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FOREWORD

In a year still largely coloured by a global pandemic, we have watched as world leaders grapple with a crisis that has disrupted lives, livelihoods, and wellbeing. We have observed how the disparities between our richest and poorest neighbours have grown. We have seen the true value of preparedness for risk, and many of us are considering these observations in the context of the other great emerging crisis – climate change. Against that backdrop, I couldn't be more proud of the achievements we made in sustainability across Mirvac in FY21.

What has enabled these outcomes is our unwavering focus on delivering more against fewer focus areas under our sustainability strategy, *This Changes Everything*, because by zeroing in, we've been able to go deeper on the issues that matter most to our business and to our stakeholders.

And we've gone faster too, demonstrated by our accelerated action on reducing our carbon emissions. In line with the commitments set out in Planet Positive Carbon, we've transitioned our entire retail portfolio and 90 per cent of our office portfolio to renewable electricity, reducing our carbon footprint by 80 per cent in just two years. This means we're well on our way to net positive carbon, and we expect to achieve this before our target date of 2030.

OTHER KEY HIGHLIGHTS IN FY21 INCLUDED:

- > working with the business to finalise Planet Positive Water, the third of our environmental plans under *This Changes Everything*, to be released this year;
- > an 84 per cent reduction in carbon intensity;
- > diverting 69 per cent of operational waste from landfill, along with 95 per cent of construction waste;
- > spending \$7m in community investment and directing \$8m towards social enterprises, Indigenous business and B-corps, with \$28m spent in this way since setting the target in FY18;
- > developing a snapshot of our social impact and contribution to the City of Sydney over our nearly 50 years;
- > hosting our sixth annual National Community Day, with over 800 employees participating in activities that align with our projects and partners; and
- > launching our second Innovate Reconciliation Action Plan (RAP), which includes a commitment to the Uluru Statement of the Heart.

We've also continued to engage across the business, working through very specific plans that will help us to meet some of our big and complex targets, such as halving our development waste and purchasing more recycled and recyclable content. In this regard, we ran a pilot at our Willoughby project in Sydney to see how we could reduce waste, cost and risk by utilising prefabrication techniques.

And we're working outside of our business to effect positive environmental and social change more broadly. In November last year, we became founding members of the Climate Leaders Coalition, a cohort of more than 30 influential Australian businesses who have made public commitments towards rapid decarbonisation in support of the Paris Agreement. We also undertook deep engagement on our second RAP, working closely with Reconciliation Australia and other key stakeholders, to develop a plan that was meaningful and underscored our commitment to respectfully collaborating and connecting with Aboriginal and Torres Strait Islander people.

At the same time, we've maintained consistent dialogue with our customers and securityholders on key environmental, social and governance (ESG) issues, and, noting the increased expectations from our stakeholders, we continue to be mindful of our duty to report transparently on our progress and performance.

OUR FUTURE FOCUS

While FY21 presented us with a raft of challenges, it also saw an increased interest and esteem for ESG – a trend that is expected to continue and to gather pace. As an organisation that has long embedded sustainability into its culture and practices, this puts us in good stead to continue to attract the right investors, customers, and partners to our business, and in turn, deliver value to our securityholders.

Likewise, it strengthens our resolve towards achieving the bold targets we've set ourselves. We still have a lot to do, but we now have clear plans in place on how we'll reach net positive carbon and water and send zero waste to landfill by 2030, and in the next financial year, you can expect us to continue to accelerate our delivery in these areas.

With a new RAP laid out, we will also work hard on embedding reconciliation within our organisation in a meaningful way, while delivering positive social outcomes through our focus on social procurement and community investment.

There is a lot to do, and even more opportunity ahead of us, and personally, I'm energised by what the future holds.

Sarah Clarke

“It's fantastic to see what we, as a business, can accomplish when we're all facing in the same direction.”

About Mirvac

Founded in 1972, Mirvac is an ASX top 50 property group with an internationally recognised, award-winning innovation capability. We are proud to play an important role in shaping cities, as a creator and curator of places and experiences that are designed to enrich the lives of millions of Australians.

ASSET CREATOR & CURATOR

We own and manage assets across the office, industrial, retail and build to rent sectors in our investment portfolio, and we have over \$25bn of assets under management. We create award-winning urban precincts that set new benchmarks in sustainability and design excellence. Our integrated approach gives us a competitive advantage across the lifecycle of a project. From site acquisition, urban planning and design, through to development and construction, leasing, sales and marketing, property management and long-term ownership, we exercise control over the entire value chain. 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 people are our greatest asset and they underpin our ability to deliver safe, economic and sustainable outcomes that generate value for our customers, communities, securityholders and our planet.

OUR PURPOSE

At Mirvac, we are united behind a single purpose, to *Reimagine Urban Life*. Our purpose inspires us to do the right thing and be a force for good. This means we are committed to making a positive contribution to the environment and making a meaningful difference to people's lives, with everything we do. As one of Australia's largest companies, we believe we have a responsibility to help create a better future for everyone. That's why we aspire to think differently and apply our skills, experience, and innovation capability to solve many of the problems faced by our cities, both today and in the future.

Pictured: 275 Kent Street, Sydney



Reimagine urban life

OUR PURPOSE INSPIRES US
TO DO THE RIGHT THING AND
BE A FORCE FOR GOOD.

ASX TOP 50 PROPERTY GROUP

Internationally
recognised and award-winning
innovation capability



Stakeholder value creation

Creating value for our stakeholders, both now and into the future, helps to ensure the sustainability and viability of Mirvac and enables us to continue to deliver on our purpose, to *Reimagine Urban Life*. There is strong alignment between the interests and values of our business and our key stakeholders, which include our people, partners, customers, communities, investors, and our planet. We strive to understand the diverse and changing needs of all of our stakeholders so we can continue to deliver maximum value where it matters most.

 OUR PEOPLE	 OUR PARTNERS AND SUPPLIERS	 OUR CUSTOMERS	 OUR COMMUNITIES
Our people are our greatest asset and our biggest competitive advantage, so it matters that we attract, sustainably engage, and retain top talent by creating a great place to work.	Our partners and suppliers play a vital role in our business and our sustained success comes down to the strength of these relationships.	From homebuyers and renters to workers and visitors at our workplace and retail precincts, Mirvac's customer base is wide-ranging and diverse. We recognise their interests, preferences and behaviours are constantly evolving, particularly in the face of disruption caused by events like the pandemic.	Having a positive impact and creating value for the communities in which we operate is at the heart of our purpose, to <i>Reimagine Urban Life</i> .
OUR ASPIRATION			
<i>We aim to be the number one employer in the property sector, the place where people want to join, feel like they belong, stay because they can thrive, and are fully supported to grow.</i>	<i>To be a trusted partner and to lead by example, encouraging and advocating for better standards.</i>	<i>The needs of our customers will be at the heart of all our decisions, driving advocacy, retention and attraction.</i>	<i>Create and curate new assets, precincts and communities that contribute to the vibrancy of our cities and improve people's lives.</i>
HOW WE DELIVER VALUE			
<ul style="list-style-type: none"> By creating a strong culture that prioritises safety, health and wellbeing and where our people believe in our purpose and live our values. We know a happy, healthy, diverse workforce and great people leadership supports engagement, innovation and creativity, and ultimately enhances overall business performance. 	<ul style="list-style-type: none"> By building long-term mutually beneficial relationships with our partners and suppliers that benefit from trust, transparency and shared values. By using our purchasing power to be a force for good with social enterprises and Indigenous-owned businesses, and making a positive difference for vulnerable people. 	<ul style="list-style-type: none"> We use the insights we gain from extensive customer research to continue to <i>Reimagine Urban Life</i> in a way that makes a positive contribution to the lives of our customers, and to help us identify future pathways for Mirvac. We also take the time to understand when and why we can improve our product to enhance their experience. 	<ul style="list-style-type: none"> We set the foundations for strong and cohesive residential communities by prioritising the provision of social infrastructure. At our retail centres and workplaces, we facilitate social interactions and encourage inclusiveness through the provision of community space for local groups, and by celebrating community and multicultural events such as Diwali, Lunar New Year, NAIDOC Week and Mardi Gras.
FY21 HIGHLIGHTS			
ENGAGED WORKFORCE, WITH 84% willing to work beyond what is required to assist Mirvac to succeed. (March 2021 Employee Pulse Check)	OVER \$8m social procurement spend. Published our first modern slavery statement, which sets out our approach to identifying and managing modern slavery risks in our supply chain.	+48 BTR resident Net Promoter Score (NPS) +62 Industrial tenant NPS +43 Office tenant NPS +53 Retail consumer NPS	\$7m in community investment delivered. OVER 6,000hrs of volunteering completed by more than 800 of our people on National Community Day, independently validated by Business for Societal Impact and with a focus on creating social infrastructure that helps to Build Strong Bonds and alleviate isolation and loneliness.
A LEADER IN DIVERSITY, ranked #2 employer in the world for gender equity (Equileap).			
REPUTATION AS ONE OF THE BEST EMPLOYERS in the sector according to a recent external recruiter survey	Worked with our suppliers, Boral, to use concrete with a lower carbon content at 80 Ann Street in Brisbane.	OVER 30% repeat purchasers across our apartments portfolio	RELEASED 2ND RECONCILIATION ACTION PLAN, which includes support for the Uluru Statement from the Heart.

1. B-Corporations are companies that have received a certification for their social and environmental performance.



3 year rolling average ROIC

7.5%



5 year NTA CAGR

7%



DPS YOY Growth

9%



Created

~\$900m

value over the last 6 years



GOVERNMENT

We believe that by working closely with all three levels of Australian government we can help create a better built environment that benefits our communities.

We will continue to be a trusted partner to government.

- By maintaining a strong and mutually beneficial partnership with all levels of government, and ensuring we understand what government is looking for us to deliver. During the COVID-19 pandemic, we worked closely with government at all levels to provide support, advice and feedback on managing the health and economic impacts.

- Our CEO and ELT participated in government advisory boards and roundtables.
- Conducted targeted engagement with government bodies on planning reform, zero-carbon buildings and modern slavery legislation.
- Worked in partnership with government to provide advice and to assist in the state recovery plans.



INDUSTRY

We are proud to have been a leader of the Australian property industry for almost 50 years.

We will continue to be a leader of the property industry.

- By playing an active role in encouraging best practice in environmental, social and governance practices, as well as advocating for better building standards.

Participated in a range of industry associations including:

- the Property Council of Australia;
- the Urban Development Institute of Australia;
- the Green Building Council of Australia;
- the Better Buildings Partnership;
- the Business Council of Australia;
- the Committee for Sydney;
- the Committee for Melbourne;
- the Committee for Perth;
- the Greater Sydney Commission;
- the Business for Societal Impact; and
- the Responsible Construction Leadership Group.



OUR SECURITYHOLDERS

As owners of our Group, our securityholders are vital to the success of our business.

To continue to deliver financial outperformance and grow returns, while maintaining open and transparent disclosure of our business performance, sustainability initiatives, legislative risks and opportunities.

- By adopting a disciplined approach to capital allocation, flexing through the cycle and remaining focused on the most attractive urban markets.
- By deploying our asset creation capability to create and curate our high quality legacy.
- By maintaining a high touch, best practice investor relations program including investor roadshows, virtual tours and participation in industry conferences and forums.

- Earnings of 14.0 cents per security and distribution of 9.9 cents per stapled security.
- Leveraged our development capabilities to deliver eight new office assets (~\$6.4bn expected end value by FY22) since 2013.
- Our investor relations team was recognised for its exceptional performance winning the Best International Investor Relations Award at the 2021 Australasian Investor Relations Association Awards.



OUR PLANET

We believe we have a responsibility to use our influence to help preserve and regenerate our one precious planet and be a force for good, encompassing all critical ESG factors.

To remain recognised as a global leader in ESG.

- By ensuring our carbon, waste and water footprints are planet positive.
- By creating low carbon products for our customers.
- By encouraging our people to be a force for good and make decisions that have a positive impact on our environment.
- By directing our spend towards social enterprises, Indigenous businesses and B-corps¹.
- By providing socially responsible investment opportunities for global capital.

5.2 STAR ★★★★★
NABERS OFFICE PORTFOLIO RATING

80% reduction in Mirvac's carbon footprint

- Diverted 69% of operational waste and 95% of construction waste from landfill.
- AAA rating from MSCI and a Negligible Risk Rating from Sustainalytics (ranking in the top 0.5% globally).
- Founding members of the Climate Leaders Coalition.
- Positive investor feedback.

Sustainability

*Mirvac's sustainability strategy, **This Changes Everything**, sets out the way we approach our environmental, social and governance (ESG) risks and opportunities so that we can continue to deliver positive outcomes for our people, the planet, our partners and customers, and the communities in which we operate.*

Launched in 2014 and refreshed in 2018, the strategy has been firmly embedded in the business: from the night audits our teams undertake at our commercial assets to ensure our buildings are operating as efficiently as possible, to our partnerships with social enterprises and Indigenous businesses, or our focus on gender equity and culture – an ESG lens is applied to all that we do.

Through our strategy, we focus on six material issues that – following extensive consultation – we have identified as being the most relevant to our business and our stakeholders. These material issues are climate change, natural resources, our communities, social inclusion, our people and being a trusted partner.

In FY21, we continued to sharpen our focus and engage across the business to deliver against our targets. Key highlights included:

CLIMATE CHANGE

TARGET: NET POSITIVE CARBON BY 2030

- > reduced our carbon footprint by 80 per cent, with the majority of our office and retail assets now supplied by renewable electricity;
- > installed three 100kW solar PV systems across the industrial portfolio, helping to reduce our scope 3 emissions. Mirvac has installed approximately four megawatts on the roof space of our assets since FY15;

- > reduced our carbon intensity by 84 per cent since FY13;
- > engaged with Boral to use concrete with lower carbon content at 80 Ann Street, Brisbane; and
- > released our third report on our climate-related risks and opportunities, in line with the recommendations set out by the Task Force on Climate-related Financial Disclosure (TCFD). This report can be found at <https://www.mirvac.com/sustainability/our-performance>.

NATURAL RESOURCES

TARGETS: NET POSITIVE WATER AND ZERO WASTE TO LANDFILL BY 2030

- > agreed our plan to be net positive water by 2030, which will be released in FY22;
- > reduced our water intensity by 49 per cent since FY13;
- > diverted 69 per cent of operational waste from landfill and 95 per cent of construction waste; and
- > commenced a pilot project to halve our development waste, with our team at Willoughby in NSW finding innovative ways to reduce waste, cost and risks by harnessing methods of prefabrication.

OUR COMMUNITIES

TARGET: NET POSITIVE LEGACY

- > spent \$7 million in community investment; and
- > developed a snapshot of our social impact and contribution to the City of Sydney, which will inform our approach to measuring our impact into the future.

SOCIAL INCLUSION

TARGET: \$100M INVESTMENT IN SOCIAL SECTOR BY 2030

- > used our purchasing power for good by directing \$8 million of our procurement spend to social enterprise, Indigenous businesses, charities and B-corps, with approximately \$28 million spent in this way since FY18;
- > hosted our sixth annual National Community Day, with over 800 employees participating in activities that align with our local neighbourhoods; and
- > launched our second Reconciliation Action Plan (RAP), an Innovate RAP, which includes a commitment to the Uluru Statement from the Heart.



OUR PEOPLE

TARGET: HIGHLY ENGAGED, CAPABLE, AND DIVERSE WORKFORCE

- > maintained high employee engagement;
- > maintained 40:40:20 gender split in senior management roles;
- > refreshed our health and wellbeing strategy, Thrive, with a focus on mental health;
- > ranked number two in the world and number one in Australia and Asia Pacific in Equileap's Global Report on Gender Equality for the second year in a row; and
- > achieved an LTIFR of 3.24.

TRUSTED PARTNER

TARGET: MOST TRUSTED OWNER AND DEVELOPER

- > published our first [modern slavery-statement](#);
- > maintained an AAA rating from MSCI, reflecting our strong ESG governance;
- > received A+ for strategy and governance, and A+ for property in the 2020 Principles for Responsible Investment assessment; and
- > received the Board Leadership of the Year award at the Climate Alliance Leadership Awards in recognition of the Board's demonstrable commitment to managing the risks and opportunities of climate change across the Group, while taking a leadership role in climate response within the business community.

We align our targets with the following United Nations Sustainable Development Goals (UNSDG):



Further, our FY21 Annual Report serves as Mirvac's 2021 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 UNGC, I am pleased to reaffirm Mirvac’s ongoing commitment.”

Susan Lloyd-Hurwitz, CEO & Managing Director

ENERGY, GHG, WATER, WASTE ¹

Emissions tCO2e	FY13	FY20 ²	FY21	FY21 Source data
Scope 1				
Natural gas	2,697	4,422	4,430	85,965GJ
Refrigerants	1,383	1,827	1,083	711kg
Diesel	2,333	1,017	701	258,572L
Petrol	646	112	97	40,874L
LPG	7	79	31	20,079L
Total Scope 1	7,066	7,458	6,342	
Scope 2				
Electricity (location based)	71,426	70,255	64,018	81,010,239kWh
Electricity (market based)		44,532	12,660	
Renewable electricity %		45%	84%	
Total Scope 1+2 (market based)		51,989	19,002	
Scope 3				
Natural gas	471	661	729	85,965GJ
Electricity	12,542	4,684	1,200	13,158,649kWh
Travel	2,812	1,465	121	773,946km
Waste	9,915	9,144	8,276	6,716T
Diesel	178	52	36	258,572L
Petrol	51	6	5	40,874L
LPG	1	5	2	20,079L
Total Scope 3	25,970	16,016	10,369	
Total Scope 1+2+3 (location based)	104,462	93,642	80,729	
Total Scope 1+2+3 (market based)		68,005	29,371	
Potable water usage				
Retail	492,216	468,170	406,320	
Office & Industrial	349,597	436,614	295,338	
Total (kL)	841,813	904,784	701,658	
Total waste				
Construction	35,565	14,387	8,780	
Investment	12,833	23,939	20,230	
Total	48,398	38,326	29,009	
Construction			95%	5%
			Recycled	Landfill
Investment			69%	31%
			Recycled	Landfill

1. Emissions estimates follow NGERS emissions accounting requirements except for refrigerants; Mirvac includes emissions related to R22 use. FY21 energy and emissions includes part-year operation of Build To Rent assets. Limited assurance has been provided by PricewaterhouseCoopers. Totals may differ due to rounding.
2. FY20 scope 2 location-based emissions have been restated to include part-year operation of The Foundry at South Eveleigh. Water usage has been restated to rectify an error.



Sustainability *continued*

ENERGY

REDUCING OUR CARBON FOOTPRINT FURTHER

In 2014, Mirvac set its industry leading target to be net positive carbon by 2030 and we released our plan on how we expect to achieve this in 2019.

This plan, *Planet Positive: Carbon*, hinges on our commitment to **eliminate more carbon than we emit**, and over the past two years we've made tremendous strides towards achieving this, with our overall carbon footprint reducing by 80 per cent as of 1 January this year.

A key element in our approach has been our swift transition to renewable electricity at our retail and office assets¹ across NSW, VIC, QLD, WA and ACT through a series of energy supply agreements.

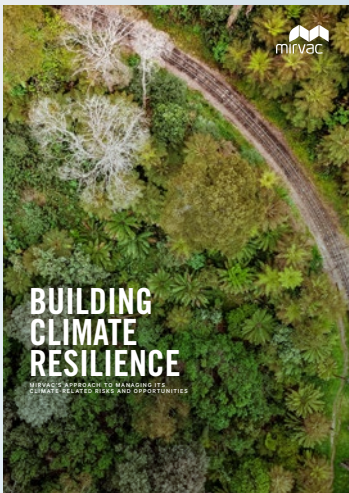
These agreements have seen our entire retail and build to rent portfolios supplied with 100 per cent renewable electricity, along with over 90 per cent of our office portfolio, delivering significant savings in carbon emissions. In fact, we expect to eliminate approximately 60,000 tonnes of carbon emissions in 2021 alone, which is equivalent to taking more than 27,000 cars off the road.

As an added benefit, our transition to renewable electricity delivers a reduction in our scope 3 emissions, which is an increasing area of focus for our investors. We've also been able to on-sell renewable energy to a number of tenants within our embedded networks, resulting in approximately 50,000 tonnes of avoided emissions over a 12-month period.

It's a great step towards our net positive ambition and demonstrates our ongoing commitment to the RE100 program².

“We’re proud to have reduced our carbon footprint by 80 per cent by transitioning to renewable electricity, which shows the significant impact we can have as a business when we’re all facing in the same direction.”

Sarah Clarke, Group General Manager, Sustainability.



MIRVAC'S CLIMATE-RELATED RISKS AND OPPORTUNITIES

At Mirvac, we recognise the growing importance for companies such as ours to disclose the climate-related risks and opportunities they face, as well as the way they intend to manage or mitigate these.

In line with the recommendations set out by the Task Force on Climate-related Financial Disclosures, we this year released our third climate resilience report, which outlines the ways in which Mirvac is continuing to reduce its impact, and the actions we've taken, and continue to take, to achieve net positive carbon by 2030.

In addition, the report outlines the physical and transition risks and opportunities we face, how we manage these risks across the business, and the metrics we use to assess our impact.

See page 24 for the full report, which is also available on our website here:

<http://sustainability.mirvac.com/>.

1. Our energy supply agreements focus on assets over which we have operational control.
2. RE100 is a global initiative of influential businesses committed to 100 per cent renewable energy, which has over 300 members worldwide.

Image: South Eveleigh, Sydney.





Willoughby, Sydney

WASTE

PROGRESSING OUR ZERO WASTE AMBITION

Mirvac's Planet Positive: Waste & Materials outlines how we'll send zero waste to landfill by 2030. Under this plan, we set two ancillary targets that we believe will deliver our biggest impacts and really help us move the dial. These are:

1. to buy more recycled, recyclable and rapidly renewable content; and
2. to halve our development waste.

To explore how the latter could be achieved in the most practical and commercially efficient way, we commenced a waste pilot at our Willoughby apartment project in Sydney in FY21, where demolition and civil works continue to progress.

Early modelling showed that, on a like-for-like basis, approximately 10 tonnes of waste would be generated for each apartment built. In order to halve this, the team has started to look across the full spectrum of our integrated model to identify opportunities where we can leverage Mirvac's design, procurement and construction efficiencies.

With 10 apartment buildings planned across the old Channel 9 site, each one with a unique façade, halving our waste at Willoughby is proving to be very challenging. However, it's also expected that this first pilot will help us to identify the cost and risk benefits available through this approach, deliver important lessons, and in turn, ensure that we continue to deliver significant outcomes for our customers and securityholders.

MAKING MOVES WITH MODULAR

As well as exploring how we'll halve our development waste, we've been busy progressing the use of prefabrication at our masterplanned communities projects. At Woodlea in Victoria, for example, we've installed 52 modular bathrooms across three stages of the project, which has reduced the number of contractors and suppliers onsite. This, in turn, has provided considerable health and safety benefits, in addition to a significant reduction in construction hours. And, as an added bonus, it supports our efforts to divert waste from landfill.

The installation of modular bathrooms follows our trial at Tullamore in FY20, where we built four houses using traditional construction methods and four identical homes using prefabricated wall and floor panels. Given the significant benefits that modular installations and prefabrication techniques provide, it's something that Mirvac is continuing to explore.

BECOMING BIN TRIM

In FY21, Mirvac successfully applied for funding from the NSW Government's Environment Protection Authority (EPA) to participate in their Bin Trim program at our retail centres across NSW. The Bin Trim program is the largest business recycling program of its type in Australia, with an overarching aim of helping businesses improve the standard of their waste management practices, including better avoidance, reuse and recycling activities.

Working with independent consultants, Mirvac engaged with almost 350 retail tenants over the course of the program, with a key focus on diverting organics from landfill. Bin Trim assessors provided support, advice and a tailored action plan to each tenancy, and face-to-face interactions led to positive and almost immediate changes in tenancy behaviour around the disposal of different materials.

As well as helping us to divert waste and enhance organics waste streams at our assets, the ongoing tenant education and engagement with our retailers around waste and waste management systems, facilitated by Bin Trim, has been invaluable.



Since 2014

Bin Trim has assisted businesses in NSW to collectively divert a total of over

125,000

tonnes of waste from landfill

Sustainability *continued*



Shared Cup Café at Olivine, Melbourne

WATER

PLANET POSITIVE WATER

When Mirvac first released *This Changes Everything* in 2014, it had three ambitious environmental targets – to be net positive in carbon and water and send zero waste to landfill by 2030. These targets were reaffirmed in 2018 as part of a strategy review, and, given the urgent need to act on climate change (as well as a stronger pricing signal on carbon), we decided to focus on our plan to be net positive carbon first. In 2019, we released Planet Positive: Carbon, followed by Planet Positive: Waste & Materials in 2020. The final chapter of our environmental plans, Planet Positive: Water, was our strategic focus during the financial year, which we will publish later this year.

As with carbon, our plan to be net positive water by 2030 is anchored by a continued focus on improving efficiency at our assets, and we are targeting an average 4.5 star NABERS Water rating across the office portfolio by 2030. Residual water use will be offset by the water captured across our assets and in our masterplanned communities projects, where we will continue to innovate to deliver water reductions.

And, just like our carbon and waste plans, we'll also look at how we can use our purchasing power for good and procure materials that have a lower environmental impact. For example, we anticipate that through our renewable energy procurement alone, we'll save approximately 353,500kL of water in FY21 (combining base building and on-sold electricity), given the much more significant use of water in coal-fired power generation. As we move towards full electrification in both commercial and residential developments, our capacity to influence positive outcomes only grows.

We also see an opportunity to advocate and collaborate with our employees, partners, industry and customers to advance the value of water more broadly.

BUILDING STRONG BONDS

Mirvac has a community goal to leave a positive legacy and we do this by building strong bonds. Building strong bonds helps us to strengthen community connections, and after almost 50 years in the business, we know that connected communities are better places to live, work and play.

We help to build strong physical bonds by leveraging our skills and expertise, and by partnering with others in our industry, to create safe spaces for those who are vulnerable (such as the house we built with the Property Industry Foundation to support young people experiencing homelessness). We also help to create strong social bonds by hosting events that strengthen connections, building amenities for the wider community, not just our customers, and by volunteering in our local communities.

In FY21, and against a backdrop of COVID-19, we continued to show great care for our communities. We did this through a number of initiatives, such as Shelter@Mircac (see page 20) and our annual Mirvac National Community Day, which once again saw over 800 of our employees volunteer their time to participate in a range of activities, delivering more than \$600,000 in community investment in the process. We also donated \$150,000 to the recovery efforts following the devastating floods in March which left many parts of NSW and QLD under water for days.

Investing in our communities by going above and beyond what's required also helps us to ensure we facilitate a sense of belonging. At Olivine in Melbourne, for example, we provided additional works to create a first-class sporting precinct for the community to use, as well as Gumnut Park, which features an adventure playground and climbing pods, and was designed to inspire adventure, exploration and discovery – in both the young and old. In addition to this, we contributed funding towards Shared Cup café, which is a communal space to be enjoyed by the wider Donnybrook community.

Our ambition to have a positive social impact also extends to creating opportunities for those who don't always get them, and one of the key ways we're able to do this at Mirvac is by using our purchasing power for good. In FY21, we continued to progress our goal of directing \$100m towards social enterprise, Indigenous business and B-corps, with \$8m spent with businesses such as Unreal Steel, an Indigenous-owned steel rigging and fabrication business, and Nundah Community Enterprise Co-operative, which creates employment and training opportunities for people with disabilities. To date, we've directed \$28m towards social procurement since setting the target in FY18.

Finally, having long recognised the value of measuring our social impact so that we can better understand what the drivers are to deliver better community outcomes, this year we developed a snapshot study of our positive impact on the City of Sydney. The study will be used to inform our approach to measuring our social impact into the future.

ENRICHING COMMUNITIES



\$6,969,555

of community investment (including \$695,539 of management costs)



\$5,546,829

cash donations



\$563,062

value of hours of support



\$164,125

in-kind donations



\$201,445

leverage contributions





'Reimagining Country' by Riki Salam (Mualgal, Kaurareg, Kuku Yalanji), We are 27 Creative, 2021.

THE NEXT STEP OF OUR RECONCILIATION JOURNEY

Mirvac launched its first Reconciliation Action Plan (RAP) in 2017, with a goal to build stronger relationships with First Nations peoples, learn about and understand their unique cultures and connection to Country, and create greater economic opportunities (such as employment through social procurement).

Since closing out our first RAP in 2019, we have engaged deeply across the business, with external stakeholders and with Reconciliation Australia, with a strong focus on making the second iteration of our RAP more meaningful.

Our second Innovate RAP has been developed with five guiding principles that we hope will stimulate new and important conversations, connect cultures, and accelerate wider change in Australia. Our driving principles are: understanding, talent and employment, economic partnership, respectful development and spaces for connection. Our aim is to deeply embed these principles within our organisation and the way we work.

We also recognise that much healing and progress must occur in Australia before the aspirations set out in our RAP are realised, and that we are only at the beginning of understanding our opportunities and limitations in contributing to their achievement.

What we've achieved since launching our first RAP:

- > spent \$11.5m on goods and services from Aboriginal and Torres Strait Islander businesses since FY18.
- > created collaborative working relationships with Aboriginal and Torres Strait Islander businesses, such as our partnership with Jiwah at South Eveleigh, Sydney. Jiwah is responsible for the curation and management of the site's cultural landscape garden and Australia's first Indigenous rooftop garden atop the Community Building.
- > built strong procurement partnerships with large suppliers such as Unreal Steel and helped build internal awareness about some of our smaller suppliers.
- > raised awareness of the cultures of Aboriginal and Torres Strait Islander peoples through events during NAIDOC and National Reconciliation weeks and through widespread cultural awareness training with our employees.

A more detailed snapshot of our RAP is available on page 34.

OUR MODERN SLAVERY STATEMENT

In December last year, Mirvac released its first comprehensive modern slavery statement, outlining our approach to identifying modern slavery in our operations and supply chain. Primarily, we recognise that we have a responsibility to effect change through the choices we make through our procurement practices. Our FY20 Modern Slavery Statement included an independently peer-reviewed traceability study into our cleaning supply chain, which was identified as a key risk area for Mirvac.

Since then we have been developing processes and accountabilities to implement our risk identification and mitigation approach right through the company. Importantly, we are stepping up our capability with compulsory training modules for all employees to complete over the next financial year, as well as specific modules for employees in higher risk areas. In addition to this, we're reviewing our tender process for each of our business units and have created an internal Modern Slavery Guideline document to assist in how we respond to potential modern slavery situations. Further, we continue to support the Property Council of Australia's industry-led vendor self-assessment portal, as well as the Supply Chain Sustainability School, who provide free online training on a range of sustainability topics, including modern slavery.

We also collaborate with members of the Property Council of Australia and the United Nations Community of Practice on Modern Slavery by sharing insights and participating in ongoing discussions on topics like grievance mechanisms and remediation.

The statement is available to download from our website at: <https://www.mirvac.com/sustainability/our-performance>.

Developed our
2nd
Innovate RAP

Integrated Investment Portfolio

SHELTER@MIRVAC

At Mirvac, we recognise that our places do not exist in isolation, and that connecting with our local communities delivers better outcomes for us all. The COVID-19 pandemic (and the resultant government-mandated lockdowns), significantly impacted many in retail. In response, our team developed Shelter@Mirvac, an initiative that focuses on leveraging our skills and capabilities, as well as our assets, to help those who need it most.

With a specific focus on providing temporary accommodation, food, and mental health support, Shelter@Mirvac has seen Mirvac establish a number of key relationships with for-impact businesses, including OzHarvest, Anglicare and headspace.

Our relationship with headspace has been particularly valuable, with Mirvac becoming a Career Mentoring Program Partner in September last year. At the height of the pandemic, studies showed that COVID-19 disproportionately affected young people and their optimism about their future.

The mentoring program sees 20 Mirvac employees meet online with a mentee every fortnight. They work on their career aspirations and goal setting, and are provided with real world insights to help develop their confidence and skills.

Being involved in the mentoring program has had benefits for the mentors too, including:

- > a positive impact on their professional skills;
- > the development of new skills which they can apply in their day-to-day roles at Mirvac;
- > increased knowledge and understanding of mental health; and
- > higher workplace engagement.

A number of Mirvac retail assets have also helped headspace share their mental health messages and raise funds, particularly around Mental Health Week in October last year.

With our Retail business now part of the Integrated Investment Portfolio, the Shelter@Mirvac team will look at how it can extend its reach across Mirvac's office, industrial and build to rent communities.

MIRVAC'S IMPACT¹



21

young people mentored by Mirvac employees since October 2020

18%

of young people mentored live in regional Australia



103

sessions delivered since October 2020

92%



of young people being mentored through headspace say they feel more confident about their work future

CONNECTING COMMUNITIES THROUGH ART

LIV Indigo partnered with the Murama Cultural Council, a local group that aims to connect Sydney Olympic Park with the Indigenous community, to create a unique art installation for the building. The partnership saw Western Sydney-based artists, Jade Jackson and Dr John Hunter bring to life a mural comprising three sections, each four metres long, which today adorns the lobby at LIV Indigo.

Their work was inspired by a series of conversations the artists had with LIV Indigo residents. It tells their stories and shows how the land connects the traditional custodians and the present community as well as everyone in between. The residents are also represented physically in the mural by their handprints and some paw prints, too. It's a lasting symbol of their connection to this place they call home, as well as a tribute to the Wann-gal people of the Eora nation.



"At LIV Indigo, we strive to give our residents a real sense of home. But we know home doesn't stop at your door. It comes from the neighbourhood, the people around you and also the connection to your surroundings. We look forward to continuing to work with the Murama Cultural Council as well as Sydney Olympic Park Authority to contribute to a strong and inclusive community for all the residents and visitors here at Sydney Olympic Park."

Angela Buckley, Mirvac's General Manager, Build to Rent

¹ As at May 2021.

Commercial & Mixed Use

PARTNERING AT 80 ANN STREET

Engaging with the local communities in which we operate is an important part of our commitment to leave a positive legacy. It's an integral part of our business and something we've been doing for nearly 50 years. Driving this is our passionate team who want to collaborate with local communities –because it's the right thing to do and delivers better outcomes.

Take, for example, our 80 Ann Street project team in Brisbane. When construction on site began in 2018, they noticed a large number of people living on the streets around site and began looking at how they could make a difference in a meaningful way. What followed has been an ongoing relationship with Micah Projects, a not-for-profit organisation that provides assistance across the Brisbane community. Micah's services, which have a strong alignment to Mirvac's own ambition to reduce isolation and facilitate connected communities, range from helping people find permanent accommodation to supporting those affected by domestic violence.

Since partnering with Micah, our 80 Ann Street project team has participated in and hosted a number of activities that support these services. It's been great to see our partners and subcontractors lending their support too, which in turn, helps us to have an even bigger impact. For example, together with Suncorp (our major tenant at 80 Ann Street), we took part in Micah's Kettles and Toasters fundraising drive, which was aimed at helping set up homes for those transitioning from rough sleeping to permanent housing. And in December last year, our team joined members of the Brisbane community to help prepare over 300 fresh fruit hampers as part of their Christmas Hamper Appeal.

In addition, Mirvac's subcontractors – including Precision Interiors, Heinrich, Micos Group, Fredon and Aus PT – kindly donated prizes to be raffled at an onsite BBQ, raising funds for Micah's Home for Good support and advocacy teams, while a staggering \$60,000 was raised through a project team golf day attended by the Mirvac team, contractors and project partners.

“We're proud to support Micah as we continue to help enrich the lives of those who are disadvantaged in the community,”

Samantha Collins, Development Manager.



Micah Projects outreach, Brisbane

More recently, at our sixth annual Mirvac Community Day, the 80 Ann Street team, along with our tenants at nearby assets, helped to organise 40 bedding packs and 100 care packs filled with toiletries, towels, warm throw rugs, pots, pans and kitchen utensils, to give to children, women and men who are vulnerable.

Micah's CEO said that the partnership with Mirvac has helped them to assist people not just to access housing, but to make their house a home.

“So many children, their families and individuals feel such relief when they can begin again with the support of the community and through partnerships like we have with Mirvac,” she said.

And for Mirvac, it's helped raise awareness around the challenges faced by people experiencing homelessness.

BRISBANE STREET ART FESTIVAL

The COVID-19 pandemic was challenging for many, but several industries were hit particularly hard. This included the arts sector, with a large number of artists suddenly and unexpectedly finding themselves without a source of income.

At 80 Ann Street in Brisbane, Mirvac was able to show its support through this challenging time by commissioning four young artists to transform the 62 metre hoardings around the site as part of the Brisbane Street Art Festival. Not only did this give work to people who needed it, but the art activated the space, turning it into something for everyone to enjoy. The hoardings will remain in place until late 2021.



Residential

Left to right: Cllr. Linda Scott, Susan Lloyd-Hurwitz, the Hon. Matt Kean MP, Professor Veena Sahajwalla.



PUTTING WASTE TO WORK IN APARTMENTS

The Earth's resources are precious and finite, a stark reality we sought to address when we released Planet Positive: Waste & Materials, our road map for achieving our target to send zero waste to landfill by 2030. Our plan is anchored on principles of the circular economy, whereby we expand our focus from waste diversion and recycling to whole of life material use. That means we strive to harness our purchasing power, influence over design, leadership in construction methods, and commitment to sustainable operations to ensure that we reduce our overall consumption and pursue re-use opportunities, while maintaining a strong focus on diverting waste from landfill.

In line with this, and building on the collaboration we began with Professor Veena Sahajwalla and the UNSW Centre of Sustainable Materials Research and Technology (SMaRT) in FY20, this year we unveiled an apartment at Pavilions in Sydney in which green ceramics – made from waste glass and waste textiles – were used to form part of the flooring, wall tiles, kitchen and lighting features, furniture and artworks.

These stylish and innovative green ceramics passed rigorous tests for slip and fire resistance and acoustics to comply with the Building Code of Australia; the culmination of more than a year of collaborative work between Mirvac and the SMaRT Centre. The successful application of the product is a world-first and demonstrates the potential to revolutionise the way we build by reimagining waste as a valuable resource, which in turn reduces demand for virgin materials.

"In Australia, the building industry is responsible for around 60 per cent of the waste we generate and globally, buildings are responsible for around 50 per cent of materials used," said Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz. "Through our work with Professor Sahajwalla and the SMaRT Centre, we've identified a way to not only divert waste from landfill, but provide a valuable second life for waste materials."

The industry-leading Pavilions apartment progresses Mirvac's collaboration with the SMaRT Centre, and with a shared commitment to the environment and innovation, there are more exciting projects already being explored. Watch this space.

"The built environment is a big contributor of global materials extraction and waste, and we see this as an opportunity to play our part and be a force for good."

Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz.

BUILDING HOMES TO A GREEN STAR STANDARD

Mirvac has long been committed to creating places that have a positive environmental impact, spanning both our commercial and residential developments. We've partnered with the Green Building Council of Australia's (GBCA) Green Star certification to assess our office and retail developments since 2002, with 44 of our assets Green Star rated, and an average 3 Star Green Star Performance rating across our office and retail portfolios.

In response to an increased focus on the delivery of healthier and more sustainable homes, the GBCA, which is currently chaired by our CEO & Managing Director, Susan Lloyd-Hurwitz, announced in May last year that it was pursuing an ambitious new national standard as an extension of its commercial program – Green Star Homes. The new standard hinges on a singular ambition – to deliver healthy, resilient, net-zero energy homes.

To aid this ambition, and in line with our own commitment to build healthy, climate-resilient homes, we are implementing a pilot at our masterplanned communities project, Olivine, in Melbourne, which will see us adopt the requirements set out in the Green Star Homes standard. As well as helping Mirvac to better understand and measure the performance of its homes, the pilot will also give us a clearer understanding of the impact we can have on the health and wellbeing of our residential customers.

Our people

At Mirvac, our people are our most important asset and we believe our culture is a source of competitive advantage. The pandemic has presented significant challenges during the past year, but we are in a stronger position because our people are the bedrock of our culture.

Our embedded flexibility, which was in place well before the outbreak of COVID-19, and our enthusiasm to embrace change, enabled us to explore and adopt new ways of working and respond to our customers' changing needs, despite the disruption to both work and home lives during the year.

But while our engagement levels remained strong in FY21, our people have been undoubtedly impacted by the pandemic. From travel restrictions, lockdowns, isolation and home schooling, our teams needed to adapt, dig deep and make sacrifices. We are a long way from fully understanding the short- and long-term impacts of the pandemic on our health and wellbeing. With this in mind, we dialled up our support for employees and focused on safeguarding their health and wellbeing.

Since the onset of the pandemic, communication and regular employee pulse surveys have been the cornerstone of our support framework and our ability to identify what would help bolster the engagement and wellbeing of our people. We increased the visibility of our leaders and managers and encouraged employee feedback via regular check ins. In addition to the surveys, these included staff Teams meetings where Susan Lloyd-Hurwitz and the ELT provided updates and addressed questions and concerns. Understanding how our people were feeling and putting in place pragmatic solutions was vital in addressing any immediate issues and concerns.

During the year, there have been a number of changes to our organisational structure and renewal at the ELT level with the departure of three ELT roles and the recruitment of a new Group CFO. We are pleased to have been able to quickly and effectively manage these transitions while maintaining engagement levels, culture, and customer-centricity. The restructures have resulted in career opportunities for key talent and internal progression, and we are pleased to have remained above target for our Women in Senior Management metric. Over the longer term, the structural changes will set our people up for success by enabling more seamless career opportunities across investment asset classes and fostering capability development to support our purpose to Reimagine Urban Life.



OUR PEOPLE FY21 HIGHLIGHTS



10 all-staff

'Check-in with Sue' virtual live events



OVER

125k meetings

held via Microsoft Teams



ENGAGEMENT

84%

willing to go above and beyond (March 2021 Employee Pulse Check)



"I'm grateful and proud for how Mirvac managed through this challenging year. Thank you for making us feel safe and looking after us during this hard and challenging time."

Anonymous quote from internal pulse survey



"I have greatly appreciated the support of Mirvac this year, it is proof that the company itself is one that lives its values. The health and wellbeing of each staff member has been a priority. I want to thank you for caring for us, we have managed to achieve amazing results because of this."

Anonymous quote from internal pulse survey

During FY21, we continued to work towards gender parity, maintained our zero gender pay gap, and increased the number of women in senior roles to 22 in line with our target.



Our people *continued*

OUR VALUES



WE PUT
PEOPLE FIRST



WE
COLLABORATE



HOW WE WORK
MATTERS



WE ARE PASSIONATE ABOUT
QUALITY AND LEGACY



WE ARE CURIOUS
AND BOLD



WE ARE GENUINE
AND DO THE RIGHT THING

FY21 FOCUS AREAS

DIVERSITY AND INCLUSION

- > Ranked number two in the world (and number one in Asia Pacific) for gender equity by Equileap for the second year in a row.



Ranked number two in the world (and number one in Asia Pacific) for

*gender equity for
the second year in a row*

- > Named WGEA Employer of Choice for the seventh year in a row.
- > Looking to the future, our employees are currently helping shape the next steps in our diversity and inclusion journey. Our intention is to maintain our position as a leading Australian company on gender diversity while also broadening this focus to ensure all employees belong and feel included (an example being our recently announced membership of Pride in Diversity).

CULTURE

A KEY FOCUS OF FY21 WAS

**STRENGTHENING
OUR CULTURE**

in a hybrid environment



- > Crafting a hybrid working position that helps to maintain benefits of flexibility/remote working while also recognising the role of the office and the impact on our culture.
- > We refreshed our Flexibility Charter to help empower our people to choose how and where they work.

LEADERSHIP

- > Launched a new leadership framework outlining the 'Big FIVE' expectations that Mirvac leaders need to meet in a post-pandemic world. This included training sessions with over 100 people leaders across the business to equip them with the knowledge and skills to bring the new leadership expectations to life.

LAUNCHED A NEW
LEADERSHIP FRAMEWORK
OUTLINING THE

**'BIG FIVE'
EXPECTATIONS**



that Mirvac leaders need to
meet in a post-pandemic world

- > We delivered on our ongoing commitment to delivering leadership training and forums throughout FY21.

WORKFORCE AT A GLANCE



HEADCOUNT

1,416

BOARD REPRESENTATION

♀ 50:50 ♂

♂ 43% Female representation in senior management

GENDER SPLIT

♀ 46:54 ♂



PAID PARENTAL LEAVE POLICY

20 weeks

for the primary carer

PAID PARENTAL LEAVE

4 weeks

for the non-primary carer



EMPLOYMENT BY
REGION & GENDER



Our people *continued*

SAFETY AND WELLBEING

The safety, health, and wellness of our people, customers and communities remained our first priority during the financial year as we continued to manage and respond to the varying impacts of the global pandemic.

This people-focused approach underpinned by our refreshed HSE Thrive Strategy, has helped us to address the needs of our people and partners as we navigate uncertainty and begin to adapt to a post-COVID-19 world.

In FY21, the HSE team continued to lead our COVID-19 crisis response, managing risk assessments and ensuring open lines of communication with all stakeholders. As part of our detailed Mirvac Pandemic and Spread of Disease Guidelines, contact tracing methods were introduced early for all Mirvac assets as the team defined best practice risk responses for maintaining COVIDSafe environments. Ongoing risk assessments were performed to respond to ever-changing restrictions in different geographic locations. More broadly, the HSE team continued to develop and update Mirvac's risk management tools and act on supply chain issues identified by the risk profiling process.

The refreshed HSE Thrive Strategy for FY21 was designed to respond to the following trends, including:

- > the emerging mental health and wellbeing risks which were exacerbated by the pandemic;
- > strengthening and remaining vigilant in managing high risk activities;
- > enhancing the management of service providers and contractors to continuously improve safety outcomes;
- > strengthening our safety culture through our leaders and front-line roles; and
- > better leveraging data to assist with forecasting, predicting, and managing key risk areas.

FOCUS AREA: MENTAL HEALTH

In FY21, mental health was a focus area for HSE, with the team continuing to build on the work done in FY20 via a comprehensive Digital Health & Wellbeing program, including workshops and initiatives dedicated to supporting our people's mental and physical health. Central to this was the Mirvac Thrive Challenge, which was launched in September 2020 and ran for four months.

The Challenge was designed based on the knowledge that people have different needs when it comes to wellbeing. It allowed employees to choose and track via an online hub what was important to them, with topics such as self-care, relaxation, movement, nutrition and sleep habits. The Mirvac Thrive Challenge also delivered customised advice to employees every day about the health topics they nominated.

In addition, 250 headspace licences on top of the existing 500, were made available to Mirvac's employees and also extended to their immediate family members. Emotional wellbeing support sessions were held for all leader groups throughout the year. Guest speakers were invited to share insights and learnings for R U OK? DAY and Sleep Awareness Week, which were well received across the business. In FY21, the HSE team commenced a Black Dog Health & Wellbeing Audit, to give the business greater insights as to how we can better understand and manage the risks associated with the mental health challenges facing our people.

HSE STATISTICS IN FY21

Indicator

								
	HSE leader actions	Hours worked	LTIFR ¹	Timely reporting	Workers' Compensation claim count	Training	Fatalities	CIFR
FY19	200%	10,835,634	1.02	14hrs	20	93.0%	0	0.91
FY20	178%	9,126,799	2.08	19hrs	13	97.0%	0	0.63
FY21	222%	6,782,607	3.24 ✓	22hrs	10	96.0%	0 ✓	1.5
Target	100%	N/A	<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 PricewaterhouseCoopers. Data sets that have been assured are marked with a ✓. For further information visit mirvac.com/sustainability.

DIGITISING FOR THE FUTURE

Mirvac's digital capability was enhanced during the year, with the launch of a new operating model and the addition of new resources, expanding capabilities to include data science, industrial IoT, robotic process automation and cloud native platform development.

An early example of the new Digital@Mirvac capability has been the delivery of our new customer application platform and its first features supporting our LIV Indigo residents. Developed from the ground up, working with our Hatch innovation team and customer-led design thinking methods, the new platform will be progressively deployed across our asset classes in FY22 and beyond as further features are added, delivering an exceptional new digital experience to complement the physical experience Mirvac offers.

Our transformation program 'Mirvac Next' continued its system standardisation work with the transition of corporate functions onto a new ERP platform. This program is now focused on optimising the processes and supporting systems across our investment, development and construction business activities.

Our digital operations have been kept busy throughout the year supporting the new hybrid work environment, and the impacts of pandemic-related business needs. Considerable investment is being made into our cyber security tools and supporting services to ensure the safety of our data and assets.

ACCELERATING INNOVATION

At Mirvac, we are committed to finding new and innovative ways to improve the experience for people who work, live, and play in our cities and urban areas. Our in-house innovation team, Hatch, drives the process of identifying and anticipating key challenges and opportunities for our business and ensuring that we continue to meet our customers' expectations now and into the future.

In FY21, the Hatch team took its mission to embed innovation at Mirvac to the next level. By empowering every employee with the tools to innovate in their day-to-day roles, our business will be well positioned to embrace opportunities and to execute on bold new pathways, in a post-pandemic world.



Left to right: James Crouch and Kristian Butcher launching BuildAI at Green Square, Sydney

During FY21, the Hatch team continued to lead a company-wide effort to understand the impacts of the pandemic and used its proven innovation methodology to coordinate more than 60 customer scans across the business.

In late 2020, the team launched the Hatch Innovation Capability Accelerator (HICA), an internal training school using best-practice innovation methodology to supercharge innovation capability and help solve existing business challenges. In the first intake, 50 people across eight teams worked on unlocking a range of business solutions, from new digital experiences to data harnessing and procurement opportunities.

GLOBALLY-RECOGNISED INNOVATION

In FY21, Mirvac was named the number one Most Innovative Company in the Property, Construction and Transport sector by AFR BOSS for the second year in a row. The award recognised Mirvac's 'BuildAI', initiative, which was born out of a Hatch mission to 'radically revolutionise the way we build'.

BuildAI is a game-changing digital platform that transforms live data into real-time safety, quality assurance and predictive project outcomes. Rather than manually monitoring the progression of a site, BuildAI uses technology and visual data from cameras to capture a real-time picture of progress, providing an accurate account of how site activities are tracking. The concept was tested on our construction sites, funded through Mirvac Ventures, and then spun out of Mirvac as an independent start up, completing the pathway to commercialisation.

Mirvac also won Best Project Innovation at the PCA Innovation and Excellence Awards and was globally ranked #7 and #49 respectively on Fast Company's Most Innovative Companies (Property and Real Estate) and Best Workplaces for Innovators lists for 2020.



Named the

No. 1

Most Innovative
Company in the Property,
Construction and Transport
sector by AFR BOSS

for the second year in a row

Risk management

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 framework 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. In addition to managing the short-term impact of COVID-19 on the Group operations, work has commenced on positioning the Group for long-term success by proactively responding to structural shifts in consumer behaviours accelerated by COVID-19.

The Risk Management Policy is available on Mirvac's website: <http://www.mirvac.com/about/corporate-governance>

RISK MANAGEMENT: OUR PRINCIPAL 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.

KEY RISKS AND OPPORTUNITIES

HOW WE'RE ADDRESSING THEM

PANDEMIC

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

Mirvac maintains a robust 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. The Group is actively working on understanding and addressing the long-term impacts of COVID-19 from an operational and strategic perspective.

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 has 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 macroprudential 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 16 to 29.

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 takes the lead to have proactive and constructive engagements with all levels of government to ready our business to respond to changing community expectations. During the COVID-19 pandemic, we are proactively engaging 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 that 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 is 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 an investment-grade credit rating of A-/A3 to reduce the cost of capital and diversify its sources of debt capital. 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 FY21, Mirvac continued to strengthen HSE practices and culture whilst recognising that the ongoing management and response to COVID-19 will continue for the foreseeable future. In addition, employee health and wellbeing was a key focus area which included the rollout of a Digital Health and Wellbeing program and regular pulse checks to understand employees' wellbeing issues and required actions. We also launched new Hybrid Flexible Working Principles to balance wellbeing and productivity needs, and partnered with Black Dog Institute to provide an evidence-based assessment of our approach to mental health and wellbeing and to understand additional focus areas where we can further strengthen our approach.

PEOPLE

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 30.

DIGITAL DISRUPTION

Technology is changing our world at a rapid pace. It is important we embrace new digital-enabled ways of working and customer experiences to maintain relevance and continue to innovate.

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 and sustained investment in people and technology to ensure Mirvac's digital experiences, both in terms of how we work as well as how we engage with our customers and partners, are continually evolving and embracing innovative new digital tools and thought leadership.

BUSINESS RESILIENCE

It is crucial we have the ability to manage a major incident causing physical or information disruption in a timely and efficient manner and adapt to changes in our operating markets.

Mirvac has an embedded operational resilience program which enables the business to effectively manage and continue business critical processes during a business impacting event. 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. In addition, Mirvac has increasingly focused on adapting to changes in our operating markets. In FY21, we reorganised our business to respond to the changing needs of our customers and partners as well as generating value for our security holders. We launched the Integrated Investment Portfolio, a new division consolidating the capability of our Office, Industrial, Retail and Build to Rent teams and created a dedicated Commercial & Mixed Use division.



BUILDING CLIMATE RESILIENCE (TCFD)

MIRVAC'S APPROACH TO MANAGING ITS
CLIMATE-RELATED RISKS AND OPPORTUNITIES

INTRODUCTION

In 2014, Mirvac announced an industry-leading target to be net positive carbon by 2030, and in 2019, set out a plan on how it will achieve this. With an ongoing focus on energy efficiency and renewable energy procurement, Mirvac intends to reduce emissions within its operational control to zero, supported by a strategy to purchase high-quality offsets for residual emissions.

In line with the recommendations set out by the Task Force on Climate-related Financial Disclosures, this report details out the ways in which Mirvac is continuing to reduce its impact, and the actions we have taken and continue to take to achieve net positive carbon by 2030. In addition, it outlines the physical and transition risks and opportunities we face, how we manage these risks across the business, and the metrics we use to assess our impact.

Few could have foreseen the global disruption COVID-19 would trigger when reports of a highly contagious virus first started to emerge at the end of 2019. And while the pandemic has undoubtedly had devastating consequences on human life, livelihoods and global economies, it also brought into sharp focus the fragility of our planet, our financial structures, and our ever-interconnected supply chains. The realisation that the future impacts¹ of climate change will mirror – or be worse than – those of the pandemic has also provided the opportunity to see with more clarity the need for urgent action.

The investment community has certainly heeded this, demonstrated by a rapid increase in interest on environmental, social and governance (ESG) issues, as well as an increased flow of capital to ESG funds. A report by Harvard Business School published earlier this year estimates that a third of all professionally managed funds are now subject to ESG criteria, with investors pouring more than \$70 billion into ESG equity funds between April and June of 2020 alone.

A number of governments around the world, meanwhile, have accelerated their action on climate change. China, one of the world's biggest polluters, has committed to seeing emissions peak by 2030, with a target to be carbon neutral by 2060, sending a clear signal that decarbonisation is firmly on their agenda. The United Kingdom has announced plans to be net zero by 2050, along with increasing its target to reduce emissions to 78 per cent by 2035². Similarly, the European Union has increased its 2030 emissions reduction target to 55 per cent, up from 40 per cent, and the United States has committed to achieve carbon neutrality by 2050. In Australia, several states have made emissions reductions targets, including Victoria and South Australia, which have pledged to halve carbon emissions by 2030, the ACT, which will reduce emissions by 65 to 75 per cent, and NSW, which is targeting a 35 per cent reduction by 2030.

Progress like this is promising, particularly given that 2020 was the equal-hottest year on record, even with a cooling La Niña event. We've also witnessed extreme weather-related events – such as this year's heavy rainstorms and flooding along the east coast of Australia, the deadly winter storms in the United States, and the severe storms and flooding in Europe – continue to increase in intensity and frequency. It's also been estimated that insurance companies in Australia have paid out \$7 billion in claims for natural perils over the past three years.

It's clear that the next decade is critical. To avoid an acceleration of catastrophic consequences like the above, emissions need to roughly halve from 2010 levels if we are to have a chance of limiting warming to 1.5 degrees, and the transition to a low-carbon economy will require a coordinated, cross-sectorial and global approach.

Given this context, the investment community is seeking greater transparency about how climate risks and potential cost impacts are understood and mitigated, and Mirvac is pleased to provide our third update of this kind.

Target: Net positive carbon by 2030
Key progress: 80% reduction in carbon footprint

1. In addition to widespread economic turmoil (which philanthropist and business leader, [Bill Gates](#), states "will likely be as bad as having a COVID-sized pandemic every ten years"), the expected impacts of climate change include loss of life, disruptions to global supply chains, worsening inequality, political instability, the loss of millions of species of plants and animals, and the displacement of millions of people, to name a few.

2. Compared to 1990 levels.

GOVERNANCE

BOARD OVERSIGHT

Our Board of Directors is responsible for setting Mirvac's strategic direction in relation to the management of climate change risks and opportunities, and oversees the implementation of the Group's sustainability strategy by the Executive Leadership Team (ELT). They are equipped with the skills and experience to oversee the impacts of climate change to our business, and are responsible for approving Mirvac's sustainability targets and for monitoring the achievement of these, which remain focused on climate change resilience and the decarbonisation of our portfolio.

Our Board also bears overall responsibility for approving Mirvac's risk management framework and, with the support of the Audit Risk and Compliance Committee (ARCC), is responsible for assessing key operational, strategic and emerging risks and mitigation strategies, including those related to climate change. The ARCC meets quarterly to review risk management reports and makes recommendations to the Board regarding Mirvac's risk profile and risk appetite.

We are committed to the ongoing development and maintenance of climate capability across our Board and senior management, and in June this year, we invited a prominent CEO from the insurance industry to present to our directors on the growth in responsible investment activity, especially in relation to climate change. In addition to this, each year we arrange for a delegation of directors, executives, and managers to participate in the University of Cambridge sustainability leadership programs¹. A Mirvac director is a member of the faculty of this educational program.

This year, Mirvac has taken the further step to establish a Health, Safety, Environment & Sustainability (HSE&S) Board Committee, as a positive step in bringing additional attention and support for these critical areas, and to oversee relevant strategies, systems, policies, and practices.

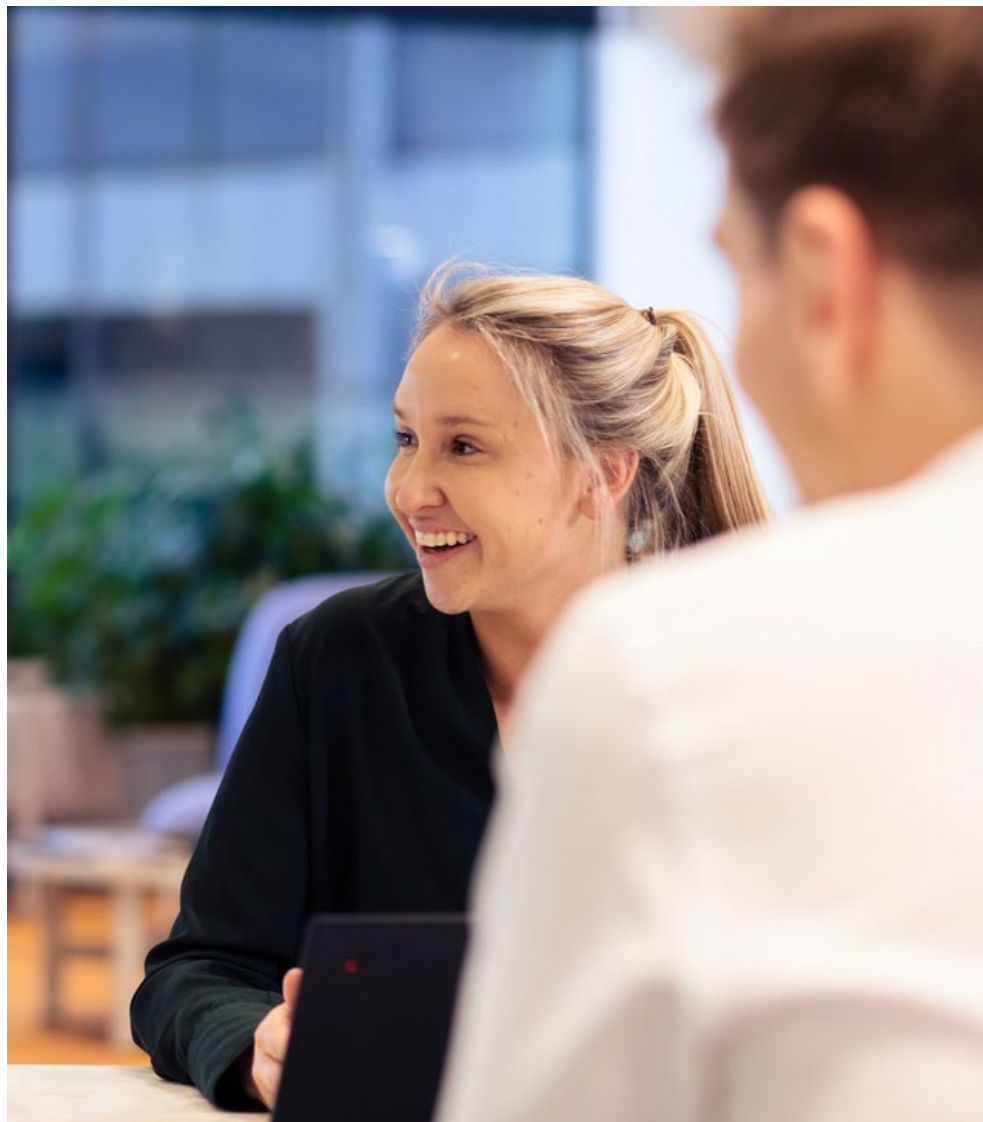
THE ROLE OF MANAGEMENT

Our ELT also plays a crucial role in delivering on our sustainability strategy, *This Changes Everything*, working with the Board to ensure that material sustainability risks are identified and mitigating action plans are in place. Each member of the ELT has specific responsibilities relating to Mirvac's sustainability performance, including objectives related to climate-related risks and opportunities. The ELT is responsible for the implementation of the Mirvac Risk Management Policy & Framework once it has been approved by the Board.

The ELT is supported by the HSE&S Management Committee Management Committee, which comprises senior managers from across the business and is chaired by Mirvac's Head of Culture & Capability. The Committee meets every month to review Mirvac's progress on HSE&S matters, including climate change, reporting back to the ELT, HSE&S Board Committee and Board on a quarterly basis with updates and recommendations.

In addition to this, the HSE&S Management Committee assesses the sustainability performance of each business unit through a sustainability scorecard. This propels each business unit to take actions to reduce their environmental impacts, have a positive social impact, and demonstrate their progress in delivering Mirvac's sustainability strategy.

Finally, as one of Mirvac's key strategic objectives, sustainability forms part of each employee's short-term incentive calculation. This provides powerful motivation for all employees to deliver on the Group's sustainability key targets, of which climate change is one. Our threshold performance target is an 80 per cent achievement of stated goals for each year. In FY21, our performance was 94 per cent.



1. With the exception of 2020 and 2021, due to COVID travel restrictions.

STRATEGY

Our climate strategy is anchored by our ambitious goal to be net positive carbon by 2030, which we set as part of our *This Changes Everything* sustainability strategy, knowing that it was the right thing to do. And we've made excellent progress since setting our target, reducing our carbon footprint by 80 per cent as at 1 January 2021¹, with 100 per cent of our retail portfolio and 90 per cent of our office portfolio now operating on 100 per cent fully-firmed renewable electricity.

But as well as being the right thing to do, targeting net positive carbon makes good business sense. We know that as the volatility of our climate increases, we are more exposed to the disruptions that weather-related events can cause. For us, this includes construction delays, damage to property, losses in productivity, impacts to our supply chain, and interruptions caused by power supply failures. In addition, we expect to see continued volatility in energy pricing and insurance costs in the short to mid-term, particularly as extreme weather events continue to increase in both frequency and intensity. As an urban asset creator and curator, we're also well-placed to begin considering how a trend towards agglomeration in cities may impact interest in and valuations of our assets.

Our net positive carbon plan, released in 2019, sets out our climate mitigation strategy. This plan – focused on the premise that we **eliminate more carbon than we emit** – is anchored by four overarching principles:

1. Continuing to maximise energy efficiency at our assets

Maximising energy efficiency is central to our plan to be net positive carbon by 2030, driven by our view that the cheapest and most sustainable ton of carbon is the one we don't emit. And as an integrated business, we're in a unique position to design, build and operate highly energy-efficient buildings across our commercial portfolio. We've found many ways to reduce a building's energy demand and consumption, including energy efficient technology, passive design², high performance façades, and better insulation. Our in-house team of sustainability experts also works to continuously improve building performance, monitoring energy use extensively through sub metering, analytics and a diagnostic platform. This helps our sustainability engineers and facility managers to scrutinise energy performance and identify and rectify any system anomalies (and in turn, deliver energy savings to our tenants).

Along with the obvious environmental benefits, these measures also deliver commercial value, and there's no better example of this than EY Centre, 200 George Street in Sydney, where our head office is located. EY Centre was designed as a 5 star NABERS Energy building, and during its first two years of operation, our in-house property asset management and technical services teams worked to improve the building to 5.5 stars. The improvement of half a star alone delivered a valuation uplift of \$4 million, along with operational cost savings of \$200,000 per year. Similarly, at 380 St Kilda Road in Melbourne we improved the energy rating from a 3.5 star NABERS to a 5.5 star NABERS (as well as improving the water rating from a 3.5 stars to 5 stars), which together, resulted in operational savings of over \$450,000 per year.

Overall, our portfolio currently boasts five 6 Star Green Star Performance rated buildings, along with four 6 star, eight 5.5 star and six 5 star NABERS Energy rated buildings, reflecting Mirvac's extraordinary focus on energy efficiency and operational performance.

In addition to this, Mirvac conducts life-cycle assessments at its existing assets to identify sources of embodied carbon and water associated with design and materials selection. This means we're better placed to mitigate the impacts of these materials and make informed decisions on our materials selection, preferencing materials with recycled and recyclable content, as well as lower embodied carbon and water.

2. Building all-electric buildings

Following the launch of *This Changes Everything* in 2014, Mirvac implemented a set of minimum design standards to ensure that future developments and refurbishments make a positive contribution to the strategy, including the Group's net positive carbon target. The design standards include a number of climate adaptation elements, one of which is the requirement for all new developments to be 100 per cent electric – that is, there is to be no gas provision or usage for base building services. At 80 Ann Street in Brisbane, for example, which is expected to complete in FY22, we amended the design of the heat pump system from gas to electric, enabling the base building services to be 100 per cent electric. Similarly, at our upcoming development at 55 Pitt Street in Sydney, we've specified for electric hot water and heating which ensures the base building is 100 per cent electric.

And while removing fossil fuels from our existing portfolio presents a greater challenge (as we need to work within physical limitations and the constraints of plant and equipment), we continue to make steady progress. We deactivated the co-generation system at 101 Miller Street in Sydney in June last year, which has now been switched to an emergency standby role, and we expect the remaining co- and tri-generation systems in Sydney (at 10-20 Bond Street, 275 Kent Street and 8 Chifley) to be fully deactivated by June 2025. We are currently reviewing options for the tri-generation system at David Malcolm Justice Centre in Perth.

1. Off an FY18 baseline.

2. Passive design is the name given to any design technique that requires no active (energy using) intervention and reduces the need for auxiliary heating or cooling. Techniques include thermal mass, natural ventilation and lighting, orientation and effective external shading ESD Design Guide – Office and Public Buildings, Department of the Environment and Water Resources, Edition 3, May 2007.



South Eveleigh, Sydney NSW

3. Supplying these buildings with 100 per cent renewable energy

Over the past two years, we've negotiated energy supply agreements at our investment assets where we have operational control, reducing our emissions by 60 per cent in 2020 and a further 20 per cent in 2021¹. There are numerous business advantages in transitioning to renewable energy, or in our case, renewable electricity, which we've achieved through a series of renewable Energy Supply Agreements. As well as the obvious environmental benefits these provide, we've been able to achieve more competitive and secure energy prices, while delivering immediate and major reductions in carbon emissions.

We also continue to make solid progress with onsite renewables. In 2016, we launched Mirvac Energy, a company which can explore other options to support our sustainability goals. So far, our approach has been to invest in solar photovoltaics (PV) systems at our assets. We harvest the energy that's generated by the solar PVs and then sell it back to the base building, providing an alternative energy source for our properties and a new revenue stream for our business. In the past six years, we've installed almost four megawatts of solar, with plans to roll out more at our assets which have larger roof space availability.

Further signalling our commitment to the transition to renewable energy, in December 2019 we became the first Australian property group to join RE100, a global corporate clean energy initiative that brings together influential businesses committed to 100 per cent renewable power.

4. Investing in a small amount of high-quality offsets, prioritising those where we can affect both social and environmental benefits.

Until it's cost-effective to move to 100 per cent renewable sources – and to replace current refrigerants with those of lower or no global warming potential – we will continue to support high-quality carbon offsets for residual scope 1 emissions.

While offsets can provide important environmental, social and economic benefits for reducing emissions, they do not address the systemic causes of GHG emissions.

We are pleased to be tracking ahead of our targets set out in the carbon plan and will take time in FY22 to consider our next steps given this good progress.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Mirvac has identified a number of physical and transition risks that we expect to face as a result of climate change. In considering these risks, we have applied the Representative Concentration Pathways (RCPs) which were adopted by the International Panel on Climate Change in 2014.

Our *transition risks* are informed by scenario RCP2.6, which is effectively a best-case scenario in which we manage to significantly reduce our global emissions and keep warming to between 1.5 and 2 degrees Celsius by the end of the century. This scenario is likely to represent the higher cost of transition as energy systems and product suppliers make rapid change.

To inform the *physical risks* to our business activities, we have adopted scenario RCP8.5. This scenario reflects our current trajectory and is the situation we face if no action is taken; that is, a 'business-as usual' or 'worse-case' scenario.

As current emission trajectories are in line with a RCP8.5 scenario, and given the inertia within the climate system and the lack of urgent large-scale emissions reduction in many nations, we feel it is prudent to utilise a worst-case scenario to guide our planning and asset audit activities. We will continue to focus on the rapid reduction of our operational emissions, while monitoring emissions trajectory and global emissions reduction activity to inform our strategy.

1. Energy supply agreements work on a calendar basis and it takes two years for emissions reductions to take effect.

TRANSITION RISKS

Transition risks are associated with changes in the external economic and regulatory environment and can include the costs associated with the transition to low emissions electricity, insurances for weather-related events, impacts on reputation, and changes in government policy and regulation. By identifying transition risks early, Mirvac is better able to develop strategies and put in place controls that are integrated into our risk management system, in order to avoid the worst consequences of these changes:

Risk	Timeline	Mitigation/opportunity
POLICY		
Climate policy actions typically fall into two categories - those that attempt to constrain actions that contribute to the adverse effects of climate change or those that seek to promote adaptation to climate change. Policy change around climate could potentially lead to an increase in operating costs through higher compliance costs, although it will depend on the nature and timing of the change. Carbon pricing policies may increase costs for organisations with significant carbon emissions, while other natural resources legislation (such as water and biodiversity) may become more stringent as scarcity increases.	Medium to long term	Our target to be net positive carbon by 2030 is our primary climate change mitigation strategy and puts us ahead of the commitments made by the Australian Government in relation to the Paris Agreement (who has committed to a 26-28 per cent reduction by 2030 from 2005 levels). In January this year, for example, our carbon footprint reduced by 80 per cent following the signing of new electricity agreements. Taking proactive steps to reduce our emissions means we will significantly reduce the risk or magnitude of consequences from potential legislation or other policy requirements. Mircac also has a Responsible Investment policy which outlines our approach to managing our climate risks and opportunities.
LEGAL		
The failure to mitigate the impact of climate change and/or adapt to climate change, or insufficient disclosure on material financial risk could see increased litigation against companies and government for damages caused by climate change impacts.	Medium to long term	Our revenue is increasingly drawn from low-carbon, high-performance assets, and within our Residential business, we continue to explore how we can lower emissions through better design, the inclusion of energy-efficient appliances and access to renewable energy and battery storage. As such, litigation is likely to be a lower risk for us than other more energy and resource intensive companies.
TECHNOLOGY		
The timing of technology development and deployment remains a key uncertainty in assessing technology risk. As well as the cost and the unproven nature of integrating new technologies into existing assets, rapid changes in technology can also be challenging to integrate into development timeframes.	Medium to long term	As part of our net positive roadmap, we've considered technology improvements such as smart metering, battery storage and renewable energy. Within our office portfolio, we are also focused on creating smart buildings to improve environmental performance and ease of operation, as we've done at our multi award-winning headquarters at EY Centre, 200 George Street in Sydney NSW and at 477 Collins Street in Melbourne VIC. We see technology, innovation and integration as key to delivering lower long-term costs, and increased occupant comfort and productivity.
MARKET		
Investors and markets are increasingly redirecting capital away from products and services that contribute to climate change, impacting stock and asset values. For example, Goldman Sachs has said that it will no longer fund new investments in Arctic oil or coal for power stations. Similarly, BlackRock, which manages over US\$8 trillion dollars of funds, has defined climate change as the biggest threat to markets. The International Monetary Fund has also identified climate change as a major global issue, downgrading global economic forecasts on this basis. In addition to capital market risks, there is also a risk that the supply and demand for products and services may vary in response to shifting consumer demands and changes in technology.	Short to long term	We are committed to transparency on ESG performance to ensure our securityholders can make informed choices. With a young, high-performance office portfolio, Mirvac is well-placed to capture the shift to low-carbon products. We target a 5.5 star NABERS Energy rating, 5 star Green Star Design and As Built and 4.5 star NABERS Water rating for all new office assets. Our office design guidelines also ensure that upgrades consider energy and water efficiency and climate resilience. We also look to future-proof our office, retail and industrial assets through improved energy and water performance (design and operational), and our investment in renewable energy (on and off-site) reduces the uncertainty and instability of electricity price shocks. Within our residential business, we build above minimum standards and have partnered with government bodies, such as the Clean Energy Finance Corporation and the Australian Renewable Energy Agency, to provide greater access to renewable energy. In addition to this, we continue to explore lower carbon materials, such as recycled content in steel and low carbon concrete, within our construction business, another area where the future cost of carbon will be realised.
REPUTATION		
An organisation's action or inaction in transitioning to a lower carbon economy poses a potential source of reputational risk, as customers and communities continue to expect more from big businesses. A key reputational risk for Mirvac would be failing to achieve net positive carbon, while a second risk is that the assets or products we build and then sell don't perform well into the future. Reputational risk has a wider-ranging impact to our business: attracting high-quality capital partners may become more difficult, governments and communities may resist working with us, and it will be harder to attract and retain top talent.	Short to long term	Demonstrating our commitment to a low carbon world and taking leadership in reducing our emissions addresses concerns from our stakeholders on Mirvac's ability to effectively manage both its impact as well as its climate-related risks. We value the opportunity we have to engage with our key stakeholders to understand their expectations and incorporate those within our plans. We regard this understanding, the transparent setting of targets, and reporting on promises delivered, as being central to maintaining a trusted reputation. Our strong sustainability credentials and reputation also continue to help us attract investors who consider ESG in their decision-making.



PHYSICAL RISKS

Mirvac currently has approximately \$25 billion of assets under management, along with a \$12.3 billion committed and future commercial development pipeline and \$15.7 billion in residential development. This means there are a number of physical risks that climate change presents to our activities – both in relation to the developments under construction and the operation of the assets we own.

Development projects under construction will potentially experience a higher incidence of construction delays as a result of extreme weather events, such as storms, heavy rain, flooding and bushfires, the frequency and intensity of which is projected to increase. Higher temperatures will lead to an increase in heat fatigue and heat-related delays on our construction sites, while maintaining comfort in our existing buildings will become more costly.

Extreme weather events may also disrupt the operation of our existing assets and, in turn, lead to higher insurance premiums, with physical risks potentially becoming uninsurable in the future. Applying scenario RCP8.5, we have detailed these physical risks below.

Risk	Timeline	Potential mitigation/opportunity
EXTREME TEMPERATURES		
<p>More hot days and warm spells are projected (with very high confidence), across locations in which Mirvac operates: Sydney, Melbourne, Perth, Brisbane and Canberra. This includes a substantial increase in days over 35°C and the duration of warm spells. More frequent hotter days will increase demand for air conditioning and ventilation. This will lead to higher operating costs (energy consumption and maintenance costs). Higher minimum temperatures, particularly in summer months, will mean the use of fresh air for cooling overnight will not work as well. We could also see higher energy costs at our retail centres due to increased foot traffic, as people increasingly seek relief on hot days.</p> <p>An increase in the occurrence of days with temperatures over 35°C will also see a higher chance of heat-related fatigue on construction sites.</p>	Short to long term	<p>Ongoing mitigation strategies within our investment portfolio include implementing energy efficiency initiatives (such as installing energy efficient lighting, equipment and HVAC) to assist in reducing energy loads, as well as retrofitting existing assets to improve the building thermal envelope, whenever capital expenditure is justified. Mirvac has also installed window films in several assets to improve glazing performance and enhance tenant amenity. Additionally, there is an opportunity for us to work with our tenants to establish optimal conditions during extreme temperature events.</p> <p>In our construction business, Mirvac is looking to increase its utilisation of prefabricated construction methods to minimise exposure to external environmental impacts. For example, a pilot at our Tullamore development in Melbourne, VIC demonstrated that utilising techniques of prefabrication leads to reduced workers on site, which in turn results in less risk of heat-related fatigue. Mirvac currently has existing policies relating to heat-risk in place and will continually review and improve policies relating to weather.</p>

EXTREME RAINFALL		
<p>Heavy rainfall intensity is projected to increase (despite mean annual decline in some locations).</p>	Short to long term	<p>Within our investment portfolio, our building management teams proactively check and maintain building envelopes to improve resilience to extreme rain and hailstorms and, where appropriate, implement effective stormwater management strategies. In our construction business, the Group mitigates the impact of heavy rainfall by implementing flood defence measures, such as pumping equipment and backup generators, and ensuring effective stormwater management. Ensuring cranes and other construction equipment are secured, considering plant and equipment installations and locations prior to installation, and having equipment to de-water the site are also mitigation strategies we employ.</p>

STRATEGY continued

Risk

Timeline

Potential mitigation/opportunity

TO

The time spent in drought is projected to increase and there is likely to be increasing variability in rainfall pattern. Perth and Melbourne, two locations that we operate in, are likely to have reduced rainfall in the period to 2030, particularly in winter and spring, making the challenge of net positive water more difficult.

Inadequate water to service developments will impact project feasibilities. Water prices and costs will increase, and there will be increased water restrictions for operational use and landscape watering in droughts. Higher electricity costs are also expected due to insufficient water for power stations.

Short to medium term

To mitigate the impact of reduced access to water in our commercial business, Mirvac will focus on continuing to improve water efficiency, developing alternative water supplies and finding ways to use recycled water.

Within our development business, Mirvac will focus on designing and building water efficient buildings and utilising drought tolerant plants for landscaping. A greater utilisation of rainwater and stormwater at a precinct level is also expected to help Mirvac minimise its external environmental impacts.

Planet Positive Water, to be released this year, will also step out in detail the actions Mirvac will take to reach net positive water by 2030.

RIISING SEA LEVELS

The projected range of sea-level rise by 2030 is around 0.07 to 0.19 metres above the 1986–2005 level. This could lead to restrictions on development approvals for projects on land one metre or less above sea level; increased costs and delays to construction; flooding and damage to property; increased costs from need to invest in flood prevention; business interruption to customers; and, reduced land value.

Medium to long term

Within our investment portfolio, mitigation strategies include reviewing the location of critical building infrastructure and investing in flood prevention infrastructure. In the planning and design of new developments, we currently consider sea levels and projected increases in floodplains and stormwater as specified by the relevant authorities or experts.

BUSHFIRES

The Australian bushfires over 2019/2020 demonstrate the devastating financial and social impact harsher fire conditions can bring. The key risks are loss of life, loss of ecosystems and biodiversity, loss of animal species and damage to property. Insurance premiums in bushfire-prone areas are likely to increase over time.

Short to long term

The primary risk bushfires present within our investment portfolio is the impact of smoke on the indoor environment quality. During the 2019/20 bushfires, our building management teams across the portfolio conducted an asset-by-asset investigation of opportunities and operational procedures to reduce smoke infiltration. Our teams also undertook a review of lobby egress pathways to maximise the use of automated doors as a means of reducing smoke infiltration into building entries.

The potential mitigation strategies in our construction business include employing best practice bushfire building codes and addressing risks through design and material selection, complying with bushfire zone requirements, and actively managing fire risk related to any development (for example, building appropriate fire breaks, reducing bushfire fuel loads around construction sites, and working with Rural Fire Services).



RISK MANAGEMENT

Our approach to risk management is aligned with ISO 31000 (previously AS/NZS 4360) and guided by ASX Corporate Governance Principles and Recommendations, regulatory standards and Mirvac's own codes and policies, such as our Code of Conduct. Our Group Risk function is responsible for developing and embedding the risk management framework, advising the business on risk management plans, and consolidating risk reporting to senior executives and the ARCC. Environmental and sustainability risks are classified as a key strategic risk and reported on quarterly to the ARCC. Each business unit is accountable for its specific risks, including risks related to climate, and is responsible for maintaining effective internal controls and monitoring processes.

We're also continuing to work on standardising our approach to integrating climate-related risk into our new business and acquisitions processes. In FY20, our ELT approved Mirvac's Responsible Investment policy, which has a requirement for ESG-related risks (particularly climate risks), and their financial implications to be factored into new business opportunities.

We continue to work with the business to refine and enhance our processes so that climate risk is considered early in our investment decisions. To support this, we engaged a consultant to undertake pilot climate risk assessments at three of our existing projects across office, industrial and residential. The data provided in these is intended to help us plan and report on notable risk areas and inform key decisions around our investments.

In addition to this, and to further decentralise climate risk within the business, we've developed a climate risk register that outlines how the key climate risks we've identified are likely to impact our business and the controls we'll adapt or implement to mitigate these risks. These risks have been assigned to relevant business units and a likely financial impact of these risks has been allocated.

We're also progressing our work to mitigate the largest impacts of climate change at an asset level. Following last year's climate review of our investment portfolio (which ultimately concluded that there were no portfolio-wide, material, physical risks to Mirvac), we undertook physical climate risk audits at a handful of assets across office, retail and build-to-rent. These physical audits allow our facilities teams to plan for future mitigation activities and, at the right time, add them into the asset's capital expenditure and strategic asset plans.

Taking a long-term asset view enables mitigation works to be planned into the capital and operational cycles and limits the need for unplanned or unbudgeted works to be performed. If generic risks are identified, they will be considered across the portfolio and added to Mirvac's Minimum Design Requirements to feedback experience into new developments. We also recognise there may be a need to adapt our operational procedures for unanticipated climate change risks (such as the smoke ingress caused by the 2019/20 bushfires).

Overall, our intention is to further integrate climate change considerations into our existing processes to strengthen climate-related risk management as a whole. This approach is complemented by our zero waste and net positive water plans, which, together, show how we work to minimise harm in our operating environment, use our influence to build partnerships, and leverage our buying power for materials and resources to signal our support for renewable, regenerative, and planet positive goods.

Noting the impact prolonged extreme temperature conditions could have on operations performed within our industrial facilities, in FY21 we undertook an analysis to benchmark the thermal performance of a typical industrial facility within our portfolio.

The analysis identified an opportunity to enhance the passive design within these assets, specifically through increased insulation and a reduction in the extent of translucent panelling to reduce heat ingress. We are currently investigating Green Star certification for new industrial developments, which will further embed climate resilience into the design.



TARGETS AND METRICS

TARGETS

In addition to our long-term goal to be net positive carbon by 2030, we have measurable short-term targets that are closely tied to our business planning and performance monitoring. These targets and metrics measure our progress between now and 2030 and cover the majority of our scope 1 and 2 emissions.

Each division within Mirvac creates an annual scorecard that outlines specific sustainability targets as part of their contribution to the sustainability strategy, including our climate target. The scorecards are reviewed by the Group Sustainability team, with progress reported monthly to the HSE&S committee, and quarterly to our ELT and Board.

Given our accelerated action on net positive carbon, some of the short-term targets we originally outlined in Planet Positive have evolved. For example, onsite and offsite solar PV installations have become less of a priority as the majority of our investment assets are now supplied with renewable electricity. The metrics used to track performance have also shifted from carbon intensity metrics to absolute emissions and energy intensity given the rapid reduction in carbon emissions.

Why not science-based targets?

Our net positive carbon by 2030 target is based on climate change science, in recognition of the need for urgent and significant reductions in greenhouse gas emissions. It's ambitious in both impact and timeline. The strategy does not utilise a probability-based view of the extent and impacts of climate change, but instead recognises the contribution Mirvac can make to rapidly eliminating its operational carbon emissions. As current emission trajectories continue in line with a worse-case, RCP8.5 scenario, our strategy directly responds to community, customer and investor calls for strong action to mitigate climate change.

METRICS

Since This Changes Everything was introduced in 2014, Mirvac has measured emissions intensity, water intensity and emission reduction (with breakdowns for office and retail portfolios). The table below shows the sustainability outcomes we have achieved between 2013 and 2021.

GHG Emission (tCO ₂ -e)	FY18	FY19	FY20	FY21
Total scope 1	6,829	6,619	7,458	6,342
Total scope 2				
Electricity (location based)	73,772	78,041	70,255 ¹	64,018
Electricity (market based)		73,110	44,532	12,660
Total scope 1 & 2 (market based)	80,601	79,728	51,989	19,002
Total scope 3	21,525	22,603	16,016	10,369
Total scope 1, 2 & 3 (market based)	102,126	102,331	68,005	29,371

1. FY20 scope 2 location-based emissions have been restated to include part-year operation of The Foundry at South Eveleigh.

WHAT'S COUNTED IN OUR NET POSITIVE CARBON PLAN?

Currently, our commitment to net positive carbon applies to our investment portfolio and state offices. We're counting Mirvac's scope 1 and 2 greenhouse gas (GHG) emissions from these assets, wherever we have operational control². This is because we have a direct ability to impact energy and refrigerant use and their associated emissions and means that we are reporting scope 1 and 2 GHG emissions for the majority of our office and retail assets. This approach aligns with our current reporting obligations under the Australian Government's National Greenhouse and Energy Reporting (NGER) legislation.

WHAT'S NOT COUNTED?











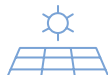





Scope 1 and 2 emissions associated with our vehicle fleet and our development activity where we have operational control are not included in our net positive roadmap calculations. These emissions account for around 3 per cent of our total scope 1 and scope 2 emissions.

Scope 3 emissions are also not counted towards our net positive carbon goal. We have varying degrees of influence on these emissions, and there are challenges around consistent, accurate, and transparent reporting of our impact. However, we remain committed to taking action on scope 3 emissions and our approach is to consider where our greatest impact meets our greatest areas of influence, and apply efforts to deliver or incentivise better outcomes.

The table on the following page sets out our high impact, high influence activity areas, and provides balanced estimates of potential reductions.



2. Operational control is defined as "the ability to introduce and implement operating policies, health and safety policies and/or environmental policies" as per the Australian Government's National Greenhouse and Energy Reporting (NGER) legislation and the United Nations Principles for Responsible Investment (UNPRI) reporting.

Business activity area	Potential emissions savings	Mirvac action	Estimated emissions reduction
 Tenant electricity	 Mirvac's embedded networks supply tenant electricity.	 Mirvac purchases 100% renewable electricity for its retail centres. We on-sell a component of this to our retail tenants.	 50,000 TONNES of CO ₂ per annum
 Electricity use in sold properties	 Mirvac's research project, the House with No Bills, found that with the inclusion of solar PV and battery technology on an already efficiently designed home, could reduce carbon emissions and deliver savings in electricity of \$2,000 per year.	 Mirvac has since committed to equivalent or higher standards at our developments including The Fabric at Altona North in Melbourne and Illuma Estate in Perth, representing 50 lots.	 Up to 12 TONNES of CO ₂ per four-person home, per annum
 Solar PV	 We've installed over 850kW of solar across our industrial portfolio.	 Mirvac will continue to leverage the roof space at its industrial assets, and expects to install a further 600kW in FY22.	 Over 800 TONNES of CO ₂ per annum
 Tenancy lighting	 All new buildings use 100% LED lighting.	 Converting from metal halide to LED lighting results in lower energy bills and a significant reduction in maintenance costs.	 Energy (& lighting related greenhouse gas emission) reductions >60%

WHAT'S NEXT?

Having made significant progress against our target to be net positive by 2030, our focus remains on strengthening our approach to climate resilience across the business and ensuring that we have a consistent method of assessing and managing climate-change risks and opportunities. Reducing our scope 3 emissions is also a key priority going forward.

We also continue to work with our peers and industry bodies, such as the Property Council of Australia, to advance the adoption of low carbon initiatives and technologies across the property sector.

To see how we're thinking about and responding to scope 3 emissions in our business, read our statement on scope 3 emissions here: <https://mirvacustainability.azurewebsites.net/wp-content/uploads/2020/04/Mirvac-Statement-on-Scope-3-Emissions.pdf>

RECONCILIATION IN ACTION AT MIRVAC

A snapshot of Mirvac's Reconciliation Action Plan (RAP) June 2021—June 2023

We acknowledge Aboriginal and Torres Strait Islander people as the Traditional Owners of the lands and waters of Australia. We recognise that we all live, work and play on traditional lands and we pay our respect to Elders past and present.

Mirvac's purpose to Reimagine Urban Life guides us to consider our spheres of influence in the reimagining of Reconciliation in Australia. As an asset creator and owner, we are intrinsically linked to Country and we have a unique opportunity to respectfully incorporate culture into the way we work.

Our vision for Reconciliation is for a fair and truthful relationship between Aboriginal and Torres Strait Islander peoples and the wider Australian community, where the sacred link and attachment to Country is a gift to all Australians.

We recognise that healing must occur before these aspirations are realised, and that we, at Mirvac, are only at the beginning of understanding our opportunities and limitations.

By identifying our guiding principles, we hope to stimulate new conversations, connect cultures, and accelerate wider change in Australia. We aspire for these principles to be deeply embedded in the way we work.

Our driving principles:



Understanding

We will build awareness, knowledge and cultural competence in our people so that each of us is empowered to carry Reconciliation forward through our work and personal lives.



Talent and employment

We will become a workplace where Aboriginal and Torres Strait Islander people want to work, grow, and build their careers.



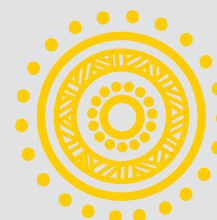
Economic partnership

We will be a trusted partner that accelerates the economic development of Aboriginal and Torres Strait Islander businesses and communities, supporting them to thrive.



Respectful development

We will reimagine our projects to reflect and include local Aboriginal and Torres Strait Islander histories and communities.



Spaces for connection

We will create spaces for dialogue to occur that builds cultural competence in Australia.

RECONCILIATION IN ACTION AT MIRVAC

We'll know we're doing this if:



Understanding

Every Mirvac employee understands our Reconciliation vision and is empowered in its implementation.

By 2023: 90%+ employees report that training deepened their understanding of Reconciliation

To achieve this, we need to:

- Engage all employees to drive Reconciliation outcomes.
- Encourage our leaders to be visible partners in our RAP goals.
- Engage all employees to undertake meaningful cultural competency training.

In my role at Mirvac, I can:

Personalise my acknowledgements of Country so that they feel sincere and are meaningful.
Embrace learning opportunities to deepen my understanding of Reconciliation.



Talent and employment

We have Aboriginal and Torres Strait Islander people represented in every part of our business.

By 2023: Indigenous employees say Mirvac is a culturally safe place to work

- Understand and remove barriers to Aboriginal and Torres Strait Islander participation in our workplace.
- Establish stronger pathways to employment at Mirvac.
- Develop a mentoring program to help Aboriginal and Torres Strait Islander employees identify career pathways at Mirvac.
- Promote careers in property to First Nations Peoples through careers fairs and university engagements.

Reject racism in all its forms.
Participate in programs to mentor Aboriginal and Torres Strait Islander colleagues or potential employees.
Ask recruiters for a diverse shortlist including First Nations Peoples.



Economic partnership

We are seen as an ally by Aboriginal and Torres Strait Islander businesses and communities.

By 2023: \$5m+ a year procured from Indigenous businesses

- Identify Aboriginal and Torres Strait Islander businesses with which to partner and assist in capacity building.
- Actively encourage our suppliers and contractors to develop a RAP.

Use my buying power to help employ Indigenous Australians through my procurement choices.
Utilise our membership with Supply Nation to connect with Indigenous businesses.



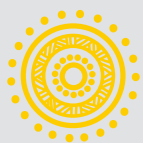
Respectful development

All our developments engage with local Aboriginal and Torres Strait Islander communities and find ways to reflect local histories in our projects.

By 2023: Minimum engagement requirements incorporated in development governance

- Develop a resource to facilitate shared learnings within Mirvac.
- Engage with Aboriginal and Torres Strait Islander stakeholders as part of every new development.
- Incorporate ways to honour local Traditional Owners in our new developments.

Stop and honour the origins of the lands on which we develop by engaging with Traditional Owners as part of my role.
Find ways to weave Indigenous history into our projects.



Spaces for connection

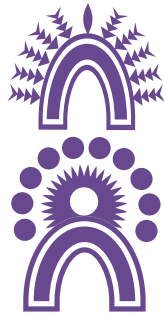
The assets that we own and manage will reflect and include local Aboriginal and Torres Strait Islander histories, communities and places.

By 2023: Advisory supports for development teams in place.

- Find and develop spaces that support dialogue and increase awareness and cultural competency beyond Mirvac.
- Audit existing sites to understand and improve how we currently acknowledge Country and celebrate Aboriginal and Torres Strait Islander histories.

Recognise that what we do can create the bonds to help reconcile our country, new and old.

MIRVAC RAP ELEMENTS



Understanding

These two motifs represent both Aboriginal and Torres Strait Islander Cultures. The top motif represents a traditional headdress of the Torres Straits called a Dhari. The Dhari signifies knowledge and Cultural understanding. The second motif represents Aboriginal Cultures - it's diversity, knowledge of, and spiritual connection to Land and Country.



Talent and employment

People seated in conversation determining new pathways and discussing future goals and prospects.



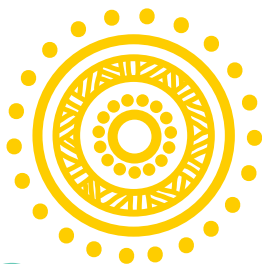
Economic partnership

The 'U' shapes represent people, the woven circle represents those people coming together to form a partnership. The circular symbol is indicative of a meeting place. The fish motif represents knowledge and trade, which in turn translates to economy. The dots top and bottom represent exchange.



Respectful development

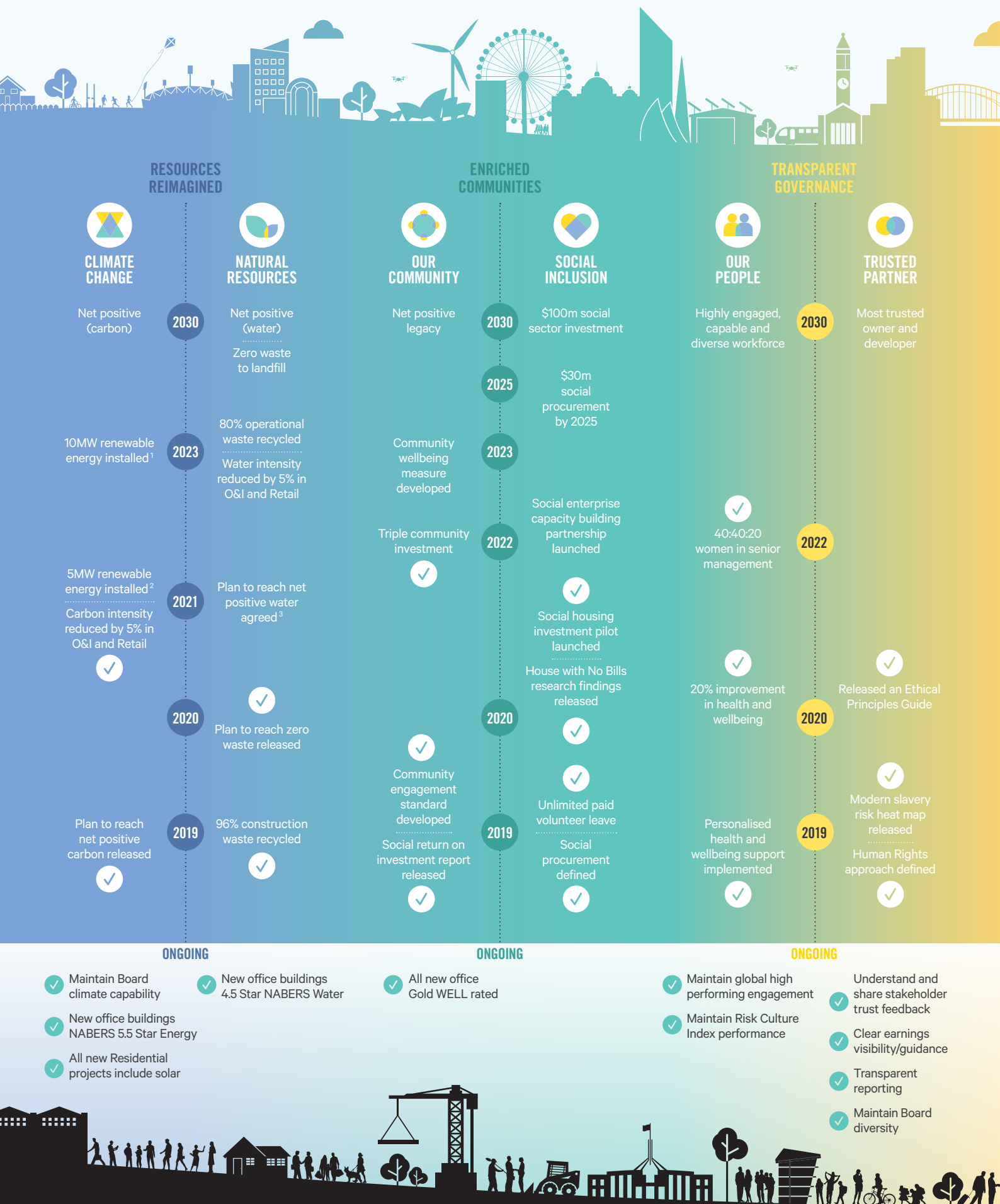
The arch shaped motifs represent both Aboriginal and Torres Strait Islander traditional dwellings.



Spaces for connection

The dots represent people and community gathering in a space that brings them together for celebration or ceremony.

OUR 2030 ESG SCORECARD: TRACKING AGAINST OUR TARGETS



1. This target is currently under review.

2. Mirvac has installed 3.9MW of renewable energy. The Group's focus on installing renewable energy at its assets has been superseded by its focus on transitioning to renewable electricity, which has seen its carbon footprint reduce by 80 per cent since 2014.

3. Mirvac's Planet Positive Water plan is due to be released in FY22.



Reimagine Urban Life