Green space field assessment - combined point intercept and plot sampling method.
3) Analysis – Biodiversity Assessment Matrix.
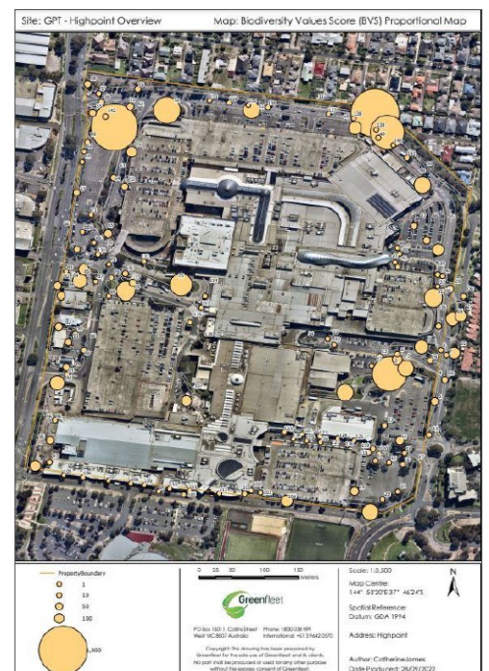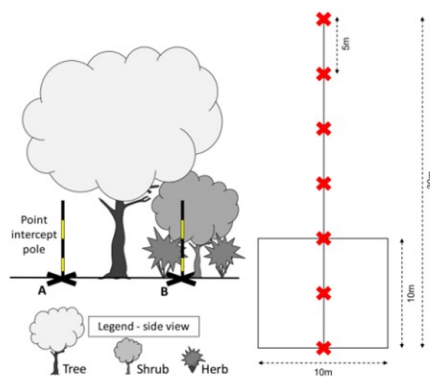
On-site biodiversity restoration

In accord with our statutory and voluntary commitments, GPT develops asset-specific biodiversity conservation and restoration plans that outline specific management measures to mitigate biodiversity risks and enhance biodiversity restoration and conservation. Plans commonly include identification of environmental values and threats, mitigation management actions (erosion control, biosecurity, fencing, weed and revegetation management, pest animal control, ecological burning management, monitoring and reporting schedules).

Conducting assessments on the quantity and value of natural resources and ecosystem services that provide economic, social, and environmental benefit to the business and nature. Aligned to international standards and frameworks, natural capital accounts provide foundational data for informing natural capital impact and dependency registers, nature risk and opportunity registers, and nature metrics and targets.

Natural capital accounting

Natural capital accounting quantifies and values natural resources and ecosystem services in economic terms. This approach aids decision-makers in comprehending nature's contributions to economic activities, evaluating risks and opportunities stemming from environmental changes, and formulating policies that foster sustainable resource management and conservation. By integrating these assessments into accounting frameworks, natural capital accounting aims to ensure that the full costs and benefits of natural assets are considered in decision-making processes.

In 2023, GPT established a new biodiversity database that has assessed biodiversity values within and near our assets. Specifically, the database includes details of:

1) Surface categorisation: asset surface types (permeable/green space, roads and ground carparks, rooftop carparks, and rooftop areas)

2) Ecological communities: ecological communities of national and state environmental significance within the asset boundaries and up to 0.5km beyond

3) Species: species of national and state environmental significance within the same area

4) Existing ecological communities: the remaining (extant) ecological communities within the asset boundaries

5) Original ecological communities: ecological communities that existed before development within the asset boundaries (see Figure 3)
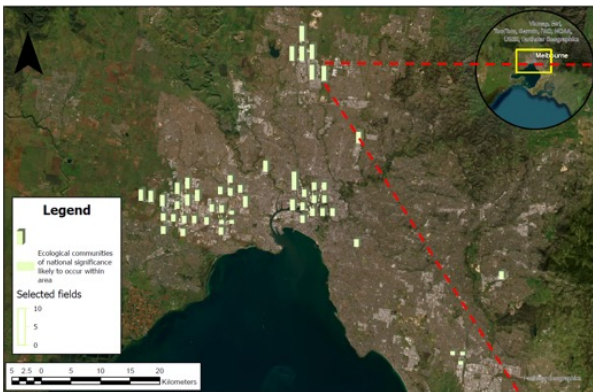
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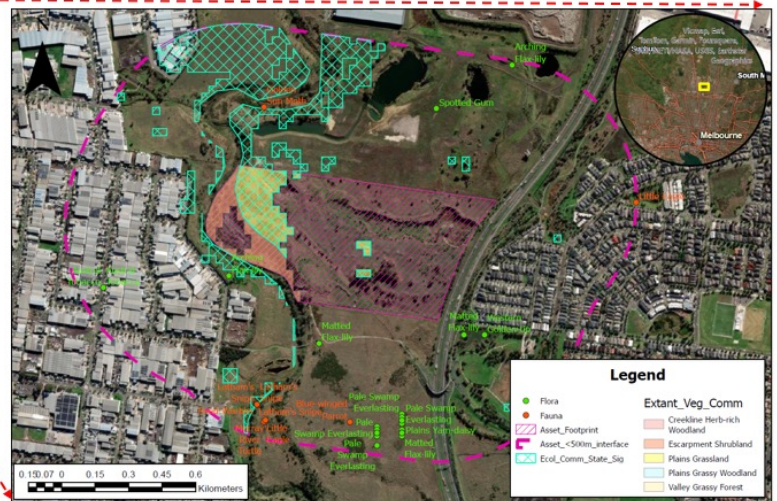
Figure — species and ecological community mapping

GPT's biodiversity database integrates information from verifiable databases, remote sensing, and biodiversity assessments, and is publicly accessible through GPT's Nature Interface web map.

Off-site biodiversity restoration

Nature-based offsets

GPT is dedicated to off-site investments that enhance, protect, and improve ecosystem extent and condition. This commitment includes investments in biodiversity offsets, water quality offsets, and carbon offsets. For example, in 2022 GPT contracted 500,000 tonnes of carbon offsets through the 'Restoring Country for Climate' project – a collaborative native reforestation effort focused on restoring 1,100 hectares of former plantation estate in the Noosa Hinterland, Queensland.

Analysis of GPT's asset surface type/area identified 222ha of GPT owned and managed green space or permeable area from a total 665ha (Figure 4). Of this green space area, 145ha represents greenfield estate area to be developed in the future. The biodiversity assessments and natural capital accounts will be updated following developments or biodiversity assessments.
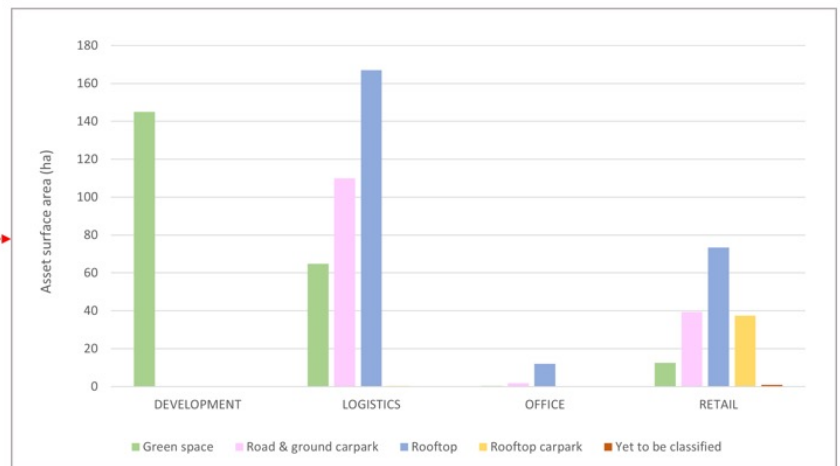

FIGURE 4: Asset-level surface classification depicted by the map on the left is used to inform biodiversity and stormwater assessments at both an asset and portfolio scale.

The project aims to sequester carbon, support indigenous well-being and reconciliation, and restore hydrological function and biodiversity, including reconnecting and restoring a diversity of fragmented Tall Open Eucalypt ecological communities). Reforestation activities will also extend the boundary of Tewantin National Park, increasing the Park's available habitat and connectivity for numerous flora and fauna, including the endangered Koala and Giant Barred Frog, and near threatened Richmond Bird Wing Butterfly. See 'High Integrity Offsets – Restoring Country for Climate' case study for more details.

Analysis of GPT's biodiversity database identified a total of 55 GPT owned assets within areas of biodiversity significance (i.e., ecological communities of national significance likely to occur on or immediately adjacent to the asset) – assets now prioritised for field-based green space biodiversity assessments (Figure 5).
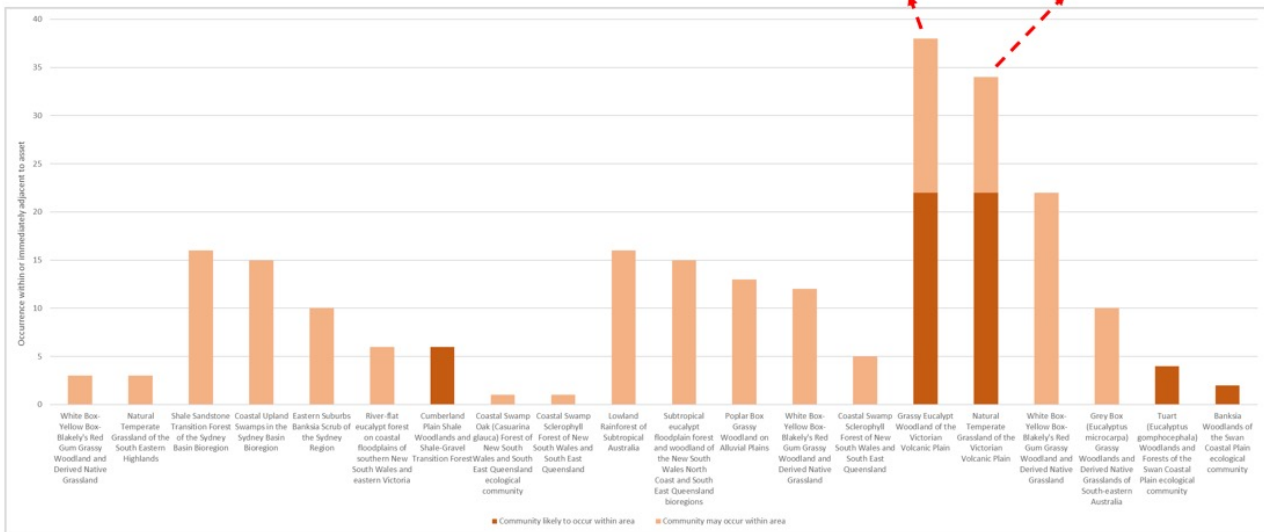

FIGURE 5: GPT's portfolio interface with threatened ecological communities of national significance. Orange columns represent ecological communities that may occur within or immediately adjacent to assets, while maroon columns represent ecological communities likely to occur within or immediately adjacent to assets.

Image: Greenfleet

Regulatory biodiversity assessments and management plans

GPT's Development Managers and Operational Managers coordinate the regulatory assessments, ensuring compliance with requirements. They receive support from GPT's Biodiversity Performance Manager and a network of external experts, including ecologists, botanists, zoologists, planners, and GIS analysts.

Key regulatory biodiversity assessments and management plans include:

Flora and fauna assessments: Evaluating the presence and condition of statutory (i.e., threatened) species and ecological communities.

Weed and revegetation management plans: Controlling invasive species and promoting native vegetation growth.

Vegetation management plans: Developing strategies for maintaining and enhancing native vegetation.

Conservation management plans: Preserving and enhancing significant natural habitats.

Biodiversity offset assessments and management plans: Identifying and managing areas to compensate for biodiversity loss.

Kangaroo management plans: Managing kangaroo populations to balance conservation and land use.

Image: Conservation Volunteers

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