

Investa_SRI_Guidelines_vE

Summary of Revisions

Version No.	Date	Amendment details / reason	Revised By	Approved By
Rev. 0.	20/03/07	Initial draft prepared for discussions with EIA. Content circulated to IAMPL for incorporation into management docs.	C. Roussac	
Rev. 1.	30/03/07	Various amendments in consultation with Company Secretariat and in response to IFML consultation and reviews.	U. Triganza	
Rev. A.	12/04/07	Final draft. General tidy up. Methodology section simplified.	C. Roussac	B. Grounds
Rev. B.	11/02/10	Logo replaced. Reference to RIAA updated. Company description updated. References to ABGR removed.	C. Roussac	I. Schilling
Rev. C.	23/05/12	References to IFML removed and replaced with references to IWFLM, ILFML and Investa's direct investments, reflecting an increase in scope. Background section changed to reflect organisational changes, specifically removal of Retail Funds. Content from Investa's Sustainability Policy added. References to biodiversity and climate change added. Reference to Green Star rating added. Reference to reporting against targets deleted. Reference to quarterly reporting to unitholders deleted.	C. Roussac	S. MacDonald
Rev. D.	20/05/16	Updated CEO, removed reference to 'disabled people' to replace with correct reference, 'people with a disability'. Update terminology for current rating tools.	N. James	J. Callaghan
Rev. E	13/12/17	Updated template to new brand	N. James	J. Callaghan



Background

Investa Property Group ("Investa") is a globally leading owner and manager of quality commercial real estate with an integrated property platform incorporating funds management, portfolio and asset services, property services and sustainability. Investa's head office is in Sydney CBD, with regional offices located in Melbourne, Brisbane, and Perth.

Investa Wholesale Funds Management Limited ("IWFML") and Investa Listed Funds Management Limited ("ILFML"), subsidiaries of Investa, represent the interests of the unitholders in the funds they manage. These Sustainable Responsible Investment (SRI) Guidelines relate specifically to IWFML, ILFML and the commercial property investments undertaken by Investa directly within Australia. IWFML and ILFML are the entities responsible for all investment decisions relating to the property funds they manage. Management of the day to day operation and leasing of the properties is the responsibility of Investa.

The level of management control exerted by Investa varies according to an asset's ownership structure and leasing arrangements. These guidelines apply to assets under Investa's control. Where Investa shares control of an asset with a third party, we endeavour to apply these principles to the extent that we are able. Generally labour, environmental, social and ethical matters restricted to those parts of a building specifically covered by a lease (eg tenanted space) are controlled by tenants directly and not by Investa.

Investa is committed to conduct throughout the organisation that is ethical, legal, and professional. Investa is further committed to the principles of sustainability encompassing environmental, social and economic, dimensions.

At Investa, we strive to conduct our business in line with the following principles.

- Provide a superior return on investment to our shareholders and unitholders without sacrificing the environment or the highest standards of conduct;
- Treat corporate loans as if they were personal obligations; pay back our debts in a timely manner;
- Offer clients investment funds which are overseen by an independent Board and where conflicts of interest, if they occur, are appropriately managed;
- Provide quality workplaces and a professional environment for our employees;
- Support and nurture our staff to permit them to fulfil their potential;
- Protect and enhance the health, safety and wellbeing of our staff, clients and associates;
- Minimize resource use, pollution and waste;
- Conserve biodiversity and enhance ecological outcomes.

Investa's policy is to integrate sustainability practices in a manner which is specific, accountable and enduring as part of our business platform. To support the goal of enhancing enterprise value, our approach is to:

- Identify and manage risk and control unnecessary costs;
- Identify changes in the business environment and adjust to position ourselves to survive economic declines and prosper in periods of growth;
- Foster a culture of innovation;
- Build employee motivation and capacity and evaluate and reward employees using a merit based system;
- Exercise company and industry leadership; and
- Report regularly on our sustainability performance.

Our Guidelines

These guidelines apply to all Investa's investment products when selecting, retaining or realising an investment and specifically cover:

- (a) labour standards;

- (b) environmental considerations;
- (c) social considerations; and
- (d) ethical considerations.

These guidelines apply to all products with an investment component, including those with multiple investment options and those products where we devolve all or part of the investment decisions to others.

What does this mean for investors in our funds?

We take labour, environmental, social and ethical considerations into account when dealing with investments and measure our decisions against sustainability principles in the manner described in this document.

What are those standards and considerations?

(a) Labour Standards

When managing and operating property assets the labour standards we apply are as follows.

Properties must be maintained in a safe condition at all times and comply with Investa Property Group's Safety, Health and Environmental Management System (SHEMS).

Safety performance must be tracked. This must include man-hours worked, incidents and near misses for workers employed both directly and via contractors.

All work performed on investment properties, either directly or via contractors, must comply with Australian Law which ensures equal remuneration, non-discrimination, freedom of association and protection against unfair dismissal.

Contractors and suppliers must satisfactorily complete the safety component of Investa's Preferred Supplier Checklist.

(b) Environmental Considerations

When managing and operating property assets the environmental standards we apply are as follows;

Properties must be maintained in accordance with Investa Property Group's SHEMS.

For each property, matters of environmental significance must be identified, assessed and controls determined. Examples of specific risks that must be considered include biodiversity loss and impacts from climate change (adaptation).

Performance targets must be set for electricity, gas, water, waste (both construction/demolition and commercial), and greenhouse gas emissions on a property by property basis and performance must be reported quarterly, or more frequently if required.

Relevant performance rating tools must be identified for each property and ratings kept up-to-date. Examples of relevant tools for operating commercial property are the National Australian Built Environment Rating Scheme's (NABERS) Energy, Water & Indoor Air Quality rating tools.

Contractors and suppliers must satisfactorily complete the environmental component of Investa's Preferred Supplier Checklist.

(c) Social Considerations

The following social integration criteria are to be considered as part of the due diligence for investments in new developments:

- distance from frequent public transport services;
- accessibility for people with disabilities; and
- appropriateness of access to shops, services, community facilities, etc.

For new and existing buildings, opportunities to enhance the quality of the work environment for occupants must be considered. These should include, but not be limited to, engaging with tenants in the provision of

optimal indoor environment quality including guidance on fitout design and the operation and maintenance of ventilation systems.

Our guiding principle is that we help tenants to make sound choices for aspects of a building's operation that are within their control.

(d) Ethical Considerations

Investa's Code of Conduct must be complied with at all times. This Code applies to all employees, contractors, suppliers, service providers, subsidiaries and joint ventures and embodies the following ethics:

- We act with honesty and integrity
- We respect the law and company policies and act accordingly
- We respect confidentiality and do not misuse information
- We value and maintain our professionalism
- We avoid conflicts of interest
- We strive to be a good corporate citizen and achieve community respect

The Code also incorporates a grievance handling procedure to ensure that any issues arising in relation to the code are satisfactorily resolved.

How are standards and considerations taken into account in selecting an investment?

(a) Methodology

We work at improving the quality of the investment portfolio and we only acquire or redevelop assets after careful consideration. In selecting properties, our investment and risk guidelines include:

- Evaluating sustainability attributes of a property or development with reference to established ratings such as Green Building Council of Australia, and by benchmarking the baseline operating performance of the asset using established ratings such as NABERS;
- identifying and quantifying opportunities to enhance environmental and social performance;
- calculating the cost-benefit of enhancements, including the potential for repositioning the asset to appeal to a different category of tenants;
- determining the net value that enhancements could add to the underlying asset to inform the bid price calculation.

As a rule, all enhancements capable of producing a risk-adjusted return on investment that is marginally higher than the underlying asset's yield are considered and budgeted for. Their risk-adjusted contribution to net operating income is taken into account when undertaking due diligence for acquisitions.

Property investment opportunities are disregarded where it is determined that they cannot be brought to portfolio-average environmental and social performance through application of Investa management expertise and appropriate capital investment.

However, below portfolio-average properties are considered for acquisition where opportunities to enhance performance to at least portfolio-average standard are identified.

(b) Weighting System

We seek to acquire assets that can deliver enhanced investment returns to unitholders and shareholders. Our priority is therefore to seek:

- assets that are not meeting their full potential and offer the prospect of achieving above-average environmental and social performance through appropriate capital investment and by applying Investa's management expertise; and
- assets that have the potential to stand out from the market by showcasing superior environmental and social performance, particularly in the case of new developments.

The social, environmental and labour standards we apply help to improve retention and leasing prospects by enhancing relationships with tenants.

What are our retention and realisation policies?

Once acquired, assets are retained until such point as they no longer fit the investment criteria applied by IWFML, ILFML or Investa. Reasons for divestment may include portfolio rebalancing to take advantage of changes in market conditions, and where an offer is received from a prospective purchaser that significantly exceeds an asset's valuation, for example.

We do not envisage labour, environmental, social or ethical matters ever escalating to the point that they require us to consider whether an asset should be retained or sold. This is because our investment criteria are applied at the investment selection stage and then our management standards are enforced on an ongoing basis.

We regularly monitor and review labour, environmental, social and ethical performance together with other aspects of the service agreements that exist between IWFML and Investa / ILFML and Investa.

When considering whether an asset continues to fit with our investment criteria we do take into account the potential to further improve its performance through appropriate capital investment in enhanced plant and equipment and application of high quality property management.

We report regularly to unitholders on changes to the portfolio.

Policy Information

Responsibility: General Manager Sustainability

Date Created: 2007

Date Last Reviewed: 13 December 2017