

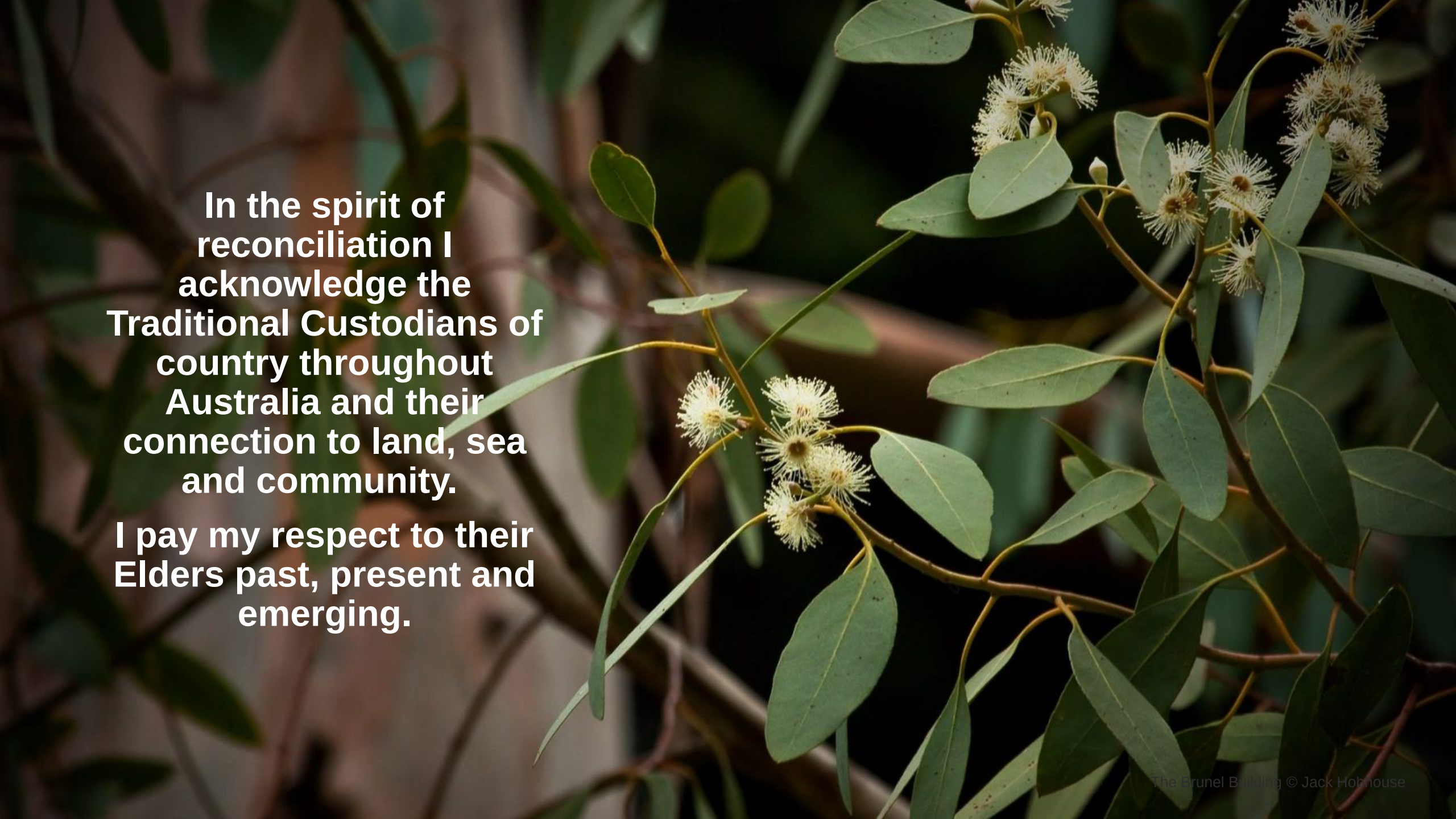


Eden, New Bailey © Muse

Establishing ESG Metrics and Reporting Frameworks: Ensuring Transparency and Accountability

Madlen Jannaschk, Associate and ESG Lead (APAC)

CUNDALL



**In the spirit of
reconciliation I
acknowledge the
Traditional Custodians of
country throughout
Australia and their
connection to land, sea
and community.**

**I pay my respect to their
Elders past, present and
emerging.**

About Cundall



26

OFFICES GLOBALLY



ESTABLISHED IN

1976



1000+

PEOPLE WORLDWIDE



PROJECTS DELIVERED IN

50+

COUNTRIES



500+

AWARDS WON



ZERO
CARBON
DESIGN

**20
30**

ALL PROJECTS WILL BE
NET ZERO CARBON BY

2030

CUNDALL

Cundall services



Madlen Jannaschk

Role: Associate, ESG Services Lead (APAC)

Qualifications:

MSc Arch, MSc EnvEc

CPPM (AIPM)

Climate Active Carbon Neutral Registered Consultant

Green Star Accredited Professional (AUS and NZ)

GRESB Partner (Cundall)

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Agenda

Establishing ESG Metrics and Reporting Frameworks: Ensuring Transparency and Accountability

1. An evolving landscape
2. Developing metrics
3. Measuring and tracking
4. Frameworks and standards
5. Reporting
6. Key takeaways and Q&A

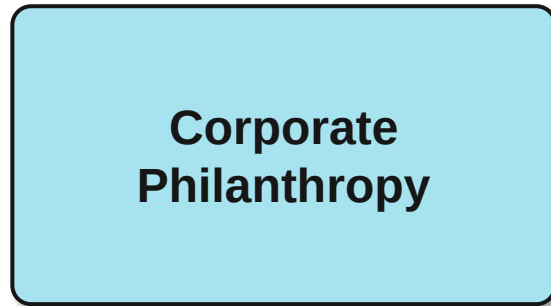




An evolving landscape

An evolving landscape

“Giving back”



Donation of money or skills for good causes

- Nice to do
- Short term
- Selective

Minimising risk and harm



Fulfilling obligations

- Motivated by reputation
- Compliance driven
- Risk mitigation
- Medium term
- Can be project based

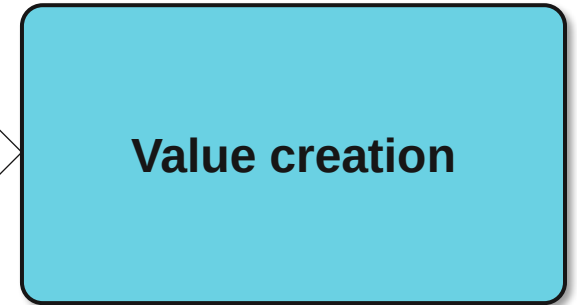
ESG



Solving social and environmental problems to increase profits and gain competitive advantage

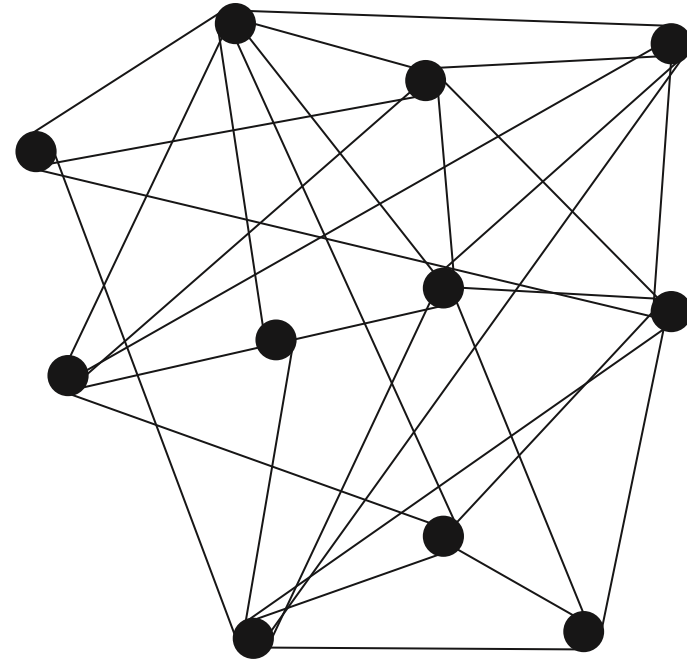
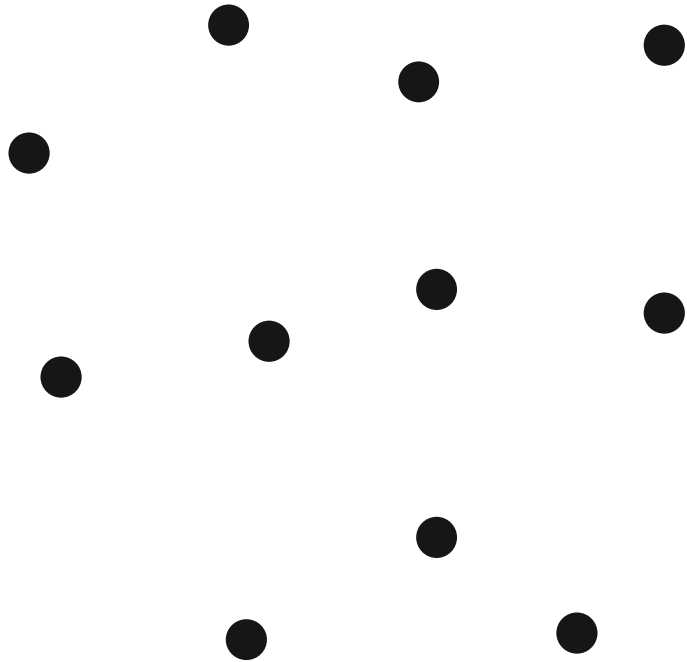
- Motivated by reputation
- Compliance driven
- Risk mitigation
- Longer term
- Company wide

Creating value for the business and beyond

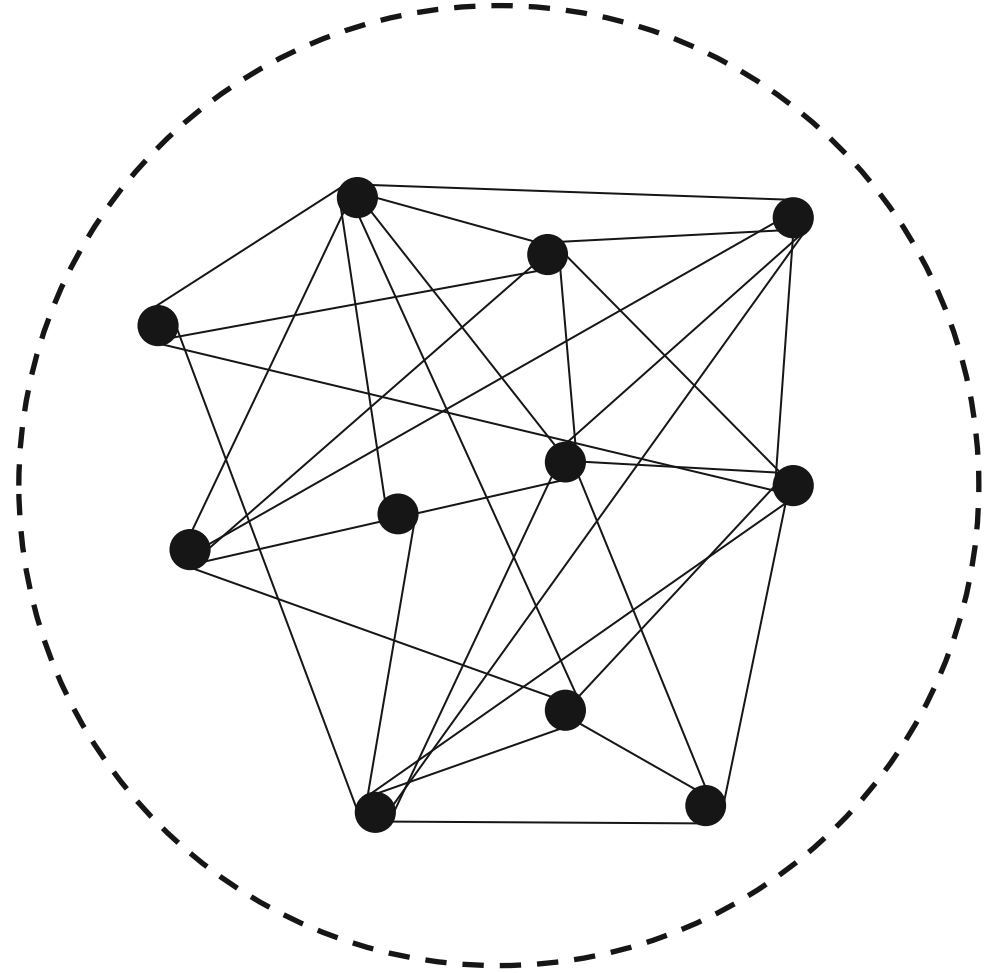
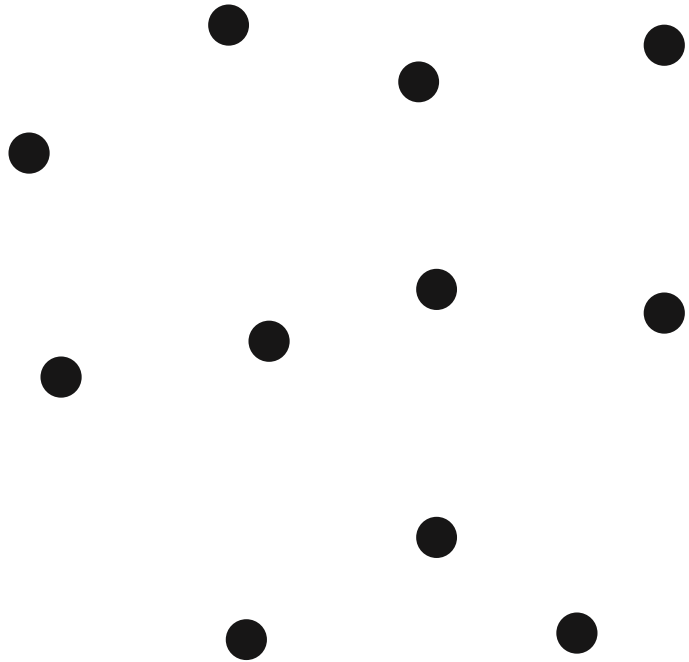


- Competitive advantage
- Long term
- Holistic and company wide

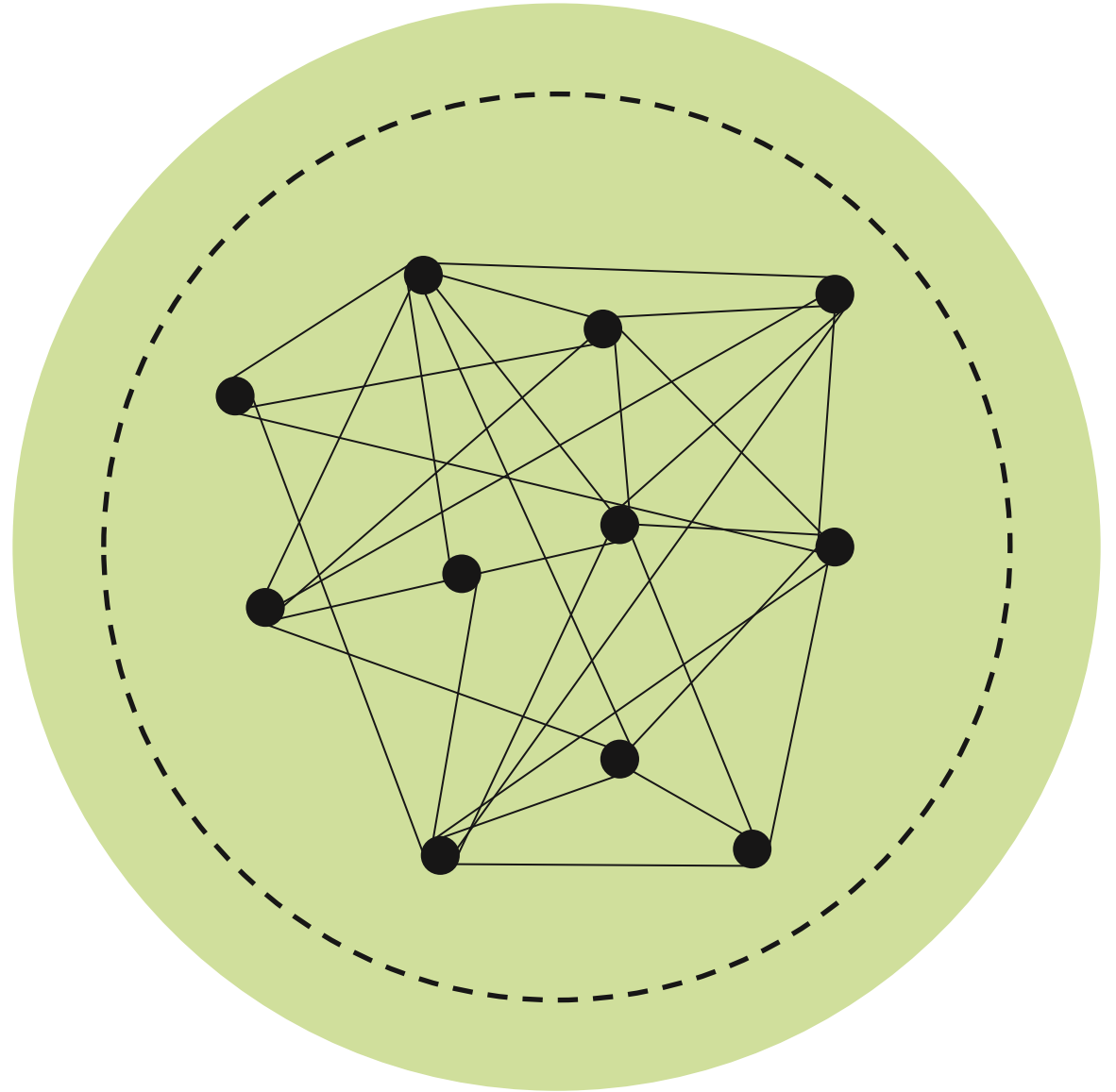
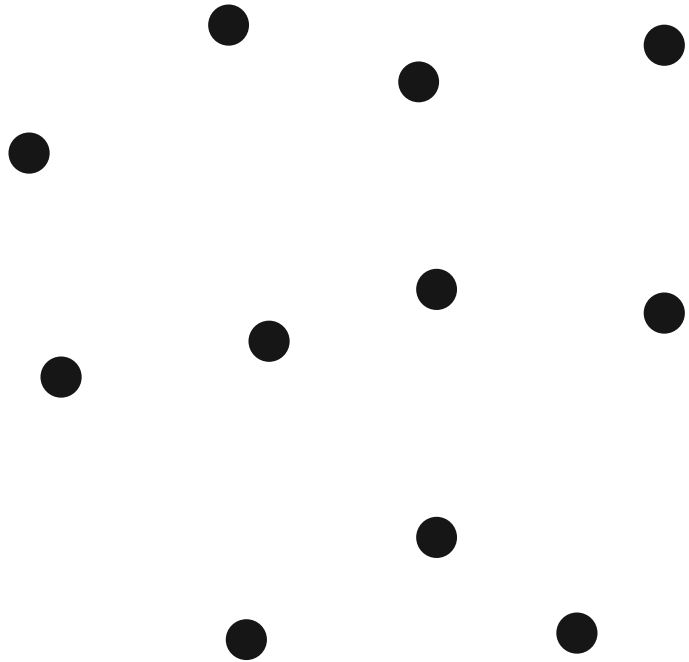
Systems thinking



Systems thinking

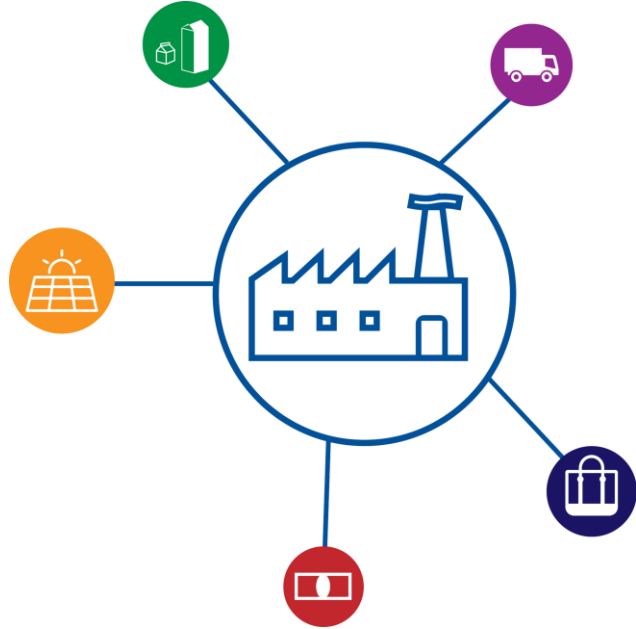


Systems thinking



Evolving topics

Economic systems



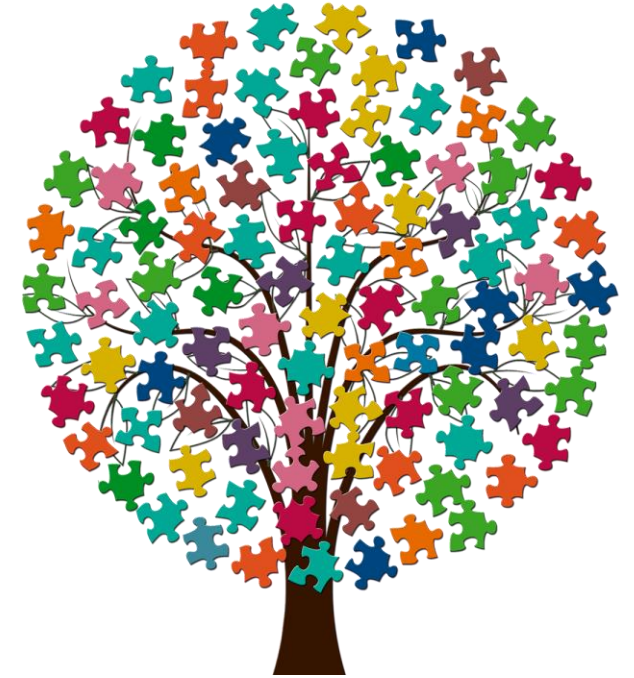
Supply chains
Modern slavery

Natural systems



Carbon emissions
Biodiversity, nature
impacts

Society/Community



Social value
Diversity and inclusion

An aerial photograph showing a dense, vibrant green forest on the left side of the frame, which meets a clear, turquoise body of water on the right. The boundary between the land and water is irregular and follows the natural contour of the coastline. The water has a fine, rippled texture. In the bottom right corner, the word 'CUNDALL' is written in white capital letters. In the top right corner, there is a small white circular icon containing three horizontal lines.

Developing metrics

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Material topics



Cundall's Materiality Heat Map

#1 Health and Wellbeing
#2 Sustainable procurement and fair economy
 #3 Culture and community
 #4 Land use and biodiversity
 #5 Sustainable water
#6 Zero greenhouse gas
 #7 Sustainable and resilient transport Infrastructure
#8 Climate adaptation
#9 Resource consumption
 #10 Food Security

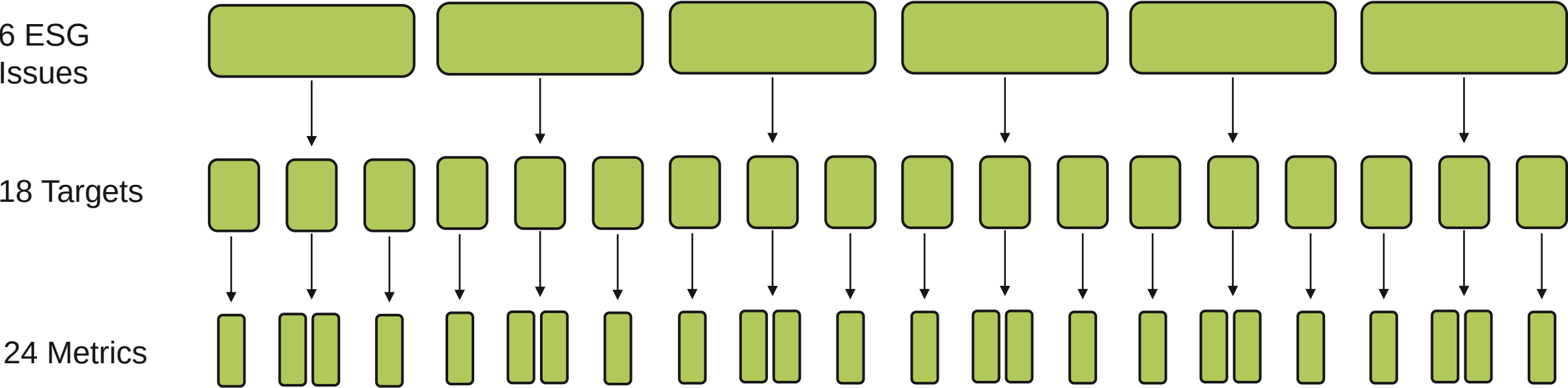
#11 Diversity and inclusion
 #12 Lifelong learning and development*
 #13 Safety and security
 #14 Innovation and Partnerships*
 #15 No Poverty
 #16 Ethical Practices and Governance*

(Priority Impacts in Bold)

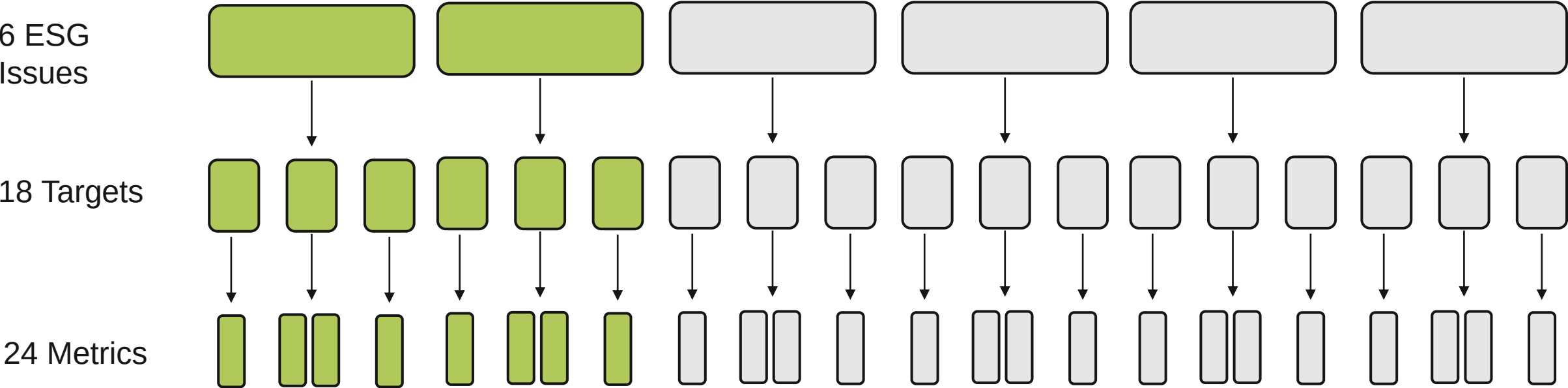
* Enablers



Targets and metrics



Targets and metrics



Carbon emissions and more



Targets

- SMART targets
 - Specific
 - Measurable
 - Achievable
 - Realistic
 - Timely

“What we don’t measure, we can’t manage”



Targets

- SMARTA targets
 - Measurable
 - Achievable
 - Realistic
 - Timely
 - Alignment

“What we don’t measure, we can’t manage”



Metrics

- Look internally which data is available
Follow government requirements and guidance
- Leverage from common relevant frameworks and standards
- Investigate industry benchmarks –
what is good practice, what goes beyond?
- Review peer and industry body targets and metrics
- Data strategy or management plan?



Metrics – Environmental, example

	Cornerstone	KPI	Baseline	2020 Target	2025 Target
Zero Carbon Energy					
Zero Carbon Energy initiatives proposed on projects	Our Projects	% of applicable projects	-	50%	95%
Cundall office energy - Direct electricity (Scope 2) GHG emissions	Our Workplace	tCO ₂ e	430 ^(3,4)	250	0
Cundall energy - (Scope 1 and 2 emissions) based on science-based methodology	Our Workplace	tCO ₂ e	341 ⁽⁷⁾	320	0
Cundall office energy - Total energy (Scope 1, 2 & 3) GHG emissions including natural gas and landlord	Our Workplace	tCO ₂ e	845 ^(3,4)	450	0
Cundall office energy - Tenant energy consumption	Our Workplace	kWh per m ² of NLA	140 ⁽³⁾	120	100
		kWh per person (FTE)	1,700 ⁽³⁾	1,500	1000

Metrics – Social, example

	Cornerstone	KPI	Baseline	2020 Target	2025 Target
Ethics and Equity					
Percentage of projects complying with the ethical "bid/no bid" process	Our Projects	% projects	-	100%	100%
Number of projects delivered with a positive impact through working with NGOs and aid funded organisations	Our Projects	No projects / year (cumulative)	-	1	10
Substantially increase the proportion of female staff in senior roles	Industry Leadership	%	8% ⁽²⁾	Year on year improvement	
% of paid staff time spent on pro bono project work and Science, Technology, Engineering and Maths educational outreach	Our Homes and Communities	% of paid staff time	-	0.3%	0.4%

Metrics – Social, examples

Other examples:

Internal:

- Staff satisfaction, retention
- Employee training
- OHS
- Diversity, equity and inclusion
- Board and leadership composure

External:

- Modern slavery due diligence,
- Charity contributions
- Indigenous procurement



Metrics – Social value

Organisation	Resource	Depth	Themes	Targeted at
Supply Chain Sustainability School	Monitoring and measuring social value	Guidance	Social, Environmental, Economic	Construction
NEF	Good Foundations	Guidance	Wellbeing, Environmental sustainability	Built environment industry
Social Value UK	Social Return On Investment	Guidance	n/a	Public sector
Social Audit Network	Social Audit Network	Guidance	Facilitates the exchange of information and experience between practitioners of social accounting and audit	Social economy and voluntary sectors
New Economy Manchester	Unit Cost Database	Metrics	Crime, Education and skills, Employment, Health, Housing	Public services
Scottish Futures Trust	Community Benefits Toolkit for Construction	Metrics	Employment, Skills and training, Environmental, SME & 3rd sector involvement	Construction
Considerate Constructors Scheme	Building Social Value checklist	Metrics	Local procurement, Employment, Education, Reusing and recycling, Sustainable materials, Environment	Construction
IRIS	IRIS Metrics	Metrics	Designed to measure the social, environmental and financial performance of an investment	Investment

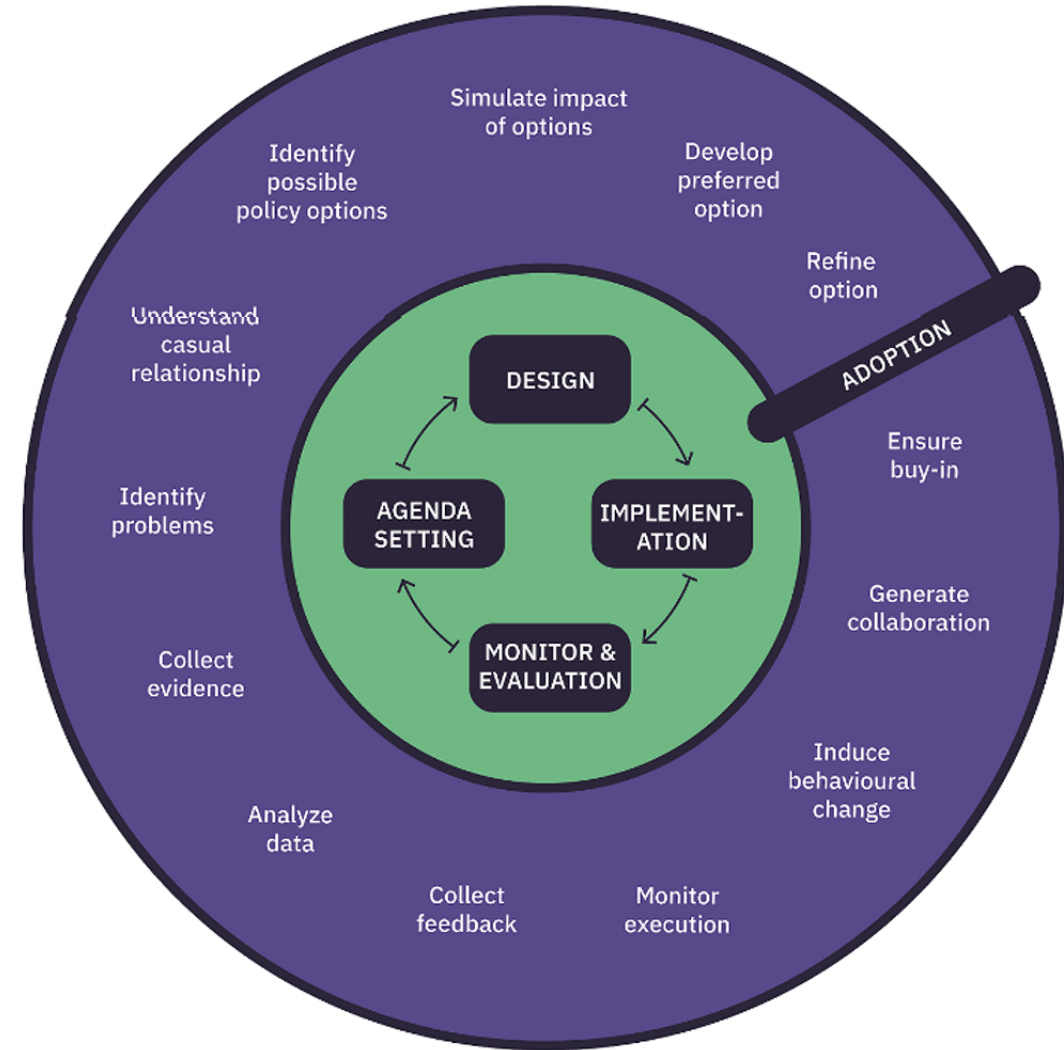


Measuring and tracking

Measuring and tracking

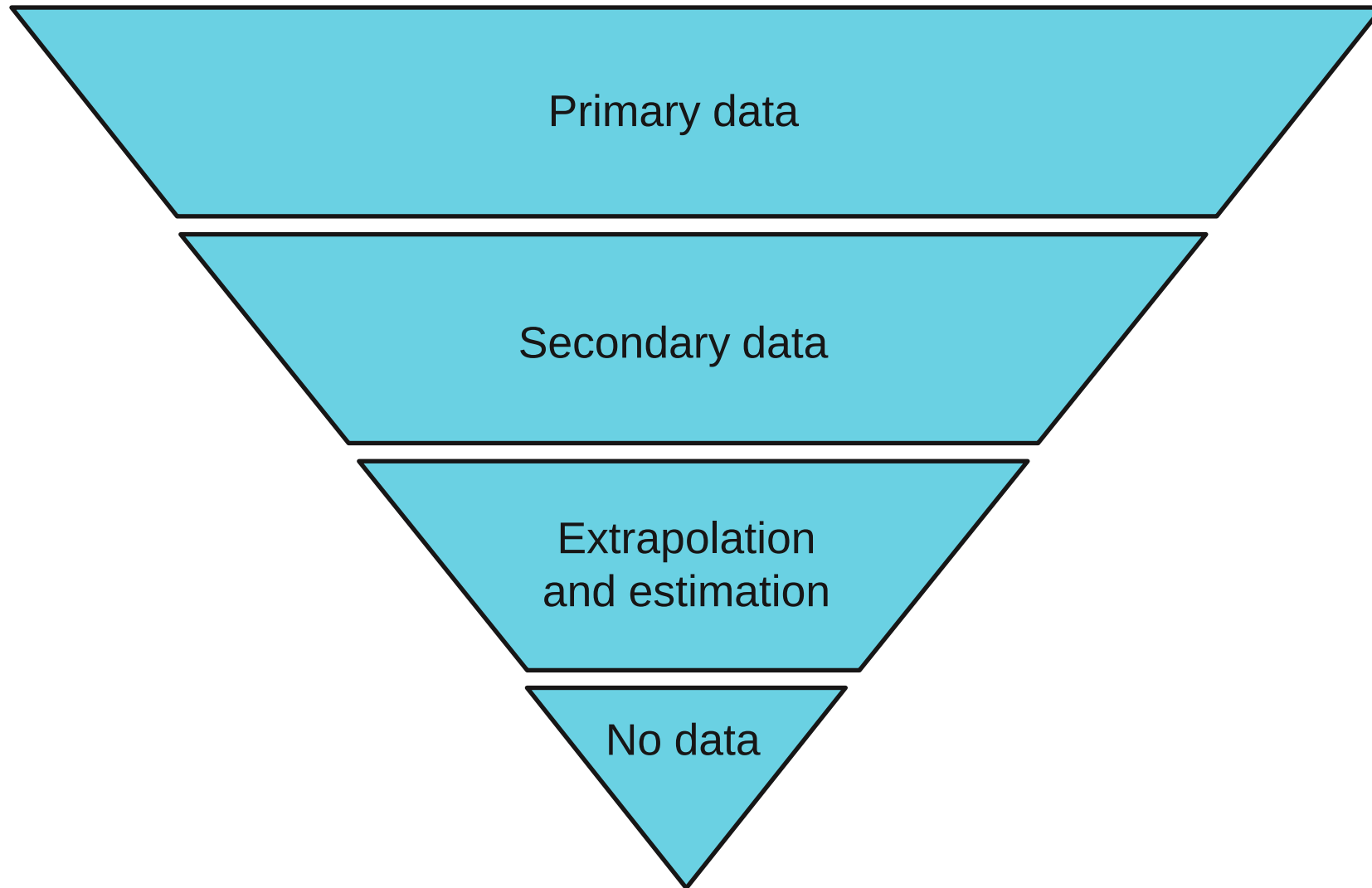
The role of sound policy development

- Developing ESG policy is not linear - it is a process of continual improvement and stakeholder engagement is critical
- Governance sets the agenda, creates the implementation framework, defines processes for collection of data and guides subsequent monitoring, evaluation, feedback and refinement



Source: Open Research Europe [Evidence-based policy lifecycle management: ...](#) | Open Research Europe ([europa.eu](#))

Ensuring accountability - data



GHG Protocol Corporate Value Chain Accounting Reporting Standard Appendix C:

- Information on the entity(ies) or person(s) responsible for measurement and data collection procedures
- Data collection procedures – evolving over time
- Data sources, including activity data, emission factors and other data, and the results of any data quality assessment performed
- Calculation methodologies including unit conversions and data aggregation
- Length of time the data should be archived
- Data transmission, storage and backup procedures
- All QA/QC procedures for data collection, input and handling activities, data documentation and emissions calculations

Data platforms

- Which data points do I need?
- Do I require my own data only or also third-party data (for example from landlords, suppliers or tenants)?
- What are my data sources I would need to cover?
- How does the system integrate with my own accounting and HR systems?
- What will my future requirements look like?
(can I add data sources or metrics)
- Which frameworks do I report to and how does the data need to look like

SUSTAIN  LIFE

 AVARNI

 seneca^{ESG}

envIZI
an IBM Company


measurabl

novisto

novata

 Diligent

CUNDALL

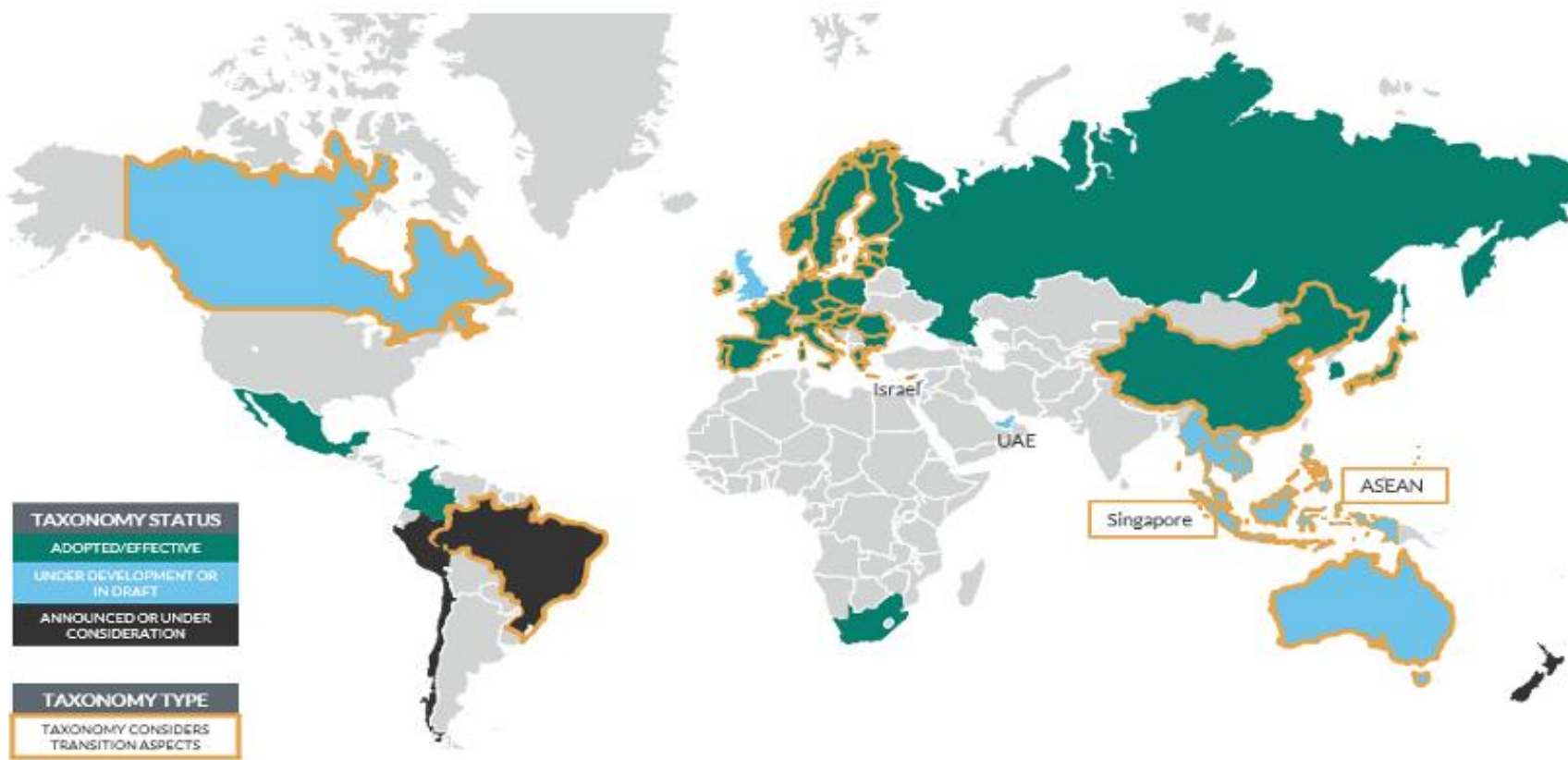


Frameworks and standards

Current frameworks and emerging standards

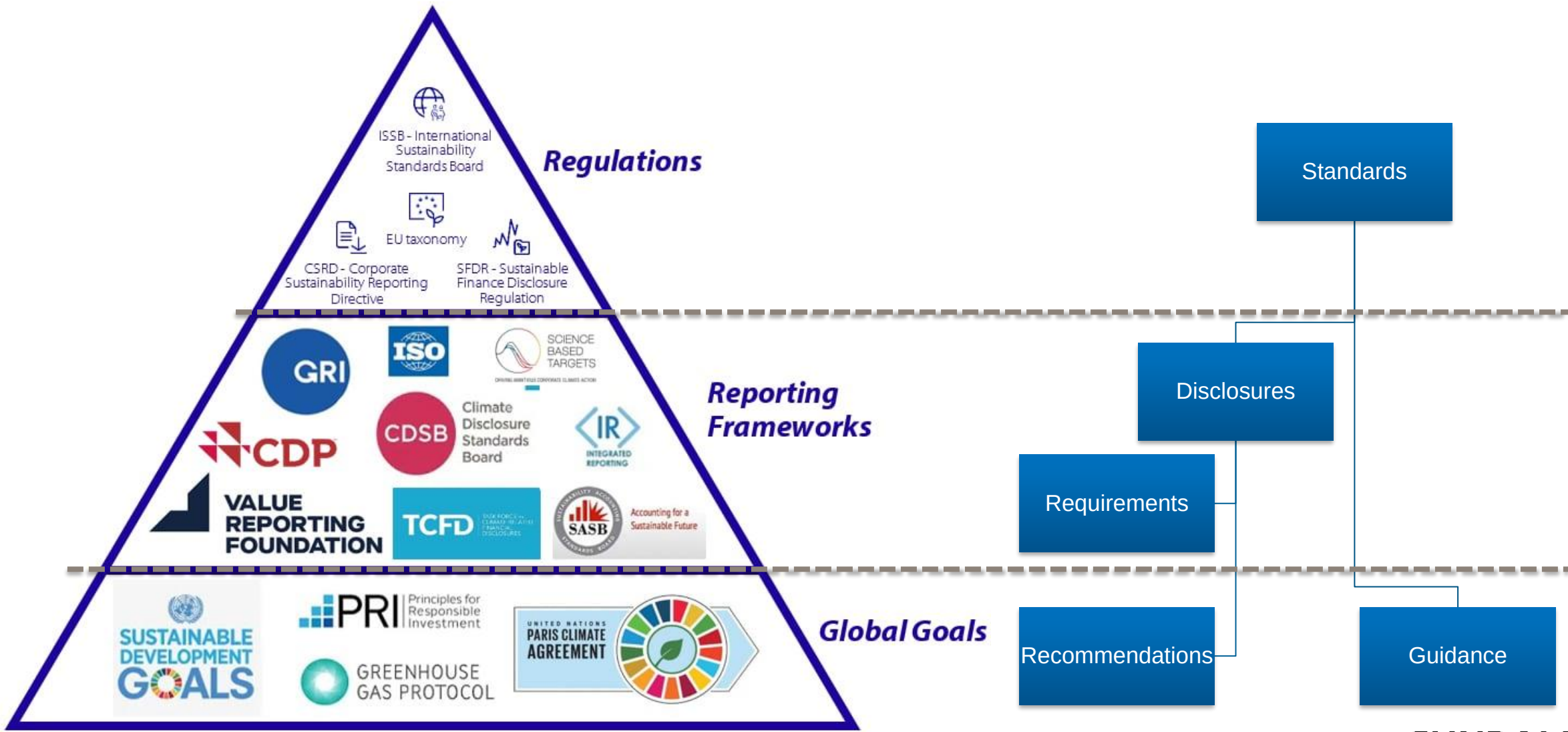


Growing Number of Sustainable Taxonomies
Sustainable Taxonomies Developments and Status (May 2023)



Note: Taxonomy status as of May 2023
Source: Sustainable Fitch's ESG Regulation and Reporting Standards Tracker

ESG Policy Terminology



*Additional frameworks are unlisted here

Current frameworks and emerging standards



Key concepts in IFRS S1



- Asks for disclosure of material information about sustainability-related risks and opportunities
- Sets out general reporting requirements; other IFRS Sustainability Disclosure Standards (eg Climate Standard) set out specific disclosures
- Points to other standards and frameworks in absence of a specific IFRS Standard
- Equivalent to IFRS Accounting Standards IAS 1 and IAS 8



Emphasises need for **consistency and connections** between financial statements and sustainability disclosures



Financial statements and sustainability disclosures published **at the same time**, but with transitional relief



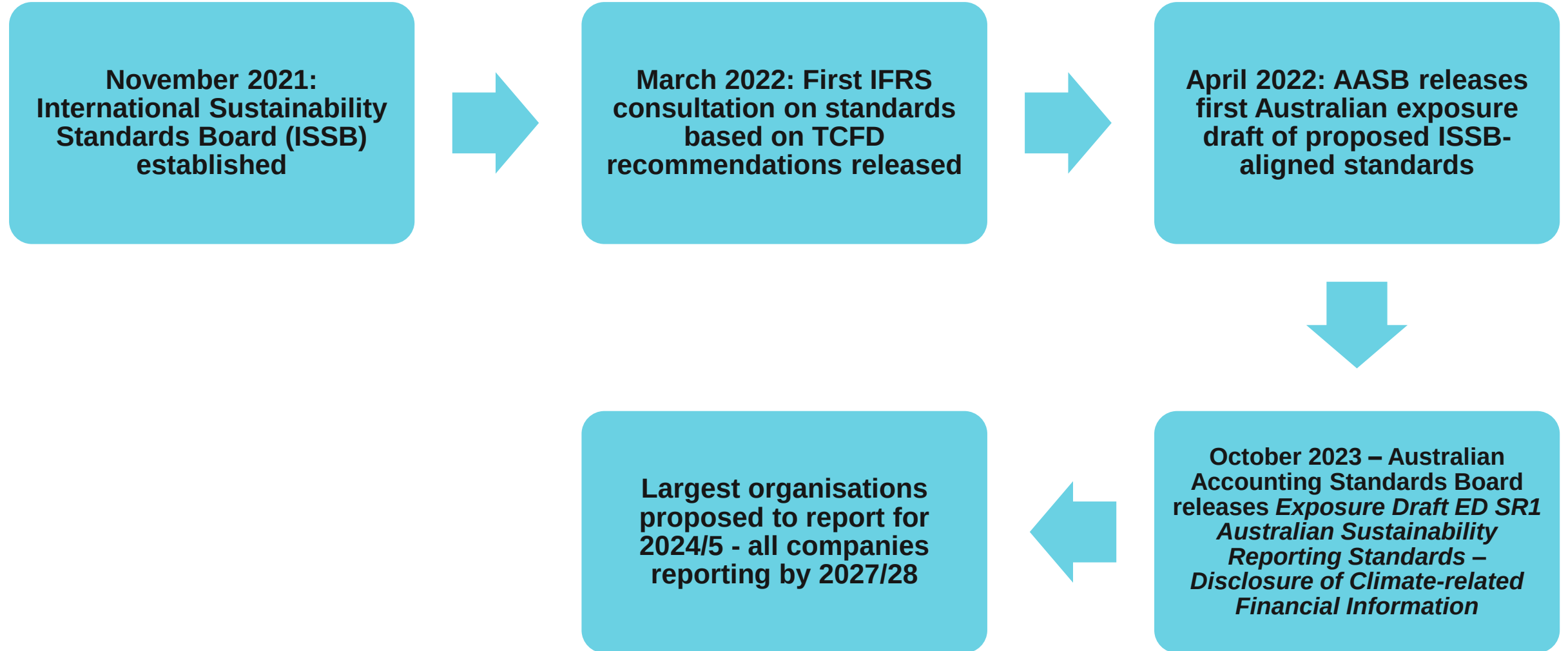
Does **not specify a location** for disclosure within general purpose financial reporting and **allows for additional information**, to facilitate application in different jurisdictions

Climate-related Disclosures Standard: IFRS S2



- Disclosure of material information about climate-related risks and opportunities
- Incorporates TCFD Recommendations
- Includes industry-based disclosure requirements, such as financed emissions
- Industry-specific metrics included as illustrative guidance, taken from SASB Standards
- Requires disclosure of information about:
 - Physical risks (eg flood risk)
 - Transition risks (eg regulatory change)
 - Climate-related opportunities (eg new technology)

Frameworks Australia - AASB



Frameworks Australia – NGER



National Greenhouse and Energy Reporting Act 2007

No. 175, 2007

Compilation No. 23

Compilation date:	12 April 2023
Includes amendments up to:	Act No. 14, 2023
Registered:	24 April 2023

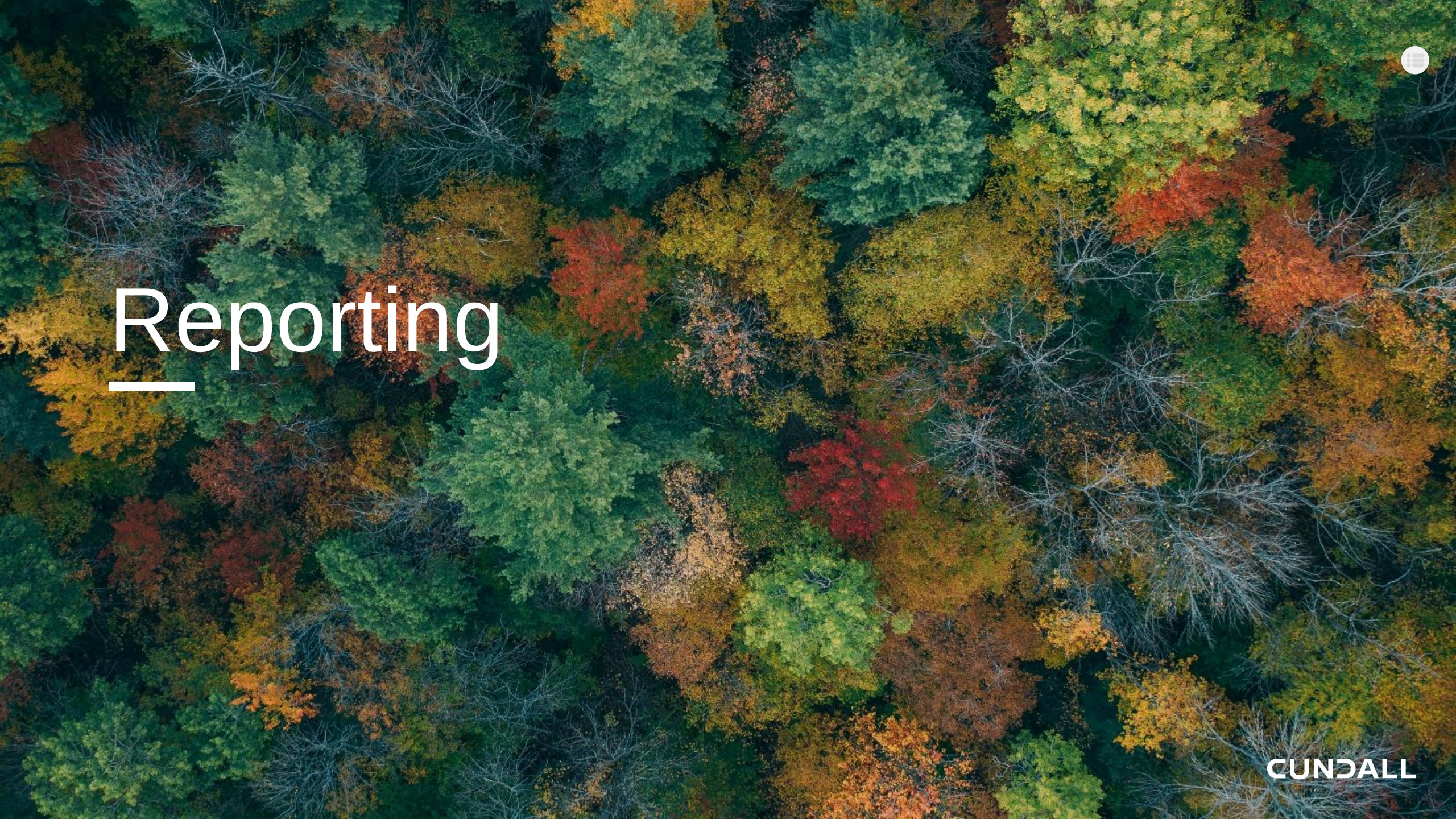
Frameworks Australia – Climate Active



Proposed changes (under consultation)

- Reduction targets
- Boundary setting
- Offset requirements
- Certification pathways
- Electricity claims

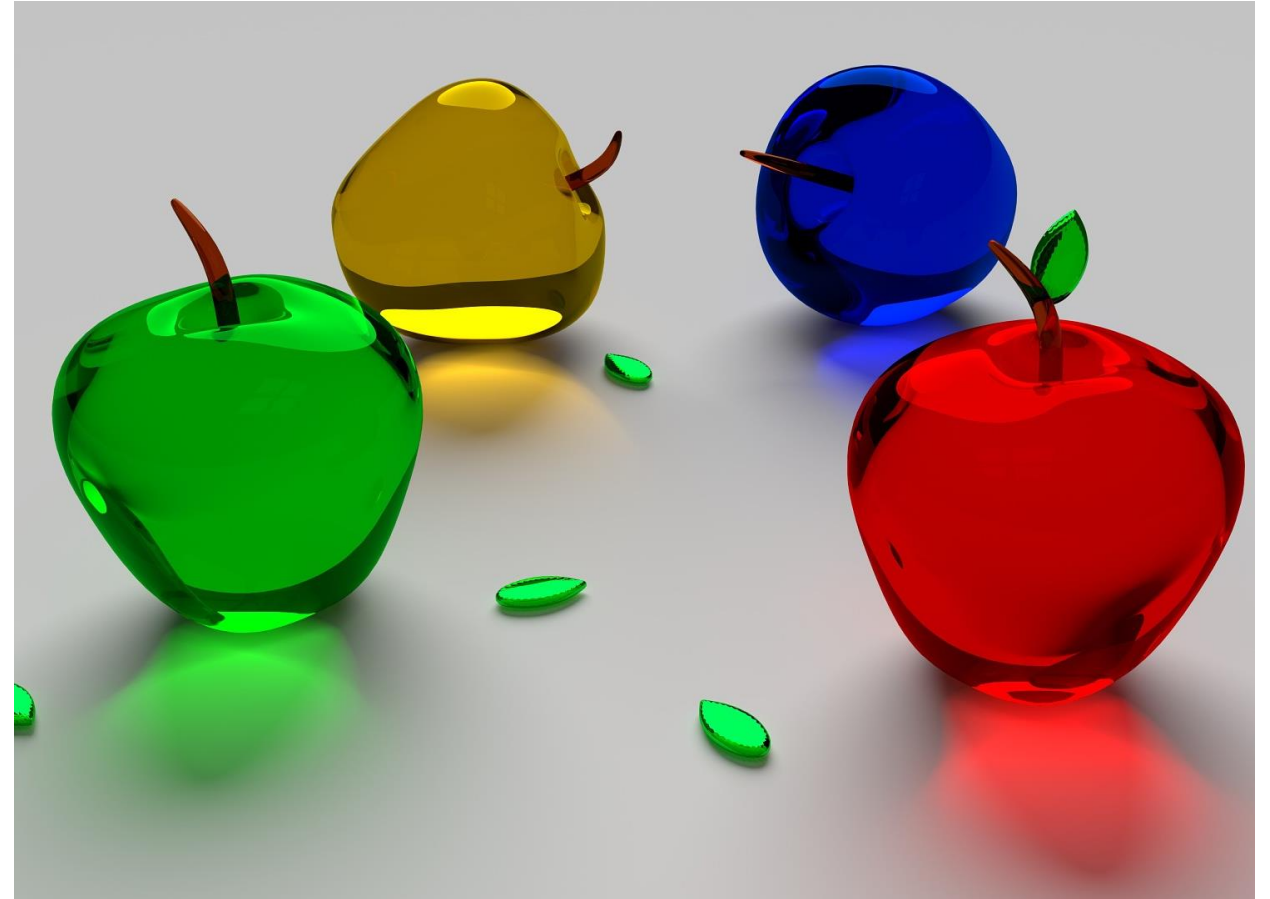
<https://www.climateactive.org.au/what-climate-active/news/consultation-engagement>



Reporting

The value of disclosure

- Demonstrates transparency and accountability
- Enable better deciding making by buyers
- Inform investors about risks and opportunities (associated with non-financial drivers)
- Building trust and stronger relationships between companies and their stakeholders, including regulators, suppliers, customers and investors
- Allows investors to demonstrate stewardship to their beneficiaries
- Fostering more resilient and efficient capital markets



Collective information

There is a larger social benefit to reporting:

- Accurate data across economy, locality or sector on environmental and social impacts – both negative and positive
- Information to shape better policy
- Leadership by exemplar
- We are all beneficiaries of generations of reporting of facts and insight!
- Every time an organisation produces reporting, the collective body of knowledge grows
- This is how society progresses



Reporting principles for transparency and accountability



- **Materiality** - this regards relevant information that is (capable of) making a difference to the decisions made by users of the information.
- **Completeness** - all material matters identified by the organization for the relevant topic(s) should be reported upon.
- **Accuracy (free from material error)** - the information reported should be free from material error.
- **Balance (neutral)** - the information does not have bias, i.e. is not presented in such a way that the probability would be increased that it will be received favourably or unfavourably by the users.
- **Clarity** - the information will be understandable and accessible to the users; this includes a certain level of conciseness.
- **Comparability, including consistency** - information is reported on the same basis and applying the same methodologies year-on-year. Also, the information enables comparison against other organizations.
- **Reliability** - in preparing the information processes and internal controls are in place that ensure the quality of the information and allow for examination of the information reported.

Greenwashing

The ACCC has been implementing regulatory action around 'false and misleading conduct' in relation to claims of environmental or social sustainability.

An internet sweep in 2022 found 57% of businesses had made 'concerning claims'

The types of claims included:

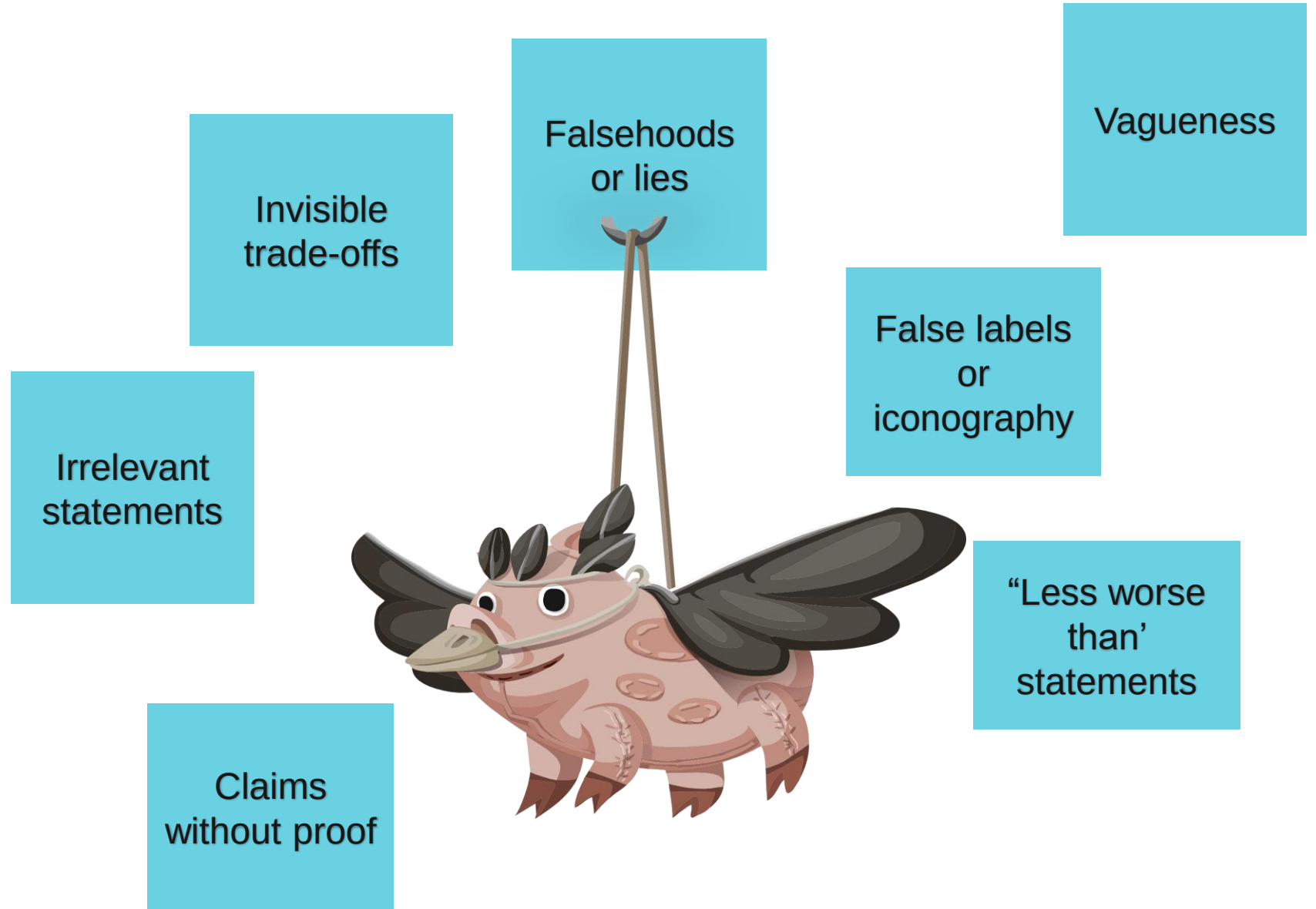
- Company-wide claims
- Product-specific claims
- Claims using logos and symbols (for example the recycling symbol)



Source: [Greenwashing by businesses in Australia \(accc.gov.au\)](https://www.accc.gov.au/publications/greenwashing-by-businesses-in-australia)

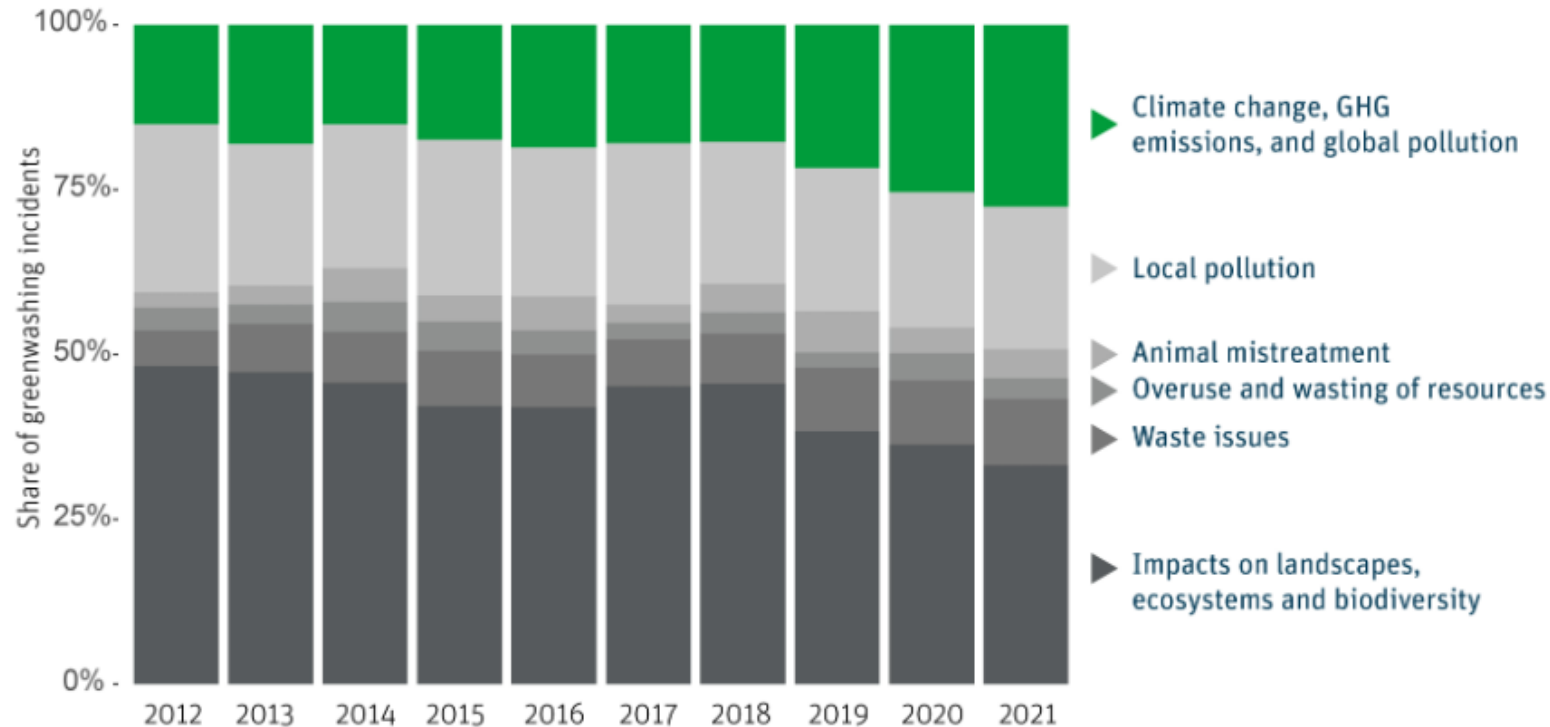
Greenwashing

Seven symptoms of possible greenwashing, socialwashing or other rubbery ESG claims



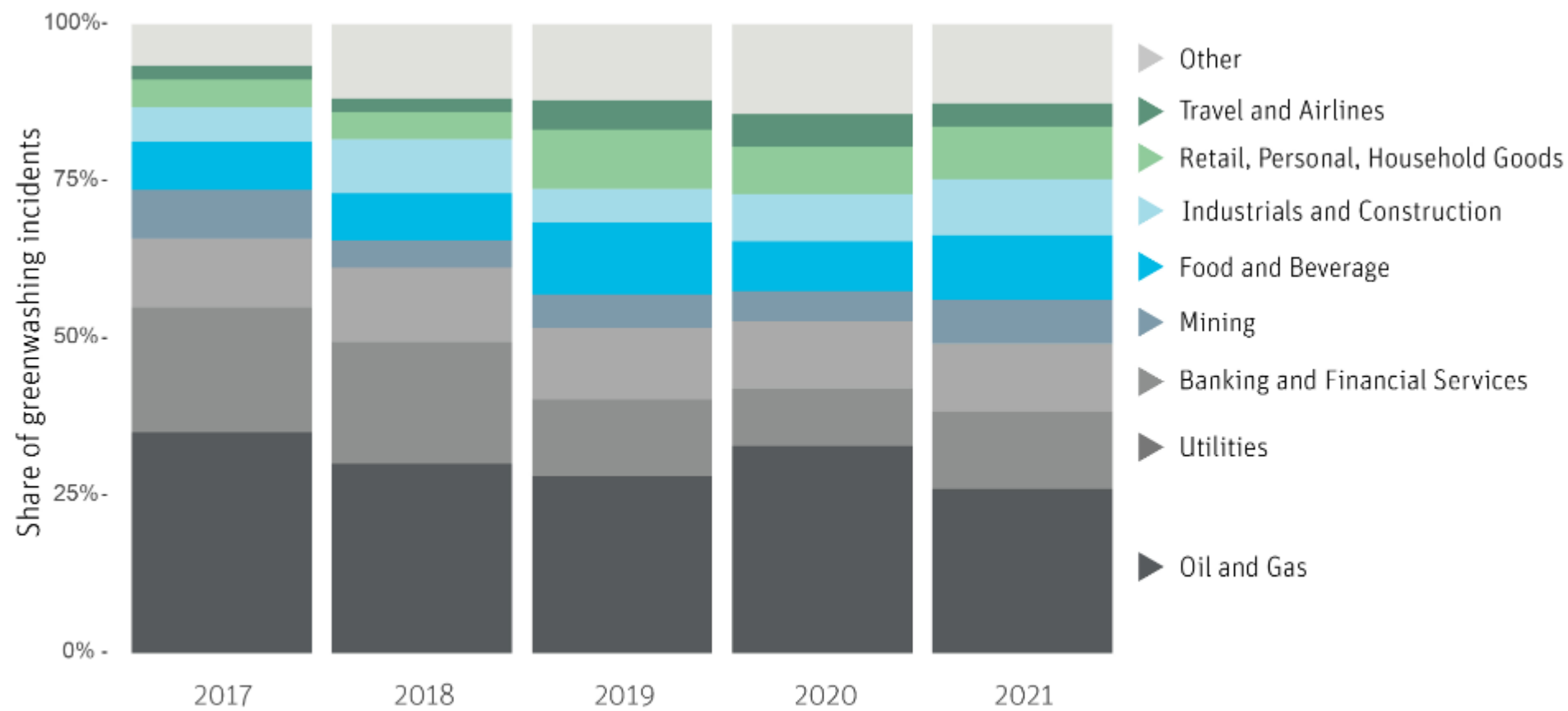
RepRisk data 2022 Greenwashing report

Climate: the growing subject of greenwashing



[RepRisk | RepRisk data shows increase in greenwashing with one in three greenwashing public companies also linked to social washing](#)

RepRisk data 2022 Greenwashing report



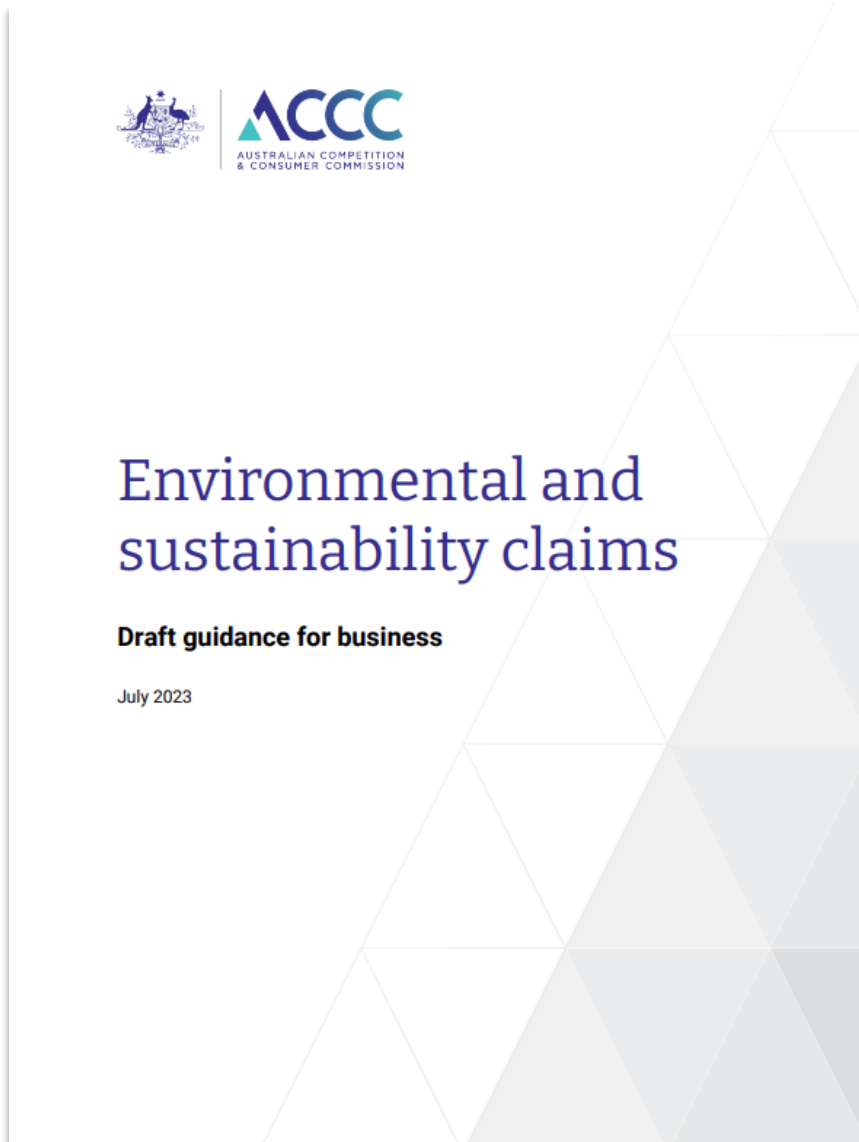
Source: RepRisk ESG data science and quantitative solutions, www.reprisk.com

RepRisk data

Misleading information

Category	Social issue	Sample ESG risk incident
Selective disclosure	Discrimination in employment	While CEO of a US talent management company publicly pledges to achieve gender equality in leadership positions, nearly a dozen women have filed complaints alleging mistreatment and abusive behavior from managers.
Empty green claims and policies	Local participation	Liberian mining company criticized for reportedly failing to fulfill past promises to local communities.
Misleading narrative and discourse	Occupational health and safety	American apparel producer criticized for reportedly failing to sign collective agreement on safety standards after Rana Plaza incident, instead marketing their own plan.
Dubious certifications and labels	Poor employment conditions	Amid labor law violation at Polish software company, critics claim "Great Place to Work" certificates are paid advertising and underlying workplace evaluation surveys are allegedly inconsistent.
<u>Corporate political action</u>	Social discrimination	Animation studio employees accuse executives of allegedly censoring LGBTQ content and funding anti-LGBTQ legislators, contradicting inclusive public image.

ACCC Guidance on greenwashing



Principle 1 Make accurate and truthful claims

Principle 2 Have evidence to back up your claims

Principle 3 Do not hide important information

Principle 4 Explain any conditions or qualifications on your claims

https://www.accc.gov.au/system/files/Environmental%20and%20sustainability%20claims%20-%20draft%20guidance%20for%20business_web.pdf

ACC Guidance – Principles cont.

Principle 5 Avoid broad and unqualified claims

Principle 6 Use clear and easy to understand language

Principle 7 Visual elements should not give the wrong impression

Principle 8 Be direct and open about your sustainability transition



Reporting - Examples

Unilever Website

- Policies
- Reports
- Base data

Metrics include

- Equity and inclusion
- Human rights
- Living standards
- Health and wellbeing
- Climate active
- Waste
- Water

Our sustainability data and metrics



[Annual Report and Accounts \(PDF 15.36 MB\)](#)

Our Annual Report is our principal sustainability report. See also our Planet & Society Hub and the Sustainability Reporting Centre for further disclosures.



[Scope and boundaries of reporting](#)

We are committed to reporting on our sustainability performance across our business and extended value chain.



[Independent assurance](#)

Assurance helps us to drive continuous improvement in performance and in the quality of our data.



[Sustainability performance data](#)

We provide historical performance data to show our progress over time.

Our policies and management approach



[Our material issues](#)

Materiality helps us identify and prioritise the issues that matter most to our business and our stakeholders.



[Our policies](#)

Policies underpin our approach to sustainable business.



[Our sustainability governance](#)

Clear governance helps us to deliver our sustainability goals.



[Our eco-efficiency reporting](#)

Reporting on the environmental performance of our operations helps to reduce our impact.

Reporting standards, ratings and archive



[Reporting standards](#)

We support efforts to standardise reporting on key sustainability metrics.



[Sustainable Development Goals](#)

The SDGs are a once-in-a-lifetime opportunity to create a better world.



[Sustainability ratings and rankings](#)

Sustainability ratings and rankings help us to improve our performance.



[Reporting archive](#)

Our latest and historical sustainability and assurance reports.

Reporting - Examples

GPT 2020 Sustainability Report

- Annual report on ESG matters

Metrics include:

- Energy use
- Emissions
- Water consumption
- Waste
- Social value
- Climate-related risks
- Biodiversity
- Stakeholder engagement

2020 Performance

Our materials recovery performance in 2020 was affected by the COVID-19 pandemic and measures introduced to address its effects, with a significant decrease in the volume of materials sent to landfill, in particular from key streams such as post-plate consumer food court waste. Separately, there was an increase in the use of single-use items such as cutlery and packaging.

	2005	2019	2020	
Lettable Area	1,750,910	2,026,294	1,943,146	m²
Materials Recovery				
Closed Loop Recovery (A-Grade)		30.6	33.0	%
Diversion from Landfill (A, B, and C-Grade)	29.0	34.3	35.8	%
Materials Generation				
Total Materials	24,087	29,179	19,025	t
Total Material Recycled	7,017	10,006	6,813	t
Material Recycled - A-Grade		8,934	6,287	t
Material Recycled - B-Grade		1,051	517	t
Material Recycled - C-Grade		21	10	t
Material sent to Landfill	17,070	19,173	12,212	t
Hazardous Material	0	0	0	t

Outcomes-based reporting commenced in 2015.

Metric	2020 performance	2021-2023 target	Medium to long-term target
Rate of closed loop recovery (measured as a recycling rate)	33.0% closed loop recycling	34.5% closed loop recycling by end 2021	Recover in a closed loop approach: » 80% operational waste by 2030 » 95% of development waste by 2030

Further data and important notes about our environmental performance can be found in the GPT Environment Data Pack, which is available on our website: www.gpt.com.au.

Policies

➤ [GPT Waste and Resource Management Policy](#)

Measuring and tracking - GPT

GPT 2020 Sustainability Report

- Annual report on ESG matters

	GPT Wholesale Funds (GWSCF and GWOF) to be ranked 1st or 2nd in their peers set for 12 month Total Return		» GWSCF ranked 1st in the MSCI Index while GWOF was ranked 5th in the relative MSCI Index
	Leadership in ESG		» Ranked number 1 real estate company globally in S&P Global Corporate Real Estate Assessment » Maintained highest rating of 5 stars for GRESB » Delivered Australia's first certified Upfront Embodied Carbon Neutral logistics development
Operations Weighting 10%-15% 	Deliver logistics developments at or exceeding the target commerce		» Successfully completed four logistics developments at >30% margin and an average yield on cost of 5.7%
	Alignment of business into 3 sectors and integration of Funds Platform to drive efficiency and strategy execution		» Business restructure implemented in Q1 2022 and operating effectively
	Positive feedback from Customers on our service offerings		» Office portfolio – Net Promoter Score of 71% » Retail portfolio – Net promoter score of 58% (up 18% on 2021) » Logistics portfolio – Customers' satisfaction with team averages 80%
People and Safety Weighting 10%-15% 	To be equal to or greater than the Australian National Average in the annual employee engagement survey		» Employee engagement scored 72% – 6% higher than the prior survey and higher than the Australian national average
	Improvement of % of top decile of females and gender pay gap		» Achieved 38.3% gender diversity in the top decile of roles » Gender pay gap decreased from 20.73% to 17.53% exceeding the target¹

Reporting - Examples



**PUBLIC
DISCLOSURE
STATEMENT**

CUNDALL

ORGANISATION CERTIFICATION
FY 2020/21

Inside emissions boundary		Outside emission boundary
Quantified	Non-quantified	Excluded
Electricity	-	Investments
Water		
Waste		
Business travel, including flights & taxis		
Accommodation		
Staff commute		
Base building services: electricity, water & gas		
Office paper		
Food & catering		
Postage / freight / couriers		
Stationary		
Office printing		
Cleaning services		
IT and telecommunications		

Data management plan for non-quantified sources
There are no non-quantified sources in the emission boundary that require a data management plan.



Organisation emissions summary

Electricity summary is available in the Appendix B. Electricity emissions were calculated using a on/market-based approach.

Previous report was a projection report using representative data to estimate the emissions for the reporting year. This table shows the differences between the projected emissions and the actual emissions reported.

Emission category	Sum of total emissions (tCO ₂ -e)
Accommodation and facilities	1.6
Transport (km)	3.1
Printing and Chemicals	4.8
Electricity	4.8
Water	5.1
Services and equipment	19.2
Land and Sea Transport (km)	24.9
Equipment & supplies	5.9
Postage, courier and freight	1.1
Renewable Energy	1.7
Tele	1.6
Air	3.8
Net emissions	81.4

Uplift factors

Uplift factor is an upwards adjustment to the total carbon inventory to account for relevant emissions, which can't be reasonably quantified or estimated. This conservative accounting approach helps ensure the integrity of the carbon neutral claim.

Reason for uplift factor	tCO ₂ -e
Overall account for estimations made	4.07
Total footprint to offset (uplift factors + net emissions)	85.4



Quantity used for previous reporting periods	Quantity banked for future reporting periods	Quantity used for this reporting period claim	Percentage of total (%)
165	0	49	57%
0	128	37	43%
0	100	0	0%
		86	
	228		
of total			

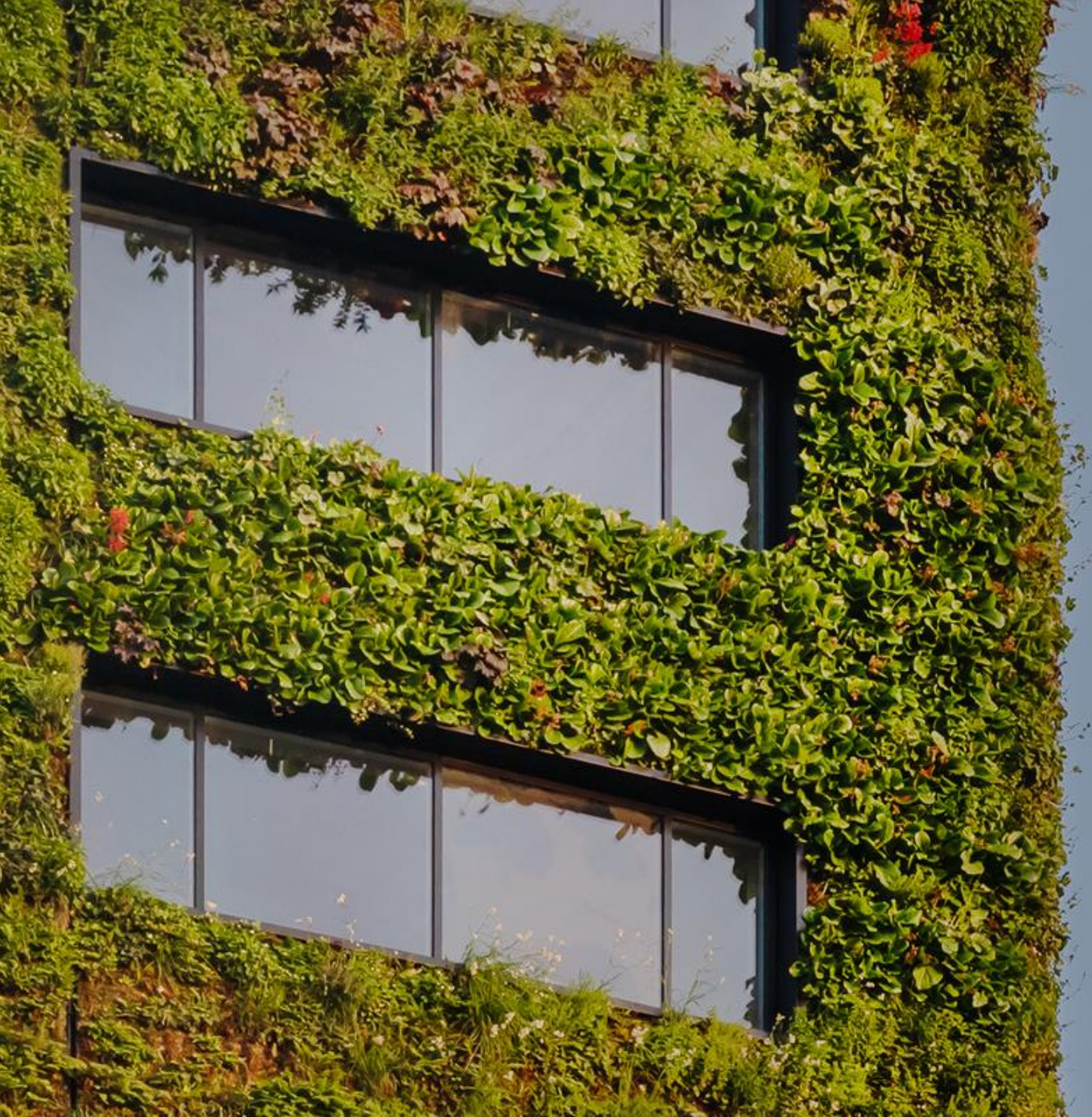
Key takeaways

- Mandatory ESG reporting is on the horizon
- Prioritise the most important ESG impact areas and their target implementation
- Start setting targets, measure and report what is possible, then add more
- Set SMARTA targets and match with respective metrics
- Standards and Frameworks are aligning and consolidating globally
- Transparency is key
- Avoid greenwashing at all costs



Questions?





CUNDALL

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