

**This
Changes
Everything**

by mirvac

Reimagine urban life

Mirvac Group
Sustainability Report 2020



Mirvac is a leading, diversified Australian property group, with an integrated development and asset management capability. Recognising the contribution we make to Australia’s major cities, our purpose, to *Reimagine Urban Life*, inspires our people to create value and build a better future *for our customers and communities*.

CONTENTS

- 01 Foreword
- 02 About Mirvac
- 04 Macro-trends shaping our world
- 06 Sustainability
- 09 Progressing towards net positive carbon
- 10 Planet positive: waste & materials
- 12 Enriching our communities
- 14 Upping our solar power
- 15 Everybody needs good NABERS
- 17 Meet the “waste whisperer”
- 18 Improving our organics waste outcomes
- 19 Coleman Court named top recycler
- 20 The House with No Bills study delivers big savings
- 22 Finding the beauty in waste
- 23 Applying principals of prefabrication
- 24 Partnering on sustainable living at the fabric
- 25 Build to Rent
- 26 Our people
- 29 Safety and wellbeing
- 30 Growing and embedding innovation
- 31 Investing in a sustainable future
- 32 Risk management

Image: The Foundry, South Eveleigh, Sydney



FOREWORD



FY20 was a challenging year. We experienced Australia's worst ever bushfire season, which devastated communities and biodiversity, and underscored the urgent need to act on climate change. Then the global outbreak of COVID-19 followed, which dramatically changed the ways in which we live and work. And both these events occurred within a context of a growing global outrage against the injustice and inequity of racism in our systems and societies.

At Mirvac, these events have reinforced the important work we've been doing to use our skills and strategy to have a positive impact on our planet, our people and our communities. In FY20, this included:

- > reducing our carbon footprint by 60 per cent by switching a large portion of our assets to 100 per cent renewable energy, a significant step in our goal to be net positive carbon by 2030;
- > releasing our plan on how we'll send zero waste to landfill by 2030, which includes halving our development waste and buying 25 per cent recycled content;
- > directing \$9.4 million of our procurement spend towards Indigenous and social businesses that generate good community outcomes, with almost \$20 million spent in this way since FY18; and
- > releasing an Ethical Principles guide to help our employees continue to make good choices when faced with tough decisions.

We align what we are good at with our social impact and the interests of our key stakeholders, and all that we've achieved is matched with what we do best – delivering high-quality commercial and residential projects for our customers, while driving long-term value for our stakeholders and partners.

That means acquiring sites with our eyes wide open around the risks that climate change presents, and designing and developing assets that will last longer and cost less for our tenants to run. It means managing the performance of our assets, even late at night to catch leaks, and building residential product that reduces the living costs and environmental impacts for our customers. It means using our purchasing power for good and leaving a positive legacy in the communities in which we operate.

This Changes Everything is not just a catchy tagline. It empowers all our people to take personal ownership in doing their jobs more sustainably, working together towards a small set of big goals. It exists within the DNA of the company. I am thrilled to work alongside colleagues whose care for quality outcomes, whose belief in doing the right thing, and whose skill in delivering on these commitments is what really makes Mirvac sustainable. And by refocusing our strategy, which has now completed its second year, we've made it easier for our leaders to go deeper on the things that matter most to our business and to our customers.

So, what's next?

In FY21, we'll release the third in our series of environmental plans, which will map out how we'll be net positive in water by 2030. We'll continue to invest in our people and our communities. We'll release our second update on modern slavery. And we'll launch our next Reconciliation Action Plan from a place of deeper understanding about what it means to be a developer on this land.

And of course, we'll continue to be driven by our purpose to Reimagine Urban Life and our ambition to be a force for good.

We look forward to continuing to share the progress of our sustainability strategy with you openly and honestly along the way.

Sarah Clarke
Group General Manager,
Sustainability

ABOUT MIRVAC

Mirvac is an Australian Securities Exchange (ASX) top 50 company and one of Australia’s most innovative property developers. Since 1972, Mirvac has played a vital role in the evolution of our cities, *reimagining urban life* and creating places that enrich the lives of many thousands of Australians.

Our reputation as a leader in Australia’s property industry has been built by delivering innovative workplace precincts, exceptional retail destinations, meticulously designed homes and connected communities for our customers, while driving long-term value for our stapled securityholders. We own and manage assets across the office, industrial, retail and build to rent sectors in our investment portfolio, and have over \$23 billion of assets under management.

Our integrated approach gives us a competitive advantage across the lifecycle of a project. From site acquisition, urban planning and design, through to construction and development, leasing, sales and marketing, property management and long-term ownership, we exercise control over the entire process. Our integrated model also ensures stable income and growth, as well as a balance of passive and active capital, enabling us to respond to fluctuations in the property cycle.

Our goal is to add value to Australia’s cities through innovative and visionary design, development, asset management and construction. Our team is committed to operating in a way that is economically, socially and environmentally sustainable in order to leave behind a lasting, positive legacy in everything that we do.

ASX TOP 50

One of Australia’s
most innovative
property groups



OUR PURPOSE

The unprecedented events of 2020 have presented challenges across our operating environments. Now more than ever, it is important to be united behind a single purpose.

At Mirvac, our purpose is to *Reimagine Urban Life*. This purpose drives all employees at Mirvac to look beyond profit. It inspires us to be a force for good and leave a positive legacy in everything we do.

For Mirvac, this goes beyond making a positive contribution to the urban environment. Our purpose drives us to find ways to make a meaningful difference to people's lives. Whether it be volunteering within our communities, helping people combat isolation during the pandemic by connecting virtually, or re-purposing empty retail space to create pop-up kitchens and accommodation to offer food and shelter to the most vulnerable in our communities.

As one of Australia's largest companies, we believe we have a responsibility to contribute to a better future for everyone. That's why our passionate and highly engaged workforce is committed to thinking differently, applying our experience, innovation capability and energy to solve many of the problems faced by cities, both today and in the future, and help our customers, communities and future generations live more sustainable lives.

Over
\$23bn
 assets under management

Reimagine urban life

*inspires us to be a force for good
 and leave a positive legacy
 in everything we do*

WHAT WE DO

We're a creator, owner and manager of some of Australia's most renowned and recognisable projects, with a strategy to be focused, diversified and integrated. This means:

- > deploying capital with discipline and delivering on our promises, with a strong focus on our customers (focused);
- > maintaining an appropriate balance of passive and active invested capital through cycles, and retaining capability across the office and industrial, retail, residential and build to rent sectors (diversified); and
- > leveraging our integrated model to create, own and manage quality Australian assets (integrated).

Underpinning this strategy is a commitment to our people, our customers, innovation, technology, sustainability and safety. We're passionate about creating long-term value for our securityholders and having a positive impact on the communities in which we operate.

Both our strategy and our ambition to *Reimagine Urban Life* continue to produce strong results across the business.



MACRO-TRENDS SHAPING OUR WORLD

The world is changing rapidly. In 2020, the impact of COVID-19 has seen the pace of change accelerate further. As our population grows and our cities continue to expand, there are a number of significant macro-trends that are shaping our future. We remain focused on monitoring these powerful forces of change, in order to understand their potential impact to our business, our customers and communities. This helps us manage risk and also identify solutions to some of the challenges faced by tomorrow's urban areas.



US\$800bn

invested in global commercial real estate in 2019

GLOBAL CAPITAL FLOWS

Global commercial real estate investment reached an all-time high of US\$800 billion in 2019, up 4 per cent, with the industrial sector up 24 per cent to according to JLL¹, as investors continued to seek out the solid returns and relative stability of the asset class. Mirvac is ideally placed to benefit, as Asia Pacific saw another record year for real estate investment in 2019. Investors are favouring established and mid-sized cities with innovation credentials, a highly qualified workforce and cost efficiencies providing economic growth and increased concentrations of human capital – characteristics of our four Australian markets. Social and environmental sustainability credentials are also an increasingly important consideration for investors, meaning Mirvac's unwavering commitment to sustainability is being increasingly appreciated and valued.

EQUALITY AND EMPOWERMENT

The COVID-19 pandemic has highlighted numerous inequalities in our society and in many cases exacerbated disparities in income, race, ethnicity, and gender. As one of Australia's leading property groups, Mirvac has a responsibility to support inclusiveness and help society's most vulnerable people wherever we can. As a founding member of the Australian Supply Chain Sustainability School, we have been working to identify and respond to exploitation and modern slavery. We're also continuing towards our goal to direct \$100 million to the social sector by 2030, with almost \$20 million directed since 2018. Additionally, this financial year, we partnered with the Property Industry Foundation to build a new home for homeless young people, and opened a safe house for victims of domestic violence in Queensland. In 2020, we also commenced the process to review and renew our Reconciliation Action Plan, which will be rolled out in 2021.



South Eveleigh, Sydney

1. JLL <https://www.jll.com.au/en/trends-and-insights/investor/global-real-estate-investment-hits-record-high-in-2019>
<https://www.jll.com.au/en/newsroom/global-capital-flows-to-further-diversify-while-investors-to-remain-cautious-and-selective-in-2020>.

THE TRANSITION TO RENEWABLE ENERGY

FY20 has been a critical year in acknowledging the impacts of climate change. In Australia, we recorded the hottest year on record² and saw a catastrophic bushfire season³. To help mitigate the impacts of climate change, Mirvac is committed to transitioning towards renewable energy sources (with a target to become net positive carbon by 2030), as well as helping our customers to do the same. During FY20, we became the first Australian property group to join RE100, a global corporate clean energy initiative that brings together businesses committed to 100 per cent renewable power. Following a new energy agreement signed in December last year, our carbon footprint reduced by 60 per cent as at 1 January 2020. This will reduce by a further 5 per cent as at 1 January 2021, with three more assets committed to the agreement in June. We also signed a memorandum of understanding (MOU) with ENGIE, designed to further our commitment to identifying innovative customer solutions that will drive the transition away from carbon and towards renewable and clean energy sources.

REDUCING WASTE

Every year, an estimated 11.2 billion tonnes of waste is sent to landfill globally⁴. In addition to this, 92 billion tonnes of materials are extracted every year⁵, with buildings responsible for around 50 per cent of global materials used⁶. In Australia, the built environment is responsible for approximately 60 per cent of waste, representing a staggering 41 million tonnes annually. This is placing an enormous burden on the planet and it is clear that we need to rethink the way that we choose and extract materials, use them, and then look for ways to extend their life. This year, Mirvac launched Planet Positive: Waste & Materials, mapping our journey to send zero waste to landfill by 2030. Our plan sees Mirvac move away from a traditional 'take, make, use and dispose' model to one which considers the lifecycle of the materials from the outset, with strategies implemented to help avoid, reduce, reuse, recycle and regenerate.



Mirvac is targeting

*net positive carbon
and water, and zero
waste to landfill, by*
2030

THE RISE OF MILLENNIALS

By 2024, millennials and younger generations will become the most dominant demographic in Australia, taking over from baby boomers and generation Xs. These new generations have different drivers for their spending and different aspirations. This cohort has grown up in a digital world, and face obstacles like housing affordability and sometimes uncertain pathways to employment. These generations want experiences, not things, and they care deeply about the world. We know this because we have made it our business to better understand this group who will one day soon make up the majority of the workforce, the bulk of the consumers and be the decision makers in our society. We're using these learnings to tailor our products and services accordingly. For example, we're reimagining our retail offering towards younger, more progressive customers. We're also rolling out Australia's first build to rent portfolio because we know Australia, and in particular these new generations demands more housing options with security of tenure to support their aspirations.

TECHNOLOGY, DATA AND INNOVATION

We are living in a great age of innovation. Emerging technologies are rapidly transforming the way we live, work and play. This year our in-house innovation team Hatch has led in-depth research and scans of our people and our customers, to understand how COVID-19 is impacting people's lives. While the health and economic impacts have been devastating, we have used our in-house innovation capability to fast-track projects and initiatives that provide solutions, and support people through the crisis, which you can read more about on pages 14-17. During the financial year, we partnered with a leading global platform for environmental and social start-ups, INCO, to launch The Impact Accelerator, Australia's first urban life focused accelerator at the crossroads of green technology and social impact, to help solve some of the challenges faced by tomorrow's cities. Similarly, Mirvac Ventures, our corporate venture capability, has invested in a portfolio of early stage property-related technology companies whose innovations have the potential to make a positive difference to people's lives.



South Eveleigh, Sydney

- Australian Government, Bureau of Meteorology: Annual climate statement 2019 (<http://www.bom.gov.au/climate/current/annual/aus/>).
- Australian Government, Bureau of Meteorology: Annual climate statement 2019 (<http://www.bom.gov.au/climate/current/annual/aus/>).
- UN Environment Programme: <https://www.unenvironment.org/explore-topics/resource-efficiency/what-we-do/cities/solid-waste-management>.
- Global Resources Outlook 2019, page 7.
- Circularity Gap Report 2019: <https://www.legacy.circularity-gap.world/built-environment>.

SUSTAINABILITY

Mirvac's sustainability strategy, *This Changes Everything*, sets out six material ESG¹ issues that matter most to the Group and its key stakeholders. These are climate change, natural resources, our communities, social inclusion, our people and being a trusted partner. Underpinning this strategy is our view that we exist for more than just profit, and that to be a force for good, we also need to give consideration to our people, the planet and the communities in which we operate.

As our refocused strategy entered its second year in FY20, we made great progress against our targets. Pleasingly, through our mature governance structure to monitor sustainability performance, we continued to see improved engagement across the business, a benefit of our decision to focus on fewer things and go deeper on the things we felt were most important (such as energy and waste).

As well as giving our employees, investors, partners and suppliers a clear direction on what we want to achieve, and how we intend to achieve it, the strategy sets out short-term targets which ensure we remain on track and facing towards the same goals. At the same time, having a well-defined course of action means that our employees and business leaders feel more empowered to make their own decisions around ESG and making a positive impact.

Highlights under each of our focus areas in FY20 included:

ENVIRONMENT

Climate change:

- > progressed our ambition to be net positive carbon by 2030, with a new energy agreement reached in December 2019 that sees the majority of our office and retail portfolio (70 and 80 per cent respectively) in NSW, ACT and Vic supplied with 100 per cent renewable electricity. Our carbon footprint reduced by 60 per cent as at 1 January 2020 as a result. A further three asset agreements were signed in June 2020, which will reduce our emissions by an additional 5 per cent from 1 January 2021;

- > became the first Australian property group to join RE100, a global initiative of influential businesses committed to 100 per cent renewable energy;
- > released our second report on our climate-related risks and opportunities, in line with the recommendations set out by the Task Force for Climate-related Financial Disclosure (TCFD). This report can be found at <https://mirvac/3iThsTw>;
- > achieved two 5.5 star NABERS Energy ratings at 380 St Kilda Road and 664 Collins Street, both in Melbourne, with the portfolio now boasting three 6 star, four 5.5 star and eight 5 star Energy rated buildings; and
- > improved the carbon intensity of our operating portfolio by 49 per cent from an FY18 baseline.

Natural resources:

- > released Planet Positive: Waste & Materials, the second in our series of three environmental plans, which outlines the strategies we'll take to send zero waste to landfill by 2030;
- > achieved 69 per cent diversion of operational waste from landfill and 95 per cent of construction waste from landfill;
- > achieved a 5.5 star NABERS Waste rating at David Malcolm Justice Centre in Perth, WA, the second highest NABERS waste rating in the country and the highest rating in the state;
- > achieved a 4 star NABERS Water rating at EY Centre, 200 George Street, Sydney NSW; and
- > enhanced waste collection streams across our assets, particularly in retail (see page 30 for more detail).

SOCIAL

Our community:

- > delivered \$9.3 million in community investment in FY20², after increasing our community investment by more than 800 per cent between FY17 and FY19. Mirvac is currently one of the leading community investment companies in Australia and New Zealand;
- > progressed with our research into belonging to enable us to measure the strength of social connections in our communities; and
- > continued to progress and refine the next phase of our social impact measurement, which will focus on our long-term impact in our communities.

Social inclusion:

- > used our purchasing power for good by directing \$9.4 million towards social procurement;
- > concluded our House with No Bills study, which aimed at delivering more affordable and sustainable homes for our customers;
- > held our fifth annual National Community Day, which focused on building strong bonds at our asset and project communities. Approximately 800 of our employees participated in the day; and
- > progressed our next Reconciliation Action Plan (RAP) (see page 55).

1. Environmental, social and governance.

2. Mirvac's community investment has been verified by the London Benchmarking Group.



GOVERNANCE

Our people:

- > ensured that the safety, health and wellbeing of our people, partners, customers and suppliers remained our top priority. Read pages 15-16 to see how we did this during the COVID-19 pandemic;
- > maintained 50:50 gender representation on our Board; and
- > maintained over 40 per cent representation of women in senior roles.

Trusted partner:

- > established effective governance structures, built capability and focused on risk to help eradicate modern slavery, with a particular focus on conducting a risk analysis in our cleaning supply chain (following the release of our first statement on modern slavery last year).

MOST RELEVANT SUSTAINABLE DEVELOPMENT GOALS



Our FY20 Annual Report serves as Mirvac's 2020 UNGC Communication on Progress, and provides an update on the actions and ways the Group has implemented and measured progress against the key areas of human rights, labour, environment and anti-corruption.

“As a signatory to the ten principles of the United Nations Global Compact (UNGC), I am pleased to reaffirm Mirvac’s ongoing commitment.”

Susan Lloyd-Hurwitz,
CEO & Managing Director.

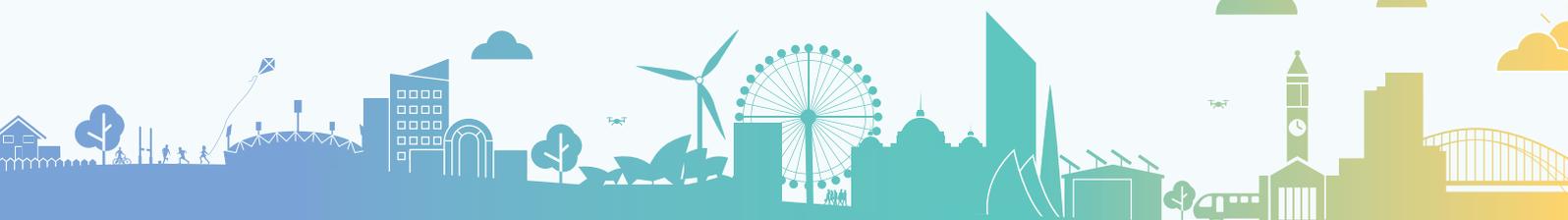
Emissions tCO ₂ e	FY13	FY19	FY20	FY20 Source data
Scope 1				
Natural Gas	2,697	4,193	4,422	85,796GJ
Refrigerants ¹	1,383	843	1,827	1,231kg
Diesel	2,333	1,375	1,017	375,427L
Petrol	646	126	112	48,314L
LPG	7	81	79	50,926L
Total Scope 1	7,066	6,619	7,458	
Scope 2				
Electricity (location based)	71,426	78,041	70,168	89,435,602kWh
Electricity (market based)		73,110	44,532	
Renewable electricity %		20%	45%	
Total Scope 1 + 2 (market based)		79,728	51,989	
Scope 3				
Natural gas	471	639	661	85,796GJ
Electricity	12,542	8,736	4,684	79,356,420kWh
Travel	2,812	2,982	1,465	6,842,454km
Waste	9,915	10,164	9,144	48,551T
Diesel	178	71	52	375,427L
Petrol	51	7	6	48,314L
LPG	1	5	5	50,926L
Total Scope 3	25,970	22,603	16,016	
Total Scope 1+2+3 (location based)	33,036	107,263	93,642	
Total Scope 1+2+3 (market based)	104,462	102,331	68,005	
Potable water usage				
Retail	492,216	493,605	435,685	
Office & Industrial	349,597	488,298	456,262	
Total (kL)	841,813	981,903	903,855	
Total waste				
Construction	35,565	21,377	14,387	
Investment	12,833	27,173	23,939	
Total	48,398	48,551	38,326	
Construction			95%	5%
			Recycled	Landfill
Investment			69%	31%
			Recycled	Landfill

Note: This year marks the first time Mirvac has reported greenhouse gas emissions using both location based and market based reporting. An increased procurement of renewable energy starting 1 January 2020 results in a material reduction in scope 2 emissions. A residual mix factor has been applied to non-renewable electricity that has been estimated using Property Council of Australia Guidelines. Emissions estimates follow NGRS emissions accounting requirements except for refrigerants; Mirvac includes emissions related to R22 use.

1. There was an increase in refrigerant leaks in FY20 due to refrigerant leaks across the portfolio. To address this, Mirvac has updated its Design Standards to specify zero Global Warming Potential refrigerants in all new plant and equipment.



REIMAGINING URBAN LIFE, SUSTAINABLY



RESOURCES REIMAGINED

ENRICHED COMMUNITIES

TRANSPARENT GOVERNANCE



CLIMATE CHANGE

Net positive (carbon)

2030



NATURAL RESOURCES

Net positive (water)
Zero waste to landfill



OUR COMMUNITY

Net positive legacy



SOCIAL INCLUSION

\$100m social sector investment



OUR PEOPLE

Highly engaged, capable and diverse workforce



TRUSTED PARTNER

Most trusted owner and developer

10MW renewable energy installed

2023

80% operational waste recycled
Water intensity reduced by 5% in O&I and Retail

Community wellbeing measure developed

2023

\$30m social procurement by 2025

2023

Social enterprise capacity building partnership launched

2022

40:40:20 women in senior management

2022

5MW renewable energy installed
Carbon intensity reduced by 5% in O&I and Retail

2021

Plan to reach net positive water released¹

Triple community investment



2022

Social housing investment pilot launched
House with No Bills research findings released



20% improvement in health and wellbeing



2022

Released an Ethical Principles Guide²



2020

Plan to reach zero waste released



Community engagement standard developed



2020

Unlimited paid volunteer leave
Define social procurement



Personalised health and wellbeing support implemented



2020

Modern slavery risk heat map released
Human Rights approach defined



ONGOING

ONGOING

ONGOING

- ✓ Maintain Board climate capability
- ✓ New office buildings NABERS 5.5 Star Energy
- ✓ All new Residential projects to include solar

- ✓ New office buildings 4.5 Star NABERS Water

- ✓ All new office Gold WELL rated

- ✓ Maintain global high performing engagement
- ✓ Maintain Risk Culture Index performance

- ✓ Understand and share stakeholder trust feedback
- ✓ Clear earnings visibility/guidance
- ✓ Transparent reporting
- ✓ Maintain Board diversity

1. Target extended from 2020
2. This project is subject to a third party data integrity checker.



PROGRESSING TOWARDS NET POSITIVE CARBON

Since 2013, Mirvac has had a target to be net positive carbon, which was set in recognition of the growing impacts of climate change on the planet, and the increasing need for businesses like ours to play a part in reducing emissions.

In FY20, the urgent need to act on climate change was brought into sharp focus, with dry conditions and warmer temperatures contributing to one of the worst bushfire crises in Australian history. The devastating consequences of the bushfires provided a frightening insight into what Australians could expect as temperatures continue to rise.

Conversely, the global outbreak of COVID-19 in 2020 – also devastating in its impact and its reach – gave us a glimpse of what our world might look like if the much-needed action on climate change was taken. Images of smog-free cities were joyfully shared around the world, and the speed at which the skies cleared during the pandemic, as a result of reduced air travel, factory and commuter pollution, showed the enormous influence we could have if we were to mobilise and take global, collective action. There is also growing recognition that the shocks that COVID-19 has presented to our financial, social and health systems could be replicated by the climate change impacts we face in the future.

Notwithstanding these two events, our ambition to be net positive carbon has never been more resolute. In fact, we took a giant step towards our net positive carbon ambition during the financial year, with a new energy agreement reducing our carbon emissions by 60 per cent, and we continue to work with energy suppliers on similar agreements in QLD and WA.

In joining RE100, we've also further signalled our commitment to reduce our emissions joining a group of top-tier organisations globally who have pledged to transition to renewables by 2050.

We're likewise cognisant of our ability to reduce emissions in our business wherever we can, including our scope 3 emissions. Scope 3 emissions are the emissions associated with activities not within our operational control, such as materials extraction, employee commuting and energy distribution. As such, these emissions aren't in scope for our net positive carbon target. We are also challenged by poor definitions of scope 3 emissions boundaries (as are others), and not able to assure them with a high degree of confidence. However, we recognise the importance of these, and we will continue to look at ways we can influence a reduction wherever possible, focusing on where we can have the most impact. This could include, for example, installing LED lighting in a new development, which delivers lower emissions and energy bills for our tenants, as well as significantly reduced maintenance costs (given that an LED lightbulb only needs to be replaced every five to ten years).

To ensure our investors understand the financial impacts we face as a result of climate change risks, we released our second report in line with the Taskforce for Climate-related Financial Disclosures, which is available on our website here: <https://mirvac.com/3iThsTw>

SUPPORTING THE BUSHFIRE RESPONSE

Mirvac's unlimited, fully-paid volunteer leave enables our employees to give back to the those who need it most. We were proud to see this policy being used during the bushfire crisis, with a number of employees providing direct support to affected communities. Take Mirvac Draftsman, Joe Amato, for example, who has been an NSW RFS volunteer for the past 10 years. Previously, Joe would take unpaid leave to help fight bushfires, but with our unlimited volunteer leave policy, he was able to do this without sacrificing his annual leave entitlement.

To further assist those on the frontline, Mirvac also made a donation and matched employee donations, dollar-for-dollar, with over \$545,000 directed to charities supporting the bushfires.

And with climate-related emergencies such as these expected to increase in both their frequency and intensity, we're more committed than ever to sustainability and to proactively reducing our impact on the planet.



PLANET POSITIVE: WASTE & MATERIALS

When we refreshed our strategy in 2018, there were three material targets that we knew were critical to retain – being net positive in carbon and water, and sending zero waste to landfill, by 2030.

Having released our plan on net positive carbon last year, and with significant progress on this made in FY20, we this year released 'Planet Positive: Waste & Materials', which outlines the strategies we'll implement to achieve our goal of zero waste.

Essentially, our plan adopts principles of the circular economy, where we move away from a "take, make, use and dispose of" model to one that considers our impact from the outset. This means thinking about the materials we extract in the first place, considering how we can reduce waste in the way we design, and using our procurement power to buy more recycled, recyclable and rapidly renewable content. We'll also continue to focus on reducing waste at our developments and improving waste outcomes at our operational assets.

Our integrated model is key to this, allowing us to manage all aspects of a project's lifecycle; from planning and design, through to construction, development and property management. Moving to a circular model ensures that we take responsibility for the use and disposal of our materials, while providing us with an opportunity to both improve our business and reduce our impact on the planet.



“There is nothing good about wasted resources. But getting better at reducing waste in our business, reusing the materials already in circulation, and regenerating for positive biodiversity outcomes is both good for us and for the planet.”

Sarah Clarke, Mirvac's Group General Manager, Sustainability.

There are seven straightforward strategies that we'll employ to achieve zero waste, which are:



Strategy 1

MATERIALS-FOCUSED DESIGN



Halve development waste

How we'll do this:

1. Continuing to invest in DFMA opportunities in residential and commercial development;
2. Piloting projects in both Sydney and Melbourne which challenge our residential development, construction and design teams to find innovative opportunities to halve waste generation¹ while maintaining high quality outcomes for customers;
3. Developing an internal materials guidance list; and
4. Improving data capture and tracking with a simple, clear focus on measuring what matters.



Strategy 3

INNOVATIVE CONSTRUCTION



Zero landfill waste onsite by 2030

How we'll do this:

1. Utilising offsite assembly and efficient construction to help halve waste generated;
2. Increasing waste separation to maximise recycling;
3. Engaging with supply chain for efficient materials supply; and
4. Improving data capture, including demolition waste, for informed decision making.



Strategy 4

EFFICIENT AND RESPONSIBLE OPERATION



Remove red bins from our operations by 2030

How we'll do this:

1. Improving tenant engagement and education to reduce contamination;
2. Increasing accountability through better data capture and reporting; and
3. Engage proactively with partners to remove red bins.



Strategy 6

COLLABORATE TO ENABLE THE CIRCULAR ECONOMY



Active and enthusiastic contribution to circular thinking

How we'll do this:

1. Continuing to engage through our industry groups; and
2. Participating in wider dialogues on circularity.



Strategy 2

PROCURE MORE REUSED, RECYCLED AND RAPIDLY RENEWABLE MATERIALS



Procure 25% recycled content

How we'll do this:

1. Focusing on high influence, high impact products like concrete and steel in development (25% by volume), and paper/sanitary products in operations (25% by cost);
2. Building requests for quantifying percentages of recycled content into contract templates;
3. Preferring suppliers with responsible materials extraction capability by requesting environmental product disclosure for major procurement investments and factoring into tender evaluations; and
4. Developing effective data tracking and capture.



Strategy 5

RESTORATION AND REGENERATION



Pursue a net gain in natural habitat

How we'll do this:

1. Updating our biodiversity policy;
2. Supporting conservation in developments; and
3. Exploring a biodiversity preservation initiative in conjunction with Mirvac's carbon offsets work.



Strategy 7

TRANSPARENT REPORTING



Continuous improvement in transparency

How we'll do this:

1. Reviewing reporting boundaries and definitions; and
2. Developing new systems to measure and manage waste and materials.



DIVERTING WASTE FROM LANDFILL

During FY20, Mirvac's Asset Manager at 2 Riverside Quay, Andrew Borley, found a unique way to divert waste from landfill and give back to the community at the same time. A redesign of the lobby saw a surplus of high-quality furniture, and, recognising an opportunity, Andrew worked with the asset management team to auction off the furniture instead. The team raised over \$30,000 through the online auction, which was donated to the Property Industry Foundation (PIF), a charity with which Mirvac has a long-standing relationship. The auction was such a success that PIF has now launched this initiative as a full-time donation stream called The Furniture Fund, with all profits directed towards helping homeless youth rebuild their lives.

1. Using comparable Mirvac projects as a baseline.

ENRICHING OUR COMMUNITIES

Mirvac has a long history of delivering positive outcomes in the communities in which we operate, driven by a commitment to be a force for good and to leave the places we develop better off because we were there.



Bim'bimba Park, Gainsborough Greens, Brisbane

Our community goal is to leave a positive legacy, and in FY19, we began to focus our work around building strong bonds. We do this by leveraging our skills and expertise to build strong physical bonds – for example, by creating spaces that provide shelter and comfort for the most vulnerable in society – as well as strong social bonds, such as the community events we hold that bolster connections, as well as the support we give when we volunteer through our annual National Community Day.

Having a clear goal allows our employees to direct their skills and focus on the key areas that will make a difference, and in doing so, increase the positive impact we can have in our communities.



Bim'bimba Park, Gainsborough Greens, Brisbane

In FY20, we focused on embedding building strong bonds further within our business, so that we can maximise our impact and continue to drive long-term social value. This included targeting our National Community Day activities to our assets and development projects, so that we could build stronger bonds with our tenants and communities. For example, through our partnership with Stephanie Alexander Kitchen Garden Foundation at The Fabric in Melbourne (see page 38), we worked with three local primary schools to improve their garden beds in support of food education. As well as encouraging sustainable and healthy behaviours for students, this work has delivered a tangible benefit for residents of The Fabric and the surrounding community for generations to come. In Brisbane, meanwhile, we volunteered with Suncorp, our major tenant at 80 Ann Street, to provide general maintenance services for Micah Projects. Micah Projects is a not-for-profit who helps create equality in the local community, by supporting people who are homeless, families in crisis, and improving access to health and community services.

In FY20, 50% of our National Community Day activities were aligned with Mirvac projects and 80% were aligned with our commitment to build strong bonds.

Goal to direct
\$100m
 towards social and Indigenous
 enterprises by 2030

Empowering our people to contribute towards our community goal was also a key focus in FY20. We began to look at how we can better streamline our giving program to make it easier for people to donate to the charities and organisations they care about. And we know this is very important to our people. To support those affected by the bushfire crisis, for instance, our employees gave generously, with over \$545,000 raised between Mirvac, employee, and matched donations.

As well as leaving a positive legacy, we want to give opportunities to those who don't always get them, and as part of this, Mirvac has a goal to direct \$100 million towards social and Indigenous enterprises by 2030. We continued to work on creating positive outcomes for these businesses in FY20, directing \$9.4 million towards social procurement, with approximately \$20 million achieved to date. We maintained our partnership with social enterprise, Mates on the Move, during the lockdown caused by COVID-19 pandemic, who were able to pivot their business from collecting waste at our assets to moving office furniture from work to home for some our tenants – a solution that enabled us to continue to support both our customers and our partners. To continue to help our people use their purchasing power for good, we also developed a new resource page on our Intranet which links employees to different social and Indigenous enterprise, charities and B-corps¹.

Having concluded our first Reconciliation Action Plan (RAP) last year, we are now working towards a Stretch RAP that will see us set measurable targets and firm commitments on Indigenous procurement, employment and training. We've established a RAP working group represented by employees across all areas and locations of the business, including our Head of Stakeholder Relations and our Head of Office & Industrial, and chaired by our Head of Culture & Capability, and together, they will use their diverse expertise to engage thoughtfully and help set the strategic vision of our RAP, ensuring that it creates a meaningful impact for reconciliation in Australia.

It's important to know how we are tracking in our goal to build strong bonds, and so we've been working towards developing a new way of measuring our social impact, as well as undertaking a qualitative study into social connections. We'll also continue to work with the London Benchmarking Group to quantify our community investment, which maintains our position as a leading community investment company, following a more than 800 per cent increase in FY19.

1. B Corp Certification is a certification that measures a company's entire social and environmental performance.

ENRICHING COMMUNITIES

\$9,314,504
 of community investment (including
 \$909,240 of management costs)

\$7,647,531
 cash donations

\$743,036
 value of hours of support

\$14,698
 in-kind donations

\$1,080,028
 leverage contributions



Mates on the Move

For over 48 years, we have been partnering to create connected communities because we know communities that connect well and support each other are better places to live, work and play.

Mirvac has directed approximately

\$20m

towards social procurement to date

Bim'bimba Park, Gainsborough Greens, Brisbane



UPPING OUR SOLAR POWER

There’s no greater impact we can have towards our target to be net positive carbon by 2030 than switching to 100 per cent renewable energy. In addition to signing a new energy supply agreement during the financial year, we’ve continued to utilise the rooftop space at our assets and have installed over 2.8MW of solar PV to date, further enhancing our renewable energy supply strategy.

These installations included 1 Southbank Boulevard in Melbourne, where we engaged Indigenous business, Bunjil Energy (our partner at our Apartments of Tullamore project in FY19) to install a 28kW solar PV system. This supplemented an existing 18.5kW system and followed the installation of 34kW of solar at the nearby 2 Riverside Quay in December last year (also by Bunjil Energy).

Solar panels also populate the rooftops of each of the three buildings at our South Eveleigh office precinct in Sydney. The on site solar PV solution will reduce Mirvac’s reliance on grid electricity and help the Group achieve its target 5.5 star NABERS Energy ratings for Buildings 1 and 2. More than 1.4MW is due to be installed across the entire precinct (including the Locomotive Workshops, which are currently under development).

We have utilised the rooftop space of our assets to install over

2.8MW

of solar PV to date

Utilising the large, available space on our industrial assets is also a priority for the Group. We’ve installed 500kW of solar PV at Calibre in Eastern Creek, Sydney and we continue to look for opportunities within our expanding industrial portfolio, which is expected to grow as developments such as 300 Manchester Road, Auburn, Elizabeth Enterprise at Badgerys Creek and Aspect at Kemps Creek (all in Sydney) come online.

Mirvac’s solar capability has grown considerably over the past six years. Underpinned by Mirvac’s *This Changes Everything* strategy and a goal to be net positive carbon by 2030, Mirvac installed a large-scale solar PV system on the rooftop of Sirius, 23 Furzer Street, Woden, Canberra, which has achieved a 66 per cent reduction in carbon emissions to date¹. The solar solution – a first of its kind for the Group – also contributed to Sirius’ success as one of the most sustainable buildings in Australia, boasting a 6 star NABERS Energy and a 6 Star Green Star Performance rating.

The installation of solar PV is not just good for the planet, it’s also good for our tenants. Mirvac’s solar systems at 2 Riverside Quay and 1 Southbank Boulevard, Melbourne, for example, are projected to save our tenants approximately \$30,000 in energy costs and reduce their carbon emissions by more than 110 tonnes per year².

In addition to solar installation and purchasing renewable energy, our focus on improving energy efficiency across our office assets has reduced our carbon intensity by 62 per cent since we launched our sustainability strategy, *This Changes Everything*, in 2014.

Next up: as well as completing the solar PV installation at the Locomotive Workshops in our South Eveleigh precinct, we’re planning a 65kW solar system installation at Olderfleet, 477 Collins Street in Melbourne and looking at options for a roof-based solar system at Bay Centre in Sydney.

In FY20, we reduced our carbon footprint by

60%

Our target is to be
100%
powered by renewable energy by 2030

1. Since 2011. The reduction also includes renewable electricity purchases in FY20.
2. Renewable energy purchases were impacted by COVID-19, however, this resulted in just a small overall impact to carbon reduction.



EVERYBODY NEEDS GOOD NABERS

Mirvac has one of the greenest office and industrial portfolios in the country, with leading sustainability credentials and a number of awards that celebrate its sustainability achievements.

During FY20, we were thrilled to achieve Mirvac's fourth 5.5 star NABERS Energy rated building at 380 St Kilda Road, Melbourne, which represents market-leading performance under the NABERS rating scale.

380 St Kilda Road had a 3.5 star NABERS Energy rating in 2012. The team has worked on improving energy efficiency, by enhancing the building's metering system, optimising the HVAC system, installing LED lighting, and upgrading the chiller plant, and over the past eight years the building has reduced its greenhouse emissions by an incredible 70 per cent. Over the same period, the NABERS Water rating at 380 St Kilda Road has improved from 3.5 stars to 5 stars, with water usage reducing by 44 per cent. Optimisation of the HVAC system was again key to this result, along with the installation of new cooling towers and through the team's close monitoring of water consumption through utility and sub metering.

As well as having a positive environmental impact, the improvements to the building have resulted in operational savings of over \$450,000 per year, which is great for our tenants, our partners and our investors.

In addition to this, the team at David Malcolm Justice Centre, Perth secured the second highest NABERS Waste rating in the country through a focus on tenant engagement, resource recovery and improving contamination rates. The 5.5 star rating is the highest rating in WA. The asset, which has nine different waste and recycling streams, reported a 77 per cent diversion from landfill at the end of April 2020.

Maximising energy efficiency is central to our plan to be net positive carbon by 2030. Across Mirvac's office portfolio, we monitor utility usage extensively through sub metering, analytics and a diagnostic platform. This helps our in-house team of sustainability engineers and facility managers to scrutinise performance, and identify and rectify any system anomalies.

In conjunction with this, our passionate team also undertakes night audits across the portfolio to physically identify opportunities to optimise efficiency and performance. This approach, combined with prudent capital expenditure, has delivered market-leading NABERS performance, with three 6 star and four 5.5 star NABERS Energy ratings across the portfolio.

To view our full list of NABERS ratings, visit our website here: <http://sustainability.mirvac.com/our-performance/>



David Malcolm Justice Centre, Perth

The energy improvements at 380 St Kilda Road, Melbourne are even more rewarding given that, at one stage, Mirvac was exploring the use of a cogeneration plant to improve the asset's rating. This plant would have used gas to generate electricity onsite to reduce the use of grid electricity (which was then being generated from carbon-intense brown coal). But as well as locking Mirvac into a 12-year agreement, the installation of the cogeneration plant would have impacted electricity purchasing opportunities at several other Mirvac properties. A detailed energy audit by Mirvac's in-house engineers identified another approach that focused on enhancing energy efficiency only, an approach that has saved Mirvac millions of dollars in capital expenditure, ongoing energy costs, and significant carbon emissions.



50%
reduction in electricity
usage in just three years

Toombul, Brisbane

Toombul, Brisbane



REDUCING OUR CARBON FOOTPRINT IN RETAIL

Our Office and Industrial portfolio is not alone in achieving considerable emissions reductions in FY20. Within our Retail portfolio, we've been focused on fine tuning our asset performance, and in turn, delivering impressive energy savings.

The work that we've done to reduce electricity consumption (and in turn, carbon emissions) at Toombul in Brisbane has been a particular stand-out. After acquiring the centre in FY16, Mirvac installed energy metering which facilitated better monitoring and tracking of energy usage. The team also replaced metal halide and fluorescent lighting with high efficiency LED lights, helping to reduce energy consumption, enhance amenity, and enable greater sensor control (saving even more energy consumption). Updating mechanical plant – such as the low load chiller and aging air handling units – further helped to reduce energy use, as well as maintenance requirements, and to optimise the mechanical plant enhancements, the chiller plant control system was also refined. In addition to this, the centre's electrical network was upgraded to reduce energy losses.

This work, which has been championed by a dedicated, integrated team of our people, has resulted in a 50 per cent reduction in energy usage in just three years, effectively halving electricity consumption and carbon emissions at the asset. The team's enduring commitment to improving the operation of the asset is illustrated by the quarterly night audits they perform to identify any operational deficits that could lead to energy waste; for example, finding faulty sensors that cause lights to operate when they shouldn't. Investments in controls and connectivity have also enabled the team to access the control system remotely to check plant status and operation.

Across the Retail portfolio, Mirvac has reduced carbon intensity by 46 per cent from an FY18 baseline, largely through energy efficiency¹. We continue to prioritise energy efficiency as a smart way to avoid both cost and emissions.

This is complemented by the Group's purchase of renewable electricity across 80 per cent of its Retail centres. Since January this year, the renewable energy supply agreement has eliminated over 10,000 tonnes of carbon emissions across the Retail portfolio².

Reduced carbon intensity across the Retail portfolio by

46%
from an FY18 baseline

1. The final four months of FY20 were impacted by COVID-19 restrictions which resulted in additional energy reductions due to reduced occupancy.
2. A further 9,100 tonnes of emissions were eliminated through Mirvac's on-selling of renewable electricity to retail tenants.

MEET THE “WASTE WHISPERER”



Mates on the Move, EY Centre, 200 George Street Sydney

Kim Host is Mirvac’s Resource Recovery Manager. She has been with the Group for six years. Her unique and impressive talents are well known within the industry and have earned her the nickname of “The Waste Whisperer”. Prior to working at Mirvac, Kim spent several years at JLL and Energetics, working across all aspects of sustainability. We were lucky enough to catch up with Kim for this year’s annual report and get her thoughts on all things waste and resource recovery.

It’s been said that you’re referred to in the industry as the ‘Waste Whisperer’. How did that come about?

I think my manager, Dave Palin, had a hand in that nickname following some very passionate discussions with our partners and tenants. I am personally committed to driving education, engagement and awareness about resource recovery through effective communication with individuals and groups to ‘calm the waters’ and make a difference.

Could you describe Mirvac’s waste strategy?

Mirvac is committed to its sustainability strategy, *‘This Changes Everything’*, and we understand that our natural resources are precious and finite. We have an industry-leading commitment to send zero waste to landfill by 2030. This year, we released *‘Planet Positive: Waste & Materials’* that details our plan to get there and how we will be transitioning to a circular materials pathway.



“There are so many opportunities to improve recovery outcomes and embed circular economy principles.”

What is your biggest pet peeve in resource recovery and waste management?

The disposable coffee cup – ban them! There is a significant amount of contradiction and misleading information by manufacturers, waste providers and even government education material that confuse people about coffee cups. They are not recyclable or biodegradable, as some claim, and a lot of resources and raw materials are used to create and transport them. So, let’s get rid of them.

Name one thing you wish all people knew about waste?

Waste is not a dirty word. We need to rethink how we use natural resources and create new value streams from materials previously discarded. We also need to look for circular economy principles that extend beyond traditional waste management enhancement processes to emphasise improved design, waste avoidance and maximising the value of resources.

What has been your proudest moment in your career to date?

Working with Mates on the Move, a social enterprise established by Prisoners Aid NSW who provide life skills, education and work experience to people leaving prison in NSW. It’s life changing. By supporting this wonderful and inspiring program, we have been able to make a difference and give a second chance to these men and women who can often be overlooked in our community.



KIM’S TOP TIPS FOR REDUCING WASTE

1. Avoid waste in the first place, especially single use items and unnecessary packaging
2. Change our mindset so that we don’t think ‘waste’ we think ‘value’
3. Influence behaviour so that we understand that, as individuals, we can make a difference by doing the right thing
4. Buy smarter - think about the lifecycle of products we buy and where these could end up
5. Don’t contaminate the recycling streams – put the right thing in the right bin.

IMPROVING OUR ORGANICS WASTE OUTCOMES

One of the strategies in our plan to send zero waste to landfill by 2030 (see page 52) includes planning and engaging with our tenants to remove red bins at our assets. Red bins are currently used for general waste, and over time, we're aiming to eliminate the need for these bins completely. We'll do this by increasing the number of waste streams at our assets, including our organics waste.

Since 2012, we've been tracking our organics collection through iSustain, and it's been great to see the amount of organics processed at our assets improve year-on-year. In 2013, for example, we collected 296 tonnes of organics at our assets; by FY19, this had grown to over 3,660 tonnes.

A number of our assets have enhanced their organics collections, namely Harbourside, East Village and Greenwood Plaza in Sydney. At Harbourside, for instance, the team implemented a comprehensive collection service, which sees cleaners collect organics directly from food retailers daily, significantly improving collection volumes. Meanwhile, tenant surveys have helped our teams at East Village and Greenwood Plaza understand what waste is being generated by our retailers, and in turn, enabled us to help them improve their recovery.

At Toombul in Brisbane, we worked with waste experts, SUEZ, to implement source-separation and collection for organics. This helps to reduce waste to landfill, prevent high contamination rates and improve recovery outcomes. The organics waste is also collected from the centre and transported to a facility, where it is turned into high-quality compost and donated back to the community.

Across the portfolio, we diverted over 3,800 tonnes of organics waste (mostly food waste) in FY20, with more than 14,000 tonnes diverted since 2012 (noting that the volumes of organics and other waste streams collected at our sites was impacted in FY20 due to COVID-19 restrictions).

Initiatives such as the widely-recognised Pulpmaster systems have also certainly helped. There are ten systems across our retail business, covering more than 60 per cent of the portfolio. The Pulpmaster is an onsite system that processes food waste into liquid pulp. The pulp is then collected and sent off to be processed into either green electricity, nutrient-rich-by-product fertiliser or compost material. In Queensland, Kawana Shoppingworld and Orion Springfield Central have successfully implemented 'closed loop' initiatives by purchasing back some of the compost to use for local landscaping and community projects.

And while we've been working to improve our waste streams for a number of years now, we believe this is just the beginning. Our shared knowledge, improvements in technology and tenant engagement are improving all the time, leading to better waste outcomes across our portfolio.

Mirvac is targeting sending zero waste to landfill across the Group by 2030

Waste management system, 275 Kent Street, Sydney

Diverted over
3,800 tonnes
of organics waste in FY20





Cooleman Court, ACT

COOLEMAN COURT NAMED TOP RECYCLER

In FY19, Mirvac's Cooleman Court was recognised as Canberra's Biggest Recycler at the 2019 Actsmart Business Sustainability Awards. The centre has continued to excel at its waste diversion and resource recovery since, and boasts some of the highest recycling rates across Mirvac's retail portfolio. In fact, recycling rates have more than doubled over the past three years, increasing from 44 per cent in February 2017 to 88 per cent in February 2020.

Underpinning this performance is the Cools Recycling Warriors program, which was introduced to encourage retailers to actively find ways to recycle and reduce their carbon footprint. In FY20, the centre expanded the program to our customers, making it easier for them to be part of the solution.

This saw the introduction of a new e-waste recycling stream for items such as mobile phones, batteries, keyboards and cables, which not only helps our customers de-clutter at home, but allows them to recycle responsibly.

Other best practice resource recovery initiatives at the centre include:

- > nine waste streams, including mixed recycling, paper, cardboard, food organics, used cooking oil and landfill;
- > the implementation of uniquely tailored bins for disposable coffee cups and aluminium cans;
- > a dedicated Customer Experience Manager who manages tenant engagement and education, with a focus on improving source separation and resource recovery outcomes; and
- > a tailor-made waste management plan to ensure all stakeholders are aware of their roles and responsibilities.

Cooleman Court also partners with OzHarvest, which sees all proceeds collected from recycling cans, plastic and glass bottles donated to OzHarvest, contributing to their two million meals a year and helping to feed those in need across Canberra, Queanbeyan and Yass.

In addition to this, our customers are able to donate unwanted reading glasses, hearing aids, sunglasses and contact lenses through the centre's partnership with Lions Club International's 'Recycle for Sight' campaign. The items are re-purposed to help children and adults in less developed countries with sight and hearing issues.

Recycling rate of
88%
 February 2020

THE HOUSE WITH NO BILLS STUDY DELIVERS BIG SAVINGS

Mirvac's care for its customers and the planet led to the launch of its 'House with No Bills' (HWNB) study in 2018. Our ambition: *to design and build more affordable and sustainable homes for Australians.*



The Zimmerman family

To do this, Mirvac selected a standard three-bedroom home at its Jack Road project in Cheltenham, Victoria, and then fitted it with upgrades, including increased insulation, glazing performance, LED lighting, energy-efficient appliances, and solar PV and batteries. Smart technology, such as lighting motion sensors and automated blind controls, were also installed.

Next, Mirvac selected a busy family of four – the Zimmermans – to live in the home, rent and bill free for 18 months, while learning to live more sustainably.

The results were impressive, with the Zimmerman family achieving 75 per cent energy cost savings (equal to approximately \$2,000 a year) over the 12-month study period. The home also managed to operate on positive energy for five months of the year, and when compared to a typical home in the same area, used 92 per cent less energy. And although the HWNB didn't achieve the zero bills that it set out to, Mirvac's research partners in the study, Curtin University, found that with a few minor design and behavioural changes, it would be possible to eliminate energy bills entirely.

Importantly, the study identified learnings that Mirvac has applied to future pipeline projects, such as Illuma Private Estate in Perth, where we are running The Affordability Experiment, and The Fabric at Altona North in Melbourne.

TOP TIPS FROM THE HOUSE WITH NO BILLS



Upgrade your star rating

In the HWNB, appliances made up almost a third of energy used. If you're due for an upgrade of your fridge, washing machine or dryer, there are plenty of appliances available that have high star ratings within an affordable price range. Also consider the size of the appliances that you need; larger appliances will use more energy than smaller appliances with the same star rating.

Watch the 'box'

Think about your TV usage. In the HWNB, the TV and PlayStation used more energy than the fridge, washer and dryer combined.

Safe and breezy

Installing security screens on your doors and windows means you can leave them open and use cooler night air to ventilate living spaces. For bedrooms, choose blinds or curtains that won't bang at night so that it's quiet and comfortable.

Adjust your aircon

Adjusting the heating and cooling thermostat by a couple of degrees can have a significant saving on energy.

Some of the key findings from the HWNB included:

SOLAR AND BATTERIES

Although one of the more costly features, the solar panels and batteries had the biggest impact on reducing costs within the HWNB (and were the Zimmermans' favourite features due to their set-and-forget nature). And because the price of solar and batteries has reduced over the past few years, the payback period of a correctly-sized system has come down as well, making it more accessible for consumers.

HOT WATER REDUCTION

One of the easiest ways to save money on energy, particularly in an all-electric home like the HWNB, is to reduce hot water consumption. This could mean choosing a cooler setting on your washing machine, using a low flow showerhead or taking shorter showers.

METERING

Unexpected energy consumption in the first few months of the study highlighted the value of energy monitoring apps to help understand and reduce energy usage and highlight appliances requiring services.

LED LIGHTING

The HWNB used LED downlights, designed to achieve lower power per square metre. This meant that energy from lighting accounted for just 2 per cent of the total energy usage, compared to 7 per cent in a typical Australian home.

ELECTRIC APPLIANCES

To save on the daily supply charges for natural gas, the HWNB used only electric appliances. This meant the Zimmermans weren't burning fossil fuels in the house, which is safer, healthier and meant they were able to offset their energy consumption with the solar and batteries.

NEXT UP

The Fabric at Altona North, Melbourne

With the help of funding from the Australian Renewable Energy Agency (ARENA), Mirvac is building homes at The Fabric at Altona North to the highest energy standards, which includes targeting all electric homes and a 7 star NatHERS rating for each home across the entire project. Within Stage 1, each home will include energy-efficient features, such as solar PV and battery systems, performance double glazing and LED lighting throughout. As well as being an exciting step for Mirvac in its sustainability journey, the feedback from our customers has demonstrated there is a growing demand for more sustainable living, to which Mirvac is well-positioned to respond.

“We were initially attracted to The Fabric due to the energy efficiency features of the development... it's heartening to see large developers like Mirvac getting involved.”

Ciaran O'Connor, purchaser at The Fabric.



The Fabric, Altona North, Melbourne (artists impression)



The Affordability Experiment, Illuma Private Estate, Perth

In September last year, and having gained valuable insights from the House with No Bills, Mirvac launched its next study exploring how to make living more affordable and more sustainable for its customers.

The experiment, which will run in partnership with Synergy, Keystart and TERRACE WA, sees one lucky family given the opportunity to live in an affordable and sustainable terrace home for a year. During this time, their utility consumption, spending and saving patterns, as well as lifestyle impacts, will be monitored to help gain an understanding of the cost savings that can be achieved by living in an energy-efficient home.

The experiment will also see the chosen family trial a rent-to-buy scheme, with the rent they pay in their first year to go towards their initial home deposit.

FINDING THE BEAUTY IN WASTE

Extending the lifecycle of the materials we use has become increasingly important at Mirvac. It forms one of the strategies in our Planet Positive: Waste & Materials plan, our roadmap on how we'll send zero waste to landfill by 2030 (see page 52). During the financial year, we demonstrated how this can be applied in a practical way, with Professor Veena Sahajwalla, Director of UNSW's SMaRT Centre and NSW Circular, and stylist and artist, Emma Elizabeth, coming together to create a unique living space at one of our Marrick & Co apartments in Sydney.



Marrick & Co achieved a **95%** diversion of construction waste from landfill

Using innovative technology and design, Professor Sahajwalla and Emma collaborated to transform waste products into beautiful and useable objects. This included a striking blue-hued dining table, made from glass ceramic tiles and a dress belonging to Emma, along with black-and-white flecked occasional tables composed of old corflute posters that would have otherwise ended up in landfill. Complementing these pieces were furnishings by British designer Timothy Oulton, featuring the first 100 per cent chemical free indigo-dyed fabrics, occasional tables crafted from salvaged timbers and fully recyclable vintage rugs.

Mirvac's collaboration with the SMaRT Centre underscores the benefits the circular economy can bring to everyday living, and points to endless possibilities of finding stylish solutions while addressing the issue of waste.

"It's a far more sustainable approach from a 'take, make, waste' system, which results in the loss of resources and contributes to ever-growing landfill."

"And if we can find a way to reduce waste and create something useful and beautiful in the process, then we are one step closer to a planet friendly existence."

Diana Sarcasmo, Mirvac's General Manager, Design, Marketing & Sales.

Display apartment at Marrick & Co Sydney, styled using recycled waste products.



Marrick & Co was the first large scale project in Australia to achieve a One Planet Living accreditation. The collaboration between Mirvac, Professor Veena Sahajwalla and Emma Elizabeth is aligned with Marrick & Co's One Planet Living guiding principles, of which zero waste is one. In addition to promoting and embracing sustainable design, the project has achieved a 95 per cent diversion of construction waste from landfill, through the retention of heritage structures and recycling of bricks within the development site.



Assembling prefab homes at Tullamore, Melbourne

APPLYING PRINCIPLES OF PREFABRICATION

Our masterplanned communities construction team has a goal to deliver homes more efficiently and safely, while maintaining high-quality outcomes for our customers along the way. One of the ways that we can do this is by using prefabricated components that are manufactured offsite and assembled onsite.

Prefab has a multitude of benefits, including reduced program schedules, less management of trades onsite, less safety risk and less overall risk. Another important benefit of prefab is reducing the amount of construction waste, which is a great step towards our target to send zero waste to landfill by 2030.

At Tullamore in Melbourne during the year, we launched a pilot that saw four houses built using traditional construction methods, and four identical homes built using prefabricated wall and floor panels. Our aim was to collect clear data to demonstrate the value of using prefabrication in terms of time, cost, safety, quality and waste reduction.

And the final results were certainly impressive. The prefab program was 23 per cent faster than the traditional build, taking almost seven weeks fewer to complete. Labour hours reduced by 11 per cent, with high-risk work, such as scaffolding, reducing by 42 per cent (having the added benefit of reduced health and safety risks), and significantly less materials needed to be lifted or manually handled. The prefab build also eliminated six weeks of traffic for the community, with fewer deliveries needed to be made to site. In addition to this, waste onsite reduced by a staggering 50 per cent, and air tightness for efficiency and comfort also scored well (see right).

This isn't the first time Mirvac has utilised prefabrication at its projects. In 2013, at its Elizabeth Hills masterplanned community in NSW, Mirvac built two double-storey duplexes using prefabricated wall and floor panels, shaving 10 weeks off the build time. And at Brighton Lakes (also in Sydney), we built 110 double-storey homes, again using prefabricated walls and floors, which resulted in a seven-month saving in construction.

Encouraged by the efficiency, cost savings and improved waste outcomes, the construction team is now looking at how it can reap the benefits of prefabrication across its pipeline. The next step is to continue to develop DFMA (Design for Manufacture and Assembly) principles, which means considering prefabrication at projects from the outset and leveraging the full capacity of the benefits it brings.

Measuring air tightness in a building provides an indication of how well that building is sealed. An airtight building has several positive impacts for customers, including more consistent temperature and higher levels of comfort. At Tullamore, two of the four homes with prefabricated walls and floors, and two of the traditionally-built homes, were tested for air tightness. Both came in at five air changes per hour (ACH), which is three times better than the national average of 15.4 ACH¹.

Prefab pilot at Tullamore: THE RESULTS ARE IN:



1. Ambrose MD and Syme M (2015). House Energy Efficiency Inspections Project – Final Report. CSIRO, Australia.

PARTNERING ON SUSTAINABLE LIVING AT THE FABRIC

Creating vibrant, connected and sustainable places to live is fundamental to our Residential business, particularly in our masterplanned communities. It's a principle that has been thoroughly embraced at The Fabric, our new 7 star NAtHERS townhome project located 9km west of Melbourne's CBD in Altona North. During FY20, the team forged a three-year partnership with the Stephanie Alexander Kitchen Garden Foundation (SAKGF) as the 'Cooks Patch Partner' which will see the not-for-profit work with Mirvac to create a future community garden and kitchen program (Cook's Patch) for future residents of The Fabric.

Stephanie Alexander at The Fabric, Altona North, Melbourne.



In addition to this, Mirvac is working with the nearby Altona North Primary school to provide them with garden and cooking facility upgrades in support of their aim to be part of a nationwide, ground-breaking SAKGF program by 2022. The program, which aims to inspire sustainable behaviours, will be open to Year 3 and 4 students, and will educate them on topics such as healthy food habits for life and caring for gardens, while teaching them practical skills on how to recycle and compost.

Our support of both the kitchen garden and Altona North Primary School is underpinned by a commitment to provide innovative sustainability and social initiatives for the local community, and create a positive legacy for generations to come.

The Fabric's 11.5 hectare masterplan has been designed to foster a vibrant, connected community with an urban village feel. Centred around the future Patchwork Park, a 4,000 square-metre park with generous public green spaces, long-term locals and new residents will be able to call the neighbourhood home from mid-2022.

The Fabric, Altona North, Melbourne (artist impression)



BUILD TO RENT

A thriving build to rent sector in Australia has the potential to improve the lives of renters, provide a steady income stream for institutional investors and supercharge residential construction. For Australia to comfortably house its growing population in affordable homes, in places where people want to live, close to work and transport, both build to rent and build to sell housing models are needed.

During FY20, our first built to rent project, LIV Indigo at Sydney Olympic Park, commenced pre-leasing with practical completion occurring in early FY21. We launched our proprietary build to rent operating platform, which is set to revolutionise the renting sector in Australia through a combination of onsite management, technology and design. Our pre-leasing campaign, launched in June 2020, was well received by the market. Our first leases have been signed, with residents due to move in from 1 September 2020, once the building becomes fully operational, at which time it will become Australia's first purpose built and designed build to rent building.



Mirvac's build to rent pipeline has an estimated end value of

\$1.3bn¹

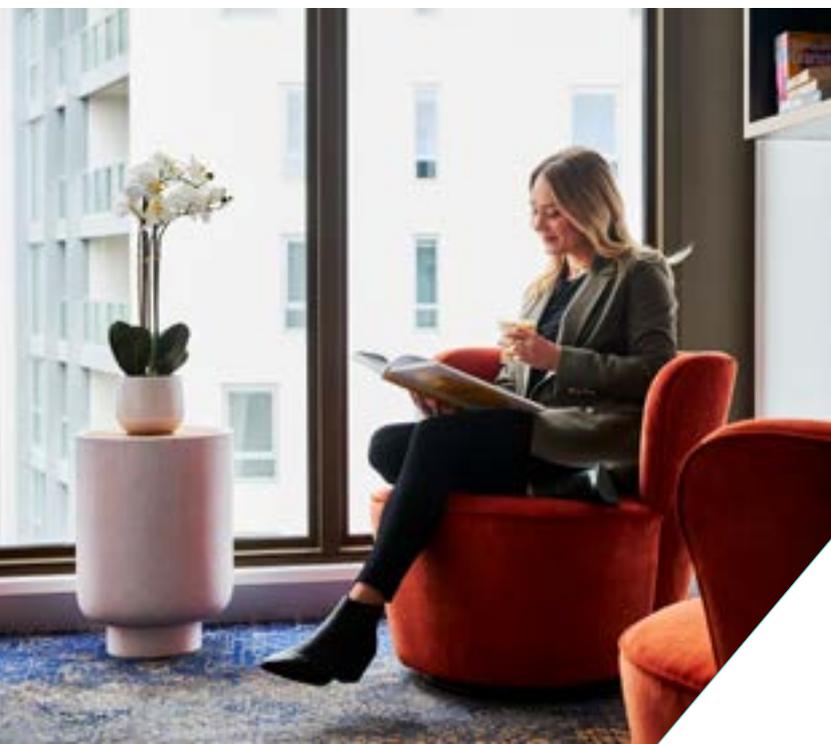


The Deck children's play space, LIV Indigo, Sydney Olympic Park, Sydney



LIV Indigo, Sydney Olympic Park, Sydney

LIV Indigo, Sydney Olympic Park, Sydney



We also continued to grow our build to rent pipeline during the financial year, receiving planning approval for our second build to rent project, a development of 490 build to rent apartments next to the Queen Victoria Market, Melbourne. Known as LIV Munro, the building will feature a range of resident amenities including a Zen garden, pool, steam room, sauna, full size professional gym, outdoor gym and dog walk area. Construction is due to commence in FY21 with completion estimated for late 2022.

We further advanced on our target to create a pipeline of 5,000 apartments during medium term, extending the pipeline to approximately 1,700 apartments with an estimated end value of \$1.3 billion¹. In December 2019, we purchased the former Melbourne Convention Centre site on Spencer Street, Melbourne which has convenient connections to the CBD, Southbank and Docklands. A planning proposal has since been submitted for the development of 472 built to rent apartments within a proposed mixed-use precinct. A third Melbourne build to rent site was also acquired in Brunswick which, subject to planning, could provide over 450 build to rent apartments.

1. Represents 100 per cent end value of committed and uncommitted future developments and is subject to planning approvals, market conditions and COVID-19 impacts.

OUR PEOPLE

Our people are the bedrock of our company, and it is their talent, passion, dedication and hard work that underpins our continued success. While FY20 was a challenging year for the Group and for our industry, we remained focused on nurturing Mirvac's robust company culture, which is underpinned by a commitment to our values and to reimagining urban life. Our response during the COVID-19 pandemic underscored this commitment (see page 14), and while keeping our employees safe, connected and engaged was paramount, we continued to work on instilling best practice performance on issues such as *gender equity, diversity, leadership and collaboration*.

GENDER EQUITY

Our focus on gender equity was demonstrated in FY20 through a partnership with the Greater Western Sydney Giants Foundation, which saw Mirvac run a mentoring program to encourage female students in Year 9 to select STEM (science, technology, engineering and mathematics) subjects in their senior years at school. Taking these subjects can help pave the way for young women to pursue a potential career in property and construction, helping to grow the pipeline of female talent in our industry. Mirvac employees worked with around 120 students across six schools, covering various socio-demographic and cultural backgrounds including marginalised areas.

We were also proud to contribute to the opening of Australia's first purpose-built accommodation facility for women with children leaving family violence in partnership with DV Connect and Halcyon. The facility, which had its first residents move in August 2019, is unique in that it provides women and their children a place to stay for up to 12 months while they get back on their feet, find employment, settle their children into school, and begin to rebuild their lives. The project marks the first time that corporate and not-for-profit organisations in Australia have teamed up to address the alarming rate of family violence through housing.

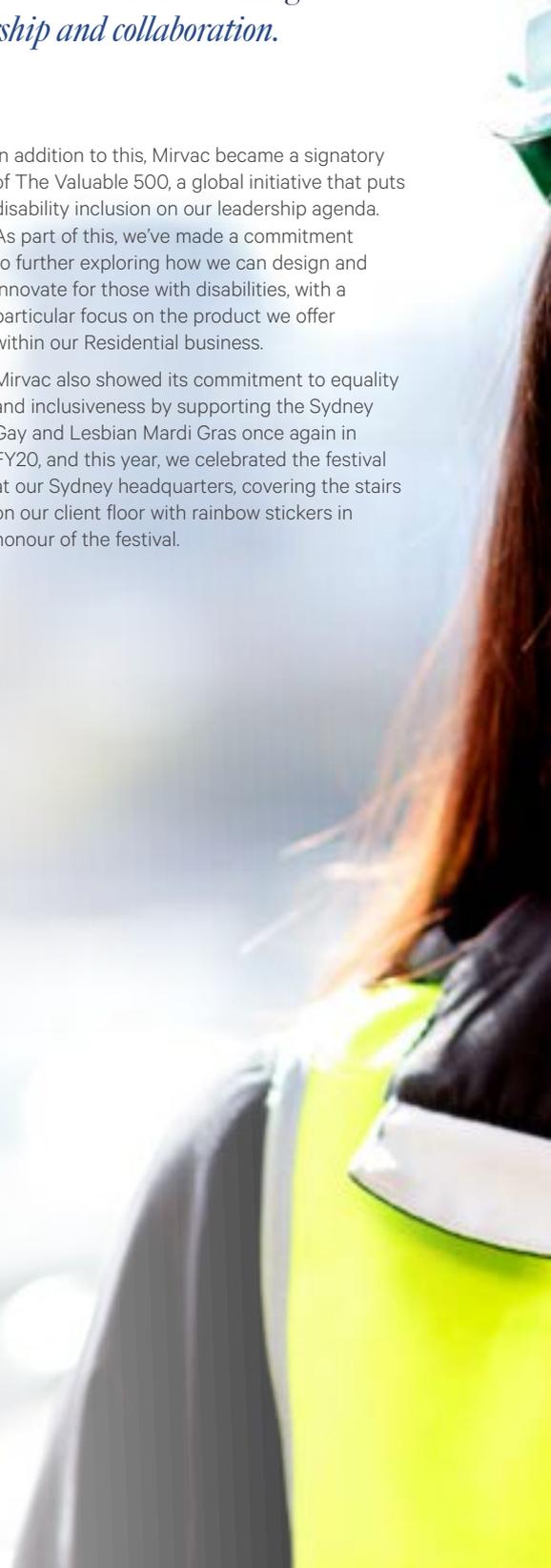
It was great to have our work on gender equity widely recognised in FY20, with Mirvac named number two in the world for gender equality by Equileap¹, as well as receiving the Workplace Gender Equality Agency's citation as an Employer of Choice for Gender Equality for the sixth year in a row.

Workplace Gender
Equality Agency's citation as an
*Employer of Choice
for Gender Equality for
the sixth year in a row*

Of course, diversity and inclusion at Mirvac are about more than just gender. A diversity of cultural backgrounds, ethnicities and age provides us with diversity of thought, and means that we're able to innovate and approach issues in very different ways. Equally, we want our people to feel that they can contribute to our performance and that they feel included, and this means recognising how different individuals experience our workplace. In December last year, we acknowledged International Disability Day by having some of our leaders spend the day in a wheelchair. This allowed them to experience firsthand the day-to-day challenges those in a wheelchair face in an office environment, and as a result, we improved the accessibility to a bathroom in our Sydney headquarters, and reconsidered layouts in our meeting rooms.

In addition to this, Mirvac became a signatory of The Valuable 500, a global initiative that puts disability inclusion on our leadership agenda. As part of this, we've made a commitment to further exploring how we can design and innovate for those with disabilities, with a particular focus on the product we offer within our Residential business.

Mirvac also showed its commitment to equality and inclusiveness by supporting the Sydney Gay and Lesbian Mardi Gras once again in FY20, and this year, we celebrated the festival at our Sydney headquarters, covering the stairs on our client floor with rainbow stickers in honour of the festival.





AWARD-WINNING WORK PRACTICES

COVID-19 underscored the benefits of embracing flexible working a number of years ago (as outlined on page 15). In FY20, leading international business school, INSEAD, profiled Mirvac in an award-winning case study on the importance of creating the right culture for flexibility. This case study now forms part of INSEAD's teaching curriculum for their executive education programs.

LEADERSHIP

Developing our talent is also a key focus for the Group to ensure we have the right people in place to allow us to grow our future leaders and strengthen our talent pipeline. During the financial year, we ran, for the second time, a targeted development program called LEED (Leadership, Experience, Exposure, Development), in association with Macquarie Business School. The program is aimed at enhancing leadership capability amongst identified key talent at Mirvac to enable them to grow as adaptive leaders. As well as participating in an executive education program through Macquarie, the program gives employees direct access and exposure to our Board, a senior manager as their mentor, and experience in working on projects that they normally wouldn't get the chance to be involved in.

Also helping to foster talent and enable a culture of continuous learning at Mirvac is our mentoring program, with one in four of our employees now involved in some sort of mentoring. This gives both the mentor and mentee an opportunity to develop professionally and reach their full potential.

OUR PEOPLE

COLLABORATION

A key driver of Mirvac’s success, and one of our values, is that we collaborate. We recognise that to truly leverage our integrated model we need to bring together our unique combination of skills across divisions, and maximise the value we deliver to our securityholders, our partners, and our customers. Our New Business Forum is just one example of how we do that. While Mirvac has always collaborated well, our New Business Forum helps to streamline our processes for assessing new business opportunities, and ensures that we have the right people from across the business working together at the right time. As well as facilitating faster decision making, having representatives from each asset class, along with representatives from our tax and legal teams, means we’re better able to allocate our resources more effectively. Additionally, the forum provides greater oversight of our future pipeline opportunities, which is becoming increasingly important as we continue to grow our mixed-use capability.

FOCUSING ON OUR FUTURE

Having the right culture in place was instrumental in helping Mirvac navigate the external shocks presented by the COVID-19 pandemic. Now, more than ever, we remain focused on safeguarding our unique culture, which is underpinned by our commitment to safety, innovation, people and leadership, technology and sustainability.

As we look towards the future and to accelerating our recovery, continuing our focus on engagement, so that we can continue to deliver value to all our stakeholder groups, remains key. As well as ensuring our people remain healthy, safe and well, particularly as we begin the process of integrating employees back into our offices and other sites, we will continue to focus on developing our leadership capability to achieve our business outcomes, while nurturing our top talent. Additionally, we will further capitalise on the need for diversity of thought, as we continue to make decisions in uncharted areas.

OUR WORKFORCE AT A GLANCE

Headcount
1,414

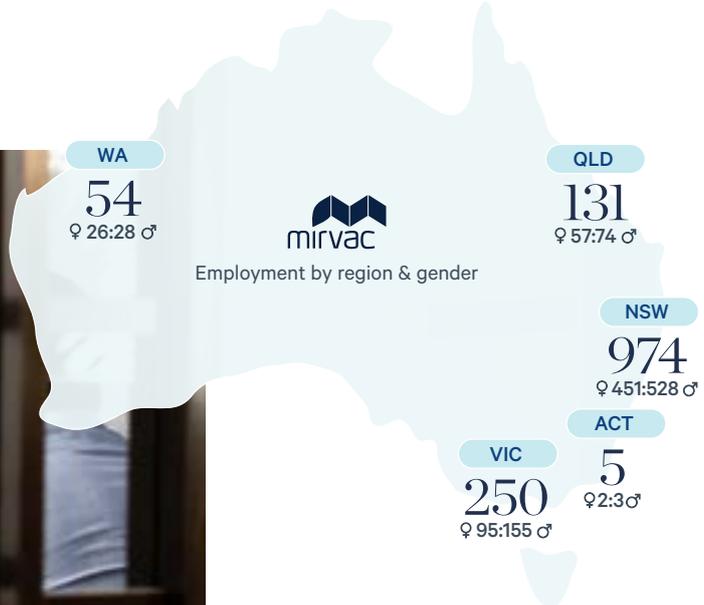
Board representation
♀ 50:50 ♂

44% Female representation in senior management

Gender split
♀ 44:56 ♂



Headcount
1,414
♀ 629:785 ♂



Paid parental leave policy
20 weeks
for the primary carer

Paid parental leave
4 weeks
for the non-primary carer

SAFETY AND WELLBEING

Mirvac has a robust approach to health, safety and wellness, which, in FY20, ensured that we were well positioned to respond to the global outbreak of COVID-19, and the impacts it presented to our business.

Our top priority was to keep our employees, customers and service providers safe and well, which you can read about on page 16. In addition to this, our HSE team undertook a number of steps to provide immediate support and guidance to our employees, particularly those adapting to working remotely. This included weekly communications and health updates, and the delivery of a new Health and Wellbeing intranet hubsite, where employees could access digital health sessions on anything from movement to meditation, along with health and wellbeing workshops on topics such as financial fitness, healthy eating habits and mindfulness. With the emotional wellbeing of our people top of mind, we also ran sessions for employees who felt that they needed additional support, facilitated by an organisational psychologist.

Another priority was to set out the precautionary measures to be taken if employees were suspected or confirmed to have COVID-19. In order to streamline our response to any future pandemics or virus outbreaks, a comprehensive Pandemic and Spread of Diseases Guidelines was developed, setting out the minimum standards for the business to adhere to in terms of communication, incident reporting and management, and business process recovery. Further to this, a COVID Incident Management Procedure was developed outlining the steps to take when managing a confirmed or suspected case, which is complemented by a contact tracing form to allow early identification of exposure sources.

LOOKING AT OUR SUPPLY CHAIN RISKS

Outside of COVID-19, a key focus for our HSE team in FY20 was to look at how we can reduce risk in building materials of concern in our supply chains. To aid this, a working group was established to develop risk profiles and ensure we have the right processes in place to eliminate, phase out or capture any new non-conforming products before they are used. Regular updates are provided to Mirvac's Health Safety Environment & Sustainability Committee, Executive Leadership Team and Board.

DOOR PROCESS REFRESH

During FY20, we completed a project to refresh our Design Out Our Risk (DOOR) processes and supporting documentation. The new processes and documentation strengthen the assessment of projects for risks that can be mitigated or resolved during the design phase.

MIRVAC 100 DAY CHALLENGE

To actively promote physical wellness at Mirvac, we ran our second 100 Day Step Challenge, with around 600 (or 40 per cent) of our employees participating. Employees tracked their physical activity, walking a combined total of 600 million steps over the course of the challenge. This meant that the individual step average was just over one million steps per person over the 100 days. This was up from approximately 890,000 steps per person when we ran the challenge in FY17. At the start of the challenge, 23 per cent of employees participating were considered highly active (which was those with daily step count averages of 10,000 or more); by the end of the challenge, 74 per cent of participants were reaching or exceeding this.

BUSHFIRE UPDATE

The 2019/20 bushfires affected a large number of communities across the country. In response, we updated our employees – particularly those on construction sites – with regular communications on air quality and its impact on health. While no damage was sustained to any of Mirvac's assets, projects under construction ceased work for short periods due to the risks related to poor air quality exposure. Our office, industrial and retail assets also adjusted and monitored air circulation systems during the heavy smoke cover.



*600 million steps walked
by our employees during the
100 day challenge*

HSE STATISTICS IN FY20

Indicator

	 HSE Leader Actions	 LTIFR ¹	 Timely Reporting	 Workers Compensation claim count	 Training	 Fatalities	 CIFR
2018	211%	1.3	21hrs	22	99.7%	0	—
2019	200%	1.02	14hrs	20	93.0%	0	0.91
2020	178%	2.08 ✓	19hrs	13	97.0%	0	0.63
Target	100%	<2	<24hrs	N/A	98.0%	0	<1.5

Our HSE management systems within construction continued to be certified to ISO 14001, OHSAS 18001, and AS/NZS 4801. Limited assurance has been provided by Pricewaterhouse Coopers. Data sets that have been assured are marked with a ✓. For further information visit mirvac.com/sustainability.

1. Service providers and employees

GROWING AND EMBEDDING INNOVATION

At Mirvac, our purpose is to *Reimagine Urban Life*, which means we are always searching for ways to improve the urban experience for people living in our cities. As technology and the digital landscape continue to change, so do our customers' expectations. Through the work of our in-house innovation team, Hatch, we're able to identify and anticipate key challenges and opportunities for our business, and in turn, *meet our customers' future needs*.

In FY20, Hatch launched a new strategy, the Innovation Edge, to build on Mirvac's innovation capability from within the organisation, and further embed innovative thinking and practices across the Group. This new strategy will see the Hatch team move away from focusing solely on mission-based outcomes to working more closely with our Office & Industrial, Retail and Residential teams to deliver innovative solutions within their businesses and evolve our core offering.

As well as setting a new direction for the innovation team, a highlight for Hatch in FY20 was the launch of Picket & Co, a new housing typology start-up aimed at digital natives (those aged 18-30). Picket & Co is an innovative housing solution for young Australians and key workers to help tackle housing affordability.

The Hatch team were also integral in helping Mirvac respond to COVID-19, with their research providing the business with a better understanding of the impacts of the pandemic, and its associated restrictions, on our customers. In particular, these insights helped Mirvac's Retail team adapt and evolve during the crisis, with new business opportunities, such as 'Essentials Express', being delivered as a result (see page 16). Born from a Hatch ideation session, 'Essentials Express' was turned around in just seven days, and the initiative now runs at Moonee Ponds Central in Melbourne and Orion Springfield Central in Brisbane.



Ranked

No.7

most innovative Urban Development
and Real Estate Company in the world
on Fast Company's Most Innovative
Companies List 2020.

AWARD-WINNING INNOVATION

The efforts Hatch has made to build and embed a strong culture of innovation at Mirvac received local and global recognition in FY20, which included being ranked seventh in Fast Company World's Most Innovative Companies 2020 in the Urban Development and Real Estate Category. The ranking was based on three key projects that delivered innovative solutions for the business, being:

- 1. Cultivate:** Mirvac's urban farm in the basement of buildings;
- 2. Solar upgrades at Tullamore, Melbourne** where Mirvac is partnering with Allume to bring solar energy to apartments; and
- 3. The Third Space:** Mirvac's dedicated co-working space currently open at Orion Springfield Central, Brisbane.

In FY20, Mirvac was also ranked #1 in the Property and Construction Sector in the 2019 AFR Most Innovative Company Awards, and recognised by Fast Company in the top 50 of the 100 Best Workplaces for Innovators globally, alongside only one other Australian company¹.

1. Post 30 June 2020.

Mirvac's in-house innovation team, Hatch



THE IMPACT ACCELERATOR

Harnessing innovation to drive positive social and environmental change

In FY20, Mirvac partnered with leading global platform for environmental and social start-ups, INCO, to launch The Impact Accelerator, Australia's first urban life start-up incubation program at the crossroads of green technology and social impact.

12 of Australia's most innovative start-ups and entrepreneurs were selected to be part of The Impact Accelerator, a program offering them the chance to turbocharge their businesses. The entrepreneurs were able to access invaluable training and mentorship run through the Mirvac ecosystem. They were also offered the opportunity to receive seed stage funding at the end of the nine-month program from either Mirvac Ventures or Artesian Venture Partners.

"In an age where over half of the world's population is now living in cities, the program was designed to foster our future leaders and harness their innovation, creativity and intelligence to solve tomorrow's environmental challenges and support the long-term prosperity of our communities," said Paul Edwards, Mirvac's General Manager, Workplace Experiences.

The program also has the potential to help Mirvac achieve the challenging targets set out within its sustainability strategy, *This Changes Everything*, to be net positive in carbon and water, send zero waste to landfill and direct \$100m to the social sector by 2030.

"We also hope the program will help to grow the innovation ecosystem in Australia, supporting us to compete on a global scale," added Paul.



INVESTING IN A SUSTAINABLE FUTURE

Mirvac Ventures is Mirvac's in-house, early stage corporate venture capability, that fosters corporate start-up relationships through accelerator programs and allocating capital to innovative start-up businesses. Such relationships offer the potential to make a positive difference to Mirvac's customers and communities, as well as enhance the Group's core capabilities, through shaping of the built environment and driving the property industry forward.

Mirvac Ventures has invested in a portfolio of early stage property related technology companies in a range of industries including energy management, smart building technology, digital assets, wellbeing and sustainability, urban farming and construction technology.

Through these targeted investments, Mirvac Ventures has, to date, extracted positive strategic value for the Group aligned with Mirvac's key corporate objectives and purpose to *Reimagine Urban Life*, and also created mutually beneficial outcomes for the start-ups and entrepreneurs it has backed. The start-ups have been integrated into the Mirvac corporate eco-system through pilot programs where possible, in order to help accelerate their success and product adoption. An example of this is RedGrid, an early stage energy software start-up from Melbourne that is aiming to deliver intelligent grid services for residential and commercial users to enable automated, adaptive load shifting and energy demand response management. The proposed RedGrid solution promises to save Mirvac customers money, optimise energy use, ease the pressure on the grid and generally maximise the value created by renewable energy sources.

Transitioning to renewable energy is a key investment theme, also driven by Mirvac Energy, a portfolio company of Mirvac Ventures. To date, Mirvac Energy has installed 2.8MW of solar panels at seven sites across the Mirvac investment portfolio, with the aim of assisting Mirvac, where possible, in its commitment to deliver 10MW of solar onsite by FY24 (see page 24 for more details on this).

Acting upon Mirvac's commitment to advance the transition to renewable energy, Mirvac Ventures also signed a memorandum of understanding with global energy powerhouse, ENGIE. This will see Mirvac Ventures working closely with ENGIE to create a unique competitive advantage through access to capital, innovative energy related products and services.

RISK MANAGEMENT

RISK GOVERNANCE

The Board is responsible for ensuring the effectiveness of the risk management framework. The risk management process outlines the governance, risk appetite, accountability for risk management and operational resilience program. The risk management is consistent with the Australian and New Zealand standard on risk management (ISO 31000:2009).

The Board has charged management with the responsibility for managing risk across the Group and the implementation of mitigation strategies under the direction of the CEO & Managing Director and supported by other senior executives. Individual business units are responsible for identifying and managing their risks. An enterprise-wide risk management system is in place to drive consistency in risk recording and reporting.

The Group Risk function is responsible for embedding the risk management framework, advising business units on risk management plans and consolidating risk reporting to senior executives, the Audit, Risk & Compliance Committee and ultimately the Board. A strong risk culture is the key element underpinning the risk management framework. The response to COVID-19 was aided by Mirvac's well ingrained Crisis and Incident management response plan which enabled swift decision making, actions and clear communications across the Group to enable the safety and wellbeing of employees, customers and all stakeholders.

The risk management policy is available on Mirvac's website: <http://www.mirvac.com/about/corporate-governance>.

RISK MANAGEMENT: OUR PRINCIPAL STRATEGIC RISKS AND OPPORTUNITIES

A number of the risks and opportunities Mirvac faces in delivering its strategic plan are set out in the below table. They are largely related to our portfolio of assets and are typical of a property group. These are not the only risks associated with Mirvac. The risks are grouped by theme rather than order of importance. The Group is actively working on understanding and addressing the long-term impacts of COVID-19 from an operational and strategic perspective.

KEY RISKS AND OPPORTUNITIES

PANDEMIC

Mirvac's operations have been impacted from the Government imposed restrictions on businesses in response to managing the COVID-19 pandemic.

HOW WE'RE ADDRESSING THEM

Mirvac maintains a strong balance sheet and a diversified debt portfolio with a long weighted average debt maturity. We continue to respond to the short term impacts of the pandemic through prudent capital management and prioritising the health and wellbeing of our employees, customers and other stakeholders. We have also begun work to sustain organisational resilience (operational, financial and people) in the longer term.

INVESTMENT PERFORMANCE

Mirvac's business is impacted by the value of our property portfolio. This can be influenced by many external aspects outside our direct control, including the health of the economy and the strength of the property market.

Mirvac collaborates with aligned investors to leverage capability and develop recurring income streams. Prudent capital decisions are based on due diligence and market research to ensure investor confidence is retained. Buying and selling at the right time in the property cycle have enabled us to deliver sustainable returns to our securityholders. We have a disciplined approach to acquisitions, and are mindful of the fundamentals needed to maintain growth through our sustainable and diversified urban-focused business model.

MACRO-ENVIRONMENT

Mirvac is impacted by changing domestic and international economic and macro-prudential and regulatory measures, which impact access to capital, investor activity, and foreign investment.

Mirvac monitors a wide range of economic, property market and capital market indicators as well as uses trend analysis to assess macro-economic changes, and is attentive to these shifts. We maintain a robust balance sheet and appropriate gearing to ensure we can respond to unforeseen economic shocks.

The impact of COVID-19 on each of our sectors has been described in our divisional updates from page 20.

REPUTATION

In an Australian context of low institutional trust, Mirvac must maintain and enhance trust and reputation to retain a social licence to operate.

Mirvac provides consistent, high-quality communication and transparent and responsible reporting. We have committed to proactively sharing our progress as a business to help us earn and retain trust. We track trust and reputation through stakeholder research and are pleased to see strong results. We provide good earnings visibility, guidance and full disclosure to our securityholders so they can make informed choices.

SUPPLY CHAIN

With a broad range of suppliers providing an equally diverse range of goods and services, Mirvac's stakeholders can be directly and indirectly impacted by the practices of our suppliers, and the materials they're supplying.

Mirvac has well established process and oversight bodies to oversee key areas such as modern slavery, worker exploitation, material import risk, high-risk materials, and cyber security. We are elevating our controls to identify and mitigate our exposure to these risks and ensure full compliance to emerging legislation.

PLANNING AND REGULATION

Mirvac's activities can be affected by government policies in many ways, from local decisions regarding zoning and developments, right through to national positions on immigration.

Mirvac's takes a lead to have proactive and constructive engagements with all levels of government to ready our business to respond to changing community expectations. During COVID-19 pandemic, we engaged proactively with Government and industry bodies to respond to emerging challenges.

KEY RISKS AND OPPORTUNITIES

HOW WE'RE ADDRESSING THEM

IMPACTS OF CLIMATE CHANGE

Climate change can not only affect our assets, it can affect our business operations. It is vital Mirvac responds to the implications of climate change by implementing appropriate adaptation and mitigation strategies for the portfolio, and building resilience throughout the business.

Mirvac regularly assesses its portfolio for climate risk and resilience. We report under the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and climate risk is emerging as a consideration in due diligence during the acquisition and development process. Mirvac strives to design developments and major renovations to a high standard for green building and community certifications, as well as energy and water performance ratings. In 2019 and 2020, Mirvac released its plans to reach net positive carbon and send zero waste to landfill to help investors and other stakeholders understand how we will meet our goals by 2030, and provide the metrics and milestones to track our progress. Renewable energy will be an important part of achieving net positive carbon with the added benefit of energy price stability for our portfolio.

CAPITAL MANAGEMENT

Maintaining a diversified capital structure to support delivery of stable investor returns and maintain access to equity and debt funding.

Mirvac has a capital management framework, approved and monitored by the Board. The framework aims to address the market, credit and liquidity risks while also meeting the Group's strategic objectives. The Group seeks to maintain a minimum investment-grade credit rating of BBB+ to reduce the cost of capital and diversify its sources of debt capital. Mirvac acquired \$810 million¹ of new debt facilities with maturities ranging from 3 to 4.5yrs. The Group's target gearing ratio is between 20 and 30 per cent.

HEALTH AND SAFETY

Maintaining the health, safety and wellbeing of our people is our most important duty of care obligation, and critical to Mirvac's ongoing success.

We continue to pursue safety excellence and to improve the overall wellbeing of our employees, our suppliers, our community and the environment. During FY20, Mirvac focused on improving key areas of risk, namely: developed and implemented best practice Pandemic Response Guidelines and Procedures in response to COVID-19; refreshed our DOOR (Design Out Our Risk) Process to strengthen how we manage our safety in design risk; and established a Building Materials in Supply Chain Risk Management working group. Another focus area was on improving Employee Health and Wellbeing through the Mirvac 100 Day Step Challenge and the introduction of a Digital Health and Wellbeing program in conjunction with the transition to remote working due to COVID-19. This continues to be an area of strategic focus to ensure the ongoing safety, mental health and wellbeing of our employees during the pandemic.

PEOPLE

We are mindful that we require a motivated, high-performing, and capable workforce to deliver business strategy and a desired culture.

Mirvac's people strategy includes a range of initiatives designed to ensure we have the right culture and capabilities so our people are engaged and enabled to deliver on our strategy. The Group has a range of programs aimed at creating great leaders, growing and retaining key talent, and fostering a diverse and inclusive workplace. Mirvac has been defining, measuring and curating its desired culture for some time. We have clearly defined values that align to our purpose to *Reimagine Urban Life* and we measure our leaders on whether they demonstrate supporting behaviours that underpin these values. We think it is critical that our people do the right thing, a core Mirvac value, and that we have an environment where people feel 'safe to speak up', which in addition to mitigating reputational and conduct risk, leads to better business outcomes. Mirvac's remuneration strategy is designed to attract the best talent, and motivate and retain individuals, while aligning to the interests of executives, securityholders and community expectations. Read more on Mirvac's people initiatives on page 40.

DIGITAL DISRUPTION

Technology is changing our world at a rapid pace, and without high responsiveness, companies are less able to innovate and take advantage of new technologies.

A core element of Mirvac's strategy is understanding and preparing for disruption and building a resilient business. Some examples include:

- > continued exploration of new construction technology to drive better outcomes, including prefabricated components;
- > embraced technologies to further integrate sustainability across all business units, such as solar and battery systems, and smart building management systems;
- > an innovation program to ensure we continue to innovate in a meaningful way. Our in-house innovation team, Hatch, performs business and customer scans to understand and respond to disruptive technology; and
- > additional investment in resources for customer solutions and business systems.

A Chief Digital Officer was appointed in March 2020 as part of our investment in developing digital capability and improving employee and customer outcomes.

BUSINESS RESILIENCE

It is crucial we have the ability to manage a major incident causing physical or information disruption, timely and efficiently.

Mirvac has embedded an operational resilience program which enables the business to effectively manage and continue business critical processes during a business impacting event. We have strong risk management and operational resilience frameworks in place to respond to major incidents causing physical or information disruption, timely and efficiently. This includes cyber security threats and/or breaches to our information systems and/ or damage to physical assets which could cause significant damage to our business and reputation. These strong frameworks enabled us to quickly establish a COVID-19 Incident Management Team to respond operational impacts to our business.

1. Since 31 December 2019.

Reimagine urban life

Mirvac Group

mirvac.com

