

Sustainability Report 2021



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**WE'RE TAKING
ACTION TO
HELP BUILD
A BRIGHTER
FUTURE FOR
AOTEAROA**

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Introduction

Kia ora, sustainability has been a focus for Kiwi Property for almost 20 years and today, it is part of the company's DNA. In that time, we've driven significant improvements in the environmental performance of our property assets and achieved a number of important milestones in the process.

As our business strategy evolves to increasingly centre on the creation of mixed-use communities, it's vital our sustainability strategy does the same. In late 2020, we undertook a comprehensive review of our environmental and social programmes to ensure they're delivering for our employees, tenants and partners. We looked at the issues that matter most to our stakeholders and compared them to the areas that have the greatest impact on our business. Through this process, it became clear that we have a significant opportunity to promote the wellbeing of the people in and around our assets.

As a large property owner, developer and manager, we are in a position to create vibrant spaces that bring people together and where everyone feels like they belong. We have the opportunity to build property assets that aren't just sustainable, but foster connection and enhance the wellbeing of their inhabitants. These insights have provided the foundation for our refreshed 2021-2025 sustainability strategy.

The new programme extends Kiwi Property's traditional emphasis on reducing our environmental footprint and includes

a stronger focus on supporting and empowering the communities in which we operate. Importantly, that doesn't mean we're any less committed to decreasing our water, waste and energy consumption. Instead, the broader remit reflects our desire to make a difference in Aotearoa New Zealand as we strive to bring places to life.

The following pages provide a snapshot of our 2021-2025 sustainability strategy, as well as a selection of highlights from the past year. It's a deliberately concise document, designed to provide a synopsis of what we're doing and where we're heading. We'll continue to provide updates as we make further progress on our strategic delivery, until then please visit: kp.co.nz/sustainability for more information.

Ngā mihi,



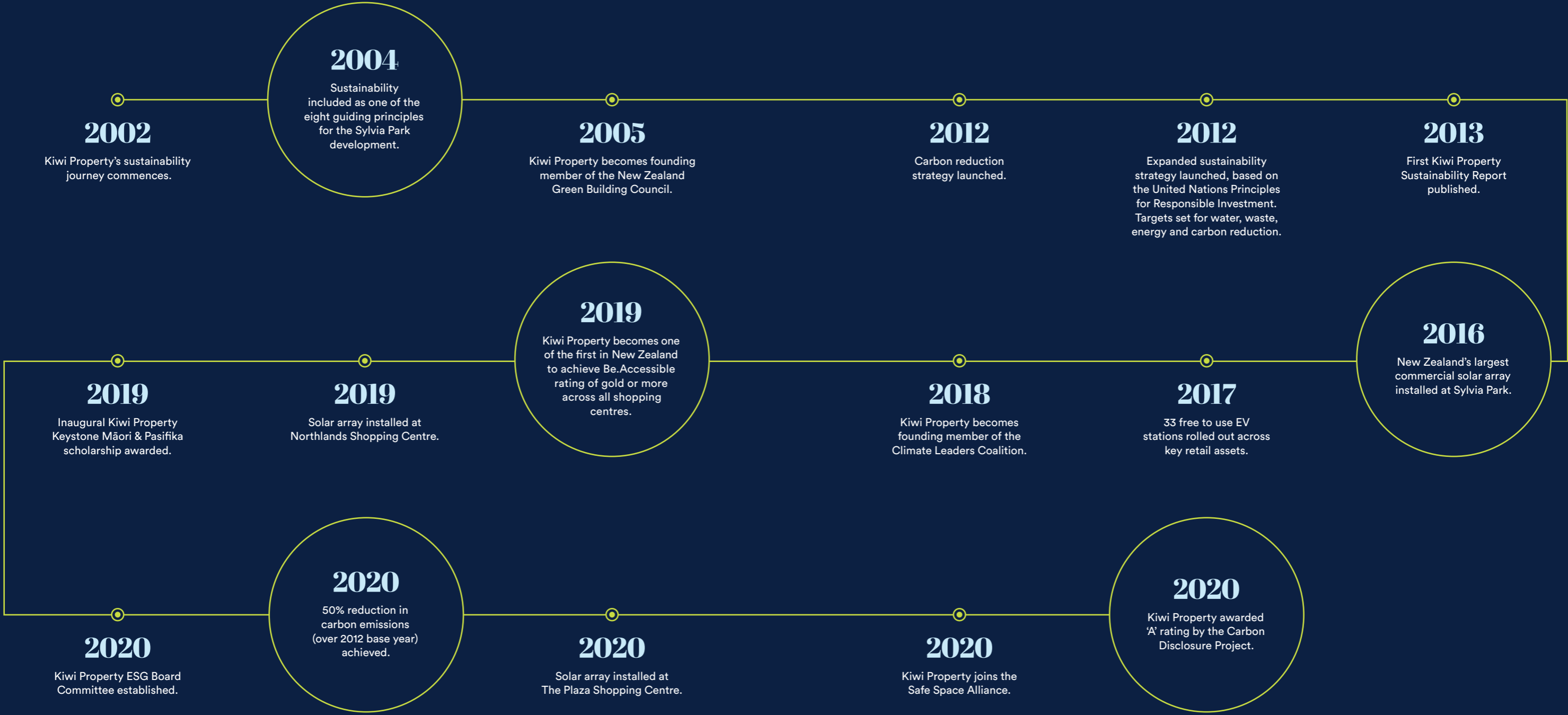
Clive Mackenzie
Chief Executive Officer

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**OUR AIM IS
TO CREATE
VIBRANT
SPACES THAT
BRING PEOPLE
TOGETHER**

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Timeline of Key Achievements



Materiality

In 2020 we conducted a comprehensive materiality assessment, working with an expert external agency to determine the key focus areas for our sustainability strategy.

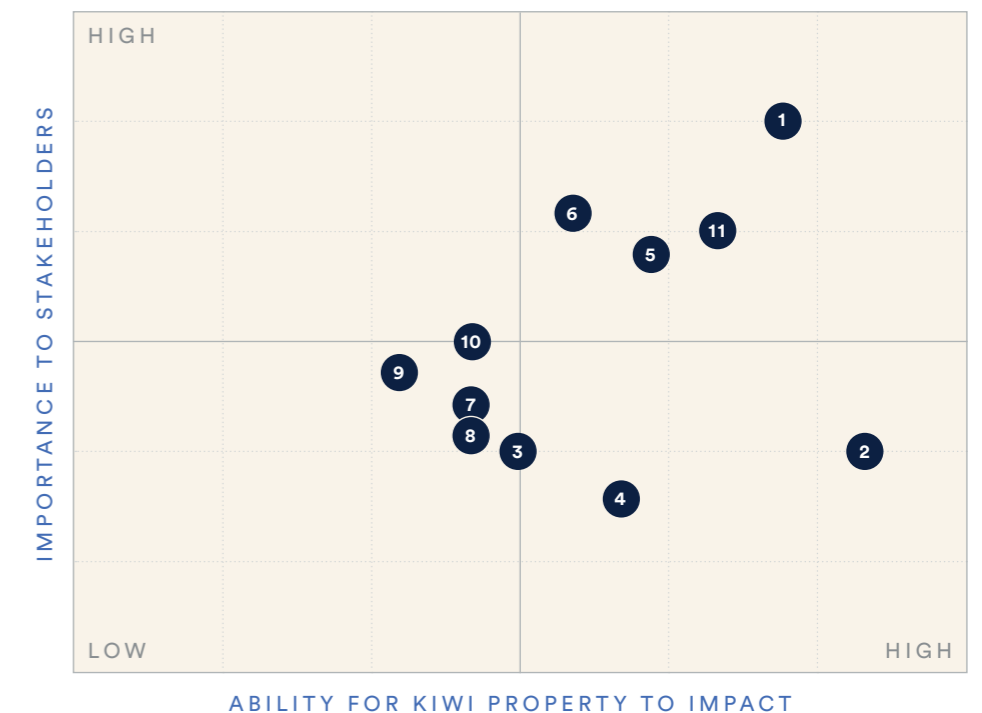
The material issues identified by this assessment articulate what matters most for our stakeholders and our business success. An awareness of these issues is central to identifying and addressing our key risks and opportunities.

OUR APPROACH TO IDENTIFYING WHAT MATTERS



Materiality Matrix

The issues identified through our materiality assessment are mapped on the matrix below. This graph indicates the relative importance of each topic to our stakeholders, as well as the company's ability to impact them. While matters such as climate change and child poverty are extremely important, Kiwi Property's ability to deliver systemic change in these areas is limited. Through the materiality assessment process, stakeholders have consistently emphasised the company should focus its attention on issues where it can make a real and authentic difference. This feedback has informed our approach and is factored into matrix below.



- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Creation of wellbeing for individuals and the vulnerable. 2. Communal spaces that support wellbeing. 3. Access to mental health services. 4. Wellbeing in the workplace. 5. Reducing waste. | <ol style="list-style-type: none"> 6. Climate change. 7. Child poverty. 8. Affordable housing. 9. Homelessness. 10. Supporting the most vulnerable. 11. Efficient use of resources – energy, waste, water. |
|--|--|



Strategy

Refreshing our sustainability strategy.

We are committed to taking action today to help build a brighter future for Aotearoa New Zealand. We believe strongly that this action must be focussed on issues that matter to our stakeholders, are relevant and authentic to our business, and where we can make a genuine impact. Through the materiality assessment outlined on the previous pages one issue stood out as meeting all these criteria: wellbeing. It's a big topic that means different things to different people and in some ways, is hard to define. To us though it's about creating thriving places that are environmentally sustainable and where people feel positive, connected and that they belong.

This central belief sits at the heart of Kiwi Property's refreshed 2021-2025 sustainability strategy, which builds on our efforts over the past 19 years to include a broader social agenda, in keeping with our role as a developer and curator of mixed-use communities. The plan sets out a clear vision for sustainability at Kiwi Property and is centred on three distinct, yet interconnected pillars: Places, People and Partnerships, which are outlined below.

The strategy includes clearly defined targets and is aligned to seven specific UN Sustainable Development Goals (SDGs) where we can have a particular impact, enabling our performance to be effectively assessed. We will continue adding to these targets over time as new priorities arise. As you would expect, Kiwi Property's sustainability and business strategies are fully integrated, reflecting our belief that the best way for our business to do well, is by doing good. An Environmental, Social and Governance (ESG) Board Committee has been established to oversee our intentions and delivery in this space, supported by an ESG Leadership team comprised of senior managers from across the business. Both groups meet regularly to discuss, identify and respond to sustainability related issues and opportunities.

We're committed to driving continuous improvement in our own environmental and social performance, and working with our stakeholders to help them do the same. When it comes to sustainability, we all have a role to play and we're ready to do our part.

01. Places

- Create spaces that promote wellbeing.
- Reduce our environmental footprint.
- Develop sustainable buildings.

02. People

- Foster wellbeing in our communities.
- Embrace diversity.
- Enable our team to succeed.

03. Partnerships

- Partner with others to enhance the wellbeing of our customers.
- Create shared-value with our tenants.
- Support sustainable procurement.



PLACES

Climate change is a major threat to New Zealand's environment, economy and communities. As one of the country's largest property companies, we believe we have a responsibility to lead from the front on environmental sustainability, actively reducing our emissions profile and working with our partners to decrease water, waste and energy use.

For our assets to be successful over the long term though it's not enough for them to have great sustainability credentials, they also need to be great places to visit, work and potentially live. That's why we're stepping up our focus on the 'spaces between the buildings', with an emphasis on providing green precincts and a carefully curated mix of wellbeing services.

OUR AMBITION

To create places that promote wellbeing and have a positive environmental impact.

HOW WILL WE ACHIEVE THIS?

Create spaces that promote wellbeing

Develop spaces that enhance the wellbeing of our people, tenants, residents and customers.

Reduce our environmental footprint

Minimise our environmental impact, with a focus on emissions, waste and water reduction.

Develop sustainable buildings

Design and construct environmentally sustainable properties.

OUR TARGETS

Our operations

- Net carbon negative by 2030.
- Net zero waste to landfill by 2050.
- Net zero municipal water consumption by 2050.
- Eligible existing buildings to target 4 star NABERSNZ, with an aspirational target of 5 star NABERSNZ.

Our new builds

- Eligible projects to target 5 Green Star, with an aspirational target of 6 Green Star.
- Eligible projects to target 7 Homestar, with an aspirational target of 8 Homestar.

Our targets are designed to help achieve the following United Nations Sustainable Development Goals



CARBON REDUCTION GAINS TRACTION

Kiwi Property has been actively working to reduce its carbon footprint since 2012, implementing a comprehensive programme to mitigate emissions across our asset portfolio.

Over the past nine years we have introduced a range of measures to decrease our power consumption, including the installation of 12,000 LED lights, fine-tuning our building operations and systems and implementing roof-top solar electricity generation for our shopping centres common areas.

These steps have contributed to a significant reduction in the company's emissions from business activities, which were down 14% in 2020-2021 compared to the previous year and 60% on the 2012 baseline. Our significant progress in this space contributed to the company being awarded an 'A' rating by the internationally recognised Carbon Disclosure Project, the only New Zealand company to achieve this milestone.

We have now set ourselves the goal of becoming net carbon negative in our operations by 2030, 20 years ahead of the Government's net zero target. Achieving this ambitious milestone will require a concerted effort, but we strongly believe it's the right thing to do for Kiwi Property, our tenants, stakeholders and New Zealand as a whole. Our carbon reduction programme will be a cornerstone of our sustainability strategy and we intend to provide a detailed assessment of our performance, as well as our climate related financial risks, in the company's 2022 Annual Report.

SYLVIA PARK LEVEL ONE EXPANSION

The expansion of Sylvia Park shopping centre in 2020 – during a global pandemic – provided Kiwi Property with the opportunity to apply its proven sustainable design approach to create an exciting new retail destination.

We took a former rooftop carpark and transformed it into 20,000 square metres of retail space, featuring a range of measures specifically introduced to reduce the development's environmental footprint. First among these was the use of smart roof design techniques that enabled high levels of daylight into the centre, while still blocking excessive glare. The natural sunlight not only promotes an improved shopping experience for our customers, it also enables us to decrease power consumption by reducing electric lighting and heating requirements.

This focus on energy efficiency extended to the exterior roof of Level 1, where we continued our approach of selecting light coloured roofing material to help reduce the temperature of the building. As a result, we expect to cut air-conditioning usage, helping save Kiwi Property money, while supporting our carbon reduction efforts.

With Auckland's recent water shortage still top of mind, we took the opportunity to significantly expand Sylvia Park's existing rainwater harvesting systems, by optimising the Level 1 roof for rainwater capture. This water is re-purposed for use in toilets at the centre helping to reduce pressure on the city's municipal water supplies. Despite the disruptions and economic impact of the pandemic, Kiwi Property forged ahead with the Level 1 expansion, which opened with all leasing space committed, highlighting the centre's appealing design and popularity as a premium shopping destination.



PEOPLE

With over 40 million customer visits to a Kiwi Property asset every year, we are in a unique position to create places that bring people together and promote wellbeing. As we do so, it's vital that every person feels they belong, regardless of who they are. Our aim is for our assets and our business to be inclusive, accessible and synonymous with diversity.

We are focused on building a workplace where our people feel valued and empowered. This includes ensuring a good gender and ethnic balance throughout the company and providing access to support services, flexible working practices and best-practice parental leave. We still have work to do, but we're committed to doing the work to get there.

OUR AMBITION

To create vibrant communities that bring people together and where everyone feels they belong.

HOW WILL WE ACHIEVE THIS?

Foster wellbeing in our communities

Enable people to connect with each other.

Embrace diversity

Create a diverse, inclusive and equitable team, and an environment where everyone belongs.

Enable our team to succeed

Promote employee wellbeing, engagement and resilience.

OUR TARGETS

Our people

- Achieve 40:40:20 gender representation on our Board and Executive team by 2023.
- Employee engagement score equal to, or better than, the New Zealand companies benchmark.

Our new builds

- Eligible projects to target Be.Lab gold rating on completion, with an aspirational platinum rating.

Our targets are designed to help achieve the following United Nations Sustainable Development Goals



ACCESSIBLE FOR ALL

As one of the country's leading shopping centre owners, we believe our properties should be accessible to everyone. Not only is that the right thing to do, it's also good business. By increasing the appeal of our assets we attract more customers and drive sales for our tenants.

Kiwi Property has worked closely with Be.Lab (formerly Be.Accessible) for a number of years to better understand and address the accessibility challenges faced by people with physical, age-related and learning impairments, and other accessibility requirements. Through this process we have made important changes to the design and operation of our properties, making it easier for people to get in and around them. We've also reviewed lighting and noise levels, improved signage and amended our websites to ensure they're easy to read.

Another feature of Kiwi Property's accessibility programme is the installation of an adult changing room at The Base Shopping Centre, among the first of its kind in a retail environment in New Zealand. This facility features equipment such as a hoist and sling and is designed to support adults with special requirements. One in four New Zealanders live with an access need, making rooms such as this increasingly important. We are working on a plan to install a similar facility at Sylvia Park before the end of 2021.

As a result of our efforts to improve accessibility at our assets, Kiwi Property's shopping centres have now all achieved Be.Lab's gold or platinum standard. Steps to achieve similar ratings for our office portfolio are now underway.

RESPONDING TO COVID-19

The arrival of COVID-19 in New Zealand in early 2020 required Kiwi Property to take immediate action to keep our tenants, customers and employees safe. Although we are a property business, it's people who bring our assets to life. The pandemic placed many of those people under immense pressure and threatened their health, their livelihoods and their future. Our response to COVID-19 was shaped by a simple idea – put people first. That meant acting as a partner rather than a landlord, supporting others to come through the pandemic in good physical and financial health, ready for life in a post-COVID-19 world.

We delivered on this ideal in a number of ways, including implementing best-practice cleaning regimes at our assets. New technology was launched at our shopping centres to help measure and maintain social distancing. We developed digital content for customers, showing them how to keep safe during the pandemic. And perhaps most significantly, the company supported tenants by sharing a fair proportion of the financial burden caused by the pandemic. These measures all carried a cost, but the short-term financial impact is far outweighed by the long-term value that will be delivered by maintaining a strong commercial ecosystem. Through these efforts we were able to operate our assets effectively during more restrictive Alert Levels and safely welcome people back once conditions had improved, enabling them to reconnect and re-engage with their communities.



PARTNERSHIPS

The third pillar of our sustainability strategy is partnerships. We are part of a large and interconnected stakeholder ecosystem and by working in concert, we can have a far greater impact than any of us could achieve alone. Through this partnership approach, we will promote social and environmental change and help create a brighter future for Aotearoa New Zealand. At a practical level, this could involve providing education for our tenants, and other stakeholders, and supporting them to realise their sustainability goals.

In other instances, we will be the student, leveraging the expertise our partners have gained through implementing their own sustainability programmes. As an immediate first step, we are enhancing our procurement approach to increasingly account for environmental and social considerations alongside traditional cost metrics. Going forward, we want to work with vendors who are aligned to our vision.

OUR AMBITION

To connect and empower our partners to deliver social and environmental change.

HOW WILL WE ACHIEVE THIS?

Partner with others to enhance the wellbeing of our customers

Inspire and enable our customers to improve their wellbeing.

Create shared-value with our tenants

Support our tenants to define and deliver their respective sustainability ambitions.

Support sustainable procurement

Work with our suppliers to include social and environmental considerations in Kiwi Property's procurement framework.

OUR TARGETS

- Implement a sustainable procurement roadmap.
- Work with our tenants and employees to assist them in reaching their sustainability aspirations.

Our targets are designed to help achieve the following United Nations Sustainable Development Goals



WORKING TOGETHER TO ELECTRIFY TRANSPORT

Transport electrification is a key plank of New Zealand's strategy to become a low carbon economy. To help support this important transition we partnered with the Energy Efficiency & Conservation Authority and Tesla to install 66 Type One, Type Two and Tesla EV-charging stations at our shopping centres across the country. Working in conjunction with Tainui Group Holdings, we also rolled out similar technology at The Base in Hamilton. Users of electric vehicles can now charge their cars for free while they are at work, doing their shopping or having a meal, providing a glimpse into the future of transport in New Zealand.

In addition, we collaborated with Big Street Bikers to install 35 free 'Locky Docky' e-bike charging stations at our shopping centres and offices. Using innovative technology, these stations solve two issues for e-bikers visiting our centres. Firstly, they provide a secure charging facility that also prevents bike theft and secondly they include digital information screens that show safe local bike routes.

Vehicle electrification will be integral to Aotearoa's carbon reduction efforts in the short to medium term. We're proud to be playing our part to help New Zealanders make the switch to a more sustainable future, while offering customers and tenants even more reasons to visit our assets.

A COMPOSTING SOLUTION

For some time, The Plaza in Palmerston North had been looking for an effective way to sustainably dispose of organic waste produced at the shopping centre. After exploring a number of potential options, the team at The Plaza approached the Palmerston North City Council, with the idea of opening a municipal composting facility. Following several rounds of discussions, the initiative launched at The Plaza in January 2021.

Food waste from The Plaza is sorted by the centre cleaning team, preventing incorrect rubbish ending up in the compost stream. This material is then disposed of into two specially designated 80 litre food waste bins and collected from the centre twice a week. During the trial period 580kgs of clean food waste was diverted from landfill to the composting facility. This amounts to around 62.28kgs per week or 3,239kgs per annum and is the equivalent of saving 6,154kgs of CO₂-e per year.

Following the programme's successful first phase, plans are in place to extend the initiative to include food scraps and waste generated by a number of food retailers at The Plaza. A third phase is also anticipated, giving additional operators the opportunity to have their compostable food service materials collected and disposed of.

The composting solution established at The Plaza highlights the potential for innovative partnerships to address New Zealand's environmental challenges. Collaborations such as these will be a cornerstone of Kiwi Property's 2021-2025 sustainability strategy.

Scorecard

PEOPLE		
The total spend on employee development training		\$180,154
Employee working hours		~ 241,920
Employee turnover		14%
Employee wellbeing initiatives (number of participants)		153
Employee absentee rate		2.64%
No. of employees accessing EAP services during the period		12
Ergonomic checks undertaken during the period		Nil

HEALTH & SAFETY		
Employee notifiable injury / incidents		Nil
Employee Health and Safety Board reportable incidents		2
Lost Time Injury Frequency Rate per 200,000 hours worked		<1
Total Reportable Injury Frequency Rate for our development activities (per 200,000 hours worked) versus BLHSF benchmark of 1.95		0.67
% of sites covered by the certified Health & Safety Management system		100%
Number of courses undertaken with external organisations on health and safety standards		30

ENVIRONMENTAL (CARBON) ¹	Scope 1 - Direct Emissions	tCO ₂ e	CO ₂ e kg/NLA	Overall emissions
	Gas	138	0.3	5%
Hydro-fluorocarbon	202	0.5	7%	
Total Scope 1 Emissions	34	0.9	13%	
Scope 2 - Indirect Emissions	tCO ₂ e	CO ₂ e kg/NLA	Overall emissions	
Electricity - market	1,578	4.0	58%	
Electricity - location	1,578	-	0%	
Total Scope 2 Emissions	1,578	4.0	58%	
Scope 3 - Indirect Emissions	tCO ₂ e	CO ₂ e kg/NLA	Overall emissions	
Waste	650	1.6	24%	
Air travel	22	0.1	1%	
Electricity Line Loss	106	0.3	4%	
Natural Gas Line Loss	9	0.0	0%	
Total Scope 3 Emissions	786	2.0	29%	

For further information on carbon disclosures please see our website, kp.co.nz
 1. FY21 environmental performance figures have not been adjusted to exclude the impact of COVID-19.

BUILDING RATINGS (AS AT 31/03/21)	ANZ Raranga	ASB North Wharf	The Aurora Centre	Vero Centre
	5 Green Star Office Design	5 Green Star Office Design	-	-
	4.5 Star NABERSNZ	4.5 Star NABERSNZ	5.5 Star NABERSNZ	4.5 Star NABERSNZ

INTENSITY REPORTING	Energy - kWh/NLA	Waste - kg/NLA	Water - kL/NLA
2012	44.5	7.5	0.7
FY20	33.6	6.4	0.8
FY21	29.0	5.0	0.6
Kiwi Property has zero environmental fines			

All data in this document is for the year ended and/or as at 31 March 2021. Due to rounding, numbers within this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This Sustainability Report should be read in conjunction with the 2021 Kiwi Property Annual Report, which is available on our website, kp.co.nz/annual-result



What's Next?

Kiwi Property has been focused on sustainability for almost 20 years and while we've made significant progress in that time, we're keen to do more.

Our refreshed 2021-2025 sustainability strategy will provide the roadmap for our efforts in the years to come and the targets against which we will be measured, as we strive to bring places to life.

We are committed to helping achieve a healthier environment and greater wellbeing in our communities. Kiwi Property has an ambitious sustainability vision and we're up for the challenge.

Thanks for being part of our journey to create a brighter future for Aotearoa New Zealand.

Ngā mihi nui.

