



Environmental
Sustainability

Managing Climate Risk at GPT



Carbon Neutral Now,
Nature Positive Next



Climate
Response



Tangible actions support our Purpose

We aim to manage climate-related risks at an asset-level and in our value chain, seize opportunities as they arise and align with our Experience First purpose to create experiences that drive positive impact for people, place and planet. This paper outlines the tangible climate risk management steps we are taking in order to protect long term business value.

What is climate risk at GPT and why do we care?

Climate risk at GPT refers to the level of impact that hazards related to climate change potentially have on our business.

The risks can be transitional and physical; and risks can be acute or chronic. Acute risks arise from event-driven shocks. Chronic risks arise from ongoing stresses.

Assessments of climate risk levels typically focuses on the materiality of climate-related consequences; however, consideration of climate risks can also highlight opportunities for GPT. We consider both a continued high emissions scenario (RCP 8.5) and a fast transition to a low carbon economy scenario (RCP 2.6).

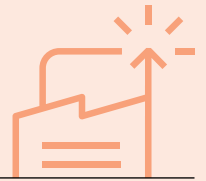
Our assessment of climate risks for our assets has moved beyond just measuring exposure to also measuring vulnerability and opportunity. By addressing vulnerabilities and opportunities, we not only create value for all stakeholders, but align with our duty to protect nature.



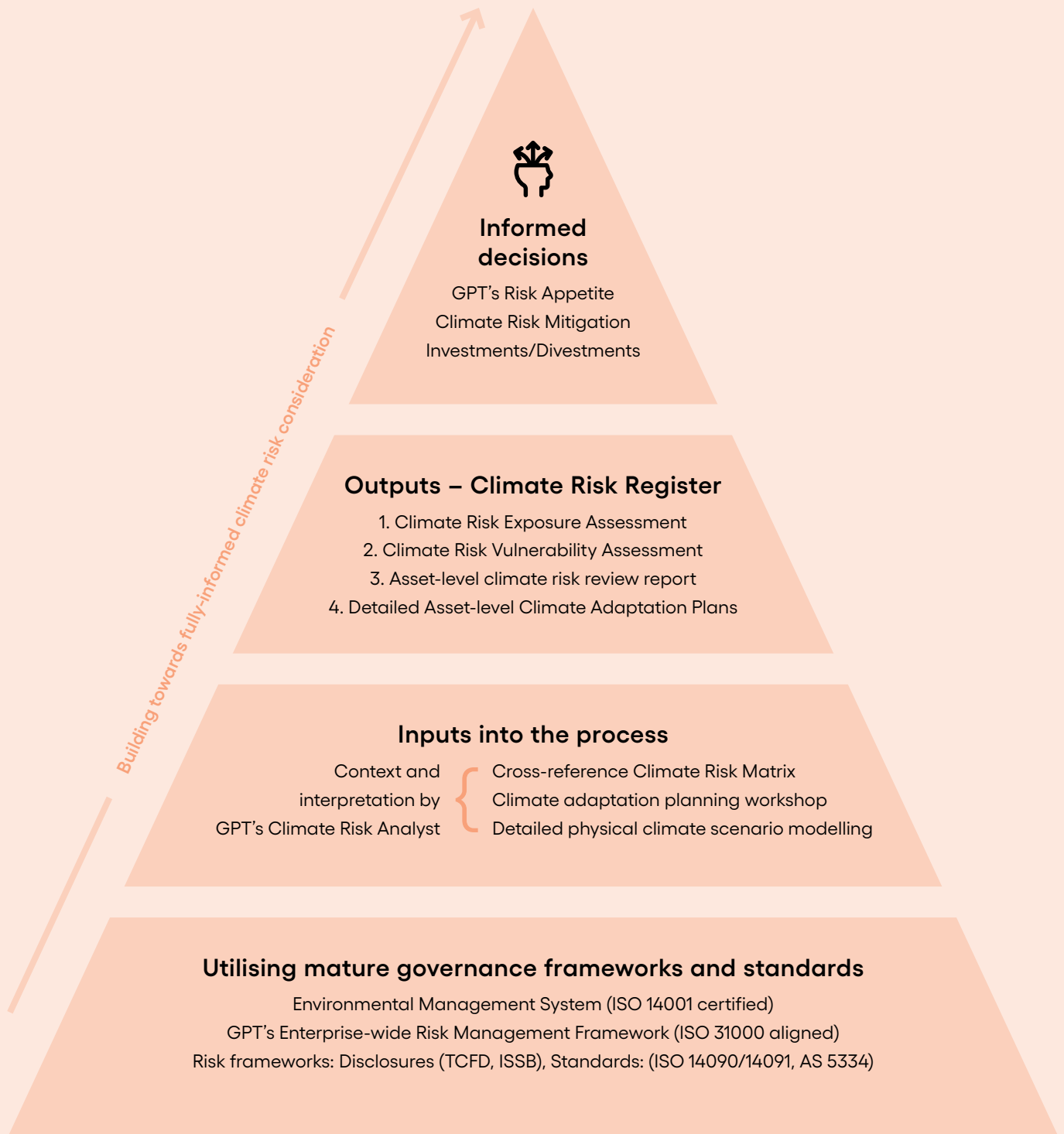
ACUTE RISK
Event-driven shocks, such as increased severity of extreme weather events, including thunderstorms, cyclones and floods, extreme hot days, or capacity constraint events.



CHRONIC RISK
Stresses, such as longer-term shifts in climate patterns (e.g. sustained higher temperatures) that may cause sea levels to rise, more frequent heatwaves, or increasing energy costs and supply constraints with a transition in the grid.



Climate-risk decision making process





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.

Resourcing our Climate Change Policy

Our Climate Change Policy outlines two distinct elements of climate response, decarbonisation and climate change resilience, which are embedded within GPT's operational and development business unit processes and supported with expertise from the Sustainability Team.

The decarbonisation policy element is supported with engineering, procurement and analytics expertise from Building Performance and Business Utilities Teams to deliver GPT's Net Zero Plan. This includes achieving carbon neutral certification for our assets with a focus on efficiencies and renewables over offsetting.

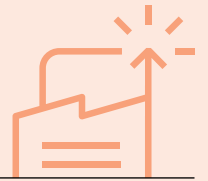
Delivery of the climate change resilience policy element is driven by the GPT Climate Risk Analyst, who works with stakeholders in assessing the climate-related risks and opportunities in investment decision making, adaptation planning and disclosures.

All processes are supported by governance structures with ultimate responsibility and active oversight by the GPT Board of Directors. Processes are implemented within our ISO 14001 certified **Environmental Management System** and in alignment with our company-wide **Risk Management Framework**.

Environmental Management System (EMS)

GPT's EMS dictates how we interact with nature, such as our impacts on the environment by depletion or pollution. It also considers how the environment impacts GPT. By considering both potential impacts, we are addressing double materiality of climate-related impacts.

Through management of climate-related risk, we limit the impact of transitional and physical hazards of climate change on GPT, and increase our resilience. That is, we improve the ability to withstand or recover quickly from acute or chronic shifts in climate patterns and market changes.



Transition risks include:



Policy and regulatory change



Changes to market expectation, economic disruption and impacts to reputation



Technology

Physical climate hazards include:



Rising average temperatures



Increasing number of days per year exceeding critical heat thresholds



Increasing frequency and duration of heatwaves



Riverine and flash flooding



Tidal inundation from rising sea levels



Drought and water scarcity



Severe weather, including convective thunderstorms



Increasing fire weather intensity



Changes in humidity



Extreme winds



Soil movement

Climate Change Management Procedure

The Climate Change Management Procedure outlines GPT's processes to manage risks and opportunities associated with climate change. The procedure maps stakeholder responsibilities and triggers for action in a cohesive systematised approach.

Work Instructions

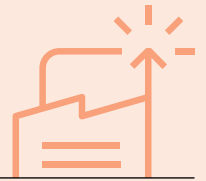
Our Climate Risk Review and Adaptation Planning Work Instructions outline the methods and information required to gain an accurate understanding of climate risk and appropriate adaptation and mitigation procedures. The work instructions describe the steps and provide guidance for conducting risk reviews and adaptation plans, in alignment with recognised standards.

Risk Appetite Metrics

GPT has established climate risk vulnerability metrics against which our risk position is assessed to guide decision-making and maintain an investment portfolio within our agreed risk appetite.

To inform GPT's executive and boards of our risk levels relative to the risk appetite, we have been informed by inputs including physical climate modelling, adaptation planning workshops and a climate risk matrix with context and interpretation from our in-house Climate Risk Analyst. Our process establishes and enhances outputs by:

1. Starting with site specific hazard exposure assessments to understand the potential for risks;
2. Overlaying asset information to shift to a vulnerability assessment using detailed climate modelling;
3. Creating detailed asset-level climate risk review reports to inform stakeholders; and
4. Implementing asset-level climate adaptation plans with input from all stakeholders to identify and manage transitional and physical risks, and opportunities, related to climate change.



Physical Climate Hazard Exposure Assessment

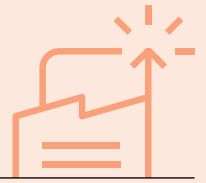
A project to assess all GPT's assets relating to climate risk exposure was completed in 2020. Climate modelling was sourced using CSIRO's Climate Change in Australia website. Risk levels (Minor, Moderate, Major, Extreme) were assigned to the assets depending on the level of exposure to a range of climate hazards. The hazards included in the assessment were drought, extreme weather events, riverine flooding, flash flooding, heatwaves and increasing temperatures, tidal inundation, bushfires and biodiversity impacts. The analysis informed GPT's risk levels relative to the risk appetite until more detailed climate-related vulnerability assessments were undertaken and opportunity analyses using detailed climate modelling sourced by Cross Dependency Initiative (XDI).

Detailed Physical Climate Modelling

In 2022, GPT procured detailed, high resolution climate modelling for all assets across the office, retail and logistics portfolios from XDI. The scope of the modelling covered Annual Exceedance Probability (AEP) for extreme heat, extreme wind gusts, riverine flooding, surface water (flash) flooding and drought, soil movement analysis and failure probability, and Value at Risk (VaR) results.

For key assets of high value in different portfolios and geographic locations, GPT also procured large site analyses covering a greater area within and surrounding the asset.

The modelling was used to inform the physical climate hazard vulnerability analysis, and is used to inform climate risk reviews and all stakeholders during the climate adaptation workshop. Both chronic and acute risk impacts are considered.



Aligning with standards and guidelines

GPT's climate risk management aligns with both Australian and international standards and guidelines:

- ISO 14090 (2019) 'Adaptation to climate change – Principles, requirements and guidelines';
- ISO 14091 (2021) 'Adaptation to climate change – Guidelines on vulnerability, impacts and risk assessment';
- AS 5334-2013 'Climate change adaptation for settlements and infrastructure – A risk based approach'; and
- Green Star rating guidelines and tools.

Physical Climate Hazard Vulnerability Assessment

A comprehensive analysis of climate-related vulnerabilities for all GPT's assets was completed in 2023. The analysis used the modelling procured from XDI. For each asset, risk levels (Minor, Moderate, Major, Extreme) were assigned to each physical climate hazard and recorded in a physical climate risk register. The risk levels consider financial materiality to align with GPT's Risk Management Framework.

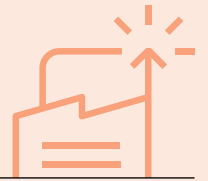
The Physical Climate Risk register is updated over time as the asset-level climate adaptation workshop register provides more detailed insights (refer Climate Adaptation Planning Process section below).

Climate Adaptation Planning Process

Asset-level Climate Risk Report – covering the transitional and physical risks of climate change on an asset, including analysis of climate modelling. The analysis covers current risks and opportunities, and three future time horizons mainly being 2030, 2050 and either 2070 or 2090. Lifecycle assessments that fall in the medium term are captured in the Climate Adaptation Workshop and will utilise 2050 scenarios.

Climate Adaptation Workshop – focusing on the asset-level climate risk report with appropriate stakeholders. A consequence-based climate risk and opportunity register is created based on GPT's existing Risk Management Framework. Risk levels for different time horizons are assigned to existing or potential climate-related consequences, based on materiality.

Climate Adaptation Plan – the final Plan brings together the climate risk report with the completed register and agreed mitigation actions from the workshop. Actions and recommendations from the workshop are assigned to appropriate stakeholders, and the Plan is revisited on a scheduled basis with the asset team. The Plan will be updated at lifecycle and investment trigger points or when additional climate modelling is available.



Climate and Nature Disclosure Statement and Sustainability Data Dashboard

GPT's Climate and Nature Disclosure Statement outlines the steps that GPT is taking to identify, assess and manage climate-related risks and opportunities. The Statement has been prepared with reference to the International Sustainability Standards Board (ISSB) S2 standards, and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In the disclosure, we publish our commitments, methods and outcomes regarding management of climate-related risks and opportunities, including adaptation planning. Our metrics and targets are disclosed in our Sustainability Data Dashboard.

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