

Sustainability Policy

Introduction

Valad's Sustainability Policy must be applicable to all Valad operations (both in Australia and across Europe), be compliant with the law and easily transferable to Valad funds.

The policy considers the need for flexibility across business groups, activities and locations. The policy will also be easily adopted by the Valad wholesale and retail funds.

The policy must be consistent with, and stem from, the Valad mission statement and core values:

To be the most successful Australian real estate fund manager and investor across the risk spectrum.

- *Team players*
- *Dedicated to customer value*
- *Honest and driven*
- *Committed to growth and always looking for a new or better way*
- *Focused on success*

The following statement outlines Valad's sustainability mission statement:

"At Valad, we recognise the importance of sustainability and its ever increasing impact on our business. We are committed to understanding and implementing sustainable practices and to exploring the benefits to our business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of investors and stakeholders and economic success."

Definition of Sustainability

"Sustainability" is a general term used to cover all aspects of our interaction with stakeholders and requires consideration of environmental, social and economic factors. The term was defined by the Brundtland report commissioned by the UN in 1983 which defined sustainable development as:

"...development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

This policy adopts this definition of sustainability and incorporates it into the policies framework.

Objectives

The main objectives of this policy are to:

- **Have** three areas of sustainability policy – environmental, economic and social policies.
- **Apply** the sustainability policies across all of Valad's businesses and operations (domestically in Australia and internationally), including wholesale and retail funds.
- **Comply** with the law and good corporate governance principles.
- **Minimise** risk, in particular reputational risk by adopting a sustainability policy.
- **Create** a culture of awareness within Valad of the importance of this policy and its principles.

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- **Acknowledge** that this policy is dynamic and will constantly evolve as Valad's business and operations grow, the law changes and stakeholders' expectations change.

Domestic and international application of the policy

As an international property group, Valad is motivated to operate under a robust set of corporate governance principles and to apply these principles to all our businesses and to all our assets. We believe that this will create opportunities for consistency and efficiency across countries yet achieve a level of innovation – all of which will contribute to sustainability.

Regulatory framework

Valad is committed to ensuring that its sustainability policy is compliant with the regulatory framework in all the jurisdictions in which Valad operates its business. Valad will conduct periodic reviews to ensure compliance with the law and will liaise with all regulatory authorities as required.

Valad is also committed to good corporate governance principles and will ensure that this sustainability policy reflects these principles.

Policy framework – Environmental, economic and social

Valad breaks down sustainability into environmental, economic and social policies. As a first priority, environmental factors (water, waste, energy and corporate commitment) are considered in this document as they apply across all areas of our business. It is proposed to address economic and social sustainability policies in the future.

Environmental Sustainability Policy

In response to Valad's recent expansion into Europe, we have gathered a global risk management team to understand the environmental regulatory and legal requirements across our portfolio. Critically, this team will provide a global framework to our current environmental responsibilities, future environmental priorities and corporate environmental reporting.

Separately, and at an Asia-Pacific level, Valad is in the early stages of assessing the environmental status of its key assets and is measuring the energy efficiency opportunities within its portfolio including our various corporate offices and our development projects.

Significantly, our environmental actions are aimed at creating an ever-increasing awareness within our staff, our suppliers and the many stakeholders involved in our business – whilst realising that the outputs of sustainability are innovation, cost savings and improved shareholder returns."

Corporate commitment

As an organization we will:

1. Promote sustainable business practices:
 - a. Encourage the Leadership Team to take an active role in the promotion of sustainable practices

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- b. Provide adequate resources provided to encourage attainment of sustainability objectives
 - c. Offer and encourage training in sustainable practices
2. Define and work towards the achievement of measurable sustainability targets by doing the following:
 - a. Understanding our environmental footprint by reviewing existing practices
 - b. Actively identify areas for improvement

Water, Energy and Waste Management

Environmental considerations in respect of water, energy and waste management will be factored into the following areas of our business:

Asset sales and purchases

All acquisitions require the following measures to be addressed in the Final Investment Proposal:

- Water Efficiency
- Waste Management
- Energy Efficiency
- Any ratings tools applicable to the asset class (eg Green Star/ABGR for commercial office buildings)

Environmentally Sustainable Development (“ESD”) considerations are to be covered in due diligence checklists and in the scope of due diligence reports.

Asset management

- The policies of all property managers in relation to ESD will be reviewed and agreed prior to engagement on site.
- Data relating to energy, water and waste usage will be recorded and reviewed.
- Opportunities for improvement will be assessed.
- Opportunities for engagement with tenants in combined initiatives will be investigated

Fund management

- The environmental performance of assets sold into funds or purchased for funds will be measured and disclosed at the time of acquisition.
- Guidelines for the purchase of assets specifically earmarked for funds will be the same as for corporate acquisitions. See section on asset sales and purchases.

Procurement

- Opportunities for the use of recycled materials will be investigated at each stage of procurement.
- Energy and water efficiency will be considered in any relevant purchase decision

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Office management

- Wherever possible, steps will be taken to reduce our environmental footprint. Specifically, we will engage in programs to improve energy and water efficiency, and reduce our waste disposal to landfill.

Sustainability Officer

The current chair of the Sustainability Steering Committee will be the Valad Property Group Sustainability Officer. The Sustainability Officer will have responsibility for sustainability issues in the Asia Pacific region. This person will be responsible for dealing with sustainability issues that arise at Valad. The Sustainability Officer reports to the Managing Director who has the ultimate oversight of this policy.

Reporting

It is intended that the Sustainability Officer provide an annual report to the Managing Director, who in turn will report to the Valad Property Group Board in the Managing Director's Report.

The Sustainability Report will consider the following:

- confirmation that, subject to any specified exceptions, the Sustainability Officer is not aware of any material non-compliance with this policy.
- setting out in reasonable detail the nature of any areas of material non-compliance with this policy;
- specific data collection to be determined by the Sustainability Group; and
- progress with development on the economic and social aspects of the policy.

Review of this policy

The Sustainability Officer will review this policy on an annual basis. As part of the review the Sustainability Officer will do the following:

- discuss the policy and its framework with stakeholders;
- ensure compliance with existing laws;
- consider the scope of the policy;
- consider the effectiveness and existing implementation arrangements;
- the adequacy of the resources to meet the objectives of this policy; and
- make recommendations in respect of the policy.

On completion of the review of this policy the Chief Operating Officer will consider any recommendations and determine whether any such recommendations should be considered by the Valad Property Group Board.